



Dave Yost • Auditor of State



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To the residents, elected officials, management, and stakeholders of the Cardington-Lincoln 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".

Dave Yost
Auditor of State

February 3, 2015

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Executive Summary

Purpose and Scope of the Audit

The Ohio Department of Education (ODE) requested and funded this performance audit of the Cardington-Lincoln Local School District (CLLSD or the District). ODE requested this performance audit with the goal of improving CLLSD'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, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with the District, the following Ohio school districts were identified as peers: Blanchester Local School District (Clinton County), Northmor Local School District (Morrow County), Northwestern Local School District (Wayne County), and Pike-Delta-York Local School District (Fulton 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, CLLSD was compared to a select group of districts in the region referred to as area districts. These districts include: Centerburg Local School District and East Knox Local School District in Knox County and Colonel Crawford Local School District and Wynford Local School District in Crawford County.

Lastly, in some operational areas, industry standards or leading practices were used for primary comparison. Sources of industry standards or leading practices used in this audit include: National Association of Fleet Administrators (NAFA), the Ohio Administrative Code (OAC), the Ohio Department of Education (ODE), and the State Employment Relations Board (SERB).

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 Cardington-Lincoln Local School District for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes noteworthy accomplishments identified during the course of the audit:

- **Increased student transportation efficiency** – In FY 2013-14, the District began using bus routing software, a multi-tiered routing schedule, and cluster stops to increase its transportation efficiency. As a result the fleet of active buses required for regular student

transportation was reduced by five buses. The District documented estimated savings of approximately \$80,000 in salary and benefits annually.

- **Intermediate School building closure** – The District closed the Intermediate School building for use in FY 2013-14 and set computer controls to maintain minimum temperature and predetermined humidity levels. The District monitors the environmental controls to preserve the building’s integrity and contain utility costs. CLLSD documented estimated savings of approximately \$244,000 in utility cost and staff reductions.

Issues for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. During the course of the audit, outsourcing CLLSD’s food service operations was an area outside of the scope that, with further examination, could potentially yield improvements to operations.

- **Outsource food service operations** – In FY 2013-14 the Food Service Fund had an \$80,000 loss requiring a transfer from the General Fund. Because savings identified from increasing the number of meals per labor hour (see **R.8**) is not sufficient to eliminate the deficit, the District should consider outsourcing to control food service operational cost. Whether food service is performed in-house or outsourced, it should operate without General Fund assistance.

Summary of Recommendations

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

Summary of Recommendations

Recommendations	Savings
R.1 Eliminate 5.0 full-time equivalent (FTE) general education teaching positions	\$218,000
R.2 Eliminate 1.0 FTE educational service personnel (ESP) position	\$43,600
R.3 Eliminate 1.0 FTE office/clerical position	\$30,300
R.4 Lower the cost of health insurance premiums	\$340,000
R.5 Negotiate to require all employees pay a portion of their healthcare insurance	\$19,000
R.6 Negotiate an employee contribution for dental and vision premiums	\$21,500
R.7 Enforce sick leave control measures contained in the CBAs	N/A
R.8 Increase internal controls for fuel usage and storage¹	(\$10,300)
R.9 Accurately report pupil transportation data	N/A
R.10 Increase food service labor efficiency	\$36,400
R.11 Implement an ODE-approved indirect-cost plan	N/A
Annual Cost Savings from Performance Audit Recommendations	\$708,800
One-Time Cost from Performance Audit Recommendation	(\$10,300)

¹ Represents a one-time cost scheduled in FY 2014-15.

The following table shows the ending fund balances as projected in the CLLSD May 2014 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.

Financial Forecast with Performance Audit Recommendations

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Original Ending Fund Balance	\$205,767	\$315,849	\$99,403	(\$446,262)
Cumulative Impact Outstanding Encumbrance Adjustment	\$60,000	\$90,000	\$120,000	\$150,000
Amended Ending Fund Balance	\$145,767	\$225,849	(\$20,597)	(\$596,262)
Cumulative Balance of Performance Audit Recommendations	\$329,700 ¹	\$1,038,500	\$1,747,300	\$2,456,100
Revised Ending Fund Balance	\$475,467	\$1,264,349	\$1,726,703	\$1,859,838

Source: CLLSD May 2014 Five Year Forecast and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practical, there may be a reasonable delay in doing so. As a result, total cost savings identified by the performance audit have been applied to FY 2015-16 through FY 2017-18 only.

¹ Lower health insurance premiums were negotiated and implemented by the District in FY 2014-15 and fuel monitoring can be implemented immediately.

Background

Financial Status

The Ohio Department of Education (ODE) requested and funded this performance audit of CLLSD based on the declining fiscal stability of the District. **Table 1** shows projections included in the District's October 2013 Five Year Forecast.

Table 1: CLLSD October 2013 Five Year Forecast Summary

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total Revenues	\$10,247,998	\$10,022,035	\$10,009,625	\$10,022,278	\$10,034,997
Total Expenditures	\$10,252,918	\$10,634,786	\$11,030,245	\$11,347,824	\$11,676,410
Results of Operations	(\$4,920)	(\$612,751)	(\$1,020,620)	(\$1,325,546)	(\$1,641,413)
Beginning Cash	\$40,433	\$35,513	(\$577,238)	(\$1,597,858)	(\$2,923,404)
Ending Cash	\$35,513	(\$577,238)	(\$1,597,858)	(\$2,923,404)	(\$4,564,817)
Outstanding Encumbrances	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Fund Balance for Certification	\$5,513	(\$607,238)	(\$1,627,858)	(\$2,953,404)	(\$4,594,817)

Source: ODE

As shown in **Table 1**, expenditures were projected to exceed revenues in every year shown in the forecast, culminating in a negative year end fund balance exceeding \$4.5 million in FY 2017-18. Subsequent to the creation of this forecast, CLLSD implemented operating changes that were not sufficient to alleviate the operating deficits projected. In addition to closing the Intermediate School building and reducing the use of five active buses for student transportation (see **Noteworthy Accomplishments**) the District made staffing reductions, and froze some purchases to reduce expenditures in FY 2013-14. Although these reductions totaled \$924,000, the District's ending fund balance was projected to decline to a near zero balance in FY 2013-14.

In November 2013, voters passed a 0.75 income tax levy generating revenue for the District beginning on January 1, 2014. **Table 2** includes this additional tax revenue and shows an improved financial condition as projected in the District's May 2014 Five Year Forecast.

Table 2: CLLSD Financial Condition Overview (May 2014)

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total Revenue	\$10,653,292	\$10,914,773	\$11,123,851	\$11,152,151	\$11,182,006
Total Expenditure	\$10,631,577	\$10,771,154	\$11,013,769	\$11,368,597	\$11,727,671
Results of Operations	\$21,715	\$143,619	\$110,082	(\$216,446)	(\$545,665)
Beginning Cash Balance	\$40,433	\$62,148	\$205,767	\$315,849	\$99,403
Ending Cash Balance	\$62,148	\$205,767	\$315,849	\$99,403	(\$446,262)

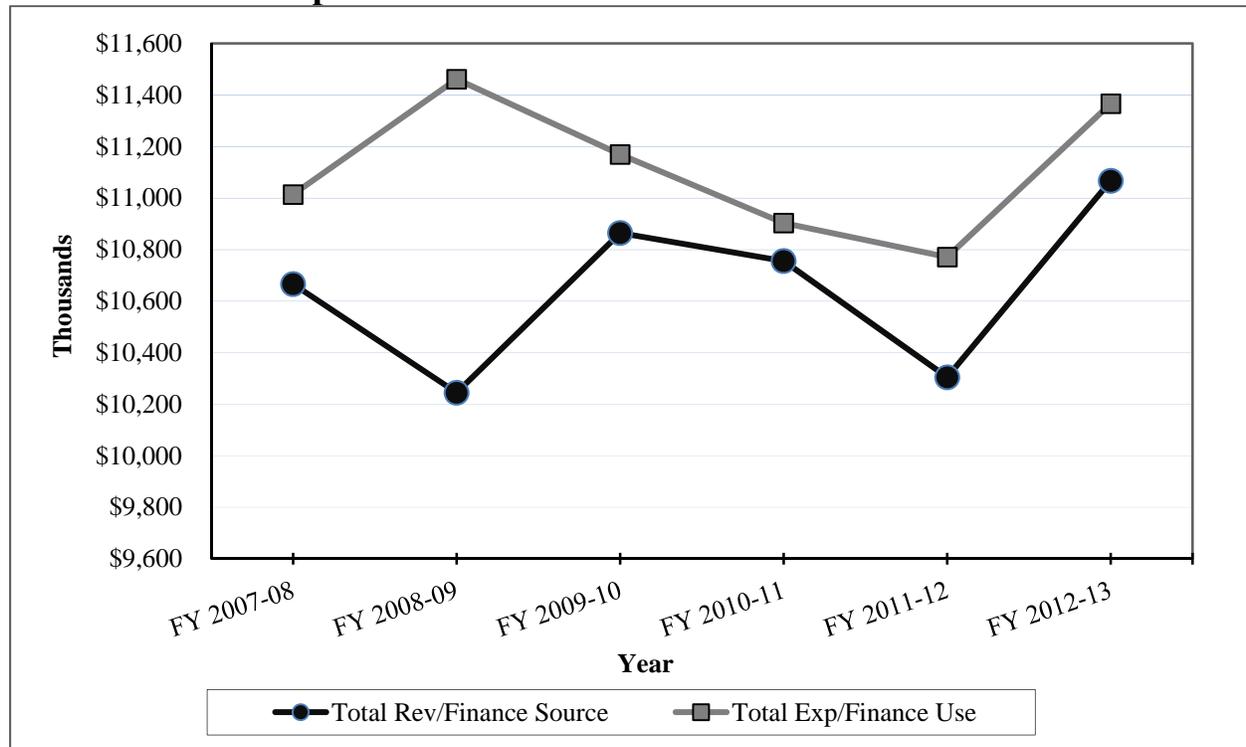
Source: CLLSD May 2014 Five Year Forecast

In April 2014, the Board approved a resolution to maintain a General Fund cash balance equivalent to 5 percent of operating expenditures. The District, however, is not projected to achieve that minimum cash balance in any of the forecast years. Additionally, as shown in **Table**

2, negative results of operations are projected in FY 2016-17 and FY 2017-18, leading to an ending cash deficit of approximately \$446,000 in FY 2017-18.

Chart 1 shows the District’s actual expenditures exceeded actual revenues from FY 2007-08 through FY 2012-13 as reported in its annual forecasts. This expenditure pattern indicates insufficient reaction to control costs given the District experienced negative results of operations on an annual basis.

Chart 1: Total Expenditure versus Total Revenue FY2007-08 to FY 2012-13



Source: CLLSD October 2013 Five Year Forecast

It is important to note that the revenue line shown in **Chart 1** includes State Fiscal Stabilization Funds (SFSF) awarded for FY 2009-10 and FY 2010-11 as well as Ohio ED Jobs Program funds for FY 2009-10 through 2011-12. Both grants were intended to be short-term help to financially stabilize districts after the economic downturn in FY 2008-09. Even with the infusion of these temporary funds, CLLSD’s expenses exceeded revenues. Grants can increase revenue, but control over the General Fund expenditures is critical to ensure that the net of operations is positive and fiscal stability is maintained.

Subsequent Events

On October 24, 2014, CLLSD submitted its October forecast to ODE that showed a slightly improved financial condition over that projected in its May 2014 forecast. This revised forecast projects a positive year end fund balance of over \$101,000 in FY 2017-18 as opposed to the previously projected deficit of approximately \$446,000. The District pushed the expected deficit out another year, projecting it to occur in FY 2018-19 and increased the severity to over \$580,000.

Recommendations

R.1 Eliminate 5.0 full-time equivalent¹ (FTE) general education teaching positions

General education teachers instruct students in a regular classroom environment. Ohio Administrative Code (OAC) § 3301-35-05 requires a district-wide ratio of general education teachers to students of at least 1.0 FTE classroom teacher for every 25 regular students. This category excludes teaching staff in other areas such as gifted, special education, and educational service personnel (ESP). **Table 3** compares the District's regular education teaching staff levels to the peer average as well as State minimum requirements and presents three options for staffing reductions in which the District would continue to operate within State requirements for general education teacher staffing levels based on FY 2013-14 data.

Table 3: General Education Teacher Comparison

General Education FTEs	46.3			
Regular Student Population	903.8			
Staffing Ratio (Students:Teachers)	19.5:1			
Options	Staffing Ratio by Option (Students:Teachers)	Proposed Staffing for each Option	Difference Above / (Below)	Annual Savings
Option 1: Peer Average	21.9:1	41.3	5.0	\$218,050
Option 2: 10% Above State Minimum	22.5:1	40.2	6.1	\$266,021
Option 3: State Minimum	25:1	36.2	10.1	\$440,461

Source: CLLSD and OAC

As illustrated in **Table 3**, the District has several options for reducing general education teachers. The selection of an appropriate course of action is ultimately District management's responsibility based on the needs and desires of the stakeholders in its community. Those decisions must be balanced, however, with their fiduciary responsibility to adapt to the financial realities in the District and maintain a solvent operation.

Option 1, when coupled with the rest of the recommendations in this report, would bring the five-year forecast back into balance. If the District is unsuccessful in reducing expenditures in other operational areas, Options 2 or 3 may be a necessary course of action. While it is not a common practice in Ohio to operate at or near State minimums, CLLSD may need to make significant staffing reductions to address potential deficits if savings cannot be identified and achieved in other areas of operation.

¹ According to the *FY 2012-2013 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.

Financial Implication: Eliminating 5.0 FTE general education teaching positions would save approximately **\$218,000** in salaries and benefits annually. These savings were calculated using the least senior teacher salary with an average benefit ratio of 42.0 percent.

R.2 Eliminate 1.0 FTE educational service personnel (ESP) position

ESP positions include K-8 art, music, and physical education teachers; counselors; librarians; social workers; nurses and visiting teachers. In FY 2013-14, CLLSD employed 6.2 ESP staff, which included 2 FTE music teachers, 1.5 FTE physical education teachers, 2.0 FTE counselors, and 0.7 FTE librarian/media staff. Nurses are secured on a purchased service contract.

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 and have coverage in 5 of the 8 ESP position categories. **Table 4** compares CLLSD's ESP staffing to this requirement using FY 2012-13 enrollment data. It should be noted that the peer average ESP staffing level was approximately 15 percent above State minimum standards.

Table 4: Educational Service Personnel Comparison

Educational Service Personnel FTEs					6.2
Regular Student Population					903.8
Staffing (ESP per 1,000 students)					6.8
Options	Staffing Ratio by Option (ESP per 1,000 Students)	Proposed Staffing for each Option	Difference to Current ESP Above / (Below)	Annual Savings ¹	
Option 1: 15% Above State Minimum	5.8	5.2	1.0	\$43,610	
Option 2: State Minimum	5.0	4.5	1.7	\$74,137	

Source: CLLSD EMIS reports

Note: Minimum required ESP was calculated using Regular Student Population.

¹ Annual savings are calculated based on the lowest paid ESP FTE plus an average benefits ratio of 42 percent (\$43,610). Average benefits were calculated as the total employee benefits divided by total personal service expenditures.

As illustrated in **Table 4**, the District can reduce ESP staff while maintaining State minimum requirements. The selection of an appropriate course of action is ultimately District management's responsibility based on the needs and desires of the stakeholders in its community. Those decisions must be balanced, however, with their fiduciary responsibility to adapt to the financial realities in the District and maintain a solvent operation.

Option 1, when coupled with the rest of the recommendations in this report, would bring the five-year forecast back into balance. If the District is unsuccessful in reducing expenditures in other operational areas, Option 2 may be a necessary course of action. While it is not a common practice in Ohio to operate at or near State minimums, CLLSD may need to make significant staffing reductions to address potential deficits if savings cannot be identified and achieved in other areas of operation.

Financial Implication: Eliminating 1.0 ESP FTE would save approximately **\$43,600** in salary and benefits annually. These savings were calculated using the District’s lowest paid ESP position and includes an average benefits ratio of 42.0 percent. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.3 Eliminate 1.0 FTE office/clerical position

In FY 2013-14, CLLSD employed 9.1 FTE office/clerical staff, or 8.7 FTEs per 1,000 students. This includes staff assigned as building, departmental, or administrative secretaries or those performing general office activities. **Table 5** shows CLLSD office/clerical staffing compared to the peer average on a per 1,000 student basis.

Table 5: Office/Clerical Staff Comparison

Students ¹	1,052				
Students (in thousands)	1.052				
	CLLSD² FTEs	CLLSD FTEs/1,000 Students	Peer Average	Difference per 1,000 Students	Total FTEs Above/(Below)³
Clerical Staff (FTE)	9.1	8.7	7.6	1.1	1.2

Source: CLLSD FY 2013-14 and peer FY 2012-13 Staff Data as reported to ODE

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

² Adjustments were made to the District’s EMIS data to reflect accurate staffing at the time of the assessment.

³ Represents the number of FTEs that, when added or subtracted, would bring CLLSD’s number of employees per 1,000 students in line with the peer average. Calculated by multiplying “Difference per 1,000 Students” by “Students (in thousands)”.

Table 5 shows that CLLSD has approximately 1.2 more office/clerical staff per 1,000 students than the peer average. When examining office/clerical staff, CLLSD should evaluate the duties of each individual position to determine if responsibilities may be combined.

Financial Implication: Eliminating 1.0 FTE office/clerical staff could save approximately **\$30,300** in salaries and benefits. These savings were calculated using the District’s lowest paid office/clerical staff and includes an average benefits ratio of 42.0 percent. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.4 Lower the cost of health insurance premiums

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

The District purchases its health insurance through an alliance under which it is allowed to purchase policies based on the locally negotiated provisions while maintaining a group rate through United Healthcare.

Table 6 shows the District's premium costs compared to the regional average published in *SERB 2013 Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (State Employment Relations Board (SERB), 2014).

Table 6: FY 2013-14 Monthly Health Insurance Premium Comparison

	CLLSD	SERB	Difference	% Difference
Family	\$1,890	\$1,488	\$402	27.0%
Single	\$687	\$576	\$111	19.3%

Source: CLLSD and SERB

Table 6 shows premiums for family and single plans exceed the SERB averages by 27.0 percent and 19.3 percent, respectively. The following two plan provisions contributed to CLLSD's insurance cost exceeding the SERB regional average:

- **Out-of-pocket maximums** – Average out-of-pocket maximum among school districts in Ohio was \$1,000 for single and \$2,000 for family plans. In comparison, CLLSD's plan includes lower out-of-pocket maximums of \$250 for a single plan and \$500 for a family plan.
- **Prescription co-payments** – Average prescription plan co-pays for school district in Ohio of \$10 for generic drugs, \$25 for brand name (formulary) drugs, and \$40 for brand name (non-formulary) drugs compared to the District's plan that offers lower co-pays; \$10 for generic drugs, \$20 for brand name (formulary) drugs, and \$30 for brand name (non-formulary) drugs.

Health insurance premium levels are driven by the underlying contents of the plan; the more comprehensive the coverage provided, the more expensive the premium will be to the employer/employee. By negotiating for increased out-of-pocket maximums, increased co-payments and co-insurance rates more consistent with regional SERB averages, the District can lower its cost of health care coverage.

Financial Implication: Negotiating coverage levels more in-line with industry averages could reduce premiums resulting in savings of approximately **\$340,000** annually based on SERB regional average premium levels.

R.5 Negotiate to require all employees pay a portion of their healthcare insurance

CLLSD employees hired before September 1, 2002 are not required (grandfathered) to pay any part of their single plan health insurance coverage which includes part time employees who work 15 hours or more per week. CLLSD requires that part time employees cover the same portion of healthcare costs as full time employees except as stated above. Peer districts also offer part-time employees healthcare and require the employee cover a portion of the premium cost.

CLLSD had 36 grandfathered employees who selected the single premium insurance in FY 2013-14.

Financial Implication: Requiring all employees to pay a portion of the healthcare cost could save approximately **\$19,000** annually.

R.6 Negotiate an employee contribution for dental and vision premiums

CLLSD offers dental and vision insurance to all certificated and classified employees. The Board is responsible for 100 percent of the premium associated with the dental and vision insurance plans. Employees working 15 hours or more per week are entitled to the same dental and vision coverage as full time employees and employee premium contributions are not prorated.

In FY 2013-14, the District had 79 employees enrolled in the family dental plan and 29 employees enrolled in the single plan. Premiums for family dental plans were \$109.58 per month and \$37.92 per month for single plans. According to the *SERB 2013 Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2014), the average employee contribution for school district single and family dental plans was 14.9 percent and 15.1 percent respectively.

In FY 2013-14, the District had 84 employees enrolled in the family vision plan and 33 employees enrolled in the single plan. Vision premiums were \$14.50 per month for family plans and \$6.42 per month for single plans. The SERB survey found that the average school district employee contribution was 20.9 percent for single vision plans and 22.8 percent for family vision plans.

Table 7 displays potential savings by requiring employee dental and vision premium contributions at State average levels.

Table 7: Dental and Vision Insurance Increased Contribution Savings

	Monthly Premium	Employee Contribution Percentage	Contribution	Head Count	Annual Savings
Dental					
Single	\$37.92	14.9%	\$5.65	29	\$1,966
Family	\$109.58	15.1%	\$16.55	79	\$15,689
Vision					
Single	\$6.42	20.9%	\$1.34	33	\$531
Family	\$14.50	22.8%	\$3.31	84	\$3,336
Total Savings					\$21,522

Source: CLLSD and SERB

Financial implication: Increasing employee dental and vision insurance premium contributions to the SERB Statewide averages could save approximately **\$21,500** annually.

R.7 Enforce sick leave control measures contained in the CBAs

CLLSD sick leave usage was compared to Statewide data collected by the Ohio Department of Administrative Services (DAS). Certificated staff comparisons were based on sick leave usage data compiled from employees covered under the Cardington-Lincoln Faculty Association bargaining unit and classified sick leave usage was compared to bargaining unit employees

covered by the Ohio Association of Public School Employees (OAPSE). This comparison found that, during FY 2012-13, CLLSD classified employees averaged 9.7 days of sick leave per employee, 1.1 days per employee higher than the DAS State average of 8.6 days.² In contrast, CLLSD certificated employees took an average of 8.3 days per employee, 0.8 days lower than the State average of 9.1 days³ per employee as reported by DAS.

A review of the District's classified collective bargaining agreement revealed a physician's statement for absences was only required after an employee has been absent from work for four consecutive days. Although the classified collective bargaining agreement does state that disciplinary action can be taken against employees who abuse sick leave, it does not specify the type of actions that may be taken by management. The District indicated that disciplinary action against classified employees that abuse sick leave does not extend past written warnings based on past practices.

According to the *American Society for Public Administration* (ASPA), the best approach to controlling employee sick leave abuse is a clearly written policy that specifies the organization's standards and employee requirements, including disciplinary actions for policy violations. Furthermore, the inclusion of sick leave as a component in employee evaluations can also help with recognition and early intervention. Developing and strictly adhering to disciplinary action clearly outlined in the policy could result in decreased sick leave taken by classified employees.

R.8 Increase internal controls for fuel usage and storage

CLLSD's fuel depot consists of a 300 gallon regular gasoline fuel tank and a 1,000 gallon diesel fuel tank. The fuel depot is not secured. Each tank has a keycard access system and drivers are issued a card to fuel buses and equipment. Neither the card number nor fuel dispensed is recorded electronically and associated with the driver's card during fueling. Instead, drivers submit hand written reports to the Transportation Coordinator logging mileage and number of gallons pumped. Although maintained on file, there is no procedure in place to reconcile the amount of gas reported as used to the amount of fuel purchased in bulk supply. The District has no assurance that all gas pumped is being used in District equipment.

The Washington State Department of Agriculture (WSDA) recommends several security measures for preventing fuel loss in *Rural Crime Prevention, Fuel Tank Security* (WSDA, 2006). Although, the District has lighting at the fuel depot, locks its tanks, and requires a written log from drivers, it should take the following additional security measures recommended by the WSDA:

- Monitor usage and reconcile reports;
- Enclose fuel tanks with a fence; and
- Ensure perimeter lighting is adequate.

² Represents the average of sick leave taken by State employees covered by the American Federation of State, County, and Municipal Employees (AFSCME).

³ Represents the average of sick leave taken by State employees covered by the Ohio Education Association (OEA).

In addition, installing a fuel dispensing system with user ID, time stamp, fuel dispensed, and the ability to measure remaining fuel in the storage tank would help the District better monitor the activity of its drivers and fuel usage.

Financial Implication: Purchasing an electronic fuel monitoring system would cost the District approximately **\$10,300**.

R.9 Accurately report pupil transportation data

CLLSD is required under Ohio Administrative Code (OAC) § 3301-83-01 to file annual reports of all pupils transported, miles traveled, actual costs, and other information that is necessary to calculate State payments for pupil transportation. Transportation data is reported to ODE using T-1 and T-2 Forms. The T-1 Forms contain operational data such as method of transport, pupil ridership, mileage, and buses used for transport. The T-2 Form contains end of year expense data for transportation operations. CLLSD completes an informal review process that includes the Transportation Coordinator/Administrative Assistant, the Treasurer, and the Superintendent to ensure that data submitted is accurate. The District has not developed formal standard operating procedures for collecting, submitting, and verifying T-Form data reported to ODE. As a result, there is no formal collaboration between transportation personnel and the Treasurer to ensure accuracy and validity of data. Moreover, the District has no documentation identifying which officials are responsible for which aspects of transportation reporting or how various data is obtained and costs are allocated.

The T-1 and T-2 reports were reviewed and tested for accuracy. The following errors were identified in these reports:

- One special education rider transported via contracted services with another school district (Type 1A) was included in the T-1 Report data for FY 2012-13 but no corresponding cost was evident on the T-2 Report for the same year; and
- Total premium costs for all vehicle insurance was reported on the T-2 Report under bus insurance in FY 2011-12, FY 2012-13, and FY 2013-14 instead of reporting premium costs exclusively for buses.

The identification of errors indicates the existence of deficiencies in the data collection and review process for the T-1 and T-2 forms. Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District. Developing a formal system that outlines the review process and the parties responsible for steps contained in the process would allow greater consistency in transportation data reporting and result in accurate payments from ODE.

R.10 Increase food service labor efficiency

With the closing of the Intermediate School, CLLSD reduced food service staff and reduced the full-time food service director position to a part-time position shared with another district. The goal of these changes was to improve efficiency and reduce the impact on the General Fund, as the Food Service Fund requires annual General Fund transfers to avoid year end fund deficits. A

primary component of food service costs are labor hours and a common measure of efficiency is the number of meals prepared per labor hour. **Table 8** compares CLLSD's meals per labor hour to benchmarks outlined in *School Foodservice Management for 21st Century* (Dorothy Pannell-Martin, 1999).

Table 8: CLLSD Meals per Labor Hour Comparison

	Meal Equivalents Served per Day ¹	Daily Labor Hours ²	Meals per Labor Hour	Industry Benchmark	Over / (Under) Industry Benchmark	Total Labor Hours Required	Equivalent Labor Hours Over/(Under) Industry Standard
Elementary School	356.0	27.7	12.9	17.6	(4.7)	20.2	7.5
High School	417.0	30.0	13.9	18.6	(4.7)	22.4	7.6
Total	773.0	57.7	13.4	N/A	N/A	42.6	15.1

Source: CLLSD Food Service Director Meal Reports submitted to CRRS

¹ Due to the reorganization of CLLSD food service operations, data for meals served from September 2013 through December 2013 was used.

² Hours scheduled, substitutes, and overtime included in calculation.

As shown in **Table 8**, the District's food service operation exceeded the benchmark by approximately 15 labor hours per day. A contributing factor is that the District has limited ability to reassign food service staff because of language contained in the job descriptions. As a result, when absences occur, the District is forced to call in substitutes instead of simply reassigning staff to other duties. The District can increase efficiency by preparing job descriptions for food service positions that provide the flexibility to assign staff to other food service duties when necessary.

Financial Implication: Reducing 15 hours per day charged to meal preparation would save the District **\$36,400** annually and bring its meals per labor hour ratio in line with the industry benchmark.

R.11 Implement an ODE-approved indirect-cost rate plan

CLLSD does not have an approved indirect-cost rate plan. As a result, costs associated with the Treasurer's Office, human resources, custodial, maintenance, and payroll are not being charged to the Food Service Fund. Instead, only the costs directly associated with meal preparation are charged. An approved indirect-cost rate plan would allow the District to transfer and properly account for indirect expenditures from the General Fund used to support the programs receiving federal monies. In addition, it could help to provide the Board with a better understanding of the costs associated with the Food Service Fund and other special revenue funds, allowing the District to make better operational decisions.

Pursuant to authority granted by the US Department of Education, school districts may apply to the Ohio Department of Education (ODE) to recover restricted indirect costs from federal grant programs. Indirect cost recovery is not additional grant revenue, but represents an amount removed from an approved program. Furthermore, according to the *2014 Indirect Cost Recovery Plan for Ohio School Districts* (ODE, 2013), the purpose of preparing an indirect-cost rate proposal is to develop the mechanism that will allow the recovery of those fiscal costs associated

with the treasurer and human resource offices that are not directly related to the administration of federal grants and projects. An executed indirect-cost rate plan helps reimburse districts for expenditures spent providing support for applicable federal projects.

Appendix A: Scope and Objectives

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 systems, human resources, transportation, facilities, and food service. Based on the agreed upon scope OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Twelve of the 15 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

Table A-1: Audit Objectives and Recommendations

Objective	Recommendation
Financial Systems	
Are the District's Forecasts accurate and does the Treasurer provide sufficient detail in the assumptions to expect accuracy?	N/A
Are the District's budgeting practices comparable to best practices?	N/A
Are the District's purchasing practices comparable to best practices?	N/A
Is the District's financial communication consistent with leading practices?	N/A
Human Resources	
Is the District's EMIS data reliable for use?	N/A
Are the District's salaries comparable to surrounding districts?	Table B-2
Are the District's collective bargaining agreements consistent with leading practices?	R.7
Are the District's insurance benefits comparable to leading practices?	R.4, R.5, R.6
Are the District's staffing levels comparable to peers?	R.1, R.2, R.3, Table B-1
Is the District's sick leave usage comparable to State averages?	R.7
Transportation	
Is the District T-form information accurate?	R.9
Does the District make efficient use of its fleet?	N/A
Does the District use an efficient process for procuring fuel?	R.8
Does the District use an efficient process for purchasing supplies and materials?	N/A
Does the District use an efficient process for purchasing vehicle insurance?	N/A
Facilities	
Is the District's custodial and maintenance staffing efficient compared to peers and other benchmarks?	N/A
Does the District make effective use of its buildings?	N/A
Food Service	
Is the Food Service dependent upon the General Fund?	R.10, R.11
Is the Foodservice operation efficient?	R.10, R.11

Appendix B: Additional Comparisons

Staffing

Table B-1 illustrates the full-time equivalent (FTE) staffing levels per 1,000 students at CLLSD compared to the peer average. Presenting staffing data in this manner decreases differences attributable to the size of the peers as staffing levels are partially dependent on the number of students served. Peer data was from FY 2012-13 as reported to ODE through EMIS while CLLSD data is from FY 2013-14.

Table B-1: CLLSD FY 2013-14 Staffing Comparison

Students ¹	1,052				
Students (in thousands)	1.052				
Staffing Categories	CLLSD FTEs	CLLSD FTEs/1,000 Students	Peer Average	Difference per 1,000 Students	Total FTEs Above (Below) ²
Administrative	5.3	5.0	8.0	(3.0)	(3.2)
Office/Clerical	9.1	8.7	7.6	1.1	1.2
General Education Teachers	46.3	44.0	45.7	(1.7)	(1.8)
All Other Teachers	14.0	13.3	12.9	0.4	0.4
Educational Service Personnel (ESP)	6.2	5.9	6.7	(0.8)	(0.8)
Educational Support	3.0	2.9	2.1	0.8	0.8
Other Certificated	0.0	0.0	1.7	(1.7)	(1.8)
Non-Certificated Classroom Support	4.2	4.0	8.1	(4.1)	(4.3)
Operations	20.6	19.6	24.2	(4.6)	(4.8)
All Other Staff	2.0	1.9	3.0	(1.1)	(1.1)
Totals	110.7	105.3	120.0	(14.7)	(15.4)

Source: CLLSD FY 2013-14 and peer district FY 2012-13 staffing data as reported to ODE

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

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

² Represents the number of FTEs that, when added or subtracted, would bring CLLSD's number of employees per 1,000 students in line with the peer average. Calculated by multiplying "Difference per 1,000 Students" by "Students (in thousands)".

Table B-1 shows the District's total staffing was 15.4 FTEs below the peer average when adjusted for student population. Due to the District's financial condition, general education, ESP, and office/clerical staffing levels were analyzed further in **R.1**, **R.2**, and **R.3**, respectively.

Salaries

Table B-2 shows career compensation CLLSD should expect to an employee in each staffing category based on its current contract in comparison the area district average.

Table B-2: Career Compensation Comparison

	CLLSD	Area District Average	Difference	%Difference
Certified (Teachers)				
Bachelor's	\$1,404,467	\$1,406,467	(\$2,000)	(0.1%)
Master's	\$1,646,747	\$1,604,492	\$42,255	2.6%
Classified				
Clerical	\$998,587	\$903,179	\$95,408	10.6%
Custodians	\$956,634	\$981,991	(\$25,357)	(2.6%)
Cafeteria	\$815,485	\$824,368	(\$8,883)	(1.1%)

Source: CLLSD and peer district FY 2013-14 salary schedules

As shown in **Table B-2** CLLSD career compensation was higher than the area district average for teachers with Master's degrees and clerical staff. Further analysis was not performed since the District negotiated no salary increases for FY 2010-11 through FY 2013-14 for all staff.

Transportation

Table B-3 shows CLLSD's transportation expenditures per bus compared to the peer average.

Table B-3: Transportation Expenditures per Active Bus FY 2012-13

	CLLSD	Peer Average	Difference	% Difference
Salaries	\$18,400	\$22,841	(\$4,441)	(19.4%)
Benefits	\$14,473	\$17,655	(\$3,182)	(18.0%)
Maintenance/Repairs	\$8,312	\$7,663	\$649	8.5%
Fuel	\$5,081	\$9,626	(\$4,545)	(47.2%)
Bus Insurance	\$788	\$704	\$84	11.9%
All Other Costs	\$101	\$1,929	(\$1,828)	(94.8%)
Total Expenditures	\$47,154	\$60,418	(\$13,264)	(22.0%)

Source: CLLSD and peer districts

Table B-3 shows that CLLSD's transportation expenditures were lower than the peer average with the exception of maintenance/repairs and bus insurance. Although maintenance, repairs, and bus insurance were higher than peers, further analysis was not performed as the District incurred several major repairs which increased maintenance costs in FY 2012-13. In addition, bus insurance is competitively bid in the annual insurance portfolio for the District. Both costs were not significant to the cost of operations and controls are in effect to manage costs.

CLLSD employs a number of routing methods to enhance transportation efficiency including multi-tiered routing, cluster stops, and staggered bell schedules. In addition, the District acquired automated routing software for FY 2013-14 allowing it to reduce six busses from its fleet.

Facilities

CLLSD's physical facilities include the elementary (grades K-4) and high school (grades 5-12) buildings with administrative offices being housed in the elementary building. The District's decision to close the Intermediate School in FY 2013-14 was affirmed when a capacity analysis

of the realignment revealed a 76.2 percent utilization of the student capacity of the elementary building and 66.1 percent utilization of the student capacity of the high school building.

The District began implementing energy savings measures detailed in a HB 264 September 2012 Submittal document. This project has integrated, and continues to use, the Energy Star Portfolio Manager system to model and track the current and on-going energy usage and performance of the District. In September 2012, it was determined all three facilities were operating slightly better than average Energy Star rated buildings.

Appendix C: Five Year Forecast

Chart C-1 displays the District's May 2014 Five Year Forecast.

Chart C-1: CLLSD FY 2013-14 May Five Year Forecast

Line	Actual			Forecasted				
	2011	2012	2013	2014	2015	2016	2017	2018
1.010 General Property (Real Estate)	1,987,054	2,002,688	2,099,181	2,128,489	2,051,630	2,110,465	2,121,439	2,132,470
1.020 Tangible Personal Property Tax	121,032	119,940	124,568	132,917	124,200	110,000	110,000	110,000
1.030 Income Tax				30,306	500,682	806,903	822,550	839,686
1.035 Unrestricted Grants-in-Aid	6,566,661	6,816,062	6,676,863	6,847,419	6,847,419	6,847,419	6,847,419	6,847,419
1.040 Restricted Grants-in-Aid	85,862	85,862	85,862	53,158	53,158	53,158	53,158	53,158
1.045 Restricted Federal Grants-in-Aid - SFSF	526,893		391,905					
1.050 Property Tax Allocation	434,595	343,043	342,729	346,571	348,234	349,906	351,585	353,273
1.060 All Other Operating Revenue	1,032,495	936,644	1,343,241	1,064,432	939,450	846,000	846,000	846,000
1.070 Total Revenue	10,754,592	10,304,239	11,064,349	10,603,292	10,864,773	11,123,851	11,152,151	11,182,006
2.050 Advances-In				50,000	50,000			
2.060 All Other Financial Sources	692		2,702					
2.070 Total Other Financing Sources	692		2,702	50,000	50,000			
2.080 Total Revenues and Other Financing Sources	10,755,284	10,304,239	11,067,051	10,653,292	10,914,773	11,123,851	11,152,151	11,182,006
3.010 Personnel Services	5,856,927	5,476,181	5,841,714	5,046,242	5,167,000	5,278,090	5,397,380	5,521,519
3.020 Employees' Retirement/Insurance Benefits	2,199,251	2,149,488	2,455,906	2,323,571	2,518,575	2,728,185	2,931,185	3,135,185
3.030 Purchased Services	2,339,459	2,424,686	2,368,954	2,612,815	2,427,165	2,349,080	2,379,618	2,410,553
3.040 Supplies and Materials	257,639	303,447	282,094	248,750	275,000	275,000	275,000	275,000
3.050 Capital Outlay	32,437	136,401	22,897	16,785	50,000	50,000	50,000	50,000
4.300 Other Objects	217,238	280,674	292,922	295,000	295,000	295,000	297,000	297,000
4.500 Total Expenditures	10,902,951	10,770,877	11,264,487	10,543,163	10,732,740	10,975,355	11,330,183	11,689,257
5.010 Operational Transfers - Out			51,581	38,414	38,414	38,414	38,414	38,414
5.020 Advances - Out			50,000	50,000				
5.040 Total Other Financing Uses			101,581	88,414	38,414	38,414	38,414	38,414
5.050 Total Expenditure and Other Financing Uses	10,902,951	10,770,877	11,366,068	10,631,577	10,771,154	11,013,769	11,368,597	11,727,671
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(147,667)	(466,638)	(299,017)	21,715	143,619	110,082	(216,446)	(545,665)
7.010 Beginning Cash Balance	953,755	806,088	339,450	40,433	62,148	205,767	315,849	99,403
7.020 Ending Cash Balance	806,088	339,450	40,433	62,148	205,767	315,849	99,403	(446,262)
8.010 Outstanding Encumbrances	118,395	203,297	28,250					
10.010 Fund Balance June 30 for Certification of Appropriations	687,693	136,153	12,183	62,148	205,767	315,849	99,403	(446,262)
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	687,693	136,153	12,183	62,148	205,767	315,849	99,403	(446,262)
15.010 Unreserved Fund Balance June 30	687,693	136,153	12,183	62,148	205,767	315,849	99,403	(446,262)

Source: ODE

Client Response

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.



David Yost
Auditor of State
88 East Broad St., 5th Floor
Columbus, Ohio 43215

Dear Auditor Yost,

The Cardington-Lincoln Local School District appreciates the time and effort by the Auditor of State in assisting its Board and employees in creating a more efficient school environment. The District finds that the results of the Audit are consistent with the results of internal controls and measures in terms of the District's fiduciary responsibility. The District also finds it important to note that the methodology and analysis used by the Auditor of State is aimed at assisting the district in reducing expenditures. It is the philosophy of the Board of Education that while there must be a confluence of ideals of efficiency and effectiveness, those two ideals are not identical. The mission of the district is to lead ALL students to college, career, and civic readiness. In certain instances, the aim for efficiency when defined by satisfying State minimum for operating standards does not satisfy State and local standards for effectiveness.

The District is appreciative of the Auditor's acknowledgements of "Noteworthy Accomplishments", and the Board and Administration will strongly consider the included recommendations. The following statements represent the District's response to the aforementioned recommendations.

Respectfully,

A handwritten signature in black ink, appearing to read "C. Petrie", written in a cursive style.

Brian Petrie, Superintendent

1. Response to Recommendation R1 “Eliminate 5.0 full-time equivalent general education teachers”:

Between FY10 and FY13, the district reduced its certified staff by 20 by means of reduction in force and attrition. While a certain number of the reduction were a result of a corrections based on decreasing enrollment, several vital and important programs to student success were eliminated. As a result of the reductions, the district has reduced its instrumental music offerings, eliminated art instruction, eliminated guidance counselor support in grades K-6, eliminated its Career Based Intervention Program, and restructured its Library and Media Skills supervision. The reduced staff has also led to a reduction in the opportunities for elective courses for students in the core subjects of English, Math, Social Studies, and Science. If the district were to implement the recommended reduction of 5 general education teachers, class sizes in particular grade levels would exceed 30 students. Class sizes in excess of 30 students does not satisfy our district’s philosophy regarding appropriate instruction.

2. Response to Recommendation R2 “Eliminate 1.0 educational service personnel position.”

As previously stated, the district has significantly reduced its opportunities for students to receive instruction from licensed teachers in non-core subjects. Implementing the recommendation would result in one of the following scenarios:

- a. The elimination of K-6 music courses
- b. The elimination of K-6 physical education classes
- c. The elimination of one guidance position resulting in one guidance counselor for the entire district.

3. Response to Recommendation R3 “Eliminate 1.0 office/clerical position.

As the Performance Audit Report recommends, the district annually evaluates the duties of each individual position for the purpose of promote efficient district clerical operations. It is the philosophy of the district to maintain a balance between efficient operations and the efficacy of compliance with State and Federal laws. Specifically, the Special Education office is charged with maintaining accurate information for Federal Compliance for our students with special needs. The proportion of special education students in our district is and has been historically higher than our peer districts and the State average. This

additional percentage of students creates an increased demand for clerical support and educational aide support.

As the district has previously reduced or consolidated clerical positions, specifically combining the EMIS secretary position and the Intermediate School Secretary position, any further reduction would represent a liability for the district.

4. Response to Recommendation R4 “Lower the cost of Health Insurance premiums”.

Since the start of the Performance Audit, the District has addressed the recommendation to lower health insurance premiums. During the summer of 2014, the District negotiated with staff a new health insurance carrier along with a change in the benefit plan that has resulted in reduced health insurance premiums. The District switched plan providers from United HealthCare to Anthem that was effective September 1, 2014. The District also modified plan coverages for deductibles, out-of-pocket maximum, and prescriptions. Deductibles were increased from \$250 single/\$500 family to \$750 single/\$1500 family. Out-of-pocket maximums were increased from \$250 single/\$500 family to \$1500 single/\$3000 family. The prescription plan copays are \$10 for generic, \$35 formulary, and \$60 non-formulary, which is higher than average prescription plan co-pays for school districts in Ohio. The District also offers 2 medical plans to its employees, the PPO plan which is included above and a HSA plan with higher deductibles and co-pays. The result of these changes are a decrease in premiums from \$687single/\$1,890 family per month in FY2014 to \$647.55 single/\$1,780.68 family per month in FY15, a decrease of 6.2%. In addition, the District is also offering a HSA medical plan with premiums of \$571.38 single/\$1,571.34 family to help reduce insurance premium costs.

5. Response to Recommendation R5 and R6 “Negotiate to require all employees to pay a portion of their healthcare insurance cost”, and “negotiate an employee contribution for dental and vision premiums”.

Board paid insurance at 100% for single policies originated from a “grandfather” clause in the negotiated agreements ratified in Fiscal Year 2003. The specific proposal was an attempt to maintain equity in total benefits between teachers and classified staff who elected to take family insurance versus single insurance. At that time, this difference in benefit for comparable work equaled \$6,684.00.

The district will continue to pursue multiple strategies to reduce the overall cost of providing health, vision, and dental insurance. Along with attempting to equalize the employees' contributions in terms of the percentage share across the three insurance types, the district will seek to aggressively negotiate for more cost effective premiums and engage in better informing employees on more cost effective health consumer strategies.

6. Response to Recommendation R7 "Enforce sick leave control measures contained in the CBA's".

The District's employee discipline policies are not directly laid out within the leave provision articles of the negotiated agreement. Policy violations are detailed with a separate article with the negotiated agreement with the classified staff and are included in Board Policy. ***The district objects to an assertion by this audit that the district's average being within 1.1 days of the State average for the classified staff is a result of misuse of leave by the employees. Nor does this data connote that the District does not effectively monitor the use of leave by its staff. With the consideration that the certified staff falls nearly one day lower than the State average, the district finds no evidence that there is a pattern of misuse of leave. The District has also taken steps to revise its protocols in terms of verifying "fitness for duty" through its FMLA and sick leave provisions.***

Additionally, the district has implemented through negotiations with its classified staff, a merit based attendance rate bonus for employees for the purpose of encouraging improved attendance. District classified employees are awarded a one time bonus for an attendance rate at or above 98%.

7. Response to Recommendation R8 "Increase internal controls for fuel usage and storage".

For the 2014-2015 school year, the district replaced both its gasoline and diesel fuel systems. The new system includes perimeter fence security with limited access and a swipe card system that keeps track of each driver's fueling. The system allows for digital download of all fuel related data for immediate district analysis.

8. Response to Recommendation R9 "Accurately report pupil transportation data".

The district will review and update its transportation data reporting procedures. ***The District agrees that accurate protocols for reporting this data are important. It should be noted for public record that while the Ohio Department of Education requires this***

data to be reported, the district does not receive payments for transportation that are directly related to the data itself. Transportation monies that are paid from ODE fall within the guaranteed foundation amount for the district therefore changes to transportation data do not currently impact money received. The district is hopeful that ODE will return to a payment model that will more accurately reflect current district expenses and ridership.

9. Response to Recommendation R10 and R11 “Increase food service labor efficiency”, and Implement an ODE approved indirect cost rate plan.

The is currently investigating the feasibility of food service subcontracting and the implementation of the indirect cost rate plan.

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Dave Yost • Auditor of State

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT

FRANKLIN 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
FEBRUARY 3, 2015**