



Dave Yost • Auditor of State

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To the residents, elected officials, management, and stakeholders of the Richmond Heights 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, it 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

April 7, 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 Richmond Heights Local School District (RHLSD or the District). ODE requested this performance audit with the goal of improving RHLSD'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, facilities, transportation, and food service. See **Appendix: 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, three sets of peer groups were selected for comparisons contained in this report. A primary set of peers was selected for general District-wide comparisons. In addition, peer groups were selected for a comparison of compensation, benefits and bargaining agreements (referred to as surrounding districts) and a separate set for a comparison of transportation service. The following table contains the Ohio school districts included in these peer groups.

Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Ada Exempted Village School District (Hardin County) • Ayersville Local School District (Defiance County) • Berkshire Local School District (Geauga County) • Columbia Local School District (Lorain County) • Jackson-Milton Local School District (Mahoning County) • Perry Local School District (Allen County)
Compensation, Benefits and Union Contract Peers (Surrounding Districts)
<ul style="list-style-type: none"> • Brooklyn City School District (Cuyahoga County) • Fairview Park City School District (Cuyahoga County) • Independence Local School District (Cuyahoga County) • South-Euclid-Lyndhurst City School District (Cuyahoga County)
Transportation Peers
<ul style="list-style-type: none"> • Bay Village City School District (Cuyahoga County) • Clearview Local School District (Lorain County) • Fairview Park City School District (Cuyahoga County) • Ironton City School District (Lawrence County)

In addition to the peer districts listed above, comparisons were made to industry standards or leading practices where applicable. Sources of industry standards or leading practices used in this audit include: the Ohio Department of Education (ODE), the Ohio Administrative Code (OAC), the Ohio Revised Code (ORC), the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), American Schools and Universities (AS&U), and the National Center for Education Statistics (NCES).

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 Richmond Heights Local School District for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following noteworthy accomplishment was identified during the course of this audit.

- **Facility Expenditures:** Through staffing reductions and prudent spending decisions, RHLSD incurred lower expenditures per square foot in comparison to its peers. Specifically, the District spent less in utilities, purchased services, supplies and materials and capital outlay in FY 2013-14. See **Table B-5** in **Appendix B** for a detailed comparison.

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. The following issue for further study was identified during the course of this audit.

- **Seek outside transportation bids:** If cost reduction strategies recommended in **R.8** are deemed not viable, RHLSD is encouraged to evaluate the option of contracting transportation services. In doing so, the District should consider practices implemented by surrounding districts that have recognized financial benefit and/or increases in service quality by outsourcing these operations.

Summary of Recommendations

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

Summary of Recommendations

Recommendations	Savings
R.1 Renegotiate contract provisions	\$12,100
R.2 Develop a comprehensive strategic plan that meets leading practice standards	N/A
R.3 Document and update internal control policies	N/A
R.4 Develop a business advisory council	N/A
R.5 Improve budgeting practices	N/A
R.6 Improve the accuracy of staffing data	N/A
R.7 Develop a current facilities master plan	N/A
R.8 Reduce active bus fleet size	\$55,000
R.9 Develop a formal program for maintaining and replacing buses	N/A
R.10 Effectively monitor food service contract	\$11,700
Total Cost Savings from Performance Audit Recommendations	\$78,800

The following table shows the District’s ending fund balances as projected in the October 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 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Original Ending Fund Balance	\$1,118,907	\$2,599,752	\$4,213,673	\$5,956,425
Cumulative Balance of Performance Audit Recommendations	\$78,800	\$157,600	\$236,400	\$315,200
Revised Ending Fund Balance	\$1,197,707	\$2,757,352	\$4,450,073	\$6,271,625

Source: RHLSD October 2014 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 have been applied to FY 2015-16 through FY 2018-19 only.

As shown in the table, the cumulative effect of implementing the performance audit recommendations contained in this report would result in an estimated ending fund balance of \$6.2 million in FY 2018-19.

Background

On March 17, 2014 the District was placed in fiscal caution by ODE based on its October 2013 five-year forecast that projected General Fund deficits each year beginning in FY 2013-14. Subsequent to the declaration, the Board and District administrators were proactive in reducing overall expenditures and lessening future operating deficits. **Table 1** displays the District's two most recent five-year forecasts, with the October 2014 projections showing the effect of the expenditure reductions.

Table 1: RHLSD Financial Condition Overview

Projected Financial Condition - May 2014					
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Revenue	\$12,792,239	\$12,792,239	\$12,792,239	\$12,792,239	N/A
Total Expenditure	\$14,263,637	\$14,629,789	\$14,991,307	\$15,400,652	N/A
Results of Operations	(\$1,471,398)	(\$1,837,550)	(\$2,199,068)	(\$2,608,413)	N/A
Beginning Cash Balance	(\$197,213)	(\$1,668,611)	(\$3,506,161)	(\$5,705,229)	N/A
Ending Fund Balance	(\$1,830,534)	(\$3,668,084)	(\$5,867,152)	(\$8,475,565)	N/A
Projected Financial Condition - October 2014					
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Revenue	\$15,549,000	\$15,285,000	\$14,580,000	\$14,980,000	\$15,380,000
Total Expenditure	\$15,113,075	\$14,517,092	\$13,099,155	\$13,366,079	\$13,637,248
Results of Operations	\$435,925	\$767,908	\$1,480,845	\$1,613,921	\$1,742,752
Beginning Cash Balance	\$75,074	\$510,999	\$1,278,907	\$2,759,752	\$4,373,673
Ending Fund Balance	\$350,999	\$1,118,907	\$2,599,752	\$4,213,673	\$5,956,425

Source: RHLSD May and October 2014 five-year forecasts

As shown in **Table 1**, the District's October 2014 five-year forecast projects a surplus of \$350,999 in FY 2014-15 compared to a \$1,830,534 deficit projected in the May forecast. This projected surplus is a direct result of the District's decision not to replace retiring staff, reducing certificated and classified positions, and freezing salary schedules. Also, the District's projected revenue shown in its October forecast increased significantly from the previous May forecast. This increase is from the sale of notes and operational transfers and advances. See **Appendix C** for the full versions of these forecasts.

RHLSD's operations and related expenses were examined by OPT in an effort to identify areas of potential cost savings for the District should the District's future financial condition change.

Recommendations

R.1 Renegotiate contract provisions

The District's certificated and classified employees are covered under one collective bargaining agreement (CBA) with the Richmond Heights Education Association. This contract was compared to the peer CBAs and ORC minimum requirements. This analysis found that many provisions for RHLSD employees were comparable to provisions in the peer contracts however; the following provisions were identified as exceeding ORC minimum levels:

- **Severance Payouts:** The CBA permits employees who are eligible for retirement to accumulate and receive payment for unused sick leave. Certificated and classified employees are eligible for a maximum payout of 220 days. In comparison, ORC § 124.39 entitles public employees to a maximum payout of 30 days at retirement. Reducing severance payouts to a level aligned with the ORC would save the District \$12,100 annually based on FY 2013-14 data.
- **Vacation:** The classified section of the collective bargaining agreement allows employees to accrue 495 vacation days over the course of a 30-year career. In comparison, ORC § 3319.084 sets a minimum accrual of 460 vacation days over the course of a 30-year career. Direct savings from reducing the vacation schedule by 35 days to align with the ORC could not be quantified; however, this reduction would increase the number of available work-hours for each employee affected at no additional cost to the District.
- **Sick Leave Accrual:** Based on accrual rates, employees can accrue 540 sick days over the course of a 30-year career. In comparison, ORC § 124.38 sets a minimum accrual level of 450 sick days over a 30-year career. Direct savings from reducing the sick leave accrual by 90 days to align with the ORC could not be quantified; however, this reduction would increase the number of available work-hours for each employee affected at no additional cost to the District.

Provisions within collective bargaining agreements that provide benefits beyond what is required or typically offered in other school districts can create an unnecessary financial burden on the District and limit management's ability to control costs. Any progress made through negotiations that would make contract provisions more cost effective or restore management rights would be beneficial to the District's financial position.

Financial Implication: Reducing sick leave severance payouts to be more consistent with ORC minimums would have saved the District **\$12,100** based on FY 2013-14 data.

R.2 Develop a comprehensive strategic plan that meets leading practice standards

RHLSD does not have a long term strategic plan. Historically, the District has taken a reactive approach to planning as a result of turnover in administrative positions and its adverse financial condition.

According to Ohio Administrative Code (OAC) § 3301-35-03 (A), the proper governance, leadership, organization, administration and supervision of a district requires effective and focused strategic planning. A strategic plan guides key stakeholders in the ongoing measurement of district performance to assure adequate progress is being made toward strategic goals and objectives. Strategic planning is the responsibility of the board of education, the superintendent and other key stakeholders, and identifies short- and long-range goals and the strategies necessary to achieve them.

Recommended Budget Practice on the Establishment of Strategic Plans (Government Finance Officers Association (GFOA), 2005) provides guidance on developing an effective strategic plan and suggests the plan establish logical links between authorized spending and broad organizational goals. In creating an effective strategic plan, the GFOA outlines several key steps which include the following:

- A mission statement;
- Identification of critical issues;
- An assessment of environmental factors;
- An agreement on a small number of broad goals;
- Strategies to achieve those goals; and
- Objectives so progress can be measured, monitored, and reassessed.

The GFOA also states the importance of creating a long-term financial plan in parallel to the strategic plan.

Without a strategic plan connecting the District's goals with its finances, it may not be prepared for environmental changes and may not be in an optimal position to properly utilize current and future resources. Developing and implementing an effective plan would allow the District's budgeting and spending practices to be better oriented towards its goals and its resources to be allocated efficiently (see **R.5**).

R.3 Document and update internal control policies

The District does not have documented policies and procedures that reflect current operating practices. As a result, it may not be utilizing proper preventive controls to minimize opportunities for unintentional errors or intentional fraud. Also, documenting preventive controls would help the District discover and correct any small errors before becoming large problems.

The GFOA and the Ohio Ethics Commission (OEC) have developed model policies that are designed to improve financial management and promote ethical behavior. Specifically, *Documenting Accounting Policies and Procedures* (GFOA, 2007) recommends that every government should document its accounting policies and procedures, evaluate them annually, and update them periodically by an appropriate level of management. A specific employee

should be assigned the duty of overseeing this process. Likewise, the OEC has developed a model policy that could address numerous areas for RHLSD, including the following:

- Soliciting or accepting employment with anyone doing business with the District;
- Receiving payment for matters before any board, commission, or other body of the District;
- Soliciting or accepting honoraria;
- Representing any person during public service, and for one year after leaving service, with respect to a matter in which the official personally participated while servicing the District; and
- Using, or authorizing the use of, an employee's title, the name of the District, or the District's logo in a manner that suggests impropriety, favoritism, or bias by the official or employee.

Without updated documented internal controls, the District is at risk of not assuring all operational objectives, financial reporting, and compliance with laws and regulations are being met and achieved. Developing effective internal control policies should help to minimize the opportunity for fraud and the occurrence of errors.

R.4 Develop a business advisory council

The District does not have a business advisory council in place to help review operations, obtain stakeholder feedback, and serve as a liaison between RHLSD and its citizens. *Public Participation in Planning, Budgeting, and Performance Management* (GFOA, 2009) identifies the creation of public or neighborhood advisory groups, committees, and informal task forces as a leading practice. For example, the Little Miami Local School District (Warren County) formed a business advisory council and developed a charter to outline the council's responsibilities, which include:

- Mission;
- Officers;
- Financial/fiscal;
- Communications;
- Education/ benchmarking; and
- Membership.

In addition, section 9141 of RHLSD's bylaws and the Ohio Revised Code (ORC) § 3313.82 require school district's board's to appoint a business advisory council. The council is to advise and provide the recommendations to the Board on matters such as the delineation of employment skills and its relationship to curriculum development, changes in the economy and job market, and suggestions for developing working relationships with businesses, labor organizations, and educational personnel. Creating a business advisory council would provide an additional level of oversight for the District's financial activities, such as strategic planning (see **R.2**), developing internal control policies and procedures (see **R.3**), and budgeting (see **R.5**).

R.5 Improve budgeting practices

The District's annual budget is not linked to formal goals, objectives, and performance measures identified in a long-term comprehensive strategic plan (see **R.2**). To create its budget, the Treasurer and Superintendent rely on past spending decisions instead of future goals and objectives.

According to *Budgeting for Results and Outcomes* (GFOA, 2007), organizations should apply principles of performance to the budgeting process by using the following steps:

- Determine how much money is available;
- Prioritize results;
- Allocate resources among high priority results;
- Conduct analysis to determine what strategies, programs, and activities will best achieve desired results;
- Budget available dollars to the most significant programs and activities;
- Set measures of annual progress, monitor, and close the feedback loop;
- Check what actually happened; and
- Communicate performance results.

In the absence of a formal strategic plan to guide program and funding decisions, the District is at risk of not fully evaluating the relationship between its spending decisions and program outcomes. This, in turn, increases the risk of inefficiently and/or ineffectively addressing District needs.

R.6 Improve the accuracy of staffing data

The District outsources all payroll operations and portions of Education Management Information System (EMIS) reporting to Mentor City Schools (MCSD) in lieu of having a full time Treasurer. For example, MCSD is responsible for the creation and maintenance of EMIS records for staff demographic information, position description, employment status, and compensation for RHLSD employees.

RHLSD employs an EMIS Coordinator who is responsible for submitting reports to ODE, but does not have supervisory duties over the EMIS staffing data provided by MCSD. In addition, District administration does not have unified supervisory oversight of EMIS staff records. Therefore, the creation, maintenance, reconciliation, and reporting of EMIS staff records is divided among several departments with no clear assignment of duty or responsibility.

In FY 2013-14, the District reported EMIS data that was inaccurate according to the guidance in the *Ohio Department of Education EMIS Manual*. For example, several employees' position codes, hours worked per day, and FTE status were incorrect specifically in the job classifications assigned. In light of these discrepancies, the District should ensure EMIS records are accurate by strengthening oversight controls for data compilation, reconciliation, and reporting by outlining the individual(s) responsible for EMIS staffing data.

R.7 Develop a current facilities master plan

The District does not have an actionable facilities master plan. RHLSD did receive a plan from the Ohio Facilities Construction Commission (OFCC) but it has yet to implement a funding source to activate this plan. As a result, the District may not be able to forecast and fund future large-scale capital expenditures.

A Planning Guide for Maintaining School Facilities (School Facilities Maintenance Task Force, National Forum on Education Statistics and the Association of School Business Officials International, February 2003) states that the master plan is the “blueprint” for daily decision-making throughout a school district. It provides concrete documentation about the organization’s needs and intentions. Moreover, it is a formal way of communicating the district’s priorities, and establishes necessary documentation for funding authorities and other approving organizations. Good plans include short- and long-term objectives, budgets, and timelines, all of which demonstrate organizational commitment to facilities maintenance. Effective planning also requires that planners evaluate both the organization’s overarching goals and the day-to-day details needed to meet those targets. Thus, a comprehensive plan serves both as a blueprint for the here and now and road map to the future.

According to the District’s 7100 Facilities Planning bylaw, the Board of Education recognizes that careful, prudent planning is essential to the efficient operation of the schools, and that planning must be grounded on accurate data. In order to ensure that future District construction supports the educational program and responds to community needs, the Board will prepare a capital construction plan and will revise that plan periodically after.

Administrators have not implemented its facilities master plan due to the District’s financial condition. Operating in times of scarce resources, however, may make the need for facilities planning even greater, as these conditions make prudent and effective allocation of funds imperative. Developing a facility master plan would help ensure RHLSD effectively determines long-term capital asset needs and increases the likelihood the District would have funds available to address them.

R.8 Reduce the size of the active bus fleet

The District maintains 13 active buses, which run 26 routes to transport 665 riders. All buses have a rated capacity of 72 passengers. One of the 13 active buses is designated for special needs transportation. Despite the District’s high-capacity buses, it maintains only a 55 percent (27 riders) average utilization rate per route. In routing buses, the District does not use electronic routing software, but instead manually routes all District buses.

According to *The School Administrator* (American Association of School Administrators (AASA), December 2005), an effective pupil-to-bus ratio should average at least 100 pupils on a double route, two-tier bus system with actual capacity measured with 80 percent of a bus’ rated capacity. **Table 2** presents the District’s capacity ratios and bus reductions needed based on the AASA benchmark.

Table 2: FY 2013-14 RHLSD Transportation Capacity Ratios

	Current (55%)	Benchmark (80%)
Number of Riders per route	26.6	38.4
Number of Buses	12.0	8.3
Number of Routes	24	16.6
Number of Buses to be reduced	N/A	3.7

Source: RHLSD

Note: The special needs bus and the spare bus used to take students home were excluded from the capacity analysis.

As shown in **Table 2**, the District should consolidate its bus routes in order to raise the utilization rate from 55 percent to 80 percent, as prescribed by the AASA. Doing so will allow the District to eliminate 3 active buses from its fleet, saving the District the costs related to operating an active bus. Further, consolidating bus routes and running a reduced number of active buses will reduce the number of buses the District has to replace via direct purchase or lease.

Financial Implication: A reduction of 3 active buses would yield savings of approximately \$18,333 per active bus, or a total of **\$55,000** annually based on FY 2013-14 data.

R.9 Develop a formal program for maintaining and replacing buses

The District does not have a formal maintenance or bus replacement plan. The absence of a plan results in buses being repaired on an as-needed basis and funds to purchase buses to be drawn from other departments.

According to *Public Works Management Practices Manual* (American Public Works Association (APWA), 2001), a formal preventive maintenance program should be developed for all equipment that includes scheduling, recording performance, and monitoring the program. Furthermore, *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services, 2002) emphasizes that replacement of school buses should be a planned process. A district's finances are certainly an important consideration in the replacement of buses, and may be an obstacle to replacing them on the schedule set by the district. Ultimately, a bus replacement plan allows a district to communicate to its leadership and to the public about the needs of its bus fleet, its progress in meeting its schedule of replacement, and any risks posed by the current state of the fleet.

Adopting a formal bus replacement plan, even without the resources to fund the plan, could benefit the District, as it would set priorities and establish criteria for when funding is available. In addition, it could help to anticipate and avoid the need to replace a major portion of the fleet at the same time, and allow the District to demonstrate the impact of not funding capital improvements.

R.10 Effectively monitor food service contract

During the course of the audit, the District renegotiated its food service contract to reduce the management fee per meal by 50 percent, reduce administrative fees by 47.5 percent, and include language stating that if the District does not obtain a profit, the contractor will pay back its management and administrative fees.

RHLSD outsources its food service operations to Chartwells (the Contractor). Prior to the Superintendent taking control of the food service contract in FY 2014-15, the District did not have efficient controls and oversight in place to monitor the effectiveness of its food service operation. For example, the Food Service Fund incurred operating deficits in FY 2012-13 and FY 2013-14 despite the outsourcing of operations. The primary contributors to these deficits were increasing purchased services and supply and materials costs. **Table 3** shows food expenditures per meal for FY 2011-12 through FY 2013-14.

Table 3: Food Service Expenditures per Meal

	FY 2011-12	FY 2012-13	FY 2013-14	3 Year Variance
Personal Services - Salaries	\$0.00	\$0.00	\$0.00	0.0%
Retirement and Insurance	\$0.00	\$0.00	\$0.00	0.0%
Purchased Services	\$1.94	\$2.59	\$2.73	40.7%
Supplies and Materials	\$1.09	\$1.41	\$1.79	63.9%
Capital Outlay	\$0.00	\$0.00	\$0.01	0.0%
Total Expenditures per Meal	\$3.03	\$4.00	\$4.53	49.5%

Source: RHLSD

As shown in **Table 3**, the greatest contributor to the operating deficit in the food service program is supply and material expenses, which have increased 63.9 percent since FY 2011-12. Likewise, the cost to outsource food service operations (purchased services) has increased 40.7 percent since FY 2011-12.

Table 4 compares RHLSD's FY 2013-14 revenues and expenditures per meal to the peer average.

Table 4: FY 2013-14 Expenditures per Meal Comparison

	RHLSD	Peer Average	Difference	% Difference
Salaries	\$0.00	\$1.61	(\$1.61)	(100.0%)
Employees' Retirement and Insurance	\$0.00	\$0.75	(\$0.75)	(100.0%)
Purchased Services	\$2.73	\$0.12	\$2.61	(2,175.0%)
Supplies and Materials	\$1.79	\$1.70	\$0.09	5.3%
Capital Outlay	\$0.01	\$0.04	(\$0.03)	(75.0%)
Other Objects	\$0.00	\$0.00	\$0.00	0.0%
Total Expenditures per Meal	\$4.53	\$4.22	\$0.31	7.4%
Total Revenue per Meal	\$2.97	\$3.80	(\$0.83)	(21.8%)

Source: RHLSD and ODE

Table 4 shows in FY 2013-14, RHLSD's purchased services expenditures were \$0.25 more per meal equivalent than the peers combined salaries, retirement and insurance and purchased services. Also, supplies and materials for the District were \$0.09 per meal equivalent above the peers. This is reflected in the expenditures per meal compared to the revenue generated per meal. For every meal sold in FY 2013-14, the District lost \$1.56 in revenue.

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 budget 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.

The District must proactively monitor its food service expenditures; in particular, expenditures for food-related supplies and materials as well as purchased services. Improved contract monitoring will allow RHLSD to maintain quality services and ensure that costs are reasonable and expectations are being met. By working with the contractor to reduce the District's purchased services and supplies and materials costs, the Food Service Fund will be able to provide students with healthy meals while also maintaining a self-sufficient operation.

Financial Implication: Reducing the District's food usage cost per meal to the peer average will save the district approximately **\$11,700** annually. This is calculated based on the FY 2013-14 total lunches served multiplied by the District's food usage expenditures above the peer average.

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 management, human resources, facilities, transportation, 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. One of the fifteen 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 Management	
Are budgeting practices comparable to leading practices?	R.5
Are purchasing practices comparable to leading practices?	N/A
Is the strategic plan consistent with leading practices?	R.2
Are the District’s internal controls comparable to leading practices?	R.3, R.4, and R.6
Human Resources	
Is the District’s staffing efficient compared to peers and OAC/state minimums, where applicable?	Table B-1
Are the District’s salaries comparable to peers?	Table B-3
Are the District’s collective bargaining agreements consistent with leading practices?	R.1
Are the District’s insurance benefits consistent with leading practices?	Table B-4
Facilities	
Is the District’s custodial and maintenance staffing efficient compared to benchmarks?	Table B-2
Are the District’s facilities expenditures comparable to peers?	Table B-5
Is the District’s capital planning efforts consistent with leading practices?	R.7
Transportation	
Is the District’s fleet size efficient compared to leading practices?	R.8
Is the District’s fleet maintained efficiently?	R.9
Are the District’s bus replacement practices consistent with leading practices?	R.9
Food Service	
Is the District’s food service operation self-sufficient?	R.10

Appendix B: Additional Comparisons

District-wide Staffing

Table B-1 illustrates the full-time equivalent (FTE) staffing levels per 100 students at RHLSD and the average of the peer districts. According to the *FY 2014 EMIS Reporting Manual* (ODE, 2014) instructions for reporting staff data, an FTE is defined as 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. The latest available peer data was from FY 2013-14 as reported to ODE through the Education Management Information System (EMIS). Adjustments were made to RHLSD’s EMIS data to reflect accurate staffing levels as of October 2014.

Table B-1: RHLSD Staffing Comparison

	RHLSD		Peer Average	Difference	
Students¹	800.9		825.2	(24.3)	
Students (hundreds)	8.009		8.252	(0.243)	
	RHLSD FTEs	RHLSD FTEs per 100 Students	Peer FTEs per 100 Students	Difference Per 100 Students	Total FTEs Above (Below) ²
Administrative	5.6	0.7	0.7	(0.0)	(0.0)
Office/Clerical	6.9	0.9	0.9	(0.0)	(0.0)
General Education Teachers	39.0	4.9	5.3	(0.4)	(3.2)
All Other Teachers	10.0	1.3	1.1	0.2	1.6
Education Service Personnel (ESP)	4.0	0.5	0.9	(0.4)	(3.2)
Educational Support	0.0	0.00	0.4	(0.4)	(3.2)
Other Certificated	0.0	0.00	0.0	(0.0)	(0.0)
Non-Certificated Classroom Support	0.0	0.00	0.5	(0.5)	(4.0)
Other Professional and Technical Staff	4.0	0.5	0.2	0.3	2.4

Source: RHLSD provided data for FY 2014-15 and peer district FY 2013-14 staffing data as reported to ODE

Note: RHLSD’s operational staffing, including custodians, and maintenance workers are not included in the peer comparison. These areas were assessed based on industry and operational standards (see **Table B-2**).

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 RHLSD’s number of employees per 100 students in line with the peer average. Calculated by multiplying “**Difference Per 100 Students**” by “**Students (hundreds)**”.

As illustrated in **Table B-1**, RHLSD employs more FTEs in the all other teachers and other professional and technical staff categories compared to the peer average. However, the all other teacher ratio per 100 students is based solely on the total student population rather than its special needs population. The personnel assigned to this job category are special needs teachers. When student population differences are accounted for, the District was comparable to the peer

levels. Likewise, the District coded positions to other professional and technical staff whereas the peer districts did not code these positions in a similar manner. When those coding differences were accounted for, the District was comparable to the peer levels.

Staffing levels within the Facilities Department were assessed based on workload measures contained in the *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES), 2003) and *Maintenance & Operations Cost Study* (American School & University, 2005 to 2009) **Table B-2** illustrates RHLSD’s facilities staffing levels compared to these industry benchmarks using the District’s total square footage of 181,068 and total land area of 20 acres as reported by the Ohio School Facilities Commission (OSFC) in FY 2014-15.

Table B-2 B&G Department Staffing Need

Grounds-keeper Staffing	
Grounds FTEs	0.8
Acreage Maintained	20
AS&U Benchmark - Acres per FTE Grounds-keeper ¹	40.2
Benchmarked Staffing Need	0.5
Groundskeeper FTEs Above/(Below) Benchmark	0.3
Cleaning Staffing	
Custodial FTEs	2.9
Square Footage Cleaned	181,068
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE ¹	29,500
Benchmarked Staffing Need	6.1
Custodial FTEs Above/(Below) Benchmark	(3.2)
Maintenance Staffing	
Maintenance FTEs	2.1
Square Footage Maintained	181,068
AS&U Benchmark - Square Footage per Maintenance FTE ¹	94,872
Benchmarked Staffing Need	1.9
Maintenance FTEs Above/(Below) Benchmark	0.2
Total B&G Staffing	
Total FTEs Employed	5.8
Total Benchmarked Staffing Need	8.5
Total FTEs Above/(Below) Benchmark	(2.7)

Source: RHLSD, AS&U, NCES and OSFC

As shown in **Table B-2**, overall, the District employs less building and grounds FTEs (2.7) compared to the national benchmarks.

Salaries

RHLSD’s starting wages, step increases, and other compensation were compared to the surrounding district average. This was completed using negotiated salary schedules from FY 2014-2015 contained in the collective bargaining agreements for RHLSD and the surrounding districts. The following positions were included in the comparison:

- Teachers (bachelor’s degree and master’s);
- Bus drivers;
- Custodians; and
- Clerical/secretary.

Table B-3 shows the total salary RHLSD should expect to pay an employee over the duration of a 30-year career, based on the current collective bargaining agreement, compared to the selected peer districts.

Table B-3: Total Compensation Comparison

	RHLSD	Peer Average	Difference	% Difference
Certificated (Teachers)				
Bachelor's	\$1,709,187	\$1,872,876	(\$163,689)	(8.7%)
Master's	\$1,959,260	\$2,118,937	(\$159,677)	(7.5%)
Classified				
Bus Driver	\$581,510	\$704,923	(\$123,414)	(17.5%)
Custodian	\$1,127,173	\$1,294,116	(\$166,943)	(12.9%)
Clerical Secretary	\$1,100,653	\$1,251,568	(\$150,915)	(12.1%)

Source: RHLSD and surrounding district contracts

Table B-3 shows that the total compensation over a 30-year career for bachelor’s degree, highest attainable bachelor’s degree, master’s degree, highest attainable master’s degree, bus drivers, custodians and clerical secretaries are below the peer average.

Health Insurance

RHLSD offers its employees a Preferred Provider Organization (PPO) for single and family healthcare. The State Employment Relations Board (SERB) surveys public sector entities regarding 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. The 2014 monthly cost of benefits for RHLSD was compared to data contained in the 22nd *Annual Report on the Cost of Health Insurance in Ohio’s Public Sector* (SERB, 2014). **Table B-4** illustrates the comparisons for single coverage plans:

Table B-4: RHLSD Health Insurance Comparison

	RHLSD	SERB Average	Difference	% Difference
Health Insurance				
Single- PPO	\$539.04	\$558.00	(\$18.96)	(3.4%)
Family - PPO	\$1,374.40	\$1,446.00	(\$71.60)	(5.0%)
Dental Insurance				
Single -Dental	\$36.78	\$31.40	\$5.38	17.1%
Family - Dental	\$93.68	\$87.50	\$6.18	7.1%
Vision Insurance				
Single -Vision	\$7.04	\$6.70	\$0.34	5.1%
Family -Vision	\$15.17	\$15.70	(\$0.53)	(3.3%)

Source: RHLSD and SERB

As illustrated in **Table B-4**, RHLSD’s premiums for health insurance were below the SERB average. Although the dental plan is slightly higher than the 2014 SERB averages, the cost is outweighed by the difference in health insurance premiums. For example, when you total the cost of all health, dental and vision plans annually, RHLSD will spend approximately \$4,330 less for single coverage (19 plans) and \$44,600 less for family coverage (52 plans) compared to the 2014 SERB average.

Facility Expenditures

Table **B-5** illustrates RHLSD’s facility expenditures per square foot compared to peers.

Table B-5: Facilities Expenditures per Square Foot Comparison

	Richmond Heights	Peer Average	Difference	Percent Difference
Salaries and Wages	\$1.85	\$1.83	\$0.02	1.2%
Employee Benefits	\$1.31	\$0.75	\$0.56	76.3%
Utilities	\$1.21	\$1.47	(\$0.26)	(18.2%)
Electric	\$0.54	\$0.86	(\$0.32)	(37.0%)
Gas	\$0.43	\$0.36	\$0.07	19.8%
Other Energy Sources	\$0.00	\$0.00	\$0.00	0.0%
Sub-Total Energy	\$0.97	\$1.22	(\$0.25)	(20.3%)
Water & Sewer	\$0.23	\$0.25	(\$0.02)	(8.0%)
Purchased Services (Excluding Utilities)	\$0.59	\$0.91	(\$0.32)	(34.3%)
Supplies and Materials	\$0.18	\$0.30	(\$0.12)	(39.3%)
Capital Outlay	\$0.02	\$0.28	(\$0.26)	(92.8%)
Other Objects	\$0.00	\$0.03	(\$0.03)	(100.0%)
Total Expenditures per Square Foot	\$5.16	\$5.57	(\$0.41)	(7.4%)

Source: RHLSD and ODE

As shown in **Table B-5**, RHLSD spent less in every category with the exception of salaries and wages (**Table B-3**), employee benefits (**Table B-4**) and utility gas. Although utility gas is 19.8 percent higher than peers, RHLSD spent \$0.97 on energy costs compared to a peer average of \$1.22.

Appendix C: Five-Year Forecast

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

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

Line	Actual			Forecasted				
	2011	2012	2013	2014	2015	2016	2017	2018
1.010 General Property (Real Estate)	8,835,258	8,653,324	9,619,105	9,432,215	9,013,428	9,013,428	9,013,428	9,013,428
1.020 Tangible Personal Property Tax	26,712	13,047	2,477	350,000				
1.035 Unrestricted Grants-in-Aid	1,229,289	1,214,809	1,224,078	1,282,517	1,411,910	1,411,910	1,411,910	1,411,910
1.040 Restricted Grants-in-Aid	1,183,650	945,655	745,208	697,685	697,685	697,685	697,685	697,685
1.045 Restricted Federal Grants-in-Aid - SFSF	103,163							
1.050 Property Tax Allocation	1,184,093	1,194,174	1,268,480	1,264,208	1,275,126	1,275,126	1,275,126	1,275,126
1.060 All Other Operating Revenue	184,432	232,324	461,627	394,090	394,090	394,090	394,090	394,090
1.070 Total Revenue	12,746,597	12,253,333	13,320,975	13,420,715	12,792,239	12,792,239	12,792,239	12,792,239
2.010 Proceeds from Sale of Notes				1,000,000				
2.040 Operating Transfers-In			8,895					
2.050 Advances-In	(150,000)	275,000	(275,000)					
2.060 All Other Financial Sources	529	4,055						
2.070 Total Other Financing Sources	(149,471)	279,055	(266,105)	1,000,000				
2.080 Total Revenues and Other Financing Sources	12,597,126	12,532,388	13,054,870	14,420,715	12,792,239	12,792,239	12,792,239	12,792,239
3.010 Personnel Services	5,340,810	5,313,764	5,445,314	5,309,585	5,601,335	5,601,335	5,601,335	5,601,335
3.020 Employees' Retirement/Insurance Benefits	2,018,695	2,140,596	2,352,626	2,429,785	2,673,147	2,822,498	2,968,966	3,149,680
3.030 Purchased Services	4,297,313	4,235,722	4,325,773	4,606,853	5,050,475	5,242,644	5,442,273	5,649,660
3.040 Supplies and Materials	246,499	332,924	292,258	484,282	284,182	295,967	308,251	321,057
3.050 Capital Outlay	27,006	87,292	40,225	167,684	40,000	41,480	43,015	44,606
4.300 Other Objects	616,412	296,474	321,372	398,928	400,068	411,435	413,037	419,884
4.500 Total Expenditures	12,546,735	12,406,772	12,777,568	14,397,117	14,049,207	14,415,359	14,776,877	15,186,222
5.010 Operational Transfers - Out	34,101	35,000	35,000	367,616	110,000	110,000	110,000	110,000
5.020 Advances - Out	75,777	27,672	168,541					
5.030 All Other Financing Uses	104,430	104,433	104,430	104,430	104,430	104,430	104,430	104,430
5.040 Total Other Financing Uses	214,308	167,105	307,971	472,046	214,430	214,430	214,430	214,430
5.050 Total Expenditure and Other Financing Uses	12,761,043	12,573,877	13,085,539	14,869,163	14,263,637	14,629,789	14,991,307	15,400,652
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(163,917)	(41,489)	(30,669)	(448,448)	(1,471,398)	(1,837,550)	(2,199,068)	(2,608,413)
7.010 Beginning Cash Balance	487,310	323,393	281,904	251,235	(197,213)	(1,668,611)	(3,506,161)	(5,705,229)
7.020 Ending Cash Balance	323,393	281,904	251,235	(197,213)	(1,668,611)	(3,506,161)	(5,705,229)	(8,313,642)
8.010 Outstanding Encumbrances			161,923	900,000	161,923	161,923	161,923	161,923
10.010 Fund Balance June 30 for Certification of Appropriations	323,393	281,904	89,312	(1,097,213)	(1,830,534)	(3,668,084)	(5,867,152)	(8,475,565)
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	323,393	281,904	89,312	(1,097,213)	(1,830,534)	(3,668,084)	(5,867,152)	(8,475,565)
15.010 Unreserved Fund Balance June 30	323,393	281,904	89,312	(1,097,213)	(1,830,534)	(3,668,084)	(5,867,152)	(8,475,565)

Source: ODE

Chart C-2 displays the District’s October 2014 Five Year Forecast.

Chart C-2: RHLSD FY 2014-15 October Five Year Forecast

Line	Actual			Forecasted				
	2012	2013	2014	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	8,928,325	9,344,105	9,442,996	9,779,000	9,880,000	9,880,000	9,880,000	9,880,000
1.020 Tangible Personal Property Tax	13,047	2,477	242,056	5,000	5,000			
1.035 Unrestricted Grants-in-Aid	1,290,504	1,367,586	1,519,509	1,500,000	1,700,000	1,900,000	2,100,000	2,300,000
1.040 Restricted Grants-in-Aid			(37,857)					
1.045 Restricted Federal Grants-in-Aid - SFSF	45,382							
1.050 Property Tax Allocation	2,064,133	1,888,165	2,068,343	2,100,000	2,200,000	2,300,000	2,500,000	2,700,000
1.060 All Other Operating Revenue	227,350	405,021	600,114	450,000	500,000	500,000	500,000	500,000
1.070 Total Revenue	12,568,741	13,007,354	13,835,161	13,834,000	14,285,000	14,580,000	14,980,000	15,380,000
2.010 Proceeds from Sale of Notes			1,000,000	1,500,000	1,000,000			
2.040 Operating Transfers-In			1,534	50,000				
2.050 Advances-In		8,896	137,731	165,000				
2.060 All Other Financial Sources	9,030	38,620	(33,443)					
2.070 Total Other Financing Sources	9,030	47,516	1,105,822	1,715,000	1,000,000			
2.080 Total Revenues and Other Financing Sources	12,577,771	13,054,870	14,940,983	15,549,000	15,285,000	14,580,000	14,980,000	15,380,000
3.010 Personnel Services	5,432,024	5,492,480	5,375,967	4,800,000	4,600,000	4,600,000	4,600,000	4,600,000
3.020 Employees' Retirement/Insurance Benefits	2,067,718	2,305,461	2,522,931	2,200,000	2,100,000	2,200,000	2,300,000	2,400,000
3.030 Purchased Services	4,269,108	4,360,993	4,831,508	4,910,000	5,057,300	5,209,019	5,365,289	5,526,248
3.040 Supplies and Materials	332,925	292,258	284,409	334,475	344,792	355,136	365,790	376,000
3.050 Capital Outlay	87,292	40,225	127,030	30,000	30,000	30,000	30,000	30,000
4.300 Other Objects	263,088	286,152	343,387	378,600	385,000	385,000	385,000	385,000
4.500 Total Expenditures	12,452,155	12,777,569	13,485,232	12,653,075	12,517,092	12,779,155	13,046,079	13,317,248
5.010 Operational Transfers - Out	139,430	139,430	1,466,741	2,100,000	1,800,000	120,000	120,000	120,000
5.020 Advances - Out	27,672	168,541	165,170	360,000	200,000	200,000	200,000	200,000
5.040 Total Other Financing Uses	167,102	307,971	1,631,911	2,460,000	2,000,000	320,000	320,000	320,000
5.050 Total Expenditure and Other Financing Uses	12,619,257	13,085,540	15,117,143	15,113,075	14,517,092	13,099,155	13,366,079	13,637,248
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(41,486)	(30,670)	(176,160)	435,925	767,908	1,480,845	1,613,921	1,742,752
7.010 Beginning Cash Balance	323,390	281,904	251,234	75,074	510,999	1,278,907	2,759,752	4,373,673
7.020 Ending Cash Balance	281,904	251,234	75,074	510,999	1,278,907	2,759,752	4,373,673	6,116,425
8.010 Outstanding Encumbrances	234,236	161,923		160,000	160,000	160,000	160,000	160,000
10.010 Fund Balance June 30 for Certification of Appropriations	47,668	89,311	75,074	350,999	1,118,907	2,599,752	4,213,673	5,956,425
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	47,668	89,311	75,074	350,999	1,118,907	2,599,752	4,213,673	5,956,425
13.020 Property Tax - New					750,000	750,000		
13.030 Cumulative Balance of New Levies					750,000	1,500,000	1,500,000	1,500,000
15.010 Unreserved Fund Balance June 30	47,668	89,311	75,074	350,999	1,868,907	4,099,752	5,713,673	7,456,425

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.

RICHMOND HEIGHTS LOCAL SCHOOLS

447 RICHMOND RD. RICHMOND HTS., OHIO 44143 PHONE 216-692-0086 FAX 216-692-2820

ADMINISTRATION

Renée T. Willis, Ph.D., SUPERINTENDENT

Mr. John W. Scott, TREASURER

BOARD OF EDUCATION

**BOBBY JORDAN, PRESIDENT
LINDA PLIODZINSKAS, VICE PRESIDENT
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CARL VINCI**

SCHOOLS

Mr. Jason Tidmore, Sr. SECONDARY SCHOOL PRINCIPAL

Ms. Ms. Martha Hasselbusch, ELEMENTARY SCHOOL PRINCIPAL

"It's the Dawning of a New Day"

March 23, 2015

David Yost
Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

Dear Auditor Yost:

On behalf of the Richmond Heights Local School District, we would like to thank the Performance Audit team that took their time and effort in formulating the audit report for our district. Mr. Justin Klingshirn and his team were very professional and took the time to always engage with us throughout all phases of the process.

It is our goal to take positive action and to document our efforts to improve operations and performance. As a district that in 2014, entered into fiscal caution for the first time, we were required by the Ohio Department of Education to undergo this performance audit to help address our financial troubles. We appreciate the fact that the report will help guide district decisions that will lead to educational excellence while maintaining a lean budget.

The Richmond Heights Local School District is very unique, and in many ways can be considered an anomaly. Our size, demographic, performance, tax valuation, per pupil expenditure and social economic composition makes it difficult to find appropriate peer groups by which to compare in order to garner a fair and equitable audit. The suggestion to seek outside transportation bids and reduce the bus fleet is one that the Richmond Heights community may not feel is the best remedy at this time. The district is committed to doing everything possible to ensure an efficient transportation department, and has recently taken the step toward that end by engaging in a contract to have a comprehensive transportation audit performed.

The recommendation for a comprehensive strategic plan is well underway and is being led by an outside strategic planning firm with a final delivery date of July, 2015. All recommendations pertaining to our facilities are currently being addressed through the development of a remediation and maintenance plan with a nationally recognized building mechanical system's firm. The recommendation to renegotiate contract provisions in order to actualize further savings will begin this spring, as the current contract expires July, 2015. Finally, all recommendations relative to the financial operation of the district will continue to be addressed by the new treasurer.

With 70% of the cost savings in the Performance Audit coming from the single recommendation to reduce our active bus fleet, we must rebut that notion and acknowledge that the utilization of the numerous school choice options, exterior to the Richmond Heights assets has a negative impact on balance sheet, yet providing transportation to these various out-of-district options is still a legal mandate to the RHLSD. Despite this fact, the new administration made approximately \$1.5 million in cost reductions this year, thus resulting in a positive impact on balance sheet. This noteworthy accomplishment is manifested by an initial ending fund balance of **-\$1,830, 535** to a currently projected ending fund balance of +\$350,000.

It is the desire of the Richmond Heights Local Schools to provide an excellent education for all of its students while maintaining efficient and effective operations. We will continue to review all of the information gained through the audit process, and we thank you for presenting this valuable data to the school district.

Sincerely,

A handwritten signature in cursive script that reads "Renée T. Willis".

Renée T. Willis, Ph.D.
Superintendent

cc: RHLSD Board of Education
John W. Scott, Treasurer

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Dave Yost • Auditor of State

RICHMOND HEIGHTS LOCAL SCHOOL

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
APRIL 7, 2015**