



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Canton City School District,

In consultation with the Ohio Department of Education and at the request of the District, 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
June 7, 2016

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Executive Summary

Purpose and Scope of the Audit

In consultation with the Ohio Department of Education (ODE) and at the request of the District, the Auditor of State (AOS) determined that it was appropriate to conduct a performance audit of the Canton City School District (CCSD or the District) pursuant to Ohio Revised Code (ORC) § 3316.042. The purpose of this performance audit was to improve CCSD's financial condition through an objective assessment of the economy, efficiency, and/or effectiveness of the District's operations and management. See 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).

The Auditor of State's (AOS) Ohio Performance Team (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, two 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, a peer group was selected for the examination of the transportation operations. The following table contains the Ohio school districts included in these peer groups.

Peer Group Definitions

| Primary Peers |
|--|
| <ul style="list-style-type: none"> • Beaver Creek City School District (Greene County) • Fairfield City School District (Butler County) • Forest Hills Local School District (Hamilton County) • Hamilton City School District (Butler County) • Mason City School District (Warren County) • Northwest Local School District (Hamilton County) • Pickerington Local School District (Fairfield County) • Springfield City School District (Clark County) • West Clermont Local School District (Clermont County) |
| Transportation Peers |
| <ul style="list-style-type: none"> • Hamilton City School District (Butler County) • Mason City School District (Warren County) • Springfield City School District (Clark County) • Washington Local School District (Lucas County) |

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas, industry standards or leading practices were used for primary comparison, to include the School Superintendents Association (AASA), the Association of Government Accountants (AGA), the American Public Works Association (APWA), the Government Finance Officers Association (GFOA), the National Association of State Directors or Pupil Transportation Services (NASDPTS), the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), the School Employees Retirement System (SERS), and the State Teachers Retirement System (STRS). Compliance with pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) was also assessed.

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 Canton City School District for their cooperation and assistance throughout this audit.

Summary of Recommendations

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

Summary of Recommendations

| Recommendations | | One-Time Revenue | Annual Savings |
|--|--|------------------|--------------------|
| R.1 | Improve stakeholder access to financial information | N/A | N/A |
| R.2 | Develop a strategic plan that is linked to the budget | N/A | N/A |
| R.3 | Eliminate 22.5 FTE office/clerical positions | N/A | \$933,200 |
| R.4 | Develop a comprehensive staffing plan and review staffing levels | N/A | N/A |
| R.5 | Decrease employer cost for dental and vision insurance | N/A | \$506,100 |
| R.6 | Consider reducing sports-oriented extracurricular activity expenditures | N/A | N/A |
| R.7 | Reduce severance payouts | N/A | \$151,700 |
| R.8 | Close at least seven school buildings to further right-size utilization | N/A | \$1,256,600 |
| R.9 | Develop formal policies and procedures for compiling transportation data | N/A | N/A |
| R.10 | Right size the active bus fleet by eliminating at least four buses | \$7,000 | \$144,000 |
| R.11 | Improve internal controls over fuel cards and fuel usage | N/A | N/A |
| R.12 | Implement a formal preventive maintenance and bus replacement program | N/A | N/A |
| Cost Savings Adjustments ¹ | | N/A | (\$357,400) |
| Total One-Time Revenue from Performance Audit Recommendations | | \$7,000 | N/A |
| Total Cost Savings from Performance Audit Recommendations | | N/A | \$2,634,200 |

¹ FTE reductions identified in R.3 and R.8 would reduce savings achieved from R.5. Also, FTE reductions in R.8 would reduce savings from R.3

The following table shows the District's ending fund balances as projected in the May 2016 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 | FY 2019-20 |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|
| Original Ending Fund Balance | \$7,139,613 | \$17,181,895 | \$24,663,426 | \$30,213,324 | \$35,041,472 |
| Cumulative Effect of One-Time Performance Audit Revenue | N/A | N/A | \$7,000 | \$7,000 | \$7,000 |
| Cumulative Balance of Performance Audit Recommendations | N/A | \$1,547,750 | \$3,553,650 | \$5,873,700 | \$8,507,900 |
| Revised Ending Fund Balance | \$7,139,613 | \$18,729,645 | \$28,224,076 | \$36,094,024 | \$43,556,372 |

Source: CCSD May 2016 five-year forecast and performance audit recommendations

Note: The financial impact of R.8 has been phased in with 25 percent implementation starting in FY 2016-17 and culminating in 100 percent implementation by FY 2019-20.

Note: Due to planning considerations the financial impact of R.10 will be implemented starting in FY 2017-18.

While the performance audit recommendations are based on the District operations during fiscal year (FY) 2014-15, implementation of all recommendations may not be possible until FY 2016-

17, as some recommendations require contract negotiations and others simply would not be possible until the start of a new fiscal year. As a result, cost savings have been applied to FY 2016-17 through FY 2019-20. As shown in the table above, if CCSD implements the recommendations within the performance audit, it could bolster its projected FY 2019-20 surplus of approximately \$35 million to a surplus of over \$43.5 million.

Background

On March 22, 2007, ODE placed CCSD into fiscal caution due to the existence of deficit conditions. The District has remained in fiscal caution for over nine years since that initial placement. **Table 1** shows the District's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in its October 2014 five-year forecast. This information is an important measure of the financial health of CCSD and was used as the District's baseline financial condition for this report.

Table 1: CCSD Financial Condition Overview (October 2014)

| | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 |
|---------------------------------|--------------------|----------------------|----------------------|----------------------|-----------------------|
| Total Revenues | \$112,772,643 | \$112,125,843 | \$112,125,843 | \$112,125,843 | \$112,125,843 |
| Total Expenditures | \$112,363,800 | \$115,607,442 | \$115,258,792 | \$117,224,300 | \$117,520,933 |
| Results of Operations | \$408,843 | (\$3,481,599) | (\$3,132,949) | (\$5,098,457) | (\$5,395,090) |
| Beginning Cash Balance | \$8,859,154 | \$9,267,997 | \$5,786,398 | \$2,653,449 | (\$2,445,008) |
| Ending Cash Balance | \$9,267,997 | \$5,786,398 | \$2,653,449 | (\$2,445,008) | (\$7,840,098) |
| Outstanding Encumbrances | \$2,700,000 | \$2,700,000 | \$2,700,000 | \$2,700,000 | \$2,700,000 |
| Ending Fund Balance | \$6,567,997 | \$3,086,398 | (\$46,551) | (\$5,145,008) | (\$10,540,098) |

Source: CCSD and ODE

As shown in **Table 1**, although CCSD has greatly improved its financial condition since being placed in fiscal caution in 2007, the District still projected an accumulated deficit exceeding \$10.5 million in October 2014.¹ During the course of the audit, however, CCSD released its May 2016 financial forecast, which projected a greatly improved financial condition.

¹ CCSD projected an accumulated year-end deficit of over \$32 million in FY 2010-11 on its May 2007 five-year forecast.

Table 2 summarizes this forecast and shows total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balance as projected in May 2016.

Table 2: CCSD Financial Condition Overview (May 2016)

| | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Revenue | \$122,553,309 | \$124,848,923 | \$124,233,923 | \$122,733,923 | \$122,733,923 |
| Total Expenditure | \$116,385,821 | \$114,906,641 | \$116,802,392 | \$117,184,025 | \$117,955,775 |
| Results of Operations | \$6,167,488 | \$9,942,282 | \$7,431,531 | \$5,549,898 | \$4,778,148 |
| Beginning Cash Balance | \$6,672,125 | \$12,839,613 | \$22,781,895 | \$30,213,426 | \$35,763,324 |
| Ending Cash Balance | \$12,839,613 | \$22,781,895 | \$30,213,426 | \$35,763,324 | \$40,541,472 |
| Outstanding Encumbrances | \$2,700,000 | \$2,700,000 | \$2,700,000 | \$2,700,000 | \$2,700,000 |
| Textbooks and Instructional Materials | \$3,000,000 | \$2,900,000 | \$2,850,000 | \$2,850,000 | \$2,800,000 |
| Ending Fund Balance | \$7,139,613 | \$17,181,895 | \$24,663,426 | \$30,213,324 | \$35,041,472 |

Source: CCSD and ODE

As shown in **Table 2**, the District is projecting a greatly improved financial condition in its May 2016 five-year forecast. Specifically, the District is no longer projecting any year-end deficits in the forecast period and projects an accumulated fund balance of over \$35 million in FY 2019-20, as opposed to a deficit of approximately \$10.1 million as projected in October 2014. The improved forecasted financial condition is a result of a combination of greatly increased revenues and reduced expenditures. Revised State funding projections increased total revenues by an average of approximately \$12.0 million annually during the forecast period. Decreases in expenditure projections are the result of the closure of one elementary school building and the consolidation of the two high school buildings, in addition to the retirement of 34 employees. These employees were replaced with less-tenured staff at a lower cost.

Recommendations

R.1 Improve stakeholder access to financial information

The District's financial reporting has historically been limited to the annual financial audit. CCSD does not issue prepared financial reports that are oriented towards a public audience. Additionally, although it maintains a publicly-accessible website, the District does not use it to communicate financial information.

In the AGA publication *Content Guidelines for the Citizen-Centric Report* (AGA, 2010), the AGA encourages governments to provide meaningful and understandable information about the financial condition and performance of the government to its citizens in a four-page citizen-centric report. The AGA publication highlights the following content that should appear in this type of report:

- Strategic objectives;
- Performance report on key missions and services;
- Costs for servicing the citizens and how those costs were paid; and
- Challenges moving forward.

In addition, *GFOA Best Practice, Presenting Official Financial Documents on Your Government's Website* (GFOA, 2009) recommends every government use its website as a primary means of communicating financial information to interested parties. GFOA recognizes the following benefits from having well-maintained and updated information available online:

- Heightened awareness;
- Universal accessibility;
- Increased potential for interaction;
- Enhanced diversity;
- Facilitated analysis;
- Lowered costs;
- Contribution to sustainability; and
- Broadened potential scope.

The District should improve access to financial information for stakeholders. Providing stakeholders with easily-accessible financial and operational information could facilitate decision-making, as the most up-to-date information would be available.

R.2 Develop a strategic plan that is linked to the budget

The District is currently in the final year of its three-year strategic plan entitled *The Brighter Tomorrow Plan*. The purpose of this plan is to “provide a more efficient use of resources, more emphasis on personalized learning and more choices for students and parents.” The plan focuses on efforts to increase student academic growth, change District climate and culture, encourage community support, and address the changing landscape in education. In addition, the plan shows the District’s intention to close Fairmount Elementary School and consolidate its high schools.

Despite its focus on strategies to improve the District, the plan could be improved by adding a formal financial component. Although it is evident that some financial discussion, and possibly a significant effort, had occurred in the development of the plan, there is no explicit information that District stakeholders can review as a part of the formal plan. For example, the annual budget is not explicitly linked to formal goals, objectives, and/or performance measures such as those that would be included in a long-term, comprehensive strategic plan. As a result, there is no clear link between the strategic and operational components of the plan and the financial resources needed to achieve the plan’s vision.

Establishment of Strategic Plans (GFOA, 2005) indicates that governments should develop a strategic plan in order to provide a long-term perspective for service delivery and budgeting. The strategic plan should establish logical links between spending and goals. In addition, the focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future. The GFOA recommends the following steps when developing a strategic plan:

- Initiate the strategic planning process;
- Prepare a mission statement;
- Identify and assess environmental factors and critical issues;
- Agree on a small number of goals and develop strategies and action plans to achieve them;
- Develop measurable objectives and incorporate performance measures;
- Approve, implement, and monitor the plan; and
- Reassess the strategic plan annually.

When developing a new strategic plan for the time-period after FY 2015-16, CCSD should focus on formalizing the financial component of the plan. The new plan should explicitly link to the budgetary resources necessary to guide program and funding decisions. Without an explicit link between spending decisions and desired outcomes the District is at risk of inefficiently and/or ineffectively addressing long-term needs.

R.3 Eliminate 22.5 FTE office/clerical positions

Table 3 shows a comparison of the CCSD office/clerical staff to the peer average for FY 2014-15. The office/clerical staff consists of two groups: personnel that provide support to administrative staff and personnel that provide support on a building level. FTE counts do not include the 4.1 FTE office/clerical personnel employed by the District that are federally funded.

Table 3: Office/Clerical Staffing Comparison

| | CCSD | Peer Average | Difference | | |
|---|-------------------|-------------------------|------------------------------|-------------------------------|-----------------------------------|
| Students Educated ¹ | 9,142.6 | 8,460.7 | 681.9 | | |
| Students Educated (thousands) | 9.1426 | 8.4607 | 0.6819 | | |
| | FTEs ² | FTEs per 1,000 Students | Peer FTEs per 1,000 Students | Difference per 1,000 Students | Total Above/ (Below) ³ |
| Administrative Office/Clerical Staff | 38.06 | 4.2 | 2.8 | 1.4 | 12.8 |
| Building Level Staff | 43.76 | 4.8 | 3.7 | 1.1 | 10.1 |
| Total Office/Clerical Staff | 81.82 | 9.0 | 6.5 | 2.5 | 22.9 |
| FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students | | | | | 22.9 |

Source: CCSD and ODE

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

² Reflects CCSD staffing data as of March 2015

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

As shown in **Table 3**, based on the peer average ratio of 6.5 FTEs per 1,000 students, CCSD is overstaffed by 22.9 FTE office/clerical staff per 1,000 students. To achieve a ratio similar to the peer average, CCSD should have an office/clerical staff total of 58.92 FTE, which would require a reduction of 22.9 FTEs. Building level office/clerical staffing levels will be greatly affected by the number of school buildings the District operates. Building closures recommended in **R.8** should be taken into consideration when reducing staff in this area.

Financial Implication: Reducing 22.5 office/clerical staff FTE positions could save approximately **\$933,200** annually in salaries and benefits. This savings was calculated using the FY 2014-15 lowest salaries for clerical workers and includes an average benefit of 42 percent.² Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher-salaried staff.

² Calculated using FY 2014-15 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the May 2016 five-year forecast.

R.4 Develop a comprehensive staffing plan and review staffing levels

Effective for FY 2014-15, the District made significant efforts to reduce its staffing levels, leaving 49 positions unfilled from the previous fiscal year. The District, however, did not have a staffing plan to serve as a guide in efficiently and effectively reallocating staffing resources. The absence of such a plan could result in reactionary decisions to change staffing levels, based on only short-term operating data. Furthermore, staffing reductions may result in some positions taking on multiple job functions, causing them to be misaligned with the mission and goals of the District.

According to *Your Next Move: Strategic Workforce Planning in the Public Sector* (Deloitte, 2006), strategic workforce planning “is an ongoing process for defining and anticipating long-term workforce needs.” Five key stages in developing a strategic workforce plan are as follows:

- Identify critical workforce segments;
- Establish one source of truth (data consistency);
- Analyze labor supply/demand;
- Identify strategies to mitigate future labor gaps; and
- Embed workforce planning as part of the annual planning process.

Lakota Local School District (Butler County) has a plan that incorporates staffing allocation factors such as State and federal regulation, workload measures, and other leading practices. In general, staffing benchmarks in the plan are calibrated to available general fund revenues, which assist it in ensuring a balanced budget.

An analysis of the District’s staffing was performed and the following areas were found to be above the peer average:

- General Education Teachers,
- Administrators,
- Educational Service Personnel (ESP), and
- Non-Certificated Classroom Support Staff.

However, even though District staffing was significantly higher than the peer average in several areas, no recommendations for reduction of classroom-focused staff were included in this performance audit due to the District’s current and projected financial condition. The exception is in regards to administrators where implementation of the building closure recommendation would commensurately reduce the need for these positions (see **R.8**).

General Education Teachers

General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the district-wide ratio of general education teachers to students to be 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 education service personnel.

Table 4 shows the District's general education teachers, regular student population, and student-to-teacher ratio for FY 2014-15. The student-to-teacher ratio is compared to the peer average and OAC minimum standards to provide context on the appropriateness of the current staffing level.

Table 4: General Education Teacher Staffing Comparison

| General Education FTEs ¹ | 421.0 | | | | |
|-------------------------------------|---|-----------------------------------|---------------------------|---------------|--------------------|
| Regular Student Population | 7,706.0 | | | | |
| Staffing Ratios | Staffing Ratio by Option (Students: Teachers) | Proposed Staffing for Each Option | Difference Above/ (Below) | FTE Reduction | Annual Savings |
| Canton City School District | 18.30:1 | | | | |
| Peer Average | 21.77:1 | 354.0 | 67.0 | 67.0 | \$3,031,400 |
| OAC "State" Minimum | 25.0:1 | 308.2 | 112.8 | 112.5 | \$6,104,800 |

Source: CCSD, ODE, and OAC

¹ Reflects CCSD staffing data as of March 2015

As shown in **Table 4**, CCSD has 67.0 FTE more general education teachers than the peer average and 112.8 more than the OAC minimum standard. Although CCSD appears to be significantly overstaffed by either measure, the District's financial condition does not necessitate immediate staffing reductions for general education teachers. However, in developing a staffing plan and aligning staff levels to be consistent with the plan, CCSD should closely scrutinize the appropriateness of its general education teacher staffing level. Furthermore, if the financial condition of CCSD were to decline, the District would need to consider reductions equivalent to at least the peer average, depending on the severity of the condition.

Administrators

Table 5 compares the CCSD administrative staffing level and staffing per 1,000 students to the peer average for FY 2014-15. It is important to note that the CCSD staffing level 78.1 FTEs has been adjusted downward by the 8.5 additional FTEs that are federally funded.

Table 5: Administrative Staffing Comparison

| | CCSD | | Peer Average | | Difference |
|---|-------------------|-------------------------|------------------------------|-------------------------------|-----------------------------------|
| Students Educated ¹ | 9,142.6 | | 8,460.7 | | 681.9 |
| Students Educated (thousands) | 9.1426 | | 8.4607 | | 0.6819 |
| | FTEs ² | FTEs per 1,000 Students | Peer FTEs per 1,000 Students | Difference per 1,000 Students | Total Above/ (Below) ³ |
| Administrative Assistant | 0.0 | 0.0 | 0.1 | (0.1) | (0.9) |
| Assistant Principal | 26.0 | 2.8 | 1.2 | 1.6 | 14.6 |
| Assistant Superintendent | 1.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| Coordinator | 8.0 | 0.9 | 0.4 | 0.5 | 4.6 |
| Director | 2.0 | 0.2 | 0.3 | (0.1) | (0.9) |
| Education Admin. Specialist | 3.1 | 0.4 | 0.2 | 0.2 | 1.9 |
| Other Official/Admin. | 1.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| Principal | 25.0 | 2.7 | 1.3 | 1.4 | 12.8 |
| Superintendent | 1.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| Supervisor/Manager | 10.0 | 1.1 | 0.8 | 0.3 | 2.7 |
| Treasurer | 1.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| Total Administrative FTEs | 78.1 | 8.5 | 4.7 | 3.8 | 34.8 |
| FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students | | | | | 34.8 |

Source: CCSD and ODE

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

² Reflects CCSD staffing data as of March 2015

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

As shown in **Table 5**, CCSD is overstaffed by at least 3.8 FTE administrative staff per 1,000 students, based on the peer average ratio of 4.7 FTEs per 1,000 students. In total, CCSD has at least 34.8 FTE administrators more than the peer average. Although CCSD appears to be significantly overstaffed, the District's financial condition does not necessitate immediate staffing reductions for administrators, other than those positions that are no longer necessary due to building closures (see **R.8**). However, in developing a staffing plan and aligning staff levels to be consistent with the plan, CCSD should closely scrutinize the appropriateness of its administrative staffing level. Furthermore, if the CCSD financial condition were to decline, the District would need to consider reductions equivalent to at least the peer average, depending on the severity of the condition.

Educational Service Personnel

ESP positions include K-8 art, music, and physical education teachers, counselors, librarians, social workers, and visiting teachers. For FY 2014-15, CCSD was staffed in accordance with OAC 3301-35-05, which required school districts to employ a minimum of 5.0 FTE ESP for every 1,000 students in the regular student population. **Table 6** compares the CCSD ESP staffing level and staffing per 1,000 students to the peer average for FY 2014-15

Table 6: ESP Staffing Comparison

| | CCSD | Peer Average | Difference | | |
|---|-------------------|-------------------------|------------------------------|-------------------------------|-----------------------------------|
| Students Educated ¹ | 9,142.6 | 8,460.7 | 681.9 | | |
| Students Educated (thousands) | 9.1426 | 8.4607 | 0.6819 | | |
| | FTEs ² | FTEs per 1,000 Students | Peer FTEs per 1,000 Students | Difference per 1,000 Students | Total Above/ (Below) ³ |
| Counselors | 28.0 | 3.1 | 1.7 | 1.4 | 12.8 |
| ESP Teachers | 40.5 | 4.4 | 3.0 | 1.4 | 12.8 |
| Librarians/Media Specialists | 2.0 | 0.2 | 0.4 | (0.2) | (1.8) |
| School Nurses | 11.5 | 1.3 | 0.6 | 0.7 | 6.4 |
| Social Workers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Visiting Teachers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 82.0 | 9.0 | 5.7 | 3.3 | 30.2 |
| FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students | | | | | 30.2 |

Source: CCSD and ODE

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

² Reflects CCSD staffing data as of March 2015.

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

As shown in **Table 6**, the District's ESP staffing exceeded the peer average by 30.2 FTEs. Of particular note, the CCSD ESP teachers and counselors categories showed the highest variance, exceeding the peer average by 12.8 FTEs.

Effective April 24, 2015, OAC 3301-35-05 was revised to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities of all students." This revision also eliminated State minimum staffing levels for ESP. Beginning in FY 2015-16, the revision to this OAC requirement will provide District management with greater leeway to staff ESP positions in a manner that is more reflective of student educational needs and the desires of community stakeholders.

Although CCSD appears to be significantly overstaffed, the financial condition of the District does not necessitate immediate staffing reductions for ESP staff. However, in developing a staffing plan and aligning staffing levels to be consistent with the plan, CCSD should closely scrutinize the appropriateness of its ESP staffing level. Furthermore, if the CCSD financial condition were to decline, the District would need to consider reductions equivalent to at least the peer average, depending on the severity of the condition.

Non-Certificated Classroom Support Staff

Non-certificated classroom support staff includes teaching aides, paraprofessional instructors, and attendants. **Table 7** compares the CCSD non-certificated classroom support staffing level and staffing per 1,000 students to the peer average for FY 2014-15. It is important to note that the CCSD staffing level, 96.6 FTEs, has been adjusted downward by 29.5 additional FTEs that are federally funded.

Table 7: Non-Certificated Classroom Support Staff Comparison

| | CCSD | Peer Average | | Difference | |
|---|-------------------|-------------------------|------------------------------|-------------------------------|-----------------------------------|
| Students Educated ¹ | 9,142.6 | 8,460.7 | | 681.9 | |
| Students Educated (thousands) | 9.1426 | 8.4607 | | 0.6819 | |
| | FTEs ² | FTEs per 1,000 Students | Peer FTEs per 1,000 Students | Difference per 1,000 Students | Total Above/ (Below) ³ |
| Attendants | 18.7 | 2.1 | 3.5 | (1.4) | (12.8) |
| Instructional Paraprofessionals | 77.9 | 8.5 | 3.3 | 5.2 | 47.5 |
| Teaching Aides | 0.0 | 0.0 | 3.5 | (3.5) | (32.0) |
| Total Classroom Support Staff | 96.6 | 10.6 | 10.3 | 0.3 | 2.7 |
| FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students | | | | | 2.7 |

Source: CCSD and ODE

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

² Reflects CCSD staffing data as of March 2015

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

As shown in **Table 7**, CCSD has at least 2.7 FTE more non-certificated classroom support staff than the peer average. Although CCSD appears to be overstaffed, the District's financial condition does not necessitate immediate staffing reductions. However, in developing a staffing plan and aligning staffing levels to be consistent with the plan, CCSD should closely scrutinize the appropriateness of its non-certificated classroom support staffing level. Furthermore, if the CCSD financial condition were to decline, the District would need to consider reductions equivalent to at least the peer average, depending on the severity of the condition.

R.5 Decrease employer cost for dental and vision insurance

The District offers vision and dental insurance to its employees as part of a comprehensive insurance/fringe benefits package that is collectively bargained.³ CCSD purchases dental and vision insurance through the Stark County Schools Council of Governments Consortium. Currently, district employees do not contribute to either the dental or vision insurance premiums.

The State Employment Relations Board (SERB) surveys public sector entities concerning dental and vision insurance costs and publishes this information annually. **Table 8** shows CCSD's employer dental and vision costs compared to the 2015 Stark County government average.

Table 8: Employer Dental and Vision Cost Comparison¹

| | CCSD | Stark County Government Average | Difference | Number of Plans | Annual Savings |
|----------------------|---------|---------------------------------|------------|-----------------|------------------|
| Annual Dental Single | \$789 | \$640 | \$149 | 360 | \$53,640 |
| Annual Dental Family | \$1,947 | \$1,555 | \$392 | 814 | \$319,088 |
| Annual Vision Single | \$167 | \$117 | \$50 | 356 | \$17,800 |
| Annual Vision Family | \$414 | \$272 | \$142 | 814 | \$115,588 |
| Total Savings | | | | | \$506,116 |

Source: CCSD and SERB

¹CCSD premiums are net of premium holiday deductions.

As shown in **Table 8**, the District spent \$506,116 more than the Stark County government average on dental and vision plans as a result of the plan price and number of employees.

Financial Implication: Aligning the dental and vision insurance employer costs with the Stark County government average could save approximately **\$506,100** annually, based on FY 2014-15 insurance plan data.

³ CCSD currently has four collective bargaining agreements; one for certificated staff (Ohio Education Association) and three separate agreements for classified staff (American Federation of State and County Municipal Employees). All four collective bargaining agreements are effective through June 30, 2016.

R.6 Consider reducing sports-oriented extracurricular activity expenditures

In FY 2013-14, the District expended over \$2.4 million on sports-oriented extracurricular activities. These expenditures included the salaries and benefits of the Athletic Director and coaches, supplies and materials, transportation services, awards and prizes, and other miscellaneous expenditures. Without a pay to participate fee⁴, the sports-oriented extracurricular activities are largely supported from the General Fund.

In an effort to reduce the overall cost of these activities CCSD merged high school sports programs for FY 2015-16. The District projected that this merger would reduce expenditures by \$484,000. Further, although the District has not taken final action, there has been additional consideration of the consolidation of some middle school sports programs and activities which likely would result in additional cost savings.

Table 9 shows the District's sports-oriented total cost, revenue, and net cost in total and on a per student basis as compared to the peer average for FY 2013-14. The impact of potential cost savings of District-identified reductions is also presented to show the overall impact and potential for remaining cost savings opportunities.

Table 9: Sports-Oriented Expenditure Comparison

| | CCSD | Peer Average | Difference | % Difference |
|--|--------------------|------------------|--------------------|--------------------|
| Number of Pupils | 9,304 | 8,461 | 843 | 9.9% |
| | | | | |
| | CCSD | Peer Average | \$ Difference | % Difference |
| Total Sports-Oriented Expenditures ¹ | \$2,489,683 | \$1,384,078 | \$1,105,605 | 79.9% |
| Total Sports-Oriented Revenue | (\$559,453) | (\$508,760) | (\$50,693) | 9.9% |
| Net Sports-Oriented Expenditures | \$1,930,230 | \$875,318 | \$1,054,912 | 120.5% |
| | | | | |
| Total Expenditures per Pupil | \$268 | \$164 | \$104 | 63.6% |
| Total Revenue per Pupil | \$60 | \$60 | \$0 | 0.0% |
| Net Expenditures Per Pupil | \$207 | \$103 | \$104 | 100.5% |
| | | | | |
| Potential Cost Savings from Reducing Net Expenditures per Pupil to the Peer Average | | | | \$967,709 |
| | | | | |
| Potential Cost Savings of District Changes To Date | | | | (\$484,000) |
| Potential Remaining Cost Savings Opportunity | | | | \$483,709 |

Source: CCSD and ODE

Note: Number of pupils reflects total enrollment as reported to ODE for FY 2013-14.

¹ Reflects expenditures in all funds coded within the Uniform School Accounting System 4500 function level (sports-oriented activities).

As shown in **Table 9**, CCSD spent \$104 or 100.5 percent more per pupil, \$967,709 in total, on net sports-oriented activities than the peer average. Taking into account the potential savings associated with the District's in-process changes, the net result is that the District has potentially addressed half of the originally identified gap. If the District's projected savings are fully

⁴ A pay to participate fee may not be a feasible option for CCSD as a majority of students qualify for free/reduced lunch. Furthermore, the District has an 83.5 percent poverty rate for its students.

realized, which can and should be measured in future years, it will have made significant progress toward bringing spending in line with the peer average.

Although increasing revenue (e.g., donations, sponsorships, and ticket sales and fees) to offset the cost of these activities is potentially an option, the District's sports-oriented revenue per pupil was \$60.13 and equal to that of the peer average. As such, the District could continue to explore options to right-size expenditures and bring the General Fund subsidy to a level closer to the peer average. Short of reducing the scope of programs and activities, these options could include:

- Reevaluating personnel cost including supplementary salary schedules and the number of supplemental positions. For FY 2013-14 CCSD's total sports-oriented personnel cost per pupil was \$184.57, \$81.71 or 79.4 percent higher than the peer average of \$102.86 per pupil. This per pupil difference equated to a total difference of \$760,230 for FY 2013-14.
- Reevaluating non-personnel cost including purchased services, supplies and materials, capital outlay, and other miscellaneous expenditures. For FY 2013-14 CCSD's total sports-oriented non-personnel cost per pupil was \$83.02, \$22.30 or 36.7 percent higher than the peer average of \$60.72 per pupil. This per pupil difference equated to a total difference of \$207,479 for FY 2013-14.

R.7 Reduce severance payouts

The District's certificated and classified CBAs stipulate that employees can accumulate up to 285 days of sick leave and that retiree severance packages shall be 25 percent of the first 120 accumulated days, and 20 percent of any accumulated and unused sick leave days thereafter. In addition, any staff member retiring with 285 sick leave days saved would be paid for two extra severance days, resulting in a maximum possible severance payment of 65 days.

According to ORC § 124.39(B), an employee of a political subdivision covered by the ORC, and with 10 or more years of service with the State, is to be paid one-fourth the value for any accrued but unused sick leave credit, up to a maximum of 30 days. Reducing severance payments to one-fourth of an employee's accrued but unused sick leave to a maximum of 30 days will assist in lowering the District's potential liability associated with future severance payments. Comparatively, the District's maximum severance payout was 35 days higher than required by ORC.

Financial Implication: Reducing severance payments to the ORC minimum could save approximately **\$151,700** annually based on the average total annual severance payment made for FY 2011-12 through FY 2013-14.

R.8 Close at least seven school buildings to further right-size utilization

CCSD maintains and operates 24 school buildings, including 14 elementary schools; five middle schools; four high school buildings (two that are traditional high schools, a third that is a digital academy, and a fourth that is an alternative high school); and one other building that is used for adult education and temporary student education needs.

Table 10 shows a student enrollment project for CCSD, taking into account three years of historical enrollment by grade level and projecting the next five years. Enrollment trends are particularly significant to building operations, as declining enrollments often signify the need for fewer buildings.

Table 10: CCSD Student Enrollment - Five Year Projections

| Grade | Historical Enrollment | | | Projected Enrollment | | | |
|---------------|-----------------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 |
| K | 822 | 815 | 811 | 806 | 802 | 797 | 793 |
| 1 | 816 | 822 | 805 | 787 | 771 | 754 | 738 |
| 2 | 743 | 770 | 732 | 695 | 661 | 628 | 596 |
| 3 | 712 | 691 | 652 | 615 | 580 | 547 | 516 |
| 4 | 711 | 664 | 642 | 621 | 600 | 580 | 561 |
| 5 | 644 | 687 | 663 | 639 | 617 | 595 | 574 |
| 6 | 753 | 609 | 595 | 582 | 569 | 556 | 543 |
| 7 | 704 | 744 | 728 | 713 | 698 | 683 | 669 |
| 8 | 711 | 695 | 693 | 691 | 689 | 687 | 685 |
| 9 | 697 | 694 | 682 | 671 | 660 | 649 | 638 |
| 10 | 671 | 681 | 673 | 665 | 657 | 649 | 641 |
| 11 | 638 | 665 | 656 | 648 | 640 | 632 | 623 |
| 12 | 728 | 657 | 712 | 773 | 838 | 909 | 985 |
| Totals | 9,350 | 9,194 | 9,044 | 8,906 | 8,782 | 8,666 | 8,562 |

Source: CCSD and ODE

Note: A trend analysis is used to project kindergarten enrollment. The cohort survival method, using linear regression, is used to project all other grades. There are many other factors that could impact actual enrollment such as housing starts, planned annexations, open enrollment, charter schools, vouchers, and digital academies.

As shown in **Table 10**, the District has recently experienced a decline in enrollment and is projected to continue to experience a decline in enrollment over at least the next five years. It should be noted that the declining enrollment is a continuation of a trend which was previously noted in a District-prepared enrollment projection, and reported in a 2008 performance audit. At that time, CCSD projected enrollment to decrease from 10,091 students in FY 2007-08 to 9,200 by FY 2012-13. Although this was a relatively aggressive projection, the CCSD enrollment did decline by 741 students, or 7.3 percent, over this same time period.

Utilization percentages signify the number of students educated in each building in relation to capacity. Determining a building's functional capacity, which is necessary to calculate utilization, is based on the methodology outlined in *Defining Capacity* (DeJong and Associates, 1999). DeJong states that functional building capacity for an elementary school is calculated

based on the number of available regular education classrooms and an average class size of 25 regular education students.⁵ Overcrowding at an elementary school occurs when building enrollment exceeds 100 percent of functional capacity. For middle and high school buildings, functional capacity is calculated by multiplying the number of teaching stations by an average class size of 25 students.⁶ Given the need to accommodate classroom and academic scheduling needs it is unreasonable to expect every teaching station to be fully utilized 100 percent of the time, as such DeJong uses as 85 percent utilization factor. Middle and high school buildings that exceed 85 percent utilization run the risk of overcrowding.

Table 11 shows CCSD's summary utilization by building level, as well as in total.⁷ To accommodate District expectations for an average regular education class size of 22 students, an alternate capacity and utilization calculation was also included. Assessing building utilization is important in that buildings represent significant short- and long-term fixed cost for the District.

Table 11: Summary Building Level Capacity and Utilization

| Building Level | Buildings | Classrooms | Head Count | Capacity at 25:1 | Utilization at 25:1 | Capacity at 22:1 | Utilization at 22:1 |
|---------------------------------------|-----------|------------|--------------|------------------|---------------------|------------------|---------------------|
| Elementary | 14 | 257 | 3,811 | 6,425 | 59.3% | 5,654 | 67.4% |
| Middle ¹ | 5 | 179 | 1,852 | 3,804 | 48.7% | 3,347 | 55.3% |
| High ¹ | 4 | 214 | 2,298 | 4,548 | 50.5% | 4,002 | 57.4% |
| District Total Excluding Other | 23 | 650 | 7,961 | 14,777 | 53.9% | 13,003 | 61.2% |
| Other ² | 1 | 20 | 0 | 500 | 0.0% | 440 | 0.0% |
| District Total Including Other | 24 | 670 | 7,961 | 15,277 | 52.1% | 13,443 | 59.2% |

Source: CCSD and ODE

Note: Classrooms at the middle and high school level are reflective of actual teaching stations.

¹ Middle and high schools were assessed at a utilization rate of 85% to account for the fact that not every teaching station will be used 100% of the time.

² Buildings that contain no regular students are used for temporary students and adult education students.

As shown in **Table 11**, CCSD's total utilization of 52.1 percent identifies that the District's buildings are significantly underutilized likely resulting in operating more buildings than necessary to meet student classroom demand. Even when taking into account the expected average regular education class size of 22 students within the District, total utilization is still only 59.2 percent. See **Table B-4** in **Appendix B** for detailed building capacities and utilization.

Significantly underutilized buildings, as well as projected declining enrollment (see **Table 10**), indicate that the District operates more buildings than are necessary to efficiently and effectively provide for student educational needs. As such, unnecessary funds are being allocated to operate

⁵ Special education students and special education classrooms were outside of the scope of this capacity analysis, as they are excluded from the industry standard methodology.

⁶ A teaching station is defined as any regularly-sized space where students are educated. For example, gymnasiums, science, art, music, and computer rooms are all considered teaching stations. In contrast, auditoriums, libraries, and cafeterias are not considered teaching stations.

⁷ Student headcount is as reported to ODE for FY 2013-14, the last full year for which this data was available. Building classrooms were assessed as actually used for the FY 2014-15.

buildings that otherwise could be spent in the classroom or returned to District residents in the form of foregone tax revenues.

Table 12 shows building closure scenarios that CCSD should take into account when determining which buildings make the most sense to close from an operational efficiency standpoint. These closure scenarios are based on two scenarios including; an average class size of 25, as well as CCSD's expected average class size of 22. Furthermore, sensitivity analysis (focused on 75.0 percent, 80.0 percent, and 85.0 percent utilization) is used to identify the number of buildings reasonably impacted at each level.

Table 12: Building Closures and Revised Utilization Sensitivity Analysis

| Average Class Size | 25 | | | 22 | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Utilization Sensitivity | 75.0% | 80.0% | 85.0% | 75.0% | 80.0% | 85.0% |
| Building Closures | | | | | | |
| Elementary Building Closures | 3 | 4 | 5 | 2 | 3 | 4 |
| Middle Building Closures | 2 | 2 | 2 | 2 | 2 | 2 |
| High Building Closures | 2 | 2 | 2 | 2 | 2 | 2 |
| Other Building Closures | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Building Closures | 8 | 9 | 10 | 7 | 8 | 9 |
| Revised Building Utilization | | | | | | |
| Elementary | 76.22% | 81.96% | 91.28% | 79.10% | 84.50% | 93.13% |
| Middle | 73.23% | 73.23% | 73.23% | 83.24% | 83.24% | 83.24% |
| High | 58.46% | 58.46% | 58.46% | 66.42% | 66.42% | 66.42% |
| Total Revised Capacity | 69.47% | 71.66% | 74.86% | 72.75% | 78.09% | 81.43% |

Source: CCSD and ODE

As shown in **Table 12**, it is possible to significantly improve building utilization through targeted building closures. Aligning existing capacity to meet enrollment needs and efficiently utilize buildings could conservatively result in the closure of at least 10 buildings. This reduction in buildings would be possible without the need to exceed the 85 percent utilization, which at the middle and high school level could indicate overcrowding, or the need to blend middle and high school students. However, given the current utilization gap there may be a need to incrementally transition toward fully optimized building utilization. This analysis shows that, at minimum, the District could close a total of seven buildings without significantly affecting its expected average class size or realigning grade levels across buildings. As previously identified in this analysis, the District trend of declining enrollment may necessitate future closures in excess of 10 buildings.

Table 13 shows annual savings achievable based upon the building closures shown in **Table 12**. Direct closure savings include administrative staff, office/clerical staff, utilities⁸, and supplies and materials.

⁸ Savings for utilities is based on the National Clearinghouse for Education Facilities (NCEF) benchmark estimate that it requires 40 percent of normal expenditures to maintain a closed school building, as published in *Closing a School Building: A Systematic Approach* (NCEF, 2010).

Table 13: Annual Savings from Building Closures

| Building Closures | 7 | 8 | 9 | 10 |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| Utilities | \$229,442 | \$261,252 | \$307,956 | \$345,048 |
| Supplies and Materials | \$35,937 | \$40,919 | \$48,234 | \$54,044 |
| Administrative Staff | \$654,989 | \$839,191 | \$1,025,003 | \$1,210,814 |
| Office/Clerical Staff | \$336,314 | \$375,310 | \$414,394 | \$453,975 |
| Total Savings | \$1,256,682 | \$1,516,672 | \$1,795,587 | \$2,063,881 |

Source: ODE and CCSD

As shown in **Table 13**, the closure of seven buildings would result in annual cost savings of more than \$1.2 million, while closure of three additional buildings (for a total of 10) would result in annual cost savings of more than \$2.0 million.

Although CCSD's buildings are still significantly underutilized, as a whole, it should be noted that the District does have a track record of making progress toward shrinking its building footprint commensurate with declining enrollment. For example, the 2008 performance audit recommended that the District close four school buildings due to declining enrollment. Since that time, CCSD has closed a total of 12 school buildings; including Fairmount Elementary School, which was closed during the course of this performance audit.

Underutilized buildings represent a significant opportunity cost due to the high fixed cost of building operations and staffing. As such, the District should aggressively pursue implementing this recommendation to better ensure long-term financial health. However, how and when to close a building is also a sensitive matter requiring input from multiple stakeholders in order to ensure that the need to be fiscally responsible is coupled with the need to be responsive to community needs. Given CCSD's current financial condition of projected surpluses over the five-year forecast period the District may have an opportunity to phase-in implementation of building closures in a way that meets both needs.

Financial Implication: Phasing in the closure of at least seven buildings (including Fairmount Elementary School) over the next four years, would allow the District to save an average of **\$314,150** each year for a cumulative total of **\$1,256,600** after four years.

R.9 Develop formal policies and procedures for compiling transportation data

School districts in Ohio are required to report information about transportation operations to ODE on an annual basis in accordance with ORC § 3327.012 and OAC 3301-83-01. The T-1 Form is used to report information on students, buses, and miles. The T-2 Form is used to report actual expenses incurred for the transportation of eligible students to and from school. ODE also uses the T-1 and T-2 forms to calculate special education transportation funding.

The CCSD Transportation Supervisor is responsible for collecting information pertaining to daily ridership and mileage from each bus driver via paper rider count sheets. This information is submitted to ODE. This T-1 Form data is then processed by ODE and published as the T-1 Report. The Transportation Supervisor collects transportation expenditure information from the office of the treasurer to complete the T-2 form. After the T-2 form is reviewed by the treasurer, the transportation supervisor submits the T-2 Report to ODE.

The District T-1 Report for FY 2014-15, and the rider count sheets from the same time period, were reviewed and tested for accuracy. Numerous errors were identified in these reports, including incomplete daily ridership counts and incorrect daily mileage (both regular and special education), calculation of daily rider count averages, and number of buses.

During the analysis of the data collection and reporting process, it was found that the District lacked appropriate cross-training for certain key activities within transportation operation. For example, the Transportation Supervisor was the only employee trained to prepare the T-1 and T-2 forms, and the only employee tasked with operating the automated routing software. Furthermore, the District lacked policies, procedures and other instructive manuals that would provide guidance to employees unfamiliar with the process.

The District should develop formal policies and procedures for acquiring and compiling T-Form data. There should be a formal procedure to ensure accuracy when compiling and submitting rider count sheets for the T-1 Report. Furthermore, there should be a formal policy to properly maintain the required supporting documentation. The number and type of errors identified above indicate that there are deficiencies in the data collection and review process methods used by the District. Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District. Additionally, formal and comprehensive standard operating procedures will help to facilitate cross-training and continued service delivery in the absence of employees with extensive institutional knowledge.

R.10 Right-size the active bus fleet by eliminating at least four buses

Maximizing the efficiency of transportation operations would require a reduction of up to nine buses. However, five of nine buses were used for non-public transportation services; including community and parochial schools. State law requires CCSD to transport non-public students, but it is up to the District to determine the optimal way to do so. The District transports non-public students to 17 unique locations and a significant barrier to optimization could be bell schedules (i.e., daily start and end times) across these unique locations. The District should closely scrutinize non-public transportation services for any opportunities for efficiencies while also actively working with each non-public entity to seek mutually agreeable bell schedules that allow for a more efficient, effective transportation operation.

Table 14 shows a comparison of the CCSD active bus fleet for FY 2014-15 in comparison to benchmark data published in *Hidden Savings in Your Bus Budget* (AASA, September 2006).

Table 14: Regular Needs Ridership Comparison

| | |
|--|------------|
| Regular Riders | 5,757 |
| AASA 80% Benchmark Capacity per Bus | 116.2 |
| Number of Buses Needed Based on Benchmark ¹ | 49.5 |
| Total Active Regular Buses Used | 59.0 |
| Buses Over/(Under) Benchmark | 9.5 |

Source: CCSD, ODE, and AASA

¹ Capacity is based on elementary and high school students plus the number of routes.

As shown in **Table 14**, the District operated with 9 more buses than necessary in comparison to the AASA benchmark.

Table 15 shows a comparison of the CCSD active school bus fleet, less community and non-public schools, for FY 2014-15 in comparison to benchmark data published in *Hidden Savings in Your Bus Budget* (AASA, September 2006).

Table 15: Comparison Less Community and Non-public Riders

| | |
|--|------------|
| Regular Riders | 3,902 |
| AASA 80% Benchmark Capacity per Bus | 130.4 |
| Number of Buses Needed Based on Benchmark ¹ | 29.9 |
| Total Active Regular Buses Used | 34.0 |
| Buses Over/(Under) Benchmark | 4.1 |

Source: CCSD, ODE, and AASA

¹ Capacity is based on elementary and high school students plus the number of routes.

As shown in **Table 15**, when evaluating only regular public buses, the District operated with four more buses than necessary in comparison to the AASA benchmark.

There are several steps that the District has taken to improve the efficiency of its transportation operation including using:

- Routing software;

- Cluster stops; and
- Multi-tiered routing.

However, the District still has opportunities to increase efficiency though:

- Adjusting bell schedules, specifically at the middle school level;
- Re-evaluating the necessity of transporting all students outside of ¼ mile from the destination school;
- Allowing middle school students to attend their middle school of choice rather than the school that otherwise would have been assigned based on location; and
- Continually re-evaluating bus routes based on actual ridership trends throughout the year.

Although each option represents a cost/benefit that the District should carefully evaluate, an excessive amount of buses represents a significant opportunity cost due to the high fixed cost of operations and staffing. As such, the District should work with stakeholders to pursue implementing this recommendation to better ensure long-term financial health.

Table 16 shows annual savings achievable based upon the reduction of four buses.

Table 16: Bus Reduction Cost Savings

| | |
|-------------------------------|---------------------|
| Driver Salaries | \$47,690.40 |
| Retirement | \$33,454.96 |
| Worker's Compensation | \$970.24 |
| Employee Insurance | \$54,374.72 |
| Bus Insurance | \$7,523.52 |
| Number of Buses to be Reduced | 4 |
| Total Annual Savings | \$144,013.84 |

Source: CCSD

Financial Implication: Reducing four active buses could save approximately **\$144,000** based on FY 2013-14 operating data. Furthermore, the District could generate **\$1,750** in one-time revenue from the sale of each bus, for a total of **\$7,000** for 4 buses, based on Ohio Schools Council 2012 bus auction sales data.⁹

R.11 Improve internal controls over fuel cards and fuel usage

The District does not have centralized fuel tanks; instead it purchases fuel from private vendors using a fuel card system. Under this practice, each vehicle has an assigned fuel credit card that is required to stay on board the assigned vehicle. According to District administration, four years ago, drivers were instructed to no longer turn in fuel purchase receipts. The absence of fuel purchase receipts prohibits a process for fuel use reconciliation.

⁹ When reviewing the district's overall transportation operation (including non-public and community riders), a reduction of nine buses would have led to maximum efficiency. Reducing nine active buses, as shown from Table 14, would result in approximately \$245,100 in annual savings. Furthermore, the District could generate \$15,750 in one-time revenue from the sale of nine buses.

Best Practice: Purchasing Card Programs (GFOA, 2011) suggests government entities implement written policies and procedures for cardholders and internal staff. Specifically, cardholders and supervisors should provide timely reconciliation of all purchases and handle disputes of all unauthorized purchases. Managers and supervisors should also outline restrictions for each cardholder, retain sales receipts and documentation of purchases, and perform periodic audits.

The District should improve internal controls for fuel usage. Doing so could allow it to better monitor fuel purchases for potential fraud and theft. Further, dividing fuel purchases by department would also ensure that each department head is accountable for the purchases made using the District fuel cards.

R.12 Implement a formal preventive maintenance and bus replacement program

Table 17 compares the District's transportation maintenance and repair expenditure ratios to the peer average for FY 2013-14.

Table 17: Maintenance and Repair Expenditures Comparison ¹

| | CCSD | Peer Average | Difference | % Difference |
|----------------------|------------|--------------|------------|--------------|
| Per Yellow Bus Rider | \$114.27 | \$96.09 | \$18.18 | 18.9% |
| Per Active Bus | \$7,774.11 | \$7,097.56 | \$676.55 | 9.5% |
| Per Routine Mile | \$0.77 | \$0.71 | \$0.06 | 8.5% |

Source: CCSD and ODE

¹ Includes mechanic and mechanic helper salaries.

As shown in **Table 17**, the maintenance and repair cost per active bus within the District was significantly higher than the peer average. Increased maintenance and repairs costs are positively correlated with the age of the bus fleet; a district with an aging fleet can expect increased costs to repair and maintain that fleet. Fifteen of 75 buses maintained by CCSD, or 20 percent, were at least 15 years old. Only 14 percent of peer buses were at least 15 years old, a factor which could contribute to higher costs. In addition, another contributing factor to the higher operating costs is the lack of a formal preventive maintenance plan the District has for its buses. According to *Public Works Management Practices Manual* (APWA, 2001), a formal preventive maintenance program that includes scheduling, recording performance, and monitoring the program should be developed for all equipment. Planning preventive maintenance activities includes:

- Defining work to be performed;
- Diagnosing work to be performed prior to scheduling;
- Estimating labor hours, materials, shop space and time; and
- Documenting support maintenance action.

The implementation of a formal preventive maintenance program would allow the District to manage its fleet in a more efficient manner, allowing it to potentially reduce maintenance and repair costs per active bus, and improve transportation recordkeeping.

In addition to the absence of a preventive maintenance plan, the District also lacks a bus replacement plan. *School Bus Replacement Considerations* (NASDPTS, 2002) emphasizes that

replacement of school buses should be a planned process, as “it directly impacts the timeliness of introducing the latest safety, efficiency and emissions improvements into the fleet.” While finances may be an obstacle for replacing buses on a schedule set by the District, a bus replacement plan would allow the 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.

The District should implement a formal preventive maintenance and bus replacement program. Adopting these plans could reduce overall operating costs and help to anticipate and avoid the need to replace a major portion of the fleet at the same time.

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, and transportation. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** shows the objectives assessed in this performance audit, and references the corresponding recommendation when applicable. Of the 29 objectives, 15 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 | |
| Is the financial information valid and reliable? | N/A |
| Is an effective process for preparing the financial forecast maintained? | N/A |
| Are budgeting practices comparable to leading practices? | N/A |
| Are purchasing and vendor payment practices comparable to leading practices? | N/A |
| Is financial communication consistent with leading practices? | R.1 |
| Is the strategic planning process consistent with leading practices? | R.2 |
| Human Resources | |
| Is EMIS data reliable for use? | N/A |
| Is staffing efficient compared to peers? | R.3, R.4, and R.6 |
| Are salaries comparable to the peers? | N/A |
| Are severance payouts more generous than peers? | R.7 |
| Are benefits comparable to other governmental entities in the region? | R.5 |
| Is there a sick leave policy in place comparable to leading practices? | N/A |
| Facilities | |
| Is facility-related data reliable for use? | N/A |
| Are enrollment projections conducted using a reasonable and documented methodology? | R.8 |
| How do building utilization rates compare to industry benchmarks? | R.8 |
| Is custodial and maintenance staffing efficient compared to leading practices and/or other benchmarks? | N/A |
| Are overtime costs effectively managed? | N/A |
| Are preventive maintenance efforts consistent with leading practices? | R.12 |
| Are capital planning efforts consistent with leading practices? | N/A |

Table A-1: Audit Objectives and Recommendations (continued)

| Objective | Recommendation |
|--|----------------|
| Transportation | |
| Is transportation data reliable? | R.9 |
| Are buses utilized in an efficient manner? | R.10 |
| Is routing software effectively utilized? | N/A |
| Are an appropriate amount of spare buses maintained? | N/A |
| Is fuel procured in a cost-effective manner? | R.11 |
| Is there a bus replacement plan that is consistent with leading practices? | R.12 |
| Is the Motor Fuel Tax Refund applied for? | N/A |
| Is the preventive maintenance plan consistent with leading practices? | R.12 |
| Is security for the transportation department adequate? | N/A |

Note: Although assessment of internal controls was not specifically an objective of this performance audit, they were considered and evaluated when applicable to scope areas and objective.

Appendix B: Additional Comparisons

Staffing

Table B-1 illustrates FTE staffing levels per 1,000 students at CCSD compared to the peer district average. Comparative data is from FY 2013-14 as reported to ODE through EMIS. It should be noted that adjustments were made to the District EMIS data to reflect accurate staffing at the time of the assessment.

Table B-1: Staffing Comparison Summary

| | CCSD | Peer Average | Difference | | |
|------------------------------------|----------------|-------------------------|-----------------------------|-------------------------------|---------------------------------------|
| Students Educated ¹ | 9,142.6 | 8,460.83 | 681.77 | | |
| Students Educated (thousands) | 9.1426 | 8.46083 | 0.68177 | | |
| Staffing Categories | CCSD FTEs | CCSD FTE/1,000 Students | Peer FTE per 1,000 Students | Difference per 1,000 Students | Total FTEs Above (Below) ² |
| Administrative | 78.1 | 8.5 | 4.7 | 3.8 | 34.8 |
| Office/Clerical | 81.8 | 9.0 | 6.5 | 2.5 | 22.9 |
| General Education Teachers | 421.0 | 46.1 | 41.9 | 4.2 | 38.4 |
| All Other Teachers | 136.5 | 14.9 | 12.5 | 2.4 | 22.0 |
| Education Service Personnel (ESP) | 82.0 | 9.0 | 5.7 | 3.3 | 30.2 |
| Educational Support | 1.0 | 0.1 | 2.1 | (2.0) | (18.3) |
| Other Certificated | 14.0 | 1.5 | 1.8 | (0.3) | (2.7) |
| Non-Certificated Classroom Support | 96.6 | 10.6 | 10.3 | 0.3 | 2.7 |
| Operations | 264.8 | 29.0 | 19.3 | 9.7 | 88.7 |
| All Other Staff | 52.7 | 5.8 | 4.2 | 1.6 | 14.6 |
| Total Staff | 1,228.5 | 134.5 | 109.0 | 25.5 | 233.3 |

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

As illustrated in **Table B-1**, CCSD was at or above the peer average in eight of 10 staffing categories compared. Administrative, office/clerical, general education teachers, education service personnel (ESP), and non-certificated classroom support were assessed in **R.3** and **R.4**. Despite staffing levels higher than the peer average, the "all other teachers" category was not assessed, as these positions are related to special education and tied to individual education plans. Operations and "all other staff" were assessed along with facilities and transportation.

Salaries

Table B-2 shows the District compensation schedules compared to the peer averages for FY 2014-15, using a 30-year average annual salary,

Table B-2: 30-Year Average Salary Comparison

| | CCSD | Peer Average | Difference | % Difference |
|---|----------|--------------|------------|--------------|
| Certified: 30-Year Average Annual Salary | | | | |
| Bachelor's Degree (BA) | \$51,315 | \$55,542 | (\$4,227) | (7.6%) |
| BA + Graduate School | \$54,599 | \$58,757 | (\$4,158) | (7.1%) |
| Master's Degree | \$57,952 | \$63,423 | (\$5,471) | (8.6%) |
| Classified: 30-Year Average Hourly Wage | | | | |
| Aide | \$13.41 | \$16.70 | (\$3.29) | (19.7%) |
| Administrative Assistant | \$17.24 | \$18.95 | (\$1.71) | (9.0%) |
| Bus Driver | \$16.65 | \$20.87 | (\$4.22) | (20.2%) |
| Custodian | \$17.61 | \$17.69 | (\$0.08) | (0.5%) |
| Maintenance | \$19.02 | \$20.15 | (\$1.13) | (5.6%) |
| Mechanic | \$19.69 | \$22.14 | (\$2.45) | (11.1%) |

Source: CCSD and SERB

As shown in **Table B-2**, compensation schedules were lower than the peer average in every category.

Facilities Expenditures

Table B-3 shows the District facilities expenditures per square foot compared to the peer average for FY 2014-15.

Table B-3: Facilities Expenditures per Square Foot Comparison

| | CCSD | Peer Average | Difference | Percent Difference |
|---|---------------|---------------|-----------------|--------------------|
| Salaries and Wages | \$1.74 | \$2.00 | (\$0.26) | (13.0%) |
| Employee Benefits | \$1.00 | \$0.89 | \$0.11 | 12.4% |
| Purchased Services (Excluding Utilities) | \$0.43 | \$0.94 | (\$0.51) | (54.3%) |
| Utilities - Total | \$1.38 | \$1.56 | (\$0.18) | (11.5%) |
| Electric | \$0.92 | \$1.15 | (\$0.23) | (20.0%) |
| Gas | \$0.38 | \$0.25 | \$0.13 | 52.0% |
| Water & Sewer | \$0.08 | \$0.16 | (\$0.08) | (50.0%) |
| Supplies and Materials | \$0.13 | \$0.38 | (\$0.25) | (65.8%) |
| Capital Outlay | \$0.09 | \$0.04 | \$0.05 | 125.0% |
| Other Objects | \$0.00 | \$0.01 | (\$0.01) | (100.0%) |
| Total Expenditures per Square Foot | \$4.77 | \$5.82 | (\$1.05) | (18.0%) |
| Square Feet Maintained | 2,235,974 | 1,231,930 | 1,004,044 | 81.5% |

Source: CCSD and ODE

As shown in **Table B-3**, CCSD spent 18.0 percent less per square foot than the peer average.

Building Utilization

Table B-4 shows detailed building capacity and utilization calculations for CCSD.

Table B-4: Detailed Building Capacity and Utilization

| Building | Classrooms | Head Count | Capacity at 25:1 ¹ | Utilization at 25:1 | Capacity at 22:1 | Utilization at 22:1 |
|--|------------|--------------|-------------------------------|---------------------|------------------|---------------------|
| Elementary School Buildings | | | | | | |
| Allen | 19 | 262 | 475 | 55.16% | 418 | 62.68% |
| Belden | 19 | 253 | 475 | 53.26% | 418 | 60.53% |
| Belle Stone | 23 | 238 | 575 | 41.39% | 506 | 47.04% |
| Cedar | 21 | 341 | 525 | 64.95% | 462 | 73.81% |
| Clarendon | 16 | 314 | 400 | 78.50% | 352 | 89.20% |
| Dueber | 14 | 217 | 350 | 62.00% | 308 | 70.45% |
| Fairmont | 24 | 192 | 600 | 32.00% | 528 | 36.36% |
| Gibbs | 19 | 227 | 475 | 47.79% | 418 | 54.31% |
| Harter | 22 | 396 | 550 | 72.00% | 484 | 81.82% |
| Mason | 14 | 207 | 350 | 59.14% | 308 | 67.21% |
| McGregor | 15 | 326 | 375 | 86.93% | 330 | 98.79% |
| Schreiber | 19 | 205 | 475 | 43.16% | 418 | 49.04% |
| Worley | 16 | 327 | 400 | 81.75% | 352 | 92.90% |
| Youtz | 16 | 306 | 400 | 76.50% | 352 | 86.93% |
| Total Elementary School | 257 | 3,811 | 6,425 | 59.32% | 5,654 | 67.40% |
| Middle School Buildings | | | | | | |
| Crenshaw | 39 | 389 | 829 | 46.92% | 729 | 53.36% |
| Hartford | 39 | 299 | 829 | 36.07% | 729 | 41.02% |
| Lehman | 36 | 483 | 765 | 63.14% | 673 | 71.77% |
| Souers - Early College Academy | 41 | 383 | 871 | 43.97% | 767 | 49.93% |
| Summit - Arts Academy | 24 | 298 | 510 | 58.43% | 449 | 66.37% |
| Total Middle School | 179 | 1,852 | 3,804 | 48.69% | 3,347 | 55.33% |
| High School Buildings | | | | | | |
| Baxter - Alternative | 6 | 0 | 128 | 0.00% | 112 | 0.00% |
| Compton - Digital Academy & Choices | 23 | 191 | 489 | 39.06% | 430 | 44.42% |
| McKinley | 97 | 1,193 | 2,061 | 57.88% | 1,814 | 65.77% |
| Timken | 88 | 914 | 1,870 | 48.88% | 1,646 | 55.53% |
| Total High School | 214 | 2,298 | 4,548 | 50.53% | 4,002 | 57.42% |
| Other School Buildings | | | | | | |
| White Building - Adult Community Education | 20 | 0 | 500 | 0.00% | 440 | 0.00% |
| Total Other Schools | 20 | 0 | 500 | 0.00% | 440 | 0.00% |
| District Total | 670 | 7961 | 15,277 | 52.11% | 13,443 | 59.22% |

Source: CCSD

¹ Middle and high schools were assessed at a utilization rate of 85% to account for the fact that not every teaching station will be used 100% of the time.

As shown in **Table B-4**, overall building capacity for CCSD is 59.22 percent.

Appendix C: Five-Year Forecasts

Chart C-1 shows the District's October 2014 Five-Year Forecast as reported to ODE.

Chart C-1: CCSD October 2014 Five-Year Forecast

| Line | Forecasted | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| 1.010 General Property (Real Estate) | 20,216,800 | 19,500,000 | 19,500,000 | 19,500,000 | 19,500,000 |
| 1.020 Tangible Personal Property Tax | 3,250,000 | 3,270,000 | 3,270,000 | 3,270,000 | 3,270,000 |
| 1.035 Unrestricted Grants-in-Aid | 74,138,865 | 74,138,865 | 74,138,865 | 74,138,865 | 74,138,865 |
| 1.040 Restricted Grants-in-Aid | 6,780,568 | 6,780,568 | 6,780,568 | 6,780,568 | 6,780,568 |
| 1.045 Restricted Federal Grants-in-Aid - SFSF | | | | | |
| 1.050 Property Tax Allocation | 6,336,410 | 6,336,410 | 6,336,410 | 6,336,410 | 6,336,410 |
| 1.060 All Other Operating Revenue | 1,650,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| 1.070 Total Revenue | 112,372,643 | 111,725,843 | 111,725,843 | 111,725,843 | 111,725,843 |
| 2.060 All Other Financial Sources | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| 2.070 Total Other Financing Sources | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| 2.080 Total Revenues and Other Financing Sources | 112,772,643 | 112,125,843 | 112,125,843 | 112,125,843 | 112,125,843 |
| 3.010 Personnel Services | 60,797,214 | 62,339,035 | 62,440,933 | 62,440,933 | 62,440,933 |
| 3.020 Employees' Retirement/Insurance Benefits | 24,549,521 | 25,260,040 | 25,984,492 | 27,950,000 | 28,600,000 |
| 3.030 Purchased Services | 22,912,163 | 22,900,000 | 22,000,000 | 22,000,000 | 22,000,000 |
| 3.040 Supplies and Materials | 2,318,158 | 2,450,000 | 2,400,000 | 2,400,000 | 2,400,000 |
| 3.050 Capital Outlay | 815,000 | 600,000 | 600,000 | 600,000 | 600,000 |
| 4.010 Debt Service: All Principal (Historical) | 334,709 | 335,446 | 341,316 | 347,289 | |
| 4.020 Debt Service: Principal-Notes | 18,658 | 17,921 | 12,051 | 6,078 | |
| 4.300 Other Objects | 976,351 | 975,000 | 750,000 | 750,000 | 750,000 |
| 4.500 Total Expenditures | 112,721,774 | 114,877,442 | 114,528,792 | 116,494,300 | 116,790,933 |
| 5.010 Operational Transfers - Out | 592,026 | 580,000 | 580,000 | 580,000 | 580,000 |
| 5.030 All Other Financing Uses | -950,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| 5.040 Total Other Financing Uses | -357,974 | 730,000 | 730,000 | 730,000 | 730,000 |
| 5.050 Total Expenditure and Other Financing Uses | 112,363,800 | 115,607,442 | 115,258,792 | 117,224,300 | 117,520,933 |
| 6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing | 408,843 | -3,481,599 | -3,132,949 | -5,098,457 | -5,395,090 |
| 7.010 Beginning Cash Balance | 8,859,154 | 9,267,997 | 5,786,398 | 2,653,449 | -2,445,008 |
| 7.020 Ending Cash Balance | 9,267,997 | 5,786,398 | 2,653,449 | -2,445,008 | -7,840,098 |
| 8.010 Outstanding Encumbrances | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |
| 10.010 Fund Balance June 30 for Certification of Appropriations | 6,567,997 | 3,086,398 | -46,551 | -5,145,008 | -10,540,098 |
| 12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations | 6,567,997 | 3,086,398 | -46,551 | -5,145,008 | -10,540,098 |
| 15.010 Unreserved Fund Balance June 30 | 6,567,997 | 3,086,398 | -46,551 | -5,145,008 | -10,540,098 |

Source: CCSD and ODE

Chart C-2 shows the District's May 2015 Five-Year Forecast as reported to ODE.

Chart C-2: CCSD May 2015 Five-Year Forecast

| Line | Forecasted | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| 1.010 General Property (Real Estate) | 20,408,478 | 20,000,000 | 20,000,000 | 19,500,000 | 19,500,000 |
| 1.020 Tangible Personal Property Tax | 3,580,190 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 |
| 1.035 Unrestricted Grants-in-Aid | 72,351,928 | 76,743,674 | 85,338,509 | 85,338,509 | 85,338,509 |
| 1.040 Restricted Grants-in-Aid | 8,462,344 | 8,462,344 | 8,462,344 | 8,462,344 | 8,462,344 |
| 1.045 Restricted Federal Grants-in-Aid - SFSF | | | | | |
| 1.050 Property Tax Allocation | 6,236,410 | 6,236,410 | 6,236,410 | 6,236,410 | 6,236,410 |
| 1.060 All Other Operating Revenue | 1,650,000 | 1,650,000 | 1,650,000 | 1,700,000 | 1,700,000 |
| 1.070 Total Revenue | 112,689,350 | 116,692,428 | 125,287,263 | 124,837,263 | 124,837,263 |
| 2.060 All Other Financial Sources | 40,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 2.070 Total Other Financing Sources | 40,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 2.080 Total Revenues and Other Financing Sources | 112,729,350 | 116,737,428 | 125,332,263 | 124,882,263 | 124,882,263 |
| 3.010 Personnel Services | 59,400,000 | 58,749,039 | 58,749,039 | 58,749,039 | 58,749,039 |
| 3.020 Employees' Retirement/Insurance Benefits | 25,120,000 | 24,727,335 | 25,427,335 | 26,162,335 | 26,934,085 |
| 3.030 Purchased Services | 22,312,163 | 22,000,000 | 22,000,000 | 22,000,000 | 22,000,000 |
| 3.040 Supplies and Materials | 2,650,000 | 2,450,000 | 2,400,000 | 2,400,000 | 2,400,000 |
| 3.050 Capital Outlay | 855,000 | 950,000 | 950,000 | 950,000 | 950,000 |
| 4.010 Debt Service: All Principal (Historical) | 334,709 | 335,446 | 341,316 | 347,289 | |
| 4.020 Debt Service: Principal-Notes | 18,658 | 17,921 | 12,051 | 6,078 | |
| 4.300 Other Objects | 976,351 | 975,000 | 750,000 | 750,000 | 750,000 |
| 4.500 Total Expenditures | 111,666,881 | 110,204,741 | 110,629,741 | 111,364,741 | 111,783,124 |
| 5.010 Operational Transfers - Out | 985,000 | 580,000 | 580,000 | 580,000 | 580,000 |
| 5.030 All Other Financing Uses | -150,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 5.040 Total Other Financing Uses | 835,000 | 830,000 | 830,000 | 830,000 | 830,000 |
| 5.050 Total Expenditure and Other Financing Uses | 112,501,881 | 111,034,741 | 111,459,741 | 112,194,741 | 112,613,124 |
| 6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing | 227,469 | 5,702,687 | 13,872,522 | 12,687,522 | 12,269,139 |
| 7.010 Beginning Cash Balance | 8,859,154 | 9,086,623 | 14,789,310 | 28,661,832 | 41,349,354 |
| 7.020 Ending Cash Balance | 9,086,623 | 14,789,310 | 28,661,832 | 41,349,354 | 53,618,493 |
| 8.010 Outstanding Encumbrances | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |
| 9.010 Textbook and Instructional Materials | | 3,000,000 | 2,900,000 | 2,850,000 | 2,800,000 |
| 9.080 Total Reservations | | 3,000,000 | 2,900,000 | 2,850,000 | 2,800,000 |
| 10.010 Fund Balance June 30 for Certification of Appropriations | 6,386,623 | 9,089,310 | 23,061,832 | 35,799,354 | 48,118,493 |
| 12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations | 6,386,623 | 9,089,310 | 23,061,832 | 35,799,354 | 48,118,493 |
| 15.010 Unreserved Fund Balance June 30 | 6,386,623 | 9,089,310 | 23,061,832 | 35,799,354 | 48,118,493 |

Source: CCSD and ODE

Chart C-3 shows the District's October 2015 Five-Year Forecast as reported to ODE.

Chart C-3: CCSD October 2015 Five-Year Forecast

| Line | Forecasted | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| 1.010 General Property (Real Estate) | 20,000,000 | 20,000,000 | 20,000,000 | 19,500,000 | 19,500,000 |
| 1.020 Tangible Personal Property Tax | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 |
| 1.035 Unrestricted Grants-in-Aid | 79,456,295 | 85,800,923 | 85,800,923 | 85,800,923 | 85,800,923 |
| 1.040 Restricted Grants-in-Aid | 7,686,158 | 7,729,865 | 7,729,865 | 7,729,865 | 7,729,865 |
| 1.045 Restricted Federal Grants-in-Aid - SFSF | | | | | |
| 1.050 Property Tax Allocation | 4,892,200 | 3,783,000 | 3,168,000 | 3,168,000 | 3,168,000 |
| 1.060 All Other Operating Revenue | 1,350,000 | 1,350,000 | 1,350,000 | 1,350,000 | 1,350,000 |
| 1.070 Total Revenue | 116,984,653 | 122,263,788 | 121,648,788 | 121,148,788 | 121,148,788 |
| 2.050 Advances-In | | | | | |
| 2.060 All Other Financial Sources | 40,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 2.070 Total Other Financing Sources | 40,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| 2.080 Total Revenues and Other Financing Sources | 117,024,653 | 122,308,788 | 121,693,788 | 121,193,788 | 121,193,788 |
| 3.010 Personnel Services | 57,870,989 | 57,870,989 | 57,870,989 | 57,870,989 | 57,870,989 |
| 3.020 Employees' Retirement/Insurance Benefits | 24,719,462 | 25,174,116 | 25,874,116 | 26,609,116 | 27,380,866 |
| 3.030 Purchased Services | 25,807,441 | 25,807,441 | 26,000,000 | 26,000,000 | 26,000,000 |
| 3.040 Supplies and Materials | 2,818,050 | 2,600,000 | 2,600,000 | 2,600,000 | 2,600,000 |
| 3.050 Capital Outlay | 3,018,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| 4.010 Debt Service: All Principal (Historical) | 335,446 | 341,316 | 347,289 | | |
| 4.060 Debt Service: Interest and Fiscal Charges | 17,921 | 12,051 | 6,078 | | |
| 4.300 Other Objects | 1,009,997 | 975,000 | 750,000 | 750,000 | 750,000 |
| 4.500 Total Expenditures | 115,597,306 | 113,980,913 | 114,648,472 | 115,030,105 | 115,801,855 |
| 5.010 Operational Transfers - Out | 870,237 | 580,000 | 580,000 | 580,000 | 580,000 |
| 5.030 All Other Financing Uses | 140,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 5.040 Total Other Financing Uses | 1,010,237 | 830,000 | 830,000 | 830,000 | 830,000 |
| 5.050 Total Expenditure and Other Financing Uses | 116,607,543 | 114,810,913 | 115,478,472 | 115,860,105 | 116,631,855 |
| 6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing | 417,110 | 7,497,875 | 6,215,316 | 5,333,683 | 4,561,933 |
| 7.010 Beginning Cash Balance | 6,672,125 | 7,089,235 | 14,587,110 | 20,802,426 | 26,136,109 |
| 7.020 Ending Cash Balance | 7,089,235 | 14,587,110 | 20,802,426 | 26,136,109 | 30,698,042 |
| 8.010 Outstanding Encumbrances | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |
| 9.010 Textbook and Instructional Materials | 3,000,000 | 2,900,000 | 2,850,000 | 2,850,000 | 2,800,000 |
| 9.080 Total Reservations | 3,000,000 | 2,900,000 | 2,850,000 | 2,850,000 | 2,800,000 |
| 10.010 Fund Balance June 30 for Certification of Appropriations | 1,389,235 | 8,987,110 | 15,252,426 | 20,586,109 | 25,198,042 |
| 12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations | 1,389,235 | 8,987,110 | 15,252,426 | 20,586,109 | 25,198,042 |
| 15.010 Unreserved Fund Balance June 30 | 1,389,235 | 8,987,110 | 15,252,426 | 20,586,109 | 25,198,042 |

Source: CCSD and ODE

Chart C-4 shows the District's May 2016 Five-Year Forecast as reported to ODE.

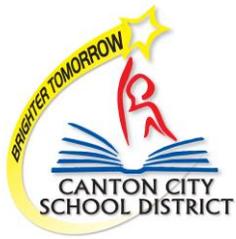
Chart C-4: CCSD May 2016 Five-Year Forecast

| Line | Forecasted | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| 1.010 General Property (Real Estate) | 21,285,046 | 21,000,000 | 21,000,000 | 19,500,000 | 19,500,000 |
| 1.020 Tangible Personal Property Tax | 3,648,451 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 |
| 1.035 Unrestricted Grants-in-Aid | 79,800,000 | 85,800,923 | 85,800,923 | 85,800,923 | 85,800,923 |
| 1.040 Restricted Grants-in-Aid | 9,383,867 | 9,300,000 | 9,300,000 | 9,300,000 | 9,300,000 |
| 1.045 Restricted Federal Grants-in-Aid - SF5F | | | | | |
| 1.050 Property Tax Allocation | 3,815,423 | 3,783,000 | 3,168,000 | 3,168,000 | 3,168,000 |
| 1.060 All Other Operating Revenue | 4,606,522 | 1,350,000 | 1,350,000 | 1,350,000 | 1,350,000 |
| 1.070 Total Revenue | 122,539,309 | 124,833,923 | 124,218,923 | 122,718,923 | 122,718,923 |
| 2.050 Advances-In | | | | | |
| 2.060 All Other Financial Sources | 14,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| 2.070 Total Other Financing Sources | 14,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| 2.080 Total Revenues and Other Financing Sources | 122,553,309 | 124,848,923 | 124,233,923 | 122,733,923 | 122,733,923 |
| 3.010 Personnel Services | 58,644,909 | 58,644,909 | 58,644,909 | 58,644,909 | 58,644,909 |
| 3.020 Employees' Retirement/Insurance Benefits | 24,719,462 | 25,174,116 | 25,874,116 | 26,609,116 | 27,380,866 |
| 3.030 Purchased Services | 24,804,249 | 24,804,249 | 26,000,000 | 26,000,000 | 26,000,000 |
| 3.040 Supplies and Materials | 2,599,510 | 2,600,000 | 2,600,000 | 2,600,000 | 2,600,000 |
| 3.050 Capital Outlay | 1,557,015 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| 4.010 Debt Service: All Principal (Historical) | 335,446 | 341,316 | 347,289 | | |
| 4.060 Debt Service: Interest and Fiscal Charges | 17,921 | 12,051 | 6,078 | | |
| 4.300 Other Objects | 2,787,025 | 1,300,000 | 1,300,000 | 1,300,000 | 1,300,000 |
| 4.500 Total Expenditures | 115,465,537 | 114,076,641 | 115,972,392 | 116,354,025 | 117,125,775 |
| 5.010 Operational Transfers - Out | 780,284 | 580,000 | 580,000 | 580,000 | 580,000 |
| 5.030 All Other Financing Uses | 140,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 5.040 Total Other Financing Uses | 920,284 | 830,000 | 830,000 | 830,000 | 830,000 |
| 5.050 Total Expenditure and Other Financing Uses | 116,385,821 | 114,906,641 | 116,802,392 | 117,184,025 | 117,955,775 |
| 6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing | 6,167,488 | 9,942,282 | 7,431,531 | 5,549,898 | 4,778,148 |
| 7.010 Beginning Cash Balance | 6,672,125 | 12,839,613 | 22,781,895 | 30,213,426 | 35,763,324 |
| 7.020 Ending Cash Balance | 12,839,613 | 22,781,895 | 30,213,426 | 35,763,324 | 40,541,472 |
| 8.010 Outstanding Encumbrances | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |
| 9.010 Textbook and Instructional Materials | 3,000,000 | 2,900,000 | 2,850,000 | 2,850,000 | 2,800,000 |
| 9.080 Total Reservations | 3,000,000 | 2,900,000 | 2,850,000 | 2,850,000 | 2,800,000 |
| 10.010 Fund Balance June 30 for Certification of Appropriations | 7,139,613 | 17,181,895 | 24,663,426 | 30,213,324 | 35,041,472 |
| 12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations | 7,139,613 | 17,181,895 | 24,663,426 | 30,213,324 | 35,041,472 |
| 15.010 Unreserved Fund Balance June 30 | 7,139,613 | 17,181,895 | 24,663,426 | 30,213,324 | 35,041,472 |

Source: CCSD and 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.



CANTON CITY SCHOOL DISTRICT OFFICE OF THE SUPERINTENDENT

Nadine McIlwain Administrative Center
305 McKinley Avenue NW • Canton, Ohio 44702
Phone (330) 430-4241 • Fax (330) 430-4230

May 20, 2016

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

Dear Auditor Yost:

On behalf of the Canton City School District Board of Education and Administration, we would like to thank you and the Performance Audit Team for the time and effort in preparing the audit report for our district. We are already analyzing the recommendations and will strive to implement as many as possible.

The district would also like to thank you for acknowledgment of the accomplishments noted in the audit including the following:

- CCSD has greatly improved its financial conditions since being placed in fiscal caution in 2007; specifically, the October 2015 five year forecast projects an accumulated fund balance of over \$25.1 million in FY 2019-2020 which is a result of a combination of increased revenues and reduced expenditures;
- The district is currently in its final year of its three-year strategic plan entitled the Brighter Tomorrow Plan which included, in part, the consolidation of two high schools and the closure of one elementary school; and replacing 34 retired employees with less tenured staff;
- Effective for FY 2014-2015, CCSD made significant efforts to reduce its staffing levels, leaving 49 positions unfilled from the previous fiscal year;
- CCSD is projecting a \$484,000 decrease in sports-oriented extracurricular activities as a result of the merger of the high school sports programs;
- Since the 2008 performance audit, CCSD has made progress toward shrinking its building footprint commensurate with declining enrollment by closing a total of 12 school buildings;
- CCSD compensation schedules compared to peer averages for FY 2014-2015 were lower than the peer average in every category;
- CCSD spent less than the peer average for facilities expenditures per square foot compared to the peer average for FYI 2014-2015;



As a result of the audit, the leadership team will continue to monitor the information and recommendations. When feasible and responsible, we will take further steps to implement them.

Once again we would like to thank you and your team for your thoroughness and professionalism throughout this process.

Sincerely,



Adrian E. Allison
Superintendent
Canton City School District

AA:khn



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Dave Yost • Auditor of State

CANTON CITY SCHOOL DISTRICT

STARK 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
JUNE 7, 2016**