



Dave Yost • Auditor of State



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To the residents, elected officials, administration, and other stakeholders of the Cloverleaf Local School District,

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

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

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Executive Summary

Project History

The Ohio Department of Education requested the Auditor of State's Ohio Performance Team conduct a performance audit to improve the efficiency and effectiveness of operations, and address concerns that declining revenues are creating operating deficits that will eventually deplete cash reserves. The October 2012 update of the Five Year Forecast indicated that the FY 2013-14 ending cash balance deficit is projected to be \$3.4 million, and that the District is projected to reach a deficit of \$19.9 million by FY 2016-17. For more information, please see the updated forecast at www.ohioauditor.gov/auditsearch.

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. AOS developed objectives designed to identify efficiencies that could be gained from the operational areas of the District.

- Financial Systems;
- Human Resources;
- Facilities;
- Transportation; and
- Food Service.

The following objectives were identified in consultation with the District:

- What is the District's financial state? Are there areas where the District can maximize cost efficiency?
- Does the District have financial policies and procedures that meet recommended practices?
- How do staffing levels at the District compare to the peer district average and State standards?
- How do the District's salary schedules for classified and certificated staff compare to the surrounding district average?
- How do the insurance benefits offered by the District compare with state averages and industry benchmarks?
- Do the District's Worker's Compensation risk rating and mitigation practices meet recommended practices?
- How does the District's contribution to the employee's portion of STRS/ SERS compare to State minimums?
- Are there contractual provisions within the certificated and classified employee collective bargaining agreements that are costly to the District?
- Does the District's routing system provide the optimal capacity utilization for pupil transportation services?

- Is the District's approach to purchasing fuel and other supplies, such as parts for buses, effective for the District?
- Do building capacities and enrollment projections suggest that the District should change how it plans to use its buildings?
- Does the District have an energy reduction plan and implement best practices?
- Does the District employ appropriate staff to maintain its facilities and grounds?
- Is the District's Food Service Fund self-sufficient?
- What is the District's relationship with the Recreation Center?

Methodology and Benchmarks

Applicable 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.

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information 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.

AOS conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). AOS believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

Data was drawn from FY 2010-11 and FY 2011-12. To complete this report, the auditors conducted interviews with District personnel, and reviewed and assessed information from Cloverleaf Local School District (CLSD), peer school districts, and other relevant sources. The performance audit process involved significant information sharing with CLSD, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, status meetings were held during the engagement to inform the District of key issues impacting selected areas, and share proposed recommendations for improving or enhancing operations. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, CLSD provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on the District's comments.

AOS used ten districts as peers for benchmarking purposes: Clermont Northeastern Local (Clermont); Eaton Community City (Preble); Edgewood City (Butler); Field Local (Portage); Northwestern Local (Clark); Norton City (Summit), Southwest Local (Hamilton); St. Mary's City (Auglaize); Teays Valley Local (Pickaway); and Triway Local (Wayne). These districts were selected based upon demographic and operational data. External organizations and sources were also used to provide comparative information and benchmarks. They include the Government

Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the Ohio Department of Administrative Services (DAS), the Ohio Department of Education (ODE), the American Schools and Universities (AS&U), Panell Martin, and the National Center for Education Statistics (NCES).

Noteworthy Accomplishments

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

- **Shared Services:** In August 2012, CLSD and Medina City School District (MCSD) agreed to share a treasurer. CLSD is receiving the services of a treasurer at a significantly reduced cost (monthly flat fee of \$6,000) in comparison to the estimated cost to hire a full-time treasurer (approximately \$126,300 in salary and benefits).
- **Energy Conservation:** CLSD is conducting leading practices in energy conservation and management. The District was 44.9 percent below the peer average in utilities expenditures based on per square foot comparison. The District accomplished this by designing a new elementary to comply with Leadership in Energy and Environmental Design (LEED) accreditation to save as much as \$100,000 per year on energy bills. Other energy initiatives include a \$1.2 million Energy Efficiency Project completed to upgrade the remaining District facilities. It is expected to help the District save over \$102,000 in energy and operational costs annually and lower its utility expenditures by over 27 percent for the duration of the 15 year contract with the private provider of energy and infrastructure upgrades.
- **Recreation Center:** The recreation center and the District are operating under an arrangement that is mutually beneficial. The District has exclusive use of the facility from 2:00 to 6:00 p.m. on school days for athletic events and meeting space while the District assists the recreation center with its utility costs and maintenance. In 2011, the District's use of the facility resulted in a financial benefit of approximately \$17,000 after utility costs were accounted for. The recreation center is a financially self-sufficient operation that provides a valuable service to the residents of the CLSD. Additionally, costs are well monitored and separated as much as possible to ensure the District is not subsidizing more of the recreation center than the amount for which they are legally obligated.

Financial Implications

The performance audit identifies potential cost savings of approximately \$330,700 annually, representing 1.2 percent of the proposed FY 2012-13 total expenditures forecasted by the District. Financial implications for the audit recommendations are summarized below. The following table summarizes those performance audit recommendations that contain financial implications.

Summary of Performance Audit Financial Implications

Recommendations	Impact
R1 Renegotiate to decrease the maximum sick leave payout.	\$97,900
R2 Renegotiate to increase classified employee contributions to 15 percent of health care premiums.	\$72,600
R3 Renegotiate to eliminate costly bargaining agreements provisions.	\$55,300
R4 Renegotiate to streamline supplemental contracts.	\$39,000
R5 Renegotiate to decrease the number of paid holidays.	\$27,900
R6 Renegotiate to decrease the vacation accrual rate for classified employees.	\$22,100
R7 Reduce sick leave use and renegotiate to strengthen leave requirements.	\$11,100
R8 Renegotiate to require the use of direct deposit and paperless pay stubs.	\$4,800
Total Cost Savings from Performance Audit Recommendations	\$330,700

Management Implications

In addition to financial implications, the performance audit report also includes management recommendations that may not have a direct financial effect but could improve administration.

- **Financial Systems:** Ensure accurate coding of all debt service expenditures; Update the formal agreement with the Cloverleaf Recreation Center.
- **Human Resources:** Renegotiate the personnel records contract provision to ensure it does not violate the Open Records Law; Ensure data accuracy of EMIS staff coding; Renegotiate administrative contracts to re-align administrator salaries and retirement contributions; Implement Bureau of Worker's Compensation (BWC) programs and work to lower future premiums.
- **Facilities Management:** Implement a comprehensive facilities master plan.
- **Transportation:** Compare shared service and fuel procurement options.
- **Food Service:** Align food service labor hours at the high school with industry benchmarks.

Background

Financial Management

In accordance with Ohio Revised Code (ORC) §3316.031, the Ohio Department of Education (ODE) declared Cloverleaf City School District (CLSD, or the District) to be in a state of fiscal watch in 2003. The District had a performance audit conducted in 2004; see **Appendix** for a review of recommendations. As a result, CLSD was required to submit a financial recovery plan proposing changes that would eliminate these deficits. The District submitted a fiscal caution financial recovery proposal to ODE in February 2004. The plan assumed passage of a 9.7 mill emergency operating levy on the March 2004 ballot. Following the defeat of the emergency levy, ODE submitted a formal request to AOS to elevate the fiscal oversight status to fiscal watch in March 2004. Under fiscal watch, the District was required to submit an updated recovery plan to ODE each year for approval by the State Superintendent of Public Instruction. These plans were submitted and approved each year from 2005 through 2011. In November 2011, the CLSD Board of Education passed a resolution stating their inability to adopt a recovery plan that eliminated the projected current year deficit and requested that AOS place the District in fiscal emergency. In January 2012, AOS approved the Board of Education's request and placed CLSD in fiscal emergency.

Table 1 shows a comparison of expenditures per pupil (EPP) between CLSD and the peers.

Table 1: FY 2010-11 Expenditure per Pupil (EPP)

	CLSD	Peer Average	Difference	Percent Difference
Pupils¹	2,842	2,501	341	13.6%
Salaries and Wages	\$5,917	\$5,492	\$425	7.7%
Employee Benefits	\$2,544	\$2,009	\$535	26.6%
Purchased Services	\$682	\$822	(\$140)	(17.0%)
Supplies and Materials	\$511	\$519	(\$7)	(1.4%)
Capital Outlay	\$142	\$212	(\$70)	(32.9%)
Other Objects	\$162	\$235	(\$73)	(31.2%)
Total Expenditure per Pupil (EPP)	\$9,958	\$9,288	\$670	7.2%

Source: CLSD and peer district ODE reports

¹ This student count reflects the number of students used by ODE to calculate expenditures per pupil.

As shown in **Table 1**, CLSD spent 7.2 percent more per pupil than the peer average (see R9). The District spent more than the peer average in salaries and benefits, but less than the peers in all other areas. Comparisons of salaries show that the District was comparable to the regional peers for base salaries.

Table 2 shows the District's historical expenditures per pupil from FY 2007-08 through FY 2010-11.

Table 2: Expenditures per Pupil

	FY 2007 -08	FY 2008 -09	Percent Change	FY 2009 -10	Percent Change	FY 2010 -11	Percent Change	Average % Change
Pupils¹	3,074	3,031	(1.4%)	2,947	(2.8%)	2,842	(3.6%)	(2.6%)
Administrative	\$850	\$849	(0.1%)	\$879	3.5%	\$923	5.0%	2.8%
Building Operations	\$1,908	\$1,935	1.4%	\$1,996	3.1%	\$1,983	(0.6%)	1.3%
Staff Support	\$93	\$96	3.7%	\$150	55.8%	\$153	2.4%	20.7%
Pupil Support	\$1,140	\$1,159	1.7%	\$1,252	8.0%	\$1,311	4.7%	4.8%
Instructional	\$5,000	\$5,125	2.5%	\$5,539	8.1%	\$5,587	0.9%	3.8%
Total EPP	\$8,990	\$9,164	1.9%	\$9,815	7.1%	\$9,958	1.5%	3.5%

Source: CLSD ODE reports

¹ FTE students reflects the number of students used by ODE to calculate expenditures per pupil.

Table 2 shows that total EPP has increased by an average of 3.5 percent over the past four years while enrollment has declined by 2.6 percent. Staff support was the largest increase during those years at 20.7 percent. This increase is partly attributed to the District's use of paraprofessional staff to assist teachers in the classroom. The new Treasurer noted several areas that have inflated the expenditures per pupil totals for the District. Specifically, debt service is being paid from funds included in the EPP calculations. The Treasurer estimates that this reporting practice added approximately \$550-560 per student in its EPP calculations. See **R9** for further discussion on this issue. The District has had an operating deficit each fiscal year from FY 2008-09 to FY 2010-11. **Table 3** below highlights this deficit.

Table 3: Revenues and Expenditures per Pupil

	FY 2008-09	FY 2009-10	Percent Change	FY 2010-11	Percent Change
Revenue per Pupil	\$8,516	\$9,093	6.8%	\$9,206	1.2%
Expenditure per Pupil	\$9,164	\$9,815	7.1%	\$9,958	1.5%
Surplus/(Deficit)	(\$648)	(\$722)	(11.4%)	(\$752)	(4.2%)

Source: CLSD ODE reports

As shown in **Table 3**, the District has spent more per pupil than it received in revenue since FY 2008-09. This deficit has increased over the past three years. It is unlikely that correcting expenditure coding would eliminate the deficits shown.

Human Resources

Table 4 compares CLSD's full-time equivalent (FTE) staffing levels on a per 1,000 student basis with the peer average for FY 2011-12.

Table 4: Staffing Level Comparison (FTEs per 1,000 Students)

	CLSD	Peer Average	Difference / 1,000 Students
Administrative ¹	5.5	6.3	(0.8)
Office/Clerical ²	6.2	6.8	(0.6)
General Education Teachers	36.5	43.2	(6.7)
All Other Teachers ³	9.4	11.3	(2.0)
Education Service Personnel (ESP) ⁴	10.5	6.9	3.7
Educational Support ⁵	4.4	1.5	3.0
Other Certificated ⁶	0	0.9	(0.9)
Non-Certificated Classroom Support ⁷	21.0	6.3	14.7
Operations ⁸	28.0	21.2	6.8
All Other Staff ⁹	7.4	3.5	4.0
Total Staff	128.9	107.9	21.1

Source: FY 2011-12 EMIS data submitted to ODE. Differences in totals are due to rounding. Calculations are based on enrollment of 2,842 students.

Note: Students include those receiving educational services from the districts and excludes the percent of time students are receiving educational services outside the districts.

¹ Administrative personnel includes central office and building level administrators, directors and coordinators, as well as personnel responsible for planning, management, evaluation, and operation.

² Office/Clerical staff includes all EMIS position codes in the 500s except teacher aides (505), and includes administrative assistants (101), accounting (301) and attendance officers (901).

³ All other teachers includes career-technical programs, gifted and talented, Limited English Proficiency teaching assignments, special education, supplemental service teachers, preschool special education, and preschool handicapped itinerant.

⁴ Education Service Personnel includes K-8 art, music, and physical education teachers; as well as counselors, librarians, registered nurses, social workers, and visiting teachers per ORC 3317.023(A)(2).

⁵ Educational Support includes remedial specialists and tutors/small group instructors.

⁶ Other Certificated staff includes curriculum specialists, audio-visual staff, permanent substitutes, teacher mentors/evaluators, and other education professionals.

⁷ Non-Certificated Classroom Support includes teaching aides, paraprofessional instructors, and attendants.

⁸ Operations includes carpenters, electricians, general maintenance, mechanics, plumbers, foremen, other crafts and trades, dispatchers, vehicle operators, other operative, custodians, food service, guards/watchmen, monitors, groundskeepers, and other service worker/laborers.

⁹ All other staff includes psychologists, therapists, speech and language therapists, practical nurses, library aides, computer support staff and other remaining staff.

Table 4 shows that CLSD was 21.1 FTEs above the peer average for total staff. The District exceeded the peer averages in several categories of Education Service Personnel, educational support, and Non-Certificated Classroom Support. However, the District is also below ORC minimums for general education teachers and is supplementing using these other categories of support staff. The District was also 6.8 FTEs above peer districts in Operations (see **R2** and **R6** for costly classified provisions) and 4.0 FTEs above in the category of All Other Staff. The last category includes support staff for special education, which is outside the scope of this audit.

Table 5 compares the District's average salary cost with the peer average for FY 2011-12. Beginning wage rates, years of service, negotiated salary schedules, and education or skill level attained impact average salaries.

Table 5: Average Salary Comparison

	CLSD	Peer Average
Administrative	\$72,082	\$77,063
Office/Clerical	\$27,020	\$30,099
Teaching	\$62,172	\$57,159
All Other Teachers	\$59,842	\$53,832
Education Service Personnel (ESP)	\$58,354	\$59,513
Educational Support	\$42,638	\$49,918
Other Certificated	\$0	\$34,393
Non-Certificated Classroom Support	\$12,923	\$17,565
Operations	\$21,003	\$24,505
All Other Staff	\$31,455	\$41,061
Total Staff	\$41,128	\$47,028

Source: FY 2011-12 EMIS data submitted to ODE.

Table 5 shows that in total, CLSD paid an average salary of \$41,128 while the peer average was \$47,028. Teacher salaries were above the peer average; however, the District has made several rounds of reductions, which leaves the most tenured staff employed. The salary schedules were analyzed and found that during the course of a 30 year career, the certificated staff salaries were below the selected peers. The District was 12.5 percent below the peer average for total salaries; therefore compensation will not be addressed any further.

The District has collective bargaining agreements (CBA) with the Cloverleaf Education Association (certificated) and the Ohio Association of Public School Employees (classified). The certificated contract covers all certificated/licensed personnel employed by the Board, except the Superintendent, Treasurer, principals and other individuals receiving administrative contracts. The classified contract covers all regular full-time and part-time classified positions, including monitors, attendants, food service, custodians, maintenance, and secretarial/clerical. The certificated agreement expired June 30, 2015 and the classified agreement expired June 30, 2012. CLSD uses its membership in the Stark County Schools Council of Governments (COG) to procure medical, prescription, and dental insurance benefits for employees. Dental insurance is included in all of the health plans offered. The District does not offer vision insurance. For healthcare, CLSD offers a Preferred Provider Organization (PPO) plan to employees who work 25 hours or more. There are three types of plans from which District employees can select, SuperMed Plus, Medical Mutual, and Aultcare. The majority of District staff were enrolled in the SuperMed Plus plan. In FY 2011-12, certificated and classified employees on the Tier I and Tier II plan making more than \$34,892 a year were required to pay 15 percent of the single or family plan premium. Classified employees negotiated a two tier insurance premium plan. Classified employees on the Tier I plan making less than \$34,891 or working six or more hours are required to pay 10 percent of either the single or family plan premium. Classified employees on the Tier II plan making less than \$34,891 or working six or more hours are required to pay 12 percent of either the single or family plan cost. Tier II employees working less than six hours are required

to pay 100 percent of the premium cost for either plan. The District meets benchmark criteria for health premium costs.

Facilities

In January 2012, the District consolidated three elementary buildings into one newly built facility located near the high school and middle school properties. According to the District, after the end of fieldwork of the audit, the District sold two unused educational facilities at auction and is in contract with a village for another building. Of the active facilities, the District operates a K-5 elementary, a middle school with grades 6 to 8 and a high school with grades 9 to 12. Administrative functions for the District are housed in the high school facility. The District also maintains athletic facilities and a field house, an industrial arts building, and an annex building in close proximity to the high school. The District operates a bus garage that is located about 3.5 miles from the main campus. Along with storage at the main educational facilities, the District also has a Lodi storage facility, a pole barn, a maintenance storage building, and a modular unit. CLSD is also legally bound by a life estate contract to maintain a private property located near the District's property. The District is responsible for all maintenance, utilities and insurance on this property until the current owner passes away.

The Maintenance and Operations (M&O) organizational structure includes a Director of Maintenance and Grounds (Director) and one full-time secretary. The maintenance staff report to their respective head custodian or directly to the Director. There is a Day Shift Head Custodian and Night Shift Head Custodian at the high school and elementary schools. All custodial and maintenance workers have full-time positions with eight hour days. One maintenance worker is dedicated to groundskeeping and another oversees the district sewage plant and outlying buildings, including the recreation center, bus garage, shed and private home owned by the district. The District has a preventive maintenance plan in place requiring quarterly checks on all HVAC equipment, along with other items.

Table 6 presents the M&O statistics in comparison to industry benchmarks.

Table 6: Key Statistics

District Staffing	
Total FTE Maintenance Staffing	5.0
Total FTE Custodian Staffing	10.0
Total FY 2011-12 Maintenance & Custodial FTE Staffing	15.0
District Statistics	
Square Footage Maintained	607,083 ¹
Acreage Maintained	116.8
Square Footage Cleaned	365,417
Maintenance, Custodial & Grounds Keeping Staffing Benchmark	
AS&U Five Year Avg. Sq. Ft. per FTE Maintenance	94,952
Calculated FTE Maintenance Need	6.4
AS&U Five Year Avg. Acres per FTE Groundskeeper	40.0
Calculated FTE Grounds keeping Need	2.9
Total Maintenance & Grounds keeping Staffing Need	9.3
NCES Level 3 Cleaning Median Square Footage per Custodian FTE	29,500
Calculated FTE Custodian Need	12.4
Total FY 2011-12 Maintenance & Custodial FTE Staffing	15.0
Total Calculated M&O Department Staffing Need	21.7
Difference	(6.7)

Source: District data, AS&U, and NCES.

As shown in **Table 6**, the District reduced 5.5 custodial FTEs and the Assistant Director for Maintenance and Grounds since the 2004 Performance Audit, and consolidated to one full-time support staff for the Director. During the course of the audit, the levy failed and the Director stated that a full-time custodial position was eliminated.

¹ After fieldwork ended, three vacant school buildings were sold in 2013. The square footage totals and analyses include these three sites.

Table 7 shows the expenditures per square foot in comparison to the peer average.

Table 7: Expenditures Per Square Foot Comparison

	CLSD	Peer Average	Difference	Percent Difference
Salaries and Wages	\$1.46	\$1.90	(\$0.45)	(23.6%)
Employee Benefits	\$0.72	\$0.87	(\$0.15)	(16.9%)
Utilities	\$0.80	\$1.51	(\$0.71)	(47.0%)
Electric	\$0.49	\$0.82	(\$0.34)	(41.0%)
Gas	\$0.27	\$0.45	(\$0.19)	(41.1%)
Sub-Total Energy	\$0.75	\$1.38	(\$0.63)	(45.7%)
Water & Sewer	\$0.05	\$0.12	(\$0.08)	(62.1%)
Purchased Services (Excluding Utilities)	\$0.30	\$0.74	(\$0.44)	(59.6%)
Supplies and Materials	\$0.22	\$0.45	(\$0.23)	(51.5%)
Capital Outlay	\$0.07	\$1.00	(\$0.93)	(92.6%)
Total Expenditures per Square Foot	\$3.57	\$6.48	(\$2.91)	(44.9%)

Source: ODE Financial data for FY 2011-12.

As presented in **Table 7**, the District operated at a cost of \$3.57 per square foot in FY 2011-12, whereas the peer average was \$6.48 per square foot. The difference of \$2.91 per square foot is 45 percent less than the peers and indicates that the District is operating efficiently. The District's M&O salaries and wages were 23.6 percent lower than the peers while utility expenditures were 47 percent lower than the peers (see **Noteworthy Accomplishments**). CLSD has also reduced its facilities expenditures by 3.9 percent from FY 2007-08 to FY 2010-11 while continuing to maintain four vacant properties.

The District had an issue on the ballot in November 2012 for a 6.9 mill, 10-year emergency operating levy. Since this levy failed, the District plans to impose certain facility cutbacks, including closing all buildings after school to save utility and maintenance costs and changing the Kindergarten from a half-day, every day model to a full-day, every other day model.

Transportation

The Transportation Director oversees the District's transportation operations. CLSD provided yellow bus pupil transportation services to 2,079 riders in FY 2010-11. **Table 8** compares CLSD's transportation operational data to the peer averages.

Table 8: Key Statistics and Operating Ratios

Key Statistics	CLSD	Peer Average ¹
Square Miles	117	80
Enrollment	2,848	2,503
Total Students Transported- All Types	2,106	1,576
Yellow Bus Riders (Type I)		
Public	2,002	1,473
Non-Public	43	40
Community School	0	18
Special Needs	34	27
Total Yellow Bus Riders	2,079	1,558
Buses (Type I)		
Active Buses	32	23
Spare Buses	7	7
Miles (Type I)		
Annual Routine Miles	685,620	316,520
Annual Non-Routine Miles	30,830	28,932
Total Miles	716,450	345,452
Operating Ratios		
Enrollment per Square Mile	24.3	39.5
Riders per Square Mile	17.8	24.1
Public Riders as a Percent of Enrollment	70.3%	60.7%
Yellow Bus Riders per Active Bus	65	70
Spare Bus Ratio	18.0%	24.5%

Source: CLSD and peers T-1 and T-2 reports, CLSD and peers October headcounts, and ODE efficiency targets

¹The peer average comprises ten school districts

Table 8 shows that CLSD's enrollment per square mile and riders per square mile are lower than the peer averages. Since the District has over 500 more yellow bus riders than the peer average, this suggests that the District has a less dense population than the peer districts. **Table 8** also illustrates that the District's yellow bus riders per active bus was 65 for FY 2010-2011, while the peer average was 70. The number of riders per active bus, along with the District's square mileage, would also tend to indicate that the District's students were dispersed over a larger, more rural area than the peers.

Table 9 compares CLSD's transportation cost data to the peer averages for FY 2010-2011.

Table 9: Type I Transportation Cost Ratios

	CLSD	Peer Average ¹
Salaries		
· Per Yellow Bus Rider	\$448.50	\$325.34
· Per Active Bus	\$29,138.75	\$22,600.34
· Per Routine Mile	\$1.36	\$1.71
Benefits		
· Per Yellow Bus Rider	\$301.99	\$180.38
· Per Active Bus	\$19,619.59	\$12,498.88
· Per Routine Mile	\$0.92	\$0.94
Maintenance & Repairs		
· Per Yellow Bus Rider	\$111.18	\$125.56
· Per Active Bus	\$7,223.50	\$8,901.42
· Per Routine Mile	\$0.34	\$0.65
Fuel		
· Per Yellow Bus Rider	\$151.66	\$96.96
· Per Active Bus	\$9,853.06	\$6,840.32
· Per Routine Mile	\$0.46	\$0.51
Bus Insurance		
· Per Yellow Bus Rider	\$7.78	\$9.63
· Per Active Bus	\$505.78	\$669.04
· Per Routine Mile	\$0.02	\$0.05
All Other Costs		
· Per Yellow Bus Rider	\$15.37	\$12.87
· Per Active Bus	\$998.31	\$906.86
· Per Routine Mile	\$0.05	\$0.07
Total Expenditures		
· Per Yellow Bus Rider	\$1,036.48	\$750.74
· Per Active Bus	\$67,339.00	\$52,416.86
· Per Routine Mile	\$3.14	\$3.93

Source: CLSD and peer T-1 and T-2 reports

¹ The peer average comprises nine school districts

Table 9 shows that CLSD's total FY 2010-11 transportation expenditures are slightly lower than the peer average on a per routine mile basis, but are above the peer average on a per active bus and per yellow bus rider basis. **Table 9** also illustrates that the District is operating above the peer average in the following areas on a per yellow bus rider and per active bus basis: salaries, benefits, fuel, and all other costs. Alternatively, CLSD is below the peer average in the bus insurance and maintenance and repairs categories. The District was below the peer average in all categories on a per routine mile basis due to the District's large size and the number of miles traveled each year (685,620 annual routine miles compared to the peer average of 316,530 routine miles).

Food Service

Prior to FY 2010-11, CLSD was using an outside vendor to provide food service management. Due to a large operating deficit under the contractor, the District did not renew the contract, hiring a new Food Service Director. The Director implemented several key changes in order to reduce the deficit and increase participation. The Food Service Department staff serves lunches in each of the District's three school buildings. The middle school is a satellite kitchen and therefore all food preparation for this building is conducted at the high school.

The Food Service Department consists of 27 employees, including the Food Service Director, 3 cafeteria managers, and 23 helpers and cooks. The District operates a point-of-sale system that automates cash handling, tracks student accounts, and is used to prepare participation reports and submit data to the Ohio Department of Education (ODE). Currently, the high school has two 3.0 hour FTE positions open. These positions were not filled during FY 2011-12.

The Food Service Fund is an enterprise fund, meaning it is intended to be financially self-sufficient by relying on charges and reimbursements to cover the cost of operations. **Table 10** illustrates CLSD's Food Service Fund revenue and expenditures for FY 2010-11 and FY 2011-12.

Table 10: Enterprise Fund Position

	FY 2010-11	FY 2011-12
Revenue		
Revenue	\$888,708	\$969,990
Revenue Pending	\$21,024	\$21,153
Total Revenue	\$909,732	\$991,143
Expenditures		
Total Expenditures	\$1,024,870	\$983,447
Surplus/(Deficit)	(\$115,138)	\$7,696

Source: CLSD FY 2010-12 Food Service Fiscal Reconciliation District Documents

Table 10 shows that the Food Service Fund incurred an operating deficit in FY 2010-11, requiring transfers from the General Fund each year. In FY 2011-12, the fund had a small surplus.

Recommendations

R1 Renegotiate the CBAs to decrease the maximum sick leave payout.

Financial Implication: By renegotiating a reduction in severance pay from 90 days to 30 days, the District could save approximately \$97,900 per year based on the list of certificated and classified retirees for FY 2011-12 who qualified for sick leave payment by meeting the stipulated years of service.

Certificated and classified employees receive payment for a maximum of 90 sick leave days at retirement. This is significantly higher than the minimum requirement of 30 days stated in ORC §124.39. Decreasing the maximum number of unused sick leave days paid out at retirement could lessen the future financial burden on the District. A recommendation was also made in the 2004 AOS performance audit (see **Appendix**).

R2 Renegotiate to increase all classified employee contributions to 15 percent of health care premiums.

Financial Implication: If CLSD renegotiated the collective bargaining agreements (CBAs), and required all classified employees to contribute 15 percent of health care costs, it would realize annual cost savings of \$72,600.²

The classified CBA contains provisions that limit employee contributions to 12 percent. By comparison, the 2011 Kaiser Survey reports that nationally, the average single and family plan contribution rates for governments offering a similar plan are 18.0 percent and 28.0 percent, respectively.

Although the Patient Protection and Affordable Care Act (PPACA) was signed into Federal law in March 2010, local governments with collective bargaining agreements such as CLSD can maintain prior agreement plans by not making significant changes to reduce benefits or increase costs to consumers. The U.S. Department of Health and Human Services (www.healthcare.gov) indicates that the new plan will require provisions such as preventive care coverage with no cost sharing under any new agreement. According to a survey conducted by Mercer Consulting in July 2010, 63 percent of respondents indicated that it would be more cost effective to make changes and lose grandfathered status. In addition, organizations that employ fewer than 500 employees predict that costs will increase by 3.0 percent in 2011 because of PPACA provisions. One of the nation's leading insurance brokers estimates that providing full coverage for preventive care represents a cost increase of up to approximately 2.0 percent for employers. Reviewing the PPACA legislation and understanding the requirements before enacting significant changes to its healthcare program will ensure that CLSD achieves intended results.

² This would include a 10 percent reduction in savings to conservatively offset the anticipated effect of the Patient Protection and Affordable Care Act (PPACA).

CLSD's contributions toward its classified employee premiums for health care are in excess of those paid by other levels of government as identified in the Kaiser Survey. Establishing consistent premiums for all employees can assist the District in providing reasonable but cost-effective health care benefits.

R3 Renegotiate to eliminate costly bargaining agreement provisions.

Financial Implication: Removing supplemental contracts from Entry Year Mentoring Program staff could save \$14,100, removing payment for meeting attendance for Local Professional Development Committee (LPDC) members could save \$13,400, and removing stipends from department chairs, team leads, and non-department coordinators could save \$27,700 annually based on FY 2011-12 payment rates. By renegotiating to remove all these payments, the District could save approximately \$55,200 annually.

According to the certificated staff collective bargaining agreement, supplemental contracts are offered to experienced teachers for certain mentoring and professional development roles. One peer district only offered an entry year mentoring program that was based on funding provided by the Ohio Department of Education instead of a supplemental contract. CLSD also has a LPDC that is stipulated in ORC § 3319.22. The District pays certificated employees who are members of the LPDC, \$140 per meeting. Of the surrounding peer districts, one district that had a LPDC paid members a lump sum of \$1,000 for their participation. Finally, CLSD offers stipends to high school department chairs as well as team leaders in grades 5-8, and non-department coordinators that help with clerical tasks. None of the peer districts offered a stipend for department chairs or any other related position. District officials stated that without the additional compensation, teachers would not be willing to take on the duties. However, due to the District's fiscal emergency, any discretionary expenditure must be considered for reduction.

R4 Renegotiate to streamline supplemental contracts.

Financial implication: By combining similar supplemental contract positions and reducing the number of activities offered based on participation rates, the District could conservatively save approximately \$39,000, but potentially as high as \$58,600, annually.

The District's expenditures per pupil (EPP) for extracurricular activities exceeded the peer average by 34.7 percent. CLSD spent \$171 per pupil versus the peer average of \$127. The District also exceeded selected peers in the number of supplemental contracts offered with 150 positions compared to the peer average of 95 positions. It should be noted that not all supplemental positions are filled and some are privately funded.

Selected coaching salaries for each of the districts were compared by position and rate of pay advancement. The salaries were compared at the starting rate as well as pay advancement within the respective category. Overall, CLSD spends more on the selected coaching positions than the peers in every category from year 0 to six or more years of experience. The District's coaches also reach the maximum salary faster than peers. It was noted that Black River Local School District, which is nearby CLSD and recently had a Performance audit, has implemented a flat rate for its supplemental contracts that does not increase with years of experience. CLSD has a

large number of supplemental positions, and in some cases, they appear to be duplicative or similar positions.

The District pays a higher amount overall per activity with a higher amount of contracts available, thus resulting in larger expenditures in supplemental contracts. By combining similar supplemental positions and reducing activities offered based upon the level of participation, between 22 to 32 supplemental contracts could be eliminated.

R5 Renegotiate to decrease the number of paid holidays.

Financial Implication: If CLSD negotiated to reduce the number of paid holidays and/or reduce the number of work days for classified employees, from 8 paid holidays to 6 days per year for employees working nine to ten months, the District could save approximately \$14,900 annually. The District could save approximately \$13,000 annually by reducing the amount of paid holidays to ORC minimums for eleven to twelve month employees. By reducing these holidays, the District could increase service levels or could reduce costs by approximately \$27,900 annually.

Classified employees working 12 months receive 12 paid holidays each year. Classified employees working fewer than 12 months receive 8 paid holidays each year. The number of paid holidays at CLSD is more generous than the minimum standard of 7 days for 11-12 month employees and 6 days for 9-10 month employees as stated in ORC §3319.087. This recommendation was also made in the 2004 AOS performance audit.

R6 Renegotiate to decrease the vacation accrual rate for classified employees.

Financial implication: During the course of a 30 year career, decreasing the vacation accrual schedule for classified employees could save approximately \$8,500 per classified FTE. Based on an estimated 78.0 FTEs, annualized cost savings (\$8,500 in savings multiplied by 78.0 FTEs / 30 years) would be approximately \$22,100 by eliminating unproductive work days.

Classified employees receive vacation on a graduated scale with increments ranging from 10 days for 1 to 6 years of service to a maximum of 25 days for 20 years of service. These are higher than the peer average of 22 days for 20 years of service. Overall, the number of vacation days paid out at CLSD is more generous than the minimum standard of 10 days' vacation for 1 to 9 years of service, 15 days of vacation for 10 to 19 years of service, and 20 days of vacation for 20 years of service, as stated in Ohio Revised Code (ORC) §3319.08.04. By reducing the vacation schedule to a level similar to the ORC, the District would increase productivity as staff would be compensated to work more days, which could subsequently reduce overtime and substitute costs. This recommendation was also made in the 2004 AOS performance audit (see **Appendix**).

R7 Reduce sick leave use and renegotiate to strengthen leave requirements.

Financial implication: If every classified employee could reduce sick leave by eight hours, or one day, the District could save approximately \$11,100 in substitute costs.

During FY 2010-11, District employees averaged 68.3 hours of sick leave. In comparison, the Department of Administrative Services (DAS) compiles sick leave usage data for public employees in Ohio, identifying an average of 59.0 hours of sick leave per employee. CLSD staff averaged approximately 9.3 hours more per employee of sick leave. Upon further review, classified staff usage of 78.3 hours per employee exceeded the state wide ASFCME average of 69.72 hours per employee. In addition, a review of the most current District classified collective bargaining agreement revealed a physician's statement for absences was only required for those stretching beyond 45 days. The Director of Maintenance and Grounds noted there was no contractual means for disciplining an employee for excessive sick leave use.

According to the American Society for Public Administration (ASPA), the best approach to controlling employee sick leave abuse is a clearly written policy that specifies the organization's standards and employee requirements, including disciplinary actions for policy violations. The policy should be compliant with the federal Family and Medical Leave Act (FMLA). The inclusion of sick leave as a component in employee evaluations can also help with recognition and early intervention, according to ASPA. A similar recommendation was also made in the 2004 Performance Audit (see **Appendix**).

R8 Renegotiate to require the use of direct deposit and paperless pay stubs.

Financial Implication: Printing paychecks and pay stubs for substitutes and contracted employees adds to payroll processing costs. With 116 employees receiving these checks, pay stubs, or both with 26 pay periods per year, and 650 checks for substitutes printed each year, the District could be saving approximately \$4,800 in annual payroll processing costs by implementing a direct deposit, paperless system.

CLSD has an option for employees to receive paper pay checks or direct deposit. In FY 2011-2012, although only 27 staff members receive paper pay checks, 116 staff members, or 33.4 percent of employees, receive paper pay stubs. In addition, all substitute employees receive paper paychecks by mail, amounting to approximately 650 printed checks each year. The paycheck option is included in the collective bargaining agreements in the District and any change would be subject to negotiation. However, due to the additional costs of providing paper paychecks and the increased risk to internal controls, it is appropriate that the District seek to renegotiate to gain the full use of direct deposit.

According to the Electronic Payments Association (NACHA 1999) there are several added costs associated with providing paper paychecks. These costs include the use of check stock, printing, labor associated with reviewing and sorting the checks, envelopes, handling, and postage. Altogether, in 1999 these costs totaled \$1.20 per pay stub. Adjusted for inflation, those costs could now total \$1.32 per pay stub as calculated by AOS. In addition to the increased payroll costs, internal controls can also be weakened by providing paper paychecks to employees.

According to the Office of the Comptroller of the Treasury (U.S. Treasury Department, 2005), organizations that issue paper checks are at an increased risk of check fraud, which leaves the organization susceptible to internal control breaches that will cause significant financial harm. By using direct deposit, the likelihood of lost or stolen checks is eliminated. Also, tracking unclaimed or uncashed checks is a difficult, costly, and inefficient process that uses labor time that can be better spent on other duties. It should be noted that no instances of fraud were detected and the Treasurer noted no concerns with internal controls.

R9 Ensure accurate coding of all debt service expenditures.

During the course of the audit, the Treasurer changed the method for expenditure coding. The changes stem from debt service expenditures that were recorded from an incorrect fund, one that is recorded as part of the inclusion report.

The District believes this new coding will lead to more accurate EFM reports and provide a clearer picture of the District's financial standing. Also, the District will be better able to reliably identify areas for cost reduction by knowing exactly how much it spends in each area.

R10 Update the formal agreement with the Cloverleaf Recreation Center.

The Cloverleaf Recreation Center was built in 1998 and opened for operation in 1999, as the result of a joint venture between the CLSD and local business leaders. The District accepted the Recreation Center on the condition that it would be self-sufficient. The District and the recreation center entered into an operating agreement in 1998 that defined the relationship between the two entities. This agreement has never been amended. Since the original operating agreement, the District and the Recreation Center have informally altered the arrangement. For instance, the operating agreement states that the Treasurer's office is responsible for paying all of the recreation center's utility bills. In reality, the Recreation Center pays its water bill and contributes \$12,000 a year toward electric costs. The current relationship between the Center and the District is significantly different than defined in the formal agreement.

By updating and amending the operating agreement, the District and the Recreation Center can provide a clearer sense of their respective roles in maintaining and operating the Center. An updated agreement would also result in less confusion for outside observers as they attempt to understand the relationship between the two entities and prevent the appearance that one or both parties are violating the agreement due to the current informal arrangements.

R11 Ensure data accuracy of EMIS staff coding.

During the course of the performance audit, AOS found that certain teachers were reported more than once due to lead/mentor teacher roles and other additional duties. The error was corrected, and with the assistance of the EMIS Coordinator, staffing data was adjusted to ensure it was accurate. Prior to the data correction, our analysis showed the District was significantly overstaffed for this position code and a staffing reduction would have been recommended. However, after finding this reporting error, the staffing levels were found to be much lower than the peer average.

ODE developed and implemented EMIS to assist school districts in effectively and efficiently managing student and personnel data. All school districts are required to provide specific student, staff and financial data to ODE for processing. Entering data correctly helps to ensure accuracy in staffing and student counts, comparability between school districts and appropriate funding allocations from ODE, as regular education expenses are included in the State funding formula. The data entered into EMIS can be used by school districts when making decisions, including required staffing levels. Reporting errors can affect how districts compare to one another but in this case, CLSD looked overstaffed when in fact those additional people did not exist.

R12 Renegotiate contracts to re-align administrator salaries and retirement contributions.

School districts in Ohio are required to administer payments into two retirement plans: the State Teachers Retirement System (STRS) for teachers and other certificated staff, and the School Employees Retirement System (SERS) for classified positions. Ohio law mandates the contribution percentages to be made by employers and employees. Employers are required to contribute a minimum of 14 percent of each employee's annual salary to the appropriate retirement fund. Employees are responsible for contributing 10 percent. CLSD goes beyond the STRS and SERS requirements and pays the entire 10 percent employee share (known as *pickup*), plus an additional portion of salary (up to 1.0 percent depending on the position) for fifteen administrative employees. The peers that pay fringe benefits to administrative employees do so for far fewer positions, and four districts in the peer group do not pay it for any position. Although the average base salary for administrators in FY 2011-12 was 3 percent below the peer average, the District is 15 percent above the peer average for total compensation, which includes pickup contributions.

According to the Treasurer, the Board's practice of paying the employees share of retirement saves money because it allows CLSD to pay an employee less in base salary. As a way of illustrating the point, the Treasurer submitted a spreadsheet showing that hypothetically paying an employee \$90,000 base salary plus paying the additional fringe benefits for retirement contributions, the total costs to the District is \$113,805. According to the Treasurer's assumptions, if the District paid the same person \$100,000 in base salary and did not pay any additional retirement benefits, the total cost of that person would be \$115,450, a difference of an additional \$1,645. However, this assumption only shows one part of the possible options. Given the same \$90,000 base salaried person, if the District increased this person's pay to \$98,575 and paid no additional retirement contributions, this employee would have a total cost of \$113,805, which would mean no additional costs for the District.

Paying the employee share of retirement contributions allows some districts to control administrative salary costs and attract administrative personnel by offering these fringe benefits in lieu of a higher salary. However, offering this benefit to employees can be costly as it is rarely factored into total compensation calculations. Given that the District is in fiscal emergency, CLSD could re-align administrators' base salaries to reflect total compensation and cease paying the employee's share of retirement contribution. The effect would not increase costs to the District and would increase transparency in how administrators are compensated.

R13 Implement a comprehensive facilities master plan.

The District has started to outline a capital improvement plan, but does not have a comprehensive facilities master plan. The Director of Maintenance and Grounds indicated that a capital plan will include a classroom enhancement component, using permanent improvement funds to update all aspects of the current classrooms in the middle and high schools. The plan will be completed with a list of priorities and implementation schedule by June 2013 to encompass the next 5 to 7 years. Since the District has experienced declining enrollment, comprehensive facility planning can help make the best use of scarce resources.

Enrollment data shows that District enrollment has declined since FY 2010-11 by 99 students, a faster rate than the previously projected enrollment. Current District-wide facility utilization is at 81.3 percent, below the industry benchmark of 85 percent for full building capacity use. District capacity projections for FY 2017-18 estimate the District will be at 68.7 percent utilization, with the elementary having the lowest utilization at 66.2 percent.

According to *Creating a Successful Facility Master Plan* (DeJong, 2001), a school facility plan should clearly state what buildings will be kept, reutilized or renovated. A capital improvement plan should be an element of a larger facilities master plan. This larger plan should also be built on data and address only those facility updates related to the desired educational program. All improvements and reorganization regarding facilities should center on the District's curriculum goals and enrollment planning.

A methodology that accounts for CLSD's needs, educational programs and philosophy should be formally adopted by the District and used to determine school building utilization. If historical enrollment trends continue, the District's functional capacity utilization in each building will continue to drop, which means the District should also include a course of action in its facilities plan to prepare for those eventualities should they occur.

R14 Compare shared service and fuel procurement options.

Historically, the District has compiled and tracked total fuel expenditures at the end of each month, but not broken out by individual bus. Since the District does not have fuel tanks on-site, and must purchase fuel at a local service station, tracking fuel usage can be difficult. Tracking fuel expenditures by bus would allow the District to more effectively monitor fuel acquisition and usage to deter against theft and misuse as well as assist in planning and budgeting.

The District explored installing its own fuel tanks, but determined that the investment and EPA compliance costs would be too high given its current financial position. Instead, the District uses a purchase order process to obtain diesel fuel from a local service station. The service station gives the District a discount on its fuel due to the volume of diesel fuel purchased. Further, the District is exploring a shared fuel contract with a local trucking company in order to procure fuel at a lower price.

Barberton City School District partners with the City of Barberton to share a fuel depot. The combined purchasing allows for significant savings on fuel costs, and avoids the cost associated

with operation of the fuel depot since the City of Barberton is responsible for storing, securing, and insuring the fuel. According to the Assistant Treasurer, the District has experienced significant cost savings. The Assistant Treasurer was unable to provide a total cost savings, but estimated that for the 20-bus fleet, the District has saved at least \$1 per gallon on fuel.

According to the Office of the New York State Comptroller (2007), school districts can monitor fuel usage and prevent theft and misuse by implementing the following recommendations:

- The Board of Education should adopt written, comprehensive internal control policies and procedures for fuel acquisition and usage.
- District officials should reconcile fuel usage and inventory to the fuel receipts.
- The District should perform periodic analytical reviews of fuel usage and purchases and follow up on any material differences or irregularities.

Exploring shared service options and negotiating a favorable contract with a local fuel vendor could assist the District in procuring fuel for one low, consistent price. Consistently monitoring fuel acquisition and usage will also allow the District to more accurately forecast the amount of fuel each bus will use in a given year, and will provide a way to calculate other important statistics such as miles per gallon on a per active bus basis. Further, developing and implementing sound internal controls will also deter potential fuel theft and misuse, given the sharp increase in fuel prices over the past years.

R15 Align food service labor hours at the high school with industry benchmarks.

Table 11 compares CLSD's Food Service Fund expenditures on a per meal equivalent basis to industry standards for FY 2011-12.

Table 11: Meals Per Labor Hour Comparison

Building	Meal Equivalents Served per Day	Daily Labor Hours	MPLH	Industry Benchmark	Over / (Under) Industry Benchmark	Total Labor Hours Required	Equivalent Labor Hours Over/(Under)
Cloverleaf High School	575	41.8	13.8	17.0	(3.2)	33.8	7.9
Cloverleaf Middle School	531	26.5	20.0	17.0	3.0	31.2	(4.7)
Cloverleaf Elementary	1055	50.3	21.0	21.0	0.0	50.3	(0.0)
Total	2161	118.5			(0.2)	115.3	3.2

Source: FY 2011-12 CLSD MR 31 reports, MR 60 reports, and monthly cash receipts reports.

As shown in **Table 11**, a comparison to industry benchmarks indicates the District was slightly above the industry labor hour standard by 3.2 hours. The District operates under a conventional system, preparing all meals on site and making limited use of convenience foods. Pannell-Martin, a leading source for school district food service efficiency research, indicates that a conventional system that is preparing 901 or more meals per labor hours (MPLH) should be above 19.0 hours and optimally around 21.0 hours. The high school prepares an average of 575

meal equivalents served per day and has a meals per labor hour ratio of 13.8. The industry benchmark for 501-600 or more meals is 17.0 MPLH. The high school is 3.2 MPLH below the industry benchmark. The middle school prepares an average of 531 meal equivalents served per day and has a meals per labor hour ratio of 20.0. The industry benchmark for 501-600 or more meals is 17.0 MPLH. The middle school is 3.0 MPLH above the industry benchmark. The elementary school prepares an average of 1055 meal equivalents served per day and has a meals per labor hour ratio of 21.0. The industry benchmark for 901 plus meals is 21.0 MPLH. The elementary school is at the industry benchmark.

The high school currently operates with 3 more daily labor hours than the industry benchmark. According to the Food Service Director, CLSD will open a new stand-alone kitchen at the middle school next school year. This will eliminate the need to bring meals from the high school to the middle school. The Food Service Director indicated plans to shift one 3.0 hour staff person from the high school to the middle school to accommodate the increased need for labor. Based on the analysis, the District should implement this proposed re-alignment of staff to bring the high school in line with the benchmark.

Appendix

CLSD had a Performance Audit completed in 2004. Out of 27 recommendations, 48 percent of the prior recommendations were implemented, 26 percent were partially implemented, and 11 percent were not implemented. 15 percent were no longer applicable for a variety of reasons, as noted in the table.

2004 Performance Audit Implementation Status

Recommendation	Status
R2.1 The District should include the renewal levy in its forecast and exclude the effect of a new levy. The District should determine the need to renew the 5.9 mill levy in 2006	N/A: Levy passed in 2006.
R2.2 The District should review its property tax allocation methodology to use the historical ratio of property tax allocation receipts to real estate property tax receipts.	N/A: New treasurer in place in 2012.
R2.3 The District should encourage and provide the resources for the treasurer to annually attend the Ohio Association of School Business Officials (OASBO) training to continually update forecasting skills using the forecast spreadsheet program.	N/A: New treasurer in place in 2012.
R2.4 CLSD should closely examine the spending patterns and identify activities and functions that have an opportunity for cost reductions without impacting the quality of education.	Implemented: Cuts and cost savings of \$6.1 million since 2008, performance index score went from 98.3 to 101.6 (2012).
R2.5 CLSD should review the athletic program and implement procedures to reduce the reliance on transfers from the General Fund to the athletic fund by reviewing its pay-to-play policy and considering a gender-equitable reduction in sports offered.	Partially Implemented: Superintendent evaluated pay to play, he found that \$250 fee was justified and should continue.
R2.6 The treasurer should identify all of the costs related to operating the recreation center. The recreation center's operating agreement should be updated to reflect current practices and should specify the allocation of charges, including amounts set aside for capital improvements, maintenance and potential deficits.	Partially Implemented: Costs are delineated more now. Utilities are tracked separately
R2.7 CLSD should consider implementing the recommendations in this performance audit along with other appropriate actions to help rectify its projected deficits. In addition, Cloverleaf LSD should update the financial recovery plan on an ongoing basis as critical financial issues are addressed, change or emerge.	N/A: In 2012, district placed into emergency. New recovery plan created.
R3.1 CLSD should develop policies and procedures to ensure that it prepares and reconciles accurate reports for submission to the Educational Management Information System (EMIS) managed by the Ohio Department of Education (ODE).	Partially Implemented: Reissued
R3.2 CLSD should consider reducing the telephone operator position by using the current automated system and reassigning duties to other clerical positions.	Implemented: Cut this position in 2009
R3.3 During future certificated contract negotiations, CLSD should seek to minimize cost of living increases (COLAs), to be consistent with the treasurer's forecasted COLA increases (see the financial systems section), or alter the certificated salary step schedule. Doing so would bring salary levels more in line with peer districts and improve the District's financial condition.	Implemented: Per HR analyses, the District's salaries are below the peer average.

Recommendation	Status
R3.4 During future contract negotiations, CLSD should seek changes to its health insurance coverage so that all employees pay a larger portion of the monthly premium cost for health insurance. District should seek a 10 percent employee contribution from employees working seven hours or more. Furthermore, CLSD should periodically compare rates between the consortium and other providers through a competitive bidding or request for proposal process.	Implemented: Now all certificated and several classified staff pay at least 15% toward health insurance. District joined Council for Governments (COG) for insurance.
R3.5 CLSD should adjust its graduated scale for part-time employee contributions to health care premiums by increasing contribution levels according to the number of hours worked by part-time employees.	Implemented: Part-time employees pay more toward benefits and staff must work 6 hours or more to be eligible for benefits.
R3.6 CLSD should strive to reduce the amount of sick leave used by its classified employees by establishing a sick leave policy and negotiating its inclusion in the next classified contract, along with a provision requiring physician's statements for extended absences.	Partially Implemented: Reissued
R3.7 During future contract negotiations, CLSD should seek to decrease the vacation accrual rate for classified employees. Doing so would increase productivity and could reduce overtime and substitute costs.	Not Implemented: Reissued
R3.8 During future contract negotiations, CLSD should seek to decrease the maximum number of sick leave days paid out at retirement for its certificated and classified employees from 75 days to the peer average of 63 days.	Not Implemented: Reissued
R3.9 During future contract negotiations, CLSD should seek to decrease the number of holidays paid for classified employees from 12 days per year to 10 for 12 month employees, and from 8 days per year to 7 for employees working less than 12 months.	Not Implemented: Reissued.
R4.1 Building capacity and utilization should be reviewed periodically in conjunction with an enrollment projection process to determine the appropriate number of school buildings and classrooms needed to house the current and projected student population.	Implemented: District consolidated down to 3 buildings in 2012. Since 2008, Superintendent projects enrollment annually to ensure that the District is staffing appropriately.
R4.2 In addition to the reduction of 2.5 custodial FTEs, CLSD should reduce staffing by an additional 4.2 FTE custodians.	Implemented: Cut 5.5 FTE in custodians, implementing standards, had Rose Hilyard do studies for them.
R4.3 CLSD should consider reducing either the assistant director position or support staff dedicated to buildings and grounds by pooling and sharing administrative staff with other departments, and appropriately reassigning duties.	Implemented
R4.4 CLSD should develop and implement a comprehensive master facilities plan. In addition, the District should use its computerized work order system and PM program to help guide decisions about capital and permanent improvements. Furthermore, Cloverleaf LSD should consider establishing a Board committee to address facilities and operation's needs.	Partially Implemented: District is in the process of implementing this recommendation..
R4.5 CLSD should develop a formal written energy policy to maximize the use of its computerized energy management system.	Partially Implemented: District is in the process of implementing this recommendation.

Recommendation	Status
R4.6 CLSD should strive to make as many purchases as possible through consortia and group purchasing agreements. Purchasing from state contracts should also be considered when appropriate, to allow the District to receive established discounts. Moreover, the Board should amend the District purchasing policy to further help control and reduce costs, similar to the peers. This could be accomplished by requiring a bidding process and price quotations, participating in volume purchasing through a consortium; and limiting the number of purchased services.	Implemented
R5.1 Since the District will not be renewing the transportation director's contract, it should reassign the position's duties in a manner that reduces staff dedicated to managing and supporting the transportation department.	Implemented: In 2006, the Director left. In 2008, the Superintendent eliminated 2 part-time secretaries who both got benefits. Now, the Department has 1 full-time secretary and 1 director.
R5.2 CLSD should increase the use of the Education Logistics (Edulog) routing software system currently in place, and upgrade the system to the most current version. The District should also work in a concerted effort with Medina County's Educational Service Center (MCESC) to create greater efficiencies within the District's current system.	Implemented: The District keeps Edulog up-to-date and has cut bus routes.
R5.3 CLSD should continue to investigate strategies to reduce its special needs transportation costs.	Implemented: District increased its payment in lieu and negotiated a deal with the county transit for special needs students.
R5.4 CLSD should use competitive bids or requests for proposals (RFPs) when purchasing fuel to ensure accountability for District funds and reduce transportation costs.	Implemented: District negotiates with local vendors for fuel.
R5.5 CLSD should develop a formal bus replacement plan and include it in the District's capital plan and financial forecast. In conjunction with the bus replacement plan, The District should also develop a formal bus preventive maintenance (PM) program. In addition, CLSD should use computer software to record and track all bus maintenance activities and individual bus mileage.	Partially Implemented: CLSD generally replaces 3 busses per year. All departments submit a 5 year capital plan, but some items can't be funded due to the fiscal condition. Last time, they bought used busses.

Client Response

The letter that follows is the official response of the Cloverleaf Local School District to the performance audit. Throughout the audit process, the District was afforded the opportunity to provide input and feedback on the factual basis for the analyses. When the District disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report. In addition, the District was also asked to provide comments on the report itself.



Cloverleaf Local Schools

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May 3, 2013

Mr. Dave Yost
Auditor of State
88 East Board Street
Fifth Floor
Columbus, Ohio 43215

Dear Mr. Yost:

The Cloverleaf Local School Board and the Administration would like to thank the Performance Audit Team for the time and effort in completing the most recent Performance Audit. We feel the Audit Team was respectful of our time and provided feedback throughout the audit.

We understood it would be extremely difficult to identify additional cost savings due to having already endured over \$6.6 million in cuts which includes staffing reductions of over 70 employees in the last five years.

The District will fully evaluate the practicality of implementing the recommendations to improve efficiencies. However, we do feel that it is important for the community to understand the difficulties in implementing recommendations related to negotiated items for both union groups and administrative contracts with the expectation of nothing to be given in return. Moreover, the District has made great strides in minimizing personnel costs as reflected in the audit by having an average salary cost of \$5,900 less than the peer average. The Administration will continue to reduce cost when possible, but we must balance overall cost with achieving our goal of providing a high quality education to every student.

Thank you for your time.

Sincerely,

Daryl Kubilus
Superintendent

James Hudson
Treasurer



Dave Yost • Auditor of State

CLOVERLEAF LOCAL SCHOOL DISTRICT

MEDINA 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
MAY 16, 2013**