



Dave Yost • Auditor of State



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

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

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2014

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Executive Summary

Purpose and Scope of the Audit

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

The following scope areas were selected for detailed review and analysis in consultation with the District, including financial management, human resources, facilities, transportation, and food service. See **Appendix 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, the following five Ohio school districts were identified as peers: Girard City School District (Trumbull County), Ironton City School District (Lawrence County),

North College Hill City School District (Hamilton County), Struthers City School District (Mahoning County), and Washington Court House City School District (Fayette 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. Sources of industry standards or leading practices used in this audit include: Ohio Administrative Code (OAC), 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), and the National Center for Education Statistics (NCES).

Employee compensation can be impacted by factors outside District management's direct control, such as geographic location and surrounding district competition. For this reason, comparisons related to compensation were made to a select group of four districts, referred to as the surrounding districts. The surrounding districts include: Edison Local School District (Erie County), Fairview Park City School District (Cuyahoga County), Keystone Local School District (Lorain County), and Warrensville Heights City School District (Cuyahoga County).

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

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices identified as result of the objectives in this audit. The following summarizes a noteworthy accomplishment concerning the District's transportation operations.

- **Transportation:** In FY 2012-13, the District incurred lower total expenditures to transport students when compared to its peers, spending less in maintenance and repairs, fuel, and insurance. The District was able to accomplish this by utilizing routing software, having preventative maintenance and bus replacement policies, and only transporting elementary and middle school students. See **Table B-4** in **Appendix B**.

Issues for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. During the course of the audit, the following issues not included in the scope were identified that could potentially yield improvements to operations through further examination by the District:

- **Create a plan to maximize open enrollment:** In FY 2012-13, the District accepted 608 full-time open enrollment students which generated approximately \$5,700 per student. The District indicated it has a waiting list for open enrollment students for all grade levels. Increasing the amount of open enrollment would largely depend on the number of District student enrollment, the grade levels of open enrollment students, staffing levels per grade, and building utilization rates (see **Table B-5**). The number of additional open enrolled students educated by the District can vary year to year as will student to teacher ratios (see **R.1**). Increasing the number of open enrolled students without increasing staffing levels could increase revenue to help offset operating deficits.
- **Develop guidelines for building cleanliness:** Developing board policies for the use of substitute cleaners would help to ensure additional spending on cleaning services is warranted. When a regularly scheduled cleaner is absent from work, the District will try to fill the vacancy with another cleaner or call in a substitute cleaner if necessary. The collective bargaining agreement contains no language stating that an absent cleaning position must be filled. In FY 2012-13, the District spent approximately \$13,000 on substitute cleaners while employing more cleaners than recommended by industry benchmarks (see **R.4**).
- **Seek qualified bids to supply food services:** The Food Service Fund incurred operating deficits in FY 2011-12 and FY 2012-13. In FY 2012-13, the District received revenue of \$2.99 per meal but spent \$3.21 in production costs. The difference between revenue and expenditures per meal may be large enough to seek outside bids if the District cannot reduce food service expenditures below revenues. Outsourcing the food service operations would largely depend on the quotes obtained from contractors being lower than the Districts expenditures per meal.

Summary of Recommendations

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

Summary of Recommendations

Recommendations		Savings
R.1	Eliminate 8.0 full-time equivalent (FTE) general education teacher positions	\$397,200
R.2	Eliminate 4.0 FTE education service personnel (ESP) positions	\$307,500
R.3	Detail job responsibilities and workload metrics for each B&G employee	N/A
R.4	Eliminate 2.3 FTE building and grounds (B&G) positions	\$39,500
R.5	Negotiate reduced compensation levels for select salary schedules	\$51,000
R.6	Renegotiate contract language	\$48,800
R.7	Improve budgeting practices	N/A
R.8	Make retirement fringe benefits transparent	N/A
R.9	Implement an energy management plan to help reduce utility costs	\$43,900
R.10	Ensure a positive Food Service Fund balance	N/A
R.11	Develop education management information systems (EMIS) procedures	N/A
R.12	Increase financial communication	N/A
Total Cost Savings from Performance Audit Recommendations		\$887,900

The following table shows the District's ending fund balances as projected in its May 2014 Five Year Forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

Financial Forecast with Performance Audit Recommendations

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Original Ending Fund Balance	\$58,290	(\$134,502)	(\$1,158,015)	(\$3,416,354)
Cumulative Balance of Performance Audit Recommendations	\$887,900	\$1,775,800	\$2,663,700	\$3,551,600
Revised Ending Fund Balance	\$946,190	\$1,641,298	\$1,505,685	\$135,246

Source: CLSD May 2014 five-year forecast and performance audit recommendations

While the performance audit recommendations are based on the District's operations during FY 2013-2014, implementation of all recommendations may not be possible immediately, as some recommendations require contract negotiations and others would not be implemented until the start of a new fiscal year. As shown in the table, by implementing the performance audit recommendations contained in this report, the District's ending fund balance would increase from an approximate \$3.4 million deficit to a surplus of over \$135,000 in FY 2017-18.

Background

The District incurred operating deficits in FY 2010-11 and FY 2011-12, but posted a surplus in excess of \$127,000 in FY 2012-13 primarily due to the issuance of tax anticipation notes. According to the CLSD May 2014 Five Year Forecast, the District is projecting operating deficits starting in FY 2013-14 and extending through FY 2017-18.

Table 1 shows CLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in its May 2014 Five Year Forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of conditions leading to fiscal status designation by AOS and ODE.

Table 1: CLSD May 2014 Five Year Forecast Overview

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total Revenue	\$14,464,142	\$14,881,245	\$14,786,647	\$14,231,038	\$13,354,061
Total Expenditure	\$14,520,521	\$14,909,419	\$14,979,439	\$15,254,551	\$15,612,400
Results of Operations	(\$56,379)	(\$28,174)	(\$192,792)	(\$1,023,513)	(\$2,258,339)
Beginning Cash Balance	\$192,844	\$136,465	\$108,291	(\$84,501)	(\$1,108,014)
Ending Cash Balance	\$136,465	\$108,291	(\$84,501)	(\$1,108,014)	(\$3,366,353)
Encumbrances	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Ending Fund Balance	\$86,465	\$58,290	(\$134,502)	(\$1,158,015)	(\$3,416,354)

Source: CLSD May 2014 Five Year Forecast

As shown in **Table 1**, the District is projecting a deficit of over \$134,000 in FY 2015-16. This deficit condition is a direct result of expenditures continuing to outpace revenues and depleting cash balances over the forecast period. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$3.4 million by FY 2017-18.

Eliminating future deficits can be accomplished by decreasing expenditures, increasing revenue, or a combination of both. ODE's Local Tax Effort Index¹ is a tool designed to reflect the extent of effort the residents of a school district make while considering the residents' ability to pay. In FY 2012-13, CLSD's Local Tax Effort Index was 1.31. The average of the peer districts was 1.14, indicating slightly higher levels of means-adjusted local support that are above the Statewide average. Also, the District has a large influx of open enrollment students which represents 40 percent of the District's students. The District foundation settlement payment from open enrollment equals 37.1 percent of total revenue received from State funding compared to the peer average of 2.3 percent. This provides the District with some control over future revenue generation because the District has reasonable control over its student population levels. If the District can increase revenue, it may be able to address the projected deficits with fewer reductions to services.

¹ A value of 1.00 indicates average local tax support, while values below 1.00 or above 1.00 reflect below average or above average support, respectively.

Table 2 shows the District's FY 2012-13 expenditures per pupil (EPP) compared to the peer average.

Table 2: Expenditure per Pupil (EPP) Peer Comparison

	CLSD	Peer Average	Difference	Percent Difference
FTE Students ¹	1,620	1,771	(151)	(8.5%)
Salaries & Wages	\$5,053	\$4,686	\$367	7.8%
Employee Benefits	\$1,797	\$1,673	\$124	7.4%
Purchased Services	\$1,227	\$1,331	(\$104)	(7.8%)
Supplies and Materials	\$157	\$307	(\$150)	(48.9%)
Capital Outlay	\$65	\$18	\$47	261.1%
Other Objects	\$70	\$210	(\$140)	(66.7%)
Other Use of Funds	\$319	\$59	\$260	440.7%
Total Expenditure per Pupil (EPP)	\$8,688	\$8,284	\$404	4.9%

Source: ODE

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

As shown in **Table 2**, the District's FY 2012-13 EPP exceeded the peer average by 4.9 percent. The District spent more than the peers in salaries and wages, employee benefits, capital outlay, and other use of funds. Salaries and wages and employee benefits were examined further in **R.5**, and **Table B-3** while differences in EPP for capital outlay and other use of funds were a result of upgrades to technology and bond retirement.

Recommendations

R.1 Eliminate 8.0 full-time equivalent (FTE)² general education teacher positions

General education teachers instruct students in a regular classroom environment. Ohio Administrative Code (OAC) § 3301-35-05 requires the ratio of general education teachers to students, district-wide, to be at least 1.0 FTE classroom teacher for every 25 students in the regular student population. This category excludes teaching staff in other areas such as gifted, special education, and education service personnel (ESP) teachers. With 68.7 FTE general education teachers, CLSD is operating 13 percent above the State minimum requirements.

Table 3 presents two options for staffing reductions in which the District would continue to operate within State requirements for general education teacher staffing levels based on FY 2013-14 data.

Table 3: General Education Teaching Ratios

General Education Teacher FTEs				68.7
Regular Student Population				1,507
Options	Staffing Ratio by Option (Students: Teachers)	Proposed Staffing for each Option	Difference Above / (Below)	Annual Savings
Option 1, 10% Above State Minimum	22.5:1	66.3	2.4	\$96,400
Option 2, State Minimum	25:1	60.3	8.4	\$397,200

Source: CLSD, ODE, OAC

Note: The position reductions used to calculate an annual savings for each option were rounded down to the nearest full FTE.

As illustrated in **Table 3**, CLSD could reduce 8.4 general education FTEs and continue to operate within the State minimum requirements. While it is not a common practice in Ohio to operate at or near State minimums, CLSD may need to make significant staffing reductions to address potential deficits if savings cannot be identified and achieved in other areas of operation. If the District is successful in increasing revenues or reducing expenditures in other operational areas, making smaller reductions in general education FTEs (such as Option 1) may be sufficient to maintain positive fund balances.

The selection of one of these options, or some other staffing ratio of the District's choosing, is ultimately District management's responsibility based on the needs and desires of the community stakeholders. Those decisions must be balanced, however, with its fiduciary responsibility to adapt to the financial realities in the District and maintain a solvent operation.

² According to the *FY 2013 EMIS Reporting Manual* (ODE, 2013) instructions for reporting staff data, an FTE is defined as the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district.

Financial Implication: Eliminating 8.0 FTE general education teachers could save approximately **\$397,200** in salaries and benefits annually. This savings was calculated using the average of the eight lowest paid teacher salaries (\$36,706) and includes average benefit percentage of 35.3 percent. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.2 Eliminate 4.0 FTE education service personnel (ESP) positions

The ESP category includes librarians, media specialists, social workers, visiting teachers, counselors, nurses, and kindergarten through eighth grade art, music, and physical education teachers. OAC § 3301-35-05 requires that school districts employ a minimum of 5.0 FTE ESP for every 1,000 students in the regular student population. **Table 4** presents three options for staffing reductions in which the District would continue to operate within State requirements for ESP staffing levels based on FY 2013-14 data.

Table 4: FY 2013-14 ESP Staffing Comparison

Educational Service Personnel FTEs	12.3 ¹		
Regular Student Population	1,507		
Options	Proposed Staffing per 1,000 students	Difference Above / (Below)	Annual Savings
Option 1, 20% Above State Minimum	9.0	3.3	\$ 220,800
Option 2, State Minimum	7.5	4.8	\$ 307,500

Source: CLSD and OAC

¹ Includes 2.0 FTE art teacher, 2.8 FTE music teachers, 2.5 FTE physical education teachers, 3.0 FTE counselors, 1.0 FTE media specialist, and 1.0 FTE nurse.

Table 4 presents two options for reducing ESP staffing. Option 2 should provide CLSD with sufficient cost savings, when coupled with other recommendations, to eliminate projected year end General Fund deficits and provide District administrators time to assess the impact these reductions may have on educational programs prior to making additional reductions if it is deemed necessary.

The selection of one of these options, or some other staffing ratio of the District's choosing, is ultimately District management's responsibility based on the needs and desires of the community stakeholders. Those decisions must be balanced, however, with its fiduciary responsibility to adapt to the financial realities in the District and maintain a solvent operation.

Financial Implication: Eliminating 4.0 FTE ESP positions would save approximately **\$307,500** per year in salaries and benefits. This savings was calculated using the average of the four lowest paid ESP salaries (\$56,841) and includes an average benefits ratio of 35.3 percent. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.3 Detail job responsibilities and workload metrics for each B&G employee

CLSD physical facilities consist of one elementary school, a middle school, a high school, a bus garage, and a maintenance garage. The District employs three full-time building maintenance employees that are responsible for completing work orders; general upkeep of the District's heating, ventilation, and air conditioning (HVAC); snowplowing; and grounds maintenance. The District also employs 17 part-time cleaners that are responsible for the sweeping and mopping of floors, breakfast and lunch cafeteria cleanup, and disinfecting tables, desks, and bathrooms.

All cleaner positions are nine month employees that work less than 30 hours per week. Because of this, the District hires an additional 16 part-time summer cleaners. Summer cleaners are employed from the end of the school year until the beginning of the new school year and work 29 hours per week. Summer cleaners are responsible for cleaning and disinfecting every chair, table, desk, window, wall, and locker in the District. Summer cleaners are also responsible for stripping and waxing all of the floors and cleaning all of the carpeting in the District. CLSD also hires an additional five part-time summer maintenance employees who are responsible for indoor and outdoor painting, mulching, plant pruning, outdoor trash removal, and small repair jobs. Lastly, the District hires two part-time seasonal grounds-keeping employees dedicated to mowing all of the grass in the District and maintaining the baseball, football, and band practice fields from the beginning of May until the beginning of November.

Table 5 shows the number of positions and the number of estimated FTEs for each facilities function.

Table 5: CLSD Facilities Staffing Breakdown

Function	Number of Positions	Estimated FTEs	Difference
Cleaner	33.0	9.5	23.5
Building Maintenance	8.0	2.8	5.2
Grounds-keeping	2.0	1.8	0.2
Total	43.0	14.1	28.9

Source: CLSD

Table 5 shows CLSD has 43 employees that are responsible for completing the building and ground functions (B&G) for the District. The District classifies its B&G employees as either cleaners or building maintenance. However, the Facilities Manager indicated that building maintenance employees also spend varying amounts of time completing grounds-keeping duties. When the functional responsibilities of the B&G employees are considered based on the estimates from the Facilities Manager, **Table 5** shows that CLSD employs 14.1 total FTEs for its facilities function.

The Planning Guide for Maintaining School Facilities (NCES, 2003) indicates that "...school facilities maintenance affects the physical, education, and financial foundation of the school organization and should therefore, be a focus of both its day-to-day operations and long-range management priorities..." The NCES goes on to state "...to assess staff productivity, the organization must establish performance standards and evaluation criteria."

CLSD does not formally track the actual time it takes staff to complete their various functional responsibilities. In addition, CLSD does not regularly use performance/workload measures to ensure appropriate staffing levels. To develop the FTE comparisons shown in **Table 5**, the District had to estimate the amount of time maintenance, summer maintenance, and seasonal employees spend on the grounds-keeping function. The lack of accurate employee time allocations and performance measurement increases the risk of making inefficient long-term staffing decisions.

CLSD should review the various activities performed by facility staff to accurately capture the time for each function. Subsequently, the District should periodically compare its staffing levels and workload measures to industry benchmarks (see **R.4**), and use this information for future decision-making.

R.4 Eliminate 2.3 FTE building and grounds (B&G) positions

Table 6 provides a summary of CLSD B&G staffing workload metrics in comparison to selected benchmarks.

Table 6: B&G Department Staffing Need

Grounds-keeper Staffing	
Grounds FTEs	1.8
Acreage Maintained	54.8
Acres Maintained per FTE	30.4
AS&U Benchmark - Acres per FTE Grounds-keeper	40.2
Difference	(9.8)
Calculated FTE Grounds-keeper Need	1.4
Cleaning Staffing	
Cleaning FTEs	9.5
Square Footage Cleaned	234,454
Square Footage Cleaned per FTE	24,679
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Difference	(4,821)
Calculated FTE Cleaning Need	7.9
Maintenance Staffing	
Maintenance FTEs	2.8
Square Footage Maintained	238,014
Square Footage Maintained per FTE	85,005
AS&U Benchmark - Square Footage per Maintenance FTE	94,872
Difference	(9,867)
Calculated FTE Maintenance Need	2.5
Total B&G Staffing	
Total FY 2012-13 B&G FTE Staffing	14.1
Benchmarked Staffing Need	11.8
Total Staffing Reduction Needed	2.3

Source: CLSD, AS&U Maintenance and Operations Cost Annual Study and NCES

Eliminating 2.3 FTE B&G staffing positions would result in staffing levels more consistent with suggested industry averages and national benchmarks. Such a reduction could be accomplished

by making each staff member responsible for cleaning a larger area or sharing cleaners between buildings. The District could also require maintenance staff to perform more grounds-keeping functions, making better use of staff while reducing the amount spent on temporary labor contracts for summer help. A reduction in staffing levels would increase operating efficiency and reduce salary and benefit costs.

As shown in **Table 6**, the overall B&G staffing is 2.3 FTEs over the calculated staffing need based on the national benchmarks. Higher B&G staffing than levels recommended by national benchmarks may cause CLSD to allocate scarce resources to non-essential functions. By reducing staff in this area, the District can realize savings in the General Fund and help offset future projected deficits.

Financial Implication: Eliminating 2.3 FTE B&G positions would save approximately **\$39,500** in salaries annually. This savings was calculated based on the B&G hourly rate of \$8.27. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.5 Negotiate reduced compensation levels for select salary schedules

For FY 2013-14, classified staff compensation rates including base rates, step increases, and maximum pay were examined in comparison to the surrounding district average in the following categories: cleaners, clerical secretaries, food service workers, and bus drivers.

With the exception of the cleaners, each comparison showed that CLSD's hourly rates were higher than the surrounding district's average at each step in the salary schedule. **Table B-2** in **Appendix B** illustrates each position compared to the surrounding district average. Based on FY 2013-14 salary schedules the District could save approximately \$17,000 per year by freezing these position steps.

Additionally, the District is paying nine and ten month classified employees that work at least 30 hours per week ten days' worth of pay, usually over winter and spring breaks. As stated in **R.6**, the ORC does not indicate these employees are required to be given paid time off. Based on FY 2013-14 data, if the District negotiated to remove this additional compensation CLSD could save \$34,000 per year.

Successful renegotiation of salary and step schedules for new clerical-secretary, bus drivers, and cafeteria employees will allow the District to offer compensation that is competitive regionally while constraining future personnel costs. Then by implementing step freezes for current clerical-secretary, bus drivers, and cafeteria employees and by renegotiating the District's paid time off provision for the nine and ten month employees, the District will have better control over current employment costs.

Due to projected deficits in its five-year forecast, District administrators must consider all areas of operations when attempting to reduce expenditures. Although teacher salaries are lower than surrounding peer districts (see **Table B-2**), school districts cannot operate with a cash deficit as shown in **Table 1**. If the District cannot eliminate its deficit, implementing a freeze on certificated step increases would generate additional annual savings of approximately \$88,000.

Financial Implication: Implementing a step freeze on food service, bus drivers, and clerical-secretaries' staff and renegotiating the District's nine and ten month classified employees vacation provision would generate savings of **\$51,000³** per year.

R.6 Renegotiate contract provisions

CLSD has entered into collective bargaining agreements (CBAs) with the Clearview Education Association and the Ohio Association of Public School Employees. A comparison of these CBAs to the peer contracts found that provisions for CLSD employees were comparable. Due to the District's financial condition, a further comparison was made to ORC minimum requirements, where applicable. The following were identified as exceeding these required minimum levels:

Severance Payouts: The certificated and classified contracts permit employees who are eligible for retirement to accumulate and receive payment for unused sick leave. Certificated employees are eligible for a maximum payout of 72 days paid in three equal installments beginning in January of the calendar year following the date of retirement. Classified employees are eligible for a lump sum maximum payout of 75 days. ORC § 124.39 entitles public employees to a maximum payout of 30 days at retirement. Reducing severance payout to a level aligned with the ORC could save the District \$42,400 annually based on FY 2012-13 financial data.

Attendance Incentive: The District provides attendance incentives for both certificated and classified employees that take no more than two absences per school year. The ORC does not require an incentive for attendance. Based on FY 2012-13 data, a renegotiation to remove the attendance incentives would save the District approximate \$6,400 annually.

Classified Personal Leave: The District's CBA states that classified employees will receive four personal days per year, one personal day per year above what is mandated by ORC § 3319.142. Direct savings for amending this provision could not be quantified based on available data.

Vacation: The District's classified collective bargaining agreement allows an employee to accrue 515 vacation days over the course of a thirty year career. In comparison, ORC § 3319.084 sets a minimum accrual of 460 vacation days. Direct savings from reducing the vacation schedule by 55 days to align with the ORC could not be quantified; however, this reduction would increase the number of available work-hours for each employee affected at no additional cost to the District. Also, the classified agreement permits 9 and 10 month employees, who work 30 hours or more per week, 10 paid vacation days. The ORC does not contain vacation language for 9 and 10 month employees (See **R.5**).

Financial Implication: Amending the identified provisions to be more consistent with ORC minimums could save the District **\$48,800** annually.

³ This savings was calculated by the freezing the FY 2013-14 step schedule for secretarial, bus drivers and food service workers for one year and eliminating 10 days of pay from nine and ten month classified employees.

R.7 Improve budgeting practices

The District's annual budget is not linked to formal goals, objectives, and performance measures identified in its long-term strategic planning documents. To create its budget, the District uses a method whereby it relies on previous years' spending trends instead of basing projections on future objectives.

According to *Budgeting for Results and Outcomes* (GFOA, 2007), budgeting for results and outcomes is a practical way to apply principles of performance to the budgeting process by using the following steps:

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

The District should use a comprehensive budgeting approach to align its spending decisions to its desired program outcomes, as outlined in the District's strategic plans. By budgeting for results and outcomes, the District will be able to better measure the effectiveness and efficiency of its spending choices in achieving its goals.

R.8 Make retirement fringe benefits transparent

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. Employers are required to contribute a minimum of 14 percent of each employee's annual salary to the appropriate retirement fund. SERS employees are responsible for contributing 10 percent. On September 12, 2012 the General Assembly passed the STRS pension reform bill which states: STRS member contributions will increase by 4 percent, phased in 1 percent per year through July 1, 2016. Members will contribute 14 percent of their salary to STRS beginning July 1, 2016.

CLSD goes beyond the STRS and SERS requirements and pays the entire employee share (referred to as pickup) for 19 of its employees. In addition to the pickup, the District pays an additional portion of salary (1.0 percent for SERS and 1.2 percent for STRS) for all 19 of these employees (referred to as pickup on the pickup).

Paying the employee share of retirement contributions allows some districts to control administrative salary costs and attract administrative personnel by offering these fringe benefits. However, by offering fringe benefits in this manner, the District cannot be as transparent to its stakeholders regarding the overall compensation for its employees.

By offering benefits in this manner, the District is paying approximately \$125,000 more in salaries than reported to ODE. As the District negotiates new contracts in the future, they should end these fringe benefits as a measure to improve transparency.

R.9 Implement an energy management plan to help reduce utility costs

CLSD does not have an energy management policy or procedures manual that serves as a guide to help control energy costs. For example, the District has the ability to monitor and adjust building temperatures throughout its facilities, but the system is not utilized. Instead, the District keeps its building temperatures set between 70 and 72 degrees all year. **Table 7** compares CLSD's FY 2012-13 utility expenditures per square foot to the peer average.

Table 7: Utility Expenditures per Square Foot Comparison

	CLSD	Peer Average	Difference	% Difference
Total Square Footage	238,014	265,211	(27,197)	(10.3%)
Electricity	\$1.40	\$1.20	\$0.20	16.7%
Gas	\$0.08	\$0.25	(\$0.17)	(68.0%)
Water/Sewage	\$0.24	\$0.11	\$0.13	118.2%
Total Utility Cost	\$1.72	\$1.56	\$0.16	10.3%

Source: CLSD

As shown in **Table 7**, the District's energy costs per square foot were \$0.16 higher than the peer average. Specifically, the District expended \$0.20 per square foot more on electricity compared to the peer average. Higher utility spending is a direct result of not fully utilizing its HVAC automation and temperature control system.

According to *Energy-Efficient Operation and Maintenance for Government Buildings* (U.S. DOE 2006), the United States Department of Energy (DOE) estimates that responsible operations and maintenance (O&M) practices can produce energy cost savings ranging between 5 percent and 20 percent.

Financial Implication: If CLSD were able to implement an energy conservation plan, the District could save **\$43,900** annually by utilizing the system they already have in place. This savings was calculated using the median energy savings published by DOE (12.5 percent) multiplied by the Districts' gas and electric costs (\$351,000).

R.10 Ensure a positive Food Service Fund balance

The food service operation should take action to decrease expenditures in order to eliminate a continued operational deficit in the Food Service Fund. Options to eliminate the operational deficit include reducing personal services and retirement (See **R.5**) and supply and material costs.

The District's Food Service Fund posted operating deficits in FY 2011-12 and FY 2012-13. The main contributors to this are the increasing supply costs and increasing personnel expenses. **Table 8** shows the increasing costs per meal for FY 2010-11 through FY 2012-13.

Table 8: Food Service Expenditures per Meal

	FY 2010-11	FY 2011-12	FY 2012-13	3 Year Variance
Personal Services - Salaries	\$0.91	\$0.90	\$1.01	11.9%
Retirement and Insurance	\$0.32	\$0.35	\$0.47	48.6%
Purchased Services	\$0.06	\$0.06	\$0.03	(42.8%)
Supplies and Materials	\$1.51	\$1.55	\$1.68	11.4%
Capital Outlay	\$0.02	\$0.04	\$0.01	(39.3%)
Total Expenditures per Meal	\$2.81	\$2.90	\$3.21	14.4%

Source: CLSD

As shown in **Table 8**, the greatest contributor to the operating deficit in the food service program is supply and material expenses which have increased 11 percent since FY 2010-11, up to \$1.68 per meal equivalent in FY 2012-13. An examination of vendor receipts for FY 2012-13 showed CLSD spent \$0.30 on produce and commodities per meal equivalent compared to the peer average of \$0.08. With increased emphasis on lunch nutrition standards and healthy meals, the effective purchasing of food service supplies will only increase in importance.

According to *Meeting the Challenge of Rising Food Costs for Healthier School Meals* (USDA Food and Nutrition Service, 2008), there are several strategies to control the supplies and materials expenditures related to schools' food service programs. These include training staff to follow standardized recipes precisely, serving portion sizes according to the recipe, completing annual procurement plans, using canned or frozen fruits and vegetables more often, and comparing the prices of goods among various vendors to help lower cost.

Table 9 compares CLSD's FY 2012-13 revenues and expenditures per meal to the peer average.

Table 9: FY 2012-13 Expenditures per Meal Comparison

	CLSD	Peer Average	Difference	% Difference
Salaries	\$1.01	\$0.95	\$0.07	6.3%
Employees' Retirement and Insurance	\$0.47	\$0.38	\$0.09	23.4%
Purchased Services	\$0.03	\$0.14	(\$0.11)	(78.6%)
Supplies and Materials	\$1.68	\$1.37	\$0.31	22.6%
Capital Outlay	\$0.01	\$0.01	\$0.00	0.0%
Other Objects	\$0.00	\$0.02	(\$0.02)	(100.0%)
Total Expenditures per Meal	\$3.21	\$2.86	\$0.35	12.2%
Total Revenue per Meal	\$2.99	\$2.92	\$0.07	2.4%

Source: CLSD and ODE

Table 9 shows CLSD's supplies and materials expenditures were \$0.31 more per meal equivalent than the peers in FY 2012-13, while salaries and benefits for the District were a combined \$0.16 per meal equivalent above peers. A portion of this discrepancy will be addressed by the realignment of the cafeteria staff salary schedules to the peers (see **R.5**).

The District's student participation rate has experienced a downward trend over the last eight years from 79.9 percent in FY 2004-05 to 58.9 percent in FY 2012-13. According to *Best Practices Could Help School Districts Reduce Their Food Service Program Costs* (OPPAGA, 2009), there are several ways to help increase participation in the food service program. The first

is having the District participate in promotional campaigns that promote the food service program and healthy nutritional habits. These campaigns include strategies such as distributing newsletters, menus, and nutritional information. OPPAGA also notes there has been success with holding special nutrition awareness events where students can win small prizes and by hosting theme days such as fajita cookouts. The second method is identifying and reducing participation barriers. Barriers can include food quality, inadequate lunch periods, insufficient seating, and untimely bus scheduling. The best way to identify these problems is by using surveys to get client responses on what aspects the food service program is handling well and what aspects could use improvement.

With operating deficits the last two fiscal years, it's imperative for the food service program to remain consistently profitable through a combination of reducing expenses and increasing participation. By working to reduce the District's supply and personnel expenditures while promoting the food service program, the Food Service Fund will be able to provide students with healthy meals while also maintaining a self-sufficient operation.

R.11 Develop educational management information systems (EMIS) procedures

The District should formalize and enhance the processes used to prepare and review data submitted to EMIS through the development and adoption of policies and procedures. These procedures should clearly delineate the responsibilities of all positions involved in both preparing the data and reviewing the data prior to submission. Also, in the event any of the key participants in the EMIS data entry and review process were to leave the District, there is not a formal documented process in place to ensure continued accuracy of EMIS data or guidelines to cross-train employees.

To help districts submit accurate EMIS data, the Ohio Association of EMIS Professionals (OAEP) offers Certified EMIS Professional and Master Certified EMIS Professional designations, which are earned after completing a regimented program of professional development and work experience. According to ODE, Certified EMIS Professionals and Master Certified EMIS Professionals are committed to maintaining the highest standards possible regarding the collection and reporting of student, staff, and district data. In addition, ODE publishes detailed guidelines that include recommended procedures for ensuring the accuracy of EMIS data.

ORC § 3301.0714 contains guidelines for EMIS and includes requirements to report staff, student, district, building, and financial data through this system. The data collected through EMIS is used for State and federal reporting, funding and distribution of payments, and Statewide and district reports. By developing procedures for preparing and reviewing EMIS data, the District will have taken steps to reduce the risk of submitting inaccurate data to ODE by any current or future employee which could impact funding.

R.12 Increase financial communication

The District has made an effort to communicate with shareholders through public meetings, monthly newsletters, and a phone survey conducted by the Joint Vocational School. The public

meetings and phone survey both had limited participation. As a result, the District should look to improve public access to its financial information by doing the following:

Supplemental Reporting: The Treasurer indicated that the District does not prepare a comprehensive annual financial report (CAFR), a popular annual financial report (PAFR), or other document to supplement the annual report. The District could provide supplemental reporting with limited preparation costs by utilizing the Advancing Government Accountability: Citizen-Centric Reporting (CCR) Initiative which is intended to enhance detailed information sharing between governments and their citizens. The CCR initiative is a way to feature government finances in a clear, honest, understandable, and regularly updated four-page document.

Website: CLSD maintains a website for the community that contains important District information, but the page dedicated to financial information is not functional. The District should provide links to financial data such as financial audits, current levy information, the annual budget, the five year forecast and assumptions, and supplemental financial reports. By comparison, Edon Northwest Local Schools (Williams County) includes historical expenditures and revenues per pupil, spending comparisons with other area districts, levy information, and five-year forecast information including instruction on how to read a five-year forecast. The GFOA indicates in *Web Site Presentation of Official Financial Documents* (GFOA, 2009), that using a government website to disseminate information demonstrates both accountability and transparency to its shareholders in an easily accessible form. The 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 has not made its financial information readily available for the community. As a result, stakeholders do not have easy access to the District's financial records and the community is missing out on potential benefits that improved reporting and information access have on long-term financial decision making.

Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: financial management, human resources, facilities, transportation, and food service. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Nine of the twenty objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

Table A-1: CLSD Scope and Objectives

Objective	Recommendation
Financial Management	
Are budgeting practices comparable to leading practices?	R.7
Are purchasing practices comparable to leading practices?	N/A
Is financial communication consistent with leading practices?	R.12
Is financial information reliable for use?	N/A
Human Resources	
Is EMIS data reliable for use?	R.11
Are salaries comparable to the surrounding districts?	R.5, Table B-2
Are staffing levels comparable to peers?	R.1, R.2, Table B-1
Are collective bargaining agreements consistent with leading practices?	R.6
Are insurance and benefits comparable to leading practices?	R.8, Table B-3
Does the District have sufficient controls in place to monitor sick leave use?	N/A
Transportation	
Is T-form information accurate?	N/A
Does the District use an efficient process for procuring supplies and materials and fuel?	N/A
Does the District have documented policies for reporting transportation data?	N/A
Does the District have a preventative maintenance and replacement plan for buses?	N/A
Does the District make efficient use of technology?	N/A
Facilities	
Is the District's custodial and maintenance staff efficient compared to leading practices?	R.4
Is the District's building information reliable for use?	N/A
Is the District making efficient use of its buildings?	R.9, Table B-5
Is the District making efficient use of temporary labor?	R.3
Food Service	
Is the food service fund dependent upon the General Fund?	R.10

Appendix B: Additional Comparisons

Staffing

Table B-1 illustrates the full-time equivalent (FTE) staffing levels per 1,000 students at CLSD and the average of the peer districts. According to the *FY 2013 EMIS Reporting Manual* (ODE, 2013) instructions for reporting staff data, an FTE is defined as the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district. The latest available peer data was from FY 2012-13 as reported to ODE through the Education Management Information System (EMIS). Adjustments were made to CLSD's EMIS data to reflect accurate staffing levels as of May 2014.

Table B-1: FY 2012-13 CLSD Staffing Comparison

	CLSD		Peer Average	Difference	
Students ¹	1,620		1,771	(151)	
Staffing Categories	CLSD FTEs	CLSD FTEs Per 1,000 Students	Peer FTEs Per 1,000 Students	Difference Per 1,000 Students	Total FTEs Above (Below) ²
Administrative	12.3	7.6	6.1	1.5	2.4
Office/Clerical	9.4	5.8	6.9	(1.1)	(1.8)
General Education Teachers	68.7	45.6	51.6	(6.0)	(9.7)
All Other Teachers	16.0	9.9	13.0	(3.1)	(5.0)
Education Service Personnel (ESP)	12.3	8.2	8.4	(0.2)	(0.3)
Educational Support	5.0	3.1	1.9	1.2	1.9
Other Certificated	1.0	0.6	1.2	(0.6)	(0.9)
Non-Certificated Classroom Support	7.0	4.3	10.9	(6.6)	(10.7)
Operations	44.5	27.5	18.6	8.9	14.4
All Other Staff	4.0	2.5	3.9	(1.4)	(2.3)

Source: CLSD provided data for FY 2013-14 and ODE provided peer data for FY 2012-13

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 CLSD's number of employees per 1,000 students in line with the peer average.

As illustrated in **Table B-1**, CLSD employs more administrative, educational support and operations staff compared to the peer average. The District coded positions that are supervisory in nature (specifically maintenance, transportation and food service supervisors) as administrative, whereas the peer districts did not code these positions in a similar manner. When those coding differences were accounted for, the District was comparable to the peer levels. Likewise, a comparison for education support spending per student was conducted. In FY 2012-

13, the District spent \$564 in special instruction per student compared to the peer average of \$975. As a result, a staffing recommendation for educational support was not warranted as CLSD expended significantly less than the peers. Operations staffing levels were found to be higher than peer averages and were further analyzed in **R.4**.

Salary

CLSD's starting wages, step increases, and any other compensation were compared to the surrounding district averages. This was completed using negotiated salary schedules from FY 2012-13 employee bargaining agreements for CLSD and the surrounding districts. The following positions were included in the comparison:

- Bus drivers;
- Cleaners;
- Clerical/secretary;
- Cooks; and
- Teachers (Bachelor's Degree, Bachelor's Degree +15, Master's Degree and Master's Degree +30).

Table B-2 shows the total salary CLSD should expect to pay an employee over the duration of a 30 year career, based on its current contract compared to its surrounding districts.

Table B-2: Total Compensation Comparison

	CLSD	Peer Average	Difference	% Difference
Certificated (Teachers)				
Bachelor's	\$1,553,769	\$1,658,835	(\$105,066)	(6.3%)
Bachelor's +15	\$1,690,977	\$1,735,219	(\$44,242)	(2.5%)
Master's	\$1,827,465	\$1,897,242	(\$69,777)	(3.7%)
Master's +15	\$1,880,921	\$1,973,137	(\$92,216)	(4.7%)
Classified				
Bus Driver	\$664,477	\$633,484	\$30,993	4.9%
Cook	\$632,165	\$568,724	\$63,441	11.2%
Custodian	\$1,008,752	\$1,023,362	(\$14,610)	(1.4%)
Clerical Secretary	\$1,353,319	\$1,137,310	\$216,009	19.0%

Source: CLSD and surrounding district contracts

Table B-2 shows that the career compensation for bus drivers, cooks, and clerical secretaries were above the peer average and were further analyzed in **R.5**. Although certificated salaries were below the peer average, further expenditure reductions may be needed (see **R.5**) to eliminate the District's projected deficit.

Benefits

CLSD offers its employees a Preferred Provider Organization (PPO) for healthcare. The State Employment Relations Board (SERB) surveys public sector entities regarding health insurance costs and publishes this information on an annual basis. The purpose of this survey is to provide

data on various aspects of health insurance, plan design, and cost for government entities in Ohio. The 2014 monthly cost of benefits for CLSD was compared to data contained in the 22nd Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2014). **Table B-3** illustrates these comparisons.

Table B-3: CLSD Benefits compared to 2014 SERB

	CLSD	SERB Average ¹	Difference	% Difference
Health Insurance				
Single- PPO	\$541.3	\$515.0	\$26.0	5.0%
Family - PPO	\$1,348.9	\$1,378.0	(\$30.0)	(2.2%)
Dental Insurance				
Single -Dental	\$30.9	\$30.6	\$0.3	0.0%
Family - Dental	\$82.0	\$88.0	(\$6.0)	(6.8%)
Vision Insurance				
Single -Vision	\$4.6	\$6.8	(\$2.2)	(32.6%)
Family -Vision	\$12.1	\$16.6	(\$4.5)	(26.9%)

Source: CLSD and SERB

¹ Reflects the 2014 average monthly benefit premiums for school districts in NE Ohio

As illustrated in **Table B-3**, the majority of CLSD's premiums for all types of coverage were below the SERB averages with the exception of single health and dental coverage. Although these plans are slightly higher than the 2014 SERB averages, the cost is outweighed by the number of family plans (89) compared to single plans (41). For example, over the course of one year, CLSD will spend approximately \$18,000 less in health insurance premiums with their current plan compared to the 2014 SERB average.

Transportation

Table B-4 shows the cost per bus expenditures for CLSD for each active bus compared to the peers.

Table B-4: FY 2012-13 Type 1 Transportation Costs per Active Bus

	CLSD	Peer Average	Difference	% Difference
Salaries	\$25,314	\$22,406	\$2,908	13.0%
Benefits	\$5,472	\$9,591	(\$4,119)	(42.9%)
Maintenance & Repairs	\$5,144	\$8,814	(\$3,670)	(41.6%)
Fuel	\$6,236	\$8,079	(\$1,843)	(22.8%)
Bus Insurance	\$734	\$1,087	(\$353)	(32.5%)
Other Costs	\$1,456	\$762	\$694	91.1%
Total Expenditures	\$44,357	\$50,740	(\$6,383)	(12.6%)

Source: ODE

As shown in **Table B-4**, CLSD spent less per active bus in every category with the exception of salaries (see **R.5**) and other costs. The other costs classification was analyzed and compared to the peers and it was found that only two of the five peers coded utilities to all other costs. When examining utilities expenditures, CLSD spent \$804 per active bus on utilities compared to a peer average of \$1,103.

Building Capacity

Table B-5 shows the CLSD building capacity by building.

Table B-5: FY 2012-13 Building Capacity Utilization Analysis

	Building Capacity	2012-13 Head Count	Over/(Under) Capacity	Utilization Rate
Vincent Elementary	611	630	(19)	103.1%
Durling Middle School	668	556	112	83.2%
Clearview High School	743	563	180	75.8%
Total - All Buildings	2,022	1,749	273	86.5%

Source: CLSD and ODE

According to **Table B-5**, building utilization rates are consistent with the leading practice methodology. *Defining Capacity* (DeJong & Associates 1999) recommends a building utilization factor of 85 percent to be used for middle and high schools. Although total utilization was in line with the established benchmark, the District should consider using open enrollment to increase the student levels in the middle and high schools (see **Issues for Further Study**).

Appendix C: Five-Year Forecast

Forecast

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

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

Line	Actual			Forecasted				
	2011	2012	2013	2014	2015	2016	2017	2018
1.010 General Property (Real Estate)	2,374,308	2,405,919	2,692,069	2,656,709	2,710,257	2,737,360	2,256,885	1,487,853
1.020 Tangible Personal Property Tax	6,766							
1.035 Unrestricted Grants-in-Aid	6,742,206	6,967,127	6,494,085	7,085,543	7,535,088	7,535,088	7,535,088	7,535,088
1.040 Restricted Grants-in-Aid		32,010	99,705	412,209	433,174	433,174	433,174	433,174
1.045 Restricted Federal Grants-in-Aid - SFSP	754,161	243,552	144,781					
1.050 Property Tax Allocation	520,170	358,288	403,539	410,529	369,581	372,880	297,746	189,800
1.060 All Other Operating Revenue	3,130,423	3,025,303	3,762,430	3,633,145	3,633,145	3,633,145	3,633,145	3,633,145
1.070 Total Revenue	13,528,034	13,032,199	13,596,609	14,198,135	14,681,245	14,711,647	14,156,038	13,279,061
2.010 Proceeds from Sale of Notes			700,000					
2.040 Operating Transfers-In	67,262		352,730	247,020	125,000	63,500		
2.050 Advances-In	78,000	18,350	65,265	16,041	75,000	75,000	75,000	75,000
2.060 All Other Financial Sources	1,360	348		2,946				
2.070 Total Other Financing Sources	146,622	18,698	1,117,995	266,007	200,000	75,000	75,000	75,000
2.080 Total Revenues and Other Financing Sources	13,674,656	13,050,897	14,714,604	14,464,142	14,881,245	14,786,647	14,231,038	13,354,061
3.010 Personnel Services	8,096,800	8,594,741	8,317,490	8,122,232	7,784,675	7,784,675	7,862,522	7,941,147
3.020 Employees' Retirement/Insurance Benefits	2,663,305	2,750,507	2,934,400	2,704,089	3,206,669	3,498,603	3,747,004	4,013,041
3.030 Purchased Services	2,267,184	2,208,211	1,989,737	2,782,170	3,025,000	3,025,000	3,025,000	3,025,000
3.040 Supplies and Materials	384,070	337,652	254,491	283,742	302,264	311,333	320,672	330,292
3.050 Capital Outlay	213,684	178,277	108,702	69,319	70,950	25,000	25,000	25,000
4.020 Debt Service: Principal-Notes			350,000	161,969	125,000	62,500		
4.060 Debt Service: Interest and Fiscal Charges			2,654	6,522	6,500	1,000		
4.300 Other Objects	220,214	161,277	112,677	78,409	148,361	151,328	154,354	157,920
4.500 Total Expenditures	13,845,257	14,230,665	14,070,151	14,208,451	14,669,419	14,859,439	15,134,551	15,492,400
5.010 Operational Transfers - Out	121,662	89,000	516,602	262,070	165,000	108,500	45,000	45,000
5.020 Advances - Out	18,350	65,266		50,000	75,000	75,000	75,000	75,000
5.040 Total Other Financing Uses	140,012	154,266	516,602	312,070	240,000	120,000	120,000	120,000
5.050 Total Expenditure and Other Financing Uses	13,985,269	14,384,931	14,586,753	14,520,521	14,909,419	14,979,439	15,254,551	15,612,400
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(310,613)	(1,334,034)	127,851	(56,379)	(28,174)	(192,792)	(1,023,513)	(2,258,339)
7.010 Beginning Cash Balance	1,709,642	1,399,029	64,995	192,844	136,465	108,290	(84,502)	(1,108,015)
7.020 Ending Cash Balance	1,399,029	64,995	192,844	136,465	108,290	(84,502)	(1,108,015)	(3,366,354)
8.010 Outstanding Encumbrances	181,937	52,446	28,174	50,000	50,000	50,000	50,000	50,000
10.010 Fund Balance June 30 for Certification of Appropriations	1,490,566	1,217,092	164,670	86,465	58,290	(134,502)	(1,158,015)	(3,416,354)
11.020 Property Tax - Renewal or Replacement						182,146	652,319	940,346
11.300 Cumulative Balance of Replacement/Renewal Levies						182,146	834,465	1,774,811
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,490,566	1,217,092	164,670	86,465	58,290	47,644	(323,550)	(1,641,543)
15.010 Unreserved Fund Balance June 30	1,490,566	1,217,092	164,670	86,465	58,290	47,644	(323,550)	(1,641,543)

Source: ODE

Client Response

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

CLEARVIEW LOCAL SCHOOLS

"Setting Sail for Excellence"

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August 18, 2014

Mr. David Yost
Auditor of State
88 East Broad Street
Fifth Floor
Columbus, Ohio 43215-3506

Dear Auditor of State Yost:

The Clearview Local School District Board of Education and administration would like to thank you for conducting our performance audit. The staff was thorough and very detailed during all phases of the performance audit.

We appreciate your office providing recommendations for efficiencies regarding staffing, energy management, budgeting, negotiations and food service management. The District will work to implement the Performance team's recommendations with the intent to become leaner and better use taxpayers' dollars.

The District has already implemented some of the recommendation prior to the issuance of your report.

Sincerely,



Jerome Davis
Superintendent



Sean Nuccio
Treasurer

Please find our responses to your recommendations:

Recommendations 1, 2 and 4: The Board of Education intends to closely examine staffing levels for certified and classified staff. The number of students enrolled at each school and classroom sizes will be taken into consideration before reducing the number of employees. We want to maintain an excellent quality of education for our students while meeting the financial restraints of the community. In addition, the Board intends to monitor open enrollment applications and the possible need to accept additional open-enrollment students.

Recommendation 3: The District will discuss future staffing levels for summer and seasonal workers. The District would like our grounds and schools to meet community's standards. We will reduce the number of summer and seasonal employees if the reduction does not affect the cleanliness of the schools and the maintenance of the grounds.

Recommendation 5: The District administration negotiated a half step increase for the 2014-2015 school year in exchange for the teachers union moving from their Cadillac health care plan to the premium, standard and minimum-value plans. Also, spousal language was added to the contract requiring employees' spouses to take health coverage offered by an employer other than the Board of Education. The savings in the current year and future savings allows the District to offer compensation to the teachers union.

The District is still in the process of negotiating with the classified union in health care and compensation.

Recommendation 6: The District will determine if renegotiating severance payouts, personal leave and vacation time is beneficial.

The District increased the attendance incentive, but narrowed the requirements to obtain the attendance incentive. The District would like to have our regular teachers in our classrooms educating our students. The increased amounts provide a better incentive for our teachers to attend work while reducing our cost for substitutes.

Recommendation 7: The budget does use previous years' spending trends. However, negotiated contracts including future steps and health insurance premiums are considered. Every year, our five-year plan is updated for our permanent improvement levy. Although, the budget does not change for the permanent improvement levy, the needs are identified. Also, the five-year forecast for the General Fund, which is updated in May and October, projects our spending needs and areas of concern.

Recommendation 8: The District will have to examine if eliminating pick-up and pick-up on the pick-up would be beneficial to retaining administrators.

Recommendation 9: The District is working with a contractor to comprise an energy-saving program that would include replacing lighting with more energy-efficient light bulbs. The District has already set the thermostats in all rooms at a standard temperature at certain times of the day for more uniformity and to reduce costs.

Recommendation 10: The District switched consortiums for food purchasing. The new consortium is expected to save the District approximately \$22,000 in the 2014-2015 school year. Also, the District along with the Ohio Department of Education are implementing a new program that allows all students to receive free breakfast and lunch. The Ohio Department of Education will reimburse the District based on participation. We expect the revenue to increase this school year.

Recommendation 11: The District will examine ways to better delineate responsibilities in EMIS.

Recommendation 12: The District will post financial information on the Clearview Local School District web site.



Dave Yost • Auditor of State

CLEARVIEW LOCAL SCHOOL DISTRICT

LORAIN 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
AUGUST 28, 2014**