



Mary Taylor, CPA
Auditor of State

LAWRENCE COUNTY
PERFORMANCE AUDIT

NOVEMBER 18, 2008



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Auditor of State

To the Residents and County Commissioners of Lawrence County:

On September 24, 2007, the Board of County Commissioners of Lawrence County, Ohio (the County) contracted with the Auditor of State's Performance Audit Section to provide an assessment of the efficiency and effectiveness of its operations. Pursuant to the agreement, a performance audit was initiated in the County in November 2007. The four major areas assessed in the performance audit were financial operations, human resources, technology and services. These areas were selected because they are important components of County operations which support its mission of providing critical services to the citizens of the County.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements across several areas of County government. The performance audit also provides an independent assessment of the County's financial situation and a framework for ensuring its financial stability. While the recommendations contained in the audit report are resources intended to assist in restoring sound finances, the County is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a discussion of the County's financial condition; an overview of Lawrence County; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, issues for further study and financial implications. This report has been provided to the Board of County Commissioners and other elected officials, and its contents discussed with the appropriate officials and department heads. The County has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 18, 2008

Executive Summary

Project History

On September 27, 2007, Lawrence County engaged the Auditor of State's Office (AOS) to conduct a performance audit of selected aspects of operations, which could assist in its efforts to achieve its goals, optimize funding, and identify creative approaches to providing critical services to County residents. Assessments were based on leading practices, industry standards, and comparisons to county operations in similar sized (peer) counties.

Based on AOS research and discussions with Lawrence County officials, the following areas were assessed in the performance audit:

- *Administration Issues*, including strategic and capital planning, performance measurement, financial planning and management, financial forecasting, service coordination and centralization opportunities, human resources management, and technology usage; and
- *Service Issues*, including service comparisons, staffing levels, and operational costs with like-sized counties for nine selected departments or offices.

Ohio County Government

Ohio county government is the structure of official managerial and legal bodies of the counties of Ohio. County government is generally an organization of various elected officials with an elected body of commissioners who provide the overall executive leadership and legislative services for the county. The basic framework has not changed since the nineteenth century. The Ohio Constitution allows counties to set up a charter government as many cities and villages do, but only Summit County has done so. Counties do not possess home rule powers and can do only what has been expressly authorized by the Ohio General Assembly. However, Article X of the Ohio Constitution gives county government benefits similar to those conferred on cities and villages under the home rule amendments of 1912.

Eighty-seven of eighty-eight counties (the exception is Summit) have the following elected officials as provided by statute:

- **Three County commissioners** (the Board of Commissioners): Control budget; approve zoning; approve annexations to cities and villages; set overall policy; oversee departments under their control.

- **County auditor:** Values property for taxation; issues dog, kennel, and cigarette licenses; issues licenses for retailers for sales tax purposes; inspects scales, pumps, etc., used in commerce to see that they are accurate.
- **County clerk of court of common pleas:** Keeps filings of lawsuits and orders of the county Court of Common Pleas; issues and records titles for motor vehicles.
- **County coroner:** Determines causes of death in certain cases; is the only person with the power to arrest the **sheriff**.
- **County engineer:** Maintains county roads and land maps.
- **Prosecuting attorney:** Prosecutes felonies and is the legal advisor to all other county officials and departments.
- **County recorder:** Keeps all land records, including deeds, surveys, mortgages, easements, and liens.
- **County treasurer:** Collects taxes, invests county money, provide financial oversight to municipalities and school districts in the county.
- **County sheriff:** Chief law enforcement officer, polices areas without local police; runs the county jail; acts as officer of the local courts (transporting prisoners, serving subpoenas, acting as bailiff, etc.).

All of these officials are elected to four-year terms in November of even-numbered years after being nominated in partisan primary elections. One commissioner and the auditor are elected in the same year as the governor in one cycle; the other two commissioners and the other officials are elected in the same year as the president of the United States.

Other services provided through county government include the court systems, health departments, local Department of Jobs and Family Services, and other services particularly needed by the county's residents. Funding for county services may come from local, State, and Federal funding sources.

Lawrence County Overview

Lawrence County, Ohio was settled in 1797 and was formally established as a county on December 20, 1816 by taking portions of Gallia and Scioto counties. The County is comprised of fourteen townships. The voters of the County elect a three-member Board of County Commissioners, which governs the County. Other elected representatives include the County Auditor who is responsible for the fiscal controls of the resources of the County, and the County Treasurer who is the custodian of County funds and the investment officer. Additional elected officials manage various segments of the County's operations; Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, and one Judge for both the Probate and Juvenile Courts. Although the elected officials manage the internal operations of their respective offices, the County Commissioners authorize expenditures and serve as the budget and taxing authority, contracting body and chief administrator of public services for the County.

In 2007, 39 percent of Lawrence County's revenue came from sales tax and 19 percent from property taxes. Lawrence County has the lowest overall property tax rates in the State. Of the peers, it has the lowest property values and the lowest total millage rates for county-specific operations (5.6 mills compared to the average peer rate of 12.1 mills).

Like all Ohio county governments, Lawrence County has the authority to develop and manage a chart of accounts for revenues and expenditures that is unique to the County. Likewise, revenues and expenditures may be categorized and posted under rules developed by the County—there are no state-wide guidelines for county-level accounting practices. This variation in revenue and expenditure classification requires, in most instances, adjustments be made between financial data from Lawrence County and that obtained from comparison counties.

The five-year financial forecast, developed by AOS as a component of this audit, shows the County will experience a negative ending fund balance of approximately \$86,000 beginning in 2008. Without changes in operations, the deficit could reach \$3.6 million in 2012 or about 28 percent of revenues. For the County to avoid projected negative ending fund balances throughout the forecast period, it will need to make difficult management decisions regarding potential means for increasing revenues and reducing expenditures. This can be aided by reviewing and implementing the recommendations in this report. Implementing these recommendations or using other methods to achieve similar cost savings would result in a positive ending funding balance through the forecast period without an additional voter-approved tax.

In addition, reviewing the assumptions used to develop the projections in this forecast would help Lawrence County understand the key factors impacting its financial situation, which subsequently would help it begin to address those factors in its direct control. Furthermore, updating the five-year forecast as changes materialize and actual data becomes available would ensure that the County bases operational decisions on the most current and relevant information.

Because of the economic events occurring subsequent to the completion of fieldwork, Lawrence County will likely face significant financial challenges as it addresses a decline in available resources and increasing demand on programs and services. The issues identified in this performance audit along with the associated recommendations to increase centralization, collaboration, and coordination will help County officials during periods of difficult decision-making. However, the strategies presented in the recommendations represent long-term, fundamental changes to the way Lawrence County has historically conducted business. The implementation process will require the cooperation of diverse parties and is likely to be difficult and contentious. The commissioners and elected officeholders are encouraged to begin implementation of the strategic planning and management processes. Without these essential management tools, the County will find it increasingly difficult to provide essential services to its citizens.

Although this audit examined only 10 General Fund departments and offices, the recommended practices, particularly in the areas of planning, measuring and using performance results to better allocate County resources, should be considered for County-wide application. Because of the considerable financial challenges facing the County, delays in preparing for improved budgeting and management should be avoided and aggressive efforts to streamline and consolidate services and programs should be implemented to ensure maximum financial benefit.

Subsequent Events

During the course of the audit, one employee in the Commissioners' Office retired and was not replaced.

The Sheriff was awarded a \$76,000 COPS grant which will be released in December of 2008. This will allow his Office to undertake some technology upgrades.

The judges of the Court of Common Pleas reported that the Court had made significant changes in its charges for transcripts. The charges are expected to generate several thousand dollars of new revenue for the Court

Objectives

Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation 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.

The overall objective of this project was to review and analyze selected aspects of operations at the County and, where appropriate, develop recommendations for improvement. Assessments were conducted using best practices, industry standards, and comparisons to county operations in similar sized peer counties. This audit was designed to be a high-level review of selected benchmarks and practices and did not examine all areas of operations. Where appropriate, recommendations were made or issues for further study were identified.

Objectives for the review of County Administration included the following:

- How does the County's strategic plan/strategic planning process compare to best practices and does it reflect the County's goals and objectives?

- How does the County's capital plan/capital planning process compare to leading practices and does the plan identify its long term capital needs and address funding sources for these needs?
- How effective are the County's channels of communication between the Commissioners and other County departments/officials?
- How extensive is the use of performance measurement to track program/department effectiveness and does the County tie performance benchmarking/measurements to its annual budget?
- How do the County's financial planning documents and processes compare to leading practices and are financial reports disseminated to and used by all County departments?
- How are County departments involved in the process of creating budget and financial forecast documents and does this involvement result in financial planning documents that accurately reflect the operations of these departments?
- How efficient is the structure of the technology, purchasing, building maintenance, and management services performed by County departments and could the County benefit by reassigning or consolidating any services between departments?
- Are the County's staffing, salaries, benefits and collective bargaining issues in line with peer county and State benchmarks?
- How do the County's policies and procedures in place regarding technology usage, software, hardware, purchasing, disposal, and replacement compare to leading practices?
- Is the County receiving optimal benefits from its existing technology and does its existing technology fit the needs of the County
- Could the County benefit from centralizing its technology function?

Offices and departments were selected based on the percent of General Fund revenues used by their operations. For each department—the Board of County Commissioners, the Auditor's Office, the Sheriff's Office, the Recorder's Office, the Prosecutor's Office, the Common Pleas Court and its Clerk of Courts, the Municipal Court, Home Detention, and Juvenile Probation—the following objectives were used to evaluate operations:

- How do the services performed and staffing levels of the Office or Department compare to the peers

- What are the costs associated with running the Office or Department and are they comparable to their peers?
- What are the key indicators or functional statistics for the Office or Department, and how do they compare to the peers and leading practices?

The performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, and/or efficiency improvements. The recommendations comprise options that the County can consider in its continuing efforts to stabilize the financial condition.

Scope and Methodology

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. AOS believes that the evidence obtained provides a reasonable basis for the audit findings and conclusions based on the audit objectives.

Audit work was conducted between November 2007 and April 2008, and data was drawn from fiscal year 2007. To complete this report, the auditors gathered a significant amount of data pertaining to the Lawrence County; conducted interviews with numerous individuals associated internally and externally with the various departments and offices, and reviewed and assessed available information.

The performance audit process involved significant information sharing with the County, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held during the engagement to inform the County of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the County was solicited and considered when assessing the selected areas and framing recommendations. Although the County provided only limited written or verbal comments on draft reports prior to the post audit, several County representatives provided written comments on the post audit draft report. These comments were taken into consideration during the final reporting process and, where warranted, the report was revised based on the County's comments. The County elected not to provide a formal written response to this audit for inclusion in the final public report.

Several counties were selected to provide benchmark comparisons for the areas assessed in the performance audit. The counties of Athens, Scioto, and Washington were used in the applicable sections of the performance audit. These counties were selected based upon demographic and operational data. The data obtained from the comparison counties was not tested for reliability,

although it was reviewed in detail for reasonableness. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, such as the following:

- Kaiser Family Foundation and Health Research;
- Government Finance Officers' Association (GFOA);
- State Employee Relations Board (SERB);
- County Commissioners' Association of Ohio (CCAO);
- County Employee Benefits Consortium of Ohio (CEBCO);
- Bureau of Workers' Compensation (BWC);
- Center for Digital Government; and
- National Institute for Government Purchasing (NIGP).

Information used as criteria (benchmarks or leading practices) was not tested for reliability.

The Auditor of State and staff express appreciation to Lawrence County and Athens, Scioto, and Washington counties for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

This section of the executive summary highlights specific Lawrence County accomplishments identified throughout the course of the audit.

- The Sheriff's Office, Juvenile Probation, and Home Detention working with the State Highway Patrol, Ohio University Extension office, Ohio University Southern Campus, and local schools have pooled funds to operate programs such as School Resource Officer, Car Teens, a secure lock up at the Scioto County Juvenile Center, 4-H, and high risk neighborhood diversion programs. The collaboration helps the County to provide services to juveniles in a more coordinated and targeted manner.
- The Sheriff has used special contracts, grants, donations, fees, and jointly funded programs and positions to offset the cost of services. Special contracts and grant funds will generate approximately \$200,000 in funding for 2008 to offset operating costs. An additional \$34,000 was received from the Homeland Security Advisory Group for new mobile and portable radios. Donations have been used to fund two drug canines and new ballistic vests. Jointly funded programs and positions include a Child Abuse Deputy and School Resource Officer. Finally, in 2007 the Sheriff worked with the Common Pleas Judge to implement a special fee applied to each Sheriff's sale. This funding is used to pay the salary of the Sheriff's Sale Clerk.

Conclusions and Key Recommendations

The performance audit contains several conclusions and recommendations pertaining to Lawrence County. The following are the key recommendations from the report:

In the area of financial operations, Lawrence County should:

- Develop a comprehensive strategic plan that defines its mission and goals and outlines decisions on allocating its resources, including its capital and human resources, to achieve stated goals. This can help the County make better budgetary decisions by directing scarce resources to programs of greatest importance. Elected officials and department heads in County offices and agencies should be included in, and contribute to, the planning process so that the final plan represents an integrated, County-wide strategy.
- Develop a detailed five-year forecast document, based on the forecast presented in the financial operations section of this report, that assesses long-term financial implications of current and proposed policies, programs, and assumptions of the County. The forecast can help identify and determine reductions needed to ensure financial stability.
- Develop a government-wide capital planning tool that identifies and prioritizes expected capital needs for a minimum of five years. The planning tool will help tie capital needs to the five-year forecast.
- Develop a performance measurement system that evaluates the overall efficiency and effectiveness of County departments and programs.
- Implement recommended practices for budgeting for results and outcomes to help it better direct resources to priority programs with proven effectiveness. By implementing budgeting for results, Lawrence County will be able to continue priority programs through periods of fiscal constraint and better determine which programs should be funded (and to what degree) when resources are scarce.

In the area of service coordination, Lawrence County should:

- Create a centralized office for technology support, and/or designate a person to be its Information Technology (IT) Coordinator. A centralized technology function could help the County find solutions to software issues, such as the system communications problems experienced by the Auditor's and Treasurer's offices. If the County hires a technology support person, the annual cost could be approximately \$50,000, including salary and benefits.

- Centralize purchasing responsibilities within one position. Centralized purchasing would help guard against budget over spending and provide economies by standardizing purchases Countywide. If the County hires a purchasing manager, the annual cost could be approximately \$107,000, including salary and benefits.
- Participate in additional purchasing programs such as U.S. Communities Government Purchasing Alliance. Participation in larger purchasing pools generally provides savings from commonly used supplies, parts, and equipment.

In the area of human resources, Lawrence County should:

- Hold salary increases to 1 percent or less in 2009 and limit increases in future negotiations for both bargaining and non-bargaining unit employees based on an annual review of financial conditions. If the County limits the increase to 1 percent in 2009, it would save \$54,600 annually.
- Centralize human resource efforts by establishing a human resources committee and charge it with reviewing and monitoring all human resource functions. If the County hires an HR specialist, the annual cost could be approximately \$74,000, including salary and benefits.
- Develop and maintain clear policies and procedures to govern County operations.
- Improve the cost effectiveness of the County's health insurance program and lower premium costs by requiring cost sharing for all Department and Office employees, participating in a health insurance consortium, instituting wellness and disease management programs, creating a health insurance committee, consider providing a consumer-driven health care plan (CDHP), and evaluating its health insurance brokerage services and compensation annually. By bringing health insurance costs in line with SERB averages, the County could save approximately \$115,000 annually.
- Seek to renegotiate provisions within employee bargaining agreements that exceed industry standards and State minimums. If the County renegotiates its sick leave pay-out policy, it could save \$34,800 annually.
- Establish a workplace safety program to improve safety awareness, reduce the risk of job-related injury, and reduce workers' compensation claims and costs. This would result in a savings of \$45,600 based on FY 2007 workers compensation costs.

During the course of the audit, the County Administrator indicated that Lawrence County was again participating in the Premium Discount Program.

In the area of technology, Lawrence County should:

- Develop a technology plan that includes formal processes for assessing the technology-related needs of the County and its employees.
- Maintain all technology-based inventories in a database that administrators can access and update.
- Develop written standards for hardware and software that outline strict requirements on what hardware and software can be purchased.
- Begin implementing e-government by developing a fully functional, user-friendly website that provides links to all departments and makes commonly used forms available to the public. A centralized web site would not only improve customer service, but may reduce costs as several departmental and office web sites could be consolidated into a single County government web site.

In the area of services, Lawrence County should:

- Conduct a comprehensive review of all charges and fees associated with its governmental activities. The County should update its policies for fees to reflect recommended practices and consider changes to fee levels to better equalize the cost of services and revenues related to user fees. Although some fees for elected Offices are set in statute, many other fees may be set at the County's discretion. A department-by-department comparison of fees to surrounding and similar counties would help Lawrence County administrators identify additional revenue generating opportunities.

In service areas typically funded through user or license fees, the Commissioners and other elected officials should examine the level of cost recovery that is desirable for each particular service. When fees cannot be increased to a level sufficient to fund current operations, operational changes may be needed to reach target funding levels. In contrast, the Commissioners or officeholder may determine that the service should be partially funded through the General Fund. In any case, performance measurement will be critical to helping the County determine the full cost of the services it provides.

- Identify options to reduce the jail inmate population through alternative sentencing policies. While the County's sentencing results will ultimately be driven by statutory requirements and judicial sentencing decisions, sentencing alternatives such as home detention and reduced length of stay could reduce inmate population, jail overcrowding, and expenditures. The Sheriff's Office and other county officials should also work closely with the Ohio Bureau of Community Sanctions to access grant money available for establishing community punishment programs for adult offenders and for guidance in

administering these programs. Reducing out-of county placements by 50 percent would save the County about \$51,000 annually.

During the course of the audit, the County took steps to begin implementing a home monitoring system.

For its offices and departments, Lawrence County should:

- Implement case management software to help better manage the Prosecutor's Office's workload. This would help the Office better comply with ORC reporting requirements and help it develop performance measures. By better managing its case load and tracing its performance over time, the Prosecutors Office will be able to streamline its support work and improve its efficiency.
- Increase revenue for applicable offices and departments by applying for grants at a level comparable to the peers. Additional grant revenues, which are available to counties, could help Lawrence County reduce the General Fund allocations to these departments. Increased revenues would be approximately \$171,000 beginning in 2010.
- Reduce Common Pleas and Clerk of Courts staffing by at least 1 FTE (a total of 2 FTEs may be possible) and 1.5 FTEs respectively. The savings generated by improved efficiency and staffing reductions would total \$88,000 in 2009.

During the course of the audit, the senior court reporter announced her retirement. The Judge hired an additional court reporter to be trained by the senior court reporter. Upon the retirement of the senior court reporter (projected in early 2009), the staffing level for this position will fall to 2.0 FTEs.

- Implement additional programs that serve as alternatives to incarceration or improve the likelihood of successful rehabilitation of public offenders. Developing and implementing programs that are funded through non-General Fund resources would provide the County with additional options associated with the rehabilitation of public offenders. In addition to improving the outcomes of rehabilitation, alternative programs would reduce the County's costs for incarceration.
- Work with the Department of Youth Services to improve its facility and operations in order to remain compliant with ORC and OAC requirements. Reimbursements from Title IV-E funds would be approximately \$69,000 per year.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. Those issues may not be directly related to the audit objectives or may be issues that were outside the scope of the audit. AOS has identified the following as issues requiring further study:

County Government Structure: Like many local governments, the organizational structure and service demands of the Lawrence County government are not currently supported by incoming revenues (see **financial operations**). The State legislature has recently established a commission to recommend to the legislature a plan to restructure Cuyahoga County government for the purpose of consolidating resources and reducing expenditures. While only in exploratory stages, Cuyahoga County is looking at the possibility of eliminating several elected positions, and replacing some of those with directors appointed by the county commissioners. Ultimately, the legislature and the people of Cuyahoga County will make a decision about the appropriate government structure. Lawrence County should stay apprised of the Commission's recommendations and consider whether an alternative form of county government would better meet the needs of its citizens within its funding limitations.

Purchasing Technology: The County does not extensively use technology for purchasing. The International City/County Management Association (ICMA) recommends governments consider purchasing cards, on-line reverse auctions, and on-line purchasing, requisitions and bidding programs. The County should conduct a cost/benefit analysis to determine if its consolidated purchasing function would benefit from these programs.

Disaster Recovery Planning: The County does not have a disaster recovery plan for its various systems, departments, and offices. The Auditor of State's Office (*Best Practices, Winter 2007*) and the Government Finance Officers Association (*Recommended Practices – Computer Disaster Recovery Planning, 1999*) recommend the implementation of disaster recovery plans to ensure the continuity of essential services to citizens. Once a technology plan (see **R5.1**) has been developed and critical issues of outdated equipment and software, and interoperability have been addressed, the County should ensure a comprehensive disaster recovery plan is developed to address technology in all offices and departments.

Dispatch Services: In addition to the Sheriff's Office, which employs dispatchers, Lawrence County also operates 911 County Dispatch Services as a separate department: Disaster Services. These services are provided from a facility separate from the Sheriff's Office operations. The 911 County Dispatch operations cost approximately \$450,000 from the General Fund. Although it duplicates some of the Sheriff's Office services, it also provides dispatching to several local governments. The County should examine options to consolidate dispatch services from the Sheriff's Office and Disaster Services to reduce costs and eliminate duplication of efforts.

In his response to the audit, the Sheriff noted that he had presented a proposal for consolidated dispatch services in 2005. He also stated that he had conducted an informal survey of 44 Sheriff's offices in southern Ohio to determine where dispatch services were most frequently housed.¹ Based on his interest in consolidating dispatch services, the Sheriff and Commissioners should consider collaborating on methods to eliminate the duplication of services.

¹ The audit did not evaluate or confirm the findings of this survey.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which Lawrence County should consider. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations – First Year (FY 2009)

	Estimated First Year Savings	Annual Revenue Enhancements	Estimated Annual Costs	One-Time Implementation Costs
R3.1 Hire a Technology Support employee	\$25,000		\$50,000	
R3.2 Hire a Purchasing Manager				
R4.1 Limit salary increases to 1 percent.	\$54,600			
R4.2 Hire an HR specialist				
R4.5 Negotiate adjustments to the health insurance plan benefits to SERB average	\$115,000			
R4.6 Renegotiate selected bargaining unit provisions	\$34,800			
R4.7 Implement BWC workers safety programs	\$45,600 ¹			
R6.1 Phase in increases in charges and fees		\$413,000 ²		
R7.1 Implement case management software			\$1,500	\$1,000
R7.2 Increase grant seeking effort		\$171,800 ³		
R7.3 Redistribution of duties and reduction of 1.0 FTE in Common Pleas Court ⁴	\$37,000			
R7.4 Reduce 1.5 FTE in Clerk of Courts	\$51,000			
R7.7 Become eligible for Title IV-E funding	\$69,000			
Total General Fund Impact of Performance Audit Recommendations	\$432,000	\$584,800	\$51,500	\$1,000

Source: AOS Recommendations

Note: The financial implications summarized above are presented on an individual basis. The magnitude of cost savings associated with some recommendations could be affected or offset by the implementation of other interrelated recommendations. Therefore, the actual cost savings, when compared to estimated cost savings, could vary depending on the implementation of the various recommendations.

¹The annual financial implication for **R4.7**—Implementation of BWC programs (\$45,600)—would not be realized until 2010.

²First year increase in revenues

³Given the amount of time required to write, submit, and receive a grant award, the financial implication will not affect the financial forecast until FY 2010

⁴The Court should consider reducing an additional FTE to be comparable to the peers, for a total reduction of 2.0 FTEs.

Financial Operations

This section of the performance audit analyzes Lawrence County's (the County) current and future financial condition and its financial management practices. County operations were compared to industry standards drawn from sources that include the Employer Health Benefits: Annual Survey 2007 developed by the Kaiser Family Foundation and Health Research and Educational Trust, Government Finance Officers' Association (GFOA), State Employment Relations Board (SERB), County Commissioners' Association of Ohio (CCAO), County Employee Benefits Consortium of Ohio (CEBCO), Bureau of Workers' Compensation (BWC), Center for Digital Government, and National Institute for Government Purchasing (NIGP). In some analyses, peer counties were used for comparison purposes.¹ Also, other governments, such as Pinellas County, Florida; St. Clair County, Michigan; Mecklenburg County, North Carolina; and Mahoning and Delaware counties in Ohio, are included to illustrate the use of leading practices.

Background

Accounting Structure

Lawrence County maintains its accounting records in accordance with the principles of fund accounting.² Governmental Funds account for a majority of the County's revenues and expenditures related to governmental functions and include the following funds:

- The **General Fund** is the chief operating fund for the County and is used to account for all revenues and expenditures that are not accounted for in other funds. General Fund resources are available to the County for any purpose, provided the resources are disbursed or transferred in accordance with Ohio law.
- The **Special Revenues Fund** accounts for the proceeds of specific revenue sources (other than expendable trusts or those for major capital projects) that are legally restricted to expenditures for specific purposes.

¹ The peer counties are Athens, Scioto, and Washington counties in Ohio.

² Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other constraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. There are three categories of funds used in governmental accounting: Governmental Funds, Proprietary Funds and Fiduciary Funds.

- The **Debt Service Fund** accounts for the accumulation of resources for the payment of principal and interest on general obligation bonds.
- The **Capital Projects Fund** accounts for financial resources used for the acquisition or construction of major capital facilities.

Financial Analysis

Table 2-1 displays the County's revenue by source as a percentage of total General Fund revenues.

Table 2-1: General Fund Revenues by Source

	2004	2005	2006	2007
Sales Tax	40.3%	39.1%	39.7%	39.7%
Property Taxes	19.1%	19.6%	20.3%	19.4%
Charges for Services	12.6%	10.9%	11.2%	10.6%
Licenses and Permits	0.1%	0.0%	0.1%	0.0%
Fines and Fees	4.3%	4.1%	4.3%	4.6%
Intergovernmental	19.0%	17.1%	16.4%	15.2%
Investment Income	1.2%	3.3%	4.9%	6.8%
Other	3.4%	5.8%	3.2%	3.6%
Total Revenues	100.0%	100.0%	100.0%	100.0%

Source: County revenue reports

As shown in **Table 2-1**, the County has historically relied on sales and property taxes for a majority of its revenues. In 2007, tax revenues accounted for approximately 59 percent of total revenues. This proportion has remained relatively steady during the four year period displayed. Also, the percentage of income derived from investment income increased significantly since 2004 because of an increase in short-term interest rates and an expansion in the short-term investment opportunities used by the County. The percentage of revenue generated by investments will likely decline in 2008 as short-term interest rates decrease.

Table 2-2 displays the percentage of Department/Office expenditures to total county expenditures in the General Fund of the County's largest departments. The County's six largest departments consume more than 40 percent of the total General Fund expenditures with the Sheriff's Office expenses representing between 15 and 20 percent of the General Fund expenditures.

Table 2-2: General Fund Expenditure Allocation by Department

Department/Office	2004	2005	2006	2007
Sheriff's Office	15.2%	17.1%	16.3%	20.4%
Prosecutor's Office	5.1%	6.3%	6.3%	7.5%
Detention Home	4.7%	5.0%	4.9%	6.0%
Auditor's Office	4.1%	4.7%	4.4%	5.9%
Common Pleas Court	2.8%	3.2%	3.5%	4.3%
County Court	3.6%	3.7%	3.6%	4.3%
Other Departments/Programs ¹	64.5%	60.0%	61.0%	51.6%
Total Expenditures	100.0%	100.0%	100.0%	100.0%

Source: Lawrence County expenditure reports

¹Other departments/programs includes the following 25 departments, offices, and programs: Commissioners, Treasurer, Bureau of Inspection, Domestic Relations, Probate Court, Clerk of Court, Coroner, Municipal Court, Jury Commission, Adult Probation, Juvenile Probation, Board of Elections, Maintenance & Operations, Jail, Recorder, Humane Officer, Disaster Services, Courthouse Security, County Court Security, Agriculture, Soldiers Relief Board, Veterans Service, Public Assistance, Engineer, and Law Library.

Table 2-2 shows that the County allocates a sizable and growing portion of its budget for Sherriff's Office operations. Expenditure allocations for the Sherriff's Office increased more than 5 percent between 2004 and 2007. As the County's fiscal health has deteriorated; the Sheriff's, Prosecutor's, and Auditor's offices, Common Pleas and County courts, and Detention Home have used a larger proportion of available General Fund monies. Specifically, in 2004, these six departments comprised 35.5 percent of the County's General Fund. However, as financial resources have become more scarce, the County has reduced allocations to its other departments and functions and redirected its resources into its public safety and criminal justice functions. As a result, in 2007, the six largest County departments expended 48.4 percent of the total budget—12.9 percent more than in 2004.

Table 2-2a shows the percent of expenditures for the six largest General Fund departments for Lawrence County and the peers. Because this section focuses on General Fund expenditures, the peer counties may not appear to make comparable expenditures to support their departments. In some cases this is due to the fact that sizable expenditures are made through other funds. In other cases, the methods by which a county categorizes certain expenditures influences the comparison.

Table 2-2a 2007 General Fund Percent of Expenditure Comparison

Department/Office	Lawrence County	Athens County	Scioto County	Washington County
Sheriff's Office	20.4%	24.0%	0.7% ¹	15.5% ²
Prosecutor's Office	7.5%	7.8%	5.5%	3.4%
Detention Home	6.0%	N/A	N/A	6.6%
Auditor's Office	5.9%	3.8%	3.8%	2.8%
Common Pleas Court	4.3%	4.2%	4.3%	2.1%
County Court	4.3%	N/A	N/A	N/A
Other Departments/Programs	51.6%	60.2%	85.7%	69.6%
Total Expenditures	100.0%	100.0%	100.0%	100.0%

Source: Lawrence and Peer County 2007 Expenditure Reports

¹ This amount does not reflect approximately \$6.5 million in expenditures which were paid from other funds.

² This amount includes revenues of approximately \$3 million which are General Fund dollars collected specifically for the support of the Sheriff's Office.

As shown in **Table 2-2a**, Lawrence County and the peers exhibit a high degree of variability in how General Fund resources are allocated across offices and departments. In addition, the table illustrates the impact of alternative, or non-General Fund, revenues on the amounts available for specific functions. For example, Scioto County spends very limited General Fund resources on its Sheriff's Office; however, this does not reflect an additional \$6.5 million in expenditures that are paid from other funds.

Financial Planning and Budgeting

The County has no formal long-term planning process. Planning occurs mainly on a year-to-year basis, due particularly to the declining year-end General Fund balance. The main planning document of the County is the annual budget, which is created by the Commissioners' Office with the input of some department officials. As the County has faced declining funds available for operations, budgeted amounts for several County departments and offices have consisted solely of funds for salaries and benefits. All other expenditure for supplies, equipment and other services are expected to be paid from these allotted expenditures or other funds.

Financial Condition

The County is in a period of rapidly declining General Fund balances, as illustrated by the projections in **Table 2-3**. These declining General Fund balances have occurred simultaneously with a decrease in overall liquidity. A shortage of cash has resulted in significant levels of accounts payable—bills that go unpaid until sufficient cash funds are available. Due to the large balance in unpaid obligations, it is difficult to determine the County's actual year-end General Fund balance, as the unpaid bills are not included in the County's cash-basis reports. For example, in 2007 the General Fund had a \$729,526 year-end cash balance, but this did not include unrecorded payments due vendors of \$662,915.

In 2004, the County had a positive beginning General Fund balance of \$1,469,577. From 2004 through 2007, the growth in expenditures has outpaced the growth in revenues resulting in declining General Fund balances. In 2007, taking encumbrances and unpaid and overdue accounts payable into consideration, the County had an estimated year-end General Fund deficit of \$285,659. Should Lawrence County continue to finance its operations in the same manner, it could experience a year-end General Fund deficit of approximately \$3.16 million after encumbrances by 2012.

Financial Forecast

Table 2-3 presents the five-year financial forecast developed for the General Fund³ of Lawrence County. The forecast includes four years of historical data (2004 through 2007) and five years of projected data (2008 through 2012). Detailed assumptions are provided for the major line items in the forecast to explain the methodologies used in projecting revenues and expenditures. The Auditor assumptions were developed in conjunction with County personnel for the purposes of this report. Furthermore, **Table 2-3** includes a separate line to capture the financial impact of the recommendations in this performance audit, and shows projected fund balances with the impact of the performance audit recommendations.

During the course of the performance audit, four years of historical information, provided by the County, was used for trend analysis and to identify any inconsistencies that could impact projections. This data was determined to be sufficiently reliable to produce a forecast. Generally, County personnel and officials provided explanations and corroborating documentation for significant issues. Historical detail for the forecast line items can be found in **Appendix A** and **B**.

³ Not including the 0.5 mill property tax designated for the Soldier's Relief Fund.

Table 2-3: Lawrence County General Fund Forecast (in 000's)

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Forecast 2008	Forecast 2009	Forecast 2010	Forecast 2011	Forecast 2012
Revenues:									
Sales Tax	\$4,131	\$4,212	\$4,317	\$4,478	\$4,541	\$4,604	\$4,669	\$4,734	\$4,800
Property Taxes	\$1,959	\$2,116	\$2,213	\$2,191	\$2,290	\$2,277	\$2,303	\$2,329	\$2,356
Charges for Services	\$1,288	\$1,170	\$1,223	\$1,195	\$1,188	\$1,165	\$1,197	\$1,174	\$1,205
Licenses and Permits	\$6	\$4	\$6	\$3	\$5	\$5	\$5	\$5	\$5
Fines and Fees	\$445	\$439	\$465	\$524	\$468	\$468	\$468	\$468	\$468
Intergovernmental	\$1,947	\$1,847	\$1,780	\$1,709	\$1,958	\$1,991	\$1,993	\$1,836	\$1,834
Investment Income	\$122	\$359	\$531	\$762	\$750	\$750	\$750	\$750	\$750
Other	\$351	\$625	\$345	\$410	\$424	\$424	\$424	\$424	\$424
Total Revenues	\$10,249	\$10,773	\$10,880	\$11,271	\$11,624	\$11,683	\$11,805	\$11,716	\$11,836
Other Financing Sources									
Transfers/Advances In	\$1,178	\$521	\$1,421	\$825	\$825	\$825	\$825	\$825	\$825
Other Financing Sources	\$160	\$300	\$1,000	\$612	\$0	\$0	\$0	\$0	\$0
Total Other Financing Sources	\$1,338	\$821	\$2,421	\$1,437	\$825	\$825	\$825	\$825	\$825
Total Revenues and Other Financing Sources	\$11,587	\$11,594	\$13,301	\$12,708	\$12,449	\$12,508	\$12,630	\$12,541	\$12,657
Expenditures:									
Salaries	\$5,854	\$5,841	\$6,038	\$6,199	\$6,350	\$6,406	\$6,576	\$6,656	\$6,842
Fringe Benefits	\$2,245	\$2,371	\$2,490	\$2,483	\$2,868	\$3,128	\$3,426	\$3,757	\$4,133
Materials and Supplies	\$422	\$470	\$507	\$394	\$408	\$420	\$436	\$452	\$469
Contracted Services	\$1,223	\$1,314	\$1,196	\$1,003	\$1,093	\$1,103	\$1,113	\$1,124	\$1,135
Capital Outlay	\$53	\$69	\$68	\$29	\$26	\$276	\$29	\$30	\$32
Miscellaneous	\$1,356	\$1,311	\$1,371	\$1,221	\$1,238	\$1,249	\$1,267	\$1,290	\$1,320
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$11,153	\$11,377	\$11,671	\$11,329	\$11,983	\$12,334	\$12,846	\$13,308	\$13,932
Other Financing Uses									
Transfers/Advances Out	\$602	\$675	\$1,420	\$1,056	\$1,052	\$417	\$366	\$346	\$326
Total Other Financing Uses	\$602	\$675	\$1,420	\$1,056	\$1,052	\$417	\$366	\$346	\$326
Total Expenditures and Other Financing Uses	\$11,755	\$12,053	\$13,092	\$12,385	\$13,036	\$12,751	\$12,471	\$12,543	\$12,882
Net Operating Results	(\$168)	(\$459)	\$209	\$323	(\$586)	(\$243)	(\$583)	(\$1,114)	(\$1,601)
Fund Balance, 1/1	\$1,470	\$1,302	\$843	\$1,052	\$730	\$143	(\$99)	(\$682)	(\$1,796)
Fund Balance 12/31	\$1,302	\$843	\$1,052	\$730	\$143	(\$99)	(\$682)	(\$1,796)	(\$3,397)
Estimated Encumbrances, 12/31	\$230	\$208	\$126	\$352	\$229	\$229	\$229	\$229	\$229
Unencumbered Fund Balance (Deficit), Dec 31	\$1,072	\$635	\$926	\$377	(\$86)	(\$328)	(\$911)	(\$2,025)	(\$3,627)
Cumulative Effect of AOS Recommendations	NA	NA	NA	NA	NA	\$334	\$927	\$1,561	\$2,198
Adjusted Unencumbered Fund Balance (Deficit), 12/31	\$1,072	\$635	\$926	\$377	(\$86)	\$5	\$15	(\$464)	(\$1,429)

Source: AOS projections, County historical records, financial records, and testimonial evidence.

Potential revenue enhancements from increases in charges and fees (**R6.1**) to levels more commensurate with the costs of services (where applicable) and other counties are not shown in the five-year forecast (**Table 2-3**). If implemented, increased user fees and charges could improve the adjusted unencumbered fund balance in years 2008 through 2011 to positive ending fund balances. Members of the County administration and elected officeholders have stated that a review of fees would not generate sizable additional revenue. However, the auditors noted that the County has no process to identify the total cost of government or set or review the fees and charges it levies for specific services, licenses, and fines. Furthermore, as noted in the *subsequent events* portion of the **executive summary**, as well as the **operations** and **judicial services** sections, certain offices have already begun to identify revenue that could be recouped through service and user fees.

Table 2-3A: Financial Implications Summary

	Estimated First Year Savings	Annual Revenue Enhancements	Estimated Annual Costs	One-Time Implementation Costs
R3.1 Hire a Technology Support employee	\$25,000		\$50,000	
R4.1 Limit salary increases to 1 percent.	\$54,600			
R4.5 Negotiate adjustments to the health insurance plan benefits to SERB average	\$115,000			
R4.6 Renegotiate selected bargaining unit provisions	\$34,800			
R4.7 Implement BWC workers safety programs	\$45,600			
R7.1 Implement case management software			\$1,500	\$1,000
R7.2 Increase grant seeking effort		\$171,800 ¹		
R7.3 Redistribution of duties and reduction of 3.0 FTEs in Common Pleas Court ²	\$37,000			
R7.4 Reduce 1.5 FTE in Clerk of Courts	\$51,000			
R7.7 Become eligible for Title IV-E funding	\$69,000			
Total General Fund Impact of Performance Audit Recommendations	\$432,000	\$181,800	\$51,500	\$1,000

Source: AOS Recommendations

¹Given the amount of time required to write, submit, and receive a grant award, the financial implication will not affect the financial forecast until FY 2010.

² A reduction of at least 1.0 FTE court reporter would result in savings of approximately \$37,000 in salary and benefits in 2009. In order to be more comparable to the peers, additional reductions for a total of 2.0 FTE court reporters is recommended.

By its nature, forecasting requires estimates of future events. Therefore, differences between projected and actual revenues and expenditures are common because circumstances and conditions frequently do not occur as expected. **Table 2-3** shows the unencumbered General Fund balance forecasted before AOS recommendations are implemented and the accumulated

effect on the fund balance after AOS recommendations are implemented. The General Fund balance remains positive through 2012. **Table 2-3A** shows the financial implications of AOS recommendations.

*Revenue Assumptions*⁴

Sales Taxes

In February 1983, the County Commissioners adopted by resolution a 1 percent Permissive Sales and Use Tax, and in April 1998 a ½ percent Permissive Sales and Use Tax. Sales and use tax revenue for 2007 amounted to \$4,478,097 representing the primary revenue source for the County. For the forecast period, it is assumed that sales tax receipts will continue to increase at the annual growth rate since 1999 of 1.4 percent based on historical increases in Lawrence County per capita income amounts.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located within the County. Property taxes increased significantly in 2005 because of a revaluation conducted in 2004. Total property tax revenues decreased 1.8 percent in 2007 primarily due to the phase out of personal property taxes (see **Appendix A**). Assumptions for future property tax revenues are as follows:

- **Real estate tax settlement** - this represents revenues received from the County's 3.1 mill property tax levy. The County completed its most recent property update in 2007 and is required to complete a property revaluation in 2010.

Declines in the real property valuations nationwide in the last half of 2007 make the projection of future real estate tax settlement amounts difficult. However, while property values may decline, the effective rate on outside millage will increase to compensate and provide the same property tax dollars to counties.⁵ Despite national declines, the Lawrence County Auditor's Office has estimated property values to increase similar to previous revaluation and update years. For the 2007 update (for collection in 2008), the Auditor's office has estimated that agricultural property values will increase approximately 10 percent and residential property values will increase approximately 14 percent. Therefore, real estate tax settlement amounts are projected to increase at a rate similar to previous update years for 2008 (8 percent). Due to the uncertainty over real estate valuations nationwide, however, projections for 2009 through 2012 have been

⁴ For those line items not included due to materiality, it is assumed that they would increase at an inflationary rate of 2.5 percent. Materiality was assessed at a conservative level of approximately 0.5 percent of revenues or \$60,000.

⁵ Lawrence County does not have any County levies that are outside millage (other than MRDD). If property values decline, the County may experience reduced revenue on inside millage.

projected to increase at the historical non-revaluation/update level of approximately 2.2 percent.

- **Tangible personal property tax** - pursuant to HB 66, the tax on general business and railroad property (which is public utility property) will be phased out by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. Taxes on personal tangible property are being phased out by reducing the assessment rate on the property each year.

At the same time, HB 66 replaces the lost revenue. In the first five years, local governments are reimbursed fully for lost revenue and will be “held-harmless” relative to 2004 revenue amounts. These phase-out reimbursements, recorded in the intergovernmental revenues line item, will be provided until 2010. From 2010 until 2016, the State will phase out the reimbursement amounts.

For the forecast period, tangible personal property taxes have been projected to decline based on the phase-out levels: in 2008, the assessment rate is projected at 6.25 percent, down from 12.5 percent in 2007; in 2009, it is projected at zero.

The **Property Tax** line includes a **cost allocation** category. This line item represents reimbursements to the General Fund by other County funds for services performed by General Fund departments on behalf of other departments and offices. Historically, these revenues fluctuate and have been forecast at a flat rate based on a four-year average of \$125,933.

Charges for Services

Charges for services represent revenues received for various charges and fees collected by County departments and consist primarily of real estate and personal property conveyance (title and property transfers), property tax collection, and court and sheriff fees. **Appendix A** displays historical charges for services revenues.

- **Auditor’s fees, real estate conveyance and Treasurer’s fees** – these line items are all highly contingent upon real estate transfers. ORC § 319.54 and § 321.26 govern fee amounts charged by county auditors and treasurers respectively for real estate transactions. Pursuant to these statutes, the auditor and the treasurer are required to collect between 2.5 and 3.0 percent of the first \$100,000 of value. As the transferred property value rises, the auditor and treasurer collect a decreasing percentage. Real estate conveyance fees are fixed, and are outlined in ORC § 319.54(f), which states that counties are to assess a 1 mill fee on all property transferred. Under ORC § 322.02, the board of county commissioners of a county has the ability to add an additional conveyance fee of up to 3 mills. Under these statutes, the County issues a conveyance fee of four mills. Because of their relationship to real estate transfers, any significant drop in

property transactions will be met by a decrease in real estate conveyance fees and decrease in auditor's and treasurer's fees (**Appendix A**).

For the purpose of the forecast, it is assumed that real estate transactions will trend up slightly in 2008. The National Association of Realtors has forecasted existing home sales to trend up in 2008 after decreasing 12.5 percent in 2007.⁶ To be conservative, the forecast will not assume home sales will trend up, but will assume no decreases in home sales and real estate transactions. Therefore, these line items have been projected to remain flat at 2007 levels through the forecast period. However, the Auditor should regularly monitor the collection rate on these fees as 2007 collection rates may not be sustainable under current market conditions.

- **Clerk of Courts fees** – the Clerk of Courts is responsible for the collection and issuance of receipts for all costs, fees, fines, bail, and other moneys payable to the courts. Revenues for the Clerk of Courts vary depending on caseload, characteristics and structure. Caseloads have fluctuated significantly since 2004. As a result, Clerk of Courts revenues have been forecasted to remain constant based on the four-year historic average of \$122,702 (**Appendix A**).
- **Sheriff's fees and contracts** - the Sheriff's Office generates fees from the execution of writs and orders as well as jail fees and court related duties. For the purpose of the forecast, Sheriff's fees and contracts were combined as the County stated that revenues from these line items have been intermingled from year to year. In addition, the Sheriff was unable to provide any information on the outlook for future revenues. Therefore, total fees and contracts were projected at the four-year historical average of \$70,337 (**Appendix A**).
- **Recorder's fees** – these fees are generated primarily from the recording of all deeds, mortgages, and leases of the County. The duties and fees charged are outlined in ORC § 317.13 and § 317.32 respectively. Similar to the fees generated by the Auditor and Treasurer, Recorder's fees are highly contingent on real estate transfers. Therefore, for the purpose of the forecast, it is assumed that real estate transactions will remain constant for the forecast period. As a result, Recorder's fees are projected at 2007 levels of \$204,000 (**Appendix A**).

⁶ Since the completion of fieldwork, the National Association of Realtors amended the forecast to include a 13 percent decline extending through the first half of 2008. However, in July 2008, Ohio real estate sales increased slightly. This trend diverged from national trends which showed a continuation in the fall of real estate property values.

Licenses and Permits

License and permit revenues have historically consisted of receipts from the issuance of vendor's and cigarette licenses. Revenues generated for this classification have been insignificant in relation to the County's total revenues. Therefore, license and permit revenues have been forecasted to remain steady at the four-year average of \$5,100 per year.

Fines and Forfeitures

The County court system generates revenues through the levying of fees of fines. The following courts generate fees and fines revenue for the General Fund:

- **County Probate Court fees** – the County Probate Court is responsible for the administration of decedent's estates, consent for medical treatment, the appointment of guardians for minors and incapacitated adults and the supervision of their property, civil involuntary commitments of the mentally ill, adoptions, birth record connections and registrations, changes of name, issuance of marriage licenses, supervision of testamentary trusts (those created by will) and interpretation and enforcement of inter-vivos trusts (those created during a person's lifetime), land appropriations, and will constructions. Revenues for the Probate Court are derived from fees outlined in ORC § 2101.16.
- **County Court (Common Pleas Court)** – this court hears civil and criminal cases as authorized by ORC § 1907. Revenues for the County Court are derived from fees outlined in ORC § 1907.24.
- **County Municipal Court** – the County Municipal Court is responsible for hearing cases and delivering court orders as well as processing information and monies related to a variety of criminal, civil and small claims cases. Revenues for the Municipal Court are derived from fees outlined in ORC § 1901.024.
- **County Juvenile Court** hears delinquency cases involving persons less than 18 years of age, and cases dealing with unruly, abused, dependent and neglected children. Revenues for the Juvenile Court are derived from fees outlined in ORC § 2151.54.

As shown in **Appendix A**, fines and fees generated by the County's courts have increased significantly since 2004. This increase was due primarily to a 27 percent increase in County Court fines -- the largest court in the County.

For the purpose of the forecast, caseload information was analyzed for 2001 through 2006. Fines and fees collected from the courts fluctuated significantly from 2004 through 2007. As a result, future revenues from the courts were projected at the 2004 to 2007 four-year average of \$467,825. **Appendix A** displays these projections.

Intergovernmental Revenues

Intergovernmental revenues represent receipts from other governments. Historically, these revenues have consisted of State funding for rollback and homestead exemptions, Local Government Fund disbursements, and for providing defense for indigents. **Appendix A** displays historical detail for intergovernmental revenues.

Intergovernmental revenues have decreased since 2005 due to decreases in funding for defense of indigents and Ohio Emergency Management Agency (EMA) reimbursements. Assumptions applied to intergovernmental revenues for the purposes of this forecast are as follows:

- **Rollback and homestead revenues** – these revenues consist of reimbursements provided to the County as a result of tax loss caused by the State’s Homestead Exemption Program, the 10 percent rollback credit, and the 2.5 percent rollback credit which is reimbursed to local taxing jurisdictions by the State. Because of this relationship, the level of these reimbursements is dependent on the level of local taxes generated. For the purpose of the forecast, rollback and homestead revenues have been projected at the historical rate of 13 percent of real property tax settlements.
- **Payment-in-lieu of taxes (PILT)** – this line item consists primarily of payments made by the U.S. Department of Interior (DOI) for federal lands within the County. Annual PILT payments to local governments are computed based on the number of acres of federal entitlement land within each county or jurisdiction and its population. The lands include the Wayne National Forest and those affected by Corps of Engineers projects. Individual county payments may vary from year to year as a result of changes in acreage data (updated annually by the federal agency administering the land) and population data (updated by the U.S. Census Bureau). For 2007, the DOI reported that Lawrence County boundaries encompassed 70,432 acres of the Wayne National Forest and 17 acres associated with Corps of Engineer projects along the Ohio River.

Historically, the Lawrence County Auditor stated that PILT payments are sent to the County with no identifying information; as a result, these funds are categorized as unclaimed funds until they are transferred to the General Fund. In previous years, PILT payments were not transferred to the General Fund in their entirety, but were instead disbursed to other funds as well. For the purpose of the forecast, it is assumed that all PILT funds received by Lawrence County will be recorded in the General Fund. Projected amounts reflect the recent trend of a 0.7 percent annual decrease in PILT revenues (**Appendix A**).

- **Reimbursements from the State for the tangible personal property phase-out** – this represents payments made to the County by the State for the phase out of tangible personal property revenues. These reimbursements are projected based on data provided

by the Ohio Department of Taxation and the assumption that the State will hold the County harmless at the 2004 personal property tax revenue level through 2010. The State will then gradually eliminate the reimbursement through 2017

- **Local Government Fund (LGF) and the Local Government Revenue Assistance Fund (LGRAF)** – these are State funding programs designed to reduce the reliance on local property taxes by local governments. From 2001 through 2007, the State enacted a freeze on LGF distributions. HB 119, passed in 2007, contains changes to these programs that will significantly affect forecasted amounts. First, beginning in 2008, the LGRAF will be consolidated into the LGF. Second, the freeze on LGF will be lifted and the LGF will receive a percentage of all State General Revenue Fund tax sources, as opposed to specifically designated tax revenue sources. Third, the new funding formula contained in HB 119 states that a county's funding levels for 2009 and beyond should not fall below 2007 distribution levels. However, it should be noted that there are no guaranteed funding levels for the local distribution funds in Calendar Year 2008. If revenues do not meet estimates, local fund distributions could fall below their Calendar Year 2007 levels.

For the purpose of the forecast, LGF and LGRAF funding has been consolidated into one line item. 2008 levels are projected based on data provided by the Ohio Department of Taxation. For 2009 through 2012, LGF funding has been held constant based on uncertainty over the economy of the State and its ability to generate growth in future tax receipts.

- **Defense of Indigents** – this line item represents payments made by the Ohio Public Defender for the Indigent Defense Reimbursement program. Under this program, the Ohio Public Defender subsidizes counties for the cost of providing counsel to indigent persons in criminal and juvenile matters pursuant to ORC § 120.18, § 120.28, and § 120.33.35. These sections provide that the State Public Defender will reimburse counties for 50 percent of the cost of operating their local indigent defense systems, unless the legislature appropriates less funding than needed to reimburse at 50 percent, in which case each county receives a reduced share. Due to the economic health of the State, it has not reimbursed the full 50 percent in recent years. In 2006 and 2007, the State reimbursed 27.5 percent and 25.9 percent respectively. For the purpose of the forecast, it is assumed that the State will continue to reduce its reimbursement amount by 2 percent per year.

Interest

Interest revenue represents interest received on the investments of the County. Interest revenue has increased since 2004 as the result of bidding out CDs and other short-term investments to achieve the highest return. For the purpose of the forecast, interest revenues are projected to decrease 2.5 percent in 2008 due to a decrease in short term interest rates. For 2009 through 2012, interest revenues are forecasted to remain constant at \$750,000.

Other Revenues

The other revenues category represents receipts that, in the County Auditor's judgment, do not fit into any other designated revenue category. Historically, other revenues have primarily consisted of abatements, refunds, and reimbursements. **Appendix A** shows historical other revenues in detail.

Other revenues fluctuated significantly in the four-year period displayed due to the miscellaneous nature of the category. Assumptions for material other revenues are as follows:

- **Abatement side agreement** – represents payments received for a tax abatement agreement with Duke Energy Hanging Rock, LLC that the County entered into in 2001. Pursuant to this agreement, the County agreed to assess no tax on the real and personal property values of the newly constructed natural gas-fired, combined cycle electric generation facility. In exchange for the tax abatement, Duke Energy agreed to an annual Tax Incentive Donation of \$941,150, of which the county receives 10 percent or \$95,410. This agreement is in place until 2014.
- **Refunds and reimbursements** – this line item captures refunds and reimbursements that come into the General Fund from various sources including the following:
 - Sheriff's salary reimbursement from the State;
 - Payments from other County departments for their portion of liability insurance;
 - Workers' Compensation refunds; and
 - State reimbursements for election costs.

For the forecast, refunds and reimbursements have been projected at the four year historical average due to significant variances in this category from year to year.

Other Financing Sources

Other financing sources primarily represent long- and short-term debt accumulated by the County. Although the County may need to borrow in 2008 to pay general operating expenses, it is difficult to determine the amount. Therefore, the forecast assumes no further debt will be accrued through 2012.

Expenditure Assumptions

Salaries and Wages

For the purpose of the forecast, each salary expense has been classified into three categories: officials' salaries, regular employee salaries, and other salaries. Officials' salaries represent

salaries for elected officials and appointed staff such as judges. **Appendix B** shows the County's historical General Fund expenditures for officials' salaries.

Officials' Salaries

Total salaries for County officials have remained relatively steady since 2004 with the exception of salaries for the Soldier's Relief Board, which increased approximately 25 percent from 2006 to 2007. In addition, salaries of common pleas judges decreased almost 18 percent due to two vacant judgeships for a majority of 2007.

Most officials' salaries are governed by the Ohio Revised Code (ORC). The ORC, through recent changes contained in HB 712, provides increases in most salaries by using the Consumer Price Index Wage rate (CPI-W) or a set amount on a per capita basis. The Soldier's Relief Board salaries are determined by the County Commissioners, which appears to be the reason for the increase in 2007.

The assumptions for projecting General Fund salaries for officials include the following:

- **Salaries determined by ORC**
 - **Commissioners, Auditor, Prosecutor, Coroner, Clerk of Courts, Recorder, Sheriff, and Treasurer** – salaries for these officials are projected using 2008 stated salaries and a “cost of living increase” of 3 percent for 2009 through 2012.
 - **Municipal Court Judge** – the County is required to pay 40 percent of this salary. Projections for this position will remain the same for the forecast period as cost of living increases are absorbed by the State's portion of the compensation.
 - **County (Common Pleas) Court Judge** – the County's portion of this salary is \$35,500. Additionally, the County has elected to pay a permissive payment in the amount of \$1,500 pursuant to ORC § 1907.17. Salary projections for this position will remain at 2007 levels as cost of living increases are absorbed by the State's portion of the judge's compensation.
 - **Board of Elections officials** – salary levels for the four board members are based on a rate of \$92.89 per 1,000 County population. This rate has remained constant since 2004 and is held constant throughout the forecast period.
 - **Sheriff** – the salary is based on population size. If funds are available, the State covers a portion of the Sheriff's total salary and reimburses this amount to the County. However, if funds are not appropriated, the County is responsible for the State's portion. Therefore, it is required to budget for the total salary. For the

forecast period, a 3 percent annual increase is projected based on the 2008 salary increase contained in HB 712. Sheriff's salary amounts projected in **Appendix B** are net of State reimbursements.

- **Common Pleas and Probate Court Judges** – salaries for these officials are based on \$0.18 per capita using the 2006-projected population of 63,179 under ORC § 141.04. These salary expenditures are projected to remain constant as increases provided by the cost of living increase are absorbed by the State's portion of the judge's compensation.
- **Salaries determined by the Commissioners**
 - **Soldier's Relief Board** – Board members received a salary increase in 2007 after three years of flat salaries. Based on the historical trend, no increases will be projected through the forecast period based on the recent increase.

Regular Employee Salaries

Regular employee salaries represent expenditures for employees who are not County officials. The County has collective bargaining agreements with various personnel and departments which govern these salaries. **Appendix B** shows historical detail for regular salaries by department.

As shown in **Appendix B**, total regular salaries have shown a steady increase since 2004. However, varying bargaining agreements, negotiated wage increases, changes in personnel, severance payouts, and budget reductions make determining future increases in each line item difficult. Each department official or supervisor negotiates the collective bargaining agreements pertaining to their offices or departments. The collective bargaining agreements determine salary and step increases for the employees, which have led to inconsistent salary increases between departments. For example, the Auditor's Office employees received a 5 percent salary increase during 2007 while the Recorder's Office employees received no increase in the same year (see also **human resources**).

The following contracts contain the annual raises provided to bargaining unit members through 2008, which have partially resulted in inconsistent pay increases between departments:

- Ohio Council 8 of the American Federation of State, County and Municipal Employees, AFL-CIO (Maintenance and Administrators Contracts) provides an annual pay increase of \$0.25 per hour;
- Lawrence County Sheriff's Office and The Fraternal Order of Police provides an annual increase of \$0.25 per hour;
- General Truck Drivers and Helper's Teamsters Union Local No. 92 (Engineer's Office) provides an annual increase of \$0.50 per hour; and

- General Truck Drivers and Helper's Teamsters Union Local No. 92 (Treasurer's Office) provides a 2 percent pay increase.

The County's court system collectively represents a significant portion of salaries. Court departments include the following salaries: Prosecutor's Office, Common Pleas Court, Domestic Relations, Probate Court, Clerk of Courts, County Court, Municipal Court, courthouse security, and county court security. These departments represented 33 percent of General Fund regular employee salaries in 2007.

Sheriff's Office salaries also make up a significant portion of total salaries. Total Sheriff's Office salaries represented approximately 27 percent of regular employee salaries in 2007. The Sheriff expects the bargaining unit to negotiate an increase to wages of approximately 3 percent after the contract expires in 2008. Salaries for this department were separated into three categories: administrative, corrections, and road patrol during 2007 in order for the Commissioners to more closely monitor salaries.

The assumptions for projecting General Fund regular employee salaries include the following:

- **Regular salaries** - due to inconsistent salary increases, a 2 percent negotiated wage increase is projected for regular salaries for all departments except the Law Library. This increase provides more consistency between departments and also closely follows the average increase in the County's collective bargaining agreements.
- **Law library salaries** - pursuant to ORC § 3375.49, a law library is required to pay 20 percent of the compensation for its librarian and up to two assistants from its own funds. Under HB 363 and 66, this obligation is to increase by 20 percent annually through 2010. Beginning in 2011, law libraries must pay 100 percent of this compensation from law library funds. County obligations for these salaries are phased out in accordance with this legislation.

Other Salaries

This line item represents salaries that the Auditor does not classify as official or regular employee salaries and is comprised solely of Board of Elections salaries. Other salaries have fluctuated widely ranging from about \$40,000 in 2005 to \$102,000 in 2006 due to the need for temporary employees during the election period (see **Appendix B**). Salaries for Board of Elections employees are projected at \$102,000 in election years (2008, 2010, and 2012) and \$52,000 in 2009 and 2011.

Fringe Benefits

The fringe benefit category comprises expenditures for Ohio Public Employee Retirement System (OPERS) contributions, health insurance, workers' compensation, unemployment, and Medicare. Historical fringe benefit expenditures are displayed in **Appendix B**.

The County has experienced moderate annual increases in fringe benefit expenditures. The increases are due to increases in health insurance costs, changes in staffing levels, and the County's workers' compensation ratings. Assumptions for projecting fringe benefits include the following:

- **OPERS** - Employers are required to make contributions to OPERS on the basis of a percentage of earnings. The County pays two types of contribution rates: the local employee rate and the law enforcement rate. For the forecast period, contributions for non-law enforcement employees are forecasted at 14 percent of salaries in accordance with OPERS requirements. Law enforcement contributions are forecasted at 17.17 percent of law enforcement salaries in 2008 and follow incremental increases set forth by OPERS for the remaining forecast years.
- **Health insurance** - The County offers health insurance to its employees through Medical Mutual of Ohio, Inc. For health insurance administration and negotiation of insurance coverage and premium rates, the County contracts with a third party administrator. Premium costs have historically been high in comparison to the rest of the State due to the location of the County and its rural nature. As a result, premiums have increased by an average of 5.3 percent annually since 2004.⁷ The County received one bid during 2007, which resulted in a monthly premium increase of approximately 6.5 percent for year 2008. Annual medical insurance premiums will, therefore, be forecasted using the most recent increase of 6.5 percent negotiated for 2008, which is in line with the average historical annual increases in premium rates.
- **Medicare** - Medicare contributions are required by the 1986 Federal Budget Act and have been established at 1.45 percent of gross salaries. This contribution rate is applied throughout the forecast period.
- **Workers' compensation** - Workers' compensation rates are based upon a formula that includes modifiers such as experience or group ratings, claims, and discounts. Workers' compensation rates have increased by an average of 17 percent. Since 2003, the County has been assessed with a penalty rating that makes it ineligible for programs and group

⁷ On average, Ohio governmental health insurance premiums have increased about 9.4 percent annually from 2004 to 2007 according to the State Employment Relations Board *16th Annual Report on the Cost of Health Insurance in Ohio's Public Sector*. Although Lawrence County experienced a lower rate of annual increase, its premiums are almost twice the regional average (see **R4.4**).

ratings, and results in an increased cost to the County. Workers' compensation has been forecasted using the historical proportion of approximately 3.1 percent of total salaries. Though premium reductions were recently announced by BWC, the County's penalty rating and high claims premiums reflect the need for a more conservative projection, which does not incorporate potential premium reductions.

- **Unemployment** - Unemployment costs have shown significant fluctuation since 2004 and reflect reductions in staffing. These expenditures have been forecasted using the historical proportion of approximately 0.1 percent of total salaries.

Supplies

The County's supply and material purchases have historically consisted of maintenance supplies for equipment and facilities, office supplies, and operating supplies for the County jail. **Appendix B** provides historical detail by line item. During 2007, the County significantly reduced supply expenditures in response to its financial condition (22.4 percent). Several departments made cuts in supplies in the General Fund, often shifting these costs to other funds. The Prosecutor's Office and Clerk of Courts reported no General Fund supply expenditures in 2007.

For 2007, the County allocated 3.3 percent of total expenditures for supplies. This represents a significant reduction from the prior three years, a period in which the County allocated an average of 4.1 percent of total expenditures for the same purpose. It is difficult to determine if the County can function effectively with this level of allocation for supplies, or if it can continue to shift supply expenditures to other funds. As a result, the forecast assumes that supply expenditures for all line items except maintenance and operations and the Sheriff's Office will increase at an annual inflationary rate of 5.0 percent. In addition, Prosecutor's Office and Clerk of Courts expenditures were projected using 2006 as the base year, as no supply expenditures were reported in the General Fund for 2007.

The Prosecutor's and Sheriff's offices were singled out as offices that historically expended a material amount for supplies in relation to the total budget. Assumptions for these two offices are as follows:

- **Maintenance and Operations** - These expenditures have been allocated for the purchase of cleaning supplies, hardware, and postage. According to the Deputy Auditor, the supply expenditures are continually decreasing in response to the County's budget situation. For the purpose of the forecast, maintenance and operations supplies have been forecast to increase at an annual inflationary rate of 5.0 percent. The County should realize that eliminating or delaying routine maintenance may place a significantly higher burden on the budget for future equipment and capital outlay expenditures, particularly for

emergency repairs and unplanned replacements that could have been avoided with routine maintenance.

- **Fuel** - A majority of these supply expenditures have historically been for fuel used for road patrol and food for prisoners. In 2007, the Sheriff's Office expended approximately 32 percent of its supply expenditures for fuel and 44 percent for food for prisoners. Using this information, fuel expenditures are projected to increase 14.2 percent in 2008 and decrease 4.7 percent in 2009 based on US Department of Energy estimates. For food purchases, an increase of 4.5 percent has been projected for 2008 based on US Department of Agriculture estimates. For all other years, and all other supply expenditures, a 5.0 percent annual inflationary increase was applied.

Table B-7 in Appendix B shows the aggregate projections for the County's supply expenditures for the General Fund.

Contracted Services

Contracted service expenditures have consisted primarily of contractual services (utilities), professional services (computer support services), repairs, advertising and printing, and legal counsel. Historical expenditures for contracted services for the General Fund are shown in **Table B-7 in Appendix B**.

Along with the supply category, the County has targeted contracted services in its attempt to reduce total expenditures in response to its adverse financial condition. Expenditures for contracted services have decreased approximately 21 percent from 2005 levels. This expenditure category is greatly affected by contracted services (utilities) and legal expenses, as these costs comprise almost all contracted service expenditures (**Appendix B**).

- **Contracted services** – have primarily consisted of utilities expenditures. Expenditures for utilities have declined since 2005, as the County has not been able to submit payments for utilities in a timely manner. As a result, expenditures from prior years have been recorded in subsequent years. US Department of Energy estimates for natural gas and electricity were used to project this line item. For 2008, an 8.5 percent increase has been projected. For the remaining years of the forecast, expenditures are projected to remain constant at the 2009 amount based on federal estimates of future energy costs.
- **Professional services** – expenditures for this line item have primarily consisted of payments for workers' compensation management and technology services. It is assumed that technology services will continue at previous levels. Therefore, this line item has been projected to increase from 2007 at an annual inflationary rate of 5.0 percent.

- **Contract repairs** – represent payments for the repair of vehicles and other capital assets. These expenditures have fluctuated since 2004. In 2007, the County was able to reduce these expenditures by 29.7 percent in response to its adverse financial condition. Because it is difficult to determine which capital assets will need repair in future years, this line item has been projected at the four-year historical average. Deferred maintenance may result in higher future maintenance and replacement costs for capital assets.
- **Advertising and printing** – this line item consists primarily of expenditures for required legal notices. In 2007, an accounting error made it appear that this line item increased by approximately 112 percent. This does not provide a true representation of advertising and printing expenditures, as part of these costs were associated with other line items. For the purpose of the forecast, advertising and printing expenditures have been projected using 2006 as the base year and applying an annual inflationary increase of 5.0 percent.
- **Legal expenses** – represent payments for legal fees and visiting (out of the County) judges working in the County’s court system. In addition, the County is responsible for paying attorney fees for indigent defendants. The County was able to reduce these expenditures by 23 percent in 2007 by reducing legal counsel and attorney fees. It is difficult to determine the level of legal counsel the County will require for the forecast period. Therefore, as a conservative measure, expenditures for legal fees have been projected to remain constant at the four-year historical average of \$393,865.

Capital Outlay

Capital outlays include expenditures for the acquisition of, or addition to land and fixed assets. **Table B-11 in Appendix B** shows the County’s historical General Fund expenditures for capital outlay. Capital outlay expenditures decreased significantly (63.4 percent) in 2007 in an attempt to maintain a positive cash balance. Several departments eliminated General Fund equipment purchases, shifting these costs to other funds or deferring the purchases. According to County administrators, no major equipment or land purchases are expected for the forecast period. As a result, equipment expenditures are projected using 2007 as a base amount and applying a 5.0 percent annual inflationary amount for the remaining years of the forecast.

Miscellaneous Expenses

Miscellaneous expenditures consist of items that cannot be classified into any other category. **Table B-12 in Appendix B** shows historical miscellaneous expenditures.

As shown in **Table B-12**, the County was able to decrease total miscellaneous expenditures by 11 percent in 2007, primarily through the reduction in the *other expenditures* component. Overall, each line item in the miscellaneous expenditure category was decreased in response to

the County's adverse financial condition. The assumptions used to forecast miscellaneous expenditures are as follows:

- **Grant expenditures** – These expenditures are used to support agriculture education programs provided by the Ohio State University Extension Office. Grant expenditures for the agriculture programs were reduced to \$42,400 as a result of cost reductions in 2007. This amount will be applied to the future years of the forecast because of the uncertainty of the County's ability to fund these programs in future years.
- **Allowances** – Allowances have primarily consisted of General Fund support for public assistance and the Soldier's Relief Board. Allowance expenditures for these two items were projected to continue at historical trends. Therefore, allowances for public assistance were projected to increase by 14.8 percent and allowances for the Soldier's Relief Board were projected to decrease by 9.2 percent. Due to the immateriality of all other allowance expenditures, an inflationary rate of 5.0 percent was applied using 2007 as the base year for those other items.
- **Fees and costs** – This line item primarily consists of witness and juror fees paid through the courts, as well as fines and costs collected by the courts that are required to be distributed to the State. As a conservative measure, fees and costs are projected using 2007 as the base year and applying an annual inflationary increase of 5.0 percent. This is because County representatives could not explain the recent decreases and, therefore, it was unclear if these would be sustained.
- **Other** – expenditures such as jail expenses, burial plots, training and uniforms, apiary inspection costs, and court transcripts that do not fit into other categories are recorded in this line item. The jail expenditures have historically accounted for approximately 45 percent of the miscellaneous expenditures category. These expenditures are highly contingent on jail space and inmate population. Because of this, jail expenditures have been forecast at the four-year historical average. All other expenditures included in this category have been forecasted assuming an annual inflationary increase of 5.0 percent, using 2007 as the base year.
- **Liability insurance** – represents expenditures made for liability insurance coverage. This line item has decreased by 2.7 percent and 2.0 percent in 2006 and 2007, respectively. The forecast assumes this decrease will continue, as the County has had no issues that would warrant an increase in premiums.

Other Financing Uses

Between 2004 and 2006, the County transferred an average of \$1,187,676 per year from the General Fund to other County funds. According to the Deputy Auditor, these transactions were used for matching funds, debt service and other transfers. The other transfers were used to supplement funds such as Dog and Kennel, OSU Extension, and Soil and Water. Fund transfers for the forecast period were projected assuming that no further debt will be accumulated and current debt decreases as it is paid. This results in a reduction each year of approximately 5 percent.

Recommendations

R2.1 The County should develop a comprehensive strategic plan that defines its mission and goals and outlines its planned allocation of resources, including capital and human resources, to achieve stated goals. In accordance with GFOA best practices, the County's plan should include performance measures and a method to monitor progress toward goals. It should ensure that its plan aligns available resources with the demand for services by its community and stakeholders. The strategic planning process should include a county-wide vision that integrates programs and business operations across offices and departments to help ensure long-term operational stability. Elected officials and department heads in County offices and agencies should be included in, and contribute to, the planning process. Strategic planning will enable the County to prepare for future expenditures and provide resources to critical areas that are determined to be essential and/or demonstrate effectiveness. The goals in the strategic plan should be linked to the annual budget, capital plans, and the financial forecast.

The County does not have a formal, comprehensive strategic plan that establishes goals, objectives, and strategies for each department or function. Offices and departments do not formally coordinate program or service strategies and do not routinely share staff, materials or equipment. Furthermore, the Commissioners and other departments do not have a long-term planning process that would enable the County to establish a strategic plan. The absence of a formal strategic plan containing clear county goals has resulted in a climate that does not encourage cooperation and coordination or promote efficient and effective operations, and fiscal responsibility. Departments within the County may operate at cross-purposes or in competition with one another. Additionally, department officials have reported distrust among the Commissioners Office and other County offices and departments.

According to GFOA, strategic planning is a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop a commitment to the organization's mission, and achieve consensus on strategies and objectives for achieving that mission. Strategic planning is about influencing the future rather than simply preparing for or adapting to it. The focus is on aligning organizational resources to bridge the gap between present conditions and the envisioned future. While it is important to balance the vision of community with available resources, the resources available should not inhibit the vision. The organization's objectives for a strategic plan will help determine how the available resources can be tied to future goals.

The County should examine plans and methodologies employed by other government agencies. For instance, the City of Montgomery, Ohio has established a formal strategic

plan that meets recommended practices. Montgomery uses information from GFOA, ICMA, and other public sector resources to develop its strategic plan. Montgomery's strategic planning process was implemented to create a vision for the City and engage council in the City's operations during the period from 2001 to 2005. Montgomery has continued its strategic planning efforts beyond the initial implementation period and a new plan has been developed for 2006 through 2011. The strategic plan gives its council and other officials a mutually agreed upon framework to achieve the goals of the City and sets parameters and operational goals for its departments.

Mecklenburg County, North Carolina (Mecklenburg) has developed a comprehensive planning document that received a commendation from GFOA. The *Mecklenburg 2008-2010 Strategic Business Plan & Fiscal Year 2008 Final Budget* integrates its long-term planning goals into its annual financial plan. The plan serves as policy document, financial plan, and operating guide. In addition, the plan is intended to provide an understanding of the County's operations to its readers. Mecklenburg uses a 'Managing for Results' approach to its planning and measurement functions.

The County should take steps to provide residents with more efficient and effective government. These may include long-term strategies that increase cooperation, interdependence, and coordination among departments and offices to reduce costs and streamline operations. Strategic planning will help County offices and departments focus on the issues that directly affect the daily lives of those people who live and work in Lawrence County. In order to implement a strategic planning process and the associated measures and budgetary processes, the Commissioners should seek the assistance of local universities and practitioners in the planning and performance management field. Technical assistance may also be obtained through outreach to counties throughout the US that have successfully implemented strategic planning and performance management. Although there may be costs associated with the process, using budgetary resources in a coordinated strategic manner consistent with formal goals and objectives is a critical step in ensuring the County's long-term financial viability.

- R2.2 The County Commissioners, in conjunction with County offices and departments, should develop a detailed five-year forecast document, similar to that presented in Table 2-3 of the financial forecast section. The forecast should be used to assess the long-term financial implications of current and proposed policies, programs, and assumptions. The document should include year-end General Fund balances and should be updated periodically throughout the year. Along with the annual budget, the County should make the forecast available to the public through its website and should include detailed assumptions and other information that would be useful for its stakeholders.**

The County has not created a formal financial forecast document that the Commissioners and other elected officeholders can use to make important long-term fiscal decisions. As a result, it is difficult for the County to allocate funds effectively, particularly on a long-term basis. Instead, budgeting and planning is completed on an annual basis, which has led to significant inter-fund transfers, inconsistent accounting practices, and financial decisions that are made without consideration of their long-term effects.

GFOA recommends that governments at all levels forecast major revenues and expenditures. The forecast should extend at least three to five years beyond the budget period and should be regularly monitored and periodically updated. The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to participants in the budget process, as well as referenced in the final budget document. To improve future forecasting, the variances between previous forecasts and actual amounts should be analyzed. The variance analysis should identify the factors that influence revenue collections, expenditure levels, and forecast assumptions.

GFOA states that revenue and expenditure forecasting does the following:

- Provides an understanding of available funding;
- Evaluates financial risk;
- Assesses the likelihood that services can be sustained;
- Assesses the level at which capital investment can be made;
- Identifies future commitments and resource demands; and
- Identifies the key variables that cause change in the level of revenue.

Without a five-year financial forecast, the County has no effective long-term financial planning document. A financial forecast is particularly important in times of financial distress and limited resources, which the County is experiencing. To ensure a forecast is prepared and considered on an annual basis or as conditions change, the County could use the forecast contained in this section as a starting point. This could be accomplished in-house at little or no additional cost.

R2.3 The County should develop a government-wide capital planning tool that identifies and prioritizes expected capital needs for a minimum of five years. The capital plan should be based on the County's strategic plan (R2.1), establish project scope and costs, detail estimated amounts of funding from various sources, and project future costs associated with capital improvements. The plan should align the County's capital purchases with its expected resources as outlined in the financial forecast (see R2.2).

Constraints on the budget have led the County to suspend planning for major capital expenditures. However, several potential capital expenditures were identified that could occur within the forecast period.

- The juvenile detention home is over one hundred years old and major improvements are needed to repair and upgrade the home to a proper condition. These repairs are necessary for the home to meet certain code requirements and may impact its ability to receive intergovernmental revenues.
- The jail has a maximum capacity of 52 inmates. The County contracts with a neighboring county to provide additional housing for inmates. A new jail has been discussed but the County does not have the resources to expand the jail or build a new one.
- The Sheriff's Office needs to replace several cruisers with recorded mileage of over 200,000 miles.⁸
- The Recorder needs additional space to store and maintain documents. The County uses an old house for document storage; however, the house is in poor condition and the documents are at risk of being damaged or lost.
- The County does not have a plan to address storage capacity for departments that need to maintain documents for certain periods. The Recorder has contracted with a company to preserve and scan a portion of older documents into an electronic format. This procedure is costly but provides an effective way to store and retrieve documentation, especially documentation that dates back almost two hundred years. The County has no plans to extend this process to other departments or offices, although certain offices have expressed a strong interest in accessing the same technology.

Although the County has identified these areas as requiring a significant allocation of funds in the next five years, it has not formally planned for these identified capital improvements.

GFOA recommends that state and local governments prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets. A prudent

⁸ The Sheriff reported that funds generated through inmate phone contracts were being earmarked for cruiser lease payments; however, the amounts were insufficient to maintain the replacement plan and have not been supplemented through General Fund dollars. During the audit, the Sheriff submitted a request to fund the replacement of five cruisers through a lease purchase agreement. The annual cost was estimated at \$35,000, of which he planned to fund \$20,000 from the inmate phone contract funds. The Sheriff also noted that the current fleet has an average mileage of 141,000 miles, with seven vehicles exceeding 220,000 miles.

capital plan identifies and prioritizes expected needs based on a government's strategic plan, establishes project scope and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan is a component of an entity's strategic plan. It is essential to the future financial health of an organization and continued delivery of services to citizens and businesses. A capital plan should cover a period of no less than three years and should incorporate the following steps:

- **Identify Needs:** Governments should identify present and future services needs that require capital infrastructure or equipment.
- **Determine Costs:** The full extent of project costs should be determined when developing the multi-year capital plan.
- **Prioritize Capital Requests:** Continually faced with extensive capital needs and limited financial resources, governments should properly evaluate and prioritize project submittals.
- **Develop Financing Strategies:** Financing strategies should align with expected project requirements while sustaining the financial health of the organization.

Mecklenburg County (NC) includes a long-term capital plan (capital plan) in its *Strategic Business Plan* (2008). The capital plan is aligned with its budget to ensure the allocation of financial resources needed to accomplish its goals. The capital plan is composed of financing, acquisition, development, and implementation of permanent improvement projects. Mecklenburg uses this document to explain its capital budget process that aligns available resources with its long-term plans over a ten-year period. The capital plan also reports its operating impact on the budget to integrate its debt policy with anticipated capital projects.

Because of pending deficits, County officials have directed all funds to operations. Lack of capital asset planning could result in a situation where repair or replacement is needed and no funding is available. Projecting needs and addressing those that are critical to continued operations would help the County better prepare for expenditures that may be necessary to replace some capital assets. In the future, the County may decide to set aside or designate a small portion of its budget each year to ensure capital assets are properly maintained. Coordinating capital projects and purchases through a capital improvement plan would also enable the County to combine the needs of several offices and departments and generate greater economies of scale. This could result in greater cost savings when making purchases and might help department heads and elected officials identify opportunities for resource sharing.

R2.4 Lawrence County should develop a performance measurement system that evaluates the overall efficiency and effectiveness of County departments and programs. Using its strategic plan, the County should create specific methods for measuring its progress toward the achievement of basic goals and objectives. In addition, the County should create internal targets for comparison of year-to-year performance, and should use external benchmarks to determine its performance in relation to other public entities. The County should use the results of the performance measures to better manage departmental and program operations, and communicate the results of programs and initiatives to administrators, employees and citizens through appropriate reporting mechanisms, such as its annual budget.

According to the Commissioners and other officials, the County does not formally measure the performance of its operations. Some departments collect data which may be required by statute or available through department level computer systems. This data could be used for performance measurement purposes. For instance, each court is required to submit an activity report to the Ohio Supreme Court (OSC). The OSC then compiles an annual report that includes data from all courts in the State. The OSC annual report could be used to compare Lawrence County court data to courts in similar sized counties. The Treasurer's Office has also compiled a citizen's report that shows tax data and department initiatives. The Treasurer could also use this report to compare collections from year to year and report other performance data. Finally, the Sheriff's Office uses activity data to make department decisions on a regular basis. This data includes number of inmates housed, arrests by category and number of citizen calls. However, this information is not published or publicly reported.

GFOA recommends that program and service measures be developed and used as an important component of long-term strategic planning and government budgeting. Performance measures should:

- Be based on program goals and objectives that tie to a statement of program mission or purpose;
- Measure program outcomes;
- Provide resource allocation comparisons over time;
- Measure efficiency and effectiveness for continuous improvement;
- Be verifiable, understandable, and timely;
- Be reported internally and externally;
- Be monitored and used in managerial decision-making processes;
- Be limited to a number and degree of complexity that provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs; and,
- Be designed in a way to motivate staff at all levels to contribute toward organizational improvement.

GFOA encourages all governments to utilize performance measures as an integral part of the budget process. Over time, performance measures should be used to report on the outputs and outcomes of each program.

Fairfax County, Virginia developed a manual for performance measurement entitled *Fairfax County Measures Up, Eleventh Edition* (Performance Measurement Team Department of Management and Budget, 2007). Since its inception in 1999, thousands of Fairfax County staff members have used the manual to develop and improve goals, objectives and performance indicators for its budgets. In developing the manual, Fairfax County sought to measure aspects of performance, particularly outcomes, efficiency, quality, and effectiveness, to evaluate the county's performance and determine how its efforts were affecting the community. To accomplish this, Fairfax County developed a four-phase performance measurement system: (1) an assessment of existing goals and development of performance measures, (2) the comparison of performance measures externally, (3) the linkage of strategic plans, performance management and the budget, and (4) the development of key county indicators.

Fairfax County noted that citizens continually demand more responsive and competitive government. These expectations served as a catalyst to measure performance and apply the data to county performance. Like Lawrence County, Fairfax County experienced limited revenue growth, though citizen expectations for top quality services remained high. In *Fairfax County Measures Up*, Fairfax County stated that balancing community expectations with available resources has been, and will continue to be one of the most significant challenges it faces. In the quest for consensus on services, service levels, service quality and cost, the need for sound information about the performance of services remains vital.

The absence of a performance measurement system leaves the Commissioners and department officials without an effective tool to gauge the performance of select departments or functions. This could result in the allocation of funds for functions that are not operating efficiently. Further, the County may not be able to identify those departments that are exceeding measured goals and as a result, may miss the opportunity to apply those practices on a County-wide basis. Monitoring performance and applying the data derived from performance measurement efforts would help the County better allocate its scarce resources to the most effective and critical programs.

R2.5 Lawrence County should implement recommended practices for budgeting for results and outcomes to help it better direct resources to priority programs with proven effectiveness. As budgeting for results and outcomes is a multi-year process that begins with the development of a strategic plan and identification of budgetary resources, the County would also need to implement the other recommendations in this section. Furthermore, it should consider seeking the guidance of a trained

facilitator in planning, performance management, and budgeting for results as the implementation of these strategies will require a high degree of cooperation and collaboration among elected officials. By implementing budgeting for results, Lawrence County will be able to continue priority programs through periods of fiscal constraint and will be able to better determine which programs should be funded (and to what degree) when resources are scarce.

Lawrence County has not implemented budgeting for results or processes designed to help it identify program costs and outcomes. Departments and offices largely manage their programs and operations independent of other departments and elected officials in the County. The Commissioners and elected officeholders have not undertaken a formal public process to examine all County programs and identify constituent priorities. As a result, programs are funded under an incremental budgeting process (a percentage increase or decrease applied evenly across departments and offices) and are not subject to funding priority based on the importance of programs relative to constituent concerns. Likewise, unsuccessful, costly or duplicative programs have not been identified for reduction or elimination under the current budget process.

Because constituents have not been included in the planning process or asked to identify the priority of County programs or services in an objective manner, departments and offices compete for program funding based on limited information about the needs and wants of the community. Similarly, limited performance data is maintained by select departments and offices and, as a result, elected officials are not able to identify effective or efficient programs that might meet the expectations of constituents.

In *Budgeting for Results and Outcomes* (GFOA, 2007), GFOA explains that the process links strategic planning, long-range financial planning, performance measures, budgeting, and evaluation. The process also links resources to objectives at the beginning of the budgetary process, so that the primary focus is on outcomes rather than organizational structure. Budgeting for results helps governments focus on citizen-driven priorities and arrange services and functions in a more cost-effective manner. It also ensures that financial resources are directed to priority areas that are effective in achieving the goals and objectives of governmental programs.

In implementing budgeting for results, GFOA recommends governments do the following:

1. **Determine how much money is available.** The budget should be built on expected revenues. This would include base revenues, any new revenue sources, and the potential use of fund balance. Lawrence County could use the recommended forecasting process (**R2.2**) to better identify available revenues.

2. **Prioritize Results.** The results or outcomes that matter most to citizens should be defined. Elected leaders should determine what programs are most important to their constituents. This may be accomplished through a citizen's survey (see also *sheriff's office* in the **operations** section).
3. **Allocate resources among high-priority results.** The allocations should be made in a fair and objective manner. The strategic planning process, recommended in **R2.1** would be helpful in identifying County priorities.
4. **Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.** This would require the implementation of performance measurement and analysis (conducted at appropriately frequent intervals) as described in **R2.4**.
5. **Budget available dollars to the most significant programs and activities.** The objective is to maximize the benefit of the available resources.
6. **Set measures of annual progress, monitor, and close the feedback loop.** These measures should spell out the expected results and outcomes and how they will be measured.
7. **Check what actually happened.** This involves using performance measures to compare actual versus budgeted results. (See **R2.4**.)
8. **Communicate performance results.** Internal and external stakeholders should be informed of the results in an understandable format. This can be accomplished through a web-based annual report.

Budgeting for results and outcomes is not just a one-year exercise, but rather, a multi-year effort designed to improve the budget process and help governments maximize scarce resources. Because budgeting for results would require the agreement of several elected officials to be effective in helping the County better manage its funds among priority programs, the County might benefit from the advice and guidance of experts in the field of strategic planning and budgeting for results to act as a facilitator in the process. A cost would be associated with this service, but the amount could not be estimated because of the high number of variables affecting the process. Lawrence County budget professionals and elected officials may also benefit from contacting counties throughout the US who have successfully implemented performance management and budgeting for results.

Due to the County's declining financial condition, elected officials and department heads should consider this an opportune time to identify priorities and begin the strategic

planning and performance management process. As budgeting for results can help the County in identifying the most efficient and effective service strategies, this should be considered an essential strategy in maintaining or improving services to Lawrence County residents. Although this process would require unprecedented collaboration among separately elected officials in the County, the application of proven planning and management tools to County programs and services will help the County continue to meet the needs and expectations of its residents in lean economic times.

Appendix A: Historical and Projected Revenues in Detail

Real Property

Table A-1 shows historical property tax detail.

Table A-1: Historical Property Tax Revenues

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance	Average Variance
Real Estate Tax Settlement	\$1,653,639	\$1,793,835	8.5%	\$1,865,141	4.0%	\$1,921,572	3.0%	5.4%
Personal Property Tax	\$156,379	\$147,970	(5.4%)	\$149,439	1.0%	\$70,732	(52.7%)	(18.3%)
Intangible Tax	\$1	\$3,265	NA	\$4,628	41.8%	\$9,070	96.0%	88.9%
Manufactured Home tax	\$45,155	\$35,199	(22.0%)	\$60,708	72.5%	\$42,625	(29.8%)	(2.8%)
Cost Allocation	\$104,147	\$136,170	30.7%	\$133,431	(2.0%)	\$129,986	(2.6%)	8.3%
Total	\$1,959,320	\$2,116,439	8.0%	\$2,213,347	4.6%	\$2,173,985	(1.8%)	3.7%

Source: County revenue reports

Table A-2 shows projected property tax revenues by line item for 2008 through 2012.

Table A-2: Property Tax Projections by Line Item

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Real Estate Tax Settlement	\$2,075,298	\$2,100,892	\$2,126,801	\$2,153,030	\$2,179,583
Personal Property tax	\$38,656	\$0	\$0	\$0	\$0
Intangible Tax	\$4,241	\$4,241	\$4,241	\$4,241	\$0
Manufactured Home tax	\$45,922	\$45,922	\$45,922	\$45,922	\$45,922
Cost Allocation	\$125,933	\$125,933	\$125,933	\$125,933	\$125,933
Total	\$2,290,050	\$2,276,988	\$2,302,897	\$2,329,126	\$2,351,483

Source: AOS projections

Service Charges

Table A-3 shows historical charges for services.

Table A-3: Historical Charges for Services

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Real Estate Transfer Fees	\$2,312	\$2,319	0.3%	\$2,214	(4.5%)	\$2,513	13.5%
Manufactured Home Transfers	\$184	\$205	11.1%	\$178	(13.2%)	\$152	(14.4%)
Auditor's Fees Other	\$151,626	\$140,663	(7.2%)	\$177,102	25.9%	\$142,046	(19.8%)
Real Estate Conveyance	\$404,268	\$415,535	2.8%	\$432,799	4.2%	\$440,041	1.7%
Manufactured Home Conveyance	\$5,248	\$7,971	51.9%	\$7,373	(7.5%)	\$5,157	(30.1%)
Auditor's Fees Housing	\$710	\$1,544	117.5%	\$2,598	68.3%	\$1,191	(54.2%)
Treasurer's Fees	\$140,857	\$143,011	1.5%	\$151,924	6.2%	\$137,915	(9.2%)
Common Pleas Court Conveyance	\$94,676	\$35,088	(62.9%)	\$0	(100.0%)	\$0	N/A
Clerk of Courts Fees	\$105,007	\$131,020	24.8%	\$91,630	(30.1%)	\$163,150	78.1%
Board of Elections Fees	\$50,540	\$4,897	(90.3%)	\$56,285	1049.4%	\$3,905	(93.1%)
Ohio Elections Commission	\$10	\$2,910	NA	\$240	(91.8%)	\$3,380	1308.3%
Sheriff's Contracts	\$18,245	\$11,490	(37.0%)	\$33,361	190.3%	\$48,527	45.5%
Sheriff's Fees	\$50,277	\$40,754	(18.9%)	\$35,555	(12.8%)	\$43,141	21.3%
Recorder's Fees	\$264,376	\$232,008	(12.2%)	\$231,477	(0.2%)	\$203,605	(12.0%)
Engineer's Fees	\$0	\$380	N/A	\$36	(90.5%)	\$159	341.7%
Total	\$1,288,336	\$1,222,037	(5.1%)	\$1,291,689	5.7%	\$1,286,550	(0.4%)

Source: County revenue reports

Table A-4 shows projected charges for services by line item for 2008 through 2012.

Table A-4: Charges for Services, Line Item Projections

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Real Estate Transfer Fees	\$2,513	\$2,513	\$2,513	\$2,513	\$2,513
Manufactured Home Transfers	\$152	\$152	\$152	\$152	\$152
Auditor's Fees Other	\$144,035	\$146,051	\$148,096	\$150,169	\$152,272
Real Estate Conveyance	\$440,041	\$440,041	\$440,041	\$440,041	\$440,041
Manufactured Home Conveyance	\$5,403	\$5,661	\$5,932	\$6,215	\$6,512
Auditor's Fees Housing	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191
Treasurer's Fees	\$139,846	\$141,804	\$143,789	\$145,802	\$147,843
Common Pleas Court Conveyance	\$0	\$0	\$0	\$0	\$0
Clerk of Courts Fees	\$122,702	\$122,702	\$122,702	\$122,702	\$122,702
Board of Elections Fees	\$56,000	\$28,900	\$56,000	\$28,900	\$56,000
Ohio Elections Commission	\$1,635	\$1,635	\$1,635	\$1,635	\$1,635
Sheriff's Fees and Contracts	\$70,337	\$70,337	\$70,337	\$70,337	\$70,337
Recorder's Fees	\$204,000	\$204,000	\$204,000	\$204,000	\$204,000
Engineer's Fees	\$200	\$200	\$200	\$200	\$200
Total	\$1,188,055	\$1,165,187	\$1,196,588	\$1,173,857	\$1,205,398

Source: AOS projections

Fines and Fees

Table A-5 displays the historical fines and fees revenues of the County.

Table A-5: Historical Fines and Fees by Line Item

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Probate Court Fees	\$45,886	\$45,838	(0.1%)	\$49,082	7.1%	\$43,207	(12.0%)
County Court Fines	\$322,438	\$315,831	(2.0%)	\$346,815	9.8%	\$400,995	15.6%
Municipal Court Fees	\$51,436	\$53,682	4.4%	\$46,836	(12.8%)	\$55,470	18.4%
Juvenile Court Fines	\$24,775	\$23,241	(6.2%)	\$21,855	(6.0%)	\$23,911	9.4%
Total	\$438,592	\$438,592	0.0%	\$464,587	5.9%	\$523,584	12.7%

Source: County revenue reports

Table A-6 shows projected fines and forfeitures revenues by line item for 2008 through 2012.

Table A-6: Fines and Forfeitures Projection

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Probate Court Fees	\$46,003	\$46,003	\$46,003	\$46,003	\$46,003
County Court Fines	\$346,520	\$346,520	\$346,520	\$346,520	\$346,520
Municipal Court Fees	\$51,856	\$51,856	\$51,856	\$51,856	\$51,856
Juvenile Court Fines	\$23,446	\$23,446	\$23,446	\$23,446	\$23,446
Total	\$467,825	\$467,825	\$467,825	\$467,825	\$467,825

Source: AOS projections

Intergovernmental Revenues

Table A-7 displays the historical intergovernmental revenues of the County.

Table A-7: Historical Intergovernmental Revenues

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Rollback & Homestead	\$252,559	\$275,159	8.9%	\$254,174	(7.6%)	\$253,115	(0.4%)
Payment-in-Lieu of Taxes	\$124,998	\$48,599	(61.1%)	\$61,155	25.8%	\$39,896	(34.8%)
Reimbursement for TPP Phase-out	\$0	\$0	N/A	\$0	N/A	\$79,268	N/A
Local Government Fund	\$1,066,150	\$1,015,654	(4.7%)	\$1,018,705	0.3%	\$994,284	(2.4%)
Local Government Revenue Assistance Fund	\$313,810	\$276,138	(12.0%)	\$301,090	9.0%	\$325,220	8.0%
Grants State and Federal	\$18,076	\$35,802	98.1%	\$0	(100.0%)	\$0	N/A
Defense of Indigents	\$123,303	\$132,861	7.8%	\$94,514	(28.9%)	\$82,164	(13.1%)
Reimbursement to State	\$6,770	\$6,571	(3.0%)	\$11,043	68.1%	\$13,256	20.0%
EMA Reimbursements	\$40,900	\$56,252	37.5%	\$38,988	(30.7%)	\$1,000	(97.4%)
Total	\$1,946,566	\$1,847,036	(5.1%)	\$1,779,669	(3.6%)	\$1,788,203	0.5%

Source: County revenue reports

Table A-8 shows total intergovernmental revenue projections for 2008 through 2012.

Table A-8: Intergovernmental Revenues Projection

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Rollback & Homestead	\$281,335	\$279,637	\$283,005	\$286,415	\$289,316
Payment-in-Lieu of Taxes	\$86,429	\$85,824	\$85,223	\$84,626	\$84,034
Reimbursement for TPP Phase-out	\$111,344	\$151,144	\$154,623	\$0	\$0
Local Government Fund	\$1,355,774	\$1,355,774	\$1,355,774	\$1,355,774	\$1,355,774
Defense of Indigents	\$75,819	\$69,474	\$63,130	\$56,785	\$50,440
Reimbursement to State	\$13,256	\$13,256	\$13,256	\$13,256	\$13,256
EMA Reimbursements	\$34,285	\$34,285	\$34,285	\$34,285	\$34,285
Total	\$1,958,243	\$1,989,395	\$1,989,297	\$1,831,142	\$1,827,106

Source: AOS projections

Other Revenues

Table A-9 displays the historical other revenues of the County.

Table A-9: Historical Other Revenues

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Pay Phone Commission	\$15	\$56	274.6%	\$0	(100.0%)	\$0	N/A
Refund of FOJ	\$468	\$31	(93.4%)	\$3	(89.0%)	\$154	4410.9%
Abatement Side Agreement	\$95,410	\$95,410	0.0%	\$95,410	0.0%	\$95,410	0.0%
Sale of Surplus Items	\$30	\$17,119	NA	\$0	(100.0%)	\$7,448	N/A
Refund of Insurance Premium	\$5,156	\$4,304	(16.5%)	\$0	(100.0%)	\$0	N/A
Refunds & Reimbursements	\$246,039	\$504,818	105.2%	\$246,321	(51.2%)	\$303,588	23.2%
Xerox Copies	\$3,947	\$3,700	(6.3%)	\$3,309	(10.6%)	\$2,883	(12.9%)
Total	\$351,065	\$625,438	78.2%	\$345,043	(44.8%)	\$409,484	18.7%

Source: County revenue reports

Table A-10 displays other revenues projection for 2008 through 2012.

Table A-10: Other Revenues Projection

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Abatement Side Agreement	\$95,410	\$95,410	\$95,410	\$95,410	\$95,410
Refunds & Reimbursements	\$325,191	\$325,191	\$325,191	\$325,191	\$325,191
Xerox Copies	\$3,460	\$3,460	\$3,460	\$3,460	\$3,460
Total	\$424,061	\$424,061	\$424,061	\$424,061	\$424,061

Source: AOS projections

Appendix B: Historical and Projected Expenditures in Detail

Salaries and Wages

Table B-1 displays the historical salary detail from the General Fund for the County's Officials.

Table B-1: Historical Detail - Official's Salaries by Department/Office

Department/Office	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Commissioners	\$151,062	\$154,686	2.4%	\$159,327	3.0%	\$158,920	(0.3%)
Auditor	\$62,021	\$63,510	2.4%	\$65,415	3.0%	\$66,527	1.7%
Treasurer	\$48,259	\$49,417	2.4%	\$50,900	3.0%	\$51,765	1.7%
Prosecutor	\$58,730	\$60,140	2.4%	\$61,944	3.0%	\$63,033	1.8%
Common Pleas Court	\$22,435	\$22,535	0.4%	\$22,435	(0.4%)	\$18,465	(17.7%)
Probate Court	\$11,217	\$11,217	0.0%	\$11,217	0.0%	\$11,217	0.0%
Clerk of Courts	\$48,259	\$49,417	2.4%	\$50,665	2.5%	\$51,765	2.2%
Coroner	\$37,332	\$38,228	2.4%	\$39,375	3.0%	\$40,044	1.7%
County Court	\$38,500	\$36,700	(4.7%)	\$35,800	(2.5%)	\$37,000	3.4%
Municipal Court	\$24,700	\$24,700	0.0%	\$24,700	0.0%	\$24,700	0.0%
Board of Elections	\$25,435	\$23,784	(6.5%)	\$23,787	0.0%	\$24,037	1.1%
Sheriff	\$62,911	\$64,421	2.4%	\$66,354	3.0%	\$67,482	1.7%
Recorder	\$40,636	\$46,621	14.7%	\$48,020	3.0%	\$48,836	1.7%
Soldier's Relief Board	\$18,465	\$18,465	0.0%	\$18,926	2.5%	\$23,680	25.1%
Total	\$649,962	\$663,842	2.1%	\$678,865	2.3%	\$687,471	1.3%

Source: County expenditure reports

Table B-2 displays the County officials' salary expenditures forecasted for 2008 through 2012.

Table B-2: Forecasted Officials' Salary Expenditures by Department/Office

Department/Office	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Commissioners	\$166,572	\$171,569	\$176,716	\$182,018	\$187,478
Auditor	\$68,390	\$70,442	\$72,555	\$74,732	\$76,974
Treasurer	\$53,214	\$54,810	\$56,455	\$58,148	\$59,893
Prosecutor	\$64,761	\$66,704	\$68,705	\$70,766	\$72,889
Common Pleas Court	\$22,744	\$22,744	\$22,744	\$22,744	\$22,744
Probate Court	\$11,372	\$11,372	\$11,372	\$11,372	\$11,372
Clerk of Courts	\$53,214	\$54,810	\$56,455	\$58,148	\$59,893
Coroner	\$41,165	\$42,400	\$43,672	\$44,982	\$46,332
County Court	\$37,000	\$37,000	\$37,000	\$37,000	\$37,000
Municipal Court	\$24,700	\$24,700	\$24,700	\$24,700	\$24,700
Board of Elections	\$23,408	\$23,408	\$23,408	\$23,408	\$23,408
Sheriff	\$61,664	\$63,514	\$65,419	\$67,382	\$69,403
Recorder	\$50,203	\$51,709	\$53,260	\$54,858	\$56,504
Soldier's Relief Board	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Total	\$702,408	\$719,183	\$736,462	\$754,259	\$772,590

Source: AOS projections

Table B-3 displays the historical detail for County offices and departments from the General Fund.

Table B-3: Historical Detail – Salaries by Department/Office

Department/Office	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Commissioners	\$96,577	\$96,037	(0.6%)	\$95,078	(1.0%)	\$110,724	16.5%
Auditor	\$317,931	\$318,957	0.3%	\$315,473	(1.1%)	\$341,935	8.4%
Treasurer	\$97,082	\$84,697	(12.8%)	\$92,543	9.3%	\$85,392	(7.7%)
Prosecutor	\$442,795	\$488,065	10.2%	\$489,511	0.3%	\$510,920	4.4%
Secret Service Agent ¹	\$34,269	\$45,105	31.6%	\$19,266	(57.3%)	\$48,171	150.0%
Part-time Investigator ¹	\$0	\$0	0.0%	\$28,138	0.0%	\$36,630	30.2%
Common Pleas Court	\$258,648	\$263,420	1.8%	\$289,930	10.1%	\$329,734	13.7%
Domestic Relations	\$89,567	\$105,880	18.2%	\$111,881	5.7%	\$125,336	12.0%
Probate Court	\$44,056	\$43,710	(0.8%)	\$44,976	2.9%	\$46,780	4.0%
Clerk of Courts	\$132,706	\$136,996	3.2%	\$144,636	5.6%	\$147,830	2.2%
Coroner	\$10,685	\$10,211	(4.4%)	\$10,211	0.0%	\$10,211	0.0%
County Court	\$294,711	\$284,927	(3.3%)	\$295,464	3.7%	\$301,674	2.1%
Municipal Court	\$74,069	\$71,276	(3.8%)	\$59,125	(17.0%)	\$57,511	(2.7%)
Jury Commission	\$6,561	\$6,318	(3.7%)	\$6,318	0.0%	\$6,318	0.0%
Adult Probation	\$50,072	\$54,196	8.2%	\$58,399	7.8%	\$63,089	8.0%
Juvenile Probation	\$311,628	\$306,678	(1.6%)	\$315,755	3.0%	\$345,894	9.5%
Detention Home	\$513,938	\$498,041	(3.1%)	\$528,465	6.1%	\$547,449	3.6%
Board of Elections	\$178,993	\$171,724	(4.1%)	\$197,839	15.2%	\$208,710	5.5%
Maintenance & Operations	\$78,801	\$86,009	9.1%	\$76,687	(10.8%)	\$77,543	1.1%
Sheriff	\$1,371,196	\$1,396,953	1.9%	\$1,423,490	1.9%	\$606,376	(57.4%)
Road Patrol Salaries ²	\$0	\$0	0.0%	\$0	100.0%	\$552,303	100.0%
Corrections Salaries ²	\$0	\$0	0.0%	\$0	100.0%	\$303,388	100.0%
Recorder	\$150,991	\$151,757	0.5%	\$155,507	2.5%	\$149,608	(3.8%)
Disaster Services	\$146,783	\$122,008	(16.9%)	\$119,456	(2.1%)	\$67,491	(43.5%)
Courthouse Security ³	\$138,708	\$143,700	3.6%	\$154,925	7.8%	\$140,034	(9.6%)
County Court Security ³	\$28,285	\$26,126	(7.6%)	\$29,900	14.4%	\$25,726	(14.0%)
Soldier's Relief Board	\$9,429	\$0	(100.0%)	\$0	0.0%	\$0	0.0%
Veterans Services	\$146,819	\$130,040	(11.4%)	\$100,700	(22.6%)	\$111,100	10.3%
Engineer	\$45,450	\$44,900	(1.2%)	\$41,112	(8.4%)	\$43,030	4.7%
Law Library	\$47,677	\$50,512	5.9%	\$52,858	4.6%	\$59,327	12.2%
Total	\$5,118,426	\$5,138,241	0.4%	\$5,257,641	2.3%	\$5,460,234	3.9%

Source: County expenditure reports

¹ These positions are part of the Prosecutor's Office.

² These positions are part of the Sheriff's Office.

³ These positions are part of the County Court.

Table B-4 displays salaries forecasted by office or department for 2008 through 2012.

Table B-4: Forecasted Salaries by Department

Department/Office	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Commissioners	\$112,938	\$115,197	\$117,501	\$119,851	\$122,248
Auditor	\$348,774	\$355,749	\$362,864	\$370,121	\$377,524
Treasurer	\$87,100	\$88,842	\$90,619	\$92,431	\$94,280
Prosecutor	\$521,138	\$531,561	\$542,192	\$553,036	\$564,097
Secret Service Agent	\$49,616	\$51,105	\$52,638	\$54,217	\$55,844
Part-time Investigator	\$37,729	\$38,861	\$40,026	\$41,227	\$42,464
Common Pleas Court	\$336,329	\$343,055	\$349,916	\$356,915	\$364,053
Domestic Relations	\$127,843	\$130,400	\$133,008	\$135,668	\$138,381
Probate Court	\$47,716	\$48,670	\$49,643	\$50,636	\$51,649
Clerk of Courts	\$150,787	\$153,802	\$156,878	\$160,016	\$163,216
Coroner	\$10,415	\$10,624	\$10,836	\$11,053	\$11,274
County Court	\$307,707	\$313,861	\$320,139	\$326,541	\$333,072
Municipal Court	\$58,661	\$59,834	\$61,031	\$62,251	\$63,497
Jury Commission	\$6,444	\$6,573	\$6,705	\$6,839	\$6,976
Adult Probation	\$64,351	\$65,638	\$66,951	\$68,290	\$69,655
Juvenile Probation	\$352,812	\$359,868	\$367,066	\$374,407	\$381,895
Detention Home	\$558,398	\$569,566	\$580,957	\$592,576	\$604,428
Board of Elections	\$212,884	\$217,142	\$221,485	\$225,914	\$230,433
Maintenance & Operations	\$79,094	\$80,676	\$82,290	\$83,936	\$85,614
Sheriff	\$618,503	\$630,873	\$643,491	\$656,361	\$669,488
Road Patrol Salaries	\$563,349	\$574,616	\$586,108	\$597,831	\$609,787
Corrections Salaries	\$309,455	\$315,644	\$321,957	\$328,396	\$334,964
Recorder	\$152,601	\$155,653	\$158,766	\$161,941	\$165,180
Disaster Services	\$68,841	\$70,217	\$71,622	\$73,054	\$74,515
Courthouse Security	\$142,835	\$145,692	\$148,606	\$151,578	\$154,609
County Court Security	\$26,241	\$26,766	\$27,301	\$27,847	\$28,404
Soldier's Relief Board	\$0	\$0	\$0	\$0	\$0
Veterans Services	\$113,322	\$115,589	\$117,901	\$120,259	\$122,664
Engineer	\$43,891	\$44,768	\$45,664	\$46,577	\$47,509
Law Library	\$36,308	\$14,814	\$3,022	\$0	\$0
Total Salaries	\$5,546,082	\$5,635,656	\$5,737,183	\$5,849,769	\$5,967,718

Source: County expenditures reports

Fringe Benefits

Table B-5 displays the historical detail for the County's fringe benefit expenditures from the General Fund.

Table B-5: Historical Detail - Fringe Benefits

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
OPERS	\$789,831	\$831,778	5.0%	\$848,184	1.9%	\$933,338	9.1%
Health Insurance	\$1,202,341	\$1,309,142	8.2%	\$1,351,362	3.1%	\$1,399,695	3.5%
Medicare	\$63,844	\$66,113	3.4%	\$73,050	9.5%	\$72,041	(1.4%)
Workers' Compensation	\$176,150	\$158,943	(10.8%)	\$204,640	22.3%	\$232,276	11.9%
Unemployment	\$12,687	\$695	(94.5%)	\$7,944	>100.0%	\$7,393	(7.5%)
Total	\$2,244,853	\$2,366,671	5.1%	\$2,485,180	4.8%	\$2,644,742	6.0%

Source: County Financial Reports

Table B-6 shows the projections for the County's fringe benefits for 2008 through 2012.

Table B-6: Forecasted Fringe Benefits Expenditures

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
OPERS	\$1,073,880	\$1,236,601	\$1,425,248	\$1,644,167	\$1,898,247
Health Insurance	\$1,399,695	\$1,490,395	\$1,586,973	\$1,689,809	\$1,799,308
Medicare	\$73,085	\$74,145	\$75,220	\$76,311	\$77,417
Workers' Compensation	\$204,259	\$206,056	\$211,501	\$214,071	\$220,078
Unemployment	\$7,612	\$7,679	\$7,881	\$7,977	\$8,201
Total	\$2,758,531	\$3,014,877	\$3,306,823	\$3,632,335	\$4,003,252

Source: AOS Projections

Supplies

Table B-7 displays the historical detail for the County's supplies expenditures from the General Fund.

Table B-7: Historical Detail – Supplies Expenditures

Department/Office	Actual 2004	2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Commissioners	\$16,078	\$16,373	1.8%	\$3,990	(75.6%)	\$3,686	(7.6%)
Auditor	\$34,996	\$29,870	(14.6%)	\$25,159	(15.8%)	\$29,204	16.1%
Treasurer	\$6,767	\$12,069	78.3%	\$5,418	(55.1%)	\$7,695	42.0%
Prosecutor	\$6,320	\$8,166	29.2%	\$7,992	(2.1%)	\$0	(100.0%)
Common Pleas Court	\$8,876	\$10,450	17.7%	\$11,224	7.4%	\$2,759	(75.4%)
Probate Court	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%
Clerk of Courts	\$3,043	\$3,918	28.7%	\$3,255	(16.9%)	\$0	(100.0%)
Coroner	\$399	\$101	(74.7%)	\$54	(45.9%)	\$748	1273.2%
County Court	\$4,493	\$6,277	39.7%	\$10,643	69.6%	\$4,750	(55.4%)
Jury Commission	\$0	\$0	0.0%	\$0	0.0%	\$0	100.0%
Adult Probation	\$900	\$594	(34.0%)	\$363	(38.8%)	\$1,163	220.2%
Juvenile Probation	\$23,562	\$26,663	13.2%	\$24,928	(6.5%)	\$18,821	(24.5%)
Detention	\$6,481	\$8,254	27.4%	\$9,356	13.4%	\$4,845	(48.2%)
Board of Elections	\$38,221	\$38,151	(0.2%)	\$64,219	68.3%	\$3,151	(95.1%)
Maintenance & Operations	\$68,238	\$102,703	50.5%	\$99,985	(2.6%)	\$94,205	(5.8%)
Sheriff ¹	\$196,388	\$189,260	(3.6%)	\$226,878	19.9%	\$194,064	(14.5%)
Recorder	\$5,894	\$8,641	46.6%	\$8,146	(5.7%)	\$6,153	(24.5%)
Disaster Services	\$439	\$1,239	182.2%	\$399	(67.8%)	\$704	76.4%
Courthouse Security	\$89	\$0	(100.0%)	\$0	0.0%	\$0	0.0%
Soldier's Relief Board	\$0	\$6,828	100.0%	\$4,968	(27.2%)	\$3,999	(19.5%)
Engineer	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total	\$421,184	\$469,554	11.5%	\$506,976	8.0%	\$375,948	(25.8%)

Source: County Financial Reports

¹ The Sheriff noted that his expenditure reports for 2007 showed supply expenditures of \$230,000 with 96 percent attributed to inmate meals, medicines, and fuel for cruisers. He expected the 2008 costs to exceed this amount because of increases in the cost of fuel.

Table B-8 shows the projections for the County's supply expenditures for 2008 through 2012.

Table B-8: Forecasted Supplies Expenditures

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Maintenance & Operations	\$98,915	\$103,861	\$109,054	\$114,507	\$120,232
Sheriff	\$207,889	\$209,764	\$215,009	\$220,384	\$225,893
Other Departments	\$101,169	\$106,228	\$111,539	\$117,116	\$122,972
Total Supplies	\$407,973	\$419,853	\$435,602	\$452,007	\$469,097

Source: AOS Projections

Contracted Services

Table B-9 displays the historical detail for the County's contracted services expenditures from the General Fund.

Table B-9 Historical Detail - Contracted Services

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Contracted Services (Utilities)	\$453,351	\$492,423	8.6%	\$423,815	(13.9%)	\$389,339	(8.1%)
Professional Services	\$243,301	\$195,375	(19.7%)	\$131,595	(32.6%)	\$101,507	(22.9%)
Contract Repairs	\$94,052	\$90,189	(4.1%)	\$91,674	1.6%	\$64,490	(29.7%)
Advertising and Printing	\$6,330	\$33,915	435.8%	\$45,469	34.1%	\$83,071	82.7%
Legal Expenses	\$425,133	\$431,724	1.6%	\$443,720	2.8%	\$340,174	(23.3%)
Total	\$1,222,168	\$1,243,626	1.7%	\$1,136,273	(8.7%)	\$978,581	(13.9%)

Source: County expenditure reports

Table B-10 shows the projections for the County's contract services expenditures for 2008 through 2012.

Table B-10: Forecasted Contracted Services

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Contracted Services	\$422,433	\$422,433	\$422,433	\$422,433	\$422,433
Professional Services	\$106,582	\$111,911	\$117,507	\$123,382	\$129,551
Contract Repairs	\$82,876	\$82,876	\$82,876	\$82,876	\$82,876
Advertising and Printing	\$87,224	\$91,586	\$96,165	\$100,973	\$106,022
Legal Expenses	\$393,865	\$393,865	\$393,865	\$393,865	\$393,865
Total	\$1,092,981	\$1,102,671	\$1,112,846	\$1,123,529	\$1,134,747

Source: AOS Projections

Capital Outlay

Table B-11 displays the historical detail for the County's capital outlay expenditures from the General Fund.

Table B-11: Historical Detail – Capital Outlay

Department/Office	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Auditor	\$3,238	\$0	(100.0%)	\$676	NA	\$3,987	489.8%
Treasurer	\$689	\$3,002	336.0%	\$10,215	240.3%	\$0	(100.0%)
Prosecutor	\$2,436	\$3,480	42.8%	\$2,290	(34.2%)	\$0	(100.0%)
Common Pleas Court	\$1,461	\$1,438	112.5%	\$17,461	462.5%	\$0	(100.0%)
Clerk of Courts	\$350	\$872	149.1%	\$452	(48.2%)	\$0	(100.0%)
Adult Probation	\$3,784	\$4,298	13.6%	\$4,188	(2.6%)	\$1,701	(59.4%)
Detention	\$695	\$420	(39.6%)	\$1,470	250.4%	\$3,419	132.5%
Board of Elections	\$3,718	\$815	(78.1%)	\$220	(73.0%)	\$1,592	624.0%
Sheriff	\$26,378	\$44,515	68.8%	\$19,541	(56.1%)	\$10,727	(45.1%)
Recorder	\$1,738	\$225	(87.1%)	\$0	(100.0%)	\$2,972	NA
Disaster Services	\$8,597	\$7,514	(12.6%)	\$8,459	12.6%	\$449	(94.7%)
Courthouse Security	\$328	\$830	153.0%	\$2,978	258.9%	\$0	(100.0%)
Total	\$53,412	\$67,408	26.2%	\$67,951	(0.8%)	\$24,847	(63.4%)

Source: County expenditure reports

Miscellaneous

Table B-12 displays the historical detail for the County's miscellaneous expenditures from the General Fund.

Table B-12: Historical Detail - Miscellaneous Expenditures

	Actual 2004	Actual 2005	Variance	Actual 2006	Variance	Actual 2007	Variance
Grant	\$80,000	\$82,400	3.0%	\$80,000	(2.9%)	\$42,400	(47.0%)
Allowance	\$496,182	\$505,012	1.8%	\$475,455	(5.9%)	\$448,483	(5.7%)
Travel	\$18,526	\$15,101	(18.5%)	\$25,147	66.5%	\$14,780	(41.2%)
Fees and Costs	\$102,508	\$95,018	(7.3%)	\$86,839	(8.6%)	\$81,722	(5.9%)
Other Expenditures	\$399,942	\$339,365	(15.1%)	\$436,804	28.7%	\$371,976	(14.8%)
Liability Insurance	\$259,574	\$275,014	5.9%	\$267,454	(2.7%)	\$261,997	(2.0%)
Total	\$1,356,732	\$1,311,910	(3.3%)	\$1,371,699	4.6%	\$1,221,357	(11.0%)

Source: County expenditure reports

Table B-13 shows the projections for the County's miscellaneous expenditures for 2008 through 2012.

Table B-13: Forecasted Miscellaneous Expenditures

	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011	Forecasted 2012
Grant	\$42,400	\$42,400	\$42,400	\$42,400	\$42,400
Allowance	\$444,133	\$444,724	\$450,432	\$461,506	\$478,278
Travel	\$15,519	\$16,295	\$17,109	\$17,965	\$18,863
Fees and Costs	\$85,808	\$90,098	\$94,603	\$99,333	\$104,300
Other Expenditures	\$393,562	\$404,297	\$415,569	\$427,404	\$439,830
Liability Insurance	\$256,757	\$251,622	\$246,589	\$241,658	\$236,825
Total	\$1,238,179	\$1,249,436	\$1,266,703	\$1,290,265	\$1,320,495

Source: AOS Projections

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Service Coordination

Background

Lawrence County has three administrative functions that are important to day-to-day operations and are commonly either centralized or decentralized: technology, purchasing, and maintenance. (See also **human** resources.) The technology and purchasing functions in Lawrence County are decentralized and each Office or Department is responsible for providing these services. The maintenance function, on the other hand, is centralized. Descriptions of each function are as follows:

- **Technology:** Each office or department is responsible for the management and repair of its technology infrastructure. Within each department, employees without formal training in technology, provide technology support and assistance with minor fixes. For major repairs or complex problems, the offices and departments contract with vendors. See also **technology** for further discussion on technology-specific issues.
- **Purchasing:** Each office or department is responsible for purchasing supplies and equipment out of its designated budget. Some purchasing related tasks are the responsibility of the Lawrence County Auditor's Office (Auditor). These responsibilities include tracking purchase orders, paying invoices, and certifying that funds are available. The offices or departments provide paper copies of receipts, invoices and purchase orders to the Auditor, who applies them against the respective purchase order amounts.
- **Maintenance:** The County maintenance function is primarily centralized, with three full-time equivalent (FTE) staff responsible for maintaining and cleaning the majority of County buildings. The maintenance staff maintains the Lawrence County Jail, the Emergency Dispatch (911) Building, the Coroner's Office, the Lawrence County Courthouse, the Lawrence County Soil and Water Conservation building, and the Lawrence County Dog Shelter. The Department of Job and Family Services (DJFS) and the Board of Mental Retardation and Developmental Disabilities (MRDD) employ their own maintenance staff.

Recommendations

- R3.1 Lawrence County should consider creating a centralized office for technology support, and/or designating a person to be its Information Technology (IT) Coordinator. The responsibilities of this office should include developing and implementing County technology initiatives, reviewing all hardware and software purchases, and ensuring timely replacement of equipment. Having a centralized office for technology support and a designated IT Coordinator will result in faster trouble-shooting response times for technology problems, improved strategic planning for technology initiatives, improved evaluation of IT purchases, and reduced security risks. (See also the technology section.)**

The County has no coordinated technology function, plan, or resources that would enable efficient technology management between departments and offices. Each department or office is responsible for managing technology resources, including planning, purchasing and support of technology. Departments and offices generally have one individual on staff that can troubleshoot basic problems with computers or perform basic services to increase their useful life and then contract with a third party for more complex computer problems that cannot be fixed in-house. A review of County expense reports for contracted and professional services showed most of the offices or departments did not spend significant amounts on technology. The Auditor's Office and Recorder's Office had the largest expenditures directly related to technology, and combined, spent approximately \$86,000 for support on specialized software and web hosting.

The State of Minnesota's Office of the Legislative Auditor conducted a technology best practices review of local governments. The review indicated that local governments should look for management options with properly trained staff that bring a high level of expertise to operating the computer system. Local governments should look for computer system managers who understand and can control security risks. In assessing their options, local governments should seek computer managers who conduct risk assessments of system security and base security policies on the identified risks. Computer managers should limit users' access to certain computers and data and actively manage users' password accounts. They need to install and monitor firewalls and antivirus software, have procedures in place to back up data, and develop a disaster-recovery plan. Because security risks change over time as new vulnerabilities arise, computer system managers should monitor and periodically audit their security procedures. Whoever manages the computer system must be appropriately trained to maintain it.

GovTech Magazine recently named Delaware County, Ohio as a Top 10 digital county nationally for counties with less than 150,000 in population. Delaware County has a centralized IT department comprised of eight staff responsible for web-development,

network administration, technology purchasing, technology support, application development and technical assistance. In addition, Delaware County has a Data Processing Board that reviews technology equipment purchases over \$500. Delaware County's Technology Director indicated centralized IT management allows the County to standardize equipment purchases and exercise control over project implementation. In order for centralized IT management to work effectively, departments have to work together and cooperate on technology projects. For example, a hardware and software problem between the Lawrence County Auditor's Office and Treasurer's Office delayed the development of financial reports for the most recent financial audit.

Without dedicated and experienced technology staff, technology purchasing may be inefficient, support levels may be reduced, and the cost for support and the threat of security risks are increased. To enhance IT coordination, the County could consider partnering with other organizations for technology support services. The County could partner with a local university to use students to assist with technology support. Ashland Community and Technical College (Ashland, KY), Marshall University (Huntington, WV), Ohio University-Southern Campus (Ironton, OH) and Shawnee State University (Portsmouth, OH) are all less than 30 miles from Ironton. Another partnership option would be to work with the City of Ironton to obtain technology support services. Lastly, the County could contract with a third party for technology support services for all County departments. The third party could be responsible for coordinating IT for the County and should design the contract to be able to terminate for poor performance. Peers interviewed for the performance audit did not employ a centralized IT coordinator position.

Financial Implication: According to the Ohio Job and Family Services Office of Workforce Development, the average annual wage for a computer support specialist in the Southeast region of Ohio is approximately \$36,000. With the addition of 40 percent for fringe benefits, total compensation for this position would be approximately \$50,000. However, County offices and departments would save support costs and staff time by centralizing IT support. If the proposed technology coordinator was able to offset just one-half of the support costs for two departments, the Auditor's Office and Recorder's Office, the County would not experience a net increase in costs by adding the position. However, the Auditor's Office indicated that its expenditures were largely for vendor-specific support and could not be reallocated to a centralized IT function. The County should examine all technology support and web site costs to determine if a centralized position could be funded through cost shifting.

R3.2 Lawrence County should consider centralizing purchasing responsibilities within one position. This position should be housed in the Commissioners' Office or Auditor's Office to ensure consistent use by all departments. The Commissioners, in conjunction with the County Auditor, should determine the appropriate purchasing responsibilities for the position. As its finances improve, the County should consider designating a current employee or hiring a purchasing coordinator to centralize the purchasing function. This position could be paid on a cost-allocation basis by the other offices and departments or supported by the Commissioners' Office. The County should also consider joining the National Institute of Government Purchasing (NIGP) or another similar organization to participate in and stay abreast of current purchasing practices.

The County does not have a centralized function responsible for overseeing all facets of the purchasing process. It operates using a decentralized purchasing process with each individual office or department responsible for purchasing goods and services for its operation. Having this type of organizational approach does not allow the County to take advantage of its purchasing power. In addition, it is not a member of NIGP or any similar organization that would enable it to maintain the most up-to-date practices.

Individuals that oversee purchasing should be charged with the following responsibilities:

- Negotiating volume discounts for items purchased annually;
- Consolidating orders for annual bulk purchases;
- Establishing term contracts and just-in-time purchasing agreements;
- Performing lease versus buy analyses;
- Monitoring supplier performance;
- Compiling a list of recommended or preferred suppliers;
- Disseminating information about purchasing programs used;
- Maintaining supplier catalogs, containing item numbers, descriptions and prices; and
- Conducting auctions of surplus furniture and equipment.

Because it has not centralized the purchasing function, the County may overpay for goods and not obtain the best prices based on volume discounts or competitive bids. According to *Centralization of the Procurement Function* (NIGP, 1998), the three major benefits listed for centralization are effective control, cost saving, and the use of a professional purchasing staff. Centralized oversight of the purchasing function is also necessary to ensure that departments follow appropriate procedures and obtain competitive prices.

In addition, a centralized purchasing function would be able to combine small orders from departments to capitalize on volume discounts. The function may be able to conduct comparison shopping among vendors or aggregate purchases into sufficiently large orders

to promote competitive bidding. It could also help identify instances where purchasing through a consortium would be beneficial to the County. Finally, it could help standardize equipment (particularly technology hardware and software) across the County to reduce maintenance and repair costs.

Financial Implication: According to the Ohio Job and Family Services Office of Workforce Development, the average annual wage for a purchasing manager in the Southeast region of Ohio is approximately \$77,000. With 40 percent fringe benefits added into this amount, total compensation for this position would be approximately \$108,000. An additional salary and benefit cost does not appear reasonable for the County at this time due to its financial situation, so purchasing responsibilities could be centralized in-house, in the Auditor's Office and/or Commissioners' Office. Centralizing purchasing functions will also help the County reduce department staff time currently allocated to purchasing, and help it better coordinate purchasing for its offices and departments.

R3.3 Lawrence County should consider the cost-savings and benefits of participating in additional purchasing programs such as the U.S. Communities Government Purchasing Alliance. Using purchasing programs or consortiums would potentially result in cost-savings for departmental purchases.

The County does not take advantage of all available purchasing programs to obtain discounts and maximize its purchasing power. The County receives discounts through the County Commissioners' Association of Ohio (CCAO) gas program. The Commissioners' Office purchases postage and light bulbs for all departments. Offices and departments purchase in bulk on a limited basis, including using Sam's Club and Office Max. Juvenile Probation purchases drug test kits in bulk.

CCAO has a link to the U.S. Communities Cooperative Purchasing Alliance program that has discounts for various supply items. Examples of items the County can purchase through organizations such as U.S. Communities include:

- Office supplies,
- Janitorial supplies,
- Furniture,
- Electrical communication and data supplies;
- Technology products,
- Office machines,
- Carpeting and flooring; and
- Light duty vehicle auto parts.

The County does not purchase in bulk because of funding shortages. Currently, it does not regularly allocate funds for the purchase of supplies and equipment, although it normally does this on a department by department basis. The Auditor's Office indicated there is not enough centralized storage space to allow bulk purchasing of items such as paper. However, by participating in bulk purchasing programs, the County could further lower its costs for supplies and materials and ensure that it receives the best value. Once bulk supplies are centrally delivered, they could be distributed to the appropriate offices where they could be stored in the normal fashion. Using just-in-time delivery would also help alleviate storage problems.

Financial Implications Summary

The following table presents a summary of the estimated annual costs identified in recommendations presented in this section of the report. Only recommendations with quantifiable implications are listed.

Recommendations for the Service Coordination Section

Recommendation	Estimated Annual Cost Savings	Estimated Annual Cost
R3.1 Hire a Computer Support Specialist	\$25,000	\$50,000
Total	\$25,000	\$50,000

Source: AOS recommendations

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Human Resources

Background

The objective of this section is to analyze the County's human resource policies and practices, including employee compensation, benefits and contracts. Lawrence County has 556 positions throughout its government offices and departments in a combination of full-time, part-time, and seasonal employees. **Table 4-1** compares the full-time equivalents (FTEs) for the offices and departments within the scope of this audit to the peer counties.

Table 4-1: Selected Office/Department FTEs for Lawrence County and Peers

	Lawrence County	Scioto County	Athens County	Washington County	Peer Average
Commissioners' Office	8.0	16.0	12.5	14.0	14.2
Auditor's Office	11.5	12.5	15.8	14.4	14.2
Recorder's Office	6.0	8.0	6.0	4.0	6.0
Sheriff's Office	45.2	78.5	29.0 ¹	68.0	58.5
Prosecutor's Office	17.0	18.0	18.5	8.0	14.8
Municipal Court	9.5	23.3	11.8	16.7	17.3
Clerk of Courts	10.0	11.0	6.2	7.0	8.1
Common Pleas	11.0	16.0	4.0	7.0	9.0
Juvenile Probation	6.0	10.0	6.0	8.0	8.0
Group Home Detention²	17.7	NA	NA	NA	NA

Source: Lawrence County and peer staffing information by department and office.

¹ Athens County contracts out its jail functions.

² Athens County contracts out youth services. Scioto and Washington counties run home detention services but are focused on treatment and appear to be significantly different in organization and staffing.

The County does not have a designated human resources department. County elected officials and administrators are responsible for managing human resource functions such as training, recruiting, developing human resource policies and procedures, and tracking and maintaining leave balances.

For County offices and departments without negotiated agreements, elected officials determine compensation schedules and raises for staff. For offices and departments with negotiated agreements, wage rates and increases are negotiated and contained in the contracts. The Auditor's Office human resource responsibilities for County offices and departments primarily involve processing payroll.

The County's primary health insurance plan is Medical Mutual, which has various options that include single, employee-spouse, employee-child, and family coverage. The Commissioners' Office provides information to County offices and departments about this health insurance program. The County's primary health insurance program covers all departments except the Clerk of Courts' Office, Treasurer's Office and Engineer's Office, who are covered under the Teamsters' insurance program, Central States Insurance Plan C-6. From 2007 to 2008, the County health insurance program premium rates increased by approximately 6 percent. According to the County Administrator, health insurance rates increased because of the high number of high cost claims. The County uses a third party administrator (TPA) who bids out the County health insurance program each year, and negotiates rates with the carrier selected.

The County has eight collective bargaining agreements which the Commissioners negotiate separately.

- **Lawrence County Child Support Unit and Lawrence Board of County Commissioners and Ohio Council 8 of the American Federation of State, County, and Municipal Employees, AFL-CIO and Local #3319B, Effective 2006-2008:** This agreement covers all employees in the Lawrence County Child Support Enforcement Agency, including Clerical Specialist, Clerk I and II, Delivery Worker, Investigator II, and Telephone Operator.
- **Lawrence County Board of Mental Retardation and Developmental Disabilities and the Ohio Association of Public School Employees (OAPSE/AFSCME), Local 4 AFL-CIO and Its Local 798, Effective 2005-2008:** This agreement covers the following positions: Early Intervention Specialist, Habilitation Manager, Instructor, Intermediate I Instructor, Intermediate II Instructor, Intermediate III Instructor, Physical Development Specialist, Pre-School Instructor, Pre-School Itinerant, Pre-School Psychologist, Pre-Vocational I Instructor, Pre-Vocational II Instructor, Primary I Instructor, Primary II Instructor, Speech Pathologist, Speech Therapist, Teacher, Vocational I Instructor, Vocational II Instructor, Vocational II Instructor, Job Placement Specialist, and Community Employment Specialist.
- **Commissioners' Contract with Ohio Council 8 of American Federation of State, County and Municipal Employees, AFL-CIO (Maintenance Contract), Effective 2006-08:** The agreement covers employees of the Commissioners that include all service, maintenance, technical and clerical employees, Assistant Dog Warden, Dog Warden, Clerk, County Utility Position, Custodian, Maintenance 1 and 2, Shelter Clerk/Computer Technician, Pound Keeper and Receptionist.
- **Commissioners' Contract with Ohio Council 8 of American Federation of State, County and Municipal Employees, AFL-CIO (Administrators Contract), Effective 2006-2008:** This agreement covers all employees holding the classification of

Administrator, Administrative Assistant (Assistant Administrator), Fiscal Officer, Rome Sewer Administrator, CSEA Administrator, and Director.

- **Commissioners' Contract with the Lawrence County Sheriff's Department and The Fraternal Order of Police, Effective 2006-08:** The agreement covers the following employees: Unit A (dispatchers), Unit B (patrol deputies, detectives, correction officers, process server), Unit C (Sergeants and Above), and Unit D (Cooks, Clerks, Clerk Supervisor).
- **Lawrence County Engineer's Contract with General Truck Drivers and Helper's Teamsters Union Local No. 92, Effective 2006-08:** This agreement covers Mechanic 1, Equipment Operator 1, Equipment Operator II, Highway Worker 1, Highway Worker II, Highway Worker IIA, Highway Worker III, Security Officers, Temporary Crew Leader.
- **Lawrence County DJFS Contract with Ohio Council 8 of American Federation of State, County and Municipal Employees, AFL-CIO, Effective 2006-08:** The agreement covers all employees in the Department of Job and Family Services - Account Clerk II, Clerical Specialist, Clerk I, Clerk II, Income Maintenance Aide, Income Maintenance Aide II, Income Maintenance Aides III, Investigator III, Maintenance Repair Worker I, Maintenance Repair Worker III, Social Services Aides II, Social Services Worker III, Vehicle Operator I.
- **Lawrence County Treasurer and General Truck Drivers and Helpers Union Local No. 92 (Teamsters), Effective 2006-08:** This agreement covers all full-time and regular part-time Deputy Treasurers.

Recommendations

R4.1 Based on its current financial situation, the County should seek to hold salary increases to 1 percent in 2009 and limit increases in future negotiations for both bargaining and non-bargaining unit employees based on an annual review of financial conditions. The County should seek to negotiate agreements with all bargaining units regarding wage increase decisions based on fiscal stability.

Additionally, the County should complete a comprehensive analysis of its salary structure and job responsibilities and develop a compensation management system to guide future salary decision-making. As a component of updating the compensation system, the County should conduct a review to align compensation and job responsibilities and determine if there are redundant job duties that could be consolidated or eliminated. Over the long-term, it should seek to ensure that like positions within its various offices and departments are compensated on a similar basis.

Because of the County's financial situation, the Board of Commissioners approved a 2008 budget that cuts 15 percent from the budget in all offices and departments that receive revenues from the General Fund. Because each office and department has the ability to transfer funds, it decides where to make reductions by reducing staff, eliminating raises, and reducing supplies and equipment.

The historical increases in salaries for General Fund offices and departments have been inconsistent, with County employees receiving different increases based on a variety of factors that include collective bargaining agreements, changes in personnel, severance payouts, or budget reductions. The County's bargaining unit agreements include salary scales that range from a 1.7 percent annual increase for Sheriff's Office employees to a 3.2 percent increase for Engineer's Office employees. Other General Fund office and department officials determine raises for their staff, which is a factor that contributes to the inconsistent salary increases between departments. For example, Auditor's Office employees received a 5 percent salary increase during 2007. In contrast, the Recorder's Office employees received increases that year ranging from 6 to 9 percent; however, they did not receive an increase the previous year.

Lawrence County does not have a compensation management system in place. The variability of human resource management among the County's offices and departments, as well as the large number of bargaining units, are costly to its operation. Further, not all County offices and departments have current job descriptions.

Compensation practices in Delaware County reflect recommended practices in controlling personnel costs and ensuring consistent application of changes to compensation. Many

Delaware County office holders use a compensation management system adopted by the county to control costs, manage turnover, improve morale, and provide incentives to deserving employees. A more critical objective is to ensure the pay of county employees is equitable, competitive and comparable to other counties. The methodology used is a structured approach to job evaluation based on a U.S. Congress Job Evaluation plan, a product of the U.S. Congress Job Evaluation and Pay Review Task Force. The concept is relatively uncomplicated, but the implementation strategy and methodology is critical. It includes the following:

- Evaluate jobs to determine the elements of work and evaluation criteria;
- Group jobs with like levels;
- Rank jobs based on reliable evaluation factors; and
- Establish an equitable pay system based on market rates for similar jobs.

The system has four basic components:

- Job categorization;
- Determination of meaningful evaluation factors;
- Development of benchmark job descriptions; and
- Guide charts for analysis and ranking.

Once a job is correctly placed in the system, movement of each employee is determined by objective performance evaluation based on the position description and goals established within the position description. Not all officeholders in Delaware County use this compensation management system.

Table 4-2 shows selected positions from Lawrence County compared to salaries listed in two other states' surveys of county-level salaries, as well as occupational wage estimates from the Ohio Department of Job and Family Services, Office of Workforce Development (OWD). Although Lawrence County and the counties in the other states have certain positions with similar titles, every county operates differently, and similar titles may not entail similar job functions. This variable should be considered when making comparisons. Also, for this reason, not every Lawrence County position could be compared with the other counties and OWD wage estimates. Because this audit only examined certain salaries and wages, Commissioners and officeholders are encouraged to conduct additional salary analyses for those categories or positions not analyzed as a component of this audit. When reviewing salaries, the County should examine local private sector wages, the wages in surrounding counties, and national wages by region. The inclusion of small counties in other states may be beneficial in illustrating specific county government positions, as shown in **Table 4-2**.

Table 4-2: Lawrence County Salaries by Selected Position

	Lawrence County	Ohio OWD Wage Estimates	Ohio OWD/ County % Variance ¹	Idaho County Salary Survey ²	Arkansas County Salary Survey ³	Average	Overall % Variance
Deputy Sheriff	\$35,385	\$33,488	5.7%	\$32,244	\$30,485	\$32,072	10.3%
Corrections Officer	\$32,874	\$33,634	(2.3%)	\$33,088	\$24,027	\$30,250	8.7%
Maintenance	\$21,507	\$30,597	(29.7%)	\$21,705	\$25,788	\$26,030	(17.4%)
Bailiff	\$27,793	\$35,922	(22.6%)	\$20,509	\$25,523	\$27,318	1.7%
Probation Officer	\$31,476	\$42,806	(26.5%)	\$27,952	\$29,128	\$33,295	(5.5%)
Payroll Clerk	\$36,863	\$26,520	39.0%	\$28,725	N/A	\$27,622	33.5%
Secretary	\$32,020	\$26,811	19.4%	\$27,914	\$27,522	\$27,416	16.8%
Court Clerks	\$28,805	\$26,354	9.3%	\$22,318	\$21,836	\$23,503	22.6%

Source: Lawrence County salaries; OWD wage estimates; Idaho counties' salary survey, Arkansas counties' salary survey.

¹ OWD wage estimates are from the Southeast Economic Development Area (EDA), except for Bailiff and Probation Officer, which are from the Statewide Average.

² Three counties from the Idaho salary survey (Bannock, Bonneville, and Twin Falls) were chosen because they had population and income demographics similar to Lawrence County.

³ Three counties from the Arkansas salary survey (Pope, White and Craighead) were chosen because they had populations similar to Lawrence County.

Lawrence County has higher average salaries for deputy sheriffs, corrections officers, payroll clerks, secretaries, and court clerks than the average salaries from the OWD estimates and the other states' surveys of county salaries. The County appears more comparable when compared to the OWD wage estimates alone. Only deputy sheriffs, payroll clerks, secretaries, and court clerks' salaries are higher. Although the Idaho and Arkansas reports give an important picture of what counties in different states are paying employees, the OWD wage estimates provide a more market-based comparison to Lawrence County because they are primarily based on the Southeast region of Ohio.

Although salaries are below OWD averages in several categories, Lawrence County's financial circumstances do not permit it to provide large increases in compensation. However, leveling some of the variances in compensation by completing a compensation and job analysis and implementing a formal compensation management system, will help achieve a greater degree of equity in compensation going forward. Furthermore, allowing a high degree of variance in salary increases when the County is experiencing financial difficulties has negative consequences on the financial condition. Implementing a process to grant similar increases between departments and offices, as well as tying those increases to the County's financial condition, would require the agreement of other elected officials. This process, though, would help the County maintain its financial health and encourage more consistency and equity between offices and departments. The

County could also monitor increases in salaries to ensure comparability with similar-sized counties, when financial conditions allow.

Financial Implication: If the County limits the increase to 1 percent in 2009, it would avoid increases in salary costs of approximately \$54,600 annually.

R4.2 Lawrence County should establish a human resource (HR) function to assist in reviewing and monitoring human resource-related issues and creating a more consistent approach to these issues across offices and departments. Centralizing human resource functions in this manner should help the County develop and communicate human resource policies and procedures, manage and implement the County's workers' compensation program (see R4.7), evaluate and improve the County's health insurance benefits program, and implement a comprehensive analysis of the salary structure and job responsibilities (see R4.1).

Although the best option would be for the County to create a human resource specialist position to centralize the human resource management function, its financial conditions may not make this feasible. In the interim, a management committee formed from among the its offices and departments could oversee human resource functions and the task of developing human resource policies and procedures acceptable to County elected officeholders and department administrators.

The County does not have a designated human resource department and as a result, human resource functions are decentralized. Each department is responsible for tracking leave balances, updating job functions, establishing pay-rates, and providing this information to the Auditor's Office. The Auditor's Office indicated that the County has considered the idea of a human resource department, but it was not implemented due to resistance from other departments.

Delaware County has a human resource department, which serves as a central authority on human resource management issues. Its responsibilities include the following:

- Specializing in personnel and employment matters;
- Communicating human resource policies;
- Recruiting;
- Administering an employee assistance program and alcohol testing program;
- Managing the County's workers' compensation program;
- Managing health insurance benefit plans, property insurance and casualty insurance;
- Performing customer service;

- Performing clerical and bookkeeping responsibilities; and
- Developing a newsletter with information on wellness programs.

Delaware County employs six people in the human resource department (Personnel Coordinator; Director of Administrative Services; Recruiter; Insurance and Risk Technician; Human Resource Secretary; and Human Resource Clerk). While Lawrence County could not support a human resources department of this size, nor would its size be appropriate relative to the number of county employees, the County should consider the creation of a human resource function or department for the County. This could most immediately be accomplished through a joint management committee to implement HR management practices and the HR-related recommendations in this report. Other low-cost methods for centralizing human resource responsibilities include communicating human resource policies through employee handbooks and the Internet, and developing a newsletter covering employment issues and wellness. As the County's finances improve, it should consider hiring a Personnel Coordinator to centralize the human resource function. This position could be located in the Auditor's Office or the Commissioners' Office.

The lack of a centralized human resource function has made it difficult for the County to successfully implement certain cost savings programs, such as a safety and risk management program for workers' compensation (see **R4.6**). Also, because there is no centralized human resource department or human resource specialist position, no review or monitoring of key HR information, such as sick leave use, leave balances, job descriptions, and pay rates, takes place to ensure that it is accurate or to protect and prevent opportunities for fraud. Centralizing HR functions should reduce the staff time currently used on human resource functions within each department or office, and allow better communication of human resource information to employees and managers.

Financial Implication: According to the Ohio Job and Family Services Office of Workforce Development, the average annual wage for a compensation, benefits and job analysis specialist position Statewide is approximately \$53,000. If the County could afford this additional employee cost, total compensation for this position would be \$74,000 with benefits included. However, market and inflationary forces may increase the costs by the time the County's financial situation can support the added costs.

If the County decides to implement this recommendation, the cost of the position could potentially be offset by reduced workers compensation costs (see **R4.6**), more aggressive leave use monitoring (reducing overtime costs to the County), and improved compensation and health insurance benefit management.

R4.3 Lawrence County should ensure that it develops and maintains clear County-wide policies and procedures to govern its operations. Complete and up-to-date policies and procedures ensure that County administrators, employees and other stakeholders have a clear understanding of the processes and procedures relating to employees, document retention, technology and purchasing. Furthermore, comprehensive policies and procedures serve as readily available resources for its accepted and approved approach to daily operations that impact all County departments and offices.

The County Auditor's Office, Probation Office and Home Detention Office have developed employee policy and procedures manuals. The manuals contain sections that include a code of ethics, e-mail policies, sexual harassment, work rules, and attendance. However, several other offices and departments have not developed employee policy and procedures manuals, and most have not developed comprehensive standard operating procedures or general County-wide policies and procedures. Separate personnel policy and procedures manuals also have not been developed for offices or departments with collective bargaining agreements because many policies are contained in the contracts.

An effective internal control structure requires the implementation of policies and procedures that provide management with assurance that operations are conducted in an efficient manner. It is imperative that control procedures be adequately documented to ensure they are performed timely and consistently as intended. According to *Documentation of Accounting Policies and Procedures* (GFOA, 2007), government agencies should document critical activities through formal policies and procedures. Such documentation should be readily available to all employees who need it and should delineate the authority and responsibility of employees involved in the process.

The following are examples of policies and procedures either missing from the majority of department or office manuals and union contracts or not sufficiently comprehensive:

General Government Policies and Procedures

- **Public records policy:** Delaware County has a public records policy on its web-site which contains information that includes the types of records maintained, the process to request public records, training, internal procedures, fees, forms and references to the Ohio Revised Code. The public records policy also references retention schedules for documents which are available through each department.

Human Resources Policies and Procedures

- **Employee human resource policy handbook:** St. Clair County, Michigan has developed a human resource handbook that includes information such as an

organizational chart, conflicts of interest, state and federal regulations, workers' compensation, professional development, benefits and compensation, and the hiring process. This manual also includes information on job descriptions and technology policies, and a link to purchasing and procurement policies. Consistently communicating human resource policies to employees is difficult without a consistent, readily available, comprehensive human resource manual.

- **A job description policy:** According to *Writing Job Descriptions for Small Businesses* (Ohio State University, 1995), an organization should use job descriptions developed from job analyses in the selection, training, performance appraisal and compensation of employees. Without accurate and up-to-date job descriptions, the County does not have a good basis for evaluating employee performance and employees may not be fully versed in the requirements of their jobs (see **R4.1**).
- **Policy for rehiring retired employees:** The County does not have a policy providing guidance for rehiring employees at a lesser rate or entry-level rate to control costs. Lawrence County departments, including the Municipal Court and the Auditor's Office, have rehired employees who previously retired. According to *Returning to Work After Retirement* (Ohio Public Employee Retirement System, 2007), potential re-employment plans should be discussed with the employer to determine whether there are any restrictions or policies on re-employment. Employers are not required to rehire employees after retirement. One of the employer's responsibilities regarding re-employment of retired personnel is they must provide the re-employed retiree's primary health care coverage if it is available to employees in comparable positions. Developing a policy with guidelines for rehiring previously retired employees should help the County to weigh the costs of re-employing retired employees (including the cost of health insurance) with benefits that include the retained knowledge and experience, and cost-savings from a reduced salary.

Financial Policies and Procedures

- **A purchasing policy and procedures handbook:** Pinellas County, Florida has developed a manual that provides purchasing employees with an understanding of their responsibilities, objectives, limitations, and duties within the framework of the County's organization. A purchasing policy and procedures manual would help ensure timely, efficient, and accurate purchasing processes within the County.

Technology-Related Policies and Procedures

- **Technology Internet/e-mail usage policy:** Delaware County has developed detailed technology Internet/e-mail use policies, establishing guidelines to ensure the proper use of computer systems (including e-mail, intranet, and internet) by all users, including, but not limited to all employees, independent contractors, vendors and other persons or entities accessing or using county computer resources and services. The lack of Internet/e-mail use policies creates greater risk of employees using information technology resources for personal business or other inappropriate purposes.
- **Technology disaster recovery policy:** According to the Governmental Finance Officers Association (GFOA), state and local governments have a duty to ensure there are minimal disruptions in the provision of essential services following a disaster. Effective disaster recovery planning must specifically and formally address those policies and procedures that minimize the disruption of government operations should computers fail. Without a formal plan, timely service to clients could be adversely affected following a crisis. If there are no formal policies and procedures that assign responsibilities to specific individuals, employees may fail to respond in an emergency, resulting in further disruption of services to clients and the loss of critical organizational data. (See *issues for further study* in the **executive summary**.)
- **Technology equipment disposal policy:** The *Guide to Computer & Electronics Waste Reduction and Recycling* (Ohio EPA, 2005) recommends that computers and monitors be considered hazardous waste unless tested and proven otherwise. Without a formal technology equipment disposal policy, the County cannot ensure that it is disposing of potentially hazardous materials in a manner that is compliant with EPA guidelines.

The absence of several critical policies and procedures can be attributed to Lawrence County not having several centralized functions to work on developing and standardizing policies and procedures for the County. Furthermore, the nature of Ohio county government does not encourage county-wide processes and procedures. A well-designed and maintained system of formal policies and procedures enhances both accountability and consistency and can serve as a useful training tool for staff. Without formal policies and procedures, the County cannot ensure effective control of its resources or consistency in its operations. The County should be able to develop general County-wide policies and procedures at little or no cost using current staff.

R4.4 Lawrence County should evaluate its health insurance coverage, plan design, brokerage services, and broker compensation annually by reinstating its health insurance committee and ensuring the committee is made up of members from different offices and departments, and including representatives of both labor and management. Using a health insurance committee could help the County identify cost saving approaches for providing full health insurance coverage, as well as help it build consensus for changes to coverage.

Some areas the committee should consider include the following:

- **Elements of plan design. See also R4.5.**
- **Health insurance brokerage services and compensation. The County should consider paying their insurance broker based on a fixed fee rather than commission so there is no incentive to increase costs.**
- **Participating in a health insurance consortium, such as the County Employee Benefits Consortium of Ohio (CEBCO), to increase the County's buying power and reduce health insurance premiums without diminishing health insurance coverage.¹**

Using a health insurance committee would provide the opportunity for all departments to give input into evaluating the County's health insurance program each year. The County should formally develop goals, and establish a process for this review. Another option would be to include the evaluation of health insurance as one of the responsibilities of the human resource committee.

According to the County Administrator, health insurance rates have increased between 5 and 6 percent annually because of high cost claims. As health insurance costs are a major expense for the County, it has looked into various cost reduction options, including employee-only insurance and Teamsters' insurance. According to the Commissioners' Office, several counties in the area limit their contribution/coverage to their employees only, with coverage for dependents picked up at the individual employee's expense.

Lawrence County is not in a health insurance pool or consortium. The County uses an insurance broker (as a third party administrator) who receives bids for health insurance and negotiates rates each year with the carrier selected. According to the insurance broker, Lawrence County pays 2.5 percent commission on total health insurance costs. County officials interviewed about the compensation of the insurance broker could not identify the amount he was paid and were not aware of the method used for

¹ Nineteen Ohio counties are currently members of the CEBCO.

compensation. According to the Auditor's and Recorder's offices, the County had a health insurance committee several years ago, but it was disbanded. The health insurance committee sought bids from insurance providers, but was unsuccessful because the County would only guarantee a one-year contract with any provider.

According to the County Commissioners' Office, Lawrence County's health insurance costs are high because of its geographic location, claims history, and bargaining unit requirements. The Commissioners' Office indicated it has looked into various options to reduce health insurance costs. Reasons for electing to remain with current coverage include the following:

- An employee-only insurance plan was not selected because of reduced coverage to employees.
- The Teamsters' insurance plan was not chosen because their program would require all employees of the County to be part of the program, and premiums for non-union employees would be higher than the County's insurance premiums.
- The insurance broker and County Administrator indicated reservations about using the County Employee Benefits Consortium of Ohio (CEBCO). The insurance broker indicated he would be hesitant about using CEBCO because of the three-year commitment required and a provision that the consortium could assess the County if claims are higher than expected, lack of control over managing benefits, and the fact that CEBCO is self-funded.

The County did not provide cost-benefit analyses to support not pursuing these possible health insurance cost reductions. Furthermore, Lawrence County's health insurance program does not provide mental health or substance abuse coverage, or a wellness program, offered by other available plans, such as Teamsters' insurance and CEBCO.

An Elected Official's Guide to Health Care Cost Containment (GFOA, 2005) states that governments striving to control costs need to obtain buy-in from employees, both union and non-union. Factors that are more likely to achieve labor-management consensus include:

- A schedule that allows ample time for labor-management research and discussion;
- Labor and management jointly selecting consultants;
- A broad menu of options while not moving to a preferred solution prematurely; and
- Coalition bargaining.

Insurance committee participants often assume incorrectly that changes to a plan decrease their benefits, when, in some cases, plan changes expand benefits or introduce more effective delivery methods.

GFOA describes plan (re)design as incremental or major initiatives to provide employee coverage through a more efficient and effective plan structure. Major initiatives include the movement from indemnity plans to managed care organizations, such as Preferred Provider Organizations, Exclusive Provider Organizations, or Health Maintenance Organizations, as well as recent “consumer-driven health care plans (CDHP).” Incremental changes include adjusting co-payment and co-insurance levels to influence individual behavior with respect to network/out of network services, brand/generic prescriptions and over the counter medication, inpatient/outpatient services, and other decisions. (See also **R4.5**).

In addition, GFOA notes that a government needs to ensure brokerage service costs are transparent and must align the broker’s incentives with those of the government. Some governments use a compensation model that is based on a percentage of premiums that a carrier is able to obtain from a government, with the carrier making the payment to the broker. Other governments carve out embedded compensation, and pay the broker directly using the same percentage of fee approach. A better approach is to both carve out the embedded compensation and have the government pay the broker a fixed fee so the compensation does not automatically increase relative to the increases in premiums

Health insurance consortiums may be able to negotiate better rates, providing improved budgetary stability. The County Employee Benefits Consortium of Ohio (CEBCO) was formed by the County Commissioners’ Association of Ohio (CCAO) in response to concerns that have been expressed during recent years about the cost of health insurance being borne by Ohio counties for their employees. Membership in CEBCO is available to county governments in Ohio.

Implementing a health insurance committee would be a first step in better controlling health insurance costs and building support for future changes in plan design. Also, the committee may be able to assist the County in improving plan elements through a consensus-based approach to decision-making. By failing to address health insurance program elements, the County will continue to encounter high expenditures for health insurance benefits.

R4.5 Lawrence County should consider examining the design of its health care benefits to improve the cost effectiveness of its health insurance program and lower premium costs to the State Employment Relations Board (SERB) average. In conjunction with a centralized HR management function (see R4.2) and the health insurance committee (suggested in R4.4), the County should perform cost-benefit analyses on the following health insurance benefit modifications:

- **Require cost sharing at a 10 percent contribution rate for all employees to promote equitable distribution of health care cost increases. A 10 percent cost sharing contribution would also bring the County in line with the SERB average. A 20 percent cost sharing contribution would bring the County in line with Kaiser averages. Negotiating or implementing cost sharing as a component of all plans, including the lower cost Teamster's Plan, would provide much-needed financial relief to the County's General Fund.**
- **Institute wellness and disease management programs in an effort to prevent catastrophic claims. Health care wellness programs can take various forms, including health screening, immunizations for children, and educating employees about health care and lifestyle decisions that affect health, such as nutrition and exercise. Disease management programs are designed to reduce the number of chronically ill employees.**
- **Consider providing a consumer-driven health care plan (CDHP), such as employer funded flexible spending accounts and a high-dollar deductible plan. CDHPs offer incentives for employees to monitor costs closely since they will have to face significantly higher deductibles than ordinary Preferred Provider Organizations (PPO).**

The County has not implemented recommended cost containment measures for health insurance, which include negotiating cost sharing for all employees, participating in a wellness/disease management program, and considering CDHP plan options. Health insurance costs for the County have increased by an average of 5 percent annually since 2004, which is comparable to or better than national rates. However, the County already pays higher than average premium costs for employees covered under the County plan. The County's primary health insurance plan is Medical Mutual, which has various options that include single, employee-spouse, employee-child, and family.

Lawrence County's lowest cost monthly premium option for family is \$1,861 (or \$22,000 annually), which is 60 percent higher than the family SERB average for Southeast Ohio of \$1,166. The Treasurer's and Engineer's offices use the Teamsters' insurance (Central States Insurance Plan). The monthly premiums for the Teamsters' insurance in 2007 were \$878.80 (or \$10,000 annually). According to the Engineer's Office, the premium cost for

the Teamsters' insurance plan is a flat premium rate for single or family coverage and the insurance plan is actually still Medical Mutual, the same carrier used by the other County departments and offices. Additionally, Lawrence County offers full health insurance benefits to employees working over 32 hours per week.

Some employees under the County's insurance program contribute approximately 25 percent to the cost of health insurance, which is higher than the SERB average of 10 percent. However, not all departments contribute to the cost of health insurance. The County Department of Job and Family Services (DJFS), Child Support Unit, and the Veterans Service Board employees do not contribute to the cost of health insurance. According to the County Administrator, DJFS and the Child Support Unit do not contribute towards health insurance premiums as these departments negotiated this stipulation in previous contracts. Employees with Teamsters' insurance, including the Engineer's and Treasurer's offices, also do not contribute towards health insurance premiums. The County does not require departments with Teamsters' insurance programs to contribute towards health insurance costs because, according to the County Administrator, the overall insurance premiums for the Teamsters' health insurance program are less expensive than the County insurance program. However, because a large number of employees (113) are covered under the Teamster's insurance program, the cost savings to the General Fund if employee contributions were implemented could be sizeable.

The County's insurance coverage co-pay amounts for office and emergency room visits and hospitalization were comparable to the 2007 Kaiser Survey amounts. In addition, the survey included 17 percent co-insurance for hospitalization and 15 percent for emergency room visits, provisions that do not appear in the County's plan design. The County's health insurance plan design does not cover mental health or substance abuse, and does not have a wellness program, which the CEBCO and Teamsters' insurance both include under their health insurance programs.

According to *Health Care Cost Containment* (GFOA, 2004), health care cost containment covering active and, where applicable, retired employees, is a critical component of long-term financial planning and budgeting. Cost containment is necessary to maintain the provision of government service levels, particularly in jurisdictions subject to tax limitations. GFOA recommends that governments institute a number of efforts to contain costs. As a preliminary step in establishing a cost containment program, governments should perform a cost analysis that uses historical trend data on costs and utilization experienced by the employer to highlight areas for remedial action. Once a baseline of cost and utilization data is established, governments should consider the following strategies:

- **Cost sharing:** As employers, governments may realize savings by sharing certain costs with employees. Cost sharing can be implemented through joint payment of premiums, co-payments, and co-insurance. Cost sharing initiatives can be augmented with tax-advantaged savings accounts that allow employees to save and pay for health costs or future retiree health insurance. Additionally, some governments provide incentives to encourage employees to use spousal health care plans.
- **Aggregation:** In order to obtain better pricing and market leverage, governments should evaluate whether to aggregate their purchasing power. This includes (where allowed by law) formation of health care insurance pools, intergovernmental agreements for procurement of prescription drugs, partnerships with private sector organizations, or local government participation in state master agreements (see **R4.4**). Aggregation can also be achieved simply by using fewer insurance carriers or vendors to deliver benefits.
- **Individual health management:** Health care costs are driven to a significant extent by the behavior and lifestyle choices of individuals. Thus, targeted efforts to encourage lifestyle changes may be effective financially, such as wellness programs, disease management (for at-risk employees or employees undergoing initial treatment), and employee education on healthcare matters.
- **Plan design:** These are incremental or major initiatives to provide employee coverage through a more efficient and effective plan structure. Major initiatives include the movement from indemnity plans to managed care organizations, such as Preferred Provider Organizations, Exclusive Provider Organizations, or Health Maintenance Organizations, as well as recent “consumer-driven health care plans (CDHP).” Incremental changes include adjusting co-payment and co-insurance levels to influence individual behavior with respect to network/out of network services, brand/generic prescriptions and over the counter medication, inpatient/outpatient services, and other decisions.

CDHPs can be structured in different ways, but one way is through tiers. Based on a prototype of a CDHP, at its lowest tier, the employer funds a personal account for the employee’s discretionary use (\$0-\$1,000). The employee is able to roll over any unused dollars to future years and may even be able to take any dollars remaining in the account, should he or she leave the agency. At the middle tier, the employee that seeks health care services incurs costs (\$1,000-\$2,000). Only at the highest tier does the insurance coverage begin (over \$2,000). CDHPs provide an incentive for employees to monitor costs closely since they will face a significantly higher deductible than an ordinary PPO.

Regardless of which are implemented, the County will need to explore options to its current benefit package in order to achieve a sustainable compensation package for its employees. These options, along with those presented in **R4.5**, could be examined by the proposed health insurance committee (see **R4.4**) at no additional cost to the County. A long term solution for improved benefits management could entail adding these responsibilities to the consolidated HR function described in **R4.2**.

Financial Implication: If the County could reduce premium rates to levels similar to the SERB average for its region, it would save approximately \$115,000 annually. If the County were able to negotiate a 20 percent cost sharing arrangement for all employees, similar to the average in the Kaiser survey, it could save up to \$329,000 annually and apply this savings to the General Fund. This would help to achieve financial solvency through all five years of the forecast period.

R4.6 Lawrence County should seek to renegotiate provisions in its collective bargaining agreements that exceed industry standards and State minimums. These provisions are costly and successful renegotiations could result in savings.

As a component of the performance audit, the Sheriff's Office collective bargaining agreement was compared to peers' Sheriff's Office agreements as it was the only General Fund bargaining agreement that the peers and County had in common. For the remaining seven Lawrence County negotiated agreements, contract provisions were reviewed and compared to common bargaining unit provisions and ORC minimums. If contractual provisions appeared to deviate from the norm, they were included in the analysis. The following provisions in Lawrence County's negotiated agreements exceeded typical or statutorily required provisions:

- **Maximum number of sick leave days accrued:** In the Sheriff's Office negotiated agreement, the maximum number of sick leave days accrued is unlimited, which is the same as the peer negotiated agreements. Seven out of the eight remaining County negotiated agreements for other departments also allowed an unlimited number of sick leave days to be accrued. Allowing an unlimited number of sick leave days to be accrued can be costly to the County when sick leave is paid out at retirement.
- **Sick leave payout:** The County has several different payout provisions in its collective bargaining agreements. These inconsistencies result from the decentralization of HR and collective bargaining functions (see **R4.2**).
 - The Sheriff's Office negotiated agreement's highest maximum sick leave payout provision states any employee with a minimum of 15 years of service shall be paid out at 50 percent of the unused accumulated sick

leave. In contrast, all three peer negotiated agreements restrict sick leave payout to the ORC maximum of 30 days.

Of the remaining County negotiated agreements,

- The Child Support Unit and Department of Job and Family Services (DJFS) negotiated agreements state an employee retiring shall be paid out at a rate of 75 percent of accumulated sick leave.
- The MRDD negotiated agreement's highest payouts apply to employees with at least 50 percent of their total public service with MRDD and 25 or more years of service. These employees can cash out 75 percent of accumulated sick leave.
- The Commissioners' Maintenance and Administrators' negotiated agreements both state that employees with 10 or more years of service can receive a sick leave payout of 60 percent of accumulated sick leave.
- The Engineer's negotiated agreement states an employee with 10 or more years of service is entitled to cash payment at the regular rate of pay on 25 percent of accrued sick leave, or 40 days, whichever is less.

According to ORC § 124.39 the aggregate value of accrued but unused sick leave credit that is paid shall not exceed, for all payments, the value of thirty days of accrued but unused sick leave, although agencies can establish policies that exceed this requirement. Higher than required sick leave payout policies increase costs for the County. In 2003, 8 of the 11 highest amounts of sick leave payout were to departing DJFS employees, the department with the most generous sick leave payout policy. The County paid a total of about \$209,000 to these eight employees, with one employee receiving about \$64,500 in severance pay.

To fund retirement payouts, the County transfers funds on an as-needed basis. Among its 556 employees, approximately 148 (27 percent) are eligible for retirement in 2008. The County's General Fund carryover, however, is diminishing and the County has not been able to sustain sufficient fund balances to plan or pay for sick leave payout expenditures at retirement.

- **Pension benefit:** The County pays the employee's contribution to the Public Employees Retirement System (PERS) using the salary reduction method for all County employees. In addition, the Commissioners' Maintenance negotiated agreement pays 4 percent of the employee's share of contributions to PERS. Paying the employee's share increases costs to the County and inflates the salaries

of personnel. Considering its current financial situation, a reduction of this benefit, either permanent or temporary, could provide some financial relief.

- **Holidays:** Six out of eight² negotiated agreements have 13 or more holidays. The State of Ohio gives State employees 10 holidays as listed in ORC § 124.19. Providing employees holidays above ORC minimums reduces productivity and increases costs. In addition, three contracts (DJFS, Child Support Unit and Engineer) pay holiday time at double the regular pay rate, compared to the remaining five contracts' holiday pay provisions that pay at 1.5 times the regular rate of pay.
- **Vacation:** Lawrence County's Child Support Unit and DJFS negotiated agreements have vacation leave that exceeds ORC provisions. The Child Support Unit and DJFS negotiated agreements' vacation provisions include the following:

Table 4-2: Vacation Accrual Comparison with Ohio Revised Code

Longevity	Lawrence County Accrual Rate	ORC Accrual Rate (ORC §124.13)
Less than 1 year	40 hours	0 hours
1 year to 5 years	80 hours	80 hours
5 years to 10 years	120 hours	
10 years to 15 years	160 hours	120 hours
15 years to 20 years	200 hours	160 hours
20 years to 25 years	240 hours	
25 years or over	280 hours	200 hours

Source: Lawrence County Child Support Unit bargaining agreement, ORC

Allowing employees to accrue vacation days above ORC minimums increases costs to the County through productivity loss, potential overtime costs to fill absent employee positions, and employees cashing out unused vacation leave at separation of employment. From an operational perspective, it increases the payroll costs for employees who work on holidays as well.

- **Longevity Pay:** Six of eight negotiated agreements contain a longevity pay provision. Each agreement provides longevity pay after 5 years and includes a provision to provide a longevity increase of 0.5 percent annually after the first year. The contracts differ only in the initial longevity increase. The Treasurer's negotiated agreement states after 5 years of total service with the County, the employee shall receive an automatic salary adjustment of 0.5 percent. The Sheriff's Office agreement states that after 5 years of continuous service,

² The Treasurer's negotiated agreement provides 15 holidays; the DJFS, Engineer, and Child Support Unit provide 14 holidays; the Commissioners' Administrators agreement provides 13.5 holidays; and the Commissioners' Maintenance agreement provides 13 holidays.

employees receive \$100 per year of service. Finally, the Child Support Unit, DJFS, Commissioners' Maintenance, and Commissioners' Administrators negotiated agreements include an automatic salary adjustment of 2.5 percent the first year. Paying these longevity provisions, especially for the contracts with automatic salary adjustments after 5 years of 2.5 percent, increases County expenditures and further inflates salaries of personnel. Considering the County's current financial situation, a reduction of this benefit, either permanent or temporary, could provide necessary financial relief.

- **Opt-Out Provision:** Opt-out provisions in the Child Support Unit and DJFS contracts are more costly than the \$1,000 available to employees who do not enroll in the County's insurance program. The opt-out insurance incentive in the Child Support Unit and DJFS contracts are as follows:
 - \$3,000 for family;
 - \$2,000 for employee-spouse;
 - \$2,000 for employee-child; and
 - \$1,500 for single.

The County Administrator indicated the County has dealt sufficiently with these costly opt-out provisions by inserting stricter requirements in the new contracts for DJFS and the Child Support Unit. Considering the County's current financial situation, a reduction in the opt-out provision for the DJFS and Child Support Unit contracts, either permanent or temporary, could provide necessary financial relief.

In each instance, provisions in negotiated agreements that exceed typical or statutorily required levels represent increased costs to the County. Under its current fiscal condition, these provisions may increase financial hardship and limit the County's ability to provide services at historical levels. During the next round of collective bargaining, County officials should seek to renegotiate costly or atypical bargaining agreement provisions. While success in renegotiating these provisions is not guaranteed, the County may benefit from opening discussions with collective bargaining unit representatives on these matters.

Financial Implication: If the sick leave payout policies were changed for all departments to reflect the ORC maximum of 31.25 days, the County could save approximately \$12,800 annually based on projected retirements. By reducing holidays from 13 to 10 days, the County could save approximately \$22,000 annually, either through cost savings from overtime or through recaptured work time. The total annual cost savings is \$34,800.

R4.7 The County should establish a workplace safety program to improve safety awareness, reduce the risk of job-related injury, and reduce workers' compensation claims and costs. In addition, it should develop goals for the workers' compensation program, which could include developing safety committees for departments, implementing a transitional work program, and reducing claims and experience modifier rate (EMR) rating to become eligible for a Group Rating Program, such as the County Commissioners' Association of Ohio (CCAO).

During the course of the audit, the County Administrator indicated that Lawrence County was again participating in the Premium Discount Program.

Because of high claims, the County is "penalty-rated" by the Ohio Bureau of Workers' Compensation (BWC). In addition, its employer modification rate³ (EMR) was as high as 1.65 in 2003 and has remained above 1.2 since that year. The County participates in BWC safety council meetings, and receives a 2 percent discount; however, it does not develop goals for its workers' compensation program. The County currently is not in a Group Rating Program due to its high number of claims and penalty rating. For 2007, the County spent \$227,297 for workers' compensation, and expenditures have increased significantly since 2004 because of changes in the program's premiums.

Lawrence County does not participate in the following BWC programs:

- **Premium Discount Program (PDP)** - an incentive program designed to assist employers with a 0.9+ EMR in establishing a safer, more cost-effective work place. Eligible employers can receive a 10 percent discount on workers' compensation insurance premiums the first year and 5 percent discount in the second year, if eligible.
- **Drug Free Workplace Program (DFWP)** - designed to help employers deter, detect, and eliminate substance abuse.
- **\$5,000 Medical Only Program (\$5K Program)** - allows employers to pay up to the first \$5,000 of medical costs for injured workers. This program is similar to "deductibles" common in other insurance plans.

Although the County stated that it participates in the Transitional Work Program, it does this on a department-by-department basis and does not have a centrally coordinated

³ BWC reviews actual claims costs incurred as a result of injuries that happen at work. Actual claims costs are compared to BWC estimates for each Ohio employer, then BWC calculates the EMR based on a four-year claims history. The EMR is then used to determine if the employer is above or below a base percentage. An EMR of 1 or above is generally considered negative and can result in premium increases.

program.⁴ The County Administrator also indicated the County has established a Safety Team to make suggestions and conduct accident analysis when claims are filed. Furthermore, it has participated in the Safety Council Discount Program, receiving discounts of approximately \$8,000 in 2007 and \$11,000 in 2008. Finally, the County is participating in the 10 Step Program in 2008 and will receive a discount for its participation.

In 2001, Mahoning County, Ohio developed goals for workers' compensation that included the following:

- Encourage all departments to have their own safety committees that meet once a month to go over incidents, prevention and ideas;
- Arrange for the Labor Management Safety Committee to meet every quarter;
- Have a seamless claims administration between the employer, departments, BWC, and the medical management providers;
- Educate department heads on how premiums are figured and how claims costs affect their rate charge backs;
- Provide monthly incident activity reports to the department so employees can visualize their own risk and understand their impact;
- Improve the safety and disability culture of the County in hopes of alleviating costs and improving employee safety;
- Implement a county wide wage continuance and transitional work program;
- Set up systematic follow-ups for return to work, handicaps, and lump sum settlements; and
- Take measures that will result in a drastic reduction in reserves and claims costs to bring the EMR down.

Using goals to direct efforts to reduce workers' compensation costs helps employers better focus their efforts and identify strategies for reducing costs. Similarly, formal goals communicate the efforts to employees and help the employer develop buy-in for programs with employees.

The CCAO Board of Trustees initiated a workers' compensation Group Rating Plan for its members in 1992. Since 1992, the Group Rating Plan has saved member counties \$22 million in workers' compensation premiums. To be eligible for membership in the CCAO Group Rating Plan, a county must be in a credit situation and must agree to participate in

⁴ This program enables injured employees to return to work more quickly and safely, either in their original job or in a temporary work assignment until they are ready to resume their original job. The Sheriff noted that his Office has used this to assist deputies who are unable to perform their normal duties by assigning them to clerk or dispatch work.

“loss control” programs to reduce injuries, thereby containing costs for its members. In total, 63 counties participate in the CCAO Workers’ Compensation Group Rating Plan.

The County participated in PDP until 2004, but did not qualify to participate in the program in 2005 and subsequent years because it did not meet program training requirements. It participated in DFWP until 2005, but did not qualify to participate in the program in 2006 and 2007 because it did not meet program requirements for the training of staff. The County Auditor’s Office indicated the County would not be eligible for DFWP until 2010. As BWC programs are designed to decrease EMR, improve work place safety, minimize the risk of injury, and thereby reduce premium costs, implementing these programs could help to avoid more costly workers’ compensation premiums. A human resource committee would help provide the support to use the BWC programs more effectively (see **R4.2**).

Financial Implication: The PDP and DFWP programs each provide a 10 percent discount. For 2010, participation in these two programs could save the County approximately \$22,800 each, for total annual savings of \$45,600.

Financial Implications Summary

The following table presents a summary of the estimated annual cost savings and estimated annual costs identified in recommendations presented in this section of the report. Recommendations are separated based on whether they require negotiation with collective bargaining units prior to implementation. Implementation of those recommendations requiring negotiations would depend on agreement from the affected bargaining units. Only recommendations with quantifiable implications are listed.

Recommendations for the Human Resources Section

Recommendation	Estimated Annual Cost Savings	Estimated Annual Cost Avoidance
Recommendations Subject to Negotiation		
R4.1 Hold wage increases to 1 percent in FY 2009.		\$54,600
R4.5 Reduction of health insurance costs to the SERB average.	\$115,000	
R4.6 Reductions in sick leave payout and number of holidays.	\$34,800	
R4.7 Implement selected BWC programs ¹ .	\$45,600	
Total	\$195,400	\$54,600

Source: AOS recommendations

¹ The annual financial implication for **R4.7** Implementation of BWC programs for \$45,600 would not be realized until 2010.

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Technology

Background

The objective of this section is to analyze the County's technology policies, procedures, and practices, including planning, Internet use policies, disaster recovery policies, hardware and software standards and website development. During the course of the audit, the County was not able to provide an accurate inventory of computer equipment, including machine age and type. A list of equipment, and its age and type, illustrates the functional capacity of an entity's technology resources to perform the processes required by existing and emerging management software. As a result, an accurate assessment could not be made on the functionality of the County's technology equipment.

Each County office and department determines its own technology needs. Hardware and software is replaced on an as-needed basis. The County does not have countywide software or hardware standards, software and equipment inventories, or internet connectivity among its offices. It also lacks a website that links all offices and departments. In an effort to improve technology use within the County, the Auditor's Office and Engineer's Office are working together to implement a Geographic Information System (GIS), which will include an updated map as well as parcel, appraisal, new construction, and other online real estate information.

Recommendations

R5.1 Lawrence County should develop a technology plan that includes formal processes for assessing the technology-related needs and functions. At a minimum, it should ensure that its technology plan:

- **Is assessed and updated annually;**
- **Identifies its technology needs;**
- **Identifies funding sources;**
- **Includes procedures for cost effective technology acquisition;**
- **Identifies the individual(s) responsible for implementing and updating the technology plan; and**
- **Contains a formal replacement plan outlining the age at which its computers should be considered for replacement.**

A formalized technology plan will help improve the County's technology related decision-making process while addressing long-term technology needs. The County should ensure that all changes made to its technology plan are based on collaboration between the Commissioners and other offices and departments.

Since each office or department determines its own technology needs, Lawrence County has not developed a technology needs assessment or replacement plan for technology equipment. The Prosecutor's Office, Clerk of Courts Office, Commissioners' Office, and Auditor's Office staffs generally indicated technology met their basic needs. However, the offices use different hardware and software, causing inefficiencies in connectivity and information sharing, complicating technology maintenance efforts and increasing technology maintenance and replacement costs. The following needs and topics of concern were identified:

- **Electronic records:** The Recorder's Office has implemented an electronic records project to scan old deeds to an electronic format for preservation and online accessibility to the public. The Municipal Court indicated that record maintenance is an issue, and it needs to purchase equipment for scanning and documenting files. Sharing scanning and electronic document storage technology between the Recorder's Office and the Municipal Court represents an opportunity to avoid additional costs while addressing physical document storage issues for the Court.
- **Standards and condition of equipment:** Sheriff's Office staff indicated computer hardware is outdated and lacks sufficient memory. In addition, hardware standards are needed to ensure timely sharing of information within offices and with other County offices or departments. Adopting a technology plan would help

alleviate these issues as consistent hardware standards would improve the overall hardware quality at a lower cost than investing in diverse systems. Likewise, information sharing would be improved through more consistent hardware and software standards.¹

- **Centralized copying:** The Commissioners' Office indicated that centralized copying is an idea that has been considered, but the offices and departments would have to agree to implement this idea. Centralized copying represents an opportunity to reduce the cost of copier and printing contracts for all departments and offices. Offices that are co-located might also benefit from consolidating printers.

According to the *County Leadership Handbook* (County Commissioners' Association of Ohio (CCAO), 2000), the need for developing a countywide plan for information technology cannot be overstated. In developing a countywide technology plan, the following questions should be addressed::

- Why do you use technology? How do you describe the role of technology in county government? How does the use of technology help achieve your county's vision and mission as stated in your county's strategic plan? How do you measure success for technology applications?
- What do you want to do? Improve functions in specific agencies? Provide government-wide e-mail? Allow citizens to conduct county business online? Support constituent communications? Adopt e-commerce?
- How will you do it? Implement a local area network, an Intranet? Invest in hardware (mainframes, servers, desktop devices) or software? Provide adequate training for county employees?
- What policies or criteria do you have for prioritizing spending for technology?

GFOA suggests that formal needs assessments are especially valuable in building consensus about how and when to proceed with technology-related purchases. Consensus is built by obtaining input from an agency's employees and identifying costs, risks, and benefits of varying courses of action. GFOA offers the following four-step methodology for assessing technology needs:

¹ The Sheriff noted in his response to the audit that his Office had been awarded a \$76,000 COPS grant that would be partially applied to technology upgrades.

- **Define the problem:** Obtain direction from management regarding the long-term technology-related goals the agency wants to pursue (e.g., strategic plan), gather ideas from staff about immediate needs, and evaluate the current system to identify gaps.
- **Identify research alternatives:** Assess the availability and operational feasibility of technology to address identified gaps between the strategic plan and current system. Assess any costs and identify suppliers associated with the implementation of the hardware and software.
- **Establish options and develop recommendations:** Evaluate and refine the alternatives and develop a draft of all recommendations based upon costs, timeframes, advantages, and disadvantages.
- **Finalize the decision and take action:** Develop an action plan that includes timeframes for assigning staff responsible for the project, developing an RFP if necessary, obtaining funds, and implementing the project.

Once a needs assessment has been conducted, the County should ensure that a formal replacement plan is developed so that outdated equipment is not maintained. Although the replacement cycle may be based on any number of factors, it should be integrated into a comprehensive information technology plan. Assumed life cycles from the 1990s projected 3 to 5 year replacement cycles, although a current product may have a longer lifespan if it retains its functionality (see repair versus replacement criteria below). If the County does not make plans to replace new equipment, it will end up with aging and obsolete equipment that requires a substantial investment to replace. A rotating replacement plan that evaluates the status of assets and replaces a portion on an annual basis allows IT costs to be allocated over several fiscal years.

Another issue to consider in the plan is when to repair equipment instead of replacing it. PC World (January 2005) recommends developing a rationale for repair versus replacement of computers and laser printers based on age and repair cost. Simple questions can be used as criteria, such as:

- What is the expected useful life of the product if it is repaired?
- Can the County afford to replace it?
- Does the cost to repair the equipment amount to more than 75 percent of a new model's price?

- Will the replacement give the County significant features that the old one did not have?

Without a technology plan and needs assessment, the County cannot plan effectively for future technology needs. According to the *County Leadership Handbook*, a countywide technology plan provides an opportunity to evaluate current operations, determine where the county wants to be, and plan on how to get there. A countywide technology plan, rather than separate plans from individual agencies, guards against duplications of effort and fragmented systems. It may take longer to develop, but a countywide plan will save taxpayers money and provide better and more coordinated service.

R5.2 Lawrence County should maintain a hardware and software inventory for all offices and departments in a database that administrators can access and update. The inventory should be tracked by department and physical location (building), and note to whom computers are assigned. The inventory should include, at a minimum, the age and condition of the equipment and how employees use applications and equipment. In addition, the County should maintain a central database for all software on its network. This database should note all warranty and licensing information. This will help to ensure up-to-date data for equipment and software that is no longer used and tracking of software already in its possession.

The County does not maintain spreadsheets or databases with an inventory of hardware and software on an office or departmental basis or for the entire County. As a result, the exact type, age, and condition of equipment could not be determined. By failing to maintain an accurate inventory, the County runs the risk of replacing machines before or after the optimal time of replacement and acquiring incompatible machines or software. In addition, it may renew software licenses for software that may no longer be in use.

The Government Accountability Office (GAO, May 2000) states that to make good IT investment decisions, an organization must know where its IT assets (e.g., personnel, systems, applications, hardware, software licenses, etc.) are located and how funds are being expended toward acquiring, maintaining, and deploying these assets. GAO asserts that this critical process helps an organization identify its IT assets and create a comprehensive inventory. The inventory is then used to track resources and develop IT cost trends and management drivers. According to the Computer Emergency Response Team (CERT) Coordination Center at Carnegie Mellon University (March 2000), an inventory should have the following components:

- Information on the manufacturer, model, and serial number (or some other unique identification number);
- Equipment description (possibly with a menu of predefined choices to preserve consistency) by category, such as desktop computer, laptop computer, or printer;

- Comment field (may include a history of who has had the equipment or, in the case of lost or stolen equipment, details of what occurred and pointers for police reports);
- Information on the purchase date and purchase order number to establish a time period for the warranty;
- Configuration information, including disk size and amount of memory, based on the device machine name, if any;
- Internet protocol (IP) name and IP address;
- Location code and physical location, such as room number;
- User name and ID (does not apply for network and multi-user components);
- Organizational affiliation, such as the department or unit;
- Owner history, if applicable; and
- Usability code or condition (e.g., in current use, ready to reassign, ready to dispose of, scrapped for parts, retired, lost, stolen).

An accurate inventory would enable the County to more accurately identify and plan for those computers that require replacement. In addition, an up-to-date inventory that includes the location of equipment and software would enhance the County's physical security of these assets. Creating and maintaining an accurate technology inventory is a relatively inexpensive tool that could enhance the productivity and security of the County's technology function and help ensure that software licensure is up-to-date.

R5.3 Lawrence County should develop written standards for hardware and software that outline strict requirements on what hardware and software can be purchased. Implementing and adhering to these standards, by directing the purchasing process through the technology coordinator (R3.1), would ensure the purchase of uniform technology, which could result in reduced maintenance costs and increased organizational efficiency. The County should incorporate written technology standards into its technology plan (see R5.1). Additionally, it should establish a formal committee or data processing board to approve purchases with the goal of uniform technology purchasing and the development of countywide technology policies.

The County has not developed written technology standards for hardware and software. Each office or department purchases its own computers, servers, and software. Through interviews with County staff, it was evident that brands and models of computers vary for each office and department. Having multiple manufacturers and equipment capabilities may drive technology support and training expenditures higher due to varying system components. The County also has multiple versions of software for office applications. In some cases, this may be unavoidable, as each department may need specialized software designed for specific functions that would not necessarily be standardized across departments (e.g., the Prosecutor's Office uses specialized legal research software).

However, basic office applications should be standardized to improve inter-departmental communications.

According to the *Digital Counties Survey* (Center for Digital Government, 2005), 71 percent of counties have computer operating system standards that are either fully developed and adopted, required, or reviewed and updated in the last 18 months. Computer operating system standards include host level computers, desktops, handhelds, middleware and client-servers. In order to ensure uniform equipment, Delaware County created a centralized Data Processing Board that reviews all technology purchases over \$500. In effect, this board has control over what is purchased and what projects are implemented. As a result, Delaware County offices and departments have had to work cooperatively on technology issues. The Data Processing Board also developed centralized information technology policies allowing the technology department to work with other departments to implement technology processes efficiently.

Because Lawrence County has not developed or used uniform purchasing standards or had a centralized body approve all expenditures, it may not be receiving optimal benefit from its technology systems. This results from differing software and computer brands that may not work together efficiently or be supported by the same technical staff. By standardizing the types of hardware and software, Lawrence County could ensure that its offices and departments are able to communicate seamlessly. In addition, repair and support costs can be reduced when standardized hardware is maintained, especially in the event that the County elects to provide support in-house (**R3.1** in the **service coordination** section). The County could develop formal standards at no additional cost, although future replacements to meet the standards will require on-going capital spending.

In January 2006, the State of Minnesota introduced standards for desktops, notebooks, tablet computers and workstations. Standard configurations and reduced prices were made available to all state agencies, cities, counties, and education entities. The savings on hardware ranged from 15 to 44 percent. Since the County does not have a comprehensive inventory of hardware or software, the financial implication for this recommendation could not be estimated. However, the County could potentially save a similar percentage by standardizing technology specifications and taking advantage of purchasing programs available through other state agencies or universities.

R5.4 Lawrence County should begin the process of implementing e-government by developing a fully functional, user-friendly website that provides links to all offices and departments and makes information and commonly used forms available to the public. Developing a County website is a relatively low cost process that could result in improved access to information and improved customer service to citizens. As the County's finances improve, it should consider implementing phase two of e-

government, which would allow citizens to conduct County transactions online. If it elects to create a technology coordinator position (see R3.1 in the service coordination section), the County should consider requiring this position to be staffed by an individual who has the ability to develop and maintain a website. A centralized web site would not only improve customer service, but may reduce costs as several departmental and office web sites could be consolidated into a single County government web site.

Lawrence County does not have a centralized website with links to all County services such as health services, the Department of Job and Family Services (DJFS), and Board of Mental Retardation and Developmental Disabilities Rehabilitation Division (MRDD). Of all County information on the web, the Chamber of Commerce, a nongovernmental community entity, contains the most extensive compilation of information and links to other offices and departments. Developing a County website provides an additional opportunity for citizens to interact with the County by making applications, permits, and forms available for download, and allowing transactions to be conducted online. In the past, the County has not conducted a survey of residents to determine how technology needs and improvements to the website could be used. In addition, offices and departments use different companies to host their websites, which results in duplications of effort and increased costs to the County.

The following is a summary of the County's online environment:

- **Chamber of Commerce:** Although not a County government entity, the website includes a community profile, County directory, County map, education opportunities, recreation information, utility contact information, and links to clubs and organizations. The Chamber of Commerce website also has business information that includes industrial sites, available work force and other economic development links. By clicking on links on the Chamber of Commerce website, the public can access County departments, which have their own separate websites containing information pertaining to their operations. Department links include the Auditor's Office, Recorder's Office, Clerk of Courts' Office, and Sheriff's Office.
- **Auditor's Office:** The Auditor's Office website has information on real estate parcels and taxes. The Auditor's Office, along with the Engineer's Office, is working to develop a Geographic Information System (GIS) for the County that will allow quick identification of plat properties and roads. The Auditor's Office website has a link that allows the public to e-mail the office. A form for the Homestead Exemption Application was also available on this site.
- **Recorder's Office:** The Recorder's Office website includes a description, history, record search, and County links to other departments, including the Auditor,

Chamber of Commerce, Clerk of Courts, Commissioners, and Dog Shelter; however, not all of the links work. In addition, this site has an e-mail link to facilitate communication with the office.

- **Sheriff's Office:** The Sheriff's Office website has information that includes departments, sex offender registration, jail information, Sheriff's Office sales, and most wanted criminals.
- **Clerk of Common Pleas Court:** The Clerk of Courts' website includes a computerized court record search, information on filing fees, and a link that allows the public to e-mail the office. This site also has a link to MAXIMUS, a company that provides their Courtview computerized court record search software.

The *Digital Counties Survey* (Center for Digital Government, 2005) indicated that approximately 59 percent of counties surveyed with populations of less than 150,000 had websites that link to all agencies and departments, and 38 percent of respondents indicated they have websites that link to all agencies and departments through which the public conducts online services and transactions. Only 3 percent of respondents surveyed indicated they did not have websites. The *Digital Counties Survey* also gives the following examples of forms and services that can be placed online:

- Emergency preparedness information;
- Governing body meeting agendas or minutes;
- Privacy information;
- Calendars, schedules, and directories;
- Utility bills;
- Bids or Requests for Proposal (RFP);
- Animal services;
- Building permits;
- County records requests;
- Child support;
- Court services;
- Library cards;
- Parks and recreation services;
- Property assessment and/or tax information;
- Vital statistics;
- Voter registration renewal;
- Online job applications; and
- Online citizen service areas where constituents can request services.

The International City/County Management Association (ICMA) conducted an e-government survey, which reported that nearly 70 percent of local governments report improved communication with the public because of their e-government initiatives and about 56 percent cited improved customer service.

Delaware County maintains a website that contains useful information for its citizens. Their website contains links to all county offices and departments, online forms, human resources, county information, economic development, and a newsletter. The commissioners' office link has information that includes the current meeting agenda, press releases, minutes, the public records policy, and streaming video of county commissioners' sessions. The link to forms on the website includes approximately 70 forms, including those from the auditor, building department, clerk of courts, personnel, board of elections, and probate court.

A well-developed website, linked to individual County offices and departments, could provide Lawrence County residents with easier, more convenient access to County information and documents. In addition, the County could experience an increase in efficiency and productivity as employees shift certain tasks and information to the website, freeing them to complete additional duties. Although more efficient and convenient service access often results from e-government initiatives, any savings from these initiatives is difficult to quantify.

Operational Services

This section of the performance audit report looks at selected Lawrence County offices that are significantly supported by the General Fund. These offices include the Board of Commissioners, the Auditor's Office, the Sheriff's Office, and the Recorder's Office. The purpose of the section is to analyze staffing levels, expenditures, and key performance measures. Each Office was evaluated against leading practices, industry standards, and selected peers in areas relevant to their operations. This section also compares the offices to selected measures compiled by the International City/County Management Association (ICMA) and the Pew Center on the States, as well as statutes and rules from the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC). Finally the individual offices were evaluated against specific criteria pertaining to their operations, including the County Commissioners' Association of Ohio (CCAO), County Auditors' Association of Ohio (CAAO), Buckeye State Sheriffs' Association (BSSA), U.S. Department of Justice (USDOJ), and the Ohio Office of Criminal Justice Services (OCJS).

A. Board of Commissioners

Commissioners' Functions and Duties

The Lawrence County Board of Commissioners (BOC) is comprised of three elected commissioners. In Ohio, commissioners prepare and administer the overall county budget, are the county's contracting authority, and develop and adopt policies for the administration of county services. The Board holds title to county property and its commissioners cannot act independently. In addition, commissioners hold hearings and rule on annexations, approve drainage improvements, establish water and sewer districts and associated sewer district improvements, and provide for solid waste disposal. Commissioners implement laws and rules put forth by State of Ohio agencies and the Legislature, and must conduct at least 50 regular meetings per year. These statutory parameters are described in ORC Chapters 305 and 307.

Unlike the peers, the Lawrence County BOC does not have a web site that links other County offices or departments (see the **technology** section). While the peers' web sites do not provide county financial information, viewers can access contact information, important links, requests for proposals (RFPs), meeting agendas, county schedules, and news.

Staffing

The Lawrence County BOC employs 8.5 FTEs that are paid from the Commissioners' Office budget. Of those employees, the Commissioners' Office is staffed by 5 FTEs: 3 commissioners,¹ 1 County Administrator, and 1 Assistant Administrator. The remaining employees consist of 3 janitors² and a 0.5 FTE jail physician.

Table 6-1 shows Lawrence County BOC staffing compared to the peers. For comparison purposes, the 0.5 FTE jail physician was excluded because services provided are not associated with the Commissioners' operations.

Table 6-1: Commissioners' Office Staffing

	Lawrence County	Athens County	Scioto County	Washington County	Peer Average	Variance Above/(Below) Peer Average
Number of Residents	63,179	61,860	76,441	61,867	66,723	(3,543.67)
Total FTEs	8	12.5	16	14	14	(6.17)
FTEs per 1,000 Residents	0.13	0.20	0.21	0.23	0.21	(0.09)
General Fund (GF) Expenditures¹ (\$000)	\$11,501	\$10,586	\$14,584	\$15,891	\$13,687	(\$2,186)
FTE per \$1 Million GF Expenditure	0.70	1.18	1.10	0.88	1.04	(0.34)
Total All Fund Expenditures (in 000s)	\$44,419	\$50,099	\$56,386	\$51,949	\$52,811	(\$8,393)
FTE per \$1 Million Total All Funds Expenditures²	0.18	0.25	0.28	0.27	0.27	(0.09)

Source: AOS analysis

Note 1: The number of residents is based on the 2006 US Census Bureau population estimates.

Note 2: FTEs include Commissioners, clerks/support staff and building maintenance/custodians

¹ 2006 Total GF expenditures

² 2006 Total All Fund Expenditures

Table 6-1 shows the Lawrence County BOC employed fewer staff than the peers and is managing a higher dollar volume of appropriations per FTE. Recommendations for changes to

¹ According to CCAO, county commissioners are generally considered full-time elected officials. One Commissioner is also employed as a full-time school teacher.

² During the course of the audit, one of the janitors retired and was not replaced.

the staffing levels in the Commissioners' Office were not warranted based on this comparison. However, the commissioners may identify opportunities to share clerical and janitorial services, as well as selected purchased services and supplies, with other departments and offices, which could result in additional cost savings.

Expenditures

Table 6-2 shows Lawrence County BOC's historical office expenditures.

Table 6-2: Lawrence County Commissioners' Office Expenditures

	Actual 2004	Actual 2005	% Change	Actual 2006	% Change	Actual 2007	% Change	Average Annual Change ¹
Expenditures								
Salaries	\$247,639	\$250,723	1.2%	\$254,405	1.5%	\$269,644	6.0%	2.9%
Supplies	\$16,078	\$16,805	4.5%	\$3,990	(76.3%)	\$3,686	(7.6%)	(26.5%)
Equipment	\$0	\$0	N/A	\$0	N/A	\$0	N/A	N/A
Contract Repairs	\$0	\$0	N/A	\$0	N/A	\$0	N/A	N/A
Contract Services	\$195	\$4,441	2177.4%	\$10,073	126.8%	\$8,452	(16.1%)	762.7%
Travel	\$615	\$435	(29.3%)	\$199	(54.3%)	\$0	0.0%	(27.8%)
Advertising & Printing	\$1,932	\$2,484	28.6%	\$2,899	16.7%	\$1,166	(59.8%)	(4.8%)
Professional Service	\$179,268	\$169,770	(5.3%)	\$104,102	(38.7%)	\$105,987	1.8%	(14.1%)
Legal Counsel	\$15,020	\$1,023	(93.2%)	\$40,021	3812.1%	\$1,600	(96.0%)	N/A
Other Expenses	\$17,454	\$24,432	40.0%	\$2,815	(88.5%)	\$0	(100.0%)	N/A
PERS		\$33,771	N/A	\$34,088	0.9%	\$36,745	7.8%	N/A
Health Insurance	N/A	N/A	N/A	N/A	N/A	\$64,944	N/A	N/A
Recreation	\$131	\$500	281.7%	\$0	(100.0%)	\$0	N/A	N/A
Total Expenditures	\$478,332	\$504,384	5.4%	\$452,592	(10.3%)	\$492,222	8.8%	1.3%
Total Expenditures (less Health Insurance)	\$478,332	\$504,384	5.4%	\$452,592	(10.3%)	\$427,278	(5.6%)	(3.5%)

Source: Lawrence County Expense Reports

¹In some cases, due to fluctuations within a line item, the formula used to determine average annual change produced percentages that did not accurately reflect expenditure trends.

Overall expenditures for the Commissioners' Office decreased in 2006 and 2007. Professional services, the second largest component of expenditures after salaries, include legal and workers compensation management fees, and payments made to the Greater Lawrence County Chamber of Commerce. The line item also includes about \$76,000 in transfers out. In addition, the County began allocating health insurance expenditures to each Department or Office in 2007. Previously, Lawrence County recorded all health insurance expenditures in one account. As a result, total expenditures for 2007 appear to have increased by nearly 9 percent. **Table 6-2** shows that with

the exception of health insurance, Commissioners' Office expenditures have decreased an average of 3.5 percent per year over the four years shown.

Peer expense comparisons are subject to interpretation because county governments do not have uniform accounting systems. Instead, they individually select accounting software, set up a chart of accounts, and provide allocations from various funds. For example, Washington and Lawrence County each allocate health insurance expenditures to the individual county departments. In contrast, Athens and Scioto County each allocate health insurance expenditures for the entire county to the portion of the Commissioners' budget used for county operations. Also, Athens County allocates all jail expenditures to the Commissioners' budget, unlike the other counties who fund jail expenditures through the Sheriff's Office budget. Other differences include the classification used for buildings and grounds, and park expenditures.

Table 6-3 shows a comparison of the County's Commissioners' Office expenditure to the peer average adjusted for those expenditures variances caused by differing accounting practices.³

Table 6-3: 2007 Commissioners' Office Expenditure Comparison

Description	Lawrence County	Peer Avg.	Above/(Below) Peer Avg.	Percent Difference
Salaries	\$269,644	\$271,173	(\$1,529)	(0.6%)
Fringe Benefits¹	\$101,688	\$46,207	\$55,481	120.1%
Supplies and Materials	\$3,686	\$91,816	(\$88,130)	(96.0%)
Purchased Services	\$116,039	\$58,697	\$57,342	97.7%
Other Expenses	\$1,166	\$64,573	(\$63,407)	(98.2%)
Total Expenditures	\$492,222	\$532,465	(\$40,243)	(7.6%)
Total Expenditures (less Health Insurance)	\$427,278	\$532,465	(\$105,187)	(19.8%)
Per Capita Expenditures²	\$6.80	\$8.00	(\$1.20)	(15.3%)

Source: Lawrence County Expense Reports and AOS analysis

¹ Of the peers, only Washington County accounts for its health insurance expenditures in Fringe Benefits; therefore, those expenditures are not included in the peer average.

² Per Capita Expenditures do not include Health Insurance Expenditures.

Lawrence County's fringe benefits are higher than the peer average because of the difference in how counties allocate Commissioner-specific health insurance expenditures to the Commissioners' budget. Purchased services are also higher than the peer average, mainly because of the variation in cost allocation to entity accounts and the difficulty standardizing this category among counties. Overall, the Lawrence County BOC spends less than the peer average on day-to-day office expenses and personnel costs for the Commissioners' Office. When health

³ Items excluded from the expenditures include those paid through grants and debt service expenditures. Also, some counties included economic development and portions of jail expenditures.

insurance expenditures of approximately \$65,000, as shown in **Table 6-3**, are excluded, the County spent significantly fewer total dollars and fewer dollars per capita than the peer average.

Recommendations

R6.1 The Board of Commissioners should conduct a comprehensive review of all charges and fees associated with its governmental activities. The County should update its policies for fees to reflect recommended practices and changes to fee levels should be considered to better equalize the cost of services and revenues related to user fees. Although some fees for elected offices are set in statute, others may be set at the County's discretion. A department-by-department comparison of fees to surrounding and similar counties would help Lawrence County administrators identify additional revenue generating opportunities.

In service areas typically funded through user or license fees, the Commissioners and other elected officials should examine the level of cost recovery that is desirable for each service. When fees cannot be increased to a level sufficient to fund current operations, operational changes may be needed to reach target funding levels. In contrast, the Commissioners or officeholder may determine that the service should be partially funded through the General Fund. In any case, performance measurement (see R2.7) will be critical to helping the County determine the full cost of the services it provides.

Lawrence County could also opt to use shared services and permit a neighboring county to provide certain service to its residents for an appropriate fee. In order for this last avenue to be practical, the County would need to not only discontinue the service, but also reduce all associated costs to achieve maximum levels of cost savings.

Counties receive revenue from various sources to help offset government activity expenditures. Charges and fees are levied for services that pertain to specific users or for licenses provided to specific parties. These services include real estate transfers, recording deeds and titles, licenses, and permits, and other specific programs. Other areas of operations that generate revenue through fines include delinquent property taxes, sheriffs' contracts, transportation, juvenile detention center contracts, fines and forfeitures related to judicial activity,. While the rates for certain fees, particularly those levied by the Auditor and Recorder, are set in statute, others may be set at the County's discretion. **Table 6-4** shows a high-level comparison of revenue from charges for services and sales, as well as fees and fines at Lawrence County and the peers. Due to differing accounting practices and variations in programs and program goals, variances between categories of fee and fine-related revenue are to be expected.

Table 6-4: 2006 Program Revenue Comparison

Governmental Activities	Lawrence	Athens	Scioto	Washington	Peer Avg	Above/(below) Peer Avg
General Government:						
Legislative and Executive	\$574,337	\$2,344,739	\$1,974,725	\$2,288,924	\$2,202,796	(\$1,628,459)
Judicial	\$345,621	\$698,585	\$922,180	\$855,318	\$825,361	(\$479,740)
Public Safety	\$1,128,469	\$110,973	\$2,441,311	\$1,073,116	\$1,208,467	(\$79,998)
Public Works	\$157,344	\$65,102	\$52,036	\$191,661	\$102,933	\$54,411
Health	\$109,757	\$116,848	\$261,777	\$867,601	\$415,409	(\$305,652)
Human Services	\$396,978	\$1,639,925	\$208,131	\$326,224	\$724,760	(\$327,782)
Community and Economic Dev.	\$32,511	\$0	\$10,106	\$0	\$3,369	\$29,142
Transportation	\$358	\$0	\$5,500	\$0	\$1,833	(\$1,475)
Other Capital Outlay	\$120,920	\$0	\$507,110	\$0	\$169,037	(\$48,117)
Debt Service:	\$11,558	\$0	\$0	\$0	\$0	\$11,558
Principal Retirements	\$0	\$0	\$0	\$0	\$0	\$0
Interest and Fiscal Charges	\$103,579	\$0	\$0	\$0	\$0	\$103,579
Total Revenue from Charges for Governmental Activities	\$2,981,432	\$4,976,172	\$6,382,876	\$5,602,844	\$5,653,964	(\$2,672,532)
Total Government Activities	\$44,418,747	\$50,692,510	\$50,421,069	\$51,620,316	\$50,911,298	(\$6,492,551)
Percent Paid through Charges	6.7%	9.8%	12.7%	10.9%	11.1%	N/A
Revenue per Capita through Charges	\$47	\$80	\$84	\$91	\$85	(\$38)

Source: 2006 Financial Audits, Statements of Activity

On a per-capita basis, Lawrence County received nearly \$38 less in cash receipts from charges for services and fees than the peer average. This variance is attributed, in part, to lower set amounts for charges and fees coupled with slightly higher operational costs for certain services related to health insurance benefits (see **R4.5**). However, this means the County recoups less of the cost of its governmental activities than the peers for certain programs, and therefore relies more heavily on its General Fund and revenues from taxes.

Moreover, a significant portion of Lawrence County's General Fund is allocated to the Sheriff's Office, which leaves fewer General Fund dollars available for other government operations. Unlike the peers, the Lawrence County Sheriff's Office is funded primarily through General Fund revenue, accounting for about 22 percent of the County's General Fund expenditures. In contrast, two of the three peer counties have dedicated revenue streams to help fund their sheriffs' offices. However, the Lawrence County Sheriff's Office collects a comparable amount of funding in fines and fees when compared to the peer counties. This, however, could be improved by recalculating jail fees charged to

local municipal governments to ensure the full cost of prisoner housing and monitoring is recouped.

Table 6-5 shows the percentage of the total cost of governmental activities covered by the charges for services and fees.

Table 6-5: Governmental Activities Cost and Revenue Comparison

Governmental Activities	Total Cost of Governmental Activities	Charges for Services and Fees	Percentage of Costs Recouped through Charges for Services and Fees
Peer Average	\$50,911,298	\$5,653,964	11.1 %
Lawrence County	\$44,418,747	\$2,981,432	6.7 %
Above (Below) Peer Average	(\$6,492,551)	(\$2,672,532)	(4.4 %)

Source: 2006 Financial Audits (Includes all Funds)

Table 6-5 shows that only 6.7 percent of Lawrence County’s costs for governmental activities is covered by charges and fees for those services. This is 4.4 percent less than the peer average. If the percentage difference is applied to the County’s total cost, revenue could be increased by approximately \$1.95 million through an overall charge and fee increase. Rather than increasing general taxes, targeted increases in service charges, fines, and fees would distribute the costs for specific County programs and services to the individuals using those services.

The Government Finance Officers Association (GFOA) notes that local governments use fees and charges to fund the provision of goods and services. Unlike taxes, charges are voluntary payments. Economic theory suggests that the most efficient use of resources is achieved if the price for a good or service is related to the cost of production. GFOA states that “In practice, governments set some charges and fees to recover 100 percent of the cost. Other charges and fees are set at levels above or below cost for various reasons, and in some cases, the amount of a charge or fee may be restricted by state or local law.” GFOA recommends the following:

- Adopt formal policies on setting charges and fees,
- Calculate the full cost of providing services to provide a basis for the fee,
- Review and update charges and fees periodically to include the impact of inflation and other cost increases, and
- Make information regarding charges and fees available to the public, including the government’s policy on cost recovery.

To begin determining the cost of services, the Commissioners and other elected officeholders might use GFOA’s *Measuring the Cost of Government Services* (2002) to help determine appropriate levels for its fees and charges. As several of the departments

and offices have not established basic benchmark data, the data collection process may be time consuming and, in some cases, the implementation of performance measurement (see **R2.4**) may need to precede efforts to determine the cost of providing services. Finally, the County may wish to examine the GOFA Recommended Practices on *Alternative Service Delivery Shared Services* (2007), which outlines the general process for examining the benefits of alternative service delivery that involves shared service efforts.

While Lawrence County's charges and fees are significantly lower than the peer county average, an increase on all charges and fees at one time would not be reasonable considering the different agencies, legislative processes, and time frames required to increase fees and charges, and the overall economy of the area. If, by carefully examining fee schedules for its services in relation to neighboring and peer counties, the County can effect a gradual increase over a five-year period to better recoup its cost of services, it could approach the percentage of charges and fee revenue to total cost of governmental activities occurring in the peer counties.

The County would have to analyze each charge and fee to determine the appropriateness of specific increases. Based on **Table 6-4**, some departments and offices would be more appropriate to target for fee increases, while other departments and offices collect fines, fees, and service charges at a level comparable to the peers. Initially, the County should review all charges and fees that it has the ability to set, focusing first on prisoner fees charged to other jurisdictions, inspection fees, and county license or permit fees.

Assuming a 5 percent increase in the cost of governmental activities each year and using the data presented in **Table 6-5**, a 12 percent charge and fee increase each year over the forecast period would provide up to \$1.4 million annually, or an additional \$3.59 million in service charge and fee revenue over the four-year forecast period. In 2009 through 2012, the annual additional revenue amounts would be approximately \$413,000; \$704,000; \$1,042,000; and \$1,433,000, respectively.

B. Auditor's Office

Auditors' Functions and Duties

The Lawrence County Auditor was elected in 2006 and began serving in 2007. The county auditor is the chief fiscal officer responsible for maintaining the official record of all county government receipts and disbursements. The auditor certifies to the commissioners an estimate of available revenue, and the availability of funds for purchases or contracts. The auditor also issues warrants to pay county bills and provides payroll services for all county employees. Finally, the auditor prepares annual reports of all revenue and expenditures.

County auditors also help administer Ohio's property tax law. The Auditor uniformly appraises and maintains all records for real property and must assure that land parcels, buildings, and improvements are fairly assessed for tax purposes. The Auditor directs a general reappraisal of real property every six years with an update being performed during the third year after the reappraisal. Lawrence County performed an update in 2008 for the tax year 2007. The next full appraisal will occur in 2010. The Auditor hires third party appraisers to assess property values.

Every year the Auditor prepares abstracts for real property, agricultural use (CAUV) property, tax rates, and the general tax list and duplicate. After the County Treasurer collects taxes, the Auditor distributes taxes and special assessments to various political subdivisions and County agencies or boards. The Auditor also certifies a list and duplicate of delinquent taxes and must publish the list. The Treasurer then pursues these delinquencies.

The Auditor also:

- Administers Ohio's manufactured home law by assessing manufactured homes, preparing a tax duplicate, and distributing manufactured home taxes in the same manner as real property taxes.
- Processes estate tax returns and inventories safe deposit boxes of decedents who had residence in the county. The Auditor distributes the estate taxes to the State, as well as the township or municipality of the decedent.
- Issues various licenses including licenses for dogs and kennels, vendors' licenses, and cigarette licenses.

Finally, the Auditor serves on certain County boards and commissions.

Similar to the peers, the Lawrence County Auditor maintains a web site that offers downloadable forms, tax rates, and a searchable database for property information, including property sales.

The peer counties offer Geographic Information System (GIS) technology, which is essentially an electronic version of a paper map, providing flexibility to users by enabling them to select information sets and specific areas of the map. According to the United States Geological Survey (USGS), GIS systems have become increasingly affordable and provide important analysis tools to improve economic vitality and environmental quality. While the County Auditor's Office does not currently offer GIS capability on its web site, it is working to provide that service (see **technology section**).

Staffing

The Lawrence County Auditor's Office has three divisions: finance, real estate, and weights and measures. Since 1999, staffing has been reduced by 2 FTEs. As of 2007, the Auditor's Office employed 10 full-time (10 FTEs) employees and 3 part-time (1.5 FTEs) employees in the following capacities:

- Auditor (1 FTE);
- Chief Deputy Auditor (1 FTE);
- Deputy Auditors (7.5 FTE);
- Clerk Auditor (1 FTE); and
- Weights and Measures (1 FTE).

Table 6-6 shows a staffing comparison between Lawrence County and the peers based on FTEs and ratios comparing staffing levels to residents and expenditures processed.

Table 6-6: Auditor FTE Staffing Analysis

	Lawrence County	Athens County	Scioto County	Washington County	Peer Average	Above/(Below) Peer Average
Number of Residents	63,179	61,860	76,441	61,867	66,723	(3,544)
County Square Miles	455	507	612	635	585	(130)
Total FTEs	11.50	15.80	12.50	15.00	14.43	(2.93)
Staff per 1,000 Residents	0.18	0.26	0.16	0.24	0.22	(0.04)
Expenditures¹ Processed per FTE	\$3,862,500	\$3,170,814	\$4,510,869	\$3,463,278	\$3,658,981	\$203,518

Source: AOS Staffing Analysis

Note 1: Total Staffing includes County Auditor.

Note 2: Number of Residents is based on the 2006 US Census Bureau population estimates.

¹Governmental Fund expenditures

The Lawrence County Auditor's Office operates with fewer FTEs than the peers and each FTE handles a greater dollar volume of expenditures than peer FTEs. Most services provided by the County Auditor are mandated by ORC and appear to be fulfilled in Lawrence County. Because staffing levels are comparable or slightly lower than peers, staffing changes are not warranted,

although cost savings might be achieved through higher levels of automation or through sharing human resources with other departments and offices.

Appropriate staffing levels require a balance between fiscal constraints and legislated duties. The establishment and regular review of performance measures could help the Auditor's Office evaluate and maintain appropriate staffing to meet the obligations and service levels of the Office in an efficient manner. (See also **R2.4.**)

Key Performance Indicators

Table 6-7 shows key workload measures for the Auditor's Office and the peers.

Table 6-7: 2006 Key Workload Measures for County Auditors

	Lawrence County	Peer Average	Above (Below)	% Above (Below)
Non-exempt conveyances	1,291	1,501	(210)	(14.0%)
<i>Per FTE</i>	112	104	8	7.9%
Exempt conveyances	1,170	1,125	45	4.0%
<i>Per FTE</i>	102	78	24	30.6%
Real estate transfers	4,428	2,775	1,653	59.6%
<i>Per FTE</i>	385	192	193	100.3%
Personal property returns - inter county	278	593	(315)	(53.1%)
<i>Per FTE</i>	24	41	(17)	(41.2%)
Personal property returns - local	N/A	235	N/A	N/A
<i>Per FTE</i>	N/A	16	N/A	N/A
Expense checks issued	16,423	24,832	(8,409)	(33.9%)
<i>Per FTE</i>	1,428	1,720	(292)	(17.0%)
Payroll checks issued	13,903	17,072	(3,169)	(18.6%)
<i>Per FTE</i>	1,209	1,183	26	2.2%
Vendor licenses issued	115	159	(44)	(27.7%)
<i>Per FTE</i>	10	11	(1)	(9.2%)

Source: Data provided by Lawrence and peer counties', AOS Analysis

Overall, the Lawrence County Auditor's Office handles a greater volume of conveyances and real estate transactions per FTE compared to peers. Analysis shows that in terms of staffing and workload measures, the County Auditor's Office is performing at or above its peers in the volume of conveyances and real estate transactions conducted. In contrast, it processes fewer expense checks per FTE and a comparable number of payroll checks per FTE when compared to the peers.

Expenditures

Table 6-8 shows the historical General Fund operating expenditures for the Lawrence County Auditor's Office.⁴

Table 6-8: Auditor's Office Operating Expenditures

Category	2004 Actual	2005 Actual	% Change	2006 Actual	% Change	2007 Actual	% Change	Average Annual Change ¹
Salaries	\$379,952	\$382,467	0.7%	\$380,888	(0.4%)	\$408,462	7.2%	2.5%
Supplies	\$34,996	\$29,870	(14.6%)	\$25,159	(15.8%)	\$29,204	16.1%	(4.8%)
Equipment	\$3,238	\$0	(100.0%)	\$676	N/A	\$3,987	489.8%	N/A
Travel	\$3,709	\$1,394	(62.4%)	\$2,946	111.4%	\$3,028	2.8%	N/A
Advertising & Printing	\$0	\$12,815	N/A	\$37,137	189.8%	\$92,076	147.9%	168.9% ²
Prof Service	\$64,033	\$95,605	49.3%	\$87,493	(8.5%)	\$71,770	(18.0%)	7.6%
PERS/Auditor	N/A	\$53,088	N/A	\$50,996	(3.9%)	\$57,880	13.5%	4.8%
Health Insurance	N/A	N/A	N/A	N/A	N/A	\$72,150	N/A	N/A
Medicare	N/A	N/A	N/A	N/A	N/A	\$4,820	N/A	N/A
Total Expenditures	\$485,927	\$575,238	18.4%	\$585,294	1.7%	\$743,377	27.0%	15.7%
Total Expenditures (excluding Health Insurance and Medicare)	\$485,927	\$575,238	18.4%	\$585,294	1.7%	\$666,407	13.9%	11.3%

Source: Lawrence County Expense Reports

¹In some cases, due to fluctuations within a line item, the formula used to determine average annual change produced percentages that did not accurately reflect expenditure trends. In these cases, the cell is marked N/A.

²Includes transfers.

Table 6-8 shows that, excluding health insurance and Medicare expenditures, the Auditor's Office expenditures have increased an average of 11.3 percent per year over four years. With the inclusion of health insurance, costs have increased about 15.7 percent annually—the largest increase being in the last fiscal year when health insurance costs were incorporated into Department and Office budgets.

⁴ Expenditures were adjusted to reflect standard General Fund operating expenditures for the offices. Some expenditures that are excluded from **Table 6-8** include fund-specific expenditures (GIS, REA), debt service, and some fees.

Table 6-9 shows General Fund expenditures compared to peers for Auditor's Office operations:

Table 6-9: 2007 Auditor's Office General Fund Expenditures

	Lawrence County	Peer Avg	Above/(Below) Peer Average
Expenditures			
Salaries	\$408,462	\$263,855	\$144,607
Supplies	\$29,204	\$8,947	\$20,257
Equipment	\$3,987	\$1,881	\$2,106
Travel	\$3,028	\$2,375	\$653
Advertising & Printing	\$92,076	\$7,117	\$84,959
Professional Service	\$71,770	\$52,335	\$19,435
PERS	\$57,880	\$35,660	\$22,220
Health Insurance¹	\$72,150	\$38,422	\$33,727
Medicare	\$4,820	\$3,121	\$1,699
Total Expenditures	\$743,377	\$413,713	\$329,663
Total Expenditures (less Health Insurance & Medicare)	\$666,407	\$375,291	\$291,116
Per Capita Expenditure²	\$10.50	\$5.60	\$4.90

Source: AOS Analysis

¹ Peer Health Insurance expenditures include only Washington County expenditures. Other peers do not account for health insurance expenditures by department.

² Excludes Health Insurance and Medicare.

Note: Table does not include all Auditor expenditures from the General Fund because of differences in accounting for those expenditures among peers.

As seen in **Table 6-9**, the County is spending \$291,116, or \$4.90 per capita, more from the General Fund for Auditor expenditures than the peer average. This is because the peers have greater non-general fund resources that help pay expenses. For example, Athens County uses the Real Estate Assessment (REA) fund (ORC 319.54 (B)) to pay nearly \$185,000 of auditor employee salaries, whereas Lawrence County pays the Auditor's staff entirely from the General Fund. The REA is funded by fees for service and was recently updated by the Ohio General Assembly in House Bill (HB) 119 to enable counties to increase collectable fees. In fact, the Lawrence County Deputy Auditor gave Senate testimony on behalf of the County Auditors' Association of Ohio in support of changing the fee formula. As a result of the updated formulas, the County would be able to charge fees more proportional to its cost of doing business, thereby creating additional REA funds and perhaps relieving some General Fund burden for the cost of property appraisals and other real-estate oriented services.

Significant variances in **Table 6-9** include salaries, advertising and printing, professional services, and health insurance. Further explanations of these line items follow:

- **Salaries:** Table 6-10 shows the Auditor's Office salaries and the peers for all funds:

Table 6-10: 2007 Auditor's Offices' Salaries from all Funds

	Lawrence County	Peer Average	Above/(Below) Peer Average	Variance
Salaries	\$408,462	\$418,752	(\$10,290)	(2.5%)
Average Salary per Employee ¹	\$35,518.43	\$29,019.56	\$6,499	18.3%

Source: AOS Analysis

¹ Includes elected official.

Table 6-10 shows that the Auditor's Office salaries are more similar to the peer average when all funds are included. However, the average salary per employee shows that, on a per-employee basis, the County is paying over 18 percent more than the peers. (See **human resource** section).

- **Advertising and Printing:** According to the Deputy Auditor, this line-item was incorrectly used by the commissioners for money transfers from one General Fund account to another. This has been corrected for 2008.
- **Professional Service:** Expenditures from the General Fund are 37 percent higher than the peer average. In addition, when comparing professional service expenditures from all funds, Lawrence County is 138 percent higher (\$395,852, compared to the peer average of \$166,150).

The professional service expenditures are high, in part because the County has included GIS start-up costs in this category whereas the other counties have already implemented GIS. Professional services for Lawrence County also include expenses for computer replacements for the Auditor's and Treasurer's offices.

- **Health Insurance:** Table 6-9 showed Lawrence County's health insurance expenditures compared to Washington County, as the other peers account for health insurance expenditures in aggregate, rather than by department. The table shows that Lawrence County paid nearly 88 percent more to insure its staff than the Washington County Auditor's Office.

Although the Auditor's Office operates at a higher overall level of efficiency than its peers, it could, like other offices and departments within the County, benefit from increased planning, coordinating strategies with other County offices and departments, sharing support staff, and participating in centralized technology and human resources management. See the **financial operations, human resources, and technology** sections for recommendations which would impact the Auditor's Office. In addition, examining its fees, as described in **R6.1** in areas not governed by ORC, might help the Auditor's Office offset its General Fund expenditures through

alternative revenue streams. Finally, the Auditor's Office could benefit from the consolidation of certain services, like technology, or the sharing of support and non-specialized staff with other departments and offices.

C. Sheriff's Office

Sheriff's Functions and Duties

The Sheriff is the County's chief law enforcement officer. Primary duties of the Sheriff's Office are to maintain the peace and provide correctional services to those not abiding by the law. ORC Chapter 311 generally discusses the official duties of the Sheriff's Office and defines specific services for which the Sheriff can charge fees, as well as the amount that can be charged.

The Buckeye State Sheriffs' Association summarizes the Sheriff's Office duties as follows:

Courts: Sheriffs' offices help maintain court security under the direction of the Board of Commissioners, pursuant to ORC § 311.07.

Lawrence County has chosen to provide security through the courts rather than through the Sheriff's Office.

Corrections Division: Pursuant to ORC § 341.01, sheriffs are responsible for confining county inmates in a fair and impartial way.

Many counties, including Washington and Scioto, maintain their own jails, while others such as Athens County operate jointly funded regional jails.

Sheriffs are also responsible for transporting county inmates to and from State institutions, municipal holding facilities and jails, and courts. Occasionally, sheriffs may be asked to transport civilian non-offenders to various hospitals for mental illness treatment.

At the Lawrence County Sheriff's Office (Lawrence CSO), these responsibilities are divided among Corrections Division employees (15 FTEs) who secure, photograph, and fingerprint inmates; complete safety checks; and transport inmates.

Prisoner Transportation: The Sheriff's Office provides inmate and inmate extradition transportation services.

Police Services: Many of Ohio's small communities do not have a police force. Some sheriff's offices provide police service to small communities through contracts for services, such as traffic and crowd control.

Lawrence County does not have agreements for services with other communities, although the Sheriff reports having discussed such agreements with other municipalities in the County (see **R6.3**). In contrast, Scioto County has several agreements that bring in

more than \$1 million annually to a rotary fund for contracted services provided to its local communities.

Traffic Control: The Sheriff's Office is responsible for traffic control, law enforcement, and crash investigations for State, county, and township roadways. In addition, the sheriff is responsible for assisting the public and preventing crime.

The Lawrence County Sheriff provides these services to approximately 63,179 county residents living in a 455 square mile area.

Civil Process Service: Sheriffs are typically responsible for the delivery of legal documents, including court summons, warrants, and subpoenas. The Sheriff also serves documents from other counties of Ohio and other states when the party to be served resides in the Sheriff's respective county.

In addition to delivering required legal documents, the Sheriff also manages day-to-day administrative duties for the office including completing police reports and background checks, updating warrants, receiving and preparing Sheriff's sale documents, and disbursing funds from Sheriff's sales.

Communications: County sheriffs' offices operate and maintain 24-hour dispatch centers that may also provide dispatch services for other agencies, including local police and fire departments as well as volunteer ambulance associations.

The Lawrence County Communications Division provides dispatch services for Sheriff's Office personnel and six village police agencies. Lawrence County has a separate 9-1-1 dispatch facility that operates independently of the Lawrence County Sheriff's Office. (See *issues for further study* in the **executive summary** for further information on this issue.)

Special programs: These involve drug and alcohol prevention programs and often include marine patrol, which are typically funded from non-General Fund revenue.

Community Involvement: These programs provide an opportunity for the Sheriff's Office to interact with adults and children of the community. They include programs such as D.A.R.E., Neighborhood Watch, and the Speakers' Bureau.

Lawrence CSO performs community services such as Child ID Kits, free gunlocks, Citizens Police Academy, and senior emergency beacons.

In addition to the above mentioned programs, Lawrence CSO also has a Detective Bureau made up of three detectives responsible for major crime investigations, collection of physical evidence, investigation of sexual abuse, and testimony in grand jury proceedings.

Staffing

The Lawrence County Sheriff's Office employs 50 staff members made up of 36 law officers and 14 civilian employees. The Office includes:

- County Sheriff (1 FTE);
- Road Patrol (15 FTEs);
- Civil Division (4 FTEs);
- Corrections (16.2 FTEs);
- Communications (6 FTEs); and
- Detective Bureau (3 FTEs).

The Lawrence CSO provides law enforcement, foreclosure sale, detective and County jail services. Peer counties offer similar services. However, Athens County contracts for jail services through the Southeastern Correctional Institution and Washington County is the only county that delivers 9-1-1 dispatch services through the Sheriff's Office.

Table 6-11 shows a comparison of staffing for Lawrence County to the peers based on demographic ratios.

Table 6-11: Sheriff's Office Staffing Comparison

	Lawrence County	Athens County	Scioto County	Washington County	Peer Average	Above/(Below) Peer Average
Number of Residents (2006 Estimated)	63,179	61,860	76,441	61,867	66,723	(3,544)
County Square Miles	455	507	612	635	585	(130)
Total Personnel	45.2	29.0 ¹	78.5	68.0 ²	70.4	(25.3)
Support Personnel per 1,000 Residents	0.23	0.06	0.17	0.24	0.21	0.02
Law Officers per 1,000 Residents	0.24	0.40	0.52	0.44	0.46	(0.22)
Corrections Employees per Inmate Avg. Daily Count	0.25	N/A	0.21	0.26	0.24	0.01

Source: AOS Analysis

Note 1: Number of Residents is based on the 2006 US Census Bureau population estimates.

Note 2: Athens county jail services are provided by the Southeastern Correctional Institution, serving 5 counties.

¹ Athens County Sheriff's Office does not have corrections staff.

²Includes 9-1-1 Dispatchers

Table 6-11 shows that Lawrence County is geographically smaller and has fewer residents than the peers. Also, on an FTE basis, the County employs fewer Sheriff's Office staff than the peers. On a per 1,000 residents basis, it employs fewer law enforcement personnel as well. Furthermore, during the course of this audit, salary appropriations, except for the Road Patrol, were reduced by 15 percent. As a result, staffing could be reduced further, lowering the number of staff per 1,000 below the peer average in every category.

Key Performance Indicators

Violent crimes include murder, manslaughter, forcible rape, robbery, and aggravated assault. Property crimes consist of burglary, larceny, theft, motor vehicle theft, and arson. **Table 6-12** shows a comparison of total violent and property crime data:

Table 6-12: Total Violent and Property Crime Comparison¹

Year	Lawrence County Incidents	Athens County Incidents	Scioto County Incidents	Washington County Incidents	Peer Avg (Excluding Scioto County)	Above (below) peer Avg (Excluding Scioto County)
2003	219	57	2,777	557	307	(88)
2004	120	79	2,544	577	328	(208)
2005	41	40	2,386	175	108	(67)
2006	159	N/A	2,186	431	431 ²	(272)
4 Year Avg.	134.8	58.7	2,473.3	435.0	293.5	
Avg. per 1,000 Residents	2.1	0.9	32.4	7.0	4.4	

Source: Ohio Office of Criminal Justice Services

¹As reported by county sheriffs

²Not an average; includes only Washington County

Table 6-12 shows that Lawrence County reported about twice as many violent and property crimes as Athens County on a per 1,000 resident basis, but considerably fewer than Washington County. Scioto County's high property crime rate was the driver for the significant difference between its total reported violent and property crimes and those reported by Lawrence County and the other two peers. Violent crime statistics, though also higher in Scioto County, were more uniform across the counties.

Table 6-13 shows a comparison of jail facility statistics.

Table 6-13: County Jail Comparison

	Lawrence County	Scioto County	Washington County	Peer Average	Above/(Below) Peer Average
Ohio Department of Rehabilitation and Corrections - Rated Bed Capacity	52	162	120	141.0	(89.0)
Rated Capacity Per FTE Corrections Officer	3.7	5.4	4.1	4.7	(1.0)
Total FTEs	14	30	29.5	29.8	(15.8)
Jail Administrator	1	1	1	1.0	0.0
Corrections Officers	13	29	28.5	28.8	(15.8)
Bookings	3,175	5,199	3,849	4,524.0	(1,349.0)
Bookings Per FTE	226.8	173.3	130.5	151.9	74.9
Inmates - Average Daily Count	65	121.15	98.9	110.0	(45.0)
Inmates Per FTE Corrections Officer	5	4.2	3.5	3.8	1.2
Compliance Rating¹	69%	100%	100%	100%	(31%)

Source: Ohio Department of Rehabilitation and Corrections

Note: Athens County does not operate its own jail facility.

¹Compliance ratings are determined by the number of standards in compliance divided by total standards.

Table 6-13 shows that the Lawrence County Sheriff's Office falls below the peer average in most categories. While jail capacity per FTE would indicate overstaffing, the actual average inmate count shows that each corrections officer is responsible for more inmates than the other two counties in the comparison. This is also true of bookings per correctional officer. Although the Lawrence County Sheriff's Office workload measures exceed the peers, its compliance rating is lower. Expenditures for the jail, (related to jail capacity and sentencing policies discussed in R6.2) have a notable impact on the County's General Fund.

Expenditures

Table 6-14 shows historical Lawrence County Sheriff's Office General Fund expenditures.⁵

Table 6-14: Sheriff Department and Jail Operating Expenditures (General Fund)

Expenditures	Actual 2004	Actual 2005	% Change	Actual 2006	% Change	Actual 2007	% Change	Average Annual Change
Salaries	\$1,434,107	\$1,461,374	1.9%	\$1,531,604	4.8%	\$1,262,162 ¹	(17.6%)	(3.6%)
Supplies	\$196,388	\$189,260	(3.6%)	\$226,878	19.9%	\$194,064	(14.5%)	0.6%
Equipment	\$26,378	\$44,515	68.8%	\$19,541	(56.1%)	\$10,727	(45.1%)	(10.8%)
Contract Repairs	\$51,692	\$55,553	7.5%	\$55,309	(0.4%)	\$42,796	(22.6%)	(5.2%)
Contract Services	\$27,870	\$29,719	6.6%	\$29,096	(2.1%)	\$24,353	(16.3%)	(3.9%)
Uniforms	\$16,578	\$19,385	16.9%	\$20,339	4.9%	\$10,584	(48.0%)	(8.7%)
Training	\$5,675	\$10,427	83.7%	\$3,528	(66.2%)	\$6,208	(76.0%)	31.2%
PERS	N/A	\$232,051 ²	N/A	\$235,740	1.6%	\$230,406 ³	(2.3%)	(0.3%)
Health Insurance ⁴	N/A	N/A	N/A	N/A	N/A	\$408,810	N/A	N/A
Allowance	\$31,456	\$32,211	2.4%	\$33,250	3.2%	\$33,741	1.5%	2.4%
Jail Expenses ⁵	\$180,892	\$135,986	(24.8%)	\$237,864	74.9%	\$511,149 ⁶	114.9%	11.6%
Total Expenditures	\$1,971,036	\$2,210,480	12.1%	\$2,393,150	8.3%	\$2,734,999	14.3%	11.6%
Total Expenditures (less Health Insurance)	\$1,971,036	\$2,210,480	12.1%	\$2,393,150	8.3%	\$2,326,189	(2.8%)	5.9%

Source: Lawrence County expense reports

¹ This is the first year salaries for corrections officers were accounted for separately.

² This is the first year the County allocated these expenditures to the Sheriff's Office.

³ Corrections officer PERS included in the jail expenditures.

⁴ Health Insurance expenditures allocated to specific departments beginning in 2007.

⁵ Jail expenses includes corrections salaries and PERS expenses.

⁶ Includes corrections salaries and PERS costs (this is the first year these are allocated separately).

Prior to 2007, health insurance expenses were not allocated by department but rather as a whole for County employees. The Sheriff's Office health insurance expenditures in 2007 were \$408,810, increasing the office's total expenditures to \$2,734,999. This additional allocation for health insurance by office or department skews the annual change and average change of total expenditures. Total expenditures excluding health insurance more accurately reflect historical expenditure trends, and show an average annual increase of 5.9 percent over the four years depicted.

⁵ A comparison to expenditures in the peer counties was not conducted as substantial variances in accounting practices and operations created variances in the data. Operational variances included jail and 911 dispatch.

In addition to recommendations specifically contained in this section, the high-level review revealed other areas of operation that would benefit from additional analysis. Performance measurement and management, described in **R2.7** could be applied to the Sheriff's Office to assist in making future operational and financial decisions. The US Department of Justice has developed publications on recommended performance measures for law enforcement that also might help the Sheriff's Office in developing its measures. Recommendations contained in **human resources, technology, and service coordination** would also be applicable to the Office. The Office might, in the course of developing its performance measures, use a survey as suggested by the Sheriff. Also, it might benefit from additional research on methods to curb sick leave abuse, an issue raised by the Sheriff but likely applicable across the County as this issue impacts many governmental entities.

This high level analysis did not examine the Sheriff's Office policies and procedures. These may warrant additional examination to ensure they reflect recommended practices. Likewise, specific job descriptions and internal human resource functions were not examined as a component of the benchmarking analysis; these areas could be examined by a human resource manager if the County decided to fill the position. Lastly, the analysis did not consider national certifications, training, or vehicle and equipment replacement. These areas may warrant additional examination by the Sheriff as the costs for these aspects of operations may have a substantial impact on the General Fund.

Recommendations:

R6.2 Lawrence CSO should work with the Board of Commissioners and County Judges, to identify options to reduce jail inmate population through alternative sentencing policies. While the County’s sentencing results will ultimately be driven by statutory requirements and judicial sentencing decisions, sentencing alternatives such as home detention and reduced length of stay could reduce inmate population, jail overcrowding, and expenditures. The Sheriff’s Office and other County officials should also work closely with the Ohio Bureau of Community Sanctions to access grant money available for establishing community punishment programs for adult offenders and for guidance in administering these programs.

During the course of the audit, the County took steps to begin implementing a home monitoring system.

Table 6-15 shows key operational statistics for the Lawrence County jail, operated by the Lawrence CSO.

Table 6-15: Key Jail Operation Statistics

	Lawrence County	Scioto County	Washington County	Peer Average	Above/(Below) Peer Average
County Population	63,179	76,441	61,867	69,154	(5,975)
Bookings	3175	5199	3849	4,524	(1,349)
Bookings/population	19.9	14.7	16.1	15	5
Average length of stay	60 days	12 days	9 days	10 days	50 days
Average number of inmates housed out of county	10	0	0	0	10

Source: ODRC and AOS Analysis

Note 1: Number of Residents is based on the 2006 US Census Bureau population estimates.

Note 2: Athens County uses regional jail services.

Note 3: Averages and variances may not sum due to rounding.

Table 6-15 shows that the County’s bookings per population is high compared to the peers. In addition, the average length of stay in the Lawrence County jail exceeds the peer average by 50 days, or five times the length of stay for inmates. The table also shows the number of inmates housed outside of Lawrence County is higher. This is partly because the Lawrence County jail has a lower bed capacity (see Table 6-13) and longer lengths of stay which reduces the space available for incoming inmates. In 2007, Lawrence County spent \$101,649 for out-of-county inmate housing due to overcrowded conditions in the County jail—an average of 10 prisoners per day were housed in facilities outside of Lawrence County.

According to *One in 100: Behind Bars in 2008* (Pew Center on the States, 2008), policy choices, more than increases in crime rates and population, determine who is incarcerated and for how long. As a result, policy makers can control some of their own fiscal destiny in relation to jail costs. The Pew publication states that governments that want to protect public safety while slowing the growth of their prison populations can pull two policy levers: they can divert a greater number of low-risk offenders from prison, reduce the length of time the lowest-risk offenders stay behind bars, or a combination of the two.

In his response to the audit, the Sheriff noted that he has sought an expansion of alternative sentencing practices. He noted that some increase in home confinement has occurred but the jail population remains stable because of the significant number of arrestees that require incarceration. He stated that the means to correct the overcrowding and out-of-county placements is through a new jail. However, he noted this will not be feasible as funds are not available for construction of the jail and, if one was built, increased operating costs would be a barrier.

Other counties have developed creative methods for reducing the population within their jails. For example, Hancock, Muskingum, and Wayne counties operate Rehabilitation and Opportunity Centers (ROCs) which are used to house low risk and nonviolent offenders—particularly those on work release who are serving time for misdemeanor offenses. The US Department of Justice, Bureau of Justice Assistance has also developed several analyses and guides on various alternative sentencing programs, particularly for juvenile offenders and arrestees charged with drug offenses. By applying alternative sentencing methods to reduce the number of prison sentences and length of stay for prisoners, the County could reduce or stop housing inmates out of the county and reduce overall jail expenditures. Furthermore, reducing the number of inmates housed at the County jail may increase the County's compliance ratings.

Financial Implication: By implementing alternative sentencing programs (including in-home and shorter stays), and thereby reducing the inmate population within the County jail, the County could save a minimum of \$10,000 per year for each prisoner currently being housed out-of-county, not including time and transportation expenses. Assuming the County could reduce the out-of-county placements by half, it could save at least \$51,000 annually.

R6.3 The Lawrence County Sheriff's office should strive to secure policing agreements with local communities in order to share some of the burden of protecting the local communities' citizens. For example, costs for providing security for county fairs, high school sporting events, festivals, local dances, etc. should be recouped by the Lawrence County Sheriff's Office through service agreements. Additionally, special patrols for communities who desire a greater law enforcement presence should be reimbursed through service contracts.

ORC § 311.29 authorizes sheriffs to enter into contracts with virtually any taxing district to perform any police function, exercise any police power, or render any police service on behalf of the contracting subdivision. Contracts entered into under this provision provide for reimbursement to the county for the costs incurred by the Sheriff for such policing, including the salaries of deputy sheriffs assigned to such policing, the current costs of funding retirement pensions and of providing workers' compensation, the cost of training, and the cost of equipment and supplies used in such policing.

In his response to the audit, the Sheriff noted the cost of services for sporting events and musical events are reimbursed to the Sheriff's Office or paid directly to a deputy as a contract laborer.⁶ He also stated that he has contacted Lawrence County townships about the costs of deputies and appeared at one Township meeting. Finally, he stated he has requested that trustees of various townships consider enacting a license plate fee to help offset the cost of services, and conducted citizen outreach to request citizens propose additional funding to improve the police presence in their communities.

Several county sheriffs throughout Ohio provide policing services to local communities. In 2007, the Scioto County Sheriff's Office generated revenue of \$1.1 million through policing agreements. This represented nearly 18 percent of its budget. Ten years earlier, the Scioto County Sheriff pursued a COPS grant which required a local match of 25 percent. Scioto County committed to paying half of the matching funds and solicited local townships to fund the other 12.5 percent of the grant's matching funds requirement for three years, with the understanding that the participating townships would fund 100 percent of the program thereafter.

Through service agreements and contracts, the Lawrence County Sheriff's Office could enhance its presence in local communities within the County while recouping some of its operating costs for these services. In instances where these services are not being funded through service contracts, the Sheriff's Office should consider instituting these agreements, particularly for special services. Although a financial implication to the County's General Fund would result if the Sheriff's Office instituted service contracts, the magnitude of this cost offset could not be quantified.

⁶ With the exception of the County Fair which reimburses 50 percent of the labor costs of assigned deputies.

D. Recorder's Office

Recorder's Functions and Duties

County recorders are elected during presidential election years. The Lawrence County Recorder intends to run for re-election in 2008.

Responsibilities of the recorder are defined in ORC Chapter 317 and include more than 1,000 sections of code pertaining to a recorder's duties. In Ohio, the recorder's office makes, files, records, and indexes a complete and permanent document pertaining to the conveyance and encumbrance of land within the county. It maintains and archives permanent land records which are available to the public.

The recorder is required to serve on the county records commission, which controls county records retention and methods of disposal, and may serve on the automatic data processing board, which procures data processing equipment for county offices, as well as the microfilming board, which procures microfilming equipment and oversees microfilming services. The recorder's office collects fees for documents filed and deposits these monies into the county's general fund. The recorder maintains records of all monies appropriated to the recorder's office for its operation.

The recorder prepares annual budgets and reports, vouchers, purchases orders, etc., and maintains all payroll records, sick and vacation leave records, and other records pertaining to the recorder's staff. In addition, recorders annually file ethics reports, inventories of office equipment, affirmative action reports, depository agreements for funds and all other reports required by law.

The Lawrence County Recorder's Office has a web site that provides information about the office. The web site enables users to perform index searches for deeds, financing statements, leases, liens, plats, mortgages and miscellaneous records dating as far back as the 1980's. Providing web access to this information is an important self-serve feature for constituents wishing to access Recorder's Office records.

Staffing

As of 2007, the Recorder's Office employed 6 full-time (FTE) employees in the following capacities:

- Recorder (1 FTE);
- Clerk (1 FTE);
- Deputy Clerk (1 FTE); and
- Deputy Recorder (3 FTEs).

Table 6-16 shows the County Recorder's Office staff compared to the peers.

Table 6-16: Staffing Comparison

	Lawrence County	Athens County	Scioto County	Washington County	Peer Average	Above/(Below) Peer Average
Number of Residents	63,179	61,860	76,441	61,867	66,723	(3,544)
County Square Miles	455	507	612	635	585	(130)
Total FTE	6	6	8	4	6	0
FTE per 1,000 Residents	0.09	0.10	0.10	0.06	0.09	0.01
Document Turn-Around Time	1 day	1 day	2 days	7 - 10 days	3.83 days	2.83 days

Source: AOS Analysis

Note: The number of residents is based on the 2006 US Census Bureau population estimates.

Staffing for the County is minimally above the peers based on FTEs per 1,000 residents. During the course of this audit, the County Commissioners mandated a 15 percent reduction in salaries for all departments except the Sheriff's Road Patrol. This resulted in a 1 FTE reduction in staffing for the Recorder's Office and lowered the FTE per 1,000 residents below the peer average. Therefore, additional staffing recommendations are not warranted. As noted in the review of the Commissioner's Office and Auditor's Office, the Recorder's Office may be able to achieve greater economies of scale by sharing support personnel with other County departments and offices.

Expenditures

Table 6-17 shows historical General Fund operating expenditures for the Lawrence County Recorder's Office.

Table 6-17: Recorder's Office Operating Expenditures

	Actual 2005	Actual 2006	Annual Change	Actual 2007	Annual Change	Average Annual Change ¹
Expenditures						
Salaries	\$198,378	\$203,527	2.6%	\$198,444	(2.5%)	0.0%
Supplies	\$8,641	\$8,146	(5.7%)	\$6,153	(24.5%)	(15.1%)
Equipment	\$225	\$0	(100.0%)	\$2,972	N/A	N/A
Contract Services	\$67,045	\$40,649	(39.4%)	\$59,246	45.8%	N/A
Travel	\$810	\$1,045	29.0%	\$1,087	4.0%	16.5%
PERS	\$26,826	\$26,492	(1.2%)	\$28,459	7.4%	3.1%
Health Ins	N/A	N/A	N/A	\$60,298	N/A	N/A
Medicare	N/A	N/A	N/A	\$2,074	N/A	N/A
Total Expenditures	\$301,924	\$279,858	(7.3%)	\$358,733	28.2%	10.4%
Total Expenditures (less Health Insurance Medicare)	\$301,924	\$279,858	(7.3%)	\$296,361	5.9%	(0.7%)

Source: Lawrence County Expense Reports

¹In some cases, due to fluctuations within a line item, the formula used to determine average annual change produced percentages that did not accurately reflect expenditure trends.

Table 6-17 shows the County began allotting health insurance and Medicare expenditures in 2007 to the Recorder's Office for the amounts paid for its employees. Prior to 2007, health insurance expenses were not allocated by department or office but accounted for as a whole.

Table 6-17 also shows that with the exception of health insurance and Medicare expenditures, the Recorder's Office expenditures have decreased an average of 0.7 percent per year over three years.

Table 6-18 shows General Fund Recorder's Office expenditures compared to peers.⁷

Table 6-18: 2007 Recorder's Office General Fund Expenditures

	Lawrence County	Peer Average	Above/(Below) Peers
Expenditures			
Salaries	\$198,444	\$184,060	\$14,385
Supplies	\$6,153	\$15,987	(\$9,834)
Equipment	\$2,972	N/A	\$2,972
Contract Services	\$59,246	\$96,867	(\$37,621)
Travel	\$1,087	\$552	\$535
Documents	N/A	\$169	(\$169)
Film Storage	N/A	\$3,570	(\$3,570)
Other Expenditures	N/A	\$1,310	(\$1,310)
PERS	\$28,459	\$25,263	\$3,196
Workers' Comp	N/A	\$1,143	(\$1,143)
Medicare	\$2,074	\$1,449	\$624
Membership fees	N/A	\$1,953	(\$1,953)
Total Expenditures	\$298,435	\$330,369	(\$31,934)
Per Capita Expenditures	\$4.72	\$4.95	(\$0.23)

Source: AOS Analysis

Note: Table does not include health insurance expenditures. Data was not available for all peers.

Table 6-18 shows that the County Recorder's expenditures are \$0.23 per capita, or nearly 5 percent lower than the peer average. Health insurance expenditures are not included in the table because only one peer allocated those expenditures to the office. However, in 2007, the Washington County Recorder spent \$16,810 or \$4,202 per FTE, compared to the Lawrence County Recorder who spent \$60,298 or \$10,050 per FTE (see **human resources**).

The Recorder's Office, like other offices and departments within the County, could benefit from increased planning, coordinating strategies with other County offices and departments, sharing support staff, and participating in centralized human resources management. See the **financial operations, human resources, and technology** sections for recommendation affecting this office.

⁷ This data was revised to exclude non-General Fund expenditures related to Lawrence County and the peers. In particular, expenditures attributed to the Recorder Special (Fees) Fund, or special revenues funds of a similar nature, were excluded.

Financial Implications Summary

The following table presents a summary of the estimated annual revenue enhancements and cost savings identified in recommendations presented in this section of the report. Only recommendations with quantifiable implications are listed.

Financial Implications for the Operational Services Section

Recommendation	Estimated Annual Revenue Enhancement	Annual Cost Savings
R6.1 Increase user service charges and fees	\$413,000 ¹	
R6.2 Reduce out-of-county inmate housing by 50 percent		\$51,000
Total	\$413,000	\$51,000

Source: AOS recommendations

¹ First year of implementation shown in the table. Reflected as a footnote in the five-year forecast.

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Judicial Services

This section of the performance audit report examines selected judicial services of Lawrence County's government significantly supported by the County's General Fund. The offices providing these services include the Prosecutor's Office, Common Pleas Court and its Clerk of Courts, Municipal Court and its Clerk of Courts, Juvenile Probation, and Home Detention.

A. Prosecutor's Office

The Lawrence County Prosecuting Attorney (Prosecutor) is an elected official who serves as the legal advisor to the Board of County Commissioners, Board of Elections, and all other County officers and boards, any of which may require written legal opinions or instructions from the prosecuting attorney in matters connected with their operations. In general, the prosecuting attorney prosecutes and defends all suits and actions to which any county or township officer, board or commission is a party. The Lawrence County Prosecutor has been in office for 15 years and is running for re-election in 2008. Qualifications, functions and duties of prosecuting attorneys and regulations pertaining to their office operations are outlined in Ohio Revised Code (ORC) § 309.

The Prosecutor's Office (Office) employs five part-time assistant prosecutors whose duties include making court appearances, reviewing charges, speaking to victims, and completing various other case-related activities. The Prosecutor handles all drug and other high profile cases, such as murder cases. One assistant prosecutor is assigned, on an annual basis, to County civil duties. This assignment includes writing legal opinions on behalf of the County, reviewing all County contracts, attending executive sessions as requested by the Board of County Commissioners, and handling any pending litigation against the County. The Prosecutor also employs the following full-time staff: two victim advocates, five legal assistants, one chief investigator (who focuses on adult crimes), and one assistant investigator (who focuses on juvenile crimes). The assistant investigator also helps with trial preparations, including computer-generated re-enactments. The Office has three part-time legal assistants/secretaries who transcribe victim statements, and perform other duties as needed. One part-time legal assistant is a tax specialist who deals with delinquent tax cases, foreclosures, and collections, in addition to performing other duties as assigned.

Because the Office does not collect workload data, no assessments of efficiency or effectiveness could be made. According to Office representatives, the Prosecutor's Office ceased using basic performance reporting software due to time and budget constraints. However, without this information, the Office is unable to adjust its operations based on workload and financial constraints, or to seek to achieve performance benchmarks (see **R7.1**).

Financial Data

Staff salaries and benefits made up approximately 87 percent of the Office's total expenses in 2007. According to Office staff, there has been little or no turnover for over 15 years. While the peer average staffing (14.7 FTEs) is greater than the Lawrence County's Prosecutor's Office staffing (12.9 FTE) by almost 14 percent, the peer average expenditures (\$749,188) were approximately 20 percent lower than Lawrence County's expenses (\$941,683) in 2007. This difference can be attributed to higher salary and benefit costs in Lawrence County than at the peers. (See **R4.1** and **R4.5**.)

Table 7-1 shows the Lawrence County Prosecutor Office's historical expenditures over the last four years.

Table 7-1: Lawrence County Prosecutor's Office General Fund Expenditures

Expenditures	Actual 2004	Actual 2005	Percent Change	Actual 2006	Percent Change	Actual 2007	Percent Change
Elected Official Salary	\$58,730	\$60,140	2.4%	\$61,944	3.0%	\$63,033	1.8%
Staff salaries	\$442,795	\$506,628	14.4%	\$564,511	11.4%	\$573,335	1.6%
Secret Service Agent salaries	\$34,268	\$45,105	31.6%	\$19,266	(57.3%)	\$48,171	150.0%
Part time investigator	\$0	\$0	0.00%	\$34,138	NA	\$36,630	7.3%
Supplies¹	\$7,620	\$8,599	12.9%	\$7,992	(7.1%)	\$0	(100.0%)
Equipment¹	\$2,659	\$3,480	30.9%	\$2,290	(34.2%)	\$0	(100.0%)
Travel	\$1,759	\$204	(88.4%)	\$2,488	1,119.6%	\$98	(96.1%)
Other expenses	\$19,255	\$24,582	27.7%	\$26,155	6.4%	\$871	(96.7%)
Prisoner Return Expenses	\$0	\$1,000	NA	\$0	(100.0%)	\$0	NA
PERS/Prosecutor	\$0	\$82,741	NA	\$82,327	(0.5%)	\$95,709	16.3%
Health Insurance	0	0	NA	0	NA	\$92,338	NA
FOJ Allowance	\$30,636	\$30,070	(1.9%)	\$30,972	3.0%	\$31,499	1.7%
Total:	\$597,722	\$762,549	27.6%	\$832,083	9.1%	\$941,683	13.2%

Source: Lawrence County Expenditure reports

¹The office pays for supplies and equipment from available grant funds.

The Prosecutor's Office has two alternative revenue streams that help support its operations: delinquent tax collections and the Victims of Crime Grant. The Office has used the Victims of Crime Act (VOCA) grant to fund its victim advocacy and assistance program. The grant pays for two full time victim advocates who help victims prepare for court appearances. When compared to the peer counties, Lawrence County does not receive as much grant funding as Athens and

Scioto counties. As shown in **Table 7-2**, Lawrence County receives 71 percent less grant funding than Athens County and 27 percent less than Scioto County.

Table 7-2: Grant Revenue Comparison

Type of Grant	Agency/Sponsor	Amount
Lawrence County		
Victims of Crime Act	Victim assistance Attorney General, Federal	\$67,544
Athens County		
Drug Law Enforcement	State grant fund from court costs associated with moving violation charges Attorney General	\$5,000
Diversions	Community Corrections Act Department of Rehabilitation and Corrections	\$9,591
JAG	Justice Assistance Grant Office of Criminal Justice Services	\$26,185
Byrne Grant	Victim Witness Assistance Office of Criminal Justice Services, Federal	\$45
VAWA	Violence Against Women Act Office of Criminal Justice Services	\$54,354
Victims of Crime Act	Victim assistance Attorney General, Federal	\$139,000
Total		\$234,175
Scioto		
Victims of Crime Act	Victim assistance Attorney General, Federal	\$93,131

Source: Lawrence, Athens, and Scioto counties' financial reports for 2007.

Note: Washington County did not report any grants.

The Department also received \$69,626 through the collection of delinquent taxes. However, the Office's expenditures in 2007 were \$941,683, so the County's General Fund supported the Office with \$804,513 in General Fund revenue. To help improve the County's financial condition, increased grant revenue could be used to offset General Fund expenditures (see **R7.2**).

Recommendations

R7.1 The Lawrence County Prosecutor's Office should establish performance measures and a measurement system that would allow for complete and accurate case management tracking. Furthermore, the Office should comply with ORC reporting requirements by submitting annual reports to the Board of County Commissioners in a timely manner. One means for implementing this recommendation is through the use of case management software. Spreadsheet software may also be used as an economical alternative. Developing an effective measurement system would help the Prosecutor's Office meet leading practice standards and avoid the risk associated with non-compliance with reporting requirements. To minimize the cost and effort associated with implementing this recommendation, the Lawrence County Prosecutor's Office could use performance measures adopted in other cities and counties to gauge its performance. (See also R2.4.)

According to the Prosecutor's staff, the Office does not track caseload data or use functional statistics. The peer prosecutor offices track caseload data through a case management software program, known as COPS. The Lawrence County Prosecutor's Office used the COPS program in the past but discontinued its use because it was reportedly incompatible with office practices and forms. The software helps the peer offices track case data and outcomes.

According to ORC § 309.16, each prosecuting attorney must submit a certified statement to the Board of County Commissioners by the first Monday of September certifying the following.

- Number of criminal prosecutions pursued to final conviction including the name of the parties involved in each prosecution ; the amount of the fines assessed; the number of recognizances forfeited ; and the amount collected in each case;
- Number of fires occurring in which the fire marshal or assistant fire marshal determined that there was sufficient evidence of arson;
- Number of arson and aggravated arson cases that the Prosecutor presented to the grand jury for indictment, as well indictments for such returned by the grand jury;
- Number of arson and aggravated arson cases prosecuted and the number of cases that resulted in a final conviction and the number of acquittals;
- Number of arson and aggravated arson cases that resulted in dismissals or terminated without a final adjudication.

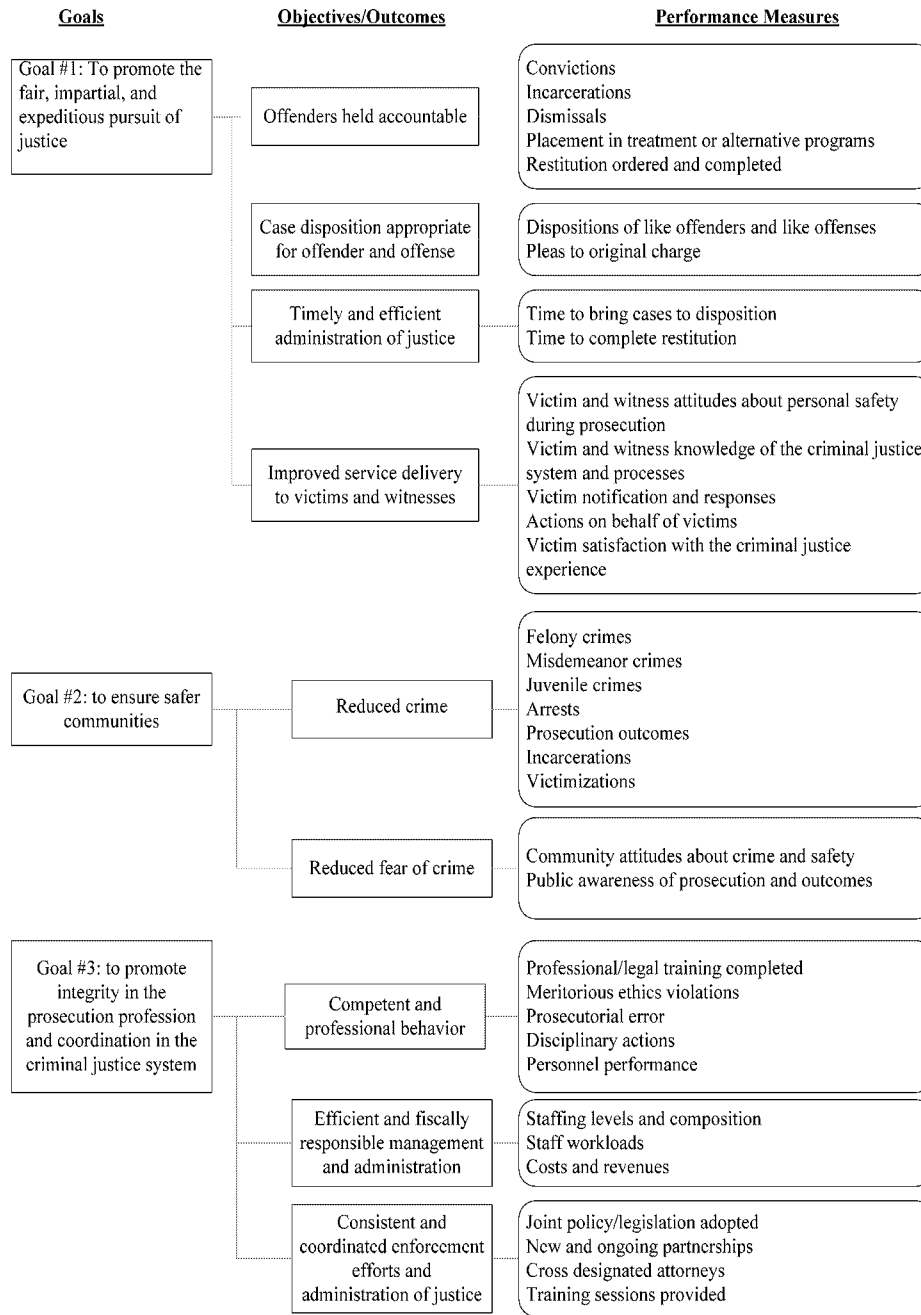
While this information provides a good baseline for determining the workload of the office and certain aspects of performance, it does not comprise a complete measurement system that could be used to manage Office performance.

Performance Measures for Prosecutors by the National District Attorney's Association (NDAA, 2007) describes possible performance measures and goals that can be adapted to fit each individual prosecutor's office. The three goals are:

- To promote the fair, impartial, and expeditious pursuit of justice
- To ensure safer communities
- To promote integrity in the prosecution profession and coordination of the criminal justice system.

To accomplish each of these goals, the NDAA developed several outcomes with corresponding measurements. **Figure 7-1** illustrates the goals, outcomes and the associated performance measures.

Figure 7-1 Goals, Outcomes, and Performance Measures



Source: Performance Measures for Prosecutors (NDAA, 2007)

Although Lawrence County may not share all of these particular goals or objectives, this design allows for flexibility since the NDAA encourages prosecutors to modify this design to fit their particular contexts. By tracking performance data (including costs), prosecutors are better able to show the progress their offices have made toward attaining certain goals. Performance data allows prosecutors' offices to budget and plan more efficiently. For the Lawrence County Prosecutor's Office, tracking performance data would help the Prosecutor to plan strategically for his Office while aligning its goals with those of the County.

In addition, the Prosecutor's Office could benefit from exploring the types of measures and benchmarks used by other county governments. Several counties, including Santa Clara County in California and Maricopa County in Arizona, have used sophisticated measuring systems to manage county functions. In addition, several resources are available through the American Prosecutors Institute, including publications that highlight benchmarking and performance measurement processes.

The Lawrence County Prosecutors Office could implement steps to measure performance by tracking measurement data in a spreadsheet or through the COPS software. Additional processes would likely be required to package the data in a useable manner for reporting purposes. If published electronically, the development and production of performance reports could be accomplished in-house at little additional cost to the Office. Applying performance measurement to Office decision-making could result in increased efficiency and help the County Prosecutor make more cost effective decisions in the future. Without performance data and measures, the Office cannot determine if its resources are being applied in a prudent and effective manner. Over the long term, financial resources may be spent on programs with little impact. Considering the financial condition of the County, the Office should begin applying results-oriented budgeting practices, based on sound performance measurement data, to ensure that it is using its financial resources in an effective manner.

Financial Implication: According to the COPS software developer, Text and Data Technologies, all prosecutors' offices in Ohio are entitled to the COPS software as members of the Ohio Prosecuting Attorneys Association (OPAA). Initial setup costs would be approximately \$1,000 and annual support and maintenance costs would be \$1,500.

Cost savings related to the application of results-oriented budgeting and using performance measurement to manage its programs cannot be quantified. Once performance data is obtained, the Prosecutor may be able to apply the data to streamline Office practices and more efficiently and effectively allocate financial and human resources.

R7.2 The Lawrence County Prosecutor’s Office should seek to increase its revenue by applying for additional grant funds to support ongoing programs. Accessing additional grant funding for new programs could help enhance the programs offered by the Office and augment services offered to Lawrence County residents. The Office should compare its current programs to available grant criteria to determine if a portion of General Fund costs could be offset by grant funding. However, the Office should avoid using grant funding to support core operations and should carefully review any requirements for matching funds prior to submitting the grant application.

When compared to the peer prosecutor offices, Lawrence County received only one grant (similar to Scioto County), while Athens County has been able to secure seven grants to support specific portions of its operations (see **Table 7-2**). Washington County does not use grant funding at this time.

As illustrated by Athens County, there are many programs available to prosecutors’ offices. According to Funding Sources for Victim of Crime Services (Office of Criminal Justice Services, 2008), the Attorney General’s Office, the Health Department, and the Office of Criminal Justice Services work in conjunction with the federal government to offer the following grant programs:

- Victims Of Crimes Act;
- State Victims Assistance Act;
- Ohio Victims of Crime Compensation Program;
- Sexual Assault and Domestic Violence Prevention Program;
- Family Violence Prevention and Services;
- Violence Prevention for Ohio’s Domestic Violence Shelters;
- Edward Byrne Memorial Justice Assistance Grant Program; and
- STOP Violence Against Women Formula Grant Program.

Most of the programs focus on crime prevention and diversion, as well as victim assistance. In many cases the programs require matching funds. However, certain program aspects may already be implemented in Lawrence County and could be applied to meet grant matching fund requirements, allowing a portion of the remaining program costs to offset with grant funds.

Table 7-3 shows examples of available grant funding sources. These sources were chosen because the organizations are related to crime prevention, victim assistance, and prosecution of the law. This list is not all inclusive and additional grant resources may be available through other programs.

Table 7-3: Grant Resources

Organization	Web Address	Grant Programs
OCJS	www.ocjs.ohio.gov	Various (see discussion above)
National Criminal Justice Association	www.ncja.org	Various (must be a member)
Federal Government	www.grants.gov	Various (search by category)
National Criminal Justice Reference Services	www.ncjrs.gov/fedgrant	Several federal agencies post grants here
Office of Justice Programs	www.ojp.usdoj.gov/funding/	Several federal agencies post grants here

Source: AOS research

According to *Grant Writing: Identifying and Applying for Funding in a Competitive Market* (OCJS, 2005), grant applications should establish set guidelines that will allow the grant process to be understood by the entity, and by external grant reviewers. The process needs to be designed to best fit the needs of the office, and it may include the following:

- **Identify the organization's grant needs.** The Office should determine the existing problems, and how the grant money can help to solve them.
- **Determine the program objective.** The objectives should be tangible, specific, concrete, measurable, and achievable in a specific time period. The objectives define the measurable outcomes of the project.
- **Define the method(s) that will achieve the objectives.** Offices should determine the method/programs and provide descriptions of the activities they want to pursue.
- **Determine a method to evaluate the outcomes of the proposed program(s).** Quantifiable measures of input, outcomes, and outputs help management to assess program performance and facilitate more effective management. In addition, they allow results to be communicated to all stakeholders.
- **Illustrate financial need for grant funding.** Detailed cost estimates and program budgets should be prepared to illustrate financial needs in contrast with the Department resources. They should provide a justification of the financial need to all stakeholders involved.
- **Assess and monitor staff qualifications.** Monitoring staff qualifications will help ensure that grant funding is used for the proposed purpose. It will also ensure that the staff has the necessary skills to use the funds to their full potential.

Lawrence County may be able to expand services to its citizens or offset current expenditures for specialized programs if it can acquire additional grant funding, as Athens County has done. Prior to applying for specific grants, the Office should evaluate the costs of meeting grant requirements and ensure it can use existing staff to deliver the services required in the grant. If services require additional staff or the implementation of major programs then the revenue increase may be insufficient to offset matching fund requirements and increased program costs.

Financial Implication: In 2007, Lawrence County received \$1.07 in grant funds per capita, compared to Athens County grant receipts of \$3.79 per capita. By increasing its grant seeking efforts to achieve results similar to Athens County, Lawrence County could increase its grant revenues by approximately \$172,000, annually. At a minimum, The Office should focus on grants that could help it alleviate financially stressful conditions within its own operations and those of other criminal justice functions in the County. These could include grants that assist with diversion and alternative programs.

B. Common Pleas Court and Clerk of Courts

The Common Pleas Court is primarily responsible for hearing cases that include felony criminal, civil, equity, domestic relations, and administrative appeals. **Table 7-4** illustrates the Lawrence County Common Pleas Court staffing levels by position and by full-time equivalent (FTE) in 2007.

Table 7-4: Common Pleas Court Staffing Comparison (FTEs)

Classification	Lawrence County	Peer Average	Difference
Total Court Staff	3.0	3.0	0.0
Judge	2.0	2.3	(0.3)
Magistrate	1.0	0.7	0.3
Total Auxiliary Staff	8.0	6.0	2.0
Bailiff	2.0	3.0	(1.0)
Court Reporter	3.0	0.7	2.3
Administrative Assistant	3.0	2.3	0.7
Total Common Pleas Court Staffing	11.0	9.0	2.0
Population Size	62,319.0	68,223.0	(5,904.0)
Population per FTE employee	5,665.4	9,847.1	(4,181.7)
Total Number of Cases	1,262.0	1,760.7	(498.7)
Number of Cases per FTE employee	114.7	237.3	(122.6)

Source: Lawrence County and peer Common Pleas Staffing Information and 2007 Supreme Court of Common Pleas Report.

As shown in **Table 7-4**, the Court has a comparable number of court staff on an FTE basis and about 33 percent more auxiliary staff, attributed to the court reporter positions in Lawrence County. In addition, the Court serves about 43 percent fewer residents on a per FTE basis and processes almost 52 percent fewer cases per FTE. In their comments on the audit, the judges raised a question regarding the number of cases included in **Table 7-4** and indicated that if their backlog of cases was included, the number would be over 2,000. As the auditors used official data reported to the Supreme Court of Ohio,¹ the data used for cases in the table was drawn from reported *new cases* and does not consider outstanding cases that were filed in prior years. However, the report also shows the number of terminated cases (1,202) which would include cases from the backlog that had been resolved. Overall, the reported clearance rate for Lawrence County was 95 percent versus a peer average of 99 percent. If the suggested backlog (more than 700 cases) was included, the Lawrence County clearance rate would drop to about 60 percent. In

¹ 2007 Ohio Courts Summary

contrast, Athens and Washington counties reported a clearance rate of 105 percent and 102 percent respectively, indicating their Common Pleas courts were able to address a portion of their backlog. The effective clearance rate with the backlog included for the peer counties was not evaluated as a component of this audit.

The Lawrence County Clerk of Courts Office (the Office) provides support to the Common Pleas Court and Lawrence County. **Table 7-5** compares the number of cases, employees, and clearance rates in the Lawrence County Clerk of Courts Office and the peer counties.

Table 7-5: 2007 Caseload Per Clerk of Courts Employee Comparison (FTE)

	Lawrence County	Peer Average	Difference	Percent Difference
Number of Cases	1,262.0	1,760.7	(498.7)	(28.3%)
Number of Employees (FTE)	5.0	6.2	(1.2)	19.4%
Number of Cases/FTE	252.4	285.4	(33)	(11.6%)
Clearance Rate Percentage	33.0	97.7	(64.7)	(66.2%)

Source: Lawrence County and peer Clerk of Court Staffing Information and 2007 Supreme Court of Common Pleas Report.

As illustrated in **Table 7-5**, the Clerk of Courts Office processed about 11.6 percent fewer cases per FTE than the peers but had a clearance rate that was approximately 66 percent below the peer average. On an FTE basis, Lawrence County has fewer staff than the peers in the Clerk of Courts Office.

The Clerk of Courts Office consists of a Legal Department and Title Department. The Legal Department, which is comprised of 5.0 FTE employees, handles documents or filings for civil, criminal, domestic relations, and appellate cases. The Legal Department's responsibilities include processing fines, fees, and restitutions; judgments, warrants, and summons; and notary and appeal services. It also serves as the Clerk of the 4th District Court of Appeals and provides additional services accordingly. Recently the Legal Department has begun receiving Title IV-D funding from the Ohio Department of Job and Family Services (ODJFS) for processing and filing child support cases. The Title Department consists of 4.5 FTE employees who are responsible for processing titles for motor vehicles, including automobiles, motorcycles, mobile homes, travel trailers, campers, motor homes, boats, etc. Additionally, although fees have not changed since 1993, the Title Department has remained self-sufficient.

Although the Clerk of Courts Office has not fully implemented or updated court rules or policies and procedures, it has developed practical procedures for daily operations. For example, to limit potential variances, the Legal and Title Departments separately handle cash collection, which is then reconciled centrally. In addition, the Office has cross-trained a staff member from each department to help it maintain operations in the event of an absence. The Office has also recently

updated its computer software and equipment and uses outside computer support. These enhancements have enabled the Office to track various statistical information regarding its Legal and Title Department operations while reducing pre-existing issues such as duplication of effort.

Expenditures

Table 7-6 shows the historical General Fund operating expenditures for the Lawrence County Common Pleas Court.

Table 7-6: Common Pleas Court Operating Expenditures

Category	Actual 2004	Actual 2005	Change	2006	Change	2007	Change	Average Annual Change
Salaries	\$281,082	\$285,955	1.7%	\$322,548	12.8%	\$348,199	8.0%	7.5%
Supplies	\$8,876	\$10,450	17.7%	\$11,224	7.4%	\$16,659	48.4%	24.5%
Equipment	\$1,461	\$3,104	112.5%	\$17,461	462.5%	\$0	(100.0%)	158.3%
Contract Repairs	\$7,043	\$4,659	(33.8%)	\$3,718	(20.2%)	\$8,949	140.7%	28.9%
Travel	\$3,066	\$2,284	(25.5%)	\$2,932	28.4%	\$1,931	(34.2%)	(10.4%)
Fees	\$15,440	\$19,280	24.9%	\$23,904	24.0%	\$14,691	(38.5%)	3.4%
Transcripts	\$3,298	\$4,925	49.4%	\$12,472	153.2%	\$10,212	(18.1%)	61.5%
Foreign Judges	\$1,383	\$2,210	59.8%	\$2,173	(1.7%)	\$2,296	5.7%	21.3%
PERS	N/A	\$37,988	N/A	\$41,400	9.0%	\$48,601	17.4%	13.2%
Health Insurance	N/A	N/A	N/A	N/A	N/A	\$64,700	N/A	N/A
Other Expenditures	\$5,738	\$12,258	113.6%	\$27,499	124.3%	\$19,136	(30.4%)	69.2%
Total Expenditures	\$327,387	\$383,113	17.0%	\$465,330	21.5%	\$535,375	15.1%	17.8%
Total Expenditures w/out Health Insurance	\$327,387	\$383,113	17.0%	\$465,330	21.5%	\$470,675	1.1%	13.2%

Source: Lawrence County

Table 7-6 shows that without consideration of health insurance expenditures, the Common Pleas Court's expenditures have increased by an average of 13.2 percent annually. Additionally, because the Clerk of Court operates as a function of the Common Pleas Court, its historical General Fund expenditures are shown in **Table 7-7**.

In their response to the audit, the Common Pleas judges noted they had made several reductions in personnel in 2007. These included retirement or resignation of a part-time court reporter, a switchboard operator, a security person, and the senior court reporter, of which only the court reporter was replaced. Similarly, the position of mediator was reduced to part-time. The judges estimated these changes would result in cost savings of \$70,000 for 2007 and an 8.4 percent decrease in costs in 2008. However, the County's expenditure reports do not illustrate the total

savings expected by the judges, some of which may have been offset by the costs associated with separation in employment. The judges are encouraged to consult with the Auditor and his staff to identify the causes for the cost increases and the reasons that the expected decreases are not reflected in the Common Pleas Court expenditure reports.

Also, the judges noted in their response that, in 2007, they used about \$42,000 from court income funds to pay for supplies and materials, assuming payment for these items and shifting the costs from the General Fund to a special court fund. Like the anticipated reductions in salary costs, the expenditure reports do not reflect this reduction in costs to the General Fund. The judges indicated the cost shifted from the General Fund would be paid through court funds in 2008 as well. As the 2006 and 2007 expenditures shown in **Table 7-6** were taken directly from the County's accounting system and reflect only General Fund expenditures, the judges may wish to consult with the County Auditor to determine what additional cost drivers caused the increases in expenditures.

Finally, the judges noted the Court had made significant changes in its charges for transcripts which it expects to result in new revenue. The charges are expected to generate several thousand dollars, according to the judges. This would be a new revenue stream for the Court and might allow it to reduce its reliance on the General Fund for some expenditures.

Table 7-7: Clerk of Court's Operating Expenditures

Category	Actual 2004	Actual 2005	Change	2006	Change	2007	Change	Average Annual Change
Elected Official Salary	\$48,259	\$49,417	2.4%	\$50,665	2.5%	\$51,765	2.2%	2.4%
Staff Salaries	\$132,706	\$136,996	3.2%	\$144,636	5.6%	\$147,830	2.2%	3.7%
Equipment	\$3,043	\$3,918	28.7%	\$3,255	(16.9%)	\$0	(100.0%)	(29.4%)
Contract Service	\$350	\$872	149.1%	\$452	(48.2%)	\$0	(100.0%)	0.3%
Travel	\$0	\$6,300	100.0%	\$4,762	(24.4%)	\$0	(100.0%)	(8.1%)
PERS	\$368	\$436	18.8%	\$446	2.1%	\$0	(100.0%)	(26.4%)
Health Insurance	\$0	\$37,574	N/A	\$42,271	12.5%	\$60,871	44.0%	28.3%
Other Expenditures	\$2,096	\$150	100.0%	\$241	60.6%	\$0	(100.0%)	20.2%
Total Expenditures	\$186,823	\$235,663	100.0%	\$246,727	4.7%	\$260,466	5.6%	36.8%
Total Expenditures w/out Health Insurance	\$186,823	\$198,089	6.0%	\$204,456	3.2%	\$199,595	(2.4%)	2.3%

Source: Lawrence County

Table 7-7 illustrates that the Clerk of Court reduced its expenditures in all categories except the elected official's salary, staff salaries, and health insurance. Although the Clerk of Court managed to reduce expenditures overall in 2007, the rising health insurance costs resulted in a

5.6 percent increase to total expenditures in 2007 compared to 2006. When expenditures on health insurance are excluded, the Clerk of Court's costs have increased by an average of 2.3 percent over the last four years.

Recommendations

Staffing

R7.3 The Lawrence County Common Pleas Court should consider redistributing duties among its staff and implementing court technology that would permit staff reductions and alignment of its auxiliary staffing with the peer average. Reducing staffing to the peer average would help the Common Pleas Court achieve workloads similar to peer counties. Applying performance management principles (as described in R2.4) could help the Court achieve greater levels of efficiency and effectiveness over the long-term. This could help it better control costs in the future.

During the course of the audit, the senior court reporter announced her retirement. The Judge hired an additional court reporter to be trained by the senior court reporter. Upon the retirement of the senior court reporter (projected in early 2009), the staffing level for this position will fall to 2.0 FTEs.

The Court operates with 2 FTE bailiffs, 3 FTE court reporters, and 3 FTE administrative assistants, for a total of 8 FTE auxiliary staff compared to the peer average of 4.3 FTEs (see **Table 7-4**). Unlike Lawrence County, the peers do not employ court reporters. Instead, the peers use their administrative assistants or a technology-based solution to perform this function. Furthermore, although the Common Pleas Court reports serving a population 8.7 percent smaller than the peer average, its population per FTE employee and number of cases per FTE employee are 43.4 percent and 56.2 percent below the peer average, respectively. Therefore, the Common Pleas court is operating at a level that is only half as productive as the peers.

By reviewing and adjusting existing job descriptions and researching and implementing court technology, the Common Pleas Court could reduce its staff. Decreasing its staff would not only bring staffing levels more in line with the peer average but would aid in addressing the County's financial deficit through reductions in salary and benefit costs. Increasing the workload for each staff member to a level more comparable to the peers would result in the Court being more efficient and cost effective.

As the high level review conducted in this performance audit did not examine each staff members' responsibilities, the Court could use existing measures available through other county governments and professional associations to assess its efficiency and improve workload statistics. For example, it could apply performance measures recommended in *Trial Court Performance Standards and Measurement System* (US Department of Justice Bureau of Justice Assistance, 1997) which was piloted in Meigs, Stark and Wayne counties Courts of Common Pleas. Additional literature on measures and measurement

systems can also be found through the National Center for State Courts. In addition, a job audit might help the Court reveal areas of inefficiency and address these through enhanced job duties. Finally, the Common Pleas Court could seek opportunities to share staff with the other County courts, creating economies of scale and enhancing cost reduction opportunities.

Financial Implication: A reduction of at least 1.0 FTE court reporter would result in savings of approximately \$37,000 in salary and benefits in 2009. In order to become more comparable to the peers, additional staff reductions of 2.0 FTE court reporters may be feasible. Additional savings could be achieved through the application of performance management and workload measurement, as well as resource sharing; however, this amount cannot be quantified.

R7.4 The Lawrence County Common Pleas Clerk of Courts Office should continually monitor staffing levels and work loads in the Legal and Title Departments. The Office should seek additional opportunities to enhance its efficiency, reduce redundancy, and improve employee development.

As shown in **Table 7-5**, the Office operates with 5.0 FTE employees compared to the peer average of 6.2 FTEs. However, the Clerk of Courts Office manages 252.4 cases per FTE, 33 cases per FTE less than the peer average of 285.4. In addition, the Clerk of Courts' clearance rate, the percentage of cases that are received and processed within a year, was about one third of the peer average.

The low clearance rate and lower number of cases processed per FTE compared to the peers suggests opportunities to improve operational inefficiency exist. By capitalizing on the introduction of new technology and cross-training office personnel, the Clerk of Court can continue to streamline office procedures to generate additional cost savings through reductions in staff. Setting target benchmarks for productivity and clearance rates would assist the Clerk of Courts in identifying the volume of work appropriate for each staff member.

As the Office has already begun implementation of some processes to increase efficiency, the Clerk should continue to identify and implement practices that would bring the productivity of the staff to a level commensurate with the peers. As the level of Office efficiency improves, the Clerk should consider eliminating 1.5 FTE positions from the Office's authorized staffing..

Financial Implication: Eliminating 1.5 FTE positions from the Office would result in annual savings of \$51,000, including salaries and benefits.

C. Municipal Court

The Lawrence County Municipal Court (the Court) consists of a Criminal and Civil Division. The Criminal Division handles traffic cases, misdemeanor criminal cases, and preliminary hearings in felony cases. The Civil Division handles complaints of up to \$15,000, small claims cases not to exceed \$2,000, and eviction cases. The territorial jurisdiction of the Lawrence County Municipal Court includes the City of Chesapeake, the Townships of Fayette, Mason, Perry, Rome, Symmes, Union, and Windsor.

Most County offices are centrally located at the Lawrence County Courthouse. However, due to space constraints, the Municipal Court is located approximately 17 miles away in Chesapeake, Ohio. Although the Municipal Court is able to operate effectively from its location, it has had a negative effect on the Municipal Court's General Fund. Unlike the centrally located offices, the Municipal Court has had to absorb all of its utility and postage costs and funding for the County law library. These costs were not included in the Court's annual appropriations due to the County's poor financial condition.

The County has implemented a community service program to aid in the rehabilitation of offenders within its jurisdiction. Community service is unpaid work performed by an offender for a civic organization. It is not a sentence but rather a special condition of probation or supervised release in which the Court requires that the offender complete a specified number of hours of community service within a given time frame. Once the offender has completed the required number of hours, they may continue to complete community service at a rate of \$5.00 per hour to pay off any remaining unpaid fines levied by the Court. However, court costs and probation fees cannot be paid through community service.

Caseload

As illustrated in **Table 7-8**, the overall caseload for the Lawrence County Municipal Court has increased by approximately 3.5 percent since 2004. The greatest increases were in felonies, contracts, and forcible entry and detainer (FED) cases for the County, as well as the peers.

Table 7-8: 2004-2006 Historical Overall Caseload Data

	2004	2005	Percent Change	2006	Percent change	Three Year Percent Change
Lawrence County	6,146	6,233	1.42%	6,360	2.04%	3.48%
Athens County	11,287	11,410	1.09%	12,042	5.54%	6.69%
Scioto County	16,569	18,401	11.06%	16,357	(11.11%)	(1.28%)
Washington County	10,312	10,402	0.87%	11,512	10.67%	11.64%

Source: State Supreme Court Summary Report for 2004, 2005, and 2006.

According to the 2006 State Supreme Court Municipal Court Summary, the Lawrence County Municipal Court had a 99 percent overall clearance rate suggesting that cases were processed through the system with few dismissals. The peer average clearance rate was 102 percent, which means the peers were able to process new filings and cases pending from the previous year. Additionally, when compared to the average of the three peer municipal courts (Athens, Portsmouth, and Marietta), Lawrence County Municipal Court had over 50 percent fewer cases.

Staffing

Table 7-9 shows the Lawrence County Municipal Court staffing levels by position and by full-time equivalent (FTE) in 2007. The peer average is also shown in the table.

Table 7-9: Municipal Court Staffing

Classification	Number of Positions	Number of FTEs	Peer Average FTEs
Total Court Staff	11	5.13	12.79
Presiding Judge	1	0.50	
Acting Judge	1	0.04	
Magistrate	2	0.08	
Clerk of Court	1	1.00	
Chief Deputy Clerk	1	1.00	
Deputy Clerk	4	2.34	
Bond Clerk	1	0.18	
Total Auxiliary Staff	6	4.35	5.13
Bailiff	3	1.35	
Community Service Coordinator	1	1.00	
Court Administrator/Probation Officer	1	1.00	
Security Guard/Bailiff	1	1.00	
Total Municipal Court Staffing	17	9.48	17.92

Source: Lawrence County Municipal Court 2007 Staffing List.

¹ Staff directly related to the processing of cases.

The Court staff (5.13 FTEs) is primarily responsible for processing municipal court cases. This is about half the number of FTEs employed by the peers. **Table 7-10** compares the number of cases processed per FTE in Lawrence County to the peer average.

Table 7-10: Number Cases Processed Per FTE

	Number of Cases	Number of FTEs	Number of Cases per FTE
Lawrence County	6,360	4.6	1,375
Peer Average	13,304	11.3	1,167
Percent Difference from Peer Average			15.1%

Source: The Supreme Court of Ohio 2006 Ohio Courts Summary and Lawrence County and Peer County staffing information.

Table 7-10 shows that although Lawrence County Municipal Court staff processed fewer total cases, on an FTE basis, it process 15 percent more cases than the peer average. Therefore, the Court is operating more efficiently than its peers.

Although the Court appears to be operating more efficiently than the peers, this high-level review of its operations did not examine additional measures. The Court might benefit from the application of additional performance measures, described in **R2.4** and **R7.3**. Court-specific measures, available through the US Department of Justice and the National Center for State Courts, may be useful in improving the efficiency and effectiveness of its services. Likewise, resource sharing with the other criminal justice functions in the County might help the Court further improve its performance and reduce its costs.

Recommendations

R7.5 Lawrence County Municipal Court should implement additional programs that serve as an alternative to incarceration or improve the likelihood of successful rehabilitation of public offenders. The Court should seek grant funding to help support these programs. Developing and implementing programs that are funded through non-General Fund resources would provide the County with additional options associated with the rehabilitation of public offenders. In addition to improving the outcomes of rehabilitation, alternative programs would reduce the County's costs for incarceration.

Lawrence County Municipal Court has established a community service program; however, this is its only alternative program. Although the program has been successful in reducing costs related to imprisoning offenders and is funded through grant resources, the Court has not been as successful in researching or obtaining funding for other programs.

The following are programs that are available in the peer municipal court systems:

The Marietta Municipal Court (Washington County) uses the Byrne Memorial Grant to fund a drug court, which aims to improve the functioning of the criminal justice system, with an emphasis on violent crime and serious offenders, and enforcing State and local laws that establish offenses similar to those in the federal Controlled Substances Act (21 U.S.C. 802(6) et seq.).

The Portsmouth Municipal Court (Scioto County) has several alternative sentencing programs devoted to reducing jail stays and costs. These programs, which are funded through a Community Correction grant, include community service, work release, and electronic monitoring house arrest. Such programs also benefit the Sheriff's Office by reducing costs associated with incarceration.

The Athens Municipal Court (Athens County) has several special docket courts that help reduce the costs of incarceration, which include the following:

- Substance Abuse and Mental Illness (SAMI) cases are handled in SAMI court;
 - The SAMI court receives clients through referrals from the client's family or self-admission. However, the Municipal Court and attorneys involved usually recommend clients for the program. The client must have a serious mental illness and a co-occurring substance abuse problem; however, the Court also admits clients who possess a serious mental illness only. Due to budget constraints, clients must be eligible for Medicaid to receive

treatment. As of January 2008, 20 clients were active in the program. In FY 2004-2005, the SAMI Court calculated that the program had saved \$100,000 in jail bed costs by taking in first-degree misdemeanor offenders rather than requiring them to serve six months in jail (the maximum sentence) at \$50 per day. The program coordinator has not updated these figures since 2005 but believes that the program has continued to be successful in reducing costs. The Director stated that by keeping SAMI clients out of the regional jail, the program has resulted in substantial savings to the City and County.

- Operating a Vehicle while Intoxicated (OVI) cases are handled in DUI court;
 - The DUI Court began operating in February 2006. This program is only for repeat OVI offenders. The Court is completely grant funded through a three year Ohio Department of Public Safety grant. Athens has one of three DUI courts in Ohio (other two are located in Akron and Claremont County.) The program was designed to reduce jail stays for OVI offenders, thereby reducing County expenditures for jail costs. Ninety-five percent of the clients are court ordered or attend to avoid jail time. As of January 2008, the Court had 44 active cases, meaning that the clients had been sentenced and were actively involved in treatment. In order to graduate from the program, the client must successfully complete the four phase process, and pay coinciding fines and court costs. If the client does not successfully complete the program, the original jail sentence will be reinstated or inpatient treatment may be considered. The chief probation officer for the program stated that this program has greatly decreased jail sentences for DUI offenders.

- Non-violent misdemeanor cases are handled within Intensive Probation;
 - The Intensive Probation program targets high risk misdemeanor offenders who have a history of substance abuse and lack job skills. The program is funded through a grant from the Department of Rehabilitation and Correction (DRC) and the Chief Probation Officers Association for jail diversion and to ease jail overcrowding. The grant is \$74,000 per year and is used for staff, travel and all other expenses related to the program. As of January 2008, the program served 84 clients and anticipates 30-40 additional people before the end of 2008. Program requirements include: 100 hours of community service (clients can work off their fines and other associated costs by receiving credit at \$5.15/hr for every hour of work completed); drug and alcohol screening (through a local provider); driving intervention for OVI charges; domestic violence program for those charged

with assault and domestic violence related charges; mental health screening and counseling through Tri-County Mental Health and Counseling Services if needed; and job training/placement if needed. If the client has not completed high school they will be court ordered to successfully complete the General Educational Development (GED) program.

- Underage Alcohol Diversion cases are handled within the Diversion Program.
 - The Underage Alcohol Diversion program began in 1999 to reduce underage drinking. The program works by sentencing offenders to a 90-day program that includes education, community service, a reading assignment, and paying fines and fees. If the person completes all the requirements, the underage consumption charge is expunged from their record. In 2007, the program had 597 offenders with a 95 percent success rate. The program is self sufficient due to the fines and fees paid by the offenders. Additionally, the offenders in the program have completed 7,200 hours of community service in 2007, which equates to \$50,000 in service to the community.

Implementing additional programs similar to those in place in the peer and other Ohio counties would enable Lawrence County to provide a greater range of rehabilitation services to offenders without increasing its costs, particularly if it could fund the programs through grant resources or cost savings in other areas. Offering programs that rehabilitate offenders while avoiding lengthy jail sentences would provide the County with an opportunity to reduce the costs associated with sentencing offenders (see the **Sheriff's Office**). Improved rehabilitation outcomes also reduce the rate of recidivism and its associated costs to the criminal justice system. During the course of the audit, Lawrence County began working with two organizations to implement home confinement programs. The County estimates they can save \$144,000 annually by decreasing inmate population in the jail. Other diversion or rehabilitation programs may help the County realize cost savings or redirect its resources to other areas, such as its mental health and substance abuse programs.

D. Juvenile Probation

The Juvenile Probation Department is part of the Lawrence County Common Pleas court, Probate Division, and serves under the Juvenile Probate Judge. The Department operates with three sources of revenue: a Department of Youth Services (DYS) grant, Temporary Aid to Needy Families (TANF) funds, and County General Fund revenues. The majority of the funding originates from the DHS Care and Custody subsidy grant, which funds the director's position, one probation officer, and one secretary. TANF funds one truancy diversion position with the county general fund paying for the remaining two probation officers. According to the Director, the Department has established a pool of funds with other County departments to pay for services and programs. This has enabled the Sheriff's Department and Juvenile Probation Department to jointly fund a School Resource Officer. The Home Detention program and Juvenile Probation Department also pool funds to split the cost for two secure beds at the Scioto County Juvenile Detention Center.

Programs

The Department operates approximately ten programs annually that are tailored to the clients' needs. For FY 2008, the Department funds the following programs:

- **Substance Abuse:** the Department contracts with a third party to provide substance abuse counseling for clients;
- **Alternative School:** the Department pools funds with the local school district to fund the alternative school as part of a diversion program. Students from Juvenile Probation, Home Detention, and those who are court ordered attend classes at the school;
- **Monitoring/Surveillance:** this program includes ankle bracelets for home arrest;
- **Secure Detention Services:** The Home Detention program and the Department pool funds to pay for two secure beds at the Scioto County Juvenile Detention Center;
- **Traffic offender:** the Department jointly funds a teen traffic school with the State Highway Patrol and the OU Extension Office;
- **Work detail:** this activity includes more traditional "community service" type work, such as raking leaves at the court house;
- **Recreation:** these programs are administered through the OU Southern Campus and includes therapeutic horseback riding. It is jointly funded with the Lawrence County Board of Mental Health;
- **Law enforcement services:** This program is a pooled effort with the public schools and the sheriff's office and provides a school resource officer and drug dog;
- **Prevention:** This includes drug prevention programs through faith-based programs, 4-H, and an after school drug prevention program. The OU Southern campus administers the 4-H program in a high-risk neighborhood. The after school drug and alcohol prevention program for 2008 will also target the same high-risk neighborhood; and

- **Drug testing:** This program is random. If the offender has a substance related charge or a history of substance abuse, then the testing would be much more frequent.

Staffing

The Juvenile Probation Department has one full-time Chief Probation Officer who also serves as the Youth Programs Director and Grant Administrator. According to the Chief Probation Officer, 50 percent of her time is spent as the youth programs administrator, 40 percent as the Chief Probation Officer and the remainder of her time as the Grant Administrator. This position is fully funded through Department of Youth Services (DYS) grants. In other counties, these duties are normally handled by 3 separate FTEs instead of using 1 FTE to cover the three roles. The Department also consists of two full-time Probation Officers who are funded through County General Funds and one full-time Probation Officer who is funded with the DYS grants. The Department also employs a full-time secretary who is paid with DYS funds and full-time Truancy/Diversion/Court Social Worker who is funded through TANF. Overall, the Lawrence County Juvenile Probation Department consists of 6 FTE: 3.9 FTEs are primarily associated with probation activities and 2.1 FTEs responsible for completing other duties.

Table 7-11 compares 2007 Lawrence County Juvenile Probation Department staffing levels and number of cases maintained to the peer counties' average.

Table 7-11: Overall Caseload Comparison

Comparison to Lawrence County	Probation FTE	Cases	Cases/FTE
Lawrence County	3.9 ¹	1,036	265.6
Peer County Average	4.7	759	163.1
Percent Above/(Below) Peer Average	(16.4%)	36.5%	62.9%

Source: Lawrence, Athens, Scioto, and Washington Counties' interviews and annual reports.

¹ Staffing numbers do not include those staff whose duties are not primarily associated with probation activities, such as court deputy clerks and grant coordinators.

According to the Department, the probation officers average 60 cases per FTE and 35 felony cases per FTE. However, these numbers are self reported during monthly staff meetings and reflect only active cases. **Table 7-11** reflects annual caseload averages. When comparing annual caseload averages, the Lawrence County Juvenile Probation Department has 16.4 percent less staff devoted to 36.5 percent more cases. Therefore, the Department maintains nearly 63 percent more cases per FTE when compared to the peer average.

Expenditures

When examining the expenditure reports for the Lawrence County Juvenile Probation Department, auditors noted the reports aggregate Juvenile Court and Juvenile Probation Department expenditures. Therefore, the expenditures do not accurately reflect the costs of the juvenile probation program. Additionally, many of the Department's staff and programs are funded through grants which are not reflected in the General Fund financial reports and are typically reported by the specific grant fund.. To ensure it fully understands the cost of providing juvenile probation services, the Court should apply performance measurements (see **R2.4** and **R7.3**) and ask the County Auditor to provide specific financial reports that capture both General and Special Revenue (grant) fund expenditures to better illustrate the total cost of operation (see **R7.6**).²

² The Deputy County Auditor noted in his response to the audit that detailed financial reports are available to departments and offices in electronic format. Auditors noted, however, that these do not appear to be widely used for planning or decision-making purposes. The Auditor's Office may wish to study the effectiveness of the electronic reports and their use by county department heads and elected officials.

Recommendation

R7.6 Lawrence County should develop annual and interim financial reports that disaggregate grant funding received by the Juvenile Probation Department to more accurately reflect the revenues and expenditures associated with individual grant activities. Developing financial reports that separate revenue and expenditure activities by specific grant would enable the County to better evaluate the overall costs related to the operation of the Juvenile Probation Department.

The County uses a version of program accounting when generating department financial reports. Therefore, it combines all revenues and expenditures related to the Juvenile Court and Juvenile Probation Department into a single “program”. By neglecting to separate components of the Juvenile Court and Juvenile Probation Department, and excluding detailed grant funding in the financial report, the County is not accurately portraying the costs associated with the Juvenile Court and Juvenile Probation Department or their reliance on the General Fund.

According to GFOA,³ a government should periodically evaluate the performance of the programs and services it provides. An effective performance measure for evaluating programs includes budgetary compliance. However, in doing so, a government should be able to document and fully evaluate expenditure options. To effectively evaluate expenditures, stakeholders should be able to review expenses at the fund level and program level. For example, the Athens County Auditor’s Office maintains financial reports for each department within the County. These reports provide detailed information which management can use to make informed decisions. The financial reports at the department level include, but are not limited to, the following information:

- Salaries,
- Benefits,
- Workers’ Compensation,
- Supplies,
- Equipment,
- Contract services, and
- Other expenses.

³ *Develop Mechanisms for Budgetary Compliance / Evaluate Revenue and Expenditure Options / Monitor, Measure, and Evaluate Program Performance / Monitor, Measure, and Evaluate Budgetary Performance* (GFOA, 2000)

The County could better evaluate the financial condition and performance of each department by maintaining detailed financial reports and measures (see also **R2.4** and **R7.3**). The ability to readily assess the financial position of its departments and offices would help the County be proactive in addressing financial difficulties. Detailed financial reporting can provide a base for performance measures and benchmarking and could help the County better determine the cost effectiveness of certain programs. Although the Deputy Auditor noted that the Auditor's Office provides detailed expenditure reports, department heads and elected officials may require additional support and technical expertise when applying the information presented in the reports to their operations.

In *Measuring the Cost of Government Service* (GFOA, 2002), GFOA notes that measuring the cost of government services is useful for a variety of purposes, including performance measurement and benchmarking; setting user fees and charges; and activity-based costing and activity-based management. The full cost of a service encompasses all direct and indirect costs related to that service. Direct costs include the salaries, wages, and benefits of employees while they are exclusively working on the delivery of the service, as well as the materials and supplies, and other associated operating costs such as utilities and rent, training and travel. Indirect costs include shared administrative expenses within the work unit and in one or more support functions outside the work unit (e.g., legal, finance, human resources, facilities, maintenance, technology). GFOA recommends that governments calculate the full cost of the different services they provide. Once calculated, the information can be reported on a program-by-program basis and used by decision-makers.

GFOA also recommends consolidating similar internal funds into a single fund for external financial reporting purposes (*Improving the Effectiveness of Fund Accounting*, 2004). As specifically noted in the authoritative accounting and financial reporting standards, the use of unnecessary funds for financial reporting purposes creates undue complexity. For example, grants for similar purposes (e.g., juvenile corrections) could be combined into a single special revenue fund. GFOA also suggests every state or local government that uses fund accounting should periodically⁷ undertake a comprehensive evaluation of its fund structure to ensure that individual funds that have become superfluous are eliminated.

Finally, *Governmental Accounting, Auditing and Financial Reporting* (GFOA, 2005) suggests that grant funding should be recognized as revenue as soon as all eligibility criteria have been met and the related amounts become available.

Directly reporting grant funding in the Juvenile Court and Juvenile Probation Department financial statement would enable the County to better evaluate the financial condition of its departments and their impact on the General Fund. Furthermore, reporting grant funding directly would enable the County to more easily compare program expenditures

to the grant funding received. Using the practices mentioned above would help the County better understand the full costs associated with its programs. These practices could be applied County-wide.

E. Home Detention

The Home Detention Program in Lawrence County treats and houses children ages 12 to 18 years old who are delinquent or awaiting arraignment. The Home Detention facility (Detention Home or Group Home) is a 140 year old orphanage home that has been converted to accommodate 24 inmates (18 male and 6 female). The Detention Home is operated 24 hours a day and is staffed 365 days per year. The Program is staffed by 17 FTE employees that include a Director, a Case Manager, childcare providers, and a cook.

All residents are court ordered to be housed at the Detention Home. The Detention Home averages 20 residents daily with an average length of stay of 31.5 days. The Director stated that the Home Detention Program serves approximately 400 children annually. Those ordered to be housed at the Detention Home are classified as either detention or rehabilitation status. Detention status suggests they are awaiting arraignment and require confinement. This status is short term and is considered similar to adult imprisonment. Rehabilitation status is more long term and is designed for children that are preparing to reenter the community. Only during rehabilitation are the residents permitted to attend classes at a local alternative school or other programs, as needed.

The Detention Home also accepts children in the rehabilitation process from outside Lawrence County. The Detention Home serves an average of 40 children per year from outside the County and charges the child's residential county \$75 per child per day for their services. However, this is about \$30 less than the per diem cost associated with housing each child. The remaining costs are subsidized by State funds from the Department of Youth Services (DYS). For all offenders, there is no set timeframe for rehabilitation. In order to leave, the children must make progress toward behavioral goals jointly set by the Judge and Group Home staff.

Athens County does not have an on-site juvenile detention program. It contracts with the Muskingum County Center for these services at \$99 per day for each of two beds. If Athens County needs additional beds, the rate increases to \$110 per day per bed. Athens County has also sent their offenders to Scioto County for detention if the Muskingum County Center was full.

Scioto County has a five-year-old detention facility that houses youth offenders from the surrounding counties, including those from Lawrence County. The facility has the capacity to house 24 offenders but usually has about 15 children there at any one time. Scioto County tries to focus its efforts on the treatment of delinquent children rather than punishment, allowing children to receive counseling while incarcerated.

Washington County operates a residential rehabilitation facility for children between the ages of 12 and 18 who are committed by the County Juvenile Judge. The facility has three programs: rehabilitation, shelter care, and detention. The facility can house up to 15 male and 10 female children. In 2006, the center had admitted 30 children to the rehabilitation program, 21 to the

shelter care program, and 107 to the detention program. In the Juvenile Court annual report, it is reported that the children performed 5,398 hours of community service in 2006.

Financial Data

As illustrated in **Table 7-13**, expenditures related to Home Detention have fluctuated from 2004 to 2007. However, through additional grant funding shown in **Table 7-12**, the Home Detention Program has nearly doubled its revenues during the same period.

Table 7-12: Home Detention Historical Revenues, 2004-2007

Revenue	2004	2005	2006	2007
Independent Life Skills Fund				
Independent Life Skills Grant	\$10,001	\$2,718	\$13,248	\$110,033
Independent Life Skills Transfers In	\$0	\$888	\$0	\$0
Rehabilitation Fund				
Rehab Other Reimbursements	\$154,120	\$96,430	\$126,670	\$244,711
Rehab Refunds	\$2,742	\$0	\$0	\$0
Rehab Grant Receipts	\$9,469	\$0	\$0	\$0
Rehab Misc. Receipts	\$6,100	\$2,500	\$700	\$0
Rehab Transfers In	\$0	\$0	\$60,499	\$0
Group Home Family First Fund				
Group Home Family First Prevention	\$0	\$0	\$118,041	\$0
Transfers In	\$0	\$0	\$5,061	\$0
Care and Custody Fund				
Care and Custody Grant Receipts	\$199,146	\$222,941	\$332,248	\$382,662
Care and Custody Misc. Receipts	\$2,420	\$30	\$6,891	\$0
Americorp Grant Receipts	\$2,723	\$0	\$0	\$0
Care And Custody Transfers In	\$1,980	\$880	\$0	\$0
Food Service Fund				
Food Service	\$22,155	\$18,988	\$17,129	\$18,449
Food Service Transfers In	\$4,206	\$11,179	\$20,000	\$0
Other Grants				
Block Grant	\$0	\$0	\$0	\$22,463
Group Home Community Service Grant	\$0	\$0	\$0	\$24,710
Capital Improvement	\$0	\$0	\$0	\$16,000
Total Revenue	\$415,061	\$356,555	\$700,486	\$819,026

Source: Lawrence County Financial reports for 2004, 2005, 2006, and 2007.

Note: The financial report for 2007 did not breakdown the funds as in previous years.

Although the Home Detention Program should be fully funded through County funds, the County's fiscal distress has reduced the amount of General Fund revenue the program receives. The Home Detention Program operates using a combination of County General Fund monies, State funds (from Ohio Department of Education (ODE) meal reimbursements and/or ODJFS grants), DYS subsidies, and revenue generated by housing children from outside the County. The Detention Home uses the ODE meal reimbursements to operate its on-site kitchen and cafeteria.

Other grant money is obtained through the TANF program and is used to operate the Family First program, an intensive in-home program to reduce out-of-home placement. The County receives \$96,000 annually for this program. Two staff members work approximately 20 hours a week on this program to teach families life skills (hygiene, lice removal, proper nutrition, etc.). This program served four families in 2007.

As shown in **Table 7-12**, overall revenues have increased. The Group Home uses a variety of revenue and has recently secured capital improvement funding from DYS. This additional funding is to remodel the facility to allow the County to become Title IV-E eligible. In addition, several funds increased significantly, including the Independent Life Skills grant, the Care and Custody subsidy and the Rehab fund. The Rehab fund includes the revenue generated by out of county children who come for treatment at the Group Home. Furthermore, the program received funds from several new sources including a block grant, a community service grant, and the DYS capital improvement revenue.

Table 7-13 shows the Home Detention expenditures for 2004-2007.

Table 7-13: Home Detention Historical Expenditures, 2004-2007

Expenditures	2004	2005	2006	2007
Independent Life Skills Fund				
Supplies	\$1,620	\$595	\$0	\$0
Equipment	\$8,380	\$11,341	\$0	\$0
Food Service	\$0	\$44,173	\$24,505	\$0
Rehabilitation Fund				
Other Expenses	\$313,820	\$124,541	\$143,342	\$0
Group Home Family First Fund				
Supplies	\$0	\$0	\$5,753	\$0
Equipment	\$0	\$0	\$5,705	\$0
Other Expenses	\$0	\$0	\$2,471	\$0
Transfer	\$0	\$0	\$60,499	\$0
Detention Home				
Salaries	\$513,938	\$498,041	\$538,465	\$547,449
Supplies	\$7,236	\$8,254	\$9,356	\$10,047
Equipment	\$695	\$420	\$1,470	\$3,500
Contract Repairs	\$25,428	\$28,580	\$30,009	\$23,755
Other Expenses	\$1,427	\$803	\$1,174	\$868
Medical Fees	\$2,071	\$1,849	\$2,036	\$254
PERS	\$0	\$66,555	\$70,461	\$178,592
Total Expenditures	\$874,615	\$785,152	\$895,246	\$764,465

Source: Lawrence County Financial reports for 2004, 2005, 2006, and 2007.

Note: The financial report for 2007 did not include a breakdown of expenses by fund as in previous years

The overall costs to operate Home Detention have decreased from 2006 to 2007, as illustrated in **Table 7-13**. Although the Group Home had a surplus of approximately \$54,500 in 2007, the program has historically operated at a deficit. In addition to increasing its access to certain State

funding streams (see **R7.7**), the County should ensure the Detention Home fully recoups the daily costs associated with housing out-of-county children. Finally, the application of performance and cost measures could help the County improve the efficiency of its Detention Home program. This high level analysis did not examine costs in detail. However, preliminary benchmark analyses indicate the daily per-bed cost may be higher than some of the peer counties. Any efforts to reduce operating costs would diminish the Detention Home's reliance on General Fund revenues for its operations.

Recommendation

R7.7 The Lawrence County Commissioners, Juvenile Court, and Home Detention staff should continue to work with DYS to improve the facility and operations in order to remain compliant with ORC and OAC requirements. Additionally, by improving the Home Detention Program, the County could become eligible for Federal Title IV-E funding. Receipt of Title IV-E funding would enable the Home Detention program to become more financially self-sufficient, reducing its reliance on the County's General Fund.

The Home Detention Program operates with a combination of revenue sources that include the County's general fund, ODE meal reimbursements, a TANF grant, DYS subsidies, and revenue generated by housing out of county detention and rehabilitation children. Due to its financial condition, the County has reduced the amount of General Fund revenue designated for the Home Detention program. The Detention Home uses ODE meal reimbursements to operate its onsite kitchen and cafeteria. The ODJFS grant annually provides the Home Detention program with \$96,000 through TANF that is used to operate the Family First program, an intensive in-home program to reduce out of home placement.

DYS and ODJFS both have oversight responsibilities for all of the group homes, detention centers, and community residential facilities for troubled youth in Ohio. Specifically, DYS controls funding for these facilities and conducts annual inspections to ensure quality of life standards are met at each facility. DYS ties the inspections to the funding requirements for facilities. Therefore, if a facility does not pass its inspection DYS will not sign the certificate the facility needs to apply for and receive RECLAIM funding -- a DYS subsidy program that comprises the majority of funding for the Lawrence County Home Detention program.

According to DYS, Lawrence County had not complied with many of the health and safety regulations that apply to its program. As a result, the County worked with DYS to develop a corrective action plan. The funding received from DYS is vital as it provides the resources required by the County to continue to operate its Detention Home Program. By January 2008, the Detention Home had passed its most recent inspection by implementing many of the improvements DYS had recommended in the corrective action plan. Significant improvements were made to the Home Detention program operations and physical plant in order to comply with DYS requests. Therefore, DYS has provided additional funding to assist the County in paying for the changes made. Since the program became compliant, it will continue to operate and receive the State subsidies.

DYS recommended to the County's Detention Home that, to improve its financial condition, it could make improvements necessary to receive Title IV-E funding. Title IV-

E refers to a federal program operated through the Social Security Administration to provide foster care reimbursement. The stipulation is that a public or private entity that provides foster care can receive reimbursement for maintenance and administration costs once the entity has attained approval from ODJFS.

According to the Office of Management and Budget A-87 Circular, all agencies that receive federal awards must report program costs. There are two types of reimbursable costs: maintenance and administrative costs. Maintenance costs are based on costs reported to ODJFS multiplied by the number of care days, which is then reimbursed at the federal medical assistance percentage⁴ (FMAP) that is calculated annually at the federal level. The FMAP for Ohio for FY 2007-08 is 60.79 percent. This percentage is the maximum reimbursable amount allowed for foster care maintenance. The administrative costs are based on the amount of allowable administration costs, which includes:

- Direct costs: staff salaries, materials for the program, equipment, and travel. All direct costs must be specifically tied to the program.
- Indirect Costs: those costs that are shared among departments in the execution of the program.

Becoming a Title IV-E agency would generate a significant amount of revenue for the Home Detention Program. However, the County must continue to work with DYS to improve its Home Detention program so that it qualifies.

Financial Implication: The effect of Title IV-E funds on County revenues would be difficult to accurately predict because of the many components of the formula for cost reimbursement. However, if Lawrence County received Title IV-E funds in proportion to its program expenditures, similar to the receipts of Washington County, it would realize additional revenue of approximately \$69,000 annually.

⁴ FMAP is computed from a formula that takes into account the actual amount spent by the state on Medicaid allowable medical expenses and the state per capita income relative to the national average.

Financial Implications Summary

The following table presents a summary of the estimated annual savings, and one time and annual cost identified in recommendations presented in this section of the report. Only recommendations with quantifiable implications are listed. Additional savings could be achieved within the County's criminal justice programs through the use of performance management and results-oriented budgeting, as well as resource sharing and consolidation to achieve greater economies of scale.

Financial Implications for the Judicial Services Section

Recommendation	Annual Revenue Enhancement	Annual Cost Savings	One-time Costs	Annual Costs
R7.1 Implement the COPS software system			\$1,000	\$1,500
R7.2 Increase grant seeking to enhance non-General Fund revenues	\$172,000			
R7.3 Reduce staffing in the Common Pleas Court auxiliary by at least 1 FTE		\$37,000 ¹		
R7.4 Reduce 1.5 FTEs from the Clerk of Courts		\$51,000		
R7.7 Become eligible for and receive Title IV-E funding	\$69,000			
Total	\$241,000	\$88,000	\$1,000	\$1,500

Source: AOS recommendations

¹ First year savings. A full reduction of 3 FTEs (2.0 FTEs plus the retiring employee) by 2011 would result in a cost savings of \$136,000.

Client Response

Lawrence County administrators and elected officials were invited to provide feedback on this audit on several occasions and, at the conclusion of the audit process, to submit a formal written response to this audit. Auditors met with elected officials and administrators and, through comments provided on draft copies of this report, addressed specific issues, concerns and points of clarification. Additionally, auditors corresponded with County representatives and discussed proposed changes and additions with these individuals. Updated or additional information was provided by the County and, where appropriate, resulted in changes to the report. However, the Lawrence County Administrator and Commissioners opted not to provide a formal written response for inclusion in the final audit report.



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