



Dave Yost • Auditor of State



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To the Residents and elected officials of the City of Findlay,

At the request of the City Council, a performance audit of the City of Findlay was initiated on August 4, 2011 with funding provided through the Leverage for Efficiency, Accountability and Performance (LEAP) Fund. The functional areas assessed in the performance audit were the administrative departments, financial management, city administration and human resources management, city services facilities management, Fire Department operations and Police Department operations, and parks and recreation. These areas were selected because they are important components of City operations that support its mission. Improvements in these areas can assist in enhancing the efficiency and effectiveness of the City.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of the operations of the City of Findlay. While the recommendations contained in the audit report are resources intended to assist Findlay as it operates with expected future revenue decreases, the City is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

The report includes Results in Brief; project history; scope, objectives, and methodology of the performance audit; and a summary of noteworthy accomplishments, issues for further study, and financial implications. This report has been provided to City of Findlay and its contents discussed with the appropriate officials and City management. The City 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.ohioauditor.gov> by choosing the "Search" option.

Sincerely,

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

Dave Yost
Auditor of State

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Results in Brief

Why AOS Conducted This Audit

The City of Findlay requested the Auditor of State's Ohio Performance Team conduct a performance audit to improve the efficiency and effectiveness of operations in response to an expected decline in revenues.

Funding for the audit was provided through the Leverage for Efficiency, Accountability and Performance (LEAP) Fund, which is to be repaid the following year from the savings generated by implementing audit recommendations. A project cost of \$82,500 and total findings of \$1.3 million in savings will yield a return on investment of 1,618 percent, or \$16.18 in annual savings for every taxpayer dollar invested.

Financial Implications

The performance audit identifies potential cost savings exceeding \$1.3 million, which represents 5.1 percent of the proposed 2012 total expenditures of the City. Financial implications are summarized below. Non-financial management recommendations are discussed in the report (including strategic planning, financial forecasting, preventive maintenance, and information technology).

Summary of Performance Audit Recommendations

Recommendations	Impact
R.1 Reduce firefighting staffing by at least 4 FTEs	\$290,000
R.2 Adopt strategies for improving the cost effectiveness of the health insurance program	\$313,700
R.3 Contract with the Hancock County Sheriff for dispatch services	\$225,400
R.4 Reduce police officer staffing by at least 3 FTEs	\$213,700
R.5 Consolidate operations with the Hancock County Board of Health	\$98,400
R.6 Renegotiate provisions within the firefighter's collective bargaining agreement	\$90,800
R.8 Renegotiate longevity payments made to police and fire employees	\$76,000
R.9 Implement a fuel conservation policy	\$27,000
Total Cost Savings from Performance Audit Recommendations	\$1,335,000

Synopsis

What is Good Performance: Scope, Objectives, and Benchmarks

Applicable standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives.

Scope and Objectives of the Audit

Through a review of the operations of the City, AOS selected the following areas for detailed assessment: administrative departments, financial management, city administration and human resources management, city services facilities management, Fire Department and Police Department operations, and parks and recreation operations.

Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. AOS developed objectives designed to identify efficiencies that could be gained from the operational areas listed above.

The following objectives were identified in consultation with the City:

Financial and Strategic Management

- What types of financial reports are released by the City Auditor's Office?
- What type of reports are routinely provided to department heads (budget vs. actual statements)?
- Does the City have a strategic plan that conforms with recommended practices?
- Does the City have a capital plan that meets recommended practices?
- Is the City's financial planning (including forecasting and budgeting) in line with recommended practices?
- Is the City's purchasing process effective (centralized vs. decentralized)?
- How do the City's professional service contracts compare with peer cities?
- How does the City determine services to contract versus those to provide in-house?

Human Resources

- How does the City's overall organizational structure compare to the peer cities?
- Does the City have a staffing plan in place (including workload benchmarks, ratios, etc.)?
- Overall, how does the City's staffing levels compare to the peer cities?
- How do staffing levels within the Auditor's Office, Income Tax Department, and Mayor's Office compare to peer cities?
- How are employee salaries (and annual increases) determined? Who is involved in providing pay raises/promotions to employees?

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- How do total salaries (per resident and as a percent of total) compare to the peer cities?
 - How do step schedules compare to the peer cities? How do annual increases (increase on the base rate) compare to the peer cities?
 - How do salaries compare to similar positions in the local private sector/Ohio Municipal League?
 - How do the City's overall cost of employee retirement and insurance benefits (ERIB) compare to the peer cities and leading practices (based on the expenditure comparisons)?
 - Do the City's Worker's Compensation claims appear to be managed appropriately?
 - How does the City's human resource management function compare to recommended practices and peer cities (organization of human resources function within the city, how is it organized, who does it serve)?
 - How does the City's overtime usage compare to recommended practices? Is employee overtime effectively monitored to ensure it is not being abused?

Fire

- How do the functions of the Fire Department compare to peers based on benchmarks and performance measures?
- Do collective bargaining provisions have an impact on the City's ability to manage its workforce and costs?
- Is the station configuration appropriate for the City?

Police

- How do the functions in the Police Department compare to peers based on benchmarks and performance measures?
- Are dispatch operations efficient and cost effective?
- Do collective bargaining provisions have an impact on the City's ability to manage its workforce and costs?

Public Works/ Other Departments

(Streets, Parks, Cemetery, Forestry, Traffic Signals, Engineer, Airport, and part of Recreation)

- Are there opportunities to streamline operations?
- How do staff levels rank in comparison to benchmarks and leading practices (i.e., mowing, building maintenance, streets maintenance, etc.)?

City Services

- Are there alternatives for improved consolidation and streamlining to reduce costs in the Computer Services department?
- Could hardware and software, as well as network security be better managed?
- Does the City have a comprehensive disaster recovery plan?
- Are there opportunities for training?
- Are there opportunities to improve fuel purchasing practices?

- Are there software options for monitoring and tracking fleet maintenance that could be utilized by the City?
- Does the City have a comprehensive fleet maintenance plan?
- Has the City managed its facilities and space utilization?
- Are there software options for monitoring and tracking building maintenance that could be utilized by the City?
- Does the City have a comprehensive building maintenance plan?

Methodology and Benchmarks

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

AOS conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. AOS believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

Data was drawn from 2008, 2009, 2010, and 2011. To complete this report, the auditors gathered a significant amount of data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. The performance audit involved significant information sharing with the City, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the City of key issues impacting selected areas, and shared proposed recommendations to improve operations. The City provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

In consultation with the City, the following Ohio municipalities were identified as potential peers: the cities of Ashland, Mansfield, Middletown, Sidney, Lancaster, Newark, and Wooster. After contacting these cities to determine their willingness and ability to provide peer data, the cities of Ashland, Mansfield, Middletown and Sidney (hereafter referred to as Peer Set A) were selected as the initial peer set for this audit. Although this peer set included fewer cities than initially identified, AOS and the City mutually agreed to proceeding with the performance audit using these cities as peers.

In March 2012, new City administrators expressed concern with the size of Peer Set A. It was the City's contention that the seven municipalities identified during the planning stage as potential peers would provide a better comparison. It was agreed upon at this time that if the municipalities that were initially identified but not included in Peer Set A were contacted again

and agreed to provide data specific to select departments, this information would be used as part of the performance audit. Pursuant to this agreement, Findlay contacted the cities of Fairfield, Lancaster, Lima, Newark, and Wooster, (hereafter referred to as Peer Set B) all of which agreed to provide data for police and fire.

Due to time constraints and the level to which the original scope had already been developed, Peer Set B is presented as a separate comparison to avoid any concerns over reliability of data and audit standards of independence. As such, all recommendations and financial implications contained in the report are based on comparisons to Peer Set A. Data from Peer Set B is included whenever possible and can be used by the City to support future operational decisions.

Whenever possible, peer municipalities were used for comparison. In some areas of City operations such as police, fire, and city services, comparisons to national benchmarks, standards and other cities that have achieved efficiencies in select areas using unique practices were used. Benchmark data and standards were chosen from organizations and sources such as the State Employee Relations Board (SERB), the Ohio Department of Administrative Services (ODAS), the National Fire Protection Association (NFPA), and the Ohio Incident Based Reporting System (OIBRS).

The Auditor of State's Ohio Performance Team expresses their appreciation to the management and employees of the City of Findlay for their cooperation and assistance throughout this audit.

Noteworthy Accomplishment

The City's budget development process includes many practices recommended by the Government Finance Officers Association (GFOA) such as seeking extensive input from department heads and stakeholders when creating the budget. In addition, the City Auditor's Office prepares budget packets for City departments which include budget assumptions, and the office also provides direction to department heads when predicting expenditures. Council members are updated on a regular basis and are provided with budget packets prior to meetings. In addition, the City includes budget presentations and various updates regarding future financial projections on its website.

Issues for Further Study

Bluffton Airport, owned by the Village of Bluffton, is located approximately 15 miles from the Findlay Airport. Bluffton Airport is designed to accommodate smaller aircraft and therefore is not a direct competitor with Findlay. Bluffton contracts with a local fixed base operator for airport maintenance and operations. Findlay should consider collaborating with Bluffton to determine if any savings are possible from consolidating airport maintenance and operations services or jointly purchasing supplies such as fuel.

Conclusions

The performance audit identifies total cost savings in excess of \$1.35 million, which represents 5.1 percent of the proposed 2012 total expenditures of the City. The following table summarizes those performance audit recommendations that contain financial implications.

Summary of Performance Audit Recommendations

Recommendations	Impact
R.1 Reduce firefighting staffing by at least 4 FTEs	\$290,000
R.2 Adopt strategies for improving the cost effectiveness of the health insurance program	\$313,700
R.3 Contract with the Hancock County Sheriff for dispatch services	\$225,400
R.4 Reduce police officer staffing by at least 3 FTEs	\$213,700
R.5 Consolidate operations with the Hancock County Board of Health	\$98,400
R.6 Renegotiate provisions within the firefighter's collective bargaining agreement	\$90,800
R.8 Renegotiate longevity payments made to police and fire employees	\$76,000
R.9 Implement a fuel conservation policy	\$27,000
Total Cost Savings from Performance Audit Recommendations	\$1,335,000

Recommendations

R.1 Reduce firefighting staffing by at least 4 and up to 22 FTEs. For future staffing levels, develop and determine the correct performance indicator.

Financial Implication: The reduction of 4 FTE firefighters would save the City approximately \$290,000 annually in salaries and benefits.

The Findlay Fire Department does not operate an in-house EMS function. The City instead contracts its EMS service with two vendors. This differs from the peer cities included in both peer sets that all operate in-house EMS along with fire protection and is not the norm on a nationwide scale. In *U.S. Fire Department Profile Through 2010* (National Fire Protection Association (NFPA) Fire Analysis and Research Division, 2011) the NFPA found that only 19 percent of cities surveyed with a population of 25,000 – 49,999 operated similar to Findlay and provided fire service but did not provide EMS service. Therefore, NFPA data which includes departments with no EMS service was drawn to provide a more accurate comparison.

Table 1 displays Fire Department operating ratios for Findlay in comparison to the peer cities.

Table 1: Fire Operating Ratio Comparison

	Findlay	Average Peer Set A	Difference	Average Peer Set B	Difference
Firefighter FTEs	66.0	43.5	51.7%	68.7	(3.9%)
Population	41,202	30,095	36.9%	40,045	2.9%
Area (Square Miles)	19.1	16.5	16.2%	20.5	(6.9%)
Fire Calls	743.0	613.3	21.1%	1530.2	(51.4%)
Firefighters per 1,000 Population	1.60	1.51	5.9%	1.70	(5.6%)
Fire Calls per Firefighter	11.3	14.6	(22.8%)	21.6	(47.9%)

Source: City of Findlay, peer cities

As shown in **Table 1**, Findlay's ratio of firefighters per 1,000 population was almost 6 percent higher than the average of Peer Set A indicating the department may be overstaffed. Further supporting this initial indicator is the City's fire calls per firefighter which was 22.8 percent higher than Peer Set A.

A second peer set was selected, represented in **Table 1** as Peer Set B. In comparison to this peer set, Findlay had better than average staffing levels as witnessed by lower firefighters per 1,000 population ratio. Similar to Peer Set A, however, fire calls per firefighter were significantly lower (47.9 percent) than Peer Set B.

Although comparisons to both peer sets may provide useful performance measurement data, the fact that Findlay does not operate an in-house EMS function must be considered when comparing staffing levels. Therefore, Findlay should consider basing its staffing on the aforementioned survey data collected by the NFPA that is included in **Table 2**.

Table 2: NFPA Career Firefighters per 1,000 Population Data

	Population 25,000 – 49,999	Population 25,000 – 49,999: 52-60 Hour Weeks	Population 25,000 – 49,999 in Midwest
Firefighter per 1,000 Population Ratio	1.25	1.64	1.08

Source: NFPA U.S. Fire Department Profile Through 2010

As shown in **Table 2**, staffing level survey results published by the NFPA ranged from 1.08 firefighters FTEs per 1,000 population for Midwest cities to 1.64 firefighters per 1,000 population for 52 – 60 hour work week departments. **Table 3** displays potential staffing reductions according to each performance indicator.

Table 3: Potential Staffing Reductions

	Findlay Staff Level	Indicator	Staff Reduction Needed
Firefighters per 1,000 Population – Peer Set A	1.6	1.51	3.69
Firefighters per 1,000 Population – Peer Set B	1.6	1.70	N/A
Firefighters per 1,000 Population – NFPA	1.6	1.25	14.50
Firefighters per 1,000 Population 25,000 – 49,999 52-60 Hour Weeks - NFPA	1.6	1.64	N/A
Firefighters per 1,000 Population 25,000 – 49,999 in Midwest - NFPA	1.6	1.08	21.50

Source: Findlay and peer city operational data and the NFPA

Findlay should determine the appropriate performance indicator and use it as a basis for firefighter staffing. As shown in **Table 3**, potential reductions range from 4 FTEs based on a population comparison to Peer Set A up to 22 FTEs based on national NFPA survey data.

R.2 Adopt strategies for improving the cost effectiveness of the health insurance program. Potential strategies include:

- **Reducing claim costs through redesign of coverage levels;**
- **Increasing employee premium contributions through negotiation of benefits;**
- **Offering opt-out incentives;**
- **Developing a wellness program;**
- **Using competitive bidding and requests for proposals (RFPs) when contracting for its third party administrator (TPA) and actuarial services (see R.12); and**
- **Annually reviewing other service delivery alternatives.**

Prior to the release of the audit, the City increased deductible levels and added a health savings account (HSA) option.

Financial Implication: The City could save approximately \$313,700 by increasing the employee contribution share from 10 percent to 15 percent.

Because the City is self-insured, options to improve cost effectiveness of its health insurance differ from local governments that purchase health care coverage through a third party. As a self insured city, Findlay is not afforded the opportunity to shop around for providers or negotiate lower premiums. It must set its own premiums in an attempt to collect appropriate funds (shared by the employer and employee) to pay out the claims. Therefore, the largest cost saving opportunity shifts from lowering premiums to decreasing claim amounts.

Managed care plans (PPO, HMO, and POS) cover the majority of public employees in the State of Ohio according to SERB's *19th Annual Report on the Cost of Health Insurance in Ohio's Public Sector*. While a managed care plan differs from the self insurance plan at Findlay, coverage levels and employee benefits from SERB were still used to provide a comparison between what Findlay employees receive in relation to the average city employee in Ohio. In 2011 – 42 percent of the 192 reporting cities were self funded, and therefore SERB averages provide a valid comparison. **Table 4** illustrates Findlay's benefits for in-network services.

Table 4: Findlay's 2011 In-Network Health Coverage

Coverage Area	In-Network Coverage
Deductible (single/single-plus/family)	\$300/\$600/\$900
Co-Insurance	80%/20%
Out-of-Pocket Maximum, including deductible (single/single-plus/family)	\$700/\$1,050/\$1,400
Prescription Drugs – Retail 30 day supply (generic, preferred name brand drugs, non-preferred name brand drugs)	\$10/\$20/\$30
Prescription Drugs – Mail Order 90 day supply (generic, preferred name brand drugs, non-preferred name brand drugs)	\$10/\$20/\$30

Source: City of Findlay

According to the City's 2011 Employee Benefit Plan, co-insurance percentages for in-network services "except where otherwise shown ..." are 80/20, meaning the City pays 80 percent of the service costs after the deductible is met and the employee is responsible for the remaining 20 percent up to the out of pocket maximum. These deductible amounts are below the SERB average for cities in Ohio. In 2011, 31 percent of cities in Ohio had deductibles above \$1,200 for single and \$2,400 for family. In addition, the median out of pocket maximum for cities with managed care plans (HMO, PPO, POS) was \$1,000 for single and \$2,189 for family.

With co-insurance levels at 80 percent/20 percent, Findlay requires employees to contribute to the costs of services after the deductibles are met. However, the City only requires this co-insurance for specific services. In addition to preventive care (well child care, routine physicals and exams, and some immunizations) some basic benefits are covered 100% with the deductible and co-pay waived. These include emergency accident care, emergency medical care, second surgical opinion and organ transplant services.

Findlay's lower than average deductibles and out of pocket maximums increases the City's cost obligation to health insurance services. A less comprehensive plan design (deductible level, co-payment amounts, etc.) would shift some of the responsibilities from the City to the employee and may result in lower overall claim payments for the City. Adjusting the structure of benefits will offset some costs to the City and align it with SERB averages.

In addition to adjusting coverage levels, the following are other areas that Findlay should examine:

- **Employee Contributions:** In 2011, Findlay employees contributed 10 percent to the premiums and the City covered the remaining 90 percent. This contribution share is stipulated within the City's collective bargaining agreements.¹ Therefore, any change to the levels of contribution would need to be negotiated with employees. While premium contributions (percentage share) are in line with the SERB averages, the City's coverage levels are more generous in comparison to averages. Therefore, if the City decides to continue offering these coverage levels it should consider adjusting employees contributions to attempt to lower the City's insurance expenditures. If Findlay was successful in increasing the employee percentage share from 10 percent to 15 percent, it would recognize a savings of approximately \$313,700.²
- **Opt-out Incentives:** Findlay does not offer employees any incentive to waive medical coverage. SERB reports that approximately 40 percent of cities offered an opt-out incentive in 2011, with the average incentive equaling approximately \$1,700 annually. With 93 percent of its full time employees electing health insurance coverage, Findlay should consider the financial benefits an opt-out incentive may provide. For each employee that receives single coverage and elects to opt out, the City would save approximately \$2,500 annually. For employees who receive family coverage savings would increase to \$10,500 for each employee.³
- **Individual Health Management:** Health care costs are driven to a significant extent by the behavior and lifestyle choices of individuals. GFOA's *Recommended Practices for Health Care Cost Containment* (2004) suggests that targeted efforts to encourage lifestyle changes may be effective financially. Findlay should consider developing a formal wellness program. This program should be coupled with fitness testing that would qualify the employee for a fitness stipend⁴(to incentivize employee participation). The program should also include additional resources and opportunities for employees to improve overall health. While rewarding the healthy can be beneficial to maintain health, encouraging those employees who are not eligible for the stipend to improve health would potentially decrease the number of doctor visits and medical needs and therefore reduce claims.

¹ Findlay has collective bargaining agreements with its police and fire union employees. While all other City employee contributions to health insurance premiums are not bound by a contractual provision, it has been common practice in the City that all employee contributions to health insurance premiums are consistent and follow the bargaining agreements.

² Estimated savings are calculated based on the employee participation levels in the CORE prior to July 2012. Beginning July 1, 2012, Findlay began offering a second Plan, a Health Savings Account Plan, at a lower overall premium to both the employee and the City.

³ Savings is based on Non-tobacco Use Discount Program. Savings would be higher for employees that elect to opt out of the Regular Program. For single coverage employees savings were determined as follows: city annual contribution amount of \$4,159 less the \$1,700 incentive results in \$2,459 in savings; city annual amount for family coverage of \$12,476 less \$1,700 incentive results in savings of \$10,776.

⁴ Findlay's fitness program encourages employees and their spouses to maintain a healthy lifestyle by providing a stipend as a reward for healthy behaviors.

- **Other Alternatives:** Findlay contracts with a third party administrator (TPA) to manage its claims and provide general guidance for the City's plan. However, the City Auditor indicated that Findlay has used the same TPA for several years and does not regularly use competitive bidding or requests for proposals to ensure it is receiving the best price for this service. In addition, the TPA does not provide assistance in determining appropriate premium levels needed to cover claims costs. In addition to bidding out services for an actuarial report (see **R.12**), Findlay should continue to evaluate services provided by its TPA.

Prior to the release of the audit, the City determined it would solicit bids for TPA services every three years.

In addition to examining the above strategies, Findlay should also consider evaluating other options for improving cost effectiveness, including the option of obtaining health insurance through a provider or joining a consortium.

R.3 Contract with the Hancock County Sheriff for dispatch services.

Financial Implication: The City could save approximately \$225,400 in first year savings and \$298,200 annually beyond the first year by contracting dispatch services with the Sheriff.

The Findlay Police Communications Center acts as the central dispatch for police and fire emergency calls as well as non-emergency calls for other City departments. The City employs 11 FTEs to operate the center which received over 249,000 calls in 2010. Dispatchers use a Computer Aided Dispatch (CAD) system to assist on calls and dispatching operations. Total annual cost in 2010 to operate the dispatch call center was approximately \$771,000.

According to the 2012 study *Beyond Boundaries: A Shared Services Action Plan for Ohio Schools and Governments*, over 20 percent of townships and municipalities in Ohio report participation in shared dispatching services. A large portion of this sharing is between county sheriff dispatch operations and the surrounding municipalities. Cost setups typically vary between the sheriff and the surrounding service areas. For example, the Geauga County Sheriff provides dispatch services to several police departments in its county free of charge while the Ashland County Sheriff contracts its services to the City of Ashland and charges half of selected staff salaries in addition to any related dispatch center expense.

The Hancock County Sheriff estimated his office could absorb the City's dispatch operations at a charge of \$18.06 per hour with a 21 percent add-on for benefits. The Sheriff noted that if the two operations were combined, the County center would need to be enlarged, however, the needed

changes would not be insurmountable. **Table 5** displays potential savings from contracting with the County for dispatch services based on Findlay’s 2011 expenditures of \$771,298 for dispatch services.

Table 5: In-house vs. Contracted Dispatch Services

Cost per Hour In-house	\$35.63
Cost per Hour Contracted	\$21.85
Difference	(\$13.78)
Hours Worked	21,647 ¹
Hourly Savings	\$298,295
Estimated One-Time Leave Payout	\$72,866
Total Savings Year 1	\$225,430

Source: City of Findlay financial reports and the Hancock County Sheriff’s Office

¹Findlay reported 20,359.5 regular hours and 1,288.5 overtime/comp hours worked in 2011.

As shown in **Table 5**, the City could achieve savings of over \$225,400 in the first year of contracting for dispatch service with the Hancock County Sheriff. Starting in the second year, the City could save approximately \$298,200 annually.

R.4 Reduce police officer staffing by at least 3 and up to 14 FTEs. For future staffing levels, determine the correct performance indicator.

Financial Implication: The reduction of 3 sworn officer FTEs would save the City approximately \$213,700 annually in salaries and benefits.

Table 6 displays Police Department operating ratios for Findlay in comparison to the peer cities.

Table 6: 2011 Police Operating Ratio Comparison

	Findlay	Avg. Peer Set A	Difference	Avg. Peer Set B	Difference
Sworn FTEs	65 ¹	43.7	48.9%	66.4	(2.1%)
Population (000's)	41.2	30.1	36.9%	37.8	9.0%
Area (Square Miles)	19.1	16.5	16.2%	19.2	(0.6%)
FTE per 1,000 Population	1.58	1.51	4.6%	1.69	(6.6%)
Calls for Service Per Sworn FTE	592	670	(11.6%)	641	(7.6%)
Historical Crime Instances per 1,000 Population ²	43.0	53.9	(20.2%)	54.0	(20.3%)

Source: Findlay, peer cities and OIBS

¹Subsequent to the collection of this data, Findlay adjusted staffing levels to 62 officers

²Represents five years of historical data (2006-2010)

As shown in **Table 6**, Findlay’s sworn officer FTEs per 1,000 population was 4.6 percent higher than Peer Set A indicating the department may be overstaffed. Further supporting this initial indicator was the City’s calls for service per sworn FTE ratio that was 11.6 percent lower than Peer Set A.

A second peer set was selected (represented in **Table 6** as Peer Set B). In comparison to Peer Set B, Findlay was understaffed when examining sworn FTEs per 1,000 residents but overstaffed (7.6 percent) when considering calls per service per sworn FTE.

In *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* (David M. Ammons, 2012) Ammons states that “although a relationship between the size of a community’s population and its need for police officers clearly exists, in reality, population provides only a general clue as to likely demand for services... a more precise indicator of the demand for services would not rely on population as an imperfect proxy, but would instead measure demand for police services directly. The indicator would then relate the number of officers to the level of demand for services. Accordingly, the ratio of calls for service per officer provides demand and workload information that in many ways may be more revealing than staffing ratios based simply on population.”

Based on Ammons’ opinion, the most useful indicator of police staffing would be a ratio of calls for service per officer. In Ohio, however, there is no set standard for defining or recording what constitutes a call for police service resulting in inaccurate data across jurisdictions. The Ohio Office of Criminal Justice Services, however, operates the Ohio Incident-Based Reporting System (OIBS) which tracks and reports crime by government entity. Therefore, when determining police staffing on a demand for service basis, using crime incidents instead of call for service data should give an indication of the demand for police service as, there is a positive correlation between calls for service and crime. **Table 6** includes a comparison of five years of historical crime data from OIBS. From this comparison, it can be seen that Findlay has a significant lower rate of crime per 1,000 residents than both peer sets indicating a lower demand for police services.

Table 7 displays potential staffing reductions based on differing operating ratios.

Table 7: Potential Police Staffing Reductions

	Findlay	Average of Peer Set A	Staff Reduction Needed	Average of Peer Set B	Staff Reduction Needed
FTEs per 1,000 Population	1.58	1.51	3.0	1.69	None
Calls for Service Per Sworn FTE	592	670	8.0	641	5.0
Historical Crime Instances per 1,000 Population ¹	43.0	53.9	14.0 ¹	54.0	14.0 ¹

Source: City of Findlay, peer cities and OIBS

¹See Appendix for detailed calculation

Findlay should determine the appropriate performance indicator and use it as a basis for police staffing. As shown in **Table 7**, potential reductions range from 3 FTEs based on population up to 14 FTEs based on crime rates.

R.5 Consolidate operations with the Hancock County Board of Health to form a general health district.

Financial Implication: Eliminating the health commissioner, nursing director and environmental health director positions would result in saving of approximately \$98,400 in salaries and benefits. Health district cost and revenue structure vary greatly throughout the State. As a result, savings represents a conservative estimate assuming equal sharing with the County of the salaries and benefits of these positions.

In 2010, Hancock County and Findlay attempted to form a general health district. According to the City the arrangement fell through due to confusions and disagreements about the nature of the joint district, a lack of voters and mistrust between the City and County. The idea of combining services was generated as the City's health department offers many of the same services as the County. Findlay incurred per capita Health Department expenditures of \$30.58, \$1.57 higher than the average of Peer Set A. In addition to higher expenditures, Findlay also recovered 12.7 percent less of their expenditures than Peer Set A.

Pursuant to Ohio Revised Code (ORC) § 3709.01 et. seq., a city and county can form a general health district. In 2007, the Merger Steering Committee and National League of Boards of Health completed a study exploring the possible benefits of the City and Hancock County forming a general health district. The report concluded that a consolidation is "...not only feasible, but necessary to ensure the viability of public health services in the changing face of public health in Ohio and the nation". The report includes a statement that 59 Ohio counties already have consolidated general health districts. Furthermore, the past two decades has seen significant level of consolidation of health services. *Beyond Boundaries: A Shared Services Action Plan for Ohio Schools and Governments*, a 2012 shared services survey of Ohio schools, other educational service providers and local political subdivisions examined the level of shared health services in Ohio. This study reports that in 1985, there were 153 local health departments in the State. Through mergers, there were 126 as of June 2012. The survey recognizes the City of Akron Health Department and the City of Barberton Health District that joined Summit County Health District, creating a united, countywide public health district that has been recognized with a 2011 Crown Communities Annual Excellence Award from *American City & County* magazine. This new district reported that through realignment of personnel and regionalization of inspections, food safety sanitarians increased the number of inspections from 170 to 300 per sanitarian, while licensing fees charged to restaurants were reduced.

Ohio Administrative Code (OAC) 3701-36-03 requires each health district to have a health commissioner, a nursing director and an environmental health director. Because the County already employs each of these required positions, at a minimum, consolidation would allow the City to eliminate the health commissioner, nursing director and environmental health director.

R.6 Renegotiate provisions within the firefighter's collective bargaining agreement that are overly generous when compared to the peers or may be in excess of recommended practices. These include the following:

- **Sick leave severance payout;**
- **Vacation accrual;**
- **Vacation payout; and**
- **Vacation sell back.**

The renegotiation of these provisions could result in significant savings for the City.

Financial Implication: The City could save up to \$90,800 annually by renegotiating firefighter's vacation accrual rates to a level closer to the leading peer.

The majority of the Findlay Fire Department's (FFD) employees are members of the International Association of Fire Fighters (IAFF), Local #381. The current bargaining agreement is in place until December 31, 2012. AOS compared provisions in this agreement to identify variations from peers or ORC minimums. The following were identified as areas within the existing agreements that could yield savings for the City should they be reduced in the next bargaining session:

- **Severance Payout:** Employees that retire with 10 years or more service time receive payout in the amount of one-fourth of the unused sick leave to a maximum of 960 hours and half of the hours over 960. Any employee who has 22 years of service, who is eligible for retirement benefits within the next 3 years, can sell back up to a maximum of 1,000 hours annually in excess of 1,920 hours at one half rate of such leave. According to ORC §124.39, an employee at the time of retirement with ten or more years of service can elect to be paid in cash for one fourth of the value of the employee's unused sick leave up to a maximum of 30 days or 240 hours. Findlay should strive to use ORC minimums as a base for future negotiations.
- **Vacation Accrual:** The current bargaining agreement states that members are entitled to paid vacation beginning their first year of service. At that time, they are eligible to receive paid vacations in accordance with the following schedule: for the first year 6 days; after 1 year 11 days; after 7 years 13 days; after 14 years 16 days; after 21 years 18 days; and after 24 years 21 days. The Fire Department's vacation accrual rates are higher than every peer with the exception of Middletown for every classification. Higher vacation accrual rates lead to higher vacation usage and can result in increased overtime expenditures.
- **Vacation Payout:** An employee, when requested by the chief or safety director, may agree to be paid two times their current rate for the prorated portion of up to one half of the employee's earned but unused holi⁵vac days in lieu of taking such portion of the days. Two peers also have a similar provision, but it involves converting unused sick leave to vacation leave. The City should strive to either eliminate this provision or place greater restrictions on the payouts.

⁵ The IAFF contact refers to holiday/vacation time as "holivac" time.

- **Vacation Sell Back:** Upon 22 years of service at Findlay, a member who is eligible for retirement within three years, may sell back nine holiday/vacation days per year to the maximum allowed by the bargaining agreement. Upon retirement, the employee can sell back the remainder of the three years accumulation, minus any days sold back previously. Middletown was the only peer that has a similar provision but it dealt with selling back holiday time. Middletown's members can exchange 132 hours per year of holiday time earned but not taken, at the members' regular rate of pay, up to six times per year. Findlay allows members to sell back holiday/vacation time for cash payments; which can result in large severance payments at the time of retirement. The holiday/vacation severance payments have been costly to the Fire Department. According to a settlement report from the City Auditor, in 2009 the City paid out \$339,688, \$233,109 in 2010, and \$45,000 in 2011.

Including provisions like those listed above that are excessive or overly generous in comparison to the peers could result in increased expenditures. The renegotiation of these provisions during the next bargaining session could result in savings for the City. Should these provisions be renegotiated the City could potentially save the following:

- Renegotiation of vacation accrual to the level of lowest peer based on the vacation accrual rates outlined in the contract, over 30 years, a firefighter can accrue 373 vacation days. Based on the leading peer contract (Ashland), a firefighter accrues 281 days, a difference of approximately 3 days per employee per year. Based on 56 firefighters with an average wage of \$22.04, a reduction in vacation accrual could save the City up to \$90,800 annually.
- Additional savings can be realized by reducing the severance payout provision; eliminating or restricting the vacation payout provision; and eliminating or limiting the vacation sell back provision of the contract. These amounts could not be quantified at this time since benefits gained from these provisions vary from year to year.

R.7 The City should seek to renegotiate provisions within the collective bargaining agreement that are overly generous when compared to the peers or may be in excess of recommended practices. Provisions covering the lieutenants, sergeants, patrolmen and dispatch personnel include the following:

- **Longevity;**
- **Sick leave severance payout;**
- **Holiday leave;**
- **Canine handler stipend; and**
- **Pay raises for sergeants, lieutenants and dispatchers.**

The renegotiation of these provisions could result in significant savings for the City.

The Police Department has four collective bargaining agreements with the Ohio Patrolmen's Benevolent Association, for the following groups: patrol, dispatch, sergeants, and lieutenants. Each agreement expires December 31, 2012. The following areas of the collective bargaining

agreements (in addition to longevity outlined in **R.7**) were found to either exceed the ORC minimums or were found to be more generous than the selected peer contracts:

- **Severance Payout of Sick Leave:** The contract states that employees with 10 years or more will receive all unused sick leave up to 960 hours paid out at 25 percent (or 240 hours). All hours over 960 will be paid out at 50 percent. According to ORC § 124.39, an employee at the time of retirement with ten or more years of service can elect to be paid in cash for $\frac{1}{4}$ of the value of the employee's unused sick leave up to a maximum of 30 days.
- **Holidays:** The contract lists 11 holidays (or 88 hours) that make up holivac⁶ time. Plus, for the current agreement, members receive an additional 8 hours of holivac each January which can be viewed as an additional holiday. ORC § 124.19, the state observes 10 holidays. When compared to the peer agreements, Middletown also awards 12 holidays. Ashland recognizes 10 and Sidney lists 11 days for holiday pay.
- **Canine Handler Stipend:** Officers who take on canine handling duties receive an additional \$7,800 annually. This exceeds the stipends paid by the two peers who use canine patrol. Middletown pays \$1,460 annual while Sidney adds an additional 1 percent for each special duty assignment for senior officers, which canine handling is one choice.
- **Pay Raises:** Specifically those stipulated in the Sergeants, Lieutenants, and Dispatchers agreements. The supervisory contracts included language stipulating that the members would be paid 13.5 percent over the top paid patrol officer or dispatcher. This type of provision restricts management rights and commits the City to pay the additional percentages without regard to the ability to fund the raises.

For 2009-11, the average yearly severance cost for the City was approximately \$65,000. Negotiating a severance payout rate closer to the ORC minimum could yield significant savings for the City.

R.8 Renegotiate longevity payments made to police and fire employees to a level in line with peer city averages.

Financial Implication: The City could save approximately \$76,000 annually by renegotiating longevity payments to a level in line with the peer average for police and fire department employees.

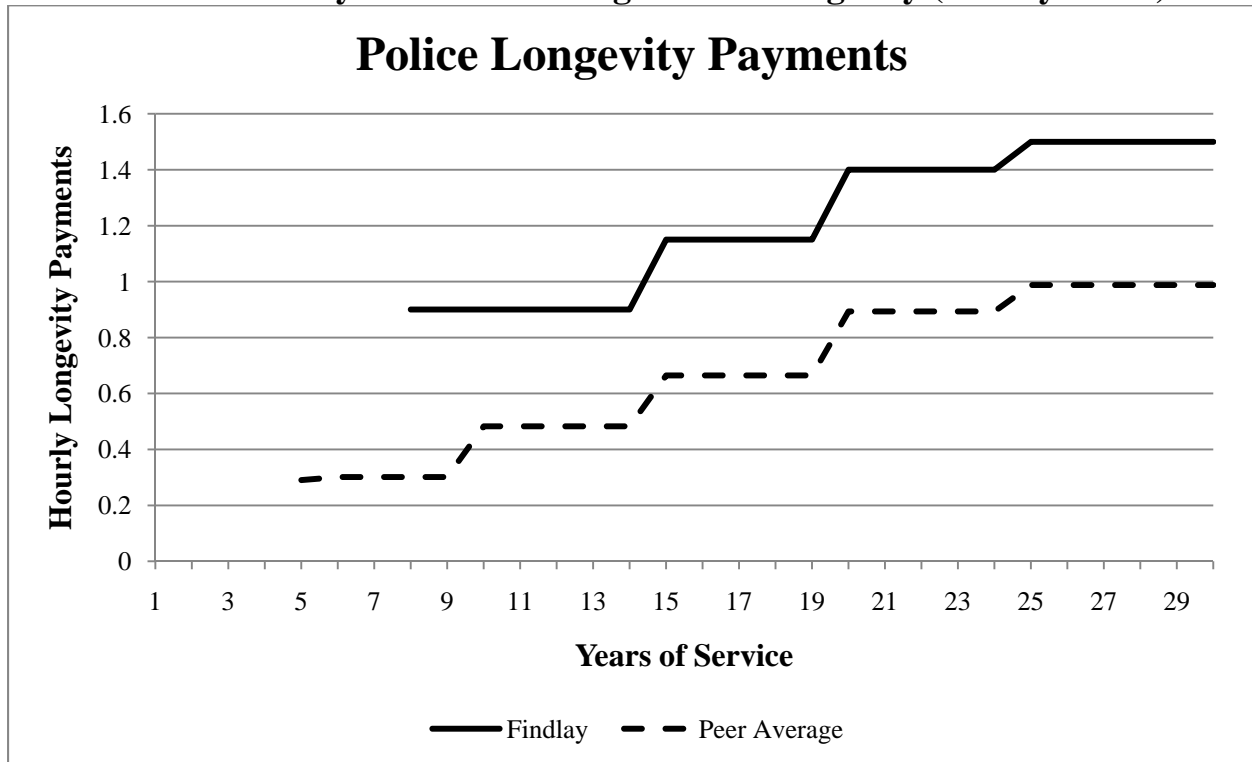
Police, dispatch, and fire department employees' salaries are based on provisions within the collective bargaining agreements. Employees are compensated according to step schedules within the bargaining agreements. These step schedules correspond to the number of years of service to the City. In addition to regular compensation, police employees receive longevity payments after 8 years of service and fire employees receive longevity after 10 years of service.

Compensation rates, including starting pay, step increases, and longevity payments were compared to the peer average. While Findlay's base salaries and step increases were in line with peer averages, the City's longevity payments were identified as excessive.

⁶ The Ohio Patrolmen's Benevolent Association contract refers to holiday/vacation time as "holivac".

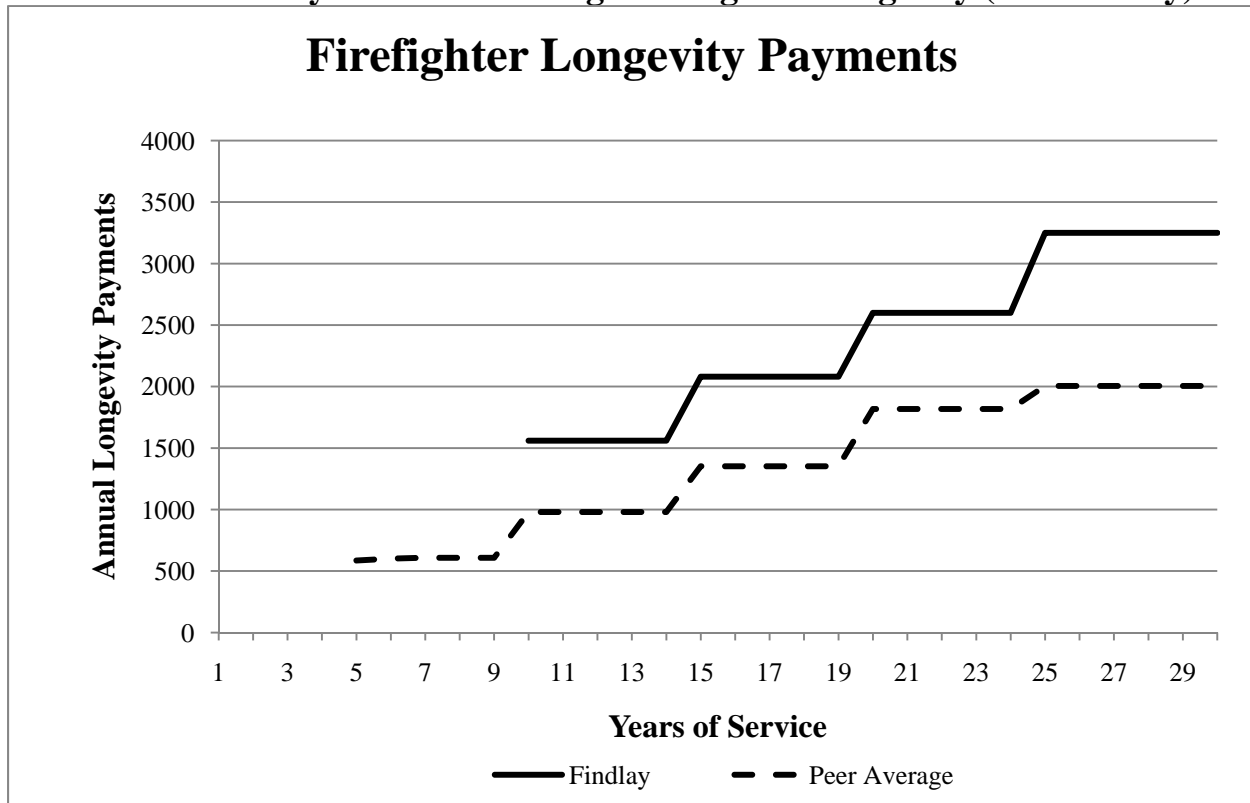
Police and dispatch employees receive longevity payments as part of their hourly pay with each bi-weekly paycheck. Firefighters accrue longevity and are paid the last pay period in December. Therefore, the longevity payments for police officers are illustrated as hourly rates while firefighter longevity is illustrated as annual payments. **Chart 1** and **Chart 2** illustrate longevity pay adjustments for police officers based upon the hourly pay adjustment and for firefighters based on the annual payments (2011 longevity payments, in comparison to the average of Peer Set A).

Chart 1: Findlay and Peer Average Police Longevity (Hourly Rates)



Source: Ohio Patrolmen’s Benevolent Association and peer police contracts

Chart 2: Findlay and Peer Average Firefighter Longevity (Annual Pay)



Source: IAFF and peer firefighter contracts

As illustrated in **Chart 1** and **Chart 2**, police and fire employees begin receiving longevity at a later date than Peer Set A. Specifically, police officers receive longevity after eight years of service and firefighters receive longevity after ten years of service, compared to the peer average of five years. Longevity payments in Findlay are higher for both police and fire compared to peers.

Renegotiating longevity payments to a level in line with the peer average for police and fire department employees would result in a General Fund savings of approximately \$76,000 annually based on 103 police and fire employees that are eligible for longevity payments in 2011.

R.9 Implement a fuel conservation policy for City vehicles.

Financial Implication: Adopting a fuel conservation policy could save \$27,000 (8 percent of 2010 fuel expenditures).

The City does not have a fuel conservation policy in place governing its fleet vehicles. As a result, employees operating City vehicles do not have restrictions on traveling speed or idling. Lack of a policy outlining operating restrictions could cause excessive fuel usage and increase fuel and maintenance costs.

Several local governments have instituted fuel conservation policies. One such government, Polk County, Florida, implemented several policies including observing a maximum top speed of 55 MPH on all roads but interstate highways, eliminating vehicle idling, instituting driving training programs, and initiating an incentive program. The incentives awarded a 50/50 split for cost savings if miles per gallon was improved by 5 percent. When implemented in 2008, Polk County expected savings of 8 to 10 percent per vehicle and lower maintenance costs. By 2011, fuel consumption was reduced by 13.4 percent and preventable accidents were reduced by 22 percent.

R.10 Develop a strategic plan that outlines the long term vision of the City and aligns available resources with the service needs of the community and stakeholders. The plan should include a mission, detailed goals, performance measures and a method to monitor progress toward achieving its goals. Once developed, the strategic plan should be linked to other planning documents including the annual budget and financial forecast (see R.13), and the capital improvement plan.

In 2006, Findlay developed the Greater Findlay Community Plan which included a vision for the City, key principals to guide the implementation of this vision, and five stated goals each accompanied with strategies and timelines. This plan was developed by a steering committee and designated sub-committees (for areas including community issues, business development, and education) as well as community members. However, according to City officials this plan was never fully implemented. Shortly after its development and release this plan was “shelved” as the administration that developed it left the City. It has not been revisited or used by subsequent administrations.

Recommended Practice on the Establishment of Strategic Plans (GFOA, 2005) recommends that all governments develop a strategic plan in order to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between spending and goals. The focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future. In preparing the strategic plan, the GFOA recommends the inclusion of measurable objectives and performance measures.

The City of Montgomery, Ohio, while not a peer of Findlay, has established a formal strategic plan that meets recommended practices. The strategic plan includes six goals which address the wide but integrated areas of economic development, financial stability, organizational structure and workforce development, community engagement, quality of life and facilities. Montgomery led an extensive civic engagement process that allowed residents and businesses the opportunity to provide input during the strategic planning process. This strategic plan gives its council and other officials a mutually-agreed-upon framework to achieve the identified goals.

Operating with no strategic plan increases the risk that resources could be allocated without fully evaluating the relationship between spending decisions and program outcomes. Instead, decisions may be made based on subjective opinions of need rather than an objective analysis that is tied to long-term departmental goals and objectives. This, in turn, increases the risk of inefficiently and/or ineffectively addressing City needs. A performance measurement system incorporated into the City’s strategic plan will provide a concrete target and enable the City to effectively measure past performance and gain a better perspective on its future financial needs.

R.11 Develop a comprehensive staffing plan that is tied to the goals and objectives identified in the strategic plan (see R.10). The staffing plan should be developed to cover each department and program, and incorporate a variety of relevant workload and outcome measures that can be used to assess current and future staffing needs.

Findlay does not have formal procedures for recruiting employees, making hiring decisions, or determining appropriate staffing levels Citywide. Recruiting and hiring decisions as well as staffing levels are determined on a departmental basis using budget appropriations and minimum staffing level requirements

The Society for Human Resource Management (SHRM) publication *Strategic Staffing Plans* (SHRM, June 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. A strategic staffing plan forms an infrastructure to support effective decision-making in an organization. In addition, *Estimating Future Staffing Levels* (SHRM, 2006) highlights the need for a staffing plan. SHRM notes that the most important question for any organization is what type of workforce it will need in order to successfully implement its business strategy. Once this question is answered, the organization must focus on recruiting, developing, motivating, and retaining the number and mix of employees that will be required at each point in time.

Lack of a formal staffing plan may result in hiring and staffing decisions that do not coincide with the goals and objectives of the City. A formalized staffing plan will allow Findlay to openly communicate staffing strategies and priorities with employees, Council, and the community. Furthermore, the City can explain or defend its decisions to hire or reduce personnel based on the objective analysis and clear reasoning that a staffing plan offers.

R.12 Formally identify and assign human resource related duties to appropriate personnel and departments.

In January 2012, the Mayor created the Human Resource (HR) Director position. Ordinances were approved for the addition of the job classification and salary range. The position was filled by the former Safety Director. However, the newly appointed HR Director resigned after two months of employment. The position has not been filled and the human resource responsibilities, including recruitment and selection of employees, training and development, benefits, payroll and compensation, and employee relations, have not been formally assigned to other employees or departments.

This performance audit identifies a number of recommendations that would fall within the job responsibilities of the HR Director, including the development and management of a formal staffing plan (**R.10**) and proactive oversight of the health insurance program. Formally assigning functions will help ensure that important human resource related duties are effectively carried out as well as foster accountability among employees.

R.13 Use actuarially measured information when determining appropriate health insurance premium rates to cover insurance claims in future years.

Prior to the release of the audit, the City began the practice of using actuarial services to assist in determining premium levels.

Findlay operates a self funded health insurance program in which it provides medical, prescription, dental and vision coverage to City employees. Premium amounts are determined without professional input from its TPA or an actuary. Instead, health insurance premium amounts needed to cover insurance claims are determined annually by the City Auditor. These premiums are sometimes adjusted throughout the year if needed. For example, the City increased premiums rates in August 2011 as claims were higher than expected and again by 25 percent in 2012. According to the City Auditor, the 2012 increase was required in order to boost the program's ending balance after higher than expected claim payouts in 2011.

According to the Bureau of Labor and Statistics' *2010-11 Occupational Handbook*, actuaries are essential to the insurance industry. Through knowledge of statistics, finance, and business, actuaries assess the risk of events occurring and help create policies for businesses and clients that minimize the cost of that risk. The use of actuarial services is outlined in AOS Bulletin 2001-005 which states that management is responsible for determining that adequate financial resources are available to timely pay self insured claims. Management should use actuarially-measured information to assist in determining appropriate rates. Rates should not only be sufficient to cover current claims, but should also reasonably provide additional amounts to pay unforeseen costs, such as incurred but not reported (IBNR) claims.

Although stop-loss insurance protects the City from catastrophic claims exceeding \$100,000 per covered person, Findlay assumes the risk with this self insured program. One such risk is ensuring that premiums amounts are set at a level that will cover costs (claims, administrative fees). Without professional measurement of the risks associated with a self insurance program, Findlay may not have the tools necessary to effectively plan for its self insurance program. Setting premium rates based on an actuary's professional assessment of risk will enhance Findlay's planning efforts for its self insurance health program.

R.14 Develop a five-year financial forecast.

The City has no formal process to examine and evaluate long term revenues and expenditures. Short term financial planning occurs through budget meetings between the Mayor, City Service Director and department heads (see **noteworthy accomplishment** for the City's budgeting process). In 2011, Findlay developed a two-year operating budget for the first time. As part of this process, department managers were asked to project expenditures in an effort to provide a better financial planning tool for the City.

According to *Best Practices in Public Budgeting* (GFOA, 2000), entities should develop projections (such as a five-year forecast) under alternative scenarios. Preparing projections under different assumptions, particularly in the development of a financial plan (forecast), allows

decision-makers to consider various levels of revenues, which can help determine levels of services to be implemented, continued, or reduced.

Forecasts can expand a government's awareness of its financial options, potential problems, and opportunities. Projecting the City's future revenues and expenditures would help officials make informed decisions and permits necessary corrective action before financial problems arise. In addition, the long-term revenues, expenditures, and service implications of continuing or ending existing programs or adding new programs, services, or debt can also be identified through sound financial forecasting.

R.15 Centralize facilities management and develop a comprehensive facilities management plan that identifies all City-owned facilities, the total square footage and the utilization rate of its facilities.

The City does not maintain a current listing of facilities that it owns or leases. As a result, the exact square footage, number of occupants (shift and office), space utilization, and total number of unassigned workstations is unknown. Because this information is not tracked, Findlay is unable to use benchmark information to determine if its space allocation is efficient in relation to the number and function of its employees.

According to *Space Utilization and Best Practices* (Facilities Management Link News, 2011), the following data are necessary for space benchmarking:

- Total number of buildings;
- Total gross square feet of all buildings;
- Total number of building occupants on all shifts;
- Total number of office occupants;
- Percent of gross square footage that is used; and
- Total number of unassigned workstations.

Space benchmarking would enable the City to determine how efficiently its space is being used. *Real Property Performance Results* (U.S. General Services Administration, 2002), has determined that the appropriate overall government-wide average for office space use is 230 square feet per person. City officials should create a benchmark based on the data points needed, as cited above. This will allow the City to determine the actual space needed for effective operations.

By not knowing total square footage of its facilities or utilization rates, the City is unable to determine if the amount of space it owns or leases is efficient relative to the size of its staff. As a result, Findlay may be allocating funds for maintenance, utilities and insurance for space that is not needed. Using benchmarks to manage office space usage will enable the City to appropriately and fairly plan space for its departments, offices, and agencies. A space usage policy that outlines desired space benchmarks would also improve capital planning by clarifying future needs.

R.16 Create a formal master maintenance plan for vehicles, with policies outlining replacement criteria.

The City currently owns 197 vehicles that are disbursed among 22 departments. Each department with fleet vehicles operates its own individual preventive maintenance and replacement plan. Each budget cycle, the City Auditor creates a City-wide capital improvement budget that includes department fleet and equipment replacements. The City does not have a comprehensive maintenance plan that includes vehicle replacement guidelines.

In addition to the absence of preventive maintenance planning, the City does not have a system in place to identify the proper size of its vehicle fleet, nor does it have any guidelines on when to replace vehicles due to age and/or mileage. As a result, Findlay may be spending additional funds on vehicles that are not needed or are not cost effective to operate.

The City of Dublin, Ohio has developed a vehicle replacement policy that Findlay may want to review as a best practice. The policy in Dublin is built around the type, age and mileage of the vehicles. Dublin's general recommendation is to replace light trucks and sedans after 8 years or 120,000 miles and heavy trucks after 12 years or 75,000 miles. The service department must also track the cost of repairs and calculate a projected cost of ownership for each vehicle each year. This allows the city to make decisions about whether to repair or replace a vehicle based on a cost/benefit analysis.

The City of Findlay may not be replacing fleet vehicles at the most economical point in their life cycle. In addition, funds may be spent on repairs and maintenance that could be spent on replacing a vehicle. Proper planning would allow the City to ensure maximum efficiency of its vehicle fleet as information identifying repair versus replace would be available.

R.17 Establish a formal preventive maintenance plan for facilities owned by the City that incorporates existing preventive maintenance activities and is linked to the enterprise resource planning (ERP) software. The plan should ensure that all necessary repairs, equipment replacement, and routine maintenance are completed as recommended by the manufacturer.

The City does not currently have a preventive maintenance plan or conduct regular preventive maintenance activities. Preventive maintenance is generally performed on a departmental basis with no centralized guidance. The City recently purchased ERP software that has a preventive maintenance function included.

Preventive maintenance programs are important components of capital and budgeting planning. *Best Maintenance Practices* (Maintenance Technology Online, 2002) recommends that an organization be proactive rather than reactive in pursuing maintenance. Planning includes developing timelines, personnel assignments, and documentation. Inadequate PM activities can lead to a downward spiral as equipment and buildings fall into neglect. Proper preventive maintenance plans can help to ensure maintenance staff is identifying problems before large systemic failures occur. By preventing these occurrences, the City can reduce maintenance costs and keep equipment working efficiently for a longer period of time.

R.18 Update and test the disaster recovery plan on a routine basis.

Prior to the start of the audit, the City last updated its disaster recovery plan in 2001. In October 2011, during the course of the audit, the plan was updated. Despite this update, it has not been fully tested. However periodic data recovery tests to ensure the data functionality have been conducted.

According to the National Institute of Standards and Technology, computer systems are vulnerable to a number of different disruptions that can be mild (i.e. a power outage) to severe (i.e. a fire). While there are vulnerabilities that can be minimized or handled through management, technical, and operational solutions, some risks are impossible to eliminate. Thus, effective contingency planning, testing, and execution are crucial to mitigate the risk caused by a disruption. Contingency planning refers to a coordinated strategy that involves planning, procedures, and technical measures that enable the recovery of IT systems, operations, and data after a disruption. A contingency plan should encompass all major functions of the Department including: all desktop and portable systems, servers, websites, local area networks, wide area networks, distributed systems, and mainframe systems. Although no benchmark exists on the frequency of testing a disaster recovery plan, the City of Westminster, Colorado Information Technology department updates its disaster recovery plan on a quarterly basis and tests the plan on an annual basis (Westminster, Colorado Information Technology Department Strategic Plan, 2003).

Governments provide many essential services to their citizens and a disruption of these services can result in inconvenience or even harm to constituents. The City risks a loss of data and significant downtime if critical components of disaster recovery are not addressed. The loss of data can lead to noncompliance with regulations and requirements and an interruption of critical services.

R.19 Design and implement a hardware replacement plan.

The City does not have a formal technology hardware replacement plan. The Computer Services Department Director designs a strategic plan on an annual basis that includes a current snapshot of the Department as well as future infrastructure needs such as software and hardware upgrades, training, and computer and printer needs but does not include any formal standards on when hardware should be replaced. Instead, the City follows a practice of replacing servers every five years and computers and printers every five to six years.

According to *TechRepublic*, developing a technology replacement strategy is an essential part of managing the IT budget (TechRepublic, 2005). PCs have a life span and once they have reached their maximum capacity they slowly begin to deteriorate. The key to a successful replacement plan is knowing when the equipment will need to be replaced. The replacement plan should consider the support costs compared to the acquisition costs.

The City of Westminster, Colorado Information Technology Department incorporates formal hardware replacement principles in their strategic plan. The plan emphasizes that proper replacement planning prevents obsolescence and helps increase efficiency. Also, the plan states that "power users" PCs are replaced every three years and all other users every four years. Lastly, all

servers are replaced on a four to five year basis (Westminster, Colorado Information Technology Department Strategic Plan, 2003).

Without an established plan of when IT hardware should be replaced, administrators are not in position to determine if the City is receiving optimal efficiency of its computer services function. Proper replacement planning will ensure that all hardware is performing and will help promote efficiency in all City departments.

Appendix

Citywide Expenditure Comparison

Table 8 compares per capita General Fund expenditures classified by type for Findlay and Peer Set A.

Table 8: 2010 General Fund Expenditures Comparison

	Findlay	Average Peer Set A	Variance	% Variance
Population	41,202	34,527	6,676	19.3%
Total Personal Services	\$17,937,006	\$11,518,883	\$6,418,122	55.7%
Personal Services per Capita	\$435	\$375	\$60	16.0%
<i>Salaries & Wages per Capita</i>	\$305	\$280	\$25	8.9%
<i>Fringe Benefits per Capita</i>	\$131	\$96	\$35	36.5%
Total Contracted and Professional Services	\$2,629,403	\$2,268,344	\$361,059	15.9%
Contracted and Professional Services Per capita	\$64	\$62	\$2	3.2%
Total Other Expenses	\$2,028,724	\$882,378	\$1,146,346	129.9%
Other Expenses Per Capita	\$49	\$38	\$12	31.6%
General Fund Transfers	\$1,327,907	\$708,548	\$619,358	87.4%
General Fund Transfers Per Capita	\$32	\$21	\$11	52.4%
Total General Fund Expenditures	\$23,923,039	\$15,378,153	\$8,544,886	55.6%
Total General Fund Expenditures Per Capita	\$581	\$496	\$85	17.1%

Source: Findlay and peer cities 2010 detailed General Fund Expenditures

As shown in **Table 8**, Findlay expended \$85 (17.1 percent) more per capita than the peer average in 2010. Of this excess, \$60 per capita were spent on personal services. In total, Findlay expended \$435 in personal services per capita compared to a peer average of \$375. **Table 9** compares per capita General Fund expenditures classified by department for Findlay and Peer Set A.

Table 9: Findlay & Peer 2010 General Fund Expenditures – By Department

	Findlay	Ave Set A	Variance	% Difference
Population	41,202	34,527	6,676	19.3%
Council/Administration				
City Council/Clerk of Council	\$3.09	\$4.12	(\$1.02)	(24.8%)
Human Resources/Personnel		\$7.61	N/A	N/A
City Manager's Office/Administrative Office		\$10.01	N/A	N/A
Mayor's Office	\$3.99	\$5.79	(\$1.79)	(30.9)
Financial Offices				
Finance Office/Auditor's Office	\$10.53	\$17.32	(\$6.80)	(39.3%)
Treasurer's Office	\$0.26	\$3.34	(\$3.07)	(91.9%)
Other City Offices				
Law Department	\$12.30	\$9.09	\$3.21	35.3%
Civil Service	\$1.79	\$0.41	\$1.39	339.0%
Health Department	\$22.40	\$15.62	\$6.78	43.4%
Computer Services/Information Systems	\$7.64	\$8.29	(\$0.64)	(7.7%)
Planning				
Planning/Planning Commission	\$2.47	\$4.20	(\$1.74)	(41.4%)
Economic Development		\$3.41	N/A	N/A
Zoning Department/Building Inspection/Code Enforcement	\$3.51	\$7.03	(\$3.52)	(50.1%)
Court Services				
General Fund Court Services	\$29.76	\$57.95	(\$28.19)	(48.6%)
Service Departments				
Public Works Administration/Service Director	\$2.68	\$5.59	(\$2.91)	(52.1%)
Building Maintenance/Custodial	\$7.92	\$7.13	\$0.79	11.1%
Parks and Recreation	\$36.19	\$24.74	\$11.45	46.3%
Engineering Office	\$17.86	\$15.84	\$2.01	12.7%
Traffic/Street Lighting		\$11.41	N/A	N/A
Parking Garage		\$0.54	N/A	N/A
Safety Service Departments				
Safety Administration/Safety Service Director	\$4.10	\$2.20	\$1.90	86.4%
Police Department	\$130.15	\$170.96	(\$40.81)	(23.9%)
Fire Department	\$174.43	\$158.66	\$15.78	9.9%
Dispatch	\$18.72	\$33.77	(\$15.05)	(44.6%)
Community Development/Improvement				
Community Development/Improvement	\$10.15	\$9.65	\$0.50	5.2%
Other GF Expenditures				
Other Miscellaneous	\$0.49	\$3.94	(\$3.45)	(87.6%)
Other Non-Departmental GF Expenditures	\$47.95	\$43.42	\$4.53	10.4%
Subtotal GF Expenditures	\$548.40	\$475.06	\$73.34	15.4%
Transfers	\$32.23	\$21.00	\$11.23	53.5%
Total GF Expenditures	\$580.63	\$496.06	\$84.57	17.0%

Source: Findlay and peer cities 2010 detailed General Fund Expenditures

Note: The peer average in each department is the average of those peers that have expenditures in the respective department. For example, only Ashland and Newark reported expenditures for mayor's office operations, so the average reflects the average of those two peers and does not consider the peers with no reported expenditures.

As shown in **Table 9**, Findlay significantly outspent the peer average in Health Department expenditures (43.4 percent), parks and recreation expenditures (46.3 percent) and Fire Department expenditures (9.9 percent).

Overall Staffing

While organization, department structure, and staffing levels vary across all cities, personal services (salaries and benefits) typically make up the majority of a city's General Fund expenditures. In 2010, 75.1 percent of Findlay's General Fund expenditures were dedicated to employee salaries and fringe benefits. An analysis of Findlay's staffing levels was completed to determine if the City was in line with peer averages and industry benchmarks, when applicable. **Table 10** illustrates Findlay's staffing in comparison to the peer average. Staffing levels are presented on a full time equivalent (FTE) basis in order to accurately account for part time positions. Demographics and services offered were considered during these comparisons and explained below the table.

Table 10: Findlay and Peer 2011 Staffing per Capita

	Findlay		Ave. (Peer Set A)	Difference
Population	41,202		34,527	6,676
	Total FTEs	FTEs per Capita	Peer Average per Capita	Percent Variance
Council/Administration				
City Council/Clerk of Council	10.5	2.6	3.0	(15.1%)
Human Resources Department			0.8	N/A
City Manager's Office/Administrative Office			0.9	N/A
Mayor's Office	2.0	0.5	0.8	(41.0%)
Financial Offices				
Finance Office /Auditor's Office	4.9	1.2	2.1	(45.1%)
Treasurer's Office	0.5	0.1	0.6	(80.3%)
Income Tax	3.0	0.7	1.8	(60.0%)
Other City Offices				
Law Director	5.5	1.3	1.6	(18.4%)
Civil Service Office	0.8	0.2	0.8	(76.8%)
Health Department	12.0	2.9	3.2	(9.1%)
Computer Services/Information Technology	3.0	0.7	1.1	(31.2%)
Planning				
Planning			0.7	N/A
Economic Development			0.3	N/A
Zoning Department/Building Inspection/Code Enforcement	2.0	0.5	1.1	(55.9%)
Court Services				
Court Employees	19.0	4.6	10.1	(54.3%)
Service Departments				
Public Works Administration/Service Director	1.0	0.2	0.7	(64.1%)
Building Maintenance/Custodial	1.7	0.4	1.0	(58.5%)
Parks & Recreation	14.5	3.5	3.9	(9.9%)
Engineering Office	10.0	2.4	2.0	24.6%
Street Department	19.0	4.6	3.7	23.8%
Water & Utility Billing	41.0	10.0	10.4	(4.0%)
Storm Water			1.6	N/A
Wastewater Treatment Plant	17.0	4.1	3.7	11.4%
Sewer	11.0	2.7	4.1	(34.6%)
Sanitation/Refuse			6.4	N/A
Traffic Lights/Traffic Control System	2.0	0.5	0.4	18.2%
Airport	4.5	1.1	0.5	109.7%
Parking Garage			1.6	N/A
Transit			2.9	N/A
Other			4.5	N/A
Safety Service Departments				
Safety/Administrative Services	2.0	0.5	0.4	16.1%
Fire Department	70.0	17.0	17.9	(5.2%)
Police Department	69.5	16.9	20.1	(16.1%)
Dispatch Center	12.0	2.9	4.2	(30.5%)
Parking Enforcement	1.5	0.4	0.2	54.6%
Community Development/Improvement				
Comm. Center/Dev./Neighborhood Improvement	2.0	0.5	2.2	(77.5%)
Total	341.8	83.0	100.2	(17.2%)

Source: Findlay and peer 2011 staffing data

Note 1: The peer average in each category is the averages of those peers that have staff in the particular area. For example, only two peers have airport personnel, so the average reflects the average of those two peers and does not consider the zero FTEs in the other peers.

Note 2: Many of the staffing areas above were not included in the scope of this performance audit. However, an overview of all staffing was included for background purposes. Areas that are not examined include planning, court services, community development, and some service departments (engineering, water related departments, sewer, and sanitation/refuse).

As illustrated in **Table 10**, Findlay's total staffing per capita was below the peer average by approximately 17.2 percent. Staffing levels are often dependent on the specific services offered in each city. Therefore, additional staffing assessments were completed using operational ratios such as residents, miles, and services provided.

- **Council/Administration:** Findlay operated under a Council/Mayor form of government, similar to two of the four peer cities used. The other two peer cities employ a city manager. For this reason, the administrative offices were grouped together to illustrate a high level picture of the governing office(s). It should be noted that Findlay did not have a dedicated human resources department or position. Many of the City's human resource related functions (including administration of employee benefits and the updating and management of employee policies) was carried out by the City Auditor's Office.
- **Financial Offices:** The City Auditor's Office includes 4.9 FTEs. Collectively this department is responsible for managing finances including budgeting, employee payroll, and purchasing. Some peer cities had a finance department responsible for these same functions. For this reason, these offices were combined for purposes of comparisons. The City's financial offices are staffed below the peer average. In addition, Findlay operates its own income tax department with fewer employees than each of the peer cities. While staffing levels were examined, the overall functions and effectiveness of operations within the income tax department were not part of the scope of the performance audit.
- **Other City Offices:** Detailed analysis of the Health Department was conducted in this audit including the examination of staffing and operations. Similarly, the City's technology staffing and operations were also examined separately.
- **Service Departments:** A number of service departments were included in this performance review and including the Streets Department (staffing 23.8 percent higher than the peer average) and the Airport (staffing 109.7 percent higher than the peer average). Operations within these service departments were compared to leading practices and industry benchmarks.
- **Safety Service Departments:** A majority of the City's employees are included within the safety service departments (Police and Fire). These staffing levels were examined in detail and recommendations were created where warranted.

Employee Insurance Benefits

Findlay operates a self-funded health insurance program through which it provides medical, prescription, dental and vision coverage to City employees. There are three tiers of coverage: single, single plus⁷, and family, each with a different premium amount. For each tier, the City has two plan types: a regular plan and a non-tobacco use discount plan. The health insurance program is managed by a third party administrator (TPA) who administers and pays the claims. In addition to a monthly administrative fee,⁸ Findlay makes weekly payments to the TPA as reimbursement for claim payments.

⁷ The PLUS plan includes the employee and children or the employee and spouse.

⁸ The administrative fee is paid monthly. In 2011, the fee was \$26.50 per contract (covered employee plan) per month.

City and employee contributions to health insurance premiums are based on negotiated provisions within the employee collective bargaining agreements. While not all City employees are covered under bargaining agreements,⁹ they all follow the provisions in regard to the insurance contribution share meaning all employees contribute the same percentages to health insurance premiums. As the dollar amounts of insurance premiums increase, the percentage paid by City and the employee remain constant at 90 percent/10 percent, respectively.

Table 11 provides a detailed illustration of the 2011 insurance premiums, including City and employee contributions.¹⁰

Table 11: Monthly Insurance Premiums and Contributions

Non-Tobacco Use Discount Plan						
	Single Employee Coverage		Employee + Spouse or Children		Family Coverage	
	Dollar Amount	% of Total Premium	Dollar Amount	% of Total	Dollar Amount	% of Total
Employee Contribution	\$51.88	10.0%	\$103.76	10.0%	\$155.64	10.0%
City Contribution	\$466.96	90.0%	\$933.92	90.0%	\$1,400.88	90.0%
Total Premium	\$518.84		\$1,037.68		\$1,556.52	
Regular Plan						
	Single Employee Coverage		Employee + Spouse or Children		Family Coverage	
	Dollar Amount	% of Total Premium	Dollar Amount	% of Total	Dollar Amount	% of Total
Employee Contribution	\$57.64	10.0%	\$115.28	10.0%	\$172.92	10.0%
City Contribution	\$518.76	90.0%	\$1,037.52	90.0%	\$1,556.28	90.0%
Total Premium	\$576.40		\$1,152.80		\$1,729.20	

Source: Findlay

Note: In August 2011, the City increased the insurance premiums due to a shortfall in the self insurance fund. The rates illustrated in **Table 11** and used in benchmark comparisons throughout this performance audit reflect the increased rates as of August 2011.

In 2011, 313 employees participated in the City's insurance program and received coverage. This accounted for approximately 93 percent of the City's full time employees.

⁹ Findlay's bargaining agreements cover the police and fire departments employees.

¹⁰ Findlay's health insurance year is from January 1, 2011 through December 31, 2011.

Table 12 illustrates the breakout of participating employees by plan type and tier of coverage.

Table 12: Findlay 2011 Health Insurance - Participating Employees

	Single Employee Coverage	Employee Plus Coverage (Spouse or Children)	Family Coverage	Total
Non-Tobacco Use Discount Plan	52	55	103	210
Regular Program	19	28	56	103
Total	71	83	159	313

Source: Findlay

Medical and prescription premiums and average costs per employee were compared to the averages reported by the State Employment Relations Board's (SERB) *19th Annual Report on the Cost of Health Insurance in Ohio's Public Sector*. Premiums reported in the SERB benchmark report include averages only for single and family coverage levels (there is not an average for a middle tier, such as the employee plus tier at Findlay). When compared to SERB's average premiums for single and family coverage of other Ohio cities of similar size,¹¹ Findlay's premiums were higher for both its regular program (25.5 percent higher for single coverage and 16.5 percent higher for family coverage) and the non-tobacco use discount program (13.0 percent higher for single coverage and 4.9 percent higher for family coverage) in 2011. Findlay's employer and employee contribution percentages were also compared to benchmarks and were in line with SERB averages.

Because Findlay's health insurance structure includes two plan types and three tiers of coverage, the City's overall costs cannot be compared to benchmarks using only average premiums and employer contributions. Therefore, a second comparison was made to examine the City's average cost to cover an employee. This includes only the City's portion and therefore takes into consideration premiums levels, contribution percentages paid by the City, and plan structure (tiers of coverage). According to the SERB report, the average cost to insure an employee for Ohio cities of similar size was \$11,580. In 2011, Findlay spent an average of \$11,960 per employee for medical and prescription coverage, a difference of 3.2 percent.

In 2012, Findlay's health insurance premiums increased 25 percent from the amounts illustrated in **Table 11**. According to the City Auditor, this increase was required in order to boost the health insurance's ending balance after higher than expected claim payouts in 2011. From 2010 to 2011, insurance claims increased 28.7 percent (from \$4.2 million to \$5.4 million).

Staffing Based on Crime Rates

Although demand for services could be measured according to a municipality's calls for service, no standard form of measurement of this statistic exists in Ohio. As a result, calls for service can vary greatly between jurisdictions, making a peer comparison or any staffing decisions based on this peer comparison unreliable. Because of this AOS, uses crime data reported to the Ohio

¹¹ Ohio cities with 25,000 to 100,000 residents.

Incident Based Reporting System to measure workload of police officers. **Table 13** displays this comparison.

Table 13: Historical Crime per 1,000 Population

	Findlay	Average Peer Set A	Difference	Average Peer Set B	Difference
2010	35.4	57.4	(62.2%)	49.1	(27.8%)
2009	44.2	58.3	(31.9%)	55.5	(20.4%)
2008	48.3	43.1	10.7%	56.9	(15.2%)
2007	35.5	54.7	(54.1%)	54.8	(35.2%)
2006	51.5	56.1	(8.9%)	53.6	(3.9%)
Five Year Average	43.0	53.9	(25.5%)	54.0	(20.4%)

Source: OIBRS

As shown in **Table 13**, despite having similar demographic data, Findlay's rate of crime was significantly lower than both peer sets. Including the past five years of reported data, Findlay had an average annual rate of 43 crimes per 1,000 population; 25.5 percent lower than Peer Set A and 20.4 percent lower than Peer Set B. In order to determine staffing levels based on crime rates AOS created an index based on the five year crime average for each peer set. This index is displayed in **Table 14**.

Table 14: Police Staffing Reductions Based on Crime Rates

	Findlay	Average Peer Set A	Average Peer Set B
Per Capita Staffing	1.58	1.51	1.69
Historical Crime Rate per 1,000 Population	43.0	53.9	54.0
Crime Index ¹		0.80	0.80
Staffing per 1,000 Needed Based on Index		1.3	1.3
Revised Total Staffing Needed		51.8	51.7
Reductions Needed to Achieve Revised Staffing		13.2	13.3

¹ The index was calculated based on assigning peer set historical crime rate as 1.0.

As shown in **Table 14**, based upon historical crime rates, Findlay has a significantly lower level of crime reported than both peer sets. The City should reduce staffing as outlined in **R.4**.

Client Response

The letter that follows is the City of Findlay's official response to the performance audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. When the City disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report. As noted in the response, the City does not agree with every conclusion drawn in the audit report. However, a review of the City's response, the audit report, and supporting documentation revealed no unresolved factual matters. As a result, no additional report revisions were necessitated by the City's comments.



Office of the Mayor

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October 22, 2012

Honorable Dave Yost
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

Dear Auditor Yost,

On behalf of the citizens and taxpayers of the City of Findlay I would like to thank your office for the work that was completed on our Performance Audit. Their efforts have resulted in comparisons for my administration and City Council members to consider as we plan for a financially sound future. Facing substantial revenue decreases due to the economic downturn as well as a loss of revenue from Local Government Funds and Estate Tax, I understand Council's desire to request your aid in identifying potential cost savings.

After reviewing this document with members of your staff, I am encouraged by the fact that many of the recommendations and strategies that have been suggested are elements my administration is currently evaluating. This document serves as a way to measure our progress and suggests further operational efficiencies within our local government to provide better return on taxpayer investment amidst tough financial times for many businesses and communities throughout our state. While much work still remains, your validation of much of our effort illustrates that our community is headed in the right direction.

While administrators agree with the majority of what has been presented in the report, it is prudent for our citizens to understand where we may differ in terms of the data and/or recommendations. It is important to note, that the performance audit is a compilation of data and analysis. It will be utilized as a resource for my administration and Council members to consider while attempting to improve our operations and financial stability while providing a healthy level of services to our residents.

To that end, I would request your consideration of a few notes that specifically address sections in the report that I feel need further clarification.

Much has been discussed, both internally and externally with regard to peer selection. Within the report, there are references to “Peer Set A” and “Peer Set B”. I am grateful to your team for agreeing to include both sets in the report as I believe it gives us a more complete comparison with our peers.

I feel as though there are several noteworthy accomplishments that we have undertaken since January 1, 2012. One example would be working with city representatives to modify our Health Insurance Plan. The figures within the audit do not reflect the current plan that the City put into place effective July 1, 2012 using a special enrollment program. The change was made in lieu of significant premium increases that were grieved by multiple bargaining units. The plan increased deductible amounts and added a Health Savings Account option for employees. The changes have been successful in helping to recapture a depleted reserve, leading to a more stable self insured account. I believe these changes are the most significant long term cost cutting solution that we have implemented to date.

Considering the collaborative effort in which these changes were implemented, it deserves to be properly noted. Again, we realize there is more work to be done here. Our goal is to make our plan reflect the same level of benefits that our taxpayers experience in their plans, and managing our costs more proactively than the City has done in the past.

We have also taken the necessary steps to reopen discussions regarding a County Health District. The County District Advisory Committee, has agreed to reexamine the issue and voted to proceed with the development of a health district proposal for evaluation in March of 2013. Together, our task will be to ensure an approach to public health that more efficiently meets the needs of all our residents.

We should also note that staffing reductions suggested within the report are based upon a “point in time” count from 2011. Staffing levels in many departments have changed since the aforementioned “point in time” count. The safety and service director functions have been combined. Reductions in staffing levels have occurred in other departments as well. As we work to examine our staffing levels relative to the multiple benchmarks the audit identifies, we will ensure that the most valid comparison of staff numbers to our expected level of service is utilized.

One such area is the Findlay Fire Department. We are committed to examining our current staff levels relative to our risk base and national standards for Fire Department ratings. As we work to compare the wide range of benchmarks including peer sets and NFPA levels, we will also take into account changes in technology, ISO standards, and our community expectations. Funding sources for personnel, such as SAFER grants will also enter into our decision. We have begun this analysis and while no complete determinations have been made, we expect that we will have all the information we need to shape the vision of the Findlay Fire Department by the middle of 2013. We believe this proactive examination is what is expected of us by both the audit and citizens for not only the Fire Department, but all departments.

The benchmarks for the Police Department also have a wide range related to proper personnel levels. Within the report, the data illustrates that Findlay has a significantly lower crime rate

than either of the peer sets and recommends reducing staff based on that comparison. While I can appreciate the philosophy that audit staff has used to make this recommendation, I submit that this is proof that our Police Department, relative to both peer sets is effective in preventing crime throughout our community. The proactive natures of the Special Assignment Unit, Vice Narcotic Unit, and the Field Training Officer program have proven to be effective using this same comparison. While budget cuts may necessitate staff reductions, crime rate comparison alone will not be used as the only basis for staff level determinations.

On behalf of my administration and our City Council we appreciate the diligent effort your team executed to examine and identify potential efficiencies in our operations. I am encouraged that many of the recommendations and strategies that have been presented are currently being considered or have already been implemented. I look forward to utilizing this resource in our decision making processes to become the most efficient and effective local government for our taxpayers.

Sincerely,

A handwritten signature in cursive script, reading "Lydia L. Mihalik". The signature is written in black ink and is positioned above the typed name.

Lydia L. Mihalik
Mayor



Dave Yost • Auditor of State

CITY OF FINDLAY

HANCOCK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 23, 2012