



Dave Yost • Auditor of State

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

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

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

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

Sincerely,

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

Dave Yost
Auditor of State
July 2, 2015

This page intentionally left blank.

Table of Contents

Executive Summary	1
Purpose and Scope of the Audit.....	1
Performance Audit Overview	1
Audit Methodology.....	1
Noteworthy Accomplishments.....	3
Issue for Further Study.....	3
Summary of Recommendations	4
Background.....	6
Recommendations.....	8
R.1 Enhance financial communication	8
R.2 Eliminate 7.5 full-time equivalent (FTE) general education teacher positions.....	8
R.3 Eliminate 1.5 FTE educational service personnel (ESP) positions.....	9
R.4 Freeze certificated salary schedules	11
R.5 Renegotiate severance provision.....	12
R.6 Reduce employee medical insurance premiums	12
R.7 Increase employee contributions for dental and vision plans	14
R.8 Outsource custodial function.....	15
R.9 Eliminate 1.0 FTE custodial staff position.....	16
R.10 Reduce temporary custodial labor costs.....	16
R.11 Develop a comprehensive facilities preventive maintenance plan.....	17
R.12 Charge sponsoring organizations for non-routine trips.....	18
R.13 Utilize cooperative purchasing opportunities for fuel procurement.....	18
Appendix A: Scope and Objectives	21
Appendix B: Additional Comparisons.....	22
Appendix C: Five Year Forecast.....	25
Appendix D: District Approved Reductions.....	29
Client Response	31

Executive Summary

Purpose and Scope of the Audit

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

The following scope areas were selected for detailed review and analysis in consultation with the District, including financial management, human resources, facilities, transportation, and food service. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as generally accepted government auditing standards (GAGAS).

OPT conducted this performance audit in accordance with GAGAS. These standards require that OPT plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

This performance audit provides objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Audit Methodology

To complete this performance audit, auditors gathered data; conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources including; peer comparison, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A primary set of peers was selected for general District-wide comparisons. In addition, peer groups were selected for a comparison of compensation, benefits, and bargaining agreements (referred to as surrounding districts) and a separate set was selected for transportation service. The following table contains the Ohio school districts included in these peer groups.

Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Arcadia Local School District (Hancock County) • Arlington Local School District (Hancock County) • Botkins Local School District (Shelby County) • Leipsic Local School District (Putnam County) • Lucas Local School District (Richland County) • Millcreek-West Unity Local School District (Williams County) • Mississinawa Valley Local School District (Darke County) • North Central Local School District (Williams County) • Wolf Creek Local School District (Washington County)
Compensation, Benefits, and Union Contract Peers (Surrounding Districts)
<ul style="list-style-type: none"> • Berne Union Local School District (Fairfield County) • Fairfield Union Local School District (Fairfield County) • Lakewood Local School District (Licking County) • Liberty Union Local School District (Fairfield County) • Southwest Licking Local School District (Licking County)
Transportation Peers
<ul style="list-style-type: none"> • Bradford Exempted Village School District (Miami County) • Clay Local School District (Scioto County) • Lordstown Local School District (Trumbull County) • Newbury Local School District (Geauga County) • Southington Local School District (Trumbull County)

In addition to the peer districts listed above, comparisons were made to industry standards or leading practices where applicable. These include: the American Association of School Administrators (AASA); American School & University (AS&U); the Government Finance Officers Association (GFOA); the National Center for Education Statistics (NCES); the National State Auditors Association (NSAA); the Ohio Department of Administrative Services (DAS); the Ohio Department of Education (ODE); the Ohio School Facilities Commission (OSFC); the State Employee Relations Board (SERB); and the Society for Human Resource Management (SHRM). Compliance with pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed.

The performance audit involved information sharing with the District, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the District of key issues impacting selected areas, and shared proposed recommendations to improve operations. The District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of the Walnut Township Local School District for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

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

Food Service Operations: The District's food service operation was self-sustaining with fund balances exceeding \$100,000 in each year from FY 2011-12 through FY 2013-14. Positive fund balances were achieved by decreasing labor costs through the reduction of permanent staff hours as well as utilizing temporary labor. Also, revenue enhancements were achieved through efforts to increase school lunch purchases by tracking the participation rate for each menu item and raising a la carte prices to incentivize students to purchase full lunches. Increased participation also resulted in the opportunity to obtain more commodities, at no cost, from the Ohio USDA Foods Program.

Issue for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. The following issue for further study was identified during the course of this audit:

Evaluate existing debt schedule: The District serviced \$5.8 million in debt incurred for renovation, repair, and improvement of buildings and facilities in FY 2013-14. The general obligation bonds and Certificate of Participation financing will be paid in full in FY 2020-21 and FY 2032-33, respectively. In FY 2013-14, the District's debt service cost of approximately \$346 per pupil was considerably higher than the peer average of \$6.48. District administration should evaluate whether refinancing its debt is feasible and would result in long-term cost savings.

Summary of Recommendations

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

Summary of Recommendations

Recommendations		Savings
R.1	Enhance financial communication	N/A
R.2	Eliminate 7.5 full-time equivalent (FTE) general education teacher positions	\$466,100
R.3	Eliminate 1.5 FTE educational service personnel (ESP) positions	\$81,000
R.4	Freeze certificated salary schedules	\$54,500
R.5	Renegotiate severance provision	\$30,000
R.6	Reduce employee medical insurance premiums	\$286,800
R.7	Increase employee contributions for dental and vision plans	\$13,300
R.8	Outsource custodial function	\$109,200
R.9	Eliminate 1.0 FTE custodial staff position	\$28,400
R.10	Reduce temporary custodial labor costs	\$25,600
R.11	Develop a comprehensive facilities preventive maintenance plan	N/A
R.12	Charge sponsoring organizations for non-routine trips	\$34,600
R.13	Utilize cooperative purchasing opportunities for fuel procurement	\$5,100
Cost Savings Adjustments¹		(\$126,400)
Total Cost Savings from Performance Audit Recommendations		\$1,008,200

¹ FTE reductions in **R.2**, **R.3**, and **R.8** would reduce the savings achieved in **R.4**, **R.6** and **R.7** by \$72,400. Outsourcing custodial work (**R.8**) eliminates the need to eliminate custodial positions and reduce temporary labor costs (**R.9** and **R.10**), reducing savings by \$54,000.

The following table shows the District's ending fund balances as projected in its May 2015 five year forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances. Included in the forecast are significant cost saving measures the District approved during the course of the audit (see **Appendix D**). Because many of these reductions mirror recommendations made in this report, an adjustment was made to ensure that the financial impact of implementing the recommendations is not overstated.

Financial Forecast with Performance Audit Recommendations

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Original Ending Fund Balance	\$293,574	\$300,995	\$67,593	(\$418,519)	(\$1,128,494)
Cumulative Balance of Performance Audit Recommendations	\$0	\$1,008,200	\$2,016,400	\$3,024,600	\$4,032,800
Adjustment for District Approved Reductions	\$0	(\$683,765)	(\$1,367,530)	(\$2,051,295)	(\$2,735,060)
Revised Ending Fund Balance	\$293,574	\$625,430	\$716,463	\$554,786	\$169,246

Source: WTLSD, ODE, and OPT recommendations

While the performance audit recommendations are based on FY 2014-15 operations, implementation of all recommendations may not be possible until FY 2015-16, as some recommendations require contract negotiations and others simply would not be possible until the

start of a new fiscal year. As a result, cost savings have been applied to FY 2015-16 through FY 2018-19. As shown in the table above, implementing the performance audit recommendations contained in this report would allow the District to maintain positive fund balances through the end of the forecasted period.

Background

On December 28, 2014, WTLSD was placed in fiscal caution by ODE as a result of deficit conditions evident in its October 2014 five year financial forecast. **Table 1** provides a summary of this forecast, showing projected revenues, expenditures, and year ending General Fund balances.

Table 1: Financial Condition Overview (October 2014)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Revenue	\$6,609,568	\$6,562,971	\$6,647,277	\$6,676,628	\$6,754,739
Total Expenditure	\$7,445,906	\$7,686,745	\$7,986,595	\$8,303,043	\$8,641,592
Results of Operations	(\$836,338)	(\$1,123,774)	(\$1,339,318)	(\$1,626,415)	(\$1,886,853)
Beginning Cash Balance	\$750,251	(\$86,087)	(\$1,209,861)	(\$2,549,179)	(\$4,175,594)
Ending Cash Balance	(\$86,087)	(\$1,209,861)	(\$2,549,179)	(\$4,175,594)	(\$6,062,447)
Outstanding Encumbrances	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Ending Fund Balance	(\$161,087)	(\$1,284,861)	(\$2,624,179)	(\$4,250,594)	(\$6,137,447)

Source: WTLSD and ODE

As shown in **Table 1**, the District's October 2014 five year forecast indicates deficits in each year of the forecasted period with a cumulative negative ending fund balance of over \$6.1 million by FY 2018-19.

During the course of the audit, the District took measures to eliminate the deficit forecasted for FY 2014-15. These steps included eliminating high school transportation, opting not to fill vacant positions, allocating applicable custodial expenses to the Food Service Fund, and adjusting the facility use fees for outside groups. As a result, the District anticipated savings of approximately \$92,000 for FY 2014-15, resulting in the elimination of the projected deficit for that fiscal year. As part of its fiscal caution status, the District submitted a revised five-year forecast to ODE in February 2015 that takes these changes into account. Although the District projected an improved financial condition, it still forecasted a fund balance deficit in excess of \$5.5 million by FY 2018-19.

In February 2015, WTLSD approved further cost reduction measures totaling approximately \$721,000, with implementation planned for FY 2015-16. These measures included eliminating six teaching positions, two custodial positions, one elementary school librarian, dissolving the elementary school technology program, and reducing pay in the administrator contracts by five work days. Further negotiations in March 2015 resulted in a certificated and classified staff base salary and step freeze for FY 2015-16. After approving these cost saving measures, the District revised its five year forecast in March 2015, which shows potential deficits being delayed until FY 2016-17. **Table 2** below shows the impact of these cuts, as projected in the District's May 2015 five year forecast.

Table 2: Financial Condition Overview (May 2015)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Revenue	\$6,885,162	\$6,586,075	\$6,610,880	\$6,638,293	\$6,714,375
Total Expenditure	\$7,266,839	\$6,578,654	\$6,844,282	\$7,124,405	\$7,424,350
Results of Operations	(\$381,677)	\$7,421	(\$233,402)	(\$486,112)	(\$709,975)
Beginning Cash Balance	\$750,251	\$368,574	\$375,995	\$142,593	(\$343,519)
Ending Cash Balance	\$368,574	\$375,995	\$142,593	(\$343,519)	(\$1,053,494)
Outstanding Encumbrances	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Ending Fund Balance	\$293,574	\$300,995	\$67,593	(\$418,519)	(\$1,128,494)

Source: WTLSD and ODE

As shown in **Table 2**, significant cost saving measures approved by the District eliminated the projected deficits for FY 2015-16 and FY 2016-17. Although expenditures are expected to increase significantly in the latter two years of the forecast, its projected deficit for FY 2018-19 was reduced from approximately \$6.0 million (as forecasted in October 2014) to \$1.2 million.

In order to eliminate the remaining future fund balance deficits, the District could decrease expenditures, increase revenue, or a combination of both. As a result, the District's expenditures and related operations were examined by OPT in an effort to identify areas of potential cost savings, as management has greatest control over decisions that directly affect expenditures. As a result, the recommendations in the audit focus on gaining operational efficiencies through a reduction in expenditures.

In contrast to expenditures, revenues are not directly controlled by school districts but by federal and State laws and regulations, and support from local residents. The Local Tax Effort Index, developed by ODE, is a tool designed to reflect the extent of effort the residents of a school district make in support of public elementary and secondary education while considering the ability of district residents to pay. A value of one indicates average local tax support, while values below or above one reflect below average or above average support, respectively. The District's local tax effort for FY 2013-14 was 2.2514, signifying that District residents contribute more on a means-adjusted basis than the State average. In FY 2013-14, WTLSD had the second highest Local Tax Effort Index in the State.¹

¹ A listing of the Local Tax Effort Index for all schools in Ohio can be found at <http://education.ohio.gov/Topics/Finance-and-Funding/Finance-Related-Data/District-Profile-Reports/FY2014-District-Profile-Report>.

Recommendations

R.1 Enhance financial communication

WTLSD communicates with the community and stakeholders through public meetings, an online newsletter, and its website. Although the District utilizes its website to disseminate some information, it does not have an area dedicated to the Treasurer's Office or links to timely financial data. For instance, the most recent financial information available on the website was from FY 2010-11. Similarly, the District's on-line newsletter was not current as of April 2015.

According to *Web Site Presentation of Official Financial Documents* (GFOA, 2009), using a government website to disseminate information demonstrates both accountability and transparency to its shareholders in an easily accessible format. The GFOA recognizes the following benefits from having well maintained and updated information available online:

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

By not making all financial information available on its website, the District increases the risk that it will not be able to fully engage with community stakeholders and provide meaningful input based on readily available financial information.

WTLSD should enhance communication of its financial information by fully utilizing its website to disseminate important data and pertinent news to stakeholders. Specifically, the District should make its budget, five year forecast, and other relevant financial information easily accessible to the public. These steps will help to ensure accountability and transparency to stakeholders and the community.

R.2 Eliminate 7.5 full-time equivalent² (FTE) general education teacher positions

General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the district-wide ratio of general education teachers to students to be at least 1.0 FTE classroom teacher for every 25 regular students. This category excludes teaching staff in other

² According to the *FY 2012-13 EMIS Reporting Manual* (ODE, 2013) instructions for reporting staff data, an FTE is defined by the ratio between the amounts of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district.

areas such as gifted, special education, and educational service personnel (ESP). **Table 3** presents three options for staffing reductions in which the District would continue to operate within State requirements for general education teacher staffing levels based on FY 2014-15 data.

Table 3: General Education Teacher Staffing Comparison

General Education Teacher FTEs		33.02			
Regular Student Population		504.64			
Staffing Ratio (Students: Teachers)		15.28:1			
Options	Staffing Ratio by Option (Students: Teachers)	Proposed Staffing for Each Option	Difference Above/ (Below)	Proposed Reduction for this Option	Annual Savings ¹
Option 1: Peer Average	16.18:1	31.19	1.83	1.50	\$83,675
Option 2: 20% Above State Minimum	20.00:1	25.23	7.79	7.50	\$466,134
Option 3: State Minimum	25.00:1	20.19	12.83	12.50	\$845,503

Source: WTLSD, peer districts, and OAC

¹ Annual savings calculated based on actual salaries of the lowest paid teachers plus a benefits ratio of 42.8 percent.

The selection of one of the options presented in **Table 3** is ultimately District management's responsibility based upon the needs and desires of the stakeholders in its community. Staffing decisions must be balanced, however, with their fiduciary responsibility to adapt to the financial realities of the District and maintain a solvent operation. Bringing teacher staffing levels to 20 percent above State minimum requirements may provide sufficient savings to maintain a solvent operation. One of the other options presented above may be prudent, however, if the financial condition of WTLSD changes significantly or some of the recommendations in this report are not fully implemented. While it is not common practice in Ohio to operate at or near State minimum levels, WTLSD may need to make significant staffing reductions to address the deficits in its five year forecast.

Financial Implication: Eliminating 7.5 FTE general education teachers could save approximately **\$466,100** in salaries and benefits annually. This savings was calculated using the lowest paid full-time general education teacher salaries and includes an average benefit ratio of 42.8 percent.³ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

During the course of the audit, the District approved the reduction of 6.0 FTE general education teachers for FY 2015-16 (see Appendix D).

R.3 Eliminate 1.5 FTE educational service personnel (ESP) positions

ESP positions include K-8 art, music, and physical education teachers, counselors, librarians, nurses, social workers, and visiting teachers. At the start of FY 2014-15, OAC 3301-35-05 required school districts to employ a minimum of 5.0 FTE ESP for every 1,000 students in the

³ Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2014 five-year forecast.

regular student population. WTLSD, as well as the peer districts, staffed in accordance with this regulation.⁴ **Table 4** compares the District's ESP staffing to the peer average on a per 100 student basis.

Table 4: ESP Staffing Comparison

	WTLSD		Peer Average	Difference	
Students Educated ¹	575.58		572.78	2.80	
Students Educated (hundreds)	5.7558		5.7278	0.0280	
	FTEs	FTEs per 100 Students	Peer FTEs per 100 Students	Difference per 100 students	Total Above/(Below) ²
ESP Teachers	3.00	0.52	0.49	0.03	0.17
Counselors	1.00	0.17	0.20	(0.03)	(0.17)
Librarians/Media Specialists	1.00	0.17	0.06	0.11	0.63
School Nurses	1.00	0.17	0.02	0.15	0.87
Social Workers	0.00	0.00	0.00	0.00	0.00
Visiting Teachers	0.00	0.00	0.00	0.00	0.00
Total Educational Service Personnel Above/(Below)					1.50

Source: WTLSD and primary peer districts

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of employees per 100 students in line with the peer average. Calculated by multiplying "Difference per 100 Students" by "Students Educated (hundreds)".

As illustrated in **Table 4**, WTLSD employed 6.0 FTE ESP staff, which included 1.0 FTE art teacher, 2.0 FTE music teachers, 1.0 FTE counselor, 1.0 FTE librarian, and 1.0 FTE nurse with the District's total ESP staffing ratio being 1.5 FTEs higher than the peer average.

Effective April 24, 2015, OAC 3301-38-05 was revised to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities of all students." This revision also eliminated State minimum staffing levels for ESP staffing.

As illustrated in **Table 4**, the District employs more ESP positions than the peer average, signifying that financial efficiency could be gained by bringing its operations more in line with this staffing level. As a result, the District should reduce its ESP staff to the peer average. The elimination of the OAC minimum staffing level for ESP provides District management the authority to make decisions based upon the needs and desires of the stakeholders in its community. Although reductions beyond the peer average remain an option, the District's course of action is ultimately management's responsibility.

⁴ With 504.6 students in the regular population and 6.0 total ESP FTEs, WTLSD employed 3.5 FTEs over the minimum requirement in FY 2014-15.

Financial Implication: Reducing 1.5 FTE ESP positions could save approximately **\$81,000** in salaries and benefits annually. The savings was calculated using the 1.5 lowest ESP staff salaries and includes an average benefit ratio of 42.8 percent.⁵ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried ESP staff.

During the course of the audit, the District approved the reduction of 1.0 FTE librarian for FY 2015-16 (see Appendix D).

R.4 Freeze certificated salary schedules

Wages for certificated and classified employees were compared to surrounding district averages using FY 2014-15 salary schedules. **Table 5** displays the certificated employee comparison, showing the average base salary compensation as well as the possible career compensation over 30-years in comparison to the surrounding district average. Career compensation for classified employees was found to be lower than the surrounding district average (see **Table B-2**).

Table 5: Certificated Annual Salary and Career Compensation Comparison

Base Salary				
	WTLSD Base Salary	Surrounding District Average	Difference	Percentage Difference
Teacher/BA	\$35,583	\$33,038	\$2,545	7.7%
Teacher/MA+	\$38,963	\$36,501	\$2,462	6.7%
Career Compensation (Salary + Longevity For 30 Years)				
	WTLSD	Surrounding District Average	Difference	Percentage Difference
Teacher/BA	\$1,616,892	\$1,488,053	\$128,839	8.7%
Teacher/MA+	\$1,856,893	\$1,744,932	\$111,961	6.4%

Source: WTLSD and surrounding district collective bargaining agreements

As shown in **Table 5**, base salary levels and career compensation for all teacher classifications were higher than the surrounding district average. Higher compensation can be caused by higher starting salary levels, greater step increases, or a combination of both. After comparing the District's certificated salaries to the surrounding districts, it was determined that the higher level of career compensation was caused by higher starting salaries and greater step increases, particularly in the final half of the step schedule.

The District should implement a freeze on step increases in order to bring compensation more in line with the surrounding districts. In addition, the District should attempt to negotiate lower base salary levels for certificated employees to ensure they are comparable to similar positions within the region.

Financial Implication: A freeze on step increases could save the District approximately **\$54,500** annually based on FY 2015-16 salary schedules.

⁵ Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2014 five-year forecast.

During the course of the audit, the District approved a one-year salary freeze for classified and certificated employees (see Appendix D).

R.5 Renegotiate severance provision

The District's collective bargaining agreements (CBAs) for certificated staff and Board policies governing classified employees provide a retirement severance payment of one-fourth (1/4) of the accumulated sick leave for employees with fewer than eleven years of service. The certificated contract entitles employees with eleven or more years of service to payment for one additional day per year served, not to exceed 54 days (after 30 years of service). Similarly, classified employees with eleven or more years of service are entitled to payment for one additional day per year served, not to exceed 52 days (after 30 years of service). The maximum accumulated sick time for certificated and classified employees is 220 days. In addition to these payment and accumulation provisions, the certificated CBA and Board policies include a "super-severance" provision that incentivizes retirement in the first year of eligibility. Specifically, it permits an additional 40 days of payment, bringing the total severance payout of 94 days for certificated staff, and 92 days for classified staff.

In comparison to WTLSD, surrounding districts offer maximum severances that range from 60 days to 100 days of unused sick leave, paid out at retirement.⁶ Furthermore, ORC § 124.39 establishes a maximum severance payout requirement of 30 days of accumulated sick leave paid to retiring employees with at least 10 years of service. The District's sick leave severance provisions are 24 days and 22 days over this required level for certificated and classified staff, respectively. WTLSD should negotiate severance provisions reducing the number of days paid out to the minimum required by the ORC. Reducing the severance payout entitlements to a level consistent with the ORC maximum and eliminating the "super-severance" provision will assist in lowering the District's potential liability associated with future severance payments.

Financial Implication: The District could save approximately **\$30,000** annually by reducing its severance payments to the ORC minimum based on average annual total severance payments made for FY 2011-12 through FY 2013-14.

R.6 Reduce employee medical insurance premiums

Prior to making any changes to health insurance, the District should review the Patient Protection and Affordable Care Act to ensure that intended results will be achievable under the legislation.

⁶ Lakewood LSD (Licking County) offers its certificated and classified employees between 55 and 66 sick leave days of maximum payment depending on length of service; Southwest Licking LSD (Licking County) offers its certificated and classified employees a maximum of 87.5 sick leave days paid out at retirement; Liberty Union-Thurston LSD (Fairfield County) offers certificated employees a maximum of 65 sick leave days paid out at retirement, with a bonus of 40 additional days if certain conditions are met, while classified employees are entitled to a maximum of 100 sick leave days with a bonus of 20 additional days if certain conditions are met; and Fairfield Union LSD (Fairfield County) offers its certificated employees a maximum of 60 sick leave days paid out at retirement.

The District offers a fully-insured medical and prescription drug plan for full-time employees. District health plan provisions were compared to annual survey data published by the Ohio State Employment Relations Board (SERB). Each year, SERB surveys public sector entities concerning health insurance costs to provide data on various aspects of health insurance, plan design, and cost for government entities in Ohio. Because geographical location is one of the driving factors in health insurance premium costs, an analysis of WTLSD's premiums was conducted based on the SERB average for the Columbus region, which reflects the costs associated with entities in the same geographical location as the District. **Table 6** illustrates a comparison of the District's FY 2013-14 premiums for single and family coverage to the Columbus regional average published in the 21st *Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2014).

Table 6: Medical Premium Comparison

	WTLSD	SERB ¹	Difference	Employees Enrolled	Savings
Single Plan	\$9,153	\$7,140	\$2,013	25	\$50,325
Family Plan	\$24,604	\$18,540	\$6,064	39	\$236,496
Total Savings					\$286,821

Source: WTLSD and SERB

¹ Columbus regional average.

As illustrated in **Table 6**, the District's FY 2013-14 annual premiums for both single and family coverage exceeded the SERB Columbus regional average. Premium levels are heavily dependent on plan content and can be reduced by changing plan contents. Comparisons showed that the medical insurance plan at WTLSD is more generous than the SERB benchmarks. For instance, employees at WTLSD pay annual deductibles of \$100 and \$200 for single and family coverage, respectively. In comparison, the majority of school districts and Educational Service Centers (ESCs) in Ohio pay between \$500-1,199 annually for deductibles. Also, out-of-pocket maximums are significantly lower at WTLSD compared to the SERB benchmark. At WTLSD, employees pay \$300 and \$600 per year for single and family coverage, respectively. In comparison, the SERB benchmark for out-of-pocket maximums for school districts and ESCs in Ohio is \$1,095 for single coverage and \$2,200 for family coverage.

Cost savings could also be achieved through renegotiations with the current medical provider. *Renegotiate Benefit Contracts and Cut Costs* (Society for Human Resource Management (SHRM), 2009) suggests that employers seek competitive bids each year for health insurance in order to make meaningful comparisons and selection. Receiving bids each year will assist the District in negotiations with its current medical provider or potential providers. As a result, the District will ensure it is getting the best coverage at the most effective cost to meet its needs.

In addition to changing plan contents and competitive bidding, securing a cost-effective insurance program can be accomplished through consortium purchasing. Consortium purchasing allows entities to save money and lower costs by joining together to purchase health insurance and increasing the risk pool. SERB reports that of the school districts that responded to the 2014 survey, 76 percent purchased health insurance through a consortium. In addition, SERB reports that medical plans purchased through a consortium are significantly lower in cost compared to non-consortium plans.

The District should consider all possible steps to reduce its medical insurance premiums, including competitive purchasing, joining a consortium, and negotiating less generous coverage levels with its employees. Developing and utilizing cost saving strategies concerning health care premiums could result in significant savings to the District.

Financial Implication: Reducing medical insurance premiums to SERB levels could save the District approximately **\$286,800**.

During the course of the audit, the District elected to join the South Central Ohio Insurance Consortium for its health insurance coverage for FY 2015-16 and FY 2016-17.

R.7 Increase employee contributions for dental and vision plans

Prior to making any changes to health insurance, the District should review the Patient Protection and Affordable Care Act to ensure that intended results will be achievable under the legislation.

WTLSD offers its employees single and family dental and vision insurance. **Table 7** compares the District's dental and vision insurance premium employee contribution rates to data contained in the 22nd *Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2014).

Table 7: Employee Health Insurance Contribution Comparison

	WTLSD	SERB Regional Average ¹	Difference
Dental			
Single Plan	0.0%	20.6%	(20.6%)
Family Plan	20.0%	22.4%	(2.4%)
Vision			
Family Plan	0.0%	62.7%	(62.7%)
Single Plan	0.0%	60.0%	(60.0%)

Source: WTLSD and SERB

¹ Columbus regional average.

As shown in **Table 7**, employee contributions for each dental and vision plan type are lower than the SERB benchmark. **Table 8** illustrates the financial impact of the comparatively lower contribution rates.

Table 8: Employee Health Insurance Contribution Comparison

Plan Type	WTLSD Contribution	Contribution Amount at SERB Benchmark	Plan Participants	Monthly Savings	Annual Savings
Vision					
Single Plan	\$0	\$6	16	\$96	\$1,152
Family Plan	\$0	\$14	48	\$672	\$8,064
Dental					
Single Plan	\$0	\$7	32	\$224	\$2,688
Family Plan	\$17	\$20	41	\$123	\$1,476
Total Annual Savings					\$13,380

Source: WTLSD and SERB

As shown in **Table 8**, the District could realize cost savings by requiring employees to contribute toward the vision and dental plans at levels consistent with the SERB benchmark. The District should negotiate a higher employee share in order to realize these cost savings.

Financial Implication: Negotiating employee contributions at SERB benchmark levels for all dental and vision insurance plans would save the District approximately **\$13,300** annually.

R.8 Outsource custodial function

WTLSD operates two school buildings: an elementary school, a combined junior/senior high school, and administrative offices which are located in the elementary school building. The custodial function is staffed by 5.4 FTEs, with temporary labor being used to supplement this workforce in the summer (see **R.8** and **R.9**). In FY 2013-14, WTLSD expended \$2.43 per square foot on personnel costs for custodial services. In comparison, the *38th Annual Maintenance & Operations Cost Study* (American School and University (AS&U), 2010) states that the “generally neat and orderly” standard of cleanliness costs up to \$1.55 per square foot for outsourced custodial services, \$0.88 lower than WTLSD’s FY 2013-14 costs.

Although the actual outsourcing savings may vary by district due to the location, availability of willing bidders, and size of the district, WTLSD should consider outsourcing as an economical solution for costly custodial services. For example, Monroe Local School District (Butler County) contracted with an outside vendor at a rate of \$2.05 per square foot for custodial and maintenance in FY 2012-13, a difference of \$0.38 compared to WTLSD’s personnel costs.

Table 9 displays potential savings that WTLSD could achieve by outsourcing its custodial function at a rate similar to the AS&U benchmark.

Table 9: Outsourcing Cost Savings Potential

WLTSD Square Footage Cleaned	124,169
WLTSD Custodial FY 2013-14 Custodial Costs	\$302,189
WLTSD Custodial Cost per Square Foot	\$2.43
AS&U Benchmark	\$1.55
Difference	\$0.88
Potential Savings	\$109,200

Source: WLTSD and AS&U

Financial Implication: The District could save approximately **\$109,200** by outsourcing its custodial function.

R.9 Eliminate 1.0 FTE custodial staff position

As an alternative to **R.9**, WLTSD should consider the efficiency of its existing custodial operations. The District's cleanable square footage in relation to its staffing level was evaluated against recommended practices and operational standards published by the National Center for Education Statistics (NCES). **Table 10** compares the District's custodial staffing levels to the benchmark as of FY 2013-14.

Table 10: Custodial Staffing Analysis

Custodial FTEs	5.4
Square Footage Cleaned	124,169
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	4.2
Custodial FTEs Above/(Below) Benchmark	1.2

Source: WLTSD and NCES

As shown in **Table 10**, the District is overstaffed by 1.2 FTE custodial staff in comparison to the benchmark.

Financial Implication: Eliminating 1.0 FTE custodial staff position could save approximately **\$28,400** annually in salaries and benefits. This estimate was calculated using the salary of the lowest paid custodian and an average benefit ratio of 42.8 percent.⁷ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

During the course of the audit, the District approved the reduction of 1.4 FTE custodians for FY 2015-16 (see Appendix D).

R.10 Reduce temporary custodial labor costs

In addition to 5.4 FTE custodians, the District uses temporary laborers for summer cleaning and as substitutes. The purpose of summer labor is to clean and prepare classrooms for the coming school year, while substitutes provide coverage for absent employees on an as needed basis. In

⁷ Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2014 five-year forecast.

FY 2013-14, the District spent \$2.76 per square foot on personnel costs, 27 percent higher than the peer average. Temporary labor accounted for 17.4 percent of total salaries and wages in FY 2013-14 at WTLSD compared to the peer average of 6.9 percent. **Table 11** shows FY 2013-14 temporary labor costs for WTLSD compared to the peer average.

Table 11: Temporary Labor Comparison

	WTLSD	Peer Average	Difference	% Difference
Total Cost	\$33,655	\$7,997	\$25,658	320.8%
Square Footage	124,169	117,624	6,545	5.6%
Cost Per Square Foot	\$0.27	\$0.07	\$0.20	285.7%

Source: WTLSD and peer data

As shown in **Table 11**, temporary labor cost the District an average of \$0.27 per square foot in FY 2013-14, 285.7% higher than the peer district average. The District does not track if the temporary labor is the result of substitute work or summer work; however, administrators stated that the majority of the temporary labor was due to summer work. As a result, the District spent significantly more on temporary labor than the peers in FY 2013-14.

As indicated in the custodial staffing analysis in **R.9**, the District's permanent custodial staff exceeds industry standards. The addition of temporary labor for summer and substitute work further inhibits efficiency. District administration should reduce the use of its temporary labor and develop more efficient methods to staff its custodial operations. For instance, it could increase the contracts of the 1.7 FTE custodians to a full year, which could be a more efficient use of permanent staff.

Financial Implication: Reducing temporary labor costs to the peer average could save the District approximately **\$25,600** annually.

R.11 Develop a comprehensive facilities preventive maintenance plan

The District does not have a formal plan outlining when preventive maintenance is necessitated by manufacturer guidelines. Currently, maintenance requests are directed to the Transportation/Maintenance Supervisor who then performs the work or assigns it to an employee. As a whole, preventive maintenance is not done in a prescribed, set manner.

The *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES), 2003) indicates that "a comprehensive facility maintenance program is a school district's foremost tool for protecting its investment in school facilities." Moreover, NCES explains that preventive maintenance is the cornerstone of any effective maintenance initiative. After identifying items that should receive preventive maintenance, a district should decide on the frequency and type of inspections and maintenance activities to be performed in consultation with manufacturers' manuals, as they usually provide guidelines about the frequency of preventive services as well as a complete list of items that must be maintained.

WTLSD should develop and implement a comprehensive preventive maintenance plan. The absence of a formal, written plan limits the transparency of the maintenance necessary to keep

the District's facilities operating efficiently and effectively and may drive up costs due to early replacement of capital assets. Developing an effective plan should help ensure that the District extends the life of capital assets and allow for more accurate budgeting, as potential costly replacements can be identified earlier in the process.

R.12 Charge sponsoring organizations for non-routine trips

The District does not charge sponsoring organizations for the expenses of non-routine trips; instead, it charges the General Fund for the cost of these trips. In FY 2013-14, the District traveled 11,642 non-routine miles, 31 percent higher than the peer average of 8,991 non-routine miles. The combination of higher mileage coupled with no reimbursement system placed a substantial burden on the District's General Fund.

Establishing Government Charges and Fees (Government Finance Officers Association (GFOA), 2014) states that when a certain service provided especially benefits a particular group, a government should consider charges and fees on the direct recipients of those who benefit from the services. Two school districts in Ohio that have implemented policies to recoup the costs associated with non-routine trips include Switzerland of Ohio Local School District (Monroe County) that charges sponsoring organizations at a rate of \$2.00 per mile and Newcomerstown Exempted Village School District (Tuscarawas County) that charges its athletic fund a minimum of five hours at Ohio's minimum wage for transportation for sporting events.

WTLSD should track all costs associated with non-routine miles in order to determine an appropriate cost to charge the sponsoring organization requiring transportation. By tracking the full cost of each non-routine trip, including personnel, fuel, and maintenance costs, WTLSD could develop a policy to charge all or a portion of these costs to the organization sponsoring the trip. Doing so will shift the burden of these expenditures away from the General Fund to sponsoring organizations, resulting in a significant cost savings to the General Fund and meet leading practices set forth by other Ohio school districts.

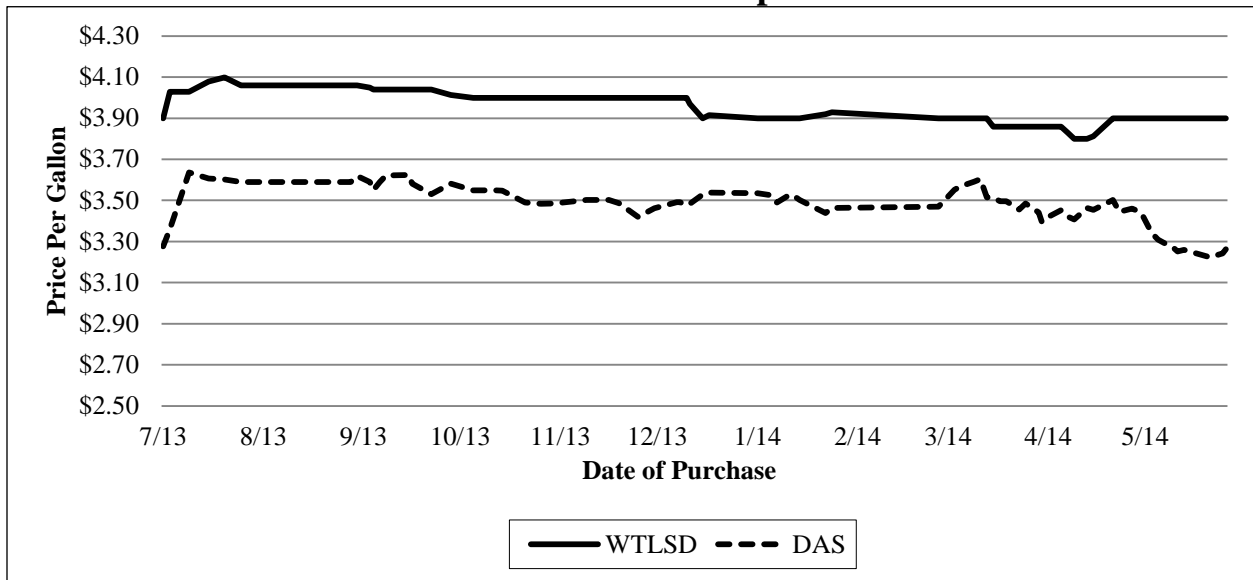
Financial Implication: The District could reduce General Fund costs by **\$34,600** annually by charging sponsoring organizations for non-routine transportation services, based on FY 2013-14 transportation and cost data.

R.13 Utilize cooperative purchasing opportunities for fuel procurement

WTLSD uses fleet credit cards to purchase its gasoline and diesel fuel from a local retail fuel station. The District, however, does not have a formal agreement with this vendor and purchases fuel at the retail price.

The District's fuel costs were compared to prices available through the Ohio Department of Administrative Services (DAS) Cooperative Purchasing Program (CPP). This program offers Ohio political subdivisions, including school districts, the benefits and cost savings of procuring goods and services through State contracts. **Chart 1** shows a comparison between the price per gallon of diesel fuel paid by the District and the prices offered through the CPP on reciprocal dates.

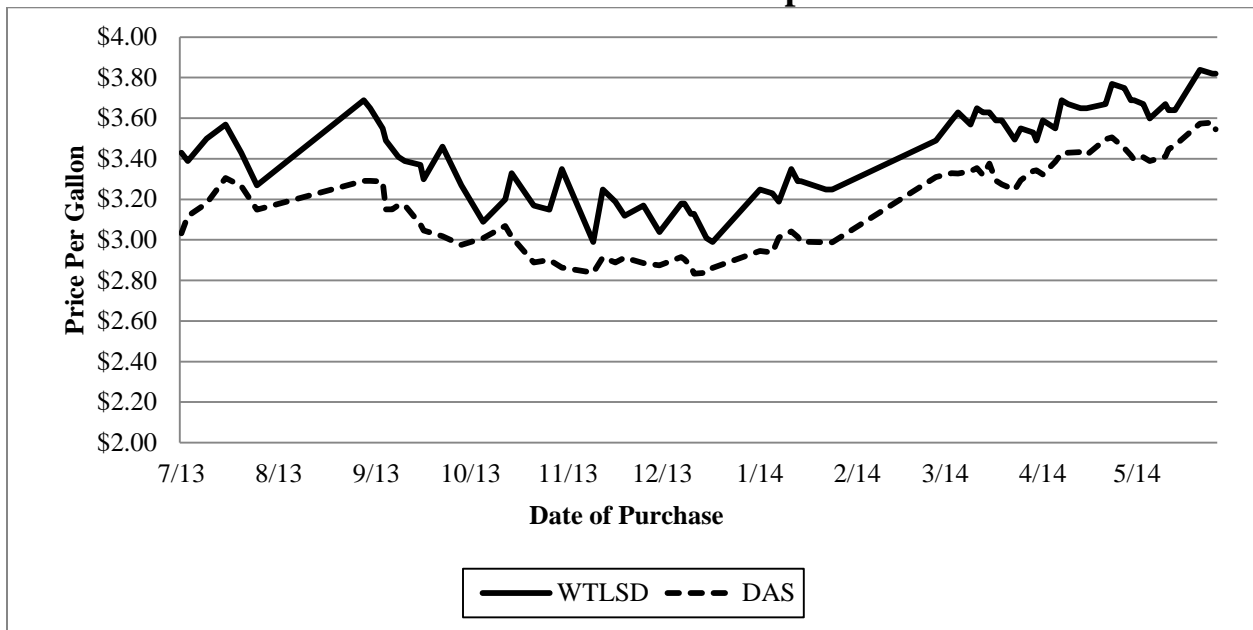
Chart 1: Diesel Fuel Price per Gallon



Source: WTLSD and DAS

As shown in **Chart 1**, the District consistently paid more per gallon for diesel fuel in comparison to DAS pricing. The District also consistently paid more per gallon for unleaded fuel, as shown in **Chart 2**.

Chart 2: Unleaded Fuel Price per Gallon



Source: WTLSD and DAS

As shown in **Chart 2**, the District consistently paid more per gallon for unleaded fuel in comparison to DAS pricing. Overall, by not using the CPP, the District spent significantly more

for fuel than it would have by taking advantage of the program. Table 12 takes pricing data from the charts above and estimates the District's FY 2013-14 costs for fuel using CPP pricing.

Table 12: Fuel Cost Comparison

Diesel Fuel	
Total Gallons Purchased	11,362
Average Cost per Gallon Purchased	\$3.97
Average DAS Price per Gallon	\$3.54
Difference	\$0.43
Potential Savings	\$4,886
Unleaded Gasoline	
Total Gallons Purchased	1,336
Average Cost per Gallon Purchased	\$3.43
Average DAS Price per Gallon	\$3.17
Difference	\$0.26
Potential Savings	\$347
Total Annual Savings	\$5,233

Source: WTLSD and DAS

Table 12 shows that the District could have saved \$5,233 annually by using the DAS contract for fuel purchasing in FY 2013-14.

In addition, ORC § 125.04(C) states that a school district may purchase supplies or services from another party, including another political subdivision, instead of through a contract that DAS has entered into on behalf of the school district, if the school district can prove that it can purchase the same supplies or services from another party upon equivalent conditions and specifications but at a lower price. If so, the school district does not have to competitively bid those supplies or services. However, as shown above, this is not the case at WTLSD.

The District should consider joining the CPP to take advantage of possible lower fuel prices. DAS makes this program available to school districts in Ohio at an annual price of \$100. By joining the CPP, or providing sufficient evidence that ensures the District obtains fuel at a lower price than offered by DAS, it can maintain compliance with ORC § 125.04(C) and help to ensure the most competitive fuel prices are obtained.

Financial Implication: The District could save approximately **\$5,100** annually, by purchasing diesel fuel and unleaded gasoline through the CPP based on FY 2013-14 data.⁸

⁸ Includes a \$100 administrative fee payable to DAS.

Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: financial management, human resources, facilities, transportation, and food service. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Six of the 17 objectives did not yield a recommendation (see **Appendix B: Additional Comparisons**) for additional information including comparisons and analyses that did not result in recommendations.

Table A-1: Audit Objectives and Recommendations

Objective	Recommendation
Financial Management	
What is the financial history and current status?	Background
Are purchasing practices comparable to leading practices?	N/A
Are budgeting practices comparable to leading practices?	R.1
Human Resources	
Is EMIS data sufficiently reliable for use?	N/A
Are salaries comparable to the peers?	R.4, Table B-2
Are CBA provisions comparable to the peers?	R.5
Are insurance and workers compensation benefits comparable to industry standards?	R.6, R.7, Table B-3
Are staffing levels comparable to the peers and state minimum requirements?	R.2, R.3, Table B-1
Facilities	
Are custodial and maintenance staffing levels appropriate for buildings in operation?	R.9
Is the use of temporary labor appropriate for buildings in operation?	R.10
Are there more cost-effective alternatives to execute maintenance and custodial functions?	R.8
Are utility costs per square foot comparable to peers?	Table B-4
Does the District have an implemented preventive maintenance plan?	R.11
Transportation	
Is T-Form information accurate?	N/A
Does the District make efficient use of its fleet?	R.12
Are fuel purchasing practices efficient?	R.13
Food Service	
Are any items charged to the General Fund that could be charged to the Food Service Fund?	N/A

Appendix B: Additional Comparisons

Staffing

Table B-1 compares the District's staffing on a per 100 student basis to the peer average.

Table B-1: Staffing Comparison Summary (in FTEs)

	WTLSD		Peer Average	Difference	
Students Educated ¹	575.58		572.78	2.80	
Students Educated (in hundreds)	5.7558		5.7278	0.028	
	FTE Staff	FTE/100 Students	Peer Average Staff per 100 Students	Difference per 100 Students	Total FTEs Above (Below) ²
Administrative	5.50	0.96	0.85	0.11	0.63
Office/Clerical	4.00	0.69	0.62	0.07	0.40
General Education Teachers	33.02	5.74	5.49	0.25	1.44
All Other Teachers	6.49	1.13	1.44	(0.31)	(1.78)
Educational Service Personnel (ESP)	6.00	1.04	0.78	0.26	1.50
Educational Support	1.00	0.17	0.34	(0.17)	(0.98)
Other Certificated	1.00	0.17	0.03	0.14	0.81
Non-Certificated Classroom Support	3.00	0.52	0.94	(0.42)	(2.42)
Operations	14.11	2.45	2.63	(0.18)	(1.04)
All Other Staff	3.00	0.52	0.29	0.23	1.32

Source: WTLSD and primary peer EMIS reports

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of employees per 100 students in line with the peer average. Calculated by multiplying "Difference per 100 Students" by "Students Educated (hundreds)."

As displayed in **Table B-1**, the District is staffed at a higher level than the peers in the general education (see **R.1**) and ESP (see **R.2**) categories. The other certificated and all other staff classifications were not analyzed due to changes made in conjunction with an ODE staffing analysis conducted in January 2015. In addition, office/clerical staffing was analyzed and found to have a staffing difference less than one-half of an FTE. Administrative staffing did not result in a recommendation due to implementation being infeasible.

Salaries

Table B-2 compares the career compensation (including longevity) of classified employees to that of surrounding district average for commonly staffed classified positions based on employee salary schedules.

Table B-2: Classified Hourly Wage and Career Salary Comparison

	WTLSD	Surrounding District Average	Difference	Percent Difference
Bus Driver	\$15.84	\$14.69	\$1.15	7.8%
Custodian	\$12.57	\$14.23	(\$1.66)	(11.7%)
Food Service	\$13.42	\$11.95	\$1.47	12.3%
Secretary	\$13.63	\$13.80	(\$0.17)	(1.2%)
Total Cost of Schedule (Salary + Longevity Over 30 Years)				
	WTLSD	Surrounding District Average	Difference	Percent Difference
Bus Driver	\$460,706	\$478,338	(\$17,632)	(3.7%)
Custodian	\$910,624	\$1,172,210	(\$261,586)	(22.3%)
Food Service	\$522,133	\$519,433	\$2,700	0.5%
Secretary	\$983,154	\$1,156,782	(\$173,628)	(15.0%)

Source: WTLSD and surrounding peer district collective bargaining agreements

Note: Bus driver salaries are based on 22.5 hours a week for 37 weeks, custodian and secretary salaries are based on 40 hours a week for 52 weeks, and food service salaries are based on 30 hours a week for 37 weeks.

As shown in **Table B-2**, when longevity is factored in, total compensation for all positions was lower than the surrounding district average with the exception of food service, which was immaterially higher.

Insurance

Table B-3 compares WTLSD's current premiums for dental and vision insurance to the Columbus regional average published in the 21st Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2014).

Table B-3: Dental and Vision Insurance Premium Comparison

	WTLSD	SERB Regional Average ¹	Difference	% Difference
Dental				
Single	\$362	\$402	(\$40)	(10.0%)
Family	\$1,039	\$1,091	(\$52)	(4.8%)
Vision				
Single	\$98	\$105	(\$7)	(6.7%)
Family	\$272	\$271	\$1	0.4%

Source: WTLSD and SERB

¹ Reflects averages for the Columbus region.

As shown in **Table B-3**, the Districts dental and vision premiums are in line with, or lower than, the SERB benchmark.

Facilities

Table B-4 compares the District's cost per square foot to the peers for facilities maintenance and management.

Table B-4: Facilities per Square Foot Comparison

	WTLSD	Peer Average	Difference	% Difference
Salaries and Wages	\$1.78	\$1.46	\$0.32	21.9%
Employee Benefits	\$0.98	\$0.72	\$0.26	36.1%
Purchased Services (Excluding Utilities)	\$0.54	\$0.82	(\$0.28)	(34.1%)
Utilities	\$1.16	\$1.25	(\$0.09)	(7.2%)
Water & Sewage	\$0.08	\$0.08	\$0.00	0.0%
Sub-Total Energy	\$1.08	\$1.17	(\$0.09)	(7.7%)
Electric	\$0.88	\$0.87	\$0.01	1.1%
Gas	\$0.20	\$0.27	(\$0.07)	(25.9%)
Other Energy Sources	\$0.00	\$0.03	(\$0.03)	(100.0%)
Supplies & Materials	\$0.35	\$0.38	(\$0.03)	(7.9%)
Capital Outlay	\$0.08	\$0.12	(\$0.04)	(33.3%)
Other Objects	\$0.00	\$0.05	(\$0.05)	(100.0%)
Total Expenditures per Square Foot	\$4.89	\$4.81	\$0.08	1.7%

Source: WTLSD and primary peer districts

As shown in **Table B-4**, the District's overall cost per square foot for facilities expenditures was comparable to the peer average.

Food Service

Table B-5 below shows the Food Service Fund operations and fund balances for the last three fiscal years.

Table B-5: Food Service Fund Balance

	FY 2011-12	FY 2012-13	% Change	FY 2013-14	% Change
Beginning Fund Balance	\$114,867	\$131,206	14.2%	\$114,661	(12.6%)
Total Receipts	\$299,494	\$285,568	(4.6%)	\$290,898	1.9%
Total Expenditures	\$283,155	\$302,113	6.7%	\$287,234	(4.9%)
Result of Operations	\$16,339	(\$16,545)	(201.3%)	\$3,664	122.1%
Ending Fund Balance	\$131,206	\$114,661	(12.6%)	\$118,325	3.2%

Source: WTLSD

As shown in **Table B-5**, the District maintained positive Food Service Fund balances in excess of \$100,000 in each year from FY 2011-12 through FY 2013-14, despite an operational deficit in FY 2012-13.

Appendix C: Five Year Forecast

Chart C-1 displays the District's October 2014 five year forecast.

Chart C-1: WTLSD October 2014 Five Year Forecast

Walnut Township Five Year Forecast for Fiscal Year 2015								
District Type: Local IRN: 046904 County: Fairfield Date Submitted: 10/28/2014 Date Processed: 10/29/2014								
Line	Actual			Forecasted				
	2012	2013	2014	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	2,585,803	2,640,726	2,744,088	2,526,679	2,633,528	2,627,122	2,621,813	2,646,086
1.020 Tangible Personal Property Tax	372,888	393,701	457,895	494,795	480,449	466,884	453,434	453,434
1.030 Income Tax	1,148,416	1,138,073	1,281,697	1,303,617	1,193,269	1,277,149	1,303,900	1,331,187
1.035 Unrestricted Grants-in-Aid	1,332,248	1,369,928	1,344,155	1,337,855	1,337,855	1,337,855	1,337,855	1,337,855
1.040 Restricted Grants-in-Aid	2,383							
1.050 Property Tax Allocation	411,596	412,554	416,991	407,310	395,351	394,849	394,471	398,416
1.060 All Other Operating Revenue	486,943	529,254	468,377	539,312	522,518	543,418	565,155	587,761
1.070 Total Revenue	6,340,277	6,484,236	6,713,203	6,609,568	6,562,971	6,647,277	6,676,628	6,754,739
2.080 Total Revenues and Other Financing Sources	6,340,277	6,484,236	6,713,203	6,609,568	6,562,971	6,647,277	6,676,628	6,754,739
3.010 Personnel Services	3,597,280	3,585,899	3,639,239	3,601,788	3,630,570	3,695,492	3,761,575	3,828,840
3.020 Employees' Retirement/Insurance Benefits	1,351,368	1,570,443	1,559,048	1,622,307	1,713,013	1,822,595	1,942,269	2,073,029
3.030 Purchased Services	1,085,845	1,291,217	1,396,640	1,480,438	1,569,265	1,663,421	1,763,226	1,869,019
3.040 Supplies and Materials	182,318	222,678	182,075	193,000	204,579	216,854	229,865	243,657
3.050 Capital Outlay	74,513	49,233	67,464	50,663	26,689	27,757	28,867	30,022
4.010 Debt Service: All Principal (Historical)	85,000	90,000	90,000					
4.055 Debt Service: Principal - Other				95,000	100,000	105,000	105,000	110,000
4.060 Debt Service: Interest and Fiscal Charges	124,538	121,256	117,768	114,069	110,169	106,069	101,869	97,431
4.300 Other Objects	275,490	262,622	248,718	263,641	282,460	299,407	320,372	339,594
4.500 Total Expenditures	6,776,352	7,193,348	7,300,952	7,420,906	7,636,745	7,936,595	8,253,043	8,591,592
5.010 Operational Transfers - Out	50,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000
5.040 Total Other Financing Uses	50,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000
5.050 Total Expenditure and Other Financing Uses	6,826,352	7,218,348	7,325,952	7,445,906	7,686,745	7,986,595	8,303,043	8,641,592
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(486,075)	(734,112)	(612,749)	(836,338)	(1,123,774)	(1,339,318)	(1,626,415)	(1,886,853)
7.010 Beginning Cash Balance	2,583,187	2,097,112	1,363,000	750,251	(86,087)	(1,209,861)	(2,549,179)	(4,175,594)
7.020 Ending Cash Balance	2,097,112	1,363,000	750,251	(86,087)	(1,209,861)	(2,549,179)	(4,175,594)	(6,062,447)
8.010 Outstanding Encumbrances	75,000	75,000	235,523	75,000	75,000	75,000	75,000	75,000
10.010 Fund Balance June 30 for Certification of Appropriations	2,022,112	1,288,000	514,728	(161,087)	(1,284,861)	(2,624,179)	(4,250,594)	(6,137,447)
11.020 Property Tax - Renewal or Replacement				129,000	258,000	383,000	508,000	508,000
11.300 Cumulative Balance of Replacement/Renewal Levies				129,000	387,000	770,000	1,278,000	1,786,000
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,022,112	1,288,000	514,728	(32,087)	(897,861)	(1,854,179)	(2,972,594)	(4,351,447)
13.020 Property Tax - New				500,000	1,000,000	1,000,000	1,000,000	1,000,000
13.030 Cumulative Balance of New Levies				500,000	1,500,000	2,500,000	3,500,000	4,500,000
15.010 Unreserved Fund Balance June 30	2,022,112	1,288,000	514,728	467,913	602,139	645,821	527,406	148,553

Source: ODE

Chart C-2 displays the District's February 2015 five year forecast.

Chart C-2: WTLSD February 2015 Five Year Forecast

Walnut Township Five Year Forecast for Fiscal Year 2015								
District Type: Local IRN: 046904 County: Fairfield Date Submitted: 2/3/2015 Date Processed: 2/3/2015								
Line	Actual			Forecasted				
	2012	2013	2014	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	2,585,803	2,640,726	2,744,088	2,526,679	2,633,528	2,627,123	2,621,813	2,646,086
1.020 Tangible Personal Property Tax	372,888	393,701	457,895	494,795	480,449	466,884	453,434	453,434
1.030 Income Tax	1,148,416	1,138,073	1,281,697	1,464,714	1,278,928	1,305,807	1,333,223	1,361,188
1.035 Unrestricted Grants-in-Aid	1,332,248	1,369,928	1,344,155	1,337,855	1,337,855	1,337,855	1,337,855	1,337,855
1.040 Restricted Grants-in-Aid	2,383							
1.050 Property Tax Allocation	411,596	412,554	416,991	407,310	395,351	394,849	394,471	398,416
1.060 All Other Operating Revenue	486,943	529,254	468,377	489,539	470,754	489,584	509,167	529,534
1.070 Total Revenue	6,340,277	6,484,236	6,713,203	6,720,892	6,596,865	6,622,102	6,649,963	6,726,512
2.080 Total Revenues and Other Financing Sources	6,340,277	6,484,236	6,713,203	6,720,892	6,596,865	6,622,102	6,649,963	6,726,512
3.010 Personnel Services	3,597,280	3,585,899	3,639,239	3,538,247	3,575,292	3,639,226	3,704,303	3,770,544
3.020 Employees' Retirement/Insurance Benefits	1,351,368	1,570,443	1,559,048	1,591,311	1,688,092	1,797,513	1,917,024	2,047,617
3.030 Purchased Services	1,085,845	1,291,217	1,396,640	1,480,438	1,569,265	1,663,421	1,763,226	1,869,019
3.040 Supplies and Materials	182,318	222,678	182,075	171,127	163,267	173,063	183,447	194,454
3.050 Capital Outlay	74,513	49,233	67,464	50,663	26,689	27,757	28,867	30,022
4.010 Debt Service: All Principal (Historical)	85,000	90,000	90,000					
4.055 Debt Service: Principal - Other				95,000	100,000	105,000	105,000	110,000
4.060 Debt Service: Interest and Fiscal Charges	124,538	121,256	117,768	114,069	110,169	106,069	101,869	97,431
4.300 Other Objects	275,490	262,622	248,718	263,641	282,460	299,407	320,372	339,594
4.500 Total Expenditures	6,776,352	7,193,348	7,300,952	7,304,495	7,515,233	7,811,456	8,124,107	8,458,680
5.010 Operational Transfers - Out	50,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000
5.040 Total Other Financing Uses	50,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000
5.050 Total Expenditure and Other Financing Uses	6,826,352	7,218,348	7,325,952	7,329,495	7,565,233	7,861,456	8,174,107	8,508,680
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(486,075)	(734,112)	(612,749)	(608,603)	(968,368)	(1,239,354)	(1,524,144)	(1,782,168)
7.010 Beginning Cash Balance	2,583,187	2,097,112	1,363,000	750,251	141,648	(826,720)	(2,066,074)	(3,590,218)
7.020 Ending Cash Balance	2,097,112	1,363,000	750,251	141,648	(826,720)	(2,066,074)	(3,590,218)	(5,372,386)
8.010 Outstanding Encumbrances	75,000	75,000	235,523	75,000	75,000	75,000	75,000	75,000
10.010 Fund Balance June 30 for Certification of Appropriations	2,022,112	1,288,000	514,728	66,648	(901,720)	(2,141,074)	(3,665,218)	(5,447,386)
11.020 Property Tax - Renewal or Replacement						125,000	250,000	250,000
11.300 Cumulative Balance of Replacement/Renewal Levies						125,000	375,000	625,000
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,022,112	1,288,000	514,728	66,648	(901,720)	(2,016,074)	(3,290,218)	(4,822,386)
13.020 Property Tax - New					500,000	1,000,000	1,000,000	1,000,000
13.030 Cumulative Balance of New Levies					500,000	1,500,000	2,500,000	3,500,000
15.010 Unreserved Fund Balance June 30	2,022,112	1,288,000	514,728	66,648	(401,720)	(516,074)	(790,218)	(1,322,386)

Source: ODE

Chart C-3 displays the District's March 2015 five year forecast.

Chart C-3: WTLSD March 2015 Five Year Forecast

Walnut Township Five Year Forecast for Fiscal Year 2015

District Type: Local

IRN: 046904

County: Fairfield

Date Submitted: 3/10/2015 Date Processed: 3/10/2015

Line	Actual			Forecasted				
	2012	2013	2014	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	2,585,803	2,640,726	2,744,088	2,526,679	2,633,528	2,627,123	2,621,813	2,646,086
1.020 Tangible Personal Property Tax	372,888	393,701	457,895	494,795	480,449	466,884	453,434	453,434
1.030 Income Tax	1,148,416	1,138,073	1,281,697	1,464,714	1,278,928	1,305,807	1,333,223	1,361,188
1.035 Unrestricted Grants-in-Aid	1,332,248	1,369,928	1,344,155	1,337,855	1,337,855	1,337,855	1,337,855	1,337,855
1.040 Restricted Grants-in-Aid	2,383							
1.050 Property Tax Allocation	411,596	412,554	416,991	407,310	395,351	394,849	394,471	398,416
1.060 All Other Operating Revenue	486,943	529,254	468,377	489,539	470,754	489,584	509,167	529,534
1.070 Total Revenue	6,340,277	6,484,236	6,713,203	6,720,892	6,596,865	6,622,102	6,649,963	6,726,512
2.080 Total Revenues and Other Financing Sources	6,340,277	6,484,236	6,713,203	6,720,892	6,596,865	6,622,102	6,649,963	6,726,512
3.010 Personnel Services	3,597,280	3,585,899	3,639,239	3,514,236	3,023,044	3,077,102	3,132,127	3,188,136
3.020 Employees' Retirement/Insurance Benefits	1,351,368	1,570,443	1,559,048	1,580,559	1,307,393	1,400,805	1,502,837	1,614,338
3.030 Purchased Services	1,085,845	1,291,217	1,396,640	1,480,438	1,569,265	1,663,421	1,763,226	1,869,019
3.040 Supplies and Materials	182,318	222,678	182,075	171,127	148,267	157,163	166,593	176,588
3.050 Capital Outlay	74,513	49,233	67,464	50,663	26,689	27,757	28,867	30,022
4.010 Debt Service: All Principal (Historical)	85,000	90,000	90,000					
4.055 Debt Service: Principal - Other				95,000	100,000	105,000	105,000	110,000
4.060 Debt Service: Interest and Fiscal Charges	124,538	121,256	117,768	114,069	110,169	106,069	101,869	97,431
4.300 Other Objects	275,490	262,622	248,718	263,641	282,460	299,407	320,372	339,594
4.500 Total Expenditures	6,776,352	7,193,348	7,300,952	7,269,732	6,567,286	6,836,724	7,120,891	7,425,128
5.010 Operational Transfers - Out	50,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000
5.040 Total Other Financing Uses	50,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000
5.050 Total Expenditure and Other Financing Uses	6,826,352	7,218,348	7,325,952	7,294,732	6,617,286	6,886,724	7,170,891	7,475,128
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(486,075)	(734,112)	(612,749)	(573,840)	(20,421)	(264,622)	(520,928)	(748,616)
7.010 Beginning Cash Balance	2,583,187	2,097,112	1,363,000	750,251	176,411	155,990	(108,632)	(629,560)
7.020 Ending Cash Balance	2,097,112	1,363,000	750,251	176,411	155,990	(108,632)	(629,560)	(1,378,176)
8.010 Outstanding Encumbrances	75,000	75,000	235,523	75,000	75,000	75,000	75,000	75,000
10.010 Fund Balance June 30 for Certification of Appropriations	2,022,112	1,288,000	514,728	101,411	80,990	(183,632)	(704,560)	(1,453,176)
11.020 Property Tax - Renewal or Replacement						125,000	250,000	250,000
11.300 Cumulative Balance of Replacement/Renewal Levies						125,000	375,000	625,000
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,022,112	1,288,000	514,728	101,411	80,990	(58,632)	(329,560)	(828,176)
13.020 Property Tax - New					500,000	1,000,000	1,000,000	1,000,000
13.030 Cumulative Balance of New Levies					500,000	1,500,000	2,500,000	3,500,000
15.010 Unreserved Fund Balance June 30	2,022,112	1,288,000	514,728	101,411	580,990	1,441,368	2,170,440	2,671,824

Source: ODE

Chart C-4 displays the District's May 2015 five year forecast.

Chart C-4: WTLSD May 2015 Five Year Forecast

Walnut Township Five Year Forecast for Fiscal Year 2015								
Line	Actual			Forecasted				
	2012	2013	2014	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	2,585,803	2,640,726	2,744,088	2,637,062	2,633,528	2,627,123	2,621,813	2,646,086
1.020 Tangible Personal Property Tax	372,888	393,701	457,895	498,762	480,449	466,884	453,434	453,434
1.030 Income Tax	1,148,416	1,138,073	1,281,697	1,481,326	1,278,928	1,305,807	1,333,223	1,361,188
1.035 Unrestricted Grants-in-Aid	1,332,248	1,369,928	1,344,155	1,337,855	1,337,855	1,337,855	1,337,855	1,337,855
1.040 Restricted Grants-in-Aid	2,383							
1.050 Property Tax Allocation	411,596	412,554	416,991	400,795	395,351	394,849	394,471	398,416
1.060 All Other Operating Revenue	486,943	529,254	468,377	529,362	459,964	478,362	497,497	517,396
1.070 Total Revenue	6,340,277	6,484,236	6,713,203	6,885,162	6,586,075	6,610,880	6,638,293	6,714,375
2.080 Total Revenues and Other Financing Sources	6,340,277	6,484,236	6,713,203	6,885,162	6,586,075	6,610,880	6,638,293	6,714,375
3.010 Personnel Services	3,597,280	3,585,899	3,639,239	3,514,236	3,023,044	3,077,102	3,132,127	3,188,136
3.020 Employees' Retirement/Insurance Benefits	1,351,368	1,570,443	1,559,048	1,602,888	1,329,722	1,423,134	1,525,166	1,636,667
3.030 Purchased Services	1,085,845	1,291,217	1,396,640	1,445,055	1,531,759	1,623,664	1,721,084	1,824,349
3.040 Supplies and Materials	182,318	222,678	182,075	138,236	151,403	160,487	170,116	180,323
3.050 Capital Outlay	74,513	49,233	67,464	57,955	34,273	35,644	37,069	38,552
4.010 Debt Service: All Principal (Historical)	85,000	90,000	90,000					
4.055 Debt Service: Principal - Other				95,000	100,000	105,000	105,000	110,000
4.060 Debt Service: Interest and Fiscal Charges	124,538	121,256	117,768	114,069	110,169	106,069	101,869	97,431
4.300 Other Objects	275,490	262,622	248,718	231,401	248,285	263,182	281,973	298,892
4.500 Total Expenditures	6,776,352	7,193,348	7,300,952	7,198,839	6,528,654	6,794,282	7,074,405	7,374,350
5.010 Operational Transfers - Out	50,000	25,000	25,000	68,000	50,000	50,000	50,000	50,000
5.040 Total Other Financing Uses	50,000	25,000	25,000	68,000	50,000	50,000	50,000	50,000
5.050 Total Expenditure and Other Financing Uses	6,826,352	7,218,348	7,325,952	7,266,839	6,578,654	6,844,282	7,124,405	7,424,350
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(486,075)	(734,112)	(612,749)	(381,677)	7,421	(233,402)	(486,112)	(709,975)
7.010 Beginning Cash Balance	2,583,187	2,097,112	1,363,000	750,251	368,574	375,995	142,593	(343,519)
7.020 Ending Cash Balance	2,097,112	1,363,000	750,251	368,574	375,995	142,593	(343,519)	(1,053,494)
8.010 Outstanding Encumbrances	75,000	75,000	235,523	75,000	75,000	75,000	75,000	75,000
10.010 Fund Balance June 30 for Certification of Appropriations	2,022,112	1,288,000	514,728	293,574	300,995	67,593	(418,519)	(1,128,494)
11.020 Property Tax - Renewal or Replacement						125,000	250,000	250,000
11.300 Cumulative Balance of Replacement/Renewal Levies						125,000	375,000	625,000
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,022,112	1,288,000	514,728	293,574	300,995	192,593	(43,519)	(503,494)
13.020 Property Tax - New					500,000	1,000,000	1,000,000	1,000,000
13.030 Cumulative Balance of New Levies					500,000	1,500,000	2,500,000	3,500,000
15.010 Unreserved Fund Balance June 30	2,022,112	1,288,000	514,728	293,574	800,995	1,692,593	2,456,481	2,996,506

Source: ODE

Appendix D: District Approved Reductions

In March 2015, the District approved a series of expenditure reduction measures to take effect in FY 2015-16 to address its fiscal caution designation. These measures included reducing 6.0 FTE general education teachers, 1.0 FTE ESP positions, a pay step freeze for all employees with the exception of bus drivers, reduction of 1.4 FTE custodians, elimination of high school busing with a single-tier routing system, and reducing administrator pay by 5 contract days. Several of these cost saving measures mirror the recommendations contained in the audit. **Table D-1** lists the District cost saving measures and adjustments made to reflect a corresponding recommendation where applicable.

Table D-1: FY 2015-16 Board of Education Approved Reductions

Reductions	Financial Impact
R.2 Eliminate 7.5 full-time equivalent (FTE) general education teacher positions	\$466,100
1.0 FTE JH/HS Social Studies Teacher	(\$95,112)
1.0 FTE Family Consumer Science Teacher	(\$79,232)
1.0 FTE JH Math Teacher	(\$91,157)
1.0 FTE German Teacher	(\$89,689)
1.0 FTE JH/HS Language Arts Teacher	(\$56,648)
1.0 FTE Elementary Technology Teacher	(\$101,191)
<i>Adjustment Made for R.2</i>	<i>(\$513,029)</i>
R.3 Eliminate 1.5 FTE educational service personnel (ESP) positions	\$81,000
1.0 FTE Elementary Librarian	(\$39,346)
<i>Adjustment Made for R.3</i>	<i>(\$39,346)</i>
R.4 Freeze certificated salary schedules	\$54,500
Pay Freeze (Certificated)	(\$54,500)
<i>Adjustment Made for R.4</i>	<i>(\$54,500)</i>
R.8 Outsource custodial function	\$109,200
0.7 FTE Custodian	(\$33,057)
0.7 FTE Custodian	(\$43,833)
<i>Adjustment Made for R.8</i>	<i>(\$76,890)</i>
Total Adjustment Made to Impact of Audit	(\$683,765)
Other District Approved Reductions	
Single-Tier Bus Routes	\$86,172
5 Day Administrator Pay Cut	\$9,005
Pay Freeze (Classified)	\$45,942
Total Other Reductions	\$141,119
Total District Approved Reductions	\$824,884

Source: WTLSD

As shown in **Table D-1**, the District approved reductions totaling \$824,884 for FY 2015-16. These reductions are included in its May 2015 five year forecast (see **Chart C-4**). Of these

reductions, \$683,765 mirror recommendations included in the audit and were adjusted from the total financial impact of the audit contained in the **Executive Summary**.

Client Response

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

Tom Cumbow
Karen Keller
Carol A. King
Vince Popo
V. Faye Whitaker
Kirk Grandy, Treasurer/CFO

WALNUT TOWNSHIP SCHOOLS
11850 LANCASTER STREET
MILLERSPORT, OHIO 43046

Randy Cotner, Superintendent
Jeff Stought, High School Principal
Angela Harrison, Elementary Principal

"Given Effective Instruction. All Students Will Learn At Higher Levels"

Superintendent – 740-467-2802

High School – 740-467-2929

Elementary – 740-467-2216

June 24, 2015

Mr. David Yost
Auditor of State

Dear Auditor Yost,


On behalf of the Walnut Township Local Schools Board of Education I would like to take this opportunity to thank the entire Performance Audit Team for the outstanding work they did in preparing the audit report for our district. Their professionalism, dedication and willingness to listen were evident throughout the process. The audit was thorough, offered supporting evidence and enlightening. This letter of response fulfills the requirement of district response to the performance audit recommendations in the following areas:

1. Recommendations R.2 and R.3; prior to the completion of the audit the Board took action to reduce our general education and education service personnel teaching positions by 7 FTEs (5 regular, 2 ESP)
2. Recommendation R.4; the Board has frozen salaries for all certified and classified staff members (excluding bus drivers) for the 2015-2016 school year. In addition, administrator contracts have been reduced by 5 days.
3. Recommendation R.6; the district has joined the South Central Ohio Insurance Consortium (SCOIC) saving the district approximately \$90,000+.
4. Recommendations R.9, R.10; the board took action to reduce custodial staff by 1.4 FTEs. In addition part-time summer custodial help will not be hired.
5. Recommendation R.12; at the May 11, 2015 meeting, the Board voted to implement a fee schedule to begin August 1, 2015 in an effort to offset some of the costs associated with such activities.
6. Recommendations R.5, R.7; the Board, through the negotiations process with the Walnut Township Education Association, will address these recommendations. Negotiations will begin in the spring of 2016.
7. Recommendations R.1, R.8; The superintendent, treasurer and maintenance supervisor will investigate these recommendations.
8. Recommendations R.11, R.13; The superintendent and transportation supervisor will implement these recommendations.

The district appreciates the expertise provided by the performance team in reviewing our current and projected financial condition. We will continue to analyze the information gained through the audit process to assist the district in further cost reductions through improved efficiencies. Thank you once again for your valuable assistance. We also appreciate your positive comments provided in areas where the district is performing at optimal levels, delivering services in a cost effective manner.

Sincerely,


Randy Cotner, Superintendent


Kirk Grandy, Treasurer

This page intentionally left blank.



Dave Yost • Auditor of State

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

FAIRFIELD 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
JULY 2, 2015