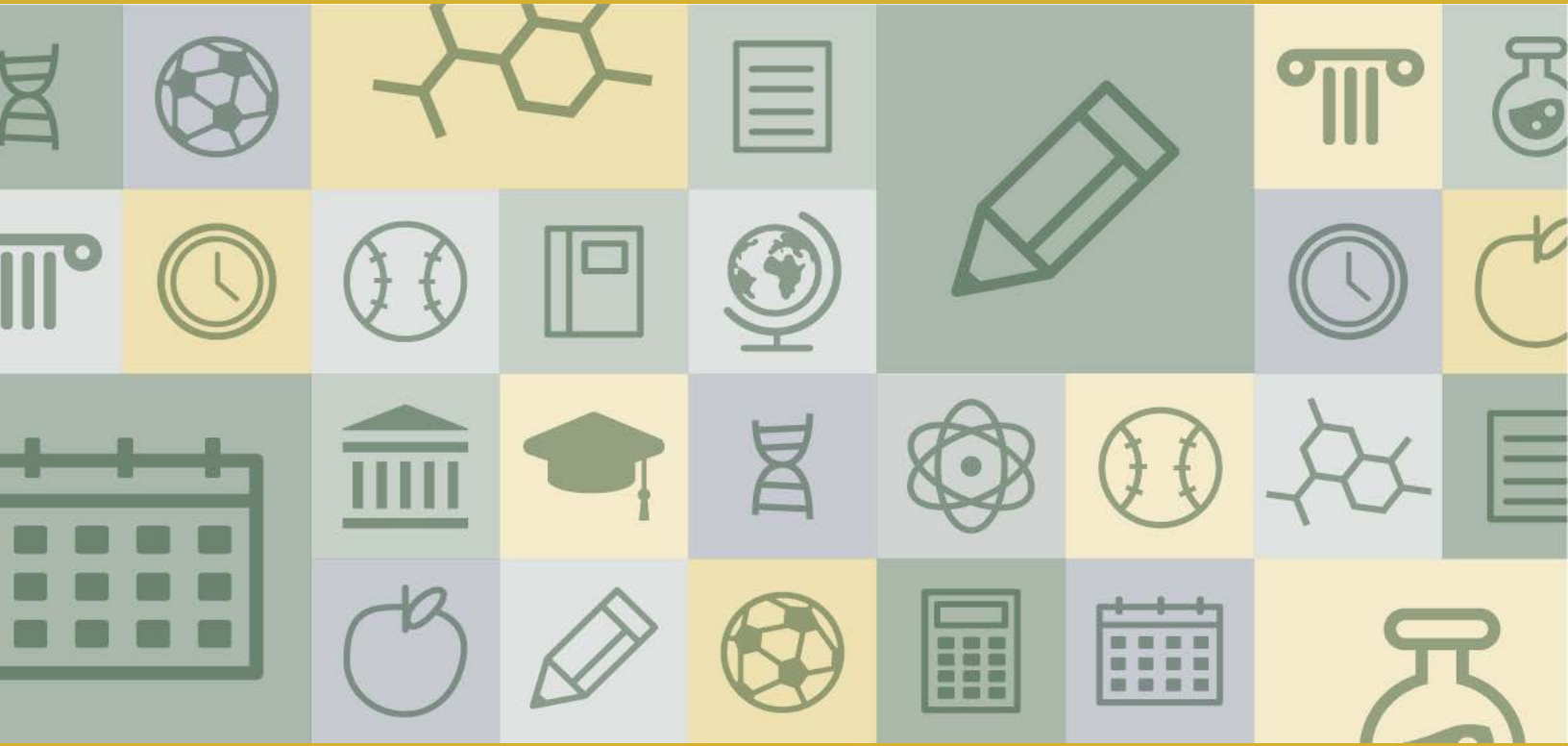


OHIO AUDITOR OF STATE
KEITH FABER



Delphos
City School District

Performance Audit

March 18, 2021

OHIO AUDITOR OF STATE
KEITH FABER



88 E. Broad St.
Columbus, Ohio 43215
Phone: (614) 466-4514
Toll Free: (800) 282-0370
www.ohioauditor.gov



To the Delphos City School District community,

The Auditor of State's Office recently completed a performance audit for the Delphos City School District (the District). The District was selected for a performance audit based on its projected financial condition. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas.

This performance audit report contains recommendations, supported by detailed analysis, to enhance the District's overall economy, efficiency, and/or 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 recommendations contained in the report and to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

This data-driven analysis of operations provides the District valuable information which can be used to make important financial decisions. Additional resources related to performance audits are available on the Ohio Auditor of State's website.

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,

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2021

This page intentionally left blank.

Table of Contents

Introduction.....	1
Delphos City School District	2
Financial Condition.....	2
Revenues	4
Revenue Comparisons	6
Results of the Audit	7
Tier I Recommendations.....	8
Financial Management.....	8
Recommendation 1: Reduce the General Fund subsidy of extracurricular activities to the local peer level.....	8
Human Resources	10
Recommendation 2: Eliminate Direct Student Education Positions above the Peer Average .	10
Recommendation 3: Eliminate Administrative Support Positions above the Peer Average	11
Transportation.....	12
Recommendation 4: Develop Formal Internal Policies and Procedures for Acquiring, Compiling, and Reporting Required Data to ODE (T-Form Reports).....	12
Recommendation 5: Develop a Formal Bus Replacement Plan	14
Tier II and Tier III Recommendations	16
Tier II Recommendations	16
Tier III Recommendations	17
Client Response Letter.....	19
Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit	20
Performance Audit Purpose and Overview.....	20
Audit Scope and Objectives.....	20
Audit Methodology	22
Appendix B: Financial Management	24
Appendix C: Human Resources.....	27
Appendix D: Facilities	35
Appendix E: Transportation.....	37
Appendix F: Food Service	38

Introduction

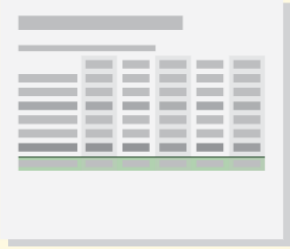
The public expects and deserves government entities to be good stewards of taxpayer dollars. As Ohio’s school districts face progressively higher costs of doing business and uncertainty related to state and local revenue, it is increasingly important to ensure efficiency of operations. School districts in Ohio are required to submit budget forecasts to the Ohio Department of Education (ODE) annually in the fall, with updates to the forecast submitted in the spring. These documents provide three years of historical financial data, as well as the projected revenues and expenses for a five year period.

The Ohio Auditor of State’s Ohio Performance Team (OPT) reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to

assist school districts which are struggling financially by using data-driven analyses to produce and support recommendations that identify opportunities for improved operations effectiveness, increased transparency and reductions in cost. While we have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.¹

Ohio Department of Education Five-Year Forecasts

Ohio school districts provide a five-year financial forecast to ODE twice a year. These forecasts provide an overview of a district’s financial health. To ensure all interested parties are able to understand the forecasts, ODE has developed a guide with information including definitions of key terms, general ideas of what a good forecast should contain, and a line by line explanation of the forecast.



[Click here for the full document.](#)



NOTE TO REPORT USERS:

Our report is largely based on information available prior to the State of Ohio’s state of emergency declaration in March of 2020 due to the COVID-19 pandemic. Our analysis takes into account changes to revenues and expenditures, as well as operational changes in response to the pandemic where necessary. However, the events of the pandemic could have lasting and unforeseen impacts on the District and its operations, and report users and District administrators should take this into account as they consider implementation of the recommendations contained in this report.

¹ Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see [Appendix A](#) for more details.

Delphos City School District

Delphos City School District (DCSD or the District) is located in Allen and Van Wert Counties. The District spans 53 square miles and has a median income of \$35,381. In FY 2020, the District had 900 students enrolled and 12.76 percent were students with disabilities. Of the total enrolled students, 50.66 percent were considered economically disadvantaged.²

DCSD has a history of enrollment decline and participates in open enrollment. In FY 2020, the District saw approximately 151 students leave and 69 enroll through the open enrollment program. Between FY 2015 and FY 2020, enrollment declined by 17 percent, or approximately 186 students.


A school district budget is comprised of revenues and expenditures. Our audit focused on identifying opportunities where expenditures could be reduced, as the administration of the District has primary responsibility over decisions related to expenditures, with the aim of prolonging fiscal solvency. The recommendations, which we presented to DCSD, are based on a combination of industry standards and peer district analysis.

Financial Condition

Ohio school districts receive funding through a variety of sources including local property taxes, local income taxes, state funding, and federal grants, with the majority of funding typically coming from local property taxes and state funding. The majority of state funding to school districts is derived from what is referred to as the state foundation formula. The formula which determines the amount granted to a district takes into account student enrollment and the relative wealth of the district compared to statewide income and property valuations.


In November 2019, the District released its semi-annual five year forecast which showed progressively declining year-end fund balances throughout the forecast period. The District entered Fiscal Caution, as designated by ODE, effective March 3, 2020 due to the initial November 2019 five-year forecast showing a negative fund balance in FY 2020 and beyond (see [Appendix B](#)).

Primary Peers




Districts with relatively lower per pupil spending, similar academic performance, and similar disadvantaged student populations

Local Peers



Districts which share a local labor market

Transportation Peers



Districts of a similar size in square miles and population density

Click here for a list of all peers used in our analysis.

² The median income, percent of students with disabilities, and percent economically disadvantaged students comes from the FY 2020 District Profile Report.

Due to the declining fiscal condition, and in consultation with ODE, we chose to conduct a performance audit for the District.

In an attempt to address the current year deficit projected in November of 2019, the District undertook cost savings measures including the sale of an old administrative building, a spending freeze, and a salary freeze. Further, DCSD sought new revenue through a proposed income tax on the April, 2020 ballot, which was approved by voters.

Although the May 2020 forecast projected a deficit of \$102,105 at the end of the first fiscal year in June of 2020, the most recent five year forecast released in November 2020 indicates that the District actually ended FY 2020 with a positive fund balance of \$66,927. The forecast also indicates an improving financial condition throughout the forecast period.

The table below shows DCSD’s financial condition as projected in the District’s November 2020 five year forecast. This reflects a portion of the District’s five year forecast.

Financial Condition Overview (November 2020)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total Revenue	\$9,723,511	\$9,689,930	\$10,793,108	\$11,134,329	\$11,128,875	\$10,971,768
Total Expenditures	\$10,031,135	\$9,366,794	\$10,907,823	\$11,088,575	\$11,086,958	\$11,067,871
Results of Operations	(\$307,624)	\$323,136	(\$114,715)	\$45,754	\$41,917	(\$96,103)
Beginning Cash Balance	\$379,350	\$71,726	\$394,862	\$280,147	\$325,901	\$367,818
Ending Cash Balance	\$71,726	\$394,862	\$280,147	\$325,901	\$367,818	\$271,715
Encumbrances	\$4,799	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Cumulative Balance of Replacement/Renewal Levies	-	-	-	\$193,029	\$579,086	\$965,143
Ending Fund Balance	\$66,927	\$369,862	\$255,147	\$493,930	\$921,904	\$1,211,858

Source: DCSD and ODE

DCSD’s November 2020 five year forecast projects a positive fund balance throughout the forecasting period, ending with a total balance of approximately \$1.2 million in FY 2025. The shift in financial outlook is due to reduced expenditures and better than expected revenues from both state and federal sources. All of these factors resulted in a positive ending fund balance in FY 2020.

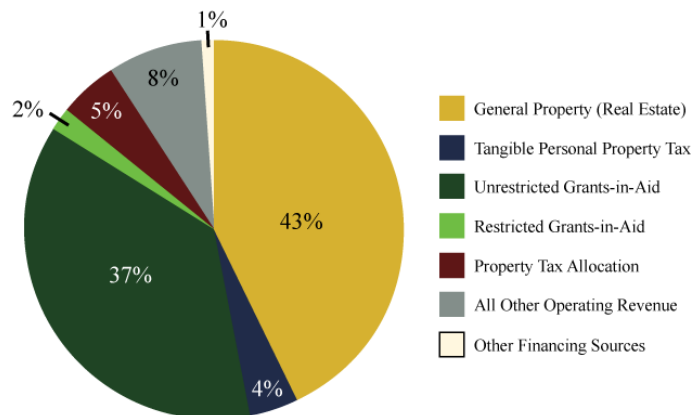
The District’s projection of continued financial health is primarily based on the income tax levy which passed in April 2020. Per the Ohio Department of Taxation, since the levy was passed in April 2020, the tax becomes effective on January 1, 2021. The first payment will be received by the District in April of 2021.

Revenues

DCSD received approximately \$9.7 million in revenue in FY 2020. The majority of this funding, approximately 80 percent, came from general property taxes and unrestricted grants-in-aid, primarily state foundation funding, while the remaining 20 percent was derived through a variety of other sources.³

In FY 2020, DCSD received the calculated state funding amount of \$2,338,887.58.⁴ Per ODE, “The amount of state funds that a district receives is based on a formula that takes into account the student enrollment and the property wealth of the district.” As mentioned, the District has seen a decrease in enrollment and is projected to continue decreasing.

FY 2020 Revenue Composition



Source: DCSD

Local Tax Revenue

Property Tax

Property taxes levied by Ohio school districts are subject to restrictions in the Ohio Constitution⁵ and the Ohio Revised Code (ORC).⁶ Each school district receives a portion of the first 10 mills⁷ of property tax that is levied on every parcel of taxable property in the school district. This is known as inside millage and revenue collected by a school district on this millage increases as property values increase. School districts are also permitted to levy additional taxes in excess of the first 10 mills if approved by a vote of its residents. This is known as outside millage. Outside millage is subject to what is known as tax reduction factors, which restrict the revenue raised by

³ In addition to the state foundation formula, districts receive state aid through what is known as the ‘property tax allocation.’ Included in the property tax allocation payments are receipts to offset lost property tax resulting from the phase-out of the general business tangible personal property tax (TPP) and the reduction of property tax assessment rates on utility property. Also included are payments to reimburse revenue lost due to property tax relief programs granted by the state to taxpayers under the Homestead Exemption program and property tax rollbacks such as the non-business credit (former 10 percent credit) and the owner-occupied credit (former 2.5 percent credit).

⁴ The Ohio General Assembly suspended use of the foundation formula in July 2019 and froze state aid payments calculated by the foundation formula at their FY 2019 level for the foreseeable future.

⁵ Article XII, section 2 of the Ohio Constitution

⁶ ORC § 5705.10 and ORC § 5705.02

⁷ Property tax rates are computed in mills. A mill is 1/1000 or .001. One mill costs a property owner \$1.00 for every \$1,000 of taxable value.

outside millage property taxes to what is raised in the first preceding year of collections.⁸ The tax dollars levied using inside and outside millage are used to fund the school district's operations.

As a result of House Bill 920, passed in 1976, the amount collected on all outside millage is frozen at the dollar value collected in its first year. In subsequent years, as property values rise a school district would not receive additional revenue, and instead the effective millage rate is reduced in order to maintain the preceding year's level of revenue from the same properties. There is a minimum current expense⁹ millage floor of 20 mills, which means that tax reduction factors cannot be applied to reduce the millage for current expenses to less than 20 mills. A school district can receive additional revenue on outside millage if there is new residential or commercial construction within the school district or if reduction factors decrease the effective current expense millage to the 20-mill floor. When this happens, state law does not allow the current expense millage to be adjusted downward any further, meaning that the 20-mill minimum rate may now be applied to increased property values in addition to new construction.

In FY 2019, the District collected revenue on 4.7 inside mills and 16.31 outside mills (after tax reduction factors) in Tax Year 2019 (collection in 2020) for its General Fund current expenses. As such, the District is not currently at the "20-Mill floor."¹⁰

Income Tax

The residents of DCSD passed a 0.5 percent income tax levy in April 2020, which takes effect in January 2021. The District will begin collecting this revenue in April 2021.

Inside Millage

In Ohio, millage is referred to as "inside" millage and "outside" millage. Inside millage is millage provided by the Constitution of the State of Ohio and is levied without a vote of the people. It is called inside millage because it is "inside" the law. Another name would be un-voted millage.

The Constitution allows for 10 mills of inside millage in each political subdivision. Public schools, counties, townships, and other local governments are allocated a portion of the 10 inside mills.

Outside Millage

Outside millage is any millage "outside" the 10 mills that is provided by the Constitution of the State of Ohio. This millage is voted in by the public. Another name for outside millage is voted millage. This millage can be used for general purposes or be restricted, it depends on the language of the law which enables it.

⁸ ORC § 319.301

⁹ The term 'current expense' refers to revenue generated from levies that are not restricted in their use. It does not include bonds or levies that generate revenues for restricted funds, such as Permanent Improvement levies.

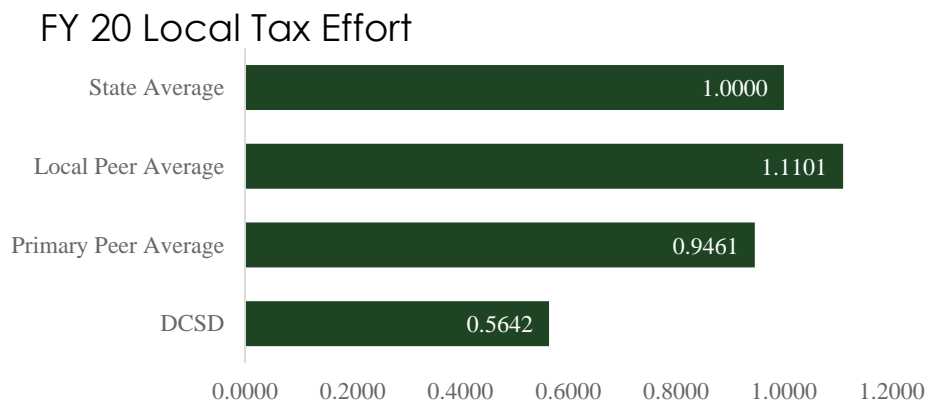
¹⁰ While the District is not currently at the 20-mill floor, it is close enough that if additional property taxes are not levied, they could, at some time in the future, fall at or below the floor, and begin to collect growth on property taxes as allowed by Ohio law.

Revenue Comparisons

Local Tax Effort

ODE uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index provides context to better understand a community’s tax burden, not only compared to other districts, but also as a function of the residents’ ability to pay. On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated by ODE annually as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

The chart below reflects the District’s local tax effort in comparison to the primary peers and local peers. This is important for demonstrating the degree to which DCSD’s operation is supported by local revenue relative to similar districts.



DCSD’s FY 2019-20 local tax effort was 0.5642, which is below the local peers, the primary peers and the state-wide average,¹¹ signifying that it receives less means-adjusted local taxpayer support than the local and primary peers.¹² DCSD’s local tax effort could change as a result of the passage of the income tax levy which went into effect in January 2021. The updated Local Tax effort value will likely be published in the FY 2021 District Profile Report.

¹¹ The District’s local tax effort relative to the comparison groups could change as a result of its passage of the income tax levy. The updated tax effort value will likely be published in the FY 2021 Cupp Report. The addition of the levied income tax will likely increase DCSD’s local tax effort, if all other factors remain stable.

¹² A district with a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average.

Results of the Audit

Based on an initial analysis of the District’s data as compared to its peer groups, the following scope areas were included for detailed review and further analyses: Financial Management, and the operational areas of Human Resources, Facilities, Food Service and Transportation. We identified five recommendations which would result in reduced expenses or improve the District’s operational management based on industry standards and peer averages. These five recommendations are referred to as **Tier I** recommendations in the audit.

While implementation of Tier I recommendations improve the District’s financial condition in the near-term, it may not be sufficient to achieve more sustained financial stability. There is uncertainty related to the COVID-19 pandemic and its impacts related to income tax, as well as uncertainty with regard to available state funding as a result of reduced state budgets during this time. Additional measures beyond alignment with the peer averages and applicable industry benchmarks may be necessary in the future, especially if the District’s financial condition should unexpectedly worsen during the forecasted period. Should these circumstances arise, the District could consider taking more aggressive cost saving actions, and whether it has the ability to do so.

Tier II recommendations are those that have potential for increased savings but do not include additional personnel reductions. **Tier III** recommendations are additional personnel reductions identified on a case-by-case basis in areas where the District was staffed in-line with, or lower than, the respective peer averages, but could potentially make additional reductions based on the District’s specific dynamics as compared to operating requirements. Tier II and Tier III recommendations have the potential to drastically impact the District’s operations and should be considered only when the financial situation of the District requires such. The financial impact of this audit’s recommendations on the November 2020 five year forecast are shown below.¹³

Results of the Audit Recommendations

	2022	2023	2024	2025
Original Ending Fund Balance	\$255,147	\$493,930	\$921,904	\$1,211,858
Cumulative Balance of Tier I Recommendations	\$112,412	\$229,277	\$350,907	\$477,643
Revised Ending Fund Balance with Tier I Recommendations	\$367,559	\$723,207	\$1,272,811	\$1,689,501
Cumulative Balance of Tier II Recommendations	\$298,584	\$658,748	\$1,075,083	\$1,541,752
Revised Ending Fund Balance with Tier I & Tier II Recommendations	\$666,144	\$1,381,955	\$2,347,894	\$3,231,253
Cumulative Balance of Tier III Recommendations	\$864,324	\$1,760,867	\$2,693,186	\$3,660,626
Revised Ending Fund Balance with All Recommendations	\$1,530,467	\$3,142,822	\$5,041,080	\$6,891,879

Source: DCSD

Note: Numbers in table were rounded down for readability purposes.

¹³ Audit Savings are applied beginning in fiscal year 2022 since it’s the first full year that recommendations can be fully implemented.

Tier I Recommendations

Our analysis found that DCSD is generally staffed at or below peer levels. This is indicative of a lean operational model, and has resulted in fewer recommendations in Tier I than OPT typically makes during the course of a performance audit of a school district.

Financial Management

Any organization needs to consider both short-term needs and long-term goals when developing policies and procedures related to financial management. This requires strategic planning in order to identify the best use of available resources. School districts in particular must have sound planning processes in place so that they can effectively and transparently provide services to their residents. We reviewed DCSD's financial management policies in order to determine if there were areas for improvement.

Recommendation 1: Reduce the General Fund subsidy of extracurricular activities to the local peer level

Financial Implication

Reducing expenditures and/or increasing revenue to bring the General Fund subsidy of extracurricular activities in line with the local peer average would save the District an average of \$10,100 annually in each year of implementation.

Methodology and Analysis

In FY 2018-19, DCSD expended approximately \$506,600 on student extracurricular activities, which included the salaries and benefits of directors, coaches, supplies and materials, transportation services, and other miscellaneous expenditures. A portion of these expenditures were offset by generating revenue of approximately \$280,800 from receipts for admissions, sales and other extracurricular activities. The District has a pay to participate policy, and the revenues include those fees. The fees are \$125 for high school students, \$75 for junior high students, and a total family cap of \$250. As a result, the District incurred a net cost for student extracurricular activities in FY 2018-19 of \$223,772 for all funds.

DCSD's total extracurricular expenditures are in line with the local peers, and below the primary peer average. On a per pupil cost comparison basis, DCSD spends 4.9 percent more than the local peers, and 3.3 percent less than primary peers.

DCSD's General Fund subsidy for extracurricular activities of \$259.83 per pupil was slightly higher than the local peer average of \$249.04 per pupil (by \$10.79 or 4.2 percent). In total, DCSD's General Fund subsidy was \$10,174.97 higher than the local peer average.¹⁴

While it is common for Ohio school districts to subsidize extracurricular activities from the General Fund, doing so at a rate that exceeds the local peer average may represent an undue burden on the District's General Fund.

$$\frac{(\text{Revenue} - \text{Expenditures})}{\text{Enrollment}} = \text{Per Pupil Subsidy}$$

To see our math, click here

Conclusion

OPT recommends that DCSD reduce its subsidy per pupil to the local peer average. To do so, the District could consider the following actions individually or in combination:

- Increase pay to participate fees,¹⁵ admissions and sales, and booster club funding to levels that would fully cover the annual subsidy amount; and/or
- Eliminate programs and associated supplemental salaries for activities that require higher expenses than the revenue generated.

Instituting any of these measures would help reduce the General Fund subsidy, allowing more resources to be dedicated to student instruction. However, the District leadership should continue to consider the impact on families and students within DCSD resulting from the implementation of these measures.

¹⁴ Per pupil general fund subsidy is based on student enrollment not participation numbers.

¹⁵ The District should consider the relative ability to pay of its students and families and the financial impact of having to meet increased fees.

Human Resources

Human resource expenditures are significant to both the operational and financial conditions within school districts. Specifically, personnel costs (i.e. salaries and benefits) accounted for 69.25 percent of DCSD's General Fund expenditures in FY 2019, which had a significant impact on the District's budget and financial condition. OPT reviewed DCSD's staffing levels, salaries, and collective bargaining agreement (CBA) provisions compared to peer districts as well as the Ohio Revised Code (ORC) and the Ohio Administrative Code (OAC) requirements to determine areas where the District could save money through reductions.¹⁶

Recommendation 2: Eliminate Direct Student Education Positions above the Peer Average

Financial Implication

Eliminating 0.5 FTE career-technical positions could save an average of \$63,300 in each year of implementation, from FY 2022 through FY 2025, and bring the District's baseline staffing ratio to a level consistent with the primary peer average.¹⁷

Methodology and Analysis

Staffing levels for DCSD were identified and compared to primary peer averages. A Full-Time Equivalent (FTE) was used to identify staffing levels based on ODE reporting guidelines.¹⁸ In order to make data-driven decisions, the data was normalized on a per 1,000 student level. DCSD employs 2.0 FTE career-technical programs or career pathways teachers.

Conclusion

DCSD should eliminate 0.5 FTE career-technical teacher positions. Eliminating 0.5 career-technical teacher positions could save an average of approximately \$63,300 in each year of implementation and bring the District's baseline staffing ration more in line with the primary peer average.

¹⁶ Title 1, Special Education, and auxiliary staffing is excluded from our analysis due to various requirements. [Appendix C](#) contains additional detail regarding our methodology for staffing analysis.

¹⁷ The value of the savings for all staffing recommendations were based on the lowest tenured employee salaries and inflated it for contractual wage increases, and increases in the costs of benefits. Benefits include medical, dental, vision, and life insurance, Medicare, and retirement.

¹⁸ ODE defines full-time equivalency as "...the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. The number 1.00 represents one full-time assignment. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district." (ODE Education Management Information System Manual, October 2019). Due to unique requirements, special education staffing was excluded from the staffing analysis.

Recommendation 3: Eliminate Administrative Support Positions above the Peer Average

Financial Implication

Eliminating 1.0 FTE building office support staff could save an average of \$45,900 in each year of implementation, from FY 2022 through FY 2025, and bring the District’s baseline staffing ration to a level consistent with the primary peer average.

Methodology and Analysis

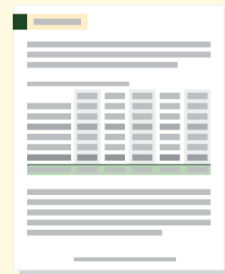
Staffing levels for the District were identified and compared to primary peer averages. A Full-Time Equivalent (FTE)¹⁹ was used to identify staffing levels, based on ODE reporting guidelines. In order to make data-driven decisions, the data was normalized on a per 1,000 student level. DCSD employs 4.0 FTE building office support staff.

District Staffing Levels

School districts report staffing to the Ohio Department of Education through the Education Management Information System (EMIS). The information is collected in EMIS based on several codes related to job category and function. We gather this information and compare it to primary peers in order to provide data driven recommendations.

While the report highlights areas where staffing could be reduced based on peer averages, we analyzed several other categories which did not result in a recommendation. In the areas where there is no recommendation, the District has staffing levels in line with, or below, primary peer averages.

[Click here for our full staffing analysis.](#)



Conclusion

DCSD should eliminate 1.0 FTE building office support staff position. Eliminating 1.0 FTE building office support staff position could save an average of approximately \$45,900 in each year of implementation and bring the District’s baseline staffing ratio more in line with the primary peer average.

¹⁹ ODE defines full-time equivalency as “...the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. The number 1.00 represents one full-time assignment. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district.” (ODE Education Management Information System Manual, October 2019). Due to unique requirements, special education staffing was excluded from the staffing analysis.

Transportation

Transportation of students is a critical function for school districts.²⁰ Ensuring that busing services are provided in a safe and efficient manner is important for both the well-being of students and the fiscal health of the school district. We examined DCSD's T-Form²¹ reporting policies and procedures along with bus routing, preventative maintenance, fuel purchasing, and bus replacement practices in comparison to best practices and industry standards to determine if there were any areas for improvement.

Recommendation 4: Develop Formal Internal Policies and Procedures for Acquiring, Compiling, and Reporting Required Data to ODE (T-Form Reports)

Impact

Accurate reporting on school district transportation is not only required, but is necessary to ensure proper funding. Providing correct ridership, mileage, and transportation expenditures on T-Form Reports allows for an accurate calculation of state pupil transportation payments and funding.

Methodology

OPT discussed the District's transportation process with District officials and conducted data reliability tests on the District's T-1 and T-2 Forms. We obtained an understanding of DCSD's process for preparing T-Forms to ensure appropriate controls are in place to accurately capture and report information.

Analysis

In accordance with ORC § 3327.012 and OAC § 3301-83-01, school districts in Ohio are required to submit annual T-1 and T-2 Forms to ODE. Districts are required to complete the T-1 Form by recording the average number of pupils transported to school as well as the average daily miles traveled for pupil transportation, excluding non-routine and extracurricular miles, during the first full week of October. Cost data is reported via the T-2 Form, which serves to certify the actual expenses incurred in the transportation of eligible pupils reported on the corresponding T-1 Form.

²⁰ The District does not have a designated Transportation supervisor. The Superintendent provides oversight on transportation operations.

²¹ A school district's ridership and mileage, and eligible transportation cost data is recorded in the T-1 and T-2 forms which are submitted to ODE and used for the calculations of State pupil transportation payments.

For FY 2019-20, during count week, the District reported 282 riders and 407 miles on its T-1 Form.²² Count sheets, used during count week, are important in determining whether the District is compliant in reporting to ODE an accurate count of mileage and riders on its T-1 Form. DCSD is funded on a per rider/student basis and had several cases where ridership data for both the morning (AM) and afternoon (PM) data were added together and averaged to complete the T-1 report. Per ODE T-1 instructions, students should only be counted once per day, during their first conveyance to school.

The District misreported some data on its T-2 reports. DCSD reported total fuel costs on its FY 2019 T-2 report that includes the cost of all fuel (diesel and gasoline) used for all vehicles and equipment in the District, not just fuel costs for vehicles transporting students to and from school as instructed in the T-2 report. DCSD also included total maintenance and repairs costs for all vehicles and several other services on its FY 2018-19 T-2 report, and did not just report the costs of maintenance and repairs for buses used for transporting students to and from school per the T-2 instructions. Lastly, the District reported the vehicle insurance premium for all District vehicles for two fiscal years (FY 2017-18 and FY 2018-19) during FY 2017-18 and left this item blank on the T-2 report for FY 2018-19.

Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District. The type of errors identified above indicate that there are deficiencies in the data collection and review process used by the District.

Conclusion

DCSD's processes do not meet ODE requirements for T-1 and T-2 reporting. The District should develop formal internal policies and procedures for acquiring, compiling, and reporting T-Form data. Developing and implementing formal procedures would help ensure accuracy when compiling and submitting ridership and mileage for the T-1 Form and associated costs on the T-2 form.

²² The District operates a single Tier routing system, meaning it does not utilize a multi-tiered routing system in which grade levels are transported separately in two or more sets of morning and afternoon routes according to staggered bell schedules.

Recommendation 5: Develop a Formal Bus Replacement Plan

Impact

Adopting a formal bus replacement plan will assist the District in properly planning for large purchases, will reduce the risk of incurring large maintenance expenses, and will help avoid the need to replace a major portion of the fleet at the same time.

Methodology

OPT interviewed the Superintendent and Treasurer regarding DCSD’s bus replacement planning. We compared the District’s bus inventory average age to their peers and best practices. We then gathered criteria to illustrate the recommended bus replacement cycle.

Analysis

The District does not have a formal Bus Replacement plan. The current practice is to purchase buses on an as needed basis.²³ An analysis of the District’s bus fleet revealed that the average age of all District buses is 11 years, the average age of its active buses is 8 years, and the average age of its spare buses is 17 years.

As a bus ages, maintenance costs can become costly and limit the usefulness of the asset. The National Association of State Directors of Pupil Transportation Services (NASDPTS), which provides leadership and assistance to school transportation officials, recommends that districts create a bus replacement plan that takes into account data related to maintenance costs, insurance costs, and other factors specific to the area in order to facilitate the timely replacement of buses.

DCSD has an aging bus fleet. While NASDPTS does not provide specific replacement guidelines, it states that generally the anticipated lifetime for a bus is between 12 and 15 years under normal operating conditions. Four buses, or 50 percent of the District’s active bus fleet, are greater than 11 years old, while the other 50 percent of the District’s buses will near replacement age²⁴ in the short-term, assuming there is no change in fleet size. A fleet replacement plan could help the District gain visibility into the costs of the fleet in priority groupings and in determining future reductions and/or replacements.

Although the District can potentially operate several more years without replacing buses based on the current age and mileage of the fleet, the District could face a large liability over the long-term due to delayed bus replacements. Developing a bus-replacement plan would help DCSD anticipate these needs and identify potential sources of funding in advance.

²³ The District has a maintenance contract with a vendor that they rely on to tell them when buses are nearing replacement.

²⁴ For school district bus fleets, older buses are typically used as the spares and are the next in line for replacement.

Conclusion

DCSD should develop a formal data driven bus replacement plan that considers the full cost of bus operation, including fuel, parts, labor, and vehicle depreciation, in addition to safety and emissions. Doing so would allow the District to communicate its progress in meeting its schedule of replacement and any risks posed by the current state of the fleet. Adopting a plan could reduce overall operating costs and help avoid the need to replace a major portion of the fleet at the same time.

Tier II and Tier III Recommendations

As discussed in detail throughout the preceding sections of this report, DCSD could gain efficiencies by aligning its operations with the peer averages and industry standards by implementing the aforementioned baseline, or Tier I, recommendations. Doing so could result in average annual savings of approximately \$119,300 and ensure that the District maintains a positive fund balance through the forecasted period. Implementing the following Tier II and Tier III actions could have a significant impact on the District's operations and instructional activities. Should financial conditions unexpectedly or suddenly decline though, these are additional cost savings measures that the District could take.

Tier II Recommendations

Eliminate the remaining General Fund subsidy of extracurricular activities

As shown in **R.1**, the District could save an average of approximately \$10,100 per year by aligning its General Fund subsidy of extracurricular activities with the local peer average. It is typical for school districts to use some of its General Fund subsidy for their extracurricular activities; however, if further savings were needed, DCSD could consider eliminating the entire subsidy which would save an additional \$234,800 annually. To do so, DCSD could consider the following actions individually, or in combination:

- Increase pay to participate fees, admissions and sales, and booster club funding to levels that would fully cover the annual subsidy amount; and/or
- Eliminate programs and associated supplemental salaries for activities that require higher expenses than the revenue generated.

Implement a base and step salary freeze

As shown in **R.2** and **R.3**, the District could save an average of approximately \$109,200 by bringing its staffing in line with peer levels. If further savings are needed it could implement a base and step salary freeze.²⁵ While career compensation is generally lower overall for both certified and classified employees compared to local peer averages, the District could still realize significant annual savings, without reducing additional staff, by implementing a base freeze and step freeze for all employee salary schedules at FYE 2021 levels. The following savings amount was calculated after taking into account staffing reductions identified in previous recommendations, and could be realized beginning in FYE 2022. By implementing a salary freeze beginning in FY 2022, through the end of the five year forecast in FY 2025, DCSD would save an average of \$150,600 annually. For a complete salary analysis see **Appendix C**.

²⁵ The District has already implemented a salary freeze since the CBA and salary schedules expired in FY 20 and were extended for one year through FY 2021.

Reduce Tuition Reimbursement Expenditures

The District has a CBA with the Delphos City School Board, referred to as the certified CBA, effective through June 30, 2020, which has been extended for one year. An analysis of the CBA identified certain provisions that exceeded State minimum standards, as set in the ORC, OAC, and/or provisions in the local peer district CBAs. One such provision was tuition reimbursement. While all of the peers offer tuition reimbursement in their certified CBAs, this benefit is not required by ORC or OAC.

Under the certified CBA, DCSD allocates \$10,000 total per year towards tuition reimbursement for certificated staff. The District's FY 2017-2019 three year average tuition reimbursement amount is \$5,791.67. In comparison, the local peer average allocated to tuition reimbursement is \$8,800 annually, and the local peer average actual tuition expenditure for FY 2019 was \$3,184.98. DCSD's actual three year average expenditure of \$5,791.67 is higher than the peers' actual average tuition expenditures for FY 2019, and the District allocates more towards tuition reimbursement (\$10,000) than the \$8,800 average allocated by peers. In addition, including language in the CBA limits management decisions and tuition reimbursement is not required by the ORC. The above provision limits management rights, is more generous than peers and the ORC/OAC requirements, and could be costly to the District. Renegotiating the above provision could provide cost savings to DCSD. The District should consider reducing its expenditures for tuition reimbursement. Actual savings would vary based on educational needs of the District.

Tier III Recommendations

In addition to the staffing reductions identified in **R.2** and **R.3**, the District could consider further staffing reductions beyond alignment with the peer averages in order to achieve additional savings. One potential option could be the reduction of general education teachers to state-minimum levels.

Eliminate up to 12.25 general education teachers to bring staffing to state minimum levels.

Though previous recommendations addressed the District's staffing levels relative to the primary peer average, the District could make additional staffing reductions in order to bring general education staffing to state-minimum levels and achieve additional savings.²⁶ After implementing **R.2**, DCSD would have a student-to-teacher ratio of approximately 18.34:1. A reduction of 12.25 general education teachers would result in a student-to-teacher ratio of approximately 25:1, which is the state minimum. While this option could provide additional savings each year, it would drastically change service levels within the District. DCSD leadership would need to

²⁶ The district should consider state minimum staffing requirements (OAC § 3301-35-05) and the district's certified CBA requirements before implementing staffing reductions. The District's CBA still requires a minimum staffing level of five educational service personnel per 1,000 students. The CBA expired in FY 2020 and was extended one year through FY 2021, but is due for negotiations.

review this option in order to determine what is in the best interest of the District's constituents.²⁷ Eliminating 12.25 general education teachers would save DCSD an average of \$915,100 each year.

²⁷ Effective April 24, 2015, the Ohio Department of Education revised OAC § 3301-35-05(A) (3) 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 for all students." This revision effectively eliminated state-minimum staffing levels for Educational Service Personnel staffing, which constituted kindergarten through 8th grade art, music, and physical education teachers. ODE currently considers general education, K-8 art, K-8 music, and K-8 physical education, Limited English Language proficiency, and gifted and talented teaching positions as part of the calculation contained in OAC § 3301-35-05.

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the Delphos City School District's official statement in regards to this 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.



Delphos City Schools
901 Wildcat Lane
Delphos, Ohio 45833-9238
www.delphoscitieschools.org

DOUGLAS WESTRICK
Superintendent
dwestrick@delphoscitieschools.org
419.692.2509 x. 100

BRAD ROSTORFER
Treasurer
brostorfer@delphoscitieschools.org
419.692.2509 x 102

CAROL SCHUERMAN
Asst. Treasurer
cschuerman@delphoscitieschools.org
419.692.2509 x 103

KENT SMELSER
Athletic Director
kmselser@delphoscitieschools.org
419-695-1786 x 414

MITCHEL CLARK
Technology Coordinator
mclark@delphoscitieschools.org
419-695-1786 x 417

Mr. Keith Faber,
Auditor Office of the Auditor of State
88 E Broad Street, 5th Floor
Columbus, OH 43215

Auditor Faber,

The Delphos City School District Board of Education would like to thank you and the audit team for their dedicated work in providing this district with a State Performance Audit. The Delphos City School Administration is committed to identifying efficiencies in district operations, thereby reducing overall operational costs.

The performance audit is anticipated to be released in the month of March 2021, and the Board anxiously awaits the final draft of the report.

Overall, the audit team explained that Delphos City Schools is running as lean as they have ever seen in their experience. The team did recommend that we focus our attention on extracurricular expenses, develop a formal policy for T-reports and create a bus replacement plan. The audit team also recommended eliminating 1.5 FTE's. This will be accomplished through attrition in both positions.

The Delphos City School District Board of Education would like to acknowledge the professionalism of the Performance Audit Team and ease with which the Team worked with representatives at the District level. The insights gained through this process will drive upcoming operational decisions and staffing plans in development by the district administrative staff.

Sincerely,

Doug Westrick
Superintendent

Brad Rostorfer
Treasurer

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide 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.

Generally accepted government auditing standards (GAGAS) 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.

We conducted this performance audit in accordance with GAGAS.

Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In order to provide the District with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Audit Scope, Objectives and Recommendations

Objective	Recommendation
Financial Management	
Are the District’s forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	No Recommendation
Are the District’s strategic planning practices consistent with leading practices?	Verbal Recommendation
Is the District’s General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District’s financial condition?	R.1 and Tier II
Are the District’s purchasing practices consistent with leading practices and appropriate based on the District’s financial condition?	Verbal Recommendation
What impact will the performance audit recommendations have on forecasted revenues and/or expenditures?	No Recommendation
Human Resources	

Is the District’s EMIS data process sufficiently reliable and consistent with leading practices?	No Recommendation
Are the District’s staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District’s financial condition?	R.2, R.3, Tier II, and Tier III
Are the District’s salaries and wages appropriate in comparison to local peers and the District’s financial condition?	No Recommendation
Are the District’s collective bargaining agreement provisions appropriate in comparison to local peers, minimums requirements, and the District’s financial condition?	Tier II
Facilities	
Are the District’s facilities staffing levels appropriate in comparison to leading practices, industry standards, and the District’s financial condition?	No Recommendation
Is the District’s building utilization appropriate in comparison to leading practices, industry standards, and the District’s financial condition?	Verbal Recommendation
Are the District’s facilities preventive maintenance practices consistent with leading practices and industry standards?	Verbal Recommendation
Transportation	
Is the District’s fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District’s financial condition?	R.4
Are the District’s bus replacement practices consistent with leading practices?	R.5
Is the District’s fuel purchasing practice resulting in efficient pricing?	No Recommendation
Is the District’s fleet maintained efficiently?	Verbal Recommendation
Food Service	
Is the District’s food service program operated in a manner that is consistent with leading practices and industry standards and appropriate based on the District’s financial condition?	No Recommendation

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives²⁸:

- Control environment:
 - We assessed the District’s exercise of oversight responsibilities in regards to detecting improper payroll reporting and benefits administration, and
 - We assessed the District’s activities associated with its purchasing practices.
- Risk Assessment:
 - We considered the District’s activities to assess fraud risks.
- Information and Communication:
 - We considered the District’s use of quality information in relation to its financial and data reporting to ODE, specifically its five-year forecast, transportation, facility, and staffing data.

²⁸ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G

- Control Activities:
 - We considered the District’s compliance with applicable laws and contracts, including with outside stakeholders and employees
- Monitoring:
 - We considered the District’s monitoring activities concerning its building usage and enrollment.

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. This performance audit did identify internal control deficiencies specific to transportation reporting (See **R.4**). These deficiencies were communicated to both the District and ODE.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer Districts;
- Industry Standards;
- Leading Practices;
- Statutes; and,
- Policies and Procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and similar academic performance. A “Local Peers” set was selected for a comparison of the general fund subsidy of extracurricular activities, compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for transportation operating and spending comparisons. This peer set was selected specifically for transportation operational comparability and included only those districts with a similar size in square miles and population density; two significant factors that impact transportation efficiency. The table on the next page shows the Ohio school districts included in these peer groups.

Peer Group Districts

Primary Peers

- Arcanum Butler Local School District (Darke County)
- Bluffton Exempted Village School District (Allen County)
- Columbiana Exempted Village School District (Columbiana County)
- McDonald Local School District (Trumbull County)
- St. Henry Consolidated Local School District (Mercer County)
- Weathersfield Local School District (Mercer County)

Local Peers (Compensation, Benefits, and Bargaining Agreements)

- Elida Local School District (Allen County)
- Jennings Local School District (Putnam County)
- Lincolnview Local School District (Van Wert County)
- Ottoville Local School District (Putnam County)
- Spencerville Local School District (Allen County)

Transportation Peers

- Arcanum Butler Local School District (Darke County)
- Bluffton Exempted Village School District (Allen County)
- St. Henry Consolidated Local School District (Mercer County)
- South Range Local School District (Mahoning County)

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed. Each recommendation in this report describes the specific methodology and criteria used to reach our conclusions.

Appendix B: Financial Management

We conducted various analyses in relation to scope areas that are not contained in the report. Several of these analyses provide additional context regarding the District’s financial condition or further support recommendations within the report. The District submits a five year forecast to ODE in November each year, and submits an update to that forecast each May. DCSD was selected for a performance audit based on their November 2019 forecast submission.

DCSD Financial Condition Overview (November 2019)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total Revenue	\$9,826,402	\$10,005,767	\$9,928,792	\$9,789,318	\$9,650,381
Total Expenditures	\$10,227,423	\$11,258,424	\$11,034,493	\$11,222,616	\$11,262,984
Results of Operations	(\$401,021)	(\$1,252,657)	(\$1,105,701)	(\$1,433,298)	(\$1,612,603)
Beginning Cash Balance	\$379,348	(\$21,672)	(\$1,274,329)	(\$2,380,030)	(\$3,813,328)
Ending Cash Balance	(\$21,672)	(\$1,274,329)	(\$2,380,030)	(\$3,813,328)	(\$5,425,931)
Encumbrances	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cumulative Balance of Replacement/ Renewal Levies	-	-	-	\$193,029	\$386,057
Ending Fund Balance	(\$71,672)	(\$1,324,329)	(\$2,430,030)	(\$3,670,299)	(\$5,089,874)

Source: DCSD and ODE

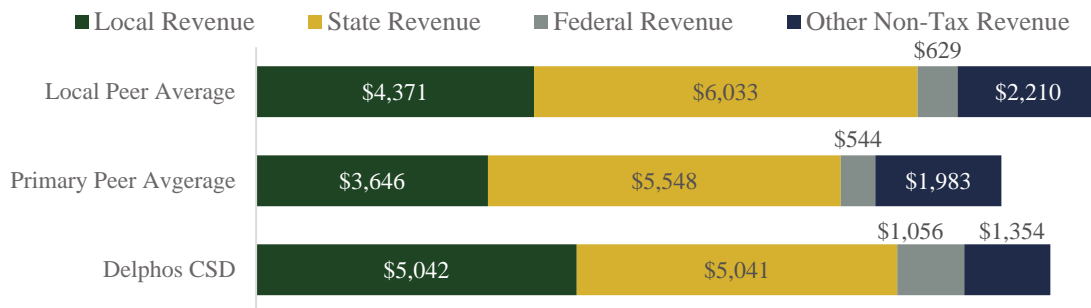
Revenue and Expenditures per Pupil

Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. In analyzing the districts revenue and expenditures per pupil, it’s important to note that this data comes from the District Profile Report rather than the five-year-forecast. According to the Report, revenues from state sources are comprehensive figures. Students are funded at their district of residence, and the revenue data reported here includes state foundation funds received for all students in a district, including those who leave to attend a community or STEM school, another traditional public school through open enrollment, or other public and private providers of services to scholarship students. When students leave their district of residence, funds are transferred to the school the student attends, and represents an expenditure for the district. It’s important to note that the expenditure data excludes these expenses, but the revenue data does not. As the per-pupil revenues are calculated based on a denominator that only includes the counts of students being educated by the public-school districts and a numerator that includes the revenues for students who live in the district but

ultimately receive education elsewhere, these per-pupil revenue figures may be inflated based on the number of students in the district who exercise school choice options.²⁹

In FY 2020, the District received \$12,492.85 per pupil, with 40.4 percent coming from local revenue sources. DCSD’s local revenue is higher than primary and local peers on both a total dollar amount and percentage basis; however its total revenue is lower than the local peers, but higher than the primary peers, but it should be noted that the District does have students participating in school choice options.³⁰

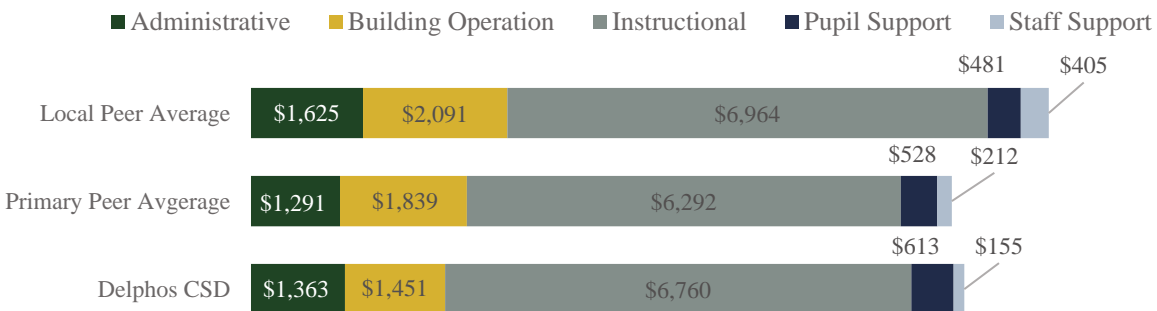
FY 20 Per Pupil Revenue



Source: ODE

In addition to analyzing the District’s revenue per pupil as compared to the local and primary peers, it can be useful to assess the District’s expenditures per pupil to identify areas where possible savings could be identified. In FY 2020, DCSD spent approximately \$10,341.33 per pupil. The District’s FY 2020 expenditures per pupil were higher than the primary peer average and lower than the local peer average.

FY 20 Per Pupil Expenditures



Source: ODE

²⁹ ODE notes in the District Profile Report that efforts are underway to more appropriately report revenue on a per pupil basis.
³⁰ Some of the Districts revenue is tied to the approximately 151 students that left the District to attend other public, stem, or private schools in FY 20.

We conducted detailed analysis regarding the types of revenues and expenditures associated with extracurricular activities. This includes identifying costs by type and determining the amount of expenditures from the General Fund. We compared DCSD to the local peer average for this analysis. This information was used in identifying **Recommendation 1**.

Student Extracurricular Activity Net Cost Comparison

Students	DCSD		Local Peer Avg.	
	Rev.	Exp.	Net Cost	Net Cost
Activity Type				
Academic Oriented	\$0	\$38,654	(\$38,654)	(\$45,776)
Occupation Oriented	\$0	\$58,076	(\$58,076)	(\$20,227)
Sport Oriented	\$35,834	\$373,759	(\$337,925)	(\$247,498)
School & Public Service Co-Curricular	\$0	\$36,146	(\$36,146)	(\$63,199)
Bookstore Sales	\$0	N/A	\$0	\$0
Other Extracurricular	\$37,175	N/A	\$37,175	\$89,730
Non-specified 1	\$209,854	N/A	\$209,854	\$28,104
Total	\$282,863	\$506,635	(\$223,772)	(\$258,866)
Total General Fund Direct Revenue			\$23,343.50	\$7,773.39
Total General Fund Direct Expenditures			\$268,365.53	\$252,793.20
Total General Fund Transfers			\$0.00	\$1,280.00
Total General Fund Subsidy of Extracurricular Activities			\$245,022.03	\$246,299.81
Total General Fund Subsidy of Extracurricular Activities per Pupil			\$259.83	\$249.04
Total Difference in General Fund Subsidy to Local Peer Average			\$10,174.97	
Remaining General Fund Subsidy			\$234,847.06	

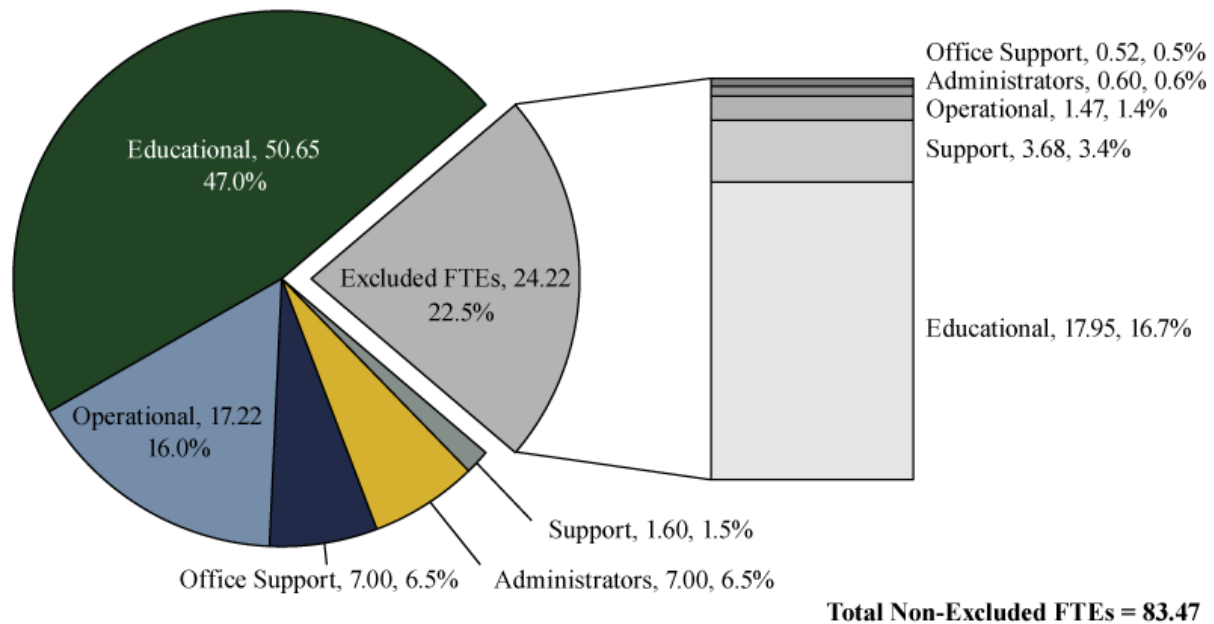
Source: DCSD, local peers, and ODE

1 Non-specified represents revenue that was not coded to a specific activity type, but does reduce the net cost.

Appendix C: Human Resources

As discussed in the report, personnel costs represent 69.25 percent of the District’s spending. Due to this, we conduct several analyses relating to the expense associated with maintaining existing staffing levels. During the course of our analysis we routinely exclude staff that are designated as Title 1 or Special Education as a result of specific rules relating to funding of these individuals.³¹

FTEs by Category



Source: DCSD

We excluded 24.22 FTE District employees from our analysis because they are considered Special Education or Title 1 employees. This represents 22.5 percent of all DCSD staff.

All non-excluded staff were then compared on a district-wide level to primary peer staffing levels. Staffing was analyzed using the District and peer district Education Management Information System (EMIS) reports. Data reliability testing for the District’s EMIS data was performed by comparing the EMIS report to payroll reports corresponding to the time of the report. Variances between EMIS and payroll were discussed with the District, with adjustments made as necessary. Adjustments were also made to the peer EMIS data in order to account for coding variations among DCSD and the peers. Following testing, the EMIS data was considered reliable for use. The following tables reflect our analysis for all EMIS staffing categories which were used during the course of this audit. Those categories where DCSD employed more staff

³¹ Also excluded from the analysis were employees designated as “auxiliary” staff. These staff are excluded from analysis because they are not directly employed by the school district and are paid from a separate fund.

than the primary peer averages are discussed in Recommendation 2 and Recommendation 3. Additional staffing reductions are discussed in Tier II and Tier III.

Staffing Comparison Tables

Central Office Administrator Staff Comparison

Students	DCSD	Primary Peer Avg.	Difference		
Students Educated	899	989	(90)		
Students Educated (Thousands)	0.899	0.989	(0.090)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)
Supervisor/Manager	0.00	0.00	1.18	(1.18)	(1.06)
Coordinator	0.00	0.00	0.17	(0.17)	(0.15)
Director	1.00	1.11	1.39	(0.28)	(0.25)
Other Official/Administrative	1.00	1.11	0.97	0.14	0.13
Total	2.00	2.22	3.71	(1.49)	(1.34)

Source: DCSD and ODE

Building Administrator Staff Comparison

Students	DCSD	Primary Peer Avg.	Difference		
Students Educated	899	989	(90)		
Students Educated (Thousands)	0.899	0.989	(0.090)		
Buildings	3.0	2.83	0.17		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)
Assistant Principal	0.00	0.00	0.17	(0.17)	(0.15)
Principal	3.00	3.34	2.70	0.64	0.58
Total	3.00	3.34	2.87	0.47	0.42

Position	FTEs	FTEs per Building	FTEs per Building	FTEs per Building	Total Above/ (Below)
Assistant Principal	0.00	0.00	0.06	(0.06)	(0.18)
Principal	3.00	1.00	0.94	0.06	0.18
Total	3.00	1.00	1.00	0.00	0.00

Source: DCSD and ODE

Teaching Staff Comparison

Students	DCSD	Primary Peer Avg.	Difference		
Students Educated	899	989	(90)		
Students Educated (Thousands)	0.899	0.989	(0.090)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)
General Education	41.85	46.55	47.80	(1.25)	(1.12)
Gifted and Talented	0.00	0.00	0.17	(0.17)	(0.15)
Career-Technical Programs/ Career Pathways	2.00	2.22	1.33	0.89	0.80

Source: DCSD and ODE

K-8 Teaching Staff Comparison

Students	DCSD	Primary Peer Avg.	Difference		
Students Educated	646	694	(48)		
Students Educated (Thousands)	0.646	0.694	(0.048)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)
Art Education K-8	1.00	1.55	1.56	(0.01)	(0.0078)
Music Education K-8	1.00	1.55	2.38	(0.83)	(0.54)
Physical Education K-8	2.00	3.10	2.45	0.65	0.42

Source: DCSD and ODE

Non-Teaching Educational Staff Comparison

Students	DCSD	Primary Peer Avg.	Difference		
Students Educated	899	989	(90)		
Students Educated (Thousands)	0.899	0.989	(0.090)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)
Curriculum Specialist	0.00	0.00	0.00	0.00	0.00
Counseling	1.80	2.00	2.19	(0.19)	(0.17)
Remedial Specialist	0.00	0.00	1.35	(1.35)	(1.21)
Tutor/Small Group Instructor	0.00	0.00	1.21	(1.21)	(1.09)
Other Educational	0.00	0.00	0.32	(0.32)	(0.29)

Source: DCSD and ODE

Central Office Support Staff Comparison

Students	DCSD	Primary Peer Avg.				Difference
Students Educated	899	989				(90)
Students Educated (Thousands)	0.899	0.989				(0.090)
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)	
Accounting	1.00	1.11	0.18	0.93	0.84	
Bookkeeping	0.00	0.00	0.51	(0.51)	(0.46)	
Central Office Clerical	1.50	1.67	1.84	(0.17)	(0.15)	
Records Managing	0.50	0.56	0.00	0.56	0.50	

Source: DCSD and ODE

Building Office Support Staff Comparison

Students	DCSD	Primary Peer Avg.				Difference
Students Educated	899	989				(90)
Students Educated (Thousands)	0.899	0.989				(0.090)
Buildings	3.0	2.83				0.17
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)	
School Building Clerical	4.00	4.45	3.14	1.31	1.18	
Total	4.00	4.45	3.14	1.31	1.18	
Position	FTEs	FTEs per Building	FTEs per Building	FTEs per Building	Total Above/ (Below)	
School Building Clerical	4.00	1.33	1.10	0.23	0.69	
Total	4.00	1.33	1.10	0.23	0.69	

Source: DCSD and ODE

Library Staff Comparison

Students	DCSD	Primary Peer Avg.				Difference
Students Educated	899	989				(90)
Students Educated (Thousands)	0.899	0.989				(0.090)
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)	
Library Aide	1.00	1.11	1.29	(0.18)	(0.16)	

Source: DCSD and ODE

Nursing Staff Comparison

Students	DCSD	Primary Peer Avg.	Difference		
Students Educated	899	989	(90)		
Students Educated (Thousands)	0.899	0.989	(0.090)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)
Registered Nursing	0.60	0.67	1.26	(0.59)	(0.53)
Practical Nursing	0.00	0.00	0.29	(0.29)	(0.26)

Source: DCSD and ODE

Classroom Support Staff Comparison

Students	DCSD	Primary Peer Avg.	Difference		
Students Educated	899	989	(90)		
Students Educated (Thousands)	0.899	0.989	(0.090)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE per 1,000 Students	Total Above/ (Below)
Instructional Paraprofessional	0.00	0.00	1.00	(1.00)	(0.90)
Teaching Aide	1.00	1.11	3.35	(2.24)	(2.01)

Source: DCSD and ODE

In addition to comparing staffing levels, we also reviewed actual salary data and compared the District's compensation schedules to those of local peers. We reviewed both the average annual salary for employees and the expected total compensation for a 30 year career. These comparisons are divided into two sections based on collective bargaining agreements, and salary schedules.³² The following tables show the salary comparisons for both non-certificated and certificated employees.

Salary Comparison Tables

Certificated Career Compensation Comparison

	Bachelors	BA+150	Masters	MA+15
Delphos City SD	\$1,491,837	\$1,588,704	\$1,705,760	\$1,732,310
Peer Average	\$1,500,675	\$1,601,058	\$1,743,159	\$1,769,442
\$ Difference	(\$8,838)	(\$12,354)	(\$37,399)	(\$37,132)
% Difference	(0.6%)	(0.8%)	(2.1%)	(2.1%)

³² Delphos CSD has a certificated CBA, but does not have a classified CBA, therefore, the non-certificated salary schedules were received directly from the District and then compared to the local peer salary schedules either obtained from the State Employee Relations Board SERB site, or directly from the local peer districts.

Source: DCSD and SERB

Certificated Average Yearly Salary Comparison

	Bachelors	BA+150	Masters	MA+15
Delphos City SD	\$49,728	\$52,957	\$56,859	\$57,744
Peer Average	\$50,023	\$53,369	\$58,105	\$58,981
\$ Difference	(\$295)	(\$412)	(\$1,247)	(\$1,238)
% Difference	(0.6%)	(0.8%)	(2.1%)	(2.1%)

Source: DCSD and SERB

Classified Career Compensation Comparison

	Cook	Custodian	Secretary	Educational Aide
Delphos City SD	\$464,478	\$1,023,974	\$788,340	\$547,201
Peer Average	\$534,467	\$1,011,758	\$811,767	\$631,164
\$ Difference	(\$69,989)	\$12,216	(\$23,427)	(\$83,963)
% Difference	(13.1%)	1.2%	(2.9%)	(13.3%)

Source: DCSD and SERB

Note: Custodians also assist with other Buildings and Grounds (B&G) functions such as maintenance and grounds keeping.

Classified Average Yearly Salary Comparison

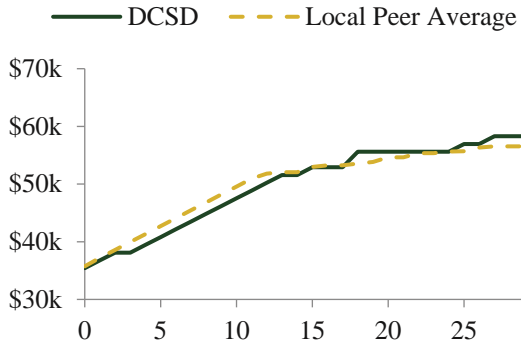
	Cook	Custodian	Secretary	Educational Aide
Delphos City SD	\$15,483	\$34,132	\$26,278	\$18,240
Peer Average	\$17,816	\$33,725	\$27,059	\$21,039
\$ Difference	(\$2,333)	\$407	(\$781)	(\$2,799)
% Difference	(13.1%)	1.2%	(2.9%)	(13.3%)

Source: DCSD and SERB

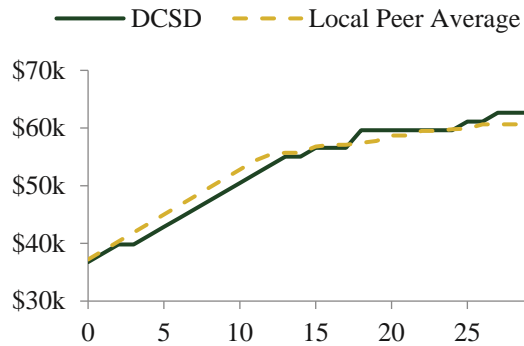
We also looked at annual salaries for all certificated employees and the hourly wage rates for a few classified employee position types over the course of a career. The charts which follow show how the annual salaries according to the respective salary and wage schedules compare to peer districts.

Certificated Annual Salary Comparison

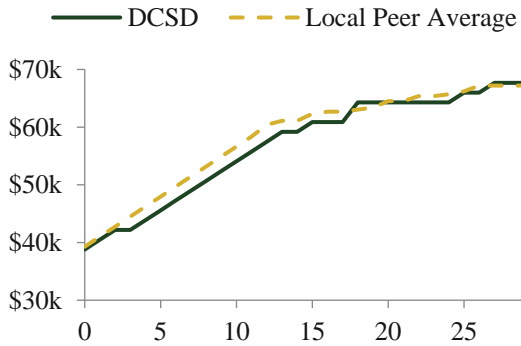
Bachelor's



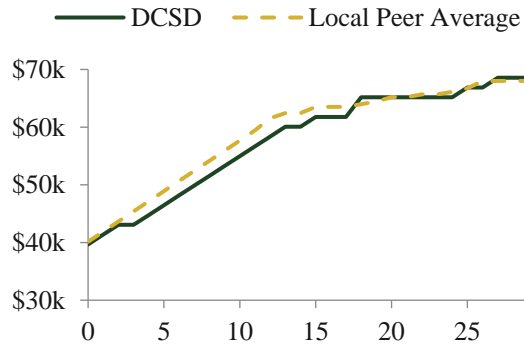
BA+150



Master's

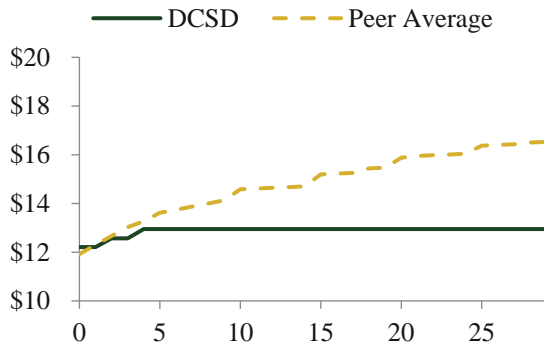


MA+15

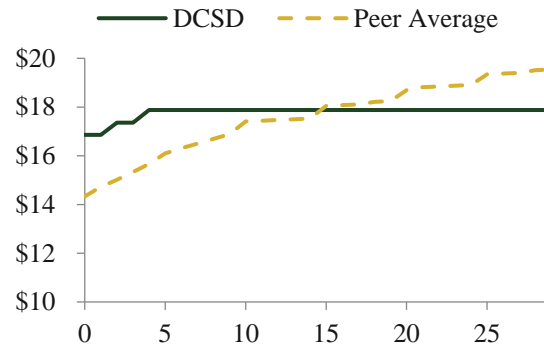


Classified Hourly Rate Comparison

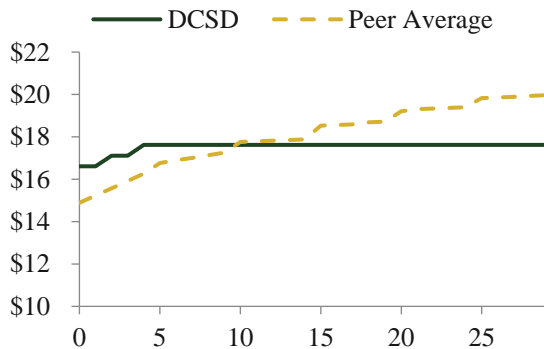
Cook



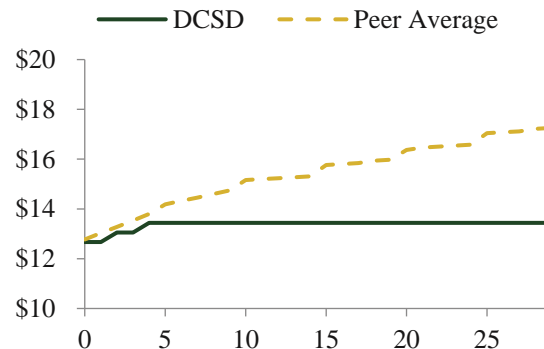
Custodian



Building Secretary



Educational Aide



Lastly, we reviewed CBAs for key provisions and found that the District's provisions are generally in line with those of the primary peers and state minimum requirements.

Tuition Reimbursement

We reviewed the allocation for Tuition Reimbursement and found that the District offered more tuition to employees than the peer average. This analysis is discussed in the Tier II Recommendation section.

Appendix D: Facilities

We reviewed the district’s staffing for facilities compared to industry standards. Depending on the type of work that is done, a different standard is used; however, each uses a metric to define the time or personnel needed to maintain a specified amount of space. Due to the ongoing COVID-19 pandemic, two cleaning level standards analyses were conducted. First an analysis using level three cleaning standards as is typical for normal cleaning, and then an analysis using level 2 cleaning standards which is a more rigorous cleaning standard for schools.

Buildings & Grounds Staffing Comparison (Level 3 Standard)

Grounds Staffing

AS&U Benchmark - Acres per FTE	40.2
Acreage Maintained	25.0
Benchmarked Staffing Need	0.6
Grounds FTEs	0.3
Grounds FTEs Above/(Below) Benchmark	(0.3)

Custodial Staffing

NCES Level 3 Cleaning Benchmark ¹ - Median Square Footage per FTE	29,500
Square Footage Cleaned	186,263
Initial Benchmarked Staffing Need	6.3
Custodial FTEs	4.1
Custodial FTEs Above/(Below) Benchmark	(2.2)

Maintenance Staffing

AS&U Benchmark - Square Footage per FTE	94,872
Square Footage Maintained	186,263
Benchmarked Staffing Need	2.0
Maintenance FTEs	0.7
Maintenance FTEs Above/(Below) Benchmark	(1.3)

Total Buildings & Grounds Staffing

Total FTEs Employed	5.1
Total Benchmarked Staffing Need	8.9
Total FTEs Above/(Below) Benchmark	(3.8)

Source: Client, AS&U, NCEF, Third Party Services

¹ According to NCES, Level 3 cleaning is the norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues.

Using level three cleaning standards, DCSD’s total building and grounds staffing level is 3.8 FTEs below the benchmark, which is driven by the custodial and maintenance staffing levels relative to the respective industry benchmarks.

Buildings & Grounds Staffing Comparison (Level 2 Standard)

Grounds Staffing

AS&U Benchmark - Acres per FTE	40.2
Acreage Maintained	25.0
Benchmarked Staffing Need	0.6
Grounds FTEs	0.3
Grounds FTEs Above/(Below) Benchmark	(0.3)

Custodial Staffing

NCES Level 2 Cleaning Benchmark ¹ - Median Square Footage per FTE	19,000
Square Footage Cleaned	186,263
Initial Benchmarked Staffing Need	9.8
Custodial FTEs	4.1
Custodial FTEs Above/(Below) Benchmark	(5.7)

Maintenance Staffing

AS&U Benchmark - Square Footage per FTE	94,872
Square Footage Maintained	186,263
Benchmarked Staffing Need	2.0
Maintenance FTEs	0.7
Maintenance FTEs Above/(Below) Benchmark	(1.3)

Total Buildings & Grounds Staffing

Total FTEs Employed	5.1
Total Benchmarked Staffing Need	12.4
Total FTEs Above/(Below) Benchmark	(7.3)

Source: Client, AS&U, NCEF, Third Party Services

¹ According to NCES, Level 2 cleaning is the uppermost standard for most school cleaning, and is generally reserved for restrooms, special education areas, kindergarten areas, or food service areas.

Using more rigorous level two cleaning standards, DCSD's total building and grounds staffing level is 7.3 FTEs below the benchmark, which is driven by the custodial and maintenance staffing levels relative to the respective industry benchmarks.

In addition to analyzing facility staffing, we analyzed the District's Preventative Maintenance practices to ensure that they are being carried out in accordance with leading practices and industry standards. We also analyzed the District's Building Utilization, and determined that the District utilization was in line with industry standards and therefore no recommendation is warranted.

Appendix E: Transportation

T-Reporting

The District’s T-Reports were analyzed and compared to T-Reporting instructions.

In order to develop our recommendation we reviewed the District’s processes for gathering and reporting T-1 and T-2 data. Reporting errors were identified in the cost data reported via the T-2 Form, and the ridership data reported on the corresponding T-1 Form.

The results of our analysis are identified in **Recommendation 4**.

Bus Replacement

The District replaces buses on an as needed basis and does not have a formal bus replacement plan. In order to develop our recommendation, the age and mileage of the District’s bus fleet were compared to best practices and replacement criteria to illustrate the recommended bus replacement cycle. The results of our analysis are identified in **Recommendation 5**.

Active Buses

Bus #	Year	Age
5	2015	6
6	2007	14
7	2007	14
8	2017	4
12	2009	12
13	2017	4
16	2009	12
18	2017	4

Source: DCSD, NASDPTS

Note: Age of buses reported as of 2021

Appendix F: Food Service

The number of meal equivalents served in relation to the number of food preparation hours was used to measure workload, and to determine proper staffing levels to maintain efficiency. The District is below the industry benchmark indicating that staffing level is efficient and no recommendation is warranted.

OHIO AUDITOR OF STATE KEITH FABER



DELPHOS CITY SCHOOL DISTRICT

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/18/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov