



Dave Yost • Auditor of State





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To the residents, elected officials, management, and stakeholders of the Clermont Northeastern 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

January 29, 2015

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# Executive Summary

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## Purpose and Scope of the Audit

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

The following scope areas were selected for detailed review and analysis in consultation with the District: financial systems, human resources, facilities, transportation, and food service operations. See **Appendix: 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 district comparisons, surrounding district comparisons, 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 for a comparison of transportation service. The following table contains the Ohio school districts included in these peer groups.

**Peer Group Definitions**

<b>Primary Peers</b>
<ul style="list-style-type: none"> <li>• Blanchester Local School District (Clinton County)</li> <li>• Eastwood Local School District (Wood County)</li> <li>• James A. Garfield Local School District (Portage County)</li> <li>• Johnstown-Monroe Local School District (Licking County)</li> <li>• Keystone Local School District (Lorain County)</li> <li>• Milton-Union Exempted Village School District (Miami County)</li> <li>• Tuscarawas Valley Local School District (Tuscarawas County)</li> <li>• Wayne Local School District (Warren County)</li> <li>• Westfall Local School District (Pickaway County)</li> <li>• Wheelersburg Local School District (Scioto County).</li> </ul>
<b>Compensation, Benefits and Union Contract Peers (Surrounding Districts)</b>
<ul style="list-style-type: none"> <li>• Batavia Local School District (Clermont County)</li> <li>• Blanchester Local School District (Clinton County)</li> <li>• Fayetteville-Perry Local School District (Brown County)</li> <li>• Goshen Local School District (Clermont County)</li> <li>• Milford Exempted Village School District (Clermont and Hamilton counties)</li> <li>• West Clermont Local School District (Clermont County)</li> <li>• Williamsburg Local School District (Clermont County)</li> </ul>
<b>Transportation Peers</b>
<ul style="list-style-type: none"> <li>• Ashland City (Ashland County)</li> <li>• Blanchester Local (Clinton County)</li> <li>• Cambridge City (Guernsey County)</li> <li>• Indian Creek Local (Jefferson County)</li> <li>• Preble Shawnee Local (Preble County)</li> <li>• Sandy Valley Local (Tuscarawas County)</li> </ul>

In addition to the peer districts listed above, comparisons were made to industry standards or leading practices where applicable. These include the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), the Ohio Administrative Code (OAC), the Ohio Revised Code (ORC), the School Employees Retirement System (SERS), the State Teachers Retirement System (STRS), the National Center for Education Statistics (NCES), and the Government Finance Officers Association (GFOA).

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

## Issues for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. During the course of the audit, management of the District's forest preserve was an area outside of the scope that, with further examination, could potentially yield improvements to operations.

- Forest Management:** Sixty five of the 120 acres that comprise the CNLSD main campus consist of a forest preserve. The Ohio Department of Natural Resources and the Clermont Soil & Water Conservation District have recommended that the District consider selective harvesting of this preserve as a method to promote biodiversity and rejuvenation. Depending upon current economic conditions and the value of timber, such selective harvesting may provide additional revenue for the District. CNLSD should evaluate the ecological and economic value of harvesting its forest preserve.

## Summary of Recommendations

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

### Summary of Recommendations

Recommendations	Savings
<b>R.1 Evaluate graduation credit requirement level and breadth of elective offerings</b>	\$183,200
<b>R.2 Eliminate 2.0 FTE educational service personnel (ESP) positions</b>	\$103,700
<b>R.3 Eliminate 3.0 FTE professional and technical positions</b>	\$155,000
<b>R.4 Eliminate 1.0 FTE custodial position</b>	\$35,200
<b>R.5 Renegotiate severance provisions</b>	\$111,800
<b>R.6 Require administrative employees to pay full retirement contribution</b>	\$62,000
<b>R.7 Revise salary schedules</b>	\$142,500
<b>R.8 Increase monitoring of the transportation contract to ensure quality of service</b>	N/A
<b>R.9 Accurately report pupil transportation data</b>	N/A
<b>R.10 Use State cooperative purchasing program to acquire fuel</b>	\$5,000
<b>R.11 Increase lunch participation rates</b>	N/A
<b>R.12 Eliminate 5.0 FTE food service positions</b>	\$90,000 <sup>1</sup>
<b>R.13 Monitor future student enrollment in relation to building capacity</b>	N/A
<b>R.14 Improve access to financial information for stakeholders</b>	N/A
<b>R.15 Provide additional opportunities for stakeholder input in the budget process</b>	N/A
<b>Total Cost Savings from Performance Audit Recommendations</b>	<b>\$798,400</b>

<sup>1</sup> Cost savings from **R.12** constitute direct Food Service Fund expenditure reductions. Because the District does not supplement food service operations with General Fund transfers, the impact from the implementation of **R.12** was excluded from the **Total Cost Savings from Performance Audit Recommendations**, which represents financial impact to the General Fund.



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

### Financial Forecast with Performance Audit Recommendations

	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
<b>Original Ending Fund Balance</b>	<b>\$471,109</b>	<b>(\$246,210)</b>	<b>(\$1,719,650)</b>	<b>(\$3,884,631)</b>
<b>Cumulative Balance of Performance Audit Recommendations</b>		<b>\$798,400</b>	<b>\$1,596,800</b>	<b>\$2,395,200</b>
<b>Revised Ending Fund Balance</b>	<b>\$471,109</b>	<b>\$552,190</b>	<b>(\$122,850)</b>	<b>(\$1,489,431)</b>

Source: CNLSD May 2014 Five Year Forecast and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable there may be a reasonable delay in doing so. As a result, cost savings have been applied to FY 2015-16 through FY 2017-18 only.

As shown in the table, although implementing the performance audit recommendations would not provide sufficient savings to eliminate the District's projected year end fund deficit in FY 2017-18, the expected deficit would be reduced by 54.5 percent.

# Background

## Financial Status

On January 23, 2014, CNLSD was placed in fiscal caution by ODE based on an analysis of its October 2013 Five Year Forecast. **Table 1** displays a summary of this forecast.

**Table 1: CNLSD October 2013 Five Year Forecast Overview**

	Forecast FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
Total Revenues	\$15,169,481	\$15,225,869	\$15,255,264	\$15,313,319	\$15,375,054
Total Expenditures	\$15,186,271	\$15,791,787	\$16,428,047	\$17,096,901	\$17,800,329
<b>Results of Operations</b>	<b>(\$16,790)</b>	<b>(\$565,918)</b>	<b>(\$1,172,783)</b>	<b>(\$1,783,582)</b>	<b>(\$2,425,275)</b>
Beginning Cash Balance	\$103,546	\$86,756	(\$479,162)	(\$1,651,945)	(\$3,435,527)
<b>Ending Cash Balance</b>	<b>\$86,756</b>	<b>(\$479,162)</b>	<b>(\$1,651,945)</b>	<b>(\$3,435,527)</b>	<b>(\$5,860,802)</b>
Outstanding Encumbrances	\$70,000	\$65,000	\$65,000	\$65,000	\$65,000
<b>Fund Balance June 30 for Certification</b>	<b>\$16,756</b>	<b>(\$544,162)</b>	<b>(\$1,716,945)</b>	<b>(\$3,500,527)</b>	<b>(\$5,925,802)</b>

Source: CNLSD October 2013 Five Year Forecast

As shown in **Table 1**, the District projected negative results of operations for every year displayed as well as year-end deficits for the latter four years of the forecast period. In FY 2017-18, these deficits were projected to accumulate to a total of approximately \$5.9 million, 38.7 percent of FY 2017-18 total revenues.

In May 2014, CNLSD submitted an updated forecast as required by ODE. This forecast included updated FY 2014-15 local and State revenues that were 5.5 percent higher than previously projected in October. **Table 2** summarizes the CNLSD May 2014 Five-Year Forecast.

**Table 2: CNLSD May 2014 Five Year Forecast Overview**

	Forecast FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
Total Revenues	\$15,860,417	\$16,064,408	\$16,038,594	\$16,013,499	\$16,092,092
Total Expenditures	\$15,494,493	\$15,997,769	\$16,755,913	\$17,486,939	\$18,257,073
<b>Results of Operations</b>	<b>\$365,924</b>	<b>\$66,639</b>	<b>(\$717,319)</b>	<b>(\$1,473,440)</b>	<b>(\$2,164,981)</b>
Beginning Cash Balance	\$103,546	\$469,470	\$536,109	(\$181,210)	(\$1,654,650)
<b>Ending Cash Balance</b>	<b>\$469,470</b>	<b>\$536,109</b>	<b>(\$181,210)</b>	<b>(\$1,654,650)</b>	<b>(\$3,819,631)</b>
Outstanding Encumbrances	\$70,000	\$65,000	\$65,000	\$65,000	\$65,000
<b>Fund Balance June 30 for Certification</b>	<b>\$399,470</b>	<b>\$471,109</b>	<b>(\$246,210)</b>	<b>(\$1,719,650)</b>	<b>(\$3,884,631)</b>

Source: CNLSD May 2014 Five Year Forecast

As shown in **Table 2**, the District projects that it will be able to avoid a year end deficit in FY 2014-15, delaying the projection of a fund deficit to the end of FY 2015-16. Although CNLSD is still projecting a significant deficit in the final year of the forecast (FY 2017-18), it is projected to be approximately \$2.1 million lower than previously forecasted in October 2013. The

expected improvement in the District's financial condition is the result of increased revenue projections. For FY 2015-16 through FY 2017-18, CNLSD projected revenues that averaged approximately \$760,000 higher than October 2013 forecasted levels due to higher property tax revenues and unrestricted grants-in-aid.

Eliminating future fund balance deficits can be accomplished by decreasing expenditures, increasing revenue, or a combination of both. Management control over operating decisions can directly affect expenditures. Consequently, CNLSD's operations and related expenses were examined by OPT in an effort to identify areas of potential cost savings for the District. If CNLSD's revenue increases, the District may be able to address the projected deficits without making significant reductions to operations. Revenue, however, is not directly controlled by school districts but by federal and State laws and regulations and support from local residents.

## Funding Structure

**Table 3** shows a breakdown of revenue per pupil represented by each individual source of funds included in the five-year forecast.

**Table 3: FY 2012-13 Revenue per ADM Comparison**

Source	CNLSD	Peer Average	Difference	% Difference
ADM	1,781.7	1,522.3	259	17.0%
Local	\$5,111	\$4,296	\$815	19.0%
Intermediate	\$0	\$3	(\$3)	(100.0%)
State	\$3,363	\$4,453	(\$1,090)	(24.5%)
Federal	\$0	\$11	(\$11)	(100.0%)
<b>Total</b>	<b>\$8,474</b>	<b>\$8,763</b>	<b>(\$289)</b>	<b>(3.3%)</b>
Other Revenue <sup>1</sup>	\$0	\$143	(\$143)	(100.0%)

Source: ODE

Note: Totals include General Fund, Emergency Levy Fund, Education Jobs Fund, and State Fiscal Stabilization Fund revenues.

<sup>1</sup> Other revenue includes transfers-in, advances-in, and refunds of prior year's expenditures; these items are excluded from total revenues.

As shown in **Table 3**, CNLSD is supported to a large extent by local taxes, as almost 60 percent of the District's total revenue was provided by this source compared to the peer average of 49 percent. Further analysis of local revenue showed that CNLSD has an atypical funding structure based on high assessed land valuation and low population density due to the District being comprised mainly of farmland. This demographic makeup ultimately decreases the level of State funding the District receives. **Table 4** displays this, showing CNLSD's revenue per capita compared to the peer average.

**Table 4: FY 2012-13 Revenue per Capita Comparison**

Revenue Source	CNLSD	Peer Average	Difference	% Difference
<b>Population</b>	13,659	93,142	(79,483)	(85.3%)
<b>Local</b>				
Taxes	\$595	\$582	\$13	2.2%
Tuition	\$44	\$100	(\$56)	(56.0%)
Transportation Fees	\$0	\$0	(\$0)	(100.0%)
Earnings On Investments	\$1	\$3	(\$2)	(66.7%)
Classroom Materials And Fees	\$5	\$4	\$1	25.0%
Miscellaneous Receipts From Local Sources	\$21	\$13	\$8	61.5%
<b>Total Local</b>	\$666	\$702	(\$36)	(5.1%)
<b>Intermediate</b>	\$0	\$0	(\$0)	(100.0%)
<b>State</b>	\$439	\$728	(\$289)	(39.7%)
<b>Federal</b>	\$0	\$2	(\$2)	(100.0%)
<b>Total</b>	<b>\$1,105</b>	<b>\$1,432</b>	<b>(\$327)</b>	<b>(22.8%)</b>
<b>Other Revenue<sup>1</sup></b>	\$0	\$23	(\$23)	(100.0%)

Source: CNLSD and peers

Note: Includes General Fund, Emergency Levy Fund, Education Jobs Fund, and State Fiscal Stabilization Fund revenues.

<sup>1</sup> Other revenue includes transfers-in, advances-in, and refunds of prior year's expenditures.

The difference in local revenues is magnified when examined on a per capita basis, as shown in **Table 4**. The District receives 22.8 percent less total revenue per capita than the peer average with the majority of revenue generated from local taxes. This is important to note as the District has an overall tax burden which is relatively high that causes a decrease in State funding that then ultimately results in lower total revenues per student.

## Subsequent Events

Findings and recommendations within this performance audit were based on an analysis of the District's May 2014 five-year-forecast (see **Table D-1**) and operations during FY 2013-14. During the course of the performance audit, the District reported a significantly improved financial condition in its year-end financial statements for FY 2013-14. As a result, CNLSD was removed from fiscal caution on August 15, 2014. In addition, the District's October 2014 forecast (see **Table D-2**) projects FY 2014-15 results of operations that are approximately \$727,000 higher than projected in its May forecast. Applying these additional funds to the remaining year-end fund balances (FY 2014-15 through FY 2017-18) displayed in **Table 2** would eliminate deficits that were projected for FY 2015-16 through FY 2017-18.

# Recommendations

## R.1 Evaluate graduation credit requirement level and breadth of elective offerings

Pursuant to ORC § 3313.603, students in Ohio's public and chartered nonpublic high schools are required to earn twenty units<sup>1</sup> (or credits) in order to graduate. CNLSD goes beyond this, requiring its students earn 24 units as a requirement for graduation. **Table 5** compares the District's credit requirements to State minimums in each area of study.

**Table 5: Graduation Requirement Comparison**

Subject	CNLSD	State Minimum	Above/(Below) State Minimum
English	4.0	4.0	0.0
Mathematics	4.0	4.0	0.0
Science	3.0	3.0	0.0
Social Studies	3.0	3.0	0.0
Health	0.5	0.5	0.0
Physical Education	0.5	0.5	0.0
Electives	9.0	5.0	4.0
<b>Total Credits</b>	<b>24.0</b>	<b>20.0</b>	<b>4.0</b>

Source: CNLSD, ORC

**Table 5** shows that the District requires four additional elective credits in order to graduate. Electives include, but are not limited to, business/technology, fine arts, and foreign language courses. This additional credit requirement results in the need for CNLSD to staff additional teachers to provide instruction in these classes. Students choose which elective to take and the demand for a particular elective can fluctuate in any given year. Because of the uncertainty of student demand for electives, maintaining efficient teacher staffing levels is challenging. **Table 6** displays the effect that requiring graduation credits in excess of State requirements has on general education teacher staffing level based on FY 2013-14 student enrollment.

**Table 6: Effect of Additional Credits on Teacher Staffing**

CNLSD High School Students	545.8		
	<b>CNLSD</b>	<b>State Minimum</b>	<b>Difference</b>
Graduation Credit Requirement per High School Student	24.0	20.0	4.0
Average Credit Requirement per Year <sup>1</sup>	6.0	5.0	1.0
Credits Taught per Year <sup>2</sup>	3,274.8	2,729.0	545.8
Total Annual Credits Taught per Teacher FTE <sup>3</sup>	150	150	0.0
<b>Teacher FTEs Needed</b>	<b>21.8</b>	<b>18.2</b>	<b>3.6</b>

Source: CNLSD and ORC

<sup>1</sup> Based on four years of high school.

<sup>2</sup> Reflects the total number of high school students multiplied by the average number of credits each year.

<sup>3</sup> Calculated based on 6.0 classes taught per teacher per day with 25.0 students in each class.

<sup>1</sup> One unit is defined as a minimum of 120 hours of course instruction, except for a laboratory course, which is defined as a minimum of 150 hours of course instruction.

As shown in **Table 6**, requiring 4.0 credits beyond what is required by the State causes CNLSD to staff at least 3.6 additional FTE teachers. This analysis assumes 100 percent maximization of teacher time and class enrollment (an average student to teacher ratio of 25:1). In practice, there may be some elective courses that are attended well below the maximum student to teacher ratio target. Because of this, the actual effect of the additional credit requirement may be greater in any given year depending on the utilization of the electives offered.

In addition to reviewing the graduation requirement, CNLSD could increase its staffing efficiency by examining the number of course offerings per subject. **Table 7** displays the District's average class size by subject and the number of course offerings.

**Table 7: FY 2012-13 CNLSD High School Class Size by Subject**

Subject	Average Class Size	# of Course Offerings
<b>Core Classes</b>		
<b>Average</b>	<b>22.3</b>	<b>N/A</b>
English (4 units)	24.2	6.0
Health (½ unit)	27.3	1.0
Mathematics (4 units)	20.0	9.5
Physical Education (½ unit)	25.9	2.5
Science (3 units) <sup>1</sup>	20.8	6.0
Social Studies (3 units) <sup>2</sup>	23.6	6.5
<b>Elective Classes</b>		
<b>Average<sup>3</sup></b>	<b>18.8</b>	<b>N/A</b>
Music	24.6	10.5
Art	19.1	2.5
Technology	20.2	8.0
Family Life/Vocational Education	19.9	4.5
Agricultural Vocational Education	19.2	4.0
Foreign Language	13.1	8.0

Source: CNLSD

Note: One unit represents a full year course; half units represent a half-year (one semester) course.

<sup>1</sup> One unit of each of the following is required: physical science, biology, and a science elective.

<sup>2</sup> Each of the following is required: one unit of world history, one unit of American history, one-half unit of government, and one-half unit of financial literacy/economics.

<sup>3</sup> One unit of art and/or music, one unit of technology, and an additional seven units of other electives are required.

As shown in **Table 7**, with the exception of music and technology, all elective course subjects had an average class size that was fewer than 20 students. In addition, mathematics had the highest number of course offerings and the lowest average class size of all the core course subjects. The District could increase staffing efficiency by reviewing student enrollment by class and determining which course offerings are most feasible based on demand. For example, the following courses had significantly low enrollment in FY 2012-13:

- **Art:** Enrollment levels for the two photography offerings averaged 40 percent of capacity;

- **Agricultural Vocational Education:** Enrollment levels were approximately 56 percent of capacity for Agriculture Communication & Leadership, an average of 65 percent capacity for the two Agriculture & Industrial Power offerings, and approximately 50 percent capacity for the Livestock Science offerings;
- **Family Life/Vocational Education:** Enrollment levels were approximately 17 percent of capacity for Advanced Clothing and approximately 37 percent of capacity for Beginning Clothing;
- **Foreign Language:** Enrollment levels for French I, II and III (14 offerings) ranged from 1 to 21 students and had an average enrollment that was 29.5 percent of available capacity; and
- **Technology:** Enrollment levels reached only 20 percent of capacity for Animation Programming; 42 percent of capacity for Game Design and Programming II, and 50 percent of capacity for Computer Hardware.

CNLSD should assess the needs and desires of its stakeholders in relation to the number of course offerings it provides and the number of credits it requires for graduation. The District could eliminate 2.8 FTE general education teachers by reducing graduation credit requirements to the State minimum level. At a minimum, the District could increase staffing efficiency by assessing the breadth of elective courses offered in relation to student interest (utilization) and consolidating or eliminating those offerings with low class enrollment levels. A reduction and/or restructure of course offerings and associated teaching staff are ultimately District management's responsibility. Decisions to reduce credit requirements, course elective offerings, and staff, and the extent to which these reductions would affect the academic goals and mission of the District must be balanced with the fiduciary responsibility of CNLSD management to adapt to the financial realities and maintain a solvent operation.

Financial Implication: Eliminating 3.0 FTE general education positions would save approximately **\$183,200** in salaries and benefits. The savings are calculated using the first quartile of full-time high school teacher salaries and includes an average benefit ratio of 34.6 percent.<sup>2</sup> Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

## **R.2 Eliminate 2.0 FTE educational service personnel (ESP) positions**

ESP positions include K-8 art, music, and physical education teachers; counselors; librarians; social workers; and visiting teachers. In FY 2013-14 CNLSD employed 8.6 FTEs<sup>3</sup> including: 1.4 FTE art teachers, 2.0 FTE music teachers, 1.8 FTE physical education teachers, 2.0 FTE counselors, 0.5 FTE librarians, and 1.0 FTE registered nurse. OAC § 3301-35-05 requires that school districts employ a minimum of 5.0 FTE ESP for every 1,000 students in the regular student population. **Table 8** presents three staffing options in which the District would continue to operate within State requirements for ESP.

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<sup>2</sup> The average benefit percentage is calculated by dividing the District's total employee retirement and insurance benefits by total personal service expenditures in FY 2012-13.

<sup>3</sup> CNLSD also contracts for an additional 0.1 FTE ESP.

**Table 8: Educational Service Personnel (ESP) Comparison**

Educational Service Personnel FTE	8.7				
Regular Student Population	1,271.9				
Staffing Ratio (ESP per 1,000 students)	6.8				
<b>Options</b>	<b>Staffing Ratio (ESP per 1,000 RSP)</b>	<b>Proposed Staffing for each Option</b>	<b>Difference Above/ (Below)</b>	<b>Proposed reduction for this option</b>	<b>Annual Savings<sup>1</sup></b>
Option 1: Peer Average	7.0	8.9	(0.2)	N/A	N/A
Option 2: 10% Above State Minimum	5.5	7.0	1.7	1.5	\$77,700
<b>Option 3: State Minimum</b>	<b>5.0</b>	<b>6.4</b>	<b>2.3</b>	<b>2.0</b>	<b>\$103,700</b>

Source: CNLSD and OAC

The analysis presented in **Table 8** shows that the District is staffed efficiently in comparison to the peer average. Based on CNLSD's projected financial condition, however, the District may need to implement the reduction of ESP teachers beyond the peer average. The selection of an appropriate course of action is ultimately District management's responsibility based on the needs and desires of the stakeholders in their 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.

Although Option 3 would not bring the District's five-year forecast back into balance when coupled with the other recommendations in this report, it would provide CNLSD with the greatest financial impact. While it is not a common practice in Ohio to operate at or near State minimums, the District may need to make significant staffing reductions to address the deficits as projected in its five-year forecast.

Financial Implication: Eliminating 2.0 FTE ESP positions would save approximately **\$103,700** in salaries and benefits. The savings are calculated using the first quartile of full-time ESP salaries and includes an average benefit ratio of 34.6 percent.<sup>4</sup> Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

### **R.3 Eliminate 3.0 FTE professional and technical positions**

In FY 2012-13, CNLSD employed 8.0 FTE professional and technical staff. **Table 9** compares the District's staff per 1,000 students educated to the peer average.

<sup>4</sup> The average benefit percentage is calculated by dividing the District's total employee retirement and insurance benefits by total personal service expenditures in FY 2012-13.



**Table 9: Other Staffing Comparison**

	CNLSD		Peer Average	Difference	
Students Educated	1,526.2		1,489.2	37.0	
Students Educated (thousands)	1.5262		1.4892	.0370	
Position	CNLSD		Peer Average Staff/1,000 Students Educated	Difference Per 1,000 Students Educated	Above /(Below) Peers <sup>1</sup>
	FTE Staff	Staff/1,000 Students Educated			
<b>Professional</b>					
<b>Psychologist</b>	<b>1.0</b>	<b>0.7</b>	<b>0.4</b>	<b>0.3</b>	<b>0.5</b>
<b>Speech and Language Therapist</b>	<b>2.0</b>	<b>1.3</b>	<b>0.5</b>	<b>0.8</b>	<b>1.2</b>
Other Professional	0.0	0.0	0.1	(0.1)	(0.2)
<b>Technical</b>					
Computer Operating	0.0	0.0	0.4	(0.4)	(0.6)
<b>Practical Nursing</b>	<b>2.0</b>	<b>1.3</b>	<b>0.0</b>	<b>1.3</b>	<b>2.0</b>
Computer Programming	0.0	0.0	0.1	(0.1)	(0.2)
Library Aide	1.0	0.7	1.2	(0.5)	(0.8)
<b>Other Technical</b>	<b>2.0</b>	<b>1.3</b>	<b>0.3</b>	<b>1.0</b>	<b>1.5</b>

Source: CNLSD and peer district staffing data

<sup>1</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of employees per 1,000 students in line with the peer average. Calculated by multiplying "**Difference Per 1,000 Students Educated**" by "**Students Educated (thousands)**".

As shown in **Table 9**, CNLSD had higher staffing levels in comparison to the peer average in the following areas: psychologist, speech and language therapist, practical nursing, and other technical. In order to achieve staffing levels more in line with the peer average, CNLSD should eliminate 1.0 FTE speech and language therapist<sup>5</sup> and 2.0 FTE practical nurses. The District should also assess the feasibility of the two full time staff that comprises the other technical staffing category: the EMIS Coordinator and the Tech Coordinator.

**Financial Implication:** Eliminating 1.0 FTE speech and language therapist and 2.0 FTE practical nurses would save approximately **\$155,000** in salaries and benefits. This savings is calculated using the lowest speech and language therapist salary (\$65,757) and the average of the two lowest practical nurse salaries (\$24,715). A benefit ratio of 34.6 percent<sup>6</sup> was applied to determine total savings. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

#### **R.4 Eliminate 1.0 FTE custodial position**

CNLSD custodians are responsible for cleaning over 193,000 square feet within the District's three buildings. **Table 10** displays the District's custodial staffing workload measures in comparison to the benchmark of 29,500 square feet cleaned per FTE as published in *The*

<sup>5</sup> The District should consult student individual education plans (IEP) prior to making this reduction.

<sup>6</sup> The average benefit percentage is calculated by dividing the District's total employee retirement and insurance benefits by total personal service expenditures in FY 2012-13.

*Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES) Association of School Business Officials International (ASBO), 2003).

**Table 10: FY 2013-14 Custodial Benchmark Comparison by Building**

Cleaning Benchmark - Median Square Footage per FTE					29,500
Building	Square Feet	Custodial Staffing	CNLSD Square Feet Cleaned per FTE	Benchmark Staffing Need	Difference
High School	83,497	3.0	27,832	2.8	0.2
Middle School	48,686	2.0	24,343	1.7	0.3
Elementary School	61,664	3.0	20,555	2.1	0.9
<b>Total</b>	<b>193,847</b>	<b>8.0</b>	<b>24,231</b>	<b>6.6</b>	<b>1.4</b>

Source: CNLSD and NCES

As shown in **Table 10**, CNLSD custodians clean an average of approximately 24,200 square feet per FTE, a level 17.9 percent lower than the benchmark. Custodians at each building were responsible for square footage levels lower than the benchmark, with elementary custodians displaying the largest variance, almost 9,000 fewer square feet per FTE. In order to achieve a staffing level closer to the benchmark, CNLSD would have to eliminate 1.4 FTE custodial positions.

**Financial Implication:** Eliminating 1.0 FTE custodial position would save approximately **\$35,200** in salaries and benefits. This savings is calculated using the lowest custodian salary (\$26,169) and includes an average benefit ratio of 34.6 percent.<sup>7</sup> Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

## R.5 Renegotiate severance provisions

The District has negotiated agreements with the Clermont Northeastern Education Association (the certificated CBA)<sup>8</sup> and Truck Drivers, Chauffeurs & Helpers Local Union No. 100 (the classified CBA).<sup>9</sup> An analysis of these CBAs showed that the sick leave provision contained in each contract exceeded State minimum standards and the super severance provision contained in the certificated CBA exceeded similar provisions in the surrounding district CBAs. Further analysis on these two areas showed the following:

- **Sick Leave Accrual and Payout:** The certificated CBA allows employees to accrue up to 250 days of unused sick leave and the classified CBA contains a cap of 230 days. ORC § 3319.141 details sick leave accumulation and specifies a minimum accrual level, stating that unused sick leave shall be cumulative up to 120 days. Providing an accrual rate in excess of State minimum levels like CNLSD, represents the potential for increased financial liability when sick leave is paid out to retiring employees. The certificated and classified CBAs allow

<sup>7</sup> The average benefit percentage is calculated by dividing the District's total employee retirement and insurance benefits by total personal service expenditures in FY 2012-13.

<sup>8</sup> Effective September 1, 2013 through August 30, 2015.

<sup>9</sup> Effective July 1, 2013 through June 30, 2015.

eligible employees to receive sick leave payout equal to 30 percent of accumulated, but unused, sick leave accrued at retirement. With a maximum accrual of 250 days, certificated employees could receive up to 75 days paid out at retirement. Likewise, a maximum accrual of 230 days provides classified employees the potential to receive up to 69 days paid out at retirement. These payout levels exceed the State minimum requirement of 30 days (25 percent of 120 days) as outlined in ORC § 124.39. Reducing the sick leave accrual level and severance payouts to the State minimum level could save the District approximately \$111,800 annually based on FY 2011-12 and FY 2012-13 payout data.

- **Super Severance Payout:** The certificated CBA provides a one-time super severance payout (i.e., retirement incentive) if an employee retires in the first year of eligibility. The super severance provides certificated employees with a lump sum payment of 50 percent of accumulated sick leave paid at retirement. Based on the maximum accrual rate of 250 days, certificated employees could receive up to 125 days at retirement. Employees that do not retire in the first year eligible are eligible only for the regular sick leave severance pay out. In comparison, four of the six surrounding districts provided a super severance to their certificated employees. Eliminating the super severance provision could save the District approximately \$42,200 annually based on FY 2011-12 and FY 2012-13 payout data.

Financial Implication: Reducing the sick leave severance payout to the ORC minimum would save approximately **\$111,800** annually based on FY 2012-13 severance payout data.

## **R.6 Require administrative employees to pay full retirement contribution**

Ohio school districts and their employees make retirement contributions into the School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS). In FY 2013-14, SERS required a 14 percent employer contribution and a 10 percent employee contribution while STRS required a 14 percent employer contribution and an 11 percent employee contribution.<sup>10</sup> While CNLSD's certificated and classified employees make retirement contributions through salary reduction, the Superintendent, Treasurer and five other administrators receive a fringe benefit in which the Board covers the employee's contribution.

Paying the employee share of retirement contributions allows for some districts to control salary costs and attract administrative personnel by offering these fringe benefits in lieu of a higher salary. As a result, administrative compensation should also be considered when assessing the feasibility of reducing this fringe benefit (see **Table B-2** in **Appendix B** for comparison of CNLSD's administrator salaries to surrounding districts). As a common practice in Ohio school districts, CNLSD may decide to continue offering this benefit to the Superintendent and Treasurer. However, offering this retirement benefit can be costly and CNLSD may need to make significant reductions to address potential deficits if savings cannot be identified and achieved in other areas of operation. The District may decide to take a gradual method to decrease this benefit such as a percentage decrease or elimination at individual contract

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<sup>10</sup> In September 2012, the Ohio General Assembly passed Substitute Senate Bill 342 to improve the financial condition of STRS Ohio. As part of this bill, employee contribution rates are scheduled to increase from 10 percent (in FY 2012-13) to 14 percent (in FY 2016-17). This increase will be phased in at a rate of 1 percent each fiscal year beginning July 1, 2013. The employee contribution rate to STRS was 11 percent for compensation earned on or after July 1, 2013.

expiration. Another method would be to offer a partial pick-up of employee contributions, rather than the entire 10 percent.

**Financial Implication:** Requiring administrative employees to pay their full retirement contribution could save approximately **\$62,000** for all administrators or **\$39,000** for all administrators except the Superintendent and Treasurer.

## R.7 Revise salary schedules

**Table 11** displays potential compensation an employee would earn over a 30 year career based on salary schedules included in the collective bargaining agreements.

**Table 11: Career Compensation Comparison**

	CNLSD	Surrounding District Average	Difference	% Difference
<b>Certificated (Teachers)</b>				
Bachelor's	\$1,480,038	\$1,436,826	\$43,212	3.0%
Bachelor's +150	\$1,572,003	\$1,540,804	\$31,199	2.0%
Master's	\$1,716,619	\$1,680,035	\$36,584	2.2%
Master's + 15	\$1,782,498	\$1,767,118	\$15,380	0.9%
Master's + 30	\$1,827,168	\$1,913,645	(\$86,477)	(4.5%)
<b>Classified</b>				
Aide	\$603,461	\$655,698	(\$52,237)	(8.0%)
Cook	\$603,461	\$642,477	(\$39,016)	(6.1%)
Custodian	\$1,009,341	\$950,992	\$58,349	6.1%
Head Cook	\$647,035	\$710,058	(\$63,023)	(8.9%)
Head Custodian	\$1,177,696	\$1,091,945	\$85,751	7.9%
Secretary	\$817,070	\$740,450	\$76,620	10.3%

Source: CNLSD and surrounding district collective bargaining agreements

As shown in **Table 11**, with the exception of Master's +30, CNLSD career compensation for all teacher classifications is higher than the peer average. In addition, the following classified staff had compensation that is significantly higher than the surrounding district average: custodians, head custodians, and school secretaries. Higher career compensation can be caused by higher starting salary, greater step increases, or a combination of both. After comparing the District's classified salaries at each step of the salary schedule to the surrounding districts, it was determined the higher level of classified compensation at CNLSD was caused by greater step increases. See **Appendix C** for step comparison detail.

CNLSD should consider a freeze on base salaries, a freeze on step increases or both for classified employees in order to bring compensation more in line with the surrounding districts. In addition, the District should negotiate salary levels for the select classified positions identified in **Table 11** to ensure they are comparable, yet competitive, to similar positions within the region.

**Financial Implication:** A one year freeze on base salaries and step increases would save the District approximately **\$142,500** based on FY 2014-15 data. Implementing only one of these

changes could result in savings of approximately **\$80,500** for a step increase freeze or **\$62,000** for a base salary freeze.

### **R.8 Increase monitoring of the transportation contract to ensure quality of service**

CNLSD outsources its busing service to Petermann Ltd. (the Contractor) pursuant to a transportation agreement (the Agreement) between the Contractor and the District that is effective August 1, 2012 through July 31, 2018. According to the Agreement, the Contractor is responsible for:

- Providing a bus fleet that is less than 11 model years old;
- Providing quarterly written reports regarding transportation to the Board;
- Preparing and submitting reports to the State; and
- Using computerized routing to determine the most efficient routes and eliminating any inefficient routes and/or combining portions of inefficient routes with efficient routes.

The Superintendent and Treasurer are primarily responsible for monitoring Contractor adherence to these and other provisions contained in the Agreement.

The Contractor is not performing the obligations listed above. In FY 2013-14 four of the buses provided by the Contractor were more than 11 years old. In addition, the Board does not receive written reports from the Contractor. Communication between the District and the Contractor is verbal and occurs on an as-needed basis. Finally, pupil transportation data reported to the State by the Contractor was inaccurate (see **R.9**). While computerized routing is utilized, the Contractor does not provide information that could be used to analyze and modify the routes for increased efficiency.

According to *Best Practices in Contracting for Services* (National State Auditors Association (NSAA), 2003), monitoring is an essential part of the contracting process. Monitoring should ensure that contractors comply with contract terms, performance expectations are achieved, and any problems are identified and resolved. To properly monitor a contract, the District should adopt the following guidelines recommended by the NSAA:

- Assign a contract manager with the authority, resources, and time to monitor the project;
- Ensure the contract manager possesses adequate skills to properly manage the contract;
- Track budgets and compare invoices and charges to contract terms and conditions;
- Ensure that deliverables are received on time and document acceptance or rejection;
- Withhold payments to vendors until deliverables are received;
- Retain documentation supporting charges against the contract; and
- Evaluate the contract against established criteria.

Not effectively monitoring the Contractor's performance in complying with the provisions established in the agreement has resulted in excess transportation costs that are passed onto the District. **Table 12** displays CNLSD's FY 2012-13 transportation costs in comparison to the transportation peer average.

**Table 12: FY 2012-13 Transportation Cost Comparison**

	CNLS D	Transportation Peer Average	Difference	% Difference
Per Bus Rider	\$1,390.70	\$751.08	\$639.62	85.2%
Per Assigned Bus	\$84,832.47	\$52,633.68	\$32,198.79	61.2%
Per Routine Mile	\$4.76	\$3.45	\$1.31	38.0%

Source: CNLS D and the transportation peer districts

As shown in **Table 12**, CNLS D had transportation expenditures that greatly exceeded the peer average for every metric displayed. Requiring the contractor to provide routine reports with accurate and updated service information will allow the District to efficiently manage the contract terms, review changes in riders and service levels, and ensure optimal services are provided for the District. Improved contract monitoring will allow CNLS D to maintain quality services while ensuring that costs are reasonable and expectations are being met.

### **R.9 Accurately report pupil transportation data**

CNLS D is required under Ohio Administrative Code (OAC) § 3301-83-01 to file annual reports of all pupils transported, miles traveled, actual costs, and other information that is necessary to calculate State payments for pupil transportation. Transportation data is reported to ODE using T-1 and T-2 Forms. The T-1 Form contains operational data such as method of transport, pupil ridership, mileage, and buses used for transport. The T-2 Form contains end of year expense data for transportation operations. At CNLS D, the third party contractor is responsible for collecting information pertaining to daily ridership and mileage from each bus driver via paper count sheets. The Contractor builds the T-1 Form based on the information contained in the count sheets which is reviewed by District administrators and submitted to ODE. T-1 Form data is processed by ODE and published as the T-1 Report.

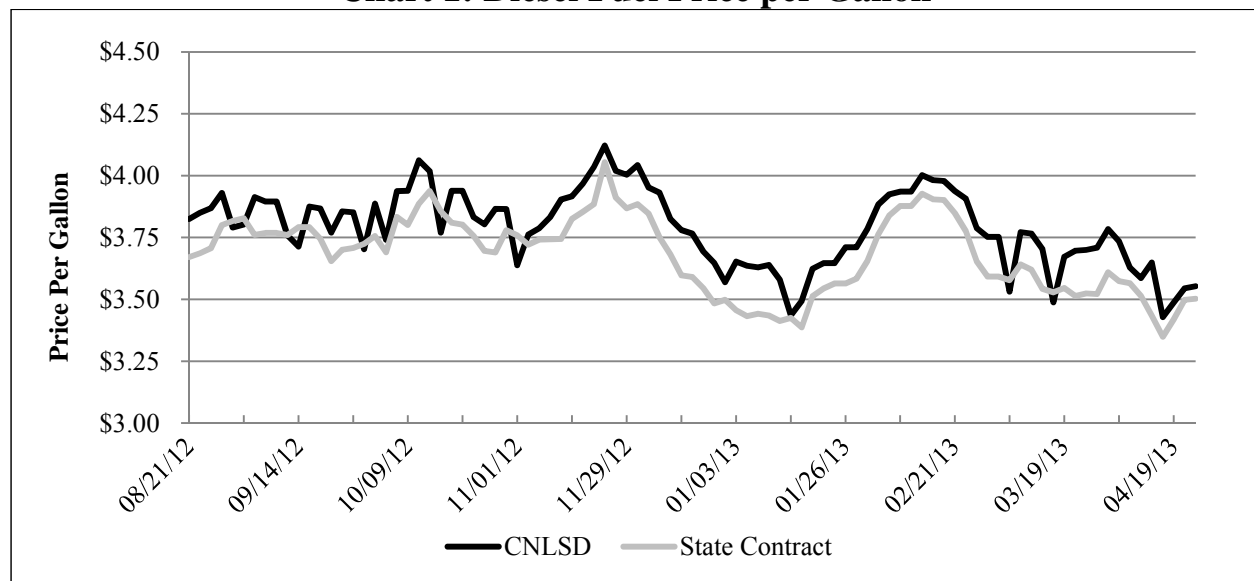
The District's FY 2012-13 T-1 Report and bus driver count sheet reports were reviewed and tested for accuracy. Numerous errors were identified in these reports including incomplete daily ridership counts and daily mileage and incorrect special education mileage, calculation of daily averages, and bus numbers. In addition to the T-1 Report analysis, the T-2 Report was tested against the District's actual expenditures for pupil transportation. There was found to be a significant variance between actual expenditures and the T-2 Report data. The District neglected to include expenditures for gifted transportation, bus fuel, and special education monitors in the T-2 Report. The Contractor is required to report a breakdown of expense data to District administrators, however, CNLS D has the ultimate responsibility to ensure accurate ridership and expenditure data is reported to ODE.

Prior to submitting the T-1 and T-2 Forms to ODE, the reports are signed by the Contractor, the Superintendent, and the Treasurer. The number and type of errors indicate that there are deficiencies in the District's data collection and review process. Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District. The District should work closely with the Contractor in order to report accurate pupil transportation data to ensure the District is receiving the correct amount of State funding for transportation.

**R.10 Use State cooperative purchasing program to acquire fuel**

CNLSD directly purchases bus fuel for the contracted bus fleet. The District does not participate in a cooperative purchasing program for diesel fuel through State purchasing. The Ohio Department of Administrative Services (DAS) offers a cooperative purchasing program to local governments. **Chart 1** shows a comparison between the District’s cost per gallon for diesel fuel and the price offered under the State contract.

**Chart 1: Diesel Fuel Price per Gallon**



Source: CNLSD, Ohio Department of Administrative Services

**Chart 1** shows that the District consistently paid more per gallon for diesel fuel compared to the State contract. ORC § 125.04(C) states, "A (school district) may purchase supplies or services from another party, including a political subdivision, instead of through participation in contracts described in division (B) of this section if the (school district) can purchase those supplies or services from the other party upon equivalent terms, conditions, and specifications but at a lower price than it can through those contracts." Accordingly, the District should purchase fuel through State cooperative purchasing.

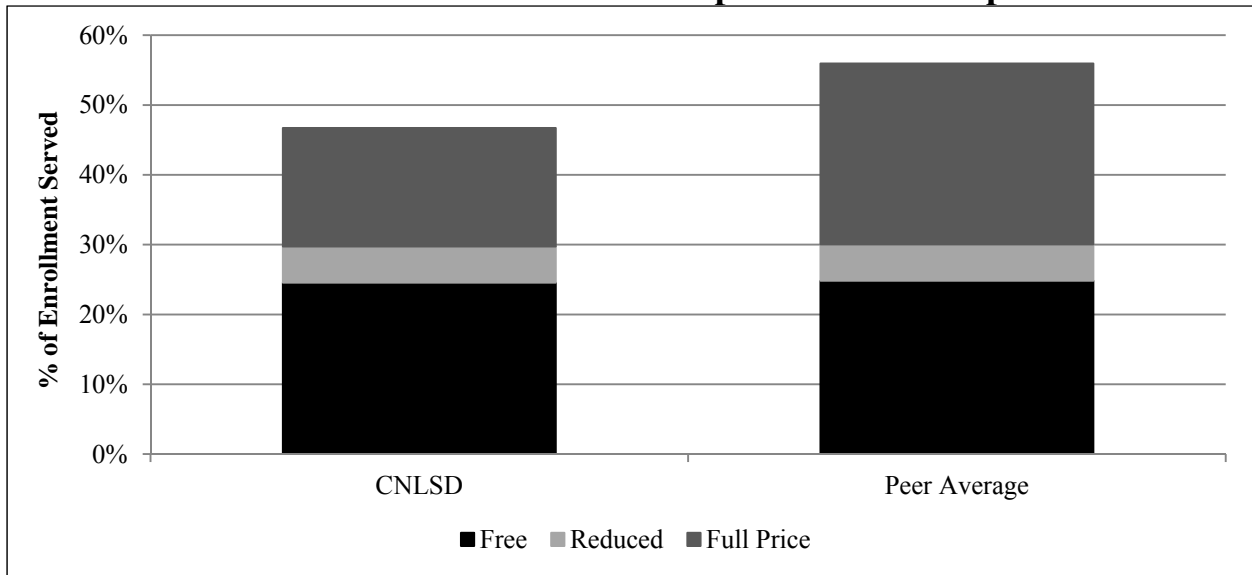
Financial Implication: The District could save approximately **\$5,000** annually by purchasing diesel fuel through the DAS cooperative purchasing program. This savings is based on the number of gallons purchased by CNLSD in FY 2012-13 and the difference between the District’s diesel fuel expenditures and DAS contract prices.

**R.11 Increase lunch participation rates**

The District’s food service operation is set up as an enterprise fund, which is required to be used to account for services whose costs are partially funded by fees and/or charges. The performance of an enterprise fund is measured in terms of positive and negative operations. CNLSD provides lunch service in the elementary school, middle school, high school, and St. Louis parochial school. Depending on income eligibility, some students qualify to receive free or reduced price

lunches for which the District receives reimbursement. The remaining revenue generated is collected through meal and a la carte food item purchases. Student participation is vital to success, in that higher participation in the lunch program results in higher revenues. **Chart 2** shows a comparison to the peer average of student participation in the District’s lunch service.

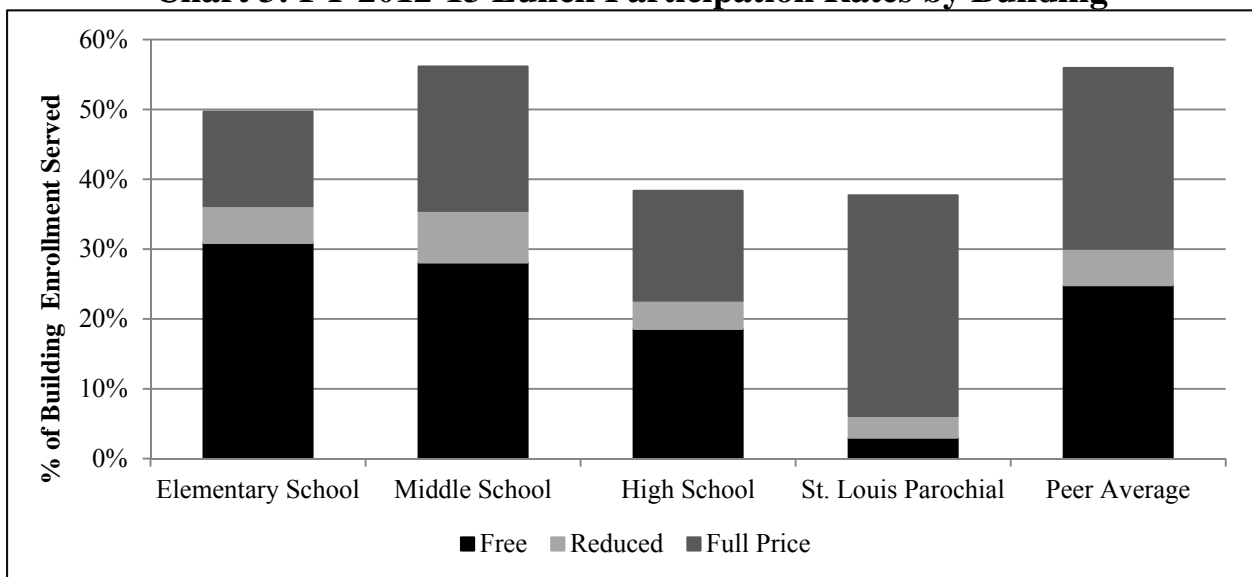
**Chart 2: FY 2012-13 Lunch Participation Rate Comparison**



Source: ODE Claims Reimbursement Reporting System

**Chart 2** shows that the District serves free and reduced price lunches to a similar percentage of its enrollment compared to the peer average, however, participation for full price lunch was significantly lower, indicating less revenue generated from lunches purchased. **Chart 3** further breaks this data down, showing participation rates by building at CNLSD.

**Chart 3: FY 2012-13 Lunch Participation Rates by Building**



Source: ODE Claims Reimbursement Reporting System



As shown in **Chart 3**, the middle school was the only building with an overall participation rate for full price lunches similar to the peer average (over 50 percent participation). In contrast, participation rates in all other buildings were lower than 50 percent. St. Louis parochial school had the lowest overall participation rate in addition to the lowest percentage of enrollment that receives free and reduced price lunches.

*National Food Service Management Institute (NFSMI) Best Practice Guide for Increasing High School Student Participation and Satisfaction in the National School Lunch Program* (NFSMI, 2009) offers an assessment for determining which areas of food service can be improved to increase student participation and a progress review for evaluating whether these improvements were successful. The form contains best practices and goals that address food quality, staff, program reliability, and marketing and communications. After identifying areas of improvement, steps outlined in *Best Practices Could Help School Districts Reduce Their Food Service Program Costs* (Florida Office of Program Policy Analysis & Government Accountability, 2009) may aid CNLSD in focusing on these deficient areas and increasing participation. Some examples include:

- Participating in promotional campaigns that promote the food service programs and healthy nutritional habits;
- Holding nutrition awareness events where students can win small prizes and host theme days; and
- Identifying and reducing participation barriers such as food quality, inadequate lunch periods, insufficient seating and untimely bus scheduling.

Optimal efficiency of the District's food service program can be achieved through a combination of revenue maximization and reduced expenses. Because the primary driver of revenue generation is student participation in the program, properly marketing through active promotion, advertising, and awareness campaigns as well as effectively obtaining student feedback will help the District increase participation, resulting in higher revenues.

### **R.12 Eliminate 5.0 FTE food service positions**

CNLSD staffs food service operations with 1.0 FTE supervisor, 3.0 FTE food managers, 2.0 FTE head cooks, 11.0 FTE food service workers, and 1.0 FTE driver. Food is prepared at a central kitchen located at the middle school and then transported to satellite kitchens for service at the elementary, high, and parochial school. The primary component of food service costs is labor hours and a common indicator of efficiency is the number of meals prepared per labor hour. **Table 13** compares CNLSD's meals per labor hour in each building to benchmarks outlined in *School Foodservice Management for 21st Century* (Dorothy Pannell-Martin, 1999).

**Table 13: FY 2012-13 Food Service Workload**

Building	Meal Equivalents Produced	Benchmark Meals Per Labor Hour	Actual Labor Hours <sup>1</sup>	Benchmark Labor Hours <sup>2</sup>	Difference
<b>Central Kitchen</b>					
Middle School	1,187.6	50.0	28.5	23.8	4.7
<b>Satellite Kitchen</b>					
Elementary School	622.1	35.0	29.5	17.8	11.7
High School	303.6	31.0	21.0	9.8	11.2
St. Louis Parochial	60.4	22.0	7.5	2.7	4.8
<b>Total</b>			<b>86.5</b>	<b>54.1</b>	<b>32.4</b>

Source: CNLSD and Pannell-Martin

Note: The benchmarks presented are for high productivity kitchens preparing bulk hot food.

<sup>1</sup> Supervisor hours are not included.

<sup>2</sup> Reflects the number of labor hours CNLSD would need to meet the meal equivalents produced based on the benchmark meals per labor hour.

**Table 13** shows that the District is overstaffed by 32.4 hours for food production. The excess hours can be attributed to three factors. First, the lunch participation rates discussed in **R.11** are significantly below the peer average in two of the three District buildings. Low participation in the food service program will reduce workload efficiency if staffing levels are not adjusted to match the low relative demand for meals. Second, the District sells catering services for District-sponsored organizations and outside groups. The workload for the catering service was not considered in this analysis as the District does not track hours allocated to this service. Lastly, the District provides lunch service for St. Louis School (a parochial school located in the District) with two on-site CNLSD employees. **Table 14** shows an analysis of the revenues and expenditures associated with the lunch service provided at St. Louis School.

**Table 14: FY 2012-13 St. Louis School Food Service Revenues and Expenditures**

	Daily Average	Annualized (158 Days)
<b>Revenues:</b>		
Local Revenue	\$113.99	\$18,010
Federal Reimbursements	\$41.50	\$6,557
<b>Total revenues</b>	<b>\$155.49</b>	<b>\$24,567</b>
<b>Expenditures:</b>		
Labor	\$93.28	\$14,738
Fringe benefits	\$14.41	\$2,277
Food and supplies	\$102.73	\$16,231
<b>Total expenditures</b>	<b>\$210.42</b>	<b>\$33,246</b>
<b>Net Revenue</b>	<b>(\$54.93)</b>	<b>(\$8,679)</b>

Source: CNLSD, CFR

**Table 14** shows that the District is subsidizing the cost of lunch service at St. Louis by \$8,679 per year. It is not cost-effective for the District to provide lunch service at St. Louis with present state pricing and operational structure.

**Financial Implication:** Reducing 32 hours per day charged to meal preparation would save the District approximately **\$90,000** annually and bring its meals per labor hour ratio in line with the industry benchmark. This savings was calculated based on FY 2013-14 operating data.

### R.13 Monitor future student enrollment in relation to building capacity

For FY 2013-14, CNLSD operated and maintained three school buildings: an elementary, a middle school and a high school. Utilization percentage signifies the number of students educated in each building in relation to the total maximum capacity. Building capacity for elementary is calculated based on the number of available regular education classrooms.<sup>11</sup> An average class size of 25 students is used to determine the capacity. Building utilization for middle and high school is determined using the concept of design capacity compared to enrollment. Design capacity of a building is calculated by multiplying the number of teaching stations<sup>12</sup> by an average class size of 25 students.

**Table 15** displays CNLSD's student enrollment, building capacity, and the results of the building utilization analysis.

**Table 15: FY 2013-14 District Building Utilization**

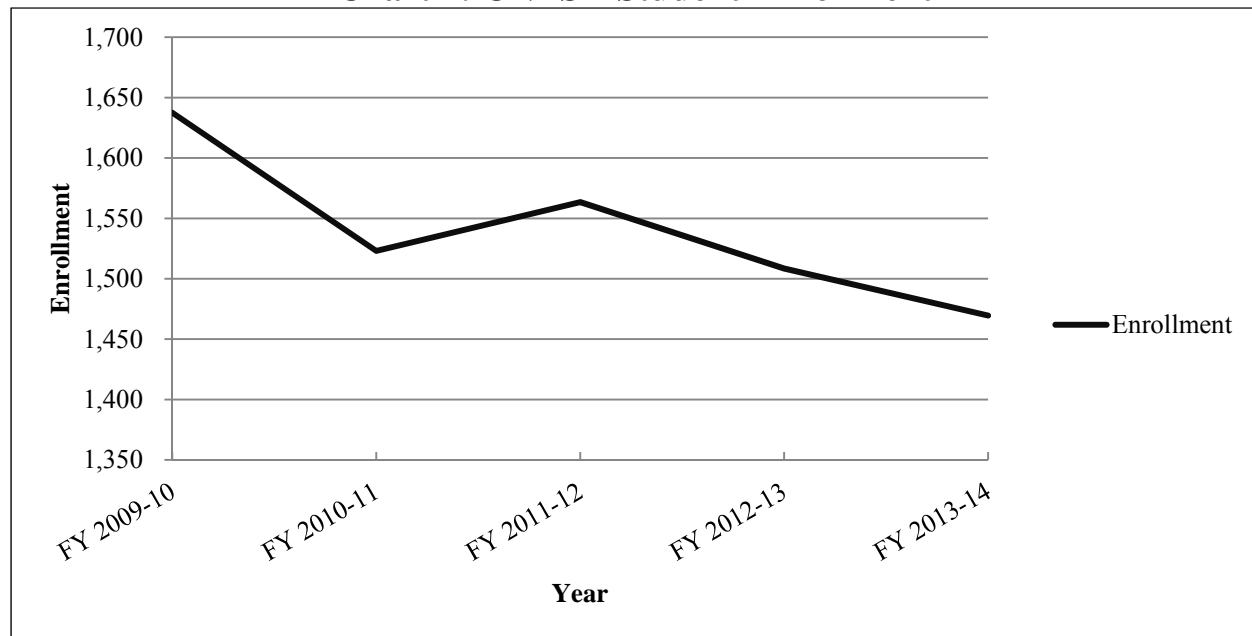
	Enrollment	Capacity	Utilization
Elementary School	697	825	84.5%
Middle School	363	525	69.1%
High School	410	825	49.7%
<b>Total</b>	<b>1,470</b>	<b>2,175</b>	<b>67.6%</b>

Source: CNLSD

As shown in **Table 15**, the high school was the most underutilized building, operating at approximately half its maximum capacity. *Defining Capacity* (Dejong and Associates, 1999) recommends a district target 85 percent as the capacity of each school building. Based on FY 2013-14 data, combining the middle school and high school students into the high school building would result in a utilization rate of 93.6 percent, a level higher than the recommended benchmark. Although combining these buildings may not be possible based on current enrollment, the District has experienced a significant decline in its student population since FY 2009-10. **Chart 4** displays five years of CNLSD historical enrollment levels.

<sup>11</sup> Large unused rooms that could be converted for use as classrooms are included as part of the building's capacity. Non-regular rooms, special education and other programs that require a dedicated space, such as art and music, are excluded from the capacity analysis.

<sup>12</sup> A teaching station is defined as any regularly sized space where students are educated. Gymnasiums, science, art, music, and computer rooms are all considered teaching stations. Auditoriums, libraries, and cafeterias are not considered teaching stations.

**Chart 4: CNLSD Student Enrollment**

Source: CNLSD

As shown in **Chart 4**, CNLSD enrollment has declined every year in the period shown with the exception of FY 2011-12. In total, the District's enrollment declined 11.6 percent from FY 2008-09 to FY 2013-14. Due to this declining trend, CNLSD should continually monitor enrollment and the utilization of its buildings. Additional decline in enrollment of approximately 9 percent could allow the District to combine facilities and reduce expenditures in salaries, maintenance, and utilities associated with operating an additional building.

#### **R.14 Improve access to financial information for stakeholders**

The District's financial reporting is limited to the annual financial audit; the District does not issue prepared financial reports that are oriented toward a public audience. CNLSD maintains a publicly-accessible website but does not communicate financial information through the website.

The AGA (Association of Government Accountants) encourages governments to provide meaningful and understandable information about the financial condition and performance of the government to its citizens in a four-page citizen-centric report (CCR). *Content Guidelines for the Citizen-Centric Report* (AGA, 2010) outlines the content that should appear in a CCR:

- Strategic objectives;
- Performance report on key missions and services;
- Costs for servicing the citizens and how those costs were paid;
- Challenges moving forward.

In addition, *GFOA Best Practice, Presenting Official Financial Documents on Your Government's Website* (GFOA, 2009) recommends every government use its website as a primary means of communicating financial information to interested parties. The GFOA

recognizes the following benefits from having well maintained and updated information available online:

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

The District has not made its financial information readily available for the community. As a result, stakeholders do not have easy access to the District's financial information. Providing stakeholders with easily accessible financial and operational information will allow them to make decisions based upon the most up-to-date information.

#### **R.15 Provide additional opportunities for stakeholder input in the budget process**

The District's budgeting policies identify several opportunities for the Superintendent, Treasurer, building principals, and supervisors to provide input to the budget process. For example, CNLSD Board of Education Bylaws & Policies 6220 states that the Treasurer must hold a tax budget hearing and present the tax budget to the Board prior to January 15th of each year.

*Recommended Budget Practices, A Framework for Improved State and Local Government Budgeting* (GFOA, 1998) states the budget process should include opportunities for all stakeholders to participate. A single public hearing held shortly before the budget decisions are made is not adequate for gaining input from stakeholders. The GFOA best practices recommend obtaining stakeholder input through a variety of methods, including public hearings, advisory commissions, informal conversations, round-table briefings, TV and video presentations, opinion surveys, neighborhood meetings, office hours, letter writing, telephone calls, and e-mail.

The tax budget hearing is the only formal opportunity for the public and District staff to provide input on the budget. The District budget policies do not include a process for obtaining input from all stakeholders in order to ensure that complete information is gathered in a manner that is useful in budget decision making. Without additional avenues of receiving stakeholder feedback, the District runs the risk of basing important financial decisions on limited information.

## 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. Nineteen of the 31 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

**Table A-1: Audit Objectives and Recommendations**

Objective	Recommendation
<b>Financial Management</b>	
Are budgeting practices comparable to best practices?	N/A
Are purchasing practices comparable to best practices?	N/A
Is communication of financial data consistent with leading practices?	R.14, R.15
<b>Human Resources</b>	
Is EMIS data reliable for use?	N/A
Are salaries comparable to surrounding districts?	R.7, Table B-2, Charts C-1 through C-6
Is administrative staff effectively cross-trained?	N/A
Are provisions of collective bargaining agreements consistent with surrounding districts or State minimum requirements?	R.5, R.6
Are insurance benefits comparable to leading practices?	Table B-3
Are purchases made through a consortium?	N/A
Are staffing levels comparable to peers?	R.1, R.2, R.3, R.4, R.12, Table B-1
Does the District have an effective staffing plan?	N/A
Is sick leave usage comparable to State averages?	N/A
How do required and elective course offerings compare with State requirements?	R.1
<b>Facilities</b>	
Are custodial and maintenance staffing levels appropriate for buildings in operation?	R.4
Is it beneficial for the district to contract its custodial staffing?	N/A
How does building utilization compare to benchmarks?	R.13
How do utility cost per square foot compare with peers?	N/A
Does the District have an effective energy conservation plan?	N/A
Is energy purchased from a consortium?	N/A
How do purchased service expenditures compare to the peers?	N/A
Could maintenance requests be completed more efficiently?	N/A
Does the District have an effective capital plan?	N/A

Objective	Recommendation
<b>Transportation</b>	
Is the transportation contract monitored effectively?	<b>R.8</b>
Is T Form information accurate?	<b>R.9</b>
Does fuel purchasing follow leading practices?	<b>R.10</b>
Are buses routed efficiently?	<b>N/A</b>
<b>Food Service</b>	
Is the Food Service Fund dependent upon the General Fund?	<b>N/A</b>
Does the District's participation rate meet criteria?	<b>R.11</b>
Does the District's meals per labor hour meet national benchmarks?	<b>R.12</b>
Does the District purchase its food through a consortium?	<b>N/A</b>
Is the food catering program cost effective?	<b>N/A</b>

## Appendix B: Additional Assessments

### Staffing

**Table B-1** illustrates the full-time equivalent (FTE) staffing levels per 1,000 students at CNLSD compared to the peer district average. According to the *FY 2013 EMIS Reporting Manual* (ODE, 2013) instructions for reporting staff data, an FTE is defined by the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district.

Because staff levels are partially dependent on the number of students served, analyzing staffing data as shown in **Table B-1** decreases differences attributable to the size of the peers. Comparative data is from FY 2012-13 as reported to ODE through EMIS. It should be noted that adjustments were made to CNLSD's EMIS data to reflect accurate staffing at the time of the assessment.

**Table B-1: CNLSD Staffing Comparison**

	CNLSD	Peer Average	Difference		
Students <sup>1</sup>	1,526.2	1,489.2	370.0		
Students (thousands)	1.5262	1.4892	.0370		
Staffing Categories	CNLSD FTEs	CNLSD FTE/1,000 Students Educated	Peer FTE Per 1,000 Students	Difference Per 1,000 Students Educated	Total FTEs Above (Below) <sup>2</sup>
Administrative	6.9	4.5	6.0	(1.5)	(2.3)
Office/Clerical	8.0	5.2	6.5	(1.8)	(2.7)
General Education Teachers	59.9	39.2	46.4	(7.2)	(11.0)
All Other Teachers	21.5	14.1	9.7	4.4	6.7
Education Service Personnel (ESP)	8.7	5.7	7.0	(1.3)	(2.0)
Educational Support	4.0	2.6	2.8	(0.2)	(0.3)
Other Certificated	1.8	1.2	0.3	0.9	1.4
Non-Certificated Classroom Support	19.9	13.0	6.8	6.2	9.5
Operations	23.3	15.3	21.7	(6.4)	(9.8)
All Other Staff	8.0	5.2	3.0	2.2	3.4
<b>Total Staff</b>	<b>162.0</b>	<b>103.7</b>	<b>110.2</b>	<b>(6.5)</b>	<b>(10.2)</b>

Source: CNLSD and peer district staffing data as reported to ODE

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of employees per 1,000 students in line with the peer average. Calculated by multiplying "Difference Per 1,000 Students Educated" by "Students Educated (thousands)".



As **Table B-1** shows, CNLSD is staffed lower than the peer average, overall, in relation to its student population. Significant deviations from the peer average include:

- **General education teachers and ESP** – although these categories were lower than the peer average, staffing levels were assessed in relation to State minimum requirements (see **R.1** and **R.2**) due to the financial condition of the District;
- **Operations** - this category captures all operations positions including bus drivers, custodians, maintenance workers, and food service employees. The District has lower relative staffing due to it contracting for transportation services. Maintenance and custodial (see **R.4**) and food service (see **R.12**) staffing was analyzed through a comparison to industry benchmarks. Bus drivers are not employees of CNLSD and therefore were not analyzed.
- **All other teachers and non-certificated classroom support** – this category consists mainly of special education teachers and teaching aids. These staffing areas were not included in the scope of the audit as the requirement and need for special education teachers and teaching aids are tied to individual student individual education plans (IEPs). In addition, the population of students requiring special education varies from one school to the next - both from the number of total students as well as the severity of specific disabilities.
- **All other staff** - this category represents professional and technical positions and was further analyzed in **R.3**.

### Salaries

In addition to the salary assessment contained in **R.7**, **Table B-2** displays a comparison of CNLSD's administrative salaries to the surrounding district average.

**Table B-2: Administrative Salary Comparison**

	CNLSD	Surrounding District Average	Difference	Percentage Difference
Coordinator	\$78,947	\$82,957	(\$4,010)	(4.8%)
Director	\$77,586	\$79,240	(\$1,654)	(2.1%)
Principal	\$83,372	\$89,684	(\$6,312)	(7.0%)
Superintendent	\$90,000	\$109,912	(\$19,912)	(18.1%)
Supervisor/Manager/Director	\$64,340	\$69,955	(\$5,615)	(8.0%)
Treasurer	\$91,709	\$95,926	(\$4,217)	(4.4%)

Source: CNLSD and surrounding districts

As shown in **Table B-2**, CNLSD's administrative salaries were significantly lower than the peer average in every classification. It should be noted that this comparison represents raw salary data and does not take into consideration such factors as position qualifications and tenure. In addition, the analysis in **Table B-2** should be considered in conjunction with the District paid retirement benefit analysis presented in **R.6**.

### Health Insurance

CNLSD purchases health insurance through the Clermont County Insurance Consortium. All employees are eligible for health insurance benefits, however, the Board pickup of the premium varies according to the number of hours worked. Pickup ranges from full time employees contributing 20 percent towards premiums to employees working less than 25 hours per week responsible for 100 percent of premium contributions. Health insurance premiums were compared to the average premium paid by similar sized school districts in Ohio as published in the *21<sup>st</sup> Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (Ohio State Employment Relations Board (SERB), 2013). **Table B-3** displays this comparison.

**Table B-3: Health Insurance Premium Comparison**

Plan Type	CNLSD	School District Average <sup>1</sup>	Difference	Percentage Difference
Single Plan	\$497	\$521	(\$24)	(4.6%)
Family Plan	\$1,274	\$1,301	(\$27)	(2.1%)

Source: CNLSD and SERB

<sup>1</sup>For schools with less than 1,000 students.

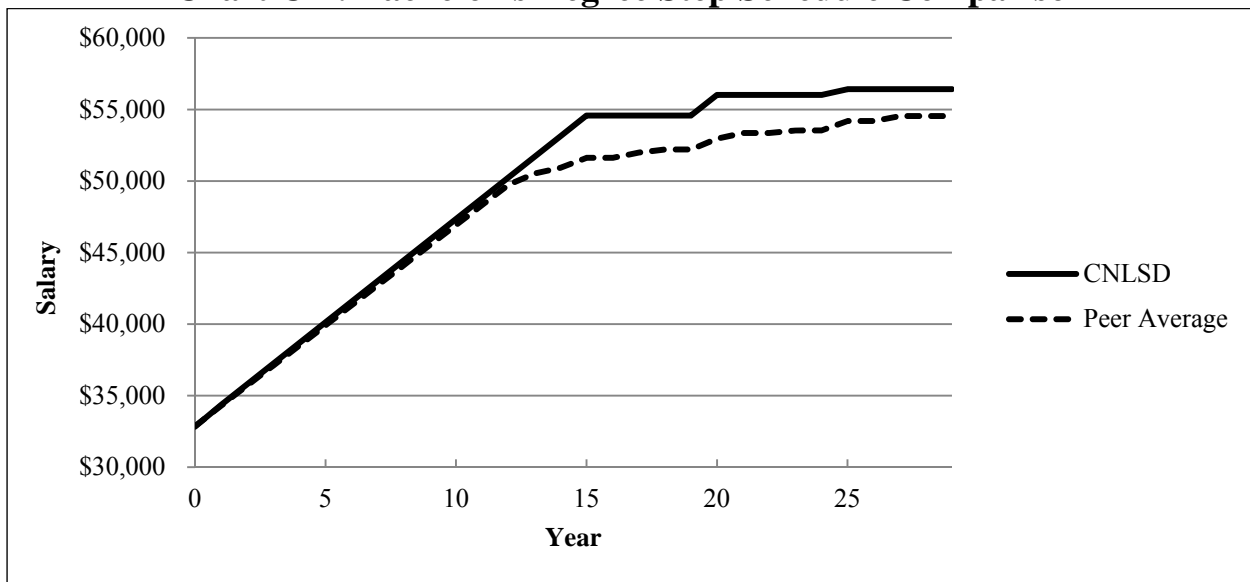
As shown in **Table B-3**, CNLSD paid lower health insurance premiums in FY 2013-14 in comparison to SERB survey data. In addition to the premium analysis, a comparison was also made against health insurance premium contribution data published by SERB. This comparison showed that CNLSD's 20 percent employee contribution requirement was higher than the Statewide average for similar sized schools districts (less than 1,000 students) by 11.1 and 12.4 percentage points for single and family plans respectively.

Lower premium costs couple with higher employee contribution levels resulted in no further analysis being performed on plan contents.

# Appendix C: Step Schedule Comparisons

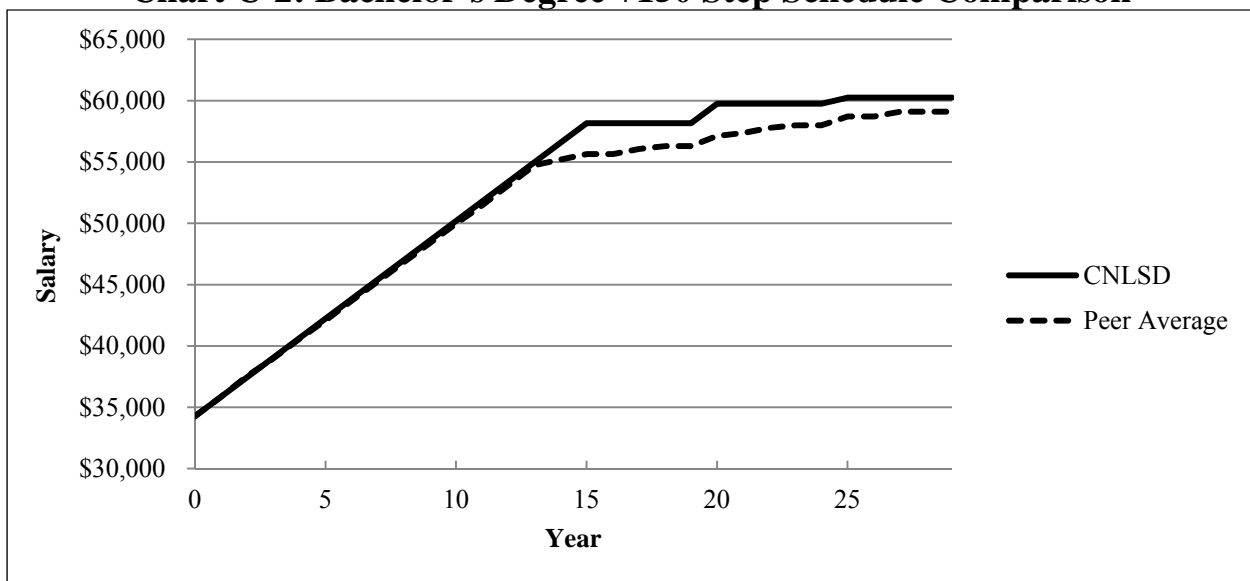
**Charts C-1 through C-6** display comparisons between CNLSD and the surrounding district step schedules for positions that were identified as being significantly higher than the surrounding district average in **Table 11**. These comparisons show that higher career compensation is the result of greater step increases contained in each schedule and, in the case of head custodial and secretarial schedules, higher starting salary levels as well.

**Chart C-1: Bachelor’s Degree Step Schedule Comparison**



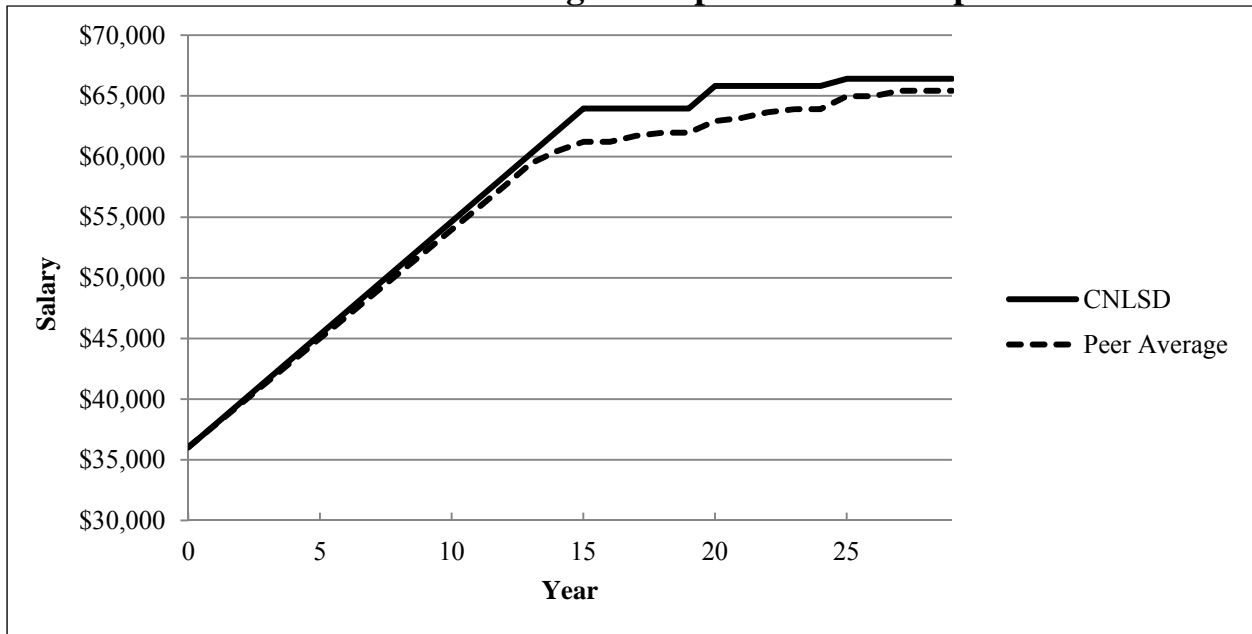
Source: CNLSD and surrounding district CBAs

**Chart C-2: Bachelor’s Degree +150 Step Schedule Comparison**



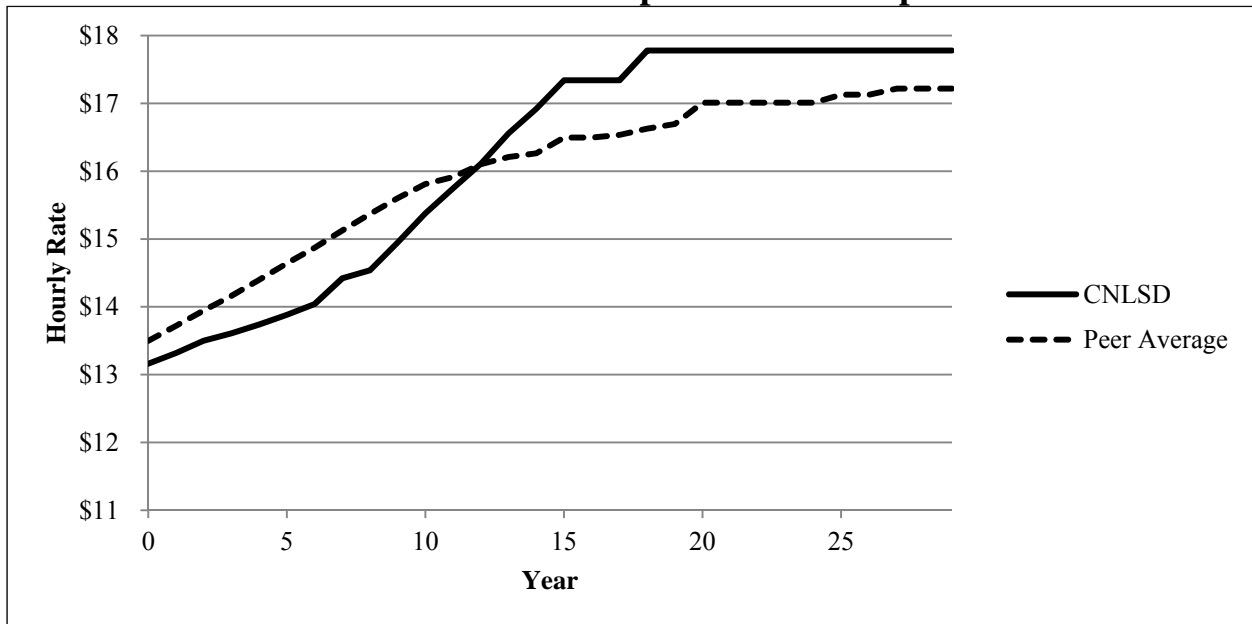
Source: CNLSD and surrounding district CBAs

**Chart C-3: Master's Degree Step Schedule Comparison**



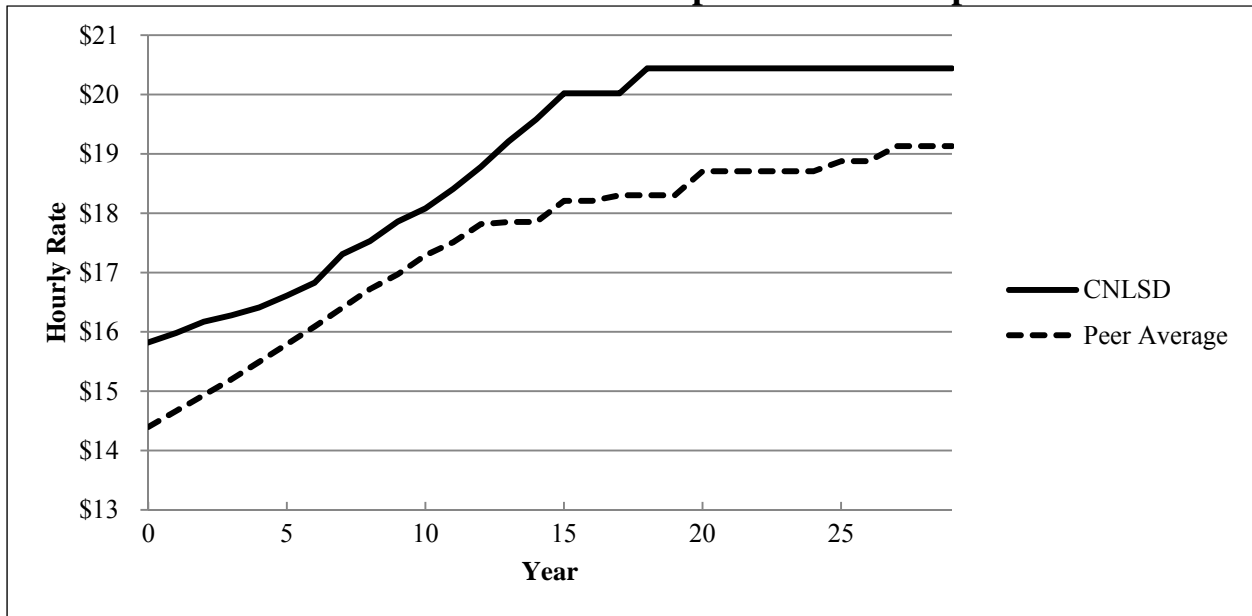
Source: CNLSD and surrounding district CBAs

**Chart C-4: Custodial Step Schedule Comparison**



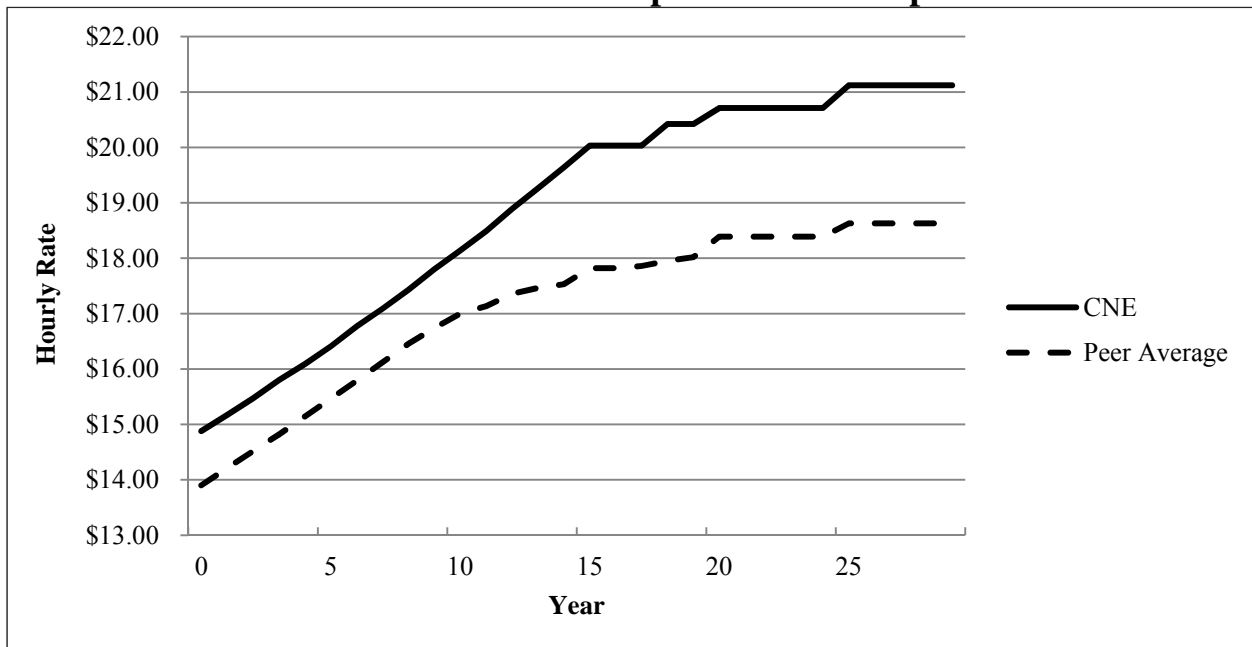
Source: CNLSD and surrounding district CBAs

**Chart C-5: Head Custodian Step Schedule Comparison**



Source: CNLSD and surrounding district CBAs

**Chart C-6: Secretarial Step Schedule Comparison**



Source: CNLSD and surrounding district CBAs

# Appendix D: Five Year Forecast

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

**Chart D-1: CNLSD FY 2013-14 May Five Year Forecast**

Line	Actual			Forecasted				
	2011	2012	2013	2014	2015	2016	2017	2018
1.010 General Property (Real Estate)	5,386,711	5,534,476	5,399,488	5,792,626	5,821,589	5,850,697	5,879,951	5,909,350
1.020 Tangible Personal Property Tax	14,850	5	20					
1.030 Income Tax	2,503,997	2,669,250	2,730,399	2,771,355	2,812,925	2,855,119	2,897,946	2,941,415
1.035 Unrestricted Grants-in-Aid	4,937,192	4,967,642	5,012,767	5,482,102	5,532,465	5,432,465	5,332,465	5,332,465
1.040 Restricted Grants-in-Aid	695,903	308,803	132,971	131,000	131,000	131,000	131,000	131,000
1.050 Property Tax Allocation	862,294	838,151	846,258	768,464	861,559	869,313	877,137	885,031
1.060 All Other Operating Revenue	835,953	1,059,529	976,581	914,870	904,870	900,000	895,000	892,831
1.070 Total Revenue	15,236,900	15,377,856	15,098,484	15,860,417	16,064,408	16,038,594	16,013,499	16,092,092
2.040 Operating Transfers-In	948,135							
2.070 Total Other Financing Sources	948,135							
2.080 Total Revenues and Other Financing Sources	16,185,035	15,377,856	15,098,484	15,860,417	16,064,408	16,038,594	16,013,499	16,092,092
3.010 Personnel Services	7,660,603	7,514,515	6,617,250	6,440,690	6,628,726	6,827,588	7,032,415	7,243,388
3.020 Employees' Retirement/Insurance Benefits	2,923,111	2,652,413	2,291,189	2,663,098	2,822,884	3,113,515	3,362,959	3,631,604
3.030 Purchased Services	3,955,359	3,893,981	4,717,750	4,985,440	5,234,712	5,496,448	5,771,270	6,059,833
3.040 Supplies and Materials	472,447	433,550	446,215	436,000	445,000	450,000	450,000	450,000
3.050 Capital Outlay	487,276							
4.300 Other Objects	202,707	201,574	187,675	194,265	191,447	193,362	195,295	197,248
4.500 Total Expenditures	15,701,503	14,696,033	14,260,079	14,719,493	15,322,769	16,080,913	16,811,939	17,582,073
5.010 Operational Transfers - Out	494,740	568,258	964,979	775,000	675,000	675,000	675,000	675,000
5.040 Total Other Financing Uses	494,740	568,258	964,979	775,000	675,000	675,000	675,000	675,000
5.050 Total Expenditure and Other Financing Uses	16,196,243	15,264,291	15,225,058	15,494,493	15,997,769	16,755,913	17,486,939	18,257,073
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(11,208)	113,565	(126,574)	365,924	66,639	(717,319)	(1,473,440)	(2,164,981)
7.010 Beginning Cash Balance	127,763	116,555	230,120	103,546	469,470	536,109	(181,210)	(1,654,650)
7.020 Ending Cash Balance	116,555	230,120	103,546	469,470	536,109	(181,210)	(1,654,650)	(3,819,631)
8.010 Outstanding Encumbrances	127,110	62,302	98,950	70,000	65,000	65,000	65,000	65,000
10.010 Fund Balance June 30 for Certification of Appropriations	(10,555)	167,818	4,596	399,470	471,109	(246,210)	(1,719,650)	(3,884,631)
12.010 Fund Bal June 30 for Cert of Contracts.Salary Sched.Oth Obligations	(10,555)	167,818	4,596	399,470	471,109	(246,210)	(1,719,650)	(3,884,631)
15.010 Unreserved Fund Balance June 30	(10,555)	167,818	4,596	399,470	471,109	(246,210)	(1,719,650)	(3,884,631)

Source: ODE

Chart D-2 displays the District’s October 2014 Five Year Forecast.

**Chart D-2: CNLSD FY 2014-15 October Five Year Forecast**

Line	Actual			Forecasted				
	2012	2013	2014	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	5,534,476	5,399,488	5,856,463	5,856,000	5,885,280	5,914,706	5,944,280	5,974,001
1.020 Tangible Personal Property Tax	5	20	3,332					
1.030 Income Tax	2,669,250	2,730,399	2,881,729	2,910,546	2,925,099	2,939,725	2,954,423	2,969,195
1.035 Unrestricted Grants-in-Aid	4,967,642	5,012,767	5,540,721	5,482,102	5,532,465	5,432,465	5,332,465	5,332,465
1.040 Restricted Grants-in-Aid	308,803	132,971	149,829	131,000	131,000	131,000	131,000	131,000
1.050 Property Tax Allocation	838,151	846,258	768,610	768,464	861,559	869,313	877,137	885,031
1.060 All Other Operating Revenue	1,059,529	976,581	1,145,414	914,870	904,870	900,000	895,000	892,831
1.070 Total Revenue	15,377,856	15,098,484	16,346,098	16,062,982	16,240,273	16,187,209	16,134,305	16,184,523
2.080 Total Revenues and Other Financing Sources	15,377,856	15,098,484	16,346,098	16,062,982	16,240,273	16,187,209	16,134,305	16,184,523
3.010 Personnel Services	7,514,515	6,617,250	6,441,990	6,740,000	6,839,200	7,044,376	7,255,707	7,473,378
3.020 Employees' Retirement/Insurance Benefits	2,652,413	2,291,189	2,362,757	2,763,000	2,822,884	3,113,515	3,362,959	3,631,604
3.030 Purchased Services	3,893,981	4,717,750	4,740,377	4,985,440	5,234,712	5,496,448	5,771,270	6,059,833
3.040 Supplies and Materials	433,550	446,215	420,510	488,000	450,000	450,000	450,000	450,000
4.300 Other Objects	201,574	187,675	189,402	194,265	191,447	193,362	195,295	197,248
4.500 Total Expenditures	14,696,033	14,260,079	14,155,036	15,170,705	15,538,243	16,297,701	17,035,231	17,812,063
5.010 Operational Transfers - Out	568,258	964,979	1,397,036	975,000	800,000	800,000	875,000	875,000
5.040 Total Other Financing Uses	568,258	964,979	1,397,036	975,000	800,000	800,000	875,000	875,000
5.050 Total Expenditure and Other Financing Uses	15,264,291	15,225,058	15,552,072	16,145,705	16,338,243	17,097,701	17,910,231	18,687,063
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	113,565	(126,574)	794,026	(82,723)	(97,970)	(910,492)	(1,775,926)	(2,502,540)
7.010 Beginning Cash Balance	116,555	230,120	103,546	897,572	814,849	716,879	(193,613)	(1,969,539)
7.020 Ending Cash Balance	230,120	103,546	897,572	814,849	716,879	(193,613)	(1,969,539)	(4,472,079)
8.010 Outstanding Encumbrances	62,302	98,950	93,634	92,000	92,000	92,000	92,000	92,000
10.010 Fund Balance June 30 for Certification of Appropriations	167,818	4,596	803,938	722,849	624,879	(285,613)	(2,061,539)	(4,564,079)
12.010 Fund Bal June 30 for Cert of Contracts,Salary Sched,Oth Obligations	167,818	4,596	803,938	722,849	624,879	(285,613)	(2,061,539)	(4,564,079)
15.010 Unreserved Fund Balance June 30	167,818	4,596	803,938	722,849	624,879	(285,613)	(2,061,539)	(4,564,079)

Source: ODE

## **Client Response**

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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.





# Clermont Northeastern Schools

## Clermont Northeastern Local Schools

### Audit Responses

#### DISTRICT OFFICE

2792 US Highway 50  
Batavia, OH 45103  
(513) 625-1211  
Fax: (513) 625-6080  
cneschools.org

**Treasurer**  
Fax: (513) 625-6080

**Transportation**  
(513) 732-3957

**Food Service**  
(513) 625-1544

#### SCHOOLS

**Preschool**  
463 South Broadway  
Owensville, OH 45160  
(513) 685-5374

**Elementary School**  
5347 Hutchinson Road  
Batavia, OH 45103  
(513) 625-1211  
Fax: (513) 732-0285

**Middle School**  
2792 US Highway 50  
Batavia, OH 45103  
(513) 625-1211  
Fax: (513) 625-3325

**High School**  
5327 Hutchinson Road  
Batavia, OH 45103  
(513) 625-1211  
Fax: (513) 625-3328

#### **Recommendation 1: Reduce HS Credit Requirement**

We recommend we reduce our high school credit requirement from 24 to 22. The reason being we are four above the state minimum and two above the districts we were compared against.

#### **Recommendation 2: Elimination of two ESP Positions**

We do not feel we can eliminate any K-8 ESP personnel without reducing educational services to students.

#### **Recommendation 3: Eliminate 3 Professional/Technical Personnel**

We do not feel we can eliminate or cut back in this area without reducing services to students.

#### **Recommendation 4: Eliminate 1 Custodian**

Under study

#### **Recommendation 5: Renegotiate Severance Provisions out of Teachers' Contract**

In negotiations two entities must agree. In this particular case, the state is telling us to renegotiate. We can negotiate this item but the teachers' union would have to agree.

#### **Recommendation 6 : Eliminate Pick-up on the Pick-up**

Reference Table B-2. CNE salaries are 2 – 18% below our peers in every category listed.

This is an incentive to draw candidates for employment.

#### **Recommendation 7: Revise Salary Schedules**

Would need to be done through negotiations

#### **Recommendation 8: Increase Monitoring of Transportation Contract**

Under study

**CNE Audit Response**

**Page 2**

**Recommendation 9: Accurately Report Pupil Transportation Data**

Under study

**Recommendation 10: Use State Coop to Purchase Fuel**

Will attempt to do so in coming fiscal year

**Audit Responses**

**Page 2**

**Recommendation 11: Increase Lunch Participation Rates**

Because of new federal regulations lunches are not as palatable as in the past.

**Recommendation 12 : Reduce Five Food Service Positions**

Most of the schools we are compared to have one kitchen to serve the entire student population. Because of our building configuration it is necessary to have these additional food service positions. Even with the five additional employees, food service is a stand-alone operation and does not require general fund money for its operation.

**Recommendation 13: Monitor Future Student Enrollment and Student Capacity**

This is constantly being monitored

**Recommendation 14: Improve Access of Financial Information to Stakeholders**

Being considered

**Recommendation 15 : Additional Opportunities for Stakeholders Input on Budget**

This would increase expenses not decrease

**Issues for Further Study – Forest Management**

The Board of Education should give this some consideration.

**Other**

In reference to Table A-1 (page 25)

All items listed on page 25 (Table A-1) listed as “N/A” should be changed to reflect the district meets standards or applicable laws. The state found no money saving opportunities or job changing recommendations.



Ralph Shell  
Superintendent



Brian Switzer  
Treasurer



# Dave Yost • Auditor of State

**CLERMONT NORTHEASTERN LOCAL SCHOOL DISTRICT**

**FRANKLIN 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  
JANUARY 29, 2015**