



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

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

The Auditor of State's Office selected the Poland Local School District (PLSD or the District) for a performance audit based on its projected financial condition. This performance audit was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations 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 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
February 27, 2018

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Executive Summary

Purpose and Scope of the Audit

In consultation with the Ohio Department of Education (ODE), the Auditor of State (AOS) determined that it was appropriate to conduct a performance audit of the Poland Local School District (PLSD or the District) pursuant to Ohio Revised Code § 3316.042. The purpose of this performance audit was to improve PLSD's financial condition through an objective assessment of economy, efficiency, and/or effectiveness of the District's operations and management. See **Background** for a full explanation of the District's financial condition.

In consultation with the District, the Ohio Performance Team (OPT) selected the following scope areas for detailed review and analysis: Financial Management, Human Resources, Facilities, Transportation, and Food Service. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

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.

The United States Government Accountability Office develops and promulgates Government Auditing Standards that establish 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. Those standards require that OPT 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. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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 high academic performance and relatively lower per pupil spending. A “Local Peers” set was selected for a comparison of 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. **Table 1** shows the Ohio school districts included in these peer groups.

Table 1: Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Batavia Local School District (Clermont County) • Canfield Local School District (Mahoning County) • Fairland Local School District (Lawrence County) • Howland Local School District (Trumbull County) • Hubbard Exempted Village School District (Trumbull County) • Huron City School District (Erie County) • Lakeview Local School District (Trumbull County) • Ontario Local School District (Richland County) • Shawnee Local School District (Allen County) • Wayne Local School District (Warren County)
Local Peers (Compensation, Benefits, and Bargaining Agreements)
<ul style="list-style-type: none"> • Boardman Local School District (Mahoning County) • Springfield Local School District (Mahoning County) • Struthers City School District (Mahoning County)
Transportation Peers
<ul style="list-style-type: none"> • Batavia Local School District (Clermont County) • Howland Local School District (Trumbull County) • Hubbard Exempted Village School District (Trumbull County) • Huron City School District (Erie County) • Lakeview Local School District (Trumbull 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. Sources of industry standards or leading practices used in this audit include: American School and University (AS&U), DeJong and Associates, the National Association of State Directors of Pupil Transportation Services (NASDPTS), the National Center for Education Statistics (NCES), the National Clearinghouse for Education Facilities (NCEF), the National Food Service Management Institute (NFSMI), the Office of Program Policy Analysis and Government Accountability (OPPAGA), the Ohio Department of Administrative Services (DAS) the Ohio Department of Education (ODE), the Ohio State Employment Relations Board (SERB), the U.S. Department of Transportation (DOT), and the U.S. Environmental Protection Agency (EPA).

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.

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

Noteworthy Accomplishments

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

- **Fuel Purchasing:** The District attempts to obtain optimal fuel pricing by soliciting vendor bids every time fuel is purchased. In fiscal year (FY) 2016-17, PLSD purchased 30,009 gallons of diesel fuel at an average cost of \$2.00 per gallon. The District's purchasing practice resulted in an average cost per gallon \$0.05, or 2.4 percent, less than it would have paid through the DAS Office of Procurement Services. Furthermore, at the time of the audit, the District started taking advantage of the Motor Fuel Tax Refund. This refund, obtained from the Ohio Department of Taxation, will allow the District to regain an additional \$0.06 a gallon.

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. The following issue for further study was identified during the course of this audit.

- **Mahoning Valley Regional Council of Government (MVRCOG) Employees:** In FY 2016-17, PLSD contracted employees from MVRCOG including educational aides, part-time technical employees, and a director of operations. The District should obtain detailed information about these employees that would allow for direct comparison to regular employees under the CBA. Such a comparison would help the district determine the cost effectiveness of contracting MVRCOG employees relative to hiring similar employees in-house. This detailed information should include, but not be limited to the following:
 - Equivalent position codes;
 - Pay Scale for equivalent position codes;
 - Hours per day to determine FTEs; and
 - Fringe benefits including insurance, longevity, bonuses, and retirement.

Summary of Recommendations

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

Table 2: Summary of Recommendations

Recommendations		Savings
R.1	Consider reducing the subsidy of extracurricular activities to local peer level	\$52,200
R.2	Eliminate 2.5 FTE building administrator positions	\$304,700
R.3	Eliminate 3.5 FTE general education teacher positions	\$233,700
R.4	Eliminate 0.5 FTE career-technical programs/career pathway teacher positions	\$29,800
R.5	Eliminate 1.0 FTE counseling position	\$93,100
R.6	Eliminate 0.5 FTE clerical position	\$33,500
R.7	Eliminate 0.5 FTE computer programming position	\$23,900
R.8	Eliminate 2.5 FTE monitoring positions	\$110,600
R.9	Eliminate 2.0 FTE library staff positions	\$159,400
R.10	Renegotiate sick leave accumulation and severance payout	N/A
R.11	Consider closing two elementary buildings	\$1,026,700
R.12	Eliminate 5.5 FTE custodial positions	\$123,900
R.13	Implement an energy management program	\$45,700
R.14	Develop a data driven bus replacement plan	N/A
R.15	Decrease food service expenditures and/or increase revenues	N/A
Cost Savings Adjustments ¹		(\$596,800)
Total Cost Savings from Performance Audit Recommendations		\$1,640,400

¹ Implementation of R.2, R.5, R.6, R.8, R.9, and R.12 would reduce the savings achievable from the implementation of R.11.

Table 3 shows the District's ending fund balances as projected in the October 2017 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.

Table 3: Financial Forecast with Performance Audit Recommendations

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Original Ending Fund Balance	\$2,515,281	\$818,688	(\$1,820,823)	(\$4,812,980)
Cumulative Balance of Performance Audit Recommendations	\$1,203,544	\$2,940,741	\$4,738,832	\$6,601,665
Revised Ending Fund Balance	\$3,718,825	\$3,759,429	\$2,918,009	\$1,788,685

Source: PLSD, ODE, 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, with the exception of R.11, cost savings have been applied to FY 2018-19 through FY 2021-22. Savings associated with R.11 have been applied starting in FY 2019-20.

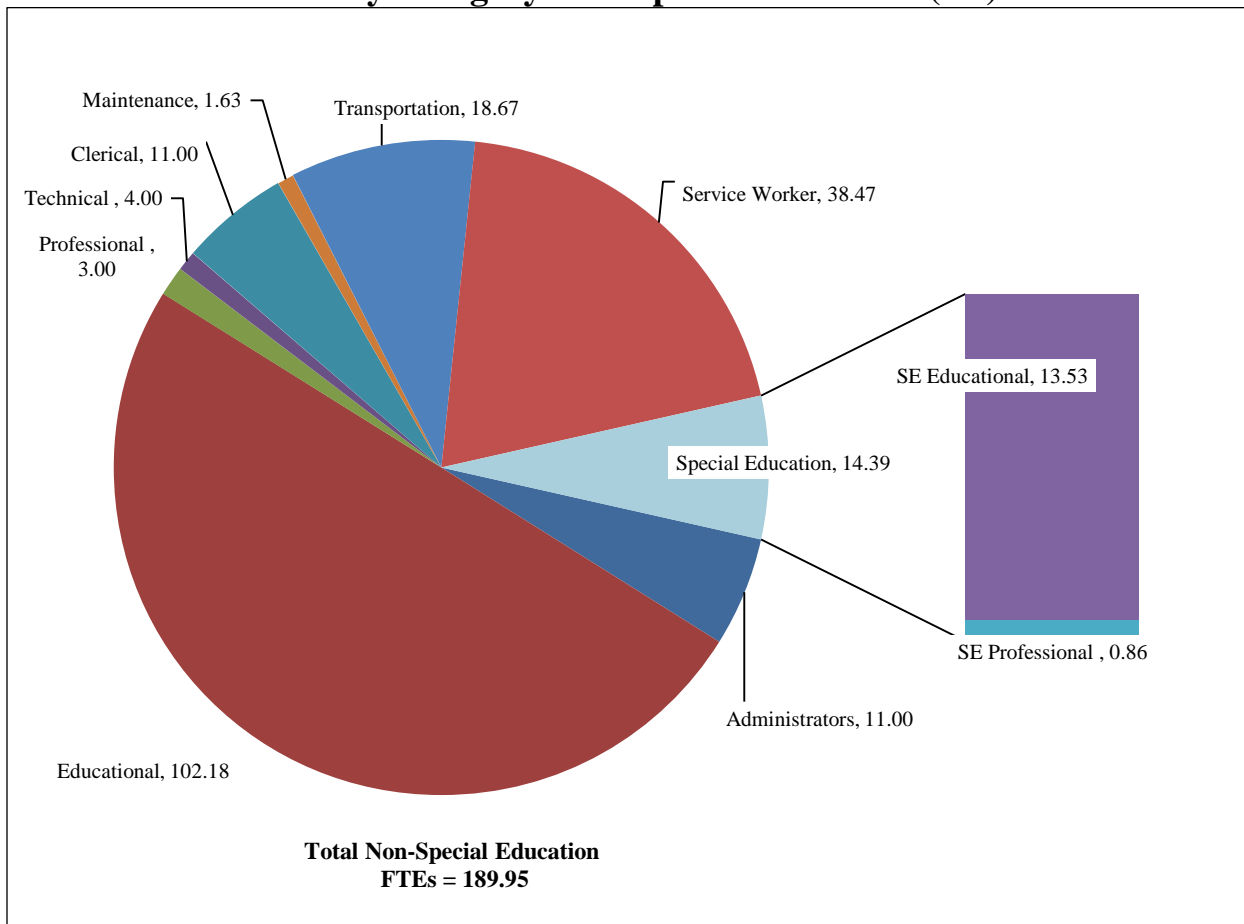
As shown in Table 3, implementing the performance audit recommendations could allow PLSD to avoid year-end fund deficits throughout the forecast period.

District Staffing Overview

The appropriateness of staffing levels is significant to both the operational and financial conditions within school districts. Operational decisions such as classroom sizes, class offerings, and other non-educational service levels collectively drive the need for overall staffing total. Specifically, personnel costs (i.e., salaries and benefits) accounted for 71.1 percent of PLSD’s General Fund expenditures in FY 2016-17, a significant impact on the District’s budget and financial condition.

Chart 1 shows PLSD’s FY 2016-17 full-time equivalent (FTE) staffing levels by category¹ with special education staffing broken out for informational purposes only.

Chart 1: FTEs by Category with Special Education (SE) Breakout



Source: PLSD

As shown in **Chart 1**, PLSD employed a total of 204.34 FTEs in FY 2016-17. Of this total, 14.39 FTEs, or 7.0 percent, were specifically dedicated to special education services. The remaining 189.95 non-special education FTEs were evaluated in each of the eight staffing categories shown.

¹ The individual positions within each staffing category are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

Categories where staffing levels were compared to the primary peer average included administrators (see **Table B-1**), clerical (see **R.6**), educational (see **Table B-2** and **Table B-3**), professional (see **Table B-4**), and technical staff (see **Table B-5**).

Categories where the District's staffing level per 1,000 students was higher than the primary peers included building administrators (see **R.2**), clerical (see **R.6**), educational (see **R.3**, **R.4** and **R.5**), student support (see **R.8** and **R.9**), and technical (see **R.7**).

Facilities (see **R.12** and **Table B-10**), transportation, and food service workers were assessed using workload measures and benchmarks rather than peer averages, as these positions operate in areas that have industrywide developed gauges of efficiency and effectiveness.

It is possible that in pursuing the options necessary to balance the budget and achieve fiscal stability, the District could face the unintended consequence of reductions in future federal aid and/or the need to repay federal funds previously received, due to inability to meet federal maintenance of effort (MOE) requirements. Federal funding is designed to supplement local operations within specific program areas such as Title I, Title II, and IDEA Part B. Because this funding is meant to be supplemental, MOE requirements are put into place to ensure that all schools maintain an acceptable level of local spending rather than shifting to an over-reliance on federal funding, also referred to as supplanting.

Federal funds are supplemental to District operations and pursuit of these supplemental funds does not alleviate the obligation to maintain a balanced budget. In exercising the responsibility to maintain a balanced budget, the District will need to critically evaluate the potential impact of planned changes on program expenditures and/or census/enrollment (i.e., the two major inputs used to calculate MOE).

ODE is charged with monitoring school districts' compliance with MOE requirements and is also in a position of working with districts to facilitate seeking a waiver from the US Department of Education, where available within the grant guidelines, when certain conditions are evident.² Two such conditions specific to Title I include:

- An exceptional or uncontrollable circumstance such as natural disaster; and
- A precipitous decline in financial resources (e.g., due to enrollment or loss of tax revenue).

The District should pursue necessary steps to balance, achieve, and maintain long-term fiscal stability, while working with ODE to minimize any unnecessary, unforeseen consequences, including seeking a waiver of MOE requirements, if available.

It is important to note that the provision of special education services may have a significant impact on PLSD's overall operating cost and staffing levels. However, the appropriateness of special education costs and staffing were not evaluated as a part of this performance audit. Special education staffing levels were excluded from staffing comparisons due to the unique requirements of Individual Education Program (IEPs) and the nature of maintenance of effort

² IDEA Part B does not have an MOE waiver option.

requirements. All conclusions regarding the relative appropriateness of staffing are based solely on non-special education staff for both the District and the primary peers.

Background

In May 2017, the District released its semi-annual five-year forecast which showed progressively declining year-end fund balances beginning in FY 2016-17. This forecast served as the primary impetus of the performance audit. **Table 4** shows total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balances projected in this forecast. The detail and financial results contained therein are an important measure of fiscal distress conditions, possibly leading to formal designations by AOS and ODE.

Table 4: PLSD Financial Condition Overview (May 2017)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total Revenue	\$21,261,757	\$20,780,658	\$19,643,399	\$17,969,744	\$17,455,317
Total Expenditure	\$21,770,719	\$22,581,149	\$23,341,347	\$24,140,984	\$24,940,317
Results of Operations	(\$508,962)	(\$1,800,491)	(\$3,697,948)	(\$6,171,240)	(\$7,485,000)
Beginning Cash Balance	\$3,820,853	\$3,311,891	\$1,511,400	(\$2,186,548)	(\$8,357,788)
Ending Cash Balance	\$3,311,891	\$1,511,400	(\$2,186,548)	(\$8,357,788)	(\$15,842,788)
Ending Fund Balance	\$3,261,891	\$1,461,400	(\$1,079,247)	(\$4,394,608)	(\$8,482,395)

Source: PLSD and ODE

As shown in **Table 4**, the District's May 2017 five-year forecast projects a deficit of approximately \$1,079,000 beginning in FY 2018-19 and beyond. This condition is a direct result of steadily increasing expenditures couple with a severe decline in revenues resulting in a cumulative deficit of over \$8.4 million by FY 2020-21.

In October 2017, the District released an updated financial forecast. **Table 5** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

Table 5: PLSD Financial Condition Overview (October 2017)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$20,954,770	\$19,933,185	\$18,253,219	\$17,735,465	\$17,066,990
Total Expenditure	\$21,224,416	\$22,122,303	\$22,813,852	\$23,781,899	\$24,158,732
Results of Operations	(\$269,646)	(\$2,189,118)	(\$4,560,633)	(\$6,046,434)	(\$7,091,742)
Beginning Cash Balance	\$3,863,437	\$3,593,791	\$1,404,673	(\$3,155,960)	(\$9,202,394)
Ending Cash Balance	\$3,593,791	\$1,404,673	(\$3,155,960)	(\$9,202,394)	(\$16,294,136)
Ending Fund Balance	\$3,543,791	\$2,515,281	\$818,688	(\$1,820,823)	(\$4,812,980)

Source: PLSD and ODE

As shown in **Table 5**, the District's projected deficit for FY 2018-19 was reduced from approximately (\$1.07) million, as shown in the May five-year forecast, to a surplus of approximately \$2.5 million. In addition, the expected year-end fund deficit of over \$8.4 million in FY 2020-21 (the final year) of the May 2017 forecast was reduced to an expected deficit of over \$4.8 million in FY 2021-22 (the final year) of the October 2017 forecast. This improved financial condition is primarily the result of replacing two principals as well as the reduction of staff through the retirement or resignation of 5.0 FTE teachers, 1.0 FTE secretary, a part-time

monitor, and a part-time sweeper/cleaner, effective in FY 2017-18. In addition, the District's May 2017 forecast projected a \$270,000 reduction in annual revenue due to an expected loss of foundation payments associated with House Bill (HB) 49. This reduction in revenue did not occur and was adjusted in the October 2017 five-year forecast.

Recommendations

R.1 Consider reducing the subsidy of extracurricular activities to local peer level

In FY 2016-17, the District expended \$833,665 on student extracurricular activities, which included the salaries and benefits of directors, coaches, advisors, supplies and materials, transportation services, awards and prizes, and other miscellaneous expenditures. A portion of these expenditures were offset by generating revenue of approximately \$410,800 from receipts for admissions, sales, and other activities. In July 2013, the District implemented a participation fee policy for sports oriented activities. This policy requires a fee of \$100 per athlete, per sport for high school athletics and \$50 per athlete, per sport for middle school athletics with a maximum of \$300 per family. As a result, the District incurred a net cost for student extracurricular activities in FY 2016-17 of just over \$422,800, which represents the amount of subsidy from the General Fund.

Table 6 shows a comparison of the District's FY 2016-17 student extracurricular activity net cost per pupil to the primary peer average and the local peer average. This comparison provides an indication of whether the District's net cost for student extracurricular activity programs was consistent with the primary and local peers.

Table 6: Student Extracurricular Activity Net Cost Comparison

	PLSD			Primary Peer Avg.	Local Peer Avg.
Students ¹	1,929			1,985	2,368
Activity Type	Rev.	Exp.	Net Cost		
Academic Oriented	\$47,636	\$44,500	\$3,136	(\$101,754)	(\$157,365)
Occupation Oriented	\$0	\$12,045	(\$12,045)	(\$3,964)	(\$1,005)
Sport Oriented	\$202,803	\$613,569	(\$410,766)	(\$394,751)	(\$462,181)
School & Public Service Co-Curricular	\$3,684	\$163,551	(\$159,867)	(\$53,047)	(\$101,434)
Bookstore Sales	\$0	\$0	\$0	\$2,075	\$1,255
Other Extracurricular	\$0	\$0	\$0	\$53,840	\$2,362
Non-specified ²	\$156,687	\$0	\$156,687	\$119,041	\$263,401
Total	\$410,810	\$833,665	(\$422,855)	(\$378,560)	(\$454,967)
Net Cost per Pupil			(\$219.21)	(\$190.71)	(\$192.13)

Source: PLSD, primary peers, and local peers

¹ Student enrollment data is from FY 16-17.

² Non-specified represents revenues and expenditures that were not coded to a specific activity type.

As shown in **Table 6**, the District's student extracurricular activity net cost per pupil of \$219.21 was \$28.50, or 14.9 percent, higher than the primary peer average and \$27.08, or 14.1 percent, higher than the local peer average. While it is common for school districts in Ohio to subsidize extracurricular costs with General Fund money, the existence of a net cost places a burden on the General Fund equal to the amount of the net cost. Given the severity of its forecasted deficit

condition (see **Background**), the District should evaluate all available options to reduce expenditures and/or increase revenue for student extracurricular activities.

In order to reduce the General Fund subsidy, the District must increase revenue and/or decrease expenditures. This can be achieved by implementing one or more of the following:

- Increase pay to participate fees for sports;
- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or
- Eliminate programs.

Making these changes would help reduce the General Fund subsidy, allowing more resources to be dedicated to student instruction. However, the District should consider the relative ability to pay of its students and the financial impact of having to meet any proposed fee increases.

Financial Implication: Reducing expenditures and/or increasing revenue so that the General Fund subsidy to the Student Extracurricular Activity Fund is consistent with local peers would save the District **\$52,200**, annually.

R.2 Eliminate 2.5 FTE building administrator positions

Building administrators are responsible for managing the school's students and teachers. **Table 7** shows the District's FY 2017-18 building administrators per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 7: Building Administrator Staff Comparison

	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
	PLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) ²
Assistant Principal	3.00	1.58	0.77	0.81	1.54
Principal	4.00	2.11	1.60	0.51	0.97
Total	7.00	3.69	2.37	1.32	2.51

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of building administrator FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 7**, building administrator staffing is higher than the peer average by 2.51 FTEs. The District would need to reduce 2.50 FTE building administrator positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.5 FTE building administrator positions could save the District approximately **\$304,700** in salaries and benefits in FY 2018-19.³ This was calculated using salaries and benefits of the least tenured building administrator positions.⁴ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.3 Eliminate 3.5 FTE general education teacher positions

General education teachers instruct students in a regular classroom environment. **Table 8** shows the District’s FY 2017-18 general education teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 8: General Education Teacher Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) ²
General Education Teachers	86.18	45.38	43.38	2.00	3.80

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of general education teacher FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 8**, general education teacher staffing is higher than the peer average by 3.80 FTEs. The District would need to reduce 3.5 FTE teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 3.5 FTE general education teacher positions could save approximately **\$233,700** in salaries and benefits in FY 2018-19.⁵ The value of each FTE reduction is calculated using the actual salaries and benefits of the least tenured positions.⁶

³ The value of the savings from this recommendation is projected to increase by an average of 4.0 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

⁴ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

⁵ The value of the savings from this recommendation is projected to increase by an average of 4.3 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

⁶ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.4 Eliminate 0.5 FTE career-technical programs/career pathway teacher positions

According to ORC § 3313.90, each city, local and exempted village school shall provide career technical education to students in grades 7-12 either by establishing and maintaining its own education program, becoming a member of a joint vocational school district, or contracting for career-technical education with a joint vocational school district or another school district to provide the programs. Career-technical programs/career pathway teachers are responsible for instructing students in technical and vocational subjects. PLSD employs 2.0 FTE career-technical programs/career pathways (career-technical) teachers who teach home economics.

Table 9 shows the District’s FY 2017-18 career-technical programs/career pathway teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 9: Career-Technical Teacher Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) ²
Career-Technical Programs/Career Pathway Teachers	2.00	1.05	0.62	0.43	0.82

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of Career-Technical/Career Pathway teacher FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 9**, the District’s career-technical programs/career pathway teacher staffing is higher than the peer average by 0.82 FTEs. The District would need to reduce 0.5 FTE career-technical programs teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 0.5 FTE career-technical programs teacher positions could save approximately **\$29,800** in salaries and benefits in FY 2018-19.⁷ The value of each FTE

⁷ The value of the savings from this recommendation is projected to increase by an average of 4.5 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

reduction was calculated using the actual salaries and benefits of the least tenured positions.⁸ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.5 Eliminate 1.0 FTE counseling position

Counseling staff provide activities to students, parents, and teachers to aid students in making personal plans and decisions for their education, career and personal development. PLSD employs 6.4 FTE. **Table 10** shows the District’s FY 2017-18 counseling staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 10: Counseling Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) ²
Counseling	5.00	2.63	1.87	0.76	1.44

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of counseling FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 10**, the District’s counseling staff is higher than the peer average by 1.44 FTEs. The District would need to reduce 1.0 FTE in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 1.0 FTE counselor position could save approximately **\$93,100** in salaries and benefits in FY 2018-19.⁹ This was calculated using salaries and benefits of the least tenured position.¹⁰ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

⁸ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

⁹ The value of the savings from this recommendation is projected to increase by an average of 4.6 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

¹⁰ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

R.6 Eliminate 0.5 FTE clerical position

Clerical personnel are responsible for general office activities or building, department and/or administrative secretarial duties. **Table 11** shows the District's FY 2017-18 clerical staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 11: Clerical Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	PLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/(Below) ²
Central Office Clerical ³	4.00	2.11	1.76	0.35	0.66
School Building Clerical	7.00	3.69	3.57	0.12	0.23
Total Clerical	11.00	5.80	5.33	0.47	0.89

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of clerical FTEs per 1,000 students in line with the primary peer average.

³ The District contracts with MVRCOG for equivalent employees in this position. Costs of these employees are recorded in purchased services.

As shown in **Table 11**, clerical staffing is higher than the peer average by 0.89 FTEs. The District would need to reduce 0.5 FTE clerical positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 0.5 FTE clerical positions could save approximately **\$33,500** in salaries and benefits in FY 2018-19.¹¹ This was calculated using salaries and benefits of the least tenured clerical positions.¹² Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.7 Eliminate 0.5 FTE computer programming position

Computer operators work with computers and related peripheral equipment. **Table 12** shows the District's FY 2017-18 computer programming staff per 1,000 students compared to the FY 2016-

¹¹ The value of the savings from this recommendation is projected to increase by an average of 4.7 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

¹² Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 12: Computer Programming Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) ²
Computer Programing	1.00	0.53	0.10	0.43	0.82

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of computer programming FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 12**, the District's computer operating staffing is higher than the peer average by 0.82 FTEs signifying it would need to reduce 0.5 FTE computer programmers in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 0.5 FTE computer programming staff position could save approximately **\$23,900** in salaries and benefits in FY 2018-19.¹³ This was calculated using salaries and benefits of the least tenured positions.¹⁴ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.8 Eliminate 2.5 FTE monitoring positions

Monitoring staff perform such activities as taking attendance and helping to keep order on buses and playgrounds and in lunchrooms.

Table 13 shows the District's FY 2017-18 monitoring staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

¹³ The value of the savings from this recommendation is projected to increase by an average of 4.0 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

¹⁴ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

Table 13: Monitoring Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) ²
Monitoring	5.72	3.01	1.45	1.56	2.96

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of monitoring FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 13**, the District's monitoring staffing is higher than the peer average by 2.96 FTEs signifying it would need to reduce 2.5 FTE monitoring positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.5 FTE monitor staffing positions could save approximately **\$110,600** in salaries and benefits in FY 2018-19.¹⁵ This was calculated using salaries and benefits of the least tenured positions.¹⁶ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.9 Eliminate 2.0 FTE library staff positions

Library staff is responsible for maintaining the school libraries and developing and planning for the use of teaching and learning resources and media, including equipment, content material, and services. **Table 14** shows the District's FY 2017-18 library staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

¹⁵ The value of the savings from this recommendation is projected to increase by an average of 5.0 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

¹⁶ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

Table 14: Library Staff Comparison

	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹		1,899	1,987		(88)
Students Educated (thousands)		1.899	1.987		(0.088)
	PLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Librarian/Media	2.00	1.05	0.35	0.70	1.33
Library Aide	2.00	1.05	0.60	0.45	0.85
Total	2.00	2.10	0.95	1.15	2.18

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of library FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 14**, the District's library staffing is higher than the peer average by 2.18 FTEs signifying it would need to reduce 2.0 FTEs in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.0 FTE library staff positions could save approximately **\$159,400** in salaries and benefits in FY 2018-19.¹⁷ This was calculated using salaries and benefits of the least tenured positions.¹⁸ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.10 Renegotiate sick leave accumulation and severance payout

Under the certificated and classified collective bargaining agreements (CBAs), employees are entitled to accumulate 285 days of sick leave. This maximum was 31 days, or 12.2 percent, greater than the local peer district average of 254 days. In addition, ORC § 3319.141 establishes minimum requirements of sick leave accumulation, specifying that unused sick leave shall be cumulative to, at least, 120 days.

The District's CBAs also entitle certificated and classified employees to be paid for accumulated sick leave upon retirement. Certificated and classified employees are entitled to payouts of 33 percent of unused sick leave for a maximum of 60 days for certificated staff and 63 days for classified staff. In comparison, the sick leave payout range of the local peer districts is between 25 and 35 percent with an average maximum of 63 days for certificated employees and 75 days

¹⁷ The value of the savings from this recommendation is projected to increase by an average of 4.6 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

¹⁸ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

for classified employees. Although lower than the peer average, the District's severance payout is higher than the minimum established by ORC § 124.39 that allows school employees to be paid for 25 percent of unused sick leave up to a maximum of 30 days at retirement.

Allowing employees to receive severance payout levels in excess of state minimums becomes costly at employee retirements. In addition, providing sick leave accumulation in excess of State minimum levels furthers the potential for increased liability. See **Table B-9** for the financial impact of providing these levels of severance pay.

R.11 Consider closing two elementary buildings

The District educates non-preschool students in five school buildings.¹⁹ Union Elementary which houses kindergarten through second grade, Dobbins Elementary which houses third and fourth grades, McKinley Elementary which houses fifth and sixth grades, Poland Middle School which houses seventh and eighth grades, and Poland Seminary High School that houses grades nine through 12. In an effort to address its shrinking enrollment, the District repurposed North Elementary as a pre-school/after-school and closed two floors of McKinley Elementary.

Table 15 shows a student enrollment projection for PLSD, using three years of historical enrollment by grade level (FY 2014-15 through FY 2017-18) to project FY 2018-19 through FY 2022-23 enrollment.²⁰ Enrollment trends are significant to building operations, as declining enrollments could signify the eventual need for fewer buildings.

¹⁹ Although the District has six total buildings, North Elementary is used for preschool and after school programs only. Therefore it was not included in the capacity analysis.

²⁰ A trend analysis is used to project kindergarten enrollment. The cohort survival method, using linear regression, is used to project all other grades. There are many other factors, however, that could impact actual enrollment such as housing starts; planned annexations; open enrollment; charter schools; vouchers; and digital academies.

Table 15: Student Enrollment Projections

Grade	Historical FYs				Projected FYs			
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
K	132	139	113	121	119	117	115	113
1	118	130	142	114	122	120	118	116
2	130	120	126	145	116	124	122	120
3	152	134	116	126	144	116	124	122
4	143	154	137	117	127	145	117	125
5	173	143	147	139	119	129	148	119
6	147	178	146	148	141	120	130	149
7	179	155	168	147	150	142	121	131
8	184	181	144	166	146	148	140	120
9	181	192	184	149	172	151	153	145
10	191	178	194	184	150	172	151	153
11	202	163	165	186	177	143	165	145
12	182	190	165	162	183	174	141	163
Total:	2,114	2,057	1,947	1,904 ¹	1,866	1,801	1,745	1,721

Source: PLSD and ODE

¹ Most recent enrollment data from ODE

As shown in **Table 15**, the District has recently experienced a decline in enrollment and projections show a continued decline for FY 2017-18 through FY 2021-22.

Utilization percentages signify the number of students educated in each building in relation to capacity. Determining a building's functional capacity, which is necessary to calculate utilization, is based on the methodology outlined in *Defining Capacity* (DeJong and Associates, 1999). DeJong states that functional building capacity for an elementary school is calculated based on the number of available regular education classrooms and an average class size of 25 regular education students²¹. Overcrowding at an elementary school occurs when building enrollment exceeds 100 percent of functional capacity. For middle and high school buildings, functional capacity is calculated by multiplying the number of teaching stations by an average class size of 25 students. Given the necessity to accommodate classroom and academic scheduling needs, it is unreasonable to expect every teaching station to be fully utilized 100 percent of the time. DeJong accounts for this by using an 85 percent utilization factor. Therefore, middle and high school buildings that exceed 85 percent utilization run the risk of overcrowding.

Table 16 shows PLSD's summary utilization by building, as well as the District total by FY 2017-18 student head count. Assessing building utilization is important because inefficient use of space can lead to significant operating and fixed costs for the District.

²¹ According to the District's certificated collective bargaining agreement, "The district shall maintain a districtwide ratio of teachers to students of at least one full-time equivalent classroom teacher for each twenty-five students. Said ratio shall be calculated in accordance with ORC 3317.02 and 023 to determine class size ratios."

Table 16: Facilities Utilization by Building Level

	Functional Capacity	Head Count	Utilization
Elementary			
Union Elementary	450	354	78.7%
Dobbins Elementary	350	272	77.7%
McKinley Elementary	625	260	41.6%
Total Elementary	1,425	886	62.2%
Middle School			
Poland Middle School	786.25	299	38.0%
Total Middle School	786.25	299	38.0%
High School			
Poland Seminary High	998.75	657	65.8%
Total High School	998.75	657	65.8%
District Total	3,210	1,842¹	57.4%

Source: PLSD

¹ 2017-18 student enrollment based on most recent student headcount.

As shown in **Table 16**, PLSD's total utilization of 57.4 percent indicates that the District's buildings are significantly underutilized, signifying the operation of more facility space than necessary to meet student classroom demand. This inefficient use of space results in the District allocating a greater level of spending for facilities operation and maintenance relative to its student population. Furthermore, the projected declining enrollment shown in **Table 14** indicates that future utilization may decline further, signifying the need to reduce the total capacity of facilities.

Table 17 shows the estimated per building and total capacity of the District using FY 2017-18 student enrollment data along with the closure of Dobbins and Union elementary buildings. This analysis provides an indication on feasibility of closing multiple school buildings.

Table 17: Estimated Utilization with Dobbins and Union Closure

	Functional Capacity	Head Count	Utilization
Elementary			
Union Elementary	Closed	Closed	Closed
Dobbins Elementary	Closed	Closed	Closed
McKinley Elementary	625	497	79.5%
Total Elementary	625	497	79.5%
Middle School			
Poland Middle School	786.25	688	87.5%
Total Middle School	786.25	688	87.5%
High School			
Poland Seminary High	998.75	657	65.8%
Total High School	998.75	657	65.8%
District Total	2,410	1,842¹	76.4%

Source: PLSD

¹ 2017-18 student enrollment based on most recent student headcount.

As shown in **Table 17**, it is possible to improve building utilization through targeted building closures. Closing Dobbins and Union elementary buildings would align existing capacity to meet head count demand and more efficiently utilize buildings. To do so, the District could reconfigure McKinley Elementary to house kindergarten through third grade and Poland Middle School to house fourth grade through eighth grade. Overall district capacity would be at 76.6 percent.

As student enrollment is expected to continue to decline (see **Table 15**), the District should periodically monitor school building capacity. Should excess capacity become available, the District could consider moving operations of its pre-school/after-school to one of its regular school buildings.

Table 18 shows annual savings achievable based upon the closure of both Dobbins and Union elementary buildings. Total savings from direct closure is inclusive of component savings realized through administrative, custodial, clerical, and food service employee reductions as well as decreased utilities and maintenance expenditures, and elimination of supplies and materials.

Table 18: Annual Savings from Building Closures

Dobbins Elementary	
Utilities	\$30,918
Maintenance	\$24,392
Supplies	\$7,685
1.00 FTE - Principal	\$148,235
1.00 FTE - Clerical	\$66,532
1.78 FTEs - Food Service	\$70,650
1.00 FTEs - Monitors	\$46,459
1.00 FTEs - Library aide	\$50,269
1.70 FTEs - Other Labor - Porters	\$39,314
Total Savings	\$484,454
Union Elementary	
Utilities	\$31,714
Maintenance	\$14,623
Supplies	\$11,418
1.00 FTE - Principal	\$148,235
1.00 FTE - Counselor	\$97,358
1.00 FTE - Clerical	\$66,532
1.00 FTE - Teaching Aide	\$35,000
1.82 FTEs - Food Service	\$72,237
0.72 FTEs - Monitors	\$33,450
1.00 FTEs - Library aide	\$50,269
1.70 FTEs - Other Labor - Porters	\$39,314
Total Savings	\$600,150
Savings Adjustment ¹	
	(\$57,888)
Total Savings	
	\$1,026,716

Source: PLSD and the National Clearinghouse for Education Facilities (NCEF)

¹ An adjustment was made to the savings resulting from the elimination of the food service employees to limit the General Fund savings to \$85,000, the FY 2016-17 subsidy amount. The District could still realize the remaining \$57,888 however, this savings would occur in the Food Service Fund.

Note: Savings for utilities and maintenance are based on the estimate that 40 percent and 10 percent, respectively, of normal expenditures, are needed to maintain a closed school building as published in *Closing a School Building: A Systematic Approach* (NCEF, 2010).

Financial Implication: Closing the Dobbins and Union elementary buildings could save the District approximately **\$1,026,700** annually.²²

R.12 Eliminate 5.5 FTE custodial positions

Custodial personnel are responsible for cleaning the District’s facilities. **Table 19** shows the PLSD’s FY 2016-17 custodial staffing compared to the benchmark established in the *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES), 2003). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

Table 19: Custodial Staffing Comparison

Custodial FTEs	18.6
Square Footage Cleaned	381,472
Square Footage Cleaned per Custodial FTE	20,509
NCES Benchmark – Square Footage per FTE ¹	29,500
Difference Above/(Below)	(8,991)
Benchmarked Staffing Need	12.9
Custodial FTEs Above/(Below) Benchmark	5.7

Source: PLSD and NCES

¹ Represents “Level 3” cleaning which the NCES considers the norm for school facilities.

As shown in **Table 19**, PLSD custodial personnel clean 8,991, or 30.5 percent, fewer square feet per FTE compared to the NCES benchmark. In order to achieve a staffing level that is consistent with this benchmark, the District would need to reduce 5.5 custodial FTEs.

Financial Implication: Eliminating 5.5 FTE custodial positions could save the District approximately **\$123,900** in salaries and benefits in FY 2018-19.²³ This was calculated using salaries and benefits of the least tenured custodial positions.²⁴ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

²² The value of the savings from this recommendation is projected to increase by an average of 2.5 percent annually for FY 2020-21 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

²³ The value of the savings from this recommendation is projected to increase by an average of 2.7 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

²⁴ Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

R.13 Implement an energy management program

Table 20 shows the District's FY 2016-17 energy expenditures per square foot in comparison to the primary peer average. Examining costs per square foot serves to normalize the analysis for size differences between districts.

Table 20: FY 2016-17 Energy Expenditures per Square Foot Comparison

	PLSD	Primary Peer Average	Difference	% Difference
Electric	\$0.86	\$0.85	\$0.01	1.2%
Gas	\$0.31	\$0.20	\$0.11	55.0%
Total Energy Expenditures	\$1.17	\$1.05	\$0.12	11.4%

Source: PLSD, ODE, and primary peers

As shown in **Table 20**, the District's combined energy cost per square foot was \$0.12, or 11.4 percent, higher than the primary peer average.

The District does not have a formal energy management policy, plan, or procedures manual that would serve as a guide to help control energy costs. *The Energy Star Guidelines for Energy Management* (US Environmental Protection Agency (EPA), 2016) outlines the following steps for an effective energy management plan:

- Make a commitment;
- Assess performance and set goals;
- Create an action plan;
- Implement the action plan;
- Evaluate progress; and
- Recognize achievement.

Table 21 shows the potential savings of implementing a formal energy management program.

Table 21: Total Energy Expenditure Reduction

Total Annual Energy Expenditures	\$445,832
Total District Square Footage	381,472
Total FY 2016-17 Primary Peer Average Cost Difference per Square Foot ¹	\$0.12
Total Expenditure Cost Difference	\$45,777

Source: PLSD and primary peers

¹ Includes gas and electricity.

Financial Implication: Reducing energy expenditures to the primary peer average could result in savings of **\$45,700**.

R.14 Develop a data driven bus replacement plan

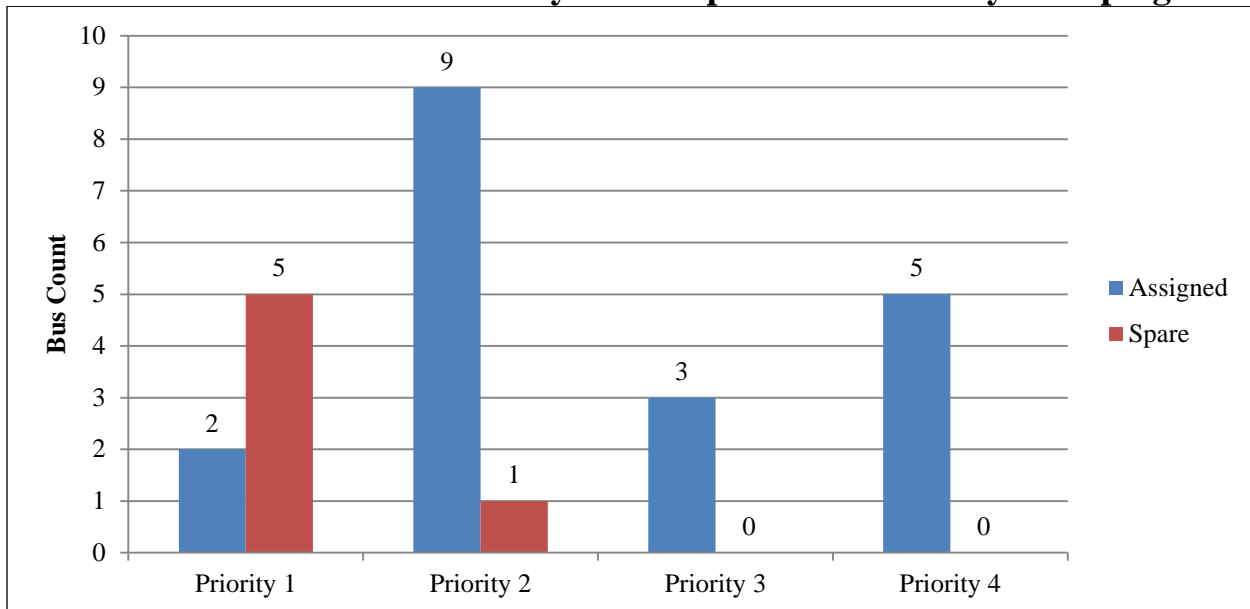
In an effort to increase efficiency, the District purchased bus routing software and added a full-time Transportation Supervisor. As a result of these efforts, the district is now below the peer average in transportation spending, per bus, per rider, and per mile (see **Table B-13**.)

However, the District’s bus fleet has an average age of 9.9. Furthermore, 10 of the buses are between nine and 14 years of age and seven are between 14 and 18 years old. PLSD does not have a formal data driven bus replacement plan, instead, the District replaces buses when the cost to maintain the vehicle becomes “too high and impractical”.

Clean School Bus (EPA, 2012) offers guidelines regarding the replacement of school buses. Accordingly, fleets should be assessed for age and condition to determine which buses need to be replaced first. Compiling this information in advance allows districts to plan for future expenditures and to be prepared when funds become available. In addition, the EPA provides replacement guidance by categorizing buses into four priority groups based on model year. Groups in Priority One are considered most in need of immediate replacement with Priority Four being least in need.²⁵ Due to advanced age, buses in Priority One grouping often have increasing maintenance concerns, decreased fuel economy benefits, and less stringent safety equipment, making replacement a higher priority.

Chart 2 shows the District’s FY 2017-18 fleet classified by EPA priority grouping. This provides a high level indication of the extent of the District’s fleet replacement needs relative to EPA guidelines.

Chart 2: Bus Classification by EPA Replacement Priority Grouping



Source: PLSD and the EPA

Note: Assigned buses include both regular and special needs.

²⁵ *Clean School Bus* classifies buses by model year in the following priority groups: Priority One: pre-1998 model years; Priority Two: model years 1998 through 2003; Priority Three: model years 2004 through 2006; and Priority Four: model years 2007 and newer. For this analysis, the groupings were updated to the following priority groupings: Priority One: pre-2003 model years; Priority Two: model years 2003 through 2008; Priority Three: model years 2009 through 2011; Priority Four: model years 2012 and newer.

As shown in **Chart 2**, five buses, or 20.0 percent, of the District's fleet falls in the lowest priority group (Priority Four) while 80.0 percent of the District's buses will near replacement age in the near-term, assuming 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, enabling it to meet EPA suggested guidelines.

According to *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services (NASDPTS), (2002)), the replacement of school buses should be a planned process. The plan should incorporate the maintenance data collected by the District into the decision-making process for bus replacements. The plan should also allow the District to establish its priorities with regard to safety and emissions features. Additionally, the NASDPTS recommends a combined approach to school bus replacement that considers both age and mileage in which replacement thresholds are set between 12 and 15 years, or 150,000 to 200,000 miles, respectively. PLSD should consider the full cost of bus operation, including fuel, parts, labor, and vehicle depreciation.

The District should develop a formal data driven bus replacement plan. Doing so would allow it to communicate to leadership and to the public about the needs of its bus fleet. Additionally, it 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 to avoid the need to replace a major portion of the fleet at the same time.

R.15 Decrease food service expenditures and/or increase revenues

PLSD provides food service to its students from four kitchens located in five of the school buildings.²⁶ Food service operations are accounted for in an enterprise fund (the Food Service Fund), which is used to account for services whose costs are intended to be funded by fees and/or charges. The financial performance of an enterprise fund is measured in terms of positive or negative operations.

Table 22 shows the results of operations for the Food Service Fund from FY 2014-15 to FY 2016-17. Analysis of the historical results of this fund can provide an indication of the efficiency of the food service operation.

Table 22: Historical Food Service Fund Results

	FY 2014-15	FY 2015-16	FY 2016-17
Beginning Fund Balance	\$1,304.90	\$14,757.76	\$3,636.39
Revenues	\$604,454.11	\$573,763.07	\$452,940.25
Expenditures	\$660,501.25	\$658,727.58	\$540,088.09
Results of Operations	(\$56,047.14)	(\$84,964.51)	(\$87,147.79)
Transfers-In from General Fund	\$69,500.00	\$73,843.14	\$85,000.00
Ending Fund Balance	\$14,757.76	\$3,636.39	\$1,488.60

Source: PLSD

²⁶ McKinley Elementary School and Poland Middle School share a kitchen.

As shown in **Table 22**, the Food Service Fund has consistently experienced negative results of operations resulting in the District subsidizing these deficits with transfers from the General Fund. Based on the 143,820 meals served, the District would have to increase revenues or decrease expenditures by \$0.61 per meal to break even.

In order to prevent the need for a General Fund subsidy to the Food Service Fund, the District would need to increase revenue and/or decrease expenditures. This can be achieved by implementing one or more of the following actions:

- Increase breakfast and lunch prices;
- Increase food service participation;
- Decrease labor costs;
- Restructure food service operations in the District; and/or
- Decrease food costs through competitive bidding.

The District has pointed to low student participation in its lunch program as the primary driver of the poor Food Service Fund results. **Table 23** shows the District's food service student participation rate for FY 2014-15 through FY 2016-17. Assessing participation rates provides a gauge on if poor financial performance is driven by a lack of demand in meals produced.

Table 23: Historical Lunch Participation Analysis

	FY 2014-15	FY 2015-16	FY 2016-17	Three Year Avg.
% Total Participation	34.4%	30.6%	32.3%	32.4%
Total Lunch Served	116,957	98,316	100,558	105,277

Source: PLSD

As shown in **Table 23**, the District's average lunch participation rate over the last three years was 32.4 percent.

Recipes for Practical Research in Child Nutrition Programs (NFSMI, 1998) notes that using surveys is a quick way to gather feedback from a large group of people without significant costs. In addition, *Best Practices Could Help School Districts Reduce Their Food Service Program Costs* (Office of Program Policy Analysis and Government Accountability (OPPAGA), 2009) outlines several methods that can potentially increase participation in a food service program including:

- Conducting promotional campaigns for food service programs and healthy nutritional habits;
- Holding nutrition awareness events; and
- Identifying and reducing participation barriers such as food quality, inadequate lunch periods, insufficient seating, or an unwelcoming lunchroom atmosphere.

Increasing demand in its lunch program would allow the District to increase food service operations revenues.

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. Eight of the 18 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
Financial Management	
Are budgeting and forecasting practices comparable to leading practices and is the forecast reasonable and supported?	N/A
Is the District's strategic plan consistent with leading practices?	N/A
Are extracurricular activities appropriate to peers and/or the District's financial condition?	R.1
Are the District's purchasing practices comparable to leading practices and appropriate based on the District's financial condition?	N/A
Human Resources	
Are staffing levels efficient compared to general peers, state minimum requirements, and/or demand for service and are they appropriate based on the District's financial condition?	R.2, R.3, R.4, R.5, R.6, R.7, R.8, and R.9
Are salaries and wages comparable to local peers and appropriate based on the District's financial condition?	N/A
Are CBA provisions comparable to local peers and/or ORC minimums and appropriate based on the District's financial condition?	R.10
Facilities	
Are building utilization rates efficient when compared to industry benchmarks and appropriate based on the District's financial condition?	R.11
Is facilities staffing efficient compared to benchmarks and appropriate based on the District's financial condition?	R.12
Are the facilities expenditures comparable to peers and/or industry standards and appropriate based on the District's financial condition?	R.13
Transportation	
Are the District T-Report procedures and practices consistent with ODE requirements?	N/A
Is the fleet sized appropriately and routed efficiently compared to leading practices and are transportation operations appropriate based on the District's financial condition?	N/A
Is the fleet maintained efficiently compared to industry benchmarks and/or transportation peers and appropriately based on the District's financial condition?	N/A
Are District fuel purchasing practices resulting in efficient pricing?	N/A
Is transportation operation security consistent with leading practices and appropriate based	N/A

on the District's financial condition?	
Are the bus replacement practices consistent with industry benchmarks and leading practices and appropriate based on the District's financial condition?	R.14
Food Service	
Is the Food Service Fund self-sufficient and consistent with leading practices?	R.15
Are the food service staffing levels efficient compared to peers and/or leading practices?	N/A

Note: 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.

Appendix B: Additional Comparisons

Staffing

PLSD's FY 2017-18 staffing levels by category is shown in **Chart 1**.²⁷ Analyses of staffing levels in that resulted in recommendations include the following: eliminate 2.5 FTE building administrator positions (see **R.2**); eliminate 3.5 FTE general education teacher positions (see **R.3**); eliminate 0.5 FTE career-technical programs teacher positions (see **R.4**); eliminate 1.0 FTE counselor position (see **R.5**); eliminate 0.5 FTE clerical position (see **R.6**); eliminate 1.0 FTE technical staffing position (see **R.7**); eliminate 2.5 FTE monitor staffing positions (see **R.8**); and eliminate 2.0 FTE library staff positions (see **R.9**). Staffing comparisons where the analysis did not result in a recommendation are presented for informational purposes below.

Administrators

In addition to the Superintendent and Treasurer, PLSD employed 2.00 FTE central office administrators and 7.00 FTE building administrators (see **Table 7**) in FY 2017-18. **Table B-1** shows a comparison of the District's FY 2016-17 administrative staffing per 1,000 students compared to the primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

²⁷ The individual positions within each staffing category in **Chart 1** are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

Table B-1: Central Office Administrator Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (Thousands)	1.899		1.987	(0.088)	
Position	PLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Administrative Assistant	0.00	0.00	0.10	(0.10)	(0.19)
Assistant, Deputy/Associate Superintendent	0.00	0.00	0.00	0.00	0.00
Supervisor/Manager	1.00	0.53	0.93	(0.40)	(0.76)
Coordinator	1.00	0.53	0.25	0.28	0.53
Education Administrative Specialist	0.00	0.00	0.05	(0.05)	(0.09)
Director	0.00	0.00	0.39	(0.39)	(0.74)
Community School Administrator	0.00	0.00	0.00	0.00	0.00
Building Manager	0.00	0.00	0.00	0.00	0.00
Other Official/Administrative ³	0.00	0.00	0.15	(0.15)	(0.28)
Total	2.00	1.06	1.87	(0.81)	(1.53)

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of central office administrator FTEs per 1,000 students in line with the primary peer average.

³ The District contracts with MVRCOG for equivalent employees in this position. The District reported 0.5 FTEs of other official/administrative employees. Costs of these employees are recorded in purchased services.

As shown in **Table B-1**, PLSD employs fewer overall FTE central office administrative staff than the primary peer average.

Educational

Table B-2 shows a comparison of the District's FY 2017-18 teaching staff compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-2: Teacher Staff Comparison

Students	PLSD	Primary Peer Avg.	Difference		
Students Educated ¹	1,899	1,987	(88)		
Students Educated (thousands)	1.899	1.987	(0.088)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
General Education	86.18	45.38	43.38	2.00	3.80
Gifted and Talented	0.00	0.00	0.48	(0.48)	(0.91)
Career-Technical Programs/Career Pathways	2.00	1.05	0.62	0.43	0.82
LEP Instructional Program	0.00	0.00	0.00	0.00	0.00
Art Education K-8	1.00	0.53	1.21	(0.68)	(1.29)
Music Education K-8	3.00	1.58	1.43	0.15	.28
Physical Education K-8	2.00	1.05	1.65	(0.60)	(1.14)

Source: PLSD and primary peers

Note: Teaching assignments related exclusively to special education are excluded, as the special education positions are removed from the staffing analysis (see **District Staffing Overview** in the **Executive Summary**).

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of administrative FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-2**, PLSD employs fewer FTE educational staff than the primary peer average for the gifted and talented, art education K-8, and physical education K-8 categories. Furthermore, PLSD employs more FTE education staff than the primary peer average for the general education, career-technical programs/career pathways, and music education K-8 categories.

Analyses of teaching staff that resulted in recommendations include the elimination of 3.5 FTE general education teacher positions (see **R.3**) and the elimination of 0.5 FTE career-technical programs teacher positions (see **R.4**).

Table B-3 shows a comparison of the District's FY 2017-18 non-teaching educational staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-3: Non-Teaching Educational Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Curriculum Specialist	0.00	0.00	0.05	(0.05)	(0.09)
Counseling	5.00	2.63	1.87	0.76	1.44
Remedial Specialist	0.00	0.00	1.31	(1.31)	(2.49)
Tutor/Small Group Instructor ³	0.00	0.00	1.33	(1.33)	(2.53)
Audio-Visual Staff	0.00	0.00	0.00	0.00	0.00
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.00	0.00	0.00
Teacher Mentor/Evaluator	0.00	0.00	0.00	0.00	0.00
Other Educational	1.00	0.53	0.45	0.08	0.15

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of administrative FTEs per 1,000 students in line with the primary peer average.

³ The District contracts with MVRCOG for equivalent employees in this position. The District reported 6.0 FTEs of tutor/small group instructor employees. Costs of these employees are recorded in purchased services.

As shown in **Table B-3**, PLSD employs fewer FTE non-teaching educational staff than the primary peer average for the curriculum specialist, remedial specialist, tutor/small group instructor categories. Furthermore, PLSD employs more FTE education staff than the primary peer average for the counseling and other educational categories.

Analyses of the non-teaching educational staff that resulted in a recommendation includes the elimination of 1.0 FTE counselor position (See **R.5**).

Professional

Table B-4 shows a comparison of the District's FY 2017-18 professional staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-4: Professional Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Accounting	0.00	0.00	0.22	(0.22)	(0.42)
Dietitian/Nutritionist	0.00	0.00	0.00	0.00	0.00
Publicity Relations	0.00	0.00	0.05	(0.05)	(0.09)
Social Work	0.00	0.00	0.00	0.00	0.00
Visiting Teacher	0.00	0.00	0.00	0.00	0.00
Planning/Research/Development/ Evaluation/Analysis	0.00	0.00	0.10	(0.10)	(0.19)
Other Professional - Other	0.00	0.00	0.15	(0.15)	(0.28)

Source: PLSD and primary peers

Note: Professional assignments related exclusively to special education such as therapists are excluded, as the special education positions are removed from the staffing analysis (see **District Staffing Overview** in the **Executive Summary**).

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of administrative FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-4**, PLSD employs fewer FTE professional staff than the primary peer average.

Technical

Table B-5 shows a comparison of the District's FY 2017-18 technical staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-5: Technical Staff Comparison

Students	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
Position	PLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Computer Operating	1.00	0.53	0.35	0.18	0.34
Computer Programming	1.00	0.53	0.10	0.43	0.82
Other Technical ³	0.00	0.00	0.28	(0.28)	(0.53)

Source: PLSD and primary peers

Note: This comparison includes only the computer related positions from the technical category. The remaining positions within the EMIS technical category are compared based on job functions in the Other Positions comparisons.

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of administrative FTEs per 1,000 students in line with the primary peer average.

³ The District contracts with MVRCOG for equivalent employees in this position. The District reported 1.25 FTEs of other technical employees. Costs of these employees are recorded in purchased services.

As shown in **Table B-5**, PLSD employs fewer FTE technical staff than the primary peer average for the computer programming and other technical categories. Furthermore, PLSD employs more FTE technical staff than the primary peer average for the computer operating category.

Analyses of the technical staff that resulted in a recommendation includes the elimination of 0.5 FTE computer programming position (See **R.7**).

Other Position Comparisons ²⁸

Table B-6 shows the District's FY 2017-18 nursing staff compared to the FY 2016-17 primary peer average per 1,000 students. Comparing nursing staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

²⁸ Positions within one EMIS staffing category can sometimes have job functions comparable to positions within another category. For these reasons, the District's staffing was analyzed by making comparisons to respective benchmarks based on job functions, regardless of the category in which they are defined within EMIS.

Table B-6: Nursing Staff Comparison

	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
	PLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Registered Nursing	2.00	1.05	0.65	0.40	0.76
Practical Nursing	0.00	0.00	0.40	(0.40)	(0.76)
Total	2.00	1.05	1.05	0.00	0.00

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of nursing FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-6**, in total, PLSD's nursing staff is in line with the primary peer average. Although the District has more registered nurses, it does not employ practical nurses, whereas the peers employ both.

Table B-7 shows the District's FY 2017-18 classroom support staff compared to the FY 2016-17 primary peer average per 1,000 students. Comparing classroom support staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-7: Classroom Support Staff Comparison

	PLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,899		1,987	(88)	
Students Educated (thousands)	1.899		1.987	(0.088)	
	PLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Instructional Paraprofessional	0.00	0.00	0.05	(0.05)	(0.09)
Teaching Aide ³	1.00	0.53	4.52	(3.99)	(7.58)
Total	1.00	0.53	4.57	(4.04)	(7.67)

Source: PLSD and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of classroom support FTEs per 1,000 students in line with the primary peer average.

³ The District contracts with MVRCOG with equivalent employees in this position. The District reported 9.0 FTEs of teaching aide employees. The costs of these employees are recorded in purchased services.

As shown in **Table B-7**, PLSD employs fewer overall FTE classroom support staff than the primary peer average.

Salaries

Table B-8 shows the District's FY 2017-18 certificated and classified salary schedules compared to the local peers over the course of 30 years. Comparing career compensation to the local peer average takes into account regional variations in the labor market.

Table B-8: Career Compensation Comparison

Certificated				
	PLSD	Local Peer Average	Difference	% Difference
Bachelors	\$1,631,129	\$1,584,180	\$46,949	3.0%
BA +20 hours	\$1,694,654	\$1,685,912	\$8,742	0.5%
MA	\$1,847,849	\$1,787,559	\$60,290	3.4%
MA +20 hours	\$1,925,507	\$1,868,821	\$56,686	3.0%
MA +30 hours	\$1,964,336	\$1,901,693	\$62,643	3.3%
Classified				
	PLSD	Local Peer Average	Difference	% Difference
Bus Drivers	\$327,921	\$486,856	(\$158,935)	(32.6%)
Secretaries	\$735,505	\$1,074,746	(\$339,241)	(31.6%)
Custodians	\$796,345	\$1,150,657	(\$354,312)	(30.8%)
Mechanics	\$1,417,225	\$1,234,724	\$182,501	14.8%

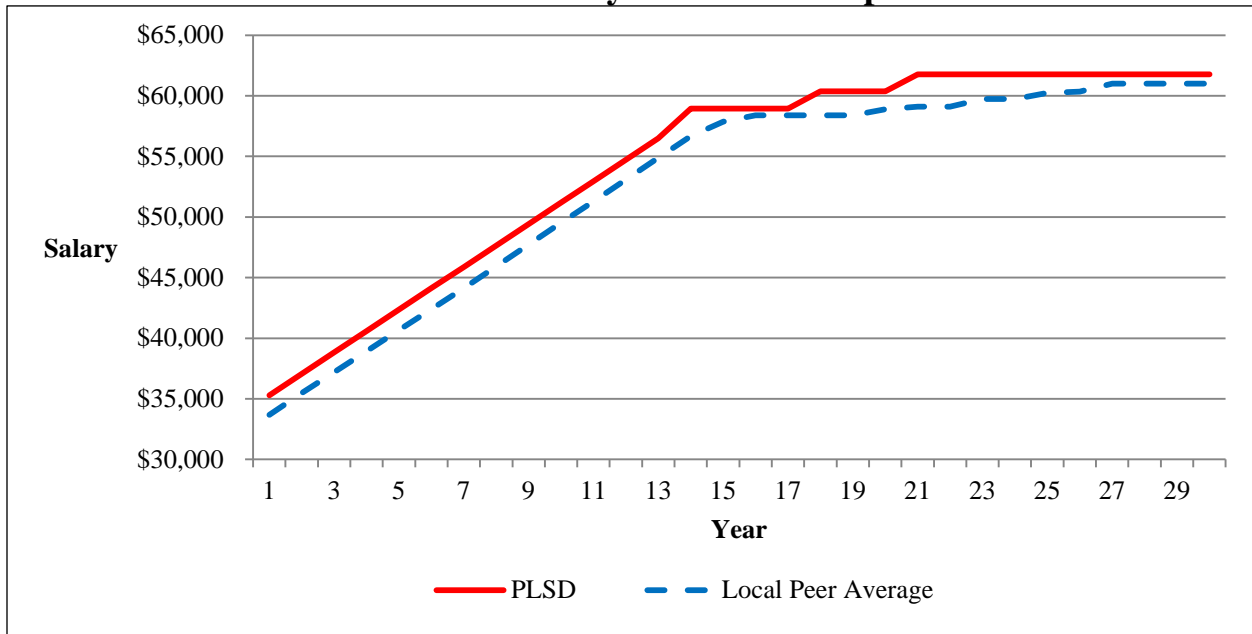
Source: PLSD and local peers

Note: Classified compensation is based on the hours worked and days per year of a full-time employee in that position at PLSD.

As shown in **Table B-8**, compensation for certificated employees is between 0.5 and 3.4 percent higher than the local peer average when projected over the course of a 30-year career. For classified compensation, mechanics is the only position group that is higher than the local peer average.

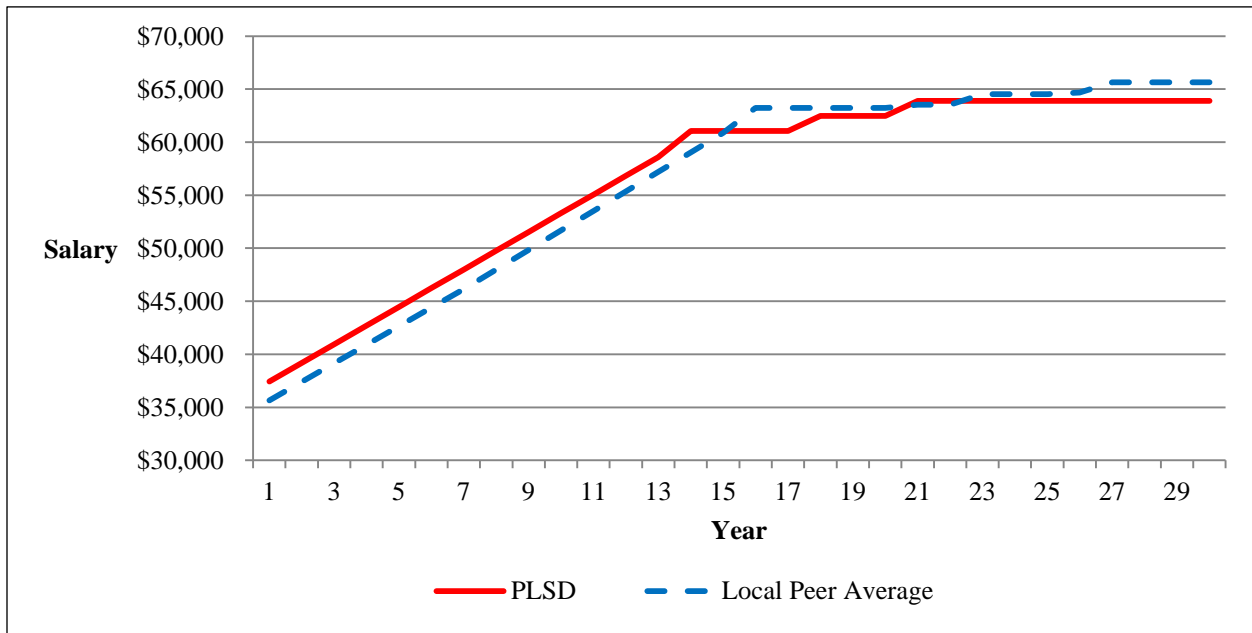
Charts B-1 through **B-9** provide additional context to the analysis shown in **Table B-8** by showing comparisons of PLSD's certificated and classified salary schedules to the local peer averages for FY 2016-17. In FY 2015-16, the salary schedules for custodians, secretaries, and bus drivers were renegotiated. Therefore, **Charts B-7** through **B-9** include previous and current salary schedules. Examining beginning salaries and steps in the pay schedule helps identify the cause of the variation relative to the local peer districts.

Chart B-1: BA Salary Schedule Comparison



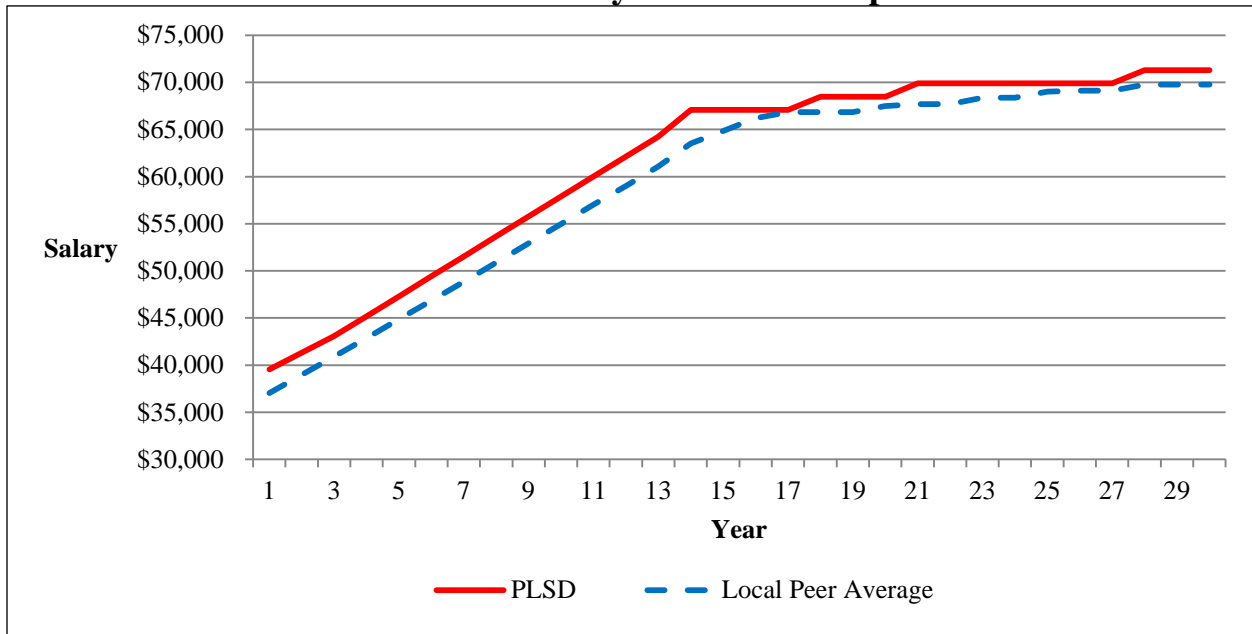
Source: PLSD and local peers

Chart B-2: BA + 20 Hours Salary Schedule Comparison



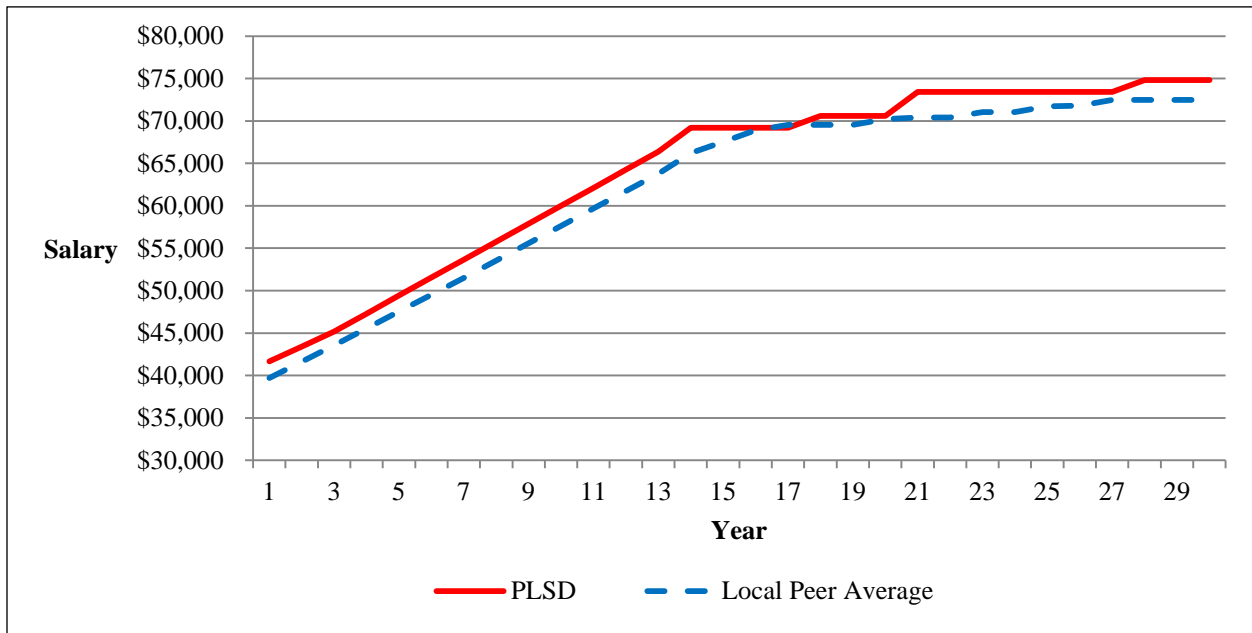
Source: PLSD and local peers

Chart B-3: MA Salary Schedule Comparison



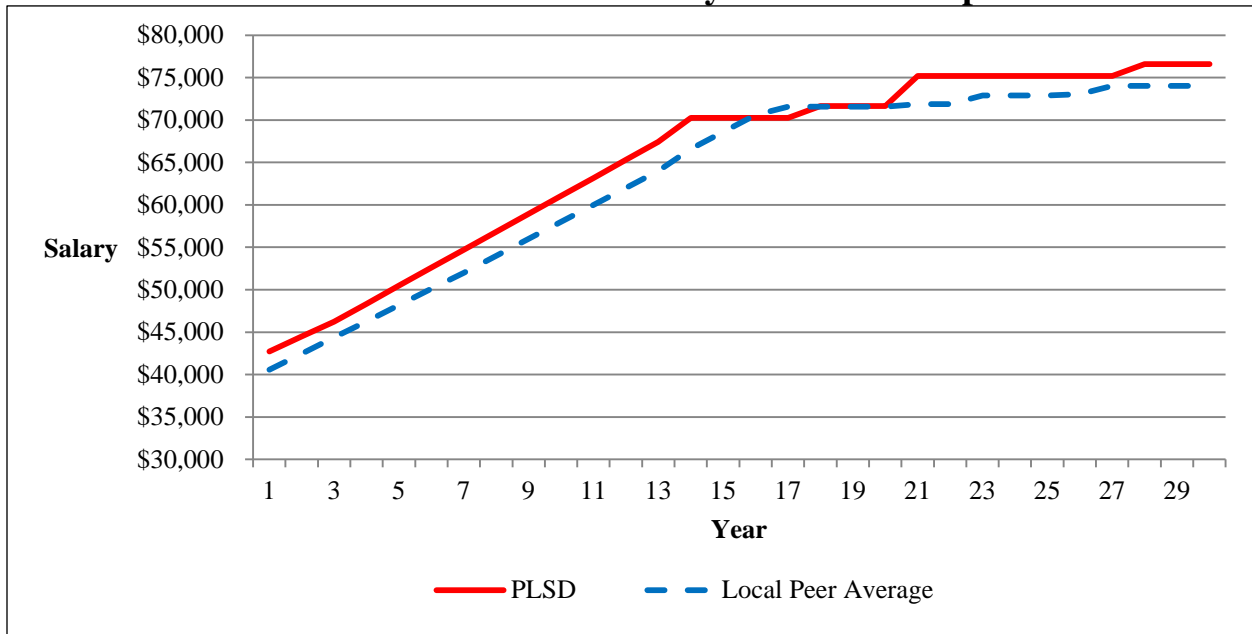
Source: PLSD and local peers

Chart B-4: MA + 20 Hours Salary Schedule Comparison



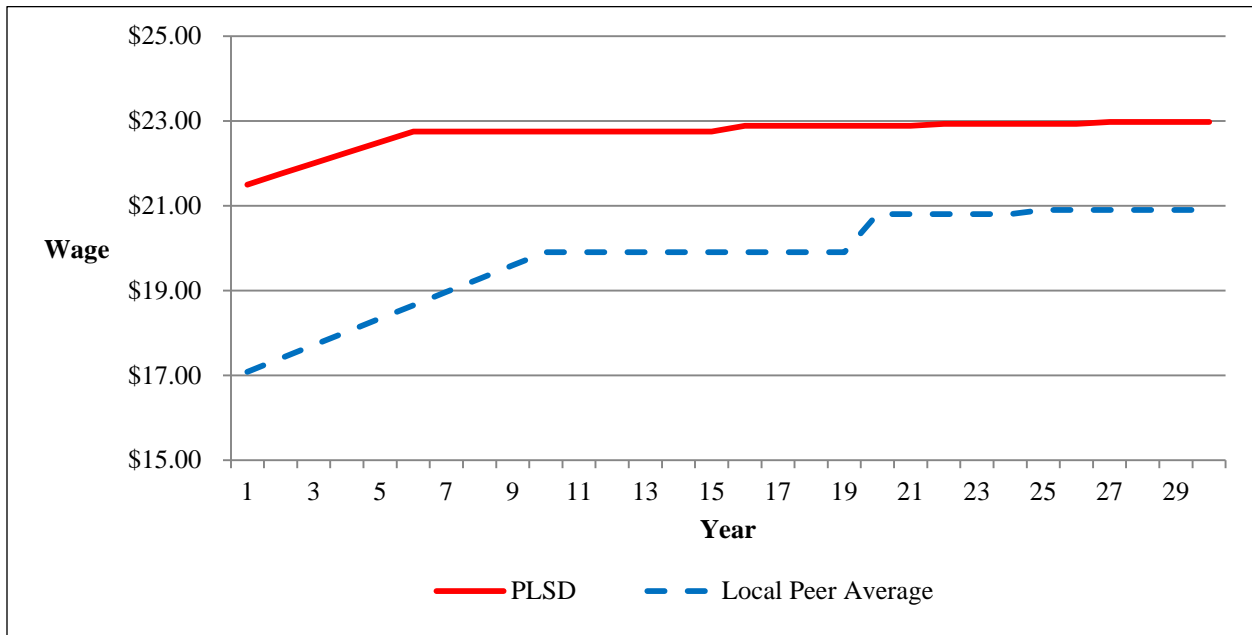
Source: PLSD and local peers

Chart B-5: MA + 30 Hours Salary Schedule Comparison



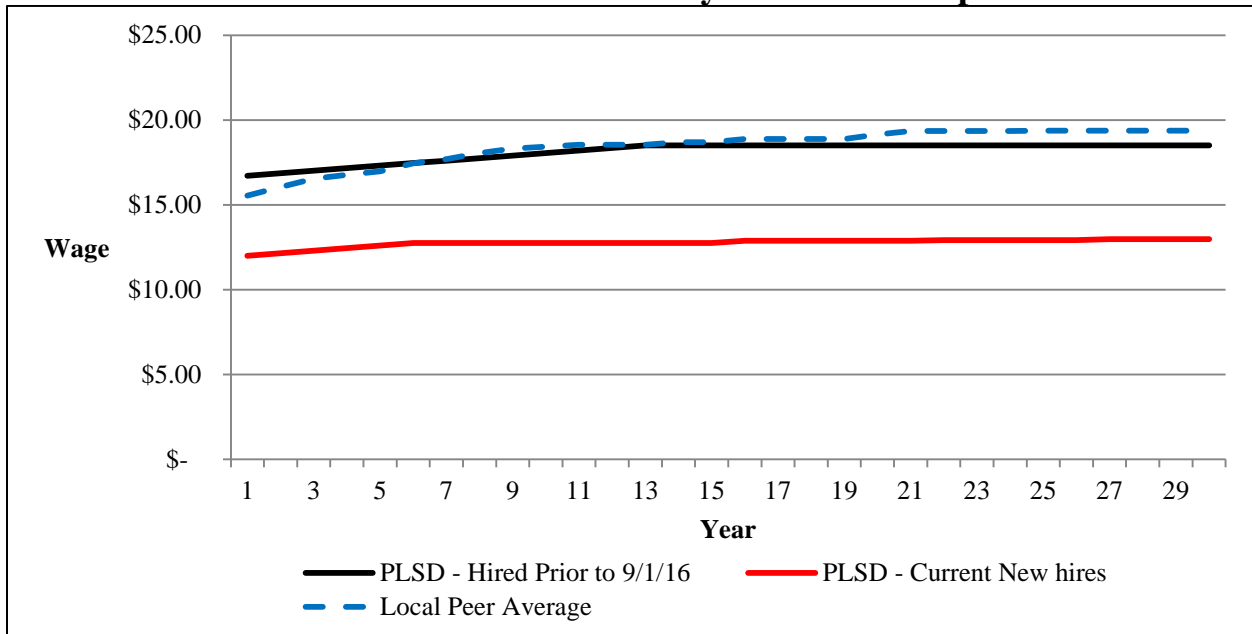
Source: PLSD and local peers

Chart B-6: Mechanic Salary Schedule Comparison



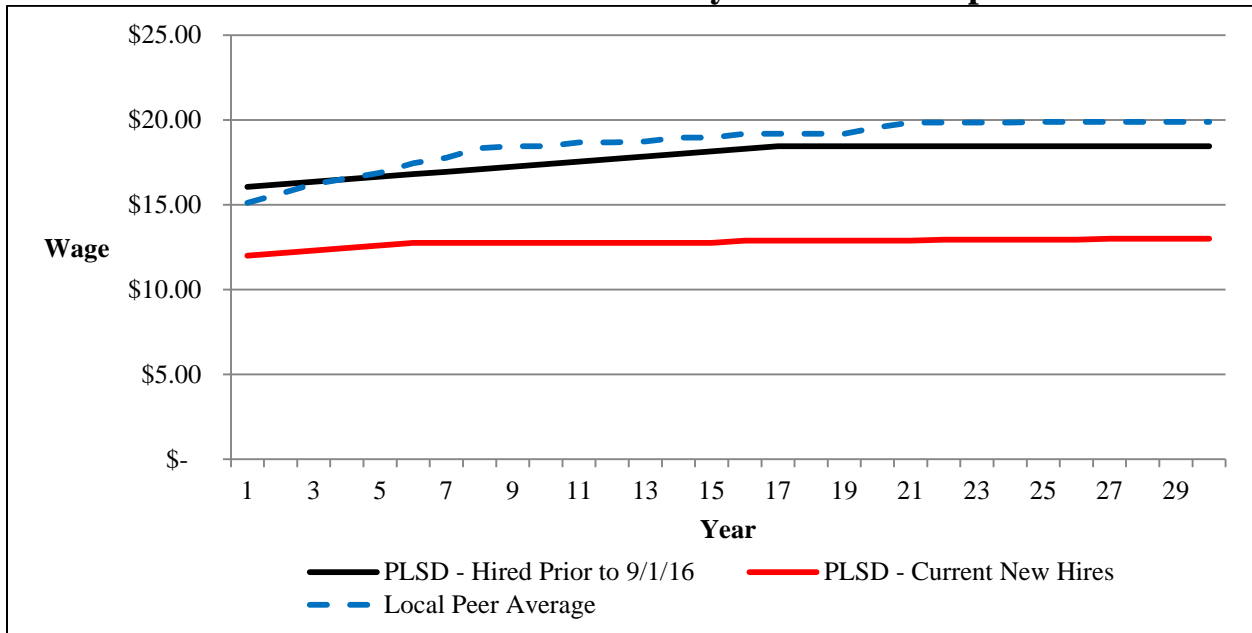
Source: PLSD and local peers

Chart B-7: Custodial Staff Salary Schedule Comparison



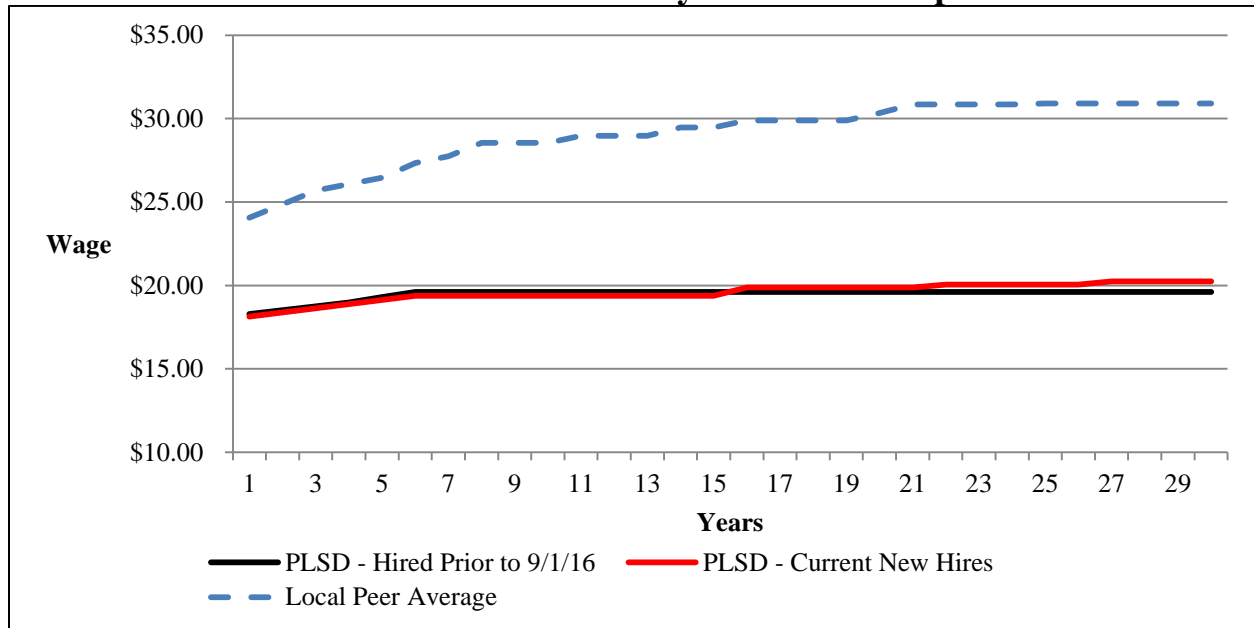
Source: PLSD and local peers

Chart B-8: Secretarial Staff Salary Schedule Comparison



Source: PLSD and local peers

Chart B-9: Bus Drivers Salary Schedule Comparison



Source: PLSD and local peers

Sick Leave Severance

Table B-9 shows the District's maximum financial liability for sick leave severance by position in comparison to the projected liability that could result from bringing CBA provisions for sick leave payout in line with ORC minimums (see **R.10**). This analysis provides an indication of the District's current maximum sick leave severance exposure compared to the minimum levels required.

Table B-9: Difference between ORC and PLSD for Severance Liability

Certificated Employees						
	Final Daily Rate of Pay	CBA Maximum Severance Days	Maximum Payout	ORC Minimum	Pay Out at ORC	Difference
BA	\$335.72	60	\$20,143.20	30	\$10,071.60	\$10,071.60
BA + 20	\$347.22	60	\$20,833.20	30	\$10,416.60	\$10,416.60
MA	\$387.51	60	\$23,250.60	30	\$11,625.30	\$11,625.30
MA + 20	\$406.70	60	\$24,402.00	30	\$12,201.00	\$12,201.00
MA + 30	\$416.29	60	\$24,977.40	30	\$12,488.70	\$12,488.70
Average Difference						\$11,360.64
Classified Employees						
Bus Driver	\$72.71	63	\$4,580.73	30	\$2,181.38	\$2,399.35
Custodian	\$102.00	63	\$6,426.00	30	\$3,060.00	\$3,366.00
Groundskeeper	\$126.00	63	\$7,938.00	30	\$3,780.00	\$4,158.00
Mechanic	\$182.00	63	\$11,466.00	30	\$5,460.00	\$6,006.00
Secretary	\$102.00	63	\$6,426.00	30	\$3,060.00	\$3,366.00
Average Difference						\$3,859.10

Source: PLSD and the ORC

Note: Classified severance payments based on the average daily hours for each job classification.

As shown in **Table B-9**, employees are entitled to receive severance payout for more days at retirement than the ORC minimum, resulting in an increased financial liability to the District. Adjusting payouts to the ORC minimum could decrease the District's future severance liability.

Facilities

Table B-10 shows the District's FY 2016-17 building and grounds staffing compared to industry benchmarks established by the National Center for Educational Statistics²⁹ (NCES) and American School and University³⁰ (AS&U). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

Table B-10: Building & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	2.3
Acreage Maintained	94.3
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	2.3
Grounds FTEs Above/(Below) Benchmark	(0.0)
Custodial Staffing	
Custodial FTEs	18.6
Square Footage Cleaned	381,472
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	12.9
Custodial FTEs Above/(Below) Benchmark	5.7
Maintenance Staffing	
Maintenance FTEs	0.0
Square Footage Maintained	381,472
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	4.0
Maintenance FTEs Above/(Below) Benchmark	(4.0)
Total Buildings & Grounds Staffing	
Total FTEs Employed	20.9
Total Benchmarked Staffing Need	19.3
Total FTEs Above/(Below) Benchmark	1.6

Source: PLSD, AS&U, and NCES

As shown in **Table B-10**, PLSD's custodial staffing is the only building and grounds staffing category to exceed its respective benchmark (see **R.12**), while grounds and maintenance staffing are lower.

Table B-11 shows the District's FY 2015-16 facilities operating costs per square foot compared to the primary peer average. Comparing expenditures per square foot gives an indication of the cost effectiveness of the District's facility operations as it normalizes size variances between districts.

²⁹ The NCES is the primary federal entity for collecting, analyzing, and reporting data related to education in the US and other nations and publishes a planning guide for maintaining school facilities.

³⁰ The AS&U is a trade organization focused on school facility management which published school facility management related survey data collected during the period 2005 to 2009.

Table B-11: Facilities Expenditures per Square Foot Comparison

	PLSD	Primary Peer Average	Difference	% Difference
Salaries and Wages	\$2.06	\$2.07	(\$0.01)	(0.5%)
Employee Benefits	\$0.47	\$0.88	(\$0.40)	(46.0%)
Purchased Services (Excluding Utilities)	\$1.36	\$0.60	\$0.76	126.6%
Utilities	\$1.28	\$1.16	\$0.12	10.3%
Supplies & Materials	\$0.25	\$0.44	(\$0.19)	(43.2%)
Capital Outlay	\$0.00	\$0.03	(\$0.03)	(100.0%)
Other Objects	\$0.00	\$0.01	(\$0.01)	(100.0%)
Total Expenditures per Square Foot	\$5.42	\$5.19	\$0.24	4.6%

Source: ODE and primary peers

As shown in **Table B-11**, PLSD spent \$0.24, or 4.6 percent, more than the primary peer average for the operations of its facilities. All classifications were less than the primary peer average except purchased services and utilities (see **R.13**).

R.11 recommends the closure of two school buildings, however, a less drastic option would be the closure of one building. **Table B-12** shows the projected utilization assuming the District only closes Dobbins Elementary. This analysis shows how the closure of one building could impact the overall usage of the District's facilities.

Table B-12: Revised Utilization with Dobbins Elementary Closure

	Functional Capacity	Head Count	Utilization
Elementary			
Union Elementary	450	354	78.7%
Dobbins Elementary	Closed	Closed	Closed
McKinley Elementary	625	394	63.0%
Total Elementary	1,075	748	69.6%
Middle School			
Poland Middle School	786.25	437	55.6%
Total Middle School	786.25	437	55.6%
High School			
Poland Seminary High	998.75	657	65.8%
Total High School	998.75	657	65.8%
District-wide			
Total	2,860	1,842¹	64.4%

Source: PLSD

¹ 2017-18 student enrollment based on most recent student headcount.

As shown in **Table B-12**, it is possible to improve building utilization through targeted building closures. Closing only Dobbins Elementary could increase the utilization of McKinley Elementary to slightly more than 85 percent and result in an overall utilization rate of 64.4 percent and should not lead to over-crowding of any building.

Transportation

Table B-13 shows the District's FY 2016-17 transportation expenditures per bus, rider, and mile compared to the transportation peers. It is important to compare and monitor expenditures using workload measures in order to determine proper staffing and fleet levels and maintain efficiency.

Table B-13: Transportation Cost Comparison

	PLSD	Transportation Peer Average	Difference
Cost Per Yellow Bus Rider	\$655.24	\$823.75	(20.5%)
Cost Per Assigned Bus	\$35,141.53	\$56,060.78	(37.3%)
Cost Per Routine Mile	\$4.91	\$5.14	(4.5%)

Source: PLSD and ODE

As shown in **Table B-13**, PLSD's expenditures are below transportation peers per rider, bus, and mile.

Appendix C: Five-Year Forecast

Chart C-1 shows the District's May 2017 five-year forecast.

Chart C-1: May 2017 Five-Year Forecast

Line	Actual			Forecasted				
	2014	2015	2016	2017	2018	2019	2020	2021
1.010 General Property (Real Estate)	11,939,334	12,530,294	12,405,340	12,690,400	12,384,248	11,449,874	10,075,671	9,652,975
1.020 Tangible Personal Property Tax	631,436	674,956	672,544	712,107	723,804	677,555	614,502	593,516
1.035 Unrestricted Grants-in-Aid	5,564,679	5,535,749	5,580,113	5,452,372	5,305,565	5,302,887	5,300,669	5,300,041
1.040 Restricted Grants-in-Aid	23,519	58,673	42,565	31,683	30,941	30,426	30,000	29,880
1.050 Property Tax Allocation	2,005,461	2,004,747	2,000,065	1,995,521	2,006,424	1,852,981	1,619,226	1,549,230
1.060 All Other Operating Revenue	247,158	314,891	322,467	379,675	329,675	329,675	329,675	329,675
1.070 Total Revenue	20,411,587	21,119,310	21,023,094	21,261,757	20,780,658	19,643,399	17,969,744	17,455,317
2.060 All Other Financial Sources	49,025	71,099	2,437					
2.070 Total Other Financing Sources	49,025	71,099	2,437					
2.080 Total Revenues and Other Financing Sources	20,460,612	21,190,409	21,025,531	21,261,757	20,780,658	19,643,399	17,969,744	17,455,317
3.010 Personnel Services	10,841,653	11,360,272	11,407,875	10,946,200	11,241,747	11,545,275	11,856,997	12,177,136
3.020 Employees' Retirement/Insurance Benefits	3,970,668	3,870,763	4,276,878	4,412,009	4,567,585	4,843,555	5,143,576	5,469,959
3.030 Purchased Services	2,917,638	3,503,273	3,866,478	4,684,560	4,825,097	4,969,850	5,118,945	5,272,514
3.040 Supplies and Materials	598,059	511,663	496,492	510,918	526,246	542,033	558,294	575,043
3.050 Capital Outlay	614,526	142,410	859,007	328,275	526,483	542,278	558,546	575,302
4.010 Debt Service: All Principal (Historical)	360,207	371,935	383,480					
4.050 Debt Service: Principal - HB 264 Loans				190,550	194,550	198,550	203,550	167,887
4.055 Debt Service: Principal - Other				204,200	212,232	219,688	228,705	238,289
4.060 Debt Service: Interest and Fiscal Charges	161,646	146,276	130,776	115,100	99,185	82,704	65,283	47,137
4.300 Other Objects	301,003	291,473	284,503	303,907	313,024	322,415	332,087	342,050
4.500 Total Expenditures	19,765,400	20,198,065	21,705,489	21,695,719	22,506,149	23,266,347	24,065,984	24,865,317
5.010 Operational Transfers - Out	67,000	74,500	78,843	75,000	75,000	75,000	75,000	75,000
5.040 Total Other Financing Uses	67,000	74,500	78,843	75,000	75,000	75,000	75,000	75,000
5.050 Total Expenditure and Other Financing Uses	19,832,400	20,272,565	21,784,332	21,770,719	22,581,149	23,341,347	24,140,984	24,940,317
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	628,212	917,844	-758,801	-508,962	-1,800,491	-3,697,948	-6,171,240	-7,485,000
7.010 Beginning Cash Balance	3,033,598	3,661,810	4,579,654	3,820,853	3,311,891	1,511,400	-2,186,548	-8,357,788
7.020 Ending Cash Balance	3,661,810	4,579,654	3,820,853	3,311,891	1,511,400	-2,186,548	-8,357,788	-15,842,788
8.010 Outstanding Encumbrances	130,223	574,679	91,376	50,000	50,000	50,000	50,000	50,000
10.010 Fund Balance June 30 for Certification of Appropriations	3,531,587	4,004,975	3,729,477	3,261,891	1,461,400	-2,236,548	-8,407,788	-15,892,788
11.020 Property Tax - Renewal or Replacement						1,157,301	2,855,879	3,397,213
11.300 Cumulative Balance of Replacement/Renewal Levies						1,157,301	4,013,180	7,410,393
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	3,531,587	4,004,975	3,729,477	3,261,891	1,461,400	-1,079,247	-4,394,608	-8,482,395
15.010 Unreserved Fund Balance June 30	3,531,587	4,004,975	3,729,477	3,261,891	1,461,400	-1,079,247	-4,394,608	-8,482,395

Source: PLSD and ODE

Chart C-2 shows the District's October 2017 five-year forecast.

Chart C-2: October 2017 Five-Year Forecast

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	12,530,294	12,405,340	12,690,400	12,335,609	11,483,621	10,102,851	9,677,877	9,127,340
1.020 Tangible Personal Property Tax	674,956	672,544	712,106	729,064	684,024	619,747	598,340	571,708
1.035 Unrestricted Grants-in-Aid	5,535,749	5,580,113	5,453,700	5,462,907	5,570,183	5,568,514	5,567,554	5,566,176
1.040 Restricted Grants-in-Aid	58,673	42,565	120,667	54,567	54,517	54,207	54,029	53,772
1.050 Property Tax Allocation	2,004,747	2,000,065	1,995,521	1,998,573	1,841,027	1,608,088	1,537,854	1,448,180
1.060 All Other Operating Revenue	314,891	322,467	276,381	372,073	299,813	299,813	299,813	299,813
1.070 Total Revenue	21,119,310	21,023,094	21,248,775	20,952,794	19,933,185	18,253,219	17,735,465	17,066,990
2.060 All Other Financial Sources	71,099	2,437	11,513	1,976				
2.070 Total Other Financing Sources	71,099	2,437	11,513	1,976				
2.080 Total Revenues and Other Financing Sources	21,190,409	21,025,531	21,260,288	20,954,770	19,933,185	18,253,219	17,735,465	17,066,990
3.010 Personnel Services	11,360,272	11,407,875	10,799,196	10,278,285	10,555,798	10,840,805	11,133,507	11,434,111
3.020 Employees' Retirement/Insurance Benefits	3,870,763	4,276,878	4,291,772	4,331,782	4,613,142	4,919,366	5,252,852	5,616,236
3.030 Purchased Services	3,503,273	3,866,478	4,523,090	4,736,496	4,878,591	5,024,949	5,175,697	5,330,968
3.040 Supplies and Materials	511,663	496,492	446,098	725,020	746,770	794,173	929,248	816,016
3.050 Capital Outlay	142,410	859,007	257,342	185,180	410,000	310,000	400,000	100,000
4.010 Debt Service: All Principal (Historical)	371,935	383,480	395,773					
4.050 Debt Service: Principal - HB 264 Loans				194,550	198,550	203,550	167,887	134,000
4.055 Debt Service: Principal - Other				212,232	219,688	228,705	238,289	248,174
4.060 Debt Service: Interest and Fiscal Charges	146,276	130,776	114,149	96,984	82,704	65,283	47,137	31,377
4.300 Other Objects	291,473	284,503	294,734	322,388	332,059	342,021	352,282	362,850
4.500 Total Expenditures	20,198,065	21,705,489	21,122,154	21,082,916	22,037,303	22,728,852	23,696,899	24,073,732
5.010 Operational Transfers - Out	74,500	78,843	95,556	141,500	85,000	85,000	85,000	85,000
5.040 Total Other Financing Uses	74,500	78,843	95,556	141,500	85,000	85,000	85,000	85,000
5.050 Total Expenditure and Other Financing Uses	20,272,565	21,784,332	21,217,710	21,224,416	22,122,303	22,813,852	23,781,899	24,158,732
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	917,844	-758,801	42,578	-269,646	-2,189,118	-4,560,633	-6,046,434	-7,091,742
7.010 Beginning Cash Balance	3,661,816	4,579,660	3,820,859	3,863,437	3,593,791	1,404,673	-3,155,960	-9,202,394
7.020 Ending Cash Balance	4,579,660	3,820,859	3,863,437	3,593,791	1,404,673	-3,155,960	-9,202,394	-16,294,136
8.010 Outstanding Encumbrances	574,679	91,376	119,721	50,000	50,000	50,000	50,000	50,000
10.010 Fund Balance June 30 for Certification of Appropriations	4,004,981	3,729,483	3,743,716	3,543,791	1,354,673	-3,205,960	-9,252,394	-16,344,136
11.020 Property Tax - Renewal or Replacement					1,160,608	2,864,040	3,406,923	4,099,585
11.300 Cumulative Balance of Replacement/Renewal Levies					1,160,608	4,024,648	7,431,571	11,531,156
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	4,004,981	3,729,483	3,743,716	3,543,791	2,515,281	818,688	-1,820,823	-4,812,980
15.010 Unreserved Fund Balance June 30	4,004,981	3,729,483	3,743,716	3,543,791	2,515,281	818,688	-1,820,823	-4,812,980

Source: PLSD and ODE

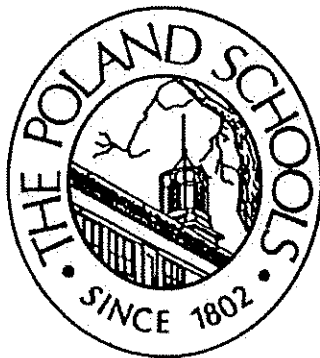
Client Response

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

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Food Service Director
JONATHAN PERA
Technology Coordinator

February 14, 2018

To Whom It May Concern:

On behalf of the Poland Local District, we would like to thank the entire performance audit team for their time and effort in preparing the audit report for our district. The following are responses and comments regarding the audit and the district's actions to date having affected it.

The Poland Local School District has been proactive the last several years identifying areas in which can be improved upon for efficiency purposes. We are a district that provides a high-quality education at a great value, as our tax rates are lower than many of our neighboring districts.

An area of recognition, which was identified in the audit, is our transportation costs are far below our peers. This may be attributed to changes in transportation personnel, along with the purchase of routing software leading to greater efficiency in this area. Furthermore, five (5) new busses were purchased in the last few years reducing the over-all age of our fleet.

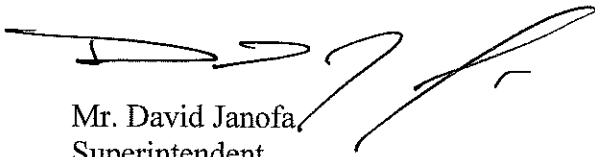
In 2014, the Poland School Board adopted a redistricting, realignment, and restructuring action plan, which would right size the district that would align the number of facilities with the staff at levels appropriate to our enrollment. This plan called for the closing of buildings, reducing staff through attrition and realigning grade levels district-wide. This proactive approach in staffing reductions along with other cost savings measures as identified below affected factors within the 5-year forecast creating a positive shift of over \$2 million to the bottom line. Additional reductions, as recommended in the performance audit are currently under review.

Specific areas of operation continue to be a focus moving forward as we strive to be more efficient and effective. Some of these include but are not limited to:


- Evaluation and restructuring our food service program
- Restructuring our purchased services by evaluating our outside resources and providing more in-house services
- Implementing energy saving programs where applicable
- Being actively engaged with consortium purchasing programs
- Implemented changes to contracts with:
 - Educational Service Center
 - Copiers
 - Utilities such as gas and electric
 - Fuel Purchasing

Again, we thank you for the time and work involved in preparing this performance audit.

Sincerely,



Mr. David Janofa
Superintendent



Mrs. Janet Muntean
Treasurer

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Dave Yost • Auditor of State

POLAND LOCAL SCHOOL DISTRICT

MAHONING 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
FEBRUARY 27, 2018**