

OHIO AUDITOR OF STATE  
KEITH FABER



Fremont  
City School District

# Performance Audit

December 21, 2021

OHIO AUDITOR OF STATE  
**KEITH FABER**



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**To the Fremont City School District community,**

The Auditor of State's Office recently completed a performance audit for the Fremont City School District (the District). The District was selected for a performance audit based on its projected financial condition. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. The performance audit has been provided at no cost to the District through state funds set aside to provide analyses for districts that meet certain criteria, including conditions that would lead to fiscal distress.

This performance audit report contains recommendations, supported by detailed analysis, to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management. The District has been encouraged to use the recommendations contained in the report and to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

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

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

Sincerely,

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 21, 2021

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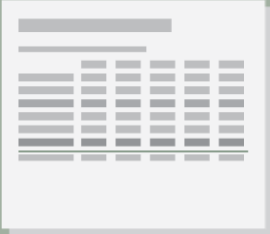


# Introduction

The public expects and deserves government entities to be good stewards of taxpayer dollars. School officials have a responsibility to maximize program outcomes and success while minimizing costs. Transparent management of taxpayer dollars promotes a good relationship with the constituents served by a school district. School districts in Ohio are required to submit budget forecasts to the Ohio Department of Education (ODE) annually in the fall, with updates to the forecast submitted in the spring.<sup>1</sup> These documents provide three years of historical financial data, as well as the projected revenues and expenses for a five-year period.

## Ohio Department of Education Five-Year Forecasts

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



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

The Ohio Auditor of State's Office Ohio Performance Team (OPT) routinely reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to assist school districts that are struggling financially. We use data-driven analyses to produce and support recommendations that identify opportunities for improved operations, effectiveness, increased transparency and reductions in cost. While we have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.<sup>2</sup>



## NOTE TO REPORT USERS

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

<sup>1</sup> Ohio Rev. Code § 5705.391 and Ohio Admin. Code 3301-92-04.

<sup>2</sup> Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see [Appendix A](#) for more details.

# Fremont City School District

Fremont City School District (FCSD or the District) is located in Sandusky County and, as of October 2020, had 3,391 students enrolled. The District spans 143 square miles and has a median income of \$31,770. Of the total enrolled students, 13.4 percent were students with disabilities and 72.8 percent were considered economically disadvantaged.

In May 2018, the District passed a 1.25 percent income tax renewal levy which will be up for renewal again in May 2023. A 37-year bond issue was passed in May 2017 to raise \$58.6 million for the construction of four new elementary schools and a new high school. The elementary school buildings were open for instruction in the fall of 2020 and the high school will open in January, 2022.

The District has seen continued declining enrollment. Between FY 2016 and FY 2021, FCSD enrollment declined by approximately 677 students, a decline of 16.8 percent. Some of the declining enrollment is due to students choosing to attend non-District schools. In FY 2021, there were 384 resident students, or approximately 11.5 percent of the local student population who enrolled in schools outside the District, either through open enrollment or other school choice options. These students primarily open enrolled into Old Fort LSD, Clyde-Green Springs EVSD, Benton Carroll Salem LSD, and Gibsonburg EVSD.

## Financial Condition

In November 2020, FCSD released its semi-annual five-year forecast, which showed progressively declining year-end fund balances throughout the forecast period. That forecast showed deficit spending projected for FY 2021, and a negative fund balance in FY 2023 and beyond. Due to the declining financial condition, and in consultation with ODE, we chose to conduct a performance audit for the District.

### Financial Condition Overview (November 2020)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Revenue	\$42,184,012	\$42,820,505	\$44,047,124	\$40,332,579	\$36,413,410
Total Expenditures	\$43,361,275	\$45,278,507	\$46,116,271	\$46,892,802	\$47,683,627
<b>Results of Operations</b>	<b>(\$1,177,263)</b>	<b>(\$2,458,002)</b>	<b>(\$2,069,147)</b>	<b>(\$6,560,223)</b>	<b>(\$11,270,217)</b>
Beginning Cash Balance	\$4,128,710	\$2,951,447	\$493,445	(\$1,575,702)	(\$8,135,925)
<b>Ending Cash Balance</b>	<b>\$2,951,447</b>	<b>\$493,445</b>	<b>(\$1,575,702)</b>	<b>(\$8,135,925)</b>	<b>(\$19,406,142)</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$4,377,238	\$13,131,714
<b>Ending Fund Balance</b>	<b>\$2,951,447</b>	<b>\$493,445</b>	<b>(\$1,575,702)</b>	<b>(\$3,758,687)</b>	<b>(\$6,274,428)</b>

Source: ODE

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The District’s five-year forecast released in May 2021 presented an improved financial condition based on lower than expected expenditures in FY 2021, which delayed the projected negative fund balance by one year, from FY 2023 to FY 2024. The lower than expected expenditures resulted from reduced salary costs due to both certificated and classified salaries being frozen at FY 2020 levels.

### Financial Condition Overview (May 2021)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Revenue	\$42,847,571	\$42,933,889	\$44,169,573	\$40,409,478	\$36,442,338
Total Expenditures	\$41,347,123	\$45,177,007	\$46,013,756	\$46,788,749	\$47,578,013
<b>Results of Operations</b>	<b>\$1,500,448</b>	<b>(\$2,243,118)</b>	<b>(\$1,844,183)</b>	<b>(\$6,379,271)</b>	<b>(\$11,135,675)</b>
Beginning Cash Balance	\$4,128,710	\$5,629,158	\$3,386,039	\$1,541,856	(\$4,837,415)
<b>Ending Cash Balance</b>	<b>\$5,629,158</b>	<b>\$3,386,039</b>	<b>\$1,541,856</b>	<b>(\$4,837,415)</b>	<b>(\$15,973,090)</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0
Cumulative Bal of Replacement/Renewal Levies	\$0	\$0	\$0	\$4,377,238	\$13,131,714
<b>Ending Fund Balance</b>	<b>\$5,629,158</b>	<b>\$3,386,039</b>	<b>\$1,541,856</b>	<b>(\$460,177)</b>	<b>(\$2,841,376)</b>

Source: ODE

While the May 2021 forecast shows an improved financial condition, this improvement largely the result of a salary freeze. This is a short term solution and not sustainable as a means of controlling expenditures or balancing future years’ budgets. Further, in the May 2021 forecast the District still projects a negative fund balance of more than \$2.8 million by the end of the forecast period. If the District is unable to renew an existing income tax levy, the negative fund balance would increase to nearly \$16 million.

The District is aware that, based on its projections, there are future financial problems that need to be addressed. Therefore, the District asked OPT to proceed with the audit even though it had resolved its immediate deficit issues. The recommendations in this audit will assist District officials in making future operational decisions related to deficit spending.

## School Funding

Historically, school funding in Ohio has been a partnership between the state and local districts. Local districts can raise funds through property and income taxes and the state provides funding primarily through a foundation formula, which is intended to ensure a basic level of education funding for all students. Districts may also receive some funding from other sources, such as federal grants. In FY 2019, of the approximately \$23.5 billion in reported revenue for public education in Ohio, nearly 85 percent came from state and local sources.

## State Funding

On June 30, 2021 House Bill 110 of the 134<sup>th</sup> General Assembly (the biennial budget bill) was signed by the Governor. This bill included changes to the state foundation funding formula and replaced the previous state funding allocation model. This new model, commonly referred to as the Fair School Funding Plan, establishes and implements a cost methodology using student-teacher ratios, minimum staffing levels, local property values, and district-level income data. Further, the legislation includes guarantees to ensure no school district receives less funding than it did in FY 2021.

The new model is planned to be phased-in over several years, which will impact the amount of state funding received under the new formula over the period of the phase-in. During the phased-in period, the amount of state funding received in any given year will be less than what would have been received if the formula were fully funded. ODE is currently working to modify their systems in order to process payments according to the new funding model and districts began to see some changes to their payments in July of 2021. Payments reflecting all changes under the new funding model, as phased-in, are expected to begin in December of 2021.<sup>3</sup>

## Local Funding

Local revenue can be raised through a combination of property and income taxes. While property taxes are assessed on both residential and business properties within a district, income tax is assessed only on residents<sup>4</sup> – that is, individuals who work in a district but do not reside there would not be assessed an income tax on wages. Approximately one third of Ohio school districts currently have an income tax.

### *Property Tax*

Property taxes levied in Ohio are subject to restrictions in the Ohio Constitution<sup>5</sup> and the Ohio Revised Code (ORC).<sup>6</sup> These restrictions limit the amount of tax that can be levied without voter approval to 10 mills<sup>7</sup> or 1 percent of property value. While the Constitutional limitation is based on fair market value, the ORC sets a more restrictive limit based on taxable value which is defined as 35 percent of fair market value. These taxes are split between the various taxing districts that operate where a property is located.

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<sup>3</sup> According to ODE notification dated 9-30-21.

<sup>4</sup> See <https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax>

<sup>5</sup> Ohio Const. Art. XII, Section 2.

<sup>6</sup> Ohio Rev. Code § 5705.02.

<sup>7</sup> A mill is defined as one-tenth of one percent or \$1 for every \$1,000 of taxable value.

The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills. School districts usually receive revenue from 4 to 6 inside mills and the remainder of property tax revenue would come from voted, or outside millage.

School districts can obtain additional property tax revenue through voter approved bonds and levies. These taxes can have a variety of purposes that are defined in the authorizing language which are generally divided into three broad categories: general operations, permanent improvement, and construction.

Levies may be defined as either a fixed-rate or a fixed-sum. A fixed-rate levy identifies an amount of mills that will be assessed in order to raise revenues. If new construction occurs within the district, the rate would apply and the district would realize additional revenues. Current expense levies, used for general operations, and permanent improvement levies are typically fixed-rate. A fixed-sum levy identifies an amount that will be generated from the levy. While there may be an estimated millage rate, the actual rate will vary based on assessed property values. If new construction occurs within the district, there would be no new revenues for a fixed-sum levy. Emergency levies<sup>8</sup> for general operations, and bond levies for the financing of new buildings, are typically fixed-sum levies.

Ohio has historically had laws which limit the impact rising property values can have on property taxes. The most recent version of these limitations was enacted in 1976, and requires that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first year.<sup>9</sup> In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.<sup>10</sup> Instead, the outside mills are

## Inside Millage

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

The Constitution allows for 10 mills of inside millage in each political subdivision. Public schools, counties, townships, and other local governments are allocated a portion of the 10 inside mills. Cities can collect additional inside millage if it is a part of the City’s charter.

## Outside Millage

Outside millage is any millage “outside” the 10 mills provided by the Constitution of the State of Ohio. This millage is voted in by the public. Another term for outside millage is voted millage. This millage can be used for general purposes or it may be restricted, depending on the language of the law which enables it.

<sup>8</sup> Authorized by ORC §5705.194.

<sup>9</sup> Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.

<sup>10</sup> If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.

subject to reduction factors<sup>11</sup> which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.<sup>12</sup>

However, under state law, in order to receive state foundation funding, a district must collect a minimum of 20 mills in property taxes for general purposes, or current expenses.<sup>13</sup> In order to prevent a district from failing to meet this minimum threshold, reduction factors stop being applied once a district reaches an effective rate of 20-mills, colloquially known as the 20-mill floor. Practically speaking, this means that if a district's effective tax rate is reduced to 20 mills for current expenses, the amount of revenue generated from levies will increase with property values unless a new operating levy is approved by voters. It is important to note, as discussed below, not all levies count toward the 20-mill floor.

Ultimately, the mixture of property taxes approved by voters can have a wide ranging impact on both the revenues collected by a district and the amount of tax that individual property owners are required to pay on an annual basis.

### *Income Tax*

A school district income tax is an alternative method of raising local revenue. Like property taxes, an income tax must be approved by voters and may be for either general use or specific purposes, such as bond repayment. Once approved, a tax becomes effective on January 1<sup>st</sup> of the following year. Unlike municipal income taxes which are generally levied on wages earned in the municipality by both residents and nonresidents, school district income taxes are levied on wages earned by residents of the district, regardless of where the resident may work. Businesses operating within the school district are also not required to pay the income tax.

A school board, when determining that an income tax is necessary for additional revenue, must submit a resolution to the Ohio Tax Commissioner identifying the amount of revenue to be raised and the tax base to be used for calculations. A school district income tax can be assessed on either a traditional tax base or an earned income tax base. The traditional tax base uses the same income base as Ohio's income tax and the earned income tax base is only earned income from an employer or self-employment. Under the earned income tax base, income such as capital gains or pension payments is not taxable, though this type of income may be taxed under the traditional tax base. Once this information is received, the Tax Commissioner identifies the income tax rate and equivalent property tax millage for the district.

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<sup>11</sup> ORC § 319.301

<sup>12</sup> We are providing this information for historical purposes only. The law which regulates collection of on outside millage has been amended since enacted in 1976. The District should consult with the most current version of the law for a clear understanding of how this process works today.

<sup>13</sup> The term 'current expense' refers to revenue generated from levies that are not restricted in their use. It does not include bonds or levies that generate revenues for restricted funds, such as Permanent Improvement levies.

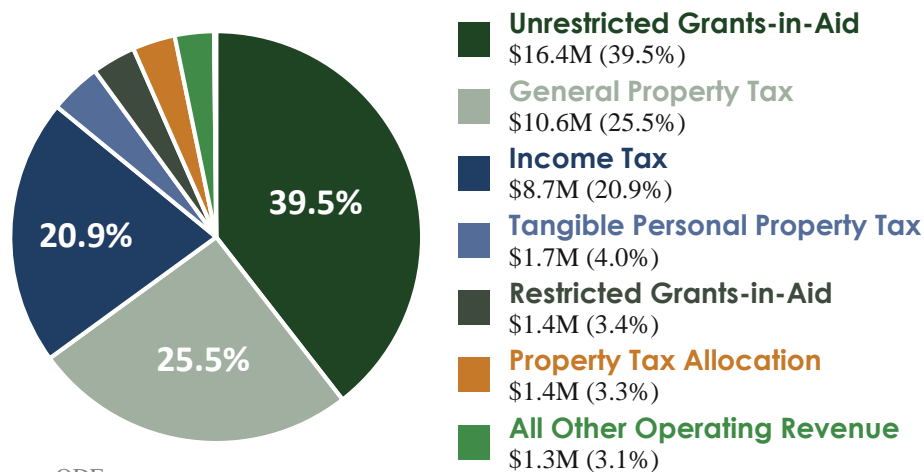
The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes. Districts receive quarterly payments from the Department of Taxation each year; each payment is for the amount collected during the prior quarter. A district receives the total amount of revenue collected less a 1.5 percent fee retained by the state for administration purposes. The amount of revenue collected via income tax each year will vary based on the earnings of the district’s residents.

## FCSD Revenues

In FY 2020, the District’s total general fund revenue was approximately \$41.6 million. The District’s primary sources of revenue are general property taxes, personal income taxes and state foundation funding. The remaining revenue is comprised of a variety of sources as seen below.

### FY 2020 Total General Fund Revenue Composition

**Total: \$41.5M**



Source: ODE

Note: Excludes \$67,187 in other financing sources that totaled less than 1%.

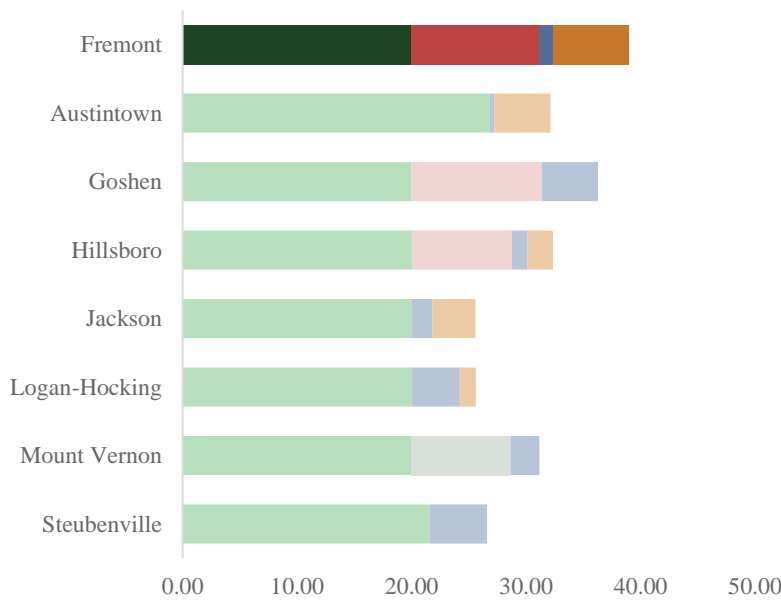
In 2020, FCSD collected revenues on 20.00 mills of property tax for residential properties.<sup>14</sup> This included 4.2 inside mills and 15.8 outside mills for current expenses. The District’s current expense millage rate is at the 20-mill floor and therefore not subject to reduction factors. In addition to the 20 mills for current expenses, the District collects additional property tax revenue that does not count towards the 20- mill floor. This includes millage designated for permanent

<sup>14</sup> According to the Ohio Department of Taxation, residential and agricultural property is considered Class 1 real estate. Commercial Property is considered Class 2 real estate and subject to a different set of reduction factors. The effective millage rate for Class 2 property in 2020 was 30.09.

improvements that is subject to reduction factors and collected revenues based on 1.25 mills in 2020, and a bond levy which collected 6.6 mills and are not subject to reduction factors

Because the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for FCSD to that of its peers. In the chart below, the green portion of the bar represents the current expense millage rate and several of the peers are also on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding. FCSD also has an income tax of 1.25 percent using a traditional income tax base. In FY 2020, this tax raised \$8.7 million that was used for general purposes. For this chart, we used the estimated millage equivalent for the District and peer income tax rates, which is represented in the bars in red and pink. The primary peer comparison is found in the chart below and represents all local revenues.

### 2020 Local Revenue | Primary Peers



Source: tax.ohio.gov

The composition of levies impacts district revenues. **Current Expense mills**, used for general operations are subject to reduction factors up to the 20-mill threshold. **Emergency and substitute mills** raise a defined amount of general operating revenue and are not reduced. **Income tax mill equivalents** are provided by the Department of Taxation for comparison purposes. **Permanent improvement mills** are used for maintenance of long-term assets and may be reduced over time. **Bond mills** raise a defined amount used for the purchase or construction of new buildings.

Overall, the District’s property tax effective millage rate of 27.85 is generally in line with the primary peers. However, when considering the existing income tax, the total estimated tax burden on residents is equivalent to 38.98 mills, which is higher than all other primary peers. It is important to understand that the revenue generated from bond and emergency levies will remain the same regardless of changes to property values as they are voted as a fixed-sum levy. The current expense millage and permanent improvement millage also stay the same, until the 20-mill floor is hit for current expense taxes. At that point, a district on the floor would collect additional revenues if property values increase. The amount of revenue raised by the income tax will vary based on actual income earned by District residents in a given year.

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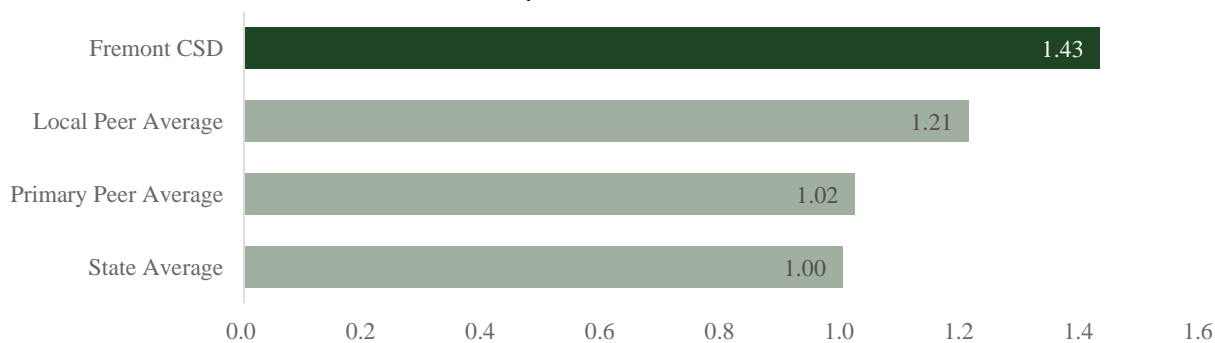


## Local Tax Effort

ODE uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside based on the capacity of the community. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated annually by ODE as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

### FY 2020 Local Tax Effort Comparison



Source: ODE

The District's local tax effort was compared to the state average and primary peers. The District has a local tax effort of 1.43 which is higher than both the state average and the local peer average of 1.21. FCSD's local tax effort could change as a result of the passage of any additional levy initiatives.

## Revenue per Pupil

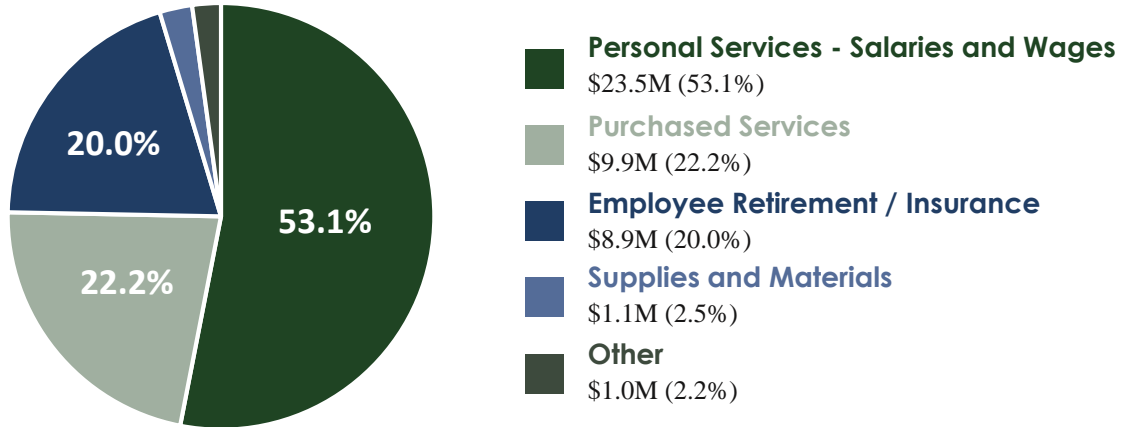
Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. The District receives \$23,897 per pupil, with 43.9 percent, or \$10,484, coming from local revenue sources. The primary peer average is \$14,778 per pupil, with 44.7 percent, or \$6,613, coming from local revenue sources. The District's local revenue is higher than the primary peer average.

## Expenditures

In FY 2020, the District’s total expenditures were \$44.3 million. The largest source of expenditures was human resources, which includes salaries, wages, and benefits, followed by purchased services.

### FY 2020 Total General Fund Expenditure Composition

Total: \$44.3M



Source: ODE

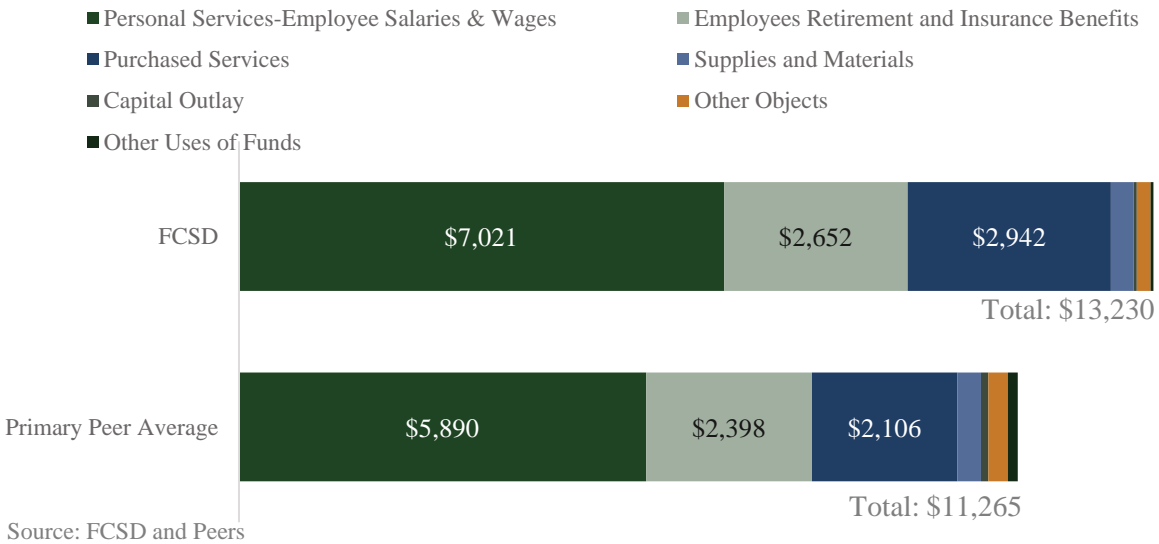
Note: Other includes Capital Outlay, Other Objects, and Other Financing Uses.

## Expenditure per Pupil

In FY 2020 FCSD spent \$13,230 (or 15 percent more) per pupil as compared to the primary peer average of \$11,265 per pupil. The District spent more than the primary peer average on employee salaries and wages, employee benefits, and purchased services. The District spent less than the primary peer average on capital outlay, supplies and materials, other objects, and other uses of funds.<sup>15</sup>

<sup>15</sup> The category of “Other Objects” includes things such as interest on loans, memberships in professional organizations, County Board of Education contributions, and various types of non-healthcare insurance. “Other Uses of Funds” mainly consists of transfers, contingencies, and advances within the various accounting dimensions.

### FY 2020 Total Expenditures Per Pupil



# Results of the Audit

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

## Summary of Recommendations

Recommendations	Savings
<b>R.1 Consider reducing the General Fund subsidy of Extracurricular Activities to the Primary Peer Level</b>	<b>\$320,100</b>
<b>R.2 Eliminate 7.5 FTEs from Administrative and Administrative Support Positions above the Peer Average</b>	<b>\$612,800</b>
Eliminate 1.0 FTEs Central Office Administrators	\$70,200
Eliminate 4.5 FTEs Building Administrators	\$453,300
Eliminate 2.0 FTEs Central Office Support	\$89,300
<b>R.3 Eliminate 36.0 FTEs from Direct Student Education and Support Positions above the Peer Average</b>	<b>\$1,807,600</b>
Eliminate 12.5 FTEs General Education Teachers	\$785,000
Eliminate 0.5 FTEs K-8 Art Teachers	\$38,200
Eliminate 0.5 FTEs K-8 Music Teachers	\$26,200
Eliminate 1.0 FTEs K-8 Physical Education Teachers	\$66,100
Eliminate 1.0 FTEs Curriculum Specialists	\$80,100
Eliminate 1.5 FTEs Counselors	\$131,600
Eliminate 3.0 FTEs Tutor/Small Group Instructors	\$274,400
Eliminate 3.0 FTEs Library Staff	\$78,700
Eliminate 1.5 FTEs Attendance Officers	\$49,400
Eliminate 11.0 FTEs Monitors	\$265,800
Eliminate 0.5 FTEs Parent Coordinators	\$12,100
<b>R.4 Implement a Certificated Staff Base Salary Freeze</b>	<b>\$148,500</b>
<b>R.5 Monitor Configuration and Utilization of District Facility Space</b>	N/A
<b>R.8 Develop a formal bus replacement plan</b>	N/A
<b>Total Annual Cost Savings from Performance Audit Recommendations (General Fund)</b>	<b>\$2,889,000</b>
<b>R.3 Eliminate 3.0 FTEs Nursing Staff</b>	<b>\$162,800</b>
<b>R.6 Reduce facilities staffing to levels consistent with benchmarks</b>	<b>\$204,400</b>
<b>R.7 Eliminate 4.0 FTEs Bus Route Driver Positions</b>	<b>\$97,100</b>
<b>Total Annual Cost Savings from Items Dependent on Pandemic Response and Duration (General Fund)</b>	<b>\$464,300</b>

<b>R.9 Eliminate 4.83 Daily Labor Hours from Foodservice Operations and Consider Additional Measures to Fully Eliminate the Operational Deficit (Enterprise Fund)</b>	<b>\$16,900</b>
<b>Total Annual Cost Savings from Performance Audit Recommendations</b>	<b>\$3,370,200</b>

The recommendations contained in this audit provide District officials with options that should be reviewed in identifying the best course of action for the community served by FCSD. While the District may choose to only implement a portion of our recommendations, the results of the audit provide officials with a framework for reviewing operational decisions going forward.

In the most recent five-year forecast the District has projected significant deficit spending. These recommendations would assist the District in eliminating all of the projected deficit spending identified in the forecast. The financial impact of this audit’s recommendations on the May 2021 five-year forecast are shown in the following table.

### Results of the Audit Recommendations

	FY 2022	FY 2023	FY 2024	FY 2025
May 2021 FYF Ending Fund Balance	\$3,386,039	\$1,541,856	(\$460,177)	(\$2,841,376)
Recommendation Impact	\$3,206,266	\$6,543,910	\$9,943,821	\$13,417,136
<b>Revised Ending Fund Balance</b>	<b>\$6,592,305</b>	<b>\$8,085,766</b>	<b>\$9,483,644</b>	<b>\$10,575,760</b>

Source: FCSD

Note: Savings associated with Recommendation 9 are not included.

# Financial Management

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

## Recommendation 1: Reduce the General Fund Subsidy of Extracurricular Activities to the Primary Peer Level

### Impact

Reducing expenditures and/or increasing revenue to bring the General Fund subsidy of extracurricular activities in line with the primary peer average would save the District an average of \$320,100 annually in each year of implementation.

### Background

FCSD has been using a larger General Fund subsidy to support its extracurricular activities than local peers, particularly in regards to sports-oriented activities.

### Methodology

The District’s per pupil General Fund subsidy for extracurricular activities was compared to the primary peer average, as was the usage of pay to participate fees.

### Analysis

The District spent approximately \$1.1 million on student extracurricular activities in FY 2020. Revenue from extracurricular activities was \$284,300. That total spent also included the salaries and benefits of directors, coaches, and advisors; supplies and materials; awards and prizes; and other miscellaneous expenditures. The District’s General Fund subsidy of extracurricular activities was \$263.88 per pupil, compared to the primary peer average of \$168.36 per pupil. The District does not raise sufficient extracurricular revenue to cover extracurricular expenditures, and, therefore, must support these activities with General Fund revenue.

While it is common for school districts in Ohio to use General Fund subsidies for extracurricular activities, the District’s subsidy per pupil exceeds the peer district average by \$95.52. Lowering per pupil spending to the peer average would reduce the total General Fund subsidy by approximately \$320,100 (See [Appendix C](#) for additional analysis). This can be done in several

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ways including increasing revenue, decreasing extracurricular spending or implementing pay-to-participate fees.

Out of the six primary peers, two use pay-to-participate fees. The fees vary per district and range from \$50 to \$200. FCSD does not have any pay-to-participate fees.

## Conclusion

The District subsidizes its extracurricular activities on a per pupil basis to a greater degree than the primary peers. FCSD should reduce subsidies for extracurricular activities to be in line with peer averages. The District should consider implementing one or more of the following steps to reduce the General Fund subsidy to the level of the local peers:

- Implement pay-to-participate fees for extracurricular activities;
- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or,
- Eliminate programs that require higher expenses than the revenue generated, or activities that have low participation levels.

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

# Human Resources

Human resource (HR) expenditures are significant to both the operational and financial conditions within school districts. OPT reviewed FCSD’s staffing levels, salaries, and CBA provisions and compared them to peer districts. We also reviewed ORC and OAC requirements<sup>16</sup> to determine areas where the District could save money through reductions.<sup>17</sup>

## Recommendation 2: Eliminate Administrative and Administrative Support Positions above the Peer Average

### Impact

By reducing administrative and administrative support staff to be in line with primary peer average, the District could save an average of \$612,800 annually.<sup>18</sup> However, the District should consider that a reduction in staff may also impact educational programming.

### Background

The District employs individuals in administrative or administrative support positions that are responsible for activities related to the daily operations of the District. While these positions provide critical support to students and educators within FCSD, the District may be able to reduce some positions based on peer comparisons.

### Methodology/Analysis

Staffing levels for the District were identified and compared to the primary peer averages for all analyses (See [Appendix D](#)).<sup>19</sup> In order to make data-driven decisions, the data was normalized on a per-1,000 student level and compared to the primary peer average.

Areas where FCSD has staffing levels above the primary peer average and could reduce administrative or administrative support staffing include:

- Central Office Administrators (currently 11.84 FTE);

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<sup>16</sup> Ohio Rev. Code §§ 124.39, 3319.071, 3317.084, 3319.087, 3319.141, 3319.142, 3319.17, 3319.22 and Ohio Admin. Code § 3301-35-05.

<sup>17</sup> Title 1, Special Education, and auxiliary staffing is excluded from our analysis due to various requirements.

<sup>18</sup> The value of the savings for all staffing recommendations were based on the lowest tenured employee salaries and inflated it for contractual wage increases, and increases in the costs of benefits. Benefits include medical, prescription drug, dental, vision, and life insurance, Medicare, and retirement.

<sup>19</sup> A Full-Time Equivalent (FTE) was used to identify staffing levels, based on ODE reporting guidelines.



- Building Administrators (currently 16.0 FTE); and,
- Central Office Support (currently 10.5 FTE).

## Central Office Administrators

Ohio school districts are required by law to employ a Superintendent and Treasurer; additional central office administrator staffing is based on the needs of the District.<sup>20</sup> These positions generally include district leadership who lead or coordinate programs on a district-wide basis. FCSD employs 1.30 FTE central office administrators above the primary peer average. Eliminating 1.0 FTE central office administrator positions could save an average of \$70,200 in each year of implementation during the forecasted period, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

## Building Administrators

Building administrator positions generally include school building principals, assistant principals, and the Dean of Students. FCSD employs 4.90 FTE building administrators above the primary peer average.<sup>21</sup> Eliminating 4.5 FTE building administrator positions could save an average of \$453,300 in each year of implementation during the forecasted period, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

## Central Office Support Staff

This category of positions consists of bookkeeping and central office administrative assistants. FCSD employs 2.37 FTE central office support staff above the primary peer average. Eliminating 2.0 FTE central office support staff could save an average of \$89,300 in each year of implementation during the forecasted period, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

## Conclusion

FCSD should eliminate 1.0 FTE central office administrator position, 4.5 FTE building administrator positions, and 2.0 FTE central office support positions. Eliminating these positions could save an average of approximately \$612,800 in each year of implementation and bring the District’s baseline staffing ratio more in line with the primary peer average.

*During the course of the audit, the District made reductions in administrative staffing, as discussed in the Client Response letter.*

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<sup>20</sup> Ohio Rev. Code § 3319.01 requires school districts in Ohio to employ the services of a Superintendent; Ohio Rev. Code § 3313.22 requires school districts in Ohio to employ the services of a Treasurer.

<sup>21</sup> Note: New building configurations have an impact on the amount of certain staff required for each building.

## Recommendation 3: Eliminate Direct Student Education and Support Positions above the Peer Average

### Impact

By reducing direct education and student support staff to be in line with the primary peer average, the District could save an average of \$1,970,400 annually.<sup>22</sup> However, the District should consider that a reduction in staff may also impact educational programming.

### Background

Direct education and support positions are those functions which assist students directly in some manner. This may include a variety of professionals including teachers, educational support specialists, and counselors. Staffing decisions in these areas are based on a variety of factors. The District's staffing has remained consistent in recent years, but average daily membership, which is one way that ODE measures attendance, has decreased by approximately 174 students since FY 2018. We found that based on peer comparisons, FCSD could eliminate some staffing in certain categories.

### Methodology/Analysis

Staffing levels for the District were compared to the primary peer averages on a normalized FTE per-1,000 student basis (See [Appendix D](#)). Areas where FCSD is above the primary peer average and could potentially reduce direct student education and support staffing include:

- General Education Teachers (currently 159.2 FTE);
- K-8 Art Teachers (currently 5.0 FTE);
- K-8 Music Teachers (currently 6.8 FTE);
- K-8 Physical Education Teachers (currently 5.0 FTE);
- Curriculum Specialists (currently 2.0 FTE);
- Counselors (currently 8.56 FTE);
- Tutors/Small Group Instructors (currently 4.0 FTE);
- Library Staff (currently 7.0 FTE);
- Nursing Staff (currently 6.72 FTE);
- Attendance Officers (currently 2.0 FTE);
- Monitors (currently 11.0 FTE); and,
- Parent Coordinators (currently 1.0 FTE).

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<sup>22</sup> The value of the savings for all staffing recommendations were based on the lowest tenured employee salaries and inflated it for contractual wage increases, and increases in the costs of benefits. Benefits include medical, prescription drug, dental, vision, and life insurance, Medicare, and retirement.

## General Education Staff

FCSD employs 159.2 FTE general education teachers, which is 12.6 FTEs above the primary peer average. Eliminating 12.5 FTE general education teacher positions could save an average of approximately \$785,000 annually, bringing the District’s baseline staffing ratio more in line with the primary peer average.

## Art, Music, and Physical Education Staff

FCSD employs 5.0 FTE art teachers, 6.8 FTE music teachers, and 5.0 FTE physical education teachers in grades K-8.<sup>23</sup> The District is 0.73 FTEs above the primary peer average for art education, 0.98 FTEs above the primary peer average for music education, and 1.27 FTEs above the primary peer average for physical education. Eliminating 0.5 FTE K-8 art teacher positions could save an average of \$38,200 annually. Eliminating 0.5 FTE K-8 music teacher positions could save an average of \$26,200 annually. Lastly, eliminating 1.0 FTE K-8 physical education teacher positions could save an average of \$66,100 annually. These reductions would bring the District’s baseline staffing ratio to a level consistent with the primary peer average.

## Curriculum Specialist Staff

FCSD employs 2.0 FTE curriculum specialists, which is 1.27 FTEs above the primary peer average. Eliminating 1.0 FTE curriculum specialist positions could save an average of \$80,100 annually, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

## Counseling Staff

FCSD employs 8.56 FTE counselors, which is 1.59 FTEs above the primary peer average. Eliminating 1.5 FTE counselor positions could save an average of \$131,600 annually, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

## Tutoring Staff

FCSD employs 4.0 FTE tutors or small group instructors, which is 3.18 FTEs above the primary peer average. Eliminating 3.0 FTE tutor positions could save an average of \$274,400 annually, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

## Library Staff

FCSD employs 7.0 FTE library staff members. This includes the District’s librarian and library aides. FCSD is 3.28 FTEs above the primary peer average for library staff. Eliminating 3.0 FTE

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<sup>23</sup> Note: New building configurations have an impact on the amount of certain staff required for each building.

library positions could save an average of \$78,700 annually, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

### **Nursing Staff**

FCSD employs 6.72 nursing staff members. This includes the District’s registered and practical nursing positions. FCSD is 3.05 FTEs above the primary peer average for nursing staff.<sup>24</sup> Eliminating 3.0 FTE nursing positions could save an average of \$162,800 annually, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average. Due to the ongoing COVID-19 pandemic, the District should regularly assess nursing staff levels and adjust them accordingly.<sup>25</sup>

### **Other Support Staff**

FCSD employs 2.0 FTE attendance officers, which is 1.69 FTEs above the primary peer average. However, FCSD has a 97 percent attendance rate compared to the primary peer average of 95.9 percent. Keeping these attendance officers may be key in maintaining higher attendance rates. FCSD also employs 11.0 FTE monitors. All six of the primary peers cover monitoring duties with a teacher/aide rotation. Eliminating 1.5 FTE attendance officers could save an average of \$49,400 annually, and eliminating 11.0 FTE monitoring positions could save an average of \$265,800 annually. These eliminations will bring the District’s baseline staffing ratio to a level consistent with the primary peer average.

### **Other Clerical Staff**

FCSD employs 1.0 FTE parent coordinator, which is 0.81 FTEs above the primary peer average. Eliminating 0.5 FTE parent coordinator positions could save an average of \$12,100 annually, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average.

### **Conclusion**

Eliminating these direct student education and support positions could save \$1,970,400 annually, bringing the District’s baseline staffing ratio to a level consistent with the primary peer average. FCSD should consider the impact these changes would have on its educational programming.

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<sup>24</sup> Note: New building configurations have an impact on the amount of certain staff required for each building.

<sup>25</sup> Savings will not yet be applied to the five-year forecast since it is unknown at what point the reduction could be made due to the COVID-19 pandemic.

## Recommendation 4: Implement a Base Salary Freeze to Bring Certificated Salaries in Line with the Peer Average

### Impact

Implementing a base salary freeze for certificated employees could save FCSD approximately \$148,500 annually.

### Background

FCSD has a certificated collective bargaining agreement (CBA) that contains the salary schedules for certificated employees.<sup>26</sup> The CBA was effective through June 30, 2021, but the salary schedules were only effective through FY 2020. The salaries for certificated employees were frozen at the FY 2020 rates for the FY 2021 school year.<sup>27</sup> Therefore, the FY 2020 salary schedules were used for our analysis.

### Methodology

CBAs and salary schedules were obtained from FCSD and the local peers. The District's salaries, over a 30-year career, were compared to the local peer average.

### Analysis

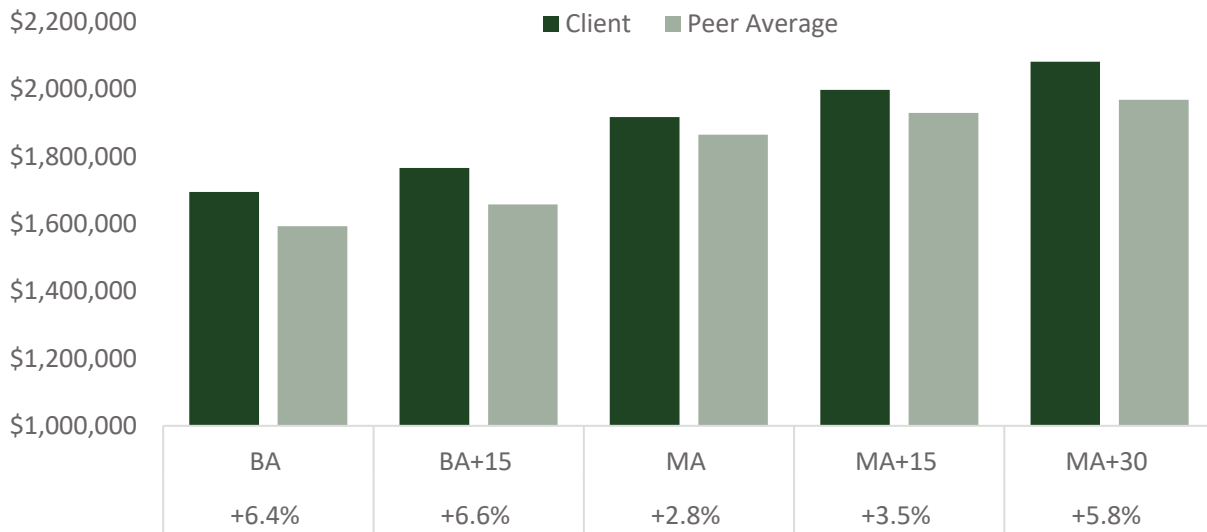
The salary schedules contained in the District's certificated CBAs are more generous than the local peer average (See [Appendix D](#)). The District has a higher average yearly salary and career compensation than the peers. The total average difference in career compensation for all certificated salaries analyzed is approximately five percent more than the local peer average career compensation.

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<sup>26</sup> The District also has a classified CBA which contains the salary schedules for the District's classified employees. The salaries for classified staff were also frozen at FY 2020 levels for the FY 2021 school year which generated approximately \$35,500 in savings. The District's classified salary schedules were also analyzed, however, they were generally in line with, or below the local peer average. Therefore, no recommendation was warranted in regards to the District's classified salaries.

<sup>27</sup> Note: During the course of the audit the District negotiated new CBAs and salary schedules, which indicate that a base salary freeze will be implemented.

### Career Compensation Comparison



Source: FCSD and Peers

### Conclusion

FCSD has more generous salary schedules for certificated CBAs than the local peers. As such, the District should implement a base salary freeze for certificated employees which could save the District an average of approximately \$148,500 annually.

# Facilities

The changing landscape of education requires periodic reviews of facility usage and maintenance to ensure that a district is using limited resources wisely. Recently, with the Ohio Facilities Construction Commission (OFCC), the District reduced its building total through reconfigurations and new construction. We compared FCSD’s use of existing facilities to best practices and industry standards to determine if there were any areas for improvement.

## Recommendation 5: Monitor Configuration and Utilization of District Facility Space

Since FCSD does not exceed the 90 percent utilization benchmark for school district capacity, the District should monitor the configuration and utilization of its facility space in future years to determine if there is an opportunity to close underutilized buildings.

### Impact

Reconfigurations of educational spaces can be costly endeavors and can have long-term financial implications. Appropriately monitoring the utilization of district facilities will allow the District to minimize the future financial impact on the community.

### Background

FCSD has six educational buildings including a high school, middle school, and four new elementary schools which were opened at the start of the FY 2021 school year. The District had demolished its original seven elementary schools between 2019 and 2020. FCSD also has two transportation buildings and leases an administration building.

In addition to the demolition and reconstruction of the elementary schools, the District also decided to keep a small portion of the old high school building and then added on a new high school, which is set to open in January 2022. A 37-year bond issue was passed on May 2, 2017 for \$58.6 million to cover the costs of the District’s building projects.

In 2017, when FCSD began reviewing its existing buildings OFCC, enrollment was 3,875. From FY 2014 to FY 2021, enrollment decreased by 20 percent, The District’s enrollment is forecasted by ODE to decrease another 24 percent over the next five years.<sup>28</sup>

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<sup>28</sup> Note: 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 factors that impact actual enrollment such as housing starts, planned annexations, open enrollment, charter schools, vouchers, and digital academies.

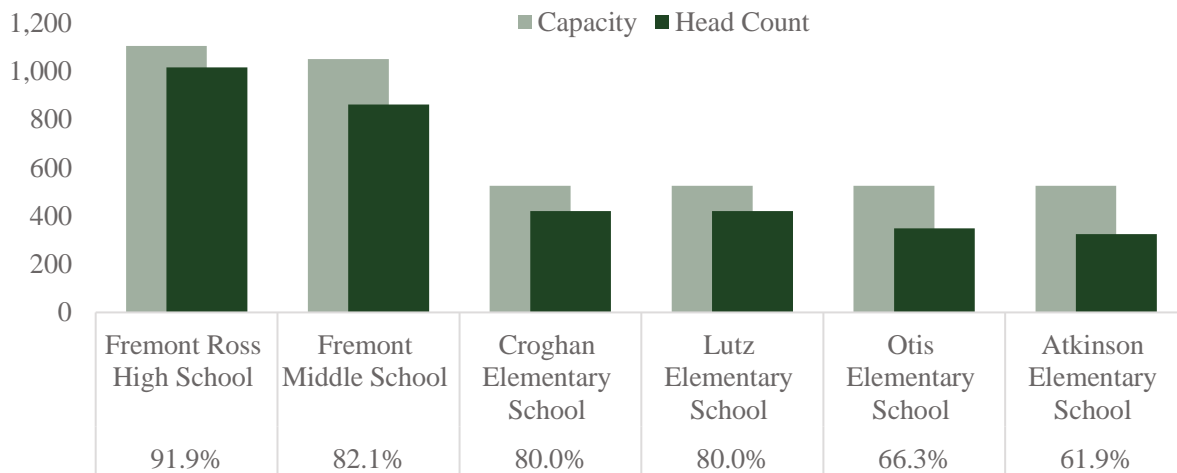
## Methodology

Criteria was obtained from DeJong & Associates, Inc. and the National Clearinghouse for Educational Facilities (NCEF). Per DeJong (*Defining Capacity*, 1999), school building capacity is determined using a 100 percent rate of utilization for elementary and middle school buildings (excluding special purpose rooms), and an 85 percent rate of utilization for high school buildings. Also according to DeJong, once a building surpasses 90 percent utilization, scheduling of spaces and students becomes increasingly difficult. District wide, FCSD currently has a utilization rate of 79.7 percent.

## Analysis

Due to the increased building capacity from the recently constructed elementary schools and high school, as well as the projected enrollment declines, FCSD’s utilization rates will be decreasing to a level considerably lower than DeJong’s 90 percent utilization benchmark, as shown in the following chart.

### FY 2020-21 Building Capacity & Utilization



Source: FCSD and ODE

Should new building configurations be necessary, there are different options the District can pursue. Aside from closing a building or buildings, the District could consider not renewing its lease of its administrative building. FCSD’s administrative offices could then be moved into a building with available space. It is important to note that the District will be paying for its newly constructed buildings over the next 33 years, so the financial implications of any new configurations should be carefully considered.



## Conclusion

FCSD's facilities have undergone significant reconfigurations in recent years. Since the District does not exceed the 90 percent capacity benchmark, the configuration and utilization of facility space should be closely monitored to determine if there is an opportunity to close any buildings, particularly the elementary schools.

## Recommendation 6: Reduce Facilities Staffing

When appropriate to return to pre-pandemic staffing level benchmarks, FCSD should reduce its facilities staff by 4.5 FTEs.

### Impact

A facilities staffing reduction of 4.5 FTEs will result in average annual savings of \$204,400.<sup>29</sup>

### Background

FCSD currently employs 32.5 FTE facilities employees. Of that total, 25.5 FTEs are custodial employees. The facilities employees are responsible for maintenance, grounds, and custodial work, and maintain all 129.8 acres of the District's property.

### Methodology

Criteria from American School & University Magazine (AS&U) and the National Center for Education Statistics (NCES) was used to complete four different staffing analyses to identify potential cost savings through staffing reductions.

### Analysis

The NCES identifies varying levels of cleaning benchmarks that can be used to guide facilities staffing. According to the NCES document *Planning Guide for Maintaining School Facilities*, Level 3 cleaning is the standard for most school facilities whereas Level 2 cleaning is a higher standard of cleaning reserved for areas such as restrooms, food service areas, kindergarten spaces, and special education areas. In this analysis, we considered two different scenarios, one of which would result in cost savings for the District. These scenarios take into account the potential need to heightened cleaning standards due to the COVID-19 pandemic.

**Scenario 1:** According to the NCES, when adhering to a Level 3 standard of cleaning, a custodian can clean approximately 28,000 to 31,000 feet in 8 hours. Based on this standard of cleaning, FCSD's total facilities staffing is 4.5 FTEs above the benchmark when considering all current facilities space. The District could reduce 4.5 FTEs which would result in average annual savings of approximately \$204,400.

**Scenario 2:** According to the NCES, when adhering to a Level 2 standard of cleaning, a custodian can clean approximately 18,000 to 20,000 square feet in 8 hours. Assuming NCES Level 2 cleaning to account for heightened cleaning by school districts during the COVID-19

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<sup>29</sup> Savings will not yet be applied to the five-year forecast since it is unknown at what point the reduction could be made due to the COVID-19 pandemic.

pandemic, FCSD is 5.1 FTEs below the benchmark and cannot make any staffing reductions based on its current facilities space.

The following table provides additional detail on the calculations used in order to develop these scenarios.

### Buildings & Grounds Staffing Comparisons

	<b>Level 3</b>	<b>Level 2</b>
<b>Grounds Staffing</b>		
Grounds FTEs	1.0	1.0
Acreage Maintained	129.8	129.8
AS&U Benchmark - Acres per FTE	40.2	40.2
Benchmarked Staffing Need	3.2	3.2
<b>Grounds FTEs Above/(Below) Benchmark</b>	<b>(2.2)</b>	<b>(2.2)</b>
<b>Custodial Staffing</b>		
Custodial FTEs	25.5	25.5
Square Footage Cleaned	513,366	513,366
NCES Cleaning Benchmark - Median Square Footage per FTE	29,500	19,000
Benchmarked Staffing Need	17.4	27.0
<b>Custodial FTEs Above/(Below) Benchmark</b>	<b>8.1</b>	<b>(1.5)</b>
<b>Maintenance Staffing</b>		
Maintenance FTEs	4.0	4.0
Square Footage Maintained	505,866	505,866
AS&U Benchmark - Square Footage per FTE	94,872	94,872
Benchmarked Staffing Need	5.3	5.3
<b>Maintenance FTEs Above/(Below) Benchmark</b>	<b>(1.3)</b>	<b>(1.3)</b>
<b>Total Buildings &amp; Grounds Staffing</b>		
Total FTEs Employed	30.5	30.5
Total Benchmarked Staffing Need	26.0	35.6
<b>Total FTEs Above/(Below) Benchmark</b>	<b>4.5</b>	<b>(5.1)</b>

Source: FCSD, AS&U, and NCES

Note: Figures in table are rounded.

Note: Level 3 is the standard level for cleaning schools. Level 2 is a higher standard, and is generally reserved for restrooms, special education areas, kindergarten areas, or food service areas.

### Conclusion

The District has a higher number of facilities staff than is necessary according to the benchmarks. While this may be warranted during the COVID-19 pandemic, when cleaning standards for school districts return normal, FCSD is generally overstaffed in facilities FTEs. Making a reduction of 4.5 FTEs could bring the District more in line with the benchmark standards and save approximately \$204,400 annually.

# Transportation

Transportation of students is a critical function for school districts. Ensuring that busing services are provided in a safe and efficient manner is important for both the well-being of students and the fiscal health of the school district. We examined FCSD’s reporting policies and procedures as well as bus routing, preventative maintenance, and bus replacement practices in comparison to industry standards and best practices to determine whether there were any areas for improvement.

## Recommendation 7: Eliminate Four Buses from the Active Bus Fleet

### Impact

Eliminating four bus routes on each tier would allow FCSD to eliminate 4.0 FTE bus driver positions which could save an average of \$97,100 in costs in each year of implementation over the forecasted period.<sup>30</sup>

### Background

In FY 2019, FCSD operated with 31 active buses and 15 spares. In FY 2020, FCSD operated with 30 active buses and 16 spares. The District’s practice is to safely transport all resident riders requesting transportation, regardless of the distance from their assigned schools. ORC § 3327.01 establishes minimum transportation requirements, including an obligation to transport all resident K-8 students living two or more miles from their assigned schools, and an obligation to transport all non-public riders to their destinations if the location is within a 30 minute drive of the otherwise assigned resident school.

State law does not cap bus ride times. While FCSD does not have a formal policy in place to cap ride times, it does have an informal goal that it should plan routes so that most students do not have to ride in excess of 60 minutes to or from school. However, the District has a number of routes which exceed the 60 minutes of ride time.<sup>31</sup>

From FY 2020 to FY 2021, the number of bus riders at FCSD declined from 1,291 to 1,030. FY 2021 data is impacted by the COVID-19 pandemic, but in FY 2020 the District operated nine school buildings and now operates six. As such, neither year of data is reflective of future operations. To better project future transportation needs, ridership was projected for FY 2022 using FY 2020 peak riders from each tier and FY 2020 headcount. The percentage of riders to

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<sup>30</sup> Savings will not yet be applied to the five-year forecast since it is unknown at what point the reduction could be made due to the COVID-19 pandemic.

<sup>31</sup> One AM route is reported to be 69 minutes long. Three PM routes exceed the 60 minutes and have an average of approximately 68 minutes.

headcount was multiplied by the FY 2022 projected headcount to determine the FY 2022 projected riders.

## Methodology

FCSD’s bus capacity and utilization were compared to industry benchmarks under a current state operating (under COVID-19) model and a “non-pandemic” operating model. The analysis of the current state operating model was used to provide context, but not to make recommendations. Opportunities for route reductions to increase efficiency were calculated within the “non-pandemic” operating model. Criteria from the American Association of School Administrators (AASA) that establishes an 80 percent school bus utilization benchmark was also used.

## Analysis

FCSD currently transports K-12 students using a multi-tier operation. There are 46 regular education routes and five special education routes.<sup>32</sup> In FY 2019, Tier I routes included 773 high school and middle school riders from 25 routes. Tier II included 432 elementary school riders from 21 routes. In total for FY 2019, the District reported transporting 1,329 total riders, including 127 non-public riders, compared to FY 2020 when it reported transporting 509 total riders, including 50 non-public riders.

According to the AASA (Hidden Savings in Your Bus Budget, 2017), “an effective pupil-to-bus ratio should average at least 100 pupils on a double-route, two-tier bus system. Actual capacity use must be measured with 80 percent of rated capacity as a goal.” However, when evaluating opportunities for improved efficiency, without significant changes to tiers, start times, and bell schedules, it is important to evaluate if all routes that are underutilized can be reasonably improved. This can be difficult or even impossible for routes that are special purpose, such as special needs transportation.

The following table shows a baseline overview of Tiers I and II, and focuses on which one has the highest baseline utilization. This analysis was used to identify opportunities for improved efficiency to bring all possible routes up to the goal of 80 percent utilization.

### Baseline Utilization by Tier

<b>Tier</b>	<b>Total Routes</b>	<b>Average Capacity<sup>1</sup></b>	<b>Total Capacity</b>	<b>Peak Riders</b>	<b>Baseline Utilization</b>
Tier I (AM)	25	48.0	1,200	773	64.4%
Tier II (AM)	21	48.0	1,008	432	42.9%

Source: FCSD and ODE

<sup>1</sup> Capacity is based on the manufacturer’s rated capacity for each bus and adjusted to account for a maximum of two riders per seat.

<sup>32</sup> Special education, non-public, and shuttle routes were excluded from the analysis.

The following table shows a detailed review of Tier I and II routes after accounting for and excluding those routes that are currently meeting or exceeding the 80 percent utilization goal as well as those that are already at or higher than the 80<sup>th</sup> percentile threshold for reported route times. The remaining routes were then reviewed for additional efficiency opportunities. When considering only Tier I needs, it is possible to eliminate up to four routes without exceeding the 80 percent utilization goal. However, a similar analysis of Tier II was necessary to affirm whether that level of reduction was fully achievable.

### Tier I Routes Reviewed for Additional Efficiency Opportunity

<b>Tier</b>	<b>Total Routes</b>	<b>Avg. Capacity</b>	<b>Total Capacity</b>	<b>Peak Riders</b>
Tier I	25	48	1,200	773

#### **Tier I Route Elimination Sensitivity Analysis and Impact on Utilization**

Routes Eliminated	2	3	<b>4</b>	5
Capacity Eliminated	96.0	144.0	<b>192.0</b>	240.0
Adjusted Total Capacity	1,104	1,056	<b>1,008</b>	960
Adjusted Total Utilization	70.0%	73.2%	<b>76.7%</b>	80.5%

Source: FCSD and ODE

As shown in the table on the following page, it is possible to eliminate up to nine routes without exceeding the 80 percent utilization goal. However, due to the fact that only four routes can be reduced in Tier I, FCSD can eliminate four active regular buses.

### Tier II Routes Reviewed for Additional Efficiency Opportunity

<b>Tier</b>	<b>Total Routes</b>	<b>Avg. Capacity</b>	<b>Total Capacity</b>	<b>Peak Riders</b>
Tier II	21	48	1,008	432

#### **Tier II Route Elimination Sensitivity Analysis and Impact on Utilization**

Routes Eliminated	7	8	<b>9</b>	10
Capacity Eliminated	336.0	384.0	<b>432.0</b>	480.0
Adjusted Total Capacity	672	624	<b>576</b>	528
Adjusted Total Utilization	64.3%	69.3%	<b>75.1%</b>	81.9%

Source: FCSD and ODE

## Conclusion

The District's fleet is not operating as efficiently as possible and is operating with more buses than what is necessary. Eliminating four bus routes could save an average of \$97,100 in salaries and benefits in each year of implementation over the forecasted period.

## Recommendation 8: Develop a Formal Bus Replacement Plan

FCSD should develop a formal bus replacement plan that considers the full cost of bus operations. Doing so would allow FCSD to communicate to leadership and to the public about the needs of its bus fleet. It would also allow the District to communicate its progress in meeting its schedule of replacement and any risks posed by the current state of the fleet.

### Impact

The adoption of a formal bus replacement plan could reduce overall operating costs and help to avoid the need to replace a major portion of the fleet at the same time.

### Background

FCSD has thirty assigned buses and sixteen spare buses. The average age of an assigned or active bus is 16 years and the average mileage is 187,366.

### Methodology

The mileage and model years of FCSD’s bus fleet were confirmed with the District. The current state of the bus fleet was compared to industry benchmarks. The National Association of State Directors of Pupil Transportation Services (NASDPTS)<sup>33</sup> suggests a replacement cycle of 12-15 years or every 250,000 miles.

### Analysis

FCSD has 21 active buses that meet or exceed the NASDPTS replacement criteria of 12-15 years or 250,000 miles. The lack of a formal bus replacement plan may contribute to the high number of replacement eligible buses in the fleet. This may also contribute to the District’s higher fleet maintenance costs compared to the peers.

### Conclusion

FCSD should develop a formal bus replacement plan that considers safety and emissions as well as the full cost of bus operation to include fuel, parts, labor, and vehicle depreciation. Doing so would allow the District to communicate its progress in meeting its schedule of replacement as well as 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.

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<sup>33</sup>National Association of State Directors of Pupil Transportation Services (NASDPTS) provides leadership, assistance and motivation to the Nation's school transportation community with the goal of providing safe, secure, efficient, economical, and high-quality transportation to school children on their trips to and from school and school-related activities.

# Food Service

Providing meals to students is a critical component to any school district’s operations. The manner in which districts choose to provide and fund food services can have a significant impact on the annual budget and the overall fiscal health of the district.

## Recommendation 9: Eliminate 4.8 Daily Labor Hours from the Food Service Operation and Consider Additional Measures to Fully Eliminate Operational Deficit

### Impact

Reducing the total food service daily labor hours by approximately 4.8 hours could save the District approximately \$16,900 in each year of implementation over the forecasted period.

### Background

Ohio school districts have a separate enterprise fund, the Food Service Fund, for all expenditures and revenues related to food service operations. The cost of food service operations must be fully recovered through fees and/or charges. Any Food Service Fund loss is required to be subsidized by the General Fund, which affects the District’s forecasted financial position.

From FY 2018 to FY 2020, FCSD has a Food Service Fund operating loss that averaged approximately \$95,900 annually. In FY 2019, the operating loss was \$194,600. These operating losses have resulted in negative ending fund balances which have required General Fund subsidies (See [Appendix E](#)).

### Methodology/Analysis

FCSD’s food service labor efficiency was compared to industry benchmarks. *School Food and Nutrition Service Management for the 21<sup>st</sup> Century* (Pannell-Martin and Boettger, 2014) recommends measuring meals per labor hour to evaluate labor efficiency.

In FY 2020, the District produced a total of 3,384 meals and meal equivalents per day, and was staffed with 172.5 labor hours per day. Based on industry benchmarks, the District requires 167.7 total labor hours for a high efficiency operation, indicating that FCSD has 4.8 excess daily labor hours (See [Appendix E](#)). Eliminating a district-wide total of 4.8 labor hours would reduce salaries and benefits expenditures by \$16,900, which would cover a portion of the Food Service Fund operating loss. After accounting for the staffing reduction, FCSD would still have operating losses of approximately \$178,000.



To address the remaining operational deficit, FCSD should assess additional ways to increase revenue and reduce expenditures, such as monitoring participation and meal prices. *Best Practices Could Help School Districts Reduce Their Food Service Program Costs* (Florida Legislature’s Office of Program Policy Analysis & Governmental Accountability, 2009) provides strategies school districts can adopt to help reduce operational costs and/or increase revenues. The strategies include:

- Develop long-term program plans;
- Reduce food costs by matching food items to supplier stock items;
- Ensure staff has appropriate training;
- Share managers;
- Promote the food service program;
- Identify and reduce participation barriers; and,
- Revise meal prices.<sup>34</sup>

## Conclusion

Due to the historical trend of operating losses, the District should consider aligning their food service staffing more closely with industry standards. Eliminating 4.8 daily labor hours from the food service operation would reduce expenditures by approximately \$16,900. The District should also consider taking additional measures to fully eliminate the remaining deficit of approximately \$178,000.

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<sup>34</sup> While this is an option for increasing revenues, the District’s meal prices are generally in line with the peers and State averages (See [Appendix E](#)).

# Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the District’s official statement in regards to this performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When the District disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.

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Jon C. Detwiler  
Superintendent

Megan Parkhurst  
Treasurer

December 6, 2021

Mr. Keith Faber  
Auditor of State  
88 East Broad Street  
Fifth Floor  
Columbus, OH 43215

Dear Auditor of State Faber:

Fremont City Schools' Board of Education, along with the administrative team, would like to thank the performance audit team for their time and effort in preparing the audit for our District. We appreciate your office providing recommendations for cost reductions regarding finances, extracurricular activities, staffing, and facilities.

We considered your recommendations regarding extracurricular activities. Fremont City Schools believes that part of the student educational experience should involve extracurricular activities. Due to the socio-economic status of many students in the District, implementing a pay to participate or limiting extracurricular would take away a chance for the whole child to grow and be involved.

In the last several years, the District has monitored staffing needs and has eliminated two (2) administrative, twenty-three (23) certified, and fifteen (15) classified positions from the District. These reductions have coincided with the streamlining of school buildings from nine (9) to six (6) in the last year and a half. This has saved the District a little over a million dollars. Due to the unusual circumstances of moving into the new buildings during the pandemic, the District has not been able to fully determine staffing needs but is still observing and evaluating. In addition, as we have been going through the process of this audit, Fremont City Schools has eliminated one administrator, three certified and one classified position resulting in additional savings of approximately a quarter million dollars. The District also negotiated a freeze of the base pay for three (3) years saving the District additional monies.

Our financial outlook as reported on the most current Five Year Forecast has significantly improved. One major factor in the Five Year Forecast that triggered the audit was due to a large unexpected repayment to American Municipal Power (AMP). The need to initiate a repayment schedule to satisfy the over four million dollar overpayment, as decided by a court order, temporarily stunted the financial aspect of the District.

The areas the performance team analyzed were finances, human resources, facilities and transportation. Fremont City Schools is committed to reduce spending while continuing to develop our diverse population of students into high achieving individuals who will be able to thrive as they find their way in the local and global world.

As a result of the audit, Fremont City Schools will continue to monitor finances and analyze this document to make informed decisions in regards to the financial future of our school district. Thank you for all the time and effort that your team put into this process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon C. Detwiler', with a long horizontal flourish extending to the right.

Jon C. Detwiler  
Superintendent

A handwritten signature in black ink, appearing to read 'Megan Parkhurst', with a long horizontal flourish extending to the right.

Megan Parkhurst  
Treasurer

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

## Performance Audit Purpose and Overview

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

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

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

## Audit Scope and Objectives

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

### Audit Scope, Objectives, and Recommendations

Objective	Recommendation
<b>Financial Management</b>	
Are the District’s budgeting and forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	<b>No Recommendation:</b> We reviewed the District’s budgeting and forecasting practices and found them to be in line with industry standards.
Are the District’s strategic planning practices consistent with leading practices?	<b>No Recommendation:</b> We reviewed the District’s planning practices and found them to be in line with industry standards.
Is the District’s General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District’s financial condition?	<b>R.1</b>

Efficient • Effective • Transparent

Are the District's purchasing practices consistent with leading practices and appropriate based on the District's financial condition?	<b>No Recommendation:</b> We reviewed the District's purchasing practices and found them to be in line with industry standards.
<b>Human Resources</b>	
Are the District's staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District's financial condition?	<b>R.2 and R.3</b>
Are the District's salaries and wages appropriate in comparison to local peers and the District's financial condition?	<b>R.4</b>
Are the District's collective bargaining agreement provisions appropriate in comparison to local peers, minimum requirements, and the District's financial condition?	<b>No Recommendation:</b> The District's CBA provisions are in line with local peers.
Are the District's insurance costs appropriate in comparison to other governmental entities within the local market and the District's financial condition?	<b>No Recommendation:</b> The employer premiums for each of the Districts 3 insurance plans, and the Dental insurance plan are below the regional peer average.
<b>Facilities</b>	
Are the District's facility staffing levels appropriate in comparison to leading practices, industry standards, and the District's financial condition?	<b>R.6</b>
Is the District's building utilization appropriate in comparison to leading practices, industry standards, and the District's financial condition?	<b>R.5</b>
Are the District's facilities expenditures appropriate in comparison to primary peers, leading practices, industry standards, and the District's financial condition?	<b>No Recommendation:</b> The District's facilities costs would more closely align with the primary peer average if R.6 was implemented.
Are the District's facilities preventive maintenance practices consistent with leading practices and industry standards?	<b>No Recommendation:</b> We reviewed the District's preventive maintenance practices and found them to be in-line with industry standards.
<b>Transportation</b>	
Is the District's fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District's financial condition?	<b>R.7,</b> <b>Verbal recommendation</b> due to the minor nature of variance from expected performance
Are the District's fleet replacement practices consistent with leading practices and industry standards and appropriate based on the District's financial condition?	<b>R.8</b>
Is the District's fleet maintained efficiently and appropriately in comparison to transportation peers, leading practices, industry standards, and the District's financial condition?	<b>No Recommendation:</b> We reviewed the District's fleet maintenance and found them to be in-line with industry standards.
<b>Food Service</b>	

Is the District’s food service program operated in a manner that is consistent with leading practices and industry standards and appropriate based on the District’s financial condition?	<b>R.9</b>
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Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:<sup>35</sup>

- Control environment:
  - We assessed the District’s exercise of oversight responsibilities in regards to detecting improper payroll reporting and benefits administration, and
  - We assessed the District’s activities associated with its purchasing practices.
- Risk Assessment:
  - We considered the District’s activities to assess fraud risks.
- Information and Communication:
  - We considered the District’s use of quality information in relation to its financial and data reporting to ODE, specifically its five-year forecast, transportation, facility, and staffing data.
- Control Activities:
  - We considered the District’s compliance with applicable laws and contracts, including with outside stakeholders and employees
- Monitoring:
  - We considered the District’s monitoring activities concerning its building usage and enrollment.

We identified an internal control issue over T-Reporting in transportation, but due to the minor nature of the issue, this was presented to the District as a verbal recommendation.

## 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;

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<sup>35</sup> We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G



- Statutes; and,
- Policies and Procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and similar academic performance. A “Local Peers” set was selected for a comparison of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. The list below shows the Ohio school districts included in these peer groups.

## Peer Group Districts

### **Primary Peers**

- Austintown Local SD, Mahoning
- Goshen Local SD, Clermont
- Hillsboro City SD, Highland
- Logan-Hocking Local SD, Hocking
- Mount Vernon City SD, Knox
- Steubenville City SD, Jefferson

### **Local Peers (Compensation, Benefits, and Bargaining Agreements)**

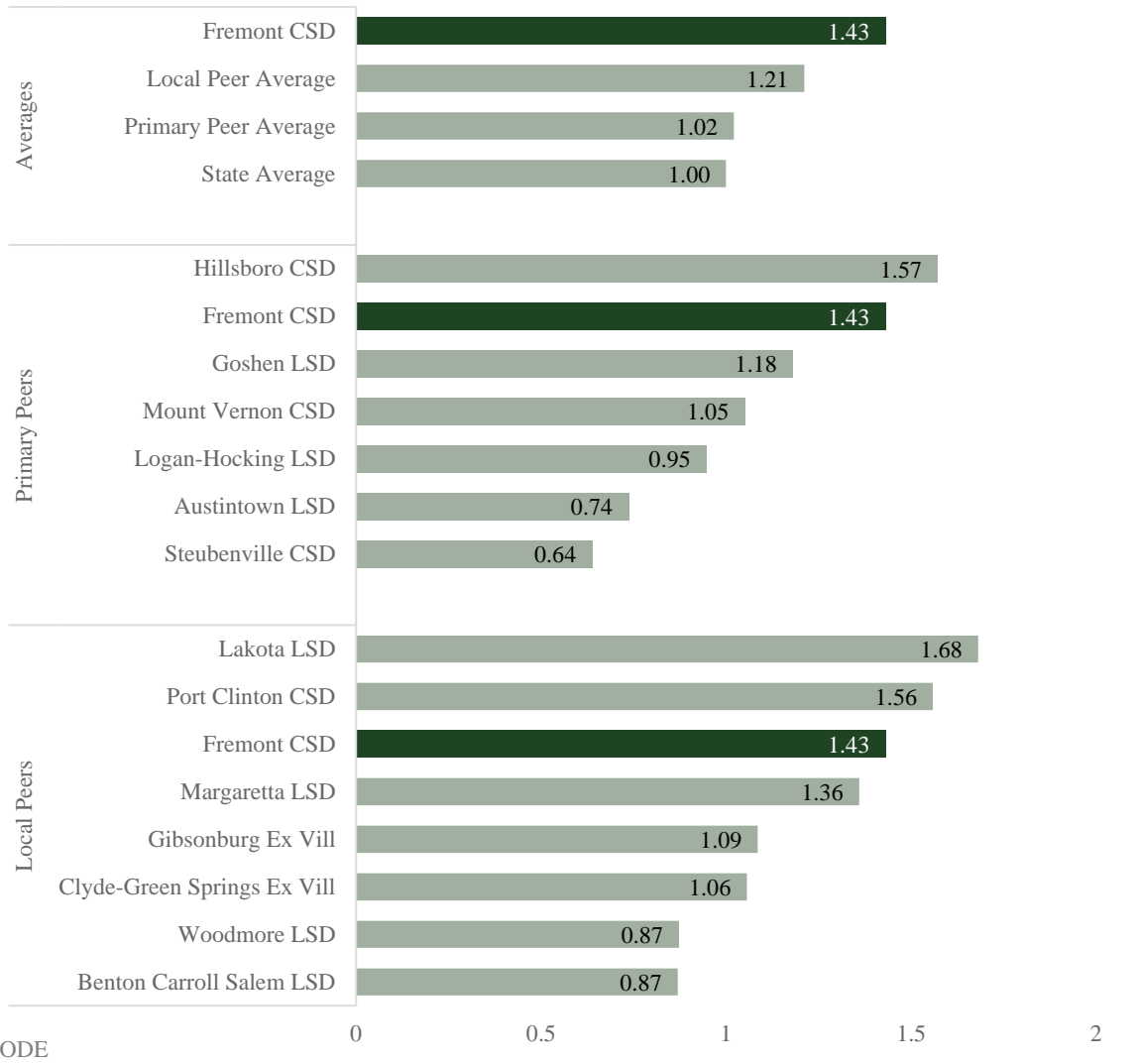
- Benton Carroll Salem Local SD, Ottawa
- Clyde-Green Springs Exempted Village, Sandusky
- Gibsonburg Exempted Village SD, Sandusky
- Lakota Local SD, Sandusky
- Margaretta Local SD, Erie
- Port Clinton City SD, Ottawa
- Woodmore Local SD, Sandusky

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

# Appendix B: Financial Comparisons

The following charts provide the local tax effort for both primary and local peers, as well as the General Fund millage for local peers.

## FY 2020 Local Tax Effort Comparison



## Appendix C: Financial Management

We analyzed the types of revenues and expenditures associated with extracurricular activities. The analysis included identifying costs by type and determining the amount of expenditures from the General Fund.

### FY 2020 Student Extracurricular Activity Net Cost Comparison

Students Activity Type	FCSD		3,352	Primary Peer Avg. 3,105
	Rev.	Exp.	Net Cost	Net Cost
Academic Oriented	\$26,291	\$149,565	(\$123,274)	(\$147,906)
Occupation Oriented	\$1,096	\$7,883	(\$6,787)	(\$16,832)
Sport Oriented	\$124,770	\$893,435	(\$768,665)	(\$661,928)
School & Public Service Co-Curricular	\$23,204	\$106,964	(\$83,760)	(\$33,759)
Bookstore Sales	\$0	N/A	\$0	\$0
Other Extracurricular	\$108,958	N/A	\$108,958	\$47,294
Non-specified <sup>1</sup>	\$0	N/A	\$0	\$225,241
<b>Total</b>	<b>\$284,319</b>	<b>\$1,157,847</b>	<b>(\$873,528)</b>	<b>(\$587,890)</b>
Total General Fund Direct Revenue			\$722.67	\$2,285.47
Total General Fund Direct Expenditures			\$885,253.25	\$525,041.03
Total General Fund Transfers			\$0.00	\$0.00
<b>Total General Fund Subsidy of Extracurricular Activities</b>			<b>\$884,530.58</b>	<b>\$522,755.56</b>
<b>Total General Fund Subsidy of Extracurricular Activities per Pupil</b>			<b>\$263.88</b>	<b>\$168.36</b>
<b>Total Difference in General Fund Subsidy to Local Peer Average</b>			<b>\$320,183.04</b>	
<b>Remaining General Fund Subsidy</b>			<b>\$564,347.54</b>	

Source: FCSD, local peers, and ODE

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

# Appendix D: Human Resources

Staffing was analyzed using Education Management Information System (EMIS) records for FCSD and the primary peer districts. Data reliability testing for the District’s EMIS data was performed by comparing the EMIS report to payroll reports corresponding to the time of the report. Variances between EMIS and payroll were discussed with the District, with adjustments made as necessary. Comparisons were made on a per-1,000 student basis using the full-time equivalent (FTE), based on ODE reporting guidelines. The following tables are those associated with the analyses conducted in [R.2](#) and [R.3](#).

## Staffing Comparison Tables

The following tables illustrate the District’s employee FTEs compared to the primary peer average. In order to allow for more precise comparison, employees were compared on an FTE per 1,000 student basis. This calculation (shown below) allows for a more accurate comparison between districts when student counts differ.

### Adjusted Difference in FTEs Equation

$$\left[ \frac{\text{Client FTE}}{\left(\frac{\text{Client Enrollment}}{1,000}\right)} \right] - \left[ \frac{\text{Peer Avg FTE}}{\left(\frac{\text{Peer Avg Enrollment}}{1,000}\right)} \right] * \left(\frac{\text{Client Enrollment}}{1,000}\right)$$

### Central Office Administrator Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	3,248	3,023	225		
Students Educated (Thousands)	3,248	3,023	0.225		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Assistant, Deputy/Associate Superintendent	0.00	0.00	0.11	(0.11)	(0.36)
Supervisor/Manager	2.00	0.62	0.58	0.04	0.13
Coordinator	5.84	1.80	1.14	0.66	2.14
Education Administrative Specialist	0.00	0.00	0.06	(0.06)	(0.19)
Director	4.00	1.23	1.07	0.16	0.52
Other Official/Administrative	0.00	0.00	0.29	(0.29)	(0.94)
<b>Total</b>	<b>11.84</b>	<b>3.65</b>	<b>3.25</b>	<b>0.40</b>	<b>1.30</b>

Source: FCSD and ODE

## Building Administrator Staff Comparison

<b>Students and Buildings</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (thousands)	3,248		3,023	0.225	
Buildings	6.00		5.83	0.17	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Assistant Principal	8.00	2.46	1.54	0.92	2.99
Principal	7.00	2.16	1.82	0.34	1.10
Dean of Students	1.00	0.31	0.06	0.25	0.81
<b>Total</b>	<b>16.00</b>	<b>4.93</b>	<b>3.42</b>	<b>1.51</b>	<b>4.90</b>
<b>Position</b>	<b>FTEs</b>	<b>FTEs per Building</b>	<b>FTEs per Building</b>	<b>Difference in FTE per Building</b>	<b>Adjusted Difference in FTEs</b>
Assistant Principal	8.00	1.33	0.80	0.53	3.18
Principal	7.00	1.17	0.94	0.23	1.38
Dean of Students	1.00	0.17	0.03	0.14	0.84
<b>Total</b>	<b>16.00</b>	<b>2.67</b>	<b>1.77</b>	<b>0.90</b>	<b>5.40</b>

Source: FCSD and ODE

## Teaching Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (Thousands)	3,248		3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
General Education	159.20	49.01	45.11	3.90	12.67
Gifted and Talented	0.00	0.00	0.79	(0.79)	(2.57)
LEP Instructional Program	0.00	0.00	0.06	(0.06)	(0.19)

Source: FCSD and ODE

### K-8 Teaching Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,345	2,118	227		
Students Educated (Thousands)	2,345	2,118	0.227		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Art Education K-8	5.00	2.13	1.82	0.31	0.73
Music Education K-8	6.80	2.90	2.48	0.42	0.98
Physical Education K-8	5.00	2.13	1.59	0.54	1.27

Source: FCSD and ODE

### Non-Teaching Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	3,248	3,023	225		
Students Educated (Thousands)	3,248	3,023	0.225		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Curriculum Specialist	2.00	0.62	0.23	0.39	1.27
Counseling	8.56	2.64	2.15	0.49	1.59
Remedial Specialist	0.00	0.00	0.63	(0.63)	(2.05)
Tutor/Small Group Instructor	4.00	1.23	0.25	0.98	3.18
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.39	(0.39)	(1.27)
Teacher Mentor/Evaluator	0.00	0.00	0.17	(0.17)	(0.55)
Other Educational	1.00	0.31	0.50	(0.19)	(0.62)

Source: FCSD and ODE

## Professional Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (Thousands)	3,248		3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Psychologist	0.00	0.00	0.22	(0.22)	(0.71)
Social Work	0.00	0.00	0.33	(0.33)	(1.07)
Other Professional - Other	0.00	0.00	0.17	(0.17)	(0.55)

Source: FCSD and ODE

## Technical Staff Comparison

<b>Students and Buildings</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (Thousands)	3,248		3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Computer Operating	1.00	0.31	0.28	0.03	0.10
Other Technical	1.00	0.31	0.40	(0.09)	(0.29)

Source: FCSD and ODE

## Central Office Support Staff Comparison

<b>Students and Buildings</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (Thousands)	3,248		3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Administrative Assistant	6.00	1.85	0.06	1.79	5.81
Bookkeeping	2.00	0.62	0.97	(0.35)	(1.14)
Central Office Clerical	2.50	0.77	1.20	(0.43)	(1.40)
Records Managing	0.00	0.00	0.17	(0.17)	(0.55)
Other Office/Clerical	0.00	0.00	0.11	(0.11)	(0.36)
<b>Total</b>	<b>10.50</b>	<b>3.24</b>	<b>2.51</b>	<b>0.73</b>	<b>2.37</b>

Source: FCSD and ODE

### Building Office Support Staff Comparison

<b>Students and Buildings</b>	<b>Fremont City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	3,248	3,023	225		
Students Educated (thousands)	3,248	3,023	0.225		
Buildings	6.00	5.83	0.17		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
School Building Clerical	14.00	4.31	3.95	0.36	1.17
Bookkeeping	0.00	0.00	0.06	(0.06)	(0.19)
Other Office/Clerical	0.00	0.00	0.15	(0.15)	(0.49)
<b>Total</b>	<b>14.00</b>	<b>4.31</b>	<b>4.16</b>	<b>0.15</b>	<b>0.49</b>
<b>Position</b>	<b>FTEs</b>	<b>FTEs per Building</b>	<b>FTEs per Building</b>	<b>Difference in FTE per Building</b>	<b>Adjusted Difference in FTEs</b>
School Building Clerical	14.00	1.56	2.16	(0.49)	(2.94)
Bookkeeping	0.00	0.00	0.00	(0.03)	(0.18)
Other Office/Clerical	0.00	0.00	0.06	(0.08)	(0.48)
<b>Total</b>	<b>14.00</b>	<b>1.56</b>	<b>2.16</b>	<b>(0.60)</b>	<b>(3.60)</b>

Source: FCSD and ODE

### Library Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	3,248	3,023	225		
Students Educated (Thousands)	3,248	3,023	0.225		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Librarian/Media	1.00	0.31	0.26	0.05	0.16
Library Aide	6.00	1.85	0.89	0.96	3.12
<b>Total</b>	<b>7.00</b>	<b>2.16</b>	<b>1.15</b>	<b>1.01</b>	<b>3.28</b>

Source: FCSD and ODE



## Nursing Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (Thousands)	3,248		3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Registered Nursing	4.72	1.45	0.93	0.52	1.69
Practical Nursing	2.00	0.62	0.20	0.42	1.36
<b>Total</b>	<b>6.72</b>	<b>2.07</b>	<b>1.13</b>	<b>0.94</b>	<b>3.05</b>

Source: FCSD and ODE

## Classroom Support Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (Thousands)	3,248		3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Instructional Paraprofessional	4.00	1.23	1.92	(0.69)	(2.24)
Teaching Aide	0.00	0.00	1.57	(1.57)	(5.10)
<b>Total</b>	<b>4.00</b>	<b>1.23</b>	<b>3.49</b>	<b>(2.26)</b>	<b>(7.34)</b>

Source: FCSD and ODE

## Other Support Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248		3,023	225	
Students Educated (Thousands)	3,248		3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Attendance Officer	2.00	0.62	0.10	0.52	1.69
Monitoring	11.00	3.39	0.43	2.96	9.61

Source: FCSD and ODE

### Other Clerical Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248	3,023	225	
Students Educated (Thousands)	3,248	3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Parent Coordinator	1.00	0.31	0.25	0.81

Source: FCSD and ODE

### Extra-Curricular/Intra-Curricular Staff Comparison

<b>Students</b>	<b>Fremont City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	3,248	3,023	225	
Students Educated (Thousands)	3,248	3,023	0.225	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Coaching	0.00	0.00	(0.08)	(0.26)
Athletic Trainer	0.00	0.00	(0.22)	(0.71)
Other Extra/Intra - Curricular Activities	0.00	0.00	(0.39)	(1.27)

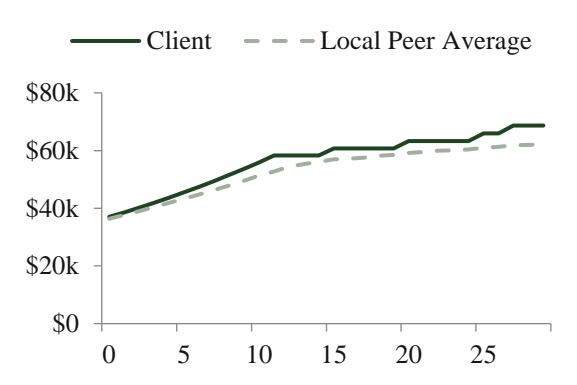
Source: FCSD and ODE

# Salaries

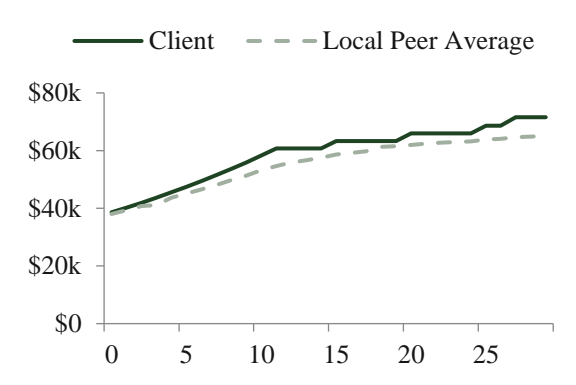
We also looked at annual salaries for all certificated employees and the hourly wage rates for a few classified employee position types over the course of a career. The following charts show how the annual salaries according to the respective salary and wage schedules compare to peer districts.

## Certificated Annual Salary Comparison

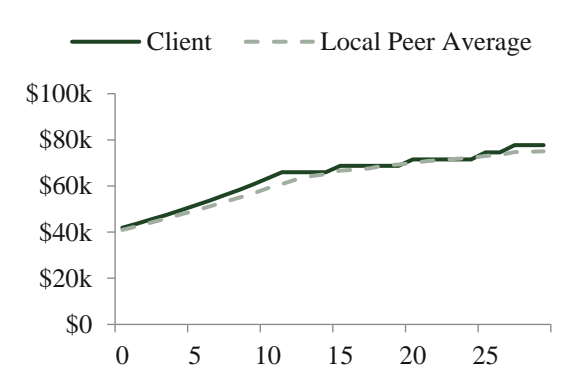
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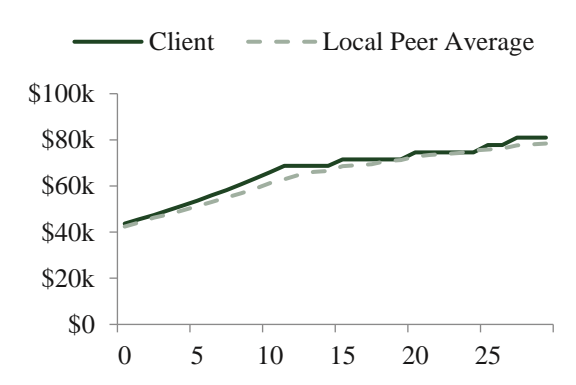
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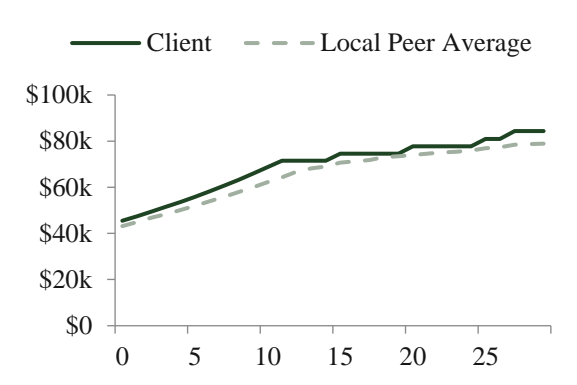
MA



MA+15

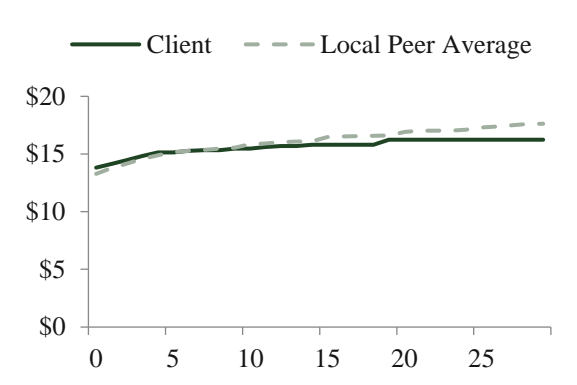


MA+30

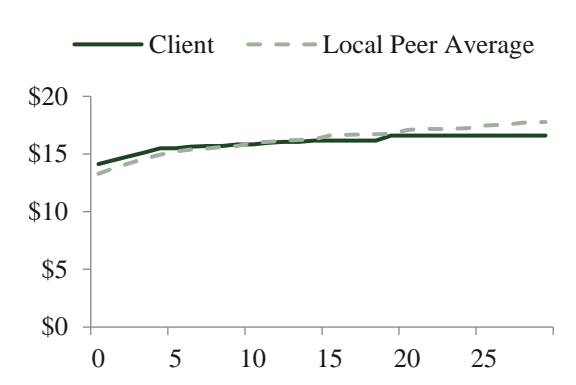


**Classified Hourly Rate Comparison**

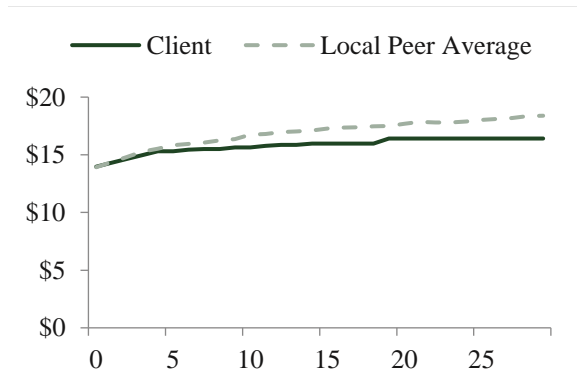
Food Service Worker



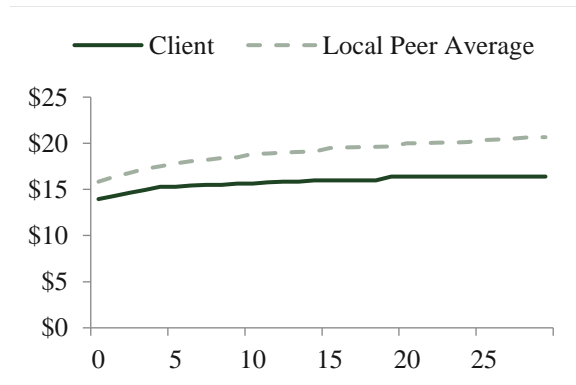
Aide



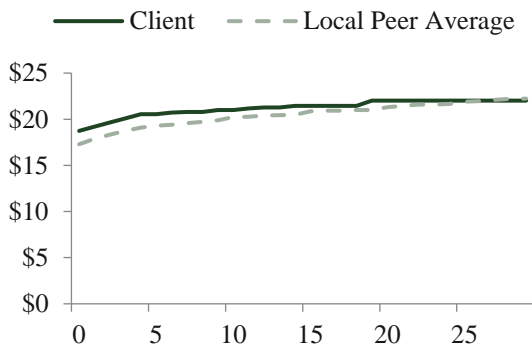
Monitor



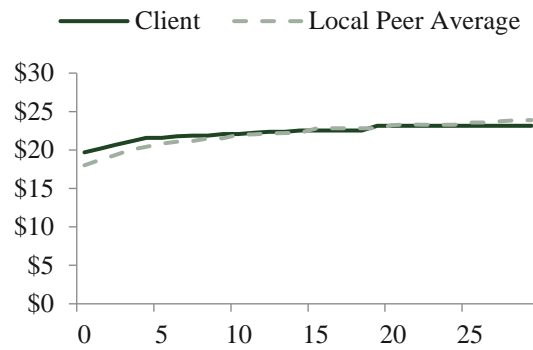
Custodian



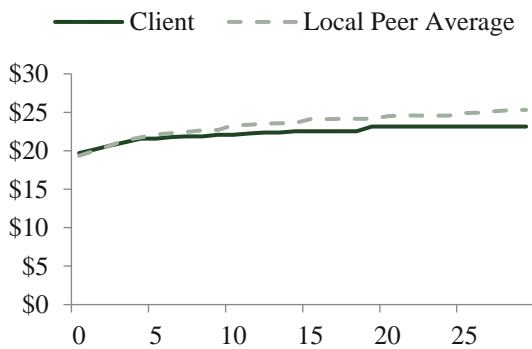
### Bus Driver



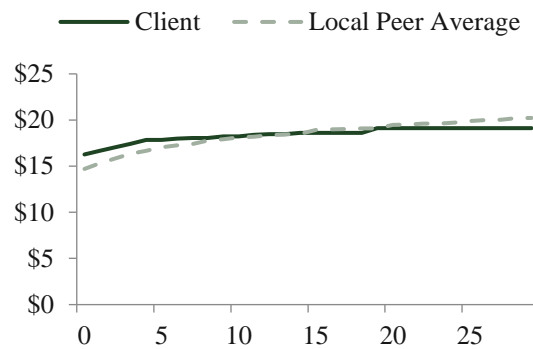
### Fleet Mechanic



### Maintenance



### Secretary



# Appendix E: Food Service

FCSD’s Food Service Fund had an operating deficit over the last three fiscal years. In order to address this, operations were reviewed and compared to industry standards for number of meals per labor hour.

## Historical Food Service Fund Key Financial Results

	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>3-Year Avg.</b>
Total Revenue	\$1,681,897	\$1,742,046	\$1,572,370	\$1,665,438
Total Expenditures	\$1,740,389	\$1,776,723	\$1,766,980	\$1,761,364
<b>Results of Operations</b>	<b>(\$58,492)</b>	<b>(\$34,677)</b>	<b>(\$194,610)</b>	<b>(\$95,926)</b>
<b>Beginning Fund Balance</b>	<b>\$24,970</b>	<b>\$73,479</b>	<b>\$38,801</b>	<b>\$45,750</b>
General Fund Subsidy	\$107,000	\$0	\$125,000	\$77,333
Advances In	\$0	\$0	\$70,000	\$23,333
Advances Out	\$0	\$0	\$0	\$0
Refund from Prior Year	\$0	\$0	\$0	\$0
<b>Ending Fund Balance</b>	<b>\$73,479</b>	<b>\$38,801</b>	<b>\$39,191</b>	<b>\$50,490</b>
<b>Fund Balance as % of Expenditures</b>	<b>4.2%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.9%</b>
<b>Ending Fund Balance w/o GF Subsidies and Advances</b>	<b>(\$33,521)</b>	<b>\$38,801</b>	<b>(\$155,809)</b>	<b>(\$50,176)</b>

Source: FCSD

Note: The General Fund Subsidies in FY 2017-18 and FY 2019-20 are the result of transfers and are fully absorbed by the General Fund. The advance-in from the General Fund in FY 2019-20 is required to be paid back in the following fiscal year (FY 2020-21)

Note: For readability purposes, numbers have been rounded.

The District’s labor hours are higher than industry benchmarks for the high school building. A reduction of labor hours would help address the operating deficit for the Food Service Fund.

## FY 2020 Meals Per Labor Hour – High Productivity Benchmark

<b>Building</b>	<b>Meal Equivalents Served per Day</b>	<b>Daily Labor Hours</b>	<b>MPLH</b>	<b>Industry Benchmark</b>	<b>MPLH Difference</b>	<b>Total Labor Hours Required</b>	<b>Labor Hours Difference</b>
Fremont Ross High School	666	48.00	13.9	19.0	(5.13)	35.0	12.97
Fremont Middle School	750	35.50	21.1	20.5	0.64	36.6	(1.11)
All Elementary Schools	1,969	89.00	22.1	20.5	1.62	96.0	(7.03)
<b>Total</b>	<b>3,384.70</b>	<b>172.50</b>	<b>57.1</b>	<b>60.0</b>	<b>(2.87)</b>	<b>167.7</b>	<b>4.83</b>

Source: FCSD, Pannell-Martin and Boettger

Increasing meal prices are an option for increasing food service revenues. However, FCSD’s meal prices are generally in line with peer and statewide averages, as shown in the following table.

### FY2020 Food Service Pricing

	<b>Elementary</b>	<b>Middle</b>	<b>High</b>
<b>Fremont CSD</b>	\$2.70	\$2.70	\$2.90
<b>Primary Peer Average</b>	\$2.71	\$2.88	\$2.88
<b>Local Peer Average</b>	\$2.69	\$2.92	\$2.88
<b>Statewide Average</b>	\$2.76	\$2.89	\$2.90

Source: FCSD and ODE

# OHIO AUDITOR OF STATE KEITH FABER



**FREMONT CITY SCHOOL DISTRICT**

**SANDUSKY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/21/2021**

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

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