



Dave Yost • Auditor of State

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# Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Madison-Plains Local School District,

The Auditor of State's Office selected the Madison-Plains Local School District (MPLSD or the District) for a performance audit based on its projected financial condition. This performance audit was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management.

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

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

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

Sincerely,

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

Dave Yost  
Auditor of State  
March 15, 2018

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## Table of Contents

Executive Summary .....	1
Purpose and Scope of the Audit.....	1
Performance Audit Overview .....	1
Audit Methodology.....	2
Noteworthy Accomplishments.....	4
Issue for Further Study.....	5
Summary of Recommendations .....	6
Background .....	10
Recommendations.....	12
R.1 Consider reducing the subsidy of extracurricular activities to the local peer level.....	12
R.2 Develop a purchasing process for custodial supplies.....	13
R.3 Eliminate 0.5 FTE central office administrator position.....	16
R.4 Eliminate 2.0 FTE general education teacher positions.....	17
R.5 Eliminate 2.5 FTE career-technical programs/career pathways teacher positions.....	18
R.6 Eliminate 0.5 FTE art education K-8 teacher position.....	19
R.7 Eliminate 0.5 FTE music education K-8 teacher position .....	20
R.8 Eliminate 2.5 FTE curriculum specialist positions .....	22
R.9 Eliminate 2.0 FTE regular education remedial specialist positions.....	23
R.10 Eliminate 0.5 FTE central office clerical position .....	24
R.11 Eliminate 2.5 FTE building clerical positions.....	25
R.12 Eliminate 0.5 FTE bookkeeping position.....	26
R.13 Eliminate 3.0 FTE classroom support staff positions .....	26
R.14 Renegotiate collective bargaining agreement provisions.....	28
R.15 Decrease employer cost of dental and vision insurance.....	30
R.16 Implement an energy management plan.....	34
R.17 Leverage the Permanent Improvement Fund to develop a multi-year capital plan .....	36
R.18 Enhance internal control measures for T-Form Reporting.....	38
R.19 Right-size the spare bus fleet .....	39
R.20 Develop a formal transportation preventative maintenance program .....	41
R.21 Make additional reductions to address the remaining deficit.....	42
Appendix A: Scope and Objectives .....	46

Appendix B: Additional Comparisons..... 48  
Appendix C: Five-Year Forecasts..... 67  
Client Response ..... 69

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# Executive Summary

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## Purpose and Scope of the Audit

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

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

## Performance Audit Overview

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

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

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



## **Audit Methodology**

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

- Peer districts;
- Industry standards;
- Leading practices;
- Statutes; and
- Policies and procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and higher 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. Finally, a “Transportation Peers” set was selected for transportation operating and spending comparisons. This peer set was selected specifically for transportation operational comparability and included only those districts with a similar size in square miles and population density; two significant factors that impact transportation efficiency. **Table 1** shows the Ohio school districts included in these peer groups.

**Table 1: Peer Group Definitions**

<b>Primary Peers <sup>1</sup></b>
<ul style="list-style-type: none"> <li>• Anna Local School District (Shelby County)</li> <li>• Archbold-Area Local School District (Fulton County)</li> <li>• Champion Local School District (Trumbull County)</li> <li>• Columbiana Exempted Village School District (Columbiana County)</li> <li>• Manchester Local School District (Summit County)</li> <li>• Norwayne Local School District (Wayne County)</li> <li>• Van Buren Local School District (Hancock County)</li> <li>• Versailles Exempted Village School District (Darke County)</li> <li>• Wayne Local School District (Warren County)</li> <li>• West Liberty-Salem Local School District (Champaign County)</li> </ul>
<b>Local Peers (Compensation, Benefits, and Bargaining Agreements) <sup>2</sup></b>
<ul style="list-style-type: none"> <li>• Greeneview Local School District (Greene County)</li> <li>• Jefferson Local School District (Madison County)</li> <li>• Jonathan Alder Local School District (Madison County)</li> <li>• London City School District (Madison County)</li> <li>• Miami Trace Local School District (Fayette County)</li> <li>• Southeastern Local School District (Clark County)</li> <li>• Westfall Local School District (Pickaway County)</li> </ul>
<b>Transportation Peers</b>
<ul style="list-style-type: none"> <li>• East Guernsey Local School District (Guernsey County)</li> <li>• Frontier Local School District (Washington County)</li> <li>• Parkway Local School District (Mercer County)</li> <li>• Seneca East Local School District (Seneca County)</li> <li>• Symmes Valley Local School District (Lawrence County)</li> </ul>

<sup>1</sup> Manchester LSD was excluded from primary peer financial comparisons due to its financial data being unavailable.

<sup>2</sup> Jefferson LSD was excluded from local peer financial comparisons due to concerns about the reliability of financial information.

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. Sources industry standards or leading practices used in this audit include: the American Association of School Administrators (AASA), American School and University (AS&U), the Government Finance Officers Association (GFOA), Muskingum Valley Educational Service Center (MVESC), the National Center for Education Statistics (NCES), National Institute for Governmental Purchasing (NGIP), the Ohio Department of Education (ODE), the Ohio State Employment Relations Board (SERB), and the U.S. Energy Information Administration (EIA). District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed.

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

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

### Noteworthy Accomplishments

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

- Financial Communication:** The District actively disseminates financial information through its website, including MPLSD Board of Education (the Board) minutes, annual audited financial statements, monthly financial reports, the most recent five-year forecast, and 10-year financial plan. In addition, MPLSD holds advisory committee meetings at locations across the District soliciting feedback and broadcasting such meetings on Facebook through its live application to increase accessibility. The Superintendent also utilizes a blog on the website, writes a monthly column in the local newspapers, and sends out newsletters to stakeholders. Doing so provides the community with access to financial information and major decisions being discussed at the District.
- Budgeting and Forecasting:** The District maintains a 10-year financial plan to help guide financial decisions. In addition, forecast documents are available and presented to the public through comprehensive presentations at Board meetings and on the District’s website.
- Grounds Keeping Contract:** The District contracts out its grounds keeping and snow removal to a third party. As a result, it was able to eliminate two maintenance positions, through attrition. **Table 2** analyzes the cost effectiveness of the grounds maintenance contract compared to the estimated in-house costs, including benefits, for 1.5 full-time equivalent employees (FTE), in the entry-level maintenance classification for FY 2016-17. This is the amount of employee labor that the District would need to hire to perform this ground keeping work in house and the cost of these positions is a benchmark for assessing the cost effectiveness of the current contract.

**Table 2: Grounds Contract Cost Effectiveness Analysis**

Total Salary and Benefits <sup>1</sup>	\$104,701
Grounds Keeping Contract Cost for FY 2016-17	\$41,912
<b>Difference</b>	<b>\$62,789</b>
<b>% Difference</b>	<b>149.8%</b>

Source: MPLSD

<sup>1</sup> Based on 1.5 FTEs on step 0 of the wage schedule for maintenance employees, benefits including medical, prescription, dental, vision, health reimbursement account contributions, Medicare at 1.45 percent, workers’ compensation at 0.42 percent, and retirement at 14.0 percent.

As shown in **Table 2**, the District is realizing significant cost savings through the use of the contract for grounds keeping services as opposed to doing the same work in-house.

## **Issue for Further Study**

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

- **Unused and Inoperable Equipment:** The District stores various pieces of equipment that it has deemed underutilized or inoperable. However, this equipment could be sold for a one-time revenue increase. MPLSD already has the capacity to sell obsolete property through the District's website facilitated by a liquidity services marketplace. MPLSD should further study the impact of storing inoperable and underutilized equipment and consider selling, if feasible.

## Summary of Recommendations

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

**Table 3: Summary of Recommendations**

Recommendations		Savings
<b>R.1</b>	<b>Consider reducing the subsidy of extracurricular activities to the local peer level</b>	<b>\$180,200</b>
<b>R.2</b>	<b>Develop a purchasing process for custodial supplies</b>	<b>\$10,000</b>
<b>R.3</b>	<b>Eliminate 0.5 FTE central office administrator position</b>	<b>\$75,100</b>
<b>R.4</b>	<b>Eliminate 2.0 FTE general education teacher positions</b>	<b>\$131,400</b>
<b>R.5</b>	<b>Eliminate 2.5 FTE career-technical/career pathways teacher positions</b>	<b>\$164,200</b>
<b>R.6</b>	<b>Eliminate 0.5 FTE art education K-8 teacher position</b>	<b>\$32,800</b>
<b>R.7</b>	<b>Eliminate 0.5 FTE music education K-8 teacher position</b>	<b>\$32,800</b>
<b>R.8</b>	<b>Eliminate 2.5 FTE curriculum specialist positions</b>	<b>\$164,200</b>
<b>R.9</b>	<b>Eliminate 2.0 FTE regular education remedial specialist positions</b>	<b>\$131,400</b>
<b>R.10</b>	<b>Eliminate 0.5 FTE central office clerical position</b>	<b>\$37,100</b>
<b>R.11</b>	<b>Eliminate 2.5 FTE building clerical positions</b>	<b>\$134,700</b>
<b>R.12</b>	<b>Eliminate 0.5 FTE bookkeeping positions</b>	<b>\$42,700</b>
<b>R.13</b>	<b>Eliminate 3.0 FTE classroom support staff positions</b>	<b>\$64,600</b>
<b>R.14</b>	<b>Renegotiate collective bargaining agreement provisions</b>	<b>\$4,600</b>
<b>R.15</b>	<b>Decrease employer cost of dental and vision insurance <sup>1</sup></b>	<b>\$47,900</b>
<b>R.16</b>	<b>Implement an energy management plan</b>	<b>\$35,400</b>
<b>R.17</b>	<b>Leverage the Permanent Improvement Fund to develop a multi-year capital plan <sup>2</sup></b>	<b>\$63,400</b>
<b>R.18</b>	<b>Enhance internal control measures for T-Form reporting</b>	<b>N/A</b>
<b>R.19</b>	<b>Right-size the spare bus fleet</b>	<b>\$32,300</b>
<b>R.20</b>	<b>Develop a formal transportation preventative maintenance program</b>	<b>N/A</b>
<b>R.21</b>	<b>Make additional reductions to address the remaining deficit</b>	<b>\$404,900</b>
<b>One-Time Revenue</b>		<b>\$5,200</b>
<b>Cost Savings Adjustments <sup>1</sup></b>		<b>(\$5,300)</b>
<b>Total Cost Savings from Performance Audit Recommendations</b>		<b>\$1,789,600</b>

<sup>1</sup> Implementation of **R.3**, **R.4**, **R.5**, **R.6**, **R.7**, **R.8**, **R.9**, **R.10**, **R.11**, **R.12**, and **R.13** would reduce savings achievable from **R.14**.

<sup>2</sup> Savings from this recommendation represent a shift of expenditures out of the General Fund.

**Table 4** shows the District's ending fund balances as projected in the October 2017 five-year forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

**Table 4: Financial Forecast with Performance Audit Recommendations**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Original Ending Fund Balance	(\$118,928)	(\$2,358,287)	(\$4,922,754)	(\$7,952,096)
Budget Stabilization Funds <sup>1</sup>	\$540,000	\$540,000	\$540,000	\$540,000
<b>Revised Ending Fund Balance Including Budget Stabilization Funds</b>	<b>\$421,072</b>	<b>(\$1,818,287)</b>	<b>(\$4,382,754)</b>	<b>(\$7,412,096)</b>
Cumulative Balance of Performance Audit Recommendations	\$1,784,400	\$3,615,900	\$5,490,900	\$7,412,100
One-Time Revenue	\$5,200	N/A	N/A	N/A
<b>Revised Ending Fund Balance</b>	<b>\$2,210,672</b>	<b>\$1,797,613</b>	<b>\$1,108,146</b>	<b>\$4</b>

Source: MPLSD, ODE, and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable, there may be a reasonable delay in doing so. As a result, cost savings have been applied to FY 2018-19 through FY 2021-22 only.

<sup>1</sup> The budget stabilization line represents funds the District has set aside to stabilize the budget. Due to the projected deficit in FY 2018-19, it is assumed the District will utilize these funds, resulting in a one-time fund balance increase of \$540,000.

As shown in **Table 4**, implementing the performance audit recommendations and use of the one-time budget stabilization reserve would allow MPLSD to avoid forecasted deficits throughout the five-year forecast.

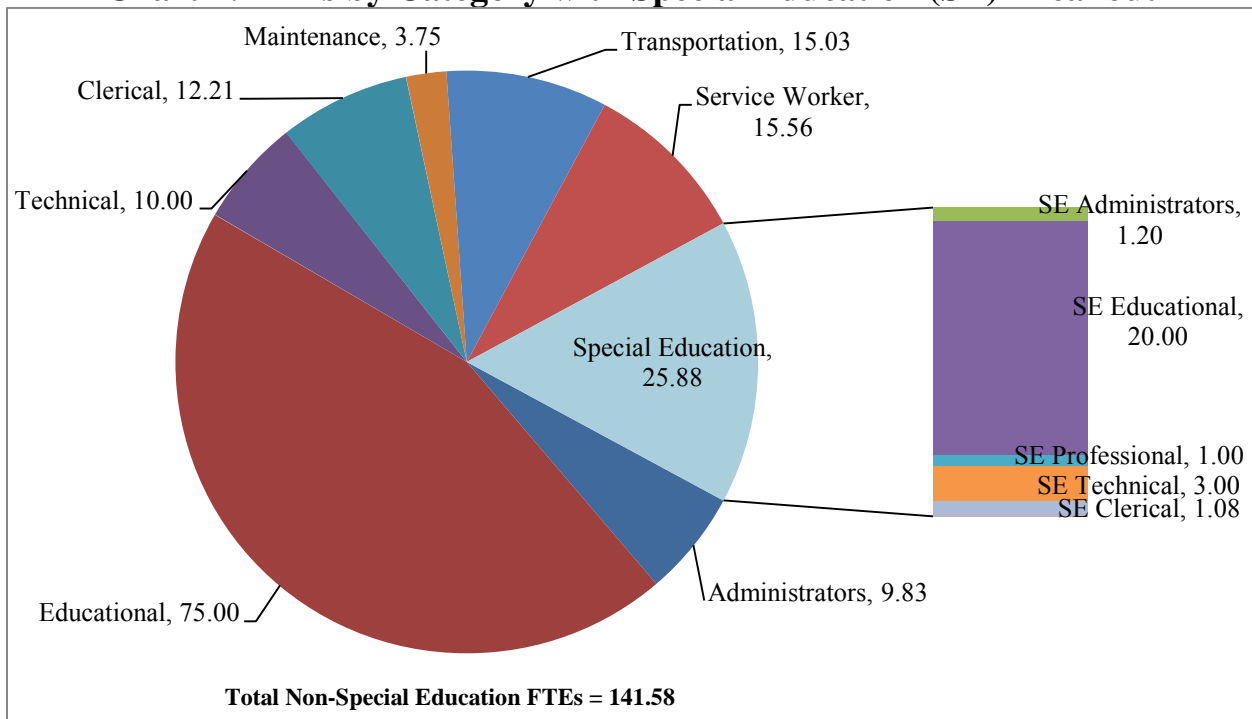
## District Staffing Overview

The appropriateness of staffing levels is significant to both the operational and financial conditions within school districts. Operational decisions such as classroom sizes, class offerings, and other non-educational service levels collectively drive the need for overall staffing total. Specifically, personnel costs (i.e., salaries and benefits) accounted for 74.7 percent of General Fund expenditures in fiscal year FY 2016-17, a significant impact on the District's budget and financial condition.

**Chart 1** shows MPLSD's FY 2017-18 full-time equivalent (FTE) staffing levels by category<sup>1</sup> with special education staffing broken out for informational purposes only.

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

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



Source: MPLSD

As shown in **Chart 1**, MPLSD employed a total of 167.46 FTEs in FY 2017-18. Of this total, 25.88 FTEs, or 15.5 percent, were specifically dedicated to special education services. The remaining 141.58 non-special education FTEs were evaluated in each of the eight staffing categories shown in **Chart 1**.

Categories where staffing levels were compared to the primary peer average included administrators (see **R.3** and **Table B-1**), clerical (see **R.10**, **R.11**, and **R.12**), educational (see **R.4**, **R.5**, **R.6**, **R.7**, **R.8**, and **R.9**), professional (see **Table B-5**), and technical staff (see **R.13**, **Table B-5**, **Table B-8** and **Table B-9**). Administrators, educational, clerical, and technical staffing were the categories where the District’s staffing level per 1,000 students was higher than the primary peers.

Maintenance (see **Table B-14**) and service workers (see **Table B-14**) were assessed using workload measures and benchmarks rather than peer averages, as these positions operate in areas that have industrywide developed gauges of efficiency and effectiveness.

Due to its financial condition, the District may need to consider reducing staffing levels to a level below the benchmarks used within the staffing analyses (see **R.21**).

It is possible that in pursuing the options necessary to balance the budget and achieve fiscal stability, the District could face the unintended consequence of reductions in future federal aid and/or the need to repay federal funds previously received, due to inability to meet federal maintenance of effort (MOE) requirements. Federal funding is designed to supplement local operations within specific program areas such as Title I, Title II, and IDEA Part B. Because this

funding is meant to be supplemental, MOE requirements are put into place to ensure that all schools maintain an acceptable level of local spending rather than shifting to an over-reliance on federal funding, also referred to as supplanting.

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

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

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

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

It is important to note that the provision of special education services may have a significant impact on MPLSD's overall operating cost and staffing levels. However, the appropriateness of the District's special education cost and staffing were not evaluated as a part of this performance audit. Where applicable, special education staffing information is included for informational purposes only. All conclusions regarding the relative appropriateness of staffing are based solely on non-special education staff for both the District and the primary peers.

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<sup>2</sup> IDEA Part B does not have a MOE waiver option.



## Background

In May 2017, the District released its semi-annual five-year forecast which showed progressively declining year-end fund balances throughout the forecast period. This forecast served as the primary impetus of the performance audit. **Table 5** shows MPLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, outstanding encumbrances, budget reserve, and ending fund balances as projected in the District's May 2017 five-year forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of fiscal distress conditions, possibly leading to formal designation by AOS and ODE.

**Table 5: MPLSD Financial Condition Overview (May 2017)**

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total Revenue	\$13,724,513	\$14,221,279	\$14,362,096	\$14,378,287	\$14,508,139
Total Expenditure	\$15,008,240	\$15,435,922	\$15,867,945	\$16,323,497	\$16,854,851
<b>Results of Operations</b>	<b>(\$1,283,727)</b>	<b>(\$1,214,643)</b>	<b>(\$1,505,849)</b>	<b>(\$1,945,211)</b>	<b>(\$2,346,712)</b>
Beginning Cash Balance	\$4,670,548	\$3,386,821	\$2,172,178	\$666,329	(\$1,278,881)
<b>Ending Cash Balance</b>	<b>\$3,386,821</b>	<b>\$2,172,178</b>	<b>\$666,329</b>	<b>(\$1,278,881)</b>	<b>(\$3,625,593)</b>
Outstanding Encumbrances	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Budget Reserve	\$540,000	\$540,000	\$540,000	\$540,000	\$540,000
<b>Ending Fund Balance</b>	<b>\$2,736,821</b>	<b>\$1,522,178</b>	<b>\$16,329</b>	<b>(\$1,928,881)</b>	<b>(\$4,275,593)</b>

Source: MPLSD and ODE

As shown in **Table 5**, the District's May 2017 five-year forecast projects a deficit of over \$1.9 million in FY 2019-20. This deficit condition is a direct result of expenditure growth outpacing revenue growth over the forecast period, eventually depleting cash balances. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$4.2 million by FY 2020-21.

In October 2017, the District released an updated financial forecast. **Table 6** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

**Table 6: MPLSD Financial Condition Overview (October 2017)**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Total Revenue	\$13,559,763	\$13,578,008	\$13,593,747	\$13,730,195	\$13,747,592
Total Expenditure	\$14,966,068	\$15,391,123	\$15,833,107	\$16,294,662	\$16,776,934
<b>Results of Operations</b>	<b>(\$1,406,305)</b>	<b>(\$1,813,115)</b>	<b>(\$2,239,359)</b>	<b>(\$2,564,467)</b>	<b>(\$3,029,342)</b>
Beginning Cash Balance	\$3,750,493	\$2,344,188	\$531,072	(\$1,708,287)	(\$4,272,754)
<b>Ending Cash Balance</b>	<b>\$2,344,188</b>	<b>\$531,072</b>	<b>(\$1,708,287)</b>	<b>(\$4,272,754)</b>	<b>(\$7,302,096)</b>
Outstanding Encumbrances	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Budget Reserve	\$540,000	\$540,000	\$540,000	\$540,000	\$540,000
<b>Ending Fund Balance</b>	<b>\$1,694,188</b>	<b>(\$118,928)</b>	<b>(\$2,358,287)</b>	<b>(\$4,922,754)</b>	<b>(\$7,952,096)</b>

Source: MPLSD and ODE

As shown in **Table 6**, the District's FY 2018-19 surplus of approximately \$16,000 forecasted in May 2017 was reforecast in October 2017 to be a deficit exceeding \$118,000. In addition, the expected year-end fund deficit of over \$4.2 million in the final year (FY 2020-21) of the May 2017 forecast worsened to an expected deficit of over \$7.9 million in the final year (FY 2021-22) of the October 2017 forecast. This deteriorating financial condition is largely the result a decrease in expected revenues, primarily as the result of the District's move away from a two-tier routing system, which was reflected as a revenue increase in the May 2017 five-year forecast. It was assumed in the May 2017 five-year forecast additional State funding of over \$345,000 would be provided when the District approved two-tier routing in 2016. However, in July 2017, MPLSD decided against the change to two-tier bus routing after the State's 2018-19 biennial budget decreased transportation funding, resulting in flat transportation funding regardless of routing structure. As a result, the District would have been unable to gain additional revenue to offset the projected expenditures increase associated with two-tier bus routing. Additional State-level changes impacted the MPLSD's state share index; this, coupled with the phased out of tangible personal property tax resulted in the District receiving flat revenue while seeing increased expenditures.

In November 2017 ODE requested a budget balancing plan from MPLSD as a result of projected deficits in its October 2017 five-year forecast. In response, the District outlined its plan in December 2017. This plan includes placing a 1.25 percent income tax levy on the ballot for May 2018 and proposing cuts to be discussed with the Board and other stakeholders, using the performance audit as a guide. The District expects final plan approval by the end of March 2018.

# Recommendations

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

In FY 2016-17, MPLSD expended \$730,279 on student extracurricular activities, which included the salaries and benefits of the athletic director, coaches, advisors, supplies and materials, transportation services, awards and prizes, and other miscellaneous expenditures. Salaries and benefits are paid out of the General Fund, while the other expenditures are paid out of a mix of General Fund and student activity funds. A portion of these expenditures were offset by generating revenue of \$355,278. In turn, the amount of the net cost of extracurricular activities represents the amount of subsidy from the General Fund.

**Table 7** shows a comparison of the District’s FY 2016-17 student extracurricular activity net cost per pupil to the primary peer average and the local peer average. This comparison is important for determining whether the District’s net cost for student extracurricular activity programs was consistent with the primary and local peers.

**Table 7: Student Extracurricular Activity Net Cost Comparison**

	MPLSD			Local Peer Average <sup>1</sup>
<b>Students</b>			<b>1,173</b>	<b>1,654</b>
<b>Activity Type</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Net Cost</b>	
Academic Oriented	\$62,506	\$167,470	(\$104,964)	(\$68,832)
Occupation-Oriented	\$116,213	\$103,247	\$12,966	(\$43,725)
Sports Oriented	\$54,512	\$400,330	(\$345,818)	(\$372,769)
School and Public Service Co-Curricular Activity	\$38,472	\$59,232	(\$20,760)	(\$29,286)
Other Extracurricular Activity	\$83,575	\$0	\$83,575	\$7,102
Non-specified <sup>2</sup>	\$0	\$0	\$0	\$232,871
<b>Totals</b>	<b>\$355,278</b>	<b>\$730,279</b>	<b>(\$375,001)</b>	<b>(\$274,639)</b>
		<b>Net Cost per Pupil</b>	<b>(\$319.69)</b>	<b>(\$166.06)</b>
		<b>Net Cost per Pupil Difference</b>		<b>(\$153.63)</b>
		<b>Net Cost per Pupil % Difference</b>		<b>92.5%</b>
		<b>Total Cost Difference</b>		<b>\$180,208</b>

Source: MPLSD, primary peers, and local peers

<sup>1</sup> Jefferson LSD was excluded from this analysis due to concerns about the reliability of financial information.

<sup>2</sup> Non-specified represents revenue that was not coded to a specific activity type, but does reduce the net cost.

As shown in **Table 7**, the District's student extracurricular activity net cost per pupil of \$319.69 was \$153.63, or 92.5 percent, higher than the local peer average. While it is common for school districts in Ohio to subsidize extracurricular costs with General Fund money, the existence of a net cost places a burden on the General Fund equal to the amount of the net cost.

Given the severity of its forecasted deficit condition (see **Table 6**), the District should evaluate all available options to reduce expenditures and/or increase revenue for student extracurricular activities.

The District should also consider the following additional steps to fully reduce the General Fund subsidy to peer levels:

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

Making these changes would help reduce the General Fund subsidy, allowing more resources to be dedicated to student instructions. Two of the seven local peers (i.e., London CSD and Westfall LSD) charge pay-to-participate fees while MPLSD does not. However, the District should consider the relative ability to pay of its students and families and the financial impact of having to meet any proposed fees.

In order to fully address the deficit, the District will also need to consider full elimination of the General Fund subsidy of extracurricular activities (see **R.21**).

Financial Implication: Reducing expenditures and/or increasing revenue so that the General Fund subsidy to the Student Extracurricular Activity Funds is consistent with local peers on a net cost per student basis would save the District **\$180,200** annually.

## **R.2 Develop a purchasing process for custodial supplies**

*During the course of the performance audit the District improved its inventory control practices to reduce the amount of supplies purchased. Supply inventory is now housed in a central location and is controlled by the Maintenance Coordinator.*

**Table 8** shows the District's building operation and maintenance (O&M) supplies and materials per square foot compared to the primary peer average for FY 2016-17.<sup>3</sup> Examining the cost of supplies and materials in relation to square footage normalizes the effects of district size and provide an accurate comparison.

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<sup>3</sup> Supplies and materials refer to common items associated with maintaining school facilities, such as custodial and maintenance supplies.

**Table 8: O&M Supplies and Materials Total Expenditures Comparison**

	MPLSD	Primary Peer Avg. <sup>1</sup>	Difference	% Difference
Total Square Footage	177,471	212,255	(34,784)	(16.4%)
Total Supplies and Materials Expenditures	\$55,541	\$73,301	(\$17,760)	(24.2%)
<b>Expenditure per Square Foot</b>	<b>\$0.31</b>	<b>\$0.35</b>	<b>(\$0.04)</b>	<b>(11.4%)</b>

Source: MPLSD, ODE, and primary peers

<sup>1</sup> Manchester LSD was excluded from primary peer financial comparisons due to its financial data being unavailable.

As shown in **Table 8**, the cost of supplies and materials at MPLSD was \$0.04, or 11.4 percent, lower per square foot than the primary peer average. Despite having lower costs, there is no formal process governing the purchase of custodial supplies. The District’s practice is to use a single vendor to procure most custodial supplies and materials. However, there is no routine price checking or competitive quotation process to ensure that the primary vendor is offering competitive prices.

Meta Solutions is a service provider for educational institutions that manages a purchasing cooperative wherein extensive buying power is leveraged in order to enable its member school districts greater access to cost-effective supplies and services. MPLSD maintains a current membership in this cooperative. Additionally, while the District lacks a formal purchasing manual, *Board Policy DJF - Purchasing Procedures* states that “Purchasing procedures are designed to ensure the best possible price for the desired products and services.” This provides the internal guidance to purchase the most cost-effective resources wherever possible.

**Table 9** shows the total costs of seven commonly purchased items by MPLSD in FY 2016-17 found to be available at a lower price through either Meta Solutions or an online vendor. This provides an indication of the savings available to the District by purchasing the same products, at the same value through other currently available vendors.

**Table 9: Supplies and Materials Component Expenditures Comparison**

	MPLSD	MS/Online <sup>1</sup>	Difference	% Difference
Two-Ply Toilet Paper	\$7,401	\$3,052	\$4,349	142.5%
Paper Towels	\$4,487	\$1,508	\$2,980	197.7%
Gloves	\$957	\$495	\$462	93.4%
Trash Can Liners	\$3,486	\$1,926	\$1,560	81.0%
Foaming Hand Soap	\$3,964	\$3,722	\$242	6.5%
Mr. Clean Magic Erasers	\$194	\$181	\$13	6.9%
Urinal Screens/Blocks	\$1,139	\$661	\$478	72.3%
<b>Total</b>	<b>\$21,628</b>	<b>\$11,545</b>	<b>\$10,083</b>	<b>87.3%</b>

Source: MPLSD, Meta Solutions, and online vendors

<sup>1</sup> Actual costs the District would incur by buying the same volume of each product based on the best unit price available for each product through either Meta Solutions or the online vendor.

As shown in **Table 9**, by purchasing these seven comparable products at the same volume through Meta Solutions or an online vendor, the District could save approximately \$10,000, or 18.2 percent, of its total FY 2016-17 O&M supplies and materials expenditures.

Overall, the District could reduce expenditures for supplies and materials by developing a process to assure that the Board's stated policy of purchasing items at the best possible price is consistently applied and results in the best possible value. An important step in establishing an effective purchasing process that outlines procurement practices is to create a purchasing manual.

The National Institute for Governmental Purchasing (NIGP) has developed and published a series of "global best practices" on government purchasing that "provide definitions, context, and guidance on relevant public procurement topics." One such best practice publication is, *Developing a Procurement Policy Manual* (NIGP 2012). In this publication, the NIGP established the standard that "organizations should develop a comprehensive policy manual that clearly defines authority, responsibility, and establishes guidelines for the organization and the procurement professional to follow when carrying out their responsibilities." Procedure manuals should include the following elements:

- The overarching purpose of establishing a procurement policy;
- Definitions of any terms, titles, or criteria that may be unclear or specific to the organization;
- The basic organizational concepts which govern the authorities, roles, and/or responsibilities of those involved in the procurement process;
- Guidance for source selection and contract formation based on type of product or service and/or a threshold expenditure amount;
- Guidance regarding any product and/or service specifications deemed as critical to the continued mission of the organization;
- A code of conduct and ethics by which any and all employees involved in the procurement process should be guided;
- Outline the on-boarding process and any continuing education requirements for those involved in organizational procurement; and
- Guidance relating to any special programs, such as, minority-owned business, locally owned business, or cooperative purchasing.

Without comprehensively scrutinizing cost-competitiveness, the District risks overpaying for its commonly purchased goods and services. MPLSD should develop a formal purchasing process to reduce the risk of overpaying for supplies and materials. As part of this process, it should ensure that commonly purchased items are obtained at the lowest possible price by checking prices through the Meta Solutions purchasing cooperative and/or other available vendors.

Financial Implication: Ensuring that custodial supplies and materials are purchased from the lowest cost vendor could save the District approximately **\$10,000** annually.

**R.3 Eliminate 0.5 FTE central office administrator position**

MPLSD employs 3.83 FTE central office administrators, including an athletic director, curriculum director, director of operations, maintenance coordinator, transportation coordinator, and administrative assistant.

**Table 10** shows the District’s FY 2017-18 central office administrator staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing central office administrators staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 10: Central Office Administrator Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Central Office Administrators	3.83	3.27	2.59	0.68	0.80

Source: MPLSD, ODE, and primary peers

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

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

As shown in **Table 10**, the District’s central office administrator staffing is higher than the primary peer average by 0.80 FTE. The District would need to reduce 0.5 FTE central office administrator positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

**Financial Implication:** Reducing 0.5 FTE central office administrators could save approximately **\$75,100** in salary and benefits in FY 2018-19. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>4</sup>

<sup>4</sup> The value of the savings from this recommendation is increased by 3.19 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

**R.4 Eliminate 2.0 FTE general education teacher positions**

General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the District-wide ratio of general education teachers to students be at least 1.0 FTE classroom teacher for every 25 regular students. This category excludes teaching staff in other areas such as gifted, special education, and educational service personnel (ESP).

**Table 11** shows the District’s FY 2017-18 general education teacher staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing general education teaching staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 11: General Education Teacher Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
General Education Teachers	55.67	47.46	45.43	2.03	2.38

Source: MPLSD, ODE, and primary peers

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

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

As shown in **Table 11**, general education teacher staffing is higher than the primary peer average by 2.38 FTEs. The District would need to reduce 2.00 FTE general education teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

The District’s FY 2017-18 is 13.2 FTEs over the State minimum requirement.<sup>5</sup> Reducing 2.0 FTE to bring staffing in-line with the primary peer average on a per 1,000 student basis would still keep MPLSD safely above this requirement. However, in order to fully address the deficit, the District will need to consider additional reductions to staffing levels (see **R.21**).

**Financial Implication:** Eliminating 2.0 FTE general education teaching positions could save **\$131,400** in salaries and benefits in FY 2018-19. The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 10.0 FTE least tenured educational positions that are recommended for elimination within this performance audit (also see **R.5**, **R.6**,

<sup>5</sup> In FY 2016-17 MPLSD’s regular student population was 1,061. With a total of 55.67 general education teacher FTEs this resulted in a District-wide ratio of 19.76 students per general education teacher. If the District were to operate at the State minimum ratio of 25 to 1, it would need a total of 42.46 FTEs, 13.21 FTEs less than are currently employed.



**R.7, R.8, and R.9).** Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>6</sup>

**R.5 Eliminate 2.5 FTE career-technical programs/career pathways teacher positions**

According to ORC § 3313.90, each city, local and exempted village school shall provide career technical education to students in grades 7-12 either by establishing and maintaining its own education program, becoming a member of a joint vocational school district, or contracting for career-technical education with a joint vocational school district or another school district to provide the programs. To provide these services, MPLSD contracts with Tolles Career and Technical Center (Tolles), a joint vocational school (JVS) located in Plain City, Ohio. In addition, MPLSD also employs 4.0 FTE career-technical programs/career pathways (career-technical) teacher positions who teach home economics and vocational agricultural courses.

**Table 12** shows the District’s FY 2017-18 career-technical programs/career pathways staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 12: Career-Technical Teaching Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Career-Technical Programs/Career Pathways	4.00	3.41	0.86	2.55	2.99

Source: MPLSD, ODE, and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of career-technical teaching staff FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 12**, career-technical programs/career pathways teacher staffing is higher than the primary peer average by 2.99 FTEs. The District would need to reduce 2.50 FTE career-technical teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students. It is important to note that Tolles offers vocational agriculture courses and other career-technical courses. Due to these similar course offerings, the District should review its career-technical programs/career pathways offerings and assess opportunities to further utilize the offerings at Tolles.

<sup>6</sup> The value of the savings from this recommendation is increased by 4.57 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

**Financial Implication:** Eliminating 2.5 FTE career-technical/career pathways teaching positions could save **\$164,200** in salaries and benefits in FY 2018-19. The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 10.0 FTE least tenured educational positions that are recommended for elimination within this performance audit (also see **R.4, R.6, R.7, R.8** and **R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>7</sup>

**R.6 Eliminate 0.5 FTE art education K-8 teacher position**

The District employs 2.0 FTE art education teacher positions serving students in kindergarten through 8<sup>th</sup> grade. This position historically has been included in the educational service personnel (ESP) category, which includes teaching positions such as K-8 art, music, and physical education teachers as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.<sup>8</sup>

**Table 13** shows the District’s FY 2017-18 art education K-8 teacher staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 13: Art Education K-8 Teacher Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Art Education K-8	2.00	1.71	1.19	0.52	0.61

Source: MPLSD, ODE, and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of art education K-8 teacher FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 13**, MPLSD’s art education K-8 teacher staffing is higher than the primary peer average by 0.61 FTEs. The District would need to reduce 0.50 FTE art education K-8

<sup>7</sup> The value of the savings from this recommendation is increased by 4.57 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

<sup>8</sup> Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students." This revision effectively eliminated State minimum staffing levels for ESP staffing.

positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

The District's certificated collective bargaining agreement (CBA) states that "the Board of Education shall provide the services of not less than one music, one art, and one physical education specialists relieving the respective grade level teachers in these subject areas." As shown in **Table 13**, reducing art education teacher K-8 staffing positions to the peer average does not result in a violation of this provision of the CBA.

Financial Implication: Eliminating 0.5 art education K-8 teacher positions could save **\$32,800** in salaries and benefits in FY 2018-19. The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 10.0 FTE least tenured educational positions that are recommended for elimination within this performance audit (also see **R.4**, **R.5**, **R.7**, **R.8**, and **R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>9</sup>

### **R.7 Eliminate 0.5 FTE music education K-8 teacher position**

The District employs 2.0 FTE music education teacher positions serving students in kindergarten through 8<sup>th</sup> grade. This position historically has been included in the ESP category, which includes teaching positions such as K-8 art, music, and physical education teachers as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.<sup>10</sup>

**Table 14** shows the District's FY 2017-18 music education K-8 teacher staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to population normalized the effect of district sizes on raw staffing numbers.

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<sup>9</sup> The value of the savings from this recommendation is increased by 4.57 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

<sup>10</sup> Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students." This revision effectively eliminated State minimum staffing levels for ESP staffing.

**Table 14: Music Education K-8 Teacher Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Music Education K-8	2.00	1.71	1.21	0.50	0.59

Source: MPLSD, ODE, and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of music education K-8 teacher FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 14**, MPLSD’s music education K-8 teacher staffing is higher than the primary peer average by 0.59 FTEs. The District would need to reduce 0.50 FTE music education K-8 teacher staffing positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

The District's certificated CBA states that "the Board of Education shall provide the services of not less than one music, one art, and one physical education specialists relieving the respective grade level teachers in these subject areas." As shown in **Table 14**, reducing music education K-8 teacher staff positions to the peer average does not result in the final count to be less than 1.0 FTE, keeping the District in line with the CBA.

**Financial Implication:** Eliminating 0.5 music education K-8 teacher staffing positions could save **\$32,800** in salaries and benefits in FY 2018-19. The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 10.0 FTE least tenured educational positions that are recommended for elimination within this performance audit (also see **R.4, R.5, R.6, R.8, and R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>11</sup>

<sup>11</sup> The value of the savings from this recommendation is increased by 4.57 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

**R.8 Eliminate 2.5 FTE curriculum specialist positions**

Curriculum specialists are responsible for developing and improving curriculum and assessing the effectiveness of curriculum and instruction. Within this function at MPLSD, instructional coaches provide professional development to the teaching staff, and focus on different ways to improve learning opportunities for students and educators. Employees in this position hold teaching licenses and are considered teaching employees under the certificated CBA.

**Table 15** shows the District’s FY 2017-18 curriculum specialist staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 15: Curriculum Specialist Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Curriculum Specialist	3.00	2.56	0.32	2.24	2.63

Source: MPLSD, ODE, and primary peers

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

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

As shown in **Table 15**, the District’s curriculum specialist staffing is higher than the primary peer average by 2.63 FTEs. The District would need to reduce 2.50 FTE curriculum specialist positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

**Financial Implication:** Eliminating 2.5 FTE curriculum specialist positions could approximately save **\$164,200** in salaries and benefits in FY 2018-19. This was calculated using salaries and benefits of the 10.0 FTE least tenured educational positions that are recommended for elimination within this performance audit (also see **R.4, R.5, R.6, R.7, and R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>12</sup>

<sup>12</sup> The value of the savings from this recommendation is increased by 4.57 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

**R.9 Eliminate 2.0 FTE regular education remedial specialist positions**

Remedial specialists provide additional reading support, assist teachers in the diagnosis of students, and collaborate in planning and instruction strategies. While there are remedial specialists at MPLSD who work with students with individualized education plans (IEPs), and these employees have been excluded from this analysis, there are 3.0 FTE remedial specialist positions that work with students not on IEPs. Employees in this position hold teaching license and are entitled to bumping rights under the certificated CBA.

**Table 16** shows the District’s FY 2017-18 regular education remedial specialist staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 16: Regular Education Remedial Specialist Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Regular Ed. Remedial Specialist	3.00	2.56	0.79	1.77	2.08

Source: MPLSD, ODE, and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of regular education remedial specialist FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 16**, the District’s regular education remedial specialist staffing is higher than the peer average by 2.08 FTEs. The District would need to reduce 2.0 FTE remedial specialist positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.0 FTE regular education remedial specialist positions could save approximately **\$131,400** in salaries and benefits in FY 2018-19. This was calculated using salaries and benefits of the 10.0 FTE least tenured educational positions that are recommended for elimination within this performance audit (also see **R.4, R.5, R.6, R.7, and R.8**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>13</sup>

<sup>13</sup> The value of the savings from this recommendation is increased by 4.57 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

**R.10 Eliminate 0.5 FTE central office clerical position**

MPLSD employs 1.81 FTE clerical staff in its central office that provide clerical support to the central office administrators, the Superintendent, and Treasurer. **Table 17** shows the District's FY 2017-18 central office clerical staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 17: Central Office Clerical Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Central Office Clerical Staff <sup>3</sup>	1.81	1.54	0.86	0.68	0.80

Source: MPLSD, ODE, and primary peers

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

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

<sup>3</sup> This includes FTEs in the 502 position code not assigned to a specific school building.

As shown in **Table 17**, the District is 0.80 FTEs higher than the primary peer average for central office clerical staff. The District would need to reduce 0.50 FTE central office clerical positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 0.50 FTE central office clerical staff positions could save approximately **\$37,100** in salaries and benefits in FY 2018-19. This was calculated using salaries and benefits of the least tenured central office clerical positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>14</sup>

<sup>14</sup> The value of the savings from this recommendation is increased by 4.9 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

**R.11 Eliminate 2.5 FTE building clerical positions**

MPLSD employs 7.6 FTE building clerical positions, which provide support to building level administrators and students. The District has two school buildings, divided into four wings, each with its own clerical staff. Although the elementary and intermediate schools share a central office, each has a separate clerical staff serving the respective wings.

**Table 18** compares the District’s FY 2017-18 building clerical staff per 1,000 students to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 18: Building Clerical Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Building Clerical Staff	7.60	6.48	3.98	2.50	2.93

Source: MPLSD, ODE, and primary peers

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

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

As shown in **Table 18**, the District’s building clerical staffing is 2.93 FTEs over the primary peer average per 1,000 students. The District would need to reduce 2.50 FTE school building clerical positions to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.5 FTE building clerical staff positions could save approximately **\$134,700** in salaries and benefits in FY 2018-19. This was calculated using salaries and benefits of the least tenured building clerical positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>15</sup>

<sup>15</sup> The value of the savings from this recommendation is increased by 4.0 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.



**R.12 Eliminate 0.5 FTE bookkeeping position**

The District employs 1.80 FTE bookkeeper positions who provide support to the Treasurer by performing payroll management and accounts payable/receivable functions. **Table 19** compares the District’s FY 2017-18 bookkeeping positions per 1,000 students to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 19: Bookkeeping Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Bookkeeping	1.80	1.53	0.97	0.56	0.66

Source: MPLSD, ODE, and primary peers

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

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

As shown in **Table 19**, the District’s bookkeeping staff is 0.66 FTE over the primary peer average per 1,000 students. The District would need to reduce 0.50 FTE bookkeeping positions to achieve a staffing ratio in line with the primary peer average.

Financial Implication: Eliminating 0.5 FTE bookkeeping staff positions could save approximately **\$42,700** in salaries and benefits in FY 2018-19. This was calculated using salaries and benefits of the least tenured bookkeeping positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>16</sup>

**R.13 Eliminate 3.0 FTE classroom support staff positions**

Classroom support staff at MPLSD consists of 8.0 FTE instructional paraprofessional positions whose duties include making copies, taking students to the playground, providing instructional support, and any other duty needed by the District. Instructional paraprofessionals are similar to teaching aides in that they are considered classroom support staff; however, instructional paraprofessionals maintain a paraprofessional license which enables them to be used anywhere in the District rather than tied to a specific teacher.

<sup>16</sup> The value of the savings from this recommendation is increased by 4.0 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

**Table 20** shows the District’s FY 2017-18 classroom support staffing per 1,000 students compared to the FY 2016-17 primary peer average. As the primary peers employ teaching aides that perform similar duties as instructional paraprofessionals, those positions are analyzed together. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 20: Classroom Support Staff Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total FTEs Above/ (Below) <sup>2</sup>
Instructional Paraprofessional	8.00	6.82	0.58	6.24	7.32
Teaching Aide	0.00	0.00	3.49	(3.49)	(4.09)
<b>Total</b>	<b>8.00</b>	<b>6.82</b>	<b>4.07</b>	<b>2.75</b>	<b>3.23</b>

Source: MPLSD, ODE, and primary peers

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

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

As shown in **Table 20**, the District employed 3.23 FTE more classroom support staff than the primary peer average. The District would need to reduce 3.00 FTE classroom support staff positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 3.0 FTE classroom support staff positions could save approximately **\$64,600** in salaries and benefits in FY 2018-19. This was calculated using salaries and benefits of the least tenured classroom support staff positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.<sup>17</sup>

<sup>17</sup> The value of the savings from this recommendation is increased by 2.79 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

## R.14 Renegotiate collective bargaining agreement provisions

The District has CBAs with the Madison-Plains Education Association, representing certificated employees and effective through June 30, 2018; and the Ohio Association of Public School Employees, representing classified employees and also effective through June 30, 2018. An analysis of these CBAs identified certain provisions that exceeded State minimum standards, as set forth in ORC, OAC, and/or provisions in the local peer district CBAs.

- **Sick Leave Accumulation and Severance Payout:** The certificated CBA entitles employees to earn 280 sick days while the classified CBA entitles employees to earn 271 sick days. ORC § 3319.141 details sick leave accumulation and specifies that unused sick leave shall be cumulative to 120 days. In comparison, all of the local peer districts allow accumulation over the State minimum levels, with certificated employees entitled to an average of 271 sick days and classified employees entitled to an average of 273 sick days. Although the local peers also provide sick day accumulation over the State minimum levels, exceeding this level results in the potential for increased liability when sick leave is paid out to retiring employees.

In addition, the District's CBAs entitle certificated and classified employees to be paid for accumulated sick leave upon retirement. Specifically, MPLSD's certificated and classified employees are entitled to payouts of 25 percent of unused sick leave, for a maximum of 70 days for certificated employees and 62 days for classified employees. In comparison, the local peer sick leave payout average is a maximum of 68 days for certificated employees and 71 days for classified employees. ORC § 124.39 allows school employees at retirement to be paid for 25 percent of unused sick leave up to a maximum of 30 days. Allowing employees to receive payouts in excess of State minimums becomes costly at employee retirement. See **Table B-12** for estimated liability over the ORC minimum.

- **Vacation Accrual:** Under the classified CBA, employees are entitled to annual vacation accrual, whereby they can earn 523 vacation days over the course of a 30 year career. This is higher than the local peer average of 499 days and exceeds the ORC § 3319.084 minimum of 460 days. Although direct savings from reducing the vacation schedule could not be quantified, providing employees with more vacation days could increase substitute and overtime costs. Reducing the number of vacation days available would serve to increase the number of available work hours at no additional cost to the District. Furthermore, unused vacation days could be cashed in at the end of each school year or carried over to the following school year, with Superintendent approval, up to 50 percent of annual accumulation eligible for payout or carry over.
- **Tuition Reimbursement:** Under the certificated CBA, a total of \$50,000 is allocated annually for tuition reimbursement. Eligible costs include tuition for courses taken at an accredited university or college and for costs associated with an employee's base licensure. In accordance with the CBA, tuition reimbursement is distributed proportionately according to the course load of all bargaining unit members at the end of each school year. MPLSD's actual annual reimbursements were \$22,008 in FY 2014-15,

\$50,000 in FY 2015-16, and \$50,000 in FY 2016-17, for a three year average of \$40,669 from FY 2014-15 through FY 2016-17. In comparison, the local peer districts had an average maximum total tuition reimbursement amount of \$38,500 per year, \$11,500 less than MPLSD's annual appropriation, and \$2,100 less than the actual average expenditure.<sup>18</sup> The ORC does not require school districts to reimburse tuition or the cost of attaining base licensure.

- **Local Professional Development Committee (LPDC) Compensation:** LPDCs are groups sanctioned by ORC § 3319.22 to review coursework and professional development activities proposed and completed by educators to determine if State certification and licensure requirements have been met. Under the certificated CBA, there are a minimum of five LPDC members who receive \$1,500 annually, for a minimum liability of \$7,500. Five out of seven local peers provide compensation to LPDC members, for an average of \$5,000 annually, \$2,500 less than MPLSD's minimum liability of \$7,500 annually.<sup>19</sup> ORC § 3319.22 does not require compensation to LPDC members.
- **Planning Time:** Under the certificated CBA, teachers are entitled to 225 minutes of planning time per week. OAC 3301-35-05 details planning time and requires that teachers be provided with 200 minutes of time per week. In comparison, five of the seven local peers provide teachers with 200 minutes, one local peer provides teachers with 150 minutes, and one local peer provides one period per day.<sup>20</sup> Direct savings from reducing the amount of planning time to a level consistent with the OAC minimum could not be quantified; however, providing teachers with additional planning time reduces the amount of time they are available to teach students, which may require the District to employ additional teachers.
- **Overload Payments:** Under the certificated CBA, each semester a teacher has a class size that is over the negotiated maximum class size<sup>21</sup> that teacher will receive a \$250 per student overload payment, up to 9 students or \$2,250. Three of seven peers specify a class size maximum; however, London CSD is the only peer required to provide an overload payment, \$150 for every excess student with no maximum. There is no State requirement necessitating overload payments when class sizes exceed the maximum set forth by a district. The District has not made any overload payments in the last three fiscal years; however, removing the negotiated \$250 overload payment would provide more management control over class sizes.

<sup>18</sup> Greeneview LSD, Jefferson LSD, and Southeastern LSD do not offer tuition reimbursement, and therefore are not included in the local peer average.

<sup>19</sup> Jefferson LSD and Miami Trace LSD were the only peers that provide annual compensation in a manner similar to MPLSD and are included in the peer average. Greeneview LSD only specifies hourly rates for each LPDC member and Southeastern LSD and Jonathan Alder LSD pay LPDC members on a per meeting basis. London CSD and Westfall LSD do not specify LPDC compensation.

<sup>20</sup> Greeneview LSD, Jefferson LSD, London CSD, Southeastern LSD, and Jonathan Alder LSD all provide 200 minutes of planning time, while Westfall LSD provides 150 minutes of planning time, and Miami Trace LSD provides a planning period for teachers.

<sup>21</sup> The class size maximum at MPLSD is 22 students per teacher for kindergarten through second grades, 26 students per teacher for third through sixth grades, and 160 students per teacher in grades seven through 12.

- **Attendance Incentive:** Under the classified CBA, employees on a 120 day contract are able to receive a maximum of \$180 per year for perfect attendance, employees on a nine month contract \$405, and employees on a 12 month contract a maximum of \$450. Although the local peer districts had an average attendance incentive of \$223 annually, the ORC does not require school districts to offer attendance incentives. MPLSD classified employees received attendance incentive payments of \$11,070 in FY 2014-15, \$7,521 in FY 2015-16, and \$7,661 in FY 2016-17, for a three year average of approximately \$8,700.
- **Teacher Resource Allocation:** The District's certificated CBA states that \$250 will be allocated to each teacher for expenditure of instructional supplies, materials, and classroom equipment. The District spent \$16,468 in FY 2014-15, \$19,182 in FY 2015-16, and \$15,633 in FY 2016-17, or an average of \$17,094 the last three fiscal years to teachers with the purpose of purchasing instructional supplies, materials and classroom equipment. The ORC does not require a school district to budget for teacher resource allocation money and none of the local peers' certificated CBAs require a teacher budget allocation.

The District should consider renegotiating the above provisions in order to increase management control over District operations and provide cost savings.

Financial Implication: Renegotiating tuition reimbursement could save the District approximately **\$2,100** annually, based on FY 2014-15 through FY 2016-17 actual reimbursements compared to the local peer average. Renegotiating LPDC member compensation could save approximately **\$2,500** annually based on current member compensation and participation compared to the local peer average. In total, renegotiating these CBA provisions could save the District approximately **\$4,600** annually.

### **R.15 Decrease employer cost of dental and vision insurance**

MPLSD purchases insurance through the Southwestern Ohio Educational Purchasing Council, which is made up of 132 school districts in 18 counties in southwestern Ohio. The District offers dental and vision insurance to all employees who work 20 or more hours per week, as a part of the CBAs, both expiring June 30, 2018.

#### **Dental Insurance**

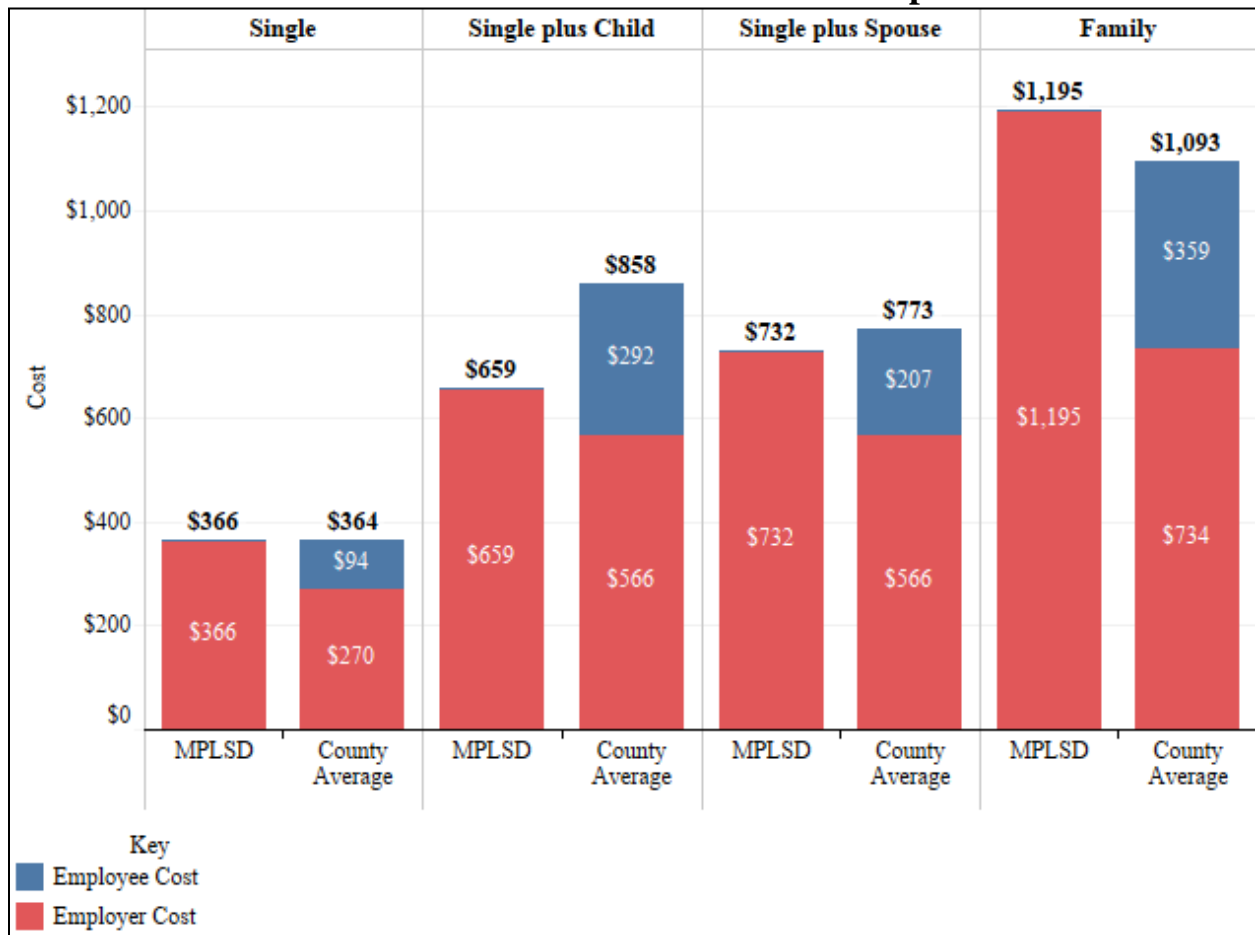
MPLSD offers four types of dental insurance plans, including: single, single plus child, single plus spouse, and family. In total there are 161 employees enrolled in FY 2017-18.<sup>22</sup>

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<sup>22</sup> Enrollment levels are as of November 20, 2017, which was the most up-to-date information available as of the completion of this analysis.

The Ohio State Employment Relations Board (SERB) surveys public sector entities concerning medical, dental, and vision insurance costs and publishes this information annually in the report *The Cost of Health Insurance in Ohio’s Public Sector* (SERB, 2017). **Chart 2** shows MPLSD’s FY 2017-18 dental premiums for all plan types in comparison to the SERB Madison County average. This provides regional context on the appropriateness of both the total premium as well as the employer/employee cost split.

**Chart 2: Dental Insurance Premiums Comparison**



Source: MPLSD and SERB

As shown in **Chart 2**, MPLSD’s total premium cost was in line with, or lower than the Madison County average, for all plan types but family, which was \$102, or 9.3 percent higher than the average. Furthermore, the District’s employer cost for dental insurance was higher than the Madison County average for all plan types. Finally, District employees do not contribute toward the cost of the dental premium, while the Madison County averages employee contribution ranges from between 25.8 percent and 34.0 percent. Given that total premiums are largely in line with the Madison County average, the District’s higher employer cost can be attributed directly to lack of employee cost sharing rather than other common factors such as a costly plan design or the relative overconsumption of insurance.

**Table 21** shows the level of employee contribution that MPLSD would need to require in order to bring dental insurance employer premiums in line with the Madison County average for each plan type. In addition, the cost savings of doing so is shown for each plan type. These comparisons provide context as to the appropriateness of the overall cost share as well as the potential financial impact associated with implementing this change.

**Table 21: Dental Insurance Cost Savings**

	Single	Single + Child	Single + Spouse	Family
<b>MPLSD Plan Counts</b>	<b>37</b>	<b>18</b>	<b>41</b>	<b>65</b>
MPLSD Employer Cost	\$366.12	\$658.92	\$731.76	\$1,194.96
Madison County Avg. Employer Cost	\$270.12	\$566.22	\$566.22	\$734.48
<b>Difference per Plan</b>	<b>\$96.00</b>	<b>\$92.70</b>	<b>\$165.54</b>	<b>\$460.48</b>
<b>Savings by Plan Type</b>	<b>\$3,552.00</b>	<b>\$1,668.60</b>	<b>\$6,787.14</b>	<b>\$29,931.20</b>
<b>Total Annual Savings by Reducing Employer Dental Cost to Madison County Avg.</b>				<b>\$41,938.94</b>

Source: MPLSD and SERB

As shown in **Table 21**, the District could generate dental insurance savings of **\$41,900** by bringing employer cost in line with the Madison County average.

As previously noted, the District’s dental insurance coverage, including full employer coverage of the premium is a benefit that is included in the CBAs. As such, any changes to the employer/employee cost share are subject to negotiation.

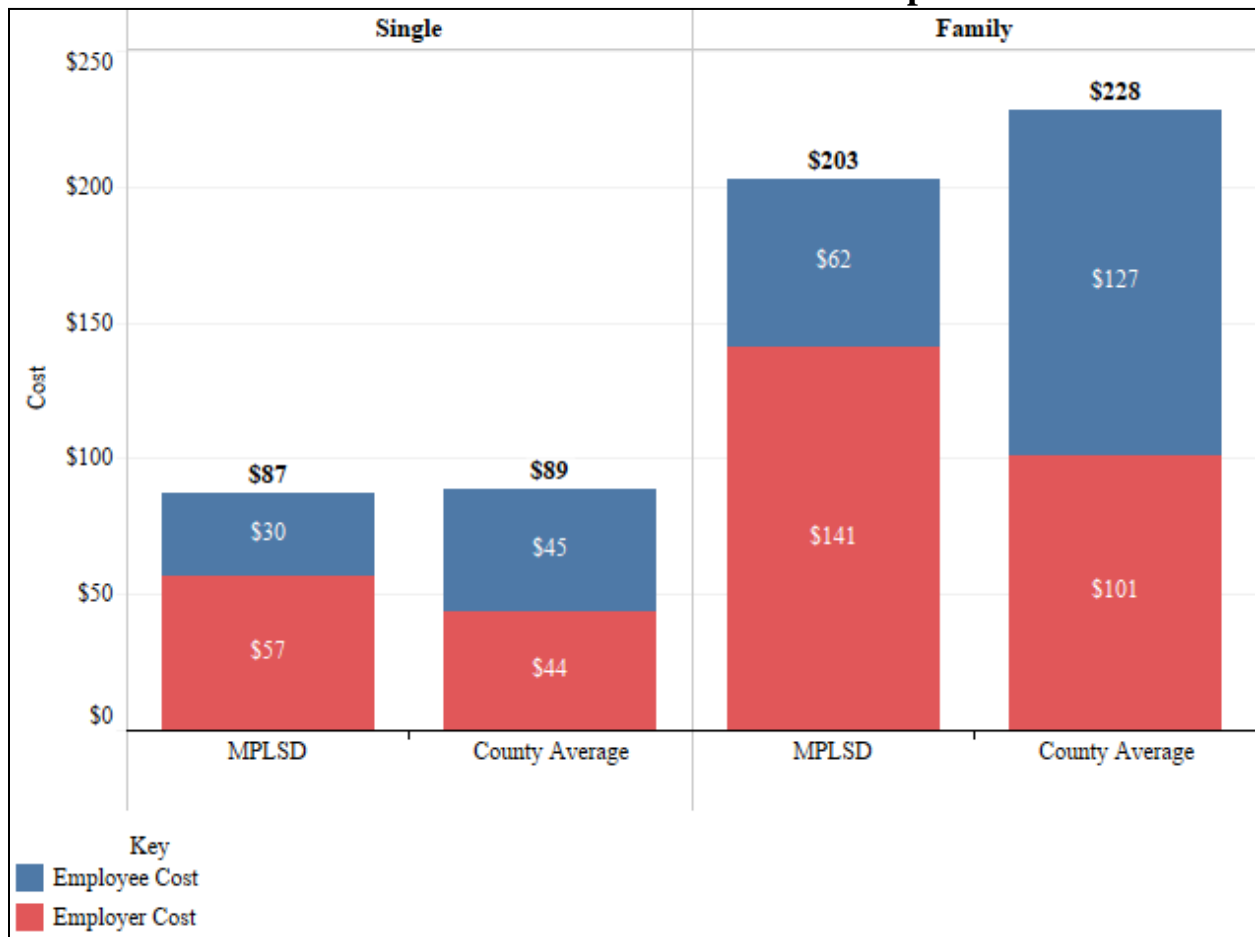
**Vision Insurance**

MPLSD offers two types of vision insurance plans, including: single and family. In total there are 155 employees enrolled in FY 2017-18.<sup>23</sup>

**Chart 3** shows MPLSD’s FY 2017-18 vision premiums for all plan types in comparison to the SERB Madison County average. This provides regional context on the appropriateness of both the total premium as well as the employer/employee cost split.

<sup>23</sup> Enrollment levels are as of November 20, 2017, which was the most up-to-date information available as of the completion of this analysis.

**Chart 3: Vision Insurance Premiums Comparison**



Source: MPLSD and SERB

As shown in **Chart 3**, MPLSD’s total premium cost lower than the Madison County average for both plan types. However, the District’s employer cost for vision insurance was higher than the Madison County average for both plan types. Unlike with dental insurance, MPLSD’s employees do contribute toward the cost of the vision premiums, \$30 or 34.5 percent for single plans and \$62 or 30.5 percent for family plans. However, neither contribution is sufficient to fully bring the employer cost for either plan type in line with the Madison County average. Again, given that total premiums are lower than the Madison County average, the District’s higher employer cost can be attributed directly to insufficient employee cost sharing rather than other common factors such as a costly plan design or the relative overconsumption of insurance.

**Table 22** shows the level of employee contribution that MPLSD would need to require in order to bring vision insurance employer premiums in line with the Madison County average for each plan type. In addition, the cost savings of doing so is shown for each plan type. These comparisons provide context as to the appropriateness of the overall cost share as well as the potential financial impact associated with implementing this change.



**Table 22: Vision Insurance Cost Savings**

	Single	Family
<b>MPLSD Plan Counts</b>	<b>35</b>	<b>120</b>
MPLSD Employer Cost	\$56.52	\$140.76
Madison County Avg. Employer Cost	\$43.50	\$101.40
<b>Difference per Plan</b>	<b>\$13.02</b>	<b>\$39.36</b>
<b>Savings by Plan Type</b>	<b>\$455.70</b>	<b>\$4,723.20</b>
<b>Total Annual Savings by Reducing Employer Vision Cost to Madison County Avg.</b>		<b>\$5,178.90</b>

Source: MPLSD and SERB

As shown in **Table 22**, the District could generate vision insurance savings of **\$5,100** by bringing employer cost in line with the Madison County average.

As with dental insurance, the District’s vision insurance coverage, including the employee/employer cost share is a benefit that is included in the CBAs. As such, any changes to the employer/employee cost share are subject to negotiation.

Financial Implication: Bringing the employer cost of dental and vision insurance in line with the Madison County average could save the District a total of **\$47,900** in FY 2018-19.<sup>24</sup>

**R.16 Implement an energy management plan**

The District does not have a formal energy management policy, plan, or procedures manual that would serve as a guide to help control energy costs. The District completed an Energy Conservation Program (HB 264)<sup>25</sup> project to install individual HVAC units in the elementary building and replace heat pumps. This project was paid off in full in 2017. In addition, although individual room units in the elementary school allow teachers to change the temperature within a set range, currently set at between 65 and 72 degrees, this range has not been adjusted since installation in FY 2011-12. The District recently switched to all electric for its elementary/intermediate campus while using a hybrid of electricity and propane for its high school/junior high campus. The District’s intermediate school was built in 1956 and the high school in 1978, with additions built to both structures in 2011 to house the elementary school and junior high, respectively.

**Table 23** shows the District’s FY 2016-17 energy expenditures per square foot in comparison to the primary peer average. Analyzing costs per square foot serves to provide an effective comparison as it is normalizes size differences between school districts.

<sup>24</sup> The District’s October 2017 five-year forecast assumes dental and vision insurance premiums increasing by 2.0 percent for FY 2018-19 through FY 2021-22. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**.

<sup>25</sup> The Energy Conservation Program allows school districts to make energy efficiency improvements to their buildings and use the cost savings to pay for the improvements. School districts are allowed to borrow funds for these improvements without having to pass a ballot measure.

**Table 23: Energy Expenditures Comparison**

	MPLSD	Primary Peer Avg. <sup>1</sup>	Difference	% Difference
<b>Total Square Footage</b>	<b>177,471</b>	<b>212,255</b>	<b>(34,784)</b>	<b>(16.4%)</b>
• Electric	\$182,947	\$175,820	\$7,128	4.1%
• Gas	\$0.00	\$37,955	(\$37,955)	(100.0%)
• Other Energy Sources <sup>1</sup>	\$32,769	\$0	\$32,769	100.0%
<b>Total Expenditures</b>	<b>\$215,716</b>	<b>\$213,775</b>	<b>\$1,943</b>	<b>0.9%</b>
• Electric per Sq. Ft.	\$1.03	\$0.83	\$0.20	24.1%
• Gas per Sq. Ft.	\$0.00	\$0.18	(\$0.18)	(100%)
• Other Energy Sources per Sq. Ft.	\$0.18	\$0.00	\$0.18	100%
<b>Total Expenditures per Sq. Ft.</b>	<b>\$1.22</b>	<b>\$1.01</b>	<b>\$0.21</b>	<b>20.8%</b>

Source: MPLSD, ODE, and primary peers

<sup>1</sup> Manchester LSD was excluded from primary peer financial comparisons due to its financial data being unavailable.

<sup>2</sup> Other energy sources include coal, oil, and propane. MPLSD has propane expenditures coded to this line item.

As shown in **Table 23**, the District’s combined energy cost per square foot was \$0.21, or 20.8 percent, higher than the primary peer average. The primary driver of this variance was electric and other energy sources costs. Electricity is purchased on a contract rate through a consortium on a three-year fixed cycle, while propane is purchased wholesale from a vendor on an as needed basis (see **Table B-15** and **Table B-16** in **Appendix B** for analysis of electric and propane purchasing rates).

*The Energy Star Guidelines for Energy Management* (US Environmental Protection Agency, 2016) outlines the following steps for an effective energy management plan:

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

**Table 24** shows the potential savings of implementing a formal energy management program that reduces energy usage needed to bring expenditures in line with the primary peer average.

**Table 24: Electricity Expenditure Reduction**

Total Annual Electricity Expenditure	\$182,947
Total District Square Footage	177,471
Peer Average Cost Difference per Square Foot	\$0.20
<b>Total Expenditure Cost Difference</b>	<b>\$35,494</b>

Source: MPLSD, ODE, and primary peers

Financial Implication: Reducing electric expenditures to the primary peer average could result in savings of **\$35,400** based on a proportional reduction in electric usage.

**R.17 Leverage the Permanent Improvement Fund to develop a multi-year capital plan**

MPLSD has a five year, 2.5 mill permanent improvement levy that generates \$488,000 annually for use in providing permanent improvement and for the purchase of school buses. In accordance with ORC § 5705.01, “permanent improvement” is defined as, “any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.” This levy was last renewed in November 2017, but was initially passed in 1998 and has been renewed every five years since that time.

Due to the restricted use of this revenue MPLSD accounts for associated revenue and expenses in the Permanent Improvement Fund (PI Fund). In FY 2016-17, MPLSD used the PI Fund, as needed, to purchase a new school bus, classroom equipment, musical instruments, office furniture, and also carry out various building improvements. While the District uses the PI fund when needed, it has not developed a multi-year capital plan to guide long-term decision making and spending. According to District leadership, this is largely due to a combination of conditions, including: lack of formal assessments of capital needs, lack of facilities master planning, and the potential that there may be a need to construct or renovate buildings in the future.

In addition to the aforementioned PI Fund expenditures, MPLSD also uses the General Fund to cover a portion of capital outlay expenditures. According to the Uniform School Accounting System User Manual (AOS, 2013) capital outlay is defined as “Expenditures for the acquisition of, or additions to, fixed assets. Included are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; remodeling of buildings; initial and additional equipment; furnishings; and vehicles.” While it is permissible to use the General Fund for these types of expenses, it is important to note that the District’s five-year forecast is largely comprised of the General Fund, while it excludes the PI Fund. As such, if there is unused capacity in the PI Fund, and the District does not have plans in place to make use of that capacity, using the PI Fund in lieu of the General Fund can free up unrestricted resources that could be redirected toward addressing the District’s projected financial condition (see **Table 6**).

**Table 25** shows MPLSD’s PI Fund results of operations for FY 2014-15 through FY 2016-17 along with the General Fund capital outlay expenditures. This type of analysis provides context as to whether the PI Fund could absorb some or all of the current General Fund capital outlay expenditures.

**Table 25: PI Fund Capacity to Address General Fund Capital Outlay**

PI Fund	FY 2014-15	FY 2015-16	FY 2016-17
Beginning Balance	\$777,570	\$996,302	\$506,585
Receipts	\$737,286	\$355,088	\$371,875
Expenditures	\$518,553	\$844,806	\$489,666
<b>Results of Operations</b>	<b>\$218,732</b>	<b>(\$489,717)</b>	<b>(\$117,791)</b>
Ending Balance	\$996,302	\$506,585	\$388,794
Encumbrances	\$108,186	\$34,016	\$52,592
<b>Unreserved Ending Balance</b>	<b>\$888,116</b>	<b>\$472,569</b>	<b>\$336,202</b>
<b>General Fund</b>			
	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
<b>Capital Outlay</b>	<b>\$202,833</b>	<b>\$153,837</b>	<b>\$24,759</b>
<b>Three-Year Total Capital Outlay</b>			<b>\$381,429</b>
<b>% of Total Capital Outlay Available Through PI Fund</b>			<b>88.1%</b>

Source: MPLSD

As shown in **Table 25**, the PI Fund ended FY 2016-17 with an unreserved balance of \$336,202. From FY 2014-15 through FY 2016-17, General Fund capital outlay expenditures totaled \$381,429. As such, the PI Fund could have absorbed as much as 88.1 percent of the General Fund expenditure. According to the October 2017 Five-Year Forecast the District anticipates General Fund capital outlay expenditures of \$63,450 for FY 2017-18 through FY 2021-22 for a total of \$317,250; all of which could be absorbed by the PI Fund based on the FY 2016-17 ending balance.

According to *Multi-Year Capital Planning: Best Practice* (GFOA, 2006), public entities that allocate capital outlay or permanent improvement funding should prepare and adopt multi-year capital plans. A properly prepared capital plan is essential to the future of the financial health of an organization and its continued delivery to its constituents and stakeholders. An adequate capital plan should:

- Identify and prioritize expected needs based on the entity's strategic plan;
- Establish project scopes and costs;
- Detail estimated amounts of funding from various sources; and
- Project future operating maintenance costs.

Given that it is an allowable use of the PI Fund, MPLSD should also incorporate a bus replacement strategy into the capital plan. According to *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services (NASDPTS), 2002), the replacement of school buses should be a planned process because older school buses are more costly to operate and maintain than newer school buses. NASDPTS states the anticipated lifetime under normal operating conditions is 12 to 15 years for a school bus. As of FY 2017-18, MPLSD's active bus fleet is an average of 10 years old, with the spares being an average of 20 years old.

MPLSD should develop a multi-year capital plan for all of its capital assets and in doing so should seek to maximize the use of the PI Fund while freeing up General Fund resources. Doing so would help to ensure that capital assets are effectively planned for and prioritized based on a comprehensive view of District needs.

Financial Implication: Shifting all projected General Fund capital outlay expenditures to the PI Fund could free up **\$63,400** from the District's General Fund based on the October 2017 five-year forecast.

### **R.18 Enhance internal control measures for T-Form Reporting**

*During the course of the audit, the District implemented enhanced internal controls including editing its T Forms within the allowable editing window and having drivers sign off and explain variances between the count sheets and GPS system. Additionally, MPLSD self-reported its mileage variance to ODE's Office of Pupil Transportation, which is responsible for oversight of all transportation data reporting.*

In accordance with ORC § 3327.012 and OAC 3301-83-01, school districts in Ohio are required to submit annual T-1 and T-2 Forms to ODE. School districts are required to complete the T-1 Form by recording the average number of pupils enrolled and regularly transported to school as well as the average daily miles traveled for pupil transportation (excluding non-routine and extra-curricular miles) during the first full week of October. This data certifies the actual number and type of pupils transported, daily miles traveled, and buses used in the transportation program and is used for the calculation of the pupil transportation payment pursuant to ORC § 3327.012. Cost data is reported via the T-2 Form, which serves to certify the actual expenses incurred in the transportation of eligible pupils reported on the corresponding T-1 Form.

At MPLSD, the Transportation Coordinator, along with the Director of Operations, is responsible for collecting all transportation related data, including transportation expenditure information from the Treasurer's Office, to complete the T Forms. ODE provides detailed instructions for completing both the T-1 and T-2 forms. In particular, it provides guidelines detailing how a district should properly code its students, mileage, and buses on the T-1 Form and the manner in which transportation related expenditures should be recorded on the T-2 Form. MPLSD receives transportation funding from ODE that is calculated on a per mile basis. The Transportation Coordinator used the hand-written tabulation of each school bus driver and GPS tracking software as the data sources for completion of the T-1 Form. **Table 26** shows the degree of variation between the District count data, tracking software data, and the information reported in the FY 2017-18 T-1 Report. This comparison is important in determining whether the District is compliant in reporting an accurate count of mileage on its T-1 Form to ODE.<sup>26</sup>

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<sup>26</sup> ODE's Office of Pupil Transportation is responsible for oversight of all transportation data reporting. Given that the reporting error identified in this performance audit could potentially impact the District's transportation funding this matter has been sent to ODE for additional review should the Department determine that it is necessary.

**Table 26: T-1 Form Reporting Variation**

Category	Reported Amount
T-1 Form Mileage Total	1,532
Driver Count Sheet Mileage Total	1,178
<b>Difference</b>	<b>354</b>
<b>% Difference</b>	<b>23.1%</b>
<b> </b>	
T-1 Form Mileage Total	1,532
GPS Tracking System Mileage Total	1,416
<b>Difference</b>	<b>116</b>
<b>% Difference</b>	<b>7.6%</b>

Source: MPLSD and ODE

As shown in **Table 26**, the District’s T-1 Form significantly over reported miles when compared to both the bus driver reports and the GPS tracking system data. The District explained the variance between the driver count sheet mileages to mileage from a substitute bus being counted for more days than actually traveled. The GPS system has connectivity issues in certain parts of the District that may affect the mileage recorded. In addition, the GPS picked up additional mileage than reported by the drivers if the drivers did not record the mileage from their home to first pick up, as they are required to do. However, these explanations do not explain all the variances and the higher mileage reported to ODE as documentation does not exist to corroborate the T-1 mileage.

The District should ensure all drivers adhere to ODE’s reporting instructions and provide accurate documentation for T-1 Form reporting. Adhering to ODE instructions will help to ensure the District receives the appropriate amount of funding in accordance with the ORC.

**R.19 Right-size the spare bus fleet**

MPLSD maintains a fleet of seven regular education spare buses. *Feasibility of Multi-School District Bus Sharing: Significant Potential Benefits for Ohio* (Muskingum Valley Educational Service Center (MVESC), 2017)<sup>27</sup> states that school districts should evaluate the spare bus inventory and utilization rates in their pupil transportation operations and reduce excess inventory to 10 to 15 percent of the total bus fleet. Additionally, the study quotes ODE’s Pupil Transportation Office as identifying the cost of maintaining and operating a spare bus at an estimated 20 percent of the operating cost of an assigned bus.

**Table 27** shows a regular education spare bus to active bus ratio calculation compared to industry benchmarks. This provides an indication on the appropriateness of the District’s spare-bus ratio.

<sup>27</sup> This research was conducted by MVESC and supported through the Ohio Local Government Innovation Program and the ODE Straight A Fund grant.

**Table 27: Spare Bus Ratio**

Regular Buses	Metrics
Assigned	19.0
Spare	7.0
<b>Total Regular Education Buses</b>	<b>26.0</b>
MPLSD Spare Bus Ratio	26.9%
Benchmark	15.0%
Difference	11.9%
<b>Total Bus Difference</b>	<b>3.09</b>

Source: MPLSD and MVESC

As shown in **Table 27**, the District’s spare bus ratio is greater than the benchmark by 3.09 buses. According to the District, it maintains a higher spare bus ratio because of the practice of allowing bus drivers to store assigned buses at their home. This results in the need to have more spares at its bus garage to accommodate spare drivers.

While the District historically has not tracked the utilization rates for its spare fleet, utilization can be determined through an analysis of pre-trip inspection forms. The District maintains records of pre-trip inspections for all of its bus fleet. The pre-trip forms are required to be filled out prior to transporting students, either on an assigned route or an extracurricular trip and are maintained in the Transportation Department.

**Table 28** shows the utilization rates for regular education spare buses based on the pre-trip inspection forms for FY 2016-17. This demonstrates how often each regular education spare bus was used during the school year.

**Table 28: FY 2016-17 Spare Buses by Utilization**

Bus Number	Total Days Used	Total School Days	Utilization
22	149	175	85.1%
15	84	175	48.0%
9	50	175	28.6%
5	43	175	19.4%
10	0	175	0.0%
19	0	175	0.0%
23	0	175	0.0%

Source: MPLSD

As shown in **Table 28**, the District did not have pre-trip inspection forms for three out of seven of its regular education spare buses, indicating that they were not used at all to transport students in FY 2016-17. Bus numbers 10, 19, and 23, despite not being used, still require upkeep and general maintenance. As such, the District could gain efficiencies by reducing the size of its spare fleet.

**Table 29** shows the annual financial impact of reducing its spare fleet, as established by the MVESC study. This demonstrates the effect a spare bus has on the District's transportation finances.

**Table 29: Financial Impact of Spare Reduction**

Category	Metric
Total Transportation Expenditures FY 2016-17	\$1,024,112
Total Regular Assigned Buses	19
<b>Cost per Assigned Bus</b>	<b>\$53,901</b>
Benchmark (20% of Cost of Assigned Bus)	\$10,780
Spare Bus Reduction	3
<b>Annual Financial Impact of Spare Reduction</b>	<b>\$32,340</b>

Source: MPLSD and ODE

**Financial Implication:** Reducing three spare buses could save approximately **\$32,300** based on FY 2016-17 operating data. Furthermore, the District could generate **\$5,200** in one-time revenue from the sale of the reduced buses based on the average Ohio Schools Council 2012 bus auction data.

## **R.20 Develop a formal transportation preventative maintenance program**

*During the course of the audit the District created a web-based, bus maintenance work order system enabling it to track all costs, including parts and labor, associated with maintaining its fleet.*

The District performs preventative maintenance on buses every 7,000 miles. It does not, however, consult a formal bus maintenance plan to guide this work. Due to the large size of the District, bus drivers take buses home after each route, so the mechanics do not have ready access to the buses during the school day if the drivers do not bring them in for scheduled maintenance.

According to the *Public Works Management Practices Manual* (American Public Works Association (APWA), 2014), a formal preventive maintenance program that includes scheduling, recording performance, and monitoring should be developed for all equipment. Planning preventive maintenance activities includes:

- Defining work to be performed;
- Diagnosing work to be performed prior to scheduling;
- Estimating labor hours, materials, shop space and time; and
- Documenting support maintenance action.

Adopting a formal preventive maintenance program would allow the District to manage its fleet more efficiently and improve transportation recordkeeping. Ultimately, tracking maintenance costs would help the District determine priorities for bus replacement.



**R.21 Make additional reductions to address the remaining deficit**

Even after implementing all preceding recommendations, the District’s forecast would still project a cumulative deficit of approximately \$1,619,600, or an annual average of approximately \$404,900. To address the remaining gap, the District would need to consider additional cost saving measures; including those that would bring staffing levels below the primary peer averages. The exact nature of these additional cost savings measures are at the discretion of District leadership and elected officials, with stakeholder input, but should be reflective of the necessity to uphold fiduciary responsibilities.

The following four options represent some of the choices that the District could make to address the remaining \$1,619,600 deficit over the forecast period. The implementation of a combination of these options would be sufficient to eliminate the deficit by the end of the forecast period.

- Eliminate an additional 6.5 FTE general education teacher positions:** General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the District-wide ratio of general education teachers to students to be at least 1.0 FTE classroom teacher for every 25 regular students.<sup>28</sup> **R.4** compared MPLSD’s general education teacher staffing level to the primary peer average per 1,000 students. **Table 30** shows MPLSD’s general education teacher staffing level required to eliminate the remaining deficit based on FY 2017-18 students to teacher ratio following implementation of **R.4**. It is important to project the impact eliminating the remaining deficit will have on staffing levels.

**Table 30: General Education Staffing Comparison**

FY 2017-18 General Education FTEs			55.67
Recommended General Education FTEs Reduction from R.4			2.00
General Education FTEs Remaining			53.67
Regular Student Population			1061.40
Staffing Ratio (Students: Teachers)			19.78
	<b>Staffing Ratio (Students: Teachers)</b>	<b>Proposed FTE Staffing</b>	<b>Proposed FTE Reduction</b>
<b>Address Remaining Deficit</b>	<b>22.50</b>	<b>47.17</b>	<b>6.50</b>
State Minimum	25.00	42.46	11.21

Source: MPLSD and OAC

As shown in **Table 30**, after implementing staffing reductions contained in **R.4**, the District’s student to teacher ratio would be 19.8:1. Based on this ratio, the District would have 11.0 more general education teacher FTEs than minimally required. Reducing general education teachers to a level closer to the State minimum requirement may be necessary to maintain financial solvency depending on the extent to which the District implements other recommendations in this performance audit. The selection of

<sup>28</sup> This category excludes teaching staff in other areas such as gifted, special education, and educational service personnel (ESP).

any of the options presented in **Table 30** is ultimately District management’s responsibility based on needs and desires of the stakeholders in the community and any staffing decisions must be balanced with the fiduciary responsibility to adapt to financial realities and maintain a solvent operation. Any option selected could be implemented in FY 2018-19.

Eliminating an additional 6.5 FTE general education teacher positions (in addition to those in **R.4**) could save the District approximately **\$387,300** for FY 2018-19<sup>29</sup> and eliminate the remaining deficit. This financial implication is calculated using the actual salaries and benefits of the 6.5 FTE next least tenured teaching positions remaining after recommended elimination within this performance audit (also see **R.4, R.5, R.6, R.7, R.8, and R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

- **Implement an 8.0 percent across-the-board staff reduction:** While **R.3, R.4, R.5, R.6, R.7, R.8, R.9, R.10, R.11, R.12, and R.13** addresses MPLSD’s staffing relative to the peer average, the District could make an additional 8.0 percent across-the-board staffing reduction to generate sufficient savings to offset the remaining deficit.

**Table 31** shows the nature and savings of this staffing reduction for each staffing classification category. This provides the District with the information necessary to evaluate staffing reductions and the potential savings associated with each.

**Table 31: Additional Staffing Reductions**

Category	Revised Total FTEs	8.0% Reduction	Rounded FTE Reduction	FY 2018-19 Savings
Administrative	7.33	0.59	0.50	\$48,909
Educational	65.00	5.20	5.00	\$261,594
Professional	0.00	0.00	0.00	\$0.00
Technical	7.00	0.56	0.50	\$29,178
Clerical	8.91	0.71	0.50	\$17,470
Maintenance	3.75	0.30	0.00	\$0.00
Service Workers <sup>1</sup>	6.40	0.51	0.50	\$34,050
<b>Total</b>	<b>98.39</b>	<b>7.87</b>	<b>7.00</b>	<b>\$391,201</b>

Source: MPLSD

Note: Transportation staffing levels are determined by industry benchmarks. Based on the benchmarks there are no opportunities to reduce routes and staffing.

<sup>1</sup> Food service employees are excluded as they are paid out of the Food Service Fund and not the General Fund, and therefore reductions in staff will not impact the five-year forecast.

As shown in **Table 31**, an across-the-board staffing reduction of 8.0 percent would result in the elimination of an additional 7.0 FTEs. Based on the District’s

<sup>29</sup> The value of the savings from this recommendation is projected to increase by 4.81% annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

remaining deficit, eliminating these FTEs could save approximately **\$391,200** in salaries and benefits in FY 2018-19.<sup>30</sup> This was calculated using salaries and benefits of the least tenured employees remaining after position reductions identified in **R.3, R.4, R.5, R.6, R.7, R.8, R.9, R.10, R.11, R.12, and R.13**. Estimated savings could increase if the reductions occur through retirement or voluntary separation of higher salaried staff. This option could be implemented in FY 2018-19. Although this option would alleviate the deficit, it could drastically change service levels within the District. Considering it with a combination of the options above could enable the District to avoid operating deficits.

- Implement a base and step freeze on all salaries for three years:** Although **Chart B1** through **Chart B8** show that MPLSD’s certificated and classified salary schedules are comparable to the local peer average; the District could generate savings through the implementation of a base and step increase freeze beginning with the new CBAs that will likely be in effect from FY 2018-19 through FY 2020-21. The District’s October 2017 five-year financial forecast assumes a 1.0 percent base increase with steps for all eligible staff throughout the forecast period. **Table 32** shows the impact of a base and step increase freeze for FY 2018-19, FY 2019-20, and FY 2020-21, after taking into account staff cuts previously identified. This analysis provides an indication of the impact of a wage freeze relative to the number of years it’s in effect.

**Table 32: Impact of Base and Step Salary Freeze**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Salaries and Benefits with Base Increase and Steps	\$8,454,046	\$8,678,753	\$8,893,353	\$9,131,001
Salaries and Benefits with Base and Step Freeze	\$8,299,750	\$8,299,750	\$8,299,750	\$8,454,046
<b>Difference</b>	<b>\$224,296</b>	<b>\$449,003</b>	<b>\$663,603</b>	<b>\$676,955</b>
<b>Cumulative Savings</b>				<b>\$2,013,857</b>

Source: MPLSD

As shown in **Table 32**, freezing salaries for FY 2018-19, FY 2019-20, and FY 2020-21 realizes cumulative savings of approximately **\$2,013,800** or an average of approximately **\$503,400** annually, from FY 2018-19 through FY 2021-22, which will completely alleviate the forecasted deficit. This option could be implemented in FY 2018-19, when new CBAs begin.

Although the following option would not entirely alleviate the deficit, it could provide significant savings or one-time revenue. Coupling them with a combination of the options above could enable the District to avoid operating deficits.

- Eliminate the entire General Fund subsidy of extracurricular activities:** The District incurred a net cost for student extracurricular activities in FY 2016-17 of approximately

<sup>30</sup> The value of the savings from this recommendation is increased by 5.07 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

\$375,000, which required subsidization from the General Fund. **R.1** recommends reducing the General Fund subsidy to a level consistent with the local peer average; however, completely eliminating the subsidy should be considered due to the financial condition of the District. This action could result in additional cost savings of approximately **\$194,800** annually.

Financial Implication: Eliminating an additional 6.5 FTE general education teacher positions could save approximately **\$387,300** in FY 2018-19; making an 8.0 percent across-the-board staffing reduction could save approximately **\$391,200** in FY 2018-19; implementing a base and step freeze for FY 2018-19, FY 2019-20, and FY 2020-21 can save approximately **\$503,400** annually; and fully eliminating the General Fund subsidy of extracurricular activities could save the District approximately **\$194,800** annually. The District should evaluate these options and determine the appropriate combination of the various options in order to address the remaining savings needed of **\$404,900** annually.

# Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: Financial Management, Human Resources, Facilities, Transportation. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Nine of the 20 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

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

Objective	Recommendation
<b>Financial Management</b>	
Are budgeting and forecasting practices comparable to leading practices and is the forecast reasonable and supported?	<b>Noteworthy Accomplishment</b>
Is the District’s strategic plan consistent with leading practices?	N/A
Are the District’s financial communication practices consistent with leading practices?	<b>Noteworthy Accomplishment</b>
Are extracurricular activities appropriate to peers and/or the District’s financial condition?	<b>R.1 and R.21</b>
Are the District’s purchasing practices comparable to leading practices and appropriate based on the District’s financial condition?	<b>R.2</b>
<b>Human Resources</b>	
Are staffing levels efficient compared to general peers, state minimum requirements, and/or demand for service and are they appropriate based on the District’s financial condition?	<b>R.3, R.4, R.5, R.6, R.7, R.8, R.9, R.10, R.11, R.12, R.13, and R.21</b>
Are salaries and wages comparable to local peers and appropriate based on the District’s financial condition?	<b>R.21</b>
Are CBA provisions comparable to local peers and/or ORC minimums and appropriate based on the District’s financial condition?	<b>R.14</b>
Are insurance costs comparable to local markets and appropriate based on the District’s financial condition?	<b>R.15</b>
<b>Facilities</b>	
Are building utilization rates efficient when compared to industry benchmarks and appropriate based on the District’s financial condition?	N/A
Is facilities staffing efficient compared to benchmarks and appropriate based on the District’s financial condition?	<b>Noteworthy Accomplishment</b>
Are the facilities expenditures comparable to peers and/or industry standards and appropriate based on the District’s financial condition?	<b>R.16</b>
Are preventive maintenance practices consistent with industry standards and/or leading practices?	N/A
Is the capital planning efforts consistent with leading practices?	<b>R.17</b>

<b>Transportation</b>	
Are the District T-Report procedures and practices consistent with ODE requirements?	<b>R.18</b>
Is the fleet sized appropriately and routed efficiently compared to leading practices and are transportation operations appropriate based on the District's financial condition?	<b>R.19</b>
Is the fleet maintained efficiently compared to industry benchmarks and/or transportation peers and appropriately based on the District's financial condition?	<b>R.20</b>
Are District fuel purchasing practices resulting in efficient pricing?	<b>N/A</b>
Is transportation operation security consistent with leading practices and appropriate based on the District's financial condition?	<b>N/A</b>
Are the bus replacement practices consistent with industry benchmarks and leading practices and appropriate based on the District's financial condition?	<b>N/A</b>

Note: Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives.

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## Appendix B: Additional Comparisons

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### *Staffing*

MPLSD's FY 2017-18 FTE staffing levels by category is shown in **Chart 1**.<sup>31</sup> Analyses of staffing levels that resulted in recommendations include the following: eliminate 1.0 FTE central office administrator (see **R.3**), eliminate 2.0 FTE general education teacher positions (see **R.4**), eliminate 2.5 FTE career-technical/career pathways teacher positions (see **R.5**), eliminate 0.5 FTE art education K-8 teacher staffing positions (see **R.6**), eliminate 0.5 FTE music education K-8 teacher staffing positions (see **R.7**), eliminate 2.5 FTE curriculum specialist positions (see **R.8**), eliminate 2.0 FTE remedial specialist positions (see **R.9**), eliminate 0.5 FTE central office clerical positions (see **R.10**), eliminate 2.5 FTE building clerical positions (see **R.11**), eliminate 0.5 FTE bookkeeper positions (see **R.12**), and eliminate 3.0 FTE classroom support positions (see **R.13**). Staffing comparisons where the analysis did not result in a recommendation are presented for informational purposes below.

### **Administrators**

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

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<sup>31</sup> The individual positions within each staffing category in **Chart 1** are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

**Table B-1: Building Administrator Comparison**

Students and Buildings	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Buildings <sup>2</sup>	4.0		2.9	1.1	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEsPer 1,000 Students	Total Above/ (Below) <sup>2</sup>
Assistant Principal	2.00	1.71	0.50	1.21	1.42
Principal	2.00	1.71	2.15	(0.44)	(0.52)
<b>Total</b>	<b>4.00</b>	<b>3.42</b>	<b>2.65</b>	<b>0.77</b>	<b>0.90</b>
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per Building	FTEs per Building	FTEs per Building	Total Above/ (Below) <sup>4</sup>
Assistant Principal	2.00	0.50	0.22	0.28	1.12
Principal	2.00	0.50	0.93	(0.43)	(1.72)
<b>Total</b>	<b>4.00</b>	<b>1.00</b>	<b>1.15</b>	<b>(0.15)</b>	<b>(0.60)</b>

Source: MPLSD and primary peers

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

<sup>2</sup> Reflects the number of District school buildings and excludes the central office building, if located outside of a school building.

<sup>3</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of building administrator FTEs per 1,000 students in line with the primary peer average.

<sup>4</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of building administrator FTEs per building in line with the primary peer average.

As shown in **Table B-1**, MPLSD has 0.90 FTE more building administrators than the primary peer average on a per 1,000 student basis while employing 0.60 FTE less building administrators than the primary peer average on a per building basis. The variance is due to the District employing more assistant principals than the primary peer average. The District operates two campuses comprised of two buildings each, one campus serving grades kindergarten-6<sup>th</sup> grade and the other serving grades 7-12. Each campus has a principal and an assistant principal that oversees the two buildings on each respective campus. As a result, no recommendation was warranted due to the unique set up of the District.

*Educational*

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



**Table B-2: Teacher Comparison**

Students	MPLSD	Primary Peer Avg.	Difference		
Students Educated <sup>1</sup>	1,173	1,258	(85)		
Students Educated (thousands)	1.173	1.258	(0.085)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
General Education	55.67	47.46	45.43	2.03	2.38
Gifted and Talented	0.00	0.00	0.49	(0.49)	(0.57)
Career-Technical Programs/Career Pathways	4.00	3.41	0.86	2.55	2.99
Art Education K-8	2.00	1.71	1.19	0.52	0.61
Music Education K-8	2.00	1.71	1.21	0.50	0.59
Physical Education K-8	1.33	1.13	1.08	0.05	0.06

Source: MPLSD and primary peers

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

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

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

As shown in **Table B-2**, MPLSD is above the primary peer average in general education, career-technical programs/career pathways, art education K-8, and music education K-8 while being in line or below the primary peer average in the gifted and talented and LEP instructional program classifications. Analyses of teaching staff that resulted in recommendations include general education (see **R.4**), career-technical programs/career pathways (see **R.5**), art education (see **R.6**), and music education (see **R.7**).

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

**Table B-3: Non-Teaching Educational Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Curriculum Specialist	3.00	2.56	0.32	2.24	2.63
Counseling	3.00	2.56	2.16	0.40	0.47
Remedial Specialist	3.00	2.56	0.79	1.77	2.08
Tutor/Small Group Instructor	0.00	0.00	0.98	(0.98)	(1.15)
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.04	(0.04)	(0.05)
Other Educational	0.00	0.00	0.35	(0.35)	(0.41)

Source: MPLSD and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of non-teaching educational FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-3**, MPLSD had more FTEs than the primary peer average in the curriculum specialist, counseling, and remedial specialist positions while being below or in-line with the primary peer average for all other categories. Recommendations to reduce non-teaching educational staff were made for the curriculum specialist (see **R.8**) and remedial specialist (see **R.9**) positions.

*Professional*

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

**Table B-4: Professional Staffing Comparison**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Dietitian/Nutritionist	0.00	0.00	0.08	(0.08)	(0.09)
Psychologist	0.00	0.00	0.32	(0.32)	(0.38)
Registered Nursing	0.00	0.00	0.52	(0.52)	(0.61)

Source: MPLSD and primary peers

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

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

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

As shown in **Table B-4**, MPLSD did not employ any staff in the professional categories not assigned to special education. As such, MPLSD is either in-line or below the primary peer average for all categories shown. See **Chart 1** in **District Staffing Overview** in the **Executive Summary** for a break out of special education FTEs included in the professional categories.

*Technical*

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

**Table B-5: Technical Staffing Comparison**

<b>Students</b>	<b>MPLSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated <sup>1</sup>		1,173	1,258	(85)	
Students Educated (thousands)		1.173	1.258	(0.085)	
<b>Technical Staffing Comparison</b>					
<b>Position</b>	<b>MPLSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs Per 1,000 Students</b>	<b>Total Above/ (Below) <sup>2</sup></b>
Computer Operating	0.00	0.00	0.56	(0.56)	(0.67)
Other Technical	1.00	0.85	0.34	0.51	0.60
<b>Total</b>	<b>1.00</b>	<b>0.85</b>	<b>0.90</b>	<b>(0.05)</b>	<b>(0.06)</b>

Source: MPLSD and primary peers

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

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

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

As shown in **Table B-5**, MPLSD employed 1.0 FTE other technical positions, which is 0.6 FTE over the primary peer average. The District did not employ any positions in the other staffing categories. Taken as a group, the District is 0.06 FTEs below the primary peer average, which did not warrant a recommendation.

Clerical

**Table B-6** compares MPLSD’s FY 2017-18 clerical staffing per 1,000 students and per building to the FY 2016-17 primary peer average, with central office based clerical staff, who assist central office administrators, and school building clerical staff, who assist building level administrators and students, in separate categories. Only school building clerical staff was analyzed on a per building basis, as the number of staff needed is dependent on the number of school buildings. Analyzing staffing in this manner normalizes the differences between student enrollment and size of campus.

**Table B-6: Building Clerical Staff Comparison**

Students and Buildings	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Buildings <sup>2</sup>	4.0		2.9	1.1	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>3</sup>
Building Clerical <sup>4</sup>	7.60	6.48	3.98	2.50	2.93
Central Office	1.81	1.54	0.86	0.68	0.80
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per Building	FTEs per Building	FTEs per Building	Total Above/ (Below) <sup>5</sup>
Building Clerical	7.60	1.90	1.73	0.17	0.68

Source: MPLSD and primary peers

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

<sup>2</sup> Reflects the number of District school buildings and excludes the central office building, if located outside of a school building.

<sup>3</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of clerical FTEs per 1,000 students in line with the primary peer average.

<sup>4</sup> Reflects clerical staff (EMIS position code 502) assigned to a specific school building.

<sup>5</sup> Represents the number of FTEs that, when added or subtracted, would bring the District’s number of school building clerical FTEs per building students in line with the primary peer average.

As shown in **Table B-6**, MPLSD is higher in clerical FTEs in every category of both analyses. As a result, recommendations to reduce clerical staff were made in **R.10** and **R.11**.

**Table B-7** compares MPLSD’s FY 2017-18 other clerical staffing per 1,000 students to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-7: Other Clerical Staffing**

Students	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Bookkeeping	1.80	1.53	0.97	0.56	0.66
Messenger	0.00	0.00	0.00	0.00	0.00
Records Managing	1.00	0.85	0.59	0.26	0.30
Telephone Operator	0.00	0.00	0.00	0.00	0.00
Parent Mentor	0.00	0.00	0.00	0.00	0.00
Parent Coordinator	0.00	0.00	0.00	0.00	0.00
Linkage Coordinator Assignment	0.00	0.00	0.00	0.00	0.00
Family and Community Liaison	0.00	0.00	0.00	0.00	0.00
Other Office/Clerical	0.00	0.00	0.07	(0.07)	(0.08)

Source: MPLSD and primary peers

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

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

<sup>3</sup> Reflects clerical staff (EMIS position code 502) not assigned to a specific school building.

As shown in **Table B-7**, MPLSD was higher in the bookkeeping position by 0.66 FTEs. A recommendation to reduce bookkeeping staff was made in **R.12**. The District was in-line or below the primary peer average for the rest of the positions in this category.

*Other Position Comparisons* <sup>32</sup>

**Table B-8** shows the District’s FY 2017-18 library staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing library staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

<sup>32</sup> Positions within one EMIS staffing category can sometimes have job functions comparable to positions within another category. For these reasons, the District’s staffing was analyzed by making comparisons to respective benchmarks based on job functions, regardless of the category in which they are defined within EMIS.

**Table B-8: Library Staff Comparison**

	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Librarian/Media	1.00	0.85	0.08	0.77	0.90
Library Aide	1.00	0.85	1.30	(0.45)	(0.53)
<b>Total</b>	<b>2.00</b>	<b>1.70</b>	<b>1.38</b>	<b>0.32</b>	<b>0.38</b>

Source: MPLSD and primary peers

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

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

As shown in **Table B-8** MPLSD is in-line with the primary peer average for library staff.

**Table B-9** shows the District’s FY 2017-18 nursing staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing nursing staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-9: Nursing Staff Comparison**

	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
Position	MPLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Registered Nursing	0.00	0.00	0.52	(0.52)	(0.61)
Practical Nursing	0.00	0.00	0.08	(0.08)	(0.09)
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.60</b>	<b>(0.60)</b>	<b>(0.70)</b>

Source: MPLSD and primary peers

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

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

As shown in **Table B-9**, MPLSD did not employ nursing staff internally in FY 2017-18. The District contracts its nursing services and does not employ this position.

**Table B-10** shows the District’s FY 2017-18 student support staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing library staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-10: Student Support Staff Comparison**

	MPLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,173		1,258	(85)	
Students Educated (thousands)	1.173		1.258	(0.085)	
	MPLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Monitoring	0.40	0.34	1.09	(0.75)	(0.88)
Attendant	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.40</b>	<b>0.34</b>	<b>1.09</b>	<b>(0.75)</b>	<b>(0.88)</b>

Source: MPLSD and primary peers

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

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

As shown in **Table B-10**, MPLSD is below the primary peer average in student support staff.

*Salaries and Compensation*

**Table B-11** shows a comparison of the total compensation package, including salary and benefits, of the District’s administrative staff to the local peer average for FY 2017-18. Comparing compensation regionally is important as it takes local factors affecting the labor market into consideration.

**Table B-11: Administrative Compensation Comparison**

	Total Compensation <sup>1</sup>		Difference	Percent Difference
	MPLSD	Local Peer Average		
Assistant Principals	\$94,528	\$107,008	(\$12,480)	(11.7%)
Athletic Director	\$99,119	\$99,006	\$113	0.1%
Curriculum Director	\$121,272	\$119,587	\$1,685	1.4%
Director of Operations	\$126,806	\$157,012	(\$30,206)	(19.2%)
Principals	\$125,755	\$125,254	\$521	0.4%
Special Education Director	\$121,179	\$115,078	\$6,101	5.3%
Superintendent	\$163,625	\$167,013	(\$3,388)	(2.0%)
Treasurer	\$138,105	\$154,499	(\$16,394)	(10.6%)

Source: MPLSD and local peers

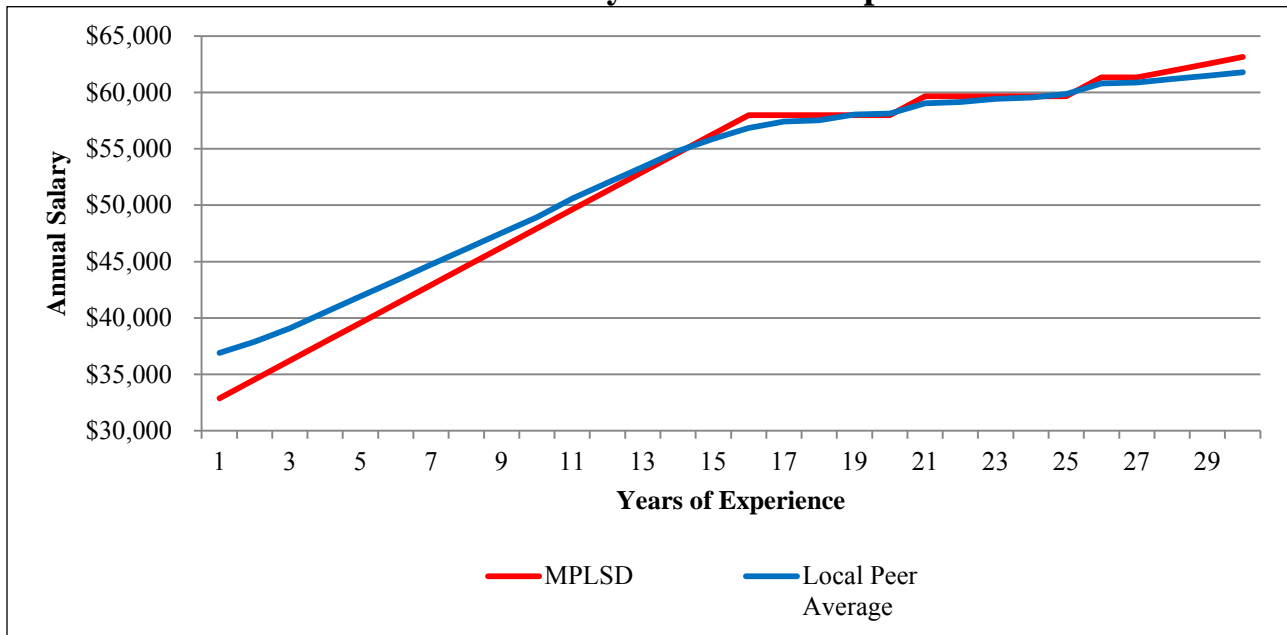
<sup>1</sup> Compensation is shown as the average of actual employee compensation for positions with more than one employee.



As shown in **Table B-11**, MPLSD administrators have a lower compensation package for assistant principals, director of operations, superintendent, and treasurer position categories while being higher in athletic director, curriculum director, principals, and special education director position categories.

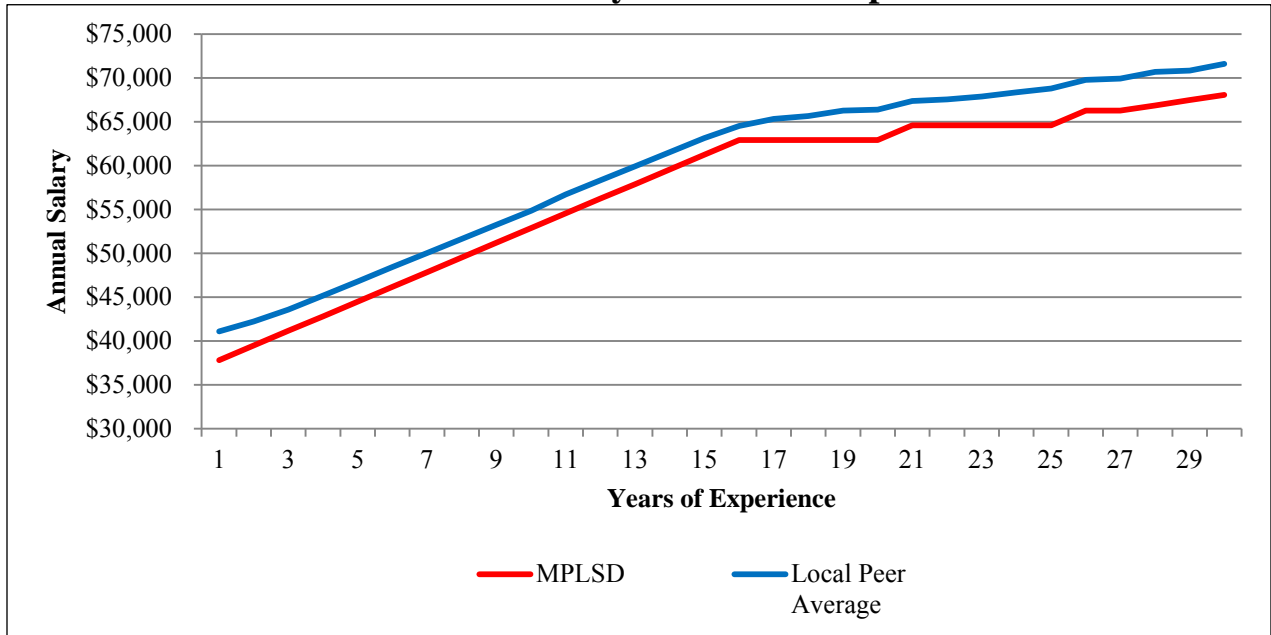
**Chart B-1** through **Chart B-8** show comparisons of MPLSD’s certificated and classified salary schedules to the local peer averages for FY 2017-18. It is important to examine the beginning salaries and steps in the pay schedule to identify the cause of any variation relative to the local peer districts. For classified staff, total hourly rate refers to the rate of pay plus any longevity payments.

**Chart B-1: BA Salary Schedule Comparison**



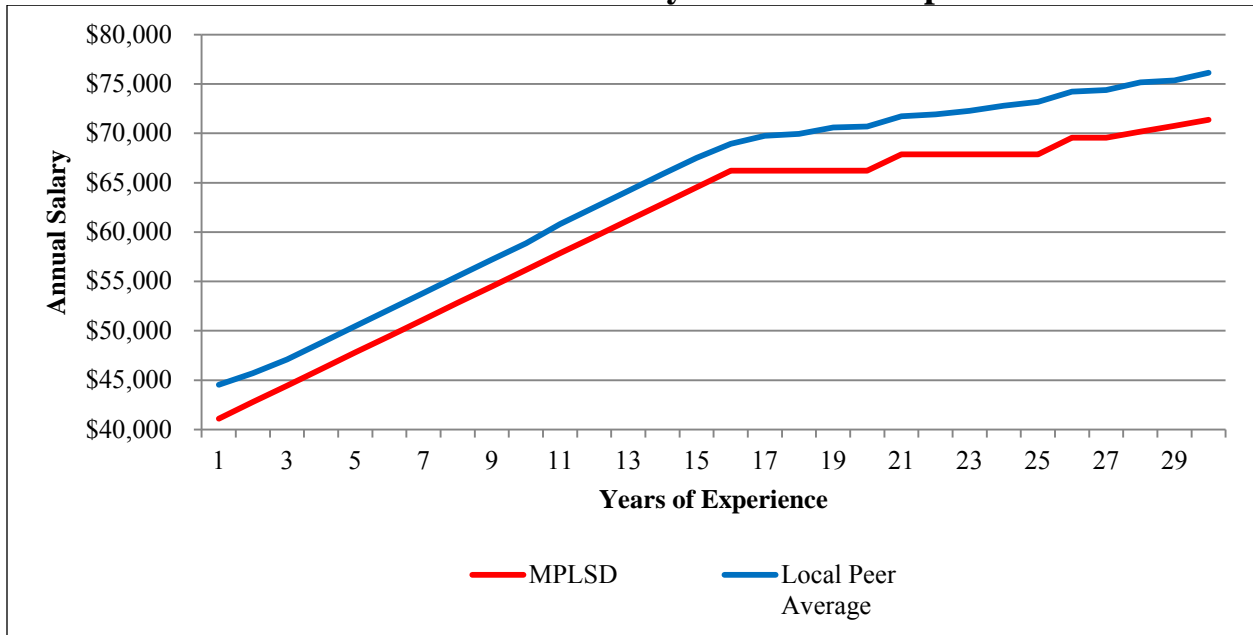
Source: MPLSD and local peers

**Chart B-2: MA Salary Schedule Comparison**



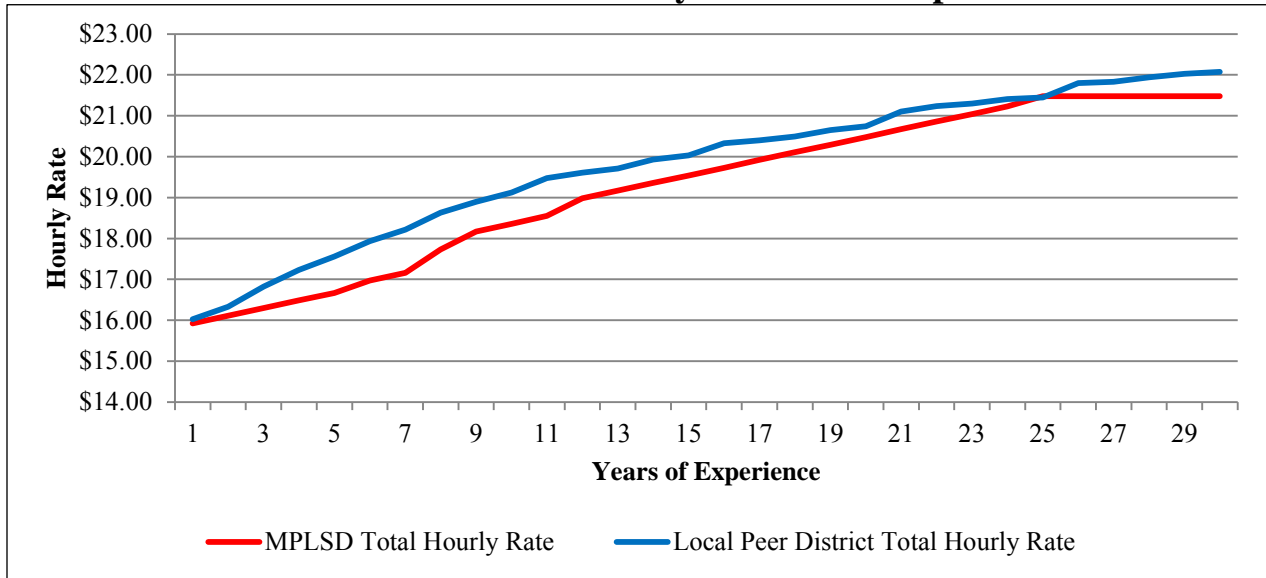
Source: MPLSD and local peers

**Chart B-3: MA+30hrs Salary Schedule Comparison**



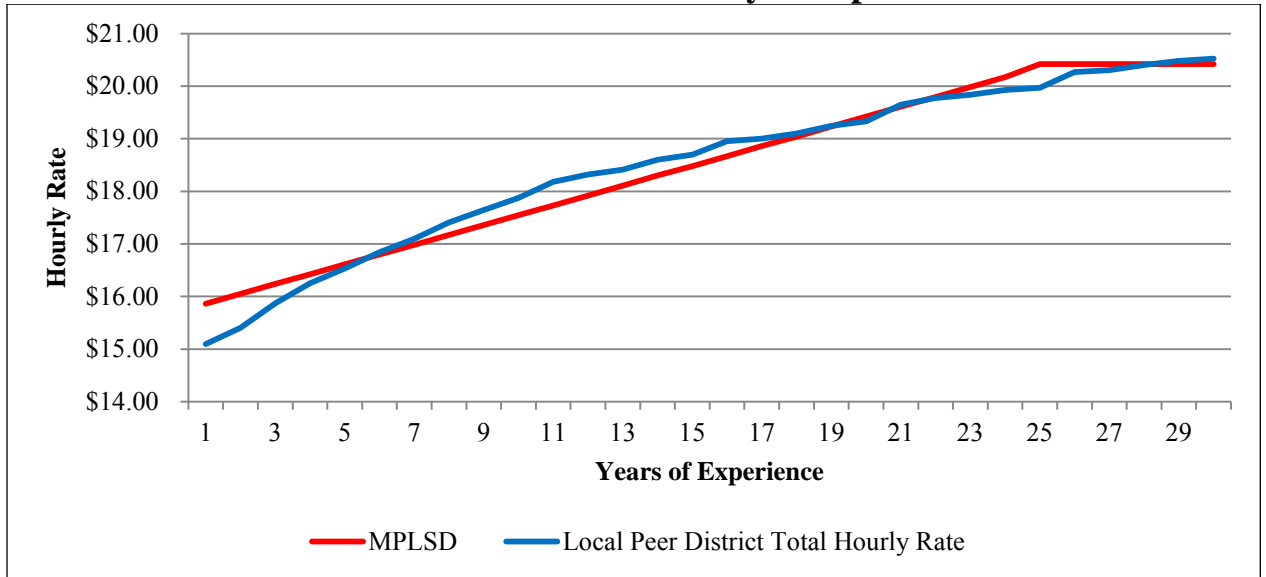
Source: MPLSD and local peers

**Chart B-4: Bus Drivers Salary Schedule Comparison**



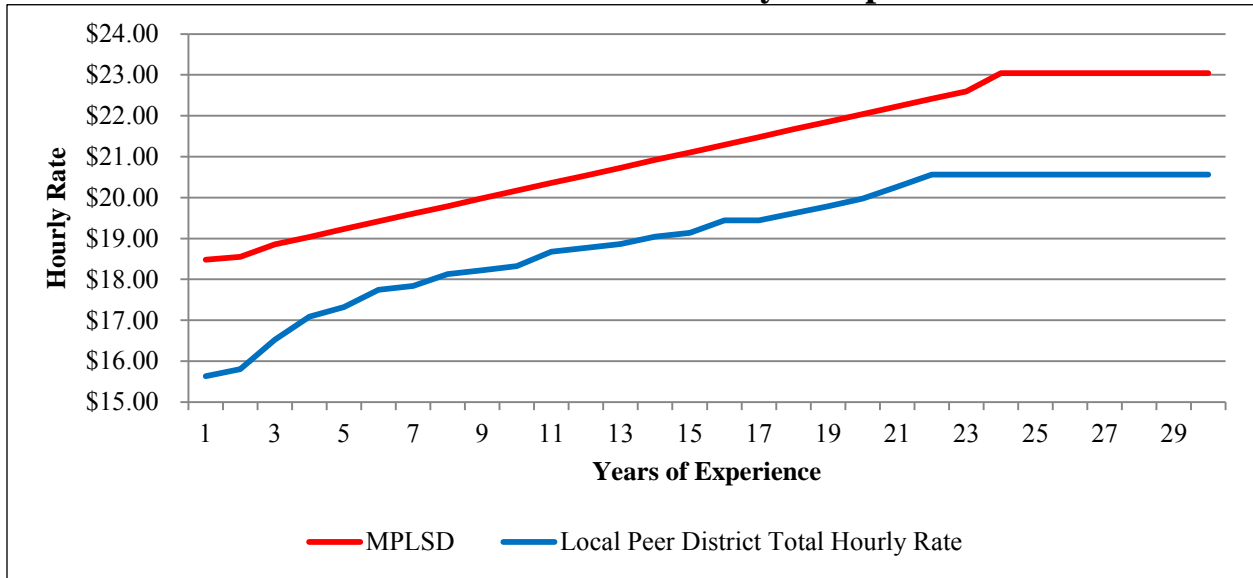
Source: MPLSD and local peers

**Chart B-5: Custodians Salary Comparison**



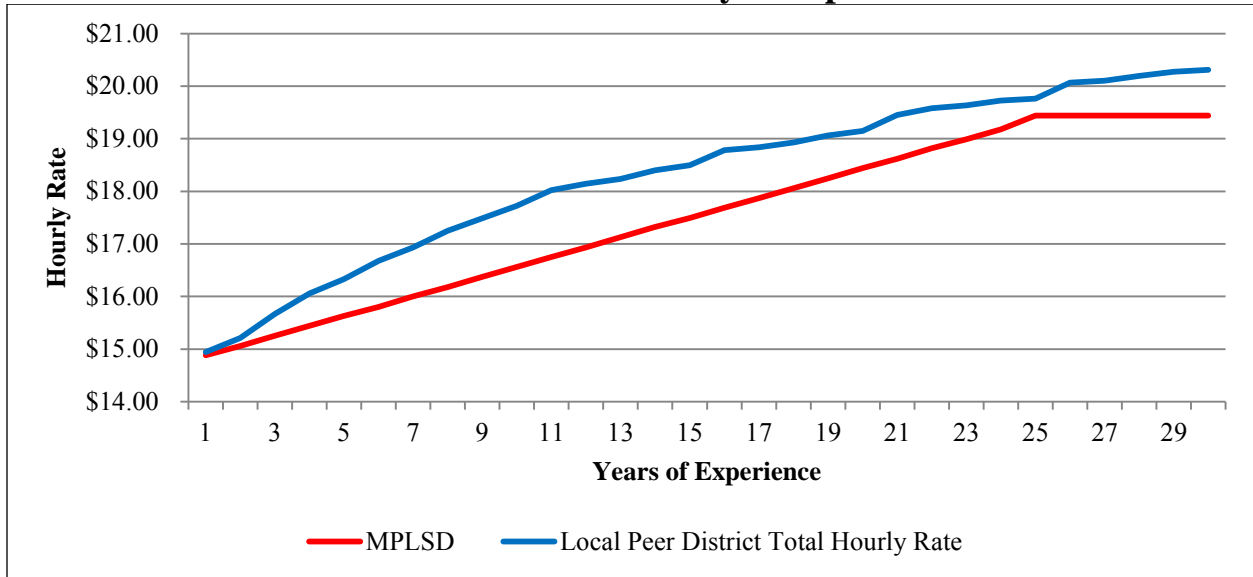
Source: MPLSD and local peers

**Chart B-6: Maintenance Salary Comparison**



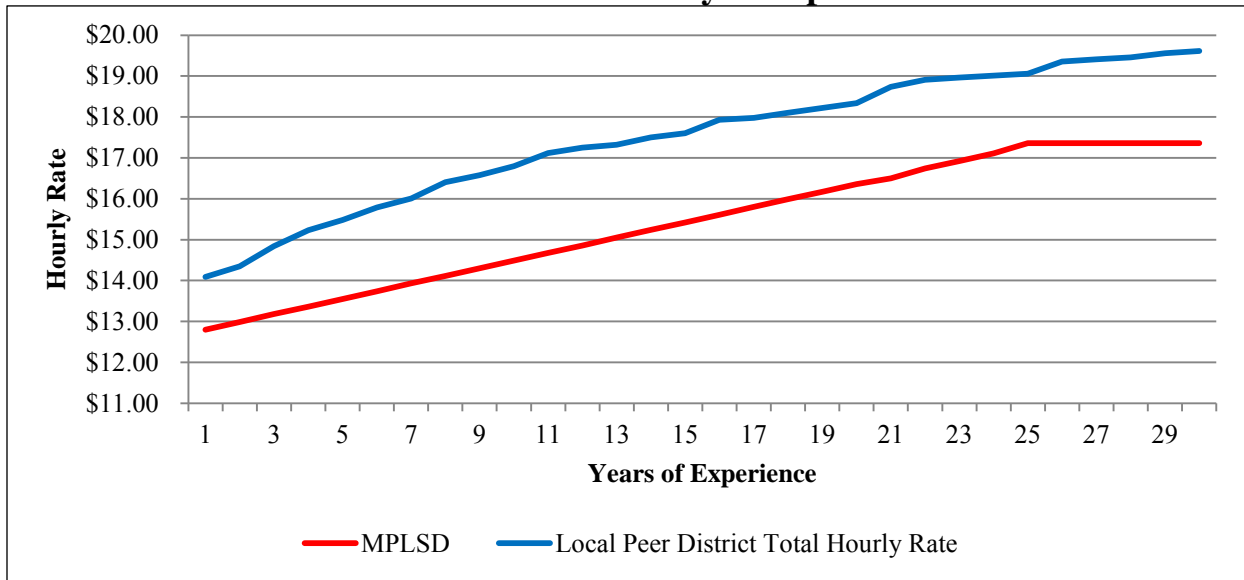
Source: MPLSD and local peers

**Chart B-7: Clerical Salary Comparison**



Source: MPLSD and local peers

**Chart B-8: Aides Salary Comparison**



Source: MPLSD and local peers

As shown in **Chart B-1** through **Chart B-8** the only position with a higher salary or wage schedule compared to the local peer average is for maintenance employees. All other positions are either in-line or below the local peers for the duration of the salary schedule. In order to fully address the forecasted deficit, a base and step salary freeze is proposed as an option in **R.21**.

*Sick Leave Severance*

**Table B-12** shows the District’s maximum financial liability for sick leave severance by position in comparison to the projected liability that could result from bringing CBA provisions for sick leave payout in line with ORC minimums (see **R.14**). This analysis provides an indication of the District’s current maximum sick leave severance exposure compared to the minimum levels required.

**Table B-12: Difference between ORC and MPLSD for Severance Liability**

Certificated Employees						
	Final Daily Rate of Pay	CBA Maximum Severance Days	Maximum Payout	ORC Minimum	Pay Out at ORC	Difference
BA	\$333	70	\$23,310	30	\$9,990	\$13,320
BA+150	\$342	70	\$23,940	30	\$10,260	\$13,680
MA	\$360	70	\$25,200	30	\$10,800	\$14,400
MA+15	\$369	70	\$25,830	30	\$11,070	\$14,760
MA+30	\$378	70	\$26,460	30	\$11,340	\$15,120
<b>Average Difference</b>						<b>\$14,256</b>
Classified Employees						
School Secretary	\$153	62	\$9,486	30	\$4,590	\$4,896
Aide	\$127	62	\$7,874	30	\$3,810	\$4,064
Assistant District Head						
Cook	\$130	62	\$8,060	30	\$3,900	\$4,160
Cook Helper	\$111	62	\$6,882	30	\$3,330	\$3,552
Custodian I	\$163	62	\$10,106	30	\$4,890	\$5,216
Custodian II	\$162	62	\$10,044	30	\$4,860	\$5,184
Custodian III	\$160	62	\$9,920	30	\$4,800	\$5,120
Head Mechanic	\$210	62	\$13,020	30	\$6,300	\$6,720
Assistant Mechanic	\$157	62	\$9,734	30	\$4,710	\$5,024
Bus Driver	\$104	62	\$6,448	30	\$3,120	\$3,328
Maintenance	\$184	62	\$11,408	30	\$5,520	\$5,888
Technology Support	\$163	62	\$10,106	30	\$4,890	\$5,216
<b>Average Difference</b>						<b>\$4,864</b>

Source: MPLSD

As shown in **Table B-12**, MPLSD employees are entitled to receive severance payout for more days at retirement than the ORC minimum. Adjusting payouts to the ORC minimum could decrease the District’s future severance liability.

*Facilities*

**Table B-13** shows the District’s FY 2017-18 facilities staffing compared to industry benchmarks established by the National Center for Educational Statistics<sup>33</sup> (NCES) and American School and University<sup>34</sup> (AS&U). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

<sup>33</sup> The NCES is the primary federal entity for collecting, analyzing, and reporting data related to education in the US and other nations and publishes a planning guide for maintaining school facilities.

<sup>34</sup> The AS&U is a trade organization focused on school facility management which published school facility management related survey data collected during the period 2005 to 2009.

**Table B-13: Building Staffing Comparison**

<b>Custodial Staffing</b>	
Custodial FTEs	6.00
Square Footage Cleaned	177,471
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	6.02
<b>Custodial FTEs Above/(Below) Benchmark</b>	<b>(0.02)</b>
<b>Maintenance Staffing</b>	
Maintenance FTEs	1.75
Square Footage Maintained	177,471
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	1.87
<b>Maintenance FTEs Above/(Below) Benchmark</b>	<b>(0.12)</b>
<b>Total Buildings Staffing</b>	
Total FTEs Employed	7.75
Total Benchmarked Staffing Need	7.89
<b>Total FTEs Above/(Below) Benchmark</b>	<b>(0.14)</b>

Source: MPLSD, NCES, and AS&U

As shown in **Table B-13**, MPLSD's custodial and maintenance staffing is below established staffing benchmarks. Overall, the District's building staffing is in line with the benchmarks. Grounds staffing is outsourced and is not analyzed using the workload measures. See **Noteworthy Accomplishments** for discussion on the cost effectiveness of the grounds contract.

**Table B-14** shows the District's FY 2016-17 facilities operating cost per square foot compared to the primary peer average. Comparing expenditures per square foot gives an indication of the cost effectiveness of the District's facility operations as it normalizes size variances between districts.

**Table B-14: Facilities Expenditures per Square Foot Comparison**

	MPLSD	Primary Peer Average	Difference	% Difference
Salaries and Wages	\$1.75	\$1.64	\$0.11	6.7%
Employee Benefits	\$0.86	\$0.74	\$0.12	16.9%
Purchased Services (Excluding Utilities)	\$0.69	\$0.96	(\$0.27)	(27.8%)
Utilities	\$1.22	\$1.09	\$0.13	11.7%
Water & Sewage	\$0.00	\$0.08	(\$0.08)	(100.0%)
Sub-Total Energy	\$1.22	\$1.01	\$0.21	20.7%
Electric	\$1.03	\$0.83	\$0.20	24.4%
Gas	\$0.00	\$0.18	(\$0.18)	(100.0%)
Other Energy Sources	\$0.18	\$0.00	\$0.18	100.0%
Supplies & Materials	\$0.31	\$0.35	(\$0.03)	(9.4%)
Capital Outlay	\$0.01	\$0.11	(\$0.09)	(87.7%)
Other Objects	\$0.00	\$0.04	(\$0.04)	(100.0%)
<b>Total Expenditures per Square Foot</b>	<b>\$4.84</b>	<b>\$4.91</b>	<b>(\$0.07)</b>	<b>(1.4%)</b>

Source: ODE and primary peers

As shown in **Table B-14**, MPLSD spent \$0.07, or 1.4 percent, less than the primary peer average for the operations of its facilities. Areas where the District exceeds the primary peer include salaries and wages (see **R.21**), employee benefits (see **R.15**), and utilities (see **R.16**).

**Table B-15** compares the District's electric rate in kilowatt hours (kWh) over the last three-year fixed cycle (FY 2014-15 through FY 2016-17) and the current rate (in effect until December 2019) to the State average reported by the U.S. Energy Information Administration (EIA).<sup>35</sup> Analyzing electric rates is important as it indicates if the District's cost variance is due to charged electric rates or usage.

**Table B-15: Electric Rate Comparison**

	MPLSD	Ohio Average	Difference	% Difference
FY 2014-15	\$0.0602	\$0.0996	(\$0.0394)	(39.6%)
FY 2015-16	\$0.0602	\$0.0999	(\$0.0397)	(39.7%)
FY 2016-17	\$0.0602	\$0.0995	(\$0.0393)	(39.5%)
FY 2017-18 YTD <sup>1</sup>	\$0.0518	\$0.0989	(\$0.0471)	(47.6%)

Source: MPLSD and EIA

<sup>1</sup> Includes the average of July and August 2017 rates which was the most up-to-date information as of the completion of this analysis.

As shown in **Table B-15**, MPLSD received a lower electric rate through its use of contract pricing than the State average retail rate. As a result, the comparatively high energy expenditures are most likely attributable to high usage levels. In turn, high energy usage is most likely linked to the absence of a formal energy management program (see **R.16**).

<sup>35</sup> The EIA is a division of the U.S. Department of Energy.



The all other energy sources shown above includes oil, coal, and propane. The District uses propane for its junior high/high school campus. No other peers recorded other energy sources. **Table B-16** analyzes the District’s propane purchasing cost effectiveness to the Ohio average wholesale/resale weekly price as reported by the EIA for CYs 2015, 2016, and 2017. Analyzing the price of propane to the State average provides context to the cost effectiveness of the District’s propane purchasing practices.

**Table B-16: Propane Purchasing Analysis**

	<b>MPLSD</b>	<b>EIA</b>	<b>Difference</b>	<b>% Difference</b>
CY 2015	\$0.66	\$0.65	\$0.01	1.5%
CY 2016	\$0.65	\$0.61	\$0.04	6.6%
CY 2017	\$0.66	\$0.97	(\$0.31)	(32.0 %)
<b>Average</b>	<b>\$0.65</b>	<b>\$0.74</b>	<b>(\$0.09)</b>	<b>(12.2 %)</b>

Source: MPLSD and EIA

As shown in **Table B-16**, the District purchased propane at a higher rate than the Ohio weekly average in 2015 and 2016 while paying significantly lower in 2017. While MPLSD’s price of propane has remained consistent over that time frame, the Ohio weekly average significantly increased in 2017, resulting in the variance. Overall the District paid \$0.09, or 12.2 percent, less per gallon of propane than the Ohio weekly average.

# Appendix C: Five-Year Forecasts

**Chart C-1** shows MPLSD’s May 2017 Five-Year Forecast and **Chart C-2** shows the District’s October 2017 Five-Year Forecast.

**Chart C-1: MPLSD May 2017 Five-Year Forecast**

Line	Actual			Forecasted				
	2014	2015	2016	2017	2018	2019	2020	2021
1.010 General Property (Real Estate)	5,626,415	6,345,386	6,353,636	6,396,334	6,460,297	6,476,448	6,492,639	6,622,492
1.020 Tangible Personal Property Tax	331,759	377,097	339,956	378,982	378,982	378,982	378,982	378,982
1.035 Unrestricted Grants-in-Aid	4,549,416	4,501,318	4,820,336	5,047,016	5,472,073	5,581,665	5,581,665	5,581,665
1.040 Restricted Grants-in-Aid	197,499	208,131	211,661	166,730	169,398	172,108	172,108	172,108
1.050 Property Tax Allocation	1,205,786	1,309,884	969,785	780,439	780,439	780,439	780,439	780,439
1.060 All Other Operating Revenue	855,210	745,635	955,775	945,163	957,331	969,693	969,693	969,693
1.070 Total Revenue	12,766,085	13,487,453	13,651,150	13,714,664	14,218,519	14,359,336	14,375,527	14,505,379
2.040 Operating Transfers-In				7,089				
2.060 All Other Financial Sources	50,208	17,050	5,828	2,760	2,760	2,760	2,760	2,760
2.070 Total Other Financing Sources	50,208	17,050	5,828	9,849	2,760	2,760	2,760	2,760
2.080 Total Revenues and Other Financing Sources	12,816,293	13,504,503	13,656,978	13,724,513	14,221,279	14,362,096	14,378,287	14,508,139
3.010 Personnel Services	7,642,959	7,869,681	7,900,379	8,070,999	8,381,732	8,620,612	8,866,299	9,118,989
3.020 Employees' Retirement/Insurance Benefits	3,130,793	3,117,644	2,974,324	3,027,564	3,203,974	3,377,754	3,563,158	3,818,576
3.030 Purchased Services	1,957,392	2,079,358	2,273,717	2,650,765	2,615,924	2,627,832	2,644,765	2,660,407
3.040 Supplies and Materials	574,875	619,136	523,634	605,992	612,052	618,172	624,354	630,598
3.050 Capital Outlay	159,597	202,833	153,837	132,046	133,366	134,700	136,047	137,407
4.050 Debt Service: Principal - HB 264 Loans	25,000	30,000	30,000	30,000				
4.060 Debt Service: Interest and Fiscal Charges	4,611	3,428	2,100	2,000				
4.300 Other Objects	327,681	226,461	190,437	223,374	223,374	223,374	223,374	223,374
4.500 Total Expenditures	13,822,909	14,148,541	14,048,428	14,742,740	15,170,422	15,602,445	16,057,997	16,589,351
5.010 Operational Transfers - Out	73,459	163,015	273,165	265,500	265,500	265,500	265,500	265,500
5.040 Total Other Financing Uses	73,459	163,015	273,165	265,500	265,500	265,500	265,500	265,500
5.050 Total Expenditure and Other Financing Uses	13,896,368	14,311,556	14,321,594	15,008,240	15,435,922	15,867,945	16,323,497	16,854,851
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	-1,080,075	-807,053	-664,616	-1,283,727	-1,214,643	-1,505,849	-1,945,211	-2,346,712
7.010 Beginning Cash Balance	7,222,292	6,142,217	5,335,164	4,670,548	3,386,821	2,172,178	666,329	-1,278,881
7.020 Ending Cash Balance	6,142,217	5,335,164	4,670,548	3,386,821	2,172,178	666,329	-1,278,881	-3,625,593
8.010 Outstanding Encumbrances	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
9.030 Budget Reserve	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
9.080 Total Reservations	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
10.010 Fund Balance June 30 for Certification of Appropriations	5,492,217	4,685,164	4,020,548	2,736,821	1,522,178	16,329	-1,928,881	-4,275,593
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	5,492,217	4,685,164	4,020,548	2,736,821	1,522,178	16,329	-1,928,881	-4,275,593
15.010 Unreserved Fund Balance June 30	5,492,217	4,685,164	4,020,548	2,736,821	1,522,178	16,329	-1,928,881	-4,275,593

Source: MPLSD and ODE

**Chart C-2: MPLSD October 2017 Five-Year Forecast**

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	6,345,386	6,353,636	6,393,430	6,788,395	6,805,366	6,822,379	6,958,827	6,976,224
1.020 Tangible Personal Property Tax	377,097	339,956	356,864					
1.035 Unrestricted Grants-in-Aid	4,501,318	4,820,336	5,010,372	5,010,372	5,010,372	5,010,372	5,010,372	5,010,372
1.040 Restricted Grants-in-Aid	208,131	211,661	176,132	176,132	176,132	176,132	176,132	176,132
1.050 Property Tax Allocation	1,309,884	969,785	789,276	780,439	780,439	780,439	780,439	780,439
1.060 All Other Operating Revenue	745,635	955,775	885,714	804,425	805,699	804,425	804,425	804,425
1.070 Total Revenue	13,487,453	13,651,150	13,611,787	13,559,763	13,578,008	13,593,747	13,730,195	13,747,592
2.040 Operating Transfers-In			12,437					
2.060 All Other Financial Sources	17,050	5,828	243					
2.070 Total Other Financing Sources	17,050	5,828	12,680					
2.080 Total Revenues and Other Financing Sources	13,504,503	13,656,978	13,624,467	13,559,763	13,578,008	13,593,747	13,730,195	13,747,592
3.010 Personnel Services	7,869,681	7,900,379	7,852,238	7,965,463	8,186,743	8,414,329	8,648,401	8,889,145
3.020 Employees' Retirement/Insurance Benefits	3,117,644	2,974,324	3,014,930	3,385,793	3,565,239	3,756,648	3,960,913	4,178,993
3.030 Purchased Services	2,079,358	2,273,717	2,561,263	2,688,330	2,704,030	2,718,301	2,732,714	2,747,272
3.040 Supplies and Materials	619,136	523,634	561,980	602,198	608,220	614,302	620,445	626,650
3.050 Capital Outlay	202,833	153,837	24,759	63,450	63,450	63,450	63,450	63,450
4.050 Debt Service: Principal - HB 264 Loans	30,000	30,000	30,000					
4.060 Debt Service: Interest and Fiscal Charges	3,428	2,100	707					
4.300 Other Objects	226,461	190,437	257,657	260,834	263,442	266,077	268,738	271,425
4.500 Total Expenditures	14,148,541	14,048,428	14,303,533	14,966,068	15,391,123	15,833,107	16,294,662	16,776,934
5.010 Operational Transfers - Out	163,015	273,165	240,988					
5.040 Total Other Financing Uses	163,015	273,165	240,988					
5.050 Total Expenditure and Other Financing Uses	14,311,556	14,321,594	14,544,522	14,966,068	15,391,123	15,833,107	16,294,662	16,776,934
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	-807,053	-664,616	-920,055	-1,406,305	-1,813,115	-2,239,359	-2,564,467	-3,029,342
7.010 Beginning Cash Balance	6,142,217	5,335,164	4,670,548	3,750,493	2,344,188	531,072	-1,708,287	-4,272,754
7.020 Ending Cash Balance	5,335,164	4,670,548	3,750,493	2,344,188	531,072	-1,708,287	-4,272,754	-7,302,096
8.010 Outstanding Encumbrances	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
9.030 Budget Reserve	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
9.080 Total Reservations	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
10.010 Fund Balance June 30 for Certification of Appropriations	4,685,164	4,020,548	3,100,493	1,694,188	-118,928	-2,358,287	-4,922,754	-7,952,096
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	4,685,164	4,020,548	3,100,493	1,694,188	-118,928	-2,358,287	-4,922,754	-7,952,096
15.010 Unreserved Fund Balance June 30	4,685,164	4,020,548	3,100,493	1,694,188	-118,928	-2,358,287	-4,922,754	-7,952,096

Source: MPLSD and ODE

## **Client Response**

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



# Madison-Plains Local Schools



www.mplsd.org

3/9/2018

Mr. David Yost  
Auditor of State  
88 East Broad St., 5<sup>th</sup> Floor  
Columbus, OH 43215-3506

**Dear Auditor of State Yost:**

On behalf of the Madison-Plains Local School District, we would like to thank you and your staff for the time, effort and professionalism exhibited while conducting our recent performance audit. We appreciate having had the opportunity to participate in such a valuable process provided to us by your office at no cost to the district.

The examination was thorough, and truly a collaborative effort. The state performance team and the district staff worked towards a common goal of validating viable options to achieve a positive general fund balance over the life of the five year forecast. This resulted in the state recognizing exceptional district practices and efficiencies already in place via reported noteworthy accomplishments, as well as recommendations to the district for continued improvement.

We have a history of enacting increased financial efficiencies when opportunities arise. We have reorganized our staffing at all levels when faced with attrition, managed our healthcare plan to significantly reduce the cost of benefits, and taken advantage of group pricing to reduce our utilities costs. These strategies and more have allowed us to extend our positive general fund balance beyond previously forecasted deficits, despite not having received new operating levy revenue in over ten years!

We have used the performance audit recommendations to aid the district in proposing a budget balancing plan, and with this plan in place we expect to further extend our positive general fund balance beyond our initial expectations.

Sincerely,

Tim Dettwiller  
Superintendent

Todd Mustain  
Treasurer/CFO

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# Dave Yost • Auditor of State

**MADISON-PLAINS LOCAL SCHOOL DISTRICT**

**MADISON COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 15, 2018**