To the Residents and elected officials of the City of Fostoria:

The City of Fostoria initiated this performance audit under the Leverage for Efficiency, Accountability, and Performance (LEAP) revolving loan program, which was authorized by the Ohio General Assembly in 2011 to provide financial assistance for local governments in deferring the cost of performance audits.

In consultation with the City, the Auditor of State's Ohio Performance Team focused on Finance, Human Resources, Public Safety, and Public Works.

Among the primary conclusions of this audit are that the City could save approximately $200,900 annually by improved management of benefits, changing its administrative span of control and limiting overtime. This amount is approximately 3.2 percent of the City's 2011 General Fund expenditures. Additional, non-monetary recommendations could also affect future budgets.

The Auditor of State commends the City for forthrightly addressing its difficult financial circumstances, and for taking advantage of the LEAP program.

Sincerely,

Dave Yost

Auditor of State

TABLE OF CONTENTS

RESULTS IN BRIEF

The City of Fostoria initiated this performance audit under the Leverage for Efficiency, Accountability, and Performance (LEAP) revolving loan program. LEAP was authorized by the Ohio General Assembly in 2011 to provide financial assistance for local governments by deferring the cost of performance audits. In consultation with the City, the Auditor of State's Ohio Performance Team focused on Finance, Human Resources, Public Safety, and Public Works.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit. Total potential savings of $200,900 is approximately 3.2 percent of the City's 2011 General Fund Expenditures.

Summary of Performance Audit Recommendations

Recommendation	Cost Savings Impact
Negotiate sick leave accrual, longevity, and holidays. (R5)	$107,600
Increase employee health insurance contributions (R6)	$52,100
Measure and reduce excessive sick leave use (R7)	$19,100
Limit overtime use (R8)	$14,300
Use direct deposit and electronic pay stubs (R9)	$7,800
Total Cost Savings from Recommendations	**$200,900**

Additional Management Implications

In addition to financial implications, the performance audit also includes management recommendations that may not have direct financial effect but could improve administration. Among the most important of these recommendations are improving strategic planning and data management, and establishing a policy regarding use of one-time revenue.

Since this LEAP project is taxpayer supported, it is appropriate to determine the return on investment (ROI) associated with this investment of taxpayer funds. The project cost $89,000, and has resulted in findings representing approximately $200,900 in savings, thus producing an ROI of $2.26 in annual savings for every taxpayer dollar invested.

Synopsis

What is Good Performance: Scope, Benchmarks, and Objectives

Applicable 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.

Scope of the Audit

The City of Fostoria (City) initiated this performance audit with the goal of identifying opportunities for improving the efficiency of operations and the effectiveness of service delivery to City residents. In September 2011, the Mayor and the City Auditor signed a letter of arrangement with the Auditor of State's Office (AOS) for a performance audit to be conducted on all City operations, excluding the municipal court, to help reduce operational deficits and improve services.

Based on discussions with City officials, the following departments were selected for the assessment:

- Financial Management;
- Human Resources Management;
- Public Safety - Police Division;
- Public Safety - Fire Division; and
- Public Works.

Methodology and Benchmarks

Performance audits provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information 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.

AOS conducted the performance audit of the City in accordance with generally accepted government auditing standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. The AOS believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

The cities of Amherst, Bucyrus, Galion, and Fremont were selected to provide benchmark comparisons for the areas assessed in the performance audit. These cities were selected based upon demographic and operational data. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, including the following:

- Government Finance Officers Association (GFOA);
- State Employment Relations Board (SERB),
- Society for Human Resource Management (SHRM), and
- Ohio Department of Administrative Services (DAS).

This performance audit was conducted between November 2011 and May 2012, and data was drawn from fiscal years 2009, 2010, and 2011. Throughout the audit process, input from the City was solicited and considered when assessing the selected areas and framing recommendations.

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. The following detailed audit objectives were used to conduct the performance audit of the City. In some instances, objectives were modified based on actions taken by the City to address its deficit or high-risk environments indentified by the auditors during the course of their work.

The following detailed audit objectives were used to conduct the performance audit of the City.

Finance Section
- Does the City have a strategic planning process that is updated annually?
- Does the Finance Division maintain efficient internal controls?
- Does the Finance Division have appropriate budget preparation and monitoring practices?
- Are financial accounting and reporting practices reasonable?
- Do payroll methods ensure accurate and efficient processes?
- Does the Finance Division use technology appropriate to meet the needs of the City?
- Do purchasing processes follow recommended practices and ensure adequate internal controls?
- Are income tax collection processes efficient and effective?

Human Resources
- Is the process of developing and maintaining job descriptions and performance evaluations current and effective?
- Are record-keeping practices consistent with leading practices?
- Does the City have a staffing plan?
- How does staffing compare to peer averages?
- Are employee benefits consistent with industry and peer averages?
- Are the bargaining unit agreements excessive and costly for the City?

- Does the City have minimal overtime usage?
- Does the City have minimal sick usage?

Public Safety: Police
- Is the Police Division appropriately staffed compared to industry and peer averages?
- Is the Police Division response time comparable to peers?
- Are the Police Division's operational costs lower than the peers?
- Are dispatch operations effective and efficient?
- Are jail operations efficient and effective?
- Does the division use available technology to support operations and increase effectiveness?

Public Safety: Fire
- Is the Fire/EMS Division appropriately staffed?
- Are the Fire Division's response times comparable to peers?
- Are the Fire Division's operational costs lower than the peers?
- Does the Fire Division use up-to-date technology to provide effective operations?
- Are fire prevention activities effective and meeting community needs?

Public Works Operations
- Are Public Works operations (including streets, utility, water and wastewater, building and zoning, parks and recreation, and cemetery) appropriately staffed?
- Does the Streets Division use cost-effective processes to ensure quality services for road repairs and maintenance and snow and ice control?
- How do street sweeping activities compare to peer and leading practices?
- Has the Water Division implemented a maintenance and repair schedule to avoid water loss?
- Is the current allocation of Wastewater Division personnel efficient and effective?
- Is the Building and Zoning Division generating sufficient fees to cover its expenditures?
- Does the Parks and Recreation Division maintain a comprehensive land management plan?
- Does the Division adequately and efficiently maintain the City's parks and recreation facilities?
- Is the City maintaining its cemeteries effectively?

Areas in which the City performed at benchmark levels or had already adopted recommended practices are omitted from the report.

Conclusions

Noteworthy Accomplishments

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

- **Police Division 12 Hour Shift Implementation**: Overtime cost savings were achieved in the Police Division through the April 2011 Memorandum of Understanding (MOU) addendum to the Patrol Officers' collective bargaining agreement. The MOU permitted acceptance of a 12-hour shift as a standard work shift with a regular pay period considered 84 hours. Overtime accumulates only after 84 hours, permitting the City to significantly reduce the costs associated with overtime. In 2011, the City spent 36.2 percent less on overtime than in 2010, for a savings of $55,000.

- **Streets Division Sick Leave Usage**: From 2009 to 2011, the Streets Division has taken an average of 20.6 hours of sick leave annually per FTE, resulting in an average sick leave expenditure of approximately $400 per FTE. In comparison, the DAS state-wide average sick leave ratio in FY 2011 is 59.0 hours per FTE, leading to an average sick leave cost of $1,300 per FTE, based on the City's average wages. Fostoria's Streets Division therefore averages 38.4 fewer hours of sick leave per FTE than the DAS State-wide employee average and spends $900 less per FTE than the DAS state-wide employee average.

- **Fuel Purchasing**: The City negotiated an arrangement with a local vendor that was $0.11 lower in 2011 than the DAS average price per gallon for unleaded gas and $0.35 less per gallon for E-85 grade ethanol fuel. In addition, the prior contract with DAS required the City to buy in bulk and store fuel, which led to security problems. The arrangement with the local vendor not only is less expensive but provides 24-hour access with each authorized employee assigned a card with an individual access code that records the date, time, and amount of fuel taken.

Key Recommendations

The performance audit includes management recommendations in the areas of Financial Management, Human Resources, Public Safety, and Public Works. The recommendations are intended to provide the City with options to enhance its operational efficiency and improve its long-term financial stability. The following summarizes the key recommendations from the performance audit report.

Financial Management:
- Use strategic planning, including capital replacement plan and financial forecasts.
- Establish policy on use of one-time revenue.
- Enhance City data management tracking and record-keeping.
- Establish a mandatory two-week pay schedule.

Human Resources:
- Update job descriptions and use performance evaluations.
- Bring practices for leave, longevity, and holidays to peer levels.
- Increase employee contributions to health insurance.
- Limit overtime use.
- Measure and reduce cost of excessive sick leave usage.
- Establish a mandatory two-week pay schedule.

Public Safety & Public Works:
- Use special revenue funds for street operation costs.
- Develop a formal inventory policy for all Streets Division equipment.

The Auditor of State and staff express their appreciation to the City staff for their cooperation and assistance throughout this audit.

PERFORMANCE AUDIT

R1 Develop a long-term strategic plan which incorporates financial forecasts and capital replacement plans.

The City should develop and annually update a strategic plan that includes performance measures and ties decisions to long-term planning. The plan should link to an annually updated five-year financial forecast which would reflect the changing financial climate of the City and provide alternative options. The plan should include capital replacement plans for equipment and vehicles in all divisions including Police, Fire, Street, and Water and Wastewater. Linking these plans and creating contingent scenarios will allow the City to develop a strategy to handle future challenges as well as provide benchmarks to measure success. Including performance standards and tying evaluations to these goals will provide information on the City's progress.

Fostoria has traditionally focused on annual priorities and emphasis was placed on daily operations rather than longer-term planning. While planning has occurred, plans have not been updated with changes in administration and economic circumstances. By not implementing a strategic plan, the City is reactive rather than proactive in the face of ordinary management problems. Moreover, since the City has no significant cash reserves for emergencies, it is more vulnerable to deficits in times of economic distress.

The City developed a strategic plan in 2006 and a contingency plan for the recession in 2008. Both plans included potential projects such as establishing a small business incubator, tax credits for job creation and retention, creating a contingency fund, and restructuring the Finance Department. However, except for restructuring the Finance Department, the plans were neither implemented nor updated. The City has made some effort toward planning for vehicle replacement, but no plan was established and the City continues to make such decisions annually, according to immediate needs and financing. Because the City does not review long-term vehicle maintenance expenditures, it has retained a large portion of Streets Division vehicles beyond the respective cost-effective life cycles. City stakeholders also have limited input into the budget process, which renders the budget more reactive than proactive.

Recommended Budget Practices (GFOA, 2005) recommends strategic planning in order to anticipate and respond appropriately to changes in the environment, to increase effectiveness, and to achieve consensus on strategies and objectives. The planning process should include identifying critical issues, developing strategies to achieve goals, creating an action plan, and reassessing the plan periodically. GFOA also suggests developing a multi-year capital plan that covers at least three or more years.

Although the City has created a plan that includes certain project assets, the plan does not include vehicles, a major component necessary for proper multi-year planning. Of the City's Streets Division fleet, for example, 7 of 16 vehicles, or 44 percent of the fleet, exceed the

American Public Works Association's benchmarks and therefore qualify for replacement. The City also has not implemented a multi-year financial forecasting process. GFOA strongly encourages municipalities to develop a multi-year financial forecasting plan. Financial forecasting can assist the City in evaluating financial risk, identifying future financial commitments and resource demands, assessing the levels for capital investment, and understanding its ability to sustain certain service levels.

By directly linking strategic planning to financial conditions and long-term objectives, the City will be in a better position to address long-term demands and potential options. By developing a financial forecast, Fostoria can better anticipate the impact of changes. Planning will allow the City to more effectively manage its resources and to provide effective and affordable levels of public services.

R2 Establish a policy on the use of one-time revenue.

The City should develop a formal policy to reduce reliance of basic City services on one-time or unpredictable revenues. This policy should limit the reliance on these one-time revenues to ensure City operations are supported and that the City can meet ongoing needs without the threat of losing services when grants or other funding expire.

The City received a Staffing for Adequate Fire and Emergency Response (SAFER) Grant from the Federal Emergency Management Agency (FEMA) of over $1.2 million in 2011, and used it to rehire eight of its firefighters that were laid off in 2010. This grant is expected to support FFD's operation by covering the salaries and benefits of the 8 recalled firefighters through 2013.

The City does not have a policy concerning the use of one-time or unpredictable revenues such as grants and donations. *Best Practices in Public Budgeting* (GFOA, 2000) recommends that a government adopt a policy limiting the use of one-time revenues for ongoing expenditures. Examples of one-time revenues include; infrequent sales of government assets, infrequent revenues from development, and grants.

In the past, the City had used grant funding to purchase fire equipment, such as computers, personal protective equipment, and portable radios. According to the Fire Chief, these items and others would not have been replaced without grant funding. During 2011, the FFD also received additional reimbursement income of approximately $5,090 in overtime cost from the National Electric Carbon Products-Confined Space Program, and over $3,194 in reimbursement for the railroad derailment cleaning for Washington Township during 2011. The City has also received grant assistance in other divisions. The Police Division was able to support 1 full-time employee through the use of a federal Community-Oriented Policing Services (COPS) grant.

While grant funding should be obtained whenever possible, ongoing needs of the City should not be dependent on the receipt of grants or donations. Creating a policy that limits the use of one-time revenues to exclude ongoing expenditures, the City can help ensure that FFD minimizes the disruptive effects on services which could result because of a non-recurrence of unpredictable revenue.

R3 Enhance City data management tracking and record-keeping.

The City should enhance records management and performance tracking across City departments. In order to plan and budget strategically (see R1), the City should track data in all service areas to help ensure accuracy and consistency in reporting on operational performance. Ideally, upgrades in technology would increase efficiency and assist in this process, especially in the Police Division. However, the City can make improvements to its using existing technology by ensuring that data is tracked, such as with response times and inspections conducted in the Fire Division, or that all direct and indirect project cost information is captured for Streets Division work.

The City has several areas in which record management and data tracking could be improved to assist in increasing the oversight and efficiency of operations:

- **Police Division**: Although the City's Police Division started in 2011 to report crime statistics as part of a voluntary submission to the Ohio Incident Based Reporting System (OIBRS), which can allow the City to compare its operations to local governments across the State and the U.S., the current software system does not categorize the information consistently with these databases. Therefore, the information must be manually tabulated for the OIBRS report. Further, the system does not provide data in a format consistent with other data tracking agencies such as the Internal City/ Count Management Association (ICMA) to allow for comparisons. Information provided during this audit included technical errors highlighting the need for a consistent system and checks to help ensure data accuracy.

- **Fire Division**: Historically, response times for fire and EMS emergencies have not been tracked by the City in a consistent method to allow for appropriate comparisons. Prior to 2011, the FFD was focused on service, but began efforts began to more consistently record data. These have not yet been fully integrated into performance reporting and goal-setting. Since the City's dispatch center will be taking over responsibility for managing calls in the future, the City should take this opportunity to ensure a process is established and formalized for consistent data tracking.

- **Streets Division**: The Streets Division does not have a formal work order system or track costs on a *per program* basis. Using work orders would assist in understanding time and staff commitments for routine assignments as well as recognizing recurring problems. In addition, by including expenditure data such as vehicle maintenance, supplies and materials, and indirect costs, the City could understand the full costs associated with programs and projects.

Ohio cities offer multiple examples of tracking operational statistics and providing this information to the public using colorful and informative annual reports or posting this type of information on city websites. Although the Fostoria Police Department releases an annual report listing crime statistics, it should also incorporate comparative statistics and historical data to illustrate to the public about its progress. For example, the City of Findlay and the City of Kettering use annual reports that show trends and highlight change. Since OIBRS and ICMA provide Ohio and national law enforcement statistics, respectively, Fostoria can select to incorporate these in its analyses and comparisons. The City of Findlay also offers examples of

Fire Department and Public Works annual reports that provide information to the public on workloads and staffing. Other cities like Berea and Piqua provide some of this information on each city's respective websites.

Financial constraints limit the City's ability to upgrade technology, and operations have traditionally focused on immediate performance of services rather than operational planning. The Police Chief indicated that the current software system used in the FPD is not ideal, but is sufficient and inexpensive. Other divisions within the City have not historically maintained performance data, but this information is now being requested due to the financial situation. Fully utilizing current technology available to the City can allow for more systematic data collection, which will provide more useable information for planning and decision making.

R4 Update job descriptions and use performance evaluations.

Fostoria should develop a system for update its job descriptions to ensure they are current and consistent with the required duties of each position. The City should adopt a regular cycle (e.g., every two years) for reviewing and modifying job descriptions and ensure these reflect current responsibilities, education, experience, and competency requirements for each position. All departments within Fostoria should conduct regular employee evaluations, at least annually, with evaluations linking to performance standards and objectives.

The City has not historically updated job descriptions on a regular basis. The City's policy manual indicates that performance evaluations must occur at least annually, but the City has 'not developed a method of tracking and verifying evaluations are performed.

Performance Appraisal as an Employee Evaluation Tool (Society for Human Resources Management (SHRM), 2002) recommends the use of job descriptions and performance appraisals to assist employees to understand job expectations and receive opportunities for constructive performance feedback.

Without a formal system for updating job descriptions or tracking the use of performance evaluations, the City cannot verify that these are occurring on a regular basis. Detailed job descriptions will help the City ensure it communicates the requirements of each job. Evaluating job performance on a regular basis will help employees receive feedback to improve future performance and ensure the City maintains an efficient and effective workforce.

R5 Negotiate reductions in leave accrual, longevity, and holiday pay.

The City should negotiate to reduce costly provisions in the collective bargaining agreements including sick leave accrual limits, holiday leave, and longevity pay. Reducing or eliminating these provisions would provide greater management flexibility and limit the financial liability to the City for such benefits. Fostoria should seek a memorandum of understanding with its collective bargaining units so that it may negotiate these items prior to the expiration of its current bargaining agreements.

Collective bargaining agreements were reviewed to determine areas which are more generous than State minimum standards and which exceed benefits offered by peers:

- **Sick Leave**: The City's sick leave payout at retirement is higher than ORC guidelines. For example, a city employee who is a member of the Streets Division shall receive 50 percent of any accumulated but unused sick leave balance to a maximum of 60 days of pay, while ORC 124.39 states that employees with 10 or more years of service may receive payments not to exceed 30 days of unused sick leave. These provisions represent a significant financial liability to the City. (See **R7** for an additional recommendation on the monitoring of sick leave for potential misuse.)

- **Holidays**: Fostoria employees receive holidays ranging from 11 holidays for Street and Fire Division employees to 14 holidays for Police Division employees. Peer contracts average approximately 10 holidays, and ORC 124.19 recognizes a minimum of 10 paid State holidays unless a collective bargaining agreement negotiates otherwise. The City should seek to align holiday provisions and negotiate the number of paid holidays to be more consistent with State guidelines and peer averages.

- **Longevity Pay**: The City's calculation for longevity pay is based upon individual employee salary. For example, 5 years of service receives an additional 2 percent of base salary, up to 8 percent after 20 years. In contrast, the peer cities calculate longevity based on a set dollar amount per month based on the number of years of employment. **Table 1** presents an overview of the impact of the difference in calculating longevity.

Table 1: Longevity Table

Years of service	Pay Rates	Fostoria Longevity[1]	Peer Average	Variance	Percent
5	$24,695	$484	$160	$324	202.6%
10	$25,180	$968	$447	$522	116.8%
15	$25,664	$1,453	$839	$614	73.2%
20	$26,148	$1,937	$1,074	$863	80.4%
25	$26,148	$1,937	$1,348	$589	43.7%

Source: Fostoria and peer cities
[1]Longevity for this analysis is calculated at Fostoria using the lowest scheduled pay rate of $24,211.

As shown in **Table 1**, the peer average longevity for these service periods is consistently lower than Fostoria, even when the lowest pay rates are used. This difference would only increase if higher rates were used since the peer average is a fixed amount and not subject to change. Therefore, when this analysis is extended for all Fostoria employees, the City spends at least $152,800 in longevity costs while the peers would have spent just $51,100 using the fixed amount longevity payments. Based on this, Fostoria spends at least $101,700 more than the peers in longevity pay.

While political subdivisions may adopt terms that are more generous than State law, exceeding ORC minimum standards places additional strain on the City's limited resources.

Financial Implication: Calculating longevity pay using set payments per month based upon total years of employment yields a potential saving of $101,700. Reducing holidays (1 holiday for AFSCME employees at 1.5 times the rate, and 1 holiday for Fire employees at 2.0 times the rate, and 3 holidays for Police employees at 2.0 times the rate) leads to an approximate savings for the City of $5,900. Total savings equals $107,600.

R6 Increase employee contributions to health insurance.

Fostoria should seek to negotiate provisions within the collective bargaining agreement with the goal of increasing employee cost sharing contributions to 15 percent of premiums. Increasing employee contributions to 15 percent for all employees will establish more equitable cost-sharing practices and bring employee premium contributions more in line with industry averages.

City employees contribute 10 percent toward the monthly health insurance premium, which is inclusive of medical, prescription drug, dental, and vision coverage. **Table 2** shows the contribution rates in comparison to contributions reported to the State Employee Retirement Board (SERB) for public employees working in the Toledo region and for those working across the State of Ohio.

Table 2: Medical Premium and Contribution Comparison

	Medical Premiums		Employee Contributions	
	Single	Family	Single	Family
City of Fostoria	**$417**	**$1,093**	**10.0%**	**10.0%**
SERB Toledo Region Average	$464	$1,233	9.7%	12.5%
Difference	($47)	($140)	0.3%	(2.5%)
State of Ohio	$423	$1,251	16.9%	17.8%
Difference	($6)	($158)	(6.9%)	(7.8%)

Source: City of Fostoria and SERB (2011)

As shown in **Table 2**, according to SERB, public employees in the Toledo region paid an average of 9.7 percent and 12.5 percent of medical insurance costs for single and family plans, respectively. Fostoria requires slightly higher premium coverage from employee contributions than the SERB average for Single Coverage, but less than the SERB average contribution rate for Family Coverage, which is where the majority of City employees have elected coverage. Additionally, SERB reported that the average employee contributions for public SERB employees across the State for single and family plans were 16.9 percent and 17.8 percent respectively.

By requiring employees to contribute only 10 percent toward the family coverage cost of health insurance, the City is subsidizing these costs for employees at a higher rate than similar entities in northwest Ohio. This creates an increased financial burden on the City. Aligning family coverage contributions with the region, or further aligning all employee contributions with State employees could provide the City with needed financial relief.

Financial Implication: By requiring an employee contribution for medical insurance of 15 percent, which is between the State Employee Retirement Board (SERB) averages for the Toledo Regions and the averages for the State of Ohio, the City would save an estimated $52,100.

R7 Measure sick leave use and reduce cost of excessive sick leave.

The City should measure the cost of sick leave and further ensure reduction of the amount used by specific departments, such as the Police Division. Setting targets for staff attendance and opening a dialogue with employees about the causes of sick leave and the direct and indirect costs of sick leave may help the City reduce leave usage. Indirect costs to a City can include the overtime since employees often extend scheduled shifts in order to cover for employees using sick leave, Thus, addressing excessive sick leave usage can also result in associated reductions in overtime use (see R8).

Table 4 presents sick leave usage in the City of Fostoria compared to information tracked and reported by the Ohio Department of Administrative Services (DAS) on sick leave usage for State of Ohio employees.

Table 4: Sick Leave Usage

Employee Group	Average Leave per FTE	DAS Average Leave per FTE	Difference	Percent
Police Department	85.2	59.0	26.2	44.5%
Fire Department	0.5	59.0	(58.5)	(99.2%)
Traffic Signs	8.6	59.0	(50.4)	(85.5%)
Water Department	47.8	59.0	(11.2)	(18.9%)
Wastewater Department	56.2	59.0	(2.8)	(4.8%)
Auditor's Office	4.0	59.0	(55.0)	(93.2%)
Clerk of Court	15.1	59.0	(43.9)	(74.4%)
Total	**41.8**	**59.0**	**(17.24)**	**(29.2%)**

Source: City of Fostoria 2011 sick leave and DAS State averages

As shown in **Table 4**, the Police Division exceeded the DAS average of 59.0 hours per FTE by 44.5 percent. Police employees averaged 85.2 hours per FTE. The Police Chief indicated that the City has taken steps to address this by issuing its own sick leave policy clarifying the proper usage, defining patterns of abuse, and describing actions to be taken if misuse is identified.

Sick Leave Abuse: Part 2 - Identifying the Problem (Gilson, 2007) identifies patterns of sick leave abuse, including such indicators as frequent use next to weekends, suspicious or vague requests, lengthy use, and so on. *Sick Leave Abuse: A Chronic Workplace Ill?* (ASPA Times, 2002) notes that methods of monitoring sick leave abuse vary, but common guidelines include enforcing policies, talking to employees who may be abusing sick leave, and using standard procedures to document actions taken on sick leave use.

The City has historically not perceived the need to measure the cost of sick leave usage. Without a formal monitoring process and set definitions of abuse, employees may take advantage of sick leave and cause the City to experience higher than average usage. High amounts of sick leave can result in decreased productivity. Sick leave abuse can also be costly, both in direct and indirect costs. Such costs include overtime pay for other employees, missed deadlines, sinking morale, and decreased productivity.

Financial Implication: Based on the AOS estimates, reducing certificated sick leave usage in the Police Division to the Ohio Department of Administrative Services (DAS) average would result in annual savings of approximately $19,100.

R8 Limit overtime use.

The City should keep overtime costs to a level more consistent with leading practices, by increasing oversight, improving tracking, and negotiating less costly terms of overtime pay in its collective bargaining agreements. By bringing these provisions closer to the minimum requirements as set forth by the Fair Labor Standards Act and the Ohio Revised Code, the City could more closely align with cities such as those accredited by the American Public

Works Association (APWA), which averages overtime of 6 percent. Specifically addressing high Streets Division overtime could assist the City in reducing General Fund expenditures.

In 2011, Fostoria employees earned over $402,500 in overtime. **Table 3** shows the overtime attributable to various departments.

Table 3: Fostoria Overtime

	Regular Pay	Overtime Pay	Percentage
General Fund			
Police	$1,366,259	$97,079[1]	7.1%
Fire	$820,339	$116,024[2]	14.1%
Traffic Sign	$8,994	$5,037	56.0%
Cemetery	$69,611	$4,698	6.7%
Auditor's Office	$62,014	$335	0.5%
General Fund Total	**$2,327,217**	**$223,173**	**9.6%**
All Other Funds			
Streets Division	$214,726	$27,222	12.7%
Water Division	$920,722	$95,733	10.4%
Wastewater Division	$751,662	$56,331	7.5%
Other Funds Total	**$1,887,110**	**$179,286**	**9.5%**
TOTAL	**$4,214,327**	**$402,459**	**9.5%**

Source: City of Fostoria payroll reports (2011)

[1] FPD staffing cuts in 2010 contributed to overtime. However, the City also signed an MOU with patrol officers (see **Noteworthy Accomplishments)** and significantly reduced overtime in 2011 from the prior year.

[2] FFD staffing cuts in 2010 contributed to a significant amount of overtime during this period.

As shown in **Table 3**, overtime accumulates mostly in five divisions: Police, Fire, Streets, Water, and Wastewater. Although Police overtime appears high in 2011, this actually represented a significant decrease from 2010 due to a Memorandum of Understanding (MOU) that the City coordinated with the Patrol Officers. (See **noteworthy accomplishment**s). During the course of the audit, the City was also in the process of negotiating a new Fire Division contract. While some provisions of the discussions were confidential, the process appeared to include discussion of issues contributing to the high rate of overtime accumulation. In the Streets, Water, and Wastewater divisions, the City negotiated changes in the prior collective bargaining agreement that had driven high overtime, but continued to retain a few costly provisions, specifically:

- All hours worked in excess of eight hours in any day are paid at rate of 1.5 times regular rate of pay;
- All hours worked in excess of sixteen hours in any day are paid at rate of 2.0 times regular rate of pay; and
- Minimum call-out pay of two hours is guaranteed whenever an employee is called to work at times other than regularly scheduled shift.

According to the Fair Labor Standards Act (FLSA), nonexempt employees are required to be paid at a rate of 1.5 times the regular rate of pay after 40 hours of work in a workweek, not based on a daily basis. FLSA only requires time actually spent working as part of the calculation of

when overtime compensation is due to an employee. It does not require the inclusion of any minimum call-out for time not involving actual work. Similarly, FLSA has no requirement for double time pay for hours worked in excess of 16 hours. In comparison, the average overtime expenditure as a percent of salary expenditure for American Public Works Association (APWA) accredited public works departments in 2010 was 6 percent. During the course of the audit, the Mayor indicated that the City had removed the double overtime provisions from its collective bargaining agreements.

Concerted efforts to reduce overtime should be a priority because the cost of overtime has a continuing detrimental impact on the City. Even when costs are paid from enterprise and special revenue funds, the City is still at risk of absorbing any operating deficits with the operating balance of its General Fund. Administrators, supervisors, and department managers should incorporate overtime monitoring and preapproval as an integral part of their job functions. Managers of similar grades or positions should be required to receive their supervisor's preapproval for overtime use, rather than approve each other's overtime. Tracking and limiting overtime use will reduce the burden of high overtime costs and allow the City to redirect its resources to other functions. Further, regularly reviewing overtime use and costs can help the City better identify potential incidents of overtime abuse and improve its management over employee work hours.

Financial Implication: Streets Division overtime expenditure as a percentage of salaries is two times higher than the 6 percent average of APWA accredited public works departments. Based on 2011 expenditures, bringing the Streets Division overtime expenditures in line with that of APWA cities could save approximately $14,300.

R9 Establish a mandatory two-week pay schedule and require direct deposit.

The City should place all employees on the same two-week pay schedule and require direct deposit. Doing so will help ensure payroll accuracy and make the payroll process more efficient. The City should also use the payroll system to send out electronic pay stubs to reduce the cost and staff time required to send out printed stubs.

The City has three payroll cycles. Of 110 employees of the City, 67 are paid on a weekly basis, 29 are paid bi-weekly, and 14 are paid monthly. This creates additional work for the payroll administrators to maintain these cycles and ensure employees are paid on the appropriate cycle. The City reportedly intended to switch employees to a two week pay schedule with direct deposit in 2012, but delayed implementation following concern expressed by one of the City's collective bargaining units. In addition, since direct deposit is not mandatory, 10 employees were still receiving paper checks and all employees were receiving paper paystubs. The City indicated that due to the need to print the small number of checks, the City's financial software system printed all paystubs on check stock for all employees, costing the City $2,203 annually. The software was capable of generating and distributing electronic pay stubs for all employees. During the course of the audit, the City confirmed that it had switched all employees to a single payroll cycle and was no longer issuing paper checks.

The Society for Human Resource Management (SHRM, 2004) recommends best practices for payroll processing that include time for reviewing the accuracy of time entries and review of all automated system assumptions. Further, the State of Minnesota (2007) specifically guides statutory cuties in its jurisdiction maintain e a hold back period between time sheet submission and payment to improve accuracy and reliability of the payroll process. Fostoria has a system for checking hours worked, but has 67 employees who are on a weekly pay schedule, which leaves little time to correct any payroll issues. Further, the use of direct deposit and electronic pay stubs can reduce processing time and improve accountability of transactions. *Costs and Benefits of Direct Deposit of Salary Checks* (National Federation of Independent Business, 2004) indicates that direct deposit of paychecks provides many benefits to employers, including improving efficiency and reducing risk of fraud or theft. It can also benefit employees by ensuring fast and secure deposits. The National Automated Clearing House Association (NACHA), a leading direct deposit firm, identifies average costs of $1.20 to issue a paper check, compared to $0.20 to process a direct deposit claim. NFIB estimates pay stubs to cost approximately $1.80. By printing on pay stubs rather than issuing electronic stubs, the City continues to pay significant costs for the time and supplies.

Creating a regular and uniform pay period will help ensure proper oversight of payroll. Switching all employees to direct deposit will enable the City to implement electronic pay stubs that will create efficiency and reduce staff time and expenditures.

Financial Implication: Based on cost estimates for printing paystubs and checks and the frequency of distribution, with some employees paid weekly or monthly and others each two weeks, the City could potentially save $7,800 annually by implementing direct deposit and electronic pay stubs. (This does not include the additional time savings from reduced staff time.)

R10 Use special revenue funds to offset General Fund expenditures for street operation costs.

The City should use positive cash balances in the Street Fund to pay for the operating and maintenance of Fostoria traffic lights and street signs. Using funds from the Street Fund will permit the City to maintain this infrastructure while reducing the burden on the General Fund.

Consistent with ORC, the City created a Street Fund to consolidate special revenue from the motor fuel and vehicle permissive tax, excise tax, and registration tax. These funds are intended for investment in local street maintenance and repairs. Fostoria has charged the majority of expenses for street repairs to these funds, but has continued to support the electric payments and installation and repair of street signs and traffic lights to separate codes within the General Fund. In 2011, the City spent $59,800 on traffic sign and $167,200 on street light operations and maintenance from the General Fund. In contrast, the City had revenue in excess of expenditures in the special revenue Street Fund in the amount of $67,000.

ORC 4504 directs a municipal corporation to set aside motor vehicle taxes to be used for maintenance, improvements, and general operations of streets and highways. Included within the specific definitions listed in ORC 4504.02 are using these funds for "purchasing, erecting, and maintaining street and traffic signs and markers" as well as "purchasing, erecting, and maintaining traffic lights and signals." Thus, the costs that Fostoria supports for traffic signs and lights through its General Fund could be supported instead from funds in the Street Fund.

Spending from appropriate special revenue funds reduces the burden on the General Fund. These costs are already allocated for these purposes based on ORC language. Based on 2011 revenue and expenditures, the City could have allocated approximately $67,000 from the Street Levy to offset expenditures related to street sign and traffic light operations and maintenance as charged to the General Fund. While pursuing this accounting change in the future will not provide overall cost savings to the City, it will provide the City more flexibility in using its general operating funds.

R11 Develop a formal inventory policy for all Streets Division equipment.

The Streets Division should develop a formal inventory policy for all departmental equipment. The policy should incorporate the components of equipment inventory programs as set forth by the APWA, and should clearly establish a routine inventory cycle by which all departmental equipment is inspected. Conducting routine inventory inspections of departmental equipment may reduce the Department's susceptibility to theft, waste, and unnecessary expenditures.

The Streets Division does not conduct routine inventory inspections of departmental equipment. While the City Auditor occasionally performs random inventory checks, the Streets Division is ultimately responsible for the condition and maintenance of its equipment. The Streets Division Foreman does routinely inventory items such as street signs and street poles, but the majority of parts, tools, and equipment are not inventoried on a regular basis or according to any formal schedule. Currently, the City would be unable to determine if any items were missing, much less determine whether the item had been stolen, discarded, or just misplaced.

Public Works Management Practices Manual (APWA, 1998) stresses the importance of conducting inventories as a means of tracking equipment and also in determining the potential downtime when equipment is not being used. This can be useful for planning purposes as well as potentially coordinating with other jurisdictions on the shared use of resources. [1]

By not tracking equipment or conducting routine inventory inspections, the City is more susceptible to incidences of fraud, theft, or wasteful spending due to the lack of information on assets. With accurate and updated systems of asset management that includes Streets Division

---

[1] For additional information on resource sharing, see the Auditor of State's Lake County Utilization Study (2012) that provides information and recommendations on the potential sharing of public service department equipment between local governments.
http://www.auditor.state.oh.us/publications/issues/LakeCountyCapitalEquipmentUtilizationStudy040912.pdf

equipment, the City can gain valuable information on the life cycles and utilization of various types of municipal equipment. The inventory system can then serve as an internal control providing information to allow accountability and insurance details should equipment become misplaced or misdirected.

Appendix

Issues for Further Study

Auditing standards permit the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. The following presents issues requiring further study:

Jail Transportation/ Video Arraignment: Fostoria uses a 12 day city jail to house prisoners, but could potentially coordinate savings through the use of Seneca County Corrections for housing inmates. Fostoria does not currently track full cost information on the jail, in part due to shared staffing between the jail and other functions. The use of closed circuit television allows staff to assist in monitoring, and the location of the jail allows the sharing of building resources such as utilities and security. Due to the limited information, a full cost analysis was not possible. The City could contact Wood and Hancock County sheriffs to discuss arranging shared housing for prisoners in the Seneca County jail. Because the counties are responsible for transportation costs after arraignment, this could benefit the other two counties since both would potentially reduce transportation costs from transport to the Fostoria Municipal Court. Further, the Seneca County jail has video arraignment equipment, which the City could benefit from by eliminating most of the transportation of inmates between the County jail and the City court for arraignments. By coordinating with Wood and Hancock County, the jurisdictions could ensure mutual agreement on the cost responsibilities. In 2012, the Seneca County Sheriff's Office indicated that the cost of housing prisoners would amount to $58 per day, with transportation costs and medical expenses as extra.

Regionalization of Dispatching Services: The City should investigate regional coordination of dispatching services in order to reduce staffing and future infrastructure costs. Because the County could not absorb the additional calls without significant investments in capital and staffing, costs which would be passed to Fostoria, the County is not a viable partner at this time. Another option could be to join with another regional partner that was seeking to expand or seek cost-savings through cooperation. Fostoria may even consider its capacity to take additional calls on behalf of another jurisdiction for a fee.

Water Metering: The City does not meter all of its City buildings. In order to provide a more accurate unaccounted water loss reading, the City should meter all City owned buildings. Metering all buildings will eliminate the possibility of undetected water leaks and provide data necessary for a complete water loss study.

Utility Late Fees: Although the financial implication associated with changing its late penalty is nominal, the City should consider aligning its late fee policy with that of peers by changing it from 5 percent to 10 percent. All of the peers enact a 10 percent penalty for late utility billing. If

the City were to increase its utility late fees from 5 percent to 10 percent, the City would have saved $4,324 in FY 2010.

Time Clocks: The City should consider investing in an electronic time clock system to provide accurate recording of employees time worked. All departments in the City use manual timesheets to keep track of employee work hours. Enforcing a uniform time clock system in all the departments of the City could help ensure accurate representation and prevent any potential fraud for payment of hours not worked. If the City purchases the time clocks, the total cost of the purchase will depend on the type and the number of time clocks purchased.

Cemetery Expenditures: While the staffing of the Cemetery Division is more efficient than the benchmarks, the operating expenditures exceed the revenues generated through burial charges. The City is currently investing a portion of fees toward the cemetery trust fund, as advised to under ORC 759.12. According to the Ohio Department of Commerce, a city is not required to establish a cemetery perpetual care trust fund. Though ORC 759.12 describes the operation of a perpetual care trust fund for a municipality, it does not establish the rate of fees to be deposited in this account or require fees to be apportioned in this particular manner.

Street Sweeping: Although the City sweeps its streets far in excess of standards, this is connected to the City's fulfillment of an EPA agreement regarding past water treatment compliance issues. The City conducts 4.2 city-wide sweeps per year, 1.2 sweeps higher than the peer average. In comparison to best practices, the City sweeps far more frequently than the minimum frequency recommendations in all but one category of road. Conducting weekly sweeping is part of the City's required activities and will likely continue for the foreseeable future. The City should plan as part of its long-term strategy to adjust its sweeping performance levels once the City has satisfied the EPA and the agreement is no longer applicable.

Supplemental Discussion of Methodology

This performance audit was conducted between November 2011 and May 2012 and data was drawn from fiscal years 2009, 2010, and 2011. To complete this report, the auditors gathered a significant amount of data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. The performance audit process involved significant information sharing with the City, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the City of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the City was solicited and considered when assessing the selected areas and framing recommendations. Finally, the City provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, the report was modified based on the City's comments.

The data obtained from the peer cities was not tested for reliability, although it was reviewed in detail for reasonableness. External organizations and sources were used to provide comparative information and benchmarks. Additionally, external organizations and sources were used to provide comparative information and benchmarks. They include the Government Finance Officers Association (GFOA), State Employment Relations Board (SERB), Ohio Department of Administrative Services (DAS), International City/ County Management Association (ICMA), and American Public Works Association (APWA).

Supplemental Description of City

The City is located in three counties: Seneca, Wood, and Hancock, approximately 40 miles south of downtown Toledo. At 7.6 square miles in area, it serves a residential population of 13,400 based on the 2010 U.S. Census. The City operates under its own Charter, which currently authorizes a Council/Mayor form of government. A seven-member Council establishes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, the appropriation and borrowing of money, the licensing and regulation of businesses and trades and other municipal purposes. The Mayor is the City's chief executive and administrative officer, serves full-time, and appoints, subject to the approval of Council, all the directors of the City's departments. The key appointed officials are the Auditor,[2] Director of Law, and the Director of Public Service and Safety.

Financial History and Outlook

Table A1 shows the General Fund revenues and expenditures for the past three years.

Table A1: General Fund Revenues and Expenditures

	2009	2010	Percent Change	2011	Percent Change
Revenues	$7,612,333	$7,135,899	(6.3%)	$6,397,787	(10.3%)
Expenditures	$7,668,642	$7,320,385	(4.5%)	$6,375,033	(12.9%)
Surplus/(Deficit)	($56,309)	($184,486)	227.6%	$22,754	(112.3%)
Ending Fund Balance	$29,233	($155,253)	(631.1%)	($132,499)	(14.7%)

Source: City of Fostoria financial reports

As presented in **Table A1**, Fostoria's General Fund has experienced operating deficits for the past three years. This has primarily been due to a significant decrease in revenues, the majority of which (over two-thirds) is generated through the City's income tax. Since 2007, the City has lost over 1,000 jobs, which eroded the City's tax base. Another factory is closing in 2012, which will cost the City an additional 100 jobs. Although the City reduced spending by 17 percent over the three year period, it is still encountering deficits in its General Fund and depleting its cash reserves. The City has been supplementing gaps using federal grants, such as the Staffing for Adequate Fire and Emergency Response (SAFER) grant through the Federal Emergency Management Agency (FEMA), which pays the salary of eight firefighters, and the Community-Oriented Policing System (COPS) grant, which assists in funding for one patrol officer. These measures are temporary, and may lead to future significant cuts if sufficient replacement funds are not later available when the grants are exhausted. (See **R2** for discussion of the use of one-time grants). Through 2011, the City has generated a cumulative deficit of $829,900. The City is also facing a reduction of approximately $74,800 from state funding for 2012, a 28.5 percent reduction from 2011. The City is projected to have further General Fund deficits totaling 3 percent of revenues in 2012. The city has no additional cash reserves.

---

[2] Pursuant to Ordinance 2010-14, the office of City Treasurer was abolished and the City Auditor was mandated to exercise the powers, duties and functions of the City Treasurer.

Table A2 presents the General Fund expenditures by category.

Table A2: Expenditures by Category

	2009	2010	Percent Change	2011	Percent Change
Salaries	$3,787,886	$3,556,010	(6.1%)	$3,125,410	(12.1%)
Benefits	$1,811,823	$1,670,430	(7.8%)	$1,451,945	(13.1%)
Purchased Services	$920,421	$892,349	(3.0%)	$937,163	5.0%
Supplies & Materials	$125,382	$48,113	(61.6%)	$55,841	16.1%
Capital Outlay	$43,398	$30,729	(29.2%)	$27,224	(11.4%)
Other	$198,809	$198,289	(0.3%)	$177,451	(10.5%)
Transfers	$780,923	$924,466	18.4%	$600,000	(35.1%)
Total	**$7,668,642**	**$7,320,385**	**(4.5%)**	**$6,375,033**	**(12.9%)**

Source: City of Fostoria financial reports

As shown in **Table A2**, the City has proactively reduced spending across the City in 2010 and 2011. Only two areas, purchased services and supplies and materials, had increases in 2011, but these were relatively minor amounts, under $40,000 and $10,000, respectively. **Table A2** shows that the largest driver of costs for the City is salaries, followed by benefits. An overall staffing analysis of the City indicates total staffing at the City is significantly lower than the peer average. Further, the average salary of employees at the City, as indicated in the collective bargaining agreements, is in-line with the peer averages.

Table A3 presents the expenditures by major functional service areas within Fostoria.

Table A3: Expenditures by Division – General Fund and All Funds

	2009	2010	Percent Change	2011	Percent Change
General Fund					
Administration¹	$498,519	$513,705	3.0%	$477,392	(7.1%)
City Council²	$114,771	$89,859	(21.7%)	$88,028	(2.0%)
Police	$2,543,631	$2,381,439	(6.4%)	$2,213,668	(7.0%)
Fire	$2,016,135	$1,905,056	(5.5%)	$1,467,362	(23.0%)
Courts	$486,616	$479,968	(1.4%)	$492,182	2.5%
Streets	$199,363	$216,976	8.8%	$227,007	4.6%
Parks & Recreation/ Cemetery	$216,870	$121,470	(44.0%)	$139,728	15.0%
Building & Zoning	$52,992	$42,277	(20.2%)	$29,572	(30.1%)
Income Tax	$1,053,455	$1,138,647	8.1%	$844,809	(25.8%)
Engineering	$15,634	$5,917	(62.2%)	$5,800	(2.0%)
Other	$470,657	$425,071	(9.7%)	$389,486	(8.4%)
General Fund Total	**$7,668,642**	**$7,320,385**	**(4.5%)**	**$6,375,033**	**(12.9%)**
All Other Funds³					
Administration¹	$3,680	$1,729	(53.0%)	$0	(100.0%)
Police	$5,476	$122,855	2143.4%	$226,039	84.0%
Fire	$11,322	$8,351	(26.2%)	$287,746	3345.6%
Courts	$83,517	$87,714	5.0%	$92,419	5.4%
Streets	$1,017,651	$881,978	(13.3%)	$822,817	(6.7%)
Parks & Recreation/ Cemetery	$265,892	$140,813	(47.0%)	$113,845	(19.2%)
Water/ Wastewater	$5,697,939	$6,259,350	9.9%	$5,961,898	(4.8%)
Other	$3,641,602	$2,844,207	(21.9%)	$2,870,369	0.9%
Other Funds Total	**$10,727,080**	**$10,346,997**	**(3.5%)**	**$10,375,134**	**0.3%**
Total Expenditures	**$18,395,722**	**$17,667,382**	**(4.0%)**	**$16,750,167**	**(5.2%)**

Source: City of Fostoria and peer financial reports
Note: Galion does not have a separate budget line for city council and administration
¹Includes Mayor, Auditor, Treasurer, Law Director, and General Administration
²Includes Legislation and Clerk of Council
³Funds other than General Fund that are often based on special revenue sources such as grants, loans, or dedicated tax or levy funding. Generally, these funds are restricted and must be used only for specific purposes.

As shown in **Table A3**, the City has reduced spending in most operational divisions of the City. Areas of increases such as Law and Cemetery are relatively small cost centers. Many divisions have reduced staffing, controlled overtime, and used alternative funding to supplement operational staff (such as the Fire Department, see **R2**). The *All Other Funds* represent the areas of grant and special revenue support the City uses to supplement its general operating funds. The spending in Police and Fire Divisions for example can be seen in the lower half of **Table A3** as increasing in 2010 and 2011 in this Division due to the increasing reliance by the City on this type of additional funding. The City has managed to support services through the use of these alternative funding mechanisms, but this support will end if the grants are not renewed, which

will create significant hardships if the City must support the full cost of these services from its General Fund.

Table A4 compares the major functional service areas within Fostoria on a per capita expenditure basis to peer cities.

Table A4: Per Capita General Fund Expenditures Comparison by Division (2010)

	Fostoria	Peer Average[3]	Difference	Percent Difference
Administration[1]	$38	$73	($34)	(47.3%)
City Council[2]	$7	$8	($2)	(21.0%)
Police	$177	$153	$24[4]	15.8%
Fire	$142	$55	$86[5]	156.6%
Courts	$36	$0	$36	n/a
Streets	$16	$4	$12	278.2%
Parks & Recreation / Cemetery	$9	$1	$8	1205.6%
Building & Zoning	$3	$11	($8)	(70.6%)
Income Tax[3]	$85	$11	$74	687.0%
Other	$52	$101	($37)	(48.2%)
General Fund Total	**$545**	**$401**	**$143**	**35.7%**

Source: City of Fostoria financial reports

Note: Engineering was not reported since per capita spending was less than $1 per capita.

[1] Includes Mayor, Auditor, Treasurer, Law Director, and General Administration. Income Tax was also included because peers do not all report income tax administration costs in the General Fund.

[2] Includes Legislation and Clerk of Council

[3] Only one peer, Galion, also includes income tax administrative costs in the General Fund. The other cities include it in separate funds. The peer average total therefore does not equal the column total.

[4] FPD includes the salary and benefits of an employee supported through a COPS federally funded grant. These funds are deposited into the General Fund and support the patrol officer. Later in this report, FPD is shown to be consistent in workloads and lower in costs than national benchmarks.

[3] FFD is supported locally exclusively by the General Fund. In the cities of Amherst and Bucyrus, fire services are supported through levies. FFD also includes additional grant support not shown in this table that supports 8 additional officers. Later in this report, FFD is shown to be consistent in workloads than peers and lower in costs than national benchmarks.

As presented in **Table A4**, the City exceeds the peer average in most areas. Individual analysis of the divisions indicated that staffing and overall City expenditures were not excessive or inconsistent with peers, and were appropriate for operational workloads. However Fostoria exceeds the peer average in terms of supporting operations through its General Fund. For example, peer cities of Amherst and Bucyrus both had levies for either fire service or fire apparatus. The Fostoria Fire Division expenditures also appear higher due to the infusion of grant funding that is assisting the City in payroll for 8 FTE firefighters. The higher expenditure in the Fostoria Streets Division is based on the fact that other cities tend to support spending through funds other than the General Fund with revenue generated through the motor vehicle taxes and licensing fees and motor fuel taxes. Overall, Fostoria's spending exceeds its revenue generated due to the economic conditions. Future decisions about spending will need to consider the City's levels of service and its ability to maintain non-essential services.

Public Safety – Police Division

The Fostoria Police Division provides 24-hour protection to its citizens and, in 2010, responded to over 13,000 calls for service. The City maintains a jail facility that coordinates services with the three counties (Seneca, Hancock and Wood) that have jurisdiction across the City. In 2011, Fostoria invested and expanded its 911 technology services and now receives all local emergency calls directly into its own call center, providing its own dispatch services. The City has 22 sworn officers including the Chief, 2 captains, 3 sergeants, 1 detective, 2 school resource officers (SROs), and 13 patrol officers. The 2 SROs are paid for by the Fostoria City School District, but participate in standard patrol officer duties when school is not in session. One officer is currently funded through a federal Community Oriented Policing Services (COPS) grant. In addition to sworn officers, the FPD also employs 7 non-sworn employees. Three are full-time dispatchers and two are part-time dispatchers, creating a net of 3.5 full-time equivalents (FTEs). The FPD also has a full-time Records Clerk and part-time Deputy Records Clerk who coordinate payroll and handle administrative filing and record-keeping functions.

Table A5 presents an operational comparison of the City's police division staffing to national staffing averages as collected during a 2010 study by the International City/ County Management Association (ICMA) for both sworn and non-sworn FTEs.

Table A5: FPD National Staffing Comparison

Actual Operations	
City of Fostoria Population (2010)	13,441
FPD Sworn FTEs	22.0
Sworn FTEs per 1,000 Residents	1.6
FPD Non-Sworn FTEs	5.0
Non-Sworn FTEs per 1,000 Residents	0.4
Benchmarks	
Municipal Average # of Sworn FTEs per 1,000 Residents	2.4
Municipal Average # of Non-Sworn FTEs per 1,000 Residents	0.5
Differences	
Difference in Sworn FTEs per 1,000 Residents	(0.8)
Difference in Non-Sworn FTEs per 1,000 Residents	(0.1)

Source: City of Fostoria staffing information (2010), Census (2010), ICMA (2010)

Table A5 shows FPD is lower than the national average in both sworn and non-sworn FTEs per 1,000 City residents. ICMA cautions in comparison, since many factors that can influence the effectiveness of programs or require increased law enforcement.

Table A6 presents a review of staffing changes over time and a comparison of the City to peer staffing ratios.

Table A6: FPD Peer Staffing Comparison

	Fostoria 2010	Fostoria 2011	Fostoria 2012	Peer Average	Difference
Chief of Police	1.0	1.0	1.0	1.0	0.0
Captain	2.0	2.0	2.0	1.5	0.5
Lieutenant	0.0	0.0	0.0	2.3	(2.3)
Sergeant	3.0	3.0	3.0	1.3	1.7
Detective	1.0	1.0	1.0	2.2	(1.2)
Patrolman	17.0	16.0	13.0	12.2	0.8
School Resource Officer	2.0	2.0	2.0	0.0	2.0
Total Sworn	**26.0**	**25.0**	**22.0**	**20.5**	**1.5**
Dispatchers	5.5	4.0	3.5	5.6	(2.1)
Administrative Assistant	2.0	2.0	1.5	0.3	1.2
Total Non-Sworn	**7.5**	**6.0**	**5.0**	**5.9**	**(0.9)**
Total FTE	**33.5**	**31.0**	**27.0**	**26.4**	**0.6**
Total Residents	13,441	13,441	13,441	11,632	1,809
Total Sworn FTEs per 1,000 residents	1.9	1.9	1.6	1.8	(0.1)
Total Non-Sworn FTEs per 1,000 residents	0.6	0.4	0.4	0.5	(0.1)
Total FTEs per 1,000 residents	2.5	2.3	2.0	2.3	(0.3)
Span of Control	4.6:1	4.2:1	3.5:1	3.3:1	0.3:1

Source: City of Fostoria staffing information (2010), Census (2010), ICMA (2010)

As shown in **Table A6**, when compared to the FTEs per 1,000 residents, FPD staffing is slightly lower than the peer average in both sworn and non-sworn police employees. This is consistent with the national comparison presented in **Table A5** and is shown to be the result of staffing reductions in 2010. The span of control for Fostoria is 3.5 employees per supervisor. This shows a marked decrease from the prior years, but is slightly higher than the peer average of 3.3 employees per supervisor. This may be skewed by Fostoria's two school resource officers who require little additional oversight during the year since they are working on campus. The average span of control for police organizations is 7 to 8 employees per supervisor, but due to the smaller size of the client and its consistency with peers, Fostoria is considered to be within acceptable ranges.

FPD Finance

Table A7 presents three years of actual expenditures for the FPD and the 2012 budget.

Table A7: FPD Historical Expenditure Trend

	2009 Actual	2010 Actual	Percent Change	2011 Actual	Percent Change
Salaries	$1,704,807	$1,586,036	(7.0%)	$1,463,338	(7.7%)
Benefits	$672,172	$652,684	(2.9%)	$598,523	(8.3%)
Purchased Services	$131,555	$117,345	(10.8%)	$136,836	16.6%
Supplies and Materials	$5,797	$6,397	10.4%	$3,880	(39.4%)
Capital Outlay	$29,300	$18,976	(35.2%)	$11,091	(41.6%)
Total	**$2,543,631**	**$2,381,439**	**(6.4%)**	**$2,213,668**	**(7.0%)**

Source: Fostoria financial records

As shown in **Table A7**, the City has consistently reduced spending in the overall FD expenditures between 2009 and 2011. The main category of costs is staffing and significant reductions were seen in 2009 and 2010 by cuts, attrition, and reduced overtime. The Chief reported cuts in purchased services included centralizing vehicle maintenance, and the Auditor indicated that enforcing approval of all purchases reduced unnecessary costs. The 2012 budget shows a slight increase mainly due to benefits. According to the Auditor, the City was in the midst of negotiating and the expected increase in 2012 was included as an estimate of the risk associated with potentially higher negotiated benefits and healthcare costs. **Table A8** shows a comparison of FPD operational expenditures to the national averages as collected during the 2010 ICMA study.

Table A8: FPD National Spending Comparison

Actual Operations	
City of Fostoria Population (2010)	13,441
FPD Expenditures (2010)	$2,381,439
FPD Expenditures per Capita (2010)	$177
FPD Expenditures (2011)	$2,213,668
FPD Expenditures per Capita (2011)	$165
Benchmarks	
Municipal Average Total Operational & Maintenance Expenditures per Capita	$237
Differences	
Difference in Expenditures per Capita (2010)	($60)
Difference in Expenditures per Capita (2011)	($72)

Source: City of Fostoria year-end financial information (2010, 2011), Census (2010), ICMA (2010)

As presented in **Table A8**, City per capita spending in the Police Department was significantly lower than the ICMA national municipal average in both 2010 and 2011. **Table A9** shows a per capita spending comparison with the peers.

Table A9: FPD /Peer Spending Per Capita Comparison

	Fostoria	Amherst	Bucyrus	Galion	Peer Average	Difference	Percent Difference
Salaries	$118.00	$150.25	$84.49	$90.42	$108.39	$9.61	8.9%
Benefits	$48.56	$66.78	$30.93	$45.08	$47.60	$0.96	2.0%
Purchased Services	$8.73	$13.55	$9.10	$7.46	$10.04	($1.31)	(13.0%)
Supplies and Materials	$0.48	$8.94	$0.45	$4.99	$4.79	($4.32)	(90.1%)
Capital Outlay	$1.41	$6.64	$3.28	$1.44	$3.79	($2.37)	(62.7%)
Other	$0.00	$0.00	$9.73	$0.00	$3.24	($3.24)	(100.0%)
Total	**$177.18**	**$246.15**	**$137.99**	**$149.39**	**$177.84**	**($0.66)**	**(0.4%)**

Source: City of Fostoria and peers year-end financial information (2010, 2011), Census (2010)

As shown in **Table A9**, overall expenditures in the Police Department are largely equivalent to the spending by the peer average. Fostoria tends to spend slightly more in salaries, making up the difference in the other categories. Since a large portion of costs in police staffing is usually due to overtime, **Table A10** looks at the City's trend on overtime. The peer average for overtime in 2010 was 6.6 percent.

Table A10: FPD Overtime Trend

	2009 Actual	2010 Actual	Percent Change	2011 Actual	Percent Change
Salaries	$1,704,807	$1,586,036	(7.0%)	$1,463,338	(7.7%)
Overtime	$85,741	$152,082	77.4%	$97,079	(36.2%)
Overtime Exp as % of Salaries	5.0%	9.6%	90.7%	6.6%	(92.7%)

Source: City of Fostoria year-end financial information

As shown in **Table A10**, in terms of overtime, Fostoria spent more in 2010 as a percentage of salaries than the peer average of 6.6 percent, but the City decreased spending significantly in 2011. The Chief of Police reported efforts to control both sick leave and overtime (see **R7** and **R8**). Specifically, FPD overtime cost savings were achieved through the April 2011 agreement of the patrol officers' collective bargaining unit to a Memorandum of Understanding (MOU) that permitted acceptance of a 12-Hour shift as a standard work shift with overtime accumulating only after a regular work shift of 84 hours. Permitting the City to implement this work shift significantly reduced costs in overtime. Although the City exceeded the peer average in 2010 for the percentage of salaries as overtime, this MOU agreement contributed to the City meeting the peer average in 2011 (see **noteworthy accomplishments**.)

Operations

Fostoria uses software to capture operational information (see **R3** for a discussion of technology limitations). In early 2010, the City began reporting data to the Ohio Incident-Based Reporting System (OIBRS), a voluntary reporting system for Ohio local government law enforcement entities, and which also automatically transfers information to the voluntary federal based Uniform Crime Reporting (UCR) system. Since two partial years were available, the data for late 2010 and earl 2011 was combined and used to approximate a year of data for comparison to

national and Ohio peer averages. For comparison, data was sought for the peers used in the staffing comparisons, but not all of these governments reported into OIBRS. Thus, a per capita average was taken for all reporting police departments in cities with populations between 10,000 and 16,000. **Table A11** presents the City's police operating statistics in comparison to ICMA national municipal averages and peer averages.

Table A11: FPD Operational Comparison

Actual Operations	
City of Fostoria Population (2010)	13,441
FPD Sworn FTEs	23.0
# of Violent Crimes (UCR Part I) July-December 2010	30
# of Violent Crimes (UCR Part I) Jan-June 2011	12
Violent Crimes per 1,000 residents	**3.1**
# of Property Crimes (UCR Part I) July - December 2010	264
# of Property Crimes (UCR Part I) Jan-June 2011	125
Property Crimes per 1,000 residents	**28.9**
# of Total Arrests (UCR Part I)	77
Arrests per 1,000 residents	5.7
Arrests per Sworn FTE	2.6
# of DUI Arrests	78.0
DUI Arrests per 1,000 residents	5.8
Benchmarks	
Municipal Average Violent Crimes per 1,000 residents	3.6
Peer Average Violent Crimes per 1,000 residents	1.0
Municipal Average Property Crimes per 1,000 residents	30.2
Peer Average Property Crimes per 1,000 residents	27.4
Municipal Average Arrests per 1,000 residents	8.4
Municipal Average Arrests per Sworn FTE	4.2
Municipal Average DUI Arrests per 1,000 residents	7.5
Differences	
Difference from Municipal Average for Violent Crimes per 1,000 residents	**(0.4)**
Difference from Peer Average for Violent Crimes per 1,000 residents	**2.1**
Difference from Municipal Average for Property Crimes per 1,000 residents	**(1.2)**
Difference from Peer Average for Property Crimes per 1,000 residents	**1.5**
Difference in Municipal Average Arrests per 1,000 residents	**(2.7)**
Difference in Municipal Average Arrests per Sworn FTE	**(1.6)**
Difference in Municipal Average DUI Arrests per 1,000 residents	**(1.7)**

Source: City of Fostoria and peer OIBRS crime statistics, Census (2010), ICMA (2010)

As shown in **Table A11**, based on the average per capita crime statistics, Fostoria has lower crime than national averages but higher than similarly sized Ohio cities. Higher regional crime may be due to factors such as the location of the City on highway and train traffic routes and past historical patterns of drug use and illegal immigration crimes. Arrests per sworn FTE are lower than national averages and DUI arrests are lower than national average. The Chief reports that the lower DUI arrests may be due to the City's partnership with the State Highway Patrol, which is often called in to follow-up on these calls. The Patrol keeps a blood alcohol content (BAC) testing device in the City. While this assists the City in reducing workloads, these calls are then reported in Patrol statistics and may contribute to statistically lower arrests. As noted previously,

ICMA cautions in the interpretation of crime and staffing statistics by stating that differences can be the result of many factors.

Dispatch Operations

In 2011, the City converted from contracting with Wood County to receive 911 calls and then reroute appropriate calls to the City to directly receive 911 calls within the City. The City was able to use a combination of Seneca County EMA funding and capital funds to upgrade emergency communications that included 911 technology as well as radio and other communications units. With the upgrade, the City was able to create a new contract that uses technical infrastructure and expertise from Seneca County, but technically directs 911 calls to the FPD offices with no delays. The City now serves as a Public Safety Answering Point (PSAP). During the course of the audit, the City was in the process of hiring two full-time dispatchers.

Table A12 shows FPD's calls for service through its 911 emergency lines and the associated response times for calls in comparison to the ICMA national municipal averages. Although the City does not use "top priority" as a term as part of its designations, the Chief identified a list of codes that were used to approximate "top priority" calls. Since the benchmark says that "top priority" should refer to how the local community determines "top priority," this method appropriately relied on the local definition.

Table A12: FPD Calls for Service Comparison (2010)

Actual Operations	
City of Fostoria Population	13,441
# of Top Priority Calls	3,864
# of Dispatched Calls	11,303
Top Priority Calls per 1,000 residents	287.5
% of Dispatched Calls that are Top Priority	34.2%
Response Time from receipt of call to dispatch (minutes)	2.5
Response Time from dispatch to arrival (minutes)	3.3
Benchmarks	
Municipal Average of Top Priority Calls per 1,000 residents	177.9
% of Dispatched Calls that are Top Priority	12.8%
Response Time from receipt of call to dispatch (minutes)	1.6
Response Time from dispatch to arrival (minutes)	3.3
Differences	
Difference in Top Priority Calls per 1,000 residents	109.6
Difference in % of Dispatched Calls that are Top Priority	21.4%
Difference in Response Time from receipt of call to dispatch (minutes)	0.9
Difference in Response Time from dispatch to arrival (minutes)	(0.0)

Source: City of Fostoria Police Department statistics, Census (2010), ICMA (2010)

As shown in **Table A12**, Fostoria handles more calls per 1,000 residents than the national average, and more are classified on the local level as "top priority." Based on operational statistics, in 2010, the City's response time between dispatch and emergency responders arriving on scene is consistent with the national average time. In contrast, the City had a longer time between the initial call for assistance to the time that the dispatch alerted responders. This

statistic may be influenced by the dispatching services contracted through Wood County in 2010 which caused delays in switching. Due to this influence and the change in dispatching because of the 911 upgrades, the analysis of response times may not represent the current operational response times with the more direct and upgraded emergency communications system.

Although Seneca County and the City of Tiffin both qualify as PSAPs, the Seneca County Sheriff indicated that the County PSAP dispatch services currently provide services only for townships and villages with calls approximating only about 6,000 per year, whereas Fostoria handled over 13,000 in 2011. In order to consolidate services with the County, the Sheriff's Office would have to substantially increase capacity for servicing the higher number of calls. The investments would include capital such as purchasing at least one new console and hiring additional staff. Once these costs were passed along to Fostoria, the City would likely see little in savings from its own current operations. Many communities are combining or considering combining dispatching between jurisdictions. The City could consider options such as combining with an area such as Findlay and Hancock County, which is considering renovating its dispatch operations (see **issues for further study**).

Public Safety – Fire Division

The Fostoria Fire Division (FFD) is a full-time department and Emergency Medical Services (EMS) unit that serves the City for all fire prevention, inspection, and emergency medical services calls. Every employee of the Division is trained to carry out the different functions performed by the Division. The City has mutual aid agreements with numerous surrounding city, village, and township departments. FFD employs 20.0 full-time equivalent (FTE) firefighters operating on three shifts without any supplemental part-time auxiliary or volunteer personnel. Currently, FFD continues to operate one fire station on a three-shift system with two engines, one ladder truck, one rescue truck, and two EMS vehicles. The City reduced the size of the Division dramatically in 2010 including the elimination of the Assistant Fire Chief position. However, the City later rehired 8.0 FTEs firefighter positions in 2011 after receiving a Federal Emergency Management Agency (FEMA) SAFER Grant of $1.2 million that is temporarily funding the current staffing level. With the exception of the Fire Chief whose work schedule is 40 hour per week, all the employees of the Division work rotating 24-hour shifts on duty followed by 48 hours off duty, with a 51-hour average work week.

A cost per capita comparison for the City shows that FFD's 2010 total expenditures per capita are 10.3 percent higher than the peer average. The largest cost per capita is in the areas of personnel services. These higher costs are mainly due to the large number of administrative staff and the high use of overtime reflected in total personnel costs (see **R8** on overtime use). Although FFD's total expenditures decreased annually from 2009 through 2012, the most significant expenditure decrease of 23 percent occurred in 2011 due primarily to the impact of the SAFER Grant which allowed the City to reduce General Fund personnel services costs. Since this Grant will expire in 2013 with no guarantee for renewal, the City cannot maintain the current level (see **R2** for recommendation on the use of one-time revenues). In 2011, the City absorbed a significant increase in billing fees resulting from the Division's contract with an external vendor

for billing, collections and related consulting EMS services, and also a significant increase in insurance costs.

FFD's stated mission is to safeguard and preserve life and property through fire suppression activities and emergency medical services (EMS). The Division is also primarily responsible for protecting the City from other emergencies within the community through public education, code management, and incident response. Currently, FFD continues to operate one fire station on a three-shift system with two engines, one ladder truck, one rescue truck, and two EMS vehicles. FFD participates in mutual aid agreements with several surrounding communities including Seneca and Hancock Counties, the Cities of Bowling Green, Northwood, Perrysburg, Rossford, and Waterville, the Villages of Bloomdale and Bradner, Jackson and Perry Township, as well as several other local communities.

Prior to 2009, FFD operated with 24 full-time equivalent (FTE) personnel. Through a number of different actions, the City had reduced the size of the Division dramatically in 2010 including the elimination of the Assistant Fire Chief position. However, the City later rehired 8.0 FTEs firefighter positions in 2011 after receiving a Federal Emergency Management Agency (FEMA) SAFER Grant of approximately $1.2 million. As a result, the Division currently operates with 20.0 full-time equivalent (FTE) employees. FFD is comprised of three Bureaus: paramedic/ emergency medical services (EMS), firefighting, and fire inspection and prevention. Every employee of the Division is trained to carry out the different functions performed by the Division. The Fire Chief oversees both the fire and EMS operations. Employees of the Division work rotating 24-hour shifts on duty followed by 48 hours off duty, with a 51-hour average work week.

FFD Finance

Table A13 shows the City of Fostoria Division of Fire operating expenditure analysis for the three most recent years.

Table A13: City of Fostoria Division of Fire Operating Expenditures

	2009 Actual	2010 Actual	Percent Change	2011 Actual	Percent Change
Salaries	$1,268,477	$1,228,223	(3.2%)	$936,363	(23.8%)
Benefits	$589,306	$557,479	(5.4%)	$410,087	(26.4%)
Purchased Services	$119,850	$102,406	(14.6%)	$93,539	(8.7%)
Supplies & Materials	$25,346	$12,855	(49.3%)	$18,408	43.2%
Capital Outlay	$10,265	$2,107	(79.5%)	$6,933	229.1%
Others	$2,891	$1,986	(31.3%)	$2,033	2.4%
Total	**$2,016,135**	**$1,905,056**	**(5.5%)**	**$1,467,362**	**(23.0%)**

Source: City of Fostoria, Auditor's Office

Table A13 illustrates that although FFD's total expenditures decreased annually from 2009 through 2012, the most significant expenditure decline of approximately 23 percent occurred in 2011, mainly due to significant decrease in personnel services. The 2012 Fire Division budgeted expenditures of $1,604,153 represent only a 9.3 percent increase from 2011 actual expenditures,

and approximately 0.04 percent lower than the 2011 budget of $1,668,717. The largest line-item increase is in the category of benefits, which increased by $235,815.4 or 57.5 percent. This was primarily a result of the Division increased costs of pension, healthcare contractual, dental and prescription costs in the 2012 expenditure budget. The only other category that had significant increase was purchased services with 25.1 percent. This increase was a result of the increase in billing fees by over 550 percent, probably a result of the Division's contract with *Intermedix* for billing, collections and related consulting EMS services in 2011, and over 27 percent increase in insurance costs. Furthermore, the increase in capital outlay appears to have resulted from a one-time occurrence. However, these increases were offset by significant decreases to other line-items such as salaries with 12.7 percent, and supplies and materials with 13.1 percent.

Table A14 shows a cost per capita comparison for City of Fostoria and the peers.

Table A14: Fire Expenditure Comparison (2010)

	Total Expenditures	Fostoria Expenditures per Capita	Peer Average Expenditures per Capita	Difference
Salaries	$1,228,223	$91.38	$75.65	$15.73
Benefits	$557,479	$41.48	$34.16	$7.32
Supplies & Materials	$102,406	$7.62	$7.91	($0.29)
Contracted Services	$12,855	$0.96	$2.88	($1.92)
Capital Outlay	$2,107	$0.16	$4.51	($4.35)
Other	$1,986	$0.15	$3.37	($3.22)
Total	**$1,905,056**	**$141.73**	**$128.47**	**$13.26**

Source: City financial reports

As shown in **Table A14**, FFD's total expenditures per capita are 10.3 percent higher than the peer average. The largest cost per capita is in the areas of personnel services. Personnel services include salaries, overtime, retirement, insurance, and clothing allowance. The higher personnel costs are due to the fact that FFD firefighters had higher overtime cost that accounts for approximately 13 percent of all personnel services costs in the Division during 2010. The peers are typically paid on a per hour basis, similar to FFD. Furthermore, FFD's pension benefits cost in 2010 is also high, accounting for over 12 percent of total personnel services cost.

The City's Fire/EMS Division receives the majority of its funding through the City's General Fund and the FEMA SAFER Grant that runs through 2013. In addition, FFD receives a small amount in contract payments for providing Emergency Medical Services (EMS) to three neighboring townships and from a few other fees and grants.

FFD Operations

Table A15 shows the 2010 FFD staffing levels along with workload ratio comparisons to the peers.

Table A15: Fire Division Workload Comparison

Service	Fostoria 2011 Full-time Fire/ EMS [1]	Fostoria 2010 Full-time Fire/ EMS [1]	Maumee Volunteer Fire / Full-time EMS [2]	Amherst Full-Time Fire/Volunteer Fire [3]	Bucyrus Full-time Fire [4]	Galion Full-time Fire/ EMS [5]	Peer Average N/A
Number of Residents	13,441	13,441	14,156	12,021	12,362	10,512	12,263
City Square Miles (2000)	7.5	7.5	9.89	7.06	7.42	7.61	8.0
Stations	1	1	2	1	1	1	1.3
ISO Rating	4	4	3	5	5	5	4.5
2010 Fire Calls	388	361	402	323	513	351	397
2010 EMS Calls	1,508 [8]	1,408 [8]	2,844 [7]	148	662	1,302	704
Total Calls for Fire/EMS	1,896	1,769	3,248 [9]	471	1,175	1,653	1,637
Total 2010 Fire Inspections	21	1	2,028	450	161	110	687
Average Fire & EMS Response Time	6.5	6.3	7.1	n/a	n/a	n/a	7.1
Average EMS Response Time	3.6	1.2	7.1	n/a	n/a	n/a	7.1
Staffing							
Administration	6.0	6.0	5.0	1.0	7.0	5.0	4.5
Clerical	0.0	0.5 [6]	1.0	2.0	0.0	0.0	0.8
Fire/EMS	14.0	11.0	12.0	0.0	8.0	12.0	8.0
Fire/EMS Volunteer	n/a	n/a	11.2	32.0	0.0	0.0	10.8
Fire Prevention	n/a	n/a	2.0	n/a	n/a	n/a	2.0
Total FTEs	**20.0**	**17.5**	**30.2**	**n/a**	**15.0**	**17.0**	**20.7**
Ratios							
Span of Control	**2.3:1**	**1.9:1**	**5.2:1**	**n/a**	**1.1:1**	**2.4:1**	**2.9:1**
EMS Calls per EMS FTE	107.7	128.0	103.1	0.0	82.8	108.5	73.6
Fire/EMS Calls Per 1,000 Residents	1.04	0.82	0.85	0.00	0.65	1.14	0.7
Fire Calls per Fire FTE	27.7	32.8	35.9	0.0	64.1	29.3	32.3
Fire/EMS calls Per FTE	135.4	160.8	270.7	0.0	146.9	137.8	138.8

Source: City of Fostoria and peer Fire Divisions

[1] Fostoria: Includes Fire/EMS FTEs that receive compensation on a per hour basis to man the fire station. 4.0 FTEs Firefighter/EMS positions were terminated on July 2010 and rehired in February 2011. 1.0 FTE firefighter/EMS is placed on light duty doing clerical work at 40 hours per week due to disability. 1.0 FTE has been on active military duty since March 2009.

. [2] Maumee: Includes fire FTEs that receive compensation on a per hour basis to man the fire station.

[3] Amherst: Includes 1.0 fire FTEs that receive compensation on a per hour basis to man the fire station, and 34 volunteers that receive compensation only for time spent on runs.

[4] Bucyrus: Includes fire FTEs that receive compensation on a per hour basis to man the fire station.

[5] Galion: Includes career Fire/EMS FTEs (dual certification) that receive compensation on a per hour basis to man the fire station

[6] One Fostoria administrative assistant worked average of 20 hours per week or 0.5 FTE during 2010.

[7] Consists of 1,237 City of Maumee runs and 1,607 Lucas County Runs.

[8] Consists of 1,289 City of Fostoria runs, 27 Loudon Township runs, 35 Perry Township runs, and 57 Jackson Township runs.

[9] Includes fire and EMS calls. The City of Maumee was unable to report response times for fire and EMS separately.

As shown in **Table A14**, FFD has 1.5 FTE more administrative staff compared to the peer average, and has 75 percent more Fire/EMS staff with approximately 8.1 percent more Fire/EMS calls compared to the peer average for 2010, and 15.8 percent more Fire/EMS calls for the 2011 over 2010 peer average data. The City of Fostoria's EMS calls received includes the total of 119 EMS calls from the three townships that have ongoing EMS and other emergency contracts with the City. Although FFD has a higher number of Fire/EMS staff (11.0 FTEs) compared to the peer average (8.0 FTEs) for FY 2011, the number of Fire/EMS calls per Fire/EMS FTE is also higher than the peer average, indicating a higher efficiency of response. **Table A14** also shows that the City of Fostoria has an Inspection Services Office (ISO) rating of 4 compared to the peer average of 4.5. An ISO rating of a community has a direct effect on the insurance premiums that individuals pay on their homes and especially on commercial buildings, the lower the ISO rating from a scale of 1-10 the better the insurance rates will be. Fostoria's ISO ranking is lower than all but the City of Maumee.

Table A15: Presents operating statistics for Fostoria Fire Division program for 2010.

Table A15: FFD Operational Comparison (2010)

City of Fostoria Population	13,441
Fostoria Fire Department (FFD) Expenditures	$1,905,056
Expenditures per Capita	$141.7
FTEs	17.5
FTEs per 1,000 Residents	1.3
Benchmarks	
Municipal Average Total Personnel & Operational Expenditures Per Capita	$168
Municipal Average Number of FTEs per 1,000 residents	3.8
Differences	
Expenditures per Capita	($26)
Difference in FTEs per 1,000 residents	(2.5)

Source: City of Fostoria Fire Division, ICMA Comparative Performance Measurement (2010)

As shown in **Table A15**, the overall staffing for FFD is approximately 2.5 FTEs below the calculated staffing need based on the benchmarks. For the expenditures per capita, the City is approximately $26 below the benchmark for FY 2010.

Public Works

The City's Public Works Department (PWD) consists of the Streets Division, Parks and Recreation Division, Cemetery Division, Water and Sewer divisions, and Building and Zoning divisions. The primary function of the City PWD is to maintain the City's infrastructure. Daily operations of PWD are overseen by one full-time (1.0 FTE) Public Works Superintendent, whose duties and responsibilities are shared among the Public Works divisions. The City Public Works Department has a lower amount number of FTEs per 1,000 residents than the peers and the span of control within the PWD is more efficient than peers or best practices. While each Division has specific duties, personnel overlap is prevalent as divisions assist other divisions in the

completion of duties. The Department determines where to focus its resources through routine, visual inspections of City streets, parks, and buildings by the Department's Superintendent. In addition, the Department is made aware of potential problems by receiving calls from citizens and other City departments.

Table A16 shows the allocation of staffing within the City of Fostoria Public Works Department.

Table A16: Public Works Comparison

	Fostoria	Peer Average	Difference
Administration	1.0	7.7	6.7
Streets	6.1	13.9	7.81
Parks and Recreation	0.6	21.5	20.94
Cemetery	1.5	N/A	N/A
Total FTEs	**9.1**	**53.3**	**44.2**
Number of Residents	**13,441**	**16,116**	**2,675**
Total FTEs per 1,000 Residents	**0.7**	**3.4**	**2.7**

Source: City Public Service Departments and U.S. Census

As shown in **Table A16**, the City Public Works Department has a lower amount of staff compared to all of the three peers, and when factoring in number of FTEs per 1,000 residents, as an indicator of the level of responsibility, they are lower than the peers. Further, the span of control within the PWD (including Building and Zoning) is more efficient than the peer and best practice benchmark average by a margin of 1.7 staff FTEs per supervisory FTE.

Streets Division

Fostoria maintains over 90 center lane miles of roadway, the Streets Division is responsible for pothole patching, traffic signal maintenance, snow removal and ice control, litter control, leaf removal, vacant lot maintenance, and fence repairs.[3] The Streets Division contracts out for street rehabilitation, sidewalk and curb repair, sign making, catch basin repair, paving, crack sealing, tree maintenance, ditching, and road striping.

Table A17 shows the FTEs assigned to the Street Division and the workload ratio in comparison to the peer average.

---

[3] Center lane miles are the number of lanes times the lane length in miles.

Table A17: Fostoria Street Division Workload Comparison

	Fostoria	Peer Average	Difference
Street FTE's	6.1	13.9	(7.8)
Lane Miles	90.6	123.4	(32.7)
Curb Miles	89.3	N/A	N/A
Lane Miles per FTE	**14.9**	**10.4**	**4.5**
Curb miles per FTE	**14.7**	**N/A**	**N/A**

Source: City of Fostoria and peer Public Works Departments

As presented in **Table A17**, the Division currently employs 6.1 FTEs, resulting in workload ratios of 14.9 lane miles maintained annually per FTE. This workload represents a higher efficiency rate than the peers, with each FTE averaging repairs on an additional 4.5 lane miles than the peers.

The City does not have a formal snow and ice control plan. While Fostoria maintains an average of 4.8 fewer lane miles per plow truck than the peers, its *salt per lane mile* ratio is more efficient than the peers by a margin of 1.4 tons. Although the City does not have a document to identify the major routes and highways that take priority for clearing, or specify the accumulation that will require clearing, City reports plans to create a snow and ice control operations manual in collaboration with the City Compliance Officer in the near future.

Parks and Recreation Division

The City maintains seven parks that combine for a total of 80.3 acres, all of which is overseen by the Parks and Recreation Division. The City's park system also has nine facilities, in which the City maintains over 16,200 square feet. Currently, Parks and Recreation includes 1 full-time supervisor and 1 part-time laborer, although both employees perform duties in other divisions. Four seasonal laborers are used in summer months, as well as personnel from the Streets and Cemetery divisions as needed. Based on a comparison to other municipalities, the Parks and Recreation Division maintains an additional 123.8 acres per FTE than peer cities and oversees more recreation facilities per FTEs when compared to the peers.

Cemetery Division

The City maintains two cemeteries that encompass a total of 39.7 acres, all of which is overseen by the Cemetery Division. Fountain Cemetery currently has approximately 19,000 plots and averages 74 burials per year since 2008. Staffing consists of 1 full-time supervisor and 1 part-time laborer, whose primary responsibilities are to perform burials and conduct grounds and equipment maintenance. In addition, 3 seasonal laborers work during the summer months.

Table A18 presents a comparison of the City of Fostoria's Cemtery Division workload ratios.

Table A18: Cemetery Department Workload

Total Cemetery Dept. FTE's	1.5
Total Acreage Maintained	39.7
Acres Maintained per FTE	27.0
Peer Average Acres Maintained per FTE	17.7
Difference	**9.3**
Total Square Footage Maintained	4946.0
Total Square Footage Maintained per FTE	3370.4

Source: City of Fostoria Public Works

As shown in **Table A18**, when time spent performing those other duties is accounted for, the Cemetery Division maintains an additional 9.3 acres per FTE in comparison to peer averages. Despite this staffing efficiency, the Cemetery Division does not produce sufficient revenue to cover its operating expenditures. Revenues average only 29 percent of expenditures (see **issues for further study** regarding cemetery trust fund options).

Water and Wastewater (Sewer) Division

Water is treated by the City and delivered through the distribution system owned and maintained by the City. Wastewater collection is handled through the City's sanitary and storm sewer system, which it owns and maintains. The City has 9.8 FTEs in the Water and Wastewater Division who maintain the City's lines and pumping stations. The Water Division is responsible for the maintenance and repair of all water mains and water meters as well as maintenance of the water reservoirs. The Wastewater Division is responsible for all the maintenance and repair of sanitary and storm sewer lines, catch basins, lift stations, and street sweeping.

The City's Water and Wastewater divisions are funded through enterprise funds, supported by revenue through billing to residential and commercial customers. Currently, there are 2.5 people in the Utility Billing Division who handle the meter reading software and process quarterly bills. Water and wastewater utilities are combined on one bill, and the City also sends out a storm sewer bill twice a year. Although operating revenue fell slightly short of expenditures in 2009, the City experienced a positive operating surplus of $440,900 in 2010 in Water and Wastewater divisions. The City Wastewater maintenance workers oversee fewer miles of sanitary/storm lines per FTE (25.5) than the peer average (39.2), but the City treats more average gallons of water per day (0.76 million) than the peer average (0.44).

The City averages 15.3 percent unaccounted water loss over a four-year period, similar to target benchmarks, and has developed a water loss control plan. Successfully locating leaks can result in significant monetary savings through reduced operating costs, increased labor productivity, while improving overall water distribution system operations. Moreover, the City has a capital improvement plan regarding its water lines. Also included in the five-year capital plan is sludge removal, reservoir maintenance, cleaning out sludge lagoons, water tower inspections and water meter replacement. The City uses a preventative maintenance software program that also assists in tracking project expenses.

The City's facilities consist of a collection system, 13 sanitary lift stations, 3 storm lift stations, a primary treatment building, processing buildings, and disinfecting systems. The collection system is comprised of 70 miles of sanitary sewer lines and 15 miles of storm sewer lines. Sixty-eight percent of Fostoria's sewer system was combined as of 2007. In August 2006, the U.S. Environmental Protection Agency (EPA) and the Ohio EPA (OEPA) issued a consent decree against the City for certain Water Treatment penalties. A voluntary agreement was reached between parties to coordinate corrective action. The City has taken measures to be in compliance. As part of the agreement, the City's Wastewater Division conducts weekly street sweeping in order to limit run-off. Although Fostoria sweeps City-wide at a higher rate than the peer average, the City is required to perform this service as part of its agreement with the EPA (see **issues for further study**).

Building and Zoning Division

The Building and Zoning Division is primarily responsible for reviewing site plans, putting together project bid books, procuring grants, conducting sewer inspections, providing storm water and industrial user management systems, and producing water, sewer, street, precinct, and ward maps. The Division employs slightly less (0.2) FTEs per 1,000 than the peer average. However, the Division issues five times as many permits per FTE than the peer average. In addition, it performed 35 plan reviews per FTE, which is slightly more than the peer average of 33. The Compliance Office is comprised of just 1 full-time public engineer, who is contracted out by the City to review site plans. Revenue is generated by both residential and commercial building permit fees, as well as inspections and fines, and has accounted for 55.5 percent of expenditures on average between 2008 and 2010. Fostoria thus has 25.7 percent more of its expenditures covered by revenue, on average, than the peers.

Prior Audit Follow-up

Table A19 presents the status of the 2005 Performance Audit Recommendations.

Table A19: 2005 Performance Audit Recommendations

Recommendation	Status
R2.1 Formal mission, vision, and value statements	The FPD developed policies and procedures and included these statements.
R2.2 Strategic Plan	City produced a Citywide strategic plan in 2006, but has not updated it. (See **R1** in this report.)
R2.3 Performance Measures	Some data is listed in annual reports. (See **R1** in this report.)
R2.4 Community Outreach Plan	Developed outreach and community programs such as school resource officers to provide more interaction. Performed community survey.
R2.5 Formal annual report	Created annual reports.
R2.6 Independent full-time chief	Hired independent Chief of Police.
R2.7 Fill Positions and reduce overtime	Staffing based on analysis at time, no longer applicable. Overtime was reduced based on MOU (See noteworthy accomplishment).
R2.8-R2.11 Collective Bargaining Agreement Provisions (Reduce step increases, overtime provisions, and additional contract provisions)	Collective bargaining agreement issues that required negotiations. City did negotiate a MOU that reduced overtime.
R2.12 Improve jail operations	Achieved 100 percent on inspection for compliance with minimum standards.
R2.13 Cost sharing plan for dispatch operations	Developed plan proposal and is waiting to present it to the new incoming administration.
R2.14 Formal vehicle replacement plan	Although the City started to draft a vehicle replacement in the 2006 strategic plan, it did not complete this or maintain an updated plan for use.
R2.15 Expand fleet by three vehicles	Based on analysis at time, no longer applicable.
R2.16 Accreditation/Certification	The City has not done because of the time and financial commitment. The City has made improvements consistent with the spirit of accreditation, but cannot justify the cost of requesting the accreditation approval process.
R3.1 Hire Administrative Secretary to Develop Policies & Procedures	Hired during course of audit, but eliminated due to financial cuts in January 2011.
R3.2 Policy on the use of one-time revenue	The City has not implemented (see **R2**).
R3.3 Formal Plan for EMS services	Charter amendment established in May 2011.
R3.4-R3.6 Collective Bargaining Agreement Provisions (Reduce vacation days, reduce personal days, reduce uniform purchase allowance)	Collective bargaining agreement issues that required negotiations
R3.7 Plan for vehicle replacement	No formal City plan established.

Source: City of Fostoria

Table A19 shows implementation of a majority of the 2005 Performance Audit or attempted negotiation within the City's collective bargaining unions.

CLIENT RESPONSE

Throughout the audit process, the City of Fostoria was afforded the opportunity to provide input and feedback on the factual basis for the analyses. When the City disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report. In addition, the City was also asked to provide comments on the report itself. The City indicated that as of the report release, all recommendations were implemented or were planned to be implemented.

Dave Yost · Auditor of State

CITY OF FOSTORIA

SENECA 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
NOVEMBER 27, 2012