



Dave Yost • Auditor of State

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OHIO AUDITOR OF STATE  
**KEITH FABER**



January 15, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

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# Dave Yost • Auditor of State

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

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

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

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

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

Sincerely,

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

Dave Yost  
Auditor of State  
January 11, 2019

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# Executive Summary

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## Purpose and Scope of the Audit

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

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

## Performance Audit Overview

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

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

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

## Audit Methodology

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

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

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

**Table 1: Peer Group Definitions**

<b>Primary Peers</b>
<ul style="list-style-type: none"> <li>• Chippewa Local School District (Wayne County)</li> <li>• Edison Local School District (Erie County)</li> <li>• Girard City School District (Trumbull County)</li> <li>• Huron City School District (Erie County)</li> <li>• Johnstown-Monroe Local School District (Licking County)</li> <li>• Lakeview Local School District (Trumbull County)</li> <li>• Northwest Local School District (Stark County)</li> <li>• Norwayne Local School District (Wayne County)</li> <li>• Tuscarawas Valley Local School District (Tuscarawas County)</li> <li>• Tuslaw Local School District (Stark County)</li> </ul>
<b>Local Peers (Compensation, Benefits, and Bargaining Agreements)</b>
<ul style="list-style-type: none"> <li>• Hillsdale Local School District (Ashland County)</li> <li>• Northwestern Local School District (Wayne County)</li> <li>• Southeast Local School District (Wayne County)</li> <li>• West Holmes School District (Holmes County)</li> <li>• Wooster City School District (Wayne County)</li> </ul>
<b>Transportation Peers</b>
<ul style="list-style-type: none"> <li>• Fairfield Union Local School District (Fairfield County)</li> <li>• Jonathan Adler Local School District (Madison County)</li> <li>• Southeast Local School District (Portage County)</li> <li>• Tuscarawas Valley Local School District (Tuscarawas County)</li> </ul>

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas, industry standards or leading practices were used for primary comparison. Sources of industry standards or leading practices used in this audit include: American School and University Magazine (AS&U), the United States Environmental Protection Agency (EPA), the Government Finance officers Association (GFOA), the National Clearinghouse for Educational Facilities (NCEF), the National Center for Education Statistics (NCES), the Ohio Department of Administrative Services (DAS), the Ohio Department of Education (ODE), the Ohio State Employment Relations Board (SERB), and the Society for Human Resource Management (SHRM). District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed.

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

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

### Issue for Further Study

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

- Building Capacity and Utilization:** The District operates and maintains five school buildings, including: three elementary school buildings (grades K-6), one junior high school building (grades 7-8), and one high school building (grades 9-12). The District is currently planning the future state of its buildings and is considering three options to be completed by fiscal year (FY) 2022-23 (see **Table 25**). All three options include closing Franklin Township Elementary (see **R.14**) and Triway Junior High. While current enrollment projections show a declining trend (see **Table 26**), the District’s ability to close Triway Junior High within the current five-year forecast period could be limited due to its current functional capacity.

**Table 2** shows the impact that closing Triway Junior High would have on Triway High School’s utilization rates based on projected enrollment beginning in FY 2019-20.<sup>1</sup> This is important for helping to determine the feasibility of the potential closure of a school building.

**Table 2: Projected Utilization of Triway High School with Junior High Closure**

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Projected Enrollment (grades 7-12)	688	682	656	624
Functional Capacity <sup>1</sup>	638	638	638	638
<b>Utilization</b>	<b>107.8%</b>	<b>106.9%</b>	<b>102.8%</b>	<b>97.8%</b>

Source: TLSD and ODE

<sup>1</sup> Functional capacity based on 85 percent utilization factor.

As shown in **Table 2**, Triway High School would not be able to absorb the junior high enrollment until FY 2022-23, based on projected enrollment levels and the functional capacity using an 85 percent utilization factor (see **R.14**).<sup>2</sup> Therefore, the District should continue to monitor its enrollment and building capacity to determine if closing an additional building is feasible in the future, especially beyond the current five-year forecast period.

<sup>1</sup> **Table 2** shows Triway High School’s projected enrollment if Triway Junior High School, which includes grades 7-8, was absorbed into the high school.

<sup>2</sup> *Defining Capacity* (DeJong and Associates, Inc., 1999). DeJong states that functional building capacity for an elementary school is calculated based on the number of available regular education classrooms and an average class size of 25 regular education students. Overcrowding at an elementary school occurs when building enrollment exceeds 100 percent of functional capacity. For junior high and high school buildings, functional capacity is calculated by multiplying the number of teaching stations by an average class size of 25 students. Given the necessity to accommodate classroom and academic scheduling needs, it is unreasonable to expect every teaching station to be fully utilized 100 percent of the time. DeJong accounts for this by using an 85 percent utilization factor.

## Summary of Recommendations

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

The District's Board of Education and administration are in the best position to determine what services are required to meet the community's needs. The recommendations contained in this performance audit report are a menu of options for the District to consider when determining how best to meet the community's needs while also upholding the responsibility to operate in a financially sustainable manner. Ultimately, the decision to implement these recommendations, or to look for additional opportunities to achieve and sustain long-term financial health, is the prerogative of the Board and administration.

**Table 3: Summary of Recommendations**

	Recommendations	Savings <sup>1</sup>
<b>R.1</b>	<b>Develop long-term strategic, capital, and financial plans linked to the budget</b>	N/A
<b>R.2</b>	<b>Consider reducing the General Fund subsidy of extracurriculars to the local peer level</b>	\$137,400
<b>R.3</b>	<b>Eliminate 1.0 FTE building administrator position</b>	\$134,900
<b>R.4</b>	<b>Eliminate 14.0 FTE general education teacher positions</b>	\$1,087,200
<b>R.5</b>	<b>Eliminate 1.5 FTE career-technical teacher positions</b>	\$116,400
<b>R.6</b>	<b>Eliminate 1.5 FTE K-8 art education teacher positions</b>	\$116,400
<b>R.7</b>	<b>Eliminate 1.0 FTE K-8 music education teacher position</b>	\$77,600
<b>R.8</b>	<b>Eliminate 1.0 FTE K-8 physical education teacher position</b>	\$77,600
<b>R.9</b>	<b>Eliminate 2.0 FTE building clerical positions</b>	\$118,100
<b>R.10</b>	<b>Eliminate 2.5 FTE library staff positions</b>	\$44,400
<b>R.11</b>	<b>Reduce overtime for custodial staff</b>	\$14,700
<b>R.12</b>	<b>Renegotiate collective bargaining agreement provisions</b>	\$19,500
<b>R.13</b>	<b>Reduce employer cost of health insurance</b>	\$2,085,400
<b>R.14</b>	<b>Consider closing Franklin Township Elementary School</b>	\$890,200
<b>R.15</b>	<b>Complete T-1 Forms as prescribed by ODE</b>	N/A
<b>R.16</b>	<b>Right size the active bus fleet</b>	\$111,200
	<b>Cost Savings Adjustments <sup>2</sup></b>	<b>(\$836,700)</b>
	<b>Total Cost Savings from Performance Audit Recommendations</b>	<b>\$4,194,300</b>

<sup>1</sup> Each recommendation's savings is calculated based on the average annual cost savings for each year of implementation during the forecast period.

<sup>2</sup> Implementation of **R.3**, **R.4**, **R.5**, **R.6**, **R.7**, **R.8**, **R.9**, **R.10**, and **R.16**, would reduce the savings achievable in **R.13**, and **R.14**.

**Table 4** shows the District's original ending fund balances as projected in the October 2018 five-year forecast. Also shown is a revenue adjustment, and revised ending fund balance with revenue adjustment, due to the timing of officially updated property tax revenue coming available after the five-year forecast was prepared, approved, and submitted. Finally, a revised ending fund balance including annual savings identified in this performance audit is shown..

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

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Original Ending Fund Balance	\$194,219	\$1,069,738	\$1,780,979	\$1,510,120
Rover Pipeline Revenue Adjustment <sup>1</sup>	(\$527,746)	(\$2,883,237)	(\$5,238,728)	(\$7,594,219)
<b>Revised Ending Fund Balance with Revenue Adjustment</b>	<b>(\$333,527)</b>	<b>(\$1,813,499)</b>	<b>(\$3,457,749)</b>	<b>(\$5,617,434)</b>
Cumulative Balance of Performance Audit Recommendations <sup>2</sup>	\$526,494	\$3,376,412	\$7,526,121	\$11,965,622
<b>Revised Ending Fund Balance</b>	<b>\$192,968</b>	<b>\$1,562,914</b>	<b>\$4,068,372</b>	<b>\$6,348,188</b>

Source: TLSD, ODE, and performance audit recommendations

Note: The Cumulative Balance of Performance Audit Recommendations for FY 2018-19 is inclusive of a one-time 50 percent reduction of the financial implications associated with **R.2, R.3, R.4, R.5, R.6, R.7, R.8, R.9, R.10, and R.11** (including the cost savings adjustment) as the District's earliest practical implementation time would be mid-way through FY 2018-19. Additionally, FY 2018-19 and FY 2019-20 do not include savings identified in **R.12** or **R.13**, for certificated staff, as the District's collective bargaining agreement does not expire until June 30, 2020, and the earliest implementation of **R.14** and **R.16** is not feasible until FY 2019-20. FY 2020-21 and FY 2021-22 include savings for all recommendations.

<sup>1</sup> A revenue adjustment was needed because actual Rover Pipeline revenues were lower than forecasted. This adjustment was calculated by subtracting forecasted Rover Pipeline revenues from the Original Ending Fund Balance, and adding in the updated revenue information from November 2018.

<sup>2</sup> Cumulative savings are based on actual FY 2017-18 costs and are inflated annually to reflect projected increases associated with implementation over the forecast period.

As shown in **Table 4**, implementation of the performance audit recommendations would allow TLSD to substantially improve its fiscal stability by increasing year end fund balances throughout the five-year forecast period. Specifically, implementing the performance audit recommendations could increase the District's revised projected FY 2021-22 ending fund balance from a deficit of approximately \$5.6 million to a surplus of \$6.3 million.

It is important to note this performance audit was initiated on January 22, 2018 on the basis of the District's October 2017 five-year forecast which projected a deficit of over \$10.0 million by FY 2021-22 (see **Table 5**). Implementation of these recommendations would have resulted in a revised ending fund balance of approximately \$1.9 million in FY 2021-22. Subsequent to the initiation of this performance audit, in February 2018, the District released a five-year forecast which includes additional revenue generated by the Rover Pipeline project, and included a revised ending fund balance of \$1.5 million in FY 2021-22 (see **Table 6**). Similarly, the District's October 2018 five-year forecast included a revised ending fund balance of \$1.7 million in FY 2022-23. The additional Rover Pipeline revenue was forecasted to increase revenues by a cumulative \$12.0 million over the forecast period. In November 2018, an updated Rover Pipeline revenue estimate became available from the Wayne County Auditor. This updated revenue estimate is for one of two twin pipelines running through TLSD, and was significantly lower than previously projected (see **Table 9**). The District will receive additional revenue for the second pipeline beginning in FY 2019-20. As the full estimates are unknown, **Table 4** has been

revised to include the updated information and provide a more accurate revised ending fund balance.

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

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

ODE is charged with monitoring school districts' compliance with MOE requirements and is also in a position of working with districts to facilitate seeking a waiver from the US Department of Education, where available within the grant guidelines, when certain conditions are evident.<sup>3</sup> Two such conditions specific to Title I include:

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

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

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

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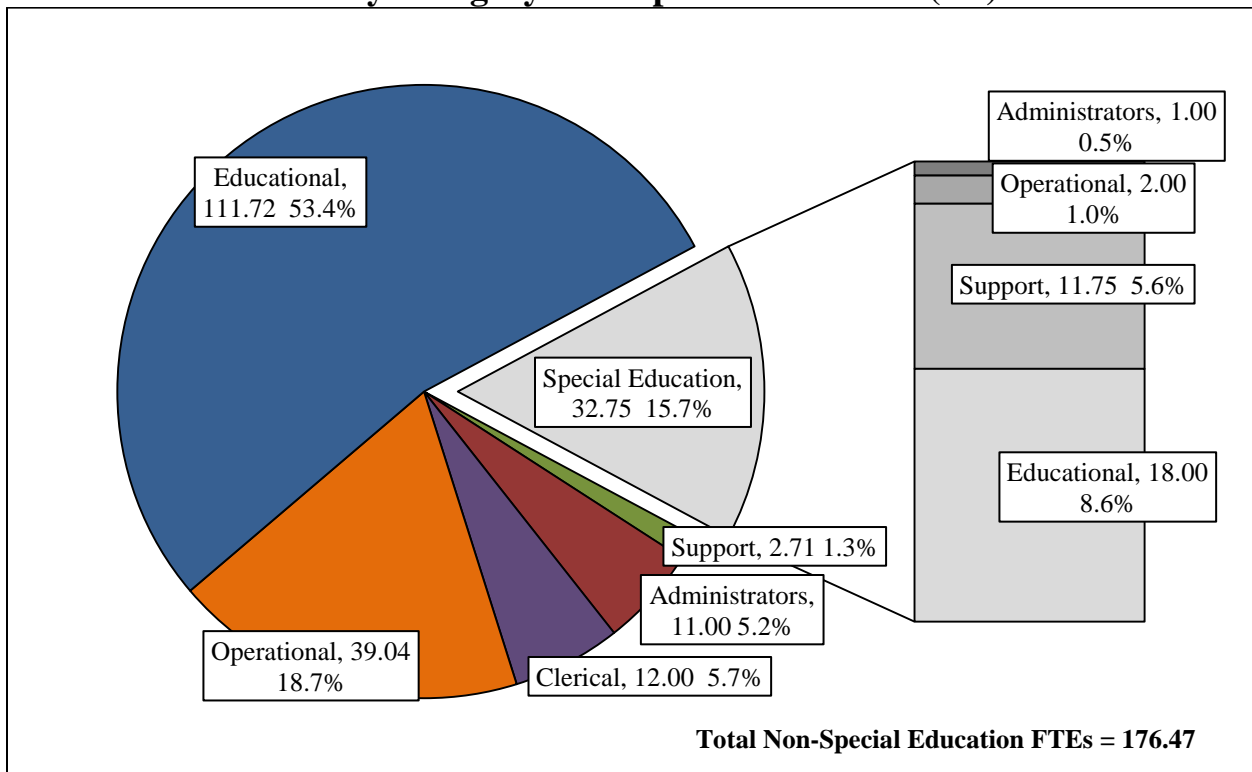
<sup>3</sup> IDEA Part B does not have a MOE waiver option.

### District Staffing Overview

The appropriateness of staffing levels is significant to both the operational and financial conditions within school districts. Operational decisions such as classroom size, class offerings, and other non-educational service levels collectively drive the need for overall staffing total. Specifically, personnel costs (i.e., salaries and benefits) accounted for 79.9 percent of TLSD’s General Fund expenditures in FY 2017-18, a significant impact on the District’s budget and financial condition.

**Chart 1** and **Chart 2** show TLSD’s FY 2017-18 full-time equivalent (FTE) staffing levels by category<sup>4</sup> with special education staffing broken out for informational purposes only.<sup>5</sup>

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



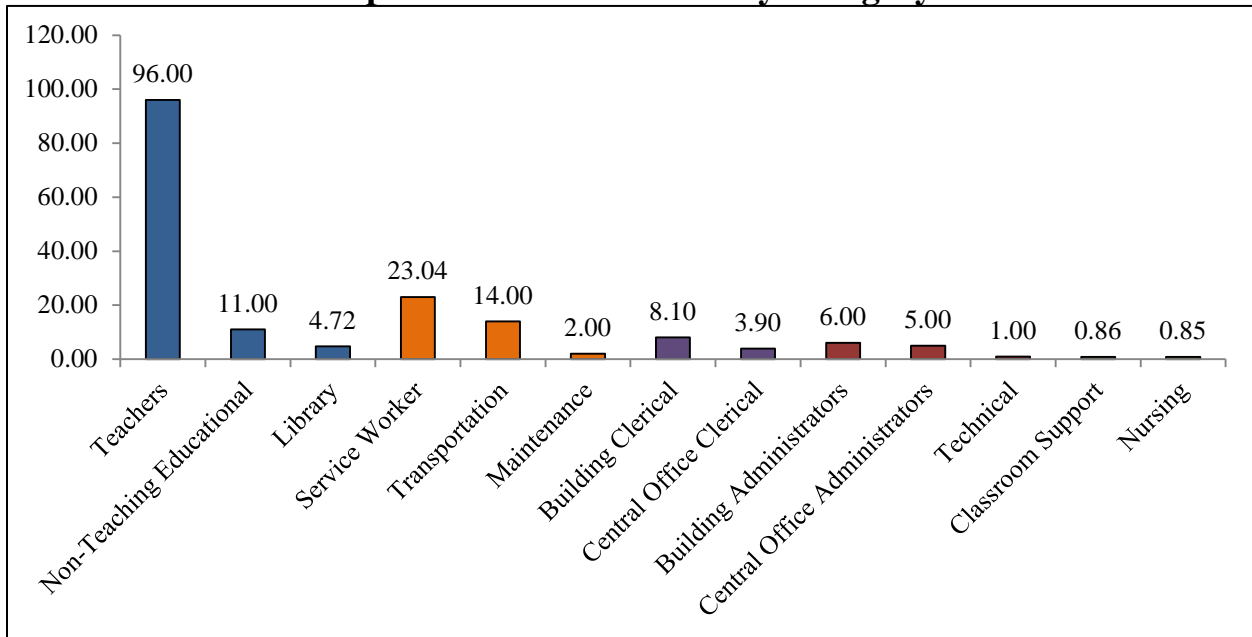
Source: TLSD

<sup>4</sup> The individual positions within each staffing category are explained in detail within section 3.9 of the *EMIS Reporting Manual (ODE, 2017)*.

<sup>5</sup> As of July 24, 2018, the District indicated there were no approved changes to staffing levels for FY 2018-19. The staffing comparisons included in this report are up-to-date as of August 2018, the completion of the fieldwork phase of the performance audit.



**Chart 2: Non-Special Education FTEs by Category and Position**



Source: TLSD

As shown in **Chart 1** and **Chart 2**, TLSD employed a total of 209.22 FTEs in FY 2017-18. Of this total, 32.75 FTEs, or 15.7 percent, are specifically dedicated to special education services. The remaining 176.47 non-special education FTEs are evaluated in each of the 13 staffing categories shown in **Chart 2**.

Categories where staffing levels were compared to the primary peer average included: administrators (see **R.3** and **Table B-1**), clerical (see **R.9** and **Table B-6**), teachers (see **R.4**, **R.5**, **R.6**, **R.7**, **R.8**, and **Table B-2**), non-teaching educational (see **Table B-3**), professional (see **Table B-4**), technical (see **Table B-5**), library (see **R.10**), messenger (see **Table B-7**), nursing (see **Table B-8**), student support (see **Table B-9** and **Table B-10**), and extracurricular/intracurricular staff (see **Table B-11**). Categories where the District’s staffing level per 1,000 students were higher than the primary peers included administrators, clerical, educational, and library. Facilities (see **Table B-15**) and transportation (see **R.15**) workers were assessed using workload measures and benchmarks, as these positions operate in areas that have industrywide developed gauges of efficiency and effectiveness.

## Background

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

**Table 5: TLSD Financial Condition Overview (October 2017)**

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$17,862,375	\$18,143,525	\$18,211,091	\$18,280,649	\$18,634,804
Total Expenditure	\$19,120,400	\$19,839,699	\$20,771,970	\$21,264,347	\$21,800,445
<b>Results of Operations</b>	<b>(\$1,258,025)</b>	<b>(\$1,696,174)</b>	<b>(\$2,560,879)</b>	<b>(\$2,983,698)</b>	<b>(\$3,165,641)</b>
Beginning Cash Balance	\$1,661,967	\$403,942	(\$1,292,232)	(\$3,853,111)	(\$6,836,809)
<b>Ending Cash Balance</b>	<b>\$403,942</b>	<b>(\$1,292,232)</b>	<b>(\$3,853,111)</b>	<b>(\$6,836,809)</b>	<b>(\$10,002,450)</b>
<b>Ending Fund Balance</b>	<b>\$403,942</b>	<b>(\$1,292,232)</b>	<b>(\$3,853,111)</b>	<b>(\$6,836,809)</b>	<b>(\$10,002,450)</b>

Source: TLSD and ODE

As shown in **Table 5**, the District's October 2017 five-year forecast projects ending fund balance deficits beginning in FY 2018-19 and continuing for the forecast period. This financial condition is a direct result of expenditure growth outpacing the growth in revenues in the five-year period shown. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$10.0 million by FY 2021-22.

In February 2018, the District released an updated financial forecast in order to include additional tax revenue that is anticipated from the Rover Pipeline project.<sup>6</sup> **Table 6** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

<sup>6</sup> The Rover Pipeline is a 713-mile pipeline designed to transport 3.25 billion cubic feet per day of domestically produced natural gas from the Marcellus and Utica Shale production areas to markets across the U.S. as well as into the Union Gas Dawn Storage Hub in Ontario, Canada, for redistribution back into the U.S. or into the Canadian market. Revenue estimations included in the forecast are based on data provided by Rover in 2015.

**Table 6: TLSD Financial Condition Overview (February 2018)**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Total Revenue	\$17,862,375	\$19,953,910	\$21,469,785	\$21,538,343	\$21,849,933
Total Expenditure	\$19,120,400	\$19,839,699	\$20,771,970	\$21,264,347	\$21,800,445
<b>Results of Operations</b>	<b>(\$1,258,025)</b>	<b>\$114,211</b>	<b>\$697,815</b>	<b>\$273,996</b>	<b>\$49,488</b>
Beginning Cash Balance	\$1,661,967	\$403,942	\$518,153	\$1,215,967	\$1,489,963
<b>Ending Cash Balance</b>	<b>\$403,942</b>	<b>\$518,153</b>	<b>\$1,215,968</b>	<b>\$1,489,963</b>	<b>\$1,539,451</b>
<b>Ending Fund Balance</b>	<b>\$403,942</b>	<b>\$518,153</b>	<b>\$1,215,968</b>	<b>\$1,489,963</b>	<b>\$1,539,451</b>

Source: TLSD and ODE

As shown in **Table 6**, the District's projected deficit for FY 2021-22 was reduced from approximately \$10.0 million, as shown in the October 2017 five-year forecast, to a projected surplus of approximately \$1.5 million forecasted in February 2018. This significant change is due to the District projecting additional revenue from the Rover Pipeline project. From this, TLSD is projecting a net impact of \$1.2 million in FY 2018-19 and a \$3.7 million increase in revenues in each FY 2019-20 through FY 2021-22.

In May 2018, the District released its semi-annual five-year forecast. **Table 7** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

**Table 7: TLSD Financial Condition Overview (May 2018)**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Total Revenue	\$17,995,420	\$19,209,455	\$21,198,064	\$21,374,901	\$21,552,529
Total Expenditure	\$19,044,178	\$19,511,025	\$20,368,138	\$20,795,861	\$21,546,408
<b>Results of Operations</b>	<b>(\$1,048,758)</b>	<b>(\$301,570)</b>	<b>\$829,926</b>	<b>\$579,040</b>	<b>\$6,121</b>
Beginning Cash Balance	\$1,661,967	\$613,209	\$311,639	\$1,141,565	\$1,720,605
<b>Ending Cash Balance</b>	<b>\$613,209</b>	<b>\$311,639</b>	<b>\$1,141,565</b>	<b>\$1,720,605</b>	<b>\$1,726,726</b>
<b>Ending Fund Balance</b>	<b>\$613,209</b>	<b>\$311,639</b>	<b>\$1,141,565</b>	<b>\$1,720,605</b>	<b>\$1,726,726</b>

Source: TLSD and ODE

As shown in **Table 7**, the District's projected surplus for FY 2021-22 increased from approximately \$1.5 million, as shown in the February 2018 five-year forecast, to approximately \$1.7 million forecasted in May 2018. This change is primarily due to collecting additional tax revenue than was originally forecasted in FY 2017-18, and expending less on personnel services and benefits than originally forecasted in FY 2017-18, in addition to the Rover Pipeline revenue.

In October 2018, the District released its semi-annual five-year forecast. **Table 8** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

**Table 8: TLSD Financial Condition Overview (October 2018)**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Revenue	\$19,209,542	\$21,198,151	\$21,374,987	\$21,552,616	\$21,620,226
Total Expenditure	\$19,624,988	\$20,322,632	\$20,663,746	\$21,356,810	\$22,086,891
<b>Results of Operations</b>	<b>(\$415,446)</b>	<b>\$875,519</b>	<b>\$711,241</b>	<b>\$195,806</b>	<b>(\$466,665)</b>
Beginning Cash Balance	\$609,664	\$194,218	\$1,069,737	\$1,780,978	\$1,976,784
<b>Ending Cash Balance</b>	<b>\$194,218</b>	<b>\$1,069,737</b>	<b>\$1,780,978</b>	<b>\$1,976,784</b>	<b>\$1,510,119</b>
<b>Ending Fund Balance</b>	<b>\$194,218</b>	<b>\$1,069,737</b>	<b>\$1,780,978</b>	<b>\$1,976,784</b>	<b>\$1,510,119</b>

Source: TLSD and ODE

As shown in **Table 8**, the District's October 2018 five-year forecast projects positive ending fund balances throughout the forecast period. These positive ending fund balances are a direct result of anticipated additional revenue from the Rover Pipeline. Prior to the release of the October five-year forecast, updated Rover Pipeline revenue information was not available, with the last documented estimates having been prepared in 2015. Therefore, the above forecast includes estimates of anticipated revenue of \$1.2 million in FY 2018-19, and \$3.7 million in FY 2019-20 through FY 2022-23. In November 2018, updated estimated Rover Pipeline revenue information became available from the Wayne County Auditor, which estimates revenue at \$1.34 million annually for one of two twin pipelines. TLSD would collect approximately \$672,200 in FY 2018-19, and \$1.34 million beginning in FY 2019-20 through the remainder of the forecast period.<sup>7</sup> Due to the significant difference in projected Rover Pipeline revenue, the District's forecast will not result in positive ending fund balances as shown in **Table 8**.

**Table 9** shows the District's October 2018 five-year forecast, including a revised ending fund balance that reflects the updated estimated Rover Pipeline revenue information.

**Table 9: TLSD Financial Condition Overview (November 2018)**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Revenue	\$19,209,542	\$21,198,151	\$21,374,987	\$21,552,616	\$21,620,226
Total Expenditures	\$19,624,988	\$20,322,632	\$20,663,746	\$21,356,810	\$22,086,891
<b>Results of Operations</b>	<b>(\$415,446)</b>	<b>\$875,519</b>	<b>\$711,241</b>	<b>\$195,806</b>	<b>(\$466,665)</b>
Beginning Cash Balance	\$609,665	\$194,219	\$1,069,735	\$1,780,979	\$1,976,785
<b>Ending Cash Balance</b>	<b>\$194,219</b>	<b>\$1,069,738</b>	<b>\$1,780,979</b>	<b>\$1,976,785</b>	<b>\$1,510,120</b>
<b>Ending Fund Balance</b>	<b>\$194,219</b>	<b>\$1,069,738</b>	<b>\$1,780,979</b>	<b>\$1,976,785</b>	<b>\$1,510,120</b>
Rover Pipeline Revenue Included in Forecast	(\$1,200,000)	(\$4,900,000)	(\$8,600,000)	(\$12,300,000)	(\$16,000,000)
Revised Ending Fund Balance	(\$1,005,781)	(\$3,830,262)	(\$6,819,021)	(\$10,323,215)	(\$14,489,880)
Actual Estimated Rover Pipeline Revenue	\$672,255	\$2,016,764	\$3,361,273	\$4,705,782	\$6,050,291
<b>Revised Ending Fund Balance</b>	<b>(\$333,527)</b>	<b>(\$1,813,499)</b>	<b>(\$3,457,749)</b>	<b>(\$5,617,434)</b>	<b>(\$8,439,590)</b>

Source: TLSD and ODE

Note: Additional revenue from the second Rover Pipeline is expected in FY 2019-20, but is unknown and therefore, is not included in the projections above.

<sup>7</sup> Additional revenue from the second Rover Pipeline is expected in FY 2019-20, but is unknown and therefore, is not included in the projections in **Table 4** and **Table 9**.

As shown in **Table 9**, updated Rover Pipeline revenue significantly impacts the District's ending fund balances. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$8.4 million by FY 2022-23.

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# Recommendations

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## R.1 Develop long-term strategic, capital, and financial plans linked to the budget

TLSD engages in financial planning for the Permanent Improvement Levy Fund, and has building-specific strategic plans to guide academics; however, the District does not tie academic strategic plans to the budget. The District has a Finance Committee that meets once or twice a year depending on need and a Facility Planning Committee that also meets on an as-needed basis. Although the administration and the Board of Education (the Board) often discuss operations, capital, and financial decisions at Board meetings, and as a part of the regularly scheduled Finance Committee meetings, this routine discussion has not been used to develop formal plan documents. Specifically, the District does not have formal, long-term strategic, capital improvement, or financial plans. As a result, its annual budget is not directly linked to formal goals, objectives, and/or performance measures.

The Government Finance Officers Association (GFOA) provides guidance to governmental entities in the development and maintenance on effective long-term planning. *Establishment of Strategic Plans* (GFOA, 2005) defines strategic planning as “a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization’s mission, and achieve consensus on strategies and objectives for achieving that mission.” Key steps in the strategic planning process include:

- Initiating the strategic planning process;
- Preparing a mission statement;
- Assessing and identifying environmental factors and critical issues;
- Agreeing upon and developing strategies for a small number of broad goals;
- Creating an action plan, including measurable objectives and performance measures;
- Obtaining approval of the plan; and
- Implementing, monitoring, and reassessing the plan.

*Long-Term Financial Planning* (GFOA, 2008) specifies that long-term financial planning should encompass the following elements:

- Planning at least five-to-ten years into the future;
- Considering all appropriated funds;
- Updating long-term planning activities as needed in order to provide direction to the budget process;
- Analyzing the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance, and a plan for monitoring mechanisms, such as a scorecard of key indicators of financial health, and;
- Informing the public and elected officials about the long-term financial prospects of the government and strategies for financial balance.

Finally, *Multi-Year Capital Planning* (GFOA, 2006) recommends that public entities create and implement a multi-year capital plan as a component of their comprehensive strategic plan. An adequate capital plan should:

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

The District should concurrently develop a strategic plan and long-term financial plan. As part of its strategic plan, it should create a capital improvement plan for all capital assets and available funding sources. These plans should be linked to a formal budgeting process that involves key stakeholders. In doing so, the ability of the strategic plan to guide program and funding decisions will be enhanced. Without a goal and resource oriented strategic plan based on input from key financial, operational, and instructional participants, the District is at risk of not fully evaluating the relationship between its spending decisions and program outcomes. This, in turn, increases the risk of inefficiently and/or ineffectively addressing District needs.

## **R.2 Consider reducing the General Fund subsidy of extracurriculars to the local peer level**

In FY 2016-17, the District expended approximately \$795,000 on student extracurricular activities, which included the salaries and benefits of directors, coaches, advisors, supplies and materials, transportation services, awards and prizes, and other miscellaneous expenditures. A portion of these expenditures were offset by generating revenue of approximately \$329,000 from receipts for participation fees<sup>8</sup>, admissions, sales, and other extracurricular activities. As a result, the District incurred a net cost for student extracurricular activities in FY 2016-17 of \$466,111 for all funds. The General Fund, however, did not subsidize the entire net cost.

**Table 10** shows TLSD's FY 2016-17 extracurricular activities net cost, General Fund (GF) subsidy in total and per pupil compared to the local peer average, and the remaining General Fund subsidy assuming the District's current subsidy were brought in line with the local peer average. While the net cost provides context regarding the overall size and financial position of the District's extracurricular activities, focusing in on the relative General Fund subsidy provides direct analysis of the portion of expenditures that directly affect the five-year forecast.

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<sup>8</sup> Students who participate in band, show choir, sports, and cheerleading pay a \$100 activity fee to cover transportation costs, with a \$200 per year, per family cap.

**Table 10: Student Extracurricular Activity Net Cost Comparison**

	TLSD			Local Peer Average
<b>Students</b>			<b>1,609</b>	<b>1,850</b>
<b>Activity Type</b>	<b>Rev.</b>	<b>Exp.</b>	<b>Net Cost</b>	
Academic Oriented	\$0	\$206,722	(\$206,722)	(\$99,105)
Occupation Oriented	\$0	\$54,428	(\$54,428)	(\$40,459)
Sport Oriented	\$64,877	\$503,742	(\$438,865)	(\$416,973)
School & Public Service Co-Curricular	\$0	\$30,214	(\$30,214)	(\$67,397)
Bookstore Sales	\$0	N/A	\$0	\$0
Other Extracurricular	\$237,908	N/A	\$237,908	\$151,678
Non-specified <sup>1</sup>	\$26,210	N/A	\$26,210	\$97,948
<b>Total</b>	<b>\$328,995</b>	<b>\$795,106</b>	<b>(\$466,111)</b>	<b>(\$374,308)</b>
<b>Total GF Direct Revenue</b>				
			\$0.00	\$32,325.90
<b>Total GF Direct Expenditures</b>				
			\$430,423.01	\$369,017.02
<b>Total GF Transfers <sup>2</sup></b>				
			\$0.00	\$221.40
<b>Total GF Subsidy of Extracurricular Activities</b>			<b>\$430,423.01</b>	<b>\$336,912.52</b>
<b>Total GF Subsidy of Extracurricular Activities per Pupil</b>				
			<b>\$267.51</b>	<b>\$182.11</b>
<b>Total Difference in GF Subsidy to Local Peer Average</b>			<b>\$137,408.60</b>	
<b>Remaining GF Subsidy</b>			<b>\$293,014.41</b>	

Source: TLSD, local peers, and ODE

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

<sup>2</sup> These transfers are from the General Fund to the Student Activity Fund.

As shown in **Table 10**, the General Fund subsidy of extracurricular activities exceeded \$430,400 in FY 2016-17, equating to \$267.51 per pupil. This level of subsidization was \$85.40, or 46.9 percent, more per pupil than the local peer average for a total difference of **\$137,400**. While it is common for Ohio school districts to subsidize extracurricular activities from the General Fund, doing so at a rate that exceeds the local peer average may represent an undue burden on the District's General Fund.

TLSD should consider implementing one or more of the following steps to reduce the General Fund subsidy to the level of local peers:

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

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



**Financial Implication:** Reducing expenditures and/or increasing revenue to bring the General Fund subsidy of extracurricular activities in line with the local peer average would save the District **\$137,400** annually.

**R.3 Eliminate 1.0 FTE building administrator position**

Building administrators are responsible for administering operations and supervising all students and teachers in their respective buildings. TLSD employs 6.0 FTE building administrators which include one principal in each of the District’s five school buildings, and one assistant principal at the high school. **Table 11** shows the District’s FY 2017-18 building administrators per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 11: Building Administrator Staff Comparison**

Students and Buildings	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Assistant Principal	1.00	0.62	0.55	0.07	0.11
Principal	5.00	3.11	2.37	0.74	1.19
<b>Total</b>	<b>6.00</b>	<b>3.73</b>	<b>2.92</b>	<b>0.81</b>	<b>1.30</b>

Source: TLSD and primary peers

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

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

As shown in **Table 11**, building administrator staffing is higher than the peer average by 1.30 FTEs. This variance may be attributable to fact that TLSD has more buildings in comparison to the primary peer average (i.e., TLSD operates 5 school buildings compared to the primary peer average of 3.5 school buildings). While it is common practice in Ohio schools to employ a principal in each school building, OAC § 3301-35-05 only requires that every school shall be provided the services of a principal. Some districts with small building populations fulfill this requirement by sharing the services of a principal between multiple school buildings. For example, TLSD’s neighboring school district, Southeast Local School District (Wayne/Holmes County), shares the services of a principal between two of its elementary schools.<sup>9</sup>

<sup>9</sup> Fredericksburg Elementary School and Holmesville Elementary School are 5.1 miles apart and had a total of 438 students in FY 2016-17.

TLSD would need to eliminate 1.00 FTE building administrator position in order to achieve a staffing ratio in line with the primary peer average per 1,000 students. This can be accomplished by the closure of a building (see **R.14**), eliminating the assistant principal position, or sharing the services of 2.0 FTE principal positions across its three elementary schools.<sup>10</sup>

**Financial Implication:** Eliminating 1.0 FTE building administrator position could save an average of **\$134,900** in salaries and benefits in each year of implementation over the forecasted period.<sup>11</sup> The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured building principal positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

#### **R.4 Eliminate 14.0 FTE general education teacher positions**

General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the District-wide ratio of general education teachers to students to be at least 1.0 FTE classroom teacher for every 25 regular students.<sup>12</sup> The District employs 83.5 FTE general education teachers. This category excludes teaching staff in other areas such as gifted, special education, art, music, and physical education.

**Table 12** shows the District's FY 2017-18 general education teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

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<sup>10</sup> TLSD's two least populated elementary schools (Franklin Township Elementary with 113 students) and (Wooster Township Elementary with 345 students) are located 5.4 miles apart, roughly the same distance and student population as the shared principal buildings at Southeast LSD.

<sup>11</sup> The value of the savings from this recommendation is projected to increase 2.9 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, retirement pick-up on the pick-up, and workers' compensation.

<sup>12</sup> In FY 2016-17, TLSD's regular student population was 1,435.55 with a total of 83.50 general education teacher FTEs. This resulted in a District-wide ratio of 17.19 students per general education teacher. If the District were to operate at the State minimum ratio of 25:1, it would need a total of 57.42 FTEs, 26.08 FTEs less than are currently employed.

**Table 12: General Education Teacher Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
General Education	83.50	51.96	43.03	8.93	14.35

Source: TLSD and primary peers

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

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

As shown in **Table 12**, TLSD’s general education teacher staffing is higher than the primary peer average by 14.35 FTEs. The District would need to eliminate 14.0 FTE teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.<sup>13</sup>

Financial Implication: Eliminating 14.0 FTE general education teacher positions could save an average of **\$1,087,200** in salaries and benefits in each year of implementation over the forecasted period.<sup>14</sup> The value of each FTE reduction is calculated using actual salaries and benefits and projected increases of the 19.0 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.5**, **R.6**, **R.7**, and **R.8**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

<sup>13</sup> The implementation of this recommendation would not violate the provision in the certificated collective bargaining agreement (CBA) regarding teacher staffing levels (see **R.13**).

<sup>14</sup> The value of the savings from this recommendation is projected to increase by 5.5 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, retirement pick-up on the pick-up, and workers’ compensation.

**R.5 Eliminate 1.5 FTE career-technical teacher positions**

According to ORC § 3313.90, each city, local, and exempted village school shall provide career technical education to students in grades 7-12 either by establishing and maintaining its own education program, becoming a member of a joint vocational school district, or contracting for career-technical education with a joint vocational school district or another school district to provide the programs. To provide these services, TLSD contracts with Wayne County Schools Career Center, a joint vocational school (JVS), located in Smithville, Ohio.<sup>15</sup> In addition, TLSD employs 2.5 FTE career technical programs/career pathways (career-technical) teachers who teach agriculture, family and consumer science, and occupational work experience and occupational work adjustment. Career-technical teachers are responsible for instructing students in technical and vocational subjects.

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

**Table 13: Career-Technical Teaching Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Career-Technical Programs/Career Pathways	2.50	1.56	0.53	1.03	1.66

Source: TLSD and primary peers

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

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

As shown in **Table 13**, the District’s career-technical teacher staffing is higher than the peer average by 1.66 FTEs. The District would need to eliminate 1.5 FTE career technical teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

<sup>15</sup> The Wayne County Schools Career Center offers 25 career and technical programs, including agricultural mechanics/power technologies, animal care and management, automotive technologies, buildings and grounds, business entrepreneurship, constructions technologies, cosmetology, criminal justice, culinary arts, dental assisting, early childhood education and care, electronics and computer networking, engineering technologies, exercise science and sports medicine, graphic design and photography, hospitality, interactive media, landscaping and turf management, medical assisting, patient care technologies, power line technologies, practical nursing, precision machining, truck mechanics, and welding technologies. Students have the option to attend the career center for a full or partial day. Students who attend for the full day spend half of the day on their chosen program of study, while the remainder of the day is reserved for academic subjects such as math, science, and English.

**Financial Implication:** Eliminating 1.5 FTE career-technical teacher positions could save an average of **\$116,400** in salaries and benefits in each year of implementation over the forecasted period.<sup>16</sup> The value of each FTE reduction is calculated using actual salaries and benefits and projected increases of the 19.0 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.4, R.6, R.7, and R.8**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

**R.6 Eliminate 1.5 FTE K-8 art education teacher positions**

The District employs 3.5 FTE art education teacher positions serving students for grades K-8.<sup>17</sup> This position historically has been included in the educational services personnel (ESP) category, which includes teaching positions such as K-8 art, music, and physical education teachers as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.<sup>18</sup>

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

**Table 14: K-8 Art Education Teaching Staff Comparison**

Students	TLSD	Primary Peer Avg.	Difference		
Students Educated <sup>1</sup>	1,607	1,506	101		
Students Educated (thousands)	1.607	1.506	0.101		
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Art Education K-8	3.50	2.18	1.18	1.00	1.61

Source: TLSD and primary peers

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

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

<sup>16</sup> The value of the savings from this recommendation is projected to increase by 5.5 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, retirement pick-up on the pick-up, and workers’ compensation.

<sup>17</sup> These employees consist of 0.5 FTE at Franklin Township Elementary, 1.0 FTE at Shreve Elementary School, 1.0 FTE at Wooster Township Elementary School, and 1.0 FTE at Triway Junior High School.

<sup>18</sup> Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, “The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students” This revision effectively eliminated State minimum staffing levels for the ESP staffing.

As shown in **Table 14**, TLSD's K-8 art education teacher staffing is higher than the primary peer average by 1.61 FTEs. The District would need to eliminate 1.5 FTE K-8 art education positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.<sup>19</sup> This can be accomplished by the closure of a building (see **R.14**), eliminating these positions, or sharing the services across school buildings.

**Financial Implication:** Eliminating 1.5 FTE K-8 art education teacher positions could save an average of **\$116,400** in salaries and benefits in each year of implementation over the forecasted period.<sup>20</sup> The value of each FTE reduction is calculated using actual salaries and benefits and projected increases of the 19.0 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.4**, **R.5**, **R.7**, and **R.8**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

### **R.7 Eliminate 1.0 FTE K-8 music education teacher position**

The District employs 4.0 FTE music education teacher positions serving students for grades K-8.<sup>21</sup> This position historically has been included in the educational services personnel (ESP) category, which includes teaching positions such as K-8 art, music, and physical education teachers as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.<sup>22</sup>

**Table 15** shows the District's FY 2017-18 K-8 music education teacher staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

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<sup>19</sup> This recommendation would not violate the provision in the certificated collective bargaining agreement (CBA) regarding educational service personnel (ESP) staffing levels (see **R.13**).

<sup>20</sup> The value of the savings from this recommendation is projected to increase by 5.5 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, retirement pick-up on the pick-up, and workers' compensation.

<sup>21</sup> This includes 0.5 FTE at Franklin Township Elementary School, 1.4 FTE at Shreve Elementary School, 1.1 FTE at Wooster Township Elementary School, and 1.0 FTE at Triway Junior High School.

<sup>22</sup> Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students" This revision effectively eliminated State minimum staffing levels for the ESP staffing.

**Table 15: K-8 Music Education Teaching Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Music Education K-8	4.00	2.49	1.75	0.74	1.19

Source: TLSD and primary peers

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

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

As shown in **Table 15**, TLSD’s K-8 music education teacher staffing is higher than the primary peer average by 1.19 FTEs. The District would need to eliminate 1.00 FTE K-8 music education position in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.<sup>23</sup> This can be accomplished by the closure of a building (**R.14**), eliminating these positions, or sharing the services across school buildings.

**Financial Implication:** Eliminating 1.0 FTE K-8 music education teacher position could save an average of **\$77,600** in salaries and benefits in each year of implementation over the forecasted period.<sup>24</sup> The value of each FTE reduction is calculated using actual salaries and benefits and projected increases of the 19.0 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.4**, **R.5**, **R.6**, and **R.8**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

<sup>23</sup> Implementation of this recommendation would not violate the provision in the certificated collective bargaining agreement (CBA) regarding educational service personnel (ESP) staffing levels (see **R.13**).

<sup>24</sup> The value of the savings from this recommendation is projected to increase by 5.5 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, retirement pick-up on the pick-up, and workers’ compensation.

## R.8 Eliminate 1.0 FTE K-8 physical education teacher position

The District employs 3.5 FTE physical education teacher positions serving students for grades K-8.<sup>25</sup> This position historically has been included in the educational services personnel (ESP) category, which includes teaching positions such as K-8 art, music, and physical education teachers as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.<sup>26</sup>

**Table 16** shows the District's FY 2017-18 K-8 physical education teacher staffing per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 16: Physical Education K-8 Teaching Staff Comparison**

Students	TLSD	Primary Peer Avg.	Difference		
Students Educated <sup>1</sup>	1,607	1,506	101		
Students Educated (thousands)	1.607	1.506	0.101		
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Physical Education K-8	3.50	2.18	1.35	0.83	1.33

Source: TLSD and primary peers

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

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

As shown in **Table 16**, TLSD's K-8 physical education teacher staffing is higher than the primary peer average by 1.33 FTEs. The District would need to eliminate 1.0 FTE K-8 physical education position in order to achieve a staffing ratio in line with the primary peer average per 1,000 students. This can be accomplished by the closure of a building (see **R.14**), eliminating these positions, or sharing the services across school buildings.

**Financial Implication:** Eliminating 1.0 FTE K-8 physical education teacher position could save an average of **\$77,600** in salaries and benefits in each year of implementation over the forecasted period.<sup>27</sup> The value of each FTE reduction is calculated using actual salaries and benefits and

<sup>25</sup> This includes 0.5 FTE at Franklin Township Elementary, 1.0 FTE at Shreve Elementary School, 1.0 FTE at Wooster Township Elementary School, and 1.0 FTE at Triway Junior High School.

<sup>26</sup> Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students" This revision effectively eliminated State minimum staffing levels for the ESP staffing.

<sup>27</sup> The value of the savings from this recommendation is projected to increase by 5.5 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. These increase are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical,



projected increases of the 19.0 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.4**, **R.5**, **R.6**, and **R.7**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

**R.9 Eliminate 2.0 FTE building clerical positions**

TLSD employs 8.10 FTE building clerical positions, which provide support to building level administrators and students. The District has 5.0 FTE building secretary clerical positions within three elementary buildings, 1.0 FTE building secretary clerical position at Triway Junior High School, and 2.1 FTE building secretary clerical positions at Triway High School.

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

**Table 17: Building Clerical Staff Comparison**

Students and Buildings	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Clerical	8.10	5.04	3.57	1.47	2.36
Other Office/Clerical	0.00	0.00	0.16	(0.16)	(0.26)
<b>Total</b>	<b>8.10</b>	<b>5.04</b>	<b>3.73</b>	<b>1.31</b>	<b>2.11</b>

Source: TLSD and primary peers

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

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

As shown in **Table 17**, the District’s building clerical staffing is 2.11 FTEs over the primary peer average per 1,000 students. TLSD has five school buildings, while the peer average is 3.5. Although the District’s staffing is 0.05 FTEs higher than the primary peer average on a per building level, comparing clerical FTEs on a per 1,000 student basis equalizes the number of students one FTE clerical position can support. The District would need to eliminate 2.00 FTE school building clerical positions to achieve a staffing ratio in line with the primary peer average per 1,000 students. This can be accomplished by the closure of a building (see **R.14**), eliminating these positions, or sharing the services across school buildings.

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prescription drug, dental, life insurance, Medicare, retirement, retirement pick-up on the pick-up, and workers’ compensation.

**Financial Implication:** Eliminating 2.0 FTE building clerical staff positions could save an average of **\$118,100** in salaries and benefits in each year of the implementation over the forecasted period.<sup>28</sup> The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured clerical positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

**R.10 Eliminate 2.5 FTE library staff positions**

Library staff is responsible for maintaining the school libraries and developing and planning for the use of teaching and learning resources and media, including equipment, content material, and services. The District employs one library aide in each school building. The District’s three elementary schools employ 2.72 FTEs, Triway Junior High School employs 1.0 FTE, and Triway High School employs 1.0 FTE library aide. **Table 18** shows the District’s FY 2017-18 library staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 18: Library Staff Comparison**

Students	TLSD	Primary Peer Avg.	Difference		
Students Educated <sup>1</sup>	1,607	1,506	101		
Students Educated (thousands)	1.607	1.506	0.101		
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Librarian/Media	0.00	0.00	0.19	(0.19)	(0.31)
Library Aide	4.72	2.94	1.09	1.85	2.97
<b>Total</b>	<b>4.72</b>	<b>2.94</b>	<b>1.28</b>	<b>1.66</b>	<b>2.67</b>

Source: TLSD and primary peers

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

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

As shown in **Table 18**, the District’s library staffing is higher than the primary peer average by 2.67 FTEs signifying it would need to eliminate 2.5 FTEs in order to achieve a staffing ratio in line with the primary peer average per 1,000 students. This can be accomplished by the closure of a building (see **R.14**), eliminating these positions, or sharing the services across school buildings.

<sup>28</sup> The value of the savings from this recommendation is projected to increase by 5.8 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, insurance incentives, Medicare, retirement, and workers’ compensation.

**Financial Implication:** Eliminating 2.5 FTE library staff positions could save an average of **\$44,400** in salaries and benefits in each year of implementation over the forecasted period.<sup>29</sup> The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured library positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

### R.11 Reduce overtime for custodial staff

Daytime custodians at each school building perform building checks on weekends and holidays. The purpose of the building checks is to verify equipment is functioning properly, buildings are locked, and that the lights are off. The Franklin Township Elementary day custodian receives 0.5 hours of pay for each check while the other four building day custodians receive one hour.

**Table 19** shows the District's regular and non-regular salaries and wages as a percent of total salaries and wages compared to the primary peer average for buildings and grounds employees. Comparing expenditures as a percent of the total normalizes the effect of district sizes on expenditure totals.

**Table 19: Buildings & Grounds Salaries & Wages Comparison**

Salary & Wages Category	TLSD	Primary Peer Average	Difference
Regular	92.7%	93.2%	(0.5%)
<b>Non-Regular</b>			
• Temporary	2.0%	3.6%	(1.6%)
• Supplemental	0.0%	0.0%	(0.0%)
• Overtime	4.8%	3.2%	1.6%
• Other	0.5%	0.0%	0.5%
<b>Non-Regular as % of Total Salaries &amp; Wages</b>	<b>7.3%</b>	<b>6.8%</b>	<b>0.5%</b>

Source: TLSD and primary peers

As shown in **Table 19**, the District's non-regular salaries and wages as a percent of total salaries and wages was 7.3 percent compared to the primary peer average of 6.8 percent. TLSD's overtime expenditures are the primary driver of its higher than average non-regular salaries and wages. In comparison, the primary peers do not complete building checks as part of regularly scheduled overtime.

<sup>29</sup> The value of the savings from this recommendation is projected to increase by 3.0 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, insurance incentives, Medicare, retirement, and workers' compensation.

Specifically, the primary peers do the following:<sup>30</sup>

- Five out of nine do not conduct regular weekend building checks;<sup>31</sup>
- One out of nine has a regularly scheduled maintenance person that oversees the buildings on the weekends, avoiding overtime costs;<sup>32</sup>
- One out of nine only conducts a building check on its high school;<sup>33</sup> and
- Two out of nine conducts buildings checks with the administrator without extra pay.<sup>34</sup>

**Table 20** shows the District’s total Building and Ground Department overtime expenditures for FY 2016-17 compared to the primary peer average. This analysis is important for determining the impact the District’s building check policy has on overtime.

**Table 20: Buildings & Ground Overtime Expenditures Comparison**

	TLSD	Primary Peer Average	Difference	% Difference
Overtime Total	\$29,003	\$14,225	\$14,778	103.9%
Overtime Total without Building Checks <sup>1</sup>	\$13,540	\$14,225	(\$685)	(4.8%)

Source: TLSD and primary peers

<sup>1</sup> Building checks cost estimated based on day custodians pay for 105 weekend days and 11 holidays. Holidays are paid at straight time while weekend checks resulting in overtime are paid at one and half times their hourly rate.

As shown in **Table 20**, total overtime expenditures for the Building and Grounds Department were 103.9 percent higher than the primary peer average. Furthermore, relatively high overtime costs were driven by building checks as shown by total overtime without building checks being lower than the primary peer average by 4.8 percent.

The District’s policy to conduct weekend and holiday building checks is ultimately costing the District more in overtime expenditures than the primary peers. TLSD should reduce overtime expenditures by reducing or eliminating building checks to a level consistent with the primary peer average.

**Financial Implication:** Reducing overtime expenditures to a level consistent with the primary peer average could save the District approximately **\$14,700** annually.

<sup>30</sup> Lakeview LSD’s policies were unable to be verified; therefore it was excluded from this specific analysis.

<sup>31</sup> The primary peers included in this category are Chippewa LSD, Edison LSD, Girard CSD, Huron CSD, and Tuslaw LSD.

<sup>32</sup> The primary peer included in this category is Johnstown-Monroe LSD.

<sup>33</sup> The primary peer included in this category is Norwayne LSD.

<sup>34</sup> The primary peers included in this category are Northwest LSD and Tuscarawas Valley LSD.

## R.12 Renegotiate collective bargaining agreement provisions

The District has a collective bargaining agreement (CBA) with the Triway Education Association (certificated CBA), effective through June 30, 2020. An analysis of the current CBA identified certain provisions that exceeded state minimum standards, as set forth in the Ohio Revised Code (ORC), and/or provisions in the local peer district contracts.

### Provisions with Long-Term Management or Financial Impact

- **Class Size:** The certificated CBA includes class size requirements. Specifically, TLSD is required to have a pupil-teacher ratio of 40 classroom teachers per 1,000 students.<sup>35</sup> Additionally, the certificated CBA requires TLSD to employ five educational service personnel (ESP) per 1,000 students.<sup>36</sup> Similarly, three of the five local peers certificated CBAs include this provision, Hillsdale LSD requires that classrooms not exceed 26 students in grades kindergarten through 4 and 28 students in grades 5 through 12. One local peer, West Holmes LSD does not include class size requirements in the CBA.

In addition, OAC 3301-35-05 requires the District-wide ratio of general education teachers to students to be at least 1.0 FTE classroom teacher for every 25 regular students.<sup>37</sup> Furthermore, effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, “The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students” This revision effectively eliminated State minimum staffing levels for the ESP staffing. Staffing requirements that are more stringent than what is required by the OAC restrict the ability of the District to manage the size of its workforce by adjusting for changes in student population or to address financial solvency issues.

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<sup>35</sup> The calculation includes only general education teachers and excludes special education teachers; vocational education teachers; federally-funded employees; and K-8 art, music, and physical education teachers. The certificated CBA states that the student count number used in the calculation will be basic average daily membership (ADM). *Instructions for Completing Form ADM-1* (ODE, 2008) states that ADM is calculated by dividing the total aggregate membership of the first full week of school in October, by the number of days in the week that the school is open for instruction. Aggregate membership is the sum of aggregate attendance plus authorized absences. In FY 2016-17 the District’s basic ADM was 1,642.05 students. In comparison, OAC 3301-35-05 requires one FTE classroom teacher for every 25 students in the regular student population. Regular student population includes all students, regardless of district of residence, excludes resident students who are educated elsewhere, and excludes special education students, students attending community schools, ed. choice students, JVS, and other co-op students. In FY 2016-17, TLSD’s regular student population was 1,435.6. Staffing comparisons in this performance audit use the total students educated. Students educated reflects those students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District. In FY 2016-17 the District had a total of 1,607 students educated.

<sup>36</sup> This calculation also uses basic ADM. ESP include K-8 physical education teachers, K-8 music teachers, K-8 art teachers, guidance counselor, visiting teachers, librarians, and nurses.

<sup>37</sup> In FY 2016-17, TLSD’s regular student population was 1,435.6 with a total of 83.50 general education teacher FTEs. This resulted in a District-wide ratio of 17.19 students per general education teacher. If the District were to operate at the State minimum ratio of 25:1, it would need a total of 57.42 FTEs, 26.08 FTEs less than are currently employed.

- **Local Professional Development Committee (LPDC) Compensation:** LPDCs are groups sanctioned by the State to review coursework and professional development activities proposed and completed by educators to determine if state certification and licensure requirements have been met. Under the certificated CBA, TLSD members receive \$800 of compensation annually. The five local peers provide compensation to LPDC members. Specifically, two local peers, Hillsdale LSD and Southeast LSD have five member LPDCs that are compensated at \$1,000, and \$600 per member respectively. In addition, Southeast LSD provides a chairperson with an additional \$150 per year. Furthermore, West Holmes LSD and Wooster LSD have seven member LPDCs compensated at \$1,000 per member. Northwestern LSD's certificated CBA indicates that LPDC members will be compensated but does not provide annual amounts. The peer average annual total compensation for LPDC members was \$5,537.50. The local peer average is greater than the \$4,000 compensation provided by the District, however, ORC § 3319.22, which includes the standards and requirements for local professional development committees, does not require compensation to LPDC members.
- **Sick Leave Accumulation and Severance Payout:** The certificated CBA entitles employees to earn 280 sick days. ORC § 3319.141 details sick leave accumulation and specifies that unused sick leave shall be cumulative to 120 days. A comparison to the local peer districts showed that all of the peer districts allow accumulation over the state minimum levels, with certificated employees entitled to an average of 282 sick days. Although the District's peers also provide sick day accumulation over the State minimum levels, providing accumulation in excess of such level represents the potential for increased liability when sick leave is paid out to retiring employees.

In addition, the District's CBA entitles certificated employees to be paid for accumulated sick leave upon retirement. Specifically, TLSD's certificated employees are entitled to payouts of 25 percent of unused sick leave for a maximum of 70 days. In comparison, the local peer sick leave payout average is a maximum of 67 days for certificated employees. ORC § 124.39 allows school employees at retirement to be paid for 25 percent of unused sick leave up to a maximum of 30 days. Allowing employees to receive payouts in excess of state minimums becomes costly at employee retirements (see **Table B-13**).

### **Provisions with Immediate Financial Impact**

- **Mentor Stipend:** Mentor positions at TLSD serve the purpose of meeting the State resident educator requirement. Each new teacher to the District is assigned a qualified mentor, having gone through State mandated training, for a three year period. Mentors contact their assigned teacher on a weekly basis and assist with the Praxis preparation and other requirements such as video recording the new teacher at work in the classroom. The lead mentor compiles the activities completed and reports via the Comprehensive Continuous Improvement Plan (CCIP), a web-based planning and grants management tool that connects district goals for improvement to budgeted activities. TLSD currently pays 12 teachers a mentor stipend, and one teacher a lead mentor stipend. The lead mentor is paid a stipend of 10.0 percent of the base salary and mentor teachers are paid a

stipend of 5.0 percent of the base salary. In FY 2017-18, TLSD had 12 employees receiving the mentor stipend, and one employee receiving the lead mentor stipend. In comparison, four of the local peer districts provide mentors with a stipend. Specifically, Hillsdale LSD and Southeast LSD provide mentors with a stipend of \$1,000 in the first and second year, and lead mentors are paid a stipend of \$1,500. Northwestern LSD provides mentors with a first year stipend of \$800, and a second year stipend of \$500, and Wooster CSD provides mentors with a stipend of \$1,304 in the first year and second year. If the District reduced its mentor stipend to the local peer average of \$988.5 the District could have saved approximately **\$9,400** in FY 2017-18.<sup>38</sup> If the District reduced its lead mentor stipend to the local peer average of \$1,500, it could have saved approximately **\$2,000** in FY 2017-18.<sup>39</sup> Collectively, if the District reduced all mentor stipends to the local peer average, it could have saved approximately **\$11,400** in FY 2017-18.<sup>40</sup>

- **Professional Meetings Reimbursement:** Employees attending conferences, clinics, and/or workshops upon the Board's approval receive compensation of expenses for days on which he/she is excused. The Board approves professional meetings to at most \$40,000 per school year, to be prorated among the school buildings based upon the number of staff members in each building. The District allows \$35.00 to be compensated per day for food and \$90.00 per day for lodging. The local peer average reimbursement rate for food is \$27.00 per day, which is \$8.00 less than TLSD. The peer average for lodging is \$87.50 per day which is \$2.50 less than TLSD. The local peers do not indicate a maximum annual amount to be allocated for professional meetings; however, decreasing the payout for food and lodging could result in additional cost savings.<sup>41</sup>
- **Student Growth Committee Stipend:** The Student Growth Committee (SGC) was developed as a result of the new teacher evaluation standards and has the responsibility of strategically setting objectives that cover a wide array of student growth. TLSD currently pays five teachers an SGC stipend and one teacher an SGC chairperson stipend. Committee members are paid an annual stipend that is five percent of the base salary, and the chairperson is paid an annual stipend of six percent of the base salary. In FY 2017-18, TLSD spent a total of \$11,061 in stipends. Only one local peer, Hillsdale LSD, stipulates an SGC, paying six members a stipend at the rate of \$20 per additional school hour maximized at 24 hours annually, thus a maximum annual amount of \$2,880. The District could have saved approximately **\$8,100** in FY 2017-18 if it reduced the Student Growth Committee stipend to a rate in line with Hillsdale LSD.<sup>42</sup>

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<sup>38</sup> West Holmes LSD is not included in the peer average for mentor stipends as their certificated CBA does not contain this provision.

<sup>39</sup> Hillsdale LSD and Southeast LSD are the only peers that have a provision regarding a lead mentor stipend in their CBA.

<sup>40</sup> The value of the savings from this recommendation is increased by approximately 5.3 percent annually for FY 2017-18 through FY 2020-21 to account for projected increases in base salaries.

<sup>41</sup> Hillsdale LSD, West Holmes LSD, and Wooster CSD do not specify food and lodging reimbursement for professional meetings and therefore are not included in the peer average.

<sup>42</sup> The value of the savings from this recommendation is increased by approximately 3.4 percent annually for FY 2017-18 through FY 2020-21 to account for projected increases in base salaries.

**Financial Implication:** Renegotiating the teacher mentor stipend could save the District approximately **\$9,400** annually, based on FY 2017-18 actual reimbursements compared to the local peer average. Renegotiating the lead mentor stipend could save the District approximately **\$2,000** annually based on FY 2017-18 actual reimbursements compared to the local peer average. Renegotiating the SGC stipend could save the District approximately **\$8,100** annually based on FY 2017-18 actual reimbursements compared to the local peers. In total, renegotiating these CBA provisions could save the District approximately **\$19,500** annually.

### **R.13 Reduce employer cost of health insurance**

TLSD offers single and family plan medical/prescription drug (health) and dental insurance coverage to all employees through two plans. Employees covered by the certificated CBA are offered a preferred provider organization (PPO) plan,<sup>43</sup> while support staff employees are offered a high deductible health plan (HDHP).<sup>44</sup> As of May 2018, 181 employees were enrolled in health insurance plans.<sup>45</sup>

TLSD purchases insurance through the Jefferson Health Plan Consortium (the Consortium) made up of 113 members. The Jefferson Health Plan enables eligible employers to provide individually designed benefit programs to their employees while taking advantage of being a part of the consortium. The District's health benefits are self-insured through the Consortium, meaning TLSD does not have its own self-insurance fund. Rather, the District contributes to Jefferson Health Plan joint pool, which is effectively the Consortium's self-insurance fund. TLSD is required to maintain a certain reserve balance. Self-insured entities are required to collect premiums sufficient to account for actual claims paid as well as to maintain a self-insurance fund balance that is adequate to account for claims liability as estimated by the third-party administrator or other qualified actuarial services provider.

As of February 2018, TLSD had a negative reserve balance of \$332,785, indicating that the premiums set for FY 2017-18 were not collecting a sufficient amount to cover claims, or the required reserve. The District's required reserve as of February 2018 was \$326,207, resulting in a required recovery funding of \$682,111. In order to collect sufficient funds to cover the required funding, TLSD's premiums were increased beginning July 1, 2018.

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<sup>43</sup> Preferred provider organization (PPO) plans allow the plan participant to visit any in-network physician or healthcare provider they choose without first requiring a referral from a primary care physician and are one of the most popular types of plans within the single and family coverage market.

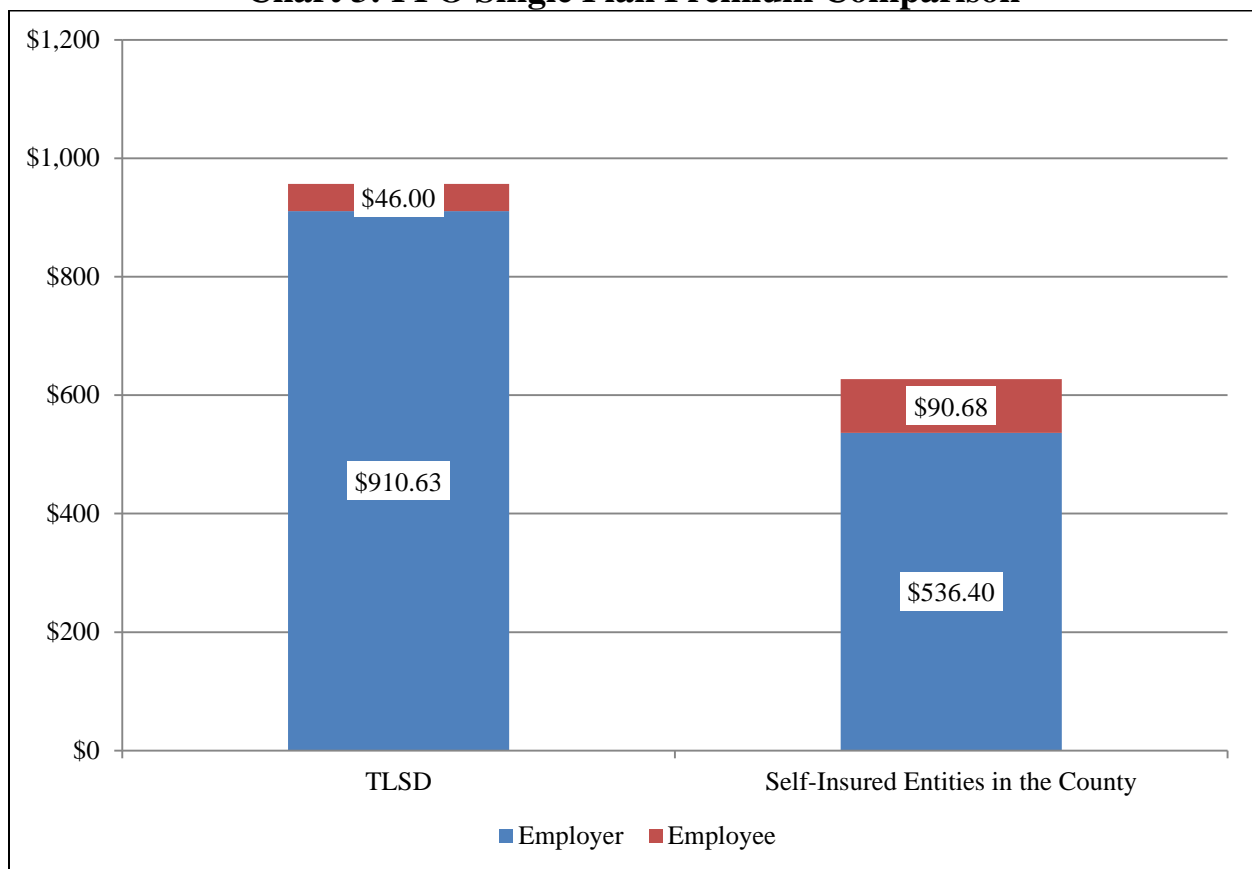
<sup>44</sup> *High Deductible Health Plan (HDHP)* (Healthcare.gov, 2018) defines a HDHP as a plan with a higher deductible than a traditional insurance plan. The monthly premium is usually lower, but the enrollee pays more health care costs before the insurance company starts to pay its share (the enrollee's deductible). The IRS defines an HDHP as any plan with a deductible of at least \$1,350 for an individual or \$2,700 for a family.

<sup>45</sup> As of May 2018, there were 21 employees enrolled in the single PPO plan, 90 employees enrolled in the family PPO plan, 10 employees enrolled in the single HDHP, and 54 employees enrolled in the family HDHP.



In gauging the relative cost of insurance, it is important to compare the costs to other entities in the area. The Ohio State Employment Relations Board (SERB) surveys public sector entities concerning medical, dental, and vision insurance costs and publishes this information annually in *Health Insurance: The Cost of Health Insurance in Ohio's Public Sector* (SERB, 2017).<sup>46</sup> **Chart 3** shows TLSD's PPO single plan monthly health insurance premiums and contributions for FY 2018-19 compared to the Wayne County average for other self-insured plans. **Chart 4** shows a similar comparison focusing on family plans monthly health insurance premiums<sup>47</sup> while **Chart 5** shows TLSD's HDHP single plan monthly health insurance premiums and contributions for FY 2018-19 compared to the Akron/Canton Regional average for other self-insured plans. Lastly, **Chart 6** shows a similar comparison focusing on family plans monthly health insurance premiums.<sup>48</sup>

**Chart 3: PPO Single Plan Premium Comparison**



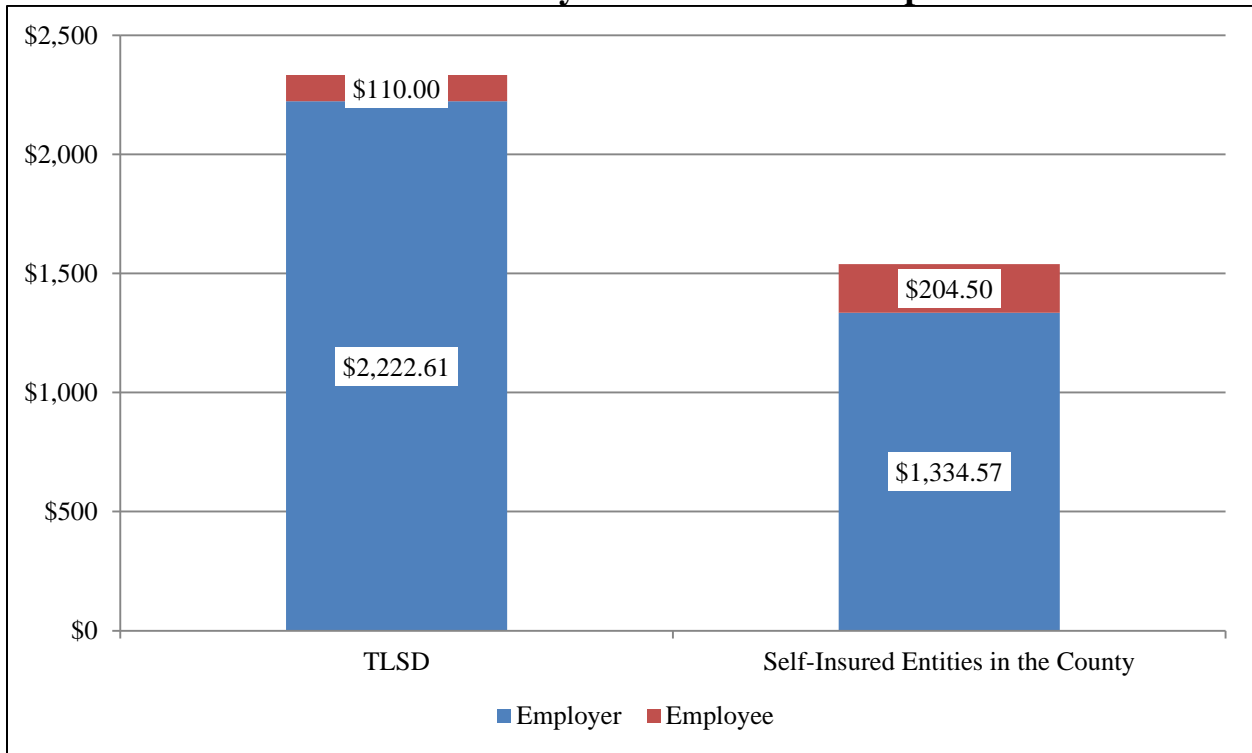
Source: TLSD and SERB

<sup>46</sup> As of the completion of the field work phase of this performance audit, the most recent SERB survey available was published in 2017. In order to compare TLSD's FY 2018-19 premiums, the SERB 2017 information was inflated using the weighted average of historical premium increase of 3.6 percent for calendar year (CY) 2013 through CY 2017.

<sup>47</sup> TLSD's PPO plan was compared to other self-insured entities because there were an insufficient number of entities in the County that are fully-insured.

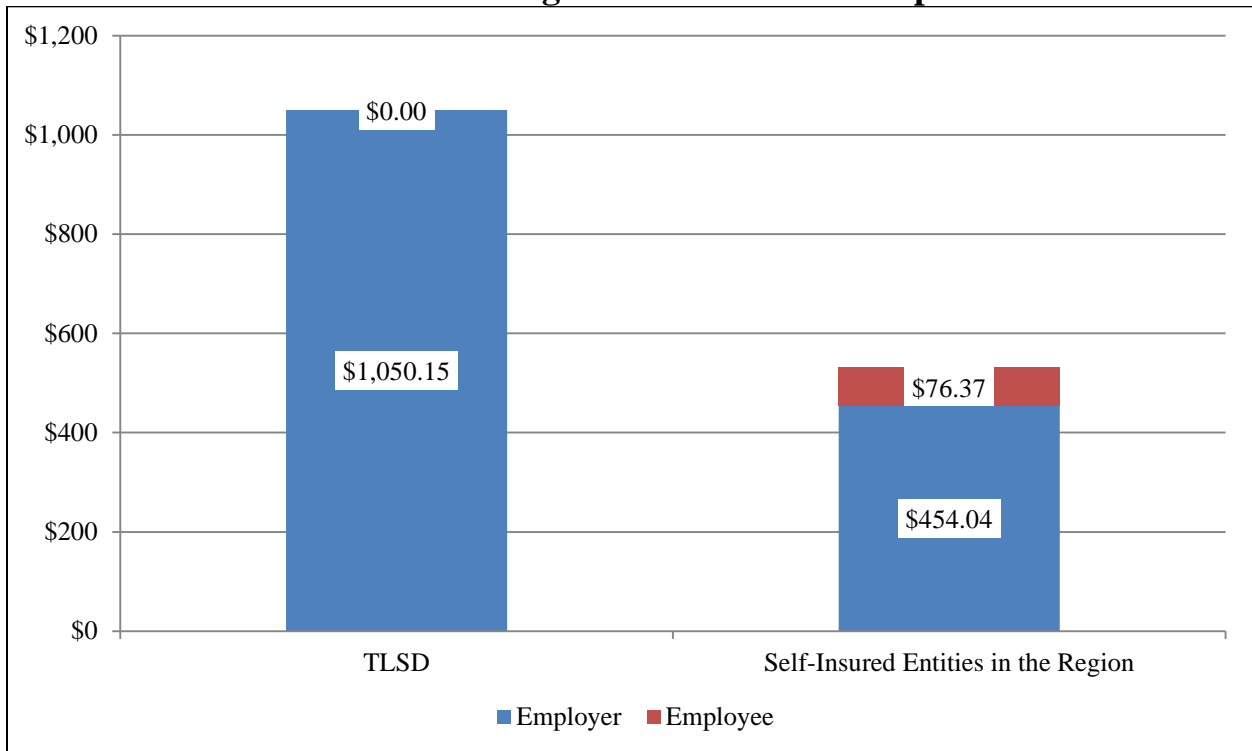
<sup>48</sup> TLSD's HDHP plan was compared to other self-insured entities in the Akron/Canton region because there were an insufficient number of entities with self-insured HDHP plans in Wayne County.

**Chart 4: PPO Family Plan Premium Comparison**



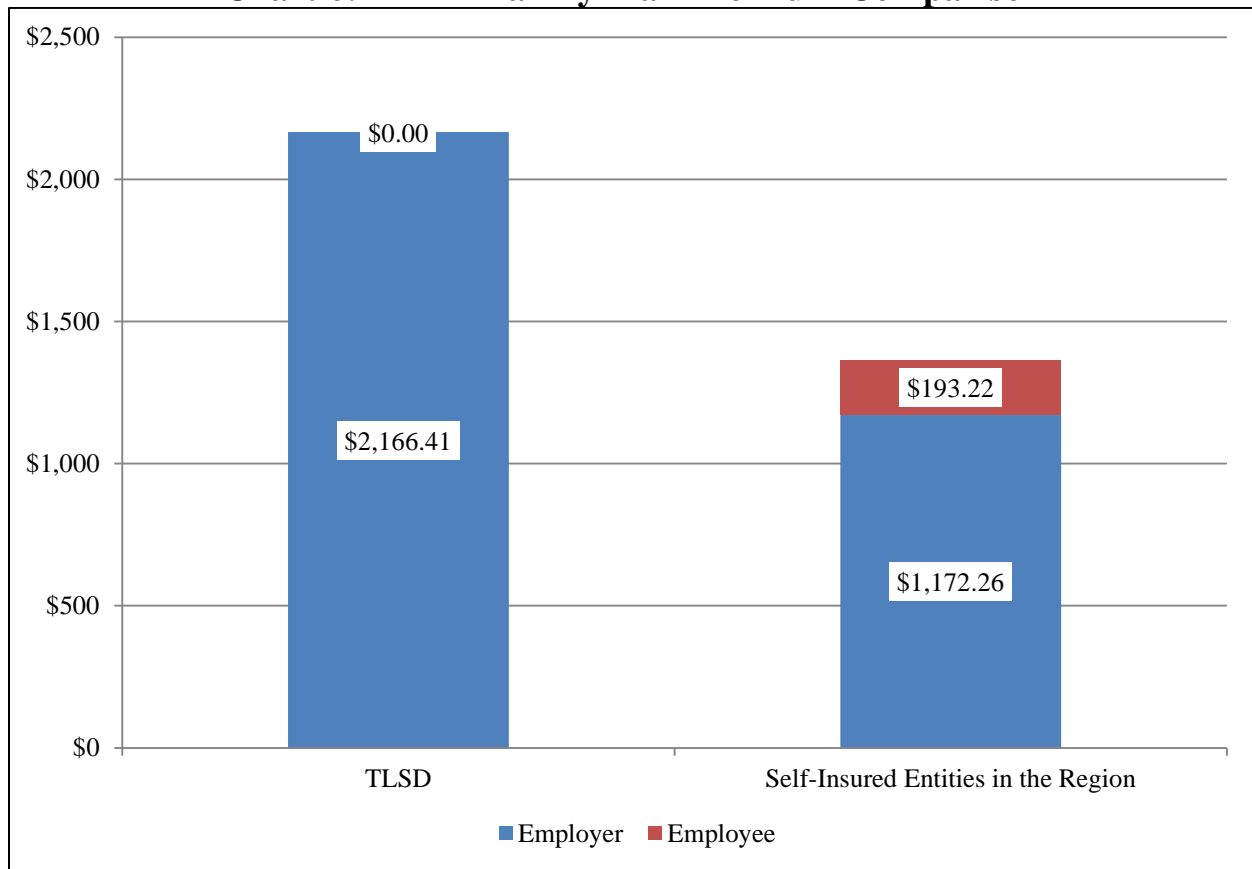
Source: TLSD and SERB

**Chart 5: HDHP Single Plan Premium Comparison**



Source: TLSD and SERB

**Chart 6: HDHP Family Plan Premium Comparison**



Source: TLSD and SERB

As shown in **Chart 3** through **Chart 6**, TLSD’s single and family plan monthly health insurance premiums for both the PPO and HDHP plans are significantly more costly than other self-insured entities in Wayne County with a PPO plan, and other self-insured entities in the Akron/Canton region with a HDHP plan. Furthermore, for both plan types, the District’s share of the monthly health premium (i.e., employer cost) alone is still significantly more costly than the Wayne County and Akron/Canton region average full premium cost for self-insured entities.

TLSD’s premiums are used to pay claims as well as to ensure adequate reserves in order to address likely claims liability. As such, the higher the claims cost, the higher the premiums. There are two primary factors impacting the cost of claims; employee use of insurance, and insurance plan design, including cost sharing.

While the cost of claims is directly measurable through the performance of the Self-Insurance Fund, the cost effectiveness of plan design is able to be evaluated through comparisons to other entities in the area. **Table 21** and **Table 22** show TLSD’s key health insurance plan design elements, by plan type, as compared to the Wayne County average.

**Table 21: PPO Health Insurance Plan Design Comparison**

	TLSD	Wayne County Avg.	Difference
<b>Deductibles</b>			
Single: In-Network	\$500.00	\$269.86	\$230.14
Family: In-Network	\$1,000.00	\$565.27	\$434.73
Single: Out-of-Network	\$500.00	\$499.85	\$0.15
Family: Out-of-Network	\$1,000.00	\$1,050.81	(\$50.81)
<b>Out-of-Pocket Maximums</b>			
Single: In-Network	\$500.00	\$1,356.95	(\$856.95)
Family: In-Network	\$1,500.00	\$2,642.35	(\$1,142.35)
Single: Out-of-Network	\$5,100.00	\$2,292.25	\$2,807.75
Family: Out-of-Network	\$10,300.00	\$4,538.51	\$5,761.49
<b>Co-Payments</b>			
Office Visit	\$20.00	\$6.90	\$13.10
Urgent Care	\$20.00	\$8.94	\$11.06
Emergency Room	\$75.00	\$44.72	\$30.28

Source: TLSD and SERB

**Table 22: HDHP Health Insurance Plan Design Comparison**

	TLSD	Akron/Canton Region Avg.	Difference
<b>Deductibles</b>			
Single: In-Network	\$2,600.00	\$3,714.80	(\$1,114.80)
Family: In-Network	\$5,200.00	\$7,638.29	(\$2,438.29)
Single: Out-of-Network	\$5,200.00	\$6,446.09	(\$1,246.09)
Family: Out-of-Network	\$10,400.00	\$13,365.69	(\$2,965.69)
<b>Out-of-Pocket Maximums</b>			
Single: In-Network	\$2,600.00	\$4,773.19	(\$2,173.19)
Family: In-Network	\$5,200.00	\$9,755.07	(\$4,555.07)
Single: Out-of-Network	\$5,200.00	\$12,108.12	(\$6,908.12)
Family: Out-of-Network	\$10,400.00	\$26,798.86	(\$16,398.86)
<b>Co-Payments</b>			
Office Visit	\$20.00	\$7.34	\$12.66
Emergency Room	\$100.00	\$25.99	\$74.01

Source: TLSD and SERB

As shown in **Table 21**, TLSD's single and family in- and out-of-network deductibles, single and family out-of-network out-of-pocket-maximums, and co-payments are in line or higher than the Wayne County average for the PPO plan, while the District's in-network out-of-pocket maximums are lower than the Wayne County average. Additionally, as shown in **Table 22**, TLSD's in- and out-of-network deductibles, and out-of-pocket maximums are significantly lower than the Akron/Canton Regional average for the HDHP, while the District's co-payments are higher. Lower deductibles and out-of-pocket maximums increase the District's costs of health insurance services. A less generous plan design, specifically focusing on increased in-network out-of-pocket maximums for the PPO plan, and both deductibles and out-of-pocket maximums for the HDHP, would help the District to shift some of the current financial responsibilities to employees and may help to decrease employer cost.

TLSD could also attempt to reduce health insurance claims, and overall cost, through the creation of an employee wellness program. According to *Managing Health Care Costs* (Society for Human Resource Management, 2017), wellness benefits can take many forms, and can be as simple or as complex as an organization desires. Some wellness benefits help employees deal with preventable and chronic conditions such as obesity, high glucose and elevated cholesterol. Other wellness benefits are incentive programs designed to motivate employees to complete certain health and wellness activities such as annual health risk assessments, smoking-cessation programs or weight-reduction programs. SHRM continues, stating “about three-quarters of HR professionals said their organizations offered some type of wellness program in 2014, and more than two-thirds of respondents from organizations that offered wellness initiatives indicated these efforts were “somewhat effective” or “very effective” in reducing the costs of health care.”

Another method of reducing health insurance claims is to implement spousal restrictions to reduce the number of health insurance participants. Under a spousal restriction, an employer may require spouses of employees, who have health insurance coverage available through other means (e.g., another employer), to use other available health insurance coverage. TLSD limits insurance if both spouses are employed by the District by only paying for one family plan or two single plans (if there are no children), but does not address spouses working at other employers. According to *Health Insurance: The Cost of Health Insurance in Ohio’s Public Sector* (SERB, 2017), spousal restrictions are used by 44.1 percent of public sector employers in Ohio. Although a majority, 59.5 percent of entities, with spousal restrictions only required the spouse to take other insurance as the primary provider. Another 4.9 percent of entities with a spousal restriction offered an incentive and 3.6 percent charged a penalty.

The final component of plan design is employer/employee cost sharing. If TLSD is unable to adequately reduce the employer cost of insurance through the aforementioned plan design changes and restrictions, it may be necessary to increase the employee premium to fully offset the District’s higher employer cost of health insurance (see **Chart 3**, **Chart 4**, **Chart 5**, and **Chart 6**).

**Table 23** shows TLSD’s employer cost of health insurance for the PPO plan for FY 2018-19 compared to the Wayne County average for self-insured plans. Similarly, **Table 24** shows TLSD’s employer cost of health insurance for the HDHP for FY 2018-19 as compared to the Akron/Canton Regional average for self-insured plans. Focusing on the District’s employer cost of health insurance provides context for the potential savings available through bringing employer cost in line with the Wayne County average.

**Table 23: PPO Health Insurance Premium Comparison**

TLSD Employees Enrolled by Plan Type		
Single		21
Family		90
Plan Type	TLSD Annual Employer Costs	Wayne County Avg. Annual Employer Cost Self-Insured Entities
Single	\$10,928	\$6,437
Family	\$26,671	\$16,015
Single Plan Annual Difference per Employee		\$4,491
Family Plan Annual Difference per Employee		\$10,656
Single Plan Annual Total Cost Savings		\$94,311
Family Plan Annual Total Cost Savings		\$959,040
<b>Total Annual Health Insurance Cost Savings</b>		<b>\$1,053,351</b>

Source: TLSD and SERB

**Table 24: HDHP Health Insurance Premium Comparison**

TLSD Employees Enrolled by Plan Type		
Single		10
Family		54
Plan Type	TLSD Annual Employer Costs	Akron/Canton Region Avg. Annual Employer Cost Self-Insured Entities
Single	\$12,602	\$5,259
Family	\$25,997	\$13,578
Single Plan Annual Difference per Employee		\$7,343
Family Plan Annual Difference per Employee		\$12,419
Single Plan Annual Total Cost Savings		\$73,430
Family Plan Annual Total Cost Savings		\$670,626
<b>Total Annual Health Insurance Cost Savings</b>		<b>\$744,056</b>

Source: TLSD and SERB

Note: There were an insufficient number of entities in Wayne County that reported self-insured HDHP costs; therefore, the regional average was used.

As shown in **Table 23** and **Table 24**, TLSD's annual employer cost of health insurance for the PPO and HDHP, single and family plans, is significantly higher than the Wayne County and Akron/Canton regional averages for self-insured entities. In total, bringing the District's employer cost in line with the respective averages would result in cost savings of over **\$1.7 million** annually.

TLSD's employer health insurance costs for single and family plans are significantly higher than the SERB averages for self-insured entities. If the District chooses to remain with the Jefferson Health Plan, it should attempt to reduce cost by controlling claim amounts or the overall cost sharing. Options to reevaluate include: key plan design elements, such as out-of-pocket maximums; the cost/benefit of wellness programs; implementing spousal restrictions; and increasing employee contributions. However, implementation of changes to the PPO plan would

not be feasible, except through negotiation, and would not be implementable until after the CBA expires on June 30, 2020.

**Financial Implication:** Bringing the employer cost of health insurance in line with the SERB averages for self-insured entities could save the District an average of **\$2,085,400** in each year of implementation over the forecasted period.<sup>49</sup>

#### **R.14 Consider closing Franklin Township Elementary School**

The District operates and maintains five school buildings: including three elementary schools (grades K-6), one junior high school (grades 7-8), and one high school (grades 9-12). The District is currently planning the future state of its buildings and is considering three options outlined in **Table 25** for FY 2022-23.<sup>50</sup>

**Table 25: Building Options for Future State**

<b>Building/Site</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Franklin Township Elementary School	Close or Repurpose	Close or Repurpose	Close or Repurpose
Shreve Elementary School	Renovated PK-5	Close or Repurpose	New PK-5 <sup>1</sup>
Wooster Township Elementary School	Renovated PK-5	Close or Repurpose	Close or Repurpose
Triway Junior High School	Close or Repurpose	Close or Repurpose	Close or Repurpose
Triway High School	Renovated 6-12	New PK-12 <sup>2</sup>	New 6-12

Source: TLSD

<sup>1</sup> Site to be determined.

<sup>2</sup> To be built at current Triway High School location.

As shown in **Table 25**, all three options include closing Franklin Township Elementary School and Triway Junior High School.

**Table 26** shows a projection of TLSD's student enrollment for FY 2018-19 through FY 2022-23, using three years of historical enrollment (FY 2014-15 through FY 2017-18) by grade level to project enrollment.<sup>51</sup> Enrollment trends are significant to building operations, as declining enrollments could signify the eventual need for fewer buildings.

<sup>49</sup> The District predicts a 10.0 percent increase in insurance costs annually. As such, the cost savings applied to the five-year forecast are also inflated by 10.0 percent annually to be consistent.

<sup>50</sup> The approval of one of the options may be contingent upon the ability of the District to receive Ohio Facilities Construction Commission (OFCC) funding and/or passing a bond issue.

<sup>51</sup> A trend analysis is used to project kindergarten enrollment. The cohort survival method, using linear regression, is used to project all other grades. There are many other factors, however, that could impact actual enrollment such as housing starts; planned annexations; open enrollment; charter schools; vouchers; and digital academies.

**Table 26: Student Enrollment Projections**

Grade	Historical Enrollment			Projected Enrollment				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>K</b>	102	125	131	121	120	119	118	117
<b>1</b>	115	97	121	123	114	113	112	111
<b>2</b>	142	114	103	124	126	117	116	115
<b>3</b>	116	142	111	104	125	127	118	117
<b>4</b>	131	112	138	111	104	125	127	118
<b>5</b>	141	134	112	141	113	106	128	130
<b>6</b>	151	137	129	112	141	113	106	128
<b>7</b>	143	148	140	128	112	140	113	106
<b>8</b>	141	142	144	140	128	112	140	113
<b>9</b>	122	135	136	139	135	123	108	135
<b>10</b>	131	110	136	131	134	130	119	104
<b>11</b>	79	94	74	97	93	95	92	85
<b>12</b>	89	82	93	65	86	82	84	81
<b>Total:</b>	<b>1,603</b>	<b>1,572</b>	<b>1,568</b>	<b>1536</b>	<b>1531</b>	<b>1502</b>	<b>1481</b>	<b>1460</b>

Source: ODE

As shown in **Table 26**, the District has recently experienced a decline in enrollment and projections show a continued decline for FY 2018-19 through FY 2022-23.

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

**Table 27** shows TLSD's utilization by building level for FY 2017-18, as well as in total. Assessing building utilization provides an indication of the efficiency of overall facilities usage.

**Table 27: Facilities Utilization by Building Level**

	Buildings	Head Count	Functional Capacity	Utilization
Elementary	3	879	1,200	73.3%
Junior High	1	284	383	74.2%
High School	1	439	638	68.8%
<b>District Total</b>	<b>5</b>	<b>1,602</b>	<b>2,221</b>	<b>72.1%</b>

Source: TLSD and ODE



As shown in **Table 27**, the District's total utilization of 72.1 percent identifies that its buildings are significantly underutilized.

**Table 28** shows the building closure scenario that TLSD could achieve with the closure of Franklin Township Elementary.<sup>52</sup> This analysis shows how the closure of this building impacts the overall usage of the District's facilities.

**Table 28: Revised Utilization with Building Closure**

	<b>Buildings</b>	<b>Head Count</b>	<b>Functional Capacity</b>	<b>Utilization</b>
Elementary	2	879	1,025	85.8%
Junior High	1	284	383	74.2%
High School	1	439	638	68.8%
<b>District Total</b>	<b>4</b>	<b>1,602</b>	<b>2,046</b>	<b>78.3%</b>

Source: TLSD and ODE

As shown in **Table 28**, it is possible to improve building utilization through targeted building closures. Closing Franklin Township Elementary would align existing capacity to meet head count demand and more efficiently utilize buildings. (Also see **Issue For Further Study** for further discussion of the District's potential ability to close of Junior High.)

**Table 29** shows annual savings achievable based upon the closure of Franklin Township Elementary. Total savings from direct closure is inclusive of component savings realized through administrative, clerical, teaching, custodial, and food service employee reductions as well as decreased utilities and maintenance expenditures, and elimination of supplies and materials.

<sup>52</sup> Closing Shreve Elementary or Wooster Township Elementary would result in overcrowding as Franklin township elementary only houses 113 students.

**Table 29: Annual Savings from Building Closure**

Current Expenditure/Staffing Category	Annual Financial Impact
Utilities	\$17,351
Maintenance	\$12,619
Supplies and Materials	\$13,991
1.00 FTE - Principal	\$134,980
1.00 FTE - Clerical	\$59,091
7.50 FTE - Teachers	\$582,474
0.86 FTE - Library Aide	\$15,282
1.00 FTE - Custodial	\$47,453
1.29 FTE - Food Service	\$10,488
<b>Food Service Fund Annual Savings Adjustment<sup>1</sup></b>	<b>(\$3,488)</b>
<b>Total Five-Year Forecast Annual Savings</b>	<b>\$890,241</b>

Source: TLSD

<sup>1</sup> An adjustment was made to the savings resulting from the elimination of the food service employees to limit the General Fund savings to \$7,000, the FY 2016-17 subsidy amount. The District could still realize the remaining \$3,488 however, this savings would occur in the Food Service Fund.

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

**Financial Implication:** Closing Franklin Township Elementary could save the District approximately **\$890,200** annually.<sup>53</sup>

### **R.15 Complete T-1 Forms as prescribed by ODE**

In accordance with ORC § 3327.012 and OAC 3301-83-01, school districts in Ohio are required to submit annual T-1 and T-2 Forms to ODE. The District's FY 2017-18 T-1 Form and FY 2016-17 T-2 Form, the most recent years available, were not completed accurately and in accordance with ODE reporting instructions.

School districts are required to complete the T-1 Form by recording the average number of pupils enrolled and regularly transported to school as well as the average daily miles traveled for pupil transportation, excluding non-routine and extra-curricular miles, during the first full week of October. This data certifies the actual number and type of pupils transported, daily miles traveled, and buses used in the transportation program and is used for the calculation of the pupil transportation payment, on a per mile or per student basis, whichever is greater, pursuant to ORC § 3327.012. ODE provides detailed instructions for completing the T-1 Form. In particular, it provides guidelines detailing how a district should properly code its students, mileage, and buses. Cost data is reported via the T-2 Form, which serves to certify the actual expenses incurred in the transportation of eligible pupils reported on the corresponding T-1 Form.

TLSD is funded on a per mile basis and the Transportation Supervisor is responsible for compiling all data needed to complete the T-1 Form. The District only collected ridership data

<sup>53</sup> The value of the savings for personnel included in this recommendation is projected to increase by an average of 5.0 percent annually for FY 2020-21 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**.

for two days and mileage data for one day, instead of collecting and reporting the entire five day average per OAC 3301-83-01. Furthermore, the District's FY 2017-18 T-1 Report and bus driver count sheets were reviewed for consistency and accuracy. **Table 30** shows the degree of variation between this count data and the information reported on the District's FY 2017-18 T-1 Report. This comparison is important in determining whether the District is compliant in reporting to ODE an accurate count of mileage and riders on its T-1 Form.<sup>54</sup>

**Table 30: T-1 Form Reporting Variation**

Category	Reported Amount
T-1 Form Mileage Total	1,305
Driver Count Sheet Mileage Total	1,280
<b>Difference</b>	<b>25</b>
<b>% Difference</b>	<b>2.0%</b>
<b>T-1 Form Student Rider Total</b>	
T-1 Form Student Rider Total	1,404
Driver Count Sheet Student Rider Total	1,338
<b>Difference</b>	<b>66</b>
<b>% Difference</b>	<b>4.9%</b>

Source: TLSD and ODE

As shown in **Table 30**, the District's T-1 Form over reported miles and riders when compared to the bus driver count sheets. This was the result of the count sheets having mathematical and counting errors, reporting of preschool riders, and human error in transferring data from the count sheets to the T-1 Form.

The District's T-2 Form for FY 2016-17 did not report Type V expenditures though it reported Type V riders on its FY 2016-17 T-1 Form.<sup>55</sup> Instead, Type V expenditures were included with Type I expenditures.

The District should develop formal internal policies and procedures for acquiring and compiling T-Form data. Developing and implementing formal procedures would help ensure accuracy when compiling and submitting rider count sheets for the T-1 Form and associated costs on the T-2 Form. The types of errors identified above indicate that there are deficiencies in the data collection and review process used by the District. Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District.

<sup>54</sup> ODE's Office of Pupil Transportation is responsible for oversight of all transportation data reporting. Given that the reporting error identified in this performance audit could potentially impact the District's transportation funding this matter has been sent to ODE for additional review should the Department determine that it is necessary. During the performance audit, TLSD completed another count, which was observed by OPT (see **R.16**).

<sup>55</sup> Type V expenditures include those for operating Board-owned vehicles other than school buses (9 passengers or less). Similarly, Type V riders include students who ride board-owned or operated vehicle other than a school bus. This class of vehicle is for special education students, homeless students, or students placed in an alternative school.

## R.16 Right size the active bus fleet

TLSD operates with a total of 15 active buses, six spare buses, and three vans for FY 2018-19. In total, the District is transporting 999 riders.<sup>56</sup>

The District's practice is to transport all resident riders requesting transportation, regardless of distance from their assigned schools. ORC § 3327.01 establishes state-minimum transportation requirements, including an obligation to transport all resident K-8 students living two or more miles from their assigned schools and the obligation to transport all non-public riders to their destination locations as long as the destination location is within a 30 minute drive of the otherwise assigned resident school.<sup>57</sup>

For FY 2018-19, the District organizes its resident-student routes into two tiers, including:

- **Tier I** – This tier is for 425 junior high and high school riders and includes 15 routes; and
- **Tier II** – This tier is for 574 elementary school riders and includes 15 routes.<sup>58</sup>

*Hidden Savings in Your Bus Budget* (American Association of School Administrators, 2017), provides a number of cost saving ideas to increase transportation efficiency. One such opportunity is to assess how many children are transported on each bus. The article states that an “effective pupil-to-bus ratio should average at least 100 pupils on a double-route, two-tier bus system. Actual capacity use must be measured with 80 percent of rated capacity as a goal.”

However, when evaluating opportunities for improved efficiency, without significant changes to tiers, start times, and bell schedules it is important to evaluate if all routes that are underutilized are reasonably able to be improved. This can be difficult or even impossible for routes that are special purpose, such as special needs transportation.<sup>59</sup> Routes that already involve a lengthy ride time may also present a challenge as there may be few opportunities to add significant ridership without creating significantly longer ride times.

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<sup>56</sup> ODE publishes reporting instructions for both the T-1 and T-2 Reports. *T-1 Report Instructions* (ODE, 2018) indicates that the data recorded in the T-1 Report, “shall be a 5-day average of pupils enrolled and regularly transported to school during the designated count week, typically the first full week of October.” In order to complete an analysis of TLSD's transportation operation prior to the official count week required by ODE, the District completed a count the week of September 17, 2018 through September 21, 2018. TLSD drivers recorded student counts during this week, OPT also observed and counted student riders. Ridership information obtained during the September count is used in this analysis. Additionally, a typical T-1 Report requires the District to distinguish between public and non-public riders, due to the unofficial count information used in the analysis, this breakdown is not available.

<sup>57</sup> TLSD is required to transport all non-public riders in accordance with the days, start times, and bell schedules established by the non-public schools to which those riders are being transported. Effectively, the District does not have direct control over the ability to improve the efficiency of these routes and, as such, non-public routes are excluded from this transportation efficiency analysis. However, non-public riders are included in the analysis when they are included on routes that are otherwise transporting resident students as they utilize available capacity.

<sup>58</sup> TLSD's school buses have 24 seats, with a rated capacity of 72 students, using three riders per seat. Rated capacity is based on the number of passengers that can safely ride on a bus. While three students to a seat may be true at the elementary level, it is not true at the junior high and high school level, instead, two riders per seat is used.

<sup>59</sup> Special needs transportation, defined as routes with more than 50 percent ridership categorized as special needs, are excluded from the scope of this analysis as changes to these routes may impact compliance with IDEA Part B maintenance of effort.

There is no state law that caps bus ride times and the District does not have formal policies in place establishing limits. However, the District has one route on each tier that it reports to exceed 60 minutes. These longer routes are not the District’s norm, the average of all other Tier I routes is reported to be 36 minutes and the all other Tier II routes is reported to be 41 minutes.<sup>60</sup> In seeking to address the District’s projected deficit financial condition it may be necessary to consider changes that would increase efficiency and generate cost savings, but could significantly increase all ride times. However, for the purposes of this analysis, only those routes which are currently reported to be less than 60 minutes are included.

**Table 31** shows the total number of Tier I and Tier II bus routes, capacity, and utilization rates. This analysis is helpful in determining an optimal number of buses the District should have based on its current ridership.

**Table 31: Bus Capacity Analysis**

	Total Number of Routes <sup>1</sup>	Capacity per Route	Total Capacity	Total Riders	Baseline Utilization
Tier 1	14	48	672	407	60.6%
Tier 2	14	72	1,008	542	53.8%
<b>Tier I Route Elimination Sensitivity Analysis and Impact on Utilization</b>					
Routes Eliminated	1	2	3	4	5
Capacity Eliminated	48	96	144	192	240
Adjusted Total Capacity	624	576	528	480	432
Adjusted Total Utilization	65.2%	70.7%	77.1%	84.8%	94.2%

Source: TLSD

<sup>1</sup> Although each tier currently has 15 routes, for the purposes of analyzing the opportunity to eliminate routes one route is excluded from both Tier I and Tier II due to route times exceeding 60 minutes.

As shown in **Table 31**, Tier I has a higher baseline utilization, therefore, proposed reductions focus on the tier with higher capacity needs. TLSD should eliminate three buses on each tier to be running at 80 percent capacity.

**Table 32** shows the financial implication of eliminating four buses. This is helpful because it gives an objective look at potential cost savings accompanying bus reductions.

**Table 32: Financial Impact of Bus Reductions**

<b>Number of Buses to be Reduced</b>	<b>3</b>
Regular Driver Salaries and Benefits	\$105,697.75
Bus Insurance	\$5,517.96
<b>Total Annual Savings</b>	<b>\$111,215.71</b>

Source: TLSD

<sup>60</sup> Route time information was not available for one bus, for both Tier I and Tier II, and is therefore not included in the averages.

As shown in **Table 32**, eliminating three buses would result in a significant annual savings from salaries, benefits, and bus insurance.

Financial Implication: Eliminating three buses could save an average of **\$111,200** in salaries, benefits, and bus insurance in each year of the implementation over the forecasted period.<sup>61</sup> This was calculated using the actual salaries and benefits and projected increases of the least tenured bus driver positions and the average bus insurance, per bus, in FY 2018-19. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

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<sup>61</sup> The value of the savings from this recommendation is projected to increase by 6.3 percent annually for FY 2019-20 through FY 2021-22 to account for projected increase in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 4**. Benefits include medical, prescription drug, dental, life insurance, insurance incentives, Medicare, retirement, and workers' compensation.

## Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: Financial Management, Human Resources, Facilities, and Transportation. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Five of the 15 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

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

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

Objective	Recommendation
<b>Transportation</b>	
Are the District T-Report procedures and practices consistent with ODE requirements?	<b>R.15</b>
Is the fleet sized appropriately and routed efficiently compared to leading practices and are transportation operations appropriate based on the District's financial condition?	<b>R.16</b>
Are District fuel purchasing practices resulting in efficient pricing?	<b>N/A</b>

Note: Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. This performance audit did identify internal control deficiencies specific to transportation reporting. These deficiencies were communicated to both the District and ODE.



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## Appendix B: Additional Comparisons

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### *Staffing*

TLSD's FY 2017-18 FTE staffing levels by category are shown in **Chart 1**.<sup>62</sup> Analyses of staffing levels that resulted in recommendations include: eliminate 1.0 FTE building administrator position (see **R.3**), eliminate 14.0 FTE general education teacher positions (see **R.4**), eliminate 1.5 FTE career-technical programs/career pathway teacher positions (see **R.5**), eliminate 1.5 FTE art education K-8 teacher positions (see **R.6**), eliminate 1.0 FTE music education K-8 teacher position (see **R.7**), eliminate 1.0 FTE physical education K-8 teacher position (see **R.8**), eliminate 2.0 FTE building clerical positions (see **R.9**), and eliminate 3.0 FTE library staff positions (see **R.10**). Staffing comparisons where the analysis did not result in a recommendation are presented for informational purposes below. Staffing comparisons show total FTEs only when the evaluation of the category as a whole is relevant.

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<sup>62</sup> The individual positions within each staffing category in **Chart 1** are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

**Central Office Administrators**

In addition to the Superintendent and Treasurer, TLSD employed 3.0 FTE central office administrators in FY 2017-18. **Table B-1** shows TLSD’s FY 17-18 central office administrators per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-1: Central Office Administrator Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (Thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Assistant, Deputy/Associate Superintendent	0.00	0.00	0.20	(0.20)	(0.32)
Supervisor/Manager	2.00	1.24	0.77	0.47	0.76
Coordinator	0.00	0.00	0.61	(0.61)	(0.98)
Education Administrative Specialist	1.00	0.62	0.08	0.54	0.87
Director	0.00	0.00	0.26	(0.26)	(0.42)
Other Official/Administrative	0.00	0.00	0.13	(0.13)	(0.21)
<b>Total</b>	<b>3.00</b>	<b>1.86</b>	<b>2.05</b>	<b>(0.19)</b>	<b>(0.30)</b>

Source: TLSD and primary peers

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

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

As shown in **Table B-1**, despite employing 0.30 fewer FTE central office administrators in total than the primary peer average, TLSD has higher staffing in the supervisor/manager and education administrative specialist categories. Administrative staff, however, is compared in total due to the similarities and flexibility in coding these positions in EMIS. The supervisor/director FTEs at TLSD are the building and grounds supervisor and the transportation supervisor/athletic director. The education administrative specialist is the Director of Curriculum.

## Teaching Staff

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

**Table B-2: Teaching Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
General Education	83.50	51.96	43.03	8.93	14.35
Gifted and Talented	0.00	0.00	0.53	(0.53)	(0.85)
Career-Technical Programs/Career Pathways	2.50	1.56	0.53	1.03	1.66
K-8 Art Education	3.50	2.18	1.18	1.00	1.61
K-8 Music Education	4.00	2.49	1.75	0.74	1.19
K-8 Physical Education	3.50	2.18	1.35	0.83	1.33

Source: TLSD and primary peers

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

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

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

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

Analysis of the teaching staff that resulted in a recommendation includes the elimination of 14.0 FTE general education teaching positions (see **R.4**), 1.5 FTE career-technical teaching positions (see **R.5**), 1.5 FTE K-8 art education teaching positions (see **R.6**), 1.0 FTE K-8 music education teaching positions (see **R.7**), and 1.0 FTE K-8 physical education teaching positions (see **R.8**).

## Non-Teaching Educational Staff

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

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

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Curriculum Specialist	0.00	0.00	0.10	(0.10)	(0.16)
Counseling	3.00	1.87	1.61	0.26	0.42
Remedial Specialist	0.00	0.00	0.76	(0.76)	(1.22)
Tutor/Small Group Instructor	0.00	0.00	1.80	(1.80)	(2.89)
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.03	(0.03)	(0.05)
Other Educational	8.00	4.98	0.53	4.45	7.15

Source: TLSD and primary peers

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

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

As shown in **Table B-3**, TLSD employs fewer non-teaching educational staff than the primary peer average in the curriculum specialist, remedial specialist, tutor/small group instructor, and full-time (permanent) substitute teacher categories. Categories with higher non-teaching educational staff were counseling and other educational categories. Although the counseling category is higher than the primary peer average by 0.42 FTE, no recommendation is made to eliminate unless the District is 0.5 FTE higher.

The other educational category exists for positions which do not meet the specific definitions of aforementioned EMIS educational categories. Therefore, additional analysis of the specific functions of these positions is necessary in order to determine the appropriateness of staffing levels. Further analysis of TLSD's other educational category showed that 6.0 FTEs serve Title I students. These positions are funded through Title I – Disadvantaged Children/Targeted Assistance Federal Funds and therefore no recommendation was warranted. In addition, the District employs 2.0 FTE dean of students positions responsible for small group intervention, responses-to-intervention, and testing and assessments in the District's elementary schools. Further review and comparison of the function of the dean of students positions showed that some peer districts utilize special education teachers and others use remedial specialists and tutor/small group instructors to perform these functions. As shown in **Table B-3**, TLSD was below the primary peer average in both remedial specialists and tutor/small group instructors.

**Professional Staff**

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

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

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Psychologist	0.00	0.00	0.24	(0.24)	(0.39)
Social Work	0.00	0.00	0.04	(0.04)	(0.06)
Other Professional - Other	0.00	0.00	0.13	(0.13)	(0.21)

Source: TLSD and primary peers

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

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

As shown in **Table B-4**, The District does not employ professional staff. In FY 2017-18, psychological assessments were completed by the Director of Student Services/Psychologist; however, this 1.0 FTE was removed from the analysis as it is serving special education students only.

**Technical Staff**

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

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

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Computer Operating	1.00	0.62	0.07	0.55	0.88
Computer Programming	0.00	0.00	0.20	(0.20)	(0.32)
Other Technical	0.00	0.00	0.27	(0.27)	(0.43)

Source: TLSD and primary peers

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

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

As shown in **Table B-5**, TLSD employs fewer technical staff than the primary peer average in the computer programming and other technical categories. TLSD’s 1.0 FTE computer operating position is the Technology Supervisor who services all five District buildings. While TLSD employs more computer operating FTEs than the primary peer average, further analysis showed the District’s staffing level to be in line as two primary peer districts include technology supervisor FTEs in an administrative position category while one primary peer contracts with its local ESC for technology services. Therefore, no recommendation is warranted.

**Central Office Clerical Staff**

**Table B-6** shows TLSD’s FY 2017-18 central office clerical staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-6: Central Office Clerical Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Clerical	2.90	1.80	1.62	0.18	0.29
Bookkeeping	1.00	0.62	1.05	(0.43)	(0.69)
Records Managing	0.00	0.00	0.03	(0.03)	(0.05)
Other Office/Clerical	0.00	0.00	0.07	(0.07)	(0.11)
<b>Total</b>	<b>3.90</b>	<b>2.42</b>	<b>2.77</b>	<b>(0.35)</b>	<b>(0.56)</b>

Source: TLSD and primary peers

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

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

As shown in **Table B-6**, TLSD employs 0.56 fewer FTE central office clerical staff than the primary peer average. Central office clerical staff is compared in total due to the similar support functions provided to the central office and the flexibility in coding these positions in EMIS.

**Messenger Staff**

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

**Table B-7: Messenger Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Messenger	0.00	0.00	0.12	(0.12)	(0.19)

Source: TLSD and primary peers

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

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

As shown in **Table B-7**, TLSD employs fewer FTE messenger staff than the primary peer average. Only two of the primary peers employ messengers; these respective peer districts websites indicated that these employees transport mail between buildings. According to TLSD, principals or teachers pick-up mail from the main office for their respective school buildings.



**Registered Nursing Staff**

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

**Table B-8: Registered Nursing Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Registered Nursing	0.85	0.53	0.32	0.21	0.34

Source: TLSD and primary peers

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

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

Note: Practical nursing is another option for districts to provide nursing services, however, TLSD and the primary peers did not employ this position.

As shown in **Table B-8**, TLSD employs 0.34 more FTE registered nurses than the primary peer average. Further analysis showed that only three of the 10 primary peer districts employ nurses. Nursing services are commonly provided by the ESC or contracted through another provider. For example, Huron CSD contracts with the Erie County Health Department for 2.0 FTE registered nurses.

**Classroom Support Staff**

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

**Table B-9: Classroom Support Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Instructional Paraprofessional	0.00	0.00	1.74	(1.74)	(2.80)
Teaching Aide	0.86	0.54	2.95	(2.41)	(3.87)
<b>Total</b>	<b>0.86</b>	<b>0.54</b>	<b>4.69</b>	<b>(4.15)</b>	<b>(6.67)</b>

Source: TLSD and primary peers

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

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

As shown in **Table B-9**, TLSD employs fewer FTE classroom support staff than the primary peer average. Instructional paraprofessionals and teaching aides provide instructional assistance to students and assistance to teachers in classrooms. The District’s lack of dependence on these positions may be a result of higher than average teaching staff (see **R.4**, **R.5**, **R.6**, **R.7**, and **R.8**).

**Student Support Staff**

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

**Table B-10: Monitoring Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Monitoring	0.00	0.00	0.61	(0.61)	(0.98)

Source: TLSD and primary peers

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

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

As shown in **Table B-10**, TLSD employs fewer FTE monitoring staff than the primary peer average. Monitors perform activities including helping keep order on buses, playgrounds and in lunchrooms. TLSD does not employ additional staff to cover these duties.

**Extracurricular/Intracurricular Staff**

**Table B-11** shows TLSD’s FY 2017-18 extracurricular/intracurricular staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing student support staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-11: Extracurricular/Intracurricular Staff Comparison**

Students	TLSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	1,607		1,506	101	
Students Educated (thousands)	1.607		1.506	0.101	
Position	TLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Advisor	0.00	0.00	0.07	(0.07)	(0.11)
Coaching	0.00	0.00	0.07	(0.07)	(0.11)
Other Extra/Intra - Curricular Activities	0.00	0.00	0.13	(0.13)	(0.21)

Source: TLSD and primary peers

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

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

As shown in **Table B-11**, TLSD employs fewer FTE extracurricular/intracurricular staff than the primary peer average. As is common practice for Ohio school districts, TLSD provides athletic coaching services through supplemental contracts. Analysis of the District’s extracurricular activities showed that TLSD is spending more than the local peer average to provide programs, sports, and staff (see **R.2**).

*Salaries and Compensation*

**Table B-12** shows the District’s FY 2018-19 certificated and support staff salary schedules compared to the local peer average over the course of a 30-year career. Comparing career compensation to the local peer average takes into account regional variations in the labor market.

**Table B-12: Career Compensation Comparison**

<b>Certificated</b>				
	<b>TLSD</b>	<b>Local Peer Avg.</b>	<b>Difference</b>	<b>% Difference</b>
Bachelors	\$1,576,393	\$1,567,831	\$8,562	0.55%
Bachelors + 150 hrs <sup>1</sup>	\$1,706,770	\$1,703,055	\$3,715	0.22%
Masters	\$1,838,277	\$1,797,109	\$41,168	2.29%
Masters + 15 hrs <sup>2</sup>	\$1,860,223	N/A	N/A	N/A
<b>Support Staff</b>				
	<b>TLSD</b>	<b>Local Peer Avg. <sup>3</sup></b>	<b>Difference</b>	<b>% Difference</b>
Custodians	\$1,200,802	\$1,144,217	\$56,584	4.95%
Cook	\$584,054	\$592,779	(\$8,725)	(1.47%)
Bus Driver	\$438,686	\$502,480	(\$63,794)	(12.70%)
School Secretary	\$854,931	\$906,344	(\$51,413)	(5.67%)
Aide <sup>4</sup>	\$560,856	\$653,499	(\$92,643)	(14.18%)

Source: TLSD and local peers

Note: Annual support staff compensation is calculated using the maximum annual hours worked for each job classification at TLSD.

<sup>1</sup> Hillsdale LSD and Northwestern LSD are excluded due to no comparable pay scale.

<sup>2</sup> No local peers utilize this pay scale for comparison.

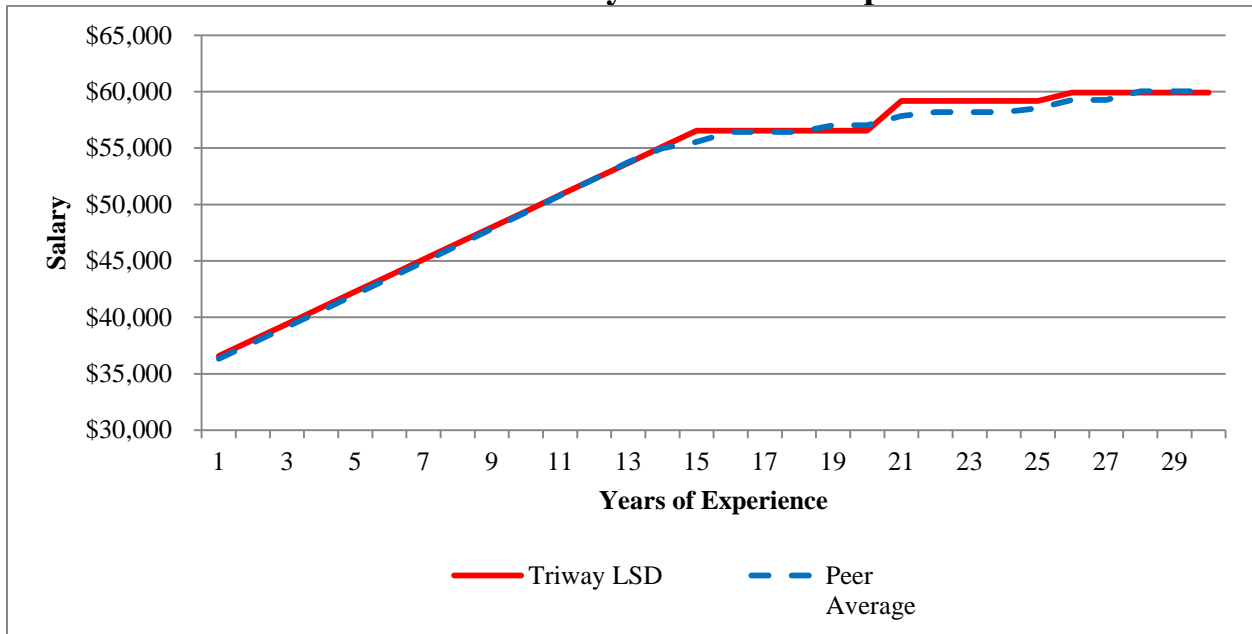
<sup>3</sup> Local peer average excludes Hillsdale LSD and Southeast LSD as their current CBAs were not available.

<sup>4</sup> Wooster CSD was excluded due to no comparable pay scale.

As shown in **Table B-12**, the District’s career compensation for certificated staff is comparable to the local peer average. Similarly, career compensation for classified staff is lower than the peer average, with the exception of custodians.

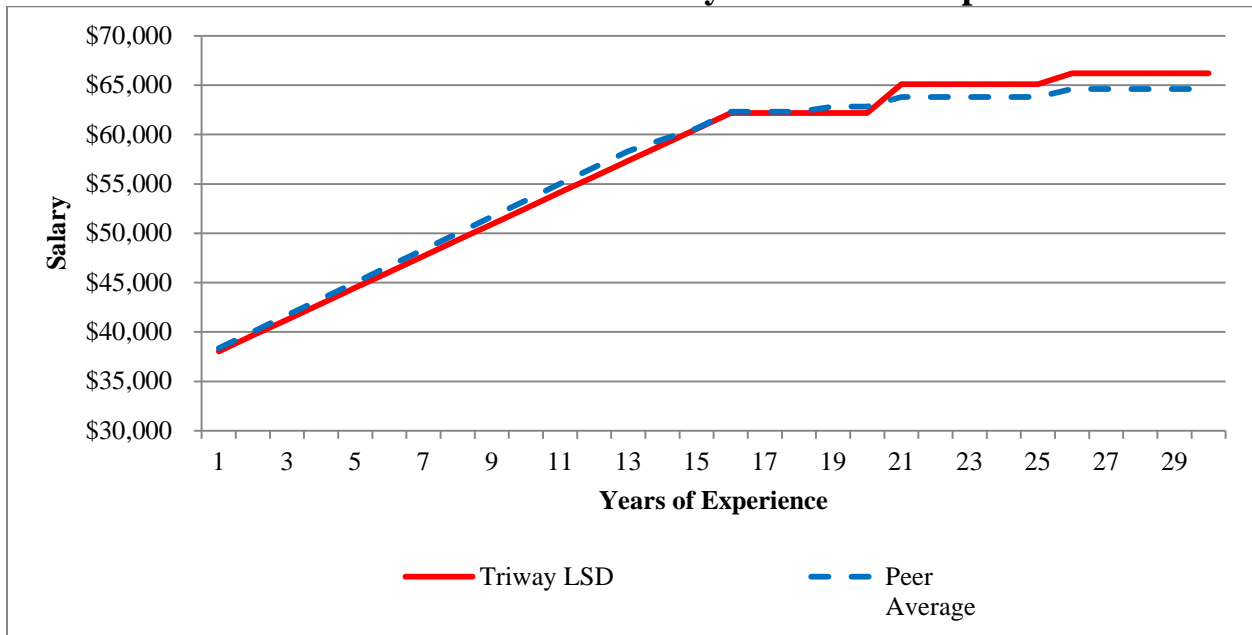
**Chart B-1** through **Chart B-9** show comparisons of TLSD’s certificated and support staff salary schedules to the local peer averages for FY 2018-19. It is important to examine the beginning salaries and steps in the pay schedule to identify the cause of any variation relative to the local peer districts.

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



Source: TLSD and local peers

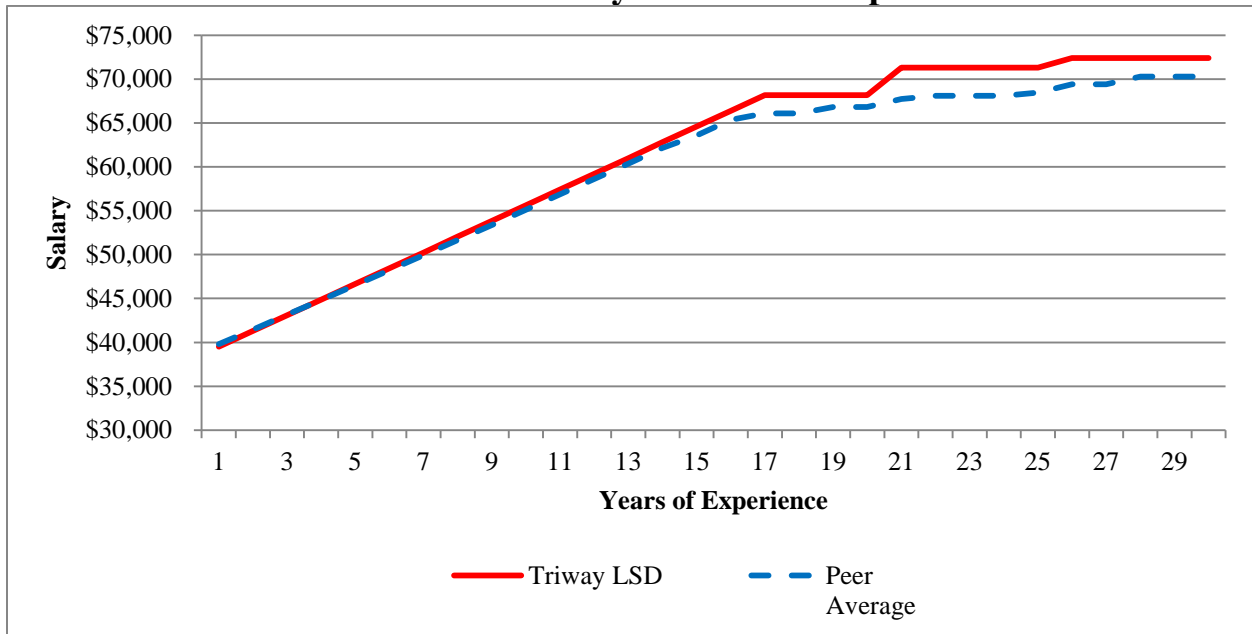
**Chart B-2: BA +150 Hours Salary Schedule Comparison**



Source: TLSD and local peers

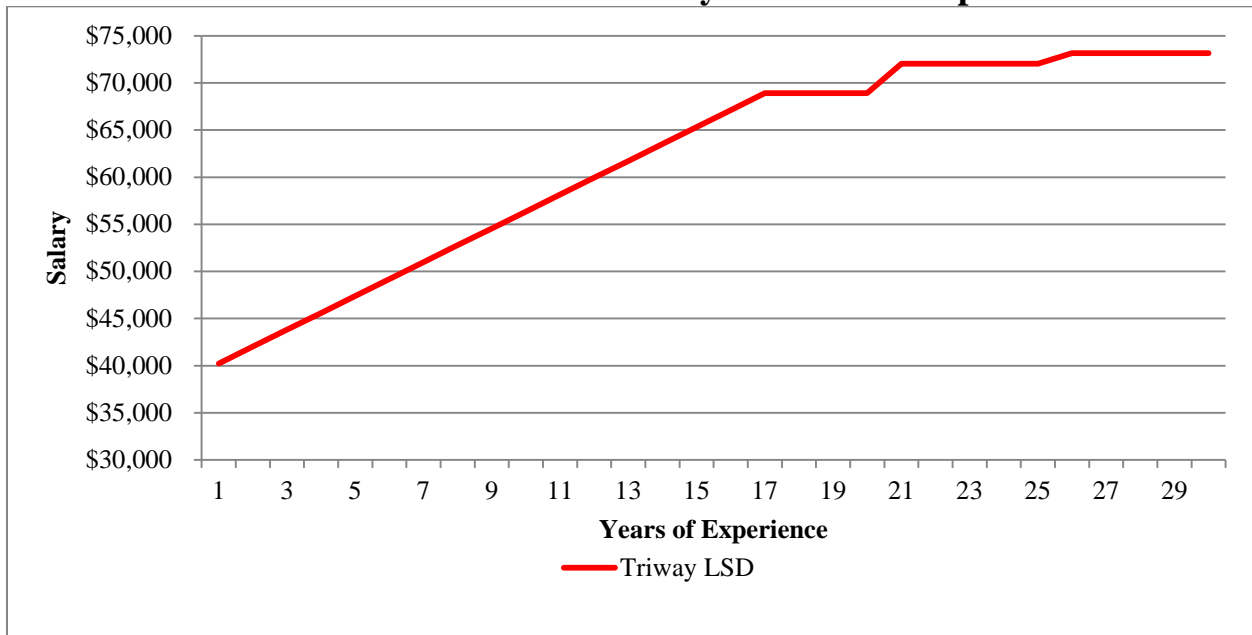
Note: Hillsdale LSD and Northwestern LSD are excluded due to no comparable pay scale.

**Chart B-3: MA Salary Schedule Comparison**



Source: TLSD and local peers

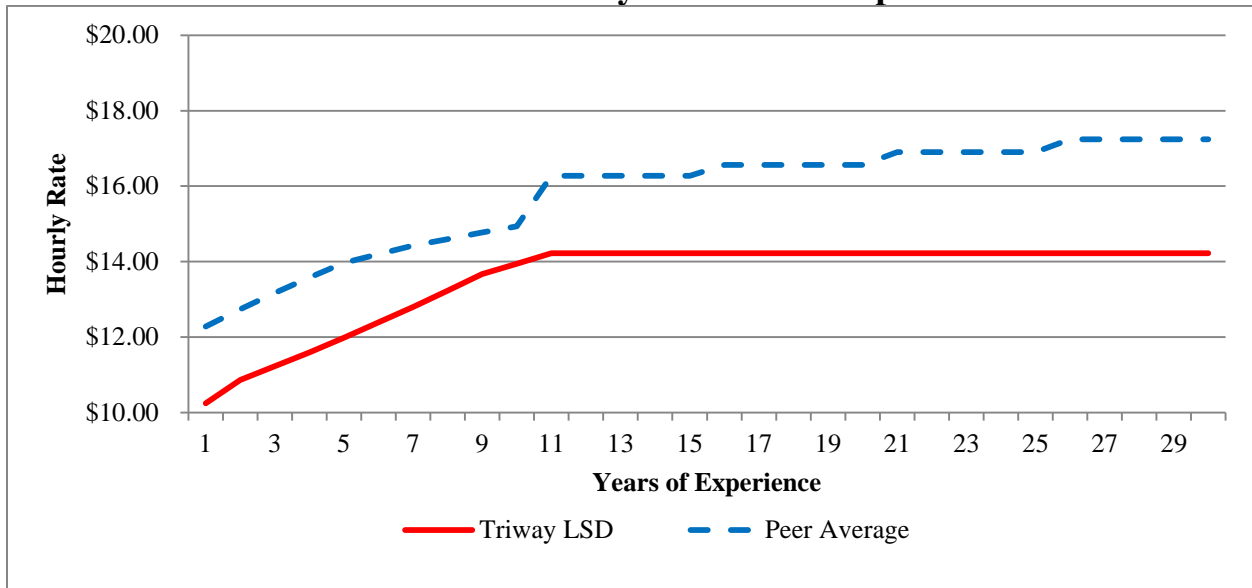
**Chart B-4: MA +15 Hours Salary Schedule Comparison**



Source: TLSD and local peers

Note: No local peers utilize this pay scale for comparison.

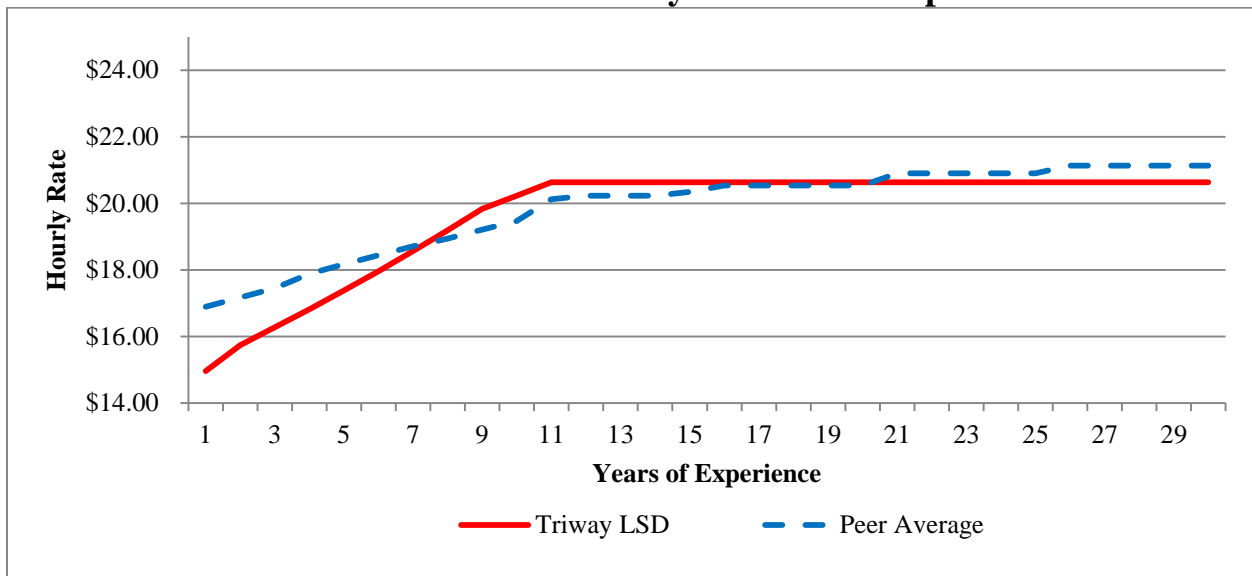
**Chart B-5: Aide Salary Schedule Comparison**



Source: TLSD and local peers

Note: Local peer average excludes Hillsdale LSD and Southeast LSD as their current CBAs were not available, and also excludes Wooster CSD due to no comparable pay scale.

**Chart B-6: Bus Driver Salary Schedule Comparison**

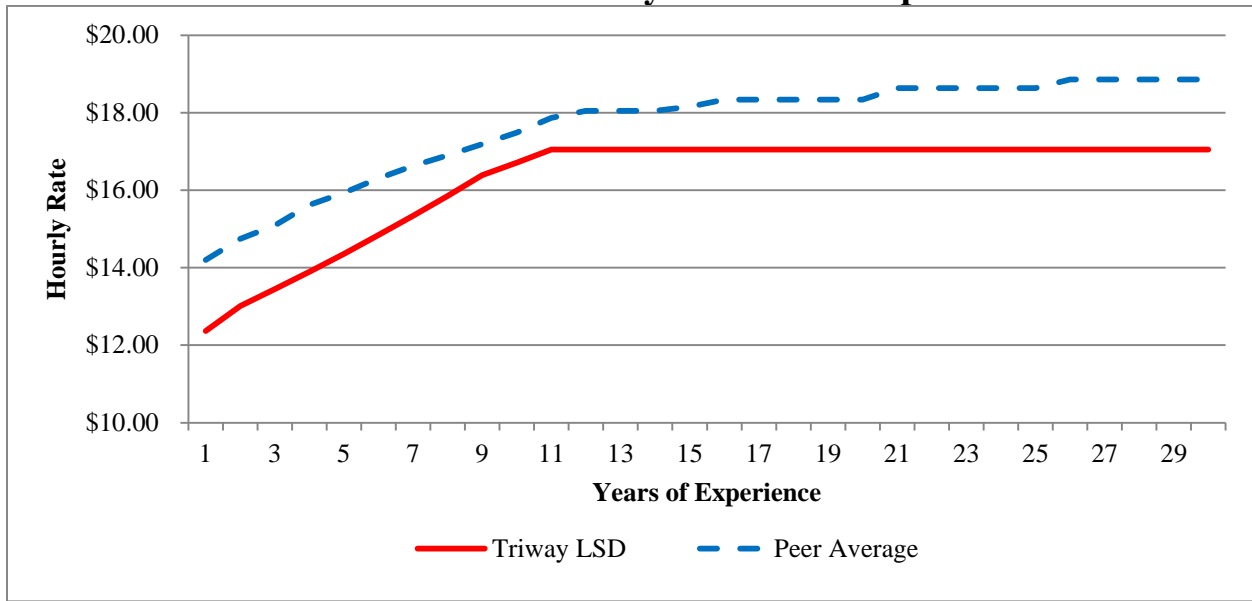


Source: TLSD and local peers

Note: Local peer average excludes Hillsdale LSD and Southeast LSD as their current CBAs were not available.



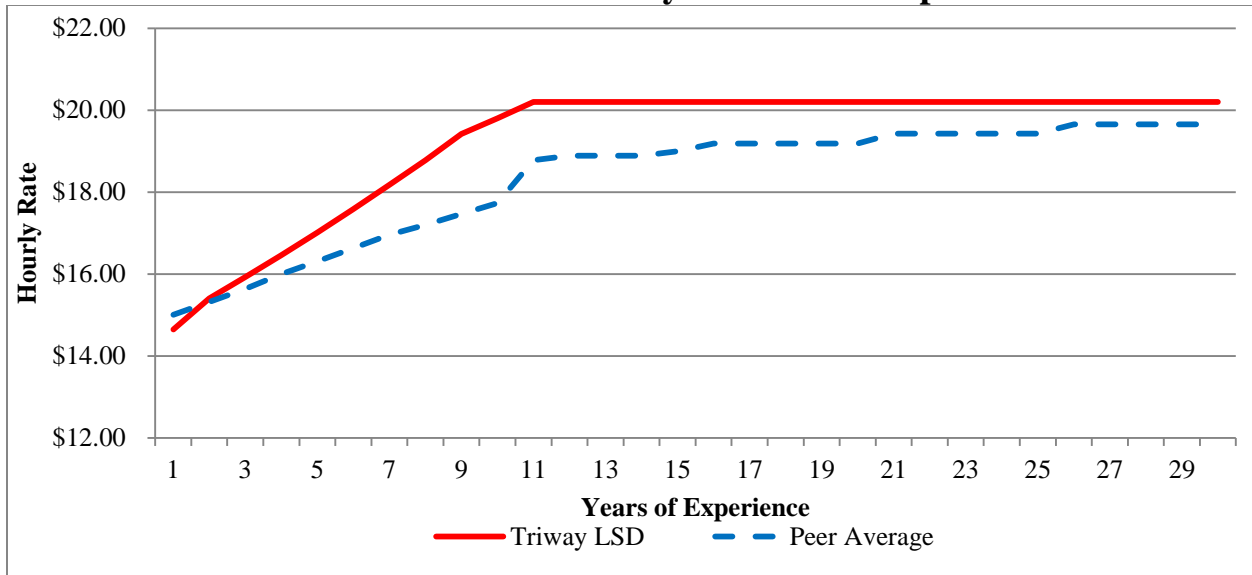
**Chart B-7: Clerical Salary Schedule Comparison**



Source: TLSD and local peers

Note: Local peer average excludes Hillsdale LSD and Southeast LSD as their current CBAs were not available.

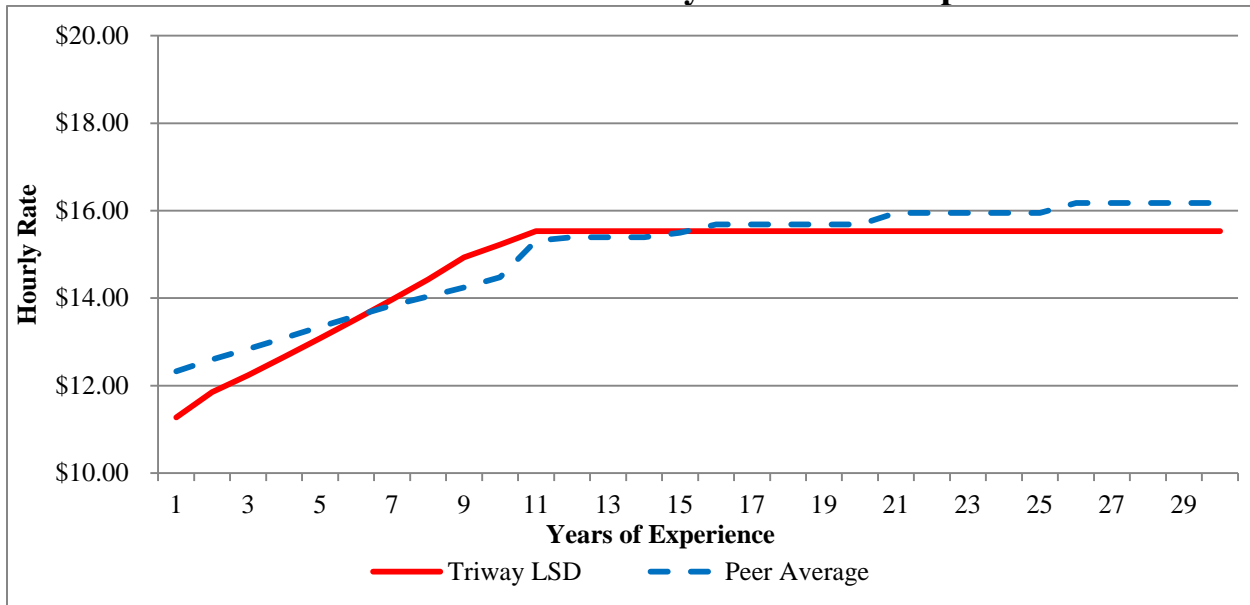
**Chart B-8: Custodian Salary Schedule Comparison**



Source: TLSD and local peers

Note: Local peer average excludes Hillsdale LSD and Southeast LSD as their current CBAs were not available.

**Chart B-9: Food Service Salary Schedule Comparison**



Source: TLSD and local peers

Note: Local peer average excludes Hillsdale LSD and Southeast LSD as their current CBAs were not available.

As shown in **Chart B-1** through **Chart B-9**, TLSD’s certificated salary schedules are all in line with the local peers, with similar starting and ending salaries. TLSD’s support staff wages all have lower starting wages and ending wages except for the custodial schedule which ends higher than the local peer average.

*Sick Leave Severance*

**Table B-13** shows the District’s maximum financial liability for sick leave severance by position, in comparison to its projected liability resulting from bringing its CBA provision for sick leave payout in line with ORC minimums (see **R.12**). This analysis provides an indication of the District’s maximum sick leave severance exposure compared to the minimum levels required.

**Table B-13: Difference between ORC and TLSD for Severance Liability**

	Final Daily Rate of Pay	CBA Maximum Severance Days	Maximum Payout	ORC Minimum	Pay Out at ORC	Difference
BA	\$325.56	70	\$22,789.20	30	\$9,766.80	\$13,022.40
BA + 150 Hrs	\$359.75	70	\$25,182.50	30	\$10,792.50	\$14,390.00
Masters	\$393.54	70	\$27,547.80	30	\$11,806.20	\$15,741.60
Masters + 15 Hrs	\$397.51	70	\$27,825.70	30	\$11,925.30	\$15,900.40
<b>Average Difference</b>						<b>\$14,763.60</b>

Source: TLSD and ORC

As shown in **Table B-13**, TLSD employees are entitled to receive severance payout for more days at retirement than the ORC minimum. Adjusting payouts to the ORC minimum could decrease the District’s future severance liability.

*Insurance*

**Table B-14** shows TLSD’s total employer cost of dental insurance for FY 2018-19 as compared to the Wayne County average for other self-insured plans as reported in *Health Insurance: The Cost of Health Insurance in Ohio’s Public Sector* (SERB, 2017). This is important as it provides context for the District’s costs relative to other regionally located entities.

**Table B-14: Dental Insurance Employer Cost Comparison**

TLSD Employees Enrolled by Plan Type		
Single		32
Family		149
Plan Type	TLSD Annual Employer Costs	Wayne County Avg. Annual Employer Cost Self-Insured Entities
Single	\$512	\$602
Family	\$1,246	\$1,375
Single Plan Annual Difference per Employee		(\$90)
Family Plan Annual Difference per Employee		(\$129)
Single Plan Annual Total Cost Savings		(\$2,880)
Family Plan Annual Total Cost Savings		(\$19,221)
<b>Total Annual Health Insurance Cost Savings</b>		<b>(\$22,101)</b>

Source: TLSD and SERB

As shown in **Table B-14**, TLSD’s annual employer cost of dental insurance is consistent with the Wayne County average for self-insured entities.

*Facilities*

The District’s buildings and grounds staff cleans and maintains all of the District’s buildings, immediate grounds areas surrounding the buildings, and athletic fields. All other grounds maintenance is completed by an outside vendor.

**Table B-15** shows the District’s FY 2017-18 buildings and grounds staffing compared to industry benchmarks established by the National Center for Educational Statistics<sup>63</sup> (NCES) and American School and University<sup>64</sup> (AS&U). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

<sup>63</sup> The NCES is the primary federal entity for collecting, analyzing, and reporting data related to education in the US and other nations and publishes a planning guide for maintaining school facilities.

<sup>64</sup> The AS&U is a trade publication focused on school facility management which published school facility management related survey data collected during the period 2005 to 2009.

**Table B-15: Buildings & Grounds Staffing Comparison**

<b>Grounds Staffing <sup>1</sup></b>	
Grounds FTEs	0.5
Acreage Maintained	N/A
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	N/A
<b>Grounds FTEs Above/(Below) Benchmark</b>	<b>N/A</b>
<b>Custodial Staffing</b>	
Custodial FTEs	10.7
Square Footage Cleaned <sup>2</sup>	312,997
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	10.6
<b>Custodial FTEs Above/(Below) Benchmark</b>	<b>0.1</b>
<b>Maintenance Staffing</b>	
Maintenance FTEs	2.6
Square Footage Maintained	318,757
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	3.4
<b>Maintenance FTEs Above/(Below) Benchmark</b>	<b>(0.8)</b>
<b>Total Buildings &amp; Grounds Staffing</b>	
Total FTEs Employed	13.8
Total Benchmarked Staffing Need	14.0
<b>Total FTEs Above/(Below) Benchmark</b>	<b>(0.2)</b>

Source: TLSD, AS&U, NCES

<sup>1</sup> A staffing analysis was not completed for grounds personnel as AOS was unable to obtain data for the acreage mowed by the District versus the outside vendor.

<sup>2</sup> Custodial staff does not clean the 5,760 square foot bus garage.

As shown in **Table B-15**, the District's custodial staff is in alignment with the established benchmark for cleaning while maintenance staff is lower than the established benchmark. Overall, total buildings and grounds staffing is lower than the benchmarks.

**Table B-16** shows the District's FY 2016-17 facilities operating cost per square foot compared to the primary peer average. Comparing expenditures per square foot gives an indication of the cost effectiveness of the District's facility operations as it normalizes size variances between districts.

**Table 16: Facilities Expenditures per Square Foot Comparison**

	Client	Peer Average	Difference	Percent Difference
Salaries and Wages	\$1.88	\$2.11	(\$0.23)	(10.9%)
Employee Benefits	\$0.85	\$0.94	(\$0.09)	(9.6%)
Purchased Services (Excluding Utilities)	\$0.70	\$0.93	(\$0.23)	(24.7%)
Utilities	\$1.06	\$1.30	(\$0.24)	(18.5%)
Supplies & Materials	\$0.21	\$0.39	(\$0.18)	(46.2%)
Capital Outlay	\$0.00	\$0.42	(\$0.42)	(100.0%)
Other Objects	\$0.01	\$0.00	\$0.01	N/A
<b>Total Expenditures per Square Foot</b>	<b>\$4.71</b>	<b>\$6.09</b>	<b>(\$1.38)</b>	<b>(22.7%)</b>

Source: TLSD, primary peers, and ODE

As shown in **Table B-16**, the District spent \$1.38, or 22.7 percent, less than the primary peer average for the operations of its facilities. Although the District's salaries and wage total expenditures per square foot was lower than the primary peer average, the District's overtime costs were higher (see **R.11**).

# Appendix C: Five-Year Forecasts

**Chart C-1** shows TLSD’s October 2018 Five-Year Forecast, **Chart C-2** shows the District’s February 2018 Five-Year Forecast, **Chart C-3** shows the District’s May 2018 Five-Year Forecast, and **Chart C-4** shows the District’s October 2018 Five-Year Forecast.

**Chart C-1: TLSD October 2018 Five-Year Forecast**

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	6,604,043	6,543,013	6,737,935	6,744,524	6,946,838	6,947,838	6,948,838	7,199,838
1.030 Income Tax	1,733,137	1,782,555	1,922,225	2,150,000	2,214,500	2,280,935	2,349,363	2,419,844
1.035 Unrestricted Grants-in-Aid	6,959,679	6,988,990	6,979,753	6,990,000	6,990,000	6,990,000	6,990,000	6,990,000
1.040 Restricted Grants-in-Aid	147,432	147,781	158,924	161,519	161,519	161,519	161,519	161,519
1.050 Property Tax Allocation	1,061,704	1,015,348	876,474	877,332	903,668	903,799	903,929	936,603
1.060 All Other Operating Revenue	865,121	996,490	894,486	927,000	927,000	927,000	927,000	927,000
1.070 Total Revenue	17,371,116	17,474,177	17,569,797	17,850,375	18,143,525	18,211,091	18,280,649	18,634,804
2.060 All Other Financial Sources		38,360	26,067	12,000				
2.070 Total Other Financing Sources		38,360	26,067	12,000				
2.080 Total Revenues and Other Financing Sources	17,371,116	17,512,537	17,595,864	17,862,375	18,143,525	18,211,091	18,280,649	18,634,804
3.010 Personnel Services	8,858,520	9,284,183	9,532,135	10,281,551	10,569,754	10,997,862	11,001,075	11,001,075
3.020 Employees' Retirement/Insurance Benefits	3,694,536	4,202,394	4,551,631	5,511,227	5,933,205	6,437,677	6,906,444	7,421,404
3.030 Purchased Services	2,456,149	2,732,067	2,689,958	2,546,504	2,578,117	2,569,952	2,582,118	2,594,625
3.040 Supplies and Materials	536,274	664,799	926,106	500,000	500,000	500,000	500,000	500,000
3.050 Capital Outlay	13,830	95,843	175,973	30,000				
4.300 Other Objects	248,000	270,234	281,476	251,118	258,623	266,479	274,710	283,341
4.500 Total Expenditures	15,807,309	17,249,520	18,157,279	19,120,400	19,839,699	20,771,970	21,264,347	21,800,445
5.010 Operational Transfers - Out	235,502	21,577	7,000					
5.040 Total Other Financing Uses	235,502	21,577	7,000					
5.050 Total Expenditure and Other Financing Uses	16,042,811	17,271,097	18,164,279	19,120,400	19,839,699	20,771,970	21,264,347	21,800,445
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	1,328,305	241,440	(568,415)	(1,258,025)	(1,696,174)	(2,560,879)	(2,983,698)	(3,165,641)
7.010 Beginning Cash Balance	660,637	1,988,942	2,230,382	1,661,967	403,942	(1,292,232)	(3,853,111)	(6,836,809)
7.020 Ending Cash Balance	1,988,942	2,230,382	1,661,967	403,942	(1,292,232)	(3,853,111)	(6,836,809)	(10,002,450)
10.010 Fund Balance June 30 for Certification of Appropriations	1,988,942	2,230,382	1,661,967	403,942	(1,292,232)	(3,853,111)	(6,836,809)	(10,002,450)
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,988,942	2,230,382	1,661,967	403,942	(1,292,232)	(3,853,111)	(6,836,809)	(10,002,450)
15.010 Unreserved Fund Balance June 30	1,988,942	2,230,382	1,661,967	403,942	(1,292,232)	(3,853,111)	(6,836,809)	(10,002,450)

Source: ODE

**Chart C-2: TLSD February 2018 Five-Year Forecast**

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	6,604,043	6,543,013	6,737,935	6,744,524	8,757,223	10,206,532	10,206,532	10,414,967
1.030 Income Tax	1,733,137	1,782,555	1,922,225	2,150,000	2,214,500	2,280,935	2,349,363	2,419,844
1.035 Unrestricted Grants-in-Aid	6,959,679	6,988,990	6,979,753	6,990,000	6,990,000	6,990,000	6,990,000	6,990,000
1.040 Restricted Grants-in-Aid	147,432	147,781	158,924	161,519	161,519	161,519	161,519	161,519
1.050 Property Tax Allocation	1,061,704	1,015,348	876,474	877,332	903,668	903,799	903,929	936,603
1.060 All Other Operating Revenue	865,121	996,490	894,486	927,000	927,000	927,000	927,000	927,000
1.070 Total Revenue	17,371,116	17,474,177	17,569,797	17,850,375	19,953,910	21,469,785	21,538,343	21,849,933
2.060 All Other Financial Sources		38,360	26,067	12,000				
2.070 Total Other Financing Sources		38,360	26,067	12,000				
2.080 Total Revenues and Other Financing Sources	17,371,116	17,512,537	17,595,864	17,862,375	19,953,910	21,469,785	21,538,343	21,849,933
3.010 Personnel Services	8,858,520	9,284,183	9,532,135	10,281,551	10,569,754	10,997,862	11,001,075	11,001,075
3.020 Employees' Retirement/Insurance Benefits	3,694,536	4,202,394	4,551,631	5,511,227	5,933,205	6,437,677	6,906,444	7,421,404
3.030 Purchased Services	2,456,149	2,732,067	2,689,958	2,546,504	2,578,117	2,569,952	2,582,118	2,594,625
3.040 Supplies and Materials	536,274	664,799	926,106	500,000	500,000	500,000	500,000	500,000
3.050 Capital Outlay	13,830	95,843	175,973	30,000				
4.300 Other Objects	248,000	270,234	281,476	251,118	258,623	266,479	274,710	283,341
4.500 Total Expenditures	15,807,309	17,249,520	18,157,279	19,120,400	19,839,699	20,771,970	21,264,347	21,800,445
5.010 Operational Transfers - Out	235,502	21,577	7,000					
5.040 Total Other Financing Uses	235,502	21,577	7,000					
5.050 Total Expenditure and Other Financing Uses	16,042,811	17,271,097	18,164,279	19,120,400	19,839,699	20,771,970	21,264,347	21,800,445
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	1,328,305	241,440	(568,415)	(1,258,025)	114,211	697,815	273,996	49,488
7.010 Beginning Cash Balance	660,637	1,988,942	2,230,382	1,661,967	403,942	518,153	1,215,967	1,489,963
7.020 Ending Cash Balance	1,988,942	2,230,382	1,661,967	403,942	518,153	1,215,967	1,489,963	1,539,450
10.010 Fund Balance June 30 for Certification of Appropriations	1,988,942	2,230,382	1,661,967	403,942	518,153	1,215,967	1,489,963	1,539,450
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,988,942	2,230,382	1,661,967	403,942	518,153	1,215,967	1,489,963	1,539,450
15.010 Unreserved Fund Balance June 30	1,988,942	2,230,382	1,661,967	403,942	518,153	1,215,967	1,489,963	1,539,450

Source: ODE

**Chart C-3: TLSD May 2018 Five-Year Forecast**

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	6,604,043	6,543,013	6,737,935	6,971,822	8,196,902	10,148,532	10,249,532	10,349,532
1.030 Income Tax	1,733,137	1,782,555	1,922,225	2,002,366	2,062,437	2,124,311	2,188,040	2,253,681
1.035 Unrestricted Grants-in-Aid	6,959,679	6,988,990	6,979,753	6,967,888	6,990,000	6,990,000	6,990,000	6,990,000
1.040 Restricted Grants-in-Aid	147,432	147,781	158,924	150,554	161,519	161,519	161,519	161,519
1.050 Property Tax Allocation	1,061,704	1,015,348	876,474	835,048	826,597	801,702	813,810	825,797
1.060 All Other Operating Revenue	865,121	996,490	894,486	1,027,649	972,000	972,000	972,000	972,000
1.070 Total Revenue	17,371,116	17,474,177	17,569,797	17,955,327	19,209,455	21,198,064	21,374,901	21,552,529
2.060 All Other Financial Sources		38,360	26,067	40,093				
2.070 Total Other Financing Sources		38,360	26,067	40,093				
2.080 Total Revenues and Other Financing Sources	17,371,116	17,512,537	17,595,864	17,995,420	19,209,455	21,198,064	21,374,901	21,552,529
3.010 Personnel Services	8,858,520	9,284,183	9,532,135	9,989,860	10,278,407	10,648,391	10,558,144	10,733,144
3.020 Employees' Retirement/Insurance Benefits	3,694,536	4,202,394	4,551,631	5,375,757	5,783,219	6,258,400	6,743,068	7,283,883
3.030 Purchased Services	2,456,149	2,732,067	2,689,958	2,862,443	2,654,726	2,657,736	2,681,693	2,706,647
3.040 Supplies and Materials	536,274	664,799	926,106	500,000	500,000	500,000	500,000	500,000
3.050 Capital Outlay	13,830	95,843	175,973	30,000				
4.300 Other Objects	248,000	270,234	281,476	286,118	294,673	303,611	312,956	322,734
4.500 Total Expenditures	15,807,309	17,249,520	18,157,279	19,044,178	19,511,025	20,368,138	20,795,861	21,546,408
5.010 Operational Transfers - Out	235,502	21,577	7,000					
5.040 Total Other Financing Uses	235,502	21,577	7,000					
5.050 Total Expenditure and Other Financing Uses	16,042,811	17,271,097	18,164,279	19,044,178	19,511,025	20,368,138	20,795,861	21,546,408
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	1,328,305	241,440	(568,415)	(1,048,758)	(301,570)	829,926	579,040	6,121
7.010 Beginning Cash Balance	660,637	1,988,942	2,230,382	1,661,967	613,209	311,639	1,141,565	1,720,605
7.020 Ending Cash Balance	1,988,942	2,230,382	1,661,967	613,209	311,639	1,141,565	1,720,605	1,726,726
10.010 Fund Balance June 30 for Certification of Appropriations	1,988,942	2,230,382	1,661,967	613,209	311,639	1,141,565	1,720,605	1,726,726
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,988,942	2,230,382	1,661,967	613,209	311,639	1,141,565	1,720,605	1,726,726
15.010 Unreserved Fund Balance June 30	1,988,942	2,230,382	1,661,967	613,209	311,639	1,141,565	1,720,605	1,726,726

Source: ODE



**Chart C-4: TLSD October 2018 Five-Year Forecast**

Line	Actual			Forecasted				
	2016	2017	2018	2019	2020	2021	2022	2023
1.010 General Property (Real Estate)	6,543,013	6,737,935	6,965,996	6,901,421	6,693,750	6,794,750	6,894,750	6,894,750
1.020 Tangible Personal Property Tax				1,295,580	3,454,880	3,454,880	3,454,880	3,454,880
1.030 Income Tax	1,782,555	1,922,225	2,002,366	2,062,437	2,124,311	2,188,040	2,253,681	2,321,291
1.035 Unrestricted Grants-in-Aid	6,988,990	6,979,753	6,975,250	6,990,000	6,990,000	6,990,000	6,990,000	6,990,000
1.040 Restricted Grants-in-Aid	147,781	158,924	149,963	161,519	161,519	161,519	161,519	161,519
1.050 Property Tax Allocation	1,015,348	876,474	835,048	826,585	801,691	813,798	825,786	825,786
1.060 All Other Operating Revenue	996,490	894,486	1,022,999	972,000	972,000	972,000	972,000	972,000
1.070 Total Revenue	17,474,177	17,569,797	17,951,622	19,209,542	21,198,151	21,374,987	21,552,616	21,620,226
2.060 All Other Financial Sources	38,360	26,067	40,093					
2.070 Total Other Financing Sources	38,360	26,067	40,093					
2.080 Total Revenues and Other Financing Sources	17,512,537	17,595,864	17,991,715	19,209,542	21,198,151	21,374,987	21,552,616	21,620,226
3.010 Personnel Services	9,284,183	9,532,135	10,002,858	10,300,000	10,648,391	10,558,144	10,733,144	10,900,000
3.020 Employees' Retirement/Insurance Benefits	4,202,394	4,551,631	5,207,530	5,615,479	6,052,340	6,461,862	6,957,302	7,498,082
3.030 Purchased Services	2,732,067	2,689,958	3,019,885	2,914,957	2,818,411	2,830,905	2,843,751	2,855,957
3.040 Supplies and Materials	664,799	926,106	500,196	500,000	500,000	500,000	500,000	500,000
3.050 Capital Outlay	95,843	175,973	29,756					
4.300 Other Objects	270,234	281,476	283,792	294,552	303,490	312,835	322,613	332,852
4.500 Total Expenditures	17,249,520	18,157,279	19,044,017	19,624,988	20,322,632	20,663,746	21,356,810	22,086,891
5.010 Operational Transfers - Out	21,577	7,000						
5.040 Total Other Financing Uses	21,577	7,000						
5.050 Total Expenditure and Other Financing Uses	17,271,097	18,164,279	19,044,017	19,624,988	20,322,632	20,663,746	21,356,810	22,086,891
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	241,440	(568,415)	(1,052,302)	(415,446)	875,519	711,241	195,806	(466,665)
7.010 Beginning Cash Balance	1,988,942	2,230,382	1,661,967	609,665	194,219	1,069,738	1,780,979	1,976,785
7.020 Ending Cash Balance	2,230,382	1,661,967	609,665	194,219	1,069,738	1,780,979	1,976,785	1,510,120
10.010 Fund Balance June 30 for Certification of Appropriations	2,230,382	1,661,967	609,665	194,219	1,069,738	1,780,979	1,976,785	1,510,120
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,230,382	1,661,967	609,665	194,219	1,069,738	1,780,979	1,976,785	1,510,120
15.010 Unreserved Fund Balance June 30	2,230,382	1,661,967	609,665	194,219	1,069,738	1,780,979	1,976,785	1,510,120

Source: ODE

## **Client Response**

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

Every Student. Every Classroom. Every Day.



3205 Shreve Road  
Wooster, OH 44691

330.264.9491

330.262.3955

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## TRIWAY LOCAL SCHOOL DISTRICT

December 14, 2018

David Yost, Auditor of State  
Office of the Auditor of State  
88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, OH 43215

Dear Auditor Yost:

Challenged by rising costs and aging buildings, the Triway Board of Education and its administrative team appreciate the guidance provided by the recent performance audit. The audit team, led by performance project manager Amanda Curran, explored all aspects of Triway's operations and provided insights as to changes that may be applied to optimize financial resources. Suggestions were backed with peer-group data and linked to case studies, all the while offered with respect, not condemnation.

It is understood that the recommendations of the audit are to assist with the decision-making process. Both parties are aware that not all recommendations can be implemented immediately. The Triway Board of Education and the administrators intend to use the audit as a tool for long-range planning, amending the recommendations as revenues or building conditions improve. Data from the audit will be used to justify and communicate upcoming changes. For example, the recent closure of an elementary building was decided, in part, by the recommendation of the state audit.

The board of education, superintendent, and treasurer plan to work together to create a financial plan that will not jeopardize academic goals. The audit provides a valuable resource in the decision-making process. Thank you for providing this service.

Sincerely,

Nathan Schindewolf  
Superintendent

Sue Kruse  
Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



**TRIWAY LOCAL SCHOOL DISTRICT**

**WAYNE COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 15, 2019**