JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TRIMBLE LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

NOVEMBER 20, 2001

STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

To the Members of the Trimble Local School District Community:

The State Auditor's Office is pleased to provide the completed performance audit on the Trimble Local School District (TLSD). As a result of being placed in fiscal emergency on January 31, 2001, the Auditor of State conducted this performance audit to assist TLSD and the Financial Planning and Supervision Commission in their efforts to improve the financial condition of the district.

The performance audit focused on four core aspects of district operations including Financial Systems, Human Resources, Facilities and Transportation. These areas are important components in district operations and support the district's mission of educating children. In addition, the performance audit contains a proposed financial recovery plan which the school board and Financial Planning and Supervision Commission should consider in developing and refining the plan to resolve those matters which caused the district to be in fiscal emergency. The State Auditor's Office conducted this independent assessment of the district's operations with the objective of providing recommendations to TLSD in areas where the district can either recognize financial benefits or achieve efficiency improvements in service delivery.

An executive summary has been prepared which includes the project history, the purpose and objectives of the performance audit, a district overview, and a summary of each of the four areas including background information, findings, commendations, recommendations and financial implications.

The performance audit has been provided to TLSD and its contents discussed with its staff, school board and Financial Planning and Supervision Commission. TLSD has been encouraged to use the results of the performance audit as a useful resource in improving its overall operations and as an important resource in the development of its required financial recovery plan.

Additional copies of this performance audit can be requested by calling the clerk of the bureau at (614) 466-2310 or the toll free number in Columbus, 800-282-0370. In addition, this performance audit can be viewed online through the State Auditor's Web site at http://www.auditor.state.oh.us by choosing the *on-line audit search* option.

Sincerely,

JIM PETRO
Auditor of State

November 20, 2001

EXECUTIVE SUMMARY

Project History

Pursuant to Ohio Revised Code (ORC) §3316.042, the Auditor of State's Office (AOS) may conduct a performance audit of a school district in a state of fiscal watch or fiscal emergency and review any programs or areas of operations in which AOS believes that greater operational efficiencies or enhanced program results can be achieved.

In accordance with ORC §3316.03, AOS can declare a school district to be in a state of fiscal watch if the district has an operating deficit which exceeds 8.0 percent of the preceding year's general fund revenues, the district's unencumbered cash balance for the preceding fiscal year was less than 8.0 percent of the General Fund expenditures and a levy has not been passed which will raise sufficient revenues to eliminate these conditions. ORC §3316.04 allows AOS to declare a school district to be in a state of fiscal emergency if the district's board of education fails to submit an acceptable financial recovery plan to the State Superintendent of Public Instruction within 120 days of being placed in fiscal watch.

On December 21, 2000, AOS declared a projected $945,000 deficit for Trimble Local School District (TLSD) for fiscal year ending June 30, 2001, which met the criteria necessary to be placed in fiscal watch. However, because TLSD's Board of Education (the Board) did not feel that the District would be able to meet its financial obligations for the remainder of FY 2000-01, the Board passed a resolution on January 8, 2001, requesting that AOS bypass the fiscal watch process and place TLSD in fiscal emergency. On January 31, 2001, AOS formally declared TLSD to be in a state of fiscal emergency. School districts placed in fiscal emergency qualify to receive an interest free advance from the Ohio Solvency Assistance Fund administered by the Ohio Department of Educations (ODE). TLSD received an advance of $945,000 from the Ohio Solvency Assistance Fund on March 16, 2001, and is scheduled to repay the full amount over the next two fiscal years. At the end of FY 2000-01, TLSD had a reported ending fund balance of $463,000.

Pursuant to ORC §3316.041, AOS initiated a performance audit of TLSD. The following four functional areas were selected for assessment in the performance audit:

- Financial Systems;
- Human Resources;
- Facilities; and
- Transportation.

Planning for the performance audit began in January 2001, and the actual performance audit was conducted primarily during the months of February through May.

The performance audit process will assist TLSD and the Financial Planning and Supervision Commission (the Commission) in eliminating the conditions which brought about the declaration of fiscal emergency. The performance audit contains recommendations which provide cost savings, revenue enhancements and/or efficiency improvements. The performance audit also provides an independent assessment of TLSD's financial situation and a framework for TLSD's financial recovery plan. The recommendations contained within the performance audit are a resource which may aid TLSD and the Commission in developing a financial recovery plan. However, TLSD and the Commission are encouraged to assess overall operations and to develop other recommendations independent of the performance audit.

Financial Planning and Supervision Commission

As a result of AOS declaring TLSD in a state of fiscal emergency, and in accordance with ORC §3316.05, a Financial Planning and Supervision Commission was created. This Commission, by law, has broad fiscal and management authority to deal with TLSD's financial problems. Commission membership includes the following:

- The Superintendent of Public Instruction or designee;
- The Director of Budget and Management or designee;
- An appointment of the County Auditor;
- An appointment of the Governor; and
- An appointment of the Superintendent of Pubic Instruction who shall be a parent of a child attending a school in the district.

ORC §3316.06 requires the Commission to adopt a financial recovery plan within 120 days of its first meeting. The plan must contain the following provisions:

- Eliminate the emergency fiscal conditions that prompted the AOS declaration of fiscal emergency;
- Satisfy judgment and any past due payables and/or payroll and fringe benefits;
- Eliminate deficits in applicable funds;
- Restore to special funds any amounts borrowed or improperly used;
- Balance the budget;
- Avoid future deficits;
- Stay current in all accounts;
- Avoid future fiscal emergency conditions; and
- Restore the school district's ability to market long-term obligations.

The Commission has the following powers, duties and functions:

- Review or assume responsibility for the development of all tax budgets, tax levy and bond and note resolutions, appropriation measures, and certificates of estimated resources to ensure they are consistent with the financial recovery plan;
- Inspect and secure pertinent documents;
- Review, revise and approve determinations and certifications affecting TLSD made by the County Budget Commission or the County Auditor;
- Bring civil actions to enforce fiscal emergency provisions;
- Implement steps necessary to bring accounting records, accounting systems and financial procedures and reports into compliance with AOS rules;
- Make and enter into all contracts necessary or incidental to the performance of its duties; and
- Implement cost reductions and revenue increases to achieve balanced budgets and carry-out the financial recovery plan.

The Commission is currently reviewing all TLSD monthly financial reports and is monitoring the processes followed by the District for all expenditures. The Commission will continue in existence until AOS determines that the following conditions have been met:

- An effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years;
- All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred;
- The objectives of the financial recovery plan are being met; and
- The TLSD Board has prepared a financial forecast for a five-year period and such forecast is, in AOS opinion, “nonadverse.”

District Overview

Trimble Local School District (TLSD) is located in Athens County and encompasses approximately 40 square miles. According to average daily membership (ADM) data, TLSD served approximately 955 students in FY 1999-00, a slight decrease when compared to the previous year's ADM of 969. In FY 1999-00, TLSD had 142.3 FTE employees consisting of 8 administrators, 82 teachers and 52.3 classified employees.

According to TLSD's 2000 and 2001 local report cards, the District has been in academic emergency for two consecutive years - meeting only 5 of 27 academic performance standards in FY 1998-99 and 6 of 27 standards in FY 1999-00. Furthermore, TLSD's passage rate on the ninth grade proficiency test of 45.9 percent was significantly lower than the peer and statewide averages of 58.4 percent and 63.1 percent respectively.

TLSD's current financial condition is due, in part, to a lack of accurate financial forecasting, high per pupil expenditures and the high salaries instituted in FY 1995-96 for administrators and teachers. Since FY 1995-96, TLSD's certificated and classified staff have enjoyed high salaries and generous benefits when compared to the peers and other districts within Athens County. A history of expenditures exceeding revenues has contributed to TLSD's current financial deficit and the District has taken limited steps to curtail spending. Furthermore, TLSD's per pupil expenditures exceed those of like-sized districts by approximately 13 percent. TLSD management has asserted that, because of the high poverty level of the District and the inability to generate local revenues, the current financial condition is a result of State funding decisions.

The AOS certified a deficit of $945,000 in FY 2000-01. TLSD borrowed that amount from the State Solvency Assistance Fund during the current fiscal year and will be required to repay these funds during FY 2001-02 and FY 2002-03. Assuming no additional sources of revenue and no significant changes in operations, the financial forecast provided in **Table 2-1** of the **financial systems** section of this report shows significant operating deficits from FY 2002 through FY 2005. The projected deficit starts at $332,000 in FY 2001-02 and is projected to reach $1.8 million in FY 2004-05. A recent increase in State Foundation per pupil amounts and the implementation of a new funding category, Parity Aid, has greatly reduced TLSD's deficit.

Per pupil expenditures exceeded per pupil revenues by $252 in FY 1996-97, $969 in FY 1998-99 and $494 in FY 1999-00. In FY 1999-00, per pupil expenditures were the highest of the peers, driven by high salary and benefits costs and limited discretionary spending. As a labor intensive organization, TLSD spends 82.9 percent of its operating budget to fund payroll and fringe benefit costs. Through the 1990s, TLSD provided teachers with high cost-of-living increases. The negotiated increases are tied to an average of increases provided by other local districts; TLSD is not able to directly control or negotiate pay increases and is unable to forecast increases through the life of the contract.

Only a few months before requesting fiscal emergency status, TLSD approved a contract with TLTA that granted additional wage increases and offered a generous ERI. In FY 2000-01, TLSD renegotiated the District's early retirement incentive (ERI) and extended the package through the life of the contract, an additional two years. Although the additional expense of the ERI directly correlates with TLSD entering fiscal emergency status, the long history of high salary increases heavily contributed to the District's poor financial outlook.

TLSD's facilities consist of one elementary/middle school, one high school and one transportation building. As part of the Ohio School Facilities Commission (OSFC) Classroom Assistance Program, TLSD was provided with approximately $11.6 million for construction of an addition to the elementary/middle school building and for repairs to existing buildings. The construction projects will be complete in the summer of 2001 and the new addition will be opened for use for FY 2001-02. TLSD was required to pass a $968,000 bond levy for its match portion of the construction and repair costs, which are estimated to total $12.6 million.

With the new addition and the elimination of TLSD's rented pod units, the District will have sufficient space for current enrollment levels. If, as projections indicate, enrollment declines, TLSD may have an excess of space in future years. However, underutilized space may contribute to the District's high utility costs. Also, the average square footage maintained per custodian (17,368) is the lowest among the peer districts and below the AS&U Region 5 average. TLSD could reduce 2.0 FTE custodial positions, even with the increased square footage of the new addition.

TLSD's transportation operating ratios for regular and special needs students are lower than the peer district ratios. Approximately 1,041 students are eligible for transportation on TLSD's 12 buses. TLSD's regular per student transportation costs were lower than the peer average by approximately 23 percent. However, the per student transportation costs for special needs students slightly exceeded the peer average. Reductions in transportation costs could be achieved by revising the transportation policy, increasing student capacity per bus and implementing payments in lieu of transportation for the parents of selected special needs students.

In order to achieve and maintain financial stability, TLSD faces several difficult challenges including curbing the rapid growth of payroll and benefit costs and meeting statutory requirements established by House Bill 412, while maintaining high standards in educating its students. At a minimum, TLSD must implement approximately $459,000 of annual cost savings.

Although the Financial Planning and Supervision Commission (Commission) initially met on February 23, 2001, a financial recovery plan was not implemented until just prior to the statutory deadline. Often, the Commission and the school district's management are able to identify areas of cost savings and proactively address the district's deficit situation. In the case of TLSD, the Commission performed only limited cost saving measures and permitted the passage of a costly amendment to the TLTA contract. The passage of H.B. 94 markedly improved TLSD's financial outlook as TLSD stands to receive the greatest share of Parity Aid of all Ohio districts. The additional funding, though, has not been preserved by the Commission for academic improvements. Instead of addressing the deficit situation with cost reductions and curbed spending, as is usually the case, the Commission permitted large expenditures and has identified the additional funding as a resource to alleviate TLSD's financial condition.

The performance audit provides a series of recommendations, many of which include associated cost reductions, redirected services or improved efficiency. TLSD management should carefully consider these recommendations when making the important decisions necessary to establish financial stability and improve the quality of educational services.

Summary Results

The summary results of the performance audit are contained on pages 1-8 through 1-21. The summary results are followed by a definition of performance audits, the objective and methodology of performance audits and peer district comparisons of key information.

The performance audit addresses four major areas of TLSD operations. The **financial systems** area is further separated into financial planning as well as revenues and expenditures. A summary of background information; major findings, commendations, recommendations; and financial implications is provided for each area. A thorough analysis of each of the four areas, including detailed findings and recommendations, is contained within the corresponding section of the report. All interested parties are encouraged to read the entire report.

The results of this performance audit should not be construed as criticism of TLSD management. Rather, the performance audit should be used as a management tool by the Commission, TLSD and the community to improve operations within the District and aid in the preparation of TLSD's financial recovery plan.

A table representing a summary of the financial implications of the recommendations is presented on pages 1-22 through 1-23. However, the performance audit also contains a number of recommendations which may not generate estimated cost savings but will result in enhanced service delivery. If implemented, these recommendations would improve TLSD's operational efficiency and its effectiveness in achieving its educational mission.

The performance audit is not a financial audit. Therefore, it was not within the scope of this work to conduct a comprehensive and detailed examination of TLSD's fiscal records and past financial transactions. However, copies of the financial audits are available through the Auditor of State's Office at 88 East Broad Street, Columbus, Ohio 43215, or on the Internet at www.auditor.state.oh.us.

Financial Systems

Background:

The AOS declared a $945,000 operating deficit for TLSD for the fiscal year ending June 30, 2001, which met the criteria necessary to be placed in fiscal watch. The TLSD Board requested that AOS bypass the fiscal watch process and place TLSD directly into fiscal emergency. AOS formally declared TLSD in fiscal emergency on January 31, 2001.

Under normal circumstances, TLSD operates under the governance of a locally elected five-member board, with each member serving a four-year term. Since the declaration of fiscal watch, a Commission has been formed and given broad oversight authority to balance TLSD's budget and eliminate the conditions that caused the declaration of fiscal emergency. The Commission initially met on February 23, 2001.

There is no separate department responsible for budgeting within TLSD. Under Board policy, this function is centralized in the offices of the superintendent and the treasurer. The superintendent and the Board establish the overall fiscal objectives for TLSD while the actual budget preparation, presentation and subsequent management reporting falls under the authority of the treasurer.

Findings: The significant findings in the **financial systems** section are summarized below.

- The forecast projections show operating deficits of $332,000 in FY 2001-02, $1.3 million in FY 2002-03, $1.6 million in FY 2003-04 and $1.8 million in FY 2004-05. Using the recommendations contained within this performance audit, as well as cost savings provided by TLSD and the Commission, the District has the potential to achieve a positive ending fund balance of $1.2 million in FY 2004-05.

- TLSD's forecast document, submitted to ODE on December 31, 2000, lacks detailed information and has several deficiencies. The prior financial forecasts prepared by TLSD do not present an accurate picture of the financial condition TLSD is likely to encounter. Given the significant financial issues facing TLSD, a properly developed, detailed financial forecast is essential to the District's attempt to regain financial solvency.

- TLSD ratified a new contract with its classified staff, represented by the Trimble Local Teachers' Association (TLTA), on August 21, 2000. A 412 certificate was not issued, and TLSD management did not conform to the intent of H.B. 412 in ratifying the contract. H.B. 412 states, "any obligation that has not been certified is considered void, and no payment can be made on void obligations." Despite the fact that the treasurer's forecast showed operating deficits during the life of the contract, TLSD management made the decision to grant wage increases.

- TLSD's health insurance premiums have increased 51.0 percent over the past two years. According to the superintendent, TLSD renewed its health insurance policies without conducting a cost-comparison or throughly reviewing the contract.

- TLSD's Food Service Division has the lowest overall staffing level for its Food Service operations when compared to the peer districts and the peer average. TLSD's average cost to serve a student is $17 or 4.9 percent below the peer average. However, in comparison to the peers, TLSD's average salary and benefit costs per staff member is $3,900 or 17.4 percent higher than the peer average which may contribute to the Food Service Fund deficits. TLSD has implemented a Café Terminal system for the Food Service Division which will track free, reduced and denied meals; *a la carte* sales; prepaid meals and money on account. The Café Terminal will also generate the reports necessary for Federal reimbursement which should reduce the number of labor hours needed to complete this process.

- TLSD pursues common Federal grants, such as Title I and Title VI-B, but does not have a coordinated program to seek smaller, specialized State and Federal grants. In addition, TLSD does not employ a grant coordinator. The superintendent, principals and individual teachers research and apply for grants. The Board approves participation in the various grant programs while the treasurer fulfills compliance responsibilities.

- Wages and fringe benefits account for 82.9 percent of the total budgeted expenditures in the General Fund. TLSD's per pupil expenditures were the highest among the peer districts. TLSD's percentage of governmental fund operational expenditures spent on instruction (62.6 percent) was the highest among the peer districts. High salary and benefit costs serve as the cost driver for both instructional and support services expenditures.

Commendations: The significant commendations in the **financial systems** section are summarized below.

- The implementation of the Café Terminal point-of-sale system should help reduce the stigma associated with the free and reduced lunch program. This should encourage student participation and therefore increase Federal reimbursements to TLSD's Food Service Division.

Recommendations: The significant recommendations in the **financial systems** section are summarized below.

- The Commission should use the financial recovery plan and the recommendations in this performance audit to determine the impact of the related cost savings on TLSD's financial condition. TLSD should closely examine its spending patterns and reallocate monies towards those programs and priorities which will have the greatest impact on improving student education and proficiency test results. The expenditures highlighted in the **financial systems** assessments show a relatively expensive educational environment in comparison to the peers.

- TLSD should ensure that the forecast is accurate and up-to-date. All assumptions should be included in the forecast and articulated in the notes. By including assumptions and supporting explanations along with financial data, readers can better understand the figures presented in the forecast.

- TLSD should immediately update its five-year forecast and determine which contracts may be certified under H.B. 412. TLSD's current financial difficulties could potentially have been avoided if the District had appropriately used the H.B. 412 restrictions and refrained from entering into agreements beyond its financial means. Although the fiscal emergency declaration represents the most detrimental side effect of TLSD's oversight, personal financial penalties could be levied against District management. TLSD must ensure that revenues are available for all future contracts and that the forecast truthfully supports any spending decisions requiring certification.

- By granting wage increases and other concessions while showing operating deficits during the life of the contract, TLSD has not only fostered unsound management practices but has virtually ensured that TLSD will continue to encounter financial hardship in the future. To rectify the recurring deficit and to achieve fiscal solvency, TLSD must reverse past trends and begin adopting contracts and making expenditures only within the estimated resources.

- TLSD should review health insurance costs closely and initiate short and long-term planning to manage current and future costs. TLSD should consider rebidding or competitively bidding its health insurance contracts periodically to determine if another company can render a health insurance contract at a lower cost. In addition, TLSD should implement procedures to make the Food Service Fund self-supporting. Several options, including privatization, are available to TLSD.

- TLSD should develop a coordinated grant program to include all teachers and administrators in the grant search and application process. A coordinated program, emphasizing concentrated grant research, could provide TLSD with additional resources.

Human Resources

Background:

TLSD does not have a separate department dedicated to performing human resources functions. All TLSD employees are categorized either as certificated or classified staff. Certificated staff members include principals, teachers, counselors, librarians, coaches, one nurse, one psychologist, and one speech/language therapist. Classified staff members include instructional teaching aides, library aides, custodians, food service workers, secretaries, account clerks, and three supervisors who are classified administrators.

Findings: The significant findings in the **human resources** are summarized and shown below.

- TLSD is slightly higher than the peer average in site-based administrators and has two principals for its K-8 building. Also, TLSD's staffing levels are higher than the peers in several classifications and staffing levels remained the same or increased while enrollment decreased. In the area of special education, TLSD has a slightly higher percentage of students with special needs than the County average. However, TLSD's special needs student to special education teacher ratio is significantly lower than the peer average.

- The majority of TLSD middle and high school teaching staff teach at least six periods a day, decreasing the likelihood of overstaffing. However, TLSD is below the County and peer average student-to-teacher ratios and ORC minimum standards.

- In FY 1999-00, TLSD included some employees in the wrong classification and incorrectly calculated FTEs in the other classifications, resulting in incorrect information being reported to EMIS.

- TLSD's average teacher salary is the highest among the peers. TLSD has a limited number of steps in the salary schedule resulting in higher salary costs. Also, TLSD has the highest supplemental contract average for selected positions when compared to the peer average.

- TLSD teachers require a substitute 11.1 days per year and over half of these days are for sick leave. Classified staff took an average of 10.6 days of sick leave per year which is higher than the peer average. In an attempt to control leave usage, TLSD has a perfect attendance incentive for employees who use two or fewer days of personal leave each year. TLSD has found it difficult to locate substitute teachers and occasionally uses teachers to cover classes at a higher cost per day. Also, the Trimble Local Teachers Association (TLTA) contract indicates that no teacher will substitute more than one period a day or one class a month.

- The Board pays 100 percent of the medical and dental premium costs for all employees eligible to receive full-time benefits. An employee who works 3.0 hours per day and a minimum of 15.0 hours per week is eligible to receive full-time benefits from TLSD. In the area of Workers' Compensation, TLSD's total number of medical and lost time claims remained fairly consistent and has resulted in a stable experience modifier and premium costs. TLSD has participated in programs to help develop strategies to improve its safety record and control claims costs.

- The TLTA contract requires an employee to file a written grievance form within 20 working days after the employee is aware of the problem. Also, an informal process is conducted with the grievant, building principal, and, if requested, the union representative within the 20-day time period following the situation.

- TLSD includes employee leave such as sick, personal, holiday and vacation in the active pay status category for overtime calculation and is computed as hours worked for the purpose of determining eligibility for overtime pay. Additionally, TLSD's 11 and 12 month employees are able to take vacation at any time during the year except the two weeks prior to the beginning of the school year.

- The TLTA contract provides for up to 15 paid days of leave to be used for TLTA business for any employee and release time with pay for the TLTA president to conduct association business. Certificated staff members are granted three days of non-cumulative personal leave per year.

- TLSD grants all staff up to five calamity days, including clerical and supervisory personnel who are not covered under a negotiated agreement. TLSD employees required to work on a calamity day have the option of being paid at the rate of one and one-half times their regular hourly rate or receiving compensatory time off with pay at a later date.

- TLSD anticipates 18 teachers and 3 administrators will take advantage of the ERI during the current contract period at a cost of approximately $1.1 million. Also, TLSD may be liable for a maximum of 53 days of severance payout to retiring employees regardless of years of service to the District. Also, the contract does not specify a date by which TLSD employees must notify the Board of their intent to retire.

- TLSD offers several additional benefits, such as tuition reimbursement, to both certificated and classified employees. Further, the TLTA contract grants up to 10 years experience credit to teachers with experience in other districts. Also, the classified contract does not establish a probationary period for new classified personnel.

- The TLTA contract indicates that administration should first consider seniority when making decisions which involve voluntary reassignments or transfers. Also, the classified contract indicates when filling vacancies, classification seniority applies.

- The TLTA contract requires that certificated personnel be evaluated according to an established schedule. Evaluations for certificated staff include clear recommendations for corrective action. However, the TLTA contract does not incorporate the specific steps TLSD will take prior to non-renewal of a limited teachers contract. Additionally, the contract prohibits modification of the evaluation process or instrument during the current school year. Furthermore, the classified contract does not indicate the frequency of evaluations for classified staff.

Commendations: The significant commendations in the **human resources** section are summarized in the following points.

- TLSD maintains low teacher staffing levels which aids the District in maximizing the instructional time taught by all teachers.

- TLSD was highly successful in mitigating risks in 1998 and 1999. TLSD participated in the Workers' Compensation Managed Care Program and the Gates McDonald Health Plus, Inc. program. These programs assist TLSD in developing strategies to improve its safety record and control fluctuating costs of claims.

- By having implemented an informal grievance process, TLSD minimizes administrative time spent in meetings and in writing reports. The process eliminates the need for all grievances to undergo formal proceedings.

- TLSD's personal leave policy, disallowing the use of personal days immediately preceding or following a holiday period or the first and last week of school, helps reduce substitute costs. In addition, the superintendent's practice of limiting the number of personal days to three per employee helps in maintaining levels commensurate with the peer districts.

- The established frequency of evaluations allows TLSD administrators to ensure that teachers are performing well or constantly improving. In addition, the individualized feedback provided through the comments and recommendations advises teachers of the areas in which they are deficient and assists them in improving their overall performance.

Recommendations: The significant recommendations in the **human resources** section are summarized and shown below.

- TLSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before submission to ODE and EMIS.
- TLSD should consider reducing one principal at the elementary/middle school building by combining the responsibilities of the elementary and middle school principals. TLSD should continually monitor enrollment and develop detailed enrollment projections which should be used to adjust staffing levels accordingly. Also, TLSD should review special education staffing for cost reductions.
- TLSD should consider increasing the number of steps on the certificated salary schedule during the next contract negotiation. TLSD should not apply the average inflationary increases currently shown in each step to the additional steps. Also, TLSD should consider re-negotiating increases for certificated employees and eliminating the contractual method by which increases are determined.
- TLSD should analyze the supplemental contract payment schedule to determine if savings can be generated by eliminating positions that may not have sizeable enrollment. TLSD should also work to bring the supplemental costs in line with the peer average.
- TLSD should encourage a reduction in the number of sick leave days taken by teachers and classified employees. Also, TLSD should consider implementing additional policies to assist with the reduction of sick leave usage, and should perform an analysis on the costs and benefits of continuing to institute a perfect attendance incentive policy. In order to increase TLSD's pool of substitutes, the District should consider placing advertisements in area newspapers and on television.
- TLSD should revise its benefits scale to a prorated schedule based on the actual number of hours worked in a day. Also, TLSD should consider requiring full-time employees to contribute a higher percentage towards monthly premium costs.
- During the next round of negotiations, TLSD should consider reducing the maximum number of days for filing a grievance from 20 to 10.
- TLSD should also require the TLTA to reimburse it for the cost of providing substitute teachers to cover for employees on association leave and should consider negotiating a provision by which the TLTA would be responsible for providing the employees' salaries and benefits when on association leave.

- TLSD should renegotiate the basis for voluntary reassignments and transfers to include certification, experience, performance, training and education, and the needs of the District instead of relying solely on seniority as a basis for decision-making. Also, TLSD should consider negotiating the removal of seniority provisions from future contracts.

- TLSD should consider incorporating within the teachers collective bargaining agreement specific steps the District will take prior to non-renewal of a limited teachers contract. Additionally, TLSD should consider removing the provision that prohibits it from altering the evaluation process or instrument, and the District should also conduct evaluations for all classified employees at least once a year.

- TLSD should consider reopening the ERI issue and approaching TLTA about reducing the number of years covered by the ERI. Also, TLSD should conduct thorough studies assessing the costs and benefits of the ERI.

- TLSD should consider renegotiating its severance policy to standards identified by ORC. Also, TLSD should establish a policy that requires employees to notify the District by a Board-established date of their intentions to retire for the following school year. Also, TLSD should consider reducing the amount of service credit offered to new teachers. Additionally, TLSD should consider implementing a probationary period for new classified personnel.

- TLSD should ensure that courses taken by certificated staff are linked with the certificate/license renewal process and that TLSD stays within the amount budgeted for reimbursement for training, tuition and State-mandated class hours.

- TLSD should establish a policy that defines essential employees and discontinue the practice of paying one and one-half times the regular rate of pay or compensatory time for classified employees or employees not covered under the negotiated agreement who are required to work on calamity days.

- TLSD should limit vacation and holiday leave as the only types of leave that are included in the "active pay status" category for overtime calculation. Also, TLSD should consider negotiating a clause which stipulates that employees must take at least a portion of their vacation during the summer break or other times when school is not in session.

Facilities

Background:

The facilities support staff is responsible for maintaining Trimble Local School District's (TLSD) buildings and grounds. Excluding the maintenance and custodial supervisor, eight full-time custodial employees are currently employed by TLSD. TLSD operates the elementary/middle school, the high school/administration building and a transportation facility. A total of 121,575 square feet are maintained in the elementary/middle school and the high school/administration buildings.

Findings: The significant findings in the **facilities** section are as follows:

- TLSD custodians are responsible for substantially less square footage in comparison to the peers. Districts exhibiting a low square footage cleaned in comparison to peers suffer from low custodial efficiency and, therefore, draw more scarce resources away from the educational process. Despite an addition to the elementary/middle school which increases custodial square footage by 20,571, TLSD custodians will still be maintaining approximately 15 percent less square footage than the peer average.

- TLSD does not formally monitor overtime pay for maintenance staff or reasons such expenditures are incurred. Also, TLSD does not account for custodial and maintenance salaries separately which impedes its ability to control overtime expenditures. Furthermore, TLSD does not review workloads before scheduling overtime or substitute custodial labor to replace absent custodians which may cause the District to schedule substitutes when work could be shared among remaining custodians.

- The maintenance and custodial supervisor uses prison laborers during the summer months to maintain grounds. This helps reduce both grounds maintenance and overtime expenditures for TLSD.

- TLSD does not have a comprehensive facilities master plan (FMP) documenting long-term facility needs such as construction, building closures, additions, renovations, and preventive maintenance. A FMP enables management to better deploy limited resources to address facility needs, and a FMP can also be used to document and communicate funding needs to the Board and voters.

- TLSD does not maintain a written preventive maintenance schedule detailing maintenance needs and tasks completed. An effective preventive maintenance program extends equipment life and reduces expenditures related to emergency repairs.

- TLSD does not maintain a work order log which would improve accountability. Additionally, TLSD has not formalized the process for prioritizing repair requests which would allow staff to better manage essential maintenance requests during periods of scarce resources.

- The maintenance and custodial supervisor is responsible for conducting evaluations for staff who have been employed by TLSD for less than five years. Currently, there are three staff members who fall in this category who have not received an evaluation. TLSD's infrequent use of evaluations impacts the level of formal feedback received by the custodial and maintenance staff.

- The rate of compensation provided to TLSD classified staff for calamity days is in excess of Ohio Revised Code requirements and increases custodial and maintenance costs to the District. Currently, TLSD provides calamity day compensation for all employees.

- In FY 1999-00, TLSD spent $4.46 per square foot on maintenance and operation expenditures, more than any other peer district. Also, TLSD's custodial and maintenance salaries and benefits, utilities, and capital outlay expenditures are significantly higher than the peer average. TLSD does not participate in discounted utility programs or use an energy savings company to help control utility costs. As a result, utility expenditures in FY 1999-00 were $1.49 per square foot, approximately 49 percent higher than the peer average.

- TLSD has not developed student enrollment projections to track trends in enrollment. Such projections are essential in identifying staffing needs and in determining the number of school buildings a district should operate. According to calculations performed as part of this audit, TLSD is currently operating at 66.2 percent of its total capacity. Once the new elementary/middle school addition is completed, however, the TLSD will be under capacity by 39.1 percent.

- Staff members at the elementary/middle school have expressed concern regarding the lack of adequate storage space. However, the capacity analysis and square foot per student assessment indicate an excess of classroom space. To address the lack of storage space, TLSD plans to use pod unit classrooms as storage facilities once the new addition is complete in FY 2000-01. Although the pod unit classrooms provide additional storage space, it will cost TLSD $19,200 annually to rent the structure.

Commendations: The significant commendations in the **facilities** section are as follows:

- TLSD's use of prison laborers helps reduce grounds maintenance expenditures. Using inmates during the summer to complete grounds work and maintenance enables TLSD to reduce overtime expenditures while providing additional resources to enhance the aesthetics and functionality of District property.

Recommendations: The significant recommendations in the **facilities** section are as follows:

- TLSD should consider reducing its custodial staffing levels by two full-time custodial positions, one at the elementary/middle school and one at the high school. The reduction of two full-time custodians would increase the overall square footage per custodian from 15,197 to 26,460 square feet.

- TLSD should monitor overtime usage and the reasons why overtime is incurred. Tracking overtime expenditures and documenting reasons that cause overtime usage will allow TLSD to identify areas where efficiency improvements can be made and can help keep the District's operational costs in line with its established budget.

- When a custodial employee is absent, TLSD should review the workload to determine if coverage is needed. Also, during the next round of contract negotiations, TLSD should attempt to revise the custodial substitution provision to limit overtime opportunities to cover employee absences by the custodial staff.

- TLSD should develop a comprehensive FMP to formally document its long-term facility needs. When developing the plan, TLSD should obtain input from a variety of sources including design professionals, community groups, and business representatives. The plan should be updated on a regular basis and adjusted for factors such as housing starts and shifts in employment.

- TLSD should develop and implement a formal, planned preventive maintenance program for each building in the District. Preventive maintenance schedules for each building's heating, cooling, and plumbing systems should be developed in conjunction with a log to track completed tasks.

- TLSD should develop a work order log to track work orders and resources used to complete each order. The logs should be reviewed by the superintendent on a periodic basis to monitor productivity and maintenance expenditures used for repairs. Also, the maintenance and custodial supervisor should consider implementing a formal process for prioritizing work orders to better allocate resources.

- TLSD should develop a formal evaluation policy to ensure that the maintenance and custodial supervisor and custodial staff receive annual performance evaluations. The evaluations should be closely tied to job duties and organizational goals while fostering employee participation.

- TLSD should establish a policy which defines essential employees, including administrators, building custodians, 12-month exempt employees and other personnel necessary to prepare the District for re-opening following a calamity day. TLSD should discontinue the practice of granting time and a half time for classified employees required to work on calamity days. If an essential employee does not report to work on a calamity day, the employee should be required to use leave time.

- TLSD could potentially reduce its utility expenditures by entering into agreements to purchase its utilities at a discount. Additional utility savings could be realized if TLSD elected to enter into a performance contract with an energy services company. Also, TLSD should earmark the funds generated by the 0.5 mill levy to offset General Fund maintenance costs, particularly while the District is in financial distress.

- TLSD should annually develop enrollment projections as part of the recommended comprehensive FMP and five-year financial forecast. The methodology adopted to project enrollments should include live birth data, historical enrollment and grade-to-grade survival ratios. TLSD should use the enrollment projections to help determine State funding, staffing needs and to evaluate building usage and capacity.

- Considering TLSD's current financial condition, the District should assess its need to fully operate vacant classrooms and areas with infrequent utilization. Maximization of building space and the reduction of utility and custodial expenditures on unused and under utilized space could help TLSD reduce maintenance and operating expenditures. TLSD should examine the utilization of space at the elementary/middle school. TLSD should develop a plan and associated cost information to purchase adequate storage units. In addition, TLSD should discontinue the pod unit rental.

- TLSD should implement additional energy conservation measures in an effort to reduce its increasing utility costs by entering into service agreements with utility providers that offer discounts to school districts. In addition to taking advantage of utility discounts, TLSD should contact an energy service company. TLSD could save an additional unquantifiable amount by entering into a performance contract with an energy service company. The amount saved would depend on the type of energy efficiency projects undertaken.

Transportation

Background:

TLSD provides transportation for regular and special needs students to and from school using district owned buses and vans. Transportation is provided for any student living more than one mile from school. Because of the rural nature of the District and the absence of sidewalks in many areas, those students living less than one mile from school are also given transportation, provided that student resides on a regular bus route. TLSD's regular transportation program buses traveled approximately

155,000 miles during FY 1999-00, carrying 1,008 public students daily. The total cost of the regular transportation program was $314,629, or $309 per student transported. Also, the special education program transported 24 students daily using specially equipped buses and vans. TLSD transported all of the District's special education students. The cost for special needs transportation was $2,874 per student. Fifty-five percent or $211,709 of all transportation expenditures were funded by the State.

Findings: The significant findings in the **transportation** section are as follows:

- TLSD's Board of Education has not formally adopted a transportation policy for its students. However, it is the practice of the Transportation Department to provide transportation to any student, grade K-12, who requires it.

- The T-Forms submitted by TLSD for FY 1999-00 contained inaccurate data. TLSD under-reported its actual transportation costs by $3,300, as determined by reconciling the T-Forms with the 4502 Q forms.

- TLSD has the lowest cost per student on District buses of $311, as compared to a peer average of $400 per student. The annual transportation cost per bus of $26,219 was also the lowest among the peer districts with the average peer district cost per bus of $29,600. However, TLSD's per pupil special needs transportation costs are $26,533 more than the special needs costs of the peers, primarily because TLSD has approximately 41 percent more special needs students than the peer average.

- TLSD does not use routing software to design bus routes. Instead, routes and stops are manually designed based upon historically established cluster, corner, and door-to-door stops. Bus drivers retain their bus routes from year to year, unless they receive a new bus route after bidding on a vacant route.

- Bus replacement is funded in part by the State and the balance by the school district. Each school district is reviewed independently by ODE using a complex formula to determine the regular bus purchase allowance.

- At the beginning of each school year, TLSD bids several items which are used by the Transportation Department. Some of these items include diesel fuel, gasoline, engine oil and grease. TLSD awards a one-year contract for each of these items to the lowest bidder.

- Bus drivers are responsible for fueling their buses every morning before their routes begin. The amount of fuel used and the odometer reading is recorded after every fueling. The key to the gas switch is held by the transportation supervisor so that fuel cannot be dispensed without the supervisor's knowledge.

Commendations: The significant commendations in the **transportation** section are summarized below.

- The Transportation Department appears to use efficient practices in the operation and maintenance of the bus fleet. Efficiency is shown in TLSD's relatively low operating statistics including cost per bus and cost per student, indicate efficient operations.

- Drivers who operate the same routes each year gain familiarity with the routes. This enables the driver to become more efficient in driving the route on a daily basis.

- The development of specifications and selection of vendors via contracts or competitive bidding helps ensure that TLSD is receiving the best possible rates for all services and assists TLSD in identifying available vendors.

- Control procedures, such as the limited availability of the gas key and the documentation of mileage, have enabled TLSD to prevent the misuse or theft of the fuel supply.

Recommendations: The significant recommendations in the **transportation** section are as follows:

- TLSD should submit corrected FY 1999-00 T-Forms to ODE. In addition, TLSD should develop procedures to ensure that accurate reports are prepared and that they reconcile to the 4502 report which contains all detailed expenditures for TLSD.

- TLSD's transportation supervisor should review all existing bus routes for opportunities to increase the number of students per bus through the possible elimination of a route(s).

- TLSD could potentially reduce special needs transportation costs by promoting the formation of parent/guardian contracts with the Transportation Department, determining if transportation costs can be shared with surrounding districts that send students to the same schools and using vans to transport students whenever possible.

- TLSD should prepare a formal bus replacement plan. Included in this plan should be the number of buses to be replaced each fiscal year along with the average age at the time of replacement and the estimated cost of replacement.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which TLSD and the Commission should consider when making the important decisions necessary to establish financial stability, to meet the needs of students and to improve educational standards. Certain recommendations are dependent on labor negotiations or community approval. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit report.

Estimated Revenue Enhancements, Cost Savings and Cost Avoidance			
Ref. No.	**Recommendations From All Sections**	**Cost Savings**	**Cost Avoidance**
	Human Resources		
R3.2	Reduction in professional education staffing levels	$70,000	
R3.5	Negotiation of lower cost of living increases		$1,074,600
R3.6	Reduce the per pupil expenditure for supplementals to $35 per student	$15,700	
R3.7	Reduce two special needs teaching positions	$111,200	
R3.8	Reduction in certified sick leave usage	$5,700	
R3.11	Reduction in classified sick leave usage	$3,700	
R3.13	Implement graduated benefits scale	$21,000	
R3.14	Increase employee insurance co-pay	$102,800	
R3.16	Repayment from TLTA for use of association leave	$1,200	
R3.18	Generate SERB savings by discontinuing ERI in second and third contract years as originally negotiated in FY 2000-01 contract		$620,000
R3.18	Defer severance costs by discontinuing ERI in second and third contract years as originally negotiated in FY 2000-01 contract		$250,000
R3.21	Reduce future severance liability by reducing the severance policy to ORC minimums.		$395,700
R3.26	Discontinue the provision of calamity days for non-essential employees.	$17,600	
	Facilities		
R4.1	Reduce of two full-time custodial positions.	$57,150	
R4.8	Earmark levy revenues to offset General Fund expenditures for maintenance	$13,000	
R4.11	Discontinue the pod rental upon completion of the new addition.	$19,200	
R4.12	Participate in a discount utilities program.	$19,000	
	Total	**$457,250**	**$2,340,300**

The summarized financial implications are presented on an individual basis for each recommendation. The magnitude of cost savings associated with some recommendations could be affected or offset by the implementation of other interrelated recommendations. Therefore, the actual cost savings, as compared to estimated cost savings, could vary depending on the implementation of the various recommendations.

Objectives and Scope

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function or activity to develop findings, conclusions and recommendations. Performance audits are usually classified as either economy and efficiency audits or program audits.

Economy and efficiency audits consider whether an entity is using its resources efficiently and effectively. They attempt to determine if management is maximizing output for a given amount of input. If the entity is efficient, it is assumed that it will accomplish its goals with a minimum of resources and with the fewest negative consequences. This audit was primarily designed as an economy and efficiency audit.

The objectives of performance audits may vary. AOS has designed this performance audit with the objective of reviewing systems, organizational structures, finances and operating procedures to develop recommendations for reducing operating costs, increasing revenues or improving efficiency. This performance audit included several specific objectives.

- Identify opportunities for improving district effectiveness, responsiveness and quality of service delivery;
- Identify opportunity for improving district procedures, work methods and capital asset utilization;
- Determine if the district's current organization is flexible and effectively structured to meet future demands;
- Evaluate financial policies and procedures and provide recommendations for enhanced revenue flow, expenditure reductions or alternative financing techniques;
- Assure administrative activities are performed efficiently and effectively without unnecessary duplication;
- Determine if support activities are sufficient to meet educational objectives;
- Ensure education goals and objectives are supported by the administrative organization; and
- Perform an independent assessment of the district's financial situation, including the development of a framework of a financial recovery plan.

The performance audit topics focus primarily on the systems/business side of school district operations. By focusing on systems, the audit provides TLSD with recommendations which may enable it to operate more efficiently and economically. Enhancements to the systems may also improve the delivery of educational services to students.

The performance audit on TLSD covers the following areas of operations:

- Financial Systems;
- Human Resources;
- Facilities; and
- Transportation.

Within TLSD operations, these areas are important to assess because they typically are major cost centers and have the potential to create a significant financial or operational risk.

Methodology

To complete the performance audit, the auditors gathered and assessed a significant amount of data pertaining to TLSD, conducted interviews with various groups associated with TLSD and conducted interviews and assessed information from the peer districts and other nearby school districts. An explanation of the methodology is outlined in *Studies, Reports and other Data Sources*, *Interviews, Discussions and Surveys*, and *Benchmark Comparisons with Other Districts*.

Studies, Reports and other Data Sources

TLSD was asked to provide any previous studies or analyses already prepared on the performance audit areas. In addition to assessing this information, the auditors spent a significant amount of time gathering and assessing other pertinent documents or information. Examples of the studies and other data sources which were studied include the following:

- Financial forecasts;
- Financial and budgetary reports;
- Board policy manuals and meeting minutes, including appropriation resolutions and amendments;
- Negotiated union contracts;
- Organizational charts and position descriptions;
- Various reports from the Education Management Information System (EMIS);
- Cost of Health Insurance in Ohio's Public Sector Report from the State Employee Relations Board (SERB);
- Data from the Bureau of Workers' Compensation (BWC);
- Various ODE transportation forms;

- AS & U 2000 Annual Maintenance and Operating Cost Study;
- Reports regarding the State Emergency Loan Program and the State Solvency Assistance Fund; and
- ORC and Ohio Administrative Code.

Interviews, Discussions and Surveys

Interviews and discussions were held with many levels and groups of individuals involved internally and externally with TLSD. These interviews were invaluable in developing an overall understanding of TLSD operations and in some cases, were useful sources in identifying concerns with TLSD's operations and in providing recommendations to address these concerns. Examples of the organizations and individuals who were interviewed include the following:

- Administrators, teachers, and support staff;
- Union representatives;
- ODE;
- OSFC; and
- Representatives from the Athens County Auditor's Office.

Benchmark Comparisons with Other Districts

Three school districts, Bloom-Vernon Local, Federal Hocking Local, and Southern Local (Perry County), were selected to provide benchmark comparisons with TLSD. Additionally, for certain analyses, Alexander Local and Athens City school districts were also used for benchmark comparison purposes. Performance indicators were established for the various performance audit areas to develop a mechanism for determining how effectively and efficiently TLSD is providing necessary functions. The information was gathered primarily through information contained within EMIS and information provided by the selected peer districts named above.

Information or suggested procedures from other performance audits were used where applicable. These suggested procedures were selected to provide certain benchmark comparisons with TLSD's operations.

Comparative Districts

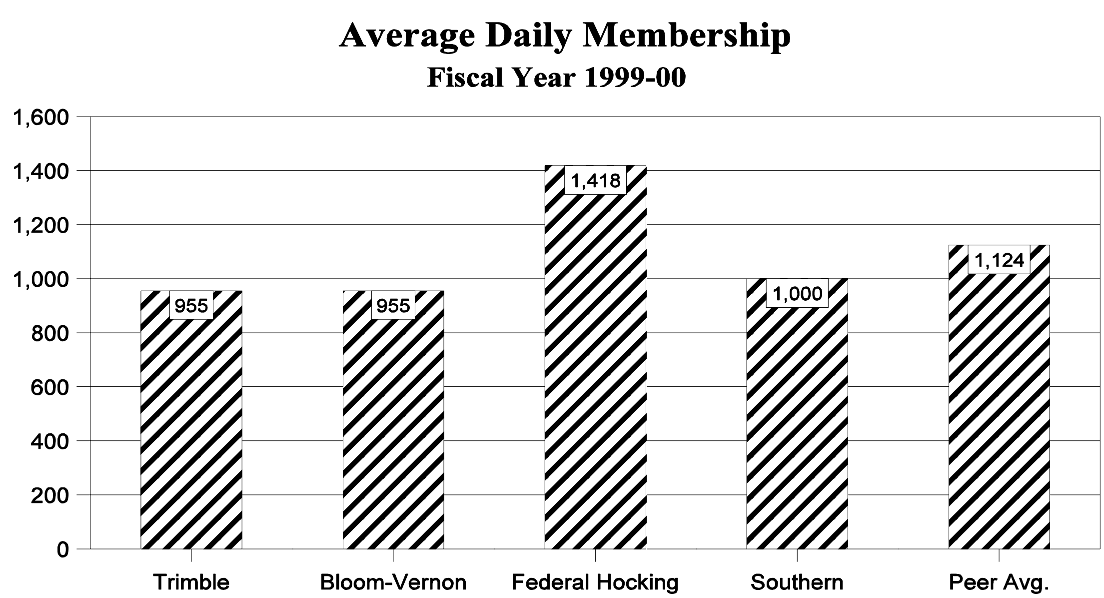
Peer district comparisons provide information on like practices, statistics and benchmarking data. Bloom-Vernon Local, Federal Hocking Local and Southern Local (Perry County) were selected as peers because of similar demographic statistics. In the comparisons, the group average excludes Trimble Local School District, unless otherwise noted. The statewide average includes all school districts within the state of Ohio. Certain information contained within this executive summary may differ from the individual sections due to the timing of the data from ODE.

Average daily membership (ADM) differs from standard enrollment in that it makes adjustments for kindergarten, special and vocational education students. From FY 1996-97 to FY 1999-00, TLSD's ADM increased by 12.8 percent, which was the highest increase over the four year period among the peer districts. However, TLSD's ADM (955) in FY 1999-00 was the lowest among the peer districts and slightly below the peer average. All four of the peer districts were well below the State average ADM during the historical period.

Average Daily Membership

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	847	807	969	955	12.8%
Bloom-Vernon LSD	981	972	1,005	955	(2.7)%
Federal Hocking LSD	1,264	1,298	1,480	1,418	12.2%
Southern (Perry) LSD	901	910	1,025	1,000	11.0%
Peer Average	1,049	1,060	1,170	1,124	7.2%
State Average	2,974	2,953	2,962	N/A	N/A

Source: ODE SF-12 reports for FY 1996-97 and FY 1997-98, and SF-3 reports for FY 1998-99 and FY 1999-00



TLSD's FY 1999-00 per pupil expenditures ($7,325 per pupil) were the highest among the peer districts. TLSD's percentage increase in expenditures per pupil over the four year period was also the highest among the peer districts and higher than the State average increase. Furthermore, TLSD's 44.2 percent increase in per pupil expenditures from FY 1997-00 was 135.1 percent higher than the State average increase and 59.6 percent higher than the peer average increase in expenditures per pupil.

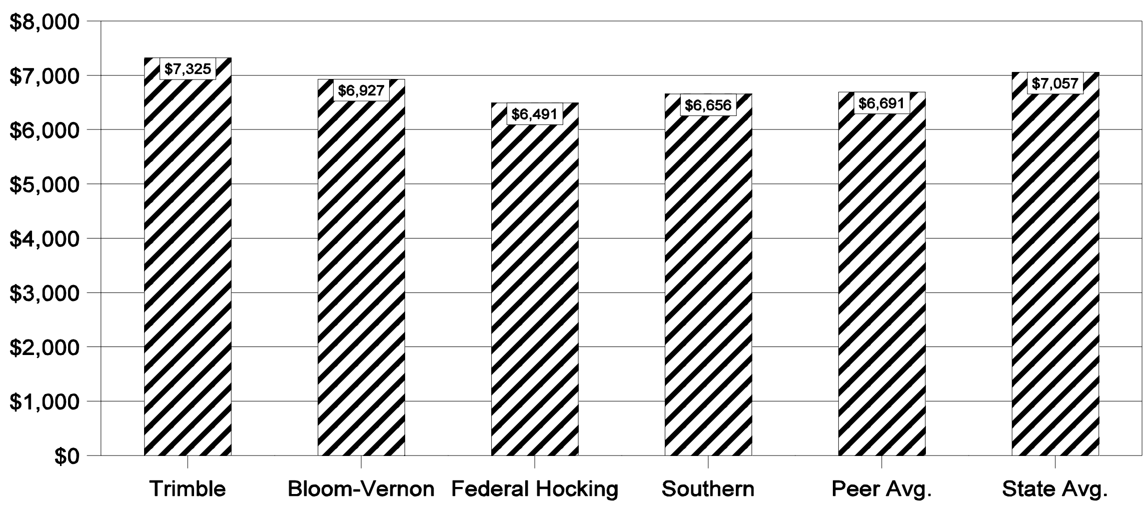
Expenditures Per Pupil

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	$5,080	$6,456	$7,850	$7,325	44.2%
Bloom-Vernon LSD	$5,477	$5,908	$5,845	$6,927	26.5%
Federal Hocking LSD	$5,107	$5,396	$5,932	$6,491	27.1%
Southern (Perry) LSD	$5,202	$5,641	$6,003	$6,656	28.0%
Peer Average	$5,262	$5,648	$5,927	$6,691	27.2%
State Average	$5,939	$6,232	$6,642	$7,057	18.8%

Source: ODE School District Report Cards

Expenditures Per Pupil

Fiscal Year 1999-00

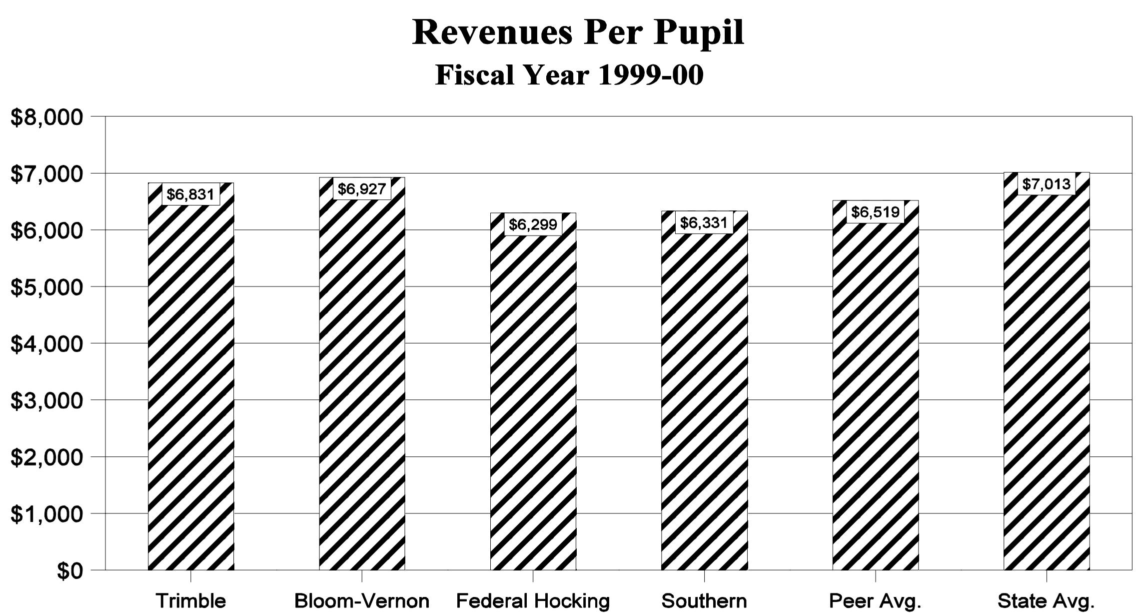


TLSD's revenues per pupil were approximately $500 less than its expenditures per pupil for FY 1999-00. TLSD had the second highest revenues per pupil among the peer districts in FY 1999-00, however the District experienced the lowest rate of increase over the four year period at 19.0 percent. Furthermore, TLSD's percentage increase in revenues per pupil was 43.0 percent lower than the peer average and 12.0 percent lower than the State average over the four year period. It should be noted, however, that TLSD's revenues per pupil were 4.8 percent higher than the peer average in FY 1999-00.

Revenues Per Pupil

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	$5,740	$6,204	$6,881	$6,831	19.0%
Bloom-Vernon LSD	$5,217	$5,515	$6,221	$6,927	32.8%
Federal Hocking LSD	$4,671	$5,071	$5,515	$6,299	34.9%
Southern (Perry) LSD	$4,784	$5,289	$5,929	$6,331	32.3%
Peer Average	$4,891	$5,292	$5,888	$6,519	33.3%
State Average	$5,767	$6,177	$6,681	$7,013	21.6%

Source: ODE School District Report Cards

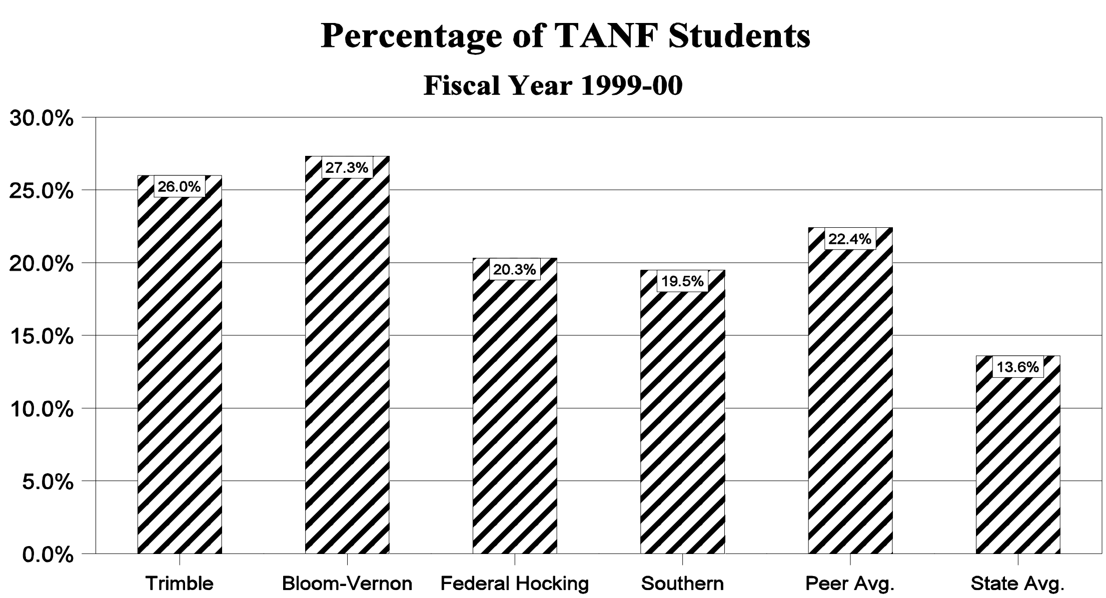


TLSD had the second highest percentage of students receiving Temporary Assistance for Needy Families (TANF) among the peer districts in FY 1999-00. Twenty-six percent of TLSD's students received TANF in FY 1999-00, which was 16.1 percent higher than the peer average and 91.2 percent higher than the State average. Over the four year period, TLSD's percentage of students receiving TANF declined at a rate slightly higher than the peer average and significantly higher than the State average. All of the peer districts have a relatively high percentage of students receiving TANF. However, each district showed a slight reduction in the percentage of students receiving TANF over the four year period.

Percentage of Students Receiving TANF

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	31.8%	29.1%	25.0%	26.0%	(18.2)%
Bloom-Vernon LSD	32.2%	30.5%	26.4%	27.3%	(15.2)%
Federal Hocking LSD	22.6%	21.0%	20.0%	20.3%	(10.2)%
Southern (Perry) LSD	24.5%	22.8%	19.2%	19.5%	(20.4)%
Peer Average	26.4%	24.8%	21.9%	22.4%	(15.4)%
State Average	15.9%	15.0%	13.4%	13.6%	(14.5)%

Source: ODE School District Report Cards



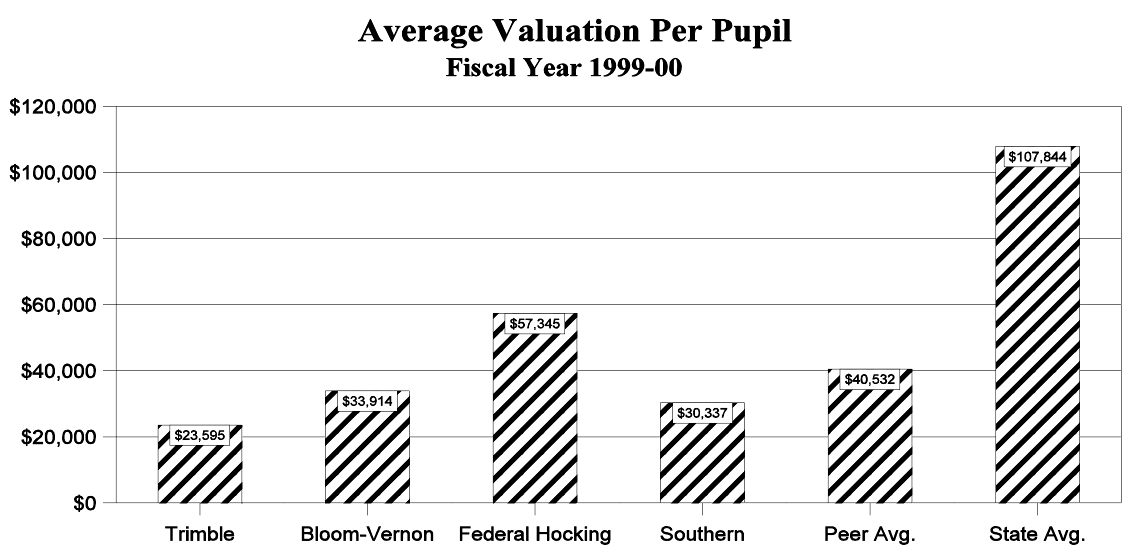
The assessed average property valuation per pupil is an important factor in determining a school district's funding. Because school district funding in the State of Ohio is driven by local property tax revenue, a higher average property valuation indicates a greater potential to generate income for a school district. Likewise, a higher valuation per pupil indicates that the potential exists to generate greater amounts of local property taxes for a school district.

TLSD's average property valuation per pupil was $23,595 in FY 1999-00, the lowest among the peer districts. Furthermore, TLSD's average valuation was 78.1 percent below the State average valuation per pupil for the same year. TLSD's average property valuation increase of 10.1 percent over the four year period was the lowest among the peer districts and below the State average. Compared to the peer districts, TLSD has a diminished potential to generate significant amounts of local property tax revenue.

Average Valuation Per Pupil

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	$21,428	$22,671	$22,662	$23,595	10.1%
Bloom-Vernon LSD	$26,693	$26,210	$32,280	$33,914	27.1%
Federal Hocking LSD	$44,196	$43,242	$51,710	$57,345	29.8%
Southern (Perry) LSD	$25,150	$25,451	$26,781	$30,337	20.6%
Peer Average	$32,013	$31,634	$36,924	$40,532	26.6%
State Average	$91,143	$95,461	$99,831	$107,844	18.3%

Source: Ohio Department of Taxation, School District Average Values per Pupil (SD-1) reports



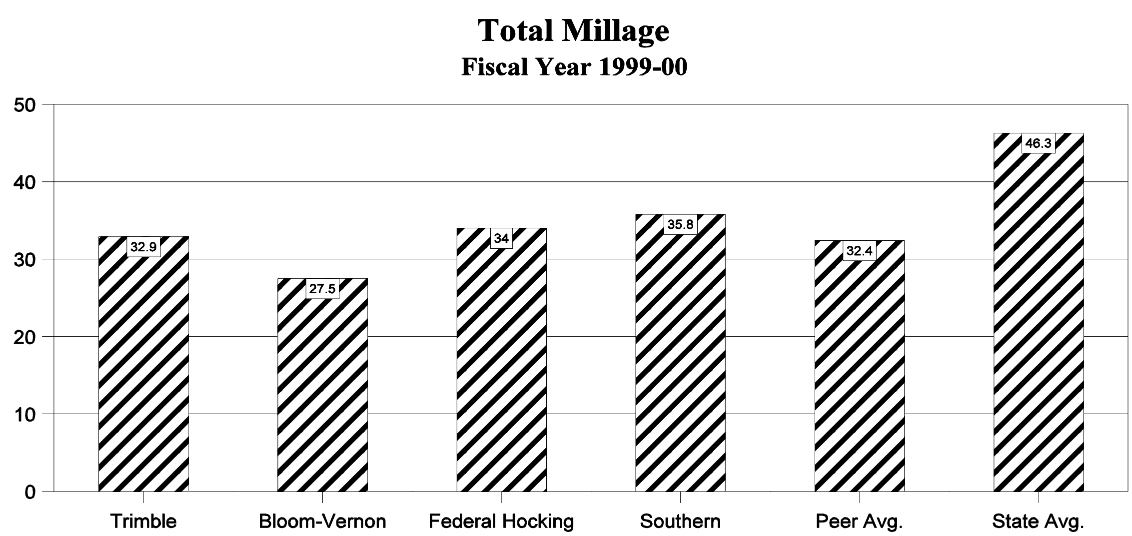
Total millage and effective millage are the measurement units of assessed local property taxes. A mill will raise $1.00 of tax revenue for every $1,000 of taxable property value. Total millage is the voted rate assessed to the entire local tax base, while effective mills are the rates applied to real property in each school district after the application of the tax reduction factor.

TLSD had the highest total millage figure of the peer districts for FY 1999-00. TLSD's total millage of 32.9 was 1.5 percent higher than the peer average but 28.9 percent lower than the State average in FY 1999-00. TLSD's total millage increased slightly over the four year period. The slight change in TLSD's total millage was consistent with the trend in the peer average over the same time period.

Total Millage

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	31.9	30.9	30.9	32.9	3.2%
Bloom-Vernon LSD	25.6	27.7	27.5	27.5	7.4%
Federal Hocking LSD	34.0	34.0	34.0	34.0	0.0%
Southern (Perry) LSD	36.5	36.5	36.2	35.8	(1.8)%
Peer Average	32.0	32.7	32.6	32.4	1.3%
State Average	45.4	45.7	49.9	46.3	2.0%

Source: Ohio Department of Taxation, Compilation of School District Published Data reports

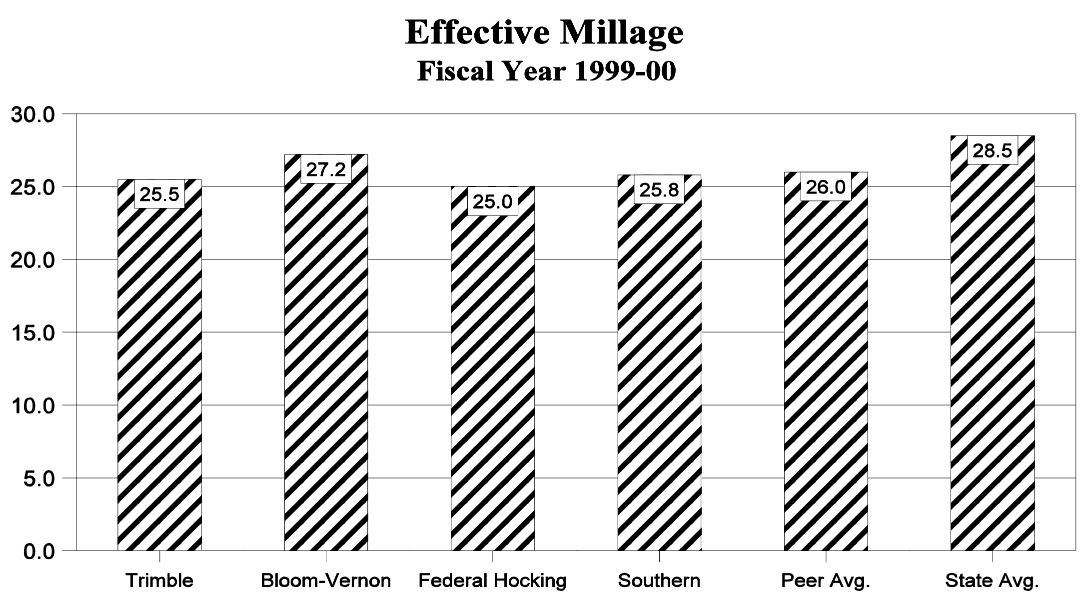


Because of the impact of H.B. 920, effective millage is a more accurate gauge in assessing the amount of revenues school districts generate from property taxes. TLSD's effective millage was 25.5 mills in FY 1999-00, the second lowest of the peer districts. Furthermore, TLSD's effective millage was 1.9 percent lower than the peer average and 10.5 percent lower than the State average for the same year. TLSD had the second highest percentage increase (4.2 percent) in effective millage over the four year period.

Effective Millage

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	24.5	23.5	23.5	25.5	4.2%
Bloom-Vernon LSD	25.2	27.4	27.2	27.2	7.6%
Federal Hocking LSD	25.0	25.0	25.0	25.0	0.0%
Southern (Perry) LSD	27.4	27.3	26.9	25.8	(5.7)%
Peer Average	25.9	26.6	26.3	26.0	0.5%
State Average	29.5	29.2	29.2	28.5	(3.4)%

Source: Ohio Department of Taxation, Compilation of School District Published Data reports



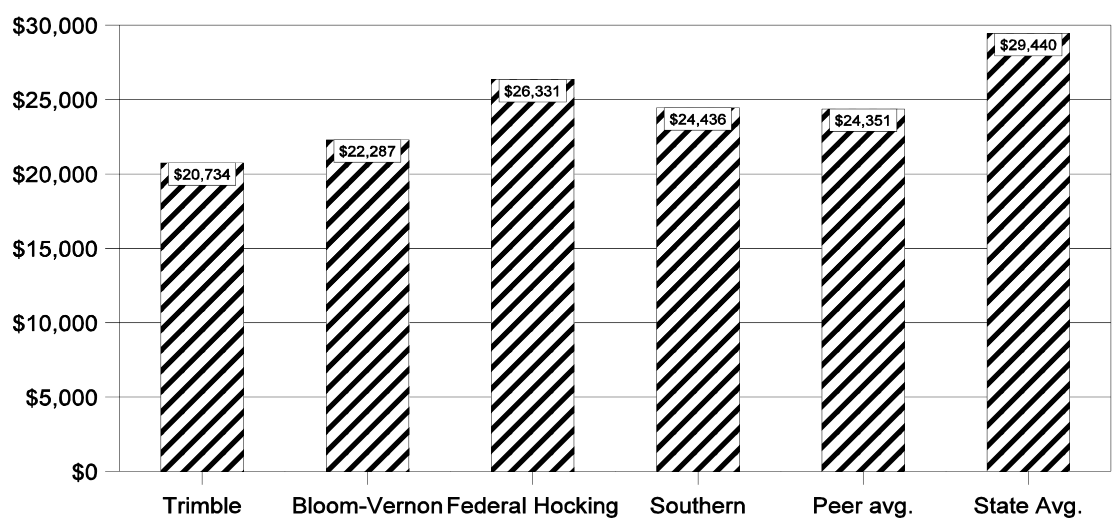
TLSD's median income of $20,734 in FY 1999-00 was the lowest of the peer districts. For FY 1999-00, TLSD's median income was $3,617 lower than the peer average and $8,706 lower than the State average. Over the four year period, TLSD's median income increased at the smallest rate among the peer districts– 32.4 percent below the peer average increase and 29.4 percent below the State average increase.

Median Income

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	$18,127	$18,644	$19,987	$20,734	14.4%
Bloom-Vernon LSD	$19,126	$19,283	$21,600	$22,287	16.5%
Federal Hocking LSD	$20,810	$21,601	$23,440	$26,331	26.5%
Southern (Perry) LSD	$20,308	$21,043	$22,745	$24,436	20.3%
Peer Average	$20,081	$20,642	$22,595	$24,351	21.3%
State Average	$24,446	$26,075	$27,244	$29,440	20.4%

Source: Ohio Department of Taxation, Personal Income Tax Return by School District (Y-2) reports

Median Income
Fiscal Year 1999-00

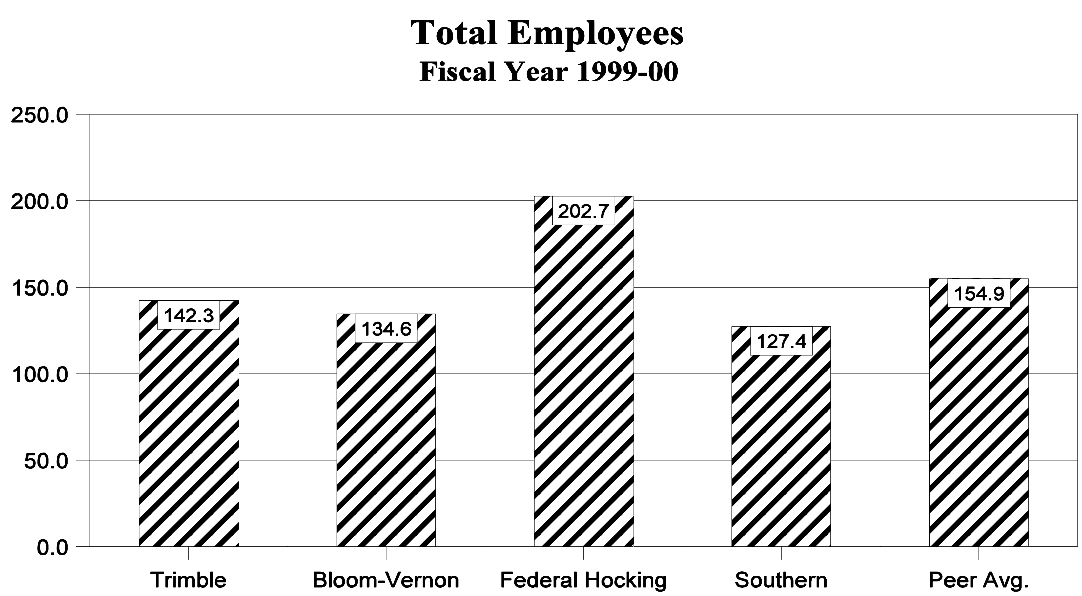


In FY 1999-00, TLSD had 142.3 total employees which was the second highest among the peer districts. TLSD's total number of employees was 8.0 percent lower than the peer average of 154.9 total employees. Over the four year period, TLSD experienced the second smallest increase in the number of employees among the peer districts.

Total Employees

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	132.0	138.5	142.3	142.3	7.8%
Bloom-Vernon LSD	130.3	134.8	133.0	134.6	3.3%
Federal Hocking LSD	185.9	183.1	187.8	202.7	9.0%
Southern (Perry) LSD	117.5	121.0	127.0	127.4	8.4%
Peer Average	144.6	146.3	149.3	154.9	7.1%

Source: Educational Management Information System (EMIS) Staff Summary reports

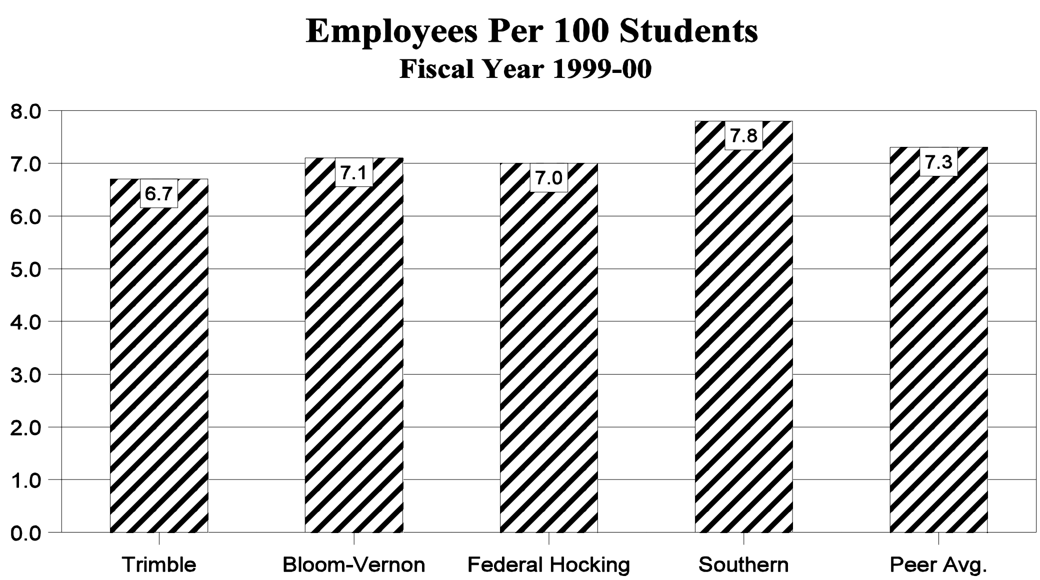


TLSD had 6.7 employees per 100 students in FY 1999-00 which was the lowest among the peer districts. However, TLSD experienced the highest rate of increase over the four year period. TLSD's FY 1999-00 ratio was 8.2 percent lower than the peer average but TLSD's employees per 100 students increased at a much faster rate than the peer districts during the same time frame.

Employees per 100 Students

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	6.4	5.8	6.8	6.7	4.8%
Bloom-Vernon LSD	7.5	7.2	7.6	7.1	(5.8)%
Federal Hocking LSD	6.8	7.1	7.9	7.0	2.9%
Southern (Perry) LSD	7.7	7.5	8.1	7.8	2.4%
Peer Average	7.3	7.3	7.8	7.3	(0.3)%

Source: ODE SF-12 reports for FY 1996-97 and FY 1997-98, and SF-3 reports for FY 1998-99 and FY 1999-00; and EMIS Staff Summary reports

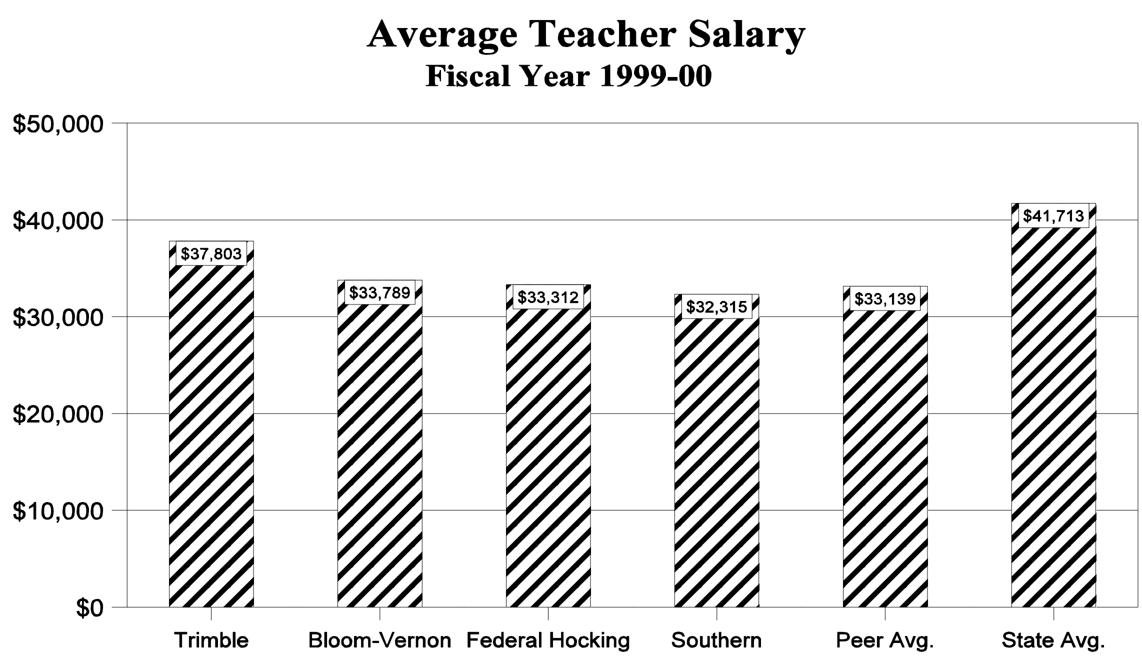


TLSD's average teacher salary of $37,803 in FY 1999-00 was the highest among the peer districts. Furthermore, TLSD's average teacher salary increased at the highest rate among the peer districts over the four year period. The 20.6 percent increase experienced over the trend period was twice as great as the next highest peer, Southern Local School District. Although TLSD's average teacher salary was the highest among the peer districts in FY 1999-00, it remained 9.4 percent below the State average.

Average Teacher Salary

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	$31,358	$36,938	$36,933	$37,803	20.6%
Bloom-Vernon LSD	$31,831	$32,320	$32,845	$33,789	6.2%
Federal Hocking LSD	$31,626	$32,290	$32,419	$33,312	5.3%
Southern (Perry) LSD	$29,534	$30,929	$31,766	$32,315	9.4%
Peer Average	$30,997	$31,846	$32,343	$33,139	6.9%
State Average	$38,913	$39,836	$40,746	$41,713	N/A

Source: EMIS Staff Summary reports

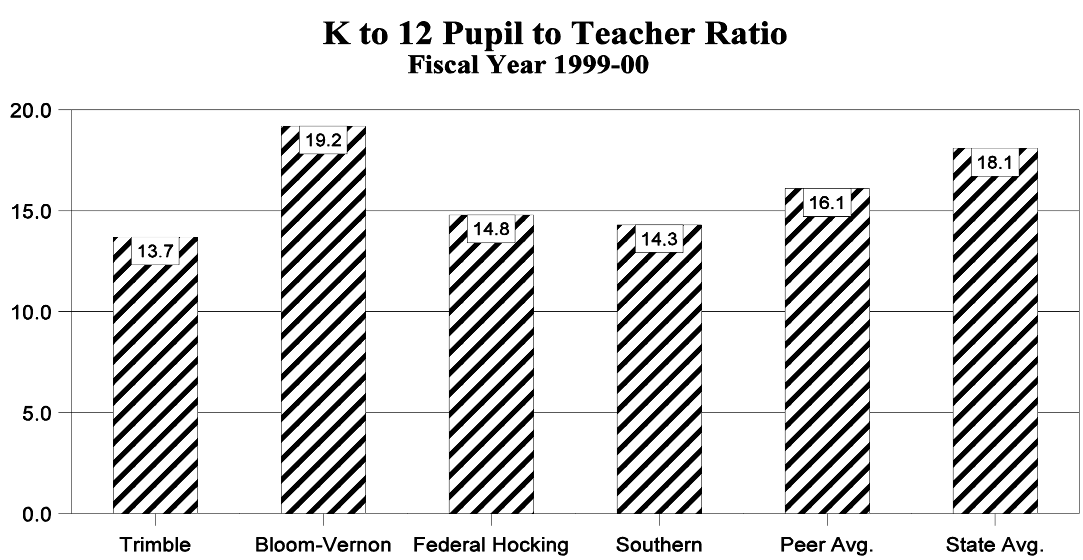


TLSD's average pupil/teacher ratio (class size) was 13.7 for FY 1999-00, the lowest among the peer districts. TLSD's average class size was also 24.3 percent below the State average. Over the four year period, TLSD's average class size decreased more significantly (23.9 percent) than the peer and State averages.

K-12 Pupil/Teacher Ratio

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	18.0	16.0	14.9	13.7	(23.9)%
Bloom-Vernon LSD	22.7	21.7	20.2	19.2	(15.4)%
Federal Hocking LSD	17.3	18.2	13.3	14.8	(14.5)%
Southern (Perry) LSD	19.1	19.0	15.7	14.3	(25.1)%
Peer Average	19.7	19.6	16.4	16.1	(18.3)%
State Average	20.7	20.4	18.6	18.1	(12.6)%

Source: ODE School District Report Cards

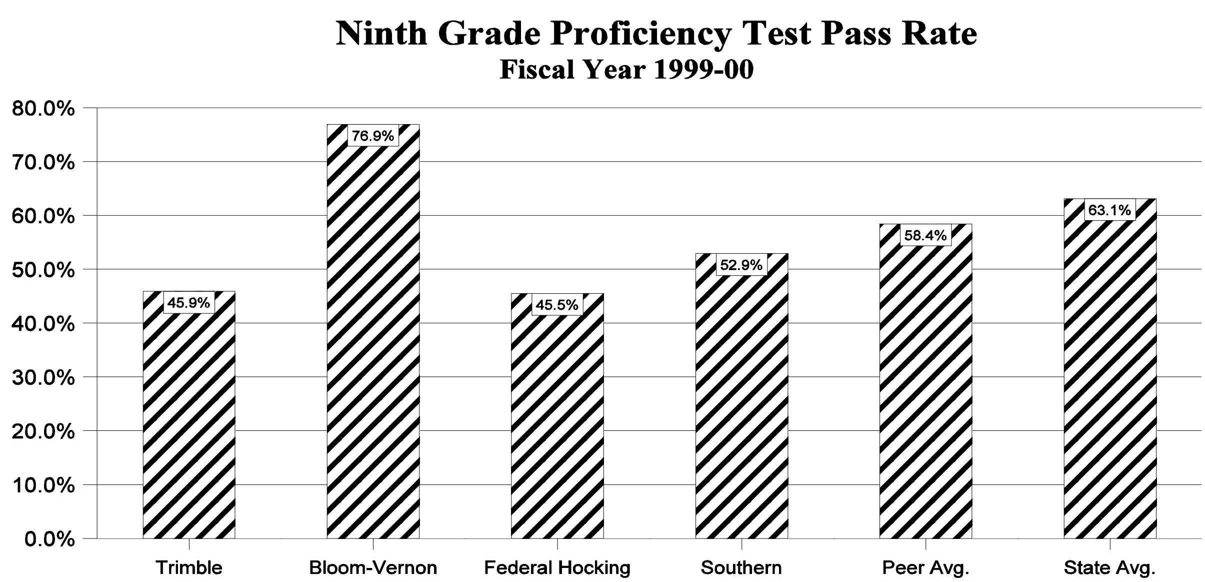


For FY 1999-00, TLSD's ninth grade proficiency passage rate was the second lowest among the peer districts. Furthermore, TLSD's passage rate was 27.3 percent below the State average. Over the four year period, however, TLSD's passage rate increased by 29.3 percent– the second highest rate among the peer districts. Also, TLSD's percentage increase from FY 1996-97 through FY 1999-00 was nearly double that of the State average increase.

Ninth Grade Proficiency Test Passage Rate (All Subjects)

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	35.5	41.8	41.8	45.9	29.3%
Bloom-Vernon LSD	39.7	50.6	63.6	76.9	93.7%
Federal Hocking LSD	44.1	43.6	52.7	45.5	3.2%
Southern (Perry) LSD	43.9	44.9	43.7	52.9	20.5%
Peer Average	42.6	46.4	53.3	58.4	37.3%
State Average	55.0	55.6	61.1	63.1	14.7%

Source: ODE School District Report Cards

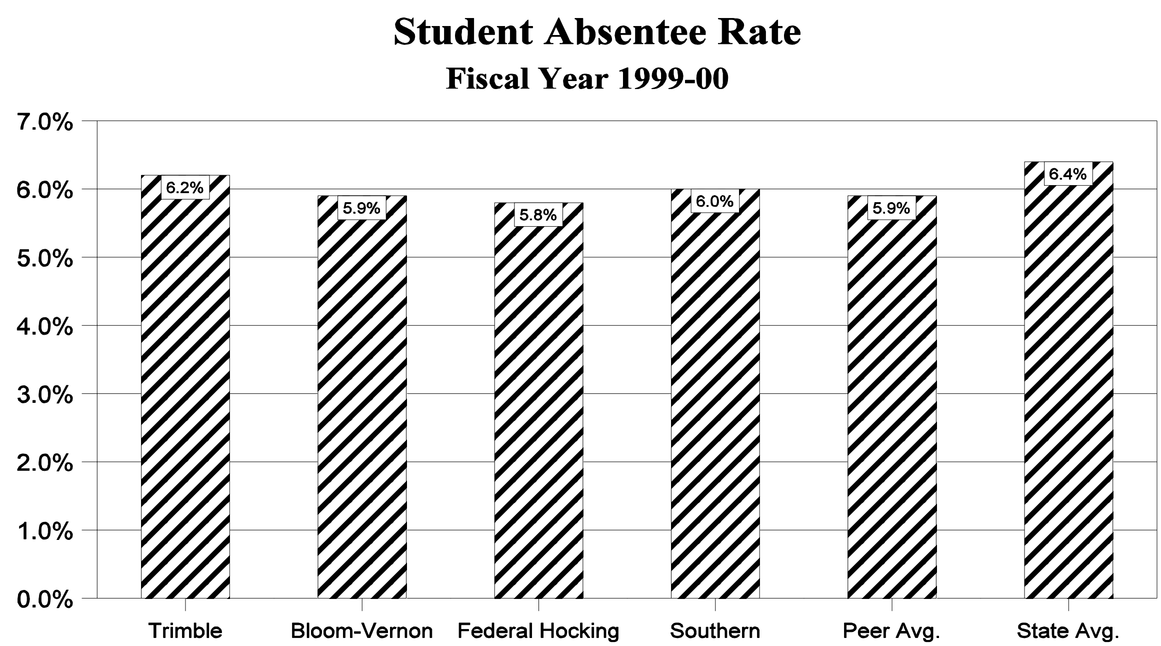


In FY 1999-00, TLSD's student absentee rate was 6.2 percent– the highest rate among the peer districts and slightly below the State average. In addition, TLSD experienced the highest percentage increase in student absenteeism over the four year period. Bloom-Vernon was the only district among the peers to experience an increase in student attendance over the four year period.

Student Absentee Rate

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Trimble LSD	5.6%	6.5%	6.6%	6.2%	10.7%
Bloom-Vernon LSD	6.4%	5.9%	6.4%	5.9%	(7.8)%
Federal Hocking LSD	5.8%	6.4%	6.3%	5.8%	0.0%
Southern (Perry) LSD	5.6%	6.1%	6.3%	6.0%	7.1%
Peer Average	5.9%	6.1%	6.3%	5.9%	0.0%
State Average	6.3%	6.1%	6.4%	6.4%	1.6%

Source: ODE School District Report Cards



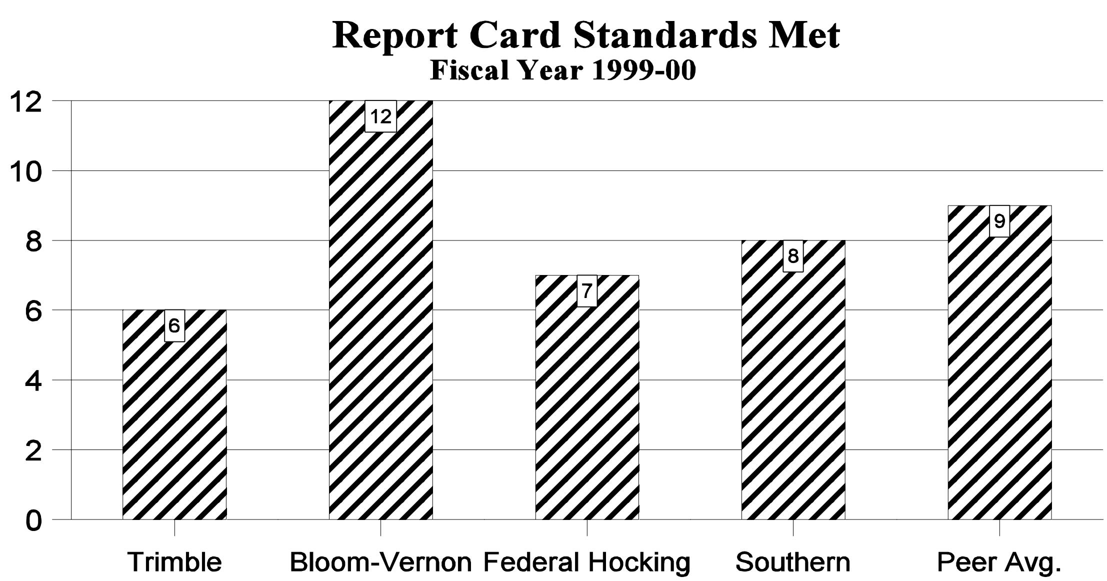
ODE annually issues school district report cards which measure attainment of statewide performance standards. These report cards reflect data for the school year prior to the one in which the report card is issued (for example, the 2001 report cards reflect data for the 1999-00 school year). It is important to note that the number of standards increased from 18 to 27 in FY 1998-99.

For all years presented, TLSD's report card scores have been lower than the peer averages. TLSD's 2000 and 2001 report card scores place the District in academic emergency.

Report Card Standards Met

District	1997-1998	1998-1999	1999-2000
Trimble LSD	5	5	6
Bloom-Vernon LSD	7	12	12
Federal Hocking LSD	8	7	7
Southern (Perry) LSD	5	7	8
Peer Average	6.7	8.7	9.0
Total Standards Possible	18	27	27

Source: ODE School District Report Cards



Of the four peer districts, TLSD had the lowest percentage of revenues from local sources and the highest percentage of revenues from State and Federal sources for FY 1999-00. It is important to note that over the four year period, TLSD's percentage of revenue from local sources decreased by 34.4 percent while the percentage of local revenue for the peer districts increased by an average 1.5 percent. Conversely, TLSD's percentage of revenue from State sources increased by 5.4 percent while the percentage of State revenue for the peer districts decreased by an average 1.3 percent. Also, TLSD's percentage of revenue from Federal sources increased slightly over the four year period, falling only 0.3 percent short of the peer average for FY 1999-00.

Percentage of Revenue - Local

	Fiscal Year 1996-97	Fiscal Year 1997-98	Fiscal Year 1998-99	Fiscal Year 1999-00	% Change 1997-2000
Trimble LSD	15.4	15.5	10.6	10.1	(34.4)%
Bloom-Vernon LSD	11.6	10.2	11.2	11.7	0.9%
Federal Hocking LSD	20.9	19.8	19.7	21.2	1.4%
Southern (Perry) LSD	12.7	12.7	12.1	13.0	2.4%
Peer Average	15.1	14.2	14.3	15.3	1.5%
State Average	51.7	51.5	51.0	50.5	(2.3)%

Source: ODE School District Report Cards

Percentage of Revenue - State

	Fiscal Year 1996-97	Fiscal Year 1997-98	Fiscal Year 1998-99	Fiscal Year 1999-00	% Change 1997-2000
Trimble LSD	75.3	73.8	78.3	79.4	5.4%
Bloom-Vernon LSD	78.5	79.9	77.6	75.9	(3.3)%
Federal Hocking LSD	68.4	70.8	70.5	68.0	(0.6)%
Southern (Perry) LSD	77.8	78.9	79.7	77.8	0.0%
Peer Average	74.9	76.5	75.9	73.9	(1.3)%
State Average	42.3	42.6	43.4	43.7	3.3%

Source: ODE School District Report Cards

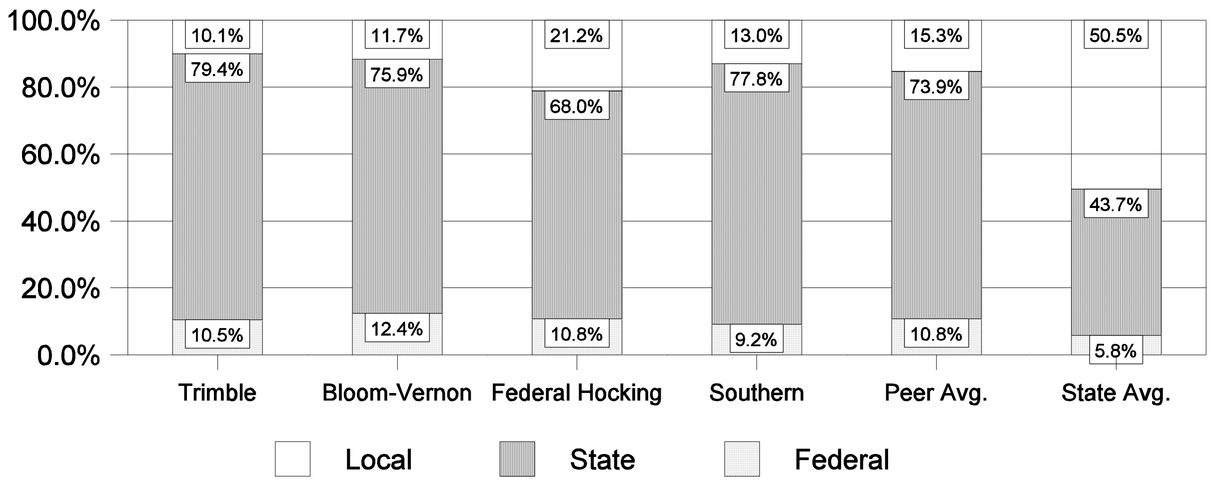
Percentage of Revenue - Federal

	Fiscal Year 1996-97	Fiscal Year 1997-98	Fiscal Year 1998-99	Fiscal Year 1999-00	% Change 1997-2000
Trimble LSD	9.3	10.7	11.1	10.5	12.9%
Bloom-Vernon LSD	9.9	9.9	11.2	12.4	25.3%
Federal Hocking LSD	10.7	9.4	9.8	10.8	0.9%
Southern (Perry) LSD	9.5	8.4	8.2	9.2	(3.2)%
Peer Average	10.0	9.2	9.7	10.8	7.6%
State Average	6.0	5.7	5.6	5.8	(3.3)%

Source: ODE's School District Report Cards

Percentage of Revenue by Source

Fiscal Year 1999-00



Note: The top section of the graph represents local revenue, the middle section represents State revenue and the bottom section represents Federal revenue. As shown, Trimble received 10.1 percent of its revenue from local sources, 79.4 percent from State sources and 10.5 percent from Federal sources.

Financial Systems

Introduction

This section focuses on the financial systems within Trimble Local School District (TLSD). The objective of this section is to analyze the current financial condition of TLSD, to evaluate internal controls, and to develop recommendations for improvements in efficiency. Findings and recommendations have been segregated into two subsections: Subsection (A), Financial Planning, includes an assessment of TLSD's financial condition and the potential impact of the recommendations contained throughout this report on future revenues and expenditures. Subsection (B), Revenues and Expenditures, includes assessments of various factors affecting TLSD's finances. Recommendations for cost savings and revenue enhancements presented herein are intended to aid the Financial Planning and Supervision Commission (the Commission) in producing a financial recovery plan for TLSD.

This section focuses primarily on the General Fund, which accounts for 75.8 percent of the revenue collected by TLSD in all funds excluding the Capital Improvement Fund. However, if the Capital Improvement Fund was included, the General Fund would account for only 42.3 percent of the revenue collected in all funds. The General Fund supports general District operations and is used to account for all financial resources except those required by law or contract to be accounted for in a separate fund. The General Fund is available for any purpose, provided the expenditures or transfers are made according to the laws of Ohio.

A. Financial Planning

Background

In accordance with Ohio Revised Code (ORC) §3316.03, the Auditor of State is required to declare a school district to be in a state of fiscal watch if the following conditions are met:

- The district has an operating deficit which exceeds 8 percent of the preceding year's General Fund revenues.
- The district's unencumbered cash balance in the preceding year was less than 8 percent of the General Fund expenditures.
- A levy has not been passed which will raise sufficient revenues to eliminate these conditions.

ORC §3316.04 requires the Auditor of State to declare a school district to be in a state of fiscal emergency if the district's board of education fails to submit an acceptable financial recovery plan to the State Superintendent of Public Instruction within 120 days of being placed in fiscal watch. Furthermore, failure to submit an acceptable update of that financial recovery plan to the State Superintendent of Public Instruction on an annual basis will also result in a declaration of fiscal emergency.

After conducting an analysis of TLSD's financial forecast, the Local Government Services (LGS) Division within the Auditor of State's office declared a $945,000 operating deficit for the fiscal year ending June 30, 2001, which met the criteria necessary to be placed in fiscal watch. However, because the Board of Education of the Trimble Local School District did not feel that the District could make sufficient reductions to eliminate the deficit, a resolution was passed requesting that the Auditor of State bypass the fiscal watch process and place TLSD directly into fiscal emergency. Consequently, on January 31, 2001, the Auditor of State formally declared TLSD in fiscal emergency. The primary reason TLSD requested immediate placement into fiscal emergency was to secure an interest free loan of $945,000 from the Ohio Solvency Assistance Fund. This loan was received on March 16, 2001.

Since the declaration of fiscal emergency, a Commission has been formed and given broad oversight authority to balance TLSD's budget and eliminate the conditions that caused the declaration of fiscal emergency. To accomplish this, the Commission will develop and adopt a formal fiscal recovery plan which details the expenditure reductions and operations changes necessary to eliminate the deficit. The Commission consists of a designee of the Director of the State Office of Budget and Management, a designee of the State Superintendent of Public Instruction, a district resident appointed by the State Superintendent of Public Instruction, a district resident appointed by the governor and a district resident appointed by the Athens County Auditor. The Commission will continue in existence until the Auditor of State determines the following:

- An effective financial accounting and reporting system is in place;
- All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred;
- The objectives of the fiscal recovery plan are being met; and
- The TLSD Board of Education has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "non-adverse."

Financial Forecast

The financial forecast presented in **Table 2-1** represents the Auditor of State's projection of TLSD's present and future financial condition in the absence of significant increases in revenues or reductions in expenditures. The projections, which incorporate the combined General and Disadvantaged Pupil Impact Aid (DPIA) funds and that portion of the Debt Service Fund related to General Fund obligations, are accompanied by four years of comparative historical results, general assumptions and explanatory comments.

Table 2-1: Five-Year Forecast with Four Years' Historical Data (Amounts in 000's)

	Actual FY 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05
Real Estate Property Tax	$432	$447	$466	$432	$469	$471	$502	$505
Tangible Personal Property Tax	18	12	18	13	13	12	13	12
Income Tax	386	58	4	0	0	0	0	0
State Foundation	4,293	4,722	4,850	5,030	5,385	5,614	5,545	5,642
Restricted Grants-in-Aid	398	404	530	463	676	886	1,105	1,311
Property Tax Allocation	84	80	79	76	80	80	90	91
Other Revenues	299	236	193	153	202	204	206	208
Total Operating Revenues	5,910	5,959	6,140	6,167	6,825	7,267	7,461	7,769
Salaries & Wages	3,793	3,865	4,076	4,182	4,357	4,496	4,520	4,629
Fringe Benefits	1,067	1,385	1,395	1,507	1,742	2,072	2,056	2,029
Purchased Services	408	384	441	411	501	536	578	621
Supplies, Materials & Textbooks	201	233	173	149	298	301	304	307
Capital Outlay	122	126	56	70	96	100	102	105
Other Expenditures	227	245	181	246	258	266	273	282
Interest on Loans	6	4	3	0	0	0	0	0
Total Operating Expenditures	5,824	6,242	6,325	6,565	7,252	7,771	7,833	7,973
Ohio Solvency Assistance Loan (OSAL)	0	0	0	945	0	0	0	0
Ohio Solvency Assistance Loan	0	0	0	0	(473)	(472)	0	0
Bus Purchase Loan Payment	(27)	(27)	(54)	0	0	0	0	0
Net Transfers/ Advances - In/Out (Out)	(60)	(65)	(106)	28	0	0	0	0
Net Financing	(87)	(92)	(160)	973	(473)	(472)	0	0
Results of Operations (Net)	(1)	(375)	(345)	575	(900)	(976)	(372)	(204)
Beginning Cash Balance	861	860	485	140	715	(185)	(1,161)	(1,533)
Ending Cash Balance	860	485	140	715	(185)	(1,161)	(1,533)	(1,737)
Outstanding Encumbrances	59	23	5	53	53	53	53	53
"412" Textbook/Instructional Reserve	0	0	39	129	94	59	27	0
"412" Budget Reserve	32	66	66	66	0	0	0	0
Unexpended ERA/OSAL funds	0	0	0	350	0	0	0	0
Ending Fund Balance	*$769*	*$396*	*$30*	*$117*	*($332)*	*($1,273)*	*($1,613)*	*($1,790)*

Source: TLSD records; performance audit projections and estimates; TLSD estimates

Notes to Financial Forecast

I. Nature and Purpose of Presentation

This financial projection presents the expected revenues, expenditures and fund balance of the General Fund of TLSD for each of the fiscal years including June 30, 2002 through June 30, 2005, with historical information presented for the fiscal years ended June 30, 1998, 1999, 2000 and 2001. The General Fund financial data also includes amounts recorded in the DPIA Fund and those portions of the Debt Service Fund which are considered to be General Fund obligations.

The assumptions disclosed herein are based on information obtained from TLSD. Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

Set-aside Requirements: These projections include the effects of legislation concerning school funding as outlined in H.B. 650, H.B. 412 and H.B. 282, as well as S.B.55, which requires certain educational enhancements. The requirements under H.B. 412 for textbooks and instructional materials are incorporated into this forecast through the textbook and instructional materials account within the supplies and materials line item. The requirements under H.B. 412 for capital improvements and maintenance are satisfied by the property services account included in the material, supplies and textbook line item, and by expenditures from the Capital Improvement Fund. For FY 1999-00 and FY 2000-01, TLSD did not meet the spending requirements for Textbooks/Instructional Supplies and therefore, established a reserve account. The forecast assumes that TLSD will spend the required Textbooks/Instructional Supplies amounts in FY 2001-02 through FY 2004-05, and the reserve amount will be expended in increments of $35,000 for FYs 2001-02 and 2002-03 and $32,000 for FYs 2003-04 and $27,000 for FY 2004-05. Also, a recent change in the H.B. 412 legislation lifted the requirement of a Budget Reserve account. Therefore, projections assume that TLSD will spend its budget reserve balance of $66,000 in FY 2001-02.

II. Description of the School District

Under normal circumstances, TLSD operates under the governance of a locally elected five-member board, with each member serving a four-year term. TLSD provides educational services as authorized by State statute and/or Federal guidelines.

In FY 2000-01, TLSD had an average daily membership (ADM) of 955 students who were enrolled in one elementary/middle school and one high school. TLSD also maintains a bus barn which is used by the Transportation Department. Currently, TLSD employs 142.3 full-time equivalent (FTE) staff members.

A. Financial Planning and Supervision Commission

On January 31, 2001, the Auditor of State declared TLSD to be in a state of fiscal emergency as defined by ORC § 3316.03 (B), and TLSD accordingly became subject to the oversight of the Commission.

In accordance with the legislation, the Commission must adopt a Financial Recovery Plan within 120 days of TLSD being declared in fiscal emergency. Such a plan, which is continuously amendable based on changes in facts and circumstances, requires a five-year financial projection delineating TLSD's return to financial stability. The Commission first met on February 23, 2001.

B. Basis of Accounting

This financial forecast has been prepared on the cash receipts and disbursements basis of accounting, which is the required basis (non-GAAP) of accounting used for budgetary purposes. Under this method, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligations are incurred. Under Ohio law, TLSD is also required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

C. Fund Accounting

TLSD maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is used by governmental entities, such as school districts, to report the entity's financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid in district financial management by segregating transactions related to certain district functions or activities. The transactions of each fund are reflected in a self-balancing group of accounts which presents an accounting entity that stands separate from the activities reported in other funds.

The accompanying projections represent TLSD's General and DPIA funds, as well as the portion of the Debt Service Fund relating to General Fund obligations. The General Fund is the operating fund of TLSD and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to TLSD for any purpose provided it is disbursed or transferred in accordance with Ohio law.

The DPIA fund is used to account for monies received for disadvantaged pupils and includes other services such as all-day kindergarten. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and principal. Amounts shown in **Table 2-1** relating to Debt Service are paid from the General Fund revenues.

III. General Assumptions

Summarized in the following pages are the significant assumptions underlying the financial forecast shown in **Table 2-1**. **Parts IV through VII** provide further detail on specific assumptions.

A. Enrollment/Average Daily Membership (ADM):

Table 2-1A summarizes TLSD's funding average daily membership (ADM) for FY 1997-98 through FY 2000-01 as well as the detailed projections for FY 2001-02 through FY 2004-05.

Table 2-1A: Total Funding ADM

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
ADM	807	847	968	955	955	955	955	955

Source: EMIS SF-12 reports FY 1997-98; SF-3 reports FY 1998-1999, FY 1999-00 and FY 2000-01

Under the current State Foundation funding formula, a kindergarten student is counted at 50 percent of a full-time student in determining funding ADM. As presented in **Table 2-1A,** the ADM for funding purposes (funding ADM) for FY 2000-01 decreased to 955 students from FY 1999-00 levels. Although ODE has prepared enrollment projections for TLSD that indicate future increases in enrollment, past ODE projections have not materialized when compared to actual enrollment. Therefore, for the purpose of the forecasts shown in **Tables 2-1** and **2-2**, funding ADM is held constant at 955 students to mitigate the difference between actual funding ADM in FY 2000-01 and the number projected by ODE (1,050). Furthermore, TLSD instituted an all-day kindergarten program in FY 1999-00. The additional funding for this program is accounted for in the DPIA Fund.

B. Staffing

Table 2-1B summarizes TLSD's historical FTE staffing for FY 1999-00, and cumulative proposed staffing changes and adjusted staffing levels for FY 2000-01 through FY 2004-05.

Table 2-1B: FTE Staffing

Category	Actual Staffing for FY 1999	Actual Staffing Changes for FY 2000	Adjusted Staffing for FY 2000	Proposed Staffing Changes for FY 2001	Adjusted Staffing for FY 2001	Proposed Staffing Changes for FY 2002	Adjusted Staffing for FY 2002	Proposed Staffing Changes for FY 2003	Adjusted Staffing for FY 2003	Proposed Staffing Changes for FY 2004	Adjusted Staffing for FY 2004
Administration	8.00	0.00	8.00	0.00	8.00	0.00	8.00	0.00	8.00	0.00	8.00
Certificated Staff	85.00	0.00	85.00	0.00	85.00	0.00	85.00	0.00	85.00	0.00	85.00
Classified Staff	49.30	0.00	49.30	0.00	49.30	0.00	49.30	0.00	49.30	0.00	49.30
Total Staff	142.30	0.00	142.30	0.00	142.30	0.00	142.30	0.00	142.30	0.00	142.30

Source: EMIS Staff Profiles and Superintendent's Office

As shown in **Table 2-1B**, TLSD has not planned any changes in staffing levels during the forecast period. The staffing changes recommended in this performance audit are reflected in **Table 2-2C**.

A. Inflation

Inflation is assumed to remain at a low level ranging from 2 to 3 percent consistent with that of recent years. Certain items shown in the assumptions were projected based on a combination of historical data and inflationary increases.

IV <u>Revenues - Local, State and Federal</u>

TLSD's primary sources of revenue are from the State of Ohio, through the State Foundation Program, and from the levying of property taxes on real, public utility and tangible personal property located within TLSD's boundaries.

A. Local Sources

(1) Real Estate Taxes and Tangible Personal Property Taxes: Property taxes are levied and assessed on a calendar year basis against real, public utility and tangible personal (used in business) property located in TLSD. Assessed values for real property taxes are established by State law at 35 percent of the appraised market value. All real property is required to be revalued every six years and updated mid-way through the six-year period. The next scheduled reappraisal will be conducted in calendar year 2003 and will take effect in calendar year 2004.

The projections for real estate taxes (residential, agricultural and public utility tangible), tangible personal property taxes and rollback and homestead are based on the following factors:

- FY 2001-02 real estate taxes (residential, agricultural and public utility tangible) and tangible property taxes are based on property valuations and effective millage amounts certified by the Athens County Auditor and the Morgan County Auditor.

- An annual growth in assessed valuation of approximately 0.6 percent in residential/agricultural is projected for FY 2002-03 and FY 2004-05 based on historical trends. The growth in assessed valuation for FY 2003-04 is forecast at approximately 8.25 percent for residential/agricultural based on a conservative interpretation of historical trends during reappraisal years.

- Commercial/industrial property has experienced a continual marginal downturn except in reappraisal years. Accordingly, a 0.9 percent decrease in commercial/industrial is projected for FY's 2002-03 and 2004-05 based on the ten-year average. In FY 2003-04, the reappraisal year, commercial industrial is forecast to increase 8.0 percent, based on historical trends during reappraisal years.

- Public utility valuations have stagnated and have experienced significant declines during reappraisal and revaluation years. Furthermore, Senate Bills 3 and 287 will reduce the listing percentages on electric utility and natural gas utility tangible personal property beginning in FY 2002-03. To prevent school districts from experiencing lower tax revenues from the lower taxable values, the Senate Bills created a reimbursement mechanism whereby the State will fully reimburse school districts for any lost revenues. Based on historical trends, public utility is projected to increase at 0.96 percent in FYs 2002-03 and 2004-05 and to decrease by 5.3 percent in FY 2003-04 due to the reappraisal.

- Tangible taxes have also decreased in Athens and Morgan counties during the historical period. Beginning in FY 2002-03, H.B. 283 enacts an assessment rate reduction, phasing out the tax on inventory property over a 25-year period. A portion of the tax losses from the reductions in inventory valuations will be recovered through increased State Foundation basic aid.

Based on historical trends, a 9.9 percent decrease in assessed tangible personal property is projected for FY's 2002-03 and 2004-05 while a 9.5 percent increase is forecast for FY 2003-04. The decreases in tangible taxes is attributed to declining inventories in Athens County as a result of various inventory management techniques, such as just-in-time delivery. Also, the diminution of businesses in Athens County has reduced the volume of property considered in the valuation.

- Property tax allocations (Homestead/Rollback) include a 10 percent property tax rollback for all real property tax owners. In 1979, an additional 2.5 percent rollback was enacted for owner-occupied homes. These tax credits are reimbursed to TLSD by the State and are calculated by applying the appropriate percentages to the residential and commercial properties. Also, included in this category is an exemption for businesses for the first $10,000 in personal property tax valuation. This exemption is reimbursed by the State and is estimated based on historical trends.

The detailed valuation, millage and revenue projections are summarized in **Table 2-1C**.

Table 2-1C: Property Valuation and Millage

	FY 2001-02 Forecast	FY 2002-03 Forecast	FY 2003-04 Forecast	FY 2004-05 Forecast
Residential/Agricultural - Assessed Valuation	$18,909,000	$19,035,000	$20,606,000	$20,744,000
Commercial/Industrial - Assessed Valuation	$1,798,000	$1,782,000	$1,942,000	$1,907,000
Public Utility - Assessed Valuation	$3,201,000	$3,232,000	$3,060,000	$3,090,000
Personal Tangible - Assessed Valuation	$667,000	$610,000	$668,000	$601,000
Authorized Mills [1]				
Permanent Operating	23.50	23.50	23.50	23.50
Inside [2]	3.90	3.90	3.90	3.90
Total Authorized Mills	27.40	27.40	27.40	27.40
Effective Mills to be Levied [3]				
Permanent Operating [4]	16.10	16.10	16.10	16.10
Inside [2]	3.90	3.90	3.90	3.90
Total Effective Mills to be Levied [5]	20.00	20.00	20.00	20.00
Total Real Property Taxes [6]	$469,000	$471,000	$502,000	$505,000
Total Personal/Tangible [6]	$13,000	$12,000	$13,000	$12,000
Total Property Tax Allocation	$80,000	$80,000	$90,000	$91,000

Source: Athens' County Auditor's
[1] Authorized mills include all inside and voted mills approved.
[2] Inside mills are levied without a vote of the people.
[3] Effective mills to be levied take into account inflationary increases and prevent an increase in the tax bill when a reassessment or update in the value of real property has increased due to inflation; a tax credit factor is then applied to the voted mills.
[4] TLSD has not increased permanent operating mills since 1986.
[5] State law protects districts with low millage, prohibiting tax reduction below 20 effective mills. Therefore, although TLSD's actual effective millage would be below 20 mills, the property tax revenue projected in **Table 2-1** is forecasted based on 20 effective mills.
[6] Presented net of Homestead and Rollback

B. State Revenue

(1) Foundation Program: Under the ORC, State Foundation payments are calculated by ODE on the basis of pupil enrollment and classroom teacher ratios, plus other factors for transportation, special education units, extended service and other items of categorical funding. On March 24, 1997, the Ohio Supreme Court (the Court) rendered a decision declaring certain portions of the Ohio school funding plan, including the Foundation Program, unconstitutional. The Court stayed the effect of its ruling for one year to allow the State Legislature to design a plan to remedy the perceived defects in the system.

The Court also declared the Emergency School Loan Assistance Program (Loan Program) unconstitutional. The Loan Program allowed school districts to borrow money from commercial financial institutions. Repayment for the loans goes directly to the lender from the State through the State withholding a portion of the school district's future Foundation payments.

In addition, the Court declared the Classroom Facilities Program unconstitutional because the program has not been sufficiently funded by the State. The Classroom Facilities Program provided money to build schools and furnish classrooms.

Since the ruling, numerous pieces of legislation have been passed by the State Legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they were not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant[ing] further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the State's basic aid formula, the School Foundation Programs, the mechanism for and adequacy of funding for school facilities, and the existence of the State School Solvency Assistance Fund, which the Court found to be a replacement for the unconstitutional Emergency School Loan Assistance Program.

The Court decided to maintain jurisdiction over the school funding issues and continued the case until at least June 15, 2001. On June 6, 2001, the State Legislature passed Am. Sub. H.B. 94 which increased per pupil funding amounts and created a new category of aid, Parity Aid, for districts whose wealth measure falls below the eightieth percentile. H.B. 94 represents the new State funding formula and was presented to the Ohio Supreme Court as the State Legislature's remedy to the funding formula as required by the Court's May 11, 2000 decision. The Supreme Court approved the new State funding formula on September 6, 2001. However, the Legislature filed an appeal to the Supreme Court's decision because of the reportedly high cost of administering the new funding formula. As of the date of this forecast, the effect, if any, of this ongoing litigation on State funding or TLSD operations is indeterminate. Because of the uncertainty as to how the State Legislators and Supreme Court will remedy the funding formula, this forecast projects State Foundation revenue under the laws and regulations currently in place as defined in H.B. 94.

The main components of the State Foundation Program revenues and the projections by component are presented in **Table 2-1D**.

Table 2-1D: State Foundation Revenues

	FY 1997-98 Actual	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 Actual	FY 2001-02 Forecast	FY 2002-03 Forecast	FY 2003-04 Forecast	FY 2004-05 Forecast
Unrestricted Grants In Aid								
State Foundation	2,863,000	3,762,000	3,951,000	4,220,600	4,614,300	4,798,600	4,974,600	5,134,700
Special Ed.	670,000	294,000	340,000	341,000	363,000	479,000	395,800	413,100
Equity	612,000	533,000	491,000	435,000	394,900	323,100	161,600	80,800
Textbook Subsidy	14,000	13,000	0	0	0	0	0	0
Open Enrollment	134,000	120,000	68,000	34,000	13,000	13,000	13,000	13,000
Subtotal: Unrestricted Grants In Aid	4,293,000	4,722,000	4,850,000	5,030,600	5,385,200	5,613,700	5,545,000	5,641,600
Restricted Grants In Aid								
DPIA	398,000	404,000	530,000	463,000	490,100	504,900	533,500	548,500
Parity Aid	0	0	0	0	186,000	381,300	571,900	762,500
Subtotal: Restricted Grants In Aid	398,000	404,000	530,000	463,000	676,100	886,200	1,105,400	1,311,000
Total State Foundation Revenues	**$4,691,000**	**$5,126,000**	**$5,380,000**	**$5,493,600**	**$6,061,300**	**$6,499,900**	**$6,650,400**	**$6,952,600**

Source: SF-12 report for FY 1997-98; SF-3 reports for FY 1998-99 and FY 1999-00, and SF-3 simulation for FY 2001-02.

State Foundation: State Foundation aid projections for FY 1997-98 through FY 2000-01 are based on actual information. For FY 2001-02 and beyond, these figures are based on ODE State Foundation funding simulations and formula amounts outlined in H.B. 94 and the assumption that funding ADM will be held constant at 955.

The per pupil amount established by H.B. 94 for FY 2001-02 is $4,814 and for FY 2002-03 is $4,949. For periods after FY 2002-03, the per pupil funding amounts are tentatively scheduled to be $5,087 in FY 2003-04, and $5,230 in FY 2004-05. State Foundation amounts include all Foundation revenues with the exception of those items detailed below.

Special & Vocational Education: The current State funding formula provides additional funding to districts to be used for educating students classified as special education or vocational education. The additional funding amounts districts receive are determined based on formulas which incorporate weighted average indexes applied to the number of students qualifying under each classification. Beginning in FY 1999-00, a new *speech only* calculation is included in the amount shown for special education. This allowance is for pupils whose special education services consist only of speech therapy. Additionally, other adjustments are made to special and vocational education funding for services provided to special needs pupils attending a district other than their district of residence. The amounts projected for special and vocational education funding for FY 2001-02 and FY 2002-03 are based on the ODE State Foundation funding simulations. Projections for FY 2003-04 through FY 2004-05 are based on ODE State Foundation formula amounts and the corresponding projected per pupil base cost.

Equity Aid: Beginning in FY 1992-93, the State increased Foundation payments by an additional amount to districts whose property wealth fell below a threshold established by the State legislators. Recent changes to Foundation calculations have resulted in a gradual phase-out of Equity Aid. Due to delays in the development and implementation of the new school funding formula, the State will begin the phase out period from FY 2002-03 through FY 2005-06. Equity aid districts, such as TLSD will receive 100 percent of the ODE determined amount in FY 2001-02, 75 percent in FY 2002-03, 50 percent in FY 2003-04, 25 percent in FY 2004-05, and zero percent in FY 2005-06. The amounts shown in **Table 2-1D** are based on ODE State Foundation simulations for FYs 2001-02 and FY 2002-03 and on the percentages outlined above for FYs 2003-04 and 2004-05 based on the FY 2002-03 ODE simulation amount.

Open Enrollment: Open enrollment reflects an adjustment equal to the State Foundation allotment for each child who attends another district under Ohio's Open Enrollment Law. TLSD pays the per pupil amount for each student who leaves the district and receives the same amount for each pupil entering the district. This line item represents the net effect of students entering and leaving TLSD and the associated funding effects. Projections for FY 2001-02 are based on the ODE State Foundation funding simulation. The most recent ODE calculations show open enrollment as a net of $13,000 and this figure has been applied through the forecast period.

DPIA: DPIA funds provide additional funding for school districts that have a certain percentage of students whose families receive funds from the State's Ohio Works First (OWF) program. These funds can be used for class-size reduction, safety, security and remediation. Another component of restricted grants-in-aid is a bus purchase allowance which is a State subsidy to school districts for pupil transportation. The amount projected for FY 2001-02 is based on the ODE funding simulation. Projections for FY 2002-03 through FY 2004-05 are based on historical trends and assume that the State Foundation formula for revenue will not change.

Parity Aid: HB 94 phases in a new parity aid funding program to districts that meet certain conditions. Parity aid is based on district wealth and the county cost of doing business factor as calculated by ODE. The new funding is based on an ODE calculation determining the district's wealth and will be phased in as follows:

- 20 percent of the total amount calculated in FY 2001-02;
- 40 percent of the total amount calculated in FY 2002-03;
- 60 percent of the total amount calculated in FY 2003-04;
- 80 percent of the total amount calculated in FY 2004-05; and
- 100 percent of the total amount calculated in FY 2005-06.

The parity aid for TLSD for FYs 2001-02 and 2002-03 is based on ODE State Foundation funding simulations. FYs 2003-04 and 2004-05 were based on the above percentages applied against the amount projected by ODE for FY 2002-03.

(2) **Property Tax Allocation (Rollback and Homestead Exemptions):** State law grants tax relief in the form of a 10 percent reduction in real property tax bills. In addition, a basic 2.5 percent rollback is granted on residential property taxes and additional relief is granted to qualified elderly and disabled homeowners based on income. However, the State reimburses TLSD for the revenue lost due to these property tax exemptions. Rollback and Homestead exemption revenues are included within the assumptions for real estate taxes and tangible personal property taxes.

C. Other Revenue Sources

The main components of Other Revenues and a detailed projection by component are as shown in **Table 2-1E**.

Table 2-1E: Other Revenues

	FY 1997-98 Actual	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 Actual	FY 2001-02 Forecast	FY 2002-03 Forecast	FY 2003-04 Forecast	FY 2004-05 Forecast
Earnings on Investments	89,000	72,000	52,000	56,000	57,000	59,000	61,000	63,000
Classroom Fees	20,000	17,000	10,000	1,000	10,000	10,000	10,000	10,000
Tuition	0	0	11,000	5,000	10,000	10,000	10,000	10,000
County Contributions [1]	45,000	53,000	94,000	55,000	50,000	50,000	50,000	50,000
Miscellaneous [2]	145,000	94,000	26,000	36,000	75,000	75,000	75,000	75,000
Total Other Revenue	$299,000	$236,000	$193,000	$153,000	$202,000	$204,000	$206,000	$208,000

Source: Treasurer's office and district 4502 reports
[1] County Contributions consist of revenues received from the Athens County Department of Job and Family Services (ACDJFS) and the Educational Service Center Pre-school Grant.
[2] Miscellaneous revenue consists of other transportation, library fines, refunds, contributions and donations.

Earnings on Investments: Investment earnings are generated from a fluctuating balance of temporarily available cash. The cash is primarily held in an interest-bearing checking account or invested in a STAR Ohio account. A bank sweep account is also used to invest cash overnight. Interest rates are assumed to remain fairly stable over the period covered by the projections. Therefore, in projecting investment earnings for FY 2001-02 through FY 2004-05, a 3.0 percent annual inflationary increase is assumed for each year.

Classroom Fees, Tuition and Miscellaneous: Classroom fees are collected for items such as workbooks, vocational education supplies and laboratory materials. Tuition is collected for all students who attend summer school. Miscellaneous revenue consists primarily of transportation fees, library fines, refunds, contributions and donations. Projected amounts for FY 2001-02 through FY 2004-05 are projected flat for classroom fees and miscellaneous at an average of the prior years actual amounts. Projections for tuition are also projected flat based on TLSD estimates and prior years actual amounts.

County Contributions: The Athens-Meigs Educational Service Center (ESC) provides pre-school grants to pay for education of children with disabilities who are in pre-school programs. The amounts projected for FY 2001-02 through FY 2004-05 are assumed to remain at $50,000 per year based on projections provided by the Athens-Meigs ESC treasurer.

V. <u>Expenditures</u>

A. Operating Expenditures

(1) Salaries and Wages: The projected salaries and wages (through August 2003) are based on the terms of the existing union agreements and actual figures. The TLSD union contract requires teachers' base salary to be determined by averaging the four Athens County school districts' average percent increase in base salaries.

To project increases in salaries and wages from step increases, a spreadsheet was created to model the step amount each employee is scheduled to receive during the forecast period. For certificated employees, step increases ranged from approximately 1.0 to 2.0 percent of annual salaries, depending on the years of experience, type of degree and educational credits. TLSD's certificated employees have a short step schedule with only 10 steps. The COLA for certificated employees for all forecast years is projected at 3.0 percent based on the base salary calculation and past history.

Classified employees' step increases ranged from 1.0 to 1.5 percent of their hourly salary, depending on years of experience. TLSD classified employees have negotiated an increase of 3.0 percent for FYs 2000-01 through 2002-03. TLSD's classified employees have a very short step schedule with only five steps. The COLA for classified employees for all forecast years is projected at 3.0 percent based on the negotiated increase in FY 2001-02 and FY 2002-03. The 3.0 percent increase is also applied to FYs 2003-04 and 2004-05 based on past history.

Based on the model developed by the Auditor of State's Office, the cost associated with the effects of steps and COLAs for certificated and classified employees (including those who had stepped out) was projected to increase total regular salaries and wages by 4.0 percent for FY 2001-02, 2.3 percent for FY 2002-03, 2.4 percent for FY 2003-04, and 2.4 percent for FY 2004-05. The low average cost increases results from the short step schedule for TLSD employees and the large number of employees at the top of the step schedule. Assuming that no changes are made in current staffing, the number of certificated employees at the top of the step schedule increases from 40.0 percent to 50.0 percent during the forecast period while the number of classified employees at the top of the step schedule increases from 36.0 percent to 94.0 percent during the forecast period.

For purposes of developing a realistic forecast, it is assumed that a 3.0 percent increase in the base salary amount will be granted to all employees for FY 2003-04 and FY 2004-05. However, it should be noted that an assessment within the **human resources** section of this report indicates that TLSD teachers have average salaries in excess of the peer averages. Furthermore, the deficits in the forecast indicate that, without significant reductions, TLSD is not in a position to support a 3.0 percent wage increase. An added concern is the large amount of service credit granted to teachers who are new to TLSD. **F3.67** and **R3.24** in the **human resources** section discuss the impact of the generous service credit policy.

ORC § 5705.412 states that "no school district is to adopt any appropriation measure, make any contract, give any order to expend money or increase salary schedules during any school year without attaching a certificate of available resources...." (412 certificate). This certificate is to be signed by the treasurer, superintendent and the Board president, and certifies that the district will have the revenues necessary to maintain all personnel, programs and services essential to the provision of an educational program for the remaining days in the current and succeeding fiscal years. TLSD management will have substantial difficulty in issuing a valid 412 certificate stating that TLSD has resources in excess of the appropriations for such expenditures.

The wage and salary projections are presented in **Table 2-1F**. The forecast assumes that the staff members who planned to use the early retirement incentive (ERI) will be replaced with staff members with comparable salaries and wages. See **F3.60** for a description of TLSD's ERI program. For the purposes of this forecast, staffing levels are assumed constant for FY 2001-02 and beyond.

Table 2-1F: Salaries and Wages

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Regular Salaries & Wages	3,675,000	3,748,000	3,915,000	3,976,000	4,158,000	4,254,000	4,357,000	4,462,000
Overtime & Substitutes	88,000	87,000	103,000	94,000	97,000	99,000	103,000	106,000
Supplemental Contracts	30,000	30,000	55,000	29,000	54,000	55,000	57,000	58,000
Severance	0	0	3,000	83,000	48,000	88,000	3,000	3,000
Total Salaries & Wages	$3,793,000	$3,865,000	$4,076,000	$4,182,000	$4,357,000	$4,496,000	$4,520,000	$4,629,000

Source: Treasurer's office and Statement P from 4502 financial report

Overtime, Substitutes and Supplementals: In projecting the cost of overtime and substitutes from FY 2001-02 through FY 2004-05, the forecast assumes a 3.0 percent annual inflationary increase using FY 2000-01 actuals as a base. Pay for supplemental contracts was projected at 1.3 percent of regular salaries and wages based on historical trends.

Severance: Severance costs equaled $83,000 in FY 2000-01, due to the separation of 6 employees who used the ERI. Based on discussions with the superintendent and treasurer, it is estimated that severance costs will be approximately $48,000 in FY 2001-02 and $88,000 in FY 2002-03, also as a result of the ERI. In total, the superintendent anticipates that 6 teachers and 1 administrator will use the ERI option each year (FY 2000-01, FY 2001-02 and FY 2002-03) for a combined total of 18 teachers and 3 administrators. Additional severance costs for certified and classified staff retiring from FY 2003-04 through FY 2004-05 are estimated at $3,000 based on FY 1999-00 amounts.

Potential savings which could be generated by an ERI are not included in the forecast for the following reasons:

- TLSD does not plan to leave the ERI employees' positions vacant;
- Some employees will be brought back as contracted employees; and
- TLSD offers full credit for past teaching experience and has a very short step schedule which increases costs and lowers the likelihood that positions vacated by ERI participants would be filled by substantially lower cost employees (see also **Table 2-1G** and table notes, **F3.21**, **R3.4**, **F3.61**, and **R3.18**).

(2) **Fringe Benefits:** The main components of fringe benefits and a detailed projection by component are presented in **Table 2-1G**.

Table 2-1G: Fringe Benefits

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Retirement Contributions	478,000	585,000	566,000	559,000	582,000	595,000	610,000	625,000
Early Retirement Payments	11,000	23,000	34,000	124,000	219,000	404,000	219,000	0
Health Care Insurance	545,000	725,000	754,000	764,000	879,000	1,010,000	1,162,000	1,336,000
Workers' Compensation	5,000	21,000	6,000	22,000	23,000	23,000	24,000	25,000
Medicare	26,000	29,000	34,000	37,000	38,000	39,000	40,000	42,000
Unemployment	2,000	2,000	1,000	500	1,300	1,300	1,300	1,300
Total Fringe Benefits	$1,067,000	$1,385,000	$1,395,000	$1,506,500	$1,742,300	$2,072,300	$2,056,300	$2,029,300

Source: Treasurer's office, TLSD 4502 report

Retirement Contributions: The retirement contributions are calculated as a percentage of salary cost. In projecting expenditures for retirement contributions, it is assumed that the cost will equal 14.0 percent of the total salaries. The forecast amounts are based on a historical trend analysis from FY 1997-98 through FY 1999-00.

Early Retirement Payments: Over the past 10 years, TLSD has approved several ERI plans for teachers and administrators eligible to retire. The prior and current two-year ERI buyout is offered to employees who have at least 28 years of service. The contract, in place from August 1, 1990 to July 31, 1994, included an ERI provision that extended through the duration of the contract and cost TLSD approximately $298,300 plus interest. The related payments for this ERI plan were paid over a two-year period. An ERI provision was also included in the next teachers contract (in effect from August 1, 1994 to July 31, 1998) which cost approximately $137,500 plus interest. The related payments for this ERI option were also paid over a two-year period.

The most recent contract, which was in place from August 1, 1998 to July 31, 2001, again included an ERI provision. In the first two years of this contract, several teachers and administrators took advantage of the ERI provision, which cost $151,600 plus interest. However, prior to the expiration of this contract, a re-opener clause was exercised and a new contract was negotiated by TLSD and the Trimble Local Teachers Association (TLTA). The new contract period is from August 1, 2000 to July 31, 2003 and again includes an ERI provision which expires on April

1, 2003. TLSD anticipates an additional 18 teachers and 3 administrators will take advantage of this offering in FY 2000-01 through FY 2002-03 at a cost of approximately $1.1 million. It is assumed that TLSD will not offer another ERI plan during the remaining forecasted years. See **F3.60** and **R3.61** in the **human resources** section for further information.

TLSD provided an ERI to its certificated employees without conducting a cost benefit analysis or studying the financial effects of the ERI on the District. In addition, the superintendent stated that, of the employees taking advantage of the ERI, all would either be replaced or brought back as contracted employees. Since TLSD is not projecting a savings or planning to use the ERI to reduce staff, no savings have been included in the salaries and benefits lines. The full effects of the ERI are shown in the forecast and no reductions in salaries have been shown.

Although it is common for districts to offer ERIs, these programs create cost savings only when retiring employees are not replaced or are replaced by teachers earning lower salaries. Also, ERIs require significant amounts of cash and a district in fiscal emergency may not have sufficient resources to fund an ERI. TLSD's decision to extend the ERI benefits through the contract period, while replacing all retiring teachers or bringing them back as contract employees, makes it doubtful that TLSD will realize a cost savings through the ERI and raises some concerns about the District's management philosophies and their impact on TLSD's finances.

Health Care Insurance: Insurance costs increased only slightly in FY 2000-01 due to TLSD changing its traditional medical coverage to a Preferred Provider Organization (PPO) plan on October 1, 2000. Although TLSD anticipated a savings in medical coverage of approximately $400,000 by using a PPO plan, increased costs for prescription coverage insurance nullified the bulk of the savings.

Industry trends and State forecasts indicate that recent double digit increases in health insurance premium costs will continue for the foreseeable future. The remaining forecast years are projected to increase 15.0 percent annually based on the most recent State Employees Retirement Board (SERB) and health insurance industry projections.

Workers' Compensation: In general, claims filed with the Ohio Bureau of Workers' Compensation (BWC) are classified as lost time or medical only. Lost-time claims are defined as those claims exceeding eight days. These types of claims are the most taxing on the system and have the greatest effect on the premium costs. The fluctuation in the historical figures for workers' compensation occurred because the BWC reduced the premium by 75.0 percent in FY 1999-00. This reduction is not expected to repeat in FY 2001-02 and therefore, the remaining years are projected to increase 3.0 percent. See the **human resources** section of this report for additional information on workers' compensation costs.

Medicare: Medicare benefits are based on related anticipated payroll costs for the forecasted period. Therefore, from FY 2001-02 through FY 2004-05, the forecast assumes a 3.0 percent annual inflationary increase.

Unemployment: An analysis of the past four years indicates that unemployment expenditures have fluctuated between $500 and $2,000. As a result, projected costs for subsequent years assume unemployment costs are forecast at $1,300 based on the four-year historical average.

(3) **Purchased Services:** The main components of purchased services and a detailed projection by component are presented in **Table 2-1H**.

Table 2-1H: Purchased Services

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Professional/ Technical Services	90,000	75,000	73,000	44,000	71,000	73,000	75,000	77,000
Property Services	33,000	46,000	69,000	84,000	87,000	89,000	92,000	95,000
Travel/Meeting	8,000	6,000	5,000	6,000	6,000	6,000	7,000	7,000
Communication	25,000	19,000	19,000	19,000	20,000	20,000	21,000	21,000
Utilities	133,000	144,000	152,000	191,000	216,000	244,000	276,000	311,000
Tuition	118,000	93,000	123,000	66,000	100,000	103,000	106,000	109,000
Pupil Transportation	1,000	1,000	0	900	1,000	1,000	1,000	1,000
Totals	$408,000	$384,000	$441,000	$410,900	$501,000	$536,000	$578,000	$621,000

Source: Treasurer's Office; TLSD 4502 reports, Statement P

With the exception of the Professional/Technical Services, Utilities, Tuition and Pupil Transportation expenditures, all line-items within the purchased service account are assumed to increase 3.0 percent based on an inflationary increase.

Professional/Technical Services: Professional/Technical Services has fluctuated over the historical period. Projection are based on an average of the four years' historical data with a 3.0 percent inflationary increase applied to the FY 2002-03 amount for each remaining year of the forecast period.

Utilities: The four-year average increase for Utilities expenditures is approximately 13.0 percent. The cost of utilities is likely to continue to increase at a rate well above the rate of inflation. The 13.0 percent inflationary increase has been applied to each year of the forecast period using the FY 2000-01 actuals as a base, and should accommodate not only inflationary increases, but the marginal increase incurred with the opening of the new elementary/middle school addition (see **F4.16** and **F4.17**).

Tuition: Tuition has also fluctuated over the historical period. Projections are based on an average of the four years' historical data with a 3.0 percent inflationary increase applied to the FY 2001-02 amount for each remaining year of the forecast period.

Pupil Transportation: Pupil transportation expenditures were typically held constant at $1,000 over the historical period. In FY 1999-00, TLSD posted no expenditures to this line item. No explanation was provided for the change in spending patterns. Because of the variability of this line item, an amount of $1,000 has been applied throughout the forecast period.

(4) **Materials, Supplies and Textbooks:** Qualifying H.B. 412 expenditures used to meet the textbook and instructional supplies set-aside requirements are expected to be made from the supplies and materials line-item of the General Fund. This account typically includes supply and material items used for both instructional purposes and support activities, such as maintenance, transportation, central office and administration.

The forecast assumes that only instructional-related expenditures qualify to meet set-aside requirements. Future expenditures for instructional materials and supplies are forecasted in amounts sufficient to meet the spending requirements. Expenditures for non-instructional supplies and materials, such as supplies for maintenance, repairs and operations, are assumed to increase annually by an inflationary factor of 3.0 percent. The forecast also assumes that each year the set-aside requirements will be fully expended and no additional unused balance will be carried forward to the succeeding year. Based on the forecast, TLSD must set-aside or expend approximately $100,000 annually on textbooks and instructional materials. Qualifying purchases include text books, library books and periodicals and other media forms. The projected expenditures for supplies, materials and textbooks are presented in **Table 2-1I**.

Table 2-1I: Supplies, Materials and Textbooks

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
General Supplies	66,400	96,500	96,200	49,000	75,000	75,000	75,000	75,000
Textbooks	35,400	58,100	11,600	4,000	131,000	132,000	132,000	132,000
Library Books	2,000	1,800	2,700	200	3,000	3,000	3,000	3,000
Periodical, Newspapers, Film & Filmstrips	2,200	300	700	500	1,000	1,000	1,000	1,000
Supplies and Material for Operations, Maintenance and Repair	31,300	23,600	15,400	11,000	1,000	1,000	1,000	1,000
Supplies and Materials for Operations	63,900	52,500	46,000	84,000	87,000	89,000	92,000	95,000
Total Supplies, Materials & Textbooks	$201,200	$232,800	$172,600	$148,700	$298,000	$301,000	$304,000	$307,000

Source: Treasurer's Office; TLSD 4502 reports, Statement P

General Supplies: General supplies have fluctuated over the historical period. TLSD experienced a decrease in expenditures in FY 2000-01 to $49,000 (49.0 percent). Because of the wide variance between expenditures in FYs 1997-98 through FY 2001-02 and the current financial health of the District, general supplies are projected at a flat rate average of the prior four years ($ 75,000) over the life of the forecast.

Textbooks: In FY 2000-01 the textbook line item was insufficient to meet the set-aside requirements and the total set-aside amount included in the forecast has been increased to reflect the additional required set-aside amounts. The textbook line item is projected at amounts sufficient to meet set-aside requirements. The line item also includes an additional $35,000 for FYs 2001-02 and 2002-03 and $32,000 for FYs 2003-04 and $27,000 for FY 2004-05 to fully expend the H.B. 412 reserve.

Library Books, Periodical, Newspapers, Film & Filmstrips and Supplies and Material for Operations, Maintenance and Repair: Library Books; Periodical, Newspapers, Film & Filmstrips; and Supplies and Material for Operations, Maintenance and Repair have fluctuated over the historical period. Because of the wide variance between expenditures in FYs 1997-98 through FY 2000-01 and the current academic performance of the District, library books are projected at a flat rate of $3,000 over the life of the forecast. Periodical, Newspapers, Film & Filmstrips are projected flat at $1,000. Supplies and Material for Operations, Maintenance and Repair are also projected at $1,000 because most facility-related expenditures will be associated with the new additions and improvements to TLSD's buildings.

Capital Outlay: The main components of Capital Outlay and a detailed projection by component are as follows:

Table 2-1J: Capital Outlay

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Equipment	9,500	36,400	27,900	100	19,000	20,000	20,000	21,000
Equipment - Replacements	0	0	0	6,000	6,000	6,000	6,000	6,000
Bus Purchase	112,100	82,600	27,400	58,000	71,000	74,000	76,000	78,000
Building Improvements	400	7,000	300	6,000	300	300	300	300
Totals	$122,000	$126,000	$55,600	$70,100	$96,300	$100,300	$102,300	$105,300

Source: Treasurer's Office; TLSD 4502 reports, Statement P

With the exception of Equipment Replacements and Building Improvements, all line items are assumed to increase 3.0 percent to account for inflation using an average of the prior four years' actual amounts as a base. Building Improvements will be made up out of the bond retirement fund through the new additions to the elementary/middle school.

Equipment Replacements: Equipment replacements are forecast flat based on FY 2000-01 actuals.

Building Improvement: TLSD will not use the Building Improvement line item to fund any major capital repairs. The $12.6 million school addition and associated Bond Retirement Fund will be used to offset H.B. 412 spending requirements. Likewise, TLSD's 0.5 mill levy proceeds will be used for repairs and preventive maintenance. As a result, **Table 2-1J** shows only minimal General Fund expenditures ($300) for this line item.

(5) **Other Expenditures:** The main components of TLSD's Other Expenditures and a detailed projection by component are presented in **Table 2-1K**. Expenditures for the County ESC deduction, dues and fees, and insurance are assumed to increase annually by an inflationary factor of 3.0 percent. Miscellaneous is projected flat based on FY 1999-00.

Table 2-1K: Other Expenditures

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
County ESC Deductions	N/A	128,500	128,700	188,000	194,000	199,000	205,000	212,000
Dues & Fees	N/A	39,500	39,600	48,000	49,000	51,000	52,000	54,000
Insurance	N/A	8,900	7,900	10,000	10,000	11,000	11,000	11,000
Miscellaneous	N/A	68,000	4,500	3	4,500	4,500	4,500	4,500
Totals	$227,000	$244,900	$180,700	$246,003	$257,500	$265,500	$272,500	$281,500

Source: Treasurer's Office; TLSD 4502 reports, Statement P

County ESC Deduction: The County ESC deduction is based on an ODE formula amount. The increase in FY 2000-01 is due to a change in the manner in which the deduction was calculated. The ESC deduction may change based on the new funding formula, but any changes in the calculation have not been defined. Therefore the amounts have been projected based on inflation at 3.0 percent through the forecast period.

VI. Debt Service

Outstanding debt balances as of March 31, 2001 are presented in **Table 2-1L**. The table shows the annual debt service requirement in each issue for the forecasted period. The forecast assumes TLSD will pay debt obligations as they come due.

Table 2-1L: Debt Service

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Bus Purchase Loan [1]	$54,000	$0	$0	$0	$0
Ohio Solvency Assistant Loan [2]	0	0	472,500	472,500	0
Total Principal	**$54,000**	**$0**	**$472,500**	**$472,500**	**$0**
Bus Purchase Loan	3,000	0	0	0	0
Total Interest	**$3,000**	**$0**	**$0**	**$0**	**$0**
Total Debt Service	**$57,000**	**$0**	**$472,500**	**$472,500**	**$0**

Source: Statement L from 4502 reports and TLSD debt schedule.
[1] TLSD received an advance on bus purchase funds so that the District could purchase several buses and receive a volume discount.
[2] A school borrowing through the Ohio Solvency Assistance program receives the monies interest free.

H.B. 412 eliminates the State Emergency Loan Fund and replaces it with the Solvency Assistance Fund. After March 24, 1998, school districts were no longer approved for borrowing under the State Emergency Loan Fund and must borrow from the State Solvency

Assistance Fund instead. Under the new program, TLSD has borrowed $945,000 and is scheduled to repay the amount over a two-year period beginning in FY 2001-02.

VII. Other Sources and Uses of Funds

A. Transfers and Advances In/Out

As indicated in the forecast, the net effect of any transfers or advances is expected to be zero for the remainder of the forecasted period. In prior years, transfers were made to the Food Service Fund to cover operating deficits incurred by the food service program. TLSD management stated that the Food Service Fund is expected to operate at a slight profit in future years due to changes made in the food service program during FY 2000-01. As a result, future transfers should be unnecessary.

Encumbrances

In accordance with ORC, TLSD is required to consistently use the encumbrance method of accounting for budget management and control. Under this method of accounting, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation for future payments.

Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The projection through FY 2004-05 assumes the outstanding encumbrances for each year during the forecast period will be $53,000 based on the four-year historical average.

B. Reserves

Originally, H.B. 412 required school districts to maintain a budget reserve when certain conditions were met. Whenever revenue received for current expenses for the preceding fiscal year was at least 3.0 percent greater than the revenue received for current expenses for the second preceding fiscal year, TLSD was required to set-aside as a budget reserve not less than 1.0 percent of the revenue received for current expenses for the preceding fiscal year. The minimum 1.0 percent set-aside continued each year until the accumulated budget reserve equaled 5.0 percent of the revenue received for current expenses for the preceding fiscal year. However, a recent change in the legislation lifted the annual contribution requirement for school districts. Therefore, projections assume that TLSD will spend its budget reserve balance of $66,000 in FY 2001-02.

H.B. 412 also requires school districts to spend 3.0 percent of certain revenues on expenditures that qualify as textbooks and instructional supplies as well as 3.0 percent on expenditures that qualify as capital improvements. For FY 1999-00 and FY 2000-01, TLSD did not meet the spending requirements for Textbooks/Instructional Supplies and therefore, established a reserve account. The forecast assumes that TLSD will spend the required Textbooks/Instructional Supplies amounts in FY 2001-02 through FY 2004-05 and the reserve amount of $129,000 will be expended in increments of $35,000 for FYs 2001-02 and 2002-03 and $32,000 for FYs 2003-04 and $27,000 for FY 2004-05.

The Unexpended ERI/OSAL Funds set aside includes approximately $350,000 in funds remaining from TLSD's Solvency Assistance Fund Loan. These funds were originally borrowed, in part, to cover TLSD's ERI payments for 10 employees who were eligible to use the ERI. Changes to the contract reduced the number of employees taking the ERI in FY 2000-01, but increased the total eligible by eight additional employees. The remainder of the Solvency Assistance Loan is shown as a reserve for future ERI payments or, if financial conditions permit, to service debt.

Summary of Performance Audit Recommendations

Table 2-2 is presented as a potential financial forecast for TLSD management and the Commission. The forecast is a management tool that can be used to assess the impact that implementation of the various performance audit recommendations would have on TLSD's financial condition. The forecast contains the same financial projections as presented in **Table 2-1,** with additional lines to include the following:

- The financial implications associated with the performance audit recommendations;
- Implementation costs for performance audit recommendations; and
- Any action taken to date by the Commission.

Tables 2-2A through **2-2C** summarize the financial implications associated with the recommendations contained within this report. Some recommendations could be implemented immediately, while others would require further management action to realize the proposed savings. Implementation costs and cost avoidances associated with the various recommendations are also summarized.

The performance audit recommendations presented in **Table 2-2A** which affect TLSD's General Fund are segregated into two categories: those recommendations subject to negotiation and those recommendations not subject to negotiation.

Difficult management decisions may be necessary during the process of achieving financial stability within TLSD. This performance audit provides a series of ideas and recommendations which TLSD and the Commission should consider. However, this audit is not all-inclusive, and other cost savings and revenue enhancements should be explored and incorporated into the financial recovery plan. TLSD and the Commission should update the financial recovery plan on an ongoing basis as critical financial issues are addressed.

Table 2-2: Proposed Financial Recovery Plan (Amounts in 000's)

	Actual FY 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05
Real Estate Property Tax	$432	$447	$466	$432	$469	$471	$502	$505
Tangible Personal Property Tax	18	12	18	13	13	12	13	12
Income Tax	386	58	4	0	0	0	0	0
State Foundation	4,293	4,722	4,850	5,030	5,385	5,614	5,545	5,642
Restricted Grants-in-Aid	398	404	530	463	676	886	1,105	1,311
Property Tax Allocation	84	80	79	76	80	80	90	91
Other Revenues	299	236	193	153	202	204	206	208
Total Operating Revenues	5,910	5,959	6,140	6,167	6,825	7,267	7,461	7,769
Salaries & Wages	3,793	3,865	4,076	4,182	4,357	4,496	4,520	4,629
Fringe Benefits	1,067	1,385	1,395	1,507	1,742	2,072	2,056	2,029
Purchased Services	408	384	441	411	501	536	578	621
Supplies, Materials & Textbooks	201	233	173	149	298	301	304	307
Capital Outlay	122	126	56	70	96	100	102	105
Other Expenditures	227	245	181	246	258	266	273	282
Interest on Loans	6	4	3	0	0	0	0	0
Performance Audit Rec (Table 2-2A)	0	0	0	0	(477)	(484)	(491)	(499)
Commission Rec. (Table 2-2C)	0	0	0	0	(262)	(268)	(273)	(278)
Total Operating Expenditures	5,824	6,242	6,325	6,565	6,513	7,020	7,069	7,196
Ohio Solvency Assistance Loan	0	0	0	945	0	0	0	0
Ohio Solvency Assistance Loan Payment	0	0	0	0	(473)	(472)	0	0
Bus Purchase Loan Payment	(27)	(27)	(54)	0	0	0	0	0
Net Transfers/ Advances - In/Out (Out)	(60)	(65)	(106)	28	0	0	0	0
Net Financing	(87)	(92)	(160)	973	(473)	(472)	0	0
Results of Operations (Net)	(1)	(375)	(345)	575	(161)	(225)	392	573
Beginning Cash Balance	861	860	485	140	715	554	329	721
Ending Cash Balance	860	485	140	715	554	329	721	1,294
Outstanding Encumbrances	59	23	5	53	53	53	53	53
"412" Textbook/Instructional Reserve	0	0	39	129	94	59	27	0
"412" Budget Reserve	32	66	66	66	0	0	0	0
Unexpended ERA/OSAL funds	0	0	0	350	0	0	0	0
Ending Fund Balance	$769	$396	$30	$117	$407	$217	$641	$1,241

Source: District records and performance audit projections and estimates

Table 2-2A and **Table 2-2B** detail those recommendations reflected in the **Table 2-2** forecast as recommendations not requiring negotiation and those requiring negotiation respectively.

Table 2-2A: Summary of Performance Audit Recommendations Not Subject to Negotiation

Recommendations	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
RECOMMENDATIONS INCLUDED IN FORECAST (Table 2-2):				
R3.2 Reduce professional educational staffing levels (1.0 FTE)	$70,000	$72,100	$74,263	$76,491
R3.7 Reduce 2.0 FTE special needs teaching positions	$111,200	$114,536	$117,972	$121,511
R4.1 Reduce custodial staff by 2.0 FTEs	$57,150	$58,865	$60,630	$62,449
R4.11 Discontinue the pod rental upon completion of the new addition.	$19,200	$19,200	$19,200	$19,200
R4.12 Participate in a discount utilities program.	$19,000	$19,000	$19,000	$19,000
Total Recommendations Not Subject to Negotiation	**$276,550**	**$283,701**	**$291,065**	**$298,651**
Other Needed Expenditure Reductions	**$200,000**	**$200,000**	**$200,000**	**$200,000**
Total Recommendations Included in Forecast	**$476,550**	**$483,701**	**$491,065**	**$498,651**

Source: Financial Implications Summaries for all sections of this performance audit report.

Included in **Table 2-2A** is a total of approximately $1.1 million of savings identified in recommendations not subject to negotiation. TLSD can immediately implement these recommendations. Additional potential savings totaling approximately $2.1 million were not included in the forecast because the identified items are either subject to negotiation or may require additional District resources to implement. TLSD and the Commission should examine these items and consider the potential benefits of each in reducing the deficit fund balance. Of the negotiated items included in **Table 2-2B**, TLSD should specifically focus on the recommendation associated with the revised ERI. The primary reasons for focusing on this include the following:

- TLSD did not develop a forecast for the ERI to show the potential saving.
- TLSD plans to bring back some of the employees who took advantage of the ERI as contract employees, thereby negating some of the ERI savings.
- TLSD offers full credit for past teaching experience and has a very short step schedule which increases costs and lowers the likelihood that positions vacated by ERI participants would be filled by substantially lower cost employees.
- The ERI draws scarce District resources away from educational programs.

By returning the ERI to the original one year offering, TLSD could achieve sufficient savings to attain a positive ending balance by the end of the forecast period.

Table 2-2B: Summary of Performance Audit Recommendations Not Included in the Forecast

Recommendations	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
RECOMMENDATIONS SUBJECT TO NEGOTIATION				
R3.8 Eliminate perfect attendance policy	$4,000	$4,000	$4,000	$4,000
R3.5 Reduce cost-of-living wage increases	$69,000	$118,200	$197,000	$287,900
R3.12 Implement graduated benefits scale	$21,000	$24,150	$27,772	$31,938
R3.13 Increase employee insurance co-pay	$68,100	$78,315	$90,062	$103,572
R3.15 Repayment from TLTA for use of associated leave	$2,000	$2,000	$2,000	$2,000
R3.18 Reduce severance pay through a reduction of ERI offerings	$0	$48,000	$88,000	$0
R3.18 Discontinue ERI in second and third contract years as originally negotiated in FY 2000-01 contract	$0	$219,000	$404,000	$0
Total Recommendations Subject to Negotiation	**$164,100**	**$493,665**	**$812,834**	**$429,410**
RECOMMENDATIONS NOT SUBJECT TO NEGOTIATION				
R3.6 Reduce the per pupil expenditure for supplementals to $35 per student	$15,700	$15,700	$15,700	$15,700
R3.8 Reduce certified sick leave usage	$8,500	$8,500	$8,500	$8,500
R3.10 Reduce classified sick leave usage	$3,700	$3,700	$3,700	$3,700
R3.24 Reduce calamity days for non-essential employees	$10,500	$10,500	$10,500	$10,500
Total Recommendations Not Subject to Negotiation	**$38,400**	**$38,400**	**$38,400**	**$38,400**
Total Recommendations Not Included in the Forecast	**$202,500**	**$532,065**	**$851,234**	**$467,810**

Source: Financial Implications Summaries for all sections of this performance audit report.

Table 2-2C summarizes the reductions adopted by the Commission which are in excess of those identified in this performance audit and which are included in the financial forecast.

Table 2-2C: Commission Reductions

Action	Total Savings Projected FY 2001-02	Total Savings Projected FY 2002-03	Total Savings Projected FY 2003-04	Total Savings Projected FY 2004-05
Reduce 2.0 FTEs education positions	$107,461	$110,685	$114,005	$117,426
Reduce 1.0 FTE guidance counselor position	$55,476	$57,140	$58,854	$60,620
Reduce 1.0 FTE computer lab teacher	$59,530	$61,316	$63,155	$65,050
Replace 1.0 FTE art teacher position	$20,000	$19,000	$18,000	$17,000
Reduce transportation costs through use of school vans	$20,000	$19,400	$18,800	$18,200
Total Projected Savings Included in Forecast	**$262,467**	**$267,541**	**$272,814**	**$278,296**

Table 2-2D summarizes the proposed staffing changes and adjusted staffing levels for FY 2000-01 through FY 2004-05 assuming the Commission and performance audit recommendations are implemented.

Table 2-2D: Revised Staffing Levels

Category	Adjusted Staffing for FY 2001	Staffing Changes for FY 2001	Adjusted Staffing for FY 2001	Proposed Staffing Changes for FY 2002	Adjusted Staffing for FY 2002	Proposed Staffing Changes for FY 2003	Adjusted Staffing for FY 2003	Proposed Staffing Changes for FY 2004	Adjusted Staffing for FY 2004
Administration	8.0	(1.0)	7.0	0.0	7.0	0.0	7.0	0.0	7.0
Certificated Staff	85.0	(6.0)	79.0	0.0	79.0	0.0	79.0	0.0	79.0
Classified Staff	49.3	(2.0)	47.3	0.0	47.3	0.0	47.3	0.0	47.3
Totals	142.3	(9.0)	133.3	0.0	133.3	0.0	133.3	0.0	133.3

Source: EMIS Staff Profiles, Superintendent's Office and Performance Audit estimates

VIII. Commission Considerations

A. TLSD renegotiated its contract with Trimble Local Teachers Association (TLTA) in August of 2000. Although TLSD was aware of impending financial problems, the District agreed to uncontrolled wage increases and an ERI buyout. The new contract heavily contributed to TLSD's poor financial condition. TLSD did not correlate the contract to its financial forecast, even though the forecast showed an impending deficit. Furthermore, TLSD did not issue a 412 certificate for the new contract on direct advice of the District's attorney. Because the forecast and associated 412 certificate was not used and TLSD management disregarded the intent of the law– to maintain financial health within Ohio school districts– the Commission should consider the impact of the new contract. Also the Commission should consider the potential impact of 412 legislation on the validity of the current contract and TLSD or TLTA's ability to enforce contractual obligations.

B. TLSD originally negotiated the ERI for a single year (FY 2000-01). When the contract language was rejected by STRS, TLSD renegotiated the ERI language with TLTA and agreed to extend the ERI for an additional two years, through the life of the contract. This extension of the ERI has seriously impacted TLSD's ability to regain financial health. The Commission should consider eliminating the ERI provisions from the contract. The financial recovery plan assumes that the ERI is renegotiated and discontinued for FYs 2002-04. If the ERI is extended for the last two contract years, TLSD's financial recovery will be delayed.

TLSD provided an ERI to its certificated employees without conducting a cost benefit analysis or studying the financial effects of the ERI on the District. Furthermore, some of the individuals using the ERI are slated to return to TLSD as contracted employees. The Commission should require TLSD management to document the savings generated by the

ERI. TLSD management should conduct cost benefit analyses on any future ERIs prior to granting the retirement incentive.

C. TLSD's contract indicates that wage increases will be granted based on the average of wage increases in Athens County districts. The average wage increase methodology was originally implemented for a single year to bring certificated employees' salaries up to County averages. However, the methodology was then carried into future contracts and has resulted in annual wage increases regardless of TLSD's ability to pay the increases. By using the "county average increase" in its contracts, TLSD has negotiated away its ability to control spending within the District. Furthermore, the annual increases have resulted in TLSD currently having high salaries in comparison to peer and County districts. The Commission should consider eliminating this provision from the contract and returning to a fixed percentage wage increase.

D. Per pupil expenditures within TLSD are the highest of the peers (see **Tables 2-12** and **2-13**), both in the aggregate and in several separate line items. The high per pupil expenditures result from the high salaries and generous benefits negotiated by TLTA. TLSD also has limited discretionary spending, the lowest percentage of the peers. High per pupil expenditures and little discretionary revenue limits TLSD's ability to curb expenditures and/or implement programs to raise academic achievement. The Commission will be challenged to curtail expenditures and raise proficiency performance within the current revenue stream.

E. Under the State Foundation Program, the per pupil funding level has been established at $4,814 for FY 2001-02 and at $4,949 for FY 2002-03. Future per pupil funding amounts are planned at $5,087 for FY 2003-04 and $5,230 for FY 2004-05. However, only FY 2000-01 through FY 2002-03 is guaranteed by current legislation.

According to the Ohio Supreme Court ruling rendered on September 6, 2001, the State legislators have remedied the perceived deficiencies in the current State funding formula. The changes adopted by the State legislature through H.B. 94 were deemed acceptable by the Ohio Supreme Court. However, the legislature has filed an appeal with the Supreme Court because of the reportedly high costs of the changes to the funding formula. Future Supreme Court decisions may affect the funding formula and, therefore, State funding amounts may be different from those depicted in the forecast.

F. According to ORC, State Foundation Payments are calculated by ODE on the basis of pupil enrollment and classroom teacher ratios, plus other factors for transportation, special educations units, extended services and other items of categorical funding. For the purpose of the projections, student enrollment is projected to hold steady at 955 students through FY 2004-05. If TLSD experiences a decline in enrollment, State Foundation funding will potentially decrease from the projected levels.

G. The forecast does not include borrowing beyond the State Solvency Assistance Fund loan in FY 2000-01 for $945,000. Based on the negative ending balance shown in the current forecast for FY 2001-02, TLSD may need to accrue additional debt. If TLSD is required to borrow additional funds to meet current operating expenditures, repayment costs may delay TLSD's return to financial health.

H. State Foundation Program funding includes new funding through Parity Aid. TLSD is projected to receive approximately $1.9 million in Parity Aid funding during the forecast period. The parameters for use of Parity Aid have not been finalized by ODE, and its use may be restricted to the development of new educational programs. TLSD is in academic emergency and met only 6 of the 27 criteria on the 2001 Ohio District Report Card. Parity Aid has the potential to provide TLSD with a valuable opportunity to improve academic programs and increase Report Card performance. However, even with the inclusion of Parity Aid, TLSD is not projected to achieve a positive ending fund balance without making additional cost reductions. As TLSD's per pupil expenditures remain the highest of the peers, TLSD should consider additional reductions that would allow the District to earmark Parity Aid funding for educational programs. Programs emphasizing citizenship, reading, mathematic, writing and science in the elementary grades have potential for expansion as TLSD did not meet report card standards in any of these subjects on either the third grade or sixth grade proficiency tests. Funds could also be allocated to programs to improve performance on the ninth and twelfth grade proficiency tests in the areas of citizenship, mathematics and science, and to programs to improve TLSD's graduation rate. TLSD management should ensure that any funds made available through cost saving measures be targeted to academic considerations instead of being spent on additional ERIs or increased COLAs.

B. Revenues and Expenditures

Background

TLSD's primary funding sources are State Foundation support and local property taxes. A district can increase its local contribution through a property tax, a school district income tax or a joint city/school district income tax. Each of these tax options requires voter approval. Property taxes are levied on a calendar year basis against the assessed values of real estate, public utility property and tangible (business) personal property located within the district. In FY 1999-00, the total assessed value of real estate, public utility and tangible property within the boundaries of TLSD was approximately $24 million.

The Ohio General Assembly determines the level of State support for schools and distributes that support through the State Foundation Program. Allocations are based on a formula that guarantees each district will receive a specified amount per student which is deemed sufficient to support an adequate educational program at the State minimum level. The distribution formula, which incorporates ADM and millage minimums applied to the TLSD's total assessed property valuation, has undergone significant change based on new legislation that became effective in FY 1998-99.

Federal monies are awarded primarily through grant programs directed at helping economically disadvantaged students or those with special educational needs. Federal budget balancing is expected to negatively impact grant awards. See **Table 2-5** for percentage breakdowns of TLSD funding by source as compared to the peer district and State averages.

The Board is required, under ORC, to adopt an annual budget. Each year, two budgets are prepared by TLSD: a tax budget and an operating budget. The budgeting process identifies the adequacy of financial resources for the educational programs and provides a basis for accountability in fiscal management. The tax budget also serves as the legal basis for the establishment of tax rates.

There is no separate department responsible for budgeting within TLSD. Under Board policy, this function is centralized in the offices of the superintendent and the treasurer. The superintendent and the Board establish the overall fiscal objectives for the District while the actual budget preparation, presentation and subsequent management reporting falls under the authority of the treasurer.

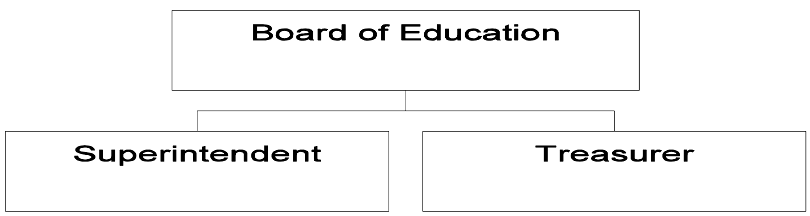
The treasurer prepares the tax budget and the annual appropriation resolution; files required forms and reports with the county budget commission and the ODE; monitors compliance with appropriation spending levels; initiates, reviews and processes budget adjustments and modifications; and prepares monthly budgetary internal control reports. The treasurer is also responsible for establishing and overseeing a system of internal controls within TLSD to ensure the accuracy of financial information and to protect TLSD's assets.

Organization Function

Under the current organizational structure, the Board's role is to oversee the superintendent and treasurer in managing the daily operations of TLSD and carrying out the fiscal recovery plan adopted by the Commission. Decisions which have financial implications or that affect TLSD's finances are required to be made by the Commission.

TLSD's superintendent and treasurer report independently to both the elected Board and the appointed Commission. Within this organizational structure, all departments except the Treasurer's Office report to the superintendent. The organizational chart below shows the reporting relationship of the Superintendent's and Treasurer's Offices.

Chart 2-1: Financial Organizational Chart



Summary of Operations

As a result of the current financial difficulties, developing accurate financial forecasts has taken on added importance for TLSD. Accordingly, TLSD's treasurer prepares a yearly financial forecast. TLSD management uses this forecast to monitor progress made in dealing with the current deficit and in restoring financial stability; to model the future ramifications of proposed changes to current staffing levels, educational programs and collective bargaining agreements; and to identify future budgetary shortfalls and develop appropriate strategies.

The treasurer has prepared a five-year financial forecast in each of the last four years. The most recent forecast was submitted to ODE on June 30, 2001. The financial forecast includes projections of estimated revenues and expenditures for the General, DPIA and Debt Service funds, as well as the assumptions used to develop the projections. All other projections for this period were based on future needs, prior period performance and historical trends.

The budgetary process begins with the preparation and adoption of the tax budget, which shows estimated receipts and expenditures, and its submission to the County Budget Commission before January 20 in accordance with ORC and Board policy. In June, TLSD adopts a temporary appropriation measure to be used during the three month period from July through September, during which time the permanent appropriation measure is prepared. The superintendent stated that, because of the financial difficulties TLSD is experiencing, the individual schools have little input into TLSD's budget.

The Treasurer's Office is responsible for the preparation and issuance of various financial reports in accordance with State and Federal guidelines. These include an annual spending plan and quarterly updates submitted to ODE. The spending plan allows the State Superintendent of Public Instruction to determine if TLSD has expenditures that may impair its ability to operate within its revenue sources. The cash-basis plan includes revenue projections by source, the nature and amount of expenditures to be incurred by TLSD, outstanding and unpaid expenses and the months in which the expenses are to be paid.

Performance Measures

The following list of performance measures was used to conduct the analysis of the Financial Systems at TLSD:

- Assess the appropriateness of the financial planning processes;
- Assess Federal, State and local funding levels;
- Assess the allocation of TLSD's expenditures;
- Review the allocation of resources for instruction, support and administrative costs; and
- Evaluate the relevance and timeliness of financial and management reports.

Findings / Commendations / Recommendations

Financial Planning

F2.1 TLSD's forecast document, submitted to ODE on December 31, 2000, appears to lack detailed information that is critical to managing District operations. The forecast document appears to have several deficiencies including the following:

- The prior treasurer developed detailed analyses and gathered documentation to support some of the forecast's assumptions. However, the notes which accompanied the financial forecast did not show a sufficient level of detail to explain how the forecast was prepared.

- The forecast excludes instructional H.B. 412 reserves and outstanding encumbrances for FY 2001-02 through FY 2004-05. Past history and H.B. 412 reporting requirements suggest that reserves and outstanding encumbrances should be included in the forecast.

- Some forecast assumptions stated in the notes are not carried through to the forecast. For example, the prior treasurer's forecast indicated that salaries would increase by approximately 2.5 percent in FY 2001-02. This assumption, however, was not carried through to the forecast. Consequently, salaries for FY 2001-02 were shown as only increasing by $2,000 instead of the 2.5 percent ($109,575) indicated in the notes. This oversight distorts the forecast's portrayal of TLSD's financial condition by making the District's financial condition to appear more optimistic.

The prior financial forecasts prepared by TLSD do not appear to present an accurate picture of the financial condition TLSD is likely to encounter. Given the significant financial issues facing TLSD, a properly developed, detailed financial forecast is essential to TLSD's attempt to regain financial solvency.

R2.1 TLSD should use the format of the financial forecast presented in **Table 2-2** and update the information and projections as financial issues change or materialize. Such a forecast ensures that members of the Commission and TLSD management are provided with sound and detailed information on which to base their decisions. An example of the types of information that should be included in future forecasts is as follows:

- Explanation of significant variances between forecasted and actual amounts;
- Historic and projected enrollment and Average Daily Membership;
- Detailed descriptions of the components of State Foundation revenue;

- Description of TLSD's efforts to obtain reimbursement for eligible expenditures;
- Historic and projected staffing by position;
- Descriptions of TLSD's efforts to control fringe benefits costs, especially, those related to health care and workers' compensation;
- Description of projected capital outlay expenditures, identifying amounts related to routine maintenance, specific projects and fulfilling minimum State requirements;
- Historic and projected expenditures for the main components of purchased services, material and supplies, and other expenditures, identifying amounts related to fulfilling minimum State requirements; and
- Descriptions of debt service obligations and the impact of year-end encumbrances.

The forecast should clearly articulate to what extent State spending requirements for capital maintenance and instructional supplies have been included, and whether any of the spending requirements are expected to be met through another fund, such as the Capital Improvement Fund. By including assumptions and supporting explanations along with financial data, TLSD will improve the readers' understanding of the figures being presented.

Additionally, TLSD should consider making the forecast document available to the general public, as well as parents, TLSD employees and Board members. By presenting more historical and projected financial information, as well as including detailed assumptions, explanatory comments, and the methodology used in deriving the financial estimates, TLSD will provide management and the general public with a more comprehensive understanding of its anticipated financial condition.

F2.2 TLSD ratified a new contract with its certificated staff, represented by the Trimble Local Teachers' Association (TLTA), on August 21, 2000. ORC § 5705.412 states that "no school district is to adopt any appropriation measure, make any contract, give any order to expend money or increase salary schedules during any school year without attaching a certificate of available resources...." (412 certificate). This certificate is to be signed by the treasurer, superintendent and the Board president, and certifies that the district will have the revenues necessary to maintain all personnel, programs and services essential to the provision of an educational program for the life of the contract.

The TLSD superintendent indicated that the District issued a 412 certificate when this contract was ratified. However, this certificate was not available upon request of the Auditor of State's Office. Because ORC § 5705.412 requires the treasurer to prepare a forecast in order to estimate the fiscal ramifications that negotiated wage increases would have on a district, TLSD's treasurer prepared a forecast for the life of the contract. This forecast showed that, if TLSD agreed to the terms of the new teachers' contract, TLSD would face cumulative cash deficits of approximately $945,000 in FY 2000-01, $1.6 million in FY 2001-02 and $2.3 million in FY 2002-03.

H.B. 412 budget reserve set-asides were not included in the forecast prepared by the treasurer. Including the set-asides causes the projected deficit to increase. Although the treasurer's forecast showed significant operating deficits during the life of the contract, TLSD management made the decision to grant the proposed wage increases. By relying upon the forecast on hand at that time, significant questions exist as to whether TLSD could have signed the 412 certificate based upon its own projections.

The passage of House Bill (H.B.) 412, which amends ORC § 5705.412, requires districts to issue 412 certificates for each negotiated agreement, appropriation measure, benefit contract, and increase in wage or salary schedule greater than $1,000, and construction contracts exceeding the lesser of $500,000 or 1 percent of the district's General Fund. H.B. 412 was created to impose greater financial accountability and stability within Ohio school districts by limiting contract expenditures to available funds. School districts use five-year forecasts to determine the district's ability to pay contracted and discretionary expenditures.

The treasurer, superintendent and Board president are required to certify funding for the current fiscal year. If the contract extends beyond the current year and it cannot be determined in good faith that the contracted goods or funds will be available within the current fiscal year, certification of the entire amount must be made as available during the fiscal year in which the contract was signed.

In addition, the legislation states that the ability to certify is to be linked to the five-year budget projection. Any obligation that has not been certified is considered void, and no payment can be made on void obligations. If the treasurer, superintendent or the Board president knowingly issues a false certificate or makes payment on a void obligation, each could be held liable for the full amount of public funds paid on the related obligation, up to an individual liability of $20,000. In addition, violations of the H.B. 412 certificate provisions can be prosecuted by the Attorney General based on a district taxpayer's request.

R2.2 As H.B. 412 is intended to assist school districts in ensuring adequate revenues for contracted expenditures, TLSD should immediately update its five-year forecast and determine which contracts may be certified under H.B. 412. TLSD's current financial difficulties could potentially have been avoided if the District had appropriately used the 412 restrictions and refrained from entering into agreements beyond its financial means. Although the fiscal emergency declaration represents the most detrimental side effect of TLSD management's actions, personal financial penalties could be levied against District management. Based on H.B. 412 legislation, TLSD management has left the district in a position where the County Prosecutor could pursue recovery funds that were not certified, and contracts meeting certification requirements but lacking 412 certificates could be voided. In addition, management actions surrounding the 412 certificate could leave TLSD vulnerable to tax payer initiated lawsuits against the District. More importantly, TLSD must ensure that revenues are available for all future contracts and that the forecast truthfully supports any spending decisions requiring certification.

TLSD must take the steps necessary to ensure the accuracy of its forecast. Because the legislation requires certification of negotiated agreements, appropriation measures, benefit contracts, increases in wage or salary schedules, construction contracts or other related agreements, an accurate forecast is essential to district financial operations. The forecast used to determine TLSD's ability to certify expenditures should include the following:

- Any legislative requirements that may affect the finances of TLSD during the applicable years.
- A detailed list and explanation of the assumptions and an explanation of the methodology used in deriving the revenue estimates.

Additionally, the forecast should be formally approved by the Board. By taking these steps, TLSD management will be provided with an accurate picture of its fiscal situation prior to negotiating any agreement.

By granting wage increases and other concessions while showing operating deficits during the life of the contract, TLSD has not only fostered unsound management practices but has also made it difficult for the Commission to restore financial stability without making significant operational changes. To rectify the recurring deficit and to achieve fiscal solvency, TLSD must reverse past trends and begin adopting contracts and making expenditures only within the estimated resources.

F2.3 TLSD's health insurance premiums have increased 51.0 percent over the past two years. According to the superintendent, TLSD renewed past health insurance policies without conducting a cost-comparison or throughly reviewing the contract. However, due to the increases, TLSD recently changed coverage from a traditional insurance plan to a Preferred Provider Organization (PPO) plan as a means of reducing health insurance costs.

R2.3 TLSD should review health insurance costs closely and initiate short and long-term planning to manage current and future costs. TLSD should consider competitive bidding to allow comparisons of current program costs with new plans available on the market. Regular reviews of the health insurance contracts should be conducted to ensure that the highest quality is achieved at the lowest price. TLSD should consider rebidding or competitive bidding its health insurance contracts periodically to determine if another company can render a health insurance contract at a lower cost.

F2.4 Ohio Revised Code § 3316.06 states that "(w)ithin 120 days after the first meeting of a school district's Financial Planning and Supervision Commission, the Commission shall adopt a financial recovery plan regarding the school district for which the Commission was created. During the formulation of the plan, the Commission shall seek appropriate input from the school district and from the community".

The Auditor of State declared TLSD in a state of fiscal emergency on January 31, 2001. As a result, a Commission was established and given the authority to assume control of TLSD. The Commission had its first meeting on February 23, 2001, and had 120 days from its first meeting to adopt a financial recovery plan for TLSD. A financial plan was adopted by the Commission on June 23, 2001.

R2.4 **Table 2-2** is presented to provide the Commission with a proposed financial recovery plan to assist in its effort to adopt a plan which will allow TLSD to regain financial stability. The Commission should use the financial recovery plan to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on TLSD's financial condition. The recommendations are broken down into those which can be enacted immediately by TLSD and those that will require further management actions, such as renegotiating certain items within the collective bargaining agreements.

Food Services

F2.5 The primary purpose of the TLSD Food Service Division is to coordinate, implement and monitor the food services provided to TLSD's students through the National School Breakfast and Lunch programs. The Division is also responsible for compliance with all Federal, State and Board policies and regulations related to the provision of food services.

The Food Service Division of TLSD is an enterprise fund that accounts for its operations in a manner similar to a private business enterprise, where the intent of the division is that the costs (expenses, including depreciation) of providing the service to the students are financed primarily through user charges. The operation is accounted separately from other fund activities and the desired outcome is a net income.

Table 2-3 summarizes TLSD's Food Service revenues and expenditures on a cash basis (non-GAAP budgetary basis) for FY 1997-98, FY 1998-99 and FY 1999-00. TLSD maintains its Food Service Fund accounts on a cash basis during the year, which means that they record revenues only when received in cash and that they recognize expenditures and liabilities only when cash is paid. Thus, accruals and deferrals may require TLSD to convert the cash basis data to GAAP basis data at year-end.

Additionally, **Table 2-3** indicates the Food Service Division has experienced a cash basis deficit in two of the past three years. The Division generated net losses in FY 1997-98 and FY 1998-99, in the amounts of $2,868 and $19,636, respectively.

Table 2-3: Food Service Fund Financial Summary [1]

	FY 1997-98	FY 1998-99	FY 1999-00
Revenues:			
Sales	$116,118	$111,898	$111,478
Operating Grants and Other Revenues	$190,464	$191,319	$210,795
Other Income	$832	$645	$2,956
Total Revenues	$307,414	$303,862	$325,229
Expenses:			
Salaries	$118,364	$122,147	$114,293
Fringe Benefits	$61,025	$67,741	$69,535
Purchased Services	$5,214	$3,071	$5,110
Supplies and Materials	$125,239	$130,099	$126,333
Other	$440	$440	$440
Total Expenses	$310,282	$323,498	$315,711
Operating Income (Loss)	($2,868)	($19,636)	$9,518

Source: District's 4502 reports FY 1997-98, FY 1998-99 and FY 1999-00 Statement E
[1] The summary is shown on a cash basis.

F2.6 **Table 2-4** summarizes key information for the Food Service Division for TLSD, the peer districts and the peer average. Overall staffing is analyzed in FTEs.

Table 2-4: Comparison of Food Services Financial Data and Operational Ratios

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [1]
General Information					
ADM	955	954	1,268	1,000	1,074
Overall Staffing FTEs	7.00	9.25	9.88	8.60	9.24
Total Salaries	$114,293	$151,408	$139,939	$94,620	$128,656
Total Benefits	$69,975	$59,551	$90,209	$85,853	$78,538
Total Cost of Operation	$315,711	$295,306	$424,134	$399,338	$372,926
Operational Ratios					
# of Students per Staff Member	136	103	128	116	116
Avg. Salary per Staff Member	$16,328	$16,368	$14,164	$11,002	$13,920
Avg. Benefits per Staff Member	$9,996	$6,438	$9,130	$9,983	$8,500
Total Avg. Salary & Benefits per Staff Member	$26,324	$22,806	$23,294	$20,985	$22,424
Avg. Cost to serve a Student	$331	$310	$334	$399	$348

Source: District's 4502 report FY 1999-00, Statement E and ODE Vital Statistic report FY 2000
[1] Peer average does not include Trimble

An analysis of **Table 2-4** indicates that TLSD has the lowest overall staffing level compared to the peer districts and the peer average for its Food Service operations. TLSD's average cost to serve a student is $17 or 4.9 percent lower than the peer average. However, in comparison to the peers, TLSD's average salary and benefit costs per staff member is approximately $3,900 or 17.4 percent higher than the peer average. The high benefits costs and high total average salary and benefits per staff member are driven by TLSD providing full benefits to part-time employees. See **F3.46** and **R3.14** for additional information on benefits administration.

R2.5 TLSD should implement procedures to make the Food Service Enterprise Fund self-supporting. The following options should be considered to balance the Food Service Enterprise Fund:

- **Option A:** TLSD should evaluate its food service expenditures to determine where costs savings could be implemented without significantly sacrificing the quality of food. In addition, TLSD should consider alternative methods to maximize Federal lunch subsidies such as the use of purchase cards for students.

- **Option B:** Another option TLSD should consider would be to implement a point-of-sales software package which is designed to automate cafeteria sales. The point-of-sales software package tracks all of the free, reduced and regular meals, along with *a la carte* sales and prepaid meals. Generally, point-of-sales software will also generate the necessary reports for Federal reimbursements.

- **Option C:** Another alternative TLSD could consider would be to increase the price per meal. However, if this option is considered, it should be noted that there is a potential that any increase in price per meal could be offset by a decrease in demand.

- **Option D:** Another option TLSD should consider is contracting with an outside company for its food services. Although previously considered by TLSD and rejected as an option, food service management companies have broad-based marketing experience and knowledge which could help TLSD supplement its existing marketing strategies.

Regardless of the options used to balance the Food Services Fund, TLSD should examine salary and benefits costs for food service workers and should consider reducing salary and benefits costs to levels comparable to the peer districts. The high salary and benefits costs currently incurred by TLSD are also discussed in **R3.14**.

During the course of this audit, the State Auditor's office provided TLSD with the information to allow them to implement various recommendations prior to the completion of this engagement. As a result, TLSD has taken actions to address this recommendation. These actions include the current treasurer implementing a Café Terminal system for the Food Service Division. The Café Terminal system will track free and reduced price meals; *a la carte* sales; prepaid meals and money on account. The Café Terminal will generate the reports necessary for Federal reimbursement which should reduce the number of labor hours needed to complete this process.

Additionally, because the TLSD Food Service Division will implement the Café Terminal point-of-sale system in FY 2001-02, any excess revenue generated from this system should be set aside for future equipment and software enhancements that may be necessary.

C2.1 The District should be commended for taking a proactive approach in modernizing its Food Service Division with the implementation of the Café Terminal point-of-sale system. The point-of-sale system should allow for better and more timely management information which, in turn, will allow TLSD to better manage its food service operations.

Revenue Assessment

F2.7 **Table 2-5** shows the cash basis distribution of revenue by funding source for all funds over the past three fiscal years for TLSD, its peer districts, the peer average and the State average.

Table 2-5: Percent of Revenue by Funding Source

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [1]	State Average
FY 1997-98:						
Local	15.5%	10.2%	19.8%	12.7%	14.2%	51.6%
State	73.8%	79.9%	70.8%	78.9%	76.6%	42.7%
Federal	10.7%	9.9%	9.4%	8.4%	9.2%	5.7%
FY 1998-99:						
Local	11.1%	11.2%	19.7%	12.1%	14.3%	51.0%
State	78.3%	77.6%	70.5%	79.7%	76.0%	43.4%
Federal	10.6%	11.2%	9.8%	8.2%	9.7%	5.6%
FY 1999-00:						
Local	10.1%	11.7%	21.2%	13.0%	15.3%	50.4%
State	79.4%	75.9%	68.0%	77.8%	73.9%	43.8%
Federal	10.5%	12.4%	10.8%	9.2%	10.8%	5.8%

Source: ODE School District Report Cards FY 1997-98 through FY 1999-00
[1] Peer Average does not include Trimble

Table 2-5 indicates that, in FY 1999-00, TLSD received a lower percentage of its total revenue from local sources than the peers, the peer average and the State average for all school districts. A school district's local revenue sources are primarily limited to property taxes and income taxes, if applicable. All school districts receive real and personal property tax revenues. Only some districts collect income taxes, either through a school district or a joint city/school district income tax approved by voters. Based on State Department of Taxation estimates for 2000, a one-half percent school district income tax would raise approximately $214,000 in additional revenue for TLSD. TLSD is eligible to collect revenue through a school district income tax levy and has used an income tax levy in the past. However, TLSD was not successful in the renewal of this levy in 1997.

Under Ohio law, property values are adjusted every six years. According to information provided by the Athens County Auditor's Office, the calendar year 2000 assessment of property values within TLSD totaled approximately $24 million, which was reflected in taxes collected beginning in the 2001 calendar year. The next complete reappraisal will be conducted in calendar year 2003 and will affect tax collections beginning in calendar year 2004. Based on the calendar year 2000 assessed valuation, one mill of property tax would generate approximately $24,000 of additional revenue for TLSD.

F2.8 **Table 2-6** presents statistics which impact TLSD's ability to raise local revenue. TLSD is compared with its peer districts and State averages. **Table 2-6** shows effective millage which is the rate at which property is taxed in the district, and property values which affect how much revenue a district receives. Tax reform legislation was passed in 1976 (H.B. 920), effectively eliminating inflationary effects upon property taxes.

Table 2-6: Local Statistics - Last Three Years

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average[4]	State Average
FY 1997-98						
Effective Millage [1]	23.5	27.4	25.0	27.3	26.6	29.2
Average Valuation [2]	$ 22,671	$ 26,210	$ 43,242	$25,451	$31,634	$95,461
Area Median Income [3]	$ 18,644	$ 19,283	$ 21,607	$ 21,043	$20,644	$ 26,075
FY 1998-99:						
Effective Millage [1]	23.5	27.2	25.0	26.9	26.4	29.2
Average Valuation [2]	$ 22,662	$ 32,280	$ 51,710	$ 26,781	$36,924	$ 99,831
Area Median Income [3]	$ 19,987	$ 21,600	$ 23,440	$ 22,745	$22,595	$ 27,244
FY 1999-00:						
Effective Millage [1]	25.5	27.2	25.0	25.8	26.0	28.5
Average Valuation [2]	$ 23,595	$ 33,914	$ 57,345	$ 30,337	$40,532	$107,844
Area Median Income [3]	$ 20,734	$ 22,287	$ 26,331	$ 24,436	$24,351	$ 29,440

Source: Ohio Department of Taxation
[1] Ohio Tax Rates by School District for 1997, 1998 and 1999
[2] Ohio School District Taxable Value, Taxes Levied and Average Property Value per Pupil for 1997, 1998 and 1999 (SD-1) reports
[3] Ohio Personal Income Tax Returns by School District for 1997, 1998 and 1999 (Y-2) reports
[4] Peer average does not include TLSD

Table 2-6 indicates that TLSD's average valuation and area median income are the lowest among the peers, the peer average and the State average. TLSD's effective millage percentage has increased in the past year due to the passage of a bond issue. TLSD's effective millage is the second lowest among the peers and the peer average.

Table 2-6 also indicates that TLSD has a limited ability to generate revenues on the local level. TLSD is well apprized of the limited local revenues available. Although an income tax provided some added revenue in past years, the failure of the income tax renewal created a moderate drop in local resources. TLSD management has, on numerous occasions, cited the limited local resources as a source of the District's financial problems. While TLSD receives limited local revenues, the District receives more State funding than most districts and, between the two sources, receives in excess of the base per pupil amount as established by legislation. Accordingly, it appears that poor management practices and overly generous salaries and benefits have placed TLSD in a deficit situation rather than a lack of revenues. Negotiating larger increases than it could afford, TLSD ignored the impact of the Equity Aid phase out and did not plan accordingly for diminished revenues. Finally, very high per pupil expenditures, shown in **Table 2-12**, emphasize TLSD's inability to operate within its means as TLSD's per pupil expenditures are substantially higher than the peer districts, even though proficiency test results were lower than the peers. The outcomes of this performance audit suggest that several opportunities exist to reduce expenditures. Also, the forecast depicted in **Table 2-1A** indicates that increased local revenues, on the order of the income tax or amounts collected by the peers, would be insufficient to bring TLSD into financial health.

F2.9 **Table 2-7** summarizes the school district's property valuations and taxes assessed for TLSD, its peer districts, and the peer and State averages. **Table 2-7** illustrates the two primary factors that influence a district's ability to raise local revenues: property valuation and effective millage.

Table 2-7: School District Property Valuations and Taxes (Amounts in 000's)

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [1]	State Average
Real Property Valuation [2]	$20,501	$24,855	$61,835	$26,022	$37,571	$256,275
Tangible Property Valuation [3]	$3,876	$10,279	$18,828	$6,628	$11,912	$61,179
Total Property Valuation	$24,377	$35,134	$80,663	$32,650	$49,482	$317,454
Real Property Taxes Assessed	$119	$254	$608	$221	$361	$2,953
Tangible Property Taxes Assessed	$451	$547	$1,360	$583	$830	$7,854
Total Taxes Assessed	$570	$801	$1,968	$804	$1,191	$10,807

Source: Ohio Department of Taxation Taxable 1999 Property Values by School District, Taxes Levied and Tax Rates for Current Expenses, and Average Property Values per Pupil (SD1) report

[1] Peer average does not include Trimble

[2] Includes the taxable value of residential, agricultural, public utility, commercial, industrial and mineral real property.

[3] Includes the taxable value of public utility personal property

As shown in **Table 2-7**, TLSD has the lowest school district total property valuation when compared to the peers, the peer average and the State average. TLSD's total property valuation of $24.3 million is in the bottom tenth percentile within the State, as is TLSD's total taxes assessed of $0.5 million. Based on the current property valuation, it is unlikely that an additional property tax levy would generate sufficient revenues to overcome the current deficit.

F2.10 **Table 2-8** presents TLSD's long-term indebtedness as of March 31, 2001. The District's $945,000 loan from the State Solvency Assistance Fund is included in the table.

Table 2-8: Long-term Indebtedness as of March 31, 2001

Description	Fund	Interest Rate	Issue Date	Maturity Date	Amount Borrowed	Amount Outstanding
New High School	Debt Service	9.75%	10/1/85	12/1/09	$955,000	$435,000
School Improvement Refunding Bonds, Series 2000	Debt Service	6.32%	5/30/00	12/1/22	$968,000	$968,000
Total Debt Service Fund Debt						$1,403,000
Ohio Solvency Assistance Loan	General Fund	No interest	3/16/01	3/16/03	$945,000	$945,000
Total General Fund Debt						$945,000
Total Debt						**$2,348,000**

Source: FY 1999-00 4502 report, Statement L

Table 2-8 indicates that approximately $1.4 million or 59.8 percent of TLSD's long-term indebtedness consists of borrowing for the purpose of improving its facilities. Currently, the only General Fund debt TLSD has outstanding is the $945,000 interest-free loan received from the Ohio Solvency Assistance Loan program in FY 2000-01.

The 2000 Classroom Facilities Improvement bonds were issued in the amount of $968,000 as a partial cash match for TLSD's $12.6 million school facilities grant through the Ohio School Facilities Commission. As a requirement of the grant, TLSD passed a 3.02 mill levy. Of the 3.02 mill levy, 0.5 mill is placed in a special revenue fund for facilities maintenance (see **F4.18** and **R4.8**) while the remainder is used for the retirement of the loan. TLSD is projected to pay $968,000 towards the school facilities loan principal over the 23 year life of the levy. The unpaid balance on the loan remaining at the end of the 23 year period will be forgiven. The Solvency Loan will be repaid through direct withdrawals by ODE from State Foundation payments.

F2.11 **Table 2-9** details the election results for the past 10 years for various levies TLSD placed on the ballot.

Table 2-9: Ten-year Levy History

Year	Type of Levy	Voted Millage	New/Renewal	Duration	Results
May 1991	Income Tax	1.00 Percent	New	5 Years	Failed
November 1991	Income Tax	1.25 Percent	New	5 Years	Failed
May 1992	Income Tax	1.25 Percent	New	5 Years	Passed
May 1997	Income Tax	1.25 Percent	Renewal	5 Years	Failed
November 1997	Bond Issue	3.13 Mills	New	23 Years	Failed
May 1998	Bond Issue	2.97 Mills	New	23 Years	Failed
August 1998	Bond Issue	3.09 Mills	New	23 Years	Failed
May 1999	Bond Issue	3.02 Mills	New	23 Years	Passed

Source: Athens County Board of Elections

Table 2-9 indicates that, in general, TLSD has not been successful in gaining voter approval for income tax levies placed on the ballot during the past 10 years. TLSD's voters passed two of the eight levy requests in the past ten years. In addition, the levy history shows the unsuccessful attempts by TLSD to renew the income tax levy.

F2.12 School districts typically obtain funding through voter-approved capital or permanent improvement levies for the ongoing, systematic upgrading or replacement of basic capital items, such as roofs, windows, boiler, electrical components, playgrounds and equipment, as well as complying with ever increasing environmental and social mandates. The monies raised through such levies and the associated expenditures are recorded in separate capital or permanent improvement funds established for that purpose within the accounting system.

The capital needs for TLSD identified in the ODE study associated with attaining minimum health and safety standards are expected to be met through the current Capital Improvement Projects Fund expenditures. For further information on the capital needs of TLSD see the **facilities** section of this report.

F2.13 **Table 2-10** provides the authorized millage amounts as well as the effective mills for tax levy revenues TLSD received during FY 1999-00. Authorized millage includes the inside mills which are levied without a vote of the people and the outside mills which are voted on by the people.

Table 2-10: Tax Millage Currently Being Assessed for General Fund

Year	Type of Levy	Duration	Authorized Millage	Effective Millage
Prior to 1976 [1]	Operating	Continuing	23.50	16.10
Inside Millage			3.90	3.90
Totals			27.40	20.00

Source: Athens County Auditor
[1] With the passage of H.B. 920 all existing continuing levies were aggregated into one total voted and effective millage amounts.

When a reassessment or update of property values takes place and the value of real property increases due to inflation, H.B. 920 causes a tax credit factor to be applied to the voted mills. This prevents an increase in the tax bill of the property owner resulting from inflation in the value of the property. The law protects school districts with low millage by prohibiting tax reductions resulting from triennial reappraisals and readjustments which would result in effective millage of less than 20 mills. **Table 2-10** indicates that TLSD has a total authorized millage of 27.4 mills and an effective millage of only 20.0 mills.

F2.14 TLSD can help maintain and improve student levels of learning and nutrition by applying for various State and Federal grants through programs such as Title I, Title VI-B and National School Lunch. TLSD pursues common Federal grants, such as Title I and Title VI-B, but does not have a coordinated program to seek smaller, specialized State and Federal grants. TLSD does not employ a grant coordinator but requires the superintendent, principals and individuals teachers to research and apply for grants. Federal and State grant applications are reviewed by the superintendent before submission, and program expenditures are tracked by the treasurer to comply with reporting requirements once the grant has been awarded. The Board approves participation in the various grant programs. Compliance responsibilities ultimately lie with the treasurer, because most grants come with reporting requirements that compel TLSD to report financial activities associated with the grant.

R2.6 TLSD should develop a coordinated grant program to include all teachers and administrators in the grant search and application process. All educators for TLSD should be provided with grant search materials and be trained in grant application methodologies. Increased grant revenues through more concentrated grant research could provide TLSD with additional revenues.

District Expenditures Analysis

F2.15 **Table 2-11** depicts General Fund FY 1999-00 revenues by source and expenditures by object as a percent of total General Fund revenue and expenditures for TLSD and its peer districts.

Table 2-11: Revenue by Source and Expenditure by Object [1]

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [2]
Property and Income Taxes	8.5%	11.2%	20.2%	42.5%	24.6%
Intergovernmental Revenues	87.0%	85.7%	76.0%	40.5%	67.4%
Other Revenues	4.5%	3.1%	3.8%	17.0%	8.0%
TOTAL REVENUES	**$5,721,136**	**$5,793,408**	**$8,061,664**	**$5,854,157**	**$6,569,743**
Wages	61.9%	56.5%	60.2%	56.7%	57.8%
Fringe Benefits	21.0%	17.2%	19.0%	25.0%	20.4%
Purchased Services	7.0%	10.4%	7.9%	10.0%	9.4%
Supplies & Textbooks	2.5%	7.4%	6.8%	3.6%	5.9%
Capital Outlays	0.7%	4.3%	3.1%	2.2%	3.2%
Miscellaneous	3.1%	2.0%	1.3%	1.7%	1.7%
Other Financing Uses	3.8%	2.2%	1.7%	0.8%	1.6%
TOTAL EXPENDITURES	**$6,065,609**	**$5,798,767**	**$8,170,954**	**$5,893,001**	**$6,620,907**

Source: Districts FY 1999-00 4502 report, Exhibit 2 and Statement P.
[1] Percentages may not equal 100 due to rounding.
[2] Peer average does not include Trimble

A factor limiting administrators and staff in effectively controlling TLSD's allocations is the high percentage of expenditures that are obligated to employment contracts. As shown in **Table 2-11**, wages and fringe benefits account for approximately 82.9 percent of the total budgeted expenditures in the General Fund, which is higher than the peer average of 78.2 percent. The rate of compensation for most TLSD employees is set by union contracts. Benefit payments such as retirement contributions, Medicare, Workers' Compensation and unemployment are determined by State and Federal regulations. See the **human resources** section of this report for an analysis of TLSD's salaries and benefits. See the **transportation** section of this report for an analysis of the TLSD's transportation services and expenditures.

F2.16 The allocation of resources between the various functions of a district is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing spending patterns between the various functions should indicate where the priorities of the board and management are placed. **Table 2-12** details TLSD's governmental funds operational expenditures for FY 1999-00 by function, as captured and reported by the accounting system.

Table 2-12: Governmental Funds Operational Expenditures by Function

USAS Function Classification	Trimble		Bloom Vernon		Federal Hocking		Southern		Peer Average [1]	
	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp
Instruction Expenditures	**$4,831**	**62.6%**	**$3,962**	**53.8%**	**$4,295**	**59.2%**	**$3,465**	**59.4%**	**$3,939**	**57.5%**
Regular Instruction	$3,282	42.5%	2,814	38.3%	$3,253	44.8%	$2,489	42.7%	$2,886	42.2%
Special Instruction	$1,142	14.8%	$899	12.2%	$921	12.7%	$891	15.3%	$905	13.2%
Vocational Instruction	$160	2.1%	$68	0.9%	$92	1.3%	$85	1.4%	$83	1.2%
Adult/Continuing Inst.	$0	0.0%	$59	0.8%	$0	0.0%	$0	0.0%	$17	0.3%
Other Instruction	$247	3.2%	$122	1.6%	$29	0.4%	$0	0.0%	$48	0.7%
Support Services Exp.	**$2,736**	**35.5%**	**$3,276**	**44.6%**	**$2,915**	**40.2%**	**$2,252**	**38.6%**	**$2,818**	**41.1%**
Pupil Support	$363	4.7%	$303	4.1%	$230	3.2%	$130	2.2%	$221	3.2%
Instructional Support	$432	5.6%	$580	7.9%	$345	4.8%	$176	3.0%	$362	5.3%
Board of Education	$22	0.3%	$21	0.3%	($2)	(<0.1%)	$104	1.8%	$38	0.6%
Administration	$506	6.6%	$692	9.4%	$529	7.3%	$589	10.1%	$596	8.7%
Fiscal Services	$177	2.3%	$167	2.3%	$182	2.5%	$164	2.8%	$172	2.5%
Business Services	$0	0.0%	$49	0.7%	$0	0.0%	$0	0.0%	$14	0.2%
Plant Operation/Maint.	$781	10.1%	$715	9.7%	$831	11.5%	$580	9.9%	$719	10.5%
Pupil Transportation	$439	5.7%	$719	9.8%	$730	10.0%	$447	7.7%	$639	9.3%
Central Support Services	$16	0.2%	$30	0.4%	$70	1.0%	$62	1.1%	$55	0.8%
Non-Instructional Services Expenditures	**$0**	**0%**	**$10**	**0.1%**	**$0**	**0%**	**$0**	**0%**	**$3**	**<0.1%**
Extracurricular Activities Expenditures	**$152**	**1.9%**	**$110**	**1.5%**	**$49**	**0.6%**	**$117**	**2.0%**	**$88**	**1.3%**
Total Governmental Fund Operational Expenditures	**$7,719**	**100%**	**$7,358**	**100%**	**$7,259**	**100%**	**$5,834**	**100%**	**$6,846**	**100%**

Source: Districts' FY 1999-00 SF-3's and FY 1999-00 4502 reports, Exhibit 2
[1] Peer average does not include TLSD.

TLSD's per pupil expenditures were the highest among the peer districts. TLSD's percentage of governmental fund operational expenditures spent on instruction (62.6 percent) was the highest among the peer districts. High salary and benefits costs serve as the cost driver for both instructional and support services expenditures. Some of the more notable differences in expenditures between TLSD and the peers are as follows:

- Instructional Expenditures are $892 per pupil or approximately 22.6 percent above the peer average;
- Regular instruction expenditures are the highest of the peers and $396 per pupil above the peer average;

- Special Instruction expenditures are the highest of the peers and $237 per pupil above the peer average;
- Per pupil Vocational Instruction expenditures are the highest of the peers and 92.8 percent above the peer average;
- Per pupil other instruction expenditures are 414.6 percent above the peer average;
- Pupil and Instructional support are 64.3 and 19.3 percent above the peer average respectively;
- Despite relatively new buildings, plant operations are 8.6 percent above the peer average; and
- Extracurricular activities are 72.7 percent above the peer average.

These increased per pupil costs result in a total per pupil governmental funds expenditure of $7,719 which is 12.8 percent above the peer average per pupil expenditure. Although TLSD management is cognizant of the District's deficit situation, the District has engaged in a pattern of spending more per pupil than like districts.

The **human resources** section recommends reductions in special education staffing and supplemental contracts. The **facilities** section also recommends reductions in facilities maintenance and operating expenditures. These reductions are supported by the findings in **Table 2-12** as discussed above.

F2.17 **Table 2-13** shows the per pupil operational expenditures, facilities acquisition and construction, and debt service for all governmental funds, as well as the percentage of these categories to total governmental fund expenditures.

Table 2-13: Total Governmental Fund Expenditures by Function

USAS Function Classification	Trimble		Bloom-Vernon		Federal Hocking		Southern		Peer Average [1]	
	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	$7,719	81.9%	$7,358	42.8%	$7,259	91.7%	$5,834	99.6%	$6,846	68.3%
Facilities Acquisition & Construction Expenditures	$521	5.5%	$9,651	56.1%	$213	2.7%	$1	<0.1%	$2,941	29.3%
Debt Service Expenditures	$1,185	12.6%	$196	1.1%	$448	5.6%	$17	0.3%	$240	2.4%
Total Governmental Funds Operational Expenditures	**$9,425**	**100%**	**$17,205**	**100%**	**$7,920**	**100%**	**$5,852**	**100%**	**$10,326**	**100%**

Source: Districts FY 1999-00 4502 reports, Exhibit 2
[1] Peer average does not include TLSD.

TLSD's operational expenditures percentage of 81.9 percent is the second lowest among the peers. TLSD's dollar per pupil for operational expenditures was the highest among the peers. The debt service expenditures represent 12.6 percent of TLSD's outlay, which is the highest among the peers and significantly higher than the peer average of 2.4 percent.

R2.7 TLSD should closely examine the spending patterns indicated in **Table 2-12** and **Table 2-13** and consider reallocating the monies it is currently receiving towards those programs and priorities which will have the greatest impact on improving the students' education and proficiency test results. On the State of Ohio 2001 school district report card, TLSD met 6 of the 27 standards, placing it in academic emergency. The expenditures highlighted in **Tables 2-12** and **2-13** show a relatively expensive educational environment in comparison to the peers. As current methodologies are not generating greater levels of achievement, TLSD should reevaluate expenditure allocations and potentially shift its focus from high expenditures to more reliable methods of generating classroom achievement such as increased community involvement in tutoring and mentoring school aged children.

F2.18 **Table 2-14** shows selected discretionary expenditures by account from TLSD's FY 1999-00 General Fund. The expenditures are then calculated as a percentage of total General Fund expenditures, and compared with similar spending by the peer districts.

Table 2-14: Discretionary Expenditures

	Trimble	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [1]
Prof. and Technical Services	$ 72,481	1.2%	1.4%	0.4%	0.6%	0.8%
Property Services	$ 51,155	0.8%	2.5%	1.9%	1.1%	1.8%
Mileage/Meeting Expense	$ 5,186	0.1%	0.6%	0.3%	0.2%	0.4%
Communications	$ 19,625	0.3%	0.5%	0.5%	0.3%	0.4%
Contract. Craft or Trade Service	$ 0	0.0%	0.0%	0.0%	0.0%	0.0%
Pupil Transportation Services	$ 0	0.0%	0.2%	0.1%	0.3%	0.2%
Other Purchased Services	$ 100	<0.1%	0.0%	0.0%	0.2%	0.1%
General Supplies	$ 69,923	1.5%	3.4%	1.5%	1.2%	2.0%
Textbooks/Reference Materials	$ 15,014	0.3%	0.3%	1.8%	0.5%	0.8%
Supplies & Materials for Resale	$ 0	0.0%	0.0%	0.1%	0.0%	0.0%
Food & Related	$ 0	0.0%	0.0%	0.0%	0.2%	0.1%
Plant Maintenance and Repair	$ 15,403	0.3%	1.3%	1.5%	0.8%	1.2%
Fleet Maintenance and Repair	$ 45,954	0.7%	2.4%	1.9%	1.0%	1.8%
Land, Buildings &	$ 312	0.0%	0.5%	0.1%	0.7%	0.4%
Equipment	$ 39,733	0.6%	1.6%	0.6%	0.5%	0.9%
Buses/Vehicles	$ 0	0.0%	2.2%	2.4%	1.0%	1.9%
Other Capital Outlay	$ 0	0.0%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	$ 168,362	**2.7%**	1.0%	1.2%	0.6%	0.9%
Insurance	$ 7,896	0.1%	0.1%	0.2%	0.0%	0.1%
Awards and Prizes	$ 0	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous	$ 4,499	0.1%	0.4%	0.0%	0.9%	0.5%
TOTALS OF THIS TABLE	**$ 515,643**	**8.8%**	**18.4%**	**14.5%**	**10.1%**	**14.3%**

Source: Districts 4502's FY 1999-00, Statement P
[1] Peer average does not include TLSD.

Table 2-14 shows TLSD's percentage of discretionary spending exceeds its peers in only 1 of the 21 expenditure categories-- dues and fees, as indicated by the bold number. TLSD was below the peer average in 14 categories and equal to the peers in the remaining 5 categories. TLSD's total discretionary spending as a percentage of total General Fund expenditures was lower than the peer average by 5.5 percent which reduces the District's flexibility in spending and reduces its potential to create and offer additional academic programs. The limited discretionary spending available is the result of TLSD's high salary and benefit amounts which consume a significant portion of District resources.

F2.19 **Table 2-15** shows FY 1999-00 purchases, excluding utilities and insurance, by category within the General Fund and the Textbook Subsidy Fund as compared to FY 1998-99.

Table 2-15: District Purchases

	FY 1998-99	FY 1999-00	Increase (Decrease)
PURCHASED SERVICES:			
Professional and Technical Services	$74,728	$72,481	(3.0)%
Property Services	$46,641	$51,155	9.7%
Mileage/Meeting Expense	$6,177	$5,186	(16.0)%
Communications	$19,117	$19,625	2.7%
Utilities	$143,683	$152,089	5.9%
Tuition	$93,413	$122,714	31.4%
Other Purchased Services	$232	$100	(56.9)%
Total Purchased Services	**$383,991**	**$423,350**	**10.3%**
MATERIALS AND SUPPLIES:			
General Supplies	$70,159	$69,923	(0.3)%
Textbooks	$58,153	$41,537	(28.6)%
Library Books	$1,763	$2,681	52.1%
Periodicals and Films	$278	$721	159.4%
Maintenance and Repairs to Plant	$23,575	$15,403	(34.7)%
Maintenance and Repair to Fleet	$52,534	$45,954	(12.5)%
Total Materials and Supplies	**$206,462**	**$176,219**	**(14.6)%**

Source: Districts 4502's FY 1998-99 & FY 1999-00 Statement P

The following is a highlight of the significant changes in expenditures for **Table 2-15**:

- Property Services increased by 9.7 percent. According to the treasurer, the increase is attributed to copier leases and the fees charged for excess copies above the copier agreement.

- Tuition expense increased by 31.4 percent. The treasurer attributes the increase to TLSD sending special needs students to other districts.

- Textbooks expenditures decreased by 28.6 percent. The treasurer attributes the decrease in textbook spending to the reduction in textbook subsidies received in FY 1999-00.

- Maintenance and Repair to Plant decreased by 34.7 percent. The treasurer attributes the decrease to TLSD spending less on supplies for the buildings.

- Maintenance and Repair to Fleet decreased by 12.5 percent and is attributed to TLSD replacing tires for the full fleet every other year. According to the treasurer, the District replaced tires for the full fleet in FY 1998-99.

The changes in expenditures appear to be unrelated to TLSD's current financial situation.

Conclusion Statement

TLSD's financial difficulties appear to be the result of management decisions which granted wage increases and fringe benefits that the District could not afford, coupled with questionable forecasting practices. In FY 1997-98, despite impending financial trouble, TLSD's Board provided a 16.9 percent wage increase for all teachers within the District. TLSD ignored projected declining revenue receipts and granted wage increases in excess of the projected revenues. Only a few months before requesting fiscal emergency status, TLSD approved a contract with TLTA that granted additional wage increases and offered a generous ERI. TLSD continued to incur expenditures in excess of the available revenues and, by December 2000, it had a projected General Fund operating deficit of $945,000. TLSD management, aware of the impending financial problems, did not seek to redress the imbalance between revenues and expenditures. TLSD received an Ohio Solvency Assistance Loan in the amount of $945,000. Although the ERI was adjusted to encompass only 60.0 percent of the employees originally included for FY 2000-01 and therefore the ERI expenditures were reduced, only a portion of the loan remains in TLSD's funds. An additional six employees may use the ERI in both FY 2001-02 and 2002-03 and the loan amount is not sufficient to cover this expenditure.

The appropriations process used by TLSD does not appear to provide a sufficient level of financial control for District management. TLSD must maintain expenditures within its available resources in the future and exhibit more aggressive financial responsibility and accountability. In addition, TLSD should maintain all financial practices within the constraints of current laws, particularly those addressing contracts and the use of 412 certification. The District should not assume that future deficits will be supported by additional State revenue.

Salary and fringe benefits account for approximately 82.9 percent of General Fund expenditures. TLSD's recent step increases maintain salaries at levels well above those of the peer and neighboring districts, despite low growth in revenues and high growth in expenditures. TLSD also has the highest per pupil expenditure of the peers at $7,719 per student. In spite of high instructional expenditures, TLSD met 6 of the 27 standards, placing the District in academic emergency. The high per pupil cost is caused by high salaries, generous benefits, high utility costs and generous supplemental contracts.

The Auditor of State's Financial Recovery Plan contains many expenditure reductions resulting from recommendations contained throughout this performance audit. However, in order for TLSD to regain financial solvency, additional reductions and future restraint are necessary. TLSD needs to take immediate action to control and reduce operating expenditures. Likewise, future planning will require a more frugal attitude toward appropriations. TLSD management, the Board and the Commission are encouraged to evaluate the recommendations contained within this performance audit, as well as other cost savings possibilities, during the formulation of the Financial Recovery Plan and in the future as they formulate a financial recovery plan for TLSD.

Human Resources

Background

Organizational Function

Trimble Local School District (TLSD) does not have a separate department dedicated to performing human resources functions. The individuals performing human resources functions are the superintendent, superintendent's secretary, treasurer, treasurer's secretary, three principals and three supervisors who oversee food service, custodial and transportation staff. All these individuals are responsible for coordinating the activities and programs for the recruitment and selection of employees, monitoring compliance with employment standards such as criminal record background checks, facilitating employee performance evaluations, administering and monitoring grievance policies and procedures, negotiating and administering union contracts, conducting disciplinary hearings, placing selected substitutes and participating in new employee orientation. Teacher certification is performed by the Athens/Meigs County Educational Service Center (AMCESC or ESC), which TLSD uses to assist with the hiring and substitute selection processes.

Summary of Operations

All TLSD employees are categorized either as certificated or classified staff. Certificated staff includes principals, teachers, counselors, librarians, coaches, one nurse, one psychologist, and one speech/language therapist. Classified staff includes instructional teaching aides, library aides, custodians, food service workers, secretaries, account clerks, and three supervisors who are classified administrators.

The primary human resources functions for certificated personnel are carried-out by the superintendent, superintendent's secretary, treasurer, treasurer's secretary, and the three principals who all report to the superintendent. The principals review, interview, and recommend potential candidates to the superintendent for certificated positions. Upon reviewing and approving the recommendations, the superintendent recommends the most qualified candidates to the board of education (Board) for final approval. In addition, the three principals and the superintendent interview and hire secretaries within TLSD. Two secretaries within the administration office foster district-wide communications, conduct background checks, develop phone directories, monitor open enrollment and maintain staff files. TLSD works with the AMCESC which coordinates teacher substitutes for the District on an as-needed basis.

For classified staff, the primary human resources functions are carried-out by the maintenance supervisor, cafeteria supervisor and transportation supervisor. The three supervisors recruit, interview and recommend potential candidates for classified positions to the superintendent. The superintendent reviews the selections and, based on a second interview with the recommended individuals, submits the candidate recommendations to the Board for final approval. Supervisors are also responsible for locating substitutes for their respective areas of supervision.

Benefits administration for all employees (administrators, certificated and classified) is managed by the treasurer and the treasurer's secretary. In addition, the treasurer is responsible for administering the workers' compensation program for all TLSD employees.

Performance Measures

The following list of performance measures was used to review TLSD's human resources operations and functions:

- Evaluate the clarity of defined roles, responsibilities, accountability and authorities of key participants in the affairs of personnel administration;
- Assess the appropriateness of the allocation of resources in relation to workloads;
- Assess staffing classifications and respective ratios to total full-time equivalents (FTE);
- Compare the allocation of direct instructional personnel to district educational support personnel;
- Evaluate the appropriateness of staff levels;
- Analyze teachers' workdays as defined by the union contract versus actual workdays;
- Assess the number of instructional minutes taught per teacher, class sizes and staffing ratios;
- Analyze total FTE employees in comparison with the ratio of total salaries per classification to total district salaries;
- Assess the use of, and compensation for, supplemental pay and stipends;
- Assess the salary schedule and maximum step structure;
- Assess district W-2 wages in correlation to salary schedules;
- Assess the appropriateness of staffing dedicated to the special education program;
- Evaluate the use of substitute personnel;
- Review the use of paid leaves;
- Assess employee benefit costs, including workers' compensation; and
- Assess contract administration and contractual issues.

Findings/Commendations/Recommendations

Staffing/Compensation Analysis

F3.1 **Table 3-1** presents the levels of full-time equivalent staffing (FTEs) per 1,000 students enrolled as reported in the Educational Management Information System (EMIS) in FY 1999-00 for TLSD and the peer districts.

Table 3-1: Peer District Staffing Patterns (FTE Staff per 1,000 Students Enrolled)

Category	Trimble [1]	Bloom-Vernon	Federal Hocking	Southern	Peer District Average [2]
Enrollment	**1,083**	**1,040**	**1,473**	**1,074**	**1,196**
Administrators: **Sub-total**	**7.3**	**5.8**	**10.9**	**6.4**	**7.7**
Central	1.8	2.9	1.4	1.8	2.0
Site-Based	2.7	2.9	3.4	2.8	3.0
Supervisor/Manager/Director	2.8	0.0	4.1	0.9	2.5
Other	0.0	0.0	2.0	0.9	1.5
Professional Education: **Sub-total**	**78.5**	**75.1**	**74.1**	**73.6**	**74.3**
Curriculum Specialists	0.0	1.0	0.0	0.0	1.0
Counselors	1.8	1.9	1.4	1.9	1.7
Librarian - Media	0.9	1.0	0.7	0.9	0.9
Remedial Specialists	0.0	0.0	0.0	3.7	3.7
Teachers - Elementary and Secondary	54.5	53.8	55.0	50.3	53.0
Teachers - Special Education	13.9	8.7	10.2	12.1	10.3
Teachers - Vocational	2.8	1.0	2.7	1.9	1.9
Teachers - Education Service Personnel	4.6	5.8	3.4	2.8	4.0
Others	0.0	1.9	0.7	0.0	1.3
Professional - Other [3]	**2.1**	**1.0**	**2.5**	**0.9**	**1.5**
Technical: **Sub-total**	**1.8**	**2.0**	**2.7**	**0.0**	**2.4**
Computer Operator	0.0	1.0	0.0	0.0	1.0
Computer Programmer/Analyst	0.0	0.0	0.0	0.0	0.0
Library Aides	1.8	1.0	2.0	0.0	1.5
Others	0.0	0.0	0.7	0.0	.4
Office/Clerical: **Sub-total**	**16.9**	**12.5**	**14.9**	**15.0**	**14.1**
Clerical	4.0	7.7	2.7	4.7	5.0
Teaching Aides	9.2	4.8	11.5	6.5	7.6
Library/Media Aides	0.0	0.0	0.0	1.9	1.9
Records Managing	2.8	0.0	0.0	0.0	0.0
Other [4]	0.9	0.0	0.7	1.9	1.3
Crafts/Trades	0.0	0.0	1.4	0.0	1.4
Transportation	10.8	13.5	16.3	9.1	13.0
Laborer - Groundskeeping	0.0	0.0	0.0	0.0	0.0
Custodial	6.5	9.6	8.1	5.6	7.8
Food Service	7.4	10.2	6.8	8.0	8.3
Service Work - Other	0.0	0.0	0.0	0.0	0.0
Total	**131.3**	**129.7**	**137.7**	**118.6**	**128.7**

Source: FY 1999-00 EMIS 2000 Staff Summary Report
[1] The EMIS figures have been adjusted to reflect TLSD's reclassification in employee categories and FTE calculations.
[2] The peer average does not include TLSD and only includes the districts which had a number greater than 0.0.
[3] Professional-Other includes psychologists, speech language therapists and registered nurses.
[4] Office/Clerical-Others include bookkeepers and other office personnel.

Table 3-1 shows staffing levels by classification for TLSD and the peers. Staffing levels by classification are useful in comparing a district's emphasis on direct instructional versus educational support positions. Also, staffing patterns can indicate areas of overstaffing when compared to enrollment and peer staffing patterns. In FY 1999-00, TLSD incorrectly included some employees in the wrong classification and incorrectly calculated FTEs in the following classifications: superintendent, other official/administrative, regular teaching, other professional and bookkeeping. This resulted in incorrect information being reported to EMIS.

The State Board of Education developed and implemented EMIS to assist school districts in effectively and efficiently managing student and personnel demographics. All schools are required to provide specific student, staff and financial data to the Ohio Department of Education (ODE) for processing. Without accurate and timely staff demographic information, TLSD may not be able to accurately present its staffing concentrations.

R3.1 TLSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before submission to ODE and EMIS. In addition, a person who is independent of the data gathering process should review the data to ensure the policies and procedures are followed and accurate numbers are reported to ODE and EMIS. If necessary, TLSD should seek training and assistance to meet these objectives.

F3.2 As indicated in **Table 3-1**, TLSD has approximately 78.5 FTEs per 1,000 students enrolled in the professional education classification which is higher than the peer average. TLSD is 47.4 percent higher in the category of vocational education teachers as compared to the peer average. In FY 1999-00, TLSD had three vocational education teachers, two located at the high school and one at the middle school. One teacher at the high school taught Occupational Work Adjustment (OWA) math, and the second teacher taught various classes such as life-planning, family relations, and nutrition and wellness. The middle school teacher taught home economics.

TLSD is 15.0 percent higher than the peers in the education service personnel category. However, TLSD is in line with the requirement set by the Ohio Administrative Code (§3301.35.03) for maintaining the minimum number of ESP per 1,000 students. Education service personnel consists of art, music and physical education teachers.

In addition, TLSD is slightly higher in the following sub-categories within the professional education classification:

- 2.8 percent higher in the category of elementary and secondary teachers; and
- 35.0 percent higher in the category of special education teachers.

F3.3 TLSD has approximately 2.1 FTEs per 1,000 students enrolled (2.26 total FTEs) in the professional other classification for FY 1999-00. This is 40.0 percent higher than the peer average and may be attributed to the use of a school psychologist, speech language pathologist and an adaptive physical education teacher within TLSD. The high percentage of other professionals can be due, in part, to the high percentage of special education students within the district.

F3.4 According to **Table 3-1**, TLSD is slightly lower than the peer average in site-based administrators. TLSD has one building for elementary and middle school with grades K-8, and a separate building for high school, which includes grades 9-12. TLSD has three principals, dedicated to the elementary, middle and high school grade levels. In addition, according to OAC §3301.35.03, a principal shall be assigned to no more than two schools and since kindergarten through eighth grades are housed in one facility, a single principal may administrate the location.

R3.2 TLSD should consider reducing one principal at the elementary/middle school building by combining the responsibilities of the elementary and middle school principals. Because of the current financial situation, TLSD should analyze all operations for potential cost savings. The reduction of one principal in the site-based administrator classification would create an annual savings of approximately $70,000.

Financial Implication: Assuming the average principal's salary of $54,000 plus benefits at 30 percent, reducing one principal in the site-based administrator classification would create an annual savings of approximately $70,000.

F3.5 As illustrated in **Table 3-1**, TLSD has approximately 6.5 custodial staff FTEs per 1,000 students, which is below the peer average and the second lowest of the peers for custodial staff. Although TLSD is lower in FTEs when compared to the peer districts, TLSD high school custodial staff appears to be covering a smaller amount of square footage than the American Schools &Universities Region 5 average, which may indicate overstaffing in the high school custodial staff. See the **facilities section** for further information regarding custodial staffing.

F3.6 **Table 3-2** presents a three-year summary of enrollment and staffing levels for TLSD based upon **Table 3-1**.

Table 3-2: FTE Staffing Summary - Last Three Years

	Fall Enrollment	Percentage Change in	Administration Staff	Certificated Staff	Classified Staff	Total Staff	Percentage Change
FY 1997-98	1,141	N/A	8.0	87.4	51.0	146.4	N/A [1]
FY 1998-99	1,138	(0.3)%	8.0	90.1	52.0	150.1	2.5%
FY 1999-00	1,106	(2.8)%	8.0 [2]	90.2	51.0	149.2	0.0% [3]

Source: EMIS Average Salary Report, Treasurer's Office
[1] N/A = not applicable
[2] The accounts payable position was inaccurately reported as "administration staff" rather than "classified staff."
[3] Amount is less than 0.1 percent.

Enrollment projections play an important role in determining future staffing and facility needs. TLSD increased staffing levels for FY 1998-99 at a faster rate than the growth in enrollment. The superintendent stated that a kindergarten teacher, a guidance counselor and a custodial employee were added to the staff for the implementation of all-day kindergarten. Funding for the teacher and counselor is provided by the Athens County Department of Job and Family Services (ACDJFS). However, **Table 3-2** indicates enrollment is decreasing. When enrollment decreases in a district, the amount of State funding received per capita also decreases. Consequently, if staffing levels remain the same or increase as enrollment declines, the district must fund increased salary costs with declining revenues.

R3.3 TLSD should continually monitor enrollment and develop detailed enrollment projections which should be used to adjust staffing levels accordingly. The recent increase in staffing and high average salaries (**F3.18** and **F3.20**) appear to negatively impact TLSD's financial condition. TLSD should strive to maintain staffing levels comparable to the peer districts and within ODE guidelines. See the **financial systems section** of this report for a discussion concerning TLSD's use of employees classified as food service, the **facilities section** for a discussion concerning the use of employees classified as maintenance and custodial, and the **transportation section** for a discussion concerning the use of employees classified as bus drivers.

F3.7 TLSD's total FTEs were divided into six classifications of personnel as defined in **Table 3-3**.

Table 3-3: Personnel Classifications and Position Descriptions

Classification	Position Descriptions
Administrative Employees	Superintendent, Administrative Assistant, Principal, Supervisor/Manager/Director, Treasurer
Teachers	Regular Teachers, Special Education Teachers, Vocational Teachers, Educational Service Personnel (ESP) Teachers
Pupil Services Employees	Counselors, Librarian/Media, Psychologist, Speech and Language Therapist, Registered Nurses
Support Services	Operative, Custodians, Food Services, General Maintenance, Transportation, Mechanics
Other Classified Employees	Monitors, Clerical, Educational Aides, Library/Media Aides, Bookkeepers

Source: The Office of the Auditor of State

Assessing employees by major classifications assists in identifying personnel who may not be directly serving TLSD's educational programs. While support staff is essential to many district functions, an overemphasis on support personnel can deplete critical resources while not directly contributing to educational outcomes. The classifications shown in **Table 3-3** are used for further assessments in **F3.8** and **F3.18.**

F3.8 **Table 3-4** illustrates the ratios of personnel classifications to TLSD's total number of FTEs and the percentage of total employees in each classification for TLSD and each of the peer districts.

Table 3-4: Breakdown of Total FTE Employees and Percentage of Total Employees By Classification

	Trimble		Bloom Vernon		Federal Hocking		Southern		Peer Average [1]
Classification	**# of Emp.**	**% of Total Employees**	**# of Emp.**	**% of Total Employees**	**# of Emp.**	**% of Total Employees**	**# of Emp.**	**% of Total Employees**	**% of Total Employees**
Administrative	8.0	5.6%	6.0	4.5%	16.0	7.9%	7.0	5.5%	6.0%
Teachers	82.0	57.6%	74.0	55.0%	106.0	52.3%	76.0	59.7%	55.7%
Pupil Services	5.3	3.7%	5.0	3.7%	6.7	3.3%	4.0	3.1%	3.4%
Support Services	26.7	18.9%	34.6	25.6%	48.0	23.7%	24.4	19.1%	22.8%
Other Classified	18.3	12.8%	13.0	9.7%	22.0	10.9%	14.0	11.0%	10.5%
Technical	2.0	1.4%	2.0	1.5%	4.0	1.9%	2.0	1.6%	1.7%
Total	**142.3**	**100.0%**	**134.6**	**100.0%**	**202.7**	**100.0%**	**127.4**	**100.0%**	**100.0%**

Source: EMIS
[1] The peer average does not include TLSD.

In comparison to the peer districts, TLSD has the lowest percentage of FTEs categorized as support services and technical personnel. In contrast, TLSD has a higher percentage of FTEs categorized as teachers, pupil services and other classified staff as compared to the peer averages. By directing a large percentage of personnel resources to direct educational functions and dedicating only a small percentage of personnel resources to support functions, a school district can ensure the maximization of educational resources toward student learning. The high percentage of other classified staff can partly be attributed to the 10.0 FTE teaching aides TLSD used throughout the district to assist in special education classrooms, assist regular classroom teachers, monitor in-school suspension and monitor attendance.

F3.9 **Table 3-5** presents employees categorized as either instructional personnel or educational support personnel. Included in the instructional personnel classification are teachers and pupil services employees. Educational support personnel consist of administrative, support services, technical and other classified positions.

Table 3-5: Ratio of Direct Instructional Personnel to District Educational Support Personnel

	Trimble		Bloom-Vernon		Federal Hocking		Southern		Peer Average [1]
Classification	**# of Emp.**	**% of Total Employees**	**# of Emp.**	**% of Total Employees**	**# of Emp.**	**% of Total Employees**	**# of Emp.**	**% of Total Employees**	**% of Total Employees**
Direct Instructional Personnel	87.3	61.3%	79.0	58.7%	112.7	55.6%	80.0	62.8%	59.0%
District Educational Support Personnel	55.0	38.7%	55.6	41.3%	90.0	44.4%	47.4	37.2%	41.0%
Total	**142.3**	**100.0%**	**134.6**	**100.0%**	**202.7**	**100.0%**	**127.4**	**100.0%**	**100.0%**

Source: EMIS Staffing Profiles
[1] The peer average does not include TLSD.

As shown in **Table 3-5**, 87.3 FTEs or 61.3 percent of TLSD's total FTEs are made up of direct instructional personnel. When compared to the peer districts, TLSD has the second highest percentage of direct instructional personnel. Direct instructional personnel are those employees dedicated to classroom teaching and other instructional functions. Again, a higher percentage of instructional personnel indicates a district's emphasis on educational outcomes. Additionally, **Table 3-5** illustrates that 55.0 FTE or 38.7 percent of TLSD's total employees are categorized as educational support personnel. TLSD has the second lowest percentage of educational support personnel as compared to the peer districts. Therefore, a majority of TLSD staff are dedicated to direct instruction with the students.

F3.10 **Table 3-6** illustrates a traditional actual workday for a secondary teacher as defined by the average minutes taught and other variables identified below. The contract with the Trimble Local Teachers Association (TLTA) stipulates the length of the teacher workday and provides all teachers with one planning period per day and a 30-minute duty-free lunch. TLSD's middle school consists of grades five through eight, and the high school contains grades nine through twelve.

Table 3-6: Analysis of Secondary Teachers' Work Day FY 2000-01

Description of Activity	**Average Middle School**	**Average High School**
Length of teachers' day from contract defined reporting and ending times	420 minutes or 7 hours	420 minutes or 7 hours
Number of full periods in day	9 periods; Average of 36 minutes	8 periods; Average of 44 minutes
Breakdown by Minutes:		
Time prior to start of classes	0 minutes	8 minutes
Home room	10 minutes	2 minutes [1]
Planning/Preparation Period (36 minutes)/ Duty free lunch (30 minutes)-Middle school Planning/Preparation Period (44 minutes)/ Duty-free Lunch (30 minutes)-High school	66 minutes	74 minutes
Instructional Minutes	292 minutes or 8 periods	264 minutes or 6 periods
Activity period (choir, study hall, student council, academic assistance, etc.)	30 minutes	44 minutes
Time after school	0 minutes	0 minutes
Hall passing	22 minutes	28 minutes
Total Actual Average Minutes	420 minutes	420 minutes
Balance of minutes or Periods not Accounted for	0 minutes	0 minutes
Average Length of Student Day	420 minutes or 7 hours	412 minutes or 6 hours 52 minutes

Source: TLTA negotiated agreement, bell schedules and interviews with building principals

[1] TLSD high school does not have a home room, however, two minutes are added onto first period to account for attendance and announcements.

Table 3-6 indicates that both middle school and high school teachers are fulfilling their contractual obligations in terms of the teacher workday. **Table 3-6** also indicates that during a nine period day at the middle school and an eight period day at the high school, teachers are teaching at least eight and six periods a day, respectively. In general, the actual teachers' workday should either meet or exceed contractual specifications.

It appears that TLSD's teachers meet the expected terms of the contract with respect to the number of minutes and periods taught. However, TLSD average length of teachers' day is lower than the state average according to the 1999 School District Performance Audits Legislative Update. The legislative update indicates that the State's average length of the total teachers' day for middle school is 447 minutes and 450 minutes for high school.

F3.11 **Table 3-7** shows the number of minutes that middle school and high school teachers educate each day.

Table 3-7: Instructional Minute Analysis - FY 1999-00

Middle School Teachers				**High School Teachers**			
Teaching Minutes Per Day	**Number of Periods per Day**	**Number of Teachers**	**Total Minutes Taught**	**Teaching Minutes Per Day**	**Number of Periods per Day**	**Number of Teachers**	**Total Minutes Taught**
36	1	0	0	**44**	1	0	0
72	2	0	0	**88**	2	0	0
108	3	0	0	**132**	3	1 [1]	132
144	4	0	0	**176**	4	0	0
180	5	0	0	**220**	5	1	220
216	6	2 [2]	432	**264**	6	12	3,168
252	7	2 [2]	504	**308**	7	2	616
288	8	10	2,880	**352**	8	1	352
324	9	0	0	N/A	N/A	N/A	N/A
Totals	**N/A**	**14**	**3,816**	**Totals**	**N/A**	**17**	**4,488**

Source: Master teaching schedules, AOS Periods Taught Worksheet
[1] This teacher is part-time and teaches three periods, the fourth period is a designated planning period.
[2] These teachers are assigned additional duties other than teaching such as study hall duty.

Table 3-7 shows that 100 percent of TLSD's middle school teaching staff educates students at least six periods per day. In addition, 88 percent of TLSD's high school teaching staff is educating at least six periods per day. This minimizes the number of staff needed to teach the required number of minutes per year. Because TLSD teaching staff spend a substantial portion of the day in the classroom, TLSD is less likely to suffer from overstaffing caused by a decrease of periods taught.

C3.1 TLSD maximizes the instructional time taught by middle and high school teachers. This helps TLSD maintain lower teacher staffing levels. Through maximizing the teacher workday, TLSD benefits from a greater productivity level per teacher.

F3.12 **Table 3-8** presents a review of the FY 2000-01 middle school master teaching schedule.

Table 3-8: Middle School Teaching Periods with 15 or fewer Pupils

Number of Students	5 or fewer	6	7	8	9	10	11	12	13	14	15 or more
Number of Periods	0	0	0	0	0	0	2	5	2	13	84
Percentages	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	4.7%	1.9%	12.3%	79.2%

Source: Master teaching schedules

The middle school master teaching schedule showed that 22 of the 106 traditional periods (20.8 percent) had 14 or fewer pupils. Classes with fewer than 15 pupils mainly include fifth and sixth grade regular classes. Maintaining classes with 14 or fewer students requires the use of additional teachers which can increase district costs. However, it does not appear that TLSD has a sufficiently low enrollment in these grades to warrant staffing changes.

F3.13 **Table 3-9** presents a review of the FY 2000-01 high school master teaching schedule, excluding special education and vocational education classes.

Table 3-9: High School Teaching Periods with 15 or fewer Pupils

Number of Students	5 or fewer	6	7	8	9	10	11	12	13	14	15 or more
Number of Periods	1	1	2	0	1	7	0	12	8	11	59
Percentages	1.0%	1.0%	2.0%	0.0%	1.0%	6.9%	0.0%	11.7%	7.8%	10.8%	57.8%

Source: Master teaching schedules

Table 3-9 shows that 43 of the 102 periods (42.2 percent) had 14 or fewer pupils. Classes with fewer than 14 pupils include science, math, English and industrial arts. As in the case of middle school classes with fewer than 15 pupils, high school classes with fewer than 15 pupils require additional teachers which may increase district costs. In some cases, districts offer courses with low enrollment on a biennial basis to increase the student enrollment in low census classes. TLSD does not appear to have sufficiently low enrollment in the high school grades to warrant staffing changes, although the district may consider altering the master teaching schedule to offer classes with low enrollment on a more limited basis.

F 3.14 **Table 3-10** represents the student-to-teacher ratio for TLSD and the peer districts for K-12.

Table 3-10: Comparison of Student/Teacher Ratio K-12

District	Student/Teacher Ratio
Trimble	17.5
Bloom-Vernon	17.4
Federal Hocking	18.3
Southern	17.6
Athens County Average	**18.3**
Peer Average	**17.8**

Source: EMIS

As shown in **Table 3-10**, TLSD is below the county and peer average student-to-teacher ratios. Although ODE recommends optimal student teacher ratios and recent legislation has stipulated certain ratios, school districts in Ohio are not required to maintain specific student teacher ratios. However, excessively high or low ratios may indicate either overcrowding or overstaffing, respectively. TLSD's overall ratio is only slightly below the peer average. However, when compared at the elementary and middle school levels (see also **Table 3-11** and **Table 3-12**), TLSD's student-to-teacher ratio is above the peer average.

F3.15 Minimum standards for elementary and secondary education provide for a ratio of one classroom teacher per 25 pupils in average daily membership. **Table 3-11** shows the student-to-teacher ratios at the elementary school level for TLSD and the peers. TLSD's elementary school includes preschool through grade four. Middle school includes grades five through eight. Only regular education students and regular education teachers were used in this ratio analysis.

Table 3-11: Comparison of Elementary School Staffing Level FY 1999-00

Elementary School	Grades	Number of Students	Non-Special Education Students	Regular Teachers	Student/Teacher Ratios
Trimble	Pre-4	475 [1]	455	27	16.9
Bloom-Vernon	K-3	340	326	23	14.2
Federal Hocking	Pre-5	634 [1]	556	40	13.9
Southern	K-5	401	330	20	16.5
Peer Average [2]	**N/A**	**550**	**404**	**28**	**14.9**

Source: EMIS, Treasurer's office
[1] Includes preschool and preschool with disabilities students.
[2] Peer average does not include TLSD.

As **Table 3-11** illustrates, the ratio of traditional students to traditional teachers in the TLSD elementary school is currently 16.9 to 1. Minimum standards for elementary and secondary education provide for a ratio of teachers to pupils on a district-wide basis of at least one FTE classroom teacher per 25 pupils in average daily membership. A building ratio less than 25 to 1 potentially increases the number of teaching positions.

Also, Am. Sub. H.B. 650, which went into effect during FY 1998-99, requires each district with a Disadvantaged Pupil Impact Aid (DPIA) index of greater than 1.00 to use a portion of its DPIA money to implement all-day kindergarten. A portion of the remaining DPIA money must be used to implement the "third grade guarantee." The third grade guarantee consists of increasing the instructional attention given to each pupil in kindergarten through third grade by reducing the ratio of students to instructional personnel, extending the length of the school day, or extending the length of the school year. H.B. 650 also specifies that districts must first ensure a ratio of instructional personnel to students of no more than 15 to one (in kindergarten and first grade) in all buildings. In FY 1999-00, TLSD had a DPIA index of 1.95 and used its additional DPIA funds to hire one additional kindergarten teacher when it implemented all day kindergarten.

F3.16 **Table 3-12** shows the student-to-teacher ratios at the middle school level for TLSD and the peers. Only regular education students and regular education teachers were used in this ratio analysis.

Table 3-12: Middle School Staffing Levels for FY 1999-00

Middle School	Grades	Number of Students 1999-00	Non-Special Education Students	Regular Teachers	Student/ Teacher Ratio
Trimble	5-8	311	287	12	23.9
Bloom Vernon	4-8	377	332	21	15.8
Federal Hocking	6-8	387	317	22	14.4
Southern	5-8	335	270	18	15.0
Peer Average [1]	**N/A**	**366**	**306**	**20**	**15.1**

Source: EMIS, Treasurer's Office
[1] Peer average does not include TLSD.

TLSD's student-to-teacher ratio at the middle school level is higher than the peer average by approximately 58.3 percent. Although Ohio school law does not stipulate a required student-to-teacher ratio, TLSD's high ratio indicates a need for the district to monitor enrollment in the middle school grades to determine optimal staffing levels. Staffing changes are not recommended because of forecasted declines in student enrollment and TLSD's current financial condition.

F3.17 **Table 3-13** illustrates FY 1999-2000 staffing levels at the high school building which includes grades 9 through 12. The student-to-teacher ratios represent the number of traditional students and teachers, excluding special education, talented, gifted and vocational education.

Table 3-13: Comparison of High School Staffing Level FY 1999-00

High School [1]	Number of Students	Non-Special Education Students	Regular Teachers	Student/Teacher Ratios
Trimble	334	334	16	20.9
Bloom Vernon	364	331	12	27.6
Federal Hocking	439	388	18	21.6
Southern	335	279	16	17.4
Peer Average [2]	**367**	**333**	**15**	**22.2**

Source: EMIS, Treasurer's Office
[1] Grades 9 through 12.
[2] Peer average does not include TLSD.

According to ODE, the 1998 state average student-to-teacher ratio for regular education high school classes was 17.5 to 1. **Table 3-13** indicates that TLSD's combined high school student-to-teacher ratio appears to be above the state average by approximately 19.4 percent. However, TLSD's high school student-to-teacher ratio is slightly below the peer average, indicating that TLSD's ratio is appropriate for its needs.

Also, Am. Sub. S.B. 55 increases the minimum number of course requirements necessary for students to graduate after September 15, 2001. The total number of units that must be taken in grades 9 through 12 increases from 18 to 21, although the number of elective units that count toward graduation is reduced. Furthermore, S.B. 55 increases the required units of language arts, mathematics, science and social studies.

During FY 1999-00, TLSD used a 20-unit education requirement. However, TLSD plans to implement the 21-unit requirement in FY 2001-02, which is in line with the S.B 55 requirements. TLSD could not provide an estimate of costs associated with implementing S.B. 55, although an increase in units may require modifications to high school staffing patterns.

F3.18 **Table 3-14** compares the average salaries of each employee classification to the peer districts and peer district averages for FY 1999-00.

Table 3-14: Average Salary by Classification

	Trimble		**Bloom-Vernon**		**Federal Hocking**		**Southern**		**Peer Average [1]**	
	# FTEs	**Avg Salary**	**# FTEs**	**Avg Salary**	**# FTEs**	**Avg Salary**	**# FTEs**	**Avg Salary**	**# FTEs**	**Avg Salary**
Official/Admin.	8.0	$42,890	6.0	$56,437	16.0	$35,286	7.0	$54,082	9.7	$48,602
Prof/Education	85.0	**$37,168**	78.0	$34,306	109.0	$33,525	79.0	$33,259	88.7	$33,697
Prof/Other	2.3	$38,756	1.0	$33,914	3.7	$39,193	1.0	$40,358	1.9	$37,822
Technical	2.0	$10,808	2.0	$19,490	4.0	$15,107	2.0	$24,964	2.7	$19,854
Office/Clerical	18.3	$13,045	13.0	$15,158	22.0	$10,849	14.0	$16,975	16.3	$14,327
Crafts/Trades	0.0	$0	0.0	$0	2.0	$24,897	0.0	$0	2.0	$24,897
Transportation	11.7	$11,922	14.0	$12,575	24.0	$12,353	9.8	$9,655	15.9	$11,528
Custodians	7.0	$19,804	10.0	$22,426	12.0	$18,082	6.0	$21,730	9.3	$20,746
Food Service	8.0	$10,640	10.6	$13,577	10.0	$11,729	8.6	$9,160	9.7	$11,489
Totals	**142.3**		**134.6**		**202.7**		**127.4**		**154.9**	

Source: EMIS 2000 Total Staff Summary Report
[1] The peer average does not include TLSD.

As indicated in **Table 3-14**, TLSD has the highest average salary compared to the peer districts in only one of the 11 classifications, as indicated by a bold number. However, TLSD is higher than the peer average in 3 of the other 10 classifications, as indicated by the underlined numbers. Because each school district in Ohio is responsible for setting salaries, State and peer averages serve as the primary means of comparison for assessing salary levels. TLSD's high salaries in the areas indicated may worsen the district's financial condition. Salaries and wages are further discussed in **F3.19**.

F3.19 **Table 3-15** compares the percentage of employee salaries in the various classifications to TLSD's total salaries and compares the respective employee classifications to the peer districts. The employee groups are consistent with the five classifications defined in **Table 3-3**.

Table 3-15: Percentage of Total Employees and EMIS Salaries by Classification

	Trimble		Bloom-Vernon		Federal Hocking		Southern		Peer Average [1]	
Classification	**% of Total Emp.**	**% of Total Salary**	**% of Total Emp.**	**% of Total Salary**	**% of Total Emp.**	**% of Total Salary**	**% of Total Emp.**	**% of Total Salary**	**% of Total Emp.**	**% of Total Salary**
Administrative	6.3%	8.1%	4.5%	8.8%	7.9%	10.6%	5.5%	10.5%	6.0%	10.0%
Teachers	57.6%	71.6%	55.0%	64.7%	52.3%	66.0%	59.7%	69.4%	55.7%	66.7%
Pupil Services	3.7%	5.5%	3.7%	4.3%	3.3%	5.1%	3.1%	4.4%	3.4%	4.6%
Support Services	18.8%	8.6%	25.6%	14.1%	23.7%	12.7%	19.1%	8.4%	22.8%	11.7%
Other Classified	12.2%	5.7%	9.7%	6.1%	10.9%	4.5%	11.0%	6.6%	10.5%	5.7%
Technical	1.4%	0.5%	1.5%	2.0%	1.9%	1.1%	1.6%	0.7%	1.7%	1.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: FY 1999-00 EMIS Total Staff Summary Report
[1] Peer average does not include TLSD.

In comparison to the peer averages, TLSD has the highest percentage of total salaries in the categories of teachers and pupil services and a lower percentage of salaries in support services and technical personnel. **Table 3-15** indicates TLSD's emphasis on classroom education by the higher percentage of staff in the teachers category. However, it is important to closely monitor the correlation between the number of employees in each category and the corresponding percentage of salaries earned in each category.

F3.20 **Table 3-16** shows the average teaching salary and factors that influence salaries for TLSD and the peers. **Table 3-16** adjusts the average teachers' salary with a cost-of-doing-business factor and provides information concerning educational attainment and average years of experience.

Table 3-16: Teachers' Salary by Percentage of Educational Attainment

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [2]
Average Teaching Salary	$37,170	$34,233	$32,890	$32,485	$33,203
Adjusted Salary [1]	$36,857	$33,985	$32,652	$31,573	$32,737
Average years of experience	14.4	13.4	11.7	13.0	12.7
% Non-degree	0.0%	0.0%	10.5%	0.0%	10.5%
% Bachelors Degree	13.9%	13.5%	15.3%	25.3%	18.0%
% Bachelors Degree +150 hours	40.5%	55.4%	38.7%	57.3%	50.5%
% Masters and above	45.6%	31.1%	35.5%	17.4%	28.0%

Source: FY 2000 ODE Average Experience Teachers Report
[1] Salary adjusted by the Ohio Department of Education's cost-of-doing business.
[2] Peer average does not include TLSD.

Table 3-16 indicates that TLSD's average teachers' salary of $37,170 is the highest among the peer districts and above the peer average by approximately 11.9 percent. The average teachers' salary is affected by cost-of-living adjustments (COLA) as well as experience and educational attainment levels. In addition, TLSD has the highest average years of experience and the highest percentage of teachers who have at least a masters degree in comparison to the peer average. Educational attainment directly affects salaries but also has an indirect impact on classroom teaching skills. TLSD's average salaries are higher because of the years of experience and the short step schedule. Therefore, the only way for a teacher to increase their salary is to increase their educational attainment.

After the salaries were adjusted for the cost-of-doing-business factors, TLSD still has the highest average teachers' salary. When compared to Federal Hocking Local School District, which is also located in Athens County, TLSD's average adjusted teachers salary is approximately $4,205 or 12.9 percent higher. The substantially higher average salary is the result of the District's short step schedule which is discussed in **F3.21**.

F3.21 **Table 3-17** compares TLSD's teacher salary schedule to the peer districts and the county average.

Table 3-17: Comparison of Teachers Salary Schedule

	Trimble	Bloom Vernon	Federal Hocking	Southern	Peer Average [1]	County Average [2]
Bachelors Beginning Salary	**$22,171**	$22,700	$21,536	$21,582	$21,939	$22,363
Bachelors Maximum Prior to Longevity Payments	**<u>$38,394</u>**	$35,276	$38,011	$37,769	$37,019	$38,145
Masters Beginning Salary	**<u>$25,938</u>**	$24,857	$24,766	$23,740	$24,454	$25,175
Masters Maximum Prior to Longevity Payments	**<u>$44,915</u>**	$37,932	$43,072	$40,358	$40,454	$41,885
Doctorate Beginning Salary	N/A	N/A	N/A	N/A	N/A	$30,179
Doctorate Maximum Salary Prior to Longevity Payments	N/A	N/A	N/A	N/A	N/A	$45,624
# of Steps in Salary Schedule Prior to Longevity Payments	12	13	16	15	15	14
# of Step/Longevity Payments [3]	0	2	0	2	2	2
Average Increase of Step /Longevity Payments	$0	$863	$0	$1,619	$1,241	$1,195
Maximum Bachelors After Step/Longevity Payments	$38,394	$37,228	N/A	$40,574	$38,901	$40,414
Maximum Masters After Step/Longevity Payments	**<u>$44,915</u>**	$40,111	N/A	$43,164	$41,638	$44,296
Maximum Doctorate After Step/Longevity Payments	N/A	N/A	N/A	N/A	N/A	$49,189

Source: FY 1999-00 salary schedules
[1] Peer average does not include TLSD and only includes those peer school districts with numbers greater than 0.0.
[2] County average includes Alexander Local School District, Athens City School District, Nelsonville-York City School District and Trimble Local School District.
[3] Longevity is defined as a step between years on the salary schedule.

Table 3-17 indicates that TLSD's salary schedule is the highest when compared to the peer district average for all of the levels shown except "Maximum Bachelors After Step/Longevity Payments." For five of the nine salary levels shown, TLSD had the highest teachers salary when compared to the peer average (as indicated by the bold numbers). Also, in four of the nine levels, TLSD had the highest salary when compared to the peers and County average (as indicated by the underlined numbers)

According to FY 1999-00 salary schedules for TLSD and the peer districts, TLSD certified staff members reach the maximum on the salary schedule at year 11. Teachers in the peer districts reach the maximum between 16 and 28 years. Currently, TLSD does not have longevity steps on its salary schedule. However, school districts within Athens County have at least 13 annual step increases with 1 to 4 longevity steps. Having a limited number of steps in the salary schedule allows teachers to reach the top of the salary schedule in a shorter period of time resulting in higher salary costs. The effect of the short step schedule is compounded by the fact that TLSD grants new teachers with up to 10 years prior teaching experience credit on the salary schedule (see **F3.67**).

R3.4 TLSD should consider increasing the number of increments on the certified salary schedule during the next contract negotiation. The new step increments should be more comparable to the peers and Athens County districts. In addition, any new steps should not increase the salary spread or cost to the district from the bottom to the top of the salary schedule but should maintain the aggregate increases currently shown in the negotiated schedule. TLSD should not apply the average inflationary increases currently shown in each step to the additional increments as this could further worsen the district's financial condition. A greater number of steps could reduce annual cost increases to TLSD and should bring the salaries more in line with the peers and other Athens County districts.

F3.22 The contract that the TLTA operated under during FY 1999-00 did not expire until August 2001. However, TLSD negotiated a new contract one year earlier with the TLTA and signed an agreement which became effective August 2000 through August 2003. The current contract states that teachers will automatically receive a yearly salary increase based on the average of the base salaries of Alexander Local, Athens City, Federal Hocking Local and Nelsonville-York City Schools or $400 above the state minimum teacher's salary, whichever is greater. In FY 2000-01, teachers received a 2.7 percent salary increase. Other changes in the negotiated agreement are referenced in the certificated contractual section of this report (see **F3.55**). The impact of the new agreement is also discussed in **F2.2** in the **financial systems section**.

F3.23 **Table 3-18** compares the average teacher salary for the past 10 years for TLSD to the peer districts.

Table 3-18: Ten-Year History of Average Teachers' Salaries

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [1]
FY 1989-90	$26,802	$24,956	$28,019	$25,372	$26,116
FY 1990-91	$27,851	$26,022	$28,309	$26,172	$26,834
FY 1991-92	$27,755	$25,592	$28,109	$26,131	$26,611
FY 1992-93	$28,154	$27,342	$28,172	$26,486	$27,333
FY 1993-94	**$28,481**	$27,431	$27,825	$26,675	$27,310
FY 1994-95	$28,115	$28,347	$29,526	$27,285	$28,386
FY 1995-96	$29,645	$30,251	$29,967	$29,247	$29,822
FY 1996-97	$31,358	$31,831	$31,626	$29,534	$30,997
FY 1997-98	**$36,938**	$32,320	$32,290	$30,929	$31,846
FY 1998-99	**$36,933**	$33,789	$32,419	$32,315	$32,841
10-year Average Salary	**$30,203**	$28,788	$29,626	$28,015	$28,810

Source: EMIS Staff Profiles, EMIS 2000 Total Staff Summary Report
[1] Average does not include Trimble Local School District.

As shown in **Table 3-18**, TLSD had the highest average teachers' salary when compared to the peer districts (as indicated by the bold numbers) in 3 of the 10 years, and in 8 of the 10 years when compared to the peer average (as indicated by the underlined numbers). In addition, TLSD had the highest 10-year average salary when compared to the peer districts and the peer average.

The current method by which TLSD teachers receive their annual increase in pay is based on the average increase in base salaries for Alexander Local, Athens City, Federal Hocking Local and Nelsonville-York City Schools. This method was negotiated and became effective for teachers in FY 1997-98. Because of the new agreement, TLTA received a 17.8 percent increase in the teachers' base salary from FY 1996-97 to FY 1997-98 at an estimated cost of $300,000.

R3.5 TLSD should consider re-negotiating increases for certified employees and should eliminate the contractual method by which increases are determined. In an effort to rectify TLSD's current financial difficulties, there must be a shared sacrifice among all employees. The current classified contract already stipulates step and COLA increases for classified employees for FY 2001-02 and FY 2002-03, the effects of which range from 3.7 to 4.1 percent for TLSD's classified employees depending on the years of service and classification.

Based on calculation of increases for certified employees, including those who have stepped out, the average effect of the combined step and COLA increase for FY 2000-01 was 2.7 percent. An average effective increase of 1.8 percent was received for 1999-00.

Because the current method for determining increases for certified employees does not allow for accurate projections of cost and eliminates TLSD's ability to manage its certified personnel costs, TLSD should renegotiate the clause in the contract identifying how COLAs are determined. TLSD should request a fixed rate of increases be included in the contract to help the District better manage its personnel costs. When the contract is reopened, TLSD and TLTA could act on additional cost saving measures and renegotiate cost-of-living increases for certificated employees salaries at the following rates:

- Zero percent for FY 2001-02;
- Zero percent for FY 2002-03;
- One percent for FY 2003-04; and
- Two percent for FY 2004-05.

In addition, TLSD could renegotiate cost-of-living increases for classified employees salaries at zero percent for FYs 2003-04 and 2004-05. The current bargaining agreement contains a 3.0 percent COLA for FYs 2001-02 and 2002-03

Financial Implication: By renegotiating the cost-of-living increases for all employees salaries and wages, TLSD could save approximately $69,000 in FY 2001-02, $ 118,200 in FY 2002-03, $197,000 in FY 2003-04 and $287,900 in FY 2004-05, for a total savings of $672,100 over the next four years.

F3.24 **Table 3-19** shows the gross earnings paid to TLSD full-time teachers within specific salary ranges.

Table 3-19: Range of Actual Teacher Gross Earnings for Calendar Year 1999

	# of Teachers per 1999 W-2 Report [1]	**Percentage**
$22,171- $29,999	13	26.5%
$30,000 - $39,999	25	51.0%
$40,000 - $49,999	11	22.5%
$50,000 +	0	0.0%
Total	**49**	**100.0%**

Source: 1999 W-2 report
[1] Represents only 205 Regular Teaching classification.

Table 3-19 indicates that gross earnings paid to full-time TLSD teachers ranged between $23,915 and $43,774. According to EMIS, TLSD's average teacher salary for FY 1999-00 was $37,170. EMIS' average teacher salary includes all teachers, such as special education and vocational teachers which may have increased the average salary, whereas the average gross salary calculation only includes regular teacher personnel. As shown, the majority of teachers fall into the $30,000 to $39,999 salary range which is indicative of the large number of teachers occupying positions in the middle of the salary schedule based on years of experience and educational attainment.

F3.25 **Table 3-20** identifies the total amount paid for supplemental contracts by TLSD and the peer districts.

Table 3-20: Total Supplemental Payments

District	Enrollment	Total Supplemental Contract Payments	Supplemental Contract Expenditures per Student
Trimble	1,083	$53,654	$50
Bloom Vernon	1,040	$81,280	$78
Federal Hocking	1,473	$51,867	$35
Southern	1,074	$82,249	$77
Peer Average [1]	**$1,196**	**$71,799**	**$63**

Source: Treasurer's Office
[1] The peer average does not include TLSD.

Table 3-20 indicates that TLSD's total supplemental payments are approximately 25.3 percent less than the peer district average. However, TLSD's total supplemental payments are 3.4 percent higher than Federal Hocking Local School District which is also located in Athens County. TLSD's supplemental contract expenditure per student is 42.9 percent higher than Federal Hocking's expenditure per student. Supplemental contracts help school districts offer programs outside the scope of regular classroom instruction. Typical supplementals include coaching and band/orchestra/theater positions. Supplementals also can become a vehicle to enhance teacher salaries. TLSD should be cognizant of this potential increase to salary and wage costs.

F3.26 **Table 3-21** compares TLSD's supplemental contract amounts among positions commonly requiring a supplemental contract to the peers.

Table 3-21: Comparative Supplemental Contract Amounts

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average [1]
Number of supplemental contract positions [2]	**61** [3]	59 [4]	35 [5]	50	48
Head Varsity Basketball Coach (Boys)	$3,120	$3,405	$1,980	$3,043	$2,809
Head Varsity Basketball Coach (Girls)	$3,120	$3,655	$1,780	$3,043	$2,826
Head Varsity Football Coach	**$3,097**	N/A	$1,780	$3,043	$2,412
Head Varsity Baseball Coach	$1,839	$1,689	$1,169	$2,460	$1,773
Head Varsity Softball Coach	$1,839	$1,589	$1,019	$2,460	$1,689
Head Varsity Cheerleader Advisor	$1,003	$795	$815	$1,856	$1,155
Band Director	**$2,655**	$781	$2,427	$1,856	$1,688
Junior Class Advisor	$780	$341	$459	$1,489	$763
Supplemental Average	$2,182	$1,550	$1,429	$2,406	$1,795

Source: FY 1999-00 Teacher contracts
[1] Peer average does not include TLSD.
[2] Total number of contracts specified within the negotiated agreement.
[3] TLSD total number of supplemental contracts as stated in the negotiated agreement were not filled in FY 1999-00.
[4] Bloom-Vernon Certified & Classified Handbook 1999-00 does not specify the number of positions within each category. Positions are paid on a step schedule. Amounts listed are what was paid in FY 1999-00.
[5] Number of contracts specified in the contract. However, FHLSD does not specify the number of positions within each category. Positions are also paid on a step schedule. Amounts listed are what was paid in FY 1999-00.

In addition to the higher FY 1999-00 supplemental payments made by TLSD when compared to Federal Hocking Local School District (see **Table 3-20**), TLSD also has the highest average supplemental contract amounts when compared to the peer districts (as indicated by the bold numbers) and the highest contract amounts when compared to the peer average (as indicated by the underlined numbers). Furthermore, TLSD has the highest supplemental contract average for the selected positions when compared to the peer average. The markedly higher supplemental contract payments for common supplemental positions may indicate a reliance on supplemental contracts to augment teacher salaries beyond what is offered in the step schedule. TLSD may be paying excessive amounts for common supplemental functions. The supplemental average of eight common supplemental contracts reveals that TLSD has the highest average number of supplemental contracts and also the second highest supplemental average contract amount ($2,182) when compared to the peer average ($1,795).

R3.6 TLSD should analyze the supplemental contract payment schedule to determine if savings can be generated by eliminating positions that may not have sizeable enrollment. TLSD should also work to bring the supplemental costs in line with the peer average. As indicated in **Table 3-21**, TLSD supplemental average is higher than the peer average. TLSD should consider reducing its cost per pupil expenditure of $50 to the next lowest peer of $35 (Federal Hocking). By bringing supplemental contracts in line with peer amounts, TLSD could apply the saved revenue toward the current financial deficit. If TLSD reduced its per pupil expenditure to $35 per student, TLSD could save $15,700 annually.

Financial Implication: By reducing the per pupil expenditure for supplementals to $35 per student, TLSD could save $15,700 annually.

Vocational Education

F3.27 TLSD contracts with the Tri-County Vocational School (TCVS) and had 59 students participating in the vocational education program during FY 1999-00 and currently has 44 enrolled for FY 2000-01. TLSD has been using TCVS since 1967. There is no cost to TLSD to use the TCVS because it receives funding from the State based upon the number of students enrolled. Because TLSD contracts with TCVS and the contract has no financial impact on the district, no assessment on vocational education will be included in this performance audit.

Special Education

F3.28 Ohio pre-school and school aged children are placed in a special education program when they meet various conditions identified through a multi-factored assessment process conducted in accordance with State and Federal regulations. Children with disabilities may be identified from birth to 2 ½-years old, but are typically identified at the preschool (ages 3-5) or school age level. Once a student is identified as being eligible for the special education program, an individualized education planning team is formed. The team may consist of the building principal, special education teacher, regular teacher, psychologist, therapist, nurse and the child's parents. The team meets annually to develop an individualized education plan (IEP) identifying the goals for educating the child and specifying how those goals are to be achieved. Like regular education students, special education students must meet the 21-unit requirement in order to graduate (**F3.17**). However, special education students are given 22 years to achieve this requirement and the intensity of the education each student receives varies depending on the IEP.

TLSD currently has 225 IEPs for resident students between the ages of 3 and 22, each of which must be reviewed annually. Under certain circumstances, TLSD is responsible for developing and maintaining a student's IEP, but another district is responsible for educating the student. This occurs when the IEP dictates that a student attend school in another district, when a student resides in a foster home outside TLSD, when a student receives home schooling or is educated through various other scenarios. TLSD is currently responsible for educating 180 of the 225 identified special education students.

F3.29 Using the FY 1999-00 EMIS profiles, **Table 3-22** compares TLSD to the Athens County average and the peers in terms of the ratio of special needs students educated in the district to FTE employees devoted to special education.

Table 3-22: Comparison of Special Education Students per Special Education FTE

District	Enrollment 1999-00	Total Special Needs 1999-00	% Special Needs	FTEs Dedicated to Special Education [2]	# of Special Education Students per FTE
Trimble	**1,083**	**209**	**19.3%**	**15.0**	**13.9**
Bloom-Vernon	1,040	145	13.9%	9.0	16.1
Federal Hocking	1,473	240	16.3%	15.0	16.0
Southern	1,074	196	18.2%	13.0	15.1
Athens County Average [1]	1,708	305	17.9%	N/A [3]	N/A [3]
Peer Average [1]	**1,196**	**194**	**16.1%**	**12.3**	**15.7**

Source:ODE School Enrollment, ODE District Report Card, EMIS 2000 Staff Summary Report,
[1] County and Peer averages do not include TLSD.
[2] FTEs consist of special education teaching staff.
[3] These figures were not available.

ODE publishes a comprehensive manual summarizing rules and regulations which districts should comply with when educating handicapped children. Included in this manual are student/teacher ratios that are required for some districts but are only recommended practices for others, depending on how the school district classifies its special education programs for funding purposes.

TLSD has chosen to classify its special education program as Alternative Service Delivery Options (ASDO). Therefore, the student-to-teacher ratios indicated in the ODE manual are considered recommended practices. TLSD classifies its special education program as ASDO because it affords the district more flexibility with regard to student classifications (disabilities and handicaps) and staffing issues than the traditional models.

TLSD uses the Model IV ASDO program, which emphasizes inclusion. In a Model IV program, special educators serve students with and without disabilities on an as-needed basis. Services may be provided in a regular classroom environment with the regular education teacher or in a special class/learning center. The role of the special educator is based on student needs. TLSD teaches students not by handicap, but by subject area. For instance, if a child identified as learning disabled and a child identified as developmentally handicapped are struggling with math, both students will be given special instruction in mathematics by a single instructor rather than by an instructor for children with disabilities and an instructor for children who are developmentally handicapped. The ASDO employed by TLSD provides students with disabilities the opportunity to be educated in a regular education classroom with the support and services brought to the student in that setting.

As illustrated in **Table 3-22**, TLSD has a slightly higher percentage of students with special needs (19.3 percent) than the County average (17.9 percent) and the peer district average (16.1 percent). However, TLSD maintains a special needs student to special education FTE ratio of 13.9 which is significantly lower than the peer average (15.7).

R3.7 TLSD should review the special education staffing for cost reductions. Analysis of the peer districts' FTEs dedicated to special educations indicated that TLSD should consider reducing the number of special needs teachers to be more in line with the peer average. In order to achieve the peer district average of 15.7 special education students per FTE, TLSD could possibly reduce two special needs teaching positions.

Financial Implication: Assuming an average salary of $42,800 and benefits equivalent to 30 percent of salaries, reducing two special needs teaching positions would create an annual savings of approximately $111,200.

F3.30 **Table 3-23** presents TLSD's current special education student-to-teacher ratios for specific disability and handicap classifications and compares them to the recommended ODE ratios. Only those students who are in self-contained classrooms and who remain with the same teacher throughout the day are shown.

Table 3-23: Special Education Student/Teacher Ratios vs. ODE Standards

Student Classification	Special Education Student Enrollment 1999-2000	# of Teachers	TLSD's Average Special Education Student/Teacher Ratios	ODE Recommended Student/Teacher Ratios
Elementary Building				
Preschool w/Disability	13	2	6.5 students per teacher	1 to 12 students per teacher. However, when more than 7 students are present, there must be 2 responsible adults present. One of the adults must be the preschool teacher.
Developmental Handicapped/ Specific Learning Disabled	7	1	7 students per teacher	8 to 16 students per teacher
Middle School				
Developmental Handicapped/Specific Learning Disabled	24	2	12 students per teacher	8 to 16 students per teacher

Source: Treasurer's Office

As **Table 3-23** illustrates, TLSD maintains student-to-teacher ratios which fall within the range of ODE's recommended practices for all disability and handicap classifications. Although elementary school ratios are slightly below the ODE average, the small aggregate number of special education students and teachers does not allow sufficient flexibility to accommodate changes in staffing levels at this time. ODE recommended practices should continue to be used by TLSD as a guide to determine appropriate staffing levels in the district's special education programs.

Substitutes

F3.31 **Table 3-24** compares TLSD and the peer districts' substitute costs and procedures. The categories in the table represent key indicators in determining the efficiency of substitute use in a school district. This information will be used in numerous findings to assess substitute costs.

Table 3-24: Comparison of Substitute Costs

	Trimble	**Bloom Vernon**	**Federal Hocking**	**Southern**
Auto/Manual Substitute Placement	Manual	Manual	Manual	Manual
Daily Cost of Teacher Substitutes	0-60 days: $60 61+ days: BA, Step 0 w/benefits	0-59 days: $63 60 + days: appropriate step on salary schedule	0-60 days: $60 61+ days: BA Step 0 w/benefits	0-20 days: $60 21-60 days: $65 61+ days: Step 0 with benefits
Hourly Cost of Bus Drivers	$6.76/hr.	$6.30/hr.	$7.50/hr.	$9.71/hr.
Hourly Cost of Clerical, Aides & Monitors	$5.38/hr.	$6.30/hr.	$6.00/hr.	$8.30/hr.
Hourly Cost of Custodial/ Maintenance	$5.38/hr.	$6.30/hr.	$6.00/hr	$9.42/hr.
Hourly Cost of Food Service	$5.38/hr.	$6.30/hr.	$6.00/hr.	$8.61/hr.

Source: Treasurer's Office

As shown in **Table 3-24**, TLSD's substitute costs are equal to or below the peers in four of the five categories. TLSD's hourly cost for bus driver substitutes is the second lowest of the peers.

F3.32 **Table 3-25** shows the substitute payments made by TLSD and the peer districts for FY 1999-00. As illustrated, substitute teachers constituted 46.2 percent of the total substitute costs for the year which was the second highest among the peers. In addition, educational assistant substitutes comprised 30.5 percent of the total substitute costs for FY 1999-00 which was the highest among the peers. Educational assistants also substitute for the clerical classification.

Table 3-25: Substitute Payments for FY 1999-00

Classification	Trimble		Bloom-Vernon		Federal Hocking		Southern		Peer Average [2]	
	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total
Teachers	$57,305	46.2%	$32,711	72.4%	$45,979	32.7%	$36,819	32.3%	$38,503	45.8%
Educational Assistants [1]	$37,761	30.5%	$125	0.3%	15,001	10.6%	23,914	21.0%	$13,013	10.6%
Clerical	$0	0.0%	$19	0.1%	$0	0.0%	544	0.4%	$282	0.3%
Custodians	$12,023	9.7%	$5,360	11.8%	32,216	22.8%	17,897	15.8%	$18,491	16.8%
Bus Drivers	$12,654	10.2%	$4,856	10.7%	42,034	29.8%	30,424	26.7%	$25,771	22.4%
Food Service	$4,205	3.4%	$2,167	4.7%	5,806	4.1%	4,359	3.8%	$4,111	4.2%
Total	**$123,948**	**100.0%**	**$45,238**	**100.0%**	**$141,036**	**100.0%**	**$113,957**	**100.0%**	**$100,077**	**100.0%**

Source: Treasurer's Office
[1] Educational Assistants are substitutes for clerical and classroom aide duties.
[2] Peer average only includes those districts with numbers greater than 0.0. Also, TLSD is not included.

TLSD's teacher substitutes constituted 46.2 percent of the district's total substitute costs for the year. Also, TLSD's teacher substitute cost was the second highest among the peers and above the peer average by 48.8 percent. Educational assistant substitutes comprised 30.5 percent of the total substitute costs for FY 1999-00, which was the highest percentage among the peers. This category may be high in TLSD because educational assistants also substitute for the clerical classification. However, combining the two classification substitute payments for FY 1999-00 (educational assistant and clerical), TLSD remains the highest in terms of dollars and as a percent of substitute expenditures when compared to the peers and the peer average. Specific recommendations on the reduction of substitute costs are discussed in **R3.8** and **R3.9**.

Certificated Substitutes

F3.33 Teaching positions that require substitutes can be filled by casual/short-term or long-term substitutes. Casual/short-term substitutes are defined by TLSD as substitutes who work in TLSD in the same position or varying positions and are paid $60 per day for days 0 to 60. Long-term substitutes work in the same position for 61 or more days. On the 61st consecutive day in the same position, a substitute is placed at the Bachelors Level, step zero of the TLTA teachers salary schedule and is eligible to receive medical benefits. Substitutes are used to fill vacancies created by teachers using sick, personal, professional and other leave days.

F3.34 **Table 3-26** illustrates the average number of sick, personal, professional and other leave days taken per teacher during FY 1999-00 for TLSD compared to the peer districts.

Table 3-26: Teacher Average Number of Leave Days Taken per Peer District

	Trimble		Bloom Vernon		Federal Hocking		Southern		Peer Average [2]	
	# Days Taken	**Avg. Per Teacher**	**# Days Taken**	**Avg. Per Teacher**	**# Days Taken**	**Avg. Per Teacher**	**# Days Taken**	**Avg. Per Teacher**	**# Days Taken**	**Avg. Per Teacher**
Sick Leave	648.0	6.8	450.0	6.2	581.8	5.1	588.0	7.7	539.9	6.3
Personal Leave	152.0	1.6	81.0	1.1	168.5	1.5	130.0	1.7	126.5	1.4
Professional Leave	243.0	2.6	234.5	3.2	355.5	3.1	134.0	1.8	241.3	2.7
Other Leave	6.0 [1]	0.1	12.0 [1]	0.2	0.0	0.0	0.0	0.0	12.0	0.2
Total Leave	**1,049.0**	**11.1**	**777.5**	**10.7**	**1,105.8**	**9.7**	**852.0**	**11.2**	**911.8**	**10.4**
# of eligible teachers	**95.0**		**73.0**		**114.0**		**76.0**		**87.7**	

Source: Treasurer's Office
[1] Number of "other leave" days taken were unpaid days.
[2] Peer average only includes those districts with numbers greater than 0.0. Also, peer averages do not include TLSD.

TLSD averaged 6.8 sick days per teacher in FY 1999-00, which was slightly higher than the peer average of 6.3 and the second highest among the peer districts.

Table 3-26 also shows that the average TLSD teacher requires a substitute approximately 11.1 days per year. In FY 1999-00, TLSD employed 95 teachers who were contracted to teach 178 days (school year) for a total of 16,910 school days. Assuming that all leaves are covered by a substitute teacher and the average teacher takes 11.1 days of leave per year, approximately 6.2 percent of the total teaching days were taught by substitutes. Leave days used have a direct impact on costs to a school district as both the teacher's regular salary and the substitute cost must be paid by the district. During FY 1999-00, TLSD spent $57,305 on substitute teacher payments. The largest portion of this expense was for sick days used by teachers.

R3.8 TLSD should encourage a reduction in the number of sick leave days taken per teacher. If TLSD could reduce the number of sick days used, it would eliminate additional administrative time, enhance the quality of education by minimizing the interruptions in the flow of teachers' curriculum and would reduce the overall substitute costs incurred as shown in **Table 3-27**.

Table 3-27: Annual Savings Calculated for Reduction in Usage of Teacher Sick Leave

	Annual Savings	
Employee Classification	**Sick leave reduced by 1 day**	**Sick leave reduced by 2 days**
Teachers	$5,700	$11,400

Reducing the number of sick days taken by each teacher by one day would save approximately $5,700 annually and bring the district in line with the peer average.

Financial Implication: Reducing the number of sick days taken by each teacher by one day would save TLSD approximately $5,700 annually in substitute costs and bring TLSD closer the peer average. The actual financial implications may be greater depending on the district's use of long-term substitutes whose salaries are considerably higher than casual substitutes.

F3.35 TLSD has a perfect attendance incentive. The policy states that any employee who uses no personal leave during the school year will receive $120. If an employee uses no more than one (1) day personal leave, the employee receives a lump sum payment of $75. If an employee uses no more than two (2) days of personal leave, the employee receives a lump sum payment of $35. In FY 1999-00, 62 of 95 certified employees received some level of reimbursement for unused personal leave. **Table 3-28** shows the cost savings to TLSD for the 62 teachers who took advantage of the incentive in FY 1999-00.

Table 3-28: Cost Savings of Personal Incentive Policy

	0 days used@ $120	1 day used @ $75	2 days used @ $35
Perfect Attendance Incentive [1]	$7,440	$4,650	$2,170
Substitute cost	$5,940 [2]	$9,660 [3]	$13,380 [4]
Total Cost	$13,380	$14,310	$15,550
Perfect Attendance Incentive-0% Participation [5]	$17,100	$17,100	$17,100
TLSD Cost Savings	**$3,720**	**$2,781**	**$1,550**

Source: Treasurer's Office
[1] Based on 62 employees.
[2] Substitute cost calculated by the number of teachers using the three personal days (33) times the daily substitute cost ($60) times the number of days (3).
[3] Substitute cost calculated by the number of teachers using the personal days (33) times the daily substitute cost ($60) times the number of days (3) plus the number of teachers (62) using one personal day, utilizing a substitute (1) times the daily substitute cost ($60).
[4] Substitute cost calculated by the number of teachers using the personal days (33) times the daily substitute cost ($60) times the number of days (3) plus the number of teachers (62) using two personal days requiring a substitute (2) times the daily substitute cost ($60).
[5] Total cost of 95 teachers taking all three personal days (3)times the daily substitute cost ($60).

As illustrated in **Table 3-28**, assuming that the 62 teachers who took advantage of the perfect attendance policy used zero personal days, the maximum savings incurred to TLSD was $3,720.

R3.9 TLSD's perfect attendance policy is an effective practice in trying to control leave usage. However, policies of this kind are used to create cost savings to school districts by helping eliminate higher substitute costs. TLSD should perform an analysis on both the costs and benefits of continuing to institute a perfect attendance policy incentive.

F3.36 **Table 3-29** indicates the amounts paid to teachers by each peer district for substitute services when a standard substitute is not available.

Table 3-29: Rates Paid for Teachers to Fill in for Substitutes

Trimble	Bloom-Vernon	Federal Hocking	Southern
$10.00 prorated on an hourly basis	none stated	$15.00 per period	$18.40 per period [1]

Source: Teacher contracts/handbooks
[1] Calculation is based on SLSD substitute pay formula as stated in the contract, based on the average teachers salary **(Table 3-16)** and the assumption that the teacher subs for the full 40-minute planning period.

TLSD uses the Athens-Meigs county ESC to get their substitute teachers. All substitute teachers applying directly to the District are sent to the county ESC. TLSD does not hire substitute teachers directly. TLSD indicated that, in recent years, substitute teachers have been somewhat difficult to locate and teachers are occasionally asked to cover classes. When teachers serve as period substitutes during their preparation time, they receive additional compensation of $10 dollars on a prorated hourly basis. The superintendent indicated that the teachers are usually willing to serve as substitutes and that in FY 1999-00, a total amount of $1,734 was paid to teachers who helped substitute during their planning periods. TLSD does have the lowest cost per hour of the peers, but extrapolated out for an entire substitute's day, the district pays $20 more for each class covered by teachers when compared to the cost for a casual substitute.

Using current employees to cover vacancies caused by substitute shortages is an effective means of ensuring classroom coverage; however, teachers may decline the additional duties and TLSD potentially could find its teaching staff shorthanded. The TLTA contract indicates that no teacher will substitute more than one period a day and is required, if asked, to cover one class period once a month. Therefore, the policy of using teachers and not having a ready pool of substitutes may leave the District open to potential shortage during the school year.

R3.10 In order to increase TLSD's pool of substitutes, the district should consider placing advertisements in area newspapers and on television. During FY 1999-00, Massillon City School District ran advertisements in area newspapers and on television and was able to increase its pool of substitutes by approximately 30 substitutes.

Additional strategies TLSD should consider implementing to increase the substitute pool include the following:

- Mailing letters to student teachers;
- Placing flyers in university placement offices;
- Offering flexibility with both a.m. and p.m. or full-day shifts or day-to-day substitute teaching;
- Holding informational meetings prior to the start of the school year; and
- Developing a substitute teachers' handbook.

By creating a larger pool of substitutes, TLSD would not only avoid the increased cost of using teachers as substitutes but could also develop a pool of future candidates for vacancies created by teachers who retire or move out of the district. An available pool of candidates who have been evaluated by school administrators in their roles as district substitutes can dramatically reduce the time and cost of the candidate search process.

Classified Substitutes

F3.37 Classified positions that require substitutes are only filled by casual/short-term substitutes. Substitutes are paid an hourly rate based upon the classification of employees as shown in **Table 3-24**. Substitutes for classified positions remain at the same hourly rate regardless of the number of days spent in the same position. Benefits are not provided to classified casual/short-term substitutes.

F3.38 **Table 3-30** illustrates the number of days of leave used by TLSD's classified staff for FY 1999-00. Each instance of leave use required either a substitute or another staff member to cover the vacancy.

Table 3-30: Classified Personnel Days Taken FY 1999-00

Classification	# Sick days taken	# Pers. days taken	# Prof. days taken	# Vacation Leave	# Other days	Total days taken	# Empl. per Class	Average # Total Days Taken per Employee
Clerical/Office	105.0	12.0	0.0	44.0	0.0	161.0	7 [1]	27.7
Custodian/Maintenance	102.0	27.0	0.0	134.0	11.0 [2]	274.0	9	30.4
Food Service	52.0	11.0	0.0	0.0	0.0	63.0	9	7.0
Transportation	120.0	24.0	0.0	0.0	0.0	144.0	13	11.1
Other [3]	167.0	33.0	0.0	0.0	0.0	200.0	14	14.3
Totals	**546.0**	**107.0**	**0.0**	**178.0**	**11.0**	**842.0**	**52**	**16.2**

Source: Treasurer's office
[1] Only four of the seven employees are eligible for vacation.
[2] Number of "other leave" days taken were unpaid days.
[3] Other classification consists of clerical aides.

TLSD's classified staff averaged 16.2 leave days per employee in FY 1999-00 with the highest number of days taken per employee in the Custodial/Maintenance category. Leave days used has a direct impact on costs to a school district because both the employees regular salary and the substitute cost must be paid by the district. If a substitute is not obtained, the district may have to pay overtime to a regular employee to cover the vacancy. Of the 842 total days taken by TLSD's classified personnel, 546 or 64.8 percent were sick days.

F3.39 **Table 3-31** shows the average number of leave days taken per employee by type of leave for each category of classified staff.

Table 3-31: 1999-00 Average Number of Leave Days per Classified Personnel

Classification	Average. # Sick Days Taken	Average # Per. Days Taken	Average # Prof. Days Taken	Average # Vacation Days Taken	Average # Other Days Taken
Clerical/Office	15.0	1.7	0.0	11.0 [1]	0.0
Custodian/Maintenance	11.3	3.0	0.0	14.9	1.2
Food Service	5.8	1.2	0.0	0.0	0.0
Transportation	9.2	1.8	0.0	0.0	0.0
Other [2]	11.9	2.4	0.0	0.0	0.0
Average Leave for all Classifications	**10.6**	**2.0**	**0.0**	**13.0** [3]	**1.2** [3]

Source: Treasurer's office
[1] Only four of the seven employees are eligible for vacation.
[2] Other classification consists of clerical aides.
3 Averages do not include classifications claiming 0.0 days.

TLSD's classified employees took an average of 10.6 days of sick leave. Three classifications (clerical/office, custodian and other) averaged in excess of 10 days sick leave during FY 1999-00 with clerical/office employees averaging the most at 15.0 days per person. The cost savings associated with sick leave usage cost reduction are shown in **R3.7**.

F3.40 TLSD's perfect attendance incentive has also been extended to classified staff. The incentive rates are the same as those for certificated staff. In FY 1999-00, 20 of 53 classified employees received reimbursement for unused personal leave. Three supervisors (food, custodian and transportation) and seven clerical staff are included in the number of eligible classified employees who received the reimbursement incentive for no personal leave days taken. However, these groups are not covered under the negotiated agreement.

F3.41 **Table 3-32** compares the average number of sick days taken by TLSD's classified staff to the peer districts for FY 1999-00.

Table 3-32: Average Number of Sick Days Taken FY 1999-00

	Trimble		Bloom-Vernon		Federal Hocking		Southern		
	# Sick days taken	**Avg. Per Empl.**	**# Sick days taken**	**Avg. Per Empl.**	**# Sick days taken**	**Avg. Per Empl.**	**# Sick days taken**	**Avg. Per Empl.**	**Peer Average [1]**
Clerical/Office	105.0	15.0	22.5	3.2	221.0	13.0	85.5	10.7	9.0
Custodian/Maintenance	102.0	11.3	134.5	12.2	39.0	3.0	95.0	11.9	9.0
Food Service	52.0	5.8	52.5	5.0	84.0	8.4	126.5	14.1	9.2
Transportation	120.0	9.2	121.5	8.1	203.0	8.5	176.8	14.7	10.4
Other [2]	167.0	11.9	30.5	3.4	N/A	N/A	76.0	9.5	6.5
Totals	**546.0**	**10.6**	**361.5**	**6.4**	**547.0**	**8.2**	**559.8**	**12.2**	**8.9**

Source: Treasurer's office
[1] Peer average does not include TLSD and only includes those districts with numbers greater than 0.0.
[2] Other classification consists of employees classified as classroom and library aides.

Table 3-32 indicates that TLSD's classified staff averaged 10.6 sick days during FY 1999-00, which is higher than the peer average of 8.9 and the second highest among the peer districts. Most sick leave days were used by employees in the Other category, although Custodial/Maintenance and Clerical also contributed heavily to the high leave usage. The classified staff provides critical resources to the educational process by fulfilling the following roles:

- Functioning as a support resource to staff and students;
- Providing a clean and secure environment;
- Ensuring nutritious lunches; and
- Fulfilling additional functions as required by curriculum and/or other district needs.

Because excessive sick leave limits TLSD's resources, daily routines are disrupted which can weaken the quality of education. TLSD also incurs significant costs associated with overtime and the use of substitutes. TLSD spent $66,643 on classified employee substitutes during FY 1999-00. Contributing to this expense were sick days used by classified employees.

R3.11 TLSD should seek methods to reduce the use of sick leave days among classified employees. If TLSD could reduce the amount of sick leave taken, it would eliminate additional administrative time, enhance the quality of education by eliminating interruptions in the flow of work, and reduce the overall substitute and overtime cost as shown in **Table 3-33**.

Table 3-33: Annual Savings Calculated from Reductions in Classified Sick Leave Usage

Employee Classification	Annual Savings				
	Sick leave reduced by 2 days	**Sick leave reduced by 3 days**	**Sick leave reduced by 4 days**	**Sick leave reduced by 5 days**	**Sick leave reduced by 6 days**
Clerical/Office	$565	$847	$1,130	$1,412	$1,695
Custodian/Maintenance	$775	$1,162	$1,549	$1,937	$2,324
Food Service	$581	$872	$1,162	$1,453	$1,743
Transportation	$879	$1,318	$1,758	$2,197	$2,636
Other [1]	$904	$1,356	$1,808	$2,260	$2,712
Totals	**$3,704**	**$5,555**	**$7,407**	**$9,259**	**$11,110**

[1] Other classification consists of employees classified as aides.

Reducing the number of sick days taken by two days would bring TLSD slightly below the peer average, resulting in an estimated annual savings of $3,703 in substitute costs.

Financial Implication: Reducing the number of sick days taken by each employee by two days would save TLSD $3,700 annually in substitute costs.

F3.42 As shown in **Tables 3-26 and 3-31**, TLSD certificated and classified employees use a slightly high number of leave days when compared to the peer average. Ongoing high levels of leave usage not only substantially increase costs to a district but can negatively impact the educational and environmental quality of a district. In some cases, entities enact policies to curb excessive leave usage and reduce the financial and systemic strain on the entity. TLSD's high leave usage may be a component of the district's current financial condition and may also impact TLSD's scores on State-mandated tests.

R3.12 Because of the amount of sick leave taken per employee (between 5.7 and 15.0 days) and the costs associated with obtaining substitutes to cover absences, TLSD should consider implementing additional policies to assist with the reduction of sick leave usage. Potential policies include the following:

- Implementing a sick leave abuse policy such as a rolling year occurrence policy whereby employees are held accountable for the number of times taken off rather than the length of time actually taken; and

- Requiring sick leave taken to be used as a component of the employee's evaluation.

In order for sick leave management to be effective, all administrators should complete initial and ongoing training to ensure complete understanding and consistent implementation of such policies. In addition to control measures, TLSD should weigh the costs and benefits of offering incentives for reduced leave usage or partial payouts for unused leave on an annual basis.

Benefits Administration

F3.43 The administration of benefits for TLSD is managed by the treasurer and the treasurer's secretary. The secretary is responsible for distributing and explaining benefit packets to new employees, processing enrollment changes, reconciling carrier coverage records and ensuring that payroll deductions are processed properly. The treasurer is responsible for the administration of health, dental and life insurance claims as well as processing workers' compensation claims.

F3.44 TLSD offers only one health care plan to its employees, Anthem Blue Cross, a Preferred Provider Organization (PPO) plan. In FY 2000-01, TLSD converted from a traditional plan to a PPO. The change to a PPO plan allowed TLSD to maintain health insurance costs at FY 1999-00 rates. Therefore, TLSD did not experience a rate increase in health insurance premiums for FY 2000-01.

F3.45 **Table 3-34** summarizes the number of hours the different classifications of employees are required to work in order to receive benefits. The Board pays 100 percent of the medical premium costs for all employees if they are eligible to receive full-time benefits. Additionally, the Board pays 100 percent of the dental premium costs for all employees that are eligible to receive full-time benefits.

Table 3-34: Summary of Eligibility Requirements for Benefits

Employee Classification	Number of Hours Required to Qualify for Full-Time Benefits	Level of Board Paid Medical Benefits	FY 1999-00 Average Number of Medical Enrollments	Level of Board Paid Dental Benefits	FY 1999-00 Average Number of Dental Enrollments
Certificated	7 hours per day	100%	20 Single 69 Family	100%	16 Single 73 Family
Classified	Any employee who works 15 hours or more a week	100%	10 Single 28 Family	100%	9 Single 34 Family
Principals, Administration & Others	No specific requirements	100%	5 Family	100%	5 Family

Source: Contractual agreements and monthly insurance invoices

F3.46 During FY 1999-00, TLSD had one classified employee who worked 15 hours a week and 31 employees who worked 20 hours a week but fewer than 35 hour per week. Currently, an employee who works 3.0 hours per day and a minimum of 15 hours per week is eligible to receive full benefits from TLSD. TLSD pays 100 percent of the monthly premium for all employees who work a minimum of 15 hours a week. **Table 3-35** illustrates the number of employees and the designated number of hours worked during the week.

Table 3-35: Breakdown of Classified Employees Work Week

Number of hours worked during a week	Number of employees	Percentage based on 8.0 hr work day
15 hours [1]	1	37.50%
20 hours	4	50.00%
30 hours [2]	24	75.00%
32.5 hours	2	81.25%
35 hours	1	87.50%
37.5 hours	6	93.75%
40 hours	14	100.00%

Source: Treasurer's Office
[1] One aide works 15 hours a week.
[2] Employees who work 30 hours a week consist of 13 aides , 9 food service staff and 2 bus drivers. All other employees listed above who work from 20 hours to 40 hours a week are bus drivers and clerical staff.

Table 3-35 indicates that 55.8 percent of the 52 classified employees worked 30 hours or less per week. While most school districts offer benefits to part-time employees, a large number require an employee contribution toward medical benefit premiums for part-time employees. The contribution is prorated based on hours worked. By offering to pay 100 percent of benefits costs for part-time employees, TLSD incurs additional costs.

R3.13 TLSD should revise its graduated benefits scale for those employees who work between three hours per day or 15 hours a week and a full day (7.5 to 8 hours). TLSD should consider using a prorated schedule based on the actual number of hours worked in a day. Currently, an employee who works 15 hours a week is eligible to receive full benefits. If TLSD used a prorated scale, an employee working three hours per day would have to contribute 62.5 percent of the monthly premium. Expanding the graduated benefits scale would decrease TLSD's premium costs.

Assuming that all classified employees draw only individual benefits plans costing TLSD $195.69 per month. If TLSD would require employees to contribute a percentage of the premiums cost based on the difference between hours worked and the percentage of full-time hours worked, TLSD could save approximately $21,000 annually.

Financial Implication: By implementing a graduated benefits contribution scale for part-time employees and requiring employees to pay the percentage difference between hours worked and full-time hours, TLSD could save $21,000 annually.

F3.47 **Table 3-36** provides selected health care plan cost information for TLSD and the peers.

Table 3-36: Hospitalization

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Emp. Share	Monthly Premium for Empl.+1	Full-Time Empl.+1 Share	Monthly Premium For Family	Full-Time Emp. Share	Pres. Plan Included	FY 2000 Avg. Enrollment per Plan	Self Insured
Trimble	Anthem Blue Cross-PPO	$195.69	$0.00	N/A	N/A	$522.85	$0.00	Yes	30/102	No
Bloom-Vernon	Scioto Co. Health	$341.00	$51.15	N/A	N/A	$900.00	$135.00	Yes	23/62	Yes
Federal Hocking	Anthem Blue Cross-PPO	$195.69	$0.00	N/A	N/A	$522.85	$5.23	Yes	56/127	No
Southern	Mutual Health Services	$439.02	$0.00	N/A	N/A	$1,057.54	$40.00	Yes	34/83	Yes

Source: Treasurer's Office; peer districts

TLSD pays 100 percent of the single and the family medical premiums. Bloom Vernon and Southern Local School Districts use self-insured plans and require employees on the family plan to pay a portion of the monthly premium. Furthermore, Federal Hocking Local School District is on a PPO plan similar to TLSD but requires employees to pay a portion of the monthly premium for the family plan and are

A report on the *Cost of Health Insurance in Ohio's Public Sector* was completed by the State Employee Relations Board (SERB). Based on the 2000 study, approximately 65 percent of the responding employers required employees to pay a portion of the cost of a family premium. In addition, 51 percent of employers required employees to share the cost for the single plan. The average monthly employee contribution is $23.41 for the single plan and $66.68 for the family plan. These rates amount to 10.8 percent of the cost of a single plan and 12.1 percent of the monthly family premium. Other findings from the study include the following:

- The estimated cost of medical and other health care benefits averages $6,352 per covered employee in 2000.
- Monthly medical insurance premiums currently average $215.60 for single coverage and $549.41 for a family plan.

- The average total monthly cost of employee health care benefits stands at $262.25 and $632.24 for single and family coverage, respectively.
- Approximately 91 percent of public employers offer some level of dental coverage; 56 percent provide a vision plan, and 94 percent offer life insurance.
- Dental coverage costs an average of $29.99 a month for single and $53.52 a month for family. The cost of optical insurance averages $8.41 for single and $16.08 for family coverage.
- Twenty-three percent of employers offer more than one health plan coverage while almost 70 percent of public employees contribute to the cost of medical insurance.
- The current cost of prescription coverage is more than 20 percent higher than the levels reported for 1999.

In comparison to the SERB study, the average cost of TLSD's single medical plans ($195.69 a month) is lower than the SERB's reported average monthly medical premium cost of $215.60. The average cost of TLSD's family medical plans ($522.85 a month) is also lower than SERB's reported average monthly medical premium cost of $549.41. However, TLSD does not require employees to share the cost of insurance benefits, and all employees who work over 15 hours a week are eligible for full benefits.

F3.48 **Table 3-37** compares certain benefit plan features which should be considered when conducting a cost/benefit analysis of various medical plans.

Table 3-37: Key Medical Plan Benefits

	Trimble Anthem Blue Cross (PPO)	Bloom-Vernon Scioto County Health Benefit	Federal Hocking Anthem Blue Cross (PPO)	Southern Local Mutual Health Services
Office Visits	In Network $10 copayment Out of Network 80% after deductible limit is met	20% copayment after deductible is met 100% after deductible limit is met	In Network $10 copayment Out of Network 80% after deductible limit is met	90% up to $300/person or $600 /family 100% after deductible limit is met
Employee Annual Deductible	In Network None $200 per person [1] $1,000 limit $400 per family [1] $2,.000 limit Out of Network $400 per person $2,000 limit $800 per family $4,000 limit	$100 per person $500 limit $200 per family $1,000 limit	In Network None $200 per person [1] $1,000 limit $400 per family [1] $2,.000 limit Out of Network $400 per person $2,000 limit $800 per family $4,000 limit	$300 (S) $600 (F)
Prescription Plan Included?	Yes	Yes	Yes	Yes
Need to Choose Primary Physician	No	No	No	No
Maternity	In Network 100% after $10 office visit copayment, Out of Network 80% after deductible limit is met	80%	In Network 100% after $10 office visit copayment, Out of Network 80% after deductible limit is met	100%
Well Child Care	In Network $10 copayment Out of Network not covered	80% 0-12 months - $500 maximum 1-9 years - $150 maximum	In Network $10 copayment Out of Network not covered	0-12 months - $500 max 1-9 years - $150 max
Inpatient Hospital Care	In Network 100% Out of Network 80% after deductible limit is met 365 days maximum	80% 120 days maximum	In Network 100% Out of Network 80% after deductible limit is met 365 days maximum	100% 120 days maximum

Source: Schedule of benefits
[1] $200/$400 Deductible for durable medical equipment.

Many of the differences between plans shown for TLSD and the peers can be attributed to the type of plan purchased by each district. For example, PPO plans typically do not require the policyholder to choose a primary physician, however they must see an in-network physician in order for the service to be fully covered. On the other hand, health maintenance organizations (HMOs) require the covered individual to choose a primary care physician.

Typically, districts have some influence over the cost of co-pays, annual deductibles and the inclusion of prescription plans.

F3.49 **Table 3-38** shows the average premiums paid for both single and family dental plans for TLSD and the peers.

Table 3-38: Dental Insurance

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Employee Share	Monthly Premium For Family	Full-Time Employee Share	Number Enrolled: Single/Family	Self-Insured
Trimble	Core Source	$33.72	$0.00	$33.72	$0.00	25/112	No
Bloom-Vernon	Core Source	$18.00	$1.80	$51.00	$5.10	18/102	Yes
Federal Hocking	Core Source-certified -classified	$29.30 $25.39	$0.00	$29.30 $25.39	$0.00 $2.40	33/189	No
Southern	Mutual Health Services	$38.44	$0.00	$38.44	$0.00	20/103	Yes

Source: Schedule of benefits

As shown in **Table 3-38**, only Bloom-Vernon and Federal-Hocking Local School Districts require an employee contribution for dental insurance. TLSD, Bloom-Vernon and Federal Hocking use the same dental insurance provider although premiums for each district vary. The differences in premiums may be a result of the volume of utilization or the point in time during which the dental insurance contract was negotiated with Core Source.

F3.50 **Table 3-39** presents the annual cost for certain benefits for FY 1999-00 for TLSD and all peer districts.

Table 3-39: Yearly Total of All Insurance Costs for FY 1999-00

School	Health Care Costs	Dental Costs	Rx Costs	Vision Costs	Life Insurance Costs	Totals	Annual Health, Dental, Prescription, Life and Vision Insurance Cost per Employee
Trimble	$647,186	$44,988	$183,372	N/A	$2,729	$878,275	$6,639
Bloom Vernon	$514,648	$59,331	N/A	$21,879	$6,411	$602,269	$6,789
Federal Hocking	$869,715	$63,843	$78,435	$24,723	$17,705	$1,054,421	$5,693
Southern	$635,097	$69,997	$78,042	$4,305	$14,746	$802,187	$6,784

Source: Treasurer's office

TLSD's annual cost per employee ($6,639) is slightly higher than the annual cost of health care ($6,352) per covered employee as estimated in the SERB report in 2000 and is the second lowest among the peer districts. However, the practice of paying for full benefits for part-time employees increases expenditures. Furthermore, TLSD pays 100 percent of the premium cost which also contributes to the current operating deficit. In an effort to curb rising insurance costs, employers have begun requiring employees to contribute a portion of benefit costs.

R3.14 In order to further reduce the cost of insurance benefits, TLSD should consider requiring full-time employees to contribute a higher percentage towards the monthly premium costs. If TLSD required contribution percentages of 10, 15 or 20 percent, the overall insurance expenses would be reduced as shown in **Table 3-40.**

Table 3-40: Annual Savings Resulting from Increased Employee Contributions for Insurance

	Annual Savings Calculated at		
	10%	**15%**	**20%**
Medical Plan - Single	$6,626	$9,939	$13,252
Medical Plan - Employee +1	N/A	N/A	N/A
Medical Plan - Family	$59,597	$89,396	$119,194
Dental Plan - Single	$415	$622	$829
Dental Plan - Family	$1,907	$2,861	$3,814
Total Annual Savings	**$68,545**	**$102,818**	**$137,089**

Financial Implication: Increasing the contributions to the rate of 10 percent would save TLSD approximately $68,545 annually. Increasing contributions to 15 percent would save TLSD approximately $102,818 annually. Furthermore, increasing the contributions to the rate of 20 percent would save TLSD approximately $137,089 annually.

Workers' Compensation

F3.51 Ohio employers who are substantially similar can apply for group workers' compensation coverage and potentially achieve lower premium rates than they could individually. TLSD participated in group coverage in 1996, 1997, 1998 and 1999. **Table 3-41** illustrates workers' compensation benefits for TLSD and the peer districts for calender year 1999.

Table 3-41: Peer District Comparison of Workers' Compensation Benefits for 1999

District	Total Employees	# Medical Claims Allowed	# Lost Time Claims Allowed	Claims/ Employee	Premium	Premium Cost/ Employee	Experience Modifier Status	Retro Rating
Trimble	142.3	2	0	0.014	$24,918	$175	0.49	No
Bloom-Vernon	134.6	4	0	0.029	$22,262	$165	0.49	No
Federal Hocking	201.7	4	0	0.019	$29,388	$146	0.49	No
Southern	127.4	2	0	0.016	$16,126	$127	0.49	No
Peer Average	154.6	3	0	0.021	$22,592	$146	0.49	No

Source: Bureau of Workers' Compensation; EMIS 1999 Staff Summary Report

As shown in **Table 3-41,** TLSD had an experience modifier (EM) of .49 which is in line with the peers and premium costs per employee of $175 which is the highest among the peers. Additionally, TLSD had .014 claims per employee which is in line with the peers but 33.3 percent below the peer average.

TLSD has experienced medical claims but no lost time claims over the past four years. Lost time claims are defined as the number of workers' compensation claims exceeding eight days. Generally, these types of claims are the most taxing on the system and have a greater effect on the experience modifier and premium costs. The EM status is based on factors such as the total number of claims in any previous time period, the severity of those claims and the extent to which lost time claims went into effect.

F3.52 **Table 3-42** indicates that TLSD's total number of medical and lost time claims remained fairly consistent and has resulted in stable EM and premium costs.

Table 3-42: Approximate Number of Claims

	# Medical Claims Allowed	# Lost Time Claims Allowed	Experience Premium Costs	Experience Modifier
1996	1	0	$26,114	0.65
1997	0	0	$23,034	0.47
1998	0	0	$24,004	0.51
1999	2	0	$24,918	0.49

Source: Bureau of Workers' Compensation

Although TLSD has participated in the Workers Compensation Managed Care Program and the Gates McDonald Health Plus Program, medical claims continue to occur occasionally within the district. The Bureau of Workers' Compensation's Division of Safety and Hygiene and Risk also offers risk reduction programs that might benefit TLSD. Programs, such as those used or proposed to the district, will assist TLSD in developing strategies to continuously improve its safety record and control fluctuating costs of claims.

C3.2 TLSD has participated in the Workers' Compensation Managed Care Program and the Gates McDonald Health Plus Inc. program. These programs assist TLSD in developing strategies to improve its safety records and control fluctuating costs of claims. Based on **Table 3-42**, TLSD was highly successful in mitigating risks in 1998 and 1999.

Contractual Issues

F3.53 Certain contractual issues have been assessed and compared to the peer districts and are illustrated in the following pages. Because contractual issues directly affect TLSD's operating budget, many of the contractual issues have also been assessed to show their financial implications. The implementation of any of the following contractual recommendations would require union negotiations.

TLSD has two collective bargaining units: the Trimble Local Teachers' Association (TLTA) for the certified staff, and the American Federation of State County and Municipal Employees, Local 1351 and Ohio Council 8 (AFSCME) for the classified staff. This report focuses primarily on the agreements adopted between TLSD Board of Education and the TLTA (August 24, 1998 through August 24, 2001) and the AFSCME Local 1351, (September 1, 1999 through August 2000). However, TLSD's Board of Education negotiated new agreements with the staff one year prior to the expiration of the TLTA negotiated agreement. Therefore, current contractual agreements are effective August 24, 2000 through August 23, 2003 for the TLTA and September 1, 2000 through August 31, 2003 for the classified staff.

F3.54 During the term of the TLTA contract dated August 24, 1998 through August 24, 2001, the Board and the teachers' bargaining unit agreed to reopen negotiations if the Board's projected revenues did not increase by $200,000 during the term of the contract. This reason led to the early negotiation of the certified contract one year prior to its expiration. However, since the Board determined that projected receipts for the third fiscal year were in jeopardy, TLSD certified staff received a 2.74 percent increase in salary in spite of the fact that the district was facing financial difficulty. The language to reopen negotiations if projected revenues did not exceed a certain dollar amount was not included in the previous contract dated August 24, 1994 through August 24, 1998 and was removed from the current contract that was renegotiated and effective August 24, 2000 through August 23, 2003. See the **financial systems section** of the report for further information regarding negotiations.

F3.55 **Table 3-43** compares some key TLTA contractual issues to the peer districts. TLTA received a salary increase of 2.74 percent between FY 1999-00 and FY 2000-01. All other contractual issues established during the previous contract are continued during this extended time period.

Table 3-43: TLTA Contractual Issues

Description	Trimble	Bloom-Vernon	Federal Hocking	Southern
Length of Work Day	7 hrs (includes a 30 minute duty-free lunch period)	7 hrs (includes 30 minute duty-free lunch period) [1]	7 hrs (includes 30 minute duty-free lunch period)	7 hrs elementary 7 1/4 hrs middle & high school (includes a 30 minute duty-free lunch period
Maximum Class Size	Grades K-6: 28 to 1 Grades 7-12: 27 to 1 [2]	None stated	25 to 1	25 to 1
# Contract days **# of Instructional Days** **# of In-service Days** **# Parent-Teacher Conferences**	183 178 3 2	180 178 0 2	182 178 2 2	183 180 1 2
Maximum # of Sick Days Accrued	Unlimited	215 days	Unlimited	275 days
Sick/Personal leave incentives?	Personal Leave Incentive [3]	None stated	None stated	Personal & Sick Leave Incentive [4]
Maximum # of sick days paid out at retirement/ % of payout.	25% of accumulated sick leave up to a maximum of 50 days	25% of accumulated sick leave up to a maximum of 50 days	$50/day with a maximum of 350 days or 25% of accumulated sick leave up to a maximum of 240 days [7]	100% of accumulated sick leave up to a maximum of 60 days
# of years required for severance pay	None stated	Eligibility requirements under State Teachers Retirement System	None stated	5 years with the District
# of Personal Days **Notice required?**	3 days 48 hours notice must be given to use any personal leave	3 days 2 weeks notice must be given to use any personal leave	3 days 72 hour notice must be given to use any personal leave	3 days no advanced notice stated in contract
# of leave days for association business	5 days for President [5] and /or 15 days annually for the entire district	N/A [6]	2 delegates/2 days each	3 days per person, additional days granted with approval of superintendent

Description	Trimble	Bloom-Vernon	Federal Hocking	Southern
Sabbatical/Professional leave; Requirement to return? Compensated?	May receive one year at partial pay after five years of service and must return to the District for one year following the leave unless the employee has twenty-five years of experience. One day professional leave a year may be granted with pay with the principal & superintendent's approval.	Professional Leave is evaluated on an individual basis	May receive one year at partial pay after five years of service and must return to the District for one year following the leave unless the employee has twenty-five years of experience. Professional leave may be granted with pay by approval of the building decision making committee or president of the association and the superintendent. [7]	May receive one year at partial pay after five years of service and must return to the District for one year following the leave unless the employee has twenty-five years of experience. Professional leave may be granted with pay by approval of superintendent, and/or the Board. Professional leave may be granted without pay by the principal.
# of days to file grievance	20 days	N/A	15 days	20 days
Cost of Living Increase per each year of contract	FY 1998: 16.9% [8] FY 1999: 2.2% FY 2000: 1.8%	FY 1998: 3.37% FY 1999: 2.79% FY 2000: 2.72%	FY 1998: 0% FY 1999: 125% FY 2000: 0%	FY 1999: 4% FY 2000: 4% FY 2001: 3.25%
Past Practice Clause	None stated	None stated	None stated	None stated

Source: Teacher Contracts FY 1999-00
[1] Work day hours stated according to Treasurer.
[2] Number of students shall not exceed 32 in any class.
[3] Any bargaining unit member who used no personal days receives $120, used only one day receives $75, and any member who uses two days receives $35 at the end of June.
[4] Incentive is paid on schedule as stated in teachers contract page 14.
[5] The Association President may have unlimited number of days under this section the Association reimburses the Board for the cost of the substitute. Days must be in ½ day increments.
[6] Bloom Vernon Local School District operates by Handbook that applies to both certified and classified staff.
[7] A certain amount of funds each fiscal year are approved per building to be utilized for professional leave.
[8] Increases are based on the average of Alexander, Athens City, Federal Hocking and Nelsonville-York base salaries. The average is determined in October and effective August.

F3.56 The TLTA contract requires an employee to file a written grievance form within 20 working days after the employee is aware of the problem. In addition, all grievance hearings occur formally with designated time frames between each of the resolution levels. However, an informal process is followed prior to the formal grievance filing. The informal process is usually conducted with the grievant, building principal and, if requested, the union representative. The informal process occurs within the 20 days following the act or condition. The superintendent indicated that no grievances have been filed by the certified staff in the last two years.

C3.3 By having implemented an informal grievance process, TLSD minimizes administrative time spent in meetings and in writing reports. The process eliminates the need for all grievances to undergo a formal proceedings. In addition, the current grievance procedure provides a method to resolve grievance issues in a timely manner. TLSD should encourage its building principals to resolve issues at the informal level as often as possible

R3.15 During the next round of negotiations, TLSD should consider reducing the maximum number of days for filing a grievance from 20 to 10. This reduced filing period precludes duplicate grievances from being filed as a result of unresolved issues. Reducing the time period for filing a formal grievance would require the informal grievance process to either be streamlined or included in the TLTA grievance policies.

F3.57 Certified staff members are granted three days of non-cumulative personal leave per year. According to the contract, the superintendent may grant a teacher an additional number of personal days as an exception. A request for personal leave must be submitted to the building principal two days prior to the date requested for personal leave except in the cases of emergencies. Furthermore, personal leave for a day immediately preceding or following a holiday will only be granted if the use is for an emergency or other such situation approved by the superintendent.

C3.4 TLSD's personal leave policy which disallows the use of personal days immediately preceding or following a holiday period or the first and last week of school helps reduce substitute costs. In addition, the superintendent's practice of limiting the number of personal days to three per employee helps in maintaining levels commensurate with the peer districts.

F3.58 The contract provides up to 15 paid days of leave to be used for TLTA business by any employee of TLSD upon recommendation of the superintendent and/or Board, provided that the meeting content is beneficial in the classroom or the school system. In addition, the Board also provides the TLTA president with release time with pay to conduct association business. The TLTA president is allowed five leave days per year and if the association reimburses the Board for substitute costs, the TLTA president may take an unlimited number of days per year. The Board is only reimbursed after the fifth day of leave by the association president. In covering for TLTA leave days in FY 1999-00, TLSD paid substitute costs for two teaching days at $120.

R3.16 At a minimum, TLSD should require the TLTA to reimburse it for the cost of providing substitute teachers to cover for employees on association leave. Additionally, TLSD should consider negotiating a provision by which the TLTA is responsible for providing the employees' salaries and benefits when on association leave.

Financial Implication: Assuming TLSD is required to provide substitutes for 20 days a year (15 for employees and 5 for the association president), requiring the TLTA to pay this cost would save approximately $1,200 annually. Additionally, if TLSD required the TLTA to also pay the daily salaries of those members using association leave, TLSD could save an additional $4,062 annually (assuming 183 contract days and average teacher salaries of $37,170).

F3.59 The TLTA contract indicates that administration should first consider seniority when making decisions which involve voluntary reassignments or transfers. Decisions which are based strictly on certification, experience, performance evaluations, educational background and training are not permitted, and these qualifications are secondary in the selection process as compared to seniority.

R3.17 TLSD should renegotiate the basis for voluntary reassignments and transfers to include certification, experience, performance, training and education, and the needs of the district instead of relying solely on seniority as a basis for decision-making. By basing vacancy and teacher transfer decisions strictly on seniority, TLSD may not place the most qualified candidates in vacant positions. Using performance and credentials as a basis for decision-making increases the likelihood that candidates will be successful in their new positions and that students will also receive maximum benefits.

F3.60 The TLTA contract includes an Early Retirement Incentive program (ERI) that was offered August 1, 1998 through July 31, 2001. Under this program, teachers using the ERI must apply in writing to the Board by April 1 of the year they want to retire; they can also request TLSD to purchase two years of service credit if they meet the following criteria.

- The member is 50 years old and has had a minimum of 28 years of teaching credit, or a combination of a minimum of 28 years of teaching experience and other purchasable credit, or

- The member is 60 years old and has at least 5 years of teaching experience.

However, prior to the expiration of this contract, a re-opener clause was exercised and a new contract was negotiated by TLSD and the TLTA. The new contract period is from August 1, 2000 to July 31, 2003 and again includes an ERI provision which expires on April 1, 2003. TLSD anticipates an additional 18 teachers and 3 administrators will take advantage of this offering in FY 2000-01 through FY 2002-03 at a cost of approximately $1.1 million. See the **financial system section** of this report for a further discussion on TLSD's ERI program.

F3.61 **Table 3-44**, shows that during the next five years, 33 percent of TLSD's certified staff is eligible to apply for the Early Retirement Incentive based on the current ERI eligibility requirements.

Table 3-44: Potential Number of Certified Staff Eligible for ERI

Years of Experience FY 2000-01	Potential Number of Staff Eligible [1]					
	FY 2000-01	**FY 2001-02**	**FY 2002-03**	**FY 2003-04**	**FY 2004-05**	**FY 2005-06**
33	1					
31	3					
30	1					
29	3					
28	4					
27		3				
26			4			
25				2		
24					2	
23						4
Total	**12**	**3**	**4**	**2**	**2**	**4**

Source: Treasurer's Office
[1] Eligible staff includes principals and teaching staff.

As noted in the **financial systems section** of this report, over the past ten years, TLSD has approved several ERI plans for teachers and administrators eligible to retire. ERIs are normally used to generate cost savings for a school district and to encourage retirement. Cost savings are derived from the ERI when employees at the top of the step schedule retire and are replaced with entry level teachers.

The contract, in place from August 1, 1990 to July 31, 1994, included an ERI provision that extended through the duration of the contract and cost TLSD approximately $298,300 plus interest. The related payments for this ERI plan were paid over a two-year period. An ERI provision was also included in the next teachers contract (in effect from August 1, 1994 to July 31, 1998) which cost approximately $137,500 plus interest. The related payments for this ERI option were also paid over a two-year period. The current contract period is from August 1, 2000 to July 31, 2003 and again includes an ERI provision which expires on April 1, 2003. TLSD anticipates an additional 18 teachers and 3 administrators will take advantage of this offering in FY 2000-01 through FY 2002-03 at a cost of approximately $1.1 million.

TLSD has incurred significant costs as a result of the ERI clause. The costs associated with the ERI heavily contributed to TLSD seeking a fiscal emergency designation. TLSD provided an ERI to its certificated employees without conducting a cost benefit analysis or studying the financial effects of the ERI on the District. Furthermore, some of the individuals using the ERI are slated to return to TSLD as contracted employees.

R3.18 TLSD should consider reopening the ERI issue and renegotiating the ERI to limit costs to FY 2000-01. TLSD and TLTA should consider revisiting the ERI clause because TLSD is unable to afford the current provision. ERI costs could be limited by reducing the number of years covered by the ERI or reducing the percentage of eligible participants to encompass only the ten employees included in the original contract.

- Initially the ERI was negotiated for a single year. Returning to a single year ERI for FY 2000-01 would save TLSD approximately $ 623,000 in ERI payments to SERB. In addition, severance costs of $250,000 could potentially be deferred by discontinuing the ERI after the first contract year.

- Likewise, TLSD could restrict the ERI to 10 percent of the certificated staff over the life of the contract, thereby limiting the costs to the FY 2000-01 ERI buy-out.

Before offering ERIs in future contracts, TLSD should conduct thorough studies assessing both the costs and the benefits of the ERI. In addition, a greater level of financial certainty could be achieved if TLSD added a ‘financial feasibility review’ to the process. The review should indicate whether it is financially feasible to implement an ERI. The Board then should be able to determine if it is feasible within seven days of the April 1, application deadline. The importance of such a clause is illustrated by the fact that while TLSD is in fiscal emergency, the district must incur additional costs, excluding interest to fund the ERI. See the **financial systems section** for more information concerning the ERI.

Financial Implication: Returning to a single year ERI could save TLDS approximately $623,000 in SERB early retirement payments and $250,000 in deferred severance costs over the forecast period.

F3.62 **Table 3-45** indicates the contractual provisions pertaining to the evaluation process for teachers within TLSD.

Table 3-45: Evaluation Process

	Trimble	Bloom-Vernon	Federal Hocking	Southern
What is the frequency of evaluations for the following teachers?				
Teachers on limited contracts	First year teachers and teachers new to the district are evaluated two times per year. Two-year limited contracted teachers are evaluated once per year. Five year limited contracted teachers are evaluated a minimum of three times over the contract period.	First year teachers are evaluated four times per year Second and third year teachers are evaluated three times per year. Four years plus teacher receive one evaluation every other year.	Teachers on non-expiring contracts are evaluated once during the term of the contract. Teachers on expiring contracts are evaluated at least twice during the school year.	All bargaining unit members are evaluated at least once every three years. Bargaining unit members with less than three years of service are observed at least twice a year and members with an expiring contract are evaluated at least once during the school year.
Teachers on continuing contracts	Teachers are evaluated a minimum of once every three years.		Teachers are evaluated once every five years or as needed.	
Is there a process for poor performing teachers other than the steps required by the ORC as part of the non-renewal process?	Yes	Yes	Yes	Not stated in the contract.
Are unannounced observations permitted?	No	Yes	Yes	Yes
Are evaluation forms included in the contract?	No	Yes [1]	Yes	No

Source: TLSD contract and sample evaluation
[1] Evaluation forms are included in the Bloom Vernon Handbook.

The contract requires that certificated personnel be evaluated, depending upon the number of years experience, according to the following schedule:

- First year teachers will be evaluated a minimum of two times per year.
- Teachers on two year limited contracts will be evaluated a minimum of one time per year.

- Teachers on five year limited contracts shall be evaluated a minimum of three times over the five year contracted period.

- Teachers with a continuing contract, are evaluated a minimum of once every three years.

If teachers are found to have deficiencies in certain areas during the evaluation process, they are given the opportunity to make improvements in the deficient areas. The administration is contractually required to give positive assistance to the teacher within a two week period of the evaluation for the purpose of correcting those deficiencies. However, according to the high school principal, and as evidenced by sample evaluations, employees are given clear comments and recommendations for areas in which they have received an unsatisfactory rating. Having an effective evaluation process can have a significant impact on academic performance by allowing the school board and the superintendent to monitor staff success and progress and provide clear feedback on areas of improvement. TLSD increases the performance potential of its employees by providing evaluations that include clear recommendations for action to remedy any deficiencies noted

Although TLSD evaluations appear to be adequate, when compared to the peers, TLSD evaluations are not as frequent. For example, Bloom-Vernon's first year teachers are evaluated four times per year compared to TLSD's two evaluations per year. ORC §3319.111 requires a district wishing to non-renew a limited teacher's contract to evaluate the teacher twice during the school year prior to notifying the limited teacher of the district intent to non-renew there contract.

C3.5 The established frequency of evaluations allows TLSD administrators to ensure that teachers are performing well or consistently improving. In addition, the individualized feedback through the comments and recommendations provided within the evaluation advises teachers of the areas in which they are deficient and assists them in improving their overall performance.

R3.19 TLSD should consider incorporating within the teachers collective bargaining agreement specific steps the District will take prior to non-renewal of a limited teachers contract. The provision should include the number of evaluations conducted in the school year, when the evaluations should be conducted and how the district will notify the limited teacher of their intent to non-renew their contract. By incorporating specific steps within the collective bargaining agreement, TLSD and TLTA members will fully understand the process the District will use when they intend to non-renew a limited teacher's contract.

F3.63 The contract states that the evaluation procedure and the evaluative instrument must be shared with the staff at the beginning of the school year and prohibits modification of the process or instrument until the following school year. The inability to modify the evaluation process and instruments throughout the school potentially limits TLSD's ability to use the process as a tool for improvement. In any case, restrictions on TLSD's ability to modify the form preclude the District from modifying the process or instrument to reflect its needs. Evaluation forms are provided to the Board for review, but do not require Board approval.

R3.20 During future negotiations, TLSD should consider removing the provision that prohibits the district from the altering of the evaluation process or instrument. This would provide management with greater flexibility in regards to the format and timeliness of evaluations. In the future, TLSD may wish to employ more sophisticated evaluation instruments or processes at points in time throughout the school year. TLSD should not be limited by the contractual agreement in the modification of the process or instrument as long as changes are made in writing and are provided to employees for review at least two weeks prior to implementation.

F3.64 According to the TLTA agreement, severance pay is calculated by multiplying the daily rate of the current contract by one-fourth of the bargaining unit member's accumulated but unused sick leave at the time of retirement up to a maximum of 200 days plus personal leave. Based on this calculation, TLSD may be liable for a maximum of 53 days of severance payout. Severance pay is granted to all TLSD employees regardless of years of service to the district. This policy requires TLSD to grant severance packages to employees who have not served within the district for an extended period of time. TLSD grants up to 10 years of experience credit for teaching experience in public education for teachers new to the district, immediately placing them towards the top step of the salary schedule. Because of the large financial liability associated with severance payouts, some school districts limit the maximum number of days that can be paid out and/or restrict eligibility based on years of service within the district. While TLSD limits the number of days included in the severance payout, offering full severance benefits to all employees, regardless of time served, increases TLSD's financial liability for severance payouts.

R3.21 TLSD should consider renegotiating its severance policy to standards identified by ORC § 124.39 which provides for a payout of 25 percent of accrued but unused sick leave, upon retirement, up to 120 days (30 day payout), for persons with 10 or more years of service. The law permits districts to provide for more than 25 percent accrued but unused sick leave (but not less) and the number of years of service to be less than 10 (but not more). TLSD should also consider requiring ten years of district service for all employees to be eligible for severance packages, which would ensure that it is only liable for severance packages to employees who have served within TLSD for an extended period of time. By imposing more stringent limits on days eligible for payout and requiring a minimum number of years of service prior to severance eligibility, TLSD can reduce its financial liability for severance costs.

In accordance with the vesting method defined by GASB 16, it is assumed that all employees who currently have ten or more years of service with TLSD (although not a district requirement to qualify for severance pay) will ultimately retire from TLSD and qualify for severance pay. However, based upon the current teacher tenure, it appears that all current teachers will retire from TLSD. Using the assumption that all teachers will retire from TLSD, along with their current year salaries and by renegotiating the provisions of the contracts to limit the severance payout to ORC standards. TLSD could reduce its future severance liability by an estimated $395,700. However, because a renegotiated severance policy would only apply to newly hired employees, TLSD would not realize a financial benefit until such time the new employees are eligible for retirement.

Financial Implication: TLSD could reduce the future severance liability by $395,700 by reducing the severance policy to ORC minimums.

F3.65 The contract does not specify a date by which TLSD employees must notify the Board that they intend to retire. This prevents TLSD from accurately identifying staffing needs for the following year. Most school districts have negotiated a policy requiring employees to notify the district of their intentions to retire by a designated date. Earlier dates are more advantageous to a district because it allows ample time to review candidates, hire, and fill the vacancy. TLSD is at a disadvantage in filling vacancies because advanced notice is not provided to the Board before an employee may retire and leave the district.

R3.22 In order to more accurately identify staffing needs for the following school year, TLSD should establish a policy that requires employees to notify the district by a Board established date of their intentions to retire for the following school year. TLSD could consider reducing the amount of severance pay if the employee does not notify the district by the established date. TLSD should also consider requiring notification by employees of their intent to retire in March or April of the year in which they plan to retire so that the district will have ample time to fill the vacancy prior to the start of the next school year.

F3.66 TLSD establishes a fund of $3,000 each year to provide a tuition reimbursement to certified staff for additional hours of training. Employees must have a minimum of three years experience in the district and provide satisfactory proof of completion of the work to the treasurer for reimbursement. The employee receives one-third of the actual class cost after producing evidence of satisfactory completion. In FY 1999-00, eight teachers used the tuition reimbursement totaling $3,298.

TLSD also reimburses bargaining unit members on a first come first served basis for the actual cost of state mandated class hours/CEU hours which are required for the employees to renew their certificates/licenses. The member must have a minimum of two years experience in the district to be eligible for the reimbursement. On evidence of receiving hours/CEU's, the Board pays for the minimum hours needed to renew the certificate/license.

TLSD establishes a $2,000 fund each year for this purpose. Five bargaining unit members took advantage of the reimbursement in FY 1999-00 which cost TLSD $2,064.

R3.23 TLSD should ensure that courses taken by certified staff are linked with the certificate/license renewal process and that TLSD stays within the amount budgeted for reimbursement for training, tuition and state mandated class hours. TLSD's support and encouragement of staff development through its tuition reimbursement program provides a benefit to the district through increased certification and skill. By linking tuition reimbursement to district needs, TLSD will be able to ensure that the maximum benefit is gained by the district through the expenditure of tuition reimbursement funds.

F3.67 According to the previous contract, TLSD granted up to five years credit placement to teachers with experience in other districts, placing them at the five year step on the salary schedule. The current contract grants up to ten years experience credit, placing some teachers immediately at the top step of the salary schedule upon entry into the district. By increasing the number of years granted to new teachers from five to ten, TLSD has increased its potential costs for bringing teachers into the District.

R3.24 TLSD should consider reducing the amount of service credit offered to new teachers. By reducing the service credit granted to new teachers, TLSD could potentially reduce its salary costs for teachers new to the district. In the future, TLSD should perform cost/benefit analysis to determine the prudence of offering generous service credit levels. As TLSD teachers retire, the change in service credit offered could have a substantial impact on the district's cost to hire replacements.

Classified Staff

F3.68 As stated in **F3.53**, the analyses contained herein will focus primarily on the agreement adopted between TLSD Board of Education and the AFSCME Local 1351, dated September 1, 1999 through August 2000. According to the contract, the bargaining unit is defined as cooks, custodians, teacher aides, bus drivers and a maintenance technician. Clerical/office personnel are not a part of the bargaining unit. However, they receive the same benefits and incentives as the bargaining unit members.

Table 3-46 compares some key district practices between TLSD and the peer districts.

Table 3-46: TLSD Classified Contractual Practices

Description	Trimble	Bloom-Vernon	Federal Hocking	Southern
Evaluations required	Yes-frequency not stated	Yes-annually	Yes -frequency not stated	None stated
Minimum call-in hours paid to employees for emergencies	Receive 1 ½ times actual hours worked or they receive comp time at straight time	Receive compensatory time with regular rate of pay if called on a holiday.	Receive 1 ½ times actual hours worked or on a calamity day receive compensatory time.	Minimum of 2 hours at actual rate of pay unless hours worked exceed 40 hrs for work week, then payment is at 1 ½ times normal rate of pay.
Vacation time to accumulate	1-7 yrs. - 10 days 8-16 yrs. - 15 days 16-25 yrs. - 20 days 25+ years. - 25 days	1-8 yrs. - 10 days 9-15 yrs - 15 days 16+ yrs. - 20 days	1-7 yrs. - 10 days 8-15 yrs. - 15 days 16-25 yrs. - 20 days 20+ yrs. - 25 days	1-5 yrs. - 10 days 6-10 yrs. - 15 days 11-19 yrs. - 20 days 20+ yrs. - 25 days
Sick Leave/Personal Leave Incentive	Personal Leave Incentive [1]	None stated	None stated	Personal & Sick Leave Incentive [2]
Maximum number of sick leave days to accumulate	Unlimited	Maximum of 215 days	Maximum of 200 days	Maximum of 245 days
Maximum number of sick leave days paid out at retirement / percentage of payout	25% of accumulated sick leave up to a maximum of 180 days 180 days	25% of accumulated sick leave up to a maximum of 50 days 50 days	25% of accumulated sick leave up to a maximum of 200 days 200 days	36% of accumulated sick leave up to a maximum of 43.2 days 43.2 days
Number of personal days received; Notice to use	3 days Written requests submitted 2 days in advance	3 days 2 weeks notice must be given to use any personal leave	3 days Written requests submitted 1 days in advance	3 days Written requests submitted 2 days in advance
Number of holidays paid for 12 month employees Number of holidays paid for less than 12 month employees	9 holidays 8 holidays	9 holidays 8 holidays	7 holidays 6 holidays	12 holidays 7 holidays
Number of days to file a grievance	5 days	N/A	7 days	10 days
Labor-Management Committee	Yes	N/A	Yes	Yes
Cost of living increase per each year of contract	FY 1998 - 4.86% FY 1999 - 4.64% FY 2000 - 2.88%	FY 1998 - 3.37% FY 1999 - 2.79% FY 2000 - 2.72%	FY 1998 -0% FY 1999 -1.25% FY 2000 -0%	FY 1999 - 3.25% FY 2000 - 3.0% FY 2001 - 3.0%

Source: AFSCME Contract, Bloom Vernon Handbook
[1] Any bargaining unit member who used no personal days receives $120, used one day receives $75, used two days receives $35.
[2] Personal and sick leave incentive paid on a pro-rated schedule: 0 days used $300, 1 day used $200, 2 days used $150, 3 days used $100.

F3.69 The negotiated contract for TLSD does not establish a probationary period that would allow the Board to determine the fitness and appropriateness of any new employees hired. Having a probationary period in place would allow TLSD to determine the employee's suitability in that position and evaluate their qualifications prior to offering full-time employment. Probationary periods allow employees and employers to gauge how well they perform their duties, what the job entails and if the employer wants to continue the employment relationship. Without a probationary period, TLSD has a reduced ability to evaluate the fit between the district and new hires.

R3.25 TLSD should consider implementing a probationary period for classified personnel. A probationary period allows management to determine whether a newly hired employee conforms to the requirements of the position and permits release of that employee. A performance audit conducted on Middletown-Monroe City School District indicates that they have successfully negotiated with the classified staff to establish a probationary period of 180 days. However, a probationary period may range from as little as one or two months to a full year. By formally implementing a probationary period to a time frame similar to the Middletown-Monroe City School District, TLSD would have additional time to assess the potential employee and enhance the ability of the board to employ qualified, dedicated and hard-working personnel.

F3.70 ORC §3317.01 allows the superintendent to declare up to five calamity days for teaching and non-essential employees. Calamity days are defined as days in which schools are closed due to severe weather conditions, mechanical emergencies or other acts or conditions beyond the control of the district. Any calamity days in excess of the five provided by the ORC must be made up by the district and teaching and non-essential employees are provided with additional compensation. The ORC does not provide for calamity days for essential or 12 month employees. However, all TLSD staff are granted up to five calamity days, including clerical and supervisory personnel who are not covered under a negotiated agreement.

TLSD classified staff required to work on a calamity day have the option of being paid at the rate of one and one-half times their regular hourly rate or receiving compensatory time off with pay at a later date. During FY 1999-00, TLSD experienced six calamity days as a result of weather conditions. Some school districts have imposed limits on the number of calamity days paid to employees and/or have identified essential employees as being required to work without additional compensation on calamity days. Because TLSD has not negotiated such a policy, the district incurs additional expenditures for classified staff on calamity days.

R3.26 TLSD should establish a policy that defines essential employees. Essential employees can include administrators, custodians, and other personnel necessary to prepare the district for re-opening following a calamity day. Additionally, TLSD should discontinue the practice of paying one and one-half times the regular rate of pay or compensatory time for classified employees or employees not covered under the negotiated agreement who are required to work on calamity days. If an essential employee does not report to work on a calamity day, the employee should be required to use one of the following:

- A compensatory day;
- A sick leave day, if ill;
- A vacation day;
- A personal leave day; or
- A day without pay.

Financial Implication: Requiring essential employees to report to work and discontinuing the provision of calamity days for non-essential employees could save the district approximately $3,500 per calamity day or $17,600 per year.

F3.71 The Fair Labor Standards Act (FLSA) sets forth the minimum wage that must be paid to employees covered by the act. In addition, it requires a premium wage (overtime) to be paid for hours worked in excess of forty hours during a given work week. These requirements are also reflected in Ohio law. For non-teaching employees that are covered under the FLSA, the school district is required to pay overtime for actual hours worked in excess of forty hours per week. In determining the total number of hours worked, school districts are not required to include personal leave, professional leave, compensatory leave or vacation leave used. At TLSD, employee leave such as sick, personal, holiday and vacation leave are included in the active pay status category for overtime calculation and is computed as hours worked for the purpose of determining eligibility for overtime pay. This increases TLSD's costs to provide services in overtime situations.

R3.27 TLSD should limit vacation and holiday leave as the only types of leave that are included in the "active pay status" category for overtime calculation. By not following the guidelines set forth in the FLSA and Ohio law, the district is not limiting leaves that are included in the active pay status category. The inclusion of sick and personal leave in the active pay status category increases TLSD's costs for overtime services.

F3.72 TLSD 11 and 12 month employees are able to take vacation at any time during the year provided that it is not within two weeks of the beginning of the school year. Also, no other employee from the bargaining unit may be on vacation unless otherwise approved by management. However, TLSD has not negotiated any restrictions on leave usage, such as confining leave usage to periods when school is not in session to minimize district costs for substitutes.

R3.28 TLSD should consider negotiating a clause which stipulates that employees must take a least a portion of their vacation during the summer break or other times when school is not in session. Requiring employees to take their vacations when school is not in session reduces substitute usage and overtime costs incurred when employees use vacation time.

F3.73 The contract indicates that when filling vacancies, classification seniority applies. Therefore, when a position is available, it will be awarded to the applicant with the greatest departmental seniority, if the requirements of that position are met. Skills and performance are not primary selection tools in filling vacancies within TLSD's classified staff.

R3.29 TLSD should consider negotiating the removal of seniority provisions from future contracts. Seniority should not be the primary factor in determining an employee's ability to meet the demands of a position. Additional factors that should be given consideration include past job performance, applicable training, attendance record and the needs of the school district. By awarding positions based strictly on seniority, TLSD may not necessarily be using the most qualified applicant to meet the district's needs.

F3.74 The TLSD classified contract does not indicate how often employee evaluations are to be performed. Best practices indicate that formal evaluations should be conducted annually for all employees to provide individual feedback on performance measures related to job description objectives and to allow for an identification of areas where improvement is needed. The contract states that TLSD supervisors are to perform evaluations in their assigned area of supervision. Clerical staff are evaluated by the administrative staff they support.

A review of personnel files indicates that TLSD is not performing evaluations on classified staff in a consistent manner among classifications. Supervisors indicated that job descriptions for all areas are not necessarily up to date with the current duties and responsibilities of the staff.

R3.30 TLSD should conduct evaluations for all classified employees at least once a year. Frequent evaluations are important to:

- Ensure that employees receive clear feedback on areas for improvement and to reveal and document disciplinary problems;
- Improve the quality of instruction provided to the students and bring about professional improvement of the employee;
- Provide evidence about the quality of the employee's professional performance;
- Improve efficiency and effectiveness of the employees in carrying out the duties of their job descriptions;
- Improve employee morale; and
- Monitor the success and progress of an employee.

Furthermore, job descriptions for all areas should be brought up to date with the current duties and responsibilities for all classified positions. A review of the evaluation form indicates that job descriptions should be aligned with the evaluation form objectives and serve as the basis for evaluating job performance.

Financial Implications Summary

The following table is a summary of estimated savings and estimated costs avoidances from the above recommendations. TLSD should consider the potential educational effect that the recommendations might cause.

Recommendation	Estimated Annual Cost Savings	Cost Avoidance
R3.2 Reduction in professional education staffing levels	$70,000	
R3.5 Negotiation of lower cost of living increases		$672,100
R3.6 Reduce the per pupil expenditure for supplementals to $35 per student	$15,700	
R3.7 Reduce two special needs teaching positions	$111,200	
R3.8 Reduction in certified sick leave usage	$5,700	
R3.11 Reduction in classified sick leave usage	$3,700	
R3.13 Implement graduated benefits scale	$21,000	
R3.14 Increase employee insurance co-pay	$102,800	
R3.16 Repayment from TLTA for use of association leave	$1,200	
R3.18 Generate SERB savings by discontinuing ERI in second and third contract years as originally negotiated in FY 2000-01 contract		$620,000
R3.18 Defer severance costs by discontinuing ERI in second and third contract years as originally negotiated in FY 2000-01 contract		$250,000
R3.21 Reduce future severance liability by reducing the severance policy to ORC minimums.		$395,700
R3. 26 Discontinue the provision of calamity days for non-essential employees.	$17,600	
Total	**$348,900**	**$1,937,800**

Conclusion Statement

Trimble Local School District's (TLSD) salary structure for certified personnel appears to be a significant factor contributing towards its current financial situation. Historically, TLSD has had the highest paid teachers among the peers. The current Trimble Local Teachers' Association (TLTA) states that teachers will automatically receive an annual salary increase based on the average of the base salaries of Alexander Local, Athens City, Federal Hocking and Nelsonville-York City Schools or $400 above the state minimum teacher's salary, whichever is greater. Additionally, TLSD's salary schedule has 12 annual step increases with no longevity steps. This indicates that teachers reach the maximum on the salary schedule at year 11, where teachers in the peer districts reach the maximum level between 16 and 28 years and have at least 13 annual step increases with 1 to 4 longevity steps. Therefore, TLSD should consider increasing the number of increments on the certified salary schedule during the next contract negotiations. Furthermore, TLSD pays the highest amount of supplemental pay when compared to the peer districts for individual supplement contracts. In addition to the high supplemental pay cost, TLSD also has the highest number of positions requiring a supplemental contract. An analysis of the supplemental contract payment schedule should be made to determine if savings can be generated by eliminating positions that may not have sizeable enrollment.

An assessment of current staffing levels indicates that TLSD's certified and classified staffing levels appear to be in line with the peer districts. However, since the elementary and middle school are located in one building, and considering the districts financial situation, TLSD should consider one principal reduction, who is classified within EMIS as professional educational staff, as one principal may administrate one location.

TLSD's teachers are educating students the majority of their work day. 100 percent of the middle school teaching staff and 88 percent of the high school staff are educating students at least six periods per day. TLSD is effectively minimizing the number of staff needed to teach the required number of minutes per year and is also lengthening the instructional time by the high number of periods being taught by all teachers.

Approximately, 46 percent of TLSD's total substitute costs were for teaching substitutes. This correlates to the fact that TLSD teachers averaged 11.0 days of leave per year, which is slightly higher than the peer average. Educational assistant substitute costs comprised 30.5 percent of the total substitute cost and was close to three times the peer average. In addition, TLSD uses educational assistants to substitute for the clerical classification. Therefore when combining the two classification substitute payments for FY 1999-00, TLSD still remained the highest among its peers. The majority of sick leave days by the classified staff were used by educational aides, custodial/maintenance and clerical personnel. Clerical staff averaged the most with 15.0 days compared to the peer average of 8.9, while educational assistants averaged 11.9 compared to the peer average of 6.5.

TLSD pays 100 percent of all board paid benefit premiums for all employees who work in excess of 15 hours a week. Although TLSD's annual benefit cost per employee is below the State Employee Relations Board (SERB) cost per employee, TLSD should negotiate requiring all employees to contribute towards their monthly premium costs. SERB reports that almost 70 percent of public employees contribute to the cost of medical insurance.

Additional contractual provisions which provide management with flexibility to effectively manage its workforce and may require contract negotiation include the following:

- Establish a severance policy closer to standards identified by ORC by requiring employees to complete ten years of service within the district.
- Implement a probationary period for classified personnel.
- Establish a policy that defines essential employees for working on a calamity day.
- Award position vacancies to employees who best fit the skills of a vacant position rather than the individual with the greatest departmental seniority.
- Update job descriptions and perform evaluations on classified staff in a consistent and timely manner.

TLSD has provided an early retirement incentive plan to all eligible teachers and administrators for the past ten years. In addition, TLSD new contract with TLTA also includes an early retirement incentive program which was a contributing factor in TLSD's fiscal emergency designation. Prior to offering any future early retirement incentive plan, TLSD should consider having a cost and benefit analysis completed by an accredited organization which would take into consideration the financial stability of the District.

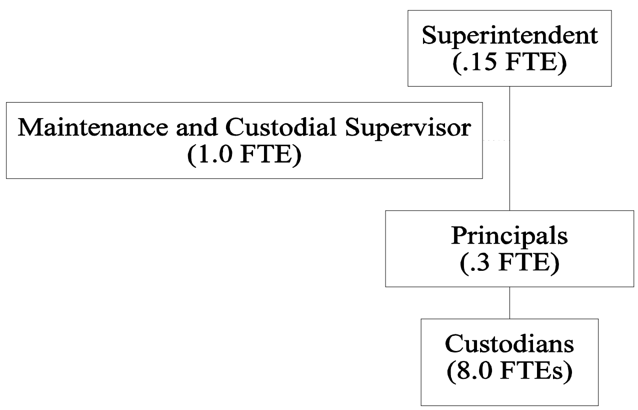
Facilities

Background

Organizational Chart

The facilities support staff is responsible for maintaining Trimble Local School District's (TLSD) buildings and grounds. The maintenance and custodial supervisor is responsible for managing the maintenance operations, and, with the assistance of the building principals, is responsible for supervising custodial operations in each individual building. The organizational structure and staffing levels in terms of full-time equivalents (FTEs) are depicted in **Chart 4-1**.

Chart 4-1: Facilities Support Staff



Organizational Function

TLSD's custodians are responsible for providing a clean and safe environment for the students, staff and public who use TLSD's facilities. They are also responsible for opening and closing the buildings, general cleaning and performing limited preventive maintenance tasks. The maintenance and custodial supervisor is responsible for the maintenance of TLSD's two buildings and for keeping the buildings safe and in a state of good repair, which includes completing work orders and ordering materials and supplies necessary to complete maintenance tasks.

Summary of Operations

The facilities support staff is responsible for maintaining two TLSD buildings: the elementary/middle school and the high school building which also houses the administrative offices.

Excluding the maintenance and custodial supervisor, eight full-time custodial employees are currently employed by TLSD. In FY 2000-01, an additional custodian was hired to work in the elementary/middle school. The high school has one daytime custodian and two afternoon/evening custodians. The elementary/middle school has two daytime and three afternoon/evening custodians. The custodians are responsible for opening, closing and securing the buildings, general cleaning, some minor maintenance tasks and other duties as assigned.

Custodians report directly to the building principals and, when they are unavailable, to the maintenance and custodial supervisor. Building principals direct custodial work orders and report concerns to the maintenance and custodial supervisor who then delegates the work to the appropriate staff member. In many cases, however, the building principals direct concerns and make work requests directly to the building custodians as a matter of convenience.

The maintenance and custodial supervisor travels between the two buildings and is responsible for completing repairs and preventive maintenance tasks. The building principals submit requests for maintenance work to the maintenance and custodial supervisor who forwards a copy of the request to the superintendent. The maintenance and custodial supervisor reviews the requests and prioritizes them by type and urgency. According to the maintenance and custodial supervisor, most of the maintenance work is performed in-house.

Staffing

The facilities support staff consists of nine primary employees, which equates to 9.0 full-time equivalents (FTEs). The administrative staff devoted to facilities comprises 0.45 FTEs. The superintendent devotes about 15.0 percent of his time to facilities operations, while building principals spend about 10.0 percent of their time on facilities-related issues. The staffing levels are shown in **Table 4-1**.

Table 4-1: Number of Budgeted Employees (FTEs) for FY 2000-01

Classification	Total	FTEs
Superintendent Building Principals	1 3	.15 .30
Total Administration	**4**	**.45**
Maintenance	1	1
Total Maintenance	**1**	**1**
Custodian	8	8
Total Custodial	**8**	**8**
Total	**13**	**9.45**

Source: TLSD Superintendent's Office

Key Statistics

Key statistics related to the maintenance and operation of TLSD are presented in **Table 4-2**. In addition, results from the FY 2000 American Schools & University Maintenance & Operations Cost Study (AS&U) are included in the table and throughout this section. The AS&U study surveys schools across the country to gather information about staffing levels, expenditures and salaries for maintenance and custodial operations. Overall, the FY 2000 AS&U study found that "current attention being focused on the deteriorating condition of America's school facilities has put the spotlight on past practices that have contributed to the present dilemma. Although poor design and construction decisions made in the 1960s and early 1970s by many school districts that wanted to get buildings up 'fast and cheap' to meet burgeoning enrollments are the primary culprit, decades of deferred maintenance, insufficient building upkeep procedures, and years of siphoning dollars from maintenance budgets have significantly contributed to the current condition." In the study, Region 5 includes the states of Ohio, Indiana, Illinois, Michigan, Minnesota and Wisconsin.

Bloom-Vernon, Federal Hocking and Southern Local School Districts have been identified as the peer group for TLSD. Unless otherwise noted, peer district averages do not include statistics for TLSD.

Table 4-2: Key Statistics and Indicators

Number of Sites	**2**
- Elementary/Middle School	1
- High School	1
Total Square Feet Maintained	**121,575** [1]
- Elementary/Middle School	65,675
- High School	55,900
Square Feet Per Custodial Staff Member in FTE (8.0)	**15,197**
- Elementary/Middle School (5.0)	13,135
- High School (3.0)	18,633
AS&U Cost Study Region 5 Average	**24,861**
AS&U Cost Study National Average	**21,156**
Peer District Average	**23,555**
Square Feet Per Maintenance Employee (1.0)	**121,575**
AS&U Cost Study Region 5 Average	**106,691**
AS&U Cost Study National Average	**87,500**
Peer District Average	**266,277**
1999-00 Maintenance and Operations Expenditures Per Square Foot	**$4.46**
- Custodial and Maintenance	$3.21
- Utilities	$1.25
AS&U Cost Study Region 5 Average	**$4.03**
AS&U Cost Study National Average	**$3.72**
Peer District Average	**$3.44**
1999-00 Facilities Expenditures as a % of Total TLSD General Fund Expenditure	**9.0%**
AS&U Cost Study Region 5 Average	**9.2%**
Peer District Average	**11.3%**

Sources: TLSD and peer districts; 2000 AS&U Maintenance & Operations Cost Study; Auditor of State Performance Audit Legislative Update

[1] In school year 2001-2002, the total square footage for TLSD will increase to 158,757 square feet. The elementary/middle school building's square footage will increase by 37,182 square feet when the new addition opens. The building's total square footage will increase to 102,857 square feet.

Financial Data

Tables 4-3 and **4-4** show maintenance and operations expenditures for FY 1998-99 and FY 1999-00 and the budgeted expenditures for FY 2000-01.

Table 4-3: Maintenance and Operations Expenditures: FY 1998-99 vs FY 1999-00

Accounts	FY 1998-99 Total	FY 1999-00 Total	Difference	Percentage Change
Salaries	$188,183	$208,478	$20,295	10.8%
Benefits	$89,163	$87,279	($1,884)	(2.1)%
Purchased Services	$51,173	$49,226	($1,947)	(3.8)%
Utilities	$143,684	$152,089	$8,405	5.8%
Supplies/ Materials	$28,906	$19,064	($9,842)	(34.0)%
Capital Outlay	$48,846	$24,107	($24,739)	(50.6)%
Other	$3,170	$2,710	($460)	(14.5)%
Total	**$553,125**	**$542,953**	**($10,172)**	**(1.8)%**

Source: TLSD Treasurer's Office

Table 4-4: Maintenance and Operations Expenditures: FY 1999-00 vs FY 2000-01

Accounts	FY 1999-00 Total	FY 2000-01 Budget	Difference	Percentage Change
Salaries	$208,478	$215,050	$6,572	3.2%
Benefits	$87,279	$91,740	$4,461	5.1%
Purchased Services	$49,226	$84,346	$35,120	71.3%
Utilities	$152,089	$149,650	($2,439)	(1.6)%
Supplies/ Materials	$19,064	$13,600	($5,464)	(28.7)%
Capital Outlay	$24,107	$12,900	($11,207)	(46.5)%
Other	$2,710	$0	($2,710)	(100.0)%
Total	**$542,953**	**$567,286**	**$24,333**	**4.5%**

Source: TLSD Treasurer's Office

Explanations for some of the more significant variances in **Tables 4-3** and **4-4** are as follows:

- *A 34.0 percent decrease in supplies and materials from FY 1998-99 to FY 1999-00 and a 28.7 percent decrease for the FY 2000-01 budget:* TLSD purchases a large portion of its supplies in bulk. Bulk purchases are made every several years as needed. The maintenance and custodial supervisor purchased supplies in bulk in FYs 1998-99 and 1999-00 which is reflected in reduced costs. Due to the high inventory levels, the maintenance and custodial supervisor projects limited supply and material purchases in FY 2000-01.

- *A 50.6 percent decrease in capital outlay from FY 1998-99 to FY 1999-00 and a 46.5 percent decrease for the FY 2000-01 budget:* The maintenance and custodial supervisor reported that capital expenditures are made only when equipment cannot be repaired. The most recent purchases or repairs of equipment were made in FY 1998-99. No additional purchases or repairs were made in FY 1999-00 and there are no planned equipment purchases for FY 2000-01.

- *A 71.0 percent increase in purchased services from FY 1999-00 to the FY 2000-01 budget:* The increase is due, in part, to the rental of a pod unit which contains six classrooms. The unit costs approximately $1,600 per month, accounting for approximately $14,400 of the budgeted increase.

Table 4-5 presents a comparison of the operations and maintenance staff at TLSD and the peer districts. Since each district's operations and maintenance departments are structured differently, this analysis includes all peer district staff members who perform similar functions to those performed at TLSD.

Table 4-5: Comparison of Facilities Divisions: Maintenance and Custodial Services

Size	Trimble	Bloom Vernon	Federal Hocking	Southern
Number of Sites	2	4[1]	3	6
Building Sq. Feet:				
Maintained by Custodians	121,575	244,430	255,080	154,485
Maintained by Maintenance	121,575	244,430	255,080	163,455 [2]
Position by FTE				
Administration	.45	.8 [3]	1	.4
Maintenance	1	1.2	1	1
Custodians	8	11.25	11	6
Total	9.45	13.25	13	7.4
Comparison				
Sq.Ft. Per Custodial Staff	15,197	21,727	23,189	25,748
Sq.Ft. Per Maintenance Staff	121,575	203,692	255,080	163,455
Average Base Custodial Salary	$21,982	$25,030	$20,704	$21,739
Average Base Maintenance Salary	$29,084	$28,287	$29,873	$25,854
Characteristics				
Average Age of School Buildings	21	29	45	15
Preventive Maintenance	Limited - no documented plan	Under development	Daily check-lists	no
Use of Deregulated (Self-Help) Gas	no	yes	no	n/a
Use of Energy Savings Program	no	none stated	no	n/a
Use of Temporary Employees or Outside Contractors	yes	yes	no	no
Weekend Inspections	no	no	no	no

Sources: Superintendent's Office; Treasurer's Office; peer districts

[1] Bloom -Vernon currently operates three buildings: two elementary schools and one building which houses both the middle and high school.

[2] Includes the pre-school area which totals 1,645 square feet. The custodial staff is not responsible for cleaning the pre-school; however, Southern is responsible for any maintenance needs.

[3] The maintenance supervisor spends approximately 80.0 percent of his time performing administrative tasks and 20.0 percent of his time completing building repairs.

Performance Measures

The following performance measures were used to conduct the analysis of the TLSD's facilities operations:

- Assess the cost effectiveness of custodial services;
- Analyze the cost effectiveness of facilities maintenance;
- Evaluate the use of staffing resources;
- Assess the effectiveness of current needs assessment and prioritization processes and procedures;
- Evaluate the adequacy of preventive maintenance system;
- Assess the effectiveness of long-range facilities planning;
- Evaluate the use of existing facilities; and
- Assess the effectiveness of energy conservation programs.

Findings / Commendations / Recommendations

Custodial Staffing and Compensation

F4.1 The custodians are responsible for cleaning TLSD's facilities and are supervised primarily by the building principals. The principals are responsible for the overall operations of their buildings, and they relay building issues to the maintenance and custodial supervisor or to the building custodians. The elementary/middle school has two day and three evening custodians while the high school has one day and two evening custodians.

According to TLSD's job descriptions, custodians are responsible for keeping the school building(s) in a clean and orderly condition as is necessary for effective school operation. Tasks performed by custodians include: dusting, sweeping and mopping floors, emptying trash containers, cleaning and disinfecting restrooms, moving furniture and equipment, making minor building repairs and performing other duties and responsibilities as assigned.

Table 4-6 shows the average square footage per custodial employee for TLSD in FY 2000-01, the peer districts, and the AS&U Region 5 average.

Table 4-6: FY 2000-01 Square Footage per Custodial Employee

Trimble	**15,197**
Peer Districts:	
- Bloom-Vernon	21,727
- Federal Hocking	23,189
- Southern	25,748
Peer District Average	**23,555**
Difference	**(8,358)**
AS&U Region 5 Average	**24,861**
Difference	**(9,664)**

Sources: Custodial and maintenance departments; peer districts

TLSD's custodial staff is responsible for maintaining only 15,197 square feet, which is substantially less square footage per custodian than the peer districts. Square footage cleaned is an important measure of efficiency in custodial operations. Districts exhibiting a low square footage cleaned in comparison to their peers and the AS&U average suffer from low levels of custodial efficiency and, as a result, draw scarce resources away from the educational process. Overall, TLSD's custodians are responsible for 35.0 percent less square footage per custodian than the peer district average and 39.0 percent less square footage per custodian than the AS&U Region 5 average.

F4.2 **Table 4-7** compares TLSD's school facilities and cleaning staff to the peer districts.

Table 4-7: Comparison of School Facilities and Custodial Staff (FTEs)

	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average	Difference Between TLSD and Peer Average
Elementary/Middle Schools	1	3	3[2]	2	2	(1)
Total Sq. Footage	65,675[1]	177,430	177,080[3]	97,368	150,626	(84,951)
Number of Custodians	5	7.25	7.50	4	6.25	(1.25)
Sq. Footage Per Cust.	13,135	24,473	23,611	24,342	24,142	(11,007)
High School	1	1	1	1	1	0
Total Sq. Footage	55,900	67,000	78,000	57,117	67,372	(11,472)
Number of Custodians	3	4	3.50	2	3.17	(0.17)
Sq. Footage per Cust.	18,633	16,750	22,286	28,559	22,532	(3,899)
Total Sq. for All Buildings	121,575	244,430	255,080	154,485	217,998	(96,423)
Total Custodial Staff	8	11.25	11	6	9.42	(1.42)
Sq. Footage per Cust.	15,197	21,727	23,189	25,748	23,555	(8,358)

Sources: TLSD custodial and maintenance departments; peer districts
[1] The new addition, due to open in FY 2001-2002, will increase the total square footage to 102,857 square feet. The square footage per custodian will increase from 13,135 to 20,571 square feet, which is still 3,571 square feet less than the peer average.
[2] There are two elementary buildings and one middle/high school building. However, the middle and high schools are located in two distinct areas.
[3] The middle school wing square footage (74,114) is included in the 177,080 square footage total.

Table 4-7 shows that TLSD's elementary/middle school custodial staff maintains a significantly smaller amount of square footage than any of the peer district elementary/middle school custodial staff. In FY 2001-02, TLSD will open a new addition at the elementary/middle school which will increase the custodial square footage average to 20,571. Even with the new square footage, TLSD custodians will maintain approximately 15.0 percent less square footage than the peer average and 17.2 percent less than the AS&U Region 5 average. The high school custodial staff is responsible for maintaining an average of 18,633 square feet, which is approximately 17.0 percent less than the peer district average and 25.0 percent less than the AS&U Region 5 average.

R4.1 TLSD should consider reducing its custodial staffing levels by two full-time custodial positions, one at the elementary/middle school and one at the high school. The reduction of two full-time custodians would increase the overall square footage per custodian from 15,197 to 26,460 square feet. **Table 4-8** shows the FY 2000-01 custodial staffing levels in comparison to the recommended staffing level reductions.

Table 4-8: Comparison of Current Staffing Levels to Proposed Staffing Levels

Type of Facility	Current Ratios	TLSD Ratios After Recommended Staff Reductions	Number of Positions Reduced	Peer District Average	Difference Between Recommended Staffing Levels and the Peer District Average	Difference Between Recommended Staffing Levels and AS&U Region 5 Average
Elementary/Middle School:	1					
Total Square Feet	102,857[1]	102,857	-	-		
Number of Custodians	5	4	1	-		
Square Feet per Custodian	20,571	25,714	-	**24,142**	1,572	(853)
High School:	1					
Total Square Feet	55,900	55,900	-	-		
Number of Custodians	3	2	1	-		
Square Feet per Custodian	18,633	27,950	-	**22,532**	5,418	(3,089)
Total:						
Total Square Feet	158,757	158,757	-	-		
Number of Custodians	8	6	2	-		
Square Feet per Custodian	19,845	26,460	-	**23,555**		
AS&U Region 5 Average	-	-	-	**24,861**	2,905	(1,599)

Source: TLSD custodial and maintenance departments
[1] The elementary/middle school square footage includes the addition which will be opened for the 2001-2002 school year.

Staff reductions may require some adjustments of the custodial square footage allocations and building cleaning schedules. However, TLSD's custodial staff should be able to maintain the increased square footage with minimal difficulty as TLSD's facilities are relatively new. In addition, the student population of TLSD is projected to decrease by 55 students, or 5.1 percent over the next 9 years (see **Table 4-16**), which will reduce the amount of work custodians must perform. Also, high school custodians are able to maintain larger areas than elementary and middle school custodians due to the types of furnishings used in the respective buildings as well as the nature of their operation and ages of their students. Southern Local School District uses only two custodians to maintain its high school which is approximately the same size as TLSD's high school (see **Table 4-7**).

Financial Implication: The reduction of two full-time custodial positions would result in TLSD saving approximately $57,150 annually based on the current custodial average base salary and benefits costs.

F4.3 **Table 4-9** shows the average base salary for TLSD's custodians for FY 2000-01 as well as their average gross wages for calendar year 2000. The table also shows the average base salary and gross wages for the peer districts and the AS&U Region 5 average base salary.

Table 4-9: Custodial Salaries

Custodian	FY 2000-01 Average Base Salary	Calendar 2000 Average Gross Wages	Difference as a Percentage of Base Salary
TLSD	$21,982	$22,782	3.64%
Peer Districts:			
- Bloom-Vernon	$25,030	$24,755	(1.10)%
- Federal Hocking	$20,704	$19,428	(6.16)%[1]
- Southern	$21,739	$22,852	5.12%
Peer District Average	**$22,491**	**$22,345**	**-0.65%**
Difference	**($509)**	**$437**	**N/A**
AS&U Region 5 Average	**$23,717**	**N/A**	**N/A**
Difference	**($1,735)**	**N/A**	**N/A**

Sources: TLSD Treasurer's Office; peer districts
[1] In November 2000, the Federal Hocking custodial base salary increased by $0.67 per hour as a result of union contract provisions, which accounts for the significant variance between the FY 2000-01 base salary and the calendar year 2000 wage amounts.

The average base salary for TLSD's custodians is $21,982. The average gross wages for calendar year 2000 is $22,782, which is 3.6 percent higher than the average base salary for FY 2000-01. TLSD's average base salary is the second highest; however, it is $509 less than the peer district average and $1,735 less than the AS&U Region 5 average. Wages in excess of regional and peer averages can indicate overcompensation. However, TLSD's custodial compensation appears to be reasonable.

F4.4 **Table 4-10** shows TLSD's FY 1999-00 facilities-related overtime expenditures compared to total salaries.

Table 4-10: Facilities-Related Overtime Expenditures by Fiscal Year

	Total Full-Time Facilities Staff	Total Operations Salaries	Total Operations Overtime	Amount of Overtime per Full-Time Staff Member	Overtime as a Percentage of Total Salaries
FY 1999-00	8	$208,478	$3,711	$464	1.8%
FY 1998-99	8	$188,183	$1,084	$136	0.6%

Source: TLSD Expense Budget Worksheet

In FY 1999-00, TLSD paid a total of $3,711 in overtime compared to $1,084 in FY 1998-99, an increase of $2,627. Overtime is paid to TLSD custodians for any hours worked in excess of 40 hours per week, for working after school hours when the building is open for a school-related function such as a basketball game, and for working on a calamity day. Overtime can be a cost driver in building maintenance and can indicate a need for adjustments in custodial schedules or building utilization patterns. Overall, TLSD operations salaries increased by approximately 11.0 percent from FY 1998-99 to FY 1999-00 as a result of the new addition construction project. TLSD, however, spent less than 2.0 percent of its total operations salaries on overtime.

Although TLSD's overtime expenditures are low, TLSD does not formally monitor overtime expenditures or reasons they are incurred. Also, TLSD does not account for custodial and maintenance salary expenditures separately. These factors reduce TLSD's ability to control overtime expenditures and plan for custodial needs on a year-by-year basis.

R4.2 TLSD should monitor overtime usage and the reasons why overtime is incurred. Tracking and documenting overtime expenditures and documenting them will allow TLSD to identify areas where efficiency improvements can be made and can help keep the District's operational costs in line with its established budget.

F4.5 In an effort to reduce operational overtime expenditures, the maintenance and custodial supervisor uses prison laborers from the Hocking Penitentiary, a minimum security prison, to maintain the grounds during the summer. Prison inmates usually work two to four weeks throughout the summer assisting the maintenance and custodial supervisor in repairing fences, driveways, bleachers, equipment, and completing other outdoor tasks as needed.

C4.1 TLSD's use of prison laborers during a period when school is not in session helps the District reduce its grounds maintenance expenditures. Using the inmates during the summer months to complete grounds work and miscellaneous tasks also allows TLSD to reduce overtime expenditures and provides additional resources to enhance the aesthetics and functionality of District property.

F4.6 According to the union contract, when a custodian is absent, the bargaining unit employees are given the opportunity to work overtime (see **Table 4-12**). If all the bargaining unit employees decline, the work is then offered to the custodial substitutes. TLSD does not review custodial workloads before scheduling overtime or substitute custodial labor which may cause the District to schedule substitutes when the work could be shared among the remaining custodians.

R4.3 When a custodial employee is absent, TLSD should review the workload to determine if coverage is needed. Prior to offering custodial overtime for an absence, TLSD should determine if the coverage is necessary for the building's operation. Also, the current bargaining agreement requires TLSD to extend substitute opportunities to all classified employees. TLSD should determine the impact of this policy on overtime and salary and benefit costs. If the policy is found to have negative financial impact, TLSD should consider renegotiating the contract to limit custodial substitute positions to custodial employees or custodial substitutes.

Maintenance Staffing and Compensation

F4.7 The maintenance and custodial supervisor is responsible for maintaining TLSD's school buildings and keeping them safe and in a state of good repair. The maintenance and custodial supervisor's responsibilities according to his job description are as follows:

- Provide efficient and effective maintenance and custodial services to protect, preserve, and ensure the safe occupancy of TLSD's buildings and grounds;
- Coordinate the purchase of building supplies while ensuring the judicious use of TLSD funds;
- Oversee the organization, management and evaluation of all maintenance and custodial activities;
- Be aware of normal building functions and identify problems;
- Correct or report unsafe conditions to ensure the safe occupancy of the buildings and grounds;
- Perform security checks;
- Inform the superintendent about work progress, completed projects, and emerging building issues;
- Establish priorities of work to avoid disrupting classroom activity except during emergencies; and
- Plan and manage a preventive maintenance program.

Job descriptions were last updated by TLSD in the mid 1990's, and the superintendent has indicated that the descriptions do not accurately reflect the duties of some positions. However, the maintenance and custodial supervisor's job description appears to accurately reflect the tasks associated with the position. Furthermore, the maintenance and custodial supervisor appears to fulfill the requirements of the job.

F4.8 **Table 4-11** shows the average square footage per maintenance employee for TLSD, the peer districts and the AS&U Region 5 average.

Table 4-11: FY 2000-01 Square Footage per Maintenance Employee

Trimble	**121,575**
Peer Districts: -Bloom-Vernon -Federal Hocking -Southern	 203,692 255,080 163,455
Average for Peer Districts	**207,409**
Difference	**(85,834)**
AS&U Region 5 Average	**106,691**
Difference	**14,884**

Sources: The Quandel Group; peers; 2000 AS&U Maintenance & Operations Cost Study

TLSD's custodial and maintenance supervisor is responsible for maintaining 121,575 square feet which is approximately 41.0 percent less than the peer district average of 207,409 square feet but is above the AS&U average. Low square footage allocations in building maintenance can indicate overstaffing. Excessively high square footage allocations can impact preventive maintenance and emergency repair efforts and can even affect the life-span of the building. In FY 2001-02, the square footage per maintenance employee at TLSD will increase to 158,757 square feet with the opening of the addition at the elementary/middle school building. As the maintenance and custodial supervisor splits his time between administrative functions and maintenance work, the square footage allocations appear reasonable.

F4.9 Work orders are submitted to the maintenance and custodial supervisor who is responsible for determining whether the work can be performed in-house or whether it needs to be contracted out. Work that can be completed in-house is performed by the maintenance and custodial supervisor or delegated to a custodial staff member. When a repair needs to be contracted out, the superintendent is notified prior to the maintenance and custodial supervisor contacting a vendor. According to the maintenance and custodial supervisor, TLSD limits contracted work for large repairs which usually require specialized equipment that the District does not have. TLSD does not maintain a work order log and has not formalized the process for prioritizing repair requests.

R4.4 TLSD should develop a work order log to track work orders and the time and resources used to complete each order. The logs should be reviewed by the superintendent on a periodic basis to monitor productivity and maintenance expenditures used for repairs. Completing the daily logs will increase accountability and could potentially increase productivity. Also, the maintenance and custodial supervisor should consider implementing a formal process for prioritizing work orders. As TLSD encounters periods of scarce resources, some non-health and safety maintenance requests may need to be deferred.

F4.10 The maintenance and custodial supervisor is responsible for completing the preventive maintenance in TLSD. TLSD does not have a written preventive maintenance schedule detailing when each task is to be performed or a log book to record when the preventive maintenance tasks have been completed. Currently, the maintenance and custodial supervisor prepares a list of maintenance or preventive maintenance tasks to be done during the following fiscal year.

An effective preventive maintenance program can extend equipment life, decrease energy consumption, reduce maintenance and capital expenditures, reduce the number of work orders, and improve worker productivity by proactively maintaining equipment rather than responding to breakdowns and emergencies. The development of a list such as the one used by the custodial and maintenance supervisor, is the first step in designing a formal preventive maintenance program. Without a preventive maintenance program, TLSD risks high emergency repair costs which could be avoided.

R4.5 TLSD should develop and implement a formal, planned preventive maintenance program for each building in the District. Preventive maintenance schedules for each building's heating, cooling, and plumbing systems should be developed. A preventive maintenance log should also be created for each building to record when each task is performed. Some preventive maintenance tasks, such as filter changes, could be assigned to the head custodians in each building. The log book should be reviewed by the maintenance and custodial supervisor and the superintendent on a periodic basis to ensure the work is being completed in a timely manner.

F4.11 **Table 4-12** shows the average base salary for TLSD's maintenance and custodial supervisor for FY 2000-01 as well as his average gross wages for calendar year 2000. The table also compares TLSD's maintenance compensation to the peer districts and the AS&U Region 5 average base salary.

Table 4-12: Maintenance Department Salaries

	FY 2000-01 Average Base Salary	Calendar 2000 Average Gross Wages	Difference as a Percentage of Base Salary
TLSD	$29,084	$29,326	0.83%
Peer Districts:			
Bloom-Vernon	$28,287	$28,122	(0.58)%
Federal Hocking	$29,873	$28,096	(5.95)% [1]
Southern	$25,854	$29,277	13.24%
Peer District Average	**$28,005**	**$28,498**	**1.76%**
Difference	**$1,079**	**$828**	**N/A**
AS&U Region 5 Average	**$31,221**	**N/A**	**N/A**
Difference	**($2,934)**	**N/A**	**N/A**

Sources: TLSD Treasurer's Office; Payroll Department; peer districts
[1] In November 2000, the Federal Hocking maintenance base salary increased by $0.67 per hour as a result of union contract provisions, which accounts for the significant variance between the FY 2000-01 base salary and the calendar year 2000 wage amounts.

TLSD's maintenance base salary is the second highest of the peers, or approximately 4.0 percent higher than the peer district average base salary. However, TLSD's base salary is approximately 7.0 percent, or $2,137 less than the AS&U Region 5 average. The TLSD maintenance and custodial supervisor's calendar year 2000 gross wages were less than 3.0 percent, or $828, higher than the peer district average gross wages. The difference between the gross wages and base salary indicates maintenance overtime usage in TLSD is minimal.

Contractual Issues

F4.12 **Table 4-13** compares some of TLSD's contract provisions and practices which can impact operational expenditures to those of the peer districts.

Table 4-13: Comparison of Contractual Issues

Issue	Trimble	Bloom-Vernon [1]	Federal Hocking	Southern
Length of Scheduled Work Day	8.5 hours; 2 15 minute breaks with an unpaid 30 minute lunch	8 hours; 2 15 minute breaks with paid 30 minute lunch	8 hours; 2 10 minute breaks and 30 minute paid lunch	8 hours; 2 15 minute breaks with a 30 minute paid lunch
Actual Work Time	7 hours and 30 minutes	7 hours	7 hours and 10 minutes	7 hours
Staffing Level Determination	District needs	District needs	District needs	District needs
Calamity Day Work Requirement	Yes	Scheduled as necessary	Yes. For 1st 5 days, 1st shift employees work; for the 2nd 5 days, 2nd and 3rd shift employees work	Yes
Compensation for Working on a Calamity Day	Choice of being paid one and one-half times regular pay rate or receiving compensatory time	Work four hours and receive four hours compensatory time on actual day	Employees called in to work during calamity days will receive compensatory time	Receive straight time for hours worked and compensatory time for hours worked
Use of Custodial Substitutes	Yes, after offering overtime to bargaining unit members **(R4.5)**	Yes	Yes	Yes
Minimum Call-in Pay	Nothing stated in contract	Two hours compensatory time	Nothing stated in contract	2 hours
Evaluation Process and Frequency	Frequency of evaluation process not indicated within contract	Annual written evaluations	Annual written evaluations	Annual written evaluations
Basis for Promotion	Seniority	Appropriate skill set for listed position	Seniority	Seniority
Ability to Subcontract	Yes	Yes	Yes	Yes

Source: TLSD and peer districts
[1] Bloom-Vernon does not have a contract. Information is from the 1999-2000 Certified and Classified Handbook and from interviews with Bloom-Vernon representatives.

Contractual issues have the potential to increase costs through inefficient or overly generous employment practices. The review of contractual issues shown in **Table 4-13** highlights contractual provisions that have the potential to increase a school district's costs.

F4.13 The maintenance and custodial supervisor is responsible for evaluating custodial employees who have been employed by TLSD for less than five years. Currently, there are three custodial staff members who have been employed by TLSD for less than five years but have not received evaluations.

Annual evaluations are an important vehicle for feedback on the achievement of job tasks and organizational goals. Evaluations should be timely and relevant to the employee's current duties and professional growth needs. The evaluation process should help employees work toward attainment of agency mission, goals and objectives. Through the evaluation process, employees should be informed of strengths, weaknesses and progress in improving performance. Evaluations can also be used to strengthen work relationships and to improve communication between supervisors and staff, to develop employee skills, and to recognize accomplishments and good work. TLSD's infrequent use of evaluations impacts the level of formal feedback received by the custodial and maintenance staff.

R4.6 TLSD should develop a formal evaluation policy to ensure that the maintenance and custodial supervisor and custodial staff receive annual performance evaluations. The evaluations should be closely tied to job duties and organizational goals. TLSD should consider options on the frequency and format of evaluations to increase employee participation in the evaluation process.

F4.15 During the 1999-00 school year, TLSD used 6 calamity days and paid $1,933 in calamity pay. Ohio Revised Code (ORC) § 3317.01 allows a school district superintendent to declare up to five calamity days for teaching and non-essential employees. Calamity days are defined as days on which schools are closed due to severe weather conditions, mechanical emergencies or other acts or conditions beyond the control of the district. Calamity days in excess of the five days provided under the ORC must be made up by the district. In those cases, teaching and non-essential employees are not provided with additional compensation. The ORC does not provide for calamity days for essential or 12-month employees. Currently, TLSD provides calamity day compensation for all employees. Classified staff required to work on calamity days receive their regular rate of pay plus time and a half or compensatory time with pay at a later date. The rate of compensation provided to TLSD classified staff for calamity days is in excess of ORC requirements and increases custodial and maintenance costs to the District.

R4.7 TLSD should establish a policy which defines essential employees, including administrators, building custodians, 12-month exempt employees and other personnel necessary to prepare the District for re-opening following a calamity day. Additionally, TLSD should discontinue the practice of granting time and a half for classified employees required to work on calamity days. If an essential employee does not report to work on a calamity day, the employee should be required to use one of the following:

- A compensatory day;
- A sick leave day, if ill;
- A vacation day;
- A personal leave day; and
- A day without pay.

See the **human resources section** of this report for a more detailed discussion on TLSD's calamity day policy and the related financial implications.

Facilities Planning and Management

F4.16 The Ohio Public School Facility Survey of 1990, published by the Ohio Department of Education (ODE), estimated the cost to repair and upgrade TLSD's facilities to State minimum standards and codes for health and safety would be $5.8 million: $3.2 million in repairs and $2.6 million in additions to bring the buildings up to minimum standards and codes. In July 1997, the Ohio Legislative Budget Office (LBO) updated the figures from the 1990 survey. The LBO's current cost estimate for TLSD to update its facilities is $11.2 million. TLSD is in the process of building a $12.6 million addition to the elementary/middle school building which will address the Ohio Public School Facility Survey recommendations. Deferred maintenance, poor past practices and the high average age of Ohio's school buildings has led to a deterioration in the condition of many districts' buildings. Based on TLSD buildings' existing conditions and current renovations and additions, the District is unlikely to require additional large scale improvements until it resolves its financial situation and its projected enrollment begins to increase.

F4.17 TLSD's elementary/middle school building is 30 years old, and the high school is 13 years old. In FY 1999-00, TLSD passed a 20-year 3.02 mill levy to raise $968,000 for the construction of a $12.6 million addition to the elementary/middle school. Approximately 98.0 percent of the construction costs are being paid by the State of Ohio as approved by the Ohio School Facilities Commission. The 3.02 mill levy was required by OSFC as a condition for receiving funds from the State of Ohio for construction and renovations. The addition to the elementary/middle school is scheduled to open in FY 2001-02, and will increase the building's square footage to 102,857, thereby increasing TLSD's overall square footage to 158,757 square feet.

F4.18 Revenue from the General Fund is used to support the maintenance and operation of TLSD's facilities. As shown in **Table 4-4**, the General Fund provided $542,953 in FY 1999-00 to pay for custodial and maintenance employees' salaries and benefits, supplies and materials, purchased services, and capital outlay. **Table 4-14** illustrates TLSD's and the peer districts' FY 1999-00 General Fund custodial and maintenance-related expenditures in terms of cost per square foot.

Table 4-14: FY 1999-00 General Fund M&O Expenditures per Square Foot

Expenditure	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average	AS&U Region 5 Average
Custodial and Maintenance Salaries and Benefits	$2.43	$1.49	$1.90	$1.65	$1.68	$1.76
Purchased Services	$0.40	$0.21	$0.63	$0.41	$0.42	$0.67
Utilities	$1.25	$0.75	$0.90	$0.89	$0.85	$1.07
Supplies/ Materials	$0.16	$0.27	$0.49	$0.30	$0.35	$0.29
Capital Outlay	$0.20	$0.05	$0.04	$0.31	$0.13	N/A
Other	$0.02	$0.00	$0.00	$0.00	$0.00	N/A
Total M&O Budget	$4.46	$2.77	$3.96	$3.55	$3.43	$3.79
Total M&O Budget as % of District Budget	9.0%	11.7%	12.4%	9.9%	11.3%	9.2%

Sources: TLSD Treasurer's Office; peer districts; 1998 AS&U Maintenance & Operations Cost Study

In FY 1999-00, TLSD spent $4.46 per square foot on maintenance and operation expenditures, more than any of the other peer districts. Contributing to the high maintenance and operation expenditures are TLSD's high custodial and maintenance salaries and benefits, utilities, and capital outlay expenditures which are significantly higher than the corresponding peer district averages (see **R4.1**). TLSD maintains low supplies and materials expenditures per square foot through bulk purchasing of supplies. As a percent of General Fund expenditures, TLSD's total maintenance and operation expenditures are approximately 9.0 percent, which is lower than all of the peers. The low percentage allocated to maintenance and operations does not result from lower funding levels, but is a reflection of TLSD's high per pupil expenditures (see **F2.16** and **Table 2-12**).

As a condition of the OSCF grant, TLSD was also required to approve a 0.5 mill levy which is placed in a separate, restricted account to fund the maintenance and upkeep of the TLSD's facilities. The OSFC restrictions on the expenditures of these funds are not specific and TLSD has not identified the expenditures or ongoing maintenance concerns that will be covered by these funds. The levy will generate approximately $13,000 annually which is reserved for upkeep and preventive maintenance on the completed construction project.

R4.8 TLSD should reduce its maintenance and operations expenditures by implementing recommendations **R4.1** and **R4.12**. TLSD could reduce its custodial and maintenance salary and benefit costs per square foot by approximately $0.50 through the reduction of two custodial positions. TLSD could also potentially reduce its utility expenditures by entering into agreements to purchase its utilities at a discount (**R4.11**). Additional utility savings could be incurred if TLSD elected to enter into a performance contract with an energy services company (**R4.12**). TLSD's high capital outlay expenditure is due in part to the construction of the elementary and middle school additions. Capital outlay expenditures should decrease in FY 2002, when the new additions are finished and opened (**F4.16**).

TLSD should develop a plan for the 0.5 mill facilities maintenance funds. The plan should be included as a part of the comprehensive facilities plan (**R4.8**) and should include preventive maintenance. OSFC required maintenance funds are reserved for upkeep on the completed construction project and TLSD should endure that any OSFC required funds are clearly designated to the new addition. OSFC required funds should not be directed to salaries and benefits or used to supplement current expenditures. Maintenance on the new addition and all TLSD buildings should not be deferred but should be adequately planned within the limits of District resources.

F4.19 Although TLSD has examined some of its facilities' needs through a list developed by the maintenance and custodial supervisor (**F4.10**), it does not have a comprehensive facilities master plan (FMP) documenting long-term facility needs, such as construction needs, building closures, additions, renovations and preventive maintenance. A typical FMP generally contains historical information about demographics and community characteristics; educational programs, goals, and practices; enrollment projections; facility evaluations and capital improvement needs; capacity and space utilization analyses; an implementation plan and budget which includes funding sources; and an evaluation process.

The development of a comprehensive FMP provides facilities support staff with a clearer, more detailed plan for deploying its limited resources. Administrators can also use the document to communicate funding requirements to the Board and voters. In addition, a comprehensive FMP can be used to provide a continuous basis for planning educational facilities that will meet the changing needs of the community and can assist TLSD in making more effective decisions regarding the allocation of limited resources to achieve its goals and objectives. A comprehensive FMP also may be used for the following:

- Determine the appropriate number of schools required to serve both current and future student populations;
- Estimate the funding needed for repairs, renovations, and new construction;

- Document the need for school closings and consolidations;
- Justify buying and selling properties; and
- Develop cost-effective alternative uses for existing facilities.

The lack of a comprehensive FMP hinders TLSD's ability to prioritize major renovations and maintenance activities and also hinders its ability to perform long-range financial planning and budgeting for facility renovations and maintenance needs.

R4.8 TLSD should develop a comprehensive FMP. When developing the plan, TLSD should obtain input from a variety of sources including design professionals, community groups, business representatives, parents, teachers, administrators and students. The plan should be updated on a regular basis and adjusted for factors, such as housing starts and shifts in employment, that could impact TLSD.

F4.20 **Table 4-15** shows the ten-year head count history for TLSD. The head count data in **Table 4-15** includes all students enrolled in TLSD.

Table 4-15: Head Count History

School Year	Head Count	Percent of Change From the Previous Year
1991-92	1,141	--
1992-93	1,107	(2.90)%
1993-94	1,100	(0.63)%
1994-95	1,094	(0.54)%
1995-96	1,108	1.28%
1996-97	1,191	7.49%
1997-98	1,141	(4.20)%
1998-99	1,138	(0.26)%
1999-00	1,106	(2.81)%
2000-01	1,078	(2.60)%

Source: TLSD Superintendent's Office

In the last ten years, TLSD's student population has decreased by a total of 63 students. According to **Table 4-15,** the student population has gradually decreased from the 1991-92 school year through the 2000-01 school year. TLSD has not developed student enrollment projections to track trends in enrollment. Enrollment projections are essential for determining the appropriate number of school buildings needed and are useful for estimating staffing needs, projecting State funding, and developing five-year financial forecasts. ODE prepares enrollment projections for each school district in the State. These projections are developed using live birth data and a grade-to-grade survival ratio. **Table 4-16** contains ODE's 10-year enrollment projections for TLSD.

Table 4-16: ODE's 10-Year Enrollment Projection

School Year	Projection	Percent of Change From the Previous Year
2000-2001	1,050	N/A
2001-2002	1,062	1.14%
2002-2003	1,059	(0.28)%
2003-2004	1,063	0.38%
2004-2005	1,070	0.66%
2005-2006	1,074	0.37%
2006-2007	1,053	(1.96)%
2007-2008	1,042	(1.04)%
2008-2009	1,036	(0.58)%
2009-2010	1,023	(1.25)%

Source: ODE's Division of Information Management Service

ODE is projecting TLSD's enrollment to decrease by 55 students, or 5.1 percent, over the next 9 years. Declining enrollment may signal a decreasing need for space and staffing resources. Because TLSD has not tracked enrollment and does not use enrollment projections for planning, the District may experience low building capacity in future years.

R4.9 TLSD should develop enrollment projections as part of the recommended comprehensive FMP and five-year financial forecast. The methodology adopted to project enrollments should include live birth data, historical enrollment and grade-to-grade survival ratios. Enrollment projections should be produced annually to increase the utility of the data. TLSD should use the enrollment projections to help determine the amount of State funding it will receive in the future, to aid in the completion of financial forecasts, to determine the appropriate number of teachers to hire, and to evaluate building usage and capacity.

F4.21 **Table 4-17** presents a capacity analysis for each of TLSD's school buildings. The capacity analysis was developed using a standard methodology often employed by educational planners and other school districts.

Table 4-17: Current School Building Capacity Analysis Including the Pod Unit Classrooms

School	Year Built	Building Capacity	1999-00 Headcount	Over/(Under) Capacity	Percent of Utilization
Elementary School[1]	1972	670	403	(267)	60.1%
Middle School	1972	403	311	(92)	77.2%
High School	1988	510	334	(176)	65.5%
Total		**1,583**	**1,048**	**(535)**	**66.2%**

Sources: TLSD Superintendent's Office; EMIS reports

[1] The elementary and middle schools and located in the same building. For capacity analyses purposes, the two schools were separated.

Note: The methodology used to determine capacity is as follows:

- The capacity for the elementary school buildings was calculated by multiplying the number of regular classrooms by 25 students and the number of special education classrooms by 10 students.
- The capacity in the middle and high schools is calculated by multiplying the number of teaching stations by 25 students and then multiplying the product by an 85.0 percent utilization factor.
- Classrooms used for music, art, and computer labs are excluded from the number of rooms used in the calculation.

As **Table 4-17** indicates, the overall capacity of TLSD schools is calculated to be 1,583 students: 670 in the elementary school wing, 403 in the middle school wing and 510 in the high school. Two pod units in the middle school provide capacity for 255 of the 403 students. TLSD is currently operating at 66.2 percent of its total capacity when the pod units are included in the capacity calculation.

Table 4-18 shows the effect of the new additional space, set to open in FY 2001-02, on the capacity of the elementary/ middle and high school buildings.

Table 4-18: Comparison of Projected Enrollment and Future Building Capacity

School	2005-06 Projected Enrollment	Future Building Capacity	Over/(Under) Capacity	Utilization Rate
Elementary School	382	875	(493)	43.7%
Middle School [1]	311	382	(71)	81.4%
High School	381	510	(129)	74.7%
Total	**1,074**	**1,767**	**(693)**	**60.87%**

Source: TLSD Superintendent's Office; ODE enrollment projections

[1] The future middle school capacity does not include the 12 pod unit classrooms.

When the new addition is completed and the pod units are closed, TLSD will be under capacity by 39.1 percent. Although the middle school is at a high capacity, the elementary school will be operating at very low capacity and space resources could be reconfigured to better accommodate both elementary and middle school students and teachers. Because capacity will be low, TLSD may be responsible for the upkeep and operation of areas receiving limited use.

R4.10 Considering TLSD's current financial condition, the District should assess its need to fully operate vacant classrooms and areas with infrequent utilization. In classes with low class size, TLSD should consider combining classes which would reduce space needs and, in turn, reduce maintenance and operating costs. In unused areas, TLSD should consider reducing heat/air conditioning flow and turning off overhead lights. Maximization of building space and the reduction of utility and custodial expenditures on unused and under utilized space could help TLSD reduce maintenance and operating expenditures.

F4.23 Interviews with faculty, staff and administration reflect the common view that the elementary/middle school is overcrowded. The most common complaint is that the building lacks adequate storage space. Storage space shortages reportedly exist because space is shared between the elementary and middle school students in the art room, multipurpose room (gymnasium and auditorium), stage area and library. In addition, there is a limited number of locker areas and storage rooms. Limited classroom and office space has necessitated school counselors and advisors to use areas behind the stage and rooms designed as closets as their offices. The physical education classes were noted as having limited space resources and the library was cited by staff as being overloaded with both library materials and materials from the computer lab. However, the conditions may result from poor facilities planning and an absence of storage units.

Both the capacity analysis performed above and an examination of the square feet per student indicated that TLSD has an adequate amount of classroom space. TLSD is planning on addressing its current lack of storage space by converting the pod unit classrooms into storage space in FY 2001-02. Although the pod will provide additional storage space, TLSD incurs annual costs of $19,200 to rent the structure.

R4.11 TLSD should examine the utilization of space at the elementary/middle school. Teachers and administrators should be included in the development of plans for building storage, and TLSD should develop a plan and associated cost information to purchase adequate storage units. In addition, the certificated and classified staff at the elementary/middle school building should consider transferring infrequently used items to the high school, where capacity is much lower and more excess space exists. Items that are no longer used should be auctioned off or disposed of to provide space for needed educational and facility maintenance supplies.

In addition, TLSD should discontinue the pod unit rental. The pod unit is an expensive alternative to modular storage for classroom items. Once the TLSD elementary/middle school staff has moved infrequently used items to the high school and disposed of unused and out-of-date items, storage needs should be reduced to a level which can be maintained within the elementary/middle school building.

Financial Implication: By discontinuing the pod rental upon completion of the new addition, TLSD could save $19,200 annually.

Energy Management

F4.24 TLSD does not participate in any discounted utility programs. According to the Ohio School Facilities Commission, in 1990, TLSD borrowed approximately $650,000 under the H.B. 264 provision which authorizes school districts to issue debt without voter approval to finance capital improvement projects which result in energy savings. According to the legislation, the savings resulting from the projects should equal or exceed project costs. TLSD has paid back its H.B.264 debt in full. However, TLSD's utility expenditures, which equaled $1.25 per square foot in FY 1999-00, are approximately 49.0 percent higher than the peer district average, as illustrated in **Table 4-14**.

R4.12 TLSD should implement additional energy conservation measures in an effort to reduce its increasing utility costs. TLSD could begin by entering into service agreements with utility providers that offer discounts to school districts. TLSD should contact gas suppliers in their area to determine which company offers the best rate to meet the needs of the District. TLSD should also contact and join SchoolPool, a partnership of the Buckeye Association of School Administrators, the Ohio Association of School Business Officials, and the Ohio School Boards Association, to take advantage of collective electricity purchasing power for Ohio's public school districts. Districts in Pennsylvania are saving 10.0 to 20.0 percent on their electricity costs with Strategic Energy, the aggregator for SchoolPool.

Financial Implication: Based on TLSD's FY 1999-00 gas and electricity expenditures and the savings experienced by similar districts participating in discounted utility programs, TLSD could save an average of 15.0 percent on its utility costs, or approximately $19,000 per year.

F4.25 TLSD has not studied the potential savings available through the use of an energy services company. Energy service companies develop, install, and finance projects designed to improve the energy efficiency and maintenance costs for facilities over a 7 to 10 year time period. The company acts as a developer for a wide range of tasks and assumes the technical and performance risk associated with the project. Energy service companies typically offer the following services:

- Development, design, and financing of energy efficiency projects;
- Installation and maintenance of the energy efficient equipment involved;
- Measuring, monitoring, and verifying the project's energy savings; and
- Assuming the risk that the project will save the amount of energy guaranteed.

These services are bundled into the project's cost and are repaid through the dollar savings generated. The projects are comprehensive and employ a variety of methods to achieve energy savings, such as high efficiency lighting, high efficiency heating and air conditioning, efficient motors and variable speed drives, and centralized energy management systems. By not using an energy savings company, TLSD may have missed opportunities to reduce costs and improve efficiency which could have long-term cost implications for the District.

R4.13 In addition to taking advantage of utility discounts, TLSD should contact an energy service company. TLSD could save an additional unquantifiable amount by entering into a performance contract with an energy service company. The amount saved would depend on the type of energy efficiency projects undertaken. There should be no implementation costs for these projects.

Financial Implications Summary

The following table summarizes the quantifiable annual cost savings TLSD could realize if the recommendations in this section of the report are implemented.

Facilities Financial Implications Summary

Recommendation	**Annual Cost Savings**
R4.1 Reduce two full-time custodial positions.	$57,150
R4.11 Discontinue the pod rental upon completion of the new addition.	$19,200
R4.12 Participate in a discount utilities program.	$19,000
Total	**$95,350**

In FY 1999-00, TLSD received $12.6 million from the Ohio Schools Facilities Commission to renovate and construct additions at the elementary/middle school. Based on the capacity analyses and facilities assessments included in this report, TLSD's current facilities appear to be in good condition and adequate in size for the current and projected student populations.

Conclusion Statement

The facilities at TLSD are clean and appear to be in a state of good repair. The buildings are relatively new and have required few large scale repairs. Recently, TLSD was approved for an OSFC grant to construct an addition to the elementary middle school. The addition will open for use in FY 2001-02.

TLSD's maintenance and operating expenditures are $4.46 per square foot, which is significantly higher than the peer districts' costs. Cost drivers for TLSD include high staffing in its custodial services and higher than average utility costs which result from the use of air conditioning at each school building. The custodial staff at TLSD is currently responsible for maintaining an average of 15,197 square feet per custodian, which is lower than all the peer districts and almost 40.0 percent less than the American School and University Region 5 average. TLSD could reduce its facilities operating expenditures by reducing the custodial staffing level by two full-time equivalent positions. TLSD could also use resources from the 0.5 mill bond levy, designated for facilities maintenance, to offset some general fund expenditures.

TLSD has not completed a comprehensive facilities needs analysis. As a result, TLSD's ability to anticipate building renovation and maintenance needs is hindered, and long-range facility needs cannot be projected. TLSD should perform a needs analysis and should incorporate the knowledge gained from the analysis into a comprehensive facilities master plan. A facilities master plan can be used to determine the appropriate number of facilities required to serve the current and future student population; estimate repair, renovation, and new construction funding needs; and develop cost-effective alternative uses for existing facilities.

Also, TLSD should implement a more formalized planned preventive maintenance program for the facilities. An effective preventive maintenance program can decrease energy consumption, reduce maintenance and capital expenditures, and improve worker productivity by proactively maintaining equipment rather than responding to breakdowns and emergencies.

A substantial portion of TLSD's maintenance and operating costs can be attributed to high utility costs. TLSD has not pursued deregulated gas or electricity and does not participate in an energy management program. Despite HB 264 upgrades, TLSD's costs are above the peer averages. TLSD should consider implementing an energy management program, using deregulated utility resources and minimizing the maintenance and operating costs for unused space.

Transportation

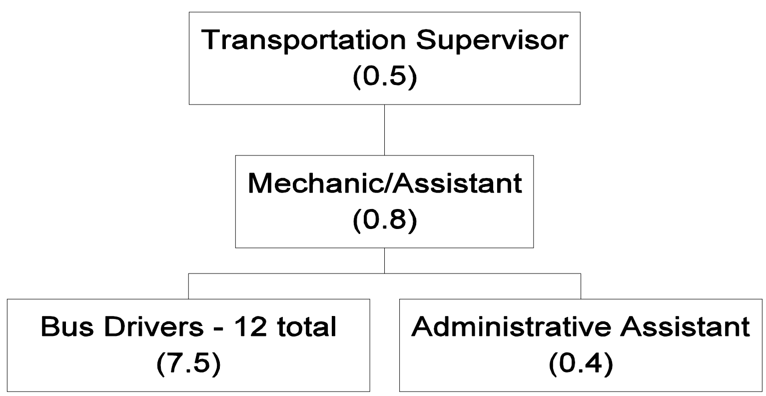
Background

The Trimble Local School District (TLSD) provides transportation for regular and special needs students to and from school using district owned buses and vans. Transportation is provided for any student living more than one mile from school. Because of the rural nature of the district and the absence of sidewalks in many areas, those students living less than one mile from school are also given transportation, provided that student resides on a regular bus route.

Organization Chart

The chart below provides an overview of the organizational structure and staffing levels in full-time equivalents (FTE) for the TLSD Transportation Department.

Chart 5-1: Transportation Department



Organization Function

The Transportation Department's primary responsibility is to provide a safe, efficient and effective method of transporting students to and from school. TLSD's Transportation Department operates its own fleet of school buses and provides transportation to all students in the District.

Summary of Operations

In FY 1999-00, the Ohio Department of Education reported a head count of 1,106 students at TLSD. TLSD regular transportation program buses traveled approximately 155,000 miles, carrying 1,008 public students daily. Nine students received payment in lieu of transportation. The total cost of the regular transportation program was $314,629, or $309 per student transported. Although TLSD is only 40 square miles, the rural nature of the district and the infrastructure of the roads prevent many of the routes from being circular in nature. Circular routes enable the buses to circle the district, picking up students for the duration of the route. TLSD has to use less efficient linear routes, in which the buses go straight out to pick up students and retrace the route back to the school. These routes take longer to complete and limit the number of students who can be transported per route.

In FY 1999-00, the special education program transported 24 students daily using specially equipped buses and vans. TLSD transported all of the District's special education students. The cost for special needs transportation was $68,980 or $2,874 per student.

Overall, TLSD's vehicles transported 1,032 students, with 9 students receiving payment in lieu of transportation and the remaining 65 students driving to school. Total cost for all methods of transportation provided by TLSD cost $383,609. Fifty-five percent or $211,709 of the transportation expenditures were funded by the State.

Staffing

Table 5-1 displays the staffing levels for the Transportation Department for FY 1999-00. This is the same staffing level which is in effect for FY 2000-01. TLSD has 10 employees who are bus drivers only. These employees are guaranteed five hours per day, which creates a staffing level of 6.25 total FTEs. The Transportation Department has three employees who split their time between two positions. The transportation supervisor also acts as the head mechanic which is represented in **Table 5-1** as 0.50 FTEs for each position, as equal time is spent performing each function. The administrative assistant works eight hours per day: five hours as a bus driver and three hours as an administrative assistant. This is represented in the table as 0.6 FTEs as a bus driver and 0.4 FTEs as an administrative assistant. The mechanic assistant works seven hours per day: two hours in the bus garage and five hours as a bus driver. This is represented by 0.3 FTEs and 0.6 FTEs, respectively.

Table 5-1: Peer District Staffing Level Comparison

Staffing	Trimble		Bloom-Vernon		Federal Hocking		Southern	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Supervisor	1.0[1]	0.5	1.0	1.0	1.0	1.0	1.0	1.0
Bus Driver	10.0	7.5	15.0	9.4	21.0	18.4	12.0	7.3
Mechanic/Assistant	1.0[2]	0.8	0.0	0.0	2.0	2.0	1.0	1.0
Administrative Assistant	1.0[3]	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Total	**13.0**	**9.2**	**16.0**	**10.4**	**24.0**	**21.4**	**14.0**	**9.3**

Source: Districts' Transportation departments.
[1] The supervisor also acts as the head mechanic which is represented by 0.5 FTEs for each position.
[2] The mechanic assistant also is a bus driver which is represented by 0.3 FTEs for mechanic assistant and 0.6 FTEs for bus driver.
[3] The administrative assistant is also a bus driver which is represented by 0.4 FTEs for administrative assistant and 0.6 FTEs for bus driver.

Financial Data

Table 5-2 displays actual expenditures for FY 1998-99 and FY 1999-00, and budgeted FY 2000-01 expenditures as provided by the TLSD treasurer.

Table 5-2: Transportation Department Expenditures, Three Year History

Component	Actual FY 1998-99 Expenditures	Actual FY 1999-00 Expenditures	% Variance	Budget FY 2000-01 Expenditures	% Variance
Salaries	$208,574	$223,499	7.2%	$232,050	3.8%
Benefits	$101,348	$118,215	16.6%	$77,400	(34.5%)
Purchased Services	$15,627	$8,714	(44.2%)	$10,760	23.5%
Materials & Supplies	$54,708	$47,678	(12.9%)	$63,600	33.4%
Subtotal	$380,257	$398,106	4.7%	$383,810	(3.6%)
Capital	$41,272	$6,811	(83.5%)	$15,900	133.4%
Total	$421,529	$404,917	(3.9%)	$399,710	(1.3%)

Source: TLSD treasurer.

The total transportation expenditures have not fluctuated significantly from FY 1998-99 to FY 1999-00. However, there was a 7.2 percent increase in salaries and a 16.6 percent increase in benefits from FY 1998-99 to FY 1999-00 due to the addition of one employee. Benefits for FY 2000-01 are budgeted to decrease by 34.5 percent due to the change from a traditional self-funded health insurance plan to a preferred provider organization plan. Based upon the actual expenditures from FY 1999-00, the budgeted expenditures for FY 2000-01 are expected to decrease 1.3 percent. However, as shown in the **financial systems** section**,** savings as forecasted in the budget have not materialized.

Bloom-Vernon Local School District (BVLSD) Federal Hocking Local School District (FHLSD) and Southern Local School District (SLSD) were used as peer districts in this audit. **Table 5-3** details some of the basic operating statistics for TLSD and the peer districts.

Table 5-3: Operational Statistics and Ratios

FY 1999-00	Trimble	Bloom-Vernon	Federal Hocking	Southern
Operational Statistics:				
Students Transported				
- Regular students	1,017	1,080	1,468	1,065
- Special needs	24	17	17	9
- Total	1,041	1,097	1,485	1,074
Expenditures				
- Regular students	$314,629	$456,226	$703,400	$412,021
- Special needs	$68,980	$18,850	$46,912	$35,046
- Total	$383,609	$475,076	$750,312	$447,067
State Reimbursements				
- Regular students	$191,201	$226,505	$444,820	$219,906
- Special needs	$20,508	$9,762	$9,418	$9,197
- Bus purchase allowance	$0	$0	$0	$0
- Other bus reimbursement	$0	$0	$0	$0
- Total	$211,709	$236,267	$454,238	$229,103
Miles Driven				
- Regular students	154,980	269,925	403,436	127,044
- Special needs	94,680	8,850	42,558	21,625
- Total	249,660	278,775	445,994	148,669
Operational Ratios:				
Regular Students: Yellow Bus				
- Cost per Mile	$2.03	$1.69	$1.74	$3.24
- Cost per Bus	$26,219	$28,514	$31,973	$31,694
- Cost per Student	$311	$422	$481	$387
- Students per Bus	43	68	33	41
- Cost per Student all methods	$309	$422	$479	$387
Special Needs Students:				
- Cost per Student all methods	$2,874	$1,109	$2,760	$3,894
School Sites				
- Public	2	3	3	1
- Non-public	0	0	1	1
Active Buses	12	16	22	13
Spare Buses	4	6	7	3
Square Miles in TLSD	40.0	84.0	191.0	90.1

Source: FY 1999-00 T-1, T-2 and T-11 Forms; FY 1998-99 4502 report and foundation settlement sheets; interviews

Performance Measures

The following list of performance measures was used to conduct the analysis of the Transportation Department at TLSD:

- Assess TLSD's transportation practices in relation to State minimum standards;
- Evaluate the adequacy of reporting operational information to secure State transportation aid;
- Analyze the cost effectiveness of pupil transportation services by type of transportation (regular and special needs transportation) including:
  - The cost per mile, cost per bus, and cost per student;
  - Bus capacity utilization;
  - Comparative bus driver wage rates and benefits; and
  - The effectiveness of coordination between the Special Education Department and the Transportation Department to assure efficient transportation of special needs students.
- Assess the effectiveness and efficiency of transportation routing including:
  - The use of manual or computerized routing; and
  - An assessment of TLSD's bell schedules to support tiered routing.
- Assess Transportation Department staff and personnel matters including:
  - A review of the collective bargaining agreement;
  - An analysis of bus driver salaries based upon actual hours worked for TLSD; and
  - An analysis of absenteeism and leave usage.
- Assess the Transportation Department's use of technology, including the functionality available and functionality used with regards to technology in the areas of routing, fueling, work orders, parts inventory, and purchasing;
- Assess the bus fleet, the required capital investment, and TLSD's practices regarding school bus replacement.

Findings / Commendations / Recommendations

Policy

F5.1 State law requires school districts to provide transportation for resident students, grades K-8, who live more than two miles from their assigned school or who have physical or mental disabilities that make walking impractical or unsafe. The law also states that transportation of high school or intra-district open enrollment students is optional. Each school district has the responsibility to develop a district policy that states which students receive transportation based on proximity to the school. The following table shows how TLSD and the peer districts determine which students are provided transportation.

Table 5-5: Transportation Policies

Grade	Ohio Revised Code	Trimble [1]	Bloom-Vernon	Federal Hocking	Southern
K	2 miles	No mile limit	2 miles	No mile limit	0.5 mile
1-8	2 miles	No mile limit	2 miles	No mile limit	0.5 mile
9-12	Not Required	No mile limit	2 miles	No mile limit	0.5 mile
Intra-district open enrollment	Optional	N/A	No	Yes	N/A

Source: Districts' policies
[1] TLSD currently does not have a Board adopted transportation policy; however, these are the current practices of the Transportation Department.

TLSD's Board of Education (Board) has not formally adopted a transportation policy for its students. However, it is the practice of the Transportation Department to provide transportation to any student, grade K-12, who requires it. TLSD also provides transportation to students that live less than one mile from school if that student's residence is on a regular route. This practice exceeds the State minimum standards of two miles for grades K-8. Practices that exceed State minimums increase transportation costs within a district. However, transportation services above the State minimums are often required to mitigate hazards that may impede students reaching school safely. As required by the Ohio Revised Code (ORC), TLSD also provides transportation to resident students with physical or mental disabilities that make walking impossible or unsafe. TLSD does not currently transport any non-public school students.

R5.1 TLSD should adopt a transportation policy for the District. This policy should include the following:

- Why students are being transported;
- How students will be transported;

- Which students will be transported;
- Mile limitations for eligibility to receive transportation;
- Hazard exceptions and transportation of non-public students; and
- The responsibilities of the bus driver during the transportation of students.

As most walking routes to TLSD's schools do not have sidewalks, a change in the current practice may not be feasible. Therefore, the hazard exceptions policy should highlight the potential risks associated with any deviation from the current practice.

F5.2. TLSD uses a two-tiered bell system for its two schools. Using this procedure, the Transportation Department operates two routes, one to transport the students to the Middle/High School, and a second route to transport the elementary school students. The Middle/High School route always occurs before the Elementary School route, based on the starting times of the respective schools. Most school districts use either a one-tiered or two-tiered bell system. A two-tiered bell system allows each bus to have two morning runs and two afternoon runs, thereby reducing the number of buses needed to transport students.

Based on the two-tiered bell procedure, TLSD averages 43 total students per bus in operation. The low number of students per bus can be attributed to the rural nature of TLSD, which causes many of the routes to be linear. Linear routes decrease the number of students that are transported per route and increase the number of buses needed. As shown in **Table 5-3**, Bloom-Vernon Local School District (BVLSD) has the highest number of students per bus. This is because BVLSD uses a one-tiered bell schedule.

F5.3. Currently, the TLSD Transportation Department uses a manual routing system which designs current routes from historically developed routes. Annually, the transportation supervisor adjusts the bus routes for the transportation of students who did not receive transportation in the previous year. Although sometimes able to provide districts with more efficient routes, the use of a computerized routing system would most likely provide no immediate benefit to TLSD as there are currently 43 regular needs students transported for every bus in operation (see **F5.7** and **R5.3**). Transportation routing software would cost approximately $15,000 with implementation costs of $3,000. However, TLSD may be able to access routing software through the District's A-site.

State Funding

F5.4. School districts must file annual forms with the Ohio Department of Education (ODE) regarding their transportation services. These forms (T1, T2, T11) are used by ODE to determine the reimbursement amount districts will receive related to their regular and special needs transportation programs. The State funding for regular transportation is passed through to TLSD in the District's State Foundation payments twice a month. The State bases the amount of the current year's funding on the prior year's information until the T-1 Form is completed in October. The amount of funding is then adjusted the following January. Accurate completion of the forms is essential to ensure that districts receive the appropriate levels of reimbursements.

For FY 1999-00, TLSD's total transportation expenditures amounted to $383,609, of which $211,709 or 55 percent, was reimbursed by the State. For regular needs transportation, $191,201 was reimbursed, which represents 61 percent of regular needs transportation expenditures. TLSD received $20,508 or 30 percent of the total special needs transportation expenditures from the State.

The T-Forms submitted by TLSD for FY 1999-00 contained inaccurate data. TLSD under-reported their actual transportation costs, as determined by reconciling the T-Forms with the 4502 Q forms for TLSD. The total dollar amount of expenditures by TLSD was under-reported by $3,300. Inaccurate T-forms affect State reimbursement which is based on the expenses reported by each school district.

R5.2 TLSD should submit corrected FY 1999-00 T-Forms to ODE. In addition, TLSD should develop procedures to ensure that accurate reports are prepared and that they reconcile to the 4502 report which contains all detailed expenditures for TLSD. Included in the preparation of these reports should be representatives from the Transportation Department, Treasurer's Office and Superintendent's Office whose signatures on these forms certify the accuracy of the data reported. In addition there should be a review process by a person that is independent of the data gathering process to ensure the policy was followed and accurate amounts are reported to ODE. TLSD should contact ODE to receive the necessary assistance and training in meeting these objectives.

Because TLSD receives its reimbursement on a per mile basis for regular transportation, the under-reporting of the expenditure would not result in a liability to ODE. However, the information is important for developing comparative statistics and trends on both a statewide and local level.

General Operations

F5.5 Within TLSD boundaries, 1,082 regular education public students are eligible for transportation. Of these students, 1,008 are transported on TLSD buses, 9 students receive payment in lieu of transportation, and the remaining 65 students drive to school. The overall cost to transport a TLSD regular education student, for all methods of transportation, is $309 based on FY 1999-00 actual expenditures.

Table 5-6 details the number of students and cost per student for regular and special needs students.

Table 5-6: Transportation Cost

	Students	FY 1999-00 Costs	Cost per Student
Regular Education	1,017	$314,629	$309
Special Needs	24	$68,980	$2,874
Total	1,041	$383,609	N/A

Source: FY 1999-00 T-1, T-2, T-11 Forms and TLSD Transportation Department

As with most school districts, the cost for TLSD to transport special needs students is dramatically higher than the cost to serve regular education students. A total of 24 special needs students were eligible for transportation in FY 1999-00. The cost per special needs student for all types of special needs transportation during FY 1999-00 was $2,874 or $2,565 more than the cost to serve regular education students. The following factors contribute to the higher cost for special needs student transportation within TLSD:

- There are a total of five transportation routes used to transport special needs students. These five routes combine to produce 94,680 miles per year in special needs transportation. TLSD has the largest number of special needs transportation miles when compared to the peers, almost twice the next largest peer district.

- One student was transported to Athens, Ohio every day to receive special needs services unique to this student's disability. This transportation resulted in a round trip of 38 miles per day.

- One student is transported to Columbus, Ohio for special education services that cannot be provided at TLSD. This trip, which occurs on Sundays and Fridays, results in an additional 370 miles per week.

F5.6 Performance of transportation services can be measured by various means. **Table 5-7** presents selected operating ratios for TLSD and other peer districts for regular education students.

Table 5-7: Regular Education Operational Ratio Peer Comparison

Regular Education FY 1999-00	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peer Average
TLSD Buses:					
Operational Data:					
Active Buses	12	16	22	13	16
Average Driver Wage	$11.90	$13.96	$10.06	$10.64	$11.64
Operational Ratios:					
Cost per Mile	$2.03	$1.69	$1.74	$3.24	$2.18
Cost per Bus	$26,219	$28,514	$31,973	$31,694	$29,600
Cost per Student	$311	$422	$481	$387	$400
Students per Bus	43	68	33	41	46
Number of Students	1,008	1,080	1,462	1,065	1,154
Payment In Lieu of Transportation:					
Cost per Student	$96	N/A	$86	N/A	$91[1]
Number of Students	9	0	6	0	8[1]
All Modes of Transportation:					
Cost per student	$309	$422	$479	$387	$400
Number of Students	1,017	1,080	1,468	1,065	1,154

Source: Transportation department's FY 1999-00 T-1 and T-2 Forms and interviews
[1] Contracted other vehicles excludes Bloom-Vernon and Southern, as they do not provide this service.

Operating ratios, such as cost per mile, cost per student and cost per bus, are common efficiency indicators when assessing the efficiency of school transportation. Regular needs operational ratios within the TLSD Transportation Department compare favorably with those of its peer districts. TLSD has the lowest cost per student on District buses of $311, as compared to a peer average of $400 per student. The annual transportation cost per bus of $26,219 was also the lowest among the peer districts with the average peer district cost per bus of $29,600. However, TLSD's cost per mile is the second highest of the peers which may be related to the age of the bus fleet (see also **F5.16** and **F5.17**).

C5.1 The TLSD Transportation Department appears to use efficient practices in the operation and maintenance of the bus fleet. Efficiency is shown in TLSD's operating statistics being lower in cost per bus and cost per student than the peer averages. Additional information of the methods used by TLSD to keep transportation costs low may be found in **F5.9** and **F5.19**.

F5.7 TLSD does not use routing software to design bus routes. Instead, routes and stops are manually designed based upon historically established cluster, corner, and door-to-door stops. TLSD is currently designing bus routes in an effort to obtain the optimal efficiency level. **Table 5-7** shows that TLSD operates one bus for every 43 students who receive regular transportation. Industry standards suggest that bus capacity utilization be maintained at approximately 80 percent to facilitate more efficient operations.

The TLSD Transportation Department runs 5 buses that hold 71 passengers, and 7 buses that hold 65 passengers. Averaging the capacity to determine the capacity utilization of the fleet, a figure of approximately 68 passengers per bus is achieved. Therefore, TLSD's estimated bus capacity utilization is approximately 63 percent. Even though TLSD operates a two-tiered bell system, the estimated 63 percent bus capacity utilization is significantly lower than the industry standard. The primary reason for the low bus capacity is the linear nature of the routes that TLSD must use to provide transportation.

R5.3 TLSD's transportation supervisor should review all existing bus routes for opportunities to increase the number of students per bus through the possible elimination of a route(s). During FY 1999-00, TLSD's Transportation Department transported 1,008 regular transportation students on 12 regular transportation buses which equals one bus for every 43 students or a rate of 63 percent utilization.

F5.8 **Table 5-8** illustrates the special needs transportation operational ratios of the peer districts. The emphasis of the comparison is on the cost of transportation per student by the various methods used to transport special needs students.

Table 5-8: Special Needs Operational Ratios Peer Comparison

Special Needs Education FY 1999-00	Trimble	Bloom-Vernon	Federal Hocking	Southern	Peers
Operational Data:					
Total expenditures	$68,980	$18,850	$46,912	$35,046	$42,447
Operational Ratios:					
Cost per Mile	$0.73	$0.67	$1.05	$1.25	$0.93
Cost per Student	$2,874	$656	$2,983	$3,381	$2,474
Number of Students	24	9	15	8	14
Contracted Other Vehicles:					
Cost per Student	N/A	N/A	N/A	$8,000	$8,000[1]
Number of Students	0	0	0	1	1[1]
Parent/Guardian Contract:					
Cost per Student	N/A	$1,617	$1,083	N/A	$1,350[2]
Number of Students	0	8	2	0	5[2]
All Modes of Transportation:					
Cost per Student	$2,874	$1,109	$2,760	$3,894	$2,659
Number of Students	24	17	17	9	17

Source: Transportation department's T-11 Form and interviews

[1] Contracted other vehicles excludes Federal Hocking and Bloom-Vernon, as they do not provide this service.

[2] Parent/Guardian Contract excludes Trimble and Southern School Districts as they do not provide this service.

TLSD's special needs transportation costs are $26,533 more than the special needs expenditures of the peers, primarily because TLSD has 41 percent more special needs students than the peer average. In general, the costs for special needs transportation services are substantially higher than for regular need. Due to the significant cost of special needs transportation, most districts promote other forms of transportation, such as those illustrated for the peer districts in **Table 5-8**.

R5.4 TLSD could lower special needs transportation costs by exploring the following:

- Promoting the formation of parent/guardian contracts with the Transportation Department. Average cost of parent/guardian contracts of the peer districts is $1,524 less than the current cost per special needs students at TLSD. While parents cannot be forced to provide transportation, TLSD can promote the use these contracts with the goal of decreasing the total number of special needs students that receive transportation provided by the District.

- Some special needs students are transported outside of TLSD to receive specialized education. TLSD should determine if transportation costs can be shared with surrounding districts that send students to the same schools.

- TLSD currently uses two vans to transport special needs students. Vans are less costly to operate than buses and should be used when ever possible.

Personnel

F5.9 **Table 5-9** presents an analysis of key contractual issues among the peer districts that have the potential to affect the cost effectiveness of providing transportation services.

Table 5-9: Comparisons of Transportation Staff Contractual Issues

	Trimble	Bloom-Vernon	Federal Hocking	Southern
Number of Guaranteed Hours:				
Bus Drivers	5 hours per day	5 hours per day	7 hours per day	4.83 hours per day
Monitors/Aides	N/A	N/A	N/A	3.5 hours per day
Substitutes	None	None	None	None
In-service days	Hourly rate	Hourly rate	Hourly rate	Hourly rate
Pre-trip, fueling and cleaning	30 minutes per day, included in the guaranteed hours	1 hour, included in the guaranteed hours	30 minutes per day, included in the guaranteed hours	30 minutes per day, included in the guaranteed hours
Overtime	None	None	Hours worked in excess of 40 hours per week	Hours worked in excess of 25 hours per week
Vacation	Vacation is only available to 12-month employees	Vacation is only available to 12-month employees	Vacation is only available to 12-month employees	Vacation is only available to 12-month employees
Personal Leave	3 days	3 days	3 days	3 days
Personal Leave Attendance Incentive	0 days used: $120 1 day used: $75 2 days used: $35	0 days used: $50 1 day used: $100 2 days used: $150	If none of the personal leave is used, 3 days are added to sick leave	None stated

	Trimble	Bloom-Vernon	Federal Hocking	Southern
Holidays	8 days	All school holidays	Paid for school holidays only if school day preceding and day following holiday are worked	All school holidays
Probation Period	120 days	None stated	120 days	None stated
Evaluation Process and Frequency	No policy stated, evaluations done as needed	Semi-annually for first year, annually thereafter	Twice during probation period, randomly thereafter	No policy stated
Ability to Sub-contract	Yes	Yes	Yes	Yes
Route Bidding:				
Annual	By seniority	By seniority	By seniority	By seniority
Vacancy	By seniority	By seniority, no limit	By seniority	By seniority
Benefits:				
Sick Leave	15 days per year	15.5 days per year	15 days per year	15 days per year
Sick Leave Attendance Incentive	None stated	$50 per sick day not used only from 0-5 days not taken	None stated	None stated

Source: Union contracts and district transportation departments

F5.10 TLSD Transportation Department employees are represented by the Ohio Association of Public School Employees AFSCME Local 1351 (Local 1351). The contract between the Board and Local 1351 (in effect from September 1, 2000 through August 31, 2003) states that all bus drivers are salaried personnel. Bus drivers are guaranteed five hours of pay per day if they work both their morning and evening routes and do not receive overtime for working any time in excess of the guaranteed hours. Drivers receive a full benefits package regardless of the number of hours worked per week. Based upon the contract, 100 percent of the benefit costs are paid by TLSD. Drivers that provide proof of coverage under an alternative carrier and decline the Board provided coverage are paid an additional $900. See the **human resources** section of this report for more information and the corresponding recommendation(s) (see **F3.45** and **R3.13**).

As noted in **Table 5-10**, the average hourly bus driver wage was $11.90 and the peer average was $11.64 per hour. All of the districts examined in this performance audit guarantee hours for their bus drivers (**Table 5-9**). **Table 5-10** shows the average yearly salary in comparison with the peer districts and the peer averages based upon the bus driver's hourly wage for each of the districts.

Table 5-10: Comparison of Yearly Salaries

School District	Guaranteed Hours	Average Hourly Driver's Wage	Average Daily Rate	Average Yearly Rate
Trimble	5.0 hours	$11.90	$59.50	$10,170
Bloom-Vernon	5.0 hours	$13.96	$69.80	$12,564
Federal Hocking	7.0 hours	$10.06	$70.42	$12,676
Southern	4.8 hours	$10.64	$51.07	$9,193
Peer Average	**5.5 hours**	**$11.64**	**$62.70**	**$11,151**

Source: District Treasurer's Offices

Although TLSD's bus drivers are paid $.26 per hour higher than the peer average, the average driver salary is $981 below the peer average. This is due to the fact that TLSD drivers are only guaranteed five hours per day, which is below the peer average. See the **human resources** section for further analyses.

F5.11 Bus drivers are guaranteed five hours of pay per day if they work both their morning and evening routes. The average route takes one hour to complete. Due to the two-tiered bell system, each driver runs each route twice in the morning and twice in the afternoon. Thirty minutes per day is allotted to warm up and gas the bus each morning, and to clean the bus each afternoon. Therefore, on an average day, four hours and thirty minutes out of the five guaranteed hours are spent driving and maintaining the bus. The additional guaranteed half hour per day is used as leeway time to compensate for the numerous railroad crossings and rural nature of the roads which frequently cause delays. In addition to providing transportation to the two main buildings within TLSD, the Transportation Department also transports TLSD students to various locations for special education or vocational education. TLSD pays the bus drivers the regular hourly rate for driving a route in addition to their normal route in the morning and the evening.

Throughout the school year, TLSD also uses the services of the Transportation Department to provide transportation for various field trips, athletic events and other extracurricular activities. Drivers are chosen for these extra routes based on seniority and receive the normal hourly wage for time spent driving. In the event that any trip prevents the driver from completing the afternoon routes, the driver is not paid the entire guaranteed five hours. This ensures that drivers receive pay only for hours actually driven.

F5.12 TLSD's Transportation Department employees averaged 9.2 days of sick leave and 1.8 days of personal leave in FY 1999-00. The agreement with Local 1351 requires an employee to provide a signed statement to justify the use of sick leave. The contract between the Board and classified employees provides an attendance incentive program for personal leave. Under this program, TLSD will pay to employees on the final payroll in June, a bonus based upon the following scale:

- Employees who use zero personal days during the fiscal year receive a $120 bonus.
- Employees who use one personal day during the fiscal year receive a $75 bonus.
- Employees who use two personal days during the fiscal year receive a $35 bonus.

For FY 1999-00, five employees received personal day incentive bonuses totaling $555. Attendance incentives help districts reduce the costs of leave time. Further analysis is covered in the **human resources** section of this report.

F5.13 The TLSD transportation supervisor stated that route vacancies are very rare. However, when routes do become available, a bidding system is used which awards the route to the employee with the highest seniority of those who placed a bid. Bus drivers retain their bus route from year to year, unless they receive a new bus route after bidding on a vacant route. In the event a route becomes vacant or a new route is established after the school year has begun, TLSD posts the route for bid and it is awarded as mentioned above. As a result, the successful bidder's route becomes available for bid. See the **human resources** section for a discussion on candidate selection criteria.

C5.2 Drivers who operate the same routes each year gain familiarity with the route. This enables the driver to become more efficient in driving the route on a daily basis. Also, having the same route each year enables the driver, students and parents to develop a familiarity and establish a working relationship. A greater level of rapport with parents and students can increase customer satisfaction with the Transportation Department and can increase parental cooperation and understanding in the variability of transportation times caused by the rural nature of TLSD.

Bus Fleet

F5.14 The Transportation Department owns 16 buses. During FY 1999-00, all 16 buses passed inspection and were active. During the last month of the school year, the 1982 65-passenger bus broke down and was determined to be too costly to repair. For the following school year, this bus was not put through Ohio State Patrol inspection. Operating statistics that are commonly used to review the age and condition of the bus fleet are based on the average bus age and the average mileage by model year. TLSD's bus fleet has an average age of 10 years.

There are no State guidelines for bus replacement. A general consensus among ODE, private bus contractors, and transportation departments is that buses should be replaced at 12 years of age or 200,000 miles for diesel buses and 150,000 miles for gasoline buses. However, regardless of age or mileage, as long as a bus can pass inspection, the school district may continue to use the bus for transportation. However, older buses may be more costly to operate.

During FY 2000-01, 1 of the 16 buses that TLSD owns was not placed through the inspection of the Ohio Highway Patrol because TLSD felt this bus was obsolete. This bus, the 1982 65-passenger, will be stripped of all useful parts and disposed. TLSD currently has seven buses in its fleet that exceed the parameter for replacement due to age.

F5.15 **Table 5-12** provides the number of buses by model year, seat capacity and average mileage for the model year.

Table 5-12: Bus Fleet Analysis

Model Year	Number of Buses by Seat Capacity				Current Average Mileage as of FY 1998-99
	34	65	71	Total	
1982[1]		1		1	219,839
1983		1		1	207,121
1984		3		3	197,558
1986		1		1	125,000
1987	1			1	230,000
1993	1			1	180,100
1995			4	4	84,252
1997	1			1	140,000
1998		1	1	2	32,159
2000	1			1	1,500
Total	4	7	5	16	

Source: TLSD's Transportation Department
[1] This bus is out of service and will be stripped and sold by TLSD.

In FY 2000-01, TLSD purchased two new regular needs buses, one 65-passenger bus and one 71-passenger bus, at an approximate cost of $110,000.

F5.16 **Table 5-13** illustrates that TLSD would need to spend approximately $405,000 to upgrade the bus fleet in accordance with general replacement guidelines.

Table 5-13: Bus Replacement Plan

Current Bus Condition	Regular Bus Estimated Replacement $55,000	Lift/Handicapped Bus Estimated Replacement $60,000	Total Estimated Replacement Cost
12+ years	3	4	$405,000

Source: TLSD Transportation Department

Bus replacement is funded in part by the State and the balance by the school district. Each school district is reviewed independently by ODE using a complex formula to determine the regular bus purchase allowance. TLSD does not have a bus replacement schedule. However, it is TLSD's practice to purchase a bus when enough money is accumulated in the transportation budget from the State's bus purchase allowance.

R5.5 TLSD should prepare a formal bus replacement plan. Included in this plan should be the number of buses to be replaced each fiscal year along with the average age at the time of replacement and the estimated cost of replacement. Further, TLSD should investigate and analyze the various potential funding methods for the bus purchases. The funding method(s) selected should be included in the bus replacement plan.

F5.17 The TLSD's Transportation Department employs two mechanics: the transportation supervisor who acts as the head mechanic, and one part-time mechanic assistant to service TLSD's 16 buses and 3 other Board owned vehicles. **Table 5-14** illustrates operational data including the number of mechanics and servicemen (in FTEs) employed to service TLSD buses and other vehicles as compared with the peer districts.

Table 5-14: Mechanic Staffing Levels by Peer District

Operational Data	Trimble	Bloom-Vernon[1]	Federal Hocking	Southern	Peer Average
Number of Mechanics FTE	0.75	N/A	2.00	1.00	1.25
Buses per Mechanics FTE	21.33	N/A	14.50	16.00	17.28
All Vehicles per Mechanic FTE	25.33	N/A	20.00	19.00	21.44
Avg. Mechanic's Hourly Wage Rate	$15.30	N/A	$12.78	$14.42	$14.17

Source: School districts' Transportation departments
[1] Repairs and maintenance are contracted outside TLSD.

TLSD has a higher all vehicles ratio (25.33) than any other peer district. Despite the employment of a part-time mechanic who was hired to help with an aging bus fleet, TLSD's all vehicles ratio is higher than the peer average of 21.44. In addition, the average mechanic's hourly wage is $1.13 per hour higher than the peer average of $14.17 per hour. This is caused by the transportation supervisor holding the position of head mechanic.

Hiring a part-time mechanic assistant to help with an older bus fleet enables the TLSD bus garage to operate more efficiently. This results in a lower ratio between mechanics and vehicles serviced which enables repairs and scheduled maintenance to be performed more efficiently. This reduces the amount of time that buses which require maintenance and repairs are out of service. Because TLSD will not immediately upgrade the fleet, the use of a part-time mechanic, in addition to the supervisor, is essential to maintain all buses in operating condition.

F5.18 At the beginning of each school year, TLSD bids several items which the Transportation Department uses consistently. Some of these items include diesel fuel, gasoline, engine oil and grease. TLSD awards a one-year contract for each of these items to the lowest bidder. Using a bid system to achieve cost savings may be more time consuming than direct purchase of needed items. However, using a low bid methodology allows TLSD to more wisely allocate scarce resources.

C5.3 The development of specifications and selection of vendors via contracts or competitive bidding helps ensure that TLSD is receiving the best possible rates for all services and assists TLSD in identifying available vendors. Also, using competitive bidding, or simply researching the best available price, helps TLSD to better allocate scarce resources to educational functions.

F5.19 Bus drivers are responsible for fueling their buses every morning before their routes begin. The amount of fuel used and the odometer reading is recorded after every fueling. The key to the gas switch is held by the transportation supervisor so that fuel cannot be dispensed without the supervisor's knowledge. Control processes, such as the mileage/fuel usage ratio used by TLSD, help districts ensure that resources are not misused.

C5.4 Control procedures that TLSD has implemented such as the supervisor holding the key to the gas switch and the drivers recording the gallons of fuel pumped and the milage of the bus have enabled TLSD to prevent the misuse or theft of the fuel supply. Although not automated, tracking mileage and fuel used also helps the TLSD Transportation Department to ensure that buses are used for District travel only.

Conclusion Statement

The Trimble Local School District's (TLSD) Transportation Department is currently operating in an efficient manner with respect to the transportation of regular and special needs students. Significant factors that display TLSD's efficiency are the low cost per bus and cost per student ratios for regular needs transportation in comparison with the peer districts. TLSD's special needs transportation costs are higher than the peer districts due to the large number of special needs students that reside within the District.

The Transportation Department should develop procedures to ensure that accurate reports are prepared when determining the number of students transported on TLSD buses. All actual expenditures should be reported to the Ohio Department of Education in order to ensure that the TLSD Transportation Department records accurate comparative statistics which will be beneficial to the District and the community. In addition, representatives from the Transportation Department, Treasurer's Office and Superintendent's Office who sign these forms should take responsibility for certifying the accuracy of the data reported.

While TLSD is currently operating efficiently, the bus capacity utilization is significantly lower than the industry standard, even though TLSD uses a two-tiered bell system. This is due primarily to the rural nature of TLSD and the linear routes that must be used in many cases. While purchasing and implementing routing software is not feasible for TLSD, the Transportation Department may be able to increase the bus capacity utilization by reviewing the present bus routes to determine if any routes could be eliminated.