

OHIO AUDITOR OF STATE
KEITH FABER



Lake
Local School District

Performance Audit

October 2023

OHIO AUDITOR OF STATE
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KEITH FABER



To the Lake Local School District community,

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

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

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

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

Sincerely,

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

October 5, 2023

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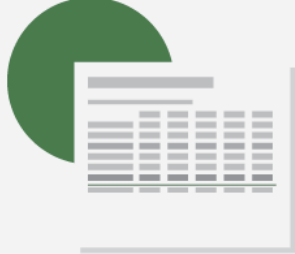
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Introduction

The public expects and deserves government entities to be good stewards of taxpayer dollars. School officials have a responsibility to maximize program outcomes and success while minimizing costs. Transparent management of taxpayer dollars promotes a good relationship with the constituents served by a school district. School districts in Ohio are required to submit budget forecasts to the Ohio Department of Education (ODE)¹ annually in the fall, with updates to the forecast submitted in the spring.² These documents provide three years of historical financial data, as well as the projected revenues and expenses for a five-year period.

Ohio Department of Education Five-Year Forecasts

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



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

The Ohio Auditor of State's Office Ohio Performance Team (OPT) routinely reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to assist school districts that are struggling financially. We use data-driven analyses to produce and support recommendations that identify opportunities for improved operations, effectiveness, increased transparency, and reductions in cost. While we



NOTE TO REPORT USERS

Due to the COVID-19 pandemic, districts received federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The aid was provided through Elementary and Secondary School Emergency Relief (ESSER) funding. Nearly \$500 million was allocated to traditional public schools and community schools throughout Ohio. Districts are allowed to use this funding on a variety of expenditures, and may, for a short time, impact the five-year forecasts.

¹ During the course of the audit, the state budget bill (House Bill 33 of the 135th General Assembly) was passed, which included several legislative changes impacting the Ohio Department of Education. Under the new legislation, ODE would be renamed the Department of Education and Workforce and become a cabinet-level agency reporting to the Governor of Ohio. Except for the duties and powers retained by the State Board, as enumerated in HB 33, the Department of Education and Workforce would be responsible for primary, secondary, special, and career-technical education in Ohio. At the time of publication, this Department restructuring and other changes to ODE are on hold due to litigation on the constitutionality of the changes to the duties of the State Board of Education.

² ORC § 5705.391 and OAC 3301-92-04.

have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.³

Lake Local School District

Lake Local School District (LLSD or the District) is located in Stark County and, as of fiscal year (FY) 2022, had 3,291 students enrolled. The District spans approximately 27 square miles and has a median income of \$41,723. Of the total enrolled students, approximately 10.8 percent were students with disabilities.

LLSD has projected significant deficits in the near future. To address the current budget shortfall, the District has a proposed five-year tax levy on the upcoming November 2023 ballot. If passed, this 9.9-mill levy would raise approximately \$6.3 million annually and be used for general operating expenses, and collections would begin immediately with the first payment expected in January 2024. The levy would cost residential property owners an additional \$347 for every \$100,000 in assessed property value.

Audit Methodology

Our audit focuses on identifying opportunities where expenditures may be reduced as the District administration can make decisions in these areas. The information, which was presented to District officials, is based on a combination of peer district comparisons, industry standards, and statewide requirements.

Two groups of peer districts were identified for the purpose of this audit. The first, local peers, is comprised of districts in the surrounding area and is used for labor market comparisons, such as salary schedules. The second peer group, primary peers, are districts located throughout Ohio and are chosen based on having similar or better academic performance while maintaining relatively lower spending per pupil. Primary peer districts are used for financial comparisons and analyses regarding operations such as staffing levels. See [Appendix A](#) for a list of all districts used in our peer comparisons.

Financial Condition

In November 2022, the District released its required fall five-year forecast that showed negative year-end fund balances in the forecast period beginning in FY 2025, the third year of the forecast. A summary of this forecast is provided in the table on the following page. As seen the row labeled “Results of Operations,” the District projected deficit spending in each year of the forecast period. This deficit spending results in a negative General Fund balance beginning in FY 2025 that the District projected to grow to more than \$21 million by FY 2027. Due to the

³ Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see [Appendix A](#) for more details.

declining fiscal condition of the District, and in consultation with ODE, we chose to conduct a performance audit.

Financial Condition Overview (November 2022 Forecast)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Revenue	\$35,775,652	\$35,562,681	\$35,647,280	\$35,725,813	\$35,676,626
Total Expenditures	\$40,303,267	\$40,818,987	\$42,731,067	\$44,139,460	\$45,597,349
Results of Operations	(\$4,527,615)	(\$5,256,306)	(\$7,083,787)	(\$8,413,647)	(\$9,920,723)
Beginning Cash Balance	\$13,789,628	\$9,262,013	\$4,005,707	(\$3,078,080)	(\$11,491,727)
Ending Cash Balance	\$9,262,013	\$4,005,707	(\$3,078,080)	(\$11,491,727)	(\$21,412,450)
Encumbrances	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Budget Reserve	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$8,962,013	\$3,705,707	(\$3,378,080)	(\$11,791,727)	(\$21,712,450)

Source: ODE

In May 2023, the District released its required annual forecast, which projected deficit spending in each year of the forecast period and a negative General Fund balance beginning in FY 2025. A summary of this forecast can be found in Appendix B. However, during the course of our audit, we determined that the District assumed the incorrect number of pay periods in FY 2026, which resulted in expenditures being understated in that year. After identifying this issue, OPT created a revised overview with the correct number of pay periods in FY 2026. This forecast was reviewed by the District and was confirmed by the Treasurer. A summary of the May forecast can be seen in the table below.

Financial Condition Overview (May 2023 Forecast- OPT Revised)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Revenue	\$35,775,652	\$35,635,262	\$35,792,861	\$35,944,394	\$35,895,207
Total Expenditures	\$40,303,267	\$40,142,358	\$41,915,319	\$43,303,881	\$44,499,367
Results of Operations	(\$4,527,615)	(\$4,507,096)	(\$6,122,458)	(\$7,359,487)	(\$8,604,160)
Beginning Cash Balance	\$13,789,628	\$9,262,013	\$4,754,917	(\$1,367,541)	(\$8,727,028)
Ending Cash Balance	\$9,262,013	\$4,754,917	(\$1,367,541)	(\$8,727,028)	(\$17,331,188)
Encumbrances	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Budget Reserve	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$8,962,013	\$4,454,917	(\$1,667,541)	(\$9,027,028)	(\$17,631,188)

Source: ODE

Note: Information in this table was created by OPT and confirmed by the District's Treasurer.

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This updated forecast also projected deficit spending in each year of the forecast period, as seen in the “Results of Operations” row. Again, projected deficit spending results in a negative General Fund balance beginning in FY 2025. While the forecast is slightly improved compared to November, the District still projected a General Fund deficit of more than \$17 million by the end of the forecast period.

The analyses conducted in this audit are based on the information presented in the May 2023 five-year forecast. Due to the enactment of the biennial budget bill, the District may see increased revenues from changes in the school foundation funding formula in FY 2024 and FY 2025. Changes in revenue would not be seen until the October 2023 foundation payments.⁴

School Funding

Historically, school funding in Ohio has been a partnership between the state and local districts. Local districts can raise funds through property and income taxes and the state provides funding primarily through a foundation formula, which is intended to ensure a basic level of education funding for all students. Districts may also receive some funding from other sources, such as federal grants. In FY 2022, of the approximately \$26.1 billion in reported revenue for public education in Ohio, nearly 80 percent, or \$20.7 billion, came from state and local sources.

State Funding

On July 4, 2023, House Bill 33 of the 135th General Assembly (the biennial budget bill) was signed by the Governor. This bill included changes to the state foundation funding formula, which was enacted in 2021 and is commonly referred to as the Fair School Funding Plan, and is expected to increase funding for most public schools. The funding increases will be phased-in at 50 percent in FY 2024 and 66.67 percent in FY 2025.⁵ During the phase in period, the amount of state funding received in any given year may be less than what would have been received if the formula were fully funded. ODE transitioned to the new funding model in January of 2022.

Local Funding

Local revenue can be raised through a combination of property and income taxes. While property taxes are assessed on both residential and business properties within a district, income tax is assessed only on residents.⁶ Approximately one-third of Ohio school districts currently have an income tax.

⁴ From ODE presentation at the August 2023 OSBA Budget Analysis and Discussion Seminar.

⁵ See <https://www.legislature.ohio.gov/download?key=21197&format=pdf>

⁶ See <https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax>

Property Tax

Property taxes levied in Ohio are subject to restrictions in the Ohio Constitution⁷ and the Ohio Revised Code (ORC).⁸ These restrictions limit the amount of tax that can be levied without voter approval to 10 mills⁹ or 1 percent of property value. While the Constitutional limitation is based on fair market value, the ORC sets a more restrictive limit based on taxable value, which is defined as 35 percent of fair market value. These taxes are split between the various taxing districts that operate where a property is located.

The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills. School districts share these un-voted mills with other local governments. The actual breakdown of inside mills differs from county to county and, because of this, the inside mills for school districts varies. On average, school districts have approximately 4.7 inside mills, and the remainder of property tax revenue would come from voted, or outside millage.

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

Levies may be defined as either a fixed-rate or a fixed-sum. A fixed-rate levy identifies the number of mills that will be assessed in order to raise revenues. If new construction occurs within the district, the rate will apply, and the district would realize additional revenues. Current expense levies, used for general operations, and permanent improvement levies are typically fixed-rate. A fixed-sum levy identifies an amount that will be generated from the levy. While there may be an estimated millage rate, the actual rate will vary based on assessed property values. If new construction occurs within the district, there would be no new revenues for a fixed-sum levy. Emergency levies¹⁰ for general operations, and bond levies for the financing of new buildings, are typically fixed-sum levies.

Ohio has historically had laws which limit the impact rising property values can have on property taxes. The most recent version of these limitations was enacted in 1976 and requires that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first year.¹¹ In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.¹² Instead, the outside mills

⁷ Ohio Const. Art. XII, Section 2.

⁸ Ohio Rev. Code § 5705.02.

⁹ A mill is defined as one-tenth of one percent or \$1 for every \$1,000 of taxable value.

¹⁰ Authorized by ORC §5705.194.

¹¹ Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.

¹² If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.

are subject to reduction factors¹³ which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.¹⁴

However, under state law, in order to receive state foundation funding, a district must collect a minimum of 20 mills in property taxes for general purposes, or current expenses.¹⁵ To prevent a district from failing to meet this minimum threshold, reduction factors stop being applied once a district reaches an effective rate of 20-mills, colloquially known as the 20-mill floor. Practically speaking, this means that if a district's effective tax rate is reduced to 20 mills for current expenses, the amount of revenue generated from levies will increase with property values unless a new operating levy is approved by voters. It is important to note not all levies count toward the 20-mill floor.

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

Income Tax

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

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

¹³ ORC § 319.301.

¹⁴ We are providing this information for historical purposes only. The law which regulates collection of on outside millage has been amended since enacted in 1976. The District should consult with the most current version of the law for a clear understanding of how this process works today.

¹⁵ The term 'current expense' refers to revenue generated from levies that are not restricted in their use. It does not include bonds or levies that generate revenues for restricted funds, such as Permanent Improvement levies.

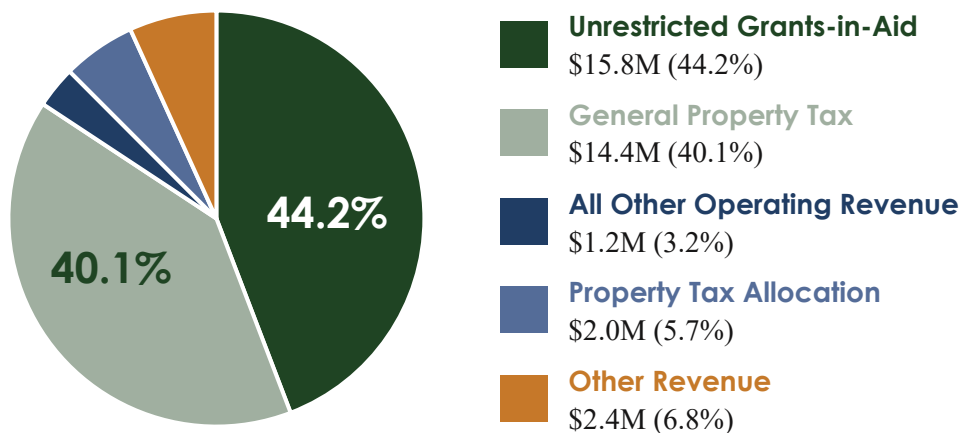
The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes.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

LLSD Revenues

A school district budget is comprised of revenues and expenditures. In FY 2022, the District’s total General Fund revenue was approximately \$35.8 million.¹⁶ The District’s primary sources of revenue are general property taxes, state foundation funding (unrestricted grants-in-aid), and property tax allocation. The remaining revenue is comprised of a variety of sources as seen below.

FY 2022 Total General Fund Revenue Composition

Total: \$35.8M



Source: ODE

Note: Unrestricted grants-in-aid is comprised primarily of state foundation funding.

Note: All Other Operating Revenue includes tuition, fees, earnings on investments, rentals, and donations.

Note: Property Tax Allocation consists of reimbursements from the state for local taxpayer credits or reductions.

Note: Other Revenue may include Tangible Personal Property Tax, Restricted Grants-in-Aid, Operating Transfers-In, and All Other Financing Sources.

¹⁶ This total excludes advances to the General Fund. For purposes of comparison, we excluded advances to the General Fund for both LLSD and the peer groups throughout the Revenues section.

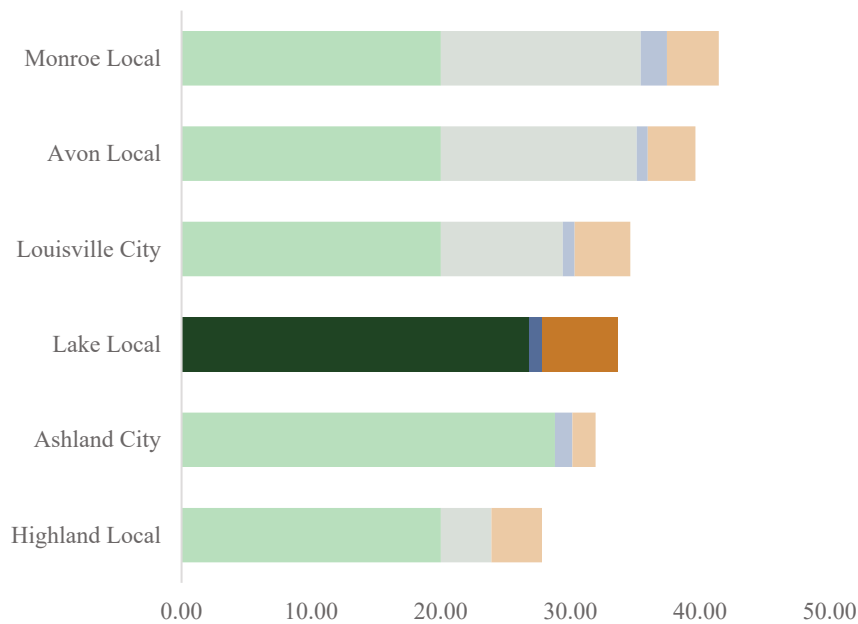
In 2022, LLSD collected revenues on 33.61 mills of property tax for residential properties.¹⁷ The District’s current expense millage rate is 26.79. This includes 5.8 inside mills and 20.99 outside mills for current expenses, which places the District above the 20-mill floor. In addition, the District collects additional property tax revenue that does not count toward the 20-mill floor. In 2022, this additional millage totaled 6.82 and was comprised of a bond rate of 5.8 mills¹⁸ and a permanent improvement rate of 1.02 mills.

Because the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for LLSD to that of its primary peers. This comparison is found in the chart below. The green portion of the bar represents the current expense millage rate, where all but one of the primary peers are on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding. LLSD does not have a school district income tax, nor do any of the primary or local peers. For comparison purposes, OPT calculated an estimated millage for the revenue generated from income taxes based on guidance from the Department of Taxation, which is represented by the pink portion of the bars in the chart below.

¹⁷ Residential and agricultural property is considered Class 1 real estate. Commercial Property is considered Class 2 real estate and subject to a different set of reduction factors. The effective millage rate for Class 2 property in 2022 was 41.65.

¹⁸ A portion of the District’s Bond rate, 2.8 mills, is expected to be retired in 2026.

2022 Millage and Millage Equivalents | Primary Peers



Source: Ohio Department of Taxation

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

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

The District's total effective millage rate is lower than three out of the five primary peers. Further, four of the five primary peers are currently at the 20-mill floor while the District is not. It is important to understand that revenue generated from bond and emergency levies remains the same regardless of changes to property values as they are voted as fixed-sum levies. The revenue from current expense and permanent improvement levies also stay the same until the 20-mill floor is hit for current expense taxes. At that point, a district at the floor would see additional revenues from increases in value to existing properties. The peers currently at the 20-mill floor, will see additional revenue if property values increase.

Local Tax Effort

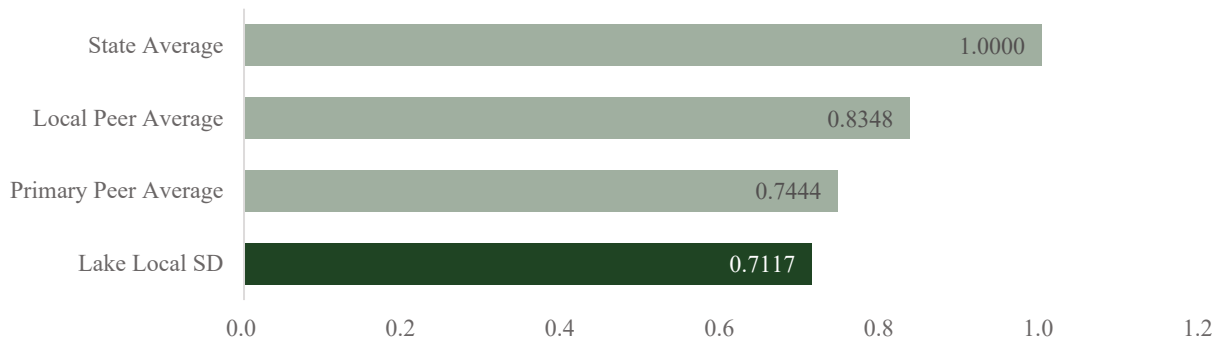
ODE uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and

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is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

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

FY 2022 Local Tax Effort Comparison



Source: ODE

The District's local tax effort was compared to the local peers, primary peers, and the state average. The District has a local tax effort of 0.7117. Out of 606 school districts, this is the 513th local tax effort in the state, which is approximately the 15th percentile of all districts. By comparison, the local peer average of 0.8348 would rank approximately 411th out of all 606 districts, or the 32nd percentile. The primary peer average of 0.7444 would rank approximately 486th out of all 606 districts, or the 20th percentile.

Revenue per Pupil

Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. Because our audit focuses on the projected deficit in the five-year forecast, we reviewed only the forecasted fund revenues for this purpose.¹⁹ In FY 2022, the District received approximately \$10,885 per pupil, with 43.7 percent, or approximately \$4,757,

¹⁹ Forecasted funds include the District's General Fund and funds derived from emergency levies.

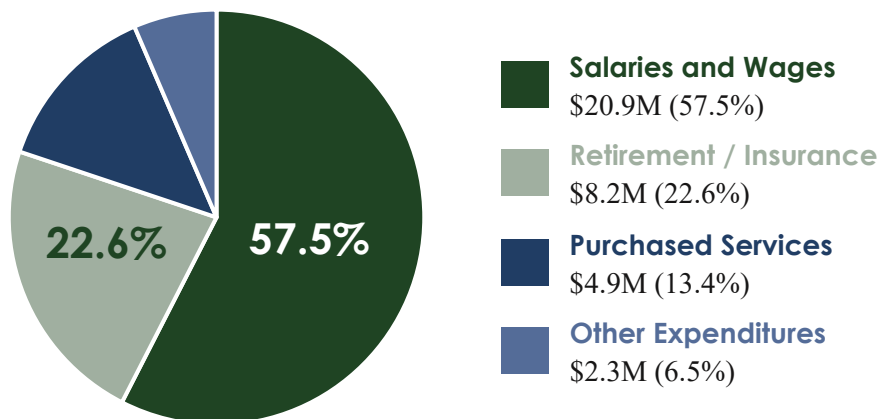
coming from local taxes.²⁰ In FY 2022, the primary peer average was \$11,369 in revenue per pupil, with 57.8 percent, or approximately \$6,570, coming from local taxes. The District’s local revenue was lower than the primary peer average in FY 2022.

LLSD Expenditures

In FY 2022, the District’s total expenditures were approximately \$36.3 million.²¹ The largest source of expenditures was human resources, which includes salaries, wages, and benefits; followed by purchased services. The chart that follows provides additional detail regarding District expenditures.

FY 2022 Total General Fund Expenditure Composition

Total: \$36.3M



Source: ODE

Note: Other Expenditures may include Supplies and Materials, Capital Outlay, Principal on Loans, Interest & Fiscal Charges, Other Objects, Operating Transfers-Out, and All Other Financing Uses.

Expenditures per Pupil

In FY 2022, LLSD spent approximately \$11,024, or 4.4 percent more, per pupil when compared to the primary peer average of \$10,558 per pupil.²² The District spent more than the primary peer average on employee salaries and wages, employee benefits, supplies and materials, capital

²⁰ The Cupp Report, issued by ODE, provides information on all revenues received by a district. Because of this, the percentage of revenues from local revenues in the Cupp report may vary from the amount in our report due to the inclusion of additional revenues. This is particularly true when reviewing FY 2021 data as districts received federal funding for COVID-19 relief through ESSER grants.

²¹ This total excludes advances from the General Fund. For purposes of comparison, we excluded advances from the General Fund for both LLSD and the peer groups throughout the Expenditures section.

²² The expenditures per pupil used within the performance audit differs from the expenditures per pupil reported on ODE’s Report Card due to the utilization of different data for both District expenditures and enrollment.

outlay, and other objects. The District spent less than the primary peer average on purchased services and other uses of funds.²³ The chart that follows provides a graphic comparison of expenditures per pupil for LLSD and the primary peer average.

FY 2022 Total Expenditures Per Pupil



Source: LLSD and Peers
Note: Excludes Advances

²³ The category of “Other Objects” includes things such as interest on loans, memberships in professional organizations, County Board of Education contributions, and various types of non-healthcare insurance. “Other Uses of Funds” mainly consists of transfers, and contingencies within the various accounting dimensions.

Results of the Audit

Based on an initial analysis of the District’s data as compared to its peer groups, the following scope areas were included for detailed review and further analyses: Financial Management, Human Resources, Facilities, and Transportation. We identified seven recommendations which would result in reduced expenses or improve the District’s operational management based on industry standards and peer averages. The table below provides a summary of these recommendations. The savings of each recommendation represents the estimated average annual savings in each year of implementation.

Summary of Recommendations

Recommendations	Savings
R.1 Develop Formal Plans	N/A
R.2 Eliminate Building Office Support Positions above the Peer Average	\$71,000
Eliminate 1.0 FTE Office Support Staff	\$71,000
R.3 Eliminate Direct Student Education and Support Positions above the Peer Average	\$647,000
Eliminate 4.5 FTE General Education Teachers	\$306,000
Eliminate 2.0 FTE Counselors	\$188,000
Eliminate 3.23 FTE Monitoring Staff	\$153,000
R.4 Renegotiate Collective Bargaining Agreement Provisions	N/A
R.5 Align Employer Dental Insurance Costs with SERB Regional Average	\$336,000
R.6 Align Facilities Non-Regular Labor Expenditures with Peer Average	\$10,000
R.7 Eliminate 8 Bus Routes	\$264,000
Total Cost Savings from Performance Audit Recommendations	\$1,328,000
Less: Food Service portion of Insurance Costs	\$8,000
Total Cost Savings from Performance Audit Recommendations (General Fund)	\$1,320,000

Note: Numbers in this table are rounded down to the nearest \$1,000 to provide conservative estimates and for readability purposes.

Our recommendations that are based on industry standards and peer comparisons are projected to save the District an average of approximately \$1.3 million annually, if fully implemented. The financial impact of these recommendations on the revised May 2023 five-year forecast is shown in the table on the following page. This table reflects the actual annual financial impact along with the cumulative financial impact of the implementation of these recommendations on the five-year forecast and the associated reduction in the projected deficit. It should be noted that some of these recommendations may require contract negotiations and savings may not be realized immediately.

Results of the Audit Recommendations (May 2023 Forecast-OPT Revised)

	FY 2024	FY 2025	FY 2026	FY 2027
Original Ending Fund Balance	\$4,454,917	(\$1,667,541)	(\$9,027,028)	(\$17,631,188)
Cumulative Balance of Recommendations	\$0	\$1,247,822	\$2,569,891	\$3,971,830
Revised Ending Fund Balance with Recommendations	\$4,454,917	(\$419,719)	(\$6,457,137)	(\$13,659,358)

Source: LLSLD

The District's current financial condition is such that implementation of the recommendations identified using industry standards and peer comparisons would not fully address the projected deficit. Because of this, LLSLD officials will need to consider additional cost saving measures. Our audit identified several areas where the District could further reduce expenditures by going beyond alignment with peer averages and industry standards. In some cases, these cost saving measures may include reducing services to state minimum levels.

The additional cost saving measures are identified in the table below. The implementation of these measures could change the type or level of services offered by the District. It is important for LLSLD officials to carefully consider the needs of the students and families served by the District when implementing any of these additional cost saving measures. The potential cost savings associated with the additional recommendations are seen in the table below. These estimated savings reflect the average annual savings that could be achieved in FY 2025 through the remainder of the forecast period.

Additional Recommendations

Recommendations	Savings
R.8 Eliminate the General Fund Subsidy for Extracurricular Activities	\$860,000
R.9 Implement a Base and Step Salary Freeze	\$1,599,000
R.10 Eliminate up to 5.0 FTE Building Administrator Positions	\$803,000
R.11 Eliminate 2.0 FTE Other Educational Staff Positions	\$238,000
R.12 Eliminate up to 24.0 FTE Additional General Education Teachers	\$2,156,000
R.13 Eliminate 4.5 FTE Additional Building Office Support Staff	\$298,000
R.14 Operate at State Minimum Transportation Levels	To Be Determined

Note: Numbers in this table are rounded down to the nearest \$1,000 to provide conservative estimates and for readability purposes.

When considering implementation of recommendations that may take staffing or services below industry standards, the District must consider the impact on overall operations. District officials may wish to consider implementing any of these additional recommendations, or some combination of them, based on the current financial condition of the District.

Standard Recommendations

Financial Management

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

Recommendation 1: Develop Formal Plans

LLSD should develop a formal capital plan and a formal bus replacement plan. This will help the District meet financial, programmatic, and operational needs.

Impact

School districts should have multiple formal plans that identify and plan for future needs. Particularly, a district should have a long-term strategic plan that guides overall district operations. In addition, it is important that a district has a formal capital plan that ties to the strategic plan, along with a facilities maintenance plan, fleet maintenance plan, and bus replacement plan. This allows the district to ensure the needs of all operational areas can be met in an efficient and effective manner.

Methodology

We interviewed District officials and confirmed that the District does have a strategic plan, facilities preventive maintenance plan, and a fleet preventative maintenance plan, but does not have a formal capital plan or bus replacement plan. We also obtained documentation from the District related to their planning practices to understand the systems they do have in place. We then compared the District's planning practices to industry best practices to identify opportunities for improvement.

Analysis

The District's strategic plan will help to guide decision making as LLSD officials work to achieve long-term goals. However, without a capital plan that identifies needs over a multi-year period, the decisions made related to the strategic plan may be inefficient or ineffective. Further, while the District has both a facilities preventative maintenance plan and a fleet preventative maintenance plan, it does not have a formal plan for bus replacement. The lack of a bus

replacement plan could result in financial difficulty in the future if the District is forced to make a large purchase that is unplanned.

Each operational area within the District has specific planning needs which should be considered and included in planning documents. Specific criteria related to each type of plan is addressed below.

Capital Plan

According to *Multi-Year Capital Planning* (GFOA, 2022), public entities should “prepare and adopt comprehensive, fiscally sustainable, and multi-year capital plans to ensure effective management of capital assets.” The GFOA further states that “a prudent multi-year capital plan identifies and prioritizes expected needs based on a strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs.”

The District does not have a formal capital plan. While school officials have established a purchasing cycle for buses, technology, textbooks, and other items, these plans have not been formalized. The District should develop a formal capital plan and ensure it is tied to the overall strategic plan.

Bus Replacement Plan

The District’s general process for bus replacement consists of the transportation staff determining and communicating to the administration how many buses they need; the administration then determines how many buses the District is able to order based on available funding. In *School Bus Replacement Considerations* (NASDPTS, 2002), the National Association of State Directors of Pupil Transportation Services recommends that the timely replacement of school buses should be a planned process. While available funding is a key consideration for the replacement of school buses, there are two other major factors which should be considered: First, the need to keep up with federal standards for the safety, fuel efficiency, or exhaust emission requirements; and second, the operating and maintenance expenses on a school bus, or group of school buses. While the rule of thumb for bus replacement is between 12 and 15 years of age, reviewing maintenance costs for each bus may identify buses that should be replaced sooner or kept in service longer. With accurate and thorough records on the operating and maintenance costs of all school buses in a fleet, a District will have the data necessary to understand when to make replacement decisions. Currently, 10 of the District’s 38 active buses and all 4 of its spare buses are between 12 and 15 years of age.

Conclusion

Formal plans, from a multi-year capital plan to a routine maintenance plan, help an organization to address financial, programmatic, and operational needs. By creating these plans and tying a formal capital plan to the overall strategic plan, the District will be able to efficiently and

effectively allocate its limited resources. In particular, by understanding and mapping out both routine expenditures and those large purchases, such as a new bus, the District will improve its ability to avoid unexpected or unnecessary expenses.

Human Resources

Human Resources (HR) expenditures are significant to both the operational and financial conditions within school districts. OPT reviewed LLSD’s staffing levels, CBA provisions, insurance offerings, and salaries and compared them to peer districts. Certain staff, including Title I and Special Education staffing, were excluded from our analyses due to various legal and contractual requirements within these programs.

Recommendation 2: Eliminate Building Office Support Positions above the Peer Average

LLSD should consider eliminating building office support positions above the primary peer average.

Impact

By reducing building office support positions to be in line with the primary peer average, the District could save an average of approximately \$71,000 annually.

Background

The District employs individuals in administrative support positions who are responsible for activities related to the daily operations of the District, such as clerical work and bookkeeping. While these positions provide support to students and educators within LLSD, the District may be able to reduce some positions based on peer comparisons.

Methodology/Analysis

Staffing levels for the District were identified and compared to primary peer averages on a per-1,000-student and per-building basis.²⁴ Based on our analysis, we determined that LLSD could eliminate one full-time building office support position and remain in-line with primary peers.

LLSD employs a total of 13.37 FTEs in administrative support positions. When adjusted for the number of students served, the District employs 4.07 FTEs per-1,000 students. This is 1.18 FTEs above the peer average on a per-1,000-student basis. Eliminating 1.0 FTE of building office support staff could save the District an average of approximately \$71,000 annually.

Conclusion

The District should reduce their building office support staff by 1.0 FTE for an average savings of \$71,000 annually.

²⁴ A Full-Time Equivalent (FTE) was used to identify staffing levels, based on ODE reporting guidelines.

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

LLSD should consider eliminating direct student education and support positions above the primary peer average.

Impact

By reducing direct education and student support staff to be in line with the primary peer average, the District could save an average of approximately \$647,000 annually.

Background

Direct education and support positions perform functions that assist students in an educational setting directly in some manner. Positions may include a variety of professionals including teachers, educational support specialists, and counselors. Based on peer comparisons, LLSD could eliminate staffing positions in several categories.

Methodology/Analysis

Staffing levels for the District were identified and compared to primary peer averages on a per-1,000-student basis.²⁵ Areas where LLSD could reduce direct student education and support staffing include:

- 4.5 FTE Teachers;
- 2.0 FTE Counselors; and,
- 3.23 FTE Monitoring Staff.

Teaching Staff

LLSD employs 138.0 FTE general education teachers, gifted and talented teachers, career-technical teachers, and LEP instructional teachers. When examining these positions in total, the District is 4.71 FTEs above the peer average. Eliminating 4.5 FTE teaching positions could save an average of approximately \$306,000 annually.

²⁵ A Full-Time Equivalent (FTE) was used to identify staffing levels, based on ODE reporting guidelines.

Counselors

LLSD employs 9.0 FTE counselors, which is 2.47 FTEs above the peer average. Eliminating 2.0 FTE counselor positions could save an average of approximately \$188,000 annually.²⁶

Monitoring Staff

LLSD employs 7.46 FTEs in monitoring staff, which is 3.23 FTEs above the peer average. Eliminating 3.23 FTEs in monitoring staff could save an average of approximately \$153,000 annually.

Conclusion

The District should eliminate 9.73 FTE direct student education and support positions. Eliminating these positions could save an average of approximately \$647,000 annually and bring staffing to a level consistent with the primary peer average.

²⁶ Due to events that occurred during the course of the audit within the District, officials may wish to delay implementation of this recommendation.

Recommendation 4: Renegotiate Collective Bargaining Agreement Provisions

LLSD should renegotiate and align its collective bargaining agreement (CBA) provisions with ORC requirements and local peer districts in order to reduce future expenditures and decrease the risk for future liabilities.

Impact

While there is no financial implication identified for this recommendation, the District's certificated and classified CBAs contain certain provisions which may increase future liabilities.

Background

LLSD maintains two collective bargaining agreements:

- Lake Local Education Association/OEA/NEA-Local, representing certificated staff, effective through June 30, 2024; and
- Lake Local Education Association/OEA/NEA-Local, representing classified staff, effective through June 30, 2024.

Methodology

The District's CBAs were obtained from the State Employment Relations Board (SERB) or, when not available, directly from the district. LLSD's CBAs were then analyzed and compared to ORC requirements and local peer districts' CBAs to highlight any overly generous provisions or potential opportunities to reduce costs or increase operational efficiency.

Analysis

Sick Leave Accumulation and Severance Payout: ORC § 124.39 requires that public employees must be paid one quarter of accrued sick leave at retirement, based on a maximum accrual of 120 days. Based on this requirement, employees are eligible for up to 30 days of severance pay. However, public entities may choose to provide severance pay in excess of ORC requirements.

According to the District's CBAs, certificated and classified employees may accrue up to 340 days of sick leave and receive up to 82 days in paid severance.²⁷ The District's sick leave accrual allowance is slightly below the local peer average for certificated employees (346 days) but above the peer average for classified employees (324 days). The severance payout offered by the District is higher than the local peer average of 75 days of paid severance for certificated

²⁷ Maximum severance pay based on minimum 20 years of service at LLSD.

employees and 68 days of paid severance for classified employees.²⁸ Further, the District's sick leave accrual allowance of 340 days is higher than the ORC requirement of 120 days and its maximum severance of 82 paid days is nearly triple that of the ORC requirement of 30 days.

Excessive sick leave accrual increases the likelihood of severance payouts that are larger than required by state law and can increase the cost associated with substitutes or overtime.

Vacation: Under the District's classified CBA, employees are entitled to annual vacation accrual whereby they can earn 530 vacation leave days over the course of a 30-year career. This is lower than the local peer average of 585 days, but higher than the requirement of 460 days in ORC § 3319.084. Providing employees with more vacation days could increase substitute and overtime costs and increase future liabilities. Direct savings from reducing the vacation schedule could not be quantified; however, this would serve to increase the number of available work hours, at no additional cost to the District.

Tuition Reimbursement: The District allocates an average of \$30,000 in tuition reimbursement annually for its certificated staff. This is slightly lower than the local peer average of \$33,750. LLSD is the only district of its peers offering a tuition reimbursement pool for classified employees, at \$3,000. The ORC does not require tuition reimbursement.

Allowances for Classified Staff: LLSD offers allowances, also known as stipends by their peers, that are higher than the local peer averages. The District's allowance for bus mechanics was \$660, compared to the local peer average of \$575 for two of the five peers who offer such allowances. Their \$600 allowance for bus drivers was not offered by any of their peers. Their allowances for food service, custodial, and maintenance personnel was slightly higher than the four of five local peers who offer such a stipend, at \$250 compared to a range of \$208 to \$233. These allowances are provided to staff to supplement the costs of tools or uniforms, depending on the position. However, these allowances are not required by ORC.

Conclusion

The District has negotiated CBA provisions or offered benefits to its staff that exceed ORC requirements and local peer averages. LLSD should consider renegotiating the provisions discussed above in order to provide cost savings and reduce potential liabilities.

²⁸ Four of five peers have no minimum years of service to be eligible for severance pay. North Canton requires a minimum of 10 years of service to be eligible for severance pay.

Recommendation 5: Align Employer Dental Insurance Costs with SERB Regional Average

The District should align its employer costs for dental insurance premiums with the SERB regional average for other school districts.

Impact

Aligning employer costs for dental insurance with the SERB regional average for school districts would reduce expenditures and result in average annual savings of approximately \$336,000 beginning in FY 2025.²⁹ This could be accomplished by increasing employee premium contributions. Due to union contracts which stipulate the employee cost share, these savings could not be implemented in FY 2024.

Background

The District is part of the Stark County Council of Governments (COG), an organization which provides insurance to participating members. LLSD offers one insurance program for medical and prescription coverage, a Preferred Provider Organization (PPO) plan, with an option for single or family coverage. The District also offers employees a dental insurance plan, paying the full premium amount so there is no cost to the employees. These plans are obtained through the Stark County Schools Council of Governments, and the District does not have alternative coverage options available through the organization.

At the time of analysis, LLSD had 254 enrollees in the family dental plan and 70 enrollees in the single dental plan.

Methodology

We compared the District’s medical and dental insurance premiums and costs to the SERB regional peer average for school districts. Peer information was obtained through the FY 2023 SERB survey. The District’s medical plan was compared to 76 regional peers and its dental plan was compared to 71 regional peers. This peer average excluded outlier districts whose plan costs were more than two standard deviations outside the mean. Using the District’s assumptions for increases to annual insurance costs, we then projected the potential cost savings over the course of the forecast period.

Analysis

Our analysis of the District’s medical and prescription insurance expenditures found that the LLSD’s employer costs are lower than the regional peer average. This is due to how the medical and prescription insurance premium is split between the District and employees. Additional

²⁹ Approximately \$8,000 of these average annual savings would not impact the General Fund as food service employee’s benefits are charged to the Food Service Fund.

analysis on the District’s medical insurance expenditures can be found in **Appendix C**. Our analysis of the District’s dental insurance expenditures found that the LLSD’s employer cost are higher than the regional peer average. Because of this, the District could find savings by bringing its cost for dental insurance in-line with the regional peer average.

Dental

LLSD offers employees a dental insurance plan with a monthly premium of \$93.46 for single participants and \$230.56 for family participants. The District pays 100 percent of the dental insurance premium for all employees. Under the current dental insurance plan, the District’s monthly premium and its employer share for dental insurance exceed the SERB regional peer average. It is important to note that 7 percent of the SERB regional peer set do not offer their staff dental benefits. If the District were to maintain the current insurance plan, it would need an adjustment to shift a greater portion of the premium to employees to reduce its insurance related expenditures. The results of this adjustment are calculated in the tables below.

2023 Monthly Medical Insurance Costs - Dental

		LLSD		Regional Peer Averages		LLSD Adjustment	
		Costs	% Share	Costs	% Share	Costs	% Share
Single Dental	District	\$93.46	100.0%	\$59.36	85.4%	\$59.36	63.5%
	Employee	\$0.00	0.0%	\$10.17	14.6%	\$34.10	36.5%
Family Dental	District	\$230.56	100.0%	\$144.44	84.8%	\$144.44	62.6%
	Employee	\$0.00	0.0%	\$25.88	15.2%	\$86.12	37.4%

Source: LLSD and SERB

To align itself with the SERB regional average for employer cost, the District would need to shift a significant portion of the dental premium to its employees. As seen in the table above, employees enrolled in the single dental plan would need to pay \$34.10, or 36.5 percent, of the monthly payment and employees enrolled in the family dental plan would need to pay \$86.12, or 37.4 percent, of the monthly payment.

Conclusion

LLSD should work to bring its insurance premium costs for dental insurance more in line with the SERB regional average. Doing so could result in average annual savings of approximately \$336,000, of which approximately \$328,000 would impact the five-year forecast, beginning in FY 2025. Because the District projects one monthly insurance premium holiday, where neither the District nor employees would be required to pay a premium, our calculation is based on an 11-month year. These savings can be realized by reducing District contributions toward premium costs and increasing the employee share.

Facilities

The changing landscape of education requires periodic reviews of facility staffing and maintenance to ensure that a district is using limited resources wisely. We reviewed LLSD’s facilities staffing levels and non-regular labor expenditures, including temporary, supplemental, and overtime hours, in comparison to best practices and industry standards to determine if there were any areas for improvement.

Recommendation 6: Align Facilities Non-Regular Labor Expenditures with Peer Average

Impact

Aligning non-regular facilities labor with the primary peer average would save the District an average of approximately \$10,000 annually.

Background

LLSD has employees that are responsible for the maintenance and cleaning of the District’s grounds and facilities. These individuals receive wages and benefits that are defined in the classified CBA. At times it may be necessary for additional temporary labor to be hired, such as for painting and substantial cleaning projects during summer months, or for regular staff to work overtime, which must be approved by the District’s business manager.

Methodology

We reviewed the District’s facilities staff and compared it to peer districts. Within this data, wages are broken down into regular and non-regular categories. The non-regular wages include temporary, supplemental, and overtime hours. We compared the level of non-regular salaries and wages in LLSD to the primary peer districts. We then reviewed the level of non-regular salaries and wages as a percent of total salaries and wages to determine the extent to which the District could reduce expenditures in this area.

Analysis

LLSD spent approximately \$105,000 on non-regular salaries and wages for facilities staff in FY 2022, which accounted for 9.0 percent of total facilities salaries and wages. This is 11 percent greater than the primary peer average for non-regular labor, which was approximately \$66,000, accounting for 8.1 percent of the peer average total facilities salaries and wages. LLSD spends the majority of its non-regular labor expenditures on staff overtime, at approximately \$57,000. LLSD’s level of overtime expense was about 47 percent greater than the primary peer average in FY 2022.

The District could take steps to reduce the need for temporary and overtime wages. In particular, LLSD officials could closely monitor the use of overtime by regular employees to identify trends that could be addressed. If the District were to reduce the percentage of non-regular labor from 9.0 percent to the peer average of 8.1 percent, it would save an average of \$10,000 annually (see [Appendix D](#) for table).

Conclusion

LLSD's facilities non-regular salaries and wages are higher than the peer average on both a percentage basis and actual dollar amount. The District should align non-regular labor as a percent of total salaries and wages with that of its primary peers. Doing so could save LLSD an average of approximately \$10,000 annually.

Transportation

Transportation of students is a critical function for school districts. Ensuring that busing services are provided in a safe and efficient manner is important for both the well-being of students and the fiscal health of the school district. We examined LLSD's T-1³⁰ reporting policies and procedures, as well as bus routing practices in comparison to industry standards and best practices to determine whether there were any areas for improvement.

Recommendation 7: Eliminate 8 Bus Routes

LLSD should eliminate eight bus routes on each tier from its active bus fleet in order to improve routing efficiency and increase ridership per bus. This would include 16 total routes out of 54 general education routes and 8 buses from the existing fleet.

Impact

Eliminating eight bus routes could save an average of approximately \$264,000 in each year of implementation over the forecasted period. This annualized cost includes the annual salaries and benefits of the eight least tenured bus drivers, as well as the avoidance of bus insurance and new bus purchasing costs.

Background

In FY 2023, LLSD operated with 37 active buses and 3 spares. In FY 2024, the District is operating with 38 active buses and 4 spares. The District uses a two-tier system for transportation. Tier I serves high school and middle school students, while Tier II serves elementary and primary school students. Once a bus is finished collecting and dropping off students on a Tier I route, it may then be used for transportation of students on a Tier II route.

ORC § 3327.01 establishes minimum transportation requirements, including an obligation to transport all resident K-8 students living two or more miles from their assigned schools, all non-public riders to their destinations if the location is within a 30-minute drive of the otherwise assigned resident school, and all students with disabilities who require transportation. State law does not cap bus ride times for students. LLSD has an informal policy to transport all resident students that request transportation, regardless of their distance from the school, and an informal policy to cap ride times at 48 minutes.

³⁰ T-1 reports are submitted annually to certify to ODE the actual number of students transported and the total daily miles traveled. The data is used for calculations of the pupil transportation payment pursuant to ORC § 3317.0212.

Methodology

We conducted interviews with LLSA's transportation director, and collected bus route sheets, rider count sheets, and the District's T-1 report. Each buses' rated capacity was used as criteria for the analysis. We calculated capacity using the District's practice of two riders per seat in Tier I and three riders per seat in Tier II multiplied by the number of seats in each bus. The target utilization is 90 percent of total capacity to allow flexibility in responding to changes that affect actual daily ridership.

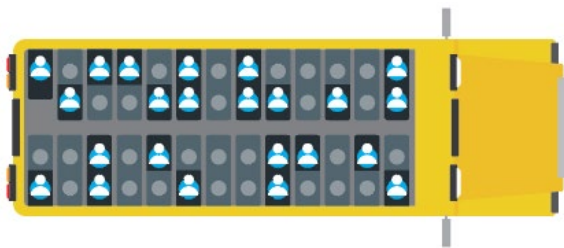
Analysis

LLSD currently transports K-12 students using two-tiered routes. In FY 2023, the District operated 54 regular education routes, 5 special education routes, and 4 nonpublic routes. On the FY 2023 T-1 report submitted to ODE, the District reported transporting approximately 1,896 riders.

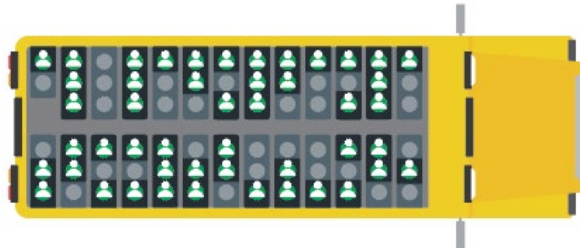
When evaluating opportunities for improved efficiency without significant changes to tiers, start times, and bell schedules, it is important to determine whether all routes that are underutilized can be reasonably improved. This determination can be problematic for special purpose routes and for that reason, special education and nonpublic routes have been excluded from our analysis. After excluding these routes, we analyzed 25 Tier I and 29 Tier II routes.

The following graphic shows a baseline overview of utilization for the regular education routes in Tiers I and II using a 77-passenger bus, which is the common bus in the District's fleet.³¹ Based on the analysis of the District's routes and the peak number of riders in FY 2023, as seen in the graphic below, the baseline utilization for existing regular bus routes is well below the total available seating capacity, indicating that there is opportunity to reduce routes within the District.

Tier I – 44.7% Utilization
23 Riders / 51 Possible Seats



Tier II – 62.3% Utilization
48 Riders / 77 Possible Seats

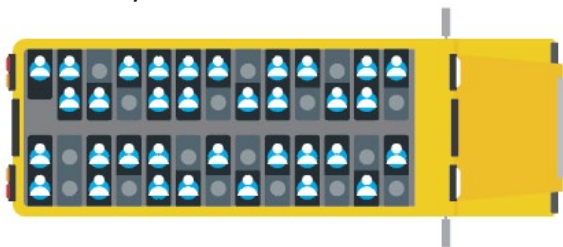


³¹ Capacity of 77-passenger bus based on three riders per seat.

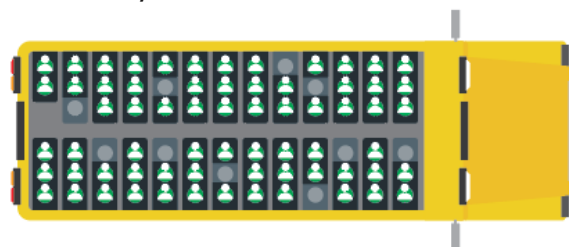
Once baseline utilization indicated there were opportunities for bus route reductions, we reviewed the utilization within each tier to identify the maximum number of routes that may be reduced without exceeding 90 percent capacity. Routes at or above the 60-minute maximum ride time were excluded from our analysis. Although the District has an informal maximum ride time of 48 minutes, a 60-minute maximum ride time was used in this analysis because it is more typical of other school districts that have been analyzed by OPT in past audits.

Our analysis identified the number of routes that could be eliminated on both Tiers while maintaining enough capacity for the Tier with the highest ridership, which is Tier II. Ultimately, we determined that the District could eliminate eight bus routes and the corresponding buses from its fleet. The graphic below shows the impact of this reduction on utilization for both Tiers. It should be noted that the District could eliminate additional routes on Tier I; however, cost savings is much more difficult to quantify and would be limited to the salaries and benefits of drivers who are retained with reduced hours.

Tier I – 65.7% Utilization
34 Riders / 51 Possible Seats



Tier II – 87.0% Utilization
67 Riders / 77 Possible Seats



The District should strategically identify the buses chosen for fleet reduction purposes. In addition to the age of the vehicle, District officials should consider maintenance costs and other factors related to the cost of ownership of a bus.

Conclusion

The District’s bus fleet is not operating as efficiently as possible by operating more routes than necessary. Eliminating eight total buses and eight routes from each Tier could save an average of approximately \$264,000 in salaries and benefits and bus purchase and insurance cost avoidance in each year of implementation over the forecasted period.

During the course of the audit, the District added an additional bus route on Tier II for FY 2024. Due to this, the District may be able to eliminate one more bus route on both Tiers in FY 2025.

Additional Recommendations

As discussed in detail throughout the preceding sections of this report, LLSD could gain efficiencies by aligning its operations with the peer averages and industry standards and implementing the previously identified baseline, or initial, recommendations. However, the recommendations identified previously in this report would not resolve the projected deficit in the most recent five-year forecast. The following recommendations are additional actions that District leadership may need to consider when addressing the current fiscal situation.

Implementing the following additional actions could have a significant impact on the District's operations and instructional activities. However, without additional revenue, the District will likely need to consider the following recommendations in order to remain fiscally solvent.

Eliminate the General Fund Subsidy for Extracurricular Activities

In FY 2023, LLSD spent more than \$1.5 million on student extracurricular activities, which included the salaries and benefits of directors and coaches, supplies and materials, transportation services, and other miscellaneous expenditures. A portion of these expenditures were offset by generating revenue of \$729,000 for admissions and other extracurricular activity sources. The remaining expenditures relating to student activities were subsidized by the General Fund. Effective with FY 2024, the District increased pay-to-participate fees for extracurricular activities, which may have a direct impact on the amount of financial savings achieved by the District.

The District's percent of extracurricular activities expenditures subsidized by the General Fund was lower than the local peer average in FY 2022. However, since the District has projected a significant General Fund deficit in its most recent five-year forecast, LLSD should consider eliminating the entire General Fund subsidy for extracurricular activities, which amounted to approximately \$860,000 in FY 2023. The District could do so by considering implementation of one or more of the following options:

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

The District should monitor its final General Fund subsidy of extracurricular activities in FY 2024 to determine the potential savings that might be realized.

Implementing this recommendation may result in significant changes to the number and quality of extracurricular activities offered at the District. The District may therefore maintain fewer programs than their peer districts. However, while LLSD may compare itself to other local

districts in regards to their extracurricular activity programs, these districts likely do not face the same fiscal constraints that LLSD currently projects.

Based on our analysis, the District should eliminate the General Fund subsidy for extracurricular activities. Doing so could save the District approximately \$860,000 annually, based on FY 2023 financial data.

Implement a Base and Step Salary Freeze

LLSD’s career compensation for certificated staff is generally in line with the local peer average, while career compensation for classified staff is generally lower. However, due to their fiscal condition, the District could consider implementing a freeze on all employee salaries in order to achieve significant annual savings.

The District’s May 2023 five-year forecast assumes a 1.5 percent increase in base salaries from FY 2024 through FY 2027 as well as normal index step increases for staff. If the District froze salaries at the FY 2024 forecast levels for FY 2025 through FY 2027 instead of implementing the increases shown in its forecast, it could realize average annual savings of approximately \$1,599,000.³² These estimated savings reflect the average annual savings that can be achieved in FY 2025 through the remainder of the forecast period.³³

Eliminate up to 24.0 FTE Additional General Education Teachers

Though previous staffing recommendations (see Recommendation 3) addressed the District’s staffing levels relative to the primary peer average, the District could make additional classroom teacher staffing reductions in order to regain fiscal solvency. State law requires that for every 25 students, districts employ at least one classroom teacher, for a student-to-teacher ratio of 25 to 1. In FY 2023, the District has a student-to-teacher ratio of 20.13 to 1.³⁴ LLSD could eliminate up to an additional 24.0 FTE classroom teachers and remain in compliance with state minimum staffing requirements.

If this level of reduction becomes necessary, the District should work with ODE to ensure compliance with the state minimum requirement in OAC 3301-35-05 before reducing classroom teaching levels. In addition to the previous staffing recommendations cited above, this reduction could save the District an average of approximately \$2,156,000 annually. While this option would provide additional savings each year, it would drastically change service levels within the District.

³² Since salaries and benefits of food service workers are charged back to the Food Service Fund, there would also be a corresponding savings to the Food Service Fund.

³³ The savings identified in this recommendation does not take into account recommended staffing reductions. If the District were to reduce staffing, actual savings would be reduced.

³⁴ Calculation made using FY 2023 staffing levels and FY 2022 enrollment data.

Eliminate up to 5.0 FTE Building Administrator Positions

LLSD employs a total of 8.0 FTEs in building administrator positions, which include principals and assistant principals. When adjusted for students served and buildings, LLSD has 2.43 FTEs per-1,000 students and 2.67 FTEs per building.

While the District is in line with the primary peer average on a per-1,000-student basis, it is above the primary peer average by 2.52 FTEs on a per-building basis.³⁵ The District could eliminate 2.5 FTE building administrator positions for an average savings of approximately \$382,000 annually.

The state minimum requirement for building administrators identified in the OAC 3301-35-05 consists only of the duties of a principal. This means LLSD is exceeding the state minimum requirement by 5.0 FTEs. The District could eliminate up to 5.0 FTEs in building administrators for an average savings of approximately \$803,000 annually.

Eliminate 4.5 FTE Additional Building Office Support Staff

Recommendation 2 includes the reduction of 1.0 FTE building office support staff to bring LLSD in line with the peer average on a per-1,000-student basis. However, staffing levels in these positions can also be analyzed on a per-building basis. The District employs 4.45 FTEs per building, which exceeds the peer average by 5.67 FTEs. This includes the 1.18 FTEs mentioned in Recommendation 2. The District could reduce up to 4.5 additional FTEs in building office support staff for an average savings of approximately \$298,000 annually.

Eliminate 2.0 FTE Other Educational Staff Positions

LLSD employs 2.0 FTEs in the other educational staff category, which exceeds the peer average by 1.48 FTEs on a per-1,000-student basis. These two individuals instruct students as part of the STEAM (Science, Technology, Engineering, Arts, and Math) and alternative digital school programs. Since the peer districts generally do not have digital schooling and STEAM-related positions, LLSD could reduce up to 2.0 FTEs in other educational staff for an average saving on \$238,000 annually.

Operate at State Minimum Transportation Levels

In Recommendation 7, we identified cost savings that the District could achieve if it operated more efficient bus routes. However, if the District chooses, it could instead reduce the number of students it transports to and from school and operate at the minimum required transportation levels. ORC § 3327.01 states that a district must provide transportation to resident students in kindergarten through eighth grade who live more than two miles from their assigned school, regardless of where they are educated. The District's current transportation policy mirrors this

³⁵ This analysis was calculated based on the District's total of 3 buildings and a peer average of 4.6 buildings.

requirement. However, the practice of the District is to transport all resident students who wish to use school transportation.

Operating at state minimum transportation levels would mean that the District no longer provides transportation to 447 students in kindergarten through eighth grade living within two miles of their assigned school and 440 high school students. The state budget provides funding to districts on a per-rider or per-mile basis, and the District is currently funded on a per-rider basis. Because of this, the District should consider the impact of a drop in transportation revenue due to the reduction in ridership.³⁶

As previously discussed, the District transports students using two tiers on a total of 54 regular education routes, 5 special education routes, and 4 non-public routes. Buses depart on Tier I routes and pick up middle and high school students (grades 7-12). After dropping those students off, buses go back out on Tier II routes to pick up elementary students (grades K-6). With more students to transport in grades K-6, the ridership and number of routes on Tier II is higher. Because the ridership between Tier I and Tier 2 is very different, the maximum amount of cost savings associated with operating at state minimum transportation levels is difficult to assess.

Based on our analysis, up to 13 bus routes on both Tiers, and a corresponding number of buses, could be eliminated if the District chose to reduce transportation service to only those riders who are required by law. If the District chooses to operate at state minimum levels, the Tier 1 bus routes would be significantly underused. This would be due to the elimination of high school ridership while maintaining the bus routes to transport students in grades seven and eight attending school in the same building. The District could opt to eliminate up to 10 additional Tier I bus routes, but would need to maintain most of the bus fleet to accommodate the Tier II routes. We determined that the District could eliminate a total of 23 Tier 1 bus routes. However, in order to do so, the District would need to assess the feasibility of reducing hours for some drivers, and its ability to maintain drivers with reduced hours.

It is important to note that our analysis is based on the District's current Tier structure and bell schedule. The current bell schedule and building configuration at the District leads to a much larger demand for transportation services to the elementary building. To further optimize routes, the District could consider changes to the bell schedules. Roughly equal ridership on both tiers would produce the most efficient transportation routing. However, a number of logistical concerns would need to be addressed if this option were pursued. Due to the vast array of options available to the District when considering a shift to state minimum transportation requirements, we did not calculate a cost savings for this recommendation. The District should work to identify changes and then calculate both the costs and benefits of this decision including the potential of lost revenue, prior to implementing this change.

³⁶ Currently, the state budget includes a guarantee of funding for transportation set at FY 2021 levels, meaning that no district would receive less funding for transportation than it did in FY 2021. However, this type of guarantee is subject to change with every state budget.

Client Response Letter

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



Lake Local Schools

To the Ohio Auditor of State and the Lake Local School District community,

The Lake Local School District has made significant efforts to achieve the highest level of performance while maintaining a low cost. The District's Performance Index for the 2022-2023 school year was the highest in Stark County for the eighth year in a row, and placed us 37th out of 607 in the State. The District's Expenditure Per Equivalent Pupil for the 2022-2023 school year was \$10,577, while the Statewide Average was \$11,884. Also during fiscal year 2023, 72% of the District's total expenditures were made directly on classroom instruction, while the Statewide Average was 68%. Based on Expenditure Per Equivalent Pupil and Performance Index, there were only three districts in the state who spent the same or less and performed the same or better.

Over the last ten years or so, the District's expenditures have increased at a higher rate than what the District's revenue has increased. The District has kept their expenditures below their revenue each year for seven out of the last ten years. However, as of Fiscal Year 2022, the District expenditures began to exceed revenue each year of the forecast. The projected deficit spending can only be covered by the District's cash balance through Fiscal Year 2024.

The District relies on both state revenue and local property taxes for the continued support of public education. During fiscal year 2023, 53% of the District's General Fund revenue was derived from state sources, while 44% was derived from local sources, and 3% from other sources.

Beginning in November 2022, the Board of Education held multiple work sessions to discuss the District's financial forecast. As a result, the Board placed an operating levy on the ballot in May 2023. That ballot issue was defeated. After follow up meetings, the Board has placed another operating levy on the November 7, 2023 ballot.

The last time the community passed an operating levy was 17 years ago in February 2006. In 2015, the District passed a Bond Issue and projected to maintain fiscal stability until fiscal year 2023. The District has maintained fiscal stability longer than anticipated, and now needs additional operating funds.

The District appreciates the Auditor of State's office for providing an independent, third party analysis of our financial condition, operations and performance. We have reviewed the information and recommendations in depth with the audit team, our leadership team, and the Board of Education. The District would like to comment the following on the recommendations presented in this report:

436 King Church Avenue SW, Uniontown OH 44685
Phone 330.877.9383 • Fax 330.877.4754

Vision: To be the leader in addressing the educational, social and physical needs of students and staff

Mission: Educating generations, serving our community

Values: Respect, Integrity, Citizenship, Honesty, Engagement and Responsibility

Develop Formal Capital Plans – The District has established five year purchasing cycle rotations for large purchases such as buses, technology, textbooks, paving, and more. As the budget is prepared each year, the purchasing cycles are reviewed. Depending on outside grant funds availability and current price quotes, purchasing decisions are finalized. To allow for some continued flexibility in purchasing and priorities, the District has not established a formal plan.

Eliminate Positions above the Peer Average – As already stated, the District makes every effort to achieve a high level of performance, while also maintaining a low cost. The District acknowledges that we have more teachers than our primary peers on average. This is in direct relation to the programs that are provided to our students, such as: AP courses offered at LMHS, CCP courses offered at LMHS which are taught by Lake LSD teachers, graduation requirements which include foreign language and electives, an alternative program offered at LMHS for at-risk students that leads to a higher graduation rate, STEAM programs offered at LE and LMHS, and others. After the results of the levy on the November ballot, these programs and others will be evaluated.

Renegotiate Collective Bargaining Agreement Provisions – Certified and Classified employees of the District are represented by the Lake Local Education Association (LLEA). Salaries and benefits of certified and classified employees are based on collective bargaining agreements negotiated between the District and the LLEA. As with any industry, salaries and benefits of school employees can be comprised many different ways. In many cases, the way one District compensates their employees can be very different than the way the neighboring districts compensate their employees. Because of this, it can be difficult to compare “apples to apples”. When negotiating, the District and the Board are very cognizant of the current marketplace for salaries and benefits within this area. Lake does not desire to be the highest paid, nor the lowest paid, but rather somewhere in between that is fair for everyone involved.

Align Employer Dental Insurance Costs – The District acknowledges that the employer expenditures for dental insurance are more than the SERB regional average. However, the employer expenditures for medical insurance are less than the SERB regional average. If the expenditures for medical and dental are combined, the District’s employer expenditures in total are less than the SERB regional average in total.

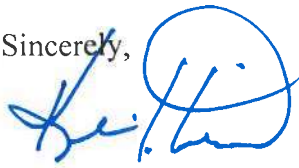
Align Facilities Labor Expenditures – The District acknowledges that our non-regular (substitute and overtime) labor expenditures were higher than our primary peers for the time period analyzed. During 2021-2022, the District experienced higher than normal turnover among custodial staff in all three of our school buildings. Specifically, there were a total of seven custodians who either retired or resigned during the course of the year. As a result, the District incurred additional substitute and overtime expenditures to cover shifts when in transition and to train newly hired custodial staff. Moving forward, the District does not anticipate the non-regular labor expenditures to be an ongoing issue.

Eliminate Bus Routes – The number of bus routes the District operates is based on student enrollment and transportation indicated on student enrollment paperwork. On any given day, the number of students actually riding the bus on each route is subject to change. The number of routes the District operates is also a direct relation to the time each student spends riding the bus each day. The District’s benchmark for student ride time is typically 48 minutes, while the auditor’s recommendations are based on a benchmark of 60 minutes. The District’s number of routes also considers that some students have alternate stops for child care and shared parenting situations. After the results of the levy on the November ballot, all bus routes will be evaluated.

Additional Recommendations – At the District’s September 18, 2023 Board meeting, proposed cuts if the November levy fails were announced. The Additional Recommendations issued in this report are very similar to the proposed cuts the District announced. Specifically, an increased fee for athletic participation, significant staff cuts, and reduction in transportation to state minimum requirements. If the levy on the November ballot fails, these additional recommendations and the announced proposed cuts will be finalized.

The School Board and Administration will continue to closely monitor performance in conjunction with revenues and expenditures. Financial challenges continue to stem from issues at the local, state and federal levels. It is imperative the School District continue to carefully plan in attempts to provide the resources required to meet the student’s needs over the next several years. All of the School District’s resources have and will continue to be focused on doing what is best for our students.

Sincerely,



Kevin T. Tobin
Superintendent



Nicole Nichols
Treasurer

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

Performance Audit Purpose and Overview

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

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

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

Audit Scope and Objectives

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

Summary of Objectives and Conclusions

Objective	Recommendation
Financial Management	
Are the District’s planning practices consistent with leading practices?	R.1
Is the District’s General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District’s financial condition?	Additional Recommendation
Human Resources	

Are the District’s staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District’s financial condition?	R.2 and R.3: Additional Recommendation
Are the District’s salaries and wages appropriate in comparison to local peers and the District’s financial condition?	Additional Recommendation
Are the District’s collective bargaining agreement provisions appropriate in comparison to local peers, minimum requirements, and the District’s financial condition?	R.4
Are the District’s insurance costs appropriate in comparison to other governmental entities within the local market and the District’s financial condition?	R.5
Facilities	
Are the District’s facilities staffing levels appropriate in comparison to leading practices, industry standards, and the District’s financial condition?	No Recommendation: The District’s facilities staffing is lower than the industry standard.
Are the District’s facilities non-regular labor expenditures appropriate in comparison to primary peers, leading practices, industry standards, and the District’s financial condition?	R.6
Transportation	
Is the Districts fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District’s financial condition?	R.7
Is the revenue generated from transporting students beyond state minimum requirements greater than the cost?	Additional Recommendation

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:³⁷

- Control environment
 - We considered the District’s control of its EMIS and payroll systems.

³⁷ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G.

- Risk Assessment
 - We considered the District’s activities to assess fraud risks.
- Information and Communication
 - We considered the District’s use of quality information in relation to transportation data.
- Control Activities
 - We considered the District’s compliance with applicable laws and contracts.

Internal control deficiencies were not identified during the course of this audit.

Audit Methodology

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

- Peer Districts;
- Industry Standards;
- Leading Practices;
- Statues; and
- Policies and Procedures.

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

Peer Group Districts

Primary Peers

- Ashland City School District (Ashland County)
- Avon Local School District (Lorain County)
- Highland Local School District (Medina County)
- Louisville City School District (Stark County)
- Monroe Local School District (Butler County)

Local Peers

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- Field Local School District (Portage County)
- Green Local School District (Summit County)
- Marlinton Local School District (Stark County)
- North Canton City School District (Stark County)
- Plain Local School District (Stark County)

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

Appendix B: Financial Systems

The following table shows a brief summary of the official five-year forecast that was approved by the District in May 2023. As previously discussed, we determined that this forecast included an incorrect assumption regarding the number of pay periods in FY 2026, resulting in expenditures being understated in that year. Because of this, the official May forecast was not used to identify the impact of the cost savings associated with implementation of recommendations. The District’s 2023 November forecast will reflect the correction to the FY 2026 assumptions.

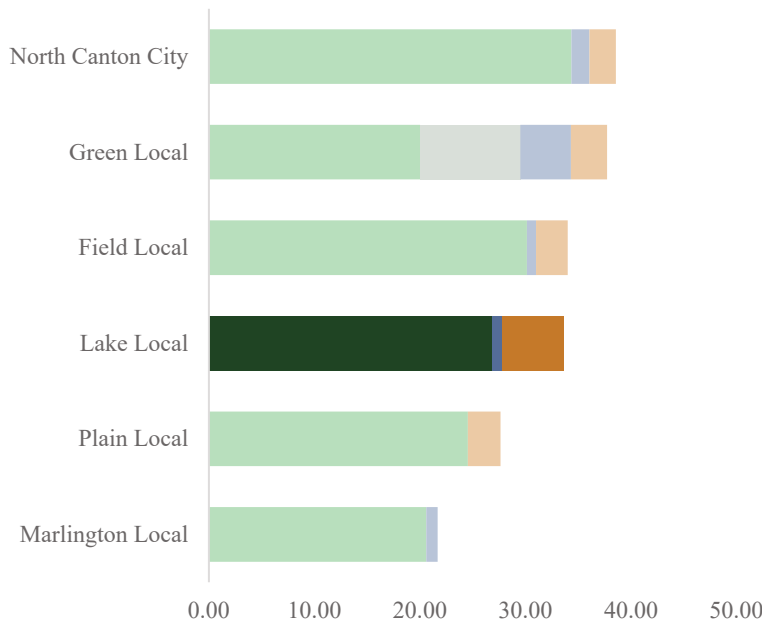
Financial Condition Overview (May 2023 Forecast)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Revenue	\$35,775,652	\$35,635,262	\$35,792,861	\$35,944,394	\$35,895,207
Total Expenditures	\$40,303,267	\$40,142,358	\$41,915,319	\$42,150,310	\$44,490,367
Results of Operations	(\$4,527,615)	(\$4,507,096)	(\$6,122,458)	(\$6,205,916)	(\$8,595,160)
Beginning Cash Balance	\$13,789,628	\$9,262,013	\$4,754,917	(\$1,367,541)	(\$7,573,457)
Ending Cash Balance	\$9,262,013	\$4,754,917	(\$1,367,541)	(\$7,573,457)	(\$16,177,617)
Encumbrances	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Budget Reserve	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$8,962,013	\$4,454,917	(\$1,667,541)	(\$7,873,457)	(\$16,477,617)

Source: ODE

The following chart shows the General Fund millage for local peers. The green portion of the bar represents the current expense millage rate, where one of the local peers is at the 20-mill floor. Overall, the District’s effective millage rate is lower than three of the five local peers. Because the District is not at the 20-mill floor, it will not see continued growth from current expense mills as property value increases.

2022 Millage and Millage Equivalentents | Local Peers



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

Source: Ohio Department of Taxation

The following tables show the local tax effort (LTE) comparison between LLSD and the primary peer districts and the local peer districts. The District’s LTE is below the statewide average and is in the middle of the primary peer group and the lowest of the local peer group.

2022 Local Tax Effort Comparison | Primary Peers

District	LTE	Rank	Percentile
Louisville City SD	1.0658	249	58.9%
Ashland City SD	0.8152	427	29.5%
Lake Local SD	0.7117	513	15.3%
Avon Local SD	0.7079	519	14.4%
Monroe Local SD	0.6073	567	6.4%
Highland Local SD	0.5256	588	3.0%
Primary Peer Average	0.7444	486	19.8%

Source: ODE

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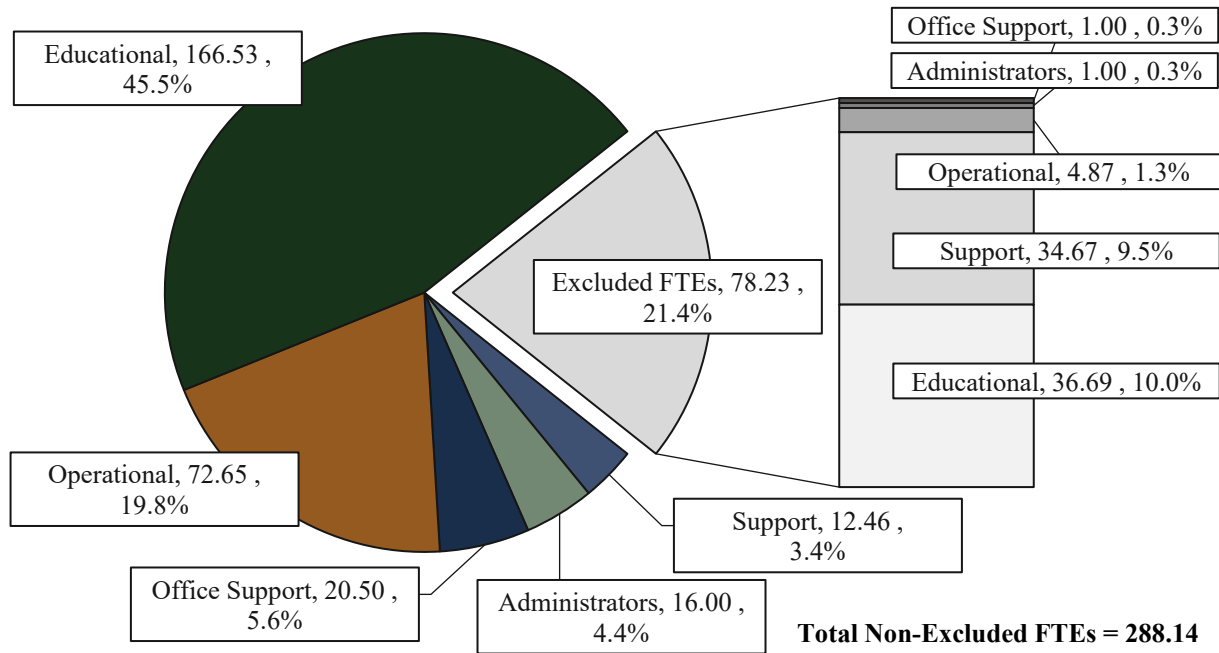
2022 Local Tax Effort Comparison | Local Peers

District	LTE	Rank	Percentile
Field Local SD	1.0394	266	56.1%
North Canton City SD	0.8697	385	36.5%
Plain Local SD	0.7761	459	24.3%
Green Local SD	0.7599	471	22.3%
Marlington Local SD	0.7289	500	17.5%
Lake Local SD	0.7117	513	15.3%
Local Peer Average	0.8348	411	32.2%

Source: ODE

Appendix C: Human Resources

Personnel costs represent about 80 percent of the District’s spending. Due to this, we conduct several analyses relating to the expense associated with maintaining existing staffing levels. During the course of our analysis, we routinely exclude staff that are designated as Title 1 or Special Education as a result of specific rules relating to the funding of these employees.



In the chart above, there are approximately 78.23 excluded staff FTEs, which includes individuals that are associated with Special Education or Title 1 programming. These programs have certain legal and contractual requirements that would make reductions difficult.

Staffing Comparison Tables

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

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

Central Office Administrator Staff Comparison

		Lake Local SD	Primary Peer Avg.	Difference	
Students					
Students Educated		3,291	3,176	115	
Students Educated (Thousands)		3.291	3.176	0.115	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Assistant, Deputy/Associate Superintendent	1.00	0.30	0.31	(0.01)	(0.03)
Supervisor/Manager	3.00	0.91	0.50	0.41	1.35
Coordinator	1.00	0.30	0.44	(0.14)	(0.46)
Education Administrative Specialist	0.00	0.00	0.06	(0.06)	(0.20)
Director	1.00	0.30	0.75	(0.45)	(1.48)
Other Official/Administrative	0.00	0.00	0.19	(0.19)	(0.63)
Total	6.00	1.81	2.25	(0.44)	(1.45)

Source: LLSD and ODE

Building Administrator Staff Comparison

		Lake Local SD	Primary Peer Avg.	Difference	
Students Educated		3,291	3,176	115	
Students Educated (Thousands)		3.291	3.176	0.115	
Buildings		3.0	4.6	(1.6)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Assistant Principal	5.00	1.52	1.20	0.32	1.05
Principal	3.00	0.91	1.45	(0.54)	(1.78)
Dean of Students	0.00	0.00	0.00	0.00	0.00
Total	8.00	2.43	2.65	(0.22)	(0.72)
Position	FTEs	FTEs per Building	FTEs per Building	Difference in FTE per Building	Adjusted Difference in FTEs
Assistant Principal	5.00	1.67	0.83	0.84	2.52
Principal	3.00	1.00	1.00	0.00	0.00
Dean of Students	0.00	0.00	0.00	0.00	0.00
Total	8.00	2.67	1.83	0.84	2.52

Source: LLSD and ODE

Teaching Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	3,291	3,176	115		
Students Educated (thousands)	3.291	3.176	0.115		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
General Education	135.33	41.12	39.75	1.37	4.51
Gifted and Talented	1.67	0.51	0.31	0.20	0.66
Career-Tech Programs/Career Pathways	1.00	0.30	0.44	(0.14)	(0.46)
Total	138.00	41.93	40.50	1.43	4.71

Source: LLSD and ODE

K-8 Teaching Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	2,232	2,201	31		
Students Educated (thousands)	2.232	2.201	0.031		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Art Education K-8	4.53	2.03	1.83	0.20	0.45
Music Education K-8	3.00	1.34	2.10	(0.76)	(1.69)
Physical Education K-8	3.00	1.34	2.08	(0.74)	(1.64)
Total	10.53	4.72	6.01	(1.29)	(2.88)

Source: LLSD and ODE

Non-Teaching Educational Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	3,291	3,176	115		
Students Educated (thousands)	3.291	3.176	0.115		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Curriculum Specialist	1.00	0.30	0.19	0.11	0.36
Counseling	9.00	2.73	1.98	0.75	2.47
Remedial Specialist	0.00	0.00	0.22	(0.22)	(0.72)
Tutor/Small Group Instructor	2.00	0.61	0.66	(0.05)	(0.16)
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.31	(0.31)	(1.02)
Other Educational	2.00	0.61	0.16	0.45	1.48
Total	14.00	4.25	3.52	0.73	2.40

Source: LLSD and ODE

Professional Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	3,291	3,176	115		
Students Educated (thousands)	3.291	3.176	0.115		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Psychologist	0.00	0.00	0.13	(0.13)	(0.43)
Social Work	0.00	0.00	0.06	(0.06)	(0.20)

Source: LLSD and ODE

Technical Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	3,291	3,176	115		
Students Educated (thousands)	3.291	3.176	0.115		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Computer Operating	0.00	0.00	0.19	(0.19)	(0.63)
Other Technical	3.00	0.91	0.12	0.79	2.60

Source: LLSD and ODE

Central Office Support Staff Comparison

Students and Buildings		Lake Local SD	Primary Peer Avg.	Difference	
Students Educated		3,291	3,176	115	
Students Educated (thousands)		3.291	3.176	0.115	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Accounting	0.00	0.00	0.19	(0.19)	(0.63)
Bookkeeping	1.63	0.50	0.46	0.04	0.13
Central Office Clerical	5.00	1.52	1.08	0.44	1.45
Records Managing	0.00	0.00	0.06	(0.06)	(0.20)
Other Office/Clerical	0.00	0.00	0.29	(0.29)	(0.95)
Total	6.63	2.02	2.08	(0.06)	(0.20)

Source: LLSD and ODE

Building Office Support Staff Comparison

Students and Buildings		Lake Local SD	Primary Peer Avg.	Difference	
Students Educated		3,291	3,176	115	
Students Educated (thousands)		3.291	3.176	0.115	
Buildings		3.000	4.600	(1.600)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
School Building Clerical	11.80	3.59	2.80	0.79	2.60
Bookkeeping	0.00	0.00	0.03	(0.03)	(0.10)
Other Office/Clerical	1.57	0.48	0.88	(0.40)	(1.32)
Total	13.37	4.07	3.71	0.36	1.18
Position	FTEs	FTEs per Building	FTEs per Building	Difference in FTE per Building	Adjusted Difference in FTEs
School Building Clerical	11.80	3.93	1.93	2.00	6.00
Bookkeeping	0.00	0.00	0.02	(0.02)	(0.06)
Other Office/Clerical	1.57	0.52	0.61	(0.09)	(0.27)
Total	13.37	4.45	2.56	1.89	5.67

Source: LLSD and ODE

Library Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference	
Students Educated	3,291	3,176	115	
Students Educated (thousands)	3.291	3.176	0.115	
Position	FTEs	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Librarian/Media	1.00	0.30	0.11	0.36
Library Aide	3.00	0.91	(0.39)	(1.28)
Total	4.00	1.21	(0.28)	(0.92)

Source: LLSD and ODE

Nursing Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference	
Students Educated	3,291	3,176	115	
Students Educated (thousands)	3.291	3.176	0.115	
Position	FTEs	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Registered Nursing	0.00	0.00	(0.19)	(0.63)
Practical Nursing	2.00	0.61	0.38	1.25
Total	2.00	0.61	0.19	0.63

Source: LLSD and ODE

Classroom Support Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference	
Students Educated	3,291	3,176	115	
Students Educated (thousands)	3.291	3.176	0.115	
Position	FTEs	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Instructional Paraprofessional	0.00	0.00	(2.31)	(7.60)
Teaching Aide	0.00	0.00	(1.22)	(4.02)
Total	0.00	0.00	(3.53)	(11.62)

Source: LLSD and ODE

Other Support Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	3,291	3,176	115		
Students Educated (thousands)	3.291	3.176	0.115		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Attendance Officer	0.00	0.00	0.03	(0.03)	(0.10)
Monitoring	7.46	2.27	1.29	0.98	3.23

Source: LLSD and ODE

Other Clerical Staff Comparison

Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	3,291	3,176	115		
Students Educated (thousands)	3.291	3.176	0.115		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Messenger	0.50	0.15	0.06	0.09	0.30

Source: LLSD and ODE

Extracurricular/Intra Curricular Staff Comparison

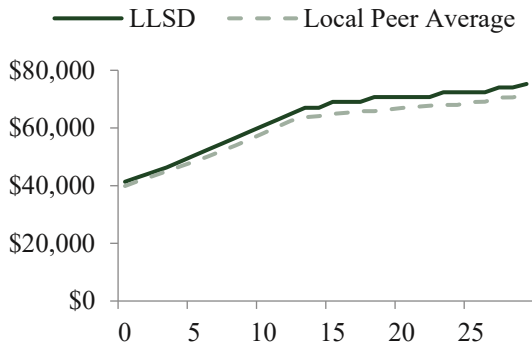
Students	Lake Local SD	Primary Peer Avg.	Difference		
Students Educated	3,291	3,176	115		
Students Educated (thousands)	3.291	3.176	0.115		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Advisor	0.00	0.00	0.06	(0.06)	(0.20)
Coaching	0.00	0.00	0.09	(0.09)	(0.30)

Source: LLSD and ODE

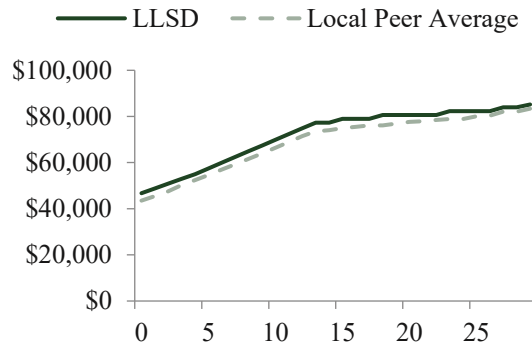
We also looked at annual salaries for all certificated employees and the hourly wage rates for various classified employee positions over the course of a career, as seen in the following charts. These charts are based on salaries and wages and longevity payments only and do not include any additional allowances or non-wage payments provided by the District or local peers.

Certificated Career Compensation

Bachelor's

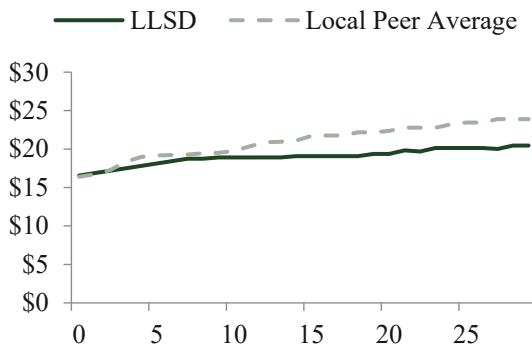


Master's

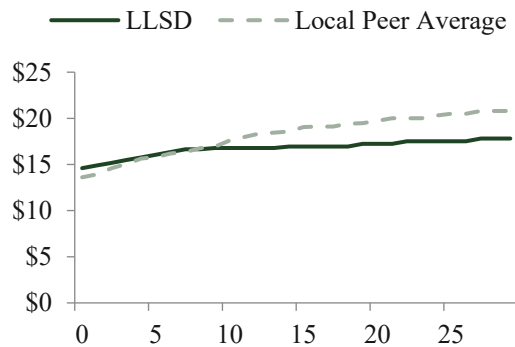


Classified Career Compensation

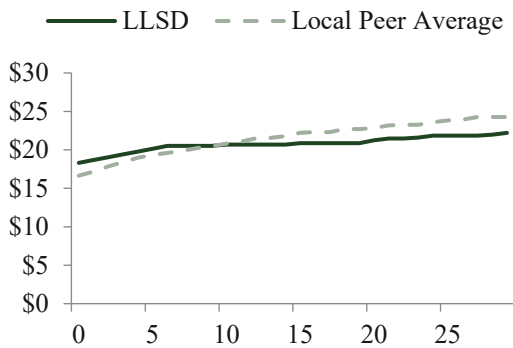
Head Cook



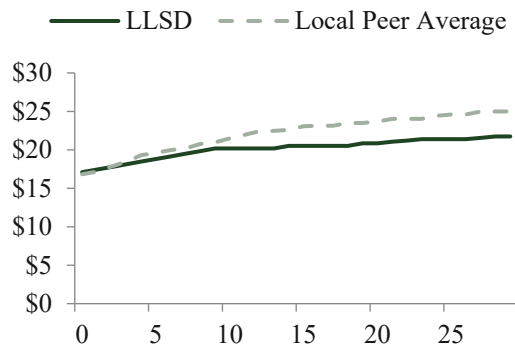
Food Service



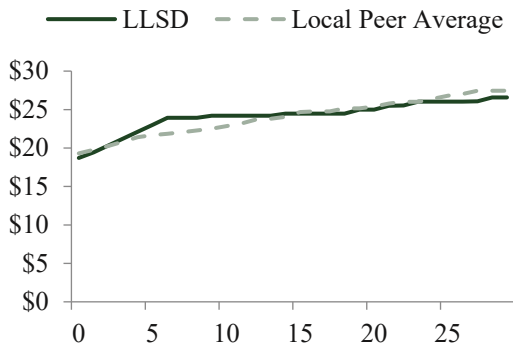
Building Secretary



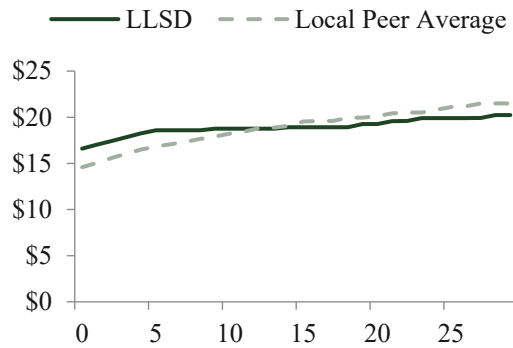
Custodian



Bus Driver



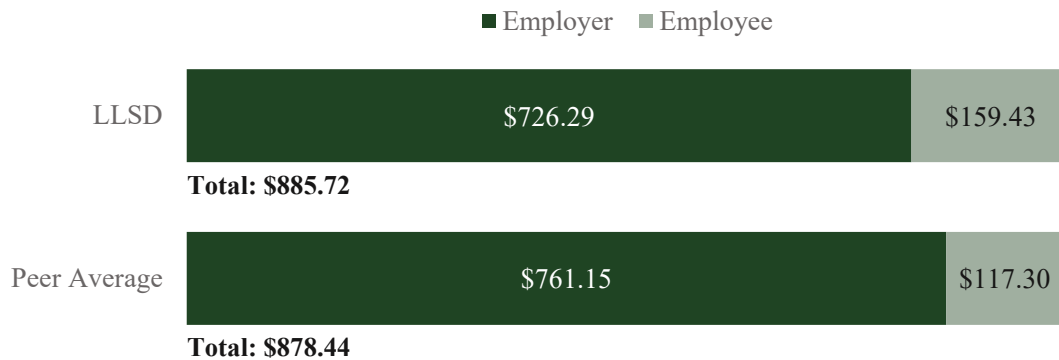
Educational Aide



Medical Insurance

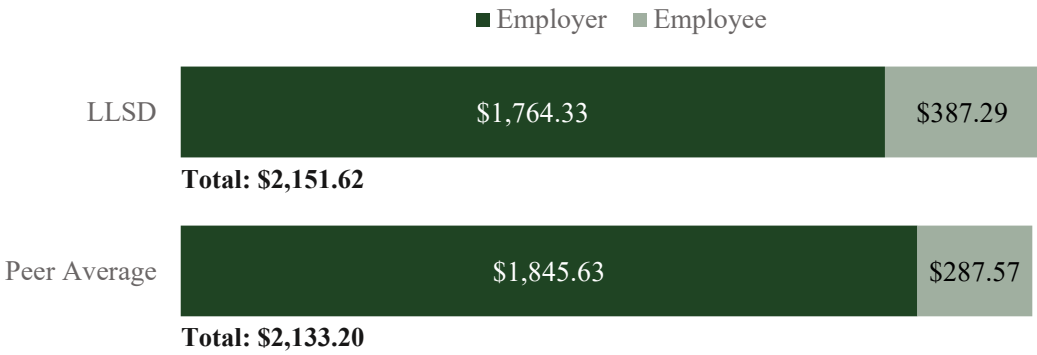
The medical and prescription insurance plan offered by LLSD has a higher cost overall than the SERB regional peer average. However, due to the efficient split of premium cost between employer and employee, the District’s share of the cost is below the peer average. The District passes on 18 percent of the insurance premium cost to its employees, leaving the District responsible for paying only 82 percent. The peer average for the employer share of insurance premium cost is about 86 percent. This difference allows LLSD to offer an overall more generous medical and prescription insurance plan, while still spending less than the SERB regional average.

Individual Medical + Rx Comparison - PPO Plan



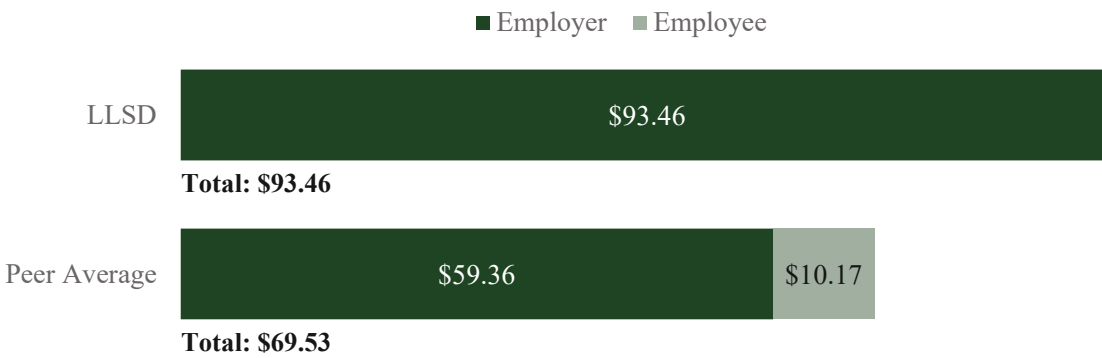
Source: LLSD and SERB

Family Medical + Rx Comparison - PPO Plan



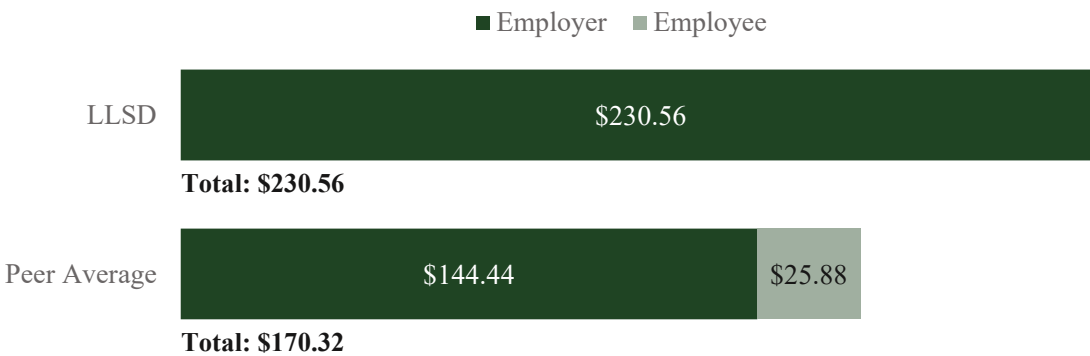
Source: LLSD and SERB

Individual Dental Comparison



Source: LLSD and SERB

Family Dental Comparison



Source: LLSD and SERB

Appendix D: Facilities

The following table shows the District's Facilities non-regular salaries and wages compared the peer average.

Facilities Non-Regular Salaries & Wages Comparison

	Lake Local	Peer Average	Difference	Average % Change
141 - Regular	\$1,073,340	\$751,889	\$321,451	42.8%
142 - Temporary	\$48,313	\$37,013	\$11,299	30.5%
143 - Supplemental	\$0	\$1,750	(\$1,750)	(100.0%)
144 - Overtime	\$57,621	\$27,416	\$30,205	110.2%
Total Regular Salaries & Wages	\$1,073,340	\$751,889	\$321,451	42.8%
Total Non-Regular Salaries & wages	\$105,934	\$66,179	\$39,755	60.1%
Total Certificated & Non-Certificated Salaries & Wages	\$1,179,273	\$818,068	\$361,206	44.2%
Non-Regular As % Of Total Salaries & Wages	9.0%	8.1%	0.9%	11.0%
Overtime As % Of Regular Salaries & Wages	5.4%	3.6%	1.7%	47.2%

Note: Numbers in this table are rounded to the nearest dollar to provide conservative estimates and for readability purposes.

Appendix E: Transportation

In **Recommendation 7**, we determined that the District could eliminate bus routes and remain in-line with capacity benchmarks. The recommendation was based on the analysis below.

The following table shows a baseline overview of utilization for the regular education routes in Tier I and Tier II. For purposes of this analysis, we examined the routes used by the District and the number of riders reported in FY 2023. Based on the analysis, as seen in the table below, the baseline utilization for existing regular bus routes is below the 90 percent benchmark, indicating that there is opportunity to reduce routes within the District.

Baseline Utilization by Tier

Tier	Total Routes	Average Capacity	Total Capacity	Peak Riders	Baseline Utilization
Tier I	25	51.0	1,275	570	44.7%
Tier II	29	75.2	2,180	1,354	62.1%

Source: LLSD and ODE

Once baseline utilization indicated there were opportunities for bus route reductions, we reviewed the utilization within each tier to identify the maximum number of routes that may be reduced without exceeding 90 percent capacity. The following tables show a detailed review of Tier I and Tier II. In addition, routes at or near a 60-minute ride time were excluded from analysis. This review uses the average capacity on remaining routes to determine the total number of routes that could be eliminated on each Tier.

Tier I Detailed Review

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier I	25	51.0	1,275	570

Tier I Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	10	11	12	13
Capacity Eliminated	510.0	561.0	612.0	663.0
Adjusted Total Capacity	765	714	663	612
Adjusted Total Utilization	74.5%	79.8%	86.0%	93.1%

Source: LLSD and ODE

Tier II Detailed Review

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier II	28	76.0	2,128	1,323

Tier II Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	7	8	9	10
Capacity Eliminated	532.0	608.0	684.0	760.0
Adjusted Total Capacity	1,596	1,520	1,444	1,368
Adjusted Total Utilization	82.9%	87.0%	91.6%	96.7%

Source: LLSD and ODE

We further reviewed transportation to determine the impact of operating at state minimum levels. As noted in the **Additional Recommendations** section, the District could further reduce bus routes due to the reduction in ridership. The following tables show the number of routes that could be eliminated on both Tier I and Tier II using the current tier structure and ridership information. These tables show that, under the current structure, up to 23 routes could be eliminated from Tier I and up to 13 routes could be eliminated from Tier II.

Tier I Detailed Review – State Minimum

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier I	25	51.0	1,275	80

Tier I Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	21	22	23	24
Capacity Eliminated	1,071.0	1,122.0	1,173.0	1,224.0
Adjusted Total Capacity	204	153	102	51
Adjusted Total Utilization	39.2%	52.3%	78.4%	156.9%

Source: LLSD and ODE

Tier II Detailed Review – State Minimum

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier II	28	76.0	2,128	987

Tier II Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	12	13	14	15
Capacity Eliminated	912.0	988.0	1,064.0	1,140.0
Adjusted Total Capacity	1,216	1,140	1,064	988
Adjusted Total Utilization	81.2%	86.6%	92.8%	99.9%

Source: LLSD and ODE

OHIO AUDITOR OF STATE KEITH FABER



LAKE LOCAL SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/5/2023

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

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