



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LORDSTOWN LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

JULY 26, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

To the Members of the Lordstown Local School District Community:

The State Auditor's Office is pleased to provide the completed performance audit of the Lordstown Local School District (LLSD). As a result of being placed in fiscal emergency on December 8, 2000, the Auditor of State conducted this performance audit to assist LLSD and the Financial Planning and Supervision Commission in their efforts to improve the financial condition of the district.

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

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

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

Additional copies of this performance audit or other performance audits can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or the toll free number in Columbus, (800) 282-0370. In addition, this performance audit can be accessed on-line through the State Auditor's Office website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 26, 2001

Executive Summary

Project History

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

In accordance with ORC § 3316.03, the AOS can declare a school district to be in a state of fiscal watch if the district has an operating deficit which exceeds 8 percent of the preceding year's general fund revenues, the district's unencumbered cash balance for the preceding fiscal year was less than 8 percent of the general fund expenditures and a levy has not been passed which will raise sufficient revenues to eliminate these conditions. ORC § 3316.04 allows the AOS to declare a school district to be in a state of fiscal emergency if the district's board of education fails to submit an acceptable financial recovery plan to the State Superintendent of Instruction within 120 days of being placed in fiscal watch.

On October 23, 2000, the Auditor of State declared a projected \$1.3 million deficit for Lordstown Local School District (LLSD) for fiscal year ending June 30, 2001, which met the criteria necessary to place the District in fiscal watch. However, because LLSD's Board of Education (the Board) did not feel that the District would be able to meet its financial obligations for the remainder of FY 2000-01, the Board passed a resolution on November 1, 2000, requesting that AOS bypass the fiscal watch process and place LLSD in fiscal emergency. On December 8, 2000, AOS formally declared LLSD to be in a state of fiscal emergency. School districts placed in fiscal emergency qualify to receive an interest free advance from the Ohio Solvency Assistance Fund administered by the Ohio Department of Education (ODE). LLSD received an advance of \$1,357,000 from the Ohio Solvency Assistance Fund on March 13, 2001 and is scheduled to repay the full amount over the next two fiscal years.

Pursuant to ORC § 3316.041, the AOS initiated a performance audit of LLSD. Based on a review of LLSD information and discussions with the Superintendent and ODE, the following four functional areas were selected for assessment in the performance audit:

- Financial Systems
- Human Resources
- Facilities
- Transportation

Planning for the performance audit began in November 2000, and the actual performance audit was conducted primarily during the months of December 2000 through May 2001.

The goal of the performance audit process is to assist LLSD and the Financial Planning and Supervision Commission (the Commission) in making decisions with the objective of eliminating the conditions which brought about the declaration of fiscal emergency. The performance audit is designed to develop recommendations which provide cost savings, revenue enhancements and/or efficiency improvements. Another objective of the performance audit is to conduct an independent assessment of LLSD's financial situation, including the development of a framework for a financial recovery plan. The recommendations contained within the performance audit will provide one major resource to LLSD and the Commission in developing a financial recovery plan. However, LLSD and the Commission are encouraged to assess overall operations and to develop other recommendations not contained within the performance audit.

Financial Planning and Supervision Commission

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

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

ORC § 3316.06 requires the Financial Planning and Supervision Commission to adopt a financial recovery plan within 120 days of its first meeting. The fiscal emergency legislation stipulates that the plan must contain the following provisions:

- Eliminate the fiscal emergency conditions that prompted the AOS declaration of fiscal emergency;
- Satisfy judgement and any past due payables and/or payroll and fringe benefits;
- Eliminate deficits in applicable funds;
- Restore to special funds any amounts borrowed or improperly used;
- Balance the budget;
- Avoid future deficits;
- Stay current in all accounts;

- Avoid future fiscal emergency conditions; and
- Restore the school district's ability to market long-term obligations.

The Commission has the following powers, duties and functions:

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

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

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

District Overview

The Lordstown Local School District (LLSD) is located in Trumbull County. The District encompasses 25 square miles and serves approximately 587 students according to 1999-00 ADM data. When compared to ADM figures from previous years, LLSD's enrollment has remained stable with approximately a 1.0 percent decrease. ODE projects enrollment to remain relatively constant over the next few years.

LLSD's student attendance rate was 93.7 percent for FY 1999-00, which was lower than the peer districts' average of 96.1 percent and equal to the statewide average of 93.7 percent. LLSD's ninth grade proficiency test passage rate was 90.9 percent for FY 1999-00, which was higher than the peer group average of 86.9 percent and significantly higher than the statewide average of 63.1 percent. LLSD met 20 of the 27 standards on the district report card issued in 2000 for 1998-99 school year and 19 of the 27 standards on the 2001 report card issued recently for the 1999-00 school year, which places LLSD in the continuous improvement category.

LLSD's fiscal emergency condition is due, in part, to a lack of accurate financial forecasting and historical spending patterns that exceed available revenues. In addition, LLSD received and spent an overpayment of \$860,000 in state funds for FY 1999-00. As a result, the district is facing the prospect of increasing fund balance deficits. The Auditor of State has certified a projected deficit of \$1.3 million in FY 2000-01. LLSD borrowed that amount from the State Solvency Assistance Fund during the current fiscal year and will be required to repay those funds during FY 2001-02 and FY 2002-03.

A 10.8 mill emergency levy was defeated by voters in May 2001. If the District continues its present spending pattern, is not successful in its efforts to increase revenue, and makes no significant changes in operations, the financial forecast provided in **Table 2-1** of the **Financial Systems** section of this report projects a deficit of approximately \$3.3 million by FY 2004-05. However, if the District thoughtfully implements the recommendations contained in this report, along with the actions taken by the Financial Planning and Supervision Commission, sufficient expenditure reduction opportunities exist to allow a return to financial stability. While the results of this performance audit suggest that LLSD can resolve its financial situation, failure to renew the emergency operating levy when it expires in FY 2004-05 will complicate recovery efforts.

LLSD received revenues totaling \$7,236 per pupil in FY 1999-00, placing it above the peer group average of \$6,385. Per pupil expenditures in FY 1999-00 totaled \$9,753, which was the highest among the peers and approximately \$2,517 in excess of the revenues per pupil. Per pupil expenditures exceeded per pupil revenue by approximately \$2,446 in FY 1996-97, \$2,922 in FY 1997-98, \$4,046 in FY 1998-99, and \$981 in FY 2000-01. In comparison to the peers, LLSD receives the highest total revenues from local sources. LLSD had the highest average per pupil property valuation and the second highest median income among the peers for 1999.

LLSD spends approximately 89 percent of its operating budget on payroll and fringe benefit costs. This percentage is among the highest in the state and is indicative of the overstaffing which exists in the District. In FY 1999-00, LLSD had approximately 121 employees including 7 administrators, 74 teachers and 40 classified employees. These staffing levels represent an increase of approximately 16 FTEs, or 15 percent, from the FY 1998-99 levels and resulted in a 17.5:1 student teacher ratio in elementary school and a combined 10.2:1 student teacher ratio at the secondary schools. Based on comparisons to peer districts and ORC standards, LLSD should consider reducing up to 14.6 FTE positions in the professional education, educational service, custodial and food service areas. On April 24, 2001, the Financial Planning and Supervision Commission voted to approve a reduction in force (RIF) of 11.84 FTE positions. However, the District has not finalized its plan for implementing the Commission's action.

While LLSD's average teacher salary of \$40,264 was slightly lower than the peer group average, the District paid the second highest amount for supplemental contracts when compared to the peer districts. In addition, LLSD's annual benefit cost per employee for FY 1999-00 was the highest among the peer districts at \$7,669, and was significantly higher than the \$6,352 annual cost of health care per covered employee in 2000 reported by the State Employee Relations Board (SERB). The Board pays 100 percent of the medical, dental, and life insurance costs for all employees who work at least 20 hours per week. In an effort to address these high cost areas, LLSD is encouraged to reassess its total compensation package.

LLSD operates four facilities with a total area of 346,887 square feet. There is one elementary school, one high school, one career center and a transportation facility. The average age of the three school buildings is 41 years. While generally in good condition, the schools are facing increased maintenance and equipment replacement needs. Estimates from the Ohio Public School Facility Survey and the Legislative Budget Office for the repair and upgrade of LLSD's facilities range from \$3.9 to \$7.2 million. These estimates cover the cost to bring all facilities to current code and it is not expected, or advised, that LLSD perform all these renovations. LLSD spent a combined total of \$1.8 million in H.B. 264 funds for roof, lighting, and HVAC improvements in 1999 and 2000.

LLSD does not prepare enrollment projections, a critical element of effective capital planning. Based on a capacity analysis using the enrollment projections prepared by ODE, it is evident that LLSD has significant excess building capacity and should consider reducing operational space by 15,000 square feet at the high school. Doing so would reduce square footage maintained and allow a reduction in custodial staffing of one FTE.

LLSD's transportation operating ratios for regular and special needs students appear high when compared to the peer districts. Approximately 566 students are eligible for transportation on LLSD's 7 buses. LLSD has 3 buses that are more than 12 years old, but none which exceed the mileage criterion of 200,000 miles. The District has neither a long-term plan nor identified funding sources to address bus replacement.

Regular student transportation costs exceeded the peer average by 13 percent while the costs for special needs students were slightly lower than the peer average. Reductions in transportation costs can be achieved by revising the transportation policy, increasing student capacity per bus and implementing payments in lieu of transportation for the parents of selected special needs students. Additionally, LLSD should consider eliminating the transportation coordinator's position and assigning those duties to the support services manager.

In order to achieve financial stability, LLSD faces several difficult challenges including the reduction of staff and control of payroll and benefit costs, while maintaining high standards for the education of its students. The performance audit provides a series of recommendations, many of which include associated cost reductions, redirected services or efficiency improvements. Management should carefully consider these recommendations when making the important decisions necessary to establish financial stability while improving the quality of educational services.

Summary Result

The summary result of the performance audit is contained on pages 1-8 through 1-16. The summary result is followed by overall performance audit information including a definition of performance audits, the objective and methodology of performance audits and peer district comparisons of key information.

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

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

A table representing a summary of the financial implications of the recommendations is presented on page 1-17. However, the performance audit also contains a number of recommendations which may not generate estimated cost savings but will result in enhanced service delivery within LLSD's operations. If implemented, these recommendations would improve the operational efficiency of LLSD and its effectiveness in achieving its educational mission.

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

Financial Systems

This section focuses on the financial systems within LLSD. The objective is to analyze the current financial condition of LLSD, including an evaluation of the internal controls and to develop recommendations for improvements and efficiencies. Within this section, LLSD's financial forecast is assessed for reasonableness and an additional forecast is presented representing the Auditor of State's assessment of LLSD's financial condition.

Background: On October 23, 2000, the Auditor of State's office declared a \$1.3 operating deficit for the fiscal year ending June 30, 2001 and placed LLSD into fiscal watch. Generally, a school district declared in fiscal watch is expected to develop a financial recovery plan for approval by the State Superintendent of Public Instruction. However, LLSD's Board of Education did not feel that the District would be able to meet its financial obligations for the remainder of FY 2000-01 and passed a resolution on November 1, 2000, requesting that AOS bypass the fiscal watch process and place LLSD in fiscal emergency. On December 8, 2000, AOS formally declared LLSD to be in a state of fiscal emergency, qualifying the District to receive an interest free advance from the Ohio Solvency Assistance Fund administered by the Ohio Department of Education (ODE). LLSD received an advance of \$1,357,000 March 13, 2001 and is scheduled to repay the full amount over the next two fiscal years.

Forecast: A financial forecast was prepared by LLSD's treasurer to fulfill the requirements of H.B. 412. However, the treasurer's forecast lacked detailed assumptions as to how the projected deficit situation will be addressed in future years.

Table 2-1 presents a forecast for LLSD assuming no material changes in operating expenditures or revenues. This forecast projects an operating deficit of approximately \$3.4 million by FY 2004-05. A second forecast is presented in **Table 2-2** which incorporates performance audit recommendations, including savings and implementation costs, that could serve as a framework for LLSD's Financial Planning and Supervision Commission as it develops the financial recovery plan.

Findings: An analysis of LLSD's per pupil expenditures indicates that LLSD had the highest total expenditures among the peer districts. Furthermore, LLSD support service expenditures (41.6 percent) were the highest among the individual peer districts and higher than the peer average (33.0 percent). In addition, LLSD has higher administration costs and plant operations and maintenance costs than the peer districts.

A majority of LLSD's total revenues are derived from local sources. LLSD received the highest percentage of its total revenues from local sources among the peer districts. However, in FY 1999-00, LLSD erroneously received approximately \$806,000 from state sources, which the district was required to repay in FY 2000-01. LLSD's effective millage of 28.1 mills is approximately equal to the peer average of 28.2 mills, and 0.4 mills lower than the state-wide 28.5 mill average for all school districts. The higher effective millage can be attributed to LLSD's ability to historically

obtain voter approval for levies placed on the ballot. Additionally, an examination of LLS D's average valuation and area median income shows LLS D has the highest median income and highest property values when compared to the peer districts in 1999.

LLS D's food service division maintains two enterprise funds. One is for the elementary and high school cafeterias, while the other is for the career center cafeteria. Both enterprise funds have experienced operating deficits in the last two years. The elementary and high school food services fund generated net losses in FY 1998-99 and FY 1999-00 of \$43,299 and \$30,417, respectively. The career center enterprise fund generated net losses in FY 1998-99 and FY 1999-00 of \$5,884 and \$10,384, respectively. LLS D has the second highest operation cost and is maintaining the highest benefit costs per staff member.

LLS D does not prepare a formal capital or long-range capital spending plan, nor has it created a comprehensive facilities capital plan for use in guiding its long-term spending decisions. The cost of repairing and upgrading LLS D's current facilities to meet minimum standards for health and safety has been estimated by the Ohio Legislative Budget Office to be approximately \$7.2 million.

Recommendations: LLS D should develop detailed five-year forecasts with accompanying assumptions and notes for major operating, capital and debt funds. LLS D should use the format of the financial forecast presented in **Table 2-1** and update the information and projections as financial issues change or materialize. LLS D should also consider making the forecast document available to the general public, as well as to parents, district employees and board members. By presenting more historically projected financial information and including detailed accompanying assumptions, explanatory comments, and the methodology used in deriving the financial estimates, LLS D will provide management, as well as the general public, a more comprehensive understanding of its anticipated financial condition.

LLS D's long-term plans must include an effort to refrain from borrowing to fund operating deficits. LLS D should begin making effective use of its budget by more effectively managing its expenditures to stay within the total revenues. The budget should be used as LLS D's spending plan to control expenditures and to help ensure goals and objectives are being met.

Other significant recommendations include the following:

- Examine the spending patterns in order to possibly reallocate monies toward instructional programs which will have the greatest impact on improving the student's education and proficiency test results.
- Consider cost savings options in food service, including staff reductions of .8 FTE to help eliminate the operating deficits
- Develop a comprehensive long-range capital plan which addresses the needs for ongoing capital repairs and maintenance

Financial Implication: It is estimated that implementation of the recommendations in this section of the report would result in approximately \$18,000 in annual savings.

Human Resources

Background: Lordstown Local School District (LLSD) does not have a separate department dedicated to performing human resources functions. The individuals performing human resources functions are the superintendent, treasurer, two secretaries, two clerks and three principals. These individuals are responsible for coordinating the activities and programs for the recruitment and selection of employees, monitoring compliance with employment standards including criminal record background checks and teacher certifications, facilitating employee performance evaluations, administering and monitoring grievance policies and procedures, negotiating and administering union contracts, conducting disciplinary hearings, placing selected substitutes and participating in new employee orientation.

Findings: The LLSD has two collective bargaining units consisting of the Lordstown Teachers Association (LTA) and the Ohio Association of Public School Employees - Chapter 774. Because the LTA and the LLSD Board of Education were unable to agree on a new contract, negotiations were moved to mediation and have not yet been resolved.

The classified staff negotiated a new contract that is effective August 2000 with the following “Me Too” clause: “Should any employee or employee group of the LLSD receive any increase in taxable income, including retirement payment, then the same percentage increase shall be granted to the OAPSE Chapter 774 bargaining unit, effective the same date and any changes to health insurance coverage agreed to by another employee group of the LLSD shall be accepted by OAPSE Local 774. These changes shall be effective on the same date they are effective for the other employee group.”

A review of the Educational Management Information System (EMIS) data for 1999-2000 indicated numerous errors, primarily because LLSD improperly calculated full-time equivalents (FTE) of district personnel. Therefore, it was necessary to revise the EMIS data with corrected staffing figures. An analysis of the corrected EMIS staffing data indicates that the staffing levels are above the peer average in numerous personnel classification areas; particularly teachers, educational service personnel, clerical and custodial personnel.

A review of the master teaching schedule for the middle/high school revealed that 70 percent of all secondary teaching staff assist in the support of an activity period such as study hall, lunch duty and administrative assignment. An analysis of LLSD’s student-to-teacher ratio at the secondary level (grades 7 - 12 exclusive of the career center) indicated a 10.2 to 1 ratio compared to the peer average of 18.3 to 1. LLSD’s student-to-teacher ratios within the elementary and special education categories were more in line with the peer average and recommended state standards.

During the course of this audit, the Financial Planning and Supervision Commission recommended staff reductions of 11.84 FTEs. Subsequently, the Board of Education has issued non-reappointment notices to the affected personnel. However, the district has until June 30, 2001 to submit an implementation plan for proposed staff reductions to the Commission.

LLSD spent over twice the peer average amount on substitute services for FY 1999-00. An analysis revealed that LLSD teachers require a substitute for an average of 15.7 days per school year, which is higher the peer average of 10.9 days. Certified and classified staff averaged 11.6 and 14.6 sick days per year respectively.

When compared to the peer districts and to results of a 2000 SERB report on the *Cost of Health Insurance in Ohio's Public Sector*, LLSD had the highest monthly medical premium costs in FY 1999-00 and the highest annual insurance cost per employee. During the course of this audit, LLSD switched to a single insurance company with a preferred provider organization benefit. Additionally, LLSD employees now pay a co-payment for office visits along with a co-payment for prescription coverage. LLSD's treasurer estimates that these changes will result in savings of approximately \$165,000 per year starting in FY 2001-02.

According to both the certificated and classified contracts, LLSD currently provides its employees with four personal leave days. Employees with ten or more years of service are granted one additional personal leave day (5 personal leave days annually), which is above the peer average of three personal leave days to all employees. In addition, the certified contract does not indicate the frequency of evaluations for continuing contract teachers or a process for assisting poor performing teachers.

Commendations: LLSD had begun to implement a restructuring of staff prior to our audit and the Financial Planning and Supervision Commission's recommendations and is attempting to implement other cost saving measures such as changing insurance plans to a less costly plan.

Recommendations: LLSD should implement policies and procedures to ensure that accurate staffing reports are prepared and reconciled before being submitted to ODE. LLSD receives funding based upon EMIS information provided by the district and because EMIS information is provided to the public and is used to make assessments about the effectiveness of LLSD as a whole, LLSD should routinely review EMIS staff demographic information to assure its accuracy and completeness.

Due to the relatively low student-to-teacher ratio at the secondary level, LLSD should consider a reduction of up to 10 FTEs in the regular secondary teaching staff. The impact of these reductions can be minimized by consolidating classes with low enrollment and offering higher level courses every other year, while generating potential annual savings of approximately \$523,400. An

additional reduction in the education service personnel (ESP) category of 2.85 FTE would save LLSD approximately \$149,000 and bring the district closer to the state standard for ESP personnel.

LLSD should implement a graduated scale of benefits so employees pay a portion of the monthly premiums based on the number of hours worked. By requiring all employees to contribute a portion of the monthly premium, LLSD would save between \$93,000 and \$185,000. By reducing the number of personal days and increasing efforts to reduce the number of sick leave days taken by all employees, LLSD has the potential to save an additional \$47,500.

Other significant recommendations include the following:

- Develop policies and procedures to ensure that accurate reports are prepared for the Ohio Department of Education (ODE) and EMIS;
- Consider continual monitoring of class sizes at the elementary school level to ensure full utilization of its elementary level teaching staff;
- Consider implementing additional strategies to increase its pool of substitute teachers;
- Conduct thorough studies assessing both the costs and the benefits of offering any early retirement incentives in future contracts;
- Update job descriptions for all staff to ensure that they are current with the duties and responsibilities that employees are performing;
- Develop procedures which ensure that evaluations on all employees are conducted at least once a year; and
- Develop a teacher assistance program to help teachers in the areas where evaluations indicate a need for remediation.

Financial Implications: It is estimated that the recommendations in this section of the report would result in annual savings of approximately \$944,000.

Facilities

Background: LLSD facilities are maintained by the facilities support staff. The staff is responsible for the operation and upkeep of three buildings: one elementary school (grade K-6), one high school (grades 7-12) and a career center that provides vocational education to students in the 11th and 12th grades at LLSD and four other area school districts. These three buildings encompass 346,887 square feet.

Findings: The average square footage per custodial employee is 37,799 square feet, about 13 percent more per custodial employee than the peer district average and 52 percent more than the average of the districts in the Region 5 of the American Schools and University (AS&U) 29th Annual Maintenance and Operations Cost Study. Maintenance staff cover, on average, a total of 277,510 square feet, which is 81 percent higher than either the peer or AS&U's region 5 average.

The high school and career center buildings are operating at 49 percent and 32 percent capacity, respectively. Both buildings are underutilized, generating less traffic and need for cleaning than other similarly sized buildings and thus demand fewer custodial and maintenance hours. In addition, the student population has risen by 20 students in the last ten years. However, when counting LLSD students separately from the career center enrollment, the student population has decreased by 77 students. LLSD has not developed student enrollment projections for future years.

The average salary for LLSD custodians is lowest among its peers, while the average salary for the maintenance personnel is slightly higher than the peer district average. Although custodial and maintenance staff overtime is relatively low, the classified contract provides that LLSD classified staff work only a 7.0 hour work day, while two of the peer districts have negotiated 7.5 hour work days for their classified staffs. LLSD's contract also states that evaluations are to be performed at least once per year, but a review of classified personnel files shows that evaluations for custodial and maintenance staff are not done consistently.

LLSD extends the use of its buildings to the community at-large without charge, adding utility and depreciation costs to the buildings. Meanwhile, LLSD has entered into a discounted energy program as well as taken advantage of H.B. 264 funds to make energy improvements resulting in an approximate 20 percent utility cost reduction. LLSD has not, however, developed a preventive maintenance plan or developed an equipment replacement schedule in anticipation of necessary facilities and equipment improvements and repairs.

Recommendations: This report recommends that LLSD develop a custodial and maintenance allocation methodology to appropriately staff each building. In addition, LLSD should consider reducing the occupied square footage within the high school building to reduce excess capacity. Measures for reduction that should be considered include the closing of at least six classrooms within the building. Reduction of total square footage will reduce the need for cleaning staff as well as reduce utility expenditures if the classrooms are closed off in accordance with the heating and cooling zones of the building.

LLSD should consider reducing one custodial staff member and combining the custodial evening staffs at the high school and the career center to "team clean" those buildings. In effect, five custodians would clean two buildings, opposed to three custodians cleaning each. The team approach would make the cleaning duties more equitable and support the recommended allocation methodology referred to above. LLSD should also attempt to negotiate an increase of the working day for custodial and maintenance staff to 7.5 hours. In addition, LLSD administration should actively enforce the contract's evaluation policy to make sure that all staff are evaluated on an annual basis.

LLSD should consider implementing an energy management program in attempts to further reduce utility expenditures. An energy management program, such as the one implemented in the

Middletown-Monroe Local City School District would involve a one-time cost to the district of approximately \$50,000, but has the potential of approximately \$50,000 in annual energy savings. Furthermore, an energy management program should be a part of an overall facilities management plan that includes a preventive maintenance plan and an equipment replacement schedule. Since LLSD's facilities are aging, these prevention plans are especially important.

Other significant recommendations include the following:

- Establish a policy that identifies essential employees necessary to prepare LLSD for reopening following a calamity day that requires such personnel to report to work without overtime or compensatory pay;
- Review its current rental agreement with the county for the youth program and assess the fees associated with the cost of operating the facilities;
- Establish a committee with the Village of Lordstown to create a recreation program for the residents that shares the costs of operation in the most economical and equitable manner;
- Require the chief of maintenance and grounds keeper to keep daily logs documenting how maintenance staff work in 30 minute increments and submit those logs to the support services manager and superintendent for review;
- Develop a standardized methodology for enrollment projections;
- Work closely with the other districts in the Compact to ensure the quality and viability of the programs being offered at the career center; and
- Require its contractor to comply with the energy savings reporting requirements of H.B. 264.

Financial Implications: It is estimated that implementing the recommendations in this section of the report would save the district approximate \$97,200 annually, with a one-time cost of approximately \$50,000 for the initial implementation of an energy management program.

Transportation

Background: In FY 1999-00, Lordstown Local School District (LLSD) provided transportation services to 578 students. District buses for the regular transportation program traveled approximately 72,900 miles, carrying 566 public students daily. In addition, 15 non-public students received payment "in lieu of transportation." The special education program transported 14 students daily. Eight special education students were transported to seven different schools using a contracted bus service provided by the Trumbull County Educational Service Center and the remaining six special education students were transported on an LLSD bus which traveled an additional 14,760 miles. In total, LLSD's vehicles traveled 87,660 miles, transporting 580 students. Combining all methods of transportation, the district provided transportation for 595 students, using seven buses and two spare buses at a cost of \$258,425. The transportation department is staffed with nine employees with a full-time equivalent (eight hours) 4.8 employees.

The difference between the total number of transported students, 595, and the total average daily headcount of 578 is the result of an agreement between LLSD and Weathersfield Local School District for the transportation of special education students. The districts' transport each others' special education students, depending on the students' need for the special education class offered by the respective district.

Findings: LLSD's Board of Education adopted a transportation policy for students of the district at state minimum standards. However, it is the practice of the district to provide transportation to all students.

The district receives state funding representing approximately 41 percent of the cost associated with transportation. The state forms for FY 1999-00 were not properly completed. LLSD's cost to transport regular education students is \$315, while the average cost to transport a special education student is \$5,571. LLSD's regular transportation costs per student on a district bus (\$319) and per bus (\$30,072) were the highest of the peer districts. The transportation department has an extraordinarily high number of sick days used per employee. With an average of 16.7 sick days used per transportation employee, a number that excludes long-term disability, LLSD more than doubles the peer average of eight days per employee. Sick leave requires the hiring of substitute bus drivers which doubles operating costs. LLSD's transportation coordinator has 80 percent of their time allocated to transportation management for only 3.5 FTE bus drivers.

Commendations: The district is utilizing the capacity of the buses in its fleet. LLSD operates one bus for every 94 students receiving transportation services. Bus utilization capacity is defined at 80 percent of the manufacturer's seating capacity for the bus. The district's bus capacity utilization is 84 percent. Effective FY 2000-01, all costs associated with driving district buses for field trips and other extracurricular activities are charged back to the appropriate department.

LLSD's use of a half-time mechanic to maintain the district's school bus fleet is economical. By having a low staffing level, LLSD is ensuring that bus maintenance costs are kept low, thereby helping to ensure that the district is maximizing the amount of funding for the education of students. Also, using the mechanic to fuel buses as a control procedure to monitor fuel usage prevents the use of fuel for activities that are not related to district operations.

Recommendations: The Board of Education should eliminate the transportation coordinator position and update its "walkers and riders" policy to reflect the current transportation practices of the district.

LLSD's transportation department should submit corrected FY 1998-99 T-Forms to the Ohio Department of Education. In addition, the district should develop procedures to ensure that accurate reports are prepared and that they reconcile to the 4502 report which contains all detailed expenditures for the district. The preparation of these forms should include representatives from the

transportation department, treasurer and superintendents whose signatures should certify the accuracy of the data reported.

The LLSD's transportation department must better manage its sick leave use. In its next negotiation with OAPSE, the district should try to reduce the number of consecutive sick days that an employee can take before medical documentation is required.

Financial Implication: It is estimated that additional yearly revenue of approximately \$9,200 is achievable from state transportation reimbursement for filing correct ODE T-Forms. In addition, if LLSD eliminates its transportation coordinators' position and reassigns the duties to other staff, it could realize an estimated cost savings of approximately \$29,700 per year.

Summary of Financial Implications

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

The following table is a summary of total estimated cost savings from the above recommendations. LLSD should consider the potential educational effect certain recommendations may cause.

Summary of Financial Implications

Ref. No.	Recommendations From All Sections	Annual Cost Savings	Annual Cost Avoidance	One Time Implementation Cost
	<i>Financial Systems</i>			
R2.4	Reduce food service staff by .8 FTEs	\$18,000		
	<i>Human Resources</i>			
R3.2	Reduction in professional education staffing levels by 10 FTEs	\$523,400		
R3.4	Reduction in educational service staffing levels by 2.8 FTEs	\$149,000		
R3.9	Reduction in certified sick leave usage	\$24,600		
R3.12	Reduction in classified sick leave usage	\$6,000		
R3.14	Implement a graduated benefits scale	\$14,200		
R3.15	Increase employees' insurance contribution	\$139,000		
R3.17	Reduction in the number of personal days offered to certified staff	\$14,000		
R3.18	Repayment by LTA for use of association leave	\$1,300		

Ref. No.	Recommendations From All Sections	Annual Cost Savings	Annual Cost Avoidance	One Time Implementation Cost
R3.24	Reduction in severance pay to ORC minimum		\$69,500	
R3.27	Reduction in the number of personal days offered to classified staff	\$2,900		
	<i>Facilities</i>			
R4.2	Reduce custodial staff by 1 FTE	\$29,700		
R4.7	Reduction in operational cost by reducing occupied square footage in the high school	\$17,500		
R4.16	Implement an energy management program.	\$50,000		\$50,000
	<i>Transportation</i>			
R5.3	Correct expenditure reporting errors on the transportation T-Forms to increase revenue	\$9,200		
R5.6	Reduction of transportation coordinator's position (1 FTE)	\$29,700		
Totals		\$1,028,500	\$69,500	\$50,000

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

Objectives and Scope

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

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

Program audits are designed normally to determine if the entity's activities or programs are effective, if they are reaching their goals and if the goals are proper, suitable or relevant. Program audits often focus on the relationship of the program's goals with the actual program's outputs or outcomes. Program audits attempt to determine if the actual outputs match, exceed or fall-short of the intended outputs. This audit was primarily designed as an economy and efficiency audit.

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

- Identify opportunities for improving district effectiveness, responsiveness and quality of service delivery which is cost beneficial;
- Identify opportunity for improving district procedures, work methods and capital asset utilization;
- Determine if the current districts organization is flexible and effectively structured to meet future demands;
- Evaluate financial policies and procedures and provide recommendations for enhanced revenue flow, expenditure reduction ideas or alternative financing techniques;
- Assure administrative activities are performed efficiently and effectively without unnecessary duplication;
- Determine if support activities are sufficient to meet educational objectives
- Ensure education goals and objectives are supported by the administrative organization;
- Ensure the administrative hierarchy does not diminish teacher effectiveness; and
- Perform an independent assessment of the district's financial situation including developing a framework of a financial recovery plan.

The performance audit topics focus primarily on the system/business side of school district operations. By focusing on systems, the audit provides LLSD with alternative recommendations intended to enable LLSD to operate more efficiently and economically. Enhancements to these systems will assist in improving the delivery of educational services to students.

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

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

These particular areas were selected pursuant to discussions with LLSD and the Department of Education. Within LLSD operations, these areas are important to assess because they typically are major cost centers and have the potential to create a significant financial or operational risk.

Methodology

To complete the performance audit, the auditors gathered and assessed a significant amount of data pertaining to LLSD, conducted interviews with various groups associated with LLSD and conducted interviews and assessed information from the peer districts along with another nearby school district. The methodology is further explained as followed:

Studies, reports and other data sources

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

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

- Data from the Bureau of Workers' Compensation;
- Various Ohio Department of Education transportation forms;
- American School and University's 2000 Annual Maintenance and Operating Cost Study;
- Reports regarding the State Emergency Loan Program and the State Solvency Assistance Fund; and
- Ohio Revised Code and Ohio Administrative Code.

Interviews, Discussions and Surveys

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

- Administrators, teachers, and support staff;
- Union representatives;
- The Ohio Department of Education;
- The Ohio School Facilities Commission (OSFC); and
- Representatives from the Trumbull County Auditor's Office.

Benchmark Comparisons with Other Districts

Three school districts, McDonald Local, Minster Local and Weathersfield Local were selected to provide benchmark comparisons with LLSD. Performance indicators were established for the various performance audit areas to develop a mechanism for determining how effectively and efficiently LLSD is providing necessary functions. The information was gathered primarily through information contained within EMIS and information provided by the selected peer districts named above.

Certain other performance audits had information or suggested procedures which were used where applicable. These suggested procedures were selected to provide certain benchmark comparisons with LLSD regarding facilities operations.

Comparative Districts

One important component of a performance audit is the selection of peer districts. The peer groups provide an ability to compare information and statistics while providing benchmarking data. The peer group selected for this performance audit includes McDonald Local, Minster Local and Weathersfield Local School Districts. These districts were selected as peers because of similar demographic statistics. Peer averages exclude Lordstown Local School District, unless otherwise noted. The statewide average includes all school districts within the State of Ohio. Certain information contained within this executive summary may differ from the individual sections due to the timing of data from the Ohio Department of Education.

Average daily membership (ADM) differs from standard enrollment in that it makes adjustments for attendance and for enrollment in kindergarten, special and vocational education. From FY 1996-97 through FY 1999-00, Lordstown’s ADM has decreased by 1.18 percent. LLSD’s ADM was 587 in FY 1999-00, which was the lowest among the peer districts and significantly below the group average for FY 1999-00. Minster was the only district that experienced an increase in ADM over the four-year trend period.

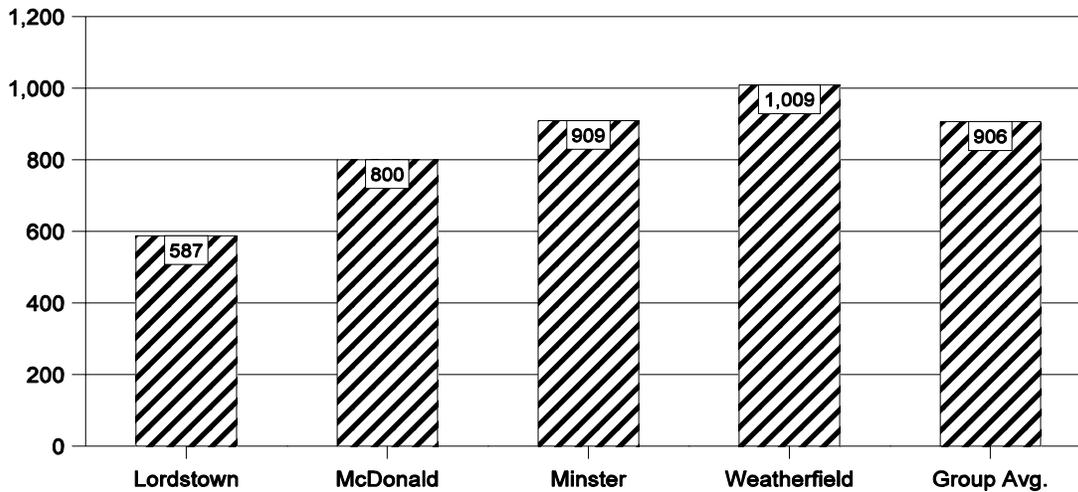
Average Daily Membership					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	594	587	564	587	(1.18)%
McDonald LSD	857	718	781	800	(6.65)%
Minster LSD	752	866	912	909	20.87%
Weathersfield LSD	1,050	1,015	984	1,009	(3.90)%
Group Average	886	867	892	906	2.26%
State Average	2,974	2,953	2,962	N/A	N/A

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

Note: ADM figures for LLSD do not include career center students from other districts.

Average Daily Membership

Fiscal Year 1999-00



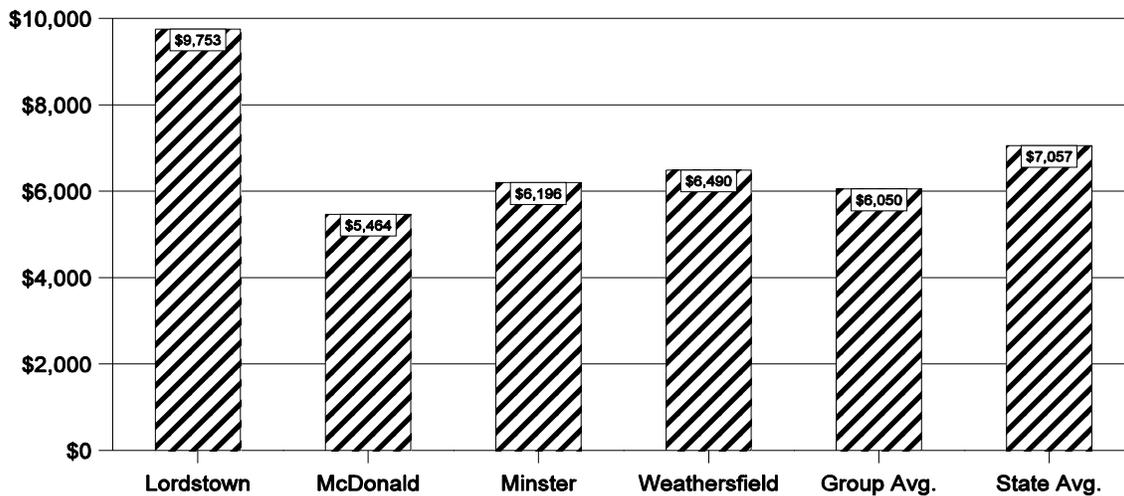
Lordstown’s expenditure per pupil of \$9,753 for FY 1999-00 was the highest among the peer districts. LLSD’s percentage increase over the four-year trend period was the second highest among the peer districts and higher than the peer group average. Furthermore, for FY 1999-00, LLSD’s expenditure per pupil was 61 percent higher than the group average and 38 percent higher than the state average.

Expenditure Per Pupil					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	\$8,412	\$8,781	\$9,233	\$9,753	15.94%
McDonald LSD	\$5,118	\$5,259	\$6,060	\$5,464	6.76%
Minster LSD	\$5,957	\$5,681	\$6,224	\$6,196	4.01%
Weathersfield LSD	\$5,263	\$5,722	\$6,317	\$6,490	23.31%
Group Average	\$5,446	\$5,554	\$6,200	\$6,050	11.09%
State Average	\$5,939	\$6,232	\$6,642	\$7,057	18.82%

Source: ODE’s School District Report Cards

Expenditures Per Pupil

Fiscal Year 1999-00



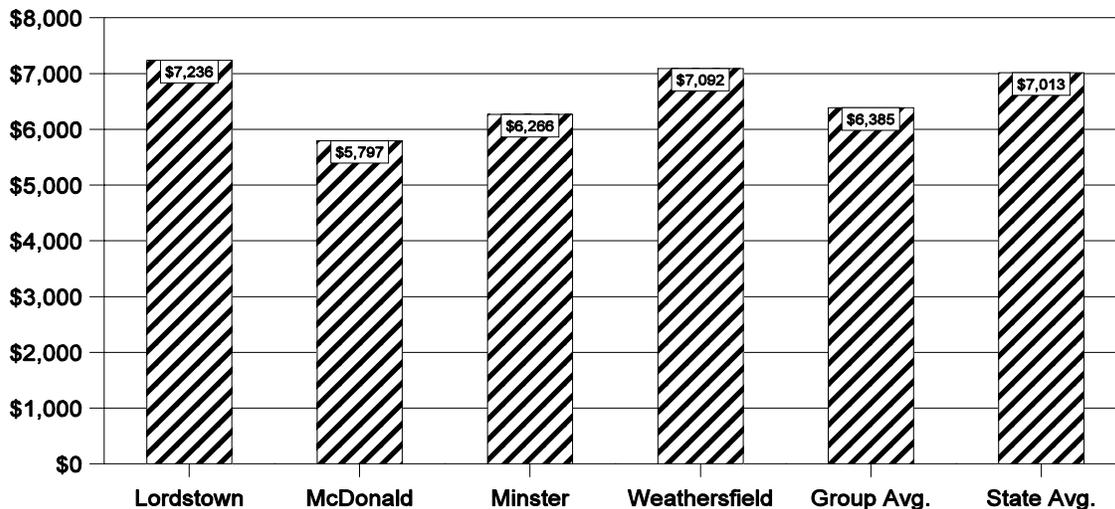
Lordstown’s revenues per pupil were \$2,518 less than its expenditures per pupil for FY 1999-00. LLSD had the highest revenues per pupil among the peer districts in FY 1999-00 and the second lowest rate of increase over the four-year trend period at 21.29 percent. The 21.29 percent increase was 7 percent lower than the group average over the four-year trend period. However, it should be noted that LLSD’s revenues per pupil in FY 1999-00 were 13 percent higher than the group average and 3 percent higher than the state average.

Revenues Per Pupil					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	\$5,966	\$5,859	\$5,187	\$7,236	21.29%
McDonald LSD	\$4,809	\$4,996	\$5,616	\$5,797	20.54%
Minster LSD	\$5,105	\$5,219	\$5,587	\$6,266	22.74%
Weathersfield LSD	\$5,665	\$5,965	\$6,882	\$7,092	25.19%
Group Average	\$5,193	\$5,393	\$6,028	\$6,385	22.95%
State Average	\$5,767	\$6,177	\$6,681	\$7,013	21.61%

Source: ODE’s School District Report Cards

Note: These amounts do not include annual revenue of approximately \$2 million resulting primarily from payments by other districts for students attending the career center. FY 1999-00 includes an overpayment of \$806,000 in state foundation revenue.

Revenues Per Pupil Fiscal Year 1999-00



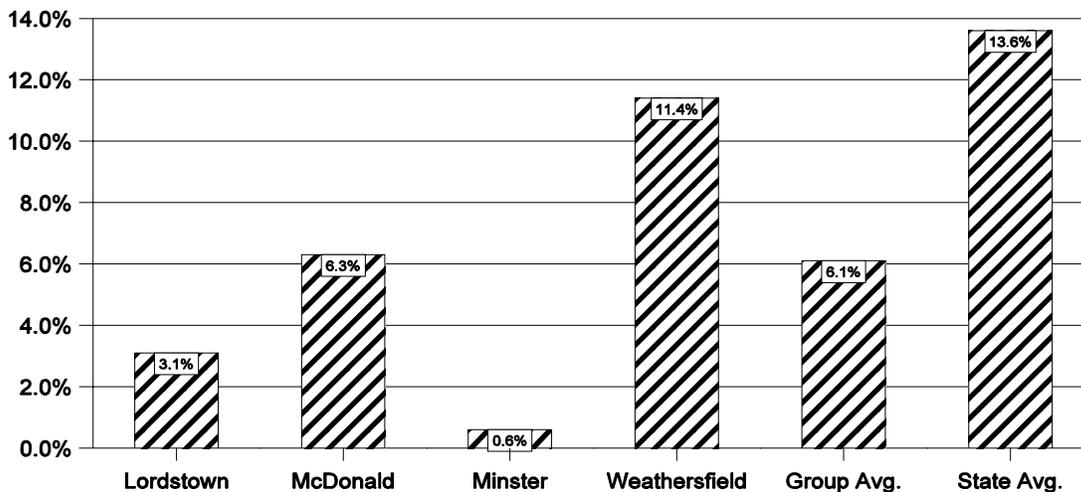
Lordstown has the second lowest percentage of students receiving Temporary Assistance for Needy Families (TANF) among the peer districts in FY 1999-00. LLSD's TANF rate of 3.1 percent of students was 49 percent lower than the group average and 77 percent lower than the state average for FY 1999-00. Over the four-year trend period, Lordstown's percentage of students receiving TANF declined at a rate significantly lower than the group and state averages.

Percentage of Students Receiving Temporary Assistance for Needy Families (TANF)						
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	Increase/ Decrease 1997-00	% Change 1997-00
Lordstown LSD	3.2%	3.3%	3.1%	3.1%	(0.10)%	(3.13)%
McDonald LSD	7.4%	7.2%	6.1%	6.3%	(1.10)%	(14.86)%
Minster LSD	0.7%	0.6%	0.5%	0.6%	(0.10)%	(14.29)%
Weathersfield LSD	12.6%	13.7%	12.1%	11.4%	(1.20)%	(9.52)%
Group Average	6.9%	7.2%	6.2%	6.1%	(0.80)%	(11.59)%
State Average	15.9%	15.0%	13.4%	13.6%	(2.30)%	(14.47)%

Source: ODE's School District Report Cards

Percentage of TANF Students

Fiscal Year 1999-00



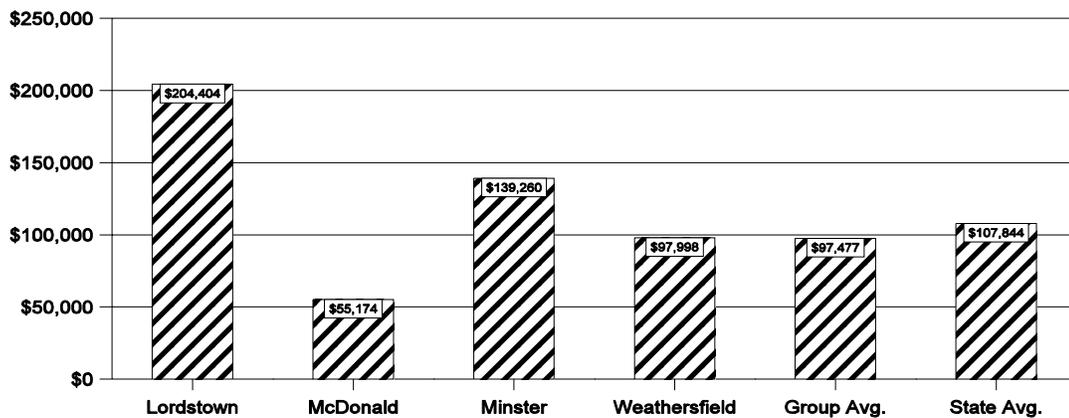
The assessed average property valuation per pupil is an important component in a school district’s funding. Average property valuation is a significant factor in determining the ability of the school district to remain financially viable. The higher the average property valuation, the greater the potential income source to the district due to the fact that school district funding in the State of Ohio is primarily local property tax driven. A higher valuation per pupil has the potential to generate greater amounts of local property tax revenue per mill levied.

Lordstown’s average property valuation per pupil was \$204,404 in FY 1999-00, the highest among the peer districts. Furthermore, this figure is 110 percent higher than the group average and 90 percent higher than the state average. Lordstown’s average property valuation increase of 46.89 percent over the four-year trend period was the highest among the peer districts and higher than the state average. In comparison to McDonald, Minster and Weathersfield, Lordstown has a much greater potential to generate local property tax revenue.

Average Valuation Per Pupil					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	\$139,155	\$143,645	\$194,996	\$204,404	46.89%
McDonald LSD	\$44,561	\$46,525	\$46,420	\$55,174	23.82%
Minster LSD	\$113,548	\$115,411	\$122,101	\$139,260	22.64%
Weathersfield LSD	\$72,627	\$79,223	\$86,257	\$97,998	34.93%
Group Average	\$76,912	\$80,386	\$84,926	\$97,477	26.74%
State Average	\$91,143	\$95,461	\$99,831	\$107,844	18.32%

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

Average Valuation Per Pupil
Fiscal Year 1999-00

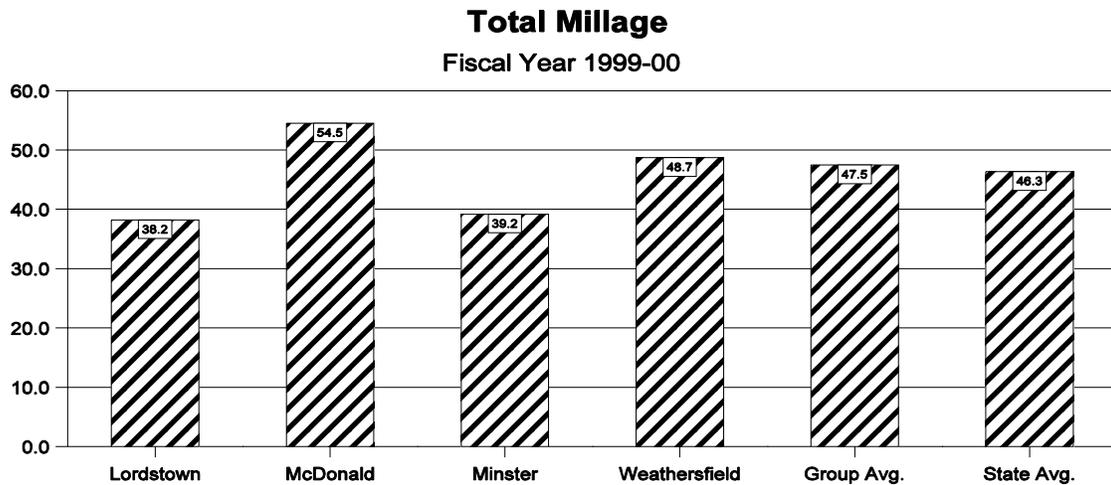


Effective millage and total millage are the measurement units of assessed local property taxes. A mill will raise \$1.00 of tax revenue for every \$1,000 of taxable property value it is levied against. Total millage is the voted rate assessed to the entire local tax base, while effective mills are the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

Lordstown had the lowest total millage among the peer districts for FY 1999-00. LLSD’s total millage of 38.2 was 17 percent lower than the group average and 20 percent lower than the state average for the same period. The slight decline in Lordstown’s total millage was inconsistent with the trend in the state and group averages over the same time period.

Total Millage					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	38.3	38.5	38.5	38.2	(0.26)%
McDonald LSD	49.6	49.5	52.4	54.5	9.88%
Minster LSD	38.8	36.8	39.2	39.2	1.03%
Weathersfield LSD	50.1	50.3	49.3	48.7	(2.79)%
Group Average	46.2	45.5	46.9	47.5	2.81%
State Average	45.4	45.7	45.9	46.3	1.98%

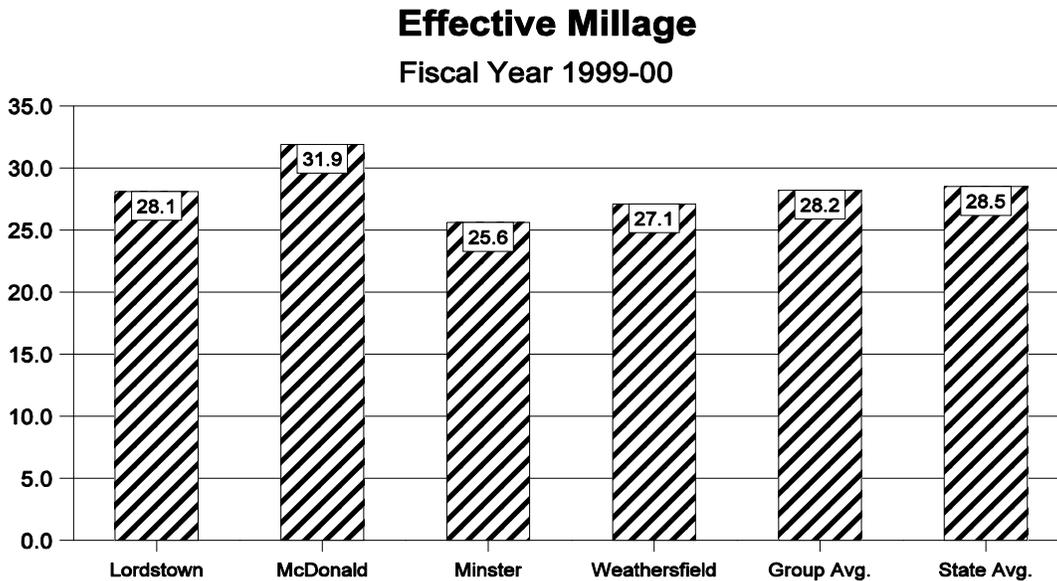
Source: Ohio Department of Taxation, Compilation of School District Published Data reports



Because of the impact of H.B. 920, effective millage is a more accurate gauge for assessing the amount of revenue school districts generate from property taxes. Lordstown’s effective millage was 28.1 in FY 1999-00, the second highest of the peer districts. For FY 1999-00, Lordstown’s effective millage was roughly equivalent to the peer group average of 28.2 mills and only slightly lower than the state average of 28.5 mills. Lordstown had the second highest decline in effective millage over the four-year trend period.

Effective Millage					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	32.3	32.5	32.5	28.1	(13.00)%
McDonald LSD	30.2	30.1	33.0	31.9	5.63%
Minster LSD	28.3	26.5	28.9	25.6	(9.54)%
Weathersfield LSD	32.1	32.2	31.2	27.1	(15.57)%
Group Average	30.2	29.6	31.0	28.2	(6.62)%
State Average	29.5	29.2	29.2	28.5	(3.39)%

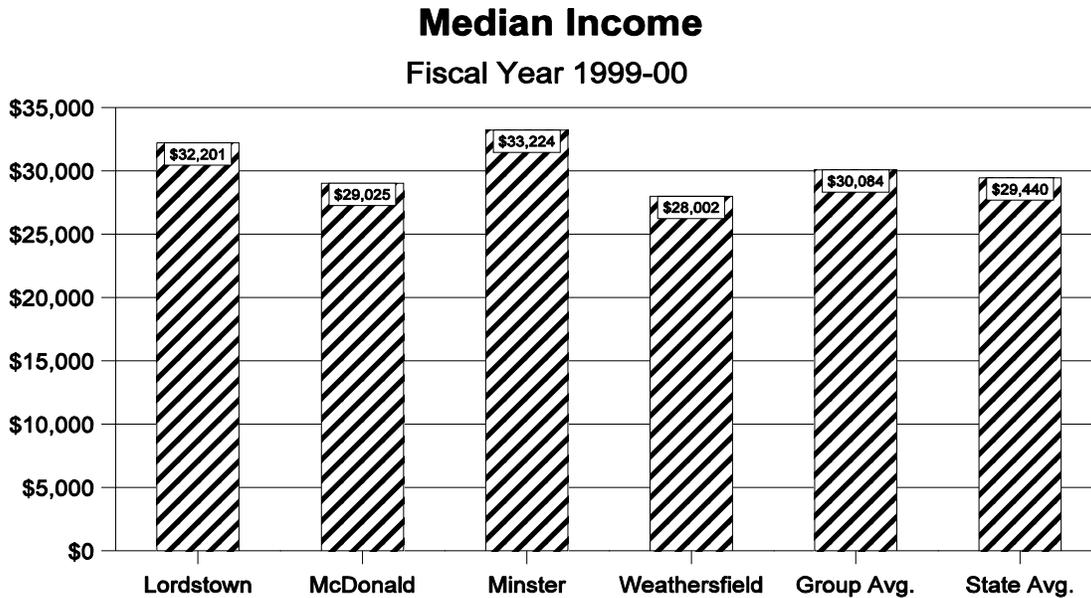
Source: Ohio Department of Taxation, Compilation of School District Published Data reports



Lordstown’s median income of \$32,201 in FY 1999-00 was the second highest of the peer districts. Over the four-year trend period, Lordstown’s median income increased at the lowest rate among the peer districts (11.12 percent). For FY 1999-00, LLSD’s median income was 7 percent greater than the group average and 9 percent higher than the state average.

Median Income					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	\$28,979	\$29,833	\$31,819	\$32,201	11.12%
McDonald LSD	\$25,111	\$25,897	\$26,715	\$29,025	15.59%
Minster LSD	\$27,666	\$29,235	\$30,491	\$33,224	20.09%
Weathersfield LSD	\$23,830	\$25,193	\$27,197	\$28,002	17.51%
Group Average	\$25,536	\$26,775	\$28,134	\$30,084	17.81%
State Average	\$24,446	\$26,075	\$27,244	\$29,440	20.43%

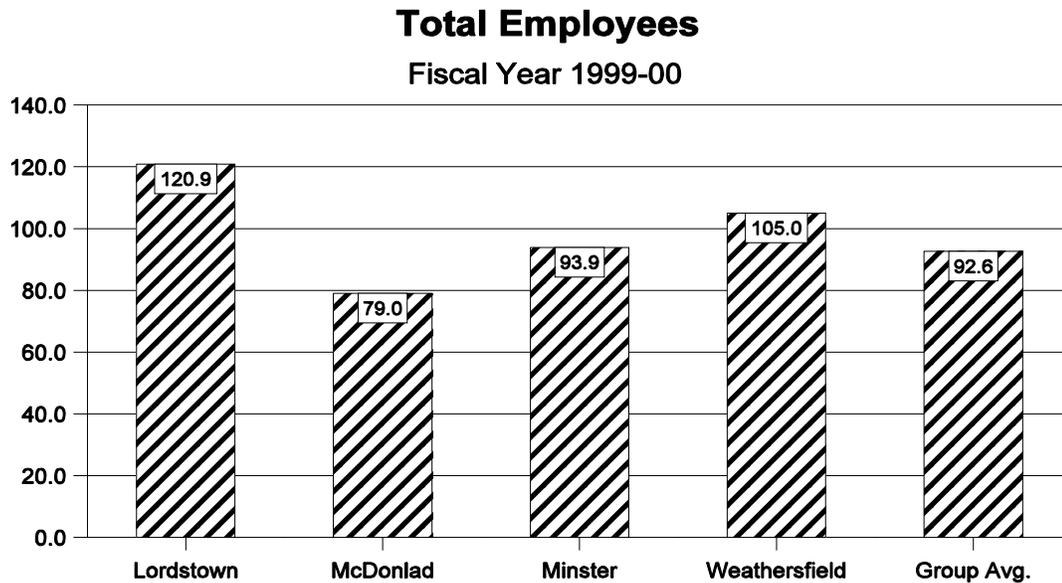
Source: Ohio Department of Taxation, Personal Income Tax Return by School District(Y-2) reports



In FY 1999-00, Lordstown had 121 employees, which was the highest among the peer districts. The group averaged 92.6 total employees in FY 1999-00. Lordstown’s total number of employees was 31 percent higher than the group average while its ADM was consistently lower.

Total Employees					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	113.1	112.0	105.2	120.9	6.90%
McDonald LSD	71.4	72.4	70.2	79.0	10.64%
Minster LSD	86.5	86.6	90.0	93.9	8.55%
Weathersfield LSD	98.5	99.5	102.0	105.0	6.60%
Group Average	85.5	86.2	87.4	92.6	8.30%

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

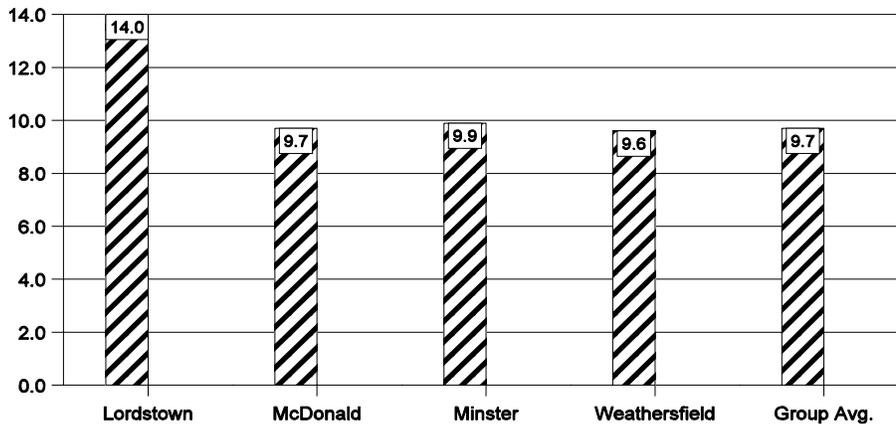


The number of employees per 100 students enrolled provides a means for comparing staffing levels from district to district. A higher ratio indicates higher staffing in relation to the student population, and contributes to overall costs per pupil. Lordstown had 14.0 employees per 100 students enrolled in FY 1999-00. This figure was highest among the peer districts and was 44 percent higher than the peer district average. Lordstown’s employees per 100 students enrolled ratio was consistently higher than the group average for all years examined.

Employees per 100 Students Enrolled					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	12.1	12.3	11.8	14.0	15.70%
McDonald LSD	8.7	9.1	8.8	9.7	11.49%
Minster LSD	9.2	9.1	9.5	9.9	7.61%
Weathersfield LSD	8.9	9.4	9.7	9.6	7.87%
Group Average	8.9	9.2	9.3	9.7	8.99%

Source: ODE’s SF-12 reports for FY 1996-97 and FY 1997-98, and SF-3 reports for FY 1998-99 and FY 1999-00; Educational Management Information System (EMIS) Staff Summary reports

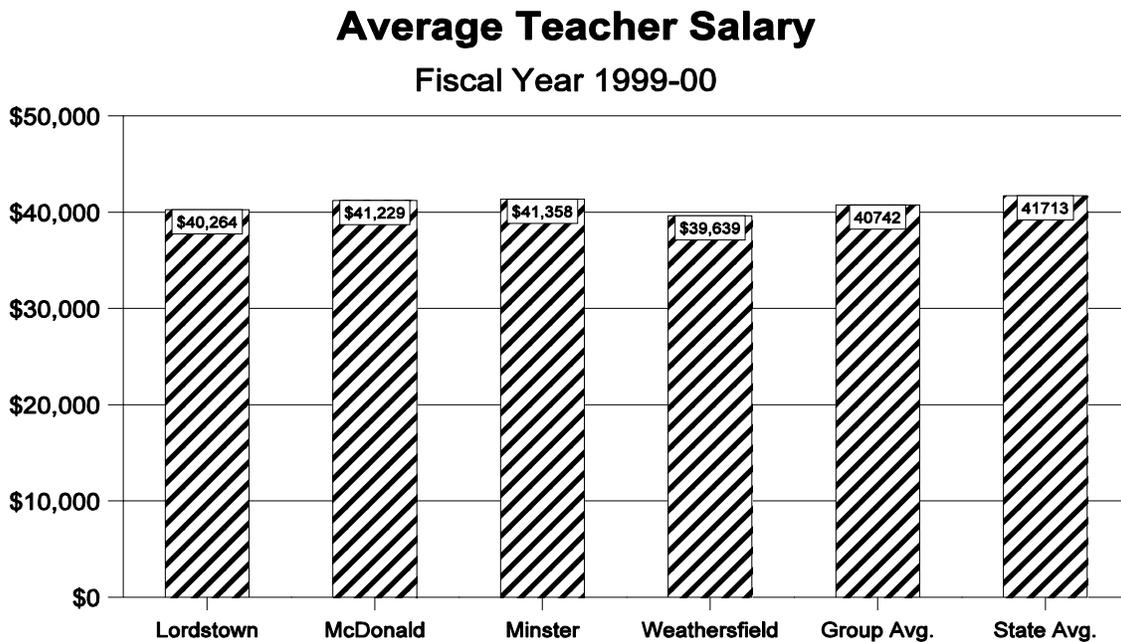
Employees Per 100 Students
Fiscal Year 1999-00



Lordstown’s average teacher salary of \$40,264 in FY 1999-00 was the second lowest among the peer districts. Lordstown’s average teachers salary was also lower than the peer group average and the statewide average for FY 1999-00. Over the four-year trend period, Lordstown had the lowest percentage increase in average teacher salary when compared to the peer districts and the statewide average.

Average Teacher Salary					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	\$38,708	\$38,431	\$41,055	\$40,264	4.02%
McDonald LSD	\$36,636	\$37,671	\$41,953	\$41,229	12.54%
Minster LSD	\$39,604	\$40,148	\$40,862	\$41,358	4.43%
Weathersfield LSD	\$37,223	\$37,808	\$38,889	\$39,639	6.49%
Group Average	\$37,821	\$38,542	\$40,568	\$40,742	7.72%
State Average	\$38,913	\$39,836	\$40,746	\$41,713	7.20%

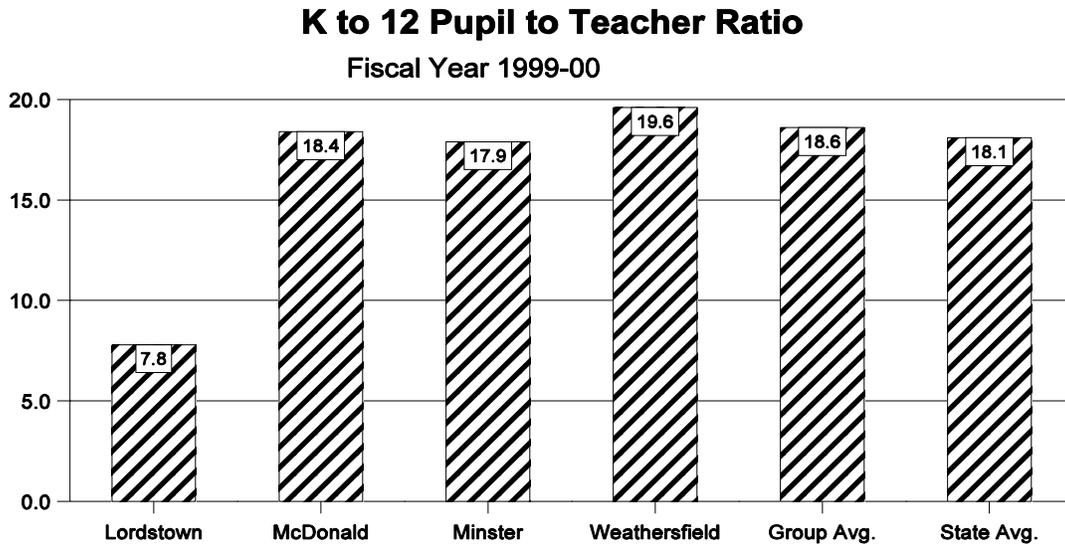
Source: Educational Management Information System (EMIS) Staff Summary reports



Lordstown’s average pupil/teacher ratio (class size) was 7.8 for FY 1999-00, the lowest among the peer districts and 57 percent lower than the state average. Over the four-year trend period, Lordstown’s average class size declined 49.35 percent, while the group average decreased by 10.27 and the state average declined by 12.56.

K-12 Pupil/Teacher Ratio					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	15.4	14.4	8.6	7.8	(49.35)%
McDonald LSD	18.3	17.5	18.1	18.4	0.55%
Minster LSD	22.2	22.2	20.3	17.9	(19.37)%
Weathersfield LSD	21.8	20.2	19.4	19.6	(10.09)%
Group Average	20.8	20.0	19.3	18.6	(10.27)%
State Average	20.7	20.4	18.6	18.1	(12.56)%

Source: ODE’s School District Report Cards



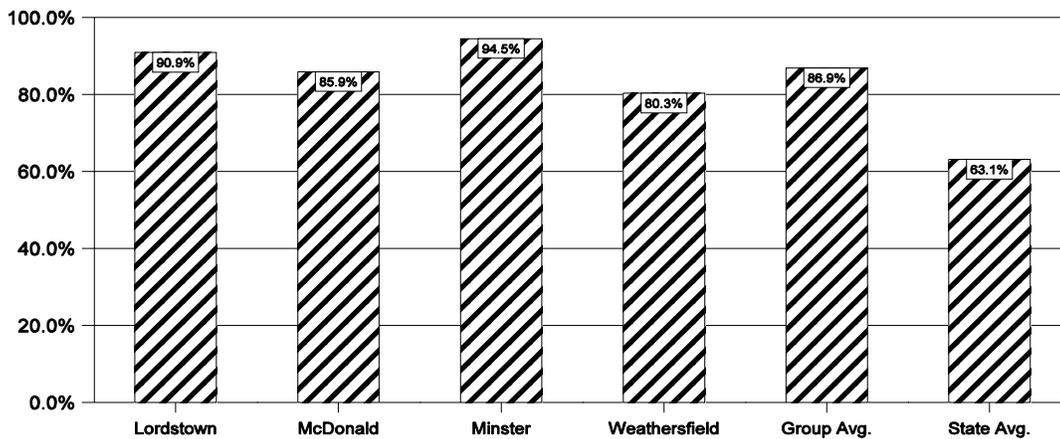
For FY 1999-00, Lordstown’s ninth grade proficiency passage rate was the second highest among the peer districts. The passage rate of 91 percent was 28 percentage points higher than the state average for the same year. Over the four-year trend period, the increase in Lordstown’s passage rate was the second highest among the peer district with Weathersfield showing the most substantial improvement. .

Ninth Grade Proficiency Test Passage Rate (All Subjects)					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	82.7	72.2	87.5	90.9	9.92%
McDonald LSD	85.4	83.7	84.7	85.9	0.59%
Minster LSD	93.5	85.5	98.4	94.5	1.07%
Weathersfield LSD	60.1	74.8	67.4	80.3	33.61%
Group Average	79.7	81.3	83.5	86.9	9.08%
State Average	55.0	55.6	61.1	63.1	14.73%

Source: ODE’s School District Report Cards

Ninth Grade Proficiency Test Pass Rate

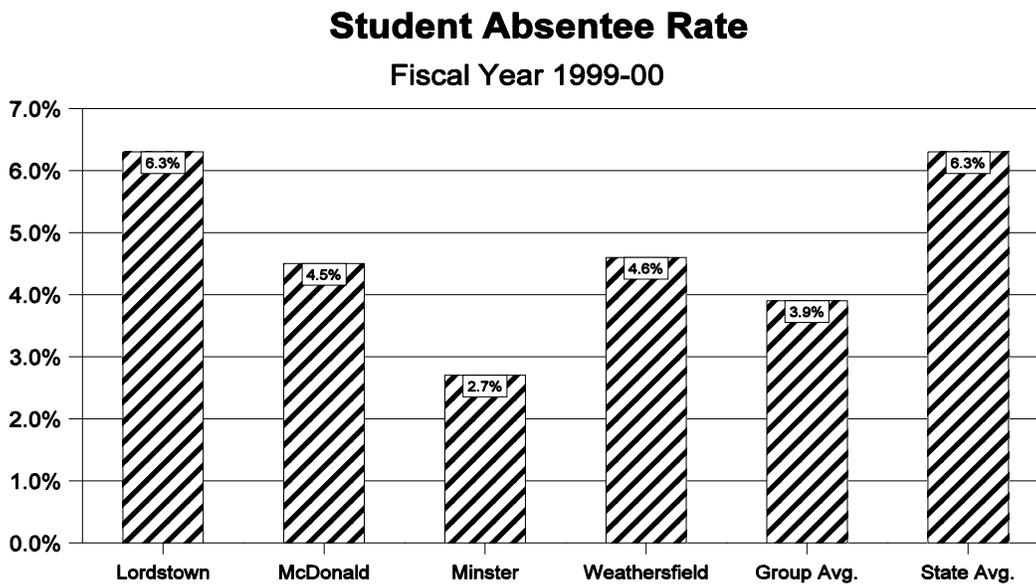
Fiscal Year 1999-00



For FY 1999-00, Lordstown’s student absentee rate was 6.3 percent, the highest of the peer districts. LLSD’s student absentee rate was identical to the state average and 62 percent higher than the group average for the same period. Lordstown experienced a 31.25 percent increase in student absentee rate over the four-year trend period, while in contrast, the peer districts all experienced a decrease in student absentee rate.

Student Absentee Rate					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Lordstown LSD	4.8	7.2	7.7	6.3	31.25%
McDonald LSD	4.6	4.2	4.6	4.5	(2.17)%
Minster LSD	2.9	2.7	3.0	2.7	(6.90)%
Weathersfield LSD	5.0	4.7	4.7	4.6	(8.00)%
Group Average	4.2	3.9	4.1	3.9	(5.60)%
State Average	6.4	6.1	6.5	6.3	(1.56)%

Source: ODE’s School District Report Cards



The Ohio Department of Education annually issues school district report cards which measure attainment of statewide performance standards. These report cards reflect data for the school year prior to the one in which the report card is issued (for example, the 2001 report cards reflect data for the 1999-00 school year). It is important to note that the number of standards increased from 18 in 1998 to 27 in 2000.

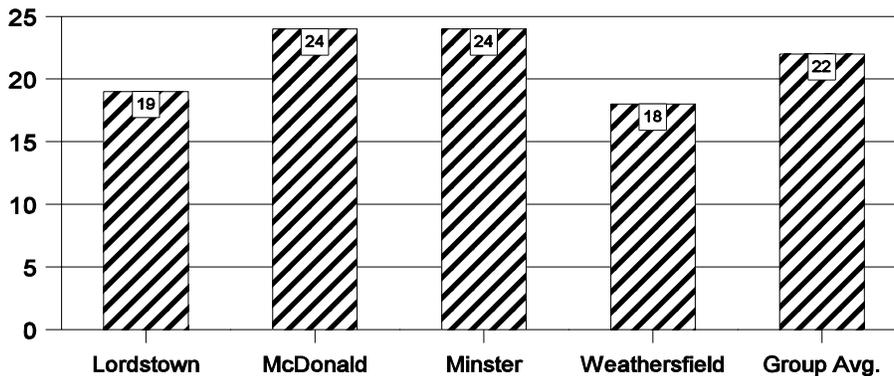
Lordstown’s performance on report card standards has been consistently lower than two of the three peer districts the peer group average for all three years shown. The most recent data places Lordstown in the continuous improvement category.

Report Card Standards Met			
District	FY 1997-1998	FY 1998-1999	FY 1999-2000
Total Standards Possible	18	27	27
Lordstown LSD	12	20	19
McDonald LSD	14	23	24
Minster LSD	16	24	24
Weathersfield LSD	13	18	18
Group Average	14.3	21.7	22.0

Source: ODE’s School District Report Cards

Report Card Standards Met

Fiscal Year 1999-00



Of the four peer districts, Lordstown had the highest percentage of revenue from local sources and the lowest percentage of revenues from State sources for FY 1999-00. Lordstown’s percentage of revenue from local sources was higher than the group average while its percentages of revenues from State and Federal sources was lower than the group average. In addition, Lordstown’s percentage of revenues from Federal and State sources was lower than the state average for FY 1999-00.

The significant decline in the percent of revenue from local sources in FY 1999-00 can be attributed primarily to an overpayment of state foundation funds in that year. LLSD received an overpayment from the state of approximately \$806,000 which had to be repaid in FY 2000-01. The effect of that overpayment was to increase the percent of revenue from state sources and decrease the percent from local sources.

Percentage of Revenue - Local					
	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	% Change 1997-2000
Lordstown LSD	88.8	88.6	91.3	70.7	(20.38)%
McDonald LSD	26.6	26.7	26.9	27.1	1.88%
Minster LSD	65.8	67.6	66.9	68.7	4.41%
Weathersfield LSD	52.5	53.4	51.3	53.7	2.29%
Group Average	48.3	49.2	48.4	49.8	3.17%
State Average	51.7	51.5	51.0	50.5	(2.32)%

Source: ODE’s School District Report Cards

Percentage of Revenue - State					
	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	% Change 1997-2000
Lordstown LSD	9.5	9.9	6.5	27.6	190.53%
McDonald LSD	70.5	70.7	69.9	70.4	(0.14)%
Minster LSD	32.7	31.0	31.6	29.8	(8.87)%
Weathersfield LSD	42.6	44.1	45.9	43.5	2.11%
Group Average	48.6	48.6	49.1	47.9	(1.44)%
State Average	42.3	42.6	43.4	43.7	3.31%

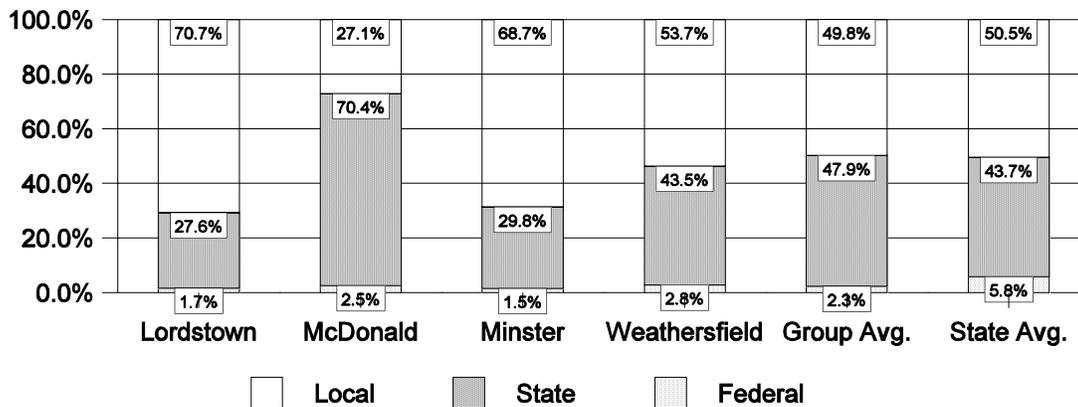
Source: ODE’s School District Report Cards

Percentage of Revenue - Federal					
	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	% Change 1997-2000
Lordstown LSD	1.7	1.5	2.2	1.7	0.00%
McDonald LSD	2.9	2.6	3.2	2.5	(13.79)%
Minster LSD	1.5	1.4	1.5	1.5	0.00%
Weathersfield LSD	4.9	2.5	2.8	2.8	(42.86)%
Group Average	3.1	2.2	2.5	2.3	(26.88)%
State Average	6.0	5.7	5.6	5.8	(3.33)%

Source: ODE's School District Report Cards

Percentage of Revenue by Source

Fiscal Year 1999-00



Note: The top section represents local revenue, the middle section represents State revenue and the bottom section represents Federal revenue. For example, Lordstown has 70.7 percent from local sources, 27.6 percent from State sources, and 1.7 percent from Federal sources.

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Financial Systems

Introduction

This section focuses on the financial systems within Lordstown Local School District (LLSD). The objective is to analyze the current financial condition of LLSD, including an evaluation of the internal controls, and develop recommendations for improvements and efficiencies. Findings and recommendations have been segregated into two subsections: (A) Financial Planning, which includes the assessment of LLSD’s financial condition and the potential impact on future revenues and expenditures resulting from the recommendations contained throughout this report; and (B) Revenue and Expenditures, which includes assessments of various factors affecting LLSD’s finances. Cost savings and revenue enhancement recommendations presented here are intended to aid the Financial Planning Supervision Commission (the Commission) in fulfilling its duty to produce a financial recovery plan for LLSD.

This section focuses primarily on the General Fund, the Emergency Levy Fund, and the Career Center Compact (Compact) Fund. Together, these funds account for approximately 85 percent of LLSD’s revenues. The General Fund supports general district operations and is used to account for all financial resources except those required by law or contract to be accounted for in a separate fund. The General Fund is available for any purpose, provided expenditures or transfers are made according to the laws of Ohio. Historically, LLSD’s Emergency Levy Fund has operated in a similar manner to the General Fund, except LLSD does not expend employee salaries or benefits from this fund. The Compact Fund is an Enterprise Fund used to account for the revenues and expenditures associated with the Gordon D. James Vocational Career Center (Career Center). LLSD is responsible for losses associated with the Career Center that are not covered by the revenue received from the other participating school districts.

A. Financial Planning

Background

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

- The district has an operating deficit which exceeds eight percent of the preceding year’s General Fund revenues.

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

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

On October 23, 2000, after conducting an analysis of LLSD's financial situation, the Local Government Services (LGS) Division within the Auditor of State's office declared a \$1.3 million operating deficit for fiscal year ending June 30, 2001, which met the criteria necessary to be placed in fiscal watch. At a special meeting held on November 1, 2000, LLSD's five board members voted not to create a financial recovery plan to remove LLSD from fiscal watch. Instead, the board members drafted a letter to ODE requesting LLSD's immediate placement in fiscal emergency. As a result, the State Auditor's Office placed LLSD in fiscal emergency in December 2000.

Since LLSD has been in fiscal emergency, a Commission has been formed and given broad oversight authority to balance LLSD's budget and eliminate the conditions that caused the declaration of fiscal emergency. To accomplish this, the Commission will develop and adopt a formal fiscal recovery plan which details the expenditure reductions and operations changes necessary to eliminate the deficit.

Financial Forecast

The financial forecast presented in **Table 2-1** represents the Auditor of State's projection of LLSD's present and future financial condition in the absence of significant increases in revenues or reductions in expenditures. The projections, which incorporate the combined General, Emergency Levy, and the Career Center Compact (Compact) Funds as well as that portion of the Debt Service Fund related to General Fund obligations, are accompanied by three years of comparative historical results, general assumptions and explanatory comments.

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

	Actual 1997-98	Actual 1998-99	Actual 1999-00	Forecast 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05
Real Estate Property Tax	\$2,570	\$2,529	\$2,637	\$2,827	\$2,899	\$2,951	\$3,006	\$3,063
Tangible Personal Property Tax	1,517	1,560	1,466	1,588	1,601	2,142	2,012	1,897
Income Tax	0	0	0	465	465	0	0	0
State Foundation	944	1,149	2,065 ¹	1,172	1,207	1,243	1,279	1,317
Property Tax Allocation	250	234	241	243	250	258	266	273
Other Revenues ²	1,764	1,054	1,402	1,422	1,415	1,349	1,387	1,426
Total Operating Revenues	7,045	6,526	7,811	7,717	7,837	7,943	7,950	7,976
Salaries & Wages	3,841	4,086	4,462	4,322	4,474	4,632	4,795	4,964
Fringe Benefits	1,393	1,580	1,890	1,950	1,974	2,120	2,156	2,330
Purchased Services ³	1,239	1,090	770	784	807	832	857	882
Supplies, Materials & Textbooks	325	255	248	248	255	263	271	279
Capital Outlay	291	0	58	64	66	68	70	72
Other Expenditures	114	310	336	273	273	287	301	316
Repayment of ADM funding to ODE	0	0	0	806	0	0	0	0
Interest on Loans	0	0	0	104	87	82	77	72
Total Operating Expenditures	7,203	7,321	7,764	8,551	7,936	8,284	8,527	8,915
Ohio Solvency Assistance Loan	0	0	0	1,357	0	0	0	0
Proceeds From Tax Anticipation Notes	0	0	0	800	0	0	0	0
Solvency Loan Repayment	0	0	0	0	(678)	(679)	0	0
H.B. 264 Payment ⁴	0	0	0	(112)	(112)	(113)	(115)	(116)
Tax Anticipation Note Payments	0	0	0	(800)	0	0	0	0
Net Transfers/ Advances - In/Out (Out)	(12)	(180)	(63)	(36)	(43)	(43)	(43)	(43)
Net Financing	(12)	(180)	(63)	1,209	(833)	(835)	(158)	(159)
Results of Operations (Net)	(170)	(975)	(16)	375	(932)	(1,176)	(735)	(1,098)
Beginning Cash Balance	1,449	1,279	304	288	663	(269)	(1,445)	(2,180)
Ending Cash Balance	1,279	304	288	663	(269)	(1,445)	(2,180)	(3,278)
Outstanding Encumbrances	81	12	25	72	48	48	48	48
"412" Instructional	0	0	19	0	0	0	0	0
"412" Capital Reserve	0	0	0	58 ⁵	0	0	0	0
"412" Budget Reserve	38	38	38	38	0	0	0	0
" Bus Purchase"	0	0	20	30	0	0	0	0
Ending Fund Balance	\$1,160	\$254	\$186	\$465	(\$317)	(\$1,493)	(\$2,228)	(\$3,326)

¹ FY 1998-99 state foundation money included a \$806,000 overpayment in which LLSLD was not entitled

² The majority of other revenues include career center tuition and the abatement agreement side payments from General Motors.

³ FY 1997-98 and FY 1998-99 purchased services include legal fees for lawsuits

⁴ LLSLD received proceeds from two H.B. 264 notes which were placed in the Capital Project Fund. The note repayments are being accounted for in the General Fund.

⁵ LGS forecasted a \$58,000 "412" Capital Reserve for FY 2000-01. However, this performance audit forecasts LLSLD spending the \$58,000 reserve in FY 2001-02 and forecasting the remaining "412" capital reserve budget at zero.

Notes to Financial Forecast

I. Nature and Purpose of Presentation

This financial projection presents the expected revenues, expenditures and fund balance of the General Fund, the Emergency Levy Fund and the Compact Fund of Lordstown Local School District for each of the fiscal years including June 30, 2001 through June 30, 2005, with historical (unaudited) information presented for the fiscal years ended June 30, 1998, 1999 and 2000. The General Fund financial data also includes those portions of the Debt Service Fund which are considered to be General Fund obligations.

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

These projections include the effects of legislation concerning school funding as outlined in H.B. 650, H.B. 412 and H.B. 282, as well as S.B.55, which requires certain educational enhancements. The requirements under H.B. 412 for textbooks and instructional materials are incorporated into this forecast within the supplies, materials and textbooks line item. The requirements under H.B. 412 for capital improvements and maintenance are satisfied within the purchased services line item and the operation, maintenance, and replacement to motor account included in the materials, supplies and textbooks line item.

II. Description of the School District

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

In FY 2000-01, LLSD served approximately 864 students who are enrolled in one elementary schools (grades K-6), one high school (grades 7-12), and one career center (grades 11-12). As of February 2001, LLSD employs 120.9 full-time equivalent (FTE) staff members.

A. Financial Planning and Supervision Commission

In December 2000, the Auditor of State declared LLSD to be in a state of fiscal emergency as defined by ORC § 3316.03 (B), and accordingly, LLSD became subject to the oversight of the Financial Planning and Supervision Commission (the Commission).

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

B. Basis of Accounting

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

C. Fund Accounting

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

The accompanying projections represent LLSD's General, Emergency Levy and the Compact Funds and the portion of the Debt Service Fund relating to General Fund obligations. The General Fund is the operating fund of LLSD and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to LLSD for any purpose provided it is disbursed or transferred in accordance with Ohio law. Like the General Fund, the Emergency Levy Fund is available to LLSD for any purpose. However, LLSD does not use the Emergency Levy Fund to pay salaries and benefits because LLSD's administration publicly stated that the monies would not be used for this purpose. The Compact Fund is used to account for the revenues and expenditures relating to the Gordon D. James Career Center, which LLSD is the fiscal agent. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and principal. Amounts shown in **Table 2-1** relating to debt service are paid from the General Fund revenues.

III. General Assumptions

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

A. Enrollment/Average Daily Membership (ADM):

Table 2-1A summarizes LLSD’s actual funding ADM for FY 1997-98 through FY 2000-01 as well as the detailed projections from FY 2001-02 through FY 2004-05.

Table 2-1A: Total Funding ADM

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
ADM	587	584	606	575	575	575	575	575

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

LLSD’s funding ADM will differ from the ADM reported in the **human resource** section of this report because of the affects of implementing all day kindergarten and the career center enrollment. Under the current state foundation funding formula, a kindergarten student is only counted at 50 percent of a full time equivalent (FTE) in determining funding average daily membership (ADM). The current state foundation funding formula also counts vocational education students as 75 percent of a student. The Ohio Department of Education (ODE) has prepared enrollment projections which include 575 students in FY 2000-01. It is assumed that LLSD funding ADM will remain constant throughout the forecast period.

B. Staffing

Table 2-1B summarizes LLSD’s historical full-time equivalent staffing for FY 1999-00 and cumulative proposed staffing changes and adjusted staffing levels for FY 2000-01 through FY 2004-05. LLSD adjusted its FY 2000-01 full-time equivalent staffing by reducing 2.5 FTEs in December 2000. In addition to adjustments made by LLSD, the Commission has proposed additional staffing adjustments for 2001-02 which are being considered by LLSD.

Table 2-1B: FTE Staffing

Category	Actual Staffing for FY 2000	Actual Staffing Changes for FY 2001	Adjusted Staffing for FY 2001	Proposed Staffing Changes for FY 2002	Adjusted Staffing Changes for FY 2002	Proposed Staffing Change for FY 2003	Adjusted Staffing for FY 2003	Proposed Staffing Change for FY 2004	Adjusted Staffing for FY 2004	Proposed Staffing Changes for FY 2005	Adjusted Staffing for FY 2005
Administration	6.0	(0.0)	6.0	(1.00)	5.00	(0.0)	5.00	(0.0)	5.00	(0.0)	5.00
Certificated Staff	75.0	(1.0)	74.0	(5.00)	69.00	(0.0)	69.00	(0.0)	69.00	(0.0)	69.00
Classified Staff ¹	33.0	(1.5)	31.5	(3.67)	27.83	(0.0)	27.83	(0.0)	27.83	(0.0)	27.83
Total Staff	114.0	(2.5)	111.50	(9.67)	101.83	(0.0)	101.83	(0.0)	101.83	(0.0)	101.83

Source: EMIS Staff Profiles and Superintendent’s Office

¹ Lordstown anticipates reducing 0.5 FTE in its food service division. The 0.5 FTE equals a two hour employee.

C. Inflation

Inflation is assumed to remain at a low level consistent with that of recent years, which has ranged from two to three percent. Certain items were projected based on a combination of historical data and inflationary increase.

IV Revenues - Local, State and Federal

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

A. Local Sources

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

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

- FY 2000-01 real estate taxes (residential, agricultural and public utility tangible) and tangible personal property taxes are based on property valuations and effective millage amounts certified by the county auditor. LLSD's \$190,000 projected increase in real estate tax revenue in FY 2000-01 from the prior fiscal year is due to higher valuation and increased construction in the area.
- An annual growth in assessed valuation of approximately 3.0 percent in real property values for FY 2001-02, FY 2003-04 and FY 2004-05 based on historical trends. Annual growth in assessed valuation for FY 2002-03 is projected at 5.0 percent based upon the county auditor's update.
- Based on an analysis of tangible personal property assessments, this source of revenue has experienced significant fluctuations due to the different levels of inventories held by businesses in the area. However, beginning in FY 2001-02, one of two General Motors abatements is scheduled to expire. The second abatement is expected to expire in FY 2002-03. As a result, LLSD should realize an increase in intangible property taxes starting in FY 2001-02 and throughout the forecast period.
- Property tax allocations (Homestead/Rollback) include a ten percent property tax rollback for all real property tax owners. In 1979, an additional 2.5 percent rollback was enacted for owner-occupied homes. These tax credits are reimbursed to LLSD through the state and are calculated by applying the appropriate percentages to the residential and commercial properties. Also, included in this category is an exemption for businesses for the first \$10,000 in personal property tax valuation. This exemption is reimbursed by the state and is estimated based on historical trends.

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

Table 2-1C: Property Valuation and Millage

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Residential/Agricultural - Assessed Valuation	\$38,631,520	\$39,790,466	\$41,779,989	\$43,868,988	\$46,062,438
Commercial/Industrial - Assessed Valuation	\$33,118,680	\$33,449,867	\$33,784,365	\$34,122,209	\$34,463,431
Public Utility - Assessed Valuation	\$15,914,650	\$15,516,784	\$14,973,696	\$14,449,617	\$13,943,880
Personal Tangible - Assessed Valuation	\$41,225,901	\$39,576,865	\$37,993,790	\$36,474,039	\$35,015,077
Authorized Mills ¹					
Permanent Operating	24.30	24.30	24.30	24.30	24.30
Inside ²	6.90	6.90	6.90	6.90	6.90
Emergency Operating ³	6.80	6.80	6.80	6.80	6.80
Total Authorized Mills	38.00	38.00	38.00	38.00	38.00
Effective Mills to be Levied ⁴					
Permanent Operating ⁵	14.38	14.15	13.73	13.51	13.29
Inside	6.90	6.90	6.90	6.90	6.90
Emergency Operating ⁶	6.70	6.59	6.49	6.38	6.28
Total Effective Mills to be Levied	27.98	27.64	27.12	26.79	26.47
Total Projected Real ⁷ Property Taxes	\$2.83 Million	\$2.90 Million	\$2.95 Million	\$3.01 Million	\$3.06 Million
Total Projected ⁷ Personal/Tangible	\$1.59 Million	\$1.60 Million	\$2.14 Million	\$2.01 Million	\$1.89 Million

Source: Trumbull County Auditor's

¹ Authorized mills include all inside and voted mills approved by voters

² Inside mills are levied without a vote of the people

³ Emergency operating levies are assumed to renew throughout the forecasted periods

⁴ Effective mills to be levied take inflation into account and prevent an increase in the tax bill when a reassessment or update in the value of real property has increased due to inflation; a tax credit factor is then applied to the voted mills.

⁵ Permanent operating and operating levies effective millage are estimated for FY 2001-02 through FY 2004-05

⁶ Emergency levies are passed to yield a specific dollar amount and the millage amounts are not adjusted for inflation.

⁷ Presented net of Homestead and Rollback and includes additional tangible personal property tax from General Motors.

- (2) **Relationship with General Motors:** The forecast assumes that Lordstown will continue its current financial relationship with General Motors in which the two abatement agreements that are currently in place will expire in FY 2001-02 and FY 2002-03. As a result, LLSLD will collect additional tangible personal property.

- (3) **Income Tax:** Lordstown Local School District, along with the Village of Lordstown, placed a shared income tax issue on the November 7, 2000 ballot that states Lordstown Village will share 30 percent of the municipal income tax currently being collected by the Village with the Lordstown Local School District for a period of one calendar year. The levy passed and will generate approximately \$930,000 beginning January 2001. Therefore, because LLSD is on a fiscal year (July through June), LLSD will realize \$465,000 in revenue during FY 2000-01 and FY 2001-02.

B. State Revenue

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

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Supreme Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of the Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on the issue. The Supreme Court concluded, “...the mandate of the [Ohio] Constitution has not been fulfilled.” The Supreme Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Supreme Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...”, including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Supreme Court found to take the place of the unconstitutional emergency school loan assistance program.

The Supreme Court decided to maintain jurisdiction over these issues and continue the case at least until June 15, 2001.

As of the date of this financial forecast, LLSD is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operation.

Unrestricted Grants in Aid/Guarantee - The unrestricted grants in aid projected for FY 2000-01 are projected to decrease from FY 1999-00 due to LLSD receiving \$806,000 more in FY 1999-00 than it was owed. Due to relatively high property valuations per student, LLSD does not receive formula aid from the state. Rather, LLSD is on the guarantee program and only receives funding for programs unaffected by the formula. Because LLSD’s property valuations are projected to increase and its enrollment is projected to remain steady, it is assumed that LLSD will remain on the guarantee program. In the absence of other data that contradicts this assessment, it is assumed these revenues will increase from FY 2000-01 through FY 2004-05 by three percent.

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

Table 2-1D: State Foundation

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Unrestricted Grants in Aid	\$934,000	\$1,139,000	\$2,051,000	\$1,158,000	\$1,192,740	\$1,228,522	\$1,265,379	\$1,303,390
Restricted Grants in Aid	10,000	10,000	14,000	14,000	14,000	14,000	14,000	14,000
Total State Foundation	\$944,000	\$1,149,000	2,065,000¹	\$1,172,000	\$1,206,740	\$1,242,522	\$1,279,379	\$1,317,390

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

¹ FY 1999-00 total state foundation amount includes \$806,000 overpayment by ODE.

LLSD’s unrestricted grants-in-aid includes guarantee aid, special education aid, training and experience of classroom teachers funding, extended service, gifted aid, transportation and vocational education as well as equalization revenues received from the State Department of Education, Division of School Finance. In FY 1999-00, LLSD erroneously received \$806,000 in additional unrestricted grants in aid from ODE. As a result of this overpayment, unrestricted grants in aid significantly increased in FY 1999-00 as compared to FY 1998-99. However, LLSD is required to repay ODE the entire amount in FY 2000-01. Therefore, the amounts LLSD will receive for unrestricted grants in aid will significantly decrease in FY 2000-01 from FY 1999-00. During FY 2001-02 and beyond, it is estimated that LLSD’s unrestricted grants in aid will increase three percent during the forecast period.

In FY 2000-01, restricted grants-in-aid includes an anticipated bus purchase allowance of \$10,000 and DPIA subsidy of \$4,000 which is consistent for the prior fiscal year. The forecast projects LLSD’s restricted grants-in-aid in future years to remain constant at \$14,000.

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

C. Other Revenue Sources

The main components of other revenues and a detailed projection by component are as follows:

Table 2-1E: Other Revenue

	FY 1997-98 ¹	FY 1998-99 ¹	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Tuition and Fees	N/A	N/A	\$1,047,000	\$1,187,000	\$1,222,610	\$1,259,288	\$1,297,067	\$1,335,979
Earnings on Investments	N/A	N/A	60,000	30,000	30,600	31,212	31,836	32,473
General Motors	N/A	N/A	172,000	147,000	103,489	0	0	0
Refund of Prior Year Expenditures	N/A	N/A	98,000	45,000	45,000	45,000	45,000	45,000
Miscellaneous	N/A	N/A	25,000	13,000	13,000	13,000	13,000	13,000
Total Other Revenue	\$1,764,000	\$1,054,000	\$1,402,000	\$1,422,000	\$1,414,699	\$1,348,500	\$1,386,903	\$1,426,452

Source: LGS forecast; District receipts and ledgers

¹The supporting detail for FY 1997-98 and FY 1998-99 was unavailable

Tuition and Fees: The Gordon D. James Career Center consists of a Vocational Compact of five school districts, which include Lordstown, Niles, Weathersfield, McDonald and Holland schools. As previously mentioned, Lordstown is the fiscal agent for the career center and collects tuition money from the remaining four districts. According to the amended and restated agreement dated June 1997 and signed by the participating districts, the cost charged to the participating districts cannot increase more than the greater of three percent from the prior year or the annual consumer price index for the prior year without the permission of a majority of the school districts. The terms of this agreement expires June 30, 2002 and is

renewable on the basis of five year periods, which are subject to the right of any school district to elect not to be a member during the renewal period. Tuition consists of monies from school foundation and tuition charges to the school districts. The forecast projects all the participating school districts remaining in the compact and tuition to increase by the maximum three percent per year allowed by the restated and amended agreement.

Earnings on Investments: Investment earnings are projected at a two percent marginal increase for the forecast period. It is assumed that LLSD will have more money for investing based on the shared income tax revenue it will receive from the Village of Lordstown.

General Motors: The forecast assumes that LLSD will continue its current financial relationship with General Motors. Therefore, it is assumed that LLSD will continue to receive payments consisting of a portion of personal property tax that LLSD would otherwise be authorized to levy on such tangible personal property. However, after FY 2001-02, these payments will cease once both of the General Motors' abatements expire, and as a result, LLSD will be able to collect additional personal property tax.

Miscellaneous: Miscellaneous revenue consist primarily of donations, rental of school property and book fines. Due to historical inconsistencies in this revenue item, future years are projected to remain flat at FY 2000-01 levels.

V. **Expenditures**

A. **Operating Expenditures**

- (1) **Salaries and Wages:** At the time of this report, LLSD's certificated staff did not successfully renegotiate its expired July 31, 2000 contract with the Lordstown Board of Education. The classified staff negotiated a new contract that is effective August 2000 with a "Me Too" clause indicating that "should any employee or employee group of the LLSD receive any increase in taxable income, including retirement payment, then the same percentage increase shall be granted to the OAPSE Chapter 774 bargaining unit, effective the same date. In addition, if there are any changes to health insurance coverage agreed to by another employee group of the LLSD, then the same coverage shall be accepted by OAPSE Local 774. These changes shall be effective on the same date they are effective for the other employee group." During the course of this performance audit, the teachers' union filed an unfair labor practice against LLSD. The District is waiting for a State Employees Relations Board (SERB) hearing on the wage matters being contested.

Therefore, for the purpose of developing a realistic forecast, it is assumed that a 3.5 percent wage increase will be granted to all certificated and noncertificated employees from FY 2001-02 through FY 2004-05. The 3.5 percent wage increase consists of a 2.0 percent cost of living adjustment and a 1.5 percent step increase.

Table 2-1F: Salaries and Wages

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Certificated Salaries & Wages	\$3,153,025	\$3,222,962	\$3,506,139	\$3,552,000	\$3,676,320	\$3,804,991	\$3,938,165	\$4,076,001
Noncertificated Salaries & Wages	683,641	706,286	768,268	693,000	717,255	742,359	768,341	795,233
Board Member Compensation	1,750	3,550	1,950	5,000	5,000	5,000	5,000	5,000
Severance	2,584	153,202	185,643	72,000	75,600	79,380	83,349	87,516
Total Salaries & Wages	\$3,841,000	\$4,086,000	\$4,462,000	\$4,322,000	\$4,474,175	\$4,631,730	\$4,794,855	\$4,963,750

Source: District 4502, Statement P; Appropriations Worksheets

LGS forecasted LLSD’s salaries and wage expenditures to decrease \$140,000 from FY 1999-00 levels. The following lists outlines the major reasons for this decrease:

- A decrease in classified and certified salaries is expected due to three teachers retiring at the end of FY 1999-00 and being replaced with teachers at the lower end of the wage scale and LLSD only granting step increases.
- During FY 1999-00, LLSD settled on an employee related judgement which caused a significant increase in severance costs.
- Substitute compensation is anticipated to decrease due to three pregnancies in FY 1999-00 and an employee absence for all FY 1999-00 due to a severe illness, which caused LLSD to pay for a substitute for the entire fiscal year.

Although classified and certificated salaries forecasted for FY 2000-01 only include step increase, it is assumed throughout the remaining forecast years that LLSD will grant step increases (1.5 percent) and cost of living adjustments (2.0 percent).

Board Member Compensation: LGS forecasted board member compensation at \$5,000 for FY 2000-01. For the remaining years, it is forecasted that board member compensation will remain flat at \$5,000.

Severance: Severance costs are projected to significantly decrease in FY 2000-01 due to LLSD not settling on any employee related judgments as occurred in FY 1999-

00. Severance costs should also decrease due to LLSD not offering future Early Retirement Incentives to employees. The remaining forecast period projects a 3.5 percent increase based on the average increase for salary and wages for FY 2001-02 through FY 2004-05.

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

Table 2-1G: Fringe Benefits

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Retirement	\$563,399	\$546,236	\$662,231	\$625,000	\$655,043	\$687,795	\$722,184	\$758,294
Employee Reimbursement & other Fringe Benefits	0	13,399	12,867	14,000	14,560	15,142	15,748	16,378
Insurance Benefits	725,102	760,574	957,241	1,031,000	1,134,100	1,247,510	1,372,261	1,509,487
Worker's Compensation	49,728	53,010	44,403	23,000	44,847	45,296	45,748	46,206
Unemployment	12,189	3,294	74	0	0	0	0	0
Early Retirement Incentive	42,582	203,487	213,184	257,000	125,226	125,226	0	0
Total Fringe Benefits	\$1,393,000	\$1,580,000	\$1,890,000	\$1,950,000	\$1,973,776	\$2,120,969	\$2,155,941	\$2,330,365

Source: Treasurer's Office; District 4502, Statement P; Appropriations Worksheets

Retirement Contribution: LGS projected LLSD's retirement contribution to decrease in FY 2000-01 due to three teachers retiring in FY 1999-00 and the positions being filled at a lower rate of pay. In projecting expenditures for retirement contributions for the remainder of the forecast period, the average historical percentage of salaries and wages (15.0 percent) was used.

Insurance Benefits: The significant increase for insurance benefits for FY 2000-01 is due to an increase in rates for health insurance. The insurance benefits cost for the remaining years are projected to increase 10 percent based on changes to Lordstown's insurance plans for FY 2000-01 through FY 2004-05. For update information about changes to Lordstown's insurance benefits, please refer to the **human resources section** of this report.

Worker's Compensation: LLSD's worker's compensation premiums are anticipated to decrease due to LLSD receiving a 75 percent rate decrease in FY 2000-01 which will not reoccur in future years. Since this expense has fluctuated in recent years, a one percent increase was projected for FY 2001-02 through FY 2004-05 based on FY 1999-00 cost.

Unemployment: An analysis for the past five years indicates that unemployment expenditures have significantly decreased from FY 1997-98 through FY 2000-01. As a result, projected costs for subsequent years are assumed to remain flat at zero.

Early Retirement Payments to STRS: LLS D approved an early retirement incentive plan beginning in FY 1997-98 and continuing through FY 1999-00 for any LLS D employees eligible to retire. The plan provides for the purchase of three years of service credit. However, because of the current financial difficulties, LLS D does not anticipate offering the plan in FY 2000-01. The projected costs for FY 2000-01 through FY 2002-03 are based on an analysis developed by the treasurer.

- (3) **Purchased Services:** The main components of Purchased Services and a detailed projection by component are presented in **Table 2-1H**. The funds used to account for the majority of Lordstown’s purchased services include the General Fund, the Emergency Levy Fund and the Compact Fund.

Table 2-1H: Purchased Services

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Professional/ Technical Services	\$255,627	\$289,330	\$75,822	\$76,000	\$78,280	\$80,628	\$83,047	\$85,539
Property Services	133,989	94,848	92,858	93,000	95,790	98,664	101,624	104,672
Travel/Meeting	29,138	8,515	26,297	26,000	26,780	27,583	28,411	29,263
Communication	36,255	33,684	39,538	39,000	40,170	41,375	42,616	43,895
Utilities	526,653	506,806	395,873	396,000	407,880	420,116	432,720	445,701
Contract Craft or Trade Service	4,585	6,396	7,148	7,000	7,210	7,426	7,649	7,879
Tuition	187,281	88,832	83,855	98,000	100,940	103,968	107,087	110,300
Pupil Transportation	54,023	63,739	48,955	49,000	50,470	51,984	53,544	55,150
Other	11,449	(1,909)	0	0	0	0	0	0
Totals	\$1,239,000	\$1,090,241	\$770,346	\$784,000	\$807,520	\$831,744	\$856,698	\$882,399

Source: Treasurer’s Office; District 4502 reports, Statement P; Appropriations Worksheet

Total purchased services for FY 2000-01 were projected by LGS to increase \$14,000 from FY 1999-00. This increase is due primarily to increased tuition costs for the career center compact. The tuition increase is due to a decrease in enrollment and a decrease in state foundation funding being remitted to the career center compact. Therefore, the cost per student to send a student to the career center increased in FY 2000-01, which caused LLS D to spend more money for tuition costs. The forecast projects the remaining line items to increase by three percent due to inflation for the remaining forecast period.

- (3) **Materials, Supplies and Textbooks:** Qualifying expenditures under H.B. 412 in meeting the textbook and instructional supplies set-side are expected to be made from the supplies and materials line-item within the General Fund, Emergency Levy Fund and the Compact Fund. This account typically includes supply and material items used for both instructional purposes and support. The projected expenditures for supplies, materials and textbooks are presented in **Table 2-1I**.

Table 2-1I: Supplies, Materials and Textbooks

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
General Supplies	\$174,679	\$121,463	\$156,400	\$156,000	\$160,680	\$165,500	\$170,465	\$175,579
Textbooks	36,420	20,915	13,664	14,000	14,420	14,853	15,298	15,757
Library Books	9,866	7,715	3,237	3,000	3,090	3,183	3,278	3,377
Periodicals, Newspapers, Films	5,601	4,718	6,537	7,000	7,210	7,426	7,649	7,879
Operation, Maintenance, and Replacement to Plant	69,079	70,701	52,035	52,000	53,560	55,167	56,822	58,526
Operation, Maintenance, and Replacement to Motor	29,753	29,081	16,426	16,000	16,480	16,974	17,484	18,008
Totals	\$325,398	\$254,593	\$248,299	\$248,000	\$255,440	\$263,103	\$270,996	\$279,126

Source: Treasurer’s Office; District 4502 reports, Statement P; Appropriations Worksheets

The figures presented for FY 1999-00 are based on actual data and show that LLSD made many reductions in an effort to reduce the expenditures associated with supplies, materials and textbooks. Supplies, materials and textbook expenditures for future years are projected to increase three percent for inflation.

- (4) **Capital Outlay:** The main components of capital outlay and a detailed projection by component are as follows:

Table 2-1J: Capital Outlay

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Equipment	\$100,667	\$835	\$43,750	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
Equipment-Replacements	89,315	(10,927)	10,109	14,000	14,420	14,853	15,298	15,757
School Buses	98,332	0	0	0	0	0	0	0
Other	2,686	0	4,141	0	0	0	0	0
Totals	\$291,000	(\$10,092)	\$58,000	\$64,000	\$65,920	\$67,898	\$69,934	\$72,032

Source: Treasurer’s Office; District 4502 reports, Statement P; Appropriations Worksheets

FY 2000-01 capital outlay expenditures are projected to increase \$16,000 from FY 1999-00. This increase can be attributed to expenditures for new computer hardware and software for an additional class added at the career center. For FY 2001-02 through FY 2004-05, capital outlay expenditures are projected to increase three percent for inflation. Based on this forecast, LLSD is expected to satisfy the “412” requirement.

- (5) **Other Expenditures:** The main components of LLSD’s other expenditures and a detailed projection by component are presented in **Table 2-1K**.

Table 2-1K: Other Expenditures

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Dues & Fees	\$109,977	\$306,919	\$256,067	\$256,000	\$268,800	\$282,240	\$296,352	\$311,170
Insurance	2,974	2,300	2,409	3,000	3,090	3,183	3,278	3,377
Judgments	0	0	76,487	13,000	0	0	0	0
Taxes & Assessments	682	782	781	1,000	1,050	1,103	1,158	1,216
Totals	\$113,633	\$310,001	\$335,744	\$273,000	\$272,940	\$286,526	\$300,788	\$315,763

Source: Treasurer’s Office; District 4502 reports, Statement P; Appropriations Worksheet

Dues and Fees: Based on LGS’s financial forecast for FY 2000-01, dues and fees are projected not to change from FY 1999-00. However, for FY 2001-02 through FY 2004-05, dues and fees are projected to increase by five percent per year based on the historical inconsistencies in this line item. The majority of the cost of this line item is for County Auditor’s fees.

Insurance: The three year historical average is used to calculate the projection for FY 2000-01. The remaining years in the forecast assume a three percent annual inflationary factor.

Judgments: In FY 1999-00 and FY 2000-01, LLSD was involved in lawsuits in which the judgment was against LLSD. This expenditure is not projected to reoccur in the remaining years of the forecast.

- (6) **Repayment of ADM Funding to ODE:** LLSD mistakenly received school foundation monies from ODE in excess of \$806,000. ODE informed LLSD that full repayment is required to be made during FY 2000-01.

VI. Debt Service

Outstanding debt balances as of January 30, 2000 are presented in **Table 2-1L**. The table shows the annual debt service requirement in each issue for the forecasted period. The forecast assumes LLSD will pay debt obligations as they come due.

Table 2-1L: Debt Service

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Tax Anticipation Note	\$800,000	\$0	\$0	\$0	\$0
H.B 264 (July 2000)	92,400	91,700	91,700	91,700	91,700
H.B 264 (November 2000)	19,307	20,463	21,689	22,988	24,365
Ohio Solvency Assistance Loan ¹	0	678,500	678,500	0	0
Total Principal	\$911,707	\$790,663	\$791,889	\$114,688	\$116,065
Interest - Tax Anticipation Note	\$12,540	\$0	\$0	\$0	\$0
H.B. 264 (July 2000)	64,547	60,990	57,368	53,654	49,848
H.B. 264 (November 2000)	26,898	25,741	24,515	23,216	21,839
Ohio Solvency Assistance Loan ¹	0	0	0	0	0
Total Interest	\$103,985	\$86,731	\$81,883	\$76,870	\$71,687
Total Debt Service	\$1,015,692	\$877,394	\$873,772	\$191,558	\$187,752

Source: Statement L from 4502 reports; District debt schedules.

¹ School District’s borrowing through the Ohio Solvency Assistance program receive the monies interest free.

School district’s can borrow monies in anticipation of taxes that will be generated by the passage of a property tax levy. LLSD issued \$800,000 in tax anticipation notes in August 2000 and was required to repay the entire amount in October 2000.

H.B. 412 eliminates the state emergency loan fund and replaces it with the solvency assistance fund. After March 24, 1998, school districts are no longer being approved for borrowing under the state emergency loan fund and must borrow from the state solvency assistance fund. Under the new program, LLSD borrowed approximately \$1,357,000 and is scheduled to repay the amount over a 2 year period beginning in FY 2001-2002.

The H.B. 264 energy conservation notes are authorized by legislation to be issued for the sole purpose of making capital improvements which result in energy efficiencies. Under this program, LLSD borrowed approximately \$1.4 million in July 1999 and \$449,040 in November 1999. The combined total outstanding balance on the H.B. 264 debt on June 2000 is approximately \$1.7 million.

II Other Sources and Uses of Funds

A. Transfers and Advances In/Out

The forecast assumes LLSD will have to make annual advances of \$43,000, which is based on a historical average, to cover deficit balances in the Food Services Enterprise Funds.

B. Reserves

In the past, H.B. 412 required school districts to maintain a budget reserve when certain conditions were met. Whenever revenue received for current expenses for the preceding fiscal year was at least three percent greater than the revenue received for current expenses for the second preceding fiscal year, LLSD was required to set-aside as a budget reserve not less than one percent of the revenue received for current expenses for the preceding fiscal year. The minimum one percent set-aside continues each year until the accumulated budget reserve equaled five percent of the revenue received for current expenses for the preceding fiscal year.

H.B. 770 also required districts receiving a rebate from the Ohio Bureau of Workers Compensation (BWC) to apply the amount of the rebate toward the budget reserve requirement in the year the rebate was received. For rebates occurring in FY 1997-98 or FY 1998-99, the amount received was to be added to the budget reserve in addition to any applicable one percent set aside. In future years, any rebates received would be used to offset any required contributions in that particular year.

Recently, legislation was passed which eliminated the requirement to pay additional monies to the budget reserve. Therefore, future projections assume that LLSD will spend its \$38,000 budget reserve in FY 2001-02.

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

Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The projection assumes the outstanding encumbrances for each year during the projection period will be \$48,000, which is the four-year historical average.

Summary of Performance Audit Recommendations

Table 2-2 is being presented as a potential financial forecast for District management and the Commission. It is a management tool to be utilized to assess the impact that implementation of the various performance audit recommendations will have on LLSD's financial condition. The forecast presented contains the same financial projections as presented in **Table 2-1** with additional lines including the financial implications associated with the performance audit recommendations, implementation costs for performance audit recommendations and any action taken to date by the Commission. Accompanying tables (**Table 2-2A** through **Table 2-2D**) summarize the financial implications associated with the recommendations contained within this report. Some recommendations could be implemented immediately, while others will require further management action to realize the proposed savings. In addition, implementation costs and cost avoidance associated with the various recommendations are also summarized.

The performance audit recommendations presented in **Table 2-2B** which affect LLSD are broken down into two categories; those recommendations subject to negotiation and those recommendations not subject to negotiation.

For LLSD to achieve financial stability, it will be necessary to make difficult management decisions. This performance audit provides a series of ideas and recommendations which LLSD and the Commission should consider. However, this audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated into the financial recovery plan of LLSD. LLSD and the Commission should update the financial recovery plan on an ongoing basis as critical financial issues are addressed.

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

	Actual 1997-98	Actual 1998-99	Actual 1999-00	Forecast 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05
Real Estate Property Tax	\$2,570	\$2,529	\$2,637	\$2,827	\$2,899	\$2,951	\$3,006	\$3,063
Tangible Personal Property Tax	1,517	1,560	1,466	1,588	1,601	2,142	2,012	1,897
Income Tax	0	0	0	465	465	0	0	0
State Foundation	944	1,149	2,065	1,172	1,207	1,243	1,279	1,317
Property Tax Allocation	250	234	241	243	250	258	266	273
Other Revenues	1,764	1,054	1,402	1,422	1,415	1,349	1,387	1,426
Total Operating Revenues	7,045	6,526	7,811	7,717	7,837	7,943	7,950	7,976
Salaries & Wages	3,841	4,086	4,462	4,322	4,474	4,632	4,795	4,964
Fringe Benefits	1,393	1,580	1,890	1,950	1,974	2,120	2,156	2,330
Purchased Services	1,239	1,090	770	784	807	832	857	882
Supplies, Materials & Textbooks	325	255	248	248	255	263	271	279
Capital Outlay	291	0	58	64	66	68	70	72
Other Expenditures	114	310	336	273	273	287	301	316
Repayment of ADM funding to ODE	0	0	0	806	0	0	0	0
Interest on Loans	0	0	0	104	87	82	77	72
Performance Audit Rec (Table 2-2A)	0	0	0	0	(712)	(722)	(732)	(742)
Commission Reductions (Table 2-2B)	0	0	0	0	(172)	(175)	(179)	(183)
Implementation Cost (Table 2-2D)	0	0	0	0	40	0	0	0
Total Operating Expenditures	7,203	7,321	7,764	8,551	7,092	7,387	7,616	7,990
Ohio Solvency Assistance Loan	0	0	0	1,357	0	0	0	0
Proceeds From Tax Anticipation Notes	0	0	0	800	0	0	0	0
Solvency Loan Repayment	0	0	0	0	(678)	(679)	0	0
H.B. 264 Payment	0	0	0	(112)	(112)	(113)	(115)	(116)
Tax Anticipation Note Payments	0	0	0	(800)	0	0	0	0
Net Transfers/ Advances - In/Out (Out)	(12)	(180)	(63)	(36)	(43)	(43)	(43)	(43)
Net Financing	(12)	(180)	(63)	1,209	(833)	(835)	(158)	(159)
Results of Operations (Net)	(170)	(975)	(16)	375	(88)	(279)	176	(173)
Beginning Cash Balance	1,449	1,279	304	288	663	575	296	472
Ending Cash Balance	1,279	304	288	663	575	296	472	299
Outstanding Encumbrances	81	12	25	72	48	48	48	48
"412" Instructional	0	0	19	0	0	0	0	0
"412" Capital Reserve	0	0	0	58	0	0	0	0
"412" Budget Reserve	38	38	38	38	0	0	0	0
"Bus Purchases"	0	0	20	30	0	0	0	0
Ending Fund Balance	\$1,160	\$254	\$186	\$465	\$527	\$248	\$424	\$251

Table 2-2A presents the Commission’s proposed actions to help LLSD achieve financial stability.

Table 2-2A: Commission Proposed Action

Commission Proposed Action	FY 2001-02 Cost Savings
Adjustment to Fringe Benefit Program	\$162,000
Adjustment to Cafeteria Operation	\$29,500
Adjustment to Building Usage	\$25,000
Reduction of Elementary Principal Position (1.0 FTE)	\$78,000
Reduction of a Maintenance Position (1.0 FTE)	\$39,000
Reduction of a Custodial Position (1.0 FTE)	\$30,000
Reduction of Transportation Coordinator Position (1.0 FTE)	\$30,000
Reduction of a Secretary Position (1.0 FTE)	\$26,000
Reduction of a Technical Coordinator Position (0.67 FTE)	\$38,000
Reduction of a Librarian Position (1.0 FTE)	\$52,000
Reduction of a Nurse Position (0.67 FTE)	\$35,000
Reduction of a Physical Education Position (1.0 FTE)	\$51,000
Reduction of an Industrial Arts Position (1.0 FTE)	\$51,000
Reduction of an Elementary Arts Position (1.0 FTE)	\$51,000
Reduction of an English Position (0.50 FTE)	\$25,500
Reduction of a Math Position (0.50 FTE)	\$25,500
TOTAL COMMISSION PROPOSED ACTION	\$748,500

Source: Commission Action Plan

During the course of this performance audit, the Commission approved a financial recovery plan to help LLSD regain financial solvency. The plan proposes reductions of teaching personnel, office staff and food services staff. However, based on the financial forecast presented in **Table 2-1**, the Commission recommended reductions alone would not allow LLSD to regain financial stability.

Table 2-2B details those performance audit recommendations reflected in the forecast in **Table 2-2** and are further divided into categories requiring negotiation and those not requiring negotiation. Performance audit recommendations in **Table 2-2B** include those recommendations that are consistent with the Commission’s proposed actions and some additional recommendations which would further improve LLSD’s financial health.

Table 2-2B: Summary of Performance Audit Recommendations

Recommendations	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
RECOMMENDATIONS INCLUDED IN FORECAST (Table 2-2):				
Recommendations Subject to Negotiation:				
R3.15 Implement a graduated benefits scale	\$14,000	\$14,000	\$14,000	\$14,000
R3.16 Increase employee insurance contribution	\$139,000	\$139,000	\$139,000	\$139,000
Total Recommendations Subject to Negotiation:	\$153,000	\$153,000	\$153,000	\$153,000
Recommendations Not Subject to Negotiation:				
R2.4 Reduction in food service staff by 0.8 FTE	\$18,000	\$18,400	\$18,700	\$19,100
R3.2 Reduction in professional education staffing levels by 5.0 FTEs	\$261,700	\$267,000	\$272,300	\$277,700
R3.4 Reduction in educational service staffing levels by 2.85 FTEs	\$149,000	\$152,000	\$155,000	\$158,000
R4.2 Reduction in custodial staff by 1.0 FTEs	\$29,700	\$30,300	\$30,900	\$31,500
R4.8 Reduction in occupied square footage	\$21,660	\$21,660	\$21,660	\$21,660
R4.14 Implement an energy management program	\$40,000	\$40,000	\$40,000	\$40,000
R5.3 Reduction in T-Form transportation expenditure reporting errors	\$9,200	\$9,200	\$9,200	\$9,200
R5.6 Reduction of transportation coordinator’s position by 1.0 FTE	\$29,700	\$30,300	\$30,900	\$31,500
Total Recommendations Not Subject to Negotiation	\$558,960	\$568,860	\$578,660	\$588,660
Total Recommendations Included in Forecast	\$711,960	\$721,860	\$731,660	\$741,660
RECOMMENDATIONS NOT INCLUDED IN FORECAST:				
Recommendations Subject to Negotiation:				
R3.18 Reduction in the number of personal days offered to certified staff	\$18,960	\$18,960	\$18,960	\$18,960
R3.19 Repayment for LTA for use of associated leave	\$1,313	\$1,313	\$1,313	\$1,313
R3.25 Reduction in severance pay calculation to ORC	\$69,500	\$69,500	\$69,500	\$69,500
R3.28 Reduction in the number of personal days offered to classified staff	\$3,806	\$3,806	\$3,806	\$3,806
Total Recommendations Subject to Negotiation	\$93,579	\$93,579	\$93,579	\$93,579
Recommendations Not Subject to Negotiation				
R3.2 Reduction in additional professional education staffing levels by 5.0 FTEs	\$261,700	\$267,000	\$272,300	\$277,700
R3.10 Reduction in certificated sick leave usage	\$24,600	\$24,600	\$24,600	\$24,600
R3.13 Reduction in classified sick leave usage	\$6,067	\$6,067	\$6,067	\$6,067
Total Recommendations Not Subject to Negotiation	\$292,367	\$297,667	\$302,967	\$308,367
Total Recommendations Not Included In Forecast:	\$385,946	\$391,246	\$396,546	\$401,946

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

Table 2-2C summarizes the proposed reductions approved by the Commission and included in the financial forecast which are not recommended in this performance audit. In total, the Commission identified reductions which are estimated to yield an annual savings of approximately \$748,500 (See **Table 2-2A**). **Table 2-2C** includes approximately \$172,000 of LLSD and Commission reductions with the remaining \$576,500 being accounted for in the performance audit recommendations shown in **Table 2-2B**.

Table 2-2C: LLSD and Commission Reductions Not Included in the Performance Audit

Action	Total Savings Projected FY 2001-02	Total Savings Projected FY 2002-03	Total Savings Projected FY 2003-04	Total Savings Projected FY 2004-05
Reduction of an elementary principal position	\$78,000	\$79,500	\$81,100	\$82,800
Reduction of a maintenance position (currently vacant)	\$30,000	\$30,600	\$31,200	\$31,800
Reduction of a secretary position	\$26,000	\$26,500	\$27,000	\$27,600
Reduction of a technical coordinator position (currently vacant)	\$38,000	\$38,800	\$39,500	\$40,300
Total Projected Savings Included in the Forecast	\$172,000	\$175,400	\$178,800	\$182,500

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

Table 2-2D: Revised Five-Year FTE Staffing

Category	Adjusted Staffing for FY 2001	Proposed Staffing Changes for FY 2001	Adjusted Staffing for FY 2001	Proposed Staffing Changes for FY 2002	Adjusted Staffing for FY 2002	Proposed Staffing Changes for FY 2003	Adjusted Staffing for FY 2003	Proposed Staffing Changes for FY 2004	Adjusted Staffing for FY 2004
Administration	6.0	(0.0)	6.0	(1.00)	5.00	(0.0)	5.00	(0.0)	5.00
Certificated Staff	75.0	(1.0)	74.0	(6.85)	67.15	(0.0)	67.15	(0.0)	67.15
Classified Staff	33.0	(1.5)	31.5	(3.97)	27.53	(0.0)	27.53	(0.0)	27.53
Totals	114.0	(2.5)	111.5	(11.82)	99.68	(0.0)	99.68	(0.0)	99.68

Source: EMIS Staff Profiles, Superintendent’s office and Performance Audit estimates

Table 2-2D Summarizes the implementation costs associated with various recommendations contained within the performance audit. Each cost is dependent on LLSD’s decision to implement the associated recommendation and the timing of that implementation.

Table 2-2E: Implementation Costs

Recommendation Implementation Costs	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
R4.14 Implement an energy management program	\$40,000	\$0	\$0	\$0
Total Recommendation Implementation Costs	\$40,000	\$0	\$0	\$0

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

II Commission Considerations

- A. The state funding revenue for FY 2001-02 through FY 2004-05 are projected to increase based on prior years information. However, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. According to the ruling, the State legislators have until June 1, 2001 to remedy the perceived deficiencies in the current State funding system. If the changes adopted by the State legislature effect the guarantee amounts or result in modifications from the current State funding formula, the State funding projections contained in this forecast are likely to differ from amounts actually received by LLSD.
- B. It is assumed throughout the forecast that LLSD’s current financial relationship with General Motors will continue as is. However, if the relationship changes, revenues received from General Motors contained in this forecast are likely to differ from amounts actually received by LLSD. The two General Motor abatements are scheduled to expire in FY 2001-02 and FY 2002-03 which will enable LLSD to collect additional personal property tax. Although LLSD has accounted for the additional personal property tax revenue in the financial forecast, there might be the potential that LLSD has overstated the additional revenue because of depreciation.
- C. It is assumed throughout the forecast that the Career Center Compact will continue to operate as is. However, if the Compact agreement changes, revenues and expenditures associated with the Career Center will differ from amounts received and incurred by LLSD. In addition, upon review of the treasurer’s forecast by the AOS, the treasurer has made an assumption that the Career Center will close and will yield a savings in salaries. However, the forecast does not include any assumption where LLSD will send vocational education students or how LLSD intends to pay for its mandated responsibility of providing vocational education to students.
- D. The forecast assumes that LLSD’s emergency operating levy will renew throughout the forecast period. In the event the renewal effort is not successful, the projected positive ending balances would be negatively affected.
- E. During the course of this performance audit, the Commission has proposed several changes to LLSD’s current staffing levels. In addition to the Commission’s proposed staffing changes, this performance audit identifies additional staffing adjustments that

if not implemented could potentially affect LLSD's ability to regain financial stability.

- F.** The forecast does not include borrowing beyond a single State Solvency Assistance Fund loan in FY 2000-01 for \$1,357,000. If LLSD is required to borrow additional funds to meet current operating expenditures, repayment costs may delay LLSD's return to financial health.

- G.** The financial recovery plan presented in **Table 2-2** assumes that LLSD will grant annual cost of living adjustments of two percent and step increases of one and one-half percent to employees throughout the forecast period. If LLSD grants wage increases of more than the cost of living adjustment and step increase, LLSD's financial situation could be significantly different than what was projected in **Table 2-2**.

B. Revenue and Expenditures

Background

LLSD's primary funding sources are local property taxes. A District can increase its local contribution through a property tax, a school District income tax or a joint city/school District income tax. Each of these tax options requires voter approval. Property taxes are levied on a calendar year basis against the assessed value of real estate, public utility property and tangible (business) personal property located within LLSD. In FY 2000-01, the total assessed value of real estate, public utility and tangible property was approximately \$128 million

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

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

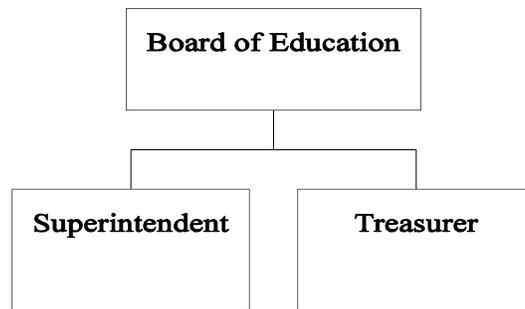
The Board is required, under the ORC, to adopt an annual budget. Each year, two budgets are prepared by LLSD: a tax budget and an operating budget. The budgeting process identifies the adequacy of financial resources for the educational programs and provides a basis for accountability in fiscal management.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

Organizational Function

Under the current organizational structure, the Board’s role is establishing district policy and goals and ensuring implementation of the fiscal recovery plan adopted by the Commission. Decisions which have financial implications or that affect LLSD’s finances are required to be made by the Commission.

LLSD’s superintendent and the treasurer report independently to both the elected Board and the appointed Commission. Within this organizational structure, all departments except the treasurer’s department report to the superintendent. The organizational chart below shows the reporting relationships of the superintendent and treasurer’s department.

Chart 2-1: Financial Organizational Chart



Summary of Operations

The treasurer has been preparing financial forecasts for the past year. The most recent forecast was prepared in February 2001. The financial forecast includes projections of estimated revenues and expenditures for the General, Emergency Levy, and Career Center Compact (Compact) and the Debt Service Funds, as well as assumptions used to develop the projections. All other projections for this period were based on future needs, prior period performance, and historical trends.

The budgetary process begins with the preparation and adoption of the tax budget which shows estimated receipts and expenditures, and is submitted to the Budget Commission by January 20 in accordance with ORC and Board policy.

The treasurer's office is responsible for the preparation and issuance of various financial reports in accordance with State and Federal guidelines. These include an annual spending plan and quarterly updates submitted to ODE. The spending plan allows the State Superintendent of Public Instruction to determine if LLSD has expenditures that may impair its ability to operate within its revenue sources. The cash-basis plan includes revenue projections by source, the nature and amount of expenditures to be incurred by LLSD, outstanding and unpaid expenses and the months in which the expenses are to be paid. LLSD prepares its required financial statements in accordance with generally accepted accounting principles (GAAP). Currently, LLSD prepares general purpose financial statements rather than a comprehensive annual financial report (CAFR).

Performance Measures

- Assessment of financial planning processes
- Assessment of federal, state, and local funding levels
- Assessment of District expenditures
- Review of allocation of resources for instruction, support and administrative costs
- Evaluation of relevance and timeliness of financial and management reports

Findings / Commendations / Recommendations

Financial Planning

F2.1 In February 2001, LLS D prepared a five-year forecast, which includes a summary of significant forecast assumptions. The forecast was approved by the LLS D's board members and the Commission. Although the treasurer identified several accounting assumptions used to create the financial forecast, LLS D did not use the forecast to create a financial recovery plan when it was placed in fiscal watch. In addition, LLS D's forecast does not depict the same level of detail with supporting tables as the forecast shown in **Table 2-1**.

R2.1 Although LLS D used several accounting assumptions to develop its current forecast, LLS D does not use the forecast as a strategic planning tool to potentially help LLS D regain financial stability. Given the significant financial issues facing LLS D, a properly developed, detailed financial forecast is essential in LLS D's attempt to regain financial solvency. To this extent, LLS D should use the format of the financial forecast presented in **Table 2-1** and update the information and projections as financial issues change or materialize. Such a forecast ensures members of LLS D and the Commission are provided with sound and detailed information on which to base their decisions.

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

F2.2 Ohio Rev. Code § 3316.06 states that "(w)ithin 120 days after the first meeting of a school district's financial planning and supervision commission, the Commission shall adopt a financial recovery plan regarding the school district for which the Commission was created. During the formulation of the plan, the Commission shall seek appropriate input from the school district and from the community."

The Auditor of State declared LLS D in a state of fiscal watch on October 23, 2000. As a result, a Financial Planning and Supervision Commission was established and given the authority to assume control of LLS D. The Commission had its first meeting in January 2001, and has 120 days from its first meeting to adopt a financial recovery plan for LLS D. An initial financial recovery plan was adopted by the Commission in May 2001.

R2.2 **Table 2-2** is presented to provide the Commission with a proposed financial recovery plan to assist in its effort to adopt a plan which will allow LLS D to regain financial stability. The Commission should use the financial recovery plan to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost

savings on LLSD's financial condition. The recommendations are broken down into those which can be enacted immediately and those that will require further management actions, such as negotiating certain items within the current union agreements.

F2.3 LLSD does not prepare a formal capital or long-range capital spending plan, nor has it created a comprehensive facilities capital plan for use in guiding its long-term decisions. An ODE survey published in 1990 places the cost of repairing and upgrading LLSD's current facilities to meet minimum standards for health and safety at approximately \$3.9 million. In July 1997, the Ohio Legislative Budget Office (LBO) updated the figures from the 1990 survey by using information provided by ODE. LBO's 1997 cost estimate for LLSD to update the current facilities is \$7.2 million. The **facilities** section of this reports presents a detailed discussion of LLSD's capital needs and funding sources.

R2.3 LLSD should create a comprehensive long-range capital plan which addresses the need for ongoing capital repairs and maintenance. The plan should incorporate the conditions of all facilities, the impact of building style and configuration on curriculum and educational programs, and the means of maximizing the utilization of classroom space and technological resources. The plan should be formally adopted by the Board when first created, and annual segments should again be approved individually as they become current, allowing for modifications and adjustments to the original components as circumstances dictate. All elements of this comprehensive plan should be linked to LLSD's five-year financial forecasts and annual budgets. Such a plan would more accurately demonstrate to the public LLSD's total capital requirements and priorities, and help build support for future permanent improvement issues and levy campaigns.

LLSD should also consider establishing a Permanent Improvement Panel (PIP) to preside over all permanent improvement projects. The PIP should be comprised of a cross-section of district staff, community and parent representatives, and provide an ongoing review of the identified capital needs of LLSD.

Food Services

The primary purpose of the food service division is to coordinate, implement and monitor the food services provided to LLSD’s students through the National School Breakfast and Lunch programs. The department is also responsible for compliance with all federal, state and board policies and regulations.

The food services division of LLSD is an Enterprise Fund that accounts for its operations in a manner similar to a private business enterprise, where the intent of the division is that the costs (expenses, including depreciation) of providing the service to the students are financed primarily through user charges. LLSD operates two separate Food Service Enterprise Funds with one accounting for the LLSD’s elementary and high school cafeterias and the other accounting for the career center’s cafeteria. Both operations are accounted for separately from other fund activities and the desired outcome is a net income.

F2.4 **Table 2-3A** summarizes LLSD’s Enterprise Fund’s food service revenues and expenditures for the elementary and high school cafeterias for FY 1997-98 through FY 1999-00.

Table 2-3A: Performance of Elementary and High Schools Food Services Enterprise Fund

	Actual FY 1997-98	Actual FY 1998-99	Actual FY 1999-00	Percent Change FY 98 - 00
Total Revenues	\$125,608	\$123,107	\$124,545	(<1.0%)
Total Expenses	\$145,080	\$166,406	\$154,962	6.8%
Net Loss	(\$19,472)	(\$43,299)	(\$30,417)	56.2%
Advances/Transfers-in	\$11,260	\$51,462	\$34,700	208%
Adjusted Net Income/(Loss)	(\$8,212)	\$8,163	\$4,283	152%

Source: District 4502 reports

Based on **Table 2-3A**, total revenues have decreased less than one percent from FY 1997-98 to FY 1999-00. In contrast, total expenditures have increased approximately 6.8 percent from FY 1997-98 to FY 1999-00, which suggests LLSD may be carrying a higher inventory of food and supplies than required. As a result of the decrease in revenues and an increase in expenditures, LLSD reported a net loss for its elementary and high school cafeterias which has resulted in the treasurer transferring money out from the General Fund to cover the deficits.

Table 2-3B summarizes LLSD’s Enterprise Fund’s food service revenues and expenditures for the career center’s cafeteria. The career center’s cafeteria serves approximately 20 LLSD students and students from other districts who are enrolled in programs that last the entire school day. The remaining four districts who send students to the career center for only half of the day provide lunch for those students at their respective cafeterias. Both Enterprise Funds have received transfers-in from the General Fund to cover operating deficits.

Table 2-3B: Performance of Career Center Food Service Enterprise Fund

	Actual FY 1997-98	Actual FY 1998-99	Actual FY 1999-00	Percent Change FY 98-00
Total Revenues	\$58,316	\$47,312	\$42,430	(27.2%)
Total Expenses	\$52,607	\$53,196	\$52,814	<1.0%
Net Gain/(Loss)	\$5,709	(\$5,884)	(\$10,384)	281%
Advances/Transfers-in	\$0	\$0	\$9,800	N/A
Adjusted Net Income (Loss)	\$5,709	(\$5,884)	(\$584)	(110%)

Source: District’s 4502 reports

Based on **Table 2-3B**, total revenues decreased 27.2 percent from FY 1997-98 to FY 1999-00, which can be attributed to fewer students purchasing their lunch from the career center’s cafeteria and the total number of LLS D students enrolled at the career center decreasing. Total expenditures for the career center’s cafeteria have remained fairly consistent; however, the decrease in total revenues resulted in the cafeteria reporting a net loss for FY 1998-99 and FY 1999-00.

F2.5 The current support service manager was promoted from head maintenance in May 2000 and has implemented several changes to the food service operations in order to make them self-sufficient. With the exception of FY 1997-98, neither the elementary and high school’s Food Service Enterprise Fund nor the career center’s Food Service Enterprise Fund has operated at a profit (see **Table 2-3A** and **Table 2-3B**). The food service manager has tried to reduce the deficits by cutting the high inventory levels of food and cleaning supplies maintained by the cafeterias.

As previously mentioned, the only students who purchase their lunch at the career center’s cafeteria are the career center students from LLS D, and students from other districts who are enrolled in programs that last all day. Currently, this equates to approximately 20 students purchasing their lunch from the career center’s cafeteria. During the course of this performance audit, LLS D’s administrators along with the food service manager decided it was no longer economically feasible for LLS D to keep the career center’s cafeteria open due to LLS D’s financial difficulties. Therefore, LLS D stopped food production at the career center’s cafeteria and began preparing the food for career center students at the high school cafeteria and transporting it to the career center before the students’ lunch period.

F4.6 **Table 2-4** summarizes key information for the food service division for LLSD, its peer districts and the peer average for FY 1999-00. Overall staffing is analyzed in full-time equivalents (FTEs).

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

	Lordstown	McDonald ³	Minster	Weathersfield	Peer Average ¹
General Information					
Average Daily Membership (ADM)	564	430	909	1,009	783
Overall Staffing (FTE) ²	4.5	2.0	6.0	6.0	4.7
Total Salaries	\$77,993	\$26,867	\$74,395	\$123,204	\$74,822
Total Benefits	\$45,616	\$19,544	\$11,513	\$46,228	\$25,762
Total Cost of Operations	\$207,776	\$82,859	\$156,850	\$260,126	\$166,612
Operational Ratios					
# of Students per Staff Member	125	215	152	168	166
Avg. Salary per Staff Member	\$17,332	\$13,434	\$12,399	\$20,534	\$15,920
Avg. Benefits per Staff Member	\$10,137	\$9,772	\$1,919	\$7,705	\$5,481
Avg. Cost to serve a Student	\$368	\$193	\$173	\$258	\$213

Source: Districts' 4502 Reports for FY 1999-00

¹ The peer average does not include Lordstown

² Staffing levels are based on 8-hour per day employees

³ McDonald's food service program operates only at the elementary school level

An analysis of **Table 2-4** indicates that LLSD has the highest average cost to serve a student compared to the peer districts and peer average for their food service operations. LLSD's average cost to serve a student is \$155 higher than the peer average. Additionally, in comparison to the peers, LLSD has the highest average benefits cost per staff member. Therefore, based on a comparison to the peers, LLSD appears to have more staff, higher salaries and higher benefits for food service operations

R2.4 LLSD should implement procedures to make the food service Enterprise Funds self-supporting. Given that LLSD is in fiscal emergency, the General Fund can no longer afford to subsidize the operations of the food service Enterprise Funds (See **Table 2-3A** and **Table 2-3B**). Therefore, the following options should be considered by LLSD to balance the food service Enterprise Funds.

- Option A. LLSD should evaluate its food service expenditures to determine where cost savings could be implemented without significantly sacrificing the quality of food. LLSD should conduct an analysis to determine the cost structures needed to make both Food Service Enterprise Funds self-sufficient. According to **Table 2-4**,

LLSD serves 125 students per staff member compared to the peer average of 166 students per staff member. In order for LLSD to the number of students served by the next highest peer (Minister, at 152 students served per staff member), LLSD should reduce the number of staff members by 0.8 FTE. Furthermore, based on the average benefits paid per staff member, LLSD pays an additional \$3,672 in benefits to its food service employees compared to the peer average. Please see **R3.15** of the **human resources section** of this report for further information regarding the potential advantages of LLSD adopting a graduated benefits scale.

- Option B. Another potential option LLSD could consider would be to increase the price per meal. However, if this option is considered, it should be noted that there is a potential that any increase in price per meal could be offset by a decrease in demand.
- Option C. Another alternative LLSD should reconsider is closing the career center cafeteria and requiring the career center students who wish to purchase their lunch to walk to the high school cafeteria. Although previously considered by LLSD and rejected as an option, LLSD has the potential of saving approximately \$10,000 per year in General Fund transfers (See **Table 2-3B**) and the potential to reduce staffing levels by 0.6 FTE. During the course of this performance audit, LLSD has closed the career center's cafeteria and began transporting food prepared at the high school cafeteria to the career center students who purchase their lunch. However, LLSD did not eliminate a food service position as a result of this change. Instead, the food service employee who worked at the career center's cafeteria was transferred to the elementary school cafeteria. As a result, one food service employee in the elementary school cafeteria had her hours reduced.
- Option D. Another option LLSD should consider is contracting with an outside company for its food services. Food service management companies have broad-based marketing experience and knowledge which could help LLSD supplement its existing marketing strategies.

Financial Implication: A reduction of 0.8 FTE within food services would allow LLSD to save approximately \$18,000 in salary and fringe benefit costs.

Revenue Assessment

F2.6 **Table 2-5** shows the distribution of revenue by funding source for all funds over the past three fiscal years, on a cash basis, for LLSD, its peer districts, the peer average and the State average.

Table 2-5: Percent of Revenue by Funding Source

	Lordstown	McDonald	Minster	Weathersfield	Peer Average	State Average
FY 1997-98:						
Local	88.6%	26.7%	67.6%	53.4%	49.2%	51.6%
State	9.9%	70.7%	31.0%	44.1%	48.6%	42.7%
Federal	1.5%	2.6%	1.4%	2.5%	2.2%	5.7%
FY 1998-99:						
Local	91.3%	26.9%	66.9%	51.3%	48.4%	51.0%
State	6.5%	69.9%	31.6%	45.9%	49.1%	43.4%
Federal	2.2%	3.2%	1.5%	2.8%	2.5%	5.6%
FY 1999-00:						
Local	70.7%	27.1%	68.7%	53.7%	49.8%	50.4%
State	27.6%	70.4%	29.8%	43.5%	47.9%	43.8%
Federal	1.7%	2.5%	1.5%	2.8%	2.3%	5.8%

Source: ODE Report Cards

F2.7 **Table 2-5** indicates that in FY 1999-00, LLSD received a higher percentage of their total revenue from local sources than the peers and the state-wide average. However, LLSD’s percentage of revenue from local sources in FY 1999-00 would have been higher if LLSD would not have erroneously received an additional \$806,000 from state sources. Therefore, FY 1997-98 and FY 1998-99 are more accurate representations of LLSD’s percent of revenue from funding sources. A school district’s local revenue sources are primarily limited to property taxes and income taxes, if applicable. All school districts receive real estate and personal property tax revenues. Only some districts collect income taxes either through a school district or joint city/school district income tax approved by the voters. Beginning in January 2001, LLSD began collecting a shared income tax with the Village of Lordstown which will continue throughout the 2001 calendar year.

F2.8 **Table 2-6** presents statistics which impact a district’s ability to raise local revenue. LLSLD is compared with its peer districts and state averages.

Table 2-6: Local Statistics

	Lordstown	McDonald	Minster	Weathersfield	Peer Average	State Average
FY 1997-98						
Effective Millage	32.3	28.7	26.2	31.8	28.9	30.7
Average Valuation ¹	\$194,996	\$46,420	\$122,101	\$86,257	\$84,926	\$99,831
Area Median Income	\$28,979	\$25,111	\$27,666	\$23,830	\$25,536	\$24,431
FY 1998-99:						
Effective Millage	31.5	28.0	26.9	28.3	27.7	30.7
Average Valuation ¹	\$204,404	\$55,174	\$139,260	\$97,998	\$97,477	\$107,844
Area Median Income	\$31,819	\$26,715	\$30,491	\$27,197	\$28,134	\$27,310

Source: District’s ODE report cards and the Ohio Department of Taxation

¹ Average valuation per pupil will increase over a period of years, if the average daily membership (ADM) count declines.

Table 2-6 indicates that LLSLD’s effective millage declined from FY 1997-98 to FY 1998-99 whereas LLSLD’s average valuation increased from FY 1997-98 to FY 1998-99 . Effective millage is the rate at which property is taxed in a school district. Property values also affect how much revenue a school district receives. Real property is reappraised for tax purposes every six years and updated every three years. Additionally, tax reform legislation was passed in 1976 (H.B. 920), which effectively eliminated inflationary effects upon property taxes.

An examination of LLSLD’s average valuation and median income shows LLSLD has highest average valuation and highest median income when compared to the peer districts in FY 1997-98 and FY 1998-99. In addition, LLSLD has the highest effective millage which is 3.8 mills higher than the peer average and 0.8 mills higher than the state-wide average for all school districts.

F2.9 **Table 2-7** presents LLSD’s long term indebtedness as of October 18, 2000. LLSD’s \$1,357,000 million loan from the State Solvency Assistance Fund is not included in the table

Table 2-7: Long Term Indebtedness as of October 18, 2000

Description	Fund	Interest Rate	Issue Date	Maturity Date	Amount Borrowed	Amount Outstanding
Energy Conservation H.B. 264 note	General Fund	5.99%	11/16/99	11/16/14	\$449,040	\$449,040
Energy Conservation H.B. 264 note	General Fund	3.85% - 5.52%	6/24/99	7/5/14	\$1,376,200	\$1,283,800
Tax Anticipation Notes	General Fund	6.27%	8/10/00	11/8/00	\$800,000	\$0
Total Debt					\$2,625,240	\$1,732,840

Source: Treasurer’s Office

Table 2-7 indicates approximately \$1.8 million or 69 percent of LLSD’s long-term indebtedness consist of borrowing for the purpose of improving LLSD’s facilities. In FY 2000-01, LLSD issued \$800,000 in tax anticipation notes, and the entire amount was repaid in November 2000. In general, borrowing to fund operations results in increased interest charges and strict repayment schedules which can contribute to a district’s financial hardships.

F2.10 **Table 2-8** details the election results for the past ten years for various levies LLSD placed on the ballot.

Table 2-8: Ten Year Levy History

Year	Type of Levy	Voted Millage	New/Renewal	Duration	Results
November 1990	General Operating	9.5 mills	Renewal	Continuing	Failed
February 1991	General Operating	9.5 mills	Renewal	Continuing	Passed
November 1991	Emergency Operating	6.53 mills	Renewal	5 years	Passed
November 1996	Emergency Operating	7.112 mills	Renewal	5 years	Passed
November 2000	Emergency Operating	6.8 mills	Renewal	5 years	Passed
November 2000	Shared Income Tax	30 %	New	1 year	Passed

Source: District records

Table 2-8 indicates that overall, LLSD has been successful in gaining voter approval for general operating and emergency operating levies placed on the ballot during the past ten years. In addition, LLSD was able to obtain voter approval for a shared income tax with the Village of Lordstown for calendar year 2001. However, during the course of this performance audit, LLSD placed a new 10.8 mill emergency levy on the May 2001 ballot, which voters disapproved.

F2.11 School districts typically obtain funding for the on-going systematic upgrading or replacement of basic capital items such as roofs, windows, boiler, electrical components, playgrounds and equipment as well as complying with ever increasing environmental and social mandates, through voter-approved capital or permanent improvement levies. The monies raised through such levies and the associated expenditures are segregated in a separate capital or permanent improvement fund established for that purpose within the accounting system. However, LLSD does not have a capital or permanent improvement levy

The capital needs identified in the ODE study associated with attaining minimum health and safety standards are expected to remain unmet until such time as additional sources of revenue, such as a levy or bond issue, is passed or until sufficient state or other third party assistance can be obtained. The **facilities** section of this report presents a detailed discussion on LLSD’s capital needs and funding sources.

F2.12 **Table 2-9** provides the authorized millage amounts as well as the effective mills for levies LLSD received during FY 1999-00. Authorized millage included the inside mills which are levied without the vote of the people as well as the outside mills are levied which are voted on by the people. **Table 2-9** indicates that LLSD has a total authorized millage of 38.00 mills. However, as a result of H.B. 920, when a reassessment or update of property values takes place and the value of real property increases due to inflation, a tax credit factor is applied to the voted mills. This prevents an increase in the tax bill of the property owner because inflation has increased the value of their property. Therefore, the effective millage is only 27.98 mills (the amount currently being assessed for LLSD). Additionally, the law protects school districts with low millage, prohibiting tax reduction below 20 effective mills as a result of reappraisals and readjustments from triennial updates.

Table 2-9: Tax Millage Currently Being Assessed for General Fund

Year	Type of Levy	Duration	Authorized Millage	Effective Millage
Prior to 1976	Operating	Continuing	14.80 Mills	8.76 Mills
1991	Operating	Continuing	9.50 Mills	5.62 Mills
2000	Emergency	5 years	6.80 Mills	6.70 Mills
Inside Millage			6.90 Mills	6.90 Mills
Totals			38.00 Mills	27.98 Mills

Source: County Auditor

District Expenditures Analysis

F2.13 **Table 2-10** depicts General Fund FY 1999-00 revenues by source and expenditures by object as a percent of total General Fund revenue and expenditures for LLSD and its peer districts.

Table 2-10: Revenue by Source and Expenditure by Object

	Lordstown	McDonald	Minster	Weathersfield	Peer Average
Property and Income Taxes	62.5%	22.1%	67.2%	49.6%	46.3%
Intergovernmental Revenues	30.0%	76.3%	28.6%	45.9%	50.3%
Other Revenues	7.5%	1.6%	4.2%	4.5%	3.4%
TOTAL REVENUES	\$ 5,259,090	\$ 4,133,889	\$ 5,759,832	\$ 6,794,533	\$ 5,562,751
Wages	64.2%	68.8%	65.5%	55.4%	63.2%
Fringe Benefits	24.9%	19.6%	20.2%	17.2%	19.0%
Purchased Services	2.9%	5.3%	7.1%	15.5%	9.3%
Supplies & Textbooks	3.0%	3.8%	2.7%	4.3%	3.6%
Capital Outlays	0.2%	0.1%	1.5%	1.4%	1.0%
Miscellaneous	2.6%	1.2%	3.0%	5.5%	3.2%
Other Financing Uses	2.2%	1.2%	0.0%	0.7%	0.6%
TOTAL EXPENDITURES	\$ 5,047,032	\$ 4,011,574	\$ 5,220,002	\$ 6,152,128	\$ 5,127,901

Source: FY 1999-00 4502 Report, Exhibit 2 and Statement P

¹Peer average does not include Lordstown

Despite the facts depicted in **Table 2-10**, LLSD receives the majority of its revenue from local sources. However, in FY 1999-00 LLSD received approximated \$806,000 more from intergovernmental revenues than it was entitled. This overpayment from ODE is scheduled to be repaid in FY 2000-01. Therefore, LLSD did not receive 30 percent of its total revenues from intergovernmental revenues and if the \$806,000 overpayment had never been made, LLSD would have reported a higher percentage of revenue from property and income taxes.

A factor limiting administrators and staff in effectively controlling LLSD’s allocations is the high percentage of expenditures that are negotiated by employment contracts. As presented in **Table 2-10**, wages and employee benefits account for approximately 89 percent of the total budgeted expenditures for the General Fund. This is well above the peer average of approximately 82 percent. The rate of compensation for most LLSD employees is set by union contracts. See the **human resources** section of this report for an analysis of LLSD’s salaries and benefits.

F2.14 **Table 2-11** and **2-12** show the amount of expenditures posted to the various USAS function codes for LLSD and the peer districts. Function codes are designed to report expenditures by their nature or purpose. **Table 2-11** shows the operational expenditures per pupil and percentage of operational expenditures by function for all funds which are classified as governmental fund types. Governmental funds are used to account for a District’s governmental-type activities.

Table 2-11: Governmental Funds Operational Expenditures by Function

USAS Function Classification	Lordstown		McDonald		Minister		Weathersfield		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instruction Expenditures	\$5,529	55.3%	\$3,778	68.6%	\$3,585	62.1%	\$3,662	57.8%	\$3,804	62.7%
Regular Instruction	\$4,569	45.6%	\$3,041	55.2%	\$2,998	52.0%	\$2,953	46.6%	\$2,997	49.4%
Special Instruction	\$534	5.3%	\$547	9.9%	\$385	6.6%	\$328	5.1%	\$420	6.7%
Vocational Instruction	\$292	2.9%	\$60	1.1%	\$198	3.4%	\$0	0%	\$129	2.1%
Adult/Continuing Inst.	\$0	0%	\$0	0%	\$4	0.1%	<\$1	<0.1%	\$2	<0.1%
Other Instruction	\$135	1.3%	\$130	2.4%	\$0	0%	\$380	6.0%	\$256	4.4%
Support Services Exp.	\$4,171	41.6%	\$1,501	27.2%	\$1,873	32.5%	\$2,460	38.8%	\$2,000	33.0%
Pupil Support	\$443	4.4%	\$133	2.4%	\$191	3.3%	\$179	2.8%	\$170	2.8%
Instructional Support	\$379	3.8%	\$99	1.8%	\$186	3.2%	\$167	2.6%	\$154	2.5%
Board of Education	\$60	0.6%	\$47	0.8%	\$15	0.3%	\$12	0.2%	\$23	0.4%
Administration	\$1,189	11.9%	\$442	8.0%	\$559	9.7%	\$765	12.1%	\$601	9.9%
Fiscal Services	\$346	3.4%	\$180	3.3%	\$164	2.8%	\$197	3.1%	\$181	3.0%
Business Services	\$39	0.4%	\$0	0%	\$0	0%	\$13	0.2%	\$15	0.3%
Plant Operation/Maint.	\$1,246	12.4%	\$532	9.7%	\$523	9.1%	\$788	12.4%	\$624	10.3%
Pupil Transportation	\$462	4.6%	\$68	1.2%	\$190	3.3%	\$335	5.3%	\$208	3.4%
Central Support Services	\$6	0.1%	\$0	0%	\$45	0.8%	\$3	<0.1%	\$24	0.4%
Non-Instructional Services Expenditures	\$7	0.1%	\$7	0.1%	\$0	0%	\$0	0%	\$7	0.1%
Extracurricular Activities Expenditures	\$301	3.0%	\$221	4.0%	\$311	5.4%	\$219	3.4%	\$253	4.2%
Total Governmental Fund Operational Expenditures	\$10,008	100%	\$5,507	100%	\$5,769	100%	\$6,341	100%	\$6,064	100%

Source: FY 1999-00 4502 Reports, Exhibit 2

F2.15 The allocation of resources between the various functions of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing the spending patterns between the various functions should indicate where the priorities of the board and management are placed. **Table 2-11** details LLSD governmental funds’ operational expenditures for FY 1999-00 by function as captured and reported by the accounting system.

As **Table 2-11** indicates, LLSD per pupil expenditures were the highest among the peer districts and approximately \$3,944 higher than the peer average of \$6,064. However, most of these expenditures are not attributed to instructional costs, rather they are linked to LLSD’s support services expenditures (41.6 percent), which were the highest among the peer districts and significantly above the peer average of 33.0 percent. More specifically, it appears that the high support services expenditures can be attributed to excessive costs in the areas of pupil support which accounted for 4.4 percent of the expenditures whereas the peer

average was only 2.8 percent, administration which accounted for 11.9 percent of the expenditures whereas the peer average was only 9.9, and in plant operation/maintenance which accounted for 12.4 percent whereas the peer average was 10.3 percent. LLS D’s percentage of governmental fund operational expenditures (55.3 percent) related to pupil instructional expenses was the lowest among the individual peers and approximately seven percent below the peer average of 62.7 percent.

As stated in the **human resources** section of this report, recommendations were made to reduce staffing in the areas of food service (0.8 FTE), professional education (5.0 FTEs), educational service staffing (2.85 FTEs), custodial staff (1.0 FTE) and transportation (1.0 FTE). These reductions are further supported by an analysis of **Table 2-11** which shows the following:

- LLS D spent \$379 per student on instructional support in FY 1999-00, which was 146 percent higher than the peer average.
- LLS D spent \$1,246 per student on plant, operation and maintenance expenditures in FY 1999-00, which was approximately 100 percent more than the peer average.
- LLS D spent \$462 more per student on transportation than the peer average. This was approximately 122 percent more than the peer average.

F2.16 **Table 2-12** shows the total expenditures of the governmental funds, including facilities acquisition and construction, and debt services

Table 2-12: Total Governmental Fund Expenditures by Function

USAS Function Classification	Lordstown		McDonald		Minister		Weathersfield		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	\$10,008	77.3%	\$5,506	99.0%	\$5,770	93.5%	\$6,341	98.9%	\$6,061	96.8%
Facilities Acquisition & Construction Expenditures	\$2,939	22.7%	\$0	0%	\$404	6.5%	\$16	0.2%	\$142	2.3%
Debt Service Expenditures	\$0	0%	\$53	1.0%	\$0	0%	\$57	0.9%	\$55	0.9%
Total Governmental Funds Operational Expenditures	\$12,947	100%	\$5,559	100%	\$6,174	100%	\$6,414	100%	\$6,258	100%

Table 2-12 shows the peer pupil operational expenditures, facilities acquisition and construction, and debt service for all governmental funds, as well as the percentage of these categories to total governmental fund expenditures. LLS D’s operational expenditures percentage of 77.3 percent is considerably lower than the peer average of 96.8 percent. Capital outlays represent 22.7 percent which is significantly higher than the peer average of 2.3 percent. LLS D did not have any debt service obligations for FY 1999-00.

R2.4 LLSD should closely examine the spending patterns indicated in **Table 2-11** and **Table 2-12**, and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the student’s education and proficiency test results. Furthermore, LLSD should analyze and prioritize the staffing reductions proposed in the **human resource section** of this report to aide in LLSD’s efforts to regain financial solvency. On the State of Ohio 2001 school report card, LLSD met 19 of 27 standards, earning a rating of “Continuous Improvement.” Therefore, LLSD should use the recommendations contained in this performance audit to assist in identifying revenues currently being spent on support services which could potentially be shifted to further pupil instructional activities.

F2.17 **Table 2-13** shows selected discretionary expenditures by account from LLSD’s FY 1999-00 General Fund. The expenditures are then calculated as a percentage of total General Fund expenditures, and compared with similar spending by the peer districts.

Table 2-13: Discretionary Expenditures

	Lordstown	Lordstown	McDonald	Minister	Weathersfield	Peer Avg. ¹
Prof. and Technical Services	\$ 56,568	1.1%	0.4%	0.7%	0.6%	0.6%
Property Services	\$ 28,998	0.6%	0.8%	2.2%	2.9%	2.0%
Mileage/Meeting Expense	\$ 16,132	0.3%	0.2%	0.5%	0.3%	0.3%
Communications	\$ 17,479	0.3%	0.7%	0.2%	0.5%	0.5%
Contract. Craft or Trade Service	\$ 7,148	0.1%	2.4%	0.0%	<0.1%	1.2%
Pupil Transportation Services	\$ 1,032	<0.1%	0.9%	0.1%	1.5%	0.8%
%Other Purchased Services	\$ 0	0.0%	<0.1%	<1.0%	0.0%	<1.0%
General Supplies	\$ 98,547	2.0%	1.9%	1.4%	1.2%	1.5%
Textbooks/Reference Materials	\$ 18,503	0.4%	1.1%	0.3%	0.6%	0.7%
Plant Maintenance and Repair	\$ 16,174	0.3%	0.5%	0.7%	1.1%	0.8%
Fleet Maintenance and Repair	\$ 17,140	0.3%	0.2%	0.3%	0.5%	0.3%
Equipment	\$ 11,247	0.2%	0.1%	0.4%	1.2%	0.6%
Buses/Vehicles	\$ 0	0.0%	0.0%	1.1%	0.3%	0.7%
Dues and Fees	\$ 52,170	1.0%	1.1%	2.9%	5.4%	3.1%
Insurance	\$ 1,606	<0.1%	<0.1%	0.1%	0.1%	<0.1%
Awards and Prizes	\$ 0	0.0%	<0.1%	0.0%	<0.1%	<0.1%
TOTALS	\$ 342,744	6.8%	10.4%	10.9%	16.2%	12.5%

Source: FY 1999-00 4502 Report

¹ The peer average does not include Lordstown

Table 2-13 shows LLSD’s percentage of discretionary spending met or was below its peer districts in fourteen of the sixteen expenditure categories. LLSD only exceeded the peer average for professional and technical services and general supplies. Total discretionary spending as a percentage of total General Fund expenditures was below the peer average by 5.7 percent.

F2.18 **Table 2-14** shows FY 1999-00 purchases, excluding utilities and insurance, by category within all funds as compared to FY 1998-99.

Table 2-14: District Purchases

	FY 1998-99	FY 1999-00	Increase (Decrease)
PURCHASED SERVICES:			
Professional and Technical Services	\$ 302,163	\$ 84,594	(72.0)%
Property Services	95,136	147,141	54.7%
Mileage/Meeting Expense	25,358	29,291	15.5%
Communications	46,157	39,737	(13.9)%
Contract Craft or Trade Services	6,396	7,148	11.8%
Tuition	88,832	81,661	(8.1)%
Pupil Transportation Services	63,739	49,234	(22.8)%
Other Purchased Services	15,121	15,806	4.5%
Total Purchased Services	\$ 642,902	\$ 454,612	(29.3)%
MATERIALS AND SUPPLIES:			
General Supplies	\$ 173,127	\$ 205,157	18.5%
Textbooks	27,743	12,688	(54.3)%
Library Books	7,715	3,117	(59.6)%
Periodicals and Films	4,718	5,537	17.4%
Supplies and Materials for Resale	64,812	20,163	(68.9)%
Food and Related Supplies and Material	99,597	95,418	(4.2)%
Maintenance and Repairs to Plant	70,700	44,950	(36.4)%
Maintenance and Repair to Motor	29,082	31,566	8.5%
Total Materials and Supplies	\$ 477,494	\$ 418,596	(12.3)%

Source: FY 1998-99 and FY 1999-00 4502 reports, Statement P

The following are highlights of the significant changes in expenditures for **Table 2-14**:

- Professional and technical services decreased approximately 72 percent. According to LLSD’s treasurer, the decrease can be attributed to significant building improvements and resurfacing parking lot expenditures that occurred in FY 1998-99.

- Tuition and pupil transportation services decreased approximately 8 percent and 23 percent respectively. The treasurer attributed these decreases to LLSD

C2.1 In an effort to alleviate the financial difficulties, LLSD was able to reduce its expenditures for purchased services by approximately \$59,000 from FY 1998-99 to FY 1999-00.

Financial Implications Summary

The following table represents a summary of the annual cost savings and implementation costs for the recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications

Recommendation	Cost Saving Annual
R2.4 Reduce food service staff by 0.8 FTE	\$18,000
Total	\$18,000

Conclusion Statement

In general, LLSD's current financial difficulties appear to be linked to a historical pattern of expenditures exceeding revenues which has led LLSD to incur significant operating deficits. In comparison to the peer school districts, LLSD has the highest instruction expenditures. In addition to high costs for instruction expenditures, LLSD's support service expenditures are the highest among the peer school districts and are the result of the high costs of administration, plant operation and maintenance as well as transportation. Therefore, LLSD should analyze the proposed staffing reductions recommended in this performance audit to aide in reducing these expenditures. LLSD also erroneously received \$806,000 in state revenues from the Ohio Department of Education in FY 1999-00 which it was required to pay back in full in FY 2000-01. As a result, the repayment contributed to LLSD's increasing financial difficulties.

While LLSD has implemented some cost reductions, the Auditor of State's financial projection indicates that these reductions by themselves will not be sufficient to allow for a balanced budget. Therefore, in order for LLSD to regain financial solvency, additional reductions need to take place and significant changes must be made in the way LLSD is fiscally managed. This performance audit provides a series of ideas and recommendations which LLSD and the Commission should consider.

In dealing with its fiscal emergency status, LLSD placed a new 10.8 mill emergency levy on the May 2001 ballot. However, the levy was defeated by voters. According to LLSD's FY 1999-00 ODE report card, LLSD received revenues of approximately \$7,236 per pupil while incurring expenditures of \$9,753 per pupil. The ODE report card also showed the average school district in the state received revenue of approximately \$6,681 per pupil, while incurring expenditures of \$6,642 per pupil. LLSD expenditures exceeded the state average in all expenditure categories except one. In addition, when compared to the peers, LLSD receives more revenues and incurs more expenditures. Finally, in FY 2000-01 and FY 2001-02, LLSD will receive additional revenue from a shared income tax with the Village. These data clearly show that LLSD's financial situation is not due to a lack of revenue, but rather, is due to the manner in which revenues are managed. Before asking the community for additional tax dollars, LLSD must become more fiscally responsible for the dollars currently being received.

In an attempt to regain financial stability, LLSD must improve the financial planning and budgeting process. The current level of financial planning has not allowed the Board or management to adequately assess the current financial condition of LLSD. Planned increases in expenditures need to be evaluated against LLSD's financial condition. The current budgeting process does not ensure LLSD's goals and objectives are met while maintaining a level of financial responsibility. LLSD must develop budgets within its available resources in the future. The budget should be used as LLSD's spending plan to control expenditures and help ensure goals and objectives are met. No deviations should occur from the adopted budget without prior approval of the Board and Commission.

LLSD needs to take immediate action to control and where possible, reduce operating expenditures.

Developing and maintaining a balanced budget will require important management decisions be made to ensure available resources are allocated and accounted for in a manner which supports educational goals and established objectives. LLSD and the Commission are encouraged to evaluate recommendations contained within this performance audit, as well as other cost saving possibilities, as they formulate a financial recovery plan for LLSD.

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Human Resources

Background

Organizational Function

The Lordstown Local School District (LLSD) does not have a separate department dedicated to performing human resources functions. The individuals performing human resources functions are the superintendent, the superintendent's secretary, treasurer, two clerks within the treasurer's office, three principals, a secretary in the high school central office and the Trumbull County Educational Service Center (TCESC). These individuals are responsible for coordinating the activities and programs for the recruitment and selection of employees, monitoring compliance with employment standards including criminal record background checks and teacher certifications, facilitating employee performance evaluations, administering and monitoring grievance policies and procedures, negotiating and administering union contracts, conducting disciplinary hearings, placing selected substitutes and participating in new employee orientation.

Summary of Operations

All LLSD employees are categorized either as certificated or classified staff. Certificated staff includes principals, teachers, counselors, nurses and librarians. Classified staff includes, custodians, maintenance personnel, food service workers, secretaries, account clerks and classified administrators, such as the treasurer and the support services manager.

In general, the primary human resource functions for certificated personnel are carried out by the superintendent, three principals, superintendent's secretary and a secretary in the high school central office, who assists with the responsibility of phoning the substitutes. The principals are responsible for reviewing, interviewing and recommending potential candidates to the superintendent for certificated positions. Upon reviewing and interviewing the recommended individuals, the superintendent is responsible for recommending the most qualified candidates to the LLSD Board of Education (Board) for final approval. In addition, the three building principals, support services manager and the superintendent are responsible for the interviewing and hiring of secretaries needed within LLSD. The superintendent, the superintendent's secretary, treasurer and the two clerk's within the treasurer's office are responsible for fostering district-wide communications, securing background checks, developing phone directories, monitoring open enrollment and maintaining staff files.

For classified staff, the primary human resources functions are carried out by the support services manager. The support services manager is responsible for recruiting, interviewing and recommending potential candidates for most classified positions to the superintendent. The

superintendent then reviews the selections and submits them to the Board for final approval. The support services manager is also responsible for locating substitutes for classified employees.

Currently, benefits administration for all employees is handled by the treasurer and two clerks within the treasurer's office. In addition, the clerks are responsible for administering the workers' compensation program, as well as various other benefits administration duties.

Performance Measures

The following is a list of performance measures that were used to review LLSD's human resources operations coupled with the functionality typically performed by a human resources department (HRD):

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

Findings/Commendations/Recommendations

Staffing/Compensation Analysis

F3.1 **Table 3-1** presents the staffing levels of full-time equivalents (FTEs) per 100 students enrolled as reported in the Educational Management Information System (EMIS) in FY 1999-00 for LLSD and the peer districts. While LLSD's total staffing levels are significantly higher than the peer districts, LLSD is only high in four of the broader categories which include the following: professional education, office/clerical, crafts and trades and custodial.

Table 3-1: Peer District Staffing Patterns (FTE Staff per 100 Students Enrolled)

Category	Lordstown	McDonald	Minster	Weathersfield	Peer District Average ¹
ADM	730 ²	800	909	1,009	906
Administrators: Sub-total	1.0	1.1	0.6	0.7	0.8
Central	0.4	0.3	0.2	0.2	0.2
Site Based	0.6	0.3	0.4	0.4	0.3
Supervisor/Manager/Director	0.0	0.5	0.0	0.1	0.3
Other	0.0	0.0	0.0	0.0	0.0
Professional Education: Sub-total	10.7	6.2	7.0	6.8	6.7
Counselors	0.3	0.2	0.2	0.3	0.2
Librarian - Media	0.3	0.2	0.2	0.2	0.2
Remedial Specialists	0.1	0.1	0.1	0.0	0.1
Teachers - Elementary and Secondary	5.8	4.9	5.1	5.1	5.0
Teachers - Special Education	0.8	0.4	0.4	0.5	0.4
Teachers - Vocational Education	2.5	0.1	0.3	0.0	0.2
Teachers - Education Service Personnel	0.9	0.3	0.6	0.6	0.5
Tutor/Small Group	0.0	0.0	0.1	0.1	0.1
Professional - Other	0.1	0.1	0.0	0.1	0.1
Technical: Sub-total	0.0	0.0	0.0	0.1	0.1
Computer Operator	0.0	0.0	0.0	0.0	0.0
Computer Programmer/Analyst	0.0	0.0	0.0	0.0	0.0
Library/Media Aides	0.0	0.0	0.0	0.1	0.1
Others	0.0	0.0	0.0	0.0	0.0
Office/Clerical: Sub-total	1.1	0.5	0.7	0.5	0.8
Clerical	0.8	0.5	0.3	0.5	0.4
Teaching Aides	0.0	0.0	0.3	0.0	0.3
Library/Media Aides	0.0	0.0	0.0	0.0	0.0
Bookkeeping	0.3	0.0	0.0	0.0	0.0
Records Managing	0.0	0.0	0.1	0.0	0.1
Others	0.0	0.0	0.0	0.0	0.0
Crafts/Trades	0.9	0.1	0.1	0.1	0.1
Transportation	1.0	0.5	0.9	0.8	0.7
Laborer - Groundskeeping	0.1	0.0	0.0	0.0	0.0
Custodial	1.1	0.4	0.4	0.8	0.5
Food Service	0.6	0.3	0.7	0.6	0.5
Monitoring	0.0	0.3	0.0	0.0	0.3
Service Work - Other	0.0	0.5	0.0	0.0	0.5
Total	16.6	10.0	10.4	10.5	11.1

Source: ODE School Enrollment report, FY 1999-00 EMIS Staff Summary report

¹ The peer average does not include LLSD and only includes the district's which had a number greater than 0.0.

² The average daily membership (ADM) includes the corrected FTE for elementary, high school and career center.

During the calculation of staffing levels to be reported in EMIS for FY 1999-00, LLSD incorrectly included some employees in the wrong classification and incorrectly calculated FTEs in the following classification areas: administration assistant, regular teaching, education service personnel, clerical, general maintenance, foreman, vehicle operator and food service. This resulted in incorrect information being reported to EMIS which caused the staffing levels to be improperly recorded.

The State Board of Education developed and implemented EMIS to assist school districts in effectively and efficiently managing student and personnel demographics. All schools are required to provide specific student, staff and financial data to the Ohio Department of Education for processing. During our analysis of the LLSD's staffing levels, numerous errors were identified in the staffing data entered into EMIS. LLSD does not verify staff demographic information entered into EMIS on a regular basis which results in inaccurate data.

R3.1 LLSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to the Ohio Department of Education (ODE) and EMIS. In addition, there should be a review process by a person that is independent of the data gathering process to ensure the policies and procedures are followed and accurate numbers are reported to ODE and EMIS. If necessary, LLSD should seek the necessary training and assistance to meet these objectives.

F3.2 As indicated in **Table 3-1**, LLSD has approximately 10.6 FTEs per 100 students enrolled in the professional education classification, which is 61 percent higher than the peer districts. LLSD remains higher than the peer districts in the following sub-categories within the professional education classification:

- 16 percent higher in the category of elementary and secondary teachers;
- 100 percent higher in the category of special education teachers;
- 1,150 percent higher in the category of vocational educational teachers; and
- 80 percent higher in the category of education service personnel.

LLSD has approximately 0.8 FTEs of special education teachers per 100 students, which is 100 percent higher than the peer average. See the *Special Education* section of this report for further staffing analysis on special education teachers.

All vocational teachers are employed by LLSD and serve all students from the five compact schools that attend the Gordon D. James Career Center (GDJCC). This causes LLSD to be ranked the highest in comparison to the peers for vocational education teachers. See the *Vocational Education* section of this report for further staffing analysis of the career center.

F3.3 **Table 3-2** illustrates the staffing levels at the high school for FY 1999-00 in comparison to its peers. The student-to-teacher ratios represent the number of traditional students excluding special education, talented, gifted and vocational education students compared to the number of traditional teachers, excluding special education, and vocational education teachers. Based upon the LLSD negotiated agreements, LLSD is permitted to maintain student to teacher ratios of 25 to 1. While not recommended, this staffing level would place LLSD at the state minimum standard requirement set in the Ohio Administrative Code (OAC) §3301.35.03.

Table 3-2: Comparison of High School Staffing Level FY 1999-00

High School	Number of Students	Non-Special Education Students	Regular Teachers	Student/Teacher Ratios
Lordstown	278	244	24	10.2 to 1
McDonald	387	375	23	16.3 to 1
Minster	274	273	13.5	20.2 to 1
Weathersfield	329	315	17	18.5 to 1
Peer Average¹	330	321	17.8	18.3 to 1

Source: ODE EMIS report, LLSD disability summary report, Teachers W-2 report, Treasurer’s office

¹ Peer average does not include LLSD.

Table 3-2 indicates that LLSD’s student-to-teacher ratio is 44.3 percent lower than its peers. According to ODE, the 1998 state average student-to-teacher ratio for regular education classes was 17.5 to 1.

F3.4 **Table 3-3** illustrates potential reductions in the professional education classification in order for LLSLD staffing levels to be equal either to the 1998 state average (17.5 to 1), the peer average (18.3 to 1) or the state minimum standards (25.0 to 1).

Table 3-3: Potential Regular Secondary School Teaching Staff Student-to-Teacher Ratio's

Current Number of Teachers	Potential Number of Teacher Reductions	Number of Teachers after Potential Reductions	Student/Teacher Ratio ¹	Estimated Annual Cost Savings ²
24	8.0	16.0	15.3 to 1	\$418,700
24	10.0	14.0	17.4 to 1	\$523,400
24	10.7	13.3	18.3 to 1	\$560,000
24	14.0	10.0	24.4 to 1	\$732,800

¹ Based on 244 middle/high school students as stated in **Table 3-2**.

² Estimated annual cost savings is based upon the average teacher's salary of \$40,264 as reported by EMIS and assuming benefits equal to 30 percent.

As shown in **Table 3-3**, it appears that LLSLD has the capacity to reduce up to 10.7 FTEs of regular secondary teacher positions and still maintain a student-to-teacher ratio comparable to the peer district average as shown in **Table 3-2**. A reduction of 10.7 FTEs would create an estimated annual cost savings of approximately \$560,000.

R3.2 LLSLD should reduce its high school teaching staff by 10 FTEs of regular secondary teacher positions. The high percentage of employees in the teachers classification illustrated in **Table 3-1** supports a reduction in professional education employees. This is also supported by **Table 3-2** and **F3.13** and the requirements set forth in the OAC (§3301.35.03). **Table 3-2** also indicates that LLSLD's student-to-teacher ratios for the high school are lower than the peers, peer average and the 1998 state average. In addition, the reduction of staff is also supported in **R3.5** by consolidating classes or offering higher level classes every other year. By eliminating administrative periods and consolidating classes with low enrollment figures, LLSLD is able to reduce high school teaching staff. For example, based on the high school master teaching schedule, classes such as labs which meet two to three times a week may be combined so that the classes are taught on the same day or classes with multiple sections, such as language arts, may be combined to reduce the number of classes taught. It should be noted however, that this recommendation does not take into consideration issues concerning areas of teacher certifications. In addition, during the course of this audit, the Financial Planning and Supervision Commission recommended staff reductions of 11.84 FTEs.

Financial Implication: As indicated in **Table 3-3**, assuming an average teacher's salary of approximately \$40,300 (**Table 3-14**) and benefits equivalent to 30 percent of salaries, reducing 10.0 FTEs in the professional education classification would create an annual savings of approximately \$523,400.

R3.3 LLSD should negotiate to remove the minimum pupil-to-teacher ratio requirement from its contract. This will allow LLSD flexibility when exceptions may apply where classroom size is above the state minimum standard.

F3.5 LLSD is 80 percent higher than the peer districts in the education service personnel (ESP) classification as indicated in **Table 3-1**. Education service personnel consists of art, music and physical education personnel. According to OAC (§3301.35.03) districts should maintain a minimum of 5 FTEs education service personnel per the average daily membership of 1000 students. In order for LLSD to meet the minimum requirement it should employ 3.65 FTEs education service personnel based on its projected average daily membership of 730 students. Currently, LLSD has 6.5 FTEs in education service personnel which includes 2.5 FTEs in physical education teachers; 2.0 FTEs in art and 2.0 FTEs in music teachers.

R3.4 LLSD should consider reducing its education service personnel by 2.85 FTEs. This would allow LLSD to maintain the minimum requirement as required by OAC (§3301.35.03). During the course of this audit, the Financial Planning and Supervision Commission passed a resolution recommending LLSD reduce two education service personnel positions: 1.0 FTE physical education and 1.0 FTE art teacher. Furthermore, the Commission recommended reducing a 1.0 FTE librarian position that is not classified in EMIS as an education service personnel position.

Financial Implication: Assuming the average ESP teacher's salary of \$40,300 according to EMIS data, and benefits equivalent to 30 percent of salaries, reducing education service personnel by 2.85 FTEs, would save LLSD approximately \$149,000.

C3.1 As of the beginning of FY 2000-01, LLSD made changes in the following areas to help improve its efficiency while reducing costs. These changes and the results are as follows:

- A restructuring of the food services area resulted in cafeterias existing at the elementary and high school when ODE approved the Gordon D. James Career Center (GDJCC) as a satellite cafeteria of the high school. Due to this change, the food service staff was restructured and a reduction of 0.5 FTE resulted from this change.
- Due to retirement, one regular teaching position was eliminated when the individual who taught the multi-media and desktop publishing classes and who also acted as the district's technology coordinator retired in December 2000. These positions were

split responsibilities of one individual whom the LLSD utilized as a resource throughout all three buildings. These duties are currently being assumed by other staff members. Not replacing the technology coordinator position, results in a reduction of 1.0 FTE.

- One custodial position was eliminated when the custodian from the night shift at the career center retired. A custodian from the elementary staff was moved to the career center, in effect eliminating the one elementary night custodian position. See the **Facilities Section** of this report for further analysis of custodial staffing. This change resulted in a reduction of 1.0 FTE custodial position.

F3.6 As indicated in **Table 3-1**, LLSD has approximately 1.0 FTE per 100 students in the transportation classification, ranking LLSD highest when compared to the peer districts. Although LLSD is the highest among the peers, LLSD's staffing level for bus drivers appears reasonable in relation to the number of students, the geographic layout of LLSD and the overall transportation operation. However, it appears that the position of transportation coordinator may be reduced. See the **Transportation Section** of this report for further analysis.

F3.7 **Table 3-4** presents a three-year summary of enrollment and staffing levels for LLSD based upon **Table 3-1**. To explain the fluctuation of fall enrollment from FY 1997-98 to FY 1998-99, the superintendent indicated that enrollment most likely decreased because of the uncertainty over long-term operation of the Gordon D. James Career Center. Fiscal Year 1997-98 was the first year of the five year agreement with the five compact schools involved in the career center agreement; however, the agreement was not signed by the five schools until the spring of 1998.

Table 3-4: FTE Staffing Summary - Last Three Years

	Fall Enrollment ¹	Percentage Change in Enrollment	Administration Staff	Certificated Staff	Classified Staff	Total Staff	Percentage Change in Staffing
FY 1997-98	781	N/A	6.0 ²	73.8	34.0 ⁴	113.8	N/A
FY 1998-99	735	(5.8)%	4.0 ³	75.0 ⁴	33.0	112.0	(1.6)%
FY 1999-00	730	(0.7)%	6.0	75.0 ⁴	33.0 ⁴	114.0	1.8%

Source: Ohio Department of Education School Enrollment reported November 1999

¹ Represents ADM for elementary, high school and career center as reported to EMIS, November 1999.

² EMIS reports 7.0 FTE, however, the superintendent retired in the middle of the year and the replacement superintendent was also counted for an inaccurate total of 7.0.

³ The figure represents 3.0 principals and 1.0 support services manager. The superintendent and the treasurer were not reported as they were interim positions filled by TCESC.

⁴ Based on LLSLD records, EMIS data has been corrected.

As illustrated in **Table 3-4** and as indicated in **F3.8**, LLSLD’s change in staffing level for FY 1999-00 was due to the reporting of the superintendent and treasurer which were not previously reported in FY 1998-99; therefore, staffing levels remained the same. Also shown in **Table 3-4**, student enrollment is decreasing. When enrollment decreases in a district, the amount of state funding per capita received also decreases. Consequently, if staffing levels remain the same or increase when enrollment declines, the district is forced to fund the increase costs of salaries with declining revenues.

F3.8 LLSLD offered an Early Retirement Incentive (ERI) starting in FY 1997-98, however all staff who took advantage of the ERI were replaced. LLSLD also implemented all-day kindergarten in FY 1999-00, which added one additional FTE teacher to the staff. See **F3.15** for further discussion on all-day kindergarten requirements. The change in administrative staff is due to the fact that in FY 1998-99, the positions of superintendent and the treasurer were not reported because these positions were interim positions that were being filled by staff from the TCESC. The current superintendent and treasurer were hired at the end of FY 1998-99 and the beginning of FY 1999-00 respectively; therefore, the total FTEs for administrative staff in FY 1999-00 accurately reflects the staffing levels reported of 6.0 FTEs.

F3.9 LLSLD’s total FTEs were divided into six classifications of personnel as defined in **Table 3-5**. These classifications are used for further assessments in **F3.10** and **F3.18**.

Table 3-5: Personnel Classifications and Position Descriptions

Classification	Position Descriptions
Administrative Employees	Superintendent, Principals, Treasurer, Support Services Manager
Teachers	Regular Teachers, Special Education Teachers, Vocational Teachers, Educational Service Personnel (ESP) Teachers, Remedial Specialists
Pupil Services Employees	Counselors, Librarian/Media, Registered Nurse
Support Services	Custodians, Food Services, General Maintenance, Transportation, Mechanics, Transportation Coordinator, Vocational Aides
Other Classified Employees	Clerical, Educational Aides, Bookkeepers, Payroll Clerk
Technical	position eliminated 12/2000

F3.10 **Table 3-6** illustrates the ratio of personnel classifications to LLSD’s total number of FTEs and the percentage of total employees in each classification for LLSD and each of the peer districts.

Table 3-6: Breakdown of Total FTE Employees and Percentage of Total Employees Classification

Classification	Lordstown		McDonald		Minister		Weathersfield		Peer Average
	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	% of Total Employees
Administrative	7.0	5.8%	8.0	10.1%	5.0	5.3%	7.0	6.7%	7.4%
Teachers	73.9	61.0%	46.9	59.4%	59.5	63.4%	63.0	60.0%	60.9%
Pupil Services	5.0	4.1%	3.8	4.8%	4.0	4.3%	6.0	5.7%	5.0%
Support Services¹	27.2	22.5%	14.3	18.1%	18.6	19.8%	23.0	21.9%	19.9%
Other Classified	8.0	6.6%	6.0	7.6%	6.8	7.2%	6.0	5.7%	6.8%
Technical	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Total	121.1	100.0%	79.0	100.0%	93.9	100.0%	105.0	100.0%	100.0%

Source: FY 1999-00 EMIS 2000 Total Staff Summary Report

As shown in **Table 3-6**, in comparison to the peer districts, LLSD has the highest percentage of FTEs categorized as teachers and support services personnel. The high percentage of support services personnel can, in part, be attributed to the 4.0 FTEs utilized as aides in the crafts and trades classification to assist the teachers in the industrial arts program at the vocational center (**Table 3-1**).

F3.11 **Table 3-7** presents employees categorized as either instructional personnel or educational support personnel. Included in the instructional personnel classification are teachers and pupil services employees. Educational support personnel consist of administrative, support services and other classified positions.

Table 3-7: Ratio of Direct Instructional Personnel to LLSD Educational Support Personnel

Classification	Lordstown		McDonald		Minster		Weathersfield		Peer Average
	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	% of Total Employees
Direct Instructional Personnel	78.9	65.2%	50.7	64.2%	63.5	67.6%	69.0	65.7%	65.8%
Educational Support Personnel ¹	42.2	34.8%	28.3	35.8%	30.4	32.4%	36.0	34.3%	34.2%
Total	121.1	100.0%	79.0	100.0%	93.9	100.0%	105.0	100.0%	100.0%

As shown in **Table 3-7**, 78.9 FTEs or 65.2 percent of LLSD’s total FTEs make up the direct instructional personnel. When compared to the peer districts, LLSD has the second lowest percentage of direct instructional personnel. Additionally, **Table 3-7** illustrates that 34.8 percent of the LLSD’s total employees are categorized as educational support personnel, which is the second highest among the peer districts.

F3.12 LLSD’s high school consists of grades 7-12, with the majority of the staff teaching both middle and high school students. **Table 3-8** illustrates a traditional secondary teacher’s actual work day as defined by the average minutes being taught and other variables as defined within the table. The contract with the Lordstown Teachers Association (LTA) stipulates the length of the teacher workday and provides all teachers with one planning period per day and a 30 minute duty-free lunch.

Table 3-8: Analysis of Secondary Teachers’ Work Day FY 1999-00

Description of Activity	Average Middle/High School
Length of Teachers’ Day From Contract Defined Reporting and Ending Times	450 minutes or 7 hours/30 minutes
Breakdown by Minutes:	
Time prior to start of classes	15 minutes
Planning/preparation (44 minutes) Duty-free lunch (30 minutes)	74 minutes
Activity period (study hall, administrative assignment, lunch duty)	44 minutes
Instructional Minutes	260 minutes ¹
Time after school	30 minutes
Hall passing	27 minutes
Total Actual Average Minutes	450 minutes
Balance of minutes or Periods not Accounted for	0 minutes
Average Length of Student Day	403 minutes or 6 hours/43 minutes

Source: LLSLD contract, bell schedule and interview with building principal

¹ Instructional minutes were calculated by taking the average number of minutes (44) per period by the number of full periods (6) plus 40 minutes (5th period) minus one planning period (44 minutes).

Table 3-8 indicates that secondary school teachers are fulfilling their contractual obligations in terms of the teacher workday. **Table 3-8** also indicates that during an eight period day, secondary teachers are teaching six periods per day, have one duty period, receive one planning period and have a 30 minute duty free lunch period. **Table 3-9** shows the number of minutes that secondary school teachers provide direct instructional services each day.

Table 3-9: Instructional Minute Analysis FY 1999-00

Secondary School Teachers ¹			
Teaching Minutes Per Day	Number of Periods per Day	Number of Teachers	Total Minutes Taught
44	1	0	0
88	2	1	88
132	3	2	264
176	4	0	0
220	5	3	660
264	6	11	2,904
308	7	7	2,156
352	8	0	0
Totals	N/A	24	6,072

Source: LLSD master teaching schedule

¹ Only regular teachers included in analysis.

F3.13 During FY 1999-00, approximately 75 percent of the LLSD secondary school teaching staff educated students at least six periods per day. Of the three teachers who taught only two to three periods a day, one handled the computer networking for LLSD; the other two teachers worked part-time or taught additional classes at another building. Furthermore, 70 percent of the staff also assist with a duty or activity period throughout the day. The duty/activity period is defined as covering study hall, lunch duty or being assigned to administrative assignment by the high school principal. Administrative assignment consists of various duties such as writing articles for the local newspaper promoting the school efforts or upcoming events, to updating the school website with weekly homework assignments.

F3.14 **Table 3-10** presents a review of the FY 1999-00 secondary school master teaching schedule, excluding special education and vocational education classes. Analysis of the data revealed 101 periods of a total 138 periods (73.2 percent) with 14 or fewer pupils. Examples of classes with fewer than 14 pupils include various classes from science, math, English, health and industrial arts. Additionally, **Table 3-2** indicates that LLSD has an exceptionally low student-to-teacher ratio of 10.2 to 1.

Table 3-10: Secondary School Teaching Periods with 15 or less Pupils

Number of Students	5 or less	6	7	8	9	10	11	12	13	14	15 or more
Number of Periods	10	3	10	9	17	8	4	17	15	8	37
Percentages	7.2%	2.3%	7.2%	6.5%	12.3%	5.8%	2.9%	12.3%	10.9%	5.8%	26.8%

Source: Master teaching schedules

R3.5 LLSD should consider consolidating several of the more commonly offered classes which would enable it to potentially reduce 8 to 12 secondary teaching positions. **(R3.2)** In addition, LLSD should examine its class enrollment and the structure of its master teaching schedule to ensure that teaching staff utilization is being maximized. Because of the low student to teacher ratio **(Table 3-2)** and the high percentage of classes with 14 or fewer pupils **(Table 3-10)** staff reductions are needed in order to help reduce operating costs. The elimination of some elective courses with low student enrollment and the consolidation of core class sections could enable the district to reduce additional staff in an effort to reduce its operating costs. Implementing this recommendation would increase the student to teacher ratios in effected classes **(Table 3-3)**. However some other options LLSD may want to consider in the future are:

- Offering high level courses every other year.
- Offering an integrated curriculum. For example an integrated math course would incorporate several topics traditionally associated with individual courses.
- Developing the use of Distance Learning opportunities available through School Net, including working with colleges and universities as well as the Board of Regents to identify and/or negotiate programs that are not cost prohibitive.
- Hiring teaching aides to assist with the support of activity periods such as study hall, lunch duty and administrative assignment once all class consolidation, scheduling and multiple certification options have been implemented.

Because these options may have minimal costs associated with them, LLSD should determine the cost-benefit of each option prior to implementation.

LLSD might also consider hiring teaching aides to assist with the support of activity periods such as study hall, lunch duty and administrative assignment. Currently 70 percent of the high school teaching staff assist with these duties **(F3.13)** therefore, hiring two teaching aides to assist with the 17 activity periods currently being covered by teachers would increase total instruction time with students and maximize LLSD’s utilization of teaching staff.

F3.15 ODE minimum standards for elementary and secondary education provide for a ratio of teachers to pupils, on a district-wide basis, of at least one full-time equivalent classroom teacher per 25 pupils in average daily membership. A student-to-teacher ratio less than 25 to 1 could potentially increase the number of teaching positions. **Table 3-11** shows the student-to-teacher ratio at the elementary level. Only regular education students and regular education teachers were used in this ratio analysis.

Table 3-11: Elementary Staffing Levels

Building	Average Daily Membership (ADM)	Non-Special Education Students	Non-Special Education Teachers	Student/Teacher Ratio
Elementary Totals	299	262	15	17.5 to 1

Source: ODE EMIS Report, W-2 report, Lordstown disability summary report

As **Table 3-11** illustrates, the student-to-teacher ratio of traditional students to traditional teachers in the elementary schools for FY 1999-00 was 17.5 to 1. Am. Sub. H.B. 650, which went into effect during FY 1998-99, requires each district with a Disadvantaged Pupil Impact Aid (DPIA) index of greater than 1.00 to use a portion of its DPIA money to implement all-day kindergarten. A portion of the remaining DPIA money must be used to implement the “third grade guarantee.” The third grade guarantee consists of increasing the instructional attention given to each pupil in kindergarten through third grade by reducing the ratio of students to instructional personnel, extending the length of the school day, or extending the length of the school year. H.B. 650 also specifies that districts must first ensure a ratio of instructional personnel to students of no more than 15 to one (in kindergarten and first grade) in all buildings. In FY 1999-00, the district had a DPIA index of 0.39. Although LLSDs’ DPIA index is less than 1.00, it has implemented all-day kindergarten due to the educational decision that all day kindergarten reduces the amount of needs exhibited by children as they enter the school environment. LLSD’s kindergarten follows the elementary bell schedule and attends school five days per week.

R3.6 LLSD should consider continual monitoring of class sizes at the elementary school level to ensure full utilization of teaching staff. Based on analysis of the elementary level staff, no reductions are recommended at this time, however, as enrollment changes at the elementary level, this matter may need to be revisited.

F3.16 Am. Sub. S.B. 55 revises the minimum course requirements necessary for students graduating after September 15, 2001. The total number of units that must be taken in grades nine through 12 increases from 18 to 21 and the number of elective units that count toward the graduation is reduced. Furthermore, S.B. 55 increases the required units of English language arts, mathematics, science and social studies. During FY 1999-00, LLSD is using a 21-unit graduation requirement and is, therefore, in compliance with this statute.

F3.17 **Table 3-12** compares the average salary of each employee classification to the peer districts for FY 1999-00.

Table 3-12: Average Salary by Classification

	Lordstown		McDonald		Minster		Weathersfield		Peer Average ¹	
	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary
Official/Admin.	7.0	<u>\$48,193</u> ²	8.0	\$28,431	5.0	\$56,920	7.0	\$44,975	6.7	\$43,442
Prof/Education	77.9	\$39,657	49.7	\$42,866	63.5	\$41,372	68.0	\$39,310	60.4	\$41,183
Prof/Other	1.0	\$26,245	1.0	\$37,950	0.0	\$0	1.0	\$26,162	1.0	\$32,056
Technical	0.0	\$0	0.0	\$0	0.0	\$0	1.0	\$13,668	1.0	\$13,668
Office/Clerical	8.0	<u>\$20,150</u>	4.0	\$17,498	6.8	\$14,957	5.0	\$20,589	5.3	\$17,681
Crafts/Trades	6.5	\$22,675	1.0	\$27,269	1.0	\$40,112	1.0	\$31,304	1.0	\$32,895
Transportation	7.2	\$7,859	4.3	\$6,472	8.0	\$7,057	8.0	\$11,977	6.7	\$8,502
Laborer	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0
Custodians	8.0	\$22,648	3.0	\$27,164	3.6	\$27,836	8.0	\$30,236	4.9	\$28,412
Food Service	4.5	\$15,960	2.0	\$12,374	6.0	\$11,490	6.0	\$15,821	4.7	\$13,228
Groundskeeping	1.0	\$23,920	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0
Other Service	0.0	\$0	6.0	\$18,562	0.0	\$0	0.0	\$0	4.0	\$18,562
Totals	121.1		79.0		93.9		105.0		91.9	

Source: EMIS 2000 Staff Summary report

¹ Peer average does not include LLSD and only includes the districts which had a number greater than 0.0.

² The salary for the treasurer position was reported as a pro-rated salary since the treasurer was not employed for the complete year.

As indicated, LLSD has the highest average salaries in only one of the eleven classifications as indicated by the bolded numbers. When compared to the peer districts average salaries, LLSD is higher in three of the 11 classifications as indicated by the underlined numbers.

F3.18 **Table 3-13** illustrates the percentage of employee salaries in the various classifications to total LLSD salaries and compares the respective employee classifications to the peer districts. The employee groups consist of the six classifications defined in **Table 3-5**.

Table 3-13: Percentage of Total Employees and EMIS Salaries by Classification

Classification	Lordstown		McDonald		Minster		Weathersfield		Peer Average ¹	
	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary
Administrative	5.8%	8.2%	10.1%	8.4%	5.3%	8.7%	6.7%	8.8%	7.4%	8.6%
Teachers	61.0%	70.3%	59.4%	71.6%	63.4%	75.4%	60.0%	69.4%	60.9%	72.1%
Pupil Services	4.1%	5.9%	4.9%	8.6%	4.3%	4.8%	5.7%	5.7%	5.0%	6.4%
Support Services	22.5%	11.7%	18.0%	8.7%	19.8%	8.0%	21.9%	12.9%	19.9%	10.0%
Other Classified	6.6%	3.9%	7.6%	2.7%	7.2%	3.1%	5.7%	2.8%	6.8%	2.9%
Technical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: EMIS 2000 Staff Summary report

¹ Peer average does not include LLSD.

In comparison to the peer averages, LLSD has the highest percentage of salaries dedicated to support services personnel and the lowest percentage to administrative services which supports the analysis shown in **Table 3-6**.

F3.19 **Table 3-14** indicates that LLSD’s average teacher’s salary of \$40,264 is the second lowest among the peer districts. The average teacher’s salary is affected by cost of living adjustments (COLA) as well as experience and educational attainment. **Table 3-14** adjusts the average teacher’s salary for a cost-of-doing-business factor and provides information concerning educational attainment and average years of experience.

Table 3-14: Teachers’ Salary by Percentage of Educational Attainment

	Lordstown	McDonald	Minster	Weathersfield	Peer Average ²
Average Teaching Salary	\$40,264	\$41,229	\$41,358	\$39,639	\$40,742
Adjusted Salary ¹	\$37,619	\$38,521	\$39,683	\$37,035	\$38,413
Average years of experience	16.1	17.1	14.5	15.5	15.7
% Non-degree	19.0%	6.4%	0.0%	8.3%	4.9%
% Bachelors Degree	15.4%	17.2%	17.2%	21.7%	18.7%
% Bachelors Degree +150 hours	33.0%	36.4%	14.5%	44.9%	31.9%
% Masters and above	32.1%	40.0%	68.3%	25.0%	44.5%

Source: ODE, Division of Information Services

¹ Salary adjusted by the ODE cost-of-doing business.

² Peer average does not include LLSD and only includes the districts which had a number greater than 0.0.

Table 3-14 indicates that LLSD’s average teachers’s salary is the second lowest paid among the peers while having the second highest average years of experience and the highest percentage of teachers who do not possess a degree. Per the superintendent, the high number of teachers without degrees may be due to the fact that the data includes the faculty at the Gordon D. James Career Center. Teachers teaching in the vocational education field may be granted a teaching certificate without having a bachelor’s degree in their field of expertise.

After the salaries were adjusted for the cost-of-doing-business factors, LLSD still placed second lowest in average teacher salaries. LLSD ranked between McDonald and Weathersfield Local School Districts; two other Trumbull County school districts.

Table 3-14 indicates that LLSD’s average teacher’s salaries are slightly below the peer average, however, as indicated in **F3.3**, LLSD has the lowest student-to-teacher pupil ratio. Therefore, the excessive amount of teaching staff appears to be the key factor effecting the high salary expenditures.

F3.20 **Table 3-15** compares LLSD’s teacher salary schedule to the peer districts and indicates that steps of LLSD’s salary schedule are lower than the peer district average for the majority of the levels shown with the exception of the masters beginning salary, average increase of step/longevity payments and the maximum masters salary after step/longevity payments.

Table 3-15: Comparison of Teachers Salary Schedule

	Lordstown	McDonald	Minister ¹	Weathersfield	Peer Average ²
Bachelors Beginning Salary	\$24,078	\$23,140	\$26,672	\$22,502	\$24,105
Bachelors Maximum Prior to Longevity Payments	\$42,137	\$41,421	\$43,342	\$45,454	\$43,406
Masters Beginning Salary	\$28,063	\$25,454	\$29,340	\$24,527	\$26,440
Masters Maximum Prior to Longevity Payments	\$45,748	\$43,966	\$50,944	\$47,007	\$47,306
Doctorate Beginning Salary	N/A	N/A	N/A	N/A	N/A
Doctorate Maximum Salary Prior to Longevity Payments	N/A	N/A	N/A	N/A	N/A
# of Steps in Salary Schedule Prior to Longevity Payments	15	16	16	17	16
# of Step/Longevity Payments ³	4	2	2	5	3
Average Increase of Step/Longevity Payments	\$1,204	\$1,157	\$1,334	\$500	\$997
Maximum Bachelors After Step/Longevity Payments	\$46,952	\$46,373	\$46,010	\$47,954	\$46,779
Maximum Masters After Step/Longevity Payments	\$50,564	\$46,373	\$53,611	\$51,387	\$50,457
Maximum Doctorate After Step/Longevity Payments	N/A	N/A	N/A	N/A	N/A

Source: FY 1999-00 salary schedules

¹ Salaries listed are from Minster Teacher’s Association contract effective July 1, 2000.

² Peer average does not include LLSd.

³ Longevity is defined as a step between years on the salary schedule.

F3.21 **Table 3-16** compares the average LLSd teacher salary for the past three years to the peer districts. The table indicates that LLSd had a lower average teacher’s salary when compared to the peer average for those years.

Table 3-16: Three-Year History of Average Teaching Salaries

	Lordstown	McDonald	Minster	Weathersfield	Peer Average ¹
FY 1997-98	\$38,016	\$37,911	\$40,070	\$37,633	\$38,538
FY 1998-99	\$41,055	\$41,953	\$40,862	\$38,889	\$40,568
FY 1999-00	\$40,264	\$41,229	\$41,358	\$39,639	\$40,742
3-year Average Salary	\$39,778	\$40,364	\$40,763	\$38,720	\$39,949

Source: Ohio Department of Education-Division of Information Management Services

¹ Peer average does not include LLSd.

F3.22 **Table 3-17** indicates that gross earnings paid to full-time teachers ranged between \$25,244 and \$46,885. According to EMIS, the LLSD’s average teacher salary for FY 1999-00 was \$40,264, although the average LLSD teacher was actually earning an average gross salary of approximately \$38,669. EMIS average teacher salary includes all teachers, such as special education and vocational teachers, where as the average gross salary calculation of \$38,669 only includes regular teaching personnel.

Table 3-17: Range of Actual Teacher Gross Earnings for Calendar Year 1999

	# of Teachers per 1999 W-2 Report ¹	Percentage
\$24,078 - \$29,999	4	12.1%
\$30,000 - \$39,999	13	39.4%
\$40,000 - \$49,999	16	48.5%
\$50,000 - \$50,564	0	0.0%
\$50,564+	0	0.0%
Total	33	100.0%

Source: 1999 W-2 report

¹ Represents only 205 Regular Teaching classification for elementary, high school and the career center. This does not include a teacher who received back payment of salary and benefits in 1999.

F3.23 **Table 3-18** identifies the total amount paid for supplemental contracts by LLSD and the peer districts.

Table 3-18: Total Supplemental Payments for FY 1999-00

District	ADM	Total Supplemental Contract Payments	Supplemental Contract Expenditures Per ADM
Lordstown	564 ¹	\$118,009	\$209
McDonald	800	\$106,675	\$133
Minister	909	\$142,945	\$157
Weathersfield	1,009	\$91,358	\$91
Peer Average	906	\$113,659	\$127

Source: Treasurer’s office

¹ ADM does not include the career center.

As indicated in **Table 3-18**, LLSD total supplemental contract payments was 3.3 percent higher than the peer average. When further examined, the expenditures per student were the highest among the peer districts, and peer district average of approximately 64.6 percent.

Vocational Education

- F3.24 LLSD currently operates a vocational education program at the Gordon D. James Career Center (GDJCC) designed for students in the 11th and 12th grades interested in workforce development. The program features 13 areas of study and is supported through a compact of five schools, McDonald Local School District, Howland Local School District, Weathersfield Local School District and Niles City School District. The GDJCC had 259 students participating in the vocational education program during FY 1999-00 and currently has 220 students for FY 2000-01 per actual class enrollment sheets. The GDJCC Agreement also states that each district is assessed a “participation fee” equal to the product of the cost per pupil and the actual number of each Board’s students participating in the vocational educational program with a minimum number of students equal to 16 percent of the 11th and 12th grade enrollment figures in each home school district according to the October ADM. The 16 percent is automatically assessed even if less than 16 percent of the districts enrollment is not attending. Sixteen percent of LLSD FY 2000-01 student enrollment requires 12 students to attend the GDJCC. LLSD has 17 students enrolled for FY 2000-01.
- F3.25 **Table 3-19** shows a two year summary of the vocational student-to-teacher ratios by program. Per ODE, in FY 1999-00, in order for a vocational education program to exist, there had to be a minimum of 15 juniors or 12 seniors enrolled. However, for FY 2000-01, ODE states there is no longer a minimum requirement of enrolled students in order for a program to exist since unit funding has been eliminated. As illustrated in **Table 3-19**, all vocational programs currently offered by LLSD for FY 2000-01 are achieving a student-to-teacher ratio of approximately 8.5 to 1 (**F3.26**). Letters are substituted for the teacher’s name to indicate which teacher instructs a particular program.

Table 3-19: Vocational Education Staffing & Enrollment Summary-Workforce Development

Workforce Development:	FY 1999-00		FY 2000-01	
	Teachers	Pupils	Teachers	Pupils
Auto Collision-Junior	A	13	A	10
Auto Collision-Senior	A	8	A	9
Auto Mechanics-Junior	B	18	B	10
Auto Mechanics-Senior	B	8	B	11
Building Trades-Junior	C	15	C	7
Building Trades-Senior	C	18	C	5
Computer Aided Drafting-Junior	D	6	D	9
Computer Aided Drafting-Senior	D	3	D	3
Cosmetology-Junior ¹	E	10	E	19
Cosmetology-Senior ¹	F	9	F	8
Culinary Arts-Junior	G	16	G	9
Culinary Arts-Senior	G	15	G	3
Career Based Intervention Program	H	20	H	18
Diversified Health Occupations-Junior ¹	I	6	I	9
Diversified Coop Health Occupations-Senior	J	7	J	4
Electronics Technology-Junior	K	18	K	16
Electronics Technology-Senior	K	16	K	6
Hospitality & Facility Care Services-Junior	L	6	L	6
Hospitality & Facility Care Services-Senior	L	4	L	7
Information Support Services-Junior	M	9	M	15
Office Management Technology-Senior	M	5	M	4
Marketing Education-Senior	N	10	N	8
Information Technology-Junior	O	15	O	14
Information Technology-Senior	O	4	O	10
GRADS	P	N/A ²	P	N/A ²
Total	15 ³	259	15 ³	220

Source: GDJCC class lists

¹ Diversified Health Occupation, Cosmotology Junior & Senior Programs are all day programs.

² The number of students in the GRADS program is unable to be determined as this program is designed for pregnant students and the teacher's responsibilities are divided between counseling, traveling and visiting agencies.

³ Total does not include GRADS Program teacher.

F3.26 The full time equivalent number of vocational students has been calculated according to OAC §3301.61.12 in order to determine the career center student-to-teacher ratio. Consequently, the full-time equivalent of vocational students is calculated by multiplying the

number of hours per week in vocational programs (15 hours half-time, 30 hours full-time) by the number of students enrolled full-time in the total instructional program (184 half-time, 36 full-time students) and dividing it by the number of educational hours possible in the school week (30). As a result, since most of the career center programs operate on a half-day basis, LLSD only has 128 full-time equivalent vocational students, resulting in a student-to-teacher ratio of 8.5 to 1 for FY 2000-01.

Although staffing levels are high based on the low student-to-teacher ratio, the present staffing levels are required based on OAC §3301.61.03. OAC §3301.61.03 states that a minimum of 12 different vocational education job-training programs and 20 classes of education must be offered in order for a vocational program to exist. LLSD is above the 12/20 requirement.

R3.7 Since the career center compact agreement is binding on the participating districts through the end of the FY 2001-02 school year, LLSD should consider ways to encourage more of its students to take advantage of the career center offerings. An increased enrollment would help justify the current level of financial support LLSD provides for the operation of the career center. Similar attempts by the other participating districts would potentially increase the student-to-teacher ratio at the career center to a more acceptable level.

F3.27 ODE currently compiles statistics which compares the performance of vocational education programs throughout the state to ODE standards and federal standards. Of the 12 standards (18 including subcategories) for which federal and state performance measures have been developed, GDJCC only met one of the six federal measures and exceeded in five of the 12 state categories or was within approximately two percent of the state average in six of the categories. **Table 3-20** lists the GDJCC FY 1999-00 federal (indicated in bold) and state performance measures for workforce development.

Table 3-20: GDJCC Workforce Development Performance Report

		FY 2000	Performance Measure
1	High School Graduation Academic Achievement Standard	98.7%	100%
2	Post Program Placement:		
	A. Positive Post Program Placement	93.4%	95%
	B. Higher Education Enrollment	36.3%	40%
	C. Related Employment & Educational Experiences	70.3%	70%
	D. Civilian Employment	94.4%	90%
	E. Related Employment	66.7%	60%
	F. Status Known	95.8%	90%
3	OVCA Assessment Results ¹	38.4%	N/A
4	High School Diploma Attainment Rate	100%	100%
5	Participation in Non-traditional Programs	8.8%	25%
6	Completion of Non-traditional Programs	13.0%	25%
7	Market Share:		
	A. 11-12 Grades	19.5%	40%
	B. 9-10 Grades	1.0%	40%
8	Advanced Academic Assessment	32.2%	90%
9	CTSO Participation Rate	101.4%	95%
10	Career Technical Career Passport Rate ¹	N/A	N/A
11	Student Attendance	89.1%	95%
12	Staff Attendance	95.3%	97%

Source: ODE

¹ ODE has not developed the state performance measure percentage.

F3.28 As indicated in **Table 3-20**, LLSD met performance measure 4 (federal standard) and exceeded performance measures 2C, 2D, 2E, 2F and 9 (state standards). Performance measure 4 indicates that in FY 1999-00, 100 percent of workforce development students received their diploma. Performance measure 2C indicates that over 70 percent of workforce development graduates are working in a field for which they went to school or are continuing their education in the field of which they were vocationally educated.

R3.8 GDJCC should attempt to meet all federal and state measures as indicated in **Table 3-20**. Special attention should be given to student and staff attendance since these measures are directly related to individual efforts of both the students and the staff. By providing recognition and incentives for improved attendance, LLSD should set a goal to improve student attendance by two percent and staff attendance by one percent for the next three years to meet state standards.

Special Education

F3.29 In general, children are placed in the special education program when they meet various conditions identified through a multi-factored assessment process conducted in accordance with state and federal regulations. Children with disabilities may be identified as early as ages 0-2 ½, but are typically identified at the preschool (ages 3-5) or school age level. Once a student is identified as being eligible, an individual education planning team is formed consisting of a building principal, special education teacher, regular teacher, psychologist, therapist, nurse, the parents and other educators as needed. This team meets annually and develops an individualized education plan (IEP) identifying the goals for educating the child and specifying how those goals are going to be achieved. Like regular education students, special education students must meet the 21-unit requirement in order to graduate (**F3.16**). However, special education students are given 22 years to achieve this requirement and the intensity of the education each student receives varies depending on the IEP.

According to LLSD's administration, it currently has 90 IEPs for resident students between the ages of three and 22 which must be reviewed annually. However, under certain circumstances, LLSD is responsible for developing and maintaining a student's IEP, but another school district is responsible for educating the student. This occurs when the IEP dictates that a student attend school in another district, a student resides in a foster home outside LLSD, a student receives home schooling or various other scenarios. As a result, LLSD is currently educating 71 of the 90 students for which it maintains IEPs.

F3.30 **Table 3-21** compares LLSD to the Trumbull County average as well as to the peers in terms of the ratio of handicapped students it is educating to FTE employees devoted to special education. As illustrated, LLSD maintains a handicapped student to special education FTE ratio of 11.8 which is less than the peer average of 21.6.

Table 3-21: Comparison of Special Education Students per Special Education FTE

District	ADM 1999-00	Total Handicapped 1999-00	% Handicapped	FTEs Dedicated to Special Education	# of Special Education Students per FTE
Lordstown	564 ¹	71 ²	12.6%	6.0	11.8
McDonald	800	62	7.8%	3.0	20.7
Minster	909	77	8.5%	3.0	25.7
Weathersfield	1,009	110	11.0%	6.0	18.3
Trumbull County Avg	1,709	183	10.7%	N/A	N/A
Peer Average ³	906	83	9.2%	4.0	21.6

Source: EMIS School Enrollment Report & Staff Summary Report, Disability Summary Report, Treasurer’s Office

¹ ADM does not include career center.

² Number indicates students educated within LLSD.

³ Peer average does not include LLSD.

According to **Table 3-21**, LLSD maintains a higher percentage of FTEs dedicated to special education than the peer average which contributes to the lower student-to-teacher ratio.

F3.31 ODE publishes a comprehensive manual summarizing rules and regulations with which districts should comply when educating handicapped children. Included in this manual are student-to-teacher ratios that are required for some districts, but are only recommended practices for others. The determination of whether the ODE student-to-teacher ratios are required or recommended practices is based on which instructional model districts choose to classify their special education programs for funding purposes. Because LLSD chose to classify its special education program as “experimental modeling” also known as “alternative service delivery options (ASDO),” the student-to-teacher ratios indicated in the ODE manual are considered recommended practices for the LLSD. The superintendent indicated that it classifies its special education program as “ASDO” because it affords the district more flexibility with regard to student classifications (disabilities and handicaps) and staffing issues than the traditional models.

LLSD is in the process of utilizing an ASDO program known as the Model IV Program, which emphasizes inclusion. In a Model IV program, special educators serve students with and without disabilities as needed. Services may be provided in a regular classroom environment with the regular education teacher or in a special class/learning center. The role

of the special educator is based on students’ needs. LLSD teaches students not by handicap, but by subject area. For instance, if a child identified as learning disabled and a child identified as developmentally handicapped are struggling with math, both students will be given special instruction in mathematics by a single instructor rather than by an instructor for children with learning disabilities and an instructor for children that are developmentally handicapped. The alternative service delivery option employed by LLSD enables students with disabilities the opportunity to be educated in a regular education classroom with the support and services brought to the student in that setting.

F3.32 **Table 3-22** shows the special education student-to-teacher ratio at the elementary, high school and career center. LLSD’s administration stated that out of the 90 IEPs for resident students between the ages of three and 22, they are currently educating 71 students within the district (F3.30).

Table 3-22: Special Education Student/Teacher Ratios vs ODE Standards

School	Special Education Student Enrollment 2000-2001	# of Teachers	Average Special Education Student-to-Teacher Ratio
Elementary	37	3	12.3
High School	34	2	17.0
Career Center ¹	55	2 ²	27.5

Source: Disability Summary Report, Career Center Student Body Report

¹ Includes special education students at the career center from all five compact school districts.

² This is the total number of teachers classified as special education teachers.

³ The ODE recommended student-to-teacher ratio for students in inclusion is the same for regular education students. Students in self-contained units have different student-to-teacher ratios based on type of disability.

All LLSD special education students are taught by inclusion, which means that students are placed in the regular education classroom and are assisted with areas that are identified per the IEP. There are three special education teachers located at the elementary school, two at the high school level and two at the career center. All teachers provide either instruction/tutoring to students in the regular classroom, in small groups, or individually with students to assist them with their educational needs. There is a special education program at the career center, Hospitality and Facility Care Services, which is a program for special education students only, to assist them with hospitality skills, while placing them in workforce development. The teacher assigned to this program is classified as vocational education, not special education.

Substitutes

F3.33 **Table 3-23** compares LLSD and the peer districts’ substitute costs and procedures. This information will be utilized in numerous findings when assessing substitute costs.

Table 3-23: Comparison of Substitute Costs

	Lordstown	McDonald	Minster	Weathersfield
Auto/Manual Substitute Placement	Manual	Manual	Manual	Manual
Daily Cost of Teacher Substitutes	0-60 days: \$60/day 61+ days: B.A. Step 0 with benefits ¹	\$60/day 61+ days: B.A. Step 0 with benefits ²	0-30 days: \$70/day 31-60 days: \$85/day 61+days: B.S. Step 0 with benefits ³	1-15 days: \$63/day 16-25 days: \$65/day 26-35 days: \$70/day 36+days: \$75/day ⁴
Hourly Cost of Bus Drivers	\$9.50/hr	\$11.45/hr	\$13.51/hr	\$9.00/hr
Hourly Cost of Clerical, Aides & Monitors	\$8.00/hr	\$9.85 to \$10.28/hr (clerical) \$9.85 to \$12.48/hr (aide)	\$7.50/hr (clerical) \$7.58/hr (aides)	\$6.75/hr
Hourly Cost of Custodial/Maintenance	\$8.00/hr	\$10.20 to \$11.89/hr	\$8.68/hr	\$7.30/hr
Hourly Cost of Food Service	\$8.00/hr	\$8.68/hr	\$7.33/hr.	\$6.15/hr

Source: Treasurer’s Office

¹ LLSD substitutes receive health benefits after 60 days of substitution in the same position.

² McDonald Local School District follows Ohio School Law regarding the provision of substitute pay and benefits after 60 days of substitution in the same position.

³ Minster Local School District allows for its substitute teachers to accumulate sick leave and pro-rates personal days based on the number of days substituting in the district, however, teachers are not provided any health benefits.

⁴ Weathersfield Local School District substitutes remain at the \$75 per day on the 36th day and beyond.

F3.34 **Table 3-24** shows the substitute payments made by LLSD and the peer districts for FY 1999-00. As illustrated, teaching substitutes constituted 64.6 percent of the total substitutes costs for the year, which was the second highest among the peers. In addition, bus driver substitutes comprised 6.5 percent of the total substitute costs for FY 1999-00 which was the highest among the peers.

Table 3-24: Substitute Payments for FY 1999-00

Classification	Lordstown		McDonald		Minster		Weathersfield		Peer Average	
	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total
Teachers	\$115,328	64.6%	\$44,058	69.6%	\$33,923	64.3%	\$47,698	46.1%	\$41,893	53.7%
Educational Assistants	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Clerical	8,290	4.6%	1,779	2.8%	0	0.0%	8,332	8.0%	5,056	6.5%
Custodians	33,121	18.6%	14,587	23.0%	13,055	24.7%	37,049	35.8%	21,564	27.6%
Bus Drivers	11,560	6.5%	0	0.0%	5,812	11.0%	4,059	3.9%	4,936	6.3%
Food Service	10,118	5.7%	2,834	4.5%	0	0.0%	6,370	6.2%	4,602	5.9%
Total	\$178,417	100%	\$63,258	100%	\$52,790	100%	\$103,508	100%	\$78,051	100%

Source: Treasurer's Office

F3.35 LLSD is the highest among its peers in all categories when comparing substitute costs for FY 1999-00. LLSD spent \$115,328 on teacher substitutes, which is 175.3 percent higher than the peer average. This correlates to the high number of leave days taken by the teaching staff as shown in **Table 3-25**. Overall, LLSD spent 128.6 percent more than the peer districts for substitute payments in FY 1999-00.

Certificated Substitutes

F3.36 Teaching positions which require substitutes can be filled by casual/short-term or long-term substitutes. Casual/short-term substitutes are defined as substitutes who work for LLSD in the same position or varying positions and are paid \$60 per day for days 0 to 60 . Long-term substitutes work in the same position for 60 or more days. On the 61st consecutive day in the same position, a substitute is paid at the B.A. Step 0 level and is eligible to receive medical benefits, personal days, sick days and all other fringe benefits which apply to regular contracted staff. In FY 1999-00, four substitute teachers became eligible to receive medical and fringe benefits and were placed at step 0 on the salary schedule.

F3.37 **Table 3-25** illustrates the average number of sick, personal, professional and other leave days taken per teacher during FY 1999-00 for LLSD and each of the peer districts.

Table 3-25: Comparison of Average Number of Teacher Leave Days Taken per FY 1999-00

	Lordstown		McDonald		Minster		Weathersfield		Peer Average
	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	
Sick Leave	953.8	11.6	398.5	8.1	265.5	4.2	574.1	8.1	6.8
Personal Leave	171.5	2.1	89.5	1.8	121.8	1.9	127.5	1.8	1.8
Professional Leave	163.0	2.0	138.0	2.8	158.5	2.5	120.5	1.7	2.3
Total Leave	1,288.3	15.7	626.0	12.8	545.8	8.7	822.1	11.6	10.9
# of eligible teachers	82.0		49.0		63.0		71.0		61.0

Source: Treasurer’s Office

¹ Represents elementary, high school and the career center staff.

LLSD’s teacher’s average number of leave days taken per teacher in all categories for FY 1999-00 was higher than all of the peer districts and the peer average. LLSD’s teachers average of 11.6 sick leave is 70.6 percent higher than the peer average.

Table 3-25 also indicates that the average LLSD teacher requires a substitute approximately 15.7 days a year, which is higher than all of the peer districts and the peer average. In FY 1999-00, LLSD utilized 82 teachers who were contracted to teach 180 days (school year) for a total of 14,760 school days requiring a teacher. Assuming that all leaves are covered by a substitute teacher and the average teacher takes 15.7 days of leave per year, approximately 8.7 percent of the total teaching days were taught by substitutes.

R3.9 Because of the high usage of leave days taken per employee (15.7) and the extremely high amount of substitute payments in FY 1999-00, LLSD should consider managing the amount of leave taken per employee. One area where management of leave can be effective is requiring employees to provide a written, signed statement to justify the use of sick leave, and if medical attention is required by the employee, requiring the name and address of the physician and the date(s) of the physicians services. Currently, LLSD classified staff must provide medical documentation if four consecutive days or more are used. LLSD should consider implementing the same policy for the certified staff and reducing the number of days to three consecutive days for all employees. Other policies may include the following:

- Implementing a sick leave abuse policy such as a rolling year occurrence policy where employees are held accountable for the number of times taken off rather than the length of time actually taken; and
- Requiring sick leave taken to be used as a component of the employee’s evaluation.

In order for sick leave management to be effective, all administrators should complete initial and on-going training to ensure complete understanding and consistent implementation of such policies. **Table 3-26** illustrates the cost savings to LLSD, if teachers reduced sick time taken by five days.

Financial Implication: Reducing the number of sick days taken by each teacher by five days would save LLSD approximately \$24,600 annually in substitute costs and would bring LLSD closer to the peer average of sick time taken. The actual financial implication may be greater depending on the LLSD’s utilization of substitutes for more than 60 days whose salaries are considerably higher and who are eligible for benefits after 60 days.

F3.38 LLSD currently has a perfect attendance incentive for any certified employee who uses no sick leave during the current school year. Qualifying staff receive \$150 at the end of the school year. In addition, each day of unused personal leave at the end of the school year is added as an additional day of sick leave to the bargaining unit member’s sick leave accumulation. In FY 1999-00, 13 of the 82 certified employees received reimbursement of \$150 for unused sick leave. This would indicate that 81 percent of the teaching staff or 66 teachers are averaging 14.5 days sick leave instead of 11.6 as indicated in **F3.37**.

F3.39 **Table 3-26** indicates the amounts paid to teachers by each peer district for substitute services when a standard substitute is not available.

Table 3-26: Rates Paid for Teachers to Fill in for Substitutes

Lordstown	McDonald	Minster	Weathersfield
\$11.50 per period	\$10.00 per period	none stated	\$9.56 per period

Source: Teacher contracts

LLSD has indicated that in recent years, substitute teachers are somewhat difficult to locate and teachers are occasionally asked to cover classes. The contract for teachers indicates that “Except for study hall teachers, the Board shall not require a teacher to assume the responsibilities of another teacher who is absent or on leave.” The superintendent indicated that the teachers are usually willing to serve as substitutes, but are only needed to do so approximately 30 times per year. Students are usually sent to the library during the period that needs to be covered if teachers are not available to cover the class.

R3.10 LLSD should consider requiring teachers to substitute for a class if asked by the principal or administration for one class period once per month, if teachers do not volunteer. This would require contract negotiations and would help maintain its current level of educational service to the students.

F3.40 Currently, LLSD arranges for its substitutes through the TCESC. The TCESC serves approximately 21 schools in the Trumbull County area and performs the criminal record background checks, teacher certifications and keeps an updated list of substitutes which is sent out via the North East Ohio Management Information Network (NEOMIN), the districts data acquisition site, every two weeks to the surrounding school districts. The superintendent stated that in the past, the list contained over 300 available substitutes; however, within the past few years, the substitute list has decreased to approximately 150-175. The LLSD Board approves the county list of available substitutes for immediate use within the district.

R3.11 In order to increase its pool of substitutes, LLSD should consider running advertisements throughout NEOMIN, the State Department of Education and through the placement offices of local colleges and universities.

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

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

Classified Substitutes

F3.41 Classified positions that require substitutes are only filled by casual/short-term substitutes. Substitutes are paid an hourly rate based upon the classification of employees as shown in **Table 3-23**. Substitutes remain at the same hourly rate regardless of the number of days spent in the same position. Benefits are not provided to classified casual/short-term substitutes.

F3.42 **Table 3-27** illustrates the number of days of leave used by LLSD’s classified staff for FY 1999-00. Each use could have required either a substitute or another staff member to cover for the vacancy.

Table 3-27: Classified Personnel Days Taken FY 1999-00

Classification	# Sick Days Taken	# Pers. Days Taken	# Prof. Days Taken	# Vacation Leave	Total Days Taken	# Empl. per Class.	Average # Total Days Taken per Eligible Employee
Clerical/Office	109.8	24.5	10.5	66.0	210.8	9 ¹	29.2
Custodian/Maintenance	180.6	41.0	7.0	186.3	414.9	14	29.6
Food Service	116.0	14.0	1.0	0.0	131.0	7	18.7
Transportation	117.1	11.0	4.0	0.0	132.1	7	18.9
Totals	523.5	90.5	22.5	252.3	888.8	38	23.4

Source: Treasurer’s Office

¹ Only five of the nine employees are eligible for vacation.

F3.43 **Table 3-28** illustrates that on average, LLSD’s classified employees took approximately 14.6 days of sick leave. Two classifications (food service and transportation) averaged over 16 days sick leave during FY 1999-00 with transportation employees averaging the most sick leave at 16.7 days per employee.

Table 3-28: Average Days Leave Taken FY 1999-00 (Classified Personnel)

Classification	Average # Sick Days Taken	Average # Personal Days Taken	Average # Professional Days Taken	Average # Vacation Days Taken
Clerical/Office	12.2	2.7	1.2	13.2 ¹
Custodian/Maintenance	12.9	2.9	0.5	13.3
Food Service	16.6	2.0	0.1	0.0
Transportation	16.7	1.6	0.6	0.0
Average Leave for all Classifications	14.6	2.3	0.6	6.6

Source: Treasurer’s Office

¹ Calculated based upon the number of employees eligible to use vacation leave within the classification.

F3.44 **Table 3-29** compares the average number of sick days taken by LLSD’s classified staff to comparable data for the peer districts for FY 1999-00.

Table 3-29: Average Number of Sick Days Taken FY 1999-00

	Lordstown		McDonald		Minster		Weathersfield		Peer District Average ¹
	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	
Clerical/Office	109.8	12.2	13.5	4.5	22.5	5.6	104.5	13.1	9.4
Custodian/Maintenance	180.6	12.9	69.0	9.9	52.5	10.5	433.5	48.2	26.4
Food Service	116.0	16.6	58.0	29.0	65.3	8.2	91.0	13.0	12.6
Transportation	117.1	16.7	6.5	2.0	53.5	5.4	70.5	7.8	5.9
Other ²	N/A	N/A	N/A	N/A	14.0	4.7	20.0	2.0	3.4
Totals	523.5	14.6	147.0	11.4	207.8	6.9	719.5	16.8	11.7

Source: Treasurer’s Office

¹ Peer average does not include LLSD and only includes those school district’s with figures greater than 0.0.

² The “other” classification consists of employees classified as aides.

F3.45 **Table 3-29** indicates that LLSD’s classified staff averaged 14.6 sick days during FY 1999-00 which is slightly higher than the peer average of 11.7 sick days. Classified staff provide critical resources to the educational process including the following:

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

Because excessive sick leave limits LLSD’s resources, daily routines are disrupted and can weaken the quality of education. In addition, LLSD incurs significant costs associated with overtime and the utilization of substitutes.

R3.12 LLSD should seek methods to reduce the use of sick leave days among classified employees. LLSD spent approximately \$63,088 on classified employee substitutes during FY 1999-00. Contributing to this expense were sick days utilized by classified employees. The classified employee population averaged 14.6 sick days per person in FY 1999-00 which is three days higher than the peer district average. If LLSD could reduce the amount of sick leave taken, it would eliminate additional administrative time, enhance the quality of education by eliminating interruptions in the flow of work and reduce the overall substitute and overtime cost incurred as shown in **Table 3-30** .

Table 3-30: Annual Savings Calculated from Reductions in Classified Sick Leave Usage

Employee Classification	Estimated annual savings if sick leave reduced by 3 days
Clerical/Office	\$1,728
Custodian/Maintenance	\$2,688
Food Service	\$853
Transportation	\$798
Totals	\$6,067

Financial Implication: Reducing the number of sick days taken by each employee by three days would save LLSD approximately \$6,000 annually in substitute costs and bring LLSD in line with the peer average.

F3.46 LLSD currently has a perfect attendance incentive that if any employee uses no sick leave during the period of July 1 through June 30 each year of this agreement, the employee will receive the equivalent of three days wages. If an employee uses no more than one day of sick leave, the employee shall receive a lump sum payment equal to two days wages. And, an employee who uses no more than two days of sick leave, shall receive a lump sum payment equal to one day of wages. In FY 1999-00, only five classified employees received reimbursement for unused sick leave.

R3.13 Because of the high number of sick leave days taken per employee (between 12.2 and 16.7 days) and the low percentage of employees taking advantage of the perfect attendance incentive policy, LLSD should consider managing the amount of sick leave taken per employee. This can be done by assessing how days are being utilized and by implementing additional policies to assist with reducing sick leave usage. For example, LLSD should determine if days are consistently used the day before or the day after a weekend. Other policies may include the following:

- Implementing a sick leave abuse policy such as a rolling year occurrence policy where employees are held accountable for the number of times taken off rather than the length of time actually taken;
- Requiring sick leave taken to be used as a component of the employee’s evaluation; and
- Increasing the sick leave incentive.

In order for sick leave management to be effective, all administrators should complete initial and on-going training to ensure complete understanding and consistent implementation of such policies.

Benefits Administration

F3.47 The administration of benefits for LLSD is handled by two clerks within the treasurer’s office. The clerks are responsible for distributing and explaining benefit packets to new employees, processing enrollment changes, reconciling carrier coverage records and ensuring that payroll deductions are processed properly. In addition, the clerks are also responsible for the administration of health, dental and life insurance claims, as well as processing workers’ compensation claims. Currently, LLSD offers two health care plans, Anthem Blue Cross-HMP and Medical Mutual of Ohio-Traditional Plan. See **Table 3-33** for a comparison of the coverages provided by the various plans.

F3.48 **Table 3-31** summarizes the number of hours the different classifications of employees are required to work in order to receive Board paid benefits. The Board pays 100 percent of the medical and dental premium costs for all employees who are eligible to receive full-time benefits.

Table 3-31: Summary of Eligibility Requirements for Benefits

Employee Classification	Number of Hours Required to Qualify for Full-Time Benefits	Level of Board Paid Benefits	FY 2000 Average Number of Benefit Enrollments
Certificated	7.5 hours per day	100% Single or Family	15 Single 68 Family
Classified	Any employee who works 20 hours or more per week	100% Single or Family	5 Single 34 Family
Principals, Administration & Others	No specific requirements	100% Single or Family	1 Single 3 Family

Source: Contractual agreements and monthly insurance invoices

F3.49 As stated in **Table 3-31**, a classified employee who works at least 20 hours per week receives full benefits from LLSD. However, an employee who works 15 to 20 hours per week is required to pay 50 percent of the monthly premium cost while LLSD pays the remaining 50 percent. Employees who work less than 15 hours per week are not eligible for board-paid benefits. Currently, LLSD has seven classified employees (transportation employees) who work at least 20 hours per week but less than 35 hours per week and are eligible to receive full benefits paid by LLSD.

R3.14 LLSD should develop and implement a graduated benefits scale for those employees who do not work a full day (at least seven hours per day depending upon the classification). LLSD should consider using a prorated schedule based upon the actual number of hours worked in a day. If LLSD were to utilize a prorated schedule, an employee working 4 hours per day

would have to contribute 50 percent of the monthly premium. Expanding the graduated benefits scale would decrease the annual premium costs which LLSD would incur.

Financial Implication: It is assumed that the seven classified employees who are eligible to receive 100 percent, Board-paid benefits are actually receiving these benefits. It is also assumed that these seven classified employees are receiving single, health care benefits with a monthly premium amount of \$339.86 (**Table 3-32**). Based upon these assumptions, if LLSD were to implement a graduated benefits scale, LLSD would save approximately \$14,200 annually by requiring these seven employees to contribute 50 percent of their monthly health care premiums.

F3.50 A 2000 report on the *Cost of Health Insurance in Ohio's Public Sector* was completed by the State Employee Relations Board (SERB). Based on the study, approximately 65 percent of the responding employers required its employees to pay a portion of the cost of a family premium. Fifty-one percent required its employees to share the cost for the single plan. The average monthly employee contribution was \$23.41 for single and \$66.68 for family. These rates amount to 10.8 percent of the cost of a single plan and 12.1 percent of the monthly family premium. Other findings from the study include the following:

- The estimated cost of medical and other health care benefits average \$6,352 per covered employee in 2000.
- Monthly medical insurance premiums currently average \$215.60 for single coverage and \$549.41 for a family plan.
- The average total monthly cost of employee health care benefits stands at \$262.25 and \$632.24 for single and family coverage, respectively.
- Approximately 91 percent of public employers offer some level of dental coverage, 56 percent provide a vision plan and 94 percent offer life insurance.
- Dental coverage costs an average of \$29.99 a month for single and \$53.52 a month for family. The cost of optical insurance averages \$8.41 for single and \$16.08 for family coverage.
- Twenty-three percent of employers offer more than one health plan and almost 70 percent of public employees contribute to the cost of their medical insurance.

F3.51 **Table 3-32** provides selected health care information for LLSD and the peers. Minster Local School District has the only hospitalization plan which is self-insured.

Table 3-32: Hospitalization

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Emp. Share	Monthly Premium for Empl.+1	Full-Time Empl.+1 Share	Monthly Premium For Family	Full-Time Emp. Share	Pres. Plan Included	FY 2000 Avg. Enrollment per Plan	Self Insured
Lordstown	Anthem Blue Cross (HMP)	\$281.60	N/A	\$579.60	N/A	\$802.18	N/A	Yes	2/3/9	No
	Medical Mutual (Traditional)	\$339.86	N/A	N/A	N/A	\$850.31	N/A	Yes	19/92	No
McDonald	United Healthcare (HMO)	\$220.36	\$0.00	N/A	N/A	\$501.47	\$0.00	Yes	0/19	No
	United Healthcare (Traditional)	\$186.71	\$0.00	N/A	N/A	\$474.44	\$0.00	Yes	9/29	No
Minster	Plan I	\$245.56	\$18.20	N/A	N/A	\$609.59	\$0.00	Yes	1/28	Yes
	Plan II	\$227.36	\$0	N/A	N/A	\$563.81	\$0.00	Yes	8/37	Yes
Weathersfield	United Healthcare	\$228.86	N/A	N/A	N/A	\$572.01	\$0.00	Yes	21/64	No

Source: Treasurer's Office

The average cost of LLSD's single medical plans (\$281.60 and \$339.86 a month) is higher than the SERB's reported average monthly medical premium cost of \$215.60. The average cost of LLSD's family medical plans (\$802.18 and \$850.31 a month) is 46.0 and 54.8 percent higher than SERB's reported average monthly medical premium cost of \$549.41.

Employees who receive full benefits are not required to contribute toward any monthly premium costs. As stated in **Table 3-33**, any employee who works over 20 hours a week is eligible for full benefits.

F3.52 **Table 3-33** compares certain features which should be considered when comparing benefits to costs when choosing a medical plan.

Table 3-33: Key Medical Plan Benefits

	Lordstown		McDonald	Minster	Weathersfield
	Anthem (HMP)	Ohio Medical Mutual (Traditional)	United Health Care	Mercer-Auglaize Employee Benefit Trust	United Health Care
Office Visits	100%	80% after deductible	90%	Plan A 90/10 after deductible Plan B 80/20 after deductible	80%
Employee Annual Deductible	No deductible	\$100 (S) \$200 (F)	\$200 (S) \$400 (F) \$250 (S) maximum	Plan A \$100 (S) \$200 (F) Plan B \$200 (S) \$400 (F)	\$100 (S) \$200 (F) \$400 (S) maximum
Prescription Plan Included?	Yes	Yes	Yes	Yes	Yes
Need to Choose Primary Physician	Yes	No	No	No	No
Maternity	100%	100%	100%	100%	100%
Well Child Care	100%	none stated	100%	0-1 yr = \$500 maximum 1-9 yrs \$150 maximum ¹	100%
Inpatient Hospital Care	100% unlimited	100% 120 days maximum	100% 365 days maximum	100% 365 days maximum	100% 365 days maximum

Source: Schedule of benefits

¹ This amount is subject to the deductible.

An analysis of LLSD’s medical plans indicates that the Anthem-HMP and Ohio Medical Mutual-Traditional vary in the premium cost for the family plan. The traditional plan requires an employee to pay an annual deductible, but the employee does not need to choose a primary physician. In contrast, an employee who enrolls in the HMP plan must choose a primary physician.

F3.53 LLSD pays 100 percent of the single and family dental premiums for all employees who work more than four hours per day and 20 hours a week. **Table 3-34** shows the average premiums paid for both single and family dental plans by LLSD and the peers.

Table 3-34: Dental Insurance

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Employee Share	Monthly Premium For Family	Full-Time Employee Share	Number Enrolled: Single/Family	Self-Insured
Lordstown	Ohio Medical Mutual	\$33.73	\$0.00	\$84.35	\$0.00	19/95	No
McDonald	CoreSource	\$29.20	\$0.00	\$91.87	\$0.00	10/47	No
Minster	Plan I Plan II	\$47.58	\$0.00	\$47.58	\$0.00	7/67	Yes
Weathersfield	CoreSource	\$17.21	\$0.00	\$60.98	\$0.00	12/57	No

Source: Treasurer's Office

F3.54 **Table 3-35** presents the annual cost for certain benefits for FY 1999-00 for LLSD and the peer districts. LLSD's annual cost per employee (\$7,669) is higher than the annual cost of health care (\$6,352) per covered employee as estimated in the 2000 SERB report and is also the highest among the peer districts.

Table 3-35: Yearly Total of All Insurance Costs for FY 1999-00

School	Health Care Costs	Dental Costs	Rx Costs	Life Insurance Costs	Vision Costs	Totals	Annual Health, Dental, Prescription, Life and Vision Insurance Cost per Employee
Lordstown	\$949,339	N/A ¹	N/A ¹	\$8,153	N/A ¹	\$957,492	\$7,669
McDonald	\$290,396	\$53,163	N/A	\$5,400	\$8,256	\$357,215	\$6,222
Minster	\$414,284	\$42,965	\$29,402	\$3,198	\$12,426	\$502,275	\$6,770
Weathersfield	\$495,124	\$45,407	N/A	\$5,170	\$6,860	\$552,561	\$6,626

Source: Treasurer's Office

¹ The costs are included with the health care costs and could not be separated by LLSD.

R3.15 In order to further reduce the cost of insurance benefits, LLSD should consider requiring employees contribute a certain percentage towards the monthly premium costs. If LLSD were to require contribution percentages of 10, 15 or 20 percent, the overall insurance expenses would be reduced as shown in **Table 3-36**. LLSD should also consider reducing the number of insurance plans offered to employees and/or locate other insurance plans that are comparable in monthly premium costs to that of the peer districts.

During the course of the audit, LLSD changed over to one insurance plan with a Preferred Provider Option. Additionally, the new plan stipulates that employees pay a \$5.00 co-

payment for office visits, along with a co-payment amount of up to \$5.00 for brand name prescription coverage. LLSD’s treasurer estimates that these changes will result in annual savings of approximately \$165,000.

Table 3-36: Annual Savings Resulting from Increased Employee Contributions for Insurance

	Annual Savings Calculated at		
	10%	15%	20%
Medical Plan - Single	\$6,084	\$9,126	\$12,168
Medical Plan - Employee +1	\$2,087	\$3,130	\$4,173
Medical Plan - Family	\$74,130	\$111,194	\$148,259
Dental Plan - Single	\$769	\$1,154	\$1,538
Dental Plan - Family	\$9,616	\$14,424	\$19,232
Total Annual Savings	\$92,686	\$139,028	\$185,370

Financial Implication: Increasing the employees’ contribution rate to between 10 and 20 percent would save LLSD approximately \$139,000 annually.

Workers’ Compensation

F3.55 Ohio employers who are substantially similar can apply for group workers’ compensation coverage and potentially achieve lower premium rates than they could individually. LLSD participated in group coverage in 1996, 1998, 1999, 2000 and is currently participating in group coverage for 2001. During 1997, LLSD was not group rated; however, it was a member of the Premium Discount Program (PDP) administered by the Bureau of Workers’ Compensation. **Table 3-37** illustrates workers’ compensation benefits data for LLSD and the peer districts for calendar year 1999. LLSD had an experience modifier of .49 which is in line with the peers and a premium cost per employee of \$205 which is below the peer average. However, LLSD had .016 claims per employee which is slightly higher than the peer average.

Table 3-37: Peer District Comparison of Workers’ Compensation Benefits for 1999

LLSD	Total Employees	# Medical Claims Allowed	# Lost Time Claims Allowed	Claims/ Employee	Premium	Premium Cost/ Employee	Experience Modifier Status	Retro Rating
Lordstown	120.9	1	1	0.016	\$24,738	\$205	0.49	No
McDonald	79.0	1	1	0.025	\$15,511	\$20	0.49	No
Minster	93.9	0	1	0.010	\$18,980	\$202	0.49	No
Weathersfield	105.0	0	1	0.009	\$46,450	\$442	1.33	No
Peer Average ¹	92.6	1	1	0.015	\$26,980	\$280	0.77	N/A

Source: Bureau of Workers’ Compensation; EMIS 2000 Staff Summary Report

¹ The peer average does not include LLS D and only includes the districts which had a number greater than 0.0.

F3.56 LLS D’s medical and lost time claims have remained fairly consistent over the past four years. Lost-time claims are defined as the number of workers’ compensation claims exceeding seven days. Generally, these types of claims are the most taxing on the system and have a greater effect on the experience modifier (EM) and premium costs. The EM status is based upon factors such as the total number of claims in any previous time period, the severity of those claims and the extent to which lost time claims went into effect.

Table 3-38 indicates that, as LLS D’s total number of medical and lost time claims has fluctuated, the EM and premium costs have changed accordingly.

Table 3-38: Approximate Number of Claims

	# Medical Claims Allowed	# Lost Time Claims Allowed	Experience Premium Costs	Experience Modifier
1996	1	1	\$30,032	0.65
1997	4	0	\$51,885	1.29
1998	1	0	\$24,750	0.51
1999	1	1	\$24,738	0.49

Source: Bureau of Workers’ Compensation

LLS D was a part of the Premium Discount Program (PDP) in 1997; therefore, the experience modifier increased. The district is currently a part of the Ohio School Board Association Group Program.

R3.16 LLSD is participating in the Ohio School Board Association safety program and the Gates McDonald Health Plus program. These programs assist school districts in developing strategies to improve safety records and control fluctuating costs of claims. Since the Bureau of Workers' Compensation indicated that its Division of Safety and Hygiene and Risk would be able to assist LLSD in developing strategies to continuously improve its safety records and help it control fluctuating costs of claims, LLSD should accept this assistance offer.

Contractual Issues

Certain contractual issues that have been assessed and compared to the peer districts are illustrated in the following pages. Because contractual issues directly affect LLSD's operating budget, many of the contractual issues have been assessed to show the potential financial implications to LLSD. The implementation of any of the following contractual recommendations would require negotiations with the respective bargaining units.

F3.57 LLSD has two collective bargaining units consisting of the Lordstown Teachers Association (LTA) and the Ohio Association of Public School Employees - Chapter 774. Due to an inability of the LTA and the LLSD Board to agree on a new contract, negotiations have moved to mediation and have not yet been resolved. On December 8, 2000, the Board unilaterally implemented its final proposal to the LTA. Therefore, the teachers are currently working without a contractual agreement for FY 2000-01. Consequently, the LTA filed an unfair labor practice charge with the State Employment Relations Board (SERB) on February 24, 2001. At the time of this writing, the Board and LTA are awaiting notice regarding a SERB hearing on the issue.

The classified staff negotiated a new contract that is effective August 2000 with a "Me Too" clause indicating that "should any employee or employee group of the LLSD receive any increase in taxable income, including retirement payment, then the same percentage increase shall be granted to the OAPSE Chapter 774 bargaining unit, effective the same date and that any changes to health insurance coverage agreed to by another employee group of the LLSD shall be accepted by OAPSE Local 774. These changes shall be effective on the same date they are effective for the other employee group."

This report focuses on the agreements adopted between the Lordstown Local Board of Education and the Lordstown Teachers Association effective August 1, 1997 through July 31, 2000 and the Lordstown Board of Education and the Ohio Association of Public School Employees - Chapter 774 effective September 1, 1999 through August 31, 2002.

F3.58 **Table 3-39** compares some key LTA contractual issues to the peer districts. As stated in **F3.57**, the previous contract between LLSD and LTA ended July 31, 2000. The only salary increase received by teachers was the step increase on the pay scale. All other contractual issues established during the previous contract are continued during this extended time period for FY 2000-01 and are shown in **Table 3-41**.

Table 3-39: LLSD Certified Contractual Issues

Description	Lordstown	McDonald	Minster ¹	Weathersfield
Length of Work Day	7 ½ hrs (includes a 30 minute duty free lunch period)	7 hours (includes a 30 minute duty free lunch period)	H.S: 7 hrs. 30 min. Elem.: 7 hrs. 35 min.	7 hours (includes a 30 minute duty free lunch period)
Maximum Class Size	25 to 1	none stated	25 to 1	25 to 1
# Contract days	184	183	184	184
# of Instructional Days	180	180	180	180
# of In-service Days	2	1	2	4
# Teacher Record Days	1 ½	2	2	0
# Open House Days	½	0	0	0
Maximum # of Sick Days Accrued	Unlimited	310 days after 310 days- sick days will accumulate at a rate of .25 days per month	210 days	Unlimited
Sick/Personal leave incentives?	Personal & Sick Leave Attendance Incentive ²	N/A	For zero sick leave or personal days used, and employee will receive either a \$500 savings bond or \$250	N/A
Maximum # of sick days paid out at retirement/ % of payout.	Step 1 = 5 to 10 yrs. - 1 day of severance pay for every 3 unused sick days. Maximum of 30 days Step 2 = 10 to 20 yrs.- Step 1 and 1 day of severance pay for every 7 unused sick days; Maximum of 28 days and Overall total 58 days Step 3 = 20+ yrs. - Step 1, Step 2 and Step 2 expanded from 28 to 40 days. Step 3 is 30 days. Overall maximum 70 days	25% of accumulated sick leave up to a maximum of 70 days	25% of accumulated sick leave up to a maximum of 55 days	25% of accumulated sick leave up to 180 days plus 13% of sick leave in excess of 180 days
# of years required for severance pay	5 years	10 consecutive years with the district	10 years of service with the district	Eligibility requirements under STRS

Description	Lordstown	McDonald	Minster ¹	Weathersfield
# of Personal Days Notice required?	4 days, plus 1 additional day for employees with more than 10 years of service and 45 days of accrued sick leave 48 hours notice must be given to use any personal leave	3 days Advanced notice not stated in the contract. Must file form prior to personal leave taken.	3 days Advanced notice not stated in the contract. Request must be made to building principal.	3 days 72 hours notice must be given to use any personal leave
# of leave days for association business	6 days paid leave to be used by delegates or appointees	same as professional leave	6 days	2 days
Sabbatical/Professional leave; Requirement to return? Compensated?	May receive one year at partial pay after five years of service for sabbatical leave and must return to the district for one year No professional leave stated	May receive up to one year of professional leave. Not required to return to the district.	May grant sabbatical leave with no pay upon decision of the Board May grant professional leave upon decision of the superintendent and/or the Board	May receive one year after five years of service and must return to the district for one year 2 days of professional leave a school year
# of days to file grievance	20 days	10 days	20 days	20 days
Cost of Living Increase per each year of contract	FY 1998: 3.7% FY 1999: 3.7% FY 2000: 3.7%	FY 1998: 0.0% FY 1999: 3.0% FY 2000: 3.0%	FY 1998: 3.3% FY 1999: 3.3% FY 2000: 3.3%	FY 1998: 3.0% FY 1999: 3.0% FY 2000: 3.0%
Past Practice Clause	None stated	None stated	None stated	None stated

Source: Teacher Contracts

¹ Minster Local School District’s certified contract is effective July 1, 2000.

² Any unit member using no sick leave during the school year receives \$150 with the first paycheck subsequent to the end of the school year. In addition, each day of unused personal leave at the end of the school year will be added as an additional day of sick leave to the unit member’s sick leave accumulation.

F3.59 According to the contract, “The superintendent, may grant a teacher an unlimited number of personal days for justifiable reasons.” In addition, a request must be submitted to the superintendent prior to the date requested for leave except in the cases of emergencies. The current superintendent has indicated that only in extreme emergencies situations would he grant any additional personal leave days to an employee during the school year. Furthermore, personal leave for a day immediately preceding or following a holiday will only be granted if the use is for an emergency or other such situation approved by the superintendent. The contract currently does not state whether additional days granted are paid or unpaid.

R3.17 LLS D should consider reducing the number of personal days that are offered to employees. Employees currently receive four personal days, with the exception of five days provided to employees with ten years of service and who have 45 days of accrued sick time. The current policy applies to all employees who work twenty hours or more a week. By reducing the

number of personal days or by pro-rating the number of days offered to employees based upon hours worked, substitute costs could be minimized. The districts' current policy of not allowing the use of personal days immediately preceding or following a holiday period also helps reduce substitute costs. Furthermore, in an attempt to reduce the potentially high use of personal days, LLSD should also strive to remove the following language from the negotiated agreement: "The superintendent may grant a teacher an unlimited number of personal days for justifiable reasons."

Financial Implication: Based upon the average daily rate and the number of employees with ten years of service as reported by LLSD for FY 1999-00, LLSD could achieve an annual cost savings of approximately \$9,500 to \$19,000 by eliminating one to two personal days for an estimated average savings of approximately \$14,000.

F3.60 The contract provides up to "six paid days of leave to be used for association business by delegate or appointees to the convention or meetings of the Ohio Federation of Teachers, American Federation of Teachers or the AFL-CIO." LLSD employee(s) may use personal leave or take unpaid leave for these days. However, the Board bears the cost of a substitute teacher because the LTA does not compensate LLSD the cost of substitutes. In covering for association leave days in FY 1999-00, a clerk within the treasurer's office could not indicate the approximate number of teaching days taken associated with LTA business leave.

R3.18 At a minimum, LLSD should require the LTA to reimburse the district for the cost of providing substitute teachers to cover employees on association leave. Additionally, LLSD should consider negotiating a provision by which the LTA is responsible for providing the employee's salaries and benefits when on association leave.

Financial Implication: Assuming the LLSD is required to provide substitutes for six days a year, requiring the LTA to pay this cost would save approximately \$360 annually. Additionally, if LLSD required the LTA to also pay the daily salaries of those members using association leave, the LLSD could save an additional estimated amount of \$1,300 annually (assuming 184 contract days and average teacher salaries of \$40,264).

F3.61 The LTA contract included a three year early retirement incentive program (ERI) for certificated employees starting January 1, 1998 and continuing through December 31, 2000. Under this program, a teacher was able to request LLSD purchase three years of service credit if they applied by the application window as stated in the agreement. LLSD also implemented an additional \$1,000 incentive if an employee chose a July or August retirement date. The additional \$1,000 incentive was paid in the month of January following the employees date of retirement. LLSD performs a "financial feasibility review" to determine the costs and benefits of the ERI. Should the review determine that it is not beneficial for LLSD to offer the ERI that year, the Board may postpone the ERI until the following year.

As noted in the **Financial Systems** section of this report, LLSD has approved 15 ERIs within the past three years. The first was offered to teachers and administrators who were eligible to retire between January 1, 1998 through December 31, 1998. A total of nine teachers and one administrator utilized this ERI option. The second ERI was not offered during the time period of January 1, 1999 through December 31, 1999, as the Board determined that it was not financially feasible. The third was offered to teachers and administrators who were eligible to retire between January 1, 2000 and December 31, 2000. A total of 5 teachers utilized the ERI option. Of the five positions which were vacated from the 2000 ERI option, four were re-filled. The total cost for the 15 ERI options (not including interest) and the related severance payments is estimated at approximately \$900,000.

R3.19 Although ERIs have the potential to generate savings for a district, the significant cash outlay often exceeds the potential benefits. Therefore, before offering ERIs in future contracts, LLSD should conduct thorough studies assessing both the costs and the benefits. This is evidenced by the fact that while LLSD is in fiscal emergency, LLSD must incur additional costs for the ERI which ended December 31, 2000, excluding interest. See the **Financial Systems** section for more information.

F3.62 The LTA and the OAPSE/AFSCME Chapter 774 contracts require an employee to file a written grievance form within 20 and 15 working days, respectively, after the employee knew of the existence of the problem (**Table 3-39** and **Table 3-41**). In addition, all meetings during the grievance procedures are in a formal environment with strict time frames between each of the different levels. However, there is an informal process prior to the formal procedure of filing a grievance to help resolve issues. Informal discussions are generally held with the immediate supervisor prior to filing a formal grievance and within the 20 days following the act or condition. However, discussion with the support services manager and the superintendent revealed that all grievances generally end up at the superintendent level.

R3.20 LLSD should reduce the maximum number of days to file a grievance to 10 days. This precludes duplicate grievances from being filed as a result of an unresolved issue. However, LLSD should continue to encourage its supervisors to resolve issues at the informal step as provided by current grievance procedures.

F3.63 **Table 3-40** indicates the contractual provisions pertaining to the evaluation process for teachers within LLSD in comparison to its peers.

Table 3-40: Peer Comparison of Evaluation Processes

	Lordstown	McDonald	Minster	Weathersfield
What is the frequency of evaluations for the following teachers?				
Teachers on a limited contract	Scheduled evaluations are completed twice per year with the third evaluation requested by the teacher no later than April 1.	At least twice during the school year	One to three evaluations per year ¹	Twice per year
Teachers on continuing contracts.	The contract does not specify on the frequency of continuing teacher evaluations.	At least one evaluation each year.	One evaluation each year	5 year limited and Continuing contracts are evaluated once every two years
Is there a process for poor performing teachers other than the steps required by the ORC as part of the non-renewal process?	LLSD does not have a process in place for poor performing teachers.	Yes	Not stated in contract	Not stated in contract
Are unannounced observations permitted?	The contract does not preclude unannounced observations.	The contract does not preclude that unannounced observations are permitted.	No	No
Are evaluation forms included in the contract?	No	Yes	No	No

Source: LLSD and peer school district contracts and sample evaluation forms

¹ Non-tenured teachers are evaluated depending on years of service with the district.

F3.64 As shown in **Table 3-40**, LLSD requires certificated, limited contract personnel to be evaluated twice per year. However, the LLSD contract does not specify that evaluations must be performed on tenured or continuing contracted teachers. Peer district comparison shows that evaluations are performed on continuing contract teachers at least once per year (McDonald Local School District and Minster Local School District) or every other year

(Weathersfield Local School District). According to LLSD's superintendent and high school principal, evaluations are generally performed on all teachers regardless of the type of contract, limited or continuing. The current contract does not prohibit unannounced observations. Consequently, according to the high school principal, they are performed on an annual basis.

F3.65 The last date of revision of the current evaluation form could not be determined since the current evaluation form is not dated. In addition, the evaluation criteria could not be compared to the objectives of the teachers' job descriptions because LLSD was unable to locate the job descriptions. Comparing the evaluations to the job descriptions ensures that the employees are being evaluated based upon duties contained within the job descriptions.

R3.21 LLSD should update all job descriptions for all staff and make sure they are current with the duties and responsibilities that employees are performing. Additionally, the evaluation form should be dated to make sure all evaluating personnel have the most current evaluation instrument. When conducting annual evaluations, LLSD should ensure that all employees are evaluated using the same evaluation instruments and that evaluations are tied to the job descriptions.

F3.66 During the evaluation process, teachers are evaluated on their performance in the classroom and in the district. If teachers are found to have deficiencies in certain areas, there is currently no program in place to assist them in making improvements in the areas in which they require improvement. Having an effective evaluation process can have a significant impact on academic performance by allowing the school board and the superintendent to monitor staff success and progress and provide clear feedback in deficient areas.

R3.22 LLSD should develop a program similar to Springfield Local School District (Summit County, Ohio) which developed a program referred to as the Teacher Performance Assistance Procedures (TPAP) Program. The TPAP program consists of a volunteer group of peer teachers and an administrative staff member who assist Springfield teachers in the areas where they need remediation. LLSD should also consider defining the frequency of evaluations for tenured or continuing contract teachers in the agreement to at least once every two years (Weathersfield). This process would show that LLSD is committed to helping all staff improve development and support professional growth.

F3.67 According to the contract, severance pay is granted to LLSD employees who are eligible to retire after five years of service. The union agreements do not specify a date when employees must notify LLSD that they intend to retire. This prevents LLSD from accurately identifying staffing needs for future years.

R3.23 In order to more accurately identify staffing needs for the following school year, LLS D should establish a policy that requires employees to notify LLS D by a Board established date of their intentions to retire. A possible option to consider would be to reduce the amount of severance pay if the employee does not notify LLS D by the established date.

F3.68 As stated in **Table 3-39**, LLS D has a three step severance policy. An employee's years of service determine which step of the severance policy is available to them. The following is a description of each step of the LLS D severance policy:

- **First Step:** All employees who have at least five years of service with LLS D receive 33 percent of their accumulated, unused sick leave at the time of retirement up to a maximum payout of 30 days.
- **Second Step:** All employees who have at least 10 years of service with LLS D receive 33 percent of their accumulated, unused sick leave at the time of retirement up to a maximum of 30 days. In addition, employees receive an additional one day for every seven days of accumulated, unused sick leave up to a maximum of 28 additional days. Total maximum payout days for employees in the second step of the LLS D severance policy is 58 days.
- **Third Step:** All employees who have at least 25 years of service with LLS D receive 33 percent of their accumulated, unused sick leave at the time of retirement up to a maximum of 30 days. In addition, employees receive an additional one day for every seven days of accumulated, unused sick leave up to a maximum of 40 additional days. Total maximum payout days for employees in the third step of the LLS D severance policy is 70 days.

R3.24 The payout of severance has a significant effect on the LLS D's overall budget. To lessen the financial burden, LLS D should consider renegotiating its severance policy to standards identified by ORC §124.39 which provides for a payout of 25 percent of accrued but unused sick leave credit, upon retirement, up to 120 days (30 day payout), for persons with 10 or more years of service. The law permits districts to provide for more than 25 percent accrued but unused sick leave (but not less) and the number of years of service to be less than 10 (but not more).

Financial Implication: It is assumed that all employees who currently have five or more years of service with LLS D will ultimately retire from the district and qualify for severance pay. Using this assumption along with current-year salaries, by renegotiating the provisions of the contracts to limit the severance payout to ORC standards, in terms of current-year dollars, LLS D could reduce its future severance liability by approximately \$69,500. The estimated savings would increase based upon the number of employees who are eligible for

the second and third step of the LLSD severance policy. However, because a renegotiated severance policy would probably only apply to newly hired employees, LLSD would not realize a financial benefit until such time the new employees are eligible for retirement.

Classified Staff

F3.69 A new contract effective September 1, 2000 is operational between LLSD and the classified employees. When the previous contract expired August 31, 1999, no bargaining took place until the summer of 2000. The new agreement is effective from September 1, 2000 to August 31, 2003. Therefore, during FY 1999-00, the classified staff extended the old agreement for one year with no increase in base wages.

As stated previously in **F3.57**, the classified staff negotiated a “Me Too Clause” within the new agreement, indicating that “should any employee or employee group of the LLSD receive any increase in taxable income, including retirement payment, then the same percentage increase shall be granted to the OAPSE Chapter 774 bargaining unit, effective the same date and that any changes to health insurance coverage agreed to by another employee group of the LLSD shall be accepted by OAPSE Local 774. These changes shall be effective on the same date they are effective for the other employee group.”

Table 3-41 compares some key district practices between LLSD and the peer districts.

Table 3-41: LLSD Classified Contractual Issues

Description	Lordstown	McDonald	Minster	Weathersfield
Evaluations required	Yes - annually	Yes-frequency not stated	None stated	None stated
Minimum call-in hours paid to employees for emergencies	Weekend building checks - minimum of 2 hours Calamity Day - 1 ½ times for all hours worked	Paid at 1 ½ times hourly pay Called out between 11:00 pm & 6:00 am-compensated for a minimum of 1 hour at twice the amount of pay	None stated	Paid at 1 ½ times hourly pay Called out between 11:00 pm & 7:00 am-Compensated at no less than four hours of regular rate of pay
Vacation time to accumulate	Up to 1 yr. - Pro-rata 1 to 9 yrs. - 10 days 10 to 14 yrs. - 15 days 15+ yrs. - 20 days	1 to 4 yrs. - 10 days ¹ 5 to 12 yrs. - 15 days 13 to 19 yrs. - 20 days 20+ yrs. - 25 days	1 to 9 yrs. - 10 days ² 10 to 19 yrs. - 15 days 20+ yrs. - 20 days	1 yr. - 5 days ¹ 2 yrs. - 15 days 15+ yrs. - 20 days
Sick Leave/Personal Leave Incentive	Yes ³	None stated	None stated	None stated
Maximum number of sick leave days to accumulate	Unlimited	310 days maximum	210 days maximum	Unlimited
Maximum number of sick leave days paid out at retirement	70 days	70 days	59 days	49 days
Number of personal days received; Notice to use	<u>4 days</u> 2 days restricted 2 days unrestricted <u>5 days</u> ⁴ granted to employees with 10 yrs. of service Written requests submitted 2 days in advance	3 days Written requests submitted prior to personal leave taken	3 days 4 days-12 month employees Written requests submitted to the supervisor in advance of the personal leave taken	3 days Written requests submitted 3 days in advance
Number of holidays paid for 12 month employees	11 holidays	12 holidays	10 holidays	11 holidays
Number of holidays paid for less than 12 month employees	10 holidays	11 holidays	9 holidays	8 holidays
Number of days to file a grievance	15 days	10 days	N/A ⁵	20 days
Labor-Management Committee	Yes-six members	Yes -four members	N/A ⁵	Yes - three members
Cost of living increase per each year of contract	FY 1998 - \$.25/hr. FY 1999 - \$.30/hr. FY 2000 - 0.0% ⁶	FY 1998 - 0.0% FY 1999 - 3.0% FY 2000 - 3.0%	FY 1998 - 3.3 % FY 1999 - 3.3 % FY 2000 - 3.3%	FY 1999 - 3.0% FY 2000 - 3.0% FY 2001 - 3.0%

Source: OAPSE Contracts (LLSD, McDonald Local School District, and WeathersfieldLocal School District) and Classified Employee Handbook (Minster Local School District)

¹ Vacation policy applies to eleven and twelve month employees only.

² Only applies to 12 month employees.

³ No sick leave used from July 1 through June 30 will receive the equivalent of three days wages in one lump sum payment to be disbursed in the month of July. An employee who used no more than 1 day of sick leave shall receive a lump sum payment equal to two days wages. An employee who used no more than two days of sick leave shall receive a lump sum payment equal to one day of wages.

⁴ One additional day of unrestricted personal leave.

⁵ Classified staff is not associated with a union.

⁶ In FY 1999-00, the classified staff effectively agreed to work under an expired contract for one year with no increase in base wages or other changes.

F3.70 LLSD does not have a probationary period for classified employees that would allow the Board to determine the fitness and adaptability of any new employees hired. A probationary period allows management to determine whether a newly hired employee conforms to the requirements of the position and permits release of that employee. It also allows the employee to assess how well they perform their duties, what the job entails and if they want to remain a part of the organization in this particular capacity.

R3.25 LLSD should implement a probationary period for newly hired employees. A performance audit conducted on Middletown-Monroe City School District indicates that they have successfully negotiated with the classified staff to establish a probationary period of 180 days. By formally implementing a probationary period to a time frame similar to the Middletown-Monroe City School District, LLSD would have additional time to assess the potential employee and enhance the ability of the Board to employ qualified, dedicated and hard-working personnel.

F3.71 As stated in **Table 3-41**, formal evaluations are to be conducted annually for all LLSD classified employees. However, the support services manager and the two clerk's within the treasurer's office indicated that evaluations are not completed in a consistent or timely manner. Review of the classified personnel files supports this finding.

R3.26 LLSD should develop procedures which ensure that evaluations on all classified employees are conducted at least once a year. Frequent evaluations are important to:

- Ensure that employees receive clear feedback on areas for improvement and to surface and document disciplinary problems;
- Improve the quality of instruction provided to the students and bring about professional improvement of the employee;
- Provide evidence about the quality of the employee's professional performance;
- Improve efficiency and effectiveness of the employees in carrying out the duties of their job descriptions;
- Improve employee morale; and
- Monitor the success and progress of an employee.

F3.72 In filling all vacancies and newly created positions, LLSD uses qualifications as the main deciding factor. If there is more than one qualified employee who is interested in the position, LLSD uses seniority as the second deciding factor.

C3.2 Filling vacancies and newly created positions based on performance, qualifications and seniority allows LLSD to receive and provide the highest quality of services.

F3.73 LLSD's classified employees, including nine-month employees such as food service workers and bus drivers, currently receive 10 holidays per year, 4 personal days per year (or 5 personal days if the employee has at least ten years of service) and 1.25 sick days per month (15 total sick days per year). Furthermore, nine-month employees accrue sick leave during the months they are not scheduled to work.

R3.27 LLSD should review the number of personal days provided to its classified employees. Specifically, LLSD should consider negotiating the elimination of one personal day for employees with less than ten years of service and the elimination of two personal days for employees with ten or more years of service. Furthermore, LLSD should also consider negotiating the elimination of the accrual of sick time during times in which employees are not working for the district, such as during the summer months.

Financial Implication: Based upon the average daily rate and the number of employees with ten years of service as reported by LLSD for FY 1999-00, LLSD could achieve an annual cost savings of approximately \$1,900 to \$3,800 by eliminating one to two personal days for an estimated average savings of approximately \$2,900.

F3.74 The Fair Labor Standards Act (FLSA) sets forth the minimum wage that must be paid to employees covered by the act. In addition, it requires a premium wage (overtime) to be paid for hours worked in excess of 40 during a given work week. These requirements are also reflected in Ohio law. For non-teaching employees that are covered under the FLSA, the school district is required to pay overtime for actual hours worked in excess of 40 hours per week. In determining the total number of hours worked, school districts are not required to include personal leave, professional leave, compensatory leave or vacation leave used. At LLSD, employee leave such as sick, personal, holiday and vacation leave are included in the "active pay status" category for overtime calculation and is computed as "hours worked" for the purpose of determining eligibility for overtime rate of pay.

R3.28 LLSD should limit vacation and holiday leave as the only types of leave included in the "active pay status" category when calculating overtime. Including other types of leave in the "active pay status" category does not allow LLSD to minimize overtime costs.

F3.75 **Table 3-41** indicates that classified employees at LLSD receive nearly the same amount of vacation as the peer districts as they move through their years of service. LLSD and Weathersfield Local School District employee's receive 20 days of vacation in the 15th year of their employment. McDonald Local School District employees receive 20 days of vacation in the 20th year of their employment and Minster Local School District employees receive 20 days of vacation in the 20th year of their employment.

F3.76 ORC §3317.01 allows the superintendent to declare up to five calamity days for teaching and non-essential employees. Calamity days are defined as days in which schools are closed due to severe weather conditions, mechanical emergencies or other acts or conditions beyond the control of the district. The ORC does not guarantee calamity day compensation for staff designated as “essential employees”. Classified, essential employees at LLSD who are required to work on calamity days receive one and half times their hourly rate for work performed on those days.

R3.29 LLSD should establish a policy that clearly defines “essential employees” including administrators, custodians and other personnel necessary to secure the facilities and to prepare the district for re-opening following a calamity day. Essential employees who do not report to work on calamity days should be required to use one of the following options:

- A compensatory day
- A sick leave day (if ill)
- A vacation day
- A personal leave day
- A day without pay

Financial Implications Summary

The following table is a summary of total estimated cost savings from the above recommendations. LLSD should consider the potential educational effect certain of the recommendations might cause.

Recommendation	Estimated Annual Cost Savings
R3.2 Reduction in professional education staffing levels (10 FTEs)	\$523,400
R3.4 Reduction in educational service staffing levels (2.85 FTEs)	\$149,000
R3.9 Reduction in certified sick leave usage	\$24,600
R3.12 Reduction in classified sick leave usage	\$6,000
R3.14 Implement graduated benefits scale	\$14,200
R3.15 Increase employee insurance contribution	\$139,000
R3.17 Reduction in the number of personal days offered to certified staff	\$14,000
R3.18 Repayment for LTA for use of association leave	\$1,300
R3.24 Reduction in severance pay calculation to ORC	\$69,500
R3.27 Reduction in the number of personal days offered to classified staff	\$2,900
Total	\$943,900

Conclusion Statement

Since LLSD is currently in fiscal emergency, difficult decisions are necessary in order to reduce operating costs. Preliminary peer district comparisons of LLSD's staffing levels per 100 students enrolled reflect possible areas for reduction. LLSD is overstaffed in the regular teaching and educational service personnel areas resulting in an extremely low student-to-teacher ratio and therefore should complete a comprehensive staffing analysis to consider staff reductions. A staffing analysis previously performed by ODE and a recent analysis conducted by the Financial Planning and Supervision Commission have both recommended FTE reductions.

An analysis of the high staffing level indicated an extremely low student-to-teacher ratio in the middle/high school. Two contributing factors to the low student-to teacher ratio are the number of instructional classes that have 14 or fewer pupils in a class. Meanwhile, 70 percent of the staff regularly assist in a duty/activity or an administrative assignment. LLSD should consider consolidating core classes and offer some sparsely attended courses every other year. LLSD should also consider hiring additional teaching aides to assist with the duty/activity period responsibilities that are currently being performed by teachers. Any changes should take into consideration teacher certifications and course offerings. This recommendation coincides with the Financial Planning Commission's recommendation to reduce certificated personnel.

An analysis of LLSD's teacher salaries revealed that they are slightly below the peer average, therefore, the amount of teaching staff appears to be the key factor effecting the high salary expenditures. However, analysis of the supplemental teaching contracts indicated that LLSD spends more per student on supplemental pay when compared to the peer districts. LLSD should reassess the percentages that it is paying for the individual supplemental contracts in order to reduce expenditures.

The average LLSD teacher requires a substitute approximately 15.7 days a year, while the classified staff averages 23.4 leave days per year. LLSD's high average number of leave days taken in all employee classifications contributes to the excessive amount of substitute payments. LLSD spends considerably more than its peers on substitute payments per year and should institute additional policies/procedures to effectively manage or control leave taken.

Lordstown Local School District (LLSD) has two collective bargaining units consisting of the Lordstown Teachers Association (LTA) and the Ohio Association of Public School Employees - Chapter 774. Because the LTA and the LLSD Board of Education were unable to agree on a new contract, negotiations have moved to mediation and have not yet been resolved.

The classified staff negotiated a new contract that is effective August 2000 with a "Me Too" clause. Because of the "Me Too" clause in the OAPSE agreement, any change that affects taxable income, retirement or health insurance coverage for certificated employees shall also apply to classified staff.

LLSD currently provides 100 percent of board paid benefit premiums for all employees who work in excess of 20 hours a week. LLSD should consider implementing a graduated scale of benefits for those employees who do not work a full day. Another contributing factor to the high benefit costs is LLSD's use of two insurance plans, both of which are costly in comparison to the peers.

During the course of the audit, LLSD changed over to one insurance plan with a Preferred Provider Option. Additionally, the new plan stipulates that employees pay a \$5.00 co-payment for office visits, along with a co-payment amount of up to \$5.00 for brand name prescription coverage. LLSD's treasurer estimates that these changes will result in annual savings of approximately \$165,000.

LLSD should consider negotiating some additional contractual provisions that would provide management with the flexibility to effectively manage the work force. These considerations may include the following:

- Implement a Teachers Performance Assistance Procedures Program to assist teachers who have deficiencies
- Hire employees based upon performance, qualifications and seniority
- Implement a probationary period for new employees to assess how well they perform their duties
- Reduce and limit the number of personal days per year for all employees
- Reduce the number of days to file a grievance
- Require the union to reimburse LLSD for the use of association leave
- Decrease severance payout to ORC standards
- Update job descriptions to coincide with current duties performed and evaluation criteria
- Perform evaluations on classified staff in a consistent and timely manner

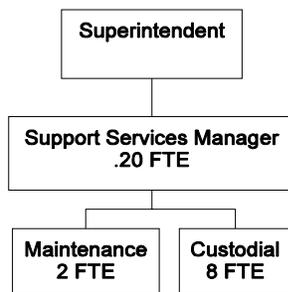
Facilities

Background

Organizational Chart

The facilities support staff is responsible for maintaining Lordstown Local School District (LLSD) buildings and grounds. The support services manager is responsible for managing maintenance and custodial personnel and overall operations. The organizational structure and staffing levels in terms of full-time equivalents (FTE's) are depicted in **Chart 4-1**.

Chart 4-1: Facilities Support Staff



Organizational Function

The facilities support staff is responsible for providing a clean and safe environment for the students, staff and public who use LLSD's facilities. Custodians are responsible for opening and closing the buildings, general cleaning and performing limited preventive maintenance tasks. The maintenance staff consists of chief of maintenance and grounds keeper who are responsible for heavier maintenance duties including heating, ventilation and air conditioning (HVAC) repairs, snow and ice-removal, and painting. The support services manager is responsible for overseeing the maintenance of all the facilities and for keeping them safe and in a state of good repair. Additionally, the support services manager is responsible for supervising the maintenance and custodial staffs, overseeing building repairs, and ordering the materials and equipment to do the work.

Summary of Operations

The facilities support staff is responsible for maintaining 3 sites at LLSD: the high school that serves students in grades 7-12, the elementary school consisting of grades K-6, and the Gordon James Career Center that serves students in grades 11 and 12 from Lordstown and four other school districts.

LLSD currently employs 8 full-time custodial employees to clean the 3 school buildings and an additional substitute custodian who works 12 hours per week. Each school building is assigned one lead custodian who works during the day. The career center and high school each have two evening custodians. The elementary school has one evening custodian and the substitute custodian who works two nights per week to clean a portion of the building that has limited use. The substitute custodian works 12 hours per week and is funded through a county arts program that utilizes a portion of the elementary school building on a weekly basis. This employee is not included in subsequent analyses found in this report.

All custodians are supervised by the support services manager. The custodians are responsible for opening, closing and securing the buildings and general cleaning of the buildings' interiors and perimeters. The lead custodians are responsible for clearing snow, ice, leaves and other debris from the front walkways of the buildings. The lead custodian in the high school is also responsible for cleaning and filling the pool and maintaining the pool water chemical levels. The night-time custodians assigned to the high school are responsible for sweeping the pool decks and stands as well as disinfecting the locker/shower area.

The maintenance staff consists of the chief of maintenance and a full-time groundskeeper. The chief of maintenance travels from building to building and is responsible for maintaining the boilers and heating, venting, and air conditioning (HVAC) systems and completing repairs and preventive maintenance tasks in LLSD facilities. The building principals submit requests for maintenance work to the support services manager who delegates the work orders to the appropriate maintenance or custodial staff members in terms of priority. The support services manager prioritizes work orders by safety, roofing, electrical, air quality, and heating and cooling. According to the support services manager, LLSD performs most of the maintenance work in-house and only contracts out large jobs requiring expertise or equipment LLSD does not have.

The full-time grounds keeper is responsible for mowing approximately 65 acres of grass in the spring, summer and fall, as well as controlling weed growth. In addition, he works with the chief of maintenance during the winter months to remove snow and ice and keep the parking lots and sidewalks properly salted. The grounds keeper also assists the chief of maintenance with miscellaneous maintenance work during the approximately 25 percent of his working time that he is not keeping the grounds.

Staffing

The facilities support staff budget is comprised of 11 employees, which equates to 10.2 full-time equivalents (FTEs). The support services manager spends approximately 20 percent of his time on facilities issues. The staffing levels are shown in **Table 4-1**.

Table 4-1: Number of Budgeted Employees (FTEs) for FY 2000-01

Classification	Number of FTEs
Support Services Manager	0.2
Maintenance	2.0 ¹
Custodian	8.0
Total FTE's	10.2

Source: Superintendent's office, interviews

¹Maintenance staff includes one full-time chief of maintenance and the grounds keeper. The grounds keeper's salary is included in the maintenance budget.

Key Statistics

Key statistics related to the maintenance and operation of LLSD are presented in **Table 4-2**. In addition, results from the 2000 American Schools & University (AS&U) Maintenance & Operations Cost Study are included in the table and throughout this section. The study surveyed schools across the country to gather information about staffing levels, expenditures and salaries for maintenance and custodial operations. Overall, the AS&U study found that "current attention being focused on the deteriorating condition of America's school facilities has put the spotlight on past practices that have contributed to the present dilemma. Although poor design and construction decisions made in the 1960's and early 1970's by many school districts that wanted to get buildings up 'fast and cheap' to meet burgeoning enrollments are the primary culprit, decades of deferred maintenance, insufficient building upkeep procedures, and years of siphoning dollars from maintenance budgets have significantly contributed to the current condition." In the study, Region 5 includes the states of Ohio, Indiana, Illinois, Michigan, Minnesota and Wisconsin.

McDonald Local School District, Minster Local School District and Weathersfield Local School District have been identified as the peer group for LLSD.

Table 4-2: Key Statistics

Number of Sites	4
- Elementary School	1
- High School	1
- Gordon James Career Center	1
- Bus Garage and Maintenance Building	1
Total Square Footage Maintained¹	346,887
- Elementary School	
regularly used section	45,794
old middle school section	44,493
- High School	136,655
- Gordon James Career Center	119,945
Square Feet Per FTE Custodial Staff Member (8.0)	37,799²
- Elementary School (regularly used section) (2.0)	22,897
- High School (3.0)	45,552
- Career Center (3.0)	39,982
AS&U Cost Study Region 5 Average	24,861
AS&U Cost Study National Average	21,156
Peer District Average	33,248
Square Feet Per Maintenance Employee (1.25)³	277,510
AS&U Cost Study Region 5 Average	106,691
AS&U Cost Study National Average	87,500
Peer District Average	153,104
1999-00 Maintenance and Operations Expenditures per Square Foot	\$2.95
- Custodial and Maintenance	\$1.80
- Utilities	\$1.15
AS&U Cost Study Region 5 Average	\$4.03
AS&U Cost Study National Average	\$3.72
Peer District Average	\$4.23
1999-00 Facilities Expenditures as a % of Total LLSD General Fund Expenditures	13.25%
AS&U Cost Study Region 5 Average	9.23%
Peer District Average	14.94%

Sources: Treasurer’s office; peer districts; 2000 AS&U Maintenance & Operations Cost Study.

¹Total square footage does not include the bus garage because it is not cleaned by the custodial staff.

²The old middle school section of the elementary complex is used 30 days out of the year. A substitute cleaner is employed for 12 hours a week to clean that portion of the building. That portion, totaling 44,493 square feet, is not considered in the custodial staffing analyses.

³Maintenance employees include the chief of maintenance and 25 percent of the grounds keeper’s time.

Financial Data

LLSD is unique in that the majority of its expenditures do not, as is typical with most school districts, come through the General Revenue Fund. Instead, LLSD funds its maintenance and operations expenditures through the General Revenue Fund, an Emergency Levy Fund and the Compact Fund. The following tables reflect the revenue expenditures from these three funds.

Table 4-3 and **Table 4-4** show the expenditures made to maintain and operate LLSD facilities for FY 1999 and FY 2000 and the budget for FY 2001.

Table 4-3: Maintenance and Operations Expenditures: FY 1998-99 vs FY 1999-00

Accounts	FY 1999-00 Total	FY 1998-99 Total	Difference	Percentage Change
Salaries	\$327,761	\$316,877	\$10,884	3.4%
Benefits	\$164,163	\$142,671	\$21,492	15.1%
Purchased Services	\$76,672	\$76,106	\$566	0.7%
Utilities	\$398,064	\$506,806	(\$108,742)	(21.5)%
Supplies/ Materials	\$49,765	\$76,210	(\$26,445)	(34.7)%
Capital Outlay	\$6,331	\$0	\$6,331	N/A
Total	\$1,022,756	\$1,118,670	(\$95,914)	(8.6)%

Source: 4502s, statements P and Q, Treasurer’s appropriations worksheet

Table 4-4: Maintenance and Operations Expenditures: FY 1999-00 vs FY 2000-01

Accounts	FY 2000-01 Budgeted Totals	FY 1999-00 Actual Total	Difference	Percentage Change
Salaries	\$324,668	\$327,761	(\$3,093)	(0.9)%
Benefits	\$163,375	\$164,163	(\$788)	(0.5)%
Purchased Services	\$76,126	\$76,672	(\$546)	(0.7)%
Utilities	\$416,145	\$398,064	\$18,081	4.5%
Supplies/ Materials	\$46,195	\$49,765	(\$3,570)	(7.2)%
Capital Outlay	\$4,300	\$6,331	(\$2,031)	(32.1)%
Total	\$1,030,809	\$1,022,756	\$8,053	0.8%

Source: 4502s, statements P and Q, Treasurer’s appropriations worksheet

Explanations for some of the more significant variances in **Table 4-3** and **Table 4-4** are reflected in the following:

- In most categories, LLSD has reduced its projected costs from the FY 1999-00 school year to the FY 2000-01 school year. A 0.9 percent projected decrease in salaries for 2000-01 resulted from a unilateral salary cap that was enacted for all personnel, including the classified maintenance and custodial staff, until fiscal emergency is resolved.

There was a reduction in staff within the custodial staff effective December 26, 2000 due to a retirement that reduced the staff from 9 to 8 custodians. According to the administration, that position will not be replaced until the fiscal emergency situation is resolved. Instead, a 0.3 FTE is being filled by a substitute custodian. The substitute custodian’s salary is funded through a Trumbull County arts program which uses the portion of the elementary school that is cleaned by the substitute custodian.

- From FY1998-99 to FY1999-00, there was a 35 percent decrease in expenditures for materials and supplies. This was due primarily to a change in the purchase order system enacted early in FY1999-00, moving from a three-month ordering schedule to a one-month schedule. This has eliminated large inventory reserves as well as encouraged staff to order only what is necessary for the month. Since the hiring of the support services manager in May 2000, all purchase requests are administered

through the support services manager, who issues the purchase orders. Any kind of “blanket” approval system that may have existed in the past is no longer in place.

- Capital outlay expenditure projections show a 32 percent reduction for FY 2000-01 after a 3.7 percent increase in FY 1999-2000. This is due to budget constraints and the necessity to pull from budgets to cover expenses in other areas.
- Utilities accounted for 39 percent of the operations and maintenance expenditures in FY 1999-00. Although costs were reduced by 21 percent from 1998-99 to 1999-00 due to newly enacted energy conversion improvements and practices, costs are on the rise as reflected by expenditures during 1999-00 and the budgeted expenditures for 2000-01. Rising costs for utilities and other purchased services account for an overall increase in spending despite reductions in other areas of operations and maintenance.
- There was a \$21,492 increase in benefits expenditures in 1999-2000 from 1998-1999. In March 2000, the facilities foreman, replaced by the support services manager, retired and was paid \$6,189 in severance pay. This contributed nearly one-third of the \$21,492 increase from the previous year.
- In FY 2000-2001, the budgeted totals for benefits were similar to the actual expenditures in FY 1999-2000. This is reflective of the overall increase in benefits spending that is attributed to a contract that requires no staff contribution to healthcare premiums (see **Human Resources** section).

Table 4-5 presents a comparison of the operations and maintenance staff at LLSD and its peer districts.

Table 4-5: Comparison of Facilities Divisions: Maintenance and Custodial Services

Size	Lordstown	McDonald	Minster	Weathersfield
Number of Sites	3 ¹	2	4	3
Building Sq. Feet:				
Maintained by Cust. & Maint.	346,887	175,000	140,650	201,995

Position by FTE

Administration	.20	0	1.10	0.5
Custodians	8.0	5.5	3.6	7.0
Maintenance	1.25	1.5 ²	.25	1.0
Total	9.45	7	4.95	8.5

Comparison

Sq.Ft. Per Custodial Staff	37,799	31,818	39,069	28,856
Sq.Ft. Per Maintenance Staff	277,510 ³	116,667	140,650	201,995
Average Base Custodial Salary	\$22,927	\$23,063	25,248	\$29,240
Average Base Maintenance Salary	\$26,738	\$27,746	21,295	\$35,787

Characteristics

Average Age of School Buildings	41	76	50	47
Preventive Maintenance	limited - no specific plan	no plan	yes, detailed plan	no plan
Use of Deregulated (Self-Help) Gas and Electricity	yes	no	no	information not provided
Use of Energy Savings Program	yes	yes	no	information not provided
Use of Temporary Employees or Outside Contractors	as needed basis only	none	yes, student workers in summer	as needed basis only
Weekend Inspections	no ⁴	no	yes	no

Sources: treasurer’s office; peer districts

¹There are four buildings in the district. The bus garage and maintenance building has been omitted from the calculations since the transportation coordinator is responsible for those custodial and maintenance duties.

²At McDonald Local School District, the custodians perform maintenance. The job descriptions for the “domestics” indicates cleaning and non-maintenance custodial duties. The job descriptions for the custodial employees indicates a work load that is about half “custodial” in nature and about half maintenance; thus the 3 custodians are considered as 1.5 FTE maintenance staff and 1.5 FTE custodial plus 5 domestics equals 6.5 custodial staff.

³The elementary building includes 45,794 square feet which is regularly used and 44,493 square feet which is used occasionally. Only the regularly used portion is considered in the staffing analysis.

⁴There are no weekend inspections unless otherwise determined necessary by the support services manager, i.e. during extended three-day weekends.

Performance Measures

The following is a list of performance measures that were used to conduct the analysis of the LLSD's facilities operation:

- Cost effectiveness of custodial services
- Cost effectiveness of facilities maintenance
- Utilization of staffing resources
- Effectiveness of current needs assessment and prioritization processes and procedures
- Adequacy of preventive maintenance system
- Effectiveness of long range facilities planning
- Utilization of existing facilities
- Effectiveness of energy conservation programs.

Findings / Commendations / Recommendations

Staffing and Compensation

F4.1 The custodians are responsible for cleaning LLSD’s facilities and are supervised by the support services manager. Each school is assigned at least one daytime custodian. The career center and high school each have two night custodians. The elementary school has one night custodian and a substitute custodian who works 12 hours per week.

According to the job description, the custodian is responsible for keeping the school building(s) in a clean and orderly condition and tends to all physical facilities, systems and maintenance matters necessary for effective school operation. Tasks performed include dusting, sweeping and mopping floors, emptying trash containers, cleaning and disinfecting restrooms, moving furniture and equipment, making minor building repairs and performing other duties and responsibilities as assigned.

F4.2 **Table 4-6** shows the average square footage per custodial employee for LLSD, the peer districts and the AS&U Region 5 average. LLSD’s custodial staffing level results in one FTE custodian for every 37,799 square feet.

Table 4-6: FY 2000-01 Square Footage per Custodial Employee

Lordstown Local School District	37,799¹
Peer Districts:	
McDonald	31,818
Minster	39,069
Weathersfield	28,856
Peer District Average	33,248
Difference	4,551
AS&U Region 5 Average	24,861
Difference	12,938

Sources: Maintenance and Custodial department; peer districts

¹The 3 school buildings total 346,887 square feet. The old middle school section, 44,493 square feet, is omitted from the total square feet maintained by the custodial staff.

F4.3 As indicated in **Table 4-6**, LLSD custodial staff are responsible for 4,551 square feet, or 12 percent, more per custodian than the peer district average, and 12,938 square feet, or 52 percent more per custodian than the AS&U Region 5 average. Factors contributing to LLSD’s high square footage maintained include expansive areas in the high school (auditorium, natatorium, gymnasium, wide hallways, and a large commons area), the low capacity utilization rates in the district’s schools and the resulting lower traffic throughout the buildings.

F4.4 **Table 4-7** compares the peer districts’ school facilities and maintenance, custodial and domestic staffs.

Table 4-7: Comparison of School Facilities and Custodial Staff (FTEs) per Square Foot

	Lordstown	McDonald ²	Minster	Weathersfield ³	Peer Average	Difference Between LLSD and Peer Average
Elementary School	(1)	(1)	(1)	(1)	(1)	(1)
Total Sq Ft	90,287 ¹	42,000	52,635	37,491	44,042 ¹	46,245
Regularly Used Sq Ft	45,794	42,000	52,635	37,491	44,042	1,752
Number of Staff	2.0	1.75	1.0	2.0	1.58	0.42
Sq. Footage Per Staff	22,897	24,000	52,635	18,746	31,794	(8,897)
Middle School			(1)	(1)	(1)	
Total Sq. Footage			17,012	74,504	45,758	
Number of Staff			1.0	2.0	1.5	
Sq. Footage per Staff	N/A	N/A	17,012	37,252	30,505	N/A
High School	(1)	(1)	(1)	(1)	(1)	(0)
Total Sq. Footage	136,655	133,000	71,003	90,000	98,001	38,654
Number of Staff	3.0	3.75	1.6	3.0	2.8	0.2
Sq. Footage per Staff	45,552	35,467	44,377	30,000	36,615	8,093
Career Center	(1)					
Total Sq. Footage	119,945					
Number of Staff	3.0					
Sq. Footage per Staff	39,982	N/A	N/A	N/A	N/A	N/A
Total Sq Ft for All Buildings	346,887	175,000	140,650	201,995	172,548	174,339
Total Sq Ft Used for All Buildings	302,394	175,000	140,650	201,995	172,548	129,846
Total Staff	8.0	5.5	3.6 ⁴	7.0	5.2	2.8
Sq. Footage per Staff	37,799	31,818	39,069	28,856	33,248	4,551

Sources: Trumbull County Auditors Office; LLSD custodial and maintenance departments; peer districts

¹ Of the total 90,287sq ft, only 45,794 sq ft are being used for the regular elementary program and regularly cleaned.

² Domestic are used for custodial functions at McDonald Local School District.

³ Custodial and maintenance functions are performed under one classification.

⁴ Does not includes eight seasonal employees working three months out of the year.

- F4.5 As indicated by **Tables 4-6 and 4-7**, LLSD's custodial staff maintain a total square footage of 302,394. The elementary school is 90,287 square feet, however, only 45,794 square feet are regularly used. The career center is 119,945 square feet and the high school is 136,655 square feet. The square footage cleaned per FTE at the elementary school is lower than the peer district average by 28 percent. The square footage cleaned per FTE at the high school is higher than the peer district average by 18 percent. Overall, the LLSD custodial staff is responsible for an average of 4,551, or 14 percent, more square feet than the peer average.
- F4.6 Due to limited enrollment, LLSD regularly uses only three classrooms in the old middle school section of the elementary school: two art rooms and one music room. The combination of the three rooms equals 2,760 square feet out of a total of 47,253 square feet. The remaining 44,493 square feet is used approximately 30 days per year for an arts education program that is operated by the County Board of Education. The county pays for 12 hours of custodial service per week to clean the old middle school section of the elementary school being used by the arts program.
- F4.7 LLSD's Gordon James Career Center totals 119,945 square feet and is cleaned and maintained by 3 FTE custodial employees. As shown in **Table 4-7**, LLSD is unique in comparison to peer school districts because it is the only school district which operates a career center. LLSD, as the fiscal agent, is responsible for the upkeep of the facility.

R4.1 LLSD should develop an FTE custodial and maintenance allocation methodology to appropriately staff each of the buildings. Factors that should be taken into consideration when developing the FTE custodial and maintenance allocation methodology are square footage to be cleaned and maintained, number of students, number of restrooms, number of special facilities, types of floors, desired level of cleanliness and the frequency of community and extracurricular activities. Developing this methodology will allow the LLSD to utilize its resources in the most efficient and effective manner by reducing square footage maintained by custodians for more heavily used buildings and increasing the square footage for custodial services for those buildings less used.

R4.2 As shown in **Table 4-17**, the career center and the high school operate at 32 percent and 49 percent capacity, respectively. Both buildings are underutilized, generating less traffic and need for cleaning than other similarly sized buildings, therefore demanding fewer custodial hours. LLSD should considering reducing the overall custodial FTE's devoted to the buildings from six to five and convert the separate staffs for each building to a team that cleans both buildings daily. Combining the duties will distribute responsibility more equitably among the staff as well as reduce the need for one staff member. Due to the light use of the facilities, many areas can be cleaned on an alternating basis, thereby reducing the staff while maintaining an appropriate workload.

Financial Implication: By reducing one custodial staff member, LLSD could save approximately \$29,700 based on an average salary of \$22,648 and benefit costs which are approximately 30 percent of the base salary.

F4.8 **Table 4-8** shows the average base salary for LLSD’s custodians for FY 1999-00 as well as their average wages. The table also shows the average base salary and wages for the peer districts and the American School & University’s (AS&U) region 5 average.

Table 4-8: Cleaning Staff FY 1999-00 Salary Comparison

Position	FY 1999-00 Average Base Salary	Calendar Year 1999 W-2 Average Gross Wages	Difference as a Percentage of Base Salary
Custodial Staff	\$22,927	\$22,887	0.18%
Peer Districts:			
-McDonald	\$23,063	\$23,247	0.79%
- Minster	\$25,248	\$27,859	10.3%
- Weathersfield	\$29,240	\$30,103	2.95%
Peer District Average	\$25,850	\$27,070	4.71%
Difference	(\$2,923)	(\$4,183)	N/A
AS&U Region 5 Average	\$23,717	N/A	N/A
Difference	(\$790)	N/A	N/A

Source: LLSD treasurer’s office and peer districts’ salary notices and W-2 reports.

Note: Wage analysis does not include employees that did not work a full FY. Based on weighted averages.

As shown in **Table 4-8**, the average base salary for the LLSD custodial staff is \$22,927. The average gross wage in 1999 was \$22,887, which is slightly higher than the average base salary for FY 1999-00. LLSD’s custodial base salary is the lowest among the peer districts.

F4.9 **Table 4-9** shows total custodial overtime expenditures in comparison to custodial salaries.

Table 4-9: Custodial Staff Overtime Expenditures by Fiscal Year

Fiscal Year 1998-99			Fiscal Year 1999-00		
Total Regular Salaries	Total Custodial Overtime	Overtime as a Percentage of Regular	Total Regular Salaries	Total Custodial Overtime	Overtime as a Percentage of Regular
\$183,308	\$1,417	0.77%	\$201,966	\$3,548	1.76%

Source: Treasurer’s office

As shown in **Table 4-9**, LLSD’s custodians were paid a total of \$3,548 in overtime for FY 1999-00, \$2,131 more than the total custodial overtime of \$1,417 in FY 1998-99. The custodians are paid overtime for all hours worked in excess of 40 hours in one week. The district usually pays overtime for working on weekends and compensatory time for working calamity days. Based on this analysis, custodial overtime costs appear to be reasonable.

F4.10 The maintenance staff is responsible for maintaining the facilities and is supervised by the support services manager. There are two maintenance personnel, the chief of maintenance who is responsible for maintaining the career center, the high school and the elementary school, and the grounds keeper who is responsible for maintaining all of LLSD’s grounds in the summer months and removing snow and ice control in the winter months. The grounds keeper spends approximately 25 percent of his time completing work orders and building maintenance tasks as assigned.

According to the job descriptions, the chief of maintenance is responsible for keeping the school buildings and property in a clean and orderly condition and tends to all physical facilities, systems and maintenance matters necessary for effective school operation. The grounds keeper is responsible for removing snow, ice, and debris from sidewalks and entrance ways, cutting grass, moving furniture and equipment, making minor building repairs and performing other duties and responsibilities as assigned.

F4.11 **Table 4-10** shows the average square footage per maintenance employee for LLSD, the peer districts and the AS&U Region 5 average.

Table 4-10: FY 2000-01 Square Footage per Maintenance Employee

Lordstown	277,510
Peer Districts:	
-McDonald	116,667
-Minster	140,650
-Weathersfield	201,995
Average for Peer Districts	153,104
Difference	124,406
AS&U Region 5 Average	106,691
Difference	170,819

Sources: Superintendent’s office; Trumbull County Auditor’s office; peers; 2000 AS&U Maintenance & Operations Cost Study.

LLSD’s maintenance personnel are responsible for significantly more square footage than either the peers or the AS&U region 5 average. However, when adjusted for the large amount of excess capacity, the staffing level may be high.

F4.12 **Table 4-11** shows the average base salary for LLSD’s maintenance personnel for FY 1999-00 as well as the average gross wages for FY 1999-00. The base salary for the maintenance staff is \$26,738. Gross wages were \$26,856, which is approximately 0.4 percent higher than the weighted average base salary.

Table 4-11: Maintenance Department Salaries

Position	FY 1999-00 Average Base Salary	Calendar Year 2000 Average Gross Wages	Difference as a Percentage of Base Salary
LLSD Weighted Average	\$26,738	\$26,856	0.4%
Peer Districts:			
McDonald	\$27,060	\$31,147	15.1%
Minster	\$14,747	\$25,649	74%
Weathersfield	\$35,786	\$35,786	0%
Peer District Average	\$25,864	\$30,861	19.3%
Difference	\$874	(\$4,005)	N/A
AS&U Region 5 Average	\$31,221	N/A	N/A
Difference	\$4,483	N/A	N/A

Sources: LLSD treasurer’s office; payroll department; peer districts

F4.13 **Table 4-12** shows total regular salaries and overtime payments for FY 1998-99 and FY 1999-00. The table also shows overtime as a percentage of regular salaries.

Table 4-12: Maintenance Staff Overtime Expenditures by Fiscal Year

Fiscal Year 1998-99			Fiscal Year 1999-00		
Total Regular Salaries	Total Maintenance Overtime	Overtime as a Percentage of Regular	Total Regular Salaries	Total Maintenance Overtime	Overtime as a Percentage of Regular
\$77,750	\$781	1.00%	\$53,476	\$683	1.28%

Source: Treasurer’s office

As shown in **Table 4-12**, LLSD’s maintenance personnel were paid a total of \$781 in overtime for FY 1998-99 compared to \$683 in FY 1999-00. The staff is paid overtime for all hours worked in excess of 40 hours in one week. The district pays overtime for working on weekends and compensatory time for working calamity days. Based on this analysis, custodial overtime costs appear to be reasonable.

Contractual Issues

F4.14 **Table 4-13** compares LLSD’s labor practices and classified contractual issues to the peer districts.

Table 4-13: Comparison of District Practices and Classified Contractual Issues

Issue	Lordstown	McDonald	Minster	Weathersfield
Length of Scheduled Work Day	8 hours, with a 30 minute paid lunch and two 15 minute breaks	8 hours, with a 30 minute paid lunch and two 15 minute breaks	9 hours, with a 60 minute non-paid lunch and two 15 minute breaks.	8.5 hours, with a 30 minute non-paid lunch and two 15 minute breaks
Actual Work Time	7.0 hours	7.0 hours	7.5 hours	7.5 hours
Staffing Level Determination	District needs	District needs	Nothing stated in contract	Nothing stated in contract
Calamity Day Work Requirement	Yes	Nothing stated in contract	District needs	Nothing stated in contract
Compensation for Working on a Calamity Day	Receive regular rate of pay plus compensatory time at time and a half for actual time worked	Nothing stated in contract	Regular pay	Employees required to work receive regular rate of pay up to 4 hours plus straight time for hours worked.
Use of Custodial Substitutes	Yes	Nothing stated in contract	Yes	Nothing stated in contract
Minimum Call-in Pay	2 hours	1 hour	Nothing stated in contract	4 hours only between 11pm - 7am, or Saturday or Sunday. 1.5 hours if the cause is due to a lack of responsibility.
Evaluation Process and Frequency	Employees are to be evaluated annually	Nothing stated in contract	Annually	Nothing stated in contract
Basis for Promotion	Seniority	School employee shall receive first consideration for any job posting; final selection based on qualifications of all candidates as determined by the board.	Nothing stated in contract	Seniority
Ability to Subcontract	Yes	No	Nothing stated in contract	Yes (larger projects)

Source: Contract Agreements for Lordstown, McDonald, Minster and Weathersfield school districts.

LLSD's classified contract provides employees with a 30 minute paid lunch period in addition to two fifteen minute paid breaks. This results in a work day of 7.0 hours.

R4.3 LLSD should consider implementing a 7.5 hour work day for its classified staff during the next contract negotiations. By adding a 0.5 hour unpaid lunch to the workday, LLSD could add 2.5 hours of work per custodian and maintenance employee each week. This recommendation supports the suggested staff reduction and team approach to cleaning the high school and career center that is discussed in **R4.2**.

F4.15 LLSD's classified contract states that evaluations are to be performed at least once per year. However, according to the support services manager, in his former role as a maintenance employee, he never received a performance evaluation and indicated that the classified staff evaluations were conducted in a sporadic manner. Review of the classified staff personnel files supports this finding.

R4.4 LLSD should implement the current union contract provision regarding evaluations to ensure that the support services manager, and custodial and maintenance staff receive performance evaluations annually. Regular performance evaluations are important in order to:

- Ensure employees receive clear feedback on areas for improvement;
- Identify and document disciplinary problems;
- Provide evidence about the quality of the employee's performance;
- Improve efficiency and effectiveness of the employees in carrying out the tasks found in the job description; and
- Improve employee morale and monitor an employee's success and progress.

F4.16 Ohio Revised Code (ORC) §3317.01 allows the superintendent to declare up to five calamity days for teaching and non-essential employees. Calamity days are defined as days on which schools are closed due to severe weather conditions, mechanical emergencies or other acts or conditions beyond the control of the district. Any calamity days in excess of the five provided by the ORC must be made up by the district and teaching and non-essential employees are not provided with additional compensation. The ORC does not provide for calamity days for essential or 12-month employees. Currently, LLSD provides calamity day compensation to all employees. Classified staff required to work on calamity days receive their regular rate of pay plus compensatory time at time and one half. During FY 1999-00, LLSD had two calamity days as a result of weather conditions.

R4.5 The LLSD should establish a policy which identifies essential employees, including administrators, building custodians and other personnel necessary to prepare LLSD for re-opening following a calamity day. If an essential employee does not report to work on a calamity day, the employee should be required to use one of the following:

- A compensatory day
- A sick leave day, if ill
- A vacation day
- A personal leave day
- A day without pay.

Facilities Planning and Management

F4.17 The Ohio Public School Facility Survey of 1990, published by the Ohio Department of Education (ODE), estimated the cost to repair and upgrade LLSD's facilities to state minimum standards and codes for health and safety would be \$3.9 million. In July 1997, the Ohio Legislative Budget Office (LBO) updated the figures from the 1990 survey. To perform the analysis, LBO used data provided by the ODE. LBO's 1997 cost estimate for LLSD to update the District's facilities is \$7.2 million. These estimates encompass the total cost predicted to bring all the Lordstown facilities up to current code and it is not expected, nor is it advised, that LLSD perform all these renovations. It is important to note that the buildings are in good condition and LLSD used \$1.8 million in H.B. 264 funds for roof and lighting repairs as well as improvements to the HVAC system in 1999 and 2000.

F4.18 LLSD currently has one elementary school (grades K-6), one high school (grades 7-12), and a career center. These facilities have a combined square footage of 346,887. Only three rooms in the old middle school section of the elementary school are used for daily instruction of Lordstown students; these are the art room and two music rooms. The elementary school section houses classrooms for students from grades K through 6. The old middle school section remains open because the HVAC equipment is located in that section of the building. To offset the costs of maintaining a partially vacant building, LLSD rents the space to the county for 30 days throughout the year for an ArtsExcell program that instructs approximately 170 students on 21 days and an additional 80 students for another nine days during the year. The school receives \$10,000 in rent each year which helps pay for the cleaning and maintenance costs associated with using that section of the building.

C4.1 Because the infrastructure of the elementary school dictates that the underused portion of the building remain open, it is necessary that the building be as well maintained and utilized as often as possible. By using the section of the school on a nearly weekly basis for the county program, LLSD is keeping the building in good condition and helping to offset the losses of operating a partially vacant facility.

R4.6 LLSD should review its current rental agreement with the county for the youth program housed in the elementary school. An assessment of costs should be made and fees adjusted to reflect actual costs for maintenance and utilities. In addition, LLSD should investigate the marketability of the middle school space to ensure occupancy for the next several years.

Assessing the building's use is especially important given that the county has expressed its consideration for moving the arts program to a location more centrally located within Trumbull County. If that move takes place, LLSD should attempt to market the building's use to others.

F4.19 The high school building operates at approximately 44 percent of capacity (see **Table 4-17**). Currently, grades 7-12 use 21 regular classrooms. In addition, there are eight other teaching stations that include the art room, the home economics room, the planetarium, the band/chorus room, industrial arts, the gym and two lecture halls in the auditorium. Teachers are assigned specifically to certain rooms. The student to teacher ratio is 9.6:1. Using the capacity methodology referenced in **F4.28**, for a student population of 300, the necessary number of classrooms is 14.

R4.7 LLSD should conduct a comprehensive space analysis for the purpose of reducing the overall square footage. The following is a list of possible actions that LLSD should consider in its analysis:

- LLSD could consider sectioning off six rooms in the southern hallways in the high school. This would reduce the square footage by approximately 5,700 square feet. This reduces the number of teaching stations from 29 to 23, which would accommodate 488 students.

Although the custodians clean approximately the same square footage as the peers, because of the lighter use of the building, the staff generally has lighter cleaning duties. By reducing the overall square footage and concentrating the building's occupancy and use, the cleaning area would be more relative to that of the peers. There is also the possibility of utility cost reduction as heating and cooling needs are reduced. The building is divided into HVAC zones. LLSD should consider reducing the square footage in association with those zones in order to enable a shut-off at least a single zone, thereby reducing utility costs.

- LLSD could consider reducing the square footage by eliminating the two lecture rooms that are a part of the auditorium complex from daily use as study hall areas as well as the after-school use of the auditorium stage by the community aerobics group. This would reduce the occupied square footage by approximately 15,000.

Eliminating the general use of the auditorium will enable other rooms in the building to be used more efficiently and consistently and the auditorium will not need to be maintained or cleaned as regularly. In addition, the auditorium is a large area that requires a considerable amount of energy to maintain a comfortable temperature. Closing it off may result in utility cost savings.

Financial Implication: Closing down 15,000 square feet of space could reduce the utility costs by 4 to 5 percent, resulting in an approximate costs savings of \$17,500 annually. Potential savings are based on a 4.3 percent reduction in space and an associated reduction in utility costs based on 1999-2000 utility expenditures.

F4.20 LLS D extends the use of its buildings to the community at-large. During the evenings, the building is open for swim classes, aerobics classes, weight training, indoor walking periods, Red Cross training courses, and other recreational and educational programs. Essentially, the community uses the school high school building as a part-time community recreation center.

Through the village budget and limited user-fees, the actual instruction costs, as well as the insurance for the instructors and participants, are covered. However, none of the operational costs (including the water for the pool, custodial costs, or utilities) are covered by the community members through fees, nor through the village budget. LLS D assumes responsibility for all these costs.

On occasion, the Village Recreation Department offers courses that require individual payment for admission. For these classes, non-residents of Lordstown are able to pay for the course and participate. Most classes, however, are free to the public and non-residents are not able to participate.

C4.2 LLS D has made strides in maximizing the campus's utility by opening it to the community. These efforts can have significant public relations benefits and the district should explore means for continuing the practice in a manner which does not shift village costs to the schools.

R4.8 With the Village of Lordstown, LLS D should consider establishing a committee to create a recreation program for the residents that shares the costs of operation in the most economical and equitable manner. The committee could consider establishing a fee structure to assess users for use of the pool and auditorium to cover the cost of maintenance, utilities, supplies and long-term depreciation of those facilities.

F4.21 LLS D reduced its facilities related expenditures for materials and supplies by 12.7 percent from FY 1998-99 during FY 1999-00. This reduction was due primarily to a change in the purchase order schedule from three months to every month. In addition, early in 2000, the blanket purchase order approval policy was revised. Currently, the support services manager submits all purchase orders after reviewing staff requests.

C4.3 LLS D has recently instituted a monthly ordering system that has resulted in fewer purchases during the year and lower inventories. This new system has the potential to generate continual savings through future implementation.

R4.9 LLSD should continue to order materials and supplies on a monthly basis as well as have all facility related purchase requests go through the support services manager. This practice has reduced costs without any reported effect on the timely availability of materials and supplies.

F4.22 The average age of the school buildings is 41 years. The “old middle school” section of the elementary school was built in 1926. The K-6 addition was completed in 1969 and the rest of the campus, which includes the high school, the vocational school and the maintenance/ transportation facility, was opened in 1977. The buildings are in good repair, although at an average age of 41 years of ages, the buildings are facing increased maintenance needs and equipment replacement. The equipment warranties are no longer valid.

R4.10 A schedule of anticipated equipment replacement should be developed in order to prepare for major equipment purchases since the warranties are no longer in force. This schedule should be incorporated into the recommended preventive maintenance program (see **R4.12**). LLSD should inventory its equipment and attach manufacturers’ recommended replacement dates to each piece of equipment. The predicted costs associated with replacing and repairing equipment should be incorporated into the schedule.

Generally, school districts use general fund revenues to pay for maintenance and operations (M&O) expenditures. However, **Table 4-14** shows expenditures per square foot as disbursements from LLSD’s general revenue fund, its emergency levy fund, and its compact fund which are compared to the M&O expenditures per square foot for the peer districts.

Table 4-14: 1999-2000 M&O Expenditures per Square Foot

Expenditure	Lordstown	McDonald ¹	Minster	Weathersfield	Peer Average	AS&U Region 5 Average
Custodial and Maintenance Salaries and Benefits	\$1.42	N/A	\$1.85	\$1.97	\$1.91	\$1.84
Grounds	included in custodial/maintenance	N/A	\$0.01	N/A	N/A	\$0.14
Purchased Services	\$0.22	N/A	\$0.75	\$1.65 ²	\$1.20	\$0.67
Utilities	\$1.15	\$0.51	\$0.77	N/A	\$0.64	\$1.17
Supplies/ Materials	\$0.14	N/A	\$0.26	\$0.29	\$0.27	\$0.38
Capital Outlay	\$0.02	N/A	\$0.08	\$0.14	\$0.11	N/A
Total M&O Budget	\$2.95	\$4.92	\$3.72	\$4.05	\$4.13	\$4.20
Total M&O Budget as % of District Budget	9.74%	21.50%	10.02%	13.30%	14.94%	9.2%

Sources: Treasurer’s office; peer districts; 2000 AS&U Maintenance & Operations Cost Study

¹ Information not available. McDonald did not provide a Statement Q.

² Includes utilities. Weathersfield did not provide a Statement P.

F4.23 LLSD spends approximately 9.74 percent of its total budget on maintaining and operating its facilities which is slightly higher than the Region 5 average. LLSD’s expenditures per square foot are lower than the peer average.

Utility costs at LLSD are higher than the individual peers and the peer average, but are slightly lower than the Region 5 average. LLSD’s overall maintenance and operations expenditures per square foot are significantly lower than the peers and the regional average.

F4.24 Under LLSD’s current system, work orders are generated by the building principals who record the work order onto a maintenance log. The work orders are submitted to the support services manager who reviews the work requests and prioritizes them based on their urgency. According to the support services manager, priority work areas include boilers, electric, plumbing and roofing. Custodians complete any minor maintenance work orders which they are capable of completing. When custodians are unable to perform the requested work, the

support services manager is contacted to determine the additional assistance needed to complete the task. For those orders that cannot be completed by the custodians, chief of maintenance and support services manager, the superintendent is consulted and the work is contracted out.

Work orders are signed and dated when completed and copies are submitted to the building principal and superintendent. The building principals document jobs that have been completed in the maintenance log. LLSLD usually has a backlog of maintenance work orders which accumulate throughout the school year and are addressed during school breaks. As of March 2001, 4 maintenance work orders had accumulated since the winter break in December and were on hold for the April break. During the April break, broken baseboards, filter changes on air handlers, computer wiring needs and repair of stair treads will be addressed.

F4.25 The maintenance staff is not required to complete a daily work log which would allow the superintendent to monitor productivity. Other than by reviewing the work orders and maintenance logs maintained by the principals, it is difficult to determine how much work the chief of maintenance is completing on a daily basis.

R4.11 LLSLD should require the chief of maintenance and grounds keeper to keep daily logs documenting how maintenance staff work days are spent in 30 minute increments. The logs should be turned in weekly to the support services manager and reviewed by the support services manager and the superintendent in an effort to monitor productivity. Completing the daily logs will increase accountability and should further improve productivity. The information recorded on the daily logs should be compared to the dates recorded on the work orders to ensure accuracy.

F4.26 The support services manager and custodians are responsible for completing the preventive maintenance in the district's facilities. LLSLD does not have a written preventive maintenance schedule detailing when each task is to be performed or a log book to record when the preventive maintenance tasks are completed. It cannot be verified whether or not regularly scheduled preventive maintenance is being completed in LLSLD facilities.

R4.12 A planned preventive maintenance program should be developed and implemented to help maintain LLSLD facilities, including the use of preventive maintenance schedules and log books for each facility. The schedules should identify the tasks which are to be performed and log books should be reviewed periodically by the superintendent to ensure that scheduled maintenance is being done.

An effective preventive maintenance program can decrease energy consumption, reduce maintenance and capital expenditures, reduce the number of work orders, and improve worker

productivity by proactively maintaining facilities and equipment rather than responding to breakdowns and emergencies.

F4.27 In the last 10 years, LLSD’s student population has increased by a total of 20 students when considering the populations in all three buildings, including the career center. However, according to **Table 4-15**, the student population for Lordstown elementary and high school students decreased 12 percent from 1990-91 to 1995-96 and has since remained stable at around 575. The total head count for LLSD which includes the career center has fluctuated annually from the 1990-91 school year through the 1999-00 school year. The head count data in **Table 4-15** includes all the students enrolled in LLSD.

Table 4-15: Head Count History

School Year	Total Head Count	Percent Change From the Previous Year	Head Count for Lordstown Students Only	Percent of Change from the Previous Year
1990-1991	842	NA	655	N/A
1991-1992	775	(7.95)%	641	(2.14)%
1992-1993	944	21.80%	612	(4.52)%
1993-1994	898	(4.87)%	591	(3.43)%
1994-1995	931	3.67%	599	1.35%
1995-1996	976	4.83%	577	(3.67)%
1996-1997	933	(4.40)%	577	0.00%
1997-1998	911	(2.36)%	577	0.00%
1998-1999	891	(2.19)%	575	0.17%
1999-2000	862	(3.20)%	578	(4.15)%

Source: EMIS enrollment report; superintendent’s office, Lordstown LSD.

F4.28 LLSLD has not developed student enrollment projections which are essential for determining the appropriate number of school buildings needed and are useful for estimating staffing needs, projecting state funding and developing five-year financial forecasts. ODE prepares enrollment projections for each school district in the state. These projections are made using live birth data and a grade-to-grade survival ratios. **Table 4-16** contains ODE’s 10-year enrollment projections for LLSLD. ODE is projecting LLSLD’s enrollment to increase by approximately five percent over the next nine years.

Table 4-16: ODE’s 10-Year Enrollment Projection

School Year	Projection, including Gordon James Career Center	Percent of Change From the Previous Year
2000-2001	873	NA
2001-2002	926	6.07%
2002-2003	917	(0.97)%
2003-2004	920	0.33%
2004-2005	938	1.95%
2005-2006	881	(6.01)%
2006-2007	893	1.36%
2007-2008	883	(1.12)%
2008-2009	904	2.38%
2009-2010	920	1.77%

Source: ODE’s Division of Information Management Service

R4.13 LLSLD should adopt a standardized methodology for developing enrollment projections. The methodology adopted should factor in live birth data, historical enrollment and a grade-to-grade survival ratio. Since enrollment projections are a valuable planning tool, they should be done annually. LLSLD could use the enrollment projections to help project the amount of state funding to be received in the future to complete financial forecasts, to determine the appropriate number of teachers to hire and to evaluate building usage and capacity.

F4.29 The capacity analysis shown in **Table 4-17** was developed using a standard methodology often employed by educational planners and other school districts. The capacity for the elementary school buildings is calculated by multiplying the number of regular classrooms by 25 students and the number of special education classrooms by 10 students. Classrooms used for music, art, and computer labs are excluded from the number of rooms used in the calculation. The capacity in the middle and high schools is calculated by multiplying the

number of teaching stations by 25 students and then multiplying the product by an 85 percent utilization factor. Each school’s capacity is shown in **Table 4-17**.

Table 4-17: Capacity Analysis

School	Year Built	Building Capacity	2000-2001 Headcount	Over/(Under) Capacity	Percent
Elementary School:	1926				
Additions:	1955, 1960	589	290 ¹	(299)	49.20% ¹
High School	1977	595	264	(331)	44.0%
Gordon James Career Center	1977	750	242	(508)	32.0%
Overall Total		1934	796	(1,138)	41.0%

Sources: LLSD superintendent’s office; EMIS reports

¹The old middle school section of the middle/elementary school houses 170 students for 21 Fridays during the school year for a county-wide enrichment program. Another 9 days out of the year, 80 students are housed for an Arts Explore program, also administered by the county.

F4.30 As **Table 4-17** indicates, the overall capacity of the District’s schools was calculated to be 1,934 students; 589 in the elementary school, 595 in the high school, and 750 in the Career Center. The District is currently operating at 41 percent of total capacity. Based on the current district capacity and the ODE 2009-10 enrollment projection, LLSD will be operating at only 52 percent of total capacity in 2008-09. Using the highest enrollment projection in **Table 4-16** and the overall capacity shown in **Table 4-17**, LLSD facilities will be under capacity by 996 students when enrollment is at its projected peak in FY 2004-05.

Gordon James Career Center

F4.31 The Gordon James Career Center (Career Center) is currently underutilized as illustrated in **Table 4-17**. The Career Center is operating at approximately 32 percent of capacity and could serve up to 500 additional students. Currently, the Career Center provides vocational education programs and services to 242 students from five school districts under the terms of a compact agreement. The districts participating in the compact include Lordstown, Niles, Howland, McDonald and Weathersfield.

F4.32 At the time of this audit, several issues were under discussion which had the potential to affect the operation of the Career Center. Among those issues were the expiration of the Compact agreement at the end of 2001-02 school year, the need to maximize utilization of the facility by offering high quality vocational programs, and the potential effect of discussions related to the future of the local workforce development and training consortium.

R4.14 LLSD should work closely with the other districts in the compact to ensure the quality and viability of the programs being offered at the Career Center. By offering high quality programs, the compact will maximize student participation and help to ensure the efficient operation of the facility. In addition, LLSD should attempt to identify alternatives for the use of the excess capacity at the career center. By offering viable programs, and maximizing alternative uses for this facility, the district can reduce the costs associated with under-utilization and make the career center an important resource for the community.

Energy Management

F4.33 LLSD has taken advantage of discounted electricity through Ohio Edison's Energy for Education Program Contract. This program discounts electric service by ten percent from the base electric rates otherwise applicable.

C4.4 LLSD has reduced its utility expenditures by participating in this program which increases the funds available for education and facilities-related programs.

F4.34 LLSD has taken advantage of discounted gas through the Northeast Ohio Gas Marketing division of First Energy Corporation. This program, implemented in 1999, locked LLSD into a discounted gas rate for five years. The billing for gas service is two-fold: pipeline transport service is paid to the East Ohio Gas Company and actual gas units are paid for through First Energy. The unit costs are locked in at \$3.05 per MCF. Currently MCFs can cost more than \$5.00, thus the discount program generates considerable cost savings to LLSD.

C4.5 LLSD has reduced its expenditures for gas service by participating in a discounted gas program through the Northeast Ohio Gas Marketing division of First Energy Corporation, which increases the funds available for education and facilities-related programs.

F4.35 In 1985, the state legislature passed H.B. 264 which authorizes school districts to issue debt without voter approval to finance capital projects which produce energy savings. The savings generated should equal or exceed the project cost. The law also states that as long as H.B. 264 debt remains outstanding, the board of education is to monitor the energy consumption of the buildings in which modifications were made, and the district is to maintain and annually update a report documenting the reductions in energy consumption and the resulting operational and maintenance cost savings. The report is to be certified by an architect or engineer who is independent of the parties which provide the goods or services under the H.B. 264 project. The resultant savings are to be certified by the school district treasurer.

As part of HB 264, LLSD contracted Roth Brothers to make improvements to its lighting, roofing, and HVAC systems. Concurrently, LLSD started implementing energy saving practices, which included turning off two of the three boilers in the high school and setting

the second and third to turn on when necessary to accommodate the heating needs. The boilers turn off automatically when not needed. The same process is done with the second of two boilers in the elementary school. From FY 1998-99 to FY 1999-00, utility costs were reduced by 21 percent. The boiler renovation occurred between those two winter seasons, thus accounting for some of the cost reductions. Also in 1999, LLSD discontinued its practice of lighting the high school throughout the nights and weekends.

C4.6 Energy saving practices resulted in a 21 percent reduction in utility costs for FY1999-00 from FY1998-99. LLSD's practices of reducing energy use during warmer months and discontinuing its practice of lighting the school during non-use is especially important given the recent rise in utility costs.

F4.36 Roth Brothers, the contractor for the HB 264 work, is required by statute and by its contract with LLSD, to monitor the energy and cost savings resulting from these changes. As of May 2001, LLSD had not received a report from Roth Brothers that was due to arrive in February 2001. This report should have outlined LLSD's energy savings from Roth Brothers' contracted work.

R4.15 To comply with HB 264, LLSD should require its contractor to comply with the energy savings reporting requirements. LLSD should also engage an independent registered engineer or architect to monitor and report energy consumption and the resulting operational and maintenance cost savings. Having an independent registered engineer or architect certify the energy consumption and the resulting operational and maintenance cost savings enhances the reliability of the reported savings. These records should be kept in addition to those prepared by the project contractor.

R4.16 LLSD should consider implementing an energy management program to further reduce utility costs in each school building. Energy management programs, such as the one implemented in Middletown-Monroe City School District (MMCS D), have potential to save the district 10 to 20 percent on annual utility bills. MMCS D contracted with Energy Education, a management consulting firm from Wichita Falls, Texas, to decrease energy consumption in the district. The contract stipulated that the school district will, through utility cost avoidance, refunds or rebates, save an amount equal to or greater than Energy Education's fee. If the target savings are not achieved, Energy Education reimburses the client districts for the amount of any difference. MMCS D saved \$181,000 in the first seven months of FY 1997-98.

Financial Implication: Through the use of an energy management program, such as the one used in MMCS D, LLSD has the potential to save an additional 10 to 15 percent on its utility bills, a \$40,000 to \$60,000 annual savings after similar one-year implementation costs.

Financial Implications Summary

The following table represents a summary of the cost savings and implementation costs for the recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Facilities

Recommendation	Annual Cost Savings	One Time Implementation Costs
R4.2 Custodial staff reduction of 1 FTE	\$29,700	
R4.7 Reduction in operational cost by reducing occupied square footage	\$17,500	
R4.16 Implement an energy management program.	\$50,000	\$50,000
Total	\$97,200	\$50,000

Estimates by the Ohio Legislative Budget Office place the capital costs to repair and upgrade LLSD’s facilities at \$3.9 to \$7.2 million. However, the District’s buildings are in good condition and actual capital needs are significantly lower.

Conclusion Statement

Facilities of the Lordstown Local School District (LLSD) are well maintained and functionally adequate to meet the needs of the educational programs. Generally, LLSD relies on a support services manager to supervise the facilities support staff and to oversee maintenance of all its facilities. The facilities support staff is responsible for maintaining three educational sites at LLSD: the high school that serves students in grades 7-12, the elementary school consisting of grades K-6, and the Gordon James Career Center. The career center serves students in grades 11 and 12 from Lordstown and four other school districts. The facilities support staff consists of the chief of maintenance, a full-time groundskeeper and lead custodians assigned to each school building. Additionally, the career center and high school each have two evening custodians, while the elementary school has one evening custodian and a substitute custodian who works two evenings a week.

The custodial and maintenance personnel at LLSD are generally responsible for more square footage than their peers. The high school has 136,655 square feet; the career center has 119,945 square feet and the elementary school has 90,287 square feet for a district total of 346,887 square feet. However, LLSD's schools are significantly under-utilized, resulting in operational inefficiency. The high school and career center currently operate at 49 percent and 32 percent of capacity, respectively.

The low usage of the buildings by students accounts for lighter and less frequent custodial needs. LLSD should consider reducing the custodial staff by one FTE. Combining the duties of the evening custodians will distribute the responsibilities more equitably among the staff and allow for the reduction of one staff member. Furthermore, LLSD should consider reducing the occupied square footage by closing classroom areas in the high school and eliminating daily use of two lecture rooms that are a part of the auditorium complex.

While LLSD's schools are generally well maintained, the district has no formal preventive maintenance plan. As facilities age, the existence of such a plan becomes increasingly important. Most maintenance work is handled in-house and only large jobs requiring expertise or special equipment are completed by outside contractors. Additionally, the grounds keeper is responsible for maintaining approximately 65 acres of grass and, during the winter months, he assists the chief of maintenance with snow removal.

LLSD has implemented several physical plant improvements under H.B. 264. However, the district has not complied with all statutory requirements for this program. As of March 2001, LLSD had not received a required report from the contractor that performed the energy savings work funded through H.B. 264. Further, to comply with H.B. 264, LLSD should engage an independent, registered engineer or architect to monitor and report energy consumption in order to verify anticipated operational and maintenance cost savings.

Overall, LLSD's facilities costs per square foot are low by comparison to the peers. However, energy costs are high and the district should explore means for improving energy management. Continued use of automated HVAC controls and consideration of an energy management program would contribute to cost reductions in this area.

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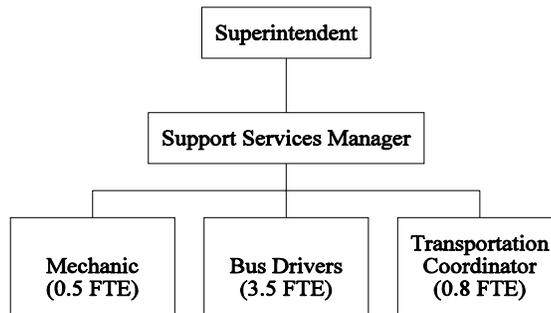
Transportation

Background

Organizational Chart

The chart below provides an overview of the organizational structure and staffing levels in full-time equivalents (FTE) for the Lordstown Local School District (LLSD) transportation department.

Chart 5-1: Transportation Department



Organization Function

The primary responsibility of the transportation department is to provide a safe, efficient and economical method of getting students to and from school, scheduled in a way that the best educational interests of the students can be served. The district’s transportation department operates its own fleet of school buses and provides transportation for students who attend private schools based on the same criteria as its own students.

Summary of Operations

In FY 1999-00, the average daily headcount for LLSD, as reported by the Ohio Department of Education, was 578 students. District buses for the regular transportation program traveled approximately 72,900 miles, carrying 566 public students daily. In addition, 15 non-public students received payment "in lieu of transportation." LLSD students attending the Gordon D. James Career Center are transported to the high school and then walk to the career center.

In FY 1999-00, the special education program transported 14 students daily. Eight students were transported using a contracted bus service provided by the Trumbull County Educational Service Center and six students were transported on an LLSD bus which traveled an additional 14,760 miles.

Overall, the LLSD's vehicles traveled approximately 87,660 miles, transporting 580 students. Combining all methods of transportation, the district provided transportation for 595 students at an adjusted cost of \$258,425. Approximately 41 percent, or \$106,624, of the transportation expenditures were funded by the state.

The difference between the total number of students transported, 595, and total average daily headcount of 578 is the effect of an agreement between LLSD and Weathersfield Local School District for the transportation of special education students. The districts transport each other's special education students, depending on the students' need for the special education class offered by the district.

Staffing

The following table displays the staffing levels for the transportation department for FY 1999-00. The district's transportation coordinator splits his time by working as a custodial worker. Accordingly, this employee is represented in the table below as 0.8 FTE. In addition, the mechanic's time is split between buses and other district vehicles/equipment.

Table 5-1: Staffing Level

Position	Number of Employees	Full-Time Equivalents
Transportation Coordinator	1.0	0.8
Mechanic	1.0	0.5
Bus Drivers	7.0	3.5
Total	9.0	4.8

Source: LLSD transportation department

Financial Data

Table 5-2 shows the actual transportation expenditures for the past two fiscal years and the budgeted transportation appropriations for the current fiscal year. The transportation expenditures for FY 1998-99 and FY 1999-00 shown below are the costs as reported on LLSD’s 4502 reports and include the costs of field trips and repairs to other district vehicles, which are not related to home-to-school transportation. Therefore, these costs have been excluded in the operational analysis performed throughout this section.

Table 5-2: Financial Table

Component	Actual FY 1998-99 Expenditures	Actual FY 1999-00 Expenditures	Budget FY 2000-01 Appropriations
Salaries	\$140,349	\$135, 815	\$113,945
Benefits	\$64,026	\$58,485	\$57,094
Purchased Services	\$73,025	\$56,395	\$60,041
Materials & Supplies	\$24,933	\$29,648	\$29.893
Subtotal	\$302,333	\$280,343	\$260, 973
Capital	\$0	\$0	\$0
Total	\$302,333	\$280,343	\$260,973

Source: LLSD 4502 reports and appropriation worksheets

The transportation expenditures in total have fluctuated downward from FY 1998-99 to FY 1999-00 and again in the budget appropriations for FY 2000-01. The treasurer of LLSD attributes the decrease in salaries and benefits from FY 1998-99 to FY 1999-00 to the reduction of the mid-day kindergarten run. The reduction in salary expenses from FY 1999-00 to the budget appropriations for FY 2000-01 was the reduction of extra time on routes and the completion of one bus driver’s sick leave. Based upon the actual expenditures from FY 1998-99 and FY 1999-00, the budgeted appropriations for FY 2000-01 appear to be reasonable.

Table 5-3 details some of the basic operating statistics for each of the peer districts.

Table 5-3: Operational Statistics and Ratios

FY 1999-00	Lordstown	McDonald	Minster	Weathersfield
Operational Statistics:				
Eligible Students				
- Regular students	581	170 ¹	516	915 ¹
- Special needs	14	5	8	14
- Total	595	175	524	929
Expenditures				
- Regular students	\$180,430	\$56,200	\$109,309	\$233,720
- Special needs	\$77,995	\$39,133	\$8,513	\$116,694
- Total	\$258,425	\$95,333	\$117,822	\$350,414
State Reimbursements				
- Regular students	\$89,782	\$46,999	\$95,342	\$117,683
- Special needs	\$16,842	\$0	\$3,671	\$0
- Bus purchase allowance	\$9,550	\$10,000	\$10,054	\$17,280
- Other bus reimbursement	\$0	\$0	\$0	\$0
- Total	\$116,174	\$56,999	\$109,067	\$134,963
Miles Driven				
- Regular students	72,900	17,100	76,320	63,720
- Special needs	14,760	0	4,500	0
- Total	87,660	17,100	80,520	63,720
Operational Ratios:				
Regular Students: Yellow Bus				
- Cost per Mile	\$2.48	\$3.19	\$1.43	\$3.64
- Cost per Bus	\$30,072	\$18,160	\$13,664	\$28,957
- Cost per Student	\$319	\$341	\$212	\$257
- Students per Bus	94	53	65	113
- Cost per Student all methods	\$315	\$331	\$212	\$255
Special Needs Students:				
- Cost per Student all methods	\$5,571	\$7,827	\$1,064	\$8,335
School Sites				
- Public	2	2	2	3
- Non-public	0	1	0	2
Active Buses	7	3	8	8
Spare Buses	2	1	1	3
Square Miles in District	25	3	33	36

Source: FY 1999-00 T-1, T-2 and T-11 Forms; FY 1998-99 4502 report and foundation settlement sheets; interviews

¹ McDonald Local School district's high and middle school children walk to school.

Table 5-4 provides the number of staff and full-time equivalents (FTE) by position for each of the peer districts for FY 1999-00.

Table 5-4: Peer District Staffing Level Comparison

Staffing	Lordstown		McDonald		Minster		Weathersfield	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Coordinator	1.0	0.8	1.0	.1	0.0	0.0	1.0	0.5
Bus Driver	7.0	3.5	3.0	1.0	8.0	2.0	8.0	4.0
Mechanic	1.0	0.5	1.0	.1	0.0 ¹	0.0	1.0	1.0
Total	9.0	4.8	5.0	1.2	8.0	2.0	10.0	5.5

Source: FY 1999-00 ODE T-2 Forms

¹ Minster Local School District contracts out its bus maintenance.

Performance Measures

The following is a list of performance measures that were used to conduct the analysis of the transportation department:

- Assessment of district's transportation practices in relationship to state minimum standards
- Adequacy of reporting operational information to secure state transportation aid
- Cost effectiveness of pupil transportation services by type of transportation (regular and special needs transportation):
 - Cost per mile, cost per bus and cost per student
 - Bus capacity utilization
 - Comparative bus driver wage rates and benefits
 - Effectiveness of coordination between the special education department and the transportation department to assure efficient transportation of special needs students
- Effectiveness and efficiency of transportation routing
 - Manual or computerized routing
 - Assessment of district's bell schedules to support tiered routing
- Assessment of department staff and personnel matters
 - Review of the collective bargaining agreement
 - Analysis of bus driver salaries based upon actual hours worked for the district
 - Analysis of absenteeism and leave usage
- Assessment of bus fleet
 - Review of bus fleet and required capital investment
 - Review of district's practices regarding school bus replacement

Findings / Commendations / Recommendations

Policy

F5.1 State law requires school districts to provide transportation for resident students, grades K - 8, who live more than 2.0 miles from their assigned school or who have physical or mental disabilities that make walking impractical or unsafe. The law also states that transportation of high school students or intra-district open enrollment is optional.

The Lordstown Local School District’s Board of Education adopted a transportation policy for the students of the district at state minimum standards. However, it is the practice of the district to provide transportation to all students in grades kindergarten through twelve. This practice exceeds the state minimum standards of two miles for grades kindergarten through eight. Due to the geographical layout of the district, the location of the LLSD campus, the proximity to Ohio Route 45 and lack of sidewalks, it is not practical for most of the district’s students to walk to school. The district does not currently transport any non-public school students but provides payment in lieu of transportation to 15 non-public students. As required by the Ohio Revised Code (ORC), the district also provides transportation to resident students with physical or mental disabilities that make walking impractical or unsafe.

F5.2 **Table 5-5** shows how the transportation policy of LLSD compares to those of its peer districts.

Table 5-5: Transportation Policies

Transportation Policy	Ohio Revised Code	Lordstown		McDonald	Minster ¹	Weathersfield
		Policy	Actual			
K-6	2 mile	2 mile	All	All	All	All
7-8	2 mile	2 mile	All	Walk	All	1 mile
9-12	Not Required	None	All	Walk	All	1 mile
Intra-district open enrollment	Optional	No	No	No	No	No

Source: District’s policies

¹Minster Local School District provides transportation for all students who live outside the corporation limits of the district. The village is slightly greater than one square mile. Within the corporation some students are transported due to safety reasons.

The district’s actual practice of transporting most of its students is different from the board policy for walkers and riders which states that the district will provide transportation for resident elementary students, kindergarten through grade eight, who live more than two miles

from school. Minister Local School District’s student transportation services policy states the board will furnish school bus transportation to all elementary and secondary students to the extent determined by the administration and approved by the board. This may vary due to safety conditions that prevail in certain areas of the district.

R5.1 The Board of Education for LLSD should update its transportation policy to reflect the current practices of the district. Although the district is not in violation of the board’s policy because of the exception that can be granted for hazardous walking conditions, the change in the district’s policy would be more in-line with its actual practice and lead to less confusion on the interpretation of the policy.

F5.3 LLSD does not have an intra-district open enrollment policy since it only has three educational facilities, a high school consisting of grades 7-12, an elementary school consisting of grade K-6 and a career center that serves students in grades 11 and 12 from Lordstown and four other districts.

F5.4 LLSD’s board policy on student transportation services states that the transportation program is under the direction of the transportation supervisor. However, in the spring of 2000, a new position was created with the title of support services manager. The support services manager has, among other responsibilities, the management of the transportation department. In the transportation department, there is a transportation coordinator who handles the day-to-day activities.

R5.2 The LLSD Board of Education should update its policy manual to reflect the change that was made in supervision of the transportation department. The change would more accurately reflect the current operating practice of the district.

F5.5 The district utilizes two starting and ending times for its schools. The high school and career center are on an early schedule while the elementary school is on a later bell schedule. The two different bell schedules allow the district buses to operate two runs per route.

Table 5-6: Bell Schedules

	Start Time	Dismissal Time
High School & Career Center	7:30 A.M.	2:28 P.M.
Elementary School	8:20 A.M.	3:10 P.M.

Source: LLSD’s transportation department

F5.6 **Table 5-7** illustrates how the district’s transportation of regular education students compares with its peer districts on school bell schedules, the size of the district, the number of buses, the number of students per bus and the effect these variables have on transportation routing.

Table 5-7: Peer District Transportation Comparison

	Lordstown	McDonald	Minster	Weathersfield
Number of Tiers	2 tiers	1 tier	1 tier	2 tiers
Number of Square Miles of District	25	3	33	36
Number of Buses	6	3	8	8
Number of Students per Bus	94	53	65	113
Cost per Bus	\$30,072	\$18,160	\$13,664	\$28,957
Number of Daily Miles per Bus	58	28	53	41
Square Miles per Bus	4.2	1.0	4.7	4.5

Source: District transportation departments

LLSD and Weathersfield Local School District utilize a two-tiered bell schedule while McDonald Local School District and Minister Local School District utilize a one-tiered bell schedule. The one- tiered bell schedule limits the number of runs that a single bus can make in the morning and evening to one run per bus. However, its operating cost are lower since the bus drivers don’t work as many hours per day. The two-tiered bell system allows each bus to have two runs and is reflected in the number of students each bus can transport daily.

The total number of square miles in the district is also a factor in determining how far each bus must travel to pick up students and the number of miles per day that a bus is on the road. **Table 5-7** compares the total number of square miles between the districts and the average number of square miles covered by each of the active regular transportation buses. LLSD’s square miles per bus compares favorably to the other two larger square mileage peer districts; however, LLSD buses travel the most miles per day which, again, contributes to a higher operating cost.

F5.7 **Table 5-8** illustrates a comparison of health benefit costs for part-time bus drivers as reported on each district’s T-2 Form for FY 1999-00. The table also includes part-time employees’ contribution towards health benefit costs.

Table 5-8: Part-time Employee Health Benefit Costs

	Lordstown	McDonald	Minster	Weathersfield
Salaries	\$134,650	\$38,333	\$60,499	\$142,913
Health Care Benefits	\$38,252	\$412	\$643	\$15,565
Percent of Costs	28.4%	1.1%	1.1%	10.9%
Part-time Contribution Rate	None	Less than five hours per day - 50% of premium	Varying rates depending on hours worked. 20 hours per week - 30% of premium	Less than eight hours per day: 1 st year 50% 2 nd year 45% 3+ years 40%

Source: AOS

As **Table 5-8** displays, LLSD is the only district among the peers that does not require a contribution towards health care premiums. In order to help lower its transportation costs LLSD should consider, in their next labor agreement, a contribution schedule for part-time employees. Further analysis on health care costs and employee contributions are covered in the **Human Resources section** of this report.

F5.8 Currently, LLSD’s transportation department uses a manual routing system which is designed from historically developed routes. Annually, the transportation coordinator adjusts the bus routes for the transportation of students who were not transported in the previous year. The use of a computerized routing system would provide no immediate benefit to the district as it is currently transporting approximately 94 regular students for each bus in operation. See **F5.13** and **C5.1**.

State Funding

F5.9 School districts must file annual forms with the Ohio Department of Education (ODE) regarding their transportation services. These forms are used by ODE to determine the reimbursement amount districts will receive related to their regular and special needs transportation programs.

The state funding for regular transportation is passed through to the district in the state foundation payments twice a month. The state bases the amount of the current year funding

on the prior year's information until the T-1 Form is completed in October. The amount of funding is then adjusted the following January. For FY 1999-00, the district's funding was generated by cost per student for Type I transportation. The district received \$89,782 for the transportation of regular education students. This state funding represents approximately 41 percent of the district's transportation costs related to regular education students.

The T-2 Form submitted by LLSD for FY 1999-00 contained inaccurate data. Through interviews with the treasurer and support services manager, the following information was determined:

- The T-2 Form, which itemizes expenses for regular education transportation, lists the salaries and benefits for the transportation coordinator and mechanic at 100 percent. Since both these positions perform other duties for LLSD, their salaries and benefits should have been prorated to reflect the percentage of time spent in transportation.
- The T-2 Form contained an expenditure for special education busing. The district utilizes the Trumbull County Educational Service Center's contract with Community Busing for the transportation of special education students. This expenditure should have been included on the T-11 Form which reports special education transportation expenditures.

School districts report its transported special education pupils and the associated transportation costs on the T-11 Form. The state reimburses districts for special needs transportation at a rate of \$6 per day and fifty percent of the additional costs. LLSD did not include the costs of operating one LLSD bus and did not report all the contracted operational costs. The total understatement of expenditures is approximately \$34,000. The district should file a corrected T-11 Form for FY 1999-00.

R5.3 The district should submit corrected FY 1999-00 T-Forms to ODE. In addition, the district should develop procedures to ensure that accurate reports are prepared and that they reconcile to the 4502 report which contains all detailed expenditures for the district. The preparation of these forms should include representatives from the transportation department, treasurer's office and superintendent's office whose signatures certify the accuracy of the data reported. In addition, there should be a review process by a person that is independent of the data gathering process to ensure the policy was followed and accurate amounts are reported to the Ohio Department of Education. LLSD should contact ODE to receive the necessary assistance and training in meeting these objectives.

The accuracy of these reports is necessary to ensure the district receives the maximum allotment of funding without overstating amounts and possibly incurring a liability. In addition, the ability to capture accurate district operational data is vital in developing comparative statistics used by ODE, the district and the community stakeholders.

Because the district receives its reimbursement based upon the per student basis for regular transportation, the inaccurate reporting of expenditures would not result in a liability to ODE. Although it is not directly used for reimbursement purposes, the information is important for developing comparative statistics and trends on both a statewide and local level. In addition, ODE uses the information to ensure school districts have not been reimbursed more than their actual expenditures for regular needs transportation.

The T-11 Form summarizes both pupil usage and costs associated with special needs transportation. Based on ODE's formula, LLSD should have been reimbursed approximately \$29,422 for FY 1999-00 special needs transportation based on ODE's formula for special needs reimbursement. Although the transportation of special needs students is a mandated requirement, the funding formula would only provide reimbursement for approximately 67 percent of the district's special needs expenditures. In addition, the amount the district actually receives is limited to the amount approved within the state's budgetary appropriation. For FY 1999-00 the district received only \$16,842, or approximately 27 percent, of its FY 1998-99 reported expenditures of \$62,003.

Financial Implication: LLSD should file a corrected T-11 Form including all its special needs transportation costs. LLSD's 1999-00 T-11 Form listed expenditures of only \$43,725 when, in actuality, it had expenditures of \$77,995. The understatement of special needs transportation expenditures on the T-11 Form of approximately \$34,000, will result in an under reimbursement of approximately \$9,200 based on an estimated 27 percent reimbursement. Due to uncertainty in the amount of funding the district actually receives from the state, reliable budget projections in the area of special needs transportation funding are difficult.

General Operations

F5.10 Approximately 566 regular education public students are eligible for transportation within the LLSLD boundaries. Non-public students are students who live within LLSLD boundaries but attend private or parochial schools. The district transports 15 non-public students through payment in lieu of transportation. The overall cost per regular education student for all methods of transportation was \$315 based on FY 1999-00 actual expenditures.

As with most school districts, the cost for LLSLD to transport special needs students is dramatically higher than the cost to serve regular education students. During FY 1999-00, fourteen special needs students were provided transportation. The cost per special needs student for all types of special needs transportation during FY 1999-00 was \$5,571, or \$5,256 more per student than the cost to serve regular education students.

Table 5-9 details the number of students and cost per student for regular and special needs students.

Table 5-9: Transportation Cost

	Eligible Students	FY 1999-00 Costs	Cost per Student
Regular Education	581	\$183,010	\$315
Special Needs	14	\$77,995	\$5,571
Total	595	\$261,005	N/A

Source: FY 1998-99 T-1, T-2, T-11 Forms and LLSLD transportation department

F5.11 Performance of transportation services can be measured by various means. **Table 5-10** presents selected operating ratios for LLSLD and other peer districts for regular education students.

Table 5-10: Regular Education Operational Ratio Peer Comparison

Regular Education FY 1999-00	Lordstown	McDonald	Minster	Weathersfield	Peer Average
District Buses:					
Operational Data:					
Active Buses	6	3	8	8	6
Average Driver Wage	\$12.58	\$11.81	\$16.11	\$15.75	\$14.06
Operational Ratios:					
Cost per Mile	\$2.48	\$3.19	\$1.43	\$3.64	\$2.68
Cost per Bus	\$30,072	\$18,160	\$13,664	\$28,957	\$23,201
Cost per Student	\$319	\$341	\$212	\$257	\$282
Students per Bus	94	53	65	113	84
Number of Students	566	160	516	903	536
Payment In Lieu of Transportation:					
Cost per Student	\$172	\$1,72	N/A	\$172	\$172
Number of Students	15	10	N/A	12	12
All Modes of Transportation:					
Cost per student	\$315	\$331	\$212	\$255	\$278
Number of Students	581	170	516	915	546

Source: Transportation department’s FY 1998-99 T-1 and T-2 Forms and interviews

Regular needs operational ratios within the LLSD transportation department, in general, do not compare favorably with those of its peer districts. The district has the second highest cost per student on district buses of \$319, and the highest cost per bus of \$30,072, of the four districts being compared. The district does have a favorable average driver’s wage and a favorable operating ratio for the number of students per bus.

F5.12 Although LLSD transportation operating ratio of students per bus is good and the LLSD has a lower bus driver hourly rate as compared to its peers, the cost per student and cost per bus is high. A factor that is contributing to the unfavorable operating ratios is the LLSD transportation department’s excessive use of sick leave. **Table 5-11** illustrates the average number of sick days used by transportation personnel.

Table 5-11: Average Number of Sick Days taken in FY 1999-00

	Lordstown	McDonald	Minster	Weathersfield	Peer Average
Number of sick days taken	117.1 ¹	6.5	53.5	70.5	61.9
Average per employee	16.7	2.0	5.4	7.8	8.0

Source: Peer district benchmarking surveys (**Human Resources** section)

¹ LLSLD transportation department sick leave did not count one bus driver on long-term disability.

LLSD’s transportation department has an extraordinarily high number of sick days per employee. With an average of 16.7 sick days per transportation employee, a number that excludes long-term disability, LLSLD more than doubles the peer average of eight days. Sick leave requires the hiring of substitute bus drivers which doubles the personnel operating cost. The Ohio Association of Public School Employees, OAPSE/AFSCME, AFL-CIO - Chapter 774, contract with LLSLD states that employees on sick leave for four consecutive days or more shall be required to submit satisfactory medical documentation generally evidencing the existence of facts entitling the employee to sick leave.

R5.4 LLSLD must better manage its transportation department’s sick leave. LLSLD, in its next negotiation with OAPSE, should try to reduce the number of consecutive sick days, four, before medical documentation is required. Further analysis on leave usage is covered in the **Human Resources** section of this report.

F5.13 The district does not use routing software to design bus routes. Instead, routes and stops are manually designed based upon historically established corner and door-to-door stops. LLSLD is currently designing bus routes in order to obtain the optimal efficiency level. **Table 5-10** shows that the district operates one bus for every 94 students who receive regular transportation. It is industry standard that bus capacity utilization should be approximately 80 percent. The majority of the buses which the district operates are 71-passenger buses. Therefore, the district’s estimated bus capacity utilization, based on the industry standard, is 84 percent.

C5.1 The district is utilizing the capacity of the buses in its fleet. LLSLD operates one bus for every 94 students receiving transportation services. Bus utilization capacity is defined at 80 percent of the manufacturer’s seating capacity for the bus. The districts actual bus utilization capacity is 84 percent.

F5.14 **Table 5-12** illustrates the special needs transportation operational ratios for the peer districts. The emphasis of the comparison is on the cost of transportation per student by the various methods used to transport special needs students.

Table 5-12: Special Needs Operational Ratios Peer Comparison

Special Needs Education FY 1999-00	Lordstown	McDonald	Minster	Weathersfield	Peer Average
District Buses:					
Operational Data:					
Average Driver Wage	\$12.58	\$11.81	\$16.11	\$15.75	\$14.06
Operational Ratios:					
Cost per Mile	\$1.95	N/A	\$3.94	N/A	\$2.95
Cost per Student	\$5,012	N/A	\$1,064	N/A	\$3,038
Number of Students	6	N/A	8	N/A	7
Contracted Yellow Bus:					
Cost per Student	\$5,990	\$7,827	N/A	\$8,335	\$7,384
Number of Students	8	5	N/A	14	9
All Modes of Transportation:					
Cost per Student	\$5,571	\$7,827	\$1,064	\$8,335	\$5,699
Number of Students	14	5	8	14	10

Source: Transportation department’s T-11 Form and interviews

LLSD’s buses transport six special needs students, from LLSD and Weathersfield Local School District on a LLSD district operated bus to the Weathersfield Local School District at a cost of \$5,012 per student. Conversely, Weathersfield Local School District transports its special needs students and LLSD’s special needs students to LLSD. The special needs students transported by Weathersfield Local School District are not used in the analysis because neither district charges its transportation costs back to the other district.

The district also transports eight special needs students by using the Trumbull County Education Service Center’s contract with Community Busing at a cost of \$5,990 per student. The students transported via contracted yellow bus are students with special education needs which cannot be met at LLSD or Weathersfield Local School District.

As explained in **F5.12**, LLSD’s higher district bus cost is due, in part, to the high amount of sick days used by the transportation staff. However, the cost for LLSD’s use of contracted transportation is lower than its neighboring school districts that use the same educational service center’s contract. The contracted bus service is more economical than district buses since the contracted buses transport eight students to seven different special needs schools.

LLSD does not use parental contracts for the transportation of special needs students. Parental contracts are paid to parents in an amount to which all parties agree. Ideally, the

total payments to parents should be below the cost of using a district bus for the transportation of special needs students unless using a bus would have a lower cost than the parental contracts. For example, the Toledo City School District and Akron City School District costs using parental contracts is \$3.00/day and \$4.00/day, respectively, which have annual costs, of \$540 and \$720 per special needs student.

LLSD should consistently examine all possibilities to implement any options that could decrease its special needs transportation costs. Additional efficiency may be gained through expanded use of LLSD buses and/or the effective analysis of contract busing through the educational service center. In addition, other options to be reviewed should include other board owned vehicles - Parma City School District uses station wagons and parental contracts.

Personnel

F5.15 **Table 5-13** presents an analysis of key contractual issues among the peer districts that have the potential to affect the cost effectiveness of providing transportation services.

Table 5-13: Comparisons of Transportation Staff Contractual Issues

	Lordstown	McDonald	Minster ¹	Weathersfield
Number of Guaranteed Hours:				
Bus Drivers	4 hours per day		2 hours per day	4 hours per day
Monitors/Aides	N/A	N/A	N/A	N/A
Substitutes	None	None	None	None
In-service days	N/A	None	None	One day
Pre-trip, fueling and cleaning	30 minutes ² which is included in the 4 guaranteed hours per day. Does not include fueling or outside cleaning.	Not stated	Not stated	Included in the 4 hour guarantee
Overtime	Hours worked in excess of 40 hours per week	Hours in excess of 8 per day or 40 per week	N/A	Hours in excess of 8 per day or 40 per week
Route Bidding:				
Annual	By seniority	By seniority	Not stated	By seniority
Vacancy	By seniority	By seniority	Not stated	By seniority

	Lordstown	McDonald	Minster ¹	Weathersfield
Benefits:				
Sick Leave	15 days with no maximum accumulation	15 days with 310 days maximum accumulation	15 days with 210 days maximum accumulation	15 days with no maximum accumulation
Sick Leave Attendance Incentive	Severance pay with: 5 years of service - one day of pay for every three unused sick days , max. 30 days; 10 years of service - one day of pay for every seven unused sick days, max. 55 days; 20 years of service - same as 10 years , but max. is 65 days	Severance pay with 10 years of service: of 1/4 of accumulated sick days not to exceed 70 days	Severance pay with 10 years of service: 1/4 of accumulated sick days not to exceed 30 days	Severance pay with five years of service: 1/4 of accumulated sick leave up to 180 days plus 13% of sick leave days in excess of 180 days
	Annually: 0 days used, three days wages; 1 day used, two days wages; 2 days used, one day wages Considered a benefit and not subject to SERS	None	None	None
Number of Guaranteed Benefit Hours:				
Vacation	None	None	None	None
Personal Leave	4 days; 5 days after 10 years (Two days may be taken without explanation)	3 days	3 days	3 days

Personal Leave Attendance Incentive	Unused personal leave converts to sick leave	None	None	Unused personal leave days at the end of each school year will be converted to sick leave accumulation
Holidays	8 days	11 days	9 days	8 days
Probation Period	None stated	None stated	N/A	45 days
Evaluation Process and Frequency	Annually	None	None	None
Ability to Sub-contract	Yes ²	No	Yes	Yes

Source: Union contracts; Minster Local School District’s Classified (Non-certified) Employees Fringe Benefits

¹ Minster Local School District does not have a classified union; however, they govern themselves with a document called " Classified (Non-certified) Employees Fringe Benefits, effective July 1, 2000."

² According to the contract, "no sub-contracting will be entered into which will replace positions or reduce the regular hours of members of the bargaining unit until a meeting to discuss the necessity and/or advisability of such sub-contracting has been afforded the representative(s) of OAPSE by the Board."

F5.16 The LLSD transportation employees are represented by the Ohio Association of Public School Employees (OAPSE)/AFSCME AFL-CIO Chapter 3774 (Chapter 3774). The contract between the board of education and Chapter 3774, in effect from July 1, 2000 through June 30, 2003, guarantees four hours of pay per day for bus drivers if they work both their morning and evening routes.

F5.17 Throughout the school year, it is necessary for the district to use the services of the transportation department to provide transportation for various field trips, athletic events and other extracurricular activities. Seniority of the bus drivers, on a rotating basis, determines who drives which activities.

Effective FY 2000-01, all costs associated with driving district buses for field trips and other extracurricular activities are charged back to the appropriate department. LLSD’s transportation department bills the using department the driver’s hourly rate, plus a percentage of wages to allow for benefits. Users are also billed \$0.85 per mile to cover operational expenses of the bus.

C5.2 By charging the department, expenditures will be properly classified by department and/or building which better illustrates actual costs of that department. This procedure helps ensure that the transportation department is tracking its actual costs for home-to-school transportation.

F5.18 Chapter 3774's contract with the board of education provides an attendance incentive program for both personal leave and sick leave. At the end of each school year, unused personal leave converts to sick leave. Zero sick days used converts to three days' wages, one sick day used converts to two days' wages and two sick days used converts to one day of wages.

In FY 1999-00, no transportation employees qualified for the sick leave incentive. However, the seven bus drivers converted 18 personal days, out of a possible 31 personal days, to sick leave time. See **F5.12** and **R5.4** for further details on sick leave. See the **Human Resources** section of this report for recommendations on sick leave.

F5.19 Regularly scheduled bus routes to be bid for the upcoming school year are posted ten days prior to the scheduled bid date. Bid routes are awarded to the bidding employee with the highest seniority. Bus drivers retain their bus routes for the entire year unless they receive a new bus route after bidding on a vacant route. In the event a route becomes vacant or a new route is established after the school year has begun, the district posts the route for bid ten days prior to the scheduled bid date and awards it as mentioned above.

R5.5 LLSD should limit the number of bids in an effort to restrict the domino affect and keep bus drivers on their assigned routes. Fewer bids also allows bus drivers to become familiar with the route, students and school personnel, while students and school personnel become familiar with the bus driver.

F5.20 All employees who work more than 20 hours per week receive benefits. Based upon the contract, 95 percent of the benefit costs are paid by the district for employees employed after September 1, 1993. See the **Human Resources** section of this report for more information pertaining to benefit costs.

F5.21 LLSD's transportation department appears to have excessive management for the number of bus drivers it employees. As illustrated in **Table 5-4**, 80 percent of the transportation coordinator position's time is allotted for supervision of 3.5 FTE bus drivers. Meanwhile, the peer districts average 20 percent of a transportation coordinator position's time for an average of 2.3 FTE bus drivers.

R5.6 LLSD should consider eliminating its transportation coordinators position. The transportation coordinating duties could be assigned to the support services manager and the transportation mechanic.

Financial Implication: If LLSD were to eliminate its transportation coordinator's position and reassign the duties to other personnel, the District could save an estimated \$29,700 in salary and fringe benefits.

Bus Fleet

F5.22 The transportation department operates 7 active buses and 3 spares. Operating statistics that are commonly used to review the age and condition of the bus fleet are based on the average bus age and the average mileage by model year. The LLSD’s active bus fleet has an average age of four years.

There are no state guidelines for bus replacement. A general consensus among the Ohio Department of Education, private bus contractors and transportation departments is that buses should be replaced at 12 years of age or 200,000 miles for diesel buses and 150,000 miles for gasoline buses. However, regardless of age or mileage, as long as a bus can pass inspection, the district may continue to use the bus for transportation. In FY 1999-00, LLSD’s ten bus fleet passed inspection by the Ohio Highway Patrol.

F5.23 **Table 5-14** provides the number of buses by model year, seat capacity and an average mileage for the model year.

Table 5-14: Bus Fleet Analysis

Model Year	Number of Buses by Seat Capacity					Current Average Mileage as of
	38	65	66	71	Total	
1987	1	1	1	0	3	114,610
1992	0	0	0	1	1	87,540
1994	0	0	0	2	2	87,619
1997	0	0	0	2	2	42,362
1998	0	0	0	2	2	43,416
Total	1	1	1	7	10	

Source: LLSD transportation department 12-29-2000

The three 1987 buses are strictly used as spare buses. Based on the general replacement guidelines, the age of LLSD’s bus fleet is well within industry guidelines.

In FY 1997-98, the district purchased two 71-passenger regular needs school buses. Part of the funding was through receipts from ODE’s annual bus purchase allowance. The remainder of the expenditure was paid for through the LLSD’s general fund for capital. LLSD treasurer’s office should continue to set aside the ODE’s annual bus purchase allowance for the replacement of school buses.

F5.24 In reviewing the bus fleet, it was noticed that a few of the older buses had lower mileage than some of the newer buses. The support services manager advised that drivers usually take their own buses on field trips, and that a few drivers did not do field trips.

R5.7 In order to maintain more uniformity on the wear and tear of buses, buses with the least mileage should be sent on field trips. This would allow for buses to age in a consistent pattern, thereby allowing for a more consistent replacement schedule.

During the course of this audit, the State Auditor’s office held status meetings with the LLSD administrative staff in an effort to keep them informed as to the progress of the audit. As a result of these meetings, the support services manager has implemented a procedure that puts low mileage buses on field trips.

F5.25 The LLSD’s transportation department employs one full-time transportation coordinator/custodian and one mechanic to service the district’s 10 buses and 5 other board owned vehicles. **Table 5-15** illustrates operational data including the number of mechanics and servicemen (in FTEs) employed to service district buses and other vehicles as compared with the peer districts.

Table 5-15: Mechanic Staffing Levels by Peer District

Operational Data	Lordstown	McDonald	Minster	Weathersfield
Number of Mechanics/Servicemen (in FTEs)	.50	.13 ¹	N/A ⁴	1.00
Buses per Mechanics/Servicemen	20.00	32.00 ²	N/A	11.00
All Vehicles per Mechanic/Servicemen	30.00	40.00 ³	N/A	13.00
Avg. Mechanic’s Hourly Wage Rate	\$13.65	\$12.15	N/A	\$14.05

Source: School districts’ transportation departments

¹ McDonald Local School District uses one maintenance person approximately one hour per day to service their four buses.

² McDonald Local School District has three buses and one spare bus.

³ McDonald Local School District has one district vehicle that is also maintained by the maintenance person.

⁴ Minster Local School District contracts with a local garage for repairs and maintenance.

F5.26 The LLSD employs one mechanic to service the district’s 10 buses and five other vehicles. LLSD has a reasonable vehicles to mechanic ratio of 20:1 for buses and 30:1 for all vehicles. The "School District Performance Audits, Legislative Update, dated October 5, 1999," lists a 21 school district average of 16.8 buses per mechanic.

C5.3 LLSD's use of a half-time mechanic to maintain its 10 school bus fleet is economical. By having a low staffing level, LLSD is ensuring that bus maintenance costs are kept low, thereby helping to ensure that the district is maximizing the amount of funding for the education of its students.

F5.26 Bus drivers are responsible for having their buses fueled. However, only the mechanic can actually fuel a bus. The individual bus drivers pull up to the fuel pump and the mechanic logs in date, bus number and mileage of the bus along with the amount of fuel dispensed. The bus drivers are given a copy of the fueling log.

C5.4 The control procedures that are in place to monitor fuel usage prevent the use of fuel for activities which are not related to district operations.

Financial Implications Summary

The following table represents a summary of additional revenue and annual cost savings that LLSD could potentially realize. For the purpose of this table, only recommendations with quantifiable financial implications are listed.

Summary of Financial Implications for Transportation

Recommendations	Annual Revenue	Annual Cost Savings
R5.3 T-Forms transportation expenditure reporting errors	\$9,200	
R5.6 Reduction of transportation coordinator's position		\$29,700
Total	\$9,200	\$29,700

Actual versus estimated revenue could vary greatly depending on the accuracy of the ODE T-Forms and the proper classification of transportation expenses.

Conclusion Statement

LLSD has improved its transportation operation by creating a support services manager position which encompasses the management of the transportation department. Although the position was created in the spring of 2000, many effective transportation management practices have been instituted. Overall, the transportation department is operating at an effective level. However, it has a higher cost of transportation because of its elevated personnel costs due to an excessive amount of absenteeism and no employee contributions towards health benefit costs.

The Lordstown Local School District's (LLSD) transportation department is currently operating at a higher cost per bus and per student when compared to the peer average. However, the cost per mile and the number of students per bus are better than the peer averages. In analyzing these operating ratios, the higher cost of salaries in LLSD were not driven by the hourly rate, which was second lowest of the peers, but by the higher use of substitute drivers because of sick leave. In addition, LLSD was the only District of its peers not to require partial contribution towards health care costs. In the area of special needs student transportation, the district, in its rural setting, does not have many options available. LLSD is paying a slightly higher cost to use the Trumbull County Education Service Center's contract with Community Busing than it is for operating its own bus; however, the eight students that are being transported on the contracted bus operation go to seven different schools. Another factor is that LLSD has a person spending most of their assigned time on transportation management duties for only a small number of bus drivers.

The filing of inaccurately prepared transportation reports with the Ohio Department of Education and the inability to secure supporting documentation for reported data has hindered the department's ability to ensure accountability and measure performance. The transportation department should develop procedures to ensure that accurate reports are prepared when determining the number of students transported on district buses. All actual expenditures should be reported to the Ohio Department of Education in order to help ensure that the district is receiving the maximum allotment of funding. In addition, representatives from the transportation department, treasurer's office and superintendent's office who sign these forms should take responsibility for certifying the accuracy of the data reported. Accurate figures will allow for comparative transportation statistics which will be beneficial to the district and the community.