

OHIO AUDITOR OF STATE
KEITH FABER



Trimble
Local School District

Performance Audit

August 2025



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To the Trimble Local School District community,

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

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

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

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

Sincerely,

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 28, 2025

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Introduction

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

The Ohio Auditor of State's Office Ohio Performance Team (OPT) routinely reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to assist school districts that are struggling financially. We use data-driven analyses to produce and support recommendations that identify opportunities for improved operations, effectiveness, increased transparency, and reductions in cost. While we have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.²

¹ORC § 5705.391 and OAC 3301-92-04.

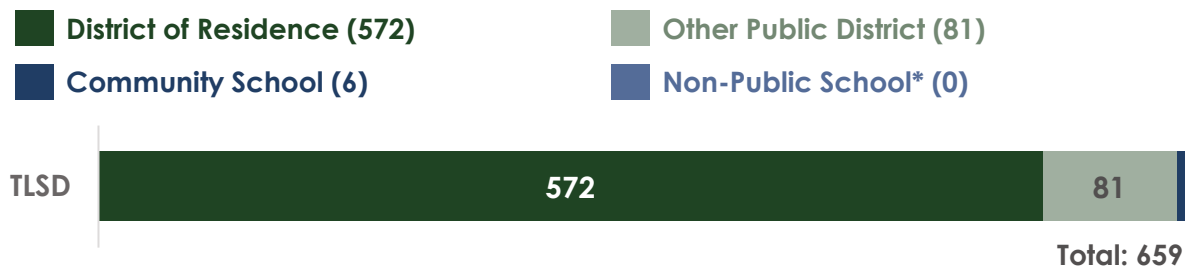
²Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see **Appendix A** for more details.

Trimble Local School District

Trimble Local School District (TLSD or the District) is located in Athens County and, as of fiscal year (FY) 2024, had 705 students enrolled including students residing in the District and those who attend through open enrollment options. The District spans approximately 39 square miles and has a median income of \$34,375. Of the total enrolled students, approximately 28 percent were students with disabilities.

Students and their families have choices regarding where to attend school. Because of this, not all resident-students attend the district where they live. Based on available data from ODEW, which tracks state funding on a per-student basis, the visual below shows where students living in TLSD are attending schools. It should be noted that this visual does not include students who choose to attend private schools and do not receive state assistance or students who are home schooled. Additionally, the number of students attending TLSD represented in this chart does not include students attending via open enrollment options and is not reflective of the total enrollment.

Place of Enrollment, Students Living in TLSD, FY 2024



Source: ODEW School Report Card

*Includes students participating in the EdChoice or EdChoice Expansion Scholarship Programs, the Cleveland Scholarship Program, the Ohio Autism Scholarship Program, or the Jon Peterson Special Needs Scholarship Program.

Note: This data is compiled by ODEW from a variety of sources and represents a snapshot of a single day in the school year. Due to this, enrollment figures will likely not match other official numbers reported by ODEW.

As seen in the visual above, approximately 12.3 percent of students residing in TLSD have chosen to attend community schools, nonpublic schools, or another public district that accepts students through open enrollment. During FY 2024, TLSD educated 92 students who open enrolled into the District.

Audit Methodology

Our audit focuses on identifying opportunities where expenditures may be reduced as the District administration can make decisions in these areas. The information, which was presented to District officials, is based on a combination of peer district comparisons, industry standards, and statewide requirements. During the audit, we relied primarily on FY 2024 data to complete our

analyses, which was the most recent year of available data at the time. When applicable, we supplemented our analyses with data from FY 2025, which was supplied by the District.

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

Financial Condition

In November 2024, the District released its required annual five-year forecast showing its projected financial condition and is summarized in the table below. As seen in this table, the District projected negative results of operations in each of the five years of the forecast period. In addition to deficit spending in each year of the forecast period, the District projected a negative ending fund balance of \$1.6 million in FY 2025, which was projected to grow to approximately \$6.1 million by FY 2029, the last year of the forecast. Due to the declining fiscal condition of the District, and in consultation with ODEW, we chose to conduct a performance audit.

Financial Condition Overview (November 2024 Forecast)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total Revenue	\$12,901,221	\$13,837,396	\$14,010,811	\$14,444,301	\$14,082,615
Total Expenditures	\$16,286,113	\$14,533,052	\$14,977,452	\$15,441,119	\$15,937,173
Results of Operations	(\$3,384,892)	(\$695,656)	(\$966,641)	(\$996,818)	(\$1,854,558)
Beginning Cash Balance	\$1,794,098	(\$1,590,794)	(\$2,286,450)	(\$3,253,091)	(\$4,249,909)
Ending Cash Balance	(\$1,590,794)	(\$2,286,450)	(\$3,253,091)	(\$4,249,909)	(\$6,104,467)
Encumbrances	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	(\$1,620,794)	(\$2,316,450)	(\$3,283,091)	(\$4,279,909)	(\$6,134,467)

Source: ODEW

The November 2024 forecast projected a much worse financial outlook compared to previous forecasts. During the forecast process, the Treasurer identified a variety of funds that had negative balances and required transfers from the General Fund. These negative fund balances were likely due to accounting errors and resulted in the District recording higher than expected expenditures from the General Fund in FY 2025.

Fiscal Emergency Designation

After the submission of the District's November 2024 five-year forecast, ODEW identified TLSD as being in a state of fiscal caution, effective December 17, 2024. This fiscal designation was quickly escalated to fiscal watch, effective January 14, 2025, since the District was unable to submit a recovery plan that eliminated the projected deficit for the next three fiscal years. In response, the District submitted a written financial recovery plan to ODEW that outlined the steps to eliminate the forecasted deficit. The recovery plan, which was submitted March 26, 2025, included staffing reductions via reductions in force and attrition, for both District employees and contracted positions through the Educational Service Center (ESC). ODEW approved the planned expenditure reductions within the recovery plan for FY 2025 and FY 2026, but the plan was determined to be incomplete for the remainder of the forecasted years due to being unable to fully eliminate the projected operating deficits throughout the forecast.

Because the District's plan was deemed to be incomplete and did not fully eliminate the projected operating deficits, the Auditor of State's Local Government Services (LGS) began to review the District's financial condition on February 3, 2025 to certify the current fiscal year deficit and determine if TLSD qualified for a fiscal emergency designation. LGS reviewed the forecasted revenues, expenditures, and changes in fund balance for FY 2025. As a result of the review conducted by LGS, following the certification of the negative ending fund balance, the District was placed under fiscal emergency on April 8, 2025.

Following the declaration of fiscal emergency by the Auditor of State, the District received nearly \$3 million in solvency assistance from the State to address the certified negative General Fund balance in FY 2025. This solvency assistance, in the form of an advance of future State aid, must be repaid in FY 2026 and FY 2027.³ In addition, a Financial Planning and Supervision Commission (the Commission) was formed which consists of five members, whose main objective is to approve a financial recovery plan developed by the Board to be used by the Board and Commission in making management decisions to become solvent. The Commission also assumes authority to review and ultimately approve/disapprove all financial decisions approved by the District Board and administration.

In May 2025, the District released its semi-annual forecast, which projected negative year-end fund balances beginning in FY 2026. This deficit is projected to grow to more than \$10.8 million by the end of the forecast period in FY 2029. The May forecast includes the impact of LGS' fiscal emergency declaration, solvency assistance from the State, and staffing reductions outlined in the initial financial recovery plan.

³ Payments will be approximately \$1.5 million that will be automatically withheld from the District's state foundation payments.

Financial Condition Overview (May 2025 Forecast)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total Revenue	\$15,851,000	\$12,994,211	\$13,283,337	\$13,230,034	\$13,067,962
Total Expenditures	\$17,234,000	\$16,284,052	\$16,296,784	\$15,265,198	\$15,792,935
Results of Operations	(\$1,383,000)	(\$3,289,841)	(\$3,013,447)	(\$2,035,164)	(\$2,724,973)
Beginning Cash Balance	\$1,794,098	\$411,098	(\$2,878,743)	(\$5,892,190)	(\$7,927,354)
Ending Cash Balance	\$411,098	(\$2,878,743)	(\$5,892,190)	(\$7,927,354)	(\$10,652,327)
Encumbrances	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$251,098	(\$3,038,743)	(\$6,052,190)	(\$8,087,354)	(\$10,812,327)

Source: ODEW

Although the May 2025 forecast had a positive ending fund balance in FY 2025, this was due to state solvency assistance. The forecast overall projected a worsening financial condition with the ending fund balance deficit in FY 2029 growing from a projected \$6.1 million to \$10.8 million. The District projected higher expenditures for FY 2026 and FY 2027 compared to FY 2028 and FY 2029, which is due to the repayment of the solvency assistance. The District also projected increased purchased services and supplies and materials costs in each year of the forecast. Lastly, personnel expenditures are projected to decrease, with salaries and wages projected to be 15 percent lower, on average, from FY 2026 to FY 2029 compared to the November forecast.

On May 28, 2025 the Commission began its work at the District. The Commission adopted a revised financial recovery plan, which included revenue enhancements and expenditure reductions. The revenue enhancements include an earned income tax levy on the November 2025 ballot and consideration of pay-to-participate fees. The expenditure reductions include reducing transportation services, shared services, purchased services, annual budgets across funds, and supplies and materials costs. The Commission's work is intended to improve the District's projected financial condition and eliminate deficits.

School Funding

Historically, school funding in Ohio has been a partnership between the state and local districts. Local districts can raise funds through property and income taxes and the state provides funding primarily through a foundation formula, which is intended to ensure a basic level of education funding for all students. Districts may also receive some funding from other sources, such as federal grants. In FY 2024, of the approximately \$28.7 billion in reported revenue for public education in Ohio, nearly 80 percent, or \$22.7 billion, came from state and local sources.

State Funding

On July 1, 2025, House Bill 96 of the 136th General Assembly (the biennial budget bill) was signed by the Governor. This bill included changes to the state foundation funding formula, which was enacted in 2021,⁴ and is commonly referred to as the Fair School Funding Plan and is expected to increase funding for most public schools. The funding increases were phased-in at 83.33 percent in FY 2026 and 100 percent in FY 2027.⁵ During the phase-in period, the amount of state funding received in any given year may have been less than what would have been received if the formula were fully funded. A new biennial budget will determine state funding for FY 2028 and FY 2029.

Local Funding

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

Property Tax

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

The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills. On average, school districts have approximately 4.7 inside mills, and the remainder of property tax revenue would come from voting, or outside millage.

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

Levies may be defined as either a fixed-rate or a fixed-sum. A fixed-rate levy identifies the number of mills that will be assessed in order to raise revenues. If new construction occurs

⁴ ODEW transitioned to the new funding model in January of 2022.

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

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

⁷ Ohio Const. Art. XII, Section 2.

⁸ Ohio Rev. Code § 5705.02.

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

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

Ohio has historically had laws which limit the impact rising property values can have on property taxes. The most recent version of these limitations was enacted in 1976 and requires that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first year.¹¹ In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.¹² Instead, the outside mills are subject to reduction factors¹³ which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.¹⁴

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

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

Income Tax

School district income tax is an alternative method of raising local revenue. Like property taxes, an income tax must be approved by voters and may be for either general use or specific purposes, such as bond repayment. Once approved, a tax becomes effective on January 1st of the following

¹⁰ Authorized by ORC §5705.194.

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

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

¹³ ORC § 319.301.

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

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

year. Unlike municipal income taxes which are generally levied on wages earned in the municipality by both residents and nonresidents, school district income taxes are levied on wages earned by residents of the district, regardless of where the resident may work. Businesses operating within the school district are not required to pay the income tax.

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

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

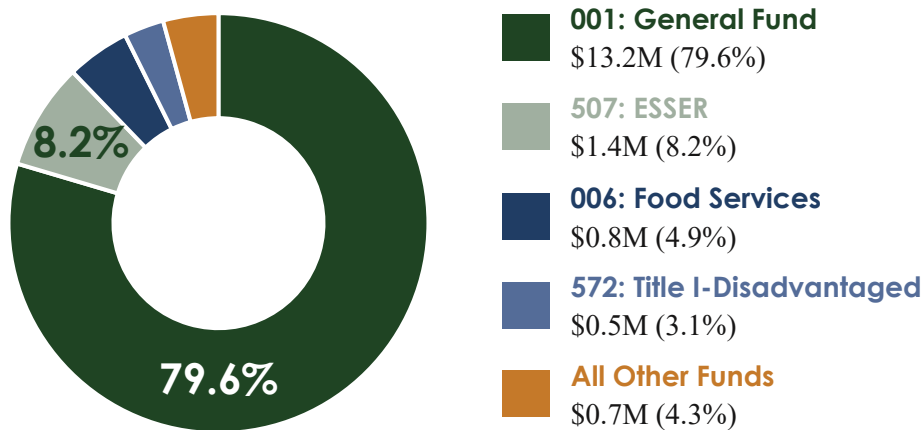
TLSD and the primary peer districts do not collect revenue from an income tax. However, as previously mentioned, the District has approved placing an earned income tax levy on the November, 2025 ballot.

TLSD Revenues

A school district budget is comprised of revenues and expenditures. Revenues are primarily received from local, state, and federal funding sources, and can be placed into general or specific use funds. In FY 2024, TLSD had approximately \$16.6 million in total revenue as seen in the following chart. While the majority of this revenue, or 79.6 percent, was General Fund revenue, the District also received ESSER funds totaling 8.2 percent of all revenue.

FY 2024 Total Revenue All Funds

Total: \$16.6M



Source: TLSD

Note: All other funds are comprised of a variety of sources including IDEA funding, Title I, and Extracurricular Activities.

Note: Due to rounding, revenue categories may not sum up to the total listed.

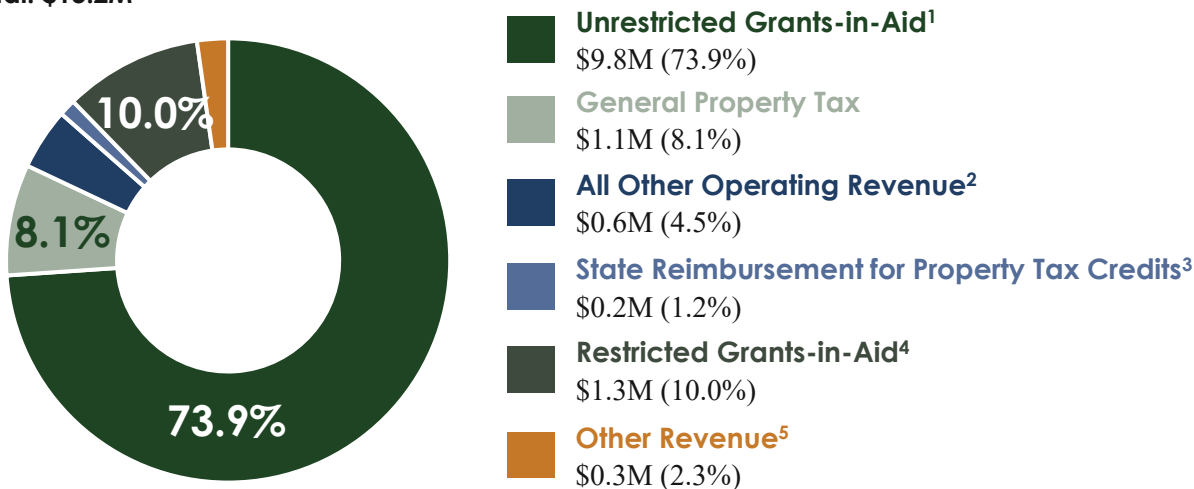
Note: Excludes advances-IN

As noted above, the majority of the District's revenue is directed to the General Fund, which is used for general operations. In FY 2024, the District's total General Fund revenue was approximately \$13.2 million.¹⁶

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

FY 2024 Total General Fund Revenue Composition

Total: \$13.2M



Source: ODEW

Note: Due to rounding, revenue categories may not sum up to the total listed.

Note: Excludes advances-IN

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

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

3: State Reimbursement for Property Tax Credits consists of reimbursements from the state for local taxpayer credits or reductions.

4: Restricted grants-in-aid includes revenues received as grants from the state which must be used for a categorical or specific purpose.

5: Other Revenue may include Tangible Personal Property Tax, Income Tax, Operating Transfers-In, and All Other Financing Sources.

Within the District's General Fund, as seen in the chart above, the primary sources of revenue are unrestricted grants-in-aid, general property tax, and restricted grants-in-aid.

Revenue per Pupil

Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. Because our audit focuses on the projected deficit in the five-year forecast, we reviewed only the forecasted fund revenues for this purpose.¹⁷ In FY 2024, the District received approximately \$18,116 per pupil, with 14.2 percent, or approximately \$2,565, coming from local taxes.¹⁸ In FY 2024, the primary peer average was \$17,843 in revenue per

¹⁷ Forecasted funds include the District's General Fund and funds derived from emergency levies.

¹⁸ The Cupp Report, issued by ODEW, provides information on all revenues received by a district. Because of this, the percentage of revenues from local revenues in the Cupp report may vary from the amount in our report due to the inclusion of additional revenues.

pupil, with 31.1 percent, or approximately \$5,555, coming from local taxes. The District's local revenue was lower than the primary peer average in FY 2024.

Millage

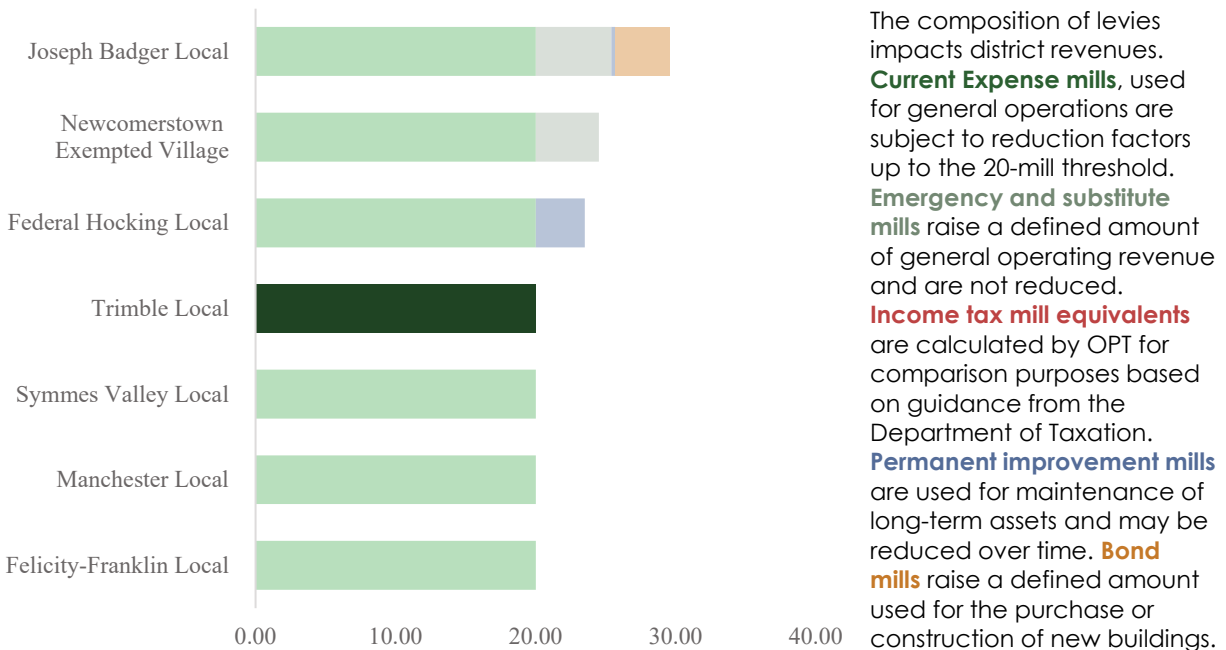
In 2024, TLSD collected revenues on 20.00 mills of property tax for residential properties.¹⁹ This included 3.90 inside mills and 16.10 outside mills for current expenses. The District's current expense millage rate is at the 20-mill floor and therefore not subject to reduction factors. The District does not have additional property tax revenue.

Since the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for TLSD to that of its primary peers. This comparison is found in the chart below. The green portion of the bar represents the current expense millage rate, where all of the peers are also at the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding. TLSD and the primary peers do not have a school district income tax²⁰.

¹⁹ Residential and agricultural property is considered Class 1 real estate. Commercial Property is considered Class 2 real estate and subject to a different set of reduction factors. The effective millage rate for Class 2 property in 2024 was 20.00.

²⁰ At a special board meeting on July 21, 2025, the District's board voted unanimously to have a 5-year earned income tax levy on the November 2025 ballot. The levy is estimated to produce approximately \$665,000 annually during the 5-year period.

2024 Millage and Millage Equivalents | Primary Peers



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

The composition of levies impacts district revenues. Current expense mills, used for general operations are subject to reduction factors up to the 20-mill threshold. Emergency and substitute mills raise a defined amount of general operating revenue and cannot be reduced. Income tax mill equivalents are calculated by OPT based on guidance provided by the Department of Taxation for comparison purposes. Permanent improvement mills are used for maintenance of long-term assets and may be reduced over time. Bond mills raise a defined amount used for the purchase or construction of new buildings. It is important to understand that *revenue* generated from bond and emergency levies remains the same regardless of changes to property values as they are voted as fixed-sum levies. The *revenue* generated from current expense millage and permanent improvement millage also stays the same until the 20-mill floor is hit for current expense taxes. At that point, a district at the floor would see additional revenues from increases in value to existing properties. This means that TLSD and its peers at the 20-mill floor will see additional revenue if property values increase.

Property Valuation

Millage is one component of how districts generate revenue. The millage is assessed on property value, so the total revenue collected from property levies is a combination of millage and total valuation. A district with high property value may see more total revenue from fewer mills than a district with low property values. TLSD's millage rate is in line, but among the lowest compared to the primary peers. In addition, the District has a low property valuation compared to its peers. In

Tax Year 2023, one mill of property tax generated approximately \$90 in revenue per pupil, which is below the primary peer average of \$236 per pupil. The combination of lower valuation and lower total millage means that the District would generate less revenue than the primary peers. Due to this, TLSD has lower capacity to raise revenue.

The following table shows the District's levies that are currently in effect and includes the Gross Tax Rate, or the amount that was voted on, and the Effective Tax Rate, or the amount that is assessed on properties. In the table, the first, and only, current expense levy is identified as starting in 1976. It should be noted that in 1976, changes were made to the ORC that impacted the collection of property taxes. The levy identified in 1976 may include any levies that predate that year which remain in effect.

Current Levies Collected by TLSD, FY 2024

Levy Year	Levy Name	Gross Tax Rate	Class I Effective Tax Rate
	General Fund (Inside Mills)	3.90	3.90
1976	Current Expense	23.50	16.10
Total		27.40	20.00

Source: Ohio Department of Taxation

The District proposed two permanent improvement levies in 2013, which both failed. However, in 2014, the District proposed and passed, with a narrow margin of 31 votes, a five-year permanent improvement levy. This levy is not seen in the table above as it expired in 2019. As noted previously, TLSD voted to have a 1.0 percent earned income tax levy on the November 2025 ballot. The difference between the Gross Tax Rate and the Effective Tax Rate illustrates the impact that reduction factors have on collection rates. The 3.90 mills that are identified as General Fund millage are considered inside mills and are unvoted by the taxpayers. These mills are not subject to reduction factors. As property values have risen, the District has seen revenue growth since it is at the 20-mill floor for current expenses.

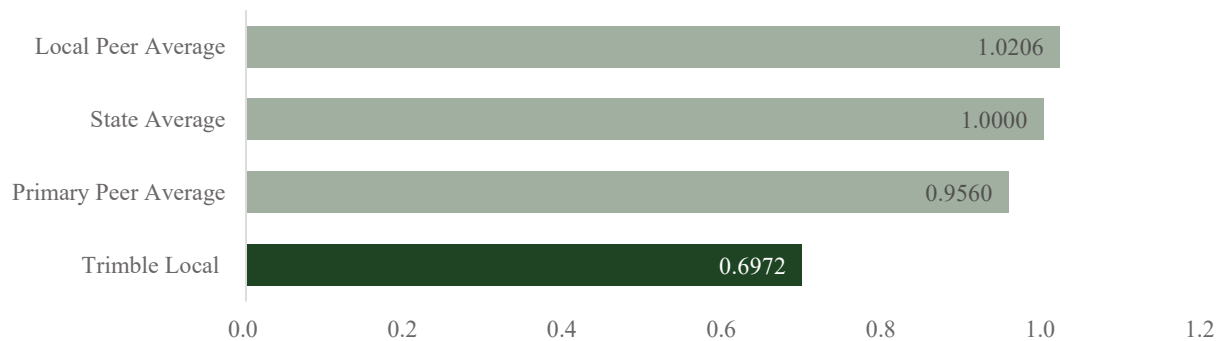
Local Tax Effort

ODEW uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a

smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated annually by ODEW as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

FY 2024 Local Tax Effort Comparison



Source: ODEW

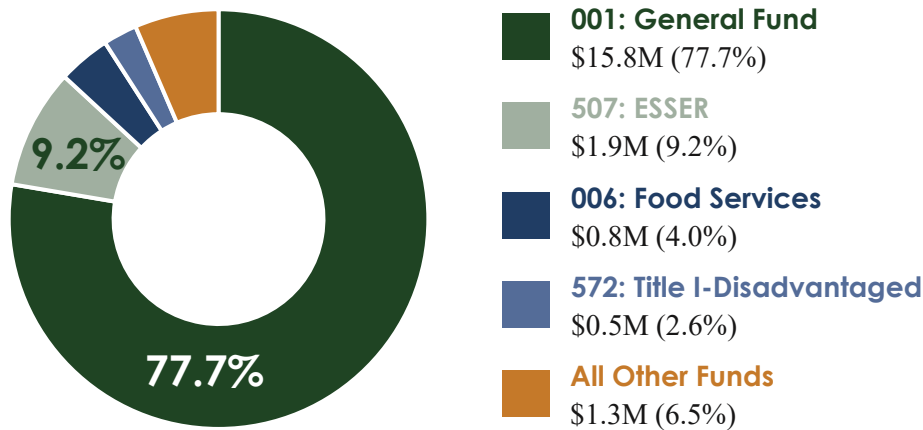
The District's local tax effort was compared to the local peers, primary peers, and the state average. Districts are ranked from 1 to 606, with 1 being the highest level of effort, or the 99th percentile and 606 being the lowest level effort, or 1st percentile. TLSD had a local tax effort of 0.6972. This is one of the lowest local tax efforts in the state, ranking 517 out of 606 districts, which is approximately the 15th percentile of all districts. By comparison, the local peer average of 1.0206 would rank approximately 286th out of all 606 districts, or the 53rd percentile.

TLSD Expenditures

Similar to revenue allocation, expenditures are paid from specific funds. For example, most salaries and wages are typically paid from the General Fund. The chart below shows the District's total expenditures by fund type. In FY 2024, the total expenditures were significantly higher than total revenues.

FY 2024 Total Expenditure Distribution by Fund

Total: \$20.3M



Source: TLSD

Note: All other funds are comprised of a variety of sources including Food Service, IDEA, and Extracurricular Activities.

Note: Due to rounding, expenditure categories may not sum up to the total listed.

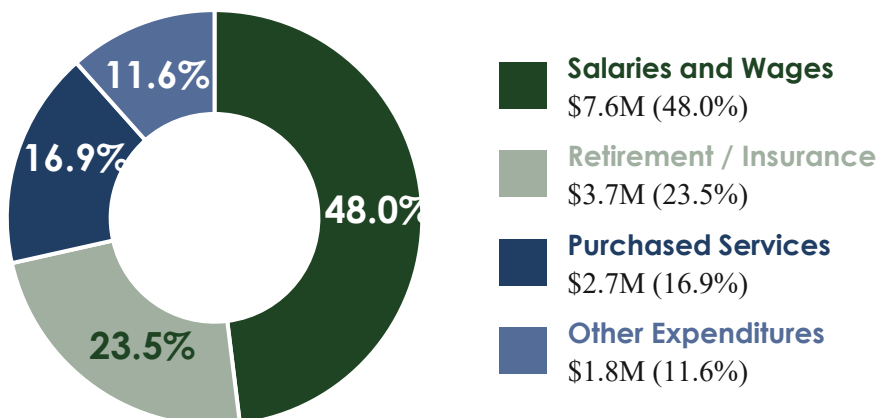
Note: Excludes advances-OUT

Within funds, expenditures may exceed revenue due to the ability to use available fund balances from previous years. This is noticeable in the variation in General Fund and ESSER revenues and General Fund and ESSER expenditures in FY 2024 at the District. As seen in the visual above, the District's total General Fund expenditure was approximately \$15.8 million in FY 2024.²¹ The largest source of expenditures was human resources which includes salaries, wages, and benefits, followed by purchased services. The chart that follows provides additional detail regarding the District's General Fund expenditures.

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

FY 2024 Total General Fund Expenditure Composition

Total: \$15.8M



Source: ODEW

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

Note: Excludes advances-OUT

As demonstrated in the visual above, purchased services expenditures were approximately \$2.7 million in FY 2024, making up 16.9 percent of the General Fund expenses. Of that total, approximately 88 percent of the expenditure was for professional, technical, and property services. The most notable purchased services within those three categories were associated with contracted personnel involved with the direct education of students and repairs and maintenance services.

Expenditures per Pupil

Several of our comparisons are made on a per-pupil basis. This is done to normalize the variation in size between peer districts. The table below shows the District's spending on a per-pupil basis in several key areas. It also shows the differences between the types of funds from which expenditures are made. For example, the majority of salaries and wages are paid from the General Fund, whereas the majority of capital outlay expense are paid from non-General Fund dollars.

FY 2024 Expenditure per Pupil by Object Code

Object	General Fund	Other Funds	All Funds
100: Salaries & Wages	\$10,379	\$1,719	\$12,098
200: Retirement & Insurance Benefits	\$5,067	\$272	\$5,339
400: Purchased Services	\$3,653	\$273	\$3,926
500: Supplies & Materials	\$1,271	\$933	\$2,203
600: Capital Outlay	\$0	\$2,821	\$2,821
800: Other Objects	\$234	\$196	\$430
900: Other Uses of Funds	\$999	\$0	\$999
Total	\$21,602	\$6,214	\$27,816

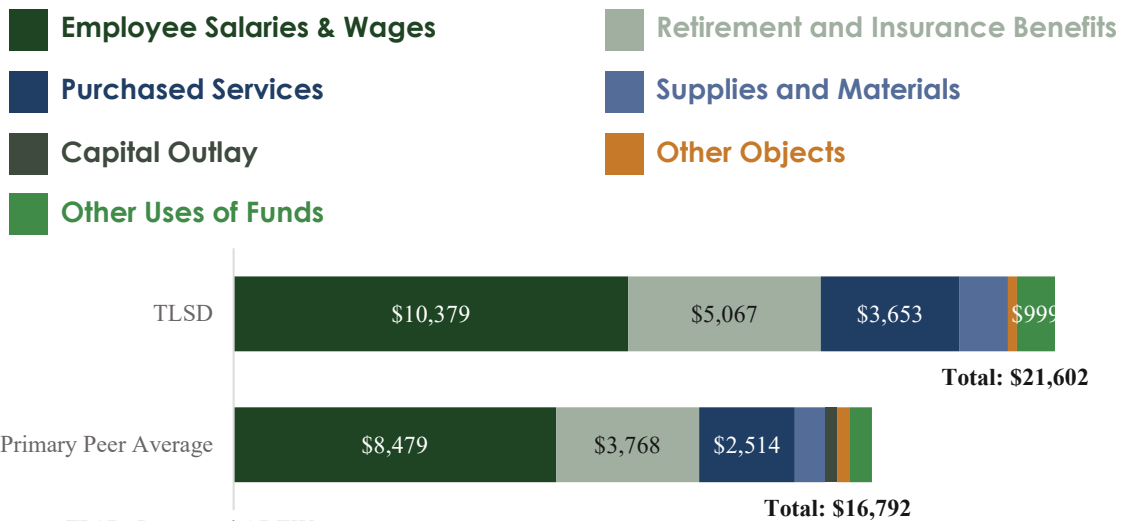
Source: TLSD & ODEW

In FY 2024, TLSD spent approximately \$21,602 per pupil from the General Fund, which is 28.5 percent higher when compared to the primary peer average of \$16,805 per pupil. We analyzed General Fund expenditures since they are tied to the five-year forecast.

The District spent more than the primary peer average on employee salaries and wages, employee benefits, purchased services, supplies and materials, and other uses of funds. The District spent less than the primary peer average on capital outlay and other objects.²² The chart that follows provides a comparison of expenditures per pupil for TLSD and the primary peer average.

²² The category of “Other Objects” includes things such as interest on loans, memberships in professional organizations, County Board of Education contributions, and various types of non-healthcare insurance. “Other Uses of Funds” mainly consists of transfers, and contingencies within the various accounting dimensions.

FY 2024 Total General Fund Expenditures Per Pupil



Source: TLSD, Peers, and ODEW

Note: Excludes Advances

The District's higher salaries and wages may be driven by the District's salaries exceeding the local peer average for certain certificated and classified positions (see **Recommendation 7**). The District's higher retirement and insurance benefits may be driven by specific CBA provisions and higher insurance premiums and more generous plan designs compared to the SERB regional average (see **Recommendation 6** and **Recommendation 8**). In addition, the other uses of funds is comprised of transfers and contingencies, specifically transfers that were used to subsidize both the food service program and extracurricular activities along with transfers that were necessary to account for overspending in other funds.

Results of the Audit

Based on an initial analysis of the District's data as compared to its peer groups, the following scope areas were included for detailed review and further analyses: Financial Management, Human Resources, Transportation, and Food Service (see **Appendix A**). We identified 10 recommendations within these scope areas which would result in reduced expenses or improve the District's operational management based on industry standards and peer averages.

Standard Recommendations		Savings
R.1	Improve the Development of the Five-Year Forecast and Utilize this Planning Tool for Operational Decision Making	NA
R.2	Enhance the Budgeting Process	NA
R.3	Develop Formal Plans	NA
R.4	Reduce the General Fund Subsidy for Extracurricular Activities to the Local Peer Level	\$22,000
R.5	Eliminate Classroom Support Positions above the Peer Average	\$33,000
R.6	Renegotiate Collective Bargaining Agreement Provisions	\$0
R.7	Align Salary Schedules	\$0
R.8	Align Employer Insurance Costs with SERB Regional Average	\$781,000
R.9	Develop Formal Internal Policies and Procedures for T-Reporting	NA
R.10	Monitor Food Service Operations to Ensure Financial Sustainability	\$0
Total Cost Savings from Performance Audit Recommendations		\$836,000

Note: These numbers reflect the average annual savings of each recommendation over the forecast period. Some recommendations may not be implemented in all years of the period and have lower average annual savings compared to what is presented in the recommendation itself. Where appropriate, the timing of implementation is discussed in the recommendation language in the report.

Our recommendations that are based on industry standards and peer comparisons are projected to save the District an average of approximately \$836,000 annually, if fully implemented. The financial impact of these recommendations on the May 2025 five-year forecast is shown in the table on the following page. This table reflects the actual annual financial impact along with the cumulative financial impact of the implementation of these recommendations on the five-year forecast and the associated reduction in the projected deficit. It should be noted that some of these recommendations may require contract negotiations and savings may not be realized immediately.

Results of the Audit Recommendations (May 2025 Forecast)

	FY 2026	FY 2027	FY 2028	FY 2029
Original Ending Fund Balance	(\$3,038,743)	(\$6,052,190)	(\$8,087,354)	(\$10,812,327)
Cumulative Balance of Standard Recommendations	\$0	\$1,026,770	\$2,140,813	\$3,349,916
Revised Ending Fund Balance with Standard Recommendations	(\$3,038,743)	(\$5,025,420)	(\$5,946,541)	(\$7,462,411)

Source: TLSD

Note: Numbers in table were rounded down for readability purposes.

The District's current financial condition is such that implementation of the recommendations identified using industry standards and peer comparisons would not fully address the projected deficit. Because of this, TLSD officials will need to consider additional cost savings measures. Our audit identified areas where the District could further reduce expenditures by going beyond alignment with peer averages and industry standards. In some cases, these cost saving measures may include reducing services to state minimum levels.²³

The additional cost saving measures are identified in the table below. The implementation of these measures could change the type or level of services offered by the District. It is important for TLSD officials to carefully consider the needs of the students and families served by the District when implementing any of these additional cost saving measures. The potential cost savings associated with the additional recommendations are seen in the table below. These estimated savings reflect the average annual savings that could be achieved in FY 2027 through the remainder of the forecast period.

Additional Recommendations	Savings
R.11 Eliminate the General Fund Subsidy for Extracurricular Activities	\$212,000
R.12 Implement a Base and Step Salary Freeze	\$352,000
R.13 Eliminate up to 8.0 FTE General Education Teaching Staff	\$642,000

The amount of savings realized from staffing reductions identified in **Recommendation 13** would be dependent on a variety of factors including the number of positions that are eliminated along with the impact of the implementation of other cost saving measures identified in this report or by the District itself. Similarly, the cost savings achieved from any type of salary freeze would be impacted by staffing reductions made by the District. Our estimated savings of approximately \$642,000 identified for this recommendation are based on reductions to state minimum teaching levels and represent the maximum savings possible.

²³ The Commission has the authority to direct the Board of Education to consider, implement, or report on the resulting recommendations coming out of the performance audit.

While aligning with the state minimum standards would change the type and level of services that the District is able to offer, it may be necessary for TLSD. Using the most recent forecast, which was approved in May 2025, the District would not be able to fully eliminate the projected deficit, even if it implements every recommendation contained in this report.

Standard Recommendations

Financial Management

Any organization needs to consider both short-term needs and long-term goals when developing policies and procedures related to financial management. This requires strategic planning in order to identify the best use of available resources. School districts, in particular, must have sound planning processes in place so that they can effectively and transparently provide services to their residents. These planning processes and practices should work together and be taken into account when making management decisions. When developing annual budgets and making spending decisions, the District's administration should consider the information presented in the five-year forecast. Additionally, large purchases and other expenditures should be planned for through long-term strategic planning that is also tied to the forecast and the annual budget. These practices, when properly adhered to, can help a district to avoid financial distress.

We reviewed TLSD's financial management policies in order to determine if there were areas for improved management.

Recommendation 1: Improve the Development of the Five-Year Forecast and Utilize this Planning Tool for Operational Decision Making

Districts are required to submit five-year forecasts to ODEW twice annually, and these documents should provide a consistent overview of a district's financial health. The forecast can be used as a tool, along with other fiscal monitoring practices, to ensure district officials proactively manage finances to avoid a state of fiscal distress. However, TLSD's rapid descent into fiscal emergency and need for solvency assistance from the state indicates that District officials were not leveraging this tool appropriately.

A review of TLSD's recent five-year forecasts showed significant variance from forecast to forecast, particularly in the projected annual results of operations. While some variance may be attributable to unforeseen events, the District's forecasts did not have robust assumptions or explanations to indicate why expected revenues or expenditures changed drastically over a six-month period.

The Ohio Association of School Business Officials (OASBO), ODEW, and the Government Finance Officers Association (GFOA) each provide guidance regarding forecasting and fiscal management. Key components in these guidelines include:

- Maintain formal, written guidance on how to prepare the forecast;
- Include appropriate information regarding assumptions and provide detailed explanations regarding variances from forecast to forecast;
- Take corrective action to avoid spending down cash balances when deficit spending is projected in a forecast;
- Compare actual revenues and expenditures to forecasted amounts throughout the school year and adjust operations as needed; and,
- Create a written cash balance policy to avoid negative fund balances.

Implementing these best practices can help TLSD address its current financial state in a transparent manner.

Impact

By implementing forecasting best practices, the District will be better positioned to effectively, transparently, and proactively manage and sufficiently explain its revenues and expenditures. Such management of financials would assist the District in avoiding deficit spending and consequential negative ending fund balances, resulting in an improved financial condition.

Background

School districts in Ohio are required to submit a five-year forecast to ODEW twice annually. These forecasts include three years of historic financial data along with five years of projections. In addition, the forecasts include notes to explain any significant changes or assumptions used to develop the reported projections. Due to the nature of projecting financial information, it is likely that actual results will deviate from the forecast in later years. However, the forecast is a management tool that districts can use to identify future financial challenges and proactively manage operations to address those issues.

The five-year forecast is meant to be a tool that assists with long range planning and to facilitate discussions between the administration, the local board of education and the community regarding the fiscal health of a district and financial issues that it may be facing. In addition, the forecast identifies a district's ability to maintain personnel and programs. It is also used by ODEW and the Auditor of State to identify districts that may face financial distress.

The District's current treasurer began working at the District in August 2024 and developed the November 2024 forecast with the assistance of the former treasurer. The treasurer also works with the Shared Services Alliance²⁴ to incorporate informed insights on revenue and expenditure trends.

During FY 2025, the District moved from fiscal watch to fiscal emergency over the span of a four-month period, ultimately requiring an advance of future aid payments from the state to maintain solvency. Due to the District's rapid decline in financial condition, we reviewed historical forecasts to identify if there were earlier indications of financial difficulty. In addition, the historical forecasts allowed us to understand what information had been presented and if TLSD officials were making informed management decisions.

Indicators of financial difficulty would include projected deficit spending, where annual expenditures exceed annual revenues. Many school districts have a cash balance in the General Fund, which can allow a district to manage unforeseen expenditures in a given year. However, if deficit spending is projected in a forecast, it could be an indicator of a structural imbalance in the district's operations that necessitates immediate corrective action by the Board of Education.

Methodology

We interviewed District officials to understand their forecasting process. We also obtained and reviewed the District's November 2024 and May 2025 five-year forecasts and assumptions. We specifically analyzed lines of the forecast that projected significant increases or decreases and then compared those lines to the corresponding assumptions to assess whether these changes

²⁴ The Shared Services Alliance (SSA) is part of the ESC of Northeast Ohio and provides financial, business, and operational services to school districts.

were thoroughly documented. We developed a historical review of the District’s forecast trends to determine how prior years’ projections may have impacted their current financial condition.

Once we gained an understanding of TLSD’s forecasting process, we compared the District’s process to best practices from OASBO, ODEW, and the GFOA to identify opportunities for improved transparency and effectiveness of future forecasts.

Analysis

According to *Five-Year Forecast – Guidance and Best Practices* (OASBO, 2025), the five-year forecast is arguably the most critical financial document at a school district, as it outlines the financial state of the District and helps guide the decision-making process. As a critical financial document and management tool, it is important that a district have formal, written policies in place that clearly outline roles, responsibilities, and expectations. While the Treasurer is responsible for the creation of the five-year forecast, the Board of Education has ultimate governing authority of the financial processes, with their roles and contributions consisting of the following: approve the forecast (ensure alignment with District’s financial state), represent community promoting transparency, and guide financial decisions (use forecast to make informed decisions). As such, it is important for both parties to be actively involved in the creation and monitoring of the five-year forecast. In addition, OASBO indicates the Superintendent, District administrators, the community and other external partners should be involved in the forecasting process. All the stakeholders identified by OASBO have unique expertise and perspectives that can be applied to the forecasting process.

TLSD does not have formal written policies for developing financial forecasts. The District’s process for developing forecasts has included the incorporation of staffing levels, enrollment trends, and a discussion of the forecast at Board meetings. As the District creates its forecasting policies, it should incorporate these additional best practices from OASBO, ODEW, and the GFOA.

Forecasting Assumptions

One important accompanying document to the forecast is the forecast assumptions. OASBO says that the forecast, without any accompanying documentation, only tells part of the story and is merely a “piece of the puzzle”. For a forecast to be comprehensively and effectively understood, forecast assumptions are needed to provide context and support. Not only are the assumptions recommended, but they are required by OAC 3301-92-04. Using forecast assumptions, OASBO recommends that Districts sufficiently explain significant variations in revenues and expenditures. Explaining significant fluctuations in revenues and expenditures helps to enhance transparency and helps readers understand the “why” behind the projected financials in the forecasts. Examples of forecast lines in which fluctuations may be explained include the following:

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- Property Tax Revenue (Line 1.010): This could increase due to reappraisal within the county or expected new developments within the district;
- Personal Services (Line 3.010): This could increase or decrease due to staffing changes or negotiated salary changes;
- Employee Retirement/Insurance Benefits (Line 3.020): This could change due to changes in insurance costs or staffing levels; and,
- Purchased Services (Line 3.030): This could change due to changes in operations, increased utility rates, or changes to contracts.

The District uses Forecast5 software to develop their forecasts. The software provides default assumptions based on financial data inputs, these assumptions are included in the five-year forecast, but without additional context they do not provide sufficient information to understand changes to projections from year to year. The software is unable to provide information that accounts for the unique circumstances of the District, and without this information it is difficult for stakeholders to accurately understand and interpret the information contained within the forecast.

For example, line 3.010 (Personal Services – Employee Salaries and Wages), which identifies employee salaries and wages, shows significant variance in projected expenditures in the May 2025 forecast compared to the November 2024 forecast. Further, the May 2025 forecast projects a decrease of \$1.1 million from FY 2025 to FY 2026. This reduction is due to staffing reductions that the District has made as part of its financial recovery plan. However, there is no mention of the planned staffing reductions contained in the forecast. It would be expected that information regarding the staffing reductions would be included in the assumptions of the forecast to fully explain the variation in expenditures. This absence of documentation reduces transparency and hinders the ability of stakeholders to fully analyze and understand the useful information that is driving changes from year-to-year and forecast to forecast.

The District also failed to provide robust assumptions regarding overall operations. We noted significant changes from forecast to forecast regarding the same fiscal year's results of operations. For example, the Spring 2023 forecast projected a \$1.2 million deficit in FY 2024, but the following Fall 2023 forecast projected a deficit of only \$232,000 for the same year. This is a difference of approximately \$1 million. For a forecast to be meaningful, it must be accompanied by robust and detailed assumptions. These assumptions are what tell the story, or explain, the reason behind significant increases or decreases identified in a forecast. Our review of historical forecasts for TLSL found limited information in the assumptions and therefore we were unable to determine the cause of these variations.

The lack of detailed assumptions continued into the May 2025 forecast. We found that the amount of expense attributed to supplies and materials increased more than 100 percent in FY 2026 through FY 2029 in the May 2025 forecast, but there was no information to indicate the cause of the increase.

Projected Deficit Spending

According to OASBO, the forecast assumptions should also explain Line 6.010 (Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses), most notably if there is deficit spending. Deficit spending may be sustained for short periods due to a district's cash balance, however, districts should not do so precipitously, or below an established threshold, without taking action. As OASBO notes, if deficit spending is significant in the current fiscal year or the first few years of the forecast period, it may indicate that a district is operating outside of its means. In any scenario, OASBO indicates that a financial plan is likely necessary to reverse deficit spending and avoid drawing down the cash balance. Further, OASBO notes that early interventions are key to avoiding more disruptive actions in the future.

Beginning in the May 2021 forecast, the District projected deficit spending in the third, fourth, and fifth year of the forecast period. By the May 2023 forecast, the District projected deficit spending in all five fiscal years in the forecast period, with deficits exceeding \$500,000 in the second, third, fourth, and fifth forecast years. The table below shows the forecasted annual results of operations for each forecast beginning in May 2021.

Historical Projected Results of Operations (Forecast Line 6.010)²⁵

Forecast	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
May '21	\$0.34M	\$0.12M	(\$0.02M)	(\$0.24M)	(\$0.48M)				
Nov '21		\$0.31M	\$0.00M	(\$0.08M)	(\$0.34M)	(\$0.28M)			
May '22		\$0.33M	\$0.06M	(\$0.08M)	(\$0.36M)	(\$0.35M)			
Nov '22			\$0.06M	(\$0.23M)	(\$0.60M)	(\$0.73M)	(\$0.65M)		
May '23			(\$0.10M)	(\$1.22M)	(\$0.51M)	(\$0.56M)	(\$0.82M)		
Nov '23				(\$0.23M)	\$0.09M	\$0.29M	\$0.38M	\$0.44M	
May '24				(\$2.98M)	\$0.06M	\$0.06M	\$0.22M	\$0.40M	
Nov '24					(\$3.38M)	(\$0.70M)	(\$0.97M)	(\$1.00M)	(\$1.85M)
May '25					(\$1.38M)	(\$3.29M)	(\$3.01M)	(\$2.04M)	(\$2.72M)

Source: ODEW

According to OASBO, if a forecast is demonstrating deficit spending, then corrective action should be explained in the assumptions. As noted, TLSD does not fully explain significant increases or decrease in expenditures and revenues, and the forecasts do not address the projected deficits in Line 6.010 (Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses) and plans for solvency. During this time period, the District had the opportunity to take action and adjust expenditure patterns to avoid spending down the cash balance. However, despite the projected deficit spending in the majority of the

²⁵ The table only contains forecasted 5-year results of operations and excludes actuals.

forecasts presented over the past five fiscal years, the Board did not curtail spending, which contributed to the current financial state. The GFOA states that forecasting should play a key role in budgeting and financial decisions. Based on available information, it appears the District did not consider the projected deficits when making these types of financial decisions.

Looking at the table, the projected deficits from May 2021 continue to grow, both in frequency and severity until the November 2023 forecast, at which point projections improved significantly before falling deeper into deficit spending in the November 2024 forecast. There is no indication as to why the previous treasurer who created the November 2023 and May 2024 forecast believed that the financial condition would improve over that period. The Board meeting minutes during which the November 2023 and May 2024 forecasts were approved, do not include discussions regarding the forecast and both forecasts were approved by all five Board members.

The November 2024 forecast was completed by a new Treasurer. During the forecasting process, the Treasurer identified several funds that had negative balances. This was caused by charging expenditures to funds that did not have revenue to support the expense. For example, an ESSER fund, which was supported by federal COVID-19 relief dollars, may have been charged to pay for salary expenditures. However, the ESSER fund had no revenue as funding was previously exhausted. Because of these accounting errors, the District was required to transfer money from its General Fund to bring those negative balances back to zero, thus making projected deficits worse during time period analyzed.

Forecast Monitoring

OASBO also calls for districts to proactively manage revenues and expenditures to avoid deficit spending and ultimately, negative ending fund balances. The optimal method for proactive management is comparing monthly and year-to-date actuals to budgeted appropriations and the forecast. Regular comparison can reveal significant deviations and, if so, allows districts time to engage in corrective action. If there is a significant variance, districts should do the following:

- Identify the cause;
- Evaluate the impact;
- Adjust appropriations if necessary;
- Adjust estimated revenues if necessary;
- Communicate with stakeholders; and,
- Adopt a revised forecast.

Similarly, ODEW recommends that districts report and discuss expenditures compared to revenues on a monthly basis.

Due to their fiscal emergency designation and required work with the Financial Planning and Supervision Commission, the District now reports budgeted and actual financial data to ODEW monthly, with any variances explained. Prior to being in fiscal emergency, the District did not compare actuals to budgeted or forecasted amounts.

Cash Balance Policy

Maintaining a minimum cash balance helps a district to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. The District does not have a cash balance policy in place, which helped to contribute to the current financial condition. Both OASBO and ODEW recommend minimum cash balances. OASBO recommends that a district maintain a cash balance equivalent to 90 days or 25 percent of operating expenditures while ODEW recommends a district maintain a balance of 30 to 60 days of operating expenditures. Although the OASBO and ODEW recommended cash balance amount differs, both ultimately recommend there be a policy outlining the District's requirement to maintain a strategic cash balance. As the District continues to develop financial plans, it should create a formal, written cash balance policy to help prevent future continued fiscal distress and emergency.

Conclusion

We found that the District does not comply with the majority of best practices related to forecasting as identified by OASBO, ODEW, or the GFOA. Further, the District has not effectively and proactively managed its finances to avoid deficit spending and negative ending fund balances in its forecasts. As a result, the District's financial condition has continued to decline since May 2021, resulting in a fiscal emergency designation in April, 2025. The District is now required to make significant adjustments to operations to return to solvency.

By implementing forecasting best practices outlined by OASBO, ODEW, and the GFOA, the District will have the ability to create forecasts that are reliable and provide an accurate representation of the District's true financial state, which is essential information for the governing body to have in order to make sound financial decisions regarding the operations of the District. In addition, the District's forecasting assumptions will be reasonably supported, which will add to the accuracy of the forecast.

Recommendation 2: Enhance the Budgeting Process

In order to ensure the District is making the most informed decisions with their resources, and is as prepared as possible for future needs, the District should develop a formal, written budget plan and process that addresses each of the steps and sub-steps outlined in the GFOA best practices.

Impact

By understanding its expected revenues and the resource needs of students and staff – and creating a plan in which received dollars will be allocated to meet those needs – TLSD can ensure that each dollar the District receives is spent thoughtfully to achieve maximum impact. Fully adhering to best practices in school budgeting may help prevent the District from overlooking gaps between its resource acquisition and resource needs.

Background

School district budgets outline the planned distribution of a district's funding for the upcoming fiscal year based on expected revenues and resource needs of students and staff.

Methodology

We interviewed District officials to understand their annual budgeting process. Once we gained an adequate understanding of TLSD's budgeting process, we compared the District's process to *Best Practices in School Budgeting* (GFOA, 2017), a formal guidance for school district financial administrators to adopt when creating their annual budget.

Analysis

TLSD's current budgeting process is overseen by the treasurer, who accepts input from department heads and building principals when developing the budget. Historical forecasting has demonstrated deficit spending and most recently, the May 2025 forecast projects deficit spending through FY 2029, the last year of the forecast. Historically, TLSD has not compared actuals to budgeted appropriations to understand variances and necessary corrective actions, as discussed in **Recommendation 1**. Given the District's financial condition, the budget is not currently guided by best practices and strategic goals.

After comparing TLSD's budgeting process to the GFOA's best practices, we determined that TLSD adheres to 4 of the 15 budgeting sub-steps, partially adheres to 4 of the 15 sub-steps, and does not adhere to the remaining 7 sub-steps recommended by the GFOA.

GFOA School Budgeting Best Practices

Meets
 Partially Meets
 Does Not Meet
 N/A

Plan and Prepare	Set Instructional Priorities	Pay for Priorities	Implement Plan	Ensure Sustainability
Budget process includes multiple key stakeholders	SMARTER goals are created and assessed as part of budget process	District regularly performs staff analysis and a cost of service analysis	The district creates a strategic financial plan	The district should create a system of monitoring its budget and goals throughout the year
There are budget policies and principles in place that can be understood and reviewed by the district	District performs a root cause analysis to determine gaps between goals and current state in relation to the budget	District identifies expenditures associated with instructional priorities and how they will pay for them	The district has a plan of action to accompany their strategic plan	
District collects data on student achievement and how it relates to the budget	District researches to close the gap between current state and desired state in relation to the budget		Allocation of funds are directly tied to student outcomes. The budget should be more specific than line-item	
There is a communication strategy attached to the budget to communicate the budget to stakeholders	Options and steps for closing gap is communicated throughout district		Budget presentation is broken down into 5 major sections	

Source: GFOA and TLSO

The sub-steps labeled as “Partially Meets” and “Doesn’t Meet” were marked as such due to the District’s lack of formal long-term planning such as a strategic financial plan that shows how the District plans to pay for things such as instructional priorities. Further, TLSO does not monitor the budgeting process to know whether it is producing the desired outcomes and understand the resources consumed by the process. TLSO also does not communicate an overview of the process to stakeholders, as well as its inputs. The District generally does not meet or fully meet much of the GFOA budgeting criteria and should work to enhance their transparency and processes for resource allocation. According to the GFOA, a school budgeting framework “begins with guidelines for district-wide communication and collaboration, including setting

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baseline expectations for what the budget process will achieve. The focus then shifts to developing robust goals and integrating the process with the district's strategic plan, including developing a comprehensive package for implementing a district's goals, or instructional priorities.

Conclusion

A budgeting process is an extremely important and annual process which culminates in the allocation of district resources to reach their goals and positively impact their students. By developing a formal budgeting process that is built on best practices, that is fully integrated with a strategic plan, TLSD will be able to focus on optimizing student achievement within its available resources. A robust budgeting process encompasses a complete budgeting cycle which includes planning, development, evaluating how the process functions, and adjusting accordingly. Within this cycle, the District's instructional priorities will provide a guide for decision-making.

Recommendation 3: Develop Formal Plans

TLSD should develop formal written strategic, capital improvement, facilities preventative maintenance, fleet preventative maintenance, and bus replacement plans in order to meet financial, programmatic, and operational needs.

Impact

School districts should have multiple formal plans that identify future needs and guide each operational area of the district. It is important that the district has a long-term strategic plan tied to a formal budget and capital plan, as well as a facilities preventative maintenance plan, fleet preventative maintenance plan, and bus replacement plan. This allows the district to ensure the needs of all operational areas can be met in an efficient and effective manner.

Methodology

We interviewed District officials and confirmed that the District has components of a facilities preventative maintenance plan and a fleet preventative maintenance plan, but does not have formal strategic²⁶, capital improvement, and bus replacement plans. We then compared the District's current planning practices to industry standards and best practices to identify opportunities for improvement.

Analysis

A formal strategic plan will provide a framework for decision-making as TLSD officials work to achieve long-term goals. However, without also having a comprehensive capital plan that identifies needs over a multi-year period, the decisions made related to the strategic plan may be inefficient or ineffective. Further, while the District has elements of a facilities preventative maintenance plan and fleet preventative maintenance plan, the District does not have formal plans for facilities preventative maintenance, fleet preventative maintenance, or bus replacement. The lack of a bus replacement plan, for example, could result in financial difficulty in the future if the District is forced to make a large purchase that is unplanned.

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

Strategic Plan

The GFOA provides guidance to governmental entities in the development and maintenance of effective long-term planning. *Establishment of Strategic Plans* (GFOA, 2023) defines strategic

²⁶ The District indicated they previously had a strategic plan, which was also inclusive of the capital plan, but became outdated and obsolete.

planning as “a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization’s mission, and achieve consensus on strategies and objectives for achieving that mission.

Key steps in the strategic planning process include:

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

Capital Plan

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

Facilities Preventative Maintenance Plan

According to the *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics, 2003), a comprehensive facility maintenance program is a school district’s foremost tool for protecting its investment in school facilities and is the cornerstone of any effective maintenance initiative. A good maintenance program is built on a foundation of preventative maintenance. An effective maintenance program begins with an audit of buildings, grounds, and equipment.

After facilities data has been assembled, structural items and pieces of equipment can be selected for preventative maintenance. Once the items that should receive preventative maintenance are identified, planners must decide on the frequency and type of inspections. Manufacturers’ manuals are a good place to start when developing this schedule; they usually provide guidelines about the frequency of preventative service, as well as a complete list of items that must be maintained. Finally, this information must be formatted so that preventative maintenance tasks can be scheduled easily. Ideally, scheduling should be handled by a computerized maintenance management program; however, tasks can be efficiently managed using a manual system as well.

While TLSD does not have a formal facilities preventative maintenance plan, they do have facilities maintenance contracts with third parties, who conduct preventative maintenance within their scope of work. However, the District still does not meet all elements of the NCES criteria for preventative maintenance.

Fleet Preventative Maintenance Plan

According to the *Public Works Management Practices Manual* (American Public Works Association, 2014), a preventative maintenance program should be developed for all equipment and includes preventative maintenance, recording performance, and monitoring the preventative maintenance program. A fleet preventative maintenance program should call for the scheduled maintenance and the program should be evaluated to ensure its efficacy.

TLSD does not have a formal fleet preventative maintenance plan but does conduct some preventative maintenance on a rotational basis.

Bus Replacement Plan

In *School Bus Replacement Considerations* (NASDPTS, 2002), the National Association of State Directors of Pupil Transportation recommends that the timely replacement of school buses should be a planned process. While available funding is a key consideration for the replacement of school buses, there are two other major factors which should be considered:

- First, the need to keep up with federal standards for the safety, fuel efficiency, or exhaust emissions requirements; and,
- Second, the operating and maintenance expenses on a school bus, or group of school buses.

While the rule of thumb for bus replacement is between 12 and 15 years of age, reviewing maintenance costs for each bus may identify buses that should be replaced sooner or kept in service longer. With accurate and thorough records on the operating and maintenance costs of all school buses in a fleet, a District will have the data necessary to understand when to make replacement decisions. The District currently has nine assigned buses and two spare buses, which were all purchased between 2005 and 2021.

Conclusion

Formal plans help an organization address financial, programmatic, and operational needs. By developing these plans and tying a formal capital plan to the overall strategic plan, the District will be able to efficiently and effectively allocate its limited resources. In particular, by understanding and mapping out both routine expenditures and large purchases, the District will improve its ability to avoid unexpected or unnecessary expenses.

Recommendation 4: Reduce the General Fund Subsidy Percent of Total Expenditures for Extracurricular Activities to the Local Peer Level

Impact

Reducing expenditures and increasing revenue to bring the General Fund subsidy percent of total expenditures for extracurricular activities in line with the local peer average would save TLSD an average of approximately \$22,000 in each year of implementation.

Background

Extracurricular activities represent student activities falling outside the scope of a typical school curriculum. These activities occur under the guidance or supervision of qualified adults and are designed to provide opportunities for pupils to participate in such experiences on an individual basis, in small groups, or in large groups – at school events, public events, or a combination of these – for purposes of motivation, enjoyment, and skill improvement. In practice, participation is usually not required, and credit usually is not given. When participation is required, or credit is given, the activity is generally considered to be a curricular course.

Extracurricular activities include, but are not limited to, academic-oriented activities (drama, marching band), sport-oriented activities (individual and team sports), and co-curricular activities (student government, yearbook).

Methodology

The District's FY 2024 General Fund subsidy as a percent of total extracurricular activities expenditures was compared to the local peer average. Due to the District's one-time expenditures associated with constructing the health and fitness center, we excluded those costs from the FY 2024 General Fund subsidy amount and percent of total extracurricular expenditures calculation.

Analysis

In FY 2024, the District spent approximately \$914,000 on student extracurricular activities, which included the salaries and benefits of directors, coaches, and advisors; supplies and materials; transportation services; awards and prizes; and other miscellaneous expenditures. The District transferred approximately \$574,000 from the General Fund to subsidize these activities. Additionally, approximately \$141,000 in revenue was generated through ticket sales for admissions and other sources. The District does not charge pay-to-participate fees for extracurricular activities. The amount of funding used to subsidize extracurricular activities increased by approximately \$491,000, or 115 percent, since FY 2023. However, this increase was primarily due to the construction of a new health and fitness center. The one-time

expenditures for this project totaled approximately \$455,000 and included fitness equipment and office furniture.

The District's FY 2024 General Fund subsidy as a percent of total extracurricular expenditures, excluding health and fitness center expenditures, was 69.1 percent compared to the local peer average of 59.4 percent. Aligning the District's General Fund subsidy as a percent of total extracurricular expenditures with the local peer average would save approximately \$22,000 annually. While it is common for Ohio school districts to subsidize extracurricular activities from the General Fund, doing so at a rate that exceeds the local peer average may represent an undue burden on the District's General Fund.

The District could consider the following steps to reduce expenditures or raise additional revenue for extracurricular activities:

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

Conclusion

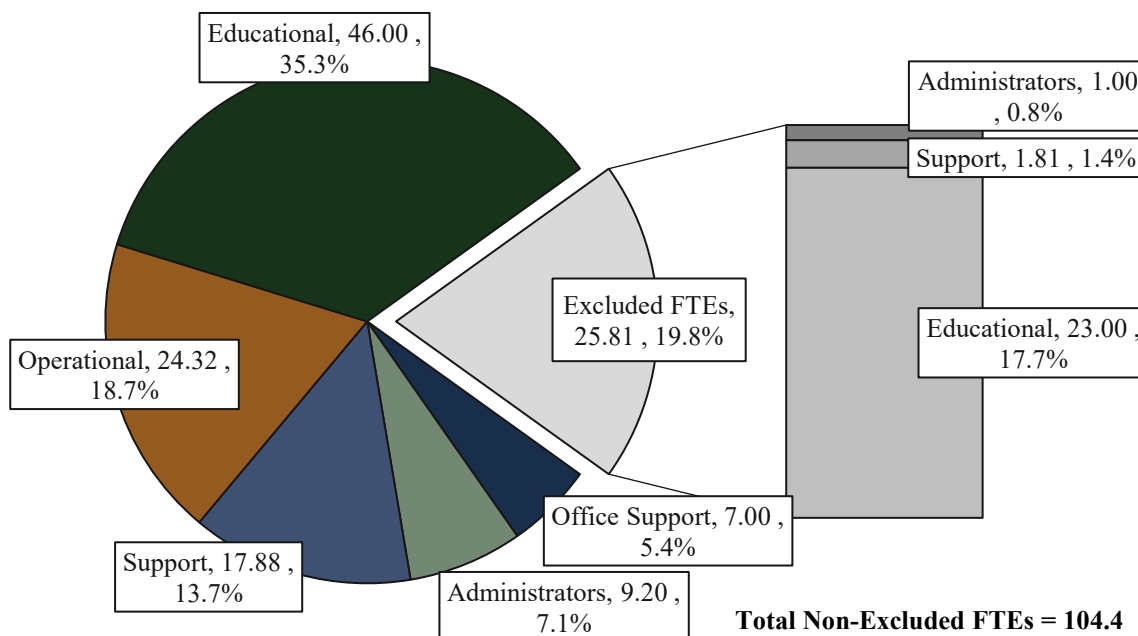
The District's General Fund subsidy as a percent of total expenditures for extracurricular activities is above the local peer average. To close the gap between revenue and expenditures, and in turn alleviate the amount of General Fund support needed, the District should reduce the General Fund subsidy as a percent of total expenditures for extracurricular activities to the local peer average. Doing so would save the District approximately \$22,000 in each year of implementation.

During the course of the audit, the District and the Commission approved paying only 4 coaching staff in fall 2025 and winter 2026, being the head coaches for the boys' and girls' basketball teams, the volleyball team, and the football team. All other coaching duties will be provided on an unpaid and volunteer basis. The District indicated it is likely the athletic director position will be an unpaid position as well. Finally, the District and Commission approved the reduction of transportation for some of the extracurricular programming.

Human Resources

Human Resources (HR) expenditures are significant to both the operational and financial conditions within school districts. OPT reviewed TLSD's staffing levels, CBA provisions, salaries, and insurance offerings and compared them to peer districts.

Personnel costs represent over 71.5 percent of the District's spending. Due to this, we conduct several analyses relating to the expense associated with maintaining the existing staffing levels. Certain staff were excluded from our analyses due to various legal and contractual requirements that would make reductions difficult. programming. In the chart below there are approximately 25.81 excluded staff FTEs, which includes individuals associated with Special Education, Title I, and preschool programming.



Source: TLSD

Recommendation 5: Eliminate Classroom Support Positions above the Peer Average

TLSD should consider eliminating classroom support positions above the primary peer average.

Impact

By reducing support positions to be in line with the primary peer average, the District could save an average of approximately \$33,000 annually.²⁷

Background

Classroom support positions perform functions that assist students in an educational setting directly in some manner. Positions include paraprofessionals and aides. Based on peer comparisons, TLSD could eliminate positions in this category.

Methodology/Analysis

Staffing levels for the District were identified and compared to the primary peer averages on a per-1,000 student and per-building basis.²⁸

Classroom Support Staff

At the time of analysis, TLSD employed 14.88 FTE classroom support staff, which exceeded the peer average by 8.83 FTEs. During the course of the audit, the District eliminated 7.54 FTE classroom support staff positions. TLSD could eliminate an additional 0.96 FTE in this category, for a total reduction of 8.5 FTEs, and bring staffing more in line with the primary peer average. Eliminating an additional 0.96 FTE classroom support staff positions could save an average of approximately \$33,000 annually.

Conclusion

The District should consider eliminating 0.96 FTEs from its classroom support staff positions. Eliminating 0.96 FTEs could save an average of approximately \$33,000 annually and bring staffing to a level consistent with the primary peer average.

Note: At the time of analysis, the District exceeded the primary peer average for staffing in other position categories. However, during the course of the audit, the District took actions to reduce staff. This recommendation accounts for those staffing reductions and reflects remaining staffing areas where the District employs more staff than the peers (see Appendix C).

²⁷ Calculated savings are based on the salary and benefits of the lowest tenured employee in each category.

²⁸ A Full-Time Equivalent (FTE) was used to identify staffing levels, based on ODEW reporting guidelines.

Recommendation 6: Renegotiate Collective Bargaining Agreement Provisions

The District's certificated and classified collective bargaining agreements (CBA) contain provisions which may increase expenditures and the risk for future liabilities. To mitigate this risk, TLSD should renegotiate and restructure its CBA provisions.

Impact

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

Background

TLSD maintains two collective bargaining agreements:

- Trimble Local Teachers' Association, representing certificated staff, effective through August 25, 2025, and,
- American Federation of State, County, and Municipal Employees, Local 1351 and Ohio Council 8, representing classified staff, effective through August 31, 2026.

Methodology

The District's CBAs were obtained from the State Employment Relations Board (SERB). TLSD's CBAs were then analyzed and compared to ORC requirements and local peer districts' CBAs and/or schedule of benefits to highlight any overly generous provisions or potential opportunities to reduce costs or increase operational efficiencies.

Analysis

Insurance Waiver: Under the District's certificated and classified CBAs, employees who waive the District-provided health insurance and have coverage through another employer are eligible for an annual payment of \$1,500 for waived single coverage or \$3,000 for waived family coverage. Two of the five local peers offer a similar provision. For certificated staff the peer average single payment is \$4,800 and the average family payment is \$7,270. For classified staff, the peer average single payment is \$2,000 and the average family payment is \$2,250. While the District does not exceed the local peer average overall, three of the local peers do not offer this provision, the provision is not required by the ORC.

HSA Contribution: Under the District's certificated CBA, employees who are enrolled in the High Deductible Health Plan (HDHP) receive Health Savings Account (HSA) contributions of 50 percent of their deductible from the District. In FY 2025, HSA contributions were \$1,400 for employees enrolled in the single HDHP plan and \$2,800 for employees enrolled in the family HDHP plan. Three of the five local peers offer a similar provision with an average single

contribution of \$1,500 and an average family contribution of \$3,220. While the District does not exceed the local peer average, two of the local peers do not offer this provision, and the local peers that do offer this provision offer a fixed amount. TLSD offers a percentage of the deductible, which may increase and be variable year-to-year as deductible amounts fluctuate. This may put the District at risk of increased expenditures and future liabilities, particularly if enrollment in the certificated HDHP plan increases and deductibles increase.

Professional Leave: TLSD budgets \$1,000 annually per certificated employee for professional development. Two of the local peers have a similar provision but budget for professional development on a district-wide level. The peer average professional leave benefit is \$7,500. Offering this provision on a per-employee basis may increase costs for TLSD compared to the peers and increase the risk of future financial liabilities.

Note: We requested historical financial data from the District for the insurance waiver, HSA contribution, and professional leave CBA provisions. The District did not provide the requested data, and, as a result, we were unable to provide context on historical expenditures and determine the financial impact of these provisions on the District.

Conclusion

The District has negotiated CBA provisions that may increase expenditures and enhance risk for future liabilities. While these provisions fall below the local peer average in some cases, due to the District's financial condition, TLSD should renegotiate and restructure its CBA provisions.

Recommendation 7: Align Salary Schedules

TLSD should align its certificated and classified salary schedules with the local peer average.

Impact

While cost savings are not calculated for this recommendation, aligning certificated and classified salary schedules with the local peer average would result in future cost savings and allow the District to improve its overall fiscal condition.

Background

The District has CBAs for both certificated and classified employees which contain salary schedules. The certificated CBA is in effect until August 25, 2025, and the classified CBA is in effect until August 31, 2026.

Methodology

We used the District's CBAs and salary schedules which were in effect during FY 2025 for purposes of our analysis. The District's certificated and classified salaries over a 30-year career were reviewed and compared to the local peer averages (see **Appendix C**). A 30-year career was chosen since school district CBAs are generally structured around a 30-year period. Position categories used in our analysis were determined based on the identification of comparable positions and corresponding salary schedules at the local peer districts. As such, this analysis did not include all of the District's salary schedules. Pay schedules from peer district CBAs were obtained from the SERB website. When updated contracts and salary schedules were unavailable from SERB, they were obtained directly from peer districts.

Analysis

TLSD, along with most districts, has several salary schedules for employees based on position and other criteria. The following certificated categories, which are based on education level, were identified for salary comparison between the District and the local peers:

- Bachelor's degree (BA);
- Bachelor's degree and at least 30 additional credit hours (BA +30); and,
- Master's degree (MA).

TLSD has a higher starting salary than the local peer average for its BA and MA position categories. Further, the 30-year career compensation for the District's BA and MA position categories is higher than the local peer average at 3.3 percent and 3.1 percent higher, respectively. We found that the BA +30 salary schedule was in line with the peers.

The following classified categories were identified for salary comparison between the District and the local peers:

- Bus Driver;
- Cook; and,
- Custodian.

TLSD has a higher starting salary than the local peer average in all classified categories analyzed. Further, the 30-year career compensation for the District is higher than the local peer average for all categories examined, ranging from 11.4 percent to 17.4 percent higher.

Conclusion

The salary schedules for the District's certificated and classified employees, for all categories analyzed except BA+30, have a higher 30-year career compensation than the local peer average. To achieve savings, TLSD should align its salaries with the local peer average. Any future savings would affect forecasted funds.

Recommendation 8: Align Employer Insurance Costs with the SERB Regional Average

The District should align its employer costs for medical and dental insurance premiums with the SERB regional average for school districts. This alignment could be accomplished by increasing employee premium contributions, adjusting plan designs, or seeking out alternative insurance options.

Impact

Aligning employer costs with the SERB regional average for school districts would reduce expenditures and result in average annual savings of approximately \$781,000 beginning in FY 2027.²⁹ Due to union contracts which stipulate the employee cost share, these savings could not be implemented until FY 2027.

Background

The District is part of the Athens County Schools Consortium, an organization which provides insurance to participating members. TLSD offers three insurance plans for medical and prescription coverage:

- Preferred Provider Organization (PPO) Plan 1 (for certificated staff);
- PPO Plan 2 (for certificated and classified staff);
- High Deductible Health (HDHP) Plan.

The HDHP plan has different contribution rates for certificated and classified employees. Each of the medical insurance plans offer options for single or family coverage. In addition, the District offers one plan for dental coverage, with an option for single or family coverage, and one plan for vision coverage, with an option for single or family coverage. These plans are obtained through the Athens County Schools Consortium.

At the time of analysis, TLSD had 62 enrollees in a family medical plan and 28 enrollees in a single medical plan. Prescription coverage is included in each medical plan. The District had 97 enrollees in the family dental plan and 11 enrollees in the single dental plan. Lastly, the District had 35 enrollees in the family vision plan and 17 enrollees in the single vision plan.

Methodology

We compared the District's medical, dental, and vision insurance premiums and costs to the SERB regional average for school districts. Peer information was obtained from the 2024 SERB

²⁹ Approximately \$38,000 of these average annual savings, beginning in FY 2027, would be applied to the Food Service Fund, which is subsidized by the District's General Fund.

survey³⁰. The District's medical plans were compared to 48 regional peers, its dental plan was compared to 47 regional peers, and its vision plan was compared to 38 regional peers. The peer average excluded outlier districts whose plans were more than two standard deviations outside the mean. Using the District's assumptions for increases to annual insurance costs, we then projected potential cost savings over the course of the forecast period.

Analysis

The District offers medical, combined with prescription, as well as dental and vision coverage to employees. These insurance benefits are specified in the District's certificated and classified CBAs, which state that the Board reserves the right and responsibility to select the carrier for the health, dental, and vision insurance benefits provided. The insurance premium, or cost of obtaining insurance, is split between the District and the employee on a percentage basis. The percentage of breakdown is calculated based on the type of plan chosen as follows:

- **PPO 1 Plan:** Available only to certificated employees, the employee contribution is calculated using the PPO 2 contribution rates. Because the PPO 1 plan premium is higher, the employee is responsible for paying the difference between the total premium costs.
- **PPO 2 Plan:** For certificated and classified employees, the District pays 85 percent of the family premium and 90 percent of the single premium.
- **HDHP Plan:** For certificated employees, the District pays 85 percent of the family premium and 90 percent of the single premium.
- **HDHP Plan:** For classified employees, the district pays 100 percent of the premium for family and single coverage.

In addition, the District covers 100 percent of the dental insurance premium for all employees, but employees are responsible for 100 percent of the vision insurance premium.

Medical Insurance

Our review of the District's medical and prescription insurance plans compared to the SERB regional average found:

- **PPO Plans:** The District's FY 2025 total premium costs exceeded the SERB regional average for both PPO plans. An analysis of PPO Plan 1 found that while the employer cost was higher than the SERB regional average in terms of dollar value, the employer percentage share of the premium was lower than the peers. An analysis of PPO Plan 2 found that both the employer cost and employer percentage share were higher than the SERB regional average. In addition, some plan design provisions, such as lower

³⁰ Since the District's medical insurance rates had been updated for FY 2025, we inflated the 2024 SERB data for use in that analysis. Dental insurance rates were not inflated.

copayments, deductibles, and out-of-pocket maximums, are more generous to the employee than the regional peer group for both plans.

- **HDHP Plan:** The District's FY 2025 total premium costs as well as the District's share of the premiums were higher than the SERB regional peer average. The District did not provide HDHP plan design provisions, so we were unable to compare them to the regional peer average.

The following tables show a detailed comparison of the District's medical insurance costs compared to the SERB regional average. If the District were to maintain the current insurance plans, it would need an adjustment to shift a greater portion of the premium to employees to reduce insurance related expenditures. The results of this adjustment are calculated in the following tables and would result in employees paying a higher percentage of the insurance premium compared to the regional peer average.

2025 Monthly Medical Insurance Costs | PPO

			TLSD		Regional Peer Averages		TLSD Adjustment	
			Costs	% Share	Costs	% Share	Costs	% Share
PPO 1	Single Medical + Rx	District	\$1,260.20	81.2%	\$983.76	87.2%	\$983.76	63.4%
		Employee	\$291.81	18.8%	\$144.15	12.8%	\$568.25	36.6%
	Family Medical + Rx	District	\$3,179.94	76.7%	\$2,346.24	84.8%	\$2,346.24	56.6%
		Employee	\$966.71	23.3%	\$421.28	15.2%	\$1,800.41	43.4%
PPO 2	Single Medical + Rx	District	\$1,260.20	90.0%	\$983.76	87.2%	\$983.76	70.3%
		Employee	\$140.03	10.0%	\$144.15	12.8%	\$416.47	29.7%
	Family Medical + Rx	District	\$3,179.94	85.0%	\$2,346.24	84.8%	\$2,346.24	62.7%
		Employee	\$561.18	15.0%	\$421.28	15.2%	\$1,394.88	37.3%

Source: TLSD and SERB

To align itself with the SERB regional average for PPO employer cost, the District would need to shift a portion of the medical premium to its employees. As seen in the table above, all employees would need to take on approximately between 29.7 and 43.4 percent of the single and family medical plan premiums.

Similarly, the District's insurance costs for the HDHP plan are higher than the regional peer average. The table below shows the current cost compared to the peers as well as a calculation for the changes in premium sharing needed to bring TLSD's costs in-line with the peer average.

2025 Monthly Medical Insurance Costs | HDHP

			TLSD		Regional Peer Averages		TLSD Adjustment	
			Costs	% Share	Costs	% Share	Costs	% Share
Certified	Single Medical + Rx	District	\$980.44	90.0%	\$813.85	87.6%	\$813.85	74.7%
		Employee	\$108.94	10.0%	\$115.26	12.4%	\$275.53	25.3%
	Family Medical + Rx	District	\$2,473.99	85.0%	\$1,998.81	85.9%	\$1,998.81	68.7%
		Employee	\$436.60	15.0%	\$329.40	14.1%	\$911.78	31.3%
Classified	Single Medical + Rx	District	\$1,089.38	100.0%	\$813.85	87.6%	\$813.85	74.7%
		Employee	\$0.00	0.0%	\$115.26	12.4%	\$275.53	25.3%
	Family Medical + Rx	District	\$2,910.59	100.0%	\$1,998.81	85.9%	\$1,998.81	68.7%
		Employee	\$0.00	0.0%	\$329.40	14.1%	\$911.78	31.3%

Source: TLSD and SERB

To align itself with the SERB regional average for HDHP employer cost, the District would need to shift a portion of the medical premium to its employees. As seen in the table above, all employees would need to take on approximately between 25.3 and 31.3 percent of the single and family medical plan premiums.

Dental Insurance

Under the current dental insurance plan, as seen in the following table, the District pays more for dental insurance on a monthly basis than the regional peer group. If the District were to maintain the current dental insurance plan, it would need an adjustment to shift a greater portion of the premium to employees to reduce insurance related expenditures. The results of this adjustment are calculated in the following table.

2025 Monthly Medical Insurance Costs - Dental

		TLSD		Regional Peer Averages		TLSD Adjustment	
		Costs	% Share	Costs	% Share	Costs	% Share
Single Dental	District	\$87.15	100.0%	\$36.08	91.2%	\$36.08	41.4%
	Employee	\$0.00	0.0%	\$3.47	8.8%	\$51.07	58.6%
Family Dental	District	\$87.15	100.0%	\$68.26	79.7%	\$68.26	78.3%
	Employee	\$0.00	0.0%	\$17.43	20.3%	\$18.89	21.7%

Source: TLSD and SERB

To align itself with the SERB regional average for employer cost, the District would need to shift a portion of the dental premium to its employees. As seen in the table above, employees enrolled in the single plan would need to pay \$51.07, or 58.6 percent, of the monthly payment, and employees enrolled in the family dental plan would need to pay \$18.89, or 21.7 percent, of the monthly payment.

We identified potential cost savings associated with bringing the employer costs in line with the regional peer average. The District has projected a 13.5 percent increase in health insurance costs for FY 2026 and a 9 percent increase from FY 2027 to FY 2029, the last year of the forecast. The District could save an average of approximately \$781,000, beginning in FY 2027, by aligning employer insurance costs with the regional peer average.

Conclusion

TLSD should work to bring its insurance premium costs for medical and dental insurance more in line with the SERB regional average. Doing so could result in average annual savings of approximately \$781,000 to the General Fund. These savings can be realized by adjusting the plan designs, shifting premium costs, or seeking out alternative insurance options.

Transportation

Transportation of students is a critical function for school districts. Ensuring that busing services are provided in a safe and efficient manner is important for both the well-being of students and the fiscal health of the school district. We examined TLSD’s T-1³¹ reporting policies and procedures in comparison to ODEW guidance to determine whether there were any areas for improvement.

Recommendation 9: Develop Formal Internal Policies and Procedures for T-Reporting

To ensure proper funding, as well as compliance with ORC, OAC, and ODEW guidelines, TLSD should develop formal internal policies and procedures for T-Reporting.

Impact

Accurate reporting on school district transportation is not only required but is necessary to ensure proper funding. Providing correct ridership and mileage on the T-1 Report allows for an accurate calculation of state pupil transportation payments and funding.

Background

In accordance with ORC § 3317.0212 and OAC § 3301-83-01, school districts in Ohio are required to submit annual T-Reports to ODEW. Districts are required to complete the T-1 Report by recording the average number of pupils transported to school as well as the average daily miles traveled for pupil transportation, excluding non-routine and extracurricular miles, during the first full week of October.

According to ODEW, “Students shall only be counted once for AM or PM ridership per day regardless of how many vehicles they ride. You will complete a morning count and an afternoon count and use the greater of the average transported. Students who are not present on the bus may not be included in the counts.”

Methodology

We obtained and reviewed the District’s October 2024 count sheets and compared them to the T-1 Report. We met with TLSD officials to discuss the District’s transportation practices for conducting count week and reporting the results of the T-1 Report.

³¹ T-1 reports are submitted annually to certify to ODEW the actual number of students transported, and the total daily miles traveled. The data is used for calculations of the pupil transportation payment pursuant to ORC § 3317.0212.

Analysis

During the October 2024 count week, the District's bus drivers completed count sheets. The transportation director then compiled the results, verifying the accuracy of the data. Once the information is approved by the District's administration, it is submitted to ODEW.

Our review and comparison of the October count sheets, and the T-1 Report, submitted by the District, found that the District underreported riders by 1 rider, or 0.3 percent less, and overreported miles by 9 miles, or 2.0 percent more.

For riders on most buses, the District did not report the greater of the AM or PM riders because most bus drivers did not report both. Although the variance between the count sheets and T-1 Report was insignificant, bus drivers were essentially permitted by the District to use discretion when recording AM and PM ridership, when they suspected the AM or PM had higher ridership.

Since TLSD did not record AM and PM ridership for most buses, the District is at risk of not fully complying with ODEW guidance and ORC and OAC statutes. Further, if bus drivers inaccurately report ridership or mileage, it increases the possibility of receiving an inaccurate amount of state transportation funding. In FY 2025, TLSD was funded on a per-mile basis.

Conclusion

TLSD did not fully adhere to ODEW guidance when recording AM and PM ridership during the October 2024 count week. While this resulted in insignificant variances between the count sheets and T-1 Report, the District is still at risk of not fully adhering to guidelines and statutes, as well as not receiving accurate state transportation funding. To ensure that the District is receiving accurate state pupil transportation payments, as well as remaining in compliance with ORC, OAC, and ODEW guidelines, TLSD should develop formal policies and procedures for T-1 Reporting.

Food Service

Providing meals to students is a critical component of any school district's operations. The way districts choose to provide and fund food services can have a significant impact on the annual budget and the overall fiscal health of the district.

Recommendation 10: Monitor Food Service Operations to Ensure Financial Sustainability

TLSD should monitor food service operations in order to prevent future operational deficits and the need for General Fund subsidies. Continuous monitoring and evaluation of operations can also assist the District in implementing actions for increasing overall efficiency and effectiveness of food service operations.

Impact

The District's food service program operates using a separate fund that should be self-sustaining. If the fund has a deficit balance, it may require a transfer from the General Fund, which could impact the District's overall fiscal condition. Careful monitoring and evaluation of food service operations can help to ensure that expenditures are appropriate. There are no cost savings associated with this recommendation.

Background

Food service operates using an enterprise fund, which is like a business account. A well-run program will generate enough revenue to cover the expenditures, or costs, associated with the provision of meals. When a district's Food Service Fund does not generate enough revenue to cover expenditures, the district must transfer revenue from the General Fund to cover any excess expense. When a district is projecting a General Fund deficit, it is important to ensure it minimizes transfers out of the General Fund.

The District's Food Service Fund is used to pay for the salaries and benefits of food service staff as well as purchasing food and supplies needed to prepare and serve meals. In FY 2025, TLSD prepared meals that were served at its high school, and its middle school and elementary school, which are located in the same building.

Methodology

We conducted interviews with food service staff to understand how the District provides meals to students. Using data from ODEW, we identified the number of meals served from August to January in the FY 2025 school year in order to calculate a meals per labor hours (MPLH) metric to identify the efficiency of food service staffing and operations at the District for FY 2025. We then compared the District's food service labor efficiency to industry benchmarks.

Using District revenue and expenditure data, we assessed Food Service Fund trends and cash balances from FY 2022 to FY 2024. We also assessed meal pricing, student participation, and commodity entitlement usage.

Analysis

The District's food service program experienced an operating deficit in FY 2023, FY 2024, and FY 2025. As seen in the following table, the District had an operating deficit of approximately \$342,000 in FY 2023, and an operating deficit of approximately \$232,000 in FY 2024. The operating deficits in FY 2023 and FY 2024 resulted in overall fund deficits, which required a transfer from the General Fund as seen in the table below.³²

Trimble Local SD Food Service Fund Net Gain/(Loss) History

	FY 2022	FY 2023	FY 2024
Revenue	\$718,046.07	\$535,204.04	\$585,969.23
Expenditures	\$710,520.42	\$877,866.92	\$818,929.85
Results of Operations	\$7,525.65	(\$342,662.88)	(\$232,960.62)
Beginning Cash Balance	\$3,557.83	\$11,083.48	(\$31.50)
GF Transfer	\$0.00	\$331,547.90	\$223,983.70
Ending Fund Balance	\$11,083.48	(\$31.50)	(\$9,008.42)

Source: TLSD

Note: Transfers/advances were removed to display net gain/loss of food service operations

The decrease in revenue from FY 2022 to FY 2023 was due to lower federal reimbursement receipts, while the increase in expenditures was attributed to supplies and materials, including food. In addition, the District's food service program continued to operate at a loss in FY 2025, requiring an additional transfer from the General Fund at the end of the fiscal year in June. The transfers from the General Fund put additional stress on the District's overall financial condition. It is important to limit deficit spending in areas such as food service, particularly when the District is in poor overall financial health. *School Food and Nutrition Service Management for the 21st Century* (Pannell-Martin and Boettger, 2014) establishes a MPLH benchmark based on the number of meals served and the type of system used for food service. As of January 2025, TLSD produced an average of 761 meal equivalents per day and was staffed with 47.2 labor hours per day.

Based on the MPLH benchmark, the District requires 43.75 total daily labor hours, indicating that TLSD operates with approximately 3.45 excess daily labor hours. However, during the course of the audit, the District eliminated 0.38 FTE food service staff through its reductions in force. The District achieved this through the retirement of an employee working an 8-hour day and the hiring of a part-time employee working a 5-hour day. However, the District subsequently

³² Although not included in our analysis, the deficit in FY 2025 also required a transfer from the General Fund.

hired a second part-time employee working a 5-hour day. This results in the District further exceeding the industry standards outlining food service staffing benchmarks based on meals served and daily labor hours.

In addition to staffing, there are other factors that can contribute to operational deficits. The District should consider other options to prevent the need for a future General Fund subsidy and increase operational efficiency. The Florida Office of Program Policy Analysis & Government Accountability outlines many steps that can be taken including:

- Establish expectations and measures for program performance and cost;
- Develop effective annual budgets and long-term program plans;
- Identify and reduce participation barriers;
- Promote the food service program;
- Maximize the use of USDA commodities; and/or,
- Join purchasing cooperatives to receive quantity discounts.³³

While the District should not maintain excessive fund balances for food services, it should be mindful in its spending and maximize available assistance. The USDA provides funds to the District to offset the cost of food purchases, known as commodity dollars. The District can use these dollars to purchase food such as meat, fish, poultry, fruits, cheese, and grains. Based on our analysis, TLSD used an average of approximately 72 percent of its available USDA funding from FY 2021 to FY 2024. The District had an average of about \$12,000 annually in unused commodity dollars from FY 2021 to FY 2024. In FY 2024 and FY 2025, the District used all of its commodity dollars. As food prices rise, it will be important for the District to continue to utilize this available funding.

From FY 2020 to FY 2024, the District had an average daily participation rate of 67 percent. This is a higher average participation level than that of ODEW similar districts, the statewide average, and other districts in Athens County. This higher participation rate may be influenced by the District's participation in the National School Lunch Program and School Breakfast Program, which provides free meals to all students at the District.

TLSD also has a higher average cost per meal than that of ODEW similar districts, the statewide average, and other districts in Athens County. The District's cost per meal has consistently exceeded these averages since FY 2021. From FY 2020 to FY 2024, the District's average cost per meal was \$4.66. In FY 2024, the cost per meal was \$4.67, which exceeded the District's federal reimbursement rate of \$4.54 per meal. This has been driven, in part, by increases in purchased goods, specifically food items. It does not appear that the District has historically attempted to leverage purchasing options or "shop around" for best prices on items. However, due to increasing costs, the District may need to address expenditure levels in order to ensure the

³³ *Best Practices Could Help School Districts Reduce Their Food Service Program Costs*, Florida Office of Program Policy Analysis & Government Accountability, 2009.

Food Service Fund remains self-sustaining. The District may consider purchasing through consortiums for supplies and materials which may reduce the cost per meal.

Conclusion

After reducing staff through reductions in force, only to rehire 2 part-time food service employees, the District's food service program will be operating inefficiently in relation to the MPLH staffing benchmark. Further, the District has experienced operational deficits in recent years and has a higher cost per meal compared to ODEW similar districts, the statewide average, and other districts in Athens County. The District also required General Fund transfers in FY 2023, FY 2024, and FY 2025 and has had low Food Service Fund balances in recent years. The District should carefully monitor operations and adjust as necessary to ensure the food service program operates efficiently. In doing so, it should seek to maximize available resources such as commodity funding, and continue to monitor cost per meal.

Additional Recommendations

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

Implementing the following additional actions could have a significant impact on the District's operations and instructional activities. However, without additional revenue, the District will need to consider the implementation of the following recommendations in order to work towards fiscal solvency.

Eliminate the General Fund Subsidy for Extracurricular Activities

In order to reduce expenditures, the District could reduce the General Fund subsidy of extracurricular activities (see **Recommendation 4**). To achieve additional savings, the District could consider fully eliminating the subsidy. Due to the District's one-time expenditures associated with constructing the health and fitness center, we excluded those costs from the FY 2024 General Fund subsidy calculation, which resulted in a subsidy of approximately \$314,000. Accounting for the savings identified in **Recommendation 4**, elimination of the subsidy would save the District an additional \$212,000 per year on average during the forecast period.

While supporting extracurricular activities with the General Fund is a common practice in Ohio, it is not required by law. Implementing this recommendation may impact the number and quality of programs offered, however, the District's financial condition requires consideration of significant operational changes to remain fiscally solvent.

To fund extracurricular activities without a General Fund subsidy, the District may consider the following options:

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

Implement a Base and Salary Step Freeze

The District could consider implementing additional salary-related measures in order to achieve additional savings. While **Recommendation 8** addresses the potential to reduce future liabilities by bringing specific certificated and classified salaries in line with the peer average, significant annual savings could be realized by implementing a freeze on all employee salaries.

Due to the expiration of the District's CBAs, the earliest a salary freeze could be implemented is FY 2027. If the District froze salaries at FY 2027 levels for FY 2028 and FY 2029, the last years of the forecast, it could realize average annual savings of approximately \$352,000.³⁴

During the course of the audit, the District and the teachers' bargaining unit agreed to a base and step salary freeze for FY 2026.

Eliminate Teacher Positions

If the District successfully implements all of the standard recommendations along with all of the previously identified additional recommendations, it will not be able to fully resolve the projected deficit in the May forecast. In addition, some of the previously identified standard and additional recommendations are subject to contract negotiations and may be difficult for the District to achieve. To fully resolve the projected deficit in the May forecast, the District would need to consider eliminating teaching positions beyond those already eliminated as part of the District's financial recovery plan.

State law requires that for every 25 students, districts employ at least one classroom teacher, for a student-to-teacher ratio of 25 to 1. In FY 2025, the District had a student-to-teacher ratio of 12.25 to 1.³⁵ While the District is below the primary peer average for classroom teachers by approximately 2.45 FTEs, it could eliminate up to 22.0 FTE teaching positions and remain within state minimum standards. Since the District has already reduced its teaching staff by 14.0 FTEs due to its financial condition, TLSD could eliminate up to 8.0 FTE additional teaching positions. Eliminating 8.0 FTE teaching positions would result in approximately \$642,000 in annual savings but would substantively impact District operations.

TLSD should choose to strategically implement teacher reductions to maximize savings while minimizing the impact on District operations. Ultimately, the total cost savings realized from

³⁴ The savings identified in this recommendation do not take into account recommended staffing reductions. If the District were to reduce staffing, actual savings would be reduced.

³⁵ The student number used in this ratio represents a regular student population – a formula driven number that reflects students enrolled and educated within the District, excluding categories two through six of special education students. Classroom teachers include K-12 general education teachers as well as art, music, physical education, English language instructional program, and gifted and talented teachers. Preschool teachers, special education teachers, and career-technical teachers are excluded from the ratio (*Source, ODEW*).

teacher reductions would be dependent on a variety of factors including the number of positions eliminated, the tenure of the individuals, and the impact of other potential cost savings measures.

If the District decides to pursue state minimum teacher reductions, it should work with ODEW to ensure compliance with the state minimum requirement in OAC 3301-35-05 before reducing classroom teaching levels.

Client Response Letter

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



Trimble Local School District

Office of the Superintendent

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Superintendent

John R. Hurd Jr.

Chief Finance Officer

Kevin Simons

Board of Education

Gary Arnold
R. Kevin Coey
David M. Owen
Kayla Simons
John R. Standley

"To be the supporting force in our community by providing excellence in student achievement for all"

August 22, 2025

Auditor Keith Faber
Ohio Auditor of State
65 East State St.
Columbus, Oh. 43215

Trimble Local School District Responses to Performance Audit Recommendations ; Core Recommendations

Recommendation 1

The District has already implemented a practice of reviewing forecasted amounts to actual results on a monthly basis. Forecasts are prepared using the most current data available, with the assistance of Frontline forecasting software. The Treasurer and Superintendent review the forecast assumptions regularly, and the District is committed to documenting these assumptions more fully and providing variance explanations to ensure Board and community transparency.

Recommendation 2

The Superintendent, Treasurer, Principals and Board of Education are now fully engaged in the preparation and monitoring of annual appropriations. Budgeted versus actual results are reviewed monthly, allowing the District to make mid-course corrections where necessary. The District will continue refining this collaborative process to improve resource allocation and expenditure monitoring. Additionally, the Teacher's Union (TLTA) has agreed to a base and step freeze, showing strong collaboration toward financial recovery.

Recommendation 3

The District agrees with the need for more formal operational plans. Work has begun on a capital improvement plan, a facilities preventative maintenance plan, a fleet maintenance plan, and a bus replacement schedule. These plans will ensure that operational needs are addressed in a systematic and fiscally responsible manner.

Recommendation 4

The District has already taken action to reduce extracurricular subsidies through staffing adjustments and the consideration of pay-to-participate fees. In addition, a fundraising committee for Athletics has been formed to generate supplemental revenue. These steps, along with planned adjustments in FY 2026 and FY 2027, demonstrate the District's commitment to reducing subsidies while preserving student opportunities.

Recommendation 5

The District has reduced staffing levels through attrition and reductions in force as part of the March 2025 recovery plan. Further review of classroom support staffing levels will continue, with reductions made through attrition whenever possible to limit disruption to students.

Recommendation 6

The District has already implemented a base and step freeze in FY 2026 through agreement with the TLTA. Future negotiations will continue to focus on provisions such as supplemental compensation and leave allowances that exceed peer practices. Adjustments will be pursued in a way that supports long-term financial sustainability while maintaining strong labor relations.

Recommendation 7

The District acknowledges that some salary schedules exceed peer averages. With the FY 2026 freeze in place, adjustments to bring schedules closer in line with peers will be pursued in future bargaining cycles. These adjustments will be considered carefully to ensure cost control while retaining high-quality staff.

Recommendation 8

The District is actively reviewing health insurance costs and exploring plan design adjustments, as well as possible changes to employer/employee contributions. The goal is to move closer to regional averages while maintaining high-quality benefits that help attract and retain employees.

Recommendation 9

The District has taken steps to improve transportation reporting accuracy, including additional staff training. Written policies and procedures will be developed under the Treasurer and Transportation Supervisor in FY 2026 to ensure consistent, accurate, and compliant reporting.

Recommendation 10

The District has strengthened oversight of the Food Service Fund with monthly reviews included in the Treasurer's report. Participation, revenue, and costs are being closely tracked to ensure self-sufficiency and minimize reliance on the General Fund. Additionally, the District has requested to file an emergency RFP with ODEW to allow the District to contract with Nutrition Group to operate the food service program.

Additional Recommendations

Additional Recommendation 1

The District has reduced General Fund support for extracurricular programs through staffing adjustments, pay-to-participate considerations, and creation of the Athletics Fundraising Committee. Complete elimination of General Fund support would risk significantly reducing student participation, so the District is pursuing a balanced approach that lowers subsidies while protecting opportunities for students.

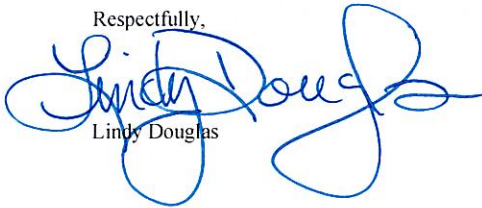
Additional Recommendation 2

The District has already implemented a base and step freeze for FY 2026 in agreement with TLTA. Any further freezes will be carefully reviewed within the context of financial conditions, staff retention, and the need to maintain educational quality.

Additional Recommendation 3

The District has already reduced staff through attrition and reductions in force in FY 2025. Additional reductions will be considered carefully with input from building Principals, the Superintendent, and the Commission to balance financial stability with appropriate class sizes and instructional quality.

Respectfully,



Lindy Douglas

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

Performance Audit Purpose and Overview

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

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

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

Audit Scope and Objectives

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

Summary of Objectives and Conclusions

Objective	Recommendation
Financial Management	
Are the District's forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	R.1
Are the District's budgeting practices in line with leading practices?	R.2
Are the District's planning practices consistent with leading practices?	R.3
Is the District's General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District's financial condition?	R.4, Additional Recommendation

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Human Resources	
Are the District's staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District's financial condition?	R.5, Additional Recommendation
Are the District's collective bargaining agreement provisions appropriate in comparison to local peers, minimum requirements, and the District's financial condition?	R.6
Are the District's salaries and wages appropriate in comparison to local peers and the District's financial condition?	R.7, Additional Recommendation
Are the District's insurance costs appropriate in comparison to other governmental entities within the local market and the District's financial condition?	R.8
Facilities	
Are the District's facilities staffing levels appropriate in comparison to leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's facilities staffing levels are appropriate compared to benchmarks.
Transportation	
Is the District's T-1 Report accurate, and did it result in the appropriate level of State transportation funding?	R.9
Food Service	
Is the District's food service program operated in a manner that is consistent with leading practices and industry standards and appropriate based on the District's financial condition?	R.10

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:³⁶

- Control environment
 - We considered the District's control of its EMIS and payroll systems.
- Risk Assessment
 - We considered the District's activities to assess fraud risks.
- Information and Communication

³⁶ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G.

- We considered the District’s use of quality information in relation to transportation data.
- Control Activities
 - We considered the District’s compliance with applicable laws and contracts.

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

Audit Methodology

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

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

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

Peer Group Districts

Primary Peers

- Federal Hocking Local School District (Athens County)
- Felicity-Franklin Local School District (Clermont County)
- Joseph Badger Local School District (Trumbull County)
- Manchester Local School District (Adams County)
- Newcomerstown Exempted Village School District (Tuscarawas County)
- Symmes Village Local School District (Lawrence County)

Local Peers

- Athens City School District (Athens County)
- Federal Hocking Local School District (Athens County)

- Morgan Local School District (Morgan County)
- Nelsonville-York City School District (Athens County)
- Southern Local School District (Perry County)

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

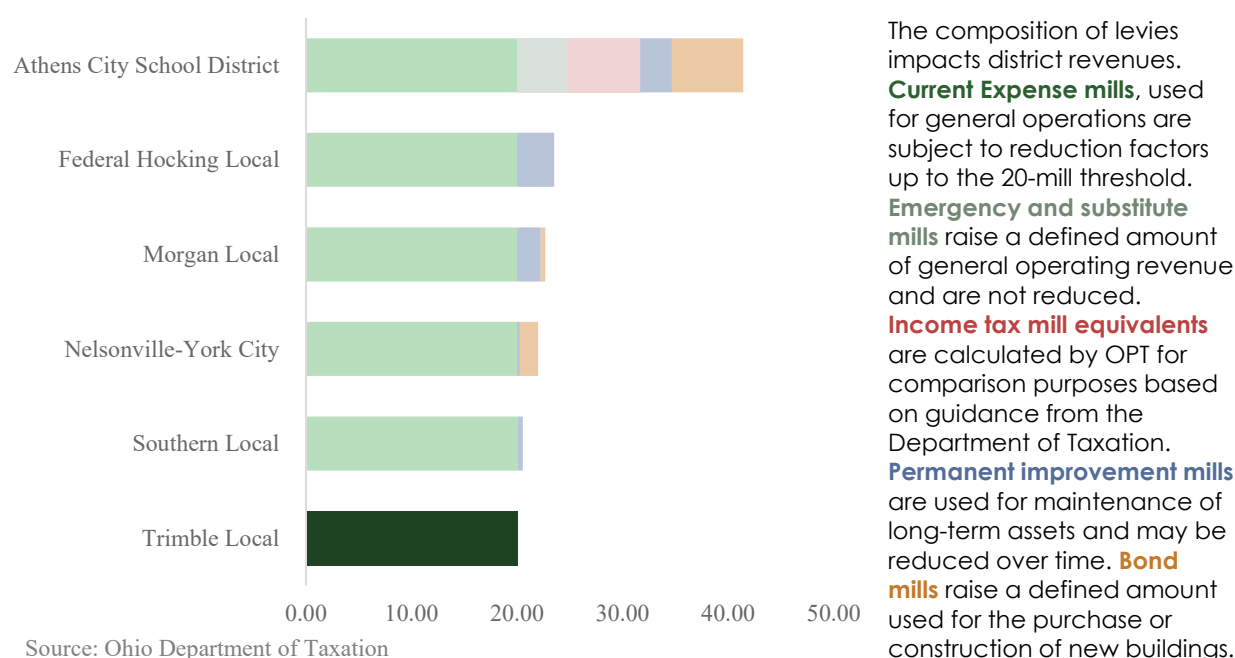
Appendix B: Financial Systems

In addition to the financial analyses previously presented throughout the report, we conducted additional review of the District's finances compared to peers. This information is provided to give a deeper understanding of the current financial condition of the District.

Local Revenue Comparisons

Since the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for TLSD to that of its local peers. This comparison is found in the chart below. The green portion of the bar represents the current expense millage rate, where four of the local peers are at the 20-mill floor. Because the District is at the 20-mill floor, it will see continued growth from current expense mills as property value increases.

2024 Millage and Millage Equivalents | Local Peers



The District's effective tax rate is the lowest in comparison to the local peer districts. In Tax Year 2024, one mill of property tax generated approximately \$90 in revenue per pupil, falling below the local peer average by approximately \$244, or 170.5%.

The following table shows the income tax revenue for the local peer districts. Only one local peer collects revenue from an income tax. None of the primary peers collect revenue from income tax.

2024 Income Tax Revenue and Millage Equivalents | Local Peers

District	Tax Rate	Income Tax Revenue	Estimated Millage Equivalents
Athens City School District	1.00%	\$5,336,581.44	6.84
Federal Hocking Local	0.00%	-	0.00
Morgan Local	0.00%	-	0.00
Nelsonville-York City	0.00%	-	0.00
Southern Local	0.00%	-	0.00
Trimble Local	0.00%	-	0.00

Source: Ohio Department of Taxation

The following tables show the local tax effort (LTE) comparison between TLSD and the primary peer districts and the local peer districts. ODEW uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. Districts are ranked from 1 to 606 with 1 being the highest level of effort and the 99th percentile and 606 being the lowest level of effort and the 1st percentile.

2024 Local Tax Effort Comparison | Primary Peers

District	LTE	Rank	Percentile
Joseph Badger Local	1.2054	181	70.1%
Federal Hocking Local	1.0649	254	58.1%
Newcomerstown Exempted Village	1.0438	270	55.4%
Manchester Local	0.9714	316	47.9%
Felicity-Franklin Local	0.7255	497	18.0%
Symmes Valley Local	0.7248	498	17.8%
Trimble Local	0.6972	517	14.7%
Primary Peer Average	0.9560	320	47.2%

Source: ODEW

2024 Local Tax Effort Comparison | Local Peers

District	LTE	Rank	Percentile
Athens City School District	1.5504	55	90.9%
Federal Hocking Local	1.0649	254	58.1%
Morgan Local	0.9059	354	41.6%
Nelsonville-York City	0.8015	440	27.4%
Southern Local	0.7804	458	24.4%
Trimble Local	0.6972	517	14.7%
Local Peer Average	1.0206	286	52.8%

Source: ODEW

The District's LTE is lower than that of all the peers used for analysis and the statewide average.

The following tables shows the comparison of the District's forecasting practices to industry standards and best practices. The District's forecasting processes do not meet all components recommended by the GFOA and ODEW.

ODEW Best Practices

Doesn't Meet	Proactive management of revenues/expenditures
Doesn't Meet	Board policy to achieve and maintain 60 days of expenditures in cash balance
Partially Meets	Report and discuss expenditures vs revenues monthly
Doesn't Meet	Participate in a program that promotes best budgeting practices for school districts

GFOA School Forecasting Best Practices

☒ Meets
 ☐ Partially Meets
 ☐ Does Not Meet

Define Assumptions	Gather Information	Preliminary/ Exploratory Analysis	Select Methods	Implement Methods	Use Forecast
Forecast has a timeline	District uses statistical data in forecasting	Understands how revenues/ expenditures vary with economic activity	Determine the quantitative and/or qualitative forecasting methods that will be used	Put into practice described forecasting methods	Forecaster has credibility
District is transparent as to whether the forecast is conservative in estimating revenues/expenditures	Uses accumulated judgment and expertise of individuals inside and perhaps also outside the organization	Understands effects of demographic trends			Forecast is presented with a clear message
District is aware of political/legal issues that could affect forecast	Become familiar with other longer-term planning efforts of the organization that impact financial decisions and the fiscal environment.	Outliers are identified and explained			Forecast plays a key role in budgeting and financial decisions
District knows major revenue/expenditure categories		Relationships between different variables are identified and explained			

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Appendix C: Human Resources

Staffing Comparison Tables

The following tables illustrate the District's employee FTEs compared to calculated benchmark FTEs.

The enrollment benchmark FTEs represents the FTEs the District would need to align with the *primary peer average FTEs per-1,000 student ratio*. Normalizing data on a per-1,000 student basis, as seen in the calculation below, allows for a more precise comparison between districts when student counts differ. This primary comparison is shown in each of the following staffing comparison tables.

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

The building benchmark FTEs represents the FTEs the District would need to align with the *primary peer average FTEs per building ratio*. Normalizing data on a per-building basis, as seen in the calculation below, allows for a more precise comparison between districts when building counts differ. This secondary comparison is shown in select staffing comparison tables.

$$\text{Building Benchmark FTEs} = \left(\frac{\text{Peer Average FTE}}{\text{Peer Average Building Count}} \right) * \text{District Building Count}$$

Central Office Administrator Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Supervisor/Manager	2.20	1.42	0.78
Coordinator	0.00	0.42	(0.42)
Education Administrative Specialist	1.00	0.08	0.92
Director	0.00	0.82	(0.82)
Other Official/Administrative	0.00	0.55	(0.55)
Total	3.20	3.29	(0.09)

Source: TLSD and ODEW

As seen in the following table, TLSD exceeds the peer enrollment and building benchmarks by 0.95 FTEs. During the course of the audit, the District approved the reduction of 2.0 FTE building administrators, comprised of the dean of students and assistant principal. Because of the reductions, the District is below the peer benchmark.

Building Administrator Staff Comparison

Position	TLSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Assistant Principal	1.00	0.54	0.46
Principal	2.00	2.34	(0.34)
Dean of Students	1.00	0.17	0.83
Total	4.00	3.05	0.95

Position	TLSD FTEs	Building Benchmark FTEs	FTEs Above/(Below) Benchmark
Assistant Principal	1.00	0.60	0.40
Principal	2.00	2.30	(0.30)
Dean of Students	1.00	0.15	0.85
Total	4.00	3.05	0.95

Source: TLSD and ODEW

Teaching Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
General Education	40.00	41.75	(1.75)
Gifted and Talented	1.00	0.00	1.00
Career-Technical Programs	0.00	1.70	(1.70)
Total	41.00	43.45	(2.45)

Source: TLSD and ODEW

K-8 Teaching Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Art Education K-8	1.00	0.54	0.46
Music Education K-8	1.00	1.09	(0.09)
Physical Education K-8	1.00	1.09	(0.09)

Source: TLSD and ODEW

Non-Teaching Educational Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Counseling	2.00	1.73	0.27
Remedial Specialist	0.00	1.74	(1.74)
Tutor/Small Group Instructor	0.00	0.67	(0.67)
Other Educational	0.00	0.47	(0.47)

Source: TLSD and ODEW

Professional Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Psychologist	0.00	0.34	(0.34)

Source: TLSD and ODEW

Technical Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Computer Operating	1.00	0.67	0.33
Total	1.00	0.67	0.33

Source: TLSD and ODEW

Central Office Support Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Administrative Assistant	0.00	0.09	(0.09)
Accounting	1.00	0.74	0.26
Bookkeeping	0.00	0.11	(0.11)
Central Office Clerical	2.00	1.77	0.23
Other Office/Clerical	0.00	0.06	(0.06)
Total	3.00	2.77	0.23

Source: TLSD and ODEW

Building Office Support Staff Comparison

Position	TLSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
School Building Clerical	4.00	3.86	0.14
Total	4.00	3.86	0.14

Position	TLSD FTEs	Building Benchmark FTEs	FTEs Above/(Below) Benchmark
School Building Clerical	4.00	3.75	0.25
Total	4.00	3.75	0.25

Source: TLSD and ODEW

Library Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Librarian/Media	0.00	0.17	(0.17)
Library Aide	0.00	0.34	(0.34)
Total	0.00	0.50	(0.50)

Source: TLSD and ODEW

In the following table, TLSD exceeds the peer benchmark by 1.21 FTEs. During the course of the audit, the District approved the reduction of a 1.0 FTE nursing staff position, bringing the District more in line with the peer average benchmark.

Nursing Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Registered Nursing	2.00	0.79	1.21
Total	2.00	0.79	1.21

Source: TLSD and ODEW

In the table below, TLSD exceeds the benchmark by 8.83 FTEs. As mentioned in **Recommendation 5**, during the course of the audit, the District reduced 7.54 FTEs. In accounting for the reductions, the District could still eliminate an additional .96 FTEs to bring staffing more in line with the peer average.

Classroom Support Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Instructional Paraprofessional	14.88	1.77	13.11
Teaching Aide	0.00	4.28	(4.28)
Total	14.88	6.05	8.83

Source: TLSD and ODEW

Other Support Staff Comparison

Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Attendance Officer	0.00	0.07	(0.07)
Guard/Watchman	0.00	0.43	(0.43)
Total		0.49	(0.49)

Source: TLSD and ODEW

Extra-Curricular/Intra-Curricular Staff Comparison

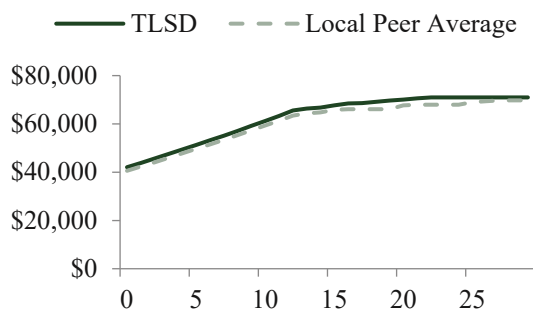
Position	TLSD FTEs	Benchmark FTEs	FTEs Above/(Below) Benchmark
Advisor	0.00	0.17	(0.17)
Total	0.00	0.17	(0.17)

Source: TLSD and ODEW

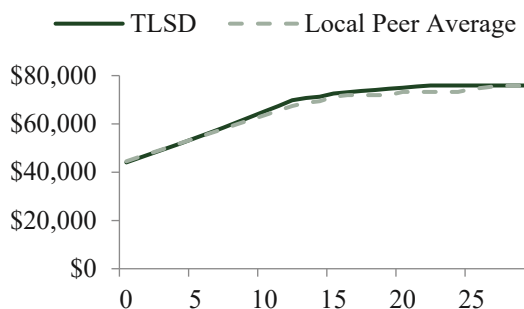
We also looked at annual salaries for all certificated employees and the hourly wage rates for various classified employee positions over the course of a 30-year career, as seen in the following charts.

Certificated Career Compensation

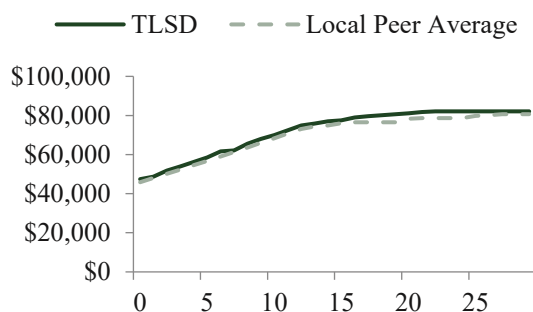
Bachelors



BA+30

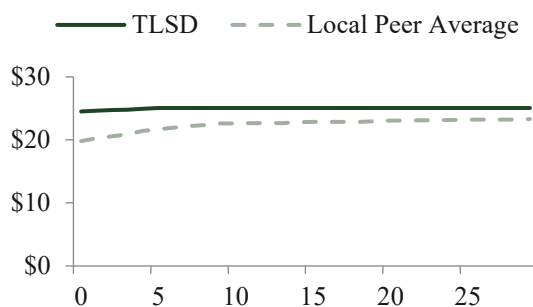


Master's

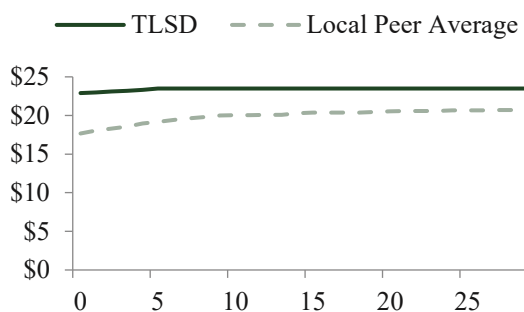


Classified Career Compensation

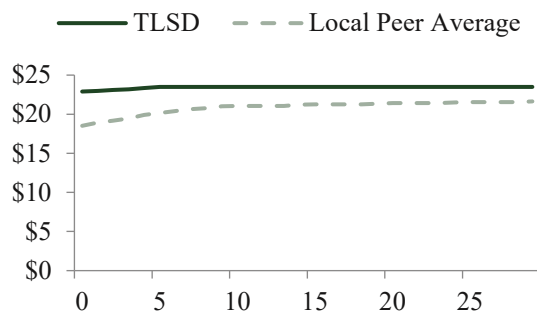
Bus Driver



Cook



Custodian



Efficient

•

Effective

•

Transparent

OHIO AUDITOR OF STATE KEITH FABER



TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/28/2025

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Phone: 614-466-4514 or 800-282-0370

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