



Ross Local School District
Board of Education Work Session
April 12, 2023

Agenda

- I. Review of our current financial situation;
- II. Review of the State Audit;
- III. Next Steps:
 - a) Potential Cuts, 2023-24 and 2024-25
 - b) Transportation
 - c) Athletics

Current 5 Year Forecast (As of November 2022)

Current Financial Status								
	Actual			Forecasted				
	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Cash	7,440,274	4,581,313	3,419,829	4,856,025	4,064,405	1,603,696	(1,951,006)	(6,648,512)
Total Revenues	26,393,374	27,394,394	29,429,823	28,596,514	29,098,446	29,426,836	29,610,384	29,933,885
Total Expenditures	29,252,335	28,555,878	27,993,627	29,388,134	31,559,155	32,981,538	34,307,890	35,692,703
Spending Surplus (Deficit)	(2,858,961)	(1,161,484)	1,436,196	(791,620)	(2,460,709)	(3,554,702)	(4,697,506)	(5,758,818)
Ending Cash	4,581,313	3,419,829	4,856,025	4,064,405	1,603,696	(1,951,006)	(6,648,512)	(12,407,330)
Encumbrances	1,427,347	558,792	835,293	750,000	750,000	750,000	750,000	750,000
Unreserved Cash Balance	3,153,966	2,861,037	4,020,732	3,314,405	853,696	(2,701,006)	(7,398,512)	(13,157,330)
True Days of Cash	39	37	52	41	10	-30	-79	-135

5 Year Forecast (With Successful Passage of May 2023 9.44 Mill 5-Year Emergency Operating Levy)

CY 2023 Levy Passage (9.44 Mills, 5 year (2024-28), \$4.5 Million Annual Revenue, \$600K reductions)									
	Actual			Forecasted					
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Cash	7,440,274	4,581,313	3,419,829	4,856,025	4,064,405	4,520,379	6,020,836	6,378,489	5,674,830
Total Revenues	26,393,374	27,394,394	29,429,823	28,596,514	29,098,446	29,426,836	29,610,384	29,933,885	30,083,554
New Levy Revenue					\$2,316,683	\$4,455,159	\$4,455,159	\$4,455,159	\$4,455,159
Total Revenue	26,393,374	27,394,394	29,429,823	28,596,514	31,415,129	33,881,995	34,065,543	34,389,044	34,538,713
Total Expenditures	29,252,335	28,555,878	27,993,627	29,388,134	30,959,155	32,381,538	33,707,890	35,092,703	36,145,484
Spending Surplus (Deficit)	(2,858,961)	(1,161,484)	1,436,196	(791,620)	455,974	1,500,457	357,653	(703,659)	(1,606,771)
Ending Cash	4,581,313	3,419,829	4,856,025	4,064,405	4,520,379	6,020,836	6,378,489	5,674,830	4,068,059
Encumbrances	1,427,347	558,792	835,293	750,000	750,000	750,000	750,000	750,000	750,000
Unreserved Cash Balance	3,153,966	2,861,037	4,020,732	3,314,405	3,770,379	5,270,836	5,628,489	4,924,830	3,318,059
True Days of Cash	39	37	52	41	44	59	61	51	34

Ohio Auditor of State-Performance Audit

What is a Performance Audit?

- Examines the efficiency and effectiveness of government programs and functions with the goal of making them better.
- Independent assessment of operations.

Ohio Auditor of State-Performance Audit

Key Points:

- RLSD Initiated the Audit;
- Quantity vs. Quality;
- Template as we move forward;
- No Cost to our District.

Ohio Auditor of State-Performance Audit

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.

Peer Group Districts (3 Different Groups)

Primary Peers. “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 or better academic performance.**

- Brookville Local School District (Montgomery County)
- Canfield Local School District (Mahoning County)
- Highland Local School District (Medina County)
- Liberty-Benton Local School District (Hancock County)
- Ottawa-Glandorf Local School District (Putnam County)
- Sugarcreek Local School District (Greene County)

Peer Groups

Local Peers. “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.

- Fairfield City School District (Butler County)
- Hamilton City School District (Butler County)
- Northwest Local School District (Hamilton County)
- Southwest Local School District (Hamilton County)
- Talawanda City School District (Butler County)

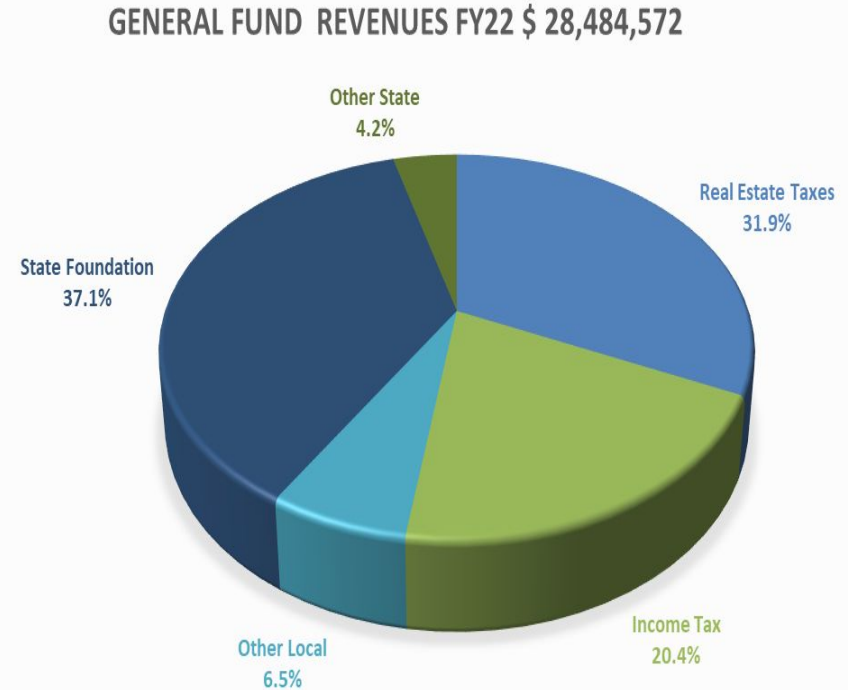
Peer Groups

Transportation Peers. “Transportation Peers” set was selected for operational comparisons related to the bus fleet. This peer set was selected from a pool that most closely reflected the **geographic and rider density**.

- Ashland City School District (Ashland County)
- Elida Local School District (Allen County)
- Midview Local School District (Lorain County)
- New Philadelphia City School District (Tuscarawas County)

RLSD General Fund Revenue Composition

In FY 2022, the District's total General Fund revenue was approximately **\$28.5 million**. The District's primary sources of revenue are general property taxes, state foundation funding, and income tax.



Millage & Income Tax Equivalents

- 26.20 Effective (collected) mills
- 20 Mill Floor
- 1.25% Income Tax
 - 12.56 Equivalent Mills
- Effective Mills & Income Tax Equivalents
 - 38.76 Mills
- Average among primary peers

1 Mill in Ross LSD = \$472,000

Ross LSD		
Summary of Millage - Collection Year 2023		
	Voted	Effective
Inside Mills (General Operations)		2.66
PI (moved 2 additional inside mills 10/16/20)		2.70
Total Inside Mills		5.36
Outside Mills:		
Current Expense 1976	19.52	6.80
Current Expense 1981	6.90	2.93
Current Expense 1987	3.90	1.92
Current Expense 1990	3.30	1.64
Current Expense 1995	2.00	1.12
Current Expense 1999	4.75	2.93
Total Outside Levies (voted)	40.37	17.34
Total Inside & Outside Mills - Floor	40.37	20.00
20 Mill Floor Calculation includes inside (general operations) & outside mills		
Bond (approved 11/5/02 not to exceed 26 years - 2028)	3.50	3.50
Total Mills	43.87	26.20

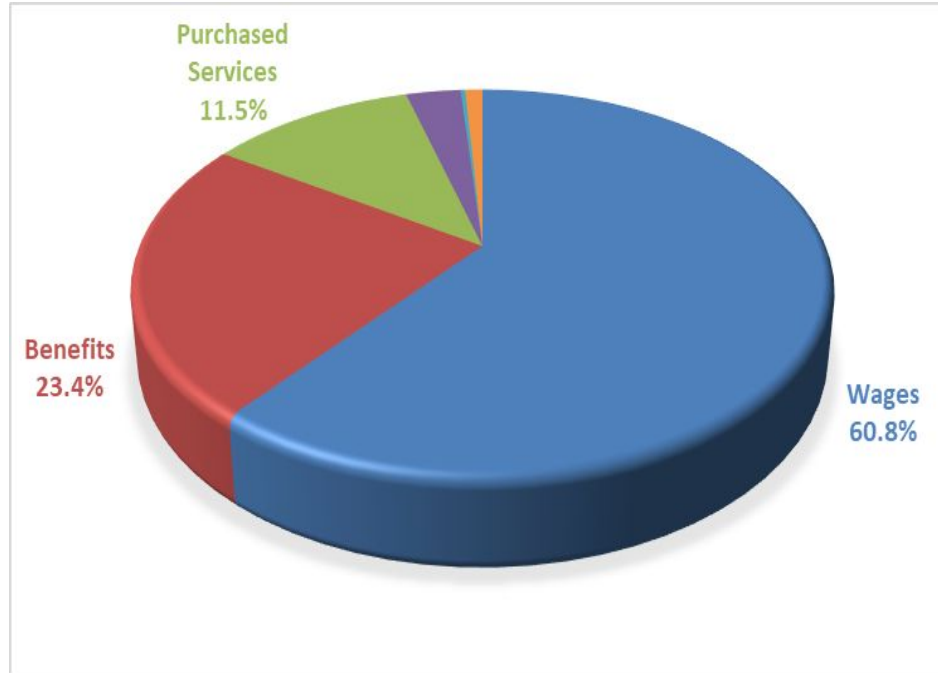
Additional Revenue - Valuation Update

- Recent media reports possible 24% average increase for Butler County
- 2020 Reappraisal = 20% Average - Ross LSD 8.8% Increase
- Based on November forecast, if 24% increase occurred for Ross LSD it could push off cash deficit for one year
- End result, the District would run out of cash in FY 2026 instead of FY 2025
- Levy on May Ballot is a **FIXED SUM** levy, meaning the annual revenue will remain constant for the five years. So if the valuation does increase the estimated millage of 9.44 will be reduced to only collect the \$4.5 million annually.

Revenue per Pupil

- In FY 2022 the District received approximately **\$11,241 per pupil**, with 52.3%, or approximately \$5,879, coming from local taxes.
- The primary peer average was **\$11,601** in revenue per pupil, with 64.2%, or approximately \$7,448, coming from local taxes.
- The District's revenue per pupil was lower than the primary peer average by \$360 per pupil.
- Additionally the local share of revenue per pupil was \$1,569 lower than the primary peer average.
- RLSD would have generated \$920,160 more if its revenue per pupil would have equaled the average per pupil of \$11,601
 - $2556 \text{ students} \times \$360 = \$920,160$

Expenditures



The District's total expenditures in FY22 were approximately **\$27.9 million**.

Expenditures per Pupil

- In FY 2022, RLSD spent approximately **\$11,021**, or **2% less**, per pupil when compared to the primary peer average of **\$11,246** per pupil.
- The District spent more than the primary peer average on employee salaries, wages, and benefits.
- The District spent less than the primary peer average on purchased services, supplies and materials, capital outlay, other objects, and other uses of funds.

Scope of the Audit

- The following scope areas were included for detailed review and further analyses: **Financial Management, Human Resources, Facilities, Transportation, and Food Service.**

Three Tiers

Tier I recommendations would not resolve the projected deficit fund balance in the most recent five year forecast. Because of this, we identified additional recommendations that the District can consider that go beyond alignment with peer averages and industry standards.

Tier II recommendations are those that have potential for increased savings but do not include additional personnel reductions.

Tier III recommendations are additional personnel reductions identified on a case-by-case basis in areas where the District was staffed in-line with, or lower than, the respective peer averages.

Recommendation #1

Recommendation 1: Develop Formal Strategic and Capital Plans

- RLSD should develop formal strategic and capital plans linked to the budget in order to improve program and funding decisions. Developing formal long-term strategic and capital plans linked to annual budgets could provide the District with necessary guidance on overall spending and program allocations based on plan related goals and objectives. The development of these plans could also assist the District in making more efficient and effective long-term decisions.
- Cost Savings: TBD

Recommendation #2

Recommendation 2: Eliminate Administrator Positions above the Peer Average

- RLSD should consider eliminating central office and building administrator positions above the primary peer average.

Recommendation #2

1.0 FTE Building Administrator Staff;

- RLSD employs 8.0 FTEs as building administrators including five principals, two assistant principals, and one dean of students. This is 1.64 FTEs above the peer average on a per-1,000.

1.0 FTE Central Office Administrator Staff.

- RLSD employs 8.0 FTEs as central office administrators including six supervisors and managers, one coordinator and one director. This is 1.15 FTEs above the peer average on a per-1,000- student basis.

- Cost Savings: \$271,000

Recommendation #3

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

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

Recommendation #3

4.0 FTE Teachers;

- RLSD employs 112.5 FTE general education teachers, gifted and talented teachers. The District is 4.19 FTEs above the peer average. Eliminating 4.0 FTEs teaching positions could save an average of approximately \$367,000 annually.

2.0 FTE K-8 Art Teachers;

- RLSD employs 4.0 FTE K-8 art teachers, which is 2.14 FTEs above the peer average. Eliminating 2.0 FTE art teaching positions could save an average of approximately \$234,000 annually.

1.5 FTE Counselors;

- RLSD employs 7.0 FTE counseling staff members, which is 1.56 FTEs above the peer average. Eliminating 1.5 FTE counseling positions could save an average of approximately \$123,000 annually.

1.0 FTE Curriculum Specialist;

- RLSD employs 1.0 FTE curriculum specialist, which is 1.0 FTE above the peer average. Eliminating 1.0 FTE curriculum specialist position could save an average of approximately \$133,000 annually.

0.5 FTE Library Staff.

- RLSD employs 3.0 FTE library staff members, who function as media center facilitators, which is 0.54 FTEs above the peer average. Eliminating 0.5 FTE library staff positions could save an average of approximately \$43,000 annually.

Recommendation #3

Cost Savings: \$900,000

Recommendation #4

Recommendation 4: Renegotiate Collective Bargaining Agreement Provisions and Reset Classified Benefit Levels

RLSD should renegotiate its collective bargaining agreement (CBA) provisions and the benefits that it offers to its staff to be in line with ORC requirements and local peer districts in order to reduce future expenditures and decrease the risk for future liabilities. While there is no identified financial implication for this recommendation, the District's certificated CBA contains certain provisions that may increase future liabilities. The same is true of the benefits it offers to its classified employees. Aligning some of these provisions with ORC minimums and local peer averages would reduce future expenditures.

Recommendation #4

Areas to Review:

- Sick Leave Accumulation and Severance Payout;
- Life Insurance;
- Certificated Tuition Reimbursement;
- Vacation Leave Allowance.

Cost Savings: TBD

Recommendation #5

Recommendation 5: Align Classified Salary Schedules

- RLSD should align its classified salary schedules with the local peer average. While cost savings are not calculated for this recommendation, aligning classified salary schedules with the local peer average will allow the District to improve its overall fiscal condition and reduce future expenses.
- Cost Savings: TBD

Recommendation #5

We selected a sample of classified position categories to use for our analysis and comparison to local peer districts.

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

- Food Service Worker;
- Café Manager/Head Cook;
- Clerical;
- Custodian;
- Bus Driver; and,
- Paraprofessional/Teaching Aide

For all of the above classified positions, RLSD has a higher average yearly salary and higher 30-year career compensation than the local peers. The District's career compensation ranges from approximately 6.7 percent to approximately 11.4 percent higher than the local peers, based on FY 2023 data.

Recommendation #6

Recommend aligning employer cost with SERB Regional Avg.

- The District should align its employer costs for medical, dental, and vision insurance premiums with the SERB regional average for other school districts.
- Aligning employer costs with the SERB regional average for school districts would reduce expenditures. This could be accomplished by seeking out alternative insurance offerings or increasing employee premium contributions.
- Cost Savings: \$760,000

Recommendation #7

Recommendation 7: Align Facilities Expenditures with the Primary Peers

- RLSD should align facilities expenditures with the primary peer average in order to reduce future facility-related liabilities.

Recommendation #7

Analysis

Facilities expenditures encompass many different areas, such as personnel, supplies, or utilities. For accounting purposes, these expenditures are recorded in the following primary categories:

- Salaries and Wages;
- Benefits;
- Purchased Services (Excluding Utilities);
- Utilities;
- Supplies and Materials;
- Capital Outlay; and,
- Other Objects.

Recommendation #7

We compared RLSD's expenditure per square foot to the primary peer average by category and in total. Overall, the District **spends nearly one dollar more per square foot** on facilities expenditures compared to the primary peers. With more than 475,000 total square feet in the District, this results in significant additional expenditures.

Supplies and Materials

In FY 2022, the District spent \$0.64, or **145.5 percent, more** than the peer average in this category.

- Take full advantage of cooperative purchasing opportunities;
- Coordinate school supply orders across the district to maximize purchasing power; and,
- Consider state purchasing resources.

Recommendation #7

Purchased Services

RLSD contracts out mowing services and snow removal, which may be a contributing factor to higher expenditures. The District also outsources repairs for HVAC systems and other expensive repairs. In FY 2022, the District spent \$0.66, or **68.8 percent, more than the peer average in this category.**

Utilities

In FY 2022, the District spent \$0.27, or **20.5 percent, more than the peer average** in this category. For electric specifically, the District spent \$0.42, or **46.2 percent, more than the peer average.**

Cost Savings: TBD

Recommendation #8

Formalize a Preventative Maintenance Plan

- RLSD should formalize a preventative maintenance plan as recommended by the National Center for Education Statistics (NCES) to help ensure that preventative maintenance of its facilities is conducted at optimal intervals, which could help mitigate otherwise unneeded costly repairs. There is no direct financial implication of this recommendation; however, a formal preventative maintenance plan can assist the District in forecasting costs and reducing the impact of emergency repairs or replacements. It is generally more efficient to regularly maintain facilities as repairs and replacements are needed rather than attempt to conduct all repairs and replacements simultaneously.
- Savings: TBD

Recommendation #9

Recommendation 9: Reduce Food Service Staffing by 13.0 Daily Labor Hours

- RLSD should reduce food service staffing by 13.0 daily labor hours and consider additional measures to improve operational efficiency. The District's food service program operates that should be self-sustaining. If the fund has a deficit balance, **it will require a transfer from the General Fund, which could impact the District's overall fiscal condition.** Reducing the total food service daily labor hours by 13.0 hours could save the District an average of approximately \$81,000 in each year of implementation throughout the forecast period and contribute to a self-sustaining Food Service Fund.

Additional Recommendations

Tier II Eliminate the General Fund Subsidy for Extracurricular Activities \$673,000

Tier II Implement a Base and Step Salary Freeze \$2,558,000

Tier II Eliminate Tuition Reimbursement \$42,000

Tier III Eliminate Additional 5.0 FTE High School Teachers \$511,000

Tier III Eliminate 1.0 FTE Additional Building Administrator \$109,000

Tier III Eliminate up to 23.5 FTE Additional Classroom Teachers (State Minimum)
\$2,372,000

Special Education

- Personnel Cost represent over 80% of the District's Spending.
- Special Education staff were excluded from the the audit due to legal and contractual requirements.
- **“The District is responsible for a large portion of expenditures”** as related to special education staffing.
- 65.5 FTE's Special Education Staff.
- FY 2021 Students with Disabilities was 13.5% compared to our primary peer avg. of 11.2%.

Special Education

- Based on our high-level review, it appears that Special Education expenditures at RLSD represent a smaller portion of overall expenditures compared to the primary peer districts. Further, the District spends fewer total dollars on Special Education than primary peers while having higher overall total expenditures.

Transportation

Ohio School Board Association Study on the RLSD Transportation Dept.

January 2023

- The costs of operation in a school bus fleet are tied directly to the number of buses operated daily. Typically, the use of more buses results in higher cost, both for capitalization of the vehicle purchase and for total cost of operation.
- Ross is performing three tiers of bussing which has generated a very high efficiency ratio. This high ratio added \$158,000 in extra funding for transportation.
- School buses have two limiting factors: seating capacity and route time.

Transportation

- “Your district has managed these issues very well resulting in a low cost per student. What is also true is that the number of buses needed is based on the tier that has the largest ridership, normally the elementary tier, true in Ross as well. The cost per student is nearly \$580 vs the State average of \$1,057. Your funding is based on 41.1% of the state average and results in Ross receiving \$434.43 for every student transported.”
- Next Steps. Driver Shortage

What if the May 2023 Levy is Unsuccessful?

If the May 2023 Levy is Unsuccessful, the District will have two options

1. Repeat the levy request in November
2. Reduce \$4 million in expenditures over the next two fiscal years (2024 & 2025) / school years (2023-24 & 2024-25)

What does a \$4 Million Reduction Plan Look Like?

Budget Reduction – Final Plan

Total Year 1 Reductions (Planned and Levy Contingent)

Current Planned (Non Levy Contingent):	\$756,500
Additional Levy Contingent:	\$1,106,000

Total:	\$1,862,500
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What do these reductions mean for
our schools and children?

What opportunities could be lost with these reductions?

- Reduced Offerings at RHS, RMS, RIS, Elda and Morgan due to special area positions being eliminated or not filled due to attrition (PBL, PE, Art, Music).
- Reduction of Nursing Services – Back to less than Pre-Pandemic Levels (2 Nurses for 5 Buildings)
- Closure of Library/Media Centers at RMS, Elda and Morgan
- Increased Fees and/or Potential Loss of Facility Access for Parents & Children who participate in community programs such as RBA, Ross Youth Football/Cheer, RSC, MRAA, Scouts, etc.
- Athletic Participation Fees could increase above the current \$825 level and/or teams/programs eliminated.
- Changes to Transportation Routes (A/B) Due to Not Filling Bus Driver Positions (2 Current Drivers Retiring).

What opportunities could be lost with these reductions?

Reduction of Non-Athletic Supplementals. Activities that could be impacted by not filling these supplementals include:

- No School Yearbooks
- No School Newspapers
- Student Gov't/Class Sponsors - These are the staff that coordinate the following; School Dances (including Homecoming & Prom), Float Building & the Homecoming Parade among other activities.
- No 8th Grade Washington DC Trip (No Sponsor Supplemental)
- Loss of Fine Arts Supplementals (Will Eliminate Elementary, RIS and RMS Music Performances, Art Shows, etc.)

Year 2 Considerations - Additional \$2.1 Million in Reductions

Moving into FY24 and the 2024-2025 school year an additional \$2.1 million in reductions would be necessary if a levy is not passed in Calendar Year 2023.

Below are the areas the District is currently analyzing and will likely use to complete the additional \$2.1 million in reductions.

- Remaining K-12 Specials Staff: RLSD would offer state minimum standard Physical Education K-12 but other special offerings such as Art and Music would be eliminated.
 - This would include RHS/RMS Choirs/Show Choir and the RMS Band/Ross High School Band of Class
- Shortened School Day (Due to Specials Being Reconfigured/Eliminated)
- Reduction of Additional Athletic and Non-Athletic Supplementals (Further reducing opportunities for students to be involved in school).
- Open Enrollment Study.
- Reduction of District Counseling Staff
- High School Schedule Offerings
 - Reductions including In-House CCP, AP and Other Elective Offerings Including Art and Foreign Language.
 - This would result in additional staffing reductions at RHS

Athletic/Extracurricular Participation Fee Summary

The goal of the participation fee structure is to cover as much of the cost to the general fund as possible to run the athletic program at a break even point.

For the 2022-2023 school year the fee was \$825 based on previous years supplemental and additional costs to operate the athletic program such as the cost of the Athletic Department staff (AD/Secretary), Athletic-Specific Transportation and the cost of Event Managers to cover events.

Total Revenue Generated From Participation Fees FY23 (As of 4/1/23): \$555,077

Total Participation Fees Collected in FY22: \$103,356

Summary of 2022-2023 True Cost

Fall/Winter/Spring

Supplemental Cost: \$350,955

Ath. Department Cost (Sal/Ben): \$182,239

Transportation: \$71,190*

Event Managers: \$16,893*

*(Estimate) Spring Sport Transportation & Event Managers won't be finalized until June, 2023.

Total Cost: \$621,277

Total Participation (HS & MS): 675

True Cost per Participant: \$920 (-\$95 based on estimate)**

**Spring Sports Participation is down 50%+ from last year

2023-2024 Projections

If May 2 Levy is Unsuccessful

Fall/Winter/Spring

Supplemental Cost: \$312,729 *(-\$50K in Supplemental Positions that will not be filled)*

Ath. Department Cost (Sal/Ben): \$186,794

Transportation: \$36,190 *(\$35,000 reduction due to 25 mile radius rule)*

Event Managers: \$17,061

Total Cost: \$552,774

Total Participation Range (HS & MS): (540-608)*

Projected Cost per Participant: \$910 - \$1020

* This range is based on an additional 10-20% reduction in participation from the 675 participants this year.

2023-2024 Projections

If May 2 Levy is Successful

Fee Recommendation: \$300

Family Cap of \$900

Questions