

*Ledgemont Local School District  
Thompson, Ohio 44086  
(440) 298-3341*

*Ledgemont Elementary School  
Superintendent  
Treasurer  
16200 Burrows Road, Thompson, Ohio 44086*

*Ledgemont Jr/Sr High School (7-12)  
16700 Thompson Road, Thompson, Ohio 44086*

February 10, 2014

To: The Financial Planning and Supervision Commission (The Fiscal Commission) assigned to  
The Ledgemont Local School District  
Chairperson: Dr. Jackie Hoynes  
Members: Mrs. S. Hanrahan  
Mrs. A. Stocker  
Mr. R. Hawkins

RE: February 10, 2014 Additions to the Fiscal Recovery Plan of  
The Ledgemont Local School District

At the request of the Fiscal Commission of the Ledgemont Local School District, Ledgemont Local School District hereby formally submits the following information to be added to the financial recovery plan as previously submitted by the Fiscal Commission to the Ohio Department of Education.

At the Fiscal Commission meeting of Friday – January 24, 2014 – Dr. Jackie Hoynes (Chairperson) requested on behalf of the Ohio Department of Education that information be provided in written format that would substantiate the additional measures that The Ledgemont Local School District is taking to insure that both the current and future deficit spending is addressed and that the debt repayments to The State of Ohio are also being addressed.

We will outline each action currently being reviewed by the administration and The Board of Education of The Ledgemont Local School District.

1. **HEALTH INSURANCE** – Health Insurance is currently being negotiated with several carriers. An insurance committee made up of both classified and certified employees along with administrators is in the process of being formed (once negotiations with both bargaining units is completed) to evaluate the data as it comes in from the carriers. Employees were asked to complete health questionnaires in late November, 2013. These questionnaires were sent on to the District's insurance agent for submission to the various carriers for insurance quote proposals. This is in process at this time.

In addition, the district has also been in contact with a local COG entity, in order to determine if the COG would allow admission of Ledgemont School District. The COG provides health, dental & vision insurance benefits for 11 current member districts and associations. Their financial data is available for review online, as their latest State audited financial statements are available for review at the Ohio Auditor of State's website.

[https://ohioauditor.gov/auditsearch/Reports/2013/Health\\_Benefits\\_of\\_Lake\\_Schools\\_Council\\_13-Lake.pdf](https://ohioauditor.gov/auditsearch/Reports/2013/Health_Benefits_of_Lake_Schools_Council_13-Lake.pdf)

Admission into the COG would entail a one-time buy-in fee which is yet to be determined but could be expected at approximately \$175,000. The administrative board of the COG will take the vote to the membership at the March meeting with possible ratification coming at the April meeting.

Potential savings based on current employee data is significant and could be expected to be up to \$115,000 annually. The buy-in could possibly be pro-rated over a two year period.

Discussions are on-going. More accurate data would be available after March of 2014.

2. **INSIDE MILLAGE MOVE** – The District's Board of Education took the unprecedented action of moving 4.5 mills of its Inside Millage at the January 13, 2014 Board Meeting. After following all the necessary procedures as spelled out in O.R.C. Sections 5705.02, 5705.03(A), 5705.06(A), and 5705.314, the Board approved the resolution unanimously. The measure is now placed before the Geauga County Budget Commission, which will hold their annual meeting on February 25, 2014 at 10:30 a.m. in the Geauga County Auditor's Conference Room on the 1<sup>st</sup> floor of the Geauga County Courthouse Annex at 231 Main Street in Chardon, Ohio 44024.

The measure would provide for up to approximately \$450,000 of real property tax collections to be set aside annually for the purpose of repayment of Advances from the State Solvency Assistance Fund. Based on the assumption that The Ohio Department of Education, The Ohio Auditor's Office, The Ohio Office of Budget & Management, and The Ohio Department of Taxation (if applicable) would agree to an extended payment plan for all repayments currently being made to allow for repayments to match the rate of collections under this proposal, it can be assumed that the Full Debt could be repaid within a period of 6-7 years.

The measure – if approved – would also provide for additional revenues of approximately \$401,000 annually to be collected based on real property tax collections. This is due to the 20 mill floor limitation that the Ledgemont Local School District is currently hovering near. With the proposed millage move approved, the School District would fall below the 20 mill floor, requiring the Geauga County Auditor to reset the tax levies to enable The District to collect the legally required 20 mills necessary for General Operational Funds.

This measure – in whole or in part – would enable the District (with proper financial budgeting and planning) to potentially operate without fiscal deficit for the remainder of the loan repayment period.

Currently, the issue has presented itself as problematic due to the fact that Advances from the State's Solvency Assistance Fund are not currently classified as legal debts which fall under the sections of the O.R.C. which would allow for the movement of inside millage for this repayment purpose. However, the Ohio Attorney General's office has been requested to rule on the classification of Solvency Assistance Advances for this purpose. The general consensus is that of course this is "Debt". What the legal ruling on this will be remains to be seen. The Ohio Attorney General's office has been contacted by multiple interested parties. It is hoped that The Ohio Attorney General's office will be able to provide authoritative guidance prior to the Geauga County Budget meeting scheduled for February 25<sup>th</sup> as an official ruling would lend credence to the local initiative and put the matter to rest. Planning for the next school year could then commence with certainty. It is Ledgemont's intention that this matter ends up successfully in our favor and we are working hard to stay in contact with all the appropriate offices and individuals.

3. **HIGH SCHOOL CLOSURE – OPTION 1** – The first option available to the District would allow for all students in grades K-12 to be housed at the current Elementary building located at 16200 Burrows Road, Thompson, Ohio. The current elementary building was originally built in 1982 to house approximately 500 students. The district currently has approximately 440 students.

If this option were implemented for the 2014-15 school year, the current High School facility located at 16700 Leroy-Thompson Road would be closed completely. What the eventual fate of that building might be remains to be decided, but the two options would be to demolish the building and attempt to sell the property, or to simply attempt to sell the property outright without demolition. The cost of demolition and potential abatement is approximately \$350,000 according to current estimates prepared by the Ohio Facilities Commission as recently as January 2014.

The move of students to a single facility presents an approximate first-year cost savings of between \$300,000 and \$400,000 depending on a variety of factors and includes the expected loss of certain employee positions due to the consolidation of staff needs. A decision on the continuance of supplemental activities such as athletics and co-curricular activities is a factor in the final savings analysis.

The cost of unemployment benefits could be substantial, but would be of a limited-in-term nature. This first-year unemployment cost could be anywhere from a low of \$40,000 to as high as \$100,000 and actual amounts cannot be determined accurately until filing for benefits occurs. Of secondary concern is the possibility of a renewed federally mandated extension of

unemployment benefits by the Federal Government. Unemployment benefits could see an increase of double the initial estimates if the Federal Government legislated an additional 26 week extension of benefits. A school district pays 100% of the unemployment cost directly to the State for all employees previously in its employ who would qualify for benefits.

Cost savings from such a move in years following in which unemployment benefits are no longer a factor would approximate between \$420,000 and \$470,000 depending again on the fate of extra-curricular activities.

Educationally speaking, the current programming would be maintained and improved with the potential for some additional offerings in the areas of fine arts and physical education for all students because of the consolidation. The current one-to-one Chromebook initiative would continue to be implemented throughout all Grade Levels 2-12 with some savings potentially being set aside for the addition of Grade 1 to the program. Additional savings could be realized in the areas of Food Service and Transportation but without further analysis, these savings have not been determined and cannot be determined until more solid plans are laid for the layout of the school-day.

Physically, the students would be appropriately separated in different areas of the building, and elementary age students would have some – but not full – exposure to high-school age students. A split school day has been suggested - but all options for scheduling will be reviewed if this option is determined to be implemented. Square footage would need to be dedicated to special education for all grade levels, for the possible continuance of an in-house preschool program, and the possibility of the addition of all-day every-day kindergarten for all students at no cost to families (which entails the elimination of a half-day kindergarten program). The District currently has both half-time and all-day every-day options available to families.

All options for this scenario are being explored with the ultimate goal of utilizing this option being to provide as many additional opportunities for students and families as possible. The cost of certain additional programming opportunities has not yet been explored fully but is ongoing as alternatives are developed. Once programming is determined under various scenarios, the cost can be calculated. Exploration of options under this scenario is ongoing.

4. **HIGH SCHOOL CLOSURE – OPTION 2** – The possibility also exists that Ledgesmont Local School District could effectively join forces with neighboring Geauga County Cardinal School District to provide for the education of all students in Grades 9-12. This option is definitely worthy of consideration also, but because it has many more moving parts, the plan must be carefully detailed. Significant cost savings would obviously be realized by the elimination of all personnel associated with educational services to Grades 9-12 and also elimination of all current High School facility personnel. The plan would call for the move of current Grades 7-8

back to the Elementary School building. Retention of specified Grade 7-8 staff would be in order.

Since this option would be more impactful to the community at large, it is recommended that a time-line be established for the move that would allow the community to embrace the concept more fully. Essentially as this would be considered a complete elimination of District sponsored High School services moving forward, the District would need to communicate the process to residents and families in a fully transparent manner.

The cost ramifications of the plan are difficult to assess and are currently being analyzed. Preliminary data suggests that \$960,000 in cost savings could be attained purely on a cost-containment side because of elimination of personnel and building costs. However this is tempered by the fact that while Open Enroll Out costs would decrease, Tuition Out costs would substantially increase – as this plan would essentially be considered a tuition based enrollment plan for all District High School age students. Tuition costs could be calculated as high as \$920,000. After additional costs of unemployment and other variables, it is estimated that this plan could generate a cost to the District of approximately \$150,000 in the first full implementation year. This estimate is simply that – an estimate. And full facts and details are not completely calculated, as both districts currently are assessing the complicated funding issues which would factor into the final tuition figure and the final costs and benefits to each district.

After the cost of unemployment benefits is factored out, an annual savings (over current) could amount to approximately \$70,000.

Educationally speaking, the plan may allow Cardinal School District to offer expanded class opportunities to students of both Cardinal and Ledgemont School District. The final curriculum offerings are currently being evaluated by both District Superintendents and further cost analysis will be available once this is finalized.

This option could be available as early as the 2014-15 school year – but the short window of opportunity and the many unanswered questions makes this an unlikely scenario.

It is possible that this option could be done in combination with Option 1 - where students are all moved to one building for Year 1 and then moved to Cardinal High School for implementation in Year 2. All options and scenarios will be evaluated as discussions progress.

**CONCLUSION**

It should be noted that all combinations of the above items will be reviewed and the Ledgemont Board of Education will ultimately decide the course of implementation as soon as it is feasible to so. Because many of the plan options have the possibility to begin as early as the 2014-15 school year, time is of the essence in examining these options.

The Ledgemont Board of Education is pleased to provide this level of detail to The Fiscal Oversight Commission that has been assigned to the District, and is hopeful that this synopsis will sufficiently satisfy all requirements currently requested.

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Signature – President – Ledgemont Board of Education

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Date

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Signature – Superintendent – Ledgemont Local Schools

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Date

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Signature – Treasurer – Ledgemont Local Schools

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Date