



Mary Taylor, CPA  
Auditor of State

# BROOKFIELD LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

DECEMBER 4, 2007



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## Auditor of State

To the Residents and Board of Education of the Brookfield Local School District:

On December 22, 2005, Brookfield Local School District (Brookfield LSD) was placed in fiscal caution due to the possibility of ending the 2006 fiscal year in a deficit and incurring additional deficits in future years. This fiscal oversight designation was elevated to fiscal watch on March 2, 2006. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit was initiated in January 2007. The five functional areas assessed in the performance audit were financial systems, human resources, facilities, transportation and technology. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist in eliminating the conditions which brought about the declarations of fiscal caution and watch.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of Brookfield LSD's financial situation and a framework for its financial recovery plan. While the recommendations contained in the audit report are resources intended to assist in developing and refining the financial recovery plan, the District is also encouraged to assess overall operations and develop alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a discussion of the fiscal caution and watch designations; a district overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, issues for further study and financial implications. This report has been provided to Brookfield LSD, and its contents discussed with the appropriate officials and District management. The District has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

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

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

December 4, 2007



# **Executive Summary**

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## **Project History**

In accordance with House Bill 66 (HB 66) §206.09.12, the State Legislature has provided funding to be used in conducting performance audits consistent with the recommendations of the Governor's Blue Ribbon Task Force on Financing Student Success. In addition, Ohio Revised Code (ORC) §3316.042 permits the Auditor of State to conduct performance audits of any school district in a state of fiscal caution, watch or emergency and review any programs in which it believes that greater operational efficiency, effectiveness and accountability can be achieved.

On December 22, 2005, the Ohio Department of Education (ODE) declared Brookfield LSD to be in a state of fiscal caution based on anticipated deficits in FY 2005-06 and the potential for deficits in future years. In addition, ODE notified the Auditor of State (AOS) that Brookfield LSD had failed to submit an acceptable written proposal required by ORC §3316.031(C) to correct the conditions that prompted the fiscal caution declaration, and requested the District be placed in fiscal watch to prevent further decline. Accordingly, the Auditor of State placed Brookfield LSD in fiscal watch status on March 2, 2006. Based on its fiscal watch status, Brookfield LSD was selected to receive a comprehensive performance audit. The performance audit included reviews of the following operational areas:

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

The goal of the performance audit process was to assist Brookfield LSD management and the Board in identifying cost saving opportunities and improving management practices. While full implementation of all recommendations should assist in eliminating deficits projected in the five-year financial forecast, the ensuing recommendations comprise options the District can consider in its continuing efforts to improve and stabilize its long-term financial condition.

## **District Overview**

Brookfield Local School District (Brookfield LSD) operates under a locally elected Board of Education consisting of five members and is responsible for providing public education to the residents of the District. Brookfield LSD operates within Brookfield, OH (Trumbull County) and receives approximately 57 percent of its revenues from the State of Ohio, 35 percent from local

property taxes and 8 percent from federal grants. Brookfield LSD met 19 of the 25 performance standards outlined in the District report card administered by ODE for FY 2005-06; which resulted in an “Effective” designation. According to the United States Census Bureau (2000 Census), 15.5 percent of the District’s population is school aged (between the ages of 5 years and 18 years of age), while another 3.5 percent is less than five years old. In addition, approximately 80 percent of the population had a high school diploma or higher, and 21 percent had bachelor’s degrees or higher. By comparison, the national averages are 80 percent with a high school diploma and 24 percent with a bachelor’s degree or higher.

During FY 2005-06, Brookfield LSD operated three school buildings including one high school, one middle school, and one elementary school. The District had a total of approximately 159 full-time equivalent (FTE) employees consisting of approximately 10 administrative FTEs, 91 certificated teaching FTEs, and 58 classified and other support staff FTEs. These employees were responsible for providing educational services to an average daily membership (ADM) of 1,359 students. Students with physical and learning disabilities comprise approximately 11 percent of the student population. The regular education student-to-teacher ratio is approximately 21 to 1.

In FY 2005-06, the District’s total general fund revenue per pupil equaled \$8,127 while the total expenditures equaled \$7,883. However, the District’s FY 2005-06 receipts include the proceeds from a \$700,000 tax anticipation note that was issued for cash flow purposes. If the debt proceeds were removed from consideration, the District’s total revenues would have equaled \$7,598 on a per student basis, which is nearly four percent lower than expenditures. The District has achieved negative ending fund balances within the general fund each of the last three years ranging from a deficit of approximately \$60,000 in FY 2003-04 to approximately \$921,000 in FY 2005-06. Although the District is projecting surplus balances from FY 2006-07 through FY 2010-11 (see **Table 2-2**), the performance audit identifies several line-items where the assumptions and methodology was inconsistent with historical trends, existing legislation, and other similar standards (see **R2.3** through **R2.7**). After correcting these issues (see **Table 2-23**), the District is projected to encounter operating deficits each year of the forecast, with the deficit equaling approximately \$6.5 million by FY 2010-11. The District has not passed a property tax levy for the general fund since 1995 when voters approved a 7.5 mill continuing levy.

## **Objectives**

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function, or activity to develop findings, recommendations and conclusions. The overall objective of the performance audit is to review any programs or areas of operation in which AOS believes that greater operational efficiency, effectiveness and accountability for services can be achieved. Major assessments were conducted for this performance audit in the following areas:

- **Financial Systems** includes an evaluation of Brookfield LSD's five-year financial forecast, including the reasonableness of the underlying assumptions and supporting documentation, along with other financial policies and procedures;
- **Human Resources** includes an analysis of District-wide staffing levels, collective bargaining agreements, and benefit costs;
- **Facilities** includes assessments of building capacities and utilization rates, as well as custodial and maintenance operations;
- **Transportation** includes evaluations of key transportation operational information and transportation contract provisions; and
- **Technology** includes an analysis of the use of technology in the District, technical support staffing levels, technology planning and budgeting practices, technology-related policies and procedures, security, and hardware and software components.

The performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, and/or efficiency improvements. The ensuing recommendations comprise options that Brookfield LSD can consider in its continuing efforts to improve operational efficiency while maintaining financial stability.

## **Scope and Methodology**

The performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Audit work was conducted between January 2007 and June 2007. To complete this report, the auditors gathered and assessed data from various sources pertaining to key operations. Auditors also conducted interviews with District personnel and reviewed and assessed information from Brookfield LSD and other school districts.

AOS developed a composite of 10 selected districts which was used for peer comparisons. These districts include East Holmes Local School District (Holmes County); New Riegel Local School District (Seneca County); Springfield Local School District (Mahoning County); Southeast Local School District (Wayne County); Logan-Hocking Local School District (Hocking County); Garaway Local School District (Tuscarawas County), Indian Valley Local School District (Tuscarawas County); Loudenville-Perrysville Exempted Village School District (Ashland County); Leipsic Local School District (Putnam County); and New London Local School District (Huron County). These districts were selected based upon demographic and operational data. Specifically, these ten school districts are classified as "Type 1" (Rural/agricultural and low median income) by the Ohio Department of Education, the same type as Brookfield LSD. Additionally, these ten school districts were meeting a high number of performance standards as

measured by the Ohio school proficiency tests, at a relatively low cost per pupil. The data obtained from the peer districts was not tested for reliability, although it was reviewed for reasonableness.

Also, external organizations and sources were used to provide comparative information and benchmarks. They included, but were not limited to, the Ohio Department of Education (ODE), the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the American Schools and Universities (AS&U), the National Center for Education Statistics (NCES), and other related leading practices. Information used as criteria (benchmarks or leading practices) was not tested for reliability. Finally, the results of Ohio's 2006 Biennial Educational Technology Assessment (BETA) survey were not tested for reliability.

The performance audit process involved significant information sharing with the District, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District was invited to provide written comments in response to various recommendations for inclusion in this report. These comments were taken into consideration during the reporting process and, where warranted, resulted in report modifications.

The Auditor of State and staff express their appreciation to the Brookfield Local School District for its cooperation and assistance throughout this audit.

## **Noteworthy Accomplishments**

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following is a noteworthy accomplishment that was identified during the course of the performance audit.

- **Overtime Use and Expenditures:** The District currently has an overtime policy in its classified collective bargaining agreement that states the Board shall pay overtime at the rate of time and one-half for all hours over eight worked on any day, or for all hours worked over 40 in any week. However, the District has not incurred any overtime expenses during the last two years. All weekend building checks are performed by the maintenance employees based on a flat daily rate of \$24.00. As a result, the annual cost of weekend building checks (\$4,992) represents less than one percent of the total facilities-related salaries.

## **Key Recommendations**

The performance audit contains several recommendations pertaining to District operations. The most significant recommendations are presented below.

*In the area of financial systems, Brookfield LSD should:*

- Develop a comprehensive strategic plan which outlines the District's long-term vision for all operational and educational programs. In preparing the plan, Brookfield LSD should include detailed goals, objectives, benchmarks, timeframes, performance measures and cost estimates. In addition, Brookfield LSD should link the strategic plan to the budget and the five-year forecast.
- Consider updating its policy on financial forecasting. The policy should specify the process to be used in developing the financial forecast including preparation timetables, forecast assumptions and methodology, and the process for updating an existing forecast. In addition, Brookfield LSD's forecasting policy should specify the involvement of other District administrators and require compliance with the ORC set-aside requirements.
- Use a more decentralized budgeting process that takes advantage of the knowledge of principals, department heads, teachers, and other staff. The District should also consider holding public meetings with citizens on a quarterly basis to discuss a wide range of topics including its financial condition, proposed budget and curriculum modifications, busing, technology, etc. Lastly, the District should explore other methods for obtaining stakeholder feedback such as annual surveys and reinstating the periodic newsletters.
- Develop a more comprehensive purchasing policy that establishes a minimum threshold for obtaining price quotes. The Treasurer's Office should help devise the new threshold with the intent of subjecting more items to competitive pricing but not be overly cumbersome for operational units. The District should also consider requiring that department heads notify vendors that invoices are to be mailed directly to the Treasurer's office when making a purchase. If an invoice is mistakenly delivered to an alternate location, the District should require department heads and building principals to submit the invoice to the Treasurer's office within 48 hours of receipt.
- Hire a full-time payroll clerk to address the lack of segregation of duties within the Treasurer's office. The District should also investigate installing an automated time and attendance system in its various buildings throughout the District. This would eliminate the duplication of effort that occurs under the current payroll reporting process and potentially improve the accuracy of the time capture process. Additionally, Brookfield



LSD should expand the use of direct deposit and consider negotiating mandatory direct deposit in future union agreements.

*In the area of human resources, Brookfield LSD should:*

- Establish a formal staffing plan to address current and future staffing needs. By developing a staffing plan, the District would have an objective analysis to ensure that it is meeting State requirements, maintaining desired student-to-teacher ratios, and efficiently staffing its various departments.
- Continually monitor regular education student-to-teacher ratios and ESP staffing ratios, and regularly evaluate the impact staffing changes have on the District, both financially and educationally. Based on the current staffing levels, the District could eliminate up to 14.5 regular education teacher positions and 2.9 ESP positions while still meeting State minimum requirements. However, it should weigh decisions to reduce teacher and ESP staffing levels against the impact the reductions may have on the quality of education.
- Negotiate to require all employees receiving health benefits to contribute at least five percent towards the monthly health care premiums. This would make the District's contribution levels consistent with the Trumbull County Health Care Consortium's requirements. However, to further reduce health care costs, the District should consider negotiating a 10 percent contribution from all employees receiving health benefits.
- Address its high certificated salaries by negotiating to reduce the salary schedule. This would immediately bring the District's compensation package for certificated employees in line with the peer average. If this is not possible, the District could also address the high certificated salaries by granting lower negotiated wage increases in the future. However, the Board would have to negotiate lower increases for an extended period of time in order to achieve salaries that are consistent with the peer average.
- Strive to reduce the amount of sick leave used by its employees by strengthening the collective bargaining agreement to include prohibitions against "patterns of abuse." Brookfield LSD should also attempt to renegotiate the certificated and classified bargaining agreements to limit or remove certain other provisions which exceed State requirements or are contrary to recommended practices.

*In the area of facilities, Brookfield LSD should:*

- Reduce custodial staffing levels by 3.0 FTEs and consider hiring 1.5 seasonal groundskeeping FTEs to work during the peak growing season (assumed to be May through October). This would more evenly distribute the workload among custodial, maintenance and groundskeeping employees.

- Develop a facilities master plan that reflects the future direction of the District. In developing the plan, the District should work with a cross-section of school personnel, parents, students, and community members to ensure all stakeholders have input regarding the District's facility needs and future plans. Brookfield LSD should also develop a formal preventive maintenance program and a comprehensive five-year capital improvement plan.
- Develop formal energy management and conservation policies. Once the policies are in place, the District should distribute and discuss the policies with the administration, faculty, and staff in an effort to educate them about energy conservation and the impact waste has on the District's operating budget. Brookfield LSD should also consider assigning an employee to monitor District-wide and building-level energy consumption.

*In the area of transportation, Brookfield LSD should:*

- Develop and approve a bus replacement plan, and update it annually. Based on the age and mileage of the District's fleet, the District should consider purchasing three new buses over the next five years. This would allow it to maintain the current service level by replacing the three active buses that will be more than 15 years old by FY 2010-11. The District should also consider selling two spare buses and not replacing them. This would reduce the ratio of spare buses to a number more comparable to the ODE benchmark and the peer average.
- Establish formal policies and procedures to ensure accurate T-reports are prepared, reviewed, and reconciled before submission to ODE. In developing these policies, the District should consider requiring the Treasurer's office and the Transportation Supervisor to complete a thorough review of the T-reports.
- Conduct an annual cost-benefit analysis of the special needs transportation function to demonstrate that the contracted service is more efficient than the estimated cost of providing this service in-house. In addition, the District should consider including transportation personnel in the IEP process. These actions will help ensure that all costs and constraints associated with transporting special needs students are considered before any commitments are made through the IEP.

*In the area of technology, Brookfield LSD should:*

- Ensure that its technology plan is presented to, discussed with, and approved by the Board. The Board should also require that the Technology Coordinator present a technology plan update on an annual basis to show the District's progress in implementing the plan. In addition, Brookfield LSD officials should work to identify specific funding sources and amounts that can be dedicated to achieving the yearly goals

and objectives outlined in the technology plan. One potential option would be to reduce the annual allocations given to the building principals for non-building upgrades and maintain central control of these funds. In conjunction with updating the technology plan, the District should review its computer inventory to determine the relative use rates of each computer (high, medium, low). It should then use this information to develop a written computer replacement policy with an expressed goal of replacing all “high use” computers on a five-year cycle.

- Brookfield LSD should develop a separate account code within the Uniform School Accounting System that can be used to track District-wide technology expenditures. This would allow it to generate detailed management reports that could indicate the various sources of funds used to purchase items such as hardware and software, what items are being purchased, and which departments are spending funds on technology.
- Based on the District’s current financial condition, it should continue to operate with the current technology staffing level. Implementing certain performance audit recommendations will allow the District to improve the efficiency and effectiveness of the technology function without hiring additional staff. However, when the District has restored financial stability and implemented the recommendations noted above, it should conduct a self-assessment of technology needs and monitor user satisfaction through annual surveys to determine whether it is feasible or necessary to hire a part-time technology staff member.
- The District should develop a technology training program that identifies a core curriculum and a minimum number of training hours employees should receive each year. The core curriculum should be designed to cover critical aspects of an employee’s responsibilities, and could be completed either in-house or externally. To facilitate this, the District should devote an appropriate percentage of the technology budget to professional development activities.

## **Issues for Further Study**

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that auditors do not have the time or the resources to pursue. AOS has identified the following issues:

- **Special Education Staffing and Expenditures:** Despite maintaining staffing levels comparable to the peers, the District's FY 2005-06 special education cost per pupil (\$9,802) is significantly higher than the peer average (\$7,406). It appears the higher costs are due to a combination of the District's higher teacher salaries and contracting with the Trumbull County Educational Service Center to provide certain special education services. The District paid approximately \$579,000 for these services in FY 2005-06. The Superintendent indicated the District does not regularly conduct cost/benefit analyses to determine if outsourcing is the most efficient option. The District should annually review the contracted special education services to ensure they are cost effective.
- **Speech and Language Specialists:** According to ORC §3317.15, school districts must provide at least one speech and language specialist for every 2,000 students. However, Brookfield LSD has one speech and language specialist to serve 1,359 students, which indicates that the District may be overstaffed in this function. As a result, the District should conduct an in-depth review of this position to determine if it could be reduced to less than full-time status; if it would be more cost-effective to outsource this function for the specific hours and services needed; or if the District could develop a cooperative agreement with a neighboring school district to share the cost and services of a speech and language therapist.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of options that Brookfield LSD should consider. Detailed information concerning the financial implications is contained within the individual sections of the performance audit.

**Table 1-1: Summary of Performance Audit Recommendations**

	Estimated Savings	Estimated Implementation Costs
<b>Recommendations Not Subject To Negotiations</b>		
<b>R2.21</b> Purchase an automated time and attendance system.		\$73,500
<b>R3.1</b> Reduce 14.5 regular education teachers.	\$555,000	
<b>R3.1</b> Reduce 2.9 ESP teachers.	\$111,000	
<b>R3.2</b> Hire 3.5 clerical employees.		\$130,000
<b>R3.16</b> Purchase an automated substitute calling system.	\$8,200	\$1,200
<b>R3.17</b> Purchase a human resources information system.		\$9,200
<b>R4.1</b> Reduce 3.0 custodial FTE's.	\$114,000	
<b>R4.1</b> Hire 1.5 Groundskeeper FTE's.		\$20,000
<b>R4.6</b> Purchase electronic work order system.		\$1,900
<b>R4.8</b> Reduce utility costs by joining consortiums.	\$41,000	
<b>R5.1</b> Purchase three buses over next five years.		\$195,000
<b>R5.2</b> Sell two spare buses.	\$1,900	
<b>R6.4</b> Purchase a Trouble Ticketing System		\$1,700
<b>R6.8</b> Yearly replacement of 80 computers		\$56,000
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$831,100</b>	<b>\$488,500</b>
<b>Recommendations Subject to Negotiations</b>		
<b>R3.4</b> Negotiate lower wage increases during next contract period.	\$550,000 (total savings)	
<b>R3.6</b> Negotiate a 5 percent health care contribution for all employees.	\$55,000	
<b>R3.8</b> Negotiate reduced severance payouts for certificated staff.	\$49,000	
<b>R3.9</b> Negotiate reduced severance payouts for classified staff.	\$6,700	
<b>R3.10</b> Negotiate stricter standards for sick leave use.	\$32,000	
<b>Total Recommendations Subject to Negotiation</b>	<b>\$692,700</b>	
<b>Total Financial Implications</b>	<b>\$1,523,800</b>	<b>\$488,500</b>

**Source:** Financial implications identified throughout this performance audit

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



# Financial Systems

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## Background

This section of the performance audit focuses on financial systems in Brookfield Local School District (Brookfield LSD or the District). The objective is to analyze the current and future financial condition of Brookfield LSD by reviewing the District's five-year financial forecast and testing supporting assumptions for reasonableness, developing recommendations for improvements in financial processes, and identifying opportunities to increase efficiency.

Brookfield LSD is compared to a peer average consisting of ten school districts classified as "Type 1" (rural/agricultural and low median income) by the Ohio Department of Education, the same type as Brookfield LSD. The peer average includes East Holmes Local School District, Garaway Local School District, Indian Valley Local School District, Leipsic Local School District, Logan-Hocking Local School District, Loudonville-Perrysville Exempted Village School District, New London Local School District, New Riegel Local School District, Southeast Local School District, and Springfield Local School District. In addition, these ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Recommended practices and standards from applicable sources, including the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA) were also used for comparison purposes.

Ohio Revised Code (ORC) §3316.03 establishes fiscal caution, watch and emergency laws for Ohio school districts. The difference between fiscal caution, watch and emergency is the severity of the school district's financial condition. On December 22, 2005, the Ohio Department of Education (ODE) declared Brookfield LSD to be in a state of fiscal caution in accordance with ORC §3316.031, based on anticipated deficits in FY 2005-06 and the potential for deficits in future years. In addition, ODE notified the Auditor of State (AOS) that Brookfield LSD had failed to submit an acceptable written proposal required by ORC §3316.031(C) to correct the conditions that prompted the fiscal caution declaration, and requested the District be placed in fiscal watch to prevent further decline. In accordance with ORC §3316.03(A)(3), the Auditor of State placed Brookfield LSD in fiscal watch status on March 2, 2006, based on an anticipated deficit of approximately \$670,000. In response to the fiscal watch declaration, the District's Board of Education adopted a recovery plan that was estimated to save approximately \$1.1 million in FY 2006-07. Brookfield LSD is projecting positive ending fund balances throughout the forecast period after accounting for the cost reductions (see **Table 2-2**).

*Organization Structure and Function*

Prior to FY 2006-07, the Treasurer’s office consisted of the Treasurer and two full-time clerks. Under this structure, one clerk was responsible for the payroll function while the other clerk was responsible for the accounts payable function. The Treasurer was responsible for overseeing these employees and preparing the five-year forecast and the annual budget, grants oversight, participating in contract negotiations, and benefits administration. However, in FY 2005-06, the payroll clerk retired and has not been replaced. As a result, the Treasurer is currently completing all payroll functions for the District in addition to completing the normal responsibilities of a school district treasurer. **Table 2-1** provides a staffing breakdown in the Treasurer’s office.

**Table 2-1: Financial Services Staffing**

Department	Number of Employees	Full-time
Accounting	1	1
Payroll	0	0
Treasurer	1	1
<b>Totals</b>	2	2

Source: Brookfield LSD

*Financial Forecast*

**Table 2-2** presents the five-year financial forecast submitted to ODE in October, 2006. It was prepared by the Treasurer and is intended to assist Board members, administration, and other stakeholders in understanding the District’s financial situation. AOS reviewed the assumptions that have a significant impact on the forecast, such as real estate taxes, state funding, and salaries and benefits. Where appropriate, changes were made in the District’s assumptions and/or methodology to present more reliable projections of future revenues and expenditures (see **Table 2-23**). The projections are accompanied by historical information, general assumptions, and explanatory comments.



**Table 2-2: Brookfield LSD Financial History and Forecast (in 000's)**

	Actual 2003-04	Actual 2004-05	Actual 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09	Forecast 2009-10	Forecast 2010-11
Real Estate Property Tax	\$2,556	\$2,724	\$2,699	\$2,700	\$2,727	\$2,754	\$2,782	\$2,810
Tangible Personal Property Tax	712	595	591	443	296	148	0	0
Income Taxes	0	0	0	0	0	0	0	0
Unrestricted Grants-in-Aid	5,939	5,395	5,663	5,660	5,297	5,138	4,984	4,834
Restricted Grants-in-Aid	30	87	81	77	78	79	79	80
Property Tax Allocation	350	355	353	501	475	725	845	965
Other Revenues	296	481	706	587	592	598	604	610
<b>Total Operating Revenues</b>	<b>\$9,883</b>	<b>\$9,637</b>	<b>\$10,093</b>	<b>\$9,968</b>	<b>\$9,465</b>	<b>\$9,442</b>	<b>\$9,294</b>	<b>\$9,299</b>
Salaries & Wages	6,085	5,818	6,137	5,300	5,089	5,171	5,305	5,470
Fringe Benefits	2,188	2,064	1,990	1,862	1,992	2,052	2,114	2,177
Purchased Services	1,412	1,351	1,669	1,490	1,500	1,450	1,450	1,450
Supplies, Materials & Textbooks	279	229	393	100	200	205	205	205
Capital Outlay	71	63	82	200	75	80	85	90
Debt Service	0	0	720	727	0	0	0	0
Other Object	124	263	200	188	191	192	194	196
<b>Total Operating Expenditures</b>	<b>\$10,159</b>	<b>\$9,788</b>	<b>\$11,191</b>	<b>\$9,867</b>	<b>\$9,047</b>	<b>\$9,150</b>	<b>\$9,353</b>	<b>\$9,588</b>
Net Transfers/ Advances	58	3	0	0	0	0	0	0
Note Proceeds	0	0	700	700	0	0	0	0
Other Sources/Use	0	0	0	(385)	0	0	0	0
<b>Net Financing</b>	<b>\$58</b>	<b>\$3</b>	<b>\$700</b>	<b>\$315</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Result of Operations (Net)</b>	<b>(\$218)</b>	<b>(\$148)</b>	<b>(\$398)</b>	<b>\$416</b>	<b>\$418</b>	<b>\$292</b>	<b>(\$59)</b>	<b>(\$289)</b>
Beginning Cash Balance	\$384	\$166	\$18	(\$380)	\$36	\$454	\$746	\$688
<b>Ending Cash Balance</b>	<b>\$166</b>	<b>\$18</b>	<b>(\$380)</b>	<b>\$36</b>	<b>\$454</b>	<b>\$746</b>	<b>\$688</b>	<b>\$399</b>
Encumbrances	117	53	540	30	40	50	60	70
Budget Reserve	110	0	0	0	0	0	0	0
<b>Ending Fund Balance</b>	<b>(\$61)</b>	<b>(\$35)</b>	<b>(\$920)</b>	<b>\$6</b>	<b>\$414</b>	<b>\$696</b>	<b>\$628</b>	<b>\$329</b>

Source: Brookfield Local School District

Note: Line items and totals may vary from those submitted to ODE due to rounding

One of the primary objectives of this performance audit is to test the reasonableness of the District's forecasting methodology and assumptions in order to develop a reliable financial recovery plan. Accordingly, the methodology and major assumptions used by the District in preparing the financial forecast are presented below. The auditors' conclusions as to the reasonableness of the assumptions and methodology are also presented below or in the applicable recommendation.

## **Revenues**

***Real Estate Property Taxes:*** Brookfield LSD's historical real estate tax collections have fluctuated during the last six years, with the annual average change equaling 1.3 percent. **Table 2-2** shows that although Brookfield LSD's real estate tax collections increased approximately 6.5 percent in FY 2004-05, the collections declined approximately one percent in FY 2005-06. The Treasurer indicated that the decline in FY 2005-06 was due to a large number of tax delinquencies. According to information provided by the Trumbull County Auditor's office, Brookfield LSD had \$72,156 in real estate tax delinquencies for the first half of FY 2005-06. In addition, the accumulated delinquencies from prior years equaled \$146,293. A representative from the Trumbull County Auditor's office indicated that the increase in FY 2004-05 collections was due to an unexpected increase in the public utility land values, a slight increase in residential land values, and the settlement of several tax delinquencies. The representative from the Trumbull County Auditor's office went on to indicate that there are no known construction projects taking place within Brookfield LSD that would cause land values to increase substantially during the next five years.

The Treasurer's projection for FY 2006-07 appears to be reasonable, with projections for real estate taxes, tangible personal property taxes and property tax allocations equaling a combined total of \$3,644,050 (combined in order to be consistent with County's certificate of estimated resources). This represents a variance of less than two percent from the certificate of estimated resources provided by the Trumbull County Auditor's Office (\$3,699,547). The Treasurer projected the real estate tax collections to increase one percent annually from FY 2007-08 through FY 2010-11. The one percent annual increase during the non-reappraisal/update years (FY 2007-08, FY 2009-10, and FY 2010-11) appears reasonable based on the historical growth rate of 1.3 percent. In addition, although the District will go through a property update in FY 2008-09, its tax collections declined slightly during the last property update in FY 2002-03 and during the last property reappraisal in FY 2005-06. Based on the lack of growth during the last property update and reappraisal, the limited construction that is expected during the forecast period, and the unpredictable nature of tax delinquencies, the one percent growth rate for FY 2008-09 also appears reasonable.

***State Funding (Unrestricted & Restricted Grants-in-Aid):*** See R2.3

***Tangible Property Tax and Property Tax Allocation:*** See R2.4

**Other Revenues:** The District's other revenues consist of open enrollment tuition, investment earnings, refunds and reimbursements, and other miscellaneous receipts. **Table 2-2** shows that the District's other revenues increased approximately 47 percent in FY 2005-06. The Treasurer indicated that this increase was due to the District receiving a one-time refund from the Trumbull County ESC for approximately \$137,000. The Treasurer projected the other revenues to increase by one percent annually from FY 2006-07 through FY 2010-11. The Treasurer's projection appears reasonable based on the unpredictable nature of the revenue sources that comprise the other revenues line-item and the one-time refund that inflated the receipts in FY 2005-06.

## **Expenditures**

**Personal Services (Salaries & Wages):** See **R2.5**

**Fringe Benefits:** See **R2.6**

**Purchased Services:** See **R2.7**

**Supplies and Materials:** See **R2.7**

**Capital Outlay:** The Treasurer projected the District's capital outlay expenditures to equal \$200,000 in FY 2006-07, decline to \$75,000 in FY 2007-08, and then increase by \$5,000 annually during the remainder of the forecast period. The higher expenditures in FY 2006-07 are due to a boiler replacement and other non-recurring building repairs. The Treasurer's projections from FY 2007-08 through FY 2010-11 are generally consistent with historical expenditures. In addition, the District uses a permanent improvement levy (\$94,000 annually) to help pay for capital improvement projects. Between the District's permanent improvement levy, the projected capital outlay expenditures, and the contracted building maintenance within the purchased services line-item, the District's forecast appears to comply with the capital improvement spending requirements outlined in ORC §3315.18 (see **R2.2**).

**Debt Service:** Brookfield LSD issued \$700,000 in tax anticipation notes in FY 2006-07 in order to maintain a positive cash flow. The District's projected debt and interest payment is consistent with the debt issuance agreement.

**Other Objects:** The District's other expenditures include insurance premiums, dues and fees, scholarships, and other miscellaneous costs. **Table 2-2** shows that other expenditures have fluctuated during the last three years. The increase in FY 2004-05 is due to higher spending on membership dues and fees. The subsequent decrease in FY 2005-06 is due to the District limiting its membership dues and fees in an effort to address the current financial situation.

The Treasurer projected other expenditures to equal \$188,000 in FY 2006-07, and then increase by one percent annually thereafter. The Treasurer indicated that the expected decline in FY

2006-07 is due to lower property and vehicle insurance premiums that were obtained through competitive bidding. As of March 31, 2007, the District spent approximately \$173,000 on other expenditures. The Treasurer's projection for FY 2006-07 appears reasonable because insurance premiums and dues and fees are usually paid in several installments that do not necessarily occur evenly throughout the year. Similarly, the projections from FY 2007-08 through FY 2010-11 also appear reasonable based on the District's ability to control the costs associated with dues and fees and the large fluctuations in historical trends.

### *Assessments Not Yielding Recommendations*

In addition to the analyses presented in this report, assessments were conducted on several areas within the **financial systems** section which did not warrant changes and did not yield any recommendations. These areas include the following:

- **Warehouse:** Brookfield LSD does not maintain a central warehouse.
- **Ethics Policy:** The District has developed a detailed Board policy that addresses appropriate and ethical behavior for its employees. The policy indicates that "An effective educational program requires services of men and women of integrity, high ideals, and human understanding." The policy goes on to cite eight specific standards that employees are expected to meet in order to demonstrate appropriate and/or ethical behavior. These standards are consistent with the rules of conduct adopted by the Ohio Ethics Commission and the requirements of ORC §2921.

## Recommendations

### *Strategic and Financial Planning*

**R2.1 The District should consider preparing a comprehensive strategic plan that incorporates meaningful long-range goals, objectives and performance measures. The District's long-range collective bargaining strategies, facility utilization, instructional and support service goals, and building, transportation and technology needs should be incorporated into the plan. The strategic plan should also include implementation and resource allocation schedules, and performance measures for each program and activity. Once developed, short-range plans and budgets should be developed to be consistent with these long-range parameters. The entire planning process should be driven by a clearly articulated vision of where the District wants to be in the future. This is particularly important for a district which must maximize the effectiveness of its limited resources.**

Brookfield LSD does not have a strategic plan to guide its long-term operations and spending decisions. Rather, the Treasurer indicated that the District primarily develops the budget and makes subsequent spending decisions based on contractual obligations, historical spending levels and knowledge of immediate needs.

According to the Government Finance Officers Association (GFOA), governmental entities should use some form of strategic planning to provide long-term perspectives for service delivery and budgeting. GFOA also recommends that entities monitor progress towards planned goals at regular intervals. Organizations should develop systematic review processes to evaluate the extent to which strategic goals have been met. In the strategic planning process, GFOA recommends the development of measurable objectives and the inclusion of performance measures. Objectives should be expressed as quantities or at least as verifiable statements, and include timeframes. Performance measures provide information on whether goals and objectives are being met, and provide an important link between the goals in the strategic plan and activities funded in the budget. GFOA divides performance measures into the following four basic types:

- **Input measures:** Input indicators measure the volume of resources, both monetary and non-monetary, that are used in delivering a program or service.
- **Output measures:** Output indicators report the quantity or volume of products and services provided by the program.
- **Effectiveness/Outcome Measures:** Effectiveness indicators measure the results, accomplishments, or quality of the item or service provided.

- **Efficiency measures:** Efficiency indicators quantify the relationship between input and output, and can be expressed as productivity ratios or as unit cost ratios.

Another term often expressed in relation to performance measurement is benchmarking, which refers to the process of seeking best practices and attempting to emulate them.

**R2.2 The Board should update its policy to specify the process to be used in developing the financial forecast, and define the involvement of other District administrators. The policy should specify when and how the Treasurer should present the forecast to Board members. To better understand the forecast, Board members should consider requiring that the document present more detailed historical and projected information, supporting schedules, and additional explanations to support the significant assumptions.**

**In addition, although the current fiscal situation may not permit compliance with ORC set-aside requirements, the District should prepare the forecast assuming future compliance. This will provide the Board with a more accurate assessment of the District's financial condition, which subsequently could impact the strategies for achieving financial recovery. This will also allow the District to provide students with regularly updated instructional materials.**

Brookfield LSD has a policy stating that “The Board shall adopt as part of its annual appropriation measure a spending plan setting forth a five-year projection of revenue and expenditures for the General Fund.” Although the policy requires the development of a five-year forecast, it does not specify the process to be used in preparing the forecast, the participation of other administrators, or the supporting materials to be used in developing significant assumptions. In addition, despite the policy statement that the Board will adopt the five-year forecast, the Treasurer indicated that previous forecasts had not been approved by the Board and formal meetings or presentations to discuss forecast components have not occurred.

The Treasurer prepares the forecast based on historical information, trend analysis, and knowledge of legislative requirements. Although the Treasurer includes assumptions to explain how forecasted amounts were calculated, the notes to the forecast generally do not provide adequate disclosure concerning issues that have a significant impact on the District. For example, the notes lack any kind of disclosure concerning the following:

- Historical and projected inflation rates;
- Historical and projected average daily membership, and the impact of open enrollment students on state funding levels;
- Information regarding building needs and/or capital planning;

- Historical and projected staffing levels;
- Information needed to project real estate taxes, such as current levy collection rates, levy renewal information, and scheduled property reappraisals/updates; and
- Historical negotiated wage increases and specific percentages used to project salary schedule step increases.

In addition to the lack of note disclosures, the District's forecast does not reflect compliance with State mandated spending requirements. For example, ORC §3315.17 (instructional materials) and ORC §3315.18 (capital improvement) create accountability standards for school districts to maintain a minimum level of spending in relation to the state funding formula for instructional materials and capital improvements. These statutes establish the minimum spending threshold at three percent of the preceding years' state funding formula amount. The legislation also indicates that if a District spends less than is required in one year, the shortfall is carried forward and must be spent in subsequent years. The District did not meet the instructional materials spending requirement in FY 2003-04 or in FY 2004-05. As a result, the District had an accrued liability of approximately \$77,000 for instructional materials that was carried forward to FY 2005-06.

Despite the accrued liability from prior years, the District is projecting its supplies and materials expenditures to decline significantly during the next five years (see **Table 2-2**), which subsequently will make it difficult to comply with the instructional spending requirements. The Treasurer's notes to the forecast indicate that the District is requesting a waiver from ODE to forego the spending requirements due to its fiscal watch status. Although this waiver is permitted in the legislation, it will be difficult for the District to achieve true financial recovery if it is not able to demonstrate compliance with existing legislation within the financial forecast (see **R2.7**).

The American Institute of Certified Public Accountants (AICPA) recommends the following to help ensure the reliability of financial forecasts:

- Forecasts should be prepared in good faith, using the best information available at the time to develop appropriate assumptions.
- Forecasts should be prepared with care by qualified personnel using appropriate accounting principles. Procedures should be established to facilitate the prevention, detection, and correction of errors.
- The process used to develop financial forecasts should allow users to identify the best information that is available at that time.
- Key factors should be identified as a basis for assumptions.
- Assumptions used in preparing the financial forecasts should be appropriate and should include the following components: market surveys, general economic

- indicators, trends and patterns developed from the entity's operating history (historical trends), and internal data and analysis (union contracts and labor rates).
- The process used to develop financial forecasts should provide adequate documentation of both the financial forecast and the process used to develop it. Documentation should also include recording the underlying assumptions as well as summarizing the supporting evidence for the assumptions. As a result of well supported documentation, users can trace forecasted results back to the support for the basic underlying assumptions.
  - The process used to develop financial forecasts should include, where appropriate, the regular comparison of the financial forecasts with the attained results. Comparing prospective financial results with actual results provides a historical measure of success and can be an indicator of the reliability of future forecasts.
  - The process used to prepare financial forecasts should include adequate review and approval by the responsible party at the appropriate levels of authority. The responsible party should have access to the financial forecasts and supporting documentation in order to adequately review and approve them.

The creation of forecast guidelines which reflect the above mentioned items will ensure that entities have realistic expectations and projections about future expenditures and revenues. Entities which use these methods will also be able to more accurately predict any future problems, and devise appropriate solutions to address them in a timely manner.

**R2.3 The Treasurer should review the methodology used for projecting State funding. Because it is a significant source of revenue for the District that comprises 56 percent of total revenues, the Treasurer should incorporate all known factors impacting this revenue source including possible increases in the per pupil funding amounts within the State funding formula. Additionally, in the absence of new legislation that defines future State funding levels, the Treasurer should consider the District's historical activities when projecting this revenue source.**

The District's assumptions for projecting unrestricted and restricted grants-in-aid (state funding) are as follows:

- The Treasurer is projecting unrestricted grants-in-aid to remain approximately the same in FY 2006-07, decrease by six percent in FY 2007-08, and then decrease three percent annually from FY 2008-09 through FY 2010-11. The Treasurer attributed the state funding reductions to projected declines in student enrollment.
- The District's restricted grants-in-aid consist of career tech funding (approximately \$35,000) and Poverty Based Aid (approximately \$43,000) in FY



2006-07. The restricted grants-in-aid are projected to experience slight annual increases during the forecast period.

Brookfield LSD’s projections for state funding are as follows:

**Table 2-3: Projected State Funding Levels (in 000’s)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Unrestricted Grants-in-Aid</b>	\$5,660	\$5,297	\$5,138	\$4,984	\$4,834
<b>Restricted Grants-in-Aid</b>	\$77	\$78	\$79	\$79	\$80
<b>Total</b>	\$5,737	\$5,375	\$5,216	\$5,063	\$4,914
<b>Total Percentage Change</b>	(0.1%)	(6.3%)	(2.9%)	(2.9%)	(2.9%)
<b>Projected Total Enrollment</b>	1,333	1,288	1,249	1,213	1,183
<b>Projected Total Enrollment Percentage Change</b>	(4.1%)	(3.4%)	(3.0%)	(2.9%)	(2.5%)

Note: Totals may vary due to rounding

Source: Brookfield LSD Treasurer and Brookfield LSD Enrollment Projections Report

The Table 2-4 shows the District’s historical State funding levels:

**Table 2-4: Historical State Funding (in 000’s)**

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<b>Unrestricted Grants-in-Aid</b>	\$5,329	\$5,874	\$5,895	\$5,939	\$5,395	\$5,663
<b>Restricted Grants-in-Aid</b>	\$35	\$30	\$30	\$30	\$87	\$81
<b>Total</b>	\$5,364	\$5,904	\$5,925	\$5,969	5,482	\$5,744
<b>Total Percentage Change</b>	N/A	10.1%	0.4%	0.7%	(8.2%)	5.5%
<b>Total Enrollment</b>	1,560	1,547	1,497	1,470	1,389	1,390
<b>Percentage Change in Enrollment</b>	N/A	(0.8%)	(3.2%)	(1.8%)	(5.5%)	0.0%
<b>Historical State Funding Per Pupil</b>	\$4,814	\$4,814	\$4,949	\$5,058	\$5,169	\$5,283
<b>Percentage Change</b>	N/A	0.0%	2.9%	2.2%	2.2%	2.2%

Source: Brookfield LSD Treasurer and Brookfield LSD Enrollment Projections Report

Note: Totals may vary due to rounding

**Table 2-4** shows that the District's State funding has increased or held steady every year except FY 2004-05, despite consistent declines in student enrollment. This is due to the enrollment declines being partially offset by annual increases in per pupil funding amounts adopted by the State legislature. For example, although the District has experienced an average annual decline in enrollment of 2.2 percent during the last six years, the per pupil funding amount has increased at an average annual rate of 1.9 percent during the same time period. The significant loss of revenue in FY 2004-05 can be attributed to the District experiencing its largest decline in student enrollment (5.5 percent) during the six-year trend period.

The Treasurer's projection for State funding in FY 2006-07 appears reasonable. The projection for FY 2006-07 (\$5.7 million) is approximately equal to the SF-3 report published by the Ohio Department of Education (ODE) (\$5.7 million). However, it should be noted that in FY 2006-07, the District is receiving a reappraisal guarantee of approximately \$180,000. According to an ODE report explaining the SF-3, this guarantee is in place to safeguard districts from decreases in total state funding due to increases in property valuations resulting from property updates/reappraisals. The ODE report goes on to indicate that this reappraisal guarantee is only in place for FY 2006-07. A representative from ODE indicated that it is unlikely that this guarantee will be extended in future years.

The Treasurer projected the District's State Funding to decline by 6.3 percent in FY 2007-08, based on a projected decline in student enrollment of 3.4 percent and the loss of revenue associated with the reappraisal guarantee. Based on the actual funding received by the District through the reappraisal guarantee in FY 2006-07, and based on the discussions with representatives from ODE, the Treasurer's assumption that the District will lose \$193,000 from the loss of the reappraisal guarantee appears to be materially accurate. In addition, the Treasurer's assumption that enrollment will continue to decline also appears reasonable. For example, DeJong and Associates prepared enrollment projections for the District which showed student enrollment declining by 4.1 percent in FY 2006-07, 3.4 percent in FY 2007-08, 3.0 percent in FY 2008-09, 2.9 percent in FY 2009-10, and 2.5 percent in FY 2010-11. However, although the Treasurer accounted for the projected declines in student enrollment, it does not appear that the potential increases in per pupil funding amounts within the State funding formula were accounted for, which could potentially offset the declines in student enrollment. The current per pupil funding amount will expire at the end of FY 2006-07 and the State legislature had not defined the amount for the next biennium at the time of this audit. However, **Table 2-4** shows that the historical per pupil funding amount increased in five out of six years, with one year (FY 2001-02) remaining constant. **Table 2-4** also shows the District's total State funding has increased or held steady every year except FY 2004-05, despite consistent declines in student enrollment. As a result, the Treasurer's State funding projection for FY 2007-08 will be modified in the recovery plan to show the baseline revenues staying constant from

the prior year (i.e., the decline in student enrollment will be offset by an increase in per pupil funding), with an adjustment to reflect the loss of the reappraisal guarantee of \$180,000.

The Treasurer projected State funding to decline 2.9 percent annually from FY 2008-09 through FY 2010-11, which was attributed to the projected decline in student enrollment. However, as previously discussed, it does not appear that the Treasurer accounted for any potential increases in per pupil funding amounts in the State funding formula. Therefore, the Treasurer’s projections for FY 2008-09 through FY 2010-11 will be modified in the recovery plan to project revenues remaining constant at the FY 2007-08 levels.

**Table 2-5** shows the net impact of these adjustments on the forecast.

**Table 2-5: Impact of Forecast Adjustments (in 000’s)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Brookfield LSD State Funding Projection	\$5,737	\$5,375	\$5,216	\$5,063	\$4,914
Revised Projections	\$5,737	\$5,557	\$5,557	\$5,557	\$5,557
<b>Net Impact on Forecast</b>	<b>\$0</b>	<b>\$182</b>	<b>\$341</b>	<b>\$494</b>	<b>\$643</b>

Source: AOS analysis

**R2.4 When developing future forecasts, the Treasurer should review the HB 66 legislation and use an appropriate methodology for estimating tangible personal property taxes. Specifically, the Treasurer should ensure that financial forecasts correctly account for the hold harmless reimbursements and the timeframes for the tangible personal property tax phase-out.**

Brookfield LSD’s assumptions for projecting tangible personal property taxes and the property tax allocations are based on the following:

- The tangible personal property tax is a tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures. However, beginning in 2006, H.B. 66 will reduce by 25 percent each year, the tax on the applicable property. Based on the 2005 tangible personal property tax collections, the District will lose nearly \$595,000 when the tangible property tax is phased-out in 2009.
- The property tax allocation line-item will include reimbursements to Brookfield LSD for lost revenue due to the phase out of the tangible personal property tax. During the first five years, the District will be fully reimbursed for lost revenue. Over the next seven years, the reimbursements will be phased-out completely.

Until the signing of H.B. 66 on June 30, 2005, ORC §5711.22 slowly phased out the tangible personal property tax by reducing the assessed property valuation rates by one percent in tax years 2002 through 2004. The phase-out then increased to two percent annually, beginning in tax year 2005, and was scheduled to continue at that rate until the tax was eliminated. However, H.B. 66 accelerated the phase-out period. Under the new legislation, the tangible tax on general business and railroad property will be eliminated by Tax Year (TY) 2009, and the tax on telephone and telecommunication property will be eliminated by TY 2011. At the same time, the legislation replaces the revenue lost due to the accelerated phase out of the tax (portion attributed to H.B. 66). In the first five years, school districts and local governments are reimbursed fully for lost revenue (through FY 2011); in the following seven years, the reimbursements are phased-out.

**Table 2-6** shows Brookfield LSD’s projections for tangible personal property tax and property tax allocations:

**Table 2-6: Projected Tangible Personal Property Tax & Property Tax Allocation (in 000’s)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Tangible Property Tax	\$443	\$295	\$147	\$0	\$0
Percentage Change	(\$25.0%)	(33.3%)	(50.0%)	(100.0%)	N/A
Property Tax Allocation	\$501	\$475	\$725	\$845	\$965
Percentage Change	42.0%	(5.2%)	52.6%	16.6%	14.2%

Source: Brookfield LSD Treasurer Forecast

**Table 2-7** presents the District’s historical tangible property tax and the property tax allocation receipts.

**Table 2-7: Historical Tangible Property Tax & Property Tax Allocation (in 000’s)**

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Tangible Property Tax	\$801	\$838	\$700	\$712	\$594	\$591
Percentage Change	N/A	4.7%	(16.5%)	1.7%	(16.6%)	(0.5%)
Property Tax Allocation	\$327	\$335	\$343	\$350	\$355	\$353
Percentage Change	N/A	2.5%	2.6%	1.9%	1.5%	(0.7%)

Note: Totals may vary due to rounding.

Source: Brookfield LSD Treasurer Forecast

**Table 2-7** shows that tangible personal property taxes have declined significantly during the last five years while the property tax allocations have been stable during the same timeframe. The general decline in the tangible taxes is due to the impact of ORC §5711.22 (old legislation).

The Treasurer projected tangible personal property taxes to decline by 25 percent in FY 2006-07 while the property tax allocation is projected to increase 42 percent. The large decline in the tangible taxes is due to the accelerated phase-out associated with H.B. 66. The large increase in property tax allocations is due to the tangible tax reimbursements the District expects to receive in accordance with H.B. 66. The Treasurer's projections in FY 2006-07 appear reasonable. The Treasurer's FY 2006-07 projections for real estate taxes, tangible personal property taxes and property tax allocations equal a combined \$3,644,050 (combined in order to be consistent with County's certificate of estimated resources), which is less than two percent lower than the certificate of estimated resources provided by the County Auditor (\$3,699,547).

The notes to the Treasurer's forecast indicate the tangible personal property taxes are projected to continue being phased-out from FY 2007-08 through FY 2010-11, while the property tax allocations are projected to increase significantly to account for the tangible tax reimbursements. However, the Treasurer did not properly account for the tangible personal property tax reimbursements in FY 2007-08. For example, although the tangible tax is projected to decline by \$147,000, the Treasurer also projected the property tax allocation to decline by approximately \$26,000. Based on H.B. 66, the District should not lose revenue associated with the accelerated phase-out of the tangible tax until FY 2011-12.

In addition, it appears that the Treasurer incorrectly applied the methodology for phasing out the tangible personal property tax. For example, the tangible tax was projected to be entirely phased-out by FY 2009-10. However, H.B. 66 eliminates the tangible tax on general business and railroad property during calendar year 2009 and the telephone and telecommunications property during calendar year 2011. When the calendar year phase-outs are converted to a school district fiscal year, it is likely that the District will still collect some tangible personal property taxes through FY 2010-11, albeit very small amounts.

As a result of the issues noted above, the Treasurer's forecast will be adjusted to correct the timing of the tangible property tax phase-out and to adjust the hold harmless reimbursements beginning in FY 2007-08.

The following table shows the net impact of the adjustments to the forecast:

**Table 2-8: Impact of Forecast Adjustments (in 000's)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total Brookfield LSD Tangible and Property Tax Allocation Projection	\$944	\$770	\$872	\$845	\$965
Revised Total Tangible and Property Tax Allocation Projection	\$944	\$894	\$878	\$875	\$875
<b>Net Impact on Forecast</b>	<b>\$0</b>	<b>\$124</b>	<b>\$6</b>	<b>\$30</b>	<b>(\$90)</b>

Source: AOS Analysis

**R2.5 The Treasurer should review the methodology used to project employee salaries (personal services) and ensure that all potential liabilities associated with personnel costs are considered and included in the five-year projections. This will provide District management with a more conservative picture of the District's financial situation.**

Brookfield LSD's assumptions for projecting personal services are based on the following:

- Significant reductions in staff were made prior to the start of FY 2006-07.
- The projected decline in wages for FY 2007-08 is due to the District no longer making severance payments associated with the staffing reductions that took place in FY 2006-07.
- Teacher negotiations are in the mediation stage. Forecasted salaries are based on a one percent negotiated wage increase and step increases from the current salary schedules.

Table 2-9 shows the District's projections for personal services.

**Table 2-9: Analysis of Projected Personal Services (in 000's)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	\$5,300	\$5,089	\$5,171	\$5,305	\$5,470
Percentage Change	(13.6%)	(4.0%)	1.6%	2.6%	3.1%

Note: Totals may vary due to rounding.

Source: Brookfield LSD Forecast

**Table 2-10** shows Brookfield LSD’s historical expenditures for personal services.

**Table 2-10: Analysis of Historical Personal Services (in 000’s)**

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	\$5,663	\$6,033	\$6,054	\$6,085	\$5,818	\$6,137
Percentage Change	N/A	6.5%	0.3%	0.5%	(4.4%)	5.5%

Source: Brookfield LSD Forecast

**Table 2-10** shows that the District’s personal service expenditures have fluctuated significantly during the last six years, with increases ranging from 6.5 percent in FY 2001-02 to a negative 4.4 percent in FY 2004-05. The Treasurer indicated that the large fluctuations are due to a combination of the wage increases negotiated during these years and the staffing levels.

The Treasurer’s projections for personal services appear to be understated in each year of the forecast based on the following:

- Year-to-date expenditures:** **Table 2-9** shows that the Treasurer projected personal services to decline by approximately 14 percent in FY 2006-07. This decline is due to the elimination of 18 certificated positions and 15 classified positions prior to the start of FY 2006-07. However, the District’s year-to-date wages equaled \$4,050,227 on March 31, 2007, or approximately 76 percent of the Treasurer’s projection for FY 2006-07. This indicates that the District’s actual wages are on pace to total approximately \$5.4 million, which would exceed the projection by nearly two percent (\$100,000).
- Salary schedule:** The District is currently contesting a grievance filed by the certificated and classified bargaining unit members concerning wages. According to the Treasurer, prior to the start of FY 2006-07, the District took action to reduce certificated salaries to the FY 2004-05 levels and freeze the classified salaries at the FY 2005-06 levels without negotiating with the unions. The Treasurer indicated that these actions were taken based on advice of the District’s attorney that the final year of each contract (FY 2006 for certificated, FY 2007 for classified) was invalid because it represented the fourth year of an agreement. The Treasurer stated that only three-year agreements are permitted under Ohio Law and that the contracts were negotiated by prior District administrators. The Treasurer’s projection for personal services assumes the District will win this grievance and projects wages after the salary schedule adjustments were made. The Treasurer originally estimated the annual impact of adjusting the certificated and classified salaries to be approximately \$385,000.

In an effort to be conservative, the Treasurer included the \$385,000 in the District's forecast in the "all other financing uses" line-item in FY 2006-07 (see **Table 2-2**). However, this estimate was revised to \$188,000 in subsequent forecasts. The difference is due to the Treasurer mistakenly accounting for step increases in the original figure (\$385,000) despite the fact that employees were still permitted to advance through the step schedule based on longevity. As a result, the impact of step increases was double-counted in the forecast shown in **Table 2-2**. Although the Treasurer's revised estimate (\$188,000) appears reasonable based on a consideration of the prior year wages and recent negotiated wage increases, by including the figure in the "all other financing uses line-item," they do not reflect future negotiated wage or step increases. As a result, the potential liability associated with this grievance is likely understated.

- **Negotiated Wage Increases & Step Schedules:** The Treasurer developed the personal service projections assuming the District would grant a one percent wage increases annually. In addition, the Treasurer estimated the cost of step increases by analyzing the bargaining agreements. However, after the forecast shown in **Table 2-2** was prepared, the District reached a tentative agreement with the certificated staff regarding future wage increases. According to the Superintendent, the tentative agreement allows for increases of 0.0 percent, 1.0 percent, and 1.5 percent during the next three years. The District is still negotiating with the classified staff.

To determine the impact of step increases, AOS allocated a sample of the District's teaching staff to their applicable steps on the FY 2006-07 salary schedule. For all of the remaining years of the forecast, AOS advanced each of the teaching employees by one step and then compared the total salaries to determine the annual percentage increases. As a result of this analysis, it was determined that the average annual step increase for teachers is 2.8 percent. A comparable analysis was not performed for the classified staff due to EMIS reporting limitations and because the majority of Brookfield LSD's classified staff are no longer eligible to receive step increases based on longevity. However, a review of the classified contract indicates that the average increase between steps is approximately 1.3 percent.

Based on the issues outlined above, the projection for personal services will be adjusted to approximately \$5.6 million in FY 2006-07. This represents a combination of wage projections based on year-to-date amounts of approximately \$5.4 million and the potential \$188,000 liability associated with the union wage grievances. The remaining years are projected assuming negotiated wage increases of 0.0 percent in FY 2006-07, 1.0 percent in FY 2007-08, and 1.5 percent annually from FY 2008-09 through FY 2010-11. The projections also assume the classified staff will receive the same negotiated increases as the certificated staff. The step increases are estimated at 2.5 percent annually. The 2.5



percent step increases represent a weighted average of the certificated and classified step schedules. Lastly, it is assumed that the District will experience a savings of approximately \$148,000 in FY 2007-08 due to reduced severance payments, which is consistent with the Treasurer’s forecast assumptions. **Table 2-11** shows the impact of the forecast adjustments.

**Table 2-11: Impact of Forecast Adjustments (in 000’s)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Brookfield LSD Personal Services Projections	\$5,300	\$5,089	\$5,171	\$5,305	\$5,470
Revised Projection	\$5,638	\$5,682	\$5,909	\$6,146	\$6,392
<b>Net Impact on Forecast</b>	<b>(\$338)</b>	<b>(\$593)</b>	<b>(\$738)</b>	<b>(\$841)</b>	<b>(\$922)</b>

Source: Brookfield LSD Forecast and AOS analysis

**R2.6 When developing future forecasts, the Treasurer should ensure the assumptions are consistent with amounts presented in the forecast. In addition, the Treasurer should consider analyzing the health insurance program separately from the other expenditures comprising employee fringe benefits to account for the fact that health insurance costs represent more than 50 percent of the District’s total fringe benefit expenditures and are independent of salary increases.**

The fringe benefit line-item accounts for District contributions to employee retirement, workers’ compensation, Medicare, and health insurance. The District’s assumptions for projecting these costs are based on the following:

- There is a significant decrease in the benefit projection to account for the decrease in staff for FY 2006-07.
- An overall increase of seven percent will begin in January 2007.
- No premium holidays are expected for FY 2006-07.

**Table 2-12** shows the District’s projections for employee benefits.

**Table 2-12: Analysis of Projected Benefits**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Fringe Benefits	\$1,862	\$1,992	\$2,052	\$2,114	\$2,177
Percentage Change	(6.4%)	7.0%	3.0%	3.0%	3.0%

Source: Brookfield LSD Forecast

**Table 2-13** shows Brookfield LSD’s historical expenditures for employee benefits.

**Table 2-13: Historical Analysis of Benefits**

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Fringe Benefits	\$1,826	\$1,992	\$2,170	\$2,188	\$2,064	\$1,990
Percentage Change	N/A	9.1%	8.9%	0.8%	(5.7%)	(3.6%)

Source: Brookfield LSD Forecast

**Table 2-13** shows that historically, fringe benefits have increased by an average annual rate of nearly two percent since FY 2001-02. The Treasurer attributed the decline in FY 2004-05 to the District taking one premium holiday. The decline in FY 2005-06 was attributed to two premium holidays. As a result of the premium holidays, the District’s historical fringe benefit expenditures appear unreliable as a means for determining projected expenditures.

The Treasurer’s projections for fringe benefits appear to be understated in each year of the forecast based on the following:

- Year-to-date expenditures:** **Table 2-12** shows that the Treasurer projected employee benefits to decline by approximately six percent in FY 2006-07. This decline was due to the staffing reductions that took place prior to the start of FY 2006-07. However, the Treasurer indicated that a mistake was made and the FY 2006-07 benefit projection is understated. Furthermore, the District’s year-to-date fringe benefit expenditures of \$1,579,457 on March 31, 2007 represented 85 percent of the Treasurer’s projection for FY 2006-07. This indicates that the actual fringe benefit expenditures are on pace to equal approximately \$2.1 million, which would exceed the Treasurer’s projection by nearly 13 percent.
- Adjusted salaries:** Based on existing legislation, the District’s contributions for employee retirement (14%), workers’ compensation (0.6%), and Medicare (1.45%) are determined as percentages of payroll. As a result, the benefits line-item must be revised to reflect the adjustments that were made in the personal services line-item (See **R2.5** for additional information).
- Incorrect methodology:** Although the Treasurer’s forecast assumptions indicate that fringe benefits are projected assuming an overall increase of seven percent annually, the projections included in the forecast reflect three percent increases from FY 2008-09 through FY 2010-11. Further, by using one rate to project all fringe benefits, the risk that projections will be understated is increased because health care expenditures are not tied directly to salaries like other fringe benefits (retirement, workers’ compensation, and Medicare). In FY 2005-06, the District’s health insurance costs represented approximately 53 percent of total fringe benefit

expenditures. In addition, according to the *Research and Training Section's 14<sup>th</sup> Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (State Employment Relations Board, 2005) the annual average health care cost in the public sector in Ohio has increased by 10.6 percent per year over the last five years.

Based on the issues outlined above, the benefit projections for FY 2006-07 through FY 2010-11 will be adjusted to include a ten percent annual increase for health insurance. In addition, the revised projections will account for the appropriate percentage increases for retirement, workers' compensation, and Medicare. **Table 2-14** shows the impact these revisions will have on Brookfield LSD's forecast.

**Table 2-14: Impact of Forecast Adjustments (in 000's)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Brookfield LSD Fringe Benefits	\$1,862	\$1,992	\$2,052	\$2,114	\$2,177
Revised Projection	\$2,084	\$2,215	\$2,388	\$2,578	\$2,785
<b>Net Impact on Forecast</b>	<b>(\$222)</b>	<b>(\$223)</b>	<b>(\$336)</b>	<b>(\$464)</b>	<b>(\$608)</b>

Source: Brookfield LSD Forecast and AOS analysis

**R2.7 When developing future forecasts, the Treasurer should consider creating separate analyses and assumptions for projecting the major components of the District's purchased services (professional and technical services, utilities, open enrollment tuition, etc). For example, utilities should be analyzed separately from the other components of purchased services because the costs can fluctuate significantly from one year to the next. This will help prevent the District from underestimating the purchased service expenditures by ensuring that consideration has been given to the primary cost drivers for each service.**

Brookfield LSD's assumptions for projecting purchased services and supplies and material expenditures are based on the following:

**Purchased Services:**

- Significant expenditures have been removed and substantial cuts in spending are planned. The District will attempt to have expenditures remain constant for the forecast period.
- Professional and Technical Services are anticipated to increase as a result of legal fees associated with the issuance of tax anticipation notes and negotiations with the teacher's union.
- Utilities are projected to decrease in FY 2006-07 due to the closing of Addison Elementary.

**Supplies and Materials**

- A waiver will be filed with the Ohio Department of Education concerning the Set-Aside Requirements for Textbooks and Instructional Materials. The waiver can be granted if Brookfield LSD demonstrates that the set-asides will create an undue financial hardship.
- Brookfield LSD orders a large amount of supplies every three to four years. Significant expenditures have been removed and substantial cuts in spending are planned. The District will attempt to have expenditures remain constant during the forecast period.

**Table 2-15** shows the District’s projections for purchased services and supplies and materials.

**Table 2-15: Analysis of Projected Purchased Services and Supplies and Materials (in 000’s)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Projected Average Yearly Expenditure
Purchased Services	\$1,490	\$1,500	\$1,450	\$1,450	\$1,450	\$1,468
Supplies and Materials	\$100	\$200	\$205	\$205	\$205	\$182
<b>Total</b>	<b>\$1,590</b>	<b>\$1,700</b>	<b>\$1,655</b>	<b>\$1,655</b>	<b>\$1,655</b>	<b>\$1,651</b>

Source: Brookfield LSD Forecast

**Table 2-16** shows Brookfield LSD’s historical expenditures for purchased services and supplies and materials.

**Table 2-16: Historical Analysis of Purchased Services and Supplies and Materials (in 000’s)**

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Actual Average Yearly Expenditure
Purchased Services	\$1,237	\$1,291	\$1,336	\$1,412	\$1,351	\$1,669	\$1,383
Supplies and Materials	\$395	\$409	\$352	\$279	\$229	\$393	\$343
<b>Total</b>	<b>\$1,632</b>	<b>\$1,700</b>	<b>\$1,668</b>	<b>\$1,691</b>	<b>\$1,580</b>	<b>\$2,062</b>	<b>\$1,722</b>

Source: Brookfield LSD Forecast

A summary analysis of the purchased services and supplies and materials projections includes the following:

- **Purchased Services:** The District's historical purchased service expenditures increased an average of nearly seven percent annually from FY 2000-01 to FY 2005-06. However, despite the historical increases, the Treasurer projected purchased services to remain constant at approximately \$1.5 million throughout the forecast period. The Treasurer's projection for FY 2006-07 appears understated. The District's year-to-date expenditures were approximately \$1.4 million on March 31, 2007, or 94 percent of the Treasurer's projection for FY 2006-07. This indicates that the District's purchased services were on pace to equal approximately \$1.8 million for the year, which would exceed the Treasurer's projection by 25 percent. The Treasurer indicated that the higher expenditures are due to unanticipated legal fees associated with contract negotiations and contesting of several grievances filed by the unions. The higher legal fees are expected to continue during the forecast period as the District is still trying to resolve the contract negotiations and the grievances.

By projecting purchased services to remain constant at approximately \$1.5 million, the Treasurer's projections do not allow for inflationary increases in utilities and other similar expenditures. Further, the Treasurer's projection does not allow for increased expenditures associated with open enrollment tuition.

The District's historical utility costs have fluctuated significantly due to building closures (see **R4.8 in facilities** section) and therefore, are unreliable as a means for determining historical trends. However, the American Schools and University Maintenance & Operations Cost Studies (AS&U) from FY 2001-02 through FY 2005-06 show the average annual increase in the national median utility cost was approximately 3.5 percent. The District's open enrollment tuition costs have experienced an average annual increase of approximately 12 percent since FY 2002-03.

- **Supplies and Materials:** As shown in **Table 2-15**, the Treasurer estimates the District's spending for supplies and materials will be \$100,000 in FY 2006-07, \$200,000 in FY 2007-08, and remain constant at \$205,000 through the remainder of the forecast period. However, the District's year-to-date expenditures were approximately \$248,000 on March 31, 2007, or \$148,000 more than the Treasurer's projection for FY 2006-07. In addition, **Table 2-16** indicates the District's historical annual expenditures for supplies and materials have averaged approximately \$343,000 during the last six years. Despite the higher historical expenditures for supplies and materials, **R2.2** indicates that the District did not meet the instructional materials spending requirements in FY 2003-04 or FY 2004-05. The Treasurer stated the District has applied for a waiver from ODE which would exempt it from meeting the instructional spending requirements while in fiscal watch. Although this waiver is permitted by statute, it will be

difficult for the District to achieve true financial recovery if it cannot demonstrate compliance with existing legislation during the financial forecast (see **R2.2**).

Based on the issues outlined above, purchased services will be adjusted to \$1.8 million in FY 2006-07. In all remaining years, the components that comprise purchased services are projected separately based on the District’s historical trends, inflationary increases, and other benchmarks. For example, the District’s professional and technical services, property services, meeting expenses, communications, and pupil transportation are all projected to increase two percent annually based on the District’s historical trends and to account for inflation. The District’s open enrollment tuition is projected to increase 12 percent annually based on historical trends, while utilities are projected to increase 3.5 percent annually based on the AS&U historical trend. Consistent with **R2.2**, the supplies and materials line-item will be adjusted to show compliance with statutory instructional materials spending requirements. Specifically, the projection for FY 2007-08 includes an additional \$215,000 to be used for instructional supplies and materials. The supplies and materials line-item is projected to increase 2.2 percent annually in all remaining years, based on historical increases in State funding. Lastly, the supplies and materials line-item is adjusted in FY 2006-07 to account for increased spending by the District.

**Table 2-17: Impact of Forecast Adjustments (in 000’s)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Brookfield LSD Purchased Services Projection	\$1,490	\$1,500	\$1,450	\$1,450	\$1,450
Brookfield LSD Supplies and Materials Projection	\$100	\$200	\$200	\$205	\$205
<b>Total Brookfield Projection</b>	<b>\$1,590</b>	<b>\$1,700</b>	<b>\$1,650</b>	<b>\$1,655</b>	<b>\$1,655</b>
Revised Purchased Services	\$1,758	\$1,855	\$1,961	\$2,077	\$2,204
Revised Supplies and Materials	\$329	\$415	\$424	\$433	\$443
<b>Total Revision</b>	<b>\$2,087</b>	<b>\$2,270</b>	<b>\$2,385</b>	<b>\$2,510</b>	<b>\$2,647</b>
<b>Net Impact on Forecast</b>	<b>(\$497)</b>	<b>(\$570)</b>	<b>(\$735)</b>	<b>(\$855)</b>	<b>(\$992)</b>

Source: AOS analysis

*Budgeting*

**R2.8 Brookfield LSD should consider using a more decentralized budgeting process that takes advantage of the knowledge of principals, department heads, teachers, and other staff. For example, the District could allow building principals/department**

**heads to develop and submit the first proposal for their respective budgets. The Treasurer and Superintendent could then evaluate the proposals to ensure that proposed expenditures are in line with the District's goals for the upcoming year and that they are within anticipated revenues. The Treasurer and Superintendent could then work with the respective building principals or department heads when making necessary adjustments. This process would ensure that the budget incorporates each administrator's knowledge of their operations and needs. At the same time, the District should hold principals and department heads accountable for their budgetary performance by making this one of the criteria used in annual evaluations. However, to accomplish this, the District will need begin preparing and distributing budget-to-actual reports on a monthly basis. Lastly, the District should consider developing the budget earlier in the year so that the Board has additional time to review and discuss the proposals.**

The Treasurer typically begins preparing the budget in August with a goal of submitting the final proposal to the Board during the September Board meeting. This allows for final approval by the end of September in compliance with ORC §5705.38 which states in part that "...a board of education shall pass its annual appropriation measure by the first day of October." There are no Board or staff (principals, teachers, all other staff) meetings designed specifically to discuss the budget. In addition, the District does not usually provide the Board with additional time to review the budget proposal and ask questions. For example, the budget proposal is usually delivered to the Board three days in advance of the Board meeting along with the packet containing the rest of the materials under consideration.

The District's internal process for developing the budget is highly centralized. Currently, the budget is formulated from the top down, reflecting the priorities of the District's central administrators. Input from building administrators and staff is limited, and while they may have some control in managing their allocations, they have minimal influence over the amount initially appropriated. In addition, the Treasurer indicated that once the budget is adopted, the principals are only provided with budgetary reports upon request. As a result, some of the principals make spending decisions without up-to-date budget information. Despite this limitation, the Treasurer indicated that principals rarely overspend their allocated amounts. However, the Treasurer also noted that administrators are not evaluated on budgetary performance. Instead, when they overspend the initial budget allocation, the Treasurer makes transfers from other line-items to cover the shortfall.

The GFOA indicates that school districts should provide opportunities in the budget process for obtaining stakeholder input. This helps ensure that stakeholder priorities are identified and enhances stakeholder support for the approved budget.

**R2.9 Brookfield LSD should prepare a budget document containing detailed information and supporting materials that highlight its key policies, along with the goals, objectives (see R2.1) and key issues for the upcoming fiscal year. The budget document should be made available to the public and should provide budget estimates and historical comparisons at both summary and line-item levels of detail. Financial trends and factors affecting the budget should be explained, including the District's long-range outlook, expected tax collections and state funding levels, anticipated need for future borrowing, and significant use of, and changes in, fund balances. In addition, the budget document should include key performance measures and a guide to operations illustrating staffing levels and organizational information. Charts and graphs should be used to increase the document's readability. Furthermore, the budget should include a concise summary and explanation of the District's budgetary basis of accounting. Effective budgeting should communicate how and why decisions were made, while showing that the District is using its resources in the most efficient manner possible.**

The District does not have a strategic plan (see **R2.1**). As a result, the budget is not linked to the accomplishment of formal goals and objectives. The Treasurer indicated the budget is based primarily on historical costs and contractual obligations rather than performance or achievement of specified goals and objectives. Furthermore, the District does not prepare, publish or circulate a formal budget document. The only prepared document is the appropriation resolution, which quantifies proposed expenditures but does not communicate the District's demographic information, financial condition, staffing levels, and significant financial policies, or link planned expenditures to the accomplishment of educational goals. This inhibits the District's ability to achieve long-term goals and objectives, and limits the ability of the Board and other stakeholders to understand the District's financial situation and evaluate the effective utilization of taxpayer dollars.

GFOA recommends that governments develop budgets that are consistent with approaches to achieve goals, and that they include the following items:

- **Description of key policies, plans and goals.** The identification of key programmatic and financial policies, plans, and goals assists stakeholders in determining the appropriateness of a district's direction and allows them to develop their own opinions as to whether programs and decisions conform to, or are likely to achieve, those policies, plans, and goals.
- **Identification of key issues.** The identification of key issues focuses attention on critical areas, improves the likelihood that an appropriate level of deliberation will occur regarding decisions, provides accountability to stakeholders, and promotes trust.



- **A financial overview of the short and long-term financial plan.** Stakeholders need to have the financial plan of the district clearly identified in order to make the best budgetary decisions. A financial overview typically consists of financial statements and accompanying narratives, charts and graphs. The overview should clearly describe the current and projected financial position, fund balances, financial activities and expectations for the budget period, and the expected implications for future periods.
- **A guide to operations.** This information provides a context for the allocation of resources in the budget, which helps to enable reasoned decision making about the use of resources. It also provides readers with a guide to the government's programs and the organizational structure in place to provide those programs and services.
- **Explanation of the budgetary basis of accounting.** Explaining the differences between the budgetary basis of accounting and the basis used in preparing the annual financial report helps stakeholders understand and interpret the numbers presented in each document, and helps to prevent errors during preparation or interpretation of the budget.
- **A budget summary.** A concise summary of the key issues, choices, and financial trends is needed to inform and direct the reader to the appropriate location for additional information, because most stakeholders do not want to take the time to read and understand all of the details in a budget.

GFOA also notes that performance measures, including efficiency and effectiveness measures, should be presented in the operating budget document, and should be available to stakeholders. Performance measures should be reported using actual data, where possible. At least some of these measures should document progress toward the achievement of previously developed goals and objectives.

### *Revenue and Expenditures Analysis*

**R2.10 Brookfield LSD should closely examine the spending patterns indicated in Tables 2-18 and 2-19 and the cost reductions recommended in the human resources, facilities and transportation sections of this report. The District should consider reallocating the monies it currently receives toward those programs and priorities which have the greatest impact on improving student academic performance. Furthermore, the District should analyze the spending patterns and recommendations to aid in efforts to restore financial stability.**

**Table 2-18** compares the District's FY 2005-06 general fund revenues by source and expenditures by object to the peer average. The data is presented on a per student basis to account for differences in student population.

**Table 2-18: Revenues by Source, Expenditures by Object (per student)**

	Brookfield LSD FY 2006	Peer Average FY 2006
Property & Income Tax	2,502	3,402
Intergovernmental Revenues	4,711	4,282
Other Revenues	914	525
<b>Total Revenue</b>	<b>\$8,127</b>	<b>8,209</b>
Wages	4,611	4,532
Fringe Benefits	1,500	1,702
Purchased Service	1,262	957
Supplies & Textbooks	297	312
Capital Outlays	62	132
Debt Service	0	5
Miscellaneous	151	181
Other Financing Uses	0	155
<b>Total Expenditures</b>	<b>\$7,883</b>	<b>7,976</b>

Source: FY 2005-06 Brookfield LSD 4502

**Table 2-18** shows that Brookfield LSD's total receipts were approximately one percent lower than the peer average in FY 2005-06. However, the FY 2005-06 receipts include the proceeds from a \$700,000 tax anticipation note that was issued for cash flow purposes. If the debt proceeds were removed from consideration, the total revenues would have been \$7,598 per student, which is approximately five percent lower than the peer average. The District's low property tax collections in comparison to the peer average can be attributed, in part, to lower property valuations. For example, the assessed valuation per student was \$96,701 in FY 2005-06 while the peer average was \$121,348. In addition, the District has not passed a property tax levy for the general fund since 1995 when voters approved a 7.5 mill continuing levy.

**Table 2-18** also shows that that the District's total expenditures were approximately one percent lower than the peer average in FY 2005-06. However, it should be noted that the debt service payments (\$19,000) associated with the tax anticipation note were made from the debt service fund. As a result, the debt repayment is not reflected in **Table 2-18**.

Explanations for expenditure categories that are higher than the peer average include the following:

- **Wages** - The District spent \$79, or 1.7 percent, more per student on wages in comparison to the peer average. The higher wages are due to the District's compensation package for certificated staff rather than the staffing levels. For example, a compensation analysis in the **human resources** (see **R3.4**) section shows that the average salary for certificated staff was \$52,435 in FY 2005-06 while the peer average was \$44,786. In contrast, the staffing analysis in the **human resources** section shows the District employed a total of approximately 117 FTEs per 1,000 students whereas the peer average was 125. Furthermore, the District employed 67 FTE certificated staff per 1,000 students while the peer average was 75.
- **Purchased Services** - The District's purchased services exceed the peer average by \$305 per student, or 32 percent. The Treasurer noted the District contracts with the Trumbull County Educational Service Center to provide special education teachers and other services to students with hearing and visual disabilities. In addition, the District's natural gas utilities and contracted pupil transportation also contribute to the high cost of purchased services. For example, the District spent approximately \$161 and \$36 per student on natural gas and contracted transportation while the peer averages were \$102 and \$8, respectively. The District also spent approximately \$38,000 on legal fees associated with several grievances filed by the unions (see the **human resources** section). **R4.8** in the **facilities** section notes that the District does not have a formal energy conservation plan, does not monitor energy use, and does not use consortiums to purchase natural gas or electricity. The higher transportation costs are due to outsourcing of the entire special education transportation function (see **R5.8** in **transportation** section).

**Table 2-19** shows the amount and percent of expenditures posted to the various Uniform School Accounting System (USAS) function codes for Brookfield LSD and the peers. Function codes report expenditures by their nature or purpose. The following table shows operational expenditures per pupil and percentage of operation expenditures by function for all funds that are classified as governmental fund types.

**Table 2-19: Governmental Expenditures by Function in 000's**

USAS Function Classification	FY 2006 Brookfield LSD		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
<b>Instructional Expenditures:</b>	<b>\$5,545</b>	<b>64.5%</b>	<b>\$5,339</b>	<b>60.2%</b>
Regular Instruction	\$4,253	49.5%	\$3,886	43.8%
Special Instruction	\$1,143	13.3%	\$1,035	11.7%
Vocational Education	\$132	1.5%	\$210	2.4%
Adult/Continuing Education	\$0	0.0%	\$1	0.0%
Extracurricular Activities	\$0	0.0%	\$0	0.0%
Classroom Materials and Fees	\$0	0.0%	\$0	0.0%
Miscellaneous	\$0	0.0%	\$0	0.0%
Other Instruction	\$17	0.2%	\$206	2.3%
<b>Support Service Expenditures:</b>	<b>\$2,821</b>	<b>32.9%</b>	<b>\$3,188</b>	<b>36.0%</b>
Pupil Support Services	\$360	4.2%	\$356	4.0%
Instructional Support Services	\$312	3.6%	\$404	4.6%
Board of Education	\$10	0.1%	\$26	0.3%
Administration	\$630	7.3%	\$787	8.9%
Fiscal Services	\$196	2.3%	\$272	3.1%
Business Services	\$40	0.5%	\$8	0.1%
Plant Operation & Maintenance	\$939	10.9%	\$766	8.7%
Pupil Transportation	\$333	3.9%	\$547	6.2%
Central Support Services	\$0	0.0%	\$23	0.3%
<b>Non-Instructional Services Expenditures</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$38</b>	<b>0.4%</b>
<b>Extracurricular Activities Expenditures</b>	<b>\$220</b>	<b>2.6%</b>	<b>\$302</b>	<b>3.4%</b>
<b>Total Governmental Fund Operational Expenditures</b>	<b>\$8,586</b>	<b>100.0%</b>	<b>\$8,866</b>	<b>100.0%</b>

Source: Brookfield LSD 4502 Exhibit 2

**Table 2-19** shows that although Brookfield LSD's total instructional expenditures per pupil exceeded the peer average by \$206, the District's expenditures for support services were \$367 lower. **Table 2-19** also shows that expenditures for extracurricular activities and non-instructional services were \$82 and \$38 lower than the peer averages, respectively. As a result, the District's total governmental expenditures per student are approximately \$280 lower than the peer average. Explanations for per student expenditures that were more than three percent higher than the peer average include the following:

- *Regular Instruction-* The District spent \$367 more per student than the peer average on regular instruction. The higher expenditures are due, in part, to the compensation package for certificated staff. For example, **R3.4** in the **human resources** section shows that the certificated salary schedule is more generous than the peers (see **human resources** section for further analysis).
- *Special Instruction-* The District spent \$108 more per student than the peer average on special instruction. In FY 2005-06, the District had 154 students enrolled in the special education program while the peer average was 202. In addition, the District maintained a special education student-to-teacher ratio of 14.14 while the peer average was 14.13. These ratios indicate that the District's higher special education expenditures are not due to having more students or teachers. However, the District spent approximately \$533,000 for contracts with the Trumbull County Educational Service Center to provide special education teachers and other services to the District's students with hearing and visual disabilities. In FY 2005-06, the District had 28 students with speech and language disabilities and 2 with hearing impairments while the peer averages were 36 and 3, respectively. The District's compensation package for certificated employees also contributes to the high cost of the special education program. See **R3.4** and **R3.6** in **human resources** section for further analysis.
- *Business Services –* The District spent \$32 more per student than the peer average on business services. The higher expenditures can be attributed to the District spending approximately \$12,000 on salaries and benefits for a part-time employee to make copies for staff and deliver inter-office mail. This position is coded under the "all other technical staff" classification for EMIS reporting purposes. **Table 3-1** in the **human resources** section shows the District's "all other technical staff" classification has 0.7 FTEs on a per 1,000 ADM basis while the peer average is 0.2. See **R3.2** in the **human resources** section for additional analysis.
- *Plant Operation and Maintenance-* The District spent \$173 more per student than the peer average on plant operation and maintenance. The higher expenditures can be attributed to higher custodial staffing levels, and a lack of energy management practices. See **R4.1** and **R4.8** within the **facilities** section for additional discussion.

**R2.11 Brookfield LSD should diligently monitor those spending areas over which it can exercise more discretion. Various areas are identified in Table 2-20 where the District spent more per student than the peers. District management should closely review these costs to identify possible opportunities for reductions and savings. In particular, the District should complete a thorough review of all its purchased services, which should include an annual cost/benefit analysis of the special**

**education instructional and transportation contracts as noted in *Issues for Further Study* in the human resources section and R5.8 of the transportation section.**

**Table 2-20** shows the District's discretionary expenditures by type in comparison to the peer average.

**Table 2-20: Discretionary Expenditures by Type**

	<b>Brookfield LSD FY 2006</b>	<b>Peer Average</b>
Prof. and Technical Service	\$483	\$181
Property Services	\$71	\$139
Mileage/Meeting Expense	\$11	\$20
Communications	\$21	\$24
Contract, Craft or Trade Service	\$0	\$1
Pupil Transportation	\$36	\$7
Other Purchased Service	\$0	\$6
General Supplies	\$152	\$119
Textbooks/Reference Materials	\$38	\$39
Supplies & Materials for Resale	\$0	\$17
Food & Related Supplies/Mat	\$2	\$1
Plant Maintenance and Repair	\$43	\$49
Fleet Maintenance and Repair	\$61	\$88
Land, Building & Improvements	\$11	\$50
Equipment	\$9	\$48
Buses/Vehicles	\$42	\$34
Dues and Fees	\$139	\$167
Insurance	\$5	\$11
Miscellaneous	\$2	\$2
<b>Total</b>	<b>\$1,126</b>	<b>\$1,003</b>

Source: Brookfield LSD 4502 Exhibit 2 and Statement P

**Table 2-20** shows that total discretionary expenditures in FY 2005-06 were higher than the peer average by approximately \$123, or 12 percent. Explanations for the line-items where Brookfield LSD's expenditures were higher than peer average include the following:

- *Professional and Technical Services-* Brookfield LSD spent \$302 more per student than the peer average on professional and technical services. The higher costs can be attributed to contracting with the Trumbull County Educational Service Center to provide various special education services (approximately \$533,000). The District also spent approximately \$38,000 on legal fees associated with several grievances filed by the unions. These two expenditures account for nearly 90 percent of the District's professional and technical expenditures (\$639,000). See the **human resource** section for an additional discussion regarding the special education program and contract negotiations.
- *Pupil Transportation-* The District spent \$29 more per student than the peer average on pupil transportation. The higher transportation costs are due to the outsourcing of the special education transportation function (approximately \$43,000). See the **transportation** section for an additional discussion regarding the District's special education transportation.
- *General Supplies-* The District spent \$33 more per student than the peer average on general supplies. In addition to general office and building supplies, the District uses this line-item to account for classroom education supplies, student workbooks, guidance and testing materials, and other instructional supplies. **R2.2** notes that the District did not comply with the instructional materials spending requirements in ORC §3315.17 during FY 2003-04 or FY 2004-05. In addition, the District is not projecting compliance with the instructional material spending requirements during the next five years. Therefore, although the District's spending for general supplies is higher than the peer average, it may be difficult for the District to reduce this expenditure in the future without increasing the expenditures from another qualifying line-items.
- *Buses/Vehicles-* The District spent \$8 more per student than the peer average on buses/vehicles. The higher expenditures are due to the purchase of one new bus (approximately \$55,000) in FY 2005-06.

**R2.12 The District should consider pursuing various options to increase its other revenues. These options include, but are not limited to, having the Board take a more active role in the District's investments, reinstating the student fee structures, and making grants management a higher priority by centralizing this responsibility within one administrative position. The additional revenue generated through these efforts**

would help the District offset the cost of offering programs outside the normal curriculum.

Table 2-21 shows general fund revenues per student in comparison to the peer average.

**Table 2-21: Revenue Generated on a Per Student Basis**

	Brookfield FY 2005	Brookfield FY 2006	Peer Average
Property & Income Tax	\$2,551	2,502	\$3,402
Intergovernmental Revenues	4,551	4,711	4,282
Other Revenues	228	914 <sup>1</sup>	525
<b>Total Revenue</b>	<b>\$7,330</b>	<b>\$8,126</b>	<b>\$8,209</b>

Source: Brookfield LSD 4502

<sup>1</sup>The other revenues line item includes a debt issuance for \$700,000.

Table 2-21 shows that property tax receipts were lower than the peer average in FY 2005-06 while intergovernmental and other revenues exceeded the peer averages. However, it should be noted that the District’s other revenue line-item is inflated in FY 2005-06 due to the issuance of debt for cash flow purposes (\$700,000) in November, 2005. If the debt issuance was removed from consideration, other revenues would have equaled \$381 on a per student basis, which is 37 percent lower than the peer average.

Table 2-22 provides a breakdown of the District’s other revenues on a per student basis in comparison to the peer average.

**Table 2-22: Other Revenues Generated on a Per Student Basis**

Other Revenues	Brookfield LSD FY 2006	Peer Average
<b>Tuition</b>	\$226.96	\$331.95
<b>Transportation Fees</b>	\$4.26	\$1.26
<b>Investment Earnings</b>	\$16.99	\$100.27
<b>Extracurricular/Classroom Fees</b>	\$6.70	\$23.61
<b>Miscellaneous</b>	\$125.86	\$16.84
<b>Transfers/Advances</b>	\$0.00	\$99.62
<b>Total</b>	<b>\$380.77</b>	<b>\$573.55</b>

Source: Brookfield LSD 4502 Exhibit 2

Explanations for areas where other revenues are lower than the peer average include the following:

- *Tuition*- Table 2-22 shows that the District’s FY 2005-06 tuition revenues were lower than the peer average by approximately \$105 per student. This line-item



accounts for tuition revenues received from students attending the District through open enrollment, which is outside of the District's direct control. The District's final SF-3 report (FY 2005-06) shows that it received a positive open enrollment adjustment of \$95,022 in FY 2005-06, indicating the District gained students through open enrollment. However, a majority of the peers also gained students through open enrollment with the average adjustment equaling \$123,842 in FY 2005-06.

- *Investment Earnings-* **Table 2-22** shows that the District's FY 2005-06 investment returns were lower than the peer average by approximately \$91 per student. The District has an investment policy which stresses liquidity and safety. Examples of allowable investments include bonds from state and federal agencies as well as deposits in the Ohio State Treasury Asset Reserve (STAR Ohio). The District's lower investment earnings are a function of lower cash reserves available for investment purposes. For example, the District's beginning fund balance (General Fund) has declined the past three years from a high of \$383,509 in FY 2003-04 to a low of \$18,625 in FY 2005-06. However, the Treasurer noted the District invests all monies in STAR Ohio without reviewing other options and the Board does not take an active role in overseeing investments. For example, the Board does not usually request or receive reports showing investment yields.
- *Extracurricular Fees/Classroom Materials-* **Table 2-22** shows that the District's FY 2005-06 classroom material fees were lower than the peer average by approximately \$17 per student. The Treasurer indicated that prior to FY 2005-06, the District had a variety of extracurricular and workbook fees in place that generated approximately \$52,000 annually (\$39 on a per student basis). However, the Board voted to eliminate all extracurricular/classroom material fees at the conclusion of FY 2004-05. Other districts, such as Painesville Township Local School District in Lake County, have implemented pay-to-participate and student workbook fees in an effort to partially offset the high cost of offering these programs. Furthermore, the Painesville Township Local School District links these fees to the cost of offering the programs rather than as a solution to a declining financial situation. In FY 2005-06, Painesville Township Local School District generated \$109,000 from the pay-to-participate program and \$214,000 from various student fees.
- *Miscellaneous-* Brookfield LSD accounts for building rentals, local grants/charitable donations, employee reimbursements and other miscellaneous receipts within the miscellaneous line-item. Although **Table 2-22** shows that miscellaneous revenues exceeded the peer average, the majority of the District's revenues in this category were due to building rentals and a variety of miscellaneous receipts. The District's local grants/charitable donations accounted

for only about \$7,500 of the total miscellaneous receipts. The District does not have a policy concerning grants management. In addition, the Treasurer noted that with the exception of the Superintendent, who is listed as the contact authority for federal and state grants, the District does not have a central person responsible for grants management. In actual practice, the District relies on teachers and administrative staff to research and apply for grants when time permits. **Table 6-4** in the **technology** section also shows the District has not received any local grant funding for technology purposes during the last three years.

### *Financial Policies and Procedures*

#### **R2.13 The District should develop financial policies that address the following topics:**

- **Stabilization of funds;**
- **Balancing the operating budget;**
- **Use of unpredictable revenues; and**
- **Contingency planning to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events.**

**In addition, Brookfield LSD officials should periodically review and update its financial policies.**

Although Brookfield LSD has financial policies that address areas such as budget planning, purchasing, investments, and fees and charges, they do not address the following:

- Stabilization of funds;
- Balancing the operating budget;
- Use of unpredictable revenues; and
- Contingency planning.

According to GFOA, a school district should develop a comprehensive set of financial policies that are consistent with the District's broad goals and are the outcome of sound analysis. GFOA recommends developing financial policies for the following areas:

- **Stabilization of funds:** A government should maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The policies should establish how and when a government builds up stabilization funds and identify the purposes for which they may be used. Once

developed, the policies should be reflected in other government documents, including planning and management reports.

- **Balancing the operating budget:** Governments should develop a policy that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.
- **Use of unpredictable revenues:** Governments should identify major revenue sources it considers unpredictable and define how these revenues may be used. For each major unpredictable revenue source, a school district should identify those aspects of the revenue source that make the revenue unpredictable. Most importantly, a school district should identify the expected or normal degree of volatility of the revenue source. For example, revenues from a particular source may fluctuate, but rarely, if ever, fall below some predictable minimum base. A government should decide, in advance, on a set of tentative actions to be taken if one or more of these sources generate revenues substantially higher or lower than projected.
- **Contingency planning:** Governments should have policies to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events. This policy should identify types of emergencies or unexpected events and the way in which these situations will be handled from a financial management perspective. It should consider operational and management impacts.

Once developed, GFOA indicates that the financial policies should be reviewed periodically and made available to the public.

### *Financial Reporting*

**R2.14 The District should consider holding public meetings with citizens on a quarterly basis to discuss a wide range of topics including its financial condition, proposed curriculum modifications, busing, technology, etc. The District should also explore other methods for obtaining stakeholder feedback such as annual surveys (see R4.3 in facilities section for additional discussion) and reinstating the periodic newsletters. Improved communications will help the District inform the public about pertinent issues and allow it to receive the feedback necessary for effective management.**

The District's primary method of communicating with citizens consists of public Board meetings. Although the District used to publish a periodic newsletter that contained

financial information, the Treasurer indicated that it discontinued this practice due to financial difficulties. The Treasurer also indicated that the District does not use any other means to inform the public of its financial situation. In particular, the District does not hold community forums or conduct stakeholder surveys to determine its strengths and weaknesses (see **R4.3** in **facilities** section).

Historically, the District has had difficulty passing operating levies. For example, three levies (four mills each) were placed on the ballot in November 2003, March 2004, and November 2004 and were rejected by the voters. Two, seven-mill levies were placed on the ballot and were rejected by voters in February, 2005 and May, 2005. Also, a five-year emergency levy was defeated by voters in November, 2005. The District may improve its chances of passing future levy proposals by taking action to better educate the citizens about its financial condition.

According to OPPAGA, open two-way communication with the public is essential for a school district to maintain and increase its support base in the community. A school district must find effective ways of communicating with the public and receiving input from different segments of the community. An informed public, and one that is heard, provides the added support and feedback needed to maintain district excellence.

Consistent with the OPPAGA recommendation, the Painesville Township Local School District holds quarterly town hall meetings where discussions take place regarding school funding, permanent improvement levy projects, curriculum modifications and a variety of other issues. The meeting dates and times are advertised through television, print, and on-line ads and notices are sent home to inform parents. In addition, Painesville annually sends a satisfaction survey to parents as a way for stakeholders to communicate their feelings regarding District operations. Similarly, the Austintown Local School District holds an annual “State of the Schools” meeting to discuss the District’s future plans.

**R2.15 The District should consider updating its website to include financial information that could be useful to local citizens and other interested parties. By making financial information available on its website, the District would be using an inexpensive method to help people better understand its financial condition. In addition, a redesigned website could potentially reduce the time and costs associated with public records requests.**

Although Brookfield LSD has a website that is used to communicate information to stakeholders, it does not have a web page for the Treasurer’s office. As a result, the District does not place any financial information (GAAP financial statements, annual budget, five-year forecast, levy information, etc.) on its website for public viewing.

According to GFOA, governments should publish budget documents and comprehensive annual financial reports directly on their websites. Consistent with the GFOA recommendation, the Westerville City School District provides the community with several key financial reports that pertain to District operations via its website. Its website includes the following five major components:

- Levy Information: Levy Facts, Reappraised Home Values and School Taxes, Property Tax Calculator, Income Tax Calculator, Ohio School District Income Tax, and Glossary of Terms;
- Budget/Appropriations: Current Five-Year Forecast, understanding the five-Year Forecast, FY 2005-06 Appropriations, FY 2005-06 Tax Budget, and Historical Year-end Analysis;
- Taxes/Millage/Valuation: Tax Calculator, Presentation of Governor's Blue Ribbon Task Force on Student Success, Area School Districts' Effective Tax Rates (Historical Information), Historical Tax Rates, Questions on Taxes and Millage;
- Annual Report: Two Years' Historical Information for both the comprehensive annual financial report and popular annual financial reports, and the most recent comprehensive annual report;
- Miscellaneous: State Performance Audit, School Finance Terms, State Financial Designations, and Local Report Cards.

### *Purchasing*

**R2.16 The District should consider implementing on-line requisitioning at all schools and departments and providing the appropriate training to all building secretaries. On-line requisitioning would reduce the time from requisition to creation of a purchase order. In addition, once fully implemented, an automated system would allow the Treasurer's office to operate more efficiently by eliminating current duplications of effort.**

The purchasing process at Brookfield LSD begins when an employee submits information for a proposed purchase to the building secretary, who creates a requisition for the principal and/or department head's approval and signature. The requisition is then sent to the Superintendent who reviews and approves the purchase based on its usefulness to the District. Once approved by the Superintendent, the requisition is sent to the Treasurer's office for fund availability certification via the Treasurer's signature. An employee in the Treasurer's office is responsible for entering the requisition into the accounting software, and subsequently assigning a purchase order number to be used by the building/department in making the purchase.

Brookfield LSD's purchasing process is manual and paper-driven, which increases the time that operating units must wait for a properly issued purchase order to be executed. In addition, the District's purchasing process allows for duplication of effort as teachers and building secretaries are writing/typing the same information that a clerk in the Treasurer's office will eventually re-enter into the accounting system. The District's accounting system (the State software) has the ability to produce requisitions and electronic purchase orders on-line. However, Brookfield LSD has not given the building secretaries access to, or training on, the purchasing module within the accounting system.

The National Institute of Governmental Purchasing (NIGP) recommends using an automated purchasing system to perform purchasing activities, including requisitioning, solicitations, bidder selections, response tabulations, purchase order awards, and receipt of goods and services. The NIGP notes that an automated system provides districts with a single point of contact, eliminates lost or misplaced documents, improves processing time, and avoids late payment penalties. A fully automated purchasing system with on-line requisitioning would help the District's purchasing process become more efficient by eliminating duplications of effort and speeding up the certification/approval process. However, it will be difficult for the District to reduce the staffing levels within the Treasurer's office despite the efficiencies gained through an on-line requisitioning system. For instance, **Table 2-19** shows that the District spent \$196 per student on fiscal services (accounts for Treasurer's office) in FY 2005-06 while the peer average was \$272. This is one indication that the staffing levels within the Treasurer's office are already lower than the peer average (see **R3.2** in the **human resource** section).

**R2.17 In addition to the recommendations identified in the FY 2005-06 financial audit, Brookfield LSD should consider requiring that department heads notify vendors that invoices are to be mailed directly to the Treasurer's office when making a purchase. If an invoice is mistakenly delivered to an alternate location, the District should require department heads and building principals to submit the invoice to the Treasurer's office within 48 hours of receipt. If it is not possible to hand deliver or mail the invoice within this timeframe, department heads and building principals should be encouraged to either e-mail or fax a copy of the invoice to the Treasurer's office so that it can be scheduled for payment. Implementing these procedures will help ensure the District avoids late payment fees associated with invoices not being submitted to the Treasurer's office in a timely manner.**

**To ensure that prompt payment becomes and remains a high priority for the District, the Board should require the Treasurer's office to track the amount of late payment fees incurred and/or the prompt pay discounts lost on a monthly basis, the reason, and the department that ordered the goods or services. The Treasurer should provide this report to the Board and Superintendent on a regular basis.**

The District has developed formal policies to help ensure that vendor invoices are paid in a timely and accurate manner. Specifically, the Board's policy states that "The Board of Education directs the prompt payment of legitimate claims by suppliers of goods and services to the District." The policy goes on to indicate the following actions must take place before an invoice can be paid:

- Bills must be fully itemized and verified prior to a voucher being drawn for payment;
- The Treasurer shall verify that the voucher is submitted properly and the invoice correct;
- The originator of the purchase order shall verify that acceptable goods were received or services rendered and the date of receipt; and
- Payments are submitted for Board review that include vendor name, number and amount of the check, and a description of the item purchased.

Despite this policy, several purchasing citations are included in the management letter accompanying the District's FY 2005-06 financial audit. Specifically, the following was cited during the testing of non-payroll expenditures:

- Four instances (out of 60) were noted in which there was no evidence that goods or services were received before payment was made;
- Four instances (out of 60) were noted in which the District's payment did not match the original amount of the invoice; and
- 39 instances (out of 60) were noted in which the District was charged late fees for paying invoices after the original deadlines. This resulted in an additional cost of approximately \$1,300 to the District.

Although the financial audit was not publicly released during the course of this performance audit, the management letter comments and recommendations were discussed with the Treasurer on December 19, 2006. The financial audit specifically recommends that the Treasurer closely monitor requisitions to ensure that proper approvals and signatures are being received; that the Treasurer closely monitor all vendor payments to ensure that proper and accurate disbursements are being made; and that the Treasurer closely monitor invoices and implement internal control procedures to avoid late payment fees. The Treasurer indicated that some of the issues with missing invoice deadlines are due to employees not consistently submitting invoices to the Treasurer's office in a timely manner.

**R2.18 The District should develop a more comprehensive purchasing policy that establishes a minimum threshold for obtaining price quotes. The Treasurer's office should help devise the new threshold with the intent of subjecting more items to competitive pricing without being overly cumbersome for operational units. The**

**District should also consider structuring the policy to require competitive bidding for commonly used items such as office supplies, technology equipment, and transportation, building and food service supplies and materials. To facilitate this effort, the District would need each of the operational units to make an estimate of the quantity and type of goods that will be needed during the year. The District should then subject these items to competitive bidding on an annual basis and compare the prices to those that can be obtained through various consortiums (see R2.19).**

**In addition, the District should develop the purchasing policy to indicate when requests for proposals should be used in contracting for purchased services, and identify the dollar thresholds and types of purchases that would be subject to competitive proposals. These policies will provide the Board with greater assurance that goods and services are being purchased at a fair price and that objective decisions are being made regarding vendor selection.**

The District's purchasing policies state that competitive bidding will be used when the cost of a capital asset exceeds \$15,000. Although this policy is compliant with ORC §3313.46 (mandates that most purchases exceeding \$25,000 must be competitively bid), it does not address procedures to be followed when making purchases that cost less than \$15,000. In addition, the policies do not address when requests for proposals should be used in contracting for purchased services.

The Akron City School District requires employees to obtain three price quotes on anything costing more than \$6,000. Similarly, the Cincinnati Schools require various forms of competitive pricing for goods and services costing more than \$500. OPPAGA also recommends that districts take maximum advantage of the purchasing function by ensuring that effective price quotation policies are in place that require quotes for small purchases less than the dollar limits requiring competitive bidding. Without more stringent competitive purchasing policies, the Board has limited assurance that employees are obtaining fair prices for significant purchases and that vendor selection decisions are being made objectively.

**R2.19 Brookfield LSD should consider using cooperative purchasing arrangements and/or memberships in consortiums as methods to increase the pool of products for which it receives competitive pricing. This would further ensure the District pays the "best" price for products.**

The District has a Board policy that states "The Board of Education recognizes the advantage of centralized purchasing in that volume buying tends to maximize value for each dollar spent. The Board, therefore, encourages the administration to seek advantages in savings that may accrue to the District through joint agreements for the purchase of



supplies, equipment, or services with the governing body of other governmental units.” However, despite this policy, the Treasurer indicated that the District does not use cooperative purchasing or consortiums when purchasing commonly used items. Exploring relevant cooperative purchasing arrangements and consortiums would help the District ensure it purchases products at the most economical price. The U.S. Communities: Government Purchasing Alliance (USC) is a nonprofit entity that assists public agencies in reducing the cost of goods by pooling the purchasing power of public agencies nationwide. USC advertises that the advantages of membership include the following:

- Savings through no user fees or costs to participate, saves time and money, and frees resources for other public priorities, programs and services;
- Competitively solicited contracts;
- Nationally sponsored by leading associations and purchasing organizations (e.g., Association of School Business Officials International);
- Directed by public purchasing professionals;
- Aggregate purchasing power;
- Combines potential purchasing power of up to 87,000 local agencies;
- Expands purchasing choices beyond state boundaries; and
- Over 17,000 currently participating public agencies in 50 states

USC offers technology products such as computer hardware, software, and peripherals, as well as office/school supplies, janitorial supplies, office and school furniture, office machines, and auto parts and accessories.

### *Payroll Functions*

**R2.20 Brookfield LSD should consider hiring a full-time payroll clerk (see R3.2 in the human resource section). This would allow the District to address the lack of segregation of duties within the Treasurer’s office. In addition, this would also provide the Treasurer with additional time that could be devoted to implementing the recommendations identified in this performance audit, including improving the financial forecasting (R2.2), budgeting (R2.8), management reporting (R2.14), and the purchasing functions (R2.16, R2.17, R2.18, R2.19).**

The District does not appear to have a proper segregation of duties for completing the payroll function. Prior to FY 2006-07, the Treasurer’s office consisted of the Treasurer and two full-time clerks. Under this structure, one clerk was responsible for the payroll function while the other was responsible for the accounts payable function. The Treasurer was responsible for overseeing these employees, which included reviewing supporting materials for processing payroll and accounts payable, providing final authorization for

the weekly payroll and accounts payable transactions, and reconciling the District's bank records to ensure that payroll and accounts payable were processed correctly. However, in FY 2005-06, the payroll clerk retired and has not been replaced. As a result, the Treasurer is currently completing all the payroll functions for the District including entering timesheets and leave information into the accounting system, updating personnel records, verifying supporting materials, authorizing payments, and performing bank reconciliations.

According to the University of California, an entity can help ensure proper payroll processing by having different people performing key payroll duties. In particular, an organization should separate the following responsibilities:

- Preparing and updating payroll and personnel data;
- Approving payroll actions;
- Reviewing monthly payroll expense reports;
- Reviewing and reconciling financial records on a monthly basis; and
- Distributing the payroll.

The University of California identifies the following as potential consequences of failing to separate the aforementioned responsibilities:

- Unauthorized payments made to non-existent employees;
- Unauthorized payroll transactions processed;
- Improper changes made to payroll files, and personnel documents; and
- Misappropriation of funds.

**R3.2** in the **human resources** section indicates that the District would need to hire approximately 3.5 clerical FTEs to achieve the peer average staffing levels. The District could address the improper segregation of duties by allocating one of these employees to the Treasurer's office. The financial implication associated with hiring a clerical employee for the Treasurer's office is included in **R3.2**.

**R2.21** **Once the District has restored financial stability and is no longer in fiscal watch, it should consider installing an automated time and attendance system. This would eliminate the duplication of effort that occurs under the current process and potentially improve the accuracy of the time capture process by shifting the focus of the Treasurer's office from data entry to data verification. Once this system is fully operational, the District should review the staffing levels within the Treasurer's office to determine if adjustments are necessary based on revised workloads (assumes the District will implement R2.20 and hire one additional Clerk for payroll in FY 2007-08).**

**If the District chooses not to purchase an automated time and attendance system, it should consider revising the current process so that all classified staff are required to complete timecards that account for each day's activities. This would provide the District with an additional management control for ensuring payroll expenditures reflect time that is actually worked.**

When processing payroll, the District permits employees to be paid on a schedule of either 19 or 26 pays per year. Although the number of pay dates can vary by employee, pay dates are every other Friday and employees on the 19 pay schedule must fit within the confines of the 26 pay cycle. The Treasurer indicated that employees who choose the 19 pay schedule must make this designation at the beginning of the year and cannot change their designation until the conclusion of the school year. The District uses a manual process to track time and attendance, with a two week delay (lag) from pay period ending date and the date the employees receive their paychecks.

The District processes payroll on an exception basis for all permanent employees. This means that employees are paid their regular time unless exceptions such as absences, extra time (in situations where part-time employee work more than regular hours but less than 40) or overtime are noted. All employees are required to manually complete leave forms to report the use of vacation, personal, or sick leave. The leave requests are approved by the immediate supervisor or building principal and are sent to the Treasurer's office for data entry. Substitute employees are required to complete a daily sign-in sheet at each building and/or department indicating which employee they are replacing and the length of time they worked. The daily sign-in sheets are forwarded to the Treasurer's office at the end of the pay-period. Once everything is entered, the daily sign-in sheets and employee absence forms are reconciled with the payroll system. If an employee fails to submit an absence form and the sign-in sheet indicates that a substitute worked for that employee, it would be apparent that the employee either failed to submit an absence form or was engaging in suspicious behavior.

As a result of the controls and procedures noted above, the Treasurer indicated that the District is able to minimize the number of special payroll runs and overtime necessary to process payroll due to mistakes and other factors. Although the current payroll system limits overtime and the potential for mistakes, the manual system results in a duplication of effort. For example, under the current process, employees must manually enter work and leave information on a timesheet. The Treasurer's office then enters the same information into the accounting system. The current process requires that the District implicitly trust that certain hourly employees are actually working the hours for which the Treasurer's office is paying them. For example, the District processes payroll for bus drivers and food service employees on an exception basis, which means that the Treasurer's office assumes the employees will work at least their normal schedule each week without verification. Although an exception based reporting system can be effective

and efficient for staff members working under an annual contractual salary (administrators and teachers), it may not be as accurate for hourly employees whose schedules and work requirements can change from day-to-day.

According to the University of Saskatchewan, it is important for school districts to monitor time and attendance to ensure the information is accurate. One way to ensure the accuracy of information is to clarify the District's expectations for attendance. All employees should be aware of work policies and procedures regarding attendance and absences. In addition, keeping accurate records for all employees is critical to determine if the employee's absence is higher or lower than the average absence rate.

One vendor notes that benefits of an automated time and attendance system include the following:

- Reduces the risk of costly payroll errors and inflated labor costs;
- Provides managers with real-time labor data along with tools to control costs and improve productivity;
- Eliminates paper timesheets and opportunities for human error;
- Delivers pay accurately and on-time with consistent pay practices; and
- Frees managers to focus on higher value strategic activities.

In addition to the benefits noted above, an automated time and attendance system would provide the District with an objective mechanism to pay employees for time actually worked and avoid costs associated with employee tardiness, long lunches or breaks, or early departures.

*Financial Implication:* Based on a quote from one vendor, the installation of an automated timekeeping system would result in an initial cost of \$69,000 and an annual cost of \$4,500 thereafter for software updates and maintenance.

**R2.22 The District should expand the use of direct deposit and consider negotiating mandatory direct deposit in future union agreements. The use of direct deposit reduces the cost of processing payroll checks, streamlines bank reconciliations and helps minimize the security risks associated with lost or stolen checks.**

Brookfield LSD offers its employees the option to be paid through direct deposit to any financial institution. However, direct deposit is not mandatory. According to the Treasurer, approximately 60 percent of the staff participates in direct deposit, with the remaining employees receiving paper checks. According to *Accounting Best Practices* (Steven M. Bragg, 2005), entities should take advantage of direct deposit. Using direct deposit can help eliminate some of the steps involved in issuing paychecks, including the following:

- Printing checks, including manual cancellation of the first batch of checks and new print runs when initial check runs fail;
- Signing of checks by an authorized individual, who may have questions about payment amounts that require additional investigation;
- Distributing checks; and
- Tracking checks not cashed and following up with employees.

Besides avoiding some of the steps involved with issuing paychecks, direct deposit carries the additional advantage of putting money in employee bank accounts without delay. However, paper notification of direct deposit payment may still need to be sent to employees. While this would require printing and distribution steps, there would be no need for signing the notifications or tracking pay checks not yet cashed by employees. *Accounting Best Practices* further indicates that if properly implemented, direct deposit can be a clear advantage to both the accounting department and employees.

Although the savings associated with expanding direct deposit cannot be easily quantified, it is likely that the District will experience savings from reduced bank fees, printing and paper costs, and time associated with processing payroll.

### *Organization and Operations*

**R2.23 Prior to implementing R2.20 (hiring an additional payroll clerk), the Treasurer should identify the minimum qualifications that are needed to work in the Treasurer's office. The Treasurer should subsequently work with the Superintendent and Board to update the job descriptions to incorporate the minimum qualifications. In compliance with the classified bargaining agreement, all future hiring for the Treasurer's office should be based on consideration of an employee's seniority and ability to meet the minimum qualifications. In addition, if the District implements R2.20, it should take steps to cross-train the employees in the Treasurer's office. This would help the District avoid potential difficulties should one or more of the employees be absent for an extended period of time.**

The District currently has one clerk in the Treasurer's office who is responsible for processing accounts payable transactions. Prior to FY 2005-06, the District had two clerks, one for accounts payable and one for payroll. However, the payroll clerk retired in February 2006, and the Treasurer is currently handling all payroll functions. As a result, **R2.20** indicates that the District should hire a full-time payroll clerk to restore a proper segregation of duties and to provide the Treasurer with additional time to focus on other duties.

The Treasurer indicated that if the District implements **R2.20**, it would be required to award the position based strictly on union seniority. The District has not established

minimum qualifications for a position in the Treasurer's office. Consequently, it would have limited assurance that it is hiring the best qualified applicant. However, the classified bargaining agreement appears to give the District the ability to fill vacant positions based on a consideration of seniority and qualifications. For example, the classified bargaining agreement states that all classified job openings will be filled as follows:

- A present employee within the same classification, then classification series based on seniority;
- A qualified present employee from another classification based on qualifications and seniority. The Board/Superintendent shall make the determination of who meets the minimum qualifications of the posting. No decision on the determination of minimum qualifications of the posting shall be arbitrary or capricious; and
- If no present employee submits a bid, the Board will seek other candidates from the substitute list and/or outside applicants.

In addition, although employee cross-training is not currently an issue for the Treasurer's office because there is only one employee, hiring an additional clerk (see **R2.20**) and cross-training both employees (accounts payable and payroll) would help the Treasurer's office be more flexible. For example, the Society of Human Resource Management (SHRM, 2001) indicates that cross-training increases employees' knowledge and ability to perform different tasks by using current skills or learning new skills. Most organizations benefit from cross-training as it:

- Creates a more flexible and versatile workforce;
- Improves productivity;
- Prevents stagnation;
- Allows for effective succession planning;
- Increases retention and avoids recruiting costs; and
- Enables employees to understand organizational goals and objectives.

### *Food Service Operations*

**R2.24 Once the District has made a final decision regarding the building configurations proposed by the Ohio Schools Facilities Commission, the Superintendent, Treasurer, Food Service Director, and Technology Director should collaborate to identify the District's food service software/hardware requirements and develop formal bid specifications. The District should then use these to solicit price quotes from multiple vendors to purchase an electronic point-of-sale (POS) food service management system. In developing the bid specifications, the District should ensure**

**that the POS system has applications and capabilities that are comparable to those identified by the *School Foodservice Management for the 21<sup>st</sup> Century* (InTeam Associates, 1999). In addition, the District should ensure that the POS system allows students on free and reduced lunch programs to remain anonymous. Lastly, the District should consider tailoring recommendations in other sections of this performance audit to address the deficiencies within the food service program including long-term planning, customer feedback and employee training.**

AOS typically reviews a school district's food service program to ensure that it is self-sufficient (not requiring general fund subsidies) and that it is operating efficiently. The District has maintained ending fund balances within the food service fund of approximately \$42,000 in FY 2003-04, \$24,000 in FY 2004-05, and \$49,000 in FY 2005-06. Although the District did not receive any transfers from the general fund during these years, the District incurred significant operating losses during FY 2003-04 and FY 2004-05 (used carryover balances to cover losses). However, in FY 2005-06, the District reversed the trend and earned a net profit of approximately \$25,000. The Superintendent attributed the net profit to the District implementing a breakfast program at each school, adjusting the staffing levels and assignments, and switching from a central kitchen concept to operating full kitchens at each building, which subsequently impacted student participation. As a result, the District's net profit per meal (\$0.12) and student participation rates (83 percent) exceeded the peer averages (\$0.04 and 79 percent, respectively) in FY 2005-06. **Table 3-1** within the *human resources* section also shows that the District employs 6.26 food service workers per 1,000 ADM while the peer average is 7.71. The lower food service staffing levels also contributed towards the District's net profit in FY 2005-06.

Although the District achieved a net profit in FY 2005-06, several issues were identified during this performance audit that will help the District ensure long-term financial stability within the food service program. These include the following:

- **Long-term planning:** The Treasurer indicated that the District does not prepare long-term cash flow projections, or a five-year forecast, for the food service fund. Similarly, the District also lacks a strategic plan and an equipment replacement and preventative maintenance plan for the food service program. The lack of long-term planning can result in the District having difficulty addressing operational issues such as kitchen needs, staffing levels, personnel management, technology purchases, building renovations, and equipment replacement. Recommendations addressing the importance of a five-year forecast and strategic planning are included in **R2.1** and **R2.2** of the *financial systems* section. A recommendation addressing the importance of equipment replacement and preventative maintenance planning is included in **R4.7** of the *facilities* section. The District could tailor these recommendations to address forecasting, strategic planning,

equipment replacement and preventative maintenance for the food service operations.

- **Customer feedback:** The District does not use surveys to gauge stakeholder perceptions regarding the food service program. Conducting an annual survey would help the District identify and address potential issues before they negatively impact the financial condition of the food service program. A recommendation addressing the importance of stakeholder surveys is included in **R4.3** of the *facilities* section. The District could tailor this recommendation to also address stakeholder surveys for the food service operations.
- **Employee training:** The District does not have a comprehensive policies and procedures manual to guide food service employees in completing their daily tasks. In addition, the District lacks a formal training program to ensure that new and existing employees are familiar with the District's work requirements and are using equipment properly. The Food Service Supervisor indicated that the District's new employees learn their job responsibilities by shadowing existing employees. A formal training program/procedures manual will enhance the knowledge of food service staff and ensure that all staff members are fully aware of their job tasks and regulations. Recommendations addressing the importance of a procedures manual and formal training program are included in **R6.3** and **R6.4** of the *technology* section. The District could tailor these recommendations to also address the importance of a procedures manual and training program for the food service operations.
- **Point-of-sale technology:** The District does not use an electronic point-of-sale (POS) system for monitoring student purchases, inventory, and other food service program transactions. The Food Service Supervisor indicated that although the manual recordkeeping system allows the District to produce the reports required by ODE, the District cannot easily generate other management reports and there are concerns that students using the free and reduced lunch programs are not anonymous. During a review of the District's food service program, a representative from ODE indicated that the District should consider purchasing an electronic POS system to improve the District's recordkeeping. According to *School Foodservice Management for the 21<sup>st</sup> Century* (InTeam Associates, 1999), some of the benefits of an electronic food service management system with checks and balances and accurate data entry are increased efficiency, greater speed of data handling, reliable and accurate information, timely report processing, improved inventory control, comprehensive management reporting and analysis, nutritional analysis of meals served, reduced food and labor costs, and improved standardization. The Superintendent indicated that the District is considering purchasing a POS as part of the construction project proposed through the Ohio



Schools Facilities Commission (OSFC). The results of the OSFC project would have a significant impact the District's POS costs (terminals, network availability, staffing, etc) as the OSFC is recommending that the District close its three buildings and construct one new building. Although the POS system will result in a cash outlay for the District, it is difficult to quantify the cost based on the uncertainty of the District's future building configurations, staffing levels, network configurations and computer hardware availability.

**R2.25 The District should consider using the direct certifications provided by the Ohio Department of Job and Family Services (ODJFS) and the Ohio Department of Education's Office for Safety, Health and Nutrition to help identify students eligible for free and reduced lunches. This would also help reduce the rate of ineligibility among certified students.**

To identify students that are eligible for the free and reduced lunch programs, the Food Service Supervisor indicated that free/reduced meal applications are mailed to all students at the beginning of the school year. Students, or their parents, submit the completed forms to the Food Service Supervisor who reviews the applications to determine eligibility. However, the Food Service Supervisor indicated that the District does not use the direct certification listings to assist in identifying eligible students. The direct certification program provides a listing of students eligible for free/reduced meals as determined through the collaboration of the Ohio Department of Job and Family Services (ODJFS) and the Ohio Department of Education's Office for Safety, Health and Nutrition. According to the United States Department of Agriculture, direct certification programs typically result in an increase in the percentage of students that are certified for free/reduced meals and reduce the rate of ineligibility among certified students.

### *Financial Recovery Plan*

**R2.26 Brookfield LSD should analyze and use the financial recovery plan outlined in Table 2-23 to evaluate the effect of recommendations presented in this performance audit. In addition, the recovery plan can be used as a tool to determine the impact of the related cost savings on its financial condition. Brookfield LSD should consider implementing the recommendations in this performance audit and other appropriate actions to improve its financial condition. In addition, the Treasurer should update the District's financial recovery plan on an on-going basis to assess changes in critical financial issues, monitor revenue and expenditure activities, and review performance against budgeted and projected figures.**

**The District should also discuss potential options for reducing costs and/or increasing revenues with stakeholders to determine the desired service levels (see R2.14). If the community prefers that current service levels be maintained, additional revenues may be necessary to stabilize the District's financial condition. Securing additional revenues could require Brookfield LSD to place a levy on the ballot.**

**Table 2-23** presents a potential recovery plan to assess the impact the performance audit recommendations will have on the District's financial condition. **Table 2-23** also includes the revised projections discussed throughout this section of the audit report and the cumulative effect of the audit recommendations.

The District will need to make difficult management decisions in order to restore financial stability. For example, the recovery plan shown in **Table 2-23** assumes the District will reduce certificated staffing levels to State minimum standards, negotiate 1.5 percent COLAs for all employees through FY 2010-11, and increase employee healthcare contributions. However, even when the financial implications of all the performance audit recommendations are included, **Table 2-23** shows that Brookfield LSD is projected to experience negative ending fund balances through FY 2010-11. As a result, it will be necessary for the District to consider other methods for reducing costs that are not identified in this performance audit. It may also be necessary for the District to consider options for increasing its operating revenues.

**Table 2-23: Brookfield LSD Financial Recovery Plan (in 000's)**

	Actual 2003-04	Actual 2004-05	Actual 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09	Forecast 2009-10	Forecast 2010-11
Real Estate Property Tax	\$2,556	\$2,724	\$2,699	\$2,700	\$2,727	\$2,754	\$2,782	\$2,810
Tangible Personal Property Tax	712	595	591	443	141	80	10	1
Unrestricted Grants-in-Aid	5,939	5,395	5,663	5,660	5,480	5,480	5,480	5,480
Restricted Grants-in-Aid	30	87	81	77	77	77	77	77
Property Tax Allocation	350	355	353	501	753	799	865	873
Other Revenues	296	481	706	587	592	598	604	610
<b>Total Operating Revenues</b>	<b>\$9,883</b>	<b>\$9,637</b>	<b>\$10,093</b>	<b>\$9,968</b>	<b>\$9,770</b>	<b>\$9,788</b>	<b>\$9,818</b>	<b>\$9,851</b>
Salaries & Wages	\$6,085	\$5,818	\$6,137	\$5,638	\$5,682	\$5,909	\$6,146	\$6,392
Fringe Benefits	2,188	2,064	1,990	2,084	2,215	2,388	2,578	2,785
Purchased Services	1,412	1,351	1,669	1,758	1,855	1,961	2,077	2,204
Supplies, Materials & Textbooks	279	229	393	329	415	424	433	443
Capital Outlay	71	63	82	200	75	80	85	90
Debt Service	0	0	720	727	0	0	0	0
Other Object	124	263	200	188	191	192	194	196
<b>Total Operating Expenditures</b>	<b>\$10,159</b>	<b>\$9,788</b>	<b>\$11,191</b>	<b>\$10,924</b>	<b>\$10,433</b>	<b>\$10,954</b>	<b>\$11,513</b>	<b>\$12,110</b>
Net Transfers/ Advances	\$58	\$3	\$0	\$0	\$0	\$0	\$0	\$0
Note Proceeds	\$0	\$0	\$700	\$700	\$0	\$0	\$0	\$0
<b>Net Financing</b>	<b>\$58</b>	<b>\$3</b>	<b>\$700</b>	<b>\$700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Result of Operations (Net)</b>	<b>(\$218)</b>	<b>(\$148)</b>	<b>(\$398)</b>	<b>(\$256)</b>	<b>(\$663)</b>	<b>(\$1,166)</b>	<b>(\$1,695)</b>	<b>(\$2,259)</b>
Beginning Cash Balance	\$384	\$166	\$18	(\$380)	(\$636)	(\$1,299)	(\$2,465)	(\$4,160)
<b>Ending Cash Balance</b>	<b>\$166</b>	<b>\$18</b>	<b>(\$380)</b>	<b>(\$636)</b>	<b>(\$1,299)</b>	<b>(\$2,465)</b>	<b>(\$4,160)</b>	<b>(\$6,419)</b>
Encumbrances	\$117	\$53	\$540	\$30	\$40	\$50	\$60	\$70
Budget Reserve	\$110	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Ending Fund Balance</b>	<b>(\$61)</b>	<b>(\$35)</b>	<b>(\$920)</b>	<b>(\$666)</b>	<b>(\$1,339)</b>	<b>(\$2,515)</b>	<b>(\$4,220)</b>	<b>(\$6,489)</b>
Cumulative Impact of AOS Recommendations	0	0	0	0	749	1,599	2,491	3,427
<b>Revised Ending Fund Balance</b>	<b>(\$61)</b>	<b>(\$35)</b>	<b>(\$920)</b>	<b>(\$666)</b>	<b>(\$590)</b>	<b>(\$916)</b>	<b>(\$1,729)</b>	<b>(\$3,062)</b>

Source: Brookfield LSD and AOS Analysis

Note: The performance audit recommendations are increased each year based on the Treasurer's assumptions or AOS revised assumptions.

**Table 2-24** details those performance audit recommendations that are included in the financial recovery plan presented in **Table 2-23**. The recommendations are separated by those that require contract renegotiation and those that do not.

**Table 2-24: Summary of Performance Audit Recommendations**

<b>Recommendation</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>
R2.3 Revise State funding assumptions	\$0	\$182,000	\$341,000	\$494,000	\$643,000
R2.4 Revise tangible property tax methodology	\$0	\$124,000	\$6,000	\$30,000	(\$90,000)
R2.5 Revise personal services methodology	(\$338,000)	(\$593,000)	(\$738,000)	(\$841,000)	(\$922,000)
R2.6 Revise employee benefits assumptions	(\$222,000)	(\$223,000)	(\$336,000)	(\$464,000)	(\$608,000)
R2.7 Revise purchased services & supply and material assumptions	(\$497,000)	(\$570,000)	(\$735,000)	(\$855,000)	(\$992,000)
<b>Total Impact of AOS Forecast Adjustments</b>	<b>(\$1,057,000)</b>	<b>(\$1,080,000)</b>	<b>(\$1,462,000)</b>	<b>(\$1,636,000)</b>	<b>(\$1,969,000)</b>
<b>Recommendations Not Subject to Negotiation:</b>					
R3.1 Reduce 14.5 regular education teachers	\$555,379	\$582,522	\$611,274	\$641,753	\$674,090
R3.1 Reduce 2.9 ESP teaching positions	\$111,076	\$116,024	\$121,755	\$127,831	\$134,278
R3.2 Hire 3.5 clerical employees	(\$129,665)	(\$135,866)	(\$143,011)	(\$150,622)	(\$158,738)
R3.17 Purchase an automated substitute calling system	\$7,000	\$8,152	\$8,480	\$8,822	\$9,178
R3.18 Purchase an HRIS system	(\$9,200)	(\$1,236)	(\$1,273)	(\$1,311)	(\$1,351)
R4.1 Reduce 3.0 custodial FTEs	\$114,000	\$118,560	\$123,302	\$128,234	\$133,364
R4.1 Hire 1.5 seasonal groundskeepers	(\$20,000)	(\$22,403)	(\$23,580)	(\$24,834)	(\$26,172)
R4.2 Purchase an electronic work order system	(\$1,900)	(\$1,957)	(\$2,016)	(\$2,076)	(\$2,138)
R4.8 Reduce utility costs by joining consortium	\$41,000	\$42,435	\$43,920	\$45,457	\$47,048
R5.1 Purchase three buses	\$0	\$0	\$65,000	\$65,000	\$65,000
R5.2 Sell two spare buses	\$0	\$4,900	\$1,957	\$2,016	\$2,076
R6.4 Purchase trouble-ticketing software	(\$1,700)	(\$1,751)	(\$1,804)	(\$1,858)	(\$1,913)
R6.8 Replace 80 computers annually	(\$56,000)	(\$57,680)	(\$59,410)	(\$61,193)	(\$63,028)
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$609,990</b>	<b>\$651,700</b>	<b>\$744,594</b>	<b>\$777,218</b>	<b>\$811,693</b>
<b>Recommendations Subject to Negotiation:</b>					
R3.7 Implement 5% health care contribution	\$55,000	\$64,292	\$71,106	\$78,644	\$86,980
R3.10 Reduce Sick Leave Usage	\$32,000	\$33,280	\$34,611	\$35,996	\$37,435
<b>Total Recommendations Subject to Negotiation</b>	<b>\$87,000</b>	<b>\$97,572</b>	<b>\$105,717</b>	<b>\$114,640</b>	<b>\$124,415</b>
<b>Total Recommendations Included in Forecast</b>	<b>\$0</b>	<b>\$749,272</b>	<b>\$850,311</b>	<b>\$891,858</b>	<b>\$936,108</b>

**Source:** Financial Implications for Performance Audit Recommendations

**Note:** Recommendations are appreciated according to the corresponding assumption made by the District in its five-year forecast or as revised by AOS, which may differ from section savings.

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# Human Resources

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## Background

This section of the performance audit focuses on Brookfield Local School District's (Brookfield LSD or the District) human resource operations. The objective is to analyze human resource issues and develop recommendations for improvements and reductions in expenditures. Data from sources that include the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), and the Kaiser Foundation's health insurance survey are used throughout this section of the report for comparison purposes. In addition, Brookfield LSD is compared to a peer average consisting of ten school districts classified as "Type 1" (rural/agricultural and low median income) by the Ohio Department of Education (ODE), the same type as Brookfield LSD. These ten school districts met a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Specifically, the peer districts consist of East Holmes Local School District, Garaway Local School District, Indian Valley Local School District, Leipsic Local School District, Logan-Hocking Local School District, Loudonville-Perrysville Exempted Village School District, New London Local School District, New Riegel Local School District, Southeast Local School District, and Springfield Local School District. Furthermore, a survey of Brookfield LSD's employees was administered to gauge their perceptions of human resource (HR) services and the results of the survey were used in this report (see **Appendix 3-A**).

### *Organizational Structure and Function*

Brookfield LSD does not have a separate department dedicated to human resource functions. The primary responsibilities are carried out by the Treasurer and Superintendent. The Treasurer administers the District's employee benefit programs; helps negotiate and administer the collective bargaining agreements; manages the workers' compensation program; conducts payroll functions; and monitors the budget. The Superintendent oversees the activities used to recruit, select, and evaluate employees; helps negotiate and administer the collective bargaining agreements; and monitors compliance with minimum employment standards.

### *Staffing*

**Table 3-1** compares Brookfield LSD's full-time equivalent (FTE) staffing levels to the peer average as reported through the Education Management Information System (EMIS) for FY 2005-06. **Table 3-1** also shows the staffing levels on a per 1,000 ADM basis for Brookfield LSD along with the peer averages.



**Table 3-1: Staffing Level Summary Table**

	Brookfield LSD		Peer Average	
	FTE Reported	Per 1,000 Students	FTE <sup>1</sup> Reported	Per 1,000 Students
<b>Administrators:</b>	<b>9.67</b>	<b>7.12</b>	<b>8.72</b>	<b>6.11</b>
Site Based Administrators	4.50	3.31	4.80	3.23
Central Administrators	5.17	3.81	3.92	2.88
<b>Educational Staff:</b>	<b>90.89</b>	<b>66.90</b>	<b>108.99</b>	<b>75.28</b>
Curriculum Specialist	0.00	0.00	0.10	0.09
Counselors	4.00	2.94	2.40	1.71
Librarian / Media	2.00	1.47	1.01	0.89
Remedial Specialist	0.00	0.00	5.58	3.30
Regular Teachers	65.00	47.85	71.13	49.62
Special Education Teachers	10.89	8.02	14.08	9.07
Vocational Teachers	2.00	1.47	3.58	2.49
Tutor/Small Group Instructors	2.00	1.47	2.03	1.57
ESP Teachers	4.00	2.94	6.79	4.90
Supplemental Special Education	0.00	0.00	1.00	0.96
All Other Educational Staff	1.00	0.74	1.28	0.69
<b>Professional Staff:</b>	<b>3.00</b>	<b>2.21</b>	<b>2.77</b>	<b>1.25</b>
Psychologists	0.00	0.00	0.40	0.16
Registered Nurses	2.00	1.47	0.40	0.13
Physical Therapists	0.00	0.00	0.10	0.03
Speech & Language Therapists	1.00	0.74	0.97	0.52
All Other Professional Staff	0.00	0.00	0.90	0.41
<b>Technical Staff:</b>	<b>1.00</b>	<b>0.74</b>	<b>7.46</b>	<b>4.54</b>
Computer Support	0.00	0.00	0.34	0.36
Library Technicians / Aides	0.00	0.00	0.93	0.58
Instruct. Paraprofessionals	0.00	0.00	5.70	3.25
All Other Technical Staff	1.00	0.74	0.50	0.35
<b>Office / Clerical Staff:</b>	<b>19.00</b>	<b>13.99</b>	<b>15.71</b>	<b>10.68</b>
Clerical	7.00	5.15	8.73	5.73

	Brookfield LSD		Peer Average	
	FTE Reported	Per 1,000 Students	FTE <sup>1</sup> Reported	Per 1,000 Students
Teaching Aide	12.00	8.83	4.87	3.45
All Other Office / Clerical Staff	0.00	0.00	2.11	1.51
<b>Maintenance Workers</b>	<b>2.00</b>	<b>1.47</b>	<b>3.05</b>	<b>2.36</b>
<b>Custodians/Ground keepers</b>	<b>15.00</b>	<b>11.04</b>	<b>9.51</b>	<b>6.12</b>
<b>Bus Drivers</b>	<b>9.50</b>	<b>6.99</b>	<b>14.82</b>	<b>10.16</b>
<b>Food Service Workers</b>	<b>8.50</b>	<b>6.26</b>	<b>10.25</b>	<b>7.71</b>
<b>All Other Reported Personnel</b>	<b>0.00</b>	<b>0.00</b>	<b>1.91</b>	<b>1.11</b>
<b>Total FTE Reported</b>	<b>158.56</b>	<b>116.72</b>	<b>183.19</b>	<b>125.32</b>

Source: FY 2005-06 EMIS data reported to the ODE as of 03/05/06

Note: Totals may vary due to rounding.

<sup>1</sup> Reflects un-audited FTE employees reported by peer districts through EMIS

**Table 3-1** shows Brookfield LSD has a greater number of FTEs per 1,000 ADM in the following classifications:

- Site-Based and Central Administrators:** **Table 3-1** shows that Brookfield LSD employs 0.08 more site-based administrators and 0.93 more central administrators than the peer average on a per 1,000 ADM basis. However, the District’s EMIS Coordinator indicated that the administrator classification was mistakenly overstated in EMIS by 1.5 FTEs. In addition, at the end of FY 2005-06, the District eliminated an assistant principal position. After adjusting for the misstatement in EMIS and the staffing reduction, the District’s site-based and central administrator staffing levels are comparable to the peer averages. For example, the District’s administrators are responsible for supervising an average of 20.7 employees per administrator (using the revised staffing figure) while the peer average is 20.2. Similarly, the District employs approximately 5.3 administrators per 1,000 ADM (using the revised staffing figure) while the peer average is 6.1.
- Regular Education:** Although the District’s regular education staffing levels are comparable to the peer average, the District employs more teachers than required by State minimum standards. See **R3.1** for additional analysis.
- Counselors and Registered Nurses:** **Table 3-1** shows that Brookfield LSD employs 1.23 more counselors and 1.34 more registered nurse FTEs than the peers on a per 1,000 ADM basis. The counselors and registered nurses qualify as Education Service Personnel (ESP), along with ESP teachers, librarian/media specialists and social workers. The District’s combined ESP staffing levels per 1,000 students (8.8) are higher than the peer

average (7.7). However, at the end of FY 2005-06, the District adjusted the ESP staffing levels by hiring one ESP teacher, eliminating 1.5 counselor FTEs, replacing a librarian with a library aide, and eliminating two registered nurse positions through outsourcing. As a result, the District's revised ESP staffing levels (6.3) are now lower than the peer average (7.7) on a per 1,000 ADM basis, but are still higher than the State minimum requirements. See **R3.1** for additional analysis of ESP personnel.

- **Librarian/Media:** Brookfield LSD employs 0.58 more librarian/media FTEs than the peers on a per 1,000 ADM basis. However, **Table 3-1** also shows that while the District does not employ any library technicians/aides, the peers employ an average of 0.58 library technician/aide FTEs per 1,000 ADM. When the librarian/media staff are combined with the library technicians/aides, the District's staffing levels (1.47) are approximately the same as the peer average (1.47) on a per 1,000 ADM basis.
- **All Other Educational Staff:** Brookfield LSD employs 0.05 more all other educational staff FTEs than the peers on a per 1,000 ADM basis. The EMIS Coordinator indicated that the District's Technology Coordinator is coded in this classification. Typically, school districts code this position in the administrator classification rather than the other educational staff. If this position was placed in the administrator classification, the District's revised administrators per 1,000 ADM would be 6.0, which is comparable to the peer average of 6.1.
- **Speech and Language Specialists:** Brookfield LSD employs 0.22 more speech and language specialist FTEs than the peers on a per 1,000 ADM basis. However, Ohio Revised Code (ORC) §3317.15 requires that each school district provide one speech and language pathologist for every 2,000 students. See *Issues for Further Study* for additional analysis.
- **All Other Technical Staff:** Brookfield LSD employs 0.39 more other technical staff FTEs than the peers on a per 1,000 ADM basis. The EMIS Coordinator indicated that the District's printer technician is coded in this classification (see **R3.2** for additional analysis).
- **Teaching Aide:** **Table 3-1** shows that Brookfield LSD has 5.38 more teaching aide FTEs than the peers on a per 1,000 ADM basis. **Table 3-1** also shows that the District does not employ any instructional paraprofessionals while the peer average is 3.25 on a per 1,000 ADM basis. When the teaching aides are combined with the instructional paraprofessionals, the District's staffing levels (8.83) are still higher than the peer average (6.70) on a per 1,000 ADM basis. However, at the conclusion of FY 2005-06, the District reduced their teaching aide staffing levels by five employees. When the ratios presented in **Table 3-1** are adjusted to reflect the staffing reductions, the District's

teaching aide and instructional paraprofessional staffing levels are 1.4 FTEs lower than the peers on a per 1,000 ADM basis.

- **Custodians/Groundskeeper:** Brookfield LSD employs 4.92 more custodial and groundskeeper FTEs than the peer average on a per 1,000 ADM basis. See **R4.1** in the **facilities** section for additional analysis.

### *Assessments Not Yielding Recommendations*

In addition to the analyses in this report, assessments were conducted on areas within the human resource section which did not warrant changes and did not yield recommendations. These areas include the following:

- **Vocational Education:** The District uses the Trumbull County Joint Vocational School (TCJVS) to offer the majority of vocational education classes. The only classes that are available at the District include home economics (an elective course) and Occupational Work Experience (OWE), which is a work/study program whereby teachers recruit local businesses to hire students part-time. In addition, **Table 3-1** shows the District's in-house vocational staffing levels (1.47) are lower than the peer average (2.49) on a per 1,000 ADM basis.
- **Supplemental Contracts:** The District spent \$220 per student on extracurricular activities (which includes supplemental contract costs) in FY 2005-06 while the peer average was \$302. Furthermore, the District's extracurricular expenditures per pupil declined approximately six percent in FY 2005-06. The low expenditures are one indication that the District has appropriate measures in place to ensure the cost effectiveness of supplemental contracts.
- **Workers Compensation:** The District is effectively controlling the cost of workers compensation insurance. For example, the District's 2006 experience modifier is 0.57, which is well below the level (1.00) that indicates penalty rating. As a result, the District is able to participate in group rating programs, which allow it to receive substantial premium discounts. The District has also developed a transitional workplace program that identifies light job duties that can be completed by an injured worker during their recovery period. Although the District does not receive immediate discounts for the transitional work program, the program helps minimize future lost time claims for injured workers.

- **Teacher Certification:** The District has established an active Local Professional Development Committee that helps ensure certificated employees are complying with the State's requirements for teacher certification. The District's Local Professional Development Committee appears to be effective as the District's percentage of highly qualified teachers and teachers with appropriate certifications are comparable to the State averages. Lastly, the District has worked with the Trumbull County ESC to establish a teacher mentoring program designed to help orient new teachers.

### *Issues for Further Study*

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the following such issues:

- **Special Education Staffing and Expenditures:** Based on the staffing requirements stipulated in Ohio Administrative Code (OAC) §3301-51-09, the District should have a minimum of 10.2 special education teachers. In FY 2005-06, the District employed 10.9 special education teachers. Furthermore, based on the 154 special needs students enrolled in FY 2005-06, the District was maintaining a special education student-to-teacher ratio of 14.14, which was approximately equal to the peer average of 14.13. However, at the end of FY 2005-06, the District eliminated 2.0 special education teacher positions. The Superintendent also indicated that the District's FY 2006-07 special education enrollment remained approximately the same as FY 2005-06. As a result, the District's current special education staffing levels (8.9 FTEs) may not be in compliance with the requirements stipulated in OAC §3301-51-09.

In addition, despite maintaining staffing levels comparable to the peers, the District's FY 2005-06 special education cost per pupil (\$9,802) is significantly higher than the peer average (\$7,406). It appears the higher costs are due to a combination of the District's higher teacher salaries (see **R3.4**) and contracting with the Trumbull County Educational Service Center (ESC) to provide certain special educational services. The District paid approximately \$579,000 for these services in FY 2005-06. The Superintendent indicated the District does not regularly conduct cost/benefit analyses to determine if outsourcing is the most efficient option.

The District should conduct an in-depth analysis of its special education program to determine if its staffing levels/contracted services are compliant with OAC §3301-51-09. Additionally, it should annually review the contracted special education services to ensure they are cost effective.

- **Speech and Language Specialists:** According to ORC §3317.15, school districts must provide at least one speech and language specialist for every 2,000 students. However, Brookfield LSD has one speech and language specialist FTE to serve 1,359 students, which indicates that the District may be overstaffed in this function. As a result, the District should conduct an in-depth review of this position to determine if it could be reduced to less than full-time status; if it would be more cost-effective to outsource this function for the specific hours and services needed; or if the District could develop a cooperative agreement with a neighboring school district to share the cost and services of a speech and language therapist.

## Recommendations

### Staffing

**R3.1 Brookfield LSD should continually monitor regular education student-to-teacher ratios and ESP staffing ratios, and regularly evaluate the impact staffing changes have on the District, both financially and educationally. If the District does not implement the performance audit recommendations and other strategies to reduce costs, and does not achieve the projections in the forecast (see Table 2-23 in financial systems), it should consider reducing regular education and ESP staffing levels. Based on the current staffing levels, the District could eliminate up to 14.5 regular education teacher positions and 2.9 ESP positions while still meeting State minimum requirements. However, it should weigh decisions to reduce teacher and ESP staffing levels against the impact the reductions may have on the quality of education. Staffing levels for teachers should remain a function of District goals, enrollment, and financial condition as well as the State's requirements for minimum class sizes.**

Brookfield LSD employs 65.0 regular education teacher FTEs, which is 6.1 FTEs lower than the peer average. **Table 3-2** illustrates teacher staffing levels for Brookfield LSD and the peer averages on a regular and per 1,000 student basis, the student-to-teacher ratios and performance indicators met as well as performance index scores.

**Table 3-2: Regular Classroom Teachers**

	<b>Brookfield LSD</b>	<b>Peer Average</b>	<b>Difference</b>
Regular Classroom Teachers (FTE)	65.0	71.1	(6.1)
Regular Student Population	1,113	1,247	(134.0)
<b>Regular Teachers per 1,000 Regular Students</b>	<b>58.4</b>	<b>57.0</b>	<b>1.4</b>
Regular Students to Regular Teacher Ratio	17.1	17.2	(0.6%)
ADM / Teacher	20.9	20.3	3.0%
Performance Indicators Met (out of 25)	19.0	24.3	(21.8%)
Performance Index (out of 120)	93.4	100.9	(7.4%)

Source: FY 2005-06 EMIS data as reported to ODE.

**Table 3-2** shows that Brookfield LSD's regular education teachers per 1,000 regular students, the regular student-to-teacher ratio, and the total ADM per regular education teacher are all comparable to the peer averages. However, **Table 3-2** also shows that despite maintaining similar staffing levels, the District achieved lower academic scores than the peer average in FY 2005-06.

In terms of regular education staffing levels, Brookfield LSD is required by OAC §3301-35-05 to maintain an average of one classroom teacher for every 25 regular education students on a district-wide basis. The current staffing ratio of 17.1:1 is similar to the peers, but still lower than the minimum requirements stipulated in OAC §3301-35-05. Based on the FY 2005-06 staffing levels, the District could eliminate up to 20.5 FTE regular education teacher positions and still comply with the State minimum requirements. However, at the end of FY 2005-06, the District made staffing adjustments that resulted in the reduction of six regular teacher FTEs. Therefore, the District could potentially eliminate another 14.5 regular education teacher positions

Table 3-3 compares Brookfield LSD’s ESP staffing levels to the peers.

**Table 3-3: Education Service Personnel (ESP)**

	Brookfield LSD		Peer Average		Difference	
	FTE Employees	Per 1,000 Students	FTE Employees	Per 1,000 Students	FTE Employees	Per 1,000 Students
ESP Teachers <sup>1</sup>	4.0	2.9	6.8	4.9	(2.8)	(2.0)
Counselors	4.0	2.9	2.4	1.7	1.6	1.2
Librarian / Media Specialist	2.0	1.5	1.0	0.9	1.0	0.6
School Nurses / Registered Nurses	2.0	1.5	0.4	0.1	1.6	1.4
Social Workers	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Education Service Personnel (FTE)</b>	<b>12.0</b>	<b>8.8</b>	<b>10.6</b>	<b>7.6</b>	<b>1.4</b>	<b>1.2</b>
<b>Comparison to State Minimum Requirements</b>						<b>FTE's</b>
Total Education Service Personnel (ESP)						12.0
State Minimum Required ESP						5.6

Source: FY 2005-06 EMIS data as reported to ODE.

As illustrated in **Table 3-3**, the District had a total of 12.0 FTEs in the ESP category in FY 2005-06, which was higher than the peer average of 10.6. In addition, the District’s ESP staffing levels were approximately 1.2 FTEs higher than the peer average on a per 1,000 ADM basis. However, the District reduced ESP staffing by 3.5 FTEs prior to the start of FY 2006-07. As a result, the revised ESP staffing level of 8.5 FTEs is approximately 20 percent lower than the peer average. Furthermore, with these reductions, the District’s ESP staffing levels (6.3) are lower than the peer average (7.6) on a per 1,000 ADM basis.

OAC §3301-35-05(A)(4) requires school districts to employ a minimum of five education service personnel for every 1,000 students in the regular student population. The statute goes on to indicate that ESP positions include art, music, and physical education teachers,



counselors, registered nurses, social workers, and library/media specialists. Based on the OAC requirements and the regular education enrollment in FY 2005-06 (1,113), the District is required to employ a minimum of 5.6 ESP employees. It currently employs 8.5 ESP employees, or 2.9 more than required by the OAC.

*Financial Implication:* If the District eliminated 14.5 regular education teacher positions, the annual cost savings to the District would be approximately \$555,000, including salaries and benefits. In addition, if the District eliminated 2.9 ESP positions, the annual cost savings would be approximately \$111,000, for a total savings of \$666,000.

**R3.2 Brookfield LSD should consider hiring 3.5 clerical FTEs and re-allocating current job functions to create an equitable workload among the clerical staff. It should be noted that R2.20 in the *financial systems* section indicates the Treasurer’s office is understaffed and one of the proposed clerical employees should be dedicated specifically to the payroll function. Implementing this recommendation would provide the Treasurer and other administrators with additional time that could be spent addressing the recommendations identified in this performance audit.**

**Table 3-4** compares the FY 2005-06 staffing levels of all office/clerical personnel at Brookfield LSD with the peers.

**Table 3-4: Clerical Staffing Levels (FTEs)**

	<b>Brookfield LSD</b>	<b>Peer Average</b>	<b>Difference</b>
Total Clerical Staff <sup>1</sup>	7.0	10.8	(3.8)
Number of Students	1,359	1,489	(130)
<b>Clerical Staff per 1,000 Students</b>	<b>5.2</b>	<b>7.2</b>	<b>(2.0)</b>
<b>Total FTE Employees</b>	<b>151.6</b>	<b>172.4</b>	<b>(20.8)</b>
<b>Employees per Clerical Staff</b>	<b>21.7</b>	<b>17.1</b>	<b>4.6</b>

Source: FY 2005-06 EMIS data as reported to ODE

Note: Totals may vary due to rounding.

<sup>1</sup> Total Clerical staff equals EMIS Office/Clerical group total less Teaching Aides (505). It includes Bookkeeping (501) and Clerical (502).

**Table 3-4** shows that Brookfield LSD has 7.0 clerical FTEs (5.2 on a per 1,000 ADM basis), which is lower than the peer average (10.8 clerical FTEs, or 7.2 per 1,000 ADM). However, some of the District’s clerical employees work less than 12 months per year but were reported as being full-time for EMIS purposes. Based on an eight hour work day for 12 months (253 contract days, or 2,024 hours) a year, the District has 6.5 clerical FTEs. The District also employs a part-time printer technician (0.47 FTE) who is responsible for handling all of the District’s high volume copying needs and delivering mail to the

respective buildings. This employee was coded in EMIS under the all other technical staff classification. However, since this employee primarily performs clerical duties, the position will be included in the District's clerical staffing classification. In addition, at the end of FY 2005-06, the District eliminated a building secretary position (0.84 FTE) and a payroll clerk within the Treasurer's office (1.0 FTE). As a result, the District currently employs a total of 5.1 clerical FTEs. **Table 3-5** shows the District's revised clerical staffing levels in comparison to the peer average.

**Table 3-5: Revised Clerical Staffing Levels**

	Brookfield LSD	Peer Average	Difference
Total Clerical Staff <sup>1</sup>	5.1 <sup>2</sup>	10.8	(5.7)
Number of Students	1,359	1,489	(130)
<b>Clerical Staff per 1,000 Students</b>	<b>3.8</b>	<b>7.2</b>	<b>(3.4)</b>
Total FTE Employees	153.5	172.4	(18.9)
Employees per Clerical Staff	30.1	17.1	13.0

**Source:** Client District interviews, classified contracts and FY 2005-06 EMIS data as reported to the ODE

**Note:** Totals may vary due to rounding

<sup>1</sup> Total Clerical staff equals EMIS Office/Clerical group total less Teaching Aides (505). It includes Bookkeeping (501) and Clerical (502).

<sup>2</sup> Represents adjusted FTE count based on a 2,024 hour work year and District staffing adjustments.

**Table 3-5** shows that the District employs 3.8 clerical employees per 1,000 ADM while the peer average is 7.2. **Table 3-5** also shows that the District's clerical staff is responsible for more employees (30.1:1) than the peer average (17.1:1). The lower clerical staffing levels can be attributed to allowing certain positions to remain vacant due to a deteriorating financial situation. For example, the District eliminated the payroll clerk position at the end of FY 2005-06 and allocated the responsibilities to the Treasurer. As a result, the Treasurer is currently responsible for receiving timesheets, approving them, entering them into the accounting system, and remitting payment to the employees in addition to completing the normal responsibilities of a school treasurer. **Table 3-5** shows the District would need to hire approximately 4.5 clerical FTEs to achieve the peer average for clerical employees per 1,000 students. The District would need to hire approximately 3.5 clerical FTEs to achieve the peer average of 17.1 employees per clerical FTE.

*Financial Implication:* Hiring 3.5 clerical FTEs would cost approximately \$130,000 annually in salary and benefits.

**R3.3 Brookfield LSD should establish a formal staffing plan to address current and future staffing needs. By developing a staffing plan, the District would have an objective analysis to ensure that it is meeting State requirements and has adequate staffing to serve students and efficiently operate its various departments. Furthermore, the District would have a more objective method for forecasting**

**personnel costs (see R2.5) in the financial forecast. In order to help the District develop a formal staffing plan, it should review the other sections of this performance audit. They contain variables (e.g., workload measures) that should be considered when analyzing staffing levels for the District's specific operations.**

The District does not have a formal staffing plan to guide decision-making. Rather, staffing decisions are based on a consideration of enrollment, classroom size, and legislative mandates. The Superintendent evaluates the District's staffing levels annually to determine if they are adequate based on enrollment. For example, the District eliminated 18 certificated and 15 classified positions at the end of FY 2005-06 due to enrollment declines during the last ten years and in response to its financial difficulties. The Superintendent indicated that declining enrollment is expected to continue at a rate of 30 students per year.

Although the certificated collective bargaining agreement stipulates the teacher-to-student ratio shall not exceed one classroom teacher for every thirty students, the Superintendent indicated the District bases the staffing levels on a ratio of one teacher to every twenty-five students. The special education staffing levels are stipulated in OAC §3301-51-09, which establishes maximum student-to-teacher ratios for each category of student disability. The District hires administrative and classified staff based on need and a consideration of enrollment and job duties. Without a staffing plan, the District increases the risk of not meeting established standards. Additionally, the failure to consider and document objective standards, such as workload drivers, increases the risk that the District is maintaining inefficient staffing levels. For example, **R4.1** in the **facilities** section indicates that the District's custodial staffing levels are higher than the peer average.

The Tulsa Public Schools have established guidelines for determining the appropriate staffing levels within the regular and special education teacher, administrative, other instructional, clerical, custodial, and food service classifications. The instructional and administrative allocations are based on student enrollment or student caseload for special education teachers. The other staffing allocations are based on a consideration of various workload measures. For example, the determination of custodial staffing levels is based on a calculation that considers the number of teachers, students, rooms, and the total area of the buildings. The food service staffing allocations are based on a minimum meals per labor hour calculation established by the District. The staffing plan also outlines the procedures for developing the allocations in each area.

### *Employee Compensation*

**R3.4 Brookfield LSD should address its high certificated salaries by attempting to negotiate a reduced salary schedule. This would immediately bring the District's**

**compensation package for certificated employees in line with the peer average. If this is not possible, the District could also address the high certificated salaries by granting lower negotiated wage increases in the future. However, the Board would have to negotiate lower increases for an extended period of time in order to achieve salaries that are consistent with the peer average. Lastly, the District should annually review employee salaries to determine the appropriateness of the salary schedules and other compensation benefits in an effort to prevent future deviations from the norm.**

Table 3-6 compares the District’s average salaries for the administrator, certificated and classified staff with the peer average for FY 2005-06.

**Table 3-6: Average Salary Summary Table**

Category	Brookfield LSD Average Salary	Peer Average Salary	Average Salary Percentage Difference
<b>Administrators:</b>			
Administrators	\$61,908	\$66,980	(7.6%)
<b>Certificated Staff:</b>			
Educational Staff	\$52,435	\$44,786	17.1%
<b>Classified Staff:</b>			
Professional Staff	\$37,904	\$46,962	(19.3%)
Technical Staff	\$9,044	\$17,784	(49.1%)
Office / Clerical Staff	\$17,497	\$21,627	(19.1%)
Maintenance Workers	\$31,499	\$37,909	(16.9%)
Operative (Vehicle Operators)	\$10,312	\$15,225	(32.3%)
Service Worker	\$20,621	\$20,035	2.9%
Average Classified Staff	\$21,146	\$26,590	(20.5%)
<b>Total Average Reported Salary</b>	<b>\$40,774</b>	<b>\$37,289</b>	9.3%

Source: ODE

Table 3-6 shows the District’s average certificated salary is approximately 17 percent higher than the peer average. To determine the cause of the higher certificated salaries, the beginning and ending steps from the salary schedules for the bachelors, bachelors plus 150 hours, masters, and masters plus 15 hours were compared to the salary schedules at East Holmes LSD, Garaway LSD, and Indian Valley LSD. The four educational classifications were chosen because they represent the majority of the District’s certificated employees while the three peer districts were chosen based on their proximity to Brookfield LSD. Based on this comparison, Brookfield LSD’s beginning and ending

steps from the salary schedules are higher than the three peer average in all four educational classifications. For example, Brookfield LSD's first step on the bachelor's salary schedule is 7.4 percent higher than the three peer average while the last step is 2.1 percent higher. Additionally, Brookfield LSD is the only district that has a masters plus 45 salary schedule.

The Superintendent recently indicated that the District reached a tentative contract settlement with the certificated staff. The new contract stipulates negotiated wage increases of zero percent in FY 2006-07, one percent in FY 2007-08, and 1.5 percent in FY 2008-09. To achieve an average certificated salary similar to the peer average shown in **Table 3-6**, the District would have to renegotiate the salary schedules to generate a salary reduction of \$7,649 per employee, or approximately \$696,059 annually. If the District does not renegotiate the salary schedules, it would have to continue negotiating annual wage increases of 1.5 percent from FY 2009-10 through FY 2015-16 before the average certificated salaries would be lower than the peer average, assuming the peers grant three percent annual COLA's during this timeframe.

*Financial Implication:* Although the District should attempt to renegotiate the certificated salary schedules, it is likely that any revisions will only impact new employees and cannot be easily quantified. However, if the District were to negotiate a 1.5 percent annual wage increase during the next contract period (assumed to be three years), the estimated savings would be approximately \$89,000 in FY 2009-10, \$182,000 in FY 2010-11, and \$279,000 in FY 2011-12. The total savings to the District would be approximately \$550,000, assuming it would have otherwise granted three percent annual COLAs.

**R3.5 The District should conduct an annual review of its substitute pay rates. During this review, it should determine the rates currently being offered by neighboring districts and other similar sized districts in Trumbull County to ensure that the rates are comparable. This will help the District locate substitutes by ensuring that the pay rates are comparable to the other districts competing for these employees.**

Brookfield LSD is in the process of reviewing the pay scale it offers to substitute teachers. Currently, the District's substitute teacher pay scale consists of the following:

- Days 1-60: \$65 a day
- Days 61+: Teacher's base pay

In contrast, a representative from the Trumbull County Educational Service Center indicated that the average substitute teacher pay rate in Trumbull County is \$74 per day. The representative also indicated that the majority of school districts in Trumbull County are now paying between \$70 and \$75 per day.

The AOS employee survey (see **Appendix 3-A**) shows that only 20 percent of respondents answered in the affirmative when asked if the District’s substitutes are qualified and effective. Similarly, only 27 percent agreed when asked if the current system is effective in placing substitute employees. The District may be able to improve the quality of substitutes by annually reviewing and adjusting the pay scale. Additionally, it may be able to improve the efficiency of the substitute placement process by purchasing the automated substitute calling system identified in **R3.16**.

*Benefits*

**R3.6 At a minimum, the District should negotiate to require all employees receiving health benefits to contribute at least five percent towards the monthly health care premiums. This would make the District’s contribution levels consistent with the Trumbull County Health Care Consortium (the Consortium) requirements. However, to further reduce health care costs, the District should consider negotiating a 10 percent contribution from all employees receiving health benefits. This would make the District’s contribution levels comparable to the SERB averages, but still significantly lower than the Kaiser averages (16% single, 27% family).**

**Table 3-7** compares Brookfield LSD’s expenditures for employee health benefits to the peer average. The data is presented on a per FTE basis to account for differences in the size of the districts.

**Table 3-7 Employee Health Insurance Benefit Expenditures per FTE**

	Brookfield LSD FY 2005	Brookfield LSD FY 2006	Peer Average FY 2006
<b>Fringe Benefits</b>	\$7,410	\$6,629	\$7,295

Source: FY 2004-05 District 4502

**Table 3-7** shows that Brookfield LSD spent \$115 more per FTE for employee benefits than the peer average in FY 2004-05. However, **Table 3-7** also shows that the District’s health benefit costs declined \$781 per FTE in FY 2005-06. The Treasurer attributed the decrease to two premium holidays. When accounting for the premium holidays, it is likely that the District’s health insurance costs would have exceeded the peer average in FY 2005-06. The District took one premium holiday in FY 2004-05.

The District offers medical, prescription, dental, vision, and life insurance coverage to all employees through its membership in the Trumbull County Health Insurance Consortium (the Consortium). District employees have a choice between two Medical Mutual plans: Super Med Plus-Preferred Provider Organization (PPO) which is the base plan, and Super Med Traditional (Traditional) which is considered an upgrade from the PPO plan.

Employees selecting the Traditional plan are required to pay the full price difference from the PPO plan. Therefore, there is no additional cost to the District associated with offering the Traditional plan. Currently, only one employee is enrolled in the Traditional plan.

The District offers 100 percent health insurance coverage to those employees working more than 30 hours per week. Part-time employees are required to make contributions based on the hours worked each year.

**Table 3-8** compares the FY 2006-07 monthly health insurance premiums for Brookfield LSD with the Ohio Education Association's (OEA) 2006 survey, the Kaiser Foundation 2006 Survey, and the 2005 SERB Survey. To account for inflation, the actual percentage change in premium costs from prior years is used to estimate the FY 2006-07 premiums for OEA, Kaiser, and SERB, and assumes that premiums will increase by the same percentages as in prior years. Only PPO plan information for the District is presented in **Table 3-8** since the employee is responsible for paying the price difference when choosing the Traditional plan.

**Table 3-8: Monthly Healthcare Premiums**

	<b>Brookfield LSD FY 2006-07</b>	<b>OEA Estimated FY 2006-07 for School Districts</b>	<b>Kaiser Estimated FY 2006-07 for School Districts</b>	<b>SERB Estimated FY 2006-07 for School Districts</b>
<b>Average Annual Premiums</b>	<b><u>PPO &amp; Rx:</u><sup>1</sup></b>  Single: \$424.76 Family: \$1,104.36	<b><u>Medians:</u></b> <b>Certified</b> \$392.20 \$1,000.64 <b>Classified</b> \$429.40 \$1,106.27	<b>All Plans</b>  Single: \$381.26 Family: \$1,030.69  <b>PPO</b> Single: \$393.11 Family: \$1,055.46	<b><u>MEDICAL</u></b>  <b>All Plans</b> Single: \$426.06 Family: \$1,084.17  <b>PPO</b> Single: \$419.48 Family: \$1,081.56
<b>Average Percent Employee Contributions Towards Premiums (SERB Statewide – average includes only those employees that pay a portion)</b>	<b><u>PPO:</u></b>  Single: 0% Family: 0%	<b><u>Medians:</u><sup>2</sup></b>  <b>Certified &amp; Classified</b> Single: 6.8% Family: 8.9%	  Single: 16% <sup>2</sup> Family: 27%	  Single: 8.4 % <sup>2</sup> Family: 10.4%
<b>Prescription Drug Coverage Average Annual Premiums</b>	<b><u>PPO:</u></b> Single: \$99.21 Family: \$257.25			Single: \$128.16 Family: \$279.21
<b>Dental Plan Coverage Average Monthly Premiums and Employee Contributions</b>	Single: \$35.58 Family: \$116.47	N/A		Single: \$37.66 Family: \$73.57
<b>Vision Coverage</b>	Single: \$2.16 Family: \$5.56	N/A	N/A	Single: \$12.85 Family: \$23.01
<b>Life Insurance Coverage Average Annual Cost and Mean Benefit Provided</b>	\$4.80 part-time \$6.00 full-time	N/A		Single: \$12.85 Family: \$23.01

**Source:** Brookfield LSD, Ohio Education Association (OEA) 2006, Kaiser Family Foundation 2005 Annual Report, and SERB 2005 Annual Report,

**Note 1:** SERB reports that although the average premiums reported above are based on rates for medical coverage only, other items such as prescription, dental, optical, and life are included as a part of the medical plan. Because the costs of these additional benefits cannot necessarily be calculated separately, they may be included with the monthly medical premium.

**Note 2:** Although SERB reports that overall state-wide family premiums increased by 15.5 percent from 2004 to 2005, it also reports that family premiums increased by less than 10 percent in 21 of the 35 different categories presented in the 2005 report.

<sup>1</sup> Full-time employees are not responsible for a premium contribution; however, employees enrolled in the District’s Traditional Plan pay the premium difference from the basic PPO. If an employee upgrades to the Traditional Plan, the District does not incur an additional cost since the employee is responsible for the difference in premiums.

<sup>2</sup> The contribution percentages used under the OEA, Kaiser and SERB columns were obtained from the 2006 OEA, and 2005 Kaiser and SERB reports.



An analysis of each of the benefits presented in **Table 3-8** includes the following:

- **Average Annual Premiums:** **Table 3-8** shows that the District's premium costs are higher than the estimated OEA certificated premiums and the Kaiser PPO single and family benchmarks. However, Brookfield LSD's premium costs are comparable to the SERB estimates.
- **Employee Contributions:** **Table 3-8** shows that full-time employees do not contribute toward the health insurance premium costs. As a result, the District's cost for health insurance premiums is higher than the OEA, Kaiser and SERB averages. For example, the OEA report indicates that certificated and classified single and family premium contributions are 6.8 percent and 8.9 percent, respectively. Additionally, the Kaiser survey reports that the average premium contribution rates were 16 percent for single coverage and 27 percent for family coverage. Furthermore, SERB reports that the average premium contribution was 8.4 percent for single coverage and 10.4 percent for family coverage. According to a representative from the Trumbull County Health Insurance Consortium, the Consortium is mandating that all members implement a 5 percent employee contribution toward premium costs, starting July 1, 2008. The Consortium will remove any members that fail to negotiate the 5 percent employee contribution.
- **Prescription Drug Coverage:** Brookfield LSD's prescription plan costs are less than the SERB benchmarks for the single and family plans.
- **Dental, Vision, Life:** **Table 3-8** shows that single dental plan premiums are comparable to the SERB benchmark while the family plan is approximately 37 percent higher. However, the District's vision premiums are significantly lower than the SERB averages. Furthermore, the District's average life insurance premiums equal approximately \$0.12 per \$1,000 of coverage while the average SERB rate is \$0.19 and the OEA rate is \$0.14.

*Financial Implication:* The District would save approximately \$55,000 annually by negotiating a five percent employee contribution toward health insurance premiums. It would save approximately \$110,000 annually by negotiating a 10 percent employee contribution.

**R3.7 The District should annually review the design of its health care plans to determine if cost savings can be achieved by addressing the more generous provisions. Specifically, the District should review employee co-pays for physician visits and prescription coverage, the average annual deductibles and cost sharing requirements for hospital visits, the annual out-of-pocket maximums, and the dental**

and vision coverage levels to determine if material savings can be achieved by modifying the plan designs.

Table 3-9 shows a comparison of Brookfield LSD’s benefit coverage levels in comparison to the Kaiser Foundation 2006 Survey and the 2006 OEA Survey of schools. Only PPO plan information is presented in Table 3-9 since the employee is responsible for paying the price difference when choosing the Traditional plan.

**Table 3-9: Healthcare Benefits**

	<b>Brookfield LSD</b>	<b>Kaiser Foundation 2006 Annual Survey</b>	<b>OEA Survey</b>																																	
<b>Co-payments for physician visits</b>	<p><b>PPO</b>  <b>Network:</b> \$10 per visit, insurance covers 100% of remaining costs.</p> <p><b>Non-Network:</b> \$10 per visit, insurance covers 80% of remaining costs.</p>	<p><b>PPO<sup>1</sup></b>                      &lt;1%: \$5 per visit                      12%: \$10 per visit                      25%: \$15 per visit                      35%: \$20 per visit                      17%: \$25 per visit                      7%: \$30 per visit                      3%: Other amount</p>																																		
<b>Multi-tier drug plan co-payments</b>	<p><b>Retail:</b>                      \$5 generic (34 day supply)                      \$10 Brand name (34 day supply)  <b>Mail Order:</b>                      \$10 generic (90 day supply)                      \$25 brand name (90 day supply)</p>	<p>\$11 generic                      \$24 preferred                      \$38 non-preferred<sup>2</sup></p>	<p><b>Retail (50% offered 3-tiered plans):</b>                      \$10 generic drugs                      \$15 formulary                      \$30 non-formulary                      For 30 day supplies</p> <p><b>Mail Order (48% offered 3-tiered plans):</b>                      \$10 generic drugs                      \$30 formulary                      \$40 non-formulary                      For 90 day supplies</p>																																	
<b>Average Annual Deductible</b>	<p><b>PPO</b>  <b>Network:</b> N/A  <b>Non-Network:</b> \$200 S/ \$400 F</p>	<table border="0"> <tr> <td><b>Single</b></td> <td><b>Family</b></td> </tr> <tr> <td>HMO</td> <td></td> </tr> <tr> <td>\$352</td> <td>\$751</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>PPO</td> <td></td> </tr> <tr> <td>\$473</td> <td>\$1,034</td> </tr> </table> <p>Note: this data is for covered workers with an annual deductible. Approximately 88, 30 and 68 percent of covered workers in HMOs, PPOs and POS do not face annual deductibles, respectively. Among covered workers with no annual deductible, about 60, 55 and 55 percent face separate cost sharing for each hospital admission in HMOs, PPOs and POS, respectively; and about 50, 43 and 48 percent face separate cost sharing for each outpatient surgery episode, respectively.</p>	<b>Single</b>	<b>Family</b>	HMO		\$352	\$751			PPO		\$473	\$1,034	<table border="0"> <tr> <td></td> <td><b>Single</b></td> <td><b>Family</b></td> </tr> <tr> <td><b>Medians:</b></td> <td></td> <td></td> </tr> <tr> <td>No Network</td> <td>\$100</td> <td>\$200</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Network:</td> <td></td> <td></td> </tr> <tr> <td>In Network</td> <td>\$100</td> <td>\$200</td> </tr> <tr> <td>Non-network</td> <td>\$200</td> <td>\$400</td> </tr> </table>		<b>Single</b>	<b>Family</b>	<b>Medians:</b>			No Network	\$100	\$200				Network:			In Network	\$100	\$200	Non-network	\$200	\$400
<b>Single</b>	<b>Family</b>																																			
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	<b>Brookfield LSD</b>	<b>Kaiser Foundation 2006 Annual Survey</b>	<b>OEA Survey</b>
<b>Average Cost Sharing for Hospital Visits</b>	<b>PPO</b> Network: 100% coverage Non-Network: 80% coverage	<b>Average Hospital Deductible/Co-pay</b> All Plans: \$231 HMO: \$233 PPO: \$238 POS: \$269 HDHP/SO: NSD <b>Average Hospital Co- insurance:</b> All Plans: 17% HMO: 15% PPO: 17% POS: 19% HDHP/SO: 14% <b>Average Hospital Per Diem:</b> \$170 Note: this data is for covered workers with these co- pays/coinsurance levels. <sup>3</sup>	
<b>Annual Out of Pocket Maximums All Plans</b>	<b>PPO</b> Network: N/A Non-Network: \$1,000 Single \$2,000 Family	<b>Single Coverage</b> 10%: \$999 or less: 22%: \$1,000 - \$1,499 23%: \$1,500 - \$1,999 20%: \$2,000 - \$2,499 8%: \$2,500 - \$2,999 18%: \$3,000 or greater Above data is for workers facing out-of-pocket maximums. 21 percent of workers have no limit.  <b>Family Coverage</b> 14%: \$1,999 or less 16%: \$2,000 - \$2,999 25%: \$3,000 - \$3,999 18%: \$4,000 - \$4,999 10%: \$5,000 - \$5,999 18%: \$6,000 or greater Above data is for workers facing out-of-pocket maximums. 22% of workers have no limit.	<b>Single Family</b> <b>Medians</b>  No Network \$725 \$1,450  Network: In Network: \$600 \$1,200  Non-network: \$1,200 2,400
<b>Dental Benefits</b>	<b>Maximum Benefit each calendar year:</b> Class I, II, and III services ... no limit  <b>Lifetime Maximum for orthodontic services per person...</b> \$1,250  <b>Deductible</b> \$25 S / \$75 F  <b>Percentage payable for covered Dental Procedures:</b> Class I 100% Class II 80% Class III 80% Class IV 60%		82% offered benefit  <b>Orthodontia:</b> Children: 94% offered benefit Adult: 71% offered benefit  <b>Maximum Benefit:</b> \$1,500 per person per year \$1,000 for orthodontia lifetime maximum benefit  <b>Median Employee Contribution:</b> Single: \$0 Family: \$0

	Brookfield LSD	Kaiser Foundation 2006 Annual Survey	OEA Survey
<b>Vision Benefits:</b>	Annual eye exam \$20 Bi-annual Frames \$20 Lenses: one pair each calendar year  \$5.56 F / \$2.16 S Monthly plan costs 100% covered by district for fulltime employees  And broken out percentage wise for part time employees.		56% offered benefit

**Source:** Brookfield LSD, Kaiser Foundation 2005 Annual Surveys and Ohio Education Association (OEA) 2006

<sup>1</sup> Only 1% of covered workers in the 2006 Kaiser survey face both a co-pay and co-insurance for physician visits; 82 percent face only a co-pay; 11% face only coinsurance; and 7% neither.

<sup>2</sup> As reported by Kaiser, five percent of covered workers are in a plan that has a fourth tier of cost sharing for prescription drugs. For covered workers in plans with four cost-sharing tiers, 46% face a co-payment for fourth-tier drugs and 42% face coinsurance. The average co-payment for fourth-tier drugs is \$63. The average coinsurance amount for fourth-tier drugs is 42%. Seventy-four percent of covered workers are enrolled in plans with three or four tiers of cost sharing for prescription drugs.

<sup>3</sup> Only 3% of covered workers in the Kaiser survey face both a deductible/co-pay and co-insurance for hospital visits; 25% face only a deductible/co-pay only; 22% face only coinsurance; 2% face a charge per day; and 49 percent have no separate cost sharing for hospital visits. Regarding each outpatient surgery, only 2% face both a deductible/co-pay and coinsurance, 20 percent face only deductible/co-pay, 24 percent face only coinsurance and 54 percent face nothing.

**Table 3-9** indicates that healthcare benefits in Brookfield LSD are more generous than those provided by the employers in the Kaiser and the OEA surveys. The specific areas where the District’s benefits are more generous than the Kaiser and the OEA Surveys include the following:

- Physician visit co-pays:** Brookfield LSD’s employees are required to pay \$10 per office visit regardless whether the office visit is in-network or non-network. However, the employee is also required to contribute another 20 percent of the cost of any non-network office visit. The Kaiser Survey shows that 87 percent of employees covered under a PPO plan pay more than \$10 per office visit.
- Prescription co-pays:** Brookfield LSD has a two tier prescription drug plan for all staff. Staff prescription drug co-pays are \$5 for generic and \$10 for brand name for a 34 day retail supply, and \$10 generic and \$25 brand name for a 90 day mail order supply. **Table 3-9** shows that prescription drug co-payments are lower than the Kaiser and OEA survey averages. Furthermore, Brookfield LSD does not require co-insurance or an annual deductible for its prescription drug program.
- Average annual deductible:** Brookfield LSD does not require staff to pay an annual deductible for in-network office visits. However, the District’s employees are required to pay \$200 for single coverage and \$400 for family coverage if they choose a non-network physician. **Table 3-9** shows that the OEA survey average deductible for in-network office visits is \$100 for single coverage and \$200 for family coverage. Although the District’s non-network annual deductibles are

comparable to the OEA survey averages, they are still lower than the Kaiser survey averages.

- **Average Cost Sharing for Hospital Visits:** Table 3-9 shows that District employees do not pay any portion of in-network hospital visits, but are required to pay 20 percent of the cost for non-network services. According to the Kaiser survey, the average hospital deductible/co-pay for the PPO plan is \$238.
- **Annual out-of-pocket maximums:** Table 3-9 shows that Brookfield LSD does not require an annual out-of-pocket maximum for the single and family in-network plans, while the non-network maximum is \$1,000 for single coverage and \$2,000 for family coverage. In contrast, the Kaiser survey reports that only 10 percent of employers have an out-of-pocket maximum of \$999 or less for single coverage and only 14 percent have an out-of-pocket maximum of \$1,999 or less for family coverage. Similarly, the OEA survey reports the average out-of-pocket maximum is \$600 for in-network single coverage and \$1,200 for family coverage, while the average non-network maximums are \$1,200 for single coverage and \$2,400 for family coverage.
- **Dental:** Brookfield LSD's staff members pay a \$25 and \$75 annual deductible for single and family dental coverage, respectively. The District does not have a limit on dental services available during the year. The District's lifetime maximum orthodontic benefit is \$1,250. The OEA survey reports the average maximum benefit per year is \$1,500 for dental work and the lifetime maximum benefit is \$1,000 for orthodontics.
- **Vision:** Table 3-9 shows that the District pays 100 percent of vision plan costs for full-time employees at a cost of \$5.56 per month for family and \$2.16 per month for single coverage. However, the OEA survey indicates that only 56 percent of survey respondents offer vision coverage.

### *Collective Bargaining Agreements*

**R3.8 Brookfield LSD should negotiate to eliminate the sick and personal leave incentive from the certificated collective bargaining agreement. Instead, the District should conduct a cost-benefit analysis prior to offering future attendance incentives to ensure that doing so would reduce the actual number of sick and personal days used by the staff. In addition, the District should also consider reducing the number of sick days that are paid to certificated staff at retirement. This would help limit the long-term liability associated with severance payments.**

The certificated collective bargaining agreement between the Brookfield Federation of Teachers and the Brookfield Board of Education was originally valid from July 1, 2002 through June 30, 2005, but was extended until June 30, 2006. Since contractual and employment issues directly affect the District's operating budget, the certificated agreement was assessed and compared to industry standards to show financial implications.

The performance audit assessment of the certificated collective bargaining agreement identified the following provisions as comparable to ORC minimum standards and other best practices: length of school year, teaching time, maximum class size, reduction in force, professional leave of absence, number of contract days, teacher evaluations, number of personal days, and board pension contributions. **Table 3-10** highlights areas where the District's contract provisions were in excess of ORC minimum requirements and other industry standards.

**Table 3-10: Certified Contract Analysis**

Issue	Contract Language	Criteria
<p><b><u>Sick leave</u></b></p> <ul style="list-style-type: none"> <li>• <b>Doctor notice required</b></li> </ul>	<p>Not specified in the contract. The Superintendent indicated that the District does not require employees to submit a Doctor’s note for the use of sick leave.</p>	<p>ORC §3319.141 states the following:</p> <p>A board of education shall require a teacher or non-teaching school employee to furnish a written, signed statement on forms prescribed by such board to justify the use of sick leave. If medical attention is required, the employee's statement shall list the name and address of the attending physician and the dates when he was consulted. Falsification of a statement is grounds for suspension or termination of employment.</p>
<p><b><u>Incentives</u></b></p> <ul style="list-style-type: none"> <li>• <b>Sick Leave Incentive</b></li> <li>• <b>Personal leave incentive</b></li> </ul>	<p>Each full-time unit member who does not use sick leave and personal leave shall receive attendance incentive pay as follows</p> <p>1<sup>st</sup> grading period : \$85.00                  2<sup>nd</sup> grading period: \$85.00                  3<sup>rd</sup> grading period: \$85.00                  4<sup>th</sup> grading period: \$85.00</p> <p>Unit members who have taken no sick leave and personal leave for the entire 183 days shall receive an additional two hundred dollars.</p> <p>Unused personal leave days shall be credited to sick leave annually in July.</p>	<p>According to the Society for Human Resources Management (SHRM) in the article <i>Managing Absenteeism Legally</i> (2006), using structural approaches such as incentive pay, creative shift scheduling and cross training can assist organizations to manage attendance proactively, and lawfully.</p>
<p><b>Maximum number of sick days paid at retirement (percentage payout)</b></p>	<p>Either of the following scenarios can occur, depending on which is greater: Salary divided by 183 multiplied by ¼ of accumulated unused sick leave to a maximum of 50 days, or \$31 times the number of unused sick days, not to exceed 285 days.</p> <p>To receive this benefit an employee must have been employed under contract for 10 or more years with the State of Ohio or any of its political subdivisions.</p>	<p>According to ORC §124.39, if an individual retires from active service with ten or more years of service with the state, they are entitled to be paid in cash for one-fourth of the value of the employee’s accrued but unused sick leave credit up to a maximum of 30 days. A policy can be adopted allowing an employee to receive payment for more than one-fourth the value of the unused sick leave, for more than the aggregate value of thirty days of the employee's unused sick leave, or allowing the number of years of service to be less than ten.</p>

**Source:** Brookfield Local Schools, Ohio Revised Code, Ohio Administrative Code, Study on Collective bargaining for Schools (1998), Oregon School Board Association, Association of School Business Officials, Ohio Attorney General Opinions.

A summary description of the contract provisions identified in **Table 3-10** includes the following:

- ***Sick Leave Notice Required / Sick Leave Incentive:*** As specified by ORC §3319.141, employees are required to furnish a written, signed statement on forms to explain the use of sick leave. If medical attention is required, the form shall list the name and address of the attending physician and the dates the physician was consulted. **Table 3-10** shows that the District's bargaining agreement does not require employees to provide a physician's signature to support the need for an extended absence (see **R3.10** for recommendation). In addition, **Table 3-10** shows the District offers an attendance incentive for certificated staff. However, despite the incentive, the Superintendent indicated that employee sick leave abuse is a problem and is contributing to the District's financial difficulties. **R3.10** indicates that sick leave use by certificated employees (86 hours per employee) is significantly higher than the State average (52 hours per employee) reported by the Ohio Department of Administrative Services (DAS). Because the attendance incentive is a provision in the bargaining agreement, it is offered annually without an analysis to determine whether it is achieving the intended goals in a cost-effective manner.
- ***Maximum Number of Sick Days Paid at Retirement:*** According to ORC §124.39, an individual can retire from active service with 10 years or more service, and be paid in cash for one-fourth the value of their accrued unused sick leave up to 30 days. **Table 3-10** shows that the District has established the maximum retirement payout at 50 days, which is significantly higher than the minimum stipulated in the ORC (30 days). Eight teachers retired from the District in FY 2005-06 at a cost of approximately \$126,000.

*Financial Implication:* The savings associated with a reduction in the severance payout will vary depending on the number and rate of pay for the retirees in a given year. However, if the District had reduced the maximum severance payout to ORC minimum requirements in FY 2005-06, the savings would have been approximately \$49,000 (based on the retirement of eight teachers).

**R3.9 Brookfield LSD should consider reducing the number of holidays and adjusting the vacation accrual rates for classified employees to be more comparable to ORC minimum requirements. Doing so would allow the District to reduce the amount of time employees are away from work, which subsequently could increase productivity and limit the need for substitutes and/or overtime. The District should also consider reducing the number of sick days that are paid out to classified staff at retirement. This would help limit the long-term liability associated with severance payments. In addition, Brookfield LSD should negotiate to eliminate the attendance incentive language from the classified collective bargaining agreement. Instead, the District should conduct a cost-benefit analysis prior to offering future attendance**



**incentives to ensure that doing so would result in a decrease in the number of sick and personal days used.**

The collective bargaining agreement between the Brookfield Association of School Employees (classified staff) and the Brookfield Local School District Board of Education is effective from July 1, 2003 through June 30, 2007. The agreement will be open for negotiation in the summer of 2007. Since contractual and employment issues directly affect the operating budget, they have been assessed and compared to industry standards to show any financial implications.

The performance audit assessment of the District’s classified collective bargaining agreement identified the following provisions as comparable to ORC minimum standards and other best practices: length of work week, minimum staffing, employee evaluations, building checks, minimum call-in hours, number of sick days accrued, number of personal days, board pension contributions, retirement incentive, and negotiated wage increases. **Table 3-11** highlights the areas where the District’s contract provisions exceeded those of ORC and other industry standards.

**Table 3-11: Classified Contract Analysis**

Issue	Contract Language	Criteria
<p><b>Number of holidays</b></p>	<p><b>11 and 12 month bargaining unit members:</b>                      New Year’s Day, Martin Luther King Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day, Christmas Day, First Work Day following Christmas. <b>(11 Days)</b></p> <p><b>10 ½ month bargaining unit members:</b>                      New Year’s Day, Martin Luther King Day, Good Friday, Memorial Day, Labor Day, Thanksgiving Day, Day after Thanksgiving Day, Christmas Eve Day, Christmas Day. <b>(9 Days)</b></p> <p><b>Less Than 10 month employees</b>                      New Year’s Day, Martin Luther King Day, Memorial Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day (1/2 Day), Christmas Day <b>(7 ½ Days)</b></p>	<p>According ORC § 3319.087, all regular non-teaching school employees are entitled to the following holidays:</p> <ul style="list-style-type: none"> <li>• <b>Eleven or twelve month employees:</b> New Year's Day, Martin Luther King Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.</li> <li>• <b>Nine or ten month employees:</b> New Year's Day, Martin Luther King Day, Memorial Day, Labor Day, Thanksgiving Day, and Christmas Day.</li> <li>• <b>Less than nine month employees:</b> shall be entitled to a minimum of those holidays enumerated in this section which fall during the employees’ time of employment.</li> </ul>

Issue	Contract Language	Criteria
<p><b>Vacations</b></p>	<p>For all 11 and 12 month employees hired prior to July 1, 1995:</p> <p>1-4 years: 10 days                      5-9 years: 12 days                      10-14 years: 17 days                      15 years +: 20 days</p> <p>For all 12 month employees hired after July 1, 1995:</p> <p>1 year: 5 days                      2 years: 6 days                      3 years: 7 days                      4 years: 8 days                      5-9 years: 12 days                      10-14 years: 17 days                      15 years +: 20 days</p>	<p>According to ORC § 3319.084, non-teaching school employees including full-time hourly-rate and per diem employees are entitled to the following number of vacation weeks:</p> <ul style="list-style-type: none"> <li>• One to nine years: two weeks;</li> <li>• Ten or more years: three weeks; and</li> <li>• Twenty or more years: four weeks.</li> </ul>
<p><b>Incentives</b></p> <ul style="list-style-type: none"> <li>• <b>Sick leave incentive and personal leave incentive</b></li> </ul>	<p>Employees who do not use any sick days or personal days will receive attendance incentive pay as follows:</p> <p>For each of the four grading periods in which no leave is taken, the employee will receive a bonus of \$55.00. In addition, employees who do not use any sick or personal days during the year will receive an additional \$65.00.</p> <p>Twelve-month bargaining unit members can receive an additional \$65.00 if they do not use leave during the summer months.</p>	<p>According to the Society for Human Resources Management (SHRM) in the article <i>Managing Absenteeism Legally</i> (2006), using structural approaches such as incentive pay, creative shift scheduling and cross training can assist organizations to manage attendance proactively, and lawfully. Furthermore SHRM and Business and Legal Reports (BLR) (1999) suggest that managers must be trained on proper recordkeeping to include not only the reason for the absence.</p> <p>Furthermore BLR encourages managers to analyze the record on absences on a regular basis to help identify emerging themes. In addition, the organization is able to use the data to assess the effectiveness of the structural approaches put in place to control excessive leave use.</p>
<p><b>Sick leave</b></p> <ul style="list-style-type: none"> <li>• <b>Doctor Notice Required</b></li> </ul>	<p>Not specified in the contract. The Superintendent indicated that the District does not require employees to submit a Doctor's note to explain the use of sick leave.</p>	<p>ORC §3319.141 states the following:</p> <p>A board of education shall require a teacher or non-teaching school employee to furnish a written, signed statement on forms prescribed by such board to justify the use of sick leave. If medical attention is required, the employee's statement shall list the name and address of the attending physician and the dates when he was consulted. Falsification of a statement is grounds for suspension or termination of employment.</p>

Issue	Contract Language	Criteria
<p><b>Maximum number of sick days paid at retirement (percentage payout)</b></p>	<p>If an employee works 30 or more hours per week, the employee can cash out up to 240 sick days at \$35.00 per day. If an employee works less than 30 hours per week, the employee can cash out up to 240 days at \$25.00 per day.</p> <p>To be eligible for the sick leave pay out, the employee must have been employed under contract for ten or more years with the State of Ohio or any of its subdivisions, or must be 60 years of age with five years of service in Brookfield.</p>	<p>According to ORC §124.39, if an individual retires from active service with ten or more years of service with the state, they are entitled to be paid in cash for one-fourth of the value of the employee’s accrued but unused sick leave credit up to 30 days. A policy can be adopted allowing an employee to receive payment for more than one-fourth the value of the unused sick leave, for more than the aggregate value of thirty days of the employee’s unused sick leave, or allowing the number of years of service to be less than ten.</p>

**Source:** Brookfield Local School District, Ohio Revised Code, Ohio Administrative Code, Association of School Business Officials, Society of Human Resource Management, Business and Legal Reports, Ohio Attorney General Opinion, Oregon School Board Association.

A summary description of the contract provisions identified in **Table 3-11** includes the following:

- Holidays:** According to ORC §3319.087, 11 and 12 months employees are entitled to a minimum of 7 holidays and 9 or 10 month employees are entitled to 6 holidays. Brookfield LSD’s 11 and 12 month employees receive 11 holidays, while the 10 ½ month employees receive 9 holidays, and employees working less than 10 months receive 7½ holidays. Providing full-time employees with more holidays can reduce productivity since there are fewer work days devoted to District operations.
- Vacation Accrual:** **Table 3-11** shows that the District’s vacation accrual schedule is not consistent with the ORC §3319.084. For example, the ORC requires that the District provide classified employees with one to nine years of service with 10 days of vacation per year. However, **Table 3-11** shows the District does not provide its classified employees with 10 days of vacation until the fifth year of service. In contrast, **Table 3-11** also shows that the District’s vacation accrual rates are more generous than the ORC after an employee achieves five years of service. For instance, the District provides its employees with 20 days of vacation after 15 years of service while the ORC does not require 20 days of vacation until an employee has 20 years of service.
- Sick/Personal Leave Incentive:** **Table 3-11** shows that the District offers an attendance incentive for classified staff members who do not use sick or personal leave during a grading period. However, despite the incentive, **R3.10** indicates that sick leave use by classified employees (107 hours per employee) is significantly higher than the State average (56 hours per employee) reported by

DAS. Because the attendance incentive is a provision in the bargaining agreement, it is offered annually without an analysis to determine whether it is achieving the intended goals in a cost-effective manner.

- **Maximum Number of Sick Days Paid at Retirement:** Table 3-11 shows that the District allows a maximum severance payout of 240 days at a rate of \$35.00 per day for employees working more than 30 hours per week. The payout is reduced to \$25.00 per day for employees working less than 30 hours per week. These provisions result in severance payouts that are higher than the minimum requirements stipulated by the ORC. For example, according to ORC §124.39, an individual can retire with 10 years or more service, and be paid in cash for one-fourth of the value of their accrued but unused sick leave credit up to 30 days. Three classified staff members retired from the District in FY 2005-06 at a total cost of \$9,550.

*Financial Implication:* The savings associated with a reduction in the severance payout will vary depending on the number and rate of pay for the retirees in a given year. For example, if the District had reduced the maximum severance payout to ORC minimum requirements in FY 2005-06, the savings would have been approximately \$6,700 (based on the retirement of three classified staff members).

**R3.10 Brookfield LSD should strive to reduce the amount of sick leave used by its employees by strengthening the collective bargaining agreement language to ensure its proper use (see R3.8 and R3.9). More specifically, the District should consider modifying the collective bargaining agreements to include prohibitions against “patterns of abuse.” These prohibitions should indicate that if employees engage in a “pattern of abuse,” they may be subject to discipline. To identify potential patterns of abuse, the District should begin actively monitoring the use of sick leave. For example, it could monitor sick leave use by preparing payroll reports at month-end that show the amount of sick leave used by each employee during the prior month, the year-to-date leave use by employee, and a comparison of the year-to-date sick leave totals by employee classification to the same time period from the prior year. In addition, the District should also consider following the American Society for Public Administration’s (ASPA’s) suggestions on effectively controlling sick leave abuse.**

**Brookfield LSD should consult with its legal counsel prior to implementing this recommendation to ensure that all required notices are given to employees concerning the policy, that the disciplinary procedures are fair and appropriate, and that a process is in place for employees to dispute sick leave abuse claims that is compliant with all applicable laws. Reducing sick leave use by 5 days per certificated staff member and 6.5 days per classified staff member would bring the**

**District more in line with the state averages reported by the Ohio Department of Administrative Services.**

**Table 3-12** illustrates the District’s average sick leave use in comparison to the State and American Federation of State, County, and Municipal Employee (AFSCME) averages reported by the Ohio Department of Administrative Services (DAS).

**Table 3-12: Brookfield LSD Sick Leave**

Brookfield LSD	Sick Leave days	Total Number of Employees	Sick Leave per Employee (hrs)	State Average and AFSCME	Excess Hours Used
<b>Certified</b>	1,178.25	99	86.29	51.96 (State average)	34.33
<b>Classified</b>	735.15	55	106.93	56.20 (AFSCME average)	50.73

Source: Brookfield LSD and Ohio Department of Administrative Services

**Table 3-12** shows that the District’s certificated staff average approximately 86 hours of sick leave per employee, which is significantly higher than the state average reported by DAS of 51.96 hours. In addition, **Table 3-12** shows that the classified staff average approximately 107 hours of sick leave per employee, which is also significantly higher than the AFSCME average reported by DAS. The District’s high rate of sick leave use may be partially due to a lack of policies and provisions in the collective bargaining agreements for identifying and disciplining employees suspected of abuse. For example, the District’s bargaining agreements do not require employees to provide a physician’s signature to support the need for an extended absence.

The State of Ohio has collective bargaining agreements with the State Council of Professional Educators (SCOPE) and the Ohio Civil Service Employees Association (OCSEA), Local 11. Teachers, librarians and educational specialists comprise the majority of positions represented by SCOPE. OCSEA Local 11 represents numerous classifications including clerks, administrative assistants, custodial workers, electricians, equipment operators, food service workers, and maintenance repair workers. Both of these collective bargaining agreements (2003-2006) contain provisions for disciplining employees for sick leave abuse and provisions for addressing pattern abuse, which is defined as consistent periods of sick leave use. The agreements provide the following as examples of pattern abuse:

- Before, and/or after holidays;
- Before, and/or after weekends or regular days off;
- After pay days;

- Any one specific day;
- Absence following overtime worked;
- Half days;
- Continued pattern of maintaining zero or near zero balances; and
- Excessive absenteeism.

Additionally, the SCOPE agreement indicates that for absences exceeding seven consecutive calendar days, a physician's statement is routinely required that specifies the employee's inability to work and probable recovery date. The OSCEA agreement indicates that the employer may request that a physician's statement be submitted within a reasonable period of time.

In the article, *Sick Leave Abuse: A Chronic Workplace Ill* (American Society for Public Administration (ASPA), April 2002), determining if and why employees exploit leave policies is important. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave is higher in one department, or under a particular supervisor, and if workplace policies and procedures affect absences. Finding the root causes of the problem helps address core issues. Methods for monitoring sick leave abuse vary from one organization to another, but the following explain common guidelines all employers can follow to manage sick leave effectively.

- Recognize the problem and intervene early before it escalates. Managers need to enforce leave policies and take appropriate action.
- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say "No." Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices and knowledge to benefit management as well as the employee.
- Document everything to learn from past mistakes.

*Financial Implication:* A reduction in certificated sick leave use to the DAS average would result in a financial savings of approximately \$32,000 for the District. A reduction in classified sick leave usage could not be quantified because substitutes are not consistently used to cover absences.

### *Human Resources Management*

**R3.11 The District should conduct annual surveys of its employees to solicit feedback, determine employee satisfaction, and assist the District in determining areas for**

**improvement. The District should also solicit opinions for improving management communication and disseminating District news and information.**

The District does not have formal procedures for evaluating the work climate, obtaining employee feedback and measuring job satisfaction. According to the Superintendent, the District primarily communicates significant issues to employees through meetings with union representatives. However, the District has not conducted any type of staff survey to obtain employee feedback or measure job satisfaction. OPPAGA states that effective communication includes creating opportunities for employee feedback on district policies and practices. OPPAGA also states that school districts should conduct climate surveys that measure employee satisfaction, and quality of supervision and other information that would assist in assessing performance.

During the course of this audit, AOS conducted a survey of Brookfield LSD employees to determine their overall satisfaction with various functional areas. **Appendix 3-A** presents the results of the staff survey pertaining to the human resource functions of the District. The potential ratings a survey respondent could use in answering each question were 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree. **Appendix 3-A** shows that the District's employees gave the District an average score of 2.53, which indicates a general dissatisfaction with the human resources function at Brookfield LSD. Furthermore, only two percent answered in the affirmative when asked if they are satisfied with how human resources activities are managed in the District while 87 percent disagreed.

**R3.12 Brookfield LSD should begin to formally review and track employee turnover for all categories of employees and document the results of exit interviews to help gauge satisfaction levels. Taking such measures would enable the District to effectively address concerns and problems with job satisfaction, which would help minimize future employee turnover.**

The District does not monitor employee turnover rates or conduct exit interviews. The Superintendent indicated that the District does not experience significant employee turnover. The Superintendent also indicated the District usually conducts informal meetings with employees leaving the District to determine the reasons. However, these meetings are informal and nothing is documented.

OPPAGA states that districts should conduct exit interviews with employees who terminate employment and compile the results of these interviews. In addition, districts should maintain historical data on turnover rates for major classes of employees and monitor this data to identify unusual variations. Furthermore, *Workforce Management: Tips and Techniques for Effective Exit Interviews* (Pamela Holloway, July 2000) contains the following strategies for developing and performing effective exit interviews:

- Select carefully and train the people that are going to be doing the interviews;
- Conduct the interview in person or over the phone if necessary, rather than asking individuals to complete and mail a questionnaire;
- Delay the interview two to three months for involuntary separations and/or “emotionally charged” departing employees;
- Make the exit interview about the employee by discussing their job and accomplishments;
- Use the exit interview to build a relationship; and,
- Use the information collected in the exit interviews.

The failure to track employee turnover or conduct exit interviews can limit the District’s ability to identify and address concerns about job satisfaction, which can impact its ability to retain quality employees.

**R3.13 The District should ensure that all employees are receiving performance evaluations in accordance with the timeframes outlined in the collective bargaining agreements and Board policies. Doing so will provide employees with timely and relevant feedback, which subsequently will help employees improve their performance.**

The District has established and implemented procedures for assessing the performance of all personnel. According to Board policy, employee performance evaluations are conducted as follows:

- Certificated staff members are evaluated four times annually during their first year with the District. All other certificated staff are evaluated no more than two times annually.
- Classified staff members are evaluated annually by their appropriate supervisor.
- Administrators in the final year of their contract are evaluated twice a year. All other administrators are evaluated at least once a year.

However, despite the District’s policy, the AOS survey (see **Appendix 3-A**) shows that only 21 percent of respondents answered in the affirmative when asked if they are evaluated annually. Similarly, only 27 percent of the respondents agreed when asked if the evaluation process provides timely and relevant feedback. These survey results indicate that the District may not be consistently complying with its policies regarding employee evaluations.

OPPAGA states that school districts should ensure that all instructional employees receive performance evaluations at least once a year and all non-instructional employees receive performance evaluations as required by district policy.



**R3.14 Brookfield LSD should adopt a regular cycle (e.g., every two years) for reviewing and modifying job descriptions to ensure they reflect the current responsibilities, education, experience and competency requirements for each position.**

The District has job descriptions for all of its administrative, classified and certificated personnel. However, it does not have a regular cycle for reviewing job descriptions to ensure they are up-to-date. Rather, the job descriptions are usually updated when a job posting occurs. The Superintendent indicated that the District is aware that the job descriptions are out of date and is working on updating them. The AOS survey (see **Appendix 3-A**) shows that 78 percent of survey respondents agreed that they are aware of the duties stated in their job descriptions.

OPPAGA indicates that school districts should maintain up-to-date, clear, concise, and readily accessible job descriptions that accurately identify the duties of each position. In addition, OPPAGA states that the job descriptions should reflect the education, experience, knowledge, skills, and competency levels required for each class of position and for each district-level administrative position.

**R3.15 Brookfield LSD should develop and implement a formalized recruiting plan that incorporates the practices identified by the National Education Association. This will help ensure it is using a uniform and formalized recruitment process, which will subsequently help ensure the hiring of effective and qualified applicants.**

The District does not have a formal recruitment plan that details the roles and responsibilities of the administrators in the recruiting process. Rather, the District posts certificated job openings (i.e., teaching positions) on the Trumbull County ESC's website. The Superintendent, the Board, and the building principals conduct employee interviews and decide as a group on the most qualified certificated candidate.

The Superintendent indicated that vacant classified positions are posted at the school buildings and that all classified employees are notified of openings. If the District does not fill the position internally, the Superintendent indicated that the District primarily hires substitutes that have previously worked in the District. Although this allows the District to fill vacant positions with employees familiar with the District, it does not necessarily ensure that it is getting the best or most qualified candidates. According to the AOS survey (see **Appendix 3-A**), only four percent of respondents agreed when asked if the District's overall recruitment process was effective while 66 percent disagreed. When asked if the District's procedures regarding job postings and hiring are effective, 72 percent of employees surveyed disagreed.

According to the National Educational Association (NEA), "...when school districts are faced with a shortage of qualified teachers, they often respond with a haphazard array of

strategies to make up the shortfall.” However, marketing and recruitment experts note that districts can be much more effective in their efforts by first developing a “comprehensive recruitment plan” that includes the following:

- Gather a team – The National Teacher Recruitment Clearinghouse suggests that gathering a committed and diverse planning team to help collect data, evaluate district needs, identify resources, and recommend a change in policies and practices is the first step towards improved recruiting.
- Assess Needs – After a team is gathered, a thorough assessment of anticipated retirements, expected attrition rate, and student demographics should take place to determine how many new teachers will be needed.
- Examine Existing Culture – The NEA notes that a district should undertake a self-examination to determine if there is anything that might keep applicants from coming to a particular school district.
- Clarify the Mission – Successful recruiters know the District’s mission and can communicate it clearly to potential candidates. They also determine what characterizes their district’s and community’s culture and how this will affect the kinds of applicants they seek out.
- Identify the Target Audience – Identifying the target audience requires not only knowing who the district is looking for but also determining how best to appeal to those people.
- Involve the Community – Successful recruitment campaigns develop a comprehensive package that sells not only a district’s schools, but the surrounding community to potential applicants. An essential component of such a campaign is persuading business and community leaders to buy into recruitment initiatives.
- Collect Data – Having accurate data enables a recruitment team to conduct an initial needs assessment, to be sure its program is working, and to assess future needs. It also provides the figures necessary to make a compelling case for making staffing decisions.

Although the NEA process outlined above is designed for recruiting teachers, a similar process could be used for filling vacant classified positions.

## Technology

**R3.16 Brookfield LSD should consider purchasing and implementing an automated substitute calling system. This would provide the District with an efficient method for contacting substitute employees. In addition, an automated system will provide the District with a convenient reporting system that will improve management's access to data.**

Brookfield LSD does not have an automated system to handle substitute placement. Rather, it uses one cafeteria worker for two hours in the evening and two hours in the morning to locate substitutes. An automated phone-based substitute calling system offers several benefits, including the following:

- Eliminating the labor-intensive task of calling substitutes manually;
- Linking teachers to preferred substitutes or substitute groups;
- Allowing teachers who do not need substitutes to use a separate code;
- Allowing individual substitutes to choose their own calling times;
- Allowing privatization of each school's substitute lists; and
- Tracking of teachers' absenteeism and leave usage.

According to Education World, school districts across the nation have begun to use automated substitute calling systems that are either web or phone-based. These systems automatically contact substitute(s) from a pre-established list of available certificated substitutes. Some systems allow district staff to record their own call-offs or report their own leave requests. Additionally, supervisors are able to print reports on employee leave use as needed.

Implementing an automated substitute calling system would eliminate the need to have employees locate substitutes. Additionally, web and phone-based automated substitute calling systems allow districts to process leave requests in a more efficient and cost effective manner by eliminating paperwork, reducing data entry and allowing for better record keeping of employee time for payroll purposes.

*Financial Implication:* If an automated substitute calling system were implemented, the initial cost would be approximately \$900 for software, training, and installation fees, along with an annual maintenance and support fee of \$300. However, the savings associated with eliminating the four hours the cafeteria employee works per day is estimated to be approximately \$8,200.

**R3.17 When the District's financial situation is stable, the central administration should consider purchasing an automated HR management system. This would enable the District to function more efficiently by providing one central location for the storage**

**of HR information and electronic access to designated staff from many different locations. The HR management software would also assist District personnel in ensuring legal compliance for staffing, efficiently and effectively tracking substitutes and reviewing leave use, as well as performing various other HR functions. If the District purchases an HR management system, it should ensure that appropriate training is provided to the central administrators and support staff.**

Brookfield LSD does not currently have a comprehensive Human Resources Information System (HRIS). Personnel records are maintained manually through the use of physical files stored in a locked filing cabinet in the Superintendent's office. The Superintendent and the Superintendent's secretary are the only employees who have access to the files.

Several software companies advertise that having a single, integrated HRIS is the foundation of effective human resources management because it eliminates manual, error-prone work that is duplicated from function to function. Additionally, the vendors advertise that an HRIS allows for a consolidated database which allows employees to get instant answers to a variety of HR questions, enroll in benefits, get greater control over personal information, request leave, and see compensation history and pay stubs instantly. Furthermore, District administrators would be able to review turnover rates and assess employee satisfaction or overall performance (**R3.12**), manage recruiting activities (**R3.15**), and track employee performance.

*Financial Implication:* According to one vendor, the average cost of an HRIS package that would meet the District's needs is approximately \$8,000 with an annual support/maintenance cost of \$395 plus 15 percent of the initial total cost, or \$1,200 annually. The District's actual price will depend on when the software is purchased and the specific features chosen.

## Financial Implications Summary

The following table presents a summary of annual cost savings and implementation costs identified in this section of the report. For purposes of this table, only recommendations with quantifiable impacts are listed.

### Recommendations Subject to Negotiation

Recommendation	Annual Cost Savings
R3.4 Reduce COLA's during next contract period (already included in recovery plan)	\$89,000 - FY 2009-10 \$182,000 - FY 2010-11 \$279,000 - FY 2011-12
R3.6 Require 5 percent health care contributions from all employees	\$55,000
R3.8 Reduce certificated severance payouts	\$49,000
R3.9 Reduce classified severance payouts	\$6,700
R3.10 Reduction in sick leave use	\$32,000
<b>Totals</b>	<b>\$692,700</b>

### Recommendations Not Subject to Negotiation

Recommendation	Annual Cost Savings	Implementation Costs (One Time)	Annual Cost
R3.1 Reduce 14.5 Regular Education Teachers	\$555,000		
R3.1 Reduce 2.9 ESP Teachers	\$111,000		
R3.2 Hire 3.5 Clerical Employees			\$130,000
R3.16 Purchase a substitute calling system	\$8,200	\$900	\$300
R3.17 Purchase HRIS software/system		\$8,000	\$1,200
<b>Totals</b>	<b>\$674,200</b>	<b>\$8,900</b>	<b>\$131,500</b>

# Appendix 3-A: Employee Survey Responses

AOS administered a survey to obtain employee feedback concerning human resource services in the District. One hundred thirty-eight employees completed the survey. Survey responses were based on the following scale: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree. **Table 3-13** presents the results.

**Table 3-13: AOS Human Survey Results**

Survey Questions	Brookfield LSD Results
<b>1) I am aware of the duties required in my job description.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	7% 11% 2% 39% 39%
<b>2) My job description accurately reflects my actual daily routine.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	11% 23% 7% 39% 18%
<b>3) Our department could effectively maintain productivity in the event of a short-term absence.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	14% 34% 5% 34% 9%
<b>4) The Board of Education monitors its performance and achievement of its goals.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	59% 18% 9% 2% 2%
<b>5) I am aware of the Board of Education’s achievement goals.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	55% 27% 9% 2% 5%
<b>6) Cross training has been implemented in my department.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	52% 30% 7% 0% 0%

Survey Questions	Brookfield LSD Results
<b>7) Staff training is effective in my department.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	39% 32% 11% 14% 2%
<b>8) I am evaluated annually.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree.	27% 20% 16% 14% 7%
<b>9) The evaluation process provides timely and relevant feedback.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree.	16% 14% 27% 18% 9%
<b>10) Evaluations are done in accordance with collective bargaining contracts.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree.	18% 9% 14% 25% 18%
<b>11) The evaluation form used is relevant to my job duties.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	5% 11% 25% 23% 7%
<b>12) Management responds and acts on recommendations made in evaluation sessions.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	30% 9% 27% 9% 2%
<b>13) The District's employee sick leave policy is too lenient.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	59% 23% 11% 2% 0%
<b>14) The District's employee substitutes are qualified and effective.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	18% 30% 30% 18% 2%
<b>15) Current substitute system is effective in placing substitutes.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	39% 20% 9% 18% 9%

Survey Questions	Brookfield LSD Results
<p>16) I am aware of few lapses in certificate/licenses due to lack of management oversight.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>16%                      11%                      27%                      16%                      7%</p>
<p>17) I am satisfied with how human resources activities are managed in the District.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>64%                      23%                      9%                      0%                      2%</p>
<p>18) I am satisfied with the overall effectiveness of human resources management policies and procedures.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>64%                      23%                      9%                      0%                      2%</p>
<p>19) I am informed of changes in District policies and procedures.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>57%                      27%                      0%                      9%                      5%</p>
<p>20) The District's overall recruitment process is effective.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>55%                      11%                      25%                      2%                      2%</p>
<p>21) The District's procedures regarding job posting and hiring are effective.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>45%                      27%                      7%                      9%                      5%</p>
<p>22) I am satisfied with procedures regarding health benefits.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>23%                      11%                      14%                      32%                      14%</p>
<p>23) Current grievance procedures are fair and effective.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>66%                      11%                      11%                      7%                      2%</p>
<p>24) Current discipline procedures are fair and effective.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure</p>	<p>64%                      11%                      14%</p>



Survey Questions	Brookfield LSD Results
4) Agree	5%
5) Strongly Agree	5%
25) I feel overall District employees' satisfaction and morale is positive.	
1) Strongly Disagree	89%
2) Disagree	7%
3) Neutral/Not Sure	2%
4) Agree	0%
5) Strongly Agree	0%

**Note:** Because some individuals either had no opinion or did not respond to a question, survey percentages will not add up to 100 percent.



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# Facilities

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## Background

This section of the performance audit focuses on Brookfield Local School District's (Brookfield LSD or the District) custodial, maintenance and building operations. The objective is to analyze these areas and develop recommendations for operational improvements and expenditure reductions. The District's operations are evaluated against best practice and operational standards from the American Schools and University (AS&U) *Maintenance & Operations Cost Study*, the National Center for Educational Statistics (NCES), the Florida Office of Program Policy and Government Accountability (OPPAGA), and a 10 district peer average. The peer average comprises data from East Holmes Local School District, Garaway Local School District, Indian Valley Local School District, Leipsic Local School District, Logan-Hocking Local School District, Loudonville-Perrysville Exempted Village School District, New London Local School District, New Riegel Local School District, Southeast Local School District, and Springfield Local School District. These ten districts are classified as "Type 1" (rural/agricultural and low median income) by the Ohio Department of Education, the same type as Brookfield LSD. In addition, these ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil.

### *Organizational Structure and Function*

Brookfield LSD currently operates three school buildings: one elementary school (kindergarten through 3rd grades), one middle school (4<sup>th</sup> through 8<sup>th</sup> grades), and one high school (9<sup>th</sup> through 12<sup>th</sup> grades). Additionally, although the District closed Addison Elementary School at the end of FY 2005-06 and Stevenson Elementary School in FY 2003-04, it still owns the buildings and is responsible for providing limited maintenance and upkeep. The District closed these buildings in response to declining student enrollment and the current financial difficulties. The District also operates a maintenance building, maintenance garage, bus garage, and a fieldhouse/stadium.

The District is working with the Ohio Schools Facilities Commission (OSFC) to develop a strategy for addressing future building needs. According to the Superintendent, OSFC recommended the District close all existing school buildings and construct a new school that is large enough to accommodate kindergarten through 12<sup>th</sup> grade (all students). In order to receive funding from the OSFC for this project, the District must pass a bond issue in an amount sufficient to cover the District's matching contribution. The District placed the bond issue on the ballot for November, 2007.

## Staffing

**Table 4-1** illustrates the custodial and maintenance staffing levels and the number of FTE's responsible for maintaining Brookfield LSD's facilities.

**Table 4-1: Staffing Levels for FY 2006-07**

Classification	Total Number of Positions	Number of Full-Time Equivalents
Custodian/Sweeper Cleaner	12	10.06
<b>Total Custodial</b>	<b>12</b>	<b>10.06</b>
Maintenance	2	2.60
<b>Total Maintenance<sup>1</sup></b>	<b>2</b>	<b>2.60</b>
Groundskeepers	2	.80
<b>Total Groundskeepers</b>	<b>2</b>	<b>.80</b>
<b>Total <sup>2</sup></b>	<b>16</b>	<b>13.46</b>

**Source:** Brookfield LSD

**Note:** Totals may vary slightly from actuals due to rounding

<sup>1</sup> The two maintenance employees were recently put in charge of the Facilities department, but still hold the title of maintenance employees.

<sup>2</sup> FTEs were adjusted based on custodial staff spending approximately 10 percent of time completing maintenance functions, maintenance staff spending approximately 15 percent of time completing groundskeeper duties and 10 percent of time on custodial work.

The goal of the custodial and maintenance staff is to provide students with an attractive and clean place in which to learn, play, and develop. Accordingly, the custodial staff is responsible for sweeping and mopping floors, vacuuming rooms, emptying wastebaskets, picking up trash, and dusting. Additionally, the custodial staff is also responsible for opening, closing, and cleaning buildings and performing minor maintenance duties. The Interim Maintenance Supervisor indicated that custodians complete light maintenance work approximately 10 percent of the time. **Table 4-1** shows that the District employed 12 custodians during FY 2006-07. However, because custodial employees also complete minor maintenance work, the full-time equivalent for custodians is estimated to be 10.06 FTEs.

The maintenance staff supports the goals of the District by maintaining the heating, cooling, plumbing, and electrical systems in each building. In addition, the maintenance staff is responsible for completing certain custodial and groundskeeper functions such as cutting grass, removing snow, and maintaining outdoor equipment. The Interim Maintenance Supervisor estimates that custodial and groundskeeping activities represent approximately 10 and 15 percent of a full-time maintenance employee's responsibilities, respectively. **Table 4-1** shows that the District's maintenance staff consists of two full-time employees. However, the full-time equivalents are estimated to equal 2.60 FTEs after adjusting for the time the maintenance employees spend completing custodial/groundskeeping functions and for the time the custodial employees spend performing maintenance functions.

The District's groundskeeping function is estimated to equal .80 FTE's, which consists of two temporary employees (.50 FTE's) hired by the District each summer and the maintenance employees that perform groundskeeping duties 15 percent of the time. The temporary employees report to the Interim Maintenance Supervisor and are responsible for the preparation of playing fields, mowing, and other activities related to athletics.

In addition to the maintenance activities mentioned above, both maintenance employees were placed in charge of the entire Facilities Department in FY 2006-07. This change occurred when the former Maintenance Supervisor resigned at the conclusion of FY 2005-06. As interim supervisors, these employees are responsible for keeping the Superintendent regularly informed of issues regarding the District's buildings and grounds. Their responsibilities also entail managing the custodians, scheduling all maintenance activities, purchasing all maintenance supplies, conducting meetings with employees if necessary, and monitoring building efficiency.

### *Key Statistics*

**Table 4-2** shows certain key statistics and performance indicators for Brookfield LSD in comparison to various benchmarks from the 35<sup>th</sup> AS&U *Maintenance and Operations Cost Study* (April 2006), and statistics from the NCES *Planning Guide for Maintaining School Facilities* (February 2003), which are included in the table and are used throughout this section of the report.

**Table 4-2: Key Statistics and Indicators**

<b>Number of Buildings</b>	<b>7</b>
Elementary School	1
Middle School	1
High School	1
Other <sup>1</sup>	4
<b>Total Square Feet Cleaned by Custodians</b>	<b>204,016</b>
Elementary School	38,974
Middle School	63,617
High School	80,425
Administration (Other)	21,000
<b>Total Square Feet Maintained by Maintenance Workers</b>	<b>259,808</b>
Elementary School	79,454
Middle School	63,617
High School	80,425
Other	36,312
<b>Total Acres Maintained</b>	<b>43.6</b>
High School/Middle School Acreage(Combined)	23
Elementary Acreage	11
Other Buildings Acreage	10
<b>Square Feet Per FTE Custodial Staff Member (10.06 FTE)</b>	<b>20,280</b>
<b>NCES National Average for Custodial Per FTE<sup>2</sup></b>	<b>28,000</b>
<b>Square Feet Per FTE Maintenance Staff Member (2.60 FTEs)</b>	<b>99,926</b>
<b>AS&amp;U 35th Annual Cost Survey 1,000- 3,500 Student Median for Maintenance Square Feet Per Staff Member</b>	<b>116,272</b>
<b>AS&amp;U 35th Annual Cost Survey National Median</b>	<b>100,720</b>
<b>Acres Per FTE Grounds Staff Member (.80 FTE)</b>	<b>54.50</b>
<b>NCES Standard per Grounds FTE</b>	<b>18</b>

Source: Brookfield LSD, AS&U 35<sup>th</sup> Annual Maintenance and Operations Cost Survey and NCES

<sup>1</sup> The classification "other" describes buildings in the District that are not school buildings but are still counted for square footage purposes.

<sup>2</sup> NCES Level 3 cleaning standard (the normal standard for most school facilities) is 28,000 to 31,000 square feet per custodian.

As illustrated in **Table 4-2**, Brookfield LSD's square footage per custodial FTE is significantly lower than NCES standard while the maintenance FTE's are responsible for square footage similar to the AS&U national median. Conversely, the District's acreage per groundskeeper FTE is significantly higher than the NCES standard.

### *Financial Data*

**Table 4-3** illustrates the actual and projected expenditures from all funds to maintain and operate the facilities for FY 2004-05, FY 2005-06, and FY 2006-07.

**Table 4-3: Maintenance and Operations Expenditures**

Line-Item	FY 2004-05 Total	FY 2005-06 Total	FY 2005 to FY 2006 Percent Change	FY 2006-07 Projected	FY 2006-07 Projected Percent Change
Salaries	\$491,477	\$510,384	3.85%	\$435,568	(14.66%)
Benefits	\$410,953	\$252,943	(38.45%)	\$223,050	(11.82%)
Utilities	\$171,953	\$341,559	98.64%	\$111,457	(67.37%)
Purchased Services	\$61,759	\$48,822	(20.95%)	\$43,774	(10.34%)
Supplies and Materials	\$39,940	\$54,456	36.34%	\$44,429	(18.41%)
Capital Outlay	\$10,000	\$14,240	42.40%	\$24,000	68.54%
Other	\$7,223	\$7,497	3.79%	\$2,843	(62.08%)
<b>Total</b>	<b>\$1,193,305</b>	<b>\$1,229,901</b>	<b>3.07%</b>	<b>\$885,122</b>	<b>(28.03%)</b>

Source: Brookfield LSD 4502's

Note: Totals may vary from actuals due to rounding.

**Table 4-3** shows that the District increased its total facilities expenditures by approximately 3 percent in FY 2005-06. This can be attributed to large increases in the utilities, supplies and materials, and capital outlay expenditures that were partially offset by reductions in benefits and purchased services. **Table 4-3** also shows that the District is projecting the total facilities expenditures to decrease by approximately 28 percent in FY 2006-07. The Treasurer attributed the majority of the expenditure reductions to the closing of Addison Elementary School at the end of FY 2005-06. Explanations for significant variances in **Table 4-3** include the following:

- **Salaries:** The District is projecting salary expenditures to decline by approximately 15 percent in FY 2006-07. This is due to the elimination of three custodial positions through attrition prior to the start of the school year (FY 2006-07).
- **Benefits:** The District's benefit expenditures declined by approximately 38 percent in FY 2005-06, and the FY 2006-07 expenditures are projected to decline another 12 percent. The Treasurer attributed the decline in FY 2005-06 to two health insurance premium holidays. In addition, the Treasurer indicated that the District did not pay the June, 2006 health insurance premium (FY 2005-06) until July in order to delay the expenditure until FY 2006-07. The large reduction in projected benefit costs for FY 2007-08 appears to be a budgeting mistake. **R2.6** within the **financial systems** section notes that the District underestimated benefit costs for the year. For example, the District's financial forecast projected the total benefit expenditures to equal approximately \$1.9 million in FY 2006-07. As of March 2007, the District had already spent approximately \$1.6 million, which puts the District on pace to exceed the original projection by approximately 13 percent.
- **Utilities:** The District's utility expenditures increased by approximately 99 percent in FY 2005-06 while the FY 2006-07 expenditures are projected to decline approximately 67

percent. The Treasurer attributed the large increase in FY 2005-06 to rate increases for natural gas and electricity. According to Dominion East Ohio Gas, the price of natural gas was approximately 35 percent higher in FY 2005-06 due to the hurricanes that hit the Gulf of Mexico. The projected decline in FY 2006-07 is due to the closing of Addison Elementary School (end of FY 2005-06) and a general expectation that gas and electricity prices were abnormally high in FY 2005-06. However, **R4.8** indicates that the District does not have effective energy management procedures in place to control the cost of utilities.

- **Purchased Services:** The District's purchased service costs declined by approximately 21 percent in FY 2005-06, and the FY 2006-07 expenditures are projected to decline another 10 percent. The decline in FY 2005-06 can be attributed to the District receiving price discounts on the cost of property insurance through competitive bidding. The decline in FY 2006-07 is due to the closing of Addison Elementary School, which the District estimates will reduce the cost of contracted building maintenance.
- **Supplies and Materials:** The District's supply and material costs increased by approximately 36 percent in FY 2005-06 while the FY 2006-07 expenditures are projected to decline approximately 18 percent. The increase in FY 2005-06 is attributed to renovations to portions of Brookfield Elementary to accommodate the incoming students from Addison Elementary School. The projected decline in FY 2006-07 is due to the closing of Addison Elementary, which the District estimates will reduce the costs for cleaning and maintenance supplies.
- **Capital Outlay:** Capital outlay expenditures increased approximately \$4,000, or 42 percent, in FY 2005-06. In addition, the District is projecting capital outlay expenditures to increase by approximately \$10,000, or 69 percent, in FY 2006-07. These increases are attributed to a variety of building improvements at the high school and other buildings.
- **Other:** The District's other expenditures are projected to decrease by approximately \$4,700, or 62 percent, in FY 2006-07. This decline is due to one-time expenditures of approximately \$4,700 for sewer system repairs and maintenance at Brookfield Elementary School in FY 2005-06. The District is budgeting only \$1,500 in FY 2006-07.

**Table 4-4** compares Brookfield LSD's General Fund and all fund custodial and maintenance expenditures on a per square foot basis to the peer average and to the AS&U national benchmarks.



**Table 4-4: FY 2005-06 Expenditures per Square Foot**

Object Code	Brookfield LSD	Peer Average	AS&U 1,000-3,500 Students
District Square Feet	228,856	221,424	
Salaries/ Benefits	\$3.34	\$2.48	\$2.14
Purchased Services (excludes utilities)	\$0.21	\$0.54	\$0.16
Utilities	\$1.49	\$1.32	\$1.16
Materials and Supplies	\$0.24	\$0.34	\$0.34
Capital Outlay	\$0.06	\$0.05	-
Miscellaneous	\$0.03	\$0.00	\$0.14
<b>Total General Fund</b>	<b>\$5.37</b>	<b>\$4.74</b>	<b>\$3.94</b>
<b>Total All Funds</b>	<b>\$5.43</b>	<b>\$4.88</b>	<b>\$3.94</b>

Source: Brookfield LSD, the Similar Districts (ODE) and AS&U

**Table 4-4** shows that Brookfield LSD's total General Fund and all fund custodial and maintenance expenditures per square foot are approximately 13 and 11 percent higher than the peer averages, respectively. In addition, the District's all fund expenditures per square foot are approximately 38 percent higher than the AS&U National median for districts with 1,000 to 3,500 students. **Table 4-4** also shows the District exceeds the peer average and the AS&U National median for similar sized districts in salaries/benefits and utilities. Additionally, the District's miscellaneous expenditures are slightly higher than the peer average while purchased services are 31 percent higher than the AS&U National median for similar sized districts.

The higher salary and benefit expenditures per square foot can be attributed to higher staffing levels when compared to the peer average and national benchmarks in FY 2005-06. However, it should be noted that the District eliminated three custodial positions through attrition prior to the start of FY 2006-07 (see **R4.1**). In addition, **R3.5** in the **human resources** section indicates the District does not require full-time employees to contribute towards the cost of health care premiums. The District's higher utility costs can be attributed to a lack of energy management policies and procedures (see **R4.8**), while its higher miscellaneous expenses can be attributed to sewer system repair and maintenance that occurred at Brookfield Elementary in FY 2005-06. The District's purchased service expenditures are due to contracted building repairs and maintenance services, and are significantly lower than the peer average.

### *Assessments Not Yielding a Recommendation*

In addition to the analyses presented in this section, assessments were conducted on other aspects of facilities operations, which did not warrant changes and did not yield recommendations. These areas include the following:

- **Capacity Analysis:** The District has closed two elementary schools since FY 2003-04. As a result, it currently operates with one elementary school (K-3), one middle school (4-8), and one high school (9-12). Using methodology recommended by DeJong and Associates, AOS conservatively estimated the District's capacity utilization at these schools to be approximately 76 percent at the elementary school, 79 percent at the middle school, and 66 percent at the high school. Based on the current student enrollment, the District does not have enough excess capacity to close an additional building.
- **Building Security:** The District's policies and procedures for ensuring building security are comparable to the practices recommended by the NCES Planning Guide for Maintaining School Facilities (February, 2003).

### *Noteworthy Accomplishment*

The following is a noteworthy accomplishment identified during the course of the performance audit of the District's facilities operations:

- **Overtime Use and Expenditures:** The District currently has an overtime policy in its classified collective bargaining agreement that states the Board shall pay overtime at the rate of time and one-half for all hours over eight worked on any day, or for all hours worked over 40 in any week. However, the District has not incurred any overtime expenses during the last two years. All weekend building checks are performed by the maintenance employees based on a flat daily rate of \$24.00. As a result, the annual cost of weekend building checks (\$4,992) represents less than one percent of the total facilities-related salaries.

## Recommendations

### Staffing and Employment Issues

**R4.1 The District should reduce custodial staffing levels by 3.0 FTEs and consider hiring 1.5 seasonal groundskeeping FTEs to work during the peak growing season (assumed to be May through October). This would more evenly distribute the workload among custodial, maintenance and groundskeeping employees while providing the District with additional flexibility to adjust staffing levels when a decision has been made regarding the OSFC project.**

**If the District moves forward with the proposed building configurations identified by the OSFC (closing all existing buildings and constructing one new building), the District should use the key performance measures presented in R4.2 to identify the appropriate custodial, maintenance and groundskeeping staffing levels.**

Table 4-5 shows the District’s custodial, maintenance and groundskeeper staffing levels in comparison to the peer average as reported through EMIS. The information is also presented on a per 1,000 ADM basis to account for differences in student populations.

**Table 4-5: EMIS Staffing**

	Brookfield LSD		Peer Average	
	Actual FTE	Per 1,000 Students	Actual FTE	Per 1,000 Students
<b>Maintenance Workers</b>	2.00	1.47	3.05	2.36
<b>Custodians/Groundskeepers</b>	15.00	11.04	9.51	6.12
<b>Total</b>	<b>17.00</b>	<b>12.51</b>	<b>12.56</b>	<b>8.48</b>

Source: Brookfield LSD and peer district EMIS

Although **Table 4-5** does not adjust for the cross-functionality of certain employees (i.e., custodians performing grounds and maintenance work), which may result in certain line-item variations, the table shows that the District’s total staffing for maintenance, custodial and groundskeeping employees is 4.03 higher than the peer average on a per 1,000 ADM basis. The District would need to reduce staffing by 5.5 FTEs in order to achieve the peer average. However, it should be noted that **Table 4-5** reflects the District’s staffing levels at the end of FY 2005-06 and does not account for three custodial FTEs that were eliminated through attrition prior to the start of FY 2006-07.

As shown in **Table 4-2**, Brookfield LSD’s custodial staff (current staffing levels) cleans only 20,280 square feet per FTE while the NCES national average is 28,000 to 31,000 square feet per custodian. In addition, the maintenance staff is responsible for

maintaining 99,926 square feet per FTE while the AS&U national median for similar sized districts and the overall national median are 116,272 and 100,720 square feet per maintenance FTE, respectively. In contrast, **Table 4-2** also shows that the District maintains an equivalent of 54 acres per groundskeeper FTE while the NCES standard is 18. These ratios indicate that the District is overstaffed in the custodial classification, appropriately staffed in the maintenance classification, and understaffed in the groundskeeper classification. Under the current building configurations, the District would need to eliminate approximately three FTE custodial positions and increase the groundkeeping staff by 1.5 FTEs to achieve ratios that are similar to the AS&U and NCES benchmarks.

Although the staffing ratios suggest that the District should hire 1.5 full-time groundskeeping FTEs, it may be able to meet current needs by hiring only seasonal employees to assist during the peak growing season. This would not only provide the District with additional staff to meet the increased demands during the growing season, but also provide the District with a cost avoidance associated with not hiring full-time employees. This approach would also provide the District with additional flexibility to adjust the staffing levels once a final decision has been made regarding the OSFC project.

*Financial Implication:* The District would save approximately \$114,000 in salaries and benefits by eliminating three FTE custodial positions. If the District hired 1.5 groundskeeping FTEs to work during the peak growing season (assumed to be May through October), the implementation cost would be approximately \$20,000.

**R4.2 The District should evaluate the efficiency and effectiveness of the custodial and maintenance programs by regularly tracking and reporting certain key performance measures, such as cost per square foot and cost per student for major object codes (staffing, benefits, purchased services, utilities, supplies, etc.), the number of square feet cleaned and maintained per FTE, and acres maintained per FTE. The District should subsequently use this information to make key staffing and building maintenance decisions.**

The District does not use performance measures to evaluate the efficiency and effectiveness of its maintenance and custodial operations. **Table 4-6** displays the District's current custodial staffing allocation by building type.

**Table 4-6: Staffing Allocation**

Schools	Square Feet Maintained per FTE
Elementary Schools (2.33 FTE's)	16,727
Middle School (4.69 FTE's)	13,564
High School (3.94 FTE's)	20,412
National Center for Educational Statistics (NCES) National Average for Custodial Per FTE	28,000

Source: Brookfield LSD payroll, District interviews, and NCES

**Table 4-6** indicates that custodial staffing allocations are not consistent from one building to the next. For example, high school custodians are responsible for cleaning and maintaining approximately 20,400 square feet per FTE while the middle school custodians are only responsible for approximately 13,600 square feet. The inconsistent staffing allocations can be partially attributed to a lack of performance measures.

According to OPPAGA, districts should develop a comprehensive set of performance measures to evaluate the overall effectiveness of the custodial and maintenance programs. OPPAGA goes on to cite cost per square foot, number of full-time staff per square foot cleaned, and cost per student as examples of cost effectiveness ratios that should be considered when evaluating the custodial and maintenance programs. In addition, GFOA recommends the use of performance measures (i.e., input, output, effectiveness/outcome, and efficiency measures) to evaluate the performance of programs and services.

**R4.3 The District should conduct a survey of teachers, students, parents, administrators, and Board members at least annually to determine strengths and weaknesses of the custodial and maintenance programs. The District should then share the results with stakeholders and highlight strategies to improve in the areas identified as weaknesses. Additionally, the District should review the survey administered by AOS and begin to address areas for improvement. Brookfield LSD could use the AOS survey to help in developing a more customized and detailed future survey of its maintenance and custodial operations.**

The District does not regularly use surveys to gauge stakeholder perceptions regarding facility operations. **Appendix 4-A** presents the results of the AOS survey of District employees to determine overall satisfaction with the management of facility-related issues. The ratings available to each participant when responding to survey questions were 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

**Appendix 4-A** shows that survey responses ranged from 2.31 to 3.98 with an average of 3.25. This indicates that the District’s employees are generally neutral concerning the overall performance of custodial and maintenance staff. In the seven categories where the District’s survey scores were less than 3.0, five can be attributed to different aspects of

the work order process. For example, the District received low scores in the areas of scheduling, timeliness, advance notification, and level and extent of reporting associated with the work order process. The other two areas dealt with employee perceptions regarding the custodial staffing levels and the school grounds being maintained properly. The negative perception among staff in these areas may be attributable to the following:

- The lack of an electronic work order system for scheduling and prioritizing work, equitably distributing work, and management reporting (see **R4.6**);
- The lack of a customer feedback system to identify staff perceptions and implement necessary program improvements;
- The lack of objective criteria for monitoring facility operations and making staffing decisions (see **R4.2**);
- The high level of employee absenteeism (see **R3.10** in the *human resources* section).

However, it does not appear that the low ratings can be attributed to inadequate custodial staffing levels as the District's staffing is high by comparison to the peer average and national benchmarks (see **R4.1**).

According to OPPAGA, districts should use customer feedback on surveys, self-analysis, and subsequent follow-up on identified problems to implement program improvements. Typically, customer surveys ask principals and school staff to rate the maintenance and operation departments on prompt response, turnaround time, quality of work and professionalism. Sharing survey results with employees, continued communication with stakeholders, and follow-up with corrective action plans are critical to improving maintenance and custodial services. Furthermore, NCES indicates that surveys can be used to evaluate custodial and maintenance work, and provides a sample customer survey form for gaining feedback about custodial and maintenance services.

### *Planning*

**R4.4** In conjunction with the development of a facilities master plan (see **R4.5**), the District should develop and formally adopt a 5 to 10 year methodology for projecting student enrollment. The District should then use that methodology to annually update the enrollment projections prepared by DeJong and Associates. Subsequently, the District should review the enrollment projections and compare them with building capacities to determine possible building additions, closures, and/or reconfigurations. If the District moves forward with the OSFC project and constructs one school building for kindergarten through 12<sup>th</sup> grade, it should use enrollment projections to ensure that space is allocated efficiently within the building. Enrollment projections should also be considered when forecasting future

**State funding allocations for the five-year forecast and when making staffing decisions.**

The District recently had an enrollment projection prepared by DeJong and Associates to facilitate the OSFC project. The enrollment projection was based on variables such as live birth data, real estate transactions, economic conditions, historical data, and other factors, and shows the District's enrollment declining from 1,333 students in FY 2006-07 to 1,090 in FY 2015-16. These projections are consistent with historical trends, which show that enrollment has been declining since FY 1999-00. Historically, the District has not prepared or used enrollment projections for decision making purposes.

- R4.5 When a final decision is made regarding the proposed OSFC project, the District should consider developing a formal facilities master plan that is tailored to the future direction of the District. In carrying out this process, the District should work with a cross-section of school personnel, parents, students, and community members to ensure that all stakeholders provide input with regard to the District's facility needs and future plans. In addition, the District should ensure that the master plan reflects current and future building configurations and student demographics, incorporates and annually updates student enrollment projections (see R4.4), provides a capital improvement plan and a formal preventative maintenance schedule (see R4.7), and includes a building capacity/space utilization analysis. Once developed, the District should update the facilities master plan regularly to reflect building improvements that have been made, changes in demographics, and other educational priorities.**

The District does not have a facilities master plan. However, it recently collaborated with OSFC to develop a strategy for addressing future building needs. Through this process, OSFC analyzed the condition of the current school buildings and worked with DeJong and Associates to create a ten-year enrollment projection. According to the Superintendent, OSFC recommended the closure of all the existing school buildings and construction of one new school that is large enough to accommodate kindergarten through 12<sup>th</sup> grades (all students). In order to receive funding from OSFC for this project, the District must pass a bond issue in an amount sufficient to cover its matching contribution. The District placed the bond issue on the ballot in November, 2007.

Despite completing building assessments and enrollment projections through the OSFC process, the District historically has lacked many other elements of a facilities master plan, including a listing of specific projects and their associated timing, sequence and estimated costs (capital improvement plan); a preventive maintenance schedule; a building capacity analysis; input from stakeholders; and a discussion of various project financing methods.

In *Creating a Successful Facility Master Plan* (July 2001), Dr. William DeJong and Carolyn Staskiewicz indicate that a facility master plan is important for determining and securing financing and providing the macro scope of projects. The authors also indicate that a 10-year facility master plan should be developed on a foundation of sound data and community input. It should be a road map for addressing the district's facility needs and include the following:

- The plan should clearly state what buildings are going to be kept, which should be discontinued, which are going to be renovated and what new buildings are going to be built;
- The plan should specify the projects that have been identified, the timing and sequencing of the projects, and their estimated cost;
- The plan should be the convergence of the condition of existing facilities, the desired educational program, the demography of the district, and a vision of the future;
- The plan should be updated periodically to incorporate improvements that have been made, changes in demographics or other educational directions; and
- The plan should be used as an opportunity for a community to come together to determine how educational facilities can be an impetus for change and improvement. It requires the collaboration of educators, administrators, policy makers, community members and facility experts.

To facilitate the development of a facilities master plan, DeJong and Staskiewicz recommend that districts develop a database that provides a "community/school" profile. The following elements were suggested for inclusion in the database and the subsequent plan:

- Historical and projected enrollment;
- Demographic profile of the community/school district which includes a facility inventory, a condition assessment of school facilities, and an educational adequacy assessment of facilities;
- Capacity analysis;
- Educational programs;
- Academic achievement; and
- Financial and tax information.

The District would be required to develop a facility master plan and the various component plans as part of the OSFC project. As a result, the cost of developing the initial facilities master plan would be funded through the OSFC project, assuming the voters pass the bond issue in November, 2007. Although the District should try to use in-house staff to regularly update the facilities master plan (once developed), it may be necessary



for the District to contract for outside assistance in order to accurately reflect building configurations and needs. However, it is difficult to quantify these costs due to the unspecified timeframes of the updates, and the level of expertise of the custodial, maintenance, and administrative staff in place at that time.

**R4.6 The District should consider purchasing an automated work order system. In selecting a vendor, it should ensure that the software has the ability to track the information recommended by NCES. Employees should receive appropriate training on the new work order system so that all functions are being used to their full extent. The improved record keeping associated with an automated work order system would help in estimating future costs and timeframes for potential projects. In addition, the automated work order system would help in formalizing the preventive maintenance program and making future preventive maintenance costs more predictable (see R4.7).**

The District uses a manual work order system to track facility-related information. Under the current process, a work requisition form is completed by an employee as the need arises. Assuming the building principal approves the work order, the request is then submitted to the Superintendent for review. The Superintendent prioritizes work orders and develops a daily work order schedule based on a consideration of health and safety issues (emergencies), deadlines, and the order in which the work order was received. Upon job completion, a copy of the work order, noting the ultimate resolution, is returned to the originator and a second copy of the work order is maintained by the Interim Maintenance Supervisors. Additionally, the Interim Maintenance Supervisors indicated that this work order system has and continues to work efficiently. However, based on a review of work order slips, it appears that the District's reporting capabilities are limited. For example, the work order forms do not allow the District to easily track and reference the project history; the job priority, status and tracking numbers; and the cost of labor, supplies and materials.

According to the NCES *Planning Guide for Maintaining School Facilities* (February 2003), work order systems help school districts register and acknowledge work requests, assign tasks to staff, confirm that the work is completed, and track the cost of parts and labor. The *Planning Guide* goes on to indicate that, at a minimum, work order systems should account for:

- The date the request was received;
- The date the request was approved;
- A job tracking number;
- Job status (received, assigned, ongoing, or completed);
- Job priority (emergency, routine, or preventive);
- Job location (where, specifically, is the work to be performed);

- Entry user (the person requesting the work);
- Supervisor and craftsperson assigned to the job;
- Supply and labor costs for the job; and
- Job completion date/time.

An automated work order system may also improve productivity and efficiency by reducing data entry and phone calls for work requests, improve customer service by automating communication and feedback with requests, save time and money by streamlining work flow, and generate simple and detailed reports on work status and costs.

*Financial Implication:* The cost of an automated work order system would range in price depending on the number of features, such as: equipment tracking, work order and service requests, parts and inventory, assets, preventive maintenance, labor, scheduling options, safety, and various reports. However, the Painesville Township Local School District was able to purchase an automated work order system that includes many of the features noted above for approximately \$1,900 per year.

**R4.7 Brookfield LSD should use the electronic work order system identified in R4.6 to establish a formal preventive maintenance (PM) program that addresses all routine, cyclical, and planned building maintenance functions. With the development of a formal PM program, the District should also develop a comprehensive five-year capital improvement plan that is updated on an annual basis, identifies how the permanent improvement levy proceeds will be spent, and ensures that critical repair work or equipment replacement is completed. The capital improvement plan should include a capital project categorization and prioritization system that provides management with a breakdown between maintenance tasks and capital projects, ensures work is completed in a timely manner, and minimizes both safety hazards and facility deterioration. Once developed, the preventive maintenance and capital improvement plans should subsequently be linked to the facilities master plan (see R4.5)**

Brookfield LSD informally completes most preventive maintenance activities in-house. The District's preventive maintenance activities include regular maintenance and inspection of temperature controls, pumps, filters, hot water boilers, and belts. In addition, maintenance employees clean or maintain salt spreaders, auto scrubbers, paint machines, roofs, and exterior water drains. However, the completion of these activities is not regularly documented. As a result, the District has difficulty determining which preventive maintenance activities and inspections are completed, or how often these activities are taking place. The District uses a manual work order system, which limits its ability to schedule and track the results of preventive maintenance activities.

The NCES *Planning Guide for Maintaining School Facilities* (February, 2003), warns that continual emergency repairs will cost more in the long-term than a formal preventive maintenance program. A preventive maintenance plan will help prevent sudden and unexpected equipment failures, inhibit the accumulation of damage and repair tasks, and ensure the continued use of equipment to help maximize life expectancy.

In addition, although the District has a permanent improvement levy that generates approximately \$91,000 annually, it does not have a formal capital improvement plan to help determine the best use of these monies. Instead, the Treasurer indicated that the District spends the permanent improvement levy monies on buildings, repairs, and equipment on an as-needed basis without a long-term plan. GFOA indicates that governments should have a process in place for evaluating proposed capital projects and financing options, and developing a long-range capital improvement plan that integrates projects, timeframes, and financing mechanisms. The capital plan should project at least five years into the future and should be fully integrated with the government's overall financial plan. The process for developing the plan should allow ample opportunity for stakeholder involvement in prioritizing projects and review. Upon development, GFOA further recommends that districts have the capital plan approved by the governing body.

Given the District's current financial difficulties, a formal preventive maintenance program (via the automated work order system) and capital improvement plan are especially important in helping anticipate facility and equipment repair needs, prioritizing projects by building and year, securing alternative financing, and properly maintaining the equipment. In addition, having a comprehensive capital improvement plan will assist in allocating limited resources among multiple projects.

### *Energy Management*

**R4.8 The District should consider developing a formal energy conservation policy that incorporates many of the procedures recommended by NCES and the Association of School Business Officials (ASBO). Once the policies are in place, the District should distribute and discuss the policies with the administrators, faculty, and staff in an effort to educate them about energy conservation and the impact waste has on the operating budget. Developing a formal policy may also allow for additional savings through better education and improved monitoring.**

**In conjunction with the policy, the District should consider implementing a mechanism for monitoring energy use by building. For example, centrally tracking energy use as reported on monthly invoices for each building would provide trend comparisons that could be used to identify potential issues of waste associated with policy non-compliance and/or inefficient equipment such as boilers, lights and air conditioners. To ensure that appropriate monitoring is taking place, the District**

**should require that the Superintendent and Treasurer be provided with copies of energy use reports on a monthly basis. Lastly, the District should consider joining consortiums to obtain natural gas and electricity at discounted prices.**

**Table 4-7** compares the District’s utility expenditures per square foot for all funds during the last three years to the peer average and the AS&U median for districts with between 1,000 and 3,500 students. It should be noted that the AS&U data is reported as budgeted expenditures for FY 2005-06.

**Table 4-7: 2005 Brookfield LSD and Peers Utility Costs per Square Foot**

	Brookfield LSD FY2003-04	Brookfield LSD FY2004-05	Brookfield LSD FY2005-06	Peer Average	AS&U Median 1,000-3,500 Students
Utility Cost	\$376,189	\$171,953	\$341,560	\$283,062	
Cost per Square Foot	\$1.53	\$0.75	\$1.49	\$1.32	\$1.16

**Source:** Brookfield LSD, Peers, and AS&U 35<sup>th</sup> annual cost study

**Table 4-7** shows that the District’s utility costs have fluctuated during the last three years, with total costs declining approximately 54 percent in FY 2004-05 and increasing approximately 99 percent in FY 2005-06. According to the Treasurer, the decline in FY 2004-05 can be attributed to the closing of Stevenson Elementary School. The Treasurer attributed the large increase in FY 2005-06 to increases in natural gas and electricity prices. According to Dominion East Ohio Gas, the price of natural gas was approximately 35 percent higher in FY 2005-06 due to the hurricanes that hit the Gulf of Mexico.

**Table 4-7** also shows the District’s utility costs per square foot in FY 2005-06 are nearly 13 percent higher than the peer average, and approximately 28 percent higher than the AS&U median for similar size districts. The District’s high utility costs can be attributed to a lack of the following:

- **Energy Management Policies:** The District does not have policies for promoting and educating staff on the importance of energy conservation. Additionally, the District does not have a central administrator who is responsible for overseeing energy management efforts. Specifically, no one is responsible for tracking and monitoring energy use by building or helping identify waste through building energy audits.
- **Computer Technology:** The District does not use computer technology to help control utility costs. For example, it does not use programmable thermostats or software to centrally monitor and control building temperatures from remote locations. Other school districts, such as the Painesville Township Local School District and Austintown Local School District, have used this type of technology to help achieve energy costs that are comparable to the AS&U national median.

- **Purchasing Consortia for Utilities: R2.18** in the **financial systems** section indicates the District does not regularly use cooperative purchasing or consortia when purchasing commonly used items, including utilities. The Ohio Schools Council (OSC) purchasing consortium offers member districts the opportunity to purchase natural gas, electricity, and other services at discounted prices. For example, the OSC advertises that members in the Prepaid Natural Gas Program experienced an average savings of approximately 10 percent in FY 2005-06. Similarly, the OSC advertises that members that purchased electricity through the Energy for Education Program experienced an average savings of approximately 18 percent in FY 2005-06.
- **Energy Conservation Projects:** The lack of a capital improvement plan (see **R4.7**) and the current financial difficulties make it difficult for the District to make large scale energy efficiency improvements without issuing debt. The Treasurer indicated that the District probably would not consider issuing debt to fund capital improvement projects until a final decision is made concerning the OSFC project.

Since energy costs represent a major expense for school budgets, the NCES *Planning Guide for Maintaining School Facilities* (February 2003), has identified the following guidelines to help improve energy management and possibly achieve cost reductions:

- Establish an energy policy with specific goals and objectives;
- Assign someone to be responsible for the district's energy management program, and give this energy manager access to top-level administrators;
- Monitor each building's energy use;
- Conduct energy audits in all buildings to identify energy-inefficient units;
- Institute performance contracting (i.e., contracts requiring desired results rather than simply a list of needed products) when replacing older, energy-inefficient equipment;
- Reward schools that decrease their energy use;
- Install energy-efficient equipment, including power factor correction units, electronic ballast, high-efficient lamps, night setbacks, and variable-speed drives for large motors and pumps; and
- Install motion detectors that turn lights on when a room is occupied (and off when the room is unoccupied).

In addition, ASBO also identified energy saving techniques:

- Turning off lights when a classroom is not in use, and labeling multiple switches to indicate light fixtures they operate;
- Instructing staff to keep doors closed whenever possible, and minimizing exit and entry when cooling a room in order to maintain steady room temperatures;
- Reducing heat gain by turning out the lights and shutting off equipment, such as overhead projectors and computers, which tend to emit heat;
- Encouraging staff, faculty, and students to use blinds as a means of controlling temperature;
- Closing blinds on the south and west sides of buildings keeps them cool in the summer, and opening blinds helps warm the buildings in the winter on sunny days; and
- Developing policies that indicate water should not be kept running in the restrooms.

*Financial Implication:* The District spent approximately \$113,000 on electricity and \$213,000 on natural gas in FY 2005-06. If the District achieved an 18 percent savings on electricity and 10 percent savings on natural gas costs by joining a consortium similar to the OSC, it could save approximately \$41,000 annually.

## Financial Implications Summary

The following table lists annual cost savings and implementation costs for recommendations contained in this section of the report.

### Summary of Financial Implications for Facilities

<b>Recommendation</b>	<b>Estimated Annual Cost Savings</b>	<b>Estimated Implementation Costs</b>
<b>R4.1</b> Reduce 3.0 custodial FTE's	\$114,000	
<b>R4.1</b> Hire 1.5 Groundskeeper FTE's		\$20,000
<b>R4.6</b> Purchase electronic work order system		\$1,900
<b>R4.8</b> Reduce utility costs by joining consortium	\$41,000	
<b>Total</b>	<b>\$155,000</b>	<b>\$21,900</b>

## Appendix 4-A: Employee Survey Responses

During the course of this audit, AOS conducted a survey of Brookfield LSD employees to determine their overall satisfaction with various functional areas. **Table 4-8** presents the results of the survey pertaining to facility operations at the District. The ratings a survey participant could use in responding to each question were 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

**Table 4-8: Brookfield LSD Facilities Satisfaction Survey**

Survey Questions	Brookfield LSD Results
1) Work orders are responded to in a timely manner. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	38% 29% 10% 17% 2%
2) Custodial and maintenance employees deliver quality services. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	2% 10% 21% 43% 19%
3) Emergency work orders are given top priority. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	14% 21% 26% 29% 2%
4) Schools are notified in advance of work to be performed. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	31% 31% 24% 2% 2%
5) Schools are advised of incomplete work orders. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	31% 24% 31% 0% 0%
6) Work is scheduled so it is not disruptive. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	29% 26% 17% 17% 7%



Survey Questions	Brookfield LSD Results
<p>7) Workers are careful near children.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>5%                      0%                      19%                      55%                      17%</p>
<p>8) Overall, I am satisfied with the maintenance department.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree.</p>	<p>7%                      14%                      26%                      33%                      14%</p>
<p>9) The regular cleaning schedule appears to be appropriate.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree.</p>	<p>7%                      26%                      12%                      33%                      17%</p>
<p>10) Custodial tasks are completed efficiently.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree.</p>	<p>5%                      24%                      19%                      26%                      19%</p>
<p>11) The facilities are properly cleaned.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>5%                      36%                      17%                      26%                      12%</p>
<p>12) Custodians are polite and have a good work ethic and attitude.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>5%                      5%                      17%                      43%                      24%</p>
<p>13) There appears to be a sufficient number of custodians in my building.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>26%                      21%                      7%                      33%                      7%</p>
<p>14) School grounds are properly maintained.</p> <p>1) Strongly Disagree                      2) Disagree                      3) Neutral/Not Sure                      4) Agree                      5) Strongly Agree</p>	<p>19%                      24%                      19%                      26%                      7%</p>

Survey Questions	Brookfield LSD Results
<b>15) Custodial staff cooperates with other staff regarding safety of equipment.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	2% 10% 14% 43% 24%
<b>16) Work appears to be scheduled according to priorities.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	24% 24% 29% 14% 2%
<b>17) Workers show respect for school property.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	5% 5% 17% 43% 26%
<b>18) Playground equipment is properly maintained.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	14% 10% 40% 10% 2%
<b>19) Overall, I am satisfied with the custodial staff's work.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	5% 19% 19% 38% 17%

**Note:** Because some individuals either had no opinion or did not respond to a question, survey percentages will not add up to 100 percent.



# Transportation

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## Background

This section of the performance audit reviews Brookfield Local School District's (Brookfield LSD or the District) transportation operations. For benchmarking purposes, Brookfield LSD's transportation operations are compared to a peer average consisting of ten school districts. The peer average comprises East Holmes Local School District, Garaway Local School District, Indian Valley Local School District, Leipsic Local School District, Logan-Hocking Local School District, Loudonville-Perrysville Exempted Village School District, New London Local School District, New Riegel Local School District, Southeast Local School District, and Springfield Local School District. These ten districts are classified as "Type 1" (rural/agricultural and low median income) by the Ohio Department of Education (ODE), the same type as Brookfield LSD. In addition, these ten school districts met a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil.

According to Ohio Revised Code § 3327-01, school districts must provide transportation services to "... resident school pupils in grades kindergarten through eight that live more than two miles from the school." The legislation goes on to state that the board, at its discretion, may "...provide transportation for resident school pupils in grades nine through twelve to and from the high school." Brookfield LSD's transportation policy exceeds the minimum standards because pupil transportation services are provided to all kindergarten students living more than one-half mile from their school building, and to students in grades 1 through 12 who live more than one mile from their school building. Hazards within the District include a lack of sidewalks, which, pursuant to OAC 3301-83-20(I), have also contributed to the District transporting students in excess of State minimum standards.

The District's transportation function is overseen by the Transportation Supervisor. According to the transportation forms (T-forms) filed with the Ohio Department of Education (ODE), Brookfield LSD provided Type-I pupil transportation services to 1,029 regular needs and no special needs riders in FY 2005-06. Type-I services pertain to those provided on District-owned yellow buses and comprise the majority of transportation-related costs for which school districts are reimbursed by ODE. **R5.4** indicates the District inaccurately reported special needs ridership figures on the T-forms.

**Table 5-1** presents the District's transportation expenditures for FY 2003-04, FY 2004-05, and FY 2005-06.

**Table 5-1: District Expenditures for FY 2004, 2005, and 2006**

	FY 2004	FY 2005	FY 2006	Three-Year Change
<b>Riders</b>	<b>1,494</b>	<b>1,270</b>	<b>1,029</b>	<b>(31.1%)</b>
• Type I Regular Needs	1,494	1,270	1,029	(31.1%)
• Type I Special Needs	N/A	N/A	N/A	N/A
• Type IA	N/A	N/A	N/A	N/A
• Type II	N/A	N/A	N/A	N/A
<b>PERSONNEL - TYPE I</b>				
Employee Wages	\$153,533	\$167,012	\$174,552	13.7%
Employee Benefits	\$44,443	\$44,374	\$51,239	15.3%
<b>Personnel Subtotal</b>	<b>\$197,976</b>	<b>\$211,386</b>	<b>\$225,791</b>	<b>14.0%</b>
Maintenance and Repairs	\$25,781	\$1,993	\$28,722	11.4%
Tires and Tubes	\$1,941	\$1,776	\$2,809	44.7%
Fuel	\$28,598	\$41,329	\$52,393	83.2%
Bus Insurance	\$22,359	\$23,810	\$15,530	(30.5%)
Maintenance Supplies	N/A	\$12,898	\$1,627	N/A
Utilities	\$13,557	\$12,902	\$13,235	2.4%
Other	\$650	\$3,284	N/A	N/A
<b>General Operations Subtotal</b>	<b>\$92,866</b>	<b>\$97,992</b>	<b>\$114,316</b>	<b>23.1%</b>
<b>TOTAL TYPE I EXPENDITURES</b>	<b>\$290,862</b>	<b>\$309,378</b>	<b>\$340,107</b>	<b>16.9%</b>
• Per Type I Rider	\$194.69	\$243.60	\$330.52	69.8%
<b>TOTAL TYPE IA EXPENDITURES</b>	<b>N/A</b>	<b>\$132,537</b>	<b>\$43,367</b>	<b>N/A</b>
• Per Type IA Rider	N/A	N/A	N/A	N/A
<b>TOTAL TYPE II EXPENDITURES</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
• Per Type II Rider	N/A	N/A	N/A	N/A
<b>GRAND TOTAL EXPENDITURES</b>	<b>\$290,862</b>	<b>\$441,915</b>	<b>\$383,474</b>	<b>31.8%</b>
• Per Rider	\$194.69	\$347.96	\$372.67	91.4%

Source: ODE

**Table 5-1** shows that the District's total transportation expenditures increased by approximately \$93,000 from FY 2003-04 to FY 2005-06. Explanations for the expenditure categories that experienced significant fluctuations during the last three years include the following:

- **Total Ridership:** The District's total ridership decreased by 224 students in FY 2004-05 and 241 in FY 2005-06. The Transportation Supervisor attributed this decrease to students leaving the District through open enrollment and a general decline in population within the District. However, it is also possible that the District's historical ridership figures are inaccurate. For example, the District reported 1,494 total riders in FY 2003-04, which is slightly higher than the District's actual enrollment of 1,470. The District could not explain the higher ridership totals in FY 2003-04. **R5.4** also indicates the District inaccurately reported special needs ridership during the last three years. Lastly, although AOS is unaware of any issues associated with the District's FY 2005-06 regular needs ridership (1,029), it should be noted the District does not have formal policies and procedures for preparing, reviewing and ensuring the accuracy of the T-reports before they are submitted to ODE (See **R5.4**).
- **Employee Wages & Benefits:** The District's expenditures for employee wages and benefits have increased 14 percent since FY 2003-04. The Treasurer attributed the increases to normal cost of living adjustments and increased benefit costs.
- **Maintenance Repairs & Supplies:** **Table 5-1** shows the District has experienced large fluctuations in maintenance and repair costs during the last three years. The Transportation Supervisor indicated that major repairs were performed in FY 2003-04 and FY 2005-06. For example, the District purchased and installed a new engine and transmission in FY 2005-06. The Transportation Supervisor could not provide an explanation for the large increase in maintenance supplies in FY 2004-05. However, it is possible that there was a coding error as the maintenance repairs and maintenance supplies line-items both experienced significant fluctuations in the opposite direction.
- **Fuel, Tires & Tubes:** The District's cost for tires and tubes increased approximately 58 percent in FY 2005-06. Similarly, the District's fuel costs have increased approximately 83 percent since FY 2003-04. The Transportation Supervisor attributed the increase in these expenditures to the overall increase in the price of motor fuel and petroleum based products. In addition, the District purchased more tires in FY 2005-06 than in previous years. **R2.18** in the **financial systems** section indicates the District's purchasing policies do not require price quotes or competitive bidding for purchases less than \$15,000.
- **Bus Insurance:** **Table 5-1** shows the District's insurance costs declined approximately 30 percent in FY 2005-06. The Transportation Supervisor indicated that competitive bidding was used to receive a lower insurance premium in FY 2005-06.
- **Other:** The Treasurer indicated that this line-item accounts for a variety of fees and reimbursable expenditures. As a result, these expenditures typically fluctuate from year to year.

*Operational Statistics*

**Table 5-2** shows the District’s transportation costs as a percentage of the total General Fund budget and compares other operational statistics to the peer average for FY 2005-06.

**Table 5-2: Brookfield LSD Transportation Costs**

	<b>Brookfield LSD FY 2006</b>	<b>Peer Average</b>	<b>Percent Above (Below)</b>
<b>District Square Miles</b>	25.0	115.4	(78.3%)
<b>Number of Students (ADM)</b>	1,402	1,597	(12.2%)
Per District Square Mile	56	15.3	267.1%
<b>Population Density</b>	406	98	313.9%
<b>Total Expenditures (all Function Codes General Fund)</b>	\$10,425,493	\$11,383,346	(8.4%)
<b>2800 Function Code Expenditures (General Fund)</b>	\$440,461	\$789,687	(44.2%)
As a Percentage of Total	4.2%	6.4%	(2.2%)
Per Student	\$314	\$463	(32.1%)

Source: ODE

**Table 5-2** shows that although Brookfield LSD is 78 percent smaller in terms of square mileage, its ADM is only 12 percent lower than the peer average. As a result, the population density is significantly higher than the peer average, which is an indication that the District should be able to transport more students per square mile than the peers. In addition, **Table 5-2** shows that transportation costs as a percentage of the General Fund (4.2 percent) and on a per student basis (\$314) are significantly lower than the peer averages (6.4 percent and \$463). The District’s favorable cost ratios can be attributed to the completion of three to four runs per bus, which permits it to transport its students with fewer buses. For example, the District uses only 10 active buses whereas the peer average is 17.

Table 5-3 presents various operating ratios for Brookfield LSD and the peer districts.

**Table 5-3: Operating Ratios for Brookfield and Peer Districts**

	Brookfield LSD FY 2006	Peer Average	Percent Above (Below)
<b>Riders</b>	<b>1,029</b>	<b>1,291</b>	<b>(20.3%)</b>
Type I Regular Needs	1,029	1,283	(19.8%)
Type I Special Needs <sup>1</sup>	N/A	8.6	N/A
Type IA <sup>2,4</sup>	N/A	13.0	N/A
Type II <sup>2</sup>	N/A	6.0	N/A
<b>Buses</b>	<b>16</b>	<b>21.6</b>	<b>(25.9%)</b>
Active	10	17.0	(41.2%)
Spare	6	4.6	30.4%
Spare Buses as Percentage of Fleet	37.5%	22.8%	64.1%
Special Needs Buses	N/A	1.3	N/A
Special Needs Buses as Percentage of Active Buses	N/A	9.9%	N/A
Riders Per Active Bus	102.9	70.5	45.9%
Students per Regular Bus	102.9	73.2	40.5%
Students per Special Needs Bus <sup>3</sup>	N/A	4.3	N/A
<b>Annual Routine Miles</b>	<b>131,580</b>	<b>273,618</b>	<b>(51.9%)</b>
Per Bus	8,224	11,337	(27.5%)
<b>Total Type I Expenditures</b>	<b>\$340,107</b>	<b>\$732,080</b>	<b>(53.5%)</b>
Cost Per Type I Rider	\$331	\$584	(43.4%)
<b>Total Type IA Expenditures</b>	<b>\$43,367</b>	<b>\$6,969</b>	<b>522.3%</b>
Per Type IA Rider <sup>4</sup>	N/A	\$741	N/A
<b>Total Type II Expenditures</b>	<b>N/A</b>	<b>\$15,056</b>	<b>N/A</b>
Per Type II Rider	N/A	\$2,509	N/A
<b>Grand Total Expenditures Types I-II</b>	<b>\$383,474</b>	<b>\$734,979</b>	<b>(47.8%)</b>
Per Rider	\$373	\$586	(36.4%)

Source: District T reports

<sup>1</sup> The Type I average special needs riders only include the seven districts reporting these riders.

<sup>2</sup> The Type IA and Type II only include the average of the districts that reported Type IA and II riders and expenses. Only two districts reported Type IA expenditures; only one district reported both Type IA expenditures and riders; and only one district reported Type II riders and expenses.

<sup>3</sup> Total special needs buses, special needs buses as a percentage of active fleet, and riders per special needs bus only includes the six districts reporting special needs buses and corresponding riders.

<sup>4</sup> The District outsources the entire special education transportation function. Although the District reported the contract costs associated with providing special education transportation services, it did not report the number of students receiving these services (see R5.4 and R5.8).



**Table 5-3** shows that Brookfield LSD used 16 buses and spent approximately \$383,000 to transport 1,029 regular needs students in FY 2005-06. In addition, **Table 5-3** also shows the riders per active bus was significantly higher than the peer average, while the cost per rider is significantly lower. The favorable operating and cost ratios are attributable to the District maintaining low transportation staffing levels and completing three to four runs per bus, which subsequently limits the need to maintain a large active fleet. **Table 3-1** in the **human resources** section indicates the District employs 6.99 bus driver FTEs on a per 1,000 ADM basis while the peer average is 10.16. Similarly, the District uses only 10 active buses, whereas the peer average is 17. However, despite operating fewer active buses, **Table 5-3** shows that the District uses more spare buses than the peer average. In fact, Brookfield LSD's spare buses as a percentage of total fleet (37.5 percent) exceeds the peer average (22.8 percent) by 64.1 percent (see **R5.2**).

**Table 5-4** presents expenditures by type for Brookfield LSD and the peer districts.

**Table 5-4: Expenditures by Type for Brookfield and Peer Districts**

	<b>Brookfield LSD FY 2006</b>	<b>Peer Average</b>	<b>Percent above (below)</b>
<b>Personnel <sup>1</sup></b>	<b>\$225,791</b>	<b>\$550,793</b>	<b>(59.0%)</b>
• Per Rider	\$219	\$430	(49.0%)
• Per Bus	\$14,112	\$22,996	(38.6%)
• Per Routine Mile	\$1.72	\$2.02	(15.2%)
<b>Maintenance &amp; Repairs <sup>2</sup></b>	<b>\$33,158</b>	<b>\$57,472</b>	<b>(42.3%)</b>
• Per Rider	\$32	\$51	(37.3%)
• Per Bus	\$2,072	\$2,713	(23.6%)
• Per Routine Mile	\$0.25	\$0.26	(1.4%)
<b>Fuel</b>	<b>\$52,393</b>	<b>\$97,033</b>	<b>(46.0%)</b>
• Per Rider	\$51	\$76	(33.3%)
• Per Bus	\$3,275	\$4,066	(19.5%)
• Per Routine Mile	\$0.40	\$0.37	9.1%
<b>Bus Insurance</b>	<b>\$15,530</b>	<b>\$19,953</b>	<b>(22.2%)</b>
• Per Rider	\$15	\$19	(20.3%)
• Per Bus	\$971	\$929	4.5%
• Per Routine Mile	\$0.12	\$0.09	32.3%
<b>Total Expenditures <sup>3</sup></b>	<b>\$383,474</b>	<b>\$734,979</b>	<b>(47.8%)</b>
• <b>Per Rider</b>	\$373	\$586	(36.4%)
• <b>Per Bus</b>	\$23,967	\$31,194	(23.2%)
• <b>Per Routine Mile</b>	\$2.91	\$2.78	4.9%
<b>Total Special Needs Expenditures <sup>4</sup></b>	<b>N/A</b>	<b>\$75,704</b>	<b>N/A</b>
• <b>Per Rider</b>	<b>N/A</b>	<b>\$5,774</b>	<b>N/A</b>

Source: T-1 and T-2 reports from ODE

Note 1: Figures include both regular and special needs-related expenditures and are rounded to the nearest \$1.

Note 2: Special Needs Expenditures per Rider only includes the 8 districts reporting special needs expenditures.

<sup>1</sup>Includes salaries and wages, as well as retirement, employee insurance, physical exams, drug tests, certification/licensing, and training.

<sup>2</sup>Includes maintenance, repairs, maintenance supplies, tires and tubes.

<sup>3</sup>Includes additional miscellaneous expenditures (not assessed) for utilities, facility rent, bus leases, and other, as well as Type IA and Type II

<sup>4</sup>The District outsources the entire special education transportation function. Although the District reported the contract costs associated with providing special education transportation services, it did not report the number of students receiving these services (see **R5.4** and **R5.8**).

**Table 5-4** shows the District's fuel cost per routine mile, bus insurance expenditures per bus and per mile, and total expenditures per mile all exceed the peer averages. The unfavorable cost ratios on a per mile basis can be attributed, in part, to the District's buses traveling nearly 52 percent fewer miles than the peer average, due to its size in comparison to the peer average. However, the District's purchasing practices may also contribute to some of the higher cost ratios. For example, **R2.18** in the **financial systems** section indicates the District is not a member of any purchasing consortiums. In addition, the District's purchasing policies are vague and lack language requiring the use of competitive bidding, requests for proposals, or price quotes for items costing less than \$15,000.

### *Noteworthy Accomplishment*

- **Routing/Bus Scheduling:** The District is commended for structuring school bell schedules and designing bus routes to complete three to four runs per bus. This results in the need for fewer buses and bus drivers to transport the same number of students as the peers. **Table 5-3** shows the District transports approximately 103 students per bus while the peer average is approximately 71. Similarly, **Table 3-1** in the **human resources** section shows the District employs 6.99 bus driver FTEs on a per 1,000 ADM basis while the peer average is 10.16. By using fewer buses and bus drivers, the District has been able to achieve a transportation cost per bus (\$373) that is significantly lower than the peer average (\$586).

## Recommendations

### *Bus Replacement Planning*

**R5.1 The District should develop and approve a bus replacement plan, and update it annually. All bus and equipment replacement should be based upon economic modeling that allows for replacement at the most advantageous point in the equipment's life cycle. The plan should include the number of buses to be replaced each fiscal year, along with the age, mileage, maintenance costs, and estimated cost at the time of replacement. By reviewing and updating the plan annually, the District should be better able to anticipate future costs while maintaining its fleet. The District should also consider implementing a formal bus rotation system whereby older buses are used as spares or moved to routes with fewer miles. Implementation of a bus rotation system could enable the District to make more efficient use of the fleet.**

**Based on the age and mileage of the District's fleet, the District should consider purchasing three new buses over the next five years. This would allow it to maintain the current service level by replacing the three active buses that will be more than 15 years old by FY 2010-11.**

The District does not have a formal bus replacement plan. Rather, it typically relies on the inspections performed by the State Highway Patrol to identify buses that need to be replaced. According to the Transportation Supervisor, the District purchased one new bus annually from FY 2003-04 through FY 2005-06. However, it has postponed all future bus replacements due to the current financial situation.

There are no State guidelines for bus replacement beyond a requirement that busses must be able to pass the annual State Highway Patrol inspection. As long as the bus can pass the inspection, a district may continue to use it for transportation, regardless of age or mileage. The National Association of State Directors of Pupil Transportation Services (NASDPTS) suggests that Type C and D buses (conventional buses) should be replaced after 12-15 years, and Type A and B buses (lighter duty buses) after 8-12 years. The NASDPTS also notes that the State of South Carolina replaces buses after 250,000 miles and/or 15 years of service. ODE's *A District's Guidebook to School Bus Purchasing in Ohio* (August, 2002), indicates that on average, districts are matching the payment provided by the State for bus purchases with an equal amount of local funding. In Ohio, this has resulted in an average bus lifespan of 17 years. **Table 5-5** forecasts the annual mileage for the bus fleet based on the January 2007 odometer readings.

**Table 5-5: Brookfield LSD’s Fleet Inventory and Mileage Forecast**

	Number of Buses	Average Age	Average Fleet Mileage	Projected Fleet Mileage FY 2007	Projected Fleet Mileage FY 2008	Projected Fleet Mileage FY 2009	Projected Fleet Mileage FY 2010	Projected Fleet Mileage FY 2011
All Buses	16	10.8	110,401	116,656	129,166	141,676	154,186	166,696

Source: Brookfield LSD

**Table 5-5** shows that Brookfield LSD’s fleet has an average age of 11 years and an average mileage per bus of 110,401 miles. However, the averages are slightly skewed by the advanced age and mileage of the District’s spare buses. For example, four of the District’s six spares are more than 15 years old and the two remaining spare buses will exceed 15 years of age by the end of the forecast period. If the spares are removed from consideration, the average age of the active fleet is 7.2 years with an average mileage of 85,745. Although the District does not have any active buses that are projected to exceed the 250,000 mile threshold during the next five years, it will have three buses that reach 15 years of age. Furthermore, while the District could potentially operate for the next five years without purchasing new buses, it should consider purchasing some new buses in order to avoid having a large replacement cost after FY 2010-11.

*Financial Implication:* It is estimated that the District will spend approximately \$195,000 (\$65,000 per bus) to replace three buses during the next five years. However, the actual expenditure may vary depending on the year the District purchases a bus, the model, and the rate of inflation.

**R5.2 The District should consider selling two spare buses and not replacing them. This would reduce the ratio of spare buses to a number more comparable to the ODE benchmark and the peer average. In addition, this will help limit the potential liability associated with breakdowns and accidents. Future decisions regarding the size and composition of the bus fleet (including spares) should be made based on the bus replacement plan and rotation system set forth in R5.1.**

**Table 5-6** shows the District’s spare bus fleet as a percent of total buses.

**Table 5-6: Spare Buses as Percent of Total Fleet**

	<b>Brookfield LSD FY 2006</b>	<b>Peer Average</b>	<b>Percent Above (Below)</b>
<b>Total Buses</b>	16.0	21.6	(25.9%)
<b>Active</b>	10.0	17.0	(41.2%)
<b>Spare</b>	6.0	4.6	30.4%
<b>Spare Buses percent of Total Buses</b>	<b>37.5%</b>	<b>22.8%</b>	<b>64.1%</b>

Source: Brookfield LSD and ODE

Table 5-6 shows that Brookfield LSD’s spare buses account for approximately 38 percent of the total fleet, which is higher than the peer average of 23 percent. According to a representative from ODE, spare buses typically comprise approximately 20 percent of the fleet. In addition, ODE’s *A District’s Guidebook to School Bus Purchasing in Ohio* (August 2002), indicates that the average Ohio bus lifespan is 17 years.

The Transportation Supervisor indicated that the District’s spare buses are in good working condition and have minimal effect on District’s costs. This is corroborated by the fact that bus maintenance costs are lower than the peer average. However, the average age of the District’s spare buses is 17 years and the District’s insurance costs of \$971 per bus exceed the peer average of \$929 per bus. Maintaining a large spare fleet with an advanced age indicates that these buses may be more prone to breakdowns and could significantly impact the District’s future maintenance, repair, and insurance expenditures.

*Financial Implication-* The District’s Transportation Supervisor estimated that the District could sell spare busses for approximately \$1,500 per vehicle. Therefore, the decision to sell two spare buses would result in initial revenue of \$3,000. The District would also experience annual savings in insurance costs of \$1,900. In addition, although an exact dollar amount cannot be quantified, reducing the spare buses would also help limit the District’s potential liability associated with breakdowns and accidents.

**R5.3 The District should develop a written preventive maintenance plan that specifies the frequency and level of vehicle inspections and maintenance activities. In addition, as noted in R4.4 of the facilities section, the District should consider purchasing an automated work order system that can be used to schedule, track and report on the District’s building and bus maintenance activities simultaneously. This would allow it to automatically schedule future preventive maintenance activities. In addition, this system would reduce the District’s reliance on paper work orders and reduce the potential for lost or misplaced information.**

The District does not have a written preventive maintenance plan that specifies the frequency and level of vehicle maintenance that should be performed. Rather, buses are scheduled for preventive maintenance when the Transportation Supervisor lists the future

maintenance activity on a blackboard in the garage area. This blackboard serves as a checklist to ensure that oil changes, lubrications, tire rotations and other similar activities are regularly taking place. The Transportation Supervisor indicated that the District generally performs routine maintenance according to the standards set forth in the vehicle owner's manual.

All maintenance work is manually logged on work orders describe the maintenance activity, material cost, labor hours, date, mileage, bus number, and include the initials of the person performing the work. The work order log is maintained in the bus garage, which remains locked and is only accessible to the Transportation Supervisor. Although this system appears to be effective for the current Transportation Supervisor, it may not be the most efficient for ensuring long-term consistency in scheduling and performing preventive maintenance activities, and accurately tracking and reporting maintenance repair histories and costs specific to each bus. The District recently supplied the transportation department with a new computer and the Transportation Supervisor indicated he may begin tracking the maintenance activities electronically in the near future.

**R4.4** in the **facilities** section recommends the District consider purchasing an automated work order system to schedule, track and report the District's building maintenance activities. A representative from a vendor that promotes work order systems indicated that most software packages have the ability to meet the District's facility and transportation management and reporting needs simultaneously. Another vendor stated that an automated work order system would have the following benefits for a transportation department:

- Automatically tracks and updates inventory;
- Automatically updates preventive maintenance scheduling;
- Seamlessly integrates unit information, scheduling and inventory records;
- Provides detailed knowledge of which part was used on each vehicle; and
- Provides powerful analysis and reporting.

According to *American Public Works Association's Public Works Practices Manual* (2001), effective equipment management requires that repairs be made before equipment fails. This involves a preventive maintenance approach to provide systematic, periodic servicing of equipment to facilitate operations with a minimum of downtime. Well-planned preventive maintenance programs, which follow the manufacturer's recommendations and schedules, will result in a dependable fleet and extended equipment life with lower operation, maintenance and repair costs. Planning and scheduling preventive maintenance activities helps to ensure provision of the right maintenance at the right time at the lowest cost.

*Financial Implication:* See **R4.4** of the **facilities** section.

### *Policies and Procedures*

**R5.4 Brookfield LSD should establish formal policies and procedures to ensure accurate T-reports are prepared, reviewed, and reconciled before submission to ODE. In developing these policies, the District should consider requiring the Treasurer's office and the Transportation Supervisor to complete a thorough review of the T-reports. The Treasurer's office and the Transportation Supervisor should be responsible for reconciling the expenditures reported on the T-2 report to the 4502 financial statements, and identifying and explaining significant variances from prior year reports, including a comparison of ridership and enrollment trends. Improving the report review process would help ensure the District receives appropriate State reimbursements for its transportation services and uses accurate and reliable data in making decisions regarding transportation operations.**

The transportation department is responsible for completing T-forms for Brookfield LSD. In completing the forms, the Transportation Supervisor receives ridership information from bus drivers based on forms that are completed during the October student count week. The Transportation Supervisor indicated the financial information needed to complete the forms is obtained from reports provided by the Treasurer. Additionally, the Transportation Supervisor also indicated that he is primarily responsible for ensuring the accuracy of the District's T-reports. The Superintendent and Treasurer are responsible for the final sign-off on the T-reports as a verification of their accuracy. Although the T-reports are reviewed by the Transportation Supervisor and signed by the Superintendent and Treasurer, the District does not have any formal policies and procedures in place to ensure their accuracy.

The following errors were noted during a review of T-forms:

- **Incorrect Ridership:** The District reported 1,494 total riders in FY 2003-04, which was slightly higher than the District's actual enrollment of 1,470. The District could not explain the higher ridership totals. However, it appears the District may have reported eligible riders on the T-1 form rather than actual riders. This is inconsistent with ODE's T-1 reporting requirements as instructions indicate that eligible riders, for reimbursement purposes, are pre-school handicapped pupils transported on regular routes and kindergarten through twelfth grade pupils enrolled and actually transported during the first full week of October.



Similarly, in FY 2005-06, the District reported an expenditure of \$43,367 on the T-2 form for Type 1A contracted transportation. However, the District did not report any Type 1A riders on the T-1 form. The District could not explain why these riders were not listed on the T-1 report. ODE's instructions for completing the T-2 form indicate that only expenses for students reported on the T-1 are to be reported on the T-2.

- **Non-routine expenditures:** The Treasurer indicated the District includes the non-routine use of school buses with the expenditures reported on the T-form. This is inconsistent with ODE requirements as the instructions state the following costs are not to be included on the T-2 form: expenditures for capital outlay and items placed in inventory; salaries paid in whole by State Foundation Funds; and expenditures for non-routine use of school buses. The District is overstating its transportation expenditures by including non-routine bus use expenditures on the T-2 forms (See **R5.5** for additional information on non-routine expenditures).

Since the information reported on the T-forms is the primary data used in determining a school district's State funding for transportation purposes, it is important that it is accurate. According to the report *Student Transportation in Ohio* (Legislative Office of Education Oversight (LOEO), April 2003) accuracy problems for transportation-related data exist in a number of school districts, especially in terms of the number of students transported, daily bus miles traveled per student, and district transportation costs. One recommendation made by LOEO was that ODE continue to work with school districts to improve the accuracy of the data submitted regarding the number of students transported, the average daily bus miles per student, and the cost of transportation services. The first step in ensuring accurate data is for a district to create and adhere to formal policies and procedures that govern the submission of district T-forms.

**R5.5 The Board should revise the policy that addresses reimbursement for non-routine transportation services to state that all billable trips will be fully-reimbursed through user charges based on the actual cost of providing the services. These costs should include the bus driver's salary and benefits, and regularly updated estimates of the maintenance, service, fuel, supervision, and insurance costs for the time a bus is used to provide a non-routine service. To facilitate this, the Treasurer and Transportation Supervisor should devise a method to accurately track the overhead costs (maintenance, service, fuel and insurance) associated with providing non-routine transportation services.**

**Table 5-7** shows non-routine miles in relation to total miles on a per bus and per student basis for Brookfield LSD and the peers.

**Table 5-7: Non-Routine Miles Operational Statistics**

	Brookfield LSD FY 2006	Peer Average	Percent Above (Below)
Total Miles	145,063	294,661	(50.8%)
Routine Miles	131,580	273,618	(51.9%)
Non-Routine Miles	13,483	21,043	(35.9%)
Non-Routine Percent of Total Miles	9.3%	9.5%	(2.4%)
Number of Active and Spare Buses	16	21.6	(25.9%)
Non-Routine Miles per Bus	843	1,080	(21.9%)
Total Miles per Bus	9,066	12,417	(27.0%)
Students	1,402	1,597	(12.2%)
Non-Routine Miles per Student	9.6	15.3	(37.3%)

Source: ODE

**Table 5-7** shows that although Brookfield LSD’s non-routine miles as a percent of total miles are comparable to the peer average, the non-routine miles per bus and per student are significantly lower. The disparity in the ratios is due to the District driving fewer non-routine miles and operating fewer buses.

OAC §3301-83-16 defines the non-routine use of school buses as “transportation of passengers for purposes other than regularly scheduled routes to and from schools. School buses may be used for non-routine trips only when such trips will not interfere with routine transportation services.” Traditionally, districts use school buses to transport athletic teams, band groups and other school groups to contests or functions in which the team or group participates. Another traditional use of school buses is for field trips; transporting students to museums, places of historical interest, or other educational trips. There are limitations, however, to a district’s discretion as to the non-routine use of school buses. Specifically, non-routine trips must be considered a part of the school’s program or part of a school-sponsored program. In addition, according to the OAC, except for field trips on regular school days (for which no transportation charge may be imposed), school boards are required to recover the operational costs associated with the non-routine use of school buses, including reimbursements to cover:

- Driver salaries and benefits;
- Fuel;
- Maintenance;
- Service;
- Supervision; and
- Insurance.

The District tracks the non-routine use of buses by completing forms that include bus number, type of trip (athletic or field trip), mileage, mileage reimbursement rate (billing rate), trip hours and the driver's hourly salary. These sheets are submitted to the Treasurer, who subsequently uses the information to develop invoices and complete the T-forms. The District's policy concerning non-routine transportation is vague and does not indicate the specific costs that should be included in the billing rate for reimbursement. In actual practice, the District charges for the driver's actual salary and benefits. In addition, the District also charges \$1.20 per mile to account for estimated bus maintenance, fuel and insurance costs. However, the Treasurer indicated that the \$1.20 reimbursement rate was developed several years ago and has not been updated to reflect recent increases in fuel costs. The Treasurer also indicated that she was unsure how the \$1.20 reimbursement rate was developed.

- R5.6 The District should include more detail in its transportation policies to better explain its service levels. More specifically, the policies should clarify the cluster stop locations so that they are consistent with State requirements, and identify specific safety hazards that exist within the District. Doing so would assist in effectively planning routes and bus stops each year, which subsequently impacts the number of buses and staff needed. Once the policies are updated, the District should post the information on its website to provide community and parent access. The District should also annually review its transportation policy to determine if cost savings can be achieved by adopting standards that are closer to the State minimum requirements. However, prior to making any changes in the transportation policy, it should work with ODE to determine any potential reductions in State reimbursement.**

The District's transportation policy states that "...transportation services will be provided to all kindergarten students living more than one-half mile from their school building and to students in grades 1 through 12 that live more than one mile from their school building." The policy goes on to state that "bus routes will be developed so that an authorized bus stop (cluster stops) is available within reasonable walking distance of the home of every transported resident student." In addition, the policy addresses annual bus route approval, transporting non-public school students, bus security procedures, contracts for payment-in-lieu-of transportation, and delegation of transportation oversight to the Superintendent. However, the policy does not define the specific distance requirements for designing cluster stops, nor does it explain exceptions due to potential hazards. In actual practice, the distances for cluster stops vary from one location to the next based on the Transportation Supervisor's and bus drivers' opinions regarding safety. For example, the cluster stops in one area of the District are established with a student walking distance of approximately one mile whereas the cluster stops at busy intersections are established with a walking distance of one-tenth of a mile. The Transportation Supervisor also indicated that due to the lack of sidewalks, winding roads

and other similar hazards, the District regularly transports students who reside within walking distance.

The transportation policy is not available to community members and parents through the District's website. The Transportation Supervisor noted that students receive a handbook at the beginning of the year, which contains the school rules and regulations including those pertaining to transportation. The District requires students to return a form that is signed by a parent indicating that they received the information.

According to Ohio Revised Code (ORC) §3327.01, school districts must, at a minimum, provide transportation to pupils in kindergarten through eighth grade who live more than two miles from school. Ohio Administrative Code (OAC) §3301-83-13 also states that students may walk up to one-half mile to a bus stop. Route hazards which may require a deviation from a district's general transportation policy are described in OAC §3301-83-20 and include the following:

- Construction sites;
- Heavy traffic volume;
- Posted speeds in excess of 35 miles per hour;
- Lack of sidewalks or sideways in poor condition;
- Overpasses and underpasses;
- Areas of poor visibility;
- Restricted sight distances;
- On-street parking areas; and
- Railroad crossings.

The District's actual transportation practices exceed State minimums in the following areas:

- Transporting kindergarten through eighth grade students living less than two miles from school;
- Transporting high school students; and
- Designing certain cluster stops within one-half mile of a student's home.

In addition to exceeding State minimum standards in the areas noted above, the District does not appear to be in compliance with OAC §3301-83-13 by requiring certain students to walk more than one-half mile to a cluster stop.

The District does not regularly monitor the financial impact associated with providing transportation services in excess of state minimum standards. The Transportation Supervisor estimated that four buses could be eliminated if the District limited student

transportation to State minimum standards. However, the Transportation Supervisor also indicated the number of students transported would decline significantly and could negatively impact the District's State reimbursement amounts.

### *Inventory Controls*

**R5.7 The District should consider purchasing the work order software identified in R5.3. This would allow the District to use the software to track its supply and material inventory and improve the objectivity of re-order decisions. However, if the District does not implement R5.3, it should consider tracking the purchase and use of supplies and materials through the use of electronic spreadsheets. Under either scenario, the District should require that the Transportation Supervisor reconcile the inventory on hand at year-end to the records and submit a copy to the Treasurer for review and verification. Similarly, the Transportation Supervisor should submit the fuel log reconciliations to the Treasurer for secondary review. Taking these measures will help improve accountability by limiting the potential for theft, misplacement, and/or obsolescence of bus supplies, materials and fuel.**

Brookfield LSD does not have formal policies regarding the security of the bus garage or inventory. In actual practice, the District secures the bus garage by locking it from the inside. Only the Transportation Supervisor, maintenance personnel and one of the bus drivers has access to the garage.

The District's bus supplies and materials are stored in a padlocked crate in the bus garage. The Transportation Supervisor stated that he is the only person who has access to the crate since he also serves as the bus mechanic. He also indicated that the District does not have a system for tracking the purchase and use of supplies and materials. Furthermore, the District does not conduct an annual physical inventory to determine the amount of supplies and material on hand at year-end. As a result, it cannot easily determine when supplies and materials were purchased, how they were used, or the amount on hand at any given time. Additionally, the District must make supply and material re-ordering decisions based on subjective opinions concerning the item and quantity needed rather than relying on objective information within an inventory management system. According to OPPAGA, warehouse or inventory storage areas should be reasonably safeguarded to prevent unauthorized access and protect inventory items from physical deterioration. The automated work order software recommended in **R5.3** has the ability to automatically track and update inventory and improve the objectivity of purchasing decisions through additional management reports.

The security of bus fuel is ensured through the use of a switch inside the garage, which turns the fuel pumps on and off. The Transportation Supervisor is responsible for turning the fuel pumps on and off each day and monitoring bus re-fueling transactions. When bus

drivers re-fuel their buses, they are required to manually record their vehicle number, date, mileage, and gallons of fuel pumped on a fuel log sheet created by the Transportation Supervisor. The District’s fuel pump also generates a daily inventory report which lists the gallons of fuel remaining in the tank. The Transportation Supervisor periodically reconciles the fuel log sheets submitted by the bus drivers to the daily fuel pump reports to prevent possible theft and detect problems with the fuel tank. However, the Treasurer indicated that nobody else in the District reviews the fuel reconciliations to provide a system of checks and balances.

*Special Needs Transportation*

**R5.8 The District should conduct an annual cost-benefit analysis of the special needs transportation function to demonstrate that the contracted service is more efficient than the estimated cost of providing this service in-house. In addition, the District should consider including transportation personnel in the IEP process. These actions will help ensure that all costs and constraints associated with transporting special needs students are considered before any commitments are made through the IEP. This would also help improve the District’s oversight of the contracted services for special needs transportation.**

Table 5-8 shows that the District’s total Type IA expenditures in comparison to the peer average. According to ODE reporting instructions, Type IA transportation services are defined as students being transported by school bus from another school.

**Table 5-8: Type IA Expenditures (contracted with other districts)**

	Brookfield LSD 2006	Similar District Average	Percent Above (Below)
<b>Total Type IA Expenditures</b>	<b>\$43,367</b>	<b>\$6,969</b>	<b>522%</b>
• Type IA Riders	N/A <sup>1</sup>	13	N/A <sup>1</sup>
• Expenditures per Type IA Rider	N/A <sup>1</sup>	\$741	N/A <sup>1</sup>

Source: Client and similar district T-forms

<sup>1</sup> The District did not report its Type IA ridership. See R5.4 for an additional discussion.

Table 5-8 shows that the District’s total Type IA expenditures for FY 2005-06 were significantly higher than the peer average. However, because the District did not report the number of students receiving this service on the T-form (see R5.4 for discussion of T-form reporting errors), AOS could not calculate the District’s Type IA transportation cost per student. The District’s Type IA transportation services consist of a five-year contract with the Trumbull County Educational Service Center (TCESC) to transport special needs students that cannot ride a regular bus for health or safety reasons. However, it does not appear that the District actively monitors the cost and use of this contract. For example, the Transportation Supervisor was unsure how many special education riders were being transported through this service or the specific nature of their disabilities. In

addition, the Superintendent indicated that this service is the most cost effective method of transporting the special needs students in the District. However, he also indicated the District does not routinely perform cost/benefit analyses to demonstrate that the contracted service is cost beneficial.

Ohio Administrative Code (OAC) §3301-51-07(A) stipulates that “each school district shall adopt and implement written procedures “... that ensure an individualized education program is developed and implemented for each child with a disability.” The Transportation Supervisor’s unfamiliarity with the special education transportation function can be attributed to the District not including the Transportation Supervisor in the individualized education program (IEP) meetings. Under the current process, the District includes parents, teachers, principals, guidance counselors (if necessary), the school nurse (if necessary) and the school psychologist (if necessary) in the IEP meetings. The Transportation Supervisor is not involved in the IEP process and is only informed of decisions after the meetings. This process is inconsistent with OAC §3301-51-07(E), which indicates that districts should include the following as IEP team members:

- The child’s parents;
- The child, if appropriate;
- At least one regular education teacher of the child;
- At least one special education teacher of the child;
- A representative of the school district who is qualified to provide or supervise the provision of specially designed instruction;
- An individual who can interpret the instructional implications of evaluation results; and
- Other individuals who have knowledge or special expertise regarding the child, including *related services personnel*, as appropriate.

The OAC goes on to state that school district transportation personnel shall be consulted in the preparation of the IEP when transportation services are required as a *related service*.

**R5.9 The District should review the process used to negotiate payment-in-lieu of transportation (PILT) agreements. In particular, the District should consider negotiating PILT agreements on a case-by-case basis and using its in-house cost to transport a student as one criterion for determining the reimbursement amount, assuming all other factors (location, special requirements, etc) have been considered. This will help ensure that the PILT agreements are cost effective for the District. This will also help ensure that the District is not foregoing potential savings by denying a reimbursement that is higher than the State minimum requirement but lower than the District’s cost to transport the student in-house.**

In addition to transporting students on District owned buses, Brookfield LSD is permitted to negotiate PILT agreements. The District primarily uses PILT agreements to transport parochial students. **Table 5-9** compares the costs incurred by the District for PILT agreements to the peer average.

**Table 5-9: Bus utilization rate for Type IV (Payment-in-Lieu) Students**

	Brookfield LSD FY 2006	Peer Average	Percent Above/ (Below)
Type IV Riders	11	20	(45.3%)
Cost	\$4,060	\$3,289	23.4%
Cost per Rider	\$369	\$135	173.6%

Source: District and peer T-reports

**Table 5-9** shows that the District’s PILT costs per rider are significantly higher than the peer average. In addition, **Table 5-9** also shows that the District’s PILT costs per rider are higher than the District’s in-house cost to transport a student on a regular needs bus (see **Table 5-1**). The District’s current practice is to pay the State minimum of \$172 per PILT contract and to not exceed this amount. The District’s high PILT costs shown in **Table 5-9** can be attributed to special agreements that were negotiated by the prior Superintendent to reimburse parents at rates higher than the state minimum requirement.

*Transportation Alternatives*

**R5.10 The District should consider developing a program to help improve the safety of students walking to school. To facilitate this, it should form a committee of local stakeholders who are willing to volunteer their time in an effort to design and implement concepts similar to the walking school bus program.**

According to the Transportation Supervisor, the District does not promote students walking to school due to safety concerns. The Transportation Supervisor also indicated that due to factors such as winding roads and the lack of sidewalks , the District regularly transports students who reside within walking distance. Although safety concerns are cited as the reason the District does not encourage walking to schools, there are programs that can be implemented to help ensure student safety when walking to school. These types of programs could be useful if the District were to adopt stricter transportation policies in the future, subsequently increasing the number of students walking to school.

The Walking School Bus program was designed by the National Highway Traffic Safety Administration (NHTSA) to make walking to school safer by providing adult supervision. This concept brings together small groups of students with one or more adults on their walks to and from school. Even if the children already walk to school, the



benefit of the Walking School Bus program is that it provides a consistent supervised system in which children can walk to school under the watchful eye of an adult.

The NHTSA identifies five key steps to developing a Walking School Bus program that include the following:

- Form a Walking School Bus Working Group which may include parents, students, the school principals, teachers and local businesses.
- Recruit Walking School Bus Drivers by passing the word out with neighbors and parents of the students that this group is forming and is looking for adult volunteers.
- Organize the Walking School Bus Drivers by working out a regular schedule among drivers by determining who can walk with the students and when. Also include plans for substitute drivers if the regular drivers cannot take part on any given day.
- Designate Walking School Routes by working with parents who know the neighborhood best and with the police department to determine the safest route.
- Promote the Walking School Bus locally by letting everyone in the neighborhood know about the project.

The NHTSA identifies the following benefits of this program:

- Increased safe passage of students who already walk;
- Encouragement of students to walk by introducing them to an easy form of exercise;
- Reduction of auto traffic, particularly near schools during drop-off and pick-up times; and
- Strengthening communities by getting people, parents and students to work together for a common good.

## Financial Implications Summary

The following table summarizes the estimated one-time revenues, implementation costs, and annual costs savings identified in this section of the report.

### Summary of Financial Implications for Transportation

<b>Recommendation</b>	<b>One-Time Revenue Enhancement</b>	<b>Estimated Implementation Cost</b>	<b>Annual Cost Savings</b>
<b>R5.1 Purchase three buses over next five years</b>		\$195,000	
<b>R5.2 Sell two spare buses</b>	\$3,000		\$1,900
<b>Total</b>	<b>\$3,000</b>	<b>\$195,000</b>	<b>\$1,900</b>

## Appendix 5-A: Employee Survey Responses

During the course of this audit, AOS conducted a survey of Brookfield LSD employees to determine their overall satisfaction with various operational areas. **Table 5-10** presents the results of the staff survey regarding transportation services. The ratings a survey respondent could use in answering each question were 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

**Table 5-10: Brookfield LSD Staff Transportation Satisfaction Survey**

Survey Questions	Brookfield LSD Results
<b>1) Effective communication of transportation policies and routes exist.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	7% 17% 24% 29% 0%
<b>2) Effective coordination of routes and special trips exist between departments.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	7% 20% 22% 27% 2%
<b>3) The transportation department provides timely transportation of students to and from school.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	7% 7% 10% 49% 15%
<b>4) The transportation department provides timely transportation to and from special events.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	2% 2% 24% 37% 15%
<b>5) The transportation department is effective in addressing complaints.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	7% 5% 24% 29% 7%
<b>6) Transportation routes are completed with regard to the safety of the children.</b> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	5% 2% 22% 32% 10%
<b>7) The attitude, courtesy, and work ethic of the transportation are positive.</b> 1) Strongly Disagree	5%

Survey Questions	Brookfield LSD Results
2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	7% 17% 37% 15%
8) Overall, the quality of all transportation services provided is good. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree.	2% 2% 20% 46% 12%

**Note:** Because some individuals either had no opinion or did not respond to a question, survey percentages will not add up to 100 percent.

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# Technology

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## Background

This section of the performance audit focuses on technology functions in the Brookfield Local School District (Brookfield LSD or the District). The objectives of this section are to assess staffing and the level of technology support, planning and budgeting, policies and procedures, support staff and hardware. The assessments were used to develop recommendations to increase the effectiveness and efficiency of the District's technology services. Data from various sources was used for comparisons throughout this section of the report, including Ohio's Biennial Educational Technology Assessment (BETA) survey, the Consortium for School Networking, and the International Society for Technology in Education (ISTE).

Brookfield LSD is also compared to a peer average consisting of ten school districts classified as "Type 1" (rural/agricultural and low median income) by the Ohio Department of Education, the same type as Brookfield LSD. The peer average includes East Holmes Local School District, Garaway Local School District, Indian Valley Local School District, Leipsic Local School District, Logan-Hocking Local School District, Loudonville-Perrysville Exempted Village School District, New London Local School District, New Riegel Local School District, Southeast Local School District, and Springfield Local School District. These ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Furthermore, AOS administered a survey of Brookfield LSD's employees regarding technology services and the results of the survey were used in this report. **Appendix 6-A** at the end of this section presents the full results of the survey.

### *Organizational Structure*

Key components of the District's technology operations include providing technical support, developing long-term technology plans and policies, facilitating professional development, securing and maintaining the network infrastructure, and supporting District hardware and software. The District's technology department is staffed by the Technology Coordinator (1.0 FTE) who reports to the Superintendent.

*Assessments not Yielding Recommendations*

In addition to the analyses presented in this section, an assessment was conducted on the District's printing options that did not warrant changes and did not yield a recommendation. For example, Brookfield LSD utilizes efficient options for printing, with laser printers representing nearly 75 percent of its total printers. In addition, the District intends to phase-out the existing ink jet printers and will be replace them with laser printers in the future. According to Small Business Computing.com, laser printers are quieter, faster and hassle free in comparison to inkjet printers. Additionally, the cost (purchase and ink) of a common laser printer over its lifetime is approximately one-eighth the cost of an inkjet printer with the same capabilities.



## Recommendations

### *Technology Support*

**R6.1** Based on the District's current financial condition, it should continue to operate with the current technology staffing level. Implementing certain performance audit recommendations including: upgrading aging computers (see R6.8), centrally budgeting and allocating computers to buildings (see R6.5 and R6.10), improving the professional development program (see R6.3), using student volunteers to help provide with technology support (see R6.2), developing an improved technology support process (see R6.4), and standardizing the hardware and software that is purchased (see R6.11), will allow the District to improve the efficiency and effectiveness of the technology function without hiring additional staff. In addition, these recommendations will allow the District to function in a more closely managed network environment as defined by the Consortium for School Networking (COSN).

When the District has restored financial stability and implemented the recommendations noted above, it should conduct a self-assessment of technology needs and monitor user satisfaction through annual surveys to determine whether it is feasible or necessary to hire a part-time technology staff member. This process can be further aided by the BETA and AOS surveys (see Appendix 6-A for the AOS Survey).

Brookfield LSD's Technology Coordinator is responsible for maintaining all computers throughout the District. Based on interviews and a review of the job description, the Technology Coordinator's specific job duties include the following:

- Training staff on hardware and software programs;
- Designing, supporting and maintaining the District's network, software and hardware;
- Managing the District's E-rate program and overseeing technology-related contracted services;
- Applying for technology grants;
- Researching and installing new technology such as the homework web page; and
- Performing other tasks and responsibilities as assigned by the Superintendent.

Brookfield LSD's technology department consists solely of the Technology Coordinator (1.0 FTE) who is responsible for maintaining 399 computers District-wide. According to the 2006 BETA survey, approximately 94 percent of these computers are classified as old or aging, which potentially requires the Technology Coordinator to spend more time on computer maintenance and repairs.

The International Society for Technology in Education (ISTE) identifies four organization types (low, moderate, satisfactory, and high efficiency) that exist based on technology levels, policies, procedures and other similar criteria. Within this model, ISTE indicates that a computer-to-staff ratio that is higher than 250:1 is considered a low efficiency organization, a ratio between 250:1 and 150:1 is considered a moderate efficiency organization, a ratio between 150:1 and 75:1 is considered a satisfactory efficiency organization and anything less than 75:1 is considered a high efficiency organization. ISTE identifies the following characteristics for each organization type:

- *Low efficiency:* No computer replacement cycle; little or no documentation exists for technical tasks; no formal staff development program is in place and training is provided infrequently; no trouble ticketing system exists; and surveys are conducted generally as part of other departmental survey work within the organization or not at all.
- *Moderate efficiency:* Equipment is placed on a replacement cycle greater than five years; some documentation exists for technical tasks but isn't widely shared or used; a staff development program is in place but is limited, voluntary and uses a single point in its delivery; a simple trouble ticketing system is in place, but it is not electronic in its implementation and does not allow for universal tracking of issues and establishing trends; quality assurance surveys are conducted, but they aren't automated and are only completed annually.
- *Satisfactory efficiency:* Equipment is placed on a four to five-year replacement cycle; documentation exists for many technical tasks but is poorly written and is not systematically updated as procedures are developed; a staff development program is in place but it is not comprehensive in nature, does not impact all staff, and does not offer the depth required to change the organization; a trouble ticketing system is in place and used for responding to technical issues, however, analysis of issues, response times and trends is not completed; surveys specific to technical support are conducted but are only completed periodically and the data is used sporadically.
- *High efficiency:* Equipment is placed on a three-year replacement cycle; well-written documentation exists for most tasks and is a normal part of operations and used by most groups; a comprehensive staff development program is in place that impacts all staff and balances incentive, accountability, and diverse learning opportunities; all technical issues are recorded and delegated to appropriate resources through an electronic trouble ticketing system which can track and evaluate them; quality assurance is measured by a random and automatic system that tracks customer satisfaction and closed tickets throughout the year and captured data is used to make any adjustments.

Brookfield LSD's current computer to staff ratio (399:1) is more than five times greater than the ISTE standard for a high efficiency organization and more than 1.5 times higher than the 250:1 standard for a moderately efficient organization. The District would need to hire a part-time employee (0.6 FTE) to attain the 250:1 computer to staff ratio.

**Table 6-1** presents the response times to resolve computer related issues as reported in the FY 2006-07 BETA survey results (survey conducted in August, 2005).

**Table 6-1: Brookfield LSD Technology Department  
Response Time To Resolve Computer Issues**

Question	Brookfield LSD	State of Ohio	Peer Average
Same Day	40%	27%	22%
Next Day	28%	23%	23%
2-3 Working Days	27%	25%	30%
4-5 Working Days	1%	9%	9%
More than 5 Working Days	0%	13%	13%
Does not apply to me	4%	3%	3%

Source: 2006-2007 BETA Teacher Survey

**Table 6-1** illustrates that Brookfield LSD responded to teacher computer problems in a timelier fashion when compared to the State and peer averages. For example, **Table 6-1** shows that 68 percent of District teachers indicated technical issues were resolved within a two day period while the State and peer averages were 50 percent and 45 percent, respectively. However, the BETA survey results represent employee responses from August 2005, when the District had a different Technology Coordinator and one teacher on supplemental contract to assist in providing technology support. Since that time, the prior Technology Coordinator retired and the District eliminated the technology supplemental contract in response to its financial difficulties.

During the course of the performance audit, AOS administered a survey of Brookfield LSD staff regarding human resources, transportation, facilities, and technology issues. **Table 6-2** presents the results related to technology issues. The survey responses measure staff satisfaction under the current staffing levels (1.0 Technology Coordinator FTE). Survey responses were based on the following scale: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree.

**Table 6-2: Brookfield LSD Staff  
Technical Assistance Satisfaction Survey**

Survey Question	Staff Response	Percent of Strongly Disagree and Disagree
The technical assistance department is easily accessible.	2.44	68%
Requests for assistance are answered in a timely manner.	2.72	46%
Computer repair services are easily accessible.	2.44	67%
Computer requests are answered in a timely manner.	2.70	52%
Technology staff is able to solve hardware problems.	2.70	51%
Number of technology personnel is adequate to provide support.	1.67	84%
I am satisfied with the technical assistance provided by the District.	2.00	74%
<b>Average</b>	<b>2.38</b>	<b>63%</b>

Source: Brookfield LSD Staff Survey

As shown in **Table 6-2**, the District had a high number of staff members who either strongly disagreed or disagreed in their responses to the survey questions. In particular, the employees gave low ratings regarding the District's technology staffing levels, satisfaction with technical repair, repair accessibility, timeliness in addressing requests for assistance and performing computer repairs, and the ability of technology staff to solve hardware issues. These negative response rates can be attributed to a combination of lower technology staffing levels, an inefficient technology support process (**R6.4**), and the lack of an employee training program that empowers staff to address problems without the assistance of the Technology Coordinator (see **R6.3**).

It should be noted that the Consortium for School Networking (CoSN) report, *A School Administrator's Guide to Planning for the Total Cost of New Technology* (July 2001), indicates that a "TCO savvy district" provides computer support at a ratio of at least one support person for every 500 computers in a closely managed network environment. This report also indicates that more centralized control of networks with network management software and reducing the number of operating systems and applications that are supported are ways to minimize the staff needed to support technology. However, this benchmark (500:1) is considered to be an ideal standard that can only be achieved in a highly standardized network environment. Although Brookfield LSD is taking steps to create a centralized network environment, it does not currently have this system in place. Implementing recommendations associated with upgrading aging computers (see **R6.8**), centrally budgeting and allocating computers to buildings (see **R6.5** and **R6.10**), offering greater professional development opportunities (see **R6.3**), developing an improved

technology support process (see **R6.4**), and standardizing the hardware and software that is purchased (see **R6.11**), would allow a more standardized network to develop.

**R6.2 The District should consider developing a program that gives students academic credit for providing technology support. This would allow a student volunteer to gain valuable workplace experience while giving the District additional resources to supplement the technology support process.**

Brookfield LSD does not have a program in place that allows student volunteers to assist in providing technology support. According to the Youth Technology Support Collaborative, “Student Technology Support Programs give schools a defined opportunity for students to learn and practice 21<sup>st</sup> century skills.” Students benefit by receiving academic credit and an opportunity for career exploration. Other benefits for students include:

- Valuable workplace experience in project management such as setting priorities, managing time and problem solving;
- Hands-on experience with hardware and software technology; and
- Communication skills from working with clients, writing reports, performing demonstrations, or creating tutorials.

The Youth Technology Support Collaborative goes on to indicate that students are a valuable first response for troubleshooting problems and are usually advanced users knowledgeable about technology. Besides the benefit of additional support, benefits to the District include:

- Time and money savings with assistance for major technology projects;
- Reduced vandalism and security problems by creating a sense of ownership and responsibility; and
- Increased time spent by technical staff on higher level support and confidential data.

**R6.3 The District should develop a technology training program that identifies a core curriculum and a minimum number of training hours employees should receive each year. The core curriculum should be designed to cover critical aspects of an employee’s responsibilities, and could be completed either in-house or externally. To facilitate this, the District should devote an appropriate percentage of the technology budget to professional development activities. In addition, it should begin tracking the total number of hours and types of training an employee receives, and seek feedback from participants about the topics covered. Developing a formal technology training program that empowers staff to perform basic procedures may assist in improving the troubleshooting function and limit the need to hire**

**additional technology staff. It would also enable staff to more fully use the functions available in the District's software.**

Brookfield LSD does not have a comprehensive technology development program for staff, nor does it have a mechanism to assess the effectiveness of professional development activities. Furthermore, the District has not historically tracked information concerning technology training activities. For example, it does not track the amounts spent on technology training, employee attendance, seminar topics, or employee feedback. In addition, the District has had very few mandatory technology training programs for staff in recent years. According to the AOS employee survey, approximately 71 percent of the respondents disagreed when asked if the current training is meeting users' needs for instructional software. The employee survey also shows that approximately 78 percent of respondents agree that more training is needed.

The lack of technical training potentially limits the ability of staff to troubleshoot their own problems. Consequently, the Technology Coordinator must devote time to issues that could be easily resolved, diverting resources from more complex issues. As shown in **R6.1**, employees are generally dissatisfied with the timeliness of technical service. The lack of a comprehensive training program could contribute to the overall negative survey responses regarding knowledge, functionality and the use of software (see questions 1, 2, 3, 5, 6 and 7 in **Appendix 6-A**). In addition, 56 percent of survey respondents disagreed with the statement that users of instructional software know all major functions of the software, while 53 percent disagreed when asked if instructional software is used efficiently and effectively.

According to ISTE, a high efficiency organization has a comprehensive staff development program in place that impacts all staff. The program is progressive in nature and balances incentive, accountability, and diverse learning opportunities. In addition, the Consortium for School Networking's *A School Administrator's Guide to Planning for the Total Cost of New Technology* (2001) states that training costs should represent a large component of a district's technology budget. If staff members are not properly trained, teachers will not understand how to integrate technology into the curriculum, support staff will not be up-to-date on hardware and software developments, and the district will fail to achieve the maximum return on its technology investment. The publication further states that a "TCO-savvy district" devotes anywhere from 15 to 30 percent of its technology budget to staff development and training. However, quantifying the specific financial impact of training is difficult without conducting an employee needs assessment and determining the District's ability to complete training sessions in-house. The District's lack of technology account codes within USAS and the lack of a centralized technology budget also make it difficult to quantify the financial impact of offering additional training (see **R6.5** and **R6.7**).

**R6.4 Brookfield LSD should consider purchasing an electronic trouble ticketing system. When doing so, the District should ensure that the selected system gives employees access to a comprehensive database of common troubleshooting issues and historical service records, allows real-time service information so that employees can view the status of tickets, and allows for the tracking of customer satisfaction. The District should then use the system to establish performance indicators that measure the reliability of equipment, technician performance, and customer satisfaction. Moreover, technology staff should log on to the trouble ticketing system at least daily to determine the assigned requests for service, thereby ensuring that technology issues are resolved in a timely manner. Lastly, the District should consider developing a detailed technical support plan which outlines the policies and procedures for the technology support process and include the components recommended by ISTE.**

The District does not have a formal technology support process. The Technology Coordinator indicated that employees do not complete work requisitions when they need technical support. Rather, they communicate requests for service informally through e-mail, telephone, and verbal conversations. The requests for service are then prioritized based on an estimation of the number of people that could be impacted by the issue. For example, problems with the network will be resolved before a problem with one computer. Despite the lack of formal work requisitions, the Technology Coordinator indicates that he manually documents the building, date, time and manner of resolution for 90 percent of the requests for service and that it usually takes one day to address the majority of the issues. However, in response to the AOS survey, 46 percent of respondents chose strongly disagree or disagree when asked whether repair requests were answered in a timely manner. In addition, 74 percent chose strongly disagree or disagree when asked if they were satisfied with the technical assistance provided by the District. The Technology Coordinator is the only employee in the District that responds to technology requests for service. Furthermore, the District does not maintain written documentation explaining key support practices, does not have a formal technology training program (R6.3), and does not give employees access to an online database to help resolve issues without the assistance of the Technology Coordinator.

**Table 6-3** presents technology support procedures advocated by the International Society for Technology in Education (ISTE) and indicates whether Brookfield LSD meets the standard.

**Table 6-3: ISTE Technical Support Strategies**

ISTE Standard	Assessment	Standard Met
A well-defined escalation process is in place, with three or more steps of escalation, and a clear path for resolution.	Brookfield LSD has an informal process for reporting technology related issues. The Technology Coordinator is the only employee that responds to requests for service. The District does not give employees access to an electronic trouble ticketing system or an online database to help resolve issues before submitting them to the Technology Coordinator.	<b>No</b>
Most staff seek help from online knowledge bases as the first resource for help from diverse and comprehensive resources.	When staff members encounter a computer problem they contact the Technology Coordinator through e-mail, telephone and/or verbal conversations. The District does not use an electronic trouble-ticketing system, which would give employees access to a database that contains computer repair histories and manners of resolution.	<b>No</b>
A list of supported software is provided, with clear differentiated support processes for each set of software that are consistently used.	The District could not provide a standardized list of supported software and the associated support procedures.	<b>No</b>
Additional help (internal or contracted) is utilized for all deployment functions providing no delays or disruptions in regular technical service.	The Technology Coordinator estimates that requests for service are usually addressed within a day unless there is a network issue. However, in response to the AOS survey, 46 percent of respondents chose strongly disagree or disagree when asked whether repair requests were answered in a timely manner.	<b>No</b>
Documentation exists for most technical tasks and is used by most user groups. Well written documentation production is a normal part of operations.	The Technology Coordinator informally maintains documentation summarizing the work order activities. However, this documentation is not available to the employees to reference when they encounter a technical issue. Brookfield LSD’s technology plan currently classifies the District’s technology acquisition and standards to be in the adoption phase. This classification states “policy is in place; lack of consistent use.” In addition, the technology plan further states that the District needs to do a better job of informing stakeholders about technology policy.	<b>No</b>
All technical issues are recorded and delegated to appropriate resources through an electronic trouble ticketing system. All technical issues are tracked and evaluated through this system. Quality assurance is measured by a random and automatic system that tracks customer satisfaction and measures data throughout the year	Brookfield LSD does not have an electronic trouble ticketing system to use in tracking information, measuring customer satisfaction or for management reporting.	<b>No</b>

Source: ISTE, Brookfield LSD Technology Plan, and Interviews

**Table 6-3** shows the District’s technology support process does not meet any of the ISTE recommendations. As a result, the Technology Coordinator is forced to continually solve minor problems faced by staff, which takes time away from other tasks such as grant research (**R6.6**), conducting employee training programs (**R6.3**), and monitoring



implementation of the technology plan (R6.7). The Ohio SchoolNet Commission reports that an inadequate technology support process can result in the following:

- Loss of productivity due to work stoppages;
- Continual interruptions to solve persistent issues;
- Decreased morale among staff who cannot use equipment as it was intended because of technical problems;
- Prevalence of the “squeaky wheel” syndrome in solving technical issues;
- Lack of understanding about the factors contributing to the problem; and
- Inability to make data-driven decisions for service and support based upon workload measures.

The occurrence of the above mentioned issues could limit the District’s ability to properly coordinate technical support services.

*Financial Implication:* One vendor estimates that it would cost between \$995 and \$1,700 annually to implement a web based electronic trouble ticketing system. The actual price would depend on the specific features and number of technician licenses that are needed.

### *Budgeting and Planning*

**R6.5 Brookfield LSD should develop a separate account code within the Uniform School Accounting System (USAS) that can be used to track District-wide technology expenditures. This would allow it to generate detailed management reports that could indicate the various sources of funds used to purchase items such as hardware and software, what items are being purchased, and which departments are spending funds on technology. These reports could also be submitted to the Board on a periodic basis and used to demonstrate progress in implementing the technology plan (see R6.7). In addition, centrally tracking technology expenditures would permit better planning for future maintenance and replacement of District technology.**

The District does not use a separate account code for technology in the Uniform School Accounting System (USAS) chart of accounts, which makes it difficult to centrally budget and track technology related expenditures. USAS is capable of tracking technology activities either through the 2960 function code series, which relates to data processing or through the assignment of a specific job code for technology. A job code is an extra data field in USAS that school districts can use to capture further detail within their accounting structure.

**R6.6 The Technology Coordinator should devote more time to seeking grants, especially at the local level. This can be accomplished by revising the technology support**

process (see R6.4), and using students to assist in providing technology support (R6.2). By having the Technology Coordinator devote additional time to the grant seeking process, the District may be able to obtain funding that can be used to purchase items that are not within the constraints of the current operating budget. Also, implementing R6.5 and developing separate account codes for technology within USAS would help the District in tracking technology grant receipts and expenditures.

The District does not appear to make technology grant management a high priority. This is evident from the fact that it could not provide a comprehensive listing of all technology grants received during the last three years. In addition, the District's technology plan does not show historical/future grant information nor does it mention strategies for pursuing additional grant funding (see R6.7). Table 6-4, which was compiled by AOS from sources outside the District (E-rate, E-tech, and SchoolNet), shows the District's State and Federal grant receipts from FY 2003-04 through FY 2005-06.

**Table 6-4: Technology Grant Funding for FY 2004 through FY 2006**

Grant Type	FY 2004	FY 2005	FY 2006
Federal	\$12,610	\$11,191	\$12,007
State	\$52,025	\$17,925	\$29,280
Local	Unable to determine	Unable to determine	Unable to determine
<b>Total</b>	<b>\$64,635</b>	<b>\$29,116</b>	<b>\$41,287</b>

Source: eTech Ohio and [www.sl.universalservice.org](http://www.sl.universalservice.org)

Table 6-4 shows that State and Federal technology grant receipts have fluctuated significantly during the last three fiscal years. The District's Federal grant receipts are limited to the E-Rate program, which provides funding for telecommunications and internet access. The District's State grant receipts consist of the following:

- The District received \$2,925 in professional development grants in FY 2003-04 and FY 2004-05, and \$3,200 in FY 2005-06.
- The District received \$15,000 in FY 2003-04 and FY 2004-05, and \$12,000 in FY 2005-06 to maintain network connectivity to the Ohio Educational Computer Network (OECN).
- The District received \$34,100 in FY 2003-04 and \$14,080 in FY 2005-06 through the School Net Plus program to purchase multimedia computers and other related hardware and services. It was not eligible to receive this grant in FY 2004-05. The School Net Plus program awards grants to Ohio school districts based on the wealth of the district, the curriculum, the proposed purpose for the grant monies, and amounts received in prior years.

**Table 6-4** also shows that although the audit staff was able to determine State and Federal grant receipts by using outside sources, They were unable to determine the District's local grant receipts. Receiving grant awards requires the District to commit time and energy in seeking and completing grant applications. The District's Technology Coordinator is responsible for researching and applying for technology grants. He indicated that because he was new to the District and had to deal with network maintenance issues, he has not had much time to conduct grants research.

The Durango, Colorado school district's technology director has dramatically increased the amount of time spent on writing grants. In previous years, the technology director estimated that two percent of his time was spent writing grants; currently he states that nearly 25 percent of his time is devoted to grant writing in order to bridge the gap between school district technology needs and funding. For example, the increase in grant seeking activities permitted the District to receive a grant totaling \$245,000. The purpose of the grant was to connect teachers in grades 5, 8, and 11 with distance training opportunities to improve teaching skills in specific content areas through the integration of technology. Prior to receiving this grant, only 12 percent of Durango teachers used instructional software on a daily basis.

The Government Accountability Office (GAO) published a study that described the experience of five school districts in funding technology. The study indicates that several of the districts targeted public and private entities to implement education technology. Businesses, foundations, universities, and other organizations provided financial assistance or contributed expertise, shared resources, or donated equipment to support educational technology needs. Also, all five districts in the report developed partnerships with businesses in their communities to assist with technology development efforts and help in securing funding.

**R6.7 Brookfield LSD should consider updating the existing technology plan to include the following:**

- **The technology plan should be presented to, discussed with, and approved by the Board. This would help ensure that the Board shares the District's technology vision and that funding to support the technology plan becomes a priority.**
- **The District should take action to include parents and other community members on the technology committee. This would allow other stakeholders to express an opinion on the level and quality of instructional technology in place at the District.**

- **The technology plan should identify a staff member (e.g., the Technology Coordinator) that will be responsible for providing guidance and oversee the implementation of the technology plan. In addition, the Board should require the staff member to present a technology plan update on an annual basis to show the District's progress in implementing the technology plan. This will foster accountability and help ensure that the technology plan remains a high priority for the District.**
- **The technology plan should be more descriptive in discussing previous grants received, and strategies for pursuing grants in the future (see R6.6). A clearly outlined grants section can help ensure that decision makers at Brookfield LSD understand the importance of grants in procuring technology for the District.**

**In addition, the District should work to identify specific and consistent funding sources (other than grants) that can be dedicated each year to achieving the goals and objectives identified in the technology plan. One potential option would be to reduce the annual allocations given to the building principals for non-building upgrades and maintain central control of these funds. The District could then use this money to help implement the upgrades and replacements identified in the technology plan. This would also help standardize the level and quality of technology purchases from one school building to the next.**

Brookfield LSD has a technology plan that details goals, strategies, action steps, resources, and costs associated with implementing technology. The technology plan was developed by the prior Technology Coordinator and covers FY 2006-07 through FY 2008-09. The technology plan was approved by the Treasurer, Superintendent and Technology Coordinator. Upon completion, it was submitted to and certified by E-tech Ohio on June 26, 2006. School districts must have their technology plans certified by E-tech Ohio in order to receive E-rate funding, which provides all public and private schools and libraries with access to affordable telecommunications and advanced technologies.

According to guidelines developed by the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), school districts should have a comprehensive technology plan that addresses certain key activities. **Table 6-5** summarizes the results of an assessment of the District's technology plan using the OPPAGA standards.

**Table 6-5: Assessment of Brookfield LSD Technology Plan**

Recommended Activity	Assessment	Standard Met
<p>The district should have a board approved technology plan that addresses both administrative and instructional technology. The plan should address individual school technology needs, resource allocations, funding, professional development for users, technology support, infrastructure, and network communication.</p>	<p>Brookfield LSD has a technology plan approved by the Superintendent, Treasurer and Technology Coordinator as required by E-tech Ohio. However, there is no indication that the plan was approved by the Board. Furthermore, the District was unable to provide Board minutes demonstrating plan approval.</p> <p>The plan describes each individual school’s technology needs and goals by grade level and describes them in detail by subject area. Technology support, funding, professional development for users, and infrastructure are discussed on a District-wide level throughout the plan.</p>	<p><b>Partially</b></p>
<p>The district should conduct an assessment to identify district and school-level technology needs.</p>	<p>Brookfield LSD’s technology plan identifies district technology needs by grade level and subject area</p>	<p><b>Yes</b></p>
<p>The district has solicited and used broad stakeholder input in developing the technology plan.</p>	<p>Brookfield LSD’s technology planning committee consists of the technology coordinator, administrators, a teacher, a library media specialist and a community/business leader. Parents are not identified as participants.</p>	<p><b>Partially</b></p>
<p>The district’s technology plan is compatible with state reporting requirements and aligned with federal initiatives.</p>	<p>Brookfield LSD’s technology plan was approved by E-tech Ohio and therefore, satisfied the requirements of the Universal Service Program Discounts (E-rate).</p>	<p><b>Yes</b></p>
<p>The objectives in the technology plan are measurable and reflect outcomes for educational and operational programs.</p>	<p>Brookfield LSD’s technology plan has identified specific timeframes and content standards for the major academic areas with software applications used to monitor the student’s grasp of concepts.</p>	<p><b>Yes</b></p>
<p>The district’s annual budget provides funds for major technology initiatives as reflected in the plan.</p>	<p>The District does not maintain a central technology budget. Rather, the District relies on the General Fund, grants and donations for technology funding.</p>	<p><b>No</b></p>

Recommended Activity	Assessment	Standard Met
The district investigates grant opportunities for technology funding and stays current on state and federal funding initiatives.	Brookfield LSD’s technology plan mentions that the District has previously received state and federal funding through the E-tech program. However, there is no mention of local grant dollars that the District has received or a discussion of strategies for pursuing future grant opportunities (see <b>R6.6</b> ).	<b>Partially</b>
The district has identified an individual(s) responsible for implementing and updating the technology plan.	Brookfield LSD has a list of District administrators who approved the plan. However, the plan does not identify one individual responsible for monitoring or updating the plan.	<b>No</b>

Source: OPPAGA and Brookfield LSD technology plan

**Table 6-5** indicates that Brookfield LSD’s current technology plan lacks certain practices that have been recommended by OPAGGA. Of the nine technology plan best practices, Brookfield LSD completely meets three, partially meets four, and does not meet two recommended practices. Specifically, although the District’s technology plan is comprehensive and describes goals, assessment and evaluation processes and organizational support; it does not reflect Board approval, include parents on the technology planning committee, show historical/future grant information, or specify an individual who will be responsible for updating the plan. Furthermore, the District does not adopt an annual budget to fund the technology plan. The District’s technology plan indicates that funding for new technology is primarily limited to the E-tech Ohio grants. According to the Technology Coordinator, unless a purchase is specifically authorized and budgeted by the Superintendent, the general fund technology expenditures are usually limited to purchases from a building principal’s budget allocation for the year. As a result, the level and quality of technology can vary from one building to the next. **Table 6-8** shows the District has historically had large variances in the number of instructional computers at the various school buildings (see **R6.10**).

OPPAGA recommends that districts' annual budgets provide funding for major technology initiatives as reflected in the plan. Furthermore, the Texas School Performance Review states that direct funding should be committed to each goal in a technology plan. While funds may have to be shifted or timelines extended, decisions should be the result of collaboration between the board and technical management personnel.

**R6.8 In conjunction with updates to the technology plan (R6.7), the District should review its computer inventory to determine the relative use rates of each computer (high, medium, low). It should then use this information to develop a written computer replacement policy with an expressed goal of replacing all "high use" computers on a five-year cycle. Enforcement of this policy would require the District to annually set funds aside for implementation. However, this investment should result in greater operational performance and the potential for an enhanced learning environment.**

**The Technology Coordinator should also begin developing Total Cost of Ownership (TCO) calculations prior to making future technology purchases. When calculating these expenses, he should take into account various factors such as professional development, support, software replacements, upgrades, connectivity and retrofitting. In addition, the District should require the Technology Coordinator to submit these calculations and the supporting documentation to the Superintendent and Treasurer prior to making future technology purchases. This will help ensure that the key administrators are aware of the costs associated with providing employees with adequate training, maintaining new computers, and replacing computers when they become obsolete.**

The District's technology plan states that the Technology Coordinator evaluates TCO when making technology purchases. However, despite these statements in the technology plan, the Technology Coordinator indicated the District does not consider TCO prior to making technology purchases. According to the Consortium for School Networking (CoSN) report, *A School Administrator's Guide to Planning for the Total Cost of New Technology* (July 2001), the objective of TCO is to capture any hidden costs associated with using and maintaining networked computers. For example, TCO takes into account the costs associated with professional development, maintenance, operations and administration, hardware, support software, replacements, upgrades, connectivity, and retrofitting that may not be as apparent to administrators, Board members, and the community. By failing to formally track and consider TCO, administrators and Board members have a limited ability to determine when continued maintenance of older computers actually costs more than replacement and may result in technology equipment being used beyond its intended life cycle.

To help school officials understand all direct and indirect costs associated with the operation of school networks and ensure they have budgeted adequately to support technical investments, the Consortium for School Networking and the research and advisory firm Gartner, Inc. have developed a free web-based tool ([www.classroomtco.org](http://www.classroomtco.org)) for estimating TCO. School districts can input approximately 100 pieces of data to form the basis for analysis. While there is no correct number for TCO, this tool allows districts to evaluate their own decisions over time and permits estimates to be compared with similar districts. In addition, decision makers can use this information to determine whether repairing computers is cost effective.

**Table 6-6** illustrates the age of Brookfield LSD’s instructional computers and compares the results to the peer average and the average for the State of Ohio.

**Table 6-6: Brookfield LSD Instructional Computer Comparison**

Classification of Computers	Brookfield LSD	Peer Average	State of Ohio Averages
Percentage of “Old” Instructional Computers	45.9%	15.5%	15.7%
Percentage of “Aging” Instructional Computers	47.6%	28.9%	33.0%
Percentage of “New” Instructional Computers	6.5%	55.6%	51.3%

Source: eTech Ohio BETA Report

As illustrated in **Table 6-6**, Brookfield LSD has a substantially higher percentage of computers classified as “old” and “aging” while maintaining nearly 50 percent fewer “new” computers in comparison to the peer and State averages. Furthermore, when responding to the AOS employee survey, several teachers commented that the lack of modern technology is an area of concern. The District’s low percentage of new technology can be attributed to the absence of a written computer replacement plan, and the failure to dedicate specific resources to fund the technology plan (see **R6.7**). As a result, the District may not be replacing computers in a timely fashion and may be extending the life cycle of its technology beyond industry standards. According to [www.electronic-school.com](http://www.electronic-school.com), the life cycle of the most advanced multimedia computer is only five years. Consequently, if school districts are not proactive and do not plan to replace computers that are currently being installed, the result will be schools full of rapidly aging and potentially obsolete equipment.

Although following a five-year replacement cycle would be ideal, the District may have difficulty implementing such an approach based on current budgetary constraints. One method it could implement to allow for a systematic replacement of computers while balancing other priorities would be to review the current use rate of each computer. All



“high” use computers could then be prioritized and targeted for replacement when the District makes future purchases.

*Financial Implication:* Based on the current average price paid for each new computer (\$700), and assuming the District would replace up to 80 computers every year, the annual cost would be approximately \$56,000. However, this amount could be reduced if the District identified fewer than 80 “high-use” computers.

**R6.9 The District should consider coordinating technology purchases with neighboring school districts and using Statewide contracts as additional options to achieve price discounts. Additionally, establishing dollar thresholds for requiring multiple quotes, adopting formal policies and procedures for requests for proposals (RFP), and expanding its membership in consortiums would further ensure the District pays the “best” price for technology products (see R2.18 in the financial systems section).**

Brookfield LSD has a centralized purchasing function for technology. Typically, staff present technology purchase requests to the Technology Coordinator for review. The Technology Coordinator reviews the proposed purchases to ensure compatibility with current technology and that the equipment/software is necessary. He then presents the request to the Superintendent or the building principal (depending on the funding source) for final approval. This process ensures that the Technology Coordinator can provide appropriate support for new equipment/software purchases.

Despite the use of a centralized purchasing process, the District has not used certain procurement strategies to help reduce the cost of acquiring technology. The following table compares the District’s purchasing practices to various practices recommended by eSchool News online:

**Table 6-7: Technology Procurement Strategies**

<b>Recommended Practice</b>	<b>Brookfield LSD's Response to Recommended Practice</b>	<b>Standard Met</b>
Taking advantage of statewide contracts.	The Technology Coordinator obtains government discounts with certain vendors but does not research statewide contract prices.	<b>No</b>
Teaming up with neighboring districts for volume discounts or purchasing consortiums.	Brookfield LSD does not coordinate its technology purchases with neighboring Districts to achieve discounts.	<b>No</b>
Taking advantage of special academic pricing through vendors to achieve discounts on computer software.	Brookfield LSD negotiates with certain vendors to receive special academic pricing on computers.	<b>Yes</b>
Entering into multi-year agreements to reduce costs.	Brookfield LSD purchased software and cell phones through multi-year agreements in order to reduce the purchase costs.	<b>Yes</b>
Using bulk purchasing to obtain price discounts	Brookfield LSD has used bulk purchasing to obtain discounts for recently purchased computers.	<b>Yes</b>

Source: eSchool News Online and Brookfield LSD

**Table 6-7** shows that Brookfield LSD uses only some of the recommended practices for making technology purchases. The District may be able to achieve additional cost reductions by researching Statewide contracts and coordinating its technology purchases with other districts. According to [www.electronic-schools.com](http://www.electronic-schools.com), entities can help reduce the costs of technology by negotiating with providers for better prices and establishing purchasing collectives.

**R6.10 The District should annually update the information captured in Table 6-8 to reflect current computer inventory levels and student enrollment by building. The administration should then review this information and use it to distribute future computer purchases more equitably.**

Brookfield LSD provides computer access to staff and students at all grade levels through the use of usernames and passwords. **Table 6-8** shows the distribution of instructional computers throughout the District as reported in the 2006 BETA Survey (responses measured as of November, 2005).

**Table 6-8: Brookfield LSD Building Computers by Grade**

	Brookfield High School	Brookfield Middle School	Brookfield Elementary	Addison Elementary <sup>1</sup>	Total
<b>K</b>	0	0	25	0	25
<b>1<sup>st</sup></b>	0	0	20	0	20
<b>2<sup>nd</sup></b>	0	0	25	0	25
<b>3<sup>rd</sup></b>	0	0	0	30	30
<b>4<sup>th</sup></b>	0	0	0	31	31
<b>5<sup>th</sup></b>	0	25	0	0	25
<b>6<sup>th</sup></b>	0	27	0	0	27
<b>7<sup>th</sup></b>	0	25	0	0	25
<b>8<sup>th</sup></b>	0	0	0	0	0
<b>9<sup>th</sup></b>	10	0	0	0	10
<b>10<sup>th</sup></b>	10	0	0	0	10
<b>11<sup>th</sup></b>	10	0	0	0	10
<b>12<sup>th</sup></b>	11	0	0	0	11
<b>Labs</b>	26	25	0	0	51
<b>Library</b>	51	30	8	8	97
<b>Mobile Carts</b>	0	2	0	0	2
<b>Total Computers Per Building</b>	118	134	78	69	399
<b>Enrollment</b>	471	451	295	180	1,402
<b>Student to Computer Ratio</b>	4.0:1	3.4:1	3.8:1	2.6:1	3.5:1

Source: 2006 BETA Survey and 2006-2007 Brookfield LSD EMIS Student Enrollment Report

Note: BETA building survey responses were recorded in 2005.

<sup>1</sup> The District closed Addison Elementary on October 2, 2006.

**Table 6-8** shows that Brookfield LSD had an District-wide average of 3.5 students per computer in November, 2005. According to Ohio SchoolNet Plus, school districts should have a general goal of five students per computer. **Table 6-8** shows that each of the schools in the District met the Ohio SchoolNet Plus goal.

Although Brookfield LSD has an appropriate number of students per computer, **Table 6-8** shows that computers were not allocated evenly from one building to the next. For example, Addison Elementary had an average of 2.6 students per computer while Brookfield Elementary averaged 3.8 students per computer. Furthermore, **Table 6-8** indicates that the District did not have any computers for the eighth grade students at Brookfield Middle School. However, the Technology Coordinator indicated this is inaccurate as the District uses 20 laptop MAC computers on mobile carts for eighth grade students. When **Table 6-8** is adjusted for the 20 laptops computers, the revised student to

computer ratio at Brookfield Middle School is 2.9-to-1, which is significantly lower than the high school average of 4.0-to-1. By not evenly allocating hardware throughout the District, students may not derive the optimal benefit from instructional technology.

It should be noted that the District has closed Addison Elementary since the BETA Survey information was submitted. The Technology Coordinator indicated that computers at Addison elementary followed the teachers to the new schools, where possible. In instances where the teacher was not replaced, the computers were either re-allocated or discarded based on age and maintenance costs. The District has not prepared an updated BETA Survey computer listing since closing Addison Elementary.

According to OPPAGA, school districts should equitably distribute technology resources to all schools. An equitable distribution of technology resources can be accomplished by linking each school's educational plan with the technology plan and by reviewing the resource allocation levels to meet planning and curriculum needs through the development of an annual technology budget.

**R6.11 Brookfield LSD should continue with its plans to move to a single operating system and ensure that future purchases reflect this decision. This would allow users and the Technology Coordinator to develop a familiarity with one system. It would also allow the District to purchase standardized software and hardware.**

Students and staff currently use both Macintosh computers and PC's. As a result of this two platform environment, staff must be familiar with both operating systems, which increases the knowledge required and necessitates the purchase and support of different software packages for each system. However, due to the lack of professional development opportunities for staff (see **R6.3**), employees may not be fully aware of the various capabilities or components of each system. In addition, supporting dual platforms prevents the use of standard equipment because the systems are not compatible. The Technology Coordinator indicated the District is in the process of transitioning to the use of PC's in all classrooms and plans to use the older Macintosh computers for students in art and film courses. According to ISTE, a high efficiency organization uses one platform, with a few exceptions for special projects.

**R6.12 The District should create a uniform hardware and software policy which includes detailed lists of products that the Technology Coordinator can support. Once developed, the District should post the policy on its website so the information is available for all employees and stakeholders. Making this information available would facilitate an understanding of what constitutes acceptable purchases and donations. The policy should also make it easier for employees and citizens to understand if the Technology Coordinator has to reject their purchase/donation request due to noncompliance.**

The District has detailed policies that stipulate the procedures to be followed when accepting technology donations and disposing of technology. However, while the policies specify the procedures to follow when accepting equipment, the District does not have a list of acceptable hardware or software for staff to reference when making decisions regarding technology donations and/or future purchases.

Because the purchasing process is centralized through the Technology Coordinator (see **R6.9**), the District has reasonable assurance that it is purchasing supportable hardware and software. However, the creation of a standard list of acceptable hardware and software components would save time when addressing staff purchase requests that do not comply with District requirements. In addition, a standard list of acceptable hardware and software, in conjunction with the existing donation/disposal policies, can help identify needed technology equipment and ensure that donations are compatible with existing equipment.

According to *eSchool News Online*, schools that standardize computer systems can reduce technology support and computer training costs. When all users are working with the same software, it increases productivity, simplifies licensing, and improves training. As a result, when a district uses one computer model, it pays a lower cost per unit, is not required to stock a variety of parts, and does not need to support different models. Furthermore, the Fairbault (Minnesota) School District has a list of standardized equipment that is published each year along with forms for use when requesting non-standard purchases. The listing contains detailed specifications and requirements for the following equipment:

- Workstations;
- Laptops;
- Printers;
- Monitors;
- Scanners;
- Mouse/Keyboards;
- Fax/Modems;
- Internal/External CD and DVD Burners;
- Personal Digital Assistants;
- Digital Cameras;
- Multimedia Projectors;
- Video Equipment;
- Network-Related Devices;
- External Storage Devices; and
- A comprehensive supported software list.

## Financial Implications Summary

The following table presents a summary of implementation costs. For purposes of this table, only recommendations with quantifiable impacts are listed.

**Table 6-9: Summary of Financial Implications**

	<b>Annual Implementation Costs</b>
<b>R6.4 Purchase a Trouble Ticketing System</b>	\$1,700
<b>R6.8 Yearly replacement of 80 computers</b>	\$56,000
<b>Total</b>	<b>\$57,700</b>

## Appendix 6-A: Employee Survey Responses

AOS administered a survey of Brookfield LSD employees to obtain feedback and perceptions concerning technology in the District. One hundred thirty-eight (138) employees completed the survey. Survey responses were based on the following scale: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree. **Table 6-10** presents the results.

**Table 6-10: AOS Technology Survey Results**

Survey Questions	Brookfield LSD Results
<b><i>Administrative Software Users</i></b>	
<b>1) Users know all major software functions used in their departments.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	28% 9% 12% 12% 5% <b>2.57</b>
<b>2) Software meets the needs of the users.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	23% 7% 14% 16% 5% <b>2.80</b>
<b>3) Software is used effectively and efficiently.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	23% 9% 12% 16% 5% <b>2.77</b>
<b>4) Users can get help when needed.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	28% 19% 9% 9% 5% <b>2.44</b>
<b><i>Instructional Software Users</i></b>	
<b>5) Users know all major software functions used in their departments.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree	26% 30% 7% 23% 0%

Survey Questions	Brookfield LSD Results
Average Response	2.42
6) Software meets the needs of the users.	
1) Strongly Disagree	23%
2) Disagree	35%
3) Neutral	14%
4) Agree	12%
5) Strongly Agree	2%
Average Response	2.34
7) Software is used effectively and efficiently.	
1) Strongly Disagree	23%
2) Disagree	30%
3) Neutral	19%
4) Agree	12%
5) Strongly Agree	2%
Average Response	2.39
8) Users can get help when needed.	
1) Strongly Disagree	26%
2) Disagree	26%
3) Neutral	23%
4) Agree	9%
5) Strongly Agree	5%
Average Response	2.44
<b><i>All Users – Software Training</i></b>	
9) Administrative/office software training meets user needs.	
1) Strongly Disagree	29%
2) Disagree	10%
3) Neutral	17%
4) Agree	5%
5) Strongly Agree	2%
Average Response	2.60
10) Instructional/classroom software training meets user needs.	
1) Strongly Disagree	50%
2) Disagree	21%
3) Neutral	12%
4) Agree	2%
5) Strongly Agree	2%
Average Response	1.82
11) Training facilities meet user needs.	
1) Strongly Disagree	45%
2) Disagree	17%
3) Neutral	2%
4) Agree	17%
5) Strongly Agree	2%
Average Response	2.08
12) Training programs are useful.	
1) Strongly Disagree	40%
2) Disagree	12%
3) Neutral	2%
4) Agree	19%
5) Strongly Agree	12%
Average Response	2.51



Survey Questions	Brookfield LSD Results
<b>13) Users feel more training is needed.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	7% 2% 2% 21% 57% <b>4.36</b>
<b><i>All Users – General Computer Operation/Data</i></b>	
<b>14) Computer systems are reliable.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	49% 28% 9% 7% 0% <b>2.02</b>
<b>15) Speed of data processing is satisfactory.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	56% 16% 14% 7% 0% <b>2.00</b>
<b>16) Access to a printer is adequate.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	33% 16% 7% 37% 0% <b>2.77</b>
<b>17) Systems contain accurate and complete data.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	35% 14% 19% 16% 2% <b>2.79</b>
<b>18) Data from computer systems is useful for decision making or monitoring.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	30% 9% 23% 12% 7% <b>3.12</b>
<b><i>All Users – Technical Assistance</i></b>	
<b>19) Technical assistance department (if applicable) is easily accessible.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	33% 35% 7% 16% 0% <b>2.44</b>

Survey Questions	Brookfield LSD Results
<b>20) Requests for assistance are answered in a timely manner.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	23% 23% 26% 21% 0% <b>2.72</b>
<b>21) Computer repair services are easily accessible.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	30% 37% 14% 7% 0% <b>2.44</b>
<b>22) Computer repair requests are answered in a timely manner.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	26% 26% 21% 19% 0% <b>2.70</b>
<b>23) Technology staff is able to solve hardware problems.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	21% 30% 21% 21% 0% <b>2.70</b>
<b>24) Number of technology personnel is adequate to provide support.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	70% 14% 9% 0% 0% <b>1.67</b>
<b>25) I am satisfied with the technical assistance provided by the District.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	51% 23% 14% 5% 0% <b>2.00</b>
<b><i>All Users – Software Applications</i></b>	
<b>26) Electronic mail is widely used.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	33% 23% 9% 23% 2% <b>2.67</b>

Survey Questions	Brookfield LSD Results
<b>27) The internet is used to access information.</b> 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree Average Response	23% 9% 7% 40% 14% <b>3.33</b>

**Note:** Because some individuals either had no opinion or did not respond to all questions, survey percentages will not add up to 100 percent.

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## **District Response**

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The letter that follows is the Brookfield Local School District's official response to the performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report.

STEPHEN A. STOHLA  
Superintendent of Schools  
Phone: (330) 448-4930  
FAX No. (330) 448-5026

SAMANTHA L. FOY  
Treasurer



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ADMINISTRATIVE OFFICES  
7000 GROVE STREET • P.O. BOX 209  
BROOKFIELD, OHIO 44403

November 16, 2007

Auditor of State  
Mary Taylor  
Lausche Building, 12<sup>th</sup> Floor  
615 West Superior Avenue  
Cleveland, Ohio 44113

Dear Auditor Taylor:

The Brookfield Local School District Board of Education and central office administration received the Performance Audit for the 2006 expenditures yesterday, November 15, 2007. The district has been in "Fiscal Watch" and almost the entire administrative team is new to the district.

William J. Rouse, lead auditor on the audit team here in Brookfield also lead yesterday's presentation. He and your entire team should be commended for their professionalism and competence. We will take all recommendations into consideration and do what we can to implement those that we can. Some of the recommendations (especially those that concern contract language in our negotiated agreements) may or may not be possible to implement. Some of your recommendations (given to us in the DRAFT form) have already been implemented. Our newly negotiated agreement with our classified staff has employees contributing 5% toward their health care premiums. We have also made a strong effort to limit expenditures as well as implemented steps to eliminate 'late fees' per your recommendation. Future Five Year Forecasts will have input from other district administrators in addition to our treasurer.

The Brookfield Local School District will benefit greatly from our Performance Audit. Our recently passed bond issue will greatly help the district streamline energy costs, maintenance costs, and other cost efficiencies when our new K-12 school building becomes a reality.

Thank you again for the help and assistance provided by your staff and for their professionalism and competence.

Sincerely,

A handwritten signature in black ink that reads "Stephen A. Stohla".

Stephen A. Stohla  
Superintendent

A handwritten signature in black ink that reads "Samantha L. Foy".

Samantha L. Foy  
Treasurer



**Auditor of State  
Mary Taylor, CPA**

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