



Dave Yost • Auditor of State



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To the residents, Board members, administration, and stakeholders of the Brookfield Local School District,

At the request of the Ohio Department of Education, the Auditor of State's Ohio Performance Team conducted a performance audit of the Brookfield Local School District to provide an independent assessment of operations. Functional areas selected for operational review were identified with input from District management and were selected due to strategic and financial importance to the District. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the District's overall efficiency and effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and management.

The District has been encouraged to use the management information and recommendations contained in the performance audit report. However, the District is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

SkinnyOhio.org: This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

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

Sincerely,

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 21, 2014

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Executive Summary

Purpose and Scope of the Audit

The Ohio Department of Education (ODE) requested and funded this performance audit of the Brookfield Local School District (BLSD or the District). ODE requested this performance audit with the goal of improving BLSD’s financial condition through an objective assessment of the economy, efficiency, and effectiveness of the District’s operations and management. See **Table 1** in **Background** for a full explanation of the District’s financial condition.

The following scope areas were selected for detailed review and analysis in consultation with the District: financial management, human resources, facilities, transportation, and food service. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as generally accepted government auditing standards (GAGAS).

The Auditor of State’s (AOS) Ohio Performance Team (OPT) conducted this performance audit in accordance with GAGAS. These standards require that OPT plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

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

Audit Methodology and Benchmarks

To complete this performance audit, auditors gathered data; conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources including; peer comparison, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with BLSD, the following districts were identified as peers: Bellaire Local School District (Belmont County), Carlisle Local School District (Warren County), Conneaut

Area City School District (Ashtabula County), Martins Ferry City School District (Belmont County), Swanton Local School District (Fulton County), and West Muskingum Local School District (Muskingum County). These districts were selected based upon demographic and operational data. External organizations and sources were also used to provide comparative information and benchmarks. They include the Ohio Administrative Code (OAC), Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the Ohio Department of Administrative Services (DAS), the Ohio Department of Education (ODE), the American Schools and Universities (AS&U), and the National Center for Education Statistics (NCES).

The performance audit process involved significant information sharing with BLSD, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Periodic status meetings were held during the engagement to inform the District of key issues impacting selected areas and share proposed recommendations for improving operations. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. The District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of the Brookfield Local School District for their cooperation and assistance throughout this audit.

Summary of Recommendations

The performance audit identifies potential cost savings of approximately \$249,200 annually, representing 2.7 percent of the total FY 2013-14 expenditures forecasted by the District. The following table summarizes those performance audit recommendations and, when applicable, the associated financial implications.

Summary of Recommendations

Recommendations	Savings
R.1 Revise forecasting methodologies	N/A
R.2 Ensure accurate transportation data reporting	N/A
R.3 Reduce 6.0 FTE non-certificated support positions	\$106,900
R.4 Renegotiate contract language	\$56,000
R.5 Increase employee contributions to medical and dental premiums	\$86,300
R.6 Expand the use of existing technology	N/A
R.7 Develop plans to ensure financial health	N/A
Annual Cost Savings from Performance Audit Recommendations	\$249,200

Source: AOS recommendations

The following table shows the District’s ending fund balances as projected in the May 2014 five-year forecast. Included are annual savings identified in the performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

Financial Forecast with Performance Audit Recommendations

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
May 2014 Ending Fund Balance	\$0	\$304,000	\$435,000	\$638,000	\$639,000
Cumulative Performance Audit Cost Savings		\$0	\$249,200	\$498,400	\$747,600
Revised Ending Fund Balance	\$0	\$304,000	\$684,200	\$1,136,400	\$1,386,600

Source: BLSD May 2014 five-year forecast and AOS recommendations

While the performance audit recommendations are based on FY 2013-14 operations, implementation of all recommendations may not be possible until FY 2015-16 as some require contract negotiations and others would not be implementable until the start of a new fiscal year. As shown in the table, by implementing the performance audit recommendations contained in this report, the District’s ending fund balance would increase from approximately \$304,000 in FY 2014-15 to \$1.3 million in FY 2017-18.

Background

Financial Status

In 2005, ODE declared BLSD to be in a state of fiscal caution in accordance with Ohio Revised Code (ORC) § 3316.03. The declaration was based on an anticipated deficit for the fiscal years ending June 30, 2006 and 2007. Subsequently, AOS declared the District in fiscal watch in 2006 based upon its failure to submit a written proposal for eliminating the anticipated deficits that prompted the declaration of fiscal caution. The BLSD Board of Education (the Board) passed a resolution, dated February 21, 2013, stating its inability to adopt a financial recovery plan that would eliminate the projected current year deficit. In accordance with ORC § 3316.03, AOS placed BLSD in a state of fiscal emergency on May 14, 2013.

As required to leave fiscal emergency status, the District developed a fiscal recovery plan that was approved by the Financial Planning and Supervision Commission. Included in this plan was a 4.85 mill continuing operating levy passed on May 7, 2013 that is projected to raise an additional \$606,000 in property tax revenue, annually. When combined with additional revenue from the State foundation payments and expenditure cuts, the plan projects positive fund balances for FY 2013-14.¹

ODE uses the Local Tax Effort Index² to compare means-adjusted taxpayer support between school districts in Ohio. This index reflects the extent of effort the residents of a school district make in supporting public elementary and secondary education in relation to their ability to pay. The District's Local Tax Effort for FY 2011-12 was 0.67, which was 19.3 percent below the peer average of 0.83.

School districts in Ohio are required to prepare and submit five-year financial forecasts semiannually³ to ODE. Information contained in these forecasts provide an important measure of the financial health of a district and serve as the basis for identifying conditions that lead to fiscal status designation by AOS and ODE. **Table 1** summarizes BLSD's May 2014 five-year forecast and includes year-end General Fund balances.

¹ The fiscal recovery plan projects a positive cash balance of \$162,607 by the end of FY 2013-14.

² A value of 1.0 indicates average local tax support, while values below 1.0 or above 1.0 reflect below average or above average support, respectively.

³ Financial forecasts are required to be submitted to ODE in May and October of each year.

Table 1: BLSD Financial Condition Overview

	Forecast FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
Total Revenues and Other Financing Sources	\$10,782,059	\$10,205,000	\$9,649,000	\$9,596,000	\$9,527,000
Total Expenditures and Other Financing Uses	\$10,785,000	\$9,901,000	\$9,518,000	\$9,393,000	\$9,526,000
Results of Operations	(\$2,941)	\$304,000	\$131,000	\$203,000	\$1,000
Beginning Cash Balance	\$2,941	\$0	\$304,000	\$435,000	\$638,000
Ending Cash Balance	\$0	\$304,000	\$435,000	\$638,000	\$639,000
Year End Fund Balance for Certification of Appropriations	\$0	\$304,000	\$435,000	\$638,000	\$639,000

Source: BLSD's May 2014 five-year forecast as submitted to ODE

As shown in **Table 1**, BLSD's May 2014 five-year forecast (see Appendix **Table B-2**) projects a surplus of over \$630,000 in FY 2017-18. This ending fund balance differs from the approximate \$1.9 million deficit the District was projecting in its May 2013 forecast, primarily due to increased revenue from the operating levy passed in May 2013.

Data Reliability

The inaccuracies in transportation operational data (T-1 Report data) encountered during the course of the audit led AOS to determine that this data could not be considered sufficiently reliable for use in the audit. Due to the lack of accurate ridership and mileage data, AOS did not use the information obtained from the T-1 Reports due to the risk of reaching an incorrect conclusion. Therefore, AOS refrained from conducting further analyses on transportation operations.

Recommendations

R.1 Revise forecasting methodologies

During the course of the audit, LGS certified the District's FY 2013-14 forecast that projected a deficit of over \$514,000. This forecast differed from the District's October 2013 forecast that projected an ending fund surplus of \$162,607. The contrasting forecast amounts are primarily due to the District not including State solvency loan payments that are due in FY 2013-14 and FY 2014-15. However, as shown in Table B-2 in the Appendix, the District received additional state solvency revenue to offset the projected deficit. For FY 2013-14, the District is projected to end the fiscal year with a zero fund balance. According to ORC § 3316.04, a school district cannot leave fiscal emergency if it has a deficit in its forecast. The May forecast shows a growing positive fund balance through FY 2018-19.

According to *Financial Forecasting in the Budget Preparation Process* (Government Finance Officers Association (GFOA), 2014), key steps in a sound forecasting process should include defining assumptions, gathering information, examining historical data and relevant economic conditions, and then selecting the quantitative/qualitative methods to use for developing the forecast. Furthermore, the forecast should be linked to decision making, with a long term perspective to the budgeting process and emphasizing financially sustainable decisions. By neglecting to include the State solvency payments into the forecast, the District did not consider all relevant economic conditions. An effective forecast would allow for improved decision-making in maintaining (or achieving) fiscal discipline by considering all relevant economic conditions the District faces.

R.2 Ensure accurate transportation data reporting

Transportation data is required to be reported to ODE using T-1 and T-2 Forms. The T-1 Form contains operational data such as types of student ridership, mileage, bus number and bus type. The T-2 Form contains end of year expense data for transportation operations. According to *T-1 Instructions* (ODE, 2013), students should only be counted once per day during their morning route, regardless of how many vehicles they ride. Students who are not present on the bus may not be included in the counts. At BLSD, the Transportation Supervisor is responsible for completing the T-1 Reports while the Treasurer is responsible for completing the T-2 Reports.

FY 2011-12 and FY 2012-13 T-1 and T-2 Report data was tested for accuracy and numerous errors were identified, including:

- The inclusion of students counted on routes who were absent the day of the counts or only ride afternoon routes;
- Failure to report a bus on the FY 2012-13 T-1 Form; and

- Omission of non-routine miles⁴ on the FY 2011-2012 and FY 2012-2013 T-2 Forms.

The lack of a formal review process represents a significant internal control issue that may lead to inaccurate transportation funding and inefficient operations. BLSD should develop and implement formal procedures for reporting transportation data to ODE. Specifically, District administrator(s) should verify the number of riders, miles, and buses reported on the T-1 Forms and verify transportation expenditures and related data (e.g., non-routine miles) before submission to ODE. Additionally, the Transportation Supervisor and a representative from the Treasurer’s Office should attend ODE training sessions on completing transportation forms.

R.3 Reduce 6.0 FTE non-certificated support positions

Non-certificated support staff includes teaching aides, paraprofessional instructors, and attendants. **Table 2** compares BLSD’s non-certificated support staff levels to the peer average.

Table 2: FY 2013-14 Non-certificated Staff Comparison

BLSD Non-Certificated Support FTEs	14.0
Students Educated Population	1,167
BLSD Non-Certificated Support FTEs per 1,000 Students	12.0
Peer Average Non-Certificated Support FTEs per 1,000 Students	6.9
Difference in FTEs per 1,000 Students	5.1
FTEs Over (Under) Staffed	6.0

Source: BLSD and the peer districts

A reduction of 6.0 FTEs would align BLSD staffing levels with the peer average. The District should continually monitor its financial condition to determine if further staffing reductions may be necessary.

Financial Implication: Eliminating 6.0 FTE non-certificated support FTEs would save approximately **\$106,900**. This savings was calculated using the average salaries of the least senior non-certificated support staff, which range from \$12,600 to \$13,300, and the benefits ratio of 36.9 percent (\$4,801). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.4 Renegotiate contract language

BLSD has entered into collective bargaining agreements (CBAs) with the Brookfield Federation of Teachers⁵ and the Brookfield Association of School Employees.⁶ A comparison of these CBAs to the peers found that provisions for BLSD employees were comparable. Due to the

⁴ Non-routine mileage includes athletic events and field trips.

⁵ Covers certificated staff including: all full-time and part-time regular classroom teachers, guidance counselors, remedial teachers, nurses, librarians, technology coordinators, and tutors.

⁶ Covers classified staff including: transportation personnel, cafeteria personnel, maintenance personnel, printer personnel, secretarial/clerical personnel, computer technologist assistant personnel, educational assistant personnel, and monitor personnel.

District's financial condition, however, a further comparison was made to ORC minimum requirements where applicable. The following were identified as exceeding these required minimum levels:

- **Severance Payouts:** The District's certificated and classified contracts permit employees who are eligible for retirement to receive payment for unused sick leave. Classified employees are eligible for a maximum payout of 240 days at a rate of \$40 per day if the employee works more than 30 hours per week. Classified employees who work less than 30 hours per week are eligible for a maximum payout of 240 days at a rate of \$30 per day. Certificated employees are eligible for a maximum payout of 60 days at their regular employee daily rate at the time of retirement. ORC § 124.39 entitles public employees to a minimum pay out of 30 days at retirement. Reducing severance payout to a level aligned with the ORC could save **\$56,000** annually based on FY 2012-13 financial data.
- **Vacation Days:** The District's classified collective bargaining agreement allows full time employees 491 vacation days over the course of a thirty year career. In comparison, ORC § 3319.084 sets a minimum of 460 vacation days. Direct savings from reducing the vacation schedule by 31 days to align with the ORC could not be quantified; however, this reduction would increase the number of available work-hours for each employee affected at no additional cost to the District.
- **Paid Holidays:** The District's 11- and 12-month classified employees receive 12 paid holidays while 9 and 10-month classified employees receive 7.5 paid holidays per year. ORC § 3319.087 sets a minimum of seven holidays for 11- and 12-month employees and six holidays for 9- and 10- month employees. Direct savings from reducing paid holidays to a level aligned with the ORC could not be quantified; however, this reduction would increase the number of available work-hours for each employee affected at no additional cost to the District.
- **Local Professional Development Committee (LPDC) Compensation:** The District's certificated employees serving on the LPDC are compensated at a rate of \$18.00 per hour. ORC §3319.22 permits compensation for this particular position, however, it is not required. Eliminating the LPDC compensation would not result in direct savings because the District has not paid for these positions since FY 2008-09.

Financial Implication: Amending the identified provisions to be more consistent with ORC minimums would save the District approximately **\$56,000**.

R.5 Increase employee contributions to medical and dental premiums

Prior to making any changes to health insurance, the District should review the Patient Protection and Affordable Care Act to ensure that intended results will be achievable under the new legislation.

BLSD purchases its employee health insurance through the Trumbull County Schools Consortium. The District offers medical and dental insurance to all certificated staff and classified staff who work a minimum of 20 hours per week. Employees working fewer than 30 hours per week contribute to the premium based on a prorated scale. In FY 2013-14, 86 District employees received medical coverage; 62 enrolled in the family plan and 24 enrolled in the

single plan. In addition, 97 employees received dental insurance. **Table 3** shows FY 2013-14 insurance premiums as well as District and employee contributions.

Table 3: Health and Dental Insurance Premiums

<i>Health Insurance for Employees Hired Before July 1, 2008</i>				
	Single Employee Coverage		Family Coverage	
	Amount	% of Total Premium	Amount	% of Total Premium
Employee Contribution	\$23.84	5%	\$62.04	5%
District Contribution	\$453.05	95%	\$1,178.80	95%
Total Premium	\$476.89	100%	\$1,240.84	100%
<i>Health Insurance for Employees Hired On or After July 1, 2008</i>				
	Single Employee Coverage		Family Coverage	
	Amount	% of Total Premium	Amount	% of Total Premium
Employee Contribution	\$47.69	10%	\$128.04	10%
District Contribution	\$429.20	90%	\$1,116.76	90%
Total Premium	\$476.89	100%	\$1,240.84	100%
<i>Dental Insurance</i>				
	Single Employee Coverage		Family Coverage	
	Amount	% of Total Premium	Amount	% of Total Premium
Employee Contribution	\$0.00	0%	\$0.00	0%
District Contribution	\$36.28	100%	\$118.76	100%
Total Premium	\$36.28	100%	\$118.76	100%

Source: BLSD insurance data and collective bargaining agreements

Note: Of the 86 covered employees, 62 were hired prior to July 1, 2008 and therefore pay 5 percent of the health insurance premiums.

The State Employment Relations Board (SERB) surveys Ohio public entities concerning health insurance costs and publishes this data on an annual basis. BLSD’s FY 2013-14 premiums for single and family coverage, as shown in **Table 3**, were compared to averages published in the *21st Annual Report on the Cost of Health Insurance in Ohio’s Public Sector* (SERB, 2013) and were found to be lower. In addition, the employee premium contributions were also compared to SERB benchmarks (regional and school district averages). This comparison found that the District's employee contributions of 5.0 percent are below the average for school districts of 12.4 percent and 13.5 percent for single and family plans respectively. In addition, BLSD employees are not required to contribute any amount to dental premiums compared to the average contribution of 13.7 percent identified by SERB.

While obtaining health insurance through a consortium has allowed the District to leverage purchasing power and acquire lower than average premiums, BLSD’s financial condition may require the District to consider negotiating higher employee contributions to medical and dental premiums. Requiring employees to contribute 12.4 percent for single plans and 13.5 percent for family plans would save \$70,500. In addition, requiring employees to contribute 13.7 percent to dental premiums would save \$15,800.

Financial Implication: Increasing employee insurance contributions for medical and dental insurance would save approximately **\$86,300** annually.

R.6 Expand the use of existing technology

The utilization of technology has proven to be an effective way for organizations to increase efficiencies and control costs. The District has the following technology available that is not being fully utilized:

- **North East Ohio Management Information Network (NEOMIN)** - As a member of NEOMIN, the District has access to a host of web based services, including fiscal reporting and human resource management. Services such as direct deposit and the human resource kiosk, which allows for a centralized location for staff to report sick leave and other human resource functions, are not being used. In addition, the District has the option of using an electronic purchase order system for an additional fee.
- **Computerized Maintenance Management System (CMMS)** – Capabilities of this software that the District is not fully utilizing include: a master checklist of all facilities equipment in the new building with relevant information such as name, product number, manufacturer, and specifications; schedules to track inspections and preventive maintenance on this equipment; financial reporting features to improve cost tracking for maintenance; and the ability to add additional equipment and maintenance procedures to the program for any new equipment that would also benefit from preventive maintenance tracking, including vehicles.
- **Routing Software** - Updating the existing routing software could allow the District to reduce the number of buses needed to transport children though an increase in bus capacity utilization. Computer routing software could enhance the efficiency of routing buses, identifying optimal routes, and allowing rerouting without significant additional labor.

Effectively using technology will allow the District to become more efficient and effective in its everyday operations. Because the District has already purchased some viable software, these gains in efficiency could come with minimal additional cost. To do this, the District should work with NEOMIN to provide proper training on the resources and products available. Also, the District should fully implement the preventive maintenance software into its facility and transportation preventive maintenance practices to improve efficiency and accountability.

R.7 Develop plans to ensure financial health

The District does not have a strategic plan or long range goals and objectives to guide administrators and other decision makers. As a result, BLSD does not operate with a formal mission, goals or measurement tools to assess desired performance.

According to *Recommended Budget Practice on the Establishment of Strategic Plans* (GFOA, 2005), strategic planning is a comprehensive and systematic management tool designed to help

organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization's mission, and achieve consensus on strategies and objectives for achieving that mission. GFOA also recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting to create logical links between authorized spending and broad organizational goals. Strategic planning is about influencing the future rather than simply preparing for, or adapting to, it.

Without a comprehensive, long range strategic plan, the District does not have the tools to assess the long-term financial implications of current and proposed policies, programs, and assumptions. The prior performance audit recommended preparing a comprehensive strategic plan. BLSD, however, did not create this plan which may have aided in its current financial condition.

Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: financial management, human resources, facilities, transportation, and food service. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and / or effectiveness. Objectives and scope areas assessed in this performance audit include:

- **Financial Management**
 - What is the current financial state?
 - Are there areas in which the District can maximize cost efficiency?
 - What methods are used to communicate with key stakeholders?

- **Human Resources**
 - How do staffing levels compare to the peer district average and State required minimums?
 - How do salary schedules for certificated staff compare to the surrounding district average?
 - Are there contractual provisions within the employee collective bargaining agreements that are costly to the District?

- **Transportation**
 - Do routing methods optimize pupil transportation services?
 - Is purchasing fuel and other supplies cost effective?

- **Facilities**
 - Are facilities being used efficiently based on capacity utilization?
 - Does the District employ appropriate staff to maintain its facilities and grounds?

- **Food Service**
 - Is the Food Service Fund self-sufficient?
 - Is the District's food service operation efficient compared to peer and industry standards?

Appendix B: Additional Comparisons

Expenditures

Table B-1 shows the District's expenditures per pupil (EPP) compared to the peer average using data drawn from the Expenditure Flow Model (EFM).⁷

Table B-1: FY 2011-12 Expenditure per Pupil Comparison

	BLSD	Peer Average	Difference	% Difference
FTE Students	1,187	1,495	(308)	(20.6%)
Administrative	\$999	\$1,182	(\$183)	(15.5%)
Building Operations	\$2,109	\$1,930	\$179	9.3%
Staff Support	\$36	\$267	(\$231)	(86.5%)
Pupil Support	\$812	\$940	(\$128)	(13.6%)
Instructional	\$4,801	\$5,174	(\$373)	(7.2%)
Total	\$8,757	\$9,493	(\$736)	(7.8%)

Source: ODE

As shown in **Table B-1**, the District spent less than the peers on a per pupil basis in all categories with the exception of building operations. BLSD built a new kindergarten through 12th grade facility that opened in FY 2011-12, which contributed to the higher expenditures. The new building is designed with geothermal technology and a new HVAC system, which is projected to save on utility costs moving forward. Lower expenditures in the remaining categories were due in part to the budget reductions the District has undergone in order to stay solvent as well as the fact that it has a lower enrollment than the peers.

Table B-2 shows the District's May 2014 five year forecast as submitted to ODE.

⁷ ODE generates the Expenditure Flow Model which categorizes and reports expenses related to the education of students. Because districts often handle funds unrelated to the instruction of students, not all expenditures accounted for by a school district are included in the model.

Table B-2: May 2014 Forecast

Line	Actual			Forecasted				
	2011	2012	2013	2014	2015	2016	2017	2018
1.010 General Property (Real Estate)	2,640,684	2,630,395	2,638,282	3,029,000	3,217,000	3,219,000	3,219,000	3,219,000
1.020 Tangible Personal Property Tax	10,463	11,419						
1.035 Unrestricted Grants-in-Aid	5,084,622	5,403,758	5,245,007	5,145,000	5,201,000	5,149,000	5,098,000	5,047,000
1.040 Restricted Grants-in-Aid	44,079	42,466	39,050	161,000	231,000	228,000	226,000	224,000
1.045 Restricted Federal Grants-in-Aid - SFSF	514,590	211,564						
1.050 Property Tax Allocation	983,972	748,515	566,446	590,000	627,000	627,000	627,000	611,000
1.060 All Other Operating Revenue	475,613	523,463	474,668	543,059	455,000	426,000	426,000	426,000
1.070 Total Revenue	9,754,023	9,571,580	8,963,453	9,468,059	9,731,000	9,649,000	9,596,000	9,527,000
2.010 Proceeds from Sale of Notes			600,000	800,000				
2.020 State Emergency Loans & Advancements (Approved)			1,018,000	514,000				
2.050 Advances-In		590,000			474,000			
2.060 All Other Financial Sources	21,754	3,258	100,449					
2.070 Total Other Financing Sources	21,754	593,258	1,718,449	1,314,000	474,000			
2.080 Total Revenues and Other Financing Sources	9,775,777	10,164,838	10,681,902	10,782,059	10,205,000	9,649,000	9,596,000	9,527,000
3.010 Personnel Services	5,023,596	5,219,886	5,022,774	4,640,000	4,690,000	4,736,000	4,784,000	4,832,000
3.020 Employees' Retirement/Insurance Benefits	1,853,177	1,968,936	1,836,220	1,780,000	1,833,000	1,888,000	1,945,000	2,003,000
3.030 Purchased Services	2,391,232	2,410,504	2,158,888	2,063,000	2,052,000	2,072,000	2,093,000	2,114,000
3.040 Supplies and Materials	538,991	490,369	364,444	392,000	360,000	363,000	367,000	371,000
3.050 Capital Outlay	7,979		1,589	13,000	80,000	81,000	82,000	82,000
4.020 Debt Service: Principal-Notes			600,000	800,000				
4.040 Debt Service: Principal - State Advancements				509,000	766,000	257,000		
4.060 Debt Service: Interest and Fiscal Charges	111		4,880	11,000				
4.300 Other Objects	102,255	105,647	110,487	103,000	120,000	121,000	122,000	124,000
4.500 Total Expenditures	9,917,341	10,195,342	10,099,282	10,311,000	9,901,000	9,518,000	9,393,000	9,526,000
5.020 Advances - Out			590,000	474,000				
5.040 Total Other Financing Uses			590,000	474,000				
5.050 Total Expenditure and Other Financing Uses	9,917,341	10,195,342	10,689,282	10,785,000	9,901,000	9,518,000	9,393,000	9,526,000
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(141,564)	(30,504)	(7,380)	(2,941)	304,000	131,000	203,000	1,000
7.010 Beginning Cash Balance	182,389	40,825	10,321	2,941		304,000	435,000	638,000
7.020 Ending Cash Balance	40,825	10,321	2,941		304,000	435,000	638,000	639,000
10.010 Fund Balance June 30 for Certification of Appropriations	40,825	10,321	2,941		304,000	435,000	638,000	639,000
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	40,825	10,321	2,941		304,000	435,000	638,000	639,000
15.010 Unreserved Fund Balance June 30	40,825	10,321	2,941		304,000	435,000	638,000	639,000

Source: ODE

Staffing

Table B-3 illustrates FTE staffing levels per 1,000 students at BLSD in comparison to the peer average. Staffing data is from FY 2012-13 as reported to ODE through the Education Management Information System (EMIS). Staff levels are presented on a per 1,000 student basis as they are partially dependent on the number of students served. In addition, presenting staffing data in this manner decreases variances attributable to the size of the peers. Adjustments were made to BLSD's EMIS data to reflect accurate staffing at the time of the assessment.

Table B-3: BLSD Staffing Comparison

	BLSD		Peer Avg.	Difference	
Students ¹	1,167.0		1,550.8	(383.8)	
	BLSD FTEs	BLSD FTEs Per 1,000 Students	Peer FTEs Per 1,000 Students	Difference Per 1,000 Students	Total FTEs Above (Below) ²
Administrative	9.2	7.9	5.5	2.4	2.8
Office/Clerical	7.0	6.0	6.6	(0.6)	(0.7)
General Education Teachers	47.2	40.4	41.2	(0.8)	(0.9)
All Other Teachers	11.9	10.2	11.5	(1.3)	(1.5)
Education Service Personnel (ESP)	8.9	7.6	6.6	1.0	1.2
Educational Support	0.0	0.0	4.5	(4.5)	(5.3)
Other Certificated	0.0	0.0	0.6	(0.6)	(0.7)
Non-Certificated Classroom Support	14.0	12.0	6.9	5.1	6.0
Other Professional and Technical Staff	4.0	3.4	3.1	0.3	0.4

Source: ODE

Note: BLSD’s operational staffing, including bus drivers, custodians, maintenance workers, and food service employees are not included in the peer comparison. These areas were assessed based on industry and operational standards.

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring BLSD’s number of employees per 1,000 students in line with the peer average.

As shown in **Table B-3**, administrative staffing levels exceeded the peer average. This was primarily due to a difference in how the District codes certain positions that are supervisory in nature (specifically Food Service and Maintenance Supervisors) whereas the peer districts did not code them as administrative. When those administrative coding differences were accounted for, the District was comparable to the peer levels.

Salaries

BLSD’s starting wages and step increases were compared to the surrounding district averages using FY 2012-13 negotiated salary collective bargaining agreements. **Table B-4** shows the total salary the District should expect to pay an employee over the duration of a 30 year career based on its current contract compared to the average of the surrounding districts.

Table B-4: Certificated Step Schedule Comparison

	BLSD	Peer Average	Difference	% Difference
Bachelor's Degree	\$1,352,234	\$1,488,214	(\$135,980)	(9.1%)
Master's Degree	\$1,629,375	\$1,736,888	(\$107,513)	(6.2%)

Source: BLSD and surrounding district CBAs

Table B-4 shows that the career compensation for BLSD certificated staff was below the peer averages for all teaching positions.

Facilities

BLSD has one school building used by the entire student population. **Table B-5** shows BLSD's expenditures per square foot compared to the peer average for FY 2011-12.

Table B-5: Facilities Expenditures per Square Foot Comparison

	BLSD	Peer Average	Difference	Percent Difference
Square Feet Maintained	182,035	307,944	(125,909)	(40.9%)
Salaries and Wages	\$1.82	\$1.53	\$0.29	19.0%
Employee Benefits	\$0.95	\$0.89	\$0.06	6.7%
Purchased Services (Excluding Utilities)	\$0.87	\$0.54	\$0.33	61.1%
Utilities	\$1.60	\$1.22	\$0.38	31.1%
• Electric	\$0.96	\$0.83	\$0.13	15.7%
• Gas	\$0.40	\$0.26	\$0.14	53.8 %
• Water & Sewer	\$0.24	\$0.13	\$0.11	84.6%
Supplies and Materials	\$1.48	\$0.37	\$1.11	300.0%
Capital Outlay	\$0.16	\$0.04	\$0.12	300.0%
Total	\$6.88	\$4.59	\$2.29	49.9%

Source: ODE

As shown in **Table B-5**, BLSD spent more per square foot than the peer average in all areas due to the following:

- Salary and wages were higher than peer average due in part to the District paying out more personal leave than the peers and termination benefits from reducing work force. Additional analysis was completed on facilities-related staffing as shown in **Table B-6**.
- Employee benefits are addressed in depth in **R.5**.
- Purchased services exceeded the peer average due to \$72,000 worth of moving expenses related to relocation to the new building.
- Higher utilities costs were due to the move to the new K-12 building while simultaneously operating the older building.
- Supplies and materials and capital outlay areas are high due to the District using remaining funds from construction of the new building to purchase tools and equipment.

Table B-6 shows the District's facilities-related work load ratios in comparison to AS&U and NCES industry benchmarks.

Table B-6: FY 2012-13 M&O Department Staffing Analysis

BLS D Data	
Maintenance Staffing (FTEs)	1.9
Custodial Staffing (FTEs)	5.0
Total Maintenance & Custodial Staffing (FTEs)	6.9
Square Footage Maintained	182,035
Acreage Maintained	62.44
Square Footage Cleaned	167,035
Benchmark Comparisons	
Maintenance Benchmark - AS&U Five Year Average Square Feet per FTE	94,872
Calculated FTE Maintenance Need	1.9
Difference	(0.0)
Grounds Staffing Benchmark - AS&U Five Year Average Acres per FTE	40.2
Calculated FTE Grounds Staff Need	1.6
Difference	(1.6)
Custodial Benchmark - NCES Level 3 Cleaning Median Square Feet per FTE	29,500
Calculated FTE Custodian Need	5.7
Difference	(0.7)
Total M&O Staffing Need	9.2
Difference	(2.3)

Source: BLS D, NCES, and AS&U Magazine

Table B-6 shows that the District is operating with 2.3 FTEs fewer than industry benchmarks.

Food Service

Table B-7 shows the Food Service Fund's financial history from FY 2010-11 to FY 2012-13.

Table B-7: Food Service Fund

	FY 2010-11	FY 2011-12	% Change	FY 2012-13	% Change	3 Year Change
Beginning Fund Balance	(\$22,342)	(\$36,361)	(62.7%)	(\$29,600)	18.6%	(32.5%)
Total Revenue	\$491,159	\$549,919	12.0%	\$558,189	1.5%	13.6%
Total Expenditures	\$505,177	\$543,158	7.5%	\$505,748	(6.9%)	0.1%
Operating Income	(\$14,019)	\$6,761	148.2%	\$52,441	675.6%	474.1%
Year End Fund Balance	(\$36,361)	(\$29,600)	18.6%	\$22,841	177.2%	162.8%

Source: BLS D

Table B-7 shows that the District's Food Service Fund had a deficit in FY 2010-11 before generating surpluses in FY 2011-12 and FY 2012-13. Despite the deficit in FY 2010-11, no transfers were made from the General Fund to the Food Service Fund. The District achieved fund surpluses after it moved its instructional program into one shared building, with a central cafeteria and kitchen. The new kitchen allowed the District to better utilize the commodities available to reduce food purchase costs. In addition, the District conducted upgrades to its food options and point of sale system through grants, which allowed for greater revenues with no additional cost.

Client Response

The letter that follows is the 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. When the District disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.



BROOKFIELD LOCAL SCHOOLS



614 Bedford Road S.E. Brookfield, Ohio 44403
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August 20, 2014

Mr. David Yost
Auditor of State
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

Dear Auditor Yost,

On behalf of the Brookfield Local School District, we would like to thank the entire Performance Audit team for their time and effort in preparing the audit report for our district. The staff was thorough and professional during all phases of the performance audit. The district engaged in this audit process to further streamline district operations due to its current designation as being in Fiscal Emergency at the request of the Ohio Department of Education.

We appreciate the many accomplishments noted within the report which have helped the Brookfield Local School District to provide effective educational services while maintaining a lean budget. We are committed to continuing our efforts in this area.

The recommendations for improvement identified in the report will help guide district decisions. The district budget process will be revised to better reflect district priorities after a strategic plan is adopted by the Board of Education.

The district staffing analysis has already been used to inform decisions in recent budget reductions resulting in the elimination of identified positions through attrition and a reduction in force (RIF). Prior to the Fiscal Commission coming on board the district had made several reductions in certificated staffing (6). The district has utilized the performance audit to reduce all secretarial positions (through bargaining efforts) at the three buildings so that the positions are 10.5 months thus reducing cost and increasing productivity. The board has also followed the suggestion of the audit in regards to the educational assistant staffing comparison and has eliminated four (4) of the recommended six (6) positions through attrition within the last three (3) months.

As a result of the audit, the leadership team is utilizing routing and maintenance software for our transportation department. This will enable the district to accurately report and track transportation routing, maintenance, and expenditures.

The facilities audit has provided valuable guidance for effectively maintaining district facilities. The district has an energy policy in place and will utilize it more conservatively in the future so that costs can be further reduced.

Brookfield Local Schools will continue to analyze the information gained through the audit process for the continued improvement of our district. We thank you for your time and efforts on our behalf.

Sincerely,


Tim Saxton
Superintendent


David Drawl
Treasurer

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Dave Yost • Auditor of State

BROOKFIELD LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2014**