



**Auditor of State**  
**Betty Montgomery**

# BRISTOL LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

MAY 13, 2004



## Auditor of State Betty Montgomery

To the Residents, Financial Planning and Supervision Commission, and Board of Education of the Bristol Local School District:

On July 7, 2003, Bristol Local School District (Bristol LSD) was placed in fiscal caution because of the possibility of ending the 2004 fiscal year in a deficit, as well as the potential for deficits in future years. Bristol LSD was subsequently placed in fiscal emergency on October 14, 2003. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit was initiated in Bristol LSD. The four functional areas assessed in the performance audit were financial systems, human resources, facilities, and transportation. 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 Bristol LSD in eliminating the conditions which brought about the declarations of fiscal caution and emergency.

The performance audit contains recommendations which provide the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of Bristol LSD's financial situation and a framework for its financial recovery plan. While the recommendations contained within the performance audit are resources intended to assist Bristol LSD in developing and refining its financial recovery plan, the District is also encouraged to assess overall operations and develop other recommendations independent of the performance audit. During the course of the performance audit, Bristol LSD worked diligently with its Board of Education, the community, and the Financial Planning and Supervision Commission to decrease expenditures in several areas.

An executive summary has been prepared which includes the project history, a discussion of the fiscal caution, watch and emergency designations, a district overview, the scope, objectives and methodology of the performance audit, and a summary of noteworthy accomplishments, recommendations, and financial implications. This report has been provided to Bristol 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 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 black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 13, 2004

# **Executive Summary**

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## **Project History**

Pursuant to Ohio Revised Code (ORC) §3316.031(A), the state superintendent of public instruction, in consultation with the Auditor of State (AOS), has developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency within a school district. ORC §3316.031(B)(1) further stipulates that the state superintendent may declare a school district in fiscal caution based upon a review of that school district's five-year forecast. According to ORC §3316.042, AOS may conduct a performance audit of a school district in a state of fiscal caution, fiscal watch or fiscal emergency, and review any programs or areas of operations in which AOS believes that greater operational efficiencies or enhanced services can be achieved. Bristol Local School District (Bristol LSD) was placed in fiscal caution on July 7, 2003 because of the possibility of ending FY 2003-04 in a deficit and the potential for deficits in future years. Subsequently, AOS placed the District in fiscal emergency on October 14, 2003. A Financial Planning and Supervision Commission (the Commission) was established on November 7, 2003 to oversee District finances, and assist the District in developing a financial recovery plan.

Pursuant to ORC §3316.031 and ORC §3316.042, AOS initiated a performance audit of Bristol LSD. Based on a review of Bristol LSD information and discussions with the superintendent and the treasurer, the following four functional areas were included in the performance audit:

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

## **District Overview**

Bristol LSD encompasses 50 square miles and operates within the townships of Bristol Township, Farmington Township, and West Farmington Village in Trumbull County. In FY 2002-03, Bristol LSD had an average daily membership (ADM) of 914 students and a total of 100.1 FTE employees, including 45.6 regular teacher FTEs. Bristol LSD has three school buildings: an elementary school, a middle school, and a high school. In 2001, the District made emergency repairs to the elementary school, renovated the high school, and constructed the middle school. The Ohio Environmental Protection Agency required Bristol LSD to construct water and waste water treatment facilities as part of the middle school construction.

In FY 2002-03, Bristol LSD met 14 of the Ohio Department of Education's (ODE) 22 performance standards, resulting in a designation of continuous improvement as defined by ODE. The District's total per pupil operating expenditures for all governmental funds were \$8,586 in FY 2002-03, higher than each of the peer school districts used in this performance audit.

During the course of this performance audit, Bristol LSD worked with the Board and Commission to address its financial difficulties by establishing a recovery plan, identifying and approving staffing reductions, controlling discretionary expenditures, and establishing procedures to continuously monitor the District's financial condition. The District also placed a five year, 7.9 mill emergency operating levy on the March 2004 ballot that would have generated \$560,000 annually. However, this levy was defeated by District voters. Furthermore, the District applied for a \$785,000 loan from the State's Solvency Assistance Fund, which was subsequently granted.

In October 2003, the District was forecasting deficits from FY 2003-04 through FY 2007-08. Assuming the District's voters approve the renewal of all existing levies, Bristol LSD projects a deficit of approximately \$2.1 million by FY 2007-08. Therefore, the District should consider implementing the recommendations in this performance audit and working with the Commission to identify additional cost savings to avoid future financial difficulties. See **R2.8** and **Table 2-17** in the financial systems section of this report for the proposed financial recovery plan that includes the District's and Commission's actions, and the impact of the performance audit recommendations on the General Fund ending balance.

## **Scope, Objectives & Methodology**

This performance audit assessed the key operations of Bristol LSD that impact the District's General Fund, including financial systems, human resources, facilities, and transportation. In the financial systems section, Bristol LSD's financial forecast, along with its accompanying notes and assumptions, were assessed for reasonableness. District-wide staffing levels, collective bargaining agreements and benefit costs were core areas assessed in the human resources section. Building capacity and utilization, and custodial and maintenance operations were examined in the facilities section. Finally, key operational statistics, such as students per bus and average cost per student, were reviewed to identify potential efficiency improvements and costs savings for the District's transportation operations.

The goal of the performance audit process is to assist Bristol LSD management in identifying cost savings opportunities, with the primary objective of eliminating the conditions which brought about the declarations of fiscal caution and emergency. The performance audit is designed to develop recommendations which provide cost savings, revenue enhancements and/or efficiency improvements. These recommendations comprise options that Bristol LSD can consider in its continuing efforts to stabilize its financial condition. Another objective of the

performance audit is to conduct an independent assessment of the school district's financial situation, including development of a framework for a financial recovery plan.

To complete this report, the auditors gathered and evaluated a significant amount of data pertaining to the reporting areas, conducted interviews with various individuals associated with Bristol LSD, and assessed requested information from selected peer districts. Joseph Badger Local School District (Joseph Badger LSD), Mechanicsburg Exempted Village School District (Mechanicsburg EVSD) and Southington Local School District (Southington LSD) were identified as peers based on ODE's list of comparable districts, a review of various demographic information, and input from Bristol LSD personnel. Best practice data from ODE, the State Employment Relations Board (SERB), and other industry standards were also used for additional comparisons. Numerous interviews and discussions were held at many levels at Bristol LSD, and with groups of individuals involved internally and externally with the District.

## **Noteworthy Accomplishments**

The performance audit report identifies the following noteworthy accomplishments made by Bristol LSD.

- Bristol LSD administration has worked proactively with the Board and Commission to decrease expenditures and increase revenue to improve the District's financial condition. Specific actions include reducing staff, reducing costs for supplies and miscellaneous services, maintaining tight control over discretionary expenditures, and adjusting various fees including cafeteria prices.
- Bristol LSD's square footage maintained per maintenance FTE is greater than the peer average and the American School and University (AS&U) standards.
- Based on the number of students transported and square mileage of the District, Bristol LSD's transportation department is efficiently staffed.

## **Key Recommendations**

The performance audit report and executive summary contain a number of recommendations pertaining to Bristol LSD. The following are key recommendations:

- Bristol LSD, the Board, and the Commission should analyze and use the financial recovery plan outlined in **Table 2-17** to evaluate the recommendations presented in this performance audit to determine the impact of the related cost savings on the District's financial condition. Bristol LSD should consider implementing the recommendations in this performance audit and other appropriate actions to help rectify its future financial difficulties. In addition, the

District should update the financial recovery plan on an ongoing basis as critical financial issues are addressed, changed or emerge. Furthermore, at the end of this performance audit, the District negotiated a zero percent COLA with the collective bargaining units for FY 2004-05, thereby improving the District's financial condition and potentially allowing it to minimize staffing reductions within regular education. Bristol LSD's financial condition could be further improved if the District negotiates COLAs of less than three percent in future years.

- Bristol LSD should revise its assumptions for estimating future real estate property tax receipts to use historical appreciation rates, rather than applying a subjective appreciation rate. Doing so would increase projected real estate property tax revenue by an average of approximately \$56,000 annually over the forecasted period. The current appreciation assumption is likely to understate future revenues. This could hamper effective strategic planning and cause the District to either reduce service levels more than is required or seek unnecessary local funding.
- The District should revise its assumption for property tax allocation for years after FY 2003-04 to be based on a percentage of projected real estate tax receipts consistent with the average ratio for the past three years. Furthermore, these figures should be based on revised AOS real estate tax receipt projections. As a result, projections for property tax allocation revenues would increase by an annual average of approximately \$25,000 over the forecasted period.
- The District should consider adjustments to the methodology and forecast assumptions for personal services from FY 2004-05 through FY 2007-08. In addition, Bristol LSD should adjust optimistic assumptions pertaining to COLA increases in those years after the expiration of the collective bargaining agreements. Furthermore, the District should make minor adjustments to the number of individuals expected to receive step increases and the average step increase for certificated staff. Based on these adjustments, personal service expenditures are expected to increase by an average of approximately \$225,000 annually from FY 2004-05 to FY 2007-08, as compared to the District's original forecast.
- Bristol LSD should revise its forecasting methodology for employees' retirement / insurance benefits from FY 2004-05 through FY 2007-08 by projecting classes of expenses within this line item separately. Retirement contributions should continue to be based upon expected salary levels, while other expenses, such as insurance costs and workers' compensation premiums, should be projected based on historical increases or other reasonable expectations of future costs. By revising the methodology in this manner, the District is projected to incur an average of approximately \$175,000 annually in additional retirement and benefit costs over the forecasted period.

- Bristol LSD should revise its projected supplies and materials expenses so that sufficient resources are allocated to textbooks and instructional materials in an amount that meets or exceeds standards established by ORC § 3315.17. Doing so would result in an annual average of approximately \$28,000 in additional supplies and materials expenditures over the forecasted period. However, in this manner, the District will not accumulate set-aside obligations, and avoid large one-time textbook and instructional supply purchases.
- Bristol LSD should work with its legal counsel to determine if the language in the collective bargaining agreement governing certificated and classified staff should be altered or eliminated to ensure that the District can implement a “reduction in force” (RIF) when necessary. Having provisions in the collective bargaining agreement which place restrictions on RIFs limits the District’s ability to respond to changes in its financial situation and student enrollment.
- Based on the District’s current and projected financial condition, Bristol LSD should consider reducing 8.0 FTE regular education teaching positions. However, before the District makes any reductions, it should determine the potential impact of these reductions on individual teacher class sizes, the attainment of its mission and goals, and on student contact time. Bristol LSD would save approximately \$468,000 annually in salaries and benefits by reducing 8.0 FTE regular education personnel.
- Bristol LSD should consider eliminating 2.1 computer operator FTEs. The District should review the current duties performed by these positions and contract with the Trumbull County Educational Service Center (TCESC) to train regular education teachers and aides to handle these tasks in lieu of the computer operating staff. Although training costs cannot be readily quantified, Bristol LSD would save approximately \$73,800 annually by reducing 2.1 computer operator FTEs.
- The District should seek changes in its health insurance benefits during the next contract negotiations so that all employees pay a portion of the monthly premium based on the number of hours worked. Assuming that Bristol LSD required a full-time employee contribution equal to 10 percent for single and family coverage, the District would save approximately \$83,700 annually. If the District implemented a prorated scale for its classified staff working less than seven hours per day, it would realize estimated annual cost savings of approximately \$26,000 in health care costs. Moreover, Bristol LSD should review TCESC’s premium costs and plan benefit levels to ensure its healthcare costs are effectively controlled. If necessary, the District should seek changes with TCESC or consider obtaining additional competitive bids for health care.
- Bristol LSD should consider restructuring Bristol High School, making it the District elementary school for grades kindergarten through eight. Bristol LSD should also restructure Bristol Middle School, making it the high school for grades nine through twelve. If Bristol

LSD elects to implement these restructuring suggestions, enough space would be created to close the oldest District facility, Farmington Elementary. By closing Farmington Elementary, the District would save approximately \$207,800 annually in General Fund expenses.

## **Additional Recommendations**

The remainder of this executive summary highlights additional recommendations from the audit report.

### *Financial Systems*

- Bristol LSD should ensure that expenses incurred in FY 2002-03 but paid in FY 2003-04 do not result in overstated estimates for future expenditures. By appropriately accounting for these expenses in its forecast, the District's original projections for purchased services would decrease by an annual average of approximately \$50,000 over the forecasted period.
- Bristol LSD should closely examine the spending patterns indicated in **Table 2-16** and consider reallocating its revenue to the programs and priorities that have the greatest impact on improving the students' education and proficiency test scores.

### *Human Resources*

- Bristol LSD should consider terminating the current contract with the Bristolville Public Library to eliminate the mandatory use of 0.7 FTE library aide (savings of approximately \$17,200 annually) and spending of \$7,000 for library media, which increases annually. Instead, the District should use the middle school library to fulfill the needs of the high school and middle school students.
- During future contract negotiations, Bristol LSD should require staff to do their own copying and eliminate the copy machine services provided by a 0.7 FTE copy machine operator. This would save approximately \$9,700 annually in salaries.

### *Facilities*

- Bristol LSD should consider reducing its custodial staffing by 0.5 FTE, in addition to the reductions identified with the closing of Farmington Elementary. Furthermore, the District should consider reallocating 0.5 custodial FTE from the high school to the middle school for a more balanced workload. Reducing custodial staffing by an additional 0.5 FTE would save approximately \$14,300 annually in salaries and benefits.



- Bristol LSD should strive to make as many purchases as possible through consortium agreements, such as the Ohio Schools Council (OSC), to take advantage of consortium purchasing for commodities (e.g., supplies, materials, and electricity). Purchasing from state contracts should also be considered whenever appropriate. The estimated annual net savings for supply purchases as a result of joining OSC would be approximately \$10,600 the first year, and \$10,800 each year thereafter.
- Bristol LSD should maximize the use of its computerized energy management system which monitors facilities and could reduce facility expenditures by regulating temperatures, activating or deactivating blowers, and monitoring heating, ventilation and air conditioning functions. Doing so could result in savings of approximately \$8,800 annually.
- Bristol LSD should develop and implement a comprehensive facilities master plan. This plan should include a preventive maintenance program for all facilities and a capital improvement schedule identifying how the District plans to use funds generated from the permanent improvement levy. The master plan should also include details for each of Bristol LSD's buildings, the student capacity for each, and projected enrollment information to assist with facility planning.
- Building capacity and utilization should be reviewed periodically in conjunction with a more effective enrollment projection process to determine the appropriate number of school buildings and classrooms needed to house the current and projected student population. A methodology that accounts for Bristol LSD's needs, educational programs and philosophy should be adopted by the District and used to assess school building utilization at least every two to three years. The building capacity calculations should be reviewed and updated at least once every three to five years or when a change in building structure, enrollment, or educational philosophy occurs.

### *Transportation*

- Bristol LSD should develop policies and procedures to ensure that accurate transportation reports are prepared and reconciled before being submitted to ODE. The treasurer should also ensure that proper expenses are being used when reporting the data to ODE to ensure the District has been compensated appropriately for its expenses to transport students.
- The superintendent should review fuel purchases to ensure that they are aligned with the State of Ohio Department of Administrative Services (ODAS) cost per gallon. Fuel consumption should also be better managed to prevent possible loss of fuel due to spillage or theft. Additionally, Bristol LSD should apply for a refund of the state motor fuel tax for all diesel fuel purchased after July 1, 2003.

- Bristol LSD should develop a formal bus replacement plan and include it in its five year financial forecast. Included in this plan should be the number of buses to be replaced each fiscal year, along with the age, mileage, and estimated replacement cost at the time of replacement. Bristol LSD should plan to buy one new bus in FYs 2005-06, 2006-07, and 2007-08. Further, the District should investigate and analyze alternative funding methods for bus purchases.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which Bristol LSD should consider. Some of the recommendations are dependent on labor negotiations or labor agreements. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Ref. No.	Recommendations from all Sections	Estimated Annual Cost Savings	Estimated Annual Costs	Estimated One-Time Costs
	<i>Financial Systems: Revised Assumptions</i> <sup>1</sup>			
R2.1	Revise Real Estate Property Tax Receipts	\$56,000		
R2.2	Revise Property Tax Allocation Receipts	\$25,000		
R2.3	Revise Personal Services	(\$225,000)		
R2.4	Revise Employees' Retirement/ Insurance Benefits	(\$174,000)		
R2.5	Revise Supplies and Materials	(\$28,000)		
R2.6	Revise Deferred Expenditures (Purchased Services)	\$50,000		
	<b>Total Impact of Revised Assumptions</b>	<b>(\$296,000)</b>		
	<i>Human Resources</i>			
R3.2	Reduce Regular Education Staff by 8.0 FTEs	\$468,000 <sup>2</sup>		
R3.3	Reduce Computer Programming Staff by 2.1 FTEs	\$73,800 <sup>2</sup>		
R3.4	Reduce Library Aide Staffing by 0.7 FTEs	\$17,200 <sup>2</sup>		
R3.5	Reduce Copy Machine Operator Staffing by 0.7 FTEs	\$9,700 <sup>2</sup>		
R3.6	Require Employee Health Insurance Contribution	\$83,700		
R3.7	Prorate Employer Health Insurance Contributions for Part-time Employees	\$26,000		
	<i>Facilities</i>			
R4.2	Adjust Temperature Settings	\$8,800		
R4.4	Close Farmington Elementary	\$207,800 <sup>2</sup>		
R4.5	Reduce Custodial Staffing by 0.5 FTEs	\$14,300		
R4.6	Join Purchasing Consortium	\$10,800	\$137	\$200
	<b>Total Financial Implications (Excludes Revised Assumptions)</b>	<b>\$920,100</b>	<b>\$137</b>	<b>\$200</b>

Source: Performance audit: **financial systems, human resources, facilities, and transportation** sections.

<sup>1</sup> Reflects annual average change of revised assumptions over the forecasted period.

<sup>2</sup> Recommendations implemented, in whole (R3.3 to R3.5) or in part (R3.2), by the Bristol Financial Planning and Supervision Commission.

The financial implications summarized above are presented on an individual basis for each recommendation. The magnitude of cost savings associated with some 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 status of implementation.

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# Financial Systems

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## Background

This section focuses on the financial systems within Bristol Local School District (Bristol LSD). The objectives are to analyze the current financial condition of Bristol LSD and develop recommendations for improvements and efficiencies. Bristol LSD's five-year forecast was also analyzed to ensure that the projections accurately represent future operational and financial conditions.

The Auditor of State (AOS) recommended the establishment of fiscal oversight laws for school districts to create predetermined monitoring mechanisms and criteria for fiscal responsibility and to provide technical assistance to help school administrators restore fiscal stability. Ohio Revised Code (ORC) § 3316.03 sets forth the conditions and procedures for declaring fiscal watch and emergency for school districts, and ORC § 3316.031 addresses conditions and procedures for declaring fiscal caution. The difference between fiscal caution, fiscal watch and fiscal emergency is the severity of the school district's financial condition.

To help define fiscal caution, the Ohio Department of Education (ODE), in consultation with AOS, developed guidelines to identify fiscal practices and budgetary conditions that could lead to financial crisis if left uncorrected. Contingent upon meeting any one of these conditions, ODE consults with the local school board, and may decide to declare the district to be in fiscal caution. If this declaration is made, the school board has 60 days to provide a written proposal to ODE that outlines a plan to correct the fiscal deficiencies.

In accordance with ORC § 3316.031(A), a district may be placed in fiscal caution when the district projects a current year ending fund balance less than or equal to 2 percent of current year projected revenues. On July 7, 2003, Bristol LSD was placed in fiscal caution. The District's five-year forecast at the time of declaration projected a FY 2002-03 deficit that was approximately 5.2 percent of the projected total revenues. In addition, registered voters defeated a proposed 4.9 mill emergency levy in May 2003. As a result, Bristol LSD was required to submit a financial recovery plan proposing changes that would lead to the elimination of this deficit. However, Bristol LSD sent ODE a letter stating it was unable to submit a fiscal caution proposal consistent with ORC 3316.031(C) due to bargaining agreement constraints. Therefore, on September 23, 2003, ODE requested that AOS place the District under fiscal watch. Subsequently, AOS further examined the District's financial condition to determine if it should be placed in fiscal watch or emergency.

According to ORC § 3316.03(B)(5), AOS may declare fiscal emergency if all of the following conditions exist:

- An operating deficit has been certified for the current fiscal year by the AOS, and the certified deficit is between 10 percent to 15 percent of the school district's general fund revenue for the preceding fiscal year;
- The voters have not approved a levy that would raise enough money in the next fiscal year to eliminate the deficit; and
- AOS determines that a declaration of fiscal emergency is necessary to correct the district's fiscal problems and to prevent further fiscal decline.

On October 14, 2003, AOS declared Bristol LSD to be in fiscal emergency citing a projected General Fund deficit of \$785,000 for the end of FY 2003-04, which was 14.6 percent of prior year General Fund revenues.

### *Financial Operations*

**Table 2-1** presents Bristol LSD's five-year forecast submitted to ODE on October 23, 2003.

**Table 2-1: Bristol LSD Financial History and Forecast (in 000's)**

	Actual FY 2000-01	Actual FY 2001-02	Actual FY2002-03	Forecast FY 2003-04	Forecast FY 2004-05	Forecast FY 2005-06	Forecast FY 2006-07	Forecast FY 2007-08
Real Estate Property Tax	\$1,407	\$1,428	\$1,496	\$1,589	\$1,456	\$1,323	\$1,356	\$1,389
Tangible Personal Property Tax	80	55	53	56	50	50	50	50
Unrestricted Grants-in-Aid	3,278	3,514	3,507	3,779	3,854	3,932	4,011	4,091
Restricted Grants-in-Aid	42	31	30	32	32	32	32	32
Property Tax Allocation	184	190	203	205	205	205	205	205
Other Revenues	343	127	83	355	355	355	355	355
<b>Total Operating Revenues</b>	<b>5,334</b>	<b>5,345</b>	<b>5,372</b>	<b>6,016</b>	<b>5,952</b>	<b>5,897</b>	<b>6,009</b>	<b>6,122</b>
Personal Services	3,233	3,473	3,432	3,512	3,582	3,654	3,727	3,801
Employee's Retirement & Insurance Benefits	1,266	1,333	1,473	1,699	1,755	1,790	1,826	1,862
Purchased Services	453	409	654	780	804	827	852	878
Supplies & Materials	184	146	144	152	160	168	176	185
Capital Outlay	87	47	58	13	30	30	30	30
Debt: Principal	0	0	400	400	0	0	0	0
Debt: Interest & Fiscal Charges	0	0	7	6	0	0	0	0
Other Objects	521	312	92	109	113	118	123	128
<b>Total Operating Expenditures</b>	<b>5,744</b>	<b>5,720</b>	<b>6,260</b> <sup>1</sup>	<b>6,671</b> <sup>1</sup>	<b>6,444</b>	<b>6,587</b>	<b>6,734</b>	<b>6,884</b>
Proceeds from Sale of Notes	0	0	400	400	0	0	0	0
State Emergency Loans & Advancements	0	0	0	0	0	0	0	0
Operating Transfers In	0	234	57	0	0	0	0	0
Operating Transfers Out	0	185	7	0	0	0	0	0
Advances In	0	0	50	50	0	0	0	0
Advances Out	0	0	50	50	0	0	0	0
All Other Financing Sources/ (Uses)	0	0	0	0	0	0	0	0
<b>Net Financing Sources/ (Uses)</b>	<b>0</b>	<b>49</b>	<b>450</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Results of Operations (Loss)</b>	<b>(410)</b>	<b>(326)</b>	<b>(451)</b> <sup>2</sup>	<b>(255)</b>	<b>(492)</b>	<b>(690)</b>	<b>(725)</b>	<b>(762)</b>
Beginning Cash Balance	848	438	112	(339)	(594)	(1,086)	(1,776)	(2,501)
<b>Ending Cash Balance</b>	<b>438</b>	<b>112</b>	<b>(339)</b>	<b>(594)</b>	<b>(1,086)</b>	<b>(1,776)</b>	<b>(2,501)</b>	<b>(3,263)</b>
Estimated Encumbrances	0	0	0	66	0	0	0	0
Reservation of Fund Balances	0	0	0	125	0	0	0	0
<b>Fund Balance for Certification of Appropriations</b>	<b>438</b>	<b>112</b>	<b>(339)</b>	<b>(785)</b>	<b>(1,086)</b>	<b>(1,776)</b>	<b>(2,501)</b>	<b>(3,263)</b>
Revenue from Replacement/Renewal Levies	0	0	0	0	165	330	330	330
Cumulative Balance of Renewal/ Replacement Levies	0	0	0	0	165	495	825	1,155
<b>Fund Balance for Certification of Salaries and Contracts</b>	<b>438</b>	<b>112</b>	<b>(339)</b>	<b>(785)</b>	<b>(921)</b>	<b>(1,281)</b>	<b>(1,676)</b>	<b>(2,108)</b>
Revenue from New Levies <sup>3</sup>	0	0	0	280	560	560	560	560
Cumulative Balance of New Levies <sup>3</sup>	0	0	0	280	840	1,400	1,960	2,520
<b>Unreserved Fund Balance</b>	<b>\$438</b>	<b>\$112</b>	<b>(\$339)</b>	<b>(\$505)</b>	<b>(\$81)</b>	<b>\$119</b>	<b>\$284</b>	<b>\$412</b>

Source: Bristol LSD five-year forecast

<sup>1</sup> During FY 2002-03, Bristol LSD incurred expenses but deferred payment until FY 2003-04. This practice had an impact of \$212,959 upon forecast funds increasing expenses in FY 2003-04 and decreasing expenses in FY 2002-03.

<sup>2</sup> An additional \$13,023 was deducted by Bristol LSD to adjust for a past error by the data acquisition site so that future fund balances are accurate.

<sup>3</sup> In the 2003 November election, this proposed 7.8 mill emergency operating levy was not approved.

The assumptions disclosed herein are Bristol LSD's forecast assumptions for its five-year forecast submitted October 23, 2003. AOS certified a deficit based on projections developed in conjunction with the District for FY 2003-04 in an assessment independent of this performance audit. The certification prepared by AOS is consistent with the performance audit's objective of ensuring reasonable and appropriate forecasting methodologies and assumptions. However, the District's methodology is significantly different for projections from FY 2004-05 through FY 2007-08. The District's methodology and major assumptions are presented below for FY 2003-04 and beyond.

### **Revenues**

- Local tax revenues are based upon the Trumbull County Budget Commission's Amended Certificate of Estimated Resources for FY 2003-04.
- The real estate tax receipt line item reflects only those receipts that are not dependent upon voter approval. This explains the decreases in projected real estate tax receipts in FY 2004-05 and FY 2005-06, as an emergency levy for \$330,000 annually is expected to expire. Bristol LSD will seek renewal of this levy. These receipts are reflected below the fund balance for certification of appropriations line. The District's real estate tax receipt estimates for FY 2004-05 through FY 2007-08 assume an annual appreciation rate of 2 percent based on FY 2003-04 expected receipts, including the emergency levy. However, the District's assumed appreciation rate appears to lack a sound basis, considering this line item's historical performance (see **R2.1**).
- Personal property tax receipts decreased in FY 2001-02 due to a decrease in the taxable rate of underlying property value classifications. According to the Ohio Department of Taxation, effective January 2001, the taxable rate of public utilities was reduced to 25 percent of true value, rather than 88 percent of depreciated value. While revenue losses were reimbursed by the State, these reimbursements were likely recoded as state grants in aid and may partially explain the FY 2001-02 increase in unrestricted grants-in-aid receipts. Bristol LSD forecasts personal property tax receipts to decrease slightly from the Trumbull County Budget Commission's estimates for FY 2003-04 and remain flat thereafter. This appears to be a reasonable assumption as the taxable rate for portions of underlying property values is expected to decrease by 2 percent annually, subject to meeting receipt level thresholds established in ORC § 5711.22(E). However, this is offset by the nature of underlying property values, such as business inventories, which can fluctuate significantly with economic conditions. Therefore, projecting a slight decrease in FY 2004-05 and holding revenues constant thereafter presents a conservative and overall reasonable forecast. Furthermore, tangible personal property tax revenues decreased slightly from FY 2001-02 to FY 2002-03, and are estimated by the Trumbull County Budget Commission to increase slightly in FY 2003-04. However, from FY 2001-02 to FY 2003-04, revenues remain fairly constant.



- Bristol LSD has projected unrestricted and restricted grants-in-aid consistent with ODE foundation settlement reports for FY 2003-04, which is a 7.75 percent increase from FY 2002-03 receipts. Significant changes from past funding formulas include decreasing the appreciation of base funding factors, using current year Average Daily Membership (ADM) figures rather than a three year average, and changes in weighted special education aid, Disadvantaged Pupil Impact Aid (DPIA), and parity aid funding formulas. The District uses a 2 percent annual appreciation rate to project unrestricted grants-in-aid for FY 2004-05 through FY 2007-08. This appreciation rate appears to be based upon the cost per pupil formula amounts defined by ORC § 3317.012(A)(1), which are expected to increase 2.2 percent in FY 2004-05 from FY 2003-04 levels. Restricted grants-in-aid are projected to remain flat at FY 2003-04 levels throughout the forecast period. This appears to be a reasonable assumption as the funding formula is based upon demographic data that is unlikely to fluctuate and considering that actual restricted grants-in-aid revenue was flat from FY 2001-02 to FY 2002-03.
- Throughout the five-year forecast period, Bristol LSD projects property tax allocation receipts to be consistent with the Trumbull County Budget Commission's estimates for FY 2003-04. However, this assumption appears to lack a sound basis, considering this line item's relationship with real estate property tax receipts (see **R2.2**).
- The majority of all other operating revenues components have been historically consistent, and have been projected as such. Exceptions include a one-time construction reimbursement in FY 2000-01. In addition, the District projects a reduction in returns on investments to reflect current interest rates and a lack of available funds for investment. The large projected increase in FY 2003-04 is primarily explained by a change in accounting policies that includes tuition receipts on a gross basis, rather than the historical practice of recording these receipts on a net basis. All other components of this line item are relatively consistent with FY 2002-03. Therefore, for FY 2004-05 through FY 2007-08, the District forecasts these receipts to be constant at FY 2003-04 levels.

### **Expenditures**

- Bristol LSD projects personal services expenses to increase 2 percent annually for the entire forecast period. This assumption appears to be based on the number of certificated employees expected to receive step increases in the forecast years and an average step increase of 4.2 percent in accordance with the certificated salary schedule. Classified employee salary step increases are not considered because these step schedules have few step increases and the majority of employees are already at the maximum salary level. Total salaries are further adjusted in FY 2003-04 for a 4 percent cost of living adjustment (COLA) consistent with the current collective bargaining agreement. However, consistent with ORC § 5705.412(B), which requires certification that sufficient operating revenues exist before entering into contracts or appropriations measure, no COLA is projected for FY 2004-05

through FY 2007-08 because the collective bargaining agreement expires at the end of FY 2003-04 (see **R2.3**). Finally, these figures are adjusted for staff reductions in FY 2003-04 (see the **human resources** section), but no staff reductions are forecasted for FY 2004-05 and beyond.

- Bristol LSD used a detailed methodology to project FY 2003-04 fringe benefit expenses based on contribution rates for retirement as a percentage of the personal services line item, but projects health care premiums, workers' compensation, Medicare and other benefits based on expected premiums and staffing levels. The following assumptions were made to project this line item for FY 2003-04:
  - Retirement contribution expenses are projected at a rate of 14 percent of estimated salary expenses;
  - Health care premiums for the later half of FY 2003-04 are assumed to be consistent with 2003 levels;
  - Bonus pay to employees who decline health insurance is expected to increase because the amount given to employees electing to forego health insurance coverage increased from 25 percent of premiums to 50 percent of premiums;
  - Insurance premiums are projected to decrease due to the employment of seven fewer employees in FY 2003-04 than in FY 2002-03;
  - Fringe benefit expenses in FY 2003-04 are expected to experience an increase of \$149,000 in health insurance costs and \$30,000 in bonus pay due to FY 2002-03 expenses being deferred.

While this detailed methodology is employed in FY 2003-04, the District projects fringe benefit expenses for FY 2004-05 through FY 2007-08 as 49 percent of the personal services expenditure line item. However, only a portion of these expenses depend on salary costs (see **R2.4**).

- Purchased services expenditures increased in FY 2002-03 primarily because of a change in accounting policy that previously categorized payments to the Trumbull County educational service center as other object expenditures to the purchased services line item. Purchased services expenditures are projected to increase by \$126,000 in FY 2003-04 from prior year expenditure levels. This is partially explained by another state mandated change in accounting practice that will reflect gross tuition payments rather than net payments as in the past. Furthermore, the District deferred payment of \$47,000 incurred in FY 2002-03 to FY 2003-04 due to liquidity issues, thereby reducing the actual expenses in FY 2002-03 and increasing expenses for FY 2003-04 on a cash basis (see **R2.6**). The District assumes that purchased services will increase 3 percent in FY 2004-05 and thereafter, which appears to account for inflation.

- Supplies and materials expenses are expected to increase in FY 2003-04 to replenish inventories that were depleted during FY 2001-02 and FY 2002-03. This is offset by reductions in textbook expenditures from the prior year. Furthermore, the District deferred payment of \$13,000 incurred in FY 2002-03 to FY 2003-04 due to liquidity issues. The impact of this practice would reduce the actual expenses in FY 2002-03 and increase expenses for FY 2003-04 on a cash basis (see **R2.6**). These expenses are forecasted for FY 2004-05 and thereafter assuming a 5 percent appreciation factor applied to FY 2003-04 estimates. In this manner, the treasurer will gradually increase these expenses so that the District will return to more “normal” levels as in FY 2000-01. However, the District’s projections for supplies and materials do not meet State mandated set-aside requirements (see **R2.5**).
- Bristol LSD estimates that capital outlay expenses for FY 2003-04 will total \$13,000 for the purchase of a used bus and equipment replacement. In future years, the District estimates capital outlay expenses will approach \$30,000 annually to account for a bus purchase in FY 2004-05 and FY 2006-07, and potential building repairs. While total capital outlay expenses from FY 2000-01 to FY 2002-03 were higher than \$30,000, the non-bus purchase related expenses significantly decreased each year, from approximately \$33,300 in FY 2000-01 to \$9,400 in FY 2002-03. As a result, projecting \$30,000 annually from FY 2004-05 to FY 2007-08 appears to be reasonable to account for future bus purchases and other potential expenditures (see the **transportation** section for an assessment of future bus purchases). In addition, capital outlay expenses are not allocated for a specific purpose, but are held in reserve for FY 2004-05 through FY 2007-08. All set asides will be supported by the Permanent Improvement Fund, and therefore, will not impact the forecast which includes the General Fund, Emergency Levy Fund, and the DPIA Fund.
- The District issued a \$400,000 three month tax anticipation note on June 30, 2003 that matured in September 2003. Bristol LSD extended the life of this obligation by three months so that it will mature in December 2003. This financial obligation has been paid off. The District’s projected debt costs are consistent with the stated maturity date and interest rate of the tax anticipation note. At a 3 percent interest rate, a \$400,000 obligation would generate interest payments of approximately \$12,000 annually. This is consistent with the District’s projections of \$6,000 in interest payments as the tax anticipation note was expected to come due in 6 months.
- Other object expenditures consist mainly of dues, fees, and insurance. This line item has experienced a significant historic decrease. This can be explained by a change in accounting policies. Previously, the District categorized payments to the Trumbull County Educational Service Center (TCESC) as other object expenses; however, the District began charging these expenses to the purchased service line item. The \$17,000 increase from FY 2002-03 to FY 2003-04 is due to the District using a retainage fund to reallocate a portion of these

expenses to resources that are not reflected in the five-year forecast. Following FY 2003-04, other object expenditures are projected to appreciate at 4 percent annually.

- The current forecast projects advances of \$50,000 to the Food Service Fund in FY 2003-04. However, in subsequent years, the District does not foresee further advances to be necessary due to an increase in lunch prices and food service staffing level reductions. No transfers in or out are anticipated during fiscal year 2004 and beyond, based on AOS’s deficit certification and related assessments independent of this performance audit. In addition to transfers out that were offset the following year as transfers in, approximately \$50,000 from the workers compensation fund was transferred into the General Fund in FY 2001-02 and FY 2002-03. Considering that this fund had a balance of approximately \$28,000 at the end of FY 2002-03 with an operating loss of approximately \$16,000 and that the remaining historical transfers out were offset as transfers in, the District’s projection of no future transfers appears reasonable.

Table 2-2 illustrates the manner in which the District allocates its resources between operational, capital outlay, and debt service functions.

**Table 2-2: Summary of Allocation of FY 2002-03 Governmental Fund Resources by Functional Categories**

Function Classification	FY 2002-03 Bristol LSD <sup>1</sup>		Badger LSD		Mechanicsburg EVSD		Southington LSD		Peer Average <sup>2</sup>	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instructional Expenditures	\$4,456	51.9%	\$4,236	56.6%	\$3,860	51.8%	\$4,284	55.4%	\$4,124	54.7%
Support Service Expenditures	\$2,997	34.9%	\$3,023	40.4%	\$3,190	42.8%	\$3,054	39.5%	\$3,085	40.9%
Non-Instructional Services Expenditures	\$17	0.2%	\$0	0.0%	\$0	0.0%	\$25	0.3%	\$6	0.1%
Extracurricular Activities Expenditures	\$257	3.0%	\$186	2.5%	\$278	3.7%	\$364	4.7%	\$258	3.4%
<b>Total Operational Expenditures</b>	<b>\$7,727</b>	<b>90.0%</b>	<b>\$7,445</b>	<b>99.4%</b>	<b>\$7,328</b>	<b>98.3%</b>	<b>\$7,727</b>	<b>99.9%</b>	<b>\$7,473</b>	<b>99.2%</b>
Facilities, Acquisition & Construction Expenditures	\$163	1.9%	\$43	0.6%	\$0	0.0%	\$0	0.0%	\$19	0.3%
Debt Service Expenditures	\$696	8.1%	\$0	0.0%	\$129	1.7%	\$9	0.1%	\$44	0.6%
<b>Total Governmental Funds Expenditures</b>	<b>\$8,586</b>	<b>100.0%</b>	<b>\$7,488</b>	<b>100.0%</b>	<b>\$7,457</b>	<b>100.0%</b>	<b>\$7,736</b>	<b>100.0%</b>	<b>\$7,536</b>	<b>100.0%</b>

Source: 4502 reports exhibit II, SF-3 reports

<sup>1</sup> During FY 2002-03, Bristol LSD incurred expenses but deferred payment until FY 2003-04. These figures were adjusted to reflect a “normal” year of operations by including deferred expenses totaling \$273,234 for all funds.

<sup>2</sup> This column represents a ratio of averages rather than an average of ratios.

**Table 2-2** shows that Bristol LSD's operating expenditures per pupil were higher than the peer average in FY 2002-03. In FY 2002-03, Bristol LSD spent more than each of its peers for instructional expenses. This amounted to \$4,456 per student, which is 8.1 percent greater than the peer average.

The District depleted significantly more resources for additional expenses related to capital improvements and debt service. Bristol LSD spent only 79.8 percent and 90.0 percent of its resources for operational expenses in FY 2001-02 and FY 2002-03, respectively. In addition, total governmental fund expenditures were approximately 13.9 percent greater than the peer average. According to the treasurer, capital improvement and debt service expenditures are related to expenses remaining from the past construction of a new middle school.

These expense allocations represent the priorities of the District's general activities. It is important to evaluate the type of expenditures incurred by the District to identify areas for potential cost savings (see **R2.7**).

While the District has experienced operating losses (see **Table 2-1**), it has effectively controlled discretionary expenditures. These expenditures are analyzed because the District has more control over these expenses as they are not obligated to maintain a level of expenditures. These expenditures can usually be found within purchased services, supplies and materials, capital outlay, and miscellaneous object code designations. **Table 2-3** compares various discretionary expense categories to the peers as a percentage of total General Fund expenditures.

**Table 2-3: FY 2002-03 General Fund Discretionary Expenditures**

	Bristol LSD FY 2001-02	Bristol LSD FY 2002-03 <sup>1</sup>	Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average
Prof. and Technical Service	0.5%	0.4%	1.4%	0.9%	1.0%	1.1%
Property Services	1.2%	1.2%	1.8%	4.6%	1.9%	2.8%
Mileage/Meeting Expense	0.2%	0.1%	0.4%	0.6%	0.3%	0.4%
Communications	0.3%	1.0%	0.4%	0.5%	0.2%	0.4%
Contract, Craft or Trade Service	0.0%	0.0%	0.0%	0.2%	0.0%	0.1%
Pupil Transportations	0.0%	0.0%	1.2%	0.0%	0.3%	0.5%
Other Purchased Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Supplies	1.5%	0.9%	1.3%	1.7%	0.9%	1.3%
Textbooks/Reference Materials	0.3%	0.7%	0.6%	0.6%	0.1%	0.4%
Plant Maintenance and Repair	0.0%	0.0%	0.5%	0.6%	0.2%	0.4%
Fleet Maintenance and Repair	0.0%	0.0%	1.2%	0.7%	0.7%	0.9%
Other Supplies & Materials	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Land, Building & Improvements	0.3%	0.0%	0.1%	0.0%	0.0%	0.0%
Equipment	0.1%	0.2%	0.7%	2.8%	0.0%	1.1%
Buses/Vehicles	0.5%	0.8%	0.8%	3.5%	0.4%	1.6%
Other Capital Outlay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	5.1%	1.6%	1.2%	1.2%	0.7%	1.0%
Insurance	0.1%	0.1%	1.1%	0.2%	0.7%	0.7%
Awards and Prizes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous	0.2%	(0.2%) <sup>2</sup>	0.0%	0.0%	0.3%	0.1%
<b>Total</b>	<b>10.3%</b>	<b>6.8%</b>	<b>12.7%</b>	<b>18.1%</b>	<b>7.9%</b>	<b>12.9%</b>

Source: 4502 reports exhibit II and statement P

<sup>1</sup> During FY 2002-03, Bristol LSD incurred expenses but deferred payment until FY 2003-04. These figures were adjusted to reflect a "normal" year of operations by including deferred expenses totaling \$180,440 for the General fund.

<sup>2</sup> Reflects a reimbursement for a prior year expense.

As shown in **Table 2-3**, Bristol LSD's discretionary spending as a percent of all General Fund expenses (6.8 percent), is 6.1 percentage points lower than the peer average (12.9 percent). In FY 2002-03, Bristol LSD was higher than the peer average in only 3 of the 20 categories. From FY 2001-02 to FY 2002-03, Bristol's discretionary spending decreased by 3.5 percentage points. This is mainly explained by lower levels of dues and fees expenses. These expenditures decreased 67 percent. According to the treasurer, these expenses are largely related to services for special needs students. In contrast, communication expenses increased 243 percent in FY 2002-03. The treasurer states that these increases are due to the addition of services such as voicemail, computers, and data lines. Finally, textbook purchase expenditures increased 181

percent from FY 2001-02 to FY 2002-03. The treasurer states that these expenses increased because ODE recommended that they make these purchases to be compliant with ORC § 3315.17 (see **R2.5**).

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

- Projections for FY 2003-04 have been certified by AOS in an independent assessment from this performance audit. Therefore, no additional assessment was performed for Bristol LSD FY 2003-04 figures.
- Tangible personal property tax receipts are based on a volatile taxable asset base and have experienced large statutory changes involving a “triggering” of tax rate reductions. Therefore, the District’s assumption that the tangible personal property tax receipt line item will decrease in FY 2004-05 and remain flat for the remainder of the forecast period is a reasonable assumption.
- Bristol LSD’s projections for state foundation funding in the unrestricted and restricted grants-in-aid line item are somewhat conservative, but consistent with ODE estimates and assumptions for formula funding increases.
- Projections for the all other revenues reflect accounting policy changes that record tuition receipts on a gross basis; however, this line item is consistent with historical receipts.
- Purchased services projections reflect a change in accounting policy that records tuition expenses as gross rather than net and is otherwise consistent with past expenses and assumes a reasonable inflationary adjustment.
- Capital outlay projections appear to be reasonable and consistent with minimum funding requirements established in ORC § 3315.18.
- Debt service expense estimates appear consistent with existing debt principal and interest rates.
- Bristol LSD’s projections for advances and transfers out of the General Fund to the Food Service Fund appear to be reasonable. To avoid General Fund transfers to the Food Service Fund, Bristol LSD plans to increase lunch prices and reduce food service staffing levels. Furthermore, this performance audit has identified an opportunity to close the Farmington Elementary building (see the **facilities section**), thereby consolidating cafeteria operations and offsetting any potential operating losses.

## Recommendations

### Financial Forecast

**R2.1 Bristol LSD should revise its projection assumptions for estimating future real estate property tax receipts to use historical appreciation rates, rather than applying a subjective appreciation rate. The current appreciation assumption is likely to understate future revenues. This could hamper effective strategic planning and cause the District to either reduce service levels more than is required or seek unnecessary local funding. These changes in methodology and assumptions would not impact the current fiscal year as these projections are based on the Trumbull County Budget Commission’s amended certificate of estimated resources. Rather, these changes would impact the District’s projections for FY 2004-05 and beyond.**

Bristol LSD’s forecast uses the amended certificate of estimated resources submitted by the Trumbull County Budget Commission to estimate future real estate and property tax allocation receipts for FY 2003-04. The commission’s estimates increase real estate tax receipts by 6.2 percent in FY 2003-04 from FY 2002-03 levels. However, following FY 2003-04, the District assumes an appreciation rate of only 2 percent.

According to AOS bulletin 98-015 and OAC § 3301-92-05, current year revenue estimates may be based on assessed values and effective tax rates consistent with using the amended certificate of estimated resources. Bristol LSD’s methodology is sufficient for estimating real estate and property tax allocation receipts for FY 2003-04. However, AOS bulletin 98-015 states that future year revenue projections may be based on historical growth patterns including scheduled updates and reappraisals by the county auditor. All property tax figures should be based on historical collection levels. Consequently, the District’s estimate of a 2 percent appreciation rate is inconsistent with AOS bulletin 98-015.

**Table 2-4** illustrates the average annual appreciation rates for real estate tax receipts for various historical time periods.

**Table 2-4: Average Historical Real Estate Tax Receipt Appreciation Rates**

Tax Classification	3 Year Avg. % Change	5 Year Avg. % Change	6 Year Avg. % Change	10 Year Avg. % Change
Total Real Estate Tax Receipts for Forecast Funds	3.5%	3.3%	3.0%	2.5%

**Source:** Trumbull County Auditor’s Office

As the District has not identified significant causes for a change in property valuations or collections going forward, historical appreciation rates are likely to be consistent with



future collections. Furthermore, as property values are reappraised and updated on a six-year cycle, AOS revised projections will use the 6 year average annual percent change of 3 percent in its projections. **Table 2-5** presents the real estate tax receipt line item for FY 2003-04 through FY 2007-08 using a 3 percent appreciation assumption and indicates the net effect of these adjustments to the District's forecast fund balance.

**Table 2-5: Revised Real Estate Tax Receipt Projections**

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Bristol LSD Forecast for Real Estate Taxes <sup>1</sup>	\$1,589,000	\$1,620,780	\$1,653,196	\$1,686,260	\$1,719,985
AOS Revised Forecast Real Estate Taxes	N/A	\$1,650,670 <sup>2</sup>	\$1,700,190	\$1,751,196	\$1,803,732
<b>Net Effect Upon Forecast Fund Balance</b>	<b>\$0</b>	<b>\$29,890</b>	<b>\$46,994</b>	<b>\$64,936</b>	<b>\$83,747</b>

**Source:** Bristol LSD Forecast and County Auditor's Office

<sup>1</sup> Bristol LSD's forecast reflects a portion of these receipts in line item separately from the real estate property tax receipt line item as the Emergency Levy requires renewal by voters; however this table includes emergency levy receipts. Therefore, these figures do not reconcile with the Real Estate Property Tax line in **Table 2-1**.

<sup>2</sup> This figure includes a \$14,000 increase due to the revision of 0.2 inside mills to the District to which the District had previously waived its rights to tax receipts. These additional receipts are appreciated with all other real estate tax receipts at three percent annually.

**R2.2 The District should revise its assumption for property tax allocation for years after FY 2003-04 to be based on a percentage of projected real estate tax receipts consistent with the average ratio for the past three years. Furthermore, these figures should be based on revised AOS real estate tax receipt projections as stated in R2.1.**

Bristol LSD uses figures obtained from the County Budget Commission to project FY 2003-04 receipts and uses this estimate throughout the remainder of the forecast at \$205,000 annually. In FY 2003-04, the District estimates that property tax allocation receipts will increase almost 1 percent from FY 2002-03. The District's FY 2003-04 estimate is consistent with past ratios of property tax allocation receipts to real estate tax receipts, at almost 13 percent of expected real estate tax receipts. The use of the budget commission's estimates for FY 2003-04 appears to be reasonable and has been certified by AOS in an assessment independent from this performance audit. However, in FY 2004-05 through FY 2007-08, the District is forecasting property tax allocation receipts to remain constant at \$205,000 annually.

Property tax allocation receipts are the District's reimbursement for a property tax rollback granted to the citizens of Ohio as established by ORC § 319.302 and ORC § 323.152(B). This rollback grants a percentage credit for all property tax owners in the state. The State remits payments back to the taxing entity for these credits. Therefore,

these receipts are largely determined based upon property valuations and should maintain a stable relationship with real estate property tax receipts. This is consistent with AOS bulletin 98-015, which states that property tax allocation projections may be calculated as a fixed percentage of property tax receipts. This fixed percentage may be calculated as an average of the past three year’s ratios of property tax allocation receipts to real estate tax receipts. In this manner, growth in property tax allocation receipts will be parallel with the anticipated growth (or decline) in real estate property taxes.

As a result, the District’s current methodology of projecting this line item at FY 2003-04 estimated levels appears to be too conservative. Property tax allocations comprised 13.1 percent, 13.3 percent, and 13.6 percent of real estate property tax revenue for FY 2000-01, FY 2001-02, and FY 2002-03, respectively. By averaging the last three years’ ratios, an average rate of 13.3 percent of real estate tax receipts can be used to project future property tax allocation receipts, consistent with AOS bulletin 98-015.

**Table 2-6** indicates the net effect on the forecast fund balance by projecting property tax allocation receipts at 13.3 percent of AOS revised total real estate tax receipt projections (see **R2.1**) from FY 2004-05 to FY 2007-08, compared to the District’s projections.

**Table 2-6: Revised Property Tax Allocation Receipts**

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Bristol LSD’s Projected Property Tax Allocation Receipts	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000
AOS Revised Property Tax Allocation Receipt Projections	N/A	\$219,539	\$226,125	\$232,909	\$239,896
<b>Net Effect Upon Forecast Fund Balance</b>	<b>\$0</b>	<b>\$14,539</b>	<b>\$21,125</b>	<b>\$27,909</b>	<b>\$34,896</b>

Source: Bristol LSD forecast and County Auditor’s Office

**R2.3 The District should consider minor adjustments to the methodology and forecast assumptions for personal services from FY 2004-05 through FY 2007-08. Bristol LSD should adjust optimistic assumptions pertaining to COLA increases in those years after the expiration of the collective bargaining labor contract. Furthermore, the District should make minor adjustments to the number of individuals expected to receive step increases and the average step increase for certificated staff. These adjustments will more accurately reflect future personal service expenses.**

Bristol LSD’s forecast reflects the net effect of step increases with a 2 percent annual appreciation rate applied to the personal services line item. This rate is applied to its FY 2003-04 personal service projections to estimate salaries and wages for FY 2004-05 through FY 2007-08. The 2 percent net appreciation rate used by the District appears to be based on an average step increase of 4.2 percent determined from the certificated salary schedule, and adjusted to be based upon the percentage of employees expected to

receive step increases. This is likely to be a more conservative estimate of step adjustments as certificated employees receive larger and more frequent step adjustments than classified employees. However, the impact of this practice is insignificant and appears to be a reasonable methodology to forecast step increases.

The average step increase of 4.2 percent used by the District appears to be based on the annual percent increases to the base salary, rather than a percentage increase of the actual salary year to year. Because the District's forecasting methodology involves increasing the prior year's actual salary levels, it would be more appropriate to use the actual average certificated salary increase from the prior year of 2.73 percent. In addition, the District is slightly overstating the number of employees receiving step increases, based on a review of the grid of certificated employees. By basing step increases on actual salary increases and making minor adjustments to the number of employees receiving step increases, total salaries should be increased by 1.41 percent in FY 2003-04, FY 2004-05, FY 2005-06, FY 2006-07, and 1.365 percent in FY 2007-08 to account for the impact of expected step increases.

Bristol LSD currently assumes that no COLA will be implemented beyond the current labor contract, which expires on June 30, 2004. The District's assumption of no COLA for FY 2004-05 is consistent with ORC § 5705.412(B) and (C), which states, "...No school district shall adopt any appropriation measure, make any qualifying contract, or increase during any school year any wage or salary schedule unless there is attached thereto a certificate that the school district has in effect the authorization to levy taxes, including the renewal or replacement of existing levies which, when combined with estimated revenue from all other sources available to the district at the time of certification, are sufficient to provide the operating revenues necessary to enable the district to maintain all personnel and programs for all days set forth in its adopted school calendars for the current fiscal year...Every qualifying contract made or wage or salary schedule adopted or put into effect without such a certificate shall be void, and no payment of any amount due thereon shall be made..."

While the District's forecast is consistent with ORC § 5705.412, this section of code refers to approval of actual agreements and budget appropriations rather than preparation of forecasts. In contrast, AOS bulletin 98-015 recommends basing projections for personal services on existing negotiated agreements and for periods beyond the current agreement using historical patterns regarding salary increases. The forecast should reflect historical increases in its expectations for personal service expenses beyond the current labor contract expiration date. By submitting a forecast that assumes a COLA, the District would be able to quantify and effectively present the impact of COLA increases on its future financial condition. This could aid the District in negotiating future COLA increases and illustrating their effect to stakeholders. Although COLAs in previous collective bargaining agreements were 4 percent, AOS projects COLAs at 3 percent

during the forecasted period based on the District's current and future financial condition (see **Table 2-17**).

The combined impact of revised step adjustments and including COLAs of 3 percent is an appreciation rate of approximately 4.41 percent from FY 2004-05 to FY 2006-07. In FY 2007-08, the appreciation rate is 4.365 percent to account for fewer individuals being eligible for step increases. Accordingly, **Table 2-7** summarizes the impact of adjusting Bristol LSD personal service assumptions on the forecast fund balance.

**Table 2-7: Net Effect of Revisions to Personal Service Projections**

	Projected FY 2003-04	Projected FY 2004-05	Projected FY 2005-06	Projected FY 2006-07	Projected FY 2007-08
Bristol LSD Projections	\$3,512,000	\$3,582,240	\$3,653,240	\$3,726,962	\$3,801,502
AOS Revised Projections	N/A	\$3,666,879	\$3,828,589	\$3,997,429	\$4,171,917
<b>Net Effect Upon Forecast Fund Balance</b>	<b>\$0</b>	<b>(\$84,639)</b>	<b>(\$175,349)</b>	<b>(\$270,467)</b>	<b>(\$370,415)</b>

Source: Bristol LSD forecast and AOS calculations

**R2.4 Bristol LSD should revise its forecasting methodology for Employees' Retirement / Insurance Benefits from FY 2004-05 through FY 2007-08 by projecting classes of expenses within this line item separately. Retirement contributions should continue to be based upon expected salary levels, while other expenses, such as insurance costs and workers' compensation premiums, should be projected based on historical increases or other reasonable expectations of future costs.**

Bristol LSD has projected fringe benefit expenses for FY 2004-05 through FY 2007-08 at 49 percent of the personal services line item, based on a subjective estimate of future increases in insurance expenses. While retirement contributions are based upon salary levels, these fringe benefit expenses were only 35.2 percent of total adjusted fringe benefit expenses in FY 2002-03. In contrast, 64.8 percent of fringe benefit expenses are independent of salary costs. Moreover, maintaining this ratio of fringe benefit expenses to salary costs over the course of four years appears problematic because the Employees' Retirement/Insurance Benefits line item has historically increased at a significantly greater rate than the personal services line item. By maintaining fringe benefit costs as 49 percent of the personal services line, the District has in effect assumed that fringe benefit expenses will increase at 2 percent annually, consistent with its assumptions for the personal services line item. However, the Employees' Retirement/Insurance Benefits line item increased an average of 7.9 percent from FY 2000-01 to FY 2002-03, and 12.7 percent from FY 1999-00 to FY 2002-03.

According to an AOS financial forecasting manual, *Financial Forecasting Audit Plan/Technical Manual, Fiscal Emergency School Districts* dated 3/16/2001, fringe benefit costs should be projected based primarily upon historical expenses and

knowledge of any upcoming initiatives which may limit or increase future expenditures. Medical benefits should be projected based on historical increases while retirement contributions should be projected as a percentage of salary costs, based on past history.

**Table 2-8** presents historical fringe benefit expenses categorized by object code and their average annual percent change.

**Table 2-8: Historical Fringe Benefit Costs**

Description	FY 1999-00	FY 2000-01	FY 2001-02	Adjusted FY 2002-03 <sup>1</sup>	Average Annual % Change
Retirement Contributions	455,886	485,244	507,970	571,011	7.8%
Employee Reimbursements	7,184	6,437	11,962	12,667	27.1%
Health Insurance Benefit Costs	533,886	736,946	770,566	995,116	23.9%
Workers' Compensation Premiums	34,684	37,457	38,931	40,641	5.4%
Unemployment	2,911	169	1,723	412	249.8%
Other Employee Retirement & Insurance Benefits	1,620	450	1,785	2,788	93.5%
<b>Total Fringe Benefit Costs</b>	<b>1,036,171</b>	<b>1,266,703</b>	<b>1,332,937</b>	<b>1,622,635</b>	<b>16.4%</b>
Total Salary Expenses	3,023,659	3,232,677	3,472,899	3,431,980	4.4%
Retirement expenses as % of Salaries	15.1%	15.0%	14.6%	16.6%	15.4% <sup>2</sup>
Total fringe benefit costs as % of Salaries	34.3%	39.2%	38.4%	47.3%	40.0% <sup>2</sup>
Employee reimbursement as a % of Insurance Costs	1.3%	0.9%	1.6%	1.3%	1.3% <sup>2</sup>

**Source:** Bristol LSD 4502 report statement P, five-year forecast, and internal financial reports

<sup>1</sup> FY 2002-03 figures were adjusted to reflect actual operational expenses. The District deferred insurance benefit expenses incurred in FY 2002-03 until FY 2003-04 due to liquidity issues.

<sup>2</sup> These figures represent a combined ratio for FY 1999-00 through FY 2002-03, rather than an average of ratios. The sum of each year's benefit expenditures was divided by the sum of each year's salary expenses.

Retirement contribution expenses have maintained a fairly consistent relationship with total salary expenses ranging from 14.6 percent to 16.6 percent of salaries. Therefore, AOS revised projections use the combined ratio of retirement contributions to total salaries for FY 1999-00 through FY 2002-03 of 15.4 percent, to estimate future retirement contribution expenses.

Employee reimbursement costs are primarily incentive payments given to employees who forego health care coverage. This reimbursement is based upon a percentage of health insurance premiums. During FY 2003-04, the District will increase this reimbursement from 25 percent of insurance premiums to 50 percent of insurance premiums (see the **human resources** section). As a result, employee reimbursements are projected at 2.6 percent of insurance expenses going forward, two times the average annual ratio of 1.3 percent.

The fluctuating nature of Bristol LSD's health insurance expenses and unpredictable healthcare costs suggests that the average annual percent increase may not be the best estimate of future expenses. Furthermore, the District participates in the Trumbull County Consortium for health insurance, and changes are currently being made to plan options and benefits. According to the State Employment Relations Board (SERB), single medical coverage averaged an annual increase of 13.9 percent and family medical coverage averaged an annual increase of 14.5 percent from 2000 to 2002. Averaging these increases results in an average annual increase of 14.2 percent from 2000 to 2002. Industry expectations for 2004 healthcare costs further support these double digit cost increases. According to research released on October 1, 2003 by the Society for Human Resource Managers (SHRM) in its article "Healthcare Costs Predicted to Rise 12% in 2004," preliminary survey data indicates that healthcare insurance costs will increase by 12 percent in 2004. Therefore, AOS projections will reflect historical state-wide increases of 14.2 percent, less one-time deferred expenses.

Workers' compensation expenses have consistently increased by an average of 5.4 percent annually. Therefore, Bristol LSD's estimate for FY 2003-04 of \$40,000 will be appreciated at 5.4 percent annually for FY 2004-05 through FY 2007-08.

Finally, unemployment and other employee retirement and insurance benefit expenses have exhibited large fluctuations on a percentage basis from year to year. However, these expenses are not a significant portion of the Employees' Retirement/ Insurance Benefits line item. In FY 1999-00, the year of the greatest combined total, these expenses amounted to approximately \$4,500. Therefore, in an effort to be conservative, these expenses will be forecasted at \$5,000 annually from FY 2004-05 through FY 2007-08. Unemployment expenses will be assumed to be \$2,000 annually, while other employee retirement and insurance benefit expenses will be assumed to be \$3,000 annually.

**Table 2-9** compares the revised projections for Employees' Retirement/ Insurance Benefits to Bristol LSD's and illustrates the net effect upon the forecast fund balance.

**Table 2-9: Revised Fringe Benefit Projections**

	Projected FY 2003-04	Projected FY 2004-05	Projected FY 2005-06	Projected FY 2006-07	Projected FY 2007-08
Bristol LSD fringe benefit Projections	\$1,699,000	\$1,755,298	\$1,790,404	\$1,826,212	\$1,862,736
AOS Revised fringe benefit Projections	N/A	\$1,688,582	\$1,868,657	\$2,071,663	\$2,300,463
<b>Net Effect Upon Forecast Fund Balance</b>	<b>\$0</b>	<b>\$66,716</b>	<b>(\$78,253)</b>	<b>(\$245,451)</b>	<b>(\$437,727)</b>

Source: Bristol LSD five-year forecast

**R2.5 Bristol LSD should revise its projected supplies and materials expenses so that sufficient resources are allocated to textbooks and instructional materials in an amount that meets or exceeds standards established by ORC § 3315.17. In this manner, the District will not accumulate set-aside obligations, and avoid large one-time textbook and instructional supply purchases.**

ORC §3315.17 establishes additional accountability standards for school districts to maintain a minimum level of spending in relation to its State funding formula amount for textbooks and instructional material. It establishes a minimum threshold of 3 percent of the preceding year’s State funding formula amount to be “set aside” for this purpose. OAC § 3301-92-01(A) defines qualifying expenditures for ORC § 3315.17 as textbooks, instructional materials, instructional supplies, instructional software, and equipment. OAC § 3301-92-01(D) states that any unexpended set-aside balance should be carried forward to the subsequent fiscal year, but this does not reduce the amount of that year’s required set-aside.

**Table 2-10** compares Bristol LSD’s projected supplies and materials expenditures and reserves to State mandated levels, and assumes that the AOS certified figures for FY 2003-04 are sustainable.

**Table 2-10: Comparison of Bristol LSD Projected Expenditures against State Mandated Levels**

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
<b>AOS estimated ORC § 3315.17 threshold <sup>1</sup></b>	<b>\$131,028</b>	<b>\$133,903</b>	<b>\$136,849</b>	<b>\$139,860</b>
Bristol LSD’s Projected Supply & Material Expenses	159,600	167,580	175,959	184,757
Estimated Non-Qualifying Portion of Bristol LSD projections <sup>2</sup>	\$61,613	\$63,461	\$65,365	\$67,326
<b>Estimated Qualifying Portion of Projected Expenditures</b>	<b>\$97,987</b>	<b>\$104,119</b>	<b>\$110,594</b>	<b>\$117,431</b>
<b>Estimated Set-Aside Carry Over</b>	<b>\$33,041</b>	<b>\$29,784</b>	<b>\$26,255</b>	<b>\$22,429</b>
Beginning Set-Aside Reserve Balance	\$78,204	\$111,245	\$141,029	\$167,284
<b>Ending Instruction Materials Reserve Balance</b>	<b>\$111,245</b>	<b>\$141,029</b>	<b>\$167,284</b>	<b>\$189,713</b>

**Source:** ODE set-aside requirement calculations, and Bristol LSD five-year forecast and historical 4502 reports.

<sup>1</sup> Calculated as 3 percent of the prior years’ base funding formula amount, which was appreciated at 2.2 percent annually consistent with base funding increases stated in ORC § 3317.012(A).

<sup>2</sup> Appreciates the District’s adjusted estimated non-qualifying expenditures for FY 2003-04 of \$59,818 at 3 percent annually to account for inflation. Historical non-qualifying expenditures have fluctuated considerably.

**Table 2-10** indicates that the District has not projected a sufficient amount of expenditures or reserves to meet the set-aside requirements and to avoid carrying forward additional set-aside reserve balances. The District may either accumulate set-aside funds totaling approximately \$190,000 by FY 2007-08, or it may increase its instructional materials expenditures to meet the set-aside requirements during the forecast period. In

effect, the District's efforts to maintain low instructional supply expenditures will not improve the financial condition of the District as these funds statutorily cannot be used for any other purpose. By adjusting the textbook and instructional set-asides according to **Table 2-10**, the District would ensure compliance with the set-aside requirements and present a more reliable projection of future supplies and materials expenditures.

**Table 2-11** adjusts to the District's projected supplies and materials expenditures to meet ORC § 3315.17 thresholds by assuming the District will spend to the mandated levels and maintain no additional carry-overs.

**Table 2-11: Revised Supplies and Materials Projections**

	Projected FY 2003-04	Projected FY 2004-05	Projected FY 2005-06	Projected FY 2006-07	Projected FY 2007-08
Bristol LSD supplies and materials Projections	\$152,000	\$159,600	\$167,580	\$175,959	\$184,757
AOS Revised supplies and materials Projections	N/A	\$192,641	\$197,364	\$202,214	\$207,186
<b>Net Effect Upon Forecast Fund Balance</b>	<b>\$0</b>	<b>(\$33,041)</b>	<b>(\$29,784)</b>	<b>(\$26,255)</b>	<b>(\$22,429)</b>

Source: Bristol LSD five-year forecast

**R2.6 Bristol LSD should ensure that expenses incurred in FY 2002-03 but paid in FY 2003-04 do not artificially overstate estimates for future expenditures.**

In FY 2002-03, Bristol LSD incurred \$63,906 for non-personnel related expenses, which it did not pay until the beginning of FY 2003-04, impacting the General Fund and the Emergency Levy Fund. The District delayed payment of these expenses so that it could meet short-term debt obligations of \$400,000 for tax anticipation notes. Of these deferred payments, \$46,723 was related to purchased services, such as professional and technical services, property services, utility payments, and tuition. Deferred supplies and materials expenses totaled \$12,961. While the administration acted reasonably and responsibly in this difficult situation, the accuracy of the District's five-year forecast could be adversely affected if these expenses are not taken into account. From FY 2004-05 through FY 2007-08, the District bases its estimates for purchased services and supplies and materials on artificially increased expenditures in FY 2003-04.

The District should change its methodology for FY 2004-05 through FY 2007-08 to adjust its figures so that one-time deferred expenditures do not artificially impact its projections. However, since this adjustment may impact the District's ability to remain compliant with ORC § 3315.17 as discussed in **R2.5**, this change should only be applied to purchased services.



**Table 2-12** illustrates Bristol LSD's projections for purchased service expenditures and compares them to the revised AOS figures by adjusting for deferred expenditures in FY 2003-04.

**Table 2-12: Net Effect of Revised Purchased Services Projections**

	Projected FY 2003-04	Projected FY 2004-05	Projected FY 2005-06	Projected FY 2006-07	Projected FY 2007-08
Bristol LSD Purchased Services Projections	\$780,000	\$803,400	\$827,502	\$852,327	\$877,897
AOS Revised Purchased Services Projections	N/A	\$755,275	\$777,934	\$801,272	\$825,310
<b>Net Effect of Revised Purchased Service Projections Upon Forecast Fund Balance</b>	<b>\$0</b>	<b>\$48,125</b>	<b>\$49,568</b>	<b>\$51,055</b>	<b>\$52,587</b>

Source: Bristol LSD five-year forecast

### *Revenue & Expenditure Analysis*

**R2.7 Bristol LSD should closely examine the spending patterns indicated in Table 2-16 and identify activities and functions that have an opportunity for cost reductions without impacting the quality of education. Bristol LSD should reallocate its resources toward those programs and priorities that have the greatest impact on improving the students' education and proficiency test results. Combined with a close examination of the performance of educational activities, the District could improve its performance index score and meet additional ODE performance standards while reducing its operating expenditures.**

**Table 2-13** compares the Districts' revenues by source and expenditures by type on a per student basis to the peers.

**Table 2-13: Comparison of FY 2002-03 General Fund Revenues by Source and Expenditures by Object per Student**

	Bristol LSD <sup>1</sup>	Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average
<b>Average Daily Membership (ADM)</b>	<b>857</b>	<b>1098</b>	<b>817</b>	<b>584</b>	<b>833</b>
Property & Income Tax	\$1,476	\$1,674	\$2,160	\$1,736	\$1,847
Intergovernmental Revenues	\$4,311	\$4,198	\$4,630	\$4,824	\$4,486
Transfers In	\$58	\$0	\$0	\$0	\$0
Other Revenues	\$155	\$108	\$242	\$147	\$161
<b>Total Revenue</b>	<b>\$6,000</b>	<b>\$5,980</b>	<b>\$7,032</b>	<b>\$6,707</b>	<b>\$6,494</b>
Wages	\$3,996	\$2,992	\$3,880	\$3,670	\$3,441
Fringe Benefits	\$1,897	\$1,556	\$1,136	\$1,536	\$1,414
Purchased Service	\$201	\$481	\$624	\$355	\$498
Tuition	\$272	\$561	\$302	\$554	\$475
Supplies & Textbooks	\$103	\$218	\$251	\$133	\$209
Capital Outlays	\$66	\$95	\$434	\$24	\$189
Debt Service	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$103	\$142	\$99	\$113	\$121
Other Financing Uses	\$66	\$0	\$201	\$97	\$88
<b>Total Expenditures</b>	<b>\$6,704</b>	<b>\$6,045</b>	<b>\$6,927</b>	<b>\$6,482</b>	<b>\$6,435</b>

Source: 4502 reports exhibit II and statement P

<sup>1</sup> During FY 2002-03 Bristol LSD incurred expenses but deferred payment until FY 2003-04. These figures were adjusted to reflect a "normal" year of operations by including deferred expenses totaling \$180,440 for the General fund.

In FY 2002-03, Bristol LSD received 7.6 percent less in General Fund receipts per student than the peer average, primarily due to the District's level of local tax funding. Bristol LSD received 20.1 percent less local property and income tax receipts per student than the peer average of \$1,847 in FY 2002-03.

The effects of relatively lower funding are compounded by higher total expenditures per student than the peer average. Bristol LSD spent almost 4.2 percent more per student than the peer average in FY 2002-03 from the General Fund. This is primarily explained by the higher wage and fringe benefit expenses. Bristol LSD spent 16.1 percent more on wages per student than the peer average in FY 2002-03. Furthermore, the District spent almost 34.2 percent more per student for fringe benefit expenses than the peer average in FY 2002-03. In addition, fringe benefit expenses increased 19.8 percent per student from

FY 2001-02 to FY 2002-03. Wage and benefit expenses are discussed in more detail in the **human resources** section of this report.

While Bristol LSD spends more per student than the peer districts, there does not appear to be a correlation with the quality of education or academic achievement of its students. Each school district is required to receive a performance accountability rating based on 22 performance standards. These 22 standards are minimum performance goals for public education in Ohio. ODE also compiles proficiency testing information into performance index scores. The performance index score is based upon the average scores in five subject areas of fourth and sixth graders on the proficiency tests. This information encapsulates the students' level of achievement as opposed to simply tracking whether a standard was met.

**Table 2-14** presents the number of performance standards met by Bristol LSD and the peers in FY 1999-00, FY 2000-01 and FY 2001-02. **Table 2-15** summarizes Bristol LSD's performance index scores for FY 2000-01 through FY 2002-03 and compares these scores to the peer school districts.

**Table 2-14: ODE Performance Standards Comparison**

	Bristol LSD	Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average
<b>Number of 27 Performance Standards Met</b>					
<b>FY 2000-01</b>	16	17	18	22	19
<b>Number of 22 Performance Standards Met</b>					
<b>FY 2001-02</b>	13	14	17	18	16.3
<b>FY 2002-03</b>	14	14	17	16	15.7

Source: ODE Report Cards

Note: The Ohio Department of Education (ODE) ceased administrating 12<sup>th</sup> grade proficiency tests in FY 2001-02, which was the basis of five performance standards. This table presents the districts' performance against the relevant performance standards for each year.

**Table 2-15: Comparison of District Performance Index Scores**

Comparison of Performance Index Scores	Bristol LSD	Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average
<b>FY 2000-01</b>	85.5	86.4	81.7	91.5	86.5
<b>FY 2001-02</b>	79.8	83.8	81.6	89.5	85.0
<b>FY 2002-03</b>	80.6	84.4	87.1	84.5	85.3

Source: ODE Report Cards

Bristol LSD has met fewer performance standards than the peer average in FY 2000-01, FY 2001-02, and FY 2002-03. Furthermore, Bristol LSD's performance index score was lower than the peer average in each year. Since peer school districts are able to meet

more ODE performance standards with less funding per student, it appears that there is an opportunity to reduce operating expenditures without negatively impacting the academic achievement of its students.

The allocation of resources between the various functions or activities of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, activities must be evaluated and prioritized. An analysis of the spending patterns between the various functions should indicate where the priorities of the school board and management are placed and illustrate where there are opportunities for expenditure reductions.

**Table 2-16** illustrates the expenditures posted to the various USAS function codes for Bristol LSD and for the peer school districts for FY 2002-03. Function codes are designed to report expenditures by nature or purpose. **Table 2-16** shows the operational expenditures per pupil and percentage of operational expenditures by function for all funds which are classified as governmental fund types.

**Table 2-16: Governmental Funds Operational Expenditures by Function for FY 2002-03**

USAS Function Classification	FY 2002-03 Bristol <sup>1</sup>		FY 2002-03 Badger		FY 2002-03 Mechanicsburg		FY 2002-03 Southington		FY 2002-03 Peer Average <sup>2</sup>	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
<b>Instructional Expenditures:</b>	<b>\$4,456</b>	<b>57.7%</b>	<b>\$4,235</b>	<b>56.9%</b>	<b>\$3,860</b>	<b>52.7%</b>	<b>\$4,283</b>	<b>55.4%</b>	<b>\$4,124</b>	<b>55.2%</b>
Regular Instruction	\$3,519	45.5%	\$3,489	46.9%	\$2,858	39.0%	\$3,718	48.1%	\$3,336	44.6%
Special Instruction	\$852	11.0%	\$687	9.2%	\$746	10.2%	\$549	7.1%	\$674	9.0%
Vocational Education	\$30	0.4%	\$59	0.8%	\$256	3.5%	\$0	0.0%	\$110	1.5%
Adult/Continuing Education	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Extracurricular Activities	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Classroom Materials and Fees	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Miscellaneous	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other Instruction	\$55	0.7%	\$0	0.0%	\$0	0.0%	\$16	0.2%	\$4	0.1%
<b>Support Service Expenditures:</b>	<b>\$2,997</b>	<b>38.8%</b>	<b>\$3,023</b>	<b>40.6%</b>	<b>\$3,190</b>	<b>43.5%</b>	<b>\$3,055</b>	<b>39.6%</b>	<b>\$3,085</b>	<b>41.3%</b>
Pupil Support Services	\$331	4.3%	\$290	3.9%	\$343	4.7%	\$628	8.1%	\$386	5.2%
Instructional Support Services	\$376	4.9%	\$233	3.1%	\$241	3.3%	\$97	1.3%	\$204	2.7%
Board of Education	\$12	0.2%	\$244	3.3%	\$40	0.5%	\$133	1.7%	\$152	2.0%
Administration	\$594	7.7%	\$793	10.6%	\$704	9.6%	\$556	7.2%	\$708	9.5%
Fiscal Services	\$203	2.6%	\$203	2.7%	\$265	3.6%	\$290	3.8%	\$244	3.3%
Business Services	\$53	0.7%	\$0	0.0%	\$0	0.0%	\$30	0.4%	\$7	0.1%
Plant Operation & Maintenance	\$863	11.2%	\$588	7.9%	\$754	10.3%	\$732	9.5%	\$676	9.0%
Pupil Transportation	\$565	7.3%	\$592	8.0%	\$734	10.0%	\$580	7.5%	\$635	8.5%
Central Support Services	\$0	0.0%	\$80	1.1%	\$109	1.5%	\$9	0.1%	\$73	1.0%
<b>Non-Instructional Services Expenditures</b>	<b>\$17</b>	<b>0.2%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$25</b>	<b>0.3%</b>	<b>\$6</b>	<b>0.1%</b>
<b>Extracurricular Activities Expenditures</b>	<b>\$257</b>	<b>3.3%</b>	<b>\$186</b>	<b>2.5%</b>	<b>\$279</b>	<b>3.8%</b>	<b>\$364</b>	<b>4.7%</b>	<b>\$258</b>	<b>3.4%</b>
<b>Total Governmental Fund Operational Expenditures</b>	<b>\$7,727</b>	<b>100.0%</b>	<b>\$7,444</b>	<b>100.0%</b>	<b>\$7,329</b>	<b>100.0%</b>	<b>\$7,727</b>	<b>100.0%</b>	<b>\$7,473</b>	<b>100.0%</b>

Source: 4502 reports exhibit II, SF-3 reports

<sup>1</sup> During FY 2002-03, Bristol LSD incurred expenses but deferred payment until FY 2003-04. These figures were adjusted to reflect a “normal” year of operations by including deferred expenses totaling \$273,234 for all funds.

<sup>2</sup> This column represents a ratio of averages rather than an average of ratios.

As indicated by **Table 2-16**, Bristol LSD allocates the highest percentage of its governmental fund expenditures to instruction. However, Bristol LSD spends 3.4 percent more per student than the peer average, as explained by the following:

- Regular instruction expenditures were 5.5 percent greater per pupil than the peer average, primarily due to salary and fringe benefit expenses (see **human resources**). In addition, open enrollment costs increased significantly from FY

2001-02 to FY 2002-03, primarily due to re-classifying these expenditures from special to regular instruction.

- Special instruction expenditures were 26.4 percent greater per pupil than the peer average, primarily due to salary and fringe benefit expenses (see **human resources**). Furthermore, the District began charging Educational Service Center (ESC) expenses to the purchased services line item in the special instruction and other functions.
- Other instruction expenditures were significantly higher than the peer average in FY 2002-03 on a per pupil basis. However, these expenditures are funded entirely from the Emergency Levy Fund for costs described as excess special education tuition costs to reimburse another educational agency for its services.
- Instructional support service expenditures were 84.3 percent greater than the peer average in FY 2002-03 on a per pupil basis, primarily due to salary and fringe benefit expenses (see **human resources**). Furthermore, fringe benefit expenses have increased 69.2 percent within this function.
- Business services expenditures per pupil were significantly higher than the peer average, which is attributed to a copy machine lease.
- Plant operation and maintenance expenditures were 27.7 percent greater than the peer average in FY 2002-03 on a per pupil basis (see **facilities**).

Recommendations were made to reduce staffing and benefit costs, optimize facility usage, and enhance transportation operations in the **human resources**, **facilities**, and **transportation** sections of this report. These recommendations, if implemented, could potentially reduce expenditures and are supported by the information in **Tables 2-16**.

### *Financial Recovery Plan*

**R2.8 Bristol LSD should analyze and use the financial recovery plan outlined in Table 2-17 to evaluate the recommendations presented in this performance audit, and the Financial Planning and Supervision Commission's (the Commission) actions to determine the impact of the related cost savings on the District's financial condition. Bristol LSD should consider implementing the recommendations in this performance audit and other appropriate actions to help rectify its future financial difficulties. In addition, Bristol LSD should update the financial recovery plan on an ongoing basis as critical financial issues are addressed, change or emerge.**

Bristol LSD's forecast, presented in **Table 2-1**, projects a negative fund balance at the end of each of the next five years without including cost saving measures or new operating levies. The ending fund balance is expected to reach a \$2.1 million deficit in FY 2007-08.

**Table 2-17** presents a potential financial recovery plan for Bristol LSD management to use as a tool to assess the impact that implementation of the various performance audit recommendations and actions of the Commission will have on the District's financial condition. Additionally, **Table 2-17** includes the revised projections outlined in **R2.1** through **R2.6** to present a more reliable forecast of these items.

For Bristol LSD to maintain an acceptable level of financial stability, the District will need to continue to make difficult management decisions regarding potential means for increasing revenue and reducing expenditures. This performance audit provides a series of recommendations Bristol LSD should consider. However, this audit is not all inclusive, and other cost savings and revenue enhancements should be continuously assessed and incorporated into the financial recovery plan.

**Table 2-17: Proposed Financial Recovery Plan (in 000's)**

	Actual FY 2000-01	Actual FY 2001-02	Actual FY 2002-03	Forecast FY 2003-04	Forecast FY 2004-05	Forecast FY 2005-06	Forecast FY 2006-07	Forecast FY 2007-08
Real Estate Property Tax	\$1,407	\$1,428	\$1,496	\$1,589	\$1,486	\$1,370	\$1,421	\$1,474
Tangible Personal Property Tax	80	55	53	56	50	50	50	50
Unrestricted Grants-in-Aid	3,278	3,514	3,507	3,779	3,855	3,932	4,010	4,090
Restricted Grants-in-Aid	42	31	30	32	32	32	32	32
Property Tax Allocation	184	190	203	205	219	226	233	240
Other Revenues	343	127	83	355	355	355	355	355
<b>Total Operating Revenues</b>	<b>5,334</b>	<b>5,345</b>	<b>5,372</b>	<b>6,016</b>	<b>5,997</b>	<b>5,965</b>	<b>6,101</b>	<b>6,241</b>
Personal Services	3,233	3,473	3,432	3,512	3,667	3,828	3,997	4,172
Employee's Retirement & Insurance Benefits	1,266	1,333	1,473	1,699	1,689	1,869	2,072	2,300
Purchased Services	453	409	654	780	755	778	801	825
Supplies & Materials	184	146	144	152	193	197	202	207
Capital Outlay	87	47	58	13	30	30	30	30
Debt: Principal	0	0	400	400	0	0	0	0
Debt: Interest & Fiscal Charges	0	0	7	6	0	0	0	0
Other Objects	521	312	92	109	113	118	123	128
<b>Total Operating Expenditures</b>	<b>5,744</b>	<b>5,720</b>	<b>6,260</b>	<b>6,671</b>	<b>6,447</b>	<b>6,820</b>	<b>7,225</b>	<b>7,662</b>
Proceeds from Sale of Notes	0	0	400	400	0	0	0	0
State Emergency Advancements <sup>1</sup>	0	0	0	785	(392)	(393)	0	0
Operating Transfers In	0	234	57	0	0	0	0	0
Operating Transfers Out	0	185	7	0	0	0	0	0
Advances In	0	0	50	50	0	0	0	0
Advances Out	0	0	50	50	0	0	0	0
<b>Net Financing Sources/ (Uses)</b>	<b>0</b>	<b>49</b>	<b>450</b>	<b>1,185</b>	<b>(392)</b>	<b>(393)</b>	<b>0</b>	<b>0</b>
<b>Results of Operations (Loss)</b>	<b>(410)</b>	<b>(326)</b>	<b>(451)</b> <sup>2</sup>	<b>530</b>	<b>(842)</b>	<b>(1,248)</b>	<b>(1,124)</b>	<b>(1,421)</b>
Beginning Cash Balance	848	438	112	(339)	191	(651)	(1,899)	(3,023)
<b>Ending Cash Balance</b>	<b>438</b>	<b>112</b>	<b>(339)</b>	<b>191</b>	<b>(651)</b>	<b>(1,899)</b>	<b>(3,023)</b>	<b>(4,444)</b>
Estimated Encumbrances	0	0	0	66	0	0	0	0
Reservation of Fund Balances	0	0	0	125	0	0	0	0
<b>Fund Balance for Certification of Appropriations</b>	<b>438</b>	<b>112</b>	<b>(339)</b>	<b>0</b>	<b>(651)</b>	<b>(1,899)</b>	<b>(3,023)</b>	<b>(4,444)</b>
Cumulative Balance of Renewal/ Replacement Levies	0	0	0	0	165	495	825	1,155
<b>Fund Balance for Certification of Salaries and Contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(486)</b>	<b>(1,404)</b>	<b>(2,198)</b>	<b>(3,289)</b>
Cumulative Net Effect of AOS Recommendations	N/A	N/A	N/A	N/A	746	1,546	2,405	3,328
<b>Fund Balance with Effects of AOS Recommendations</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>260</b>	<b>142</b>	<b>207</b>	<b>39</b>
Cumulative Net Effect of Commission Actions	0	0	0	80	166	258	358	464
<b>Unreserved Fund Balance</b>	<b>\$438</b>	<b>\$112</b>	<b>(\$339)</b>	<b>\$80</b>	<b>\$426</b>	<b>\$400</b>	<b>\$565</b>	<b>\$503</b>

Source: Bristol LSD five-year forecast adjusted for AOS revised projections and fiscal oversight commission actions.

<sup>1</sup> Bristol LSD was granted an interest free advance of \$785,000 from the state solvency assistance fund to be repaid in two-years. As this development took place following the submission of the five-year forecast to ODE, it was reflected in this financial recovery plan without warranting a change in the District's forecasting assumptions or methodology.

<sup>2</sup> An additional \$13,023 was deducted by Bristol LSD to adjust for a past error by the data acquisition site so that future fund balances are accurate.



**Table 2-17a** details those performance audit recommendations that are included in the financial recovery plan presented in **Table 2-17**. These recommendations are separated by those that require contract renegotiation and those that do not require negotiation.

**Table 2-17a: Financial Impact of Performance Audit Recommendations**

Recommendations	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
<b>Increases/ (Decreases) Resulting from Revised Assumptions:</b>				
<b>R2.1</b> Real Estate Property Tax Receipts	\$29,890	\$46,994	\$64,936	\$83,747
<b>R2.2</b> Property Tax Allocation Receipts	\$14,539	\$21,125	\$27,909	\$34,896
<b>R2.3</b> Personal Services	(\$84,639)	(\$175,349)	(\$270,467)	(\$370,415)
<b>R2.4</b> Employees' Retirement/ Insurance Benefits	\$66,716	(\$78,253)	(\$245,451)	(\$437,727)
<b>R2.5</b> Supplies and Materials	(\$33,041)	(\$29,784)	(\$26,255)	(\$22,429)
<b>R2.6</b> Deferred Expenditures (Purchased Services)	\$48,125	\$49,568	\$51,055	\$52,587
<b>AOS Revised Forecast Assumptions Impact</b>	<b>\$41,590</b>	<b>(\$165,699)</b>	<b>(\$398,273)</b>	<b>(\$659,341)</b>
<b>Recommendations Not Subject to Negotiation:</b>				
<b>R4.2</b> Adjust Temperature Settings	\$8,800	\$9,064	\$9,336	\$9,616
<b>R4.4</b> Close Farmington Elementary	\$48,300	\$49,961	\$51,682	\$53,467
<b>R4.6</b> Join Purchasing Consortium <sup>1</sup>	\$10,563	\$11,308	\$11,880	\$12,481
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$67,663</b>	<b>\$70,333</b>	<b>\$72,898</b>	<b>\$75,564</b>
<b>Recommendations Subject to Negotiation:</b>				
<b>R3.2</b> Reduce Regular Education Staffing Levels by 8.0 FTEs <sup>2</sup>	\$294,230	\$312,808	\$332,816	\$354,281
<b>R3.3</b> Reduce Computer Programming Staffing Levels by 2.1 FTEs	\$73,800	\$78,471	\$83,503	\$88,902
<b>R3.4</b> Reduce Library Aide Staffing Levels by 0.7 FTEs	\$17,200	\$18,289	\$19,461	\$20,720
<b>R3.5</b> Reduce Copy Machine Operator Staffing Levels by 0.7 FTEs	\$9,700	\$10,128	\$10,574	\$11,036
<b>R3.6</b> Require Employee Contribution for Health Insurance	\$83,700	\$95,585	\$109,159	\$124,659
<b>R3.7</b> Prorate Employer Health Insurance Contributions for Part-time Employees	\$26,000	\$29,692	\$33,908	\$38,723
<b>R4.4</b> Close Farmington Elementary <sup>3</sup>	\$159,456	\$169,549	\$180,421	\$192,086
<b>R4.5</b> Reduce Custodial Staffing	\$14,300	\$15,205	\$16,180	\$17,226
<b>Total Recommendations Subject to Negotiation</b>	<b>\$678,386</b>	<b>\$729,727</b>	<b>\$786,022</b>	<b>\$847,633</b>
<b>Total Recommendations Included in Forecast</b>	<b>\$746,049</b>	<b>\$800,060</b>	<b>\$858,920</b>	<b>\$923,197</b>

**Source:** Financial Implications for all sections of this performance audit report

**Note:** Recommendations are appreciated according to the corresponding assumption made by the District or revised by AOS.

<sup>1</sup> Savings for FY 2004-05 have been offset by \$200, the one-time cost to join a consortium.

<sup>2</sup> Reflects 5 of the 8 teacher reductions because the District will not be filling three positions that will become vacant due to retirements. The savings related to not filling these three positions have been reflected in the forecast.

<sup>3</sup> Reflects staffing reductions, which are subject to negotiations.

**Table 2-17b** presents the financial impact of the Commission's resolutions, as estimated by the Commission and net of actions already proposed by this performance audit.

**Table 2-17b: Financial Planning & Supervision Commission's Actions**

<b>Commission Actions</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>
Technology Supervisor Hours Reduction	\$11,716	\$12,233	\$12,772	\$13,335	\$13,917
Cafeteria Staff Reduction <sup>1</sup>	\$35,864	\$0	\$0	\$0	\$0
Library Aide Staff Reduction <sup>1</sup>	\$13,074	\$0	\$0	\$0	\$0
Copy Machine Operator Staff Reduction <sup>1</sup>	\$4,850	\$0	\$0	\$0	\$0
Sweeper Cleaner Staff Reduction <sup>1</sup>	\$14,044	\$0	\$0	\$0	\$0
Computer Aide Staff Reduction	N/A	\$74,098	\$79,792	\$86,000	\$92,758
<b>Net Impact of Commission Actions</b>	<b>\$79,547</b>	<b>\$86,331</b>	<b>\$92,564</b>	<b>\$99,335</b>	<b>\$106,675</b>

**Source:** Financial Planning and Supervision Commission Resolutions

**Note:** Portions of these savings related to salaries were appreciated 4.41 percent annually (see **R2.3**), while portions attributable to benefits were appreciated at an aggregate rate of 10.9 percent (see **R2.4**).

<sup>1</sup> This action overlaps the recommendations of the performance audit, which are expected to be implemented in FY 2004-05. These savings will be reflected as estimated by the Financial Planning and Supervision Commission for FY 2003-04, but will be reflected as an AOS recommendation thereafter.

**Table 2-17c** illustrates ending fund balances as a percentage of total revenues for the following three scenarios:

- Using AOS revised forecasting assumptions and methodology, but without implementing the recommendations;
- Implementing AOS recommendations; and
- Implementing AOS recommendations and the Commission's resolutions.

As fiscal oversight designations are based on the ending fund balance as a percentage of total projected revenue, the scenarios presented depict the likelihood of Bristol LSD remaining in fiscal emergency during the forecast period.

**Table 2-17c: Fund Balance to Prior Year Total Revenue**

<b>Fiscal Year</b>	<b>Scenario One: No Commission Actions No AOS Recommendations</b>	<b>Scenario Two: No Commission Actions With AOS Recommendations</b>	<b>Scenario Three: With Commission Actions and AOS Recommendations</b>
FY 2001-02	2.1%	2.1%	2.1%
FY 2002-03	(6.3%)	(6.3%)	(6.3%)
FY 2003-04	0.0%	0.0%	1.5%
FY 2004-05	(8.1%)	4.3%	7.1%
FY 2005-06	(22.8%)	2.3%	6.5%
FY 2006-07	(34.9%)	3.3%	9.0%
FY 2007-08	(51.1%)	0.6%	7.8%

**Source:** Bristol LSD five-year forecast and AOS revised five-year forecast

<sup>1</sup> The projected fund balance in FY 2003-04 includes the impact of an interest free advance from the state solvency fund.

As shown in **Table 2-17c**, without implementing AOS recommendations or Commission actions, the District's ending fund balance as a percentage of total revenues decreases significantly each year during the forecast period. In scenario two, when only the performance audit recommendations are included, Bristol LSD's ending fund balance in FY 2007-08 is less than 2 percent, potentially qualifying for fiscal caution as defined by ORC § 3316.03. However, by including the performance audit recommendations and Commission actions in scenario three, the District's ending fund balances as a percentage of prior year revenues are much higher than the two percent threshold. Therefore, the District should strongly consider the recommendations included in this performance audit, in conjunction with the Commission's actions, to ensure that the requirements for removal from fiscal oversight are met.

At the end of this performance audit, the District negotiated a zero percent COLA with the collective bargaining units for FY 2004-05 and indicated that employees opting out of health insurance after January 1, 2004, will receive 12 percent of the premium costs, rather than 50 percent. Consequently, the ending fund balances in **Table 2-17** would increase; thereby further improving the District's financial condition and potentially allowing the District to minimize staffing reductions within regular education (see **R3.2** in **human resources**). The District's financial condition could be further improved if the District negotiates COLAs less than the three percent assumed in these projections for future years.

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# Human Resources

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## Background

This section of the report focuses on the human resources operations of the Bristol Local School District (Bristol LSD). Peer districts information, and best practice data from the Ohio Department of Education (ODE) and the State Employment Relations Board (SERB) will be used for comparisons throughout this report.

### *Organizational Function*

Bristol LSD does not have a separate department that performs human resources activities. The primary human resources responsibilities are completed by the superintendent and the treasurer. The superintendent recruits and selects new employees; participates in new employee orientations; monitors compliance with employment standards (criminal background checks and teaching certifications); facilitates employee performance evaluations; maintains employee personnel files; negotiates and administers collective bargaining agreements; administers and monitors grievance policies and procedures; conducts disciplinary hearings; and places selected substitutes. The treasurer handles everything related to payroll, insurance and benefits. In addition, the superintendent and treasurer collaborate on issues such as contract negotiations, and benefits administration. Each spends approximately ten percent of their time on human resources responsibilities.

### *Staffing*

**Table 3-1** illustrates the actual staffing levels at Bristol LSD and the peer districts during FY 2002-03, as reported in the Educational Management Information System (EMIS). Adjustments were made to the corresponding EMIS reports based on interviews with appropriate district personnel to ensure comparability and consistency in reporting. All positions are shown as full-time equivalents (FTEs). Calculations are based on an eight hour day, 260 days per year with the exception of certificated staff.

**Table 3-1: FTE Staffing Levels for FY 2002-03**

Category	Bristol LSD	Joseph Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average
<b>Administrators: Subtotal</b>	<b>4.4</b>	<b>7.0</b>	<b>5.0</b>	<b>3.2</b>	<b>5.1</b>
Central Based Administrators	2.0	3.0	2.0	2.2	2.4
Site Based Administrators	2.4	4.0	3.0	1.0	2.7
<b>Professional Education: Subtotal</b>	<b>64.0</b>	<b>74.0</b>	<b>57.0</b>	<b>38.0</b>	<b>56.2</b>
Curriculum Specialists	0.0	0.0	1.0	0.0	0.3
Counseling	2.0	3.0	2.0	1.0	2.0
Librarian/Media	1.0	2.0	1.0	1.0	1.3
Remedial Specialists	0.0	2.0	2.0	2.0	2.0
Regular Education Teachers	45.6	50.5	34.5	30.2	38.4
Special Education Teachers	6.0	4.0	4.0	2.0	3.3
Vocational Education Teachers	0.0	0.0	2.5	0.0	0.8
Tutor / Small Group Instructors	2.5	0.0	0.0	0.0	0.0
Educational Service Personnel <sup>1</sup>	4.9	8.5	8.0	1.8	6.1
Other Professional	2.0	4.0	2.0	0.0	2.0
<b>Professional – Other</b>	<b>0.9</b>	<b>4.0</b>	<b>0.6</b>	<b>0.0</b>	<b>1.5</b>
<b>Technical : Subtotal</b>	<b>3.5</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.3</b>
Computer Operator	2.1	0.0	0.0	0.0	0.0
Printer	0.0	0.0	0.0	0.0	0.0
Library Aide	1.4	0.0	1.0	0.0	0.3
<b>Office / Clerical: Subtotal</b>	<b>4.8</b>	<b>5.1</b>	<b>7.3</b>	<b>3.5</b>	<b>5.3</b>
Bookkeeping	0.0	0.0	1.0	1.0	0.7
Clerical	3.2	4.9	4.4	0.8	3.3
Teaching Aide	1.0	0.0	2.0	0.0	0.7
Other Office/Clerical	0.5	0.2	0.0	1.7	0.6
<b>Crafts / Trades</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.7</b>
<b>Transportation</b>	<b>5.2</b>	<b>9.7</b>	<b>7.0</b>	<b>4.4</b>	<b>7.0</b>
<b>Attendance Officer</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.3</b>
<b>Custodial</b>	<b>8.0</b>	<b>8.5</b>	<b>2.0</b>	<b>3.4</b>	<b>4.6</b>
<b>Food Service</b>	<b>8.4</b>	<b>11.0</b>	<b>5.5</b>	<b>3.0</b>	<b>6.5</b>
<b>Monitoring</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.3</b>
<b>Other Service Worker / Laborer</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total FTEs</b>	<b>100.1</b>	<b>119.3</b>	<b>87.5</b>	<b>57.5</b>	<b>87.8</b>

Source: FY 2002-03 EMIS Staff Summary Report and School Enrollment from Bristol LSD and the peer districts

Note: FTE numbers have been adjusted to allow for an accurate comparison between Bristol LSD and peer districts

<sup>1</sup> The educational service personnel classification only includes grades K – 8 elementary art, elementary music, and elementary physical education teachers. All other positions classified as education service personnel according to the Ohio Administrative Code are coded separately in EMIS.

It is recognized that staffing levels within a school district vary depending on the number of students enrolled. **Table 3-2** illustrates the staffing levels per 1,000 Average Daily Membership (ADM) at Bristol LSD and the peer districts for FY 2002-03.

**Table 3-2: FTE Staffing Levels for FY 2002-03 per 1000 ADM**

Category	Bristol LSD <sup>2</sup>	Joseph Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average
<b>ADM</b>	<b>914</b>	<b>1,093</b>	<b>875</b>	<b>682</b>	<b>883</b>
<b>Administrators: Subtotal</b>	<b>4.7</b>	<b>6.4</b>	<b>5.5</b>	<b>4.8</b>	<b>5.5</b>
Central Based Administrators	2.1	2.7	2.2	3.3	2.7
Site Based Administrators	2.6	3.7	3.3	1.5	2.8
<b>Professional Education: Subtotal</b>	<b>70.1</b>	<b>67.7</b>	<b>62.8</b>	<b>57.0</b>	<b>62.5</b>
Curriculum Specialist	0.0	0.0	1.1	0.0	0.4
Counseling	2.2	2.7	2.2	1.5	2.1
Librarian/Media	1.1	1.8	1.1	1.5	1.5
Remedial Specialists	0.0	1.8	2.2	3.0	2.3
Regular Education Teachers	49.9	46.2	38.0	45.3	43.2
Special Education Teachers	6.6	3.7	4.4	3.0	3.7
Vocational Education Teachers	0.0	0.0	2.8	0.0	0.9
Tutor / Small Group Instructors	2.7	0.0	0.0	0.0	0.0
Educational Service Personnel <sup>1</sup>	5.4	7.8	8.8	2.7	6.4
Other Professional	2.2	3.7	2.2	0.0	2.0
<b>Professional – Other</b>	<b>1.0</b>	<b>3.7</b>	<b>0.7</b>	<b>0.0</b>	<b>1.5</b>
<b>Technical : Subtotal</b>	<b>3.8</b>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>	<b>0.4</b>
Computer Operator	2.3	0.0	0.0	0.0	0.0
Printer	0.0	0.0	0.0	0.0	0.0
Library Aide	1.5	0.0	1.1	0.0	0.4
<b>Office / Clerical: Subtotal</b>	<b>5.1</b>	<b>4.7</b>	<b>8.1</b>	<b>5.3</b>	<b>6.0</b>
Bookkeeping	0.0	0.0	1.1	1.5	0.9
Clerical	3.5	4.5	4.8	1.2	3.5
Teaching Aide	1.1	0.0	2.2	0.0	0.7
Other Office/Clerical	0.5	0.2	0.0	2.6	0.9
<b>Crafts / Trades</b>	<b>1.1</b>	<b>0.0</b>	<b>1.1</b>	<b>1.5</b>	<b>0.9</b>
<b>Transportation</b>	<b>5.7</b>	<b>8.9</b>	<b>7.7</b>	<b>6.6</b>	<b>7.7</b>
<b>Attendance Officer</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>	<b>0.4</b>
<b>Custodial</b>	<b>8.8</b>	<b>7.8</b>	<b>2.2</b>	<b>5.1</b>	<b>5.0</b>
<b>Food Service</b>	<b>9.2</b>	<b>10.1</b>	<b>6.1</b>	<b>4.5</b>	<b>6.9</b>
<b>Monitoring</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.5</b>	<b>0.5</b>
<b>Other Service Worker / Laborer</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total FTEs</b>	<b>109.5</b>	<b>109.3</b>	<b>96.4</b>	<b>86.3</b>	<b>97.3</b>

Source: FY 2002-03 EMIS Staff Summary Report and School Enrollment from Bristol LSD and the peer districts

Note: FTE numbers have been adjusted to allow for an accurate comparison between Bristol LSD and peer districts

<sup>1</sup> The educational service personnel classification only includes elementary art, elementary music, and elementary physical education teachers. All other positions classified as education service personnel according to the Ohio Administrative Code are coded separately in EMIS.

<sup>2</sup> At the end of FY 2002-03, the Board approved staffing reductions that are not reflected in **Tables 3-1** and **3-2**.

As illustrated in **Table 3-2**, Bristol LSD has a higher number of FTE employees per 1,000 ADM than the peer average in numerous classifications. In an effort to reduce expenditures, the Board approved the following staffing reductions at the end of FY 2002-03: 1.0 FTE regular education

position, 0.5 FTE administrative assistant position, and 0.2 FTE other professional (technology coordinator). Nonetheless, Bristol LSD has a relatively higher number of FTEs per 1,000 ADM in the following classifications:

- Regular Education (see **R3.2**)
- Special Education (see page 3-7)
- Tutors and Small Group Instructors (see page 3-7)
- Computer Operators (see **R3.3**);
- Library Aides (see **R3.4** and the **facilities** section);
- Teaching Aides (see page 3-7)
- Other Office Clerical (see **R3.5**)
- Crafts/Trades (see the **facilities** section);
- Custodial (see the **facilities** section); and
- Food Service (see the **facilities** and **financial systems** section).

### *Collective Bargaining Agreements*

Certificated and classified personnel within Bristol LSD are governed by negotiated agreements. During this performance audit, certain contractual and employment issues were assessed and compared to the peer districts. Because contractual and employment issues directly affect the operating budget, many of the issues have been assessed to show the financial impact on Bristol LSD. The implementation of any recommendations would require good faith negotiations with the respective bargaining units. **Table 3-3** and **Table 3-4** illustrate key contractual issues in the certificated and classified negotiated agreements.



**Table 3-3: Certificated Contractual Agreement Comparisons**

	<b>Bristol LSD</b>	<b>Joseph Badger LSD</b>	<b>Mechanicsburg EVSD</b>	<b>Southington LSD</b>
<b>Length of work day</b>	435 minutes	430 minutes	435 minutes	430 minutes
<b>Maximum class size</b>	Ohio Minimum Standards K-12: 25:1	K-4: <25 5-12: <28	K-4 <25 5-12 <25	Ohio Minimum Standards K-12: 25:1
<b>Number of contract days</b>	184	183	184	183
<b>Instructional</b>	178	178	178	178
<b>In-Service</b>	4	3	4	3
<b>Parent/Teacher Conferences</b>	2	2	2	2
<b>Maximum # of Sick Days Accrued</b>	Unlimited	Unlimited	254 days	305 days
<b>Maximum number of sick days paid upon retirement</b>	80 days	80 days	84.5 days	76 days
<b>Professional Leave</b>	2 days	2 days	None	None
<b>Personal days received</b>	3 days	3 days	4 days	4 days
<b>Required notice</b>	7 days	24 hours	5 days	4 days
<b>Number of leave days for association business</b>	8 days	4 days	6 days	3 days
<b>Sabbatical leave</b>	None	2 semesters	1 year	1 year
<b>District pick-up on employee retirement contribution</b>	No	No	No	No
<b>Annual cost of living increases</b>	2001-02: 4.0% 2002-03: 4.0% 2003-04: 4.0%	2001-02: 6.0% 2002-03: 4.0% 2003-04: 4.0%	2002-03: 5.75% 2003-04: 4.5% 2004-05: 4.0%	2002-03: 2.0% 2003-04: 2.5% 2004-05: 4.0%
<b>Reduction in Force Clause limiting the number of potential staff reductions</b>	Four full time certificated or classified positions may be reduced over the life of the contract	None Stated	None Stated	None Stated

Source: Certificated negotiated agreements from Bristol LSD and the peer districts; interviews with the personnel of Bristol LSD and peer districts.

**Table 3-4: Classified Contractual Agreement Comparisons**

	<b>Bristol LSD</b>	<b>Joseph Badger LSD<sup>1</sup></b>	<b>Mechanicsburg ESD<sup>2</sup></b>	<b>Southington LSD</b>
<b>Maximum call-in hours paid for emergencies</b>	2 hours	None Stated	None Stated	None Stated
<b>Paid vacation accumulation schedule</b>	1-5 years: 10 days 6-12 years: 15 days 13-20 years: 20 days 21 years: 25 days	1-9 years: 10 days 10-19 years: 20 days 20 years: 25 days Secretarial - None	1-14 years: 10 days 15-19 years: 15 days 20 years: 20 days	1-6 Years: 10 days <sup>3</sup> 7-14 years: 15 days <sup>3</sup> 15 years: 20 Days <sup>3</sup>
<b>Sick and personal leave use incentive</b>	\$300 if no sick leave or personal leave is used \$150 if 1 day of sick or personal leave is used \$100 if 2 days of sick or personal leave is used	None Stated	None Stated	If no leave per semester, one day of pay or minimum of \$25 <sup>4</sup>
<b>Maximum number of sick leave days accrued</b>	Unlimited	350 days	254 days	Unlimited <sup>4</sup>
<b>Maximum number of sick leave days paid upon retirement</b>	80 days	80 days	84.5 days	76.25 days <sup>4</sup>
<b>Personal days received<sup>5</sup></b>	4 days	3 days	4 days	4 days <sup>4</sup>
<b>Required notice</b>	168 hours	24 hours	5 days	4 days <sup>4</sup>
<b>Number of holidays for 12-month employees</b>	11 days	11 days	10 days	11 days <sup>3</sup>
<b>Number of holidays for less than 12-month employees</b>	8 days	8 days	8 days	8 days <sup>3</sup>
<b>Number of leave days for association business</b>	8 days	None	6 days	10 days <sup>3</sup>
<b>District pick-up of employee SERS contributions</b>	No	No	No	No
<b>Annual cost of living increases</b>	2001-02: 4.0% 2002-03: 4.0% 2003-04: 4.0%	2001-02: 6.0% 2002-03: 4.0% 2003-04: 4.0%	2001-02: 5.75% 2002-03: 4.5% 2003-04: 4.0%	2002-2003: 0.0% 2003-2004: 2.5% 2004-2005 <sup>3</sup> : 4.0%
<b>Reduction in Force Clause</b>	Four full time certificated or classified positions may be reduced over the life of the contract	None Stated	None Stated	None Stated

Source: Classified negotiated agreements from Bristol LSD and the peer districts; interview with the personnel of Bristol LSD and peer districts.

<sup>1</sup> Joseph Badger LSD has a separate union for secretarial employees; any differences between the two contracts were noted

<sup>2</sup> Contract comparisons include Mechanicsburg EVSD’s use of policies and procedures in place of a formal bargaining unit agreement because it operates without negotiated contracts for classified staff.

<sup>3</sup> Southington's expired contract was used for the analysis because these provisions have not yet been renegotiated.

<sup>4</sup> Southington's appendix to the expired contract was used for the analysis

<sup>5</sup> Bristol LSD’s contract stipulates that only 12 month employees receive 4 personal days while less than 12 month receive only 3 days .The peer districts offer 4 days to every bargaining unit employee.

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

- *Special education teacher staffing:* Although Bristol LSD has higher special education teacher FTEs per 1,000 ADM and higher special education student to teacher ratios when compared to the peers, Bristol LSD appears to employ an appropriate level of special education teachers based on ODE's student to teacher ratio requirements by type of disability.
- *Teaching aides:* Bristol LSD has 1.0 FTE teaching aide who performs functions as stated in an individual education plan (IEP) for one special education student.
- *Tutor/small group instruction:* Of the 2.5 tutor/small group FTEs, 2.0 FTEs are 100 percent funded through the Title I program for FY 2003-04 to assist with reading development. The remaining 0.5 FTE is 50 percent funded through the General Fund and is an elementary teacher who performs tutoring and teaching duties.
- *Leave use:* Excluding employees who used 20 or more sick days (seven employees), Bristol LSD employees used an average of 5.5 sick days per FTE in FY 2002-03. This is less than the state average of 6.9 for Ohio Education Association (OEA) employees, as reported by the Ohio Department of Administrative Services (ODAS).
- *Salary and supplemental contracts:* Bristol LSD has the fourth lowest starting teachers' salary in Trumbull County and average salaries were comparable to the peers. The supplemental contracts analysis indicated that Bristol LSD spent 31 percent less than the peer average in total supplemental contractual expenses for 2002-03. In addition, Bristol LSD's average supplemental contract cost per student was \$107.62, considerably less than the peer average of \$148.10 per student.
- *Maximum number of sick days accrued:* Even though Bristol LSD personnel can accrue unlimited sick leave, the amount of sick days used per year is less than the ODAS average for state employees. Also, the maximum amount of sick days paid upon retirement is comparable to the peers.
- *Number of leave days for association business:* Although Bristol LSD offers 8 days for association business leave when compared to the peer average of 5 days, the superintendent indicated that this leave is not granted when the District can no longer afford to pay for the substitute. Also, the District and the bargaining unit share the costs for this leave to help alleviate the financial burden. Furthermore, the superintendent indicated that no association leave requests have occurred over the past three years.
- *Professional leave:* Bristol LSD provides each certificated employee with 2 days of professional leave, although not offered by Mechanicsburg EVSD and Southington LSD.

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However, Bristol LSD funds this leave through a State block grant for professional development, including the cost for substitutes. Therefore, professional leave does not impact the General Fund and was not further assessed.

- *Sick and personal leave use incentive:* Bristol LSD offers a tiered leave incentive program which has a positive impact on the number of sick days taken by the certificated and classified employees. The District paid \$4,350 in incentives to employees during FY 2002-03 for limited use of sick leave. However, the District would have paid an additional \$2,600 in substitute costs if these employees took 6.9 days per year or an equivalent of the ODAS average for sick leave taken by state employees. Therefore, the sick and personal leave incentive appears to be cost-effective for the District.
- *Insurance buy-out clause:* Bristol LSD offers a buy-out incentive program which allows an employee to “opt out” of insurance coverage in exchange for a payment equal to 50 percent of the single premium costs for the current year. Since the one-time “opt out” payment costs less than insuring the employee for an entire year, this clause is saving the District in insurance expenditures. This assumes that those employees would participate in Bristol LSD’s health care plan if the District did not offer an “opt out” clause. In FY 2002-03, eighteen employees received payments for “opting out” of insurance coverage.

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## General Recommendations

### *Collective Bargaining Agreements*

- R3.1 Bristol LSD should work with its legal counsel to determine if language in the collective bargaining agreement governing certificated and classified staff should be altered or eliminated to ensure that the District can implement a reduction in force (RIF) when necessary.**

The District indicated that it has not been able to implement RIFs of more than four full-time employees, due to language in its collective bargaining agreement governing certificated and classified employees. Article 10.031 in the certificated and classified collective bargaining agreement states that “The equivalent of four (4) full-time positions may be reduced over the life of the contract without invoking the 9.02 ERI (early retirement incentive) provision provided that the classroom student-teacher ratio does not exceed 25 to 1...the four positions that may be reduced under this section may be classified, certified or a combination of both.” The current collective bargaining agreement is in effect from July 1, 2001 to June 30, 2004, and has subsequently been extended to June 30, 2005. None of the peer negotiated agreements contain a similar provision. Furthermore, the inclusion of such a provision in Bristol LSD’s agreements appears to limit the District’s ability to respond to changes in its financial situation and student enrollment. This inability to react to changes will add to current and potential deficits.

### *Staffing*

- R3.2 Based on the District’s current and projected financial condition (see the financial systems section), Bristol LSD should consider reducing 8.0 regular education teaching positions. However, before the District makes any reductions, it should determine the potential impact of these reductions on individual teacher class sizes, the attainment of its mission and goals, and on student contact time.**

**Table 3-5** demonstrates the average number of regular education students per regular education teacher at Bristol LSD and peer districts.

**Table 3-5: Regular Education Student to Regular Education Teacher Ratios**

	Bristol LSD	Joseph Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average	Percent Difference
Average enrollment <sup>1</sup>	798	998	747	582	776	2.9%
Total Regular Teachers	44.6 <sup>2</sup>	50.5	34.5	30.2	38.4	16.1%
Regular Student to Teacher Ratio	17.9:1	19.8:1	21.7:1	19.3:1	20.2:1	(11.4%)

Source: Bristol LSD and peer school districts

<sup>1</sup> Average enrollment was calculated using the 2002-03 district report card disabilities percentages and subtracting out that percentage from the ODE 2002-03 enrollment report

<sup>2</sup> Reflects board approved reduction of 1.0 FTE.

**Table 3-5** illustrates that Bristol LSD has the lowest number of regular education students per regular education teacher when compared to the peers. Although Bristol LSD has the lowest student to teacher ratio, it only met 14 standards in FY 2002-03, compared to 16 met by the peers. If Bristol LSD reduces its teaching staff by 4.0 FTEs, the regular student per teacher ratio would be 19.7 students per teacher, which is comparable to Joseph Badger LSD and Southington LSD but still lower than Mechanicsburg EVSD. If Bristol LSD reduces its teaching staff by 8.0 FTEs, the student per teacher ratio would be 21.8 students per teacher, which is comparable to Mechanicsburg EVSD but still lower than the maximum class size allowed by the certificated negotiated agreement.

*Financial Implication:* Based on an average annual salary of \$41,219 per regular education personnel and benefits being equal to 42 percent of annual salaries (see the **financial systems** section), Bristol LSD could generate annual cost savings of approximately \$468,000 by reducing 8.0 regular education personnel.

**R3.3 Bristol LSD should consider eliminating 2.1 computer operator FTEs. The District should review the current duties performed by these positions and contract with the Trumbull County Educational Service Center (TCESC) to train regular education teachers and aides to handle these tasks in-lieu of the computer operating staff.**

The 2.1 computer operator FTEs instruct students using the computer labs, while regular education teachers provide assistance. In contrast, the peer districts offer technical support directly through the teachers. According to Bristol LSD, computer operator staff are used because the teachers have not had the computer training necessary to provide computer instruction. In order to ensure regular teachers are trained appropriately in computer instruction, Bristol LSD should use the TCESC's computer literacy program or another similar program to train teachers in basic computer instruction to students. In addition to reducing costs, providing computer instruction training to regular education teachers could enable them to effectively apply technology in the classroom.

*Financial Implication:* Bristol LSD could generate cost savings of approximately \$73,800 annually by reducing the 2.1 computer operating FTEs, based on an average salary of \$24,736 and benefits equal to 42 percent of salaries. Although training costs cannot be readily quantified, they would depend on TESC's rate, number of training hours, and number of teachers requiring the training.

**R3.4 Bristol LSD should consider terminating the current contract with the Bristolville Public Library to eliminate the mandatory use of 0.7 FTE library aide and spending \$7,000 for library media, which increases annually. Instead, the District should use the middle school library to fulfill the needs of the high school and middle school students.**

Bristol LSD uses a 0.7 FTE library aide FTE to assist students at the public library located across from the high school. Although the library is a public facility and financially supported with local taxes and donations, Bristol LSD has a contract to provide the local library with a library aide and approximately \$7,000 annually for the purchase of library media and materials, in exchange for allowing high school students to use the library during school hours.

Since the library is a public institution, it should still be available for use by anyone in the community, including students, during school hours without placing a financial burden on the District to pay for an aide and library media. If the library does not have the staff to manage a group of students, the District should use its regular education teachers and aides to provide extra coverage for the students during school hours at the public library or use the District libraries for the students. The peer districts do not use external libraries for their students. Furthermore, the District indicated that library media and resources in the middle school library need to be updated to fulfill the needs of both the middle and high school students. Therefore, the District should use the \$7,000 for library media to update its middle school library.

*Financial Implication:* Bristol LSD could generate cost savings of approximately \$17,200 by reducing 0.7 library aid FTE, based on an average annual salary of approximately \$12,126 and benefits equal to 42 percent of annual salaries. Savings related to library media depends on the level of updates and additional resources needed for the middle school library.

**R3.5 During future contract negotiations, Bristol LSD should require staff to do their own copying and eliminate the copy machine services, provided by a 0.7 FTE copy machine operator.**

Currently, Bristol LSD is contractually required to use a copy machine operator to handle all copying services for certificated staff. This provision was included in the contract to alleviate staff workload. In contrast, the peer districts are able to save the cost of additional personnel by providing certificated staff with a copying code to ensure accurate record keeping and allowing staff to handle copying tasks independently. Having staff do their own copying should not negatively impact the quality of educational materials used in the classrooms, and would save the District the cost of additional personnel.

*Financial Implication:* If Bristol LSD eliminated the 0.7 FTE copy machine operator, it would save approximately \$9,700 annually in salaries. However, no benefits could be saved because this position does not receive benefits.

### *Benefits*

**R3.6 During future contract negotiations, Bristol LSD should seek changes to its health insurance coverage so that all employees pay a portion of the monthly premium cost for health insurance. The employee contribution should be stated as a percentage rather than a fixed dollar amount in order to help the District offset annual increases in health care costs. The District should seek a 10 percent employee contribution from employees working seven hours or more, which is in line with the costs shared by employees state-wide.**

**Furthermore, Bristol LSD should review the TCESC's premium costs and plan benefit levels to ensure its healthcare costs are effectively controlled by participating in this consortium. If needed, the District should seek changes to healthcare benefits during future contract negotiations with TCESC to ensure that the premium costs and benefits levels are advantageous to the District. The District should also consider obtaining additional competitive bids for health care.**

**Table 3-6** shows that Bristol LSD does not require any of its employees to contribute to health care premiums, and compares monthly premium costs to the peers.



**Table 3-6: Health Insurance Premiums in FY 2002-03**

School	Type of Plan	Monthly Premium for Single Plan	Full-time Employee Share for Single Plan	Monthly Premium for Family Plan	Full-time Employee Share for Family Plan
<b>Bristol LSD</b>	Traditional Plan	\$ 411.84	\$ 0	\$ 1,030.83	\$ 0
	PPO Plan	\$ 333.38	\$ 0	\$ 834.25	\$ 0
	HMO Plan	\$ 434.09	\$ 0	\$ 987.83	\$ 0
<b>Joseph Badger LSD</b>	Traditional Plan	\$ 391.94	\$ 0	\$ 1,005.49	\$ 0
	PPO Plan	\$ 357.92	\$ 0	\$ 929.68	\$ 0
	HMO Plan	-	\$ -	\$ -	\$ -
<b>Mechanicsburg EVSD</b>	Traditional Plan	\$ 282.52	\$ 36.02	\$ 776.97	\$ 99.06
	PPO Plan	-	\$ -	\$ -	\$ -
	HMO Plan	-	\$ -	\$ -	\$ -
<b>Southington LSD</b>	Traditional Plan	\$ 481.24	\$ 0	\$ 1,007.26	\$ 0
	PPO Plan	\$ 357.92	\$ 0	\$ 929.68	\$ 0
	HMO Plan	\$ 434.09	\$ 0	\$ 987.83	\$ 0
<b>SERB Average (0-1,000 students)<sup>1</sup></b>		\$ 348.74	\$ 44.16	\$ 875.94	\$ 136.29

**Source:** Trumbull County ESC and Mechanicsburg EVSD

**Note:** Bristol LSD, Joseph Badger LSD and Southington LSD data is for calendar year 2003, while Mechanicsburg data is for state fiscal year 2003 (July 1, 2002 to June 30, 2003).

<sup>1</sup> SERB average is for schools with less than 1,000 students. This was obtained from the 2002 Report on Cost of Health Insurance in Ohio's Public Sector. It has been adjusted to reflect a 17.1 percent increase for single and a 17.3 percent increase for family plan coverage.

As shown in **Table 3-6**, Bristol LSD's single and family premium costs are the second highest and highest, respectively, among the peers for traditional plans. All of the districts, except Mechanicsburg EVSD, participate in the TCESC consortium for health care benefits. In FY 2002-03, the rates differed based on the initial District claim rate assessment and because the participants agreed to absorb increases as a group. However, starting on January 1, 2004, all districts participating in the TCESC program will be required to use the same plan, the One Plan which will include a PPO, HMO and a traditional option. All districts will be required to pay the same premium costs for each plan option.

For FY 2002-03, Bristol LSD paid approximately \$836,500 for health care benefits without an employee contribution while Mechanicsburg EVSD employees were required to pay a portion of premiums to help control costs. In addition, the SERB 2002 Report on Cost of Health Insurance in Ohio's Public Sector states that 70 percent of public employees contribute to their health care costs and the average contribution is approximately 13 percent for school districts of similar size to Bristol LSD. If Bristol

LSD were to require a 10 percent contribution from all full time employees, the District could begin to help offset annual healthcare costs.

**Table 3-7** compares the key medical insurance benefits of the One Plan that all TCESC consortium districts will have starting January 1, 2004 to Mechanicsburg EVSD.

**Table 3-7: Health Insurance Benefits FY 2003-04**

Description	One Plan			Mechanicsburg EVSD
	Traditional	PPO (in network)	HMO	Traditional
Office Visits	90%	100% after \$10 co-pay	100% after \$10 co-pay	100% after \$10 co-pay
Employee annual deductible	\$ 200 (S) / \$400 (F)	None Stated	None State	None Stated
Out-of-Pocket maximum	\$500 (S) / \$1,000 (F)	None Stated	None Stated	\$500(S) / \$1,000(F)
Prescription plan included	Generic: \$5 co-pay; Brand Name: \$10 co-pay	Generic: \$5 co-pay; Brand Name: \$10 co-pay	Generic: \$5 co-pay; Brand Name: \$10 co-pay	Generic \$7 co-pay; Brand Name: 25% co-pay
Need to choose primary physician	No	No	Yes	No
Maternity	100%	100%	100%	100%
Well-child care	90% limited to \$500 per child	100% after \$10 co-pay	100% after \$10 co-pay	100% after a \$10 co-pay
Inpatient hospital care	100% 180 days	100%	100% after \$100 annual co-pay	100%

Source: Bristol LSD and peer negotiated contracts

As indicated in **Table 3-7**, the benefit levels offered by Mechanicsburg EVSD are similar to the benefit levels offered by the One Plan. However, the traditional coverage offered by Mechanicsburg EVSD for office visits, annual deductibles, well child care and inpatient hospital care are greater than those offered by the traditional plan in the One Plan. Conversely, Mechanicsburg requires higher employee co-pays for prescriptions than all three of the components in the One Plan, and requires out-of-pocket maximums which are not required in the One Plan’s PPO and HMO. While Mechanicsburg appears

to provide a comparable level of benefits, its premium costs are considerably lower than Bristol and the other peers (see **Table 3-6**). Mechanicsburg left its consortium and is currently under contract with a brokerage firm for its health care.

Although health care costs could be controlled by pooling resources in the TCESC consortium, future premium rates have not yet been established. To ensure the new premium costs and benefit levels are the most cost effective, Bristol LSD should seek competitive bids and quotes from other potential vendors.

*Financial Implication:* Assuming that Bristol LSD required a full-time employee contribution equal to 10 percent for single and family coverage, the District would save approximately \$83,700 annually.

**R3.7 Bristol LSD should implement a graduated scale for employee contributions to health care premiums based on the number of hours worked by employees. Currently, full benefits are available to all classified staff working a minimum of four hours per day with no employee contribution required. If the District used a prorated scale based on the number of hours worked for employees working less than seven hours per day, it would decrease health care premium costs.**

Bristol LSD does not require part-time employees to contribute to the cost of health care. **Table 3-8** demonstrates a prorated scale for the health care premium cost per employee based on the number of hours worked per day.

**Table 3-8: Prorated Health Care Premium Cost Scale**

Number of Hours Worked	Percent of Health Care Premium Responsibility for Employee <sup>1</sup>	Monthly Cost to Employee for Single Coverage <sup>2</sup>	Monthly Cost to Employee for Family Coverage
4 hours	50.0%	\$205.92	\$515.42
5 hours	37.5%	\$154.44	\$386.56
6 hours	25.0%	\$102.96	\$257.71

Source: Bristol LSD Treasurer's Office

<sup>1</sup> Percentages are based on a full-time day equivalent to eight hours

<sup>2</sup> Based on monthly premiums effective May 1, 2003 of \$411.84 for single and \$1,030.83 for family

Bristol LSD provides health care to nine classified employees working less than seven hours per day. Southington LSD does not provide health care to employees working less than 32 hours per week. Although a prorated premium scale would reduce the costs to Bristol LSD, it would still allow employees working less than 7 hours per day the opportunity to obtain healthcare benefits in a cost effective way. Using the District's premium costs effective May 1, 2003, the cost of health care for these employees is approximately \$111,000.

*Financial Implication:* If Bristol LSD implemented a prorated insurance benefit for its classified staff working less than seven hours per day, it would realize estimated annual cost savings of approximately \$26,000. Additional cost savings could result if part-time employees opt out of the District's health care program.

## Financial Implications Summary

The following table represents a summary of the annual cost savings for the recommendations in this section of the report. Only recommendations with quantifiable financial implications are listed.

### Summary of Financial Implications Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
<b>R3.2 Reduce regular education teaching staff by 8.0 FTEs</b>	\$468,000
<b>R3.3 Reduce computer programming staff by 2.1 FTEs</b>	\$73,800
<b>R3.4 Reduce library aide 0.7 FTE</b>	\$17,200
<b>R3.5 Reduce 0.7 FTE copy machine operator</b>	\$9,700
<b>R3.6 Require employee contribution for health insurance</b>	\$83,700
<b>R3.7 Prorate health insurance</b>	\$26,000
<b>Total</b>	<b>\$678,400</b>

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# Facilities

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## Background

The facilities section focuses on custodial and maintenance operations, building capacity and utilization rates in the Bristol Local School District (Bristol LSD). The objective is to analyze building operations in Bristol LSD and develop recommendations for improvements and reductions in expenditures.

### *Organizational Structure and Function*

The maintenance supervisor oversees all custodial and maintenance operations. The maintenance supervisor is responsible for the immediate supervision of the custodial and maintenance staff, and for completing annual performance evaluations. The maintenance supervisor reports to the superintendent who assists with minor administrative tasks, including performance evaluations.

Bristol LSD's maintenance staff consists of one full-time equivalent (1.0 FTE) maintenance supervisor and one full-time equivalent (1.0 FTE) maintenance worker. The maintenance supervisor divides his time equally between administrative duties (0.5 FTE) and assisting the maintenance worker (0.5 FTE) in completing tasks. The maintenance staff is responsible for maintaining the district's buildings, responding to emergency repair needs and completing a majority of the grounds work.

The custodial staff is responsible for opening, closing and cleaning the buildings, and completing minor maintenance functions. The goal of the custodial staff is to provide the students with a safe, attractive and clean place in which to learn, play and develop.

**Table 4-1** presents the staffing levels and the number of FTE employees responsible for maintaining Bristol LSD's facilities.

**Table 4-1: Number of Positions and Full-Time Equivalents for FY 2003-04**

Classification	Total Number of Positions	Number of Full-Time Equivalents
Maintenance Supervisor	0.5	0.5
Maintenance Workers	1.5	1.5
<b>Total Maintenance</b>	<b>2.0</b>	<b>2.0</b>
Custodians	8.0	8.0
<b>Total Custodial</b>	<b>8.0</b>	<b>8.0</b>
<b>Total</b>	<b>10.0</b>	<b>10.0</b>

**Source:** Bristol LSD's Superintendent's Office

**Note:** The maintenance supervisor divides his time equally between administrative and staff duties.

In FY 2003-04, Bristol LSD's custodial and maintenance staff consists of 10.0 FTEs including the supervisor. Bristol LSD has three buildings including an elementary school, a middle school and a high school. The elementary school is assigned 2.5 custodial FTEs, the middle school is assigned 2.0 FTEs, and the high school is assigned 3.5 FTEs. The 2.0 FTE maintenance staff perform their duties District-wide rather than being assigned to specific buildings.

### *Key Statistics*

According to the 32<sup>nd</sup> Annual American Schools & University Magazine (AS&U) *Maintenance & Operations Cost Study* released in April 2003, "The economy has taken its toll on school district budgets, and it has been especially hard on maintenance and operations funding. One of the first areas targeted for cuts is maintenance and operations, even as deferred maintenance and the effects of inadequate upkeep, such as mold and indoor environmental quality, continue to plague more and more institutions."

Key statistics related to the maintenance and operation of Bristol LSD are presented in **Table 4-2**. In addition, results from the 32<sup>nd</sup> Annual AS&U study are included in **Table 4-2** and throughout the facilities section of the report. The AS&U conducted a detailed survey of chief business officials at public school districts across the nation to gather information regarding staffing levels, expenditures and salaries for maintenance and custodial workers. This year's report provides the median and mean number for categories on a national level and by district enrollment. The mean is provided only for the maintenance and operations costs.



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

<b>Number of School Buildings</b>	<b>4</b>
Elementary Schools	1
Middle Schools	1
High Schools	1
Other <sup>1</sup>	1
<b>Total Square Feet Maintained</b>	<b>175,280</b>
Farmington Elementary	54,000
Bristol Middle School	59,000
Bristol High School	61,000
Other <sup>1</sup>	1,280
<b>Square Feet Per FTE Custodial Staff Member (8.00)</b>	<b>21,750</b>
Elementary Schools (2.5)	21,600
Middle Schools (2.0)	29,500
High Schools (3.5)	17,429
<b>AS&amp;U 32nd Annual Cost Survey &lt;1,000 students</b>	<b>29,959</b>
<b>AS&amp;U 32nd Annual Cost Survey National Average</b>	<b>24,167</b>
<b>Peer District Average</b>	<b>22,184</b>
<b>Square Feet Per FTE Maintenance Employee</b>	<b>116,853</b>
<b>AS&amp;U 32nd Annual Cost Survey &lt;1,000 students</b>	<b>74,898</b>
<b>AS&amp;U 32nd Annual Cost Survey National Average</b>	<b>95,120</b>
<b>Peer District Average</b>	<b>53,773</b>
<b>FY 2002-03 Maintenance and Operations Expenditures Per Square Foot</b>	<b>\$3.97</b>
<b>Custodial and Maintenance</b>	<b>\$2.53</b>
<b>Utilities</b>	<b>\$1.17</b>
<b>Other<sup>2</sup></b>	<b>\$0.27</b>
<b>Peer District Average</b>	<b>\$4.28</b>

**Source:** Fiscal Year (FY) 2001-02 Budget Worksheet Report, interviews, and district documents

**Note:** The square footage for square feet per custodian do not include the waste water treatment/ water treatment plants, and two additional small buildings used for storage and outdoor sporting events.

<sup>1</sup> Other consists of the waste water treatment/ water treatment plants, and two additional small buildings used for storage and outdoor sporting events.

<sup>2</sup> Other includes purchased services, supplies and materials, and capital outlay.

As shown in **Table 4-2**, custodial assignments cause the high school custodians to maintain less square footage per FTE than the elementary and middle school custodians. Additionally, national AS&U standards and the peer average square footage per custodian are higher than at Bristol LSD, excluding the middle school. See **R4.4** and **R4.5** for further analysis of custodial staffing.

### *Financial Data*

**Table 4-3** illustrates the General Fund expenditures incurred to maintain and operate Bristol LSD's facilities for FYs 2001-02, FY 2002-03, and the budget for FY 2003-04.

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

Accounts	FY 2001-02 Total	FY 2002-03 Total	FY 2002 to FY 2003 Percent Change	FY 2003-04 Budget	FY 2003 to FY 2004 Percent Change
Salaries	\$301,503	\$282,325	-6.4%	\$277,925	-1.6%
Benefits	\$139,238	\$161,203	15.8%	\$155,156	-3.8%
Purchased Services	\$16,724	\$14,897	-10.9%	\$19,200	28.9%
Utilities	\$191,772	\$205,438	7.1%	\$185,400	-9.8%
Supplies/ Materials	\$21,742	\$31,111	43.1%	\$35,000	12.5%
Capital Outlay	\$27,399	\$414	-98.5%	\$7,000	1,590.3%
Other	\$523	\$636	21.6%	\$700	10.0%
<b>Total</b>	<b>\$698,900</b>	<b>\$696,025</b>	<b>-0.4%</b>	<b>\$680,381</b>	<b>-2.2%</b>

Source: Bristol LSD Expense Budget Work Sheet, and interviews with treasurer and assistant to the treasurer.

Explanations for the significant variances in **Table 4-3** are as follows:

- *A 6.4 percent decrease in salaries and 15.8 percent increase in benefits from FY 2001-02 to FY 2002-03:* Bristol LSD's sweeper cleaner position became vacant and the District experienced an increase in health insurance rates of approximately 40 percent during this time (see the **human resources** section).
- *A 43.1 percent increase in supplies and materials from FY 2001-02 to FY 2002-03:* Bristol LSD increased the number of purchases due to the construction of the middle school.
- *A 21.6 percent increase in other costs from FY 2001-02 to FY 2002-03:* According to the treasurer, the District's liability insurance is the reason for the 21.6 percent increase during this time period.
- *A 9.8 percent decrease in utility costs from FY 2002-03 to FY 2003-04:* According to the treasurer, this decrease is due to the District taking measures to operate facilities in an energy efficient manner (see **R4.2**).

During FY 2002-03, Bristol LSD did not pay expenditures for two months and instead encumbered them for the following year. This resulted in lower actual expenditures for FY 2002-03 and higher budgeted expenditures for FY 2003-04. Because the expenditures were encumbered, a total of 14 payments will have to be paid during FY 2003-04. This contributes to the following variances in FY 2002-03 and FY 2003-04:

- A 10.9 percent decrease in purchased services from FY 2001-02 to FY 2002-03 and a 28.9 percent increase in purchased services from FY 2002-03 to FY 2003-04;
- A 12.5 percent increase in supplies and materials from FY 2002-03 to FY 2003-04;
- A 98.5 percent decrease in capital outlay from FY 2001-02 to FY 2002-03 and a 1,590.3 percent increase in capital outlay from FY 2002-03 to FY 2003-04; and
- A 10.0 percent increase in other costs from FY 2002-03 to FY 2003-04.

Revenue from the General Fund and other funds are used to support the maintenance and operation of Bristol LSD facilities. As shown in **Table 4-3**, in FY 2002-03, the General Fund provided \$696,000 for building operations and expenses including custodial and maintenance staff salaries and benefits, supplies and materials, purchased services and capital outlay. **Table 4-4** compares Bristol LSD’s FY 2002-03 General Fund and total fund custodial and maintenance related expenditures per square foot to peers.

**Table 4-4: FY 2002-03 General Fund Expenditures per Square Foot**

Expenditure	Bristol LSD		Joseph Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average	AS&U Mean for <1,000 Students
	General Fund	Total Funds <sup>1</sup>					
<b>Custodial and Maintenance Salaries and Benefits</b>	\$2.21	\$2.53	\$2.15	\$1.71	\$2.52	\$2.04	\$2.02
<b>Purchased Services</b>	\$0.02	\$0.08	\$0.14	\$1.55	\$0.27	\$0.57	\$0.10
<b>Utilities</b>	\$0.16	\$1.17	\$1.33	\$1.72	\$1.08	\$1.29	\$1.64
<b>Supplies/ Materials</b>	\$0.00	\$0.18	\$0.20	\$0.37	\$0.25	\$0.25	\$0.61
<b>Capital Outlay</b>	\$0.00	\$0.00	\$0.01	\$0.15	\$0.00	\$0.05	N/A <sup>2</sup>
<b>Other</b>	\$0.00	\$0.00	\$0.22	\$0.00	\$0.00	\$0.07	\$0.11
<b>Total General Fund Expenditures</b>	\$2.39	\$3.97	\$4.06	\$5.50	\$4.12	\$4.28	\$4.48

Source: Bristol LSD and peer district Treasurers’ Offices, FY 2002-03 expense budget worksheets for the General Fund, function 2700

<sup>1</sup>The following states additional funds and the associated expenditures per square foot used by Bristol LSD during FY 2002-03: Classroom Facilities Maintenance- salaries and benefits (\$0.32); Emergency Levy- purchased services (\$0.07), utilities (\$1.01), and supplies/materials (\$0.18); and Permanent Improvement Levy- capital outlay expenditures totaling \$414 (\$0.00 per square foot).

<sup>2</sup> AS&U does not identify capital outlay expenditures per square foot.

According to **Table 4-4**, Bristol LSD General Fund expenditures are less than the peer average in all line items except salaries and benefits costs (see **R4.5**). Furthermore, as noted in **Table 4-4**, Bristol LSD uses other funding sources such as the Classroom Facilities Maintenance Fund, Emergency Levy Fund, and the Permanent Improvement Levy Fund for maintenance and

custodial operations. However, Bristol LSD's total fund expenditures per square foot are less than peer average General Fund expenditures.

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

- *Maintenance salaries:* Bristol LSD maintenance staff salaries' are lower than the full-time maintenance staff at Southington LSD and Mechanicsburg LSD. Joseph Badger LSD does not employ maintenance staff. Instead, it uses custodial staff for minor maintenance duties and contracts with professionals to complete major repairs.
- *Maintenance staffing levels:* Bristol LSD's square footage maintained per maintenance FTE is greater than the peer average (includes Mechanicsburg LSD and Southington LSD only) and AS&U standards. However, closing a building (see **R4.4**) would decrease square footage maintained per maintenance FTE to 80,900, which is more comparable with these benchmarks.
- *Custodial salaries:* The custodial base salary for Bristol LSD is 5.7 percent higher than the base peer average, but 3.4 percent lower than the state average salary for custodial staff at local school districts. Furthermore, the recommended reduction of 3.0 FTEs in the custodial category would reduce the overall amount paid for custodial salaries (see **R4.4** and **R4.5**).
- *Permanent Improvement Levy:* Bristol LSD has successfully passed a permanent improvement levy to address the needs of its facilities. The levy was passed for a five- year period ending in CY 2005. The FY 2002-03 permanent improvement expenditure report showed the majority of these funds were used for District facility repairs and equipment.
- *Custodial and maintenance overtime usage:* Bristol LSD overtime was only 1.0 percent of salaries during FY 2002-03.
- *Vacant and leased buildings:* Bristol does not own any vacant or leased buildings.
- *Ohio Environmental Protection Agency (OEPA) Compliance:* Bristol LSD operates water treatment and waste water treatment facilities. The OEPA inspects and approves the operation of both facilities. According to the OEPA, Bristol LSD is currently not in compliance with OEPA water treatment requirements, but is working to resolve the discrepancies to achieve compliance.

## **Recommendations**

### *Custodial and Maintenance Operations*

**R4.1 Bristol LSD should develop and implement a comprehensive master facilities plan. This plan should include a preventive maintenance program for all facilities and a capital improvement schedule identifying how the District plans to use funds generated from the permanent improvement levy. The master facilities plan should also include detail of Bristol LSD buildings, student capacity for each, and projected enrollment information to assist with facility planning.**

**At a minimum, preventive maintenance schedules for the building's heating, cooling, plumbing and electrical systems should be developed. After determining which components will be included, preventive maintenance checklists, including task frequency, should be developed for each facility. Most preventive maintenance tasks should be scheduled according to manufacturers' recommendations. After a task is completed, it should be recorded on the checklist or in a logbook. The maintenance supervisor should file and review this information periodically to ensure work is being completed in a timely manner. The preventive maintenance schedule should blend with the capital improvement schedule to show what needs to be repaired or replaced according to the manufactures' life expectancy for equipment.**

According to Bristol LSD, each year the superintendent, treasurer, and the maintenance supervisor meet to discuss improvements needed for the upcoming year. Subsequently, a proposal is developed for the Bristol LSD Board of Education's (Board) approval with the consideration of available funding. Additionally, because of limited funding, time committed to a new facility and several recent renovations, an extensive or documented planning process is not used. However, developing a facilities master plan would help to ensure the upkeep of facilities and sustain future needs.

According to AS&U, a cleaning and maintenance program could help schools extend the life of their equipment and focus an institution's limited resources on the buildings and surfaces that need the most attention. The result is a safer, more attractive and more appealing educational environment. Furthermore, not having a formal and documented plan could increase the number of significant repairs in the long-term, which may have been avoided if regular checklists were used to quickly identify and address facility needs. Incorporating identified activities in the custodians' daily routine should not incur additional costs but could potentially avoid several costly emergency repairs.

**R4.2 Bristol LSD should maximize the use of its computerized energy management system which monitors facilities and could reduce facility expenditures by regulating temperatures, activating or deactivating blowers, and monitoring heating, ventilation and air conditioning functions. Furthermore, Bristol LSD should begin implementing the following measures:**

- **Increasing cooling temperatures throughout the District to 78 degrees and decreasing heating temperatures to 68 degrees;**
- **Turning off computers and office equipment or programming them to power down when not in use;**
- **Purchasing gas and electricity through a discounted program or consortium (see R4.6); and**
- **Consistent monitoring of manual changes by maintenance staff to ensure they are not excessive.**

In an effort to operate facilities in an energy efficient manner, Bristol LSD has implemented the following measures:

- Renovated heating systems;
- Installed new exterior doors;
- Lowered the height of ceilings;
- Retrofitted all lighting in the district;
- Eliminated the use of air conditioner units during the summer months at Farmington Elementary;
- Installed new energy efficient boilers; and
- Implemented a computerized energy management system for Bristol Middle and High Schools.

The computerized energy management system regulates heating and cooling functions in the newly constructed middle school and the renovated high school buildings as part of the construction. This system maintains the middle and high school building temperatures' between 68 and 72 degrees, depending on the area in use. The middle school is the only facility with central air conditioning. However, according to the maintenance supervisor, this feature is rarely used except for maintaining an appropriate temperature for the computer labs. At Farmington Elementary, heating is maintained manually by custodial staff on an as needed basis (see **R4.4** regarding Farmington Elementary). Although the District made an investment when purchasing sophisticated

HVAC technology, a policy was not established to mandate a consistent temperature setting that would establish a comfortable learning environment throughout the middle and high schools.

The *Facilities Management Handbook*, published by the American Management Association in 1998, estimates the potential energy savings of adjusting thermostat settings to 78 degrees for cooling and 68 degrees for heating could reduce costs up to 16 percent if there were no energy management efforts in place. Additionally, the Association of School Business Officials International's *School District Energy Manual*, published by the Association of School Business Officials in 1998, supports adjusting thermostats for energy conservation. It also notes that districts should consider setting different temperatures for kindergarten and special needs rooms. Therefore, if Bristol LSD changes the thermostat settings to reflect facility management guidelines, it could reduce electric utility expenditures and allow the allocation of more funds to building maintenance and repairs.

*Financial Implication:* Adjusting thermostat settings to those recommended in the *Facilities Management Handbook* could save Bristol LSD up to 16 percent of its electric utility expenditures. Based on actual electric utility expenditures (excludes expenditures for Farmington Elementary) of approximately \$109,000 in FY 2002-03 (see **Tables 4-3** and **4-4**), Bristol LSD could save approximately \$17,000 annually. However, to reflect the energy management efforts that Bristol LSD has implemented, an 8 percent savings could save the District approximately \$8,800 annually and reduce its total utility expenditures in all funds per square foot from \$1.17 to \$1.12, which is more comparable to Southington LSD's General Fund expenditures (see **Table 4-4**). Additional savings in natural gas costs would be realized with the adjustment of temperature settings. However, these cost savings could not be quantified.

### *Capacity Utilization and Custodial Staffing*

**R4.3 Building capacity and utilization should be reviewed periodically in conjunction with a more effective enrollment projection process to determine the appropriate number of school buildings and classrooms needed to house the current and projected student population. A methodology that accounts for Bristol LSD's needs, educational programs, and philosophy should be adopted by the District and used to assess school building utilization at least every two to three years. The building capacity calculations should be reviewed and updated at least once every three to five years or when a change in building structure, enrollment, or educational philosophy occurs.**

Considering enrollment and building capacity are key components when planning for future facility needs, **Table 4-5** illustrates Bristol LSD's enrollment history.

**Table 4-5: Bristol LSD Enrollment History**

School Year	Head Count	Percent of Change from Previous Year
2002-2003	914	(0.1%)
2001-2002	915	(1.4%)
2000-2001	928	(3.7%)
1999-2000	964	3.0%
1998-1999	936	N/A

Source: Bristol LSD EMIS enrollment data

According to **Table 4-5**, Bristol LSD student enrollment has steadily decreased since the 1999-2000 school year. Furthermore, the superintendent reports the District loses more students through open enrollment than it receives. Therefore, adjusting building capacity using current enrollment data should not present a capacity issue in the future as discussed further in **R4.4**.

The Auditor of State (AOS) calculated the buildings' capacities using a standard methodology often employed by educational planners. The capacity for the elementary school buildings is calculated by multiplying the number of regular, full day kindergarten and pre-school classrooms by 25 students, the number of half day kindergarten and pre-school rooms by 50 students, and the number of special education classrooms by 10 students. The three products are then added together to arrive at the total capacity for the building. Classrooms used for gym, music, art, library and computer labs are set aside and excluded from the number of rooms used in the calculation. The capacity in the middle, junior and senior high schools is calculated by multiplying the total number of teaching stations by 25 students and then multiplying the product by an 85 percent utilization factor. **Table 4-6** compares each school building's student capacity to the FY 2002-03 student head count to determine the building utilization rate.

**Table 4-6: FY 2002-03 Building Capacity and Utilization Rates**

Building	Grade Level	Building Capacity	2003 Head Count	Over/(Under) Capacity	Building Utilization Rate
Farmington Elementary	Kindergarten- Three	655	276	(379)	42%
Bristol Middle School	Four- Six	361	205	(156)	57%
Bristol High School	Seven- Twelve	659	433	(226)	66%
<b>Total for all Buildings</b>	N/A	1,675	914	(761)	55%

Source: District Floor Plans and EMIS School Enrollment Report



According to **Table 4-6**, Bristol LSD's overall building utilization rate is currently at 55 percent, which is 30 percentage points below the target utilization rate of 85 percent typically used by facility planners. The facilities are underutilized by a total of 761 students.

**R4.4 Bristol LSD should consider restructuring Bristol High School, making it the District elementary school for grades kindergarten through eight. Bristol LSD should also restructure Bristol Middle School, making it the high school for grades nine through twelve. If Bristol LSD elects to implement these restructuring suggestions, enough space would be created to close the oldest District facility, Farmington Elementary.**

Based on the overall building utilization rate of 55 percent, the middle (currently grades four through six) and high schools (currently grades seven through twelve) have enough space to accommodate all of Bristol LSD's 914 students. Moving the 276 students from Farmington Elementary (kindergarten through third graders) along with the 351 fourth through eighth graders into the current high school would allow the remaining 287 nine through twelve graders to move into the middle school (currently grades five and six). These changes would cause the middle school to become the new Bristol High School (nine through twelve) and the high school to become the new Bristol Elementary School (grades kindergarten through eight). In 1998, the Ohio School Facilities Commission (OSFC) provided Bristol LSD funding and support for the construction of its current middle school and other renovations throughout the high school. Although Farmington has received some renovations recently, it remains the oldest, and the most costly facility to maintain in the District.

**Table 4-7** illustrates how redistributing the students according to these changes would impact the District's building capacity and utilization rates. **Table 4-7** illustrates these changes according to the current building names for clarity purposes.

**Table 4-7: Adjusted Building Capacity and Utilization**

	<b>Bristol High School</b>	<b>Bristol Middle School</b>	<b>Total</b>
<b>Preschool</b>	1	-	1
<b>Kindergarten</b>	74	-	74
<b>First</b>	73	-	73
<b>Second</b>	72	-	72
<b>Third</b>	56	-	56
<b>Fourth</b>	68	-	68
<b>Fifth</b>	66	-	66
<b>Sixth</b>	71	-	71
<b>Seventh</b>	72	-	72
<b>Eighth</b>	74	-	74
<b>Ninth</b>	-	78	78
<b>Tenth</b>	-	63	63
<b>Eleventh</b>	-	72	72
<b>Twelfth</b>	-	69	69
<b>Other</b>	-	5	5
<b>Net Redistribution of Students</b>	<b>627<sup>1</sup></b>	<b>287<sup>2</sup></b>	<b>914</b>
<b>Adjusted Head Count</b>	627	287	914
<b>Building Capacity<sup>3</sup></b>	730 <sup>3</sup>	361	1,091
<b>Over/(Under) Capacity</b>	(103)	(74)	(177)
<b>Adjusted Building Utilization Rate</b>	86%	79%	84%
<b>Utilization Rate Before Changes</b>	66%	57%	55%

**Source:** Bristol LSD building floor plans; 2003 EMIS School Enrollment Report- First Full Week in October

**Note:** Capacity calculations for the high school have been adjusted to reflect the change in class structures for the pre-school, kindergarten, and special education classes.

<sup>1</sup> Net redistribution of students for Bristol High School includes half day pre-school and kindergarten students and first through eighth grade students throughout the District.

<sup>2</sup> Net redistribution of students for Bristol Middle School includes ninth through twelfth grade students throughout the District.

<sup>3</sup> Building Capacity for Bristol High School was adjusted to accommodate the differing class structures such as kindergarten, special education, and available teaching stations.

As indicated by **Table 4-7**, the adjusted building utilization rates for the middle and high schools are closer to the targeted capacity of 85 percent. Closing Farmington Elementary would allow maintenance and capital improvement funds to be used for future renovations of the high school or other maintenance needs that would help control or reduce costs.

*Financial Implication:* The total cost savings for closing Farmington Elementary would be approximately \$254,700. However, some savings will be partially offset due to one-time moving and renovation costs for the high school in order to adequately accommodate elementary school students. Since these costs depend on the scale and scope of appropriately renovating the high school, they are not readily quantifiable. According to Farmington Elementary's FY 2002-03 facilities-related operational expenditures, Bristol LSD could save approximately \$88,100 in salary and benefit costs for 2.5 FTE custodians; \$71,300 in salary and benefits for 3.2 FTEs (clerical, computer operator, library aide, and advisor); \$46,900 annually for 1.5 food service FTEs and cafeteria operating costs; \$37,700 annually in utility costs; and \$10,600 annually in maintenance supplies and material expenditures, if Farmington Elementary is closed. Since the District is not projecting any General Fund subsidies of food service operations after FY 2003-04 (see the **financial systems** section), the \$46,900 in savings will not be reflected within the five-year General Fund forecast or AOS financial implications. Therefore, net savings of \$207,800 will be reflected in the financial recovery plan (see the **financial systems** section).

**R4.5 Bristol LSD should consider reducing its custodial staffing by 0.5 FTE, in addition to the reductions identified with the closing of Farmington Elementary as discussed in R4.4. Bristol LSD should also consider reallocating 0.5 custodial FTE from the high school to the middle school for a more balance workload.**

**Table 4-2** illustrates that the overall square footage per custodial FTE at Bristol LSD (21,750) is lower than the peer average (22,184) and the AS&U average (29,959) for similar sized school districts. Furthermore, the average square footage per custodian for Mechanicsburg EVSD and Southington LSD is 23,985; 9 percent higher than Bristol LSD. With the school closure and the reduction of 2.5 custodial FTEs, the overall square footage per custodial FTE will increase to 21,818, which is 2 percent higher than the peer average, but 27 percent lower than the AS&U average for similar sized school districts. **Table 4-2** also indicates that high school custodians are maintaining less square footage per FTE than the custodians at the elementary and middle schools. **Table 4-8** illustrates the custodial assignments and square footage maintained if 0.5 FTE was reduced from the high school and an additional 0.5 FTE was transferred from the high school to the middle school, in addition to the 2.5 FTE reductions recommended as a result of closing Farmington Elementary School as discussed in **R4.4**.

**Table 4-8: Square Footage Maintained with Custodial Staff Reductions**

School	Current FTE and Square Footage			Recommended FTE and Square Footage	
	FTE	Square Footage	Square Footage per FTE	FTE Adjusted	Adjusted Square Footage per FTE
Farmington Elementary	2.5	54,000	21,600	0.0 <sup>1</sup>	0
Bristol Middle	2.0	59,000	29,500	2.5	23,600
Bristol High	3.5	61,000	17,429	2.5	24,400
<b>Total</b>	<b>8.0</b>	<b>174,000</b>	<b>21,750</b>	<b>5.0</b>	<b>24,000</b>

Source: Bristol LSD

Note: Total square footage for custodial staff is not equivalent to total square footage for the District because the other buildings are cleaned and maintained by maintenance staff, not custodians.

<sup>1</sup> FTE adjustments are based on the closing of Farmington Elementary School, see **R4.4**.

Reducing custodial staff to 5.0 FTEs would increase the overall square footage per custodial FTE to 24,000 square feet which is comparable to the AS&U national average but approximately 20 percent less than the AS&U average for similar districts. By increasing the square footage maintained per custodial FTE, Bristol LSD should be able to better use its custodians and reduce costs for the District. Furthermore, reallocating 0.5 custodial FTE would allow the workload between the high school and middle school to be more balanced.

*Financial Implications:* Reducing custodial staffing by an additional 0.5 FTE would save Bristol LSD approximately \$14,300 in salaries and benefits.

### *Purchasing*

**R4.6 Bristol LSD should strive to make as many purchases as possible through consortium agreements. Consortium purchasing could help reduce overall purchasing costs by taking advantage of already negotiated pricing. In addition, Bristol LSD should consider joining the Ohio Schools Council (OSC) to take advantage of consortium purchasing for commodities such as supplies, materials, and electricity. OSC would offer Bristol LSD the benefits of consortium purchasing and the opportunity to realize cost savings. Purchasing from state contracts should also be considered whenever appropriate.**

As identified in **Table 4-3**, Bristol LSD's supplies/materials costs are anticipated to increase approximately \$13,000 or 37 percent from FY 2001-02 to FY 2003-04. Currently, Bristol LSD participates in consortium purchasing for food service and some custodial maintenance supplies, but also independently reviews other suppliers for better pricing on custodial and maintenance supplies (includes cleaning supplies, tools and equipment). However, consortium purchasing is not generally used to obtain supplier discounts for its supplies, materials, or utilities.

Although the District cites financial difficulties as the cause of the budgeted increase for purchases during FY 2003-04, the purchasing process could be enhanced by taking advantage of consortium pricing. Participating in a consortium improves control and monitoring of items purchased, and could reduce costs. Although Bristol LSD has the lowest cost per square foot for supplies and materials (see **Table 4-4**), savings may be possible if a consortium purchasing process is implemented for maintenance and custodial supplies.

OSC offers school districts additional consortium purchasing benefits for a wide variety of services and goods. According to OSC, members received discounts of as much as 77.5 percent and averaged 35 percent savings for supplies and materials during FY2002-03. To become a member of OSC, Bristol LSD would be required to pay a one-time \$200 fee and an annual cost of 15 cents per district student, or a minimum of \$337 for the first year and \$137 each additional year. The OSC also provides discounts for electric and natural gas costs. At this time, the OSC's electricity plan is closed until calendar year 2005. Details of the new plan have not been finalized and the actual costs have not been determined.

*Financial Implication:* If Bristol LSD joined a purchasing consortium such as OSC, the savings would be approximately \$10,900 annually, based on OSC's reported average savings of 35 percent in supplies and materials for members. The initial cost to become a member of OSC is \$200, and the annual fee is \$137. Therefore, the estimated annual net savings for supply purchases as a result of joining OSC is approximately \$10,600 the first year, and \$10,800 each year thereafter.

## Financial Implications Summary

The following table represents a summary of the one time implementation costs and annual cost savings for the recommendations in this section of the report. Only recommendations with quantifiable financial implications are listed.

### Facilities Financial Implications Summary

<b>Recommendation</b>	<b>Implementation Cost (One-Time)</b>	<b>Estimated Annual Savings</b>
<b>R4.2</b> Adjusting temperature settings		\$8,800
<b>R4.4</b> Close Farmington Elementary		\$207,800
<b>R4.5</b> Reduce Custodial Staffing		\$14,300
<b>R4.6</b> Join purchasing consortium	\$200	\$10,800
<b>Total</b>	<b>\$200</b>	<b>\$241,700</b>

# Transportation

## Background

Bristol Local School District (Bristol LSD) provided transportation to 908 regular and 7 special needs students in FY 2002-03 using District owned buses or payments-in-lieu transportation agreements. Bristol LSD's transportation policy mirrors Ohio Revised Code (RC) § 3327.01-Transportation of Pupils, which states the District will provide transportation for all students, grades kindergarten through eighth (K-8), who live more than two miles from school, and for special needs students at a lesser distance. The transportation for grades nine through twelve (9-12) is optional. In addition, the policy gives the administration the ability to transport all elementary and secondary students in areas where walking conditions are extremely hazardous relative to the age of the child, with Board approval. According to the superintendent, the Board has determined that all students (K-12) should be transported due to proximity of schools to state highways that lack sidewalks. The District is considered to be rural.

**Table 5-1** identifies the total riders transported by Bristol LSD and the peer districts that will be used for comparison purposes in this performance audit.

**Table 5-1: FY2002-03 Total Regular Needs and Special Needs Riders**

FY 2001-02	Bristol LSD	Joseph Badger LSD	Mechanicsburg EVSD	Southington LSD	Peer Average
<b>Public Riders</b>	900	1,156	549	682	796
<b>Non-Public Riders</b>	0	0	4	10	7
<b>Community Riders</b>	0	0	0	0	0
<b>Payment-in-Lieu Riders</b>	8	7	6	26	13
<b>Total Regular Need Riders</b>	<b>908</b>	<b>1,163</b>	<b>559</b>	<b>718</b>	<b>813</b>
<b>Total Special Needs Riders<sup>1</sup></b>	7	7	33	7	16
<b>Total All Riders</b>	<b>915</b>	<b>1,170</b>	<b>592</b>	<b>725</b>	<b>829</b>

**Source:** Bristol LSD and peer district's T-1 and T-11 forms and Trumbull County Service Center (TSC)

<sup>1</sup> Trumbull County Educational Service Center (TCESC) contracts special needs transportation for Bristol LSD, Joseph Badger LSD, and Southington LSD.

*Organizational Structure and Function*

Bristol LSD’s superintendent oversees general transportation department operations, spending 15 percent of his time acting as the transportation supervisor. These duties include organizing bus routes; managing bus maintenance and fuel procurement; supervising bus drivers and bus aides; and monitoring road conditions for safe transportation. The remaining 85 percent of his time is dedicated to administrative duties for the District (see the **human resources** section for additional information on administrative duties). Ten percent of one District secretary’s time is used to perform some administrative functions for the transportation department including calling substitutes, scheduling field trips and handling time sheets.

**Table 5-2** displays Bristol LSD transportation department staffing levels compared to the peer districts.

**Table 5-2: FY 2002-03 District Staffing Levels**

Staffing	Bristol LSD		Joseph Badger LSD		Mechanicsburg EVSD		Southington LSD		Peer Average	
	NO.	FTE	NO.	FTE	NO.	FTE	NO.	FTE	NO.	FTE
<b>Supervisor</b>	1.0	0.1	1.0	0.4	1.0	1.0	1.0	0.8	1.0	0.7
<b>Bus Driver</b>	8.0	5.0	13.0	9.2	9.0	6.0	6.0	3.0	9.3	6.1
<b>Mechanic/ Assistant</b>	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.6	n/a <sup>1</sup>	n/a <sup>1</sup>
<b>Secretary</b>	1.0	0.1	1.0	0.5	0.0	0.0	0.0	0.0	n/a <sup>1</sup>	n/a <sup>1</sup>
<b>Total</b>	<b>10.0</b>	<b>5.2</b>	<b>15.0</b>	<b>10.1</b>	<b>10.0</b>	<b>7.0</b>	<b>8.0</b>	<b>4.4</b>	<b>11.0</b>	<b>7.2</b>
<b>Total number of Students Transported</b>	900		1,156		553		692		800	
<b>Students Transported per Bus Driver FTE</b>	180		126		92		231		131	
<b>Students Transported per Total FTE</b>	173		114		79		157		111	
<b>Square Miles in District</b>	50		100		62		25		62	
<b>Square Miles per Total FTE</b>	9.6		9.9		8.9		5.7		8.6	

Source: Districts’ T-1, T-2 and T-11 Forms, Interviews

<sup>1</sup>Only one peer reported FTEs for this position.

**Table 5-2** indicates that Bristol transports 37 percent more students per bus driver FTE and 56 percent more students per total FTE than the peer average. Based on this, Bristol LSD’s transportation department is efficiently staffed. Bristol LSD special needs students are transported by an outside bus service, as established by a contract with the TCESC.

**Table 5-3** provides basic operating statistics and ratios for Bristol LSD and peers.



**Table 5-3: Basic Operating Statistics Table**

	<b>Bristol<sup>1</sup> LSD</b>	<b>Joseph<sup>2</sup> Badger LSD</b>	<b>Mechanicsburg<sup>3</sup> EVSD</b>	<b>Southington<sup>4</sup> LSD</b>	<b>Peer Average</b>
<b>Operational Statistics</b>					
Students Transported:					
- Regular Students	900	1,156	553	692	800
- Special Needs	7	7	33	7	16
- Total	907	1,163	586	699	816
Miles Traveled:					
-Regular Students	144,180	255,060	109,260	94,500	152,940
-Miles per Regular Needs Bus	18,023	19,620	12,140	15,750	15,837
-Square Miles in District	50	100	62	25	62
Expenditures:					
-Regular Students	\$305,777	\$523,443	\$251,132	\$240,966	\$338,514
-Special Needs	\$65,946 <sup>5</sup>	\$89,225 <sup>5</sup>	\$141,882	\$74,989 <sup>5</sup>	\$102,032
-Total	<b>\$371,723</b>	<b>\$612,668</b>	<b>\$393,014</b>	<b>\$315,955</b>	<b>\$440,564</b>
State Reimbursement					
-Regular Students	\$224,494	\$323,942	\$169,809	\$157,553	\$217,101
-Special Needs	\$20,906 <sup>5</sup>	\$22,034 <sup>5</sup>	\$42,244	\$23,376 <sup>5</sup>	\$29,218
-Total	<b>\$245,400</b>	<b>\$345,976</b>	<b>\$212,053</b>	<b>\$180,929</b>	<b>\$246,319</b>
-Percentage of reimbursement	66%	56%	53%	55%	55%
<b>Operational ratios</b>					
Regular Students - Yellow Bus:					
-Cost per mile	\$2.12	\$2.05	\$2.30	\$2.55	\$2.30
-Cost per bus	\$38,222	\$40,264	\$27,903	\$40,160	\$36,109
-Cost per student	\$340	\$453	\$454	\$348	\$423
-Students per bus	113	89	61	115	89
Special Needs Students – all methods:					
-Cost per student	\$9,421	\$12,746	\$4,299	\$10,713	\$9,253
Active Buses	8	13	9	6	9
Spare Buses	4	4	3	4	4
Total Buses	12	17	12	10	13

**Source:** Ohio Department of Education T Forms, Interviews

<sup>1</sup> Excludes 8 payment in lieu students and corresponding expenditures.

<sup>2</sup> Excludes 7 payment in lieu students and corresponding expenditures.

<sup>3</sup> Excludes 6 payment in lieu students and corresponding expenditures.

<sup>4</sup> Excludes 26 payment in lieu students and corresponding expenditures.

<sup>5</sup> TCESC T-11 report on District figures

As illustrated in **Table 5-3**, Bristol LSD's cost per student (\$340) and mile (\$2.12) are 20 and 8 percent lower than the peer average, respectively. Additionally, the cost per bus (\$38,222) is the second lowest of the peers. Furthermore, Bristol LSD special needs cost per student is slightly lower than the peer average; however, Bristol LSD, Southington LSD and Joseph Badger LSD belong to the TCESC consortium, which negotiates the special needs busing requirements for districts in Trumbull County. The superintendent has reviewed several other possibilities, including partnering with another district and purchasing handicap-equipped buses, to reduce special needs busing costs. However, Bristol LSD's rural location and the location of schools that special needs students attend limit the District's ability to identify a more cost efficient option than participating in the consortium. The TCESC contract was recently renewed by the District, and is in effect until September 2008.

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

- **Staffing:** Bristol LSD transportation department is efficiently staffed (see **Table 5-2**).
- **Transportation Policies:** Bristol LSD has a written transportation policy which mirrors the ORC requirements. However, per the policy, the Board provides school bus transportation to all elementary and secondary school students to the extent determined by the administration and approved by the Board. The administration has determined that due to safety issues, the proximity of schools to state highways, and the lack of sidewalks, transportation will be provided to all students.
- **Tier Bell System and Routing:** Bristol LSD has implemented a two-tier bell schedule to allow each bus two runs per route. Running an additional route decreases the size of the fleet needed to transport students. **R4.4** in the **facilities section**, suggests that Bristol LSD consider closing one school, which means the District would have two schools in one location. By having only two schools, Bristol also would have two start times per day, which would not allow a bell schedule increase. Another routing option for some school districts is to purchase route optimizing software to help reduce the number of buses used to transport students. However, discussions with vendors indicate that districts transporting less than 1,000 students and operating bus fleets under 10 buses may not benefit from route optimizing software due to the purchase and installation costs.
- **Bus maintenance and fleet costs:** Bristol LSD has used a local garage to maintain its buses for the past 30 years, due in part to Bristol LSD's rural location and limited options for bus maintenance in the area. Additionally, the garage owner serves as a consultant in helping to manage the District's fleet. Maintenance costs were only slightly higher than the peer

average. However, Bristol LSD recently retired its two oldest buses due to increased maintenance and repair costs, which should reduce the average maintenance cost per bus.

## Recommendations

- R5.1 Bristol LSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to ODE. The treasurer should also ensure that proper expenses are being used when reporting the data to ODE to ensure the District has been compensated appropriately for its expenses to transport students.**

The T-Forms and EMIS reports submitted to ODE are used to calculate the reimbursement a school district receives for transporting students based on the expenses reported. A review of Bristol LSD's FY 2002-03 T-2 Form showed that expenses for regular needs transportation were overstated and expenses for FTE positions were under-reported. With the assistance of the Bristol LSD treasurer and superintendent, AOS staff reconstructed the T-2 Form using the best information available to complete an analysis of transportation operations. However, due to erroneously reported expenses and the complexity of the mathematical formula used by ODE to calculate the ODE reimbursement amount, AOS could not determine the financial impact of the inaccurate reporting.

Bristol LSD's T-2 Form incorrectly represented the FTEs, bus driver salaries, and maintenance and repair costs. ODE has developed and published T-Form instructions to assist school districts in effectively reporting transportation expenses. All schools are required to provide specific student, staff, mileage, and financial data to ODE for processing. Entering data correctly helps to ensure comparability between school districts and to ensure that correct State reimbursements are made. Therefore, Bristol LSD should develop policies and procedures to ensure accurate reports are prepared and reconciled. Correctly entered data will benefit the District because it can be used when making transportation decisions, including the number of buses that are needed when student enrollment fluctuates. If necessary, Bristol LSD should seek the training and assistance needed to meet these objectives from its ODE area coordinator.

- R5.2 The superintendent should review fuel purchases to ensure that they are aligned with the State of Ohio Department of Administrative Services (ODAS) cost per gallon. If the District finds that fuel pricing is above the ODAS bid price, it should consider competitively bidding out fuel procurement or using the ODAS Contract.**

Due to Bristol LSD's location, there are limited bid options for diesel fuel. Nonetheless, Bristol LSD's fuel purchase price in May of 2003 was similar to the State contract rate.

The superintendent has an informal agreement with a local supplier who will provide a 1,000 gallon dike tank at no charge, if the supplier is able to use the tank to drain excess fuel from its trucks at the end of the day's deliveries. The tank is located at an independently owned garage where the owner provides security for the equipment stored on the premises. Due to the volatility of fuel pricing, however, Bristol LSD should periodically compare the state contract to the rate with its local supplier and monitor the current supplier's pricing.

As a school district in the State of Ohio, Bristol LSD is eligible to purchase fuel using the State contracted rate. ODAS's Office of State Purchasing uses a bidding process to purchase gasoline and diesel fuel. In accordance with Ohio Revised Code (RC) §125.04, the ODAS director may permit a county, township, municipal corporation or school district to participate in contracts into which ODAS has entered for the purchase of certain supplies, services, materials and equipment.

The state contract rate for diesel fuel fluctuates weekly based on a wholesale rate (rack rate) published in "*Oil Price Information Service*." The formula for fuel purchases stated in the contract is based on the weekly rate plus regional delivery cost differentials and applicable taxes. The contract for diesel fuel is found on the procurement section of the ODAS website ([procure.state.oh.us/](http://procure.state.oh.us/)) under current contracts in the "Automotive Products, Vehicles, and Related Services" category, under "Fuels: Gasoline, Ethanol and Diesel." By accessing the contract page, all revisions and price adjustments to the contract are available.

By monitoring weekly fuel purchases and comparing them to the ODAS contract, Bristol LSD can avoid significant increases in cost due to fuel pricing fluctuations. Consistent weekly monitoring will give Bristol the controls necessary to ensure the current fuel procurement is cost effective. If Bristol LSD chooses to use the state contract, there will be additional cost of approximately \$300 annually to join the state cooperative; and \$4,100 for the purchase of a 1,000 gallon tank to meet contract restrictions requiring minimum tank deliveries of 250 gallons to avoid shipping charges.

**R5.3 Bristol LSD should better manage its fuel consumption by reconciling the fuel purchased and consumed to prevent possible loss of fuel due to spillage or theft. Additionally, consumption reports should be used to analyze bus performance, identify possible maintenance issues, and apply for fuel tax refunds.**

In November 2002, the District stopped receiving fuel consumption reports due to a change in suppliers and did not develop a new system of controls. The current fuel invoices only report bulk delivery amounts. Without adequate fuel consumption reports, Bristol LSD cannot reconcile the fuel purchased with the amount of fuel consumed that

would assist in analysis of bus performance. Fuel consumption should be monitored by creating a log process that tracks bus number, fill date, number of gallons, and mileage. The logs should then be reconciled to a measuring device on the fuel depot tank on a regular basis and those reports should be maintained by the superintendent, who should perform an analysis of the historical fuel consumption by bus, and identify any variances in the fuel inventory. This recommendation was implemented during the course of the performance audit.

**R5.4 Bristol LSD should apply for a refund of the state motor fuel tax in accordance with RC § 5735.142, for all diesel fuel purchased after July 1, 2003.**

Starting July 1, 2003, school districts are eligible to apply for a State refund on the motor fuel tax increases that took effect on July 1, 2003. According to RC § 5735.142, refunds may be filed for any length of time as long as the refund is for at least 100 gallons and is within 365 days from the date when the fuel was purchased. The refund claim must include copies of the purchase invoices. Gasoline, diesel, propane and LPG fuels are subject to the motor fuel tax and eligible for refund of the new taxes. ODE provides information on its website about the refund and forms for filing with the Ohio Department of Taxation, Motor Fuel Refund Unit, at [www.ode.state.oh.us/school\\_finance/Forms/Transportation\\_forms/default-Fuel\\_Tax.asp](http://www.ode.state.oh.us/school_finance/Forms/Transportation_forms/default-Fuel_Tax.asp).

**R5.5 Bristol LSD should develop a formal bus replacement plan and include it in its five year financial forecast. Included in this plan should be the number of buses to be replaced each fiscal year, along with the age, mileage, and estimated replacement cost at the time of replacement. Further, the District should investigate and analyze potential funding methods for bus purchases.**

For FY 2002-03, Bristol LSD operated a total of 12 buses, including four spares. During the summer of 2003, the superintendent retired the two oldest buses and replaced one with a used 1996 bus that has 74,000 miles. The District plans to continue operating with only three spare buses. As a standard practice, Bristol LSD tries to replace one bus per year on a 12 year cycle, using 12 years or 200,000 miles for estimating its bus replacement needs. The mileage replacement benchmark is consistent with the average mileage for buses replaced and listed by ODE for FY 2003. However, Bristol LSD does not consistently track any operating statistics, such as maintenance costs per bus, fuel consumption, miles per gallon, miles per route, and miles to starting destination, to review the age and condition of the bus fleet. By tracking statistics, Bristol could also alternate spares on to the regular routes to more evenly distribute mileage and increase life expectancy based on mileage.

Bristol LSD does not have a formal, written bus replacement plan which identifies the buses to be replaced in a given fiscal year. A formal replacement plan allows the District to better plan for its future capital needs. By creating and updating a formal bus replacement plan, the superintendent can effectively plan for bus replacements and manage the bus fleet.

**Table 5-7** lists Bristol LSD's bus inventory.

**Table 5-7: FY 2002-03 Bus Fleet by Model Year and Mileage**

Model Year	Seating Capacity	Age	Average Bus Mileage
1996 (spare)	65	7	74,000
1993 (spare)	65	10	150,018
1995 (spare)	65	8	122,863
1995	65	8	137,955
1996	65	7	121,953
1997	65	6	105,392
1998	65	5	78,658
1999	65	4	54,806
2001	65	2	27,691
2001	65	2	38,100
2002	71	1	16,952
<b>Bus Fleet Average</b>	<b>66</b>	<b>5</b>	<b>84,399</b>

Source: Bristol LSD Interviews

**Table 5-7** shows that as of August 2003, the average mileage of the District's fleet was 84,399 with an average age of 5 years. Of these buses, 8 are used on a daily basis during the school year. Under current fiscal conditions, Bristol anticipates replacing one bus in FY 2005 and one every other year thereafter. According to ODE's bus purchase list, the average mileage of buses replaced in 2003 was approximately 200,000 miles. Based on **Table 5-7**, the 200,000 mile threshold, and the average annual miles per bus (18,000), the District should consider replacing one bus in 2006, 2007, and 2008. The District should consider not purchasing a bus in FY 2005.

Bus replacement is funded in part by the state and the balance by the school district. Each school district is reviewed independently by ODE using a complex formula to determine the regular bus purchase allowance. The ODE bus purchase reports for FY 2002 and FY 2003 show that Bristol received \$23,126 and \$21,304, respectively, for regular school bus replacements. Bristol uses the permanent improvement levy and ODE bus reimbursements to purchase buses. In the past, the levy and reimbursement funds

were adequate to replace one bus per year. By waiting until FY 2006, the District can fully fund one bus purchase through accumulated bus reimbursement funds, thereby reducing the financial burden on the permanent improvement fund. In FY 2007 and FY 2008, the District would need to use the permanent improvement levy funds to supplement the reimbursement funds for additional bus purchases.

In addition to the current method of paying for buses, another viable option could be to participate in the Ohio School Bus Pooled Financing Program. The program was created by the Ohio Association of School Business Officials and companies in the private sector. The program allows school districts to do the following:

- Finance school bus purchases over a 2-year to 10-year repayment period at the election of each school district.
- Reduce interest costs due to credit enhancements on the purchased pool and the efficiencies provided by a single debt instrument; and
- Start immediately to replace bus fleets without making a large lump sum capital outlay.

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