



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Norton City School District,

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

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

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

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

Sincerely,

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

Dave Yost
Auditor of State
May 11, 2017

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Executive Summary

Purpose and Scope of the Audit

In consultation with the Ohio Department of Education (ODE), the Auditor of State (AOS) determined that it was appropriate to conduct a performance audit of Norton City School District (NCSD or the District) pursuant to Ohio Revised Code § 3316.042. The purpose of this performance audit was to improve NCSD's financial condition through an objective assessment of economy, efficiency, and/or effectiveness of the District's operations and management. See **Background** for a full explanation of the District's financial condition.

In consultation with the District, the Ohio Performance Team (OPT) selected the following scope areas for detailed review and analysis: Financial Management, Human Resources, Facilities, and Transportation. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

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

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

OPT conducted this performance audit in accordance with GAGAS. These standards required that OPT plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer districts;
- Industry standards;
- Leading practices;

- Statutes; and
- Policies and procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and higher academic performance. A “Local Peers” set was selected for a comparison of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for transportation operating and spending comparisons. This peer set was selected specifically for transportation operational comparability and included only those districts with a similar size in square miles and population density; two significant factors that impact transportation efficiency. **Table 1** shows the Ohio school districts included in these peer groups.

Table 1: Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Bloom Carroll Local School District (Fairfield County) • Clark-Shawnee Local School District (Clark County) • Jackson City School District (Jackson County) • Jonathan Alder Local School District (Madison County) • Lexington Local School District (Richland County)
Local Peers (Compensation, Benefits, and Bargaining Agreements)
<ul style="list-style-type: none"> • Barberton City School District (Summit County) • Copley-Fairlawn City School District (Summit County) • Revere Local School District (Summit County) • Tallmadge City School District (Summit County) • Wadsworth City School District (Medina County)
Transportation Peers
<ul style="list-style-type: none"> • Lakeview Local School District (Trumbull County) • Rossford Exempted Village School District (Wood County) • Streetsboro City School District (Portage County) • Tipp City Exempted Village School District (Miami County)

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. Sources of industry standards or leading practices used in this audit include: the American Association of School Administrators (AASA), American School and University Magazine (AS&U), the Government Finance Officers Association (GFOA), Hubbard Exempted Village School District (Hubbard, EVSD), the National Association of State Directors of Pupil Transportation Services (NASDPTS), the National Center for Educational Statistics (NCES), the Ohio Department of Education (ODE), and the State Employment Relations Board (SERB). District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed.

The performance audit involved information sharing with the District, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the District of key issues impacting selected areas, and

shared proposed recommendations to improve operations. The District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

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

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes noteworthy accomplishments identified during the course of this audit.

- **Transportation Shared Services:** NCSD operates two shared service programs in its Transportation Department. First, the District maintains the bus fleet for Barberton City School District (Barberton CSD). Barberton CSD reimburses the District for the supplies and materials used to maintain its fleet and the salaries and benefits for two mechanics. Second, NCSD provides fuel for the City of Norton's vehicles. The District's fuel system tracks the City of Norton's fuel consumption for which NCSD bills them quarterly. These shared services allow the entities to increase operational efficiency and reduce operating and capital expenditures.

Summary of Recommendations

The following table summarizes performance audit recommendations and financial implications, where applicable.

Table 2: Summary of Recommendations

Recommendations		Savings
R.1	Develop a long-term strategic plan that is linked to the budget	N/A
R.2	Enhance financial communication	N/A
R.3	Establish open enrollment capacity limits	N/A
R.4	Develop a multi-year capital improvement plan	N/A
R.5	Eliminate 2.0 FTE ESP teacher positions	\$119,400
R.6	Renegotiate collective bargaining agreement provisions	N/A
R.7	Complete T-1 Reports as prescribed by ODE	N/A
R.8	Right-size the active bus fleet	\$75,900
Total Cost Savings from Performance Audit Recommendations		\$195,300

Table 3 shows the District’s ending fund balances as projected in the October 2016 five-year forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

Table 3: Financial Forecast with Performance Audit Recommendations

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Original Ending Fund Balance	\$785,420	\$321,168	(\$36,574)	(\$381,550)	(\$779,452)
Cumulative Balance of Performance Audit Recommendations	\$0	\$195,300	\$390,600	\$585,900	\$781,200
Revised Ending Fund Balance	\$785,420	\$516,468	\$354,026	\$204,350	\$1,748

Source: ODE and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable there may be a reasonable delay in doing so. As a result, cost savings have been applied to FY 2017-18 through FY 2020-21 only.

As shown in Table 3, implementing the performance audit recommendations would allow the District to fully address the deficits projected in the final three years of the forecast period.

It is possible that in pursuing the options necessary to balance the budget and achieve fiscal stability, the District could face the unintended consequence of reductions in future federal aid and/or the need to repay federal funds previously received, due to inability to meet federal maintenance of effort (MOE) requirements. Federal funding is designed to supplement local operations within specific program areas such as Title I, Title II, and IDEA Part B. Because this funding is meant to be supplemental, MOE requirements are put into place to ensure that all schools maintain an acceptable level of local spending rather than shifting to an over-reliance on federal funding, also referred to as supplanting.

Federal funds are supplemental to District operations and pursuit of these supplemental funds does not alleviate the obligation to maintain a balanced budget. In exercising the responsibility to maintain a balanced budget, the District will need to critically evaluate the potential impact of

planned changes on program expenditures and/or census/enrollment (i.e., the two major inputs used to calculate MOE).

ODE is charged with monitoring school districts' compliance with MOE requirements and is also in a position of working with districts to facilitate seeking a waiver from the US Department of Education, where available within the grant guidelines, when certain conditions are evident.¹ Two such conditions specific to Title I include:

- An exceptional or uncontrollable circumstance such as natural disaster; and
- A precipitous decline in financial resources (e.g., due to enrollment or loss of tax revenue).

The District should pursue necessary steps to balance, achieve, and maintain long-term fiscal stability, while working with ODE to minimize any unnecessary, unforeseen consequences, including seeking a waiver of MOE requirements, if available.

It is important to note that the provision of special education services may have a significant impact on NCSD's overall operating cost and staffing levels. However, the appropriateness of the District's special education cost and staffing were not evaluated as a part of this performance audit. Where applicable, special education staffing information is included for informational purposes only. All conclusions regarding the relative appropriateness of staffing are based solely on non-special education staff for both the District and the primary peers.

¹ IDEA Part B does not have a MOE waiver option.

Background

On November 22, 2016, the Auditor of State (AOS), in consultation with the Ohio Department of Education (ODE) determined that it was appropriate to conduct a performance audit of NCSD. **Table 4** shows the District’s total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balances as projected in the District’s October 2016 five-year forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of fiscal distress conditions, possibly leading to formal designation by AOS and ODE.

Table 4: NCSD Financial Condition Overview (October 2016)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total Revenue	\$22,462,901	\$23,150,579	\$23,487,758	\$23,840,969	\$24,143,688
Total Expenditure	\$23,411,480	\$23,614,831	\$23,845,500	\$24,185,945	\$24,541,590
Results of Operations	(\$948,579)	(\$464,252)	(\$357,742)	(\$344,976)	(\$397,902)
Beginning Cash Balance	\$1,833,999	\$885,420	\$421,168	\$63,426	(\$281,550)
Ending Cash Balance	\$885,420	\$421,168	\$63,426	(\$281,550)	(\$679,452)
Outstanding Encumbrances	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Ending Fund Balance	\$785,420	\$321,168	(\$36,574)	(\$381,550)	(\$779,452)

Source: NCSD and ODE

As shown in **Table 4**, the District’s October 2016 five-year forecast projects a deficit of approximately \$36,000 in FY 2018-19. This deficit condition is a direct result of expenditures continuing to outpace revenues and deplete cash balances over the forecast period. Left unaddressed, these conditions are projected to result in a cumulative deficit of approximately \$779,000 by FY 2020-21.

Revenue is not directly controlled by school districts, but instead by federal and State laws, and support from local residents. ODE uses the Local Tax Effort Index to compare means-adjusted taxpayer support between school districts in Ohio. This index reflects the extent of effort the residents of a school district make in supporting public elementary and secondary education in relation to their ability to pay. A local tax effort of 1.0 represents the statewide average of all school districts. The District’s local tax effort was 0.7906 for FY 2015-16 while the primary peer average was 0.9579, signifying that the District receives 17.4 percent less means-adjusted local taxpayer support than its primary peers. In contrast, the District’s local tax effort was similar to the local peer average of 0.7866.

Table 5 shows the District’s levy history from November 2008 through May 2017. This information assists in determining the availability of additional local resources over time.

Table 5: NCSD Tax Levy History

Year-Month	Type of Levy	Tax Rate	Result
2008-November	Current Expense	4.90 mills	Fail
2009-November	Bond	2.00 mills	Fail
2011-November	Permanent Improvement (Renewal)	3.00 mills	Pass
2012-November	Current Expense	1.90 mills	Pass
2013-November	Bond	3.89 mills	Pass
2016-March	Current Expense	2.90 mills	Fail
2016-March	School Safety and Security	0.40 mills	Fail
2016-November	Current Expense	1.90 mills	Fail
2017-May	Permanent Improvement (Renewal)	3.00 mills	Pass

Source: NCSD, Ohio Secretary of State, and Summit County Board of Elections

As shown in **Table 5**, the last current expense levy passed by the District was 1.9 mills in November 2012. Since that time, the District has not passed a new current expense levy. However, voters renewed the 3.0 mill permanent improvement (PI) levy on May 2, 2017.

Eliminating future deficits can be accomplished by decreasing expenditures, increasing revenue, or a combination of both. Management control over operating decisions can directly affect expenditures. Consequently, the District's management, operations, and resulting expenses were examined by OPT in an effort to identify areas of potential cost savings. If the District's revenue increases, it may be able to address projected deficits without making significant reductions to operations.

Recommendations

R.1 Develop a long-term strategic plan that is linked to the budget

NCSD does not have a comprehensive strategic plan that guides long-term operations and spending decisions. Although the District prepares the required five-year financial forecasts, tax budgets, and annual appropriations, there are not formal connections between goals, objectives, and performance measures and the annual spending decisions. The District will have a new Superintendent for FY 2017-18, providing the opportunity to develop a formal strategic plan that incorporates any newly established goals.

Establishment of Strategic Plans (Government Finance Officers Association (GFOA), 2005) indicates that governments should develop a strategic plan to provide a long-term perspective for service delivery and budgeting. The strategic plan should establish logical links between spending and goals. In addition, the focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future. The GFOA recommends the following steps when developing a strategic plan:

- Initiate the strategic planning process;
- Prepare a mission statement;
- Identify and assess environmental factors and critical issues;
- Agree on a small number of goals and develop strategies and action plans to achieve them;
- Develop measurable objectives and incorporate performance measures;
- Approve, implement, and monitor the plan; and
- Reassess the strategic plan annually.

The District should develop a strategic plan and link it to its budget in order to guide program and funding decisions. Without a goal and resource oriented strategic plan based on input from key financial, operational, and instructional participants, the District is at risk of not fully evaluating the relationship between its spending decisions, program outcomes, and long-term goals. This, in turn, increases the risk of ineffectively addressing District needs.

R.2 Enhance financial communication

The financial information NCSD provides on its website is limited to the five-year forecast. Although the District uses its website to disseminate information such as school board agendas and meeting minutes, most information is biographical in nature.

According to *Presenting Official Financial Documents on Your Government's Website* (GFOA, 2009), using a government website to disseminate information demonstrates both accountability and transparency to stakeholders in an easily accessible format. The GFOA recognizes the following benefits from communicating financial information on a government's website:

- Heightened awareness;
- Universal accessibility;

- Increased potential for interaction;
- Enhanced diversity;
- Facilitated analysis;
- Lowered costs;
- Contribution to sustainability; and
- Broadened potential scope.

Additionally, Jonathan Alder Local School District's website provides the following financial information:

- Explanation of revenues and expenditures;
- Audited financial statement;
- Five-year forecast;
- Cost per pupil and local tax effort comparisons; and
- Financial advisory council agendas and minutes.

Jonathan Alder Local School District is a primary peer and the financial information presented on its website has been identified as a leading practice. By not making all financial information available on its website, the District increases the risk that it will not be able to fully engage with community stakeholders who can provide meaningful input based on readily available financial information. NCSD should enhance communication of its financial information by fully utilizing its website to disseminate important data and pertinent news to stakeholders. This will help to ensure accountability and transparency to stakeholders and the community.

R.3 Establish open enrollment capacity limits

Open enrollment was passed into law by the Ohio General Assembly as part of the Omnibus Educational Reform Act of 1989, Senate Bill (S.B.) 140. Initially, students were only allowed to open enroll into adjacent school districts. However, in July 1998, the General Assembly passed House Bill (H.B.) 497 which permitted students to enroll in any school district in the State and eliminated the authorization for a school district to object to the enrollment of a district student in another school district that allows open enrollment.

ORC § 3313.98 requires all school districts to adopt a resolution establishing a policy that either entirely prohibits open enrollment into their district, permits open enrollment of all students, or permits open enrollment of students only from adjacent districts. NCSD has adopted a resolution permitting open enrollment of all students.

Further, Ohio Revised Code (ORC) § 3313.98 requires school districts with an open enrollment policy permitting the enrollment of students from all districts to have additional procedures. These include:

- “Application procedures, including deadlines for application and for notification of students and the superintendent of the applicable district whenever an adjacent or other district student’s application is approved.
- Procedures for admitting adjacent or other district applicants free of any tuition obligation to the district’s schools, including, but not limited to:

- The establishment of district capacity limits by grade level, school building, and education programs;
- A requirement that all native students wishing to be enrolled in the district will be enrolled and that any adjacent or other district students previously enrolled in the district shall receive preference over first-time applicants; [and]
- Procedures to ensure that an appropriate racial balance is maintained in the district schools.”

NCSD’s open enrollment policy permits students from any district in the state to apply for open enrollment provided that all procedures outlined in the administrative regulations are met. The regulations include:

- Deadlines for application and notification to students of acceptance or rejection;
- Procedures for admission;
- District capacity limits by grade level, school building, and educational programs are determined;
- Preference given to resident students and students from adjacent districts who previously enrolled;
- No requirement for academic, athletic, artistic, or any other skill or proficiency;
- No limitation on admitting students with disabilities unless services required in the IEP are not available at the District;
- No requirement for English proficiency;
- No rejections because the student was subject to disciplinary proceedings, except a student who has been suspended or expelled for 10 consecutive days; and
- Procedures to maintain an appropriate racial balance.

Although the District’s open enrollment policy conforms to the broad requirements in ORC § 3313.98, it has not established formal capacity limits by grade level, school building, and/or educational program. NCSD has a history of significant incoming open enrollment students which increased from 487.00 students in FY 2010-11 to 593.25 students in FY 2015-16, or an increase of 21.8 percent. The District’s practice has been to admit open enrollment students to offset the decline in resident students because the District feels it operates optimally with approximately 200 students per grade. During the open enrollment period for FY 2016-17, NCSD posted on its website that open enrollment was wait-listed for specific grades. However, the District's practice, including what determines if a given grade is wait-listed, is not formally detailed in a Board policy or administrative guideline.

Hubbard Exempted Village School District (HEVSD) created administrative guidelines to define its open enrollment policy and these guidelines have been identified as a leading practice. Specifically, HEVSD requires each building principal to “notify the Superintendent by March 1st [of] the programs and classrooms which have space available for students from another Ohio district and for tuition students.” Further, the “number of openings in a particular program for students from other Ohio districts will be determined by optimum size for a particular program, classroom/school building, or grade level which is the number of students that can be accommodated without increasing District expenditures for staff or equipment.” HEVSD posts on its website the grades for which it is accepting open enrollment applications.

The District should establish capacity limits by grade level, school building, and/or educational program for the number of open enrollment students accepted into the District and define those limits in a Board policy or administrative guideline. Following this policy would help to annually predetermine the number of open enrollment students to accept based on openings in each grade level, school building, and educational program. Further, it would help the District define staffing levels and space availability without increasing expenditures.

R.4 Develop a multi-year capital improvement plan

The District does not have a capital plan despite having a permanent improvement levy which generates approximately \$673,000 annually and must be renewed by voters every five years. According to the District, this is because it focused on its building project which included construction of a new high school (opened January 2017), closure of Cornerstone and Grill Elementary Schools, and reconfiguration of the remaining buildings. NCSD used permanent improvement funds to purchase land for the new high school.

According to *Multi-Year Capital Planning: Best Practice* (GFOA, 2006), public entities that are allocated capital outlay or permanent improvement funding should prepare and adopt multi-year capital plans. A properly prepared capital plan is essential to the future financial health of an organization and its continued delivery to its constituents and stakeholders. An adequate capital plan should:

- Identify and prioritize expected needs based on the entity's strategic plan;
- Establish project scopes and costs;
- Detail estimated amounts of funding from various sources; and
- Project future operating and maintenance costs.

The capital plan should also address bus replacement. According to *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services (NASDPTS), 2002), the replacement of school buses should be a planned process because older school buses are more costly to operate and maintain than newer school buses. Additionally, NASDPTS states the anticipated lifetime under normal operating conditions is 12 to 15 years for a school bus. The District's bus fleet is an average of 13 years old. Although a district's finances may be an obstacle to replacing buses on a set schedule, NCSD has a permanent improvement levy which could be used for this purpose. Ultimately, establishing a bus replacement plan is important because it determines the time line for introducing the latest safety, efficiency, and emissions standards.

The District should develop a multi-year capital plan for all of its capital assets. Doing so would ensure that capital assets and permanent improvement funds are effectively managed. Incorporating a formal bus replacement plan would help the District anticipate and avoid the need to replace a large portion of the fleet at the same time.

R.5 Eliminate 2.0 FTE ESP teacher positions

Educational service personnel (ESP) teacher positions include K-8 art, music, and physical education teachers. In FY 2016-17, the District employed 12.0 FTE ESP teachers, which

included 4.0 FTE art teachers, 4.0 FTE music teachers, and 4.0 FTE physical education teachers. Effective April 24, 2015, Ohio Administrative Code (OAC) 3301-35-05 was revised to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students." This revision eliminated State minimum staffing levels for ESP staffing.

Table 6 shows the District's FY 2016-17 ESP staffing on a per 1,000 students basis compared to the primary peer average for FY 2015-16. Comparing ESP staffing in relation to student population normalizes the effect of district size on raw staffing numbers.

Table 6: ESP Teacher Staffing Comparison

	NCS D	Primary Peer Average			
Students Educated ¹	2,414.72	2,135.34			
Students Educated (thousands)	2.41472	2.13534			
	Total FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Total FTEs Above/ (Below) ²
Art Education K-8	4.00	1.66	1.21	0.45	1.09
Music Education K-8	4.00	1.66	1.45	0.21	0.51
Physical Education K-8	4.00	1.66	1.43	0.23	0.56
Total FTEs for Comparison	12.00	4.98	4.09	0.89	2.16

Source: NCS D, ODE, and primary peers

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

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of ESP teacher FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 6**, NCS D had a staffing level that was 2.16 ESP teachers higher than the primary peer average.

Financial Implication: Reducing 2.0 FTE ESP teacher positions could save approximately **\$119,400** in salaries and benefits, annually. This was calculated using the salary for the least tenured ESP teachers and an average benefits ratio of 40.9 percent.² The estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher-salaried staff.

R.6 Renegotiate collective bargaining agreement provisions

The District has collective bargaining agreements (CBAs) with the Norton Classroom Teachers Association (certificated CBA) and the Ohio Association of Public School Employees Local 167

² Calculated using the FY 2015-16 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2016 five-year forecast.

(classified CBA).³ An analysis of these CBAs identified the following provisions that exceeded State minimum standards and/or typical provisions in local peer districts:

- **Paid Holidays:** The District's classified CBA entitles 12-month employees to 12 paid holidays and nine-month & 10-month employees to nine paid holidays. These levels are consistent with the local peer average of 12 paid holidays for 12-month employees, but more generous than the average of eight paid holidays for nine-month and 10-month employees. However, ORC § 3319.087 states 11-month and 12-month employees are entitled to a minimum of seven paid holidays, and nine-month and 10-month employees are entitled to six paid holidays. Direct savings from reducing the number of holidays could not be quantified, however, a reduction would increase the number of available work hours at no additional cost to the District.
- **Vacation Accrual:** The District's classified CBA entitles employees to annual vacation accrual whereby they earn 505 vacation days over the course of a 30-year career. This is lower than the local peer average of 543 days but greater than the ORC § 3319.084 minimum of 460 days. Providing employees with more vacation days could increase substitute and overtime costs. Although direct savings from reducing the vacation schedule could not be quantified, a reduction would increase the number of available work hours at no additional cost to the District.
- **Maximum Sick Leave Accrual and Severance Payout:** Both of the District's CBAs entitle employees to accrue 250 days of unused sick leave. Barberton CSD entitles its classified employees to a maximum accrual of 250 days and 259 days for certificated employees. Revere LSD entitles both its certificated and classified employees to 295 days, and Wadsworth CSD entitles its certificated employees to 304 days and its classified employees to 284 days. Both Copley-Fairlawn CSD and Tallmadge CSD offer unlimited sick leave accrual for both classified and certificated employees. Further, ORC § 3319.141 details sick leave accumulation and specifies that unused sick leave shall be cumulative to 120 days. Providing an accrual in excess of State minimum levels represents the potential for increased financial liability when sick leave is paid out to retiring employees. Additionally, the District's CBAs entitle certificated and classified employees to be paid for accumulated sick leave upon retirement. Specifically, the certificated CBA entitles staff to a maximum of 63 days and the classified CBA a maximum of 61.6 days. In comparison, the local peer maximum sick leave payout is 68.4 days for certificated employees and 69.9 days for classified employees. However, while lower than the local peer average, the District's sick leave payout is higher than the minimum established by ORC § 124.39, which allows school employees to be paid for 30 days (i.e. 25 percent of 120 days) of unused sick leave at retirement. Severance payout entitlements in excess of State minimums become costly at employee retirement.
- **Annual Sick Leave Accrual:** The District's classified CBA entitles 12-month employees to 18 sick leave days per year. This is above both the local peer average and ORC § 3319.141 requirement of 15 days per year. Providing employees with more sick leave

³ The certificated CBA and classified CBA expire June 30, 2018.

days on an annual basis could increase substitute and overtime costs. Although direct savings from reducing sick leave accrual could not be quantified, a reduction could increase the number of available work hours at no additional cost to the District.

- **Bus Driver Hour Guarantee:** The District's classified CBA guarantees regular bus drivers a minimum of 4.5 hours per day, including pre-trip inspections. Similarly, Barberton CSD, Copley-Fairlawn CSD, and Revere LSD guarantee bus drivers a minimum of 4.5 hours per day while Wadsworth CSD only guarantees four hours per day and Tallmadge CSD does not guarantee a minimum amount of hours. Removing this language from the classified CBA could help the District construct bus routes in the most efficient manner possible (see **R.8**).

The District should seek to renegotiate the aforementioned CBA provisions. Provisions within CBAs that provide benefits beyond what is required or typically offered in other school districts can create unnecessary financial burden on the District and limit management's ability to control costs.

R.7 Complete T-1 Reports as prescribed by ODE

School districts in Ohio are required to report information about transportation operations to ODE on an annual basis in accordance with ORC § 3327.012 and OAC 3301-83-01. The T-1 Form certifies the actual number of and type of pupils transported, daily miles traveled, and buses used in the transportation program. School districts are required to complete the T-1 Form by recording the average number of pupils enrolled and regularly transported to school as well as the average daily miles traveled for pupil transportation (excluding non-routine and extracurricular miles) during the first full week of October. ODE then uses the T-1 Form to calculate pupil transportation funding on a per mile or per student basis, whichever is greater, pursuant to ORC § 3327.012. NCSD was funded per student.

The District's FY 2016-17 T-1 Report and October 2016 bus driver count sheets were reviewed for consistency and accuracy. The District reported a total of 1,380 Type I riders⁴ on the T-1 Report. The District's practice has been to report the highest number of riders on a single day for the morning routes. However, *T-1 Report Instructions* (ODE, 2016) states, "Districts shall count all riders on their first conveyance to school for each day of the count week, and then report the average daily riders for the week."

The District should ensure it completes the T-1 Report in accordance with the guidelines prescribed by ODE. Adhering to ODE's instructions will help to ensure the District will receive the appropriate amount of pupil transportation funding.⁵

⁴ Type I riders are those transported on board-owned, leased, and operated school buses.

⁵ ODE's Office of Pupil Transportation is responsible for oversight of all transportation data reporting. Given that the reporting error identified in this performance audit could potentially impact the District's transportation funding this matter has been sent to ODE for additional review should the Department determine that it is necessary.

R.8 Right-size the active bus fleet

In FY 2016-17, NCSD transported 1,175 regular needs riders with its regular needs fleet of 22 active buses. The District uses two-tiered routing, assigns two students per seat, and constructs routes to accommodate the total number of potential riders. Further, NCSD offers transportation to all students because the District does not have sidewalks. As a result, routes have door to door stops with limited cluster stops. Although the District uses routing software to develop routes, it has not used the route optimization feature of the software. Furthermore, the District’s classified CBA includes a provision guaranteeing bus drivers a minimum of 4.5 hours per day (see **R.6**). According to the District, this guarantee impacts routing efficiency.

Bus capacity takes into account bus size, the number of regular riders, and the number of routes per bus. According to *School Bus Seat Capacity* (NASDPTS, 1999), the capacity of a school bus is determined by the number of seats on a bus and the number of students per seat. **Table 7** shows a comparison of NCSD’s active regular bus fleet in FY 2016-17 to the bus utilization benchmark of 80.0 percent as published in *Hidden Savings in Your Bus Budget* (American Association of School Administrators (AASA, 2006). Examining the ridership per bus in relation to capacity is important in determining the potential for the District to transport its students with fewer buses.

Table 7: Bus Utilization Comparison

Total Number of Active Regular Buses	22
Actual Regular Riders	1,175
Potential Riders on Route Sheets	1,714
Average Actual Riders per Bus	53.4
Benchmark Capacity per Bus ¹	79.9
Difference	(26.5)
Buses Needed to Meet Benchmark ²	14.7
Buses Over/(Under) Benchmark	7.3
Buses with Middle School/High School Route and Elementary Route Below Benchmark	3

Source: NCSD and AASA

¹ This is based on the manufacturer rated capacities of all buses multiplied by two routes (one elementary and one middle/high school), divided by the total number of buses multiplied by 80 percent.

² This is based on the number of routes needed to achieve the benchmark divided by the number of routes per bus.

As shown in **Table 7**, a high level review revealed the District could be operating with as many as seven more buses than the benchmark. A detailed review of route sheets was then completed to identify specific routes and/or buses that operated below the benchmark. This review included:

- Recalculating the bus capacity to 51 students to reflect that the District assigns two students per seat regardless of age; and
- Applying the AASA benchmark to the recalculated capacity to identify routes with 40 or fewer students.

This analysis identified three buses where both the middle school/high school and elementary school morning routes were below the benchmark. Further, the route sheets for these three buses were reviewed to determine if the driver layover time between middle school/high school and elementary school morning routes or student ride time caused the route inefficiency.

Table 8 shows the annual savings achievable based on a reduction of three buses.

Table 8: Bus Reduction Cost Savings

Number of Buses to be Reduced	3
Driver Salaries	\$40,900
Retirement	\$10,200
Worker's Compensation	\$200
Employee Insurance	\$23,000
Bus Insurance	\$1,600
Total Annual Savings	\$75,900

Source: NCSD

As shown in **Table 8**, the District could achieve savings through bus reductions. The District should continue to utilize its routing software and determine if such a reduction is feasible based on the District’s needs. By transporting more students per bus, a district can reduce both the number of buses it uses and the costs associated with operating those buses. Additionally, the District should continue to monitor utilization rates using its routing software to determine if further reductions are warranted.

Financial Implication: Reducing three active regular buses could save approximately **\$75,900**, based on FY 2015-16 operating data.

Appendix A: Scope and Objectives

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

In consultation with the Department and the District, OPT identified the following scope areas for detailed review: Financial Management, Human Resources, Facilities, and Transportation. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Five of the 13 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

Table A-1: Audit Objectives and Recommendations

Objective	Recommendation
Financial Management	
Is the strategic plan consistent with leading practices?	R.1
Are financial communication efforts consistent with leading practices?	R.2
Are open enrollment policies financially beneficial?	R.3
Are extracurricular activities appropriate to the peers and/or the District’s financial condition?	N/A
Are capital planning efforts consistent with leading practices?	R.4
Human Resources	
Is the EMIS data process sufficiently reliable and consistent with leading practices?	N/A
Are the staffing levels efficient compared to peers and state minimum requirements and appropriate based on the District’s financial condition?	R.5
Are the salaries comparable to local peers and appropriate based on the District’s financial condition?	N/A
Are the collective bargaining agreement (CBA) provisions comparable to the local peers and ORC minimums and appropriate based on the District’s financial condition?	R.6
Are the insurance benefits comparable to industry standards and appropriate based on the District’s financial condition?	N/A
Facilities	
Is the custodial and maintenance staffing efficient compared to benchmarks and appropriate based on the District’s financial condition?	N/A
Transportation	
Are T-Report procedures and practices consistent with leading practices?	R.7
Is the fleet size and composition consistent with leading practices?	R.8

Note: Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives.

Appendix B: Additional Comparisons

Open Enrollment

Table B-1 shows the District's cost to educate open enrollment students in comparison to the revenue generated by these students in FY 2015-16. This analysis illustrates the net revenue or loss generated by open enrollment.

Table B-1: Costs and Revenue Attributed to Open Enrollment

Total Students		2,421.00
Open Enrollment Students		579.65
Percentage of Open Enrollment Students		23.94%
Expenditure Type		
	Total Cost	Open Enrollment Cost
Regular Instruction	\$10,698,600	\$2,369,466
Special Instruction ¹	\$2,497,493	\$363,765
Support Services Pupils	\$1,669,340	\$302,662
Support Services Instructional Staff	\$527,849	\$116,564
Support Services Administrative	\$1,584,361	\$297,736
Operation and Maintenance of Plant Services	\$1,878,677	\$16,366
Support Services Pupil Transportation	\$1,681,285	\$321,159
Support Services Central	\$3,534,912	\$18,729
Extracurricular Activities ²	\$669,539	\$98,447
Total Expenditures	\$24,742,056	\$3,904,894
Open Enrollment Revenue		\$4,021,848
Net Revenue/(Loss)		\$116,954

Source: NCSD and ODE

¹ Open enrollment special education students account for approximately 17.7 percent of total special education students. This percent was applied to the Special Instruction expenditures, except for Disadvantaged Youth, which was multiplied by the percent of open enrollment students.

² Open enrollment cost is based on the District's net cost of \$411,180 for extracurricular activities multiplied by the percent of open enrollment students.

As shown in **Table B-1**, NCSD's net gain for educating open enrollment students was \$116,954 in FY 2015-16.

Staffing

Table B-2 shows full-time equivalent (FTE) staffing levels per 1,000 students at the District compared to the primary peer district average. Peer data was from FY 2015-16 as reported to ODE through the Education Management Information System (EMIS). Adjustments were made to the District’s EMIS data to reflect accurate staffing levels for FY 2016-17.

Table B-2: NCS D Staffing Comparison

	NCS D		Primary Peer Average		
Students Educated ¹	2,414.72		2,135.34		
Students Educated (thousands)	2.41472		2.13534		
	Total FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Total FTEs Above/ (Below) ²
Administrative	20.00	8.28	6.38	1.90	4.59
Office/Clerical	12.81	5.30	5.75	(0.45)	(1.09)
General Education Teachers	102.00	42.24	45.97	(3.73)	(9.01)
ESP Teachers	12.00	4.97	4.11	0.86	2.08
All Other Teachers	41.50	17.19	10.81	6.38	15.41
Other Educational	4.00	1.66	2.71	(1.05)	(2.54)
Professional	17.90	7.41	6.08	1.33	3.21
Non-Certificated Support	44.41	18.39	10.30	8.09	19.54
Technical Staff	0.00	0.00	0.74	(0.74)	(1.79)

Source: NCS D, ODE, and primary peers

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

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

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

As shown in **Table B-2**, District staffing levels were above the primary peer average in administrative, ESP teachers, all other teachers, professional, and non-certificated support positions. Administrative staffing is higher due to differences in how the District and primary peers code certain positions, such as the EMIS coordinator, facilities supervisor, food service supervisor, transportation supervisor, and technical positions. The *ODE EMIS Manual* (ODE, 2016) provides guidance for coding these positions, but is not prescriptive. Once the coding differences were accounted for, the District’s administrative staffing was comparable to the primary peer average. An assessment of ESP teacher staffing levels was reviewed in greater detail in **R.5**.

The all other teachers category included special education, preschool, career-technical, and supplemental service teachers. When teachers associated with special education were backed out, the District’s staffing was still higher than the primary peer average. However, this was due to the District’s career-technical teachers. NCS D is part of a four district compact for career-technical education while the peers each use a joint vocational school (JVS) and do not employ

career-technical teachers. One these positions are backed out of the comparison, the District's all other teachers staffing was comparable to the primary peer average. Lastly, professional and non-certificated support staff categories were lower than the primary peer average after backing out staff associated with special education.

Salaries

As part of the initial scope and objectives, salary and wage schedules for certificated and classified employees were compared to the local peers in an attempt to determine opportunities for adjustment. **Table B-3** shows the District’s FY 2016-17 salary schedules compared to the local peers over the course of 30 years. Comparing career compensation to other area districts provides a gauge as to the appropriateness of salary levels on a regional basis.

Table B-3: Career Compensation Comparison

	NCSD	Local Peer Average	Difference	Percent Difference
Certificated: 30-Year Salary				
Bachelor’s Degree	\$1,652,807	\$1,769,424	(\$116,617)	(6.6%)
Bachelor’s Maximum	\$1,731,242	\$1,852,550	(\$121,308)	(6.5%)
Master’s Degree	\$1,874,219	\$2,065,168	(\$190,949)	(9.2%)
Master’s Maximum	\$1,894,892	\$2,123,609	(\$228,717)	(10.8%)
Classified: 30-Year Salary				
Head Custodian	\$1,193,275	\$1,337,126	(\$143,851)	(10.8%)
Custodian	\$1,147,266	\$1,172,655	(\$25,389)	(2.2%)
Secretary	\$1,007,469	\$1,170,721	(\$163,252)	(13.9%)
Maintenance	\$1,316,224	\$1,335,224	(\$19,000)	(1.4%)
Cafeteria Worker	\$879,403	\$916,430	(\$37,027)	(4.0%)
Bus Driver	\$1,118,915	\$1,309,729	(\$190,814)	(14.6%)

Source: NCSD and local peers

As shown in **Table B-3**, the District’s career compensation for certificated and classified staff was lower than the local peer average.

Health Insurance Premiums

Table B-4 shows the District's FY 2016-17 share of health insurance premiums compared to the average for other plans in Summit County from the *24th Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (State Employment Relations Board (SERB), 2016). This comparison is important as insurance costs are recognized as sensitive to local conditions and, where possible, other local or regional plans provide the most realistic benchmarks for relative price competitiveness.

Table B-4: Monthly Board Health Insurance Cost Comparison

Plan Type	NCS D	Summit County Average	Difference	Percent Difference
Medical				
Single	\$569.78	\$506.06	\$63.72	12.6%
Family	\$1,225.70	\$1,277.21	(\$51.51)	(4.0%)
Dental				
Single	\$30.96	\$58.46	(\$27.50)	(47.0%)
Family	\$77.56	\$113.15	(\$35.59)	(31.5%)
Vision				
Single	\$2.00	\$7.08	(\$5.08)	(71.8%)
Family	\$5.00	\$15.58	(\$10.58)	(67.9%)
Total Health Insurance				
Single	\$602.74	\$571.60	\$31.14	5.4%
Family	\$1,308.26	\$1,405.94	(\$97.68)	(6.9%)

Source: NCS D and SERB

As shown in **Table B-4**, the District's FY 2016-17 monthly board cost for health insurance is below the Summit County Average for every plan type, except for single medical. However, of the District's 277 total medical plans, only 64, or 23.1 percent, are single plans. Further, the District is part of the Summit Regional Health Care Consortium and requires a 10 percent premium contribution for all employees.

Facilities Staffing

During FY 2016-17, the District operated and maintained six buildings, one high school, one middle school, three elementary schools, and one administration/bus garage building. The custodial and maintenance staff is responsible for the upkeep of 354,242 square feet and 117.1 acres of grounds. Custodians and maintenance employees perform the cleaning, maintenance, and grounds keeping duties. When the District completes its building project during FY 2017-18, the total square footage will slightly increase to 377,352 and acreage will remain the same at 117.1 acres. In FY 2017-18, the District will close Cornerstone and Grill Elementary Schools and move grades 1-4 into a larger elementary school (the former middle school).

The Planning Guide for Maintaining School Facilities (National Center for Educational Statistics (NCES), 2003) establishes that Level 3 cleaning is the norm for most school facilities and that a cleaner can clean approximately 29,500 square feet in an eight hour shift. Also, *American School and University Magazine* (AS&U) sets an industry benchmark for maintenance employees of 94,872 square feet maintained per 40 hour week and for grounds employees a benchmark of 40.2 acres maintained per 40 hour week. Maintenance employees perform skilled jobs such as electrical, heating and cooling, and plumbing while grounds employees are responsible for landscape upkeep.

Table B-5 shows the District's building and grounds staffing positions for FY 2016-17 compared to industry benchmarks from AS&U and NCES for Level 3 cleaning. It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

Table B-5: FY 2016-17 Building & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	0.8
Acreage Maintained	117.1
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	2.9
Grounds FTEs Above/(Below) Benchmark	(2.1)
Custodial Staffing	
Custodial FTEs	14.2
Square Footage Cleaned	354,242
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	12.0
Custodial FTEs Above/(Below) Benchmark	2.2
Maintenance Staffing	
Maintenance FTEs	3.1
Square Footage Maintained	354,242
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	3.7
Maintenance FTEs Above/(Below) Benchmark	(0.6)
Total Building & Grounds Staffing	
Total FTEs Employed	18.1
Total Benchmarked Staffing Need	18.6
Total FTEs Above/(Below) Benchmark	(0.5)

Source: NCSD, OFCC, Summit County Fiscal Office, ODE, AS&U, and NCES

As shown in **Table B-5**, the District's grounds and maintenance staffing levels were below the benchmarks, while its custodial staffing was above the benchmarks. According to the District, custodial staffing was above the benchmark because it assigned a day custodian who performs limited cleaning to each of the three small elementary buildings. Further, students at the elementary schools eat in their classrooms. To improve custodial efficiency, the Facilities Supervisor developed cleaning plans for each building that show the area each custodian is responsible for cleaning in addition to cleaning set sheets that detail the work performed and time to complete the work for specific areas in the buildings, such as restrooms.

As a result of the District finalizing a building project and reconfiguration, staffing comparisons were completed for the square footage and acreage that will be in operation in FY 2017-18. **Table B-6** shows the District's anticipated building and grounds staffing positions for FY 2017-18 compared to industry benchmarks from AS&U and NCES for Level 3 cleaning.

Table B-6: FY 2017-18 Building & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	0.8
Acreage Maintained	117.1
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	2.9
Grounds FTEs Above/(Below) Benchmark	(2.1)
Custodial Staffing	
Custodial FTEs	13.9
Square Footage Cleaned	377,352
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	12.8
Custodial FTEs Above/(Below) Benchmark	1.1
Maintenance Staffing	
Maintenance FTEs	3.1
Square Footage Maintained	377,352
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	4.0
Maintenance FTEs Above/(Below) Benchmark	(0.9)
Total Building & Grounds Staffing	
Total FTEs Employed	17.8
Total Benchmarked Staffing Need	19.7
Total FTEs Above/(Below) Benchmark	(1.9)

Source: NCSD, OFCC, Summit County Fiscal Office, ODE, AS&U, and NCES

As shown in **Table B-6**, the District's grounds and maintenance staffing will continue to be below the benchmarks, while custodial staffing will continue to be above the benchmark in FY 2017-18. However, the District will add square footage and reduce custodial staff from FY 2016-17 to FY 2017-18. The District does not plan to hire grounds or maintenance staff despite being below the benchmarks. Rather, it plans to adjust work schedules and purchase equipment to improve efficiency. Further, the District expects the new high school building and renovations to existing buildings will reduce demands on the maintenance staff. If the District's financial condition worsens, it should consider reductions to custodial staff to limit reductions that would have a direct impact on instruction.

Appendix C: Five-Year Forecast

Chart C-1 shows the District's October 2016 Five-Year Forecast.

Chart C-1: NCSD October 2016 Five-Year Forecast

Line	Actual			Forecasted				
	2014	2015	2016	2017	2018	2019	2020	2021
1.010 General Property (Real Estate)	7,662,660	7,584,282	7,606,515	7,540,139	7,633,253	7,682,356	7,732,058	7,822,540
1.020 Tangible Personal Property Tax	528,879	567,769	640,146	717,072	780,140	837,721	879,607	923,588
1.035 Unrestricted Grants-in-Aid	7,006,572	7,652,598	7,977,052	7,727,073	8,299,654	8,520,969	8,769,072	8,915,850
1.040 Restricted Grants-in-Aid	142,921	396,541	330,943	358,500	299,117	293,729	293,696	293,696
1.050 Property Tax Allocation	1,695,477	1,695,689	1,389,421	1,198,835	1,206,477	1,216,264	1,225,085	1,241,805
1.060 All Other Operating Revenue	3,907,229	4,408,842	4,933,458	4,866,283	4,876,939	4,881,718	4,886,451	4,891,210
1.070 Total Revenue	20,943,738	22,305,721	22,877,535	22,407,901	23,095,579	23,432,758	23,785,969	24,088,688
2.050 Advances-In	89,175	17,993	5,000	10,000	10,000	10,000	10,000	10,000
2.060 All Other Financial Sources	57,503	114,783	32,564	45,000	45,000	45,000	45,000	45,000
2.070 Total Other Financing Sources	146,678	132,776	37,564	55,000	55,000	55,000	55,000	55,000
2.080 Total Revenues and Other Financing Sources	21,090,416	22,438,497	22,915,099	22,462,901	23,150,579	23,487,758	23,840,969	24,143,688
3.010 Personnel Services	12,701,801	12,921,352	13,446,937	13,832,342	13,957,311	14,033,900	14,194,525	14,374,577
3.020 Employees' Retirement/Insurance Benefits	4,996,392	5,214,785	5,505,402	5,411,981	5,529,050	5,649,518	5,795,445	5,957,107
3.030 Purchased Services	2,906,017	2,984,257	3,141,347	3,006,487	2,990,264	3,014,893	3,039,714	3,064,729
3.040 Supplies and Materials	952,950	1,050,603	801,346	839,016	814,036	820,476	826,981	835,898
3.050 Capital Outlay	75,653	44,705	54,249	50,000	50,000	50,000	50,000	50,000
4.300 Other Objects	329,170	223,708	249,162	251,654	254,170	256,712	259,279	259,279
4.500 Total Expenditures	21,961,983	22,439,410	23,198,443	23,391,480	23,594,831	23,825,500	24,165,945	24,541,590
5.010 Operational Transfers - Out		21,261	20,061	15,000	15,000	15,000	15,000	
5.020 Advances - Out	15,976	5,000	5,000	5,000	5,000	5,000	5,000	
5.030 All Other Financing Uses	5,000							
5.040 Total Other Financing Uses	20,976	26,261	25,061	20,000	20,000	20,000	20,000	
5.050 Total Expenditure and Other Financing Uses	21,982,959	22,465,671	23,223,504	23,411,480	23,614,831	23,845,500	24,185,945	24,541,590
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	-892,543	-27,174	-308,405	-948,579	-464,252	-357,742	-344,976	-397,902
7.010 Beginning Cash Balance	3,062,121	2,169,578	2,142,404	1,833,999	885,420	421,168	63,426	-281,550
7.020 Ending Cash Balance	2,169,578	2,142,404	1,833,999	885,420	421,168	63,426	-281,550	-679,452
8.010 Outstanding Encumbrances	91,439	227,021	141,913	100,000	100,000	100,000	100,000	100,000
10.010 Fund Balance June 30 for Certification of Appropriations	2,078,139	1,915,383	1,692,086	785,420	321,168	-36,574	-381,550	-779,452
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,078,139	1,915,383	1,692,086	785,420	321,168	-36,574	-381,550	-779,452
15.010 Unreserved Fund Balance June 30	2,078,139	1,915,383	1,692,086	785,420	321,168	-36,574	-381,550	-779,452

Source: NCSD and ODE

Client Response

The letter that follows is the District's official response to the performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When the District disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.



NORTON CITY SCHOOLS

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

Dear Auditor of State Yost,

The Norton City School District Board of Education and administration would like to thank you for conducting our performance audit. The audit team was thorough, professional and very detailed during all phases of the audit. The leadership of the District has reviewed all recommendations from the Audit and will address them as follows:

Recommendations 1& 4 – We are beginning the process of evaluating district goals and a strategic plan. When this process is complete it will connect with the budget. Also, with the renewal of the permanent improvement levy, a multi-year plan is being implemented.

Recommendation 2 – The District has re-configured its website and is currently reviewing information to add to the financial section.

Recommendation 3 – The Board is reviewing its policy and administrative guidelines on open enrollment procedures and determining how to establish capacity limits that maximize space without increasing staffing levels.

Recommendations 5 & 8 – The District is in the process of consolidating buildings. This move will allow the district the ability to level class sizes while adjusting staffing levels. When this move is complete, staffing levels, as well as transportation routes and schedules, will be reviewed and revised.

Recommendation 6 – Collective bargaining agreements are negotiated through June of 2018. As the contracts expire, administration, while bargaining, will have the opportunity to discuss changes to the CBAs.

Recommendation 7 – Administration is working with the Transportation Department to correct the filings of the T-1 report to accurately report the students that ride the bus.

Norton City School District will continue to monitor the information provided by the Performance Audit and continue to improve our District. Thank you again for the time and effort put into this process.

David Dunn
Superintendent

Stephanie Hagenbush
Treasurer

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Dave Yost • Auditor of State

NORTON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 11, 2017**