OHIO AUDITOR OF STATE
KEITH FABER

Norton City School District

Performance Audit

September 2026

OHIO AUDITOR OF STATE
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OHIO AUDITOR OF STATE
KEITH FABER

To the Norton City School District Community:

The Auditor of State's Office recently completed a performance audit for the Norton City School District (the District). The District was selected for a performance audit based on its projected financial condition. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. The performance audit has been provided at no cost to the District through state funds set aside to provide analyses for districts that meet certain criteria, including conditions that would lead to fiscal distress.

This performance audit report contains recommendations, supported by detailed analyses, to enhance the District's overall economy, efficiency, and/or 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 recommendations contained in the report to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

It is my hope that the District will use the results of the performance audit as a resource for improving operational efficiency as well as service delivery effectiveness. The analyses contained within are intended to provide management with information, and in some cases, a range of options to consider while making decisions about their operations.
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. Additional resources related to performance audits are also available on the Ohio Auditor of State's website.

Sincerely,

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 22, 2026

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Table of Contents

Introduction

The public expects and deserves government entities to be good stewards of taxpayer dollars. School officials have a responsibility to maximize program outcomes and success while minimizing costs. Transparent management of taxpayer dollars promotes a good relationship with the constituents served by a school district. School districts in Ohio are required to submit financial forecasts to the Ohio Department of Education and Workforce (ODEW) annually in October, with updates to the forecast submitted in February.[1] These documents provide three years of historical financial data, as well as the projected revenues and expenses for a multi-year period.[2]

The Ohio Auditor of State's Office Ohio Performance Team (OPT) routinely reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to assist school districts that are struggling financially. We use data-driven analyses to produce and support recommendations that identify opportunities for improved operations, effectiveness, increased transparency, and reductions in cost. While we have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.[3]

Audit Methodology

Our audit focuses on identifying opportunities where expenditures may be reduced as the District administration can make decisions in these areas. The information, which was presented to District officials, is based on a combination of peer district comparisons, industry standards, and statewide requirements. During the audit, we relied primarily on academic year (AY) 2025 data to complete our analyses, which was the most recent year of available data at the time.[4] When applicable, we supplemented our analyses with current data supplied by the District.

Two groups of peer districts were identified for the purpose of this audit. The first peer group, primary peers, are districts located throughout Ohio and are chosen based on having similar or better academic performance and similar demographic makeup while maintaining relatively lower spending per pupil. Primary peer districts are used for financial comparisons and analyses regarding operations such as staffing levels. The second, local peers, is comprised of districts in

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[1] ORC § 5705.391 and OAC 3301-92-04.
[2] House Bill 96 of the 136th General Assembly (the biennial budget bill) contained changes to the school forecast which included shortening the length of the forecast period and altering the submission dates. These changes went into effect in AY 2026.
[3] Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see **Appendix A** for more details.
[4] The academic year, which coincides with the fiscal year, begins July 1st and ends June 30th.

the surrounding area and is used for labor market comparisons, such as salary schedules. See **Appendix A** for a list of all districts used in our peer comparisons.

Norton City School District

Norton City School District (NCSD or the District) is located in Summit County and, as of AY 2025, had 2,064 students enrolled including students residing in the District and those who attend through open enrollment options. The District spans approximately 25 square miles and has an Ohio median income of $49,065.

Financial Condition

In October 2025, the District released its required annual forecast that showed negative year-end fund balances in the forecast period beginning in AY 2027. A summary of this forecast is in the table below. As seen in this table, the District has negative results of operations in each of the four years of the forecast period. This deficit spending is possible in the short term because of the existing positive fund balance. However, based on projected deficit spending, the District anticipates a negative ending fund balance beginning in AY 2027, which was expected to grow to approximately $11.8 million by AY 2029, the last year of the forecast. Due to the declining fiscal condition of the District, and in consultation with ODEW, we chose to conduct a performance audit.

Financial Condition Overview (October 2025 Forecast)

	AY 2026	AY 2027	AY 2028	AY 2029
Total Revenue	$28,174,500	$27,689,135	$27,942,785	$27,970,280
Total Expenditures	$30,209,375	$31,624,486	$32,823,881	$34,066,494
Results of Operations	**($2,034,875)**	**($3,935,351)**	**($4,881,096)**	**($6,096,214)**
Beginning Cash Balance	$5,248,619	$3,213,744	($721,608)	($5,602,703)
Ending Cash Balance	**$3,213,744**	**($721,608)**	**($5,602,703)**	**($11,698,917)**
Encumbrances	$144,145	$144,145	$144,145	$144,145
Ending Fund Balance (12.010)	**$3,069,599**	**($865,753)**	**($5,746,848)**	**($11,843,062)**

Source: ODEW

Due to the District's projected financial condition in its October 2025 forecast, NCSD was required to submit a written financial recovery plan to ODEW. The financial recovery plan included a staffing reduction of 30.0 FTEs, elimination of open enrollment, and a reduction in supply expenditures. The expected cost savings from this recovery plan are approximately $9 million over the forecast period. In addition, the District placed a 0.75 percent earned income tax levy on the May 2026 ballot to generate new revenue. However, this income tax levy failed to pass.

In February 2026, the District released its updated forecast which projected negative results of operations in each year of the forecast period and a negative year-end fund balance in AY 2029. While the District continues to project deficit spending, the February forecast is significantly improved from the October 2025 forecast, primarily due to the actions taken as a result of the recovery plan. The District's negative results of operations ranged from 6.9 percent of revenue in AY 2026 to 8.4 percent of revenue in AY 2029. The table on the following page shows a summary of the February forecast.

Financial Condition Overview (February 2026 Forecast)

	AY 2026	AY 2027	AY 2028	AY 2029
Total Revenue	$27,917,827	$26,972,193	$27,730,403	$27,800,802
Total Expenditures	$29,841,771	$28,218,921	$29,016,837	$30,139,804
Results of Operations	**($1,923,944)**	**($1,246,728)**	**($1,286,434)**	**($2,339,002)**
Beginning Cash Balance	$5,248,619	$3,324,675	$2,077,947	$791,513
Ending Cash Balance	**$3,324,675**	**$2,077,947**	**$791,513**	**($1,547,489)**
Encumbrances	$144,145	$144,145	$144,145	$144,145
Ending Fund Balance (12.010)	**$3,180,530**	**$1,933,802**	**$647,368**	**($1,691,634)**

Source: ODEW

Note: The February 2026 forecast also projected revenue from the passage of an earned income tax levy that was on the May 2026 ballot. This issue failed, and therefore we did not include the information in the summary table.

While the District's efforts to reduce expenditures are projected to delay the ending fund balance deficit until AY 2029, NCSD continues to project deficit spending in each year of the forecast period and further actions are warranted to produce a sustainable financial condition for the district.

School Funding

Historically, school funding in Ohio has been a partnership between the state and local districts. Local districts can raise funds through property and income taxes, and the state provides funding primarily through a foundation formula, which is intended to ensure a basic level of education funding for all students. Districts may also receive some funding from other sources, such as federal grants. In AY 2025, of the approximately $28.5 billion in reported revenue for public education in Ohio, 83.4 percent, or $23.8 billion, came from state and local sources.[5]

[5] Of the remaining 16.6 percent of revenue, 9.1 percent came from the federal government with the remaining 7.5 percent coming from a variety of sources including funds raised through tuition, fees, extracurricular activities, grants, and other non-tax sources.

State Funding

On July 1, 2025, House Bill (HB) 96 of the 136th General Assembly (the biennial budget bill) was signed by the Governor. This bill included changes to the state foundation funding formula, which was enacted in 2021,[6] and is commonly referred to as the Fair School Funding Plan. The formula changes will be phased in at 83.33 percent in AY 2026 and 100 percent in AY 2027.[7] During the phase-in period, the amount of state funding received in any given year may have been less than what would have been received if the formula were fully funded. In addition to the formula, there are two "guarantee" provisions that provide additional revenue and prevent a district's state funding from falling below certain historical amounts.[8] In the most recent budget, the temporary transitional aid provides funding based on AY 2020 levels and the formula transition supplement provides funding based on AY 2021 levels including a district's student wellness and success funds and enrollment growth supplement for that year. NCSD did not qualify for either of these supplemental guarantees and receives only the calculated formula funding.

Local Funding

Local revenue can be raised through a combination of property and income taxes. While property taxes are assessed on both residential and business properties within a district, income tax is assessed only on residents.[9] Approximately one-third of Ohio school districts currently have an income tax.

Property Tax

Property taxes levied in Ohio are subject to restrictions in the Ohio Constitution[10] and the Ohio Revised Code (ORC).[11] These restrictions limit the amount of tax that can be levied without voter approval to 10 mills[12] or 1 percent of property value. While the Constitutional limitation is based on fair market value, the ORC sets a more restrictive limit based on taxable value, which is defined as 35 percent of fair market value. These taxes are distributed between the various taxing districts that operate where a property is located.

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[6] ODEW transitioned to the new funding model in January of 2022.
[7] See https://www.lsc.ohio.gov/assets/legislation/136/hb96/psc/files/hb96-comparison-document-as-pending-in-senate-committee-136th-general-assembly.pdf
[8] In addition, the budget extended temporary transitional transportation aid associated with a district's per-pupil transportation aid.
[9] See https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax
[10] Ohio Const. Art. XII, Section 2.
[11] Ohio Rev. Code § 5705.02.
[12] A mill is defined as one-tenth of one percent or $1 for every $1,000 of taxable value.

The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills. On average, school districts have approximately 4.7 inside mills, and the remainder of property tax revenue would come from voted, or outside millage.

School districts can obtain additional property tax revenue through voter approved bonds and levies. These taxes can have a variety of purposes that are defined in the authorizing language which are generally divided into three broad categories: general operations, permanent improvement, and construction.

Levies may be defined as either a fixed-rate or a fixed-sum. A fixed-rate levy identifies the number of mills that will be assessed in order to raise revenues. If new construction occurs within the district, the rate will apply, and the district will realize additional revenues. Current expense levies, used for general operations, and permanent improvement levies are typically fixed-rate. A fixed-sum levy identifies an amount that will be generated from the levy. While there may be an estimated millage rate, the actual rate will vary based on assessed property values. If new construction occurs within the district, there would be no new revenues for a fixed-sum levy. Emergency levies[13] for general operations, and bond levies for the financing of new buildings, are typically fixed-sum levies.

Ohio has historically had laws which limit the impact rising property values can have on property taxes. The most recent version of these limitations was enacted in 1976 and requires that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first year.[14] In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.[15] Instead, the outside mills are subject to reduction factors[16] which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.[17]

However, under state law, in order to receive state foundation funding, a district must collect a minimum of 20 mills in property taxes for general purposes, or current expenses.[18] In order to

[13] Authorized by ORC §5705.194. Beginning in Tax Year 2026, new emergency levies are not allowed to be proposed, per HB 129 of the 136th General Assembly. However, existing emergency levies may be renewed as a converted fixed-sum current expense operating levy for up to five years and can be renewed subsequently after that.
[14] Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.
[15] If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.
[16] ORC § 319.301.
[17] We are providing this information for historical purposes only. The law which regulates collection of on outside millage has been amended since enacted in 1976. The District should consult with the most current version of the law for a clear understanding of how this process works today.
[18] The term 'current expense' refers to revenue generated from levies that are not restricted in their use. It does not include bonds or levies that generate revenues for restricted funds, such as Permanent Improvement levies.

prevent a district from failing to meet this minimum threshold, reduction factors stop being applied once a district reaches an effective rate of 20-mills, colloquially known as the 20-mill floor. Practically speaking, this means that if a district's effective tax rate is reduced to 20 mills for current expenses, the amount of revenue generated from levies will increase with property values unless a new operating levy is approved by voters. It is important to note not all levies count toward the 20-mill floor.[19]

School District Income Tax

A school district income tax is an alternative method of raising local revenue. Like property taxes, an income tax must be approved by voters and may be for either general use or specific purposes, such as bond repayment. Once approved, a tax becomes effective on January 1st of the following year. Unlike municipal income taxes which are generally levied on wages earned in the municipality by both residents and nonresidents, school district income taxes are levied on wages earned by residents of the district, regardless of where the resident may work. Businesses operating within the school district are not required to pay the income tax.

A school board, when determining that an income tax is necessary for additional revenue, must submit a resolution to the Ohio Tax Commissioner identifying the amount of revenue to be raised and the tax base to be used for calculations. A school district income tax can be assessed on either a traditional tax base or an earned income tax base. The traditional tax base uses the same income base as Ohio's income tax and the earned income tax base is only earned income from an employer or self-employment. Under the earned income tax base, income such as capital gains or pension payments is not taxable, though this type of income may be taxed under the traditional tax base. Once this information is received, the Tax Commissioner identifies the income tax rate and equivalent property tax millage for the district.

The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes. Districts receive quarterly payments from the Department of Taxation and each payment is for the amount collected during the prior quarter. A district receives the total amount of revenue collected less a 1.5 percent fee retained by the state for administration purposes. The amount of revenue collected via income tax each year will vary based on the earnings of the district's residents.

[19] Under HB 186 of the 136th General Assembly, property tax growth at the 20-mill floor is capped using the GDP deflator over the three preceding tax years beginning in Tax Year 2025.

NCSD Local Funding

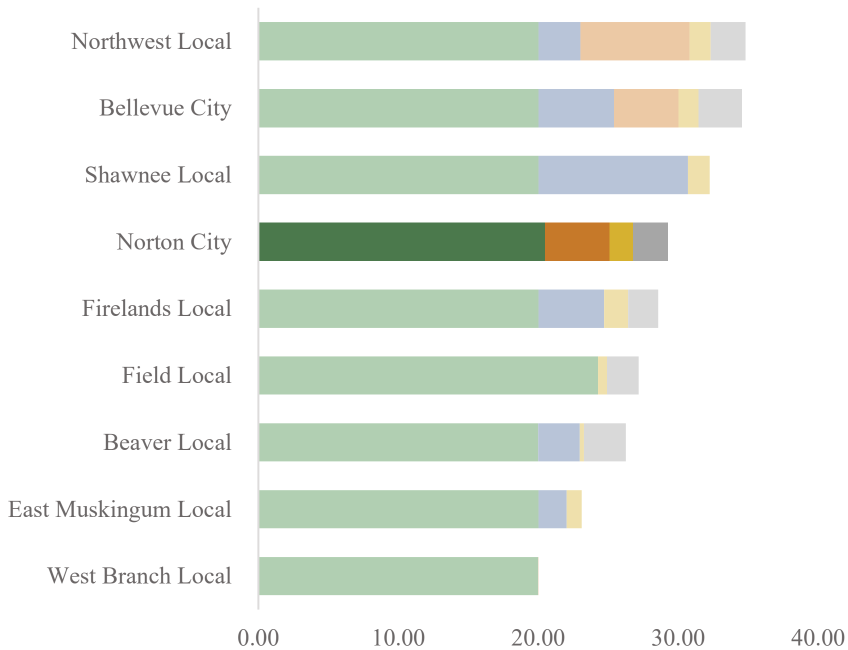
In 2025, NCSD collected revenues on 24.61 mills of property tax for residential properties.[20] This included 5.70 inside mills and 14.76 outside mills for current expenses. In addition to the 20.46 mills collected for current expenses, the District collects additional tax revenue that does not count toward the 20-mill floor. In 2025, this additional millage totaled 4.15 mills and was comprised of 2.49 bond mills and 1.66 permanent improvement mills. The District also has a 0.5 percent earned income tax that collects revenue equivalent to 4.88 mills of property tax.

Since the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for NCSD to that of its primary peers. This comparison is found in the chart below. The green portion of the bar represents the current expense millage rate, where four of the peers are at the 20-mill floor. The blue portion represents emergency and substitute revenue which is not subject to reduction factors.[21] The yellow represents permanent improvement funds, and the gray represents bond funding. NCSD and two peers collect revenue from a school district income tax. For comparison purposes, OPT calculated an estimated millage for the revenue generated from income taxes based on guidance from the Department of Taxation, which is represented by the orange portion of the bars in the chart below.

[20] Residential and agricultural property is considered Class 1 real estate. Commercial Property is considered Class 2 real estate and subject to a different set of reduction factors. The effective millage rate for Class 2 property in 2025 was 35.18 mills.

[21] Per HB 129, beginning in Tax Year 2026, if a county which contains a portion of a district goes through a property value reappraisal or triennial update, emergency and substitute levies will be included in the 20-mill floor calculation. In considering levies included in the 20-mill floor for school districts located in more than one county, HB 479 explains that instead of the “tax reduction factor” being triggered whenever a county undergoes reappraisals or triennial update, it is instead triggered every three years. More specifically, it is triggered when the county where most of the district’s taxable value is located undergoes a reappraisal.

2025 Millage and Millage Equivalents | Primary Peers



The composition of levies impacts district revenues. **Current Expense mills**, used for general operations are subject to reduction factors up to the 20-mill threshold. **Emergency and substitute mills** raise a defined amount of general operating revenue and are not reduced. **Income tax mill equivalents** are calculated by OPT for comparison purposes based on guidance from the Department of Taxation. **Permanent improvement mills** are used for maintenance of long-term assets and may be reduced over time. **Bond mills** raise a defined amount used for the purchase or construction of new buildings.

Source: Ohio Department of Taxation

The composition of levies impacts district revenues. Current expense mills, used for general operations are subject to reduction factors up to the 20-mill threshold. Emergency and substitute mills raise a defined amount of general operating revenue and cannot be reduced. Income tax mill equivalents are calculated by OPT based on guidance provided by the Department of Taxation for comparison purposes. Permanent improvement mills are used for maintenance of long-term assets and may be subject to reduction factors. Bond mills raise a defined amount used for the purchase or construction of new buildings. It is important to understand that *revenue* generated from bond and emergency levies remains the same regardless of changes to property values as they are voted as fixed-sum levies. The *revenue* generated from current expense millage and permanent improvement millage also stays the same until the 20-mill floor is hit for current expense taxes. At that point, a district at the floor would see additional revenues from increases in value to existing properties. The District relies on current expense mills and is not presently at the 20-mill floor. This means that if property values increase within the District, it will not see additional revenues based on that growth.[22]

[22] The information presented in this paragraph is accurate based on information available in 2025. However, in December 2025, four new laws were enacted that will change the way that local property taxes are calculated. Specific changes are noted throughout the report that may impact the District's revenue.

The local tax revenues for the District's General Fund are generated from several property tax levies and one income tax. The following table shows the levies currently in effect for the District and includes the Gross Tax Rate, or the amount that was voted on, and the Effective Tax Rate, or the amount that is assessed on properties. The difference between the Gross Tax Rate and the Effective Tax Rate illustrates the impact that reduction factors have on collection rates. In the table, the first current expense levy is identified as starting in 1976. It should be noted that in 1976, changes were made to the ORC that impacted the collection of property taxes. The levy identified in 1976 may include any levies that predate that year which remain in effect.

Current Levies Collected by NCSD, AY 2025

Levy Year	Levy Name	Length	Last Approved	Gross Tax Rate	Class I Effective Tax Rate
	GENERAL FUND	N/A	-	5.70	5.70
	PERMANENT IMPROVEMENT	N/A	-	0.20	0.20
1976	CURRENT EXPENSE	Continuing	-	25.60	4.45
1986	CURRENT EXPENSE	Continuing	-	7.00	2.05
1991	CURRENT EXPENSE	Continuing	-	5.60	1.99
1995	CURRENT EXPENSE	Continuing	-	7.90	3.23
1997	PERMANENT IMPROVEMENT	5 Years	2021	3.00	1.46
2004	CURRENT EXPENSE	Continuing	-	4.90	3.03
2013	BOND ($22,800,000)	36 Years	-	2.49	2.49
	Total			**62.39**	**24.61**

Source: Ohio Department of Taxation

Note: Due to rounding, millage categories may not sum up to total millage.

The District's millage includes 5.9 inside mills, identified as General Fund and Permanent Improvement in the table, that were not voted on by the taxpayers. In addition, the District collects revenue on 4.45 mills that predate the 1976 changes to property tax laws in Ohio. Finally, the District collects revenue on a combined 10.3 mills from multiple current expense levies, the most recent of which was passed in 2004. These levies are used to calculate the 20-mill floor. Because the District is not at the 20-mill floor, the outside mills are subject to reduction factors. If the District's effective tax rate drops to 20 mills, it will begin to see revenue growth based on increases to property values.[23]

In addition to the current expense mills that count towards the 20-mill floor, the District collects revenue from an income tax and Permanent Improvement millage. The 0.5 earned

[23] HB 335 caps the rate of growth using the GDP deflator over the three preceding tax years.

income tax generated revenue equivalent to 4.88 mills in 2025.[24] The District currently has two Permanent Improvement levies. One generates revenue on 0.2 mills and is not subject to reduction factors. The second generated revenue on 1.46 mills in 2025 and is subject to reduction factors.

Property Valuation

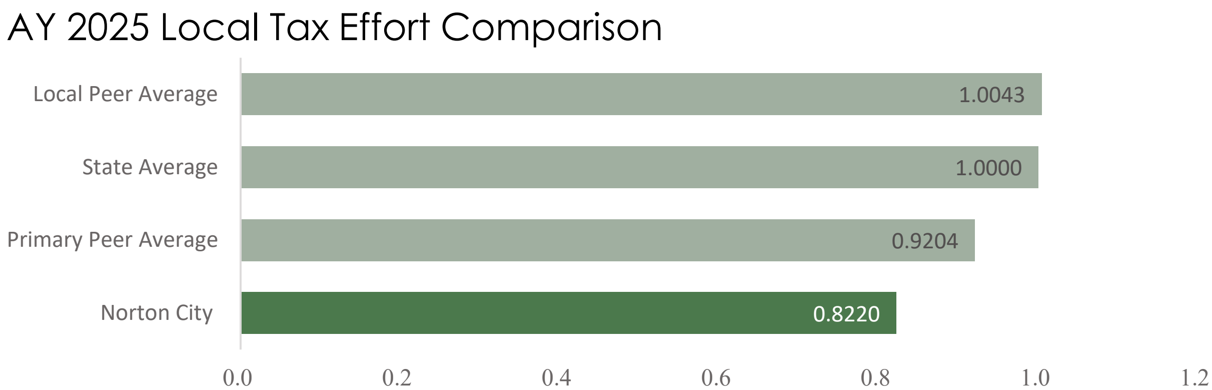
Millage is one component of how districts generate revenue. The millage is assessed on property value, so the total revenue collected from property levies is a combination of millage and total valuation. A district with higher property value may see more total revenue from fewer mills than a district with lower property values. NCSD's millage rate is similar to the primary peer average. However, the District has a lower property valuation compared to its peers. NCSD's total property valuation in Tax Year 2025 was approximately $464.2 million compared to the primary peer average of approximately $542.5 million. In Tax Year 2024, one mill of property tax generated approximately $230.83 in revenue per pupil, which is below the primary peer average of $293.15 per pupil. Although the District's millage is comparable to the primary peers, its lower valuation means that the District has a lower capacity to raise revenue.

Local Tax Effort

ODEW uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' ability to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated annually by ODEW as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

[24] The school district income tax of 0.5 percent to be collected for a continuing period of time, this was approved by the citizens of Norton in November 2018 and became effective January 2019.



Source: ODEW

The District's local tax effort was compared to the local peers, primary peers, and the state average. Districts are ranked from 1 to 606, [25] with 1 being the highest level of effort, or the 99th percentile and 606 being the lowest level effort, or the 1st percentile. NCSD has a local tax effort of 0.8220, which demonstrates that residents contribute below-average amounts of their income to support education. The District ranks 418th out of 606 districts, which is approximately the 31st percentile of all districts. By comparison, the local peer average of 0.9204 would rank approximately 344th out of all 606 districts, or the 43rd percentile.

NCSD Revenues and Expenditures

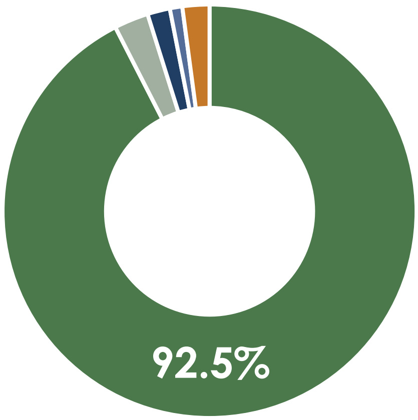
A school district budget is comprised of revenues and expenditures. Revenues are primarily received from local, state, and federal funding sources, and can be placed into general or special use funds. In AY 2025, NCSD had approximately $30.7 million in total revenue as seen in the following chart. The General Fund comprised 92.5 percent of total revenue, the Food Service Fund comprised 2.7 percent of total revenue, and the IDEA Part B Special Education Fund comprised 1.8 percent of total revenue.

[25] Although there are 611 traditional school districts in Ohio, ODEW excludes Ohio's island districts and College Corner Local School District due to the unique characteristics of these districts.

Fund Activity

AY 2025 Revenue Distribution by Fund

Total: $30.7M



001: General
$28.4M (92.5%)

006: Food Services
$0.8M (2.7%)

516: IDEA, Part B Special Education … Ages 3-21
$0.5M (1.8%)

572: Title I - Disadvantaged Children/ Targeted Assistance
$0.3M (1.0%)

All Other Funds
$0.6M (2.1%)

Source: NCSD

Note: Excludes certain funds and receipt codes. See **Appendix B** for all fund activity and more details regarding exclusions.

Note: Due to rounding, revenue categories may not sum up to the total listed.

As noted above, the majority of the District's revenue is directed to the General Fund, which is used for general operations. In AY 2025, the District's total General Fund revenue was approximately $28.4 million.[26]

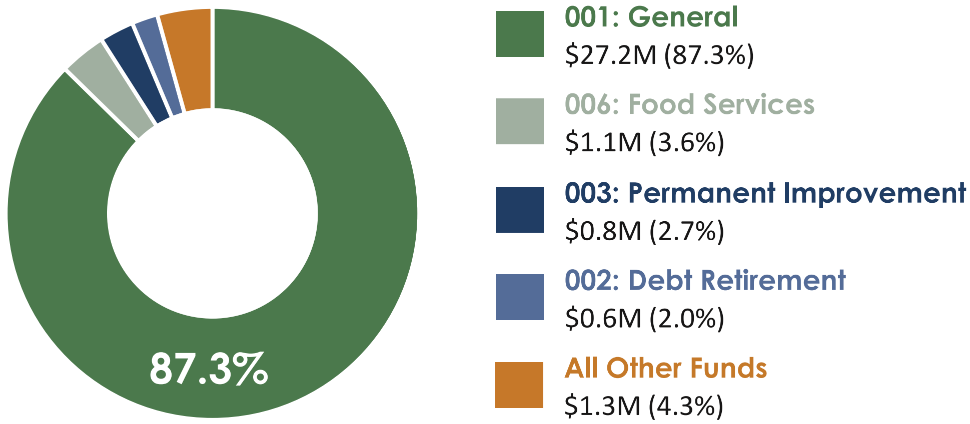
Similar to revenue allocation, expenditures are paid from specific funds. For example, most salaries and wages are typically paid from the General Fund. The following chart shows the District's total expenditures by fund type. In AY 2025, total expenditures were higher than total revenue; however, within the General Fund, revenues exceeded expenditures.[27]

[26] This total excludes advances to the General Fund. For purposes of comparison, we excluded advances to the General Fund for both NCSD and the peer groups throughout the Revenue and Expenditures section.

[27] See **Appendix B** for more details regarding fund activity.

AY 2025 Expenditure Distribution by Fund

Total: $31.1M



Source: NCSD

Note: Excludes certain funds, object codes, and function codes. See **Appendix B** for all fund activity and more details regarding exclusions.

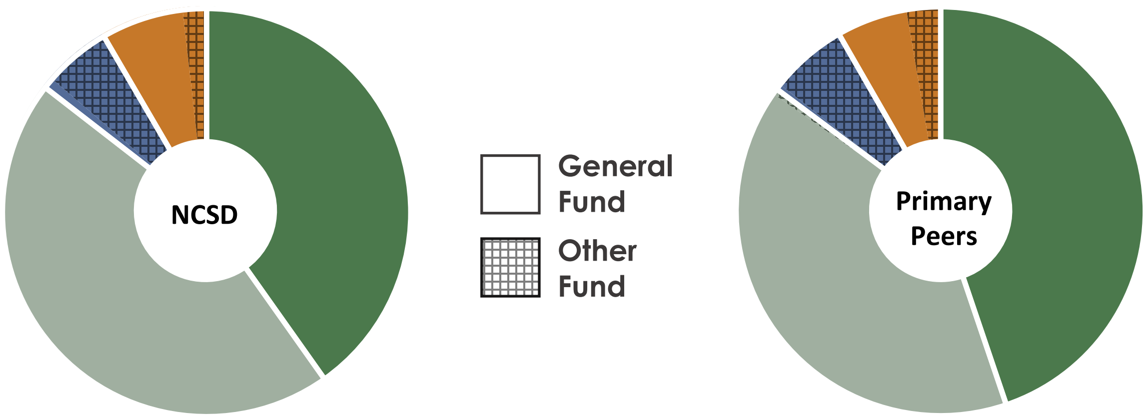
Note: Due to rounding, expenditure categories may not sum up to the total listed.

As seen in the visual above, the District's total General Fund expenditures were approximately $27.2 million in AY 2025.

Fund Composition

The following charts show the total revenue by type of funding; federal, state, local, or other. In addition, the chart identifies what portion of these revenues are dedicated to the General Fund as it is the largest fund.

AY 2025 Revenue Composition Comparison



GF	Other	Total		GF	Other	Total
40.2%	0.0%	**40.2%**	**Local**	44.7%	0.1%	**44.8%**
45.1%	0.2%	**45.3%**	**State**	39.9%	0.5%	**40.4%**
0.8%	5.3%	**6.1%**	**Federal**	0.4%	6.1%	**6.5%**
6.6%	1.8%	**8.4%**	**Other**	5.6%	2.7%	**8.3%**
92.7%	**7.3%**	**100.0%**	**Total**	**90.6%**	**9.4%**	**100.0%**

Source: NCSD, Primary Peers, & ODEW

Note: Excludes certain funds and receipt codes. See **Appendix B** for all fund activity and more details regarding exclusions.

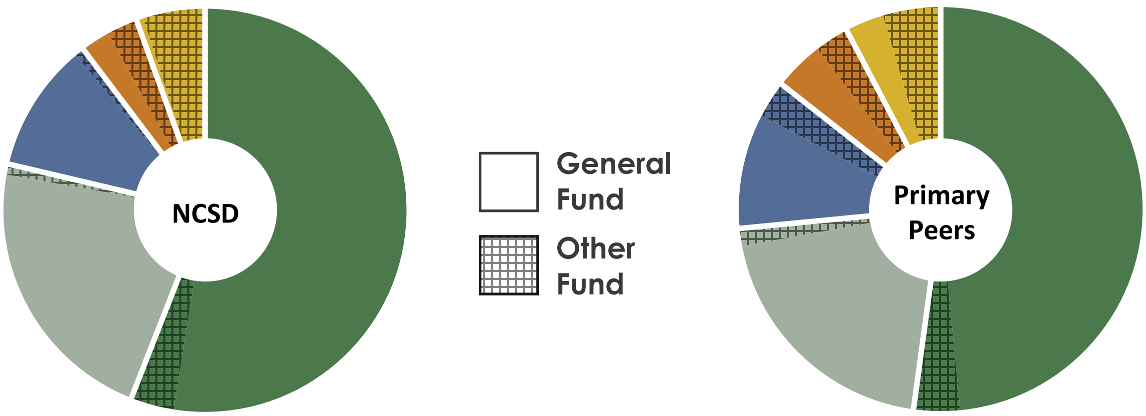
Note: Due to rounding, revenue categories may not sum up to the total listed.

Note: Other category includes other non-local tax revenue funds such as tuition, transportation fees, earnings on investments, food services, extracurricular activities, classroom materials and fees, and receipts from intermediate sources.

As seen in the visual above, the District's General Fund was approximately 92.7 percent of total revenue. Of that total, 45.3 percent was comprised of state funding, followed by local funding, which was 40.2 percent. The District receives a higher percentage of total funding from the state compared to the primary peer average.

The chart that follows compares the District's expenditures by category or type such as salaries and benefits. In addition, the chart identifies what portion of expenditures within each category is from the General Fund.

AY 2025 Expenditure Composition Comparison



GF	Other	Total		GF	Other	Total
52.5%	3.5%	**55.9%**	**Salaries**	48.5%	3.7%	**52.1%**
21.8%	0.9%	**22.7%**	**Benefits**	20.0%	1.3%	**21.3%**
10.2%	0.8%	**11.0%**	**Purchased Services**	9.3%	2.8%	**12.1%**
2.3%	2.5%	**4.8%**	**Supplies & Materials**	4.1%	2.6%	**6.7%**
0.5%	5.0%	**5.5%**	**Capital & Other**	3.2%	4.6%	**7.7%**
87.3%	**12.7%**	**99.9%**	**Total**	**85.1%**	**15.0%**	**99.9%**

Source: NCSD, Primary Peers, & ODEW

Note: Excludes certain funds, object codes, and function codes. See **Appendix B** for all fund activity and more details regarding exclusions.

Note: Due to rounding, revenue categories may not sum up to the total listed.

Note: Other category includes expenditures such as debt retirement, principal interest, and payment of dues and fees.

As seen in the visual above, personnel expenditures comprised of salaries and benefits across all funds made up 78.6 percent of total expenditures. Purchased services made up another 11 percent of total expenditures, which was comprised mostly of professional and technical services, property services, and utilities services.

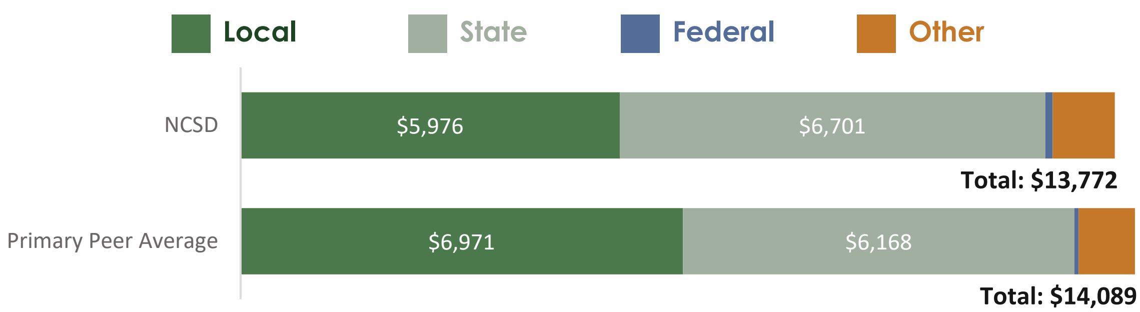
Per Pupil Analysis

This section analyzes revenues and expenditures on a per pupil basis. Revenues and expenditures are divided by the FTE enrollment to normalize peer district comparisons (see **Appendix C**).

Revenue per Pupil

Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. Because our audit focuses on the projected deficit in the financial forecast, we reviewed only the forecasted fund revenues for this purpose.[28] In AY 2025, the District received approximately $13,772 per pupil, with 43.4 percent, or approximately $5,976, coming from local taxes.[29] In AY 2025, the primary peer average was $14,089 in revenue per pupil, with 49.5 percent, or approximately $6,971, coming from local taxes. The District's local revenue was lower than the primary peer average in AY 2025.

AY 2025 General Fund Revenues Per Pupil



Source: NCSD, Primary Peers, and ODEW

Note: Excludes certain funds and receipt codes. See **Appendix B** for all fund activity and more details regarding exclusions.

Note: Other category includes other non-local tax revenue funds such as tuition, transportation fees, earnings on investments, food services, extracurricular activities, classroom materials and fees, and receipts from intermediate sources.

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[28] Forecasted funds include the District's General Fund and funds derived from emergency levies.
[29] The Cupp Report, issued by ODEW, provides information on all revenues received by a district. Because of this, the percentage of revenues from local revenues in the Cupp report may vary from the amount in our report due to the inclusion of additional revenues.

Expenditures per Pupil

Several of our comparisons are made on a per-pupil basis. This is done to normalize the variation in size between peer districts. The table below shows the District's spending on a per-pupil basis in several key areas. It also shows the differences between the types of funds from which expenditures are made. For example, the majority of salaries and wages are paid from the General Fund, whereas the majority of capital outlay expenses are paid from non-General Fund dollars.

AY 2025 Expenditure per Pupil by Object Code

Object	General Fund	Other Funds	All Funds
Salaries	$7,915	$521	$8,437
Benefits	$3,290	$136	$3,426
Purchased Services	$1,542	$121	$1,663
Supplies & Materials	$347	$380	$727
Capital & Other	$78	$750	$829
Total	**$13,173**	**$1,909**	**$15,082**

Source: NCSD, Primary Peers, and ODEW

Note: Excludes certain funds, object codes, and function codes. See **Appendix B** for all fund activity and more details regarding exclusions.

Note: Due to rounding, expenditure categories may not sum up to the total listed.

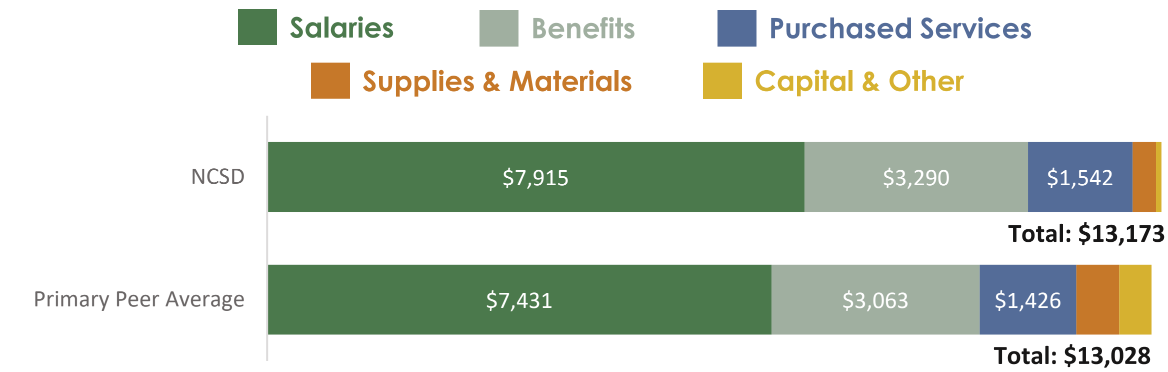
Note: Other category includes expenditures such as debt retirement, principal interest, and payment of dues and fees.

In AY 2025, NCSD spent approximately $15,082 per pupil from all funds, which was slightly lower than the primary peer average of approximately $15,324. The District spent approximately $13,173 per pupil from the General Fund, which was slightly higher than the primary peer average of $13,028 per pupil. We analyzed General Fund expenditures since they are tied to the financial forecast.

The District spent more than the primary peer average in the categories of salaries, benefits, and purchased services. The District spent less than the primary peer average in the categories of supplies and materials and capital and other. [30] The chart that follows provides a comparison of expenditures per pupil for NCSD and the primary peer average.

[30] The category of "Other Objects" includes things such as interest on loans, memberships in professional organizations, County Board of Education contributions, and various types of non-healthcare insurance. "Other Uses of Funds" mainly consists of transfers, and contingencies within the various accounting dimensions.

AY 2025 General Fund Expenditures Per Pupil



Source: NCSD, Primary Peers, and ODEW

Note: Excludes certain funds, object codes, and function codes. **See Appendix B** for all fund activity and more details regarding exclusions.

Note: Other category includes expenditures such as debt retirement, principal interest, and payment of dues and fees.

The District's higher salaries and benefits expenditures expenditures may be driven by the District's staffing levels (see **Recommendation 4**) and insurance plan offerings (see **Recommendation 5**).

Results of the Audit

Based on an initial analysis of the District's data as compared to its peer groups, the following scope areas were included for detailed review and further analyses: Financial Management, Human Resources, Facilities, Transportation, and Food Service (see **Appendix A**). We identified five recommendations within these scope areas which would result in reduced expenses and/or improve the District's operational management based on comparisons to industry standards and peer averages.

Summary of Recommendations

	Standard Recommendations	Savings
R.1	**Improve Forecast Practices and Assumptions**	**N/A**
R.2	**Enhance the Budgeting Process**	**N/A**
R.3	**Develop and Enhance Formal Plans**	**N/A**
R.4	**Eliminate Direct Student Support Positions above the Peer Average**	**$9,000**
	Reduce 0.50 FTE Other Support Staff	$9,000
R.5	**Align Employee Share for Medical/Prescription Costs with SERB Regional Average**	**$79,000**
	Total Cost Savings from Performance Audit Recommendations	**$88,000**
	Less: Non-General Fund portion of Insurance Costs	$3,000
	Total General Fund Cost Savings from Performance Audit Recommendations	**$85,000**

Note: These numbers reflect the average annual savings of each recommendation over the forecast period. Some recommendations may not be implemented in all years of the period and have lower average annual savings compared to what is presented in the recommendation itself. Where appropriate, the timing of implementation is discussed in the recommendation language in the report.

Our recommendations that are based on industry standards and peer comparisons are projected to save the District an average of approximately $85,000 annually, if fully implemented. This is an average savings over the four-year forecast period. It should be noted that some recommendations may not be implemented immediately due to timing.[31]

The financial impact of these recommendations on the projected results of operations in the February 2026 forecast is shown in the following table. This table shows the impact of the estimated average annual savings of the recommendations, for the years of implementation, on the District's projected annual spending. As seen in the table, the identified savings will not fully address the projected deficit spending in the forecast period.

[31] In this audit, approximately $357,000 in total cost savings were identified in AY 2028 and AY 2029. It is possible that the NCSD officials could implement recommendations sooner, but those decisions could have significant impacts on overall District operations. Officials should work with the District's legal counsel on these options.

Results of the Audit Recommendations (February 2026 Forecast - Line 6.010)

	AY 2026	AY 2027	AY 2028	AY 2029
Original Results of Operations (Line 6.010)	($1,923,944)	($1,246,728)	($1,286,434)	($2,339,002)
In Year Recommendation Savings	**$0**	**$0**	**$168,311**	**$173,902**
Revised Results of Operations (Line 6.010)	**($1,923,944)**	**($1,246,728)**	**($1,118,123)**	**($2,165,100)**

Source: ODEW and AOS

The District's February 2026 forecast projected expenditures to exceed revenues in each year of the forecast period. As seen in the table below, the estimated savings from implementing the recommendations in the report would not fully address the projected deficit over the course of the forecast period.

Results of the Audit Recommendations (February 2026 Forecast - Line 12.010)

	AY 2026	AY 2027	AY 2028	AY 2029
Revised Starting Cash Balance (Line 7.010)	$5,248,619	$3,324,675	$2,077,947	$959,824
Revised Results of Operations (Line 6.010)	($1,923,944)	($1,246,728)	($1,118,123)	($2,165,100)
Revised Ending Cash Balance (Line 7.020)	**$3,324,675**	**$2,077,947**	**$959,824**	**($1,205,276)**
Estimated Encumbrances (Line 8.010)	$144,145	$144,145	$144,145	$144,145
Revised Ending Fund Balance (Line 12.010)	**$3,180,530**	**$1,933,802**	**$815,679**	**($1,349,421)**

Source: ODEW and AOS

As seen in the table above, if all recommendations were fully implemented, the District's ending fund balance would continue to be depleted, but less so than without the recommendation savings. In AY 2026, the fund balance would be approximately $3.1 million, or 11.4 percent of total forecasted revenues. By AY 2029, due to continued deficit spending, the District's available balance would be depleted and the resulting fund deficit would be approximately $1.3 million, or 4.9 percent of total expenditures in AY 2029.

The District's current financial condition is such that implementation of the recommendations identified using industry standards and peer comparisons would not fully address the projected deficit. As a result, NCSD officials will need to consider additional cost saving measures. Our audit identified areas where the District could further reduce expenditures by going beyond alignment with peer averages and industry standards. In some cases, these cost saving measures may include reducing services to state minimum levels.

The additional cost saving measures are identified in the table below. The implementation of these measures could change the type or level of services offered by the District. It is important for NCSD officials to carefully consider the needs of the students and families served by the District when implementing any of these additional cost saving measures. The potential cost savings reflect the average annual savings that could be achieved in AY 2028 through the remainder of the forecast period.

	Additional Recommendations	Savings
R.6	**Eliminate the General Fund Subsidy for Extracurricular Activities**	**$528,000**
R.7	**Eliminate 3.0 FTE Building Administrator Positions**	**$434,000**
R.8	**Eliminate up to 27.5 FTE Teacher Positions**	**$2,620,000**
R.9	**Implement a Base and Salary Step Freeze**	**$673,000**

The amount of savings realized from staffing reductions identified in **Recommendation 7** and **Recommendation 8** would be dependent on a variety of factors including the number of positions that are eliminated along with the impact of the implementation of other cost saving measures identified in this report or by the District itself. Our estimated savings of approximately $3.1 million identified for these staffing recommendations are based on reductions to state minimum teaching and building administrator levels and represent the maximum savings possible for these position types. The District could identify a smaller amount of cost savings through strategic staffing reductions if necessary.

When considering implementation of recommendations that may take services below industry standards, the District must consider the impact on overall operations. District officials may wish to consider implementing any of these additional recommendations, or some combination of them, based on the current financial condition of the District.

Standard Recommendations

Financial Management

Any organization needs to consider both short-term needs and long-term goals when developing policies and procedures related to financial management. This requires strategic planning in order to identify the best use of available resources. School districts, in particular, must have sound planning processes in place so they can effectively and transparently provide services to their residents. These planning processes and practices should work together and be taken into account when making management decisions. When developing annual budgets and making spending decisions, the District's administration should consider the information presented in the financial forecast. Additionally, large purchases and other expenditures should be planned for through long-term strategic planning that is also tied to the forecast and the annual budget. These practices, when properly adhered to, can help a district to avoid financial distress.

We reviewed NCSD's financial management policies in order to determine if there were areas for improved management.

Recommendation 1: Improve the Development of the Forecast and Utilize this Planning Tool for Operational Decision Making

Districts are required to submit financial forecasts to ODEW twice annually, and these documents should provide a consistent overview of a district's financial health.[32] The forecast can be used as a tool, along with other fiscal monitoring practices, to ensure district officials proactively manage finances to avoid a state of fiscal distress.

Our review of NCSD's two recent forecasts from October 2025 and February 2026 found that the District's forecasting practices do not fully align with best practices. NCSD aims to maintain a balanced forecasting approach through regular forecast monitoring and developing realistic revenue estimates and maintaining cautious spending levels that are informed by historical data, collective bargaining agreements, and economic indicators such as inflation and insurance costs. However, the District does not: utilize robust assumptions in its forecasting process as it relies on the auto generated inputs from its forecasting software, have a formal cash balance

[32] House Bill 96 of the 136th General Assembly (the biennial budget bill) contained changes to the school forecast, including shifting to a four-year forecast period from a five-year period.

policy, or participate in any national budgeting awards programs that promote budgeting best practices. The Ohio Association of School Business Officials (OASBO), the Government Finance Officers Association (GFOA), and ODEW provide guidance regarding the development and use of the financial forecast. While the District does meet 15 of the 16 GFOA best practices, it partially meets 1, "become familiar with other longer-term planning efforts of the organization that impact financial decisions and the fiscal environment" because it does not have a capital plan. The District should implement all best practices from OASBO, the GFOA, and ODEW to improve its forecast and assumptions.

Impact

By implementing forecasting best practices, the District will be better positioned to effectively, transparently, and proactively manage and sufficiently explain its revenues and expenditures. Such management of financials would assist the District in avoiding deficit spending and consequential negative ending fund balances. Doing so would contribute to an improved financial condition.

Background

School districts in Ohio are required to submit a financial forecast to ODEW twice annually.[33] These forecasts include three years of historical financial data, the current budget year, and three years of projections. In addition, the forecasts include notes to explain any significant changes or assumptions used to develop the reported projections. Due to the nature of projecting financial information, it is likely that the actual results will deviate from the forecast in later years. However, the forecast is a management tool that districts can use to identify future financial challenges and proactively manage operations accordingly.

The financial forecast is meant to be a tool that assists with long-range planning to facilitate discussions between the administration, the local board of education, and the community regarding the fiscal health of a district and financial issues it may be facing. In addition, the forecast identifies a district's ability to maintain personnel and programs. It is also used by ODEW and the Auditor of State to identify districts that may face financial distress.

Due to the District's decline in financial condition, we reviewed historical forecasts to identify if there were earlier indicators of financial difficulty. In addition, the historical forecasts allowed us to understand what information had been presented and if NCSD officials were making informed management decisions.

[33] House Bill 96 of the 136th General Assembly (the biennial budget bill) contained changes to the school forecast which included shortening the length of the forecast period to four years and altering the submission date.

Indicators of financial difficulty would include projected deficit spending, where annual expenditures exceed annual revenues. Many school districts have a cash balance in the General Fund which can allow a district to manage unforeseen expenditures in a given year. However, if consistent deficit spending is projected in a forecast, it could be an indicator of a structural imbalance in the district's operations that necessitates immediate corrective action by the board of education.

Methodology

We interviewed District officials to understand their forecasting process. We also obtained and reviewed the District's October 2025 and February 2026 forecasts and assumptions. We specifically analyzed lines of the forecast that projected significant increases or decreases and then compared those lines to the corresponding assumptions to assess whether those changes were thoroughly documented. We developed a historical review of the District's forecast trends to determine how prior years' projections may have impacted their current financial condition.

Once we gained an understanding of NCSD's forecasting process, we compared the District's process to best practices from OASBO, the GFOA, and ODEW to identify opportunities for improved transparency of future forecasts and assumptions.

Analysis

According to *Five-Year Forecast – Guidance and Best Practices* (OASBO, 2025), the forecast is arguably the most critical financial document at a school district, as it outlines the financial state of the District and helps guide the decision-making process. As a critical financial document and management tool, it is important that a district have formal, written policies in place that clearly outline roles, responsibilities and expectations. While the Treasurer is responsible for the creation of the forecast, the Board of Education has ultimate governing authority of the financial processes, with their roles and contributions consisting of the following: approve the forecast (ensure alignment with the District's financial state), represent community to promote transparency, and guide financial decisions (use forecast to make informed decisions). As such, it is important for both parties to be actively involved in the creation and monitoring of the forecast. In addition, OASBO indicates that the Superintendent, District administrators, the community and other external partners should be involved in the forecasting process. All the stakeholders identified by OASBO have unique expertise and perspectives that can be applied to the forecasting process.

NCSD does not utilize robust forecast assumptions that go beyond auto generated inputs, have a cash balance policy, or participate in a program that promotes best budgeting practices for school districts. NCSD should incorporate missing best practices from OASBO, ODEW, and the GFOA (see **Appendix D**).

Forecast Assumptions

One important document accompanying the forecast is the forecast assumptions. OASBO says that the forecast, without any accompanying documentation, only tells part of the story and is merely a piece of the puzzle. For a forecast to be comprehensively and effectively understood, forecast assumptions are needed to provide context and support. Not only are the assumptions recommended, but they are required by OAC 3301-92-04. Using the forecast assumptions, OASBO recommends that Districts sufficiently explain significant variations in revenues and expenditures. Explaining significant fluctuations in revenues and expenditures helps to enhance transparency and helps readers understand the "why" behind the projected financials in the forecasts. Examples of general key drivers for fluctuations in forecast lines which may be explained by school districts include, but are not limited to, the following:

- Property Tax Revenue (Line 1.010): This could increase due to reappraisal within the county or expected new developments within the district;
- Personal Services (Line 3.010): This could increase or decrease due to staffing changes or negotiated salary changes;
- Employee Retirement/Insurance Benefits (Line 3.020): This could change due to changes in insurance costs or staffing levels; and,
- Purchased Services (Line 3.030); This could change due to changes in operations, increased utility rates, or changes to contracts.

The District uses forecasting software to develop their forecasts, which provides default assumptions based on the financial data inputs. These default assumptions are included in the five-year forecast, but without additional context, such as providing an explanation for why the year-over-year expenditures increased by a specific amount or clear corrective action for any deficits, there is not provide sufficient information to fully understand changes to projections from year-to-year. The software is unable to provide information that accounts for the unique circumstances of the District, and without this information it is difficult for stakeholders to accurately understand and interpret the information contained within the forecast.

According to OASBO, when Districts review forecasts, it is important to watch for significant fluctuations within the same line. The forecast assumptions should explain any major increases or decreases in detail to help ensure that trends and significant changes such as growing deficits are understood, addressed, and clearly communicated to stakeholders.

Projected Deficit Spending

According to OASBO, the forecast assumptions should explain Line 6.010 (Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses), most notably if there is deficit spending. Deficit spending may be sustained for short periods due to a district’s cash balance; however, districts should not do so precipitously or allow projected balances to fall below an established threshold, without taking action. As OASBO notes, if deficit spending is significant in the current fiscal year or first few years of the forecast period, it may indicate that the district is operating outside of its means. In any scenario, OASBO indicates that a financial plan is likely necessary to reverse deficit spending and avoid drawing down the cash balance. Further, OASBO notes that early interventions are key to avoiding more disruptive actions in the future.

Since 2022, the District has projected deficit spending across the forecast period, with this trend continuing through the District’s October 2025 forecast. From 2022 to 2025, the projected deficit in the final year of the forecast remained consistently high, before dropping significantly in the February 2026 forecast. The District’s forecast reflects limited details on the corrective action that it plans to take to address its deficit spending. Specifically, the District’s forecast assumptions do not contain detailed explanations related to significant changes in revenues or expenditures that ultimately impact Line 6.010.

Historical Projected Results of Operations (Forecast Line 6.010)

Forecast	AY 22	AY 23	AY 24	AY 25	AY 26	AY 27	AY 28	AY 29
May '22	$2.42M	($0.36M)	($0.79M)	($1.60M)	($2.08M)			
Nov '22		$0.06M	($0.28M)	($1.28M)	($1.85M)	($2.54M)		
May '23		$0.16M	$0.02M	($0.85M)	($1.55M)	($2.23M)		
Nov '23			$1.04M	($0.68M)	($1.56M)	($1.99M)	($2.59M)	
May '24			$0.69M	($0.60M)	($1.63M)	($2.02M)	($2.58M)	
Nov '24				$0.51M	($2.06M)	($3.18M)	($4.01M)	($5.13M)
May '25				($0.07M)	($0.96M)	($3.39M)	($4.24M)	($5.37M)
Oct' 25					($2.03M)	($3.94M)	($4.88M)	($6.10M)
Feb' 26					($1.92M)	($1.25M)	($1.29M)	($2.34M)

Source: ODEW

Note: The table only contains forecasted 5-year results of operations and excludes actuals.

Looking at the table, the projected deficits in the final year of the forecast remained relatively constant from May 2022 to May 2024, ranging from $2.1 million to $2.6 million. However, in November 2024, the District’s projected final year deficits nearly doubled to $5.13 million and continued to rise until the District’s February 2026 forecast. The improved financial condition in the February 2026 forecast is the result of the District taking action to reduce expenditures as part of its financial recovery plan required by ODEW. These savings include a staffing reduction of 30.0 FTEs, elimination of open enrollment, and a reduction in supply expenditures.

According to OASBO, if a forecast is demonstrating deficit spending, then corrective action should also be explained in the assumptions. Despite the District taking steps to reduce current expenditures and improve the forecast outlook, the District is still projecting negative results of operations. The GFOA states that forecasting should play a key role in budgeting and financial decisions. Based on available information, it appears the District has not historically made financial decisions that would most effectively reduce actual and projected deficit spending.

Forecast Monitoring

OASBO also calls for districts to proactively manage revenues and expenditures to avoid deficit spending and ultimately, negative ending fund balances. The optimal method for proactive management is comparing monthly and year-to-date actuals to budgeted appropriations and the forecast. Regular comparison can reveal significant deviations and, if found, allow districts time to engage in corrective action. If there is significant variance, districts should do the following:

- Identify the cause;
- Evaluate the impact;
- Adjust appropriations if necessary;
- Adjust estimated revenues if necessary;
- Communicate with stakeholders; and,
- Adopt a revised forecast.

Similarly, ODEW recommends that districts report and discuss expenditures compared to revenues on a monthly basis. The District indicated that it has historically routinely monitored actual revenues and expenditures by comparing to budgeted appropriations and the forecast. The District should continue this practice, along with implementing the other identified opportunities in this recommendation.

Cash Balance Policy

Maintaining a minimum cash balance helps a district to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. Should the forecast show deficit spending and declining cash balances that fall below the minimum unreserved cash balance requirement, then the board is required to be notified. Upon notification, the treasurer and superintendent then are required to develop a corrective action plan to reverse deficit spending and declining cash balances. The District does not have a cash balance policy in place, which helped to contribute to the current financial condition. Both OASBO and ODEW recommend minimum cash balances. OASBO recommends that a district maintain a cash balance equivalent to 90 days or 25 percent of operating expenditures while ODEW recommends a district maintain a balance of 30 to 60 days of operating expenditures. Although the OASBO and ODEW recommended cash balance amount differs, both ultimately recommend there be a policy outlining the District’s requirement to maintain a strategic cash balance. As the District continues to develop financial plans, it should create a formal, written cash balance policy to help prevent future continued fiscal distress.

Conclusion

The District does not comply with all best practices related to forecasting as identified by OASBO, ODEW, or the GFOA. While the District regularly monitors its forecast and reports out and discusses revenues versus expenditures monthly, the District does not utilize robust forecast assumptions that speak to the unique position of the District beyond the software generated inputs, have a cash balance policy, or participate in a program that promotes best budgeting practices for school districts. To improve transparency and promote financial stability, the District should develop financial plans and improve its forecasting assumptions through the implementation of best practices. This is essential information for the governing body to have in order to make sound financial decisions regarding the operations of the District.

Recommendation 2: Enhance the Budgeting Process

To ensure the District is making the most informed decisions with their resources, and is as prepared as possible for future needs, the District should develop a formal written budgeting process that addresses each of the steps and sub-steps outlined in the GFOA best practices.

Impact

By understanding its expected revenues and the resource needs of students and staff, and creating a plan in which received dollars will be allocated to meet those needs, NCSD can ensure that each dollar the District receives is spent thoughtfully to achieve maximum impact. Fully adhering to best practices in school budgeting may help prevent the District from overlooking gaps between its resource acquisition and resource needs.

Background

School district budgets outline the planned distribution of a district's funding for the upcoming academic year based on expected revenues and resource needs of students and staff.

Methodology

We interviewed District officials to understand their annual budgeting process. Once we gained an adequate understanding of NCSD's budgeting process, we compared the District's process to *Best Practices in School Budgeting* (GFOA, 2017), a formal guidance for school district financial administrators to adopt when creating their annual budget.

Analysis

NCSD's current budgeting process is a collaborative effort that involves internal stakeholders discussing the budget and how resources align with the District's goals. The District's budgeting process involves the Board, senior management, building principals, and department leaders, with internal stakeholders given the opportunity to provide input on budgetary needs. Budget decisions are largely guided by historical practices, board policies, and student performance data and assessment results. The District provides regular financial updates to the Board through monthly cash summaries, budget-to-actual reports, and forecast presentations, which are also made available on the District's website. Staffing decisions are primarily based on enrollment levels and program needs, and the District uses the forecast as a key financial planning tool. Ultimately, the annual budget is approved by the Board.

After comparing NCSD's budgeting process to the GFOA's best practices, we determined that NCSD adheres to 10 of the 15 budgeting sub-steps, partially adheres to 3 of the sub-steps and does not adhere to 2 of the sub-steps recommended by the GFOA.

GFOA School Budgeting Best Practices

PLAN AND PREPARE

Meets	Establish a Partnership between the Finance and Instructional Leaders
Partially Meets	Develop Principles and Policies to Guide the Budget Process
Meets	Analyze Current Levels of Student Learning
Meets	Identify Communications Strategy

SET INSTRUCTIONAL PRIORITIES

Meets	Develop Goals
Partially Meets	Identify Root Cause of Gap between Goal and Current State
Meets	Research and Develop Potential Instructional Priorities
Meets	Evaluate Choices amongst Instructional Priorities

PAY FOR PRIORITIES

Meets	Applying Cost Analysis to the Budget Process
Meets	Evaluate and Prioritize Use of Resources to Enact the Instructional Priorities

IMPLEMENT PLAN

Does Not Meet	Develop a Strategic Financial Plan
Does Not Meet	Develop a Plan of Action
Meets	Allocate Resources to Individual School Sites
Meets	Develop a Budget Presentation

ENSURE SUSTAINABILITY

Partially Meets	Put Strategies into Practice and Evaluate Results

Source: GFOA and NCSD

The sub-steps labeled as “Partially Meets” and “Does Not Meet” were marked as such primarily due to the District’s lack of formal budgetary practices, with standards being largely based on practices from prior years. Further, NCSD does not have a comprehensive system or clearly defined monitoring plan for assessing whether it is producing the desired outcomes and understanding the resources consumed by the process. According to the GFOA, a school budgeting framework “begins with guidelines for district-wide communication and collaboration, including setting baseline expectations for what the budget process will achieve. The focus then shifts to developing robust goals and integrating the process with the district’s strategic plan, including developing a comprehensive package for implementing a district’s goals, or instructional priorities.”

The District lacks a written strategic financial plan and corresponding action plan that shows how the District plans to pay for things such as instructional priorities. According to the GFOA, “the strategic financial plan outlines the school District’s instructional priorities and over the next 3 to 5 years and how the District will pursue and pay for those priorities. The strategic financial plan is primarily intended to be a communication device, and also, if well-crafted, as an agreement among stakeholders about what defines success in the District and what it takes to be successful." The strategic financial plan should be consistent with the District's overall strategic plan.

Conclusion

Budgeting is an extremely important annual process which culminates in the allocation of district resources to reach their goals and positively impact their students. By developing a formal budgeting process that is built on best practices and fully integrated with a strategic plan, NCSD will be able to focus on optimizing student achievement within its available resources. A robust budgeting process encompasses a complete budgeting cycle which includes planning, development, evaluating how the process functions, and adjusting accordingly. Within this cycle, the District's instructional priorities will provide a guide for decision-making.

Recommendation 3: Develop and Enhance Formal Plans

NCSD should develop formal capital and facilities preventive maintenance plans and refine its formal fleet preventive maintenance and bus replacement plans in order to meet financial, programmatic, and operational needs.

Impact

School districts should have multiple formal plans that identify future needs and guide each operational area of the district. It is important that the district has a long-term strategic plan tied to a formal budget and capital plan, as well as a facilities preventive maintenance plan, fleet preventive maintenance plan, and bus replacement plan. This allows the district to ensure the needs of all operational areas can be met in an efficient and effective manner.

Methodology

We interviewed District officials and confirmed that the District has a formal strategic plan, has components of a fleet preventive maintenance plan and a bus replacement plan, but no capital or facilities preventative maintenance plans. We then compared the District's current planning practices to industry standards and best practices to identify opportunities for improvement.

Analysis

Each operational area within the District has specific planning needs which should be considered and included in planning documents. Specific criteria related to each type of plan are addressed below.

Strategic Plan

The GFOA provides guidance to governmental entities in the development and maintenance of effective long-term planning. *Strategic Planning* (GFOA, 2023) defines strategic planning as the "act of articulating where or what an organization wants to be in the future and includes the design of a vision and identification of goals and objectives. It relates to long-term financial planning, developing financial policies, capital improvement planning, and budgeting, but it is inherently different. Each process fulfills a different combination of planning purposes."

Key steps in the strategic planning process include:

- Conduct strategic planning under the organization's chief executive;
- Analyze internal and external environments;
- Identify the most critical problems facing the organization;

- Develop a vision/goal to address each problem;
- Develop strategies to realize your visions;
- Develop tactics to implement strategies;
- Obtain approval of the plan;
- Execute and monitor tactics and strategies; and,
- Continually evaluate and reassess the vision and strategies.

NCSD's strategic plan, titled the One Plan, summarizes the District's critical problems, vision, goals, strategies, and action steps. The District meets monthly with the Board to remain in open communication on implementation of the One Plan, which was approved by ODEW.

Capital Plan

According to *Multi-Year Capital Planning* (GFOA, 2022), public entities should "prepare and adopt comprehensive, fiscally sustainable, and multi-year capital plans to ensure effective management of capital assets." The GFOA further states that "a prudent multi-year capital plan identifies and prioritizes expected needs based on a strategic plan, established project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs."

NCSD does not have a formal capital plan. NCSD provided us with a Budget and Facilities Planning Board Policy that briefly covers facilities development goals, facilities planning and retirement of facilities.

Facilities Preventive Maintenance Plan

According to the *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics, 2003), "a comprehensive facility maintenance program is a school district's foremost tool for protecting its investment in school facilities and is the cornerstone of any effective maintenance initiative. A good maintenance program is built on the foundation of preventive maintenance. An effective maintenance program begins with an audit of buildings, grounds, and equipment."

After facilities data has been assembled, structural items and pieces of equipment can be selected for preventive maintenance. Once the items that should receive preventive maintenance are identified, planners must decide on the frequency and type of inspections. Manufacturers' manuals are a good place to start when developing this schedule; they usually provide guidelines about the frequency of preventive service, as well as a complete list of items that must be maintained. Finally, this information must be formatted so that preventive maintenance tasks can be scheduled easily. Ideally, scheduling should be handled by a computerized maintenance management program; however, tasks can be efficiently managed using a manual system as well.

While NCSD performs general maintenance throughout the district, it is often reactionary, addressing immediate building needs like unexpected roof or HVAC repairs. NCSD does not have a formal facilities preventative maintenance plan.

Fleet Preventive Maintenance Plan

According to the *Public Works Management Practices Manual* (American Public Works Association, 2014), a preventive maintenance program should be developed for all equipment and includes preventive maintenance, recording performance, and monitoring the preventive maintenance program. A fleet preventive maintenance program should address all scheduled maintenance, and the program should be evaluated to ensure its efficacy.

While NCSD does have a fleet preventative maintenance plan, the plan does not meet all APWA best practices. The plan does not include: an inventory of equipment and parts, equipment and fleet life cycles, identify the frequency of maintenance tasks based on distance traveled, include a preventative maintenance schedule with estimates of labor hours, materials, shop space, and time, or show that preventative maintenance records and work orders are periodically reviewed. NCSD should work to ensure these best practices are being met.

Bus Replacement Plan

In *School Bus Replacement Considerations* (NASDPTS, 2002), the National Association of State Directors of Pupil Transportation recommends that the timely replacement of school buses should be a planned process. While available funding is a key consideration for the replacement of school buses, there are two other major factors which should be considered:

- First, the need to keep up with federal standards for the safety, fuel efficiency, or exhaust emissions requirements;
- Second, the operating and maintenance expenses on a school bus, or group of school buses.

While the rule of thumb for bus replacement is between 12 and 15 years of age, reviewing maintenance costs for each bus may identify buses that should be replaced sooner or kept in service longer. With accurate and thorough records on the operating and maintenance costs of all school buses in a fleet, a district will have the data necessary to understand when to make replacement decisions.

While NCSD does have a bus replacement plan that includes a schedule of replacing buses based on age and mileage, the plan does not meet all NASDPTS best practices. The plan does not consider available funding when determining replacement plans, consider improvements in federal standards for safety, fuel efficiency, or exhaust emission requirements, consider the operating and maintenance expenses for older buses, perform a cost benefit analysis to identify the economic break-even point between purchasing new buses or maintaining existing ones, or consider the terrain, road, and weather conditions buses operate in. NCSD should work to ensure these best practices are being met.

Conclusion

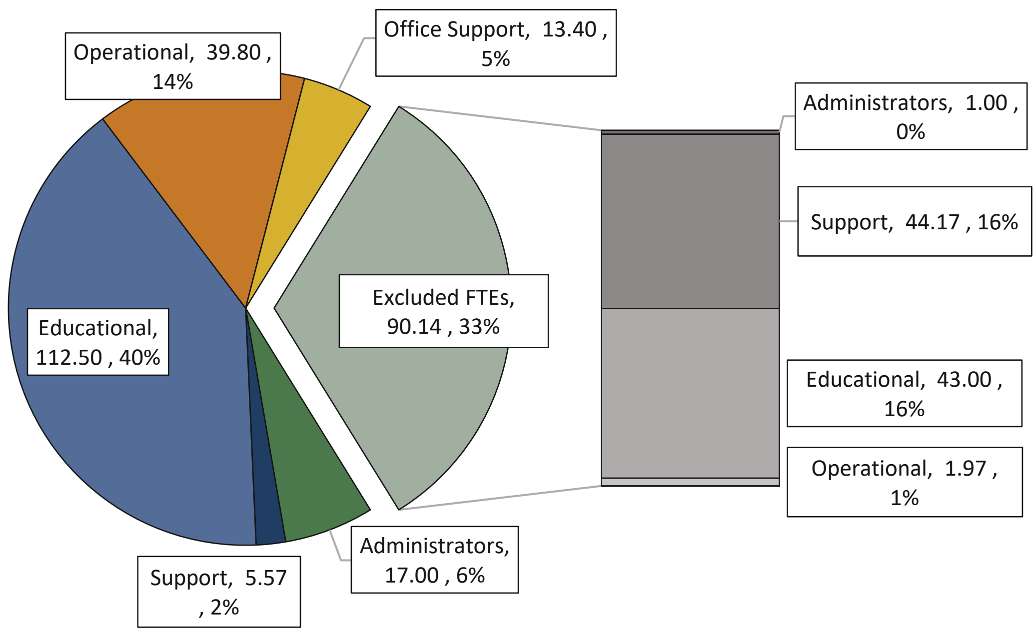
Formal plans help an organization address financial, programmatic, and operational needs. By developing these plans and tying a formal capital plan to the overall strategic plan, the District will be able to efficiently and effectively allocate its limited resources. In particular, by understanding and mapping out both routine expenditures and large purchases, the District will improve its ability to avoid unexpected or unnecessary expenses.

Human Resources

Human Resources (HR) expenditures are significant to both the operational and financial conditions within school districts. OPT reviewed NCSD's staffing levels, CBA provisions, salaries, and insurance offerings and compared them to peer districts.

Personnel costs are over 78 percent of the District's spending. Due to this, we conducted several analyses relating to the expense associated with maintaining the existing staffing levels. Certain staff were excluded from our analyses due to various legal and contractual requirements that would make reductions difficult. In the chart below there are approximately 90 excluded staff FTEs, which include individuals associated with Special Education, Title I, and preschool programming.

FTEs by Category with Excluded FTEs Breakout



Source: NCSD

Recommendation 4: Align Direct Student Support Position with the Peer Average

NCSD should eliminate the Other Service Worker/Laborer position that exceeds the primary peer average.

Impact

By reducing its support position to be in line with the primary peer average, the District could save an average of approximately $19,000 annually beginning in AY 2028. [34]

Background

Direct student support positions perform functions that directly assist students in an educational setting. Based on peer comparisons, NCSD could eliminate a support staffing position.

Methodology/Analysis

Staffing levels for the District were identified and compared to primary peer averages on a per-1,000 student basis. NCSD could reduce 0.5 FTE Other Support Staff.

Note: At the time of analysis, the District exceeded the primary peer average for staffing in other position categories. However, during the course of the audit, the District took actions based on its October 2025 financial recovery plan to reduce staffing levels, effective for AY 2026. This recommendation accounts for those staffing reductions and reflects remaining staffing area where the District employs more staff than the peers.

Other Support Staff

Other Support Staff fall into the other service worker or laborer category, which is 0.5 FTE above the primary peer average. This position at NCSD is the courier. Eliminating 0.5 FTE other support staff could save an average of approximately $19,000 annually.

Conclusion

The District should consider eliminating its 0.5 FTE Other Support Staff position. Eliminating this position could save an average of approximately $19,000 annually beginning in AY 2028 and bring staffing to a level consistent with the primary peer average.

[34] Calculated savings are based on the salary and benefits of the lowest tenured employee.

Recommendation 5: Align Employee Share for Medical/Prescription Costs with SERB Regional Average

The District should align its employee contribution share for medical insurance with the SERB regional average for school districts.

Impact

Aligning the employee contribution share with the SERB regional average for school districts would reduce expenditures and result in average annual savings of approximately $159,000 beginning in AY 2028.[35] Due to union contracts which stipulate the employee cost share, these savings could not be implemented until AY 2028.

Background

The District is part of the Summit Regional Healthcare Consortium, an organization which provides insurance to participating members. NCSD offers one insurance plan for medical and prescription coverage for its employees, with an option for single or family coverage. The District has separate rates for part-time employees, depending on whether they are nine- or twelve-month part-time employees. In addition, the District offers dental and vision insurance plans, which similarly have options for single or family coverage.

At the time of analysis, NCSD had 207 employees enrolled in the medical PPO plan, with 72 employees enrolled in single coverage and 135 employees enrolled in family coverage. A total of 217 employees were enrolled in the dental plan, with 68 employees enrolled in single coverage and 149 employees enrolled in family coverage. Lastly, a total of 211 employees were enrolled in the vision plan, with 67 employees enrolled in single coverage and 144 employees enrolled in family coverage.

Methodology

We compared the District's medical, dental, and vision insurance provisions and costs to the SERB regional average for school districts. Peer information was obtained from the 2025 SERB survey.[36] The District's medical plan was compared to 83 regional school district plans, while the dental plan was compared to 74 regional school district plans and the vision plan compared

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[35] Of this total, approximately $7,000 in annual savings, beginning in AY 2028, would not impact the General Fund, but would impact other funds, such as the Food Service Fund.
[36] The District's medical insurance rates were updated for AY 2026 and therefore we inflated the 2025 SERB data for use in the analysis.

to 51 regional school district plans. The peer average excluded outlier districts with plans more than two standard deviations outside the mean. Using the District's assumptions for increases to annual insurance costs, we then projected potential cost savings over the course of the forecast period.

Analysis

The District offers medical, combined with prescription, as well as dental and vision coverage to employees who are employed more than half-time, with separate contribution rates for part-time staff depending on whether they work for nine or twelve months. These insurance benefits are specified in the District's certificated and classified CBAs, which state that the Board reserves the right and responsibility to select the carrier for the insurance benefits provided. The insurance premium, or cost of obtaining insurance, is split between the District and the employee on a percentage basis. For full-time employees, the District covers 90.0 percent of the medical and dental premiums for both certificated and classified employees. For part-time employees who work at least nine months, the District covers 75.0 percent of the medical premiums for single coverage and 65.0 percent for family coverage. For part-time employees who work twelve months, the District covers 80.0 percent of the medical premiums for single and family coverage. We reviewed the District's dental and vision insurance plans and found that its total premium costs were below the peer average and its contribution rates were in line with or below the peer average.

Medical Insurance

We found that the District's medical plan cost is below the SERB regional average for both employer premiums and total premium costs. Although the District's total premium is lower, and the District's share of the premium on a per-person basis is lower than the peer average, the District contributes a greater percentage share of the premium than the peer average. If the District were to maintain the current insurance plan, it would need an adjustment to shift a greater portion of the premium to employees to bring itself in line with the peer average employer contribution share and reduce insurance related expenditures. The results of this adjustment are calculated in the following table.

AY 2026 Monthly Medical Insurance Costs - PPO

		NCSD		Regional Peer Averages		NCSD Adjustment	
		Costs	**% Share**	**Costs**	**% Share**	**Costs**	**% Share**
Single Medical + Rx	District	$764.27	90.0%	$945.58	86.4%	$733.70	86.4%
	Employee	$84.92	10.0%	$148.28	13.6%	$115.49	13.6%
Family Medical + Rx	District	$1,987.12	90.0%	$2,278.37	86.3%	$1,906.06	86.3%
	Employee	$220.79	10.0%	$360.81	13.7%	$301.85	13.7%

Source: NCSD and SERB

To align itself with the SERB regional average for employer contribution share, the District would need to shift a portion of the medical premium to its employees. As seen in the table above, employees enrolled in the single plan would need to pay 13.6 percent of the monthly premium and employees enrolled in the family plan would need to pay 13.7 percent of the monthly premium. Notably even with the District shifting a greater share of the medical premium contribution to employees to be in line with the peer average, full-time NCSD employees' premium costs would remain lower than the peer average premium costs under both single and family plans due to NCSD's lower total premium.

We identified potential cost savings associated with bringing the employee contribution share in line with the regional peer average. As it relates to the employees' benefits, which include Medicare, unemployment, and all health-related insurances, the District has projected a 3.29 percent increase for AY 2026 throughout the remainder of the forecast period. The District could save approximately $159,000 annually, beginning in FY 2028, by aligning the employer insurance contribution share with the regional peer group.

Conclusion

NCSD should work to bring its medical insurance contribution share in line with the SERB regional average. Doing so could result in average annual savings of approximately $159,000 beginning in AY 2028. These savings can be realized by shifting some of the District's premium contribution rate to employees.

Additional Recommendations

As discussed in detail throughout the preceding sections of this report, NCSD could gain efficiencies by aligning its operations with the peer averages and industry standards and implementing the previously identified baseline recommendations. However, the recommendations identified previously in this report, even if fully implemented, would not resolve the projected deficit in the most recent financial forecast. The following recommendations are additional actions that District leadership may need to consider when addressing the current fiscal situation.

Implementing the following additional actions could have a significant impact on the District's operations and instructional activities. However, without additional revenue, the District will likely need to consider the implementation of at least one of, or a combination of, the following recommendations in order to remain fiscally solvent.

Some of the recommendations are subject to successful contract negotiations.

Reduce/Eliminate General Fund Subsidy for Extracurricular Activities

In AY 2025, NCSD spent approximately $925,000 on student extracurricular activities, which included the salaries and benefits of directors and coaches, supplies and materials, transportation services, and other miscellaneous expenditures. A portion of these expenditures was offset by generating revenue of approximately $365,000 for admissions and other extracurricular activity sources. The remaining expenditures relating to student extracurricular activities were subsidized by the General Fund.

In AY 2025, the percentage of extracurricular activities expenditures subsidized by the District was 6.9 percent lower than the local peer average. However, if the District chose to, it could reduce or eliminate the General Fund subsidy for extracurricular activities. Using AY 2025 data, the District could save approximately $528,000 if it fully eliminated the General Fund subsidy beginning in AY 2028. In order to accomplish this, the District would need to consider the implementation of one or more of the following options:

- Increase pay-to-participate fees;
- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or,
- Eliminate programs.

Eliminate Building Administrator Positions

NCSD employs a total of 7.0 FTEs in building administrator positions, which include principals and assistant principals.

The state minimum requirement for building administrators identified in OAC 3301-35-05 consists only of the duties of a principal. This means NCSD is exceeding the state minimum requirement by 3.0 FTE. The District could eliminate up to 3.0 FTE building administrator position for average annual savings of approximately $434,000.

Eliminate Teacher Positions

State law requires that for every 25 students, districts employ at least one classroom teacher, for a student to teacher ratio of 25 to 1. In AY 2026, the District had a student-to-teacher ratio of 16.4 to 1.[37] While the District's student-to-teacher ratio is below the primary peer average for classroom teachers, it could eliminate up to 27.5 FTE teaching positions and remain within the state minimum standards. This level of reduction would result in approximately $2.6 million in annual savings but would represent a 27.9 percent reduction in teaching staff and substantively impact District operations.

While a reduction to state minimum standards is not likely necessary to address the projected deficit, NCSD could choose to strategically implement teacher reductions to maximize savings while minimizing the impact on District operations. Ultimately, the total cost savings realized from teacher reductions would be dependent on a variety of factors including the number of positions eliminated, the tenure of the individuals, and the impact of other potential cost savings measures.

If the District decides to pursue reductions to state minimum teacher reductions, it should work with ODEW to ensure compliance with the state minimum requirement in OAC 3301-35-05 before reducing classroom teaching levels.

Implement a Step Salary Freeze

We compared the District's certificated and classified salaries to the local peer averages. The results of this analysis indicated that the District's salaries, cumulative over a 30-year career, are generally below or in line with the local peer average salaries for all positions analyzed.

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[37] The student number used in this ratio represents a regular student population – a formula driven number that reflects students enrolled and educated within the District, excluding categories two through six of special education students. Classroom teachers include K-12 general education teachers as well as art, music, physical education, English language instructional program, and gifted and talented teachers. Preschool teachers, special education teachers, and career-technical teachers are excluded from the ratio (*Source, ODEW*).

However, the District could consider implementing a step salary freeze, which would result in significant annual savings.

The District's February 2026 forecast assumes step increases throughout the forecast period. The forecast assumptions do not include a base salary increase. Due to the District's CBAs, the earliest a salary step freeze could be implemented is AY 2028. If the District froze salaries at the AY 2027 forecast levels for AY 2028 through AY 2029, it could realize average annual savings of approximately $673,000. These estimated savings reflect the average annual savings that can be achieved beginning in AY 2028 through the remainder of the forecast period.[38]

[38] The savings identified in this recommendation do not take into account recommended staffing reductions. If the District were to reduce staffing, actual savings would be reduced.

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the District's official statement in regards to this 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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Norton City Schools Response to Performance Audit Recommendations

September 11, 2026

Thank you for the time and effort invested in preparing the performance audit for Norton City Schools. We appreciate the thorough review and the recommendations provided to the district.

After reviewing the standard recommendations outlined in the report, we want to ensure that you are aware of the district's plans and actions for addressing the concerns identified. Our responses to the recommendations are outlined below.

Standard Recommendation One: Utilize State or National Forecasting Tools

- The district currently contracts with Frontline for their forecast support. This is a state recognized organization that is extremely knowledgeable regarding all inputs necessary to calculate as accurate of a forecast as possible. Each forecasting season new state recommendations are taken into consideration to continuously improve the quality of the five year forecast which gets presented to the Board of Education. In the most recent submission (will be submitted on September 22 due to emergency Treasurer transition), extensive assumption details will be provided giving a more in-depth understanding of the data presented. The district treasurer will continue to participate in professional development aimed towards creating an accurate forecast.

Standard Recommendation Two: Enhance the Budgeting Process

- The district plans to create a formal policy addressing appropriate cash balance levels and guidelines for maintaining adequate reserves. The Board of Education is planning to approve this policy at the September Board of Education meeting.

Standard Recommendation Three: Formalize Capital Plans

- The district has developed a Facilities Plan, which was approved by the Norton City Schools Board of Education at its June 2026 meeting. We have submitted the plan to the performance audit committee to be incorporated into the overall performance review process.

Standard Recommendation Four: Reduce Classified Position by 0.5 FTE – Courier

- The district recognizes the recommendation to eliminate the 0.5 FTE courier position. This position is not a typical position found in many school districts and currently consists of a four-hour classified employee responsible for:
    - Deliveries throughout the district
    - Daily mail responsibilities
    - Inter-district mail distribution

- The courier position was originally created in response to the reduction of a full-time maintenance position. The former maintenance position had historically performed many of these duties when time permitted while also completing day-to-day maintenance responsibilities.
- The district will continue to evaluate this position as part of its overall staffing and financial review.
- It is also important to note that Norton City Schools' classified staffing is currently 6.5 FTEs below the benchmark of comparable peer districts. The district has already incorporated the classified staffing reductions implemented in May into its current staffing levels and financial planning.

Standard Recommendation Five: Increase Employee Insurance Contributions

- **Recommendation from the Performance Audit Team:** Increase employee insurance contributions by approximately 3%.
- The district understands the recommendation; however, any changes to employee insurance contributions must be negotiated through the district's collective bargaining agreements.
- The district will continue to review insurance costs and explore opportunities for savings through the district's insurance consortium.
- The district will also utilize the Insurance Committee to review plan costs, employee contributions, and potential options for controlling future increases.

Norton City Schools appreciates the work completed through this performance audit. We believe the recommendations provide valuable guidance as we continue to address the district's financial challenges, improve long-term financial planning, and ensure the responsible use of taxpayer resources.

Sincerely,

Bryan Farson
Superintendent
Norton City Schools

Emily Cundiff
Treasurer Pro Tempore
Norton City Schools

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and 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.

Generally accepted government auditing standards (GAGAS) 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.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In all fiscal distress school audits, preliminary review is conducted to identify operational areas that may have opportunity for improved efficiency and effectiveness. In this audit, the following areas were considered for analysis, but ultimately not chosen due to the available data and preliminary analysis:

- Facilities Expenditures;
- Building Utilization; and,
- Bus Utilization.

In order to provide the District with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Summary of Objectives and Conclusions

Objective	Recommendation
Financial Management	
Are the District's forecasting practices consistent with leading practices and is the forecast reasonable and supported?	**R.1**
Are the District's budgeting practices consistent with leading practices?	**R.2**
Are the District's planning practices consistent with leading practices?	**R.3**
Is the District's General Fund subsidy of extracurricular activities comparable to peers and appropriate based on its financial condition?	**Additional Recommendation**
Human Resources	
Are the District's staffing levels comparable to peers and appropriate based on its financial condition?	**R.4**
Are the District's health insurance costs comparable to other school districts within the region?	**R.5**
Are the District's salaries and wages comparable to local peers and appropriate based on its financial condition?	**Additional Recommendation**
Are the District's collective bargaining agreement provisions comparable to local peers and/or applicable statutory requirements?	**No Recommendation**: The District's collective bargaining agreement provisions are in line with the peer average.
Facilities	
Are the District's facilities staffing levels comparable to industry standards?	**No Recommendation:** The District's facilities staffing is in line with the industry standard.
Are the District's facilities non-regular labor expenditures comparable to peers and leading practices?	**No Recommendation:** The District's non-regular labor expenditures are in line with the industry standard.
Transportation	
Are the District's transportation security practices consistent with industry standards?	**No Recommendation:** The District's transportation security practices are in line with the industry standard.

Food Service	
Is the District's food service program operated in a manner that is consistent with leading practices and industry standards and appropriate based on the District's financial condition?	**No Recommendation:** The District's food service program is operated in a manner that is in line with the industry standard.

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. The following internal control components and underlying principles were relevant to our audit objectives:[39]

- Control environment
  - We considered the District's control of its EMIS and payroll systems.
- Risk Assessment
  - We considered the District's activities to assess fraud risks.
- Control Activities
  - We considered the District's compliance with applicable laws and contracts.

Internal control deficiencies related to audit objectives were not identified during the course of this audit.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District's 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, two 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

[39] We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G.

relatively lower per-pupil spending and similar academic performance. A “Local Peers” set was selected for a comparison of the general fund subsidy of extracurricular activities, compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. The list below shows the Ohio school districts included in these peer groups.

Peer Group Districts

Primary Peers

- Beaver Local (Columbiana County)
- Bellevue City (Huron County)
- East Muskingum Local (Muskingum County)
- Field Local (Portage County)
- Firelands Local (Lorain County)
- Northwest Local (Stark County)
- Shawnee Local (Allen County)
- West Branch Local (Mahoning County)

Local Peers

- Akron City (Summit County)
- Chippewa Local (Wayne County)
- Copley-Fairlawn City (Summit County)
- Coventry Local (Summit County)
- Highland Local (Medina County)
- Northwest Local (Stark County)
- Wadsworth City (Medina County)

Where reasonable and appropriate, peer districts were used for comparison. However, industry standards or leading practices were used in some operational areas for primary comparison. 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. Each recommendation in this report describes the specific methodology and criteria used to reach our conclusions.

Appendix B: Financial Background

In addition to the financial analyses previously presented throughout the report, we conducted additional review of the District's finances compared to peers. This information is provided to give a deeper understanding of the current financial condition of the District.

District AY 2025 Financial Accounts

This section of the report summarizes financial activity across all district funds, including revenues, expenditures, transfers, and other financing uses. Districts may pay for the same services using different funding sources, such as local funds, grants, or special use funds. To support fair comparison of overall activity and services delivered, all funds and funding sources are included, regardless of how that activity is financed. Because money can move between funds before it is ultimately spent, the same dollar may appear more than once as it flows through the system. For this reason, totals shown in this section of the report reflect gross financial activity, not unique dollars received from outside sources.[40]

The following table shows the Districts AY 2025 financial activities by fund. The District operated with 22 funds in AY 2025. Within this table, recorded receipts, or revenues, and expenditures are identified. In any given year, a particular fund may operate at a deficit or surplus. Further, operating at a deficit may not result in an actual fund deficit due to existing fund balances. By reviewing revenues and expenditures at the fund level, a district can have a more comprehensive understanding of its financial condition.

AY 2025 All Funds Activity

Total Funds	Funds with Revenue	Funds with Expenditures
22	21	21

Fund	Fund Name	Beginning Balance	Receipts	Expenditures	Ending Balance
001	General	$5,357,726.62	$28,431,673.65	$28,540,781.28	$5,248,618.99
002	Debt Retirement	$684,178.13	$1,154,221.06	$1,181,472.34	$656,926.85
003	Permanent Improvement	$584,498.84	$851,373.85	$893,553.36	$542,319.33
006	Food Services	$682,886.94	$824,632.33	$1,126,654.98	$380,864.29
007	Special Trust	$45,278.22	$29,025.63	$28,000.00	$46,303.85
009	Uniform Schools Supplies	$82,497.50	$97,372.69	$97,806.81	$82,063.38
018	Public School Support	$61,460.89	$49,538.00	$57,290.08	$53,708.81
019	Other Grants	$19,102.83	$3,000.00	$4,935.01	$17,167.82
023	Liability Self-Insurance	$17,068.07	$67,408.59	$60,599.54	$23,877.12

[40] The 024 Employee Benefits Self-Insurance Fund is an area where this commonly occurs, as it receives money from the General Fund and other funds for the purpose of paying insurance.

024	Employee Benefits Self-Insurance	$35,376.54	$4,590,463.54	$4,500,975.25	$124,864.83
031	Underground Storage Tanks	$11,000.00	$0.00	$0.00	$11,000.00
034	Classroom Facilities Maintenance	$48,522.05	$57,497.90	$40,323.10	$65,696.85
200	Student Managed Student Activity	$176,031.87	$102,570.07	$101,334.42	$177,267.52
300	District Managed Student Activity	$111,120.15	$187,457.34	$231,031.46	$67,546.03
451	Data Communications for School Buildings	$0.00	$7,964.56	$7,964.56	$0.00
499	Miscellaneous State Grants	$0.00	$40,000.00	$20,168.56	$19,831.44
507	Elementary and Secondary School Emergency Relief (ESSER)	($63,517.30)	$74,702.41	$11,185.11	$0.00
516	IDEA, Part B Special Education … Ages 3-21	($23,755.22)	$541,845.79	$518,090.57	$0.00
572	Title I - Disadvantaged Children/Targeted Assistance	($22,958.43)	$298,748.59	$275,790.16	$0.00
584	Student Support and Academic Enrichment Programs	($2,692.22)	$27,228.23	$24,536.01	$0.00
587	IDEA, Part B Special Education … Ages 3-5	$0.00	$10,851.97	$10,851.97	$0.00
590	Improving Teacher Quality	($12,575.39)	$63,907.49	$51,332.10	$0.00
	Total Funds	**$7,791,250.09**	**$37,511,483.69**	**$37,784,676.67**	**$7,518,057.11**

Source: NCSD

Note: Includes advances, transfers, and other financing activities. Because money can move between funds before it is ultimately spent, the same dollar may appear more than once as it flows through the system (see **Appendix B**). According to ORC § 3315.20, school districts are allowed to have negative balances in special funds if specific circumstances are met.

Revenues and Expenditures Section Exclusions

School districts in Ohio use a uniform accounting system, which allows for financial information to be presented in a similar manner. This system breaks down financial data into dimensions, or categories, which allow for specific detail to be captured. These dimensions are Transaction Indicators, Funds, Functions, and Objects. Transaction Indicators show the types of transactions that occur within a district. Funds are established by constitutional provisions or other statutes to identify how funds may be used. Functions are a broad area of programs, sub-programs and activities which can be used to classify expenditures. Objects further identify expenditures as this can be used to identify the goods or services being obtained by a district. Additional information on school accounting can be found in the Uniform School Accounting System user manual: USAS Manual.

To avoid double counting of funds identified in the section above, figures and charts presented in the Revenues and Expenditures section of the report are shown with certain funds, objects, and functions/receipt codes are excluded using ODEW's technical documentation for reporting expenditures and revenue.[41]

[41] "Non-Operating" expenditures, such as adult education, sport oriented extracurricular activities, construction, or interest on debt are excluded in ODEW's reporting, however, are included in this report.

Revenue Exclusions

Funds:

- 002
- 003
- 004
- 005
- 010
- 011
- 012
- 013
- 014
- 017
- 020
- 021
- 022
- 023
- 024
- 025
- 026
- 027
- 028
- 033
- 070
- 071
- 200
- 401
- 406
- 409
- 413
- 414
- 419
- 426
- 450
- 453
- 496
- 498
- 501
- 505
- 535
- 569
- 583

Receipt Code: 5000 - 5399

Expenditure Exclusions

Funds:

- 017
- 021
- 022
- 023
- 024
- 026
- 027
- 028
- 200

Objects:

- 470-479
- 810-819
- 881
- 891
- 900-969

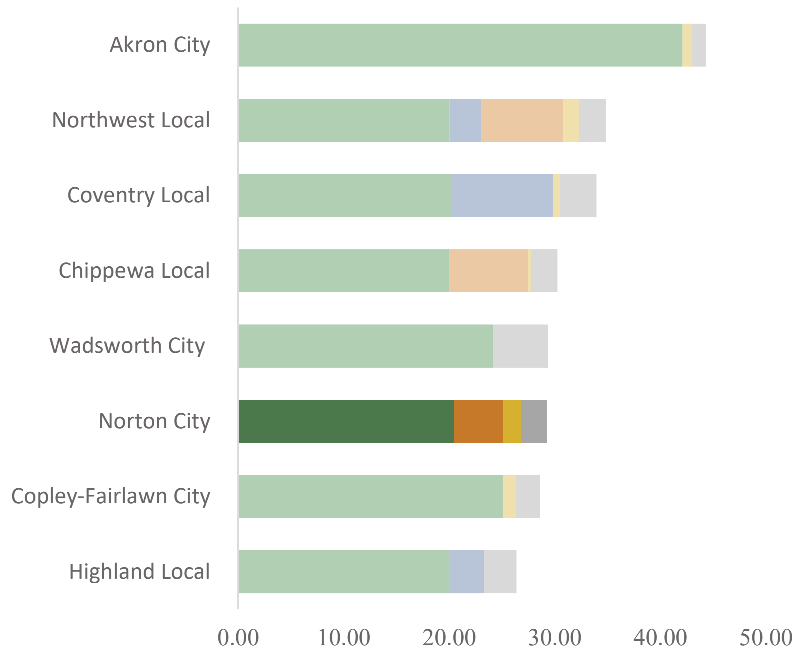
Function: 7000-7990

Local Revenue Comparisons

Since the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for NCSD to that of its local peers. This comparison is found in the chart below. The green portion of the bar represents the current expense millage rate, where one of the local peers are at the 20-mill floor. Because the District is not at the 20-mill floor, it will not see continued growth from current expense mills as property value increases.[42]

[42] As previously noted, this will be impacted by HB 129, which changes the calculation of the 20-mill floor to include substitute and emergency levies after a county property valuation reappraisal or triennial update. In addition, the growth will be limited due to caps placed in HB 186 using the GDP deflator over the three preceding tax years.

2025 Millage and Millage Equivalents | Local Peers



The composition of levies impacts district revenues. **Current Expense mills**, used for general operations are subject to reduction factors up to the 20-mill threshold. **Emergency and substitute mills** raise a defined amount of general operating revenue and are not reduced. **Income tax mill equivalents** are calculated by OPT for comparison purposes based on guidance from the Department of Taxation. **Permanent improvement mills** are used for maintenance of long-term assets and may be reduced over time. **Bond mills** raise a defined amount used for the purchase or construction of new buildings.

Source: Ohio Department of Taxation

NCSD has a 0.50 percent income tax, which is included in the chart under income tax millage equivalents. The District's effective millage rate is lower in comparison to the local peer districts. In Tax Year 2024, one mill of property tax generated approximately $230 in revenue per pupil, falling below the local peer average of approximately $293, or 27.0 percent.

The following tables show the income tax revenue for primary peer districts and local peer districts. Two primary peers and two local peers collect revenue from an income tax.

2025 Income Tax Revenue and Millage Equivalents | Primary Peers

District	Tax Rate	Income Tax Revenue	Estimated Millage Equivalents
Northwest Local	1.00%	$4,121,672.24	7.93
West Branch Local	0.00%	-	0.00
Bellevue City	0.50%	$2,108,540.39	4.66
Norton City	0.50%	$2,264,168.01	4.88
Beaver Local	0.00%	-	0.00
East Muskingum Local	0.00%	-	0.00
Field Local	0.00%	-	0.00
Firelands Local	0.00%	-	0.00
Shawnee Local	0.00%	-	0.00

Source: Ohio Department of Taxation

2025 Income Tax Revenue and Millage Equivalents | Local Peers

District	Tax Rate	Income Tax Revenue	Estimated Millage Equivalents
Chippewa Local	1.00%	$2,807,122.84	7.66
Northwest Local	1.00%	$4,121,672.24	7.93
Norton City	0.50%	$2,264,168.01	4.88
Akron City	0.00%	-	0.00
Copley-Fairlawn City	0.00%	-	0.00
Coventry Local	0.00%	-	0.00
Highland Local	0.00%	-	0.00
Wadsworth City	0.00%	-	0.00

Source: Ohio Department of Taxation

The following tables show the local tax effort (LTE) comparison between NCSD and the primary peer districts and the local peer districts. ODEW uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. Districts are ranked from 1 to 606 with 1 being the highest level of effort and the 99th percentile and 606 being the lowest level of effort and the 1st percentile.

2025 Local Tax Effort Comparison | Primary Peers

District	LTE	Rank	Percentile
Bellevue City	1.2343	162	73.3%
Northwest Local	1.2276	164	72.9%
Firelands Local	0.9642	318	47.5%
East Muskingum Local	0.8960	359	40.8%
Field Local	0.8401	405	33.2%
Norton City	0.8220	418	31.0%
Beaver Local	0.8124	430	29.0%
Shawnee Local	0.7642	472	22.1%
West Branch Local	0.6248	552	8.9%
Primary Peer Average	**0.9204**	**344**	**43.2%**

Source: ODEW

2025 Local Tax Effort Comparison | Local Peers

District	LTE	Rank	Percentile
Akron City	1.5644	47	92.2%
Coventry Local	1.3063	132	78.2%
Northwest Local	1.2276	164	72.9%
Chippewa Local	1.1064	227	62.5%
Norton City	0.8220	418	31.0%
Wadsworth City	0.7674	471	22.3%
Copley-Fairlawn City	0.5358	584	3.6%
Highland Local	0.5220	586	3.3%
Local Peer Average	**1.0043**	**280**	**53.8%**

Source: ODEW

Appendix C: Enrollment

Where a student lives, where they enroll and attend school, how much instruction is received, and how much funding is generated are all measures or factors related to enrollment, or how a student is counted. The following list summarizes descriptions of enrollment terms used in this report.

Enrollment Definition Key

	Description
Place of Enrollment	Where the students living in the District's boundaries attend school.
Open Enrollment-In	Students who reside in another district's boundaries attending the District via open enrollment.
Open Enrollment-Out	Students living within the District's boundaries but attending another public school via open enrollment policies.
Student FTE	Reflects how much instructional time a student received compared to a full-time student.
Headcount	Count of students enrolled at the District at a single point in time. Each student counts as 1.0 student.
Average Daily Membership (ADM)	This is the average enrollment over time and serves as the basis for which a district is funded.
Regular Student ADM	Regular student enrollment which is used for calculating minimum teaching staffing ratios.

Source: ODEW

Each of the terms above have expanded definitions on subsequent pages and explanations of how they relate to information in this report. Where relevant, a historical analysis is provided to show trends.

Place of Enrollment

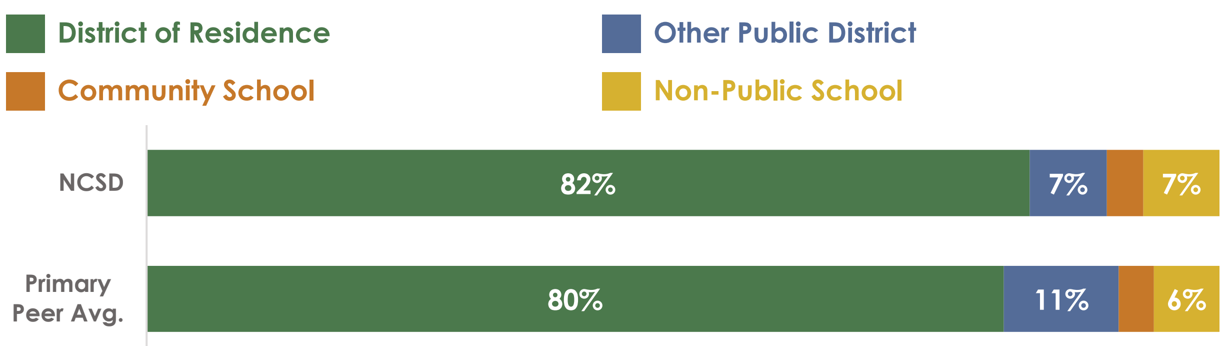
Students and their families have choices regarding where to attend school. Because of this, not all resident students attend the district where they live. The visuals on this page show where students living in NCSD are attending schools.[43] It should be noted that the visuals do not include students who choose to attend private schools and do not receive state assistance or students who are homeschooled.

AY 2025 Place of Enrollment

	Enrollment
District of Residence	1,540
Other Public District	135
Community School	64
Non-Public School via EdChoice or Other Program	132
Total	**1,871**

Source: ODEW

AY 2025 Place of Enrollment as % of Total



Source: ODEW

As seen above, approximately 82 percent of students residing in the District's boundaries choose to attend NCSD, compared to the primary peer average of 80 percent, meaning a higher

[43] If applicable, non-public school includes students participating in the EdChoice or EdChoice Expansion Scholarship Programs, the Cleveland Scholarship Program, the Ohio Autism Scholarship Program, or the Jon Petersen Special Needs Scholarship Program.

percentage of resident students enrolled at the District.[44] In AY 2025, NCSD offered open enrollment to non-resident students.[45]

Open Enrollment

Interdistrict open enrollment is one of several school choice options. Interdistrict open enrollment allows the resident students of a district to enroll in another district by following that district's open enrollment policies and procedures. Students who enroll under an open enrollment policy must be allowed to attend tuition free. State funding, which is calculated on a per-pupil basis, is awarded to the district where a student is educated. For districts that are funded on a formula basis, offering open enrollment can incrementally increase the state funding. Local funding is collected based on voted property and income taxes. There is no state law that provides for local funding to follow a student to the district of enrollment, which means local funding remains in the district of collection regardless of student open enrollment choices. Open enrollment is dependent on individual districts' policies and available capacity. A district may offer no open enrollment, open enrollment from adjacent districts only, or open enrollment from any district.

Open Enrollment In: These are students living in another public district who attend NCSD through open enrollment policies. In AY 2026, the District had a policy to accept open enrollment students from any district, which brought 261 students to the District via open enrollment.

Open Enrollment Out: These are students who live in the District's boundaries but choose to attend another public school through open enrollment policies. In AY 2025, the District had 94 students living within its boundaries that chose to attend another public district through open enrollment.

[44] Community schools, nonpublic schools, or another public district that accepts students through open enrollment.
[45] Beginning in AY 2027, the District stopped offering open enrollment to new students. Students previously enrolled through open enrollment are allowed to complete their education at the District.

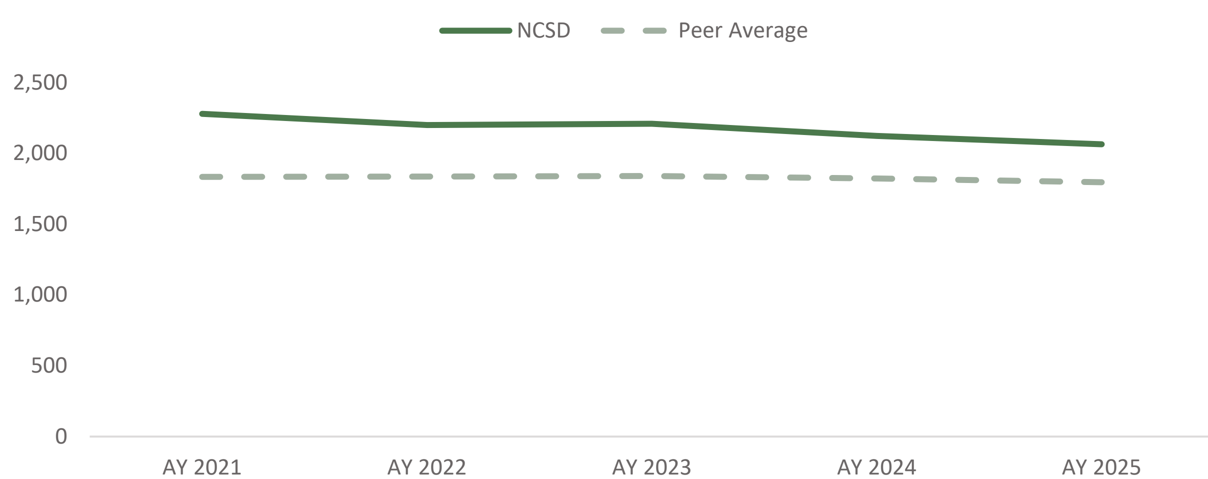
FTE Enrollment

This enrollment metric proportionately reflects how much instructional time a student receives compared to a full-time student. A student who attends the District full-time would count as 1.0 FTE. A student attending the District half-time, for half day kindergarten for example, would count as 0.5 FTE.

Within our report, PK-12 FTE enrollment is used for our revenue per pupil and expenditures per pupil analyses (see **Per Pupil Analysis**). FTE enrollment, with preschool students and staff excluded, is also used in our standard staffing analysis (see **Recommendation 4** and **Appendix E**). For most staffing analyses, K-12 FTE enrollment is used.

The following chart shows a five-year history of the District's FTE enrollment.

AY 2021 to AY 2025 FTE Enrollment 5-year History



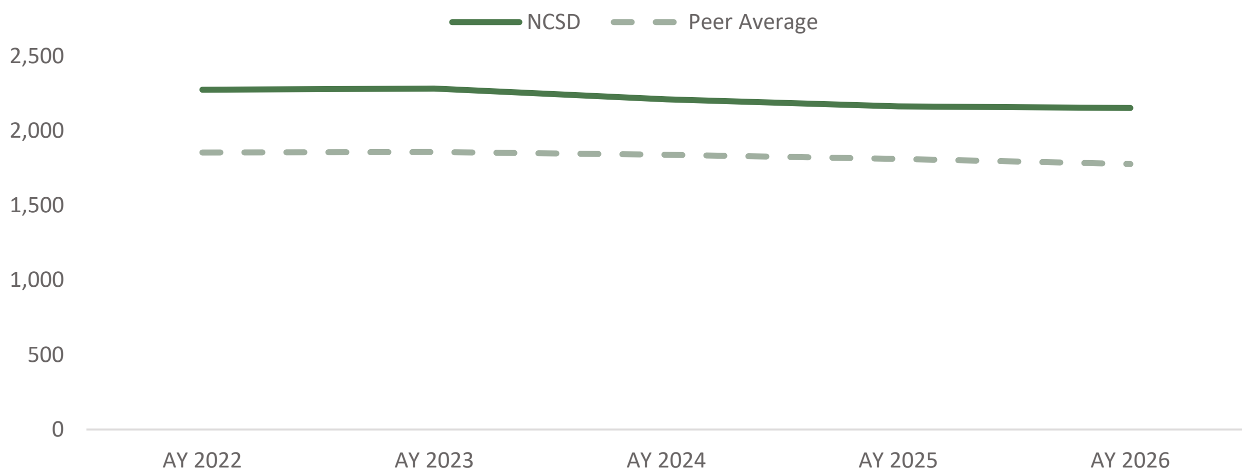
From AY 2021 to AY 2025, the District's FTE enrollment decreased by 9.4 percent, or approximately 215.0 FTEs. This is a greater decrease than the primary peer average, which decreased by 1.9 percent, or approximately 36.0 FTEs.

Headcount

This enrollment metric is a simple count of students enrolled in a district at a single point in time. Each student counts as one, regardless of how much instructional time is received. This metric helps to not only understand staffing needs, but also provides insight into understanding a district's building capacity needs.

The following chart shows a five-year history of the District's headcount enrollment.

AY 2022 to AY 2026 Headcount 5-year History



Source: ODEW

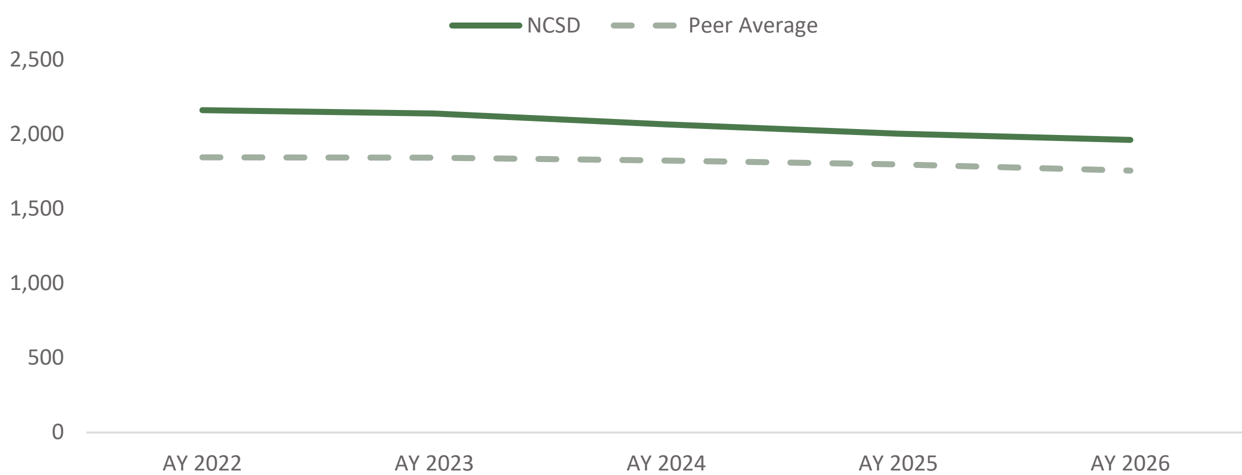
From AY 2022 to AY 2026, the District's headcount enrollment decreased by 5.4 percent, or approximately 122 students. This is a greater decrease than the primary peer average, which decreased by 4.0 percent, or approximately 76 students.

Enrolled Average Daily Membership (Enrolled ADM)

Enrolled ADM is the average number of students enrolled at a district during a school year and serves as the basis for state funding calculations. For example, a student enrolled for an entire year counts as 1.0, but a student who enrolls halfway through the year counts as 0.5.

The following chart shows a five-year history of ADM at the District. ADM trends are important to understand due to its impact on funding, which is done on a per pupil basis (see **State Funding**).

AY 2022 to AY 2026 ADM 5-year History



Source: ODEW

From AY 2022 to AY 2026, the District's enrolled ADM decreased by 9.2 percent, or approximately 199.44 students. This is a greater decrease than the primary peer average, which decreased by 4.7 percent, or approximately 88.83 students.

Regular Student ADM

According to OAC 3301-35-05, the minimum staffing requirement for Ohio public schools is a ratio of at least one full-time equivalent (FTE) classroom teacher for every 25 students (often expressed as 25-to-1) on a district-wide basis. In consultation with ODEW, the student number used for calculating this ratio is the Regular Student ADM, which consists of:

$$\begin{aligned}&\boldsymbol{Regular\ Student\ ADM}\\&\quad = Enrolled\ ADM - (SpecEd\ ADM\ Categories\ 2\ through\ 6)\\&\quad - (Jointure\ \times 0.2) - Non\text{-}Jointure - (Contract\ Vocational\ \times 1.2)\end{aligned}$$

Regular Student ADM data was provided by ODEW for use in calculating the minimum teaching staffing requirements discussed in the **Additional Recommendations** section of the report. The calculations used for determining additional recommendations are based on FTEs and enrollment from a specific point in time. If additional teaching staff reductions become necessary, the District should use updated and current data to ensure the appropriate number of reductions are implemented. The District should consult with ODEW when nearing or achieving state minimum staffing to ensure compliance with OAC minimum staffing requirements.

Appendix D: Financial Management

Forecasting Best Practices

The following tables show the comparison of the District's forecasting practices to industry standards and best practices. The District's forecasting process does not meet all components recommended by the GFOA and ODEW.

GFOA Forecasting Best Practices

DEFINE ASSUMPTIONS

Meets	Forecast has a timeline
Meets	District is transparent as to whether the forecast is conservative in estimating revenues/expenditures
Meets	District is aware of political/legal issues that could affect forecast
Meets	District knows major revenue/expenditure categories

GATHER INFORMATION

Meets	District uses statistical data in forecasting
Meets	Uses accumulated judgment and expertise of individuals inside and perhaps also outside the organization
Partially Meets	Become familiar with other longer-term planning efforts of the organization that impact financial decisions and the fiscal environment.

PRELIMINARY/EXPLORATORY ANALYSIS

Meets	Understands how revenues/expenditures vary with economical activity
Meets	Understands effects of demographic trends
Meets	Outliers are identified and explained
Meets	Relationships between different variables are identified and explained

SELECT METHODS

Meets	Determine the quantitative and/or qualitative forecasting methods that will be used

IMPLEMENT METHODS

Meets	Put into practice described forecasting methods

USE FORECAST

Meets	Forecaster has credibility
Meets	Forecast is presented with a clear message
Meets	Forecast plays a key role in budgeting and financial decisions

ODEW Best Practices

Meets	Proactive management of revenues/expenditures
Doesn't Meet	Board policy to achieve and maintain 60 days of expenditures in cash balance
Meets	Report and discuss expenditures vs revenues monthly
Doesn't Meet	Participate in a program that promotes best budgeting practices for school districts

Source: ODEW and NCSD

Appendix E: Human Resources

Staffing Comparison Tables

The following tables illustrate the District's employee FTEs compared to calculated benchmark FTEs. These tables show a point in time during the course of the audit and are not meant to represent the current state of staffing at NCSD or the peer districts. Staffing levels at both NCSD and the peer districts may have changed during the audit due to a variety of operational decisions. Where appropriate and possible, our audit took changes into account.

The enrollment benchmark FTEs represents the FTEs the District would need to align with the *primary peer average FTEs per-1,000 student ratio*. Normalizing data on a per-1,000 student basis, as seen in the calculation below, allows for a more precise comparison between districts when student counts differ. This primary comparison is shown in each of the following staffing comparison tables.

$$\text{Enrollment Benchmark FTEs} = Peer\ Avg.FTE\ per\ 1{,}000\ Students * (Client\ Enrollment \div 1{,}000)$$

The building benchmark FTEs represents the FTEs the District would need to align with the *primary peer average FTEs per building ratio*. Normalizing data on a per-building basis, as seen in the calculation below, allows for a more precise comparison between districts when building counts differ. This secondary comparison is shown in select staffing comparison tables.

$$\text{Building Benchmark FTEs} = Peer\ Avg.FTE\ per\ Building * District\ Building\ Count$$

Central Office Administrator Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Supervisor/Manager	3.00	3.13	(0.13)
Coordinator	3.00	2.32	0.68
Education Administrative Specialist	-	0.15	(0.15)
Director	2.00	2.52	(0.52)
Other Official/Administrative	-	0.16	(0.16)
Total	**8.00**	**8.28**	**(0.28)**

Source: NCSD and ODEW

Building Administrator Staff Comparison (per 1,000 students)

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Assistant Principal	3.00	2.56	0.44
Principal	4.00	4.07	(0.07)
Total	**7.00**	**6.63**	**0.37**

Source: NCSD and ODEW

Building Administrator Staff Comparison (per building)

Position	NCSD FTEs	Building Benchmark FTEs	FTEs Above/(Below) Benchmark
Assistant Principal	3.00	2.53	0.47
Principal	4.00	3.88	0.13
Total	**7.00**	**6.41**	**0.59**

Source: NCSD and ODEW

During the course of the audit, the District approved the reduction of 6.0 FTE Teaching Staff, bringing the District further below the peer average benchmark.

Teaching Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
General Education K-12	86.00	95.93	(9.93)
Gifted and Talented	-	0.77	(0.77)
Art Education K-8	3.00	2.75	0.25
Physical Education K-8	4.50	2.58	1.92
Music Education K-8	5.00	3.47	1.53
Career-Technical Programs/Career Pathways	7.00	2.13	4.87
Total	**105.50**	**107.63**	**(2.13)**

Source: NCSD and ODEW

Non-Teaching Educational Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Counseling	5.00	5.44	(0.44)
Remedial Specialist	-	0.97	(0.97)
Tutor/Small Group Instructor	1.00	1.51	(0.51)
Full-time (Permanent) Substitute Teacher	-	0.13	(0.13)
Teacher Mentor/Evaluator	-	0.15	(0.15)
Other Professional-Educational	1.00	0.89	0.11

Source: NCSD and ODEW

Professional Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Psychologist	-	0.88	(0.88)
Social Work	-	0.84	(0.84)
Other Professional	-	0.31	(0.31)

Source: NCSD and ODEW

Technical Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Computer Operating	-	0.42	(0.42)
Other Technical	1.00	0.79	0.21
Total	**1.00**	**1.21**	**(0.21)**

Source: NCSD and ODEW

Central Office Support Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Administrative Assistant	-	0.75	(0.75)
Accounting	-	0.46	(0.46)
Bookkeeping	1.00	0.41	0.59
Clerical	2.00	3.69	(1.69)
Records Managing	2.00	-	2.00
Other Office/Clerical	-	0.30	(0.30)
Total	**5.00**	**5.62**	**(0.62)**

Source: NCSD and ODEW

Building Office Support Staff Comparison (per 1,000 students)

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Clerical	8.40	9.22	(0.82)
Other Office/Clerical	-	0.68	(0.68)
Total	**8.40**	**9.90**	**(1.50)**

Source: NCSD and ODEW

Building Office Support Staff Comparison (per building)

Position	NCSD FTEs	Building Benchmark FTEs	FTEs Above/(Below) Benchmark
Clerical	8.40	9.03	(0.63)
Other Office/Clerical	-	0.55	(0.55)
Total	**8.40**	**9.58**	**(1.18)**

Source: NCSD and ODEW

Library Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Librarian/Media	-	0.51	(0.51)
Library Aide	-	1.35	(1.35)
Total	**-**	**1.86**	**(1.86)**

Source: NCSD and ODEW

Nursing Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Registered Nursing	-	0.57	(0.57)
Practical Nursing	-	0.96	(0.96)
Total	**-**	**1.53**	**(1.53)**

Source: NCSD and ODEW

Classroom Support Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Instructional Paraprofessional	-	1.14	(1.14)
Teaching Aide	1.50	10.14	(8.64)
Total	**1.50**	**11.28**	**(9.78)**

Source: NCSD and ODEW

Other Clerical Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Messenger	-	0.23	(0.23)
Total	**-**	**0.23**	**(0.23)**

Source: NCSD and ODEW

Extracurricular/Intracurricular Activities Staff Comparison

Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Advisor	-	0.15	(0.15)
Coaching	-	1.77	(1.77)
Athletic Trainer	-	0.15	(0.15)
Total	**-**	**2.07**	**(2.07)**

Source: NCSD and ODEW

Other Support Staff Comparison

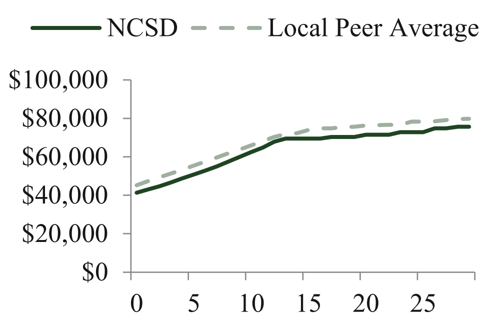
Position	NCSD FTEs	Enrollment Benchmark FTEs	FTEs Above/(Below) Benchmark
Monitoring	3.07	5.10	(2.03)
Other Service Worker/Laborer	0.50	-	0.50

Source: NCSD and ODEW

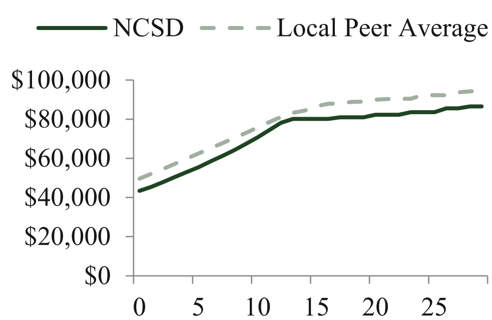
We also looked at annual salaries for select certificated employees and the hourly wage rates for various classified employee positions over the course of a career, as seen in the following charts.

Certificated Career Compensation

Bachelors



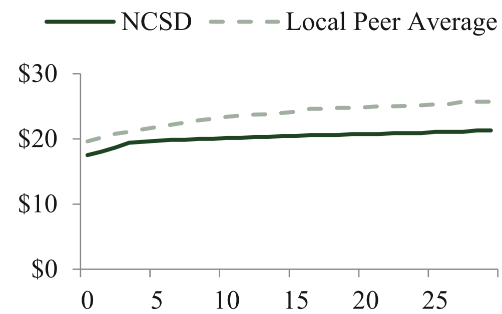
Master's



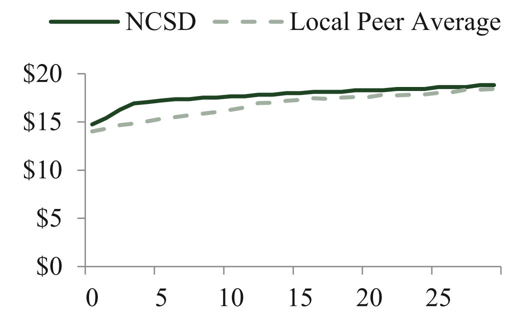
Source: NCSD, Local Peers, and SERB

Classified Career Compensation

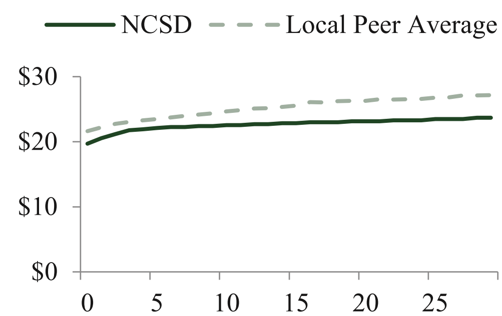
Secretary



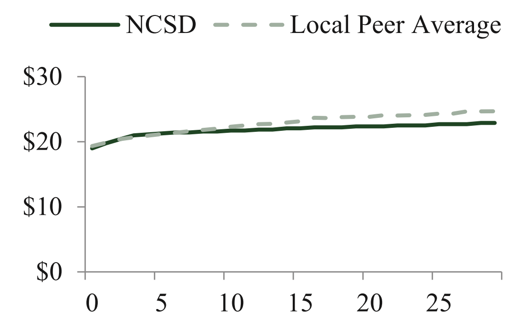
Cook



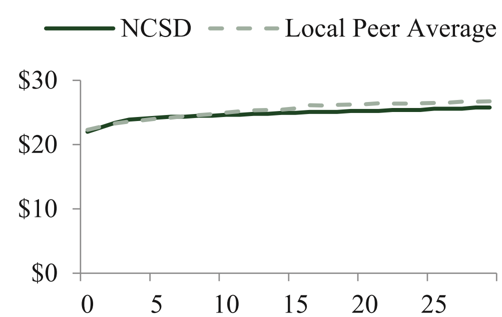
Head Building Custodian



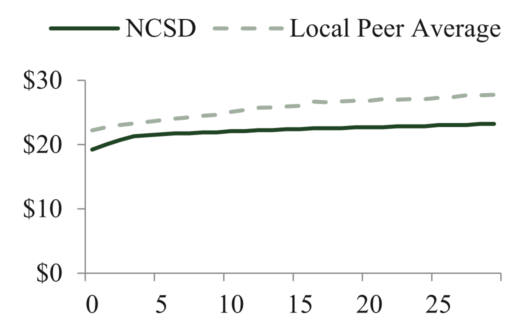
Custodian



Maintenance



Bus Driver



Source: NCSD, Local Peers, and SERB

Appendix F: Facilities

The National Center for Education Statistics (NCES) identifies levels of cleaning benchmarks that can be used to guide facilities staffing. According to the Planning Guide for Maintaining School Facilities (NCES, 2003), Level 3 cleaning is the standard for most school facilities. When adhering to a Level 3 standard of cleaning, a custodian can clean approximately 28,000 to 31,000 square feet in 8 hours. Using this standard, NCSD is below the custodial staffing benchmark by 1.3 FTEs.

American School & University Magazine (AS&U) identifies square footage and acreage maintenance benchmarks for maintenance and grounds staffing. According to AS&U, each 1.0 FTE maintenance employee should be responsible for maintaining approximately 95,000 square feet, and each 1.0 FTE grounds employee should be responsible for maintaining approximately 40.2 acres. Using these standards, NCSD is below the grounds staffing benchmark by 2.8 FTEs, the custodial staffing benchmark by 1.3 FTEs, and the maintenance staffing benchmark by 2.2 FTEs.

The following table provides a comparison of the District's facilities staffing to industry benchmarks.

Buildings & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	0.0
Acreage Maintained	113.2
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	2.8
Grounds FTEs Above/(Below) Benchmark	**(2.8)**
Custodial Staffing	
Custodial FTEs	12.2
Square Footage Cleaned	399,510
NCES Level 3 Cleaning Benchmark [1] - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	13.5
Custodial FTEs Above/(Below) Benchmark	**(1.3)**
Maintenance Staffing	
Maintenance FTEs	2.0
Square Footage Maintained	399,510
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	4.2
Maintenance FTEs Above/(Below) Benchmark	**(2.2)**

Total Buildings & Grounds Staffing	
Total FTEs Employed	14.2
Total Benchmarked Staffing Need	20.6
Total FTEs Above/(Below) Benchmark	**(6.3)**

Source: NCSD, AS&U, and NCES

[1] According to NCES, Level 3 cleaning is the norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues.

In addition to staffing, we reviewed the District's use of non-regular labor including temporary labor and overtime expenditures. We found that NCSD spent more on facilities non-regular labor as a percent of total facilities expenditures compared to the primary peer average.

AY 2025 Non-Regular Wages as a Percent of Total

Norton CSD	Primary Peer Average	Difference
25.2%	9.4%	15.8%

Source: NCSD and Local Peers

Although the District's use of non-regular labor is higher than the primary peer average, the District is using this to cover staffing levels that fall below the benchmarks and has difficulty in finding subs. Therefore, it appears the District's use of non-regular labor is appropriate given its staffing levels.

OHIO AUDITOR OF STATE
KEITH FABER

NORTON CITY SCHOOL DISTRICT

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/22/2026

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Phone: 614-466-4514 or 800-282-0370