

School Districts in Fiscal Emergency



**2026 Report to the
Ohio General Assembly**

March 2026



**Department of
Education &
Workforce**

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Executive Summary

[Ohio law](#) outlines measures for assisting school districts experiencing fiscal distress through the financial forecast examination process and the establishment of a graduated system of fiscal oversight (fiscal caution, fiscal watch, and fiscal emergency). This process provides school districts the opportunity to correct and improve fiscal practices and budgetary conditions while also providing clear consequences for continued fiscal insolvency. The law also requires an annual report and recommendations to the General Assembly about school districts in fiscal emergency. Currently, there are two school districts in fiscal emergency: Mount Healthy City Schools and Trimble Local Schools. This report summarizes significant events over the past twelve months for each district. Both districts have made progress towards fiscal recovery. This report does not recommend any changes to the Ohio Revised Code related to school districts in fiscal emergency.

Legislative Background

In 1996, the 121st Ohio General Assembly established Ohio Revised Code [Chapter 3316](#), which created procedures for placing districts exhibiting potential insolvency under fiscal oversight through the declaration of fiscal watch or fiscal emergency. In 2001, the 123rd General Assembly expanded the scope of fiscal designations by creating the category of fiscal caution as the initial level of fiscal oversight. As stated in [Ohio law](#), the intent of the statute is to enact procedures, provide powers, and impose restrictions to assure fiscal integrity of school districts.

The General Assembly also requires an annual report on the progress of the school district to eliminate fiscal emergency conditions, failures of the school district to comply with the requirements, and recommendations for further actions to attain the objectives of the law, including any legislative action needed to make provisions of law more effective for their purposes, or to enhance revenue raising or financing capabilities of school districts. As of the date of this report, there are two school districts in fiscal emergency. This report does not recommend any changes to the Ohio Revised Code related to school districts in fiscal emergency.

Support for School Districts

Through the financial forecast examination process and during fiscal caution and fiscal watch, the Ohio Department of Education and Workforce (“Department”) provides technical assistance to school districts experiencing fiscal distress with the goal of restoring fiscal solvency without a declaration of fiscal emergency. The process to identify potential deficits that may result in a declaration of fiscal caution, fiscal watch, or fiscal emergency and the steps taken to avoid them are discussed in greater detail on the Department’s [website](#).

In the event the Auditor of State declares a school district to be in a state of fiscal emergency, a five-member financial planning and supervision commission is created to develop, adopt, and implement a financial recovery plan to restore both fiscal integrity and fiscal solvency.

Financial planning and supervision commission duties and services for districts in fiscal emergency include:

- Meeting monthly (or as needed)
- Monitoring district operations with potential financial implications
- Re-establishing the fiscal integrity of the district
- The commission may grant itself the same authorities as the board of education to accomplish the task of fiscal solvency, including but not limited to:
 - Contracting for services
 - Purchasing
 - Employment contracts
 - Issuance of debt
 - Cost reductions
 - Reducing staffing levels

Within 120 days, the commission adopts a financial recovery plan that addresses, but is not limited to, the following:

- Solvency assistance fund advancements
- Staff reductions and shared services
- Establishment of procedures for monitoring annual appropriation of funds through reporting of monthly actual expenditures vs. monthly budgets by the district administration and board of education
- Establishment of procedures for encumbering funds as purchase orders wherein the district administration and treasurer work jointly
- Adoption by the local board of education of an appropriation measure consistent with the financial forecast and the financial recovery plan

Since the General Assembly established the process for fiscal oversight, 44 districts have been declared to be in fiscal emergency and 42 have been released from fiscal emergency (Exhibit A). This demonstrates the effectiveness of the system currently in place, providing confidence to districts as they enter fiscal emergency. The average length of time a district is in fiscal emergency is approximately 3.5 years. This timeline is dependent on a district's cooperation and compliance with the financial planning and supervision commission's requests, as well as the district's ability to amend its respective financial practices to regain the fiscal solvency and financial integrity necessary for release.

Annual Statistics

DISTRICTS IN FISCAL EMERGENCY AS OF MARCH 31, 2026

<u>District</u>	<u>County</u>	<u>Date Declared</u>	<u>Duration</u>
Mount Healthy City School District	Hamilton	April 5, 2024	24 months
Trimble Local School District	Athens	April 8, 2025	12 months

DISTRICTS RELEASED FROM FISCAL EMERGENCY SINCE APRIL 1, 2025

<u>District</u>	<u>County</u>	<u>Date Declared</u>	<u>Date Released/Duration</u>
None			

MOUNT HEALTHY CITY SCHOOL DISTRICT

Mount Healthy City School District is completing its second year of fiscal emergency.

District demographic information for Mt. Healthy City School District is as follows:

- Fiscal Year (FY) 2025 cash balance was **\$3,261,875**, which was **7.30%** of its FY25 total expenditures.
- ADM (student population) **declined by 38.63%** between FY20 and FY25.
- Property values **increased by 80.4%** between Tax Year 2019 and Tax Year 2024.
- Tax Year 2024 Class 1 millage rate: **23.84 mills**.

On April 5, 2024, the Mt. Healthy City School District was declared to be in a state of fiscal emergency, and the Financial Planning and Supervision Commission for Mt. Healthy City Schools was established. On May 9, 2024, the Commission adopted Part I of its Financial Recovery Plan (FRP), which establishes the management structure to be used during fiscal emergency, and on June 28, 2024, the Commission adopted Part II, which directed the district to resolve the district's projected FY25 deficit spending (Line 6.010 of the financial forecast) and thereby the resulting FY25 general fund balance deficit.

Over the next twelve months, the district identified and approved significant expenditure reductions. The district also attempted to increase revenue through new property tax levies; however, all efforts, to date, have failed at the ballot. Ultimately, the district could not resolve the FY25 projected deficit and in May 2025, the Department of Education and Workforce and the Office of Budget and Management granted the district a revised solvency assistance repayment schedule as follows: FY25 \$485,000, FY26 \$750,000, FY27 \$1,250,000 followed by 5 years (FY28-FY32) at \$1,654,600.

After incorporating the revised repayment schedule into the district's May 2025 financial forecast, the district identified additional recovery plan items so that the district was able to successfully eliminate its projected FY26 deficit spending, the projected FY26 general fund deficit and the projected FY27 general fund balance deficit. Both the financial recovery plan

workbook detailing the district's reduction plans and the resulting financial forecast were approved by the Commission on Sept. 24, 2025, and the Director of the Department of Education and Workforce on Oct. 7, 2025.

The October 2025 financial forecast reflecting the approved financial recovery plan demonstrates how difficult it is to maintain solvency. The district continues to expend more than it receives and the projected deficit spending (Line 6.010) of -\$1,560,396 in FY27, -\$3,189,371 in FY28, and -\$4,511,095 in FY29, results in projected general fund balance deficits of -\$2,588,674 in FY28 and -\$7,099,768 in FY29.

As a result, in January 2026, the Commission adopted its FY26 Financial Recovery Plan for FY27-FY29 which directs the district to identify and quantify changes in assumptions, revenue enhancements, and expenditure reductions so that the minimum net impact of these actions eliminates the projected deficit spending. Per the Commission, "To restore fiscal solvency, deficit spending cannot continue. The district must create sufficient positive margins between revenue and operational expenses to enable the district to repay solvency assistance obligations through FY32. The sooner deficit spending is eliminated, the less costly it will be, and therefore the better it will be for students and staff."

The district has experienced significant turnover in key leadership positions. Superintendent Valerie Hawkins resigned in May 2025 and an internal candidate, Dr. Sarah Wilson, was chosen to serve as Superintendent from July 1, 2025, through June 30, 2026. Subsequently, in February 2026, her contract was extended for three years. Since fiscal emergency was declared the district has had six different treasurers. In February 2026, interim Treasurer Kristen Yancey was awarded a one-year contract through July 31, 2027. Continuity in these key administrative positions is necessary to restore and sustain the fiscal solvency and fiscal integrity of the school district.

As of this report, the district has prepared a responsive financial recovery plan that has been approved by the Mt. Healthy Board of Education; it is scheduled to be reviewed by the Commission on March 25, 2026. The Commission and district will continue to plan, implement, and monitor the district's financial performance as described herein until financial solvency is restored.

TRIMBLE LOCAL SCHOOL DISTRICT

Trimble Local School District is completing its first year of fiscal emergency.

District demographic information for Trimble Local School District is as follows:

- FY25 cash balance was **\$1,397,537**, which was **8.30%** of its FY25 expenses.
- ADM (student population) **declined by 15.13%** between FY20 and FY25.
- Property values **increased by 31.10%** between Tax Year 2019 and Tax Year 2024.
- Tax Year 2024 Class 1 millage rate: **20.00 mills**.

In May 2024, the district's financial forecast submission projected positive general fund balances over the full five-year reporting period. In June 2024, the district's treasurer resigned. On Sept. 19, 2024 the district appointed a new treasurer. Within two months, Treasurer Miller determined the district's fiscal status was precarious, and on Nov. 22, 2024, the district submitted the first required financial forecast submission for FY25, which projected a current fiscal year deficit of -\$1,620,794 and increasing deficit balances in all subsequent fiscal years.

The district's advance to fiscal emergency occurred quickly over the next five months:

- On Dec. 2, 2024, the Department declared the district in fiscal caution effective Dec. 17, 2024, and required the district to submit a financial recovery plan to address the projected deficits.
- On Dec. 12, 2024, the Trimble Local Board of Education ("Board") passed a resolution to advise the district could not develop a sufficient fiscal caution recovery plan and requested the district be placed in fiscal emergency immediately so solvency assistance could be obtained to pay past due bills, personnel, and maintain operations through the fiscal year-end.
- On Jan. 14, 2025, the Auditor of State declared Trimble Local Schools to be in fiscal watch and the auditor's office commenced field work to certify the district's current fiscal year general fund deficit. Although the district implemented expenditure reductions during fiscal caution and fiscal watch, the reductions were not sufficient to eliminate the projected deficit.
- On April 8, 2025, the Auditor certified the district's current fiscal year (FY25) general fund deficit at -\$2,994,000 (24% of the district's prior fiscal year actual total revenue) and declared the district to be in a state of fiscal emergency.
- On April 21, 2025, the Controlling Board approved the district's request for an advance of \$2,994,000 from the solvency assistance fund to meet its FY25 fiscal obligations.

With the declaration of fiscal emergency, the Financial Planning and Supervision Commission for Trimble Local School District was also established. On May 28, 2025, the Commission adopted its Initial Financial Recovery Plan, which establishes the management structure to be used during fiscal emergency and directs the district to develop a combination of revenue enhancements and expenditure reductions such that the net impact of these actions fully eliminates the district's May 2025 projected FY26 deficit spending of -\$3,289,841 and thereby

the district's FY26 general fund balance deficit of -\$3,038,743. Since the Commission's financial recovery plan was adopted, the following significant events have occurred:

- **July 2025**
 - Superintendent John Hurd resigns and the district contracts with Athens-Meigs ESC for Superintendent Lindy Douglas to provide superintendent services for the remainder of the school year.
- **August 2025**
 - District requests and Commission grants an extension of the district's financial recovery plan due date.
 - District's certified bargaining unit agrees to a base and step freeze for the 2025/2026 school year.
 - District approves a food services contract with an outside vendor to address persistent operating losses and thereby reduce general fund subsidy of the food service fund.
 - District approves volunteers for unpaid supplemental contracts to fulfill coaching and extracurricular assignments.
- **September 2025**
 - The district approves an update to its FRP workbook to reflect changes in assumptions, revenue enhancements, and expenditure reductions identified to date and the resulting financial forecast is submitted as the district's first required financial forecast for FY26. The forecast projects a current fiscal year deficit of -\$1,880,974.
 - District approves additional volunteers for unpaid supplemental contracts to fulfill coaching, academic, and extracurricular assignments.
- **Nov. 4, 2025**
 - The taxpayers of Trimble Local Schools approve the passage of a 1.00% earned income tax levy, effective Jan. 1, 2026, for a period of five years.
- **December 2025**
 - District approves the early adoption of a high-deductible health insurance plan.
 - District approves all required FRP analytic reports and an updated FRP workbook.
 - Commission approves the FRP update and acknowledges the district has submitted all the required analytic reports necessary to examine the district's operations but notes the financial recovery plan remains insufficient. The Commission directs the district to continue to identify ways to eliminate the district's projected FY26 deficit, which may include a request to modify the solvency assistance repayment structure.
- **January 2026**
 - The Board and Commission approve issuing a letter to request a revised repayment schedule for the state solvency assistance loan.
- **February 2026**

- The Board approves an FRP workbook update and the resulting financial forecast, which projects an FY26 general fund balance deficit of -\$921,114. The forecast is submitted as the district's FY26 required financial forecast update.
 - Commission Chair Richard advises that the Department will issue a determination regarding the revised repayment schedule after the Auditor of State's office completes the annual examination of the district's current fiscal year budget.
- **March 2026**
 - March 19, 2026: The Auditor of State's office completes its annual examination of the current year deficit and reports the deficit to be -\$996,000.
 - March 24, 2026: The Directors of the Department of Education and Workforce and the Office of Budget and Management approve a revised solvency assistance repayment schedule consistent with the district's request: FY26 \$0 followed by \$748,500/year for four years (FY27-FY30).

In the eleven months since fiscal emergency was declared, Trimble Local Board of Education, administrators, and staff have all dedicated much time and effort to identify and implement a recovery plan to restore fiscal solvency. The plan reflects significant contributions made by all stakeholders, including district staff and the Trimble Local community. With the recent granting of the revised solvency assistance repayment schedule, the Commission is hopeful a viable path out of fiscal emergency will be evident in the district's next financial forecast update. The Commission and district will continue to plan, implement, and monitor the district's financial performance as described herein until the district is ultimately released.

Conclusion

The Department appreciates the partnerships and working relationships it has developed with the Attorney General's Office, the Auditor of State's Office, and the Office of Budget and Management. This collaboration allows the Department to better serve districts in fiscal emergency and help restore fiscal integrity. The Office of Budget and School Funding at the Ohio Department of Education and Workforce continues to monitor all districts within the state, assisting them as needed with the goal of preventing fiscal caution, watch, and emergency.

Exhibit A: Alphabetical History of School Districts in Fiscal Emergency

HISTORY OF SCHOOL DISTRICTS IN FISCAL EMERGENCY AS OF MARCH 2026				
District Name	County	Declaration Date	Release Date	# of Emergency Months
<u>Barnesville Exempted Village School District</u>	Belmont	12/18/2003	2/28/2008	50
<u>Beaver Local School District</u>	Columbiana	2/11/2010	2/21/2012	24
<u>Bellaire Local School District</u>	Belmont	12/31/2009	4/17/2017	87
<u>Bettsville Local School District*</u>	Seneca	2/6/2014	6/30/2014	4
<u>Bristol Local School District</u>	Trumbull	10/14/2003	12/5/2006	37
<u>Brookfield Local School District</u>	Trumbull	5/14/2013	4/13/2018	58
<u>Brooklyn City School District</u>	Cuyahoga	4/28/1999	4/4/2002	35
<u>Cloverleaf Local School District</u>	Medina	1/24/2012	1/27/2015	36
<u>Coventry Local School District</u>	Summit	12/4/2015	6/21/2021	66
<u>East Cleveland City School District</u>	Cuyahoga	3/12/2003	5/24/2011	98
<u>East Knox Local School District</u>	Knox	2/5/2015	3/7/2017	25
<u>East Liverpool City School District</u>	Columbiana	12/18/2003	3/24/2009	63
<u>Federal Hocking Local School District</u>	Athens	5/21/2007	3/1/2012	57
<u>Huron City School District</u>	Erie	5/13/2004	5/24/2006	24
<u>Jackson-Milton Local School District</u>	Mahoning	4/20/1998	7/27/2001	39
<u>Jefferson Township Local School District</u>	Montgomery	8/11/2008	4/14/2011	32
<u>Ledgemont Local School District</u>	Geauga	3/27/1997	4/11/2002	60
<u>Ledgemont Local School District*</u>	Geauga	11/9/2010	6/30/2015	55
<u>Liberty Local School District</u>	Trumbull	7/11/2011	12/1/2014	40
<u>Little Miami Local School District</u>	Warren	7/13/2010	5/22/2013	34
<u>Lordstown Local School District</u>	Trumbull	12/8/2000	7/15/2004	43
<u>Mansfield City School District</u>	Richland	12/17/2013	12/20/2016	36
<u>Massillon City School District</u>	Stark	9/30/1999	4/18/2002	30
<u>McDonald Local School District</u>	Trumbull	10/15/2009	2/28/2012	28
<u>Mentor Exempted Village School District</u>	Lake	2/4/2004	2/4/2005	12
<u>Monroe Local School District</u>	Butler	5/9/2012	9/25/2014	28
<u>Mt Healthy City School District</u>	Hamilton	4/5/2024	Presently	-
<u>New Lexington City School District</u>	Perry	9/17/1997	10/12/2000	36
<u>Niles City School District</u>	Trumbull	2/26/2019	1/27/2022	35
<u>Northridge Local School District</u>	Licking	3/14/2000	2/19/2002	23
<u>Olmsted Falls City School District</u>	Cuyahoga	3/11/1999	1/6/2000	9
<u>Sheffield-Sheffield Lake City School District</u>	Lorain	1/11/2005	5/31/2006	16
<u>Shelby City School District</u>	Richland	4/7/2005	5/1/2008	36
<u>Southern Local School District</u>	Meigs	11/8/1999	4/22/2009	113

<u>Springfield City School District</u>	Clark	2/28/2005	3/19/2009	48
<u>Springfield Local School District</u>	Summit	2/11/2000	7/10/2001	16
<u>Springfield Local School District</u>	Summit	5/16/2007	11/22/2011	54
<u>Struthers City School District</u>	Mahoning	5/11/2005	11/27/2007	30
<u>Switzerland of Ohio Local School District</u>	Monroe	6/9/1998	3/26/2002	45
<u>Trimble Local School District</u>	Athens	1/31/2001	6/9/2005	52
<u>Trimble Local School District</u>	Athens	4/8/2025	Presently	-
<u>Vermilion Local School District</u>	Erie	3/24/1999	8/18/2000	16
<u>Youngstown City School District</u>	Mahoning	9/20/1996	3/30/2001	54
AVERAGE TIME IN FISCAL EMERGENCY				41.33
<i>Light Blue denotes districts currently in fiscal emergency</i>				
<i>Grey denotes first district in and last district out of fiscal emergency</i>				
<i>* Fiscal emergency terminated because district's territory was transferred to another school district</i>				

Exhibit B: School Districts in Fiscal Emergency by Declaration Date

HISTORY OF SCHOOL DISTRICTS IN FISCAL EMERGENCY AS OF MARCH 2026				
District Name	County	Declaration Date	Release Date	# of Emergency Months
Youngstown City School District	Mahoning	9/20/1996	3/30/2001	54
Ledgemont Local School District	Geauga	3/27/1997	4/11/2002	60
New Lexington City School District	Perry	9/17/1997	10/12/2000	36
Jackson-Milton Local School District	Mahoning	4/20/1998	7/27/2001	39
Switzerland of Ohio Local School District	Monroe	6/9/1998	3/26/2002	45
Olmsted Falls City School District	Cuyahoga	3/11/1999	1/6/2000	9
Vermilion Local School District	Erie	3/24/1999	8/18/2000	16
Brooklyn City School District	Cuyahoga	4/28/1999	4/4/2002	35
Massillon City School District	Stark	9/30/1999	4/18/2002	30
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Struthers City School District	Mahoning	5/11/2005	11/27/2007	30
Youngstown City School District	Mahoning	11/16/2006	3/29/2011	52
Springfield Local School District	Summit	5/16/2007	11/22/2011	54
Federal Hocking Local School District	Athens	5/21/2007	3/1/2012	57
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Mt Healthy City School District	Hamilton	4/5/2024	Presently	-
Trimble Local School District	Athens	4/8/2025	Presently	-
AVERAGE TIME IN FISCAL EMERGENCY				41.33
<i>* Fiscal emergency terminated because district's territory was transferred to another school district</i>				