

**Wadsworth City Schools**  
**Fiscal Year 2023 – Five-Year Forecast**  
**May 2023**  
**EXECUTIVE SUMMARY**

The first two pages of this report comprise the Executive Summary, which is intended to provide a summary of the Five-Year Forecast and highlight changes. For a complete understanding of the Forecast, readers are encouraged to read the Assumptions that follow the Executive Summary.

**ESSER Grant: (Elementary & Secondary School Emergency Relief fund):**

- The district has received significant federal funding through ESSER Grants.
- Total ESSER Grant money available to the district at the start of the year.

<u>Grant</u>	<u>Amount</u>	<u>End Date</u>
○ ESSER II	\$53,496.99	June 30, 2023
○ ESSER ARP	\$2,231,941.18	June 30, 2024
○ ARP IDEA-B	\$28,446.67	June 30, 2023
○ ESSER State Activity	\$497,372.65	June 30, 2023
○ ARP Homeless Round II	\$3,875.69	June 30, 2023

- The district has the following staff paid out of ESSER Grants:

	<u>Teaching Staff</u>	<u>Support Staff</u>
ESSER State Activity: Expires FY 2023	5.5	0
ESSER ARP: Expires FY 2023	7.5	2

- ESSER Salaries and benefits return to the general fund as follows:
  - FY 2024 - \$460,660
  - FY 2025 - \$690,879
- WESPA members permitted to stack jobs (example: transportation and aide) to receive benefits are funded by the ESSER grant for FY 2023 and 2024. The forecast accounts for these expenses in the General Fund as follows:
  - FY 2025 - \$245,000
  - FY 2026 - \$264,600
  - FY 2027 - \$285,768

**REVENUE:**

**Local Property and Public Utility Personal Property Tax collections:**

- The voters of Wadsworth City Schools approved a 6.7 mil and 2.4 mil combination operating and bond levy on November 2, 2021.
  - Fiscal Year 2023 general property taxes were projected to increase 16% as the levy phases in during the first half of collections in FY 2023. However, actual collections were 12.5% above FY 22 resulting in an adjustment to the Forecast from last November due to lower than anticipated collections in the fall of 2022.
  - The 6.7 mil levy was projected to generate \$5,790,000 in revenue but the increase in collections over spring and fall 2022 was only \$5,490,593 (\$299,407).

- FY 2023 PUPP taxes: The Nexus pipeline continues to be valued at a fraction of the projected valuation due to Nexus appeals. The Forecast continues to project PUPP at the appealed values until we hear different from the Ohio Department of Taxation. For FY 2023 PUPP collections increased 5.04%.

**House Bill 110: FY 2022-2023 Biennial Budget**

- The Budget Bill implemented an entirely new school funding formula for Ohio. The implementation of the Fair School Funding Plan (FSFP) turns the Ohio School Funding system upside down. See the assumptions for a further explanation of the FSFP and its impact on Wadsworth City Schools.

**House Bill 33: FY 2024-2025 Biennial Budget**

- The Biennial Budget was recently passed by the House of Representatives and is currently being discussed in the Senate. The Forecast uses the simulation provided by the State from the House version of the budget for projecting FY 2024 and 2025.

**EXPENSES:**

**Salaries:**

- FY 2023 Wages are projected to increase 7.33% due to staff previously paid from grants, steps, base increases as well as additional staff outlined below. For further discussion see the related assumptions.
- **Federal Grants:**
  - **IDEA-B:** The IDEA-B Special Education Grant funds salaries for nine (9) special education teachers.
  - **Title I:** The Title I Grant primarily funds our K-8 tutors. In addition, beginning in the 2016-17 school year, we funded 1½ teachers at Lincoln Elementary utilizing Title I. This year one full-time kindergarten teacher at Lincoln is funded with Title I Grant, and the part-time position was moved to the general fund.
  - **ESSER Grants:** see discussion above.

**Healthcare Renewal:**

- The SRHCC insurance renewal for FY 2023 was approved in April of 2022 at 1.6%. Recently the SRHCC approved the FY 2024 renewal for Wadsworth at 4.1%. The initial renewal was 6.2% but WCSD was able to buy down the renewal with excess reserves.
- Eight year Healthcare renewal chart:
 

FY 2017	5.16%	FY 2021	0.00%
FY 2018	2.33%	FY 2022	0.00%
FY 2019	4.85%	FY 2023	1.60%
FY 2020	0.00%	FY 2024	4.10%

**Advances In /Out:**

- Now that there are additional assets in the construction fund (004) due to the passage of the bond issue in November of 2021 advances and transfers have returned to normal.

**Purchased Services:**

- Reminder that the FSFP changed how we count students from the district of residence to the district of attendance. This change decreased expenses in the purchased services category for tuition to public charter schools and open enrollment out beginning in FY 2022.
- Tuition paid to alternative schools has been reduced \$700,000 to account for the students that will be enrolled in the Grizzly Academy as opposed to attending schools outside of the school district.
- Natural Gas: The district is under contract at less than \$3 per mcf through CY 2024. The district recently agreed to extend the Direct Energy contract through CY 25 at \$3.692 per mcf. Beginning in FY 2025 the Forecast accounts for a 15% increase in nature gas due to the higher rate.
- Due to high inflation rates, there is an additional allowance of \$100,000 for inflationary costs in FY 2024 for purchased services.

**Supplies:**

- **Textbooks:** (line 3.040 – supplies) as outlined in the assumptions on page 17, textbooks have been funded out of the Medina County Sales Tax Fund for FY 2023. In FY 2024-2025 textbooks are funded from the General Fund.
- Due to high inflation rates, there is an additional allowance of \$100,000 for inflationary costs in FY 2024 for supplies.

**Wadsworth City Schools**  
**Fiscal Year 2023 - Five-Year Forecast**  
**May 2023**  
**ASSUMPTIONS**

**Overview**

This financial report is published by the Treasurer of the Wadsworth City School District in good faith and within the scope of his employment. Said Forecast and the underlying assumptions will be presented to the Wadsworth City Board of Education at its Regular Meeting on May 8, 2023.

The Forecast and Assumptions are intended to provide the Board of Education and the Wadsworth Community with information about the current financial status of the district, as well as the projected future. The information presented in the Five-Year Forecast is supported by the underlying assumptions. The Board and Community are encouraged to read and understand the supporting assumptions.

The Forecast is in the second year of HB 110 (the biennial budget) passed by the legislation in June of 2021 and phases in the Fair School Funding Plan (FSFP) over the next six years. However, the legislation for the FSFP is currently in law for two years. The legislature will reevaluate the FSFP after two years to determine if the plan should continue and complete the phase in.

Funding formulas, referred to as the SF-3, PASS and the SFPR for Ohio's public school districts, were eliminated in previous budget bills. Under the PK-12 education funding formula, school districts are either on the guarantee, the formula or are a capped district. Schools on the guarantee receive the same State Aid as the previous year, schools on the formula receive the amount of funding the formula calculates and schools that are capped were scheduled to receive additional aid but are capped at a certain percentage above what they received in the previous fiscal year. The FSFP does incorporate new caps and guarantees into the new funding formula as well. See the Unrestricted Aid Section for more information on the 2022-23 Biennial Budget and State Aid.

The FSFP was the work of Superintendents and Treasurers from 2000 to 2022. The group worked with House Representatives Cupp and Patterson to develop a new funding solution for public school districts across the State of Ohio. The Cupp-Patterson plan or Fair School Funding Plan (FSFP) was part of HB 110 the FY 2022 and 2023 Biennial Budget and is phased in over the next six years. The current version of HB 33 (2024-25 budget) includes the FSFP phase in and updated the inputs to FY 2022 data.

This Forecast includes the General Fund only. Information related to all other funds of the district can be found on the Certificate of Revenue and the Annual Appropriations Resolution. In this fiscal year, the General Fund is projected to account for 72% of all expenditures.

As with any projection, accuracy diminishes the further one speculates into the future. There are three State Biennial Budgets within the five years of this projection.

## General Fund Revenue

### 1.010 Property Tax (Real Estate)

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
General Property Tax (Real Estate)	\$25,643,823	\$26,284,919	\$26,810,617	\$27,413,856	\$27,962,133

Real estate taxes account for 44.4% of our projected revenue (last year = 43%) in the General Fund. The increase is a result of the November 2, 2021, 6.7 mil operating levy. Our assessed valuation is the core component of real estate taxes and an involved part of the State funding formula. Medina County experienced a reappraisal in 2019 and a triennial update in 2022.

Wadsworth City Schools assessed valuation (AV) increased 2.3% for 2014 (collection year 2015), 1.6% for 2015 (collection year 2016), 12.7% for 2016 (collection year 2017), 1.47% for 2017 (collection year 2018), 4.4% for 2018 (collection year 2019), 15.4% for 2019 (collection year 2020), .79% for 2020 (collection year 2021), .12% for 2021 (collection year 2022) **and 20.5% for 2022 (collection year 2023)**. The large increase in total AV due to the 2022 reappraisal resulted in a total of 5.84 operating mills rolled back due to HB 920 reduction factors. This is the equivalent of over \$6M in lost tax revenue because of HB 920. Due to HB 920, districts see little additional (or loss of) revenue from a reappraisal or triennial update years. HB 920 rolls back the effective millage on voted levies, thus the district receives no additional (or loss) of revenue because of reappraisal on voted levies. The district will gain revenue from the inside millage and new construction.

Key components of line 1.010 of the Forecast are:

- FY 2023 – second half phase-in of the 6.7 mil operating levy projected a 16% increase in revenue this year. The actual increase for FY 2023 was 12.4% resulting in \$788,807 less in RE tax revenue in FY 2023 vs. projections.
  - See executive summary for additional information on the 6.7 mil levy.
- 2.5% increase for FY 2024
- 2.0% increase for FY 2025
- 2.25% increase for FY 2026 (Triennial update)
- 2.0% increase for FY 2027

### 1.020 Tangible Personal Property Tax and Public Utility Personal Property

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Tangible Personal Property Tax (Public Utility)	6,631,331	6,730,801	6,831,763	6,934,239	7,038,253

The 2009 Biennial Budget eliminated the Tangible Personal Property (TPP) tax on the business community and thus began phasing out a major source of local revenue to school districts throughout the State of Ohio. In FY 2012, the Wadsworth City Schools local TPP revenue was eliminated, but we continued to receive TPP reimbursements from the State through FY 2016. The district continues to receive Public Utility Personal Property (PUPP) taxes. PUPP values have continued to grow in recent years, providing most of the district's increases in local tax collections.

The Nexus gas transmission pipeline was completed in Medina County in 2018 and appeared on the 2019 tax duplicate. The PUPP assessed valuation initially increased over \$24M for calendar year 2019 (paid in 2020) primarily due to the Nexus Pipeline. This increase in values was projected

to bring an additional \$1.5M in taxes. However, Nexus has filed two appeals requesting a reduction of their values by a total of 52%. In addition, Nexus tender paid their tax bills; therefore, reducing the FY 2020, 2021, 2022 and 2023 collections from what was projected. The Ohio Tax Commissioner overruled the Nexus appeal. Nexus has taken their appeal to the Board of Tax Appeals and lost their appeal. However, Nexus continues to appeal subsequent tax years. When the appeal case is settled, the difference, if any, must be paid by Nexus. The lump sum payment that would be due is NOT included in the Forecast.

Upon advice of professionals, the district projects to receive about 48% of the original projected revenue.

Key components of line 1.020 of the Forecast are:

- Nexus values (at 48%) included in FY 2023-2027
- 5.04 % increase in FY 2023 over 2022 (levy and reappraisal)
- 1.5% increase projected in FY 2024-2027

As more information becomes available regarding values associated with the pipeline, the Board of Education will be updated.

**1.035 Unrestricted Grants in Aid (State Aid)**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Unrestricted State Grants-in-Aid	17,457,077	17,941,786	17,468,566	17,676,906	17,888,310

**History:**

HB 166 the 2020-2021 Biennial Budget (passed in the summer of 2019) suspended the current education funding formula. The suspended State Aid formula followed the basic premise of enrollment (known as ADM) x Basic Aid (\$6,020) X the State Share Index. Based on the output of the formula, districts were either on the guarantee, formula or capped.

- **Guarantee** - If your formula aid was less than what you received in FY 2019, you were guaranteed to receive at least your FY 2019 funding.
- **Capped** - If your formula amount was higher than a percentage determined by the legislature, then you were capped at that amount.
- **Formula** - If you fell in between and were funded at the formula amount, you were considered a “Formula District”.

During Fiscal Years 2016 and 2017, Wadsworth City School District was funded on “The Formula”. Beginning in FY 2018 due to an enrollment decrease of 100 students and the basic aid allowance from the State, only increasing by \$10.00 per student, Wadsworth (along with 201 other districts) transitioned to the Guarantee. In essence, every district in the state of Ohio was on the guarantee for FY 2020 and FY 2021 when the Formula was suspended. The new guaranteed amount was the FY 2019 funding level. Due to the Pandemic, State Aid was further reduced by Governor DeWine in May of 2020. The net loss in State Aid over FY 2020 and 2021 was \$1,297,378.

**Present: FY 2022 and 2023 Biennial Budget (HB 110):**

HB 110 the current Biennial budget phases in the Fair School Funding Plan (FSFP). Instead of funding a basic aid amount as all previous funding formulas did, the FSFP calculates a Base Cost that is unique to every district. The Base Cost is determined based on four funding areas. These are Direct Classroom Instruction (DCI), Instruction and Student Services (ISS), Building Leadership and Operations (BLO), and District Leadership and Accountability (DLA). An example of DCI are regular classroom teachers. The chart below demonstrates one of the calculations for funding regular education teachers:

**Base Cost:**

<u>Grade level</u>	<u># of Students / Teacher for funding</u>
K	20
1-3	23
4-8	25
9-12	27
Career Tech	18

As an example, a district with 110 kindergarten students would receive funding for 5.5 teachers at \$62,193 + 16% for benefits and \$13,894 for health care insurance per teacher. Therefore, under the formula this district would receive \$473,211.34 to fund regular education teachers for kindergarten. This is just one example of DCI. A similar formula is used for the other components of DCI as well as ISS, BLO and DLA. However, the new formula allows for flexibility. A district is not required to spend \$473,211.34 on kindergarten. This is simply their funding amount, when combined with all the other components of the formula, develops the district's unique base cost.

Wadsworth base cost as of the November (2022) #1 foundation payment was **\$7,331.84**. Again, the base cost is a fluid number and different for every district across the state based on their enrollment numbers.

**Local Capacity:** There is still a local capacity (formerly known as the State Share Index) component to the FSFP. The FSFP assumes local funds are raised and are accounted for in the new formula. To say it another way, a district will not receive the full \$473,894 in the example above for kindergarten. A percentage of the funding is assumed to be raised locally based on the components listed below. The Local Capacity determined on the components listed below will develop a percentage of the Base Cost that a district will receive. This is like the State Share Index in the previous formula but removes the fluid comparison to other districts that made the State Share Index inadequate:

- Total Assessed Valuation per pupil (60%)
- Median Adjusted Gross Income per pupil (20%)
- Weighted Adjusted Gross Income per pupil (20%)

Under the previous funding formula, Wadsworth's State Share Index (SSI) was about 48%. Meaning we received 48% of the **\$6,020** basic aid amount per student = **\$2,890**.

Under the Fair School Funding Plan (FSFP) Wadsworth Local capacity is **\$4,587.77**. Therefore, while the base cost of \$7,331.84 is significantly greater than the basic aid amount of \$6,020, and because our local share is calculated at a much higher amount (state share is less), we are receiving **\$2,744.07** per student in FY 2023.

	<u>Gross Per Student</u>	<u>Local Capacity</u>	<u>Net State Aid Per Student</u>
FY 2021 SFPR	\$6,020	\$3,130	\$2,890
FY 2023 FSFP	\$7,332	\$4,588	\$2,744

**Categorical Funding:** In addition, the FSFP includes categorical funding that is not part of the base costs. These include Special Education, Career Tech, ELL, Gifted, Disadvantage Pupils, Targeted Assistance, Transportation and Preschool. Categorical funding is restricted in nature.

**Student Count:** The other major change in the FSFP is how students are counted. In previous funding formulas a student was counted based on the district of residence not the district of attendance. Example: If a Wadsworth resident student attended public charter school, the student was first counted in Wadsworth, and we receive our State Share of funding for that student. We were then charged “tuition” for that student to attend the public charter school. In the case of Wadsworth this resulted in a net loss of about \$3,000 per student that attended a charter school. Under the FSFP students are counted in the district of attendance. Therefore, a Wadsworth resident attending a public charter school will no longer be included in our count saving the district nearly \$1M in tuitions costs but reducing our State Aid as well. See the purchased services for additional information on this change.

**House Bill 33:** The 2024-25 Biennial Budget is currently being debated in Columbus. In both the Governor’s and House proposals, the FSFP remains as the funding formula for PK-12 education. However, only the House version updated the inputs (see discussion on Base Cost) from FY 2018 to FY 2022 numbers. It is imperative that the state continues to update the inputs in the FSFP or we will be right back where we were with a formula that does not work and has the majority of the districts in the state of Ohio on the guarantee. The local capacity amounts were updated to CY 2023 in the House version as well.

Key components of line 1.035 of the Forecast are:

- No change in FY 2023
- FY 2024 (House version) projects a \$479,000 increase in unrestricted state aid (1<sup>st</sup> year of the biennium)
- FY 2025 (House version) projects a \$479,000 **reduction** in unrestricted state aid (2<sup>nd</sup> year of the biennium). The reason for the decrease is the phase in of the 2022 Medina County reappraisal (20+%) impacting the local capacity amount for Wadsworth Schools.
- FY 2026 and 2027 (a new biennium) projecting a 1.5% increase in base costs, a 1% increase in special education categorical funding, and all other components of the formula remain flat.



Note: Until the Governor and Legislature pass the FY 2024-2025 biennial budget, any projection is purely speculative. The following components need to be determined as part of the biennial budget process:

1. Will the FSFP continue or will we revert to the SFPR or will we have something new?
2. If the FSFP continues:
  - a. Will the legislature continue the phase in of the formula?
  - b. Will the base cost funding inputs be updated? IE average salary used to calculate direct classroom instruction (DCI).

**Casino Funding:** The FY 2022 Ohio Casino Tax increased to \$278,012, \$87,000 more than FY 2021 and \$30,000 more than FY 2020. FY 2023 increased \$5,688 over FY 2022. The law mandates the casinos to pay a 34% tax rate and 33% of the tax is earmarked for school districts in Ohio to be distributed on a per-student basis. The law also implies that this money goes to education outside the funding formula and should not be part of the SFPR or FSFP formula but is included on line 1.035.

- Nearly \$1.48M in revenue projected over the life of the Forecast from the Ohio Casino Tax.

**School Bus Purchase Program:** The House version (HB 33) continues the school bus purchase program into FY 2025. The Forecast does not account for the district receiving school bus purchase grants and all school bus purchases are planned out of the General Fund. If the district receives such a grant, the Forecast will be adjusted.

#### 1.040 Restricted State Grants in Aid

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Restricted State Grants-in-Aid	1,774,059	1,774,059	1,777,197	1,789,776	1,802,481

The Fair School Funding Plan (FSFP) added components to Restricted State Aid. Historically, restricted State Aid was primarily career technical education as well as special education related to catastrophic cost reimbursements. With the implementation of the FSFP restricted aid is expanded beyond career tech and catastrophic costs to include disadvantaged pupil impact aid (DPIA) and student wellness and success funds (SWSF). In the previous biennial budget, SWSF were accounted for outside of the general fund and five-year forecast in fund 467. In the FSFP, SWSF are part of the General Fund and the Five-Year Forecast. In addition, categorical funding (restricted aid) for career tech and special education is calculated using weights as opposed to dollar amounts. Under the SFPR these categories were funded using a flat dollar amount as determined by the legislation during the budget process. Using weights will allow the amount of funds growing toward these restricted categories to naturally increase as the Base Cost (see discussion in unrestricted State Aid) increases.

The second primary source of revenue is Catastrophic Cost reimbursements for Special Education students. Catastrophic Costs are reimbursements from ODE for qualifying special needs students the district provides services for above a certain price point depending on their disability.

- In the years 2023-2025, the Forecast is not projecting an increase in **Catastrophic Cost** reimbursements. Further, under the FSFP the amount of funding allocated to special education in the categorical funding has been reduced by 10% to fund catastrophic cost reimbursements. Prior to the FSFP, we applied for Catastrophic Costs reimbursements to generate additional special education funds. Under the FSFP we must complete

Catastrophic Costs just to get back the 10% in special education funding that was withheld from our foundation payment. We received catastrophic cost reimbursements greater than our 10% reduction in FY 2022.

**1.050 Homestead Exemption 10% Rollback & Tangible Personal Property Reimbursement**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Property Tax Allocation	2,603,961	2,603,961	2,603,961	2,603,961	2,603,961

**Homestead Exemption:** The 10% and 2.5% rollback of property taxes changed with the 2009/2010 Biennial Budget. The State increased the eligibility of seniors for this credit. In addition, HB 59 (2014-15) eliminated this reimbursement on future levies. All levies except for the 2021 levy continue to receive this reimbursement.

- The Forecast projects flat funding for Homestead Exemption for each year.
- HB 1 was introduced in the spring of 2023 to eliminate rollback payments from the State. There is confusion on how HB 920 would be impacted by HB 1 and the bill appears to be losing traction in Columbus and is not incorporated into either the Governor’s budget proposal or HB 33. Therefore, the Forecast does NOT account for any changes that HB 1 (if passed) would have on the district’s funding.

**1.060 All Other Revenues (Local Income)**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
All Other Revenues	1,646,733	1,515,430	1,421,720	1,348,074	1,349,492

There are six primary revenue sources to All Other Revenues:

1. Tuition (~~open enrollment~~, special education, preschool and summer school)
  2. Extracurricular activities assessment
  3. Student-paid fees and fines
  4. Investment income (declining interest rates)
  5. Medicaid reimbursements
  6. Revenue Sharing Agreements with the City of Wadsworth related to Tax Abatements
- With the implementation of the FSFP and the change in the way students are counted (district of attendance vs. district of residence), the calculation for open enrolled students will be impacted. No longer will school districts receive tuition payments for incoming open enrolled students and no longer will districts pay tuition for students leaving their district through open enrollment. Open enrollment students are now counted in our base costs.
  - The activity assessment fee is projected to be stable over the life of the Forecast. There are currently no plans to increase or eliminate the activity assessment fee.
  - The investment income projection has been increased because of the Fed’s increasing interest rates to combat inflation. The district continues to monitor its investment portfolio under the direction of Fifth Third Securities. In addition, outside of the forecast the district is laddering the investment of the proceeds from the Intermediate School Bond issue to maximize the funds available for this project.
  - Medicaid reimbursements are projected to remain consistent.

## 2.50 Advances – In

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Advances-In	1,853,533	100,000	200,000	200,000	200,000

Advances-In The advances in and out have been minimalized as there is no longer a need to advance funds to the 004-construction fund. Advances in account for the FYE 2022 advances primarily for federal grant cash flow purposes.

## 2.060 Other Financing Sources

- Other sources include Sale of District Assets and Refunds of Prior Year Expenditures. Historically, the primary funding sources are:
  - Ohio BWC rebates
  - Medina County Auditor’s Office refund of Auditor fees
  - Refund of prior year expenses from the Medina ESC

The district is projecting a \$179,033 in refunds for FY 2023 but is not projecting rebates or refunds from BWC or the County Auditor’s office during the life of the Forecast. With the change in leadership in the County Auditor’s office, it is unknown if the new auditor will issue similar refunds.

## 2.080 Revenue Summary

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Total Revenues and Other Financing Sources	57,793,671	57,004,956	57,168,824	58,021,812	58,899,630

The Forecast projects an increase in FY 2023 in total revenue of .48%. However, this number is slighted because advances in went from \$4.4M in FY 2022 to \$1.8M in FY 2023. Total revenue before advances and other financing sources is projected to increase **6.4%**.

Major issues affecting revenue:

- New 6.7 mil operating levy
- State Aid – implementation of the FSFP and next biennium
- Volatile investment income: As long as the Fed continues to increase rates the district’s investment income will be adjusted.
- Advance In

## General Fund Expenditures

### 3.010 Salaries and Wages

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Personnel Services	33,431,714	36,219,907	38,576,850	40,483,850	42,791,429

Salaries and wages are projected to **increase** 6.2% over FY 2022 (as compared to a 4.7% increase for the same period last year). The district added seven full-time and six part-time (9 FTE) teaching positions. **Four of the full-time positions and four of the part-time positions are funded using federal grants (ESSER) and are not accounted for in the Forecast until FY 2024. However, there are four full-time positions funded under the American Recovery Plan (ARP) IDEA-b**

**grant that returned to the General Fund in FY 2023. Therefore, the net increase in teaching staff to the Forecast is seven full-time and two part-time teachers.**

**Beginning in FY 2024, one part-time tutor currently funded by Title I will be funded out of the General Fund due to the change in the tutor index that is part of the WEA contract for FY's 2024-2026.**

- Beginning in FY 2017, the district contracted with Renhill and the Summit County ESC for substitute teacher services. Therefore, our substitute services moved from the Salaries (line 3.010) to the Purchased Services (line 3.030) of the Forecast.
- The district and the Wadsworth Education Association (WEA) are in the third year of a three-year contract that continues through June 30, 2023. The Agreement includes step increases for eligible employees and a base increase in each year of the contract. In addition, employees pay 11% of the cost for health care insurance each year of the contract. The district and WEA recently agreed to a new three-year (FY 2024-2026) contract with step and base increases as well as changes to some supplemental contracts and the tutor wage index.
- The district and the Wadsworth Education Support Personnel Association (WESPA) are in the third year of a three-year contract that continues through June 30, 2023. The WESPA Agreement includes step increases for eligible employees and a base increase in each year of the contract. In addition, employees will pay 6% / 9% (Family / Single) of the cost for health care insurance. The district and WESPA also agreed to a new three-year contract with similar changes as WEA.
- The 2022-23 salaries and benefits are projected to be 82.37% of General Fund Expenditures (compared to 81.2% last year). In addition, in line with FY 2023 trends the salaries and wages line was reduced 1% or \$337,694 from the November forecast.
- The district's 2022-23 teaching staff consists of 287 full-time and 11 part-time teaching professionals. We have 13 licensed professionals working as tutors in the district (7 tutors are funded with grant money and are not part of this Forecast), 22 Licensed Administrators and 16 Exempt Salaried employees (4 of the exempt salaried employees are not paid from the General Fund).
- If district enrollment continues to decline, we must continue to monitor our staffing and reductions may need to be made. The Forecast currently does not account for any reductions in staff.
- The following staffing changes are accounted for:
  - **2022-23** school year includes increases as follows:
    - Special Education:
      - English Second Language Teacher (+1 FTE)
      - School Psychologist (+1 FTE)
      - Special Education Teachers (+1.5 FTE)

- 1.5 Intervention Specialists positions are funded for FY 2023 under the ESSER State Activity Grant for the current year.
- These positions are funded out of the General Fund for FY 2024- 2027.
- High School:
  - H.S. Diversified Medical Technologies Teacher (+1 FTE)
- Elementary:
  - Elementary School Counselor (+1.5 FTE)
    - Positions are funded for FY 2023 under the ESSER State Activity Grant for the current year.
    - These positions are funded out of the General Fund for FY 2024-2027.
  - Technology Integration Specialist (+1 FTE)
  - Two part-time Literacy Coaches (+1 FTE)
    - The Tech Integration and Literacy Coach position are funded out of the ESSER grant through FY 2024.
  - Art Teacher (+.5 FTE)
  - Speech Lang Pathologist (+.5 FTE)

Student Wellness and Success Funds (SWSF):

- The FSFP took SWSF that were previously accounted for in a separate state grant (fund 467) and made these restricted funds part of the Base Cost. Therefore, the General Fund absorbed the portion of K-6 guidance salaries previously funded with fund 467 into the Forecast beginning in FY 2022.
- **2023-2024** school year includes increases as follows:
  - Grizzly Academy Alternative School:
    - Principal (+1 FTE)
    - Regular Education Teacher (+2 FTE)
    - Special Education Intervention Specialists (+2 FTE)
    - School Counselor (+1 FTE)
    - Support Staff
  - High School/ Middle School:
    - 7-12 Technology Integration Specialists
  - Elementary:
    - Reduction of one section (5<sup>th</sup> grade). To be determined if this section will need to be moved to kindergarten. For the purposes of

the Forecast, the position is included with the possibility of not being filled.

- Special Education:
  - Intervention Specialist staffing levels are being evaluated with the addition of the Grizzly Academy with the possibility of reducing some Intervention Specialist time for next year. The Forecast currently accounts for the same Intervention Specialist staffing levels in FY 2024, but it is noted this is still being evaluated.
  
- **Fiscal Years 2025, 2026 and 2027:**
  - The Forecast includes an allowance for wage increases, additional staffing and grant-funded positions returning to the General Fund during the last three years of the Forecast. New staffing allowances:
    - FY 2025 \$225,000
    - FY 2026 \$200,000
  - The Forecast accounts for all the ESSER grant funded positions outlined above to return to the General Fund in either FY 2024 or 2025.

**3.020 Employee Retirement / Insurance Benefits**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Employees' Retirement/Insurance Benefits	11,050,037	12,165,105	13,437,590	14,646,621	15,973,591

The largest expense outside of salaries and wages is the Board’s share of healthcare benefit premiums. In FY 2011, the district began participating in the Summit Regional Healthcare Consortium (SRHCC) to pool administrative fees with Barberton, Copley-Fairlawn, Norton and Revere Schools. In FY 2015, Cuyahoga Falls City Schools joined the SRHCC. In FY 2020 and 2022 Woodridge Local Schools and Dover City Schools joined. In addition, the SRHCC continues to maximize resources and implement best practices related to healthcare and wellness. The Consortium works with Be-Well Solutions to provide wellness support to five districts to encourage employees to make healthy lifestyle changes. Employees enrolled in the district’s healthcare plan are encouraged to participate in the annual biometric screening, health risk assessment, as well as the many Grizzly Challenge Wellness programs offered throughout the year. Employees are rewarded with a credit to an HRA account based on positive results on their biometric screening.

The Board of Education and members of both the teachers (WEA) and support staff (WESPA) unions agreed to a new three-year contract that begins July 1, 2023. There were no changes to employee healthcare benefits in the new contract.

**Health Care Insurance Projections:**

The SRHCC Board of Directors approved a 1.6% renewal for Wadsworth on health care, Rx and dental for the 2022-23 plan year. In addition, the renewal for FY 2024 was 6.2%. However, the district was able to buy down the FY 2024 renewal to 4.1% using excess reserves with the consortium. The district previously projected an increase of 6% for FY 2023 and 2024 resulting

in savings according to the Forecast. This was proceeded with three years of 0% renewals on health care. These insurance changes are reflected in the Forecast and Assumptions below:

- There is an allowance for WESPA staff that stack two jobs to receive health care benefits beginning in FY 2025. Currently, these benefits are funded using ESSER grant funds.
- The current industry trend for health care is between 8 and 11% increases.
- The Forecast accounts for the addition of the new staff as outlined above related to health care coverage.
- Healthcare premiums are projected to increase 8% in each of the next three years.
  - Anthem (the district’s insurance provider) current contract with the Cleveland Clinic (includes Akron City hospital) expires at the end of 2023. The new contract is not anticipated to provide the same savings as previous contracts and is one of the reasons for a projected 8% increase in premium.
  - The district’s Rx rebates contract also expires in one year. It is projected that RX cost will continue to increase.
- There is an allowance for health care plan changes (single to family) each year of the Forecast.

Language in the WEA contract requires retirees aged 55 or older to contribute 100% of their severance payment to a 403(b) annuity as an employer contribution. Employer contributions to a 403(b) are considered a fringe benefit. Therefore, most of the certified severance is paid from benefits (line 3.020), instead of salaries and wages (line 3.010).

Currently, by State law, the Board contributes 14% of the salaries and wages to two retirement systems. Members of STRS are required to pay 14% of their earnings to the retirement system. The Board pays 10% of the Administrators’ 14% employee share of STRS (10% of their salary). In addition, the Board pays a surcharge to SERS for all support staff employees whose annual income is less than \$35,800. That is, for any employee making less than \$35,800 annually, the district must pay 14% on \$35,800 and not what their actual earnings. SERS does have a cap of 2% percent of total SERS wages to be paid to the surcharge. We are above the cap. Therefore, we pay 16% of our total SERS payroll to the retirement system. A large percentage of the surcharge is paid by the Food Service Fund (006), which is not part of this Forecast. All but one employee in the Food Service Department earns less than \$35,800.

The other two items that make up our employee benefits are Medicare Tax and Workers’ Compensation. Our district pays 1.45% Medicare tax on all employees hired after 1986.

**3.030 Purchased Services**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Purchased Services	6,785,441	6,272,472	6,496,273	6,733,527	6,947,524

This category covers all our contracted services including tuition to other schools, legal services, copier leases, property/fleet insurance, gifted services from the Medina County ESC, special education services (such as occupational and physical therapy). In addition, it also covers

professional development, utilities, contracted services as well as College Credit Plus (CCP) tuition for high school students.

- The projection for future years:
  - FY 2023 6.6% primarily due to inflationary costs built into the budget.
  - In FY 2024 there is an allowance for an additional \$100,000 due to inflation to account for the high inflation rates we are seeing related to professional contracts.
  - **FY 2024 projects a decrease in purchased services spending due to a \$700,000 reduction in tuition because of the opening of the Grizzly Academy.**
  - FY 2025 – 2027 has a 15% increase built in for Natural Gas. The district is under contract at less than \$3.00 per MCF for Natural Gas through CY 2024 increasing to \$3.69 for CY 2025.
  
- Substitute teachers and some support staff are included in Purchased Services since we contract substitute services with the Summit County ESC / Renhill. See note in the Salaries section as the offset.

### **3.040 Supplies and Materials (500)**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Supplies and Materials	1,719,845	2,639,032	2,579,495	2,621,278	2,664,426

Supplies and materials have been substantially lower since FY 2020 when textbook purchases were moved to the sales tax fund. The Forecast currently accounts for textbooks coming back to the General Fund in FY 2024.

- **Textbooks FY 2023:**
  - To fund the additional staffing added in FY 2020, the Board of Education elected to move textbook purchases from the General Fund to the Medina County Sales Tax. Therefore, \$2,240,000 in textbooks expenses were removed from the supplies line for Fiscal-Years 2020-2023.
- **Textbooks FY 2024 - 2027:**
  - The large increase in FY 2024 accounts for **textbooks** purchases coming back from the Sales Tax Fund. However, in FY 2025 the QSCB's for the construction of Isham and Valley View Schools will be paid off, resulting in funds available in the Sales Tax Fund. The district may consider moving textbooks back to the Sales Tax Fund in future years.
- Supplies are projected to decrease 8% in FY 2023.
- Bus fuel is included in supplies and can be very difficult to project. Bus fuel accounts for 14.8% of the Supplies Category. The rise in fuel costs resulted in a budget increase of 35%.
- Weighted Career Tech (CT) funds from the State account for a portion of the expenses. We are required to spend CT money on CT programs within the school year (see discussion under Restricted Revenue above).

The district plans the following curriculum cycle and related textbook adoption. The expenses for FY 2020-2023 are NOT part of the Forecast (Medina County Sales Tax fund) but are still an



integral part of the district’s operating budget. Textbook purchases are planned to be part of the General Fund beginning in FY 2024.

### Textbook Adoption Cycle

Fiscal Year	Subject	Grade Level	First Year of Use	Projected Cost
** 2023	World Language	9-12	2023-24	\$175,000
	Fine Arts	K-12		\$150,000
	Business	9-12		\$150,000
	Health	7-12		\$ 20,000
	CCP & Replacements			\$130,000
2024	Science	K-12	2024-25	\$650,000
	CCP & Replacements			\$130,000
2025	Social Studies	K-12	2025-26	\$650,000
	CCP & Replacements			\$130,000
2026	English/Lang. Arts	K-12	2026-27	\$650,000
	CCP & Replacements			\$130,000
2027	Math	K-12	2027-28	\$650,000
	CCP & Replacements			\$130,000
2028	World Language	9-12	2028-29	\$300,000
	Fine Arts	K-12		\$150,000
	Business	9-12		\$150,000
	Health	7-12		\$ 25,000
	CCP & Replacements			\$130,000
2029	Science	K-12	2029-30	\$650,000
	CCP & Replacements			\$130,000

**\*\* = Sales Tax Fund**

#### **3.050 Capital Outlay (600 & 700)**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Capital Outlay	498,525	967,860	461,750	588,708	727,272

The General Fund and the Sales Tax Fund support capital needs in the district. Approximately 50% of the sales tax proceeds go to pay debt service related to the construction of the new Valley View and Isham Elementary Schools, as well as the 1/2 mill maintenance levy requirement of the OFCC. This amounts to \$1,460,000 annually from the Sales Tax Fund. Because of the commitment of the sales tax dollars to the construction project, the district will continue to support capital improvements to buildings, technology and buses from the General Fund.

- School Bus Purchase Schedule:
  - FY 2023 – 3 buses
    - FY 2023 bus purchase budget from the General Fund is less because the district received \$135,000 bus grant from the State.
  - FY 2024 – 6 buses
  - FY 2025 1 bus
  - FY 2026 2 buses
  - FT 2027 3 Buses
- The proposed 2023-2025 Biennial Budget (HB 33) includes the continuation of the school bus purchase program. The Forecast current accounts for all school bus purchases from of the General Fund. If the district receives a grant, the Forecast will be adjusted.
- The district developed a five-year strategic plan for the calendar years 2021-2025. Capital expenses associated with the plan are detailed in appendix A of the strategic plan. Most of the capital expenses in the plan will be funded by the Sales Tax and OFCC Maintenance funds.
- Future years of the Forecast allow for an average 3-4% per year increase in all other categories (outside of buses).

If any major capital improvements funded by the General Fund are needed, it would adversely affect the Forecast. In addition, there are reserves in the Sales Tax fund to assist with any unplanned capital needs.

**4.050 / 4.060 HB 264 Principal and Interest**

There are currently no General Fund debt issues.

**4.300 Other Objects (Miscellaneous)**

This area covers County Auditor and Treasurer Fees, election expenses, liability insurance and membership dues for the Board. County fees charged by the County Auditor and Treasurer are the primary expense (78%) in this category.

**6.010 Excess Revenues over Expenditures (Deficit Spending):**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	3,499,674	2,102,145-	5,223,182-	7,930,093-	11,100,976-

This line demonstrates if the district has a balanced budget for the year or if expenditures exceed revenues (**deficit spending**). The district is thankful for the passage of the 6.7 mil operating levy. Because of this levy the district is not projected to deficit spend until FY 2024 and maintains a positive fund balance for the life of the Forecast.

## **7.020 Ending Cash Balance**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
<i>Cash Balance June 30</i>	25,368,048	23,265,903	18,042,721	10,112,628	988,349-

The Forecast projects a positive cash balance for the first four years of the Forecast. Key factors leading to a positive Five-Year Forecast include:

- Passage of the 6.7 mil operating levy
- Influx of ESSER Federal Grant Funds
- Implementation of the Fair School Funding Plan
- Positive health care renewals with the Summit Regional Health Care Consortium