

Wadsworth City Schools
Fiscal Year 2024 – Five-Year Forecast
May 2024
EXECUTIVE SUMMARY

The first two pages of this report comprise the Executive Summary, which is intended to provide a summation 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.

THE TOP THREE: The three major changes to the forecast since the November 2023 update are Property Taxes, Tuition Payments, and our Insurance Renewal.

Property Taxes: Historical Property Taxes Increases

FY 2020: 3.05%	FY 2023: 12.54% (Levy)
FY 2021: 2.01%	FY 2024: 4.2% projected/ 0.93% actual
FY 2022: 15.44% (Levy)	

- The first ½ of FY 2024, property taxes were up 5.7% over the same period in the previous year, leading to a 4.2% projection in November 2023.
- Actual FY 2024 collections increased by 0.93%. \$835,000 under projections. More details are provided in the Assumptions.

Tuition Payments / Purchased Services:

- The district projected a decrease in tuition payments due to adding the Grizzly Academy for the 2023-24 school year.
- To date, Tuition Payments (projected at \$1.3M) have exceeded \$2M, putting the Purchased Services category over projections.
- An adjustment has been made to line 3.030 Purchased Services for each year of the Five-Year forecast. More details are provided in the assumptions.

Healthcare Renewal:

- An 18.61% renewal (increase) was approved by the SRHCC in April of 2024 for the 2024-25 plan year. The past year, the district has experienced a depletion of reserves with the Summit Regional Healthcare Consortium (SRHCC) from \$2.5M to less than half a million dollars. The 18.61% renewal comes on the heels of the previous renewals as outlined below:

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%

- The November 2023 forecast projected a 10% renewal for FY 25. The increase to 18.6 % is a \$2.43M increase compounded over the four remaining years (FY 25-28) of the forecast.

Other Items Impacting the Forecast

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

- The district received significant federal funding through several ESSER Grants in the past four years. The period of availability for the final ESSER grant ends at the conclusion of FY 2024. The following initiatives are being paid from the ESSER grant this year. The forecast accounts for these positions being integrated into the General Fund in FY 2025.

2 Technology Integration Specialists

1 Opportunity School Teacher

2 School Counselors

1 Student Well-Being and Mental Health Coordinator

1.5 (FTE) Literacy Coaches

2 Part-Time Float Student Attendants

1 Part-Time Technology Department Clerk

4 single/11 family WESPA insurance plans for stacking jobs to be benefit-eligible

Total diverted back to the General Fund in FY 2025 = \$1,365,500

REVENUE:

House Bill 33: FY 2024-2025 Biennial Budget

- The State Legislature and Governor approved the current Biennial Budget in June of 2023. The budget continued the phase-in of the Fair School Funding Plan (FSFP) and adjusted the input factors to the formula. Simulations received from the Ohio Department of Education in the fall projected an additional \$479,021 in FY 2024. Based on current EMIS data and State Funding, this projection has been reduced by \$96,659 for FY 2024. Due to the local capacity calculation and the phase-in of Medina County Triennial Update (2022), the district is projected to remain on the guarantee, and state aid will remain relatively flat (slight adjustment for State Funding outside of the formula). The ODEW simulations are included in the current forecast.

EXPENSES:

Salaries:

- FY 2024 Wages are projected to increase by 8.17% due to staff previously paid from grants, steps, base increases, and additional staff outlined in the assumptions. For further discussion, see the related assumptions.

Purchased Services:

- **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 natural gas due to the higher rate.

Supplies:

- **Textbooks:** (line 3.040 – supplies) As outlined in the assumptions on page 16, textbooks have been funded by the Medina County Sales Tax Fund for the previous five years. Beginning in FY 2024, textbooks will be funded from the General Fund and incorporated back into this forecast.

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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 13, 2024.

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 nearing the end of the first year of HB 33 (the biennial budget) passed by the legislation in June of 2023. HB 33 continues the phases in of the Fair School Funding Plan (FSFP). In addition, the input factors to the formula were updated to FY 2022 levels. The legislature can reevaluate the FSFP every two years to determine if the plan should continue and complete the phase-in.

Under previous PK-12 education funding formulas school districts are either on the guarantee, on the formula, or are capped districts. Schools on the guarantee receive the same State Aid as the base year. Schools on the formula receive the amount of funding the formula calculates. 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 funding formula. See the Unrestricted Aid Section for more information on the 2024-25 Biennial Budget and State Aid.

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. This fiscal year, the General Fund is projected to account for 49% of all expenditures. This is significantly lower due to the district’s construction fund appropriating \$39M.

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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
General Property Tax (Real Estate)	\$25,881,494	\$26,140,309	\$26,924,518	\$27,732,254	\$28,286,899

Real estate taxes account for 46% of our projected revenue (last year = 44%) in the General Fund. The increased percentage is the result of local property tax revenue growing faster than State Aid. Assessed valuation is the core component of real estate taxes and an involved part of the State funding formula in terms of local capacity. Medina County experienced a triennial update in 2022 and will have a reappraisal in 2025.

Wadsworth City Schools Assessed Valuation (AV) historical increases are:

<u>% increase</u>	<u>Tax Year</u>	<u>Tax Collection Year</u>
2.3%	2014	2015
1.6%	2015	2016
12.7%	2016	2017
1.47%	2017	2018
4.4%	2018	2019
15.4%	2019	2020
0.79%	2020	2021
0.12%	2021	2022
20.5%	2022	2023
0.70%	2023	2024

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) in revenue because of reappraisal on voted levies. The district will receive additional revenue from the inside millage and new construction.

Because many districts across the state are at or near the 20-mill floor, the state legislature is contemplating many bills addressing property tax reform. We, as a State, are in a similar position to 1976 when HB 920 went into effect. Since Wadsworth is not near the 20-mill floor, most of the discussion at the State level does not impact our district and our property tax revenue sees little increase as a result of reappraisal (Medina County reappraisal is CY 2025).

This past fiscal year, the district saw a less than 1% increase in property tax revenue. This was primarily due to the small increase in assessed valuation in the calendar year 2024 (0.7%). The less than 1% increase in total assessed valuation as well as property tax collections is unlike previous years and made a major adjustment to the forecast in current and future years.

Key Components of line 1.010 of the Forecast are:

- FY 2024 – First-half property tax collections are up 5.7% over the same period last year. Due to this increase, the district projected property taxes to increase by 4.18% in FY 2024.
 - Subsequent to the November update, AV increased a minimal 0.7% in CY 2024, which resulted in a 0.93% increase in property taxes (much less than originally projected).

- Future year projections have been decreased based on the recent decline in A.V. and property tax growth.
- 1.0% increase for FY 2025
- 3.0% increase for FY 2026 (Reappraisal)
- 3.0% increase for FY 2027 (Reappraisal)
- 2.0% increase for FY 2028

1.020 Tangible Personal Property Tax and Public Utility Personal Property

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Tangible Personal Property Tax (Public Utility)	6,752,010	6,853,290	7,024,623	7,200,238	7,308,242

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 in subsequent tax years. When the appeal case is settled, the difference, if any, must be paid by Nexus. The lump sum true up that may be due is NOT included in the Forecast. In CY 2023, the district received \$475,101.51 from Nexus.

Key Components of line 1.020 of the Forecast are:

- Nexus values (at 48%) included in FY 2024
- 1.82% increase in FY 2024 (actual)
- 1.5% increase projected in FY 2025
- 2.5% increase projected in FY 2026 and 27 (Reappraisal)

1.035 Unrestricted Grants in Aid (State Aid)

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Unrestricted State Grants-in-Aid	17,503,410	17,555,553	17,676,970	17,799,660	17,805,757

History:

Prior to the 2021-22 school year, the State funding formula was called the School Foundation Payment Report (SFPR). The 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”.

Present: FY 2024 and 2025 Biennial Budget (HB 33)

HB 33, the current Biennial budget, continues the phase-in of the Fair School Funding Plan (FSFP) that began with HB 110 (the 2021-23 Biennial budget). 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 \$68,022 + 16% for benefits and \$13,894 for health care insurance per teacher. Therefore, under the formula, this district would receive \$510,397.36 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. A district is not required to spend \$510,397.36 on kindergarten. This is simply their funding amount, when combined with all the other components of the formula that develop the district’s unique base cost.

Wadsworth’s base cost as of the November (2023) #1 foundation payment was **\$8,203.85 compared to \$7,331.84 last year**. 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 \$510,397 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 by 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 as of November 2023 is **\$5,004.07**. Therefore, while the base cost of \$8,203.85 is significantly greater than the basic aid amount of \$6,020 and our local share is much higher (state share is less), we are projected to receive **\$3,199.78** per student in FY 2024.

	<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
FY 2024 FSFP	\$8,204	\$5,004	\$3,200

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. For example, a Wadsworth resident student attended a public charter school, the student was first counted in Wadsworth. Then we would 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 who 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 tuition 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 included two important components:

- 1) The continued phase-in of the FSFP
- 2) Increasing the input factors for the formula (DCI, ISS, BLO, and DLA) to FY 2022 levels.

Incorporating these changes into the biennial budget is important. However, these changes were not significant for Wadsworth City Schools. Based on the simulations that are used in the forecast for FY 2024 and 2025, the district's total state aid is projected to increase by \$197,534 in FY 2024. However, due to the local capacity calculation in FY 2025, the district's total formula state aid is projected to stay the same. The district is projecting a 1% increase in base cost for FYs 26 and 27 under the new biennial budget.

Casino Funding: The FY 2022 Ohio Casino Tax increased to \$278,012, which is \$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.

1.040 Restricted State Grants in Aid

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Restricted State Grants-in-Aid	1,844,204	1,794,310	1,797,100	1,799,917	1,807,090

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 was accounted for outside of the General Fund and Five-Year Forecast in fund 467. In the FSFP, SWSF is part of the General Fund and the Five-Year Forecast, and the district is required to track and demonstrate that these funds are properly spent. 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 year 2025, the Forecast is projecting a 1% decrease in Catastrophic Cost reimbursements due to the graduation of certain students. FY’s 2026-2028 are projected to be flat. 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.
- In FY 2023, the district’s special education funding was reduced by \$148,000 (our 10%) for catastrophic costs. However, through the Catastrophic Cost process, the district received \$437,077 in reimbursements, which is nearly 200% more than deducted. On April 30, 2024, we submitted our FY 2023 Catastrophic Costs to the State. We should receive this payment prior to the end of the current fiscal year.

1.050 State Share of Local Property Taxes

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
State Share of Local Property Taxes	2,615,550	2,615,550	2,615,550	2,615,550	2,615,550

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.

1.060 All Other Revenues (Local Income)

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
All Other Revenues	2,224,868	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
 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 is also 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 continues to increase as the Fed has held interest rates since the last forecast adoptions. The district collaborates with Fifth Third Securities to manage the investment portfolio for both the general fund and the construction project fund.
 - Medicaid reimbursements are projected to remain consistent.

2.50 Advances – In

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Advances-In	365,781	400,000	200,000	200,000	200,000

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 2023 advances primarily for federal grant cash flow purposes.

2.060 Other Financing Sources

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
All Other Financing Sources	201,025	54,000	55,000	55,000	55,000

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 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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Total Revenues and Other Financing Sources	58,097,342	57,698,385	58,439,743	59,509,318	59,428,029

The Forecast projects a decrease in FY 2024 in total revenue of 0.9%. However, this number is slighted because advances in went from \$1.8M in FY 2023 to \$365,781 in FY 2024. Total revenue before advances and other financing sources is projected to increase 2.3%.

Major issues affecting revenue:

- FY 2024 property tax collections increased by 0.93% (\$835,000 less than projected)
- State Aid – HB 33 continues the FSFP
- Volatile investment income: As long as the Fed continues to increase or hold rates at current levels, interest income will be strong.

General Fund Expenditures

3.010 Salaries and Wages

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Personnel Services	35,574,218	37,934,033	39,687,434	41,023,789	43,023,145

Salaries and wages were projected to increase 8.17% over FY 2023 (as compared to a 5.2% increase for the same period last year). The district added 4.6 FTE teaching positions and 1 FTE administrator. One of the teaching positions is funded by the ESSER grant and the other 3.6 are additions to the forecast. The May forecast has reduced projected wages by \$250,000 to be in line with actual data for the current Fiscal year.

- Beginning in FY 2024, one part-time tutor currently funded by Title I will be funded from the General Fund due to the change in the tutor wage 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 first year of a three-year contract that continues through June 30, 2026. 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 the Wadsworth Education Support Personnel Association (WESPA) are also in the first year of a three-year contract that continues through June 30, 2026. 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 2023-24 salaries and benefits are projected to be 80.96% of General Fund Expenditures.
- The district's 2023-24 teaching staff consists of 291 full-time and 10 part-time teaching professionals. We have 11 licensed professionals working as tutors in the district (6 tutors are funded with grant money and are not part of this Forecast), 24 Licensed Administrators, and 14 Exempt Salaried employees (3 of the exempt salaried employees are not paid by the General Fund). In addition, the district has four compact employees.
- The following staffing changes are accounted for:
 - **Fiscal Year 2024:**
 - 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 (+1 FTE)
 - WHS Math (-0.7 FTE)
 - Elementary:
 - 5th grade Teaching Section (-1 FTE)
 - Preschool Teaching Section (-1 FTE)
 - Special Education:
 - Speech Services (-0.4 FTE)
 - Non Categorical (+1.7 FTE)
 - **Fiscal Year 2025:**
 - **Four positions currently open will not be replaced for the 2024-25 school year:**
 - **One section at the elementary level**
 - **Elementary Special Education Teacher**

- **Middle School Science Teacher**
 - **Middle School Language Arts Teacher**
- **Four new positions will be added related to the expansion of the Grizzly Academy.**
- **Resulting in a net -0- increase in professional staff FTE.**
- **ESSER Grant Funded positions returning to the General Fund:**
 - 7.5 Teaching positions currently funded with ESSER Grant
 - 2 Student Attendance float positions funded with ESSER Grant
 - 1 Part-time Technology Dept. clerk currently funded with ESSER Grant
- **Fiscal Years 2026, 2027 and 2028:**
 - The Forecast includes an allowance for step and wage increases.
 - The Forecast accounts for the continued reduction of professional staff to mirror the decline in our student population.

- FY 2026 reduction of four full-time teaching staff
 - FY 2027 reduction of four full-time teaching staff
 - FY 2028 reduction of three full-time teaching staff
 - The forecast accounts for the FY 2025 and FY 2026 expansion of the Grizzly Academy.

- Six professional staff in FY 2026 (K-12)

3.020 Employee Retirement / Insurance Benefits

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Employees' Retirement/Insurance Benefits	12,274,434	14,336,713	15,496,166	16,677,759	18,181,238

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 began July 1, 2023. There were no changes to employee healthcare benefits in the new contract.

Health Care Insurance Projections:

One of the challenges we have encountered this fiscal year is the notable increase in healthcare insurance costs for our district. Despite our best efforts to manage expenses, the rising costs of medical services and prescription drugs have contributed to a considerable uptick in our healthcare expenditure. Factors such as inflation, and the utilization patterns of our insured members have all played a role in driving up these costs.

In response to this challenge, the Summit Regional Healthcare Consortium (SRHCC) has been diligently reviewing our current healthcare plans, negotiating with insurance providers, and exploring potential cost-saving measures. While we are committed to maintaining comprehensive coverage for our staff and their families, we recognize the importance of implementing sustainable solutions to mitigate the impact of escalating healthcare expenses on our budget.

As outlined in the executive summary, the district's health care premiums will increase by 18.61% for the plan year beginning July 1, 2024. The increased premiums are expected to be an additional cost of \$2.43M over what was previously projected (10%).

However, even with the 18.61% renewal Wadsworth City Schools premiums within the consortium are still the lowest of the eight schools. For example, if our monthly premium were the same as the highest district in the SRHCC, our insurance spend would be an additional \$2M annually.

In addition, the general fund will be absorbing the WESPA employees who are able to stack jobs to be eligible for healthcare benefits that were previously funded by the ESSER grant, as well as the benefits of the 7.5 staff members paid for with ESSER funds.

Due to the increased premiums and increased staff paid by the general fund (formerly ESSER), the district is projected to spend an additional **\$1.8M (32+%)** on healthcare benefits in FY 2025 over the FY 2024 spending.

- Line 3.020 accounts for:
 - The staffing reductions as outlined above.
 - The staffing needed for the Grizzly Academy expansion.
 - An allowance for health care plan changes (single to family) in each year.
- **Healthcare premiums are projected to increase by 10% in FY 2026, 27 and 28.**

Other line 3.02 expenses:

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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Purchased Services	6,950,000	7,410,223	7,365,888	7,648,408	7,949,122

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, and 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.

An area of concern is the increasing amount of tuition payments for students who attend specialized programs or schools outside our district. While we strive to provide a wide range of educational opportunities within our own schools, there are instances where students require services or programs that are not available locally. As a result, we must make tuition payments to other schools or programs to ensure that these students receive the educational support they need. However, the growing number of students requiring such services, coupled with the rising tuition rates charged by these programs, has contributed to a notable increase in our tuition expenditure, even with the expansion of the Grizzly Academy, which is intended to reduce the number of students we need to send outside the district for services.

- The projection for FY 2024 was a reduction in tuition due to the creation of the Grizzly Academy.
 - Tuition was projected at \$1.3M for FY 2024. However, to date, the district has expended over \$2M on tuition this fiscal year.
 - The forecast has been adjusted for the current fiscal year as well as FY 2025-2028 based on our experience this year.
 - The district does project a reduction in tuition of \$350,000 and \$325,000 in FY's 2025 and 2026 due to the expansion 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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Supplies and Materials	2,625,896	2,659,189	2,706,101	2,754,693	2,780,028

Supplies and materials were substantially lower in FY 2020 – FY 2023 when textbook purchases were expensed from the Sales Tax Fund. As planned in FY 2020, textbooks will be expended from the General Fund beginning in FY 2024.

- Supplies are projected to increase 24.7% in FY 2024 (textbooks).
- Bus fuel is included in supplies and can be very difficult to project. Bus fuel accounts for 9% of the Supplies Category.
- 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 2021-2023 were 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.

- The State of Ohio adopted new standards related to the Science of Reading which caused the district to have an unexpected cost of \$228,660 for a new K-6 reading textbook adoption. However, the ODEW did provide a \$192,233 allowance to the district for said expense. The Science of Reading was not part of our normal textbook adoption schedule and is not included in the chart below.

See the next page for the textbook adoption cycle.

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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Capital Outlay	1,013,998	467,095	599,674	744,302	771,057

The General Fund and the Sales Tax Fund support capital needs in the district. Approximately 48% 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. This debt service will expire in 2025 when the new debt service will start related to the COPs issued on November 9, 2023, for the cost overruns on the new intermediate school. Because of the commitment of the

sales tax dollars to construction projects, the district will continue to support capital improvements to buildings, technology, and buses from the General Fund.

- School Bus Purchase Schedule:

FY 2024: 6 buses	FY 2026: 2 buses
FY 2025: 1 bus	FY 2027: 3 buses
- An average of 3 buses per year over the life of the forecast. The volatility in the capital outlay line of the forecast is due to the number of buses purchased each year.
- 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.

Because of the stress put on the forecast by the “Top Three,” as outlined in the executive summary, the Board may want to consider moving allowable expenses (textbooks/buses) to the sales tax fund.

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.

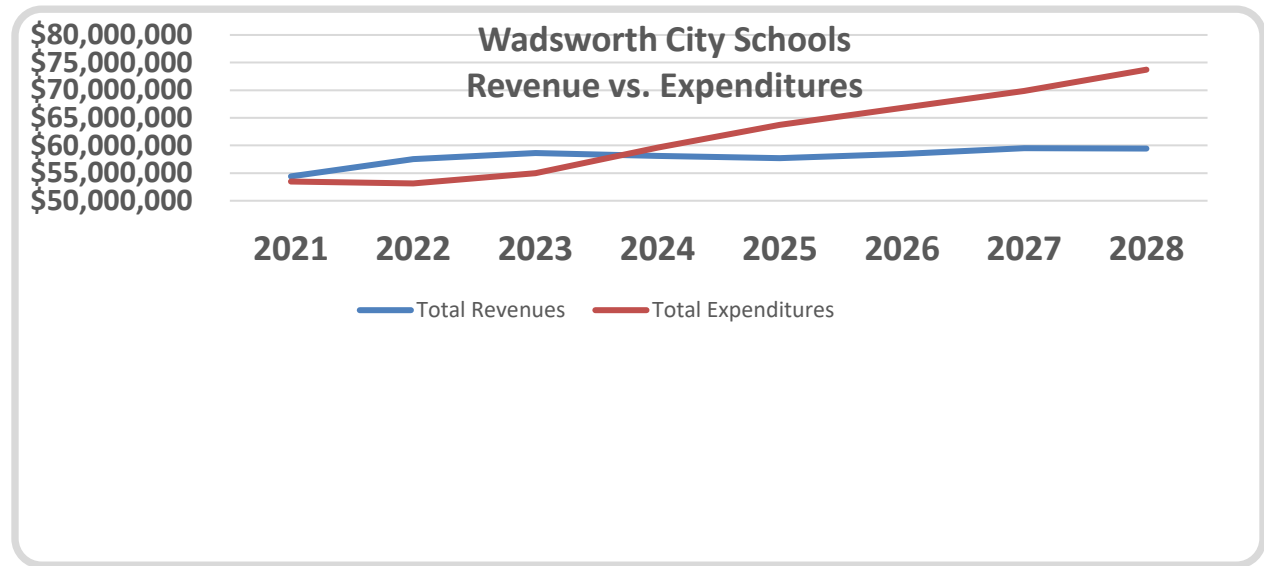
5.010 & 5.020 Transfers and Advances Out

Advances out are primarily for cash flow purposes to other funds and will be returned in subsequent fiscal years.

6.010 Excess Revenues over Expenditures (Deficit Spending):

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	1,498,774-	6,037,326-	8,384,704-	10,330,238-	14,289,312-

This line demonstrates if the district has a balanced budget for the year or if expenditures exceed revenues (**deficit spending**). The district is in the third year since the passage of the operating levy in 2021 and is projected to begin deficit spending this year and in each year of the forecast.



7.020 Ending Cash Balance

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
<i>Cash Balance June 30</i>	24,001,998	17,964,672	9,579,968	750,271-	15,039,583-

After conducting a comprehensive review of our financial projections and considering current revenue trends and expenditure forecasts, it is evident that our district is facing a critical path to maintaining a positive cash balance. Without change, we anticipate that our cash reserves will be depleted by the end of FY 2027.

Several factors to consider related to the projected deficit:

- A district projecting a deficit in the third year of a five-year financial forecast is placed in “Pre-Caution Status” by the Ohio Department of Education and Workforce (ODEW).
 - a. When placed in Pre-Caution Status, the district must submit a plan to ODEW detailing how the district intends to correct the impending deficit.
 - b. If nothing changes when the forecast is presented in November of 2024, Wadsworth City Schools will be in Pre-Caution Status.
- The current WEA/ WESPA contracts expire at the end of the 2025-26 school year. Based on the current forecast the district would not be able to certify a new contract with the unions for the 2026-27 school year.

As you are aware, our district has been proactive in implementing various cost-saving measures aimed at mitigating budgetary pressures and ensuring responsible financial stewardship. These measures include continual budget monitoring with emphasis on the staffing reductions outlined in the assumptions above. Despite these concerted efforts to reduce costs and improve operational efficiency, we continue to face significant financial challenges, with a projected negative fund balance in the 2026-2027 school year.

Moving forward, it is imperative that we continue to pursue a balanced approach that combines cost-saving initiatives with strategic investments in areas critical to our mission of providing high-quality education to all students.

I appreciate the dedication and commitment of our entire school community in confronting these financial challenges head-on and remain confident in our collective ability to navigate this complex landscape with resilience and determination.

