

Research Update:

Wadsworth City School District, OH Debt Rating Outlook Revised To Negative On Financial Performance

June 11, 2026

Overview

- S&P Global Ratings revised the outlook to negative from stable and affirmed its 'AA-' long-term rating on **Wadsworth City School District**, Ohio's general obligation (GO) debt and its 'A+' long-term rating on the district's certifications of participation outstanding.
- The outlook revision reflects our view that we could lower the rating if local revenue-raising efforts do not materialize or if budgetary adjustments are not sufficient to maintain reserves at levels comparable to those of 'AA-' rated peers.

Rationale

Security

The district's full faith, credit, and resources and ad valorem property tax revenue without limit to rate or amount secure the GO bonds outstanding.

Lease rental payments, subject to annual appropriation, secure the district's certificates of participation outstanding. We rate the COPs one notch lower than the GO rating to reflect our view of annual appropriation risk.

Credit highlights

The outlook revision reflects our view of the district's recent income tax levy failure and forecasted deficits in coming years, with an anticipated \$3.5 million deficit in fiscal 2026 and a projected decline in reserves to a level that may no longer be consistent with that of 'AA-' rated peers. The district's financial profile is expected to weaken as a result of rising operating costs and marginal revenue growth, creating a revenue and expenditure imbalance with little chance of recovery in the next two years, absent substantial expenditure controls or new revenue. The rating further reflects our view of the district's stable, sizable tax base, and relatively strong management characteristics, underpinned by long-term planning and plans to reduce expenditures as early as fiscal 2027. If cuts and potential plans to return to voters for additional revenue in calendar 2026 do not materialize within our outlook period, we could lower the rating.

Primary Contact

Stephanie Megas
Englewood
1-303-248-6397
stephanie.megas
@spglobal.com

Secondary Contact

Diana Cooke
Chicago
1-312-233-7052
diana.cooke
@spglobal.com

Research Contributor

Disha Khandelwal
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
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Given the nature of the levy cycle in Ohio, school districts follow a pattern of building up and spending down reserves. Wadsworth City Schools approved its latest current expense levy in 2021, increasing its total operating revenue by approximately 10%. New property tax revenue, combined with federal pandemic relief, allowed the district to build reserves to a record \$21.7 million, or 38% of revenue, in 2023 before expenditures began to outpace static revenue.

As a result of long-term projections, officials brought a ballot initiative to voters in May 2026 to raise additional revenue, this time in the form of an earned income tax. Ohio schools have the flexibility to collect income tax, though most districts have relied on property taxes, which accounted for over 94% of total local revenue collected by districts statewide in 2023. Concerns surrounding recently high reappraisals combined with statewide property tax affordability rhetoric steered the district to approach voters differently than in the past. Despite local voter education efforts and positive feedback according to management, voters soundly rejected (70%) a 1.5% earned income tax that would have generated an additional \$13.0 million annually and close its budget gap, which will now grow to \$5.26 million in fiscal 2027. The district's history of voter support is mixed, with two-thirds of issues passing since 2000 and with those that failed then passing upon second attempt within the same year.

The district is on the downward side of this cycle, posting deficits in fiscal years 2024 to 2026 and expected to do so again in fiscal 2027. Without new local revenue, the district is focused on scaling operational spending more in line with state minimum standards to generate savings. Its board of education implemented a reduction in force as of June 2, 2026, and has outlined \$3.28 million in expenditure reductions for 2027. Officials are deliberating on the magnitude of future cuts as well as another ballot initiative in November 2026. Absent expenditure reductions or new revenue, reserves are projected to fall precipitously to \$8.1 million, or 13% of revenue, by the end of fiscal 2027.

For more information on our view of Ohio school districts, including peers, see [U.S. Local Governments Credit Brief: Ohio School Districts Means And Medians](#), March 28, 2025.

The 'AA-' underlying rating further reflects our view of the district's:

- Long-tenured and comparably strong management team, highlighted by long-term financial planning, regular reporting on financial performance and investments to its school board, and realistic budget assumptions that track to actual results. The district implemented a reserve policy last year that requires reserves in its three-year budget projection to cover 60 days of expenditures. This policy framework encourages long-range budgetary adjustments and strengthens financial planning, in our view. The district lacks a formal debt management policy.
- Weakening financial profile as a result of its levy cycle and lack of recent voter support. Local property taxes primarily fund the district's operations (61%), followed by state aid (36.3%). The district has limited exposure to recent property tax reform efforts in the state, given their millage rate, above the 20-mill floor. (For more information, see [Credit FAQ: Is Property Tax Reform A Growing Concern For U.S. Local Government Credit Quality?](#), April 30, 2026.) Although enrollment is on a downward trajectory, the district remains on a state guarantee for per-pupil funding and is not at risk of losing funding. The district benefits from a countywide sales tax that generates approximately \$3 million annually to support capital needs and limits pressure on the general fund, in our view.
- Stable economy that has benefited from two decades of housing development growth, which we expect will moderate. While the district's gross county product metric is low, we recognize that the district is largely residential and that most residents have access to diverse

- employment opportunities in Akron, 15 miles to the east, and Cleveland, 40 miles north. The district's tax base is diverse, with its largest taxpayer as American Transmission, a subsidiary of FirstEnergy.
- Institutional framework that includes a track record of robust systemwide support, with a history of schools successfully navigating through fiscal emergency. For more information on our institutional framework assessment for Ohio school districts, see "[Institutional Framework Assessment: Ohio Local Governments](#)," Sept. 10, 2024.
 - Elevated debt burden that is primarily supported by dedicated property tax revenue; there are no near-term plans to issue debt. While the district's pensions are moderately funded, its largest plan includes optimistic funding assumptions, which could lead to cost escalation and higher employer contribution rates. (See "[Pension Spotlight: Ohio](#)," Aug. 26, 2025.)

Environmental, social, and governance

We consider environmental, social, and governance factors neutral within our credit analysis.

Outlook

The negative outlook reflects our view that there is a one-in-three chance that we could lower the rating in the next year.

Downside scenario

We could lower the rating further if budgetary adjustments are not sufficient for the district to maintain adequate liquidity or if local revenue-raising efforts do not materialize, leading to additional draws on reserves.

Upside scenario

We could revise the outlook to stable if the district is able to regain stability in the general fund and maintain healthy reserves over the longer term.

Wadsworth City School District, Ohio--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.85
Economy	3.5
Financial performance	4
Reserves and liquidity	1
Management	2.00
Debt and liabilities	3.75

Wadsworth City School District, Ohio--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	63	--	63	62
County PCPI as % of U.S.	101	--	101	101
Market value (\$000s)	3,648,320	3,052,806	3,019,820	2,999,503

Wadsworth City School District, Ohio--key credit metrics

	Most recent	2025	2024	2023
Market value per capita (\$)	125,627	105,121	103,985	103,653
Top 10 taxpayers as % of taxable value	12.3	12.3	12.1	12.1
County unemployment rate (%)	3.4	3.4	3.3	3.2
Local median household EBI as % of U.S.	106	--	106	101
Local per capita EBI as % of U.S.	105	--	105	98
Local population	29,041	--	29,041	28,938
Financial performance				
Operating fund revenue (\$000s)	--	61,186	58,312	57,610
Operating fund expenditures (\$000s)	--	64,996	60,252	55,144
Net transfers and other adjustments (\$000s)	--	(37)	5	(21)
Operating result (\$000s)	--	(3,847)	(1,935)	2,445
Operating result as % of revenue	--	(6.3)	(3.3)	4.2
Operating result three-year average %	--	(1.8)	1.1	2.4
Enrollment	--	4,236	4,366	4,373
Reserves and liquidity				
Available reserves as % of operating revenue	--	26.5	33.7	37.8
Available reserves (\$000s)	--	16,244	19,651	21,763
Debt and liabilities				
Debt service cost as % of revenue	--	9.1	10.3	10.9
Net direct debt per capita (\$)	3,044	3,207	3,341	3,213
Net direct debt (\$000s)	88,402	93,144	97,018	92,981
Direct debt 10-year amortization (%)	50	53	49	--
Pension and OPEB cost as % of revenue	--	7	7	7
NPLs per capita (\$)	--	1,800	1,800	1,964
Combined NPLs (\$000s)	--	52,268	52,268	56,825

Financial data may reflect analytical adjustments and is sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. EBI--Effective buying income. GCP--Gross county product. NPL--Net pension liability. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

Related Research

- [Credit FAQ: Is Property Tax Reform A Growing Concern For U.S. Local Government Credit Quality?](#)
- [U.S. Local Governments Credit Brief: Ohio School Districts Means And Medians](#)

Ratings List		
Outlook Action		
	To	From
Local Government		
Wadsworth City Sch Dist, OH Lease Appropriation	A+/-Negative	A+/-Stable
Wadsworth City Sch Dist, OH Unlimited Tax General Obligation	AA-/Negative	AA-/Stable

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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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