

Wadsworth City Schools

Fiscal Year 2027 – Four-Year Projection

August 2026

EXECUTIVE SUMMARY

The first two pages of this report comprise the Executive Summary, which presents an overview of our organization's projected performance for the next four years. In this document, we outline key assumptions and highlight changes to the financial forecast. For a complete overview of the Forecast, readers are encouraged to read the Assumptions that follow the Executive Summary.

Property Tax Reform

- **Medina County underwent a full property reappraisal in Tax Year (TY) 2025**, which resulted in a 19.25% increase (\$205,660,450) in the assessed valuation.
- The reappraisal resulted in the district's effective operating millage reducing from **28.413** mills to **24.122** mills, a total reduction of **4.29 mills**. Under Ohio's House Bill 920 provisions, voted levy revenue growth is limited from inflationary increases in valuation.
- Property tax reform continues to be at the forefront in Columbus and locally in Medina County. This past December, the Governor signed four property tax reform bills. Two of these pertain to the 20-mill floor and currently do not affect Wadsworth Schools. A third bill, HB 335, limits the growth on inside mileage to a GPD deflator calculation. Fortunately, the bill will not impact the 2025 reappraisal for Medina County, but the 2028 Triennial update will be limited, and our 5.1 inside mills will be rolled back, limiting revenue growth on inside mills.
- The need for property tax relief is a combination of thirty-plus years of policy changes that have shifted the burden of education costs from the State and Business community to the local property owner. Going from 46% of the education cost by local property owners in 1991 to 67.5% in 2025. This, plus skyrocketing home values, has created an anti-property-tax mentality in Ohio.
- Locally, the Medina County Commissioners passed the Homestead Piggyback exemption in 2025, which was allowed under HB 96, providing reimbursement credits to select Medina County residents. This legislation will reduce property tax collections in Wadsworth CSD by **\$555,000 in CY 2026**. This legislation is implemented into the current forecast for CY 2026 ONLY (FY 26 and 27).

Property Taxes: Historical Property Taxes Increases

FY 2020: 3.05%	FY 2023: 12.54% (Levy)	FY 2026: 4.39%
FY 2021: 2.01%	FY 2024: 0.93%	
FY 2022: 15.44% (Levy)	FY 2025: 2.41%	

Projected:

Fiscal Yr.	%	\$ Increase
○ FY 2027	1.15%	\$405,833 (reappraisal yr. less Homestead piggyback)
		▪ Offset by decline in PUPP due to Nexus retro payments
○ FY 2028	2.17%	\$774,736 (homestead Piggyback removed)
○ FY 2029	2.49%	\$908,587 (tri update/homestead piggyback removed)

State Aid

- **State Aid:** FY 2026/2027 Biennial budget
 - Due to declining enrollment, the district remains on the guarantee, and therefore, projected state aid is stagnant. Future state aid assumes the guarantee remains a part of state funding.
 - HB 96 - 2026-2027 Biennial Budget: Public Education weathered the storm as it relates to HB 96, with the Governor vetoing many of the property tax reform initiatives included in the bill from the legislature. Since signed by the Governor, two of the vetoes have been overridden by the legislature. Fortunately, neither of the overrides impacts the Wadsworth City School District.
 - The budget provided little relief to the Wadsworth City Schools. Projections indicate that the district will receive approximately \$117,000 in additional state aid over the two-year biennium, as the district continues to be a guaranteed school district.

Other:

- **Interest Income:** Interest rates remained high; however, the district has a declining cash balance available for investments. The major source of declining local revenue (line 1.060) is due to a decline in interest income. This trend continues throughout the forecast.
- **Federal Grants:**
 - FY 2027: Projected \$1.84M vs FY26 \$2.2M
- **Enrollment:**
 - The district's enrollment continues to decline, impacting state aid and staffing decisions.
- **Staffing:**
 - 25 teaching staff, 1 administrator, and numerous support staff positions were RIF'd/not filled for the 2026-27 school year as part of the ODEW Fiscal Pre Caution plan (see line 3.010 for additional detail)
 - FY 2027 WESPA/WEA contracts were rolled over for one year with no base increase.
 - Non-Union employees received a pay freeze on all wages.
- **Healthcare Expenses:**
 - FY 2027 12.2% healthcare premium increase.
 - Projected 11% increases in the next three years.
 - Healthcare claims continue to outpace inflation and are a critical part of our financial issues.
 - In January, a High Deductible Health Care plan with an HSA will be offered to all employees.
- **Deficit Spending:**
 - **The district began deficit spending in FY 2024. This is projected to continue throughout the forecast period.**
 - **The forecast projects a negative cash balance during FY 2029.**

ASSUMPTIONS

Wadsworth City Schools Fiscal Year 2027 - Four-Year Projection August 2026

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. The forecast and the underlying assumptions will be presented to the Wadsworth City Board of Education at its Regular Meeting on August 10, 2026.

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

The Forecast is based on the second year of HB 96 (the biennial budget), passed by the legislature in June 2025. HB 96 continues the phase-in of the Fair School Funding Plan (FSFP). However, as part of the legislation, the input factors to the formula were NOT updated and still reflect FY 2022 levels. **Therefore, in fiscal years 2026 and 2027, the state continues to fund public education at FY 2022 costs.** The Fair Schools Funding Plan, like previous formulas, incorporates new caps and guarantees. See the Unrestricted Aid Section for more information on the 2025-2027 Biennial Budget and State Aid.

This Forecast includes the General Fund only. Information related to all other district funds can be found in the Certificate of Revenue and the Annual Appropriations Resolution.

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

Further, the State of Ohio changed the forecast submission date from November to August in the latest biennial budget. While intended to improve financial planning, this change creates additional challenges for school districts. August is a particularly difficult time to prepare an accurate four-year forecast because many key budget variables are still being finalized. For example, staffing decisions are often still in progress, and the first-half property tax settlements have not yet been received.

Under the previous November submission deadline, districts had a much more stable outlook on staffing levels and received approximately one-half of their annual property tax collections, resulting in more reliable projections. In addition, the State has emphasized that the four-year forecast and the annual appropriations should align. However, by law, annual appropriations are not required to be adopted until the end of September. As a result, the earlier forecast deadline will likely lead to greater fluctuations between projected and actual financial results, particularly in the first year of the forecast.

General Fund Revenue

1.010 Property Tax (Real Estate)

	Budget FY2027	FY2028	FY2029	FY2030
General Property Tax (Real Estate)	\$27,962,336	\$28,659,271	\$29,489,278	\$30,339,558

Real estate taxes account for 45.55% of our projected revenue (last year = 43.964.9%) in the General Fund. The assessed valuation is a core component of real estate taxes and a crucial part of the State funding formula for local capacity. Medina County experienced a reappraisal in 2025, and 2028 will be a triennial update year. The reappraisal will impact tax collections for FY 26 and 27 which resulted in a 19.5% increase in assessed valuation and a rollback of 4.29 operating mills, decreasing Wadsworth Schools' operating effective millage rate from 28.413 to 24.122. Since Wadsworth City Schools are not at the 20-mill floor, our effective millage rates are rolled back, resulting in no increase in revenue from reappraisal on voted levies.

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

<u>% increase</u>	<u>Tax Year</u>	<u>Tax Collection Year</u>
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
1.78%	2024	2025
19.5%	2025	2026

The large increase in TY 2022 AV is due to the triennial update and resulted in a total of 5.84 operating mills rolled back due to HB 920 reduction factors. The 2025 reappraisal resulted in an additional rollback of 4.23 operating mills. This represents a loss of over \$5.47 million in tax revenue due to HB 920. In other words, if Wadsworth was on the 20-mill floor our revenue would increase by \$5.47M. HB 920 rolls back (or reduces) the effective (or collected) millage on voted levies. Thus, the district receives no additional revenue or incurs no loss due to reappraisal of 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 passed four bills addressing property tax reform. **See the discussion related to property tax reform in the executive summary at the beginning of this report.** As a State, we are in a similar position to 1976, when HB 920 went into effect; property tax reform remains at the forefront of conversations in Ohio. Many of these bills will affect future property tax collections for the Wadsworth City Schools. HB 335 will impact inside mileage by limiting property value growth to a GDP deflator calculation, thereby rolling back inside mills once protected by the Constitution.

In addition, the Medina County Commissioners recently passed the homestead piggyback exemption for eligible Medina County property owners. The Homestead expansion is projected to result in a \$555,000 annual reduction in property tax income for Wadsworth City Schools. This has been implemented into the forecast for CY 2026, which impacts FY 2026 and 2027.

Key Components of line 1.010 of the Forecast are:

- FY 2027 – First-1/2 property tax collections are unknown. Typically, a fall forecast update would include this information, but the move to August prevents the district from accurately projecting revenue.
- 2.90% increase projected for FY 2027
 - Reappraisal impacts 1st half collections + Homestead Piggyback
- 2.50% increase projected for FY 2028
 - Elimination of Homestead Piggyback
- 2.90% increase projected for FY 2029
 - Elimination of Homestead Piggyback + Tri-Update

TIF: The City of Wadsworth passed a 75% Tax Increment Financing (TIF) for a residential development on the west side of Hartman Rd, north of Interstate 76. The 75% - 10 year TIF will impact the Wadsworth Schools, as we will see very little additional revenue from this development during the period.

In addition, the city has approved a development extending Reedy Drive to Leatherman Rd.

1. The associated cost of additional students served by these developments is also not included in the forecast and could potentially offset a portion of the additional revenue generated from the developments. However, additional student growth will not result in new revenue from the state funding formula as the school district is nearly \$6M into the guarantee (see discussion in section 1.035).

1.020 Tangible Personal Property Tax and Public Utility Personal Property

	Budget FY2027	FY2028	FY2029	FY2030
Tangible Personal Property Tax	7,780,129	7,857,930	7,936,510	8,067,104

The 2009 Biennial Budget eliminated the Tangible Personal Property (TPP) tax on the business community, thus beginning the phase-out of a major source of local revenue for school districts throughout the State of Ohio (Note: this is one of the “policy” decisions from the state addressed in the executive summary related to property tax reform). 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.

The Nexus gas transmission pipeline, completed in **Medina County in 2018**, first appeared on the **2019 tax duplicate**, resulting in a **PUPP valuation increase of over \$24 million for Calendar Year (CY) 2019**, paid in **Fiscal Year (FY) 2020**. This substantial increase was primarily attributed to the Nexus project.

However, Nexus filed several **valuation appeals**, resulting in delays in full tax payments for CYs 2019 and 2020. These retroactive payments were received only in FY 2025, resulting in a **noticeable 8.8% increase** in PUPP revenue that year.

- **CY 2021 taxes** were paid on time in **CY 2021**.
- **CYs 2019 and 2020 payments** were retroactively made in **FY 2025**.
- **CYs 2022 and 2023 payments** were made in the **second half of CY 2025**, which corresponds to the **first half of FY 2026**.

These **retroactive payments** have been incorporated into the current forecast.

Outlook: FY 2027–FY 2029

The forecast projects a decline in PUPP collections for FYs 2027 through 2029. This anticipated drop is not due to a decrease in utility value, but rather because the recent fiscal years (FYs 2025 and 2026) included inflated collections from retroactive payments. As these one-time adjustments fall off, the net year-over-year collections are expected to normalize or decline slightly.

Key Components of line 1.020 of the Forecast are:

- Nexus has made all its retroactive payments:
 - FY 2024 =\$350,776.75
 - FY 2025=\$446,065.33
- 2.00% decrease projected in FY 2027 (Reappraisal/ Nexus retro payments)
- 1.00% increase projected in FYs 2028 and 2029

1.035 Unrestricted Grants in Aid (State Aid)

	Budget FY2027	FY2028	FY2029	FY2030
Unrestricted State Grants-in-Aid	18,019,288	18,024,922	18,030,669	18,036,531

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) multiplied by Basic Aid (\$6,020) multiplied by 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 2026 and 2027 Biennial Budget (HB 96)

HB 96, 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 previous funding formulas did, the FSFP calculates a Base Cost unique to each 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 is 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 / Teachers 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. The 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.

However, the key component of the FSFP is the input factors, or the amounts associated with the cost of educating a student in Ohio. HB 96 did NOT update the input factors; they remain at FY 2022 levels. Therefore, the state continues to fund public education at FY 2022 amounts, not accounting for any inflationary cost over the past four years.

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, as determined by the components listed below, will develop a percentage of the Base Cost that a district receives. This is like the State Share Index in the previous formula, but it 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%)

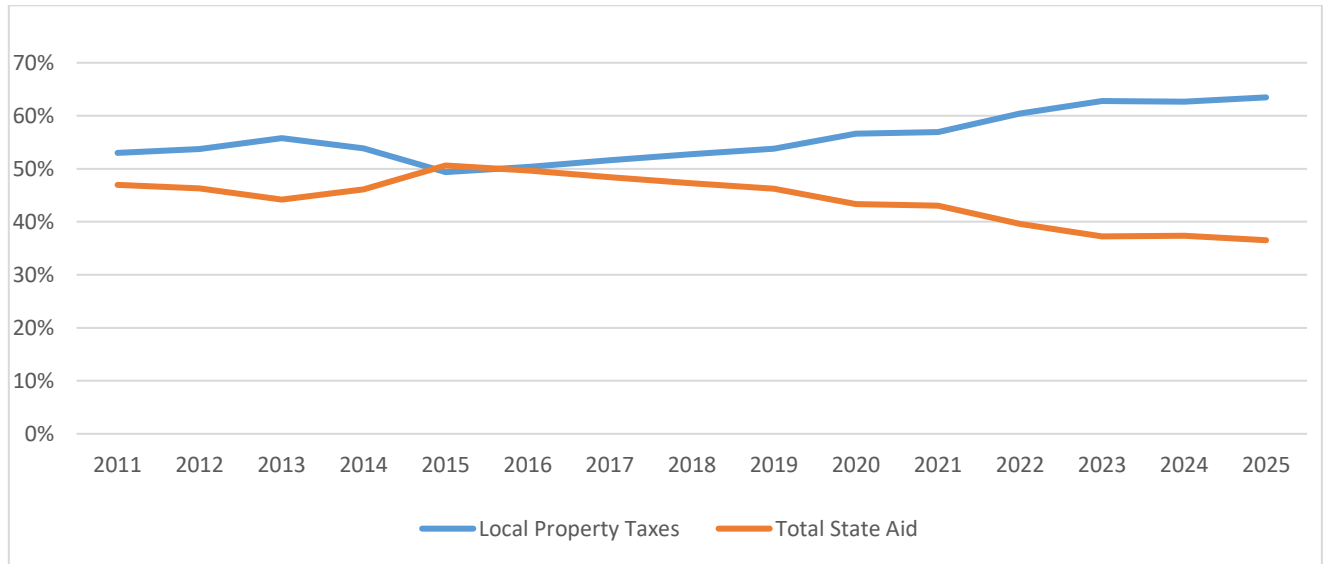
Under the previous funding formula, Wadsworth's State Share Index (SSI) was about 48%, meaning we received 48% of the **\$6,020** basic aid amount per student or **\$2,890**.

Under the Fair School Funding Plan (FSFP), Wadsworth's local capacity as of August 2026 is **\$6,347**. Therefore, while the base cost of **\$8,241** is significantly greater than the basic aid amount of \$6,020, our local share is much higher (state share is less), and we are projected to receive **\$1,894**. per student in FY 2027. **Due to the Medina County reappraisal in 2025, our local capacity increased from \$5,834 to \$6,347.** The local capacity increased with inflation (local share), but the state maintained the FY 2022 input factors, so the state's costs did not rise, resulting in lower per-pupil funding and pushing

the Wadsworth Schools even further onto the guarantee. Of course, none of this really matters right now because Wadsworth is \$5.39M into the guarantee.

State Aid continues to put a strain on the Wadsworth City Schools' total revenue. In 2014, 50% of the district revenue came from State Aid, and 50% came from Local Sources. In FY 2025, that changed to 37% State Aid and 63% Local. In FY 2015, the district received \$19M in State aid. In FY 2025, the district received \$19.4M. A 2% increase over 10 years.

The chart below demonstrates the shift over the past ten years away from State Aid to Local Property Taxes.



HOWEVER.... Due to declining enrollment, the district is guaranteed and will receive similar State funding for the current fiscal year as we did in FY 2024-2026, despite changes in base cost and local capacity. In essence, as long as we remain on the guarantee (and the guarantee remains part of the formula), the base cost, local capacity, and our enrollment do not matter.

Categorical Funding: The FSFP also includes categorical funding not included in the base costs. These include Special Education, Career Tech, ELL, Gifted, Disadvantaged Pupils, Targeted Assistance, Transportation, and Preschool. Categorical funding is restricted in nature.

Student Count: The other major change in the FSFP is the method used to count students. 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 \$1 million in tuition costs but also reducing our state aid. See the purchased services for additional information on this change.

House Bill 96: The 2025-27 Biennial Budget included three important components:

- 1) The final phase-in of the FSFP
- 2) The input factors for the formula (DCI, ISS, BLO, and DLA) **remain at FY 2022 levels.**
- 3) The continuance of the guarantee

a. The forecast assumes the guarantee will continue in future years as enrollment declines. If the guarantee is removed from the formula in future years, the district's forecast will change dramatically.

Casino Funding: The law mandates that casinos 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 FSFP formula, but is included on line 1.035.

- Historical Casino Tax Collections

FY 2022 = \$278,013	FY 2024 = \$289,093	FY 2026 = \$276,196
FY 2023 = \$284,415	FY 2025 = \$274,580	

Over \$1.13M in revenue is projected over the life of the Forecast from the Ohio Casino Tax.

1.040 Restricted State Grants in Aid

	Budget FY2027	FY2028	FY2029	FY2030
Restricted State Grants-in-Aid	1,576,725	1,584,344	1,592,039	1,599,811

The Fair School Funding Plan (FSFP) added components to Restricted State Aid. Historically, restricted State Aid was primarily used for career technical education and special education related to Threshold Costs (previously known as catastrophic cost) reimbursements. With the implementation of the FSFP, restricted aid is expanded beyond Career Tech and Threshold costs to include disadvantaged pupil impact aid (DPIA) and student wellness and success funds (SWSF). Under the SFPR, SWSF was accounted for outside of the General Fund and Four-Year Forecast in fund 467. In the FSFP, SWSF funds are part of the General Fund and are included in the Four-Year Forecast. The district is required to track and demonstrate that these funds are spent properly. Additionally, categorical funding (restricted aid) for career and technical education and special education is calculated using weights rather than 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 increase naturally as the Base Cost (see discussion in Unrestricted State Aid) increases. Further, the FY 2027 USAS manual rewrite requires the school district to track these restricted funds in specific special cost centers (cash control accounts) within the general fund, adding even more restrictions on how we account for these funds.

Restricted state aid continued to decrease due to our declining enrollment. However, because we are on the guarantee, our unrestricted allocation increases, driving us further into the guarantee.

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

- In fiscal years 2027-2030, the Forecast is not projecting an increase in Threshold Cost reimbursements. Under the FSFP, the amount of funding allocated to special education for every district is reduced by 10% to fund Threshold Cost reimbursements. Prior to the FSFP, districts applied for Threshold Costs reimbursements to generate additional funds for special education. The district's threshold cost amount has declined over the past three years. Not because the district is submitting fewer costs. The state allocates a flat dollar amount to Threshold costs reimbursements based on what is deducted from each schools foundation. As more schools participate in Threshold costs less is available to each district. In the early years, not all districts submitted as Wadsworth did. In other words, districts are catching up to what we do, thereby distributing the “pie” across more school districts and decreasing our reimbursement.

FY 2024

- **District Deduction (10% Share):** \$170,808
- **State Reimbursement Received:** \$669,079
- **Return on Deduction:** 390% more

FY 2025

- **District Deduction (10% Share):** \$163,362
- **State Reimbursement Received:** \$518,143
- **Return on Deduction:** 317% more than the district's share

FY 2026

- **District Deduction (10% Share):** \$163,981
- **State Reimbursement Received:** \$472,961
- **Return on Deduction:** 288% more than the district's share

In all three fiscal years, the district received **significantly more in reimbursements** than it paid through Threshold Cost deductions. This highlights the exceptional work the Threshold Cost team, led by Christine Chase, does to maximize every eligible reimbursement to the district.

1.050 State Reimbursement for Property Tax Credits

	Budget FY2027	FY2028	FY2029	FY2030
State Reimbursement for Property Tax Credits	2,688,666	2,688,666	2,688,666	2,688,666

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

- The Forecast projects flat funding for Homestead Exemption for each year.
- **The Medina County Commissioners increased this tax credit. However, unlike the initial credit, the expended credit does not include a hold harmless reimbursement from the state. Current legislation allows the County Commissioners to piggyback on this credit without reimbursement to the local government agencies.**

1.060 All Other Revenues (Local Income)

	Budget FY2027	FY2028	FY2029	FY2030
All Other Revenues	3,355,932	2,993,443	2,631,078	2,668,841

There are six primary revenue sources for 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 we will no longer 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 increase by 50% in FY 2027 due to the new fees approved by the Board of Education.

Investment income has played a significant role in our financial forecast in recent years, driven by high interest rates and healthy fund balances. Interest rates remained higher than projected this past year, resulting in over \$1M in interest income. However, we anticipate a decline in investment income beginning in FY 2027, with continued decreases in subsequent years. This decrease is primarily due to a reduction in fund balances resulting from projected deficit spending. To maximize investment returns, the district partners with Fifth Third Securities and uses a laddering strategy to ensure investments mature as needed to support the district's ongoing financial requirements.

Medicaid reimbursements for FY 2026 exceeded projections. The forecast projects these reimbursements to return to normal levels in FY 2027.

2.50 Advances – In

	Budget FY2027	FY2028	FY2029	FY2030
Advances-In	1,220,329	200,000	200,000	200,000

Advances in (FY 2027) are the result of advances out to both federal grants and the 004-construction fund. While not included in the forecast, we anticipate needing to advance funds to the construction fund and to federal grants at year-end.

2.060 Other Financing Sources

	Budget FY2027	FY2028	FY2029	FY2030
All Other Financing Sources	55,000	55,000	55,000	55,000

Other sources include the 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 County ESC

The district is not projecting rebates or refunds from BWC or the County Auditor's office during the life of the Forecast. Since the change in leadership in the County Auditor's office, the district has not

received rebates from the county, as we did with the previous county auditor. Therefore, the revenue in the category has been dramatically reduced compared to previous years.

2.080 Revenue Summary

	Budget FY2027	FY2028	FY2029	FY2030
Total Revenues and Other Financing Sources	62,658,405	62,063,576	62,623,241	63,655,512

The Forecast projects a decrease in FY 2027 total revenue (less advances) of \$435,620. This change is primarily driven by the decrease in PUPP tax collections (see line 1.020 explanation) and a decrease in investment income.

General Fund Expenditures

3.010 Salaries and Wages

	Budget FY2027	FY2028	FY2029	FY2030
Personal Services	37,163,008	38,089,158	39,192,157	40,367,922

Salaries and wages are projected to **DECREASE by 2.5%** from FY 2026 (as compared to a .6% increase for the same period last year). This is a direct result of:

- WEA and WESPA contract roll over with no bas pay increase
- Non-union employees received no increase in compensation
- The elimination of 25 teaching positions, one administrative position, and numerous support staff positions.

The 2026-27 salaries and benefits are projected to be 82% of General Fund Expenditures.

- **WEA and WESPA negotiated agreements:**
 - The district and the Wadsworth Education Association (WEA) are in a one-year rollover of the previous three-year contract. The rollover includes step increases for eligible employees but no increases in base pay. Employees will continue to pay 11% of the cost of health care insurance. In addition, in January, the district will offer a high-deductible health care plan with a Health Savings Account to all employees.
 - The district and the Wadsworth Education Support Personnel Association (WESPA) are also in a one-year rollover of the previous three-year contract. The rollover includes step increases for eligible employees but no increases in base pay. Employees will continue to pay 6% / 9% (for family or single coverage, respectively). In addition, in January, the district will offer a high-deductible health care plan with a Health Savings Account to all employees.
 - With both contracts expiring at the end of the current fiscal year and based on the current forecast, the district can only certify a **one-year** contract with both WESPA and WEA.
- The district's 2025-26 teaching staff consists of 267 full-time and 4 part-time teaching professionals. We have 11 licensed professionals working as tutors in the district (2 tutors are

funded with grant money and are not part of this Forecast), 23 Licensed Administrators, and 14 Exempt Salaried employees (2 of the exempt salaried employees are not paid by the General Fund). In addition, the district has four compact employees.

The staffing projections below account for the district's proactive reduction of teaching staff as enrollment continues to decline. The following staffing changes are accounted for:

- **Fiscal Year 2027: decrease in certified staff = 26**
 - The following positions were eliminated:
 - K-4 Elementary Teachers (-14 FTE)
 - K-4 Encore teachers - art, music, PE (1.78 FTE – 3 positions)
 - Intermediate School Teacher (-1 FTE)
 - Middle School Teacher (-1 FTE)
 - High School Teacher (-4 FTE)
 - English Language learner Teacher (-1 FTE)
 - Guidance counselor (-1 FTE)
 - High School Assoc Principal (-1 FTE)
- **Fiscal Years 2028 and 2028:**
 - The Forecast includes an allowance for step and wage increases each year.
 - The forecast incorporates a planned reduction in professional staff, aligned with the anticipated decline in our student enrollment of an additional three certified staff for the 2027-28 school year.
 - **Staffing % increases in the current forecast:**

Actual:	Forecasted:	
FY 2025: 6.8% * ESSER	FY 2027: -2.47%	FY 2029 2.9%
FY 2026: 2.2%	FY 2028: 2.5% (-3 staff)	FY 2030 3.0%

3.020 Employee Retirement / Insurance Benefits

	Budget FY2027	FY2028	FY2029	FY2030
Employees' Retirement/Insurance Benefits	16,620,727	17,164,200	18,578,150	20,142,340

The largest expense, aside from 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 collaborates with Be-Well Solutions to offer wellness support to five districts, encouraging employees to adopt a healthy lifestyle. 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 the results of their biometric screening.

The Board of Education and members of both the teachers' union (WEA) and support staff's union (WESPA) agreed to a one year rollover of the expiring three-year contract that took effect on July 1, 2023. There were no changes to employee healthcare benefits in the new contract. However, beginning in January of 2027, employees will be able to choose between the traditional PPO plan and a High Deductible Health Care Plan with a Health Savings Account.

The district has enjoyed several positive healthcare renewals in recent years. However, for the 2026-27 plan year, the district's healthcare renewal increased by **12.2%**. In the past year, the district experienced a depletion of reserves with the Summit Regional Healthcare Consortium (SRHCC) from \$2.5M to less than half a million dollars.

In April, the SRHCC approved renewal rates for the 2026-27 plan year beginning July 1, 2026. The Wadsworth City School experienced a 24-month loss ratio of 118%, meaning for every \$100 we invested in the consortium, the consortium paid \$118 in claims. This resulted in the 12.2% rate increase for the upcoming plan year.

FY 2017:	5.16%	FY 2022:	0.00%	Projected	
FY 2018:	2.33%	FY 2023:	1.60%	FY 2027:	12.2%
FY 2019:	4.85%	FY 2024:	4.10%	FY 2028:	11.0%
FY 2020:	0.00%	FY 2025:	18.61%	FY 2029:	11.0%
FY 2021:	0.00%	FY 2026:	15.56%	FY 2030:	11.0%

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 significant increase in our healthcare expenditures. Factors such as inflation and the utilization patterns of our insured members have all contributed to 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.

FY 2027:

Even with the 12.2% 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.

The increased premiums are somewhat offset by the staffing reductions (see Section 3.010, Salaries and Wages).

- Line 3.020 accounts for:
 - The staffing reductions as outlined above.
 - An allowance for health care plan changes (single to family) each year.

Other line 3.02 expenses:

In addition, retiring teachers aged 55 or older are required to have their severance paid into a 403(b). This expense is an employer contribution to the account and is considered a fringe benefit. The 6% increase in fringe benefits for the current year is a direct result of the severance payments + the 12.2% renewal, less the reduction in staffing.

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 with annual incomes below \$35,800. That is, for any employee making less than \$35,800 annually, the district must pay 14% of \$35,800, not their actual earnings. SERS has a cap of 2% of total SERS wages for 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

	Budget FY2027	FY2028	FY2029	FY2030
Purchased Services	8,155,716	8,486,547	8,809,712	9,153,195

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, and College Credit Plus (CCP) tuition for high school students.

As a result of the levy failure in May, there was a reduction in the purchase-services category, primarily related to professional development.

An area of concern is the rising cost of tuition for students attending 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 necessary educational support. However, the growing number of students requiring such services, coupled with the rising tuition rates, has contributed to a notable increase in our tuition costs, 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. Tuition expenses are projected to increase over the life of the forecast, even with the expansion of the Grizzly Academy.

The Purchased Services category continues to show steady growth, driven primarily by increases in three key areas:

1. **Special Education Contracted Services** – Costs for specialized instructional and support services provided by outside agencies continue to rise, reflecting both increased student needs and higher provider rates.
2. **Building Maintenance Services (e.g., HVAC)** – As facilities age, the district is experiencing higher expenditures for contracted maintenance services, particularly in areas like HVAC system repairs and preventative maintenance.
3. **Tuition Payments** – As previously noted, payments to other districts or entities for student placements, particularly in specialized programs, have also contributed to the upward trend.

These rising costs in contracted services are a significant factor in the overall increase in the Purchased Services line item.

Utilities are a major component of this category, but are projected to remain relatively constant over the forecast. The new Intermediate School will increase efficiencies over the old CIS building.

Substitute teachers and some support staff substitutes are included in Purchased Services, as we contract with Renhill for substitute services.

3.040 Supplies and Materials (500)

	Budget FY2027	FY2028	FY2029	FY2030
Supplies and Materials	1,867,633	2,860,470	2,954,899	2,685,985

Supplies and materials were substantially lower in FY 2022 and 2023 when textbook purchases were expensed from the Sales Tax Fund. As planned in FY 2020, textbooks are paid from the General Fund in FY 2024 and for the life of the forecast.

- Supplies are projected to decrease in FY 2027. This is primarily because the majority of the textbooks ordered for the 2025-26 school year out of the FY 2025 budget were paid for in FY 2026 (resulting in inflated expenses in this category in FY 2026).
- 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 returned to the General Fund starting in FY 2024.

As a result of the levy failure in May, there was a reduction in the supplies category, primarily related to custodial and technology supplies. However, the major reduction in supplies for FY 27 is a change to the textbook adoption schedule as outlined on the next page

See the next page for the textbook adoption cycle.

Textbook Adoption Cycle

2027	Intervention/Guid (7)	K-12	2027-2028	\$100,000
2028	<i>Math (extend for 1 extra year)</i> Science (6 year)	<i>K-12</i> K-12	<i>2028-2029</i> 2028-2029	<i>\$250,000</i> \$650,000
Fiscal Year	Subject	Grade Level	First Year of Use	Projected Cost
2029	<i>Math (6 year)</i> **World Language (+1) **Fine Arts **Business **Health	<i>K-12</i> 9-12 K-12 9-12 7-12	<i>2029-2030</i> 2029-2030	<i>\$650,000</i> \$300,000
2030	World Language (6) Fine Arts Business Health	9-12 K-12 9-12 7-12	2030-2031	\$300,000 \$150,000 \$150,000 \$35,000
2031	Intervention/Guid (7)	K-12	2031-2032	\$250,000

The forecast accounts for an additional \$130,000 per year for college credit plus textbooks

3.050 Capital Outlay (600 & 700)

	Budget FY2027	FY2028	FY2029	FY2030
Capital Outlay	332,921	476,463	492,830	797,643

The General Fund and the Sales Tax Fund support the district's capital needs. Approximately 35% of the sales tax proceeds go toward paying debt service on the construction of Wadsworth Intermediate School, as well as the OFCC's 1/2 mill maintenance levy requirement. Due to the commitment of 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 2025: 1 bus FY 2027: 3 0 buses
FY 2026: 2 buses FY 2028: 3 1 bus
 - Previously, the district purchased 3 buses per year to keep a healthy cycle of bus replacement about every 12 years. Due to the budget reductions outlined in the spring of 2026, the 3 buses for 2027 were eliminated. In addition, bus replacement was reduced to 1 per year for FY 28 and 29.
- The district recently adopted a five-year strategic plan for the calendar years 2026-2030. 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 have an adverse impact on the Forecast. Additionally, there are reserves in the Sales Tax fund to support unplanned capital needs.

The Board may want to consider allocating allowable expenses (such as textbooks/buses) to the sales tax fund in future years to extend the life of the current levy cycle.

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. It is anticipated that there will be advances to federal grants and the construction fund at FYE.

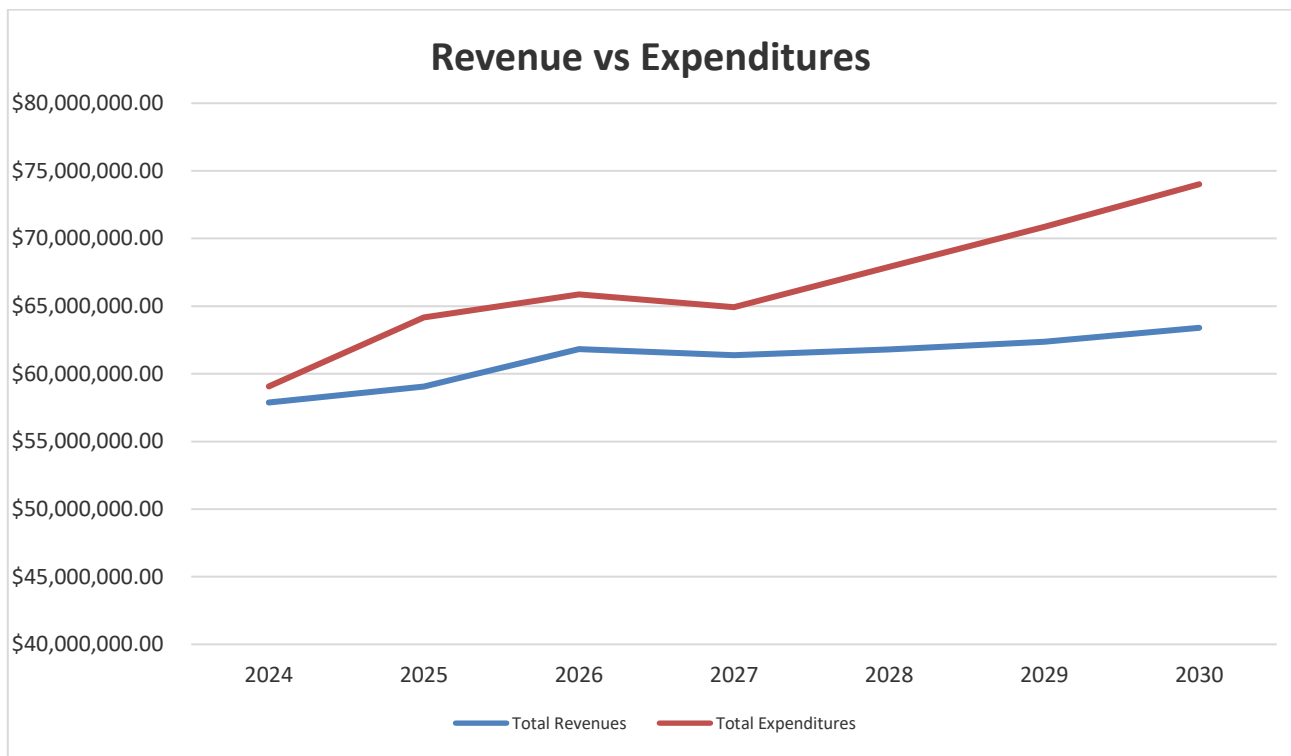
6.010 Excess Revenues over Expenditures (Deficit Spending):

	Budget FY2027	FY2028	FY2029	FY2030
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	2,505,128-	6,061,573-	8,477,292-	10,588,657-

This section illustrates whether the district maintains a balanced budget or engages in **deficit spending**, when expenditures exceed revenues. The district is currently in its fifth year since the passage of the 2021 operating levy and is projected to experience deficit spending for the forth consecutive year.

The chart below outlines the district's projected revenues and expenditures. As shown, deficit spending commenced in FY 2024 and is anticipated to persist throughout the forecast period. Revenue sources remain relatively flat, while expenditures are increasing due to negotiated agreements, rising health care costs, and inflation.

This trend underscores the importance of maintaining adequate cash reserves, as emphasized in the Board's recently adopted cash reserve policy.



7.020 Ending Cash Balance

	2024	2025	2026	Change	Budget FY2027	FY2028	FY2029	FY2030
Cash Balance June 30	21,076,279	16,883,060	14,611,633	-16.7%	12,106,505	6,044,932	2,432,360	13,021,018

There are many pressures affecting our financial picture, including, but not limited to, state and federal aid, declining enrollment, staffing reductions, healthcare expenses, contracted services, and property tax reform, all of which contribute to our projected deficit spending in each fiscal year of the forecast. Our district is facing a critical path to maintaining a positive cash balance. Without change, we anticipate that our cash reserves will be depleted in FY 2029. For that reason, the Board of Education continues to review reductions in staffing and services to reduce expenditures, and has placed a 1% earned income tax for a period of five years on the November 3, 2026, ballot.

The expenditure reductions implemented for FY 2027 through FY 2029, including both staffing and non-staffing expenditures, have improved the District's financial outlook compared to the February 2026 Four-Year Forecast. Under the February forecast, the District projected a deficit cash balance in FY 2028. Based on the reductions implemented, the projected deficit cash balance has now been deferred to FY 2029.

Although the District continues to project a deficit cash balance in the third year of the forecast, the corrective actions taken have eliminated the projected deficit cash balance in the second year of the forecast. As a result, the District is no longer projected to meet the statutory criteria that would have resulted in earlier fiscal oversight actions. The District does, however, anticipate being identified by the Ohio Department of Education and Workforce (ODEW) as a district in Fiscal Precaution due to the projected deficit cash balance in the third year of the forecast.

Consistent with ODEW's fiscal oversight process, the District anticipates that ODEW will require the submission of an updated Fiscal Precaution Plan this fall outlining the additional measures the District will implement to maintain fiscal solvency and address the projected deficit.

The chart on the last page outlines our fiscal year-end cash balances.

