

GENERAL FUND
FIVE YEAR FORECAST
JULY 1, 2023, THROUGH JUNE 30, 2028
MAY 13, 2024
PRESENTED BY JULIO VALLADARES, MBA,
TREASURER/CFO



Newark City Schools

A Community of Opportunity and Learning

PURPOSES AND OBJECTIVES OF THE FORECAST

- To engage the Board of Education in long range planning and discussions of financial issues facing the school district.
- To paint a picture of the future based upon a snapshot of today while serving as a key management tool and should be updated periodically.
- To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. 5705.412, commonly known as the "412 certificate".
- To provide a method for the Ohio Department of Education and Auditor of State to identify school districts with potential financial problems.

KEY LINE ITEMS

- The five-year forecast is divided into two sections: revenue and expenditures
- A district's revenue is made up of two main sources, local and state funding
- The expenditures are mainly salary and wages, benefits, purchased services, and supplies and materials

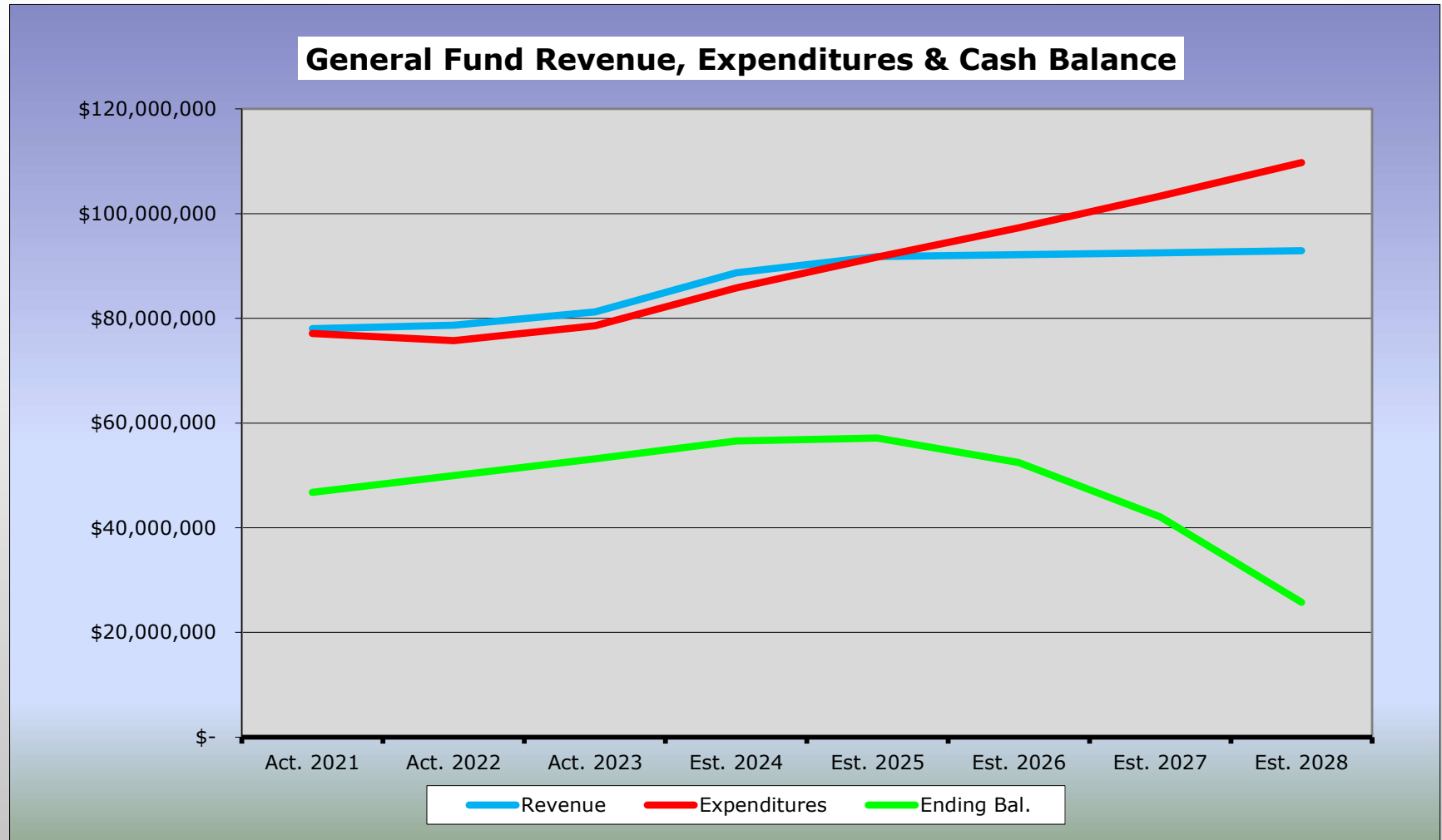
FORECAST OVERVIEW

- The changes in school funding have been estimated with the information we have available
- Recent real estate appraisal increases are included accordingly.
- Biennial budgets beyond FY25 are unknown, and we have estimated state foundation to be almost static for future years of the forecast.
- Expenditures are outpacing revenues starting this current fiscal year (FY26), decreasing cash balance.

FORECAST

	Actual			Forecasted				
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2021	2022	2023	2024	2025	2026	2027	2028
Total Revenues	79,990,419	78,919,396	81,752,538	89,166,522	92,284,146	92,609,894	92,981,593	93,362,768
Total Expenditures	77,107,608	75,710,445	78,560,938	85,775,152	91,706,294	97,295,238	103,337,086	109,720,844
	2,882,811	3,208,950	3,191,600	3,391,370	577,852	(4,685,344)	(10,355,493)	(16,358,076)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	43,878,658	46,761,469	49,970,419	53,162,019	56,553,389	57,131,241	52,445,897	42,090,404
Cash Balance June 30	46,761,469	49,970,419	53,162,019	56,553,389	57,131,241	52,445,897	42,090,404	25,732,328
Reservations	3,815,826	4,612,260	3,665,484	3,665,484	3,665,484	3,665,484	3,665,484	3,665,484
Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	0	0	0
Unreserved Fund Balance June 30	42,945,643	45,358,159	49,496,535	52,887,905	53,465,757	48,780,413	38,424,920	22,066,844

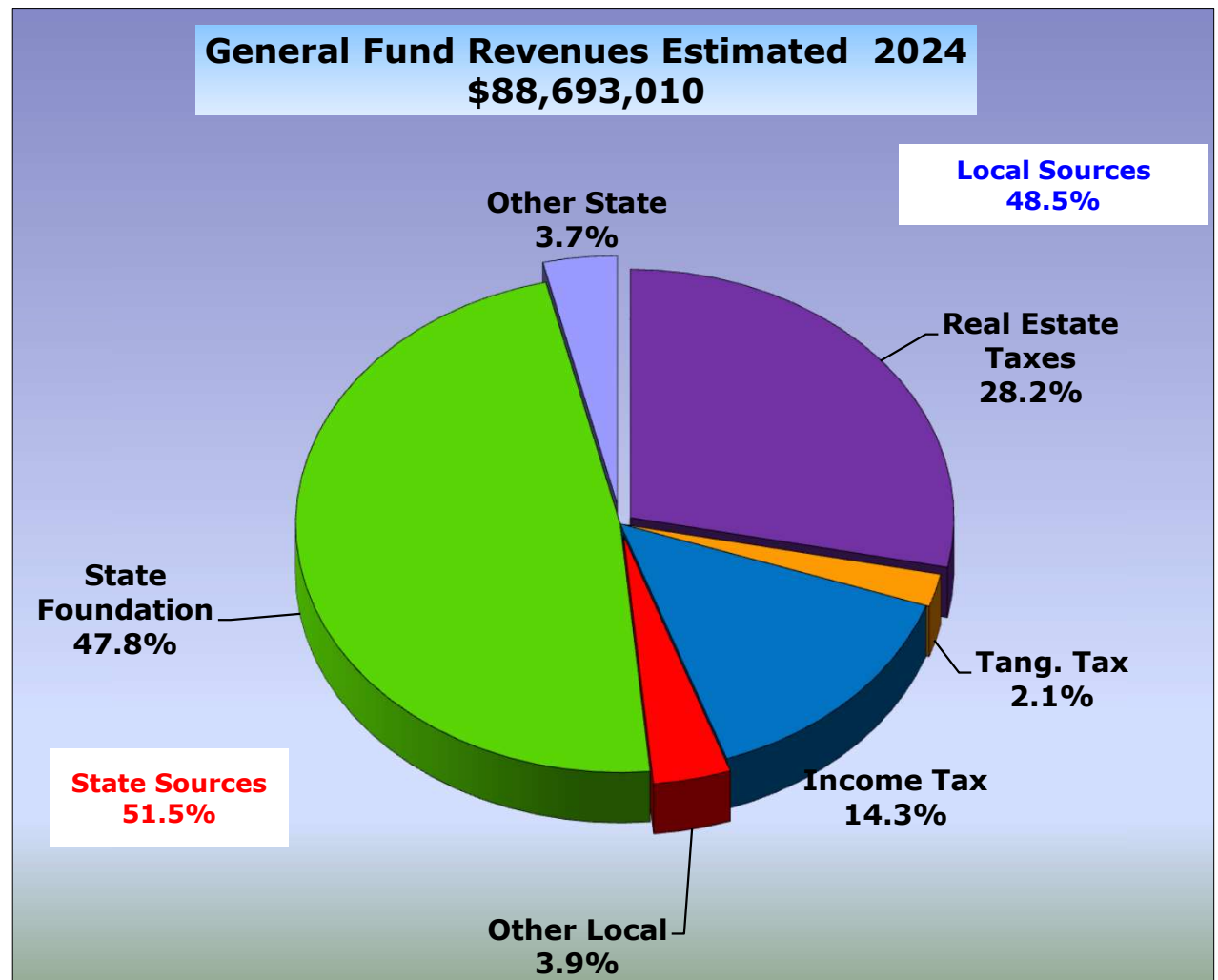
REVENUE VS. EXPENDITURE



- **Expenses exceed revenues starting in FY26**

EST. GENERAL FUND REVENUE SOURCES FY24

- ▶ • District continues to have a high dependency on state revenues.
- ▶ state revenues.

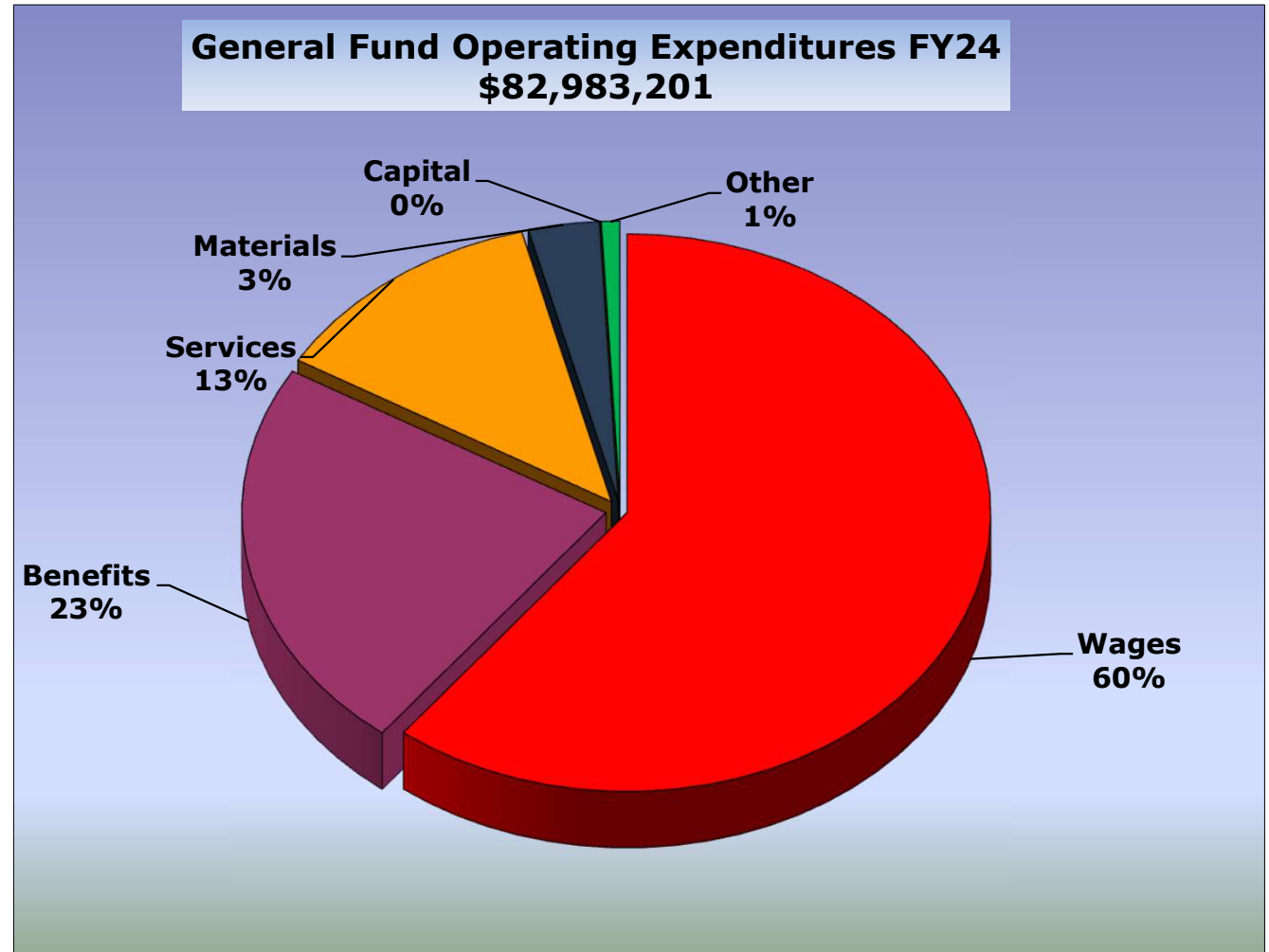


CHALLENGES TO OPERATING REVENUE

- INCREASING LOCAL REVENUES
 - WITH REAL ESTATE PROPERTY TAXES (NEW DEVELOPMENT)
 - JOB CREATIONS (INCOME TAXES)
 - STATE BUDGETS UNCERTAINTY
- HB110 SIGNIFICANT CHANGES TO SCHOOL FUNDING REPRESENT FUTURE UNCERTAINTY TO THE DISTRICT'S OPERATIONS.
 - STATE BIENNIAL BUDGET FOR FY26-27 & FY27-28

EST. GENERAL FUND EXPENDITURES FY24

▶ • District
Wages and
benefits
Estimate is
83%

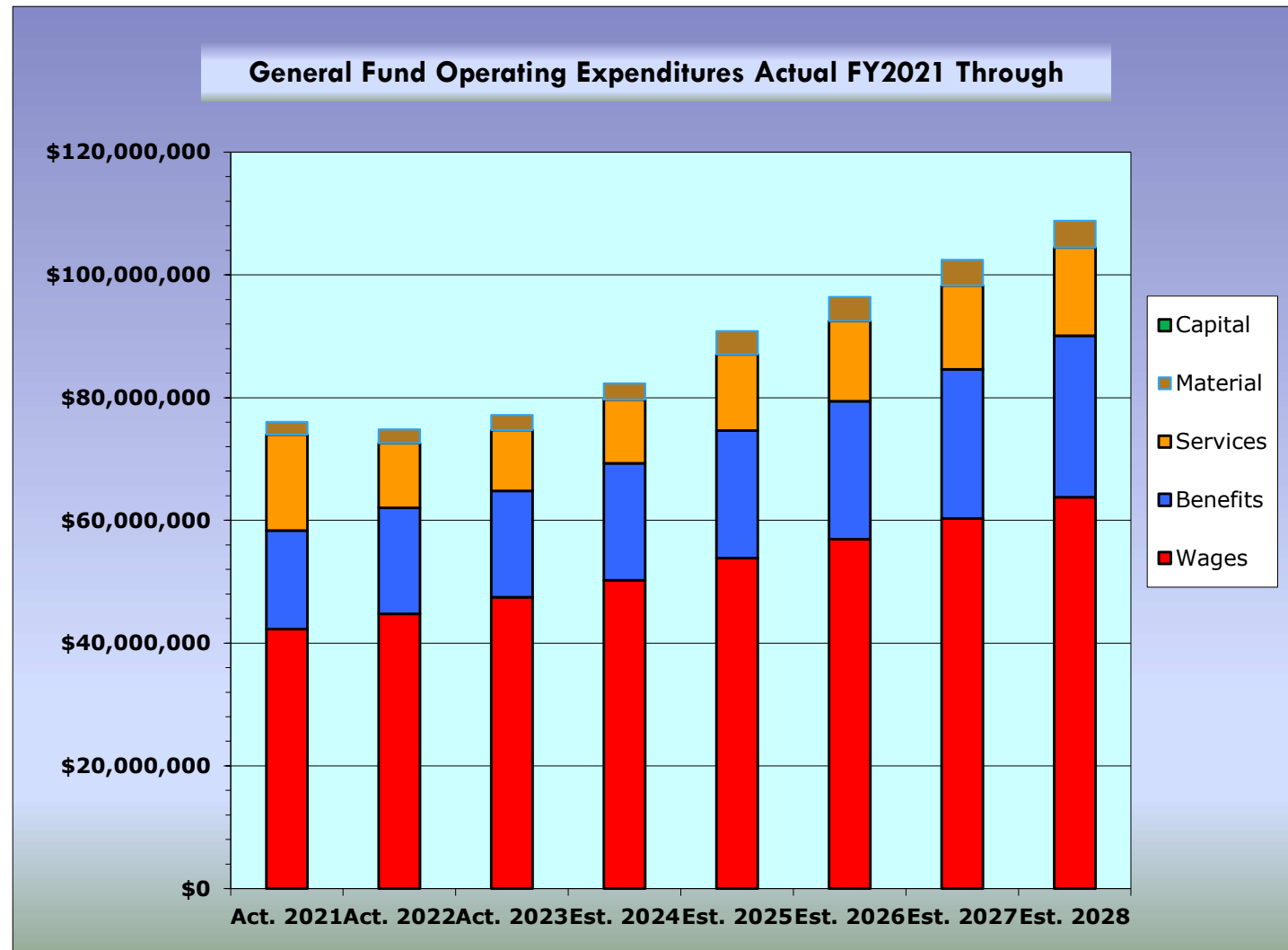


CHALLENGES TO OPERATING EXPENDITURES

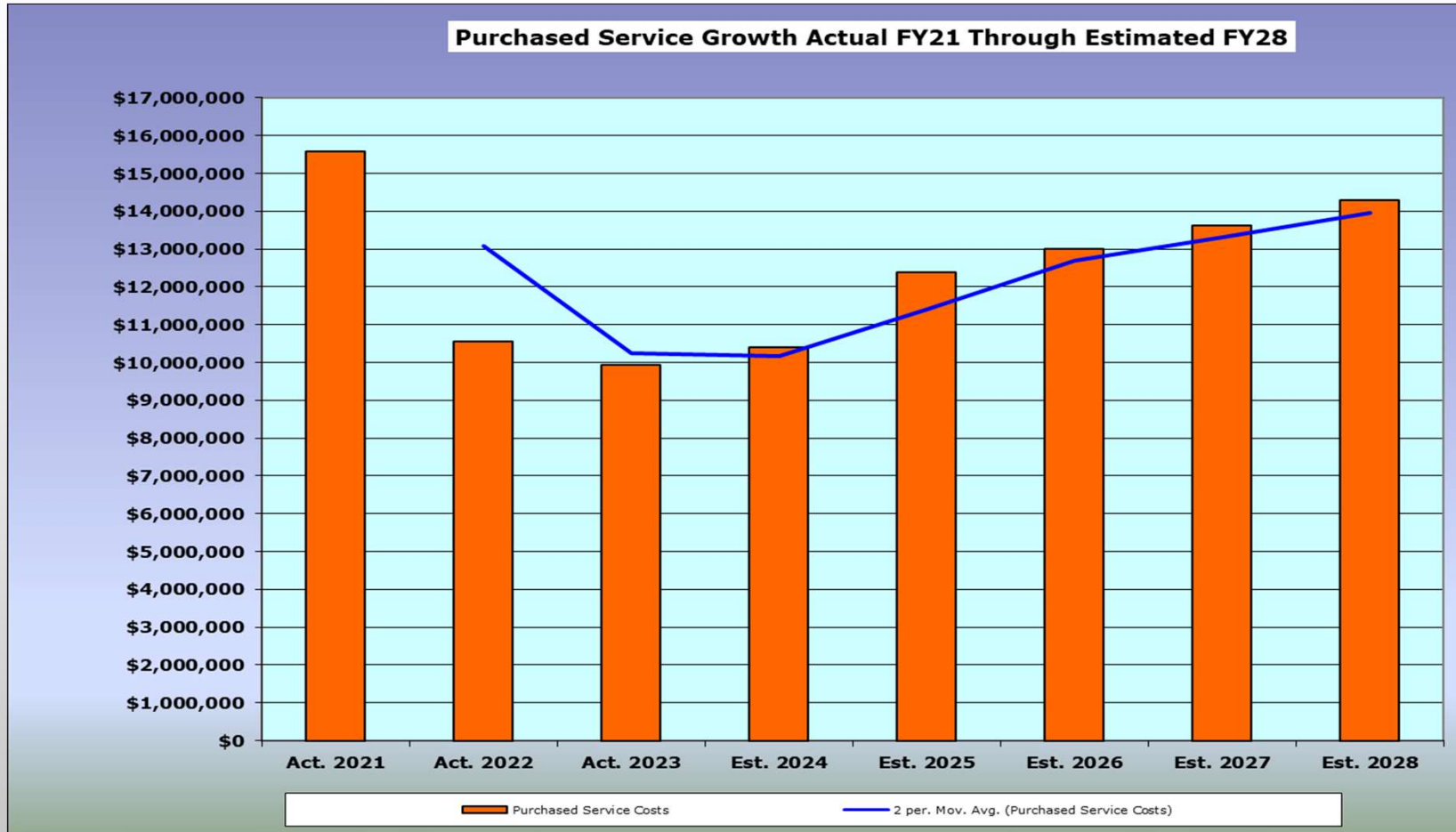
- VOLATILITY AND UNCERTAINTY OF HIGH INFLATION
 - INCREASING COST OF SUPPLIES AND MATERIALS
- FUTURE WAGES NEGOTIATIONS
- HIGH COSTS FOR HEALTH BENEFITS
 - MEDICAL AND DENTAL COST CONTROL MEASURES

GENERAL FUND EXPENDITURES BY OBJECT FY21 THROUGH EST. FY 28

▶ Outside salary and wages, purchased services represents the next major category, which includes ESC services, utilities, etc....

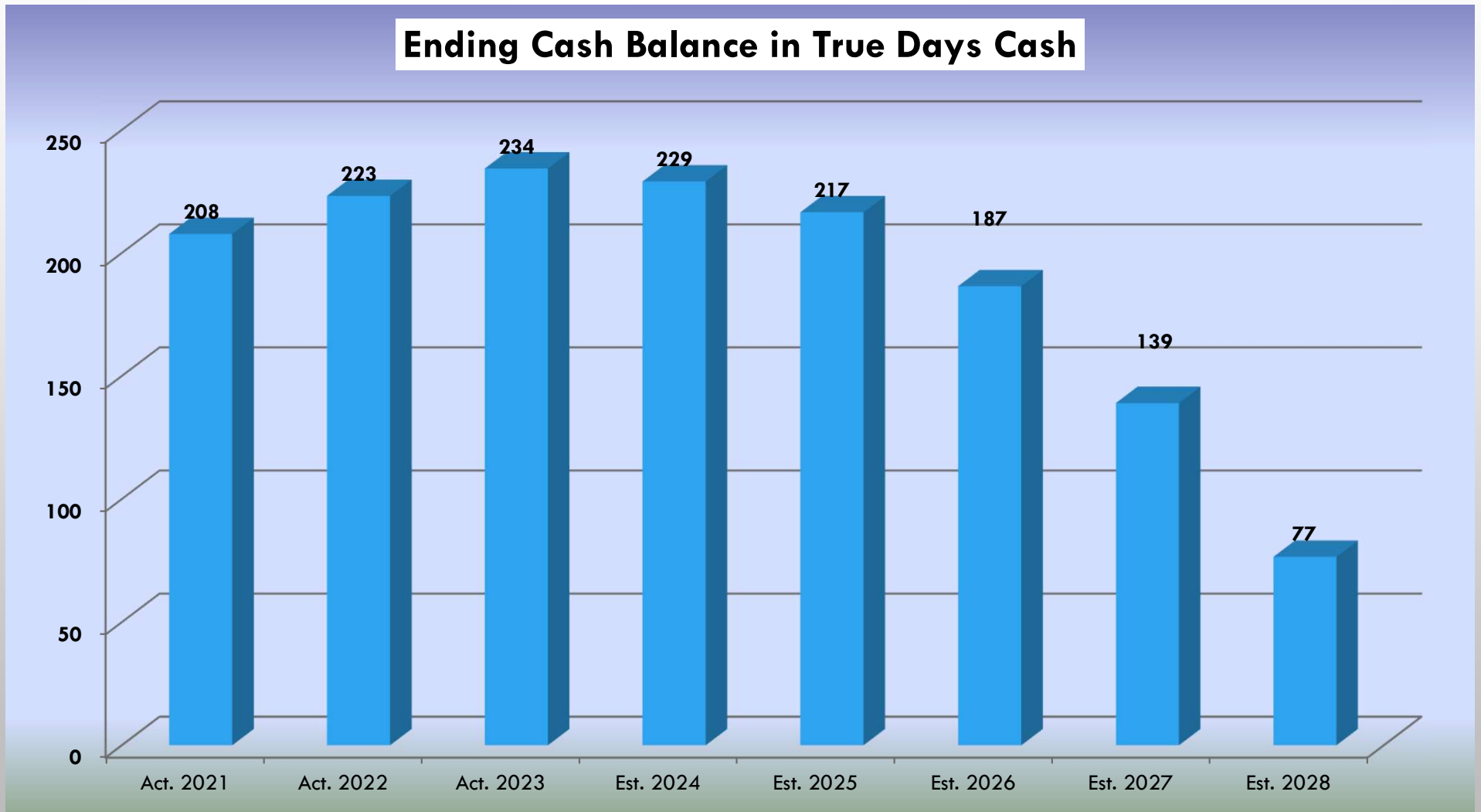


PURCHASED SERVICES TREND



Federal sources reduce Purchase Services during FY22-24

ENDING CASH BALANCE



CONCLUSION

- CONTINUE TO LOOK AT PROGRAMS AND IMPLEMENT COST MEASURES TO ACHIEVE SUSTAINABILITY
- LONG-TERM: NEED TO WATCH THE NEXT 2 STATE BIENNIAL BUDGET DELIBERATIONS, WHILE CONTINUING TO OPERATE CONSERVATIVELY
- CONTINUE TO LOOK AT THE PROPOSED BUDGET BILL HB187
 - INTENT TO HELP LOWER PROPERTY TAXES
 - IMPACT ON SCHOOL DISTRICTS (DELAY SETTLEMENTS)
 - TIMING AND METHODOLOGY

THANK YOU FOR LISTENING

- QUESTIONS AND ANSWERS

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