

**Newark City School District – Licking County**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022 and 2023**  
**ACTUAL**  
**FORECASTED FISCAL YEARS ENDING JUNE 30, 2024**  
**THROUGH 2028**



# Newark City Schools

A Community of Opportunity and Learning

**Forecast Provided By**  
**Newark City School District**  
**Treasurer's Office**  
**Julio Valladares, MBA, Treasurer/CFO**

*Updated May 13, 2024*

# NEWARK CITY SCHOOL DISTRICT

## Licking County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2021, 2022, 2023

Forecasted Fiscal Year Ending June 30, 2024 through 2028

	Actual				Average Change	Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023			Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	\$20,732,417	\$21,638,620	\$21,457,132	1.8%	\$25,018,330	\$27,372,957	\$27,349,747	\$27,356,484	\$27,363,222	
1.020 Public Utility Personal Property Tax	1,507,178	1,628,242	1,694,982	6.1%	\$1,891,657	\$1,925,937	\$1,930,459	\$1,936,711	\$1,942,962	
1.030 Income Tax	9,897,327	11,479,422	12,817,037	13.8%	\$12,708,781	\$12,961,488	\$13,220,718	\$13,485,132	\$13,754,835	
1.035 Unrestricted State Grants-in-Aid	39,534,103	34,510,168	35,203,307	-5.3%	\$38,167,275	\$37,759,860	\$37,759,860	\$37,759,860	\$37,759,860	
1.040 Restricted State Grants-in-Aid	0	3,307,917	3,666,943	0.0%	\$4,214,095	\$4,320,784	\$4,323,425	\$4,326,092	\$4,328,786	
1.050 Property Tax Allocation	2,819,117	2,951,550	2,946,162	2.3%	\$3,268,419	\$4,336,038	\$4,331,450	\$4,331,963	\$4,332,477	
1.060 All Other Revenues	3,520,186	3,157,197	3,413,976	-1.1%	\$3,424,453	\$3,133,570	\$3,220,723	\$3,311,839	\$3,407,114	
1.070 <b>Total Revenues</b>	<b>78,010,328</b>	<b>78,673,115</b>	<b>81,199,539</b>	<b>2.0%</b>	<b>88,693,010</b>	<b>91,810,634</b>	<b>92,136,382</b>	<b>92,508,081</b>	<b>92,889,256</b>	
<b>Other Financing Sources</b>										
2.040 Operating Transfers-In	98,235	72,241	188,512	67.2%	188,512	188,512	188,512	188,512	188,512	
2.050 Advances-In	602,638	150,000	150,000	-37.6%	185,000	185,000	185,000	185,000	185,000	
2.060 All Other Financing Sources	1,279,218	24,040	214,487	347.0%	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
2.070 <b>Total Other Financing Sources</b>	<b>1,980,091</b>	<b>246,281</b>	<b>552,999</b>	<b>18.5%</b>	<b>473,512</b>	<b>473,512</b>	<b>473,512</b>	<b>473,512</b>	<b>473,512</b>	
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>79,990,419</b>	<b>78,919,396</b>	<b>81,752,538</b>	<b>1.1%</b>	<b>89,166,522</b>	<b>92,284,146</b>	<b>92,609,894</b>	<b>92,981,593</b>	<b>93,362,768</b>	
<b>Expenditures</b>										
3.010 Personal Services	\$42,286,215	\$44,735,336	\$47,452,413	5.9%	\$50,226,214	\$53,821,887	\$56,924,883	\$60,269,441	\$63,764,719	
3.020 Employees' Retirement/Insurance Benefits	16,052,173	17,268,974	17,301,605	3.9%	\$19,050,695	\$20,801,178	\$22,478,299	\$24,326,884	\$26,324,797	
3.030 Purchased Services	15,593,917	10,548,476	9,926,883	-19.1%	\$10,409,949	\$12,447,210	\$13,054,817	\$13,692,656	\$14,362,239	
3.040 Supplies and Materials	2,124,706	2,256,809	2,491,472	8.3%	2,616,046	3,746,849	3,934,191	4,130,901	4,337,446	
3.050 Capital Outlay	-	-	-	0.0%	-	-	-	-	-	
4.300 Other Objects	576,697	634,490	666,958	7.6%	\$680,297	\$693,903	\$707,781	\$721,937	\$736,376	
4.500 <b>Total Expenditures</b>	<b>\$76,633,708</b>	<b>75,444,085</b>	<b>77,839,331</b>	<b>0.8%</b>	<b>82,983,201</b>	<b>91,511,027</b>	<b>97,099,971</b>	<b>103,141,819</b>	<b>109,525,577</b>	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	464,783	72,241	\$188,512	38.2%	2,785,196	\$188,512	\$188,512	\$188,512	\$188,512	
5.020 Advances-Out	0	185,000	526,340	0.0%	-	-	-	-	-	
5.030 All Other Financing Uses	9,117	9,120	6,755	-12.9%	\$6,755	\$6,755	\$6,755	\$6,755	\$6,755	
5.040 <b>Total Other Financing Uses</b>	<b>473,900</b>	<b>266,361</b>	<b>721,607</b>	<b>63.6%</b>	<b>2,791,951</b>	<b>195,267</b>	<b>195,267</b>	<b>195,267</b>	<b>195,267</b>	
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>77,107,608</b>	<b>75,710,445</b>	<b>78,560,938</b>	<b>1.0%</b>	<b>85,775,152</b>	<b>91,706,294</b>	<b>97,295,238</b>	<b>103,337,086</b>	<b>109,720,844</b>	
6.010	2,882,811	3,208,950	3,191,600	5.4%	3,391,370	577,852	(4,685,344)	(10,355,493)	(16,358,076)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	43,878,658	46,761,469	49,970,419	6.7%	53,162,019	56,553,389	57,131,241	52,445,897	42,090,404	
7.020 <b>Cash Balance June 30</b>	<b>46,761,469</b>	<b>49,970,419</b>	<b>53,162,019</b>	<b>6.6%</b>	<b>56,553,389</b>	<b>57,131,241</b>	<b>52,445,897</b>	<b>42,090,404</b>	<b>25,732,328</b>	
8.010 <b>Estimated Encumbrances June 30</b>	<b>2,881,420</b>	<b>3,677,854</b>	<b>2,731,078</b>	<b>0.9%</b>	<b>2,731,078</b>	<b>2,731,078</b>	<b>2,731,078</b>	<b>2,731,078</b>	<b>2,731,078</b>	
<b>Reservation of Fund Balance</b>										
9.030 Budget Reserve	934,406	934,406	934,406	0.0%	934,406	934,406	934,406	934,406	934,406	
9.080 <b>Subtotal</b>	<b>934,406</b>	<b>934,406</b>	<b>934,406</b>	<b>0.0%</b>	<b>934,406</b>	<b>934,406</b>	<b>934,406</b>	<b>934,406</b>	<b>934,406</b>	
<b>Fund Balance June 30 for Certification of</b>										
10.010 <b>Appropriations</b>	<b>42,945,643</b>	<b>45,358,159</b>	<b>49,496,535</b>	<b>7.4%</b>	<b>52,887,905</b>	<b>53,465,757</b>	<b>48,780,413</b>	<b>38,424,920</b>	<b>22,066,844</b>	
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>42,945,643</b>	<b>45,358,159</b>	<b>49,496,535</b>	<b>7.4%</b>	<b>52,887,905</b>	<b>53,465,757</b>	<b>48,780,413</b>	<b>38,424,920</b>	<b>22,066,844</b>	
15.010 <b>Unreserved Fund Balance June 30</b>	<b>42,945,643</b>	<b>45,358,159</b>	<b>49,496,535</b>	<b>7.4%</b>	<b>52,887,905</b>	<b>53,465,757</b>	<b>48,780,413</b>	<b>38,424,920</b>	<b>22,066,844</b>	
<b>ADM Forecasts</b>										
20.010 Kindergarten - October Count	571	460	563	1.5%	474	474	474	474	474	
20.015 Grades 1-12 - October Count	6,009	6,057	5,545	-3.8%	5,513	5,513	5,513	5,513	5,513	
<b>True Days Cash Line 59</b>	<b>221</b>	<b>241</b>	<b>247</b>	<b>247%</b>	<b>241</b>	<b>227</b>	<b>197</b>	<b>149</b>	<b>86</b>	
<b>True Days Unencumbered Cash Line 91</b>	<b>203</b>	<b>219</b>	<b>230</b>	<b>275%</b>	<b>225</b>	<b>213</b>	<b>183</b>	<b>136</b>	<b>73</b>	
<b>Millage equivalent for deficit spending</b>					<b>0.00</b>	<b>0.00</b>	<b>(4.68)</b>	<b>(7.62)</b>	<b>(12.03)</b>	

### **Introduction to the Five Year Forecast**

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as the official owner.

Here are at least three purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long range planning and discussions of financial issues facing the school district
- (2) 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"
- (3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the May 2024 filing.

### **May 2024 Updates:**

#### **Revenues FY24**

The overview of revenues shows that we are substantially higher than original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$88.7 million or 4.2% higher than the November forecasted amount of \$85.1 million. This indicates that the November forecast was 95.8% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 30.3% and are estimated to be \$26.9 million, which is \$3.7 million higher for FY24 than the original November estimate of

\$23.2 million. The significant variance is due to the reappraisal. Our estimates are 84.1% accurate for FY24 and we have adjusted future years to ensure future projections are on target.

Line 1.03 - The district's collection of School District Income Tax (SDIT) are projected to be \$12.7 million in as compared to \$13.1 million in the November forecast. Collections for FY24 are expected to be 3.0% under our original estimate. The SDIT represents 14.30% of the district revenues.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$42.4 million, which is \$300,000 higher than the original estimate for FY24. We are pleased that we were able to be 99.3% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

### **Expenditures FY24**

Total General Fund expenditures (line 4.5) are estimated to be \$83.0 million for FY24, which is on target with the original estimate of \$83.0 million in the November forecast.

All areas of expenses are expected to remain on target with original projections for the year.

### **Unreserved Ending Cash Balance**

With revenues increasing from estimates and expenditures ending primarily on target, our ending unreserved cash balance June 30, 2024, is anticipated to be roughly \$22.1 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

### **Forecast Risks and Uncertainty:**

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the next two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

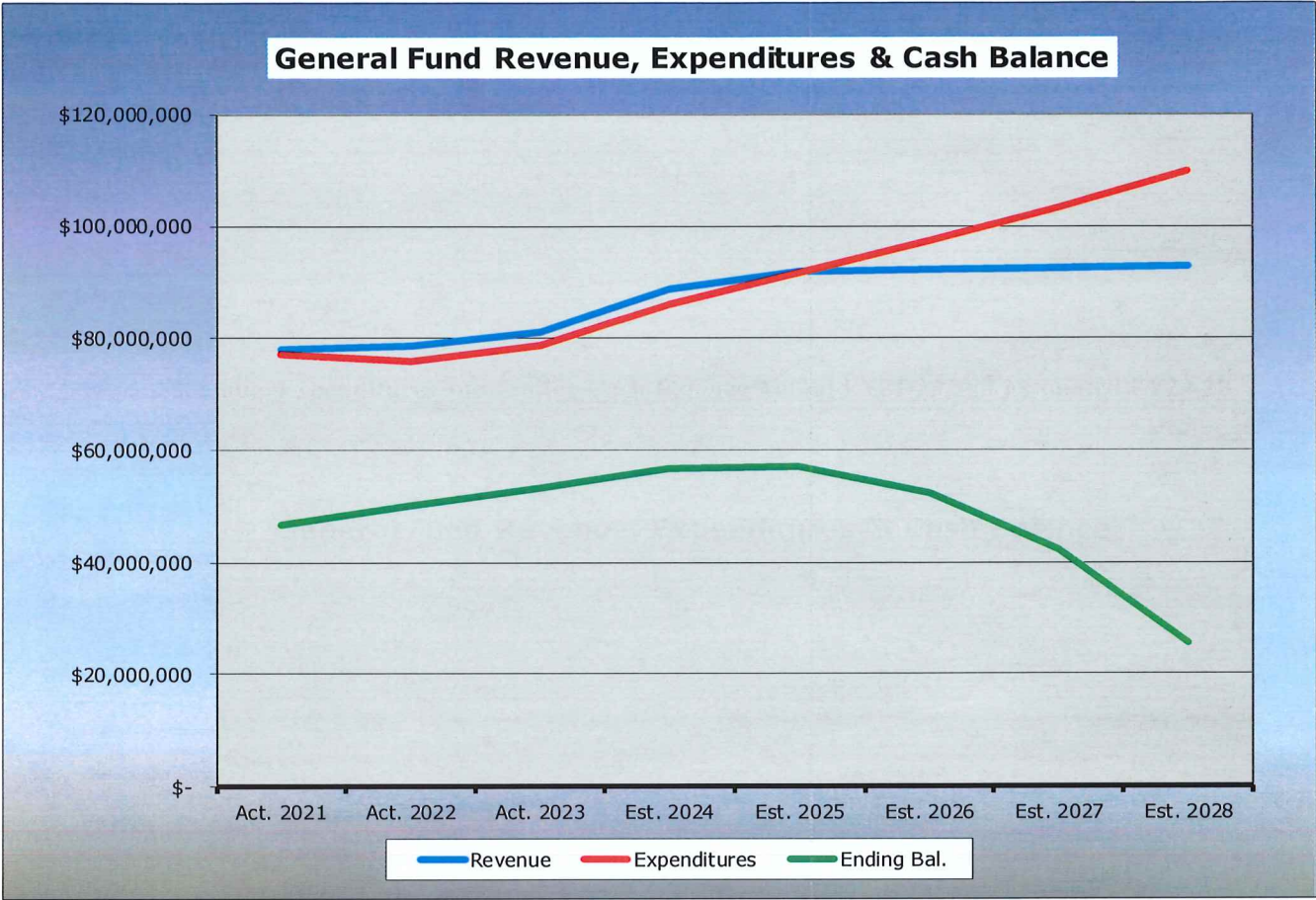
- I. State Foundation Funding – HB33, the current state budget, continues to phase-in what has been referred to as the Fair School Funding Plan(FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid is calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.
- II. The District's \$5.9 million emergency levy was renewed May 8, 2018 and will expire on December 31, 2029. The District's 1% income tax was made permanent as a result of voters positive support on May 3, 2022. The passage of the income tax was critical to the operations and financial health of the District in the long term.

- III. The legislature has formed a “Joint Committee on Property Tax Review and Reform” which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20 mill floor currently in law. Our district is currently on the 20 mill floor for Class I and Class II values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.
- IV. HB33 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, there still are education option programs such as College Credit Plus which will continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs such as these can expose the district to new expenditures that are not currently in the forecast. We closely monitor any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.
- V. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe, as we move forward, our positive working relationship will continue and will only grow stronger.
- VI. Rollback - HB59 eliminated the Rollback exemption on any future new or replacement levy. This means that should the District place a new levy on the ballot taxpayers will no longer receive the 12.5% reduction as they do on current levies. This could make passing any new levy more difficult. This will not affect the total collection for the school district, but will shift the burden from the State of Ohio onto local taxpayers.

**Detailed Forecast Analysis**

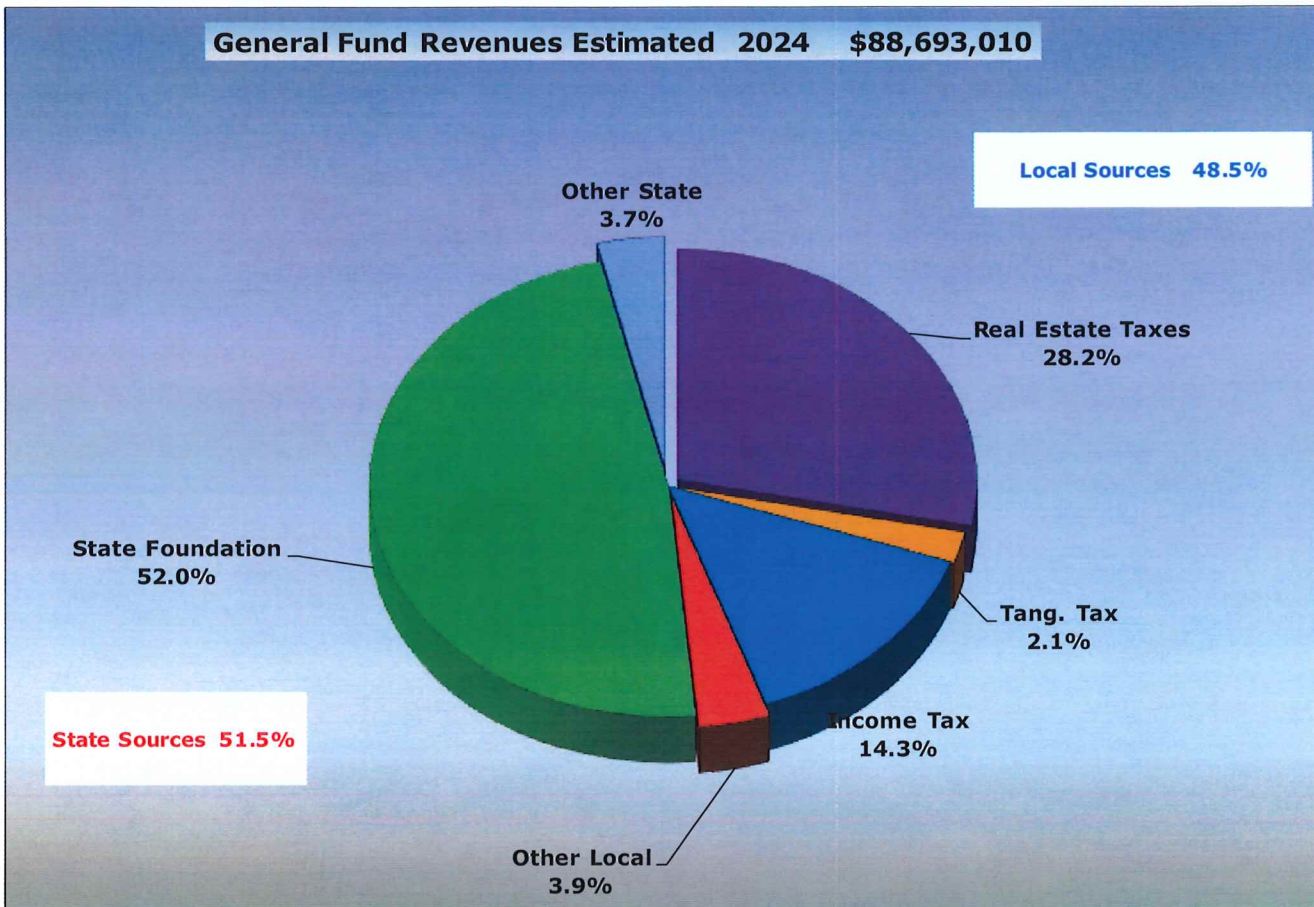
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Julio Valladares, Treasurer/CFO of Newark City School District at 740-670-7010.

**General Fund Revenue, Expenditures and Ending Cash Balance Actual FY21-23 and Estimated FY24-28**



The graph captures in one snapshot the operating scenario facing the District over the next few years and reflects an operating deficit starting in fiscal year 2026.

**Revenue Assumptions**  
**Estimated General Fund Operation Revenue for FY24**



**Real Estate Value Assumptions – Line # 1.010**

Property Values are established each year by the County Auditor based on new construction, demolitions, Board of Revision (BOR)/Board of Tax Appeals (BTA) activity and complete reappraisal or updated values. We believe values will continue to improve in the future.

A reappraisal update occurred in tax year 2023 for collection in FY24. The reappraisal resulted in a valuation increase of 35.81% or \$358.8 million. The increase in residential value was 27.41% or \$278 million, growth in commercial/industrial values 26.6% or \$75.5 million and growth in PUPP values 8.0% or \$4.8 million. We anticipate overall growth from 2025 – 2028 to average .4%. The chart on the next page reflects these assumptions.

**Estimated Assessed Value (AV) by Collection Year**

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	\$1,014,281,170	\$1,014,481,170	\$1,014,681,170	\$1,014,881,170	\$1,015,081,170
Comm./Ind.	284,229,895	284,429,895	284,629,895	284,829,895	285,029,895
Public Utility (PUPP)	<u>60,330,400</u>	<u>60,530,400</u>	<u>60,730,400</u>	<u>60,930,400</u>	<u>61,130,400</u>
Total Assessed Value	<u>\$1,358,841,465</u>	<u>\$1,359,441,465</u>	<u>\$1,360,041,465</u>	<u>\$1,360,641,465</u>	<u>\$1,361,241,465</u>

**Estimated Real Estate Tax Line #1.010**

Property tax levies are estimated to be collected at 97.5% of the annual amount. In general, 55% of the Res./Ag. and Comm./Ind. taxes are expected to be collected in February tax settlements and 45% collected in August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the Licking County Auditor and are included in Line 1.02 of the forecast noted below.

Source	FY24	FY25	FY26	FY27	FY28
General Property Taxes Line #1.010	<u>\$25,018,330</u>	<u>\$27,372,957</u>	<u>\$27,349,747</u>	<u>\$27,356,484</u>	<u>\$27,363,222</u>

**Estimated Tangible Personal Tax – Line#1.020**

The amount on Line 1.020 is the public utilities personal property (PUPP) tax revenues from telephone, electric, and gas company tangible personal property. The values for PUPP are collected at our gross tax rates.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property	<u>\$1,891,657</u>	<u>\$1,925,937</u>	<u>\$1,930,459</u>	<u>\$1,936,711</u>	<u>\$1,942,962</u>

**School District Income Tax – Line 1.030**

The District’s income tax was renewed on May 3, 2022 to become permanent. We have seen a 2% increase in the July payment and have forecast the remaining payments to increase 2% from last year due. The income tax has slowed this year with a slight decrease expected, but we expect steady growth from year to year and we are estimating 2% annual growth for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
SDIT Collection 1% made permanent 5/3/	\$12,817,037	\$12,708,781	\$12,961,488	\$13,220,718	\$13,485,132
Adjustments	<u>-\$108,256</u>	<u>\$252,707</u>	<u>\$259,230</u>	<u>\$264,414</u>	<u>\$269,703</u>
Total to Line #1.030	<u>\$12,708,781</u>	<u>\$12,961,488</u>	<u>\$13,220,718</u>	<u>\$13,485,132</u>	<u>\$13,754,835</u>



## **State Foundation Revenue Estimates – Lines #1.035 and 1.040**

### **Current State Funding Model per HB110 through June 30, 2023**

#### **A) Unrestricted State Foundation Revenue– Line #1.035**

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the April 2024 foundation settlement and funding factors for FY25 from the simulations provided by the Department of Education and Workforce.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

#### **Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan**

- A. Student Population and Demographics
- B. Property Valuation Per Pupil
- C. Personal Income of District Residents Per Pupil
- D. Historical Funding - CAPS and Guarantees from prior funding formulas “Funding Bases” for guarantees.

#### **Base Cost Approach - Unrestricted Basic Aid Foundation Funding**

The new funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer more up to date statewide average costs will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a districts local capacity will update for FY24. Base costs per pupil includes funding for five (5) areas:

- 1. Teacher Base Cost (4 subcomponents)
- 2. Student Support (7 subcomponents-including a restricted Student Wellness component)
- 3. District Leadership & Accountability (7 subcomponents)
- 4. Building Leadership & Operations (3 subcomponents)
- 5. Athletic Co-curricular (contingent on participation)

#### **State Share Percentage – Unrestricted Basic Aid Foundation Funding**

Once the base cost is calculated, which is currently at a statewide average of \$8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district’s ability to raise taxes based on local wealth the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled.
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and item 1 through 3 above added together the total is then multiplied by a Local Share Multiplier Index from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount.

### **Categorical State Aid**

In addition to the base state foundation funding calculated above the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

#### Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district’s calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding.

#### Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase in increases are limited to 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds in FY20 and FY21 were accounted for in Fund 467 but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

### **State Funding Phase-In FY24 and FY25 and Guarantees**

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the

plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 50% in FY24 and 66.67% in FY25. The funding formula includes three (3) guarantees: 1) “Formula Transition Aid”; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get less funds in FY24 and FY25 than they received in FY21.

**Future State Budget Projections beyond FY25**

Our funding status for the FY26-28 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

**Casino Revenue**

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year which began for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY22 was \$109.39 million for schools or \$62.86 per pupil. In FY23, the funding was increased to \$113.1 million for schools or \$64.90 per pupil, and in FY24, the funding totaled \$113.11 million or \$65.02 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	\$35,691,166	\$35,304,835	\$35,304,835	\$35,304,835	\$35,304,835
Additional Aid Items	<u>1,755,703</u>	<u>1,734,619</u>	<u>1,734,619</u>	<u>1,734,619</u>	<u>1,734,619</u>
Basic Aid-Unrestricted Subtotal	\$37,446,869	\$37,039,454	\$37,039,454	\$37,039,454	\$37,039,454
Ohio Casino Commission/ Medicaid/ Cre	<u>720,406</u>	<u>720,406</u>	<u>720,406</u>	<u>720,406</u>	<u>720,406</u>
Total Unrestricted State Line # 1.035	<u>\$38,167,275</u>	<u>\$37,759,860</u>	<u>\$37,759,860</u>	<u>\$37,759,860</u>	<u>\$37,759,860</u>

**B) Restricted State Revenues – Line # 1.040**

HB110 has continued Disadvantaged Pupil Impact Aid(formerly Economic Disadvantaged funding) and Career Technical Funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners(ESL) and Student Wellness. We have estimated revenues for these new restricted funding lines using current April funding factors and simulations from the Department of Education and Workforce for FY25. The amount of DPIA was limited to 0% phase in growth for FY22 and 33.3% in FY23. We have flat lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

Source	FY24	FY25	FY26	FY27	FY28
DPIA	\$2,011,255	\$2,482,714	\$2,482,714	\$2,482,714	\$2,482,714
Career Tech	64,544	64,953	64,953	64,953	64,953
Gifted	338,975	323,999	323,999	323,999	323,999
English Learners	19,181	14,448	14,448	14,448	14,448
Student Wellness	1,168,196	1,170,595	1,170,595	1,170,595	1,170,595
High Quality Instructional Materials	350,484	0	0	0	0
Catastrophic Aid	<u>261,460</u>	<u>264,075</u>	<u>266,716</u>	<u>269,383</u>	<u>272,077</u>
Total Restricted State Line #1.040	<u>\$4,214,095</u>	<u>\$4,320,784</u>	<u>\$4,323,425</u>	<u>\$4,326,092</u>	<u>\$4,328,786</u>

**Summary of State Foundation Revenues – Line# 1.035 and 1.040**

Source	FY24	FY25	FY26	FY27	FY28
Unrestricted Line # 1.035	\$38,167,275	\$37,759,860	\$37,759,860	\$37,759,860	\$37,759,860
Restricted Line # 1.040	<u>4,214,095</u>	<u>4,320,784</u>	<u>4,323,425</u>	<u>4,326,092</u>	<u>4,328,786</u>
Total State Foundation Revenue	<u>\$42,381,370</u>	<u>\$42,080,644</u>	<u>\$42,083,285</u>	<u>\$42,085,952</u>	<u>\$42,088,646</u>

**Property Tax Allocation Line 1.050**

**a) Rollback and Homestead Reimbursement**

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66, the FY06-07 budget bill, previously eliminated the 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

**Summary of State Tax Reimbursement – Line #1.050**

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	<u>\$3,268,419</u>	<u>\$4,336,038</u>	<u>\$4,331,450</u>	<u>\$4,331,963</u>	<u>\$4,332,477</u>

**Other Local Revenues – Line #1.060**

Revenues from all other local sources are based on historical growth patterns. This revenue largely consists of interest, tuition from other districts, student fees and rentals. HB110, the new state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY20 through FY23 revenues on the five-year forecast. Open enrolled students are counted in the enrolled student base at the school district they are being educated, and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid. We anticipate modest increases in interest and rentals for the life of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
Tuition SF-14 & SF-14H	\$502,881	\$502,881	\$502,881	\$502,881	\$502,881
Interest	1,472,472	1,546,096	1,623,401	1,704,571	1,789,800
Student Fees and PTP Fees	99,793	99,793	99,793	99,793	99,793
Open Enrollment	0	0	0	0	0
Rentals, Donations, Miscellaneous	<u>1,349,307</u>	<u>984,800</u>	<u>994,648</u>	<u>1,004,594</u>	<u>1,014,640</u>
Total Other Local Revenue Line #1.060	<u>\$3,424,453</u>	<u>\$3,133,570</u>	<u>\$3,220,723</u>	<u>\$3,311,839</u>	<u>\$3,407,114</u>

**Short-Term Borrowing – Lines #2.010 & Line #2.020**

There is no short-term borrowing planned in the forecast at this time.

**Transfers In / Return of Advances – Line #2.040 & Line #2.050**

The transfers in include only transferring to the school supply fund. We have included the annual advance return from the Permanent Improvement fund during the life of the forecast.

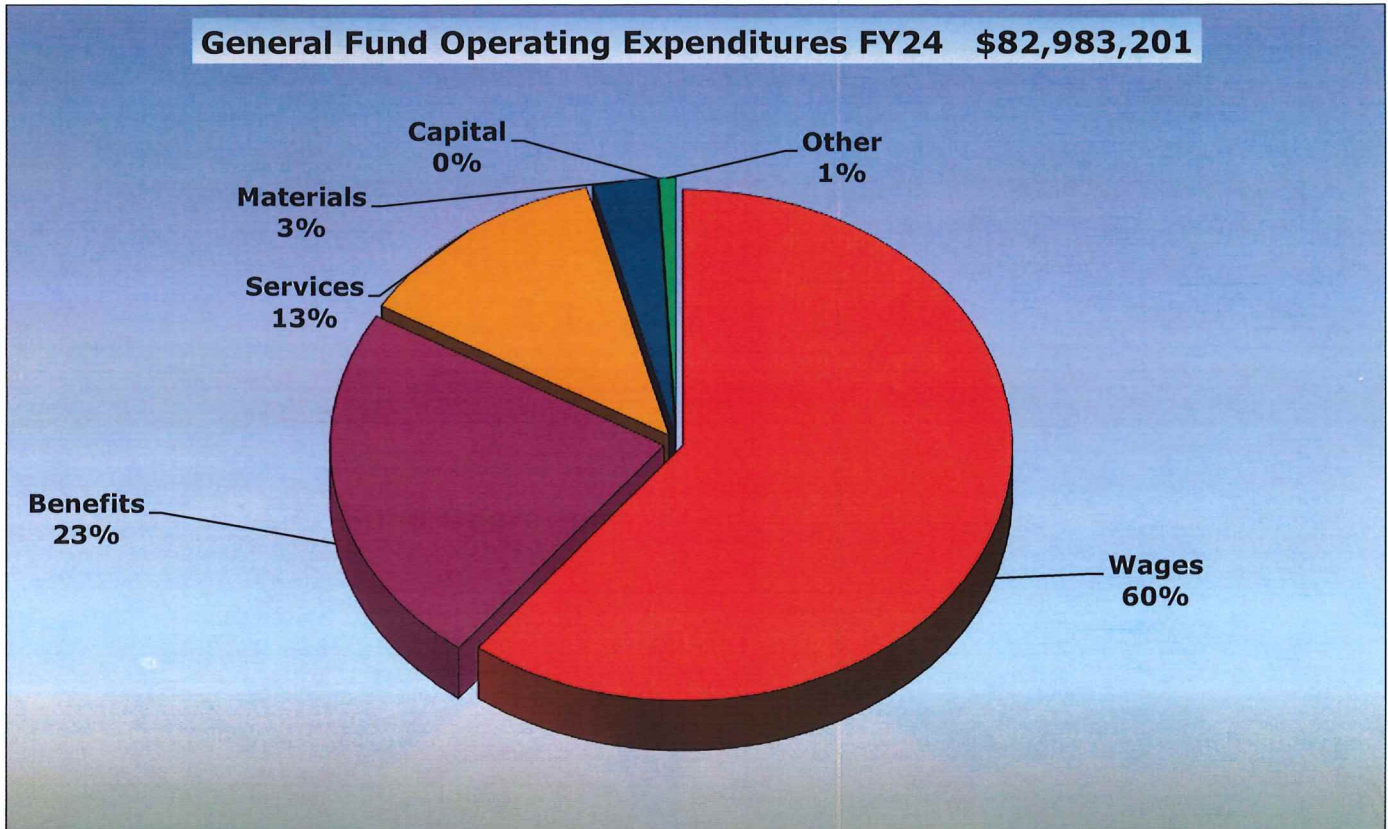
Source	FY24	FY25	FY26	FY27	FY28
Transfers In - Line 2.040	\$188,512	\$188,512	\$188,512	\$188,512	\$188,512
Advance Returns - Line 2.050	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>
Total Transfer & Advances In	<u>\$373,512</u>	<u>\$373,512</u>	<u>\$373,512</u>	<u>\$373,512</u>	<u>\$373,512</u>

**All Other Financial Sources – Line #2.060 & Line #14.010**

We anticipate minimal other revenue during the remaining years of the forecast.

Source	FY24	FY25	FY26	FY27	FY28
<u>Refunds &amp; Sale of Assets/Worker's Comp</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

## Expenditures Assumptions



### Wages – Line #3.010

The model reflects annual base wage increases for all staff in current negotiated agreements for FY25-FY27 with both unions, teachers (NEA) and classified staff (OAPSE), with increases of 4.0%, 3.0% and 3.0% respectively. The FY24 increase reflects the expiration of the federal ESSER funds with staff returning to the general fund and the recently OAPSE approved incentives for employees the next two years. The FY27 – FY28 projections also includes a base increase of 3.0%.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	\$ 47,452,413	\$ 49,251,214	\$ 53,821,887	\$ 56,924,883	\$ 60,269,441
Increases/ Performance Pay	949,048	2,009,049	1,614,657	1,707,746	1,808,083
Steps & Training	949,048	1,186,310	1,231,280	1,345,547	1,423,122
Replacement/Growth Staff	(99,295)	91,314	67,059	60,265	62,073
New Staff/Incentives	0	1,284,000	190,000	231,000	202,000
Supplemental Costs	0	0	0	0	0
Student Wellness & ESSER & Incentives	975,000	0	0	0	0
<b>Total Wages Line #3.010</b>	<b><u>\$50,226,214</u></b>	<b><u>\$53,821,887</u></b>	<b><u>\$56,924,883</u></b>	<b><u>\$60,269,441</u></b>	<b><u>\$63,764,719</u></b>

**Fringe Benefits Estimates Line 3.02**

This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid. The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

**A) STRS/SERS**

As required by law the BOE pays 14% of all employee wages to State Teachers Retirement System (STRS) or School Employees Retirement System (SERS). The cost in this line item will increase as wages increases.

**B) Insurance**

Insurance costs are increasing at a rate of 9.5% for FY24 and are estimated at 9.8% for FY25 through FY28 respectively which is the trend of many other organizations.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our health care costs in the forecast.

**C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at about 0.76% of wages FY24 – FY28. Unemployment is expected to remain at a very low level. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

**D) Medicare**

Medicare will continue to increase at the rate of increases in wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

**Summary of Fringe Benefits – Line #3.020**

Source	FY24	FY25	FY26	FY27	FY28
STRS/SERS	\$7,126,576	\$7,633,566	\$8,077,127	\$8,551,571	\$9,047,600
Insurance's	10,703,247	11,862,190	13,045,250	14,346,986	15,774,117
Workers Comp/Unemployment	381,697	408,664	431,937	457,021	483,235
Medicare	715,865	773,448	800,675	847,996	896,535
Other/Tuition	<u>123,310</u>	<u>123,310</u>	<u>123,310</u>	<u>123,310</u>	<u>123,310</u>
Total Fringe Benefits Line #3.020	<u>\$19,050,695</u>	<u>\$20,801,178</u>	<u>\$22,478,299</u>	<u>\$24,326,884</u>	<u>\$26,324,797</u>

**Purchased Services – Line #3.030**

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five year forecast. College Credit Pus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on

historical trend.

This category includes payments for contracted services, utilities, property insurance, special education transportation, legal fees, rentals, facility improvements and IT professional services. We have moved \$1.8M of these expenses to ESSER federal funding through FY24 with a return to the general fund in FY25. We are projecting modest inflationary increases in this area for FY25-FY28.

Source	FY24	FY25	FY26	FY27	FY28
Tuition & EdChoice	\$1,491,017	\$1,565,568	\$1,643,846	\$1,726,038	\$1,812,340
Community School	0	0	0	0	0
Open Enrollment	0	0	0	0	0
Legal & Prof Dev Travel	335,304	368,834	372,522	376,247	380,009
Professional & Technical Services	2,422,608	4,043,738	4,245,925	4,458,221	4,681,132
Building & Equipment Repairs	132,566	139,194	146,154	153,462	161,135
Special Education	1,754,362	1,842,080	1,934,184	2,030,893	2,132,438
Utilities	1,807,965	1,898,363	1,993,281	2,092,945	2,197,592
Purchased Services, Rentals & Misc	<u>\$2,466,127</u>	<u>\$2,589,433</u>	<u>\$2,718,905</u>	<u>\$2,854,850</u>	<u>\$2,997,593</u>
Total Purchased Services Line #3.030	<u>\$10,409,949</u>	<u>\$12,447,210</u>	<u>\$13,054,817</u>	<u>\$13,692,656</u>	<u>\$14,362,239</u>

### Supplies and Materials – Line #3.040

Supplies and materials are expenses for items such as classroom supplies, textbooks, computer supplies, maintenance supplies, custodial supplies, curriculum material, office supplies, bus parts and fuel. We have moved \$1M of these expenses to ESSER federal funding through FY24 with a return to the general fund in FY25.

Source	FY24	FY25	FY26	FY27	FY28
Supplies	\$1,190,231	\$2,249,743	\$2,362,230	\$2,480,342	\$2,604,359
Building & Transportation	<u>1,425,815</u>	<u>1,497,106</u>	<u>1,571,961</u>	<u>1,650,559</u>	<u>1,733,087</u>
Total Supplies Line #3.040	<u>\$2,616,046</u>	<u>\$3,746,849</u>	<u>\$3,934,191</u>	<u>\$4,130,901</u>	<u>\$4,337,446</u>

### Equipment – Line # 3.050

We have not forecast any capital purchases from the general fund for the life of the forecast.

### Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County deductions for city county services and Auditor & Treasurer fees for local property tax collection service, which will fluctuate with real estate revenue collections.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	\$ 302,897	\$ 308,955	\$ 315,134	\$ 321,437	\$ 327,866
Audit Fees/Liability Ins/Other	<u>377,400</u>	<u>384,948</u>	<u>392,647</u>	<u>400,500</u>	<u>408,510</u>
Total Other Expenses Line #4.300	<u>\$680,297</u>	<u>\$693,903</u>	<u>\$707,781</u>	<u>\$721,937</u>	<u>\$736,376</u>



**Other Financing Uses – Lines # 5.010, 5.020 & 5.030**

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds. The transfer of \$2.5M in FY24 is for the 070 capital projects fund.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	\$2,785,196	\$188,512	\$188,512	\$188,512	\$188,512
Advances Out Line #5.020	0	0	0	0	0
Total	<u>\$2,785,196</u>	<u>\$188,512</u>	<u>\$188,512</u>	<u>\$188,512</u>	<u>\$188,512</u>

Source	FY24	FY25	FY26	FY27	FY28
All Other Financing Uses - Line #5.030	<u>\$6,755</u>	<u>\$6,755</u>	<u>\$6,755</u>	<u>\$6,755</u>	<u>\$6,755</u>

**Encumbrances –Line#8.010**

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. They are expected to remain constant.

Source	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	<u>\$2,731,078</u>	<u>\$2,731,078</u>	<u>\$2,731,078</u>	<u>\$2,731,078</u>	<u>\$2,731,078</u>

**Reservation of Fund Balances –Line# 9.080**

Historic trends indicate that the district has spent the required 3% on both capital improvements and textbook and instructional materials, the district will not have to place any additional funds into these two set-aside accounts. The district will continue to monitor the set-aside responsibilities to ensure compliance in this area.

**Budgetary Reserve** – SB345 effective April 10, 2001 eliminates the requirement for school districts to make contributions to the budget reserve. As such no provisions for additional contributions to the reserve have been budgeted in the forecast. Under SB345, the Board of Education has a few options to consider regarding the funds already accumulated in the reserve. The current accumulation in the budget reserve is \$934,406.

Source	FY24	FY25	FY26	FY27	FY28
Budget Reserve - Line 9.030	<u>\$934,406</u>	<u>\$934,406</u>	<u>\$934,406</u>	<u>\$934,406</u>	<u>\$934,406</u>
Total Reservations of Balance- Line#9.08	<u>\$934,406</u>	<u>\$934,406</u>	<u>\$934,406</u>	<u>\$934,406</u>	<u>\$934,406</u>

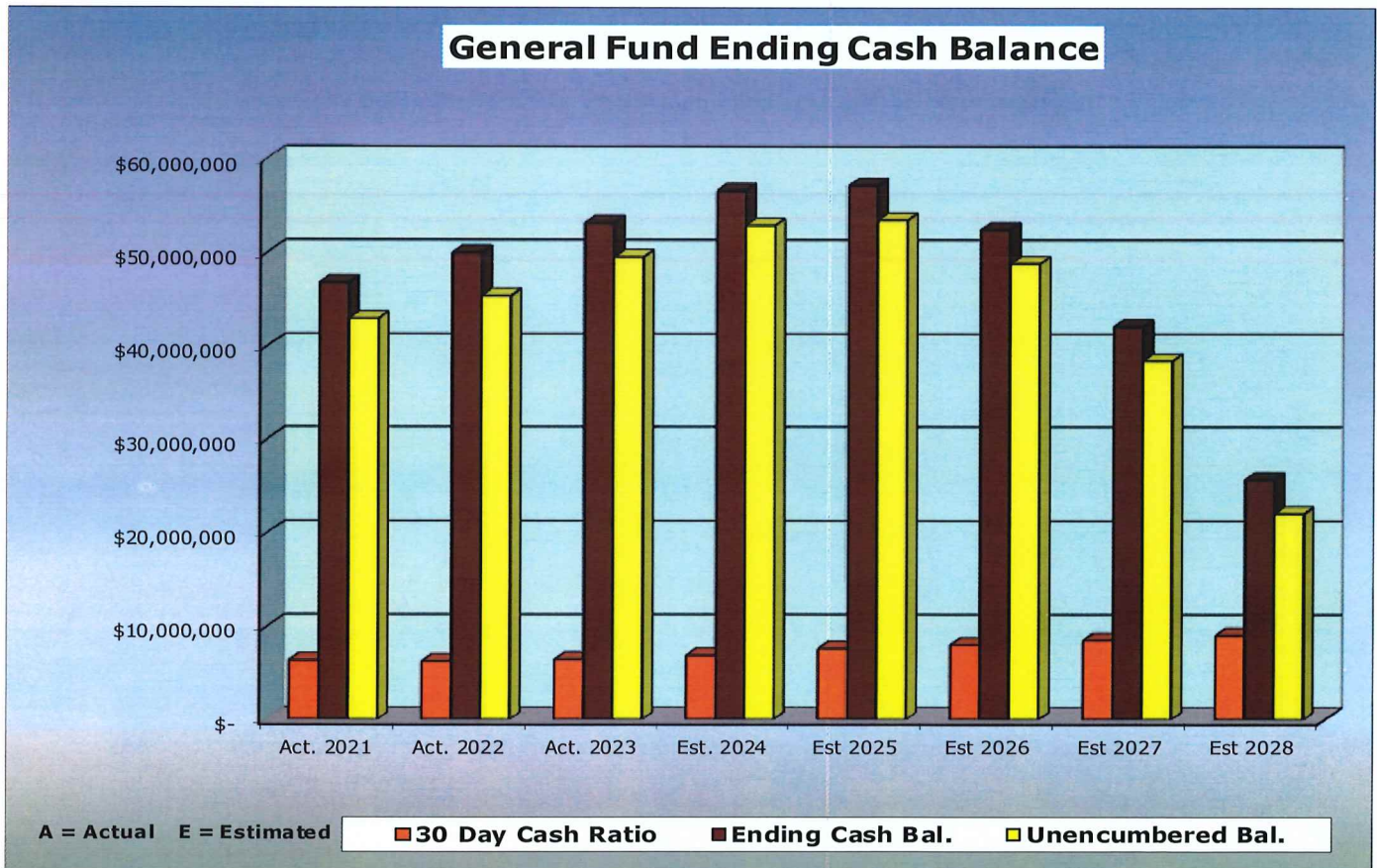
**Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010**

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to HB153 effective September 30, 2011. 30 days or one month of operating cash or about \$6 million is a responsible minimum ending operating cash balance according to GFOA.

Source	FY24	FY25	FY26	FY27	FY28
Ending Unreserved Cash Balance	\$ 52,887,905	\$ 53,465,757	\$ 48,780,413	\$ 38,424,920	\$ 22,066,844

**General Fund Ending Cash and Ending Unreserved Cash Balances**

The graph below captures in one snapshot the operating scenario facing Newark City School District over the next few years. The main challenge is, beginning in FY26, annual expenditures begin to exceed stagnant revenues, creating a decline in available balances that will need to be addressed.



### True Days Cash

The graph below captures the “True Days Cash” balance for our district. The graph does not include the revenue from renewal levies. This measure is essential to the long-term success and stability of the District.

