

**Newark City School District – Licking County**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2023 and 2024**  
**ACTUAL**  
**FORECASTED FISCAL YEARS ENDING JUNE 30, 2025**  
**THROUGH 2029**



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

*Updated May 12, 2025*

# NEWARK CITY SCHOOL DISTRICT

## Licking County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2022, 2023, 2024

Forecasted Fiscal Year Ending June 30, 2025 through 2029

	Actual				Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	\$21,638,620	\$21,457,132	\$25,023,803	7.9%	\$27,828,787	\$27,652,401	\$27,640,467	\$27,647,224	\$27,653,981
1.020 Public Utility Personal Property Tax	1,628,242	1,694,982	1,891,657	7.9%	\$2,008,532	\$2,147,239	\$2,152,277	\$2,158,503	\$2,164,730
1.030 Income Tax	11,479,422	12,817,037	12,572,683	4.9%	\$13,985,609	\$14,265,321	\$14,550,627	\$14,841,640	\$15,138,473
1.035 Unrestricted State Grants-in-Aid	33,821,574	34,315,805	38,956,633	7.5%	\$38,277,535	\$38,277,535	\$38,277,535	\$38,277,535	\$38,277,535
1.040 Restricted State Grants-in-Aid	3,307,917	3,666,943	4,175,410	12.4%	\$6,133,286	\$6,130,645	\$6,132,919	\$6,135,216	\$6,137,536
1.050 Property Tax Allocation	2,951,550	2,946,162	3,271,242	5.4%	\$3,604,124	\$3,686,782	\$3,684,540	\$3,684,977	\$3,685,414
1.060 All Other Revenues	3,845,791	4,301,478	4,433,272	7.5%	\$3,754,410	\$3,762,140	\$3,492,479	\$3,036,140	\$2,765,569
1.070 <b>Total Revenues</b>	<b>78,673,116</b>	<b>81,199,539</b>	<b>90,324,700</b>	<b>7.2%</b>	<b>95,592,283</b>	<b>95,922,063</b>	<b>95,930,844</b>	<b>95,781,235</b>	<b>95,823,238</b>
<b>Other Financing Sources</b>									
2.040 Operating Transfers-In	72,242	188,512	98,437	56.6%	1,431,483	190,000	190,000	190,000	190,000
2.050 Advances-In	150,001	150,000	750,340	200.1%	-	1,675,543	-	-	-
2.060 All Other Financing Sources	24,041	214,487	390,881	437.2%	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
2.070 <b>Total Other Financing Sources</b>	<b>246,284</b>	<b>552,999</b>	<b>1,239,658</b>	<b>124.4%</b>	<b>1,581,483</b>	<b>2,015,543</b>	<b>340,000</b>	<b>340,000</b>	<b>340,000</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>78,919,400</b>	<b>81,752,538</b>	<b>91,564,358</b>	<b>7.8%</b>	<b>97,173,766</b>	<b>97,937,606</b>	<b>96,270,844</b>	<b>96,121,235</b>	<b>96,163,238</b>
<b>Expenditures</b>									
3.010 Personal Services	\$44,735,335	\$47,452,413	\$49,502,044	5.2%	\$53,442,784	\$55,681,643	\$58,461,534	\$61,419,177	\$64,482,669
3.020 Employees' Retirement/Insurance Benefits	17,268,976	17,301,605	18,300,358	3.0%	\$20,312,359	\$21,736,427	\$23,404,389	\$25,218,813	\$27,175,584
3.030 Purchased Services	10,548,476	9,926,883	12,220,742	8.6%	\$15,639,413	\$16,408,855	\$17,245,116	\$18,093,452	\$18,984,067
3.040 Supplies and Materials	2,256,811	2,491,472	2,811,610	11.6%	3,158,599	3,316,529	3,482,356	3,656,474	3,839,297
3.050 Capital Outlay	-	-	-	0.0%	-	-	-	-	-
4.300 Other Objects	634,489	666,958	738,062	7.9%	\$763,196	\$758,060	\$773,221	\$788,686	\$804,459
4.500 <b>Total Expenditures</b>	<b>\$75,444,087</b>	<b>77,839,331</b>	<b>83,572,816</b>	<b>5.3%</b>	<b>93,316,351</b>	<b>97,901,514</b>	<b>103,366,616</b>	<b>109,176,602</b>	<b>115,286,076</b>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	72,242	188,512	\$4,695,121	1275.8%	3,431,483	\$190,000	\$190,000	\$190,000	\$190,000
5.020 Advances-Out	185,000	526,340	326,500	73.3%	1,675,543	-	-	-	-
5.030 All Other Financing Uses	9,120	6,755	6,755	-13.0%	\$6,755	\$6,755	\$6,755	\$6,755	\$6,755
5.040 <b>Total Other Financing Uses</b>	<b>266,362</b>	<b>721,607</b>	<b>5,028,376</b>	<b>383.9%</b>	<b>5,113,781</b>	<b>196,755</b>	<b>196,755</b>	<b>196,755</b>	<b>196,755</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>75,710,449</b>	<b>78,560,938</b>	<b>88,601,192</b>	<b>8.3%</b>	<b>98,430,132</b>	<b>98,098,269</b>	<b>103,563,371</b>	<b>109,373,357</b>	<b>115,482,831</b>
6.010	3,208,951	3,191,600	2,963,166	-3.8%	(1,256,366)	(160,664)	(7,292,527)	(13,252,122)	(19,319,594)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	46,761,468	49,970,419	53,162,019	6.6%	56,125,185	54,868,818	54,708,155	47,415,627	34,163,505
7.020 <b>Cash Balance June 30</b>	<b>49,970,419</b>	<b>53,162,019</b>	<b>56,125,185</b>	<b>6.0%</b>	<b>54,868,818</b>	<b>54,708,155</b>	<b>47,415,627</b>	<b>34,163,505</b>	<b>14,843,912</b>
8.010 <b>Estimated Encumbrances June 30</b>	<b>3,677,854</b>	<b>2,731,078</b>	<b>2,921,871</b>	<b>-9.4%</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>
10.010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>45,358,159</b>	<b>49,496,535</b>	<b>52,268,908</b>	<b>7.4%</b>	<b>51,203,334</b>	<b>51,042,671</b>	<b>43,750,143</b>	<b>30,498,021</b>	<b>11,178,428</b>
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>45,358,159</b>	<b>49,496,535</b>	<b>52,268,908</b>	<b>7.4%</b>	<b>51,203,334</b>	<b>51,042,671</b>	<b>43,750,143</b>	<b>30,498,021</b>	<b>11,178,428</b>
15.010 <b>Unreserved Fund Balance June 30</b>	<b>45,358,159</b>	<b>49,496,535</b>	<b>52,268,908</b>	<b>7.4%</b>	<b>51,203,334</b>	<b>51,042,671</b>	<b>43,750,143</b>	<b>30,498,021</b>	<b>11,178,428</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>241</b>	<b>247</b>	<b>231</b>	<b>264</b>	<b>203</b>	<b>204</b>	<b>167</b>	<b>114</b>	<b>47</b>
<b>True Days Unencumbered Cash Line 91</b>	<b>219</b>	<b>230</b>	<b>215</b>	<b>325</b>	<b>190</b>	<b>190</b>	<b>154</b>	<b>102</b>	<b>35</b>
<b>Millage equivalent for deficit spending</b>					<b>(1.28)</b>	<b>(0.16)</b>	<b>(7.29)</b>	<b>(9.74)</b>	<b>(13.96)</b>

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

A forecast is a snapshot of today, based on historical trends, what we know and future assumptions. 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 experience. Various 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, enrollment variances, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially change their forecast or, at a minimum when required under the 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 Ohio Department of Education and Workforce, 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 and May 31, each fiscal year (July 1 to June 30). 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 2025 filing.

## **May 2025 Updates:**

### **Revenues FY25**

The overview of revenues shows that we are over original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$4.0 million or 4.3% higher than the November forecasted amount of \$92.7 million. This indicates that the November forecast was 95.7% accurate.

Line 1.01 and 1.02 - Property tax revenues represent a significant source of revenues at 30.8% and are estimated to be \$29.8 million, which is \$300 thousand higher for FY25 than the original November estimate of \$29.5 million. Our estimates are 98.9X% accurate for FY25 and should mean future projections are also on target.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be \$13.3 million in the November forecast. Collections for FY25 are estimated to be \$13.5 million, which is 1.5% over our original estimate by \$200 thousand. The SDIT represents 14.0% 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 \$44.4 million, which is \$2.8 million higher than the original estimate for FY25. The variance is due to the increase in our DPIA funding. We are pleased that we were able to be 93.2% accurate for FY25. We are currently on the formula and are expected to remain as a formula district for FY26 through FY29.

Line 1.06 - Other revenues are up \$600 thousand under original estimates, primarily due to interest and rental income decreases received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY25 based on our best information at this time.

### **Expenditures FY25**

Total General Fund expenditures (line 4.5) are estimated to be \$98.4 million for FY25, which is \$3.6 million higher than the original estimate of \$94.8 million in the November forecast, which is roughly 96.2% on target with initial estimates. The expenditure line most significantly over/under projection is Purchased Services, Supplies and Materials and Advances/Transfers Out due to the expiration of ESSER and anticipated advances and transfers.

All other 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 increasing, our ending unreserved cash balance June 30, 2025, is anticipated to be roughly \$56.1million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2029 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 FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.67% funding of (FSFP), however, the final two years of the phase-in are not guaranteed and are dependent on legislative actions for the FY26 and FY27 state biennium budget, which as of this forecast do not appear favorable. 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. SB271 passed in 2024 that created a Joint Committee on Property Taxation and Reform. This action was in response to the historic property valuation increases. The committee's mission was to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee released their report to the General Assembly on January 2, 2025. The report outlined twenty-one (21) recommendations on actions that could be taken to restrict local tax growth for Ohio school districts.

As a result of the numerous recommendations in the report there are currently 14 pending pieces of legislation in the Ohio Legislature that seeks to limit growth of local property taxes in several different ways. The most egregious is HB96 which could impact every district in the state of Ohio. HB96 seeks to limit school district ending carry over cash balances to 30% of their prior years expenditures and to allow county budget commissions to suspend voter approved property tax levies and the 20-mill floor in order to reduce district reserves to the 30% target. HB96 has several severe consequences for school districts in terms of financial stability, loss of local control which will likely result in increased levy requests to district taxpayers. It is unclear at the time of this forecast whether HB96 will continue on through the Ohio Senate and be signed into law July 1, 2025. The district will be watching carefully for the final outcome of HB96 and several other legislative proposals that would limit property tax growth. Several of these proposals in addition to HB96 could be a very significant risk to future local tax growth for our district. We will update the forecast when factual data is available.

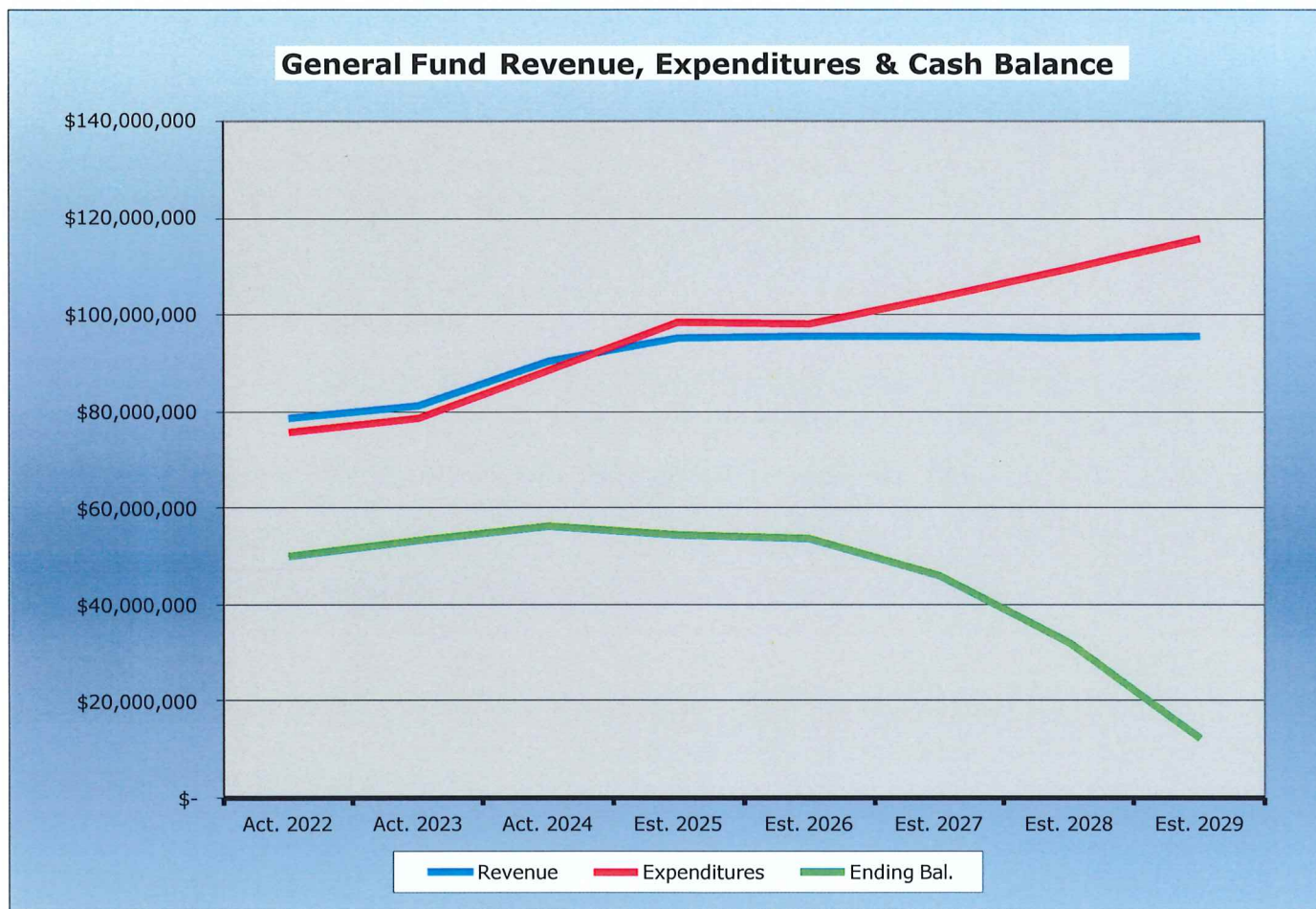
- IV. HB33 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, there still are education option programs such as College Credit Plus, Excess Costs and various tuitions 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

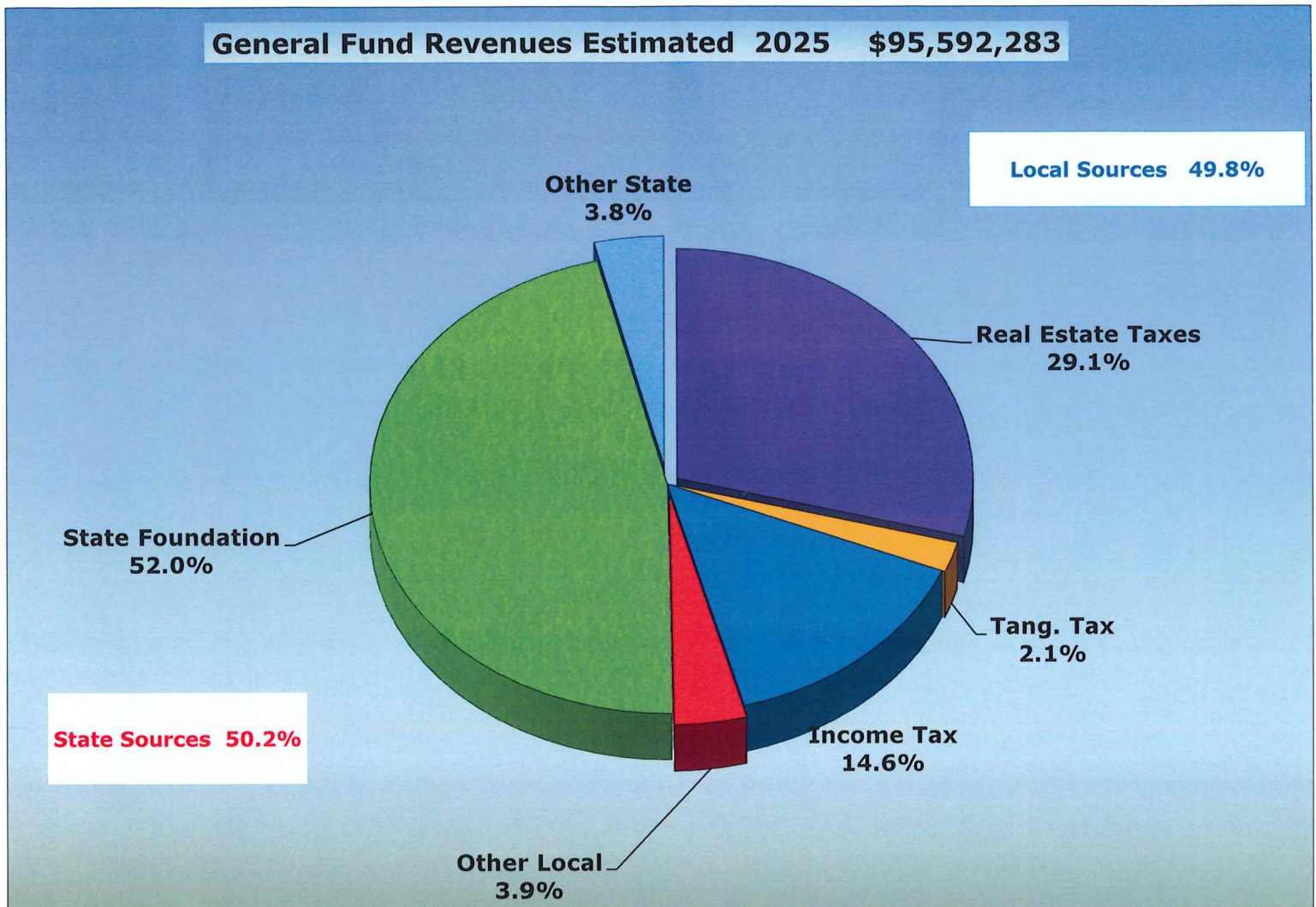
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 FY22-24 and Estimated FY25-29



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 2025.

**Revenue Assumptions**  
**Estimated General Fund Operation Revenue for FY25**



**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 – 2029 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 YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
Classification	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028	COLLECT 2029
Res./Ag.	\$1,026,508,540	\$1,026,708,540	\$1,026,908,540	\$1,027,108,540	\$1,027,308,540
Comm./Ind.	289,708,269	289,908,269	290,108,269	290,308,269	290,508,269
Public Utility (PUPP)	<u>67,462,750</u>	<u>67,662,750</u>	<u>67,862,750</u>	<u>68,062,750</u>	<u>68,262,750</u>
Total Assessed Value	<u>\$1,383,679,559</u>	<u>\$1,384,279,559</u>	<u>\$1,384,879,559</u>	<u>\$1,385,479,559</u>	<u>\$1,386,079,559</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	FY25	FY26	FY27	FY28	FY29
General Property Taxes Line #1.010	<u>\$27,828,787</u>	<u>\$27,652,401</u>	<u>\$27,640,467</u>	<u>\$27,647,224</u>	<u>\$27,653,981</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	FY25	FY26	FY27	FY28	FY29
Public Utility Personal Property	<u>\$2,008,532</u>	<u>\$2,147,239</u>	<u>\$2,152,277</u>	<u>\$2,158,503</u>	<u>\$2,164,730</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 11% increase in the July payment and have forecast the remaining payments to increase 2% and we expect steady growth from year to year and we are estimating 2% annual growth for the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
SDIT Collection 1% made permanent 5/2	\$12,572,683	\$13,985,609	\$14,265,321	\$14,550,627	\$14,841,640
Adjustments	<u>\$ 1,412,926</u>	<u>\$279,712</u>	<u>\$285,306</u>	<u>\$291,013</u>	<u>\$296,833</u>
Total to Line #1.030	\$13,985,609	\$14,265,321	\$14,550,627	\$14,841,640	\$15,138,473

## 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 FY25 funding based on the most recent 2025 foundation settlement and funding factors.

Our district is currently a formula district in FY25 and is expected to continue on the formula in FY26-FY29 on the new Fair School Funding Plan (FSFP).



For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>

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

The Fair School Funding Plan 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 and 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 of 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 FY25 than they received in FY21.

### **Future State Budget Projections beyond FY25**

Our funding status for the FY26-29 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 FY29.

### **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 FY24 was \$114.18 million for schools or \$65.44 per pupil. In FY25, the funding was increased to \$114.30 million for schools or \$65.99 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.0% annual growth rate for the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Basic Aid-Unrestricted	\$35,585,811	\$35,585,811	\$35,585,811	\$35,585,811	\$35,585,811
Additional Aid Items	<u>1,606,907</u>	<u>1,606,907</u>	<u>1,606,907</u>	<u>1,606,907</u>	<u>1,606,907</u>
Basic Aid-Unrestricted Subtotal	\$37,192,718	\$37,192,718	\$37,192,718	\$37,192,718	\$37,192,718
Ohio Casino Commission/ Medicaid/ Cred	<u>1,084,817</u>	<u>1,084,817</u>	<u>1,084,817</u>	<u>1,084,817</u>	<u>1,084,817</u>
Total Unrestricted State Line # 1.035	\$38,277,535	\$38,277,535	\$38,277,535	\$38,277,535	\$38,277,535



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

HB33 has continued Disadvantaged Pupil Impact Aid(formerly Economic Disadvantaged funding) and Career Technical Funding. In addition, there have been new restricted funds added under “Restricted Categorical Aid” for Gifted, English Learners(ESL) and Student Wellness. We have estimated revenues for these new restricted funding lines using current funding factors and simulations. The amount of DPIA was limited to 66.67% in FY25. We have flat lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

Source	FY25	FY26	FY27	FY28	FY29
DPIA	\$4,366,374	\$4,366,374	\$4,366,374	\$4,366,374	\$4,366,374
Career Tech	66,945	66,945	66,945	66,945	66,945
Gifted	323,328	323,328	323,328	323,328	323,328
English Learners	21,908	21,908	21,908	21,908	21,908
Student Wellness	1,124,642	1,124,642	1,124,642	1,124,642	1,124,642
High Quality Instructional Materials	4,893	0	0	0	0
Catastrophic Aid	225,196	227,448	229,722	232,019	234,339
Total Restricted State Line #1.040	<u>\$6,133,286</u>	<u>\$6,130,645</u>	<u>\$6,132,919</u>	<u>\$6,135,216</u>	<u>\$6,137,536</u>

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

Source	FY25	FY26	FY27	FY28	FY29
Unrestricted Line # 1.035	\$38,277,535	\$38,277,535	\$38,277,535	\$38,277,535	\$38,277,535
Restricted Line # 1.040	<u>6,133,286</u>	<u>6,130,645</u>	<u>6,132,919</u>	<u>6,135,216</u>	<u>6,137,536</u>
Total State Foundation Revenue	<u>\$44,410,821</u>	<u>\$44,408,180</u>	<u>\$44,410,454</u>	<u>\$44,412,751</u>	<u>\$44,415,071</u>

**Property Tax Allocation Line 1.050****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	FY25	FY26	FY27	FY28	FY29
Rollback and Homestead	<u>\$3,604,124</u>	<u>\$3,686,782</u>	<u>\$3,684,540</u>	<u>\$3,684,977</u>	<u>\$3,685,414</u>



**Other Local Revenues – Line #1.060**

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been, interest on investments, tuition for court-placed students, student fees and general rental fees.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. Interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts and decreasing cash balance will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district. All other revenues are expected to continue on historical trends.

Source	FY24	FY25	FY26	FY27	FY28
Tuition SF-14 & SF-14H	\$847,042	\$847,042	\$847,042	\$847,042	\$847,042
Interest	2,134,368	2,134,368	1,856,900	1,392,675	1,114,140
Student Fees and PTP Fees	74,000	74,740	75,487	76,242	77,004
Rentals, Donations, Miscellaneous	<u>699,000</u>	<u>705,990</u>	<u>713,050</u>	<u>720,181</u>	<u>727,383</u>
Total Other Local Revenue Line #1.060	\$3,754,410	\$3,762,140	\$3,492,479	\$3,036,140	\$2,765,569

**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, and wellness fund. We have included the annual advance return from the Permanent Improvement fund during the life of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Transfers In - Line 2.040	\$1,431,483	\$190,000	\$190,000	\$190,000	\$190,000
Advance Returns - Line 2.050	<u>0</u>	<u>1,675,543</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$1,431,483</u>	<u>\$1,865,543</u>	<u>\$190,000</u>	<u>\$190,000</u>	<u>\$190,000</u>

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

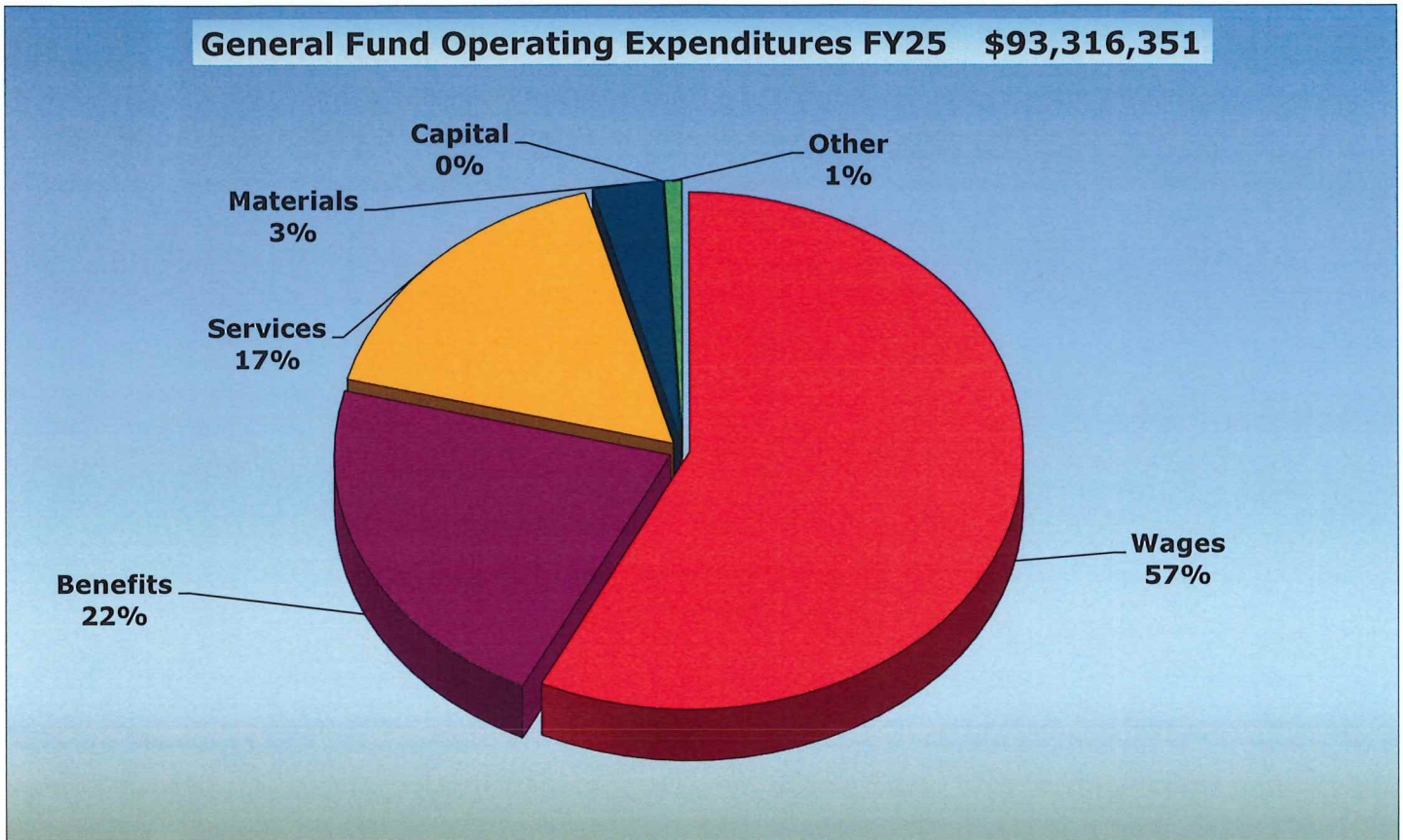
We anticipate minimal other revenue during the remaining years of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Refunds & Sale of Assets/Worker's Comp	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000



## Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students, whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.



### Wages – Line #3.010

The model reflects annual base wage increases for all staff in current negotiated agreements for FY24-FY26 with both unions, teachers (NEA) and classified staff (OAPSE), with increases of 4.0%, 3.0% and 3.0% respectively. The FY27 – FY29 projections also includes a base increase of 3.0%.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	\$ 49,502,044	\$ 53,442,784	\$ 55,681,643	\$ 58,461,534	\$ 61,419,177
Increases/ Performance Pay	1,980,082	1,603,284	1,670,449	1,753,846	1,842,575
Steps & Training	1,237,551	1,237,551	1,336,070	1,392,041	1,461,538
Replacement/Growth Staff	(460,893)	(757,976)	(417,628)	(379,244)	(390,621)
New Staff/Incentives	1,184,000	156,000	191,000	191,000	150,000
<b>Total Wages Line #3.010</b>	<b>\$53,442,784</b>	<b>\$55,681,643</b>	<b>\$58,461,534</b>	<b>\$61,419,177</b>	<b>\$64,482,669</b>

### **Employees' Retirement & Insurance Benefits - Line #3.020**

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.

#### **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 9.8% for FY25 and are estimated at 9.8% for FY26 through FY29 respectively which is the trend of many other organizations.

#### **C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at about 0.76% of wages FY25 – FY29. 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	FY25	FY26	FY27	FY28	FY29
STRS/SERS	\$7,580,993	\$7,902,315	\$8,295,978	\$8,715,608	\$9,150,412
Insurance's	11,448,805	12,522,630	13,731,718	15,062,366	16,519,228
Workers Comp/Unemployment	405,821	422,612	443,462	465,644	488,620
Medicare	758,684	770,814	815,175	857,139	899,268
Other/Tuition	<u>118,056</u>	<u>118,056</u>	<u>118,056</u>	<u>118,056</u>	<u>118,056</u>
Total Fringe Benefits Line #3.020	<u>\$20,312,359</u>	<u>\$21,736,427</u>	<u>\$23,404,389</u>	<u>\$25,218,813</u>	<u>\$27,175,584</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. College Credit Plus, 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. In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.



We are projecting modest inflationary increases in this area for FY26-FY29.

Source	FY25	FY26	FY27	FY28	FY29
Tuition & EdChoice	\$1,714,492	\$1,800,217	\$1,890,228	\$1,984,739	\$2,083,976
Legal & Prof Dev Travel	313,222	316,354	347,989	351,469	354,984
Professional & Technical Services	8,122,974	8,529,123	8,955,579	9,403,358	9,873,526
Building & Equipment Repairs	111,725	117,311	123,177	129,336	135,803
Special Education	2,563,062	2,691,215	2,825,776	2,967,065	3,115,418
Utilities	1,793,147	1,882,804	1,976,944	2,075,791	2,179,581
Purchased Services, Rentals & Misc	<u>\$1,020,791</u>	<u>\$1,071,831</u>	<u>\$1,125,423</u>	<u>\$1,181,694</u>	<u>\$1,240,779</u>
Total Purchased Services Line #3.030	\$15,639,413	\$16,408,855	\$17,245,116	\$18,093,452	\$18,984,067

### 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 expect modest growth in this area due to inflation.

Source	FY25	FY26	FY27	FY28	FY29
Supplies	\$1,651,266	\$1,733,829	\$1,820,521	\$1,911,547	\$2,007,124
Building & Transportation	<u>1,507,333</u>	<u>1,582,700</u>	<u>1,661,835</u>	<u>1,744,927</u>	<u>1,832,173</u>
Total Supplies Line #3.040	<u>\$3,158,599</u>	<u>\$3,316,529</u>	<u>\$3,482,356</u>	<u>\$3,656,474</u>	<u>\$3,839,297</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	FY25	FY26	FY27	FY28	FY29
County Auditor & Treasurer Fees	\$ 353,743	\$ 340,418	\$ 347,226	\$ 354,171	\$ 361,254
Audit Fees/Liability Ins/Other	409,453	417,642	425,995	434,515	443,205
Total Other Expenses Line #4.300	<u>\$763,196</u>	<u>\$758,060</u>	<u>\$773,221</u>	<u>\$788,686</u>	<u>\$804,459</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. We are transferring two million dollars to the 070 fund for capital improvements and have additional transfers to the wellness fund for FY25. The advances are for summer athletic facility projects that will be paid for by donations from local entities.

Source	FY25	FY26	FY27	FY28	FY29
Operating Transfers Out Line #5.010	\$3,431,483	\$190,000	\$190,000	\$190,000	\$190,000
Advances Out Line #5.020	<u>1,675,543</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$5,107,026	\$190,000	\$190,000	\$190,000	\$190,000



Source	FY25	FY26	FY27	FY28	FY29
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	FY25	FY26	FY27	FY28	FY29
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	FY25	FY26	FY27	FY28	FY29
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>

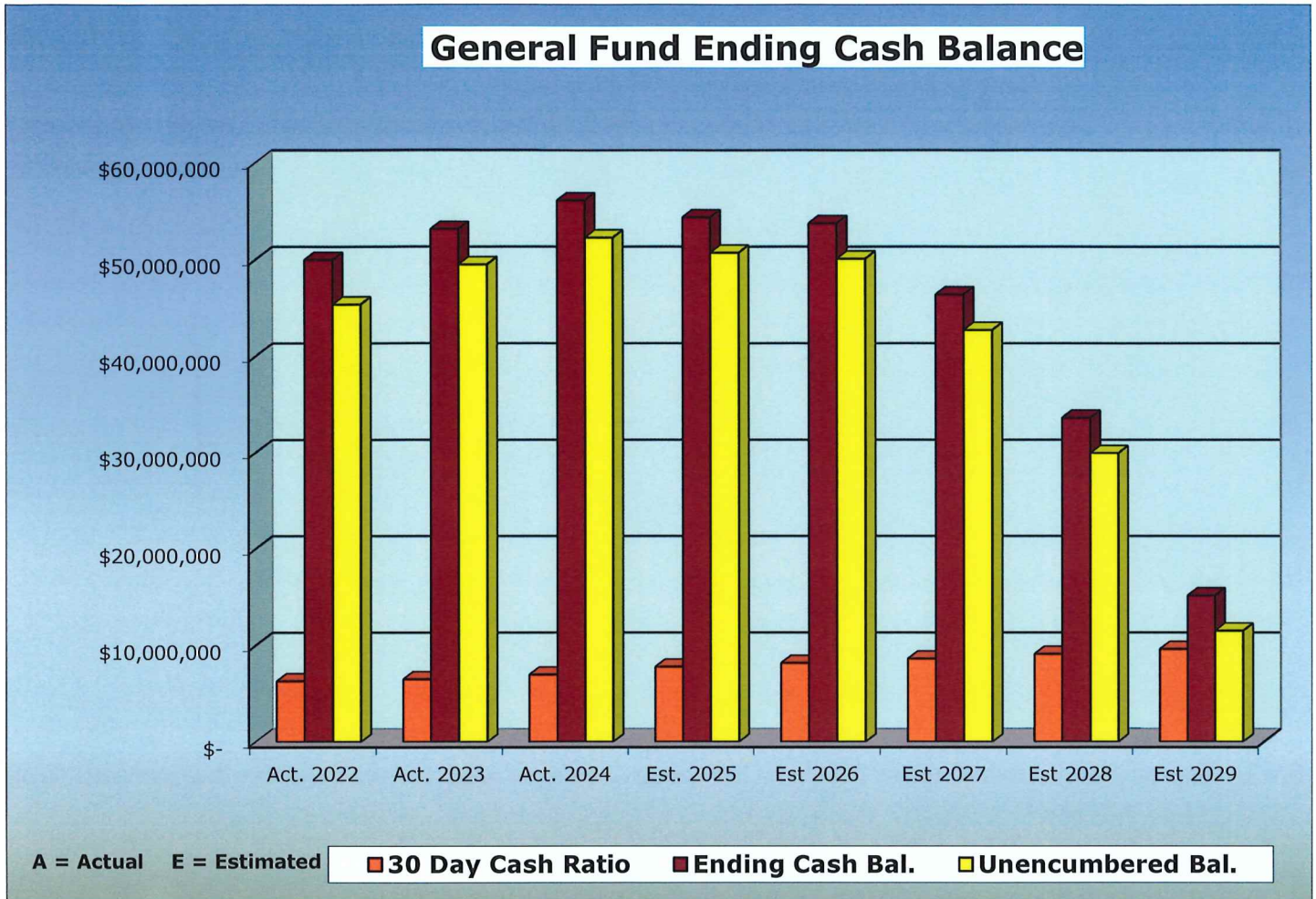
### **Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010**

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	FY25	FY26	FY27	FY28	FY29
Ending Unreserved Cash Balance	<u>\$51,203,334</u>	<u>\$51,042,671</u>	<u>\$43,750,143</u>	<u>\$30,498,021</u>	<u>\$11,178,428</u>

### 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 FY25, 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.

