

**Newark City School District – Licking County**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2023, 2024 and 2025**  
**ACTUAL**  
**FORECASTED FISCAL YEARS ENDING JUNE 30, 2026**  
**THROUGH 2030**



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

*Updated February 9, 2026*

**NEWARK CITY SCHOOL DISTRICT**

**Licking County**

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2023, 2024, 2025

Forecasted Fiscal Year Ending June 30, 2026 through 2030

	Actual				Forecasted				
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Average Change	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	\$21,457,132	\$25,023,803	\$27,838,014	13.9%	\$28,035,255	\$22,728,057	\$24,484,255	\$24,485,235	\$22,503,865
1.020 Public Utility Personal Property Tax	1,694,982	1,891,657	2,008,532	8.9%	\$1,987,482	\$2,120,961	\$2,120,158	\$2,126,351	\$1,996,613
1.030 Income Tax	12,817,037	12,572,683	13,985,609	4.7%	\$14,363,383	\$14,650,651	\$14,943,664	\$15,242,537	\$15,547,388
1.035 Unrestricted State Grants-in-Aid	34,514,713	38,069,131	37,523,235	4.4%	\$35,035,882	\$34,060,816	\$34,060,816	\$34,060,816	\$34,060,816
1.040 Restricted State Grants-in-Aid	3,666,943	4,175,410	6,213,962	31.3%	\$5,792,909	\$5,706,610	\$5,706,947	\$5,707,287	\$5,707,631
1.050 State Reimbursement for Property Tax Credits	2,946,162	3,271,242	3,607,316	10.7%	\$3,672,840	\$6,894,998	\$3,746,086	\$3,746,057	\$3,515,259
1.060 All Other Revenues	4,102,570	5,320,774	4,186,377	4.2%	\$3,944,739	\$3,660,390	\$2,527,820	\$2,372,544	\$2,250,531
1.070 <b>Total Revenues</b>	<b>81,199,539</b>	<b>90,324,700</b>	<b>95,363,045</b>	<b>8.4%</b>	<b>92,832,490</b>	<b>69,822,483</b>	<b>87,589,746</b>	<b>87,740,827</b>	<b>85,582,103</b>
<b>Other Financing Sources</b>									
2.040 Operating Transfers-In	188,513	98,437	1,310,218	591.6%	190,000	190,000	190,000	190,000	190,000
2.050 Advances-In	150,001	750,340	281,500	168.9%	1,607,221	-	-	-	-
2.060 All Other Financing Sources	214,488	390,881	69	-8.9%	\$20,000	\$0	\$0	\$0	\$0
2.070 <b>Total Other Financing Sources</b>	<b>553,002</b>	<b>1,239,658</b>	<b>1,591,787</b>	<b>76.3%</b>	<b>1,817,221</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>81,752,541</b>	<b>91,564,358</b>	<b>96,954,832</b>	<b>8.0%</b>	<b>94,649,711</b>	<b>90,012,483</b>	<b>87,779,746</b>	<b>87,930,827</b>	<b>85,772,103</b>
<b>Expenditures</b>									
3.010 Personal Services	\$47,452,412	\$49,502,044	\$53,707,446	6.4%	\$55,925,111	\$58,025,403	\$60,204,795	\$62,468,905	\$64,821,063
3.020 Employees' Retirement/Insurance Benefits	17,301,607	18,300,358	19,838,554	7.1%	\$21,163,297	\$22,659,749	\$24,261,315	\$26,000,127	\$27,886,544
3.030 Purchased Services	9,926,883	12,220,742	15,196,757	23.7%	\$15,945,158	\$16,756,856	\$17,581,992	\$18,448,257	\$19,357,708
3.040 Supplies and Materials	2,491,474	2,811,610	2,954,047	9.0%	3,101,750	3,256,837	3,419,679	3,590,663	3,770,196
3.050 Capital Outlay	-	-	-	0.0%	-	-	-	-	-
4.300 Other Objects	666,957	738,062	777,346	8.0%	\$758,060	\$773,221	\$788,686	\$804,460	\$820,549
4.500 <b>Total Expenditures</b>	<b>\$77,839,333</b>	<b>83,572,816</b>	<b>92,474,150</b>	<b>9.0%</b>	<b>96,893,376</b>	<b>101,472,066</b>	<b>106,256,467</b>	<b>111,312,412</b>	<b>116,656,060</b>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	188,513	4,695,121	\$21,276,550	1371.9%	190,000	\$190,000	\$190,000	\$190,000	\$190,000
5.020 Advances-Out	526,340	326,500	1,607,221	177.1%	-	-	-	-	-
5.030 All Other Financing Uses	6,755	6,755	6,596	-1.2%	\$6,596	\$6,596	\$6,596	\$6,596	\$6,596
5.040 <b>Total Other Financing Uses</b>	<b>721,608</b>	<b>5,028,376</b>	<b>22,890,367</b>	<b>476.0%</b>	<b>196,596</b>	<b>196,596</b>	<b>196,596</b>	<b>196,596</b>	<b>196,596</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>78,560,941</b>	<b>88,601,192</b>	<b>115,364,517</b>	<b>21.5%</b>	<b>97,089,972</b>	<b>101,668,662</b>	<b>106,453,063</b>	<b>111,509,008</b>	<b>116,852,656</b>
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</b>	<b>3,191,600</b>	<b>2,963,166</b>	<b>(18,409,685)</b>	<b>-364.2%</b>	<b>(2,440,261)</b>	<b>(11,656,179)</b>	<b>(18,673,317)</b>	<b>(23,578,181)</b>	<b>(31,080,553)</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	49,970,418	53,162,018	56,125,184	6.0%	37,715,499	35,275,238	23,619,060	4,945,742	(18,632,439)
7.020 <b>Cash Balance June 30</b>	<b>53,162,018</b>	<b>56,125,184</b>	<b>37,715,499</b>	<b>-13.6%</b>	<b>35,275,238</b>	<b>23,619,060</b>	<b>4,945,742</b>	<b>(18,632,439)</b>	<b>(49,712,991)</b>
8.010 <b>Estimated Encumbrances June 30</b>	<b>2,731,078</b>	<b>2,921,871</b>	<b>3,516,384</b>	<b>13.7%</b>	<b>3,516,384</b>	<b>3,516,384</b>	<b>3,516,384</b>	<b>3,516,384</b>	<b>3,516,384</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>49,496,534</b>	<b>52,268,907</b>	<b>33,264,709</b>	<b>-15.4%</b>	<b>30,824,448</b>	<b>19,168,270</b>	<b>494,952</b>	<b>(23,083,229)</b>	<b>(54,163,781)</b>
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>49,496,534</b>	<b>52,268,907</b>	<b>33,264,709</b>	<b>-15.4%</b>	<b>30,824,448</b>	<b>19,168,270</b>	<b>494,952</b>	<b>(23,083,229)</b>	<b>(54,163,781)</b>
15.010 <b>Unreserved Fund Balance June 30</b>	<b>49,496,534</b>	<b>52,268,907</b>	<b>33,264,709</b>	<b>-15.4%</b>	<b>30,824,448</b>	<b>19,168,270</b>	<b>494,952</b>	<b>(23,083,229)</b>	<b>(54,163,781)</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%	5,434	5,434	5,434	5,434	5,434
<b>True Days Cash Line 59</b>	<b>247</b>	<b>231</b>	<b>119</b>	<b>-231</b>	<b>133</b>	<b>85</b>	<b>17</b>	<b>-61</b>	<b>-155</b>
<b>True Days Unencumbered Cash Line 91</b>	<b>230</b>	<b>215</b>	<b>105</b>	<b>-261</b>	<b>116</b>	<b>69</b>	<b>2</b>	<b>-76</b>	<b>-169</b>
<b>Millage equivalent for deficit spending</b>					<b>(2.48)</b>	<b>(11.75)</b>	<b>(18.66)</b>	<b>(17.34)</b>	<b>(22.46)</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.

As noted below the current state budget approved in HB96 changed the forecast based on what the state Ohio and the Ohio Department of Workforce and Education will require, however the Board of Education will continue to plan over a five-year period. Our district leadership believes that the five-year forecast is a crucial management tool. A five-year planning horizon 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.

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.

Ohio HB96 was passed in June 2025 which amended O.R.C. 5705.391 and O.A.C. 3301-92.04 requiring a Board of Education (BOE) to file their current years budgeted revenue and expenses, and three additional years. This is essentially a four (4) year forecast. Beginning in fiscal year 2026 (July 1 to June 30) the financial forecast must be filed by October 15, and the end of February. The filing deadlines will change in fiscal year 2027 to August 31, and end of February each fiscal year thereafter. While the legislative requirement is to file a four-year forecast, as noted above, we believe it is a prudent business practice to continue to develop a five-year forecast for planning purposes. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the financial forecast is considered the current year budget and is used as the base for future years projections. Our forecast is updated to reflect the most current economic data available for the February 2026 filing.

**Forecast Risks and Uncertainty:**

This financial forecast has risks and uncertainty due to economic changes, new property tax laws signed by Governor DeWine on December 19, 2025, and also due to state legislative changes that will occur in the spring of 2027 and 2029 due to deliberation of the following two (2) state biennium budgets for FY28-29 and FY30-31, all of which affect this forecast.

- I. On December 19, 2025, Governor DeWine signed into law several pieces of legislation that are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The legislation approved are: HB129, HB186, HB309 and HB335. These laws become effective March 19, 2026, which is after the February, filing deadline for this forecast. Of particular concern is HB186 which implements new property tax caps retroactively for property reappraisal and triennial updates that occurred in tax year 2023, 2024 and 2025. Due to the complexity of these calculations, the Ohio Department of Taxation (ODT) has been charged with calculating the effects of this legislation and notifying Ohio’s 88 county auditors as to the impact on property tax bills and subsequent tax settlements to local governments. The ODT has until April 20, 2026 to calculate any tax reductions that impact school districts.

A brief summary of the impact of each piece of legislation is noted below with specific anticipated impacts to this forecast noted in Estimated Real Estate Tax Line 1.01 section of these assumptions below:

- HB129 implements new requirements for and restores fixed sum levies. It will also include fixed sum levy millage in the 20-mill floor calculation beginning in the next reappraisal or triennial update cycle of any county that contains district territory, but no later than Tax Year 2028 collect in calendar 2029. For some districts this will result in a loss due to a change in the 20-mill floor.
- HB186 establishes Inflation Cap Credits, if applicable, following reappraisals and triennial updates for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF). HB186 also includes Temporary Tax Credits (claw back) provision that takes back tax revenue that has already been collected by school districts beginning with reappraisals and triennial updates that occurred before the effective date of the law retroactive back to tax year 2023, 2024 and 2025. These are funds that have already been realized and have been spent and/or included in future educational planning. While skyrocketing home values resulted in the need for property tax reform that limits tax growth for taxpayers, the retroactive claw back of taxes already paid is very detrimental to districts at the 20-mill floor. We are on the 20 mill floor and estimate that this legislation has a negative impact of \$12.3 million for the life of the forecast.

Because the new accelerated February, filing deadline for school district forecasts and the ODT’s deadline of April 20, are misaligned, authoritative data concerning HB186’s official impact on our district will not be received as of the filing of this forecast. We have estimated revenues and expenses based on the limited data available and understanding of this legislation. As authoritative data concerning HB186 is made available to the district changes may need to be made to the forecast that may or may not be significant.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast. The items below give a short description of the current issues and how they may affect our forecast in the long term:

- HB309 allows County Budget Commissions (CBC's) to reduce any voter-approved levy (except debt) to bring taxes levied within levels the CBC finds reasonable and prudent to avoid unnecessary collections. This law gives locally elected CBC officials the power to override voter-approved levies and local school board fiscal decisions. The impact of this new law is indeterminable and can be administered inconsistently in 88 counties across Ohio.
  - HB335 limits revenue growth from inside millage due to valuation reappraisals or triennial updates to no more than the Gross Domestic Product Deflation Factor (GDP DF). Our district plans to project at or below anticipated GDP DF to avoid inflation cap credits on inside millage.
- II.** HB96, the current state budget, continues to phase-in what has been referred to as the Fair School Funding Plan(FSFP) for FY26-FY27. FY26 reflects 83.33% of the implementation cost at year five of a six-year phase-in plan, which increases by 16.66% each year. FY27 will result in 100% funding of (FSFP). HB96 did not increase the base cost inputs (no increase from the state on formula funding) while allowing local capacity inputs to increase. This causes more districts to appear to have greater local ability to fund their schools thus reducing the amount of State Aid they receive. We have used the most recent FY27 simulations published by the Department of Education and Workforce for our forecasted revenues in FY27-FY30.
- III.** 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. HB129 will have the effect of reducing our collections on the emergency levy by adding part of this levy to the 20 mill floor calculation after our update in 2026 for collection in 2027. We are estimating our loss to be \$4.8 million for the life of the forecast,
- IV.** The state budget represented 47.1% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY28 and beyond if the state economy stalls due to a possible recession and the Fair School Funding Plan is not continued and funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY28-29 and FY30-31. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY30. We have projected our state funding in FY26 based on recent formula calculations and use of the Ohio Department of Education and Workforce funding simulator for FY27 projections. This forecast reflects state revenue to align with the FY27 funding levels through FY30, which we feel is conservative and should be close to what the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.
- V.** HB96, the current state biennium budget also enacted a new provision called "Piggyback Property Tax Exemptions". This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Current Homestead and 2.5% owner occupied credits are reimbursed to the district from the state of Ohio. These "Piggyback Property Tax Exemptions" would NOT be reimbursed. Licking County has not approved either exception at this time. HB96 would allow this to occur every year and, if they were to be approved, could result in reduced property tax collections for the school district of roughly \$1.2 million from current operating levies. This new law creates a potential risk to our local tax collections every year. County auditors have until December 2026 to implement this tax credit for tax year 2026. We will adjust the forecast in the future accordingly.

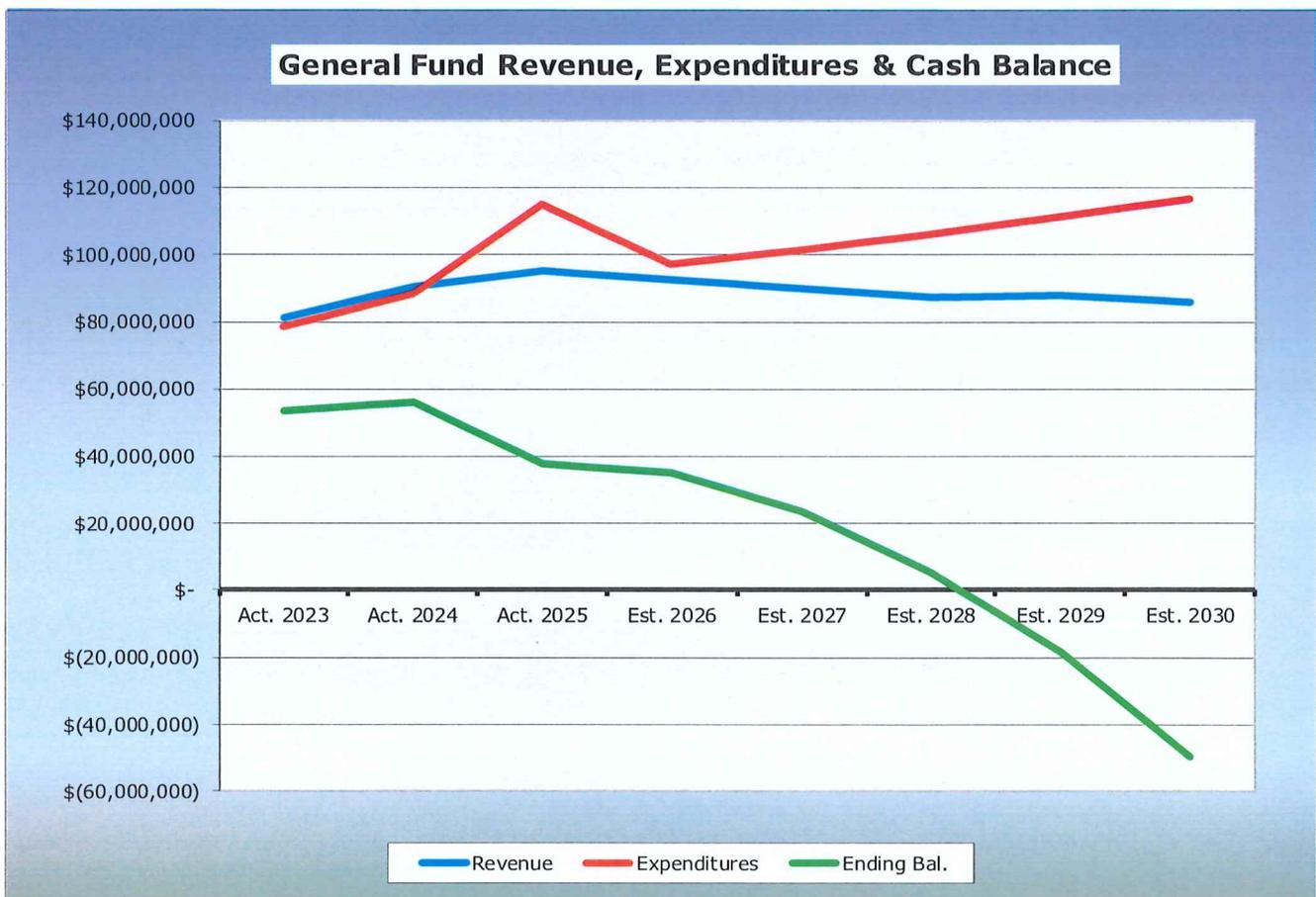
VI. The Ohio Department of Taxation on January 15, 2026 announced an updated state property tax reappraisal and triennial update schedule. Sixteen counties will have their reappraisal moved back by one year in accordance with the new schedule. Our county will not be impacted by this change.

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.

**Detailed Forecast Analysis**

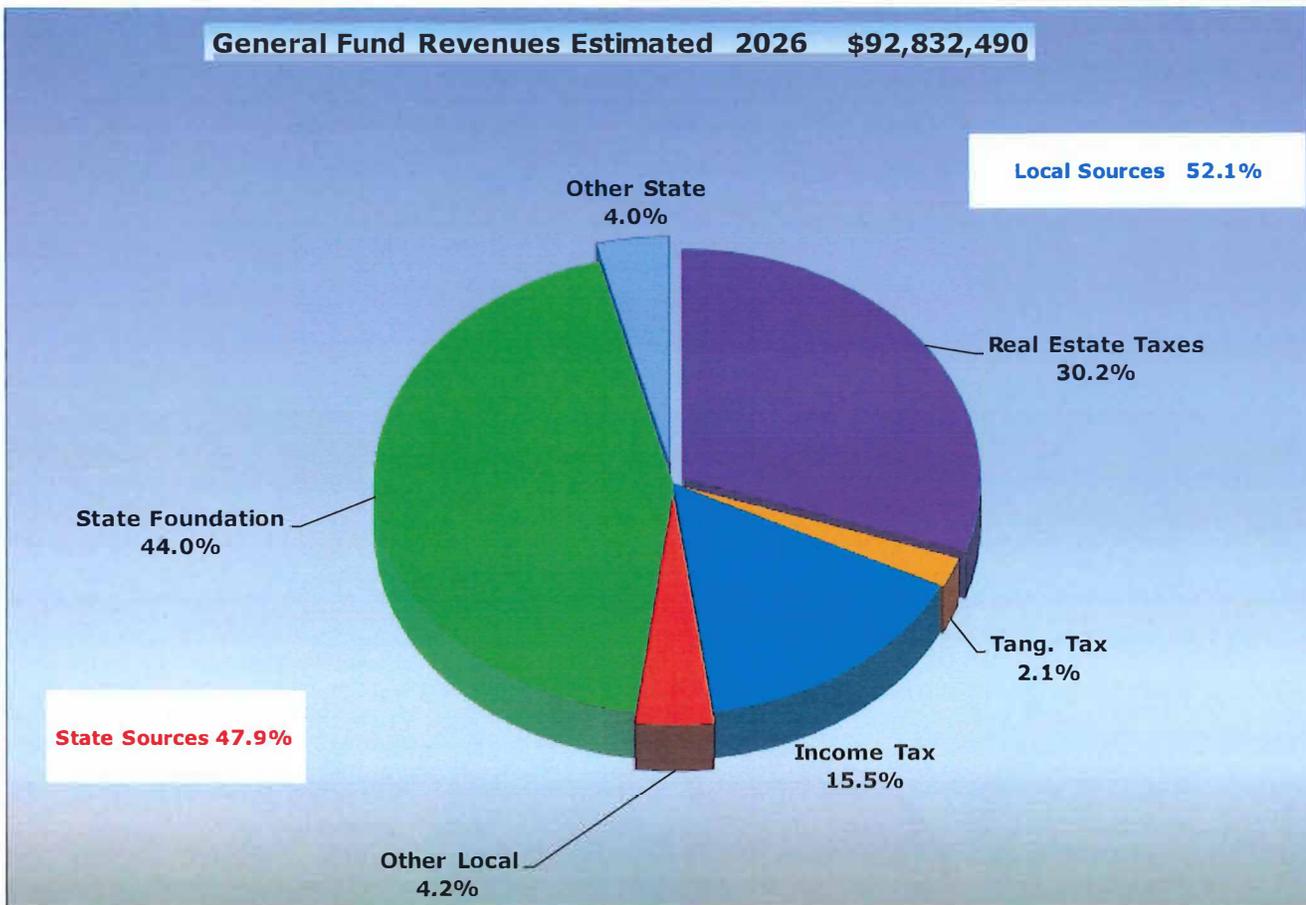
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 FY23-25 and Estimated FY26-30**



The graph captures in one snapshot the operating scenario facing the District over the next few years and reflects an operating deficit started in fiscal year 2025.

**Revenue Assumptions**  
**Estimated General Fund Operation Revenue for FY26**



**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. New HB186 allows new construction growth in property taxes irrespective of GDP DF. 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**

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028	TAX YEAR 2029
Classification	COLLECT 2026	COLLECT 2027	COLLECT 2028	COLLECT 2029	COLLECT 2030
Res./Ag.	\$1,036,981,710	\$1,109,770,430	\$1,109,970,430	\$1,110,170,430	\$1,110,370,430
Comm./Ind.	292,160,876	292,360,876	292,560,876	292,760,876	292,960,876
Public Utility (PUPP)	66,973,798	67,173,798	67,373,798	67,573,798	67,773,798
Total Assessed Value	<u>\$1,396,116,384</u>	<u>\$1,469,305,104</u>	<u>\$1,469,905,104</u>	<u>\$1,470,505,104</u>	<u>\$1,471,105,104</u>

**Tax Rate Assumptions**

The county auditor sets property tax rates for each levy that voters approve to fund the school district. Ohio law requires these tax rates to be adjusted over time so that rising property values do not automatically increase the amount of money the district collects beyond what voters originally approved. These adjustments are called “reduction factors.”. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. While voters approved a total rate of 27.5 mills for the district’s general fund levies, the current effective rate is 20.0 mills for Class I property and 20.0 mills for Class II property. Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both voted and non-voted millage rates; this is called the “20-Mill Floor”. Our district is on the floor for Class I and Class II. Our emergency levy is not included in the 20 mill floor currently, but will be negatively impacted starting in FY27.

HB129 is a new law that restores fixed sum levies AND now includes them in the 20-mill floor calculation. HB129 will be in effect following the Tax Year 2027 triennial update. Our district is expected to be impacted by including fixed sum (formerly emergency) levies in our 20-mill floor calculation starting for collection in calendar year 2027. This is expected to result in a loss of \$700,000 in fiscal year 2027 and reduce taxes by - \$4.8 million through FY30 on the forecast of taxes on Line 1.01 below.

**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	FY26	FY27	FY28	FY29	FY30
General Property Taxes	\$28,035,255	\$27,894,156	\$27,928,321	\$27,929,301	\$25,947,931
Piggyback Exemption HB96	0	0	0	0	0
Other Tax Adjustments- HB186	0	(5,166,099)	(3,444,066)	(3,444,066)	(3,444,066)
General Property Taxes Line #1.010	<u>\$28,035,255</u>	<u>\$22,728,057</u>	<u>\$24,484,255</u>	<u>\$24,485,235</u>	<u>\$22,503,865</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	FY26	FY27	FY28	FY29	FY30
Public Utility Personal Property	<u>\$1,987,482</u>	<u>\$2,120,961</u>	<u>\$2,120,158</u>	<u>\$2,126,351</u>	<u>\$1,996,613</u>

**School District Income Tax – Line 1.030**

The District’s income tax was renewed on May 3, 2022 to become permanent. We we expect steady growth from year to year and we are estimating 2% annual growth for the remainder of the forecast.

Source	FY26	FY27	FY28	FY29	FY30
SDIT Collection 1% made permanent 5/3/	\$13,985,609	\$14,363,383	\$14,650,651	\$14,943,664	\$15,242,537
Adjustments	\$377,774	\$287,268	\$293,013	\$298,873	\$304,851
<b>Total to Line #1.030</b>	<u>\$14,363,383</u>	<u>\$14,650,651</u>	<u>\$14,943,664</u>	<u>\$15,242,537</u>	<u>\$15,547,388</u>

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

**Current State Funding Model per HB96 through June 30, 2027**

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

HB96, the current state budget, continued the Fair School Funding Plan for FY26 and FY27. We have projected FY26 funding based on the most recent foundation settlement and funding factors.

Our district is currently a formula district in FY26 and is expected to continue on the formula in FY27-FY30 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 FY26 and FY27**

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the final two (2) years of the funding plan in HB96 phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs from FY25. In other words, the legislature did not increase funding in the foundation formula. They did increase transportation funding’s state share percentage to 45.83% in FY26, and 50% in FY27, which could increase funding, and; they added three (3) Supplemental Payments outside the formula: a Base Funding Supplement, Enrollment Growth Supplement and Performance Supplement.

The Base Funding Supplement will be paid to all districts. The funding supplement per pupil is \$27 in FY26 and \$40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current FY26 enrolled ADM multiplied by \$225 per student, and in FY27 based on FY27 enrolled ADM multiplied by \$250. To be eligible enrolled ADM growth between FY22 and FY25 must equal or exceed 5% growth, and FY27 enrolled ADM growth between FY23 and FY26 must equal or exceed 3%. Our district does not qualify for this payment.

The Performance Supplement was included in HB96. The eligibility for the supplement payment uses data from the state report card for the 2024-2025 school year for FY26 and 2025-2026 school year for FY27; the payment will be a separate payment of \$13 per pupil in FY26 and FY27. We will not know until later in FY26 if we will receive this additional funding.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26, but still includes two (2) primary guarantees: 1) Temporary Transition Aid, and 2) Formula Transition Supplement. The two (2) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY26 and FY27 than they received in FY21.

**Future State Budget Projections beyond FY27**

Our funding status for FY28-31 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be continued beyond FY27; 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 FY28 through FY30.

**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.

In FY25, the funding was increased to \$114.30 million for schools or \$65.70 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	FY26	FY27	FY28	FY29	FY30
Basic Aid-Unrestricted	\$32,633,841	\$31,545,655	\$31,545,655	\$31,545,655	\$31,545,655
Additional Aid Items	<u>1,533,482</u>	<u>1,646,602</u>	<u>1,646,602</u>	<u>1,646,602</u>	<u>1,646,602</u>
Basic Aid-Unrestricted Subtotal	\$34,167,323	\$33,192,257	\$33,192,257	\$33,192,257	\$33,192,257
Ohio Casino Commission/ Medicaid/ Crec	<u>868,559</u>	<u>868,559</u>	<u>868,559</u>	<u>868,559</u>	<u>868,559</u>
Total Unrestricted State Line # 1.035	<u>\$35,035,882</u>	<u>\$34,060,816</u>	<u>\$34,060,816</u>	<u>\$34,060,816</u>	<u>\$34,060,816</u>

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

HB96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners and Student Wellness funding. We have estimated revenues for these new restricted funding lines using current funding factors and simulations.

We have estimated revenues for these new restricted funding lines using the most current funding factors available. For fiscal years 2026 and 2027, HB96 modifies how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new DPIA formula modified the weight given to these student groups over the biennium which has resulted in calculated DPIA state funding in FY26 being \$86.6 million less than in FY25.

Source	FY26	FY27	FY28	FY29	FY30
DPIA	\$4,242,390	\$4,424,441	\$4,424,441	\$4,424,441	\$4,424,441
Career Tech	68,378	59,068	59,068	59,068	59,068
Gifted	283,045	251,525	251,525	251,525	251,525
English Learners	14,442	10,602	10,602	10,602	10,602
Student Wellness	1,030,776	927,293	927,293	927,293	927,293
Other Restricted State Aid	120,530	0	0	0	0
Catastrophic Aid	<u>33,348</u>	<u>33,681</u>	<u>34,018</u>	<u>34,358</u>	<u>34,702</u>
Total Restricted State Line #1.040	<u>\$5,792,909</u>	<u>\$5,706,610</u>	<u>\$5,706,947</u>	<u>\$5,707,287</u>	<u>\$5,707,631</u>

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

Source	FY26	FY27	FY28	FY29	FY30
Unrestricted Line # 1.035	\$35,035,882	\$34,060,816	\$34,060,816	\$34,060,816	\$34,060,816
Restricted Line # 1.040	<u>5,792,909</u>	<u>5,706,610</u>	<u>5,706,947</u>	<u>5,707,287</u>	<u>5,707,631</u>
Total State Foundation Revenue	<u>\$40,828,791</u>	<u>\$39,767,426</u>	<u>\$39,767,763</u>	<u>\$39,768,103</u>	<u>\$39,768,447</u>

**State Share of Local Property Tax 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. Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled.

**Partial HB186 Guarantee**

New HB186 authorizes payments to school districts and JVSDs that are located in a county that underwent a reappraisal or triennial update in tax years 2023 and 2024 and that, due to the act’s temporary credit, would otherwise receive less property tax revenue in tax year 2025 than in tax year 2024. The revenue guarantee applies to tax year 2025, in the case of 2023 reappraisal or update counties, and to tax years 2025 and 2026, in the case of 2024 reappraisal and update counties. Under the act, the Tax Commissioner will calculate the difference between a district’s real property tax revenue in tax year 2024 and its revenue in 2025 and, if applicable, 2026. We do anticipate a hold harmless payment for HB186, but since the ODT has not released authoritative data on HB186 calculations, we cannot be certain of this. We will adjust the forecast as data from the ODT becomes available.

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

Source	FY26	FY27	FY28	FY29	FY30
Rollback & Homestead	\$3,672,840	\$3,730,872	\$3,746,086	\$3,746,057	\$3,515,259
HB186 Partial Reimbursement	<u>0</u>	<u>3,164,126</u>	<u>0</u>	<u>0</u>	<u>0</u>
State Reimbursement for Property Tax Cr	<u>\$3,672,840</u>	<u>\$6,894,998</u>	<u>\$3,746,086</u>	<u>\$3,746,057</u>	<u>\$3,515,259</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 has started to cut interest rates in 2025 and may continue to do so in 2026. Interest income in FY26 should remain steady due to laddered investment strategies, the rate cuts and decreasing cash balance will begin to have an impact on earnings in FY27 and future years. We will continue to monitor the investments for the district. All other revenues are expected to continue on historical trends.

Source	FY26	FY27	FY28	FY29	FY30
Tuition SF-14 & SF-14H	\$647,845	\$647,845	\$647,845	\$647,845	\$647,845
Interest	2,266,557	1,971,905	828,929	663,143	530,514
Student Fees and PTP Fees	179,047	180,837	182,645	184,471	186,316
Rentals, Donations, Miscellaneous	<u>851,290</u>	<u>859,803</u>	<u>868,401</u>	<u>877,085</u>	<u>885,856</u>
Total Other Local Revenue Line #1.060	<u>\$3,944,739</u>	<u>\$3,660,390</u>	<u>\$2,527,820</u>	<u>\$2,372,544</u>	<u>\$2,250,531</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	FY26	FY27	FY28	FY29	FY30
Transfers In - Line 2.040	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000
Advance Returns - Line 2.050	<u>1,607,221</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$1,797,221</u>	<u>\$190,000</u>	<u>\$190,000</u>	<u>\$190,000</u>	<u>\$190,000</u>

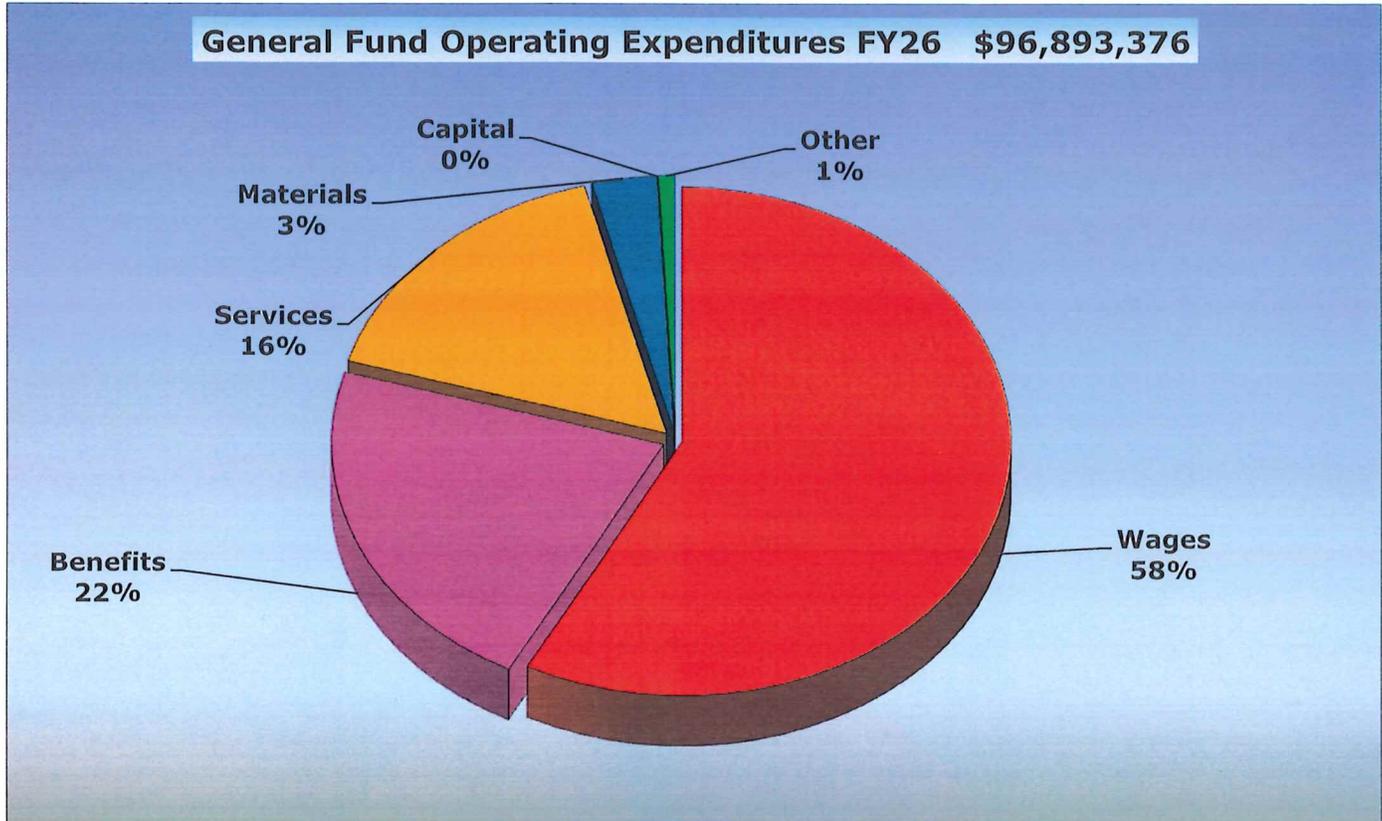
**All Other Financial Sources – Line #2.060 & Line #14.010**

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

Source	FY26	FY27	FY28	FY29	FY30
Refunds & Sale of Assets/Worker's Comp	<u>\$20,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

## 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 3.0% for FY26. The FY27 – FY30 projections also includes a base increase of 2.0%.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	\$ 53,707,446	\$ 55,925,111	\$ 58,025,403	\$ 60,204,795	\$ 62,468,905
Increases/ Performance Pay	1,611,223	1,118,502	1,160,508	1,204,096	1,249,378
Steps & Training	1,208,418	1,208,418	1,398,128	1,450,635	1,505,120
Replacement/Growth Staff	(757,976)	(417,628)	(379,244)	(390,621)	(402,340)
New Staff/Incentives	156,000	191,000	0	0	0
<b>Total Wages Line #3.010</b>	<b>\$55,925,111</b>	<b>\$58,025,403</b>	<b>\$60,204,795</b>	<b>\$62,468,905</b>	<b>\$64,821,063</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 at 9.8% for FY26 through FY30 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 FY26 – FY30. 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	FY26	FY27	FY28	FY29	FY30
STRS/SERS	\$7,936,930	\$8,235,407	\$8,544,722	\$8,866,056	\$9,199,887
Insurance's	11,892,910	13,040,285	14,287,893	15,656,857	17,159,042
Workers Comp/Unemployment	424,438	440,191	456,536	473,517	491,158
Medicare	774,223	809,070	837,368	868,901	901,661
Other/Tuition	<u>134,796</u>	<u>134,796</u>	<u>134,796</u>	<u>134,796</u>	<u>134,796</u>
Total Fringe Benefits Line #3.020	<u>\$21,163,297</u>	<u>\$22,659,749</u>	<u>\$24,261,315</u>	<u>\$26,000,127</u>	<u>\$27,886,544</u>

**Purchased Services – Line #3.030**

This category includes payments for contracted services, utilities, property insurance, special education transportation, legal fees, rentals, facility improvements and IT professional services. 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 FY27-FY30.

Source	FY26	FY27	FY28	FY29	FY30
Tuition & EdChoice	\$1,800,217	\$1,890,228	\$1,984,739	\$2,083,976	\$2,188,175
Legal & Prof Dev Travel	288,801	317,681	320,858	324,067	327,308
Professional & Technical Services	8,529,123	8,955,579	9,403,358	9,873,526	10,367,202
Building & Equipment Repairs	83,336	87,503	91,878	96,472	101,296
Special Education	3,188,343	3,347,760	3,515,148	3,690,905	3,875,450
Utilities	1,751,496	1,839,071	1,931,025	2,027,576	2,128,955
Purchased Services, Rentals & Misc	<u>\$303,842</u>	<u>\$319,034</u>	<u>\$334,986</u>	<u>\$351,735</u>	<u>\$369,322</u>
Total Purchased Services Line #3.030	<u>\$15,945,158</u>	<u>\$16,756,856</u>	<u>\$17,581,992</u>	<u>\$18,448,257</u>	<u>\$19,357,708</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 expect modest growth in this area due to inflation.

Source	FY26	FY27	FY28	FY29	FY30
Supplies	\$1,858,407	\$1,951,327	\$2,048,893	\$2,151,338	\$2,258,905
Building & Transportation	<u>1,243,343</u>	<u>1,305,510</u>	<u>1,370,786</u>	<u>1,439,325</u>	<u>1,511,291</u>
Total Supplies Line #3.040	<u>\$3,101,750</u>	<u>\$3,256,837</u>	<u>\$3,419,679</u>	<u>\$3,590,663</u>	<u>\$3,770,196</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	FY26	FY27	FY28	FY29	FY30
County Auditor & Treasurer Fees	\$ 346,750	\$ 353,685	\$ 360,759	\$ 367,974	\$ 375,333
Audit Fees/Liability Ins/Other	<u>411,310</u>	<u>419,536</u>	<u>427,927</u>	<u>436,486</u>	<u>445,216</u>
Total Other Expenses Line #4.300	<u>\$758,060</u>	<u>\$773,221</u>	<u>\$788,686</u>	<u>\$804,460</u>	<u>\$820,549</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.

Source	FY26	FY27	FY28	FY29	FY30
Operating Transfers Out Line #5.010	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$190,000</u>	<u>\$190,000</u>	<u>\$190,000</u>	<u>\$190,000</u>	<u>\$190,000</u>

Source	FY26	FY27	FY28	FY29	FY30
All Other Financing Uses - Line #5.030	<u>\$6,596</u>	<u>\$6,596</u>	<u>\$6,596</u>	<u>\$6,596</u>	<u>\$6,596</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	FY26	FY27	FY28	FY29	FY30
Estimated Encumbrances	<u>\$3,516,384</u>	<u>\$3,516,384</u>	<u>\$3,516,384</u>	<u>\$3,516,384</u>	<u>\$3,516,384</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	FY26	FY27	FY28	FY29	FY30
Budget Reserve - Line 9.030	\$934,406	\$934,406	\$934,406	\$934,406	\$934,406
Total Reservations of Balance- Line#9.080	\$934,406	\$934,406	\$934,406	\$934,406	\$934,406

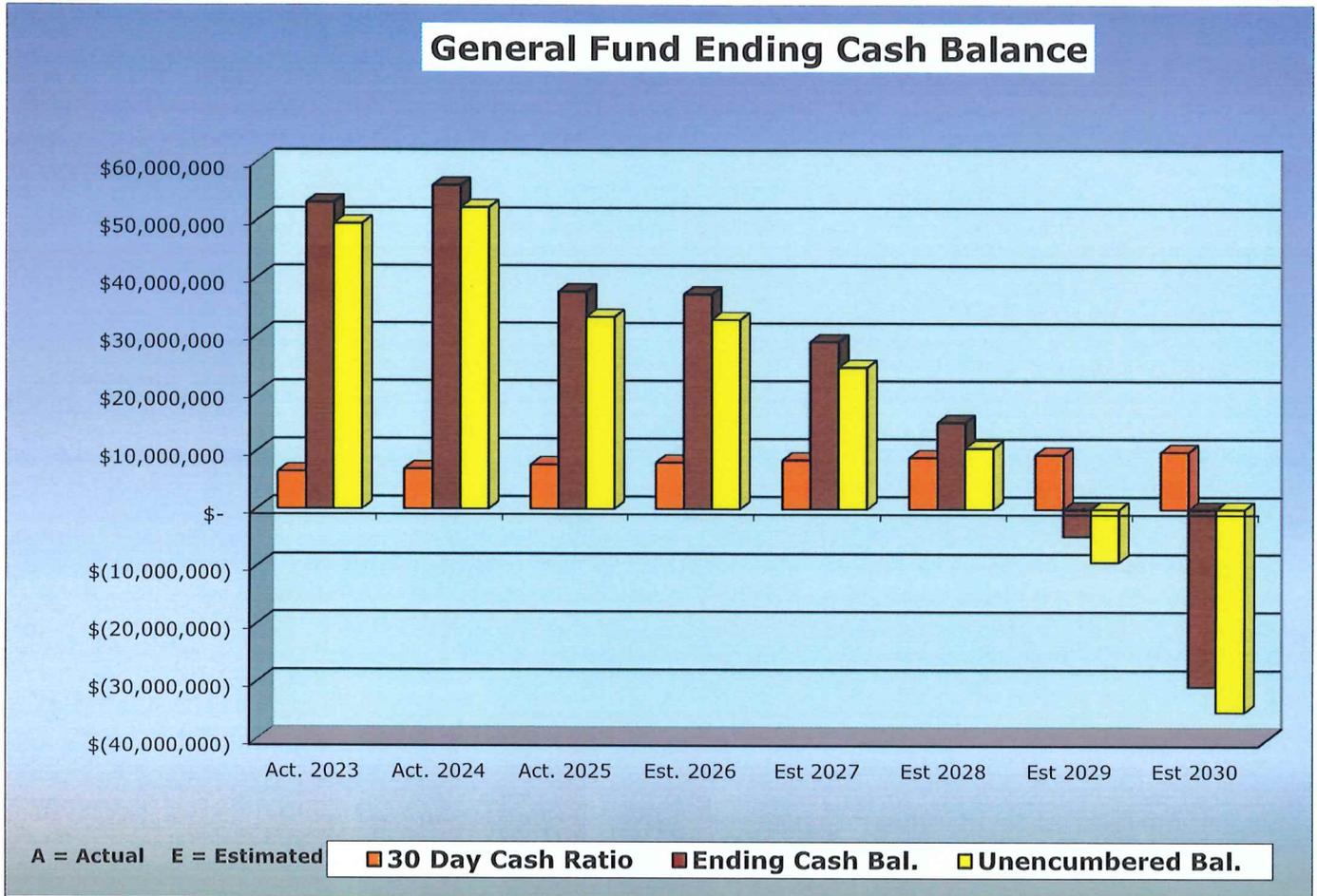
**Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010**

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	FY26	FY27	FY28	FY29	FY30
Ending Unreserved Cash Balance	\$ 30,824,448	\$ 19,168,270	\$ 494,952	\$ (23,083,229)	\$ (54,163,781)

### 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.

