# Newark City School District – Licking County

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2024, 2025 and 2026**
**ACTUAL**
**FORECASTED FISCAL YEARS ENDING JUNE 30, 2027 THROUGH 2031**

Newark
CITY SCHOOLS

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

***Updated August 10, 2026***

# NEWARK CITY SCHOOL DISTRICT

## Licking County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2024, 2025, 2026
Forecasted Fiscal Year Ending June 30, 2027 through 2031

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Average Change | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 | Fiscal Year 2031 |
| | **Revenues** | | | | | | | | | |
| 1.010 | General Property Tax (Real Estate) | $25,023,803 | $27,838,014 | $27,236,517 | 4.5% | $22,357,163 | $24,026,778 | $24,468,987 | $22,256,433 | $23,637,310 |
| 1.020 | Public Utility Personal Property Tax | 1,891,657 | 2,008,532 | 1,941,529 | 1.4% | $2,123,414 | $2,120,158 | $2,126,351 | $1,996,613 | $1,866,529 |
| 1.030 | Income Tax | 12,572,683 | 13,985,609 | 14,527,658 | 7.6% | $14,818,211 | $15,114,575 | $15,416,867 | $15,725,204 | $16,039,708 |
| 1.035 | Unrestricted State Grants-in-Aid | 38,268,039 | 36,635,733 | 35,793,519 | -3.3% | $33,806,516 | $33,806,516 | $33,806,516 | $33,806,516 | $33,806,516 |
| 1.040 | Restricted State Grants-in-Aid | 4,175,410 | 6,213,962 | 5,868,114 | 21.6% | $5,773,628 | $5,773,628 | $5,773,628 | $5,773,628 | $5,773,628 |
| 1.050 | State Reimbursement for Property Tax Credits | 3,271,242 | 3,607,316 | 3,672,782 | 6.0% | $7,334,877 | $4,353,278 | $4,181,153 | $4,081,664 | $3,893,309 |
| 1.060 | All Other Revenues | 5,121,866 | 5,073,879 | 3,929,621 | -11.7% | $3,723,351 | $2,720,158 | $2,643,294 | $2,584,416 | $2,539,953 |
| 1.070 | *Total Revenues* | 90,324,700 | 95,363,045 | 92,969,740 | 1.5% | 89,937,160 | 87,915,091 | 88,416,796 | 86,224,474 | 87,556,953 |
| | **Other Financing Sources** | | | | | | | | | |
| 2.040 | Operating Transfers-In | 98,438 | 1,310,218 | 217,258 | 573.8% | 190,000 | 190,000 | 190,000 | 190,000 | 190,000 |
| 2.050 | Advances-In | 750,341 | 281,500 | 1,829,763 | 243.8% | - | - | - | - | - |
| 2.060 | All Other Financing Sources | 390,882 | 69 | 21,258 | 15304.4% | $0 | $0 | $0 | $0 | $0 |
| 2.070 | *Total Other Financing Sources* | 1,239,661 | 1,591,787 | 2,068,279 | 29.2% | 190,000 | 190,000 | 190,000 | 190,000 | 190,000 |
| 2.080 | *Total Revenues and Other Financing Sources* | 91,564,361 | 96,954,832 | 95,038,019 | 2.0% | 90,127,160 | 88,105,091 | 88,606,796 | 86,414,474 | 87,746,953 |
| | **Expenditures** | | | | | | | | | |
| 3.010 | Personal Services | $49,502,043 | $53,707,446 | $54,226,174 | 4.7% | $55,678,823 | $57,638,764 | $59,768,358 | $61,981,239 | $64,283,149 |
| 3.020 | Employees' Retirement/Insurance Benefits | 18,300,360 | 19,838,554 | 21,531,464 | 8.5% | $22,833,646 | $24,450,193 | $26,225,708 | $28,152,641 | $30,246,852 |
| 3.030 | Purchased Services | 12,220,742 | 15,196,757 | 14,898,594 | 11.2% | $15,643,524 | $16,425,701 | $17,246,985 | $18,109,335 | $19,014,801 |
| 3.040 | Supplies and Materials | 2,811,612 | 2,954,047 | 3,428,230 | 10.6% | 3,599,642 | 3,779,624 | 3,968,605 | 4,167,034 | 4,375,387 |
| 3.050 | Capital Outlay | - | - | - | 0.0% | - | - | - | - | - |
| 4.300 | Other Objects | 738,061 | 777,346 | 822,149 | 5.5% | $773,221 | $788,685 | $804,458 | $820,547 | $836,958 |
| 4.500 | *Total Expenditures* | $83,572,818 | 92,474,150 | 94,906,611 | 6.6% | 98,528,856 | 103,082,967 | 108,014,114 | 113,230,796 | 118,757,147 |
| | **Other Financing Uses** | | | | | | | | | |
| 5.010 | Operating Transfers-Out | 4,695,122 | 21,276,550 | $217,258 | 127.1% | 190,000 | $190,000 | $190,000 | $190,000 | $190,000 |
| 5.020 | Advances-Out | 326,500 | 1,607,221 | - | 146.1% | - | - | - | - | - |
| 5.030 | All Other Financing Uses | 6,755 | 6,596 | 6,805 | 0.4% | $6,805 | $6,805 | $6,805 | $6,805 | $6,805 |
| 5.040 | *Total Other Financing Uses* | 5,028,377 | 22,890,367 | 224,063 | 128.1% | 196,805 | 196,805 | 196,805 | 196,805 | 196,805 |
| 5.050 | *Total Expenditures and Other Financing Uses* | 88,601,195 | 115,364,517 | 95,130,674 | 6.3% | 98,725,661 | 103,279,772 | 108,210,919 | 113,427,601 | 118,953,952 |
| 6.010 | *Excess of Revenues and Other Financiang Sources over (under) Expenditures and Other Uses* | 2,963,166 | (18,409,685) | (92,655) | -410.4% | (8,598,501) | (15,174,681) | (19,604,123) | (27,013,127) | (31,206,999) |
| 7.010 | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 53,162,017 | 56,125,183 | 37,715,498 | -13.6% | 37,622,843 | 29,024,342 | 13,849,662 | (5,754,461) | (32,767,588) |
| 7.020 | *Cash Balance June 30* | 56,125,183 | 37,715,498 | 37,622,843 | -16.5% | 29,024,342 | 13,849,662 | (5,754,461) | (32,767,588) | (63,974,587) |
| 8.010 | *Estimated Encumbrances June 30* | 2,921,871 | 3,516,384 | 1,880,599 | -13.1% | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| | **Reservation of Fund Balance** | | | | | | | | | |
| 9.030 | Budget Reserve | 934,406 | 934,406 | 934,406 | 0.0% | 934,406 | 934,406 | 934,406 | 934,406 | 934,406 |
| 9.080 | *Subtotal* | 934,406 | 934,406 | 934,406 | 0.0% | 934,406 | 934,406 | 934,406 | 934,406 | 934,406 |
| 10.010 | *Fund Balance June 30 for Certification of Appropriations* | 52,268,906 | 33,264,708 | 34,807,838 | -15.9% | 25,589,936 | 10,415,256 | (9,188,867) | (36,201,994) | (67,408,993) |
| 12.010 | *Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations* | 52,268,906 | 33,264,708 | 34,807,838 | -15.9% | 25,589,936 | 10,415,256 | (9,188,867) | (36,201,994) | (67,408,993) |
| | **Revenue from New Levies** | | | | | | | | | |
| 13.010 | Income Tax - New | | | | 0.0% | $0 | $0 | $0 | $0 | $0 |
| 13.020 | Property Tax - New | | | | 0.0% | - | - | - | - | - |
| 13.030 | Cumulative Balance of New Levies | - | - | - | 0.0% | - | - | - | - | - |
| 14.010 | Revenue from Future State Advancements | - | | | 0.0% | - | - | - | - | - |
| 15.010 | *Unreserved Fund Balance June 30* | 52,268,906 | 33,264,708 | 34,807,838 | -15.9% | 25,589,936 | 10,415,256 | (9,188,867) | (36,201,994) | (67,408,993) |
| | **ADM Forecasts** | | | | | | | | | |
| 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 |
| | **State Fiscal Stabilization Funds** | | | | | | | | | |
| 21.010 | Personal Services SFSF | | | | 0.0% | | | | | |
| 21.020 | Employees Retirement/Insurance Benefits SFSF | | | | 0.0% | | | | | |
| 21.030 | Purchased Services SFSF | | | | 0.0% | | | | | |
| 21.040 | Supplies and Materials SFSF | | | | 0.0% | | | | | |
| 21.050 | Capital Outlay SFSF | | | | 0.0% | | | | | |
| 21.060 | *Total Expenditures - SFSF* | - | - | | 0.0% | - | - | - | - | - |
| | **True Days Cash Line 59** | **231** | **119** | **144** | **-952** | **107** | **49** | **-19** | **-105** | **-196** |
| | **True Days Unencumbered Cash Line 91** | **215** | **105** | **134** | **-914** | **95** | **37** | **-31** | **-116** | **-207** |
| | **Millage equivalent for deficit spending** | | | | | **(8.75)** | **(15.30)** | **(19.59)** | **(19.86)** | **(22.55)** |

## 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. The filing deadlines of February and August are out of alignment with when final 1st half and 2nd half tax settlements will actually be received in most cases, and the August 31 deadline is out of alignment with when school districts statutorily have to make final fiscal year appropriations which is September 30th of each year.

## Requirement vs. Reality: A Structural Diagnostic

The new filing timelines are fundamentally unaligned with the natural availability of key data needed to make accurate projections.

| Data Requirement | HB96 Deadline | Real-World Availability |
|---|---|---|
| **Baseline Appropriations** | **August 31** | **September 30 (Statutory Law)** |
| **1st Half Property Tax Settlement** | **February 28** | **After Feb 28** |
| **2nd Half Property Tax Settlement** | **August 31** | **After Aug 31** |

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 August 2026 filing.

**Forecast Risks and Uncertainty:**

This financial forecast has risks and uncertainty due to economic changes, new property tax laws noted below that were 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 became law March 19, 2026, and are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The laws that were approved are: HB129, HB186, HB309 and HB335. Subsequently HB479 the state budget correction bill was signed June 24, 2026, and becomes law September 23, 2026, that made needed corrections to HB335 inside millage. 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.

   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:

| Legislation | Core Provision | District Financial Impact |
|---|---|---|
| **HB129** | Reclassifies fixed-sum (emergency/substitute) levies to be included in "20-mill floor" calculations. | Forces the district off the 20-mill floor in TY2027, suppressing future Class I tax collections. |
| **HB186** | Establishes "Inflation Cap Credits" and a retroactive "claw back" of realized revenues. | Anticipated cumulative loss of $14.5 million through FY31; |
| **HB309** | Empowers County Budget Commissions (CBCs) to reduce voter-approved levies. | Shifts fiscal authority to CBC officials, creating an unpredictable risk to local levy yields. |
| **HB335** | Limits revenue growth from inside millage to the GDP Deflation Factor (GDP DF). | Restricts the district's ability to realize revenue gains from property valuation reappraisals. |

**Revenue Risk Loss Assessment of HB129 and HB186 To Our Forecast**

- 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. Our district has fixed sum levies and has been on the 20-mill floor but will move off the 20-mill floor in the Tax Year 2027 revaluation due to HB129 including fixed sum levies in our general fund effective millage. Moving off the 20-mill floor is estimated to lower our future Class I tax collections by $5 million through FY31.

- 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. Our district will be effected by the Temporary Tax Credits and we anticipate the loss of $14.5 million over the life of the forecast.

**Evaluation of Emerging Risks: HB309, HB335 and Piggyback Exemptions**

- HB309 indicates an erosion of local fiscal autonomy, shifting power from elected school boards to County Budget Commissions (CBC's) and County Commissioners. HB309 allows a CBC 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 Ohio's 88 counties.

- HB335 limits revenue growth from "inside millage" due to the GDP Deflation Factor at property reevaluation cycles. To mitigate this, the district has adopted a defensive strategy of projecting at or below the anticipated GDP DF. This is a critical tactical move to prevent the state from applying further downward inflationary adjustments to the district's remaining growth potential. HB479 that becomes law September 23, 2026, corrected inside millage language in HB335 so than any inside mileage adjustment occurs only in the home county during revaluations if districts are in multiple counties. Any future inside millage adjustment is indeterminable at this time.

- HB96 Expanded Piggyback Option introduces a significant *local political* risk through "Piggyback" exemptions. Unlike standard Homestead and 2.5% owner-occupied credits—which the state reimburses—Piggyback exemptions are **not reimbursed**. Licking County Commissioners did not approve the Piggyback exemption for owner occupied credit/homestead exemption/both owners occupied credit and homestead exemption for tax year 2025 collect in calendar year 2026. Our county commissioners did not vote by July 1, 2026 to approve Piggyback Property Tax Exemptions for tax year 2026 for reductions in calendar year 2027. If both owner occupied, and homestead were approved every year this could result in reduced property tax collections for the school district of roughly $1.9 million each year from current operating levies. This new law creates an unpredictable potential risk to our local tax collections every year. We will adjust the forecast in the future accordingly.

Because the new accelerated August filing deadline for school district forecasts and the enormity of the property tax law changes, second half property tax bills have been delayed along with later final due dates. This will delay second half final actual tax settlement data to update our forecast with actual key data. We have estimated revenues and expenses based on the data available and understanding of the new property tax laws. As authoritative data concerning HB186 continues to be made available to the district changes may need to be made to the forecast that may or may not be significant.

**II.** HB96, the current state budget, continues to phase-in what has been referred to as the Fair School Funding Plan(FSFP) for FY27. FY27 reflects 100% of the implementation cost of the (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-FY31. We are considered a (guarantee or formula) district and do not anticipate increases in state aid.

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,

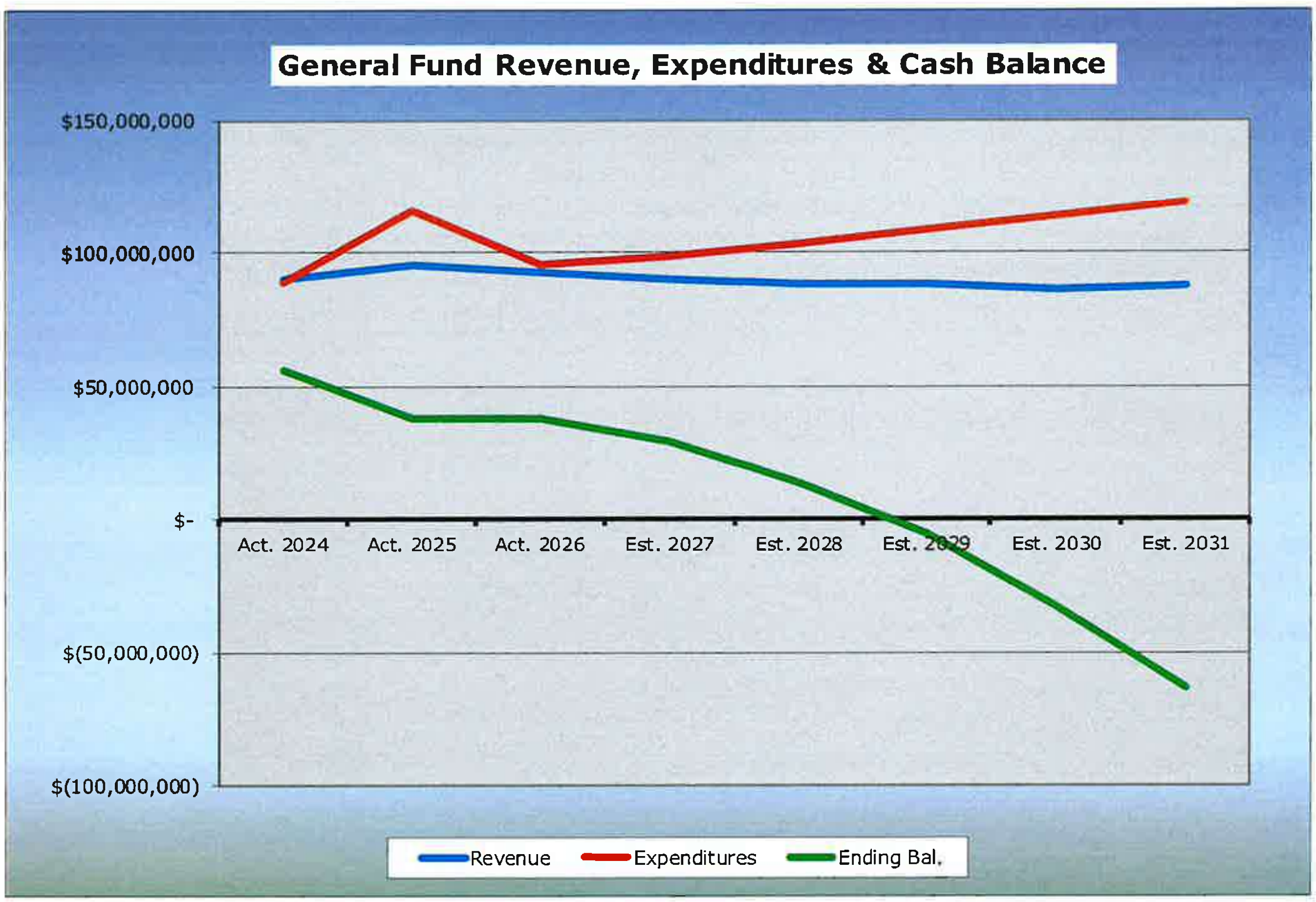
IV. The state budget represented 49.1% of district revenues, which means it is a significant risk to the revenue. In this forecast, there are two unknown future State Biennium Budgets covering FY28-29 and FY30-31. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY31. We have projected our state funding in FY27 based on recent formula calculations and use of the Ohio Department of Education and Workforce (ODEW) most recent funding settlement. This forecast reflects state revenue to align with the FY27 funding levels through FY31, 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. 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.

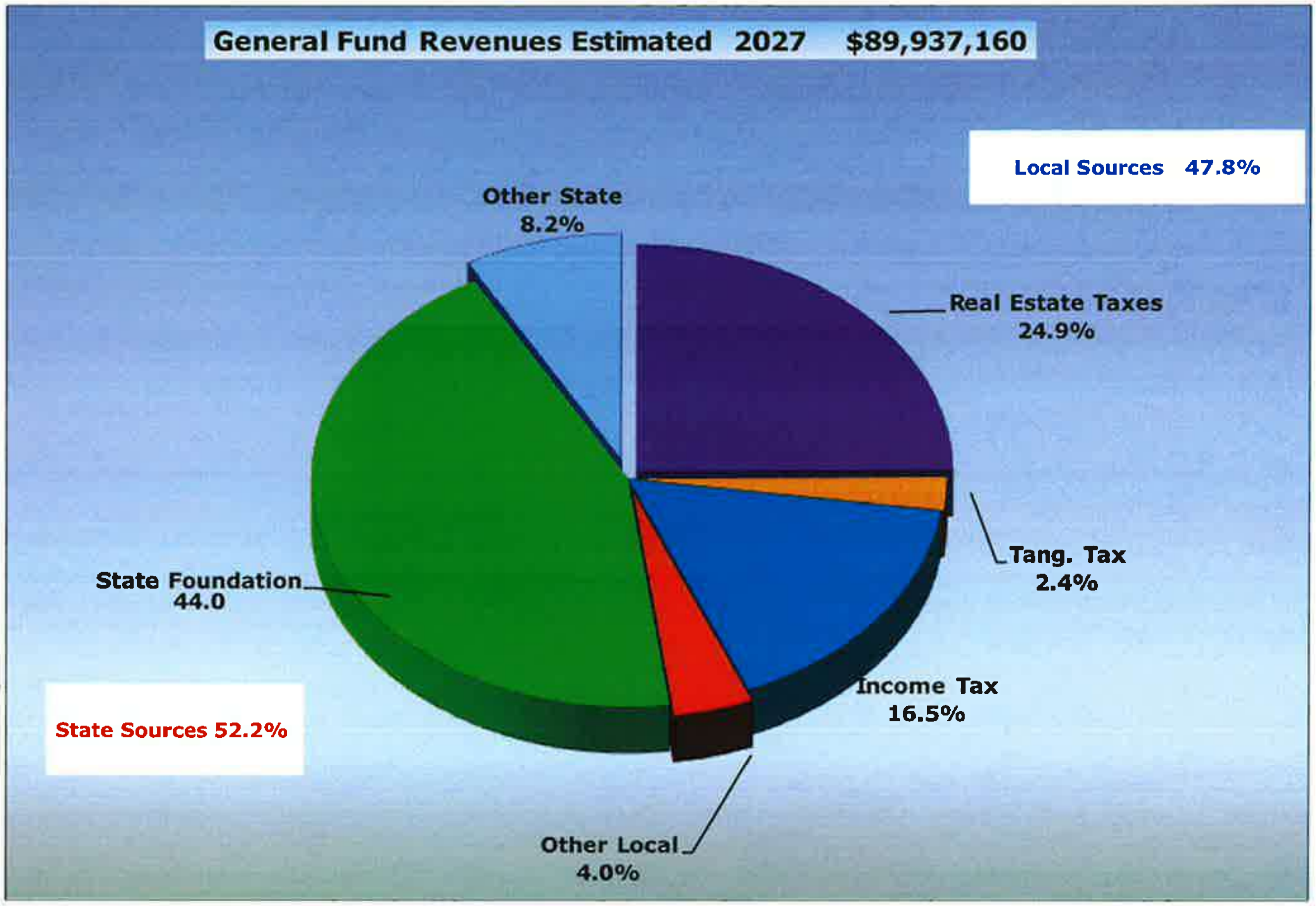
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 FY24-26 and Estimated FY27-31**




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




**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

| Classification | Estimated TAX YEAR 2026 COLLECT 2027 | Estimated TAX YEAR 2027 COLLECT 2028 | Estimated TAX YEAR 2028 COLLECT 2029 | Estimated TAX YEAR 2029 COLLECT 2030 | Estimated TAX YEAR 2030 COLLECT 2031 |
|---|---|---|---|---|---|
| Res./Ag. | $1,109,770,430 | $1,109,970,430 | $1,110,170,430 | $1,110,370,430 | $1,110,570,430 |
| Comm./Ind. | 292,360,876 | 292,560,876 | 292,760,876 | 292,960,876 | 293,160,876 |
| Public Utility (PUPP) | 67,173,798 | 67,373,798 | 67,573,798 | 67,773,798 | 67,973,798 |
| Total Assessed Value | $1,469,305,104 | $1,469,905,104 | $1,470,505,104 | $1,471,105,104 | $1,471,705,104 |

## 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 FY31 on the forecast of taxes on Line 1.01 below.

HB186 Impact

Our district is anticipating a negative claw back impact to our forecast due to HB186. We are anticipating adjustments noted on the table below for Line 1.01. This is based on recently obtained Department of Tax Equalization (DTE) Form 186 amounts and DTE HB186 Certified Tax Credit Factors. For planning purposes, we believe this is likely the worst-case scenario removing additional revenue of $14.4 million through FY31, but final second half tax settlements will not be received before this forecast filing deadline. When HB129 takes our district of the 20-mill floor for the tax year 2027 and 2030 revaluations there should not be additional inflationary cap credits.

## 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. We are anticipating a significant adjustment to our second half settlement in 2026 due to HB186. Also, the decline in FY30 and FY31 is due to the expiring emergency levy.

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| General Property Taxes | $27,199,377 | $27,254,921 | $27,697,130 | $25,484,576 | $23,637,310 |
| Piggyback Exemption HB96 | 0 | 0 | 0 | 0 | 0 |
| Other Tax Adjustments- HB186 | (4,842,214) | (3,228,143) | (3,228,143) | (3,228,143) | 0 |
| General Property Taxes Line #1.010 | $22,357,163 | $24,026,778 | $24,468,987 | $22,256,433 | $23,637,310 |

**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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Public Utility Personal Property | $2,123,414 | $2,120,158 | $2,126,351 | $1,996,613 | $1,866,529 |

**School District Income Tax – Line 1.030**

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

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| SDIT Collection 1% permanent | $14,527,658 | $14,818,211 | $15,114,575 | $15,416,867 | $15,725,204 |
| Adjustments | $290,553 | $296,364 | $302,292 | $308,337 | $314,504 |
| **Total to Line #1.030** | $14,818,211 | $15,114,575 | $15,416,867 | $15,725,204 | $16,039,708 |

**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 FY27. We have projected FY27 funding based on the most recent foundation settlement and funding factors.

Our district is currently a formula district in FY27 and is expected to continue on the formula in FY28-FY31 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 $40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current 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 2025-2026 school year for FY27; the payment will be a separate payment of $13 per pupil in FY27. We will not know until later in FY27 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 FY31.

**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 31st of January and August each year which began for the first time on January 31, 2013.

In FY26, the funding totaled $108.29 million or $68.14 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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Basic Aid-Unrestricted | $30,845,604 | $30,845,604 | $30,845,604 | $30,845,604 | $30,845,604 |
| Additional Aid Items | 1,599,458 | 1,599,458 | 1,599,458 | 1,599,458 | 1,599,458 |
| Basic Aid-Unrestricted Subtotal | $32,445,062 | $32,445,062 | $32,445,062 | $32,445,062 | $32,445,062 |
| Ohio Casino Commission/ Medicaid/ Credentials | 1,361,454 | 1,361,454 | 1,361,454 | 1,361,454 | 1,361,454 |
| Total Unrestricted State Line # 1.035 | $33,806,516 | $33,806,516 | $33,806,516 | $33,806,516 | $33,806,516 |

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

HB96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners and Student Wellness funding. We were also notified that Threshold reimbursements starting in FY26, and future years, are likely to be reduced by 30% from FY25 levels due to fixed state appropriations.

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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| DPIA | $4,557,426 | $4,557,426 | $4,557,426 | $4,557,426 | $4,557,426 |
| Career Tech | 63,533 | 63,533 | 63,533 | 63,533 | 63,533 |
| Gifted | 243,971 | 243,971 | 243,971 | 243,971 | 243,971 |
| English Learners | 11,730 | 11,730 | 11,730 | 11,730 | 11,730 |
| Student Wellness | 896,968 | 896,968 | 896,968 | 896,968 | 896,968 |
| Other Restricted State Aid | 0 | 0 | 0 | 0 | 0 |
| Catastrophic Aid | 0 | 0 | 0 | 0 | 0 |
| Total Restricted State Line #1.040 | $5,773,628 | $5,773,628 | $5,773,628 | $5,773,628 | $5,773,628 |

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

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Unrestricted Line # 1.035 | $33,806,516 | $33,806,516 | $33,806,516 | $33,806,516 | $33,806,516 |
| Restricted Line # 1.040 | 5,773,628 | 5,773,628 | 5,773,628 | 5,773,628 | 5,773,628 |
| Total State Foundation Revenue | $39,580,144 | $39,580,144 | $39,580,144 | $39,580,144 | $39,580,144 |

**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.

HB96 began a phase down of the 10% rollback credit that has been in effect since 1971 and an equal phase up of the Owner Occupied Credit (OOC) that has been in effect since 1978. In addition, HB96 increased the OOC by 2.88% by phasing it in over four (4) years starting in tax year 2026. The table below shows the phasing of these changes. Eventually there will be some amount of 10% rollback for non-timber farmland but we will need tax settlement sheets to determine that amount. These amounts are fully reimbursed to the school district when deducted from Class I property tax bills. Homestead credits vary annually based on applicants and eligibility.

The state of Ohio passed HB479 on June 24, 2026, and becomes effective September 23, which included a one-time doubling of the homestead exemption credit to start with tax bills in calendar 2027. This is a one-time only increase to help homeowners and is estimated to provide $350 million in taxpayer relief for qualified Homestead applicants and will be reimbursed to local governments from a $2.0 billion surplus in the state budget at the end of May 2026. There were also technical adjustments that if HB186 inflationary tax credits are present, they will be applied after the homestead credits are determined to maximize the credit for homeowners. This will cost the state an addition $44 million annually which will also be reimbursed to local governments if applicable. The $44 million increase is ongoing.

| | HB186 10% Phase down and OCC Phase up | | | | |
|---|---|---|---|---|---|
| | TY25 Collect CY26 | TY26 Collect CY27 | TY27 Collect CY28 | TY28 Collect CY29 | TY29 Collect CY30 |
| 10% Rollback* | 10.00% | 7.50% | 5.00% | 2.50% | 0.00% |
| 2.5% OOC | 2.50% | 5.00% | 7.50% | 10.00% | 12.50% |
| HB96 Inc. OCC | 0.00% | 0.72% | 1.44% | 2.16% | 2.88% |
| Total | 12.50% | 13.22% | 13.94% | 14.66% | 15.38% |
| | | | | | |
| Homestead | varies | 2x | varies | varies | varies |
| *Non-timber farm land will still keep 10% rollback | | | | | |

**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. The Ohio Department of Taxation expects to notify the Ohio Department of Education of these amounts and districts who receive this payment by August 1. A record request has been made for this data and we will adjust the forecast as data from the ODT becomes available.

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

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Rollback & Homestead | $4,170,751 | $4,353,278 | $4,181,153 | $4,081,664 | $3,893,309 |
| HB186 Partial Reimbursement | 3,164,126 | 0 | 0 | 0 | 0 |
| State Reimbursement for Property Tax Credits | $7,334,877 | $4,353,278 | $4,181,153 | $4,081,664 | $3,893,309 |

**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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Tuition SF-14 & SF-14H | $1,029,221 | $1,029,221 | $1,029,221 | $1,029,221 | $1,029,221 |
| Interest | 1,462,056 | 446,542 | 357,234 | 285,787 | 228,630 |
| Student Fees and PTP Fees | 194,061 | 196,002 | 197,962 | 199,942 | 201,941 |
| Rentals, Donations,Miscellaneous | 1,038,013 | 1,048,393 | 1,058,877 | 1,069,466 | 1,080,161 |
| Total Other Local Revenue Line #1.060 | $3,723,351 | $2,720,158 | $2,643,294 | $2,584,416 | $2,539,953 |

**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.

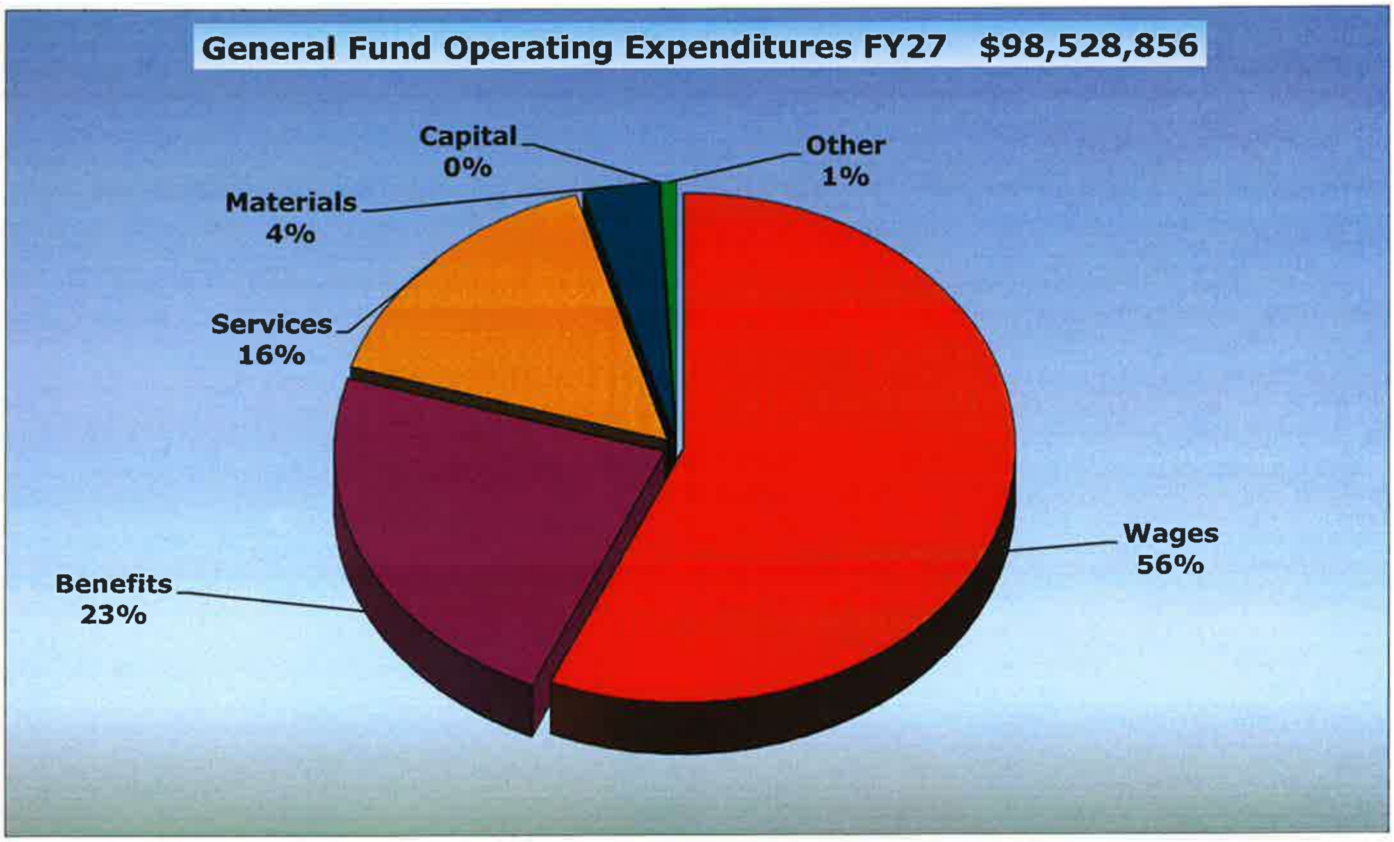
| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Transfers In - Line 2.040 | $190,000 | $190,000 | $190,000 | $190,000 | $190,000 |
| Advance Returns - Line 2.050 | 0 | 0 | 0 | 0 | 0 |
| Total Transfer & Advances In | $190,000 | $190,000 | $190,000 | $190,000 | $190,000 |

**All Other Financial Sources – Line #2.060 & Line #14.010**
We anticipate minimal other revenue during the remaining years of the forecast.

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Refunds & Sale of Assets/Worker's Comp Refund | $0 | $0 | $0 | $0 | $0 |

## 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 of 2.0% for all staff for FY27-FY31 with both unions, teachers (NEA) and classified staff (OAPSE).

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Base Wages | $ 54,226,174 | $ 55,678,823 | $ 57,638,764 | $ 59,768,358 | $ 61,981,239 |
| Increases/ Performance Pay | 1,084,523 | 1,113,576 | 1,152,775 | 1,195,367 | 1,239,625 |
| Steps & Training | 1,220,089 | 1,355,654 | 1,391,971 | 1,440,969 | 1,494,209 |
| Replacement/Growth Staff | (1,042,963) | (509,289) | (415,152) | (423,455) | (431,924) |
| New Staff/Incentives | 191,000 | 0 | 0 | 0 | 0 |
| Total Wages Line #3.010 | $55,678,823 | $57,638,764 | $59,768,358 | $61,981,239 | $64,283,149 |

**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 projected to increase at 9.8% for FY27 through FY31 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 FY27 – FY31. 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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| STRS/SERS | $7,903,487 | $8,180,786 | $8,482,848 | $8,796,910 | $9,123,604 |
| Insurance's | 13,600,858 | 14,892,999 | 16,319,301 | 17,884,716 | 19,602,864 |
| Workers Comp/Unemployment | 422,591 | 437,291 | 453,263 | 469,859 | 487,124 |
| Medicare | 767,151 | 799,558 | 830,737 | 861,597 | 893,701 |
| Other/Tuition | 139,559 | 139,559 | 139,559 | 139,559 | 139,559 |
| Total Fringe Benefits Line #3.020 | $22,833,646 | $24,450,193 | $26,225,708 | $28,152,641 | $30,246,852 |

**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. We are projecting modest inflationary increases in this area for FY27-FY31.

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Tuition & EdChoice | $1,900,098 | $1,995,103 | $2,094,858 | $2,199,601 | $2,309,581 |
| Building & Equipment Repairs | 83,259 | 87,422 | 91,793 | 96,383 | 101,202 |
| Special Education | 2,768,292 | 2,906,707 | 3,052,042 | 3,204,644 | 3,364,876 |
| Utilities | 2,149,094 | 2,256,549 | 2,369,376 | 2,487,845 | 2,612,237 |
| Purchased Services, Rentals & Misc | $8,742,781 | $9,179,920 | $9,638,916 | $10,120,862 | $10,626,905 |
| Total Purchased Services Line #3.030 | $15,643,524 | $16,425,701 | $17,246,985 | $18,109,335 | $19,014,801 |

**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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Supplies | $2,288,361 | $2,402,779 | $2,522,918 | $2,649,063 | $2,781,517 |
| Building & Transportation | 1,311,281 | 1,376,845 | 1,445,687 | 1,517,971 | 1,593,870 |
| Total Supplies Line #3.040 | $3,599,642 | $3,779,624 | $3,968,605 | $4,167,034 | $4,375,387 |

**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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| County Auditor & Treasurer Fees | $ 310,019 | $ 316,219 | $ 322,543 | $ 328,994 | $ 335,574 |
| Audit Fees/Liability Ins/Other | 463,202 | 472,466 | 481,915 | 491,553 | 501,384 |
| Total Other Expenses Line #4.300 | $773,221 | $788,685 | $804,458 | $820,547 | $836,958 |

**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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Operating Transfers Out Line #5.010 | $190,000 | $190,000 | $190,000 | $190,000 | $190,000 |
| Advances Out Line #5.020 | 0 | 0 | 0 | 0 | 0 |
| Total | $190,000 | $190,000 | $190,000 | $190,000 | $190,000 |

| Source | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| All Other Financing Uses - Line #5.030 | $6,805 | $6,805 | $6,805 | $6,805 | $6,805 |

**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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Estimated Encumbrances | $2,500,000 | $2,500,000 | $2,500,000 | $2,500,000 | $2,500,000 |

**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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| 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 |

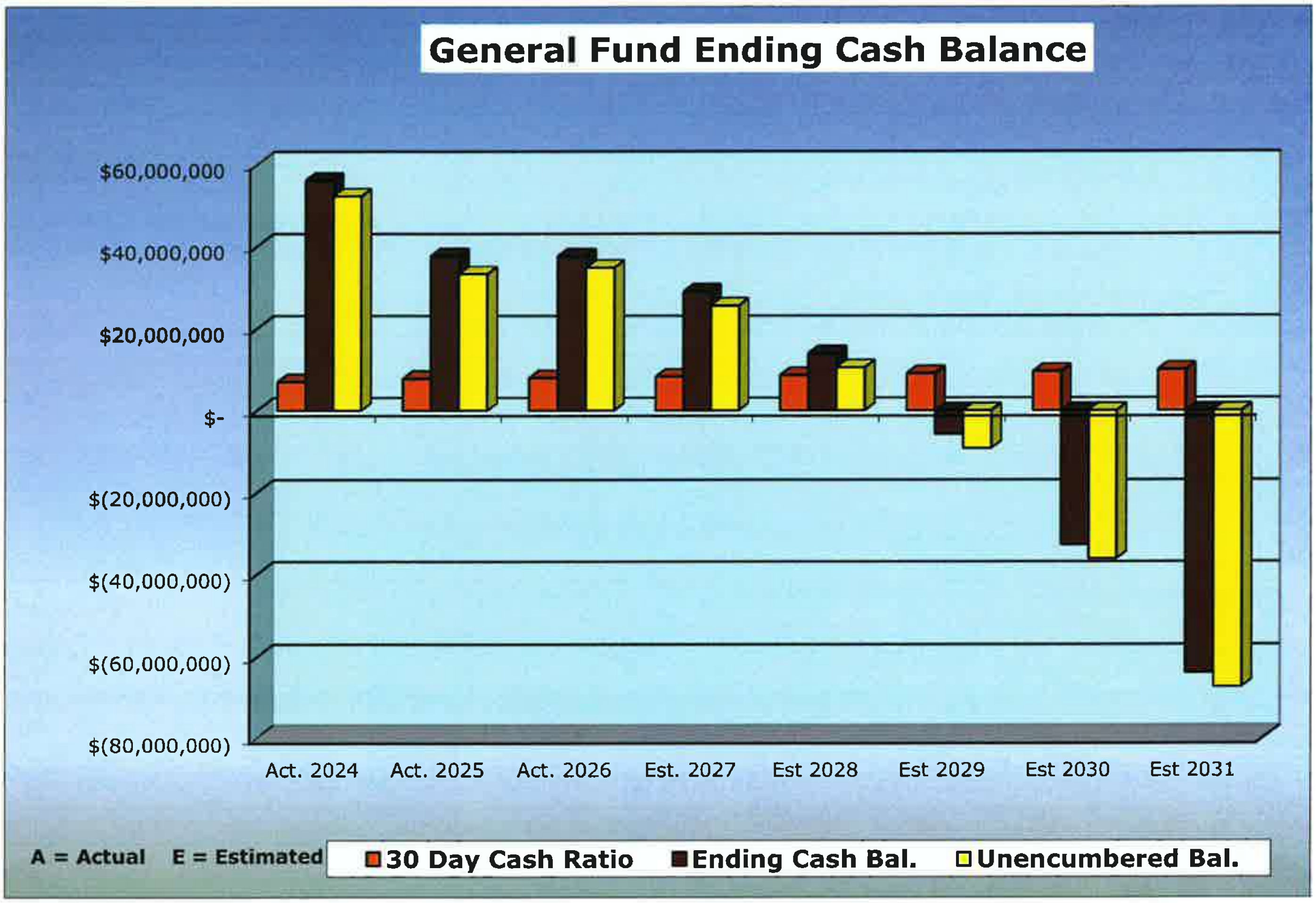
**Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010**

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 | FY27 | FY28 | FY29 | FY30 | FY31 |
|---|---|---|---|---|---|
| Ending Unreserved Cash Balance | $ 25,589,936 | $ 10,415,256 | $ (9,188,867) | $ (36,201,994) | $ (67,408,993) |

**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 began 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.