ADA EXEMPTED VILLAGE SCHOOL DISTRICT
HARDIN & HANCOCK COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028

Forecast Provided By
Ada Exempted Village School District
Treasurer's Office
Kim Light, Treasurer

May 16, 2024

Ada Exempted Village School District

Hardin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$1,917,368	$1,931,938	$1,963,007	1.2%	$2,269,678	$2,530,391	$2,536,083	$2,583,309	$2,652,167
1.020	Public Utility Personal Property Tax	176,870	191,647	205,388	7.8%	127,473	226,709	234,069	241,429	248,789
1.030	Income Tax	2,232,027	2,485,458	2,650,865	9.0%	2,606,072	2,658,193	2,711,357	2,765,584	2,459,818
1.035	Unrestricted State Grants-in-Aid	5,141,084	5,309,087	5,753,830	5.8%	6,557,088	7,195,241	7,196,117	7,197,010	7,197,911
1.040	Restricted State Grants-in-Aid	92,952	357,750	404,961	149.0%	484,836	511,087	511,087	511,087	511,087
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	265,295	265,249	266,782	0.3%	271,330	326,804	327,460	332,748	342,647
1.060	All Other Revenues	844,213	231,803	339,501	-13.0%	438,276	440,476	325,376	325,376	325,376
1.070	*Total Revenues*	$10,669,809	$10,772,932	$11,584,334	4.2%	$12,754,753	$13,888,901	$13,841,549	$13,956,543	$13,737,795
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	54,507	-	532	0.0%	8,806	8,806	8,806	8,806	8,806
2.070	*Total Other Financing Sources*	$54,507	$0	$532	0.0%	$8,806	$8,806	$8,806	$8,806	$8,806
2.080	*Total Revenues and Other Financing Sources*	$10,724,316	$10,772,932	$11,584,866	4.0%	$12,763,558	$13,897,707	$13,850,355	$13,965,349	$13,746,601
	Expenditures									
3.010	Personal Services	$5,612,317	$5,900,293	$6,096,032	4.2%	$6,389,000	$6,781,508	$7,040,688	$7,302,519	$7,575,796
3.020	Employees' Retirement/Insurance Benefits	2,625,253	2,798,067	2,890,306	4.9%	2,940,898	3,035,503	3,176,570	3,310,347	3,450,422
3.030	Purchased Services	1,667,600	1,047,594	1,053,450	-18.3%	1,107,374	1,372,864	1,411,262	1,450,754	1,491,375
3.040	Supplies and Materials	191,429	207,396	274,301	20.3%	286,499	375,094	331,346	341,286	351,525
3.050	Capital Outlay	10,441	5,410	43,515	328.1%	30,000	30,000	30,000	30,000	30,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	-	0.0%	0	0	0	0	0
4.300	Other Objects	573,761	562,339	564,661	-0.8%	585,953	597,672	609,625	621,817	634,253
4.500	*Total Expenditures*	$10,680,801	$10,521,099	$10,922,265	1.2%	$11,339,724	$12,192,641	$12,599,491	$13,056,723	$13,533,371
	Other Financing Uses									
5.010	Operating Transfers-Out	$27,104	$161,474	$509,815	355.7%	$1,295,108	$1,562,500	$1,105,000	$760,000	$70,000
5.020	Advances-Out	0	0	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$27,104	$161,474	$509,815	355.7%	$1,295,108	$1,562,500	$1,105,000	$760,000	$70,000
5.050	*Total Expenditures and Other Financing Uses*	$10,707,905	$10,682,573	$11,432,080	3.4%	$12,634,832	$13,755,141	$13,704,491	$13,816,723	$13,603,371
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses*	$16,411	$90,359	$152,786	259.8%	$128,727	$142,566	$145,864	$148,626	$143,230
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$7,228,159	$7,244,570	$7,334,929	0.7%	$7,487,715	$7,616,442	$7,759,008	$7,904,872	$8,053,497
7.020	*Cash Balance June 30*	$7,244,570	$7,334,929	$7,487,715	1.7%	$7,616,442	$7,759,008	$7,904,872	$8,053,497	$8,196,727
8.010	*Estimated Encumbrances June 30*	$154,685	$163,678	$162,370	2.5%	$162,370	$162,370	$162,370	$162,370	$162,370
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	*Subtotal Reservations of fund Balance*	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance June 30 for Certification of Appropriations*	$7,089,885	$7,171,251	$7,325,345	1.6%	$7,454,072	$7,596,638	$7,742,502	$7,891,127	$8,034,357
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	361,078
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0

Ada Exempted Village School District

Hardin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
11.300	Cumulative Balance of Renewal Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$361,078
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$7,089,885	$7,171,251	$7,325,345	1.6%	$7,454,072	$7,596,638	$7,742,502	$7,891,127	$8,395,435
	Revenue from New Levies									
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$7,089,885	$7,171,251	$7,325,345	1.6%	$7,454,072	$7,596,638	$7,742,502	$7,891,127	$8,395,435
	ADM Forecasts									
20.010	Kindergarten - October Count	54	77	71	17.4%	68	69	65	66	68
20.015	Grades 1-12 - October Count	752	777	770	1.2%	780	798	824	822	819

Ada Exempted Village School District – Hardin County
Notes to the Five Year Forecast
General Fund Only
May 16, 2024

Introduction to the Five Year Forecast

The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with Ohio Department of Education when events take place that will significantly change their forecast or, at a minimum, when required under statute.

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

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

(1) To engage the local board of education and the community in long range planning and discussions of financial issues facing the school district
(2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
(3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems

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

May 2024 Updates:

<u>Revenues FY24</u>

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $376 thousand, 2.87% lower than the November forecasted amount of $13.13 million. This indicates that the November forecast was 97.13% accurate.

Line 1.01 and 1.02 - Property tax revenues represent a significant source of revenues at 18.79% and are estimated to be $2.40 million, which is $185 thousand lower for FY24 than the original November estimate of $2.52 million. Our estimates are 92.83% accurate for FY24 and should mean future projections are also on target.

Line 1.03 - The district's collection of School District Income Tax (SDIT) was originally projected to be more in the November forecast. Collections for FY24 are 1.5% under our original estimate by $39 thousand. The SDIT represents 20.43% of the district revenues.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $7.04 million, which is $200 thousand lower than the original estimate for FY24. We are pleased that we were able to be 98.5% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28.

Line 1.06 - Other revenues are up $77 thousand over original estimates, primarily due to interest received by the district, which are somewhat unpredictable from year to year.

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

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be $11.34 million for FY24, which is on target with the original estimate in the November forecast. All areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues decreasing from estimates and expenditures ending primarily on target, our ending unreserved cash balance June 30, 2024, is anticipated to be roughly $7.55 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

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

1) Property tax collections are the second largest local tax revenue source for the school system. The housing market in our district is stable. We project slow but continued growth in appraised values every three (3) years and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Longer term we believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Hardin County had a reappraisal in tax year 2023 for collection in 2024, while Hancock County went through reappraisal in tax year 2022 for collection in 2023. We anticipate increases in values for both counties during the reappraisal cycle. There is always a minor risk that the district could sustain a reduction in values in the next reappraisal cycle, but we do not anticipate that at this time.

3) The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20 mill floor currently in law. Our district is currently close to the 20 mill floor for Class I and is on the floor for Class II values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

4) Income tax is the district's largest source of local revenue. The past few payments have not been consistent in either being more or less than during the same time as the previous years, making income tax forecasting even more difficult. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.

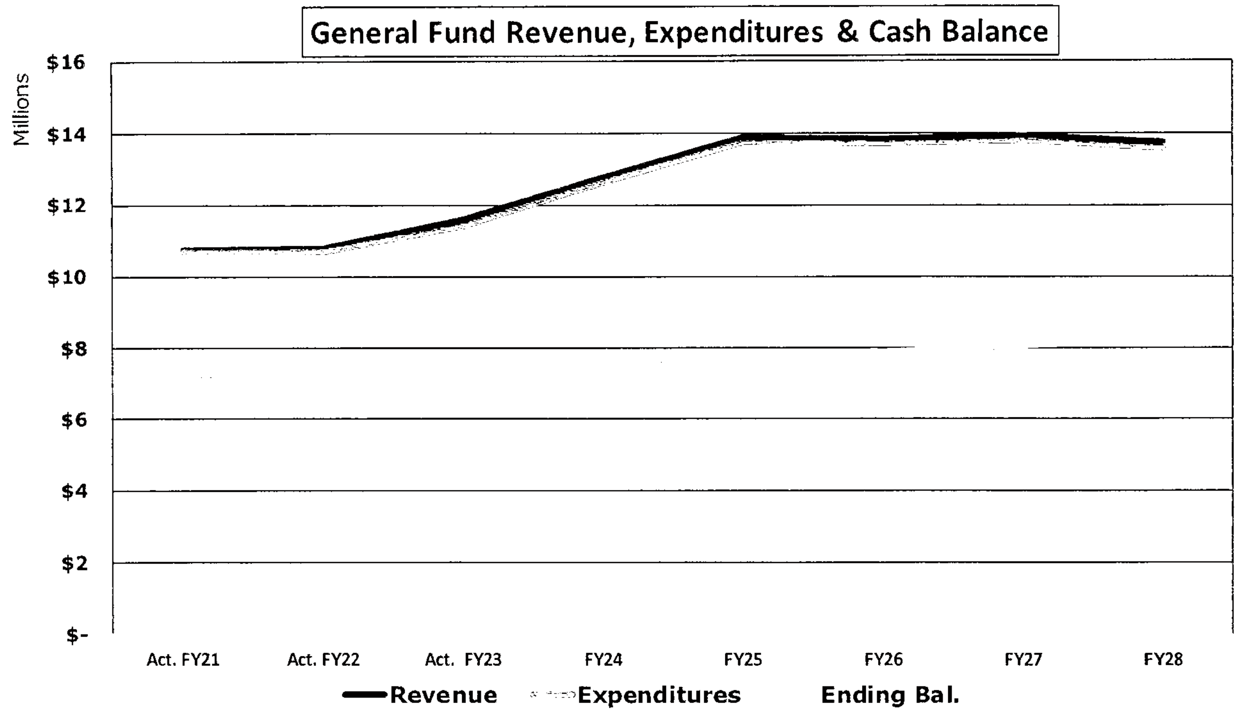
5) The state budget represents 57.34% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. 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 FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what-the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

6) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.

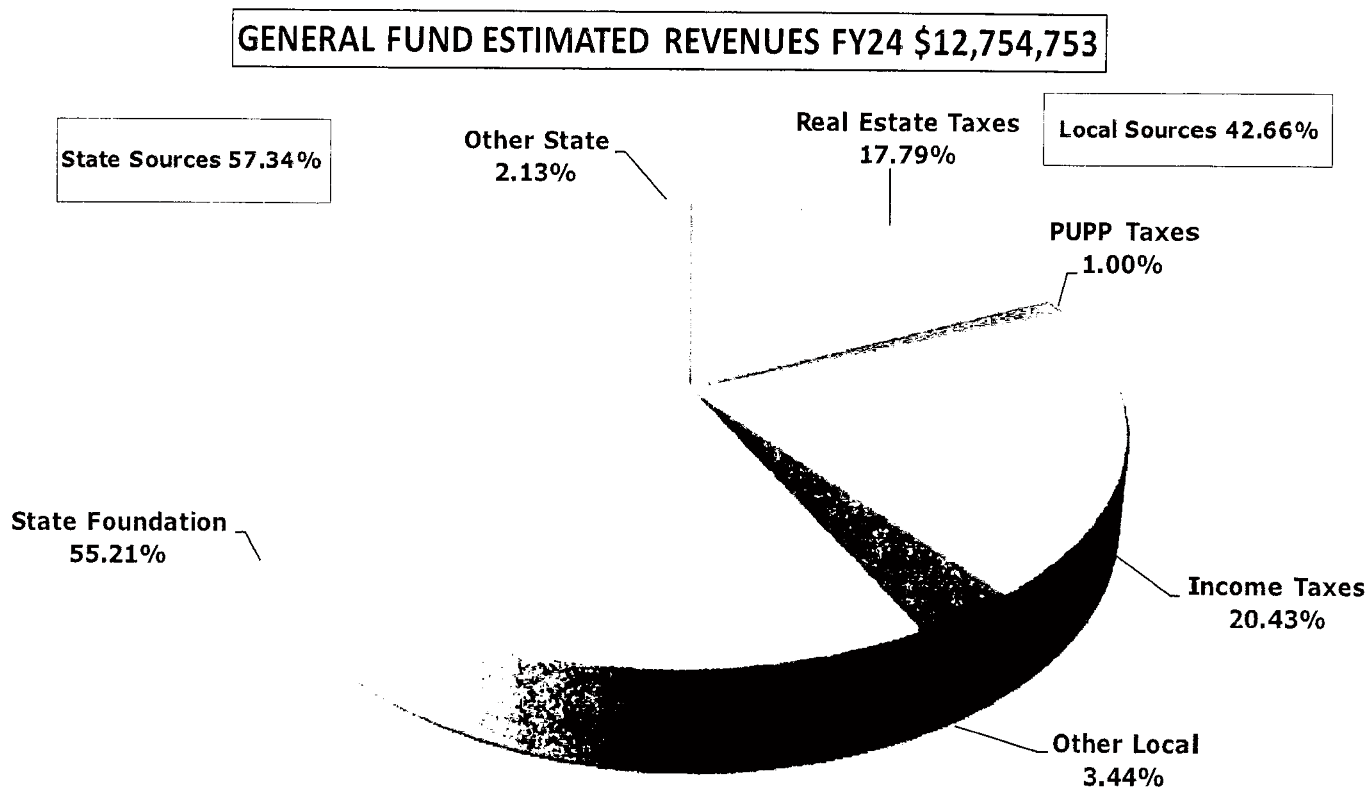
7) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid for by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

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 Kim Light, Treasurer of Ada Exempted Village School District at 419-634-6421.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY21-23 and Estimated FY24-28
The graph captures in one snapshot the operating scenario facing the district over the next few years.



Revenue Assumptions



Property Valuation Assumptions
Property Values are established annually by the Hardin and Hancock County Auditors based on the type of property either residential/agriculture or commercial/industrial, which the values are defined even further based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Our district resides within 2 counties, each county reappraisal cycle can be is in different years and each county three-year cycle can be either a sexennial reappraisal or the triennial update. Hancock County experienced a sexennial reappraisal for the 2022 tax year to be collected in FY23. Residential/agricultural or Class I values increased 1.35 % or $1.26 million and commercial/industrial or Class II values decreased by 0.10% or ($14,400) due to the reappraisal. Hardin County experienced a sexennial reappraisal for the 2023 tax year to be collected in FY24. Class I values increased 29.49% or $28.20 million and Class II values increased by 8.39% or $1.20 million due to the reappraisal.

A triennial update will occur in 2025 for collection in FY26 for Hancock County, for which we are estimating a 0.19% increase in Class I and a no change for Class II property. The triennial update will occur for Hardin County in 2026 with collection in FY27, for which we are estimating a 3% increase for Class I and a 0.50% increase for Class II.

Public Utility Personal Property (PUPP) values change annually as the values are not included in the reappraisal or update years, which make them very difficult to forecast. PUPP values increased by $285,910 in Tax Year 2023. We expect our values to continue to grow by $200,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Res./Ag.	$124,639,030	$124,687,030	$125,139,935	$128,865,923	$132,696,419
Comm./Ind.	15,429,520	15,474,520	15,519,520	15,642,118	15,687,118
Public Utility Personal Property (PUPP)	6,060,580	6,260,580	6,460,580	6,660,580	6,860,580
Total Assessed Value	$146,129,130	$146,422,130	$147,120,035	$151,168,620	$155,244,116

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for "reduction factors" of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all levies is 36.8 mills while the Class I effective millage rate is 20.000012 mills, and the Class II effective millage rate is 20.00 mills. The 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 the voted and the non-voted millage rates; this is called the "20-Mill Floor". Currently, our district is basically on the floor for both Class I and Class II.

General Property Tax (Real Estate) – Line #1.010

Property tax levies are estimated to be collected at 98% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. Property taxes are estimated to be collected at 64.95% of the residential/agriculture and commercial/industrial in the February tax settlements and 35.05% in the August tax settlements.

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
Est. Real Estate Taxes	$2,269,678	$2,530,391	$2,536,083	$2,583,309	$2,652,167
Total Line #1.01 Real Estate Taxes	$2,269,678	$2,530,391	$2,536,083	$2,583,309	$2,652,167

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

(PUPP) tax payments from public utilities. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor. The February collection for FY24 was much less than expected due to one of the utilities paying their taxes late, we should receive the delinquent taxes in the August 2024 payment from the county auditor.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property	$127,473	$226,709	$234,069	$241,429	$248,789
Total PUPP Tax Line #1.020	$127,473	$226,709	$234,069	$241,429	$248,789

School District Income Tax –Line #1.030

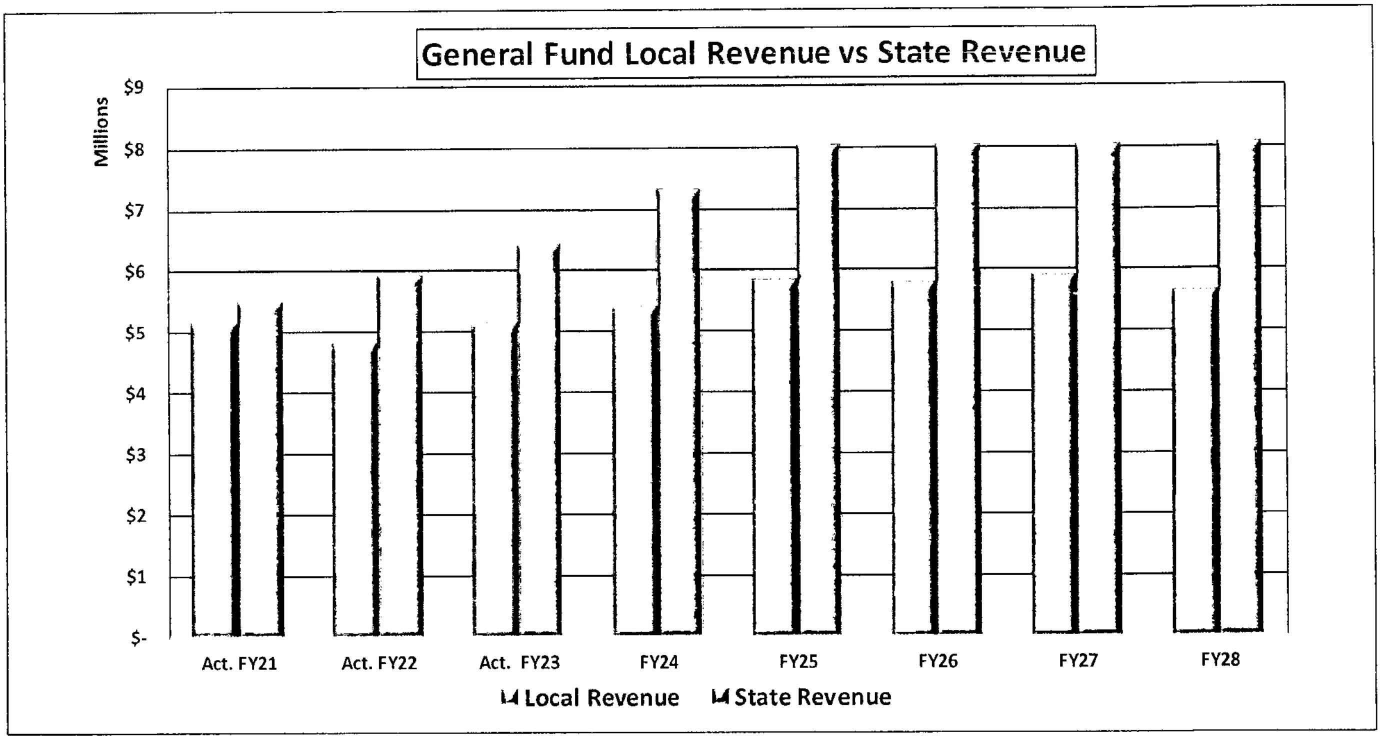
The district has a 0.75% income tax continuous income tax and a 0.75% that will need to be renewed by December 31, 2027.

The Department of Taxation fiscal year to date income tax collection statewide decreased by 0.43%. The income tax in FY24 for the district decreased by 1.69% from FY23, which were mainly from refunds and other assessments. However, there were some bright signs in FY24 payments in that the withholding taxes were greater in each quarter than that of the previous year. We feel that the overall decrease in FY24 is from the changes that were made during the pandemic. Based on the increase in withholding taxes we are projecting a 2% for FY25-FY28.

Source	FY24	FY25	FY26	FY27	FY28
School District Income Tax	$2,650,865	$2,606,072	$2,658,193	$2,711,357	$2,404,506
Adjustments	-44,793	52,121	53,164	54,227	55,312
Total SDIT Line #1.030	$2,606,072	$2,658,193	$2,711,357	$2,765,584	$2,459,818

Renewal and Replacement Levies – Line#11.010
SDIT levies that are not continuous, by law, cannot be included with the income taxes on line 1.030 once the Levy expires within the years of the forecast. The .75% income tax levy expires December 31, 2027, which is in FY28, therefore we have deducted the amount from Line #1.030 and have included the amount in line #11.010.

Source	FY24	FY25	FY26	FY27	FY28
Renew SDIT Total To Line #11.010	$0	$0	$0	$0	$361,078



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035
HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected the funding in FY24 based on the May 2024 foundation settlement and funding factors for FY25 on the simulations provided by the Department of Education and Workforce (formerly Ohio Department of Education).

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

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

A. Student Population and Demographics
B. Property Valuation
C. Personal Income of District Residents
D. Historical Funding- CAPS and Guarantees from prior funding formulas

<u>Base Cost Approach- Unrestricted Basic Aid Foundation Funding</u>
The current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

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

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is currently at a state-wide average of $8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

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

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also, will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase-in increases are limited to 50% in FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand-alone fund.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) "Formula Transition Aid," 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budgets Projections beyond FY25

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

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos, one each in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR 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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY22, was $109.39 million for schools or $62.86 per pupil, in FY23, the funding totaled $113.1 million or $64.90 per pupil, and in FY24 the funding totaled $113.11 million or $65.02 average 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.

Unrestricted State Foundation Revenue – Line #1.035

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$6,392,519	$7,014,531	$7,014,531	$7,014,531	$7,014,531
Additional Aid Items	106,950	122,226	122,226	122,226	122,226
Basic Aid-Unrestricted Subtotal	6,499,469	7,136,756	7,136,757	7,136,757	7,136,757
Ohio Casino Commission ODT	57,619	58,485	59,360	60,253	61,154
Total Unrestricted State Aid Line #1.035	$6,557,088	$7,195,241	$7,196,117	$7,197,010	$7,197,911

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Funding) and Career Technical funding. In addition, new restricted funds have been added under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. We have estimated revenues for these new restricted funding lines using current October funding factors and using the simulations from the Department of Education and Workforce for FY25, there is no new amount included in those estimates for the Student Wellness, so we are using the FY24 amount. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received $48,449 from this one-time subsidy and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

Source	FY24	FY25	FY26	FY27	FY28
Disadvantaged Pupil Impact Aid-(DPIA)	$94,270	$109,923	$109,923	$109,923	$109,923
Career Tech - Restricted	47,420	51,298	51,298	51,298	51,298
Gifted	79,113	84,966	84,966	84,966	84,966
English Learners	4,713	5,014	5,014	5,014	5,014
Student Wellness	259,321	259,887	259,887	259,887	259,887
Other Restricted	48,449	0	0	0	0
Total Restricted State Revenues Line #1.040	$484,836	$511,087	$511,087	$511,087	$511,087

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast

SUMMARY OF STATE FOUNDATION REVENUES

SUMMARY	FY24	FY25	FY26	FY27	FY28
Unrestricted Line #1.035	$6,557,088	$7,195,241	$7,196,117	$7,197,010	$7,197,911
Restricted Line #1.040	484,836	511,087	511,087	511,087	511,087
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$7,041,924	$7,706,328	$7,707,204	$7,708,097	$7,708,998

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

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

Summary of State Share of Local Property Tax Reimbursement – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	$271,330	$326,804	$327,460	$332,748	$342,647
Total Tax Reimbursements #1.050	$271,330	$326,804	$327,460	$332,748	$342,647

Other Local Revenues – Line #1.060

The main sources of revenue in this area have been interest, tuition for court placed students, student fees, Manufactured home taxes and general rental fees.

HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. Since the Federal Reserve has not lowered interest rates in 2024 at this time, we have increased the amount of interest income for the May forecast by $95,000 in FY24. We will continue to monitor the investments for the district.

We are including the payment in lieu of taxes (PILOT) for tax abatements that will begin in FY25 for $7,100 per year for 15 years. All other revenues are expected to continue on historic trends.

Source	FY24	FY25	FY26	FY27	FY28
Tuition Related Payments	$65,052	$65,052	$65,052	$65,052	$65,052
Open Enrollment	0	0	0	0	0
Medicaid	87,218	87,218	87,218	87,218	87,218
Interest Earnings	245,000	240,100	125,000	125,000	125,000
Miscellaneous	41,006	48,106	48,106	48,106	48,106
Total Other Local Revenue Line #1.060	$438,276	$440,476	$325,376	$325,376	$325,376

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

These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. The district is not planning on any advances during the forecast period.

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we are projecting refunds based on the amount received at this time in FY24 the forecast.

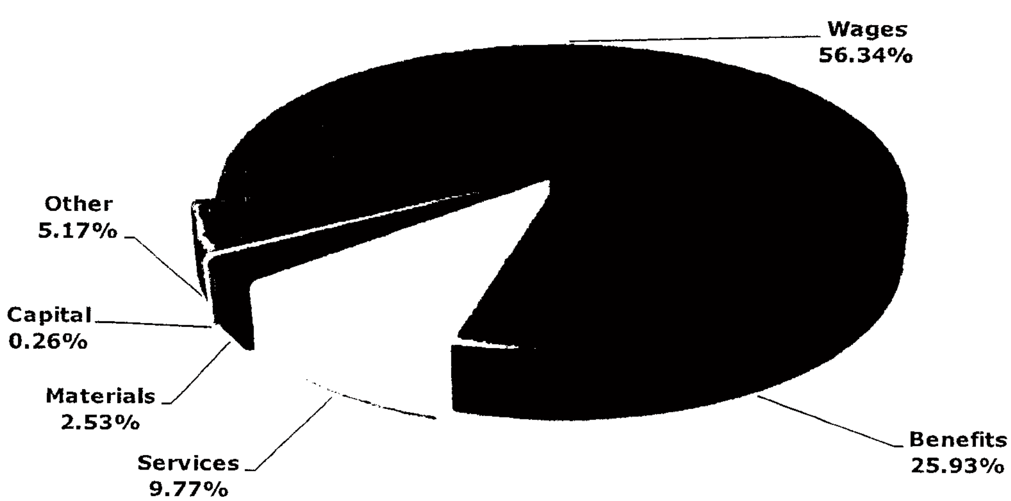
Source	FY24	FY25	FY26	FY27	FY28
Refund of prior years expenditures	$8,806	$8,806	$8,806	$8,806	$8,806

Expenditure 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.

All Operating Expense Categories - General Fund FY24

GENERAL FUND OPERATING EXPENDITURES EST. FY24 $11,339,724



Wages – Line #3.010

The district negotiated agreement calls for a 2% base wage increase in FY23 and FY24. The district negotiated 3% increase on the base for FY25. The district step and training increase is 2.5% each year. We have included a 2% base increase in FY26 through FY28 forecasting purposes only. There is also an increase for supplemental salaries at the same percent as the base wage increase for other employees. For FY24 there were seven teachers retired and were replaced, increased the staffing of a part-time paraprofessional aide and a part-time administrator for special education/federal programs. FY 25 will have positions returned from ESSER funds of .7 teaching position, a paraprofessional aide, a custodian, a .5 special education teacher, and the technology assistant. In addition to the ESSER positions returning in FY25 the district expects to add a social studies teacher, two teacher aides and will not replace the long-term sub that has resigned. The district is also anticipating the retirements of two teachers in FY26-FY28 with the replacements of these positions. Severance is estimated for seven staff members in FY24 and then 2 retirements in FY25-FY28.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	$5,545,788	$5,714,327	$6,159,573	$6,404,750	$6,652,221
Based Pay Increase	110,916	171,430	123,191	128,095	133,044
Steps & Academic Training	138,645	138,645	142,858	153,989	160,119
Growth Staff	428,327	373,267	133,231	112,990	112,990
Other Adjustments/Reductions	(509,349)	(278,096)	(154,103)	(147,603)	(147,603)
Substitutes	248,972	256,441	264,134	272,058	280,220
Supplementals	306,305	315,494	321,804	328,240	334,805
Severance	119,396	50,000	50,000	50,000	50,000
SWSF & CARES Adjustments	0	40,000	0	0	0
Total Wages Line #3.010	$6,389,000	$6,781,508	$7,040,688	$7,302,519	$7,575,796

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefit and retirement costs, except for health insurance, are directly related to the wages paid.

A) STRS/SERS will increase as Wages Increase

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

The district is a member of the Hardin County Schools Insurance Consortium. The consortium has joined The Jefferson Health Plan, as of January 1, 2021. The district did not have any increase in premiums for FY24 and will not have any increase in FY25 but anticipates a 5% increase each year for FY26-FY28.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately .1499% of wages FY23– FY27. Unemployment is expected to remain at a very low level FY23-FY27.

D) Medicare

Medicare will continue to increase at the rate of increase of 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.

E) Tuition/Other/Annuities

The district reimburses staff for tuition that is required to maintain their licenses as per the negotiated agreement.

Summary of Fringe Benefits – Line #3.020

Source	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$952,612	$1,013,954	$1,061,850	$1,101,817	$1,143,418
B) Insurance's	1,868,113	1,894,761	1,983,655	2,073,146	2,167,111
C) Workers Comp/Unemployment	12,533	13,456	13,974	14,498	15,044
D) Medicare	92,640	98,332	102,091	105,886	109,849
E) Other/Tuition/Annuities	15,000	15,000	15,000	15,000	15,000
Total Fringe Benefits Line #3.020	$2,940,898	$3,035,503	$3,176,570	$3,310,347	$3,450,422

Purchased Services – Line #3.030

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

We expect a 3% increase for all lines except utilities, which we estimate to be 2% annually from FY24 through FY28. The district has increased professional services for a preschool aide in FY24 for $25,000 and in FY25 from the ESC for special education services of $50,000 and preschool services of $50,000 and for EMIS services with NOACSC of $20,000. The district will be adding another pre-school unit through the ESC in FY25 for an additional $115,000.

Source	FY24	FY25	FY26	FY27	FY28
Professional & Technical Services, ESC	$300,625	$544,644	$560,983	$577,812	$595,146
Maintenance, Insurance & Leases	242,418	249,691	257,182	264,897	272,844
Professional Development	38,987	40,157	41,362	42,603	43,881
Communications, Postage, & Telephone	16,918	17,426	17,949	18,487	19,042
Utilities	233,244	237,909	242,667	247,520	252,470
Tuition, Excess Costs & Scholarship Costs	214,724	221,166	227,801	234,635	241,674
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	40,099	40,901	41,719	42,553	43,404
Contract Transportation	18,621	19,180	19,755	20,348	20,958
Other Adjustments SWSF, CARES, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	1,738	1,790	1,844	1,899	1,956
Total Purchased Services Line #3.030	$1,107,374	$1,372,864	$1,411,262	$1,450,754	$1,491,375

Supplies and Materials – Line #3.040

Expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, and bus fuel. Due to continued cost increases we are increasing the supplies and textbooks by 4% in FY24 and then a 3% increase in FY25-FY28. The facilities and transportation supplies will be increased by 5% in FY 24 with annual increase of 3% in FY25-FY28. Textbooks had been paid for through the permanent improvement fund, but now will be paid through general fund. The district will purchase textbooks for math, ELA, US history and health in FY25 for an addition of $80,000. In FY26-28 the district is planning on an annual amount of $25,000 for textbooks and curriculum supplies.

Source	FY24	FY25	FY26	FY27	FY28
General Office Supplies & Materials	$150,596	$155,114	$159,767	$164,560	$169,497
Textbooks & Instructional Supplies	7,195	87,411	35,033	36,084	37,167
Facility Supplies & Materials	76,226	78,513	80,868	83,294	85,793
Transportation Fuel & Supplies	52,482	54,056	55,678	57,348	59,068
Other adjustments SWSF, CARES, Etc.	0	0	0	0	0
Total Supplies Line #3.040	$286,499	$375,094	$331,346	$341,286	$351,525

Equipment – Line # 3.050

The expenditures within the equipment object line are very minimal since the district pays for most of the equipment out of the Permanent Improvement levy.

Source	FY24	FY25	FY26	FY27	FY28
Capital Outlay & Maintenance	$30,000	$30,000	$30,000	$30,000	$30,000
Technology/Curriculum Purchases	0	0	0	0	0
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, CARES, Etc.	0	0	0	0	0
Total Equipment Line #3.050	$30,000	$30,000	$30,000	$30,000	$30,000

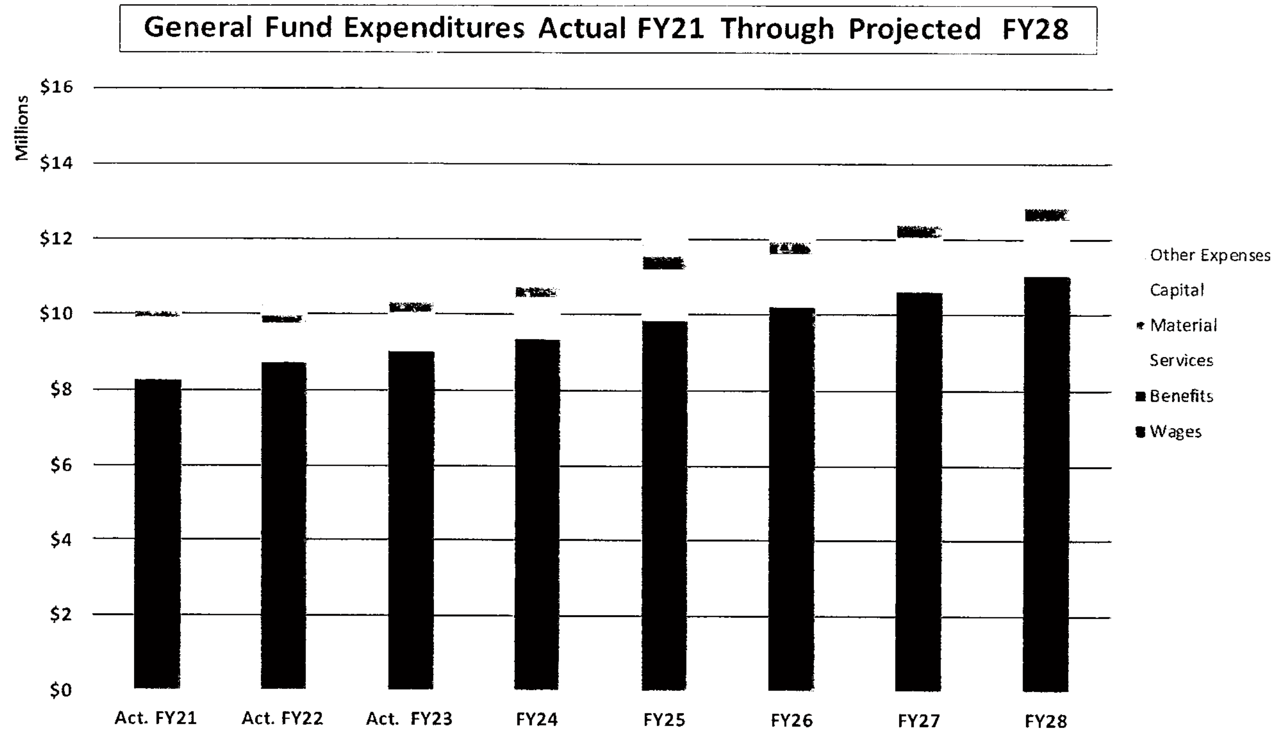
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Currently, we are estimating annual increase of 2% for the expenses in this area each year of the forecast. The A&T fees have increased more than expected in FY24, therefore we have increased the fees for this year by an additional $10,000 and do not expect those fees to be less in future years.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$65,558	$66,869	$68,206	$69,570	$70,961
ESC Deduction	431,127	439,750	448,545	457,516	466,666
Annual Audit Costs	20,913	21,331	21,758	22,193	22,637
Dues, Fees & other Expenses	68,355	69,722	71,116	72,538	73,989
Total Other Expenses Line #4.300	$585,953	$597,672	$609,625	$621,817	$634,253

Operating Expenditures Actual FY21 through FY23 and Estimated FY24 through FY28

The graph below shows a quick overview of actual and estimated expenses by proportion to the total for the General Fund expenditures.



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. The district transfers annually for athletic trainer fees of approximately $45,000 each year of the forecast with an additional $65,000 in FY25 only. The district is transferring funds to the capital projects fund for the following: in FY24 the projects will include $911,668 for HVAC project, $61,360 for HVAC controls, $100,000 for transportation and $176,520 for roofing repairs: in FY25 the projects will include $50,000 for technology, $60,000 for Athletics, $375,000 for facilities, $80,000 for transportation, and $900,000 for roofing repairs: in FY26 the projects will include $125,000 for transportation needs, $100,000 for technology, $60,000 for athletics, $275,000 for facilities and $500,000 for roofing repairs: in FY27 the projects will include $200,000 for technology, $60,000 for Athletics, $100,000 for roofing and $355,000 for bus garage facilities: and in FY28 $25,000 for transportation.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	$1,295,108	$1,562,500	$1,105,000	$760,000	$70,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$1,295,108	$1,562,500	$1,105,000	$760,000	$70,000

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.

	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances Line #8.010	$162,370	$162,370	$162,370	$162,370	$162,370

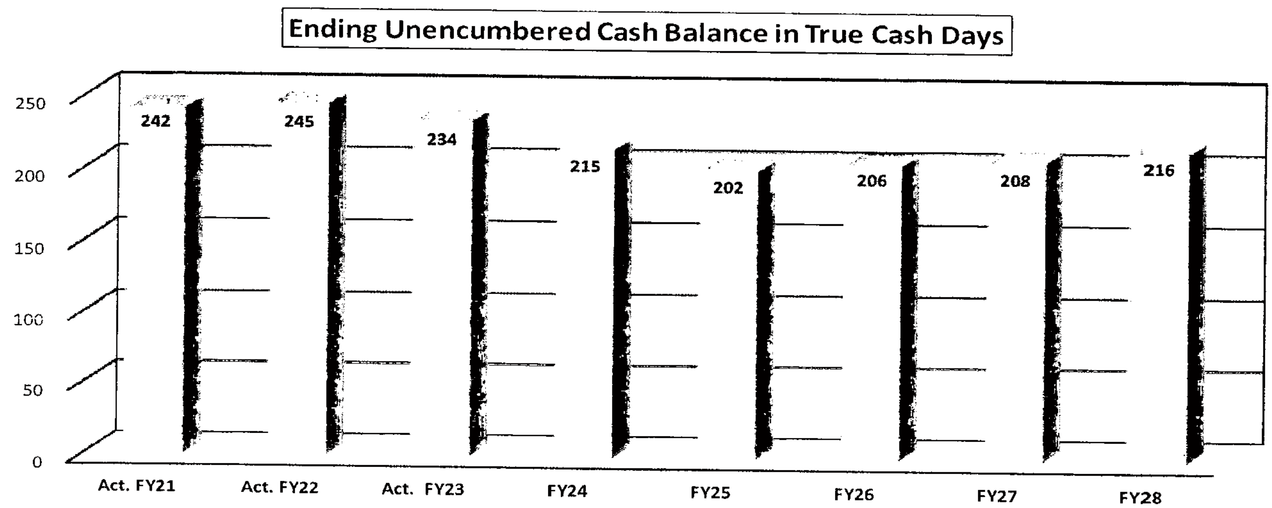
Ending Unreserved Cash Balance "The Bottom-line" – Line#15.010

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 Ohio Revised Code section 5705.412, punishable by personal liability of $10,000

	FY24	FY25	FY26	FY27	FY28
Ending Unreserved Cash Balance Line #15.01	$7,454,072	$7,596,638	$7,742,502	$7,891,127	$8,395,435

True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds.



Conclusion

Ada Exempted Village School District receives 57.34% of its funding for the district from state dollars, which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

In planning for the future, the administration will need to make sure that the district is able to obtain a positive cash balance throughout the forecast. They will need to review current expenditures based on the current revenues to obtain this.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.