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
November 16, 2023

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%	$2,369,790	$2,527,485	$2,534,855	$2,581,039	$2,649,831
1.020	Public Utility Personal Property Tax	176,870	191,647	205,388	7.8%	212,477	216,188	223,548	230,908	238,268
1.030	Income Tax	2,232,027	2,485,458	2,650,865	9.0%	2,645,656	2,698,569	2,752,540	2,807,591	2,502,665
1.035	Unrestricted State Grants-in-Aid	5,141,084	5,309,087	5,753,830	5.8%	6,718,582	7,028,091	7,029,290	7,030,516	7,031,767
1.040	Restricted State Grants-in-Aid	92,952	357,750	404,961	149.0%	523,649	564,409	564,409	564,409	564,409
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%	299,705	329,529	330,413	335,940	345,934
1.060	All Other Revenues	844,213	231,803	339,501	-13.0%	361,276	365,376	362,436	359,555	356,731
1.070	*Total Revenues*	$10,669,809	$10,772,932	$11,584,334	4.2%	$13,131,135	$13,729,647	$13,797,491	$13,909,958	$13,689,605
	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%	532	532	532	532	532
2.070	*Total Other Financing Sources*	$54,507	$0	$532	0.0%	$532	$532	$532	$532	$532
2.080	*Total Revenues and Other Financing Sources*	$10,724,316	$10,772,932	$11,584,866	4.0%	$13,131,667	$13,730,179	$13,798,023	$13,910,490	$13,690,137
	Expenditures									
3.010	Personal Services	$5,612,317	$5,900,293	$6,096,032	4.2%	$6,389,000	$6,752,734	$7,017,495	$7,278,143	$7,550,353
3.020	Employees' Retirement/Insurance Benefits	2,625,253	2,798,067	2,890,306	4.9%	2,940,898	3,133,149	3,275,652	3,414,475	3,559,778
3.030	Purchased Services	1,667,600	1,047,594	1,053,450	-18.3%	1,107,374	1,257,864	1,292,812	1,328,751	1,365,712
3.040	Supplies and Materials	191,429	207,396	274,301	20.3%	286,499	295,094	303,946	313,064	322,456
3.050	Capital Outlay	10,441	5,410	43,515	328.1%	25,000	25,000	25,000	25,000	25,000
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%	575,953	587,472	599,221	611,205	623,429
4.500	*Total Expenditures*	$10,680,801	$10,521,099	$10,922,265	1.2%	$11,324,724	$12,051,313	$12,514,126	$12,970,638	$13,446,728
	Other Financing Uses									
5.010	Operating Transfers-Out	$27,104	$161,474	$509,815	355.7%	$1,445,559	$1,345,000	$945,000	$645,000	$45,000
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%	$1,445,559	$1,345,000	$945,000	$645,000	$45,000
5.050	*Total Expenditures and Other Financing Uses*	$10,707,905	$10,682,573	$11,432,080	3.4%	$12,770,283	$13,396,313	$13,459,126	$13,615,638	$13,491,728
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses*	$16,411	$90,359	$152,786	259.8%	$361,385	$333,866	$338,897	$294,852	$198,409
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	$7,849,100	$8,182,966	$8,521,863	$8,816,714
7.020	*Cash Balance June 30*	$7,244,570	$7,334,929	$7,487,715	1.7%	$7,849,100	$8,182,966	$8,521,863	$8,816,714	$9,015,123
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%	$7,686,730	$8,020,596	$8,359,493	$8,654,344	$8,852,753
	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%	$7,686,730	$8,020,596	$8,359,493	$8,654,344	$9,213,831
	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%	$7,686,730	$8,020,596	$8,359,493	$8,654,344	$9,213,831
	ADM Forecasts									
20.010	Kindergarten - October Count	54	77	71	17.4%	72	69	65	66	68
20.015	Grades 1-12 - October Count	752	777	770	1.2%	771	776	791	786	785

Ada Exempted Village School District – Hardin County
Notes to the Five Year Forecast
General Fund Only
November 16, 2023

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 November 2023 filing.

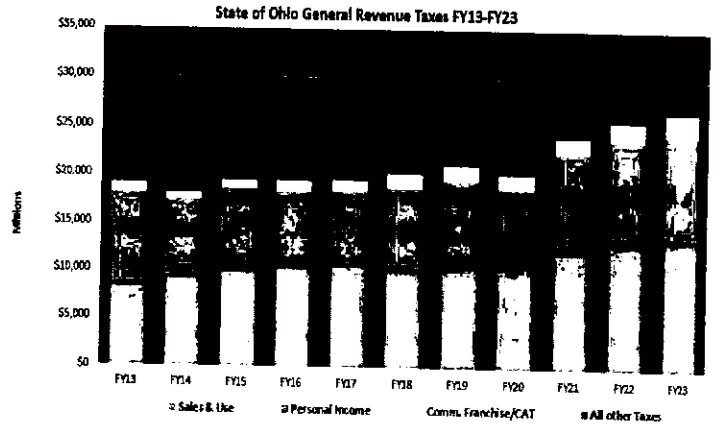
Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic which began in early 2020. The effects of the pandemic have lessened but several supply chain concerns and high inflation continues to impact our state, country and broader globalized economy. Inflation in June 2022 hit a 40 year high of 9.1% before falling to 8.3% in August. Costs in FY23 were notably impacted in areas such a diesel fuel for busses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation impacting district costs are expected to continue in FY24, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a "full employment recession" in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscore why this is a very unique time in our economic history.

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy-Day Fund is at $3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio's school districts.

Source: Bureau of Labor Statistics through FRED



Source: Ohio Office of Budget and Management

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

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 will have 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/update but we do not anticipate that at this time.

3) Income tax is the district's largest source of local revenue. The past few payments we received have been greater than in 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.

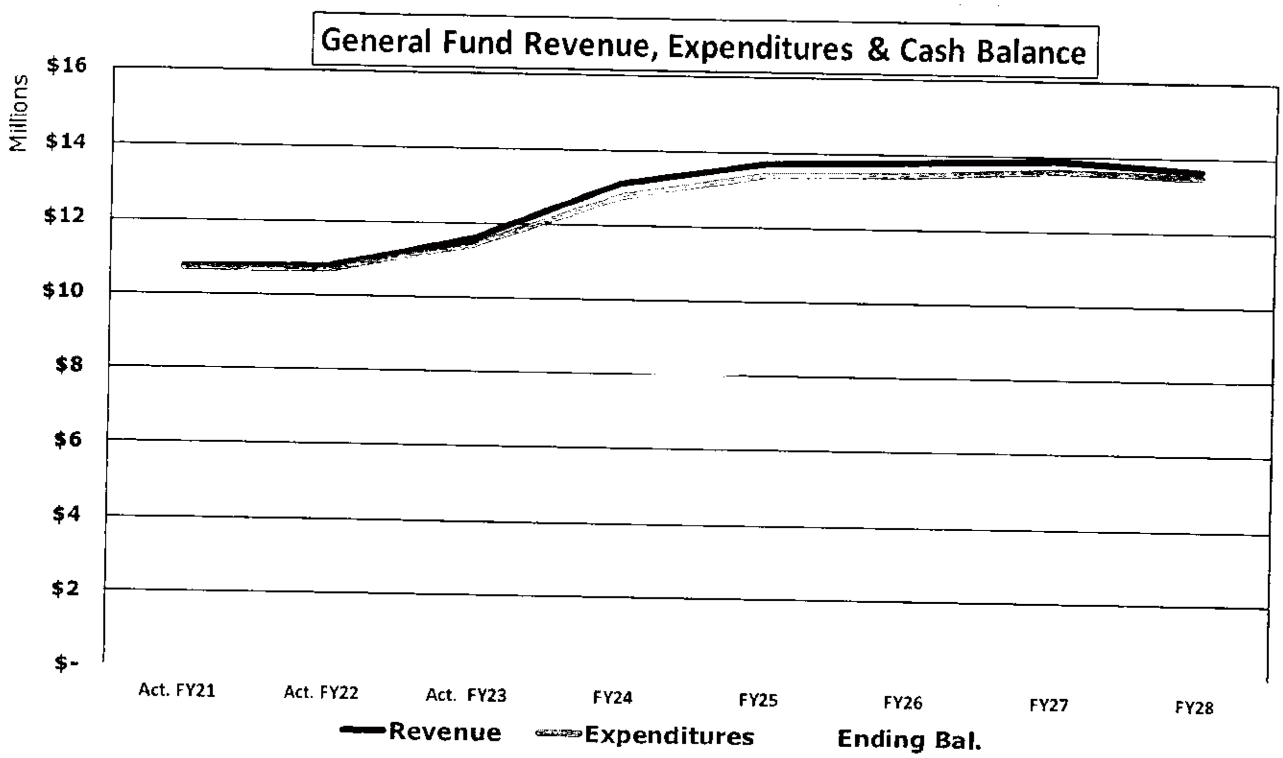
4) The state budget represents 57.44% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic 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.

4) 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.

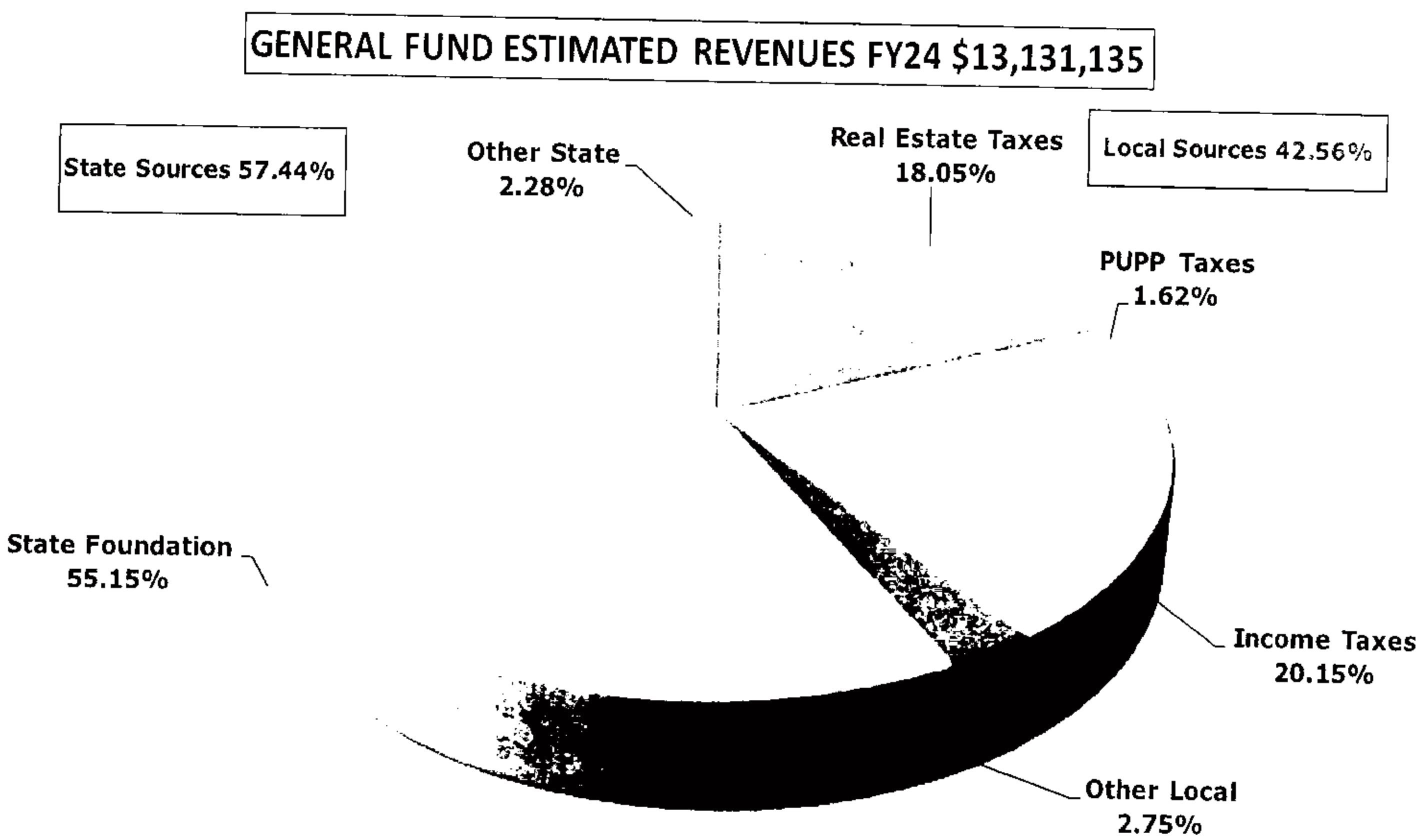
5) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid 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



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the County Auditor in Hardin and Hancock counties based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. There was a triennial update completed in in 2020 for 2021 in Hardin County and the full reappraisal for Hancock County was completed in 2022 for collection in 2023.

The Hardin County reappraisal update in 2020 for collection in 2021, saw a total Class I (Residential/Agriculture) values increase by 1.35%, with a decrease in agriculture property of 24.5% but, with the residential properties increasing by 10.7% and a 0.05% increase in Class II (Commercial/Industrial) values. The Hancock County reappraisal in 2022 for collection in 2023 experienced a 1.35% increase for Class I and a 0.10% decrease for Class II

The reason for the decreases in agricultural values is from HB49 which authorized a reduction in CAUV computations that will result in these values falling on average by 30%, which is only a portion of the total Residential/Agricultural values. These reductions occurred as districts experience their next reappraisal or update cycle beginning in 2017. The district started experiencing the drop in valuation with the reappraisal update for Hardin County in 2017 collected in 2018 which was a decrease of 17.4% that year. In 2016 the Class I split was 33.8% agriculture and 66.2% residential, however with the latest reappraisal in 2022 the split for Class I is 20.4% agriculture and 79.6% residential, which is causing shift in taxes from agricultural taxpayers to residential taxpayers and will increase the effective millage rate and should not result in lower taxes to our district, except for the loss in taxes from the inside millage that is calculated separately.

The next set of reappraisals will begin with Hardin County reappraisal will be in 2023 for collection in 2024 which we are forecasting a 30% increase in Class I and an 8.16% in Class II and then Hancock County in 2025 for collection in 2026 with a projected increase of .19% in Class I and no increase in Class II, we will continue to monitor these amounts throughout the forecast.

Public Utility Personal Property (PUPP) values are changed each year and are not included in the triennial reappraisal cycles. The values in 2022 grew by $385,630 or 0.72%, we are anticipating no growth in values for 2023 with an expected growth of $200,000 each remaining year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated 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.	$124,524,670	$124,740,670	$125,193,677	$128,921,172	$132,753,218
Comm./Ind.	15,523,660	15,568,660	15,613,660	15,736,728	15,781,728
Public Utility Personal Property (PUPP)	5,774,670	5,974,670	6,174,670	6,374,670	6,574,670
Total Assessed Value	$145,823,000	$146,284,000	$146,982,007	$151,032,570	$155,109,616

Tax Rates
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 20.00006 mills and the Class II effective millage rate is 20.292847 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 not on the floor for either Class I or Class II.

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 61.67% of the residential/agriculture and commercial/industrial in the February tax settlements and 38.33% in the August tax settlements.

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
Est. Real Estate Taxes	$2,369,790	$2,527,485	$2,534,855	$2,581,039	$2,649,831
Total Line #1.01 Real Estate Taxes	$2,369,790	$2,527,485	$2,534,855	$2,581,039	$2,649,831

Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under PUPP, which were $5.77 million in assessed values in 2022 and are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

Also included in this line are any delinquent Tangible Personal Property Taxes (TPP) from FY12 or prior years that were due the district before the elimination of TPP.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property	$212,477	$216,188	$223,548	$230,908	$238,268
Total PUPP Tax Line #1.020	$212,477	$216,188	$223,548	$230,908	$238,268

School District Income Tax –Line #1.030

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

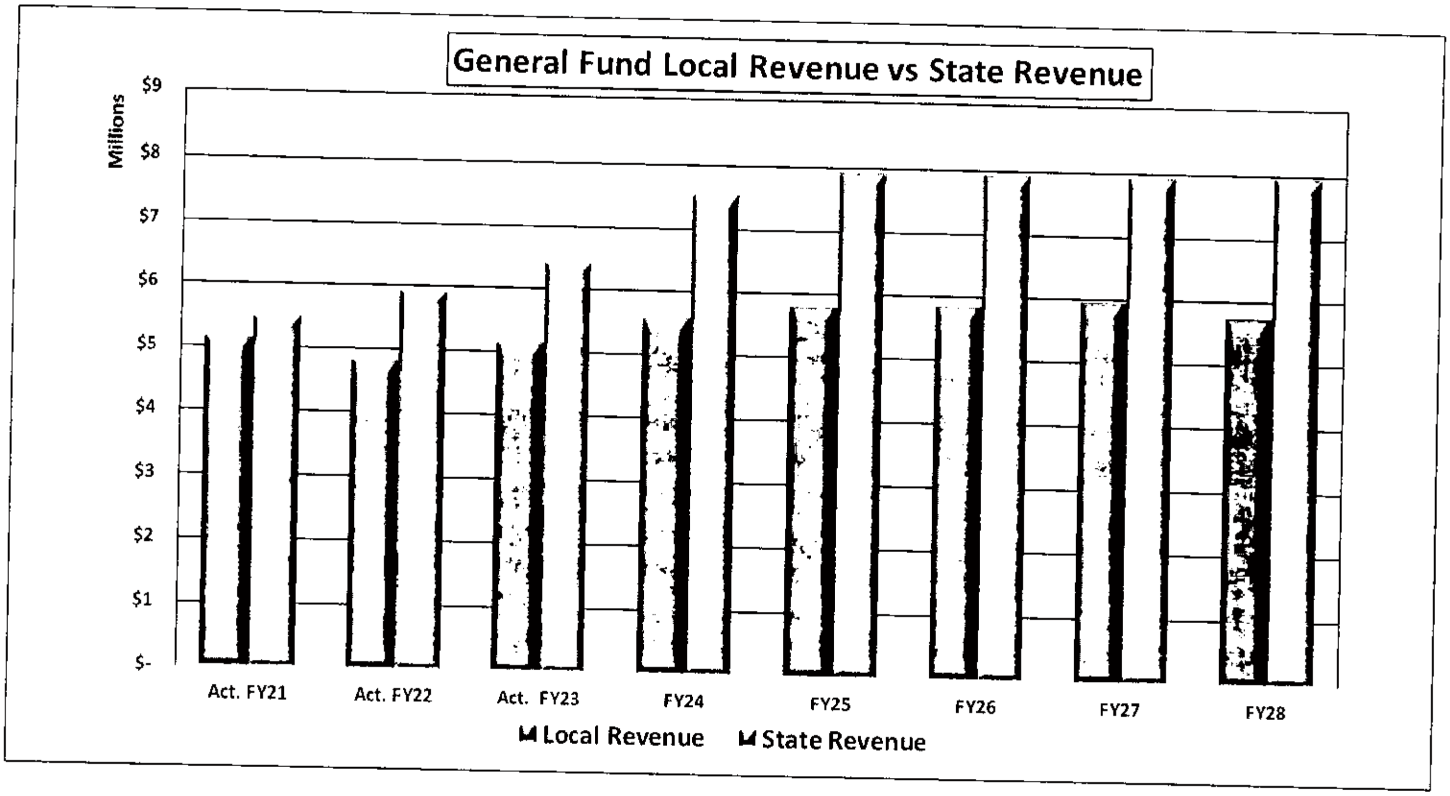
Our income tax in FY22 was up 11.35% over FY21 which we feel was due to the increases from the pandemic. The final increase for FY23 is 6.65% over FY22, which is in line with previous years prior to the pandemic and recognize that some of the increases are from the economy with wage increases caused by the pandemic. For future years we are anticipating a 3% increase in FY24 with a 2% increase each year for FY25 through FY27 as the concerns over a recession may slow growth in this area. We will monitor and adjust the amounts as more information is known to the district.

Source	FY24	FY25	FY26	FY27	FY28
School District Income Tax	$2,650,865	$2,645,656	$2,698,569	$2,752,540	$2,446,513
Adjustments	-5,209	52,913	53,971	55,051	56,152
Total SDIT Line #1.030	$2,645,656	$2,698,569	$2,752,540	$2,807,591	$2,502,665

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 October 2023 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

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

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)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

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 from 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 FY21 was 73.83 million or $42.18 per pupil. In FY22, the funding was increased to $109.39 million for schools or $62.86 per pupil, and in FY23, the funding totaled $113.1 million or $64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% 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	$6,584,396	$6,892,732	$6,892,732	$6,892,732	$6,892,732
Additional Aid Items	75,372	75,372	75,372	75,372	75,372
Basic Aid-Unrestricted Subtotal	6,659,768	6,968,104	6,968,104	6,968,104	6,968,104
Ohio Casino Commission ODT	58,814	59,987	61,186	62,412	63,663
Total Unrestricted State Aid Line #1.035	$6,718,582	$7,028,091	$7,029,290	$7,030,516	$7,031,767

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.

Source	FY24	FY25	FY26	FY27	FY28
Disadvantaged Pupil Impact Aid-(DPIA)	$127,265	$155,213	$155,213	$155,213	$155,213
Career Tech - Restricted	53,061	57,964	57,964	57,964	57,964
Gifted	78,061	85,593	85,593	85,593	85,593
English Learners	5,037	5,414	5,414	5,414	5,414
Student Wellness	260,225	260,225	260,225	260,225	260,225
Total Restricted State Revenues Line #1.040	$523,649	$564,409	$564,409	$564,409	$564,409

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	$6,718,582	$7,028,091	$7,029,290	$7,030,516	$7,031,767
Restricted Line #1.040	523,649	564,409	564,409	564,409	564,409
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	$7,242,231	$7,592,500	$7,593,699	$7,594,925	$7,596,176

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 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	$299,705	$329,529	$330,413	$335,940	$345,934
Total Tax Reimbursements #1.050	$299,705	$329,529	$330,413	$335,940	$345,934

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. 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	$83,052	$83,052	$83,052	$83,052	$83,052
Open Enrollment	0	0	0	0	0
Medicaid	87,218	87,218	87,218	87,218	87,218
Interest Earnings	150,000	147,000	144,060	141,179	138,355
Miscellaneous	41,006	48,106	48,106	48,106	48,106
Total Other Local Revenue Line #1.060	$361,276	$365,376	$362,436	$359,555	$356,731

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

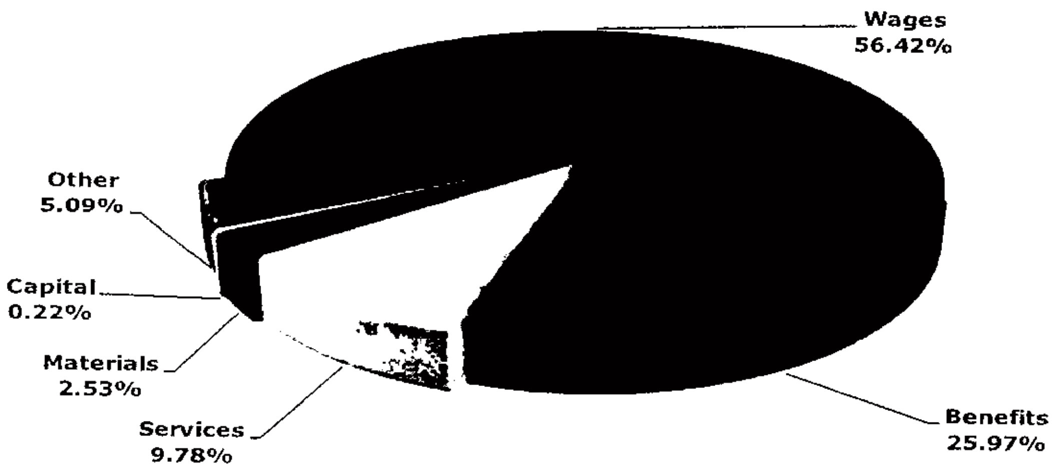
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and we are not projecting any refunds throughout the forecast.

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 $11,324,724



Wages – Line #3.010

The district negotiated agreement calls for a 2% base wage increase in FY23 and FY24 with a wage reopener in FY25 as well as 2.5% step and training increase. We have included a 3% increase in base wages for FY25 and a 2% 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 and the technology assistant. In addition to the ESSER positions returning in FY25 the district expects to add a .5 special education teacher. The district is also anticipating the retirements of two teachers in FY25-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	$6,130,799	$6,381,557	$6,627,845
Based Pay Increase	110,916	171,430	122,616	127,631	132,557
Steps & Academic Training	138,645	138,645	142,858	153,270	159,539
Growth Staff	428,327	312,993	132,887	112,990	112,990
Other Adjustments/Reductions	(509,349)	(206,596)	(147,603)	(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	0	0	0	0
Total Wages Line #3.010	$6,389,000	$6,752,734	$7,017,495	$7,278,143	$7,550,353

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 has received notice that the increase for FY24 will be 0%, then anticipates a 5% increase each year for FY25-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	$1,015,526	$1,058,215	$1,098,092	$1,139,526
B) Insurance's	1,868,113	1,991,310	2,086,755	2,181,401	2,280,779
C) Workers Comp/Unemployment	12,533	13,399	13,928	14,449	14,993
D) Medicare	92,640	97,914	101,754	105,533	109,480
E) Other/Tuition/Annuities	15,000	15,000	15,000	15,000	15,000
Total Fringe Benefits Line #3.020	$2,940,898	$3,133,149	$3,275,652	$3,414,475	$3,559,778

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.

Source	FY24	FY25	FY26	FY27	FY28
Professional & Technical Services, ESC	$300,625	$429,644	$442,533	$455,809	$469,483
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	$1,257,864	$1,292,812	$1,328,751	$1,365,712

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.

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	7,411	7,633	7,862	8,098
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	$295,094	$303,946	$313,064	$322,456

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	$25,000	$25,000	$25,000	$25,000	$25,000
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	$25,000	$25,000	$25,000	$25,000	$25,000

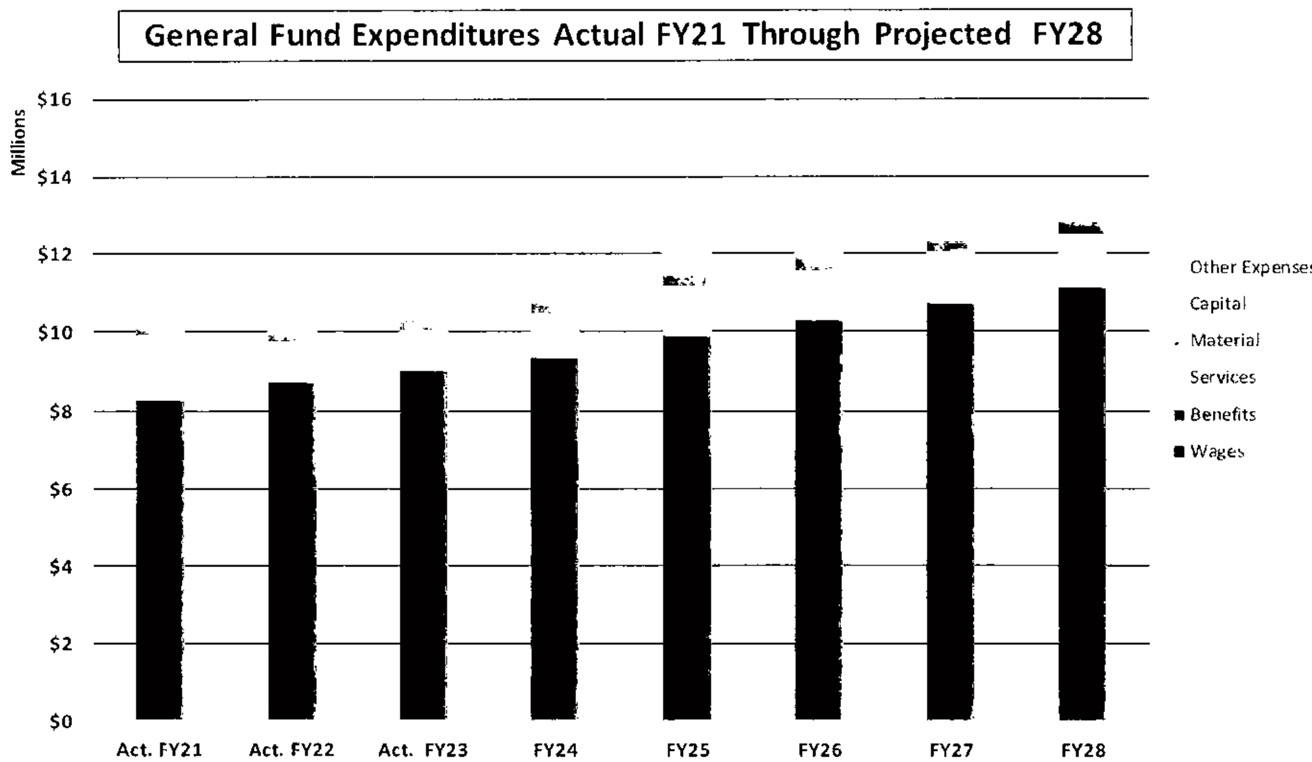
Other Expenses – Line #4.300

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.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$55,558	$56,669	$57,802	$58,958	$60,137
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	$575,953	$587,472	$599,221	$611,205	$623,429

Operating Expenditures Actual FY21 through FY23 and Estimated FY24 through FY28

As the graph below indicates costs are rising steadily. We will need to watch these expenses closely as we are in deficit spending, which will erode our cash balance.



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 out annually for athletic trainer fees of approximately $45,000 throughout the forecast. The district is transferring funds to the capital projects fund for the following: in FY24 the projects will include $800,000 for HVAC project, $250,000 for HVAC controls, $200,000 for Transportation needs and $150,000 for roofing repairs: in FY25 the projects will include $50,000 for technology, $60,000 for Athletics, $200,000 for bus garage facilities, and $990,000 for roofing repairs: In FY26 the projects will include $150,000 for transportation needs, $100,000 for technology, $60,000 for athletics, $200,000 for bus garage facilities and $390,000 for roofing repairs: and in FY27 the projects will include $200,000 for technology, $60,000 for Athletics and $340,000 for bus garage facilities.

Source	FY24	FY25	FY26	FY27	FY28
Operating Transfers Out Line #5.010	$1,445,559	$1,345,000	$945,000	$645,000	$45,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$1,445,559	$1,345,000	$945,000	$645,000	$45,000

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

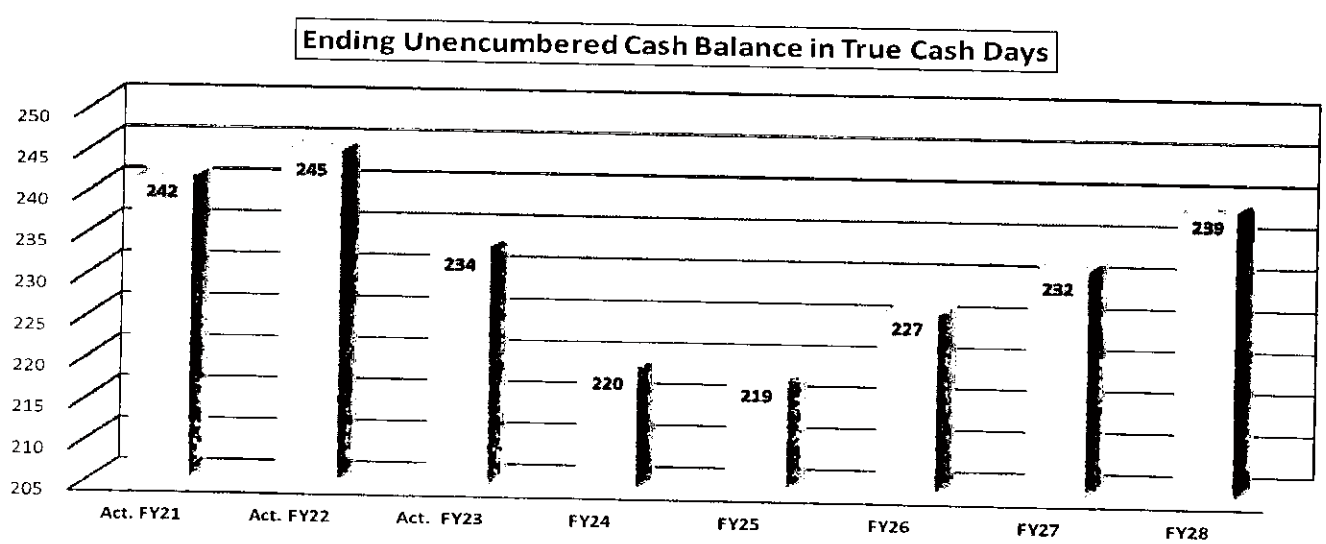
Ending Unreserved Cash Balance "The Bottom-line" – Line#15.010

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	$7,686,730	$8,020,596	$8,359,493	$8,654,344	$9,213,831

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 57.44% of it's 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.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in order 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.