

Bexley City Schools
Fact Sheet
For the November 2019 Levy



Provided to the Board of Education

By Kyle F. Smith
Treasurer/CFO

July 2019

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Introduction and Sources

This report is a compilation of research and work from the Treasurer's office to provide the Board of Education with factual data, at its request. The Board of Education identified a goal (summer of 2018) for the Treasurer to compile information that would be useful in its knowledge base and decision-making authority for a possible levy in November 2019.

This data has been used in several settings and formats including:

- Board of Education meetings
- Weekly reports to the Board of Education
- Finance Advisory Council meetings
- Treasurer Finance Committee meetings
- Five-Year Forecast presentations
- Staff presentations
- Impromptu presentations for various citizens and groups

A substantial amount of data was collected from various resources, including:

- The Ohio Department of Education
- The Ohio Department of Taxation
- The Franklin County Auditor's office
- Records from the Bexley City Schools

While charts can help tell a story, that is not the whole story. When charts are presented that compare Bexley with other districts, it is important to know the story of the other district may not be known. There are no two exact matches of districts in the state. However, the state does put districts into similar groupings based on size, wealth and student achievement. Some of these districts like Chagrin Falls and Wyoming appear in these graphs.

If there are questions about this report, please contact Kyle F. Smith at (614) 231-7611 or kyle.smith@bexley.us

Bexley City Schools – Quick Facts

2018-2019

Enrollment in Bexley City Schools	2,463
Teaching Staff Members (Full Time Equivalent)	195.5
Classified Staff (Custodians, Secretaries etc.)	57
Administrators	15

Ohio Department of Education – Profile Report for FY2018

FY18 Average classroom teacher salary (Source ODE)	\$76,550
Expenditure per pupil FY18	\$14,821
Median Income (TY16)	\$60,347
Average Income (TY16)	\$159,096
Square Miles	2 (Most densely populated school district in the state)

Timeline of events – Board & Finance Advisory Council

- December 2017 Treasurer Smith reconvenes the Finance Advisory Council to reestablish its purpose and to introduce himself. The group is made up of community members who have served on this council in the past, with some additions. They have a financial background in most cases and provide an outside perspective on finances, but also maintain baseline knowledge of the district's finances.
- September 2018 By now, the Finance Advisory Council has met three times since December 2017 and they received a presentation from the Treasurer on the Five-Year Forecast. At this meeting, it became clear the district would need to start planning for additional revenue in the near future.
- October 2018 The Board of Education approves the Five-Year Forecast and discusses the timing of a levy.
- January 2019 The Board of Education had a discussion topic and timeline presented. It was agreed to:
- Approve a revised Five-Year Forecast in April 2019
 - Millage discussion between April and May
 - Resolution of Necessity in May
 - Resolution Determining to Proceed in June
 - Levy on the ballot in November 2019
- After this meeting, TheWeekNews published an article [“Bexley School Board approves preliminary work for seeking levy”](#) . This was the first coverage of the potential levy.
- March 13, 2019 The Finance Advisory Council met to review a draft of the Five-Year Forecast and to provide input. They discussed several options and narrowed it down to two possibilities for the Board of Education to consider.
- April 2019 Public opinion survey from Paul Fallon Group showed that between two options (9 Mill and 6Mill + .25% Income), the 9 mill levy was slightly more favorable. The survey also showed there was strong support for the Bexley City Schools. It also showed strong confidence in the district's finances.
- April 2019 Five-Year Forecast is approved and shows that not much had changed since October 2018's forecast.

April 22, 2019	Finance Advisory Council meets again to discuss the two possible options. To see more of the thought, please go to page 8.
May 7, 2019	The Board of Education has a special meeting to discuss the two options and to direct the Treasurer and Superintendent to craft resolution language for a 9 mill levy.
May 13, 2019	The Board of Education passes a resolution declaring a necessity for an operating levy for November 2019. Ted Cahill publicly speaks at the Board meeting to inform the Board that a group of citizens had formed to support the levy. Their name is Committee for Bexley Excellence.
May 15, 2019	ThisWeekNews publishes an article “Bexley City Schools 9-mill levy going on November ballot”
June 10, 2019	The Board of Education passes a resolution declaring its intent to proceed with an operating levy and to have the Treasurer file the paperwork with the County Board of Elections.
August 2019	The County Board of Elections is expected to publicize an issue number for the levy.
November 5, 2019	Election day

The Five-Year Forecast

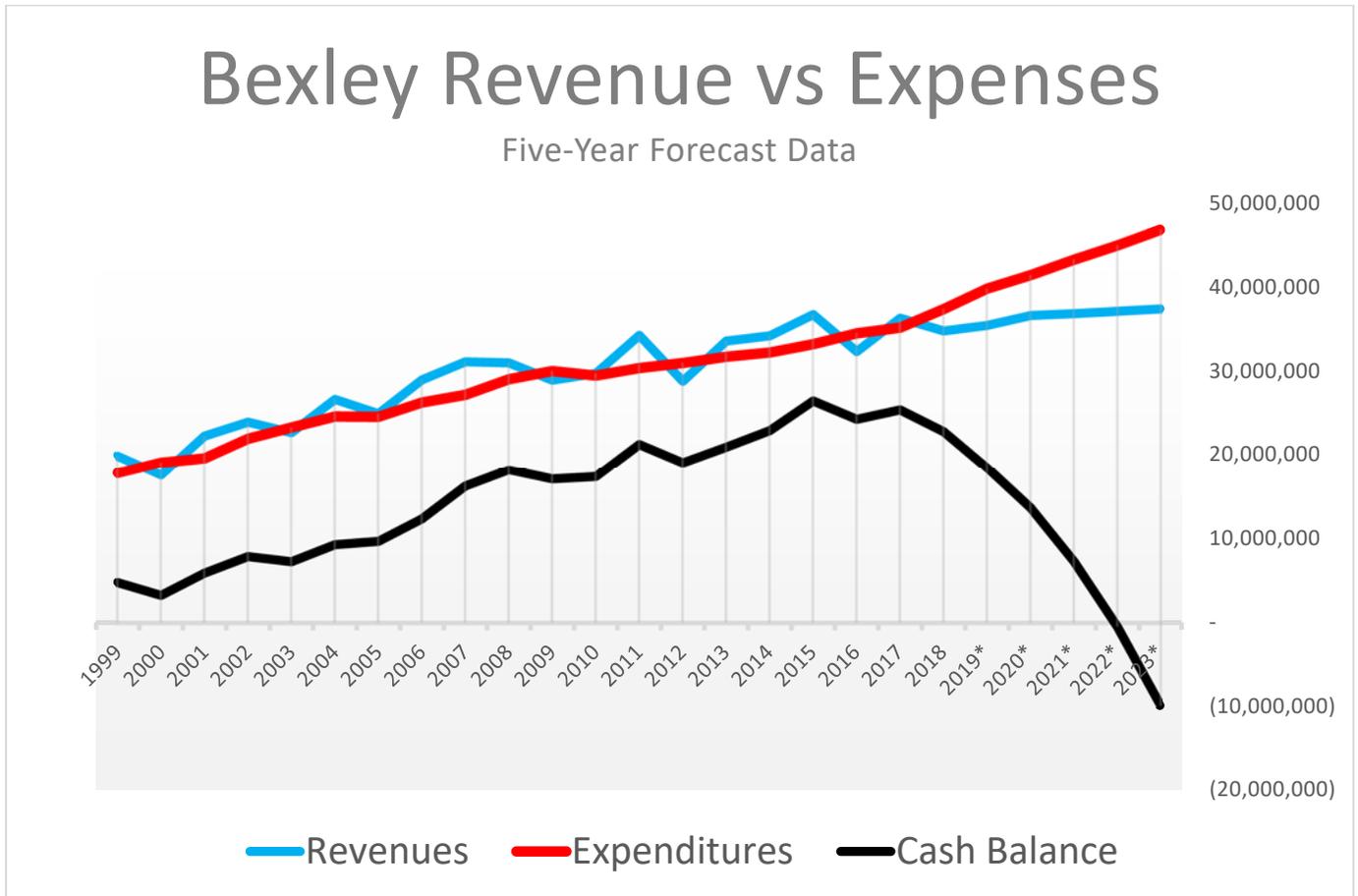
The Five-Year Forecast is the primary financial health document of the district. It shows three years of historical data and five years of future (current) data. This document is used so the district can plan for the future. It is a tool the district can bargain with each of its unions and also allows the district to see when there could be a deficit in spending. It is required to be filed with the state in November and May of each year.

The most recent Five-Year Forecast for Bexley Schools can be found [here](#).

This chart below is a brief view of some of the most important lines in the forecast. Here you can see the district is in deficit spending on line 6.01. The district does have cash reserves, which it can dip into to operate, but you can see on line 15.01, the district will not have enough projected funds to finish Fiscal Year 2022. This is a normal looking forecast when compared to other school districts that heavily rely on local property taxes.

		Forecasted				
Line Number		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
2.08	Total Revenues	35,503,764	36,671,848	36,898,528	37,176,150	37,453,288
5.05	Total Expenditures	39,859,115	41,477,677	43,302,188	44,999,379	46,871,273
6.01	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(4,355,351)	(4,805,829)	(6,403,660)	(7,823,229)	(9,417,986)
7.01	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	22,880,212	18,524,861	13,719,032	7,315,372	(507,857)
7.02	Cash Balance June 30	18,524,861	13,719,032	7,315,372	(507,857)	(9,925,843)
	Reservations	1,426,069	1,426,069	1,426,069	1,426,069	1,426,069
11.30	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0
15.01	Unreserved Fund Balance June 30	17,098,792	12,292,963	5,889,303	(1,933,926)	(11,351,912)

This chart illustrates that the cash balance will continue to be spent down unless additional revenue is raised, or expenditure reductions enacted. As a school district, we believe that everything we do has value and important impact on our students. Therefore, we seek community confirmation of those efforts by asking for revenue increases. School funding for revenues is not designed to grow with inflation. This is due to House Bill 920, which was passed in the 1970s. A school levy passed in 1980 which raised \$1,000,000 still only brings in \$1,000,000 today. Goods that would have cost \$1.00 in 1980, now cost \$3.11 per this inflation calculator: <http://www.in2013dollars.com/us/inflation/1980?amount=1>



Finance Advisory Council

The Finance Advisory Council was established years ago under the direction of longtime treasurer, Chris Essman.

The group is made up of individuals who have served on this council in the past, with some additions. They have a financial background in most cases, and provide an outside perspective on finances, but also maintain baseline knowledge of the district's finances. They meet about three times per year.

The Finance Advisory Council, from time to time, reviews comparable district information. This review allows the members to ask questions about differences in funding, expenditures or local trends. Many of the charts and graphs in this document are from Fiscal Year 2018 and are sourced from the Ohio Department of Education and/or the Franklin County Auditor.

In April 2019, after the Board of Education announced timeline for a levy, the council met to discuss eight options for additional funding for the district. They weighed not only what the district needed, but also what the community could support and understand. It is important to remember that just like the Board of Education, they have a better sense of the district's finances than the general public, because they see it more often and receive updates from the Treasurer.

The council ultimately supported two options for the Board of Education to consider. The first option being a 9 mill property levy and the other being a combination levy of 6 mills for property and an additional .25% of income tax.

Because the 9 mill was the final decision from the Board of Education, some pros from the advisory council are listed here:

- The revenue stream is known and stable throughout.

- This type of levy could be easier to understand.

- This levy type is an easy one to calculate the cost for the homeowner.

- It is the traditional form school funding in Ohio.

- The economy is in an uncertain state and property taxes are a more reliable source of income.

Levy History

From 1968 to 2016 the Bexley City School District has had 24 levies.

- 3 Bond Issues (Buildings) - Passed
- 1 Permanent Improvement – Passed
- 1 Income Tax for Operating – Passed
- 17 Operating on property – Passed
- 2 Operating on property – Failed

Bexley School District History of Voted Taxes					
<u>Election Date</u>	<u>Millage</u>	<u>Type</u>	<u>Votes For</u>	<u>Votes Against</u>	<u>Approval Percentage</u>
November 2016	1.38	Permanent Improvement	5,404	2,304	70.11%
November 2010	6.5	Operating	3,704	2,463	60.01%
November 2004	0.75%	0.75% School Income Tax	4,116	3,267	55.75%
November 2003	3.5	Operating	2,360	2,066	53.32%
May 2003	8.75	Operating	1,265	1,954	39.30%
November 2000		\$27,050,000 Bond Issue	3,530	2,942	54.54%
March 2000	7.9	Operating	2,508	1,861	57.40%
May 1998	6.2	Operating	1,978	1,551	56.05%
November 1995	3	Operating	3,019	2,129	58.64%
November 1994	3	Operating	3,491	2,337	59.90%
May 1994	8.5	Operating	1,693	2,556	39.84%
November 1991		\$10,080,000 Bond Issue	3,061	1,612	65.50%
May 1991	9.5	Operating	2,189	1,556	58.45%
May 1988	9.3	Operating	1,892	1,741	52.08%
May 1985	8.5	Operating	1,364	1,281	51.57%
Note: The above results date back to 1985. From 1968 to 1984, the voters of the School District approved nine operating levies and one bond issue. No levies were defeated in this period.					
Property Operating Levy Passed					
Income Operating Levy Passed					
Operating Levy Failed					
Bond/Perm Improvement Passed					

The November 2019 levy of 9 mills is not the largest that Bexley has ever seen.

The average of passed operating (property) levies since 1985 equals 6.377.

Note that in a 7-year span (1994-2000), the community passed 4 levies totaling 20.1 mills.

2018 Effective Voted Residential Millage Rates
of each Levy

Only Operating

source - Franklin County Auditor

Election Date	Voted Rate	Effective Rate
1976 (inside)	5.7	5.7
1968	8	1.174744
1973	3.7	0.543319
1976	4	0.587372
1976	4	0.587372
1976	3.3	0.484581
1976	3.3	0.484581
1976	6.5	0.954479
1979	6	1.105662
1982	9.5	2.306391
1985	8.5	2.282301
1988	9.3	2.803307
1991	9.5	4.244951
1994	3	1.492785
1995	3	1.492785
1998	6.2	3.342444
2000	7.9	4.765761
2010	6.5	5.649734

Total	107.9	40.002569
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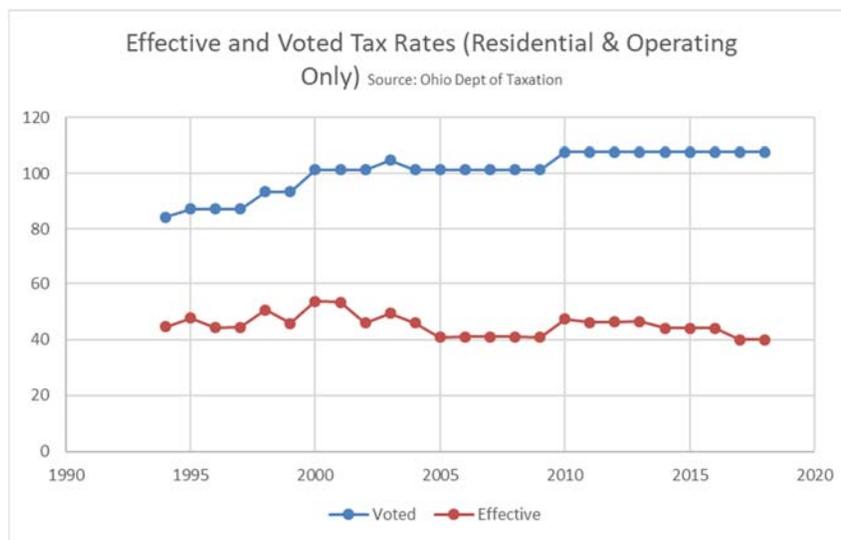
In 1976, the state enacted House Bill 920,
which started the effective millage rate process.
So, while some levies above may say they were voted
in 1976, it is more likely their conversion date.

Inside Millage is not impacted by HB 920.

See page 18 for more of an explanation of HB 920

Total Residential Millage Rate
General Fund (Operating) Only
Source: Ohio Department of Taxation

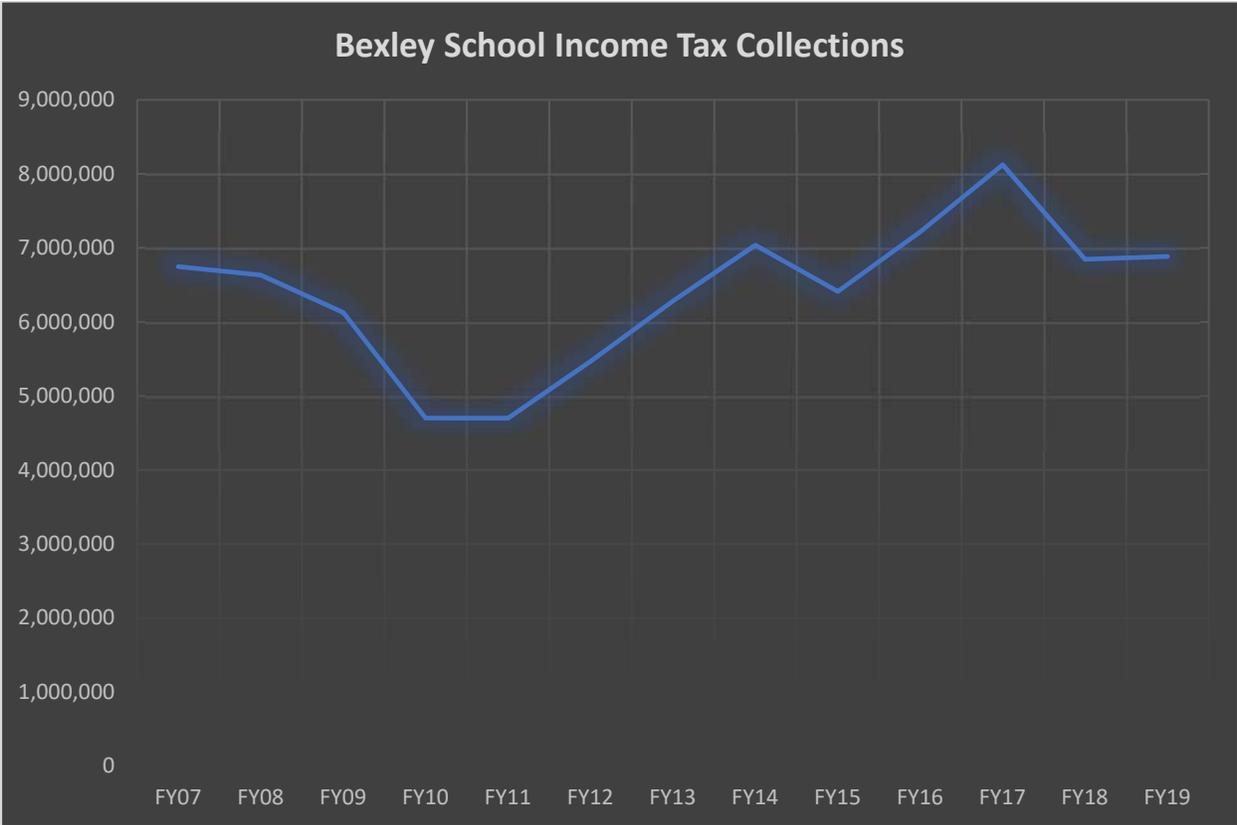
Tax Year	Voted	Effective	
2018	107.9	40.00257	
2017	107.9	39.98326	Reappraisal Year
2016	107.9	44.05919	
2015	107.9	44.05606	
2014	107.9	44.03554	
2013	107.9	46.42751	
2012	107.9	46.24488	
2011	107.9	46.15071	Reappraisal Year
2010	107.9	47.37788	6.5 Mill levy passed
2009	101.4	40.81528	
2008	101.4	40.8739	
2007	101.4	40.89073	
2006	101.4	40.89276	
2005	101.4	40.77016	Reappraisal Year
2004	101.4	45.98768	.75% Income Tax Passed (repealed 3.5 mill from 2003)
2003	104.9	49.4711	
2002	101.4	45.9308	
2001	101.4	53.41	
2000	101.4	53.69	7.9 levy passed
1999	93.5	45.79	Reappraisal Year
1998	93.5	50.56	6.2 levy passed
1997	87.3	44.33	
1996	87.3	44.3	
1995	87.3	47.59	3 mill levy passed
1994	84.3	44.56	3 mill levy passed

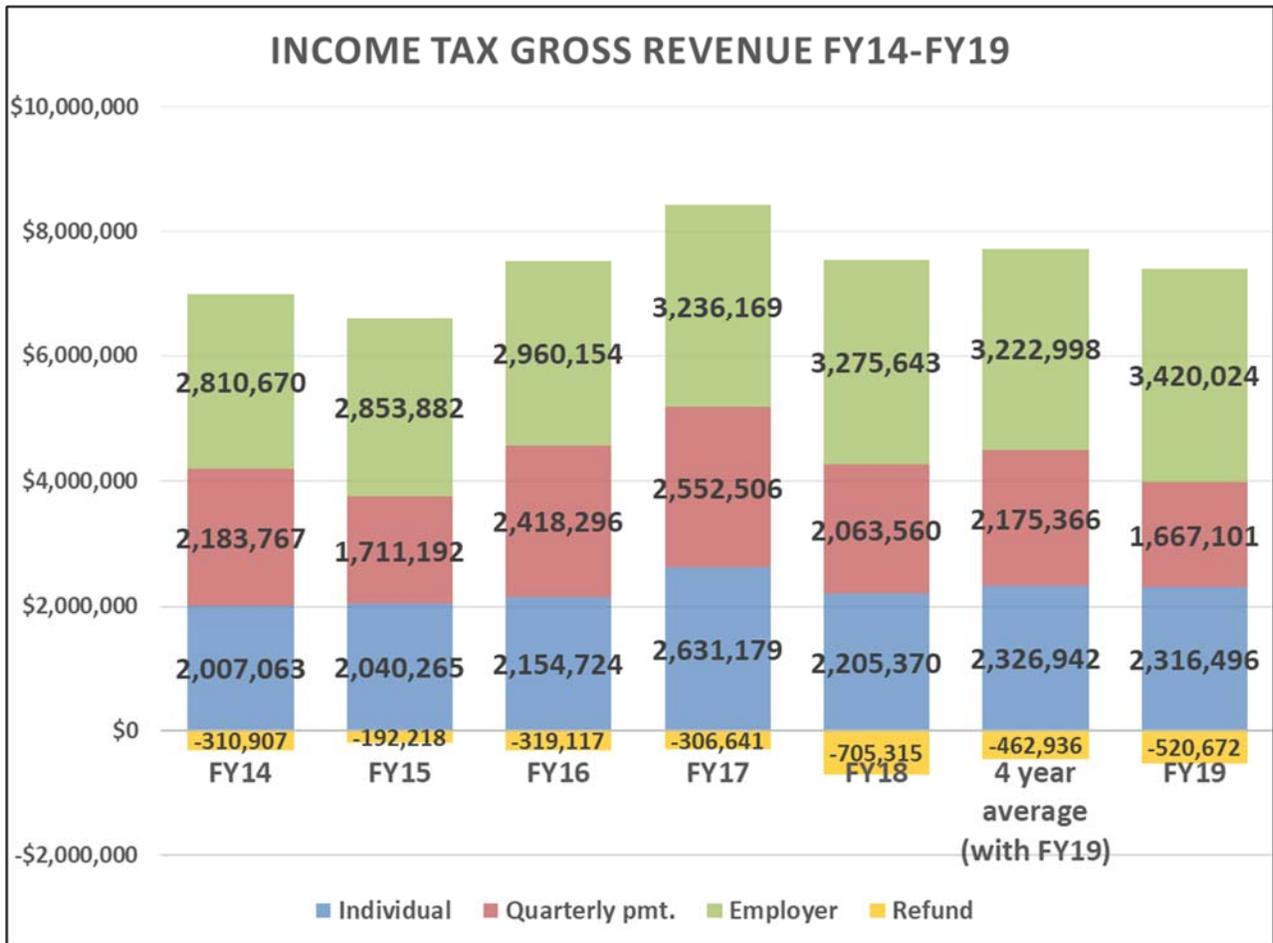


Bexley School District Income Tax

In 2004, the community passed a school district income tax of .75%. This also repealed the 2003 3.5 mill property tax upon its passage. This type of income tax is called a “traditional” school district income tax, because it is the older version. Shortly after the district passage, the state of Ohio allowed for an “earned” income tax. A school district is only allowed to have one type of income tax in effect.

The chart illustrates how the school district income tax has grown and fluctuated over time. Income tax is nearly impossible to forecast because the school district does not receive any data of individual tax returns. The state provides aggregate numbers about three years after the calendar year has been completed.





Notes about the chart above

Employer payments have been stable and have seen consistent growth.

Individual and quarterly payments have seen some fluctuations, sometimes significant.

What the district does not know is if some of the individual and quarterly filers have been brought on to employer submissions.

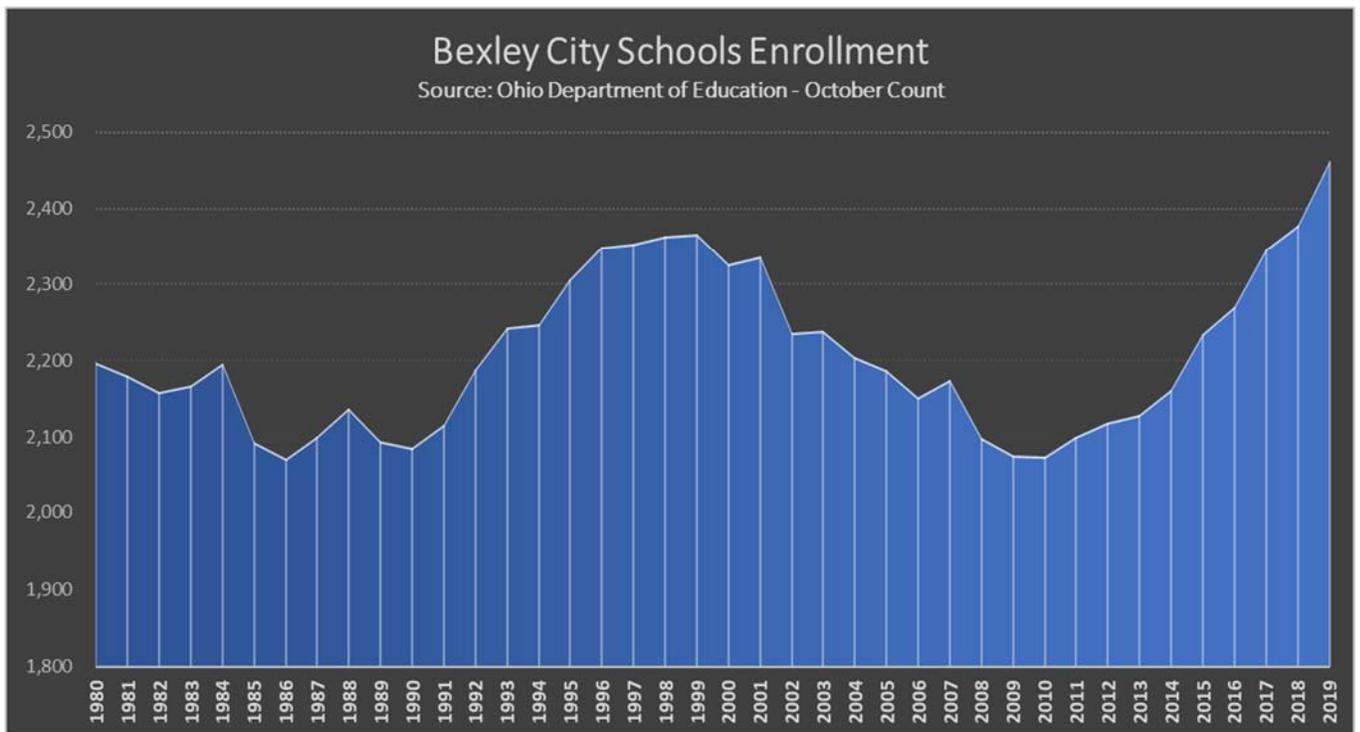
Refunds have been significant for the district in FY18 and FY19.

It is important to note that this shows the major receipt categories and the refund is netted against the gross totals to equal an actual receipt the district posts to its ledger.

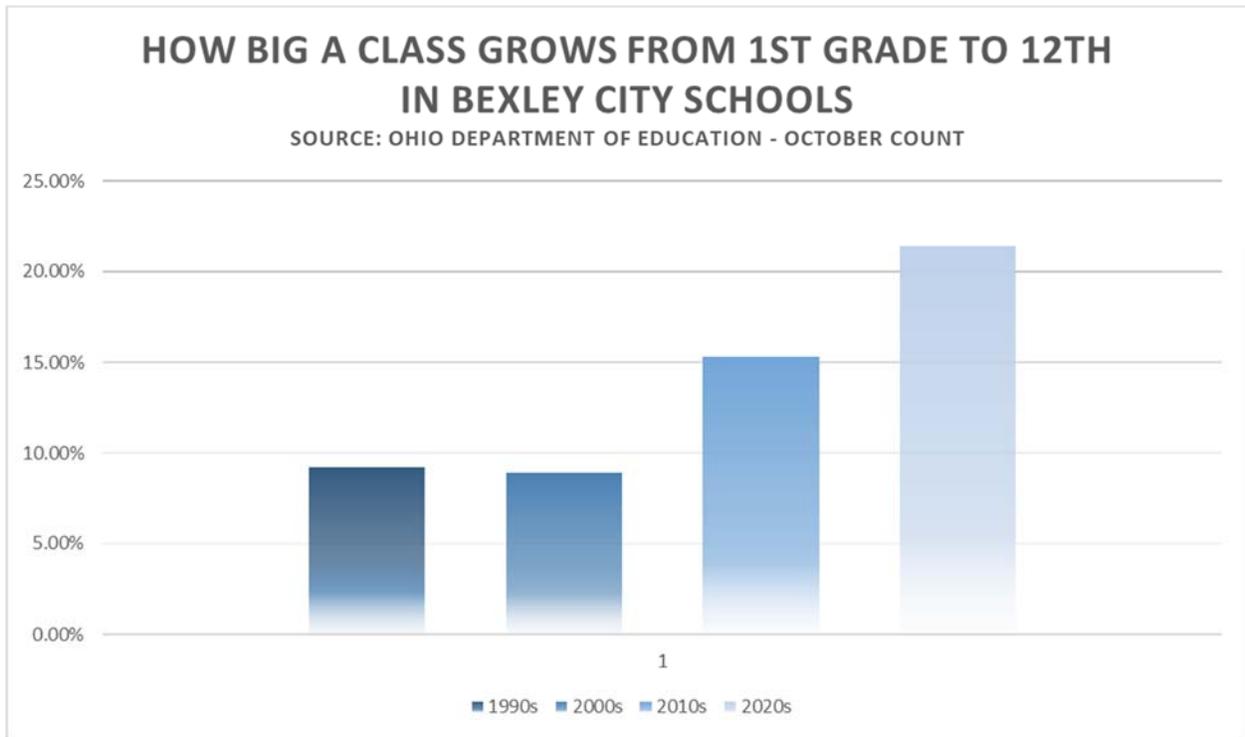
Enrollment Charts

The district's enrollment has a direct impact on the budget. Each new student brings programming needs: special education, English Learners, social/emotional support, gifted education, increase course offerings to help students compete. These needs are met with additional staffing and classroom supplies, to name a few.

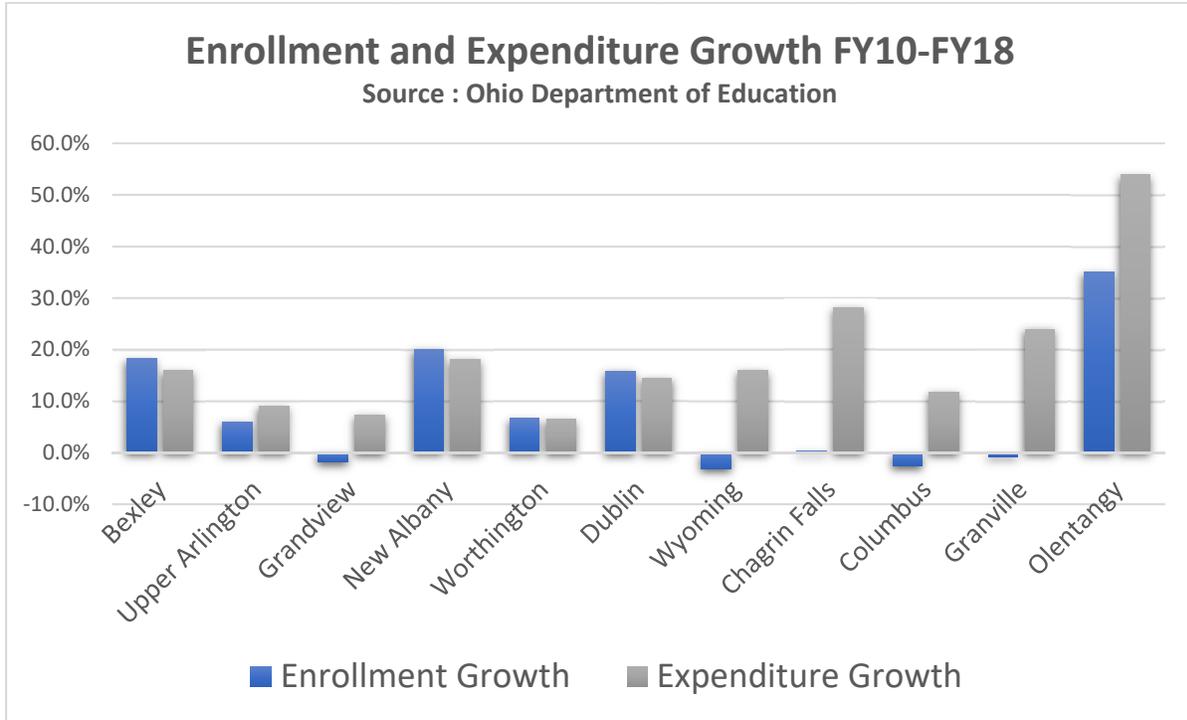
The Ohio Department of Education requires the district to submit enrollment data. Enrollment is part of the audit conducted by the Auditor of State.



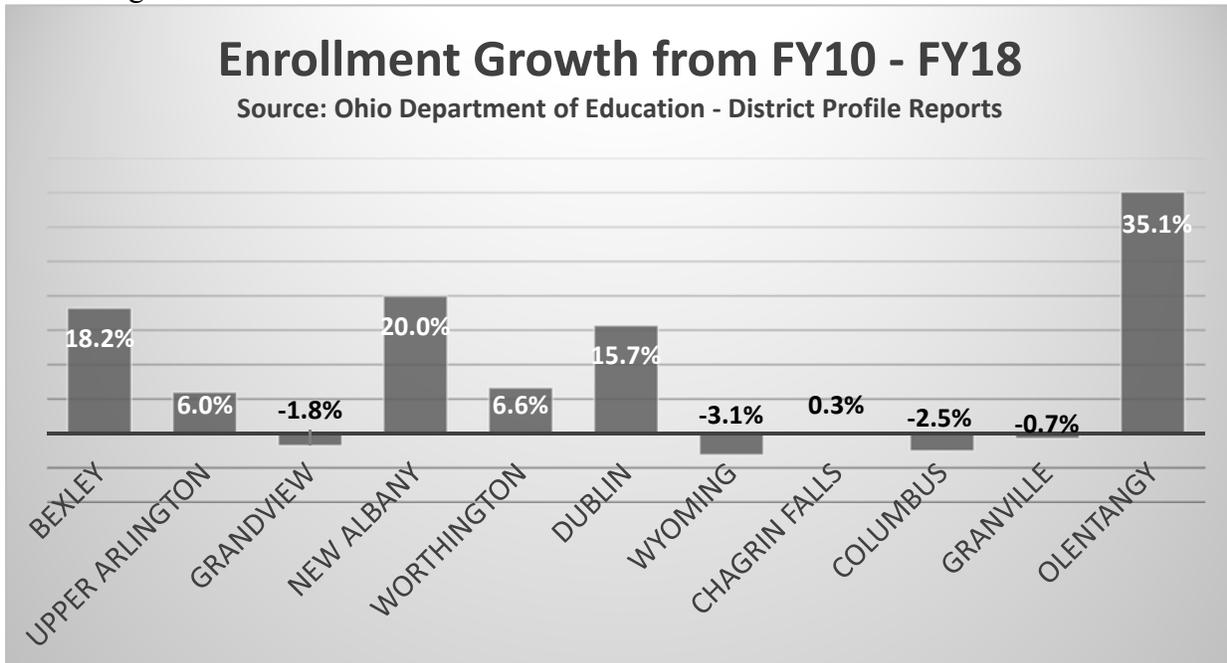
This chart represents how a class population has been growing. Or in other words, a graduating class grew by 15% by the time they graduated in the 2010s from when they were first graders.



This chart compares expenditure and enrollment growth with other districts. In most cases, districts' expenditure growth outpaced their enrollment growth. It should not be misconstrued that these districts have been doing something wrong with their budget. There could be many factors behind these numbers, just as there is a story behind Bexley's.

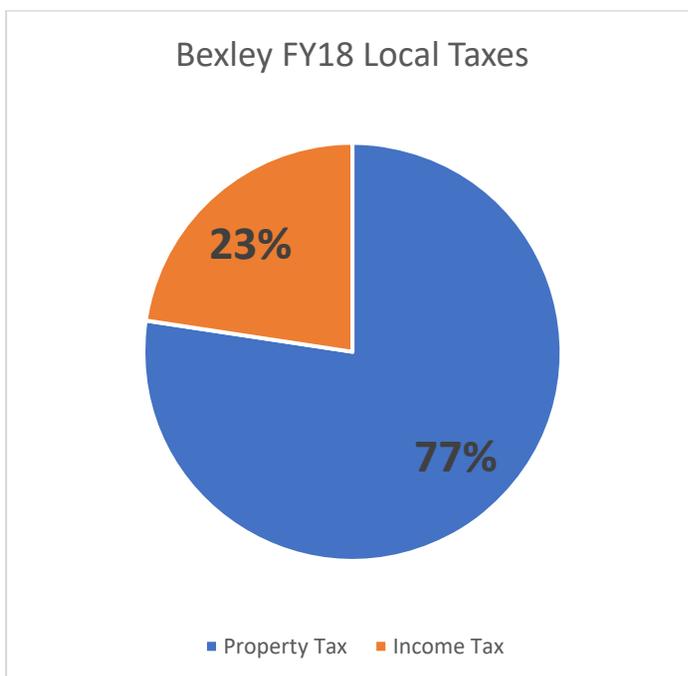
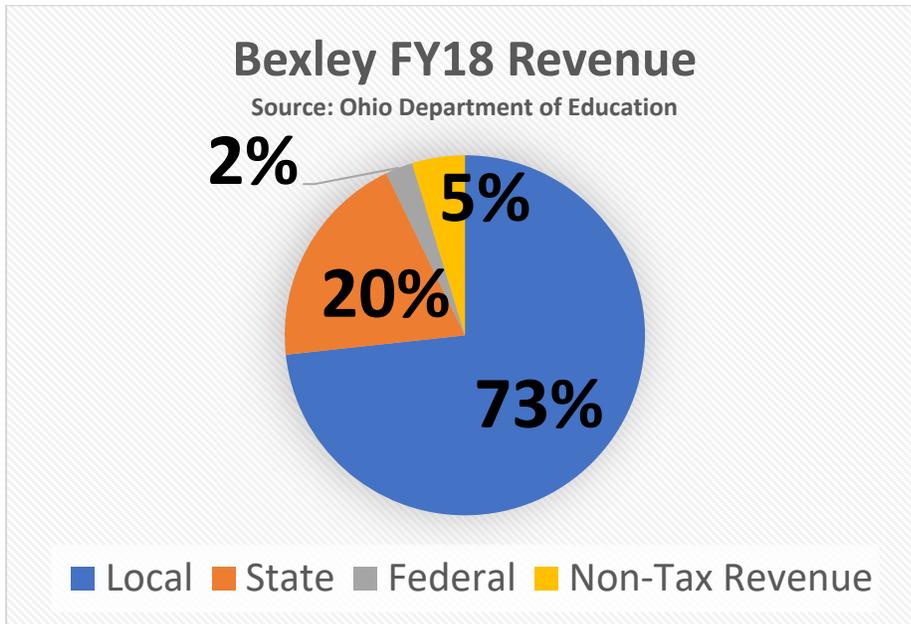


It is not uncommon for communities to see minimal swings in enrollment over time. It's known that the Columbus metropolitan area is growing. What is not as well known is that landlocked communities like Bexley and Upper Arlington are growing in enrollment back to numbers from decades ago.



Revenues

Please see page 6 for general fund revenues and expenditures (Five-Year Forecast). The following charts and graphs have been compiled using the District Profile Report of 2018 from the Ohio Department of Education. You will see Federal revenue and expenditures are included in these numbers.



The School District Income Tax was passed in 2004 is a Traditional Income Tax, meaning it is on all income.

The income tax can grow as income grows within the district, but it is only a portion of the district's revenue. Increases in this revenue stream do not keep up with inflationary expenses.

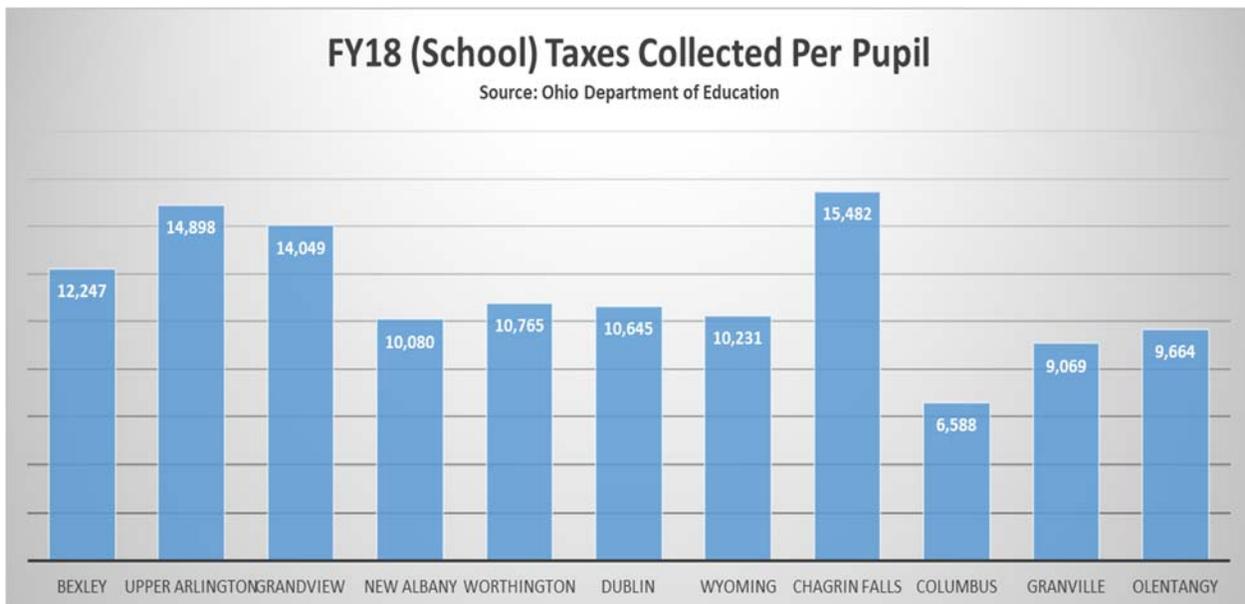
House Bill 920 (1976) and the impact on revenue growth

The purpose of House Bill 920 was to stop inflationary growth on voted taxes when the value of a property increases. You can see this on page 10, where tax rates have been effectively adjusted down. What this means for taxing authorities and school districts is the amount of revenue collected from a tax levy will not increase. A levy in 1980 may have brought in 1 million dollars in revenue, but in 2019, it is still bringing in that same 1 million. The tax rate of that levy has been reduced to collect the same amount.

This is the primary reason why districts continue to ask for additional revenue from time to time. We usually call this the “levy cycle”, because it is the primary mechanism to obtain inflationary growth in revenue.

To see how Bexley City School District levies have been impacted by this law, please refer to page 10.

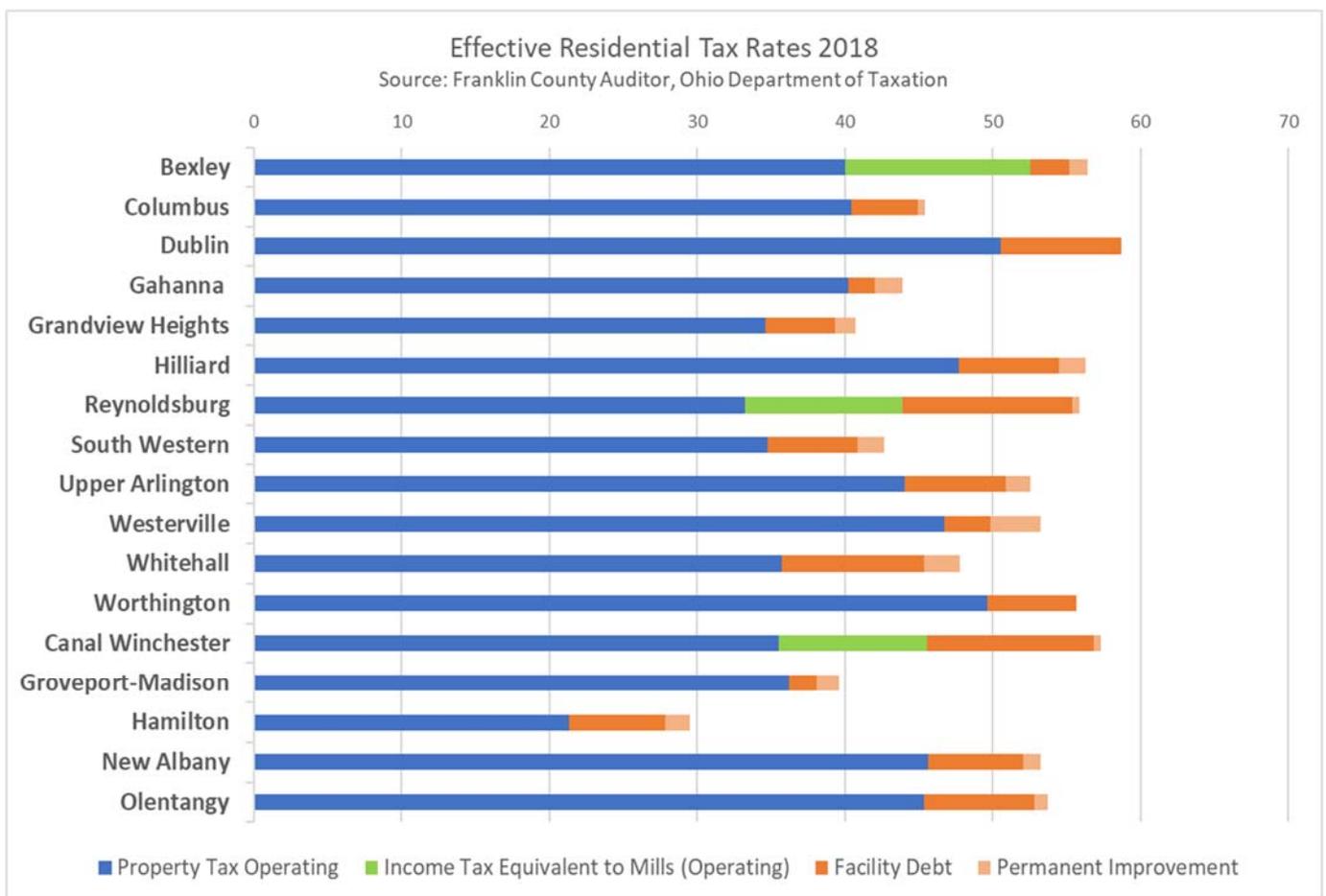
This chart shows the amount of taxes collected per pupil for comparable schools. Taxes collected can be property tax, income tax or a combination of the two. For Bexley and Wyoming in this chart, income and property are combined.



Effective tax rates vary from community to community. This chart is only looking at school district effective rates on residential property. Districts like Bexley, who have an income tax, have been given a “millage equalization” in green for that tax. This allows for a similar comparison between districts.

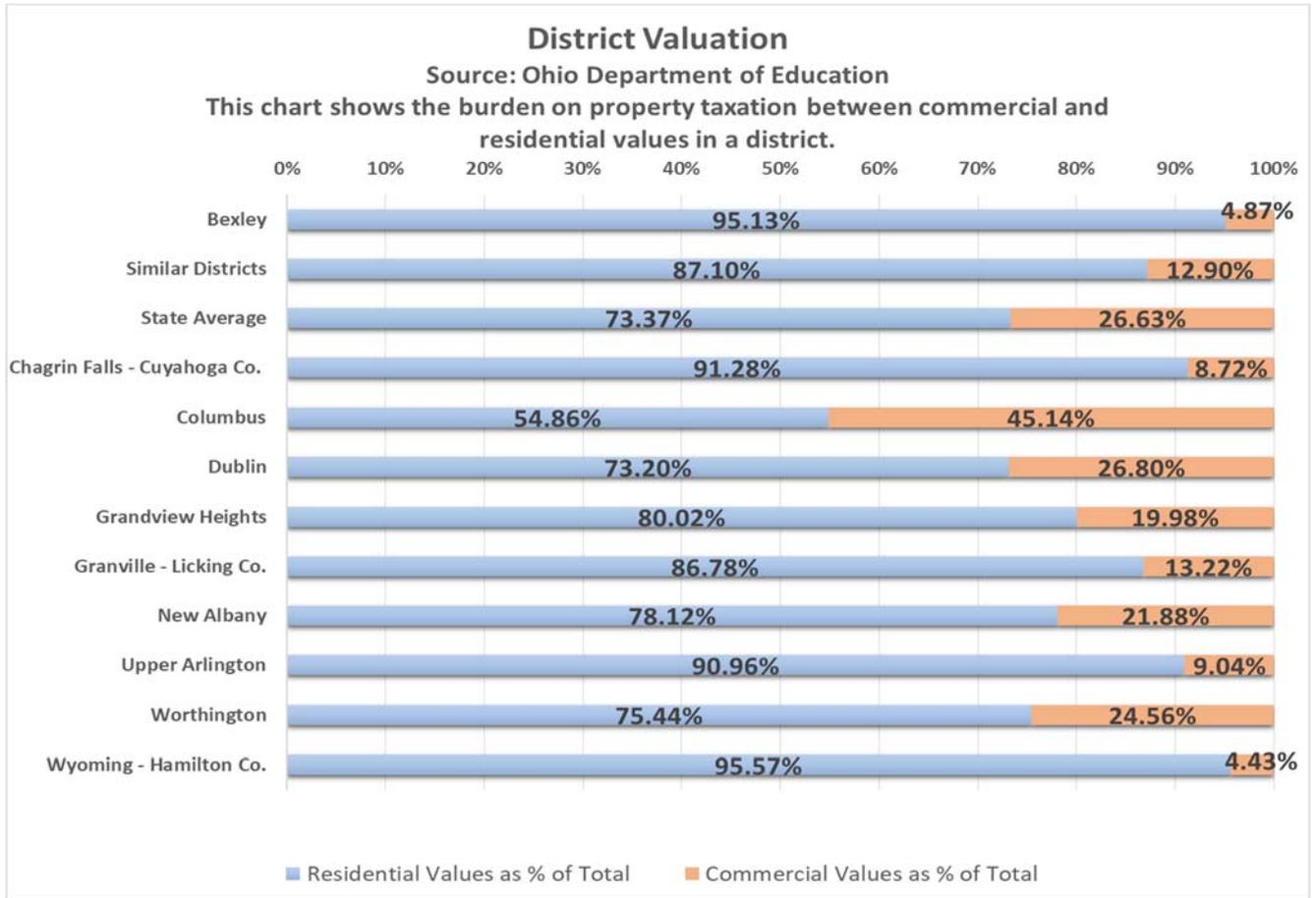
This chart looks at all taxes sent to the school district, not just operating.

The chart on the next page can help explain why Bexley has some of the higher residential rates. Hint: it is because the district is 95% residential and has little commercial values to help fund the district.

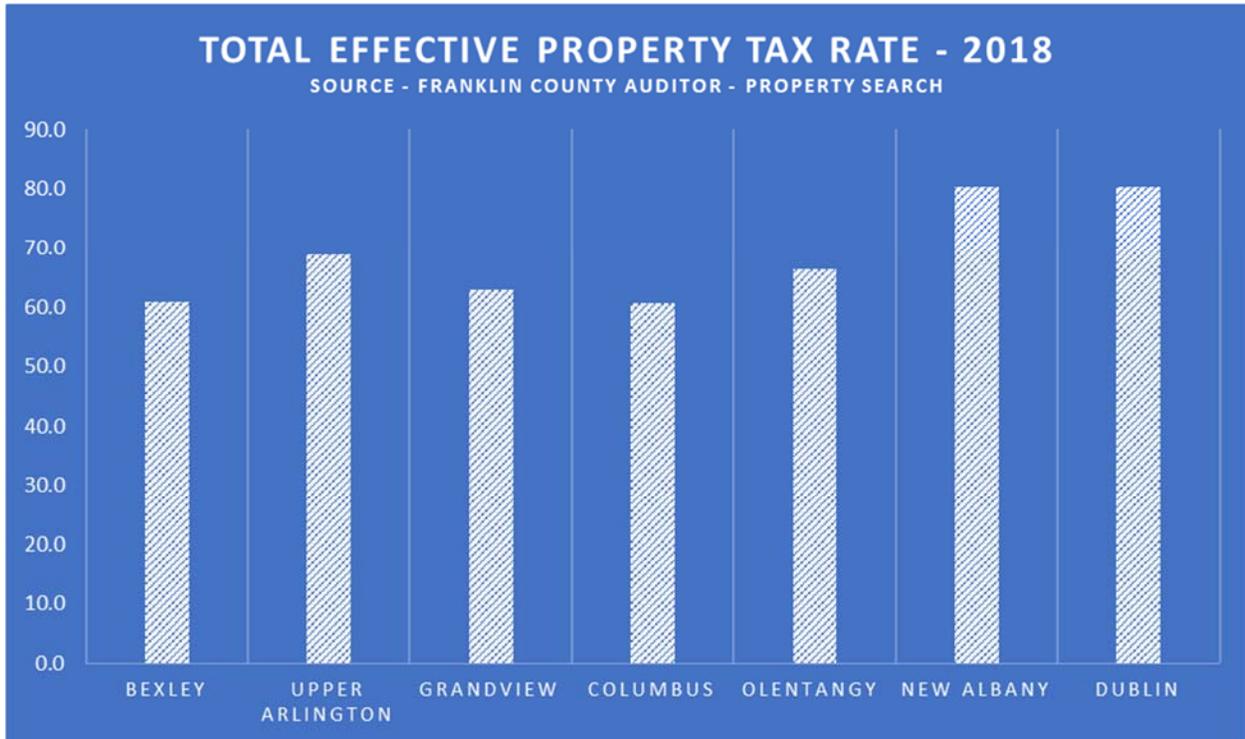


Residential and commercial properties are taxed at different effective rates. They are in their own buckets, so to speak.

This chart illustrates how much the resident contributes to the revenue collected by local governments, including schools. For every \$1.00 that Bexley receives from property taxes, \$0.95 comes from residents.

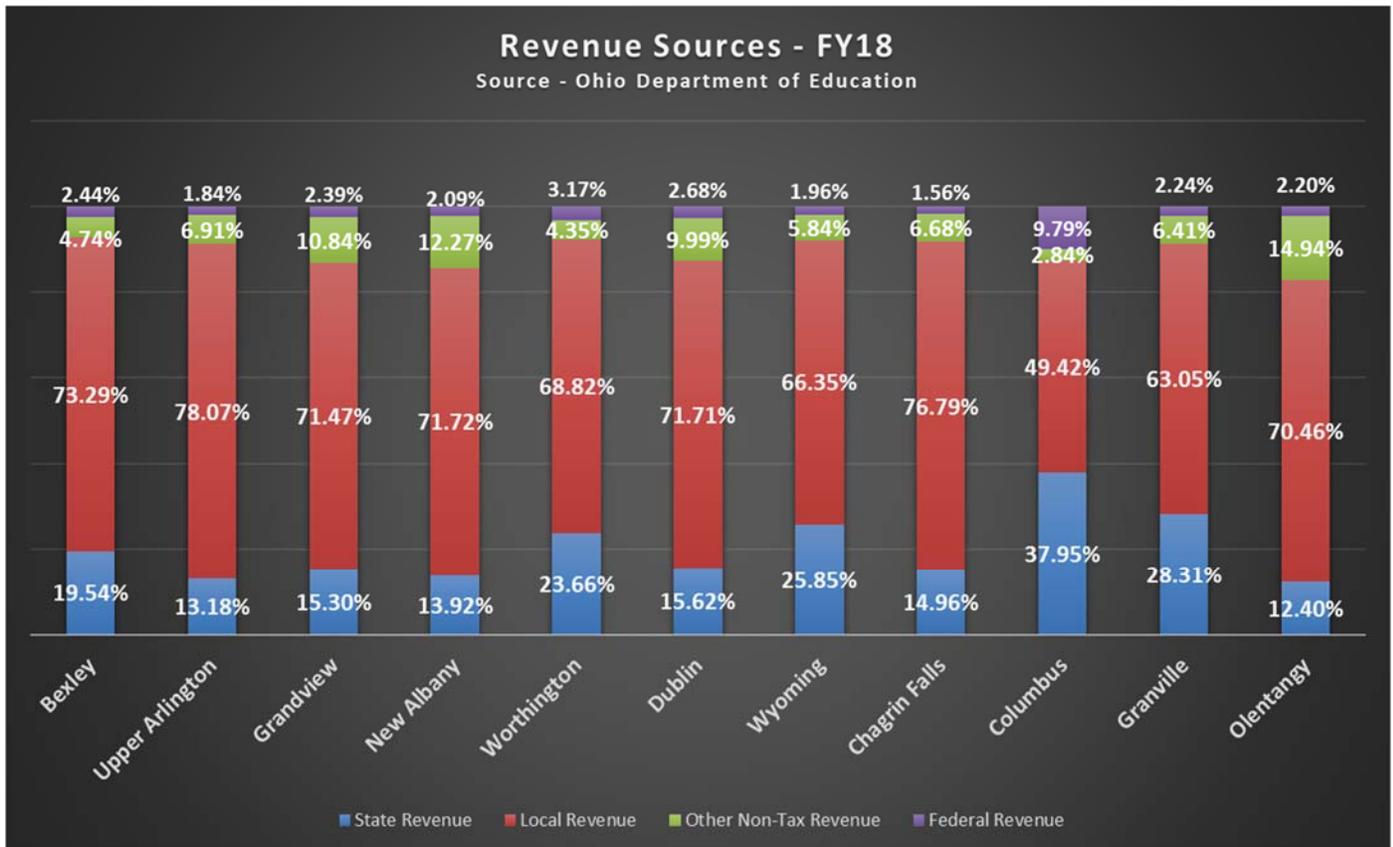


There are many factors that go into property tax rates for a residential property. For example, there could be a Joint Vocational School District tax in one and not the other. Bexley residents do not pay JVSD taxes. Instead, the school district directly pays, which saves the Bexley taxpayers about \$820,000 per year. Some communities (or portions) have special assessments. This chart below illustrates that total effective tax rate on a residential property.



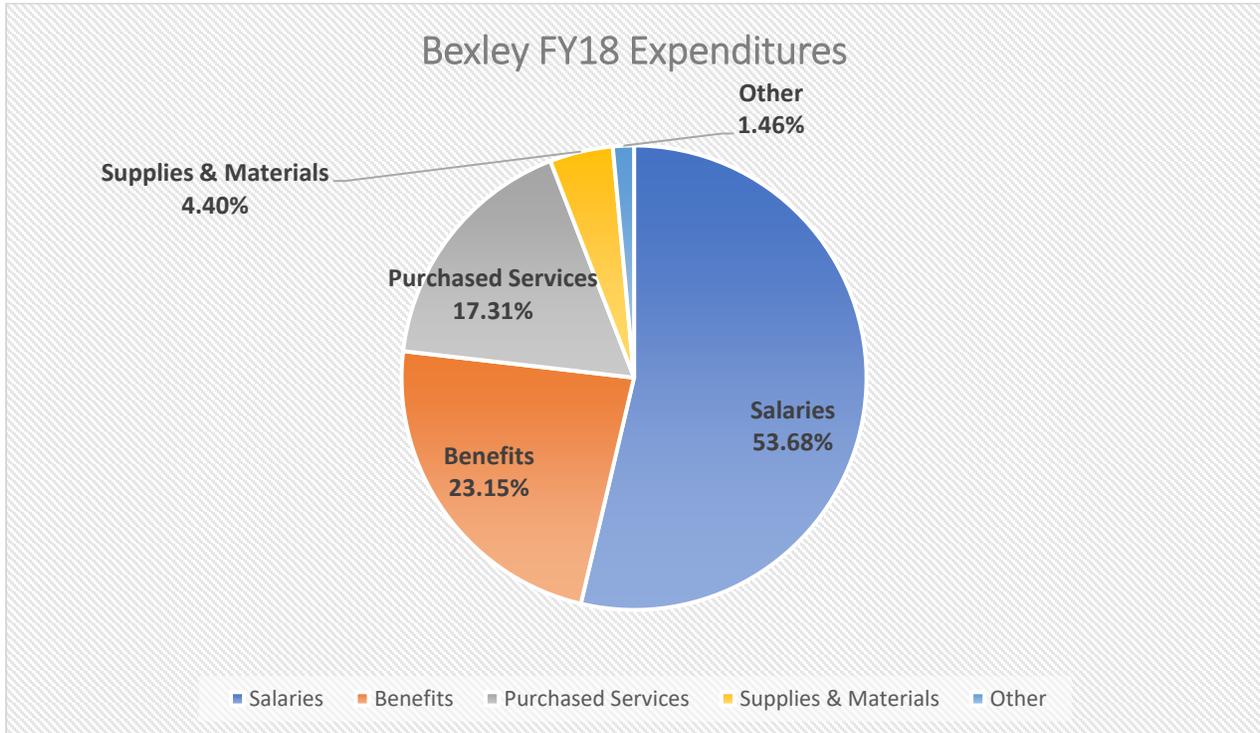
As a resident from the Finance Advisory Council pointed out, “While Bexley Schools may have a high tax rate, there are other costs of living in other communities, like New Albany.”

This chart represents the various revenue sources for districts. Federal dollars are not part of a district's general operating funds, but do play a part in staffing additional services for special education and intervention. In more rural areas, the blue and red sections flip because of the state's funding formula. That funding formula is primarily tied to a community's property valuation and income wealth.



Expenditures

Salaries and benefits are the two largest portions of the district budget. There are some services in purchased services that are salaries and benefits, because these employees are hired through the Educational Service Center of Central Ohio.

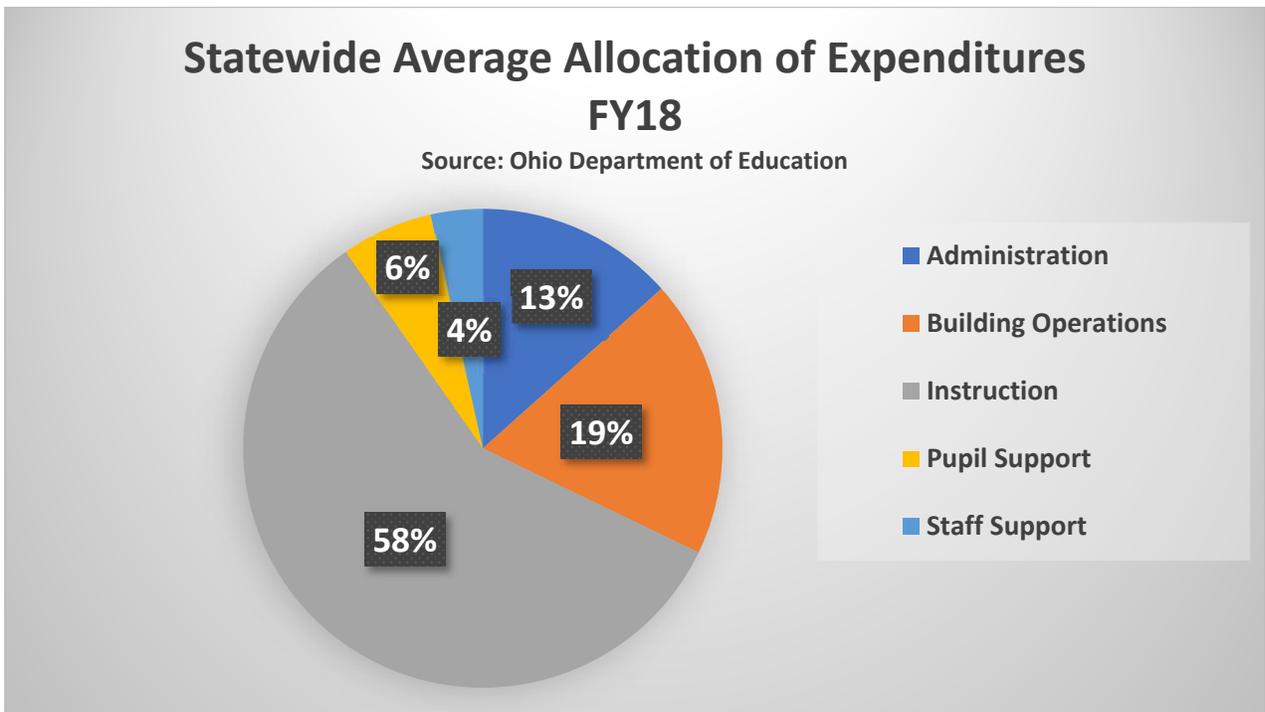
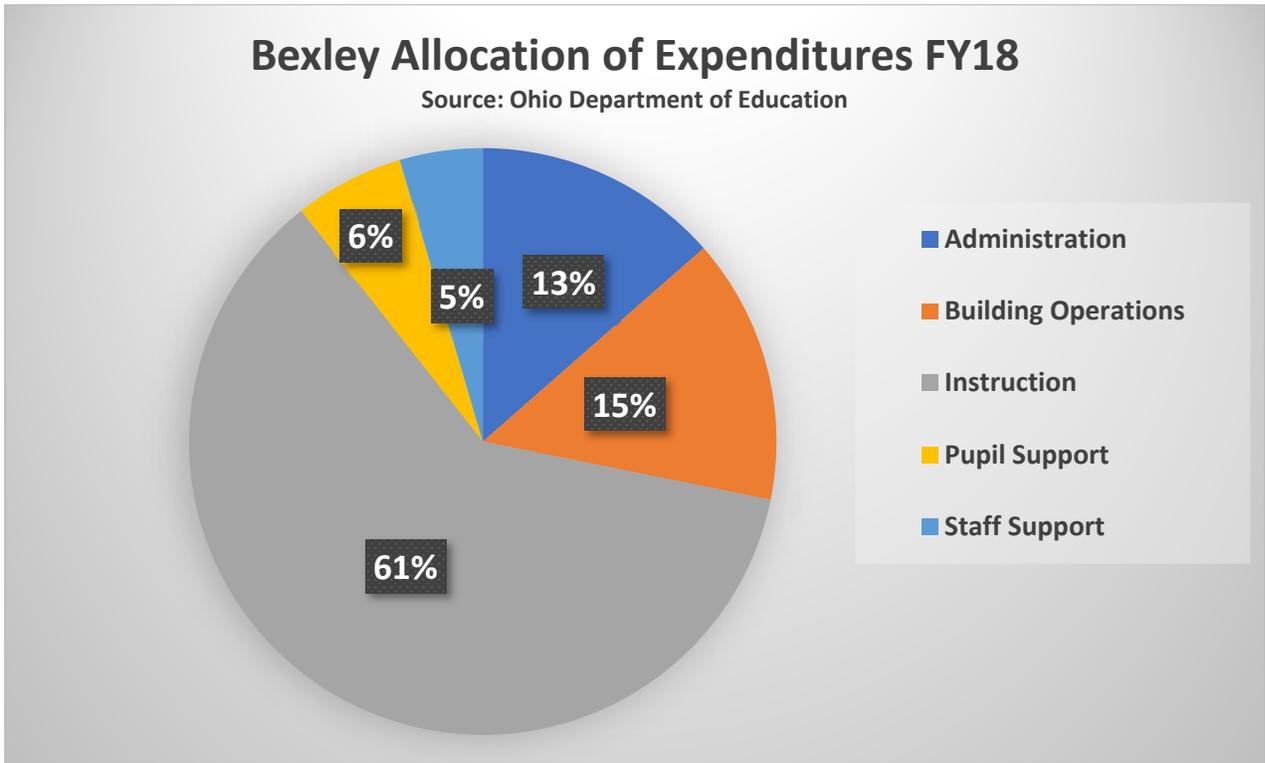


The Teachers have a bargaining unit and have had the following raises:

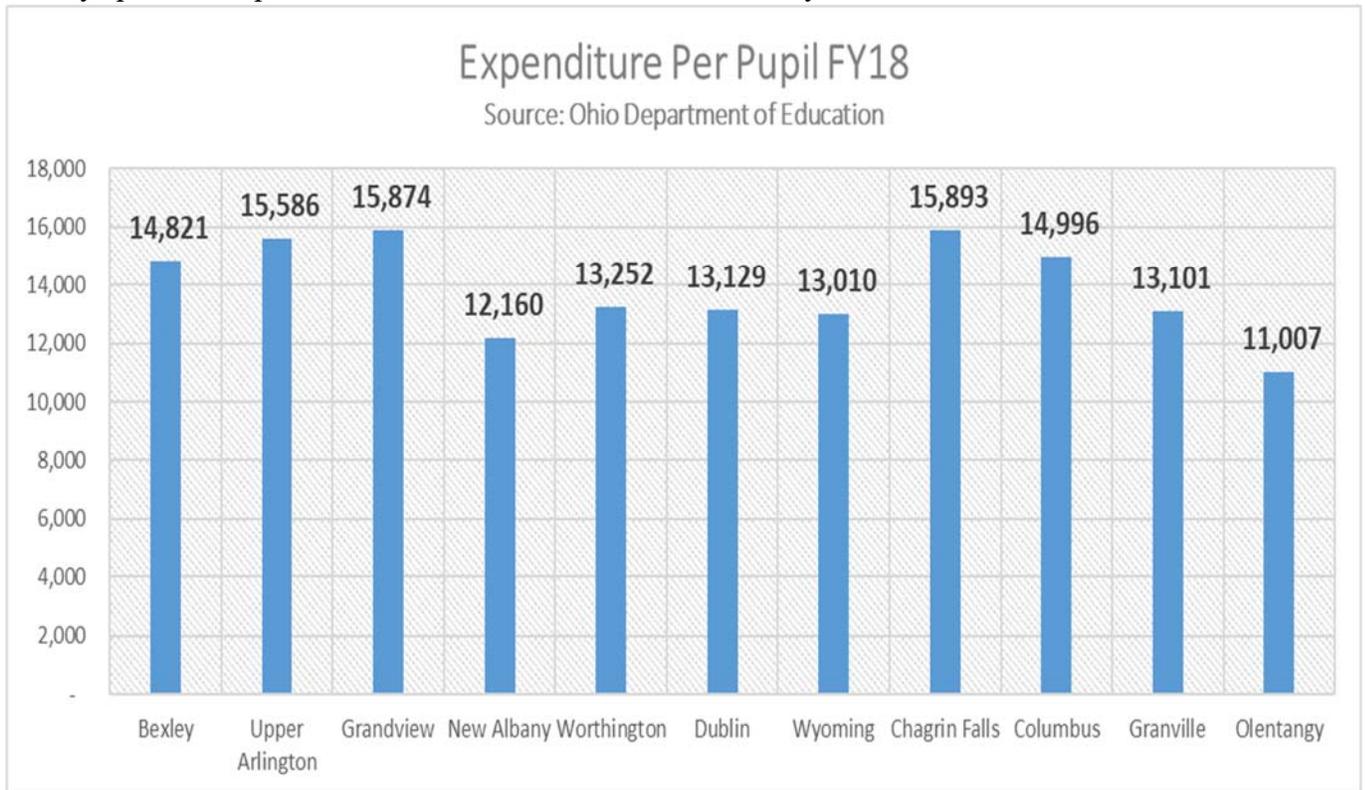
2010/11	1.85%
2011/12	0.0%
2012/13	0.0%
2013/14	1.5%
2014/15	1.0%
2015/16	1.0%
2016/17	1.0%
2017/18	1.0%
2018/19	3.0%
2019/20	3.0%
2020/21	3.0%

Teachers took lower or no raises because of Senate Bill 5 in 2011. They again took lower raises from 2015-2018 to retain the current insurance plan. In 2018, the teacher’s union agreed to a longer work day and to insurance plan design changes. In addition, Bexley salaries for teachers were not as competitive with other districts. It is important for Bexley to attract and retain high quality staff. About 40% of Bexley’s teaching staff live in Bexley.

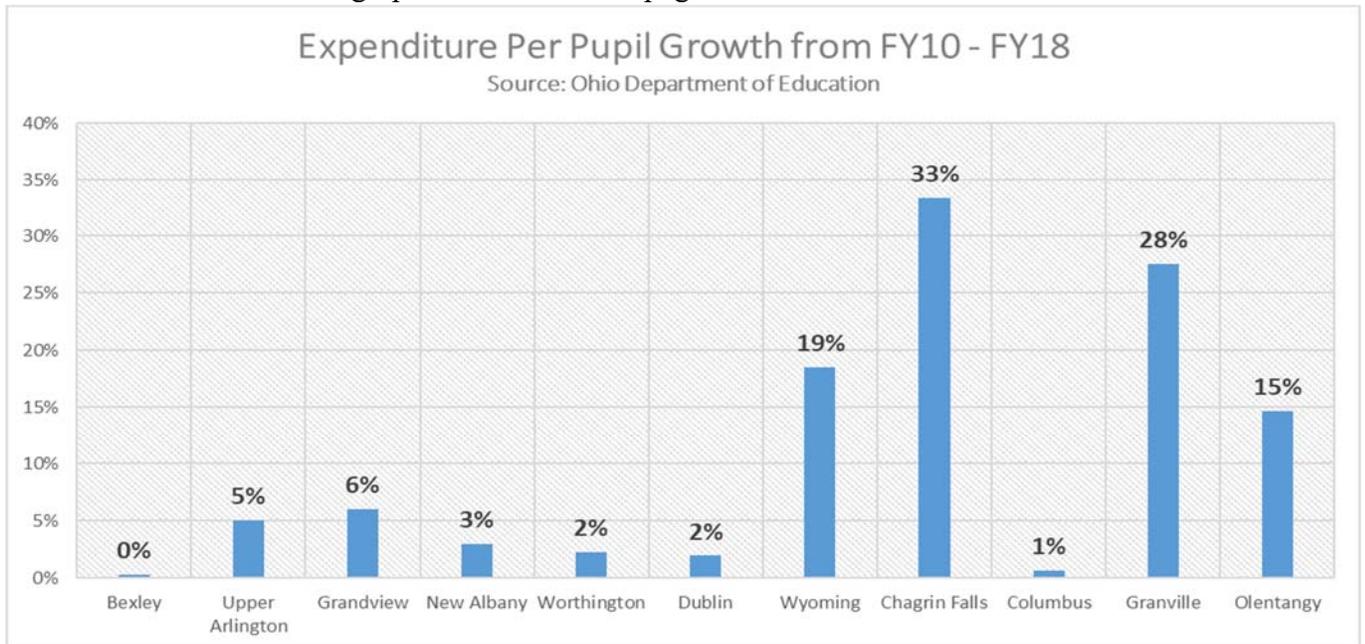
“Bexley puts more money in the classroom than the average school in Ohio”



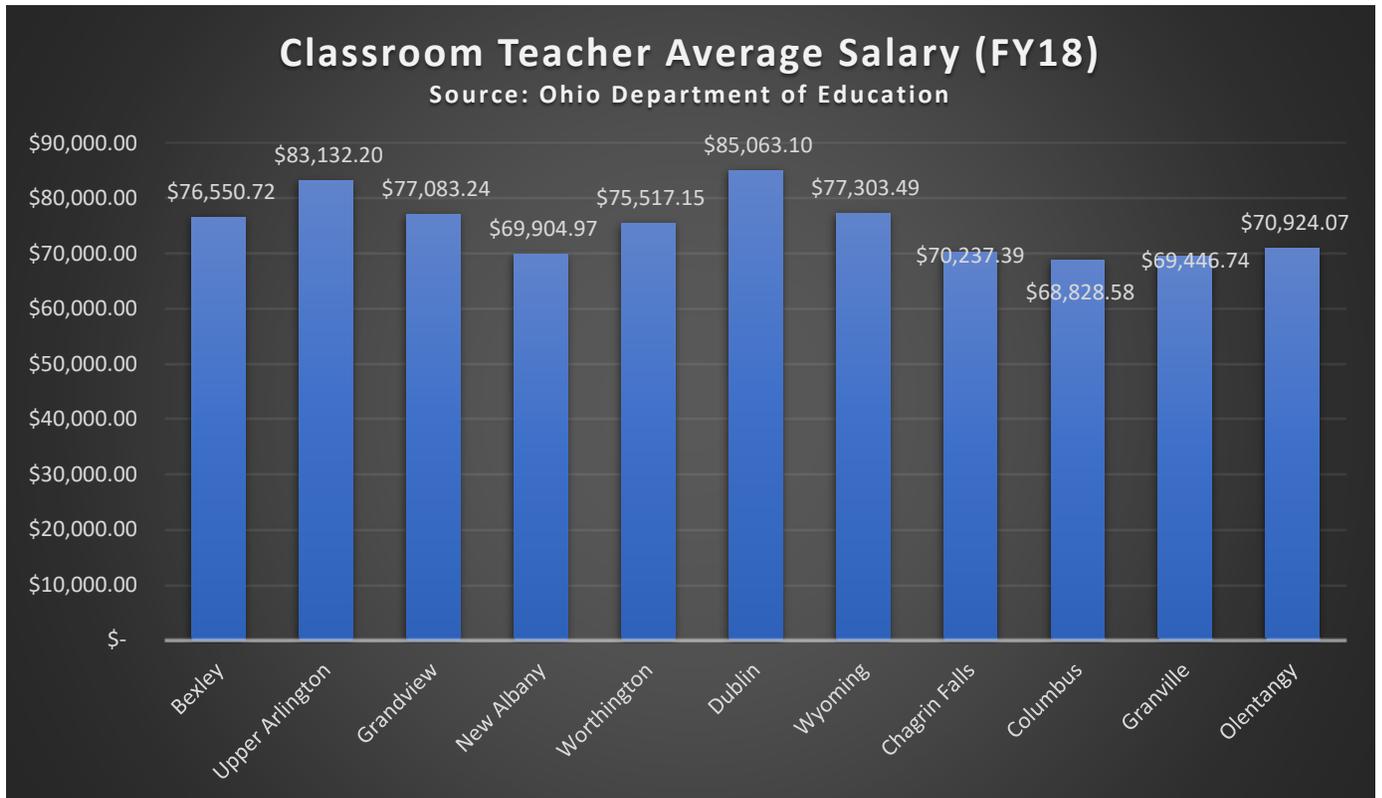
Bexley spends less per student than three other Franklin County Schools.



Expenditure growth per pupil is driven by enrollment (increase or decrease) and expenditures. In Bexley’s case, enrollment has grown, but so have expenditures. They have been growing at the same rate. Another similar graph can be found on page 16.



Teacher average salaries are an important comparison, but there are some very different factors driving that average for a school district. Teachers are paid on salary schedules throughout Ohio, and typically, the more experience and education one has, the more they are paid. In addition, districts that have seen large population growth tend to have a younger workforce. Some communities expect to attract the best educators and know it comes by paying higher salaries. Bexley remains an attractive place for some of the top teaching talent in the area.



Teacher Salary – State Average \$62,353
 Teacher Salary – Similar District \$73,311

The 9 Mill Levy Impact for the District

The proposed 9 mill operating levy is expected to increase revenues by five (5) million for the first full fiscal year. This is shown in the green row below. The red row, or cash balance, is expected to remain positive in the scenario that the levy passes. However, this levy is not expected to add to the cash balance of the district. On the line in between the green and red rows, the revised deficit spending is still occurring, even with a passed levy. A typical levy will add to the cash balance in the first or second year and by the third or fourth, the balance will be spent down. Based on the assumptions of the April 2019 forecast and a possible passage of the November 2019 levy, the district may need to come back for additional revenue for fiscal year 2023. (Ballot issue would take place in calendar year 2022. Collections would begin in 2023.)

Line Number		Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
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7.01	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	22,880,212	18,524,861	13,719,032	7,315,372	(507,857)
7.02	Cash Balance June 30	18,524,861	13,719,032	7,315,372	(507,857)	(9,925,843)
	Reservations	1,426,069	1,426,069	1,426,069	1,426,069	1,426,069
11.02	Property Tax New	0	2,684,084	4,970,526	4,970,526	4,970,526
	Total New Revenue from Levies	0	2,684,084	4,970,526	4,970,526	4,970,526
6.01	Revised Surplus/Deficit	(4,355,351)	(2,121,745)	(1,433,134)	(2,852,703)	(4,447,460)
15.01	Unreserved Fund Balance June 30	17,098,792	14,977,047	13,543,913	10,691,210	6,243,750

The Franklin County Auditor certified that the district can expect to receive \$5,071,965 for a 9 mill levy. For forecast purposes, the district does not assume to collect 100% of property taxes. Historically, the district only collects 98% of possible taxes. The figures in green, represent a 98% collection rate.

The 9 Mill Levy Impact for the Homeowner

It is important to understand there are two values of a home. The first value is the Franklin County Auditor Market Value. This value is then taken down to 35% to arrive at a taxable value. For informational purposes, we use the market value, as it is usually something that is better understood. It is usually lower than what a home could actually sell for. Especially if the home has been with the same owner for many years. A recently sold home may have a more accurate market value.

Every piece of property is listed on the Franklin County Auditor website. One can search by owner name or by property address.

http://property.franklincountyauditor.com/_web/search/commonsearch.aspx?mode=owner

Below is an example of a home that was purchased in Bexley (2017) for \$475,000. The Franklin County Auditor has a market value of \$411,600.

2018 CURRENT MARKET VALUE

	Land	Improvements	Total
Base	102,200	309,400	411,600
TIF			
Exempt			
Total	102,200	309,400	411,600
CAUV	0		

2018 TAXABLE VALUE

	Land	Improvements	Total
Base	35,770	108,290	144,060
TIF			
Exempt			
Total	35,770	108,290	144,060

What will it cost the taxpayer?

A mill is a unit of taxation that is levied on property and is 1/1000th of a dollar. It is applied to the assessed tax value to calculate the taxes owed.

In Ohio, the assessed tax value is 35% of the market value of the home, determined by the county auditor.

<u>Home (Market)</u> <u>Value</u>	<u>Home Assessed Tax</u> <u>Value</u>	<u>Levy Factor</u>	<u>Annual</u>	<u>Month</u>
\$ 100,000.00	\$ 35,000.00	0.0090	\$ 315.00	\$ 26.25
\$ 200,000.00	\$ 70,000.00	0.0090	\$ 630.00	\$ 52.50
\$ 300,000.00	\$ 105,000.00	0.0090	\$ 945.00	\$ 78.75
\$ 400,000.00	\$ 140,000.00	0.0090	\$ 1,260.00	\$ 105.00
\$ 500,000.00	\$ 175,000.00	0.0090	\$ 1,575.00	\$ 131.25
\$ 600,000.00	\$ 210,000.00	0.0090	\$ 1,890.00	\$ 157.50
\$ 700,000.00	\$ 245,000.00	0.0090	\$ 2,205.00	\$ 183.75
\$ 800,000.00	\$ 280,000.00	0.0090	\$ 2,520.00	\$ 210.00
\$ 900,000.00	\$ 315,000.00	0.0090	\$ 2,835.00	\$ 236.25
\$ 1,000,000.00	\$ 350,000.00	0.0090	\$ 3,150.00	\$ 262.50