



## 2021 Madeira City Schools Levy Frequently Asked Questions (FAQ)

### What action did the Board of Education take in May concerning a bond and operating levy?

After careful review of the district's growing enrollment and five year forecast, the Madeira City Schools Board of Education took action at its May 19 meeting to place a combined **6.2 mill bond and operating levy** on the November 2, 2021 ballot. The single vote on the **6.2 mill** issue includes a **1 mill bond** to construct a new wing of classrooms at Madeira Elementary and **5.2 mills of operating dollars**. The proposed millage would cost homeowners an additional \$217 per \$100,000 Hamilton County Auditor (HCA) property market value and homeowners eligible for the homestead exemption \$161 per \$100,000 property market value.

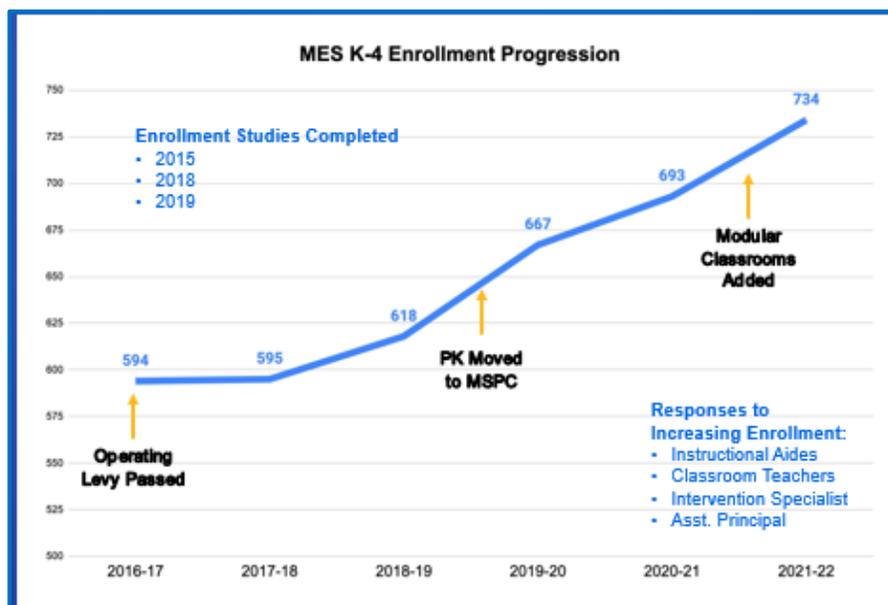
### Why is a bond levy needed at this time?

The bond levy at \$7.5 million will provide 12 new classrooms, and a new media center space. Rooms for band and choir would also be created to allow for 5<sup>th</sup> Grade to seamlessly be integrated into the elementary building. The total construction cost for the addition would be \$7.5 million dollars. The cost equates to 1 mill or \$35 per \$100,000 HCA home market value to the homeowner for the next 27 years.

### Why is enrollment an issue at this time and how has the district been monitoring enrollment?

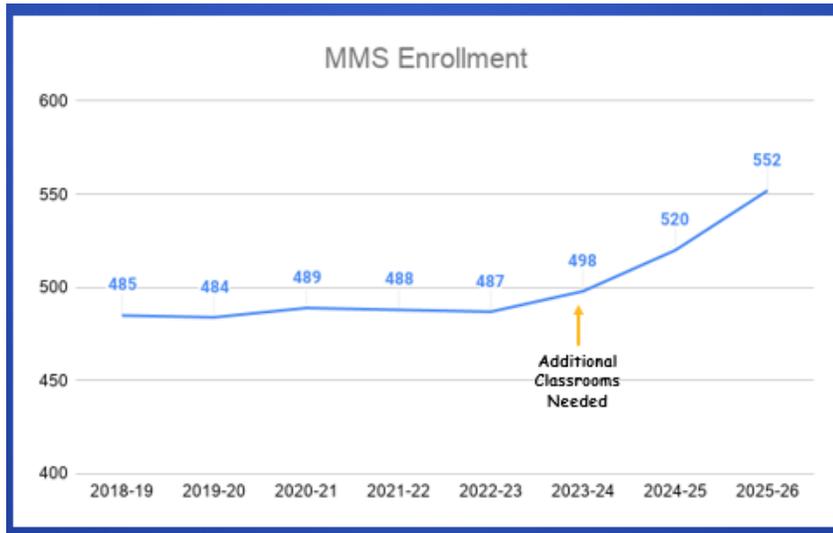
Enrollment has been a discussion at Madeira Board of Education meetings for the past several years. The district did a **benchmark enrollment study in 2015**. At that time, the projections were to **grow 2-3% for the next 8-10** years before leveling off. Since that time, the district has twice refreshed the enrollment study, but **actual growth continues to outpace predicted growth**. In order to meet the growing class sizes, the district has already added additional classroom teachers, instructional aides and an assistant principal. The district has also relocated the Madeira Preschool to Madeira Silverwood Presbyterian Church and

added modular classrooms at Madeira Elementary to create additional classroom space. **Grades K-4** enrollment over the past 6 years is depicted on the chart.



The most recent enrollment trends now indicate that a track record of excellence in the schools combined with low interest rates are attracting even younger families to Madeira. Enrollment is continuing to climb - **including an incoming Kindergarten class of over 160 students** that represents a sharp increase compared to recent graduating classes of around 100 students.

**Middle School** enrollment is depicted below for past years 2018-19 through 2020-21 and projections for 2022 through 2026. In 2023-24 the middle school will require additional classrooms.



**What was the district’s planning process for an addition at the elementary building?**

As a part of the planning process, the district completed a facility feasibility study to evaluate current and future classroom needs. The study confirmed that the district will be out of classroom space in two years at the middle school level. The study also indicated that while there was no available space at the Middle School to add classrooms, the Elementary School footprint had enough available space to add classrooms and parking. **Due to these findings, the district will be moving to a grades K-5 Madeira Elementary School and a grades 6-8 Madeira Middle School beginning in the 2023-2024 school year.** “We’re excited about welcoming new families to Madeira as well as planning for the future,” said Superintendent Kenji Matsudo.

**When was the district’s last bond levy?**

The last bond levy approved by the community was in **2004 for \$24 million**; construction of a new elementary school, a new middle school and renovation of the high school.

**Why is an operating levy needed now? Can't it wait?**

In addition to tracking growing enrollment and facility needs, the district has continued to utilize its financial guidelines and parameters to keep track of district operating dollars. The district’s last operating levy was approved in November 2016 when the promise was to last 3 years and the district stretched its resources to last 5 years.

**What are the financial guidelines and parameters and how often does the Board review district finances and prepare for a levy?**

The Treasurer/CFO, Emily Hauser, provides financial reports to the Board each month. In November and May of each year a Five Year Forecast is presented to the Board and filed with the Ohio Department of Education. The monthly financial reports and Five Year Forecasts are on the district website.

In 2018, as part of the district’s Strategic Plan, the Board approved the Financial Guidelines and Parameters document that formalized actions that had been followed for many years. The district uses the guidelines and parameters in evaluating the Five Year Forecast and determining the timing of a levy.

### Examining the Five Year Forecast:

- ✓ Positive ending cash balance at all times
- ✓ 4-10 months of operating cash balance
- ✓ When operating expenses are forecasted to exceed revenues, the district will begin planning for increasing revenues, an Operating Levy and/or cost reductions.

### Guidelines for consideration in levy planning:

- ✓ District will receive more than it spends for at least 2 years after a successful levy.
- ✓ Future known resources beyond the five year forecast are accounted for.
- ✓ Levy millage should last at least 3-5 years.

### What are the sources of district revenue? Where does the district get its money?

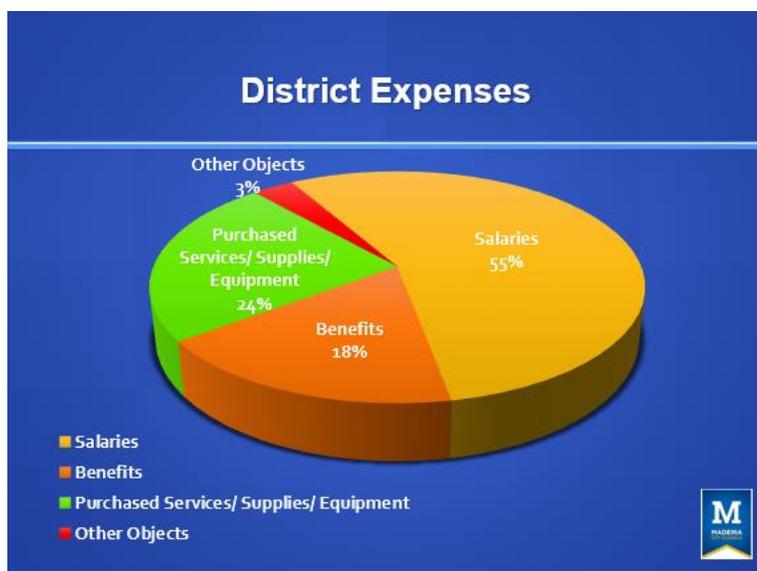
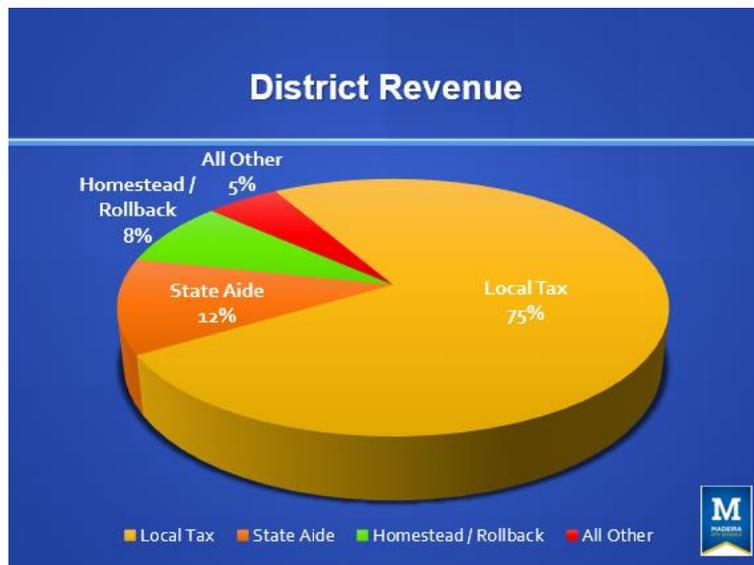
• **Local tax revenue** is Madeira's largest source of revenue and is collected from residential, commercial and public utilities. 82% of local revenue is from residential taxpayers in Madeira

• **State funding** – State funding is our second largest source of revenue at 12%. The State of Ohio determines every two years how much funding public schools will receive.

• **Homestead/Rollback** – This is a deduction for taxpayers paid by the state of Ohio. Each residential taxpayer has received a 10% reduction on their tax bill and if their residence is the primary

residence an additional 2.5% reduction. That 12.5% reduction to the taxpayer was reimbursed to the district from the State. In 2014, for new levies the 12.5% reduction to the taxpayer was eliminated but remains for existing levies prior to 2014. Additionally there is a **Homestead exemption** for eligible residential taxpayers age 65 or older. Hamilton County Auditor provides and processes the application form.

• **Other Revenue** – Senior Star Kenwood and Traditions of Madeira make an annual payment in lieu of taxes. The remaining other revenue is from tech fees and Pay to Participate for athletics, theatre, marching band, and academic team, etc.



### Where does the district spend its money?

- **Expense trends** – the Board monitors the expense budget each year both during the year and in negotiating service contracts, planning programs, courses, and class sizes for the following year.
- **Salaries and Benefits** are the largest component of the budget because that is our investment in the educational delivery that takes place each and every day in the

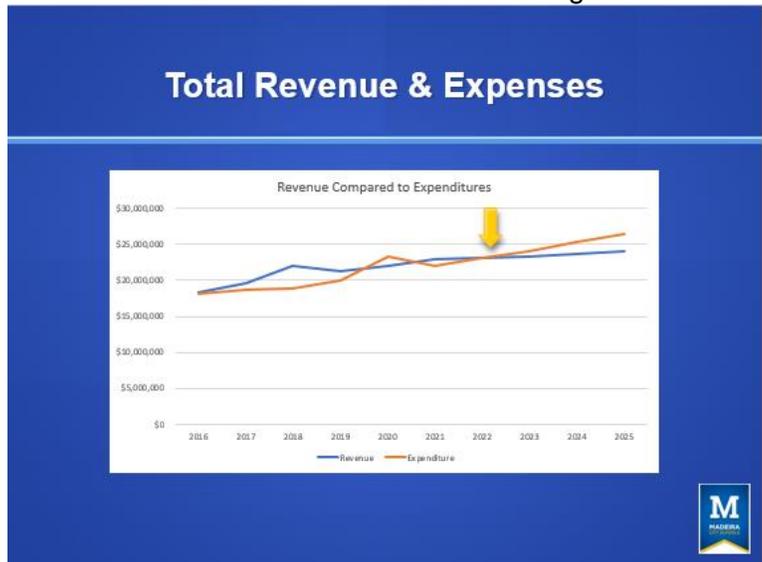
classroom. While our teachers are not the highest paid in the area, we remain highly competitive and hire the best for **Madeira students**.

•District expenses have been relatively stable averaging only 3.1% increase each year. COVID-19 has created some extensive challenges for the district but the BOE has been careful to manage their resources utilizing other funding sources when available.

**Why does the district need to pass an operating levy in 2021?**

Depicted on the graph is the history from 2016 to 2020 and the Forecast for 2021 to 2025. The yellow arrow shows when expenditures begin to exceed revenues indicating a need to increase revenue.

As required by the Board adopted Financial guidelines and parameters each year the district evaluates the financials to determine the appropriate time to seek additional tax revenue from the community.



**Why does the school district need additional taxes when my taxes in 2021 just increased?**

Every three years the Hamilton County Auditor (HCA) reevaluates property values. When the auditor determines the property value has increased, the associated tax obligation by the owners are increased, **with the exception of school district taxes**. In 1976, the legislature enacted property tax reform known as House Bill 920. Its purpose was to keep inflation from increasing voted taxes. Therefore, **school district** voter approved levies can only collect the dollar amount that was originally approved by the voters for each individual levy. To clarify, as a basic example, assume the 6.9 mill levy approved in 2016 collected \$2.3 million for the district. In 2021, the district’s valuation increased an estimated 13%. Instead of collecting \$2.3 million + \$299,000 (13%), the voter approved 6.9 mills are “rolled back” by 13% to only collect \$2.3 million, and the 6.9 mill levy becomes an effective millage rate of 6 mills.

Other tax obligations on the property; city, children’s services, developmental disabilities, senior services, library, zoo, park, etc. are allowed to collect the 13% increase over the original voter approved amount.

**Why doesn’t new residential construction take care of the needed additional revenue?**

The chart illustrates the revenue received from new residential construction for the past five years



compared to total residential tax revenue.

Although new construction is a small percentage of tax revenue it has been one of the factors allowing the district to meet the 3-5 year guideline between operating levies. The revenue from new home construction averages 1.6% of the district’s residential revenue.

Typically when a new home is built, a different home is torn down which also had value.

The additional revenue made on new construction property is only on the difference between the new value and the value of the land and home that was originally there – not the whole value of the new home.

So, while this money is certainly helpful in extending the levy for 5 years even amidst several years of growing enrollment and a global pandemic, the additional amount of money does not eliminate the need for a levy in general. It is however, one of the factors to be able to come to the community with the lowest levy ask in over 20 years.

**What other revenue factors were taken into consideration in determining the operating millage?**

The district has two tax abated commercial properties, Kenwood Senior Star and Traditions of Madeira. Kenwood Senior Star has been paying Madeira bi-annually a % of the tax revenue due since January 2010 with a final payment due July 2024. Traditions of Madeira tax revenue is paid directly to the City of Madeira and the City pays the school district the full amount of tax revenue they are due. Those two properties along with new construction has allowed the district to forecast the need for a smaller operating levy.

**What is the voted millage history in Madeira?**

The chart illustrates the bond and operating levy history since 2000.

The combined 6.2 mills represents the lowest ballot issue for the district in over 40 years. The lower millage rate can be attributed to sound financial planning, the Kenwood Senior Star tax abatement expiring, the new Traditions development, and new residential construction in the area.



**The 6.2 mill combined bond for construction and operating costs is a first for the community. Addressing both facility and operating needs at the same time is a result of both needs presenting themselves simultaneously.**

**What other measures has the district taken to reduce costs or find efficiencies?**

The district has continued to reduce costs and find efficiencies in day-to-day operations. By outsourcing services that are not related to the direct instruction of students, such as, transportation, custodial services, food service, and most recently substitute services and health services the district has realized cost savings. Membership in a health insurance consortium has allowed us to hold premium increases to an average of 3.2% over the past 5 years. Additionally, through installation of geothermal systems and more efficient lighting and occupancy sensors at all buildings the district has reduced energy usage by 25% over the past five years.

**What is the unreserved cash balance of the district and how does it work?**

A district's unreserved cash balance is the amount that revenue exceeds expenditures & future obligations at a certain point in time. Madeira's cash reserve of approximately 13 million dollars reflects 7 months of operating cash. Cash balance compared to monthly expenditures is a measure of a district's financial solvency. The amount of cash reserves a district has may allow a district to more easily manage unplanned events or a short-term revenue loss. Madeira's Board approved Financial Guidelines and Parameters state that the district should maintain at least 4-10 months of cash reserves.

**Why not just pay for the MES addition from the unreserved cash balance?**

If the district decided to pay for the addition from the unreserved cash balance, the district would still be needing to propose an operating levy so as to not run the reserves down to 2-3 months of operating needs.

## Why do the Board-approved Financial Guidelines of the district call for the cash reserve to contain at least 4 to 10 months in reserve?

Twice a year the district receives property taxes on voter approved tax levies. As a result of the timing of the majority of the district's revenue receipts, the district must use a planning model to be financially strategic in budgeting for each school year. A reserved cash balance allows for a school district to pay its bills, maintain a strong bond rating, helps to keep the district out of fiscal emergency, and provides and allows for the district to respond appropriately to meet the staffing needs of students.

## Do other districts have a cash balance on hand? How does Madeira compare?

All quality school districts in Ohio operate with the concept of having a reserved cash balance. The practice of maintaining a cash reserve in order to operate the district is not new or unique to Madeira.

District	FY21 Forecasted Unreserved Cash Balance	Months of Operating Cash
Deer Park	10,342,084	7.17
Finneytown	12,345,300	7.86
Indian Hill	15,276,675	5.02
Madeira	13,087,265	7.22
Mariemont	15,576,646	7.35
Milford	39,331,407	6.10
Sycamore	53,675,791	7.31

## Are Madeira City Schools making academic progress?

Madeira City Schools continue to be recognized as one of the **premier public school districts** both statewide and nationally. Recent recognitions include:

- **2021 Ohio High School ranked by Niche; #6 of 795 Best public high school teachers, #17 of 800 Best public high school, #28 of 746 Best College Prep**
- **89%** of high school students participate in AP courses.
- Madeira has consistently been rated "Excellent" by the Ohio Department of Education.
- **Cincinnati Magazine** rated **City of Madeira #2** in its "rating the burbs" issue, citing the district providing a strong education for its children.
- **Cincinnati Magazine** named **Madeira #4 in the top 70 Public School Districts** based on per pupil spending, state rating, student/teacher ratio, attendance, test scores and more.
- **High School Entrepreneurship Class**- a student formed group 17 years ago forming non-profit companies within each class has **donated more than \$70,000** since its inception.
- **Newsweek** partnered with **STEM.org** to rank America's best STEM high schools. **Madeira high school was ranked #349 in the top 5,000 high schools.**
- 90% of teaching staff have a Masters, 81% of teaching staff have 11 or more years teaching experience.
- **Class of 2021 - 44** Seniors were named **Top Senior** graduating with a 4.0 or above
- **Annual Quality Profile** that provides the "rest of the story" about all of the successes of Madeira's schools can be found at this [link](#) or on the district website on the Welcome page.

## How much is the levy?

The levy is a combination of a bond levy for **\$7.5M** or approximately **1 mill** and a continuing operating levy for **5.2 mills**. If approved by voters, it would provide the necessary funding for the elementary addition avert a deficit and support district needs, beginning in January 2022. The revenue from this levy is projected to meet our needs for the next three to five years.

## How much will the levy cost a homeowner?

A homeowner's property taxes will increase by \$217 annually, for every \$100,000 of HCA home market value as determined by the Hamilton County Auditor. This is not a sales value. Homeowners age 65 and older may be eligible for a reduced tax amount depending upon income resulting in an increase of \$161 for \$100,000 of HCA home market value.