

Fast Facts

2ND

LOWEST TAX RATE
IN CENTRAL OHIO

15

YEARS BETWEEN
NEW-MONEY LEVIES

< \$2,438

PER PUPIL COST IS \$2,438
BELOW THE STATE AVERAGE

> \$20 million

RECEIPT OF MILLIONS OF DOLLARS IN
GRANT FUNDING TO BENEFIT STUDENT
ACHIEVEMENT AND SAVE TAXPAYERS MONEY

Award-Winning
FINANCIAL REPORTING



MARYSVILLE
Exempted Village School District

Your Tax Dollars At Work



MARYSVILLE
Exempted Village School District

Marysville Exempted Village School District
212 Chestnut Street
Marysville, OH 43040
P: 937-578-6100 • F: 937-578-6113

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Marysville Financial Report

From the Superintendent



DEAR MARYSVILLE
SCHOOLS COMMUNITY,

Marysville Schools is proud to present our inaugural comprehensive financial report. This report highlights our commitment to transparency and

responsible financial management. It provides a clear overview of our finances, showcasing our focus on efficiently utilizing resources for the benefit of our students' education.

We invite you to review this information to better understand our financial health and encourage your participation and feedback. Your insights are essential in helping us create the best possible learning environment.

Thank you for your ongoing support and partnership in this vital effort.

Sincerely,

Diane Allen
Superintendent

From the CFO/Treasurer



DEAR MARYSVILLE
SCHOOLS COMMUNITY,

It's with great enthusiasm that I introduce the first annual financial newsletter for Marysville Schools.

This newsletter is designed to provide you with a transparent and easy-to-understand overview of our district's finances.

As you know, being good stewards of our tax dollars is a top priority for our district. We are committed to providing our students with a high-quality education while being responsible with taxpayer money.

Marysville Schools' local funding (your school tax dollars), is divided into three main buckets. The majority goes into the General or Operating fund, while smaller amounts go into the Permanent Improvement and Bond funds. This document is designed to give you a high-level overview of the local tax revenues received by the district, how those local tax dollars are being spent, and what the overall condition of each of those funds is. We will also discuss our long-term financial outlook and plans for the future. We hope that this newsletter will help you to better understand our district's finances.

We plan to publish this newsletter annually so that you can stay up to date on our financial situation. Thank you for being an informed citizen and member of the school community.

Todd Johnson
CFO/Treasurer

NAVIGATOR AWARDS



1



Where Does the Money

Come From?

The mission of Marysville Schools is to Innovate, Collaborate, and Inspire. We strategically prioritize our financial resources to make that happen. We are committed to providing our students with a high-quality education that prepares them for success in the workforce, college, and beyond.

Our tax revenue is divided into three main categories:

- 1 Operating Fund
- 2 Permanent Improvements
- 3 Bond Fund

KEY

Stable

Caution

Concern

Operating Fund (General)

Learn
More Here

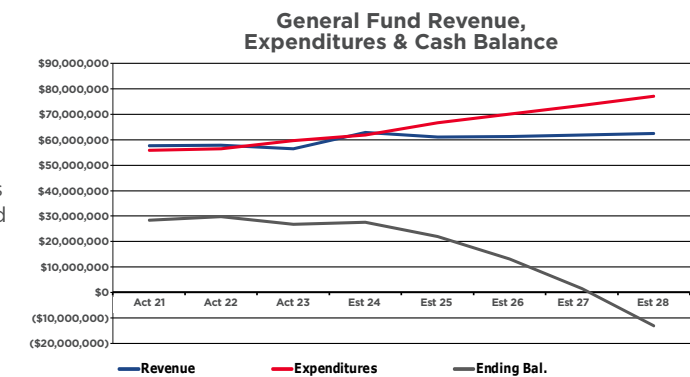


The Operating Fund is currently flagged as **Caution** because it fails to meet two key benchmarks set by the district's cash balance policy. The cash balance should be at least one month's worth of expenditures throughout the 5-Year Forecast. We only fulfill this through Fiscal Year 2026. The second is expenses should not exceed our revenues by more than 1% throughout the same 5-Year Forecast. Starting next year, a growing operating deficit is forecasted due to rising inflation and student enrollment.

The 5-Year Forecast indicates that while this year's increase in state funding has provided a temporary relief in requesting additional funds, we do not expect significant growth in funding next year. On the spending side, we've already reduced the budget by over

\$2 million, which has led to larger class sizes and reduced services.

To stabilize the Operating Fund, we have two options: either increase revenue or reduce expenditures.



Permanent Improvement Fund

Learn
More Here



Our Permanent Improvement (PI) Fund is **Stable** because we have adequate funding to maintain our existing facilities and equipment. We use the Permanent Improvement Forecast to plan for long-term maintenance and replacement needs. This helps us get the most out of our PI tax dollars without requesting a tax increase.

For example, we used the forecast to plan a creative way to accommodate student growth. We used existing assets to create additional

classroom space. The forecast also enabled us to renovate the high school stadium and add a football field and track to Bunsold Middle School. The community donated \$1.3 million to help complete the stadium renovations.

We value the community's investment in our facilities and use the Permanent Improvement Forecast to ensure that our facilities are well-maintained for the long term.

Bond Fund

Our Bond Fund is **Stable** because funding is adequate to pay the existing principal and interest on our bonds. The Bond fund is strictly used to pay off the debt used to construct our existing facilities, with our newest buildings being Bunsold Middle School (built in 2007) and Northwood Elementary School (built in 2006). Annual local tax revenue in this fund is approximately \$5.7 million, with an additional \$2.1 million of state funding.

Due to the growth in our community, we are often asked when we will need a new school.

The answer is that our goal is to wait until as close to 2029 as possible, when our existing bond millage expires, to build additional facilities. At that time, we would likely consider a "no new millage" bond issue. Voters would continue paying the same millage rate currently being paid for existing facilities, but the bond issue would be used to build new schools. This minimizes the tax burden on our community while still meeting the needs of our growing student population.

We are monitoring student enrollment rates closely to determine whether the District will be able to wait until existing bond millage expires.

2



How are Marysville Schools Funded?

Funding for Ohio's K-12 schools, including Marysville Exempted Village Schools, comes from a combination of state resources and contributions from local taxpayers.

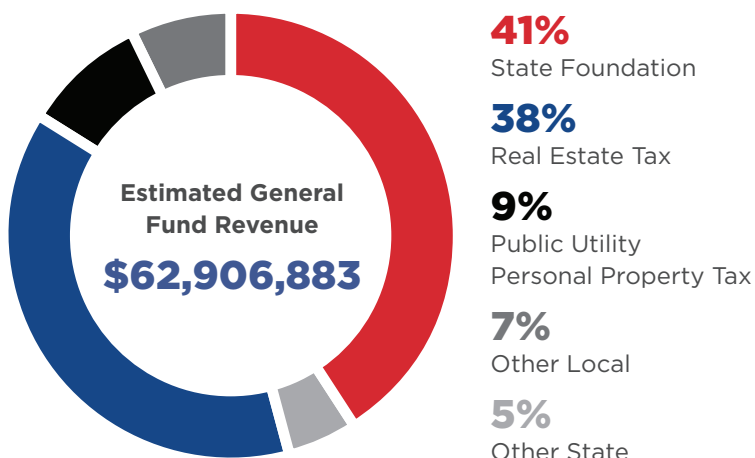
The state determines how much funding each school district receives per student. This amount is based on several factors, such as the number of students and the wealth of the district. When we talk about a district's wealth, the state looks at the value of properties in the district and the income of its residents.

In Marysville Schools, a significant portion of our funding comes from property taxes. In fact, 47% of our operating budget is funded by local tax dollars. The remaining funds come from state and federal sources, grants, and other local revenues.

For the fiscal year 2024 (FY24), there have been notable changes in our revenue:

- The total revenue for FY24 increased by \$5.8 million compared to the May forecast.

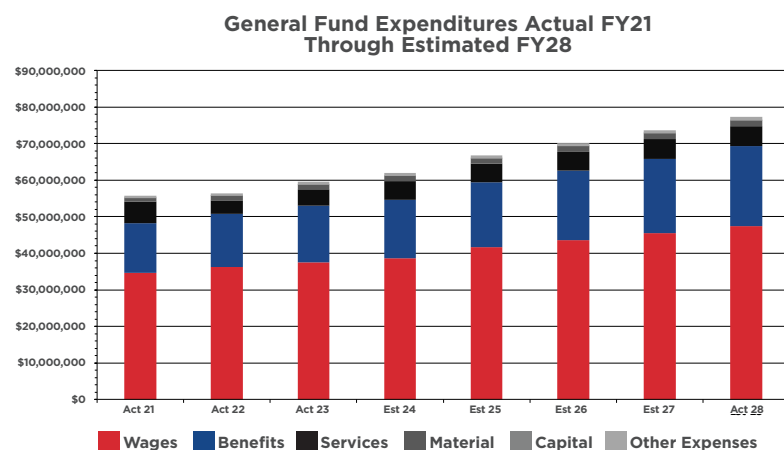
- State funding increased for FY24 by \$3.8 million.
- A one-time increase in the real estate tax added an additional \$1 million.
- While the interest revenue went up by \$1 million, it is projected to decrease in the coming years.



What Does Funding Support in Our Schools?

We allocate our funds to support the mission of educating children. A significant portion of our operating costs (88%), are directed toward personnel expenses, i.e., our teachers and staff. This investment reinforces our belief that the best resources we can provide are dedicated professionals working directly with our students. Staff salaries and benefits aren't just line items in a budget; they represent our commitment to quality education and our respect for those who deliver it daily. In addition, financial planning and projections help us anticipate and navigate challenges ahead.

One such challenge we foresee is a projected spike in costs for FY25. This increase is due to the depletion of ESSER (Elementary and Secondary School Emergency Relief) funding, which has provided essential support during unprecedented times.



School Funding 101

What is a mill?

A mill is a unit of measure for property taxes. One mill is equal to one-tenth of one percent (0.001). So, a property tax rate of 10 mills means that the property owner would pay \$10 for every \$1,000 of property value. Mills are used to calculate the amount of property tax owed by a property owner. The property tax rate is multiplied by the property value to determine the amount of tax owed.

What is HB 920?

HB 920 is a 1976 Ohio law that caps the amount of revenue that school districts can collect from property taxes. The law was designed to limit the amount of property tax revenue that school districts could collect so that property owners would not be overburdened. House Bill 920 essentially freezes a school district's income on voted mills. Therefore, as costs increase, schools require additional voted mills to increase local revenue.

What is TPP?

The Tangible Personal Property (TPP) Reimbursement Fund was a pool of money from the state designed to help schools cover the loss of revenue from changes in business property taxes. However, this fund has been phasing out since 2016, decreasing by \$500,000 to \$600,000 each year. For Marysville Schools, this is a significant concern. Next year, the TPP fund will completely disappear, resulting in a loss of \$5.6 million for our district. This is comparable to a loss of 5 mills in local funding.

What does Local Tax Effort mean?

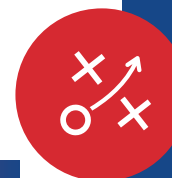
The Local Tax Effort is an index the state uses to reflect the effort residents of a school district make in supporting education. This calculation takes into account property values, median income, and the tax rate of a district. A low tax effort indicates that a district's residents are paying a low amount toward education as compared to their ability to pay, while a high tax effort indicates residents are paying a large amount toward education as compared to their ability to pay. Marysville Schools has the **19th lowest Local Tax Effort** in the state out of over 600 districts.



Committed to Fiscal Efficiency

Marysville Schools will continue to provide a quality education to develop future-ready students through effective stewardship of tax dollars. The district is constantly looking for ways to improve its operations and make the most of its resources.

- **Regular budget reviews:** We conduct regular budget reviews to identify areas where spending may be reduced or eliminated.
- **Competitive bidding:** We use competitive bidding for major purchases to get the best possible prices.
- **Optimized energy use:** We have implemented energy-saving measures to reduce our energy costs.
- **Community partnerships:** We partner with community organizations to provide services to students and families.
- **Grant funding:** We actively pursue available state and federal grant funding to support our programs and initiatives.



Strategic Direction

Marysville Schools recognizes the importance of continuous improvement and focusing forward in order to provide robust educational opportunities that prepare future-ready students. Last year, the district updated its Strategic Direction in collaboration with community stakeholders to create a framework that honors the heart of our work...STUDENTS. The areas of focus include Student Learning, Community Partnerships, Financial Stability, and Safety & Wellness.

Objective 1 / Connections

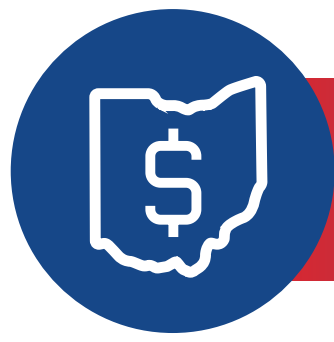
Strengthen school-community connections through collaboration with internal and external stakeholders to benefit students and create financial efficiencies.

Objective 2 / Return on Investment

Educate the community on the return on investment of the district's efficient use of their tax dollars.

Objective 3 / Exceptional Staff

Remain competitive in the educational market to attract and retain a high-quality staff.



Ohio's New School Funding Formula

Impact on Marysville Schools

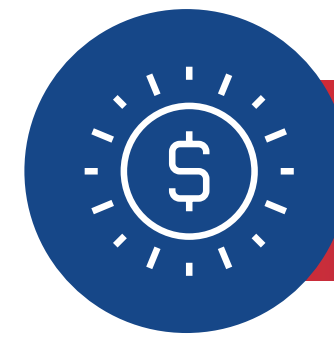
Ohio has adopted a new school funding formula known as the Fair School Funding Plan. The formula significantly changes how K-12 school district funding is calculated, and the new state biennial budget provided a significant increase in state funding for Marysville Schools. Future increases will likely be driven by enrollment growth; however, there is also a district "wealth factor" in the formula that negatively affects our funding. This "wealth factor" is based on school district property valuation and district residents' income, which measures a community's ability to pay taxes. Districts like Marysville (considered wealthy by the new formula) must rely more and more on local property taxes for additional revenue.

Here are some of the local factors that are influencing the formula for Marysville Schools:

- Property values increased over 20% for 2022.
- Median family income has increased 28% since 2016.
- The district is projecting growth in state funding due to increased enrollment.

At the same time, the Tangible Personal Property (TPP) tax reimbursement funding provided by the state, which began phasing out in 2016, decreased revenue by \$500,000-\$600,000 annually. This funding will be completely eliminated next year, a loss to Marysville Schools of \$5.6 million.

The loss of TPP reimbursement funding has had a larger impact on Marysville Schools than most other school districts because our TPP revenue was the fifth-highest in the state. While this was a big benefit to our taxpayers when the TPP reimbursement was available, the district will need to find other ways to make up for this loss going forward by increasing revenue or cutting programs and services.



The Financial Future of Marysville Schools

Marysville Schools is facing a financial challenge. The district is projected to continue deficit spending throughout our 5-Year Forecast.

This is due to a number of factors, including:

- Rising costs of salaries and benefits
- Increasing enrollment
- Loss of TPP reimbursement funds

The district has taken a number of steps to reduce costs and improve efficiency, including:

- Implementing over \$2 million in expenditure reductions
- Exploring ways to optimize resources and find new revenue streams
- Engaging the community in a dialogue about the district's financial situation

Although these steps will help to reduce the deficit, the district will need to approach the community with a future levy request in order to maintain the current instruction, programs, and services for students.

Marysville Schools is committed to keeping the community informed about the district's financial situation. We encourage you to ask questions and become a part of the conversation about the district's financial situation.

Levy Cycle

For nearly two decades, our school district has been carefully managing our tax dollars. We have been efficient and creative in our spending. The Board will need to make a decision about how to allocate our limited resources in the future.

The Future

The Marysville Schools Board of Education announced its intent to propose an operating levy for the November 2024 ballot. This levy will balance the budget by providing additional funds to keep up with inflation, growing enrollment, and the leveling off of state funding. Funds from a levy will sustain our current operations, which will retain quality teachers and maintain class sizes.

Your perspective as a community member is invaluable to us. We encourage your active participation in discussions regarding the financial planning of our schools.



Marysville Schools Receives Auditor of State Award for FY22 Audit

Marysville Schools has been awarded the Auditor of State Award for Exemplary Accounting Practices. The award is given to school districts that demonstrate excellence in financial reporting and compliance with state laws and regulations.

The District was selected for the award based on its comprehensive financial reporting,

sound internal controls, and commitment to transparency. The District's financial statements are clear, accurate, and timely, and its internal controls are designed to prevent fraud and errors.

The Auditor of State Award is a testament to the hard work and dedication of the Marysville Schools staff. The District is committed to providing its students with a quality education, and this award demonstrates its commitment to financial responsibility as well.

