



Bowling Green City Schools Taxation Overview

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ROCKMILL
Financial Consulting LLC

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President

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www.rockmillfinancial.com

- Governmental financial consultants
- Advise and consult on various matters, including:
 - Financial Budgets and Projections
 - **Taxation Methodology and Options Development**
 - Debt Issuance
 - Refinancing Opportunities, and
 - Research and Analysis
- David Conley, 29 year governmental finance expert

Rockmill Financial's Responsibilities



- Analyze income or property taxes to finance construction projects
- Determine the equity and fairness of each
- Communicate those results to the Board and the community
- Oversee the taxation and financing process and its implementation
- By law, we must uphold the District's financial best interests at all times

Rockmill's Financial Assessment

- The District is very well managed, financially
- The District's tax levels are low when compared to others in the region*
- District total annual expenditure per pupil is below State average**
 - (\$10,551.76 vs \$11,603.12)
- Current financial condition is strong
- Local economic and demographic indicators are stable to weakening

- * Lucas and Wood Counties
- ** Source: Ohio Department of Education

Rockmill's Financial Recap



- Fund balances are appropriate based on the District's circumstances

- Why “Bonds” cannot be done with an income tax
 - State law only allows districts in the CFAP* or ENP** to use “ income tax bonds”
 - The Expedited Local Partnership Program (ELPP) does not qualify for this option
 - The District is many years away from being eligible for the CFAP program

- An income tax may be used to lease-purchase school buildings
 - The financing instrument is called a Certificate of Participation (COPs)
 - It allows the District to lease (rent) its buildings from a third party
 - If the District misses a lease payment it can be evicted from the facilities
 - COPs carry a higher interest rate and are more expensive than bonds

• * Classroom Facilities Assistance Program
• ** Exceptional Needs Program

Income Tax Facts*



- Only residents of the District pay the tax

- Corporations and Sub Chapter “S” Corporations do not pay the tax

- Income that is taxed:
 - Wages; salaries; tips; interest; dividends; unemployment compensation; self-employment to the extent included in OAGI; taxable scholarships and fellowships; pensions; annuities; IRA distributions; capital gains; state and local bond interest; federal bond interest exempt from federal tax but subject to state tax; alimony received; and all other sources.

- All real estate and certain personal property in the District are taxed
 - Agriculture
 - Residential (Elderly, low income and the disabled may receive a reduction in their property value)
 - Commercial
 - Industrial
 - Public Utility
 - Mineral

- Non-profits are exempt*:
 - Colleges and Universities
 - Governments (Federal, State, County, City, and local)
 - Healthcare

Community Overview

Bowling Green City School District	2016	2010	% Change
Median Family Income	\$65,992	\$66,277	-0.4%
Median Home Value	\$156,600	\$163,500	-4.2%
Housing Units with Mortgage	62.4%	67.3%	-7.3%
Renter Occupied Housing (1)	53.7%	53.0%	1.3%
Households with Someone under 18	22.5%	19.4%	16.0%
Average Family Size	2.94	2.74	7.3%
% Bachelor Degree or Higher	39.6%	41.3%	-4.1%
% Poverty – People earning less than \$12,140 (2)	30.8%	27.5%	12.0%
Median Age (Years)	23.6	23.3	1.3%
0-19 Years	27.30%	29.00%	-5.9%
20-44 Years	45.40%	45.00%	0.9%
45-64 Years	16.60%	16.30%	1.8%
65 Years and Older	10.70%	9.40%	13.8%
Total Population (3)	37,373	36,185	3.3%

Source: US Census Bureau

(1) Average for the State of Ohio in 2016: 23.94%

(2) Average for the State of Ohio in 2016: 15.40%

(3) Population includes approximately 14,000 BGSU students

Current Tax Affordability

Rank	District	2016 Median Home Value	2016 Median Family Income	Effective Class I Property Tax Rate	Income Tax Rate	Median Property Tax	Income Tax Payment per Family	Total Cost	Affordability Index
1	Lake Local SD, Wood	\$126,700	\$65,234	37.76	0.00%	\$1,674.55	\$0.00	\$1,674.55	2.567%
2	Elmwood Local SD, Wood	\$115,400	\$67,005	23.06	1.25%	\$931.41	\$837.56	\$1,768.97	2.640%
3	Otsego Local SD, Wood	\$150,800	\$76,128	25.00	1.00%	\$1,319.50	\$761.28	\$2,080.78	2.733%
4	Northwood Local SD, Wood	\$108,300	\$73,531	49.21	0.25%	\$1,865.26	\$183.83	\$2,049.08	2.787%
5	Bowling Green City SD, Wood	\$156,600	\$65,992	27.55	0.50%	\$1,509.91	\$329.96	\$1,839.87	2.788%
6	Eastwood Local SD, Wood	\$153,600	\$66,364	22.19	1.00%	\$1,192.91	\$663.64	\$1,856.55	2.798%
7	Toledo City SD, Lucas	\$69,500	\$42,432	49.22	0.00%	\$1,197.18	\$0.00	\$1,197.18	2.821%
8	Oregon City SD, Lucas	\$130,700	\$72,288	47.18	0.00%	\$2,158.24	\$0.00	\$2,158.24	2.986%
9	North Baltimore Local SD, Wood	\$85,400	\$62,059	38.48	1.25%	\$1,150.21	\$775.74	\$1,925.95	3.103%
10	Perrysburg Ex Vill SD, Wood	\$196,600	\$102,261	40.97	0.50%	\$2,819.46	\$511.31	\$3,330.77	3.257%
11	Washington Local SD, Lucas	\$95,300	\$54,519	53.68	0.00%	\$1,790.45	\$0.00	\$1,790.45	3.284%
12	Maumee City SD, Lucas	\$127,800	\$71,672	55.11	0.00%	\$2,464.85	\$0.00	\$2,464.85	3.439%
13	Rossford Ex Vill SD, Wood	\$132,300	\$63,628	47.62	0.00%	\$2,205.10	\$0.00	\$2,205.10	3.466%
14	Springfield Local SD, Lucas	\$166,100	\$76,635	45.72	0.00%	\$2,657.93	\$0.00	\$2,657.93	3.468%
15	Sylvania City SD, Lucas	\$174,900	\$95,859	55.27	0.00%	\$3,383.32	\$0.00	\$3,383.32	3.529%
16	Ottawa Hills Local SD, Lucas	\$273,400	\$154,250	84.11	0.00%	\$8,048.21	\$0.00	\$8,048.21	5.218%
Sample Median		\$131,500	\$69,339	46.45	0.000%	\$1,827.85	\$0.00	\$2,064.93	3.045%

- **Affordability** measures the percentage of a family's income used to pay school district taxes

Spending Per Pupil



Rank	District	2017 Spending Per Pupil
1	Lake Local SD, Wood	\$9,279.63
2	Otsego Local SD, Wood	\$9,818.36
3	Perrysburg Ex Vill SD, Wood	\$10,545.96
4	Bowling Green City SD, Wood	\$10,551.76
5	Elmwood Local SD, Wood	\$10,852.76
6	Springfield Local SD, Lucas	\$11,204.86
7	Sylvania City SD, Lucas	\$11,254.46
8	Oregon City SD, Lucas	\$11,457.86
9	Eastwood Local SD, Wood	\$11,531.26
10	Washington Local SD, Lucas	\$12,015.87
11	Northwood Local SD, Wood	\$12,788.97
12	Toledo City SD, Lucas	\$13,581.07
13	North Baltimore Local SD, Wood	\$13,693.57
14	Maumee City SD, Lucas	\$13,700.78
15	Rossford Ex Vill SD, Wood	\$14,363.68
16	Ottawa Hills Local SD, Lucas	\$14,363.68
Sample Median		\$11,494.56
State Average		\$11,603.12
Amount below State Average		\$1,051.36
Total Annual Spending Below State Average based on 3,021 students		\$3,176,158.56

* Source: State Department of Education

New Tax Comparison*

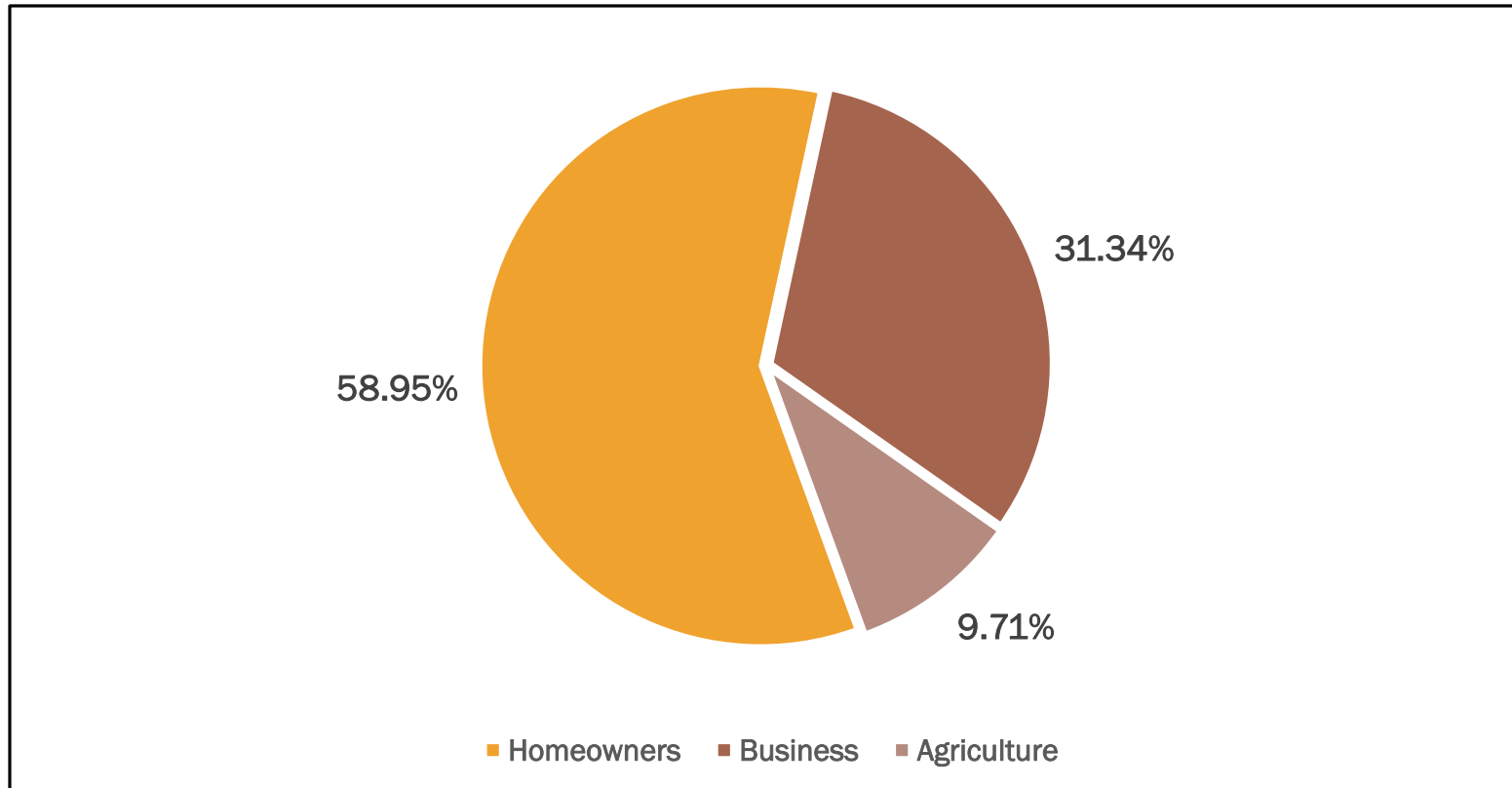
- Current Proposed Bond Issue – Property Tax
 - \$71,990,000
 - 5.70 Mills
 - **\$26.03 per month**, per \$156,600 of median home value (\$21.88 for the elderly)

- Lease Purchase Financing – Income Tax
 - \$71,990,000
 - .75% Traditional Income Tax
 - **\$41.25 per month**, per \$65,992 annual median family income

- Income tax would cost \$15.22 more per month

Why Income Taxes Cost More

Property taxes for bonds are shared by more taxpayers now and in the future



- Combined business and agriculture pay .41 cents on the dollar for current bonds
- Homeowners and renters* pay .59 cents on the dollar for current bonds

* For renters that occupy single family residences

Comparison of Future Affordability



Rank	District	2016		Effective Class I Property Tax Rate	Income Tax Rate	Median Property Tax	Income Tax		Affordability Index
		Median Home Value	2016 Median Family Income				Payment per Family	Total Cost	
1	Lake Local SD, Wood	\$126,700	\$65,234	37.76	0.00%	\$1,674.55	\$0.00	\$1,674.55	2.567%
2	Elmwood Local SD, Wood	\$115,400	\$67,005	23.06	1.25%	\$931.41	\$837.56	\$1,768.97	2.640%
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9	Perrysburg Ex Vill SD, Wood	\$196,600	\$102,261	40.97	0.50%	\$2,819.46	\$511.31	\$3,330.77	3.257%
10	Bowling Green City SD, Wood	\$156,600	\$65,992	33.25	0.50%	\$1,822.43	\$329.96	\$2,152.39	3.262%
11	Washington Local SD, Lucas	\$95,300	\$54,519	53.68	0.00%	\$1,790.45	\$0.00	\$1,790.45	3.284%
12	Maumee City SD, Lucas	\$127,800	\$71,672	55.11	0.00%	\$2,464.85	\$0.00	\$2,464.85	3.439%
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15	Bowling Green City SD, Wood	\$156,600	\$65,992	27.55	1.25%	\$1,509.91	\$824.90	\$2,334.81	3.538%
16	Ottawa Hills Local SD, Lucas	\$273,400	\$154,250	84.11	0.00%	\$8,048.21	\$0.00	\$8,048.21	5.218%

- **Affordability** measures the percentage of a family's income used to pay school district taxes

Comparison of Affordability Summary



Rank	District	2016 Median Home Value	2016 Median Family Income	Effective Class I Property Tax Rate	Income Tax Rate	Median Property Tax	Income Tax Payment per Family	Total Cost	Affordability Index
PROPERTY TAX									
5	Bowling Green City SD, Wood	\$156,600	\$65,992	27.55	0.50%	\$1,509.91	\$329.96	\$1,839.87	2.788%
10	Bowling Green City SD, Wood	\$156,600	\$65,992	33.25	0.50%	\$1,822.43	\$329.96	\$2,152.39	3.262%
INCOME TAX									
5	Bowling Green City SD, Wood	\$156,600	\$65,992	27.55	0.50%	\$1,509.91	\$329.96	\$1,839.87	2.788%
15	Bowling Green City SD, Wood	\$156,600	\$65,992	27.55	1.25%	\$1,509.91	\$824.90	\$2,334.81	3.538%
				Option		Now		After	
				Property Tax	\$1,839.87	→	\$2,152.39		
				Income Tax	\$1,839.87	→	\$2,334.81		

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Other Considerations

- Interest rates
 - Second largest cost outside of the project
 - Rates are increasing
 - Federal Reserve has signaled more increases in the future
- Inflation
 - Construction costs are increasing due to heavy demand
 - Labor and materials have increased more than 3.14% in the past year*
- State unfunded mandates
 - Storm shelters have added cost
 - Security measures may be next
- Community investment
 - Jobs, home values, new families, and better facilities for children

Conclusions

- A property tax is most affordable way to fund schools for most families
 - Spreads the tax cost to more taxpayers
- The least expensive time to do so, is now
 - Limits the impact of inflation and interest rate increases
- The Board has presented the best funding option for the community



Increasing Interest Rates

