

9. Approval of the Community Taxation Policy

Madison Local School District, Ohio

Community Taxation Policy

**6/17/2026**

**Purpose of the Policy**

The primary aim of this taxation policy is to set clear targets and guidelines for generating tax revenue to support school district activities and to achieve financial stability. It also aims to create a long-term plan to minimize the need for frequent requests for new taxes from taxpayers.

Additionally, while accepting Ohio's system of taxation is imperfect, the Board endeavors to uphold financial sustainability while fostering fairness and balance in the taxation of residents across the school district.

**Objectives**

The primary objectives of the taxation policy for the District are as follows, in order of priority:

- 1) **To secure sufficient operating, maintenance, and debt service revenue.** Ensure adequate revenue for operations, maintenance, and debt service to uphold community standards and maintain the District's financial stability and credit quality.
- 2) **To determine the point new tax requests are necessary.** Establish clear and transparent indicators for determining when new tax requests are necessary for both operational and capital needs.
- 3) **To ensure that the District can sustain its financial operations with or without the need for new tax revenue:** Utilize all possible tools that can support and sustain the financial operations and capital needs of the District, when possible, without continually relying on new tax revenue from residents of the community.
- 4) **To attempt to remain affordable to as many residents of the community as possible:** Maintain competitive tax costs compared to neighboring districts while providing excellent services and facilities.
- 5) **To implement and or adjust new and existing tax structures to promote fairness:** Adjust tax structures to promote fairness, consider the financial impact on taxpayers and align those tax structures to ease the cost of the District to those who are not benefitting the most from our services.
- 6) **Reduce or control the District's cost of services to limit the future demand for local taxpayers:** Find ways to continue to reduce operating and facility costs while also providing the community with the level of satisfaction it expects from the District.
- 7) **Determine and communicate the value the District is delivering to the community:** Actively engage with the community to clearly determine the expectations they require of the District and to what level they are currently satisfied with the value the District provides them.

## **Review Process and Disclosure**

Annually, the Board of Education (BOE) shall be provided a summary of the District's performance against various benchmarks and measurements (the Benchmark Report) by the Treasurer/CFO. Upon review of the Benchmark Report, if no concerns arise, the BOE shall pass a Resolution stating such conclusion.

If the BOE determines there are material concerns, the Treasurer/CFO and Superintendent shall provide the BOE with a review and recommendations regarding those concerns within 90 days. The BOE shall take any recommendations from the Treasurer/CFO and Superintendent into consideration before making any decisions regarding the request for any new tax, the reduction of any existing tax, the renewal, replacement, or substitution of any existing tax, the extension or shortening of the term of any existing tax levy, the movement of any inside millage, the agreement to any tax incentive (TIFs) or compensation agreements requiring District approval, the use of any surplus funds, and the reduction of services, staffing, or programs.

The BOE shall document, as it deems appropriate, the rationale for any action taken because of the above. Such documentation shall be made available to the public via the District's website prior to BOE direction to the Treasurer/CFO and Superintendent or BOE action.

## **Benchmarks and Measurements Report**

The Treasurer/CFO shall prepare the Benchmark Report for submittal to the BOE at least annually. The Treasurer/CFO shall determine the format for such report, and with his or her best efforts contain the most recently available data for the following:

- 1) Enrollment trends
- 2) General fund sensitivity analysis. - Annually
- 3) Monthly operating cash flow report. - Annually
- 4) The five-year forecast. – Annually (December/January)
- 5) Taxpayer affordability analysis comparison. - Annually
- 6) General fund balance as % of expenditure (or Days of Cash) comparison. - Annually
- 7) Operating levy cycle comparison. - Annually
- 8) Current property tax rates. - Annually
- 9) Outstanding debt balances and associated interest rates. - Annually
- 10) The allocation of all revenue to the general fund by individual source. - Annually
- 11) Key historical and current demographics of the District including, but not limited to: - Annually, or as available
  - a. Total population
  - b. Population under 18
  - c. Population 65 and over
  - d. Population at or below the poverty level
  - e. Population receiving social security and/or retirement income
  - f. Median home value
  - g. Median family income
  - h. Renter occupied housing
  - i. Average employment rate of people between 20 and 64
- 12) Assessed valuation history by specific category. - Annually

## **Benchmarks and Measurements Targets**

The BOE hereby establishes the following targets and benchmarks to be used to direct actions related to the financial stability of the District, requests for new property or income tax revenues, or the reduction of taxes:

- 1) Minimum and maximum fund balance targets for the General and other funds shall be as directed by the:
  - a. The Treasurer/CFO's recommendation of 60 to 120 days as to the specific minimum and maximum balances, respectively, to be maintained in the General Fund.
  - b. \$1,000,000 per year for the needs of the District for the next five years for repairs, maintenance, capital, and permanent improvements to be paid for from general fund 001.
  - c. The balance in the Bond retirement fund to be equal to at least the next year's payment due.
- 2) A taxpayer affordability index score of 10 or lower out of the 20 districts in the comparison group.
- 3) An operating levy cycle (the period between when new operating taxes are received) of 10 years from the next approved new money levy.
- 4) Class I and Class II tax rates should reach and remain on the 20-mill or equivalent floor, if applicable.

## **Key actions and guidelines**

The BOE hereby sets guidelines to improve financial sustainability and fairness in taxation. These include considerations for property values, income demographics, tax structures, expenditure minimization, and revenue growth:

- 1) The District shall always attempt to create or maintain as many inflation adjusting revenue streams as possible.
- 2) If the percentage of the property tax base is at or above 30%, the District will not use an income tax.
- 3) If 33% or greater of the residents of the District are receiving social security and/or retirement income, an earned income tax should be considered.
- 4) The Treasurer/CFO will use her or his best efforts to seek ways to minimize expenditures and maximize revenue growth opportunities. The Treasurer/CFO shall report on these efforts on a regular basis.
- 5) If a new money levy is determined to be necessary, the amount of such levy shall be determined by the Treasurer/CFO and recommended to the BOE for consideration. The BOE reserves the right to adjust or reject such recommendation(s) but must assure that the final decision preserves the District's ability to remain solvent (maintaining a positive General Fund Balance) for at least a three-year period following the passage of such new money levy.
- 6) The use of any type of tax that removes the District from the 20-mill floor should be avoided, if possible.
- 7) To the extent the District has an Emergency levy, efforts should be made to convert that levy into a substitute levy.
- 8) Prior to placing a bond issue on the ballot, the District must investigate all reasonable options to reduce the amount of the bond issue request.
- 9) The District may use income taxes to support financing for capital projects.
- 10) The District may move inside millage to support financing for capital projects.
- 11) The District may use general fund revenue to support financing for capital projects.

## **Use of Surplus Fund Balances**

The BOE will use its best efforts to follow these guidelines to direct the prioritization of the use of any surplus balances accumulated in the Main Funds:

- 1) First, to provide for enhancement of the educational programs provided to students.
- 2) Second, to provide for the construction of or purchase of, or improvements to facilities, equipment, and furnishings of the District.

- 3) Third, to pay down or pay off outstanding debt of the District, if such debt's interest rates exceed the rate of interest earned on the District's investments. However, the BOE may still pay down or pay off debt if it finds it to be in the best interest of taxpayers.
- 4) Fourth, to reduce the amount of taxes collected by the District from taxpayers by any means available to the BOE at the time of such decision.
- 5) Last, to retain such remaining balances to eliminate the need for future taxation of the District's residents and to contribute to the long-term financial sustainability of the District.

### **Tax Incentive Proposals**

The BOE hereby establishes the following guidelines to direct the participation in any tax incentive proposals related to economic development using tax abatements and/or Tax Incremental Financings (TIFs) requiring BOE approval:

- 1) First, the BOE hereby establishes that it will be supportive of economic development proposals, subject to its review.
- 2) The BOE will require a 90-day waiting period after the BOE is given a formal written proposal before acting on such proposal.
- 3) The BOE will retain the assistance of an outside consultant, at its discretion, to assist in any negotiations regarding a proposal.
- 4) The BOE will review all past agreements to ensure that the proper funds are paid to the District.

### **Community Taxation Policy Adoption**

The Community Taxation Policy shall take effect after approval by the BOE.