

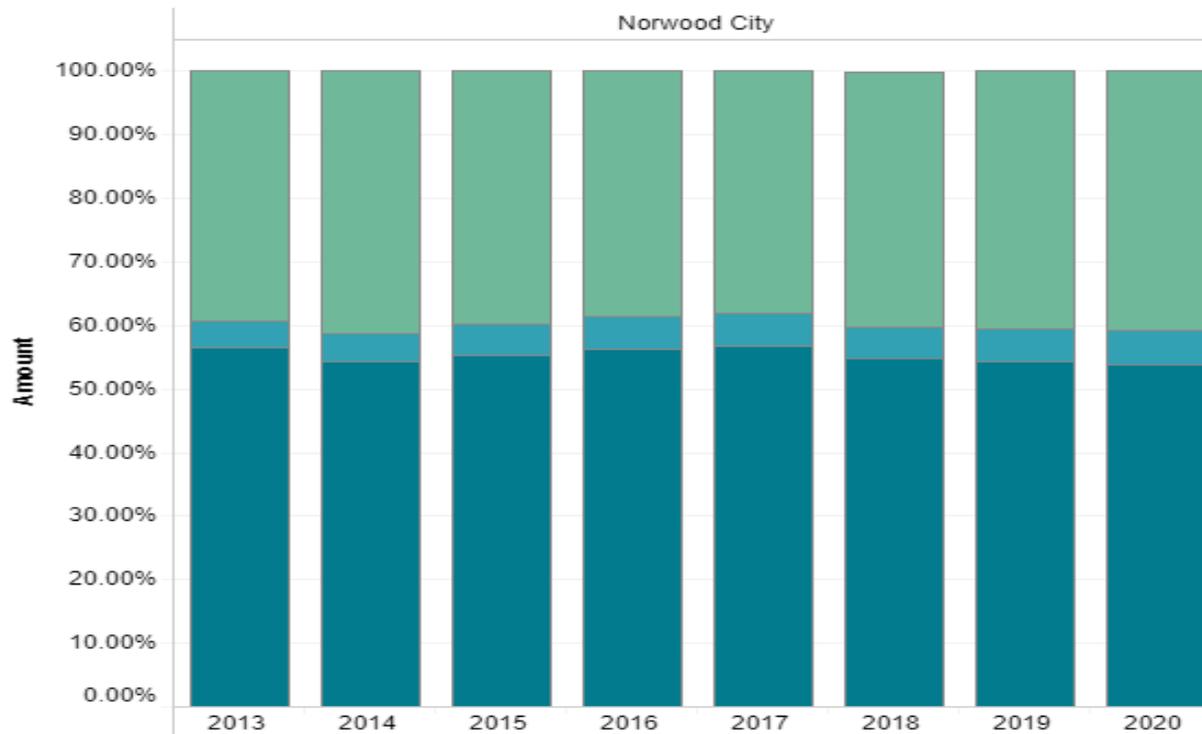
Norwood City Schools

Valuation Study after 2020 Triennial update

Real estate tax revenues are the result of a complicated formula between the value of the real estate and the millage voted in by taxpayers on behalf of the public entities serving taxpayers in their neighborhood. We will be considering the properties located within the boundaries of the Norwood City School District in this paper and the millage voted in on behalf of Norwood City Schools.

In this first chart, we will look at the history of the values of our properties and you will see that our division of property has remained constant. Residential properties remain the slight majority of our valuation though they are dropping somewhat these last few years.

Assessed Valuation Breakdown
Source: District Profile Data (CUPP Report)

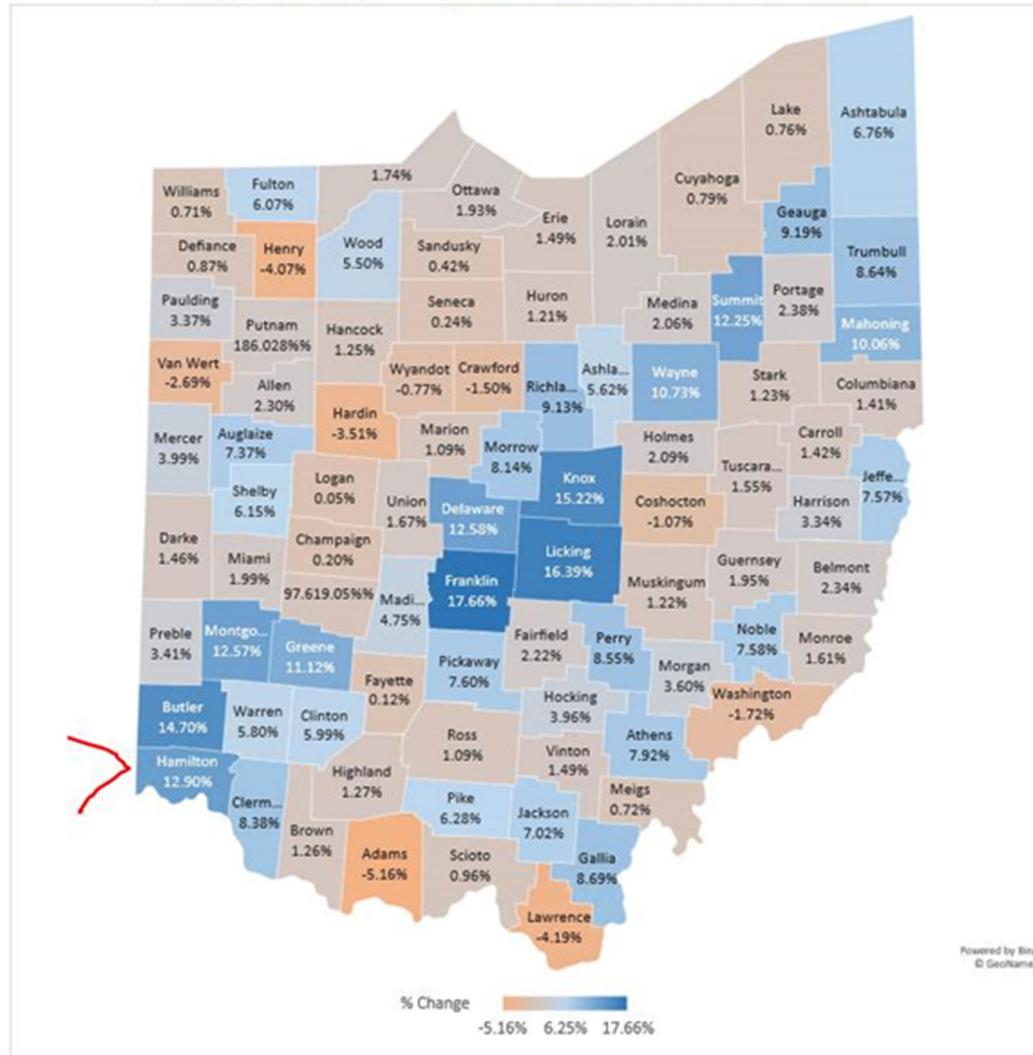


- ALL OTHER REAL VALUATION AS % OF TOTAL
- PUBLIC UTILITY TANGIBLE VALUATION AS % OF TOTAL
- RES/AGR REAL VALUATION AS % OF TOTAL

Hamilton County Schools Per Pupil Revenue Raised Per Mill

Increasing Property Values are a good sign of economic health. But at the same time the valuation increase can increase property taxes. The below county increases are the average increase of Residential, Commercial, Agricultural, Industrial, etc. Many counties did not see as large an overall average increase because agricultural losses dragged the overall average down. But their residential increase was still very large. Hamilton County has a small agricultural valuation footprint which kept the average large.

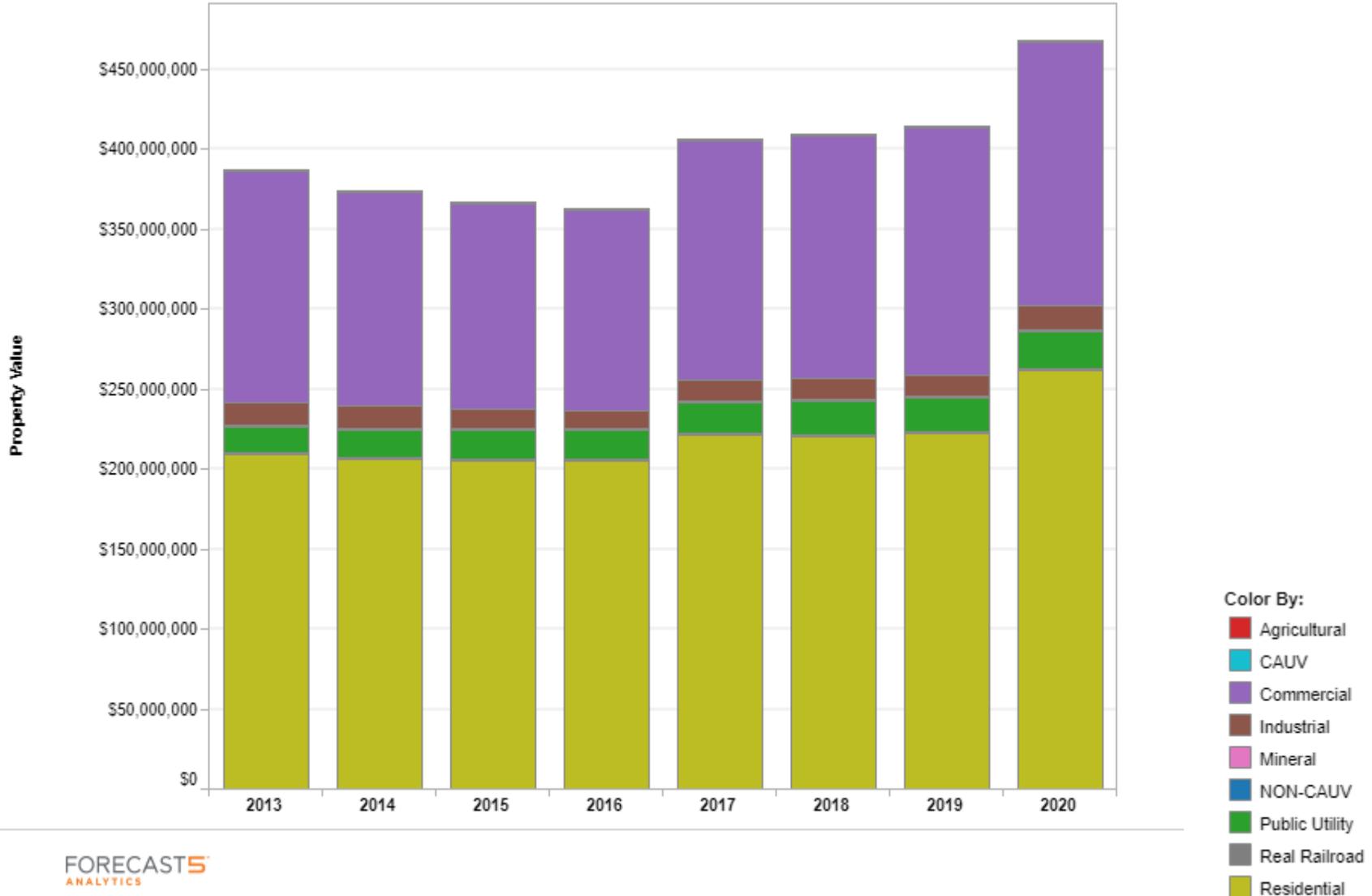
2020 Property Valuation Change Compared to 2019 - by County



Norwood City Schools

Property Value Breakdown Trends

Source: Ohio Department of Taxation



As many of you know, property values increased in 2020 in response to the county's reappraisal of property. These 2020 values drive the 2021 tax bills and taxes paid this year by homeowners. All school districts in Hamilton County experienced an increase in property values this year.

The above graph takes all the categories of valuations and breaks it down showing the history and changes over time per category. In 2020, our commercial values (purple) (the value of all commercial properties) went from \$155,668,870 in 2019 to \$165,881,140 an increase of \$10,212,270 or 6%. That is a large increase for commercial property owners. This triennial increase was based on three years of data, just like residential is, explained below.

Our residential values (yellow) went from \$222,849,550 to \$262,718,800 for an increase of \$39,869,250 or 17.89% increase! This increase was based on three years of sales but was greatly influenced by the huge demand for housing in the summer of 2020. Norwood homes were selling very quickly and for very high sale prices, much higher than the county auditor had the properties valued at. When the time came for the county triennial update, those sales were key in adjusting all Norwood homes to a much higher value. The auditor is responsible for keeping all residences valued at a proper rate. Looking back, the great recession had kept home values suppressed for ten years prior to the 2020 revaluation. This suppression played a large role in the 2020 growth also.

Tax rates (from levies) are reduced for any inflationary growth associated with a reappraisal. However, a district's core levies, what are known as fixed rate operating levies, cannot be reduced below 20 mills (the minimum millage or tax rate). The table below shows that while the district's tax rates did reduce from 20.95 to 20.00 the reduction does not offset the increase in values. Simply, the millage rate could not reduce enough to offset the increase in valuation.

Class I	Tax Year ...	2016 act	2017 act	2018 act	2019 act	2020 est
Value Chg - BOR/Update/Reappraisal	.	-0.67%	7.75%	-0.71%	-0.17%	17.17%
Class I Effective Fixed Rate	.	22.09	20.81	20.93	20.95	20.00
Change in Class I Fixed Rate	.	0.12	-1.28	0.12	0.03	-0.95

In addition to these levies making up the district's core fixed rate levies, the district also has historically had emergency levies, one of these levies was a substitute one renewed last November. You can see from the table below that the tax rate for these emergency levies actually went down in proportion to the inflationary increase in values. These levies do not generate additional revenue for the school district, nor do taxpayers pay more in total as a result of the reappraisal increase.

Emergency/Substitute Levies	Tax Year ...	2016 act	2017 act	2018 act	2019 act	2020 est
Fixed Sum
Total Valuation Change	.	-1.11%	11.88%	0.73%	1.39%	12.82%
Effective Fixed Sum Mills	.	20.63	19.14	19.09	19.01	17.52
Change in Fixed Sum Mills	.	0.12	-1.49	-0.05	-0.08	-1.49

In conclusion, property values went up county-wide as a result of the six-year reappraisal. As a consequence, the amount of tax bills went up in response to the reappraisal inflation because the district has the minimum 20.0 mill tax rate for operating levies. The emergency levy structure that you voted to continue last November did not cause the increase in tax bills.

Instead, inflationary growth over and above the mandated floor of funding for public schools caused the increase in tax bills. On a positive note, the increase in valuation for Norwood means that people want to move to Norwood. People view Norwood as a great place to live and to raise their children and that is a good thing.

Julie