

Treasurer's Office Newsletter



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Board Meetings

October 10

Board Meeting, 5:00 pm

November 14

Board Meeting, 5:00 pm

December 12

Board Meeting, 5:00 pm

Fact vs Fiction Property Tax Values

Fiction: If property values increase by 35%, taxes will increase by 35%.

Fact: A 35% increase in property values DOES NOT EQUAL a 35% increase in property taxes. The tax reduction factor offsets the increase in property values by lowering the tax rate for voted levies.

Taxes do not increase in direct proportion with an increase in property value.

The relationship between property value changes and corresponding changes in property taxes is much more complex, and is based on the interaction between the amount and type of tax levies on your property, the value changes of your property, and how your property compares to value changes of other properties under the same levies.

Ohio Revised Code section 319.301 prevents an increase in revenue from voted levies due to inflation.

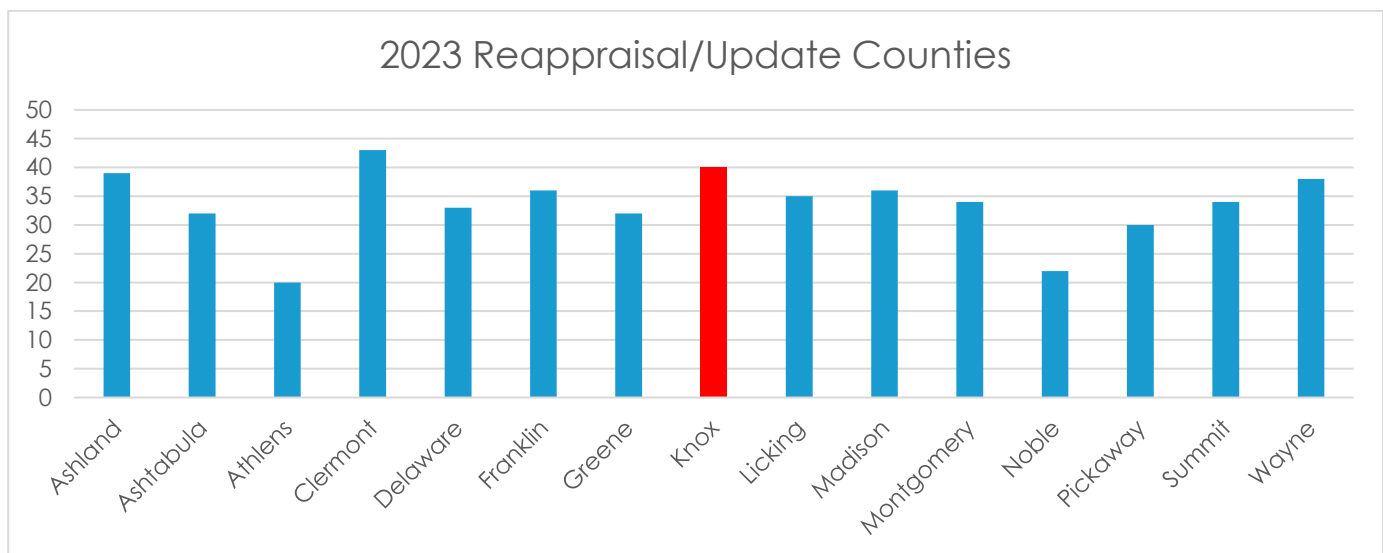
The auditor's office understands the impact on property taxes is one of your largest concerns. The following are some very general rules you can follow when attempting to determine how much your taxes will increase or decrease after a value change:

- If property value increases by exactly the same percentage as others with the same levies, the taxes for that property will stay the same, with the exception of inside millage.
- If property value increases by less than the average of properties with the same levies, taxes will decrease.
- If property value increases by more than the average of properties with the same levies, taxes will increase.
- While the total tax dollars raised per levy will remain the same, an individual taxpayer's share will be based on their new property value in relation to other properties with the same levies as a whole. In this way, the burden of the voted tax is equalized.

For school districts at the 20-mill floor, the tax reduction factor will not be able to offset the increase in property taxes. Fredericktown Local Schools is currently at the 20-mill floor.

Fiction: The percentage increase in property values for Knox County is much higher than the percentage increase in property values for other counties.

Fact: The table below shows the percentage increases for various counties that are in the 2023 reappraisal or triennial update cycle



Knox County is expected to experience increases in the range of 15% to 45% in property values. Most of the surrounding counties are expected to also have increases that are over 30%. Franklin and Madison County will experience an increase of 36%, Clermont will receive a 43% and Knox County is expected to receive a 40%

Fiction: The County Auditor can decide when and how to appraise properties in Knox County.

Fact: The County Auditor receives an order from the Tax Commissioners of Ohio ordering the County Auditor to conduct a reappraisal or a triennial update. The legal requirements for conducting a reappraisal are spelled out in the Ohio Revised Code and the Ohio Administrative Code

Fiction: The County Auditor increases property value for the purpose of collecting more property taxes.

Fact: By law, the County Auditor, is required to reappraise all properties in Knox County based primarily on the sale prices of properties during calendar year 2022, often referred to as "sales closest to the tax lien date." The sale prices paid for the properties in Knox County have been affected by a limited supply of residential properties on the market, low interest rates, and the shift to a remote working environment as a result of the pandemic. These factors have driven home prices in Knox County and other counties to unprecedented levels.

The County Auditor does not collect property taxes. The County Auditor's legal responsibility is to establish property values based on the recent sale prices paid for properties in Knox County and to conduct a reappraisal of all properties in accordance with the reappraisal standards established by the Ohio Department of Taxation. In addition, the tentative property values must be reviewed and must be approved by the Ohio Department of Taxation.

Property values are determined by the voters of Knox County, not by the County Auditor. Following each reappraisal cycle, the Tax Reduction Factor, which is administered by the Ohio Department of Taxation, lowers the effective tax rate for voted levies to offset the increase in property values. However, if a property is located within a school district that is at the 20-mill floor, the tax reduction factor cannot lower the school district levies below that 20-mill floor.

- Under the current law that applies to voted property tax levies, the voted property tax levy should generate the same amount of property tax revenue after the reappraisal as the amount of property tax revenue before the reappraisal was conducted, no more and no less.
- The tax reduction factor reduces the voted tax rate to offset the increase in the property value after a reappraisal has been conducted.
- Example: Current home value @ \$100,000; voted property tax rate @ 10 mills; property tax on the home is \$350 before the reappraisal.
- After a reappraisal, the home value increases to \$150,000. At a property tax rate of 10 mills and without the application of the tax reduction factor, the property tax on the home would increase to \$525.
- However, after a reappraisal, the tax reduction factor reduces the voted tax rate to 6.666 mills.
- After the reappraisal, the property tax on the home with the new value of \$150,000 is still \$350 because the property tax rate has been reduced from 10 mills to 6.666 mills by the tax reduction factor.
- After the reappraisal has been completed, the tentative property values are then submitted to the Ohio Department of Taxation for review and approval.

Fiction: My property value varies from the Knox County Auditor's website and other home value websites.

Fact: Yes, the values will be different, and they should be. The County Auditor is required to establish value every three years for the sole purpose of equitably establishing a rate that will be used for taxing purposes. Further, County Auditors in Ohio must use verified sales from the three years prior to the lien date (the annual date for determining the taxability of personal property, which is January 1), for which the values are to be established. Online value websites are only as

good as the data entered into that application's database and the complexity of the analysis performed by the application. Generally, home value websites are designed to indicate a value as of the day you request it, and only the property's location and possibly its style are considered.

Explanation of Millage and Property Tax

Re-appraisal and triennial updates

The county auditor is responsible for assigning a market value for all of the individual properties in the county. Every six years the county auditor appraises all of the properties to determine their market value. This is re-appraisal. Every three years, the county auditor does an update of the market values based on home sales. This is a triennial update.

Taxable/Assessed Value

The market value is the estimated sales value of property. For purposes of real estate taxes, the county auditor determines the market value of all of the property in the county. The county auditor then calculates the taxable/assessed value for each property.

Real Estate Taxes

This is a tax levied on land and buildings located within the school district. Individuals and businesses pay this tax on the property they own. Two key components in calculating real estate taxes are the taxable or assessed value (market value X 35%) of the property and the millage rate.

Mills

Property tax rates are computed in mills. A mill is 1/1000 or .001. One mill cost a property owner \$1.00 for every \$1,000 of taxable value.

Inside Millage

In Ohio, millage is referred to as "inside" millage and "outside" millage. Inside millage is millage provided by the Constitution of the State of Ohio and is levied without a vote of the people. It is called inside millage because it is "inside" the law. Another name would be un-voted millage.

The Constitution allows for 10 mills of inside millage in each political subdivision. Public schools, counties, townships and other local governments are allocated a portion of the 10 inside mills. Fredericktown Local Schools is allocated 4.1 mills of the 10 inside mills.

Outside Millage

Outside millage is any millage "outside" the 10 mills that is provided by the Constitution of the State of Ohio. This millage is voted by the public. Another name for the outside millage is voted millage.

Effective Millage

Effective millage is the millage rate that is actually levied on property. Once a levy is voted in, a school district cannot collect any additional money due to valuation increases from reappraisal or triennial update on that levy. As property values increase, the millage rate on that voted levy is decreased so that the levy generates the same amount of money. This reduced millage rate is

referred to as effective millage. The only way a school district gets any additional money on voted millage is from new construction or from having their millage reduced to the minimum amount allowed by law (20 mill floor.).

20 Mill Floor

As property values increase, voted millage rates are decreased so that school districts don't collect any additional money on voted millage due to inflation. Over time, millage rates could be reduced to near zero. To keep this from happening, Ohio law establishes a minimum millage level, or floor, that millage rates cannot fall below. This minimum level is 20 mills. Once a districts' total millage is reduced to 20 mills, it cannot be reduced any further, hence the 20-mill floor.

Knox County went through a re-appraisal in 2020 which affected 2021. General property tax and agricultural tax increased by 20% while current agricultural use value (CAUV) tax decreased by 38.94%. This decrease in CAUV caused the district to drop to the 20-mill floor. Knox County will go through an update in 2023 which will affect 2024 values.

District Goals

Educational Excellence

At Fredericktown Local Schools, each of us is invested in and supportive of opportunities that maximize the educational experience and growth of every student.

Fiscal Accountability

Fiscal Accountability and the utilization of all resources are a priority of Fredericktown Local Schools, and all transactions are accurate, transparent and supportive of district goals and objectives.

District and Community Connections

All stakeholders of Fredericktown Local Schools are actively engaged in collaborative relationships built on a high-level of trust to support strong district and community connections.

Governance and Operations

At all levels, Fredericktown Local Schools engage in responsible governance and operational practices that are efficient, effective and student-centered.

All financial records, including the 5 Year Forecast, Tax Budget and Annual Audits may be viewed on the Fredericktown Schools home page.

<http://www.fredericktownschools.com/administrativeDepartment2.aspx?aid=2>