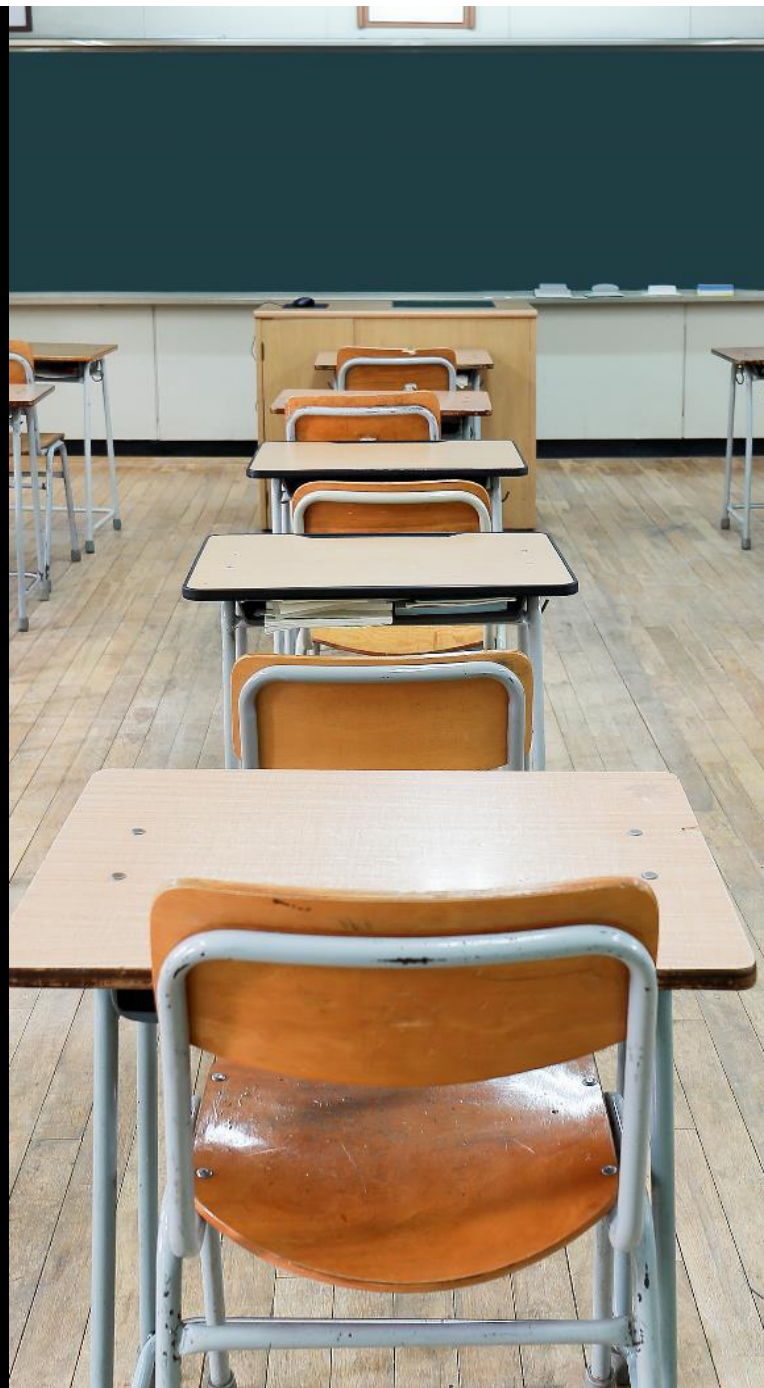




Tippecanoe Valley School Corporation

March 18, 2021





Tippecanoe Valley School Corporation

Discussion Items

- **Indiana School Finance 101**
- **Illustrative Bond Options**
- **Impact to Taxpayers**

Indiana School Finance 101

Tippecanoe Valley School Corporation
Budgeting Common Terms



- **Fund** – ‘bucket of money’ tracking all revenue and expenditures
- **Tax Levy** – amount of property tax revenue for a specific fund;
$$\text{Tax Levy} = (\text{NAV} \times \text{Tax Rate}) / 100$$
- **Tax caps = circuit breaker** – law that guarantees that property owners do not pay more than a fixed percentage of the property’s gross assessed value (AV); 1% = Residential; 2% = Agricultural/Long-Term Care/Rental; 3% = Commercial/Industrial
- **Tax rate** – Statement in dollars, expressed per each \$100 of AV;
$$\text{Tax Rate} = (\text{Tax Levy} / \text{NAV}) \times 100$$
- **AV = Assessed Value** – Total value assigned to all real property and improvements subject to taxation. County Assessor determines property value; Net Assessed Value = Property Taxable Value

Municipal Bond – written evidence of municipality debt, which entitles bondholder to a fixed sum of money plus interest

First Mortgage/Lease Rental Bonds – municipal bonds secured by lease payments made by party leasing the facilities that were financed by the bond

Tippecanoe Valley School Corporation Funding Overview

State funded

EDUCATION

Academic
Salaries
Benefits
Ed. Supplies

Locally funded

OPERATIONS

Technology Staff
Annual Maintenance
Transportation
School Buses
Equipment

DEBT SERVICE

Paying
off
Debt

RAINY DAY

“Savings Account”

Calculating Annual Property Tax Bill

Gross Assessed Value

Annually Determined by County Assessor



Less: Deductions

Standard Homestead
Deduction

Supplemental Homestead
Deduction

Home Mortgage Deduction



Equals: Net Assessed Value

Assessed Value upon which taxes are paid

$$\text{Net AV} * \text{Tax Rate}/100 = \text{Tax Bill}$$

Illustrative Calculation of a Homestead's Net Assessed Value

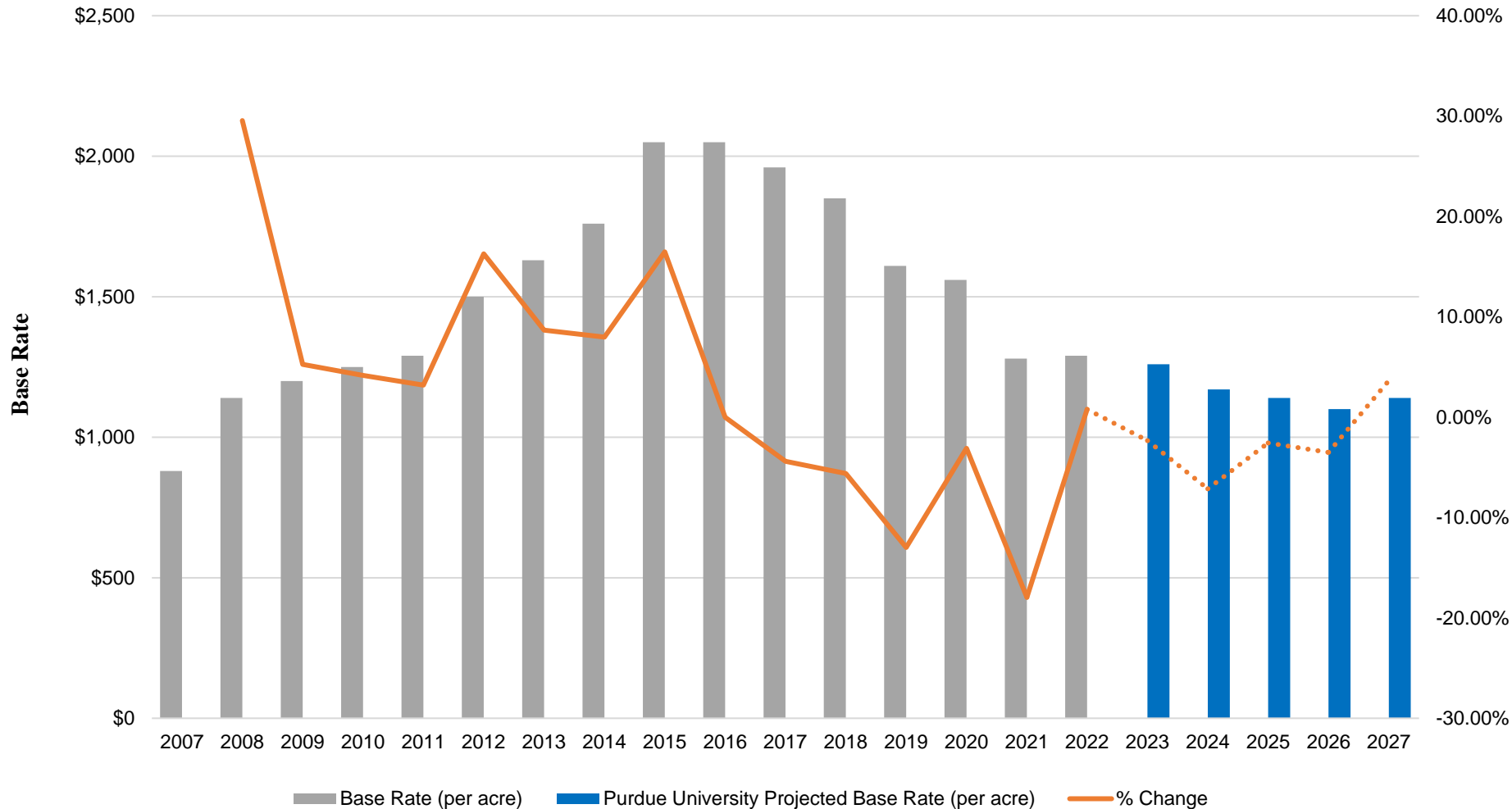
	<u>\$50,000 Home Value</u>	<u>\$75,000 Home Value</u>	<u>\$113,300 Home Value (1)</u>	<u>\$125,000 Home Value</u>	<u>\$150,000 Home Value</u>	<u>\$200,000 Home Value</u>	<u>\$250,000 Home Value</u>
Gross Assessed Value	\$50,000	\$75,000	\$113,300	\$125,000	\$150,000	\$200,000	\$250,000
Less: Standard Homestead Deduction (2)	(30,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
Less: Supplemental Homestead Deduction (3)	(7,000)	(10,500)	(23,905)	(28,000)	(36,750)	(54,250)	(71,750)
Less: Mortgage Deduction (4)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Net Assessed Value *	<u>\$10,000</u>	<u>\$16,500</u>	<u>\$41,395</u>	<u>\$49,000</u>	<u>\$65,250</u>	<u>\$97,750</u>	<u>\$130,250</u>

- (1) Median home value within Tippecanoe Valley School Corporation, per the U.S. Census Bureau.
- (2) The lesser of 60% of the gross assessed value or \$45,000.
- (3) The supplemental homestead deduction of 35% and 25% for amounts more than \$600,000.
- (4) Mortgage deduction of \$3,000.

* Represents the assessed value upon which tax bills are calculated.

Tippecanoe Valley School Corporation

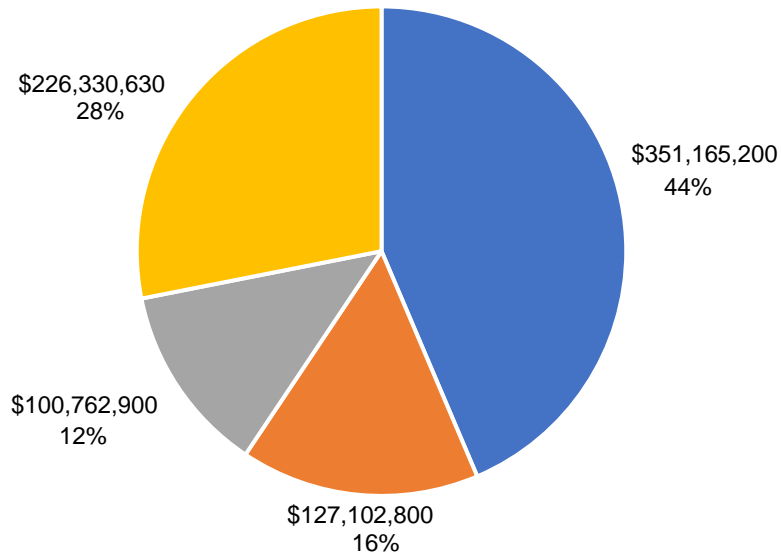
Schedule of Ag Land Base Rates 2008 - 2027



Purdue University Projected Base Rate values based upon October 7, 2020 projections available at <https://ag.purdue.edu/commercialag/home/paer-article/farmland-assessments-and-tax-bills-in-2021-and-beyond/>.

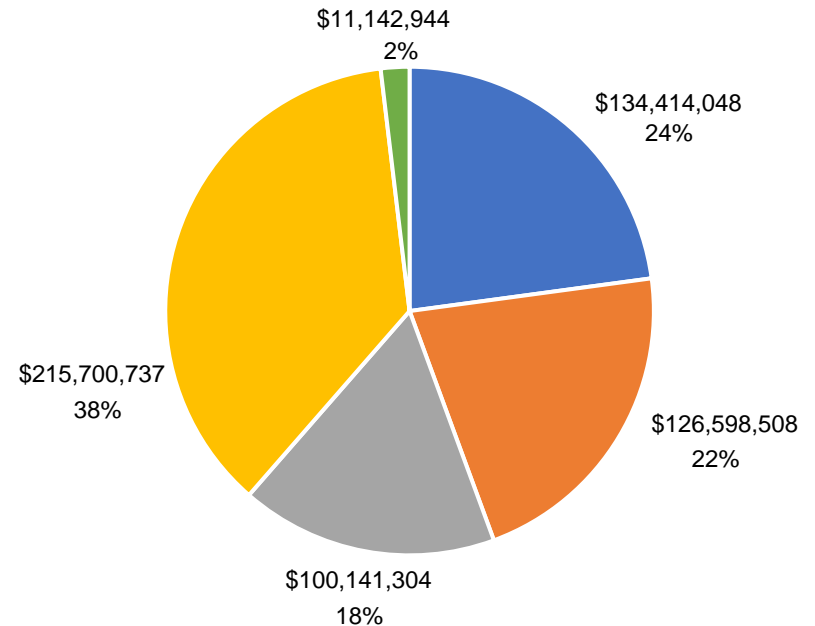
**BREAKDOWN OF GROSS AND NET ASSESSED VALUES
BY PROPERTY TYPE FOR PROPERTY TAXES PAYABLE IN 2020**

**Breakdown of Gross Assessed Value
By Property Type**



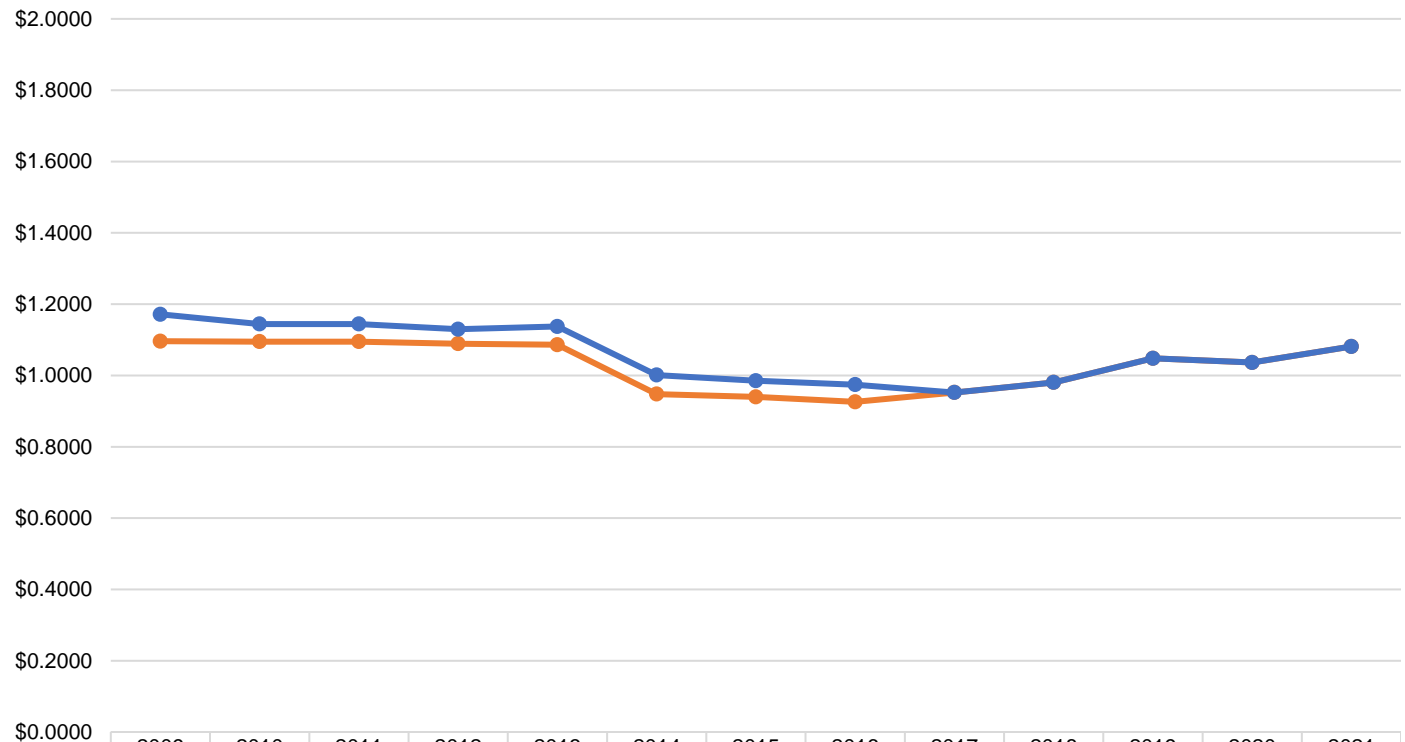
- GAV 1: Homestead Properties
- GAV 2: Farmland: Agricultural Properties
- GAV 2: Non-Farmland: Long-Term Care or Rental Properties
- GAV 3: Industrial/Commercial/Personal Properties

**Breakdown of Net Assessed Value
By Property Type**



- NAV 1: Homestead Properties
- NAV 2: Farmland: Agricultural Properties
- NAV 2: Non-Farmland: Long-Term Care or Rental Properties
- NAV 3: Industrial/Commercial/Personal Properties
- Increment AV: TIF Incremental Values

Schedule of Annual School Certified Tax Rates by County (2009 – 2021)



—●— Fulton County Total School Tax Rate	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
—●— Kosciusko County Total School Tax Rate	1.1715	1.1443	1.1443	1.1297	1.1374	1.0012	0.9853	0.9742	0.9522	0.9806	1.0480	1.0365	1.0813

Note: Certified Tax Rates are per \$100 of Net Assessed Value. In 2020, the average total tax rate in the State of Indiana was \$1.0919.
Historical data for 2009 - 2021 per the DLGF.

Illustrative Bond Options

TIPPECANOE VALLEY SCHOOL CORPORATION

Schedule of Outstanding Debt Service/Lease Rental Payments

Payment Year	Common School Fund Loan (1)	First Mortgage 2011 A&B Bonds (Wind Power Project) (2)	Advanced Refunding 2012 Bonds (High School) (2)	First Mortgage 2015 Bonds (TV-ASBC) (2)	First Mortgage 2016 Bonds (2)	Total Annual Outstanding Payments
2020	\$66,600	\$348,000	\$1,225,000	\$494,000	\$568,000	\$2,701,600
2021	64,200	348,000	1,225,000	556,000	568,000	2,761,200
2022	61,800	348,000	1,225,000	642,000	569,000	2,845,800
2023		348,000	850,000	972,000	573,000	2,743,000
2024		348,000		969,000	573,000	1,890,000
2025		348,000		975,000	568,000	1,891,000
2026				969,000	574,000	1,543,000
2027				974,000	569,000	1,543,000
2028				973,000	568,000	1,541,000
2029				974,000	567,000	1,541,000
2030				976,000	570,000	1,546,000
2031				972,000	568,000	1,540,000
2032				974,000	565,000	1,539,000
2033				970,000	571,000	1,541,000
2034				974,000	566,000	1,540,000
2035				492,000	1,051,000	1,543,000
	<u>\$192,600</u>	<u>\$2,088,000</u>	<u>\$4,525,000</u>	<u>\$13,856,000</u>	<u>\$9,588,000</u>	<u>\$30,249,600</u>

Call Dates: N/A 7/15/2021 N/A 1/15/2026 7/15/2026

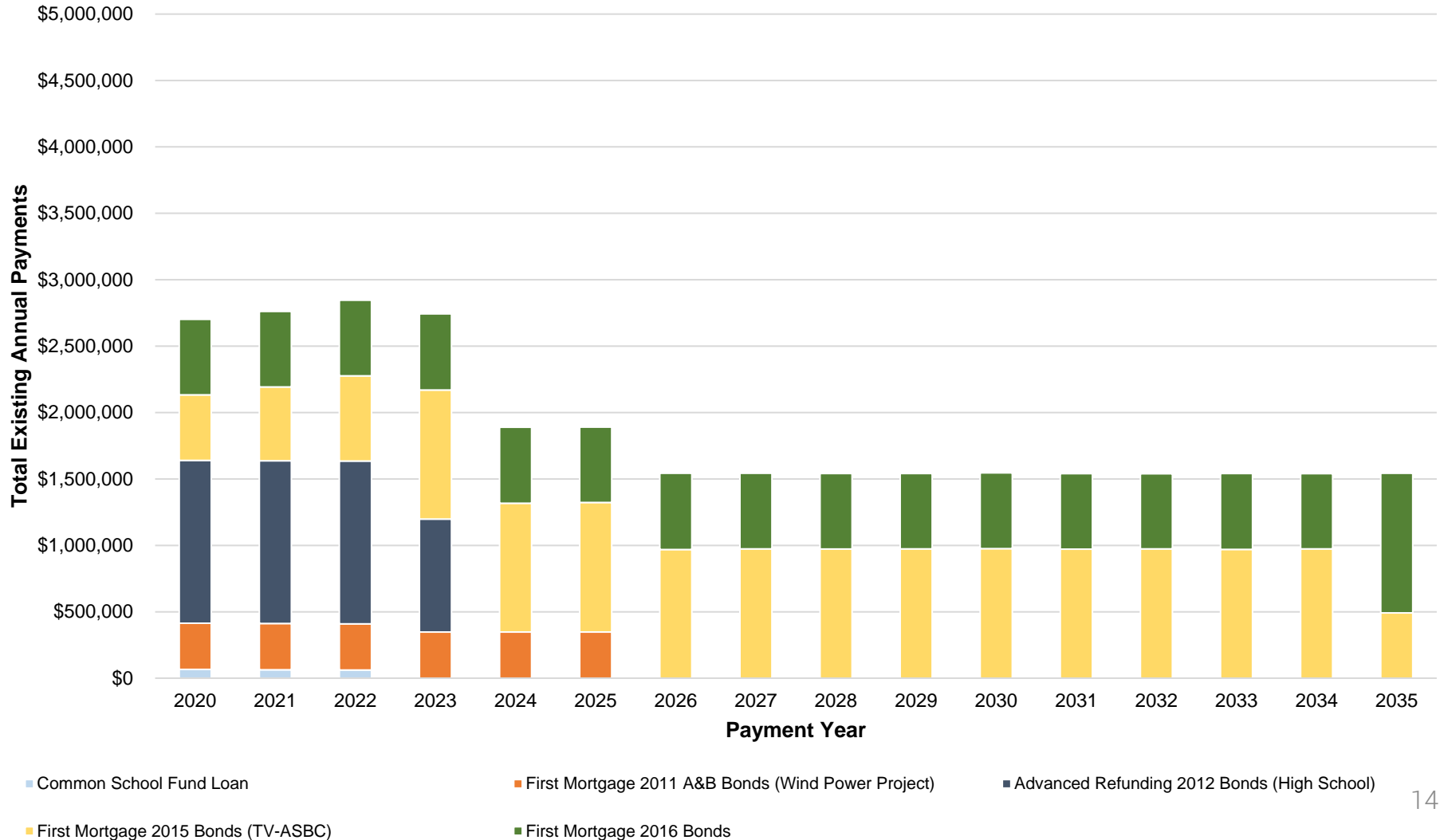
(1) Payments are shown on a calendar year basis. 2020 is represented by the July 1, 2020 payment.

(2) Payments are shown on a budget year basis.

Note: Does not include unreimbursed textbooks or interest on temporary loans.

TIPPECANOE VALLEY SCHOOL CORPORATION

Schedule of Existing Debt Service/Lease Rental Payments



TIPPECANOE VALLEY SCHOOL CORPORATION



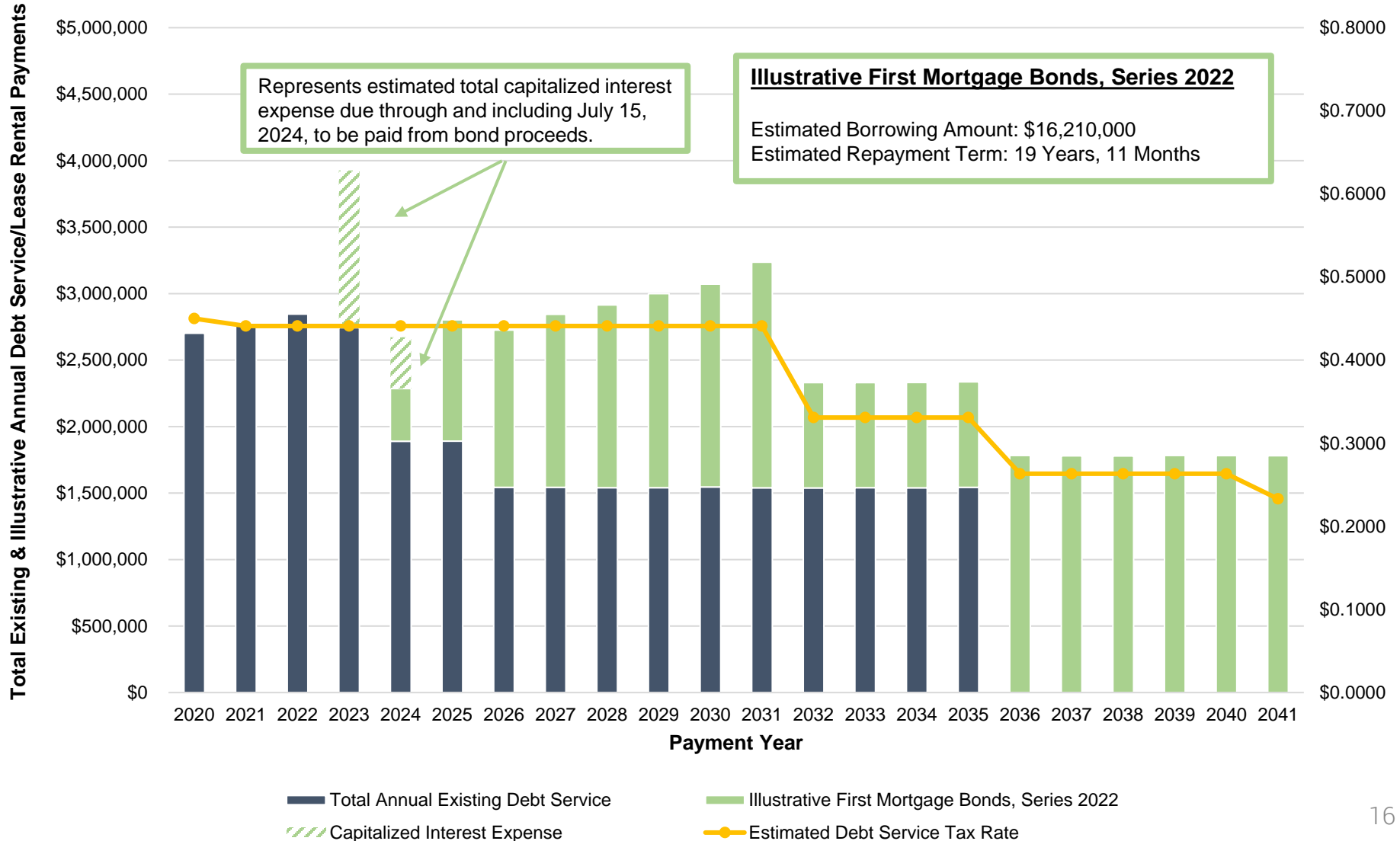
Summary of Illustrative Financing Option

	Illustrative \$16,210,000 First Mortgage Bonds, Series 2022
Estimated Total Interest Expense (1)	\$8,958,269
Estimated Capitalized Interest Expense (1)(2)	\$1,569,268
Estimated Proceeds Available for Construction (3)	\$14,359,682
Estimated Repayment Term (4)	19 Years, 11 Months
Estimated Average Interest Rate (1)	4.06%
Estimated Maximum Annual Payment	\$1,783,000
Estimated Maximum Annual Total Existing and Illustrative Debt Service Payment	\$3,236,000
Estimated Target Total Debt Service Tax Rate (5)	\$0.4411
Estimated Incremental Increase to Debt Service Fund (5)	\$0.0000

- (1) Based on current market interest rates, plus 1.50%. Actual interest rates may vary materially at the time of sale.
- (2) Represents capitalized interest expense due through and including July 15, 2024, to be paid from bond proceeds.
- (3) Amount available for construction includes estimated par amount of the bonds, less: estimated issuance costs of \$200,000, underwriter's discount of 0.5% and estimated capitalized interest expense.
- (4) Based on an estimated dated date of March 1, 2022, and final maturity of January 15, 2042.
- (5) Represents estimated target total debt service tax rate of \$0.4411 for fiscal years 2023 – 2031. Based on estimated recessionary net assessed valuation figures provided by Policy Analytics through year 2030.

TIPPECANOE VALLEY SCHOOL CORPORATION

EXISTING & ILLUSTRATIVE ANNUAL DEBT SERVICE/LEASE RENTAL PAYMENTS



Tippecanoe Valley School Corporation

Summary of Taxpayer Incremental Impact



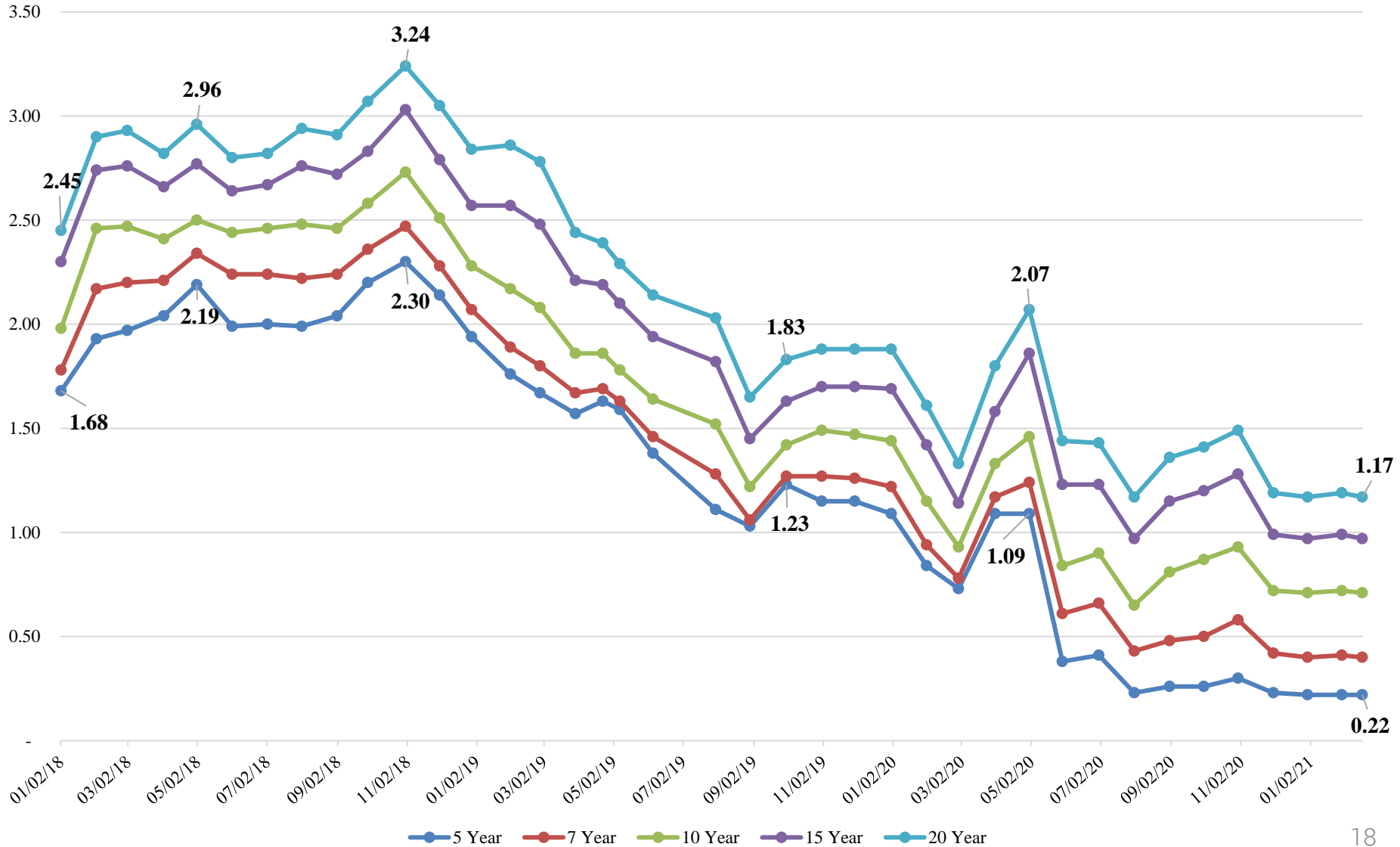
<u>Gross Assessed Value</u>	<u>Net Assessed Value (1)</u>	<u>Monthly Incremental Tax Impact:</u> \$0.0000 (2)	<u>Annual Incremental Tax Impact:</u> \$0.0000 (2)
\$50,000 Homestead	\$10,000	\$0.00	\$0.00
\$100,000 Homestead	32,750	0.00	0.00
\$113,300 Homestead (3)	41,395	0.00	0.00
\$200,000 Homestead	97,750	0.00	0.00
\$250,000 Homestead	130,250	0.00	0.00
1 Acre Agricultural Land (4)		0.00	0.00
100 Acres Agriculture Land (4)		0.00	0.00
\$100,000 Commercial/Rental Property		0.00	0.00

Note: Preliminary, subject to change. Assumes taxpayers are not at the circuit breaker tax caps.

- (1) For homes, assumes standard deduction, supplemental homestead deduction and mortgage deduction.
- (2) Based on the 2021 certified net assessed value of \$549,417,515 for the School Corporation, per the Department of Local Government Finance. Assumes a 5% license excise/financial institutions factor. Per \$100 of assessed value.
- (3) Median home value for the School Corporation, per the U.S. Census Bureau.
- (4) Per the Department of Local Government Finance, the base rate for agricultural land is \$1,210/acre for taxes payable in 2021. Actual value will vary based on productivity factors.

Tippecanoe Valley School Corporation

Tax-Exempt Interest Rates



THANK YOU

Contact Information

Indianapolis Office

8365 Keystone Crossing
Suite 300
Indianapolis, IN 46240
P. 317.465.1500

Brock Bowsher, Director

brock.bowsher@bakertilly.com

Tyler Loeffelholz, Senior Manager

tyler.loeffelholz@bakertilly.com

 **bakertilly.com**

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