



School Town of Highland

Comprehensive Financial Plan & Proposed Operating Referendum

January 31, 2023

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**Actual and Projected
Financial Analysis
2019 - 2031**

Discussion Topics



Overview of Assumptions



Overview of Baseline
Financial Projection



Overview of Operating
Referendum Considerations



Impact to Taxpayers



Overview of Assumptions

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Comprehensive Financial Plan: Assumptions

Assessed Valuation	
Net Assessed Valuations	<ul style="list-style-type: none">• 2022 – 2023 based upon certified assessed valuations, per the Department of Local Government Finance (DLGF).• 2024 – 2031 projections per Policy Analytics, LLC.• Assumed annual assessed value growth is 4.31%.
Tax Increment Finance (TIF) Assessed Valuations	<ul style="list-style-type: none">• Tax Increment Finance (TIF) assessed valuation included in calculation of referendum levies and rates.• Average assumed TIF assessed valuation is \$76,113,460, based upon the 2023 certified TIF assessed valuation of \$62,707,812, per the DLGF.



Comprehensive Financial Plan: Assumptions (Cont'd)

Receipts	
Certified Property Tax Levy	<ul style="list-style-type: none"> • 2023 based upon the maximum levy growth quotient (MLGQ) of 5.0%, per the DLGF. • 2024 – 2031 based upon projected MLGQ's, per Policy Analytics, LLC. • The projected average MLGQ in 2024 – 2031 is 5.12%.
Circuit Breaker Tax Credits	<ul style="list-style-type: none"> • 2023 – 2031 projections per Policy Analytics, LLC. • The average annual circuit breaker impact is projected to be \$349,905, or 6.57% of the average projected Operations levy.
Miscellaneous Revenues	<ul style="list-style-type: none"> • Property tax levy funds include estimated receipt of license excise tax, commercial vehicle excise tax, and financial institutions tax. • The estimated miscellaneous revenue factor in 2023 – 2031 is 8.055%, based upon 2022 DLGF certifications.
State Tuition Support	<ul style="list-style-type: none"> • 2022 – 2023 per Indiana Department of Education (DOE) Form 54's for FY2022 and FY2023. • Beginning in FY2024, assumes 2.0% annual growth to per pupil funding amount for Basic Grant and Complexity. • Beginning with the 2023/2024 school year, assumes an average annual decline in enrollment of 1.9%, per School Corporation officials.
Other Receipts	<ul style="list-style-type: none"> • Miscellaneous receipts including summer school revenue, student and adult fees, receipts from extra-curricular accounts, unrestricted grants-in-aid, and interest on investments estimated based upon the 2022 1782 Notice.



Comprehensive Financial Plan: Assumptions (Cont'd)

Disbursements

Instruction,
Support Services,
Community Services, &
Facilities Acquisition and
Construction

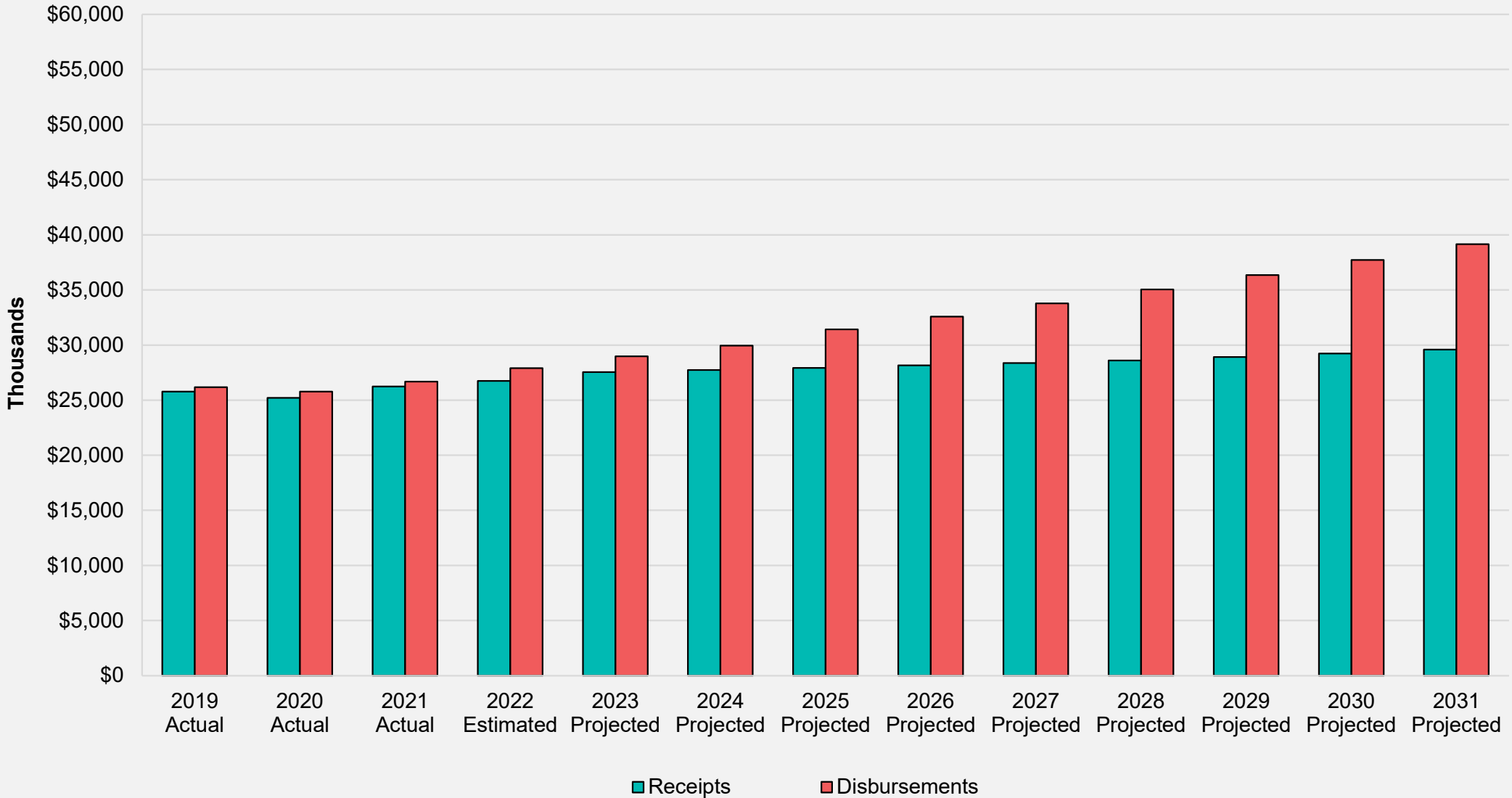
- 2022 estimated disbursements based upon the 2022 budget, historical trends, and estimated year-ending cash balances as provided by the School Corporation.
- 2023 – 2031 based upon the 2023 budget and historical trends.
- 2023 – 2031 assume 3.0% annual increases to compensation and salaries and 5.0% annual inflationary increases to all other operating disbursements.
- Assumes increased expenditures resulting from the addition of security personnel in 2024.
- Assumes annual savings realized as a result of natural attrition and the reallocation of certain expenditures beginning in 2024.
- Beginning in 2025, assumes increased expenditures resulting from the reallocation of costs currently paid from Elementary and Secondary School Emergency Relief (ESSER) funding.



Overview of Baseline Financial Projection

Actual & Projected Receipts & Disbursements – Baseline

Includes the Education (101), Operations (300), & Rainy Day (610) Funds

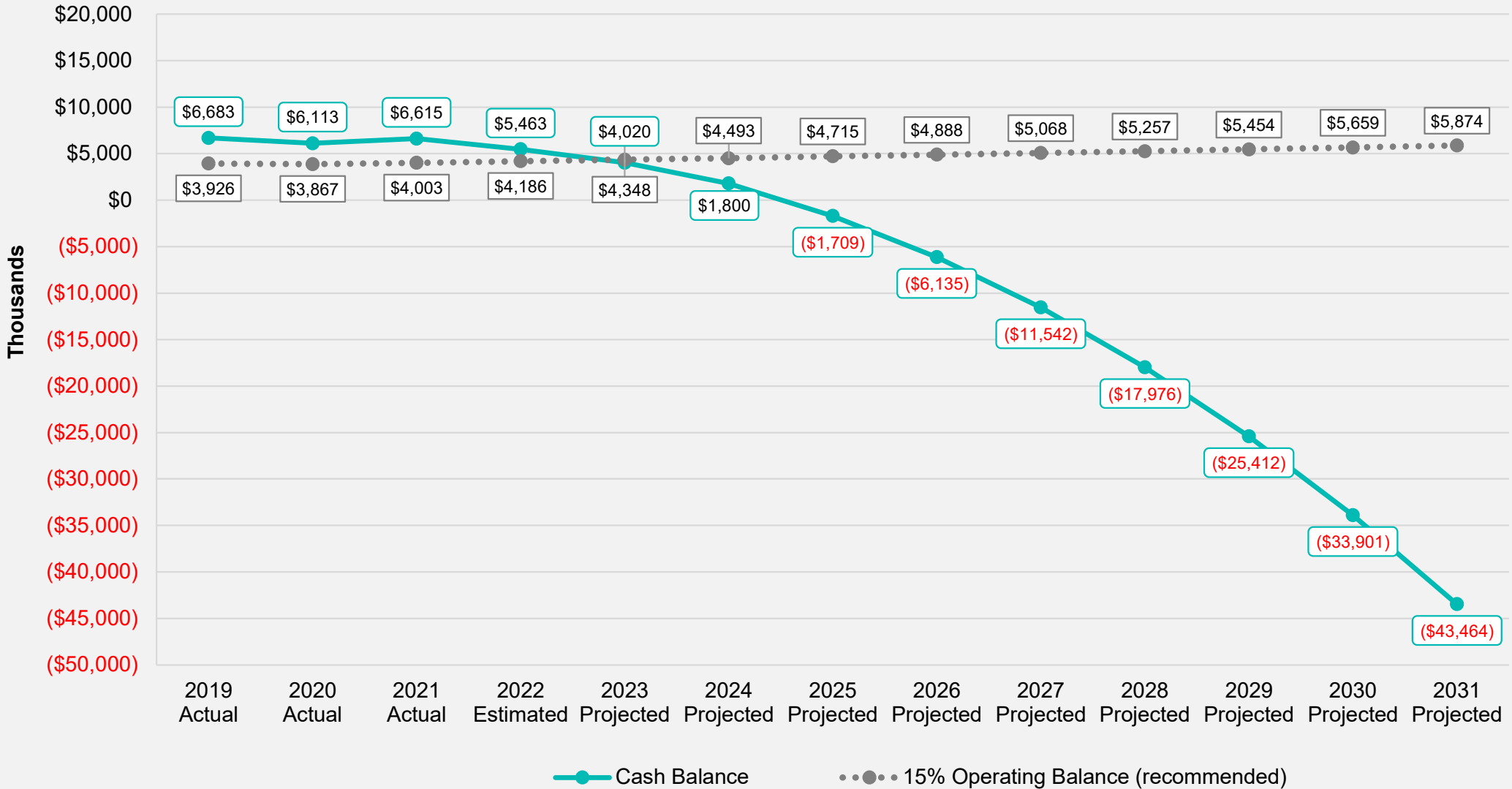


Note: Receipts and disbursements exclude interfund transfers.



Actual & Projected Year-Ending Cash Balances – Baseline

Includes the Education (101), Operations (300), & Rainy Day (610) Funds



Note: Calculation of 15% operating balance excludes interfund transfers.



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Overview of Operating Referendum Considerations

Summary of Proposed Operating Referendum

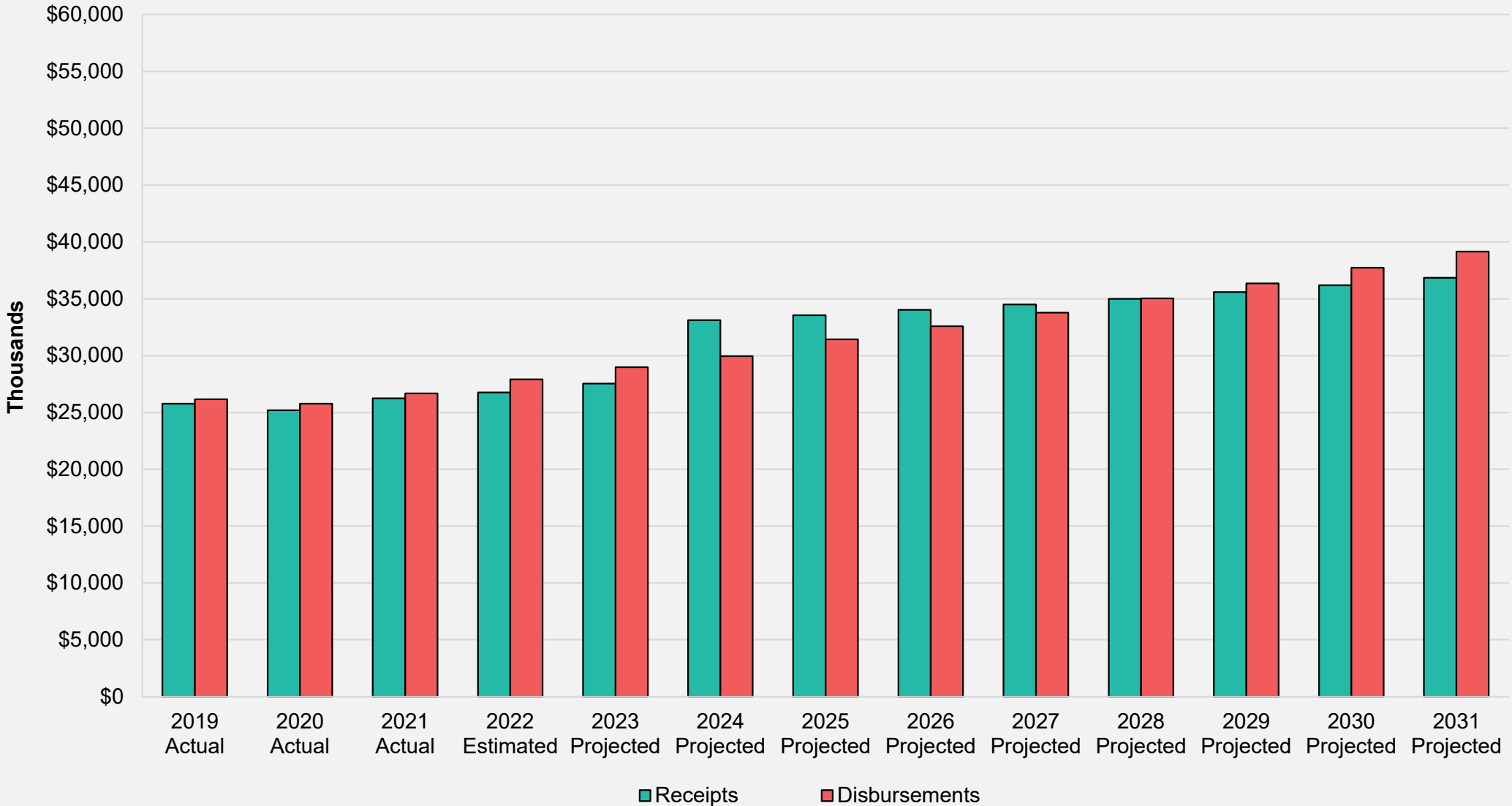
Proposed Operating Referendum (2024 – 2031)	
Proposed Operating Referendum Tax Rate (1):	\$0.3204
Estimated 2024 Operating Referendum Levy (2):	\$4,995,300
Estimated Average Annual Referendum Fund Revenue (3):	\$6,286,695
Estimated December 31, 2031, Cash Balance – Combined Funds (4):	\$5,873,625
Estimated December 31, 2031, Operating Balance Percentage (5):	15%

- (1) Tax rate per \$100 of assessed valuation.
- (2) Based upon the 2023 certified net assessed valuation, including TIF assessed valuation, per the Department of Local Government Finance (DLGF), with 4.21% assumed growth in 2024, per Policy Analytics, LLC.
- (3) Assumes a license excise/financial institutions tax factor of 8.055%, based upon 2022 DLGF certifications, and average annual assessed value growth of 4.31%, per Policy Analytics, LLC.
- (4) Includes the Education Fund, School Referendum Fund, Operations Fund, and Rainy Day Fund.
- (5) Includes the Education Fund, School Referendum Fund, and Operations Fund. Calculation excludes interfund transfers from disbursements and currently existing Rainy Day funds.



Actual & Projected Receipts & Disbursements – Referendum

Includes the Education (101), School Referendum (160), Operations (300), & Rainy Day (610) Funds

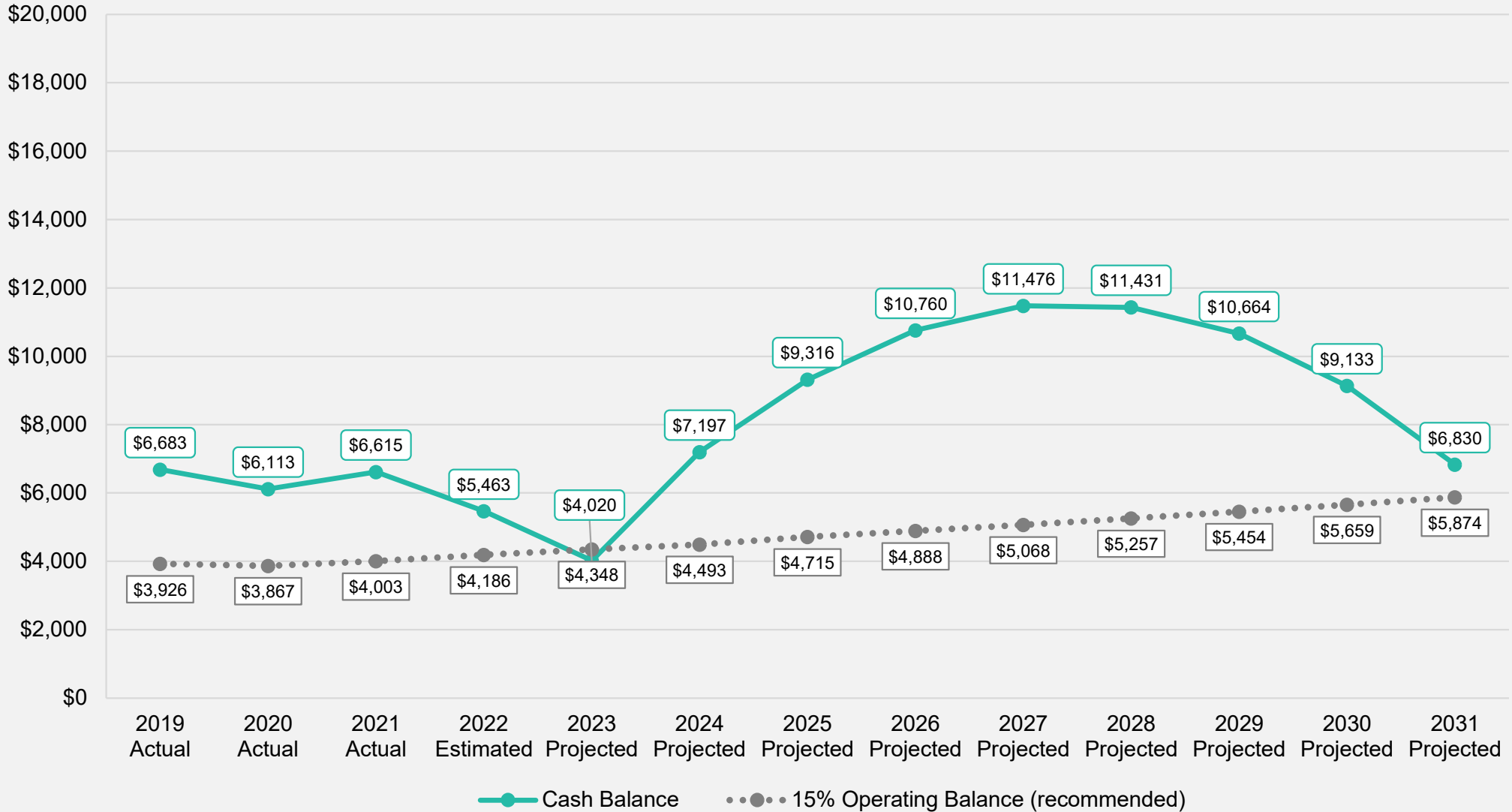


Note: Receipts and disbursements exclude interfund transfers.



Actual & Projected Year-Ending Cash Balances – Referendum

Includes the Education (101), School Referendum (160), Operations (300), & Rainy Day (610) Funds



Note: Calculation of 15% operating balance excludes interfund transfers.



Impact to Taxpayers

Summary of Estimated Maximum Taxpayer Impact

Proposed Operating Referendum (2024 – 2031)

Proposed Operating Referendum Tax Rate (1):	\$0.3204
Estimated Average Annual Operating Referendum Revenue (2):	\$6,286,695

Estimated Taxpayer Impact – Monthly & Annual Basis

Market Value of Home (Gross Assessed Value)	Net Assessed Value (3)	Monthly Basis	Annual Basis
\$150,000	\$66,300	\$17.70	\$212.43
187,896 (4)	90,932	24.28	291.35
200,000	98,800	26.38	316.56
250,000	131,300	35.06	420.69
300,000	163,800	43.74	524.82
350,000	196,300	52.41	628.95
100,000 Commercial/Rental Property		26.70	320.40

- (1) Tax rate per \$100 of assessed valuation.
- (2) Based upon the 2023 certified net assessed valuation, including TIF assessed valuation, per the Department of Local Government Finance (DLGF), with 4.21% assumed growth in 2024, per Policy Analytics, LLC.
- (3) Tax impact based upon the net assessed valuation of home, which includes the standard deduction and supplemental homestead deduction. Tax impact based upon the net assessed valuation of home, which includes the standard deduction and supplemental homestead deduction. Pursuant to HEA 1260, for taxes payable in 2024 and thereafter, the homestead deduction will increase to a maximum of \$48,000 and the standard mortgage deduction will no longer be available.
- (4) Median value of homestead within the Town of Highland, Indiana, as certified by the Lake County Auditor.



Preliminary Form of Ballot Question

“Shall the School Town of Highland increase property taxes paid to the School Corporation by homeowners and businesses for eight (8) years immediately following the holding of the referendum for the purpose of funding staff retention and recruitment, school safety and security programs, and maintaining educational programming? If this public question is approved by the voters, the average property tax paid to the School Corporation per year on a residence would increase by 56.08% and the average property tax paid to the School Corporation per year on a business property would increase by 51.86%.”



Calculation of Ballot Question Percentages - Homesteads

Estimated Taxes Paid to:	School Town of Highland	Other Taxing Units	Total Tax Bill
Average Homestead Value (as certified by County Auditor)	\$187,896	\$187,897	\$187,898
Less: Deductions (1)	(\$95,014)	(\$95,014)	(\$95,014)
Equals: Average Net Assessed Value	\$92,882	\$92,883	\$92,884
Multiplied by: Average District Tax Rate (2)	\$0.7281	\$1.8498	\$2.5779
Equals: Average Gross Property Tax Liability – Homesteads	\$676.29	\$1,718.17	\$2,394.46
Less: Property Tax Replacement Credits (3)	(\$102.42)	(\$260.21)	(\$362.63)
Less: Circuit Breaker Tax Credits (4)	(\$43.17)	(\$109.68)	(\$152.85)
Equals: Average Net Property Tax Liability – Homesteads	\$530.70	\$1,348.28	\$1,878.98
Estimated Average Impact of Proposed Operating Referendum – Homestead Properties			
Estimated Maximum Operating Referendum Tax Rate	\$0.3204	\$0.0000	\$0.3204
Estimated Average Increase to Annual Property Tax Liability – Homesteads (\$)	\$297.60	\$0.00	\$297.60
Estimated Average Increase to Annual Property Tax Liability – Homesteads (%)	56.08%	0.00%	15.84%

- (1) Per the formula prescribed by the State of Indiana, includes the standard deduction and the supplemental homestead deduction.
- (2) Reflects 2022 certified tax rates for the School Corporation and the overlapping units comprising the Highland taxing district, per the DLGF.
- (3) Includes PTRC of 15.1447% for all properties, per the Lake County Auditor's Office. Local property tax replacement credits are not applied to operating referendum tax rates, per Indiana Code 6-3.6-5-6.
- (4) Reflects estimated circuit breaker tax credits for property subject to the 1% tax cap allocated on a pro-rata basis. Referendum tax levies not subject to circuit breaker.



Calculation of Ballot Question Percentages - Businesses

Estimated Taxes Paid to:	School Town of Highland	Other Taxing Units	Total Tax Bill
Average Business Value (as certified by County Auditor)	\$108,221	\$108,221	\$108,221
Less: Deductions (1)	\$0	\$0	\$0
Equals: Average Net Assessed Value	\$108,221	\$108,221	\$108,221
Multiplied by: Average District Tax Rate (2)	\$0.7281	\$1.8498	\$2.5779
Equals: Average Gross Property Tax Liability – Businesses	\$787.96	\$2,001.87	\$2,789.83
Less: Property Tax Replacement Credits (3)	(\$119.33)	(\$303.18)	(\$422.51)
Less: Circuit Breaker Tax Credits (4)	\$0.00	\$0.00	\$0.00
Equals: Average Net Property Tax Liability – Businesses	\$668.63	\$1,698.69	\$2,367.32
Estimated Average Impact of Proposed Operating Referendum – Business Properties			
Estimated Maximum Operating Referendum Tax Rate	\$0.3204	\$0.0000	\$0.3204
Estimated Average Increase to Annual Property Tax Liability – Businesses (\$)	\$346.75	\$0.00	\$346.74
Estimated Average Increase to Annual Property Tax Liability – Businesses (%)	51.86%	0.00%	14.65%

(1) Per the formula prescribed by the State of Indiana, business properties receive no deductions.

(2) Reflects 2022 certified tax rates for the School Corporation and the overlapping units comprising the Highland taxing district, per the DLGF.

(3) Includes PTRC of 15.1447% for all properties, per the Lake County Auditor's Office. Local property tax replacement credits are not applied to operating referendum tax rates, per Indiana Code 6-3.6-5-6.

(4) Reflects estimated circuit breaker tax credits for property subject to the 3% tax cap allocated on a pro-rata basis. Referendum tax levies not subject to circuit breaker.



Questions?



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