

Tipton Community School Corporation

Presentation Regarding Facility Improvement and Financing Methods



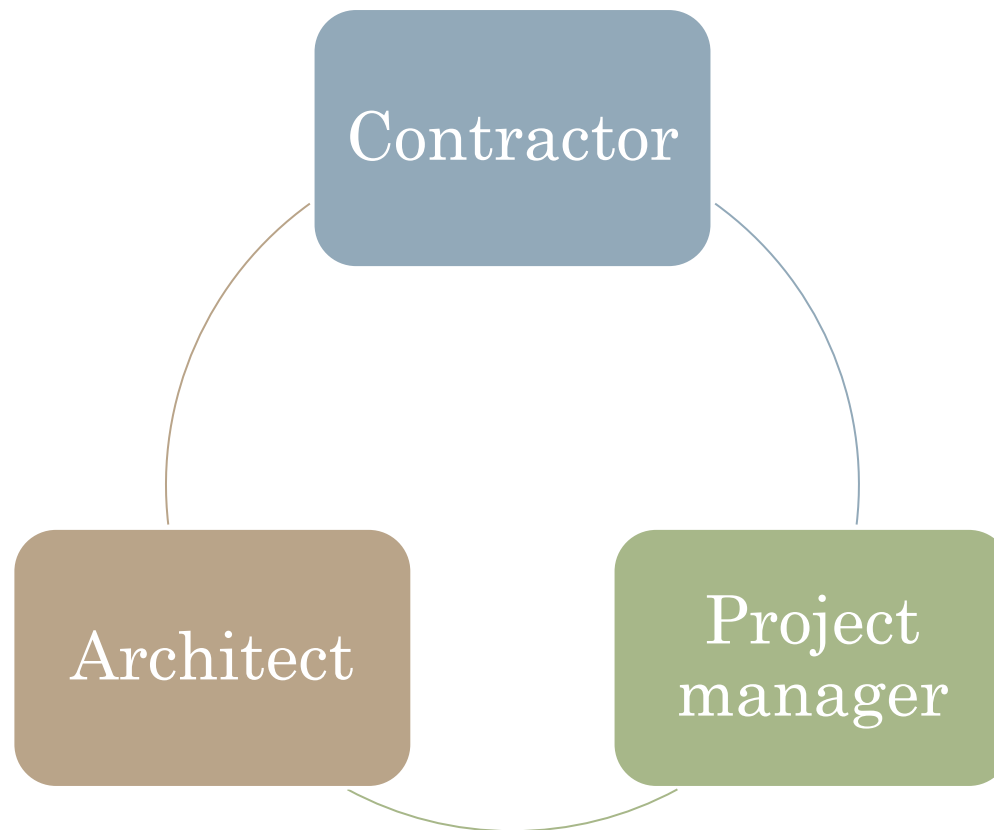
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February 9, 2021

Construction Method Overview

Primary Construction Professional Team Members



Construction Methods

Design-Bid-Build

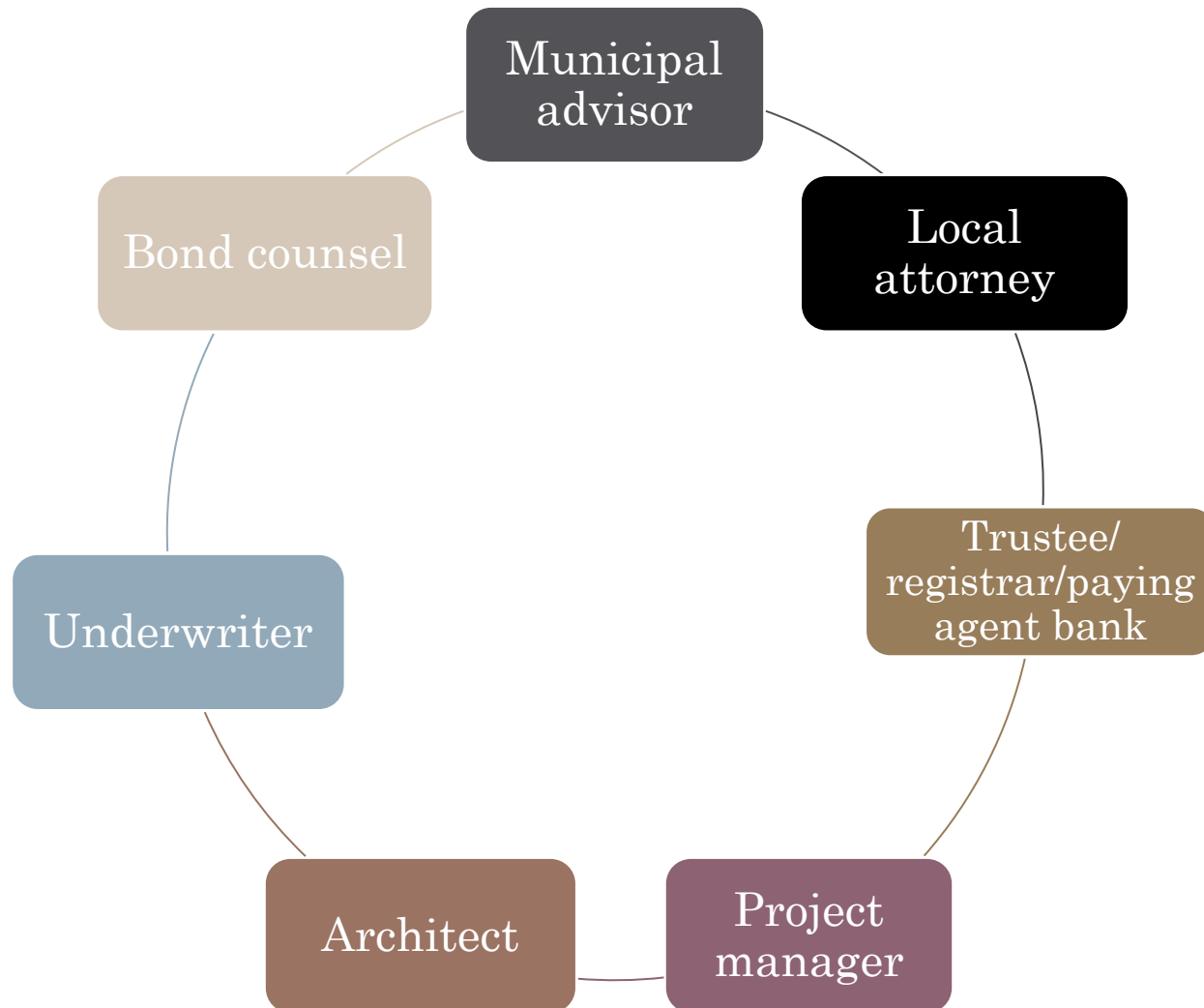
Guaranteed Savings

Design-Build

Construction Manager as Constructor

School Financing Overview

Primary Financing Professional Team Members



Project Funding Options for Indiana School Corporations

General Obligation Bonds

First Mortgage Bonds

Guaranteed Savings Installment
Payment Contracts

State Loan Programs

Cash

General Obligation Bonds

- Issued by the School Corporation for current capital improvements and equipment purchases or to reimburse for costs incurred in prior years
- Limitations
 - Maximum 20-year maturity
 - Debt Limit: Aggregate outstanding principal amount of all general obligation bonds may not exceed 2% of 1/3 of the net assessed value
- Bond Process
 - Public hearing and board approval process
 - Sold through a competitive sale
 - Proceeds are paid to the school corporation

What debt
is included
in the debt
limit?

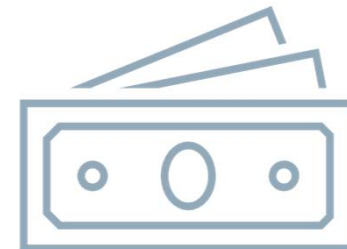
First Mortgage Bonds

- Issued by a non-profit local school building corporation to finance construction and renovation projects
- Limitations
 - Maximum 20-year maturity
 - Not subject to any debt limitation
- Bond Process
 - Public hearings and board approval process
 - Lease process
 - Land appraisal process
 - Can be sold through either a competitive or negotiated sale
 - A portion of the proceeds are paid to the school corporation and a portion may remain with the building corporation



Guaranteed Savings Installment Payment Contracts

- Executed between a bank and the School Corporation for facility renovations that provide utility and operational savings.
- Limitations
 - Maximum 20-year maturity but may be less based on term of the Guaranteed Savings Contract
 - Payable solely from the Operations Fund
 - Not subject to any debt limitation
- Financing Process
 - Public hearing and board approval process
 - Sold through a negotiated sale with a bank
 - All of the proceeds paid to the School Corporation or deposited into a project escrow account





Common School Fund



Education technology
program



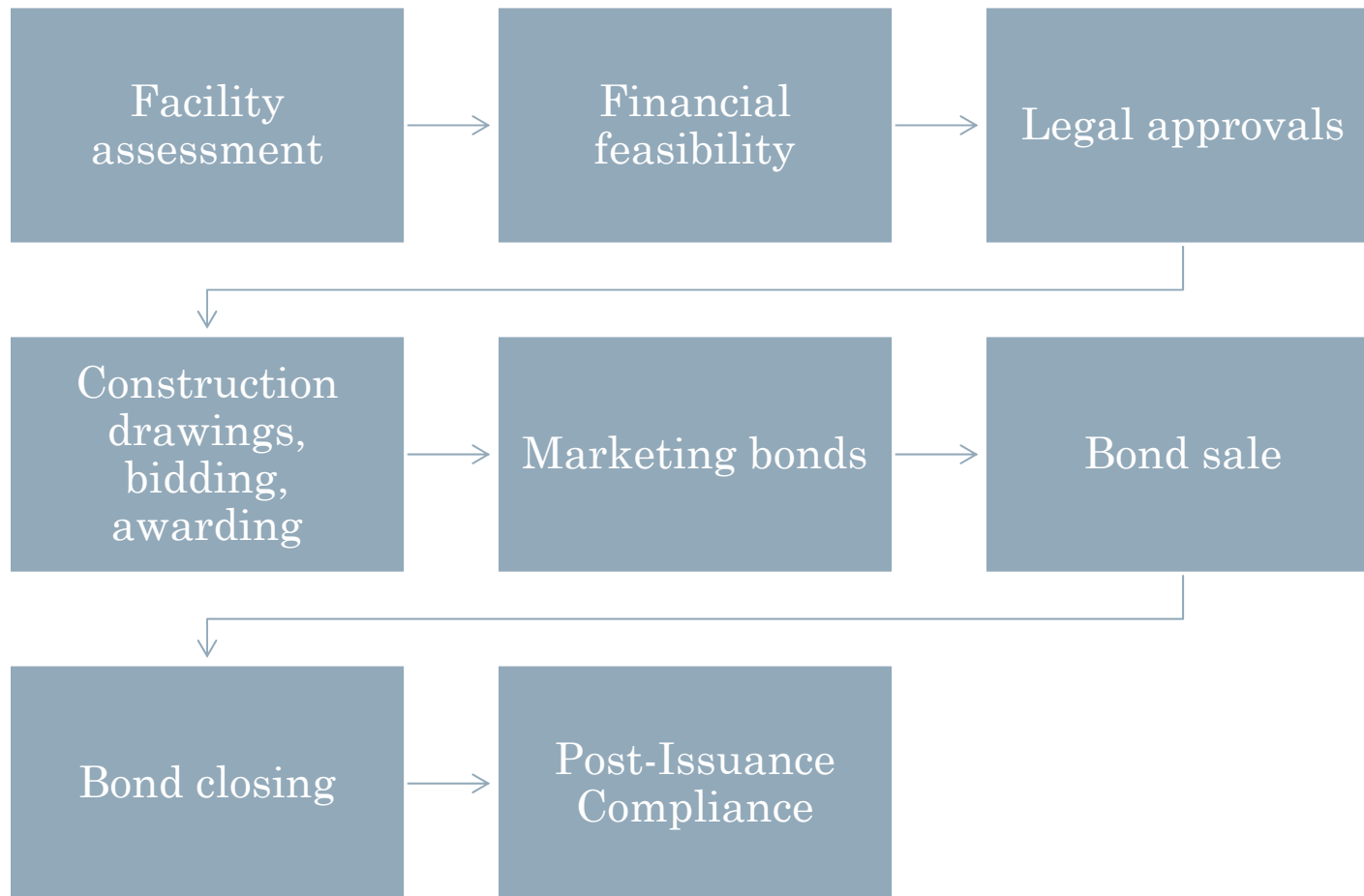
HELP program



Community funding
resource

State Loan Programs

Overview of Project Process



Approval Process— Project Thresholds for 2021

What is a
Project?

Non-Controlled	Controlled	
No Taxpayer Opposition	Petition- Remonstrance	Referendum
• No greater than \$5,575,000	• More than \$5,575,000 but no more than \$10,240,000	• Above \$10,240,000

*Represents thresholds based on School Corporation's pay 2020 Gross Assessed Value of \$1,024,160,720. The School Corporation's pay 2021 Gross Assessed Value is not yet available.

Approval Process

- Non-Controlled Projects
 - Approval of School Board/Building Corporation
- Controlled Projects
 - Approval of School Board/Building Corporation
 - Petition-Remonstrance, if requested
 - Referendum, if requested



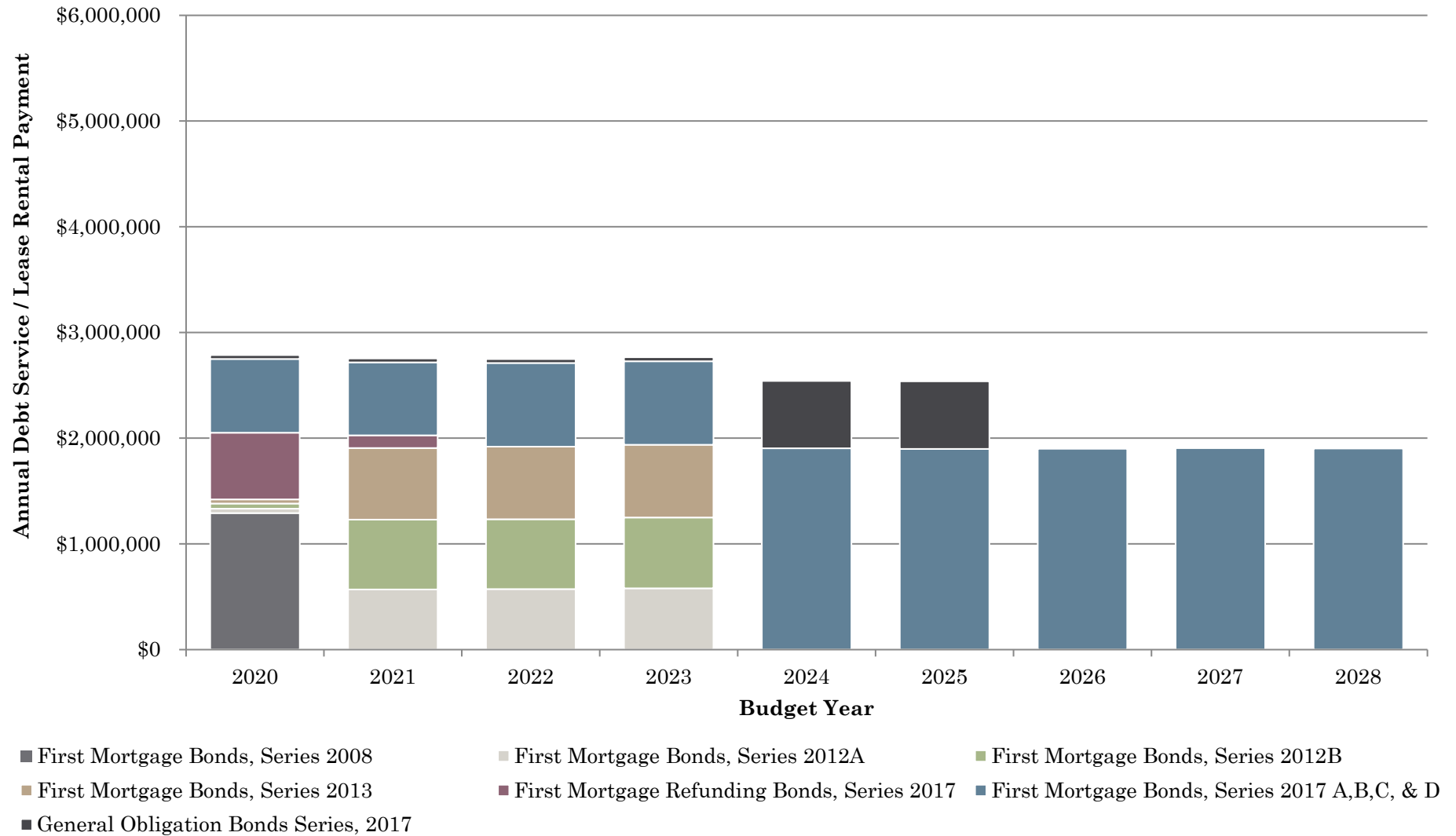
Illustrative Financing Options

Schedule of Existing Annual Debt Service/ Lease Rental Payments

Budget Year	First Mortgage Bonds, Series 2008	First Mortgage Bonds, 2012A	First Mortgage Bonds, 2012B	First Mortgage Bonds, Series 2013	First Mortgage Bonds, Series 2017	First Mortgage Bonds, 2017A	First Mortgage Bonds, 2017B	First Mortgage Bonds, 2017C	First Mortgage Bonds, 2017D	General Obligation Bonds Series, 2017	Total
2020	\$1,291,000	\$42,000	\$48,000	\$40,000	\$630,000	\$87,000	\$104,000	\$130,000	\$377,000	\$36,900	\$2,785,900
2021		569,000	660,000	677,000	120,000	86,000	102,000	128,000	375,000	36,900	2,753,900
2022		572,000	661,000	686,000		104,000	126,000	140,000	422,000	36,900	2,747,900
2023		579,000	670,000	688,000		107,000	124,000	138,000	422,000	36,900	2,764,900
2024						273,000	364,000	317,000	950,000	637,400	2,541,400
2025						274,000	357,000	315,000	952,000	639,100	2,537,100
2026						275,000	355,000	317,000	952,000		1,899,000
2027						275,000	357,000	318,000	955,000		1,905,000
2028						274,000	359,000	318,000	951,000		1,902,000
Totals	<u>\$1,291,000</u>	<u>\$1,762,000</u>	<u>\$2,039,000</u>	<u>\$2,091,000</u>	<u>\$750,000</u>	<u>\$1,755,000</u>	<u>\$2,248,000</u>	<u>\$2,121,000</u>	<u>\$6,356,000</u>	<u>\$1,424,100</u>	<u>\$21,837,100</u>

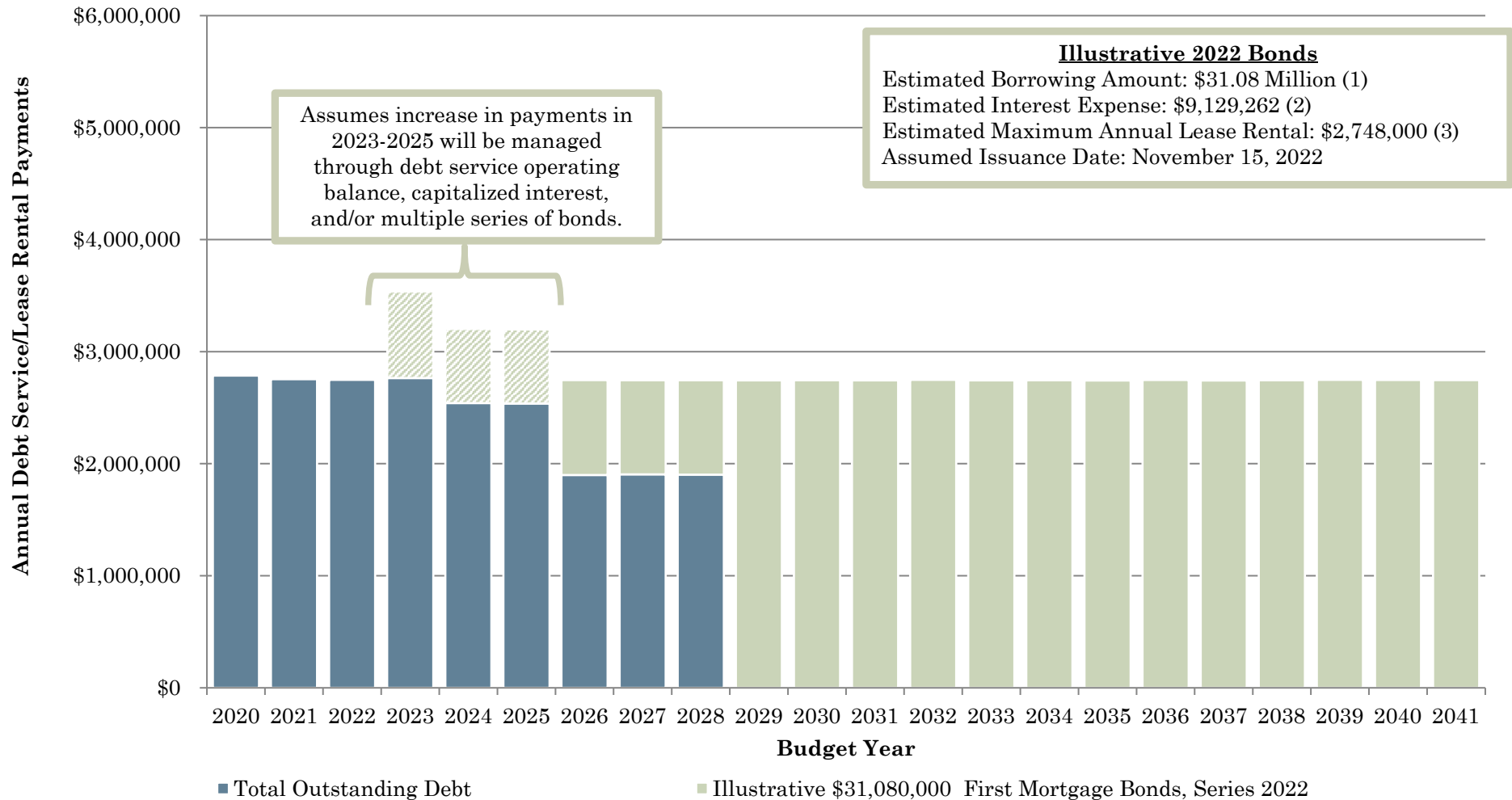
Note: Assumes bonds are budgeted on a budget year basis per the 2021 Debt Service Worksheet. Excludes budget for fees and unreimbursed textbooks.

Existing Annual Debt Service/ Lease Rental Payments



Note: The School Corporation's current allowable maximum operating balance is approximately \$1,100,000. Beginning in 2023 the maximum allowable operating balance is approximately \$380,000, resulting in a spend down of approximately \$720,000 needed in 2021-2023. If the School Corporation does not levy for the maximum operating balance in 2022, a portion of this spend down will be spent before 2023.

Existing and Illustrative Annual Debt Service/ Lease Rental Payments



- (1) Estimated 20-year maximum borrowing amount based on estimated interest rates at time of issuance. If interest rates increase by 1.0% the estimated maximum borrowing capacity would be approximately \$28.615 million. For each 1 basis point increase in interest rate borrowing capacity decreases by approximately \$25,000. These estimates do not take into account multiple series of Bonds.
- (2) Based on estimated interest rates at time of issuance. Actual interest rates may vary materially from the rates used in this analysis.
- (3) Estimated annual payments shown for the illustrative bonds are for illustrative purposes only. A cash flow may be prepared, and estimated payment levels adjusted depending on the School Corporation's objectives.

Illustrative Timetable

Illustrative 2022 Bonds (Assumes Subject to Referendum)

- October 26, 2021: Publish and mail Notice of 1028-Preliminary Determination Public Hearings
- November 9, 2021: School Board holds first 1028-Preliminary Determination Public Hearing
- November 23, 2021 (Special Meeting): School Board holds second 1028-Preliminary Determination Public Hearing and adopts 1028-Preliminary Determination-Reimbursement Resolution—Referendum Limitations go into effect
- November 30, 2021: Publish and mail Notice of Preliminary Determination—triggers 30-day Referendum Request Period
- December 30, 2021: Last day of 30-day Referendum Request Period
- December 31, 2021: Contact County Clerk to determine if Referendum Request Petition filed

If Referendum Requesting Petition Filed

- January 14, 2021: County Clerk provides confirmation of sufficient valid signatures to trigger a Referendum
- January 17, 2021: School Corporation provides County Auditor and County Clerk with the Preliminary Form of the Public Question
- January 18, 2021: County Auditor certifies the Preliminary Form of the Public Question
- January 21, 2022: County Election Board approves the Preliminary Form of the Public Question and forwards to the DLGF for review and approval
- January 31, 2022: DLGF issues approval or denial order
- No later than noon on February 18, 2022: County Auditor certifies Final Form of the Public Question
- May 3, 2022: Primary Election
- May 4, 2022: Proceed with Design Work, assuming Project and Financing approved by a majority of the voters
- No later than December 1, 2022: Issue first series of Bonds

If Referendum Requesting Petition Not Filed

- January 3, 2022: Proceed with Design Work
- No later than May 26, 2022: Issue first series of Bonds

Supplemental Information

Enrollment

<u>School</u>	<u>School Year</u>				
	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Tipton Elementary School	715	670	645	633	586
Tipton Middle School	390	375	381	372	362
Tipton High School	<u>520</u>	<u>507</u>	<u>506</u>	<u>473</u>	<u>473</u>
Totals	<u><u>1,625</u></u>	<u><u>1,552</u></u>	<u><u>1,532</u></u>	<u><u>1,478</u></u>	<u><u>1,421</u></u>

<u>Year</u>	<u>Projected Enrollment</u>
2021/2022	1,401
2022/2023	1,388
2023/2024	1,375
2024/2025	1,345
2025/2026	1,327

Historical Net Assessed Valuation

<u>Year</u> <u>Payable</u>	<u>Real Estate</u>	<u>Utilities</u>	<u>Personal</u> <u>Property</u>	<u>Total</u> <u>Taxable Value</u>
2016	\$512,037,255	\$29,917,720	\$74,207,810	\$616,162,785
2017	504,851,311	31,641,450	75,306,220	611,798,981
2018	495,360,962	35,936,600	74,543,390	605,840,952
2019	486,316,451	39,840,159	76,577,800	602,734,410
2020	496,081,439	45,450,900	85,481,930	627,014,269

Source: Tipton County Auditor's Office.

Detail of Net Assessed Valuation

(Assessed 2019 for Taxes Payable in 2020)

	Cicero Township	Tipton City	Jefferson Township	Kempton Town	Madison Township	Elwood City	Total
Gross Value of Land	\$104,824,200	\$44,232,000	\$50,219,100	\$2,574,600	\$60,756,100	\$198,000	\$262,804,000
Gross Value of Improvements	209,724,600	210,743,400	57,263,400	8,347,900	64,852,300	710,000	551,641,600
Total Gross Value of Real Estate	314,548,800	254,975,400	107,482,500	10,922,500	125,608,400	908,000	814,445,600
Less: Mortgage Exemptions, Veterans, Blind Age 65 & Other Exemptions	(89,301,951)	(95,959,026)	(26,847,615)	(5,310,544)	(34,783,716)	(354,470)	(252,557,322)
Tax Exempt Property	(4,249,800)	(23,979,780)	(1,124,700)	(593,400)	(632,400)		(30,580,080)
TIF	(32,708,571)		(2,518,188)				(35,226,759)
Net Assessed Value of Real Estate	188,288,478	135,036,594	76,991,997	5,018,556	90,192,284	553,530	496,081,439
Business Personal Property	92,633,990	47,632,170	8,837,860	184,350	5,530,550	127,730	154,946,650
Less: Deductions	(62,653,550)	(6,491,780)	(102,160)	(99,970)	(117,260)		(69,464,720)
Net Assessed Value of Personal Property	29,980,440	41,140,390	8,735,700	84,380	5,413,290	127,730	85,481,930
Utility Property	14,248,320	5,951,570	3,077,960	574,830	30,911,760	4,030	54,768,470
Less: Deductions					(9,317,570)		(9,317,570)
Net Assessed Value of Utility Property	14,248,320	5,951,570	3,077,960	574,830	21,594,190	4,030	45,450,900
Total Net Assessed Value	<u>\$232,517,238</u>	<u>\$182,128,554</u>	<u>\$88,805,657</u>	<u>\$5,677,766</u>	<u>\$117,199,764</u>	<u>\$685,290</u>	<u>\$627,014,269</u>

Gross Assessed Value: \$1,024,160,720.

Source: Tipton County Auditor's Office.

Comparative Schedule of Tax Rates

	Year Taxes Payable				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Detail of Tax Rate:					
Debt Service	\$0.2955	\$0.4525	\$0.3944	\$0.4122	\$0.3879
Capital Projects	0.2611	0.2616			
Transportation	0.2017	0.2116			
Bus Replacement	0.0343	0.0360			
Operations			0.5307	0.5280	0.5433
Totals	<u>\$0.7926</u>	<u>\$0.9617</u>	<u>\$0.9251</u>	<u>\$0.9402</u>	<u>\$0.9312</u>
County	\$0.4213	\$0.4382	\$0.4568	\$0.4575	\$0.4736
Library	0.1036	0.1079	0.1125	0.1130	0.1171
Solid Waste District	<u>0.0155</u>	<u>0.0161</u>	<u>0.0168</u>	<u>0.0169</u>	<u>0.0175</u>
Sub-Totals	<u>\$0.5404</u>	<u>\$0.5622</u>	<u>\$0.5861</u>	<u>\$0.5874</u>	<u>\$0.6082</u>
Cicero Township	\$0.1205	\$0.1244	\$0.1287	\$0.1308	\$0.1329
Jefferson Township	0.0636	0.0354	0.0435	0.0746	0.0792
Madison Township	0.0478	0.1141	0.1212	0.1213	0.0131
Tipton City*	2.1033	2.2006	2.2175	2.1192	2.1193
Elwood City*	2.7231	2.9172	2.8734	2.8233	2.7265
Kempton Town*	1.4276	1.4631	1.4958	1.5019	1.5698

*In addition, these taxing districts pay the Township Assistance and General tax rates of their respective townships, if the township levies such tax rate.

Source: DLGF Certified Budget Orders.

Comparative Schedule of Tax Rates

	Year Taxes Payable				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Rate*					
Cicero Township	\$1.4535	\$1.6483	\$1.6399	\$1.6584	\$1.6723
Tipton City	\$3.4486	\$3.7374	\$3.7419	\$3.6599	\$3.6719
Jefferson Township	\$1.3966	\$1.5593	\$1.5547	\$1.6022	\$1.6186
Kempton Town	\$2.7856	\$2.9870	\$3.0070	\$3.0493	\$3.1303
Madison Township	\$1.3808	\$1.6380	\$1.6324	\$1.6489	\$1.5525
Elwood City	\$4.0886	\$4.4747	\$4.4202	\$4.3866	\$4.2790

*Includes tax rates of overlapping taxing units.

Source: DLGF Certified Budget Orders.

Property Taxes Levied and Collected

<u>Collection Year</u>	<u>Taxes Levied</u>	<u>Circuit Breaker Tax Credit</u> (1)	<u>Taxes Levied Net of Circuit Breaker Tax Credit</u>	<u>Taxes Collected</u>	<u>Collected as Percent of Gross Levy</u>	<u>Collected as Percent of Net Levy</u>
2016	\$4,679,204	(\$200,990)	\$4,478,214	\$4,532,656	96.87%	101.22%
2017	4,781,444	(236,920)	4,544,524	4,602,516	96.26%	101.28%
2018	5,751,780	(358,585)	5,393,195	5,468,173	95.07%	101.39%
2019	5,489,795	(367,898)	5,121,897	5,144,711	93.71%	100.45%
2020	5,803,313	(389,337)	5,413,976	5,524,937	95.20%	102.05%

Source: The Tipton County Auditor's Office and the DLGF Certified Budget Orders for the School Corporation.

(1) Circuit Breaker Tax Credits allocable to the School Corporation per the DLGF.

Large Taxpayers

<u>Name</u>	<u>Type of Business</u>	2019/2020 Net Assessed <u>Valuation</u>	Percent of Total Net Assessed <u>Valuation (1)</u>
Chrysler Group LLC (2)	Mfg. transmissions	\$82,658,530	13.18%
Pioneer Hi Bred Int'l - A Dupont Company	Agri-seed production/sales/research	17,039,260	2.72%
Wildcat Wind Farm I LLC	Wind farm	14,266,880	2.28%
Park 100 Foods, Inc.	Mfg. soups & sauces	11,915,658	1.90%
A. G. Tebbe Farms, Inc.	Agriculture	8,895,105	1.42%
Integrity Edm LLC	Electrical discharge machining	8,457,348	1.35%
Comcast of ILINOH LLC	Cable, phone, internet	7,975,190	1.27%
Norfolk Southern Corporation	Railway	6,850,320	1.09%
Cargill, Inc.	Grain elevator	6,649,110	1.06%
Indiana Gas Company, Inc.	Utility	<u>5,985,390</u>	<u>0.95%</u>
Totals		<u><u>\$170,692,791</u></u>	<u><u>27.22%</u></u>

- (1) The total net assessed valuation of the School Corporation is \$627,014,269 for taxes payable in 2020, according to the Tipton County Auditor's office.
- (2) Located in a tax increment allocation area; therefore, all or a portion of the taxes are captured as TIF and are not distributed to individual taxing units.

Source: County Auditor's office and the DLGF. Individual parcel data is submitted by the County Auditor to the DLGF once a year for preparation of the county abstract.

Cash Balances by Fund

<u>Fund</u>	As of December 31				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General	\$2,593,927	\$2,508,006	\$1,912,846	\$1,814,538	
Education*					\$552,061
Debt Service	1,067,171	1,101,343	1,125,801	1,313,903	1,127,513
Operations*					2,421,082
Capital Projects	698,877	855,648	1,053,427	1,393,250	
Transportation	902,293	721,828	600,738	671,499	
Transportation School Bus Replacement	291,361	384,505	241,142	235,959	
All Other Funds	<u>1,586,134</u>	<u>2,439,037</u>	<u>7,174,653</u> **	<u>5,698,529</u>	<u>5,979,688</u>
Totals	<u>\$7,139,763</u>	<u>\$8,010,367</u>	<u>\$12,108,606</u>	<u>\$11,127,679</u>	<u>\$10,080,344</u>

Source: School Corporation's Form 9s.

*The Operations Fund has been created to replace, in part, the General Fund and, in whole, the Capital Projects Fund, the Transportation Fund, the Art Association Fund, the Historical Society Fund, the Playground Fund, and the Bus Replacement Fund, which were repealed by the Indiana General Assembly effective January 1, 2019. The Operations Fund is used to pay for expenditures not directly related to student instruction and learning, including all of the expenditures of the previously existing funds and the portions of the operational expenses not paid for by the Education Fund. The Education Fund replaced, in part, the General Fund effective January 1, 2019 and is used for expenditures related to student instruction and learning. A property tax levy to support the Operations Fund has replaced all other school property tax levies, except for the debt service levies or a levy approved by a referendum.

**Includes proceeds received from the issuance of bonds in 2017.