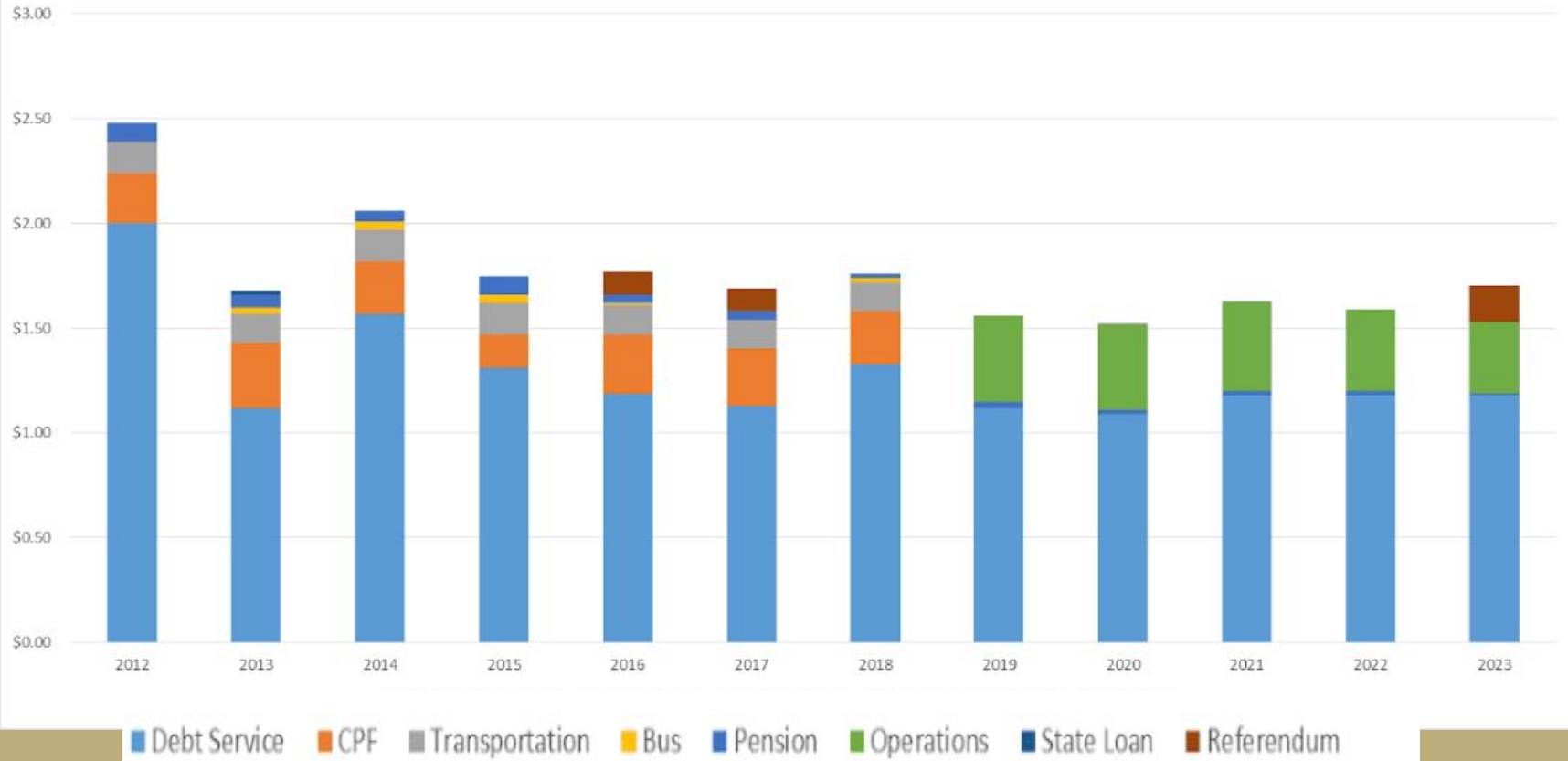


Report: Property Tax Rates, Reassessment, and Assessed Valuation

April 17, 2023



MVCSC Historical Tax Rates 2012-2023



MVCSC Fund Structure

- ***Education: No property taxes (state sales, income, excise)***
- ****Debt Service: Protected (1%)***
- ****Pension Debt: Protected (1%)***
- ****Operations: Not protected (66%)***
- ***Referendum: Exempt, property taxes including TIF assessed valuation***



MVCSC Tax Rate Facts

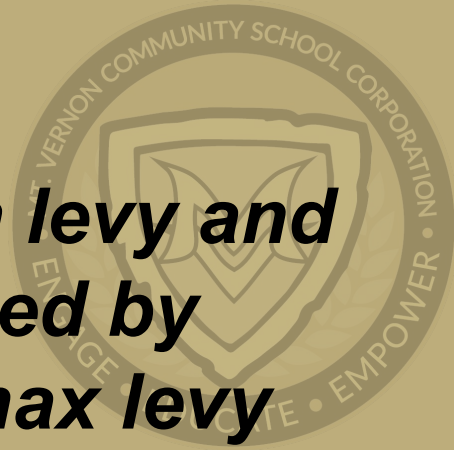
- ***The “capped” rate (the “regular budget”) has decreased \$0.09 over the past two years***
- ***The net impact of the referendum to the overall school tax rate is +\$0.12***
- ***The referendum rate is outside the cap for every taxpayer, including TIF properties***



Rate Driven vs. Levy Driven

Levy Driven Funds: The maximum levy and annual growth factor are determined by DLGF. The rate is then based on max levy and CNAV. Or, exact revenue is collected to pay annual existing obligations (amortization schedule)

Operations Fund
Pension Debt Fund



Rate Driven vs. Levy Driven

Rate Driven Funds: A rate is established and future obligations are structured to account for growth. Most common approach for debt service funds in growing suburban districts.



Debt Service: Why a Flat Rate?

- ***Avoids “roller coaster rate” changes***
- ***Helps future forecasting***
- ***Implement statutorily allowable support for operations fund***
- ***Pay back debts sooner (interest savings)***
- ***Kept the Future Growth Plan within the “capped” budget: No capital referendum!***
- ***Practical changes in debt service rate impacts few homes because of tax caps***



Debt Service: Why a Flat Rate?

2022



- + CNAV Growth
- Debt Payoffs
- Reduced Payments
- +/- Statutory Changes
- + Capacity for Maintenance
- +/- Operations Fund Support

2023



CNAV Growth



- ***“Certified Net Assessed Valuation”***
- ***Taxable property value after credits and deductions have been applied to the Gross AV, as determined by the County Assessor***
- ***Growth comes from reassessment, reclassification, AND new rooftops***
- ***2023 Statewide Average: +7.5% (per IASBO data)***

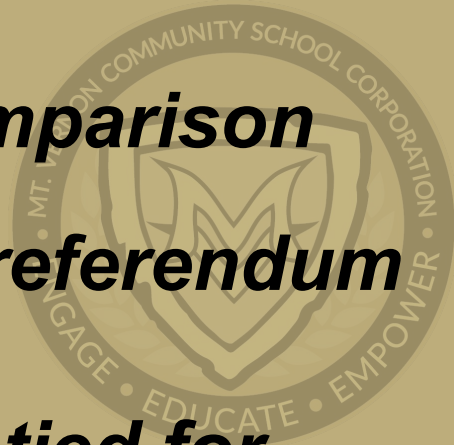
MVCSC Historical CNAV Growth

| <i>Tax Year</i> | <i>% Growth</i> | <i>% Homesteads/Total CNAV</i> | <i>% Change in Homestead CNAV</i> |
|------------------------|------------------------|---------------------------------------|--|
| <i>2023</i> | <i>23</i> | <i>64</i> | <i>28</i> |
| <i>2022</i> | <i>15</i> | <i>62</i> | <i>12</i> |
| <i>2021</i> | <i>8</i> | <i>64</i> | <i>13</i> |
| <i>2020</i> | <i>5</i> | <i>61</i> | <i>6</i> |
| <i>2019</i> | <i>6</i> | <i>60</i> | <i>10</i> |
| <i>2018</i> | <i>4</i> | <i>58</i> | <i>7</i> |



Indy Metro School Corporation Comparison

- ***19 corporations have at least one referendum***
- ***8 also have a capital referendum***
- ***MV's operating referendum rate is tied for 2nd lowest***
- ***MV has the 3rd highest Tax Cap Impact (15.3%)***
- ***MV has the 4th highest % of TIF CNAV compared to capped CNAV***



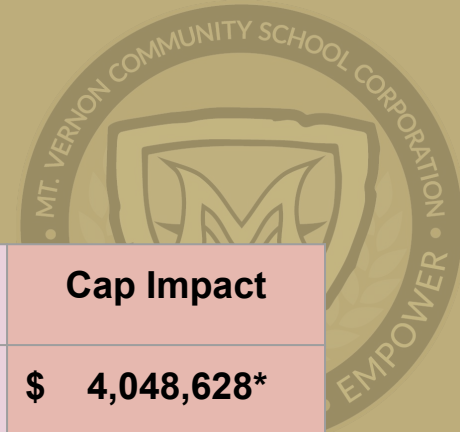
Indy Metro Schools 2022 to 2023

Six of 17 dropped the TOTAL referendum rate

- ***1 of 6 also has a capital referendum***
- ***1 of 6 allowed a THIRD rate to expire***
- ***1 of 6 raised debt service = referendum decrease***
- ***1 of 6 was a renewal at a new rate (-\$0.01)***
- ***Average decrease = \$0.022***

Edinburgh and MV come onto the books in 2023. Edinburgh did not preemptively adjust their rate

Operations Fund History



| Tax Year | Gross Levy | Net Levy | Rate | Cap Impact |
|-----------------|---------------------|---------------------|---------------|----------------------|
| 2023 | \$ 6,143,945 | \$ 2,095,317 | \$0.34 | \$ 4,048,628* |
| 2022 | \$ 5,730,083 | \$ 2,166,265 | \$0.39 | \$ 3,831,602 |
| 2021 | \$ 5,259,440 | \$ 1,992,844 | \$0.43 | \$ 3,266,595 |
| 2020 | \$ 4,696,466 | \$ 3,216,468 | \$0.41 | \$ 1,479,997 |
| 2019 | \$ 4,448,899 | \$ 3,156,061 | \$0.41 | \$ 1,292,837 |

2023 Operations Analysis (Local Tax Support Only)

| | |
|---------------|--------------|
| Gross Levy | \$6,000,000 |
| Cap Impact* | -\$4,000,000 |
| Increment | -\$3,000,000 |
| Referendum | +\$3,000,000 |
| Waiver* | +\$2,500,000 |
| Miscellaneous | +\$1,000,000 |
| Net Revenue | +5,500,000 |

- \$10.7 Million Operations Budget for 2023
- Avg Exp '19-'22 = \$9.8M

Operations must be supported by the education fund, one-time cash reserves, shifting legally allowable capital expenditures to debt service, and prudent management of expenditures.

MV estimates 80% of homesteads are at the constitutional cap (70% in 2020)

| Homestead Tax Scenario: T o M | 2021 CNAV + 2023 Rates | 2023 CNAV + 2023 Rates |
|--|------------------------|------------------------|
| Gross AV | 201,825 | 252,281 (+20%) |
| CNAV | 98,936 | 131,733 |
| Total Rate | 2.881 | 2.881 |
| School Rate | 1.533 | 1.533 |
| Effective Rate | 2.040 | 1.9151 |
| Tax Bill | 2,018 | 2,523 |
| MV Gross Revenue | 1,517 | 2,019 |
| MV Net Revenue | 1,071 | 1,339 |
| Operations Net Levy (Cap Impact) | -97 | -216* |
| MV Debt Rate Change (Adjusted Tax Bill) | N/A | -\$0.12 (\$2,523) |
| Referendum Levy | 168* | 224** |

| Homestead Tax Scenario: T o M | 2022 AV & 2022 Rates | 2023 |
|--|----------------------|-------------------|
| Gross AV | 400,000 | 480,000 (+20%) |
| CNAV | 227,500 | 279,750 |
| Total Rate | 3.0318 | 2.8881 |
| School Rate | 1.586 | 1.533 |
| Effective Rate | 1.7582 | 1.7158 |
| Tax Bill | 4,000 | 4,800 |
| MV Gross Revenue | 3,608 | 3,953 |
| MV Net Revenue | 1,516 | 1,741 |
| Operations Net Levy (Cap Impact) | -599 | -755* |
| MV Debt Rate Change (Adjusted Tax Bill) | N/A | -\$0.12 (\$4,800) |
| Referendum Levy | 387* | 475** |

Capped Tax Relief Scenario



| | | | |
|----------------------|----------------|---------------|----------------|
| Gross AV | 480,000 | | |
| Tax Cap | 4,800 | | |
| Relief (-\$1) | 4,799 | | |
| T o M | 0.5058 | 0.300 | -0.2058 |
| County | 0.2997 | 0.180 | -0.1197 |
| Vernon | 0.5496 | 0.330 | -0.2196 |
| MV | 1.533 | 0.9108 | -0.6222 |

Referendum Forecast

- ***The school forecasted in October, 2021 that the Year 1 revenue for a \$0.17 Operating Referendum would be \$3,201,691***
- ***The anticipated 2023 revenue is between the forecast for years 2 & 3***
- ***The 2023 revenue will be 83% of the 8 year average annual revenue projection***
- ***Operational expenses were underfunded, by design, in the early years of the 8-year plan. This is part of the reason why the rate is relatively low compared to other districts***



2016-2018 MV Referendum

- ***Approved rate of \$0.11 for 3 years***
- ***Year 3 tax was not applied***
- ***Year 3 capped rate INCREASED +\$0.30***
- ***Year 3 total rate INCREASED +\$0.19***
- ***“Operations” did not receive \$6.5M of increment support***
- ***Cash was utilized to pay debt obligations***



Making capped rate decreases to offset referendum rate increased actual cost to taxpayers more in this case, negatively impacted operations revenue, and possibly (?) set off the tax cap impacts we see today because of a large 1-year increase in the overall rate

Summary

- *The issue appears to be reassessment*
- *We use debt rate for maintenance and yearly capital needs*
- *We have annual GO Bond maintenance, chromebooks, and bus purchases to address this summer/fall*
- *We are not adding new debt, we replace debt that is falling off, factor in growth and declining payments*
- *Dropping debt rate impacts very few homeowners*
- *There are many unknowns due to potential legislation*
- *Our funds are more closely interconnected than most school districts*
- *Repairing MVHS heat pumps, or any deferred repair needs, will only cost more in the future*

