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South Bend Community School Corporation

Operating & Capital Referenda Preliminary Determination Hearing

November 18, 2019
&
December 2, 2019

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Baseline Financial Projections

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South Bend Community School Corporation
Cash Flow Assumptions – Education Fund

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Cash Flow Assumptions:	Receipts (Baseline)
State Aid	Annual enrollment projections as provided by the School Corporation; FY2019, FY2020 and FY2021 Foundation and Special Education Grant amounts increased per State guidelines with no annual State Aid increase for FY2022 and beyond.
Investment Income	Allocated to the Operations Fund per the pay 2019 1782 Notice.
Interfund Transfers	Represents initial transfer into the Education Fund from the General Fund on January 1, 2019; years 2021 and beyond assume an annual transfer of approximately $1.35M from the Operating Fund to achieve a 10% operating balance in the Education Fund by December 31, 2028.
Other Revenues	2019 assumptions obtained from pay 2019 1782 Notice; assumes no annual increase in 2020 and beyond.

Cash Flow Assumptions:	Disbursements (Baseline)
Instruction, Support Services and Community Services	2019 and 2020 disbursements obtained from information provided by the School Corporation. Assumes the following salary increases: $900,000 in 2021 and annual increases of $1.6M per year for years 2022 – 2024; assumes 2% annual inflationary increase in 2025 and beyond. Other disbursements for years 2021 and beyond assume a 2% annual inflationary increase.
Interfund Transfers Out	Represents transfer from Education Fund to Operations Fund for expenses that are now classified to the Operations Fund beginning in 2019. Assumes $21.4M transferred to Operations in 2019 and $17.9M in 2020; assumes annual transfers to the Operations Fund cease in 2021 and beyond. Assumes a $12M transfer to the Transformation Zone in 2020 with a 2% annual inflationary increase in 2021 – 2024.

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South Bend Community School Corporation
Cash Flow Assumptions – Operations Fund

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Cash Flow Assumptions:	Receipts (Baseline)
Property Tax Levy & Circuit Breaker	2019 certified property tax levy and Circuit Breaker data from the Department of Local Government Finance; 2020 tax levy from information provided by the School Corporation; 2021 and beyond based upon estimated statewide maximum growth quotient projections.
License Excise, CVET, and FIT	Assumes same factor increase used for property taxes based upon statewide growth quotient.
Interfund Transfers	Represents transfer from the Education Fund for expenses that are now classified to the Operations Fund beginning in 2019. Assumes \$21.4M transferred to Operations in 2019 and \$17.9M in 2020; assumes annual transfers to the Operations Fund cease beginning in 2021.
Other Revenues	2019 and 2020 from information provided by the School Corporation; no annual growth assumed in 2021 and beyond.
Cash Flow Assumptions:	**Disbursements (Baseline)**
Support Services, Community Services and Facilities, Acquisition and Construction	2019 and 2020 disbursement assumptions obtained from information provided by the School Corporation; disbursements for 2021 and beyond assume a 2% annual inflationary increase. Does not include specific assumptions for School Bus Replacement Plan.

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South Bend Community School Corporation
Estimated Circuit Breaker Tax Credits

Year	Estimated Annual Circuit Breaker Tax Credit (1)
2018	$6,977,998
2019	7,580,393
2020	12,814,841
2021	13,481,600
2022	14,065,827
2023	14,622,835
2024	15,218,796
2025	15,785,686
2026	16,379,500
2027	17,001,621
2028	17,649,028

(1) Years 2018 and 2019 are based upon information provided by the DLGF. Projections for years 2020 and beyond are provided by Policy Analytics.

Note: Exempt Debt Service under the "Eligible County Exemption" for Lake and St. Joseph Counties expires on December 31, 2019.

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SOUTH BEND COMMUNITY SCHOOL CORPORATION
ST. JOSEPH COUNTY, INDIANA

Education Fund - Comparison of Projected Receipts and Disbursements (2019 - 2028)

Baseline

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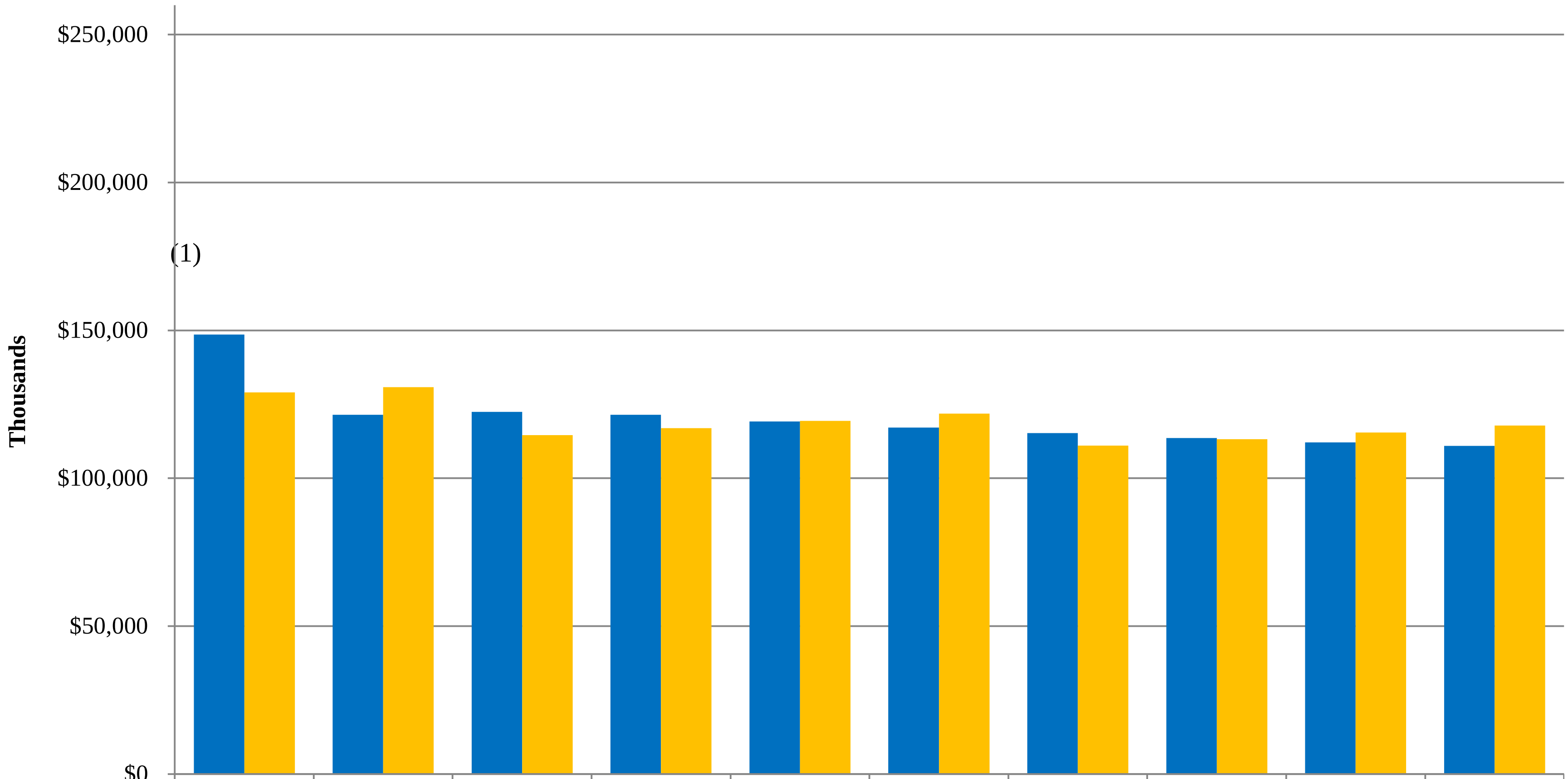

	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.
Receipts	$148,544,535	$121,416,447	$122,424,280	$121,442,060	$119,238,797	$117,107,878	$115,312,777	$113,581,639	$112,093,278	$110,931,230
Disbursements	$129,049,524	$130,833,413	$114,563,708	$116,989,857	$119,432,526	$121,892,051	$111,024,319	$113,244,803	$115,509,700	$117,819,894

(1) The projected increase in 2019 receipts includes a transfer of approximately $23.6M from the General Fund into the Education Fund on January 1, 2019.

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SOUTH BEND COMMUNITY SCHOOL CORPORATION
ST. JOSEPH COUNTY, INDIANA
Education Fund Projected Ending Cash Balances (2019 - 2028)
Baseline

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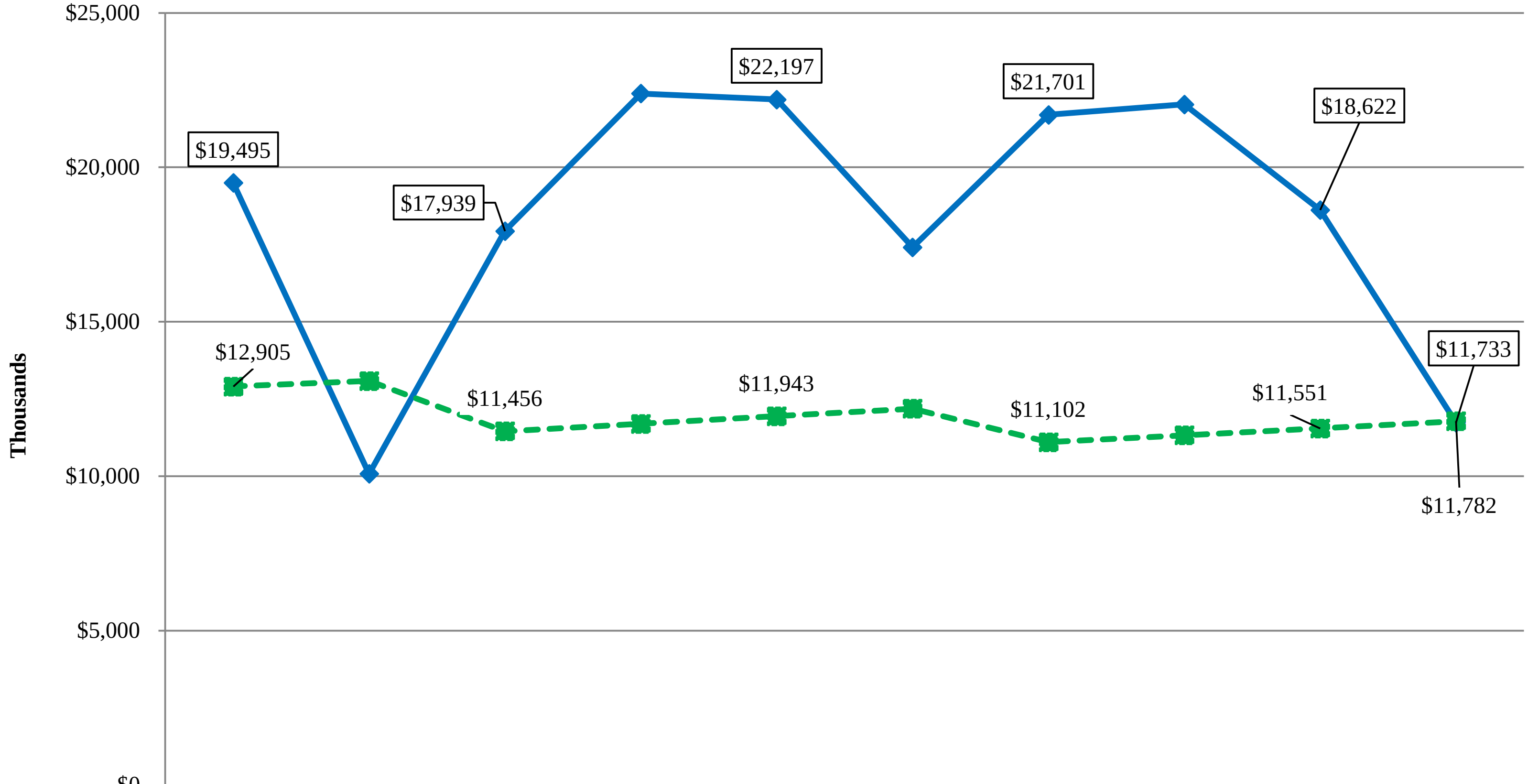

	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.
Ending Cash	$19,495,011	$10,078,045	$17,938,617	$22,390,820	$22,197,091	$17,412,918	$21,701,376	$22,038,212	$18,621,790	$11,733,126
10% Operating Balance	$12,904,952	$13,083,341	$11,456,371	$11,698,986	$11,943,253	$12,189,205	$11,102,432	$11,324,480	$11,550,970	$11,781,989

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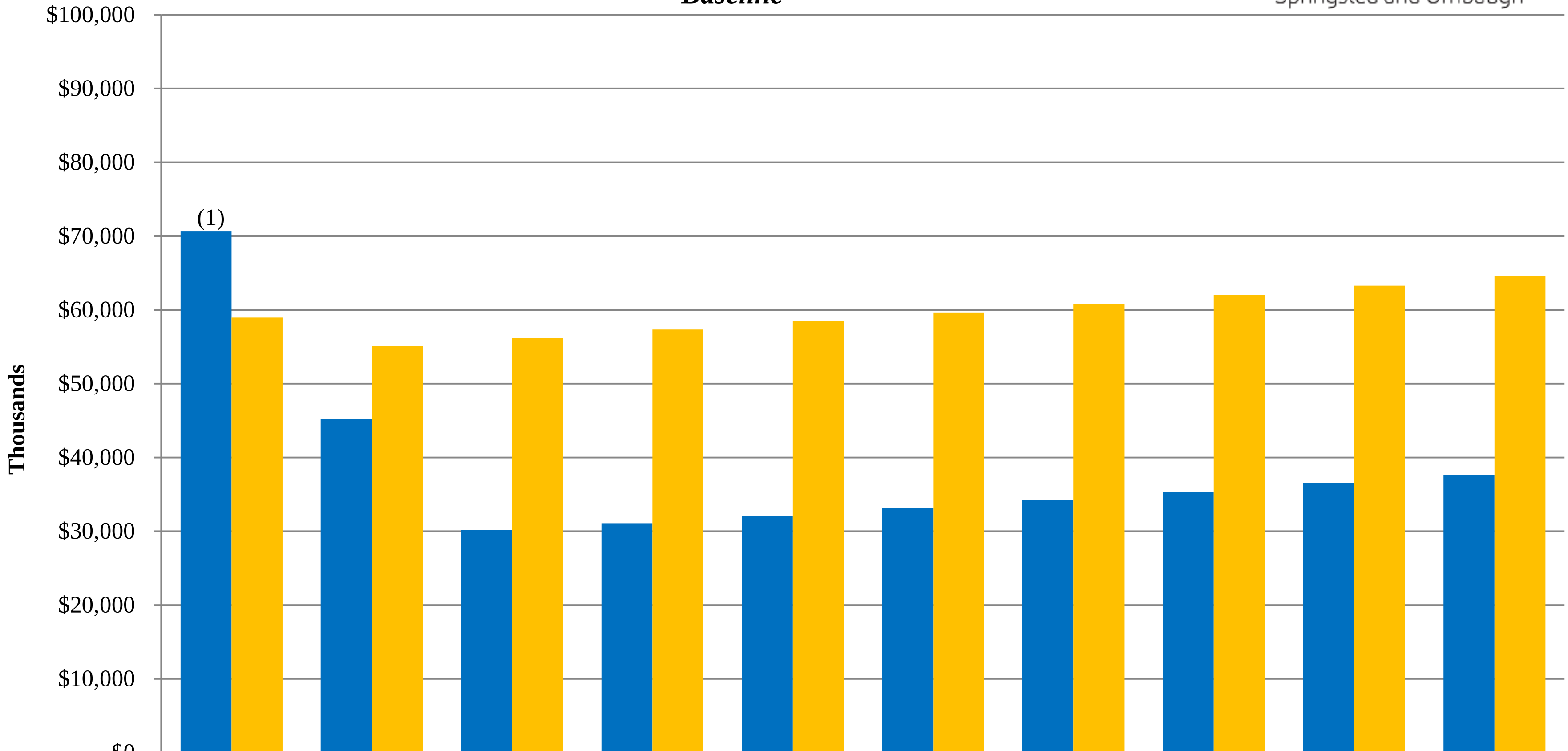
SOUTH BEND COMMUNITY SCHOOL CORPORATION
ST. JOSEPH COUNTY, INDIANA

Operations Fund - Comparison of Projected Receipts and Disbursements (2019 - 2028)

Baseline



	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.
Receipts	$70,630,673	$45,166,614	$30,148,518	$31,090,531	$32,116,340	$33,117,270	$34,204,901	$35,325,071	$36,478,702	$37,619,833
Disbursements	$58,979,713	$55,104,703	$56,206,800	$57,330,900	$58,477,500	$59,647,100	$60,840,100	$62,056,800	$63,297,900	$64,563,800

(1) The projected increase in 2019 receipts includes approximately $40.4M in transfers from other funds on January 1, 2019. These include an assumed $21.4M transfer on January 1, 2019 from the Education Fund for expenses that are now classified to the Operations Fund for years beginning in 2019 and approximately $19.0M of total transfers from Capital Projects, Bus Transportation, and School Bus Replacement Funds.

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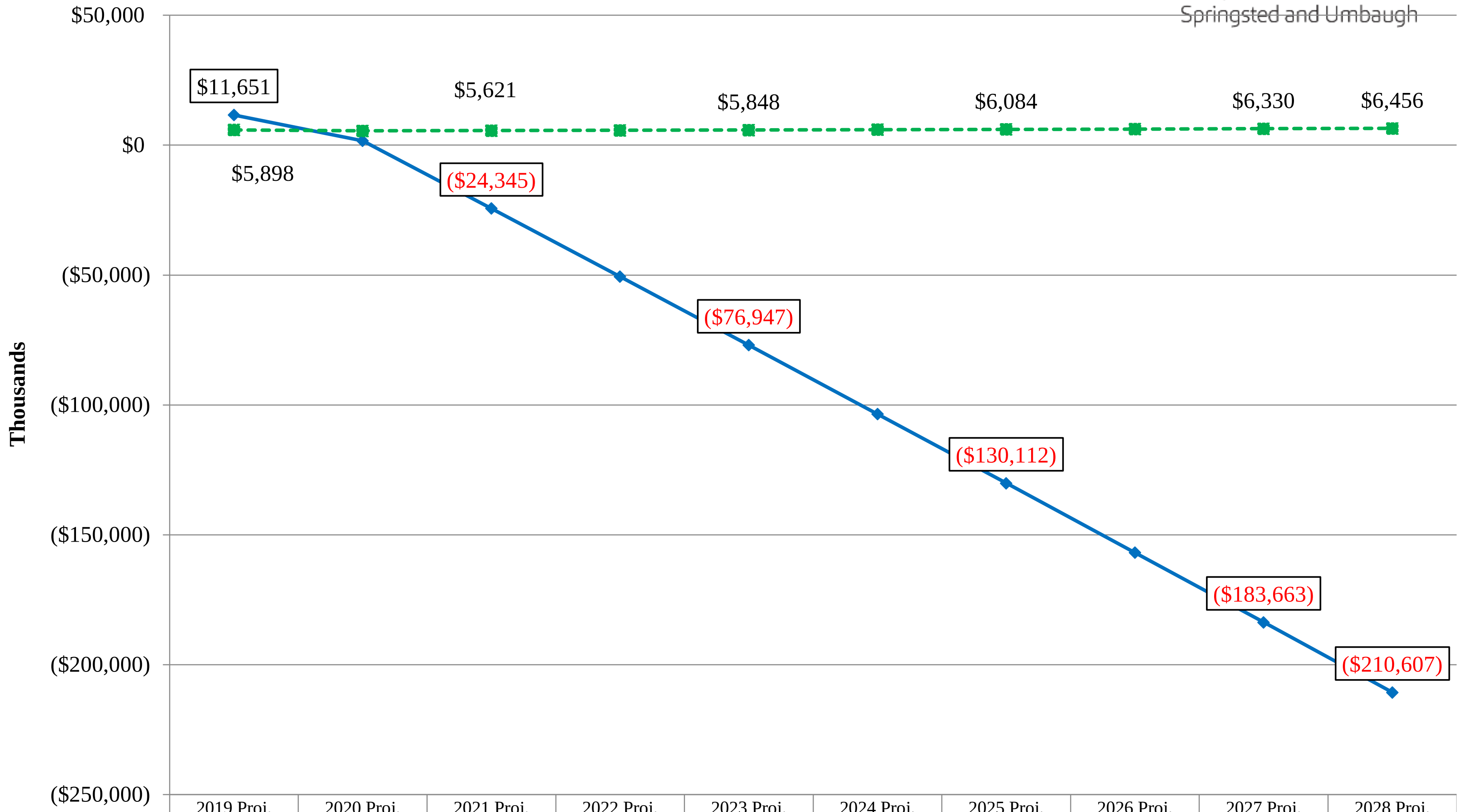
SOUTH BEND COMMUNITY SCHOOL CORPORATION
ST. JOSEPH COUNTY, INDIANA

Operations Fund Projected Ending Cash Balances (2019 - 2028) - Baseline



	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.
Ending Cash	$11,650,960	$1,712,871	($24,345,411)	($50,585,780)	($76,946,940)	($103,476,770)	($130,111,969)	($156,843,698)	($183,662,896)	($210,606,863)
10% Operating Balance	$5,897,971	$5,510,470	$5,620,680	$5,733,090	$5,847,750	$5,964,710	$6,084,010	$6,205,680	$6,329,790	$6,456,380

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Overview of Operating Referendum Model

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South Bend Community School Corporation
Summary of Proposed Operating Referendum Model

Illustrative Operating Referendum Tax Rate (1)	$0.3334
Assumed Growth in Net Assessed Value in 2021 and Beyond	$0
Assumed Referendum Levy beginning in 2021	Approximately $20,802,000
Assumes Annual Issuance of General Obligation Bonds beginning in 2019	$5,000,000
Assumed Annual Reduction in Projected Operating Fund Disbursements beginning in 2020	$1,000,000
Operations Fund Target Ending Cash Balance % - December 31, 2028	10%

(1) Calculated using the certified 2020 net assessed value, including TIF incremental assessed value, of $6,240,045,776.

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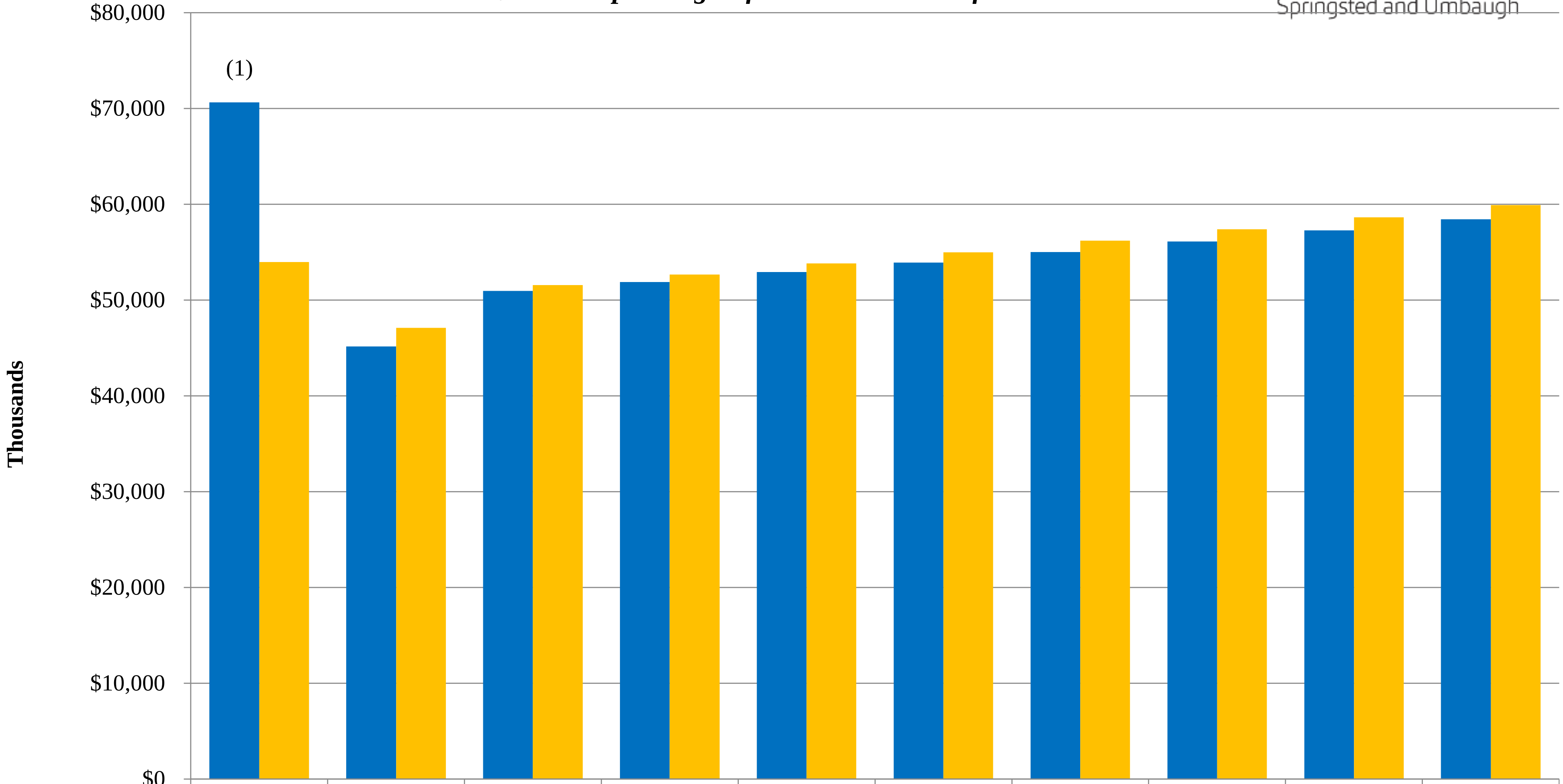
SOUTH BEND COMMUNITY SCHOOL CORPORATION, ST. JOSEPH COUNTY, INDIANA

Operations Fund - Comparison of Projected Receipts and Disbursements (2019 - 2028)

Includes $0.3334 Operating Referendum Tax Rate for 2021-2028



	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.
Receipts	$70,630,673	$45,166,614	$50,950,518	$51,892,531	$52,918,340	$53,919,270	$55,006,901	$56,127,071	$57,280,702	$58,421,833
Disbursements	$53,979,713	$47,116,658	$51,556,800	$52,680,900	$53,827,500	$54,997,100	$56,190,100	$57,406,800	$58,647,900	$59,913,800

(1) The projected increase in 2019 receipts includes approximately $40.4M in transfers from other funds on January 1, 2019. These include an assumed $21.4M transfer on January 1, 2019 from the Education Fund for expenses that are now classified to the Operations Fund for years beginning in 2019 and approximately $19.0M of total transfers from Capital Projects, Bus Transportation, and School Bus Replacement Funds.

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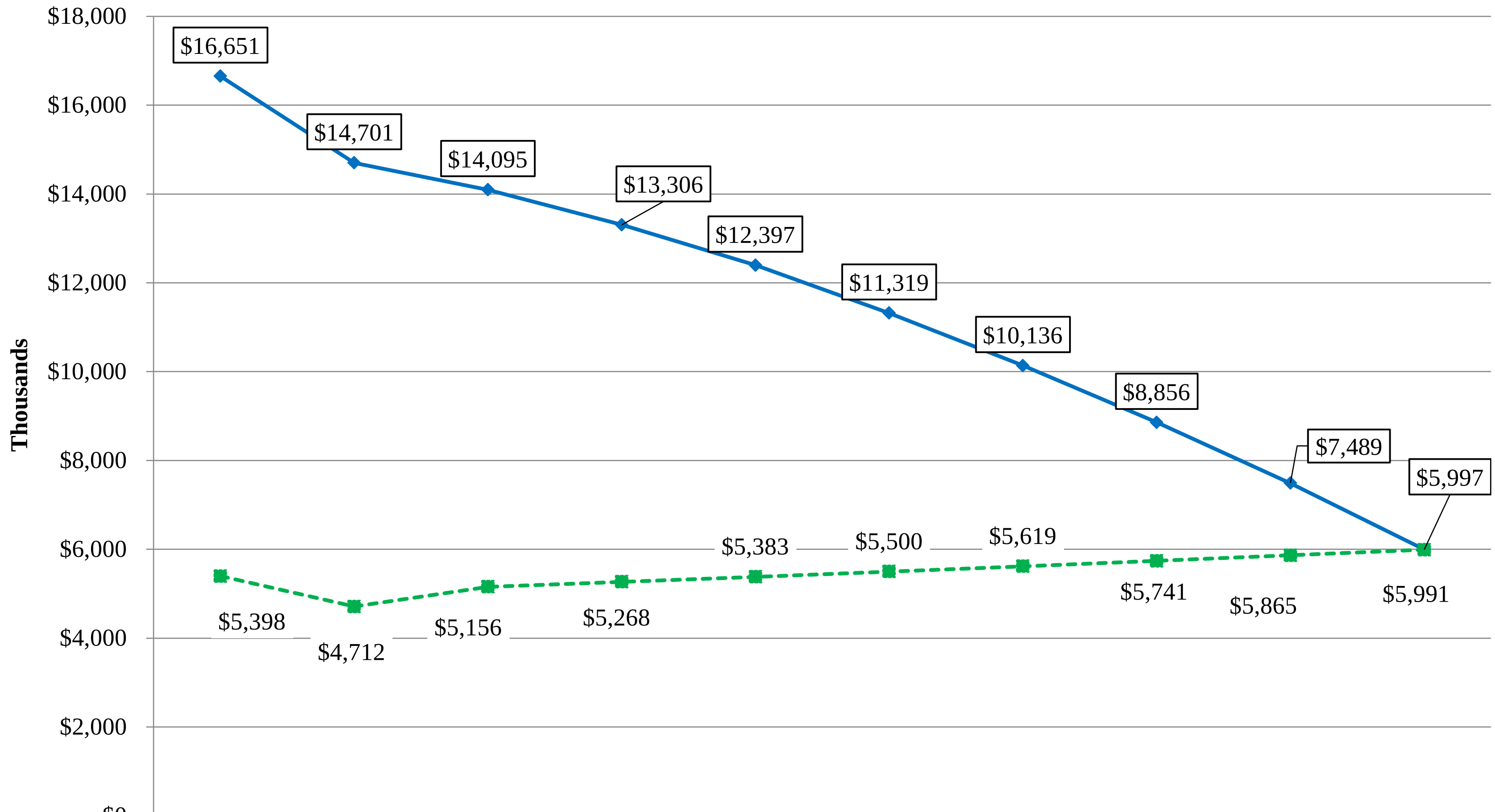
SOUTH BEND COMMUNITY SCHOOL CORPORATION
ST. JOSEPH COUNTY, INDIANA

Operations Fund Projected Ending Cash Balances (2019 - 2028)

Assumes $0.3334 Operating Referendum Tax Rate for 2021 - 2028



	2019 Proj.	2020 Proj.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.
Ending Cash	$16,650,960	$14,700,916	$14,094,634	$13,306,265	$12,397,105	$11,319,275	$10,136,076	$8,856,347	$7,489,149	$5,997,182
10% Operating Balance	$5,397,971	$4,711,666	$5,155,680	$5,268,090	$5,382,750	$5,499,710	$5,619,010	$5,740,680	$5,864,790	$5,991,380

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Overview of Capital Referendum Model

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SOUTH BEND COMMUNITY SCHOOL CORPORATION
CHART OF EXISTING AND PROPOSED EXEMPT DEBT SERVICE/LEASE RENTAL PAYMENTS

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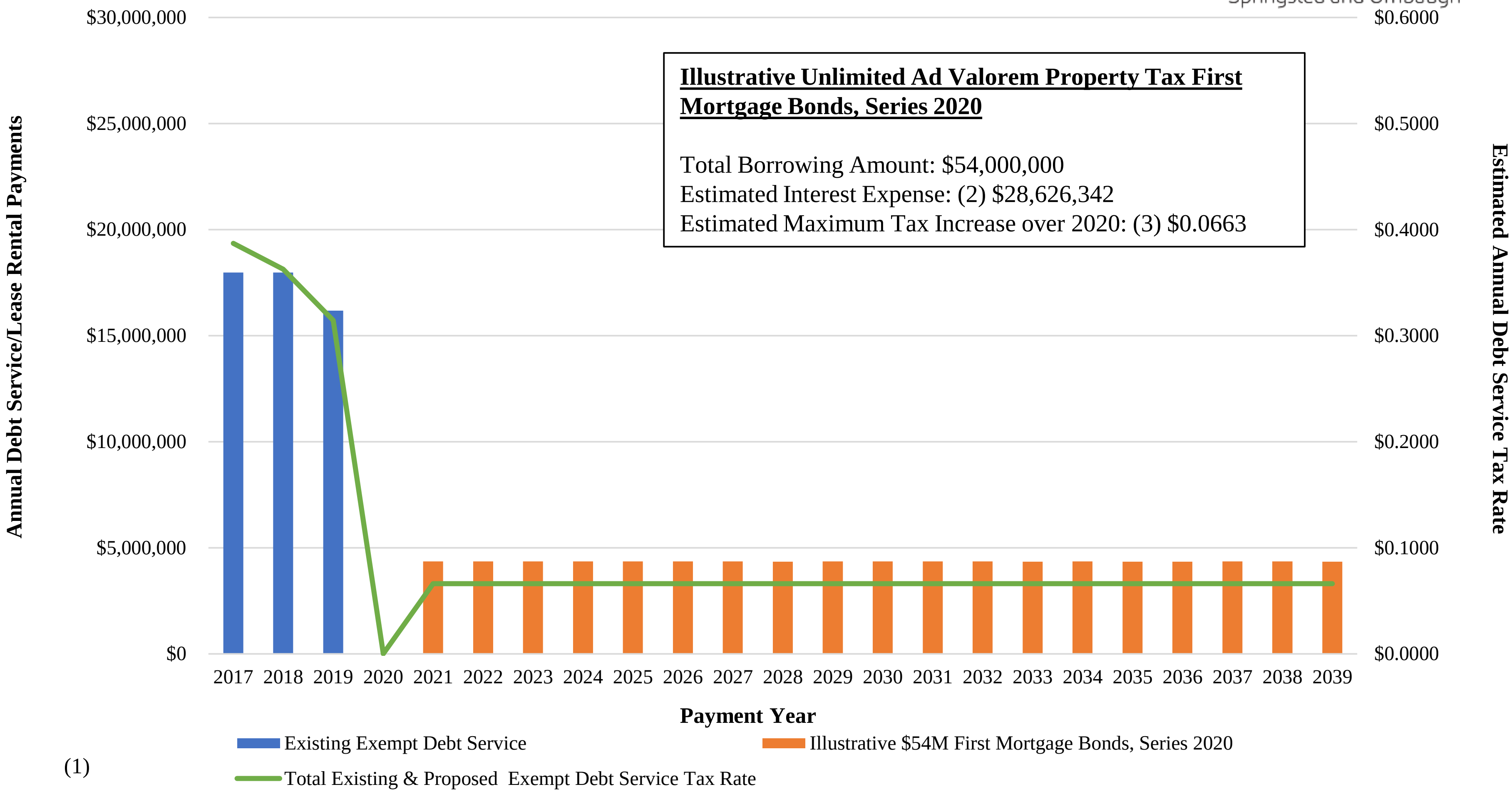

(1) Exempt debt service under the "Eligible County Exemption" for St. Joseph County expires on December 31, 2019.
(2) Assumes current market interest rates plus approximately 1%.
(3) Based on the 2020 Certified Net Assessed Value, including TIF areas, of $6,240,045,776 as provided by the Department of Local Government Finance and assumes no growth. Assumes a 5% license excise/financial institutions factor. Per $100 of assessed value.

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SOUTH BEND COMMUNITY SCHOOL CORPORATION
CHART OF EXISTING AND PROPOSED NON-EXEMPT DEBT SERVICE

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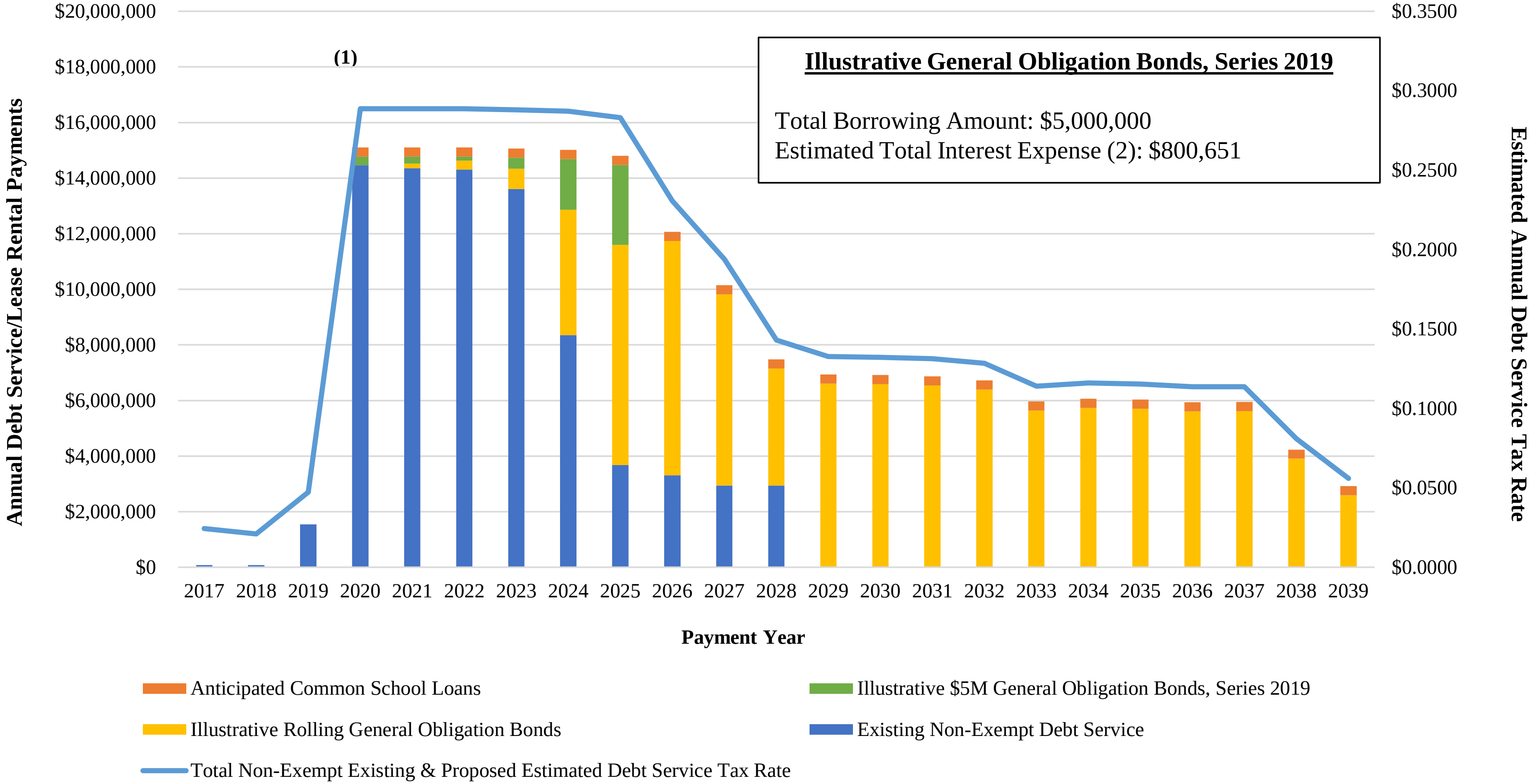

(1) Exempt debt service under the "Eligible County Exemption" for St. Joseph County expires on December 31, 2019.
(2) Assumes current market interest rates plus approximately 1%.

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SOUTH BEND COMMUNITY SCHOOL CORPORATION

SUMMARY OF EXISTING AND PROPOSED LEASE RENTAL/DEBT SERVICE PAYMENT

	Exempt Debt Service				Non-Exempt Debt Service									
Payment Year	Existing Exempt Debt Service	Illustrative $54M First Mortgage Bonds, Series 2020	Total Existing & Proposed Exempt Debt Service	Total Existing & Proposed Exempt Debt Service Tax Rate	Existing Non-Exempt Debt Service	Anticipated Common School Loans	Illustrative $5M General Obligation Bonds, Series 2019	Illustrative Rolling General Obligation Bonds	Total Existing and Proposed Debt Service	Non-Exempt Existing Debt Service Tax Rate	Estimated Common School Loan Tax Rate	Estimated Illustrative $5M GO Bonds Tax Rate	Estimated Illustrative Rolling GO Bonds Tax Rate	Total Non-Exempt Existing & Proposed Estimated Debt Service Tax Rate
		(2)		(6)		(8)	(2)	(2) (3)			(4)(7)	(4)	(4)	(4)
2017	$17,984,088		$17,984,088	$0.3872 (5)	$81,233				$81,233	$0.0244 (5)				$0.0244
2018	17,976,038		17,976,038	0.3628 (5)	80,065				80,065	0.0210 (5)				0.0210
2019	16,180,788 (1)		16,180,788	0.3145 (5)	1,541,518				1,541,518	0.0474 (5)				0.0474
2020			-	0.0000	14,464,559	$328,866	$308,729		15,102,154	0.2764	$0.0063	$0.0059		0.2886
2021		$4,354,000	4,354,000	0.0663	14,352,687	328,866	252,505	$168,106	15,102,164	0.2743	0.0063	0.0048	$0.0032	0.2886
2022		4,354,000	4,354,000	0.0663	14,308,682	328,866	145,345	320,557	15,103,450	0.2735	0.0063	0.0028	0.0061	0.2887
2023		4,357,000	4,357,000	0.0663	13,612,385	328,866	403,533	722,580	15,067,364	0.2601	0.0063	0.0077	0.0138	0.2879
2024		4,355,000	4,355,000	0.0663	8,352,303	328,866	1,820,130	4,516,065	15,017,364	0.1596	0.0063	0.0348	0.0863	0.2870
2025		4,358,000	4,358,000	0.0663	3,682,731	328,866	2,870,410	7,920,016	14,802,023	0.0704	0.0063	0.0549	0.1514	0.2830
2026		4,354,000	4,354,000	0.0663	3,313,475	328,866		8,423,065	12,065,406	0.0633	0.0063		0.1610	0.2306
2027		4,354,000	4,354,000	0.0663	2,938,000	328,866		6,877,127	10,143,993	0.0561	0.0063		0.1314	0.1938
2028		4,353,000	4,353,000	0.0663	2,942,000	328,866		4,213,029	7,483,895	0.0562	0.0063		0.0805	0.1430
2029		4,355,000	4,355,000	0.0663		328,866		6,610,517	6,939,383		0.0063		0.1263	0.1326
2030		4,354,000	4,354,000	0.0663		328,866		6,584,485	6,913,351		0.0063		0.1258	0.1321
2031		4,357,000	4,357,000	0.0663		328,866		6,544,357	6,873,223		0.0063		0.1251	0.1314
2032		4,356,000	4,356,000	0.0663		328,866		6,394,444	6,723,310		0.0063		0.1222	0.1285
2033		4,352,000	4,352,000	0.0663		328,866		5,638,902	5,967,768		0.0063		0.1078	0.1141
2034		4,354,000	4,354,000	0.0663		328,866		5,738,082	6,066,948		0.0063		0.1097	0.1160
2035		4,350,000	4,350,000	0.0662		328,866		5,709,557	6,038,423		0.0063		0.1091	0.1154
2036		4,352,000	4,352,000	0.0663		328,866		5,612,470	5,941,336		0.0063		0.1073	0.1136
2037		4,356,000	4,356,000	0.0663		328,866		5,618,683	5,947,549		0.0063		0.1074	0.1137
2038		4,354,000	4,354,000	0.0663		328,866		3,907,338	4,236,204		0.0063		0.0747	0.0810
2039		4,353,000	4,353,000	0.0663		328,866		2,596,912	2,925,778		0.0063		0.0496	0.0559
Totals	$52,140,914	$82,732,000	$134,872,914		$79,669,638	$6,577,320	$5,800,652	$94,116,292	$186,163,902					

(1) The "Eligible County Exemption" expires on December 31, 2019.
(2) Assumes current market rates plus 1%.
(3) Assumes annual issuance of $5M General Obligation Bonds beginning in 2020.
(4) Based upon the 2020 DLGF certified net assessed value of $4,971,004,465 for the School Corporation.
Assumes no growth. Assumes 5% license excise/financial institutions tax factor. Per $100 if net assessed value.
(5) Represents actual exempt & non-exempt debt service tax rate for the respective budget years per the DLGF Budget Orders.
(6) Based upon the 2020 DLGF certified net assessed value of $6,240,045,776, including TIF areas, for the School Corporation
Assumes no growth. Assumes 5% license excise/financial institutions tax factor. Per $100 of net assessed value.
(7) Assumes annual issuance on $1.6M Common Schools Loan debt for five years at 1.00%.

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Taxpayer Impacts

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South Bend Community School Corporation
Illustrative Annual Taxpayer Impact for Proposed Operating and Capital Referendum Models

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Market Value of Property	Net Assessed Value (1)	Illustrative 2020 Operating Referendum Tax Rate $0.3334 (2)	Illustrative 2020 Capital Referendum Tax Rate $0.0663 (2)	Total Illustrative Annual Impact Tax Rate $0.3997 (2) (maximum impact for taxpayers below the property tax cap)	Illustrative Annual Incremental Impact $0.0209 (3) (assumes taxpayers have reached the property tax cap)
Residential Property					
$75,000	$16,500	$55.01	$10.94	$65.95	$3.45
102,800 (4)	34,570	115.26	22.92	138.18	7.23
150,000	65,250	217.54	43.26	260.80	13.64
250,000	130,250	434.25	86.36	520.61	27.22
300,000	162,750	542.61	107.90	650.51	34.01
Agricultural Property (5)					
1 acre	$1,560	$5.20	$1.03	$6.23	$0.33
100 acres	156,000	520.10	103.43	623.53	32.60
Commercial Property					
$100,000	$100,000	$333.40	$66.30	$399.70	$20.90

(1) Assumes homestead deduction, 35% supplemental homestead deduction and mortgage deduction for residential properties.
(2) Based on the 2020 Certified Net Assessed Value, including TIF areas, of $6,240,045,776 as provided by the Department of Local Government Finance and assumes no growth. Assumes a 5% license excise/financial institutions factor. Per $100 of assessed value. If approved by the voters, the tax rate would become effective for 2021 and last through 2028.
(3) Represents the estimated annual incremental impact between the existing exempt tax rate of $0.3788 and the proposed combined total referenda tax rate of $0.3997.
(4) Median home value within the School Corporation, per the U.S. Census Bureau 2013-2017 American Community Survey.
(5) Assumes the agricultural land is assessed at $1,560 per acre per the DLGF. Actual assessed value may vary based upon actual productivity factors.

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South Bend Community School Corporation
Illustrative Tax Rate Impact as Compared to 2019

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		Estimated		
	2019	2020	2021	Estimated Change from 2019
Tax Rate (1)				
Exempt	$0.3788	$0.0000	$0.3997	$0.0209
Non-Exempt	$0.7524	$1.1312	$1.1312	$0.3788
Total	$1.1312	$1.1312	$1.5309	$0.3997

Estimated Tax Rate Impacts as compared to 2019 tax rates

2020:
- Taxpayers that have reached the property tax cap may experience an estimated tax rate reduction of up to $0.3788.
- Taxpayers that are below the property tax cap may experience an estimated tax rate decrease of up to $0.3788 and an estimated increase of up to $0.3788, depending on where the taxpayer is in relation to the property tax cap.

2021 & beyond:
- Taxpayers that have reached the property tax cap may experience an estimated increase of $0.0209.
- Taxpayers that are below the property tax cap may experience an estimated increase of $0.0209 to up to $0.3997 depending on where the taxpayer is in relation to the property tax cap.

(1) 2019 tax rates obtained from the School Corporation's 2019 DLGF Budget Order. Tax rates in 2020 & 2021 assume no growth in overall tax base or other tax levies for comparative purposes.