



GRIFFITH PUBLIC SCHOOLS

School Finance 101

November 14, 2024

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AGENDA

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- IN School Finance Overview
- Property Taxes
- Circuit Breaker Tax Credits
- Common Terms

IN School Finance Overview

STATE OVERSIGHT

- **Department of Local Government Finance (DLGF)**
 - Approves budget for appropriated funds
 - Handles additional appropriation requests
 - Processes protected tax waiver applications

- **State Board of Accounts (SBOA)**
 - Provides the accounting structure: funds, account codes, etc.
 - Conducts biennial audits

- **Indiana Department of Education (IDOE)**
 - Distributes monthly tuition payment
 - Approves & monitors state and federal grants
 - Submit bi-annual Form 9



INDIANA SCHOOL FUNDING

Fund/Cash Basis Accounting

- Revenue and expenditures are separated into categories or and relegated to certain funds.
- Indiana Public School Corporations are required to use Fund and Cash Basis Accounting principles.
- Fund Accounting principles are primarily used by non-profit or government organizations.
- Each Fund has a distinct purpose.



FUNDS & ACCOUNTING CODES

- **Funds**

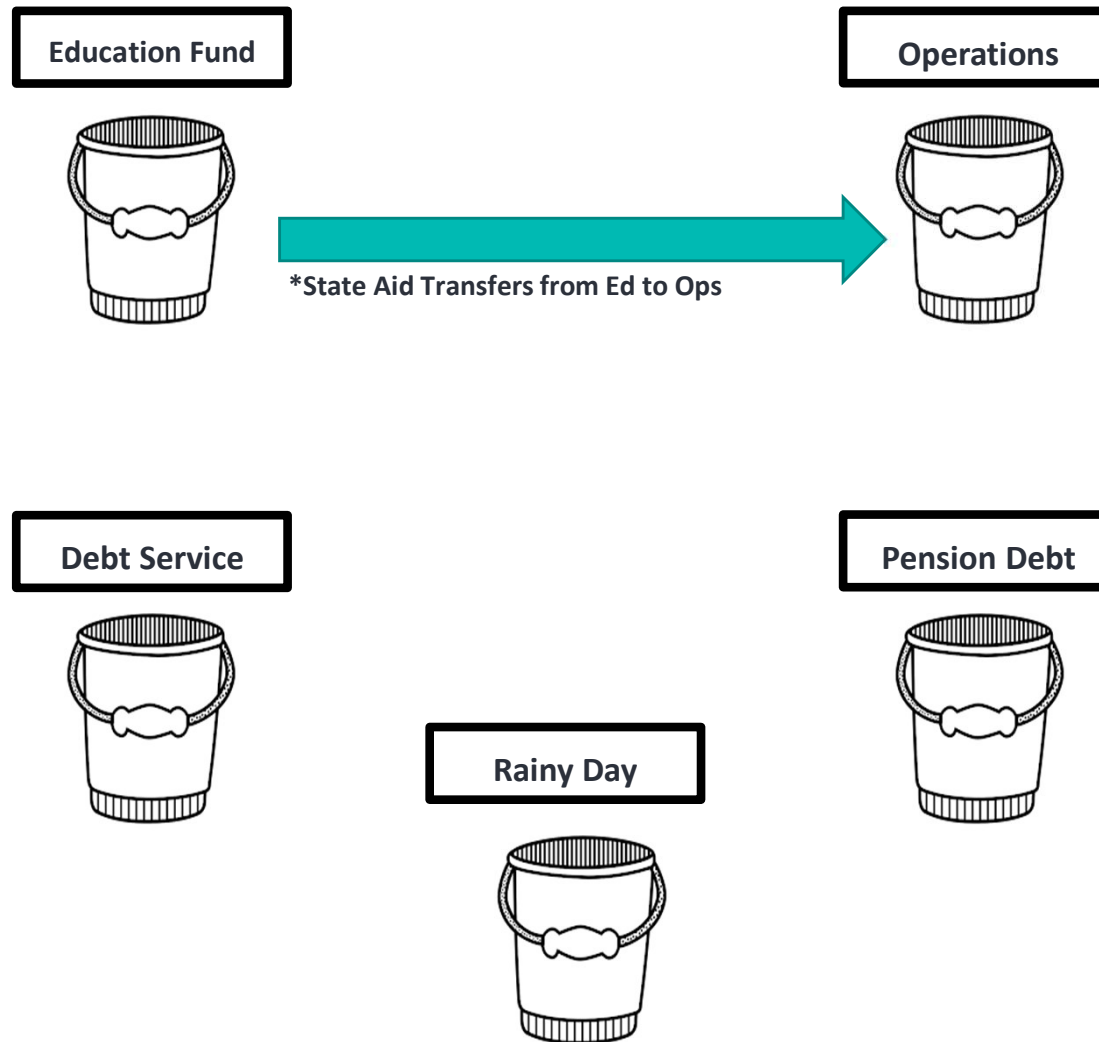
- Appropriated (Appropriation is “authority to spend” given by DLGF)
 - Education, Operations, Debt, Pension Debt, Rainy Day, Referendum
- Non-Appropriated
 - Food Service, Self-Insurance, Textbook Rental, Construction, Grants, Misc. Funds

- **Accounting Code**

- Fund-Program-Object-Cost Center-Location
 - Accounting codes provided by SBOA (State Board of Accounts)
 - 0101-11100.00-611.00-3430-0000
 - 0101 = Education Fund
 - 11100.00 = Elementary Education
 - 611.00 = Supplies
 - 3430= PCES
 - 0000 = No Specific Program



APPROPRIATED INDIANA SCHOOL FUNDS



INDIANA SCHOOL FUNDING FORMULA

Basic Grant

Based upon Average Daily Membership (“ADM”), Foundation + Complexity

Academic Performance Grant

Based upon number of students receiving Academic or Technical Honors Diplomas prior year

Special Education Grant

Based upon Dec 1st count of students with disabilities

Career & Technical Education Grant

Based upon number of students taking career technical education classes

Non-English Speaking Grant

Based upon English learner student count

- Biennium Budget approved by Indiana General Assembly
- Budget Bill is HB1001



Property Taxes

ASSESSED VALUATION

- **Serves as the basis for all tax rates**
 - Comprised of real and personal property
 - Tax rates are applied to each \$100 of assessed value
- **Current system of assessment**
 - Market-based assessments (true tax value)
 - Annual adjustments – “trending”
- **Property assessed Jan. 1 for taxes payable the following year**
- **Taxes due each May and November**
- **County auditors distribute property tax to taxing units in June and December**



CHANGES IN ASSESSED VALUATION

- Trending (annual adjustments to real property) still occurring annually
- General reassessment – 25% of property every year (4-year cycle)
- Additional development within the taxing jurisdiction (housing or business)
- Loss of large taxpayer (or significant taxpayer)
- Taxpayer appeals
- Changes to deductions/exemptions given to taxpayers
- AV appeals – provided on a quarterly basis
- Tax increment – potential for or change in pass-through
- Tax abatement – delays assessed value coming onto tax base



CALCULATING ANNUAL PROPERTY TAXES

Gross Assessed Value

Annually Determined by County Assessor



Less: Deductions

Standard Homestead
Deduction

Supplemental Homestead
Deduction

Home Mortgage Deduction



Equals: Net Assessed Value ("NAV")

Assessed Value upon which taxes are paid

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

PROPERTY TAXES

EXAMPLE: NET ASSESSED VALUE

Homestead Property	
Gross Assessed Value	\$250,000
Less: Homestead Deduction	(48,000)
Less: Supplemental Homestead Deduction	(70,700)
Net Assessed Value	<u>\$131,300</u>

Rental/Commercial Property without Deductions or Exemptions	
Gross Assessed Value	\$250,000
Less: Deductions/Exemptions	<u>0</u>
Net Assessed Value	<u>\$250,000</u>



CORRELATION: ASSESSED VALUE & TAX RATES

-  If assessed value increases,  tax rates decrease
-  If assessed value decreases,  tax rates increase

*Decreases in tax rates can reduce the impact of the property tax caps.



Circuit Breaker Tax Credits

CIRCUIT BREAKER TAX CAPS & TAX CREDITS

What are circuit breaker tax credits?

- Circuit breaker tax credits limit a taxpayer's total property tax liability to a fixed percentage of the gross assessed value of the taxable property, before any deductions.

Tax Caps

Tax Cap	Property Type(s)	Example Gross Assessed Value	Maximum Property Tax Liability*
1% Tax Cap	Homesteads	\$250,000	\$2,500
2% Tax Cap	Agricultural & Non-Homestead Residential	\$250,000	\$5,000
3% Tax Cap	Commercial / Industrial	\$250,000	\$7,500

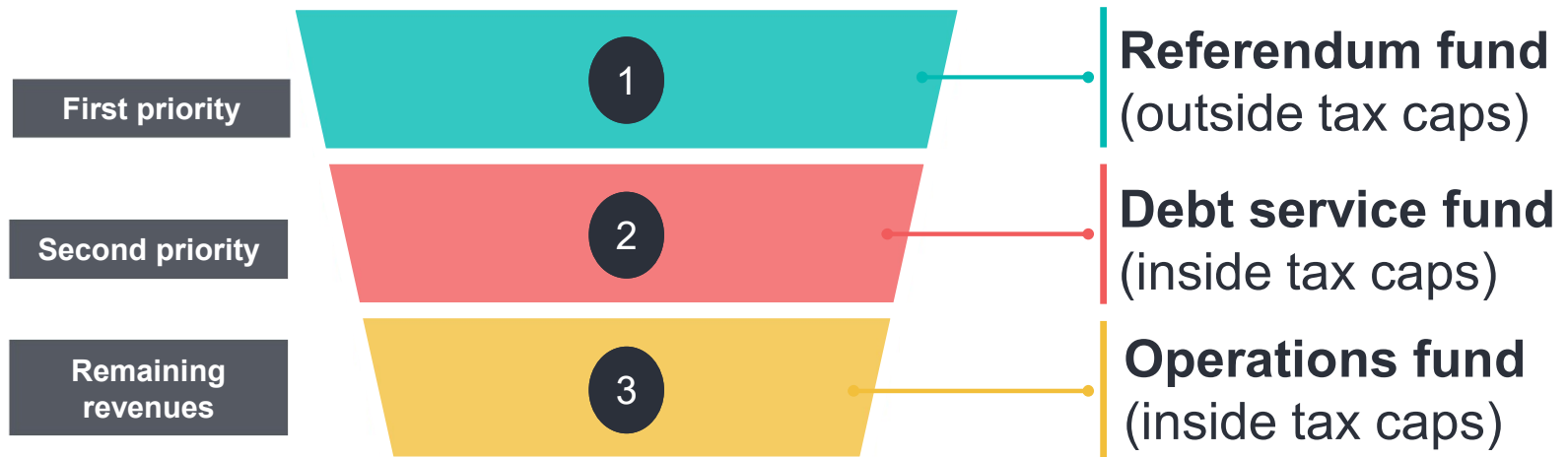
*Property tax levies resulting from voter-approved referenda are exempt from circuit breaker.

How are circuit breaker tax credits funded?

- Credits are funded by a reduction in the property tax revenue of all taxing units in proportion to their levy.
- Property tax rates may not be increased to offset the shortfall.
- Funds may not be borrowed to offset the shortfall.



FLOW OF PROPERTY TAX REVENUES



Note: A taxpayer's individual tax cap would be adjusted for the funds that are approved by referendum. Remaining property tax revenues would then first go to meet debt service obligations and then to the other property tax supported funds proportionate to their tax levy in relation to the School Corporation's total tax levy.

CALCULATING CIRCUIT BREAKER TAX CREDITS

Illustrative Tax Bill	
Home Value	\$250,000
Net Assessed Value	\$131,300
Tax Rate	\$3.2755
Gross Tax Bill	\$4,300.73
Tax Cap	\$2,500.00
Adjustment to Tax Cap for Referendum Levy	\$432.50
Total Tax Cap	\$2,932.50
Net Tax Bill	\$2,932.50
Tax Cap Loss (allocated to overlapping units)	\$1,368.23

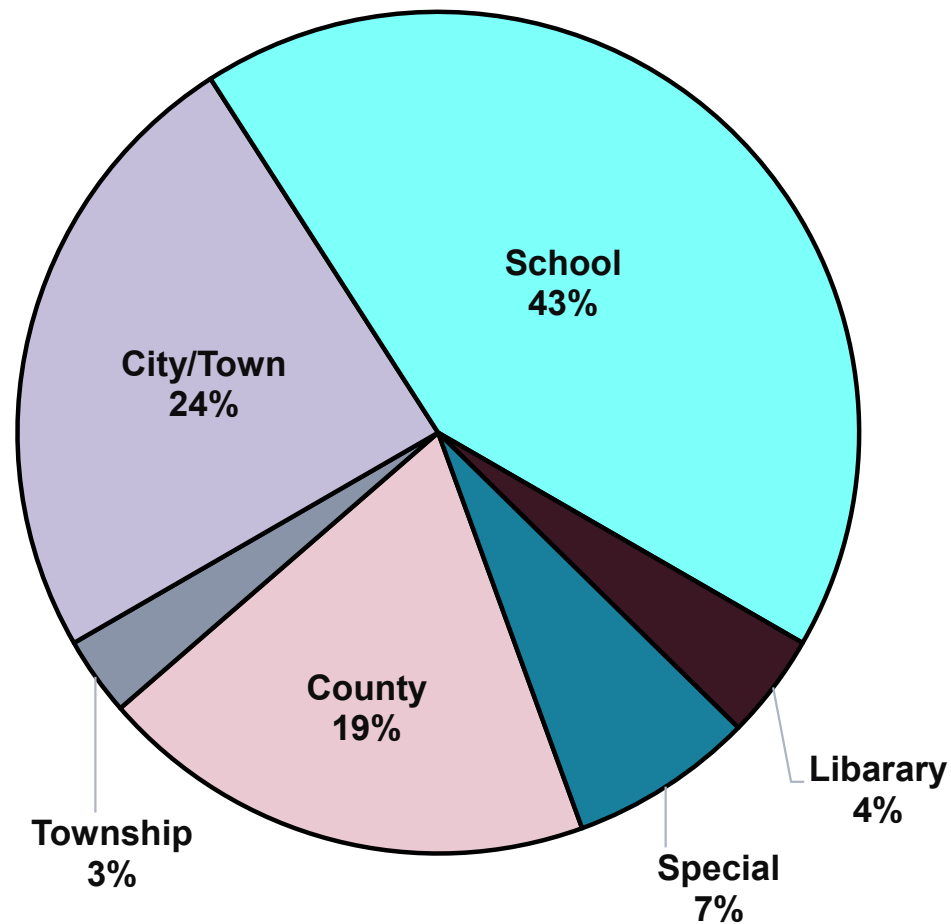
DISTRIBUTION OF CIRCUIT BREAKER LOSSES

District Tax Rate - 2024			
<u>Local Unit</u>	<u>Property Tax Rate</u>	<u>Percent of Total Tax Rate</u>	<u>Circuit Breaker Losses</u>
Lake County	\$0.6331	21.49%	\$294.02
North Township	0.0769	2.61%	35.71
Town of Griffith	1.1373	38.60%	528.19
Griffith Public Schools	0.9936	33.73%	461.45
Griffith Public Schools – Referendum (Exempt)	0.3294	N/A	N/A
Lake County Public Library	0.0824	2.80%	38.27
Lake County Solid Waste Management District	0.0228	0.77%	10.59
Totals	\$3.2755	100.00%	\$1,368.23

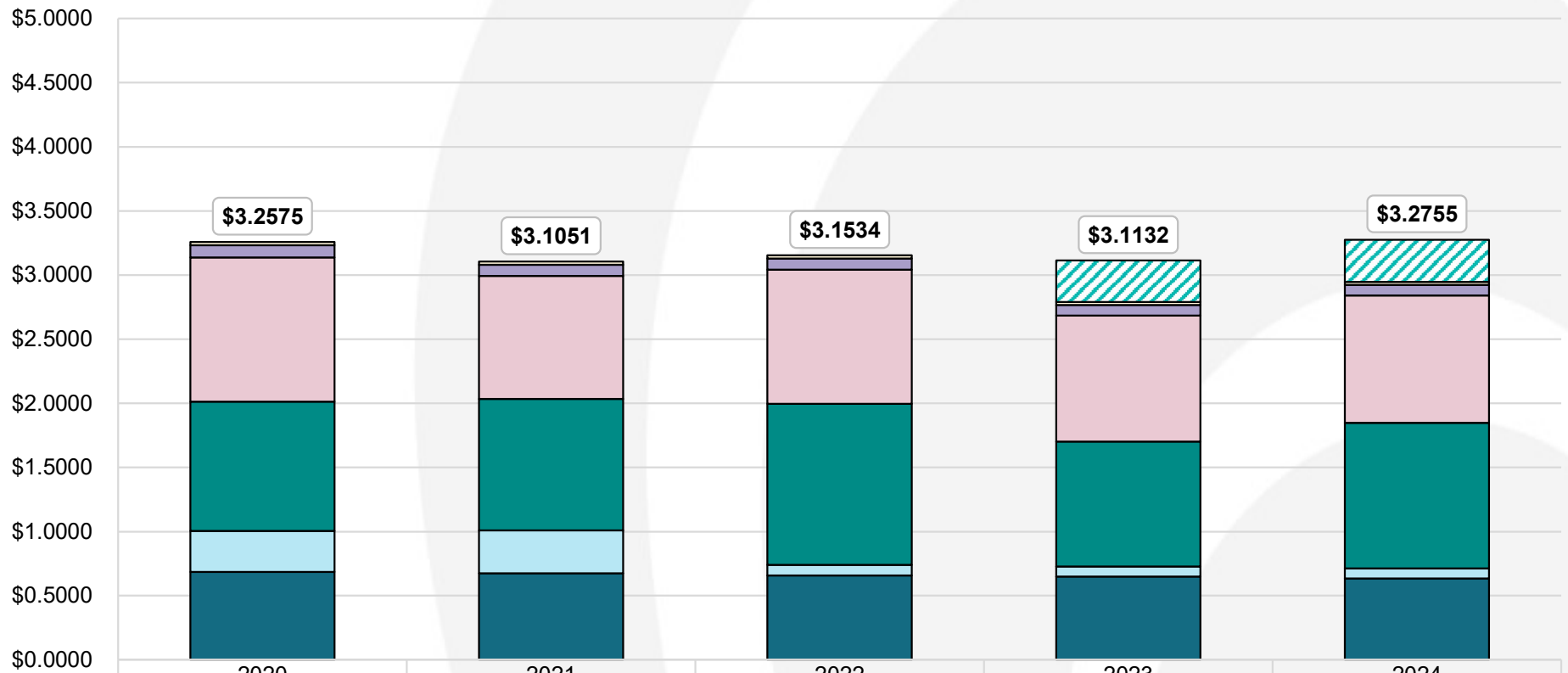


AVERAGE DISTRIBUTION OF TAX RATE

Indiana Average



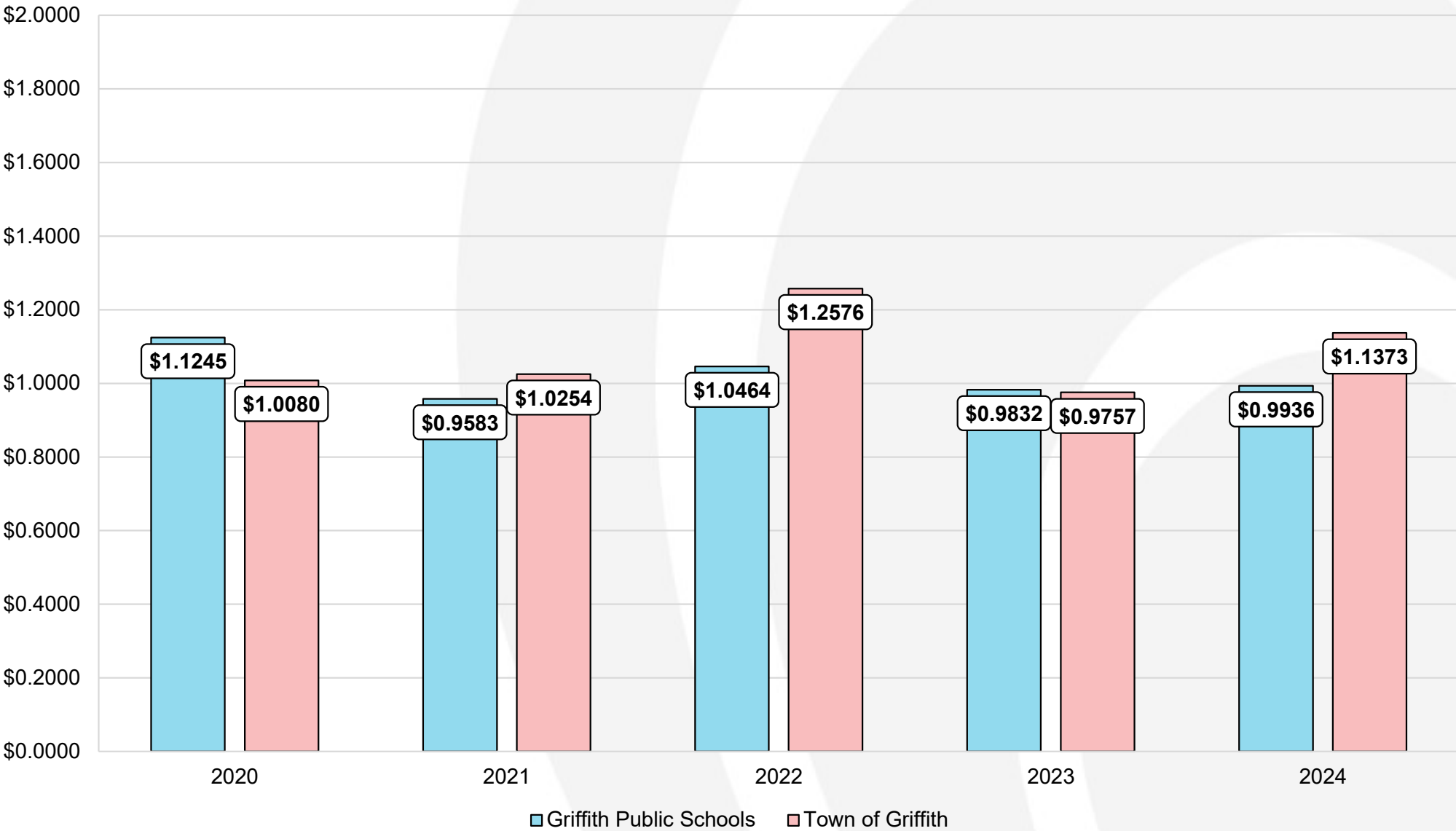
CERTIFIED TOTAL DISTRICT PROPERTY TAX RATES



	2020	2021	2022	2023	2024
Total	\$3.2575	\$3.1051	\$3.1534	\$3.1132	\$3.2755
School Referendum				\$0.3225	\$0.3294
Waste Mgmt.	\$0.0243	\$0.0241	\$0.0241	\$0.0229	\$0.0228
Library	\$0.0948	\$0.0877	\$0.0876	\$0.0825	\$0.0824
School	\$1.1245	\$0.9583	\$1.0464	\$0.9832	\$0.9936
Town	\$1.0080	\$1.0254	\$1.2576	\$0.9757	\$1.1373
Township	\$0.3227	\$0.3377	\$0.0809	\$0.0780	\$0.0769
County	\$0.6832	\$0.6719	\$0.6568	\$0.6484	\$0.6331



CERTIFIED PROPERTY TAX RATES



Note: Excludes operating referendum, which is exempt from circuit breaker.

PORTION OF TOTAL DISTRICT TAX RATE (NON-EXEMPT)

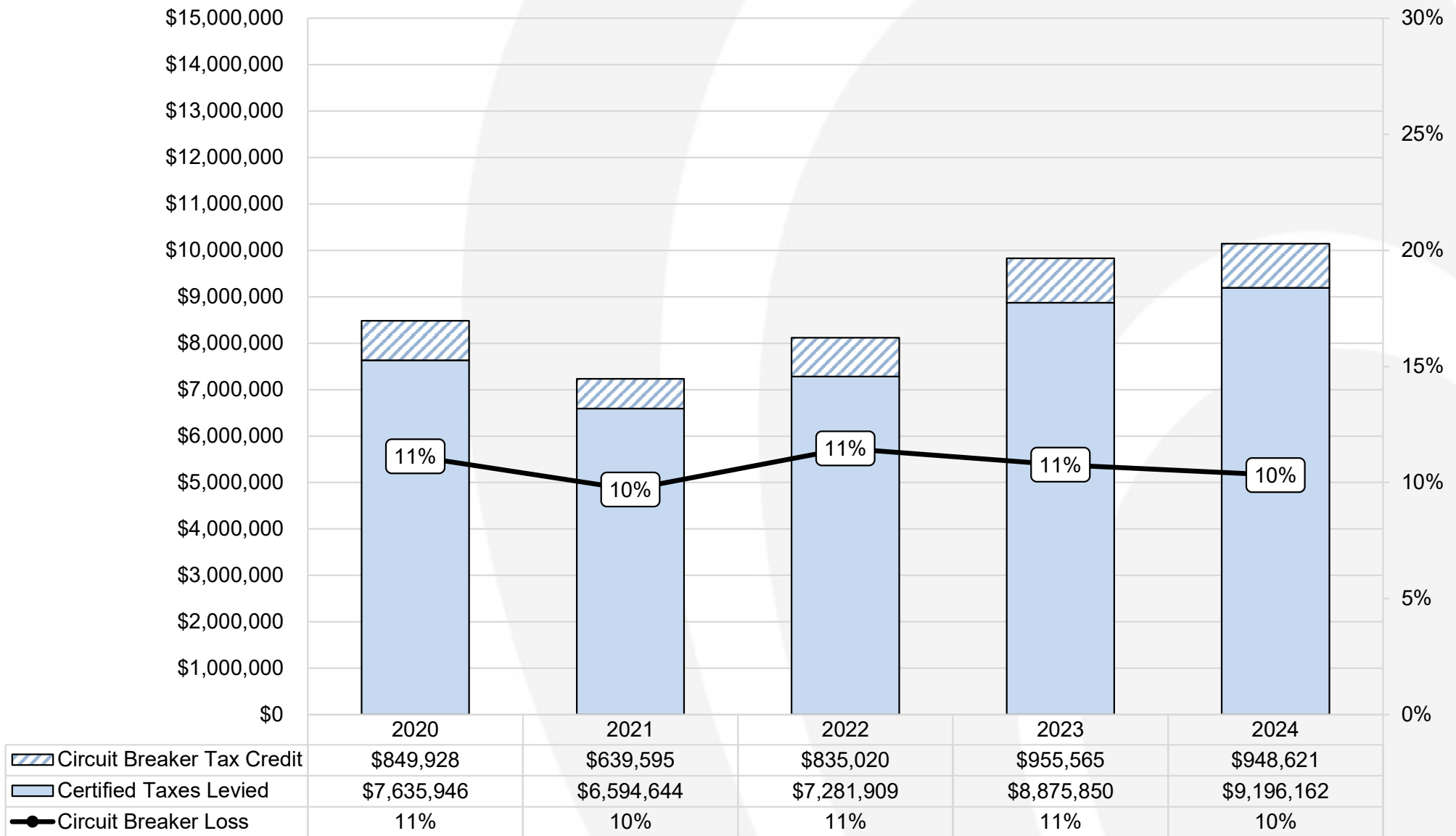
Certified Non-Exempt Tax Rates		
	<u>Griffith Public Schools</u>	<u>Town of Griffith</u>
2020	35%	31%
2021	31%	33%
2022	33%	40%
2023	35%	35%
2024	34%	39%

Note: Excludes operating referendum, which is exempt from circuit breaker.



CIRCUIT BREAKER TAX CREDITS

CIRCUIT BREAKER TAX CREDITS: GRIFFITH PUBLIC SCHOOLS

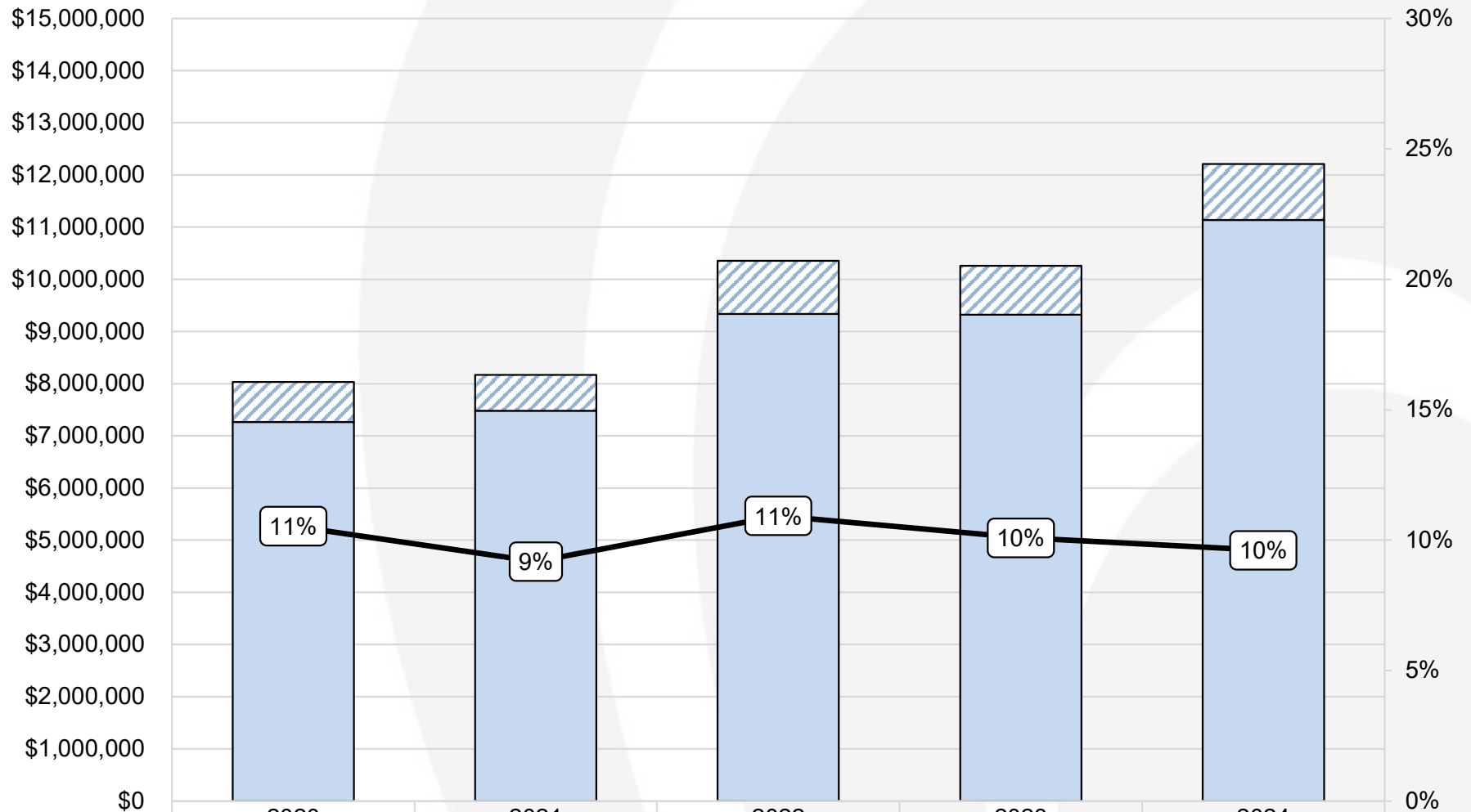


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CIRCUIT BREAKER TAX CREDITS

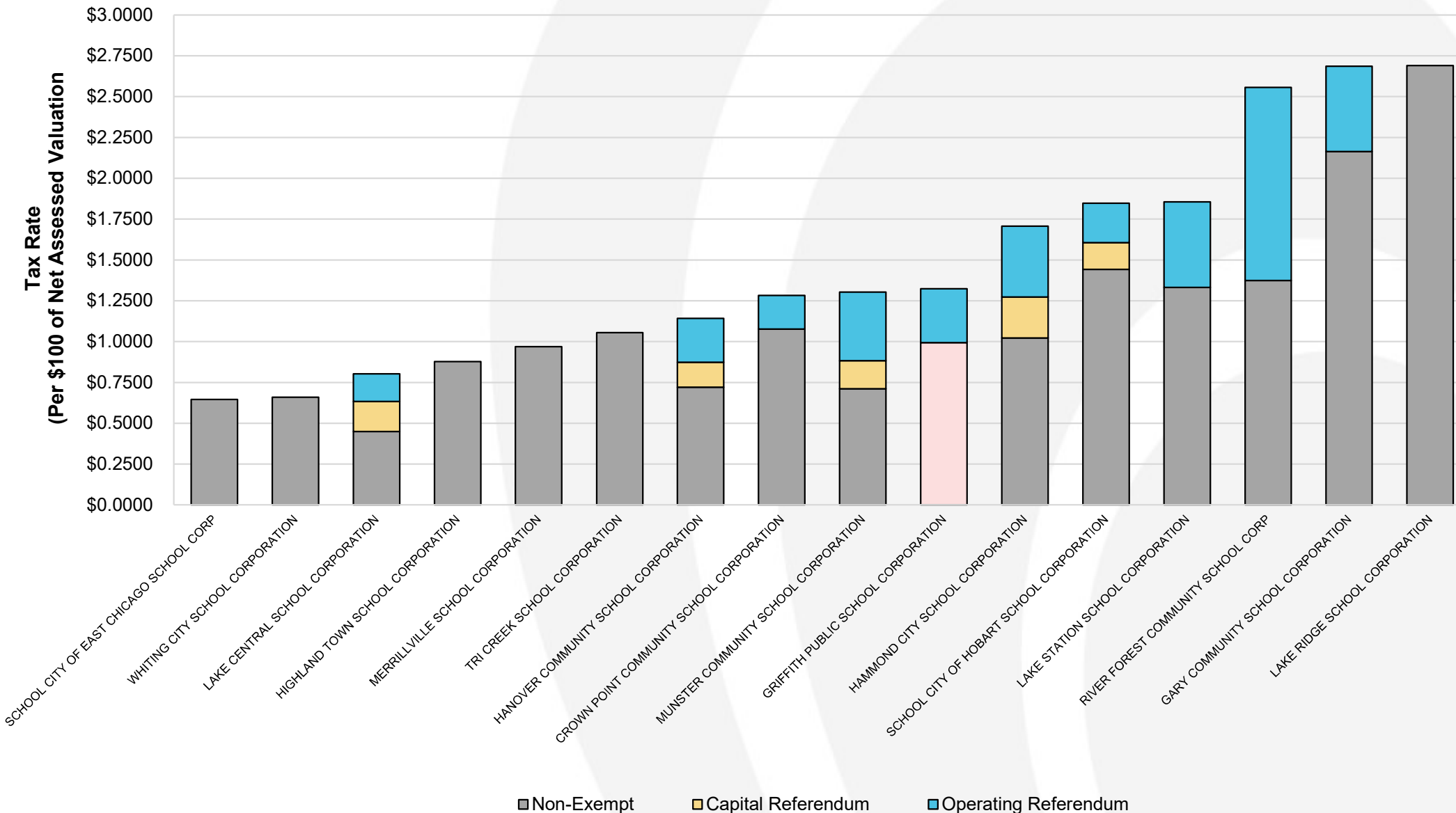
CIRCUIT BREAKER TAX CREDITS: TOWN OF GRIFFITH



Circuit Breaker Tax Credit	2020	2021	2022	2023	2024
	\$765,772	\$686,854	\$1,020,618	\$940,210	\$1,070,829
Certified Taxes Levied	\$7,266,049	\$7,480,453	\$9,335,713	\$9,320,961	\$11,139,238
Circuit Breaker Loss	11%	9%	11%	10%	10%



COMPARISON OF 2024 CERTIFIED SCHOOL TAX RATES



Note: The average 2024 total school tax rate in Indiana \$1.0528. In Lake County, the average total school tax rate is \$1.4627.

Common Terms

INDIANA SCHOOL FUNDING

- Fund – ‘bucket of money’ tracking all revenue and expenditures
- Revenue – sources of money to support programs
- Expenditures – costs for programs
- Funding formula = Basic Grant – funding formula established by State of Indiana to fund school corporations
- ADM/Average Daily Membership – specific student count on specific dates to determine school corporation enrollment
- Complexity – SNAP, TANF, or foster care enrollment (poverty) as defined by the funding formula. Grant \$ is used to fund school general fund
- Appropriation – legal authority to expend funds



PROPERTY TAXES

- Tax Levy – amount of property tax revenue for a specific fund.
$$\text{Tax Levy} = \text{Tax Rate} \times \text{NAV}/100$$
- 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% = Industrial/Commercial
- Tax rate – Statement in dollars, expressed per each \$100 of AV.
$$\text{Tax Rate} = \text{Tax Levy}/(\text{NAV}/100)$$
- AV = Assessed Value – Total value assigned to all real property and improvements subject to taxation. County Assessor determines property market value. Net Assessed Value = property taxable value
- Maximum Levy – Maximum amount of property tax to be raised for 'controlled' funds. Annual growth is based upon a statewide Growth Quotient, equal to a 6-year average of non-farm income. 3.8% in 2017, 4.0% in 2018, 3.4% in 2019, 3.5% in 2020, 4.2% in 2021, 4.3% in 2022, 5.0% in 2023, 4.0% in 2024, 4.0% in 2025





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