

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
100 NORTH SENATE AVENUE
IGC-N, ROOM N1058
INDIANAPOLIS, INDIANA 46204

IN THE MATTER OF THE REVIEW OF PROPOSED)
LANGUAGE AND ESTIMATED RATE CERTIFICATION)
FOR A BALLOT QUESTION REGARDING THE LAKE)
CENTRAL SCHOOL CORPORATION, LAKE COUNTY)

No. 11-005-REF

FINDINGS AND FINAL DETERMINATION ON PROPOSED QUESTION SUBMITTED
JULY 6, 2011

1. The Lake Central School Corporation (“School Corporation”) proposes to borrow money for a \$160,000,000 project to replace part of a high school and construct a new elementary school.
2. Under Indiana law, the voters in the area served by the School Corporation will vote in a referendum to approve or deny borrowing for the project and the raising of property taxes to support it.
3. Indiana law governs the format and wording of the ballot question for the referendum.
4. Under Indiana law, “the **following question shall** be submitted to the eligible voters at the election”:

“Shall _____ (insert the name of the political subdivision) issue bonds or enter into a lease to finance _____ (insert a brief description of the controlled project), which is estimated to cost not more than _____ (insert the total cost of the project) and is estimated to increase the property tax rate for debt service by _____ (insert increase in tax rate as determined by the department of local government finance)?”

Indiana Code 6-1.1-20-3.6(c) (emphasis added).

5. The ballot question then must contain three parts:
 - a brief description of the project;
 - estimated total project cost; and
 - estimated tax rate increase for the project.
6. The law requires the Department of Local Government Finance (“Department”) to determine the estimate of the tax rate increase.

7. The law also requires the Department to either approve the ballot language or recommend that it be modified to ensure that the description of the controlled project is accurate and not biased.
8. On July 6, 2011, the Department received an e-mail from the Lake County Board of Elections attached to which was a proposed ballot question for the referendum sought by the School Corporation.
9. The Lake County Board of Elections (“Board of Elections”) requested that the Department review this proposed question:

“Shall the Lake Central School Corporation, Lake County, Indiana, issue bonds and/or enter into a lease to finance new construction to replace the majority of the Lake Central High School and construct a new Protsman Elementary School which is estimated to cost not more than \$160,000,000 and is estimated to increase the property tax rate for debt service by \$0.20 per \$100 of assessed valuation over the 2011 tax rate to a total tax rate of \$0.49 per \$100 of assessed valuation over the life of the bonds?”

Determination of Tax Rate Increase

10. The Department must determine the estimated increase in the tax rate that would result if the project is approved. Based on the School Corporation’s fiscal data and amortization schedule, the Department determined the following:

Year Levied	Aggregate Debt Service Payment	Assessed Value (as Used for 2011 Budget Order)	Tax Rate
2012	5,245,800	3,731,704,148	0.1406
2013	10,182,972	3,731,704,148	0.2729
2014	10,109,475	3,731,704,148	0.2709
2015	10,154,350	3,731,704,148	0.2721
2016	10,280,325	3,731,704,148	0.2755
2017	10,330,600	3,731,704,148	0.2768
2018	12,919,600	3,731,704,148	0.3462
2019	13,549,188	3,731,704,148	0.3631
2020	13,545,825	3,731,704,148	0.3630
2021	13,547,175	3,731,704,148	0.3630
2022	13,555,550	3,731,704,148	0.3633
2023	13,551,425	3,731,704,148	0.3631
2024	13,547,425	3,731,704,148	0.3630
2025	13,482,038	3,731,704,148	0.3613
2026	14,607,088	3,731,704,148	0.3914
2027	17,105,850	3,731,704,148	0.4584

2028	17,109,038	3,731,704,148	0.4585
2029	17,108,588	3,731,704,148	0.4585
2030	18,049,788	3,731,704,148	0.4837
2031	18,053,150	3,731,704,148	0.4838
2032	18,049,513	3,731,704,148	0.4837

11. The Department certifies a rate of “a maximum of \$0.4838 per \$100 of assessed valuation over the 20-year life of the bonds.” This entire phrase — “a maximum of \$0.4838 per \$100 of assessed valuation over the 20-year life of the bonds”— must appear in the question presented to voters and no other rate is permitted anywhere else in the question. First, given how the project financing is structured and given that the property tax rate increases over 20 years as a result, the selection of any other rate would be arbitrary under these circumstances. Furthermore, because voters are voting whether to increase property taxes for a period of 20 years, it is appropriate to select the maximum rate for use in the ballot question. Finally, as shown in the table, a \$0.20 rate is never a rate attributable to the project.

Accuracy and Bias

12. The Board of Elections has suggested adding language to qualify the increased property tax rate: “over the 2011 tax rate to a total tax rate of \$0.49 per \$100 of assessed valuation over the life of the bonds.” However, this rate, the other rate requested (\$0.20 per \$100), and the vague term “total tax rate” may confuse voters.
13. Likewise, IC 6-1.1-20-3.6(c) requires use of the phrase “issue bonds or enter into a lease.” The School Corporation proposes to use the phrase “issue bonds and/or enter into a lease.” Indiana Code 6-1.1-20-3.6(c) does not allow for modification of this phrase.
14. The Department finds that the rest of the proposed language is not inaccurate or biased against either a vote in favor of or a vote against the controlled project.

Final Determination

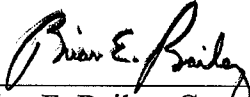
WHEREFORE, based on the above findings and applicable law, the Department recommends the following language for the public question to be presented to voters:

“Shall the Lake Central School Corporation, Lake County, Indiana, issue bonds or enter into a lease to finance new construction to replace the majority of Lake Central High School and construct a new Protsman Elementary School, which is estimated to cost not more than \$160,000,000 and is estimated to increase the property tax rate for debt service by a maximum of \$0.4838 per \$100 of assessed valuation over the 20-year life of the bonds?”

For any resubmitted question, the Department certifies the proposed rate of “a maximum of \$0.4838 per \$100 of assessed valuation over the 20-year life of the bonds.”

Dated this 14th day of July, 2011.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

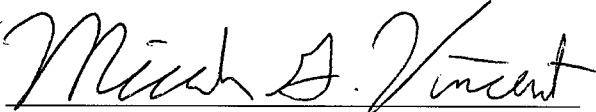


Brian E. Bailey, Commissioner
Department of Local Government Finance

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

I, Micah G. Vincent, General Counsel for the Department of Local Government Finance, hereby certify that the above is an order of the Commissioner of the Department of Local Government Finance made this date in the above-entitled matter and that the Commissioner has personally signed the same under his statutory authority.

WITNESS MY HAND AND SEAL of the Commissioner on this the 14th day of July, 2011.



Micah G. Vincent, General Counsel
Department of Local Government Finance