

2020-21 Tax Levy Increase - Holy Hill Area School District

November 3, 2020

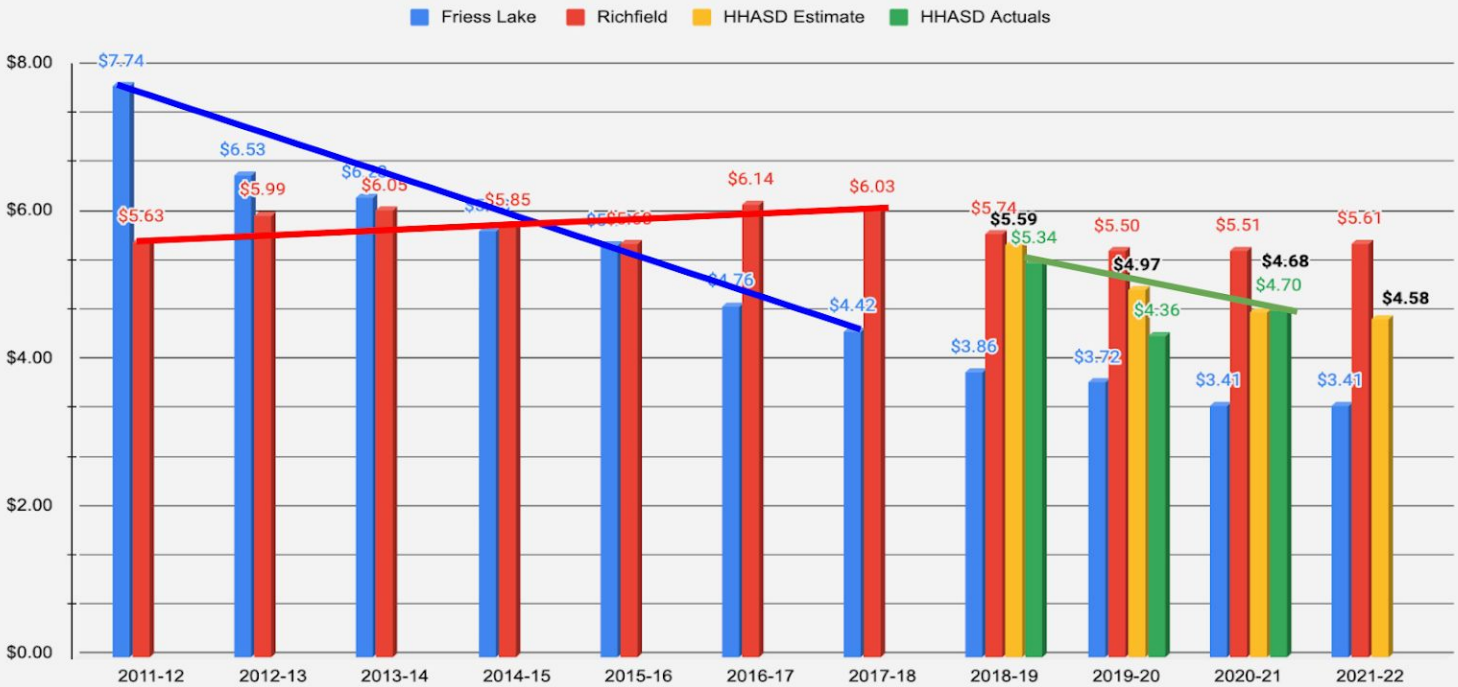
As you may be aware, the Holy Hill Area School District (HHASD) was formed on July 1, 2018, when the Richfield J1 and Friess Lake School Districts consolidated. A consolidation study was done and many community forums were held to discuss the financial implications of the impending consolidation. It was stated that in the process of merging two districts with different finances, the taxes and mill rate would begin somewhere between that of the two parent districts trending closer to that of the larger district due to its larger tax and property base, meaning Friess Lake residents would see a tax increase while Richfield residents would see a tax decrease in the first year. Projections showed that taxes and mill rate would trend down in the second year due to declining enrollment.

A key factor in HHASD's finances is related to consolidation aid allocated by the state during the first five years of consolidation. Reduced spending by HHASD, as a result of declining enrollment, increased efficiencies, and reduced shared costs/spending, and increased aid statewide, impacted the consolidation calculation significantly this year. By statutory requirement, the HHASD published its Budget Hearing document based upon the July 1 estimates from DPI and the assumption that the consolidation calculation would be approximately the same as last year, which would result in a 1% levy decrease. This posting requirement occurred just prior to when the state aid was certified on October 15th. When this information was released by DPI, our consolidation calculation changed considerably from 2019/20 resulting in additional taxing authority for HHASD.

Taxes went down over 12% in 2019/20, which caused HHASD to have both a lower mill rate *and* lower taxes than anticipated last year. Based upon the information cited above, a tax levy increase of 9.9% was confirmed on October 21, 2020, after multiple meetings with representatives from the Department of Public Instruction (DPI) and Robert W. Baird & Co with whom the district contracted for the consolidation study financials. Please review the chart below that shows that while this is a significant increase, it is within two cents of the 2020/21 mill rate that was projected in our consolidation study of 2017.

Comparison of Estimated Mill Rate to Actual

HHASD saw lower Mill rates and lower taxes in 2019-20 than anticipated. With a larger than expected tax increase in 2020-21, the Mill Rate is still within 2 cents of original projections.



While there wasn't time to get this updated in the newspaper before the Annual Meeting, emails were sent out to parents of students, to staff and as many taxpayers in the community as we had email addresses. We also posted this information on various social media platforms. Two community meetings were held face to face and virtually on Friday, October 23, 2020 at 4:30 P.M. at Richfield Middle School and on Monday, October 26, 2020 at 8:00 A.M. at Friess Lake Elementary for any residents who wanted to talk about this prior to the Annual Meeting. The Annual Meeting was held at 6:00 P.M. on Monday, October 26, 2020, at Richfield Middle School. The budget and tax levy were approved unanimously at the Annual Meeting by the approximately 25 residents in attendance.