

Kosciusko County, Indiana
2006 Pay 2007 Budget Order

An analysis of the data with the 2006 Pay 2007 Budget Order for Kosciusko County shows that the budgets, levies and tax rates to be approved are in compliance with Indiana statutes.

Kosciusko County has six cross-county units – Nappanee City, Nappanee Public Library, Wa-Nee Community School Corporation, Tippecanoe Valley School Corporation, Whitko Community School Corporation and Triton School Corporation. Kosciusko County is the major county for Tippecanoe Valley School Corporation and Whitko Community School Corporation, while it is the minor county for the four other taxing units. Analysis of these taxing units has been included as possible.

According to DLGF staff, Kosciusko County is in compliance with departmental and statutory requirements. Kosciusko County has been released from performing a reassessment for pay 2007.

Changes in Local Tax Levies

Tax levy increases are made up of routine increases in controlled levies, increases in tax rate controlled levies and debt service levies. Controlled levies increase based on an annual growth factors or excess levy appeals. As there are typically a number of controlled levies, a taxing unit can increase the levy in one controlled fund while decreasing the levy in a different controlled fund and still remain within its maximum levy for controlled funds. Tax rate controlled levies increase based on increases in assessed value applied to a specific tax rate (tax rates are adjusted downward to eliminate the effect of reassessment or trending).

The total net increase in tax levy for Pay 2007 on a county-wide basis was approximately \$4,577,500, or 5.56%. Over 80% of the total levy growth was attributable to the school corporations within the County. Following is a summary of the levy changes that made the most impact when looking at dollar and percentage increase or decrease over the previous year's levy.

- The Kosciusko County taxing unit increased its levy by \$300,142 or 3.51%. Funds with significant changes were the Cumulative Bridge Fund, the Health Fund and the Cumulative Jail Fund which increased by \$66,706 (25.99%), \$67,799 (17.20%) and \$13,103 (25.99%), respectively.
- Kosciusko County Welfare decreased its levy by \$380,284 which is a 27.12% decrease. This was primarily due to a \$579,952 (69.54%) decrease in the County Welfare Family and Children Fund and an increase of \$192,714 (70.09%) in the Children Psychiatric Residential Treatment Fund.
- Clay Township's total levy increased by \$1,498 (2.68%). The Township Assistance Fund levy increased by \$850 (21.80%), while the Recreation Fund levy increased by \$336 (36.32%).
- Etna Township had an overall levy increase of only \$996 (2.70%), though many its funds had significant changes. The General Fund levy and the Emergency Ambulance – Medical Services Fund levy increased by \$2,578 (15.04%) and \$899 (206.19%) respectively. The Township Assistance Fund levy and the Recreation Fund levy decreased by \$1,978 (33.40%) and \$507 (62.59%) respectively.

- Franklin Township's levy increased \$1,589 (3.40%). The Recreation Fund levy increased by \$802 (52.66%), while the Emergency Ambulance - Medical Services Fund levy decreased by \$386 (19.44%).
- Harrison Township had significant increases in the following fund levies: Township Assistance - \$3,999 (62.88%) and Fire - \$3,639 (15.16%). The Fire Fund levy decreased by \$952 (24.41%), while the Recreation Fund levy of \$1,440 was removed in 2007. In total, the Township's levy increased by \$6,921 (7.57%).
- Jefferson Township's General Fund levy increased by \$1,704 (11.57%), while the Township assistance Fund levy decreased by \$978 (24.77%). In total, the Township's levy increased by \$1,301 (4.23%).
- Overall, Lake Township's levy increased by only \$322 (0.88%), though certain funds had significant levy change. The Township Assistance Fund levy and the Recreation Fund levy increased by \$1,310 (108.44%) and \$97 (50.79%), respectively. The Emergency Ambulance - Medical Services Fund levy decreased by \$890 (61.46%).
- Monroe Township's levy increased by \$838 (4.93%). The Township Assistance Fund levy increased by \$1,042 (133.59%), while the General Fund levy decreased by \$729 (11.77%).
- Plain Township's General Fund levy increased by \$4,843 (9.13%), while the Emergency Ambulance - Medical Services Fund levy decreased by \$968 (11.33%). In total, the Township's levy increased by \$6,996 (2.37%).
- Prairie Township's total levy increased by \$495 (0.89%). The only fund with a significant change was a decrease in the Recreation Fund levy of \$510 (55.43%).
- Seward Township's total levy increased by \$2,192 (3.51%). Two fund levies were added in 2007: Township Assistance - \$3,079 and Emergency Ambulance - Medical Services - \$4,949. To offset these increases, the General Fund and the Recreation Fund levies decreased by \$6,513 (39.42%) and \$413 (25.45%), respectively.
- Tippecanoe Township's total levy increased by \$12,052 (3.46%). The Township Assistance Fund levy experienced the only significant increase of \$4,686 (172.72%).
- Turkey Creek Township's total levy increased by \$7,139 (2.23%). The Recreation Fund levy experienced the only significant increase of \$1,269 (56.70%).
- Van Buren Township's levy increased by \$2,320 (2.85%). The Township Assistance Fund levy increased by \$3,695 (68.36%), while the Emergency Ambulance - Medical Services Fund levy decreased by \$1,760 (47.43%).
- Washington Township's Township Assistance Fund levy increased by \$1,787 (12.61%) and its Fire Fund levy increased by \$12,447 (48.64%). The Township had an excess levy appeal for volunteer fire of \$10,000. In total, the Township's levy increased by \$13,983 (18.22%).

- Wayne Township's total levy increased by \$168,093 (34.31%). In addition to a levy increase of \$16,820 (34.46%) in its Recreation Fund, the Township also added levies in the Township Assistance Fund and Cumulative Fire Fund in the amounts of \$51,569 and \$149,134, respectively. The General Fund levy decreased by \$29,671 (41.29%) and the Emergency Ambulance - Medical Services Fund levy decreased by \$24,553 (10.29%).
- For those portions of Wa-Nee Community School Corporation within Kosciusko County, the total levy increased by \$350,147 (18.42%). Funds with significant increases were as follows: General Fund - \$88,766 (11.85%), Debt Service Fund - \$216,902 (37.02%), Transportation Fund - \$21,596 (13.54%), and Bus Replacement Fund - \$3,945 (14.26%).
- Wawasee Community School Corporation's total levy increased by only \$194,703 (1.06%). Of this, the School Pension Debt Fund, Capital Projects Fund and Bus Replacement Fund levies increased by \$136,712 (25.54%), \$536,791 (18.78%) and \$355,202 (393.84%), respectively. The Debt Service Fund levy decreased by \$1,451,798 (41.14%). The Corporation received a P.L. 2-2006 excess levy appeal in its Transportation Fund of \$12,951.
- Warsaw Community School Corporation increased its levy by \$2,000,253 (7.76%). Of this, the Capital Projects Fund levy increased by \$1,065,791 (18.35%) and the Transportation Fund levy increased by \$285,083 (17.02%). The Bus Replacement Fund levy decreased by \$107,638 (15.21%). The Corporation received a new facility excess levy appeal for the General Fund in the amount of \$250,000. The Transportation Fund received a school transportation excess levy appeal of \$188,432 and a P.L. 2-2006 excess levy appeal of \$31,385.
- For those portions of Tippecanoe Valley School Corporation within Kosciusko County, the total levy increased by \$470,103 (9.11%). The following funds had significant levy increases: General Fund - \$221,660 (11.84%), Capital Projects Fund - \$77,521 (9.13%), Transportation Fund - \$94,331 (17.12%) and Bus Replacement Fund - \$10,341 (10.48%). The Transportation Fund received a P.L. 2-2006 excess levy appeal of \$83,756.
- For those portions of Whitko Community School Corporation within Kosciusko County, the total levy increased by \$828,667 (23.78%). The following funds had significant levy increases: Debt Service Fund - \$555,665 (67.74%), Capital Projects Fund - \$136,266 (19.46%) and Transportation Fund - \$40,919 (12.81%). The General Fund received a new facility excess levy appeal of \$50,000, while the Transportation Fund received a P.L. 2-2006 excess levy appeal of \$50,489.
- For those portions of Triton School Corporation within Kosciusko County, the total levy decreased by \$6,978 (0.78%). The Debt Service Fund and School Pension Debt Fund levies decreased by \$36,918 (24.01%) and \$5,128 (11.52%), respectively. The Bus Replacement Fund levy increased by \$10,555 (225.73%).
- Warsaw Civil City increased its levy by \$242,327 (3.08%). While the Cemetery Fund levy increased significantly by \$39,296 (13.48%), the majority of the total levy increase was attributable to the General Fund levy increase of \$229,685 (4.28%).
- For those portions of Nappanee Civil City within Kosciusko County, the total levy increased by \$8,211 (5.80%). The Police Pension Fund and the Park and Recreation Fund

levies increased by \$1,792 (150.97%) and \$1,661 (12.41%), while the Aviation Fund levy decreased by \$659 (16.03%).

- Burket Civil Town had a \$2,080 (12.91%) increase in its total levy. This was primarily due to a \$2,097 (14.09%) increase in the General Fund levy.
- Etna Green Town's General Fund levy and total levy increased by \$9,593 (15.28%).
- Mentone Civil Town's total levy increased by \$13,996 (7.23%). The Cumulative Capital Development Fund levy increased by \$6,579 (94.81%).
- North Webster Civil Town increased its levy \$11,285 (3.81%). The Motor Vehicle Highway Fund levy increased by \$29,753 (222.47%), while the General Fund levy decreased by \$18,536 (6.90%).
- Pierceton Civil Town's total levy decreased by \$6,033 (3.25%). The majority of this was due to the removal of the Cumulative Capital Development Fund levy of \$12,862. The Park Fund levy increased by \$927 (18.33%).
- Sidney Civil Town's General Fund and total levy increased by \$830 (8.21%).
- Syracuse Civil Town increased its levy by \$62,963 (4.19%). The following funds had significant levy increases: Motor Vehicle Highway Fund - \$38,902 (10.21%), Cumulative Capital Improvement - \$8,781 (36.66%) and Cumulative Sewer - \$14,929 (36.66%).
- For those portions of Nappanee Public Library within Kosciusko County, the total levy increased \$2,566 (8.88%). The General Fund levy increased \$2,658 (12.26%).
- Milford Public Library increased its total levy by \$14,808 (13.36%). The Library added a Capital Projects Fund levy of \$11,284.
- Syracuse Public Library increased its total levy by \$61,674 (26.93%). The Capital Projects Fund levy increased by \$56,147 (106.78%).
- Warsaw Community Public Library increased its total levy by \$68,064 (4.37%). The only fund with a significant levy increase was the Capital Projects Fund which increased its levy by \$30,594 (23.30%).
- Bell Memorial Public Library increased its total levy by \$33,714 (19.48%). Of this, the Debt Service Fund levy increased \$13,830 (57.03%) and the Capital Projects Fund levy increased \$9,674 (252.65%).
- Kosciusko County Redevelopment Commission and Winona Lake Redevelopment Commission removed their Tax Increment Replacement levies of \$7,050 and \$12,172, respectively. Warsaw City Redevelopment Commission reduced its Tax Increment Replacement levy by \$20,388 (13.80%).

A number of taxing units had adjustments to their maximum levies as a result of either adjustments for levy excess or adjustments to account for an unused portion of the 2006 levy. When considering these adjustments, these taxing units had controlled levy growth higher than

the normal statutory controlled levy growth but were still within their maximum levies. The affected taxing units are as follows:

- Harrison Township;
- Monroe Township;
- Plain Township;
- Seward Township;
- Washington Township;
- Burket Civil Town;
- Claypool Civil Town;
- Etna Green Civil Town;
- Sidney Civil Town;
- Silver Lake Civil Town; and
- Bell Memorial Public Library.

No units in the County exceeded the working maximum levy. All units in the County levied approximately up to the working maximum levy except for the following taxing units or funds:

- Kosciusko County Solid Waste Management District did not levy \$5,495 or 3.29% of its working maximum levy;
- Kosciusko County – Medical Assistance to Wards did not levy \$1,952 or 10.13% of its working maximum levy;
- Kosciusko County – Children with Special Health Needs did not levy \$1,996 or 4.14% of its working maximum levy; and
- Turkey Creek Township did not levy \$2,626 or 3.83% of its working maximum levy.

Changes in Real Property Gross Assessed Values

Real Property Gross Assessed Values increases by property class are as follows.

<u>Class</u>	<u>% Change</u>
Agriculture	3.0%
Industrial	11.7%
Commercial	24.0%
Residential	38.6%
Utility	0.5%

Changes in the proportion of Gross Assessed Value by Class can create a burden shift from one class to another. The proportion (mix) of values of real property by class (this can represent the relative tax burden by class, except that it does not include the impact of deductions or credits).

<u>Class</u>	<u>2006 Ratio</u>	<u>2007 Ratio</u>
Agriculture	13.32%	10.50%
Industrial	6.01%	5.14%
Commercial	10.21%	9.69%
Residential	70.18%	74.46%
Utility	0.28%	0.21%

As can be seen from the analysis, a shift from other property classes to residential property has occurred. This shift was approximately 4.28% of the total.

Change in Net Tax Rates

Changes in net tax rate by district were as follows. Due to the minor county status of Kosciusko County for Nappanee City, Nappanee Public Library, Wa-Nee Community School Corporation

and Triton School Corporation, the following taxing districts have been excluded from the analysis below: Etna Township, Etna Green Town, Jefferson Township - West, Scott Township, and Nappanee City - Jefferson Township. It is possible that the gross tax rates, and therefore net tax rates, are not accurately calculated for these districts because of the absence of the major county portions of the cross-county units' rate components.

<u>District</u>	<u>Change in NAV</u>	<u>Change in Gross Tax Rate</u>	<u>Change in Business Personal Property Tax Rate</u>	<u>Change in Real Estate and Other Personal Property Tax Rate</u>	<u>Change in Homestead Net Tax Rate</u>
Clay Township	14.19%	-9.23%	-6.83%	-5.52%	-0.16%
Claypool Town	0.16%	-4.48%	-1.95%	-1.01%	3.84%
Franklin Township	4.74%	-6.56%	-5.96%	-5.52%	-2.08%
Jackson Township	13.02%	6.00%	11.61%	14.42%	21.67%
Sidney Town	13.47%	4.40%	8.62%	11.56%	20.04%
Jefferson Township - East	14.64%	-25.43%	-23.67%	-23.67%	-20.05%
Lake Township	15.61%	-9.41%	-7.04%	-5.79%	-0.73%
Silver Lake Town	7.81%	-6.34%	-4.52%	-4.05%	-1.20%
Monroe Township	2.58%	6.84%	12.95%	15.77%	22.96%
Plain Township	23.48%	-9.50%	-7.15%	-5.90%	-0.90%
Warsaw City - Plain Township	-1.68%	-8.69%	-7.32%	-5.96%	1.24%
Leesburg Town	3.68%	-7.82%	-5.53%	-4.29%	1.91%
Prairie Township	11.34%	-9.23%	-6.76%	-5.46%	-0.24%
Seward Township	15.87%	-6.89%	-6.35%	-5.93%	-2.71%
Burket Town	-1.08%	-3.42%	-2.36%	-2.06%	2.05%
Tippecanoe Township	25.44%	-26.22%	-24.76%	-24.74%	-21.26%
North Webster Town	12.55%	-21.30%	-19.29%	-19.11%	-14.06%
Turkey Creek Township	60.71%	-27.29%	-26.08%	-26.04%	-22.73%
Syracuse Town	36.66%	-25.77%	-24.84%	-24.22%	-18.76%
Van Buren Township	9.19%	-25.16%	-23.34%	-23.31%	-19.76%
Milford Town	6.13%	-17.75%	-15.19%	-14.90%	-9.77%
Washington Township	11.58%	6.64%	12.42%	15.23%	22.41%
Pierceton Town	22.37%	0.32%	3.39%	6.20%	14.50%
Wayne Township	15.32%	-7.47%	-4.67%	-3.08%	2.78%
Warsaw City - Wayne Township	12.00%	-8.62%	-7.22%	-5.83%	1.53%
Winona Lake Town	32.30%	-12.57%	-11.69%	-10.22%	-3.97%
Harrison Township	22.84%	-6.53%	-5.97%	-5.38%	-1.68%
Mentone Town - Harrison Township	5.15%	-4.24%	-3.48%	-2.60%	2.91%
Mentone Town - Franklin Township	2.74%	-4.13%	-3.36%	-2.49%	3.04%
Average	14.24%	-9.31%	-7.12%	-6.00%	-0.66%

Downward pressure on tax rates came from increases in Assessed Value due to trending.

Upward pressure on tax rates came from the increased Homestead Deduction and decreased Homestead Credit rate, as well as increases in tax levies. The County was an early adopter of the inventory deduction.

Assessment Status

According to DLGF staff, Kosciusko County is in compliance with departmental and statutory requirements.

The DLGF has prepared an analysis of assessed valuation change by property class based on a review of parcel data. The results of this analysis are summarized in the table below:

Property Class	Percent of Parcels with Identified Assessed Valuation Change				
	<u>Decrease</u>	<u>No Change</u>	<u>0 - 30% Increase</u>	<u>30 - 100% Increase</u>	<u>More Than Doubled</u>
Commercial	6.4%	2.2%	53.1%	31.5%	6.9%
Industrial	49.0%	1.1%	38.0%	7.4%	4.4%
Residential	17.8%	4.8%	42.9%	27.1%	7.3%
Utility	26.4%	8.6%	51.3%	12.5%	1.3%
Agriculture	13.2%	44.9%	33.8%	6.9%	1.2%
Exempt	17.5%	6.6%	51.2%	16.4%	8.2%
Overall	16.8%	11.7%	41.9%	23.5%	6.2%

Per DLGF staff, Kosciusko County's pay 2007 assessments were approved and the County released from needing to perform a reassessment on September 13, 2007.

TIF Neutralization Worksheets

The County has several Tax Increment Areas. A Tax Increment Financing (TIF) Neutralization Worksheet must be completed for each TIF District in order to calculate tax increment generated by real property growth rather than increases in assessed valuation due to reassessment or trending. The TIF Neutralization Worksheets were not reviewed for numerical accuracy but for logical analysis and completeness.

For the purposes of calculating the increment to be captured, a negative assessed value base was used in the worksheet for the Claypool #1 TIF District and the Claypool #2 TIF District. It is not logically possible to have a negative base assessed value. Using a negative base assessed value increases the tax rate for the property taxpayers in the taxing district that is outside the TIF allocation area.