

**Porter County, Indiana**  
**2006 Pay 2007 Budget Order**

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

Porter County has one cross-county taxing unit - Michigan City Area School Corporation - for which Porter County is the minor county. Analysis of this taxing unit has been included as possible.

Porter County includes seven conservancy districts (White Oak Conservancy District, Valparaiso Lakes Conservancy, Indian Boundry Conservancy District, Damon Run Conservancy District, Twin Creeks Conservancy District, Falling Waters Conservancy District and Nature Works Conservancy District). A conservancy district is a special taxing district created to provide flood control, irrigation, potable water or wastewater service within a specified area. The cost of providing these services are charged to landowners in the form of a special assessment based on the benefit provided. These special assessments are added to the property tax bill of each landowner and collected along with property taxes. Since the benefit derived may not relate to the assessed value of the property, these assessments are normally expressed in terms of dollars of assessment and not as a tax rate per \$100 of net assessed value. Therefore, the conservancy district special assessments have not been included in this analysis.

According to DLGF staff, Porter County is in compliance with departmental and statutory requirements regarding data compliance. Porter County has been released from needing to perform 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 factor or based on excessive levy appeals. 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). Debt Service levies are not controlled but are capped at the amount of debt service necessary to pay principal and interest on approved debt or leases.

In total, the County-wide levy increased by \$11.6 million, which was a 5.24% increase over the 2006 County-wide levy. Over 70% of this county-wide increase is attributable to two school corporations - Portage Township School Corporation and Valparaiso Community School Corporation. Significant levy changes by taxing unit are identified below.

- Porter County taxing unit increased its levy by \$552,770 or 1.83%. Of this, the following funds had significant levy increases: General Fund - \$1,077,424 (4.44%), Regional Planning Fund - \$89,752 (521.78%) and Cumulative Capital Development Fund - \$497,636 (41.93%). The County significantly reduced its levy for debt service in the following funds: Debt Payment Fund - \$74,595 (48.18%), Lease Rental Payment Fund - \$660,684 (93.68%) and Court House Bond Fund - \$652,083 (93.60%).
- The levy for Welfare Funds decreased by 9.04% or \$820,378, driven primarily by a decrease in the Children Psychiatric Residential Treatment Fund of \$850,692 (76.09%).

- Boone Township increased its levy by \$5,114 (3.60%). Of this, the Township Assistance Fund levy increased by \$10,032 (48.88%), while the General Fund levy decreased by \$6,303 (8.81%).
- Center Township increased its levy by \$23,640 (1.74%), driven primarily by a levy increase in the General Fund of \$22,831 (15.35%). Center Township received a Township Assistance excess levy appeal of \$48,287.
- Jackson Township's total levy increased by \$3,652 (2.88%). The only fund with a significant levy change was the Township Assistance Fund which removed its levy of \$987.
- Liberty Township increased its General Fund levy by \$13,551 (35.56%), while decreasing its Township Assistance Fund levy by \$9,638 (16.61%). In total, the Township's levy increased by \$11,111 or 3.78%.
- Morgan Township's total levy increased by \$3,028 (3.60%). The General Fund levy increased by \$2,524 (16.23%), while the Township Assistance Fund levy decreased by \$629 (14.42%). The Recreation Fund levy of \$1,138 was removed.
- Pine Township decreased its total levy by \$5,140 (5.47%), primarily due to a decrease in the Township Assistance Fund levy of \$3,996 (46.96%).
- Pleasant Township increased its levy by \$6,483 (3.63%). The General Fund levy increased by \$5,864 (9.89%), while the Township Assistance Fund levy of \$386 was removed.
- Portage Township had significant levy decreases in the following funds: Township Assistance - \$48,403 (9.08%), Township Assistance Bond - \$124,548 (65.18%) and Fire Equipment Bond - \$167,682 (44.74%). The General Fund levy increased by \$131,665 (49.57%). In total, the Township's levy decreased by \$178,080 (8.54%). Portage Township received a shortfall appeal in the amount of \$56,021.
- Union Township's levy increased by \$7,766 (2.46%). Of this, the Township Assistance Fund and Recreation Fund levies increased by \$1,611 and \$1,074, respectively.
- Washington Township increased its total levy by \$12,255 (6.98%). The following funds had significant levy increases: Township Assistance Fund - \$7,889 (117.59%), Fire Equipment Debt Fund - \$5,038 (20.37%), Cumulative Fire Fund - \$1,935 (10.19%) and Recreation Fund - \$6,415 (81.96%). The General Fund decreased its levy by \$11,711 (24.94%).
- Westchester Township increased the Township Assistance Fund and Cumulative Fire Fund levies by \$14,011 (49.06%) and \$12,440 (24.17%), respectively. The General Fund levy decreased by \$11,486 (35.98%). In total, the Township's levy increased by \$16,022 (11.50%). Westchester Township received a three-year growth excess levy appeal in the amount of \$27.
- For those portions of Michigan City Area School Corporation within Porter County, the total levy decreased by \$29,343 (1.13%). This was primarily due to a decrease in the General Fund levy of \$84,733 (6.10%). To offset this decrease, the following funds had

significant levy increases: School Pension Debt Fund - \$8,113 (13.35%), Transportation Fund - \$30,238 (13.05%) and Bus Replacement - \$9,090 (32.13%).

- Boone Township School Corporation increased the Debt Service Fund and Transportation Fund levies by \$141,701 (6.59%) and 41,255 (11.94%), respectively. The Bus Replacement Fund levy decreased by \$16,215 (14.27%). In total, the Corporation increased its levy by \$258,607 (4.97%). Boone Township School Corporation received a P.L. 2-2006 excess levy appeal of \$13,023 and a shortfall appeal of \$14,445 in its Transportation Fund. The General Fund received a new facility excess levy appeal of \$41,331 and a shortfall appeal of \$66,609.
- Duneland School Corporation decreased its levy by \$456,813 (1.22%). Of this, the Debt Service Fund levy decreased by \$836,594 (12.24%), and the Bus Replacement Fund levy decreased by \$97,010 (17.18%). The School Pension Debt Fund levy increased by \$168,689 (15.62%). The Transportation Fund received a P.L. 2-2006 excess levy appeal of \$36,585 and a shortfall appeal of \$99,440.
- East Porter County School Corporation's total levy increased by \$68,826 (0.50%). Funds with significant levy increases include the School Pension Debt Fund, which increased its levy by \$176,292 (101.01%) and the Bus Replacement Fund, which increased its levy by \$166,395 (84.38%). The General Fund levy decreased by \$352,351 (5.37%). The Transportation Fund received a P.L. 2-2006 excess levy appeal of \$12,190.
- Porter Township School Corporation decreased its levy by \$59,196 (0.77%). The Debt Service Fund levy decreased by \$206,981 (9.36%), and the Bus Replacement Fund levy decreased by \$50,348 (44.04%). The Transportation Fund received a P.L. 2-2006 excess levy appeal of \$38,016.
- Union Township School Corporation increased its total levy by \$475,796 (6.40%). Funds with significant levy increases were as follows: Debt Service Fund - \$200,964 (11.13%), School Pension Debt Fund - \$103,314 (194.14%) and Transportation Fund - \$106,087 (14.45%). The Transportation Fund received a P.L. 2-2006 excess levy appeal of \$14,557 and a school transportation excess levy appeal of \$62,336.
- Portage Township School Corporation increased its total levy by \$5,786,987 (23.24%). Funds with significant levy increases were as follows: Debt Service Fund - \$3,596,120 (109.10%), School Pension Debt Fund - \$898,812 (218.79%) and Transportation Fund - \$357,211 (10.83%). The Bus Replacement Fund levy decreased by \$122,153 (26.53%). The Transportation Fund received a P.L. 2-2006 excess levy appeal of \$225,606.
- Valparaiso Community School Corporation increased its total levy by \$2,546,013 (7.79%). The following funds had significant levy increases: School Pension Debt Fund - \$294,324 (20.47%), Capital Projects Fund - \$1,742,237 (40.93%) and Bus Replacement Fund - \$313,163 (129.32%). The Transportation Fund received a P.L. 2-2006 excess levy appeal of \$31,735 and a shortfall appeal of \$38,616.
- Valparaiso Civil City increased its total levy by \$1,927,572 (14.79%). Of this, the following funds had significant levy increases: General Fund - \$1,751,083 (18.11%), Debt Service Fund - \$171,826 (44.69%) and Park Bond Fund - \$36,236 (12.77%). The Motor Vehicle Highway Fund had a levy decrease of \$175,596 (41.62%). The City received an annexation excess levy appeal of \$1,860,667.

- Portage Civil City's levy increased by \$241,597 (1.71%). Funds with significant levy increases were as follows: Insurance Fund - \$77,896 (15.81%), Health Insurance Fund - \$136,330 (10.09%) and Motor Vehicle Highway Fund - \$221,027 (49.43%). Funds with significant levy decreases were as follows: Fire Pension Fund - \$44,559 (22.03%), Police Pension Fund - \$214,375 (68.42%) and Storm Sewer Fund - \$48,460 (40.33%). The \$1,521 levy for the Cumulative Capital Improvement Fund was removed. The City received a shortfall appeal of \$593,148.
- Chesterton Civil Town increased the Motor Vehicle Highway Fund and Flood Control Bond Fund levies by \$62,895 (13.01%) and \$18,732 (22.51%), respectively. A Park Bond Fund levy of \$160,649 was added in pay 2007. The Storm Sewer Bond Fund and Park and Recreation Fund levies decreased by \$84,318 (19.68%) and \$63,920 (19.75%), respectively. In total, the Town's levy increased by \$237,214 (5.77%).
- Beverly Shores Civil Town decreased its total levy by \$468,904 (60.11%). This was due primarily to the removal of levy in the Debt Service Fund of \$440,432 and the Motor Vehicle Highway Fund of \$53,045.
- Burns Harbor Civil Town increased its levy by \$377,934 (40.90%). The following funds had significant levy increases: General Fund - \$361,432 (45.95%), Park Fund - \$5,536 (12.53%) and Cumulative Capital Development Fund - \$9,242 (40.81%). The Cumulative Sewer Fund decreased its levy by \$1,930 (13.44%). Burns Harbor received a three-year growth excess levy appeal in the amount of \$350,000.
- Dunes Acres Civil Town increased its levy by \$9,834 (3.84%). The Park Fund levy increased by \$18,259 (365.47%), while the Motor Vehicle Highway Fund levy decreased by \$8,697 (49.43%).
- Kouts Civil Town decreased its total levy by \$28,260 (9.45%), due primarily to a reduction in the Redevelopment Bond Fund levy of \$35,968 (77.87%). The Motor Vehicle Highway Fund levy increased by \$24,496 (781.62%).
- Ogden Dunes Civil Town decreased its General Fund and Park Bonds Fund levies by \$43,846 (10.17%) and \$6,107 (13.90%), respectively. The Debt Service Fund levy of \$4,156 was removed. The Town had significant levy increases in the following funds: Motor Vehicle Highway Fund - \$51,505 (56.06%) and Park and Recreation Fund - \$13,908 (76.18%). In total, the Town's levy increased by \$11,386 (1.86%).
- Porter Civil Town decreased its total levy by \$147,985 (7.36%). Funds with significant levy decreases were as follows: General Fund - \$212,346 (15.36%), Fire Fund - \$18,857 (11.67%) and Park and Recreation Fund - \$8,641 (10.31%). The Motor Vehicle Highway Fund levy increased by \$91,475 (35.56%).
- Porter County Public Library increased its total levy by \$489,245 (9.83%), due primarily to an increase in the Library Capital Projects Fund of \$445,932 (90.75%).
- The Valparaiso Redevelopment Commission increased its Tax Increment Replacement levy by \$48,226 (14.41%).
- The Chesterton Redevelopment Commission increased its Tax Increment Replacement levy by \$34,220 (296.38%).

- Portage Redevelopment Commission added a Tax Increment Replacement levy in the amount of \$346,445.

Porter County Airport Authority had an adjustment to its maximum levy to account for an unused portion of the 2006 levy. When considering this adjustment, the Authority had controlled levy growth higher than the normal statutory controlled levy growth but was still within its maximum levy.

All units in the County levied approximately up to the working maximum levy except for the following taxing units or funds which had levied significantly below (in terms of dollars) their working maximum levies:

- Boone Township School Corporation - General Fund did not levy \$112,598 or 5.59% of its working maximum levy;
- Pine Township did not levy \$9,435 or 18.53% of its working maximum levy; and
- Porter Township - Fire did not levy \$4,889 or 3.08% of its working maximum levy.

### **Changes in Real Property Gross Assessed Values**

Real Property Gross Assessed Values increases by class were:

<u>Class</u>	<u>% Change</u>
Agriculture	-1.7%
Industrial	0.3%
Commercial	6.8%
Residential	17.6%
Utility	1.9%

Changes in the proportion of 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	1.74%	1.50%
Industrial	7.80%	6.84%
Commercial	12.49%	11.65%
Residential	77.46%	79.56%
Utility	0.51%	0.45%

As can be seen from the analysis, there was a shift in the total mix to residential from all other property classes with the shift approximating 2.10% of the total.

### **Change in Personal Property Assessed Valuation**

Porter County experienced a significant shift in the distribution of personal property from pay 2006 to pay 2007. In pay 2006, total personal property assessed valuation equaled approximately \$1.26 billion. Of this, over 70% was attributed to non-business personal property. In pay 2007, Porter County's total personal property assessed valuation equaled approximately \$1.13 billion. Only 30% was attributable to non-business personal property. From pay 2006 to pay 2007, business personal property increased by 128%, while non-business personal property decreased by almost 63%. This shift would reduce property tax replacement credit monies available to the County, as a result of the differences in the property tax replacement credit between business personal property and non-business personal property.

## Change in Net Tax Rates

Changes in net tax rate by district were as follows in the table below. Due to the minor county status of Porter County for Michigan City Area School Corporation, Pines Township – Michigan City Schools, Beverly Shores (Pines) and Pines Town (Pines Township) taxing districts have been excluded from the analysis below. 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 Net Tax Rate</u>	<u>Change in Real Estate and Other Personal Property Net Tax Rate</u>	<u>Change in Homestead Net Tax Rate</u>
Boone Township	10.81%	-3.60%	-1.61%	-0.73%	2.70%
Hebron (Boone)	7.02%	-3.46%	-1.75%	-0.79%	3.37%
Center Township	3.91%	3.83%	5.61%	6.16%	10.83%
Valparaiso (Center)	-1.00%	8.17%	9.64%	11.47%	19.02%
Jackson Township	22.10%	-5.91%	-6.04%	-5.82%	-1.99%
Liberty Township	13.11%	-5.80%	-5.90%	-5.68%	-1.84%
Chesterton – Liberty Township	4.24%	-3.57%	-3.28%	-2.87%	1.76%
Morgan Township	3.60%	0.20%	1.01%	1.48%	5.34%
Pine Township – Duneland Schools	15.37%	-5.97%	-6.11%	-5.84%	-1.90%
Pleasant Township	1.76%	0.24%	1.03%	1.55%	5.66%
Kouts (Pleasant)	4.59%	-1.72%	-1.37%	-0.98%	3.32%
Portage Township	-0.49%	10.65%	13.46%	15.92%	24.00%
Portage City – Portage Township	-5.73%	13.75%	16.31%	18.97%	28.65%
Ogden Dunes (Portage)	52.61%	6.82%	8.72%	12.29%	22.79%
Porter Township	10.77%	-9.70%	-8.90%	-8.52%	-4.68%
Union Township	6.01%	-0.52%	1.60%	2.84%	8.27%
Washington Township	-2.31%	0.49%	1.35%	1.85%	5.81%
Westchester Township	-3.30%	-5.12%	-5.08%	-4.84%	-0.92%
Portage City – Westchester Township	-4.01%	-0.76%	-0.14%	0.12%	5.10%
Chesterton – Westchester Township	1.59%	-3.51%	-3.21%	-2.82%	1.87%
Burns Harbor (Westchester)	-2.15%	-1.97%	-1.30%	-0.69%	3.83%
Dune Acres (Westchester)	39.64%	-8.48%	-9.04%	-8.40%	-3.41%
Porter Town (Westchester)	1.31%	-6.43%	-6.60%	-6.63%	-2.13%
Chesterton – Jackson Township	20.81%	-3.59%	12.49%	-2.88%	1.79%
Porter Township – West Porter Fire	15.15%	-9.82%	-9.02%	-8.65%	-4.86%
Valparaiso – Washington Township	-7.61%	4.90%	6.13%	7.33%	13.75%
Average	7.99%	-1.19%	0.29%	0.53%	5.62%

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. Upward pressure on the tax rates also

came from the elimination of the inventory tax, which would put additional pressure on residential properties in particular.

While NAV and tax rate changes for most taxing districts were reasonable, Ogden Dunes (Portage) taxing district saw large double-digit increases in both NAV and homestead net tax rate. Homestead taxpayers in this taxing district will see, on average, an 87% increase in their property taxes in pay 2007.

#### **Assessment Status**

According to DLGF staff, Porter County is in compliance with departmental and statutory requirements regarding data compliance.

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	12.0%	26.6%	55.5%	4.5%	1.4%
Industrial	22.9%	39.0%	34.0%	0.7%	3.3%
Residential	5.5%	11.8%	77.2%	4.6%	0.9%
Overall	5.9%	12.7%	75.9%	4.5%	1.0%

Porter County was released from needing to perform a reassessment for pay 2007 on August 16, 2007.