

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

An analysis of the data for the 2006 Pay 2007 Budget Order for Benton 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.

Benton County has six cross-county taxing units - Otterbein Civil Town, Otterbein Public Library, Benton Community School Corporation, South Newton School Corporation, Tri County School Corporation and Northwest Indiana Solid Waste Management District. Benton County is the major county for Otterbein Civil Town, Otterbein Public Library and Benton Community School Corporation and the minor county for South Newton School Corporation and Tri County School Corporation. Analysis of these taxing units has been included as possible. Northwest Indiana Solid Waste Management District does not currently have a tax levy in Benton County and has therefore been excluded from this analysis.

According to DLGF staff, Benton County is in compliance with departmental and statutory requirements in regards to data compliance. Benton 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 \$637,091, which was a 4.53% increase over the 2006 County-wide levy. Of this increase, over half is attributable to increases in the County taxing unit levy, including welfare. Significant levy changes by taxing unit are identified below.

- Benton County taxing unit increased its tax levy by \$315,469 (13.30%). Of this, the General Fund levy increased by \$354,758 (23.19%). The County's three cumulative funds all decreased by 9.83% - Cumulative Bridge (\$24,394), Cumulative Jail (\$5,313) and Cumulative Capital Development (\$11,083). Benton County received a shortfall appeal of \$154,511.
- Benton County Welfare levy increased by \$56,697 (15.46%). Funds with significant increases include the County Welfare Family and Children Fund which increased its levy by \$49,718 (17.90%) and the Children Psychiatric Residential Treatment Fund which increased its levy by \$4,650 (17.02%).
- Bolivar Township increased its levy by \$245 or 1.00%. The Township Assistance Fund levy increased by \$564 (36.89%) while the Cumulative Fire Fund levy decreased by \$817 (9.83%).
- Center Township's levy increased by \$2,469 (4.84%). The General Fund levy increased by \$1,708 (20.95%) and the Fire Fund levy increased by \$2,600 (11.04%). The Cumulative

Fire Fund levy decreased by \$1,088 (10.24%). The Fire Fund received a shortfall appeal of \$1,773.

- Gilboa Township had significant levy changes in all funds. The General Fund and the Fire Fund levies increased by \$944 (31.48%) and \$464 (21.55%), respectively. A Township Assistance Fund levy of \$5,722 was added. The Emergency Fire Loan 2006 levy of \$7,843 was removed. In total, the Township's levy decreased by \$713 (5.49%). Gilboa Township received two shortfall appeals – one for the civil maximum levy in the amount of \$313 and one for the fire maximum levy in the amount of \$225. The Township also received a township assistance excess levy appeal of \$5,750.
- Grant Township's levy increased by \$750 (4.58%). The General Fund levy increased by \$3,473 (139.93%), while the Township Assistance Fund levy decreased by \$2,949 (92.19%).
- Hickory Grove Township increased its Township Assistance Fund levy by \$1,615 (152.79%) and decreased its Cumulative Fire Fund levy by \$603 (10.19%). In total, the Township increased its levy by \$1,096 (2.34%).
- Oak Grove Township increased its total levy by \$1,898 (6.41%), primarily due to a \$1,548 (17.71%) increase in the Fire Fund levy. Oak Grove Township's Fire Fund received a shortfall appeal of \$820.
- Pine Township's total levy decreased by \$107 (0.65%). The Cumulative Fire Fund levy decreased by \$562 (8.48%), while the Township Assistance Fund levy increased by \$354 (159.46%).
- Richland Township increased its General Fund levy by \$1,140 (23.98%) while decreasing its Recreation Fund levy by \$553 (21.97%). In total, the Township's levy increased by \$1,367 (5.62%).
- York Township increased its total levy by \$728 (5.97%). The Township Assistance Fund levy increased by \$214 (21.90%).
- For those portions of Benton Community School Corporation within Benton County, the Corporation increased its total levy by \$77,808 (0.95%). Of this, the Debt Service Fund levy increased by \$133,777 (9.14%) and the School Pension Debt Fund levy increased by \$155,031 (150.90%). The Bus Replacement Fund levy decreased by \$229,194 (58.19%). The Transportation Fund received a shortfall appeal of \$76,207 and a P.L. 2-2006 excess levy appeal of \$7,972. The General Fund received a shortfall appeal of \$281,006.
- For those portions of South Newton School Corporation within Benton County, the total levy decreased by \$19,353 (4.50%). Of this, the General Fund levy decreased by \$12,115 (5.82%) and the School Pension Debt Fund levy decreased by \$3,577 (16.95%). The Bus Replacement Fund levy increased by \$1,667 (19.66%).
- For those portions of Tri County School Corporation within Benton County, the total levy decreased by \$12,553 (1.95%). The General Fund levy decreased by \$16,498 (4.52%), while the Bus Replacement Fund levy increased by \$1,996 (33.50%).

- Ambia Civil Town increased its General Fund levy, the only fund for which it has a tax levy, by \$1,926 (9.57%).
- Boswell Civil Town increased its General Fund levy, the only fund for which it has a tax levy, by \$15,634 (9.20%).
- Earl Park Civil Town increased its General Fund levy, the only fund for which it has a tax levy, by \$4,235 (9.11%).
- Fowler Civil Town increased its levy by \$67,515 (9.03%). Of this, the General Fund and Park Fund levies increased by \$40,648 (9.40%) and \$19,250 (37.94%), respectively. The Cumulative Capital Development Fund levy decreased by \$2,406 (9.79%). Fowler Civil Town received a shortfall appeal of \$21,746.
- For those portions of Otterbein Civil Town within Benton County, the Town increased its total levy by \$9,749 (7.38%). The General Fund levy increased by \$9,978 (7.72%), while the Cumulative Capital Development Fund levy decreased by \$229 (8.39%).
- Oxford Civil Town increased its total levy by \$17,428 (7.92%). The General Fund levy increased by \$18,485 (8.70%), while the Cumulative Capital Development Fund levy decreased by \$1,057 (13.94%).
- Boswell Public Library increased its total levy by \$32,086 (30.54%). The General Fund levy increased by \$6,324 (10.60%) and the Lease Rental Payment Fund levy increased by \$26,197 (64.36%). Boswell Public Library received a shortfall appeal of \$4,655.
- Earl Park Public Library increased its levy by \$977 (3.73%). The General Fund levy increased by \$4,173 (18.17%). The Library Capital Projects Fund levy of \$3,196 was removed. Earl Park Public Library received a shortfall appeal of \$2,302.
- For those portions of Otterbein Public Library within Benton County, the Library increased its levy by \$28,966 (23.47%). The General Fund levy increased by \$7,762 (17.95%), and the Debt Service Fund Levy increased by \$26,956 (36.22%). The Library Capital Projects Fund levy of \$5,752 was removed. The Library received a shortfall appeal of \$2,680.
- Oxford Public Library increased its General Fund levy, the only fund for which the Library has a tax levy, by \$8,046 (9.48%).
- Benton County Public Library increased its total levy by \$24,407 (17.12%). The General Fund levy increased by \$17,306 (14.87%), while the Library Capital Projects Fund levy increased by \$7,101 (27.13%). Benton County Public Library received a shortfall appeal of \$9,616.
- York Township Public Library increased its General Fund levy, the only fund for which the Library has a tax levy, by \$616 (7.24%).

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. The affected taxing units are as follows:

- Benton County;
- Bolivar Township;
- Center Township;
- Gilboa Township;
- Grant Township;
- Oak Grove Township;
- Richland Township;
- York Township;
- Ambia Civil Town;
- Boswell Civil Town;
- Earl Park Civil Town;
- Fowler Civil Town;
- Otterbein Civil Town;
- Oxford Civil Town;
- Earl Park Public Library;
- Otterbein Public Library; and
- Oxford Public Library.

In addition to the adjustments for levy excess or unused levy, Benton County is a CAGIT County. In CAGIT counties, controlled levies grow at a rate higher than non-CAGIT counties. In Benton County, in particular, where revenues from CAGIT decreased by over 12% from 2006 to 2007, controlled levies grew at a higher rate to adjust for the decrease in CAGIT revenues.

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:

- Benton Community School Corporation – Transportation Fund did not levy \$55,173 or 3.6% of its working maximum levy; and
- York Township did not levy \$999 or 12.52% 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	0.9%
Industrial	10.8%
Commercial	7.6%
Residential	-0.4%
Utility	8.8%

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	52.58%	52.50%
Industrial	2.86%	3.14%
Commercial	4.87%	5.19%
Residential	39.47%	38.93%
Utility	0.22%	0.24%

As can be seen from the analysis, a shift has occurred away from residential and agricultural to commercial and industrial.

### 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 Benton County for South Newton School Corporation and Tri County School Corporation, Gilboa Township and York 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>
Bolivar Township	-9.83%	16.79%	21.98%	24.76%	34.38%
Otterbein (Bolivar)	-10.85%	17.59%	21.81%	24.72%	36.40%
Center Township	-10.23%	15.55%	20.71%	23.55%	33.93%
Fowler (Center)	-9.79%	17.34%	20.86%	23.95%	37.53%
Grant Township	-11.07%	17.62%	22.95%	26.44%	37.36%
Bowsell (Grant)	-5.64%	17.09%	20.58%	24.04%	37.47%
Hickory Grove Township	-10.18%	15.34%	20.19%	23.02%	33.70%
Ambia (Hickory Grove)	9.51%	10.89%	13.45%	16.80%	30.61%
Oak Grove Township	-6.87%	15.52%	20.50%	23.26%	33.74%
Oxford (Oak Grove)	-13.95%	18.22%	22.16%	24.88%	37.86%
Parish Grove Township	-10.83%	15.54%	20.81%	23.67%	34.09%
Pine Township	-8.48%	15.38%	20.57%	23.36%	33.55%
Richland Township	-11.81%	15.35%	20.40%	23.15%	33.51%
Earl Park (Richland)	-4.89%	15.14%	18.83%	21.82%	34.72%
Union Township	-10.71%	15.54%	20.82%	23.67%	34.05%
Average	-8.37%	15.93%	20.44%	23.41%	34.86%

Benton County's net assessed valuations, on average, decreased by over 8%, as shown in the table above. This decrease in NAV put increased pressure on the tax rates, causing them to have large increases. In addition, upward pressure on tax rates also came from the increased Homestead Deduction and decreased Homestead Credit rate as well as increases in tax levies.

Benton County was an early adopter of the inventory deduction.

### Assessment Status

According to DLGF staff, Benton County is in compliance with departmental and statutory requirements in regards to 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	5.4%	0.0%	91.9%	0.0%	2.7%
Industrial	6.5%	0.0%	83.9%	6.5%	3.2%
Residential	32.7%	6.4%	59.8%	0.9%	0.3%
Utility	0.0%	4.5%	95.5%	0.0%	0.0%
Agriculture	12.7%	66.3%	20.6%	0.2%	0.2%
Exempt	26.0%	32.0%	40.6%	1.3%	0.0%
Overall	17.7%	49.7%	32.0%	0.5%	0.3%

Benton County was released from needing to perform a reassessment for pay 2007 on August 9, 2007.