

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

An analysis of the data for the 2006 Pay 2007 Budget Order for Delaware County shows that the budgets, levies and tax rates for most taxing units in the County to be approved are in compliance with Indiana statutes. Liberty-Perry Community School Corporation and Mt. Pleasant Township Community School Corporation, however, each had funds which exceeded their maximum levies.

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 \$13.8 million, which was a 10.5% increase over the 2006 County-wide levy. Significant levy changes by taxing unit are identified below.

- Delaware County, overall, had a slight decrease in its total tax levy. Two funds saw significant increases. The general fund increased by \$757,567 or 5.3%, while the lease rental payment fund increased by almost 12% or \$181,540. These increases were countered by decreases in the health fund and the county welfare family and children fund of \$513,125 (58.5%) and \$574,331 (6.4%), respectively.
- Delaware County Redevelopment had an increase in its tax increment replacement levy of \$86,597 which was a 28.2% increase.
- Delaware Airport increased its levy by 7.8%, primarily in its general fund where the levy increased by \$31,378 or 10.4%.
- Center Township increased its total levy by \$172,350 or 8.2%. The township assistance fund increased by \$272,085 or 23.4%. The fire fund also had a significant increase of \$40,067 or 12%. The general fund decreased by almost 30% or \$84,867, while the recreation fund decreased by almost 19% or \$51,801.
- Hamilton Township had a 9.2% decrease in its levy, primarily based on a decrease in its fire equipment debt of \$28,780, which was a 36.3% decrease.
- Monroe Township saw a 28.75% increase in its levy, primarily due to an increase in its fire equipment debt of \$32,351. This was an 82% increase over the 2006 fire equipment debt levy.
- Muncie Public Library increased its general fund levy by almost 9% or \$319,264. The Library did remove their capital projects fund tax levy, so the overall levy increase equaled \$280,708 or 7.8%.
- The City of Muncie increased its total levy by 14.6% or \$3,218,507. Of this, \$1.815 million was for fire and police pension. The general fund increased 7.2% or \$1,264,239 and the cemetery fund increased \$79,122 or 33.75%. Muncie did receive an excess levy appeal of \$1,180,853 to correct a shortfall.
- Muncie Redevelopment increased its tax increment replacement levy by almost \$36,000, which was a 29% increase.
- Muncie Sanitary had an overall increase of 9.5% or \$644,313. The bulk of this was due to an increase in its general fund of \$631,686 which was a 10.76% increase.

- Muncie Public Transportation had an excess levy appeal of \$362,388. Including this, Muncie Public Transportation increased its levy by almost 22% or \$630,688.
- The Town of Eaton had an 8.4% increase in its total levy. Its general fund increased by 11.8% or \$29,315.
- The Town of Gaston saw a general fund increase of \$26,612, which was an almost 20% increase. The general fund is the only fund for which the Town levies a tax.
- The controlled funds of the Town of Selma increased \$7,830, which was a 9.8% increase.
- The Town of Yorktown saw an increase of \$67,736, or 4.1%. However, this was made up of a number of significant fund changes. The general fund increased by almost \$112,000, or 11%. The park and recreation fund increased by almost \$200,000, which was an almost 1000% increase. The motor vehicle highway fund decreased by over 50% or \$252,592.
- Delaware Community School Corporation increased its overall levy by almost \$482,000 or 5.45%. This was composed of a number of significant changes in almost every fund. Overall, the School Corporation's debt levy decreased by \$136,265 or 6%.
- Liberty-Perry Community School Corporation increased its total levy by over 20%, or \$651,261. Of this, the general fund increased by over 10% or \$141,965, the capital projects fund almost doubled with an increase of \$333,792, the transportation fund had a 21% increase (\$92,411), and the bus replacement fund had an increase of \$68,849 or 42.9%.
- Mt. Pleasant Township Community School Corporation saw an 8.76% (\$790,358) increase in its levy. Of this, the significant drivers were the general fund increase of \$367,753 (8.78%) and the capital projects fund increase of \$332,359 or 21.5%.
- Daleville Community Schools increased its total levy by \$668,761 or 27.4%. The general fund increased its levy by over 10% or \$123,512. The School Corporation's debt levy increased by \$497,768, which was a 100% increase in debt levy from 2006.
- Muncie Community School Corporation increased its total levy by \$5,768,771 or 19.6%. The main component of this was a 143.7% increase in the debt service fund which amounted to a \$5,206,060 increase in debt service levy.

Of the 37 taxing units in Delaware County, twenty units had increases in their controlled levies of greater than 6%. This was significantly higher than the levy growth allowed by statute, which for 2007 was 4%. Of these twenty units, four school districts had significant increases in their general fund levy; however, the school general fund is controlled by the school funding formula which can impact the manner in which the maximum levy is applied.

The City of Muncie had an allowable maximum levy increase due to annexation, but taking this into account, Muncie still saw a controlled levy increase of 8.6%. Despite these large increases in controlled levies, almost all units of government came in under the total maximum levy.

Liberty-Perry Community School Corporation and Mt. Pleasant Township Community School Corporation are the only two taxing units that did not remain within their maximum levies. Liberty-Perry Community School Corporation's general fund levy exceeded its working maximum levy by \$539. The School Corporation was not granted any excess levy appeals nor does it have any adjustments to its general fund normal maximum levy.

Mt. Pleasant Township Community Corporation's general fund levy exceeded its working maximum levy by \$44,262, and their transportation fund levy exceeded its working maximum levy by \$32,363. The School Corporation's normal maximum levy was increased by \$11,648 for

Charter Schools, and the transportation fund was granted a levy excess of \$24,819 per HB 1001. Both adjustments are already factored into the working maximum levies for these funds. Therefore, they do not decrease the amount by which the working maximum levies were exceeded.

The 16 Line Statement for Muncie Community School Corporation shows the School Corporation's general fund levy was \$385,936 under its working maximum levy. However, the "Check Max Levy Report" pulled from the Budget system shows different levies and maximums and that the School Corporation exceeded its general fund working maximum levy by over \$2.1 million. Data from LOGODABA system agrees with the 16 Line Statement. Therefore, an assumption has been made that the School Corporation did not exceed its general fund levy.

The Town of Chesterfield is a cross-county unit, crossing into Madison County, and, as such, levy information is not currently available for the Town.

Changes in Real Property Gross Assessed Values

Real Property Gross Assessed Values increases by class were:

Class	% Increase
Agriculture	7.2%
Industrial	7.5%
Commercial	13.3%
Residential	15.8%

A query of CAMA data available for Delaware County did not yield any assessed valuation results for the Utility property class.

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).

Class	2006 Ratio	2007 Ratio
Agriculture	7.6%	7.1%
Industrial	2.8%	2.6%
Commercial	23.2%	23.0%
Residential	66.4%	67.3%

As can be seen from the analysis, while there was some shift in total mix to residential from agricultural and industrial, the shift was approximately 0.9% of the total.

Change in Net Tax Rates

Changes in net tax rate by district were as follows in the table below. The taxing district which includes the Town of Chesterfield has been excluded from this table, as it is a cross-county unit and all information is not currently available.

District	Change in NAV	Change in Gross Tax Rate	Change in Business Personal Property Net Tax Rate	Change in Real Estate and Other Personal Property Net Tax Rate	Change in Homestead Net Tax Rate
Center Township	3.84%	9.89%	13.91%	17.83%	28.45%
Center Township - Muncie Sanitary	-3.95%	9.71%	13.24%	16.93%	27.66%
Muncie City - Center Township	1.70%	11.24%	13.91%	17.85%	31.47%
Delaware Township	1.33%	-1.70%	-0.64%	1.24%	7.91%
Albany Town - Delaware Township	1.86%	-1.80%	-0.95%	0.95%	8.58%
Hamilton Township	4.30%	-2.28%	-1.34%	0.41%	6.79%
Hamilton Township - Muncie Sanitary	15.72%	-1.21%	-0.21%	1.45%	8.20%
Harrison Township	4.54%	-2.14%	-0.29%	2.33%	10.74%
Harrison Township - Muncie Sanitary	12.75%	-0.97%	0.85%	3.27%	11.94%
Liberty Township	13.81%	2.72%	5.17%	7.99%	16.71%
Selma Town	11.86%	2.26%	4.18%	7.03%	16.90%
Monroe Township	11.90%	-6.17%	-4.88%	-3.75%	1.03%
Monroe Township - Muncie Sanitary	14.74%	-4.87%	-3.52%	-2.45%	2.72%
Mt. Pleasant Township	15.41%	2.41%	3.22%	6.01%	14.78%
Mt. Pleasant Township - Muncie Sanitary	5.58%	3.02%	3.83%	6.43%	15.43%
Muncie City - Mt. Pleasant Township	-34.98%	7.35%	8.34%	11.11%	22.62%
Yorktown Town	7.17%	1.55%	2.07%	4.49%	12.61%
Niles Township	16.93%	-2.02%	-1.02%	0.90%	7.74%
Albany Town - Niles Township	29.14%	-1.96%	-1.14%	0.75%	8.41%
Perry Township	11.68%	3.12%	5.70%	8.68%	17.80%
Salem Township	10.26%	11.39%	15.09%	19.94%	31.85%
Union Township	-2.83%	-1.65%	-0.59%	1.29%	8.09%
Eaton Town	4.82%	-0.47%	0.47%	2.20%	9.87%
Washington Township	8.32%	-2.26%	-0.43%	2.20%	10.72%
Gaston Town	15.15%	-0.31%	1.20%	3.56%	13.58%
Daleville Town	-1.76%	13.03%	16.41%	20.75%	33.08%
Hamilton Sanitary Muncie	6.89%	4.42%	5.65%	7.72%	17.42%
Liberty Muncie	-17.31%	7.42%	9.27%	12.14%	23.75%
Muncie Annex	-15.98%	11.22%	13.88%	17.82%	31.44%
Mt. Pleasant - Muncie - County TIF	13.87%	7.34%	8.32%	11.10%	22.61%
Yorktown Annex	7.04%	2.24%	-	-	-
Average	5.61%	2.60%	4.32%	6.94%	16.03%

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. In over 65% of the taxing districts, the homestead net tax rate had double-digit percentage increases, which appears to be due to low increases in NAV within these districts. In particular, industrialized areas appeared to have experienced the largest increases in the homestead net tax rate.

A few rural areas appear to have reasonable increases (or minor decreases) in net tax rate after deducting property tax replacement credit, but only two taxing districts have homestead net tax rates that decreased by less than approximately 7%, and many had homestead net tax rate increases in excess of 30%.