

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

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

Shelby County has three cross-county units; Edinburgh Town, St. Paul Town and Decatur County Community School Corporation. Edinburgh Town crosses county lines with Johnson County. St. Paul Town and Decatur County Community School Corporation cross county lines with Decatur County. These units have been excluded from this analysis because Shelby is the minor county for each of the units.

Shelby County includes one 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 assessment has not been included in this analysis.

According to DLGF staff, the County is a potential reassessment county, with hearings to be held shortly. At issue is the number of industrial and commercial properties with no change in assessed value.

According to DLGF staff, the County is currently data compliant.

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 excess 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).

The total net increase in tax levy for Pay 2007 on a county-wide basis was approximately \$1,665,700, or 3.25%. School corporation unit levies increased over \$2.4 million, and the Shelbyville City unit total levy increased approximately \$784,000. These increases were offset by levy decreases in other units, particularly the County Welfare unit which experienced a total levy decrease of just over \$1.8 million. Following are the levy changes that were greater than a 10% change over the previous year levy.

Shelby County

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Court House Bond	\$520,919	\$845,147	\$324,228	62.2%
Jail Bond	219,763	186,927	(32,836)	-14.9%

Shelby County Welfare

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Welfare Family and Children	\$2,419,425	\$1,628,648	\$(790,777)	(32.7%)
Children Psychiatric Residential Treatment	113,951	147,155	33,204	29.1%
County Welfare Bond	1,043,873	-	(1,043,873)	(100.0%)

Addison Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$19,581	\$15,031	\$(4,550)	(23.2%)
Township Assistance	22,251	29,227	6,976	31.4%

Brandywine Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$13,586	\$23,000	\$9,414	69.3%

Hanover Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$7,452	\$3,118	\$(4,334)	(58.2%)
Township Assistance	2,092	6,957	4,865	232.6%
Cumulative Fire (Township)	15,292	13,416	(1,876)	(12.3%)

Jackson Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$7,987	\$9,571	\$1,584	19.8%
Township Assistance	968	-	(968)	(100.0%)

Marion Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Fire	\$15,529	\$18,752	\$3,223	20.8%

Moral Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$14,378	\$16,595	\$2,217	15.4%
Township Assistance	1,166	-	(1,166)	(100.0%)
Fire Building Debt	8,161	13,701	5,540	67.9%

Sugar Creek Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$7,149	\$9,170	\$2,021	28.3%
Township Assistance	1,222	-	(1,222)	(100.0%)
Fire Equipment Debt	3,177	-	(3,177)	(100.0%)

Van Buren Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Township Assistance	\$1,879	\$2,269	\$390	20.8%

Washington Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$9,459	\$12,973	\$3,514	37.2%
Township Assistance	4,004	1,174	(2,830)	(70.7%)

Shelbyville City

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Fire Pension	\$248,336	\$36,960	\$(211,376)	(85.1%)
Police Pension	338,485	90,792	(247,693)	(73.2%)
Thoroughfare	8,505	312,550	304,045	3,574.9%
Fire Building Debt	-	442,713	442,713	-
Park Bond	159,887	141,411	(18,476)	(11.6%)
Park Bond #2	-	339,868	339,868	-
Utilities	341,037	246,666	(94,371)	(27.7%)

Morristown Town

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$157,134	\$175,366	\$18,232	11.6%
Motor Vehicle Highway	58,414	64,257	5,843	10.0%
Park and Recreation	7,275	1,565	(5,710)	(78.5%)

Shelby Eastern School Corporation

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,574,708	\$3,790,923	\$2,216,215	140.7%
School Pension Debt	187,131	398,872	211,741	113.2%
Capital Projects (School)	784,049	606,925	(177,124)	(22.6%)
Bus Replacement	81,379	117,774	36,395	44.7%

Northwestern Consolidated School Corporation

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
School Pension Debt	\$53,317	\$101,027	\$47,710	89.5%
Transportation	460,670	532,927	72,257	15.7%
Bus Replacement	82,468	25,914	(56,554)	(68.6%)

Southwestern Consolidated Shelby County

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$695,397	\$507,947	\$(187,450)	(27.0%)
School Pension Debt	74,054	47,518	(26,536)	(35.8%)
Capital Projects (School)	529,193	643,558	114,365	21.6%

Shelbyville Central School Corporation

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$5,490,954	\$4,593,462	\$(897,492)	(16.3%)
Capital Projects (School)	2,622,270	3,294,797	672,527	25.7%
Bus Replacement	63,657	97,253	33,596	52.8%

Shelbyville - Shelby County Public Library

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$229,937	-	\$(229,937)	(100.0%)

Shelbyville Redevelopment Commission

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Tax Increment Replacement	\$46,088	\$18,970	\$(27,118)	(58.8%)

No units in the County exceeded the working maximum levy. All units in the County levied up to the working maximum levy except for Liberty Township (Civil), Marion Township (Fire), Moral Township (Civil), Noble Township (Fire), County Welfare (Children with Health Needs),

Shelby County, Shelbyville City, Shelbyville – Shelby County Public Library, Union Township (Civil), and Washington Township (Civil).

Shelby County is a CAGIT county, and, in CAGIT counties, controlled levies grow at a rate higher than non-CAGIT counties. No units in the County had controlled levy growth higher than what would be expected for a CAGIT county.

Changes in Real Property Gross Assessed Values

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

<u>Class</u>	<u>% Increase</u>
Agriculture	-19.10%
Industrial	6.84%
Commercial	5.62%
Residential	16.43%
Utilities	1.03%

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	21.34%	16.17%
Industrial	9.48%	9.49%
Commercial	10.92%	10.80%
Residential	58.03%	63.31%
Utilities	0.23%	0.22%

As can be seen from the analysis, a shift from Agriculture, Commercial and Utilities to Industrial and Residential has occurred. This shift was approximately 5.3% of the total, with all but 0.01% shifting to Residential.

Change in Net Tax Rates

Changes in net tax rate by district were as follows. Due to the incomplete information available for Edinburgh Town, St. Paul Town and Decatur County Community School Corporation, St. Paul Town – Decatur County Schools, St. Paul Town – Shelby Eastern Schools, and Edinburgh Town – Jackson Township taxing districts have been excluded from this analysis. It is likely 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>
Addison Township	-5.78%	-0.42%	-0.16%	0.82%	6.02%
Shelbyville City - Addison Township	-6.23%	4.36%	5.21%	6.92%	14.97%
Brandywine Township	-1.14%	1.07%	2.39%	4.32%	12.31%
Shelbyville City - Brandywine Township	-14.52%	5.97%	7.67%	10.35%	21.44%
Hanover Township	-6.58%	25.45%	33.61%	40.72%	56.33%
Morristown Town	-10.70%	25.25%	31.96%	38.87%	56.51%
Hendricks Township	0.50%	-6.03%	-5.62%	-4.79%	1.19%
Jackson Township	10.70%	-6.14%	-5.77%	-4.93%	1.02%
Liberty Township	0.59%	25.75%	34.20%	41.53%	57.50%
Marion Township	0.78%	-0.25%	0.05%	1.11%	6.42%
Moral Township	-0.69%	0.63%	1.83%	3.69%	11.49%
Noble Township	1.31%	25.56%	33.88%	41.08%	56.75%
Shelby Township - East	5.48%	25.06%	33.09%	40.23%	55.85%
Shelby Township - West	4.91%	-0.61%	-0.39%	0.61%	5.86%
Sugar Creek Township	0.72%	0.24%	1.32%	3.10%	10.90%
Union Township	4.52%	25.43%	33.70%	40.97%	56.84%
Van Buren Township	4.07%	25.33%	33.50%	40.74%	56.59%
Washington Township	1.16%	-5.98%	-5.57%	-4.74%	1.22%
Shelbyville Shelby West	0.85%	4.32%	5.16%	6.89%	14.99%
Shelbyville City - Marion Township	43.93%	4.41%	5.27%	7.01%	15.12%
Shelbyville Shelby East	40.43%	22.88%	22.88%	34.51%	51.76%
Average	3.54%	9.63%	12.77%	16.62%	27.19%

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 and the elimination of the inventory tax. Several taxing districts have very high increases in net tax rates, especially for homesteads. Eight districts have homestead net tax rate growth of 50% or more. This has occurred for two reasons; net assessed values in these districts are nearly flat or declining and school corporation levies are growing at a faster rate than assessed value. Shelby Eastern School Corporation is the school unit for all of these districts. Total levy for this school corporation increased 38.7%, while the net assessed value of this unit decreased -0.7%. The combination of these changes resulted in a \$0.6068 increase in the tax rate for this unit.

While the table above shows an average NAV increase of almost 3.5%, this average is likely skewed toward businesses due to the inventory deduction. NAV increases were likely higher

than 3.5% for homestead or residential properties. A higher residential NAV reduces the impact of the increase in the homestead deduction, yielding an increase in net taxes due for homestead property owners.

Assessment Status

According to DLGF staff, the County is data compliant.

According to DLGF staff, the County is a potential reassessment county, with hearings to be held shortly. At issue is the number of industrial and commercial properties with no change in assessed value.

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	4.6%	89.5%	3.8%	1.1%	0.5%
Industrial	5.4%	70.6%	17.2%	3.6%	3.2%
Residential	3.2%	68.8%	18.8%	7.5%	1.7%
Overall	3.3%	70.2%	17.8%	7.1%	1.6%