

**St. Joseph County, Indiana
2006 Pay 2007 Budget Order**

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

St. Joseph County has three cross-county units; New Prairie United School Corporation, John Glenn School Corporation, and Union-North United School Corporation. New Prairie United School Corporation crosses county lines with LaPorte County, and the other two cross-county school corporations cross county lines with Marshall County. LaPorte County's budget order has not been issued; therefore, New Prairie United School Corporation will be excluded from this analysis. The budget order for Marshall County has been issued; however, pay 2007 levy data is not available for John Glenn School Corporation and Union-North United School Corporation. Therefore, these school corporations will be excluded from the analysis as well. It is recommended that the DLGF revisit this analysis once budget orders are ready to be approved for the cross-county units.

According to DLGF staff, sales data is not compliant with departmental and statutory requirements. Auditor data will not be available until after certification.

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. 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 \$11.5 million, or 3.3%. The three school corporations that do not cross county lines make up 63% of this net increase. Following are the levy changes greater than \$1 million or that represent more than 10% levy growth.

St. Joseph County

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$6,266,397	\$5,036,004	\$(1,230,393)	(19.6%)
Cumulative Bridge	871,607	1,066,090	194,483	22.3%
Health	1,229,425	1,045,783	(183,642)	(14.9%)
Children's Psychiatric Residential Treatment	1,477,145	1,005,170	(471,975)	(32.0%)

Clay Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Township Assistance	\$71,012	\$79,237	\$8,225	11.6%
Special Fire Protection Territory General	2,106,301	2,352,145	245,844	11.7%

German Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$11,864	\$53,240	\$41,376	348.8%
Township Assistance	2,157	10,322	8,165	378.5%
Emergency Fire Loan	-	90,031	90,031	-
Recreation	51,229	4,346	(46,883)	(91.5%)

Greene Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Community Building/Services	\$4,864	\$4,102	\$ (762)	(15.7%)
Township Assistance	1,916	2,840	924	48.2%
Fire	37,290	49,378	12,088	32.4%

Greene Township received a \$10,000 excess levy appeal for volunteer fire.

Harris Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Emergency Fire Loan	\$427,143	\$579,194	\$152,051	35.6%

Liberty Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$74,127	\$87,417	\$13,290	17.9%
Township Assistance	8,409	2,333	(6,076)	(72.3%)
Fire	77,361	85,496	8,135	10.5%

Lincoln Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$39,896	\$48,345	\$8,449	21.2%
Township Assistance	7,685	4,448	(3,237)	(42.1%)
Fire Equipment Debt	40,196	23,046	(17,150)	(42.7%)
Recreation	4,860	1,639	(3,221)	(66.3%)

Madison Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Township Assistance	\$294	\$417	\$123	41.8%
Fire	55,236	68,539	13,303	24.1%

Madison Township received a \$10,000 excess levy appeal for volunteer fire.

Olive Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$37,987	\$51,115	\$13,128	34.6%
Township Assistance	39,840	19,310	(20,530)	(51.5%)
Emergency Ambulance/Medical Services - Fire	29,818	44,013	14,195	47.6%
Fire	74,545	87,019	12,474	16.7%
Cumulative Fire	49,647	39,985	(9,662)	(19.5%)

Penn Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Township Assistance	\$383,671	\$307,086	\$(76,585)	(20.0%)
Township Assistance Loan	173,617	129,921	(43,696)	(25.2%)
Fire Equipment Debt	243,141	274,591	31,450	12.9%
Recreation	47,155	115,748	68,593	145.5%

Portage Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$88,318	\$73,829	\$(14,489)	(16.4%)
Township Assistance	464,184	563,787	99,603	21.5%
Fire Equipment Debt	103,896	71,979	(31,917)	(30.7%)

Union Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Township Assistance	\$4,473	\$779	\$(3,694)	(82.6%)
Special Fire Protection Territory General	185,704	104,429	(81,275)	(43.8%)
Special Fire Protection Territory Equipment Replacement	26,838	23,380	(3,458)	(12.9%)

Warren Township

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Township Assistance	\$3,763	\$2,071	\$(1,692)	(45.0%)

Mishawaka City

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$15,593,152	\$16,997,014	\$1,403,862	9.0%
Debt Service	733,479	1,166,050	432,571	59.0%
Fire Pension	720,805	814,134	93,329	13.0%
Police Pension	518,029	451,713	(66,316)	(12.8%)
Motor Vehicle Highway	1,221,408	626,796	(594,612)	(48.7%)
Cumulative Fire Special	44,357	49,023	4,666	10.5%
Cumulative Sewer	548,129	605,786	57,657	10.5%

South Bend City

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$48,775,466	\$51,224,462	\$2,448,996	5.0%

Lakeville Town

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$128,539	\$110,745	\$(17,794)	(13.8%)

New Carlisle Town

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$508,472	\$864,651	\$356,179	70.1%
Debt Payment	30,512	36,156	5,644	18.5%
Motor Vehicle Highway	-	119,958	119,958	-
Cemetery	17,093	37,697	20,604	120.5%

New Carlisle Towns received a \$473,054 excess levy appeal for three-year growth.

North Liberty Town

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Park	\$15,791	\$9,060	\$(6,731)	(42.6%)

Osceola Town

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Cumulative Fire Special	\$4,400	\$5,988	\$1,588	36.1%

Roseland Town

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$140,220	\$199,655	\$59,435	42.4%
Motor Vehicle Highway	41,286	4,960	(36,326)	(88.0%)
Park	34,449	19,960	(14,489)	(42.1%)

Walkerton Town

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$628,062	\$532,062	\$(96,000)	(15.3%)
Motor Vehicle Highway	44,356	14,924	(29,432)	(66.4%)
Emergency Ambulance/Medical Services - Fire	27,750	24,096	(3,654)	(13.2%)
Park and Recreation	7,380	164,865	157,485	2,134.0%
Park Bond	30,923	63,583	32,660	105.6%
Cumulative Capital Development	19,484	16,712	(2,772)	(14.2%)

Penn Harris Madison 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	\$17,918,737	\$15,130,248	\$(2,788,489)	(15.6%)
Historical Society	82,849	132,242	49,393	59.6%
Capital Projects	7,396,884	8,236,398	839,514	11.4%
Art Institute	82,849	132,242	49,393	59.6%

Penn Harris Madison School Corporation received a \$212,507 excess levy appeal for transportation per P.L. 2-2006.

Mishawaka City 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	\$5,620,559	\$6,399,527	\$778,968	13.9%
Historical Society	26,665	41,658	14,993	56.2%
Capital Projects	2,739,866	3,097,471	357,605	13.1%
Transportation	382,481	423,981	41,500	10.9%

Mishawaka City School Corporation received \$124,767 in excess levy appeals; \$98,463 went to the General Fund for a shortfall, \$7,015 went to the Transportation Fund for a shortfall, and \$19,289 also went to Transportation per P.L. 2-2006.

South Bend Community School Corporation

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$32,804,544	\$35,303,711	\$2,499,167	7.6%
School Pension Debt	1,501,919	2,914,155	1,412,236	94.0%
Bus Replacement	1,587,888	2,065,372	477,484	30.1%

South Bend Community School Corporation received \$1,335,282 in excess levy appeals; \$859,963 went to the General Fund for a shortfall, \$261,902 went to the Transportation Fund for a shortfall, and \$213,417 also went to Transportation per P.L. 2-2006.

The School Corporation's School Pension Debt Fund levy increased \$1,412,236. Fund levies for Transportation, Bus Replacement and Capital Projects did not decrease enough to offset this new debt. Therefore, the School Corporation is not in compliance with statutory requirements related to issuing school pension debt.

Mishawaka Public Library

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Bond #2	\$412,203	\$476,835	\$64,632	15.7%
Capital Projects	216,074	273,533	57,459	26.6%

New Carlisle Public Library

<u>Fund</u>	<u>Pay 2006 Certified Levy</u>	<u>Pay 2007 Certified Levy</u>	<u>\$ Change</u>	<u>% Change</u>
Lease Rental Payment	\$487,653	\$356,667	\$(130,986)	(26.9%)
Capital Projects	15,442	36,632	21,190	137.2%

St. Joseph 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	\$1,259,342	\$1,547,429	\$252,087	19.5%
Capital Projects	474,426	708,246	233,820	49.3%

Mishawaka 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	\$1,024,506	-	\$(1,024,506)	(100.0%)

South Bend 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	-	\$752,246	\$752,246	-

Centre Township received a \$10,000 excess levy appeal for volunteer fire but did not experience levy growth greater than 10% in any fund.

No units in the County exceeded the working maximum levy. All but four units in the County levied up to the working maximum levy. The units that did not levy up to the working maximum levy were County Welfare (Medical Assistance to Wards only), Clay Township, Penn Township, and Indian Village Town.

Five units in the County experienced controlled levy growth that is higher than the normal statutory growth rate. Those units include German Township, Greene Township, Liberty Township, Olive Township and Portage Township.

For the German Township, Greene Township, Liberty Township and Portage Township units, controlled fund levies grew at a rate higher than the normal statutory growth rate due to an adjustment made in the normal working maximum levy calculation. For this calculation, a positive adjustment was made to the Pay 2006 normal maximum levy, which resulted in a Pay 2007 normal maximum levy that is higher than would be expected. Per DLGF staff, this adjustment was made to remove the temporary adjustment that decreased the Pay 2006 levy due to levy excess.

For the Olive Township unit, controlled fund levies grew 10.4%. This growth was due to an adjustment made during the calculation of the unit's Pay 2007 working maximum levy that added one-half of the unused Pay 2006 maximum levy to the Pay 2007 normal maximum levy. For Olive Township, this amount totaled \$13,702. Without this adjustment, the unit's controlled fund levy growth would be 3.2%.

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	-1.4%
Mineral Rights	-100.0%
Industrial	-2.0%
Commercial	31.7%
Residential	19.4%
Utilities	41.7%

The decrease in the Mineral Rights property class only represents a \$27,000 change. This change took the Assessed Value of this class to \$0. Therefore, Mineral Rights has not been included in the remainder of this analysis. The increase in Utilities assessed value represents \$1.3 million.

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	5.03%	4.17%
Industrial	7.15%	5.89%
Commercial	17.51%	19.38%
Residential	70.28%	70.53%
Utilities	0.03%	0.03%

As can be seen from the analysis, a shift from agriculture and industrial property to commercial, residential property occurred. The shift was approximately 1.87% of the total for commercial and 0.25% for residential.

Change in Net Tax Rates

Changes in net tax rate by district were as follows. Due to incomplete information available for New Prairie United School Corporation, John Glenn School Corporation, and Union-North United School Corporation, Lincoln Township, Walkerton (Lincoln), Olive Township, New Carlisle (Olive), Union Township, Lakeville Town (Olive), Liberty Township, and North Liberty (Liberty) 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 other county portions of the cross-county units' rate components. It is recommended that the DLGF revisit this analysis once all rate components are available for these cross-county units.

<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>
Center Township	13.25%	-6.78%	-5.89%	-3.49%	4.08%
South Bend - Centre	14.32%	-4.66%	-4.01%	-1.90%	7.78%
Clay Township	21.15%	-7.12%	-6.32%	-3.99%	3.30%
South Bend - Clay	39.75%	-4.70%	-4.06%	-1.94%	7.72%
Mishawaka - Clay	23.31%	-6.99%	-6.46%	-4.13%	4.90%
Indian Village (Clay)	27.61%	-7.11%	-6.32%	-3.92%	3.51%
Roseland (Clay)	77.93%	-13.35%	-13.37%	-10.95%	-3.25%
German Township	20.15%	-5.41%	-4.33%	-1.71%	6.25%
South Bend - German	-8.65%	-4.63%	-3.98%	-1.87%	7.82%
Greene Township	7.03%	-6.40%	-5.42%	-2.94%	4.83%
Harris Township	13.97%	-10.62%	-10.29%	-8.75%	-3.39%
Madison Township	6.17%	-10.79%	-10.47%	-8.89%	-3.42%
Mishawaka (Penn) - PHM School	4.12%	-9.85%	-9.59%	-7.95%	-0.79%
Mishawaka - Penn	11.18%	-5.18%	-4.83%	-2.46%	5.72%
Portage Township	2.67%	-6.77%	-5.94%	-3.83%	3.21%
South Bend (Portage)	9.28%	-4.60%	-3.95%	-1.84%	7.83%
Warren Township	-3.98%	-6.17%	-5.19%	-2.79%	4.85%

Osceola (Penn)	31.17%	-12.05%	-11.93%	-10.31%	-4.42%
Penn Township - PHM School	10.58%	-10.83%	-10.53%	-9.01%	-3.66%
Penn - Mishawaka School	3.35%	-3.97%	-3.25%	-0.90%	5.36%
South Bend - Penn	16.55%	-7.26%	-6.81%	-5.35%	2.51%
Mishawaka - Harris	0.43%	-9.85%	-9.58%	-7.93%	-0.69%
South Bend (Warren)	-50.07%	-4.58%	-3.93%	-1.79%	7.90%
South Bend Centre Annex #3	15.79%	-5.09%	-5.09%	-2.35%	7.32%
South Bend Penn PHM Annex #1	103.10%	-7.26%	-7.26%	-5.35%	2.52%
Average	16.41%	-7.28%	-6.75%	-4.65%	3.11%

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.

While the table above shows an average NAV increase of approximately 16%, this average is likely skewed toward businesses due to the inventory deduction. NAV increases were likely higher than 16% 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, sales data is not compliant with departmental and statutory requirements. Auditor data will not be available until after certification.

Until review is completed, it is not possible to say whether the data is compliant 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	4.3%	10.5%	66.5%	9.8%	8.8%
Industrial	24.0%	21.1%	46.1%	6.5%	2.4%
Residential	2.8%	15.7%	60.7%	15.9%	4.9%
Overall	3.3%	15.5%	60.8%	15.3%	5.1%

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 Mishawaka North Harris TIF District. It is not logically possible to have a negative base assessed value.