

Starke County, Indiana
2006 Pay 2007 Budget Order

For those taxing units for which all information is currently available, an analysis of the data with the 2006 Pay 2007 Budget Order for Starke County shows that the budgets, levies and tax rates to be approved are in compliance with Indiana statutes.

Starke County has two cross-county units – North Judson-San Pierre School Corporation and Culver Community School Corporation. Starke County is the major county for North Judson-San Pierre School Corporation and the minor county for Culver Community School Corporation. Analysis of these school corporations has been included as possible.

According to DLGF staff, real property, auditor and sales data are in compliance with departmental and statutory requirements. Starke County's assessments have been released and will not require a reassessment for pay 2007.

Starke County includes one Conservancy District (Bailey-Cox-Newtson 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.

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. As there are typically a number of controlled levies, a taxing unit can increase the levy in one controlled fund while decreasing the levy in a different controlled fund and still remain within its maximum levy for controlled funds. 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 \$1,941,000, or 9.27%. Over 80% of this levy increase was attributable to three school corporations – Knox Community School Corporation, North Judson – San Pierre School Corporation and Oregon-Davis School Corporation. Following is a summary of the levy changes that made the most impact when looking at dollar and percentage increase or decrease over the previous year's levy.

- The Starke County taxing unit, including welfare, increased its total levy by \$125,929, which was a 2.39% increase. Only two funds had significant increases in levy – the Cumulative Bridge Fund which increased its levy by \$6,099 or 11.59% and the Health fund which increased its levy by \$45,343 or 69.11%.
- California Township had a total levy increase of \$31,997 or 14.43%. This was primarily driven by an almost 15% increase in the Fire Fund levy of \$25,231. The Township also added a Township Assistance Fund levy in the amount of \$6,640.

- Center Township's fund levies fluctuated significantly for 2007, though the overall levy increase equaled only \$3,175 or 4.81%. The General Fund levy increased by \$2,163 (43.7%), while the Township Assistance Fund decreased by \$1,705 (30.14%). On the fire side, the Fire Fund levy increased by \$5,874 (23.76%), though the Fire Equipment Debt Fund levy decreased by \$2,066 (20.36%) and the Cumulative Fire Fund levy decreased by \$1,091 (5.32%).
- Davis Township decreased its overall levy by \$1,625 or almost 3%, primarily due to a decrease in the Fire Equipment Debt Fund levy of \$2,494 (8.5%).
- Jackson Township's levy increased by almost 4% (\$690). The General Fund levy increased by \$783 (12.26%) while the Township Assistance Fund levy of \$498 was removed.
- North Bend Township's levy increased by \$10,219 or 18.65%. The majority of this increase was due to a 224% increase in the Township Assistance Fund, which added \$6,877 to the levy. The Township did receive an excess levy appeal for Township Assistance of \$9,748.
- Oregon Township increased its General Fund levy by \$2,374 (11.59%) and the Fire Fund levy by \$4,202 (10.95%). The Township's total levy increased by \$6,067 or 7.25%.
- Railroad Township had significant changes in a number of fund levies. The General Fund levy increased by \$3,674 (24.52%) and the Fire Fund levy increased by \$7,987 (17.23%). The Township Assistance Fund levy decreased by \$1,785 (20.22%). Overall, the Township's levy increased by \$9,722 or 12.36%. The Township received an excess levy appeal of \$10,000 for Volunteer Fire.
- Washington Township's levy decreased by \$3,666 or 4.54%. This was primarily due to the removal of the Fire Equipment Debt Fund levy of \$13,835. Offsetting this, The General Fund levy increased by \$2,941 (15.62%) and the Fire Fund levy increased by \$7,447 (20.98%).
- Wayne Township's total levy increased by \$3,241 which was a 6.07% increase. The General Fund levy increased by \$1,500 (16.17%) and the Fire Fund levy increased by \$2,284 (13.83%). The Recreation Fund levy decreased by \$1,057 or 21.05%.
- Oregon-Davis School Corporation's total levy increased by \$150,387 or 6.36%. The Transportation Fund levy increased by \$43,445 or 15.21%. The School Corporation added \$167,801 in School Pension Debt Fund levy in 2007. The School Corporation received a \$34,977 transportation excess levy appeal per P.L. 2-2006.
- North Judson - San Pierre School Corporation had a total levy increase of \$667,447 which was a 23.69% increase. Of this, the General Fund levy increased by \$188,688 (17.54%), the Transportation Fund levy increased by \$319,672 (200.13%) and the Bus Replacement Fund levy increased by \$31,930 (36.64%). The School Corporation also added \$52,807 in School Pension Debt Fund levy. The School Corporation received a \$374,250 transportation excess levy appeal per P.L. 2-2006.

- Knox Community School Corporation increased its total levy by \$744,035 or 12.55%. The General Fund levy increased by \$295,457 or almost 14%, while the Transportation Fund levy increased by \$92,576 or almost 15%. The School Corporation added \$395,308 in Debt Service Fund levy and \$330,723 in new School Pension Debt Fund levy. The School Corporation decreased the Capital Projects Fund levy by \$206,964 (19.42%) and removed the Bus Replacement Fund levy of \$162,576. The School Corporation received a \$68,989 transportation excess levy appeal per P.L. 2-2006.
- Knox Civil City increased its General Fund levy by \$133,497 (16.96%), its Park and Recreation Fund levy by \$9,836 (14.40%) and its Lease Rental Payment by \$12,954 (27.12%). The City removed its Police Pension Fund levy of \$24,495 and reduced its Motor Vehicle Highway Fund levy by \$23,993 (19.37%). In total, the City's levy increased by \$115,652 or 9.49%. The City received a shortfall correction of \$59,416.
- Hamlet Civil City had a total levy decrease of \$13,341 or 7.29%. The General Fund and the Motor Vehicle Highway Fund levies decreased by \$14,970 (8.62%) and \$3,010 (75.46%), respectively. The Cumulative Capital Development Fund levy of \$2,365 was removed. The Park Fund levy increased by \$7,004, which was a 234.40% increase.
- North Judson Public Library had a total levy increase of \$5,146 or 2.65%. Of this, the General Fund levy increased by \$8,508 (7.37%) and the Library Capital Projects Fund levy increased by \$4,503 (47.42%). The Library's Lease Rental Payment Fund levy decreased by \$7,865 (11.35%).
- Starke County Public Library increased its total levy by \$68,976 or 8.84%. The General Fund levy increased by \$37,969 (6.39%), while the Library Capital Projects Fund levy increased by \$29,667 (55.34%).

No units in the County exceeded the working maximum levy. All units in the County levied up to the working maximum levy except for the following units: Starke County - \$172,354 under its working maximum levy (5.17% of its working maximum levy); North Bend Township - \$2,898 under (12.60%); Railroad Township Fire - \$3,960 under (6.79%); and Washington Township Fire - \$2,193 (4.86%).

Starke County is a CAGIT county, and, in CAGIT counties, controlled levies grow at a rate higher than non-CAGIT counties. In addition, a number of taxing units had maximum levy reductions in 2006 due to levy excess which were then readjusted in 2007, resulting in the growth of controlled levies being higher than the normal statutory levy increase.

Changes in Real Property Gross Assessed Values

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

<u>Class</u>	<u>% Change</u>
Agriculture	8.7%
Industrial	23.5%
Commercial	9.0%
Residential	25.8%
Utility	-63.8%

Data provided for the Utility property class appears to be incomplete and may require additional review for accuracy. The decrease in the Utility property class accounts for \$4,337,000, which is 0.35% of the County's total Gross Assessed Value.

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	23.1%	20.9%
Industrial	2.7%	2.8%
Commercial	7.3%	6.7%
Residential	66.2%	69.4%
Utility	0.7%	0.2%

As can be seen from the analysis, a shift from agriculture, commercial and utility property to industrial and residential property has occurred. This shift shows approximately 3.2% of the total going to residential.

Change in Net Tax Rates

Changes in net tax rate by district were as follows. Due to the minor county status of Fulton County for Culver Community School Corporation, North Bend Township taxing districts has been excluded from the analysis below. It is possible that the gross tax rate, and therefore net tax rate, is not accurately calculated for this district because of the absence of the major county portions of the cross-county unit's 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>
California Township - NJSP School	8.68%	-1.43%	-0.67%	1.74%	9.75%
California Township - Knox School	48.58%	-11.30%	-10.82%	-7.88%	0.27%
Center Township	14.37%	-10.47%	-9.82%	-6.89%	1.04%
Knox City (Center)	9.83%	-7.26%	-6.47%	-3.71%	5.48%
Jackson Township	12.90%	-0.14%	0.88%	3.35%	11.55%
Oregon Township	30.74%	-14.95%	-13.59%	-10.64%	-2.09%
Railroad Township	16.10%	-0.05%	0.94%	3.13%	10.10%
Washington Township	10.10%	-10.67%	-10.06%	-7.25%	0.62%
Wayne Township	15.81%	-0.14%	0.87%	3.15%	10.83%
North Judson Town (Wayne)	9.26%	-2.08%	-1.60%	0.75%	10.21%
Davis Township	2.13%	-14.18%	-12.76%	-9.99%	-2.02%
Hamlet Town - David Township	17.97%	-16.66%	-16.01%	-14.35%	-6.28%
Hamlet Town - Oregon Township	10.65%	-16.76%	-16.12%	-14.45%	-6.37%
Average	15.93%	-8.16%	-7.33%	-4.85%	3.32%

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. The County was an early adopter of the inventory deduction.

Assessment Status

According to DLGF staff, real property, auditor and sales data are in compliance 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	19.6%	7.6%	55.7%	13.7%	3.4%
Industrial	38.3%	13.1%	42.1%	2.8%	3.7%
Residential	8.5%	1.5%	60.5%	23.5%	6.0%
Utility	78.9%	4.2%	9.2%	1.4%	6.3%
Agriculture	1.9%	58.2%	37.6%	1.7%	0.6%
Exempt	35.5%	7.0%	40.1%	12.8%	4.6%
Overall	8.4%	15.9%	53.9%	17.3%	4.5%

Per DLGF staff, Starke County's assessments were released on September 19, 2007. Starke County will not be required to perform a reassessment for pay 2007.