ANNEXATION FISCAL PLAN

SHIREY ROAD
ANNEXATION

ADOPTED BY THE CITY COUNCIL
OF THE CITY OF MUNCIE
December 2004

Annexation Fiscal Plan

Shirey Road
Annexation

Prepared For:
The City of Muncie

By:
HNTB Corporation
111 Monument Circle, Suite 1200
Indianapolis, IN 46204

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INTRODUCTION

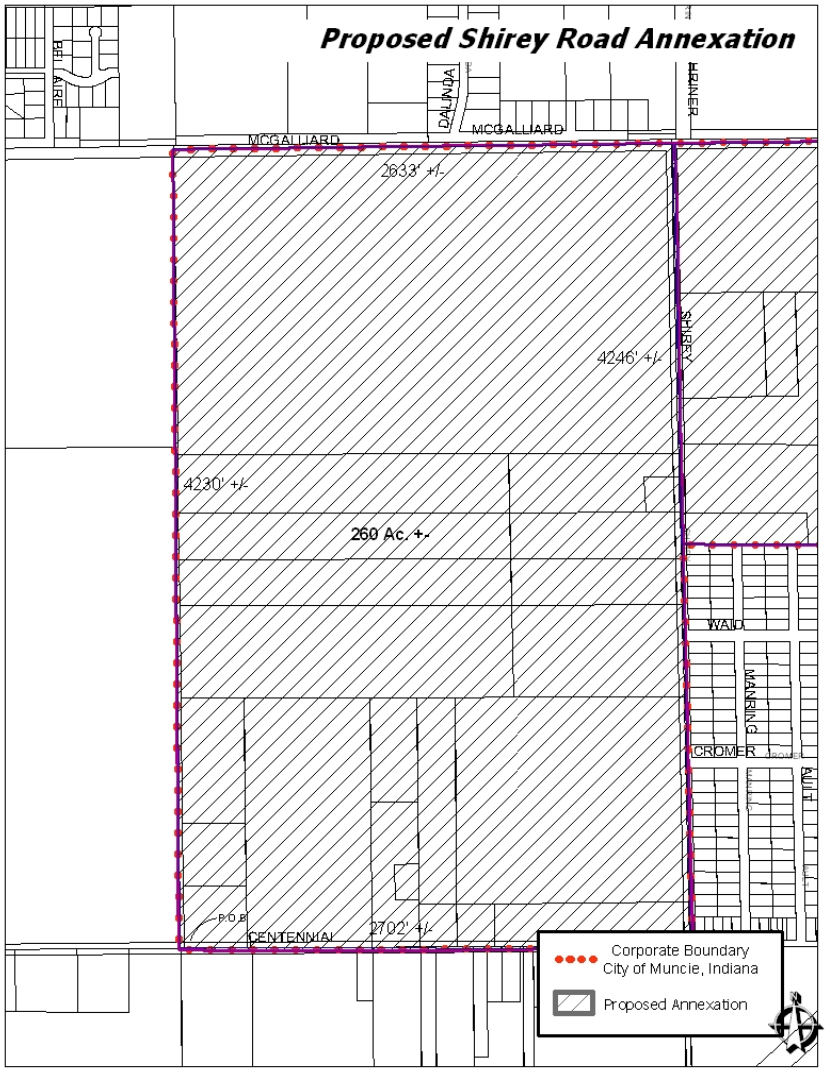
Indiana Statute (I.C. 36-4-3-3) authorizes the City of Muncie City Council to develop and adopt, by resolution a fiscal plan for the extension of municipal services to an annexed area.

The Fiscal Plan shows that the annexation area meets the state law requirements for annexation. The Fiscal Plan further gives basic data regarding the annexation area, describes the services which will be furnished to the annexation area upon annexation by the City of Muncie and summarizes the fiscal impact of the annexation upon the City.

The following map (Figure 1) shows the proposed Annexation Area.

The legal description of the annexation area is attached as Exhibit A.

Figure 1: Proposed Annexation Map



SECTION ONE
PARCEL ANALYSIS

A. Location

The annexation area is located northeast of the City of Muncie and is generally bounded on the east by Shirley Road; on the west by the City of Muncie; on the north by McGalliard Road; and on the south by Centennial Avenue; as more fully described in Exhibit A.

B. Size

The annexation area contains approximately 260 acres.

C. Population

Because the boundary of the annexation area does not follow demographic lines (i.e. census tracts), the population calculations have been estimated. To determine population, the number of homes in each area was multiplied by the average household size as determined by the US Census Bureau. In 2000, the US Census estimated the average number of persons per household in Delaware County to be 2.37. The number of homes in an annexation area was determined using counts from the Delaware County assessor and aerial photography.

Current population for the area is therefore approximately 43.

D. Buildings

The Delaware County Assessor reports the following structures to be located in the annexation area.

Residential 19 structures

E. Current Patterns of Land Use (approximations)

Current land use in the area is primarily agricultural. More specifically, the area is developed as follows:

Land Use	Acres	Percent
Agriculture	125	48%
Commercial	18	7%
Industrial	47	18%
Institutional	8	3%
Multi Family Residential	2	1%
Single Family Residential	39	15%
Undeveloped	21	8%

F. Zoning

The current zoning classifications for the area are listed below. The area will remain under the jurisdiction of the Delaware County – Muncie Plan Commission, and the zoning will not change following the annexation.

Zoning	Acres	Percent
BC: Community Business Zone	36	14%
R-4: Residence Zone	216	83%
ROW: Right-of-Way	8	3%

G. Assessment

The estimated assessed valuation for the area is shown as follows:

Real Property Assessed Valuation (Gross)	Personal Property Assessed Valuation	Exemptions	Assessed Valuation (Net)
$1,365,200.00	$0.00	$377,700.00	$987,500.00

Source: Delaware County Assessor

H. Gross Corporate Tax Rate (2003 payable 2004 rates)
The City of Muncie corporate tax rate for 2003 which was payable in 2004 was 1.2165 per $100 assessed valuation (net).

I. Council District
The area will initially be assigned to Common Council District 6, subject to any later reapportionment, as required by statute.

SECTION TWO
LEGAL REQUIREMENTS

This fiscal plan complies with applicable statutory criteria as follows:

A. The adoption of a written fiscal plan and the adoption of a definite policy. The fiscal plan includes the following:
   1. The estimated costs of planned services to be provided to the annexation area by the City, itemized by each department agency.
   2. The method or methods of financing planned services.
   3. The plan for the organization and extension of services.
   4. That planned services of a non-capital nature normally provided within the corporate boundary, will be provided to the annexed territory within one year after the effective date of the annexation in a manner equivalent in standard and scope to those non-capital services provided to areas within the current corporate boundary.
   5. That services of a capital improvement nature normally provided within the corporate boundary, will be provided to the annexed territory within three years after the effective date of the annexation in a manner equivalent in standard and scope to those capital services provided to areas within the current corporate boundary.

B. The annexation area is more than one-fourth (25%) contiguous to the boundary of the city.
   - The total perimeter of this annexation area is 13,811 feet.
   - The length of this annexation area that is coincident with the City boundary is 11,697 feet.
   - The percent of this annexation area that is contiguous to the City of Muncie is 85%.

C. This area is needed and can be used by the City for its development in the reasonably near future.

SECTION THREE
MUNICIPAL SERVICES

This section of the fiscal plan forecasts the costs and methods of financing the municipal services to be provided to the annexation area. The plan also describes how the City plans to extend the services which are non-capital and capital in nature. This section demonstrates how the City will provide and finance these services to the annexation area in a manner equitable with the rest of the City of Muncie.

As required by state law, the Area will receive planned services of a non-capital nature in a manner equivalent in standard and scope to those non-capital services provided to areas within the corporate boundaries. In addition, the Area will receive services of a capital improvement nature in the same manner as those services are provided to areas within the corporate boundaries.

Throughout this report, the figures used for the current City of Muncie budget reflect the approved budget for the year 2003 and the population figures reflect the 2000 US Census Bureau official counts.

The description of the services to be provided to the annexation area and the estimated annual cost to the City of Muncie are described below.

A. Police Department

1. Responsibilities. The services provided by the City of Muncie Police Department include the prevention of crime, the detection and apprehension of criminal offenders, assistance for those who cannot care for themselves or who are in danger of physical harm, resolution of day-to-day conflicts among family, friends and neighbors, and the creation and maintenance of a feeling of security in the community. Lastly, the Police Department performs traffic control, promotes civil order and provides educational and technical assistance in the area of crime prevention and neighborhood services.

   The Muncie Police Department budgets for 120 sworn officers, 89 of which are uniformed patrol officers or investigators. The remaining 31 officers serve as supervisors. Administrative positions are also staffed by ranking officers. Twenty (20) patrol officers, three (3) Sergeants, and one (1) Lieutenant staff each patrol shift. Officers are continually on patrol within each of the City's four (4) districts. The current staffing level is 116 officers. There are currently 66 vehicles owned and operated by the Muncie Police Department. 911 Dispatch is run by the County Commissioners, and the Muncie Dispatch and County Dispatch are housed together. The City generally has two (2) dispatchers working at any given time while the County has one (1).

2. Funding Sources. The Muncie Police Department is funded almost entirely from the City's General Fund and therefore by property taxes from City residents. The police department receives additional funding through the receipt of state and federal grant money and has also received EDIT funds for occasional capital costs.

3. Level of Service.

   Because the annexation area does not represent a significant increase in the City's population, no new officers will be required. Additionally, the administrative costs of the department are not anticipated to increase. Day to day operational costs, if any, of the Muncie Police Department for this area are insignificant in nature.

4. Plan for Organization and Extension of Services

The addition of the annexation area will require only minor changes to how the department assigns patrols. Routine police service will be provided immediately upon annexation, using personnel assigned to district 6.

5. Summary

CAPITAL COST:	$0
ESTIMATED ANNUAL COSTS:	$0
METHOD OF FINANCING:	General Fund

B. Fire Department

1. Responsibilities. The Muncie Fire Department is responsible for providing fire protection services to the City. The services provided include fire protection and suppression, emergency rescue, fire prevention, fire inspection, and public education.

   The Muncie Fire Department employs 120 people in seven (7) stations. Those employed by the Department include 109 firefighters plus supervisors (i.e. the chief and deputy chief), mechanics, inspectors, a training officer, and administrative assistants. The Department's equipment includes six (6) pumpers, three (3) pieces of aerial equipment, one (1) rescue truck, one (1) command vehicle, two (2) spare pumpers, one (1) mini pumper, and (1) tanker truck.

2. Funding Sources. The Muncie Fire Department is funded by the City's General Fund.

3. Level of Service.

   a. Fire Protection Service

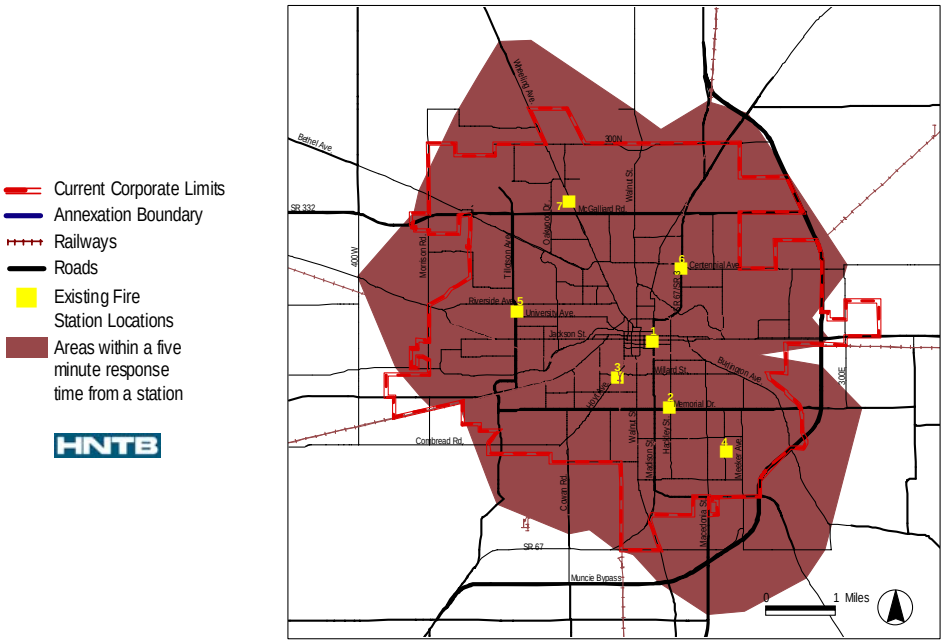
      Using a geographic information system (GIS), fire department response times can be approximated for any area within the City. The result of the analysis showed that 97.4 percent of the City can be reached by one or more of the Muncie fire stations within five minutes. This exceeds the national planning standard of an eight minute response 90 percent of the time[1].

      Areas located within the five minute response time for the existing Muncie Fire Stations are shown on the map below. The service areas were computed using "Network Analyst", an extension of the "ArcView GIS" software. "Network Analyst" is able to determine average response time by following the City street system, rather than a straight line on the map. The program also slows the average speed limit that the trucks drive by assuming that they must slow down or even stop at traffic lights and at-grade railroad crossings.

      The Fire Department reports a response time of 2.19 minutes to the annexation area from Station 6.

[1] Level of service is based on average speed limits and no railroad delays. A more detailed analysis may show more areas within the 5 minute response time.

FIGURE 2: FIVE MINUTE RESPONSE TIME FOR EXISTING FIRE STATIONS



Therefore, no additional stations will be required to service the annexation areas. Additionally, the administrative costs of the department are not anticipated to increase.

b. Emergency Medical Services (EMS)

EMS services are currently being provided by Delaware County EMS. However, the city does offer first responders service through the fire department. Medical supplies and automated external defibrillators (AED) are available on all trucks in daily service. Therefore, the level of service for first response medical services is the same as the level of service for the fire department. The cost of providing this service has been factored into the day to day operating costs of the department.

c. Fire Hydrants

Water service for the City of Muncie is provided by the Indiana-American Water Company through private contract and facility rental agreements with consumers, including the City itself. As a result, the City of Muncie serves as the lessee of all fire hydrants within the City limits which are not leased and maintained by businesses, private property owners or developers and neighborhood associations. While most developers and businesses in newly developed areas do fund their own fire hydrant rentals, the City is obligated to take on the cost of any hydrants not located within one of these developments. The monthly fee for hydrant rental is $36.70 per hydrant.

The City's standard of service is a hydrant be located within 1,000 feet of any structure where there is an adequate existing main. Therefore, the provision of adequate fire protection to the area will require the installation of 1 fire hydrant along Centennial Avenue. The cost to the City of installing the hydrant will not include the extension of water lines but will include the actual hydrant installation cost of $1,500. Monthly rental payments for the new hydrant will also be funded by the City.

There is currently 1 hydrant within the annexation area for which the City will assume the monthly rental costs immediately upon annexation. Privately owned hydrants will remain privately owned and financed after annexation.

4. Plan for Organization and Extension of Services

Immediately upon annexation, full fire protection and first responders service will be provided to the annexation area on a first call basis. The annexation are will be served primarily by station 6.

The fire hydrant depicted in the fiscal plan will be provided to the annexation by year three following the effective date of annexation, provided the installation can be scheduled by the water company in a timely fashion. Publicly owned fire hydrant rental payments will be transferred to the City for payment immediately upon the effective date of the annexation.

5. Summary

CAPITAL COST:	$0	$1500 (hydrants)
ESTIMATED ANNUAL COSTS:	$0	$881 (hydrants)
METHOD OF FINANCING:	General Fund	

C. Street Department

1. Responsibilities. The Muncie Street Department is currently responsible for the maintenance of approximately 323 miles of roadway. The maintenance responsibilities of the Department include general repairs and maintenance of all city streets, snow removal, street sweeping, and right-of-way mowing. The Department does not generally upgrade roads to a higher standard, nor does it install sidewalks or curb and gutter on existing streets.

The City Street Department's equipment includes two (2) payloaders, two (2) graders, fourteen (14) dump trucks with blades for snow removal, three (3) one-ton pickup trucks, three (3) service trucks, and three (3) tractors. The Department employs approximately forty-four (44) full time employees and hires part time help in the summer months.

2. Funding Sources. The Muncie Street Department is funded through the distribution of revenues from the Motor Vehicle Highway (MVH) Fund and the Local Road and Street (LRS) Fund. The 2003 budget for the Muncie Street Department was $2,037,097 million per year, which is funded by MVH funds. The Department received an additional $619,530 in LRS funds to fund the paving maintenance of local roads.

3. Level of Service.

a. Maintenance

The Muncie street department currently provides maintenance (which includes those items listed above) to all streets within the City. Therefore, the level of service for the City Street Department is maintenance for all City streets. Following an annexation, the City would be required to provide that same service to all streets within the newly annexed area.

b. Sign Shop

The Sign Shop of the City of Muncie provides services in the form of traffic signal maintenance, traffic sign repair and replacement, and the painting of pavement markings upon city streets. Like all maintenance work on City streets, the Street Department does traffic signal maintenance, sign repair and replacement, and

repainting of pavement markings on all City streets. It would therefore provide the same services to an annexation area upon incorporation.

The services provided by the Sign Shop are funded with monies from the Motor Vehicle Highway (MVH) Fund and are included in the street department's budget. The funding for the sign shop is a part of the Street Department's budget and is therefore already figured into the road maintenance cost per linear foot, as detailed above; and maintenance of the existing signage and markings within the annexation area will become part of the City's sign maintenance program immediately upon annexation.

c. Street Light Rental

The City of Muncie is responsible for the payment of facility rental fees to the American Electric Power Company for all street lights in the City, except for those lights provided by contract to private businesses, individual property owners, and neighborhood associations. Funding for the streetlights that are rented by the City is budgeted under a miscellaneous category of the City's General Fund. The monthly fee varies significantly based on the type of lamp, the wattage of the lamp, and the type of circuitry (overhead, underground, etc.). Rental rates vary from as low as $1.63 per month to $19.58 per month per street light.

There are no existing street lights in the annexation area.

No additional street lights will be installed as a result of this annexation. However, the opportunity to petition for street lights will be available to the annexed area in the same manner as within the current municipal boundaries. Petitions shall be reviewed by the City Engineer and forwarded to the electric utility for recommendation, the Board of Public Works will consider final approval and notify the electric utility and the City Engineer of the decision.

4. Summary

CAPITAL COST:	$0
ESTIMATED ANNUAL COSTS:	$0
METHOD OF FINANCING:	Not Applicable

D. Parks and Recreation Department

1. Responsibilities. The City of Muncie Parks Department oversees the maintenance of the City's 24 parks, ranging in size from a 0.2 acre monument site to a 96 acre community park. The Parks Department is also responsible for the maintenance of three community centers, the City pool, and the 750 acre Prairie Creek Reservoir, a regional facility located outside of the City limits and leased by the Indiana-American Water Company.

The Parks Department is staffed by thirteen (13) full time employees in town and four (4) full time employees at Prairie Creek. The Department's supervisors include the Superintendent of Parks, the Assistant Superintendent for Buildings and Grounds, and the Assistant Superintendent for Prairie Creek Park. The Parks Department also relies on between twelve (12) and fourteen (14) part-time employees in town and thirty-three (33) part time employees at Prairie Creek to operate and maintain the facilities and grounds during the summer months.

2. Funding Sources. Funding for the City's Parks Department is allocated primarily from the City's Park Department Fund. Capital projects are funded with EDIT funds which are allocated to the Parks Department based on specific project requests.

The Parks Department also collects revenues from Prairie Creek users in the form of rental fees for campsites, docks, cabins, shelters, and beach access. Several other parks

also charge fees for the rental of picnic shelters. In total, the Parks Department raises approximately $385,000 in user fees annually.

3. Level of Service.

   Residents of the annexation area, like all residents of Delaware County and the surrounding area, currently have the same access to city parks that city residents enjoy, therefore no additional funds are needed for the Parks and Recreation Department. No new park land is proposed at this time.

4. Plan for Organization and Extension of Services

   All services are organized and in place for the annexation area residents, to the same standard and scope offered to other areas within the corporate boundaries, as the Department's activities are presently open to residents of unincorporated areas as well as City of Muncie residents. New services will be added to the City of Muncie parks in the order of priority established in the City's Parks and Recreation Master Plan.

5. Summary

   CAPITAL COST: $0
   ESTIMATED ANNUAL COSTS: $0

   METHOD OF FINANCING: Park Department Fund

E. Administrative Departments

1. Responsibilities. As the population and size of the City changes, growth will affect the administrative offices of the city as well as the more recognizable services already defined. Additional paperwork, inspections, and the like will result in a need for additional employees and increased office expenses. Administrative services of the City of Muncie include the following departments.

   - Office of the Mayor* ..... NA
   - Office of the Deputy Mayor* .... NA
   - Finance* ..... NA
   - City Clerk** ..... NA
   - Data Processing+ ..... NA
   - Law~ ..... NA
   - City Court** ..... NA
   - Building Commissioner* ..... NA
   - Common Council+ ..... NA
   - Personnel+ ..... NA
   - Merit Commission* ..... NA
   - Civil Defense* ..... NA
   - Board of Works* ..... NA
   - Animal Shelter* ..... NA
   - Human Rights* ..... NA
   - Beech Grove Cemetery** ..... NA
   - Community Development* ..... NA
   - **TOTAL ..... NA**

   Notes:

   * The budgets for these departments are closely related to the number of personnel employed. Since the annexation area will be adequately served to an equivalent standard and scope as other areas of the City without adding staff, additional funding is not proposed.

** The jurisdiction for these services already encompasses the annexation area.

+ No additional services will be required by this department.

~ The City corporate counsel provides services on a lump sum basis regardless of the city's size.

2. Funding Sources. The aforementioned City services are funded by the City's General Fund.

3. Level of Service. The Services of the City's administrative departments are available to all residents of the City. Annexed areas will receive the same services as the rest of the City.

4. Plan for Organization and Extension of Services

   Because the annexation area represents an insignificant increase in the City's population, these services will be extended without hardship to these administrative offices and departments and with no increased cost.

   All administrative functions of the City will be available to the annexation area residents immediately upon the effective date of the annexation. When the area is annexed, City departments will be notified and will expand their jurisdictional areas accordingly.

5. Summary

CAPITAL COST:	$0
ESTIMATED ANNUAL COSTS:	$0
METHOD OF FINANCING:	General Fund

F. Other Private Utilities

Private companies provide natural gas, electricity, telephone, and public water supply services to the area. The annexation of this area will have no effect upon the costs or level of service of these utilities. These utilities will continue to be available to area property owners subject to the policies of the individual utility companies.

G. Sanitary Sewers

Sanitary sewers in the City of Muncie are maintained by the Muncie Sanitary District, as a separate taxing agency that does not receive funds from the Muncie City property tax. All properties within the City boundaries are automatically part of the Sanitary District, and the annexation area will automatically become part of the Sanitary District upon annexation.

Trash collection and storm drainage is funded by the Muncie Sanitary District tax assessment. Extension of sewer lines is most often done by special assessment under Barrett's Law. Annexation does not guarantee the availability of sanitary sewer.

The City of Muncie does not subsidize the Sanitary District, so the annexation will not require funding for the District from the City of Muncie.

SECTION FOUR
PLAN FOR HIRING GOVERNMENTAL EMPLOYEES DISPLACED BY ANNEXATION

It is not anticipated that, due to the annexation of the subject property, any County or Township governmental employees will be eliminated from other government agencies. However, if any County or Township government employee is displaced as a result of this annexation, the Personnel Department of the City of Muncie shall accept an application for employment from the

displaced employee. The application shall then be reviewed and forwarded to the appropriate City department whose personnel needs best meet the qualifications of the displaced employee.

The City of Muncie is an equal opportunity employer and does not discriminate with regard to race, sex, religion, color, age, ancestry, disability, national origin, or veteran status.

SECTION FIVE
LIABILITY FOR TOWNSHIP INDEPTEDNESS

If the township from which the City of Muncie annexes territory is indebted or has outstanding unpaid bonds or other obligations at the time of annexation, the City of Muncie shall be liable for and pay that indebtedness in the same ratio as the assessed valuation of the property in the annexed territory bears to the assessed valuation of property in the township, as shown by the most recent assessment for taxation before the annexation, unless the assessed property within the municipality is already liable for the indebtedness.

The City of Muncie shall pay the township executive for the indebtedness of the township as outlined above. If the indebtedness consists of outstanding unpaid bonds or notes of the township, the payments to the executive shall be made as the principal or interest on the bonds or notes becomes due.

According to the Office of the Center Township Trustee, Center Township has no outstanding bonds or notes for which the City of Muncie would become liable in the event of annexation.

SECTION SIX
FINANCIAL SUMMARY

The purpose of this Section is to project the revenues and expenditures for the proposed area to be annexed. This Section also provides a ten year summary of the expenditures compared with the anticipated revenues that this annexation area will generate.

A. Revenues

Property taxes are the main source of revenue to be received from the Area. Property taxes are computed from an estimated gross amount of assessed valuation in the Area. The formula for computing tax revenue is as follows:

TABLE ONE
Tax Revenue Formula

$$AV/100*T = TR$$

Where: AV = Assessed Valuation
T = Tax Rate
TR = Tax Revenue

The projections for revenue receipts are based upon the existing developments' assessed valuation from the Delaware County Assessor's Office.

The total estimated assessed valuation of the Area is $987,500. This figure has been adjusted for any exemptions and deductions on file with the Delaware County Assessor's office. Multiplying the estimated assessed value of the Area by the City's gross Corporation

tax rate of $1.2165 per $100 assessed value calculates the estimated total additional annual property tax revenue from the Area to the City as $12,012.94. Table Two details the applicable components of this tax rate:

TABLE TWO
City Gross Corporate Tax Rate
(per $100 Assessed Value)

General Fund	$0.9551
Park Fund	$0.0397
Beech Grove Cemetery Fund	$0.0146
City Bond General Sinking Fund	$0.0363
Fire Pension Fund	$0.0688
Police Pension Fund	$0.1020

Total Gross Corporate Tax Rate (Payable Year 2004).....$1.2165

The amount shown above as property tax revenue represents the gross amount of taxes that would be received by multiplying the current municipal tax rate by the assessed value of the property. While it does take into account mortgage and homestead exemptions and deductions which were on file with the Delaware County Assessor's Office at the time the fiscal plan was written, it does not consider State property tax replacement credits or additional deductions or credits available to the tax payer.

In addition to property taxes, City departments are funded through the allocation of taxes from the sale of alcohol, tobacco and gas, from the motor vehicle surtax and the County wheel tax, and from County-wide taxes such as the County Option Income Tax (COIT). COIT also serves as a source of revenue for the General Fund; and the street department is completely funded through the Motor Vehicle Highway (MVH) Fund and the Local Road and Street (LRS) Fund.

The Annexation Area will also enable the City to receive additional money from the Motor Vehicle Highway (MVH) fund and from the Local Roads and Streets (LRS) fund. These funds are allocated based on street miles and population. In 2003, the City received $2,037,097 in MVH Funding and $619,530 in LRS Funding. The state allocates MVH money based on a municipality's population only. The formula is complicated, and therefore, future allocations can only be estimated. In 2003, the City of Muncie received $2,037,097 based on a 2000 population of 67,430, or $30.21 per person. Assuming a like ratio in the future, the City can anticipate an additional $30.21 per person as it annexes additional population.

LRS funding, like MVH, is based partially on population. However, LRS is also allocated based on road miles. The state of Indiana allocates forty percent (40%) of its LRS funds based on road miles and sixty percent (60%) based on population. In 2003, Muncie received $619,530 in LRS funds. Assuming $247,812 (40%) was based on the City's 323 road miles, the City received $767.22 per mile. That leaves the remaining $371,718 (60%) as allocated based on population. The 2000 population was 67,430, and therefore the allocation per person was $5.51.

Similar calculations can be made to estimate revenues to be generated by the alcohol and tobacco taxes. In 2003, the City of Muncie received $210,249 and $72,811, respectively from alcohol and tobacco state allocations. Again, using 2000 populations, the allocation per person is approximately $3.12 and $1.08 for these two revenue sources.

Finally, the same calculation can be made to estimate future distributions of the motor vehicle excise tax. In 2003, the City received $935,682 or approximately $14.19 per person.

It is important to explain the role of taxes allocated based on population, such as the gasoline tax, the tobacco tax, the alcoholic beverage taxes, and the county motor vehicle excise tax in funding City services as they relate to annexation. Each of these taxes is collected statewide and then redistributed to communities based primarily on their population. It is incorrect to assume that just because the population of the city will increase due to annexation that the City will receive a corresponding increase in revenue from these sources. The state bases its reallocation on census counts only, unless it receives a written ruling on the population change from the Census Bureau or has a Special Census conducted. Therefore, the population figure which the state uses to reallocate these funds to the City of Muncie will not increase until the next census in 2010. While an increase in population will have a long term positive effect on revenues, that additional revenue will not be available within the one to three year time frame that the City has to provide services to the annexed area.

Table 7, Exhibit B shows the total projected revenue the City will experience after the annexation.

In addition to the aforementioned property taxes and state allocations, the City receives revenue from the County Option Income Tax (COIT). These funds are based in part on the City's population. However, since population is only one element of a very complex distribution formula, the direct contribution of the subject property will not be calculated as a part of this report. Still, these funds will increase as the City's population increases.

B. Expenditures

Expenditures to provide services to the annexation area are detailed in Section Three of the Fiscal Plan and are further shown on tables 4 and 5 of Exhibit B.

C. Ten Year Summary

The Ten Year Summary on the following page shows the projected expenditures compared with the estimated tax revenues from the area to be annexed for the first ten years following its incorporation into the City

The summary includes for each year a 2.5 percent inflation factor in keeping with current economic trends[2]. Annual revenue is assumed to increase proportionally with annual costs.

The annexation of this area is expected to have an effective date of in 2005. The property within the area proposed for annexation will therefore be assessed for taxation on March 1 2006 by the City of Muncie. Revenue from property that is assessed on or before March 1 2006 will not be received until May and November of 2007. This delay in the collection of property taxes will cause the City to experience a net loss due to the required provision of non-capital services in the first 2 years following annexation (2005-2006).

D. Impoundment of Municipal Taxes

Generally, the City of Muncie has the financial resources to fund the expenditures that would be required until the tax revenues from the annexed area are generated.

[2] The 2.5 percent inflation rate reflects a 10 year average. Source: InflationData.com. InflationData.com is affiliated with Financial Trend Forecaster, a publication of Capital Professional Services. InflationData.com data is based on the consumer price index.

TABLE THREE
Annexation Fiscal Plan
Ten Year Summary

Fiscal Plan Summary - Area 6

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue	$0	$0	$12,937	$13,260	$13,592	$13,931	$16,764	$17,472	$17,909	$18,357
Non-Capital Costs	$0	$0	$949	$972	$997	$1,021	$1,047	$1,073	$1,100	$1,127
Capital Costs	$0	$0	$1,740	$0	$0	$0	$0	$0	$0	$0
Net Gain/(Loss) in Revenue	$0	$0	$10,249	$12,288	$12,595	$12,910	$15,717	$16,399	$16,809	$17,229

Notes: Revenue sources can be found on Table 7 in Exhibit B.
Non Capital costs can be found on Table 5 in Exhibit B and are detailed in Section Three of the text of the fiscal plan.
Capital costs can be found on Table 4 in Exhibit B and are detailed in Section Three of the text of the fiscal plan.

SECTION SEVEN
SUMMARY AND RECOMMENDATION

A. General Annexation Policy

On September 11, 1995, the Common Council adopted the following as the City's annexation policy:

"The policy of the City of Muncie is to annex real estate into its corporate limits which may be annexed in accordance with the terms of Title 36, Article 4, Chapter 3 of the Indiana Code and when the adoption of an ordinance authorizing such annexation shall:

- *provide the residents of the City of Muncie with a broad and stable economic tax base; and*
- *plan for the quality and quantity of urban development in a coordinated manner; and*
- *preserve and enhance the public health, safety and welfare."*

The Mayor and the City Council have found the area proposed for annexation to satisfy these criteria through the strategic expansion of the City's boundaries, and the logical extension of public services.

B. Annexation Validity

1. Contiguous to the City of Muncie, the subject property is needed and can be used by the City for its development in the reasonably near future to help the City manage urban growth. For the purposes of determining contiguity, more than one-quarter of the aggregate external boundary (approximately 11697 feet) of the subject property coincides with the boundary of the City of Muncie.

2. Non-capital services described in the fiscal plan will become effective within one year and all planned capital services, if any, for the area will become effective within three years from the effective date of the annexation.

C. Recommendation

The Fiscal Plan, which meets the state law requirements that a fiscal plan be prepared, shows that the annexation of the Area is in accordance with the applicable state statutes. Therefore, it is recommended that after the passage of the annexation ordinance and its approval by the Mayor, the area should be annexed by the City of Muncie.

For further information:

Write: Phyllis Amburn, Deputy Mayor

City of Muncie

Address: City Hall, 3rd Floor
300 N High Street
Muncie, Indiana 47305

Phone: (765) 747-4845

Fax: (765) 747-4721

EXHIBIT A
LEGAL DESCRIPTION

A part of the Northeast Quarter of the Southeast Quarter of Section Two (2), Township Twenty (20) North, Range Ten (10) East, more particularly described as follows:

Beginning at a point of intersection in the said Section Township and Range at an intersection with the centerline of Centennial Avenue and the corporate boundary of the City of Muncie, Indiana; thence north on and along said corporate boundary a distance of four thousand two hundred and thirty (4230) feet, plus or minus to a point of intersection between the centerline of way McGalliard Road and said corporate boundary; thence east on and along the centerline of said McGalliard Road and the said corporate boundary a distance of two thousand six hundred and thirty three (2633) feet, plus or minus, to a point of intersection between said centerline of McGalliard Road and the centerline of Shirley Road; thence south on and along said centerline of Shirley Road a distance of four thousand two hundred and forty six (4246) feet, plus or minus, to point of intersection between the said corporate boundary and the centerline of Centennial avenue; thence west on and along the said corporate boundary and said centerline a distance of two thousand seven hundred and two (2702) feet, plus or minus, to the point of beginning, containing approximately 260 acres, plus or minus.

And, the public highways and the right of way of public highways contiguous to the above described real estate.

EXHIBIT B

COST AND REVENUE TABLES

TABLE 4
Estimated Capital Costs
Estimated Capital Costs - Area 6

	2005	2006	2007
Police Department*	$0	$0	$0
Fire Department*	$0	$0	$0
Fire Hydrants	$0	$0	$1,500
Street Department*	$0	$0	$0
Street Lighting*	$0	$0	$0
Parks & Recreation Department*	$0	$0	$0
Sanitary Sewer*	$0	$0	$0
Storm Drainage*	$0	$0	$0
Trash Collection*	$0	$0	$0
Water	$0	$0	$0
Administrative Departments (total)*	$0	$0	$0
Total Capital Costs Adjusted for Inflation	$0	$0	$1,615

*No capital costs are expected to occur, in this time period, in the area

Notes: * No capital costs are expected to occur, in this time period, in the area

TABLE 5
Estimated Non Capital Costs
Estimated Non-Capital Costs

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police Department	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fire Department	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fire Hydrants**	$0	$0	$881	$881	$881	$881	$881	$881	$881	$881
Street Department	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Street Lighting	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Parks & Recreation Department	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sanitary Sewer*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Storm Drainage*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trash Collection*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Administrative Departments (total)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Non-Capital Costs	$0	$0	$881	$881	$881	$881	$881	$881	$881	$881
Total Non-Capital Costs Adjusted For Inflation	$0	$0	$949	$972	$997	$1,021	$1,047	$1,073	$1,100	$1,127

*No additional cost is estimated to be incurred to the City because of third party providers
**Assumes all new hydrants installed in year 3

TABLE 6
Estimated Miscellaneous Revenue

Measurement Basis		MVH	LRS	Cigarette	Alcohol	Motor Vehicle Excise	Total
per capita	rate	$30.22	$5.51	$1.08	$3.12	$14.19	$54
per road mile	rate		$767.22				$767
Estimated Population	43						
New Road Miles	0.0000						
Prior to 2011			$0.00				
Total Miscellaneous Revenue		$1,299	$237	$46	$134	$610	$2,327

TABLE 7
Estimated Revenue Generated

Estimated Revenue Generated - Area 6

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value	$0	$987,500	$987,500	$987,500	$987,500	$987,500	$987,500	$987,500	$987,500	$987,500
Property Tax Revenue	$0	$0	$12,013	$12,013	$12,013	$12,013	$12,013	$12,013	$12,013	$12,013
MVH							$1,299	$1,299	$1,299	$1,299
LRS	$0	$0	$0	$0	$0	$0	$0	$237	$237	$237
Other Revenue							$791	$791	$791	$791
Total Revenue	$0	$0	$12,013	$12,013	$12,013	$12,013	$14,103	$14,340	$14,340	$14,340
Total Revenue Adjusted for Inflation	$0	$0	$12,937	$13,260	$13,592	$13,931	$16,764	$17,472	$17,909	$18,357

Notes: Population based revenues will not go up unless a Census or special Census is prepared.