

*Town of McCordsville  
Hancock County, Indiana*

# **Annexation Fiscal Plan**

*2023 Voluntary Annexation  
McCordsville Sports Park*

This Fiscal Plan is available for the public at the Clerk-Treasurer's Office, located at  
6280 West 800 North, McCordsville, Indiana 46055

*December 12, 2023*

## Detailed Summary of Annexation Impact

*Introduction* The Town of McCordsville (the “Town”) is undertaking the annexation of two (2) parcels classified as agricultural land and exempt property owned by a charitable organization that is granted an exemption as shown on the attached map, see Exhibit A (the “Annexation Territory”). Exhibit B also contains a listing of the parcels to be annexed. The annexation is being pursued under IC 36-4-3.

*Respect for the Public Process* The fundamental premise of American government is that private citizens are provided the opportunity to participate in the decisions of their government. While no decision receives unanimous public support, the annexation statutes make it clear that public education and participation is a critical part of the annexation process.

The statutory process of annexation effectively begins with the creation of the Fiscal Plan which is later adopted by resolution of the municipal government. As such, the Fiscal Plan must be prepared in a manner that contains sufficient substance to enable the public to reasonably determine whether the proposed annexation is in their best interests, as well as enabling the elected officials to determine whether the annexation is in the best interests of the municipality. However, this requirement also means that the Fiscal Plan is completed *prior to* receiving any public input.

If the Fiscal Plan is to serve the intended public interest, the Fiscal Plan must be a document, which can be adjusted to accommodate the legitimate interests and needs of relevant constituencies as it proceeds through the public process. If citizens bring good points to bear on the annexation process, the Fiscal Plan should honestly respond to those points. If the Fiscal Plan can be adjusted to enable the municipality to better protect the interests of the public, then such adjustments should be made. As a result of these considerations the Town, will fairly consider the testimony received through the public process and to make those adjustments to the Fiscal Plan which are necessary to honestly and fairly respond to the public testimony in a manner that is also fair and equitable to the existing citizens of the Town, while at the same time balancing the best interests of the Town.

As the statutory process unfolds, LWG CPAs & Advisors (“LWG”) will make every reasonable effort to respond honestly, fairly, and realistically to the information presented, including the possibility of adjusting the Fiscal Plan. It is fully understood that every request cannot realistically be fulfilled, but in the end, the public will have the opportunity to speak and will be fairly heard, and the Fiscal Plan will be adjusted to accommodate the best suggestions of the public process.

*Needed & Can Be Used* As previously noted, the Annexation Territory consists of two (2) parcels classified as agricultural land and exempt property owned by a charitable organization that is granted an exemption. The Annexation Territory is needed by the municipality for its future development. The intention is for the Annexation Territory to remain a park facility but portions of the Annexation Territory may eventually be developed into minor commercial development (the “Commercial Development”). However, at this time, the timing of the start and eventual build out of the Commercial Development is unknown.

*Annexed Population* Presently, there is no population within the Annexation Territory and there is no anticipation that the Annexation Territory will ever have population.

*Annexed Streets & Roads* The Annexation Territory does not contain any public streets and roads. To the extent the Commercial Development occurs, any additional streets constructed within the Annexation Territory are anticipated to be installed at the developer's expense and will remain private.

*Zoning in the Proposed Annexation* The Town's Planning and Building Department will control zoning in the Annexation Territory after the annexation. It is anticipated that the developer will seek to rezone the Annexation Territory as a planned unit development ("PUD"). If the Commercial Development does occur, it is anticipated that all or a portion of the Annexation Territory parcels will be reclassified as commercial zoning.

*Contiguity* The proposed Annexation Territory is at least one-eighth (1/8) contiguous with the corporate boundaries of the Town.

***The Town is extending exemption to municipal taxation to the Annexation Territory under the provisions of IC 36-4-3-4.1. The exemption will remain in effect until such time that the parcels within the Annexation Territory are no longer assessed agricultural. So long as the parcels are assessed agricultural and their current use has not changed, the impact on services to be provided by the Town (detailed in the following paragraphs) will remain substantially unchanged.***

***If and when the Commercial Development occurs, the Municipal Services outlined in the following paragraphs will be fully extended. It is anticipated that there will be additional costs associated with the extension of those services. However, due to the uncertainty of the start of any such development and the time associated with the completion of the Commercial Development, it was determined that a meaningful estimation of extent and estimated cost associated with those services could not be provided at this time.***

*Provision of Municipal Services* The Town currently provides capital and non-capital services to citizens and property owners within the corporate boundaries of the Town. The capital services include but are not limited to street construction, street lighting, parks, and sewer, water and storm water utilities. The non-capital services would include, but are not limited to, road maintenance, trash pick-up, administrative services by the Town, and police protection by the McCordsville Police Department.

This fiscal plan has been developed to review the financial impacts of extending the non-capital and capital services by reviewing the services that are currently provided through discussions with Town management. Typically, the impacts of all revenues and expenditures due to the completion of this annexation will be calculated based on discussions with Town management and adjustments that are in accordance with current state law.

The effective date of annexation is assumed to occur within thirty (30) days after the adoption of the ordinance and the publication of the notice of adoption of such ordinance, although that date

could be extended in the event of litigation. If the effective date is delayed, the date for provision of services will also be extended based upon the actual effective date.

*Method of Financing* Many of the capital and non-capital municipal services are currently being provided to the Annexation Territory. Currently, Town management anticipates being able to incorporate any additional expenditures from the Annexation Territory into their current operating budget, however, as the Commercial Development occurs, Town management does anticipate additional operating expenses that are outlined later in this Fiscal Plan.

The standard statutory process for setting the budget, includes a review by the Department of Local Government Finance (“DLGF”). The budgets for 2025 and thereafter will include municipal services to the Annexation Territory.

*PLAN FOR EXTENSION OF SERVICES* This Fiscal Plan details the municipal services which are projected to be extended or currently provided to the Annexation Territory and the method by which these services will be woven into the responsibilities of the incorporated Town.

Capital services will be extended within three (3) years of the effective date of annexation and as dictated by future development in the same manner and non-capital services will be provided within one (1) year of the effective date of annexation. Both capital and non-capital services will be provided to the Annexation Territory in a manner equivalent in standard and scope as such services are provided within the Town.

This Fiscal Plan is based on the exercise of common sense by Town elected officials, over the long term. In the end, this Fiscal Plan can only be based on logical, objective responses to projected situations.

*IMPACT OF RE-ASSESSMENT & STATE LEGISLATION* The statewide assessment process (“trending”) is ongoing and will affect the taxable value of most real property in Indiana, as will future state legislation as adopted from time-to-time, which alters the property tax system of Indiana. The impact of the statewide re-assessment is expected to be different from one parcel to another, for a number of reasons. Therefore, it is impossible to make any generalized statement about the impact of reassessment on the property within the Annexation Territory. However, it is appropriate to say that the proposed annexation will have no impact on the assessed value of any property with regard to reassessment.

*MUNICIPAL ADMINISTRATION* The projected impact of the proposed annexation on the departments involved in municipal administration is considered in the fiscal analysis as “overhead” for the continuing operations of municipal government. In the Town, these municipal departments include the Town Council, Clerk-Treasurer, and other, similar departments (the “Town Administration”). This impact is the service most easily controlled by the Clerk-Treasurer, due to the direct oversight of the Town Council.

Initially, the proposed annexation is expected to have no fiscal impact on the operation of the Town Administration. If and when the Commercial Development occurs, the annexation may impact the offices of the Clerk-Treasurer and Town Council, as the business owners with the

Annexation Territory will now have access to these elected officials, as well as their affiliated boards and all public meetings.

The Town does not anticipate any immediate additional expenditures for the municipal administration due to this annexation as the Annexation Territory is classified as agricultural land and exempt property owned by a charitable organization that is granted an exemption. Any additional administrative workload can be absorbed by the current employees of the Town. However, as the build out of the Commercial Development occurs, the growth may require additional expenditures connected to the provision of administrative services of the Town.

***POLICE DEPARTMENT*** The McCordsville Police Department (the “Police Department”) does not currently provide routine patrols within the Annexation Territory. The area is served by the Hancock County Sheriff. The Town assists, as needed, under a long-standing mutual aid agreement. Upon completion of the annexation, the Annexation Territory will be included in routine patrols. The Police Department does not anticipate an immediate need for any additional resources due to the annexation. However, as the build out of the Commercial Development occurs, the growth may require additional expenditures for the provision of police department services.

***FIRE DEPARTMENT*** Fire protection services are provided to the Town and the Annexation Territory by the Vernon Township Fire Protection Territory and it is anticipated there will be no change.

***STREETS*** The street services of the Public Works Department generally include minor street repairs (such as filling potholes, crack sealing, etc.), snow removal, and major (capital street repairs/reconstruction). There are no public roadways or streets within the Annexation Territory and it is anticipated that any additional roads to access any future Commercial Development or the park facilities will be privately owned and not constructed or maintained by the Town.

***STREET LIGHTS*** The statute recognizes streetlights as a capital service of the municipality and requires that streetlights be provided in the same manner as such services provided to areas within the corporate limits. The Town considers the need for streetlights on a case-by-case basis to determine the need and justification for streetlights in a particular area. In all cases, however, streetlights are only considered on public streets, not on private roadways within developed areas. Therefore, capital service of street lighting will be afforded to the Annexation Territory in precisely the same manner it is provided to the rest of the Town. It is not anticipated that the Town will be responsible for the installation of street lights within the Annexation Territory since the roadways and streets, if and when constructed, will be privately owned. To the extent Commercial Development occurs, the installation of streetlights will be in keeping with the requirements of Town Ordinances.

***SANITATION SERVICES*** The Town provides sanitation services or trash pick-up for residential users only. Residential development is currently not planned for the Annexation Territory so there will be no impact on sanitation services.

*MUNICIPAL PARKS* Since there is no population in the Annexation Territory, nor is it anticipated to have population in the future, the proposed annexation will have no immediate impact on the services of the municipal parks system.

*DRAINAGE/STORM WATER SERVICES* The Town maintains and operates a Storm Water Management Service (“Storm Water Utility”). Property owners within the Town’s corporate boundaries presently pay \$30 per year, per address, plus \$2 per acre for undeveloped property. It is anticipated that the Annexation Territory will be assessed a storm water fee. The total acreage of the Annexation Territory is approximately 31 acres. The storm water assessment would be at least \$92 per year.

*WATER AND WASTEWATER SERVICES* The Town provides municipal water and wastewater services to its residents. The Annexation Territory presently has no buildings or facilities that require service. It is anticipated that if the Commercial Development occurs, the Annexation Territory will require water and wastewater services. In order to provide service to the Annexation Territory, it is anticipated that the Town would need to procure funds to install an upgraded lift station at a cost of approximately \$2 million. The developer of the Commercial Development will be required to pay the costs associated with extending lines to the lift station.

*Electric Services* The Town does not provide municipal electric services. The Annexation Territory is and will continue to be served by Ninestar Connect.

*Estimated Assessed Value of Annexation Territory* The Town has performed research regarding the assessed value of the Annexation Territory using the property records available on Hancock County’s Geographic Information System (GIS). The total gross assessed value (Pay 2023) of the parcels within the Annexation Territory is \$583,600 and the net assessed value is \$0 because the parcels are exempt from taxation due to being owned by a charitable organization.

*Focus on Property Tax Revenues* Fiscal Plans focus on the impact of the annexation on municipal property tax revenues as well as other municipal revenue streams, including state revenue distributions. Presently, the Annexation Territory is assessed as ag land, exempt property owned by a charitable organization that is granted an exemption and contains no improvements that would be subject to taxation.

Property tax revenue is one of the largest revenue streams available to the Town. The ability of the Town to provide necessary municipal services – both inside the existing Town boundaries and within the Annexation Territory (as it is developed) – will largely be determined by the ability of the Town to draw upon property tax revenues to meet such needs. It is anticipated that over time, the Town will take advantage of (i) the automatic levy increases for annexation, and (ii) excess levy appeals for growth, annexation, and the extension of services as permitted by the Department of Local Government Finance.

State revenue distributions such as gasoline taxes (MVH/LRS), cigarette taxes, and alcohol taxes fluctuate based primarily on the fiscal parameters of the State budget and are distributed based

on population (cigarette and alcohol taxes) or a combination of population and road miles (MVH and LRS distributions). It is anticipated that any development in the Annexation Territory will not include an increase to population and any additional roadways or streets will be privately owned so it is not anticipated that the proposed annexation will impact the State revenue distributions; thus, no estimates have been included at this time.

*SUMMARY OF NET FISCAL IMPACT* As stated in this fiscal plan, the Town will not have any immediate material impacts on its revenues and expenditures as a result of this Annexation. However, if and when the Commercial Development occurs, increases in expenditures may include service and capital expansion for the general administration of the Town along with the Police and Utility Departments.

Additional revenues from the Commercial Development is anticipated over time to be provided by increases of local revenues including but not limited to building permits, road traffic impact fees, storm water assessment fees, and park impact fees paid during the Annexation Territory's development.

*FISCAL IMPACT ON OTHER TAXING UNITS* Annexations can result in fiscal impacts to taxing units other than the Town. The main factors driving this fiscal impact are due to an increase in property tax liability and the potential for a circuit breaker impact, adjustment in distribution factors for miscellaneous revenues, and reallocation of services provided to taxpayers.

*Miscellaneous Revenues* Taxes such as alcohol, cigarette, cigarette, various gasoline and transportation taxes, and the various income taxes (collectively, the "Miscellaneous Revenues") are collected by State agencies and distributed to the taxing units by the Office of the State Comptroller.

The amounts distributed to taxing units are calculated based on factors such as population or road mileage. The Town is estimating no increase in population or road mileage as a result of the proposed annexation. Based on this assumption, there the annexation is expected to have no impact on the distribution of Miscellaneous Revenues. Also, the taxes collected and distributed to taxing units tend to vary from month to month due to these taxes being on the basis of consumption or usage. Based on all of the factors outlined above, no material impact is anticipated to other taxing units due to the annexation.

*Adjustment in Services Provided* Annexations can cause a shift in who provides public services to taxpayers. In certain cases, the adjustment of services can cause a decline in revenues to be collected to provide such services. This is typically seen in the shift of police and fire services provided to the Annexation Territory.

Currently, the Annexation Territory is comprised of undeveloped usable land. The need for police, fire and emergency medical services is somewhat limited. There should be no material impact on the loss of the service area by the Hancock County Sheriff's Department. As previously noted, Fire and emergency medical services are presently provided by the Vernon Township Fire Protection Territory.

Due to these factors, the Town does not believe there will be a fiscal impact on other taxing units due to the adjustment in services provided.

*Circuit Breaker Impact* Circuit breaker tax credits can have impacts on all taxing units that levy an ad valorem property tax levy on taxable property within the Annexation Territory. Currently, all property within the Annexation Territory is located within the Vernon Township Taxing District. For the 2023 tax year, all property located within the Annexation Territory was tax-exempt therefore, there is no immediate impact anticipated for the other taxing units.

After the completion of the proposed annexation, the parcels included in the Annexation Territory will remain tax-exempt and it is anticipated that the exemption will remain in effect so long as the Annexation Territory remains owned by a charitable organization. If the Commercial Development occurs, the parcel use will change and will become taxable. At that time, it is likely that the Commercial Development will have a minor impact on circuit breaker credits for the Town and overlapping units. However, the unpredictability of the timing of future development makes it difficult to project the amount and timing of when and if circuit breaker impacts will materialize. Accordingly, those estimates have not been included at this time.

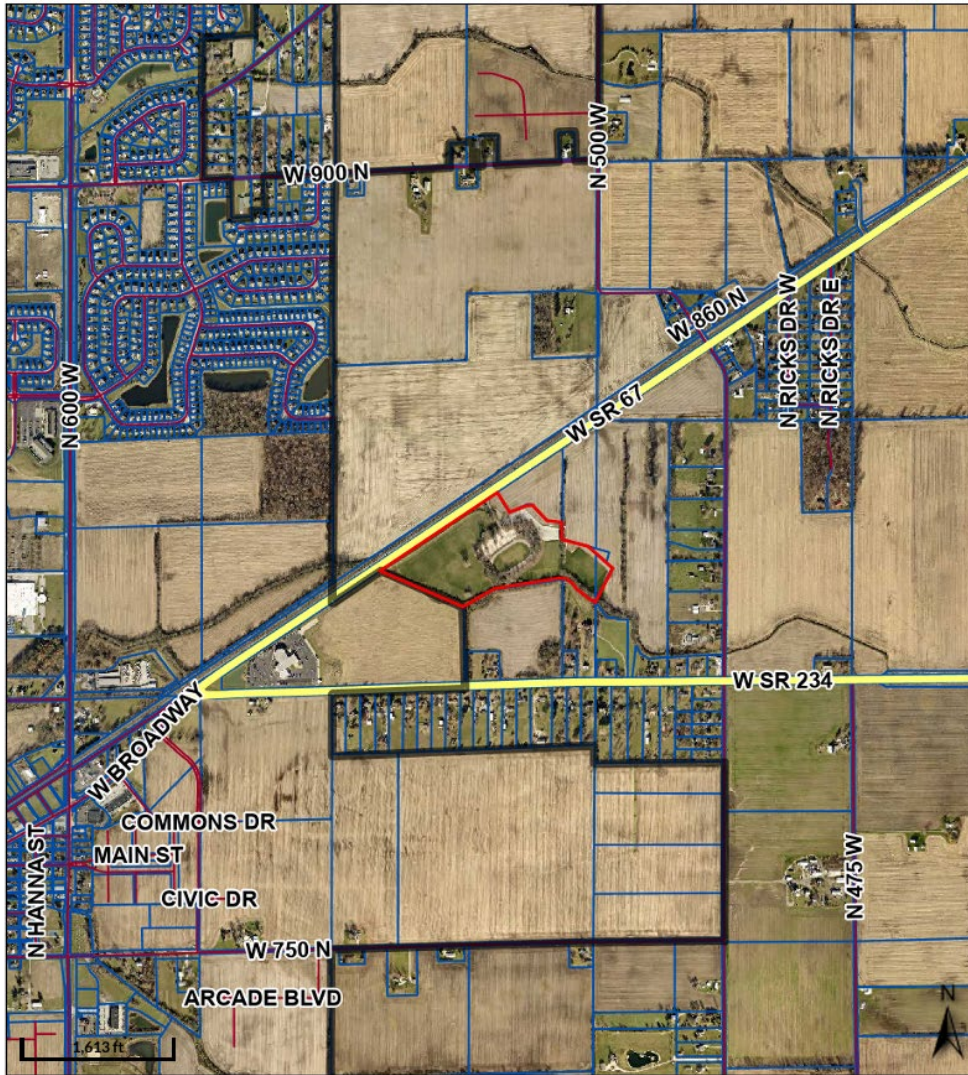
*Contact Person for Further Information* If anyone has additional questions regarding the proposed annexation, all available information is on file with at the Clerk-Treasurer's office, 6280 West 800 North, McCordsville, Indiana 46055; and may be contacted by phone at (317) 335-3151. All property owners within the proposed Annexation Territory will be provided a copy of the Fiscal Plan at no cost to them.

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# EXHIBIT A

## Map of the Annexation Territory



### Overview



### Legend

- Corporate Limits
- Roads
  - I
  - S
  - U
  - <all other values>
- Rights of Way
- Parcels

Date created: 12/11/2023  
Last Data Uploaded: 12/11/2023 5:47:31 AM

Developed by Schneider  
GEOSPATIAL

## EXHIBIT B

### Parcel List for the Annexation Territory

<u>Parcel Number</u>	<u>Property Owner</u>	<u>Property Address</u>	<u>Property Type</u>	<u>Gross AV</u>	<u>Less: Deductions</u>	<u>Net AV</u>
30-01-24-400-023.000-016	KKT Holding Company LLC	5365 W SR 67	Ag-Exempt	\$582,200	\$582,200	\$0
30-02-19-300-001.003-016	KKT Holding Company LLC	5365 W SR 67	Ag-Exempt	1,400	1,400	0