

Town of McCordsville, Indiana D & D Vail Trust Annexation Fiscal Plan

March 6, 2025

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

Adopted by the Town Council on the 11th day of March, 2025



Table of Contents

Purpose of the Fiscal Plan	2
Fiscal Plan Requirements	3
Annexation Territory.....	4
Planned Services and Costs.....	5
Noncapital Services	5
Capital Services.....	6
Method of Financing Planned Services & Plan for Extension of Services	8
Method of Financing Planned Services	8
Plan for Extension of Services.....	8
Fiscal Impact	9
Net Assessed Value Impact	9
Levy & Tax Rate Impact	9
Summary of State & Local Revenue Impact	10
Summary of Costs of Providing Services	10
Circuit Breaker Impact	10
Assumed Indebtedness	10
Appendix A: Tax Rate and Property Tax Levy Estimates.....	12
Table 1: Pay Year 2025 Property Tax Levies, Net Assessed Values (“NAV”), and Tax Rates	12
Table 2: Estimated Pay Year 2026 Property Tax Levies, NAV, and Tax Rates	12
Table 3: Estimated Impact of Annexation to Property Tax Levies, NAV, and Tax Rates	13
Appendix B: Annexation Territory Map	14



Purpose of the Fiscal Plan

Crowe LLP (“Crowe”) has prepared a Fiscal Plan (the “Fiscal Plan”) for the Town of McCordsville, Indiana (the “Town”) pursuant to Indiana Code 36-4-3 (the “Act”) for the annexation of certain parcels located in Taxing District 016 Vernon Township (the “Annexation Territory”).

The purpose of the Fiscal Plan is provide certain information required under the Act, including, but not limited to, planned services to be furnished to the Annexation Territory, cost estimates of the planned services, estimates of the proposed annexation on taxpayers in the political subdivision to which the annexation applies, and estimated effect the proposed annexation will have on municipal finances (see “Fiscal Plan Requirements” herein).

In the course of preparing this Fiscal Plan, we have not conducted an audit, review, or compilation of any financial or supplemental data used in the accompanying Exhibits. We have made certain projections of revenues which may vary from actual results because events and circumstances frequently do not occur as expected and such variances may be material. We have no responsibility to update this Fiscal Plan for events or circumstances occurring after the date of this Fiscal Plan.

If you have questions regarding this Fiscal Plan, please contact Angie Steeno at (317) 269-2367 or Angie.Steen@crowe.com, or Becca Zakowski at (317) 689-5506 or Rebecca.Zakowski@crowe.com.



Fiscal Plan Requirements

The Act provides that the Fiscal Plan must include the following:

- The cost estimates of planned services to be furnished to the territory to be annexed. The plan must present itemized estimated costs for each municipal department or agency.
- The method or methods of financing the planned services. The plan must explain how specific and detailed expenses will be funded and must indicate the taxes, grants, and other funding to be used.
- The plan for the organization and extension of services. The plan must detail the specific services that will be provided and the dates the services will begin.
- That planned services of a noncapital nature, including police protection, fire protection, street and road maintenance, and other noncapital services normally provided within the corporate boundaries, will be provided to the annexed territory within one (1) year after the effective date of annexation and that they will be provided in a manner equivalent in standard and scope to those noncapital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density.
- That services of a capital improvement nature, including street construction, street lighting, sewer facilities, water facilities, and storm water drainage facilities, will be provided to the annexed territory within three (3) years after the effective date of the annexation in the same manner as those services are provided to areas within the corporate boundaries, regardless of similar topography, patterns of land use, and population density, and in a manner consistent with federal, state, and local laws, procedures, and planning criteria.
- The estimated effect of the proposed annexation on taxpayers in each of the political subdivisions to which the proposed annexation applies, including the expected tax rates, tax levies, expenditure levels, service levels, and annual debt service payments in those political subdivisions for four (4) years after the effective date of the annexation.
- The estimated effect the proposed annexation will have on municipal finances, specifically how municipal tax revenues will be affected by the annexation for four (4) years after the effective date of the annexation.
- Any estimated effects on political subdivisions in the county that are not part of the annexation and on taxpayers located in those political subdivisions for four (4) years after the effective date of the annexation.
- A list of all parcels of property in the annexation territory and the following information regarding each parcel:
 - The name of the owner of the parcel.
 - The parcel identification number.
 - The most recent assessed value of the parcel.
 - The existence of a known waiver of the right to remonstrate on the parcel.



Annexation Territory

A petition for annexation (“Petition”) into the Town was filed with the McCordsville Town Council requesting the Town annex certain real estate as described herein. The Petition was signed by 100% of the owners of the land in the Annexation Territory. The Town proposes to annex approximately one hundred and fifty-nine (159) acres of land located at the northwest corner of County Road 500 West and County Road 600 North. The Annexation Territory is at least one-eight (1/8) contiguous with the corporate boundaries of the Town; therefore, the Annexation Territory is contiguous to the Town, as further defined by Indiana Code 36-4-3-1.5.

The Annexation Territory is currently zoned as Hancock County Agriculture (AG) and will be rezoned to Town Residential-One (R-1) to allow for potential future single-family residential land-use and others uses, via special exception, including agriculture. The land will maintain its current use as agriculture following the annexation. The Annexation Territory will be assigned to District 2. The current population of the Annexation Territory is zero (0).

The Annexation Territory includes the below parcels and there are no known waivers of the right to remonstrate on the parcels.

Parcel	Address	Owner	Property Class	Land Assesed Value	Improvement Assesed Value	Total Assesed Value
30-01-36-400-012.000-016	W 600 N	Vail, D & D Trust	Vacant Land	\$ 214,000	\$ -	\$ 214,000
30-02-31-300-009.001-016	N 500 W	Vail, D & D Trust	Vacant Land	203,700	-	203,700
Total				\$ 417,700	\$ -	\$ 417,700

Note: Assessed value is for assessment year 2024 pay year 2025 per Hancock County property record cards.



Planned Services and Costs

The Town currently provides capital and noncapital services to citizens and property owners within its corporate boundaries. Capital services include but are not limited to street construction, street lighting, parks, sewer utilities, and storm water utilities. Noncapital services include, but are not limited to, road maintenance, residential trash pick-up, administrative services by the Town, fire protection by the Vernon Township Fire Department, and police protection by the McCordsville Police Department.

Noncapital Services

In accordance with the Act, the Town shall provide all noncapital services to the Annexed Territory within one (1) year after the effective date of the annexation in a manner equivalent in standard and scope to those noncapital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density. Those planned services of a noncapital nature include police protection, fire protection, street and road maintenance, and other noncapital services normally provided within the corporate boundaries. It is anticipated that all noncapital services may be provided to the Annexation Territory upon the effective date of the Annexation, thirty (30) days after the annexation ordinance is recorded with the County Recorder's Office. A non exhaustive list of non-capital services is provided below.

Police Protection

The Hancock County Sheriff's Department currently provides police protection and law enforcement services to the Annexation Territory. Following the annexation, all noncapital services of the McCordsville Police Department will be made available in the Annexation Territory.

The McCordsville Police Department provides, but is not limited to, the following functions: proactive patrols, reactive police response to calls for service, criminal apprehension, vehicle crash investigations, traffic enforcement, and community partnerships. The uniformed division is comprised of 19 paid professional police officers.

Due to the character of the Annexation Territory, the McCordsville Police Department does not anticipate that the addition of the Annexation Territory will result in the needing of additional officers or operating supplies, and therefore there will be no additional costs for the provision of services upon annexation.

Fire Protection

The Annexation Territory is currently served by, and will continue to be served by, the Vernon Township Fire Department ("Vernon FD"), and therefore there will be no additional costs for the provision of services upon annexation. The Vernon FD is a full-service department that responds from two stations to emergency medical incidents, automobile crashes, structure fires, hazardous releases, technical rescue incidents and public assistance calls.

Street and Road Maintenance

All dedicated streets and county roads in the Annexation Territory are currently maintained by Hancock County. Following the annexation, all noncapital services of the McCordsville Public Works Department will be made available in the Annexation Territory.

The McCordsville Public Works Department is responsible for maintaining streets and roads, signs, storm sewers, and rights-of-way. It also performs street sweeping, snow removal, leaf and limb collection, and street paving and repairs. The Annexation Territory has approximately 0.96 miles of

roads (an approximate increase of 1.63% to street miles) that the Town will be responsible for maintaining. Per the Indiana Department of Transportation 2023 Centerline Mileage report, the Town has approximately 58.939 miles of streets. The Town anticipates additional operating costs for supplies and repairs and maintenance of approximately \$33,161 per year as a result of the annexation. The Town does not anticipate that the addition of the Annexation Territory will result in the needing of additional road laborers.

Municipal Administration

The Town does not anticipate that the addition of the Annexation Territory will result in a demand for governmental administrative services that cannot be met by the existing staffing of the Town's offices, agencies and departments, and therefore there will be no additional costs for the provision of services upon annexation.

The governmental administrative services of the Town include, but are not limited to, the services provided by the following:

- Town Council
- Clerk Treasurer's Office
- Town Manager's Office
- Engineering Department
- Planning and Building Department
- Board of Zoning Appeals
- Parks Board
- Redevelopment Commission & Redevelopment Authority
- Economic Development Department & Economic Development Commission

Sanitation Services

The Town provides sanitation services or trash pick-up for residential users only. There are currently no homes within the Annexation Territory so the Town does not anticipate providing sanitation services, and therefore there will be no additional costs for the provision of services upon annexation. Additionally, the Town does not anticipate assessing any sanitary services fees.

Capital Services

In accordance with the Act, the Town shall provide all capital services to the Annexed Territory within three (3) years after the effective date of the annexation in the same manner as those services are provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density and in a manner consistent with federal, state, and local laws, procedures, and planning criteria. Those planned services of a capital improvement nature include street construction, street lighting, sewer facilities, water facilities, and storm water drainage facilities, and other services of a capital improvement nature normally provided within the corporate boundaries.

Street Construction

Although all capital services of the McCordsville Public Works Department, including evaluation and construction services, will be extended to the Annexation Territory, the Town does not anticipate that the addition of the Annexation Territory will result in the needing of any street construction, and therefore there will be no additional costs for street construction upon annexation.

Street Lighting

The Town considers the need for streetlights in accordance with the streetlighting standards within its zoning ordinance to determine the need and justification for streetlights in a particular area. It is not

anticipated that the Town will need to install streetlights within the Annexation Territory, and therefore there will be no additional costs for the provision of services upon annexation.

Sewer Facilities

The Annexation Territory is outside of the Town's sewer service territory; therefore, the Annexation Territory will be serviced by Aqua Indiana.

Water Facilities

The Town does not provide municipal water services. The Annexation Territory is and will continue to be served by Citizens Energy Group.

Storm Water Drainage Facilities

The Town maintains and operates a Storm Water utility ("Storm Water Utility"). Storm water and drainage facilities throughout the Annexation Territory will be consistent with the Town's current storm water and drainage system. The Storm Water Utility does not anticipate that the addition of the Annexation Territory will result in the needing of Storm Water Utility improvements, additional storm water foremen or operating supplies, and therefore there will be no additional costs for the provision of services upon annexation.

Currently, property owners within the Town's corporate boundaries pay \$90 per year, per developed residential lot and \$3.60 per acre per year for agricultural property. It is anticipated that the Annexation Territory will be assessed a storm water fee. The total acreage of the Annexation Territory is approximately one hundred and fifty-nine (159) acres. Total estimated annual storm water fees for the Annexation Territory is \$572 (\$3.60 multiplied by 159 acres).

Electric Services

The Town does not provide municipal electric services. The Annexation Territory is and will continue to be served by NineStar.

Parks & Recreation Services

Upon the effective date of the annexation, residents of the Annexation Territory (currently 0) will be eligible for the resident rates for parks and shelter rentals. The Town does not anticipate that the addition of the Annexation Territory will result in the needing of parks improvements, additional staff or operating supplies, and therefore there will be no additional costs for the provision of services upon annexation.



Method of Financing Planned Services & Plan for Extension of Services

Method of Financing Planned Services

Town management anticipates being able to incorporate any additional expenditures due to providing services to the Annexation Territory into their current operating budget.

The Town budget for 2026 and thereafter will include municipal services to the Annexation Territory.

Plan for Extension of Services

This Fiscal Plan details the municipal services which are planned to be extended to the Annexation Territory and the method by which these services will be provided by the Town.

Capital services will be extended within three (3) years of the effective date of annexation in the same manner as those services are provided to areas within the corporate boundaries and non-capital services will be provided within one (1) year of the effective date of annexation in the same manner as those services are provided to areas within the corporate boundaries.

The effective date of the 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.



Fiscal Impact

Net Assessed Value Impact

As a result of this annexation, the net assessed value for the Town will increase by \$417,700 to \$896,450,682. This represents an increase of approximately 0.05%. It is anticipated that the Annexation Territory land use remains as agricultural.

Levy & Tax Rate Impact

The levy and tax rate impact must be viewed in the context of Indiana property tax controls. The statutory controls affect funds in a governmental unit by regulating the amount that can be levied in taxes by either controlling the aggregate amount of taxes which can be levied ("Levy Controls") or by controlling the tax rate applied ("Rate Controls"), or both.

Governmental funds which are levy-controlled are limited on an aggregate basis by a "maximum levy" calculation and not by a rate control. The maximum permissible levy growth for each succeeding tax year is based on the average change in Indiana non-farm personal income for each of six years preceding the year in which a budget is adopted.

The impact to levy-controlled funds assumes an estimated 2026 maximum levy increase due to the automatic annexation adjustment pursuant to IC 6-1.1-18.5-3(a), which allows for any unit that is annexing new territory to receive an automatic increase to their maximum levy by the same percentage that the annexation increases the tax base up to 15% based on the values reported on the certification of net assessed value. The estimated 2026 levy increase due to the automatic annexation adjustment is \$1,670. It is assumed that a portion of the levy increase will be allocated to one of the Town's levy-controlled funds and its Cumulative Park and Recreation Fund, which is within the Town's maximum levy calculation but is a rate-driven fund. It is anticipated that the Town's levy-controlled fund's levy will increase by \$1,601. (For illustrative purposes, we have assumed the remaining estimated 2026 maximum levy increase, net of the amount allocated to the Cumulative Park and Recreation Fund, is allocated to the General Fund.)

For funds controlled by a tax rate, the annexation of additional real or personal property will increase the fund's levy equal to the increased assessed valuation captured in the Town's corporate boundaries multiplied by the controlled tax rate.

The impact to rate-controlled funds, including Cumulative Park & Recreation and Cumulative Capital Development funds, assume the pay year 2025 rates for these funds remain constant. It is anticipated that the Town's rate-controlled fund's levy will increase by approximately \$278.

The total net impact to the Town's levy is anticipated to be an increase of approximately \$1,879.

Additionally, due to the increased levy as described above and increased net assessed value from the annexation, it is estimated that the levy-controlled fund's tax rates remain neutral and stay constant at pay year 2025 levels.

Lastly, the Town could experience and qualifies for an additional increase to its maximum levy calculation equal to the cost of providing services to the Annexation Territory if the Town were to file and be awarded an appeal equal to the cost of providing services to the Annexation Territory using the Annexation, Consolidation, Extension of Services excess levy appeal under IC 6-1.1-18.5-13(a)(1). For purposes of this Fiscal Plan and as confirmed with the Town, we are assuming the Town does not file an Excess Levy Appeal due to the extension of services to the Annexation Territory; however, reserves

the right to do so in the future if needed. As discussed under the heading “Circuit Breaker Impact” the Town has continued to achieve assessed value growth that exceeds the standard maximum levy growth quotient. The Town has and may continue to seek a three-year assessed valuation growth appeal during the annual budget process.

See Exhibit A: Tax Rate and Property Tax Levy Estimates.

Summary of State & Local Revenue Impact

As previously noted, additional local revenues from certain fees for services are anticipated to be collected due to the annexation, including Storm Water Utility fees which are estimated to be collected in an annual amount equal to \$572. (Such fee is assessed at \$3.60 per agricultural acre.)

In addition, taxes such as alcohol, cigarette, various gasoline and transportation taxes, and local 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 not estimating an increase in population but is anticipating the addition of 0.96 road mileage as a result of the annexation. It is not anticipated that the Town will see an increase in Miscellaneous Revenues due to zero population in the Annexation Territory.

Summary of Costs of Providing Services

As described earlier, it is anticipated that estimated additional costs to the Town as a result of the annexation may include:

McCordsville Public Works Department	\$33,161
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The Town anticipates additional operating costs for supplies and repairs and maintenance of roads due to the annexation, as discussed in previous sections of this Fiscal Plan.

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. After the proposed annexation is complete, the property owner’s tax rates will increase by the tax rate of the Town of McCordsville. Assuming all other taxing units’ tax rates remain at pay year 2025 levels, the parcels will be above the current circuit breaker threshold (\$2 times the gross assessed value for agriculture land).

Holding all other taxing units constant, it is estimated that the Town’s assessed value will increase at a rate faster than the levy-controlled fund levies will increase (current max of 4% annually). For the period pay year 2020 through 2025, the Town’s assessed value has grown an average of eighteen percent (18%). With the addition of the Annexation Territory, the impact is projected to reduce the Town’s tax rate while maxing out the levy-controlled funds’ growth. The effect would reduce the circuit breaker impacts for the Town and overlapping taxing units after the effective date of the annexation and subsequent four (4) years holding all else constant.

Assumed Indebtedness

As required by Section 10 of the Act, if the township from which a municipality annexes territory is indebted or has outstanding unpaid bonds or other obligations at the time of the annexation, the municipality is liable for and shall pay that indebtedness in the same ratio as the assessed valuation of the property in the annexed territory bears to the assessed valuation of all 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 annexing municipality shall pay its indebtedness under this section of the Act to the township executive. 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.

As a result of the annexation, the Annexation Territory will remain within its existing taxing units: Hancock County, Vernon Township, Mt. Vernon Community School Corporation, Vernon Township Public Library and Hancock County Solid Waste District. The impact of the annexation will be the addition of the McCordsville municipal taxing unit. Therefore, there is no impact on the overlapping units' outstanding debt obligations.

Appendix A: Tax Rate and Property Tax Levy Estimates

Table 1: Pay Year 2025 Property Tax Levies, Net Assessed Values (“NAV”), and Tax Rates

Fund	Tax Control (1)	Pay 2025 NAV	Pay 2025 Levy	Pay 2025 Tax Rates
General	Levy	\$ 896,032,982	\$ 1,606,587	\$ 0.1793
Debt Payment	Levy	896,032,982	561,813	0.0627
Motor Vehicle Highway	Levy	896,032,982	1,825,219	0.2037
Cumulative Park & Recreation	Rate	896,032,982	149,638	0.0167
Cumulative Capital Development	Rate	896,032,982	448,016	0.0500
Total			<u>\$ 4,591,273</u>	<u>\$ 0.5124</u>

Source: Department of Local Government Finance (“DLGF”) Pay Year 2025 Budget Order.

See footnotes below.

Table 2: Estimated Pay Year 2026 Property Tax Levies, NAV, and Tax Rates

Fund	Tax Control (1)	Pay 2026 NAV (2)	Pay 2026 Levy (3)	Pay 2026 Tax Rates (4)
General	Levy	\$ 896,450,682	\$ 1,608,188 (5)	\$ 0.1794
Debt Payment	Levy	896,450,682	561,813	0.0627
Motor Vehicle Highway	Levy	896,450,682	1,825,219	0.2036
Cumulative Park & Recreation	Rate	896,450,682	149,707 (5)	0.0167
Cumulative Capital Development	Rate	896,450,682	448,225	0.0500
Total			<u>\$ 4,593,152</u>	<u>\$ 0.5124</u>

Note: Estimated levies were rounded to nearest \$1 and estimated tax rates were rounded to nearest \$0.0001.

See footnotes below.

Table 3: Estimated Impact of Annexation to Property Tax Levies, NAV, and Tax Rates

Fund	Tax Control (1)	Change in NAV	Change in Levy (3)	Change in Tax Rates (4)
General	Levy	\$ 417,700	\$ 1,601 (5)	\$ 0.0001
Debt Payment	Levy	417,700	-	-
Motor Vehicle Highway	Levy	417,700	-	(0.0001)
Cumulative Park & Recreation	Rate	417,700	69 (5)	-
Cumulative Capital Development	Rate	417,700	209	-
Total			\$ 1,879	\$ -

See footnotes below.

Footnotes

1. The Tax Control designation indicates whether a fund's property taxes are *levy-controlled* or *rate-controlled*. For levy-controlled funds, the tax rate is calculated based on the fund's NAV and approved levy. For rate-controlled funds, the levy is determined by the NAV and approved tax rate. For example, an increase in NAV lowers the tax rate for levy-controlled funds and raises the levy for rate-controlled funds, assuming all else remains constant.
2. Represents the Town's pay year 2025 NAV plus the pay year 2025 NAV of the Annexation Territory. The pay year 2025 NAV of the Annexation Territory was provided by Hancock County. Assumes no other changes to pay year 2025 NAV.
3. Unless otherwise noted, pay year 2025 levies are held constant for levy-controlled funds and estimated for rate-controlled funds. See footnote (1).
4. Pay year 2025 rates held constant for rate-controlled funds and estimated for levy-controlled funds. See footnote (1).
5. These changes reflect the Town's estimated 2026 maximum levy increase due to the automatic annexation adjustment pursuant to IC 6-1.1-18.5-3(a), which allows for any unit that is annexing new territory to receive an automatic increase to their maximum levy by the same percentage that the annexation increases the tax base up to 15% based on the value reported on the certification of net assessed value. The change to the Cumulative Park & Recreation Fund's levy is driven by its established rate. For illustrative purposes only, assumes the remaining estimated 2026 maximum levy increase is allocated to the General Fund.

Appendix B: Annexation Territory Map

