

*Town of McCordsville
Hancock County, Indiana*

Annexation Fiscal Plan

*Super Voluntary Annexation
Plank Annexation*

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

April 9, 2024

Detailed Summary of Annexation Impact

Introduction The Town of McCordsville (the “Town”) is undertaking the annexation of two (2) parcels classified as residential property 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 residential property. The Annexation Territory is needed by the municipality for its future development. The intention is for the Annexation Territory to remain as two residential parcels with no development plans.

Annexed Population The Annexation Territory includes one (1) residential homestead. According to the United States Census Bureau, the average household size within the Town is 2.59 persons; therefore, the population of the Annexation Territory is estimated to be three (3) people. As of 2022, the Town's estimated population is 10,639 so the increase is equivalent to approximately 0.03% increase which will have an immaterial to no impact on the Town.

Annexed Streets & Roads The Annexation Territory does not contain any public streets and roads.

Zoning in the Proposed Annexation The Town's Planning and Building Department will control zoning in the Annexation Territory after the annexation. At this time, there is no anticipation of a zoning change from residential.

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

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.

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.

Initially, the proposed annexation is expected to have no fiscal impact on the operation of the Town Administration. The homeowner within the Annexation Territory will now have access to the elected officials, including the Clerk-Treasurer and the Town Council, 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 residential property. Any additional administrative workload can be absorbed by the current employees of the Town. To the extent there is future development within the Annexation Territory, which is not anticipated at this time, the growth may require additional expenditures connected to the provision of administrative services of the Town. At this time, no material impacts are anticipated.

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. To the extent there is future development within the Annexation Territory, which is not anticipated at this time, the growth may require additional expenditures for the provision of police department services. At this time, no material impacts are anticipated.

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). The Annexation Territory is adjacent to West 900 North which was annexed into the Town previously. There are no other roadways or streets within the Annexation Territory.

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 there is future development within the Annexation Territory, which is not anticipated at this time, 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. It is anticipated that the Annexation Territory will be assessed the sanitary services fees of \$13.98 per month.

MUNICIPAL PARKS The Annexation Territory does not include new parkland. It is preliminarily concluded that 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 Homeowners within the Town's corporate boundaries presently pay \$90 per year, per developed residential lot, plus \$15 per year 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 one (1) acre. The storm water assessment would be at least \$105 per year.

WATER AND WASTEWATER SERVICES The Town provides wastewater services to its

residents, and Citizens Energy Group provides municipal water services. The Annexation Territory will require water and wastewater services. In order to provide service to the Annexation Territory, the property owner would be responsible for paying the costs associated with constructing the lateral to connect to the adjacent main. At this time, no material impacts are anticipated to the Town.

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

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 2024) of the parcels within the Annexation Territory is \$266,700 and the estimated net assessed value is \$150,478.

Focus on Property Tax Revenues Currently, prior to the proposed annexation, the Town's net assessed value for pay year 2024 is \$773,881,909. The proposed annexation would increase the Town's net assessed value by \$150,478 or 0.019%. Therefore, the proposed annexation is expected to have an immaterial to no impact on the property taxes levied and collected by the Town.

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 (if it is developed in the future) – 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 may find it necessary to 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). Due to the immaterial changes in the Town's net assessed value or factors used to calculate the Town's share of the Miscellaneous Revenues (defined hereinafter) (population and road mileage), no material changes in revenues and no additional expenditures are anticipated due to the proposed annexation.

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

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.

No impact is anticipated on other taxing units due to (i) the parcels' immaterial value to the overall value of the overlapping taxing units and the Town's assessed values, and (ii) the immaterial number of population and no new road miles being added to the Town as part of the proposed annexation.

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 material increase in population or road mileage as a result of the proposed annexation. Due to the immaterial changes in the Town's net assessed value or factors used to calculate shares of Miscellaneous Revenues (population and road mileage), the proposed 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 two (2) residential parcels. 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.

After completion of the proposed annexation, it is likely that the Annexation Territory will have a minor impact on circuit breaker credits for the Town and overlapping units due to the property owner's tax rates increasing by the tax rate of the Town of McCordsville. Due to the nature of circuit breaker credits, estimates are not available at this time; however, due to the immaterial net

assessed value for the Annexation Territory, it is assumed the impact is immaterial.

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



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>
30-01-24-100-007.000-016	Joshua Plank	5457 W 900 N	Residential	\$246,900	\$117,615	\$129,285
30-01-24-100-006.002-016	Joshua Plank	W 900 N	Residential	19,800	0	19,800