

THE PROPOSED VERSAILLES – JOHNSON TOWNSHIP FIRE PROTECTION TERRITORY

Summary of Financial Impact Analysis



now joined with Umbaugh

March 12, 2019

Presented by: Paige E. Sansone, CPA, Partner





Fire Protection Territory

What is it?

- Type of fire service consolidation provided by Indiana Law (IC 36-8-19 enacted in 1994)

Who can establish?

- Two political subdivisions that touch boundaries (example: Town and Township)

Why establish?

- Additional Funding for Operating and Capital
- Spread cost of fire services over a larger tax base
- Establish a uniform tax rate for fire services



Process

Three (3) public hearings to receive taxpayer input

Approval from fiscal bodies (Town Council and Township Board)

State (DLGF) approval of initial maximum property tax levy



Proposed Fire Territory

- Participating Units
 - Town of Versailles
 - Johnson Township
- Provider Unit – Town of Versailles
 - Responsible for preparing the annual budget and performs all necessary accounting and financial functions related to fire services



Fire Territory Executive Board

- Indiana Law does not require an Executive Board (optional)
- If established, this Board is a recommending body – final approval of budgetary and fiscal matters rests with the Provider Unit’s fiscal body (Town Council)
- Common duties of an Executive Board:
 - Review of annual budget
 - Present annual budget to Provider Unit for approval
 - Recommend major purchases over a designated threshold to the Provider Unit
 - Contribute to planning and development of fire services and capital projects (includes staffing and equipment)
 - Provide a summary of activity to the Provider Unit on a periodic basis



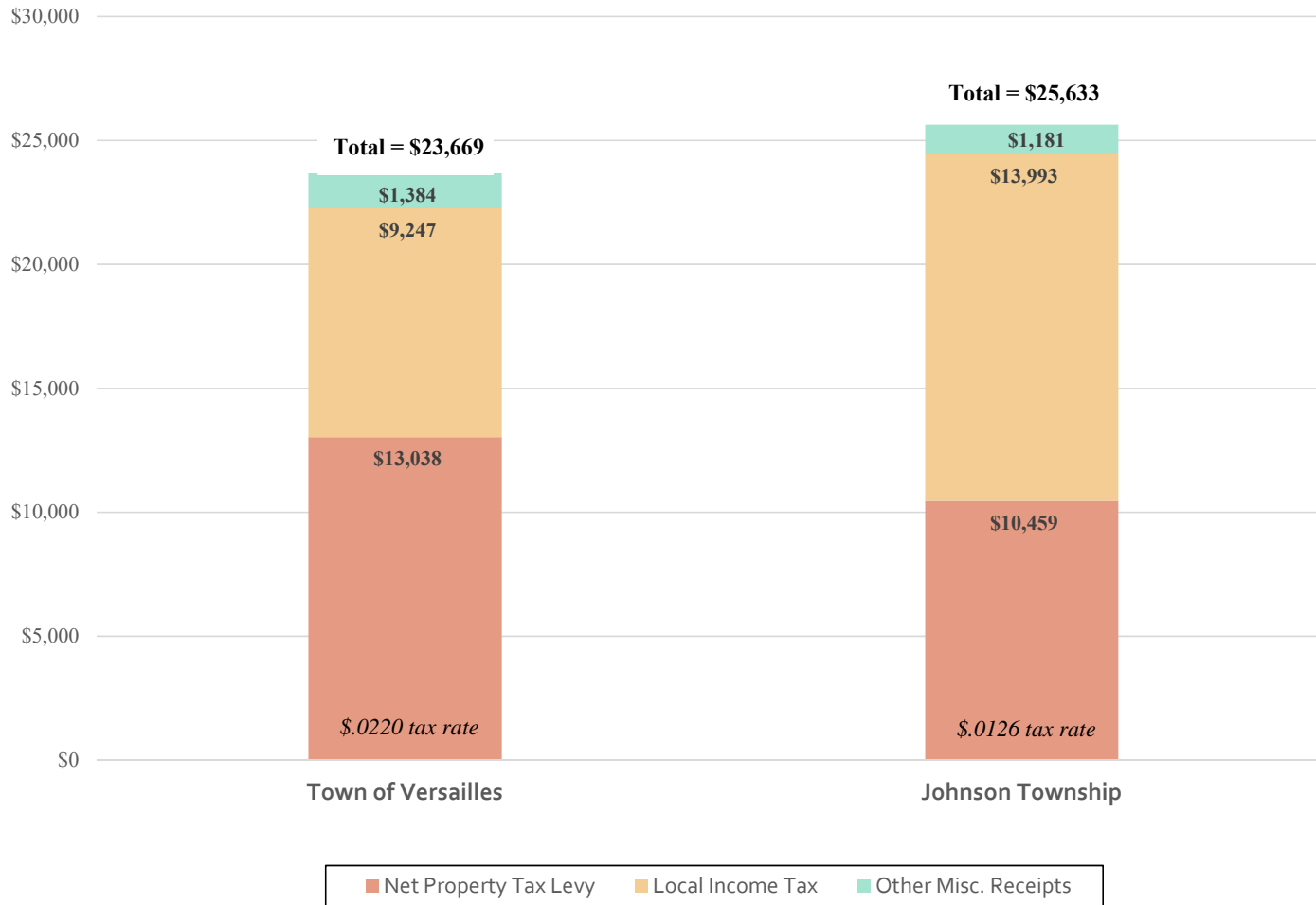
Proposed Fire Territory

- Services
 - Service area is Johnson Township including Versailles
 - Versailles Fire & Rescue VFD will continue to provide services to Versailles and most of Johnson Township
 - Delaware VFD will continue to provide services to the northern part of Johnson Township
 - No immediate plans to hire full-time staff
 - No immediate plans to issue debt for capital purchases or improvements

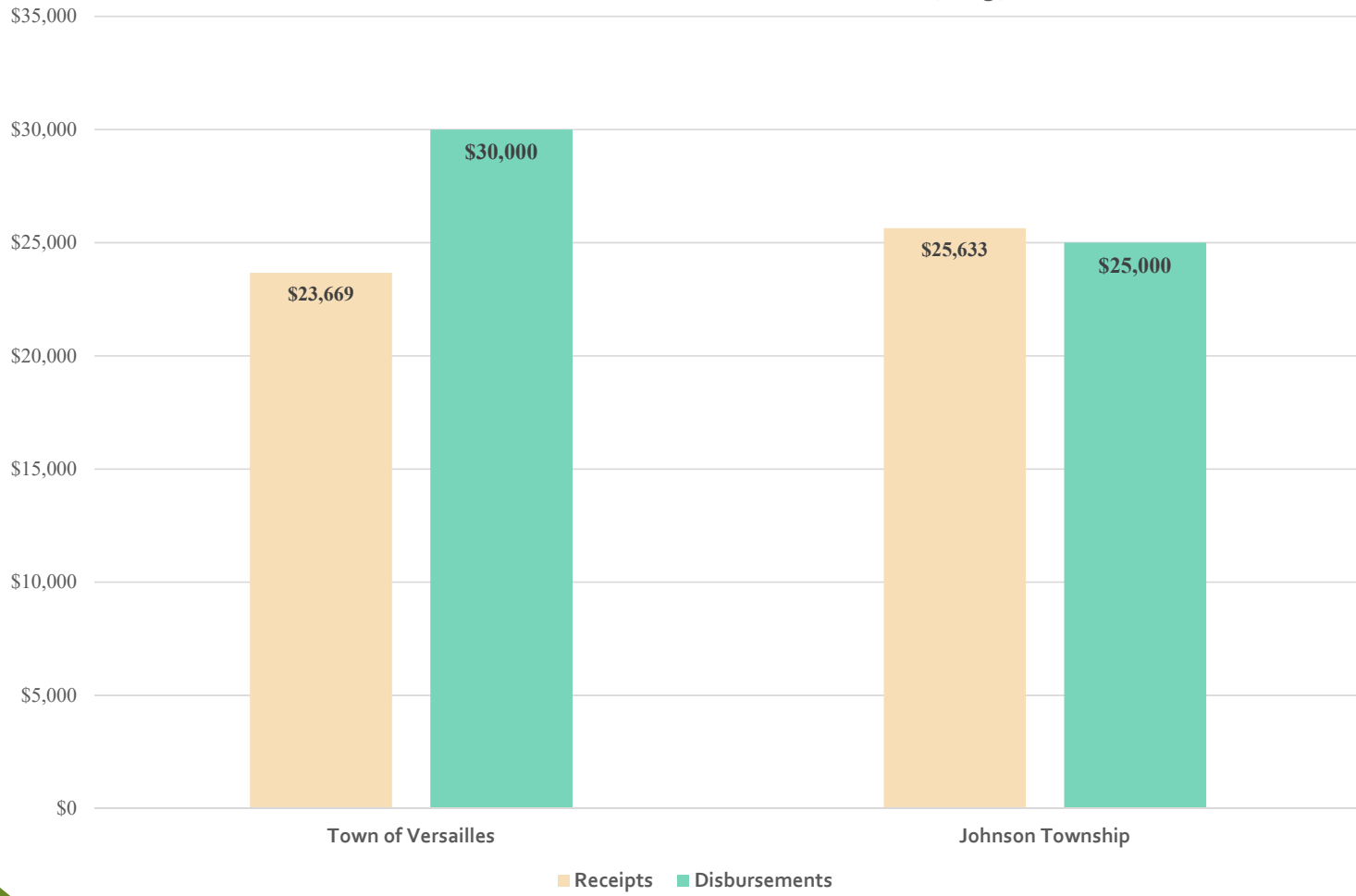
5-Year Capital Plan

Capital Item	Description/Comments	Cost	2020	2021	2022	2023	2024
Rescue Truck	Replacing existing 30-year old truck	\$ 125,000	\$ 125,000				
Hydraulic Spreader (Jaws of Life)	Replacing existing aging equipment	11,000	11,000				
SCBA's	16 @ \$3,800 each	60,800		\$ 60,800			
Breathing Air Bottles	46 @ \$1,300 each	59,800		59,800			
Refurbish 1st out Fire Engine	Body repair/paint, LED lighting, tires	58,000			\$ 58,000		
Fire Engine	Replace 1996 Engine	575,000				\$ 575,000	
Fire Hose	Replace 2.5" fire hose on engines	6,500					\$ 6,500
Totals		\$ 896,100	\$ 136,000	\$ 120,600	\$ 58,000	\$ 575,000	\$ 6,500

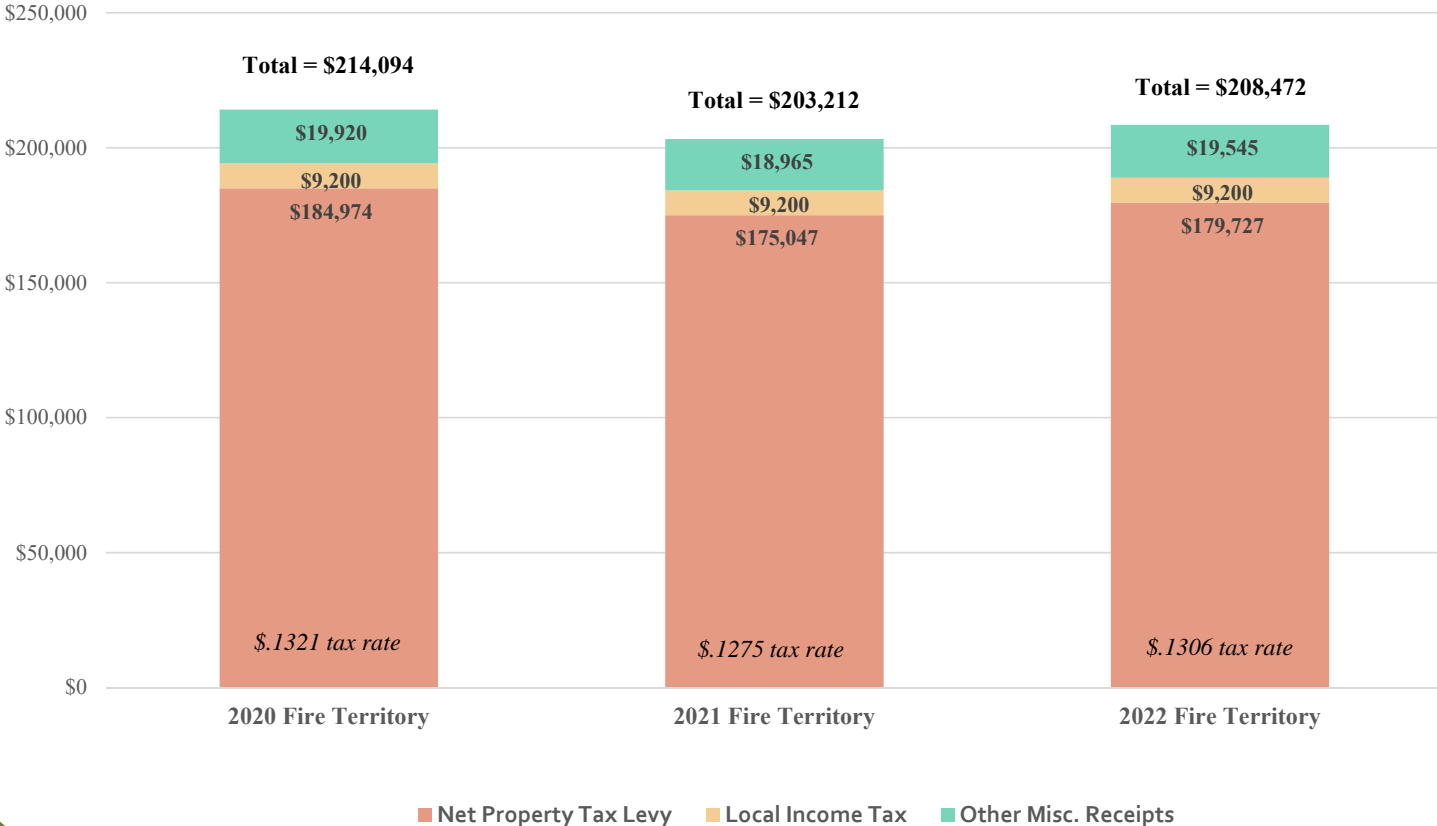
ESTIMATED FUNDING SOURCES FOR FIRE PROTECTION SERVICES (2019)



COMPARISON OF ESTIMATED RECEIPTS AND DISBURSEMENTS FOR FIRE PROTECTION SERVICES (2019)

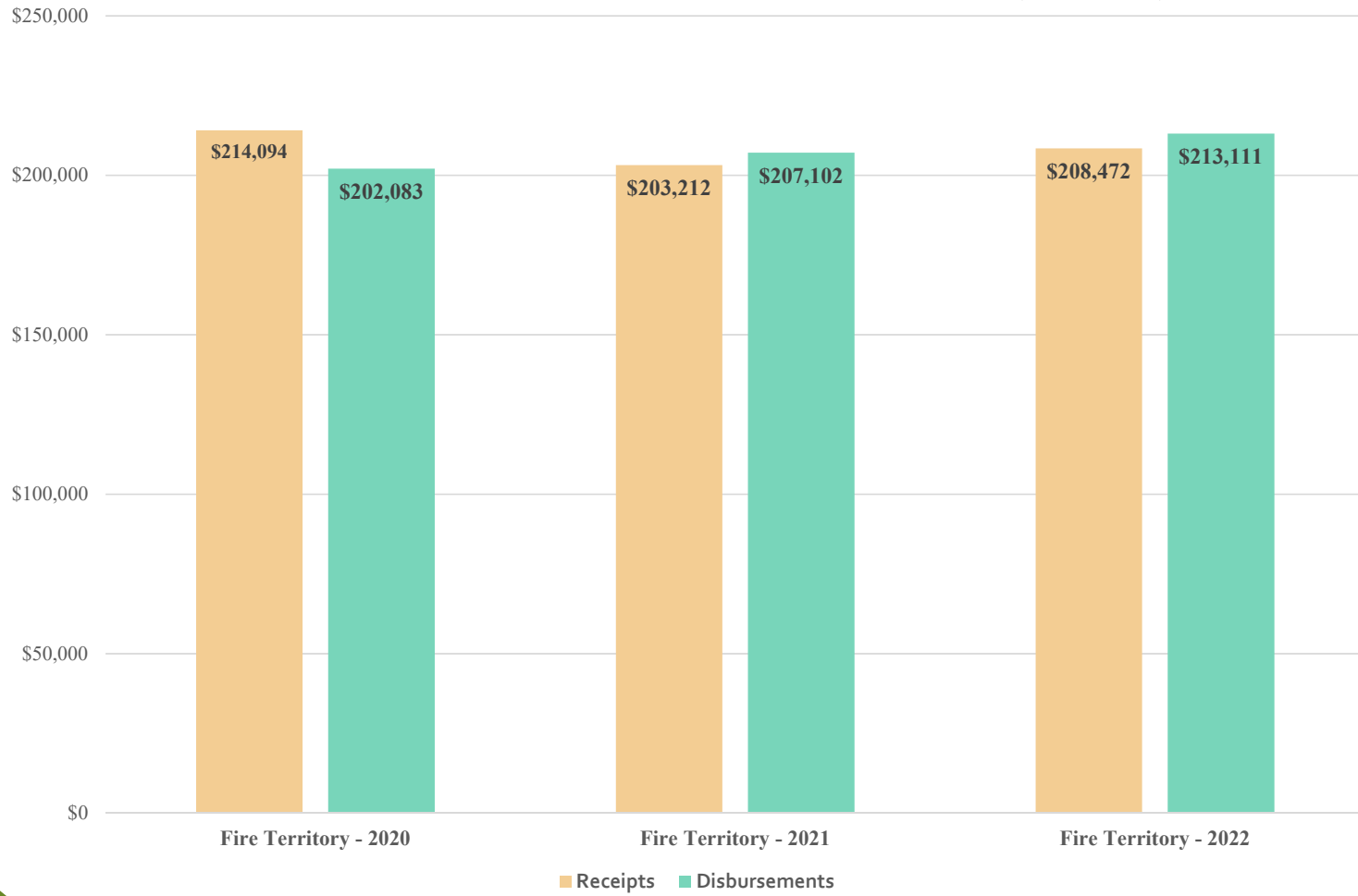


ESTIMATED FUNDING SOURCES FOR FIRE PROTECTION SERVICES - FIRE TERRITORY (2020 - 2022)



Note: Property tax rates are estimates and are subject to change based on changes in net assessed values.

COMPARISON OF ESTIMATED RECEIPTS AND DISBURSEMENTS
FOR FIRE PROTECTION SERVICES - FIRE TERRITORY (2020 - 2022)





Circuit Breaker Tax Credits



Circuit Breaker Tax Credits (Tax Caps)

- Limit the total property tax bill to a percentage of the gross assessed value of the taxpayer's property

Property Type	Circuit Breaker Cap
Residential homesteads	1%
Other residential and agricultural property	2%
Other real and personal property	3%

- Property taxes approved in a referendum process are not subject to the caps



How Property Tax Caps Work

- Computed property tax bill is compared to the “cap”
- Taxes over the cap are credited to the tax bill
- As a result, the County will collect less property taxes and the loss is passed on to taxing units
- Circuit breaker credits are allocated to taxing units based on the percentage the taxing unit’s tax rate is to the overall district tax rate

Sample Tax Bill



Residential Home Value	\$100,000
Net Assessed Value (after deductions)	\$32,750
Tax Bill with \$4 Tax Rate	\$1,310
Tax limit @ 1%	\$1,000
Circuit Breaker Tax Credit	\$ 310

Estimate Circuit Breaker Credits

	2018 Circuit Breaker Credits	2019 Circuit Breaker Credits (Estimated)	BASELINE - NO FIRE TERRITORY	INCLUDES PROPOSED FIRE TERRITORY		
			2020 Circuit Breaker Credits (Estimated)	2020 Circuit Breaker Credits (Estimated)	2021 Circuit Breaker Credits (Estimated)	2022 Circuit Breaker Credits (Estimated)
RIPLEY COUNTY	\$ 6,394	\$ 6,157	\$ 12,094	\$ 15,583	\$ 29,079	\$ 39,873
ADAMS TWP.	61	12	38	39	99	165
BROWN TWP.	13	-	2	2	6	8
CENTER TWP.	142	-	0	0	141	261
DELAWARE TWP.	23	-	0	0	0	0
FRANKLIN TWP.	84	72	119	119	221	286
JACKSON TWP.	17	-	-	-	-	-
JOHNSON TWP.	64	199	362	695	998	1,197
LAUGHERY TWP.	29	3	37	37	111	171
OTTER CREEK TWP.	138	181	235	235	321	373
SHELBY TWP.	39	-	-	-	-	-
WASHINGTON TWP.	73	23	38	38	62	77
BATESVILLE CIV. CITY	1,859	1,374	7,122	7,209	19,902	30,885
MILAN CIV. TOWN	1,003	2,328	3,756	3,756	6,605	8,447

Estimate Circuit Breaker Credits

	2018 Circuit Breaker Credits	2019 Circuit Breaker Credits (Estimated)	BASELINE - NO FIRE TERRITORY	INCLUDES PROPOSED FIRE TERRITORY		
			2020 Circuit Breaker Credits (Estimated)	2020 Circuit Breaker Credits (Estimated)	2021 Circuit Breaker Credits (Estimated)	2022 Circuit Breaker Credits (Estimated)
NAPOLEON CIV. TOWN	42	-	-	-	-	-
OSGOOD CIV. TOWN	321	-	-	-	2,697	4,940
SUNMAN CIV. TOWN	102	-	-	-	25	591
VERSAILLES CIV. TOWN	540	4,051	7,178	13,361	18,594	22,139
VERSAILLES - JOHNSON TWP. FIRE TERRITORY	-	-	-	3,815	5,423	6,477
HOLTON CIV. TOWN	3,002	4,203	5,282	5,282	6,861	7,835
SUNMAN-DEARBORN COM. SCH. CORP.	2,042	-	-	-	79	1,809
SOUTH RIPLEY COM. SCH. CORP.	7,286	13,254	20,836	33,275	47,051	55,557
BATESVILLE COM. SCH. CORP.	2,872	1,841	9,455	9,571	26,192	40,192
JAC-CEN-DEL COM. SCH. CORP.	2,533	-	2	2	3,810	6,991
MILAN COM. SCH. CORP.	6,899	7,354	11,933	11,933	21,257	27,001
BATESVILLE PUB. LBRY.	278	169	878	889	2,470	3,845
OSGOOD PUB. LBRY.	810	688	1,117	1,117	2,510	3,479
SOUTHEASTERN INDIANA SOLID WASTE MGMT.	295	285	563	725	1,368	1,884



2019 – Estimated Property Values Hitting the Tax Caps

	Town of Versailles (014)	Johnson Township (013)
Residential Homestead	\$318,000	N/A
Farm Land & Residential Rental Property	\$1,000	N/A
Commercial & Personal Property	N/A	N/A



Property Tax Liability Impact



Estimated Taxing District Rate Impact

Estimated District Tax Rate Impact	Estimated Tax Liability Impact (for taxpayers not at the tax caps)		
	Year 1 (2020)	Year 2 (2021)	Year 3 (2022)
Town of Versailles (014)	5.3%	-0.2%	0.1%
Johnson Township (013)	8.0%	-0.3%	0.2%

Notes:

- 1.) Levy to fund 10% cash reserves allowed in Year 1 only.
- 2.) Budget growth is assumed to follow allowed property tax growth (3.8% for 2021 and 3.6% in 2022).

Sample Tax Bill - 2019

Taxing District: Town of Versailles (014)			
	1%	3%	Total
	Property	Property	Tax Liability
<i>Estimated Tax Liability - 2019</i>			
Residential Property Value	\$ 121,100	\$ 800	\$ 121,900
Less Standard Assessed Value Deduction	(45,000)	-	(45,000)
Less Additional Homestead Deduction	(26,635)	-	(26,635)
Less Mortgage Deduction	(3,000)	-	(3,000)
Net Assessed Value	46,465	800	47,265
Multiplied by Estimated District Rate per \$100	2.0835	2.0835	2.0835
Estimated Gross Tax Liability	968.10	16.67	984.77
Less Local Tax Credits	(120.80)	-	(120.80)
Estimated Net Tax Liability Less Tax Credits	847.30	16.67	863.97
Less Circuit Breaker Credit	-	-	-
Estimated Net Tax Liability - 2019	\$ 847.30	\$ 16.67	\$ 863.97

Sample Tax Bill – 2020 (Fire Territory)

Taxing District: Town of Versailles (014)			
	1%	3%	Total
	Property	Property	Tax Liability
<u>Estimated Tax Liability with Fire Territory - 2020:</u>			
Residential Property Value	\$ 121,100	\$ 800	\$ 121,900
Less Standard Assessed Value Deduction	(45,000)	-	(45,000)
Less Additional Homestead Deduction	(26,635)	-	(26,635)
Less Mortgage Deduction	(3,000)	-	(3,000)
Net Assessed Value	46,465	800	47,265
Multiplied by Estimated District Rate per \$100	2.1935	2.1935	2.1935
Estimated Gross Tax Liability	1,019.20	17.55	1,036.75
Less Local Tax Credits	(127.18)	-	(127.18)
Estimated Net Tax Liability Less Tax Credits	892.02	17.55	909.57
Less Circuit Breaker Credit	-	-	-
Estimated Tax Liability with Fire Territory - 2020	<u>\$ 892.02</u>	<u>\$ 17.55</u>	<u>\$ 909.57</u>
<i>Increase/(Decrease) in Net Tax Liability Due</i>			<u>\$ 45.60</u>
<i>Percentage Increase/(Decrease) in Net Tax Liability</i>			<u>5.3%</u>

Note: District tax rates are estimates and are subject to change based on changes in net assessed values.

Sample Tax Bill - 2019

Taxing District: Town of Versailles (014)				
	1%	2%	3%	Total
	Property	Property	Property	Tax Liability
<i>Estimated Tax Liability - 2019</i>				
Residential Property Value	\$ 134,500	\$ 173,900	\$ 23,200	\$ 331,600
Less Standard Assessed Value Deduction	(45,000)	-	-	(45,000)
Less Additional Homestead Deduction	(31,325)	-	-	(31,325)
Less Mortgage Deduction	(3,000)	-	-	(3,000)
Net Assessed Value	55,175	173,900	23,200	252,275
Multiplied by Estimated District Rate per \$100	2.0835	2.0835	2.0835	2.0835
Estimated Gross Tax Liability	1,149.57	3,623.21	483.37	5,256.15
Less Local Tax Credits	(143.45)			(143.45)
Estimated Net Tax Liability Less Tax Credits	1,006.12	3,623.21	483.37	5,112.70
Less Circuit Breaker Credit	-	(145.21)	-	(145.21)
Estimated Net Tax Liability - 2019	<u>\$ 1,006.12</u>	<u>\$ 3,478.00</u>	<u>\$ 483.37</u>	\$ 4,967.49

Sample Tax Bill – 2020 (Fire Territory)

Taxing District: Town of Versailles (014)				
	1%	2%	3%	Total
	Property	Property	Property	Tax Liability
<i>Estimated Tax Liability with Fire Territory - 2020:</i>				
Residential Property Value	\$ 134,500	\$ 173,900	\$ 23,200	\$ 331,600
Less Standard Assessed Value Deduction	(45,000)	-	-	(45,000)
Less Additional Homestead Deduction	(31,325)	-	-	(31,325)
Less Mortgage Deduction	(3,000)	-	-	(3,000)
Net Assessed Value	55,175	173,900	23,200	252,275
Multiplied by Estimated District Rate per \$100	2.1935	2.1935	2.1935	2.1935
Estimated Gross Tax Liability	1,210.25	3,814.44	508.89	5,533.58
Less Local Tax Credits	(151.02)	-	-	(151.02)
Estimated Net Tax Liability Less Tax Credits	1,059.23	3,814.44	508.89	5,382.56
Less Circuit Breaker Credit	-	(336.44)	-	(336.44)
Estimated Tax Liability with Fire Territory - 2020	<u>\$ 1,059.23</u>	<u>\$ 3,478.00</u>	<u>\$ 508.89</u>	\$ 5,046.12
<i>Increase/(Decrease) in Net Tax Liability Due</i>				<u>\$ 78.63</u>
<i>Percentage Increase/(Decrease) in Net Tax Liability</i>				<u>1.6%</u>

Note: District tax rates are estimates and are subject to change based on changes in net assessed values.

Sample Tax Bill - 2019

Taxing District: Johnson Township (013)			
	1%	3%	Total
	Property	Property	Tax Liability
<u>Estimated Tax Liability - 2019:</u>			
Residential Property Value	\$ 119,600	\$ 800	\$ 120,400
Less Standard Assessed Value Deduction	(45,000)	-	(45,000)
Less Additional Homestead Deduction	(26,110)	-	(26,110)
Less Mortgage Deduction	(3,000)	-	(3,000)
Net Assessed Value	45,490	800	46,290
Multiplied by Estimated District Rate per \$100	1.4869	1.4869	1.4869
Estimated Gross Tax Liability	676.39	11.90	688.29
Less Local Tax Credits	(84.40)	-	(84.40)
Estimated Net Tax Liability Less Tax Credits	591.99	11.90	603.89
Less Circuit Breaker Credit	-	-	-
Estimated Net Tax Liability - 2019	<u>\$ 591.99</u>	<u>\$ 11.90</u>	\$ 603.89

Sample Tax Bill – 2020 (Fire Territory)

Taxing District: Johnson Township (013)

	1% Property	3% Property	Total Tax Liability
<u>Estimated Tax Liability with Fire Territory - 2020:</u>			
Residential Property Value	\$ 119,600	\$ 800	\$ 120,400
Less Standard Assessed Value Deduction	(45,000)	-	(45,000)
Less Additional Homestead Deduction	(26,110)	-	(26,110)
Less Mortgage Deduction	(3,000)	-	(3,000)
Net Assessed Value	45,490	800	46,290
Multiplied by Estimated District Rate per \$100	1.6065	1.6065	1.6065
Estimated Gross Tax Liability	730.81	12.85	743.66
Less Local Tax Credits	(91.19)	-	(91.19)
Estimated Net Tax Liability Less Tax Credits	639.62	12.85	652.47
Less Circuit Breaker Credit	-	-	-
Estimated Tax Liability with Fire Territory - 2020	<u>\$ 639.62</u>	<u>\$ 12.85</u>	<u>\$ 652.47</u>
<i>Increase/(Decrease) in Net Tax Liability Due</i>			<u>\$ 48.58</u>
<i>Percentage Increase/(Decrease) in Net Tax Liability</i>			<u>8.0%</u>

Note: District tax rates are estimates and are subject to change based on changes in net assessed values.

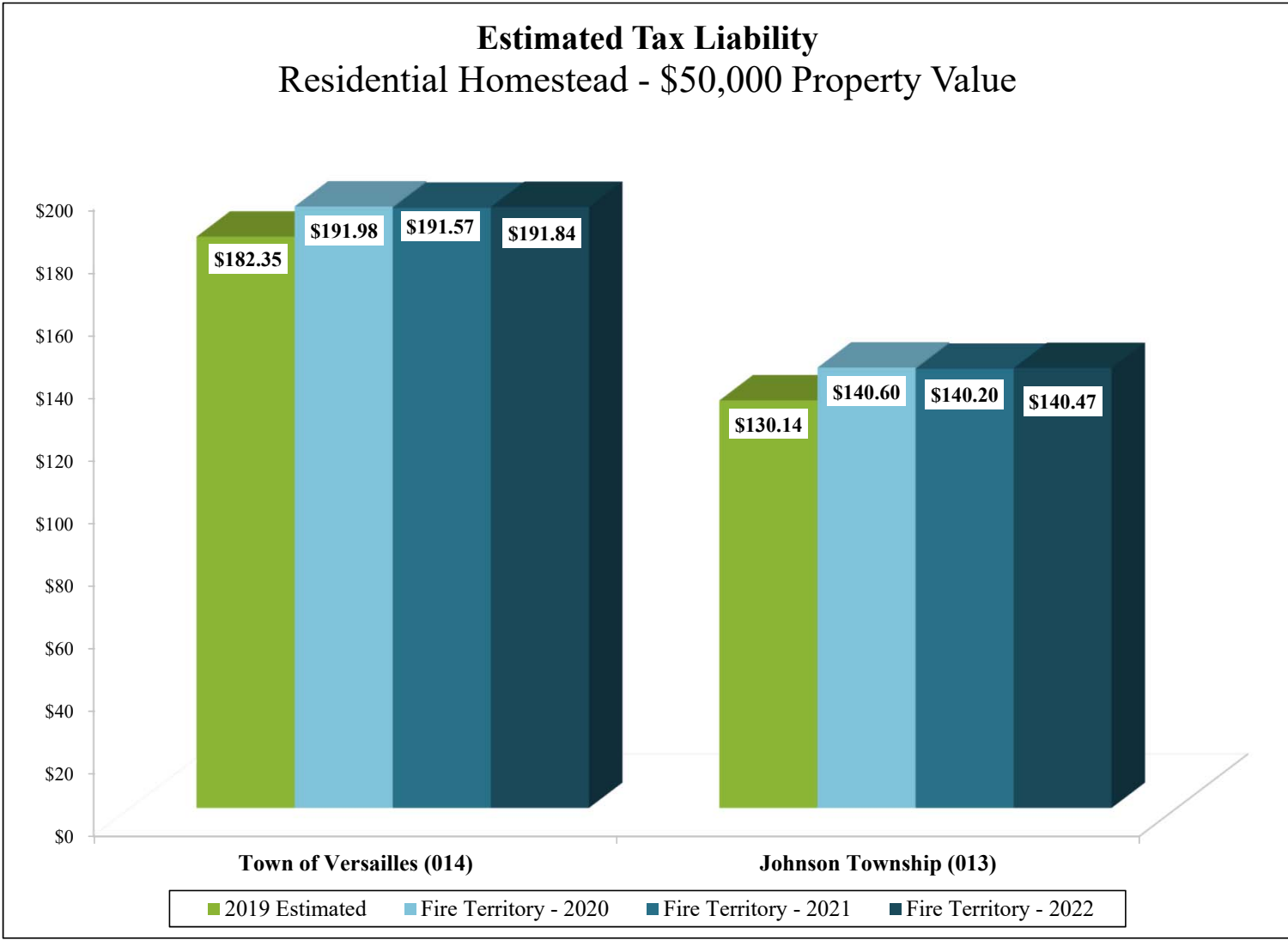
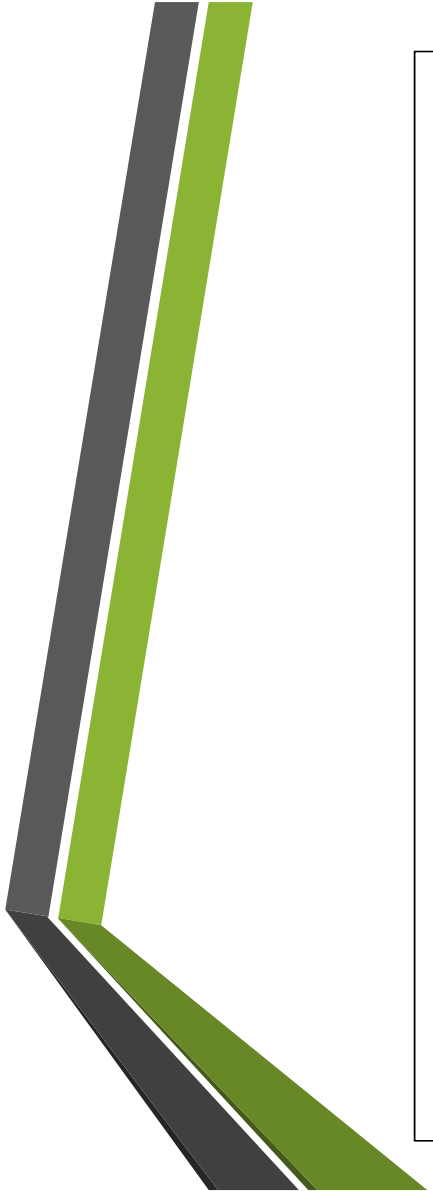
Sample Tax Bill - 2019

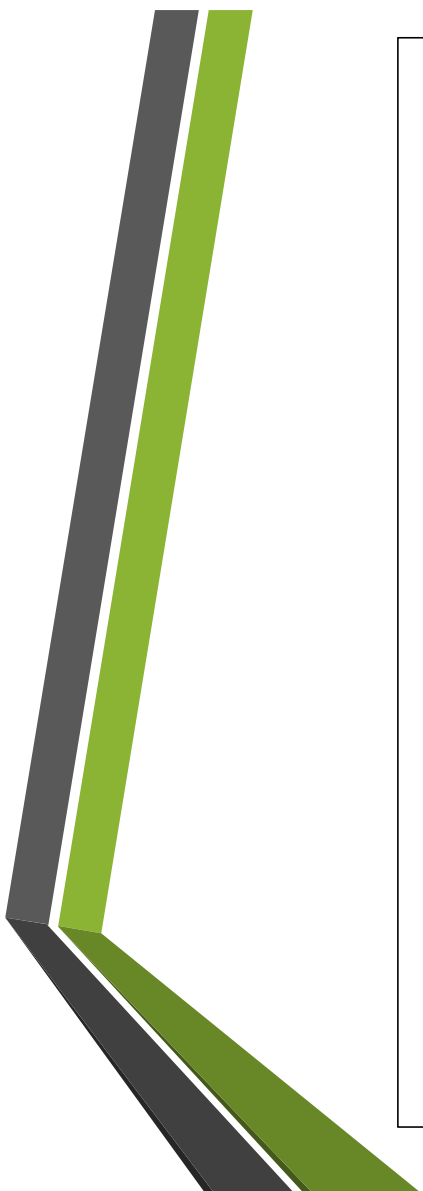
Taxing District: Johnson Township (013)			
	2%	3%	Total
	Property	Property	Tax Liability
<u>Estimated Tax Liability - 2019:</u>			
Residential Property Value	\$ 149,800	\$ 1,600	\$ 151,400
Multiplied by Estimated District Rate per \$100	1.4869	1.4869	1.4869
Estimated Gross Tax Liability	2,227.38	23.79	2,251.17
Less Circuit Breaker Credit	-	-	-
Estimated Net Tax Liability - 2019	<u>\$ 2,227.38</u>	<u>\$ 23.79</u>	<u>\$ 2,251.17</u>

Sample Tax Bill – 2020 (Fire Territory)

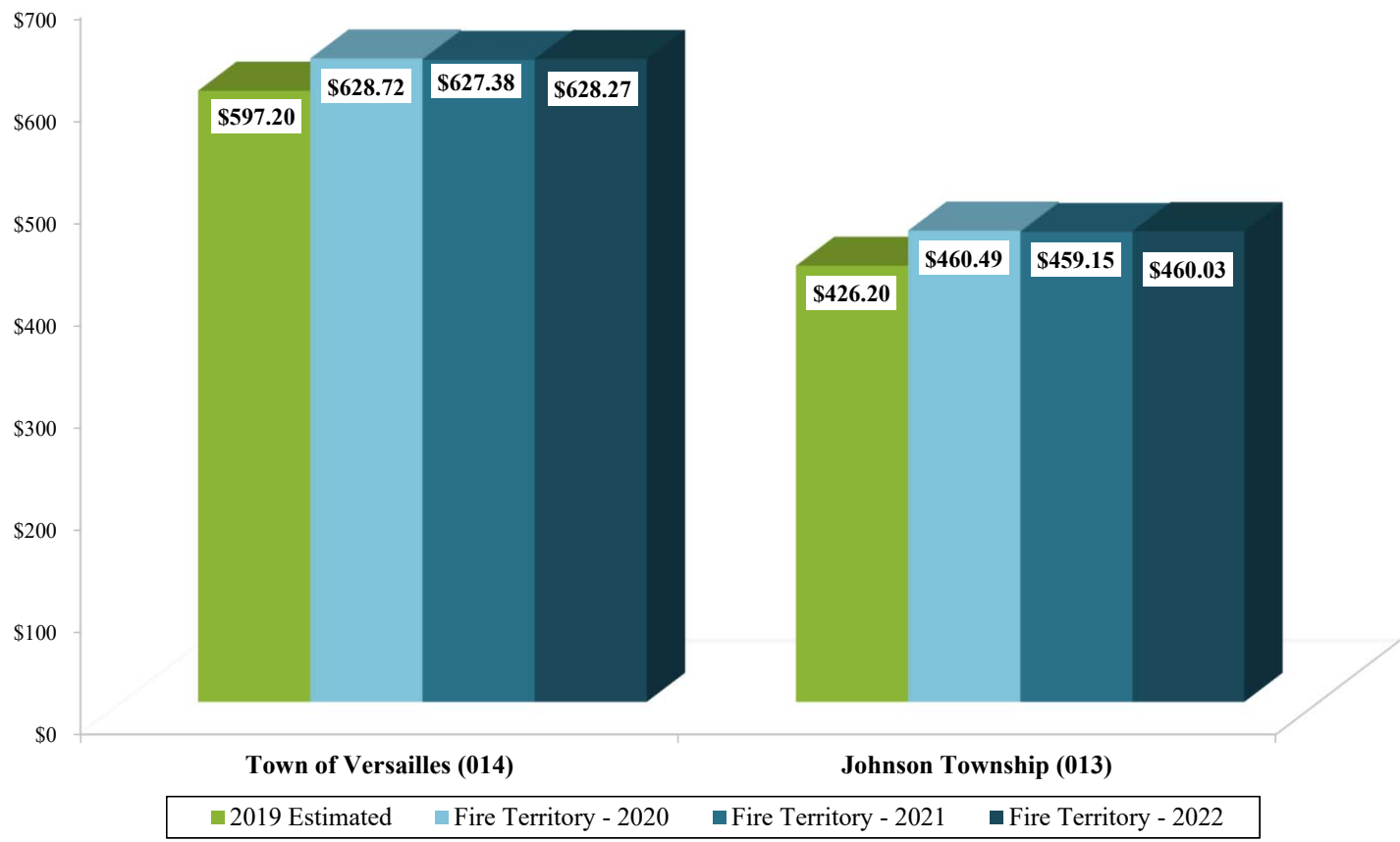
Taxing District: Johnson Township (013)			
	2%	3%	Total
	Property	Property	Tax Liability
<u>Estimated Tax Liability with Fire Territory - 2020:</u>			
Residential Property Value	\$ 149,800	\$ 1,600	\$ 151,400
Multiplied by Estimated District Rate per \$100	1.6065	1.6065	1.6065
Estimated Gross Tax Liability	2,406.58	25.70	2,432.28
Less Circuit Breaker Credit	-	-	-
Estimated Tax Liability with Fire Territory - 2020	<u>\$ 2,406.58</u>	<u>\$ 25.70</u>	<u>\$ 2,432.28</u>
<i>Increase/(Decrease) in Net Tax Liability Due</i>			<u>\$ 181.11</u>
<i>Percentage Increase/(Decrease) in Net Tax Liability</i>			<u>8.0%</u>

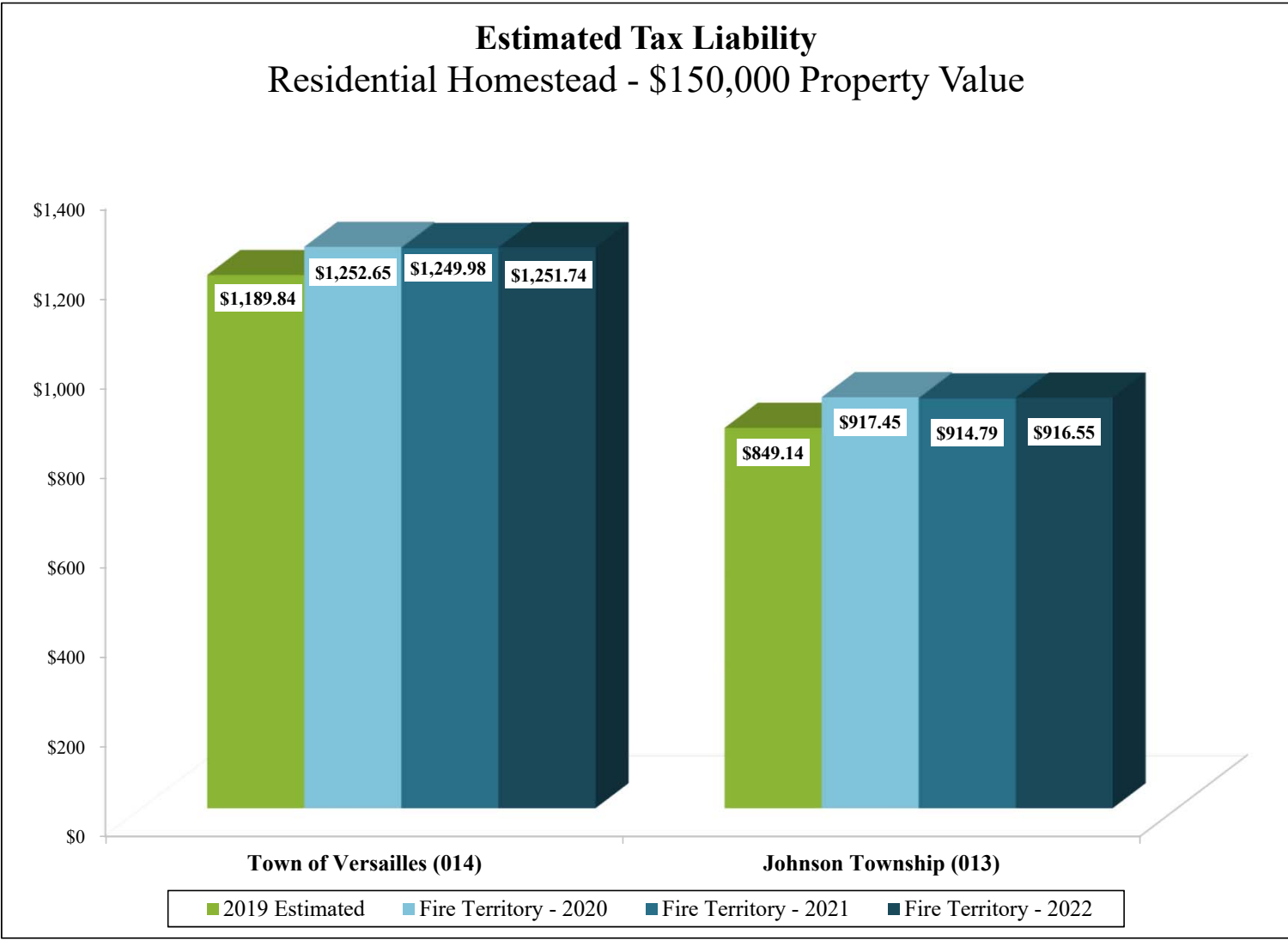
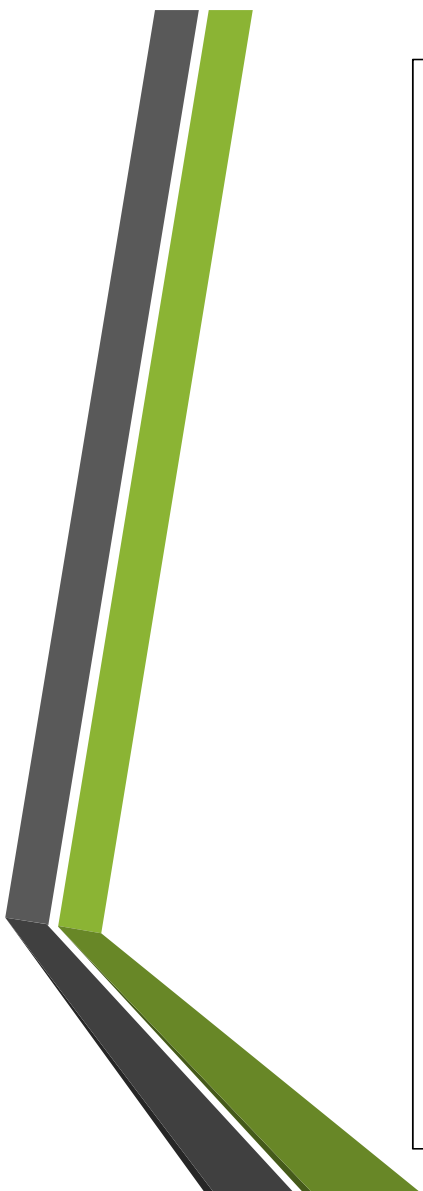
Note: District tax rates are estimates and are subject to change based on changes in net assessed values.



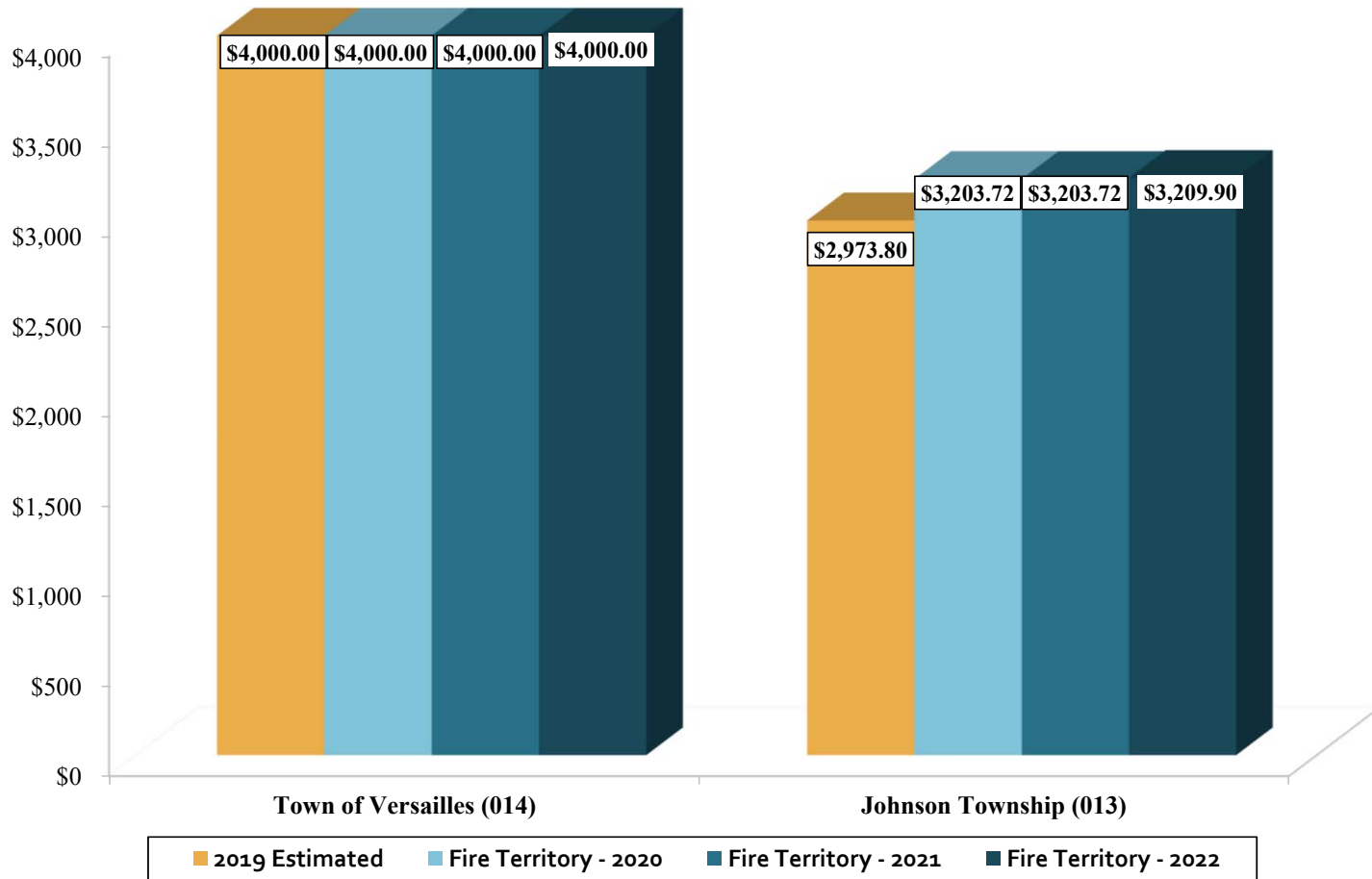


Estimated Tax Liability Residential Homestead - \$100,000 Property Value

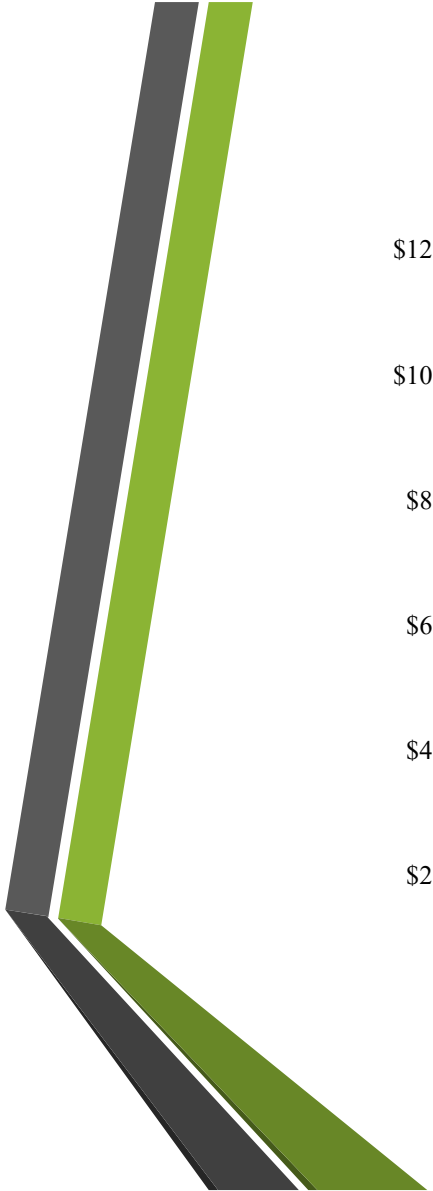
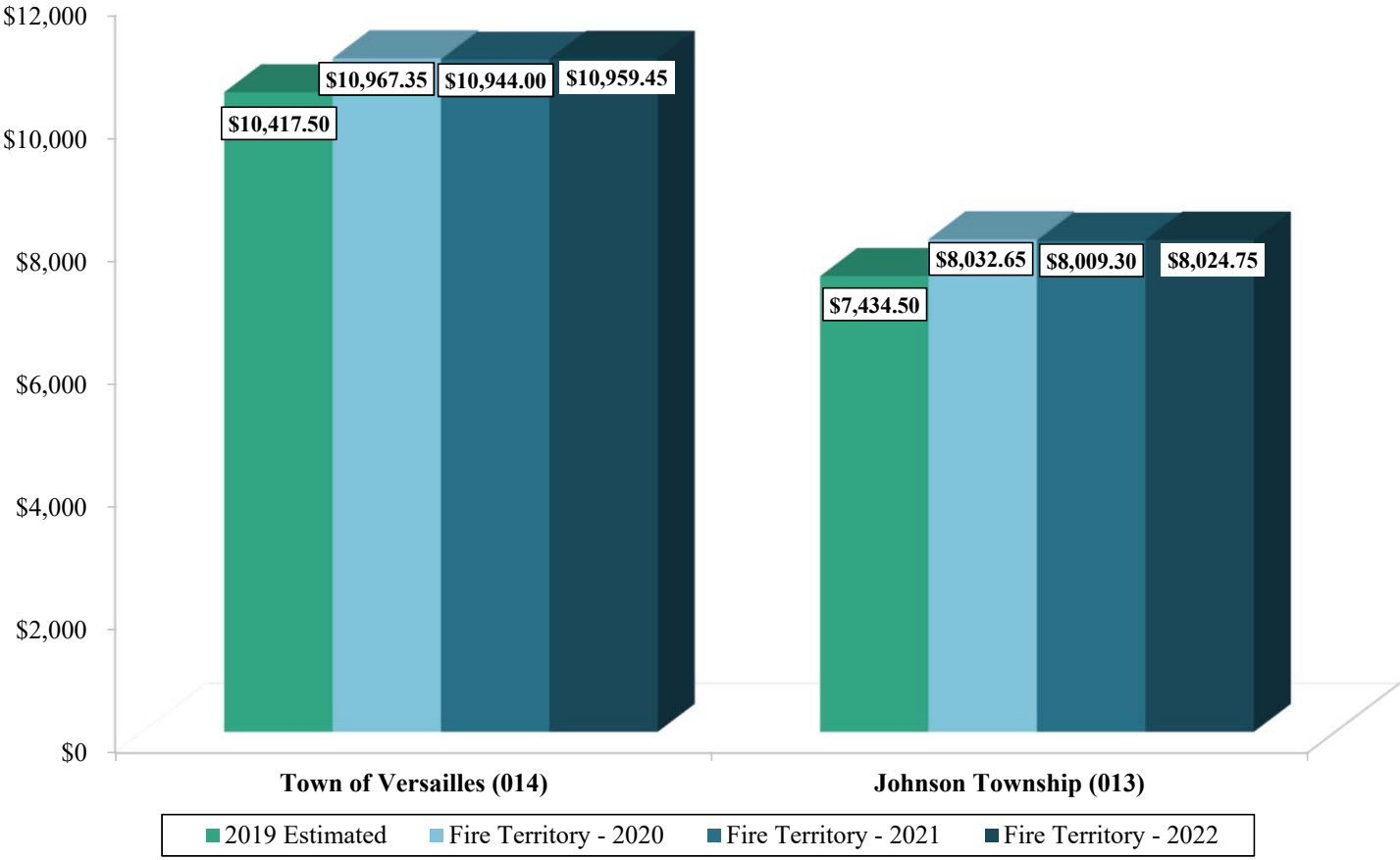




Estimated Tax Liability Agricultural Land - \$200,000 Property Value



Estimated Tax Liability Commercial Property - \$500,000 Property Value





Local Income Tax (“LIT”)



Local Income Tax (“LIT”)

- County tax applied to adjusted gross income
- Rate varies depending upon the County in which you live
- Distributed to taxing units based on % of unit’s levy to total levies in the County – the greater the property tax levy, the greater the share of LIT

Estimated Local Income Tax

	Certified 2019	PROPOSED FIRE TERRITORY		
		1st Year (2020)	2nd Year (2021)	3rd Year (2022)
Ripley County	\$ 3,210,368	\$ 3,210,368	\$ 3,179,873	\$ 3,181,524
Adams Township	26,085	26,085	25,837	25,851
Brown Township	11,766	11,766	11,655	11,661
Center Township	30,199	30,199	29,913	29,928
Delaware Township	19,961	19,961	19,771	19,781
Franklin Township	13,733	13,733	13,602	13,609
Jackson Township	13,646	13,646	13,516	13,523
Johnson Township	22,627	22,627	26,395	26,409
Laughery Township	13,882	13,882	13,751	13,758
Otter Creek Township	14,756	14,756	14,616	14,624
Shelby Township	9,420	9,420	9,330	9,335
Washington Township	16,030	16,030	15,877	15,886
Batesville Civil City	885,803	885,803	877,388	877,845
Milan Civil Town	82,980	82,980	82,192	82,235
Napoleon Civil Town	5,406	5,406	5,354	5,357
Osgood Civil Town	110,307	110,307	109,259	109,316
Sunman Civil Town	77,496	77,496	76,760	76,800
Versailles Civil Town	152,280	152,280	194,434	191,930
Holton Civil Town	27,157	27,157	26,899	26,913
Batesville Public Library	145,075	145,075	143,697	143,772
Osgood Public Library	120,220	120,220	119,078	119,140
Totals	\$ 5,009,197	\$ 5,009,197	\$ 5,009,197	\$ 5,009,197



Excise Tax



Excise Tax

- Auto excise and commercial vehicle excise paid at BMV
- Tax based on vehicle type
- Distributed to taxing units based on % of unit's levy to total levies in the County – the greater the property tax levy, the greater the share of excise taxes

Estimated Excise Tax

	2019 Est.	PROPOSED FIRE TERRITORY		
		1st Year	2nd Year	3rd Year
Ripley County	\$ 346,233	\$ 345,867	\$ 348,432	\$ 350,645
Adams Township	5,012	5,016	5,063	5,105
Brown Township	2,473	2,475	2,498	2,519
Center Township	11,186	11,194	11,300	11,393
Delaware Township	2,531	2,533	2,557	2,578
Franklin Township	3,080	3,082	3,111	3,137
Jackson Township	1,473	1,474	1,488	1,500
Johnson Township	4,594	10,714	10,816	10,905
Laughery Township	2,794	2,796	2,822	2,845
Otter Creek Township	2,803	2,805	2,146	2,469
Shelby Township	1,490	1,491	1,505	1,517
Washington Township	4,028	4,031	4,069	4,102
Batesville Civil City	143,514	143,399	144,501	145,456
Milan Civil Town	19,727	19,741	19,928	20,092
Napoleon Civil Town	3,323	3,325	3,357	3,385
Osgood Civil Town	23,845	23,822	24,001	24,156
Sunman Civil Town	8,216	8,192	8,234	8,269
Versailles Civil Town	29,224	36,448	36,794	37,097
Holton Civil Town	8,446	8,452	8,532	8,602
Sunman-Dearborn Community School Corp	62,847	61,949	61,437	60,936
South Ripley Community School Corp	295,356	292,018	290,682	289,293
Batesville Community School Corp	361,190	357,001	355,250	353,437
Jac-Cen-Del Community School Corp	192,670	190,983	190,688	190,315
Milan Community School Corporation	259,363	256,944	256,374	255,711
Batesville Public Library	29,997	30,018	30,302	30,551
Osgood Public Library	38,321	37,936	37,820	37,692
Southeastern Indiana Solid Waste	42,388	42,418	42,417	42,417
Totals	\$ 1,906,124	\$ 1,906,124	\$ 1,906,124	\$ 1,906,124



What's Next?

- **March 26**
 - 3rd and final public hearing
 - Participating units vote on Ordinance/Resolution to establish a Fire Territory and Equipment Replacement Fund
- Send required documents to DLGF for review and final determination
- Include Fire Territory in Provider Unit's 2020 Budget



Paige E. Sansone, CPA
Partner



Baker Tilly Municipal Advisors, LLC
T: +1 (317) 465 1521 | M: +1 (317) 385 0690
8365 Keystone Crossing, Suite 300
Indianapolis, IN 46240
paige.sansone@bakertilly.com | bakertilly.com



Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Contact Information