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PRELIMINARY FINANCIAL IMPACT
ANALYSIS

**The Proposed North Township
Town of LaPaz
Fire Protection Territory
(Marshall County, Indiana)**

November 7, 2023





FIRE TERRITORY FINANCIAL IMPACT ANALYSIS

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Baker Tilly Municipal Advisors, LLC
8365 Keystone Crossing, Ste 300
Indianapolis, IN 46240
United States of America

T: +1 (317) 465-1500
F: +1 (317) 465-1550
bakertilly.com

November 7, 2023

North Township Board
Emily Haskins, Trustee
411 Michigan Street
PO Box 354
LaPaz, IN 46537

CONSULTANTS' FINANCIAL MANAGEMENT REPORT

This report is directed toward providing information for your review and consideration relative to the proposed North Township LaPaz Fire Territory. The report is designed to provide information that may be helpful to the North Township and Town of LaPaz officials in their role as managers of North Township and the Town of LaPaz of Marshall County, Indiana.

In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected, and the resulting differences could be material. We have no responsibility to prepare subsequent reports or update the schedules.

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**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

SCHEDULE OF ASSUMPTIONS

1.) The state-wide maximum property tax levy growth rate is assumed to be:

Year	Levy Growth Factor
2023	1.050
2024	1.040
2025	1.040
2026	1.049
2027	1.048

2.) Certified and estimated net assessed values:

	2023 Certified	2024 Certified	2025 Est.	2026 Est.	2027 Est.
North Township	\$ 201,336,312	\$ 208,393,548	\$ 208,393,548	\$ 208,393,548	\$ 208,393,548
Town of LaPaz	14,906,019	15,338,304	15,338,304	15,338,304	15,338,304
Totals	\$ 216,242,331	\$ 223,731,852	\$ 223,731,852	\$ 223,731,852	\$ 223,731,852

3.) Estimated Circuit Breaker Credits as a percentage of property tax levy:

	2023	2024 Est.	2025 Est.	2026 Est.	2027 Est.
		(1)			
Fire Territory	N/A	N/A	5.00%	5.00%	5.00%
North Township	1.29%	1.29%	1.29%	1.29%	1.29%
Town of LaPaz	4.55%	4.55%	4.55%	4.55%	4.55%

(1) 2024 is estimated based upon the 2023 Marshall County Circuit Breaker Report.

4.) The Fire Territory budgets are assumed as follows:

	<u>Operating*</u>	<u>Capital*</u>	<u>Totals</u>
Year 1 (2025)	\$ 1,248,080	\$ 74,500	\$ 1,322,580
Annual growth factor for operating budget:			<u>3.0%</u>

* Operating budget for 2025 is based on the budget provided by North Township and the Town of LaPaz.

* Capital budget for 2025 is based on the maximum statutory rate for the Equipment Replacement Fund.

5.) Auto Excise, CVET, and FIT as a percentage of levy

	2024 Est.	2025 Est.	2026 Est.	2027 Est.
Fire Territory	N/A	5.0%	5.0%	5.0%
Town of LaPaz	21.9%	21.9%	21.9%	21.9%
North Township	9.0%	9.0%	9.0%	9.0%

6.) Fire Territory cash reserve percentage raised in Year 1: 10.0%

7.) Provider Unit - North Township

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

**SCHEDULE OF BUDGETED RECEIPTS AND DISBURSEMENTS - 2024
FIRE SERVICES**

Index

	<u>North Township</u>	<u>LaPaz</u>
1 BUDGETED FUNDING SOURCES:		
2 Property Tax Levy - Emergency Ambulance/Med Services - Fire	\$ 41,000	\$ -
3 Property Tax Levy - Fire	105,480	-
4 Property Tax Levy - Cumulative Fire (Township)	63,768	-
5 Property Tax Levy - General	-	15,772
6 Property Tax Levy - Cumulative Fire Special	-	5,046
7 Less Estimated Circuit Breaker Credits	<u>(2,712)</u>	<u>(946)</u>
8		
9 Net Property Tax	207,536	19,872
10 LIT Certified Shares	-	6,439
11 Financial Institution Tax Distribution	55	159
12 Vehicle/Aircraft Excise Tax Distribution	18,502	4,363
13 Commercial Vehicle Excise Tax Distribution (CVET)	322	32
14 Contractual Payments	<u>34,000</u>	<u>-</u>
15		
16 Total Budgeted Funding Sources	<u>260,415</u>	<u>30,865</u>
17		
18		
19 BUDGETED FUNDING REQUIREMENTS:	<u>North Township</u>	<u>LaPaz</u>
20 <u>General</u>		
21 Contractual Payments	<u>-</u>	<u>34,000</u>
22		
23 <u>Cum Fire Special</u>		
24 Capital Outlays	<u>-</u>	<u>3,400</u>
25		
26 <u>Emergency Ambulance /Med Services</u>		
27 Personal Services	65,000	-
28 Services and Charges	17,000	-
29 Capital Outlays	<u>10,000</u>	<u>-</u>
30		
31 Subtotal Emergency Ambulance/Med Services	<u>92,000</u>	<u>-</u>
32		
33 <u>Fire</u>		
34 Personal Services	27,000	-
35 Supplies	9,000	-
36 Services and Charges	118,200	-
37 Capital Outlays	<u>25,000</u>	<u>-</u>
38		
39 Subtotal Fire	<u>179,200</u>	<u>-</u>
40		
41 <u>Cumulative Fire Township</u>		
42 Capital Outlays	<u>175,000</u>	<u>-</u>
43		
44 Total Budgeted Funding Requirements	<u>446,200</u>	<u>37,400</u>
45		
46 Budgeted Surplus (Shortfall)	<u>\$ (185,785)</u>	<u>\$ (6,535)</u>
47		
48		
49 Property tax levy allocated to fire services	210,248	20,818
50 Divided by net assessed value (2024)	<u>208,393,548</u>	<u>15,338,304</u>
51		
52 Subtotal	0.001009	0.001357
53 Times \$100	<u>100</u>	<u>100</u>
54		
55 Estimated Tax Rate Attributable to Fire Services (2024)	<u>\$ 0.1009</u>	<u>\$ 0.1357</u>

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

**ESTIMATED LEVY AND RATE ATTRIBUTABLE TO FIRE SERVICES (2024)
TOWN OF LAPAZ**

General Fund Budget for Fire Services (2024)	\$ 34,000
Divided by Total General Fund Budget	<u>307,462</u>
% Fire Budget to Total General Fund Budget	11.1%
Times 2024 Estimated Levy for the General Fund	<u>142,622</u>
General Fund Tax Levy Applicable to Fire Services	15,772
Divided by Certified 2024 Net Assessed Value	<u>15,338,304</u>
Subtotal	0.001028
Times 100	<u>100</u>
Estimated Property Tax Rate Attributable to Fire Services (2024)	<u><u>\$ 0.1028</u></u>

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

Proposed Fire Territory Operating Budget

OPERATING BUDGET		
PERSONAL SERVICES	Note	Amount
Full-Time Staff	\$65,000 x 8	\$ 520,000
Insurance	\$12,000 x 8	96,000
FICA	\$5,720 x 8	45,760
PERF	\$9,165 x 8	73,320
Part-Time Staff		50,000
Administrative Assistant		15,000
Overtime		33,000
Volunteer Firefighters		40,000
Volunteer Officers		30,000
TOTAL PERSONAL SERVICES		903,080
SUPPLIES		
Office Supplies		5,000
Fuel		21,000
Station Maintenance Supplies		5,000
Medical Supplies		15,000
Clothing/Gear		45,000
Communication		30,000
TOTAL SUPPLIES		121,000
OTHER SERVICES AND CHARGES		
Miscellaneous		5,000
Maintenance Contracts		11,500
Insurance		42,500
Utilities		22,000
Truck Maintenance		40,000
Small Equipment		50,000
ALS Assists		3,000
Training		8,000
Accu-Med Overpayment		2,000
Loan Payment		40,000
TOTAL OTHER SERVICES AND CHARGES		224,000
TOTAL OPERATING BUDGET		1,248,080

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

PROPOSED FIRE TERRITORY - RECEIPTS AND DISBURSEMENTS

	<u>Fire Operating</u>	<u>Capital (Equipment Replacement Fund)</u>	<u>Totals</u>
Receipts:			
Property Tax (1)	\$ 1,307,488	\$ 74,500	\$ 1,381,988
Circuit Breaker Tax Credits	(65,374)	(3,725)	(69,099)
Vehicle Excise	65,400	3,730	69,130
Total Receipts	1,307,514	74,505	1,382,019
Disbursements:			
Personal Services	903,080	-	903,080
Supplies	121,000	-	121,000
Services and Charges	224,000	-	224,000
Capital Outlays	-	74,505	74,505
Total Disbursements	1,248,080	74,505	1,322,585
Net Cash Flow	59,434	-	59,434
Beginning Cash	-	-	-
Ending Cash	<u>\$ 59,434</u>	<u>\$ -</u>	<u>\$ 59,434</u>
Operating Balance	<u>4.8%</u>	<u>0.0%</u>	<u>4.5%</u>

Notes:

- (1) Property tax for Fire Operating based on the budget plus a 10% cash reserve less miscellaneous receipts other than property tax. Property tax for Equipment Replacement Fund based on the maximum statutory rate of \$.0333.

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

CALCULATION OF ESTIMATED FIRE TERRITORY LEVY AND TAX RATE

<u>Index</u>		<u>2025</u>
	<u>OPERATING FUND</u>	
1	Funding Requirements:	
2	Estimated Budget	\$ 1,248,080
3	Cash Reserve	124,808
4		<hr/>
5	Total Funding Requirements - Fire Operating	1,372,888
6		<hr/>
7	Less Est. Miscellaneous Revenues	
8	Vehicle Excise Tax	(65,400)
9		<hr/>
10	Estimated property tax to be levied (Operating)	<u>\$ 1,307,488</u>
11		
12	<u>EQUIPMENT REPLACEMENT FUND</u>	
13	Funding Requirements:	
14	Capital Outlays	\$ 78,225
15		<hr/>
16	Less Est. Miscellaneous Revenues	
17	Vehicle Excise Tax	(3,725)
18		<hr/>
19	Estimated property tax to be levied (ERF)	<u>\$ 74,500</u>
20		
21	<u>Total Estimated Tax Rate for Fire Services</u>	
22	Total Est. Levies for Fire Services	\$ 1,381,988
23	Divided by Est. Net Assessed Value	223,731,852
24		<hr/>
25	Subtotal	0.0061770
26	Multiplied by 100	100
27		<hr/>
28	Total Est. Property Tax Rate	<u>\$ 0.6177</u>
29		

(Continued on next page.)

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

(Cont'd)

CALCULATION OF ESTIMATED FIRE TERRITORY LEVY AND TAX RATE

Notes:

- Line 3 - Cash reserves are based on 10% of the estimated budget.
- Line 8 - Includes FIT, Auto Excise and CVET estimated at 5.% of levy.
- Line 17 - Includes FIT, Auto Excise and CVET estimated at 5.% of levy.
- Line 19 - Equipment Replacement Fund tax levy is based on the following calculation rounded to the nearest \$100.

	<u>2025</u>
Maximum statutory rate	\$ 0.0333
times NAV per \$100	<u>2,237,318.52</u>
Total estimated tax levy - Equip. Replacement Fund	 <u><u>\$ 74,500</u></u>

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

SUMMARY OF ESTIMATED DISTRICT TAX RATE IMPACT

	North Township (009)	Town of LaPaz (010)
<u>District Tax Rate Impact - Fire Territory (2025):</u>		
District Tax Rate (1)	\$ 1.5178	\$ 2.4191
Estimated Increase/(Decrease) Due to Fire Territory:		
Minus 2024 fire property tax rates	(0.1009)	(0.1357)
Plus Fire Territory property tax rate	0.6177	0.6177
Net Impact Due to Fire Territory	0.5168	0.4820
Estimated District Tax Rate - 2025	\$ 2.0346	\$ 2.9011
Estimated Percentage Increase/(Decrease)	34.0%	19.9%

(1) District Tax Rates are based on 2023 Actual rates.

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)

**PROPOSED NORTH TOWNSHIP AND TOWN OF LAPAZ FIRE PROTECTION TERRITORY
(MARSHALL COUNTY, INDIANA)**

ILLUSTRATIVE SUMMARY OF ESTIMATED TAX LIABILITY IMPACT - 2025

	What is the estimated annual change in tax liability associated with the Fire Territory in 2025?	
	North Township (009)	Town of LaPaz (010)
<i>Estimated change in tax liability for properties not at the tax caps ==>></i>	34.0%	19.9%
<u>Residential Homesteads (1% tax cap):</u>		
<i>Property values at the tax caps (2023)</i>	<i>\$1,062,000 and above</i>	<i>\$136,300 and above</i>
\$50,000 gross net assessed value	\$52	\$48
\$100,000 gross net assessed value	\$169	\$158
\$150,000 gross net assessed value	\$337	\$0
\$200,000 gross net assessed value	\$505	\$0
\$250,000 gross net assessed value	\$523	\$0
\$300,000 gross net assessed value	\$530	\$0
<u>Farmland and Other Residential (2% tax cap):</u>		
<i>Property values at the tax caps (2023)</i>	<i>No property values</i>	<i>All property values</i>
\$50,000 gross net assessed value	\$241	\$0
\$100,000 gross net assessed value	\$482	\$0
\$250,000 gross net assessed value	\$1,206	\$0
\$500,000 gross net assessed value	\$2,411	\$0
\$1,000,000 gross net assessed value	\$4,822	\$0
<u>Commerical and all other property (3% tax cap):</u>		
<i>Property values at the tax caps (2023)</i>	<i>No property values</i>	<i>No property values</i>
\$50,000 gross net assessed value	\$258	\$241
\$100,000 gross net assessed value	\$517	\$482
\$250,000 gross net assessed value	\$1,292	\$1,205
\$500,000 gross net assessed value	\$2,584	\$2,410
\$1,000,000 gross net assessed value	\$5,168	\$4,820

Notes:

- (1) Calculation of residential homestead tax bill includes the 2023 standard deduction of the lesser of \$45,000 or 60% of the property value, the 2023 supplemental homestead deduction of 35%, and a \$3,000 mortgage deduction
- (2) The property tax liability of residential homestead properties is limited to 1% of the gross assessed value of the
- (3) The property tax liability of farmland and other residential properties is limited to 2% of the gross assessed value of the property.
- (4) The property tax liability of commercial and all other property is limited to 3% of the gross assessed value of the property.

(Subject to the attached letter of Baker Tilly Municipal Advisors dated November 7, 2023)