

**ANNEXATION FISCAL PLAN
FOR THE
TOWN OF PITTSBORO, INDIANA

FISHER-HILL FAMILY FARMS
ANNEXATION AREA

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INTRODUCTION

The following fiscal plan (the “Fiscal Plan”) is for the proposed annexation of one parcel to the east of the existing corporate limits of the Town along East Wall Street (the “Annexation Area”). The Annexation Area is adjacent to the Town of Pittsboro (the “Town”). The requirements of the Indiana Code mandate the development and adoption of a written Fiscal Plan and the establishment of a definite policy by resolution of the Town Council. Pursuant to Indiana Code Section 36-4-3-13(d), the Fiscal Plan will include the following:

1. The cost estimates of planned services to be furnished to the territory to be annexed;
2. The method or methods of financing the planned services;
3. The plan for the organization and extension of services;
4. That planned services of a non-capital nature, including police protection, fire protection, street and road maintenance, and other non-capital 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 non-capital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density;
5. That services of capital improvement nature, including street construction, sewer facilities, water facilities, and stormwater 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;
6. The estimated effect of the proposed annexation on taxpayers in each of the political subdivisions to which the proposed annexation applies for four (4) years after the effective date of the annexation;
7. The estimated effect the proposed annexation will have on municipal finances for four (4) years after the effective date of the annexation; and
8. 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.

INTRODUCTION

(Cont'd)

9. 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; and
 - The existence of known waiver of the right to remonstrate on the parcel.

This Fiscal Plan may include additional materials in connection with the foregoing. This Fiscal Plan was developed through the cooperative efforts of the Town's various administration and O.W. Krohn & Associates LLP. This Fiscal Plan is the result of an analysis of the proposed Annexation Area.

The Annexation Area is contiguous to the Town for purposes of Indiana Code 36-4-3-1.5, and there is a written Fiscal Plan, herein provided, that has been approved by the Town Council.

AREA DESCRIPTION

Location, Area Size and Contiguity

The proposed Annexation Area is located on the east side of the existing corporate boundaries of the Town along E. Wall Street. A legal description is included with the Annexation Ordinance. The Annexation Area totals approximately 159.121 acres. At least 1/8th of the external boundaries of the Annexation Area are contiguous to the existing corporate boundaries of the Town. The Annexation Area primarily consists of undeveloped farmland.

Current Land Use

The Annexation Area consists of agricultural and residential properties. The development of approximately 305 residential lots is planned for the Annexation Area.

Zoning

The existing zoning for the parcel is R-1 Residential. The proposed zoning for the Annexation Area will be a Planned Unit Development ("PUD") except for the existing farm will be zoned Agriculture.

Current Population

The current estimated population of the Annexation Area is estimated at four (4).

Real Property Assessed Valuation

The estimated net assessed valuation for land and improvements in the Annexation Area is \$479,100. This represents the assessed value as of January 1, 2020 for taxes payable in 2021.

Plan for the Area

The plan for the Annexation Area is the development of approximately 305 residential lots. The development will include 241 lots with an average home value of \$270,000 and 64 lots with an average home value of \$320,000. The buildout is anticipated to be completed by 2027.

NON-CAPITAL SERVICES

The current standard and scope of non-capital services being delivered within the Town and the Annexation Area were evaluated by each municipal department to determine the personnel and equipment necessary to provide such non-capital services in a manner equivalent in standard and scope to the services that are currently provided within the existing Town's municipal boundary.

The Town will provide all non-capital services to the Annexation Area within one (1) year after the effective date of annexation regardless of topography, patterns of land use, and population density.

Police Protection

The Town operates and maintains a Police Department. The Annexation Area is already served by the Pittsboro Police Department. The Town anticipates that the Annexation Area, once built-out, will require the addition of 2 new officers along with vehicles and equipment to properly serve the new homes.

Fire Protection and Emergency Medical Services

The Annexation Area is currently served by the Pittsboro-Middle Township Fire Department which provides fire protection and emergency medical services. This fire department is a modern, well-equipped department with a variety of special purpose firefighting vehicles and equipment. No incremental costs are anticipated to provide these services to the Annexation Area.

NON-CAPITAL SERVICES

(Continued)

Street Maintenance

All non-capital services of the Pittsboro Street Department will be made available in the Annexation Area within one (1) year of the effective date of this annexation and will be extended in a manner equivalent in standard and scope to the services provided to the other areas within the corporate boundaries of the Town.

The Pittsboro Street Department will be responsible for the maintenance and snow and ice removal of the streets in the Annexation Area. The Annexation Area will have approximately 2.638 road miles of street that the Town will be responsible for maintaining. Some of the streets in the Annexation Area will be new construction and should not require any maintenance costs in the foreseeable future. All costs of new road construction will be the responsibility of the Developer.

The Town anticipates incremental costs within one (1) year of the effective date of this annexation. The Town anticipates the need to hire an additional two employees for street maintenance and utility maintenance. New MVH and LRS revenues from the annexation should be sufficient to cover the additional costs by 2021. Funds on hand will be able to cover any deficit for budget year 2021.

Trash Collection and Recycling

The Town of Pittsboro maintains Trash Department for the trash collection and recycling services to residents. The additional costs to providing services to the Annexation Area are anticipated to be covered by the monthly trash fees.

Street Lighting

The Annexation Area does not currently have any streetlights. The development plan for the Annexation Area will include the installation of streetlights. The property owner's association, not the Town, will be responsible for maintaining streetlights after the annexation is completed. There is no additional cost to the Town of Pittsboro to maintain streetlights.

Governmental Administrative Services

The Town anticipates the addition of the Annexation Area will result in a demand for Governmental Administrative Services that cannot fully be met by the existing staffing of the Town's offices and departments. The Town Administration currently includes a five (5) member Town Council, a Clerk-Treasurer, a Building Commissioner, Town Manager and a Town Attorney. The Town anticipates the addition of a part-time employee to assist the current staff. All non-capital services of the administration of the Town will be made available in the Annexation Area on the date the annexation becomes effective and will be extended in a manner equivalent in

standard and scope to the services provided to the other areas within the corporate boundaries of the Town.

CAPITAL IMPROVEMENTS

The Annexation Area was evaluated to determine the services and facilities required to provide the same type of service in the same manner as services that are currently provided within the existing Town's corporate limits.

The Town will provide the following capital services to the Annexation Area no later than three (3) years after the effective date of the annexation in the same manner as those capital services provided to areas within the Town regardless of topography, patterns of land use, and population density and in a manner consistent with federal, state, and local laws, procedures and planning criteria. It is currently assumed that the annexation will be effective as soon as practically possible, but no later than January 31, 2021.

Water Service

The Pittsboro Municipal Water Utility (the "Water Utility") will provide water service to the area and has the capacity and capability to serve the Annexation Area for any additional future connections. The Developer will be responsible for extending services to each subdivided property within the Annexation Area. For any additional connections, to the extent necessary, all capital services of the Water Utility will be extended to the Annexation Area within three (3) years of the effective date of this annexation in the same manner as those services are provided to the areas inside the corporate limits and in a manner consistent with federal, state and local laws, procedures and planning criteria. All new connections will be required to pay tap and availability fees of the Town. The current combined tap and availability fees total \$1,952 per connection.

Wastewater Service

The Pittsboro Municipal Wastewater Utility (the "Wastewater Utility") will provide wastewater service to the area and has the capacity and capability to serve the Annexation Area for any additional future connections. The Developer will be responsible for extending services to each subdivided property within the Annexation Area. For any additional connections, to the extent necessary, all capital services of the Wastewater Utility will be extended to the Annexation Area within three (3) years of the effective date of this annexation in the same manner as those services are provided to the areas inside the corporate limits and in a manner consistent with federal, state and local laws, procedures and planning criteria. All new connections will be required to pay tap and availability fees of the Town. The current combined tap and availability fees total \$4,300.

Storm Drainage

The Town of Pittsboro maintains a Storm Water Utility. The Developer will be responsible for extending services to each subdivided property within the Annexation Area. For any additional connections, to the extent necessary, all capital services of the Stormwater Utility will be extended to the Annexation Area within three (3) years of the effective date of this annexation in the same manner as those services are provided to the areas inside the corporate limits and in a manner consistent with federal, state and local laws, procedures and planning criteria. All new connections

will be required to pay the monthly Stormwater fees and a one-time system development charge which are currently \$250.

CAPITAL IMPROVEMENTS

(Continued)

Street Construction

The Annexation Area does not currently have any streets running through the property. Additional roads within the development will add approximately 2.638 miles for the Town to maintain. Any additional construction of new streets within the Annexation Area will be the responsibility of the applicable developer in accordance with the applicable Town Code. All capital services of the Street Department, including evaluation and construction services, will be extended to the Annexation Area within three (3) years of the effective date of this annexation in the same manner as those services are provided to areas inside the corporate limits and in a manner consistent with federal, state and local laws, procedures and planning criteria.

FISCAL IMPACT

As a result of this annexation, the assessed value for the Town will increase by \$479,100, initially. It is anticipated that new homes will be constructed beginning in 2022 through 2027 and add approximately \$85,550,000 in new assessed value if all 305 homes are completed. Property tax controls instituted by the 2002 Indiana General Assembly limit the Town to a property tax levy increase equal to the six-year average non-farm income (3.5% for 2020 budget year) annually for most funds. The net impact of increasing the Town's assessed value could result in additional property tax revenues to the Town and should assist in stabilizing property tax rates for Town residents. Property tax levy increases in excess of the State-wide adjustments could be achieved by the re-establishment of the CCD Fund and through three-year growth appeals. The estimates provided in this report do not account for these adjustments.

It is assumed that the effective date of this annexation will be as soon as practically possible, but no later than January 31, 2021. Based on the assumed effective date, Annexation Area property owners will not pay property taxes to the Town until 2023 payable 2024. However, the Town will begin providing non-capital municipal service to the property owners within one (1) year after the effective date of the annexation, and it will begin providing capital municipal services to the property owners within three (3) years after the effective date of this annexation.

Anticipated additional costs are related to road maintenance. Additional revenues from MVH, LRS, CCD tax levy, and LIT distributions are anticipated to exceed any additional operating costs incurred by the Town. These items are reported by department and year in Appendix I attached.

In 2020, the current property owner paid \$10,333 in property taxes. Applying the proposed pay 2021 corporate tax rate (\$0.4045) the property owner would see an increase of approximately \$90 per year in additional property taxes due to the annexation. The current property is already at the circuit breaker limit for most of the assessed valuations. The increase in estimated taxes is a result of 3% property that has not yet reached the circuit breaker credit levels.

As the build out occurs revenues from MVH and LRS distributions will increase. The portion of these distributions that are based upon road miles will increase beginning in 2022 with the completion of new roads in the area. The project is estimated to generate approximately \$9,049 per year in new revenue upon full build-out. In addition, a portion of MVH and LRS are allocated based on population. Local Income Tax distributions are estimated to increase by approximately \$22,996 annually beginning in 2022 and incrementally increase each year until full build-out in 2027.

The Town of Pittsboro currently has \$489 of over 65 circuit breaker tax credits and \$134,554 of 1%-3% circuit breaker tax credits. We are projecting a decrease in the Town's total tax rate of approximately \$0.0345, as a result of the annexation and new home construction. As a result of the tax rate reduction the increase in net collections will exceed any additional Circuit Breaker credits created by the construction of new homes.

APPENDIX I

Parcel Information

Legal Description

Summary of Estimated Additional Revenues & Costs Due to Annexation

Estimated Assessed Value and Tax Rate Impact from Annexation

PARCEL INFORMATION

The Annexation Area consists of the following parcel.

<u>Parcel ID</u>	<u>Owner</u>	<u>Net Assessed Value</u>	<u>Remonstrance Waiver</u>
32-02-31-400-002.000-018	Fisher-Hill Family Farms Inc.	\$ 479,100	Yes

LEGAL DESCRIPTION

FISHER-HILL ANNEXATION PARCEL

Part of the Southeast Quarter of Section 31, Township 17 North, Range 1 East of the Second Principal Meridian, Hancock County, Indiana, more particularly described as follows:

Commencing at a Hendricks County Disk the northwest corner of said Southeast Quarter; thence North 89 degrees 06 minutes 08 seconds East 250.00 feet along the north line of said Southeast Quarter (the basis of bearings is the Indiana Geospatial Coordinate System, Hendricks Zone) to the northeast corner of the parcel conveyed to Pittsboro Masonic Lodge in Book 237, Page 382, on file in the Office of the Recorder of Hendricks County, Indiana, being the POINT OF BEGINNING; thence continue North 89 degrees 06 minutes 08 seconds East 2,403.31 feet along said north line to the northeast corner of said Southeast Quarter; thence South 00 degrees 45 minutes 46 seconds East 2,658.75 feet along said east line to the southeast corner of said Southeast Quarter; thence South 88 degrees 59 minutes 32 seconds West 2,120.54 feet along the south line of said Southeast Quarter to the northeast right-of-way line of the CSX Railroad; thence North 70 degrees 57 minutes 18 seconds West 563.55 feet along said right-of-way line to the west line of said Southeast Quarter, thence North 00 degrees 49 minutes 22 seconds West 2,170.59 feet along said west line to the southwest corner of said Pittsboro Masonic Lodge parcel, the following two (2) courses are along the south and east lines thereof; 1) thence North 89 degrees 06 minutes 08 seconds East 250.00 feet; 2) thence North 00 degrees 49 minutes 22 seconds West 300.00 feet to the POINT OF BEGINNING. Containing 159.121 acres, more or less.

SUMMARY OF ADDITIONAL ANNUAL REVENUES AND COSTS DUE TO ANNEXATION

	2021	2022	2023	2024	2025	2026	2027
Estimated Additional Annual Revenues							
LIT Revenue (1)	\$ -	\$ 22,996	\$ 46,681	\$ 90,269	\$ 115,972	\$ 166,677	\$ 244,634
LRS Distribution (2)	-	-	2,657	2,657	2,657	2,657	2,657
MVH Distribution (2)	-	-	6,391	6,391	6,391	6,391	6,391
CCD Fund (3)	-	1,853	3,317	7,361	18,323	29,320	40,352
Maximum Levy - Park Fund (4)	-	5,264	10,685	16,269	22,020	27,944	34,046
Maximum Levy - General Fund (4)	-	17,733	35,997	74,001	93,953	138,734	210,589
Total Estimated Additional Annual Revenues	\$ -	\$ 47,845	\$ 105,728	\$ 196,948	\$ 259,316	\$ 371,723	\$ 538,669
Estimated Additional Annual Costs							
Police - Personnel & Equipment	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000
Administration Part-Time Clerk	-	-	-	-	-	18,000	18,000
Street & Miscellaneous Laborer	-	-	-	50,000	50,000	50,000	100,000
Total Estimated Additional Annual Costs	-	-	-	150,000	150,000	168,000	318,000
Estimated Net Increase in Revenues	\$ -	\$ 47,845	\$ 105,728	\$ 46,948	\$ 109,316	\$ 203,723	\$ 220,669
(1) LIT revenue increases dollar for dollar with the increase in the Town's max levy.							
(2) Based on the Town's 2020 distribution and assumed increase in road miles (2.638 miles). These estimates do not take into account growth in population.							
(3) Based on the 2022-2027 estimated assessed value of the Annexation Area multiplied the current CCD rate of \$0.0439.							
(4) The 2021 maximum levy is the actual maximum levy based on the 2021 budget. 2022-2027 assumes an automatic 3% annual increase in the maximum levy. Excess levy growth appeals have been included in years 2024, 2026 and 2027.							

ESTIMATED ASSESSED VALUE AND TAX IMPACT FROM ANNEXATION

Town of Pittsboro												
Estimated Assessed Value and Tax Rate Impact from Annexation (Assumes first year tax collection from Annexation Area is 2020 payable in 2021)												
Assessment Year	Estimated Net Assessed Value Annexation Area	Estimated Assessed Value New Homes	Estimated Town Net Assessed Value	Total Net Town Assessed Value	Town Levy	CCD Levy	Park District Levy	Total Town Levy	Estimated Corporate Tax Rate	Estimated CCD Tax Rate	Estimated Park Tax Rate	Estimated Total Corporate Tax Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2019 Pay 2020	\$ -	\$ -	\$ 164,515,727	\$ 164,515,727	\$ 567,250	\$ 72,222	\$ 168,369	\$ 807,841	\$ 0.3448	\$ 0.0439	\$ 0.0474	\$ 0.4361
2020 Pay 2021	\$ -	\$ -	\$ 187,038,072	\$ 187,038,072	\$ 591,075	\$ 82,110	\$ 175,440	\$ 848,625	\$ 0.3160	\$ 0.0439	\$ 0.0446	\$ 0.4045
2021 Pay 2022	\$ 479,100	\$ -	\$ 190,778,833	\$ 191,257,933	\$ 608,807	\$ 83,962	\$ 180,704	\$ 873,473	\$ 0.3183	\$ 0.0439	\$ 0.0445	\$ 0.4067
2022 Pay 2023	\$ -	\$ -	\$ 194,594,410	\$ 194,594,410	\$ 627,071	\$ 85,427	\$ 186,125	\$ 898,623	\$ 0.3222	\$ 0.0439	\$ 0.0445	\$ 0.4106
2023 Pay 2024	\$ -	\$ 5,320,000	\$ 198,486,298	\$ 203,806,298	\$ 665,075	\$ 89,471	\$ 191,709	\$ 946,255	\$ 0.3263	\$ 0.0439	\$ 0.0440	\$ 0.4142
2024 Pay 2025	\$ -	\$ 21,000,000	\$ 202,456,024	\$ 228,776,024	\$ 685,027	\$ 100,433	\$ 197,460	\$ 982,920	\$ 0.2994	\$ 0.0439	\$ 0.0420	\$ 0.3853
2025 Pay 2026	\$ -	\$ 21,000,000	\$ 206,505,145	\$ 253,825,145	\$ 729,808	\$ 111,429	\$ 203,384	\$ 1,044,621	\$ 0.2875	\$ 0.0439	\$ 0.0403	\$ 0.3717
2026 Pay 2027	\$ -	\$ 21,000,000	\$ 210,635,248	\$ 278,955,248	\$ 801,663	\$ 122,461	\$ 209,486	\$ 1,133,610	\$ 0.2874	\$ 0.0439	\$ 0.0387	\$ 0.3700
(1) Includes the existing assessed value of the Annexation Area in Pay 2022.												
(2) Reflects build-out of new homes as provided by the Developer.												
(3) Beginning in pay 2022 the annual growth rate of 2% is applied to the existing assessed value of the Town.												
(4) Represents estimated net assessed value of the Town including development in the Annexation Area. This assessed value is used to calculate estimated tax rates.												
(5) Assumes the controlled property tax levy increases to an annual factor of 3.0%. The Town would be eligible and apply for excess levy growth appeal beginning in 2024. In the Town Levy we have included and allowance for the excess levy growth appeals in 2024, 2026 and 2027. This is the basis for the allowed increases to the controlled property fund levy which includes General and Park Funds.												
(6) Cumulative fund levies are not subject to levy control. Amount represents current tax rate of \$0.0439 times the estimated assessed value of the Town including increases in the Annexed Area. The maximum allowed rate for the CCD fund by statute is \$0.05 and the rate can be maintained at this level by annual action of the Town Council. It is assumed that the Town Council will continue to re-establish the fund annually and maintain the same rate as in 2020.												
(7) Represents the tax rate which produces the Town Levy with an estimate tax base shown under Total Net Assessed Value. The park tax rate is calculated using the Net Assessed Value of the Town of Pittsboro and Middle Township.												
(8) Total of Town tax rate which includes the General Fund, CCD Fund and Park Fund. Illustration demonstrates that the Corporate tax rate will decrease compared to the current rates with growth in the Annexation Area.												