



**THE FISCAL HEALTH OF INDIANA'S
LARGER MUNICIPALITIES:
CITY OF GREENWOOD
MUNICIPAL PROFILE**

by John Stafford
March 2016

CITY OF GREENWOOD MUNICIPAL PROFILE

MARCH 2016

Introduction

This document is a summary of financial information on the City of Greenwood assembled from several public sources. It is intended to serve as a supplementary document to the Indiana Fiscal Policy Institute report *Fiscal Health of Indiana's Larger Municipalities* released in December, 2015. It was not prepared for or vetted by the City of Greenwood prior to its release and does not serve in any manner as a publication of the City. Rather it is the author's interpretation of the data gathered from publicly available sources.

Economic Climate

Based on this study's Composite Economic Index, the City of Greenwood has been functioning in the fourth strongest economic environment among the eighteen municipalities included in this report.

In 1970, the City of Greenwood had 11,869 residents. That total represented 19 percent of the Johnson County population. In 2014, the estimated population of Greenwood was 54,491. That total represented 37 percent of the Johnson County population, an increase of 18 percentage points from 1970. Between 1970 and 2014, Greenwood gained 42,622 residents, a 359 percent increase. Between 2006 and 2014, Greenwood gained an estimated 9,724 residents for a 21.7 percent increase.

Total personal income in Johnson County increased by 25.0 percent between 2006 and 2013. This was the fifth highest percentage increase among the fifteen counties that contained our selected municipalities. Per capita personal income in 2013 in Johnson County was \$39,385, also fifth highest among the selected counties. This was 102.0 percent of statewide per capita personal income. In 1970, per capita personal income in Johnson County was 97.0 percent of the statewide per capita personal income.

Johnson County has experienced both long-term and short-term growth in employment. In 1970 the countywide total for full and part-time employment was 16,399. By 2007 employment in the county had increased significantly to 67,461 and continued to grow through 2013 when it had reached 73,275. The longer-term gain between 1970 and 2013 was 346.8 percent and the shorter-term gain was 8.6 percent. Both the long-term and short-term percentage gains were the second highest among the fifteen counties that contained the eighteen selected municipalities. Johnson County was one of only four of the fifteen counties to experience employment growth between 2007 and 2013. This data is from the Bureau of Economic Analysis Total Employment by county data and is based on place of work not place of residence.

The Gross Regional Product in Johnson County in 2013 was \$4,543,563,410. The per capita GRP was \$31,162 in 2013. This was the second lowest GRP per capita of the fifteen counties containing our selected municipalities.

Of the eighteen municipalities included in this study, Greenwood ranked fourth on a Composite Economic Index of several municipal and countywide economic indicators (short and long-term population change, short and long-term employment change, total personal income growth, per capita personal income, gross regional product per capita, gross assessed valuation change, and gross assessed valuation per capita). It scored 187 out of a possible 270 points. This indicates that the City of

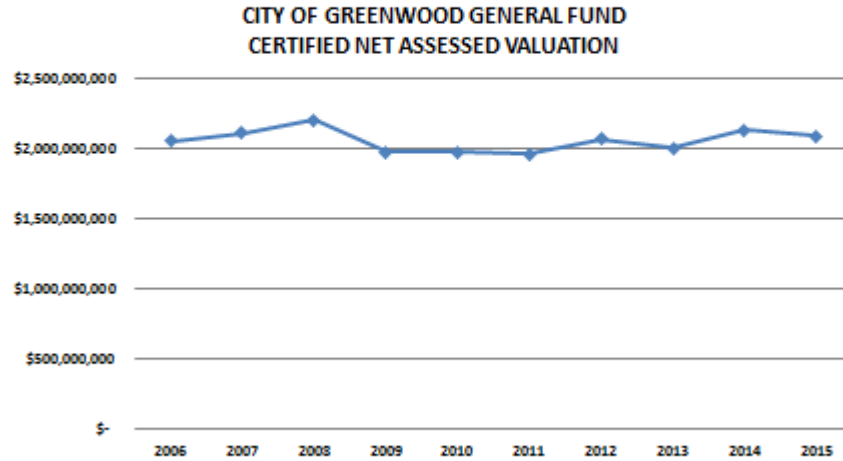
Greenwood has been operating in a strong economic environment in comparison with the group of municipalities included in this study. Some of these factors, such as per capita personal income relate closely to the relative income tax performance and others such as change in gross assessed valuation impact both property tax levies and circuit breaker credits.

Assessed Valuation

The gross assessed valuation for the City of Greenwood was \$3,658,959,783 in 2014 pay 2015. This was a 21.0 percent increase over the 2007 pay 2008 gross assessed valuation. Gross assessed valuation was \$67,148 per capita in 2014 pay 2015, ranking 7th among the eighteen selected municipalities. In 2007 pay 2008 the standard homestead deductions were 16.1 percent while the 2014 pay 2015 combination of the standard and supplemental homestead deductions represented 27.2 percent of Greenwood's gross assessed valuation. In 2007 pay 2008 5.2 percent of the city's gross assessed valuation was captured in tax increment financing districts and this increased to 13.3 percent in 2014 pay 2015. Net certified assessed valuation in 2007 pay 2008 was 76.9 percent of gross assessed valuation (less the gross assessed valuation captured in tax increment districts). By 2014 pay 2015, this had fallen to 62.6 percent.

Figure 1 illustrates the changes in net assessed valuation for Greenwood from 2005 pay 2006 through the current year. The certified net assessed valuation for the City of Greenwood General Fund is \$2,090,486,441 for 2014 pay 2015. That is up slightly from \$2,050,660,260 in 2005 pay 2006. Between 2007 pay 2008 and 2008 pay 2009, where the impact of the increases in the homestead deductions enacted in HEA 1001-2008 first occurred, the certified net assessed valuation for Greenwood declined by 10.3 percent, the ninth largest decline among the eighteen selected municipalities. Between 2008 pay 2009 and 2014 pay 2015, the City of Greenwood's net assessed valuation grew by 5.7 percent, the fifth highest rate of increase among the selected municipalities. Net assessed valuation per capita in Greenwood was \$38,364 in 2014 pay 2015, ranking 7th among the eighteen municipalities. Over the past year, net assessed valuation for the City of Greenwood General Fund declined by 1.8 percent. In 2014 pay 2015, 13.3 percent of the City of Greenwood's General Fund net assessed valuation was captured by tax increment financing districts.

FIGURE 1



In 2006 pay 2007, the City of Greenwood’s certified net assessed valuation was 31.8 percent of the net assessed value countywide in Johnson County. By 2014 pay 2015, the City’s portion of the countywide net assessed value had increased to 35.1 percent.

Annual Property Tax Certified Budgets, Levies and Rates

2007 Certified Budgets, Levies and Rates for Property Tax Supported Funds

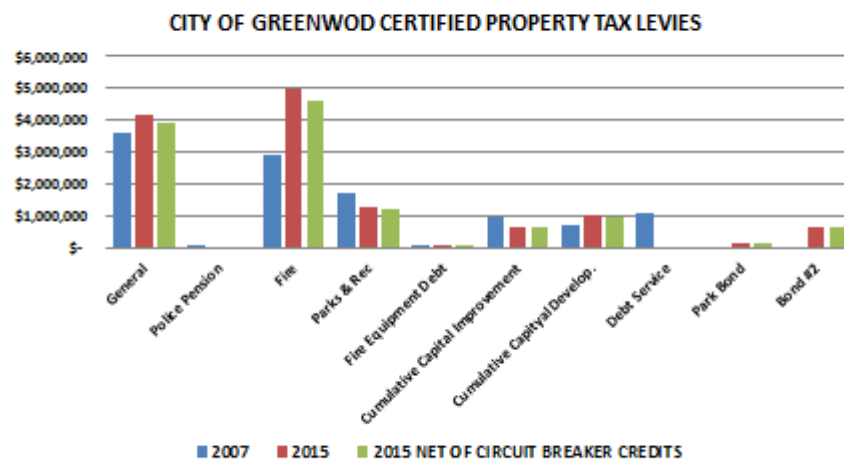
Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$11,719,092	\$3,613,231	\$0.1711
Debt Service	\$891,080	\$1,091,783	\$0.0517
Police Pension	\$313,689	\$42,235	\$0.0020
MVH	\$1,715,078	\$149,935	\$0.0071
Fire	\$3,908,310	\$2,924,242	\$0.1600
Fire Equipment Debt	\$173,993	\$87,727	\$0.0048
Park & Recreation	\$1,986,878	\$1,706,307	\$0.0808
Cumulative Capital Imp.	\$0	\$933,400	\$0.0442
CCD	\$0	\$690,547	\$0.0327
Total	\$20,708,120	\$11,239,407	\$0.5544

2015 Certified Budgets, Levies and Rates for Property Tax Supported Funds

Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$13,771,941	\$4,191,425	\$0.2005
Bond #2	\$724,409	\$631,327	\$0.0302
Fire	\$5,130,153	\$5,012,025	\$0.3025
Fire Equipment Debt	\$171,414	\$106,040	\$0.0064
Park & Recreation	\$1,776,976	\$1,268,925	\$0.0607
Park Bond	\$152,161	\$133,791	\$0.0064
Cumulative Capital Imp.	\$639,100	\$664,775	\$0.0318
CCD	\$1,042,502	\$1,045,243	\$0.0500
Total	\$23,408,656	\$13,053,551	\$0.6885

Source: Department of Local Government Finance Annual Budget Orders

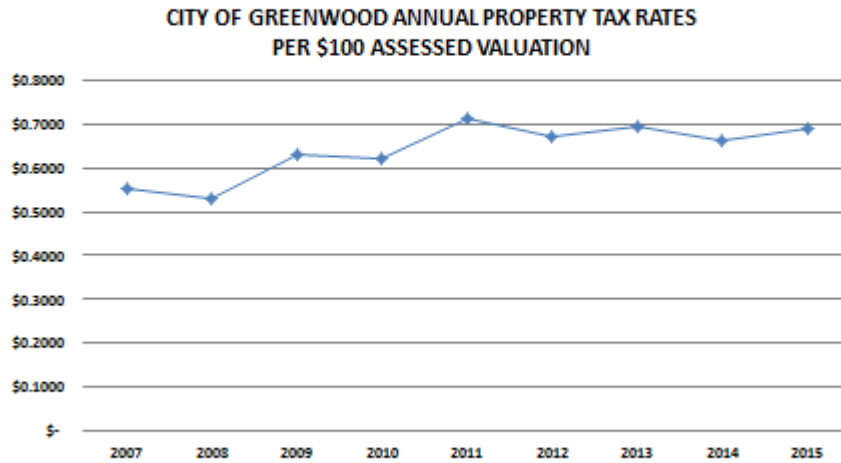
FIGURE 2



The City of Greenwood's 2015 property tax rate of \$0.6885 ranked as the second lowest among the eighteen selected municipalities. Greenwood's property tax rate increased by \$0.1341 between 2007 and 2015. This was a 24.2% increase. The increase, in cents per \$100 assessed valuation, ranked as the third lowest among the selected communities and was the fifth lowest as a percentage increase.

The City of Greenwood has adopted a Cumulative Capital Development Fund with a 2015 rate of \$0.0500. It does not levy property taxes to support either its Police Pension Fund. The City of Greenwood does not have a Fire Pension Fund. In 2015, 6.2 percent of its property tax rate is used to support debt service funds.

FIGURE 3



Circuit Breaker Impacts

In 2015, the City of Greenwood lost \$940,566 in property tax revenue due to Circuit Breaker credits. That was 7.2 percent of its Certified Property Tax Levy, the fifth lowest among the selected municipalities. After adjusting for inflation, the 2015 total Certified Levy net of Circuit Breaker Credits was 94.4 percent of its 2007 Certified Levy. In 2015 Circuit Breaker Credits allocated to the City of Greenwood were \$17 per capita (fourth lowest among the eighteen municipalities) and \$45 per \$100 of assessed valuation (also fourth lowest). The City of Greenwood lost another \$42,818 in property tax revenue due to the Circuit Breakers in its tax increment financing districts.

FIGURE 4

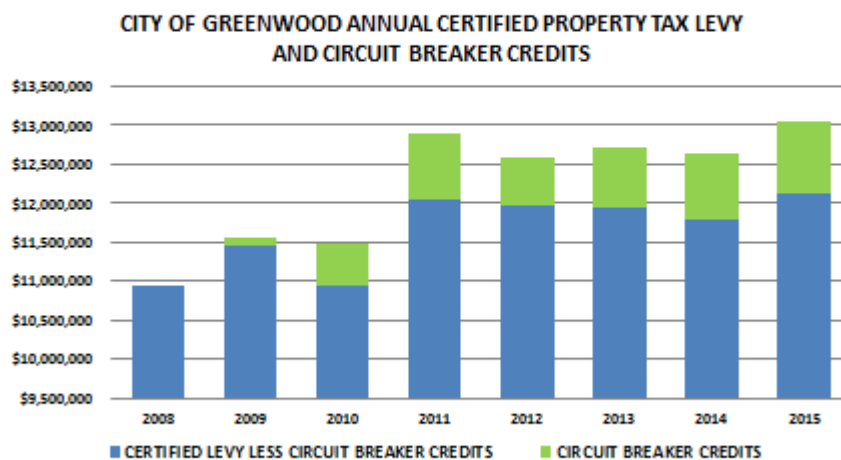


FIGURE 5

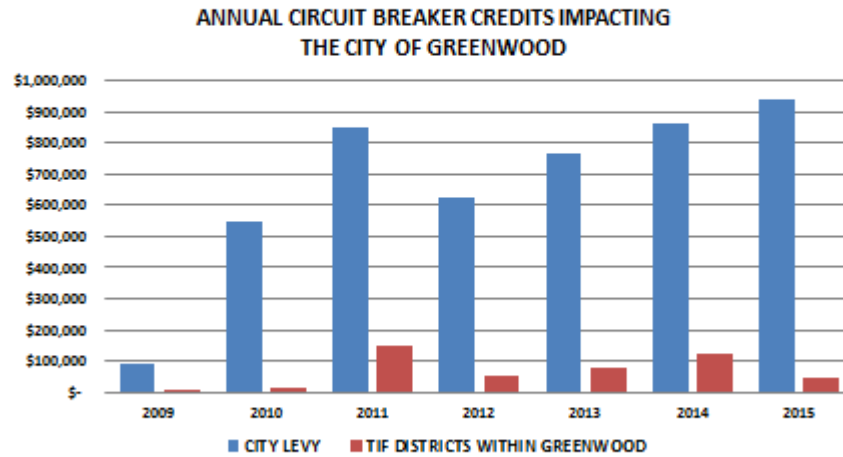
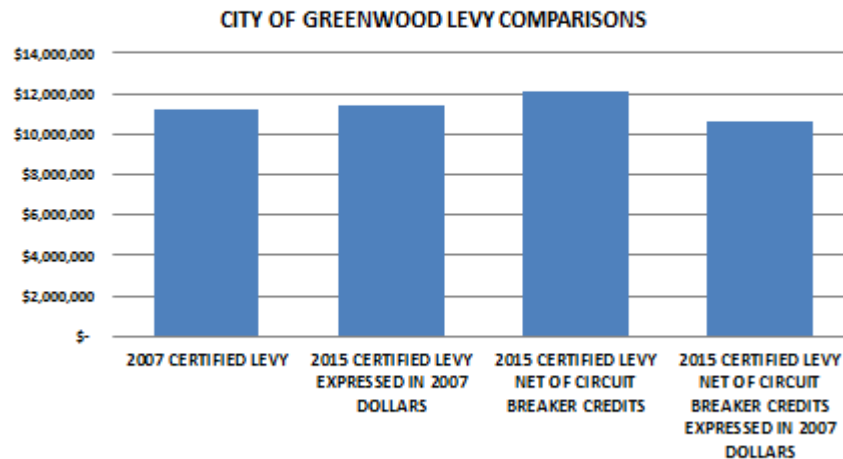


FIGURE 6



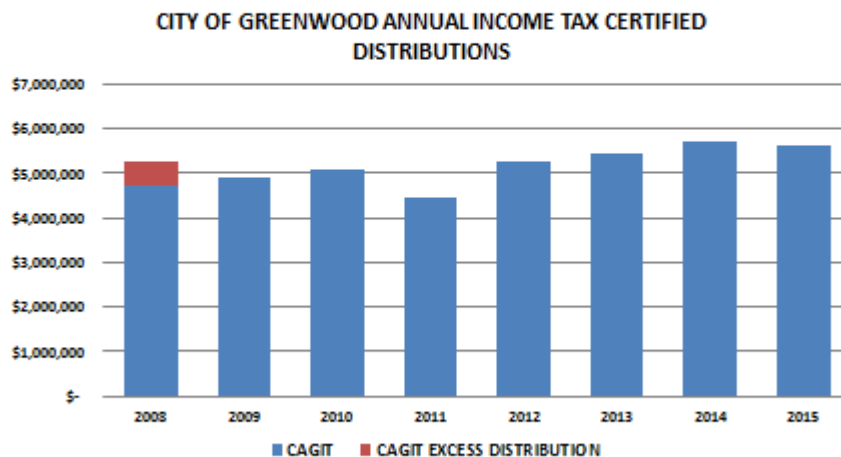
Local Income Taxes

Johnson County is a County Adjusted Gross Income Tax county at a rate of 1.0%. This is the only local income tax that has been adopted in Johnson County as of January, 2015. Because Johnson County is a CAGIT county, the Johnson County Council controls local income tax decisions.

In 2008, the City of Greenwood received \$5,262,679 in local income tax distributions. By 2015 these distributions had increased to \$5,639,113. The 2008 distribution would have needed to be \$5,833,048 in 2015 to keep pace with inflation.

Local income tax revenue represented 32.5 percent of Greenwood’s “core income” (certified property tax levy plus income tax revenue) in 2008. This proportion declined slightly as income tax revenue represented 31.8 percent of “core income” (certified property tax levy less circuit breaker credits plus income tax revenue) in 2015.

FIGURE 7



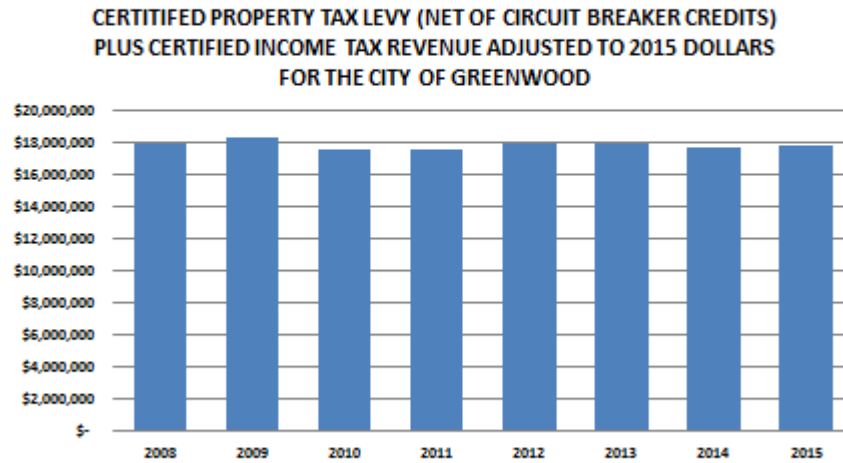
Fiscal Capacity Index

After exploring the changes which have occurred to the property and income tax revenues to the City of Greenwood, what has been the overall impact on the fiscal capacity of this municipality? To better understand that impact, a simple “Fiscal Capacity Index” has been created. “Core income” as defined in this study is the combination of (1) annual certified property tax levies net of circuit breaker credits; and (2) annual local option income tax certified distributions. In addition, property tax levies have been adjusted to remove the 2008 levies for those Police and Fire Pension Funds that were taken over by the state in 2009 to allow for a more accurate year-to-year comparison.

These two sources represent the two key revenue sources for most municipalities. The property tax component has been impacted by the enactment of the property tax caps and by the changes to assessed valuation both occurring through the 2008 legislation to increase homestead deductions and by the recession holding down “natural” growth in assessed valuation. Secondly, the impact of the property tax caps has been included by reducing property tax revenue by the amount of Circuit Breaker Credits attributable to each municipality. Lastly, the recession also had a depressing effect on personal income which, in turn, reduced income tax revenues.

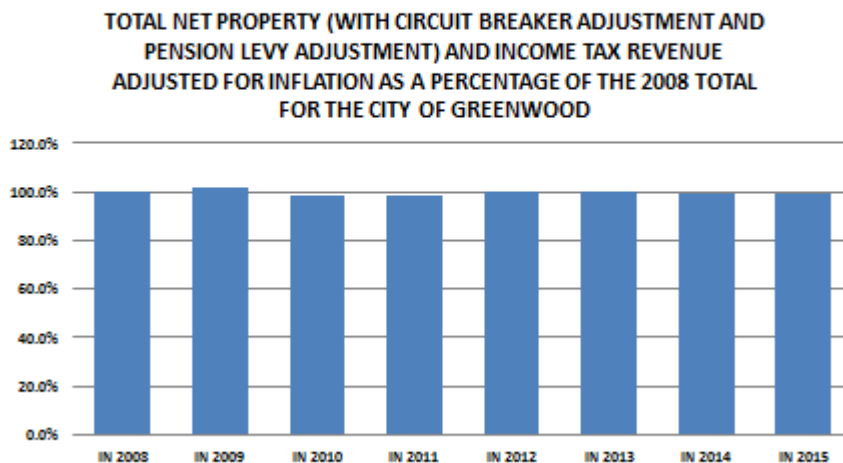
After the annual “core income” was determined for Greenwood, this revenue was then adjusted for inflation, creating the real value of the annual revenue for comparison over the 2008-2015 timeframe. Figure 8 illustrates the inflation adjusted core income for the City of Greenwood from 2008 through 2015.

FIGURE 8



The City of Greenwood’s total certified property tax levy in 2014, net of circuit breaker, plus income tax revenue was, after adjusting for inflation, 99.5 percent of the 2008 total.¹ This was the eighth highest Fiscal Capacity Index ranking of the eighteen selected municipalities. Between 2009 and 2015 the cumulative gain of core revenue compared with the 2008 total was \$6,153,340. This was the equivalent of 38 percent of 2008 core revenue.

FIGURE 9

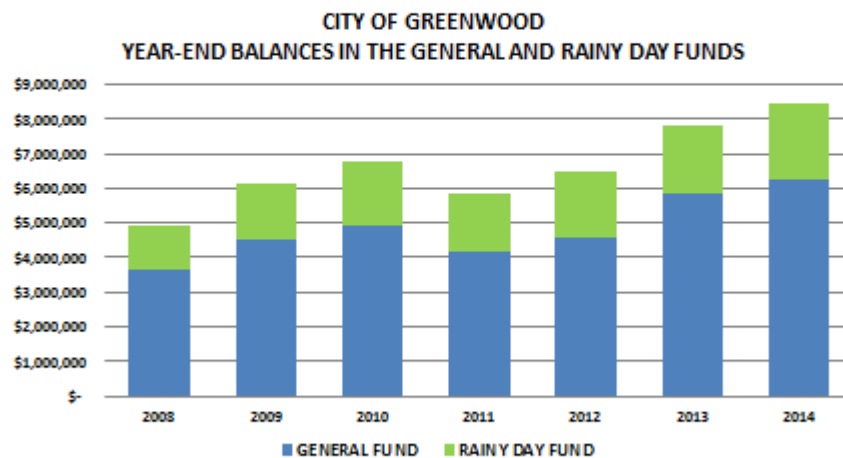


¹ The 2008 levy was adjusted to remove the Police and Fire Pension levies that the State took over in 2009.

Year-End Balances, Annual Receipts and Annual Disbursements

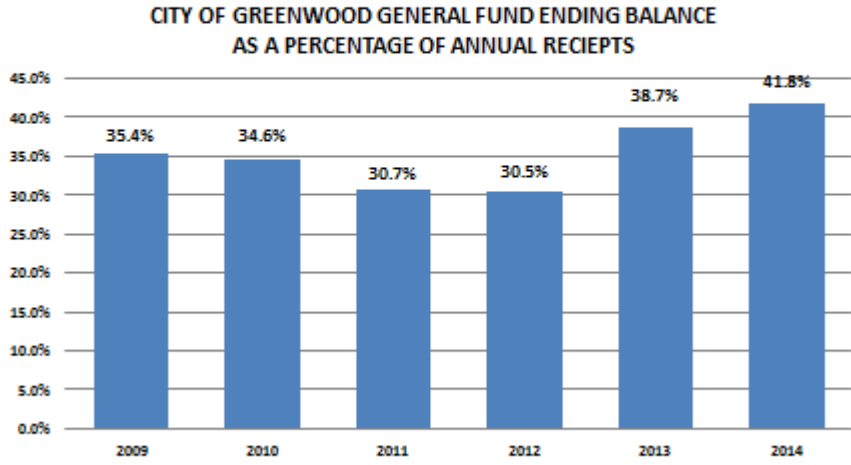
The 2014 year-end balance, including reserved and obligated funds, in the City of Greenwood's General Fund was \$6,232,865. Its Rainy Day Fund ended 2014 with a balance of \$2,227,918. The combined total balance for both funds at year-end 2014 was \$8,460,783. This was 55.0 percent of annual receipts from both funds combined, ranking as the third highest of the eighteen selected municipalities. The combined total represented \$155per capita, also the 7th highest ranking. The combined General and Rainy Day fund balances increased by \$2,311,766 between 2009 and 2014. This was the 9th highest ranking among the selected municipalities.

FIGURE 10



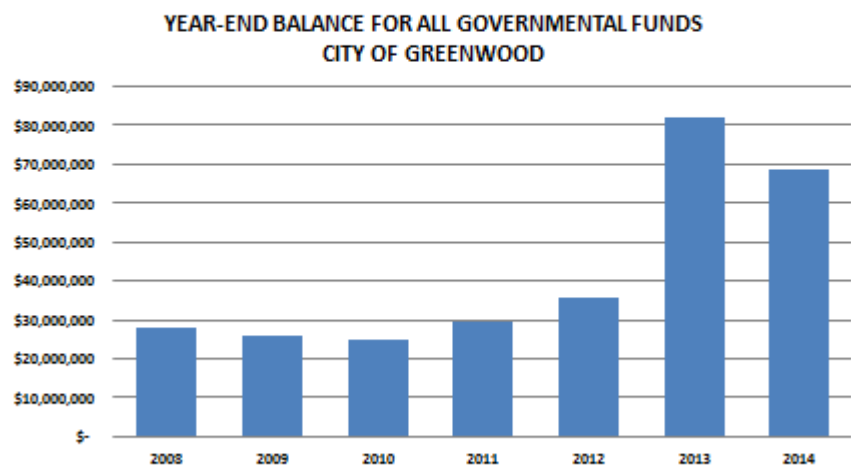
The 2014 year-end balance for all Governmental Funds for the City of Greenwood was \$68,507,002. This was \$1,257 per capita, ranking third highest among the selected municipalities. General Fund disbursements represented 17.5 percent of all Governmental Fund disbursements in 2014. The year-end balance for all Governmental Funds was 99.2 percent of the 2014 receipts in those funds. Total disbursements from all Governmental Funds in 2014 were \$82,780,673. Total disbursements from all funds, including Governmental and Enterprise type funds, was \$99,365,330 in 2014.

FIGURE 11



Total receipts from all Governmental Funds in 2014 were \$69,084,195. This was \$1,268 per capita, ranking as the third lowest among the selected municipalities. Core revenue (certified property taxes net of circuit breaker credits plus certified income tax distributions) represented 25.3 percent of all Governmental Fund receipts in 2014 for the City of Greenwood.

FIGURE 12



Intergovernmental Revenue

The information in this section was obtained from the IUPUI's Public Policy Institute Fiscal Benchmarking Project. 2012 intergovernmental revenue for Greenwood was \$2,546,187 and represented 4.2 percent of total revenue. Intergovernmental revenue in 2011-2012 averaged 6.6 percent of total annual

revenue. Greenwood ranked as the second least dependent on Intergovernmental Revenue among the selected municipalities.² The 2011-2012 average annual intergovernmental revenue per capita was \$69, also ranking Greenwood as the second lowest among the selected municipalities.

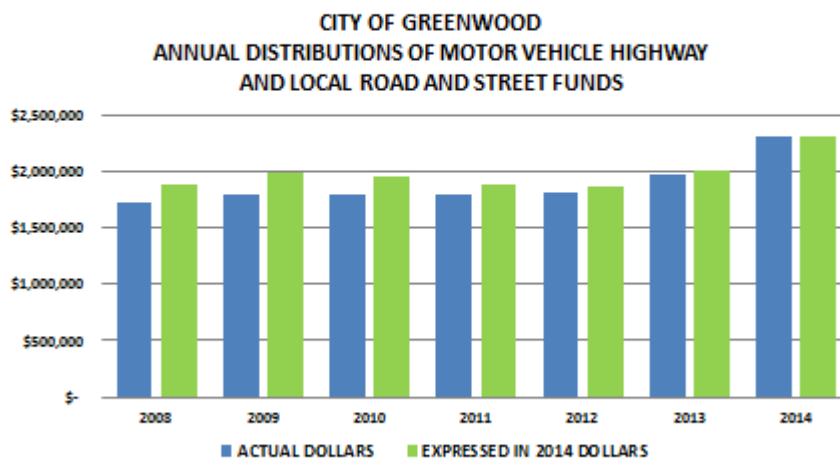
Highway Funding

The distribution of state taxes on fuel back to local governments has traditionally been the primary revenue source to support municipal road maintenance and enhancements. While most municipalities have found it necessary to supplement this source with other revenues, particularly as distributions from the Motor Vehicle Highway (MVH) and Local Road and Street (LR&S) funds had not been keeping pace with inflation, this source remains a most important revenue stream for the City of Greenwood.

In 2008, the City received a combined total of \$1,714,845 from the MVH and LR&S distributions. By 2012, these distributions had increased to \$1,811,138. The changes to the MVH Account made by the General Assembly beginning with the 2013-2015 State Budget increased the distributions to local units, including the City of Greenwood. By 2014, the first full year that the increase was in effect, Greenwood’s combined distributions had increased to \$2,315,024. This was a 35.0 percent increase over the 2008 distributions, ranking as the sixth highest percentage change among the selected municipalities. After adjusting for inflation, this was a 22.8 percent increase over the 2008 combined MVH and LR&S distributions. The composite inflation adjusted increase for all eighteen selected municipalities was 15 percent.

The City of Greenwood does not currently levy property taxes to support either its MVH or LR&S Funds.

FIGURE 13



Debt

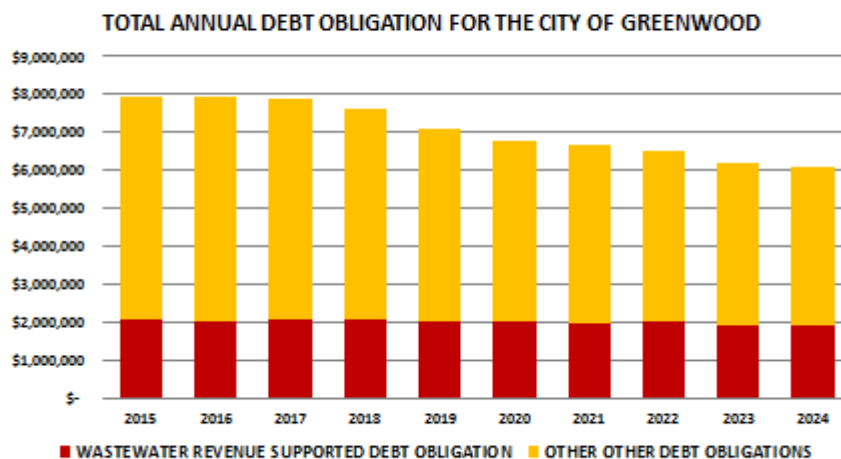
Per information available on the Indiana Gateway database, as of July 1, 2014, the City of Greenwood had total outstanding debt of \$87,174,564. This was \$1,624 of outstanding debt per capita, ranking sixth lowest among the selected municipalities.

² There was no data available on Intergovernmental Revenue for the City of Lafayette.

Of the total outstanding debt, 25.8 percent was supported by wastewater revenues, no debt was supported by water revenues and 62.1 percent was supported by tax increment finance revenues. The total outstanding debt per capita, excluding debt supported by wastewater, water and TIF revenues was \$196, fifth lowest among the selected municipalities.

As of July 1, 2014, the City of Greenwood had no debt supported with local income tax revenues.

FIGURE 14



The 2024 projected total debt payments of all current outstanding debt is 76.7 percent of the 2015 projected payments. According to the IUPUI Public Policy Institute's Fiscal Benchmarking Project, the 2012 Debt Service Ratio for the City of Greenwood was 12.4 percent.

Summary Observations

The City of Greenwood has been operating in a strong economic environment, ranking fourth out of eighteen municipalities on this study's Composite Economic Index. It is a growing municipality whose population has increased by approximately 22 percent between 2006 and 2014. Greenwood has benefited from the growth in total personal income in Johnson County that has exceeded the state's overall rate of income growth between 2006 and 2013.

Greenwood also had the fourth highest rate of increase in its gross assessed valuation among the selected municipalities between 2007 pay 2008 and 2014 pay 2015. The increase in homestead deductions which were included in HEA 1001-2008 had a modest impact on Greenwood's net assessed valuation. Its net assessed valuation declined by 10.3 percent the year that these increased deductions went into effect (2008 pay 2009). That was a lower decline than experienced by the composite of the eighteen municipalities. Subsequent to that year, Greenwood's net assessed valuation has slowly increased.

The City of Greenwood's 2015 property tax rate of \$0.6885 is the second lowest among the eighteen included municipalities. Its property tax rate increased between 2008 and 2011 and has been relatively

flat over the past five years (see Figure 3). Between 2006 and 2015 Greenwood's certified property tax levy increased by 22.5 percent, in the lower third of the eighteen municipalities. Its low property tax rate contributed to the relatively low impact the property tax caps have had on Greenwood's property tax revenue. In 2015, the circuit breaker credits represented 7.2 percent of Greenwood's certified property tax levy. This was the fourth lowest percentage among the eighteen municipalities. This was substantially lower than the 21 percentage for the composite of all cities included in this study.

In Johnson County had a 1.0 percent County Adjusted Gross Income Tax rate and no other local income taxes. By 2015 there had been no change in the County's income tax rate. In 2008, this 1.0 percent rate produced \$5.3 million in revenue for the City of Greenwood. This amount increased to \$5.6 million in 2015, which was not enough of an increase to keep pace with inflation. Greenwood's certified income tax distribution had fallen to a low of \$4.5 million in 2011, illustrating the severe impact of the recession on local income tax revenue. The City of Greenwood does not control local income tax decisions in Johnson County. Greenwood's 2015 "core revenue" was 99.5 percent of its 2008 core revenue which placed the City in eighth place on this study's Index of Fiscal Capacity.

The City of Greenwood finished 2014 with a combined year-end balance of \$8.5 million in its General and Rainy Day Funds. This was 55 percent of 2014 annual receipts in these two funds, a very healthy fiscal position. In addition, Greenwood has been able to increase its year-end balance in its General Fund in each of the past three years (2012 through 2014).

Disbursements per capita for the City of Greenwood were \$1,519 in 2014, the seventh lowest among the eighteen municipalities. Greenwood's outstanding debt per capita as of July, 2014 was \$1,100, ranking as the sixth lowest among the selected municipalities. The combination of a strong economic environment, relatively modest property tax losses to circuit breaker credits, recovering income tax revenues, and strong balances in its General and Rainy Day Funds all contributed to Greenwood placing fifth on this study's Index of Overall Fiscal Health.