



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

by John Stafford
March 2016

CITY OF JEFFERSONVILLE MUNICIPAL PROFILE

MARCH 2016

Introduction

This document is a summary of financial information on the City of Jeffersonville 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 Jeffersonville 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 Jeffersonville has been functioning in fifth most advantageous economic environment among the eighteen selected municipalities.

In 1970, the City of Jeffersonville had 20,008 residents. That total represented 26 percent of the Clark County population. In 2014, the estimated population of Jeffersonville was 46,440. That total represented 41 percent of the Clark County population, an increase of 15 percentage points from 1970. Between 1970 and 2014, Jeffersonville gained 26,432 residents, a 132 percent increase. Between 2006 and 2014, Jeffersonville gained an estimated 17,220 residents for a 58.9 percent increase.

Total personal income in Clark County increased by 26.5 percent between 2006 and 2013. This was the second highest percentage increase among the fifteen counties that contained our selected municipalities. Per capita personal income in 2013 in Clark County was \$36,956, ninth highest among the selected counties. This was 95.7 percent of statewide per capita personal income. In 1970, per capita personal income in Clark County was 97.3 percent of the statewide per capita personal income.

Clark County has experienced long-term gain in employment. In 1970 the countywide total employment (full and part-time employment) was 37,147. By 2007, employment in the county had increased to 61,030. Employment continued to increase between 2007 and 2013, to 62,516 in 2013. The longer-term increase between 1970 and 2013 was 68.3 percent, the sixth highest rate of increase among the fifteen counties that contained the eighteen selected municipalities. The shorter-term increase between 2007 and 2013 was 2.4 percent, the fourth highest best performance among the fifteen counties. 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 Clark County in 2013 was \$4,314,790,863. The per capita GRP was \$38,252 in 2013. This was the fifth lowest GRP per capita of the fifteen counties containing our selected municipalities.

Of the eighteen municipalities included in this study, Jeffersonville ranked 5th 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 173 out of a possible 270 points. This indicates that the City of Jeffersonville has been operating in a relatively 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

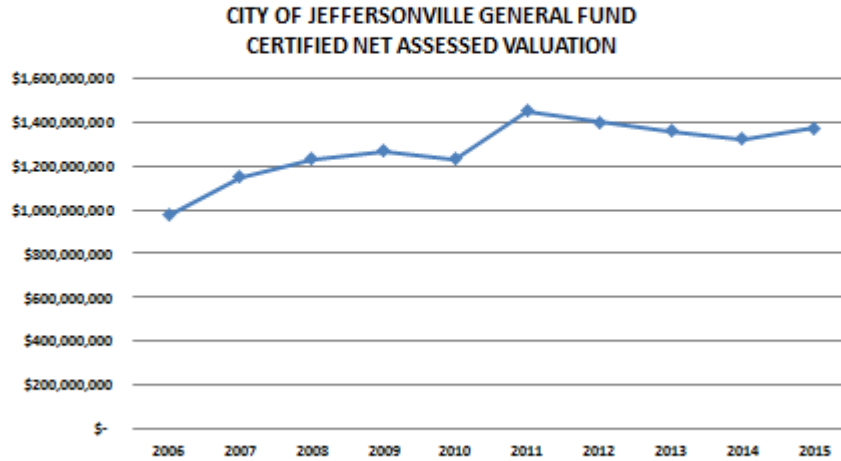
relative income tax performance and others such as change in gross assessed valuation impact both property tax levies and circuit breaker credits.

Assessed Valuation

The gross assessed valuation for the City of Jeffersonville was \$3,166,452,515 in 2014 pay 2015. This was a 54.0 percent increase over the 2007 pay 2008 gross assessed valuation. Gross assessed valuation was \$68,184 per capita in 2014 pay 2015, ranking 6th among the eighteen selected municipalities. In 2007 pay 2008 the standard homestead deductions were 14.8 percent while the 2014 pay 2015 combination of the standard and supplemental homestead deductions represented 29.0 percent of Jeffersonville's gross assessed valuation. In 2007 pay 2008 12.2 percent of the city's gross assessed valuation was captured in tax increment financing districts and this increased to 24.6 percent in 2014 pay 2015. Net certified assessed valuation in 2007 pay 2008 was 68.3 percent of gross assessed valuation (less the gross assessed valuation captured in tax increment districts). By 2014 pay 2015, this had fallen to 50.6 percent.

Figure 1 illustrates the changes in net assessed valuation for Jeffersonville from 2005 pay 2006 through the current year. The certified net assessed valuation for the City of Jeffersonville General Fund is \$1,374,192,015 for 2014 pay 2015. That is up from \$976,356,890 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 Jeffersonville increased by 2.7 percent. It was the only one of the eighteen selected municipalities to experience an increase in net assessed valuation between 2008 and 2009. This was most likely the result of a large annexation offsetting the additional Homestead deductions that went into effect in 2009. Between 2008 pay 2009 and 2014 pay 2015, the City of Jeffersonville's net assessed valuation increased by an additional 8.5 percent, the fourth highest rate of increase among the selected municipalities. Net assessed valuation per capita in Jeffersonville was \$29,591 in 2014 pay 2015, ranking 12th among the eighteen municipalities. Over the past year, net assessed valuation for the City of Jeffersonville General Fund increased by 3.7 percent. In 2014 pay 2015, 24.6 percent of the City of Jeffersonville's General Fund net assessed valuation was captured by tax increment financing districts. This was the highest percentage among the eighteen selected municipalities.

FIGURE 1



In 2006 pay 2007, the City of Jeffersonville’s certified net assessed valuation was 25.4 percent of the net assessed value countywide in Clark County. By 2014 pay 2015, the City’s portion of the countywide net assessed value had increased to 35.7 percent.

Annual Property Tax Certified Budgets, Levies and Rates

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

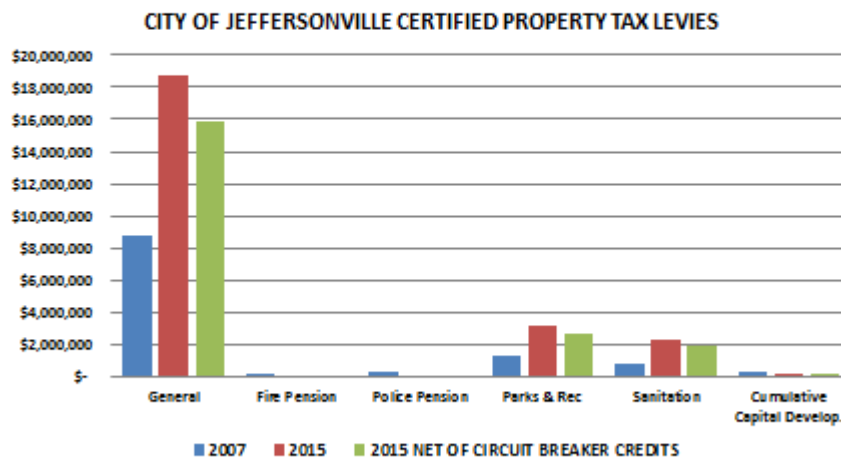
Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$14,600,000	\$8,753,484	\$0.7617
Fire Pension	\$1,468,982	\$153,993	\$0.0134
Police Pension	\$819,847	\$344,761	\$0.0300
Park	\$1,035,871	\$1,235,394	\$0.1075
CCD	\$31,637	\$245,930	\$0.0214
Sanitation	\$943,591	\$749,281	\$0.0652
Total	\$18,899,928	\$11,482,843	\$0.9992

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

Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$30,165,658	\$18,793,450	\$1.3676
Park	\$2,765,766	\$3,112,545	\$0.2265
CCD	\$150,000	\$164,903	\$0.0120
Sanitation	\$1,976,550	\$2,267,417	\$0.1650
Total	\$35,057,974	\$24,338,315	\$1.7711

Source: Department of Local Government Finance Annual Budget Orders

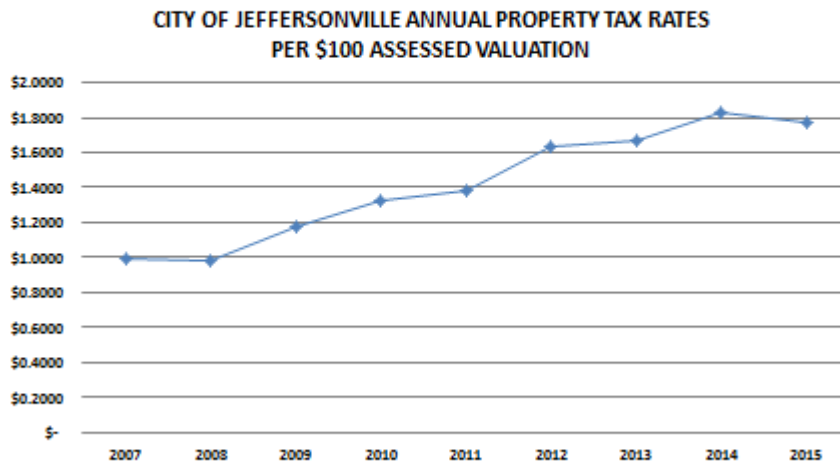
FIGURE 2



The City of Jeffersonville’s 2015 property tax rate of \$1.7711 ranked as the ninth highest among the eighteen selected municipalities. Jeffersonville’s property tax rate increased by \$0.7719 between 2007 and 2015. This was a 77.3 percent increase. The increase, in cents per \$100 assessed valuation, ranked second highest among the selected communities and was also the second highest as a percentage increase.

The City of Jeffersonville has adopted a Cumulative Capital Development fund with a 2015 rate of \$0.0120. The City does not support either its Police or Fire Pension Funds with property taxes. It also does not levy property taxes to support any debt service funds in 2014. The Jeffersonville Redevelopment Commission is reported as a separate unit for purposes of the annual certified property tax levy and rate.

FIGURE 3



Circuit Breaker Impacts

In 2015, the City of Jeffersonville lost \$3,731,632 in property tax revenue due to Circuit Breaker credits. That was 15.3 percent of its Certified Property Tax Levy, tied for the ninth highest among the selected municipalities. After adjusting for inflation, the 2015 total Certified Levy net of Circuit Breaker Credits was 157.3 percent of its 2007 Certified Levy. In 2015 Circuit Breaker Credits allocated to the City of Jeffersonville were \$80 per capita (9th highest among the eighteen municipalities) and \$272 per \$100 of assessed valuation (8th highest). The City of Jeffersonville lost another \$640,646 in property tax revenue due to the Circuit Breakers in its tax increment financing districts.

FIGURE 4

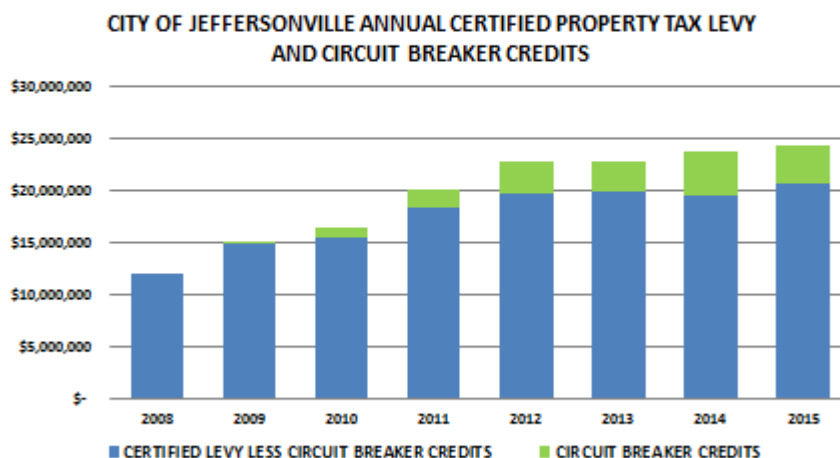


FIGURE 5

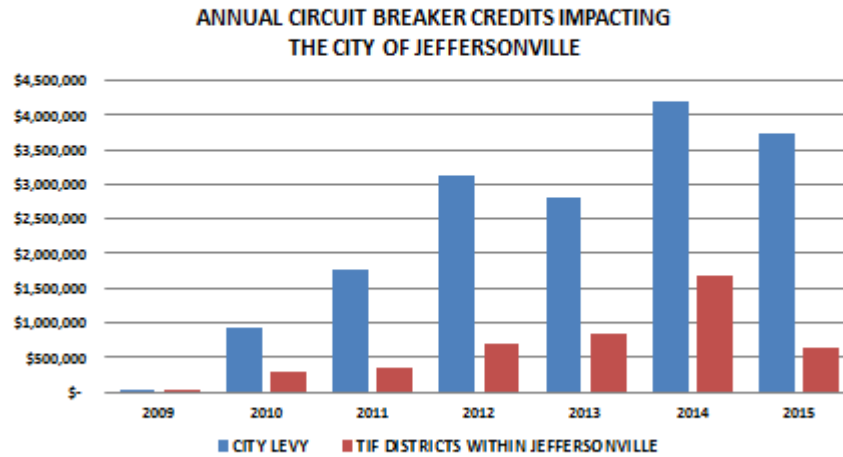
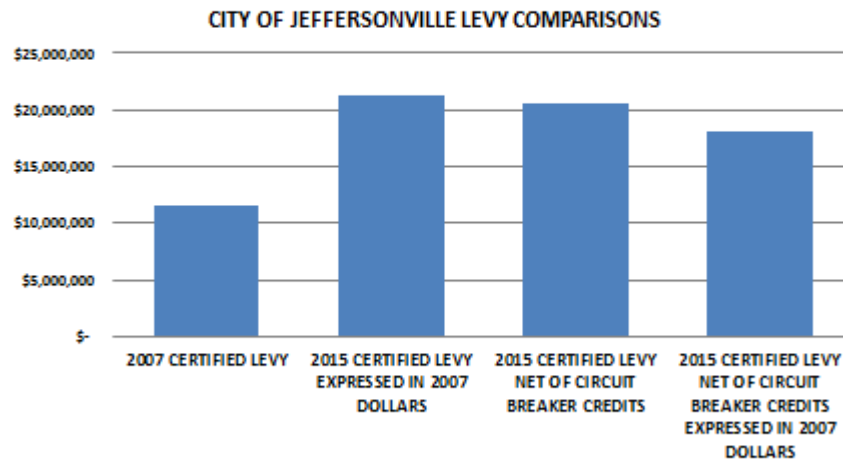


FIGURE 6



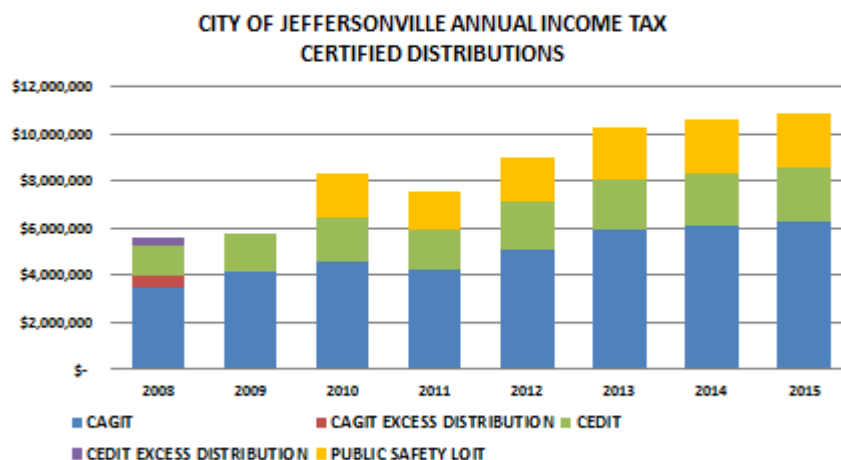
Local Income Taxes

Clark County has a County Adjusted Gross Income Tax at a 1.0% rate and a County Economic Development Income Tax at a 0.25% rate. Effective in 2010, the Public Safety LOIT was adopted at a 0.25% rate. Clark County has also adopted a LOIT for Property Tax Relief at a 0.25% rate and has adopted the County Economic Development Income Tax for Homestead Credits to offset the impact of exempting inventory from the property tax base. The City of Jeffersonville has 40.8 percent of the votes in the Clark County Income Tax Council. No unit has a majority of votes in the Council.

In 2008, the City of Jeffersonville received \$5,551,321 in local income tax distributions. By 2015 these distributions had increased to \$10,878,979. The 2008 distribution would have needed to be \$6,152,973 in 2015 to keep pace with inflation.

Local income tax revenue represented 31.5 percent of Jeffersonville’s “core income” (certified property tax levy plus income tax revenue) in 2008. This proportion grew as income tax revenue represented 34.6 percent of “core income” (certified property tax levy less circuit breaker credits plus income tax revenue) in 2015.

FIGURE 7



Fiscal Capacity Index

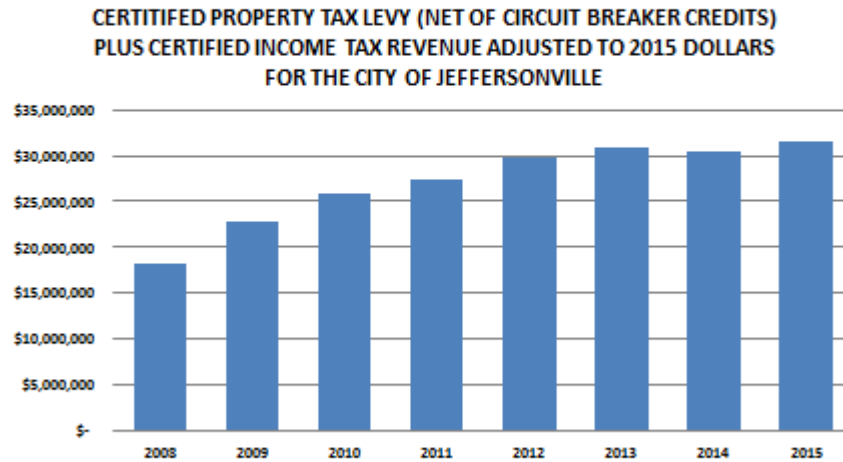
After exploring the changes which have occurred to the property and income tax revenues to the City of Jeffersonville, what has been the overall impact on the fiscal capacity of this municipality? To better understand that impact, a simple “Fiscal Capacity Index” has been created. “Core income” as defined 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 Jeffersonville, 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 Jeffersonville from 2008 through 2015.

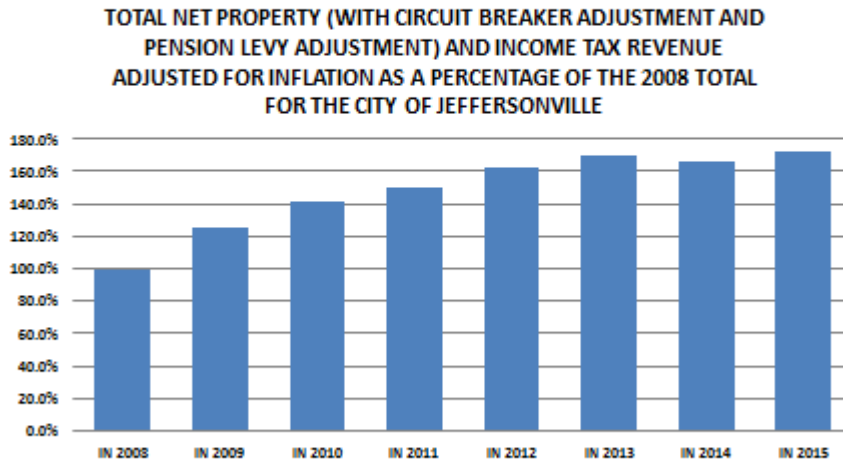
FIGURE 8



The City of Jeffersonville's total certified property tax levy, net of circuit breaker, plus income tax revenue was, after adjusting for inflation, 172.0 percent of the 2008 total.¹ This was the 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 \$75,132,569. This was the equivalent of 455 percent of 2008 core revenue.

¹ The 2008 Police and Fire Pension levies were removed from this calculation as these obligations were taken over by the State in 2009.

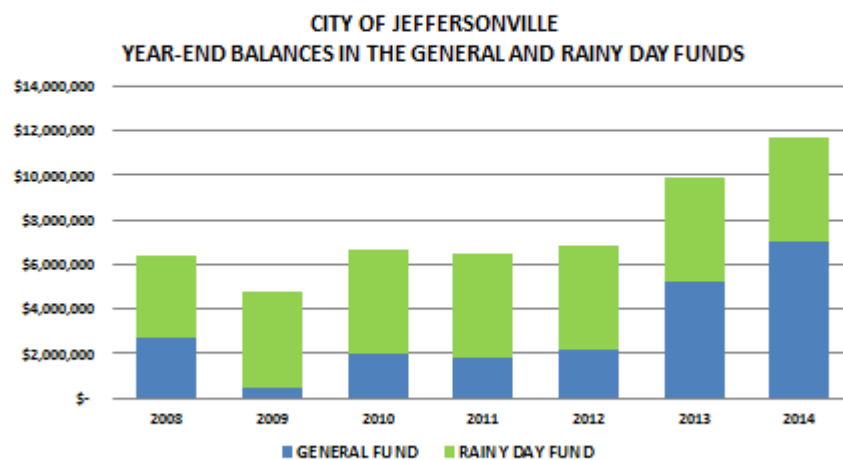
FIGURE 9



Year-End Balances, Annual Receipts and Annual Disbursements

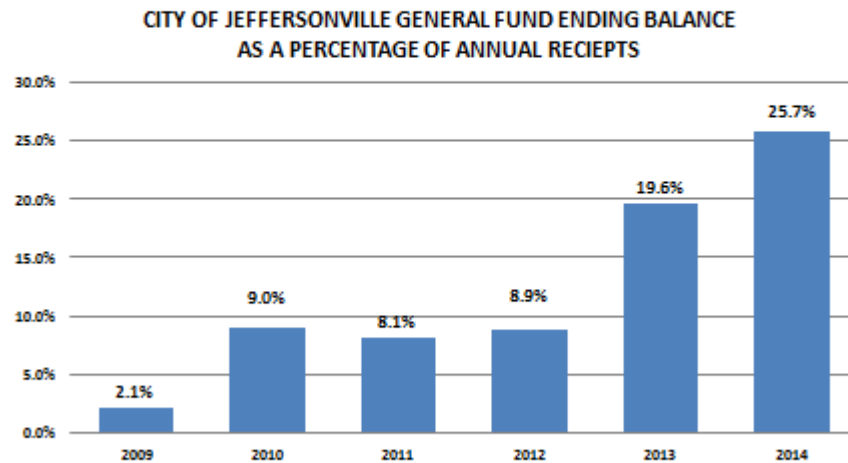
The 2014 year-end balance, including reserved and obligated funds, in the City of Jeffersonville’s General Fund was \$7,014,682. Its Rainy Day Fund ended 2014 with a balance of \$4,658,364. The combined total balance for both funds at year-end 2014 was \$11,673,046. This was 42.8 percent of annual receipts from both funds combined, ranking as the fourth highest of the eighteen selected municipalities. The combined total represented \$251 per capita, also the third highest ranking. The combined General and Rainy Day fund balances increased by \$6,860,392 between 2009 and 2014. This was the fifth highest ranking among the selected municipalities.

FIGURE 10



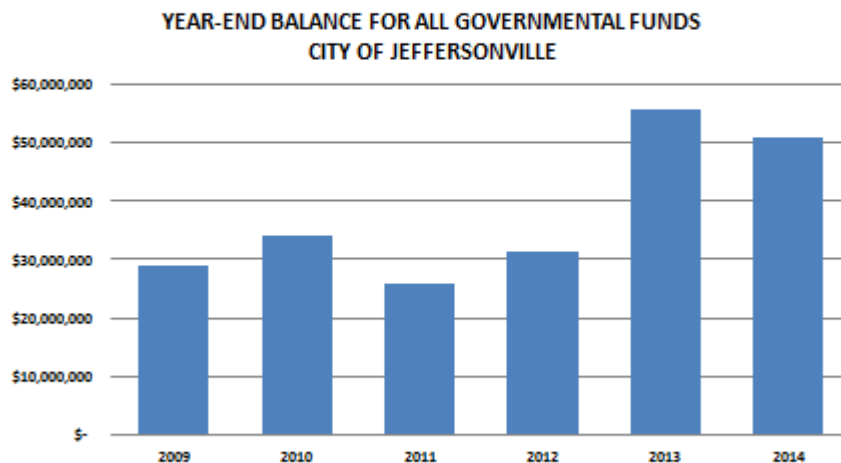
The 2014 year-end balance for all Governmental Funds for the City of Jeffersonville was \$50,744,215. This was \$1,093 per capita, ranking as the fourth highest among the selected municipalities. General Fund disbursements represented 26.8 percent of all Governmental Fund disbursements in 2014. The year-end balance for all Governmental Funds was 56.4 percent of the 2014 receipts in those funds. Total disbursements from all Governmental Funds in 2014 were \$95,033,907. Total disbursements from all funds, including Governmental and Enterprise type funds, was \$126,756,357 in 2014.

FIGURE 11



Total receipts from all Governmental Funds in 2014 were \$89,987,418. This was \$1,938 per capita, ranking as the 8th highest among the selected municipalities. Core revenue (certified property taxes net of circuit breaker credits plus certified income tax distributions) represented 33.5 percent of all Governmental Fund receipts in 2014 for the City of Jeffersonville.

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 Jeffersonville was \$16,250,390 and represented 20.8 percent of total revenue. Intergovernmental revenue in 2011-2012 averaged 21.0 percent of total annual revenue. Jeffersonville ranked as the third most dependent on Intergovernmental Revenue among the selected municipalities.² The 2011-2012 average annual intergovernmental revenue per capita was \$340, the Jeffersonville as the sixth highest among the selected municipalities.

Highway Funding

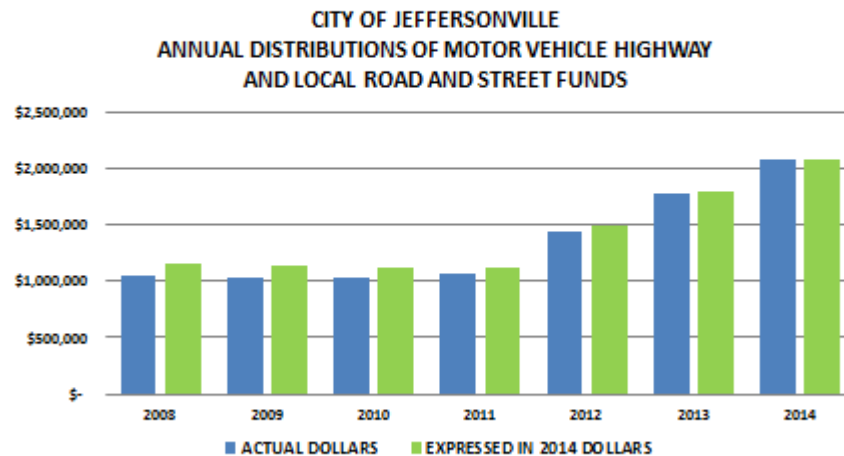
The distribution of state taxes on fuel back to local governments has traditionally been the primary revenue source to support municipal road maintenance and enhancements. While most municipalities have found it necessary to supplement this source with other revenues, particularly as distributions from 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 Jeffersonville.

In 2008, the City received a combined total of \$1,047,983 from the MVH and LR&S distributions. By 2012, these distributions had increased to \$1,444,851. 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 Jeffersonville. By 2014, the first full year that the increase was in effect, Jeffersonville's combined distributions had increased to \$2,081,589. This was a 98.6 percent increase over the 2008 distributions, ranking as the highest percentage change among the selected municipalities. After adjusting for inflation, this was a 80.6 percent increase over the 2008 combined MVH and LR&S distributions. The composite inflation adjusted increase for all eighteen selected municipalities was 15 percent.

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

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

FIGURE 13



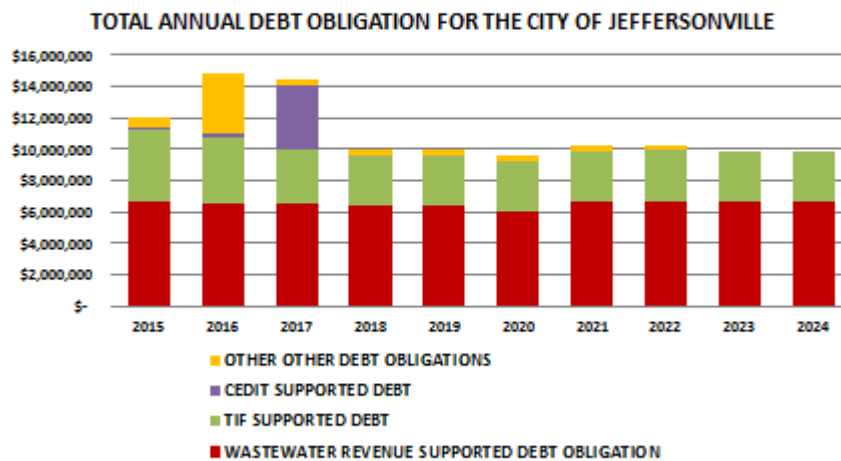
Debt

Per information available on the Indiana Gateway database, as of July 1, 2014, the City of Jeffersonville had total outstanding debt of \$172,468,954. This was \$3,755 of outstanding debt per capita, ranking as the sixth highest among the selected municipalities.

Of the total outstanding debt, 66.8 percent was supported by wastewater revenues, none was supported by water revenues and 26.7 percent was supported by tax increment finance revenues. The total outstanding debt per capita for the City of Jeffersonville, excluding debt supported by wastewater, water and TIF revenues was \$242, the seventh lowest among the selected municipalities.

As of July 1, 2014, the City of Jeffersonville had \$4,419,038 in outstanding debt supported with County Economic Development Income Tax revenues. This was 2.0 times the City's 2015 CEDIT certified distribution.

FIGURE 14



The 2024 projected total debt payments of all current outstanding debt is 82.3 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 Jeffersonville is 7.7 percent.

Summary Observations

In the late 2000s the City of Jeffersonville annexed a combined area of approximately 7,800 acres and 9,000 residents. These annexations dramatically impacted the municipality's assessed valuation and "core revenue". The increases are reflected in many of the fiscal factors measured in this study. It should be noted that while these annexations increased the City's revenues, they also expanded operating and capital expenditure demands on municipal government.

The City of Jeffersonville has been functioning in a relatively strong economic environment compared with the other seventeen municipalities included in this study, ranking fifth on the Composite Economic Index. Of particular note, total personal income growth in Clark County between 2006 and 2013 ranked second among the counties that contained one or more of the selected municipalities.

Gross assessed valuation of real and personal property in Jeffersonville increased by 54 percent between 2007 and 2015. This was more than double the rate of growth in any of the other selected municipalities. Certainly the above-mentioned annexations played a significant role in this growth. The City's net assessed valuation peaked in 2010 and then declined for three consecutive years before again growing in 2014 and 2015. Jeffersonville's 2014 and 2015 net assessed valuation as a percentage of gross assessed valuation was the second lowest of all eighteen selected municipalities. In 2014 and 2015 just under one-quarter of the City's net assessed valuation was captured in tax increment financing districts – the highest percentage of all selected municipalities.

The City of Jeffersonville's 2015 property tax rate of \$1.7711 per \$100 assessed value ranked as the ninth highest among the selected cities. The rate increased every year between 2008 and 2014 and the percentage change between 2007 and 2015 was the second highest among the selected municipalities.

The City's certified property tax levy growth between 2006 and 2015 both exceeded the amount needed to keep pace with inflation and the composite rate of growth in levies for all eighteen municipalities. This growth in property tax levy was the second highest among the selected municipalities and was certainly impacted by the annexations. Jeffersonville has been only modestly impacted by the property tax caps. In 2015, the City lost 15.3 percent of its certified levy to circuit breaker credits. This was both below the composite percentage loss for all eighteen municipalities and in the mid-range among these cities.

In 2008 Clark County had an overall local income tax rate of 1.5%, tied for the highest rate among the fifteen counties that contained one or more of the selected municipalities. By 2015, the Clark County rate had increased to 2.0%. A Property Tax Relief LOIT of 0.25% and a Public Safety LOIT of 0.25% had been added. Both the strong growth in total personal income and the addition of the Public Safety LOIT have contributed to the City of Jeffersonville's local income tax revenues in 2015 significantly exceeding both the amount received in 2008 and the amount needed to keep pace with inflation over the 2008-2015 period. Only South Bend had a higher percentage increase in inflation adjusted local income tax revenue over this period. The combination of property tax levy growth (partially attributable to the annexations) and the strong growth in local income tax revenue placed the City of Jeffersonville at the top of the ranking on this study's Fiscal Capacity Index.

Jeffersonville's General Fund year-end balance has been growing each year since 2011. The City has also maintained a \$4.6 million balance in its Rainy Day Fund over this period. The combined 2014 year-end balance for these two funds measured on a per capita basis ranks as the third highest among the eighteen selected municipalities. The City has been able to grow that combined balance over the 2009-2015 period. Jeffersonville ranks in the mid-range of selected municipalities for 2014 for disbursements per capita. Its outstanding debt per capita as of July, 2014 of \$3,714 ranks as the sixth highest among the selected municipalities. Jeffersonville was the highest ranking city in this study on the Overall Index of Fiscal Health and had the highest percentage gain in "core revenue" between 2008 and 2015 among these municipalities.