



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

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## CITY OF FISHERS MUNICIPAL PROFILE

### MARCH 2016

#### Introduction

This document is a summary of financial information on the City of Fishers 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 Fishers 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.

The electorate in the Town of Fishers voted to change the classification of Fishers from a Town to a City, effective January 1, 2015.

#### Economic Climate

Based on this study's Composite Economic Index, the Town/City of Fishers has been functioning in the second strongest of all economic climates among the eighteen selected municipalities.

In 1970, the Town of Fishers had 628 residents. That total represented 1% of the Hamilton County population. In 2014, the estimated population of Fishers was 86,325. That total represented 28.5 percent of the Hamilton County population, an increase of 27.5 percentage points from 1970. Between 1970 and 2014, Fishers gained 85,697 residents, a 13,646% increase. Between 2006 and 2014, Fishers gained an estimated 24,485 residents for a 39.6 percent increase.

Total personal income in Hamilton County increased by 41.1 percent between 2006 and 2013. This was the highest percentage increase among the fifteen counties that contained our selected municipalities. Per capita personal income in 2013 in Hamilton County was \$56,515, highest among the selected counties. This was 146.3 percent of the statewide per capita personal income. In 1970, per capita personal income in Hamilton County was 114.9 percent of the statewide per capita personal income.

Hamilton County has experienced both long-term and short-term growth in employment. In 1970 the countywide total employment (full and part-time employment) was 15,042. By 2007 employment in the county had increased dramatically to 165,996 and continued to grow through 2013 when it had reached 187,089. The longer-term gain between 1970 and 2013 was 1,143.8 percent and the shorter-term gain was 12.7 percent. Both the long-term and short-term percentage gains were the highest among the fifteen counties that contained the eighteen selected municipalities. Hamilton 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 Hamilton County in 2013 was \$17,485,289,027. The per capita GRP was \$58,907 in 2013. This was the highest GRP per capita of the fifteen counties containing our selected municipalities.

Of the eighteen municipalities included in this study, Fishers ranked second 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

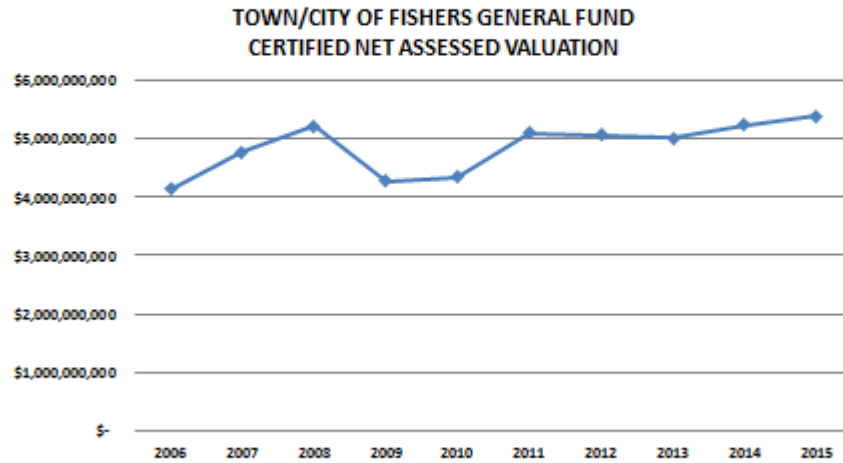
capita). It scored 261 out of a possible 270 points. This indicates that the City of Fishers has been operating in a very strong economic environment in comparison with the group of municipalities included in this study. Some of these factors, such as per capita personal income relate closely to the 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 Fishers was \$8,751,973,750 in 2014 pay 2015. This was a 24.5 percent increase over the 2007 pay 2008 gross assessed valuation. Gross assessed valuation was \$101,384 per capita in 2014 pay 2015, ranking second among the eighteen selected municipalities. In 2007 pay 2008 the standard homestead deductions were 12.1 percent while the 2014 pay 2015 combination of the standard and supplemental homestead deductions represented 32.1 percent of Fishers' gross assessed valuation. In 2007 pay 2008 0.1 percent of the city's gross assessed valuation was captured in tax increment financing districts and this increased to 3.7 percent in 2014 pay 2015. Net certified assessed valuation in 2007 pay 2008 was 74.4 percent of gross assessed valuation (less the gross assessed valuation captured in tax increment districts). By 2014 pay 2015, this had fallen to 63.2 percent.

Figure 1 illustrates the changes in net assessed valuation for Fishers from 2005 pay 2006 through the current year. The certified net assessed valuation for the City of Fishers General Fund is \$5,399,045,989 for 2014 pay 2015. That is up from \$4,137,372,859 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 Fishers declined by 18.2 percent, the fourth largest decline among the eighteen selected municipalities. Between 2008 pay 2009 and 2014 pay 2015, the City of Fishers' net assessed valuation grew by 26.4 percent, the highest rate of growth among the selected municipalities. Net assessed valuation per capita in Fishers was \$62,543 in 2014 pay 2015, ranking second among the eighteen municipalities. Over the past year, net assessed valuation for the City of Fishers General Fund increased by 3.0 percent. In 2014 pay 2015, 3.7 percent of the City of Fisher's General Fund Net Assessed Valuation was captured by Tax Increment Financing Districts. This was the second lowest percentage among the twenty selected municipalities.

FIGURE 1



In 2006 pay 2007, the Town of Fisher’s certified net assessed valuation was 23.5 percent of the net assessed value countywide in Hamilton County. By 2014 pay 2015, the City’s portion of the countywide net assessed value had increased to 29.5 percent.

Annual Property Tax Certified Budgets, Levies and Rates

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

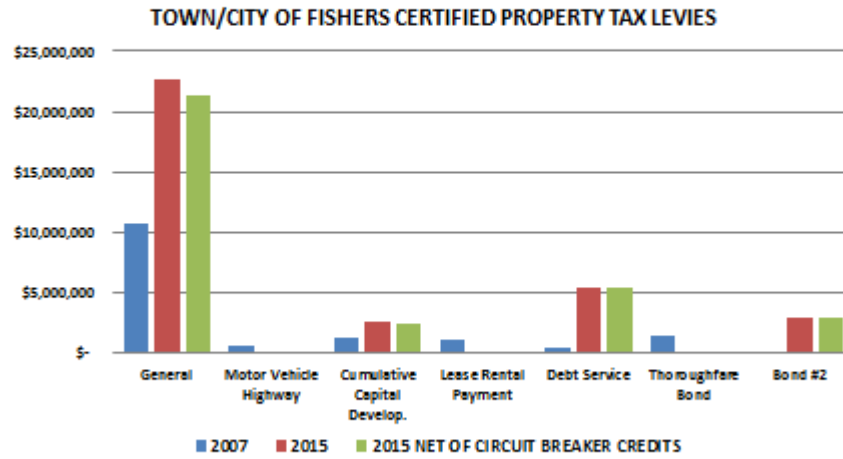
Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$35,182,563	\$10,697,591	\$0.2239
Debt Service	\$872,400	\$353,560	\$0.0074
Lease Rental Payment	\$1,325,500	\$1,137,127	\$0.0238
MVH	\$3,049,795	\$597,230	\$0.0125
Thoroughfare Bond	\$1,556,008	\$1,404,686	\$0.0294
CCD	\$4,591,046	\$1,261,351	\$0.0264
Total	\$46,577,312	\$15,451,545	\$0.3234

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

Fund	Budget	Certified Levy	Rate/\$100 AV
General	\$60,347,502	\$22,584,209	\$0.4183
Debt Payment	\$5,507,405	\$5,366,652	\$0.0994
Bond #2	\$3,039,926	\$2,888,490	\$0.0535
CCD	\$2,864,574	\$2,645,533	\$0.0490
Total	\$71,759,407	\$33,484,884	\$0.6202

Source: Department of Local Government Finance Annual Budget Orders

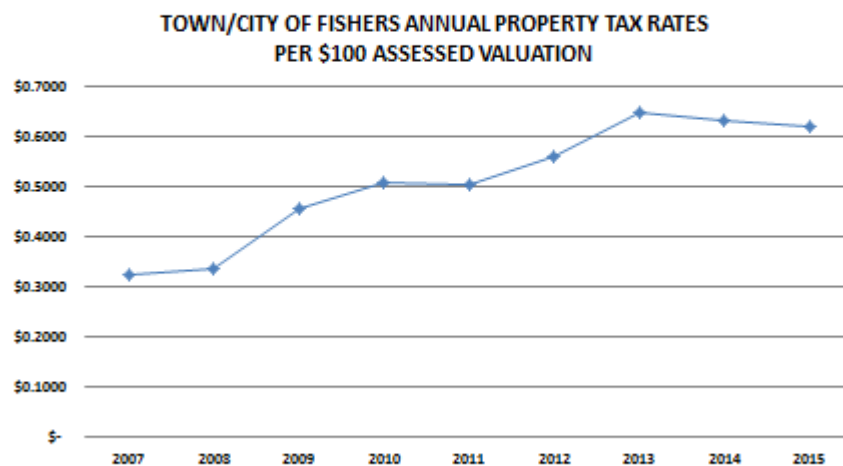
FIGURE 2



The Town of Fishers’ 2015 property tax rate of \$0.6202 ranked as the lowest among the eighteen selected municipalities. Fishers’ property tax rate increased by \$0.0.2968 between 2007 and 2015. This was a 91.8% increase. The increase, in cents per \$100 assessed valuation, ranked seventh lowest among the selected communities and was the highest as a percentage increase.

The City of Fishers has adopted a Cumulative Capital Development Fund with a 2015 rate of \$0.0490. It does not levy property taxes to support Police and Fire Pension Funds in 2015 and did not do so in 2007. In 2015, 24.7% of its property tax rate was used to support debt service funds.

FIGURE 3



Circuit Breaker Impacts

In 2015, the City of Fishers lost \$1,431,012 in property tax revenue due to Circuit Breaker credits. That was 4.3 percent of its Certified Property Tax Levy, the fourth lowest among the selected municipalities. After adjusting for inflation, the 2015 total Certified Levy net of Circuit Breaker Credits was 181.9 percent of its 2007 Certified Levy. In 2015 Circuit Breaker Credits allocated to the City of Fishers were \$17 per capita (third lowest among the eighteen municipalities) and \$27 per \$100 of assessed valuation (also third lowest). The City of Fishers did not lose any property tax revenue due to the Circuit Breakers in its tax increment financing districts.

FIGURE 4

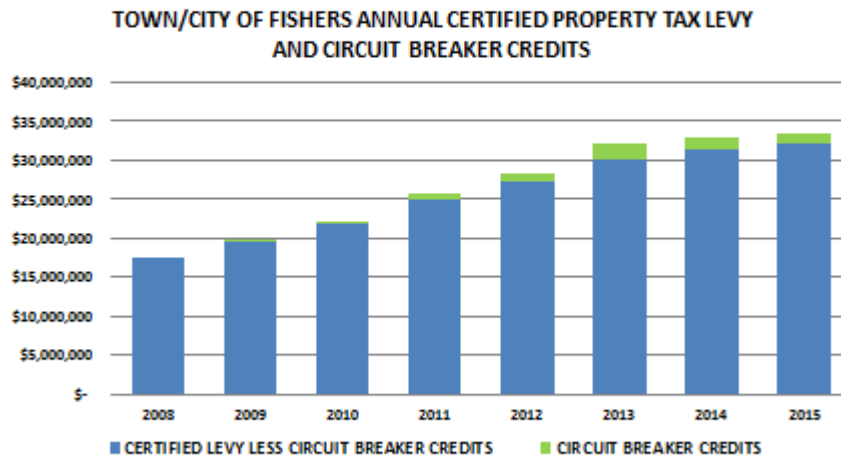


FIGURE 5

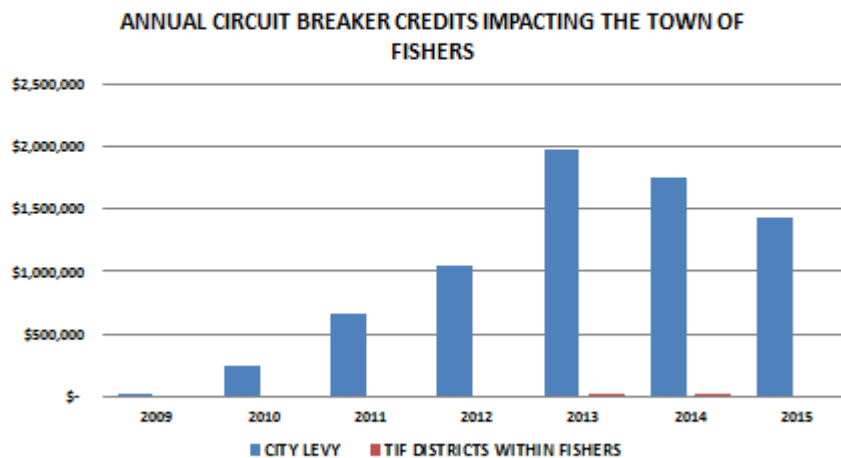
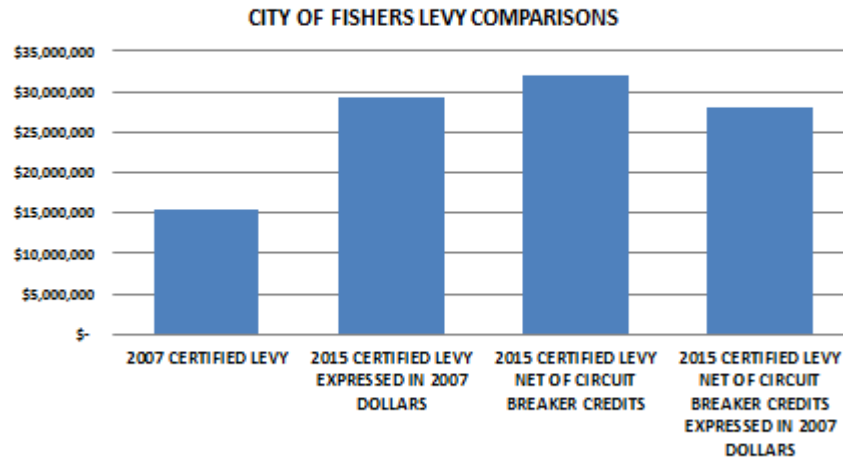


FIGURE 6



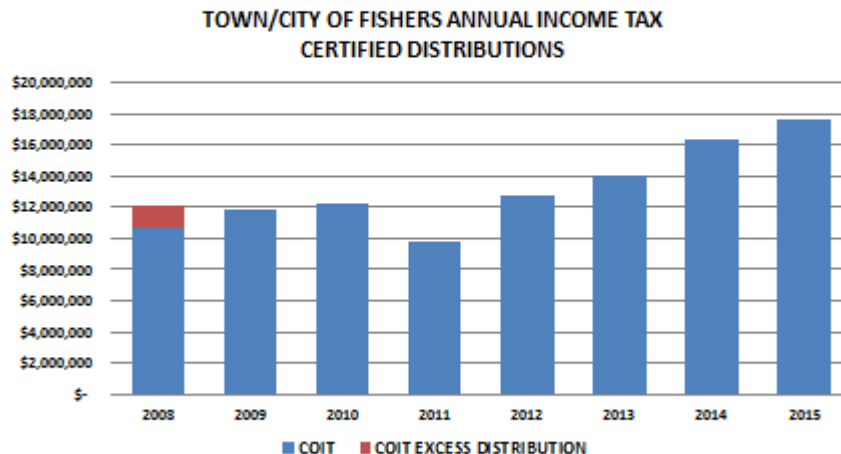
### Local Income Taxes

Hamilton County has adopted the County Option Income Tax at a 1.0% rate. It has not adopted either a Property Tax Relief LOIT or the Public Safety LOIT. The City of Fishers, nor any other entity, controls a majority of the votes in the Hamilton County Income Tax Council.

In 2008, the City of Fishers received \$12,152,325 in local income tax distributions. By 2015 these distributions had increased to \$17,672,596. The 2008 distribution would have needed to be \$13,469,394 in 2015 to keep pace with inflation.

Local income tax revenue represented 40.8 percent of Fisher's "core income" (certified property tax levy plus income tax revenue) in 2008. This proportion declined to 35.5 percent of "core income" (certified property tax levy less circuit breaker credits plus income tax revenue) in 2015.

FIGURE 7



### Fiscal Capacity Index

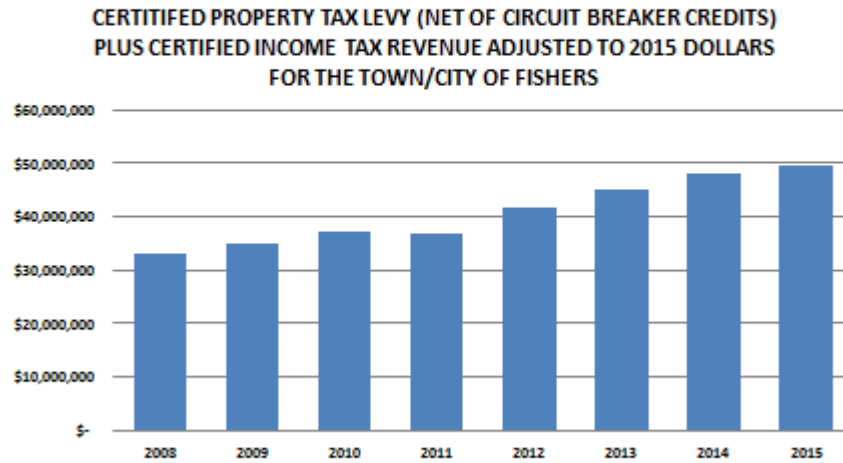
After exploring the changes which have occurred to the property and income tax revenues to the City of Fishers, what has been the overall impact on the fiscal capacity of this municipality? To better understand that impact, a simple “Fiscal Capacity Index” has been created. “Core income” as defined in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



FIGURE 8

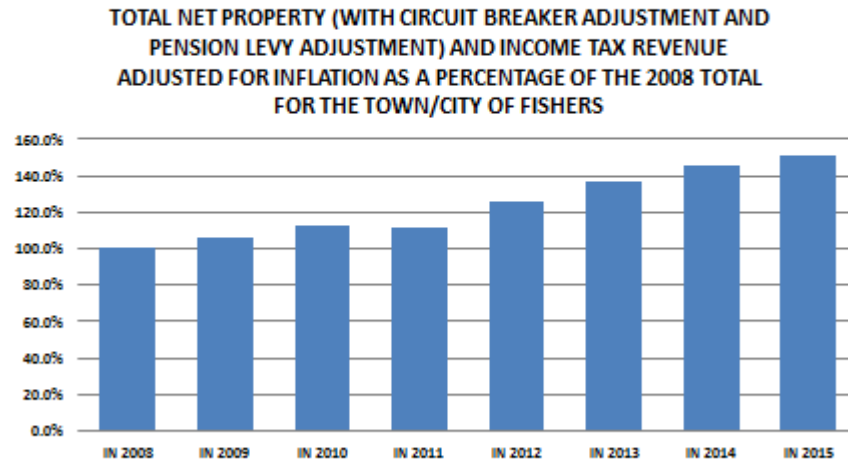


Despite not adopting either a Property Tax Relief LOIT or the Public Safety LOIT, the City of Fishers' total certified property tax levy, net of circuit breaker, plus income tax revenue was, after adjusting for inflation, 150.6 percent of the 2008 total.<sup>1</sup> This was the second highest Fiscal Capacity Index ranking of the eighteen selected municipalities. Between 2009 and 2015 the cumulative gain of core revenue compared with the 2008 total was \$73,073,000. This was the equivalent of 245 percent of 2008 core revenue.

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<sup>1</sup>The Town/City of Fishers had no Police and Fire Pension levies in 2008 and thus the State takeover in 2009 had no impact on this calculation.

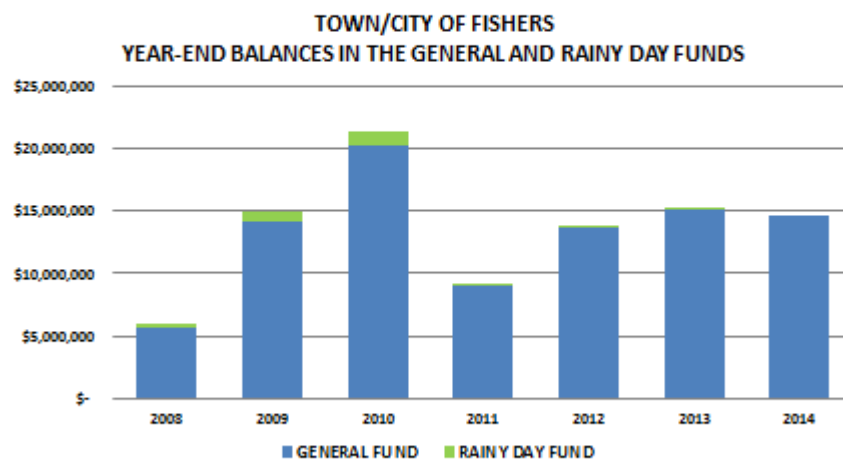
FIGURE 9



Year-End Balances, Annual Receipts and Annual Disbursements

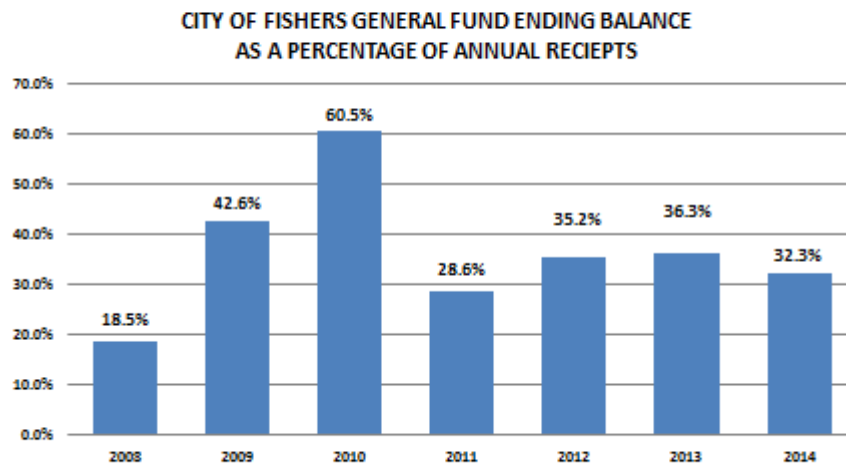
The 2014 year-end balance, including reserved and obligated funds, in the City of Fishers’ General Fund was \$14,595,565. Its Rainy Day Fund ended 2014 with a balance of \$0. The combined total balance for both funds at year-end 2014 was \$14,595,565. This was 32.3 percent of annual receipts from both funds combined, ranking as the 8<sup>th</sup> highest of the eighteen selected municipalities. The combined total represented \$169 per capita, the 6<sup>th</sup> highest ranking. The combined General and Rainy Day fund balances decreased by 394,159 between 2009 and 2014. This was the 8<sup>th</sup> weakest ranking among the selected municipalities.

FIGURE 10



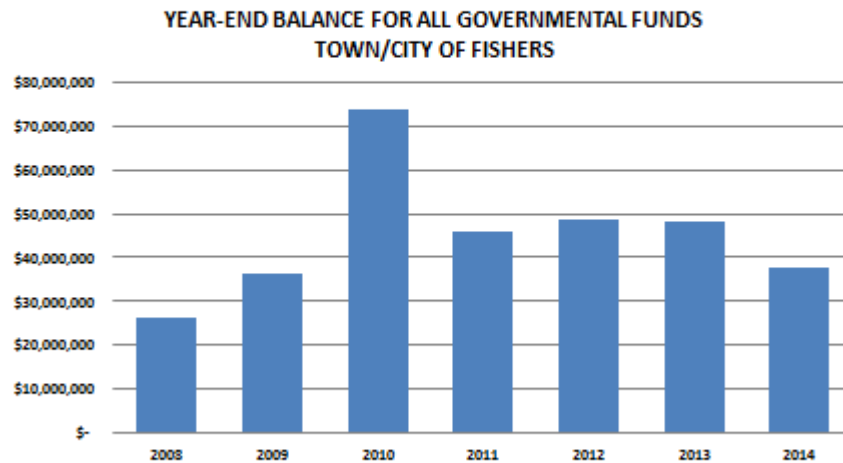
The 2014 year-end balance for all Governmental Funds for the City of Fishers was \$37,920,070, down from \$73,883,724 in 2010. This was \$439 per capita, ranking second lowest among the selected municipalities. The year-end balance for all Governmental Funds was 36.6 percent of the 2014 receipts in those funds. General Fund disbursements represented 40.1 percent of all Governmental Fund disbursements in 2014. Total disbursements from all Governmental Funds in 2014 were \$114,072,122. Total disbursements from all funds, including Governmental and Enterprise type funds, was \$127,181,176 in 2014.

**FIGURE 11**



Total receipts from all Governmental Funds in 2014 were \$103,628,469. This was \$1,200 per capita, ranking lowest among the selected municipalities. Core revenue (certified property taxes net of circuit breaker credits plus certified income tax distributions) represented 46.0 percent of all Governmental Fund receipts in 2014 for the City of Fishers.

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 Fishers was \$5,823,026 and represented 7.0 percent of total revenue. Intergovernmental revenue in 2011-2012 averaged 7.8 percent of total annual revenue. Fishers ranked as the 15<sup>th</sup> most dependent on Intergovernmental Revenues among the selected municipalities.<sup>2</sup> The 2011-2012 average annual intergovernmental revenue per capita was \$76, also ranking Fishers as the fifteenth highest among the selected municipalities.

### Highway Funding

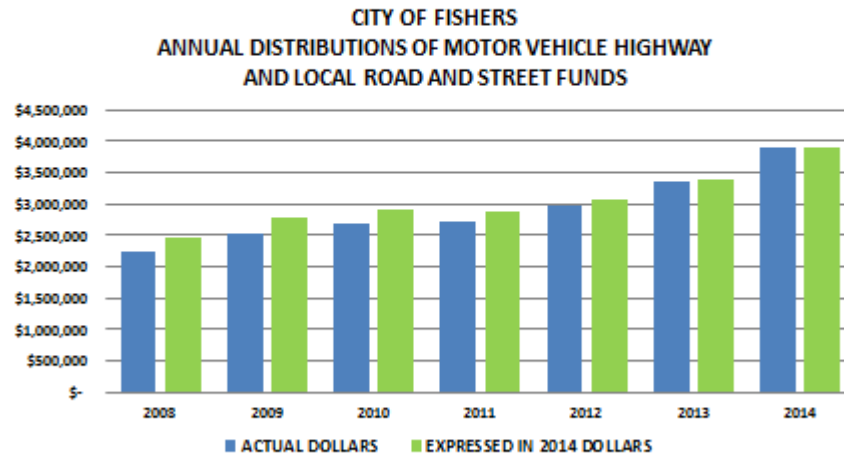
The distribution of state taxes on fuel back to local governments has traditionally been the primary revenue source to support municipal road maintenance and enhancements. While most municipalities have found it necessary to supplement this source with other revenues, particularly as distributions from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

In 2008, the City received a combined total of \$2,245,183 from the MVH and LR&S distributions. By 2012, these distributions had increased to \$2,966,512. 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 Fishers. By 2014, the first full year that the increase was in effect, Fishers' combined distributions had increased to \$3,898,206. This was a 73.6 percent increase over the 2008 distributions, ranking as the second highest percentage change among the selected municipalities. After adjusting for inflation, this was a 57.9 percent increase over the 2008 combined MVH and LR&S distributions. The composite inflation adjusted increase for all eighteen selected municipalities was 15 percent.

<sup>2</sup> There was no data available on Intergovernmental Revenues for the City of Lafayette.

The City of Fishers does not currently levy property taxes to support either its MVH or LR&S Funds. In 2007 they had a property tax levy to both support their MVH Fund and debt service on a Thoroughfare Bond.

FIGURE 13



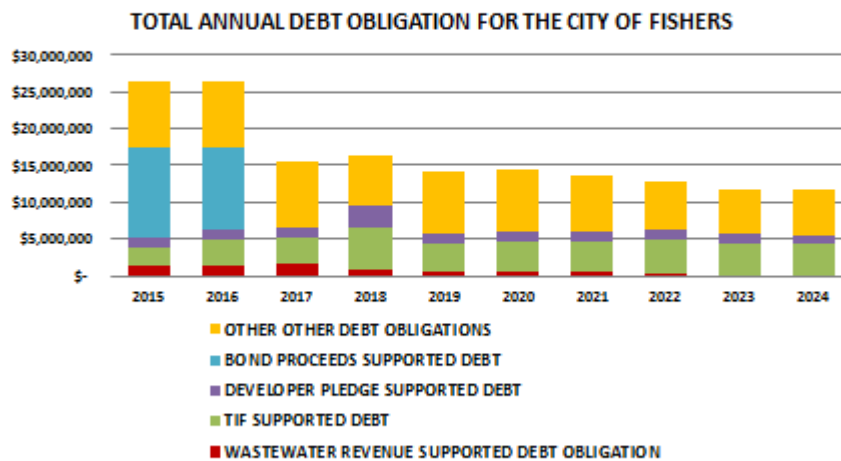
### Debt

Per information available on the Indiana Gateway database, as of July 1, 2014, the Town/City of Fishers had total outstanding debt of \$244,307,503. This was \$2,912 of outstanding debt per capita, ranking eighth highest among the selected municipalities.

Of the total outstanding debt, 2.7 percent was supported by wastewater revenues, no debt was supported by water revenues and 36.9 percent was supported by tax increment finance revenues. The total outstanding debt per capita, excluding debt supported by wastewater, water and TIF revenues was \$1,758, second highest among the selected municipalities.

As of July 1, 2014, the Town/City of Fishers had \$38,938,434 in outstanding debt supported with County Option Income Tax revenues. This was 2.2 times the City's 2015 total COIT certified distribution. In 2014, Fishers had a total certified property tax levy of \$8,442,786 in its debt service funds.

FIGURE 14



The 2024 projected total debt payments of all current outstanding debt is 43.7 percent of the 2015 projected payments. According to the IUPUI Public Policy Institute's Fiscal Benchmarking Project, the 2012 Debt Service Ratio for the Town of Fishers was 9.1 percent.

#### Summary Observations

The City of Fishers has been functioning in a very strong economic climate in comparison with the other seventeen municipalities included in this study. It tied with fellow Hamilton County community of Carmel for having the highest ranking in the Composite Economic Index prepared as a part of this study. Hamilton County had the highest percentage increase in total personal income, the highest per capita personal income and the highest gross regional product per capita of any of the fifteen counties that contained one or more of the studied municipalities.

Fishers' growth in gross assessed valuation between 2007 and 2008 and 2014 and 2015, when measured on a percentage change basis, was stronger than all of the other selected municipalities with the exception of Jeffersonville (which had undertaken significant annexation during this period). While Fishers experienced a substantial decrease in its net assessed valuation in 2008 and 2009 due to the legislation increasing homestead deductions, it was one of only two of the selected municipalities to experience an increase in net assessed valuation between 2007 and 2008 and 2014 and 2015. Its current net assessed valuation per capita is second only to that of Carmel. In 2014 and 2015, the City of Fishers captured only 3.7 percent of its net assessed valuation in tax increment financing districts, the second lowest percentage of the eighteen selected municipalities.

Fishers' 2015 property tax rate of \$0.6202 per \$100 assessed value ranked as the lowest among the eighteen municipalities. Conversely, the percentage increase in its property tax rate between 2007 and 2015 was the highest among this group of cities. Certainly that change was reflective of the increased demand for municipal services created by the dramatic increase in development occurring within the city. Also reflective of that growth was the percentage increase in Fishers' property tax levy between

2006 and 2015 of 125 percent – the highest of all the selected municipalities. On a per capita basis, Fishers' property tax levy in 2014 remained among the lowest of the studied municipal governments. The City's low property tax rate, coupled with the relatively low rates of the overlapping units of local government, resulted in only a very modest property tax cap impact on Fishers' property tax revenues. In 2015, circuit breaker credits resulted in a loss of 4.3 percent of Fishers' certified property tax levy, the fourth lowest percentage among the selected municipalities.

Hamilton County's local income tax rate was 1.0% in 2008 and that rate remained unchanged through 2015. The strong growth in total personal income in Hamilton County contributed to the substantial growth in Fishers' local income tax revenue between 2011 and 2015, experienced without an increase in the rate. The relatively low impact of the property tax caps on Fishers' property tax revenues, coupled with the strong growth in income tax revenue, were key contributors toward this municipality's second highest ranking on the study's Fiscal Capacity Index.

The City of Fishers ended 2014 with a balance of nearly \$15 million in its General Fund. It had a \$0 balance in its Rainy Day Fund. This balance was 32 percent of 2014 annual receipts in the General Fund, a strong fiscal position. This balance is also up from the 2011 amount of just over \$9 million. Fishers' 2014 disbursements per capita from all Governmental Funds of \$1,321 ranked as the third lowest among the eighteen selected municipalities. The City's outstanding debt per capita as of July, 2014 of \$2,830 was in the mid-range of the selected municipalities.

The City of Fishers experienced a 254 percent cumulative gain in "core revenues" between 2009 and 2015, second among the selected municipalities. The strong economic climate within which Fishers is operating, its gain in core revenues, the modest impact attributable to the circuit breaker credits, and the strong General Fund balance all contributed to the City's second highest ranking on this study's Index of Overall Fiscal Health. It must be noted, however, that the dramatic growth in residents and development will place significant pressure on these fiscal resources as the demand for operating and capital expenditures grows.