

Finance Sub-Committee Report

February 26, 2026

Financial Plan for Proposed Reorganization of the Town of Ellettsville and Richland Township

Introduction

The Finance Sub-Committee presents this report to the Reorganization Committee concerning the financial plan for the proposed merger of the Town of Ellettsville and Richland Township. This report outlines the anticipated financial impacts, budget considerations, and recommendations to ensure a fiscally responsible transition.

Objectives

- Identify necessary budget adjustments for the reorganized area
- Assess changes in property tax revenue and rates
- Estimate effects on the tax liability of impacted taxpayers
- Recommend property tax structure and revenue allocation

Findings

Proposed Taxing Structure

This plan anticipates that property tax rates for Police, Cumulative Fire Building & Equipment, Cumulative Capital Development, and the existing Debt Service will be applied exclusively to properties within the current boundaries of the Town of Ellettsville. Conversely, tax rates for Town Administration, Park & Recreation, and Fire will be levied across all properties in the consolidated area. The Township Assistance tax rate will apply to properties situated in Ellettsville-Richland (013) and Richland (011) taxing districts but will not apply to Ellettsville-Bean Blossom (018), since Bean Blossom's Township Assistance rate is allocated to those properties. Funding for other services will primarily derive from local income taxes, service charges, wheel tax and gas tax revenues.

It should be noted that the Township Assistance property tax rate for Richland Township is currently assessed on properties within the Bloomington City Richland Township (012) taxing district. Following consolidation, the reorganized Town of Ellettsville will not have authority to levy Township Assistance on these properties; therefore, the Town may establish an interlocal agreement to deliver Township Assistance services within Bloomington-Richland Township.

Proposed Taxing Structure (Cont'd)

The table below illustrates the proposed taxing structure and funding source by department and function.

Department / Function	Primary Funding Source	Property Tax Base	
		Urban (Current Town)	Entire Consolidated Area
Police	Property tax and local income tax	X	
Cumulative Fire Bldg. & Equipment	Property tax	X	
Cumulative Capital Development	Property tax	X	
Debt Service	Property tax	X	
General Fund (Admin., Planning, Twp. Maint.)	Property tax, local income tax, and service charges		X
Fire	Property tax and local income tax		X
Park and Recreation	Property tax		X
Street Maintenance (DPW)	Gas and wheel/excise surtax		
Township Assistance	Property tax		X *

* Note: the Township Assistance tax base will not include the portion of Ellettsville in Bean Blossom.

Operating Expenses for Reorganized Area

As part of the reorganization, 58% of the Township's General (Administrative) and Township Assistance expenses will be transitioned to the newly established Town. The remaining \$348,000 in costs may be eliminated due to overlapping functions. The Township Recreation expenses will be integrated into the Town's Parks and Recreation budget and there are plans for increased staffing across Fire, Police, Street Maintenance (Public Works), Town Administration, Planning & Zoning, and Township Assistance departments. The following table presents the current operating budget, proposed modifications due to the reorganization, and the anticipated operating expenses under the revised Town structure.

Department	Budgeted Operating Expenses 2026	Cost Reductions from Reorganization	Additions for Reorganization	Estimated Operating Expenses Reorganized Town
Fire	\$ 3,009,856		\$ 1,141,554	\$ 4,151,410
Police	2,270,433		814,622	3,085,055
Street Maintenance	812,798		638,256	1,451,054
Town Administration	825,469		164,531	990,000
Planning & Zoning	354,108		260,000	614,108
Park & Recreation	85,483		23,817	109,300
Debt Service (Town)	379,505		-	379,505
Township Administration	347,788	(347,788)	-	-
Township Assistance	312,443		217,557	530,000
Township Recreation	19,599	(19,599)	-	-
Twp. Maintenance (cemeteries, snow & weeds)	15,750		-	15,750
Totals	\$ 8,433,232	\$ (367,387)	\$ 3,260,337	\$ 11,326,182

Notes:

- Assumes 4% salary increase for all full-time positions.
- Assumes Town Manager salary is allocated equally to Water, Sewer, and Town.

Property Tax Supported Debt Service

The Town has two property tax-supported debts: Lease Rental Bonds (2016) for town hall construction, maturing January 1, 2033, and General Obligation Bonds (2023) for a new maintenance facility, maturing January 15, 2036. Following the reorganization, the debt service property tax rate shall remain applicable to the original tax base and shall not extend to the area currently comprising unincorporated Richland Township.

Property Tax Levies and Rates

The tables below compare 2026 certified property tax levies and rates with projections after reorganization. The impact on property tax bills is expected to be as follows:

- 6.9% increase for property located in Richland Township
- 4.1% increase for property located in Ellettsville-Richland
- 3.4% increase for property located in Ellettsville - Bean Blossom.

A \$300,000 home in Richland Township is expected to see a \$173 tax increase, while the same value home in Ellettsville will have no change related to the reorganization because it is at the tax caps.

Before reorganization:

Department / Fund	2026 Urban (Ellettsville)		2026 Rural (Richland Township)	
	Property Tax Levy	Property Tax Rate	Property Tax Levy	Property Tax Rate
Town General	\$ 2,047,615	\$ 0.3638		
Park and Recreation	98,497	0.0175		
Street Department (DPW)	373,163	0.0663		
Cumulative Capital Development	281,420	0.0500		
Cumulative Fire Bldg. & Equip.	187,426	0.0333		
Debt Service	366,409	0.0651		
Township General		0.0101	\$ 132,223	\$ 0.0101
Township Assistance		0.0087	113,895	0.0087
Township Fire & EMS			797,108	0.1128
Township Cumulative Fire			223,303	0.0316
Township Recreation		0.0012	15,710	0.0012
Totals	\$ 3,354,530	\$ 0.6160	\$ 1,282,239	\$ 0.1644

After reorganization:

Department / Fund	Post-Reorganization		
	Property Tax Levy	Property Tax Rate Urban	Property Tax Rate Rural
Town General	\$ 254,372	\$ 0.0193	\$ 0.0193
Police	1,598,084	0.2759	-
Park and Recreation	111,587	0.0085	0.0085
Fire	2,836,634	0.2152	0.2152
Street Department (DPW)	-	-	-
Cumulative Capital Development	289,582	0.0500	-
Cumulative Fire Bldg. & Equip.	192,861	0.0333	-
Debt Service	376,909	0.0651	-
Township Assistance	461,952	0.0351	0.0351
Totals	\$ 6,121,981	\$ 0.7023	\$ 0.2780

The fiscal bodies of both the current Town and Township must set budgets, property tax levies, and tax rates for the reorganized Town for 2027 by passing an ordinance (for the Town) and a resolution (for the Township). For years after 2027, the Town Council of the reorganized Town will adopt the budgets, tax levies, and tax rates. According to Indiana Code §36-1.5-3-5, the Department of Local Government Finance (DLGF) cannot reduce the maximum allowed property tax levies, rates, or budgets under Ind. Code §6-1.1-17 and Ind. Code §6-1.1-18.5 because of this Reorganization Plan, unless the Town Council of the reorganized Town gives explicit approval.

Conclusion

Reorganization gives the Town several cost-control tools, such as structured service expansion, a broader tax base, coordinated planning for land use and economic growth, community cohesion, protection of township fire services from County takeover, and a deterrent to annexation by other municipalities. The single budget process also simplifies and makes financial matters more transparent for taxpayers.

The Finance Sub-Committee has determined that the proposed merger presents long-term financial advantages, contingent upon a carefully managed and transparent transition process. We advise proceeding with the merger in accordance with the specified financial plan and ongoing oversight mechanisms.

Respectfully submitted,

Finance Sub-Committee