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# LAKE COUNTY

## Coastal Energy Impact Program

FEB 11 1980

# TAX ANALYSIS

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The preparation of this report was financed under the Ohio Coastal Energy Impact Program for Lake County, under the Coastal Zone Management Act of 1976.

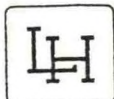
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Mr. David Gilmer  
Lake County Planning Commission  
Painesville, Ohio

Dear Mr. Gilmer:

This report entitled "Coastal Energy Impact Program: Tax Analysis," has been prepared pursuant to the contract dated June 11, 1979. The report consists of the following: an analysis of the tax base which exists in each of the six political subdivisions (Madison Township, Madison Village, Leroy Township, Perry Township, Perry Village, North Perry Village); financial projections for each of the six political subdivisions based on future tax receipts, projected operating expenditures and proposed capital improvement programs.

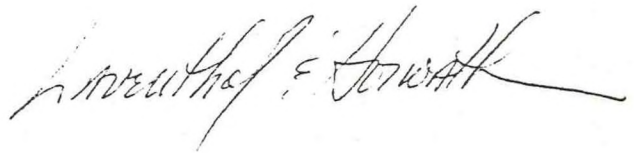
The scope of our work included, among other factors, the following: a review of the tax base in each of the six political subdivisions to determine the factors which may affect the respective tax bases; discussions with Lake County tax officials concerning the present tax base; an examination of capital improvements planned for the six political subdivisions, provided by Henshaw Associates, Inc.; financial projections based on anticipated revenues and projected expenditures for each of the six political subdivisions.

This report did not consider any adverse effects which may occur due to the Perry Nuclear Power Plant (construction delays, shutdowns, nuclear accidents, legislation, etc.). Furthermore, no effort has been made to determine the possible effect present or future Federal, State or local legislation may have on tax receipts or capital improvements including any environmental or ecological matters or interpretations thereof.

The report is based on estimates, assumptions and other information developed from research of the market and meetings with you during which you provided us certain information. The sources of information and bases of the estimates and assumptions are stated herein. The terms of this engagement are such that we have no obligation to revise the report or the projected financial results to reflect events or conditions which occur subsequent to December 7, 1979. However, we are available to discuss the necessity for revision in view of changes in the economy.

Since the projections will be based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This report and the financial projections are intended solely for the information of the Lake County Planning Commission, Lake County political subdivisions and agencies. Otherwise, neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, loan or bond agreement.

A handwritten signature in cursive script, appearing to read "Kenneth E. Stewart". The signature is written in dark ink and is positioned to the right of the date.

December 7, 1979

COASTAL ENERGY IMPACT PROGRAM: TAX ANALYSIS

NORTH PERRY VILLAGE, LAKE COUNTY, OHIO

TOTAL TAX COLLECTIONS AND DISTRIBUTIONS PROJECTION <sup>1</sup>  
(Thousands)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Projected value of Perry Nuclear Power Plant prorated to North Perry Village (Note A)	\$ 13,300	\$ 18,700	\$ 24,100	\$ 27,100	\$342,000	\$351,500	\$674,500	\$703,000	\$731,500	\$759,900
Tax receipts based on 1978 effective tax rate, from the Perry Nuclear Power Plant (Note A)	<u>617</u>	<u>868</u>	<u>1,118</u>	<u>1,258</u>	<u>15,872</u>	<u>16,313</u>	<u>31,304</u>	<u>32,626</u>	<u>33,949</u>	<u>35,267</u>
Historical valuation and development (exclusive of Perry Nuclear Power Plant) (Note 1)	5,300	5,300	7,500	7,500	7,500	10,500	10,500	10,500	13,800	13,800
Projected valuation based on the "modified" 208 study (Note 2)	<u>100</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>600</u>	<u>600</u>	<u>700</u>	<u>900</u>
Tax receipts based on 1978 effective tax rate (Note B)	5,400	5,400	7,700	7,800	7,900	11,000	11,100	11,100	14,500	14,700
	<u>251</u>	<u>251</u>	<u>357</u>	<u>362</u>	<u>367</u>	<u>511</u>	<u>515</u>	<u>515</u>	<u>673</u>	<u>682</u>
Total tax collections	<u>868</u>	<u>1,119</u>	<u>1,475</u>	<u>1,620</u>	<u>16,239</u>	<u>16,824</u>	<u>31,819</u>	<u>33,141</u>	<u>34,622</u>	<u>35,949</u>
Expenditure distributions (Note C)	275	297	321	347	374	404	437	471	509	550
Proposed capital improvement projects (Note 8)	<u>0</u>	<u>0</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>
Total distributions	<u>275</u>	<u>297</u>	<u>931</u>	<u>957</u>	<u>984</u>	<u>1,014</u>	<u>1,047</u>	<u>1,081</u>	<u>1,119</u>	<u>1,160</u>
Excess funds; non-collectible (Note D)	<u>\$ 593</u>	<u>\$ 822</u>	<u>\$ 544</u>	<u>\$ 663</u>	<u>\$ 15,255</u>	<u>\$ 15,810</u>	<u>\$ 30,772</u>	<u>\$ 32,060</u>	<u>\$ 33,503</u>	<u>\$ 34,789</u>

<sup>1</sup> Includes tax collections and distributions for the County, School, Village and Township. The comments and assumptions contained throughout this report are an integral part of this projected schedule.

PROJECTED TAX COLLECTIONS AND DISTRIBUTIONS FOR NORTH PERRY VILLAGE,  
COMMENTS AND ASSUMPTIONS

The financial statement projection on the facing page and the following discussion pertains to total tax collections coming from North Perry Village and all of the governmental agencies to which North Perry Village distributes its collections: Lake County, Perry Township, Perry Local School District and North Perry Village, all on a prorated basis. This projection estimates potential tax receipts uncollectible under the present tax system which stipulates that tax collections cannot exceed distributions (Refer to Chapter 5705 of the Ohio Revised Code). A projection of any effect the Perry Nuclear Power Plant would have on Perry Township was deleted due to its relative insignificance as compared to North Perry Village. This is illustrated on page 8, "Increase Valuation due to the Perry Nuclear Power Plant" and Note 3 on page 12.

Note A: Tax receipts based on 1978 Effective Tax Rate, from the Perry Nuclear Power Plant reflect those tax receipts resulting from the Perry Nuclear Power Plant within North Perry Village. This revenue assumes that a need can be shown for the additional revenue in order for the effective 1978 tax rate, approximately 46.41 mills, to remain constant. This rate was applied to the prorated value of the Perry Nuclear Power Plant within North Perry Village as determined by the Cleveland Electric Illuminating Company. See Note 3 for more detail.

Note B: Tax Distribution based on 1978 Effective Tax Rate from Existing (non-power plant) Property Valuation reflects those tax receipts resulting from the 1978 property value inflated on the basis of historical trends and the increase in property value due to the change in land use. For more detail refer to Notes 1 and 2. These property values are then applied to the effective 1978 tax rate assumed to remain constant at 46.41 mills to show total potential collections. This was also stated in Note A.

Note C: Expenditure Distribution reflects moneys to cover projected expenditures realized by North Perry Village and their prorated share to Perry Township, Perry Local School District and Lake County. This is based on the 1978 tax collections (given tax collections approximately equal distributions) inflated at an eight percent level. This level of inflation is based on historical expenditure trends and suggested by the Lake County Auditor.

Note D: Excess Funds; Non-Collectible reflects tax receipts which are uncollectible due to total potential tax collections exceeding projected distributions. Under the present tax system, tax funds cannot be collected unless they can be absorbed by the respective political subdivisions, school district and County. These uncollectible funds are potential funds which could be available for additional expenditures or capital improvements.

To illustrate, in 1984 total potential tax collections from the Perry Nuclear Power Plant plus existing property (including any changes in land use) in North Perry Village totalled approximately \$16.2 million. Total distributions which include a prorated share of expenditures realized



by Lake County, Perry Township, Perry Local School District and North Perry Village, plus the cost of capital improvements realized by North Perry Village, are approximately \$1 million. Under the present tax system this \$1 million would be the total allowed collections from North Perry Village, although total potential collections are projected at approximately \$16.2 million. The \$15.2 million difference is the uncollectible funds which could be absorbed by additional expenditures or capital improvements realized by the above four divisions.

PROJECTED TAX RECEIPTS AND DISBURSEMENTS FOR THE SIX POLITICAL  
SUBDIVISIONS, COMMENTS AND ASSUMPTIONS

The following financial statements are projections of tax receipts appropriated to and expenditures realized by each of the six political subdivisions. Comments and assumptions related to these projections follow.

COASTAL ENERGY IMPACT PROGRAM: TAX ANALYSIS

MADISON TOWNSHIP, LAKE COUNTY, OHIO

PROJECTED TAX RECEIPTS AND DISBURSEMENTS  
(Thousands)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Historic valuation and development (Note 1)	\$ 76,000	\$ 76,000	\$103,400	\$103,400	\$103,400	\$140,700	\$140,700	\$140,700	\$191,300	\$191,300
Projected valuation based on the "modified" 208 study (Note 2)	<u>1,400</u>	<u>2,300</u>	<u>3,400</u>	<u>4,700</u>	<u>6,300</u>	<u>8,200</u>	<u>10,400</u>	<u>13,100</u>	<u>16,200</u>	<u>19,800</u>
Total projected valuation	<u>77,400</u>	<u>78,300</u>	<u>106,800</u>	<u>108,100</u>	<u>109,700</u>	<u>148,900</u>	<u>151,100</u>	<u>153,800</u>	<u>207,500</u>	<u>211,100</u>
Total revenues:										
Inside millage (Note 4)	228	231	315	319	324	439	446	454	612	623
Outside millage (Note 5)	279	279	279	279	279	279	279	279	279	279
Outside aid (Note 6)	<u>211</u>	<u>211</u>	<u>211</u>	<u>211</u>	<u>211</u>	<u>211</u>	<u>211</u>	<u>211</u>	<u>211</u>	<u>211</u>
Total revenues	718	721	805	809	814	929	936	944	1,102	1,113
Expenditures (Note 7)	<u>827</u>	<u>893</u>	<u>965</u>	<u>1,042</u>	<u>1,126</u>	<u>1,216</u>	<u>1,313</u>	<u>1,418</u>	<u>1,531</u>	<u>1,654</u>
Projected total	(109)	(172)	(160)	(233)	(312)	(287)	(377)	(474)	(429)	(541)
Proposed capital improvement projects (Note 8)	<u>0</u>	<u>0</u>	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>
Required additional funds (Note 9)	<u>\$ (109)</u>	<u>\$ (172)</u>	<u>\$ (960)</u>	<u>\$ (1,033)</u>	<u>\$ (1,112)</u>	<u>\$ (1,087)</u>	<u>\$ (1,177)</u>	<u>\$ (1,274)</u>	<u>\$ (1,229)</u>	<u>\$ (1,341)</u>
Millage increase required (Note 11)	<u>1.41</u>	<u>2.20</u>	<u>8.99</u>	<u>9.56</u>	<u>10.14</u>	<u>7.30</u>	<u>7.79</u>	<u>8.28</u>	<u>5.92</u>	<u>6.35</u>

The comments and assumptions contained throughout this report are an integral part of this projected schedule.

COASTAL ENERGY IMPACT PROGRAM: TAX ANALYSIS

MADISON VILLAGE, LAKE COUNTY, OHIO

PROJECTED TAX RECEIPTS AND DISBURSEMENTS  
(Thousands)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Historic valuation and development (Note 1)	\$ 16,300	\$ 16,300	\$ 21,200	\$ 21,200	\$ 21,200	\$ 27,600	\$ 27,600	\$ 27,600	\$ 34,300	\$ 34,300
Projected valuation based on the "modified" 208 study (Note 2)	<u>500</u>	<u>700</u>	<u>1,100</u>	<u>1,500</u>	<u>2,000</u>	<u>2,500</u>	<u>3,200</u>	<u>3,900</u>	<u>4,800</u>	<u>5,800</u>
Total projected valuation	<u>16,800</u>	<u>17,000</u>	<u>22,300</u>	<u>22,700</u>	<u>23,200</u>	<u>30,100</u>	<u>30,800</u>	<u>31,500</u>	<u>39,100</u>	<u>40,100</u>
Total revenues:										
Inside millage (Note 4)	16	16	21	22	22	29	29	30	37	38
Outside millage (Note 5)	47	47	47	47	47	47	47	47	47	47
Outside aid (Note 6)	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>
Total revenues	74	74	79	80	80	87	87	88	95	96
Expenditures (Note 7)	<u>79</u>	<u>85</u>	<u>92</u>	<u>99</u>	<u>107</u>	<u>116</u>	<u>125</u>	<u>135</u>	<u>146</u>	<u>158</u>
Projected total	(5)	(11)	(13)	(19)	(27)	(29)	(38)	(47)	(51)	(62)
Proposed capital improvement projects (Note 8)	<u>0</u>	<u>0</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>320</u>	<u>320</u>
Required additional funds (Note 9)	<u>\$ (5)</u>	<u>\$ (11)</u>	<u>\$ (333)</u>	<u>\$ (339)</u>	<u>\$ (347)</u>	<u>\$ (349)</u>	<u>\$ (358)</u>	<u>\$ (367)</u>	<u>\$ (371)</u>	<u>\$ (382)</u>
Millage increase required (Note 11)	<u>.30</u>	<u>.65</u>	<u>14.93</u>	<u>14.93</u>	<u>14.96</u>	<u>11.59</u>	<u>11.62</u>	<u>11.65</u>	<u>9.49</u>	<u>9.53</u>

The comments and assumptions contained throughout this report are an integral part of this projected schedule.

COASTAL ENERGY IMPACT PROGRAM: TAX ANALYSIS

LEROY TOWNSHIP, LAKE COUNTY, OHIO

PROJECTED TAX RECEIPTS AND DISBURSEMENTS  
(Thousands)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Historic valuation and development (Note 1)	\$ 15,400	\$ 15,400	\$ 22,220	\$ 22,220	\$ 22,220	\$ 32,100	\$ 32,100	\$ 32,100	\$ 43,400	\$ 43,400
Projected valuation based on the "modified" 208 study (Note 2)	<u>400</u>	<u>700</u>	<u>1,100</u>	<u>1,500</u>	<u>2,100</u>	<u>2,700</u>	<u>3,600</u>	<u>4,500</u>	<u>5,700</u>	<u>7,200</u>
Total projected valuation	<u>15,800</u>	<u>16,100</u>	<u>23,320</u>	<u>23,720</u>	<u>24,320</u>	<u>34,800</u>	<u>35,700</u>	<u>36,600</u>	<u>49,100</u>	<u>50,600</u>
Total revenues:										
Inside millage (Note 4)	47	48	70	71	73	104	107	110	147	152
Outside millage (Note 5)	85	85	85	85	85	85	85	85	85	85
Outside aid (Note 6)	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>
Total revenues	151	152	174	175	177	208	211	214	251	256
Expenditures (Note 7)	<u>162</u>	<u>175</u>	<u>189</u>	<u>204</u>	<u>220</u>	<u>238</u>	<u>257</u>	<u>278</u>	<u>300</u>	<u>324</u>
Projected total	(11)	(23)	(15)	(29)	(43)	(30)	(46)	(64)	(49)	(68)
Proposed capital improvement projects (Note 8)	<u>0</u>	<u>0</u>	<u>660</u>	<u>660</u>	<u>660</u>	<u>660</u>	<u>660</u>	<u>660</u>	<u>660</u>	<u>660</u>
Required additional funds (Note 9)	<u>\$ (11)</u>	<u>\$ (23)</u>	<u>\$ (675)</u>	<u>\$ (689)</u>	<u>\$ (703)</u>	<u>\$ (690)</u>	<u>\$ (706)</u>	<u>\$ (724)</u>	<u>\$ (709)</u>	<u>\$ (728)</u>
Millage increase required (Note 11)	<u>.70</u>	<u>1.43</u>	<u>28.95</u>	<u>29.05</u>	<u>28.91</u>	<u>19.83</u>	<u>19.78</u>	<u>19.78</u>	<u>14.44</u>	<u>14.39</u>

The comments and assumptions contained throughout this report are an integral part of this projected schedule.

COASTAL ENERGY IMPACT PROGRAM: TAX ANALYSIS

PERRY TOWNSHIP, LAKE COUNTY, OHIO

PROJECTED TAX RECEIPTS AND DISBURSEMENTS  
(Thousands)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Historic valuation and development (Note 1)	\$ 35,500	\$ 35,500	\$ 50,000	\$ 50,000	\$ 50,000	\$ 70,400	\$ 70,400	\$ 70,400	\$ 93,400	\$ 93,400
Projected valuation based on the "modified" 208 study (Note 2)	1,300	2,200	3,300	4,600	6,200	8,200	10,600	13,600	17,000	21,200
Increase valuation due to the Perry Nuclear Power Plant (Note 3)	<u>1,100</u>	<u>1,600</u>	<u>2,000</u>	<u>2,300</u>	<u>3,400</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>5,900</u>	<u>5,900</u>
Total projected valuation	<u>37,900</u>	<u>39,300</u>	<u>55,300</u>	<u>56,900</u>	<u>59,600</u>	<u>82,100</u>	<u>84,500</u>	<u>87,500</u>	<u>116,300</u>	<u>120,500</u>
Total revenues:										
Inside millage (Note 4)	136	141	199	205	215	296	304	315	419	434
Outside millage (Note 5)	87	87	87	87	87	87	87	87	87	87
Outside aid (Note 6)	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>
Total revenues	308	313	371	377	387	468	476	487	591	606
Expenditures (Note 7)	<u>324</u>	<u>350</u>	<u>378</u>	<u>408</u>	<u>441</u>	<u>476</u>	<u>514</u>	<u>555</u>	<u>600</u>	<u>648</u>
Projected total	(16)	(37)	(7)	(31)	(54)	(8)	(38)	(68)	(9)	(42)
Proposed capital improvement projects (Note 8)	<u>0</u>	<u>0</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>
Required additional funds (Note 9)	<u>\$ (16)</u>	<u>\$ (37)</u>	<u>\$ (707)</u>	<u>\$ (731)</u>	<u>\$ (754)</u>	<u>\$ (708)</u>	<u>\$ (738)</u>	<u>\$ (768)</u>	<u>\$ (709)</u>	<u>\$ (742)</u>
Millage increase required (Note 11)	<u>.42</u>	<u>.94</u>	<u>12.78</u>	<u>12.85</u>	<u>12.65</u>	<u>8.62</u>	<u>8.73</u>	<u>8.78</u>	<u>6.10</u>	<u>6.16</u>

The comments and assumptions contained throughout this report are an integral part of this projected schedule.

COASTAL ENERGY IMPACT PROGRAM: TAX ANALYSIS

PERRY VILLAGE, LAKE COUNTY, OHIO

PROJECTED TAX RECEIPTS AND DISBURSEMENTS  
(Thousands)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Historic valuation and development (Note 1)	\$ 4,400	\$ 4,400	\$ 5,600	\$ 5,600	\$ 5,600	\$ 7,100	\$ 7,100	\$ 7,100	\$ 8,700	\$ 8,700
Projected valuation based on the "modified" 208 study (Note 2)	<u>200</u>	<u>300</u>	<u>500</u>	<u>700</u>	<u>900</u>	<u>1,100</u>	<u>1,400</u>	<u>1,800</u>	<u>2,200</u>	<u>2,600</u>
Total projected valuation	<u>4,600</u>	<u>4,700</u>	<u>6,100</u>	<u>6,300</u>	<u>6,500</u>	<u>8,200</u>	<u>8,500</u>	<u>8,900</u>	<u>10,900</u>	<u>11,300</u>
Total revenues:										
Inside millage (Note 4)	6	6	8	8	8	11	11	12	14	15
Outside millage (Note 5)	11	11	11	11	11	11	11	11	11	11
Outside aid (Note 6)	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>
Total revenues	62	62	64	64	64	67	67	68	70	71
Expenditures (Note 7)	<u>71</u>	<u>77</u>	<u>83</u>	<u>90</u>	<u>97</u>	<u>105</u>	<u>113</u>	<u>122</u>	<u>132</u>	<u>142</u>
Projected total	(9)	(15)	(19)	(26)	(33)	(38)	(46)	(54)	(62)	(71)
Proposed capital improvement projects (Note 8)	<u>0</u>	<u>0</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
Required additional funds (Note 9)	<u>\$ (9)</u>	<u>\$ (15)</u>	<u>\$ (169)</u>	<u>\$ (176)</u>	<u>\$ (183)</u>	<u>\$ (188)</u>	<u>\$ (196)</u>	<u>\$ (204)</u>	<u>\$ (212)</u>	<u>\$ (221)</u>
Millage increase required (Note 11)	<u>1.96</u>	<u>3.19</u>	<u>27.70</u>	<u>27.94</u>	<u>28.15</u>	<u>22.93</u>	<u>23.06</u>	<u>22.92</u>	<u>19.45</u>	<u>19.56</u>

The comments and assumptions contained throughout this report are an integral part of this projected schedule.

COASTAL ENERGY IMPACT PROGRAM: TAX ANALYSIS

NORTH PERRY VILLAGE, LAKE COUNTY, OHIO

PROJECTED TAX RECEIPTS AND DISBURSEMENTS  
(Thousands)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Historic valuation and development (Note 1)	\$ 6,400	\$ 6,400	\$ 9,000	\$ 9,000	\$ 9,000	\$ 12,500	\$ 12,500	\$ 12,500	\$ 16,600	\$ 16,600
Projected valuation based on the "modified" 208 study (Note 2)	<u>60</u>	<u>100</u>	<u>140</u>	<u>200</u>	<u>270</u>	<u>350</u>	<u>450</u>	<u>570</u>	<u>710</u>	<u>880</u>
	6,460	6,500	9,140	9,200	9,270	12,850	12,950	13,070	17,310	17,480
Increase valuation due to the Perry Nuclear Power Plant (Note 3)	<u>12,500</u>	<u>17,800</u>	<u>23,300</u>	<u>26,300</u>	<u>341,200</u>	<u>350,700</u>	<u>671,600</u>	<u>702,200</u>	<u>730,600</u>	<u>759,000</u>
Total projected valuation	<u>18,960</u>	<u>24,300</u>	<u>32,440</u>	<u>35,500</u>	<u>350,470</u>	<u>363,550</u>	<u>684,550</u>	<u>715,270</u>	<u>747,910</u>	<u>776,480</u>
Total revenues:										
Inside millage (Note 4)	25	32	42	46	456	473	890	930	972	1,009
Outside aid (Note 6)	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total revenues	65	72	82	86	496	513	930	970	1,012	1,049
Expenditures (Note 7)	<u>55</u>	<u>59</u>	<u>64</u>	<u>69</u>	<u>75</u>	<u>81</u>	<u>87</u>	<u>94</u>	<u>101</u>	<u>109</u>
Projected excess receipts before capital improvements	10	13	18	17	421	432	843	876	911	940
Proposed capital improvement projects (Note 8)	<u>0</u>	<u>0</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>	<u>610</u>
Required additional funds (Note 9)			\$ (592)	\$ (593)	\$ (189)	\$ (178)				
Projected excess funds (Note 10)	<u>\$ 10</u>	<u>\$ 13</u>					<u>\$ 233</u>	<u>\$ 266</u>	<u>\$ 301</u>	<u>\$ 330</u>
Millage increase required (Note 11)			<u>18.25</u>	<u>16.70</u>	<u>.54</u>	<u>.49</u>				
Millage decrease required (Note 12)	<u>.53</u>	<u>.53</u>					<u>.34</u>	<u>.37</u>	<u>.40</u>	<u>.42</u>

The comments and assumptions contained throughout this report are an integral part of this projected schedule.

Note 1: Historical Valuation and Development is the approximate 1978 valuation, shown below, inflated over the projection years.

Madison Township	\$61,700 <sup>1</sup>
Madison Village	13,600
Leroy Township	12,000
Perry Township	28,100
Perry Village	3,700
North Perry Village	5,100

<sup>1</sup> Rounded and stated in thousands

The inflation rate reflects the reappraisal of property value and new property developments anticipated in which its base is historical in nature.

The following annual inflationary factors for historical valuation and development was determined by the trend of property valuation since 1975, and the policy of property reappraisal every three years. These inflation factors should be reasonable as follows:

Madison Township	10.8%
Madison Village	9.2
Leroy Township	13.0
Perry Township	12.1
Perry Village	8.5
North Perry Village	11.9

Note 2: Projected Valuation Based on the "Modified" 208 Study is based on a marginal increase in property valuation inflation factors which reflects the developmental change in land use, as prepared by Henshaw Associates, Inc., for



each political subdivision. These inflation factors were discounted to reflect any possible double counting from the factors used previously for additional development in Note 1.

Note 3: Increase Valuation Due to the Perry Nuclear Power Plant applies to Perry Township and North Perry Village where the total value of the Plant will be distributed among these two political subdivisions. The figures used were furnished to us from the Cleveland Electric Illuminating Company (CEI), which partly owns the Perry Nuclear Power Plant. CEI has assumed on-line operational service of "Unit 1" and "Unit 2" in the tax years of 1984 and 1986 respectively. Construction delays could alter this timing. The following is the per year assessed valuation projected for the Perry Nuclear Power Plant.

<u>Year of completion</u>	<u>Tax year</u>	<u>Total valuation</u> <sup>1</sup>
1978	1979	\$ 6,500,000
1979	1980	14,600,000
1980	1981	20,300,000
1981	1982	26,200,000
1982	1983	29,500,000
1983	1984	345,500,000
1984	1985	355,100,000
1985	1986	678,500,000

<sup>1</sup> Rounded

Note 4: Inside Millage Revenue reflects tax receipts which are within a ten mill limitation and could be used for all the purposes and present operating expense of its respective political subdivision. The tax receipts are based on the portion of the ten mills appropriated to each political subdivision, as shown below, as it applies to the respective property valuation.

Madison Township	2.95
Madison Village	.95
Leroy Township	3.00
Perry Township	3.60
Perry Village	1.30
North Perry Village	1.30

As stated by the County Auditor these millage appropriations could not be increased, for each respective political subdivision is at its approximate ten mill limitation at this time. This millage appropriation is assumed to remain constant with total receipts increasing in all cases due to increasing property valuation. The remaining portion of the ten mills in each political subdivision is appropriated to the respective School District, Township (in the case of Villages) and Lake County.

Note 5: Outside Millage Revenue reflects tax receipts from tax levies in excess to a ten mill limitation (inside millage) and passed by a majority vote within the respective political subdivision. The purpose of these tax levies varies

considerably and could include the following: debt charges on certain described bonds; construction of improvements included in a single bond issue; maintenance and operation of schools, etc. It was assumed that the value of these tax levies would remain consistent through the projection years.

Note 6: Outside Aid Revenue reflects the approximate local revenue sharing applicable to the respective political subdivisions. The source of these funds varies with each political subdivision and could include State and Federal revenue sharing programs. The amount of these funds was obtained from each political subdivision and assumed to remain constant over the projection years.

Note 7: Expenditures reflects projected expenditures incurred by each political subdivision and does not include certain expenditures that would be covered by special funds not earmarked for revenues mentioned in Notes 4 through 6. The amount of historic expenditures was obtained from each political subdivision with the Lake County Auditor suggesting expenditures could inflate at approximately eight percent annually.

Note 8: Proposed Capital Improvement Projects reflects additional projects proposed and/or recommended in various Lake County development plans and was quantified and appropriated to each political subdivision by Henshaw Associates, Inc., and the Hoag-Wismar Partnership (see Appendix 1). The total cost of these capital improvements is assumed to be financed under terms appropriate for these types of capital improvements. It is further assumed that the receipts needed to begin the capital improvement projects are required in 1982 with the total debt service evenly distributed among the projection years. Special funds from various governmental levels that could cover some of these capital improvements, such as Federal Highway Funds or Land and Water Conservation Funds, were not considered in the total annual cost of these capital improvements for each respective political subdivision.

Note 9: Required Additional Funds reflects the theoretical shortfall of funds to cover expenditures and capital improvements beyond projected tax receipts. This shortfall could be covered by other sources which will be discussed later in this report.

Note 10: Projected Excess Funds reflects tax receipts which exceed total funds required for expenditures and capital improvements. This could only apply to North Perry Village due to the effect of the Perry Nuclear Power Plant on valuation and thus increased tax receipts from inside millage. As stated in Note D, these excess funds are the result of the present tax system where total tax receipts cannot exceed expenditures. These additional funds could potentially be available for North Perry Village in the form of additional expenditures or capital improvements.

Note 11: Millage Increase Required reflects additional millage as it applies to the total valuation, in the appropriate year, needed to generate the projected required funds to cover projected expenditures and capital improvements. These millages reflects what is needed in each year and does not carry over to the following years.

Note 12: Millage Decrease Required reflects the decrease in millage needed in order for tax receipts not to exceed projected expenditures and capital improvements as discussed in Note 10. This situation applies only to North Perry Village due to the Perry Nuclear Power Plant's influence on property valuation. As mentioned in Note 10, this millage could potentially be available for additional expenditures or capital improvements.

To illustrate, an example would be North Perry Village projected in 1986. Total projected valuation is at approximately \$685 million. Total potential revenues of \$930,000 was derived from an inside millage of 1.3 and outside aid which is at a constant \$40,000. Total revenues are thus applied to total expenditures incurred by North Perry Village and the cost of capital improvements planned for North Perry Village. In this case the difference of \$233,000 is uncollectible since total receipts cannot exceed all disbursements, which would be \$697,000 (expenditures plus capital improvements). As stated before, these additional funds of \$233,000 could potentially be absorbed by additional expenditures or capital improvements within North Perry Village, although it is more likely that these funds will have to be absorbed by another governmental entity.

In the case of North Perry Village, projected excess funds uncollectible under each case stated in Notes D and 10 could possibly be captured. The following are suggestions to do this:

.....Lake County could collect their total appropriation (2.1) of the ten mills from North Perry Village in the future if these additional funds could be absorbed by the County. (Total receipts would increase due to the increase in value of the Perry Nuclear Power Plant.) The County could absorb these funds through additional expenditures or disbursements in the form of aid to other political subdivisions.

.....Lake County could collect the entire ten mills from North Perry Village and return a portion of it to cover all disbursements. The excess would be absorbed by the County, school district and other political subdivisions which would be in need of additional monies above and beyond their own tax collections. Although this suggestion does not conform to the present tax laws, it is an alternative that could be pursued.

An additional source of tax receipts for North Perry Village is the recently passed income tax. It is anticipated that this income tax could generate approximately \$220,000 annually, but would decrease when "Units 1 and 2" begin operation at the Perry Nuclear Power Plant due to an expected decrease in the number of employees at the Plant. At the present time, no additional programs or other appropriations have been set up to absorb these additional funds, although the Lake County Planning Commission feels that in the future additional appropriations, above and beyond those projected in this report, will absorb all of the income tax receipts through the projection years. Income tax receipts could also be available for the political subdivisions of Perry Village and Madison Village, although it would be improper to assume the passage and timing of passage for this form of tax receipt.

In conclusion, it can be seen by the preceding tax projections that the present tax system could allow for certain inequities to occur in the future. This is particularly true for the political subdivisions, other than North Perry Village, that would provide capital improvements or incur expenditures, as a result of the Perry

Nuclear Power Plant. According to the Lake County Planning Commission, some of the suggested capital improvements are required; all are important and related to the Perry Nuclear Power Plant.



APPENDIX I

THE HOAG-WISMAR PARTNERSHIP

ALLOCATION OF CAPITAL IMPROVEMENT PROJECTS BY SUBDIVISION  
(Thousands)

	<u>Madison Township</u>	<u>Madison Village</u>	<u>Leroy Township</u>	<u>Perry Township</u>	<u>Perry Village</u>	<u>North Perry Village</u>
Perry area:						
Vrooman Road Extension			\$ 3,051	\$ 3,051		
Relocation of Lockwood Road				320		\$ 1,280
Overlook Park						500
Open Space Reserve Fund				187	\$ 188	250
Community Activities Center				2,070	600	330
Land Reserve Fund				250	125	125
Fire Station				518	150	82
Land acquisition - pathway					250	
Safety force				173	50	27
County disaster plan						1,800
Park development						800
Leroy area:						
Road improvement reserve/ recreational facilities/ preservation - open space			3,200			
Madison area:						
Sanitary Sewer Reserve Fund	\$ 3,000					
Road Improvement Reserve Fund	1,600	\$ 400				
Traffic Control System		150				
Recreational facilities	1,780	220				
Recreational facilities		2,000				
Police substation	750					
Land acquisition		150				
Land acquisition	445	55				
Total	<u>\$ 7,575</u>	<u>\$2,975</u>	<u>\$ 6,251</u>	<u>\$ 6,569</u>	<u>\$ 1,363</u>	<u>\$ 5,194</u>

PREPARED BY:

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