

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
Room 1058, IGCN – 100 North Senate
Indianapolis, IN 46204

IN THE MATTER OF THE REQUEST)
OF ST. JOHN WATER DISTRICT,)
LAKE COUNTY, FOR AN EXCESS LEVY) **A23-051**
DUE TO THREE-YEAR GROWTH)

The Department of Local Government Finance (“Department”) has reviewed an appeal by St. John Water District (“District”) for an excess levy in the amount of \$25,000 to its civil maximum levy due to three-year growth. Indiana Code 6-1.1-18.5-13 allows the Department to grant permission to a civil taxing unit to increase its maximum levy if the Department finds that the quotient determined under Step Six of the following formula is equal to or greater than one and two-hundredths (1.02):

Step 1: Determine the three calendar years that most immediately precede the ensuing calendar year:

2023, 2022, and 2021

Step 2: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year:

District assessed values for 2020, 2021, 2022, and 2023, respectively:

<i>2020:</i>	<i>1,377,472,907</i>
<i>2021:</i>	<i>1,529,703,105</i>
<i>2022:</i>	<i>1,686,898,819</i>
<i>2023:</i>	<i>1,902,687,619</i>

Step 2 quotients:

<i>2021/2020:</i>	<i>1.1105</i>
<i>2022/2021:</i>	<i>1.1028</i>
<i>2023/2022:</i>	<i>1.1279</i>

Step 3: Sum the results of Step 2 and divide by three:

1.1137 ((1.1105+1.1028+1.1279)/3)

Step 4: Compute separately, for each of the calendar years determined in Step 1, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties divided by the sum determined under this Step for the calendar year immediately preceding the particular calendar year.

Statewide average quotients for 2021, 2022, and 2023, respectively:

1.0392; 1.0541; 1.1481

Step 5: Add the Step 4 results and divide by three:
1.0804 ([1.0392; 1.0541; 1.1481]/3)

Step 6: Divide the Step 3 results by the Step 5 results:
1.0308 (1.1137/1.0447)

The maximum amount that the Department may award is the amount by which Step 3 exceeds the maximum levy growth quotient (“MLGQ”) as calculated according to IC 6-1.1-18.5-2 (this amount is 1.05 or 5% for 2023; since 1.0528 is greater than 1.020, the District is eligible for a three-year growth appeal):
0.0737 (7.37%) (1.1137-1.0500)

The District’s 2023 maximum civil levy is \$337,307. This excludes the levy for a cumulative capital development fund and is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 7.37% growth factor calculated above results in a figure of \$24,870, which is the maximum for which the District could qualify under the statutory formula. Under IC 6-1.1-18.5-12(a), the District must also show that it is unable to perform its government functions without this increase.

The District states in its appeal that there has been an increase in its residential population leading to an increased need to fund public safety, governmental services, and infrastructure. The Town states that its highest priority is for public safety expenses, citing additional traffic control and service calls.

The Department should note that the Town of St. John (“Town”) also submitted an excess levy appeal wherein the exact same justification was used. Therefore, the Department made an inquiry over the actual need of the District, rather than the public safety needs of the Town which appear to be unrelated to the District’s needs. The District responded as follows:

“With the rapid growth in the Town since 2017, the Town is struggling to support enough Sewer and Water capacity, which requires them to purchase from a neighboring community. The Town is exploring options at expanding sanitary and water capacity, however, this will require many years and multiple Bonds. Additionally, with our water, the Town will need to continue to spend vast resources for expanding water capacity, treatment, and storage, as they maintain their own municipal wells.”

The Department should note that the District is a separate taxing unit from the Town.

Finally, the District stated on its Budget Form 3 that it seeks an excess levy appeal of \$25,000 for its special waterworks general fund which is the only fund represented to be supported by a property tax levy. The Form 3 also stated that the levy proposed for pay-2024 is \$355,000, and that the current (pay-2023) tax levy for this fund is \$336,776, an increase of 5.41%. The District received permanent excess levies for pay-2021 in the amount of \$6,411, pay-2022 in the amount of \$7,579, and pay-2023 in the amount of \$14,492.

The Form 4B for the District shows that the projected operating balance for the special waterworks general fund (DLGF Fund Number 8303) is expected to increase from \$265,489 at the end of 2023 to \$292,112 to the end of 2024. This is based on the following:

End of year 2023 operating balance	\$265,489
Adopted 2024 property tax levy (inclusive of excess levy)	\$355,000
Circuit breaker impact	(\$300)
Miscellaneous revenue (including LIT)	\$21,100
Total revenues for pay-2024	\$375,800
Adopted 2024 budget	(\$349,177)
End of year 2024 operating balance	\$292,112

The Department should note that the District's maximum allowable levy for pay-2024, excluding the excess levy, is \$350,799¹. This is \$4,201 less than the District's adopted levy (\$355,000 - \$350,799 = \$4,201), but which is also less than the requested excess levy of \$25,000. The Form 4B also shows that the District's proposed tax levy will be more than its adopted budget.

After a review of the petition, the Department, following Ind. Code §§ 6-1.1-18.5-12 and 13, and in consideration of all evidence provided, finds as follows:

DENIED:

The District's excess levy appeal is denied because the District's estimated budget for pay-2024 shows a budget which is under the total revenues available to the District for that year, resulting in a growing operating balance for pay-2023. Therefore, the Department does not find that an excess levy is needed for the District to be able to perform its government functions.

Therefore, the Department denies the appeal. This order is subject to judicial review under Ind. Code § 6-1.1-18.5-15.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

WITNESS MY HAND AND SEAL of this Department on this 1 day of
December, 2023.


Daniel Shackle, Commissioner

¹ Derived from the Department's Estimated Maximum Levy for Budget Year 2024, issued July 17, 2023.