

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

IN THE MATTER OF THE REQUEST)
OF TOWN OF BARGERSVILLE,)
JOHNSON COUNTY, FOR AN) **A23-069**
EXCESS LEVY DUE TO)
THREE-YEAR GROWTH)

The Department of Local Government Finance (“Department”) has reviewed an appeal by Town of Bargersville’s (“Town”) for an excess levy in the amount of \$385,000 to its civil maximum levy due to three-year growth. Ind. 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.:

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

2020: 398,210,263
2021: 466,407,450
2022: 525,876,743
2023: 672,019,225

Step 2 quotients:

2021/2020: 1.1713
2022/2021: 1.1275
2023/2022: 1.2779

Step 3: Sum the results of Step 2 and divide by three:
1.1922 ([1.1713+1.1275+1.2779]/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:
1.1035 (1.1922/1.0804)

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 Ind. Code § 6-1.1-18.5-2 (this amount is 1.04 or 4% for 2024; since 1.1035 is greater than 1.020, the Town is eligible for a three-year growth appeal):

0.1522 (15.22%) (1.1922-1.0400)

The Town’s 2023 maximum civil levy is \$2,581,588. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 15.22% growth factor calculated above results in a figure of \$392,975, which is the maximum for which the Town could qualify under the statutory formula. Under Ind. Code § 6-1.1-18.5-12(a), the Town must also show that it is unable to perform its government functions without this increase.

The Town states in its appeal that it needs the excess levy the Town will be unable to carry out the governmental functions committed to it by law, such as public safety and protecting the health and welfare of its citizens. Additionally, the Town states that its net assessed value has grown by “an average rate of 19.22% over the statewide average levy growth.” The Town then states that the April 2020 Census for the Town showed a population of 9,583, and this is a 138% increase (4,036 residents) from the April 2010 Census reporting a population of 5,547. The Town states that it is “growing 2 times faster than what the State is allowing its budgeted levy based revenue to grow.” The Department should note that the Town is eligible for a maximum levy adjustment under Ind. Code § 6-1.1-18.5-25.

The Town states that the excess levy is needed for “the performance of governmental functions to serve the recent growth,” including public safety staffing and operational costs; park and recreation amenities and maintenance; road and traffic maintenance and repair; and additional administrative and general government services.¹

The Department made a follow-up inquiry with the Town regarding the needed staffing and costs. The Town provided the following information:

- The Town’s 2024 budget has 17 police staff at an average cost of \$107,000 per year per employee in salaries and benefits.
- The Town’s public safety capital improvement plan assumes \$400,000 a year in vehicle and equipment related costs and replacements.

¹ The Department should also note that the Town’s justifications for the excess levy is similar to that of the Town of Cumberland’s excess levy appeal for pay-2024, differing only in the Town’s representations of CNAV and population growth.

- The Town has a parks capital improvement plan with an average cost of \$650,000 - \$750,000 per year.
- The Town’s financial plan assumes \$2 million per year in road and intersection related improvements.

The Form 4Bs submitted by the Town for pay-2024 shows the following information for the respective funds:

	General	MVH	Parks	CCD²
End of 2023 Operating balance	\$4,981,542	\$1,993,533	\$426,640	(\$7,674)
Tax levy	\$1,600,000	\$1,300,000	\$452,109	\$363,702
Property tax cap loss	(\$311,262)	(\$238,483)	(\$89,642)	(\$72,113)
Non-property tax revenue	\$5,194,704	\$570,000	\$352,706	\$18,371
Adopted budget	\$5,787,152	\$1,417,282	\$502,050	\$290,782
End of 2024 Operating balance	\$5,677,832	\$2,207,808	\$639,763	\$11,504

The Form 1 submitted by the Town shows a combined budget of \$2,543,000 in the General Fund for salaries and \$1,161,500 for benefits. Benefits constitute about 31.4% of the combined total of \$3,704,500. It is not clear to what extent this budget is devoted to police salaries and benefits. Based on the response from the Town, the Town plans to spend \$1,819,000 for police salaries and benefits. Assuming police benefits are in the same proportion of 31.4%, police benefits will cost about \$571,166 in 2024. Therefore, police salaries in 2024 are expected to cost about \$1,247,834.

The Employee Compensation Report filed with the State Board of Accounts by the Town in 2022 shows that the Town has employed 16 sworn officers and an officer manager, the total in salaries being \$987,424.³ Compared to the 2022 police salaries (\$987,424), this reflects an increase of \$260,410.

The Town has also indicated on its Form 3 that it seeks an excess levy of \$375,000. The Town received a permanent excess levy for pay-2023 in the amount of \$150,000 and, as previously mentioned, is subject to a maximum levy adjustment under Ind. Code § 6-1.1-18.5-25.

The Department finds that the excess levy is necessary to provide increased police salaries, estimated to be about \$260,410 based on the increase in police salaries since 2022. The Department is hesitant to allow an excess levy for increased capital expenses, especially in light of the Town having a capital development fund and the Form 4B showing growing operating balances at the end of 2024.

² Per Ind. Code § 36-9-14.5-2, the cumulative capital development (“CCD”) fund can be used for various capital expenses. A tax levy for this fund is controlled by Ind. Code § 36-9-14.5-6, but is exempt from the levy limits under Ind. Code § 6-1.1-18.5-9.8.

³ The Employee Compensation Report has not yet been filed by the Town for 2023.

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:

APPROVED WITH MODIFICATION:

The Town's excess levy appeal is approved in the amount of **\$260,410**. This figure reflects the amount for which the Town showed as an increase in the budget in its general fund for police wages, based on the increase in salaries since 2022. This amount does not exceed the amount that the Town qualifies for under the statutory three-year growth formula and for which the Town advertised and petitioned the Department. This is a one-time, permanent increase.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

WITNESS MY HAND AND SEAL of this Department on this 20 day of December, 2023.

A handwritten signature in black ink, appearing to read 'D. Shackle', written over a horizontal line.

Daniel Shackle, Commissioner