

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

**IN THE MATTER OF THE REQUEST )  
OF HARRISON TOWNSHIP FIRE )  
PROTECTION DISTRICT #7, MORGAN ) A23-015  
COUNTY, FOR AN EXCESS LEVY )  
DUE TO THREE-YEAR GROWTH )**

The Department of Local Government Finance (“Department”) has reviewed an appeal by Harrison Township Fire Protection District #7’s (“District”) for an excess levy in the amount of \$4,565 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.:

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

*2020: 88,073,360  
2021: 90,506,908  
2022: 101,037,857  
2023: 120,061,919*

*Step 2 quotients:*

*2021/2020: 1.0276  
2022/2021: 1.1164  
2023/2022: 1.1903*

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

*1.1114 ([1.0276+1.1164+1.1903]/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:  
*1.0287* (*1.1114/1.0804*)

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 1.0287 is greater than 1.020, the District is eligible for a three-year growth appeal):

*0.0714* (7.14%) (*1.1114-1.0400*)

The District’s 2023 maximum civil levy is \$63,049. This is the most recent civil maximum levy that the Department can use as the basis for an adjustment. Multiplying this figure by the 7.14% growth factor calculated above results in a figure of \$4,503, which is the maximum for which the District could qualify under the statutory formula. Under Ind. Code § 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 it is experiencing an increase in run volumes as well as “high inflationary pressures” and “increased fire contract terms.” The District adds that it has low cash reserves in the Rainy Day Fund.<sup>1</sup> The District also states that it currently has a contract with Bargersville Fire Protection District in Johnson County (“Bargersville FPD”), and that Bargersville FPD “are set to increase the contract amount through 2026.”

The District submitted its contract for fire protection on Gateway. The contract represents an agreement between the District and Bargersville FPD. The contract indicates that Bargersville FPD would provide fire protection and emergency services to the District for calendar years 2024 through 2026. According to the contract, the District and Bargersville FPD agreed to the consideration as follows:

Calendar year 2024	\$150,000
Calendar year 2025	\$175,000
Calendar year 2026	\$200,000

By comparison, the petition states that the consideration for the contract in 2023 is \$150,000. The contract also represents that Bargersville FPD “is offering services at a reduced rate based on the resources available to the [District] at present,” and that should additional revenue become available to the District, including through a cumulative fund or levy growth, “the parties agree to promptly negotiate in good faith a more appropriate rate for services.”

The District’s Form 4B for 2024 represents the following information for the General Fund:

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<sup>1</sup> The Department should note that neither the Form 1 nor the Form 4B submitted by the District for 2024 include the Rainy Day Fund in the District’s budget. The petition and the annual financial report submitted by the District for 2022 indicates a cash reserve of \$12,720 in the fund.

End of 2023 cash balance	\$58,321
Property tax levy	\$77,159
Circuit breaker impact	-\$508
Miscellaneous Revenue	\$64,566
<b>Total revenues</b>	<b>\$141,217</b>
Budget estimate	\$170,100
<b>End of 2024 cash balance</b>	<b>\$29,438</b>

The Department’s estimated maximum levy for the District for pay-2024, provided under Ind. Code § 6-1.1-18.5-24, shows that without the excess levy, the District’s maximum levy will be \$65,571. Including the requested excess levy, this maximum levy would be \$70,136 (\$65,571 + \$4,565 = \$70,136). The Form 1 for 2024 also shows that the District’s budgeted contract payment to be \$170,000, which includes the \$150,000 contract payment plus \$5,000 for “other services and charges” and \$15,000 for “professional services.”

The Annual Financial Report filed with the State Board of Accounts from 2018 to 2022 indicates the following cash balances, receipts, and disbursements for the general fund:

<b>Year</b>	<b>Start of year cash balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>End of year cash balance</b>
2018	\$59,892.58	\$102,686.70	\$109,051.66	\$53,527.62
2019	\$53,527.58	\$108,309.83	\$72,283.85	\$89,553.56
2020	\$89,553.56	\$114,108.46	\$76,508.19	\$127,153.83
2021	\$127,100.83	\$116,679.59	\$103,278.42	\$140,502.00
2022	\$140,502.00	\$119,153.47	\$166,472.36	\$93,183.11

The Form 1 submitted by the District for 2018 through 2024 indicates the following costs for the fire contract:

<b>Year</b>	<b>Fire contract</b>
2018	\$60,000
2019	\$72,000
2020	\$72,000
2021	\$106,250
2022	\$150,000
2023	\$150,000
2024	\$150,000

The District has also indicated on its Form 3 that it seeks an excess levy of \$5,500. The District has not previously received a levy adjustment.

The Department does not typically approve excess levy increases on the basis of increased contract costs due to inflation or other causes. Contracts can be negotiated, and an excess levy to for increased contract costs may actually contribute to the inflationary pressures being claimed as a basis for an excess levy. In addition, the Department is concerned that the Bargersville FPD is

encouraging the District to raise its taxes to provide more revenue to Bargersville FPD through this contract.

However, the Annual Financial Reports, Form 1s, and Form 4B all indicate a declining operating balance, due in part to the increasing cost of the contract. Therefore, the District has shown a need for an excess levy to continue providing fire protection in the service area.

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 District's excess levy appeal is approved in the amount of **\$4,503**. This figure reflects the amount for which the District qualifies under the statutory three-year growth formula and does not exceed the amount which the District advertised and petitioned the Department. This is a one-time, permanent increase.

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



**Daniel Shackle, Commissioner**