



**MINUTES
MONROE COUNTY COUNCIL
SPECIAL SESSION ON 2008 PROPOSED BUDGET
SEPTEMBER 17, 2007**

CALL TO ORDER

Pursuant to proper notice, a special session of the Monroe County Council was called to order at 4:30 p.m., September 17, 2007, at the Monroe County Courthouse in the Judge Nat U Hill Meeting Room, Third Floor, Bloomington, Indiana. The presiding officer was Michael Woods, President. A quorum was present including:

Councilors Present: Michael Woods, President
Vic Kelson, Vice President
Sophia Travis
Marty Hawk
Warren Henegar
Jill S. Lesh
Charles Newmann

Also present: Auditor Sandy Newmann, Auditor's Financial Director Cathy Smith and County Attorney Jeff Cockerill.

(Woods) This meeting of the Monroe County Council and Public Hearing on the 2008 Budget is called to order. The first item is Council discussion of the 2008 Budget which was previously worked through the second week of August. Are there any questions or comments or discussion to my left?

(Travis) I don't really have any comments right now.

(Woods) Are there questions, comments or discussion to my right?

(Hawk) I thought before we had discussion we would have the presentation by the Auditor's office. They presented us with a lengthy presentation to look over. I thought that's what we were going to do, and then we might have questions during that period of time.

(Woods) I was not of the understanding that there would be a presentation, though by all means; feel free to ask questions about this document.

(Hawk) First of all, I wanted to say a big thank you to the Auditor's office for giving us a detailed preview of what we can expect these numbers to look like during our adoption hearings. I see that the numbers have been adjusted from what we had seen at the pass and so I appreciate that adjustment, but I've had several questions and I have spoken with the Auditor's office about it, but just to share those concerns with you folks as well, I'd be happy to go ahead and discuss that. First of all, and this would be something later would be answered by Legal department, since our assessed value was advertised at seven billion, and if you'll remember, during the last meeting I asked if we shouldn't have used the assessed value that had already been approved between the Auditor's office and the State, and I understand that

that is the number that they used; the six billion something, and I think it will show here someplace, they used that number rather than the seven billion, so I don't know whether or not since the seven billion was the one that was advertised, whether or not that will be a problem, but I'm happy to see that we're going to use the lesser amount because as I discussed with you in the past, I was concerned that that would cause us to set the rate too low and once its set too low the State cannot raise it. They can lower it where it's supposed to be, but they can't raise it, so I understand that that lesser amount was used. The other thing that I think the Council should consider, and maybe it has been considered by others, exactly how much the change in the levy, or the increase in the levy for the Health, I think that was something like eighty-some thousand dollars, I don't know exactly the numbers, but exactly how that will affect what the Auditor's office had projected for our revenue for next year because if you will remember, this Council really took that budget absolutely as high it was possible to go, relying on the revenue projections from the Auditor's office, but since that time we took dollars out for the Youth Shelter, their revenue, so that would have come out of there, and also if we take out from that revenue, and remember it's dollar for dollar, if we raise money coming out for reassessment, for Cum Bridge, for Aviation, for Health, that's higher than their increase would have been of that .039 or .04, then that is actually coming straight out of County General revenue. Now, since we're setting there with such a high cash amount, it really won't hurt us this year because it's not like we're losing any portion of the total levy because that's setting inside the frozen levy, so those things that might be one-time expenses will be fine, but we need to look at, especially with Health, most of that is going into personnel so we have to look into the future. Once you've raised that levy amount, then that's pretty much the same route we're going to fund that portion of the frozen levy to a higher extent than we are the general fund. I also see that the Cum Bridge originally in the advertised amount for the levy was less than that; they didn't advertise the rate, but the amount, but we did find out from the State that it wouldn't matter what the amount was advertised for that it is a rate-controlled fund and since that time, and for years, we have been told that the rate was 0213 and has been, I think, since 2003 or 2004, and even when I started questioning it when we were going to the classes and learning how important it was that those rate-controlled funds that we kept an eye that because that could pull the County General. We were told it was 0213 by people at the State level, however, when some investigation went on they went into trying to find out what the last thing that they could find in writing and came up with 0201. It is rather strange, but that is not a rate that the Auditor's office should change. It's this body that would reduce it and not anybody else. I mean the Commissioners would vote on the rates and then we could either say yes, we're going to do it or no, we're not, so we have to watch on those cum funds though they are rate-controlled and not to be adjusted. It's not unusual because if you look at last year's minutes, the person doing those did the same thing, so it's not unusual, it's just that that's not a levy controlled fund, it's a rate controlled fund. I had some other questions as well, but I think I've probably taken up quite a bit of time and if you don't mind, I would hope that you'll come back when others have had an opportunity.

(Woods) Does anyone want to address any of those questions?

(S. Newmann) We did talk to Ron Stinson and I'll let Cathy talk because I was listening and Cathy was physically talking with him.

(C. Smith) It's been a pleasure to look at the numbers and really see what they're saying to us mathematically. You raised some very good questions. One question that I really hear you on is the difference between what we projected as our new monies and what we used for these calculations, what impact that will make. I hate to use the word minimal, but I believe it will be a minimal differential. I originally did it at 3.7, which I understand there is a very good likelihood that we will receive somewhere between 3.7 and 4. After speaking with Ron and have it all completely done that way, he asked me to actually do it at 4%, I guess because it's a round number, it's just easy for everybody to calculate and it's possible that we might get 3.9 is what I'm understanding. You'll see on this colorful sheet that you have, with my original, I guess I should say my second set of calculations which is what I sent you over the

weekend I believe, Friday afternoon, is the maximum levy calculation based on the 4% rise. You'll see that it's a little different than last year's in that County General will have an excess levy fund. Because of the excess levy you have to take the base County General budget and add it to the excess levy budget for a 28.7 million dollar expenditure budget that we're looking for which makes a levy of 13.5 million. When we compare that, which works out to be 21.28% with what we got last year, of course we had no excess levy, so it was 17.1729 last year. That's quite a big difference and I know, Marty, that you're concerned. When we start looking at the rises in these other funds, well, what will be the cumulative amount of money that we have to come up with extra and will that be more than 3.9, 4%. What it is, trying to make a little chart here for you to easily see the difference. The delta between the two figures is 37,000 and either way, one, the first way at 4% leaves us \$25,000 short and at 3.7 it leaves us \$62,000 short, but that's pretty small when you're looking at such a large budget and such a large levy. It's very likely that we will not receive everything in the excess levy that we would like to receive, which is 2.1 million. Last year, and I draw your attention to the set of 1782's that we received from the Department of Local Government Finance, and when we received these the first thing, I knew we were getting slapped on the hand by Ron Stinson who said, do you realize that you're under your max by \$1,747, which to me sounded like a good thing for taxpayers, but with all the additional appropriations I think they really want you to use the max levy before you actually go for additional appropriations. So, what I wanted to make sure I did this time was go ahead and use 100% of that levy and then of course we do have cash sitting in the bank more than this differential amount which is 25,000 at 4%. I guess you're probably looking for an answer from us; do we think this is a very doable budget and are we comfortable with it and I think the answer is yes, we are comfortable with it. We are more comfortable that we did a small research on that cum bridge fund and we do not see anything to support the 0231 number, but definitely documentation for the 0201 number, and I feel confident using that because we haven't found anything to tell us not to.

(Cockerill) Essentially what happened with that is in 2003, Resolution 31, passed by the County Commissioners, set that maximum rate at .0201 and since that time there had not been any other ordinances changed so that would be the maximum allowable.

(C. Smith) When I figured these calculations, there're a couple of different ways that you can do it. The way we've done it in the past, the other two years I've been here, was a much more complicated method. Ron Stinson turned me onto the way that the DLGF does it and that's what you see in front of you now. I think it's more straightforward, I think it's easy to understand when you compare it with what we received documentation-wise from them last year. When you look at this you kind of have to start with the back under the percentage because it made it run into separate sheets of paper and I didn't want to waste the paper and what you see there is the equivalent to your 1782 statement, the very last page, miscellaneous changes and improved levy increases. The first thing you have to do is take out things in the Commissioners' budget that they feel is basically outside, and when we say outside...it's very interesting what we just find as inside and outside the levy. Everyone thinks that the standard levy is very cut and dried, but in fact with the way the DLGF does their computations, it isn't. Both the cum bridge and the cum cap are actually inside the levy because...although one resides outside, they add it back in so for all intents and purposes there're really inside anyway. They just add the number back on and I'll show you how that works here in a second. You see number one, this is the very last page, *inaudible* changes and approved levy increase; one is mental health that resides in the Commissioners' budget, and number two is mental retardation that resides within the Commissioners' budget. You'll see the one and two in that box under the delta here and the 4.00% there, that they're the same amounts. The Center for Behavioral Health, that's our mental health in the Commissioners' budget, and then Stone Belt and Options for Better Living, which is our mental retardation expenditures, for 150,280 and \$700,000 respectively, and then number is cum fund which is actually outside the levy. First of all we're going to add it back into the levy. Juror Fees that we do not use at this time, and five our Excess Levy. That works out to be almost 5.4 million for this next year's budget. Then you take that number and you add that number into the max levy with this box here. You take your 2007 new levy and your 2007 new levy

is going to be your old levy times your growth, 12.7, almost 12.8, and then you add in any of your FIT, which we have 13,076 in FIT, that's financial institution taxation, and then your miscellaneous changes which comes from the sheet right here and then when you add that up that puts the cum cap and your excess levy inside your max levy. The only thing that doesn't sit inside that computation is your bond and down here in the green you'll see the total with the bond is 20.338 million. Anyway, so I did it at 4%, I did it at 3.7% because I didn't want people to worry, ooh, does that little bit make such a difference it's going to really hurt us. We don't know really, really good numbers until we find out what's going to happen with that excess levy. Jeff, do you know when that's going to be?

(Cockerill) Our appeal is due on the 20th, which is why we have a couple of the items and then they will schedule.....well, there's a meeting scheduled for October and there's also one in November. We don't know which one we will get and then after that I believe they have 90 days to let us know so it will be a while.

(C. Smith) Marty, does that answer any of your questions?

(S. Newmann) Marty, with the seven billion.....we did ask Ron Stinson about that and he told us to go ahead and use the lower from last year, the 625, that's the reason we went ahead and used that.

(C. Smith) The AV. We originally had used the seven, he asked us to go ahead and use the six and a half, we converted back, although of course the numbers are going to look better at seven, we expect it to be above seven, but without having certified numbers from the Assessor's office we can't really move forward with the exact number. I will be happy to give you all these calculations again with numbers once we get them from the Assessor's department.

(Hawk) The only thing I would want to caution is this, we understand that even though all these computations.....we understand that the cum bridge sets inside the frozen levy and when they add those numbers back in, that makes a working max, while it is the cum bridge levy that actually affects County General because that's setting into that frozen levy. We'd want to look at it two different ways; what does this *inaudible* 020 whatever this, 0201 if that's the number, if that's the rate that we're looking at they have fear that they believe that would bring in a million two seventy three, and now less than what it brought in this year. This year it was supposed to bring in a million three. I think this is a year when the public is really looking at, are we taking care of our bridges? And we certainly want to do that, but actually the .0201, if we can't end up with a true value once that gets rolled over to the State and the State will then adjust that dollar amount, then that will be over, more like a million four, and remember that's coming straight out of the County General revenue. I think we would be alright absolutely this year because our cash is setting so high. If our cash wasn't setting high, I'd be saying, oh, let's get that adjusted so we have a number that we can wrap our hands around and know, but by next year we'll have a better feel for it and by that time our cash will have been spent down and we might want to do something differently next year, oh, you know if Council wishes to address something different now, but just for us to kind of keep an eye on that part.

(C. Smith) That is a differential of around \$75,000. I guess Bill's here if he wants to speak to that. I mean the differential between the two rates is around \$75,000 in your cum bridge fund.

(Bill Williams, Highway Engineer) *Inaudible.....not near a microphone.*

(Kelson) Can I ask a question about the rates? Jeff, you tell us that the most recently approved rate by the Commissioners is .0201.

(Cockerill) Correct.

(Kelson) How did it get past the .0213 last year?

(Hawk) It's been that way for about five years.

(Kelson) But the Commissioners past Resolution set it at .0201 in 2003, so how did that get changed again without a resolution from the Commissioners? It's never been overridden, the 0201 number that's written here is smaller than the number that was approved by Council last year, but you're telling me that there's no resolution from the Commissioners that changed the 0201 number in the intervening four years.

(C. Smith) Vic, what actually happened is when we were.....

(Kelson) I was asking Jeff, I wasn't asking.....

(Cockerill) I don't have any information that could answer that question at this point in time.

(Kelson) Okay, so I'm just confused about the rate because if the most recent number approved by the Commissioners, if that hasn't been changed then what are the rules? The Commissioners approved .0201 in 2003 and never changed it; now what are the rules?

(Cockerill) The maximum should be as .0201.

(Kelson) But last year it was approved at .0213.

(Cockerill) Yes, and I.....

(Kelson) Was that an error or was that.....

(Cockerill) It appears to be an error.

(Kelson) Okay.

(Hawk) Not just this time, but for five years or more we've been told it was 0213.

(Williams) We looked at our annual reports and that tax rate, .0213, appeared in 2004. I'm not sure how that happened. This is my first year of seeing the sixteen line statement, which I appreciate, but like I say, that's when it first appeared.

(Kelson) Well, I'm just trying to understand the implications of the fact that apparently the rates that have been set for this fund have been higher than the one approved by the Commissioners most recently and I just wanted to know what the implications of that are.

(Cockerill) At this point, I don't think I can give you a solid answer. I think that the numbers that we have used have come from the DLGF. You know, we submit something and they're supposed to....catch these errors and apparently we missed it here and they missed it there so.....

(C. Newmann) Vic, as far as I can tell there's just been a little bit more money going into the cumulative bridge fund because there was an error made here at the county and it was not caught by the DLGF.

(Kelson) I agree; I understand. The point I'm trying to reach though is that if the most recent approval from the Commissioners is 0201 we can't go higher than that now so what happens to that fund relative to last year's? Is that outside of our control?

(Cockerill) Yes it is, at this point I would be safe say.

(Hawk) Vic, could I have something that I mean might be part of the answer, but it is a mystery because I've been trying to go back and say, well, how did that get switched? Because it's been that way now for so many years and you know that's what was presented to us, but if we remember that, and I can't remember what year it was, if they took the inventory tax off, that the State said the cum bridge fund would not have to lose the money for the inventory tax so could this be a percent adjustment the State made to make up for the loss of the inventory tax? I don't know; I'm just wondering.

(Kelson) You were here, I wasn't.

(Hawk) Well, I'm just saying that for years the Council was presented tax rates and levies, we didn't question, we just.....I know this Council finds that impossible to believe, but honestly we just thought, okay, these are the rates, we didn't figure the rates, we just *inaudible* on what was....how we voted and then we voted on what was presented.

(Woods) Are there additional questions to the right? Let me see if there's some follow-up to the left.

(Lesh) So, what are the implications? Cumulative bridge fund says levy \$1,273,384. Is that last less than last year? Is that enough? I just don't know the bottom line implication.

(Kelson) It's less than last year's.

(Hawk) Are we less than this year's?

(Kelson) Yes, it's less than 07's.

(Lesh) So, are we upset about that? I don't know what to think about it.

(Woods) Are you asking, is the rate less or is the dollar amount less?

(Lesh) Inevitably the dollar is what I'm concerned about.

(Woods) So given the new assessed value, is this lower rate going to raise less actual dollars this year or next year than the higher rate did this year?

(C. Smith) Set at this AV, yes, it will.

(Lesh) Yes, what?

(C. Smith) Yes, it will raise less dollars.

(Henegar) How much less?

(Hawk) She said right there; 1,273,383 and this year's was 1,351,857.

(Woods) I thought he was saying that was the difference between the two rates given this year's assessed value.

(Hawk) It raised 1,351,857 and they have projected \$1,273,383.

(Woods) Okay, so the \$84,000 difference is between this year and last year.

(Travis) Is that correct, Bill? It's an \$84,000 difference? You were starting to tell us before we went on....

(Williams) There's an \$84,000 difference if you compare to the seven billion dollar AV that's being talked about right now.

(Kelson) The question is, is the amount that's projected on this sheet here, the 1.27, is that more or less than the 2007 actual amount was? It's less; how much?

Courthouse clock striking 5:00 p.m.

(Kelson) It's \$84,000 less than the 0213 rate raised in '07. It seems to me that we can't do anything about it because the rate approved by the Commissioners is .0201 and we can't go up.

(Hawk) There's probably some reason from the DLGF that they changed it because also when you look at the statute it says the DLGF will adjust the rate on the years of the reassessed *inaudible* and you read it and.....Mr. Woods will know how to read all of that, but it really is difficult when in there and start reading it and try to see what they would have adjusted for.

(Lesh) Can we request them to take a look at that and adjust it for us?

(Woods) We would need a resolution to do that, but I think it's a valid point that if there's an ordinance by the Commissioners saying that the cum bridge rate will not exceed .0201 then that's the upper limit of that rate until they pass a new ordinance.

(Lesh) Which can't be in effect for this coming year's budget? It's too late for that now for the 2008 budget?

(Woods) I would think so.

(Cockerill) And I'll be certain to check with the DLGF to see if something like the inventory tax had made a change in that one.

(Kelson) The other thing though is if some how or another we did raise that rate, that's all in the frozen levy so it would affect what we would have available for County General.

(Woods) Additional to the left? Any additional to the right?

(Travis) I do have one quick comment. Councilor Hawk, thank you for pointing out that it's not been that long ago that Councils did not examine some of the figures as you describe that they presented, and that you just went with what you were presented, I think that the theme that I began to talk about last year about the level of transparency with the involvement of the Council and looking at 16-line statements and this volume of the backside, or the back end of the preparation for sending things up to the State is unprecedented prior to maybe 2004, 2003?

