

WABASH COUNTY COUNCIL MEETING

The Wabash County Council met in session on Monday, August 25, 2014 in the Commissioner's Meeting Room of the Wabash County Courthouse. Vice-Chairman Mike Ridenour called the meeting to order at 5:00 P.M. with six members present: Ridenour, Claude Markstahler, Randy Curless, Gary Nose, Jeff Dawes, and Bill Ruppel. Chairman Jim Kaltenmark was absent. Markstahler opened with a word of prayer and Ridenour led in the pledge of allegiance. The proceedings of the meeting were recorded by the County Auditor's office.

Ridenour asked for comments about agenda items. No comments were heard.

Due to the time conflicts of some of those on the agenda, Ridenour changed the order of the meeting in order to recognize Jim Higgins, CPA with London Witte Group, Indianapolis and his associate Robert Reynolds who were present to update Council on the analysis of possible changes to the County's LOIT rates. Higgins stated that the latest analysis of the .25% LOIT public safety rate was based on the County's assessed values only not including the values of other units, or on the tax levy, as he had presented previously. The analysis indicates that the rate would raise \$825,600 for public safety. To illustrate that expenses have exceeded revenues in both 2013 and 2014, he referred to the cash flow statements prepared by the Auditor's office. He stated that part of this difference would be eliminated with the adoption of the LOIT public safety rate with \$825,600 of new money to offset what is budgeted in the General Fund for public safety. He also suggested that eliminating the CEDIT Homestead credits and allowing the levy to thaw should be considered in light of the cash balance of the General Fund. Nose asked about a comparison of revenues between the 2012 and 2013 because he believes that the revenue received was the problem and not that the County had been spending too much. He noted that the State had approved the 2013 and 2014 budgets and that Council had sufficient money to fund the budget. Ridenour stated that some of the revenue shortfall could be the CAGIT funding and noted that that Council has not adopted the State-recommended increases in the LOIT rates for several years, so the income revenue has not been generated. Higgins stated that the levy growth is supposed to be generated from the LOIT income tax collections and that this must increase in order to avoid using the LOIT Stabilization Fund. He noted that this fund is predicted to be insufficient for the anticipated 2015 semi-annual LOIT distributions to the County and all local governmental units. According to figures from the Auditor's office, the LOIT revenue distributed to all units in 2015 will be approximately 70% of the LOIT distribution in 2014. He stated that all units will eventually receive the revenue if the LOIT public safety rate is adopted and the CEDIT Homesteads are eliminated, but they may need to appropriate the funds into their budgets to use the money. Higgins suggested that each governmental unit will need to forecast their 2015 revenues and the appropriated money that needs to be spent with the current situation as it is, but to be aware, that if changes are made to LOIT and CEDIT Homesteads for 2015, there will be income collections that no one can currently include in the proposed 2015 budgets. He stated that the General Fund's current cash flow problem can be assisted by temporary loans, but an analysis may need to be done with 2013 budgeted revenues versus what was actually received. Council requested that the Auditor's prepare that analysis.

Ridenour asked Higgins about adoption dates for changes in LOIT rates. Higgins stated that if changes are made today, the adoption date would be effective yet this year, and to be effective in 2015, the changes must be adopted by October 31, 2014. Dawes asked about the length of time that the LOIT Public Safety rate would be in effect and Higgins stated that the rate

can be changed or rescinded unlike the LOIT levy freeze. Ruppel asked about the impact of the elimination or changes in CEDIT Homestead credits. Higgins referred to Darren Bates with Data Pit Stop for responses to the Council's CEDIT Homestead questions. Higgins stated that regardless of what Council does for 2015, the state legislature will become involved in the revamping of how local government is funded and that the "field will all change".

Darren Bates, Data Pit Stop stated that the deficit in the LOIT Stabilization Fund for 2015 of approximately \$400,000 will be handled by the State by increasing Wabash County's tax rate regardless of what Council decides to do, because the State will not allow any unit to go bankrupt or pay the unit's expenses, so the rate must increase. He stated that in 2013, the CAGIT monies received were much less and that the 2012 revenues were inflated due to the "undistributed" CAGIT money received in 2012 that the county was entitled to but did not get in 2011. Bates presented an analysis of the percentage changes of the LOIT credits and the elimination of the CEDIT Homesteads which will affect only residential homestead properties, not agriculture or any other category; he stated that there would be no shifting in credits. He explained that the State's purpose for income tax credits was to help in the reduction of a county's cap losses. He stated that CEDIT Homestead and LOIT Homestead are the worst credits to have and that PTRC and Qualified Residential are the only two credits that truly help cap losses. He stated that none of the senior citizens will be affected by the elimination of CEDIT Homestead credits because of tax caps. He stated that there will be an increase in some tax bills, but the increase is less than one half of what people were paying before LOIT. Bates recommended the adoption of the 50% LOIT PTRC and 50% LOIT Qualified Residential rate and to wait and see in 2015 how the adopted changes affect the current situation. Ridenour asked Bates to create an analysis using 55% PTRC, 35% Qualified Residential, and 10% homestead. Discussion followed regarding the funding generated by the LOIT Public Safety rate and what law enforcement expense will qualify for funding. Ridenour asked about the effective dates of the change in CEDIT Homesteads and Bates stated that this would become effective for 2014 pay 2015 tax bills. He explained that the LOIT Public Safety rate funds will be distributed semi-annually in 2015, but the revenue can't be budgeted now for 2015; any revenue would need to be additionally appropriated to be spent. Bates was asked about the order of making these changes if approved. He recommended rescinding the CEDIT Homestead credit first and then adopting the LOIT Public Safety Tax rate.

The next order of business was to review the minutes of the July 28, 2014 meeting. Markstahler made a motion to approve the minutes. Dawes seconded the motion and it passed by a vote of 6-0.

County Recorder Lori Draper submitted an affidavit that states that she gives her permission as Wabash County Recorder to Wabash County Council to use \$52,418.00 of the Recorder's Records Perpetuation Fund to supplement the payment of expenses of the Recorder's 2015 budget. Draper stated that pursuant to IC 36-2-7-10.2c upon receipt of the Recorder's affidavit, the Council may adopt an ordinance approving the Recorder's request. Ruppel made a motion to suspend the rules concerning a second reading of an ordinance and allow the adoption of the ordinance after its' first reading. Curless seconded the motion; it passed by a 6/0 vote. Ruppel made a motion to approve Ordinance #2014-85-06 granting the Recorder's request to use monies form the Recorder's Records Perpetuation Fund to supplement the Recorder's 2015 Budget. Curless seconded the motion; it passed by a 6/0 vote.

Sheriff Bob Land presented an amendment to the Wabash County Police Retirement Plan for consideration by Council. He explained that the Plan

was submitted to the Internal Revenue Service for a determination of its' qualified status. The amendment contains the IRS restatement of the plan and requires only the Council chairman's signature. Ruppel made a motion to approve the amendment to the retirement plan as submitted. Dawes seconded the motion and it passed by a 6/0 vote.

County Health Board President, Dr. Jeffrey Pyle explained that the department currently has three budgeted funds. In the past, vaccine revenue and expense has gone into and has been paid from the Local Health Maintenance Fund. He stated that the State Department of Health is no longer allowing the department to use that fund for vaccine fees. He stated that he was told by the Commissioners that if the money is deposited into the County Health Fund, the additional revenue could impact State approval of the County Health Fund budget unless the vaccine revenues are separated in another fund. He stated that he contacted the State and they explained that a home-rule ordinance would be required to create a new fund and that they were very positive about the possible fund. Pyle stated that transparency is one of the reasons for the separate fund. He stated that the fund would allow for more local control without any budget cutting from the State. He stated that the department spoke to Whitley County about their Immunization Fund and no home-rule ordinance had ever been adopted to establish the fund, but he surmised that the home-rule ordinance process must not have been required at that time. He stated that the department would like to create a new Immunization Fund in order to purchase vaccines and related supplies and to deposit revenue from vaccine services and to receive Medical insurance and Medicare/Medicaid reimbursements. He stated that some health expenditures could be paid from this fund.

Ruppel asked Pyle how charges for these services are determined and who furnishes the vaccines. Pyle explained that the State furnishes most of the vaccine and that the department can submit claims to Medicare/Medicaid and insurance companies to reimburse the cost plus additional money for administrative services. He stated that this would generate additional funds. Nose asked if the budget of the County Health Fund would be reduced because of paying some of the expense from a new fund and exactly how the additional revenue would be used. Pyle stated that \$10,000 of Health department expenses normally paid by the County Health Fund would be budgeted from this new fund. Ridenour asked exactly what the reason is for making a new fund. Pyle stated that the Commissioners told him that if the revenues of the County Health Fund would greatly increase with the new revenue deposited into County Health, then the State could cut the tax levy of the fund. He stated that they recommended putting the revenue in a separate fund.

Chief Deputy Auditor Grube stated that transparency is not an issue for a separate fund because the vaccine revenue and the expense could be identified with account codes for both the revenue and expense within the County Health Fund. She stated that if the revenue is used in funding the budget of the County Health Fund, it would only help the expenses of the department to be fully funded with no need for cuts because of a lack of revenue, which is exactly why the budget had to be cut for 2014. She explained that there are five tax-rated funds that are funded by revenue sources and in part or totally by a maximum amount of taxes that can be levied each year and the County Health Fund is part of that maximum levy. All five funds have been affected by the 2013 & 2014 decrease in property tax and income taxes collected, just as the General Fund has been affected. She stated that the DLGF reviews the revenues and expenses estimated by those who create and submit the budgets but they suggest budget cuts if the revenue is not high enough to support the proposed expense. She stated that the Health department has estimated vaccine expense at \$60,000 in a

proposed budget for a new fund and had estimated vaccine revenue at \$70,000 for an estimated profit of \$10,000 which could help fund the County Health Fund's expenses. She also stated that the County has an existing ordinance, #2004-04 that states that all health department fees must be deposited into the County Health Fund. She stated that she is puzzled by the creation of Whitley County's Immunization Fund, because it should have been created by home-rule ordinance. Grube explained that the proposed 2015 budgets have already been advertised and since there is currently no immunization fund in existence, no budget could be advertised. If the fund is created, the money would need to be additionally appropriated to be spent.

Pyle stated that he was only trying to protect the vaccine revenues for the future and that he was told that if they are deposited into the County Health Fund, then the State could cut the tax collections levy of the fund. Pyle stated that Medicare/Medicaid and insurance reimbursement procedures could be changed and asked what the County Health Fund would do without the vaccine revenue if it were no longer available to fund the budget. He stated that if no fund is created, then there may be resistance from the staff. Ridenour stated that any member of the staff is welcome to come and address the Council regarding their intentions and that he would welcome the opportunity to discuss any staff concerns. Ridenour told Dr. Pyle that the Commissioners must approve any home-rule ordinance, so if he intends to proceed, he must go back to that body for approval of any new fund.

The next order of business was to address the Additional Appropriation requests: Sheriff Bob Land explained the requests.

ADDITIONAL APPROPRIATIONS
ORDINANCE #2014-08

COUNTY GENERAL FUND - #1000

	<u>Amount</u> <u>Requested</u>	<u>Amount</u> <u>Appropriated</u>	AYE	NAY
Sheriff Dept.				
Garage & Motor #1000-22500	2,282.00	2,282.00	6	0
Education & Training #1000-30110	590.00	590.00	6	0

Explanation: These requests are insurance reimbursements and a refund for cancelled training, so requesting that the refunds be appropriated into the budgeted line items. No additional funds are required.

Curless made a motion to approve the request for Garage & Motor supplies. Ruppel seconded the motion and it passed by a 6/0 vote. Ruppel made a motion to approve the request for Education & Training. Nose seconded the motion and it passed by a 6/0 vote.

	<u>Amount</u> <u>Requested</u>	<u>Amount</u> <u>Appropriated</u>	AYE	NAY
Jail Dept.				
Inmate Medical #1000-30232	35,000.00	35,000.00	5	1

Explanation: This line item account has a negative balance of -\$8,688.34 as of July 9, 2014. Currently, there are two invoices totaling \$8,260.21 that are due, resulting in a negative balance of -\$16,948.55 if the invoices are paid. There are three more months of possible expenses in the year, so estimating a need for \$35,000 in additional funds. Original budgeted appropriation was \$102,000. Sheriff's Dept. has requested additional money for this line item for the first time. Land stated that discounts were requested and given on the invoices.

Curless made a motion to approve the request. Ruppel seconded the motion and it passed by a 5/1 vote. Nose voted against the motion.

Solid Waste Facility Director, Jen Rankin was present to explain the request:

WABASH COUNTY SOLID WASTE DISTRICT

	<u>Amount Requested</u>	<u>Amount Appropriated</u>	AYE	NAY
Other Services & Charges Facility Repair & Maintenance	27,000.00	27,000.00	6	0

Explanation: The request is for the replacement of the warehouse roof by Five Star Roofing, since it has become a safety hazard..

Ruppel made a motion to approve the request. Nose seconded the motion and it passed by a 6/0 vote.

These appropriations were presented to the Wabash County Council, read in full and adopted on the 25th day of August, 2014. The Auditor was directed to present the above additional appropriations to the Department of Local Government Finance for approval as provided by law.

TRANSFER RESOLUTION #2014-03

WHEREAS, it has been determined that it is now necessary to appropriate more money than was appropriated in the annual budget; NOW, THEREFORE:

SEC. 1 Be it ordained by the Wabash County Council of Wabash County, Indiana, that for the expense of said county government and its institutions for the year ending December 31, 2014 the following additional sums of money are hereby transferred and ordered set apart out of the several funds herein named and for the purposes herein specified, subject to the laws governing the same:

	Amount Requested	Amount Transferred	AYE	NAY
<u>DECREASE:</u> GENERAL –Circuit Court Administrative Assistant #1000-11212	5,305.00	5,305.00	6	0

SEC. 2 WHEREAS, it has been shown that certain existing appropriations now have unobligated balances which will not be needed for the purposes for which appropriated, it is further resolved that the following existing appropriations be reduced in the following amounts:

			AYE	NAY
<u>INCREASE:</u> GENERAL FUND – Circuit Court Public Defender-Welfare #1000-30290	5,305.00	5,305.00	6	0

Dawes made a motion to approve the transfer request. Nose seconded the motion; it passed by a 6/0 vote.

This was presented to the Wabash County Council, read in full, and adopted on the 25th day of August, 2014.

Attorney Steve Downs presented a resolution to transfer funds in the form of a temporary loan from the CEDIT Fund to the County General Fund to be paid back by December 31, 2014 with the option to renew, if necessary. Members discussed how much should be borrowed and consulted with the Commissioners about the amount that could be transferred from the CEDIT Fund. Ruppel made a motion to approve Resolution #2014-85-11 authorizing the transfer of \$800,000 from the County Economic Development Income Tax Fund (CEDIT) to the County General Fund with the repayment of the monies to the CEDIT Fund no later than December 31, 2014. Dawes seconded the motion; it passed by a 6/0 vote.

Ridenour asked for public comments regarding non-agenda items.

Ridenour asked about the procedures regarding the LOIT and the CEDIT Homestead changes from this point on. Attorney Downs advised Council of the procedures and deadlines. It was agreed to discuss and make decisions on September 11, the final day of the upcoming budget hearings, then advertise for the public hearing, with the final adoption anticipated on September 29, 2014.

Dawes asked the Commissioners if they have had any discussions with the City concerning the revenue from a LOIT Public Safety rate being used for the County's public safety expense. Brian Hupert stated that the Mayor has been on vacation, but he intends to talk with him soon. He stated that the City would probably not agree to the transfer of revenue for more than a few years.

Council reviewed:

July 2014 Auditor's and Treasurer's financial reports.
July 2014 Solid Waste Management District income statement.

With no other business to come before the Council, the meeting was adjourned.

The following individuals also attended the August 25th Council meeting:

**If any names are spelled incorrectly, we apologize.*

Deputy Auditors B.J. Grube and Marcie Shepherd, County Attorney Steve Downs, County Commissioners Barry Eppley, Brian Haupt, and Scott Givens. Also present were: Keith Walters, Matt Dillon, and Bobby Hettmansperger. Present for part of the meeting were Chief Probation Officer Sara Lochner, and Wabash Plain Dealer reporter Joe Slacian.