

SPECIAL MEETING OF THE STARKE COUNTY COUNCIL IN REGARD TO THE NON-BINDING REVIEW AND THE PILOT PROGRAM BUDGET REVIEW OF TAXING UNITS WITHIN STARKE COUNTY AND THEIR 2015 PROPOSED BUDGETS

OCTOBER 6, 2014

Pursuant to adjournment comes now the Starke County Council and meet in a special session at 4:30PM in the Annex Building Meeting Room, Knox, Indiana, with Dave Pearman, Robert Sims, Marvin McLaughlin, Bryan Cavender, and Freddie Baker present, and the following proceedings were held to wit:

The meeting was called to order by President Dave Pearman. Councilmen Mitch Semans and Tony Radkiewicz were absent.

Starke County taxing units represented were: the Town of North Judson, North Judson-Wayne Township Public Library, Starke County Library, Starke County Airport, North Judson-San Pierre Schools, Knox Community Schools, Oregon-Davis Schools, Town of Hamlet, City of Knox, California Township, Center Township, North Bend Township, Railroad Township, and Washington Township. Those units not represented were Davis Township, Jackson Township, Oregon Township, and Wayne Township.

President Pearman presented a brief explanation of the purpose of this budget review and the guidelines that will be followed. He stated he had met with Auditor Katherine Chaffins prior to this meeting and they reviewed the proposed budgets per taxing unit. He noted since the usual procedure a taxing unit follows in the preparation of the next year's budget is to advertise the proposed budget at a high amount with the corresponding high tax levy and elevated tax rates. He stated during the review of the documentation received from the DLGF in regard to the County's participation in the Pilot Program, the DLGF pulled all the proposed budgets from the advertised figures and projected out the scenario of how those budgets would affect the total property tax rate schedule for 2014 pay 2015, the property tax levies for 2015, how it would affect the amount of property tax credits and the amount of the circuit breaker credits for 2015. President Pearman advised both Auditor Chaffins and himself believe there should possibly be another step established in the budget process once the taxing units have posted their advertisements of their proposed budgets; the opportunity to present this same statistical information of how their proposed budgets would affect the tax levies and tax rates as a whole. Then they would have the opportunity to revise their budgets accordingly before the budgets are adopted by their boards and sent to the State for approval. The process the majority of taxing units are currently adopting is that they propose a large budget, advertise, their board adopts, and then it is sent to the State and that is when their budget is then reduced. President Pearman advised the County advertises a larger budget but then the Council meets in a budget workshop prior to their Public Hearing and adoption dates, and reduces the amount of the advertised budgets. That reduced budget is the budget that the County eventually adopts and is sent to the State for approval. President Pearman advised he would like to see this statistical report that they received from the DLGF to include the reduced budget proposals instead of the original larger proposals.

President Pearman noted in their review by taxing unit the Council needs to look at their requested budget and see if the growth of their budget, their tax levy, and their tax rates are within the State's growth rate of 2.7% and or the County's growth quotient of 3.5%. He also advised the Board of the importance of the taxing unit's NAV, net assessed value, if it is showing an increase or decrease, and how that affects the tax levy and their tax rate.

The review process began with the **Town of North Judson**. The Council inquired as to why they include their appropriation of their Rainy Day Fund in the process of their annual budget. President Pearman noted most agencies only appropriate that Fund as needed. The Clerk Treasurer noted that the Towns/Cities were advised to include the appropriation of their CEDIT Fund as part of their annual budget process also, but in doing so distorted the percentage of budget increase over 2014 as that information was not included in the past. The Council noted their 3.2% increase in their tax levy figures was reasonable, and their 2.3% increase in their proposed tax rate was good and within the State's growth rate.

North Judson-Wayne Township Library: The Library Director advised the increase in their proposed budget was distorted since she was still working on establishing the correct 2014 budget Form 1 figure. The Council noted though that both the increases in their tax levy and their tax rates are within the State's growth rate.

Washington Township: President Pearman advised the Board that Washington Township has experienced difficulties in the past in their submission of their proposed budgets and that is why they have no history of a State certified budget. The Council noted the proposed increase of their tax levy being outside of the State growth rate, and also noted they believe an error was made in the Township's calculation of their proposed tax rate.

CORONER'S TRANSFER REQUEST:

At this point in the meeting, President Pearman advised there had been a transfer request submitted by the County Coroner, Kris Rannells, and as how the Coroner would not be available to attend their regularly scheduled meeting on October 20th, he stated they could address this transfer request at this meeting. Coroner Rannells was in attendance for the meeting and gave a brief explanation of the transfer request. The Coroner made the following County General, Coroner's Department, budget transfer appropriations requests: Increase the 30202, transportation to move bodies account line by \$1,000.00; increase the 30801, morgue rental budget line item by \$675.00; increase the 30900, autopsy fees budget line item by \$5,500.00. He proposed reducing the 20100, office supplies budget line item by \$250.00; the 30402, coroner's seminar budget line item by \$150.00; and the Auditor's budget line item of 10200, Deputy Auditor, in the amount of \$6,775.00. Councilman Baker made a motion to approve the transfer request, seconded by Councilman Cavender. The motion passed with all ayes.

The Council then resumed the budget reviews by taxing unit.

Knox Schools: There was a discussion with all three schools present in regard to the amount of State revenue to be received when they experience a decrease in their total student enrollment. The Council addressed the large increases to the School's Debt Service proposed budget, and the Capital Projects proposed budget. Once again the Council heard that the policy is to propose the large budget and hope that the State approves the majority of what is requested. The Council noted the 11.08% increase in their proposed budget, the 42.78% increase in their proposed tax rate, the 39.59% increase in their proposed tax rate, and only a 2.48% increase to their NAV. The Council expressed their concern in regard to the three Schools requesting to increase the tax rates by such large amounts since it effects the majority of County tax payers.

Oregon-Davis Schools: The Council noted their increase by 10.51% in their proposed budget, and the 52.51% increase of their proposed tax levy, and their proposed tax rate increase of 55.04%. President Pearman advised the tax units need to be instructed that neither a tax levy nor a tax rate could be expected to increase by over 50% in one year. The Council also pointed out their large increases does not consider the fact they are experiencing a decrease in their NAV.

North Judson-San Pierre Schools: President Pearman advised the Council had already reviewed the NJSP Budget since that school has an appointed School Board and therefore the Council is the Adopting Board for their budget. The Council noted the NJSP Schools are requesting a budget with a reduction of 8.02% from their 2014 budget. However they believed the calculated proposed tax rates and tax levy are too large, showing an increase of 14.56 in the levy, an increase of 43.01% in their proposed tax rates, and their NAV is showing a large decrease.

Bailey-Cox-Newton Conservancy District: Since there was just a slight increase in their proposed budget, an increase of .1%, a slight decrease in their tax levy of .01% no change in their proposed tax rate, and no change in their NAV, the Council did not have any comment on their proposed budget.

California Township: The Council noted their requested budget is remaining the same as the 2014 budget, the proposed increase in tax levy is only .32%; they are showing a slight decrease of .37% in their proposed tax rate, and an increase to their NAV of 2.66%. However, the question was asked as to why the State does not take into consideration the amount of funding a taxing unit has when the same tax levy and tax rate is established instead of giving the taxpayer a break by reducing the tax rate, and having the taxing unit utilize part of their large cash reserves.

Center Township: The Council noted the township's increase of 3.25% in their proposed budget and the decrease in their proposed tax levy, of 1.92%. The Council noted their increase in their NAV, but could not follow their calculation of their proposed tax rate, which is showing an increase of 14.31%.

Davis Township: President Pearman advised the Council, this township is in the process of building a new fire station which is the reason why they are seeing the newly established Debt Service Fund and the proposed increase to their Fire Fund. No one was in attendance from the Township to answer any questions. Because of those issues the Council noted their proposed budget is showing an increase of 98.06% over the 2014 budget, the proposed increase to the tax levy is 163.85% and the proposed tax rate increased by 182.57%. Once again, the Council questioned if the calculations for the tax levy and tax rate are accurate. The Council expressed concern for the tax payers in that township who will be experiencing the large increase in their tax rates due to the addition of the Debt Service to the rate.

Town of Hamlet: The Council noted since this taxing unit also had included their CEDIT budget into the total budget numbers it was distorting their budget increase percentage which is presently showing an increase of 29.77%. However, the Council noted the increase to their proposed tax levy is only 1.58%; their proposed tax rate is increasing by 9.31%, but also pointed out their NAV has decreased by 7.07%.

Jackson Township: The Council noted the proposed 2015 budget is a reduction from 2014 by 3.78%, and the township's NAV has increased by 8.89%. However the proposed tax levy has increased by 7.93% and the proposed tax rate has increased by 27.18%, the Council noted there was probably an error in the calculations by the township.

City of Knox: The Council noted the 2015 budget figures are now including the Casino/Riverboat Fund, and the CEDIT Fund and therefore would distort the actual percentage increase which is listed as an increase of 21.24%. The Council noted the slight decrease in the City's NAV; the 5.85% increase in their proposed tax levy, and the 8.39% increase in their proposed tax rates are both outside the State's 2.7% growth quotient. It was also noted that the current tax rate for the City of Knox is the only County tax rate to be more than \$3.00. There was a brief discussion as to why the NAV for the City appears to be stagnant, and has historically been steadily decreasing over a period of the last fifteen years.

North Bend Township: The Council noted the township has experienced difficulty in their recent year budget due to advertising compliances which will affect the distorted increase in their proposed 2015 budget, which is showing a percentage increase of 66.98. Because the township does not have an established, certified complete budget, their current tax levy is low, and once again the increase in the proposed tax levy is distorted showing as a percentage increase of 605.91%, and the proposed tax rate increase of 731.21%. The Council noted another area of concern was the township's decrease of 15.00% in their NAV.

Oregon Township: The Council noted the township’s proposed budget increase of 5.99%, their proposed tax levy increase of 9.80%, and their tax rate increase of 4.40% are all outside of the State’s growth quotient of 2.7%. The township is showing a 5.13% increase of their NAV.

Railroad Township: The Council noted since the township was not increasing their budget, and only showing a 1.73% increase in their tax levy, and 1.86% in their tax rate, which is within the State’s growth quotient, they had no comment on their proposed budget.

Starke County Library: The Council noted their proposed 2015 budget is showing a 2.7% increase which is exactly the same percentage of State’s growth rate. However, the Council questioned their calculations on their proposed tax levy, (an increase of 10.25%) and their proposed tax rate, (an increase of 17.64%). There was also a discussion as to why it was necessary to increase the tax rate of their Lease Rental Payment Fund since when they appeared before the Council to request the authorization for this project a few years ago, the Council had been advised the expense to the taxpayers would only be in the range of .007 and now they are proposing to increase the tax rate to .0159.

Wayne Township: The Council noted once again this township also had experienced issues with the approval of their 2014 State certified budget and therefore was distorting the percentage of increase in their proposed 2015 budget. The Board noted the major decrease to that unit’s NAV, and felt the township had mis-calculated their proper tax levy and tax rates for 2015.

Starke County Airport: A representative was present for the meeting even though both the Starke County Airport and Starke County Solid Waste are considered “Special” Units of the County and are not required to participate in this review. However, their proposed 2015 budgets will require adoption by the County Council which is scheduled for October 20th. There was a brief discussion in regard to the 2015 proposed Airport budget and an update of the recent activities of the airport.

Upon completion of the review of all County Taxing Units, Councilman Sims made a motion to adjourn the meeting, seconded by Councilman Baker. The motion passed with all ayes and the meeting was adjourned at 6:40PM.

OCTOBER 6, 2014

Dave Pearman, President

ABSENT _____
Mitch Semans, Vice President

Bryan Cavender

Marvin McLaughlin

ABSENT _____
Tony Radkiewicz

Robert Sims

Freddie Baker

Katherine Chaffins, Starke County Auditor and
Secretary to the County Council

