

Special Council Meeting
 Thursday, September 15, 2016
 2:00 P.M. Town Hall

Edinburgh Town Council met in a special session on Thursday, September 15, 2016 at 2:00 P.M. at the Town Hall, 107 South Holland Street, Edinburgh, Indiana.

President Ervin called the meeting to order.

Members present were: Vice President Jeff Simpson, Councilwoman Dawn Graham, Councilman Jerry Lollar, and President Kami Ervin. Also present were Clerk Treasurer Scott Finley, Town Manager Wade Watson, and Dan Hedden with Umbaugh. Councilman Jack Shepherd was absent.

Mr. Finley said the purpose of the meeting was to get a better understanding of the budget process including tax rates and levies. He said Dan Hedden of Umbaugh would be leading the meeting and answering any questions the council might have about the budget process.

Mr. Hedden introduced himself to the council. He used the Town of Edinburgh's information through Gateway to present to the council. He gave a brief overview of the state budgeting process. He asked the council if there was anything they would like to better understand after leaving this meeting.

Mr. Watson said he was most interested in how the town's levy is established and how it ties into the tax rate.

Councilwoman Ervin said she would like to know how the utilities effect the tax supported funds.

Councilman Simpson said he would like to know how to keep up town facilities without putting a burden on the taxpayers and also how to deal with emergency situations.

Mr. Hedden began his presentation by explaining the strategies involved in the budget process. He explained the difference between a balanced budget and a funded budget. He said the main point he wanted to make to the council was that the town's budget has absolutely nothing to do with the town's levy. The town could pass a budget for one dollar for 2017 and still obtain the maximum levy. The levy is governed by a statewide growth quotient. The town does not have to levy the maximum amount possible.

Discussion was held about maximum levies and the difficulties of the town being in three different counties.

Mr. Hedden explained to the council that the time to look at the tax rate is when the preliminary budget order (1782) comes in from the DLGF. At that point the assessed values are known and the council can make educated decisions on how it wants to proceed. It is better practice to adopt at a higher rate and preserve the flexibility in the budget process.

Mr. Finley said when the council adopts the budget on October 10th they are not actually adopting a tax rate but a maximum tax rate. The rate can still be lowered after adoption it just cannot go any higher than the adopted rate.

Discussion was held regarding circuit breaker tax credits.

Mr. Finley said with the circuit breaker it is possible that the council decides to lower the tax rate and the citizens not pay any less than the previous year. The only change would be the circuit breaker losses go down.

President Ervin said seeing Edinburgh's tax rate next to other cities and town's is more of a perception issue. The tax bills really aren't much higher than surrounding areas.

Mr. Hedden said the long term solution to that issue is to increase the town's assessed value through economic development. The higher the assessed value the lower the tax rates.

Discussion was held regarding the history of the town's tax rate and assessed value.

Mr. Hedden explained the town's revenues and expenses. He showed the expenses as they were broken down on the budget form 4A. He showed that the town would be eating into cash balances with the current budget. The town can do that but it cannot sustain that budget for the years coming.

President Ervin asked if there were any costs the tax dollars were paying that could be paid from utilities.

Mr. Finley said costs that are shared between the general fund and the utilities can be split between the funds but the town has already adopted that practice.

Mr. Hedden said looking at the advertised numbers and knowing the town's cash status, he would feel comfortable adopting the budget as is. However, the council needs to understand and be comfortable with the fact the budget has some place holders in it for flexibility during the year.

Discussion was held regarding street capital outlays.

President Ervin said she does not want to pass a higher budget and not have control over it during the year.

Mr. Hedden explained that just because the council approves a budget does not give anyone the carte blanche authority to spend those dollars. All spending still has to come before the council for approval by way of the claim docket. He said the budget is a plan, not an obligation.

Discussion was held regarding purchasing policies and the claims process.

Mr. Hedden showed a worksheet showing the average circuit breaker effect on local governments. Statewide the loss was about 11%. The Town of Edinburgh's loss is approximately 25%. As the assessed value grows that loss will go down. He said the circuit breaker hits the residential properties the hardest.


Discussion was held regarding the possibility of annexation and the difficulties with the new legislation.

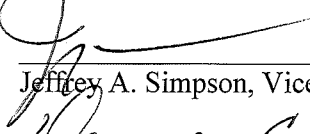
Mr. Hedden said his recommendation for utility expense control would be to formally adopt utility budgets. In the financial reports there are budgets for the utilities. The council would just need to adopt them and put them into the software system. The council could then have budget to actual reports.

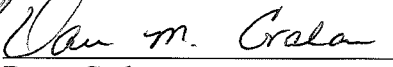
In closing, Mr. Hedden went through the operating balances of each fund. He said it will be up to council to decide what balances it is comfortable with.

Being no further business or comments, Councilwoman Graham made a motion to adjourn the meeting. Councilman Simpson seconded. Motion carried.

EDINBURGH TOWN COUNCIL


Kami Ervin, President


Jeffrey A. Simpson, Vice President


Dawn Graham


Jerry Lollar


Jack Shepherd

ATTEST:


Scott Finley, Clerk-Treasurer