

**MINUTES  
FOUNTAIN COUNTY COUNCIL  
JULY 25, 2016  
9:00 A.M.**

The following Fountain County Council members were present at the meeting:  
Dudley Crucea, Dale Clawson, Bill Glover, Jim Hershberger, Jim McKee, Joe Whittington  
and Tom Booe.

**MINUTES**

A motion was made by Tom Booe and seconded by Bill Glover to approve the minutes of  
the June 20, 2016 meeting as presented. Vote: 6-0

**Wabash Valley Alliance**

Rick Crawley, Administrator/CEO from Wabash Valley Alliance came and shared with the  
council about the many programs that Fountain County citizens and 9 of the other  
surrounding counties benefit from. The county will be contributing \$99,540 for Mental  
Health in 2016 and will be budgeting \$103,322 for 2017. The council had asked  
someone to come to explain where the money was being spent. He went on to explain  
that a lot of children and adults benefit from the programs, helping them get their lives  
back on track. Starting from age 3 all the way to adulthood. The program helps kids  
adjust in school as well in the home. Wabash Valley has a shortfall every year in which a  
block grant is then applied for from the State or Federal funding. The Fountain County  
Council appointed Penny Wrighthouse on June 23, 2008 as representative of the Council.  
She does a lot of school based counseling and can see the difference it makes in the  
children's lives.

**Resolution 2016-25**

(1112) CEDIT – Economic Development \$ 75,000

A motion was made by Jim Hershberger and seconded by Joe Whittington to approve the  
total additional appropriation requests of \$75,000. Vote: 7-0

**Resolution 2016-26**

County General - Ambulance \$ 30,000  
1000-0301-16000 Vac. & Sick

A motion was made by Jim McKee and seconded by Dale Clawson to approve the total  
additional appropriation requests of \$30,000. Vote: 7-0

\*Note (\$16,000 was paid to employees in January 2016 for Overtime for the time period  
of January 1, 2013 – December 31, 2015).

**RESOLUTION 2016-29**

FUND NAME: NON-REVERT PRISONER REIMB

1130-0005-14000 Sheriff – Overtime \$5,000

A motion was made by Jim Hershberger and seconded by Joe Whittington to approve the  
total additional appropriation requests of \$5,000. Vote: 7-0

**Transfers – E-911**

\$7,000 From 1222-0000-10206 Operator  
To 1222-0000-14000 Overtime

A motion was made by Joe Whittington and seconded by Dale Clawson to approve the  
\$7,000 transfer. Vote: 7-0

**Internal Control**

Discussion about the June 20<sup>th</sup> Council Meeting when Tim Berry, Director Crowe Horwath  
LLP spoke to the Council about what was expected of the counties regarding Internal  
Controls.

This is regarding an outside source taking care of the internal control for Fountain  
County. To do this would be very costly. Brenda Hardy has already implemented some  
of the requirements which includes the training of most department heads. She will  
need to train the employees this year that handle money for their department. A Risk  
Assessment Handbook will have to be created that will hold all of the policies and  
assessments for the different departments. A decision for an outside source has been  
tabled for now. Tim Berry was not in attendance at the meeting.

**INDOT Matching Grant Program**

Don Hesler is going to check with Bud on the status of the grant. The council decided to make a motion based on if they go ahead with the grant and receive it.  
A motion was made by Tom Booe and seconded by Joe Whittington to accept the grant and receipt it in the Rainy Day Fund. Vote: 7-0  
Deadline extended to 7-29-2016

**Health Dept.** – Kelly asked the Councils permission to go ahead and order a new computer for \$1,200 that will need additional appropriation approval at the August 15<sup>th</sup> meeting and then she will be doing a -\$1,200 reduction in the gas line item. The Council agreed to let her go ahead and order the computer.

**EMA** – Joe has someone volunteering in his office right now while Leslie is on medical leave and he asked for the Council’s permission to compensate her at least for traveling. They agreed to pay this person out of the part time line item in his budget as there are funds available.

**Council Meeting dates for 2017 Budget Process.**

JULY 1, 2016	Auditor will hand out budgets for review
July 27, 28, & 29	BUDGET WORKSHOPS W/DLGF
AUGUST 5, 2016	Publication of Budgets on Gateway - deadline
AUGUST 15, 2016	County Budget Hearings – Officeholders present
	Budget Review for Binding & Non-Binding
SEPTEMBER 19, 2016	Adoption of 2016 Budgets – Binding & Non-Bonding
SEPTEMBER 19, 2016	Ratify Budget for County Units
	(Council Review of Budgets)

**Ron Howard**

He spoke to the council about his recommendation on the 2017 budgets. He also advised the council not to get involved with the Property Tax Circuit Breaker Credit impact on the units non-binding budgets. It is very detailed and is taken care by the DLGF.

**RECOMMENDED COUNCIL POSITION REGARDING TAXING UNITS 2017 BUDGETS**

A motion was made by Jim McKee and seconded by Tom Booe to approve the County Council Review process regarding the taxing unit budgets as outlined by the DLGF. The elimination of the Council Review Worksheet and any penalties associated with failure to submit to the county council or failure of the county council to correctly complete the review process. Vote: 7-0

The 2017 Budget processes have really been simplified.  
Here is an outline of the process on the Auditor’s Certificate:

- Starts in 2016 for Budget Year 2017.
- SEA 321-2016 eliminated the requirement for the county auditor to provide to each taxing unit in the county an “Auditor’s Certificate”.
  - The Auditor’s Certificate provided taxing units with estimates of miscellaneous revenues.
  - These estimates will now be provided by the Department instead of the county auditor.

And here is the County Council review process:

- Starts in 2016 for Budget Year 2017.
- The previously existing version of County Council Review has been eliminated.
  - Includes elimination of penalties associated with failure to submit to the county council or failure of the county council to correctly complete the review process.
- At the first meeting of the county fiscal body in August, the county fiscal body shall review the estimated levy limits and estimated circuit breaker impacts provided by the Department. (IC 6-1.1-17-3.6(a))
- The county fiscal body may request that representatives from the taxing units in the county attend the meeting. (IC 6-1.1-17-3.6(b))
- The county fiscal body must allow a representative of a taxing unit to comment on the taxing unit’s proposed budgets, levies, and tax rates. (IC 6-1.1-17-3.6(c))
- After the meeting, the county fiscal body may prepare and distribute written recommendations to the county’s taxing units. If written recommendations are not prepared, the minutes of the meeting shall be distributed by the county auditor. (IC 6-1.1-17-3.6(d))

## BUDGET STREAMLINING

On March 24, 2016, Governor Pence signed into law Senate Enrolled Act 321-2016 (“SEA 321-2016”), which introduces significant legislative changes concerning the budgeting process for local units of government. This memorandum addresses these changes. **Please note that many of these changes will take place in future years. The effective start date for each change is identified below to allow for quick reference.** Over the next couple of years, the Department of Local Government Finance (“Department”) will issue additional guidance and conduct training sessions to ensure that local government officials have the information they need to accommodate these legislative changes. Please also note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

### **Ratio Studies – Starts in 2017**

SEA 321-2016 amends IC 6-1.1-14-12 so that starting in 2017, each county must submit its ratio study and coefficient of dispersion study to the Department by March 1.

### **Cumulative Fund Establishment – Starts in 2018**

SEA 321-2016 amends IC 6-1.1-17-16.7 so that beginning in 2018, a petition for the establishment or re-establishment of a cumulative fund must be submitted to the Department before May 1 (rather than before August 2). **The Department emphasizes that this means a unit seeking to establish or re-establish a cumulative fund must complete the process from start to finish after January 1 and submit the petition to the Department before May 1 starting in 2018.** As is the case under current law, the remonstrance period can extend past the April 30 submission deadline and the auditor’s certificate of no remonstrance can likewise be submitted after April 30.

### **Debt Service Estimate Reporting – Starts in 2018**

SEA 321-2016 adds IC 6-1.1-17-0.7 so that before May 1 of each year after 2017, political subdivisions must report to the Department an estimate of the total debt service obligations that will be due in the last six months of the current budget year and throughout the ensuing budget year. The estimate will be important for defining estimated maximum property tax rates for debt service funds.

### **Local Option Income Tax Distribution Amounts – Starts in 2018**

SEA 321-2016 amends IC 6-3.6-9-5 so that beginning in 2018, the State Budget Agency (“SBA”) must provide to the Department and the county auditor of each adopting county an estimate of the certified local income tax distribution before June 1. The Department must calculate the amount that will be distributed at the taxing district level and provide that total to county auditors by July 1. For 2016 and 2017, SBA must provide the figures by August 1, and the Department must provide its figures not later than 15 days after receipt from SBA.

### **Assessed Value Growth Quotient and Maximum Rates – Starts in 2016**

SEA 321-2016 modifies IC 6-1.1-18.5-2 to require SBA to provide the Assessed Value Growth Quotient (“AVGQ”) to civil taxing units, school corporations, and the Department before July 1. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Maximum Rate Estimates – Starts in 2018**

Indiana Code 6-1.1-17-0.7 also provides that before July 15 of each year after 2017, the Department must furnish an estimate of the maximum property tax rate that may be imposed for cumulative funds, debt service funds, and any other funds for which a maximum property tax rate is established by law.

### **Maximum Rate for Cumulative Capital Development Funds – Starts in 2016**

SEA 321-2016 amends IC 6-1.1-18.5-9.8 so that before July 15, the Department must provide to each county, city, and town an estimate of the maximum cumulative capital development fund (“CCD”) tax rate that the county, city, or town may impose for the ensuing year. Moreover, the statute has been amended so that the CCD fund levy is outside a unit’s maximum levy. SEA 321-2016 removed from IC 6-1.1-18.5-9.8 the previous comparison of existing cumulative fund levies to the unit’s 1984 cumulative levies as a determining factor in the amount of the CCD levy that would be treated as outside the maximum levy.

### **Maximum Levy Estimates – Starts in 2016**

SEA 321-2016 introduces IC 6-1.1-18.5-24, which requires the Department to provide to each taxing unit before July 15 an estimate of its maximum permissible property tax levy for the ensuing year. The Department’s estimates must, as necessary, provide guidance on calculating allowable adjustments to the maximum levy. The Department’s estimate is not binding for the purposes of budget adoption by a taxing unit. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Circuit Breaker Estimates and Reporting Responsibilities – Starts in 2016**

SEA 321-2016 adds IC 6-1.1-20.6-11.1, which requires the Department to provide before August 1 to each taxing unit that levies property taxes an estimate of the amount by which the unit’s distribution of property taxes will be reduced in the upcoming budget year due to circuit breakers.

Indiana Code 6-1.1-20.6-11.1 permits the Department to require taxing units to provide information on proposed debt issuance, excess levy appeals, and fund establishments that may impact the ensuing year’s tax levies and tax rates. The Department will prescribe a format and submission methodology for the information, along with a deadline that may be set no later than June 30 of each year. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Net Revenue Estimates – Starts in 2016**

Indiana Code 6-1.1-17-0.7 also provides that before August 1 of each year after 2017, the Department must provide to each political subdivision an estimate of the maximum net property tax and miscellaneous revenues that the political subdivision will receive after application of any circuit breaker credits granted under IC 6-1.1-20.6. **While this change statutorily starts in 2018, in order to accomplish other objectives of SEA 321-2016, the Department anticipates providing these estimates starting in 2016 for the 2016 pay 2017 budgets.**

### **Notice of Assessed Value Withholding – Starts in 2016**

SEA 321-2016 amends IC 6-1.1-17-0.5 so that county auditors must provide notice of their assessed value withholding to the Department and each political subdivision in the county not later than July 31 (rather than December 31). **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Auditor’s Certificate and Certified Net Assessed Values Submission – Starts in 2016**

SEA 321-2016 amends IC 6-1.1-17-1 to remove the requirement that county auditors send a certificate of net assessed values to each political subdivision. Auditors must, however, submit certified net assessed valuation (“CNAV”) data to the Department by August 1 in the manner prescribed by the Department. The Department must make certified assessed values visible to political subdivisions through Gateway. **This change is effective July 1, 2016, and thus impacts reporting in 2016.**

SEA 321-2016 also amends IC 6-1.1-17-1 to remove the requirement that county auditors provide estimates of revenue to each political subdivision (commonly referred to as the “Auditor’s Certificate”). Instead, the Department will provide this information to each political subdivision (see above). **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Parcel-Level Data on Certified Net Assessed Values – Starts in 2018**

Beginning in calendar year 2018, the CNAV data submitted by county auditors must be parcel-level data. Parcel-level CNAV data is expected to improve the accuracy of net revenue estimates produced by the Department.

### **Budget Formulation – Starts in 2016**

SEA 321-2016 amends IC 6-1.1-17-3 to state that, when formulating estimated budgets, political subdivisions must consider the **net** property tax revenue that will be collected in reliance on the Department’s estimates of circuit breaker impact and maximum net tax and miscellaneous revenues for the unit. This change is intended to ensure that budget figures that are advertised and adopted provide taxpayers with a better picture of what the actual budgets for the unit will be after considering circuit breaker impact. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Budget Notices – Starts in 2016**

Indiana Code 6-1.1-17-3, as amended by SEA 321-2016, provides that a unit’s Budget Notice to Taxpayers (“Form 3”) must include the estimated maximum levy and estimated circuit breaker impact as provided to the unit by the Department. Moreover, the Form 3 is no longer required to be posted to Gateway by September 13. Rather, Form 3 must be submitted through Gateway at least 10 days before the unit’s public hearing (an amended Form 3 must likewise be posted at least 10 days before the hearing). **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.** References to newspaper budget notices have been deleted.

### **Non-Binding Review (County Fiscal Body Recommendations) – Starts in 2016**

SEA 321-2016 repeals IC 6-1.1-17-3.5 and thus eliminates the current county council review process. SEA 321-2016 adds IC 6-1.1-17-3.6 to establish a new process for county fiscal body reviews and non-binding recommendations. Specifically, at the county fiscal body’s first meeting in August, the county fiscal body will review estimated levy limits and estimated circuit breaker impacts provided by the Department to the political subdivisions in the county. The county fiscal body may request that representatives from the taxing units attend the meeting, and must allow those who do attend to comment on their proposed budgets, levies, and rates for the ensuing year. Finally, the county fiscal body may issue a written recommendation for taxing units in the county. If the county fiscal body does not issue a recommendation, the auditor must distribute a copy of the minutes from the meeting to the county’s taxing units once the minutes are approved. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Pilot Program for More Thorough Non-Binding Review – Starts in 2016**

SEA 321-2016 repeals IC 6-1.1-17-3.7, thereby eliminating the “pilot program” for more thorough nonbinding review of proposed budgets, levies, and rates.

### **Budget Review Procedures – Starts in 2016**

SEA 321-2016 amends the Department’s budget review procedures under IC 6-1.1-17-16. For non-debt and non-cumulative funds:

- **If the unit’s adopted levy exceeds the estimated maximum levy as provided by the Department:** The Department will conduct its traditional full review of the unit’s budget and levies.
- **If the unit’s adopted levy is less than the estimated maximum levy as provided by the Department:**
  - If the budget is fundable based on the adopted levy and estimated revenues, the Department will conduct a shortened review, focusing on the certification of levies and tax rates. The adopted budgets will be accepted as the unit’s official budgets for the budget year.
  - If the budget is not fundable based on the adopted levy and estimated revenues, the Department will conduct its traditional full review of the unit’s budget and levies.

Because political subdivisions are required to consider the estimated maximum levy and circuit breaker impacts, the Department anticipates that this change to statute will result in a quicker budget review for many taxing units.

The Department will certify a budget for all funds not subject to levy limits, including debt service and cumulative funds. The Department must certify the tax rates and tax levies for all funds of political subdivisions subject to the Department’s review. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Budget Order Deadline – Starts in 2018**

SEA 321-2016 amends IC 6-1.1-17-16 so that beginning for budget year 2019, the Department must certify budgets for all political subdivisions by December 31, unless a taxing unit in a county issues debt after December 1 or intends to file a shortfall appeal under IC 6-1.1-18.5-16. In that situation, the Department must certify budgets for the taxing units in the county by January 15 of the budget year.

### **County Maximum Levy Exemptions – Starts in 2016**

SEA 321-2016 modifies IC 6-1.1-18.5-10 to require the Department to provide before July 15 an estimate of the maximum amount of property taxes imposed for community mental health centers or community intellectual disability and other developmental disabilities centers that are exempt from levy limits for the ensuing year. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Intellectual Disabilities Center Funding – Starts in 2016**

SEA 321-2016 amends IC 12-29-1-1, IC 12-29-1-2, and IC 12-29-1-3 so that beginning with the 2017 budget year, the maximum allowable appropriation for community intellectual disability and other developmental disabilities centers that is eligible to be exempt from the county’s maximum levy limits is equal to the previous year’s appropriations multiplied by the AVGQ.

The Department will provide to counties an estimate of the maximum allowable appropriation that is eligible to be exempt from the county’s maximum levy limits under these statutes before July 15.

### **Community Mental Health Center Funding – Starts in 2016**

Similarly, SEA 321-2016 amends IC 12-29-2-2 so that beginning with the 2017 budget year, the maximum amount of county funding for community mental health center operations that is eligible to be exempt from the county’s maximum levy limits is equal to the prior year’s maximum amount multiplied by the AVGQ. The maximum amounts benchmark back to a base amount determined in 2004, growing each year by AVGQ.

### **Juror Fees – Starts in 2016**

SEA 321-2016 repeals IC 6-1.1-18.5-10.1, which had excluded juror fees from a unit’s maximum levy. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Bank Personal Property – Starts in 2016**

SEA 321-2016 amends IC 6-1.1-18.5-19.1 so that for the 2017 budget year, the Department must make a one-time, permanent adjustment to a unit’s maximum levy limits in an amount equal to the excluded bank personal property levy for budget year 2016. **This change is effective July 1, 2016, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Release of Excess Assessed Value from Tax Increment Financing District – Starts in 2016**

SEA 321 amends IC 36-7-14-39, IC 36-7-14-48, IC 36-7-14-52, IC 36-7-15.1-26, IC 36-7-15.1-35, IC 36-7-15.1-53, and IC 36-7-15.1-62 so that redevelopment commissions must report to the Department before June 15, rather than before July 1, the amount of excess Tax Increment Financing (“TIF”) assessed value that will be released to taxing units in the taxing district. **This change is effective upon passage, and thus impacts budget adoption in 2016 for Pay 2017.**

### **Contact Information**

Questions may be directed to Deputy Commissioner Matthew Parkinson at (317) 232-3759 or [MParkinson@dlgf.in.gov](mailto:MParkinson@dlgf.in.gov).

RECOMMENDED COUNCIL POSITION

REGARDING TAXING UNIT'S 2017

BUDGETS

A motion was made by Jim McKee and seconded by Tom Booe as follows:

"In compliance with the State's mandated orders, the Council will no longer recommend a binding or non-binding budget review for taxing unit's budgets, except for the Solid Waste Budget, which will be a binding budget.

The Council supports the state's required levy for each taxing unit. Consequently, the tax rate will be based on each unit's NAV and the levy established by the State.

Circuit Breaker credits are estimates, so the impact of any Circuit Breaker Revenue is totally at the discretion of the Taxing Unit and not the County Fiscal Body.

All taxing units are welcome to attend the first August meeting. If a unit chooses to submit their proposed budget, levy and/or rates, they must provide these materials in advance to the Auditor, so they can be placed on the agenda and Council members can be informed of their concerns.

After the August 15, 2016 meeting, the Auditor will send each Unit a copy of the minutes, which will include a motion that each Unit comply with the State's established levy."

You need to act on this at the July 25, 2016 meeting and Brenda will need to send each Taxing Unit a copy of the motion in order that they know the County Fiscal Body's official position regarding their budgets.

Study the e-mail from Dawn Ray and the July 31, 2016 Circuit Breaker Estimates and draw your own conclusion as to an appropriate motion.

Ron Howard

**THE NEXT MEETING WILL BE AUGUST 15, 2016  
AT 8:00 A.M.**

A motion was made by Tom Booe and seconded by Bill Glover to adjourn the meeting.  
Vote: 7-0

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ATTEST

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