

**THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY, INDIANA,
HELD A BUDGET HEARING VIA ZOOM.COM ON MONDAY, AUGUST 3, 2020 AT
5:00 P.M.**

MEMBERS PRESENT: Council Members Mrs. Collier, Mr. Phipps, Mr. McLaughlin, Mr. Turner, Mr. Blair, Mr. Aebersold, Mr. Applegate, Dr. Knable and President Caesar.

ALSO PRESENT: Shane Gibson, Linda Moeller, Amy Stein and Vicki Glotzbach

President Caesar called the meeting to order at 5:00 p.m.

Mr. Gibson stated that this year is slightly challenging as is everything right now. He said that some of the bigger numbers that we rely upon are from the state and they have to do with LIT (Local Income Tax) so as of right now, we have estimates. He stated that they said 90% of last year but he is not real comfortable with that yet so he has actually been a little more conservative. He also stated that the first certified which we can rely upon more is set to come out in September. He explained that there is definitely more uncertainty than we have had in the past and the state has gotten really good at approving budgets and at getting out numbers early, but he feels that they are trying to figure out what the ultimate impact is. He added that the GDP (Gross Domestic Product) has gone down 30% and unemployment in certain areas is still 10%-15% so there are still a lot of variables that we are going through. He stated that in the past, we have usually ideally wrapped up budgets in August but this year we will probably be pushing into September some just because he wants to make sure he is comfortable with the actual certified income amounts that he will get from the state. He started with the first page of the revenue projections for 2021 and stated that it shows a ballpark figure of what he thinks we are going to be looking at as far as the general budget based upon the tax levy, miscellaneous revenue, etc. He said midway down through the page if you take the certified levy 2020 in the amount of \$17.3M and do the calculations down through there for growth factor, etc., it gives estimated levy 2021 in the amount of just over \$18M. He stated that if you go forward a few pages, he attached the state's department of local government's calculation work sheet and that is just to show where he ultimately gets the number from. He explained that there is a park's department cumulative capital levy that you see in there and that comes out of the maximum levy and it is 0.000091 percent so factoring in that rate, we are looking at about \$17.9M in levy to go to the general fund or however we ultimately allocate it. He stated that the main part of that is the property tax and is almost \$18M for the max levy. He said there are other incomes that we get categorized as miscellaneous on that page and the next page is a breakdown of the miscellaneous incomes. He added that if you go down that first highlighted column, that is where you get the \$9,632,999.00 for miscellaneous. He said that the biggest differences you will see are that auto aircraft is slightly down \$100,000.00, but the largest drop is the LIT which is the \$6.4M that you see on the spreadsheet. He added that he is being conservative and they have given this estimate, but he will feel more comfortable when he gets the actual certified amount from the state so he is actually factoring in 85% of last year's number to work with at this time.

Mr. Caesar asked if the 2021 estimates are numbers that the state has given him or are they something that he has just estimated out.

Mr. Gibson said that some are state driven and some are internal and the last two sheets of the first packet will list some of those for us. He stated that you will see a financial institution tax, a license excise tax, etc. He stated that the main ones are the LIT and license excise tax.

Mr. Applegate asked if the property tax takes into consideration that some were pushed back to July and the possibility of people not paying or is that just a flat number of what our property tax is.

Mr. Gibson stated that is the max levy that is potentially possible so it doesn't factor in any of the things Mr. Applegate mentioned. He added that the good thing about property taxes is that they are almost always paid, otherwise, they would go into foreclosure and be sold so the money would come in that fashion. He stated that they do watch the revenues for taxes every six

months and the revenues received for June were down about \$400,000.00 from last year which was actually a little better than they thought. He also stated that the auditor indicated to Ms. Moeller that most of those have been made up so we shouldn't have any huge negative impact from people paying their taxes late.

Mr. Applegate stated that we could always reassess if we see that type of a deal.

Mr. Gibson replied yes and stated that they always keep track of the cash flow. He then explained that the financial institution tax is an estimate from the state, the excise tax is an estimate from the state, in lieu of tax is a payment from the housing authority for services we provide and the local income tax is his estimate which is 85% of last year. He said on other licenses and building permits, he has estimated about \$100,000.00 but there is a lot of building going on so hopefully that number will not go down. He estimated the curb cuts and stated that we do get a reimbursement from the school corporation for three officers that we spot them which is \$156,000.00.

Dr. Knable asked if the reimbursement for the police officers is at 75% or do we get full reimbursement.

Mr. Gibson replied that is 50% of salary and benefits. He then went through the rest of the estimated revenues for 2021.

Mr. McLaughlin asked about the 911 received from county and asked if we have received anything from them yet.

Mr. Gibson stated that we don't receive money from that unless they give it to us so it is under their control. He also stated that those bottom accounts are not reoccurring income streams so he doesn't account for those when he is budgeting whatsoever. He said they are left over from the past because we did get 911 funds at one time. He then said that the \$9.6M plus the levy amount being applicable and applied is the \$27.5M. He explained that the next page is the calculation of estimated maximum levy for Budget Year 2021 from the DLGF which is nice because we used to have to calculate our own levy so this has surely made things a lot more helpful. He stated that the page after that gives you a six-year ballpark history of the local income tax that the city gets and part of it goes to the general fund and part goes to the EDIT fund. He also stated that the mayor had a meeting with Senator Grooms and they thought that this year's number would be somewhere between the 2017 and 2018 numbers so you will see what he allowed for 2021 to do this in a fairly comfortable manner. He added that hopefully in a couple of years it will get back up to the 2020 numbers. He explained that there is a likelihood of 2022 being a little harder from an income standpoint on government entities than next year because of the timing when people do income taxes and then also when the state has their budget. He also explained that the state is on a July to June fiscal year and we are on a January to December fiscal year and people obviously haven't done their income taxes for next year yet. He said that the estimates and everything else that they will start calculating going into 2022 are the ones that they say may be a little more negatively impacted. He stated that the next page is the actual local income tax estimated distributions and as you are moving across, you will see the \$6.8M that they used which is 90% and he used 85% so that number is not going to quite correlate with his miscellaneous incomes at this time. He said that MVH is about \$1.2M which seems to be what it has been for the last four or five years. He also said that we are at a budget of \$27.5M and that is down from last year which was about \$28.2 that was approved.

Mr. Caesar stated that he hopes these numbers hold up because he is really surprised that they said we can do 85%-90% because he thought it would be a little bit less than that. He said that we are obviously not looking at any raises this year and his only question is if we are going to have to take any EDIT or riverboat funds to match up the budget.

Mr. Gibson stated that he feels pretty good because these numbers are conservative and he wanted to move onto the next packet and he would lay out what they need to do in the next two work sessions. He said that the next packet is revenue projections 2021 for EDIT, riverboat and

LRS. He added that he left rainy day out because obviously we don't get any more revenue for that. He stated that the first page is a history of EDIT along with the growth rate and he went back several years. He also stated that he ran a 5-, 7-, 10-, 12- and 15-year average but he did not factor 2021 in here simply because he does not have the certified number yet. He said that the next page is a history of what the yearly average of LRS is going back to 2010 and you can see a few years where it got into the high \$300,000.00s. He explained that was a reallocation time where they started reallocating money to local roads and streets at the state level.

Mr. Caesar stated that they started calculating it differently at that point in time.

Mr. Gibson stated that the 10-year average is \$532,053.00 and it is slightly higher now. He said that the top two are estimates and we did receive a June settlement and that's factored in to 2020 so if you divide that it is \$297,000.00 and he did go ahead and project that in just so you could see what it was. He stated that the estimate that we have received from them for next year is \$574,669.00 so that is what he will be using for budgeting purposes when it comes to the LRS fund. He said that the riverboat fund was a little more challenging and it is revenues and gate receipts that we get. He explained that he did a ten-year average and that is \$901,869.00 but that is not a realistic number to do budgets off of whatsoever so he took 80% of that average which was \$721,495.00, but \$700,000.00 is probably what he will be using as an estimate for next year. He said that the \$498,924.00 is money we have received to date so it will go up but he doesn't know exactly how much more it will go up because obviously they are getting hit like a lot of businesses are.

Mr. Applegate asked if the sports gambling comes into play there and if so, how it does.

Mr. Gibson stated that is a good question and he doesn't know.

Mr. Applegate said that they have that new sports book out there and gambling is legal so that revenue could be a ton higher.

Mr. Gibson stated that the majority of this filters down from the state so hopefully it does well and people use it.

Mr. Applegate stated that it adds a whole new silo of revenue for them and wondered if it will trickle down to us.

Mr. Gibson stated that he will look into it because that is a good question. He then stated that we do have some other miscellaneous accounts which are non-reverting type funds. He asked if there were any questions about the revenue projects for EDIT, riverboat and LRS that he discussed.

Mr. Caesar stated that Mr. Gibson has been doing this for a long time and has done an extremely fine job on doing these estimates going all the way back to 2008. He said that it is really nice to have this information and they can have a great deal of confidence in this income.

Mr. Gibson stated that he does lean more towards the conservative side when he does his forecasts and estimates.

Mr. Blair stated that he wishes there was some way that we could still give employees raises but if there is no way, we should probably be communicating that to the employees so that they can look at their personal financials and budgets for next year. He then stated that we waived sewer late fees because of the pandemic and asked if we have anything as far as revenue for the sewer fees.

Mr. Gibson stated that he has been told the payment of fees has been pretty consistent and pretty much inline. He said obviously we've had people who have paid late but we just didn't get that penalty component. He also said that he could get the sewer budget updated because he is sure that there will be a presentation coming up at some point.

Mr. Blair stated that the council looks at that rate on an annual basis and he was just sort of curious more than anything because we were concerned about not being able to collect those sewer fees when this crisis started.

Mr. Gibson stated that he anticipates discussing non-reverting funds at the next work session because he doesn't have to rely upon state numbers to firm those up. He said that the ones that have some relation to the revenues that we talked about, he will push to the first meeting in September because he is hoping to have certified numbers and more firm numbers by that time.

Mr. Turner stated that the sooner they can get information, the better for him because he is a freshman in the group.

Mr. Gibson stated that they will get the June budget to actuals delivered to the council members soon. He said that he uses those a lot for the projections for the rest of the year and the six month point is a pretty good gauge for them.

ADJOURN:

There being no further business before the board, the meeting adjourned at 5:49 p.m.

Bob Caesar, President

Vicki Glotzbach, City Clerk