

**PULASKI COUNTY COUNCIL
PULASKI COUNTY BOARD OF COMMISSIONERS**

The Pulaski County Board of Commissioners and the Pulaski County Council met for a Joint Special Session at 6:00pm EDST on April 29, 2019 at the Courthouse Commissioners' Conference Room, 112 E Main Street, Winamac, IN. Present for the meeting were Commissioners Kenny Becker, Jerry Locke, Mike McClure and present for the Council were Jerry (Jay) Sullivan, Michael T Tiede, Scott Hinkle, Ronald DeSabatine, Brian Young, Kathleen Thompson, Auditor Laura Wheeler and County Attorney Kevin Tankersley. Kenneth Boswell was present by phone.

The purpose of this special session is to review the financial status of Pulaski County with Jeff Peters of Municipalities, Inc.

IN RE: FINANCIAL PLAN

Jeff Peters of Municipalities, Inc. was present to review financial plan for Pulaski County. For the Fiscal Plan Exercise, he looked at operating fund and capital fund for the last three years to see where the County has been, the current budget year and to see where the County is going in the next three years. There are good cash reserves from prior years of bringing in more than spending but that trend has now reversed. The General Fund in the last four years has consumed \$1,000,000.00 in cash. The Special Income Tax that funds the jail has consumed \$1,600,000.00 in the last four years. Both of these funds are for the operation of the County, which means the County has used \$2,600,000.00 in cash reserves over the last four years. For the current year, County is even further upside down. When looking to the next three years, he increased operating budget 3% and revenue 3.4% and removed the levy freeze in 2020. With the levy freeze, the County has swapped property tax for income tax. Property taxes have been reduced and replaced only partially with income tax. County is losing several hundred thousand every year in revenue by continuing the levy.

When Pulaski County built the jail, A Special Income Tax was established, which will expire in 2020. This fund is used to pay jail expenditures approximately \$1,500,000.00 in 2019. Pulaski County is expected to be upside down \$2,685,000.00 in 2020 after this special Income Tax goes away.

Options available: Cut the budget, raise revenue, or a combination of the two. If the income tax is reconfigured it could raise revenues anywhere from \$940,000.00 to \$1,225,000.00, depending on how it is done and what units will share. If applied back to the levy freeze, it will help to shore up the deficit. The Local Income tax rate will drop from .0338 to .0308 when the jail rate drops, but the revenue generated by this rate will also drop. Even with reconfiguring the income tax there still needs to be a \$2.8 million cut in the County's budget, which could possibly devastate operations.

In 2015 County had \$2,365,000.00 in the LIT - Special Purpose fund (Jail operations), but \$540,000.00 more was spent than brought in for 2017 and in 2018 it was over spent by \$1,200,000.00. To begin 2019 the fund has a starting balance of \$747,000.00 and cannot carry that kind of over spending. Personal services budget is \$500,000.00 higher for 2018 than 2017. Ken Boswell stated that they had moved some salaries and benefits around, which may account for some of this increase. Public Safety income tax imposed in 2016 and brings in around \$500,000.00 per year but 2019 budget is \$736,000.00. If this continues, the fund will be empty by 2021.

Most department budgets do not represent actual cost as they do not include utilities, insurance, taxes, benefits. The County does not have ability to raise property taxes for operating expenses and there are very few instances where a County can go back to the State and ask for more property taxes for operations. Pulaski County does not qualify for any of those instances.

The property tax relief credit (1.18%) of the County Income Tax is used to reduce property taxes. On a property assessed at \$150,000.00 with mortgage and homestead credits, taxes are \$826.00, but the PTRC subsidizes by \$419.00 making the actual income taxes \$407.00. If the PTRC rate is dropped by .6 and added to certified shares, public safety, or Special purpose the local income tax rate stays at 3.38% but causes property taxes to go up. Property taxes and the effect of changes discussed further.

Workforce and Courthouse issues discussed as part of budget planning and needs. After other options considered, Council decided that budget hearings need to begin as early as June 2019 for the 2020 year.

April 29, 2019 PULASKI COUNTY COUNCIL/COMMISSIONERS SPECIAL JOINT SESSION (continued)

Kathleen Thompson motioned to begin 2020 budget hearings in June but amended her motion to a minimum of two days in June or July. Kenneth Boswell seconded the motion. Motion carried unanimously.

Kathleen Thompson motioned to adjourn for Council at 8:17pm and seconded by Ronald DeSabatine. Motion carried unanimously.

Mike McClure motioned to adjourn for Commissioners at 8:17pm and Jerry Locke seconded. Motion carried unanimously.

PULASKI COUNTY COUNCIL

Jerry (Jay) Sullivan

Michael T Tiede

Scott Hinkle

Kenneth Boswell

Ronald DeSabatine

Brian Young

Kathleen Thompson

PULASKI COUNTY COMMISSIONERS

Kenny Becker

Jerry Locke

Mike McClure

ATTEST: _____
Laura M Wheeler, Auditor, Pulaski County, IN