

COUNTY COUNCIL SPECIAL MEETING - JUNE 12, 2023

The meeting was called to order by President, Jonathan T. Myers.

A. Call the Meeting to Order

1. Roll Call

The following members were present: Pamela Burton, John Mallers, John Myers, and John Ditmars. Ron Deer was present via Zoom. Melinda Griesemer was absent.

B. Update on County's Fiscal Plan

Mike Reuter, Financial Advisor for the County, was present to give the Council an update of the County's fiscal plan. He stated this included the 2022 actual revenues and expenditures, the current budgets, and any additional appropriations to date. He added it now also forecasts the year 2026.

Mr. Reuter then began to talk about the six-year non-farm personal income growth factor, which is used to calculate how much property tax the County will be able to collect for the operating fund each year. He also noted the County will again qualify for a growth appeal because the assessed valuation is growing much faster than the state's normal growth. He noted Johnson County's growth rate for 2023 was 20.58%.

Mr. Reuter noted the two biggest revenues for the County in 2023 were Property Taxes and the Local Option Income Tax (LIT).

Next, Mr. Reuter reviewed some of the main funds and explained the model he had prepared:

- **General Fund** – He has assumed a 3% salary increase across the board; overall this fund has a good cash balance. He noted a good balance to have on hand should be at least 50% of the next year's property tax collections; the current cash balance is just over \$22 million. This year's budget is in balance and this is the largest, most flexible fund for the County.
- **Reassessment** – This fund is a restricted fund; however, it shares the same maximum levy as the General Fund. There were more expenditures than revenues this year, so it is using cash on hand. He recommended managing the expenses of this fund in the future to maintain a good cash balance.
- **Animal Shelter** – The cash balance is being spent down and recommended trying to bump the cash balance up in 2024 by shifting some expenses to the General Fund. He noted this fund also shares the same maximum levy as the General Fund.
- **Rainy Day Fund** – This fund has a good cash balance of \$3,510,950. He stated up to 15% of the total budget can be put into the Rainy Day Fund each year which would create an avenue to easily build a cash balance.
- **Highway** – He noted if the entire budget is spent, including encumbrances, the remaining cash balance for this fund will be \$3,711,787. He noted this fund does not receive Property Tax revenue so there does not have to be a large cash balance in the fund; it receives monthly revenue from the State.
- **Local Road & Street** – This fund has a strong cash balance; if everything is expended, the ending cash balance for 2023 would be \$2,389,065. This is still over half of the expected income for next year; this fund also does not receive Property Tax, but gets monthly revenue from the State.
- **Cumulative Bridge** – He noted the Council recently changed the levy to eliminate the Cumulative Bridge rate (for 2022); this leaves an estimated cash balance of \$2,565,316. He noted this can be spent as an additional appropriation or can be budgeted for 2024. *[NOTE: this cash balance was moved to the General Fund on 1/6/23]*

- Health – This fund is like a department of the General Fund as it takes a portion of the levy from that fund. He stated there is a strong cash balance in this fund so there is an option to decrease the levy to put more cash back into the General Fund.
- Cumulative Capital Development – This is a rate driven fund that is not part of the maximum levy. There was a substantial increase in the levy due to the large assessed value increase which gives this fund a very strong cash balance.
- General Obligation Bonds (Bond 3) – This fund is built with short term bonds and is flexible based upon the amount of income from the growth appeal due to large increase in assessed values. He noted this would be a fund that could remain stable in tax rate or increase if needed.
- LIT (Jail) – He noted the payoff date is now in sight for the Jail Project; it will be paid off in 2026. He stated there is a strong cash balance in this fund and the extra funds could be a source of appropriations for other needed projects.
- E-911 – This is a fund to keep an eye on as the expenditures are outweighing the revenues. He noted there is plenty of cash in the fund but it will be spent down at a quicker rate unless some expenses are moved to the General Fund or the EDIT Fund.
- EDIT – This is a new fund this year with a tax rate of 0.2%. He added this fund could be a good source to bond for road projects as needed.
- Food & Beverage – He noted there were many expenses moved from the General Fund to the Food & Beverage Fund. He projects the ending cash balance to be \$1,714,211 if everything that is budgeted is spent. This fund receives monthly revenue so there is not a need for a large cash balance in this fund. He also added this may be a good place to use the cash balance to pay for some of the Group Health Insurance expenses.
- General Fund, EDIT, and Food & Beverage Funds Combined – He noted there is a projected ending cash balance of \$23,838,628 which will be slightly out of balance by \$277,938. He noted these funds are all in a good spot.

Lastly, Mr. Reuter talked about tax rates. He reviewed the stable tax rate all the way back to 2018. He added the tax rate could remain stable for the upcoming year. He suggested waiting to get more information in August after the assessed values are certified. He noted the growth appeal would need to be filed by October 19, 2023, which will give a result around December. He also added this is just a model with multiple assumptions made. If any of those assumptions change the model, it will be updated for review again closer to the budget time.

The Council members thanked Mr. Reuter for his information and time.

C. Adjournment

There being no further business, Mr. Jonathan T. Myers moved to adjourn the meeting. Mr. John Myers seconded the motion, which carried 6-0.

June 12, 2023 – Special Meeting Minutes




Pamela Burton, Council Member



John Mellers, Council Member



Ron Deer, Council Member



Jonathan T. Myers, Council Member



Melinda Griesemer, Council Member



John Myers, Council Member



John Ditmars, Council Member

Attest: 

Elizabeth A. Alvey, Johnson County Auditor