

**ADMINISTRATION AND FINANCE COMMITTEE**

**DATE:** July 21, 2009  
**CALLED TO ORDER:** 5:33 p.m.  
**ADJOURNED:** 6:24 p.m.

**ATTENDANCE**

ATTENDING MEMBERS

Marilyn Pfisterer  
Barbara Malone  
Jackie Nytes

ABSENT MEMBERS

Paul Bateman  
Susie Day  
Joanne Sanders  
Ryan Vaughn

**AGENDA**

UPDATE ON BUDGET – Jason Dudich, Deputy Controller, Office of Finance and Management (OFM)

## ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, July 21, 2009. Chairwoman Marilyn Pfisterer called the meeting to order at 5:33 p.m. with the following member present: Barbara Malone. Jackie Nytes arrived shortly thereafter. Paul Bateman, Susie Day, Joanne Sanders, and Ryan Vaughn were absent.

UPDATE ON BUDGET – Jason Dudich, Deputy Controller, Office of Finance and Management (OFM)

Jason Dudich explained the budget presentation, which is attached as Exhibit A. Some Key Points are:

- All City and County agencies were asked to hold 5% of their budget, which amounts to \$17 million in reserve. These funds will help with any unforeseen expenditures in 2009 or revert back to the County General Fund for 2010.
- The 2008 final property tax bills will be paid in August, 2009 and the 2009 property tax bills will begin in November, 2009.
- Through June, 2009 the revenues have totaled \$368.1 million, which is a mix of current-year revenues and last year's revenues.
- Local government has received \$13 million year to date in economic stimulus funds. The local government has submitted another \$13 million in applications for economic stimulus funds. The total request will be \$60 million in economic stimulus funds for 2009.
- The largest source of revenue is the income tax, which includes Public Safety Tax, County Option Income Tax (COIT), and the Local Option Income Tax (LOIT), totaling \$123 million.
- The total 2009 budget for property taxes is \$360 million, and the city has received only \$46.5 million in property taxes year-to-date.
- If property tax income is not received, it will cause a cash flow problem, which will then cause the city to borrow money.
- In 2007, the city borrowed roughly \$244 million; \$282 million in 2008; and the city has received the last disbursement of the \$212 million borrowed for 2009.
- In 2009, the city will spend \$3.2 million in interest payments for the money borrowed from the Bond Bank.

Mr. Dudich said in June of 2008 the city received \$382 million in revenues, compared to the current \$368 million in revenues received \$368 million received year-to-date. He said that the city is slightly below the amount that was received last year due to the current property tax received.

Councillor Nytes asked if the Neighborhood Stabilization Program (NSP) Grant funds are a part of the stimulus funds. Mr. Dudich answered in the negative. Councillor Nytes asked if there is an outline on how the NSP funds were spent. Mr. Dudich said that these grant funds have some reporting requirements and require specific documents to report how these funds have been spent. He said that he is not sure if it will be lumped in with the other requirements of the American Recovery and Reinvestment Act (ARRA) process. He said that the NSP Grant funds are targeted to certain areas of Marion County to address the foreclosure problem in the city.

Councillor Malone asked if there is a deadline to use the NSP funds. Mr. Dudich answered in the affirmative. He said as soon as the dollars are within the city coffers, the city has 18 months to spend those funds and then another year to make sure that these funds have been expended. Councillor Malone asked if it is possible to track these funds on the website. Mr. Dudich said that the Office of Finance and Management (OFM) will keep track of the funds in order to stay in compliance with the regulations. He

said that the Department of Metropolitan Development (DMD) will have an online report status of how the funds were distributed. Councillor Malone asked if the interest and miscellaneous revenues were down because of the current market. Mr. Dudich answered in the affirmative. He said that a year ago on this date, the city had received \$10 million in interest compared to 2009 year-to-date, during which the city had only received \$2.4 million in interest.

Councillor Nytes asked if the permit fees had been raised recently. Mr. Dudich said that he is not aware of any increase in permit fees.

Councillor Nytes asked what a typical tax anticipation cycle would be for Indianapolis/Marion County. Mr. Dudich said that in a normal property tax situation, the city would borrow about \$100 million to \$120 million for the year. He said the current tax anticipation cycle doubles the amount of money that is needed. Councillor Nytes asked if the Indianapolis Bond Bank is the main source of borrowing funds. Mr. Dudich answered in the affirmative.

Chairwoman Pfisterer asked if the interest rates for the Bond Bank are higher or lower than in past years. Mr. Dudich said that they are receiving lower rates in the current years than in the past. He said this is due to the city's credit rating with the Bond Bank.

Councillor Malone asked if the credit rating will be in trouble this year. Mr. Dudich said that he is not aware of any credit rating problems. He said that there may be some credit adjustments with the Indianapolis Water Works bond but the city should be in good standing.

Chairwoman Pfisterer asked when the property tax bills are on a regular cycle in November 2010, if the extra funding will be used by other city agencies. Mr. Dudich answered in the affirmative. He said that some of that interest will be used to pay for interest on other borrowing.

Mr. Dudich said the plan is to have all of the city's current outstanding debt paid off by March of 2010. He said that it is possible that they can pay the loans off early without any penalties.

Councillor Nytes asked if the Indianapolis Fire Department has any issues with their spending. Mr. Dudich answered in the negative. He said that they have found some ways to create savings within their department. Councillor Nytes if the parks' programs have been restored. Mr. Dudich said that through federal dollars, they were able to restore some of parks' programs. He said that they are looking at the parks' programs to see which programs are effective, while also looking for possible sponsorships.

There being no further business, and upon motion duly made, the meeting was adjourned at 6:24 p.m.

Respectfully Submitted,

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Marilyn Pfisterer, Chairwoman

# 2009 Budget Update

January 2009 through June 2009

7/20/2009

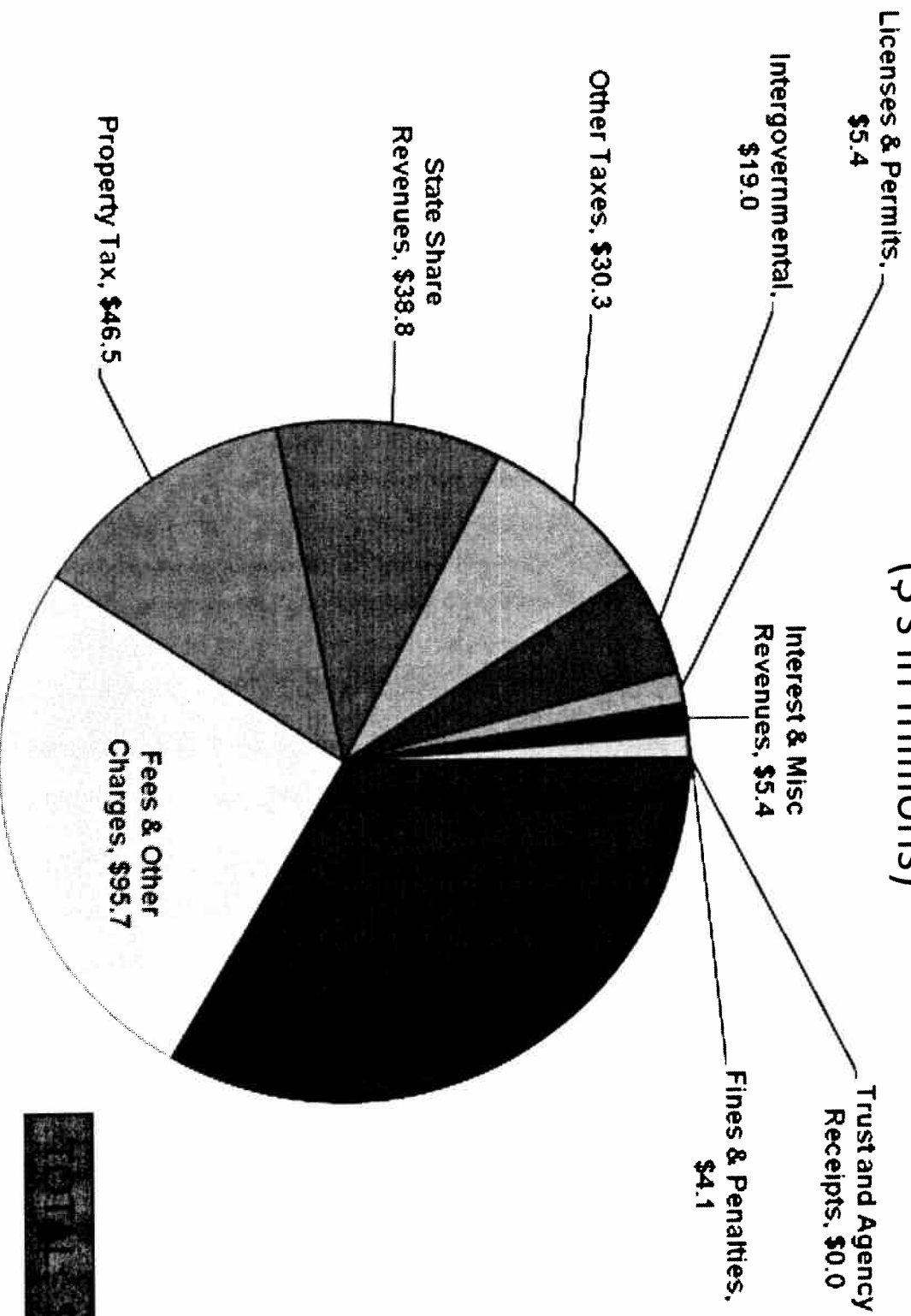
Prepared by OFM

# 2009 Budget Highlights

- 5% Management Reserve for all city and county agencies - \$17M approx
- 2008 Final Property Tax Bills paid in July 2009, reconciliation in August 2009
- 2009 Property Tax Bills – Nov 2009
- Federal Stimulus Funds

# 2009 Revenues through June 2009

(\$'s in millions)



7/20/2009

Prepared by OFM



# YTD June 2009 vs Budget June 2009

(\$'s in millions)

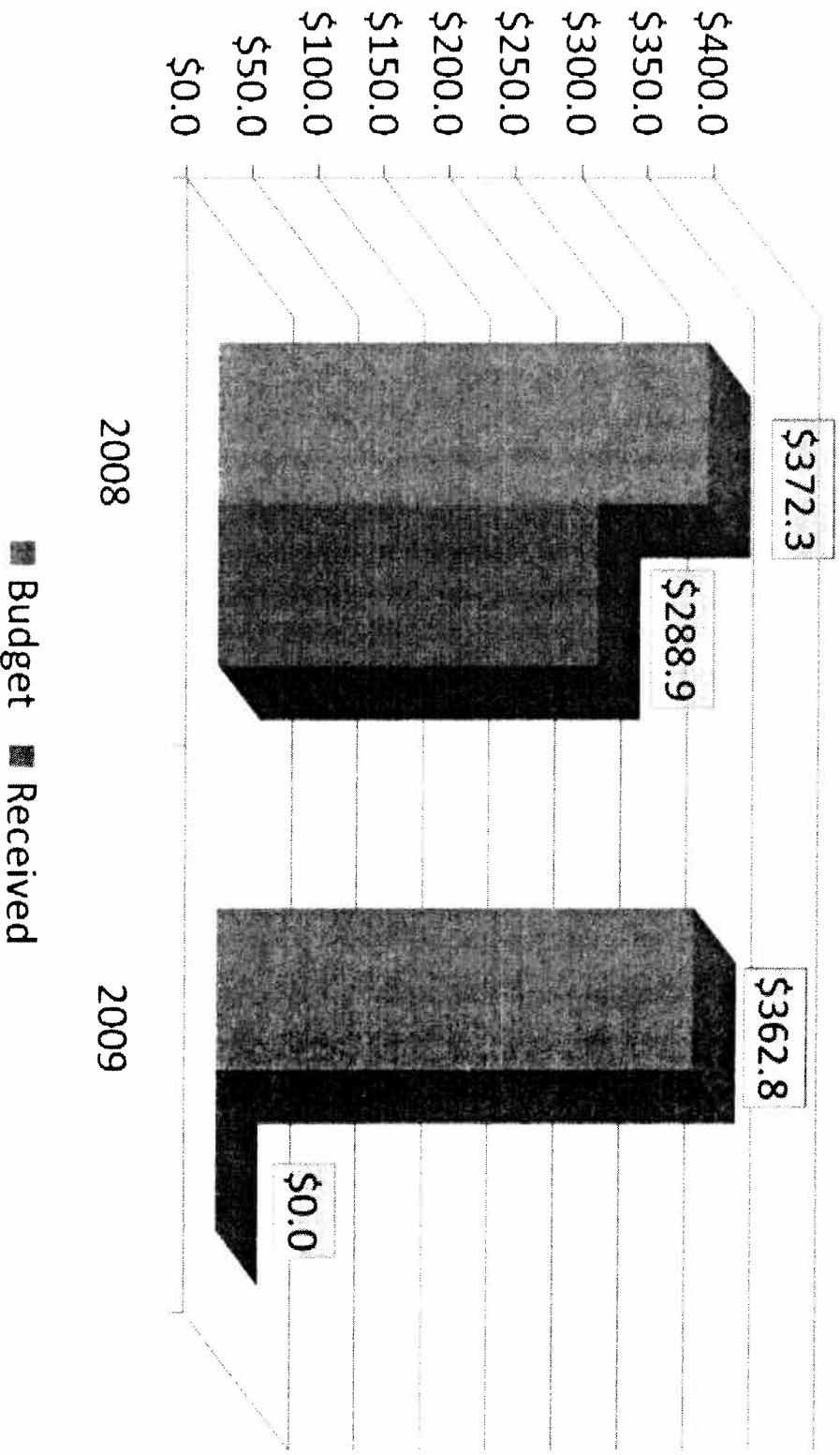


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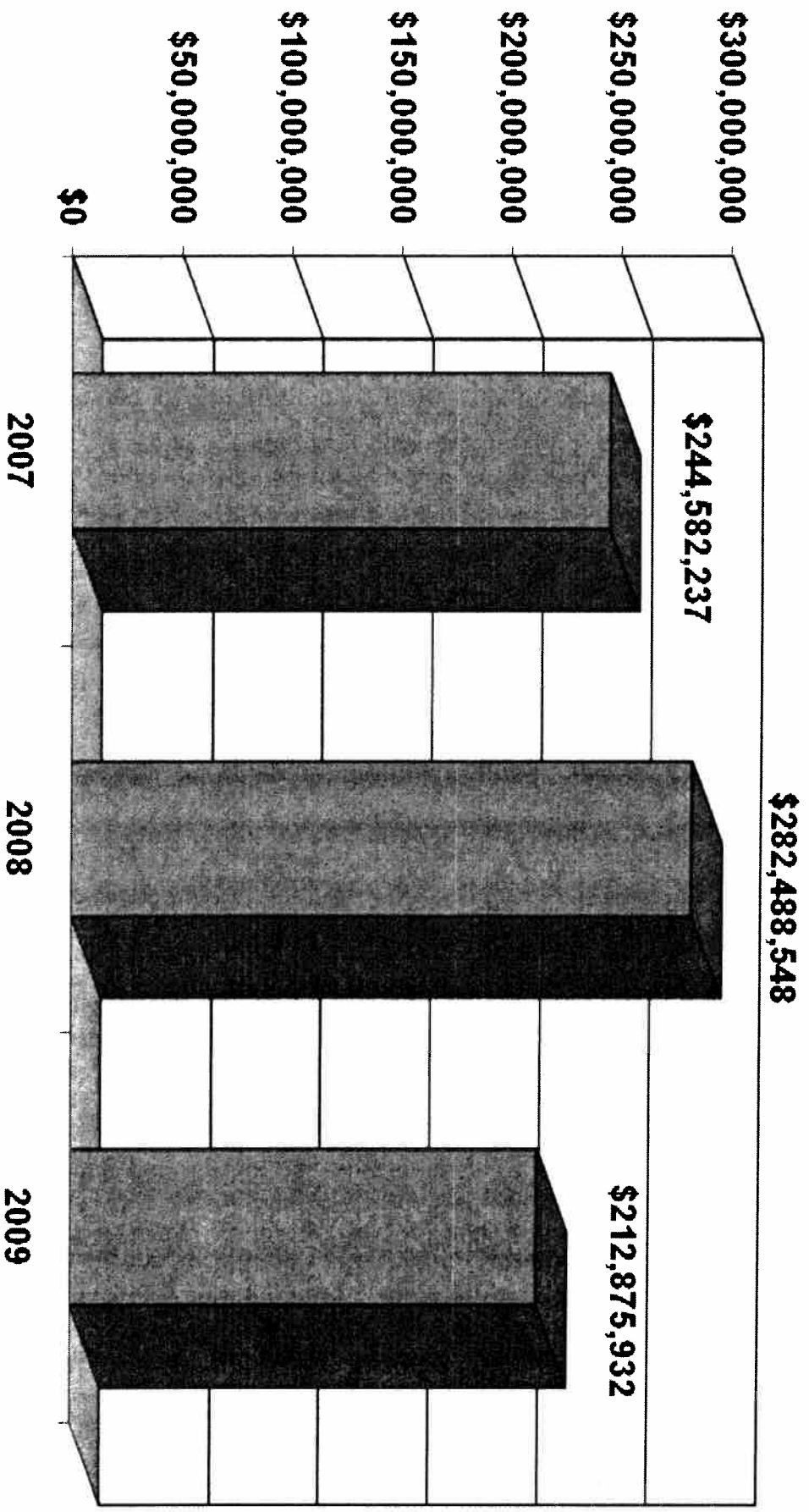
Prepared by OFM

# 2008 and 2009 Property Taxes

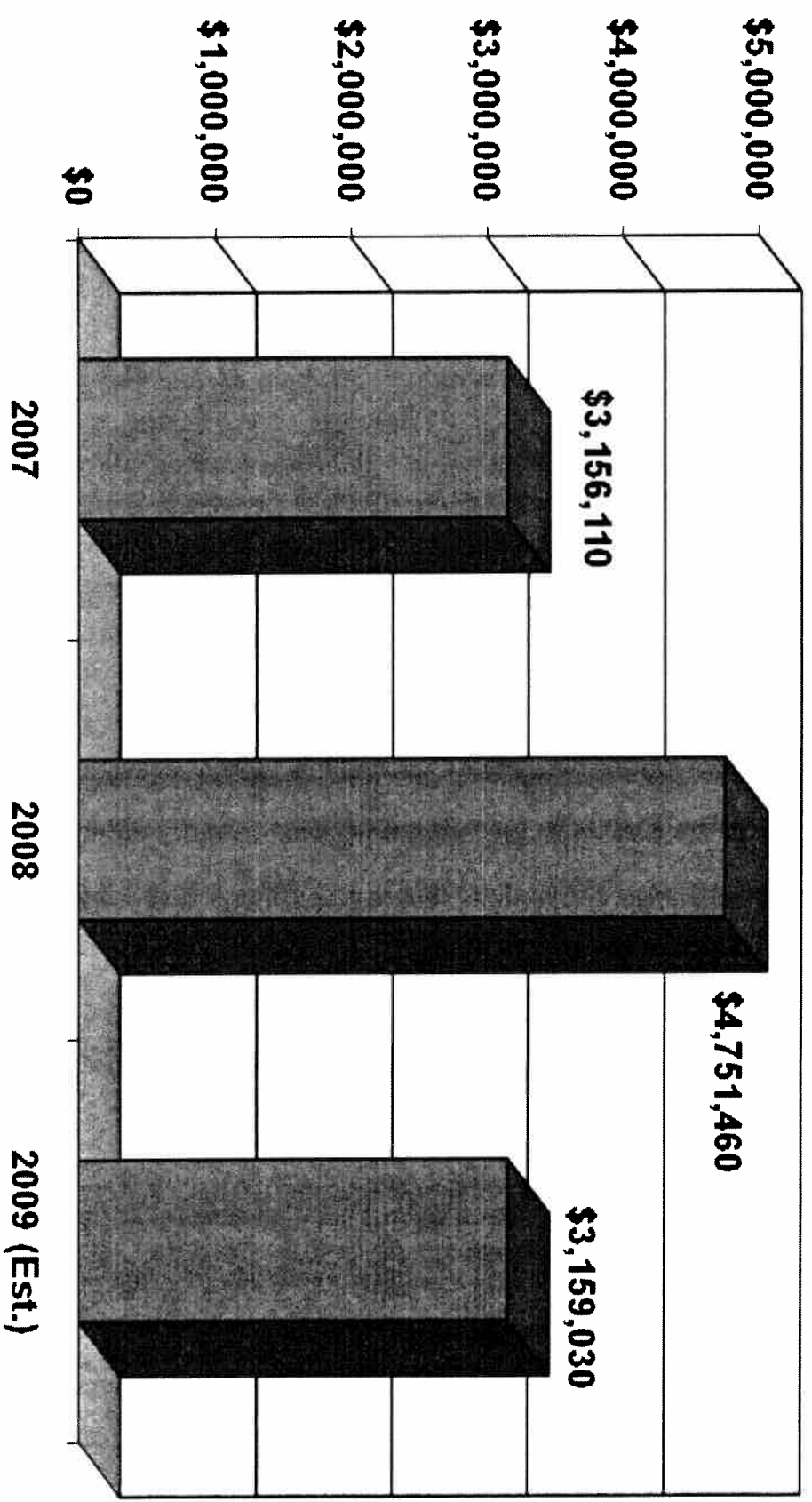
(\$'s in Millions)



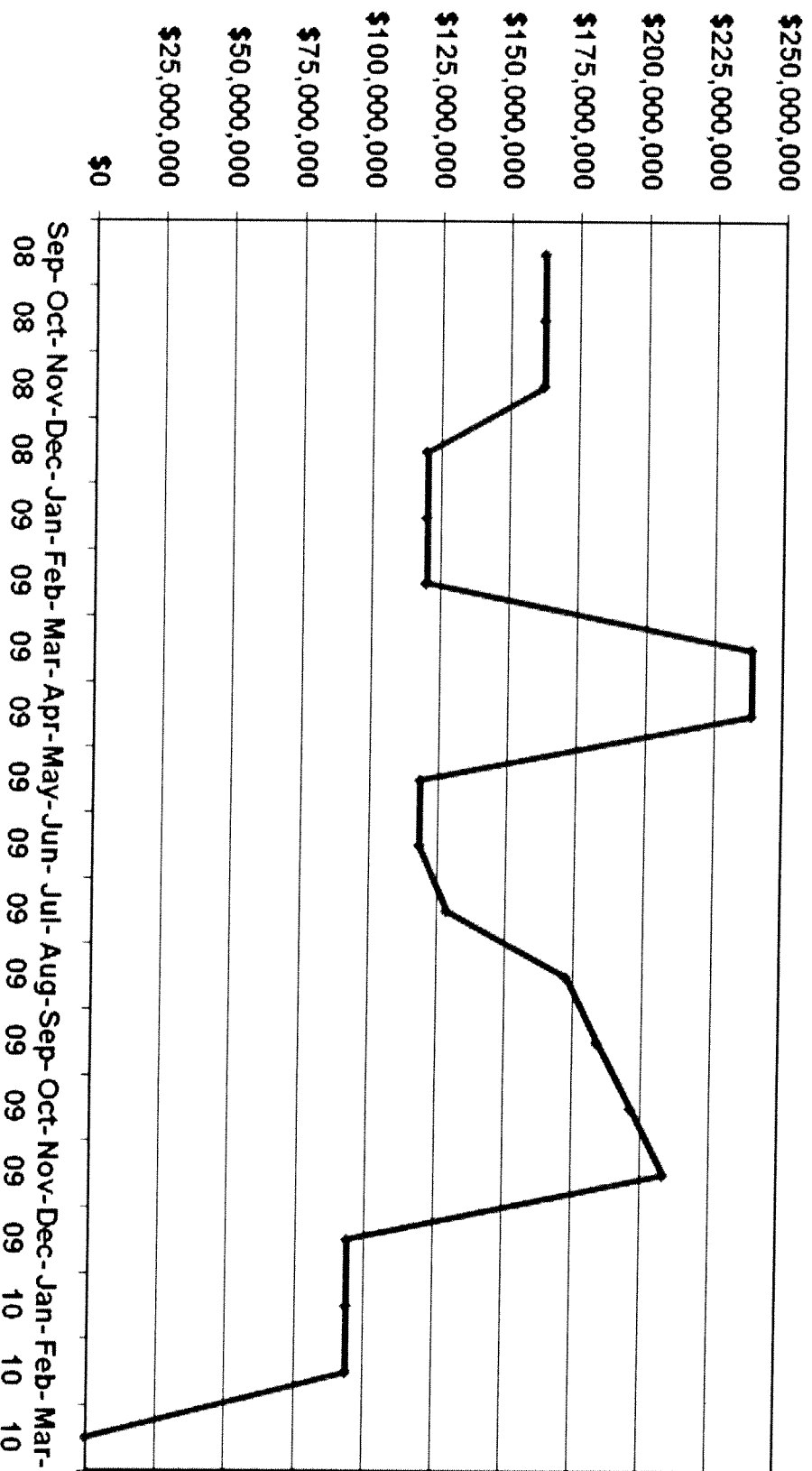
# Property Tax Anticipation Borrowing – Principal Only



# Property Tax Anticipation Borrowing – Interest Only



# Total Property Tax Anticipation Borrowing - Outstanding



7/20/2009

Prepared by OFM