

**GOVERNMENT REORGANIZATION 2010
CITY OF EVANSVILLE AND VANDERBURGH COUNTY**

Finance & Tax Subcommittee Report

Draft Recommendations August 31, 2010

I. Introduction

Subcommittee Members

Edmund L. Hafer, Jr.	Chairman
Rev. Adrian M. Brooks, Sr.	Member
Matthew V. Theby	Member
Charles Whobrey	Member

Area of Responsibility

The Finance and Tax Subcommittee is responsible for developing budgeting and taxing plans for a single political subdivision combining the City of Evansville and Vanderburgh County. This Subcommittee will address the portions of the Plan of Reorganization required by the 2006 government Modernization Act now codified under Indiana Code IC 36-1.5.

Specifically:

1. A specific tax and budgeting plan.
2. A description of the taxing areas in which taxes to retire obligations of the reorganizing political subdivisions will be imposed.
3. The disposition of the personnel, agreements, (including collective bargaining agreements, inter-local agreements or memorandums of understanding), assets, and liabilities of the reorganizing political subdivisions.
4. Any other matter deemed necessary by the committee.

II. Information Gathered and Reviewed

A major portion of the work by this subcommittee was performed by the financial and legal consultants (Crowe Horwath LLP & Krieg Devault LLP) selected by the city and county executives to work with the Reorganization Committee.

Certain members of the Finance Subcommittee were involved in the 2005 Government Unification Proposal for the City of Evansville – Vanderburgh County. That experience and the research conducted through that effort has been important to this subcommittee.

Members of this subcommittee, through membership on this and other subcommittees, have heard presentations from various city and county elected and appointed officials including information on local government finance.

A listing of other agencies and documents reviewed includes:

- Representatives of the 2005 Government Unification Committee.
- Representatives of the Department of Local Government Finance.
- Information (primarily web sites) from other consolidated cities.

Evansville and Vanderburgh County Departmental Budgets.

III. Current Structure

To be written

IV. Recommendations

Governance:

Responsibilities for developing budgets, levying taxes, distributing revenues, issuing warrants for payment of claims, the collection and disbursement of funds, the preparation of financial statements and other financial activities for the Reorganized Government shall be vested in the following offices and departments and offices.

The Common Council: The legislative/fiscal body of the Reorganized Government. Responsible for review of the budget estimate prepared by the fiscal officer and the preparation of tax and budget ordinances for the budget year.

The Department of Budget & Finance

The Director of Budget & Finance: The fiscal officer responsible for the preparation of the budget estimate for presentation to the Common Council. Also serves as the financial advisor to the executive with respect to financial studies and related matters.

The County Auditor: The Auditor is the general bookkeeper for the Reorganized Government and is responsible for keeping the accounts and the issuance of warrants for the payment of claims.

The County Treasurer: The treasurer is responsible for the disbursement of funds to satisfy approved claims.

Each of these offices and departments has other duties as defined by State Statutes and referenced in the governance report.

Details of these offices and departments and their responsibilities with respect to the Reorganized Government should be included in the Governance Section of the final Plan of Reorganization. The involvement of the County Tax Review Board, the Department of Local Government Finance and other review bodies required by state statute will continue to function as they did prior to reorganization.

Budget Process:

The Department of Budget & Finance will be responsible for preparing the annual budget for the Reorganized Government and presenting the budget to the Common Council.

The Common Council will receive the budget, hold public hearings on the budget and accept, with possible modifications, the budget as presented. The approved budget will then be forwarded to the Mayor for approval.

Based on the approved budget the Common Council will establish the tax levies for the Reorganized Government.

Additional information relative to the Budget Process is included in the report of the Governance Subcommittee.

Taxation and Revenue:

Only the Common Council shall have the power and authority to levy taxes for the Reorganized Government or any department, unit, board, subordinated body or any other part of the Reorganized Government.

Only the Common Council shall have the power and authority to establish regulatory and administrative fees for permits, licenses, or any other services provided by the Reorganized Government or any department, unit, board, subordinated body or any other part of the Reorganized Government.

Bonded Indebtedness:

Only the Common Council shall have the power and authority to approve new bonded indebtedness for the Reorganized Government or any department, unit, board, subordinate body or any part of the Reorganized Government.

Tax Rates:

Budgets and tax rates for the Reorganized Government shall be established by the Common Council, in accordance with the Budgeting Process outlined in the Plan of Reorganization, and as prescribed by state statute.

Tax rates for the Reorganized Government shall correspond with the Service Districts proposed in the Plan of Reorganization and as may be modified by the Common Council in the future.

Service Districts proposed for the initial Plan of Reorganization.

General Services District: A Service and Tax District that is bounded by the Corporate limits of the Reorganized Government which corresponds to the current boundary of Vanderburgh County. The General Services and Tax District includes all property within that boundary.

Urban Services District: A Service and Tax District that is bounded by the Corporate limits of the City of Evansville immediately prior to the implementation of the Plan of Reorganization. The Urban Services and Tax District includes all property within that boundary.

Town Services District: A Service and Tax District that is bounded by the limits of the Town of Darmstadt immediately prior to the implementation of the Plan of Reorganization. The Town of Darmstadt is not a part of the Plan of reorganization.

Special Services District: Service and Tax Districts which may be established by

the Common Council from time to time to identify specific areas which are to receive services or be taxed for a specific reason and do not correspond to the Service Districts Established in the Plan of Organization.

Other Recommendations:

Any tax increases or decreases that are the direct result of reorganization will be phased in over a 3 year period.

Utility Rates and Fees:

Recommend that sewer and water rates be “equalized” throughout the county.

Recommend that street lighting become part of the Utility Department and billed as a fee for services outside the Urban Service District and paid out of the County Option Income Tax (COIT) within the Urban District as is currently done for street lighting within the City of Evansville.

Drainage Board:

Recommend collection and accounting of annual assessments continue as currently practiced.

Recommend an efficiency study to determine cost savings recommendations as an immediate undertaking by the Reorganized Government.