

**COMMON COUNCIL
FINANCE COMMITTEE
MAY 23, 2024**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 at City Hall on Thursday, May 23, 2024. The meeting was called to order at 8:15 a.m. with Mike Davis, Dave Johnson, Aaron Smith, and Megan Wiles present.

Also present were City Clerk Evelyn Lees, Public Safety Director Chad Knecht, Chief Financial Officer and Controller Jeff Spalding, Deputy Financial Officer Ian Zelgowski, Deputy Controller Caitlin Moss, Executive Assistant Jacqueline Thompson, and consultant Greg O'Connor. Paralegal Lindsay Downing attended electronically via Microsoft Teams. Deputy Mayor Matt Light and Community Development Director Sarah Reed arrived at 8:26 a.m. Attorney Jonathan Hughes attended electronically via Microsoft Teams until he arrived at 8:36 a.m.

Mr. Johnson, Mr. Smith, and Ms. Wiles are also members of the Downtown District Council Committee, but no items pertaining to that committee were on the agenda or discussed, and they did not attend this meeting in their capacity as members of the other committee.

Claims Docket Review

The committee recommended approval of the claims.

Update – 2025 Budget Preliminary Revenue Forecast

Mr. Spalding displayed the 2025 Budget – Preliminary Forecast. He stated this presentation is the initial step in the budget process. He stated the preliminary forecast is a first look at projected revenue for 2025 that will inform internal discussions. He stated the preliminary forecast should be considered a general estimate of revenue. He stated the actual forecast will be presented in August, after amounts from the state have been certified. He stated the forecast will help the City make budget decisions. He stated the Fiscal Plan is based on a five-year projection, while most communities budget one year at a time. He stated he is still working to simplify very complex data. He stated the forecast for 2024 showed very strong revenues. He stated the preliminary forecast projection ends in 2028, but once it is updated, the final Fiscal Plan will forecast from 2025 through 2029. He stated the forecast still shows very strong revenue. He stated the most significant factor in the strong 2025 forecast is higher property tax revenue due to a lower circuit breaker loss. He stated he is not sure of the reason for the increase, and he is still analyzing the data.

Mr. Light and Ms. Reed joined the meeting.

Mr. Spalding stated the legislature adjusted homestead deductions for 2024 and 2025, but the situation is very complex, and he and his team are still discussing the issue.

Mr. Spalding reviewed forecasted growth in 2025 core operational revenue. He stated an increase of approximately \$4.4 million is forecast, which would be moderate income growth for

the budget. He reviewed the unrestricted capital project funds available in 2025, which include the one-year bond and excess cash reserves. He stated any strategic spend down of excess cash reserves would never use 100 percent of the reserves.

Mr. Spalding reviewed the key factors affecting the forecast. He stated the lower circuit breaker loss is a significant factor. He stated there is also uncertainty regarding the high growth maximum levy appeal due to the possibility of the law changing and more subjective review by the state. Mr. Johnson asked if these changes could reduce the City's revenue.

Mr. Hughes joined the meeting.

Mr. Spalding replied the revenue cannot be reduced once an appeal is granted. Mr. Smith asked if there is an appetite in the legislature to change the statute. Mr. Spalding replied yes, there is a study group concerning the issue. Mr. Light stated there is great interest in property tax relief, but no one is sure yet what it will be. Mr. Hughes agreed that the issue will be addressed in some way.

Mr. Spalding reviewed the risks associated with the preliminary forecast. He stated assumptions include that all 2024 revenue increases are permanent; that there would not be an economic downturn through 2029; and that the state statute would not change through 2029.

Mr. Knecht left the meeting.

Mr. Spalding reviewed the Fiscal Plan Comparison of the preliminary 2025 budget to the final 2024 budget. He reviewed the Revenue Growth Summary of the 2024 Final Budget Order. He stated the amount of cash reserves will change once the departmental budget requests are received. He stated he assumes that the budget will grow, but the process is just beginning. He reviewed the Fiscal Plan Surplus/Deficit Analysis. He stated the purpose of the analysis is to manage the City's budget over the long term. He stated the analysis looks forward and back for four years. He stated the forecast amounts are cautious, while the past four years show actual amounts. He stated showing revenue as a percentage of growth informs decisions and the Mayor's guidance to departments for their budgets. Mr. O'Connor asked if Mr. Spalding used multiple regression in the analysis. Mr. Spalding replied no, he only used raw data.

The committee expressed appreciation for the information. Mr. Light stated the time spent on the forecast is important for the budget, but it also helps the City's bond rating. Mr. Spalding agreed.

Fiscal & Debt Actions on Council Meeting Agenda – May 28

- *None*

Review of Agenda Addendum

There were no changes to the addendum.


Other Business at Discretion of Chairman

There was no other business.

The meeting adjourned at 9:00 a.m.



MIKE DAVIS, COMMITTEE CHAIR



EVELYN L. LEES, CLERK
CITY OF NOBLESVILLE