

# Budget Committee Minutes

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March 20, 2018 6:00PM

**Members Present:** Ron Woody, Chairman; Commissioners: Carolyn Granger; Darryl Meadows and James Brummett;

**Members Absent:** None, on vacant position

**Additional:** Connie Aytes, Director of Accounts and Budgets, and Jennifer Suter, Accounting Staff

**Meeting Convened:** Meeting called to order by Chairman Woody @ 6:00 PM

## **Introduction to the 2019 Budget:**

### **Operational Statement**

Chairman Ron Woody began the meeting with introducing the Operational Statement to the Committee. He informed the committee that this worksheet will be update as we go along throughout the budget process. The funds to be presented for approval tonight are the Debt Service Funds 151, 152, and 156.

### **Property Tax Projects – What is a penny worth?**

Chairman Ron Woody proceeded to explain to the committee how the Accounting department calculates the Current Property Tax per funds and also how the value of a penny is decided. There are three excel worksheets associated with the Property Tax Projections and the Assessment Summary Worksheets from the Property Assessor’s Office.

Chairman Ron Woody mentioned at this point in the Budget process it is necessary for the Committee to approve the values of a penny. The current values are “All Other Funds” = \$120,000; “Fund 156” = \$105,400; “Fund 152” = \$94,000 and “Fund 121” = \$71,000. It has also been mentioned that if the assessments change materially, then we will bring back to the committee the changes and allow for them to approve the change.

**Motion** by Grainger 2<sup>nd</sup> by Brummett to recommend the Values of a Penny for the 2019 Budget Year.

On a **voice vote** motion **passed**.

## **Budget 2019 Requests for Approval:**

### **GENERAL DEBT SERVICE FUND 151**

Chairman Ron Woody presented to the committee the General Debt Service Fund 151. This fund was presented as it currently stands with the 2018 Refinancing of the General Obligation Bonds Series 2008A, 2008B, 2009A, and 2010A. Through this refinancing the

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County Executive's office was able to save the county another \$500K+ in interest payments. With the possibility of starting Phase II of the Jail Expansion the Budget Committee has approved a transfer of \$500,000 from the General Fund to be used as seed money to ensure that this fund stays with the fund balance policy percentages.

		Proposed	
2018 Tax Rate:	<u>0.1450</u>	2019 Tax Rate:	<u>0.1450</u>
7/1/2018 beginning fund balance	1,717,165		
Estimated Revenues	2,964,416	Penny Value:	<u>120,000</u>
Transfers	<u>613,894</u>		
Total Revenues	3,578,310	Property Tax:	<u>1,740,000</u>
Estimated Expenditures	<u>(3,121,556)</u>	effect on FB:	<u>456,754</u>
6/30/2019 Ending fund balance	<u><u>2,173,919</u></u>	FB Policy 50%-150%:	Compliant
FB % of expenditures	70%		

**Motion** by Brummett 2<sup>nd</sup> by Meadows to recommend the Rural Debt Service Fund 151 for approval as it has been presented for the 2019 Budget Appropriations

On a **voice vote** motion **passed**.

### **RURAL DEBT SERVICE FUND 152 – Dead Fund**

Chairman Woody presented to the committee for approval the Rural Debt Service Fund 152. This Fund is a Dead Fund which means that we will be working the fund balance down to zero. Once the last payment is made any funds left will be transferred to the General-Purpose School Fund 141 or School Capital Project Fund 177.

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<u>2018 Tax Rate:</u>	<u>0.145</u>	<u>Proposed</u> <u>2019 Tax Rate:</u>	<u>0.145</u>
7/1/2018 Beginning Fund Balance	625,368		
Estimated Revenues	1,471,000	Penny Value:	<u>94,000</u>
Estimated Expenditures	<u>(1,635,465)</u>	Property Tax:	<u>1,363,000</u>
6/30/2019 Ending fund balance	<u>460,903</u>	effect on FB:	<u>(164,465)</u>
FB % of expenditures	28%	FB Policy 50%-150%:	Compliant

Note: This is a dead account. Once the debt is paid off this fund will no longer exist.

**Motion** by Brummett 2<sup>nd</sup> by Meadows to recommend the Rural Debt Service Fund 152 for approval as it has been presented for the 2019 Budget Appropriations

On a **voice vote** motion **passed**.

### **EDUCATION DEBT SERVICE FUND 156**

Chairman Woody presented to the committee for approval the Rural Debt Service Fund 156. It was mentioned that this fund would be the Debt Service Fund that we would most likely be paying the potential school building loan.

It was also mentioned that there could be a possible need for transfers of funds for the last two years of the current loans payout due to the property tax revenue not growing as anticipated. Revenues have not come into this fund as expected and loan principal and interest payment for the two years will bring the fund balance below \$100K.

### **DISCUSSION OF ADDITIONAL FUND BALANCE IF A NEW SCHOOL BUILDING PROJECT IS APPROVED AND HOW IT WOULD CHANGE FUND 156**

The Commission discussed the County's fund balance policy and the recent Standard and Poor's Rating noting the County's liquidity and fund balance policy. With a fund balance of currently \$250,000 and annual anticipated payment of \$3 million, if the school project is adopted then the County would need to be working to increase the fund balance to an additional \$2.75 million. The fund balance must be built prior to the scheduled payment for cash flow purposes.

The County Commission will have an opportunity in final adoption of the Tax Rate to increase the fund balance in preparation of the school building program.

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## EDUCATION DEBT SERVICE FUND 156 (cont.)

The Committee further discussed the possibility of County-Wide tax and sharing proceeds of the debt with Oak Ridge. County-Wide debt issuance would allow a potential referendum and Commission control of the Bond proceeds.

2018 Tax Rate:	<u>0.020</u>	Proposed 2019 Tax Rate:	<u>0.020</u>
7/1/2018 Beginning Fund Balance	327,589	Penny Value:	<u>105,208</u>
Estimated Revenues	227,416	Property Tax:	<u>210,416</u>
Estimated Expenditures	<u>(310,243)</u>	effect on FB:	<u>(82,827)</u>
6/30/2019 Ending fund balance	<u><u>244,762</u></u>		
FB % of expenditures	79%	FB Policy 50%-150%:	<b>Compliant</b>

**Motion** by Grainger 2<sup>nd</sup> by Meadows to recommend the Education Debt Service Fund 156 for approval as it has been presented for the 2019 Budget Appropriations

On a **voice vote** motion **passed**.

### **Other Items:**

Reminder to the committee that we have a budget meeting set aside for Thursday at 6:00pm.

### **Adjournment**

**Motion** by Granger 2<sup>nd</sup> by Brummett to adjourn the meeting @ 7:15pm

Minutes submitted by Director Aytes