

2018-2019 Budget Committee Meeting

May 29, 2018 11:00AM

Members Present: Ron Woody, Chairman, Commissioners: Darryl Meadows, Carolyn Granger, and Mike Hooks

Members Absent: James Brummett

Additional: Director of School, Leah Watkins, School Business Manager, Eric Harbin, Connie Aytes, Director of Accounts and Budgets, assisted by Jamie Kinard, Chairman of Commission, Ron Berry and Damon Lawrence from Roane County News

Meeting Convened: Meeting called to order by Chairman Woody @ 11:00AM

Budget 2019

The budget meeting was held this morning to recommend the School Funds, and the General Fund 101. The Committee also reviewed the Operational Statement, the Appropriation, and the Tax appropriation Resolutions.

Operational Statement

Chairman Ron Woody began the meeting with an overview of the Operational Statement with all the funds that have been previously approved and the newly added school funds. **There were no motions for approval on this item.**

Appropriation Resolution

Chairman Ron Woody then directed the guest and budget committee's attention to the Appropriation Resolution that now shows the school funds added.

General Fund 141

141 – Revenues \$55,474,156

Dr. Watkins opened the discussion on the General-Purpose School Fund 141 in saying that they have worked hard to pull this budget together. The committee was guided through the Revenues of Fund 141 with Eric Harbin pin-pointing the areas of most concern or where the most increases in revenues were given.

At this time, Chairman Ron Woody brought to the attention of the committee that there were some concerns in the Payments in Lieu of Taxes-Local Utilities revenue in that we have no record as far back as 6 years of Harriman Utility Board not paying any taxes to the County. The accounting office as well as the office of County Executive will do some further investigation on why we have not received any In Lieu of Taxes from HUB. There was also some dialog on the lost revenue of the Local Option Sales Tax from Oak Ridge. The estimated

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loss of over \$700,000 is looking more like a reality for the schools. Attention was brought to revenue code 141-44570 that has an increase of \$1.4M. Eric Harbin reassured the committee that this was just the fallout from the expenditures. We as a county cannot show elevated revenues but at the direction of the Department of Education, their budget has to be shown in this manner.

Motion by Hooks 2nd by Meadows to recommend acceptance of the presented revenues.

On a **voice vote** motion **passed** on **\$55,474,156**

General Fund 141

141 – Expenditures \$55,385,815

Dr. Leah Watkins informed the committee that in this budget they have reduced staff by 9.5 employees. These positions are ones that have not been used and will not be used in the near future. She did explain the process of registration and how they will not know how many teachers are needed until the final count has been made. Each classroom is lead by a formula in that if there are four additional students register to an already maxed out class then another position must be filled to keep the ratio number down. As Eric discusses each of the departments he brings up the increase in School Resource Officers that is budgeted to be transferred to the General Fund 101 in the amount of \$231,000.

Motion by Granger 2nd by Hooks to recommend acceptance of the presented expenditures

On a **voice vote** motion **passed** on **\$55,385,815**

School Federal Projects Fund142

142 – **Revenues** \$4,356,073 **Expenditures** \$4,356,073

Chairman Ron Woody directed the committee to Fund 142 – School Federal Projects. This fund is solely based on Federal Funding. Our Commission only approves the expenditures at this time and since this budget is approved by the School Board and the Department of Education the Commission will not be approving the amendments when presented throughout the year.

Motion by Hooks 2nd by Meadows to recommend acceptance of the presented Revenues and Expenditures.

On a **voice vote** motion **passed** on **\$4,356,073**

Central Cafeteria Fund 143

143 – **Revenues** \$3,872,490 **Expenditures** \$3,972,490

Chairman Ron Woody directed the committee to Fund 143 – Central Cafeteria. This fund's revenue source is from local fees for meals, small percentage from State and the majority coming from the Federal level.

Central Cafeteria Fund 143 (cont.)

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Motion by Meadows 2nd by Granger to recommend acceptance of the presented Revenues and Expenditures.

On a **voice vote** motion **passed on \$3,972,490**

Transportation Fund 144

144 – **Revenues** \$2,107,000 **Expenditures** \$2,307,000

During the discussion of the Transportation Fund, Eric Harbin wanted to thank Chairman Ron Woody for getting the school department on the path of Capital Project Funds. By putting 4.5 pennies over in to Fund 177-BUS they are now able to maintain a fleet of buses that are below the 15-year rotation that is required for most buses. Any years over the 15 years would cost extra monies in maintenance cost. Their goal each year is to purchase 5 new buses with 5 buses being surplussed.

Motion by Granger 2nd by Hooks to recommend acceptance of the presented Revenues and Expenditures.

On a **voice vote** motion **passed on \$2,307,000**

Extended School Program Fund 146

146 – **Revenues** \$253,500 **Expenditures** \$253,500

Chairman Ron Woody directed the committee to the Extended School Program Fund 146. At this time Eric Harbin explained that this fund is still not in a good position when talking of their reserve fund. Because of a fee program “LEAPS”, this program is hurting for additional revenues to help cover shortages. This fund has a small fund balance of \$25,000. The school department is aware of the shortages and will be monitoring its operations throughout the year.

Motion by Hooks 2nd by Meadows to recommend acceptance of the presented Revenues and Expenditures.

On a **voice vote** motion **passed on \$253,500**

Education Capital Project Fund 177

177 – **Revenues** \$1,008,100 **Expenditures** \$1,533,055

Chairman Ron Woody directed the committee to the Education Capital Project Fund 177. In this fund there is 8.5 cents of property distributed between Buses and Maintenance of school buildings.

Motion by Hooks 2nd by Meadows to recommend acceptance of the presented Revenues and Expenditures.

On a **voice vote** motion **passed on \$1,533,055**

Adjournment for Lunch

Motion by Hooks 2nd by Granger to adjourn for lunch at 12:45pm

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General Fund 101

101 – Revenues \$16,933,767

At 1:45 the Budget Committee reconvened and Chairman Ron Woody presented to the Budget Committee the General Fund 101. Discussion began on the shortfall of revenue and the increased expenditures for the Jail for inmates. This discussion lead into the Phase II operations of cost of the new wing because of overcrowding. This fiscal year we have seen an increase in Jail cost of almost \$210,000. With this year being an election year, the budgets seen an increase of \$130,000. These two factors along with the mandated salary increases and loss of revenues from TVA impact creates usage of over \$600,000 from the Unassigned Fund Balance.

As we reviewed the details of the revenues, Ron Woody mentioned to changed some of the General Service charges for reappraisals from individual cities. The change to the general service was an increase of \$123. From the increase in contribution form the Schools for the SROs we increased revenues another \$9,500.

With the adjustments made per request our new General Fund 101 Revenue Budget for 2019 is \$16,943,390

Motion by Granger 2nd by Meadows to recommend acceptance of Revenues as presented.

On a **voice vote** motion **passed on \$16,943,390**

General Fund 101

101 – Expenditures \$19,865,573

As mentioned above the General Fund in not in the position to fund 100% of the department request due to the loss of the TVA Revenues and property taxes being flat lined. At this time Chairman Ron Woody directed the attention of the committee to the appropriation resolution to review how each department has changed from the prior year resolution. Chairman Woody asked what the favor of the committee was as to the \$613,000 expenditures over revenues after consideration of the final Fall Out Calculation of 9%.

As the committee reviewed each department knowing that if cuts were made it would lead to the loss of personnel, Commissioner Granger proposed the motion of reducing the contribution to Tourism to reflect what is received by the Hotel/Motel Tax. This motion would reduce the contribution from \$174,600 to \$89,600, a change of \$85,000.

Motion by Granger 2nd by Meadows

On a **voice vote** motion **passed** to reduce the Tourism Contribution from \$174,600 to \$89,600

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Director of Accounts and Budgets, Connie Aytes mentioned to the committee that the State has set the medical insurance increase to 2%. This increase that is currently reflected is less than of previous projected, thus an additional savings of over \$200,000.

At this time, Chairman Ron Woody proposed based on the medical insurance savings a 2% salary increase for all county employees with the exception of the Highway Department since they have budgeted for a 5% increase. This increase will also affect the Special Revenue Funds as we increase their salaries accordingly.

Motion by Meadows 2nd by Granger

On a **voice vote** motion **passed** to approve the 2% salary increase for all County employees with the exception of the Highway Department.

Presented below is a rough estimate of the General Fund 101 at the end of June 30, 2019. The figures do not show the reduction in medical insurance and the 2% increase of approximately \$160,000.

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| | | | |
|--------------------------------------|---------------------|---|------------------|
| 2018 Tax Rate: | <u>0.705</u> | 2019 Tax Rate: | <u>0.705</u> |
| 7/1/2018 Beginning Fund Balance | 7,083,149 | Value of a Penny: | <u>120,000</u> |
| Estimated Revenues | 16,943,390 | Property Tax: | <u>8,460,000</u> |
| Estimated Expenditures | <u>(19,020,573)</u> | | |
| Transfer to Debt 151 seed m | (500,000) | | |
| Transfer to Capital | <u>(260,000)</u> | | |
| Total Expenditures | <u>(19,780,573)</u> | | |
| 6/30/2019 Budget ending fund balance | <u>4,245,966</u> | Budget effect on FB | (2,837,183) |
| Fall Out (9%) | <u>1,711,852</u> | Add: Seed money to 151 | <u>500,000</u> |
| 6/30/2019 Est. ending fund balance | <u>5,957,818</u> | | (2,337,183) |
| FB % of expenditures | 41.4% | Est. effect on FB | (1,125,331) |
| FB Policy 35%-45%+: | Compliance | Add: Seed money to 151 | <u>500,000</u> |
| | | includes cash flow money in other funds | (625,331) |
| | | Ambulance - \$400,000 | |
| | | Debt Service - \$500,000 | |
| | | Fund 264 - \$200,000 | |

Appropriation Resolution

Chairman Ron Woody presented to the committee the appropriation resolution for approval as presented with the changes approved during this meeting and to have revised by the public hearing meeting on June 19th.

Motion by Granger 2nd by Hooks

On a **voice vote** motion **passed** to approve the Appropriation Resolution as presented with the changes approved in previous motions.

Tax Resolution

The Tax Resolution was presented to the Committee by Chairman Ron Woody. The tax resolution did not include any property tax increases.

Motion by Granger 2nd by Hooks to recommend the Tax Resolution as presented.

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

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Tax Resolution (cont.)

| | Proposed | Outside | 1 Inside | 2 Inside | 3 Inside |
|-----------------------------|--------------|----------|----------|----------|----------|
| Fund | Expenditures | Tax Rate | Tax Rate | Tax Rate | Tax Rate |
| Budgeted Value of the Penny | | 71,000 | 94,000 | 105,400 | 120,000 |
| FUNDS | | | | | |
| County General | 19,865,573 | 0.7050 | 0.7050 | 0.7050 | 0.7050 |
| Solid Waste/Sanitation | 1,061,979 | | | | |
| Ambulance Service | 2,776,022 | 0.0100 | 0.0100 | 0.0100 | 0.0100 |
| Fire and Animal Control | 873,151 | 0.0600 | | | |
| Recycling Center | 1,027,868 | 0.0300 | 0.0300 | 0.0300 | 0.0300 |
| County Road | 4,769,588 | 0.1000 | 0.1000 | 0.1000 | 0.1000 |
| General Purpose Schools | 55,385,815 | 1.2250 | 1.2250 | 1.2250 | 1.2250 |
| School Federal Projects | 4,356,073 | | | | |
| School Cafeterias | 3,972,490 | | | | |
| School Transportation | 2,307,000 | | | | |
| Extended School Program | 253,500 | | | | |
| General Debt Service | 3,121,556 | 0.1450 | 0.1450 | 0.1450 | 0.1450 |
| Rural Debt Service | 1,635,465 | 0.1450 | 0.1450 | | |
| Education Debt Service | 310,243 | 0.0200 | 0.0200 | 0.0200 | |
| Capital Projects Fund | 1,816,130 | 0.0500 | 0.0500 | 0.0500 | 0.0500 |
| Education Capital Projects | 1,533,055 | 0.0850 | 0.0850 | 0.0850 | 0.0850 |
| Wastewater Treatment | 1,385,524 | | | | |
| Employee Insurance | 614,569 | | | | |
| Workers Compensation | 731,600 | | | | |
| Economic & Community Dev | 160,000 | | | | Cont. |

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| | | | | | |
|---------------------------|--------------------|-------|-------|-------|-------|
| Judicial Drug Enforcement | 239,871 | | | | |
| District Attorney General | 16,700 | | | | |
| Other Funds (122,176) | 804,516 | | | | |
| Total | 109,018,288 | 2.575 | 2.515 | 2.370 | 2.350 |
| Prior Year | | 2.575 | 2.515 | 2.370 | 2.350 |

CURRENT YEAR AMENDMENTS

Resolution 06-18- xx General Fund 101 – Clean up

Chairman Ron Woody presented to the committee the Final Clean Up Resolution for the General Fund 101.

See Attachment

Motion by Granger 2nd by Hooks to refer to the commission for the approval of the attached resolution of the General Fund 101.

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

Resolution 06-18-xx General Capital Projects Fund 171 (EXP)

Chairman Ron Woody presented to the committee an amendment to increase the local contribution from Roane State Community College for the Big Fans in the Expo Building.

Resolution 06-18-xx General Capital Projects Fund 171 (EXP)(cont.)

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| <u>Fund</u> | <u>Function</u> | <u>Object/ Subfund</u> | <u>Description</u> | <u>Beg. Budget</u> | <u>Amend.</u> | <u>Ending Budget</u> |
|--|-----------------|----------------------------|----------------------|------------------------|---------------|--------------------------|
| <u>Increase Revenue Codes:</u> | | | | | | |
| 171 | 44570 | EXP | Contributions | 32,143 | 1,333 | 33,476 |
| <u>Increase Expenditure Code:</u> | | | | | | |
| 171 | 91150 | 707-EXP | Building Improvement | 107,143 | 1,333 | 108,476 |

Motion by Granger 2nd by Hooks to refer to the commission for the approval of the attached resolution of the General Capital Project Fund 171.

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

Rescue Squad Building South the River

Commissioner Darryl Meadows made a request that this committee approve the change to the previously presented resolution 05-18-09.

Motion by Hooks 2nd by Meadows to refer to the commission for the approval Resolution 05-18-09 as amended.

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

Correction on April 9th Minutes

Let it be known that there was an error in the April 9th Budget Meeting where the committee approved for 5% to be used as our Retirement contribution. The Motion by and 2nd section has it has 4%. The corrections should be as follows:

Motion by Granger, 2nd by Meadows to approve the request to have Director Aytes write up the resolution for the reduction of TCRS contribution from 6% to 5%.

One last Budget meeting for the Fiscal 2018 Budget

Director of Accounts and Budgets advised the committee that we would need to meet about 30 minutes before the Commission Meeting to approve some final amendments that were not prepared at the time of this meeting.

Public Hearing for 2019 Budget

The Public Hearing/Budget Committee for the 2019 budget is scheduled for June 19, 2018 at 6:00pm. We will have the public hearing, go into a Budget Committee meeting and then the County Commission will have a Special Called Workshop.

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Adjournment

Motion by Meadows 2nd by Granger to adjourn the meeting at 2:30pm

Minutes submitted by Director Aytes