

**Budget Committee**  
**Minutes**  
**City of Jackson**  
04-22-2021

**I. Call to order and welcome**

Chairman Paul Taylor called the meeting to order. In attendance for the Go-To-Meeting were committee members Andrew Long, Paul Taylor, Ron Tharpe, Johnny Dodd, Ross Priddy, Doug Roth, and Mark Johnstone. In attendance from the City were Bobby Arnold, Tawanika McKinney, Mayor Conger, Alex Reed, and Sandy Maxwell, recorder of the minutes. The full video of the meeting can be found at <http://www.youtube.com/CityofJacksonTN731> (time-frame reference).

**II. Approval of Minutes:** March 25, 2021, were approved as presented.

**III. Information**

**a. FY21 Revenue Report (*Bobby Arnold*) (00:50 – 02:24)**

**Report:** Mr. Arnold said he is happy to report that the numbers are still looking very positive. These are March-Year-to-Date numbers, Local tax is at 97%, State tax is at 89%, and Hotel-Motel tax is at 130% of our annual budget. We will get our April Sales tax check tomorrow (4-23-21). He added that we were tracking about 7.5% ahead of the prior FY in Sales tax through March.

**b. American Rescue Plan Local Government Distribution (02:25 – 6:00)**

Chairman Taylor explained that there had been some general preliminary discussion on how to use the funds best. As many of you know, the federal government passed the American Rescue Plan, which provides direct local government assistance. Mr. Taylor said he had called MTAS, State Comptrollers' office, Department of Treasury checking for updates; they could be available next week. Since these funds have become available, they are now a key factor in our budget, but not having the guidelines puts us on hold, specifically on our capital budgeting. Mr. Taylor said that he has done some calculating on our lost revenue income for FY 20 and 21 and asked Mr. Arnold to see if he could pull some numbers together over the next few weeks to see the revenues we could possibly recoup. We also know that infrastructure is something that we will be able to spend this money on, but we will have to wait on the exact guidelines. The Mayor added that he expects the first installment of \$7.75 million to come around May 12<sup>th</sup>, and the second installment would be a year later.

**c. State Infrastructure Grant (6:02 – 9:25)**

Chairman Taylor reminded everyone about the Governor's \$200 million budgeted grant from last year; those funds were released to municipalities to help with infrastructure. The City of Jackson has allocated over one and a half million to our street resurfacing program. That was budgeted again this year but is being held until January to see if the state's legislative offices will pass it since we now have some funds from the American Rescue Plan. So please get in touch with our state representatives, letting them know that we need that money specifically for infrastructure.

**IV. Business**

**a. FY22 Budget Calendar – Bobby Arnold (9:29 – 28:28)**

- i. Update on FY22 Operating Budget Hearings**
- ii. FY22 Revenue Update**
- iii. General FY22 Operating Budget Overview**
- iv. Capital Planning/Funding Options**

Chairman Taylor stated that there had been two budget hearings with various departments. He said that the City Councilmembers have liked that the sessions have been small and not our ordinary marathon meeting. The requests and needs of each department were heard and gave the council some insight into the department's quests. Mr. Taylor asked Mr. Arnold to report on the budget.

**Report:** Mr. Arnold said that the FY – 22 budgeting process has been going on since January. As you know, we have had two budget hearings, and his department is preparing the budget ordinances to present to the council on June 1<sup>st</sup> and a second date to be determined; the completed budget is due in the Comptroller's office by June 30<sup>th</sup>. Looking at the budget in a historical context, FY – 19, an inherited budget from the previous administration, finished in a break-even situation. FY – 20 budget was a year with many changes by focusing on new priorities. In the last quarter of FY – 20, we begin to see the COVID pandemic's impact, but we managed to grow the General Fund surplus up to about \$2 million. In FY – 21, the pandemic has been heavily impacted the current year, but there is good news. We continue to trend above the budgeted numbers in our larger revenue line items; an example is property tax collection and our Sales tax and Hotel/Motel tax projections coming in higher than budgeted. However, we have some revenue sources trending even or down from previous years in Parks and Recreation, Event Venue, and Building Fees. Another positive note is that the city has operated a lower cost structure this year. So combining higher revenues and lower costs, we should grow our General Fund balance again this year. Then when you think about next year, hopefully, we will post COVID impact; from a material standpoint, there is quite a bit of change.

We currently have next year's budgeted revenue projects flat for FY – 22, and expenses are projected to increase as the city continues to open back up. Step raises and new position salaries are projected to

go up. On the benefits side, there will be an increase in the cost of our health benefit plan. Another proposed increase is in fuel and utility costs and funding the new CORE Financial Software; all of these things add to the increased budget in the General Fund. The Solid Waste Fund will start our new service contract with Waste Management. Debt Service Fund had held previous debt of the Solid Waste Fund, but it is now being carried in the Solid Waste Fund budget as well as their capital requests for next. This next year in the Debt Service Fund, there will be a slight increase in the debt from the prior fiscal year.

As you know, this year, Fire Department entered into a lease-purchase agreement, and Police Department secured a capital outlay note for new equipment and vehicle needs. We will also have a new lease payment for the new Madison Academic High School; payments will begin in FY – 22. In the Capital Outlay Fund, we have identified some priority items depending on the funding guidelines from the American Rescue Plan and our state grant; we will have a few options on the Capital Outlay Fund. One side note, the proposed property assessed values are projected with a minimal increase.

**b. Comptroller/Crone Report Corrective Action Development – Tawanika McKinney  
(28:30 – 30:57)**

Chairman Taylor asked Ms. McKinney to update everyone on the development of the corrective action plan from the findings of the State of Tennessee Comptroller's Office and the city's independent report from Crone Law Firm. Ms. McKinney stated that she has already reviewed the policies and procedures in the purchasing department. She is compiling a report of her findings to review with the Mayor and the budget committee and is hopeful some changes can be implemented in FY – 22.

**c. FY22 Audit Plan Preliminary Discussion – Tawanika McKinney (30:59 – 33:46)**

Chairman Taylor asked Ms. McKinney to report on the proposed FY – 22 audit plan. Ms. McKinney said one of the key areas to add to the schedule is the new Waste Management contract, ensuring we adhere to the new contract. She stated that she is also surveying other areas looking for any common issues that can be addressed, being proactive with training and support.

**d. Regular meeting time – 2nd Thursday of the Month @ 11:00 AM (34:01 – 34:56)**

**i. May 13th, 2021 (discuss timing related to CC Budget Review Needs)**

Chairman Taylor reminded everyone that this would be our first in-person meeting at city hall.

**V. Adjourn (35:08)**