

**Budget Committee**  
**Minutes**  
**City of Jackson**  
05-25-2021

**I. Call to order and welcome**

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

**II. Approval of Minutes:** April 22, 2021, were approved as presented.

**III. Information**

**a. FY21 Revenue Report (*Bobby Arnold*)**

Chairman Taylor asked Mr. Bobby Arnold to give a quick run-down of the numbers.

**Report:** Per Mr. Arnold, the numbers are Y-T-D through April 2021. For the first time this year, Sales Tax was lower than the same month last year by about 1 to 1.5%. That loss prompted Mr. Arnold to make a few changes to the upcoming budget. May's Sales Tax numbers are expected later today. Local Sales Tax is at 106% of the budget for the year. State Sales Tax is lagging just a bit at 97% of the annual budget. Hotel/Motel Tax is 150% of the annual budget.

**b. American Rescue Plan Local Government Distribution**

Chairman Taylor said we finally have guidance on spending our \$13.9 million, divided into two installments, one now and the other a year later. He asked Mr. Arnold to explain the guidelines for the American Rescue Plan. Mr. Arnold said there is a submission process to register a request for the funds; he has completed the process. It should take about 7 to 10 working days for the government to process the form, but there is no word on when we will get the funds. Mr. Taylor reminded the board members that he did email everyone a copy of the guidance packet, which gives more detail. One example is lost revenue; the packet offers some formulas to use to calculate. We are in the process of using those formulas to see where we are from a lost revenue standpoint.

## Business

### c. FY22 Budget

#### i. FY22 Revenue Update

#### ii. General FY22 Operating Budget Overview (*Bobby Arnold*)

Chairman Taylor asked Mr. Arnold to give an overview of the proposed budget items.

**Report:** Mr. Arnold said looking at the Summary Financials – Major Funds spreadsheet, he would explain the numbers in context to where we were in FY 19 through our proposed FY 22 budget. FY 19 was the last year before the new administration; the City was at break-even. FY 20 brought new initiatives and focus, but COVID affected the last quarter, but we will still grow the surplus to about \$2.5 million by year-end. FY 21 has clearly been impacted by COVID. FY 22 looks like the first year at post COVID impact; reopening of the City. Therefore, there are many changes in the numbers from one year to the next. Currently, FY 22 General Fund revenue numbers are conservatively forecasted and based on known April Y-T-D numbers with some projection for May and June.

After seeing April's results in our Sales Tax revenue, Mr. Arnold said he decided to project those numbers at a flat growth instead of increasing. Therefore, Sales Tax and Property Tax for next year are projected flat. However, some local revenues are projecting an increase, such as fees, permits, public facilities, etc. One note is that we will be moving about \$930 -940,000 from the general fund to the debt service fund to offset the debt of the Fire Department and Police Department equipment. About .05 cents of the property tax will go to service that debt. Looking at expenses, they are increasing next year. Solid Waste Fund, there is a new contract effective August 1, 2021; cost savings are projected into the numbers. Previous capital outlay notes were used to purchase equipment; those are being funded through the Solid Waste operations. Mr. Arnold reminded everyone that historically the equipment had not always been funded through Solid Waste but will be from now. Solid Waste will also be funding its capital outlay as well. One other note is that we believe there should be a reasonable allocation from the General Fund to the Solid Waste for overhead/operation expense; that is included in these numbers. Once again, on Debt Service, the big change on the Fire and Police Department equipment payment requirements, and we will be picking up the Madison High School note payment, which is built into our Debt Service/Operations for next year. Lastly, please notice a \$147,000 deficit in the General Fund for the proposed FY 22 budget. This is not new revenue; it is a correction in the numbers. There are \$135,000 worth of General Fund revenues not reflected in these numbers but will be in the final draft of the proposed budget.

Chairman Taylor asked if Mr. Arnold speak to the \$8.5 million between revenues over expenses in FY 21. Mr. Arnold said, first, these are projections and are not exact numbers. However, going from FY 20 into FY 21, there has been a decrease in expenses and increases in revenues, and remember earlier in the year; there were direct efforts made to cut expenses (i.e., positions being eliminated, employees being furloughed, public facilities shut down, grant money, etc.). Therefore, as a result,

operating costs were down in FY 21, and combine with revenues being up, we will be able to add to the surplus. Mr. Taylor said that he would like to point out that the new Core Financial Software is also included in this year's funding in the FY 22 budget and is very much needed to make working the numbers much more efficient.

### **iii. Capital Planning/Funding Options**

#### **1. Limited Capital in Current Budget**

#### **2. ARP Capital Planning**

Chairman Taylor said this is a bare-boned proposed FY 22 Capital Budget. However, Mr. Taylor reminded the committee that we might have some funds available to support some future capital projects through the American Rescue Plan. He also said that these projects For FY 22 are funded from other capital sources (i.e., Solid Waste, Metro-Narcotics, Street Department, etc.). Last year's state grant has been cut in half, but we will get \$750,000 for street resurfacing. Some items have been moved out to future fiscal years to get through FY 25 when the City has a significant drop in our Debt Service balance.

**Report:** Mr. Arnold said, looking at the Capital Budget Summary spreadsheet, just a few points to clarify. The budget has some carry-over items, which are budget items that were approved in the FY 21 budget but not complete in FY 21, so the carry-over to the next fiscal year in both expenses and revenue line items. Another big number in the budget is \$3.1 million for the 45 By-Pass South project; this shows up in the expenses and revenue; this has been funded 100% by the state. Finally, the budget ordinance itself. The guidance that we have to use for the Fire Department lease-purchase gets a little technical. Of the \$5.1 million in equipment, only \$3.7 million has been received in FY 21. The remainder of \$1.4 million will be in FY 22, so it will be recognized into our debt through budget amendments as the equipment comes in. Mr. Arnold said the carry-over items are work-in-progress, so some could actually be completed before the budget ordinance goes before City Council.

### **d. Goal/Need Oriented Sub-Committee(s) Discussion**

#### **i. Healthcare Cost**

#### **ii. Infrastructure Planning/Execution (Streets/Stormwater)**

Chairman Taylor explained there had been some discussion on forming a few subcommittees to look at the Healthcare cost and some updates to the City's infrastructure. He said he would like someone from this committee to liaison and report back to the Budget Committee. He reminded everyone they would be able to ask others to serve (City Staff, professionals from the community, etc.)

with them on the subcommittees. Chairman Paul Taylor said he would be interested in helping with the review of the infrastructure needs and asked Mr. Arnold if he could help look at the healthcare costs; Mr. Arnold said yes to helping.

**e. Comptroller/Crone Report Corrective Action Development (*Tawanika McKinney*)**

**i. Purchasing Recommendations and Action Plan**

Chairman Taylor said that he, Ms. McKinney, and the Mayor's Office have met from time to time to review reports from internal and external sources. He asked Ms. McKinney to update the committee on the Comptroller, and Crone reports. Ms. McKinney said in response to the Crone Report; we immediately began looking for ways to improve the purchasing department. Firstly, we will implement new purchasing limits and approval tiers, including budget checks at each level. Next, we will change to a digital process instead of a paper process. We are also looking at developing vendor standards and qualifications to do business with the City of Jackson; we will offer training to vendors through some town-hall meetings. Finally, we will set a standard for bids before sending bids out. The timeline; phase one is training our employees this FY, and phase two is for vendor training. Chairman Taylor said these changes would align with the new Core Financial Software.

**f. FY22 Audit Plan Planning Discussion (*Tawanika McKinney*)**

Chairman Taylor asked Ms. McKinney to share her thoughts with the committee and maybe next time have a document for us to look over next time. Ms. McKinney said she would begin by looking at things quarterly until we can get some things prioritized. One priority is the new Waste Management contract that is due to go into effect soon; I will be looking closely at the daily operations to ensure they adhere to the new contract. In addition, this quarter will be doing any investigative Comptroller reports that come due; we will be looking at a plan of corrective action. Finally, we will monitor any cash control issues that any department may have experienced; we will offer training and support. She said these are some of the main goals for our quarterly report.

**g. Regular meeting time – 2<sup>nd</sup> Thursday of the Month @ 11:00 AM**

**i. June 10, 2021**

**IV. Adjourn**