

# **COMMITTEE MEETINGS MINUTES**



**Claiborne County Public Budget Committee Meeting Minutes**  
**Monday, May 20, 2024**

**Members present:** Zach Bunch, Haley Barker, Tim Shrout, Zach Mullins, Mitchell Cosby, Rosemary Barnett, Sherry McCreary, Quinton Rogers, and Dustin Wilson

**Others present:** Joe Brooks, James Estep III, Eric Pearson

Mitchell Cosby called the meeting to order at 5:44 pm. All present except for Tim Shrout. Mr. Shrout joined the meeting later.

Motion carried by aye vote to approve the agenda.

Motion made by Zach Mullins, second by Zach Bunch, to approve the minutes from the April 9, 2024 budget committee meeting. Minutes approved.

**Budget Amendments: Fund 101 (General Fund) and Fund 116 (Landfill)**

The Finance Director provided the Committee with a list of budget amendments for Fund 101 and Fund 116. The Director noted that these are transfers between line items within department budgets and are needed to provide funding on the correct lines.

Motion made by Sherry McCreary, second by Rosemary Barnett, to approve the line item budget amendments for Fund 101 and Fund 116. Amendments approved.

**Public Hearing on FY 2024-25 Budget**

Mitchell Cosby announced the start of the public hearing and asked the Finance Director to provide some remarks. The Finance Director provided background and summary information on the FY 2025 budget.

Adopting the annual County budget involves three separate resolutions:

- Appropriations Resolution: sets the appropriations for each of the funds and departments
- Tax Rate Resolution: sets the tax rate needed to provide funding for adopted appropriations
- Charitable Contributions Resolution: establishes specific contribution amounts for specific non-profit charitable organizations

These three resolutions are on the Commission agenda for its meeting following this public hearing.

Claiborne County's budget process is governed by State law. The County's budget process started in January with the Finance Director asking departments to submit requested budgets. Each County official and department head submitted a request for funding necessary to support their operations in the 2025 fiscal year.

These requested budgets were consolidated into a draft budget that was presented to the County Budget Committee. The Budget Committee has one Commissioner from each district. The Committee reviewed the budget requests, voted to approve or make changes to the budgets, and then adopted a proposed budget that was submitted to the full Commission.

Budget requests were received on February 8. The Budget Committee held six meetings from February 15 through April 9 to review the budget. The Committee approved a proposed budget on April 9.

State law requires that the Commission do the following:

- Adopt an annual budget
- Adopt a balanced budget
- Levy a property tax rate
- Meet State funding requirements for mandated services

The State has to approve the budget adopted by the Commission; these State requirements have to be met. The State will not approve the budget unless it meets these requirements.

Regarding the State funding requirements for mandated services, State law requires County governments to provide certain services. These mandatory services are the majority of the County budget, about 95% of the General Fund budget.

Certain services are discretionary, which means that Counties are not required to provide the services. Some of the discretionary services funded in the FY 2025 budget include:

- Contributions for fire departments, for the animal shelter and for charitable organizations
- Funding for the Library, Senior Citizen Assistance, Veterans Services

State law also establishes what are called Maintenance of Effort requirements; these are mandates to provide local funding for specific services. Some Maintenance of Effort requirements include Sheriff's Office, Highway Department, Elections, Property Assessor, and 911 Services. For example, the Sheriff Maintenance of Effort means that the Commission cannot adopt a budget that reduces the salaries or number of employees in the Sheriff's Office, without the Sheriff's consent.

State law also mandates the minimum salary amounts for elected and appointed officials. The Commission has to fund any increases in these salaries. The increase for 2025 is 5%.

County also faces cost increases, both from inflation and from contractual agreements, utility price increases, and other factors. One measure of inflation is the consumer price index, and this measure for our region for the year ending in April is about 4%.

The bottom line is that State mandated service and funding requirements combined with inflation result in higher costs to provide County services.

The FY 2025 proposed budget totals \$101.7 million. The property taxes need for this budget total \$16,192,000, an increase of \$625,600 or 4% from FY 2024. The property tax increase is in line with inflation. The tax rate is \$2.4383, an increase of \$0.1348 from FY 2024. The FY 2024 tax rate is \$2.30.

The property tax increase is primarily the result of increased costs for mandatory services and a decrease in assessed value from a mandatory ratio study.

Most of the property tax increase is the result of cost increases for mandatory or required services, including:

- Ambulance Service, increase of \$365,000. The County is required by State law to provide ambulance service
- Mandated salary increase for County Officials, which is about \$58,000
- Increases in insurance premiums for Medical, Property and Casualty, and Workers Compensation of \$202,650. The County, like a business, needs to maintain various insurance policies. The cost of these policies is projected to increase.

These three increases total about \$625,000, and account for all of the property tax increase of \$625,000. If these cost increases were not required, the property tax revenue needed in FY 2025 would not have increased from FY 2024.

Regarding the ratio study, this is a mandatory study conducted by the State. The study adjusts assessed values for personal property and public utilities for equalization purposes. This study resulted in a required decrease in assessed values, which accounts for \$0.0459 of the tax rate increase, or about one third. Excluding the ratio study, the proposed tax rate increase is \$.0942.

The decrease in assessed value from the ratio study was about \$23.8 million. The increase in assessed value from new construction and other additions was about \$9.1 million. The net reduction in assessed value was about \$14.7 million.

For reference, maintaining the FY 2024 property tax rate of \$2.30 requires either budget cuts of \$918,490.

This concluded the Finance Director's remarks. The Chair then opened the meeting to questions and comments from the public.

There were several questions from the public.

There was a question on the fund balance estimated for the Fiscal Year 2025 budget. The Finance Director stated that the current projection is to have a starting FY 2025 fund balance in the General

Fund of about \$3 million. If the Commission adopts a balanced budget for the General Fund, the FY 2025 year-end fund balance will be the same, about \$3 million.

There was a question regarding the payments for the theft at the Circuit Court. The County Attorney and the Finance Director both responded. The County's insurance will provide a payment of about \$136,000, which will go to the Circuit Court to offset the loss from the theft. The insurance only covered losses during the time period covered, so it does not cover all the losses as they extended over seven years. The County General Fund will make a payment to the Circuit Court of about \$481,000 to offset the remaining loss from the theft. These payments have to be made to the Circuit Court to make their books and accounts whole. After this the Circuit Court will make a payment to the General Fund for fees, fines and judgment revenue that were owed but not paid due to the theft. The payment from the Circuit Court should be about the same as the County pays to the Circuit Court, so there will be no net loss to the County from these payments.

There was a question on the General Fund balance regarding how much monthly expenses are covered by the \$3 million estimated fund balance. The Finance Director stated that the average monthly expenses of the General Fund are about \$1 million, so this provides about three months of expenses. The operating deficit for the first four months of the year will likely be around \$2.5 million, so the fund balance should be adequate to support operations.

There was a comment from the public about the large surplus in the State Government and the possibility of the State sharing some of this surplus with local governments. There is some proposed legislation that could result in more revenue to the County. The County should support this legislation and other efforts to increase the State funding for County government.

There was a question regarding whether there was any change in funding for charitable organizations or the volunteer fire departments. The Finance Director responded that the only change was removing the \$11,000 contribution for the vehicle maintenance pit that was being considered by the Fire Departments. There was no change to the regular contributions to the fire departments.

### **Adjournment**

Motion made by Tim Shrout, seconded by Zach Mullins, to adjourn. The Committee adjourned at 6:11 pm.

## **Claiborne County Audit Committee Meeting Minutes**

**Tuesday, May 14, 2024**

**Members in attendance:** Carolyn Brooks, Rosemary Barnett, Zach Bunch, Dennis Cook

**Members absent:** Steve Brogan

**Others in attendance:** Joe Brooks, Jimmy Estep, Eric Pearson

Carolyn Brooks called the meeting to order at 5:31 pm.

Motion by Rosemary Barnett, seconded by Zach Bunch to approve the agenda. Agenda approved unanimously.

Motion by Zach Bunch, seconded by Dennis Cook, to approve the minutes from the prior meeting held on May 16, 2023. Minutes approved unanimously.

Carolyn Brooks started a discussion of the findings. Mr. Pearson explained the two audit findings. The first was the investigation of the Sheriff's Office that was discussed at last year's audit committee meeting. The investigation was included in the FY 2023 audit because it was not completed at the time the FY 2022 audit was published. The findings were that non-jail facility staff in the Sheriff's Office received food from the jail, which was not in accordance with policy. The Sheriff changed this practice so there are no more violations of the policy. The other concern was that garage personnel did not maintain adequate control over inventory items, such as tires. This has also been corrected by the Sheriff's Office.

The second finding involved the Circuit Court Clerk. The Circuit Court Clerk oversees the Circuit Court, General Sessions Court and Juvenile Court. Circuit Court Clerk takes in payments and these are deposited into a bank account for the Office. Under State law, two requirements were not fully met. First, not all deposits were intact, meaning that not all funds collected during a specific time were deposited together. This resulted when staff left early or some stayed late, so all cash drawers were not closed and deposited together. Second, under State law, deposits should be made within three days of collection. Some deposits were not made within three days. The Circuit Court Clerk completed a corrective action plan explaining the corrections made to address the deficiencies. There were no errors or discrepancies in the amounts collected and deposited. One of the benefits of the annual audit is to identify deficiencies in department operations that need correction. This improves the County's financial management.

Mr. Pearson noted that the net position of the County funds and the School funds improved in FY 2023, which is an improvement in the financial condition of both governments. County overall net position increased by \$3.1 million, while School improved by almost \$2.8 million. This is a positive financial result.

Mr. Pearson recommended that the Commissioners closely review the notes in the audit as they provide useful information on County and School operations.

Carolyn Brooks asked about the status of the Chumley theft. The Mayor, County Attorney, Finance Director and Circuit Court Clerk met with three representatives of the Comptroller's Office on 5/13 about the insurance settlement. There will be a resolution heard at the 5/20 Commission meeting. The insurance payment will be paid to the Circuit Court Clerk; the County will make a payment to the Circuit Court for the amount of the loss not covered by the insurance payment; the Circuit Court will then pay the County the revenue still owed to it and not paid due to the prior theft. This will result in no net loss of funds for the County. The process was discussed with the Comptroller's Office to ensure it will be handled properly.

Carolyn Brooks asked if any individuals had to overpay for their fines as a result of the actions of Ms. Chumley. Jimmy Estep explained that no individuals were harmed; they got credit for their payments and their payments were correct. This was confirmed with the Comptroller's Office. The ones harmed were primarily other governments, such as the State and the County, which did not receive the revenue they should have received. Ms. Chumley altered the bank statements to cover up her theft of the funds.

Carolyn Brooks asked if there were any other questions or concerns from the Committee. There were none.

Motion made by Zach Bunch to adjourn the meeting, seconded by Dennis Cook, and unanimously approved. The Committee adjourned at 5:52 pm.