

COMMITTEE MEETING MINUTES

Financial Management Committee Minutes

March 17, 2025

Members present: Meredith Arnold, Joe Brooks, Ronnie Pittman, Mitchell Cosby, Zach Mullins, David Mundy

Members absent: Mike Campbell

Others present: Eric Pearson, Jimmy Estep III

Meeting called to order at 5:04 pm. Mike Campbell absent.

Election of Chair and Vice Chair

The Committee has no chair or vice chair. Motion by Mr. Pittman seconded by Mr. Brooks to nominate Mr. Mundy as Chair and Mr. Cosby as Vice Chair. No other motions offered. Motion approved unanimously.

Approve Agenda

Motion by Mr. Brooks second by Mr. Cosby to approve the agenda. Motion approved unanimously.

Approve Minutes

Motion by Mr. Cosby second by Mr. Mullins to approve the minutes from the prior meeting. Motion approved unanimously.

CCFO Update

Mr. Pearson provided a summary of the CCFO program. When he was hired as Finance Director, the Financial Management Committee wanted Mr. Pearson to complete the CCFO program. The CCFO program is run by CTAS and the State Comptroller and provides training in accounting and financial reporting principles, to enhance the skills of County finance staff. There are eleven classes that cover topics such as budgeting, cash and grants management, purchasing, internal control and audit, payroll and benefits, governmental accounting and financial reporting. Tests are administered in each class and you have to pass all tests to receive the CCFO certification. Mr. Pearson reported that he completed his last class on March 4 and will receive the certification in June after some administrative steps. Mr. Pearson made a commitment to the Committee to complete the CCFO program and he kept this commitment.

Purchasing Bid Threshold

Under State law, the County could increase this bidding threshold to \$25,000. Current threshold is \$15,000. Purpose is to make it easier to issue bids; with inflationary cost increases, items cost more; purchasing can be more efficient with a lower threshold. The Highway Department already has a \$25,000 bid limit. All Act 81 counties have a bid threshold of \$25,000 or higher. Mr. Pearson requested that the Committee again support a resolution to increase the purchasing bid threshold for the County to \$25,000.

School Director stated that a bid threshold of \$25,000 would be advantageous. Claiborne County did have a bid threshold of \$25,000 when it had a full-time purchasing agent, but the threshold was reduced to \$10,000 when he left. The State subsequently increased the bid threshold.

Committee had some discussion about what is done if no bids are received.

Motion by Brooks second by Arnold to increase the bid threshold to \$25,000 and send a resolution to the Commission. Motion approved on a 5-1 vote. Votes were:

Yea: Arnold, Pittman, Cosby, Mullins, Brooks

Nay: Mundy

Fund Balance Policy

Mr. Pearson provided an update on a County Fund Balance policy. The Committee had previously discussed a policy but deferred a vote on a policy until after the FY 2025 budget was adopted.

It would be a policy to set guidelines for management when making decisions. It would not set a mandatory amount that has to be met. It would not be a requirement. The Finance Director checked with State Audit, gave them a copy of the draft policy, Audit confirmed that if the language states it is a recommended policy but not a requirement that they would not issue audit findings if the recommended minimum fund balances are not met.

Mr. Pearson had distributed a copy of a draft fund balance policy prior to the meeting. The document includes definitions of fund balance categories. It states why you want fund balance, including to have sufficient funds for cash flow purposes to support operations, which is more important for funds with significant property tax revenue because of the delay in property tax collections; to have funds available for emergencies, revenue shortfalls or unanticipated expenditures; and with higher fund balances you have higher interest earning revenue which puts less pressure on property tax; and credit rating agencies and creditors do look at fund balances, so higher fund balances can support lower borrowing costs.

The policy identifies for each of the major funds the recommended minimum ranges. General Fund is heavily dependent on property tax, so minimum range is 17% to 20%.

Project fund balances as of July 1, and look at budget appropriations, and you want fund balance to be at least the minimum percentage, for the General Fund this is 17%.

Sanitation Fund, also heavily dependent on property tax, and requirements for landfill closure and post-closure and equipment replacement needs, so recommended minimum is 25% to 30%.

Highway Fund, uses little property tax and regular revenue from gas tax, so a lower recommended minimum of 15% to 20%.

Debt Service Fund is unique because there is School and County Debt. School pays for School debt, you only need to look at County funded debt service. The recommended fund balance is having at least 50% of County debt service due in next year. Debt Service Fund relies on property tax so given the delay in revenue collection, having cash on hand for debt payments is a good policy.

Capital funds, funds 171 and 176, do not have recommended minimums because what you need in fund balance at the beginning of each fiscal year will depend on what projects are approved and anticipated timelines for expenditures. Just need to analyze.

The way this would work is that these are minimums to use as a guide for decision making during the budget process. Finance Director would provide the Budget Committee with a schedule showing each fund, the projected fund balance at the end of the fiscal year, the draft budget for the next fiscal year,

and whether the projected fund balance meets or exceeds the recommended minimum fund balance amount. Just informational for decision making. Same information provided to the Commission. It is a guide for discussions about withdrawing funds from fund balance for different purposes. Purpose to inform and guide decision making.

The policy also includes actual data for fiscal years 2018 through 2025, the beginning fund balance, the adopted budget appropriations, the recommended minimums, and how actuals compare to the recommended minimum. For General Fund, actual unassigned fund balance at beginning of fiscal year was below 10% until 2025. The County had a good year in FY 2025, and unassigned fund balance at the beginning of FY 2025 was 23.6% of budget. Right now, the County could meet the 17% minimum recommended fund balance for the General Fund.

Fund 116, 131 and 151, from 2018 through 2025, they all met the recommended minimum amounts. Right now as of FY 2025, the fund balances in all the funds are more than enough to meet the recommended minimums. The policy provides guidelines going forward for budget discussions, which will likely come up for Funds 116 and 151. The policy would provide a guideline for discussions on fund balance during budget deliberations, and a framework for the Commission to use.

Mr. Pittman stated that information he received from CTAS that you do not want to mandate a policy or require specific amounts because this will generate audit findings. There should be no language stating "shall". You should only have recommendations. The draft policy does not affect the School funds. Concerns expressed about avoiding constraints. Mr. Pearson stated that the Committee previously expressed these concerns, and he provided the draft policy to Robert Anderson, the East Tennessee Audit Manager with the State Comptroller, and Mr. Anderson confirmed that as long as the language states it is sets recommendations but does not mandate any required amounts, that there would be no audit findings if the recommendations are not met.

Mr. Pittman suggested change the name "policy" to "recommendations". Mr. Brooks agreed that as long as we do not say "shall" we should not risk any audit findings. The guidelines will only have meaning if adopted by the Financial Management Committee and County Commission. Committee agreed they want recommendations and not mandated amounts.

Motion by Pittman second by Arnold to support changing "policy" to "guidelines"; and adopt the proposed guidelines. Motion approved unanimously.

Capital Improvement Plan

Mr. Pearson stated that the County might want to consider a Capital Improvement Plan. Given deferral of the building improvements to ensure ADA compliance, and recent discussion of potential building improvements needed for the Justice Center and equipment needs for Fund 116, might want a process to develop five to ten year projections of capital needs. This plan can provide information for the Budget Committee and the Commission regarding potential borrowing needed over the next five to ten years. Good for planning and to inform budget decisions. Committee should consider whether it wants to establish a plan and how to structure the plan.

Mr. Brooks stated the County historically has reacted to problems, so having a plan in place will be a better approach. Ms. Arnold stated that the Schools are looking at a similar need and process. Mr. Pearson stated it would be useful for departments to look at facility, equipment and vehicle needs and potential costs of these over several years.

Mr. Pittman suggested having the Buildings, Grounds & Personnel Committee look at developing a plan.

Motion by Brooks second by Pittman to recommend that the Finance Director work with the Building, Grounds & Personnel Committee to develop a capital plan draft and bring this back to the Financial Management Committee. Motion approved unanimously.

Longevity Pay

Mr. Pearson provided a handout on a potential longevity pay policy. The Budget Committee was discussing a longevity pay policy as part of its FY 2026 budget deliberations.

Mr. Pearson passed out a summary of the policy parameters discussed by the Budget Committee: longevity pay only for fulltime employees; \$100 for each year of service; no payment until after continuous service of 5 years; payment capped at \$2,000; paid on employee anniversary date; payment is a non-base building bonus payment.

Mr. Pearson developed a cost estimate using hire date for current employees. 211 employees could potentially be paid. If adopted for FY 2026, 118 employees would qualify and receive a payment. Total payment is \$139,700, average payment of \$1,184 for employees, an average salary increase of 2.9%. Many employees would be lower, around 1%, some would be up to 9%. If all employees received the maximum payment, total annual cost is \$422,000.

While the Sheriff at his budget hearing suggested doing longevity pay rather than an across the board pay increase, normally longevity pay is an extra amount provided in addition to an across the board pay increase.

This is an information item only. Just for discussion given that the Budget Committee has discussed a potential longevity pay policy.

Mr. Pittman was asked if this policy would help his department. Mr. Pittman stated that he has a large wage gap and wants more time to review it. There was discussion that the County previously had a longevity pay policy but it was ended, and that there are large pay gaps between County and the State. There was discussion that the State is paying higher salaries for highway and law enforcement, which is difficult for the County to compete with.

No action taken.

Finance Director Salary

Mr. Pearson explained that under Act 81, the Financial Management Committee establishes the salary for the Finance Director, subject to approval of the County Commission.

Mr. Pearson provided a memo to the Committee prior to the meeting requesting that the Committee maintain the commitment it made to him when it hired him to support establishing the Finance Director compensation at the minimum amount of fee officials.

The memo summarized the justification for this salary. Best comparison for salary is similar positions with same duties and responsibilities, which are the other Act 81 counties. Almost all Act 81 Counties pay the Finance Director at least as much as the fee officials. Based on the most recent audit data, of 25

Counties under the 1981 Act, 22 or 88% pay the Finance Director at least the minimum for fee officials. A majority, 13 counties or 52%, pay the Finance Director more than the fee officials.

In FY 2024, Claiborne County paid 17.3% less than the average compensation. Claiborne County is an outlier in paying a lower amount. Of the three counties that pay less than the fee officials, two pay the Finance Director more relative to the fee officials. Claiborne County has the second lowest paid Finance Director. The one County with lower pay as a significantly lower population.

This discrepancy also exists when looking only at Act 81 counties with similar population and income. Five other Act 81 counties have population and income similar to Claiborne County, Of these five counties, three pay the Finance Director the minimum of fee officials and two pay the Finance Director more than fee officials. Claiborne Count is the outlier. The memo includes charts illustrating these data and comparisons for Act 81 counties.

The Finance Director had previously conducted a survey of Act 81 Finance Directors and departments during the FY 2024 budget process. The survey results were summarized, which show that the Claiborne County Finance Department has a higher workload compared to other counties for the following reasons: 52% of other counties have a separate purchasing agent, 100% have a higher bid threshold, and 28% have a separate human resource or personnel department or consultant doing some of the work.

The memo also compared the trend in compensation and pay progression for the Claiborne County Finance Director compared to other County positions. Between FY 2020 and FY 2025, budgeted salaries for County employees increased 20.7%. In comparison, the Finance Director salary increased 2.44%. The memo provided comparative data on specific positions over the same time period, illustrating that other positions received increases of 20% or more pay progression, while the Finance Director position increased by 2.44%. The Finance Director position has not received the pay progression provided to other county positions.

Claiborne County pays the Finance Director a lot less than other Act 81 counties, for a position with similar job duties and responsibilities.

There is not a lower workload in Claiborne County that would justify lower pay.

The Finance Director position in Claiborne County has received much lower pay progression over the last five years than other County positions.

The County Commission has approved large salary increase for positions in the past two budgets when the department argued that salaries were low relative to comparative jobs, including increasing pay for the social worker by 24.5%, increasing pay for Sheriff employees by an average of 10.1%, and approving funding for 9.3% salary increase for most Highway field staff.

Given all this, it is reasonable and justified for the Committee to make the same recommendation it has in prior years, to set the Finance Director salary at the minimum of the fee officials.

There were questions about the salary, and Mr. Pearson explained that one reason the Finance Director pay has lagged behind other positions is that the County, unlike the School, does not have formal pay scales that provide regular pay progression. This is why the social worker, sheriff, and highway departments have lower pay than comparables.

Mr. Brooks explained that in the prior Finance Director recruitment one of the qualified applicants pulled their name from consideration once they found out the salary for the position.

Ms. Arnold stated that the average salary for Finance Directors is higher than the minimum fee official amount being requested.

Mr. Pittman stated he does not want to compare the Finance Director position to hourly positions that have lower compensation. Mr. Brooks stated that the Finance Director has more responsibilities than the other positions. Mr. Pittman stated that the FY 2025 budget was hung up for three months because of the Finance Director salary and he prefers recommending a 3% increase and letting the County Commission approve more if they want to approve more. There was further discussion about the Finance Director salary.

No action taken.

Adjournment

Committee adjourned at 6:33 pm.

Claiborne County Public Budget Committee Meeting

Tuesday, March 4, 2025

Members present: Zachary Bunch, Haley Barker, Timothy Shrout, Anthony Rowe, Mitchell Cosby, Rosemary Barnett, Sherry McCreary, and Quinton Rogers

Members absent: Dustin Wilson

Late Arrival: Haley Barker (Emergency Management – 6:12pm)

Others present: Joseph Brooks, James Estep III, Eric Pearson, and Letha Peters

The meeting was called to order at 6:08 p.m.

Motion made by Zachary Bunch to approve the minutes from February 25, 2025 committee meeting, seconded by Timothy Shrout. Haley Barker was absent from the motion. Motion approved.

Fund 101

Line Item Budget Amendments

Mr. Pearson provided Fund 101 line item budget amendments for the current fiscal year budget to the committee for review and approval. Sherry McCreary asked about the \$1,700 from 101-51300-320 (County Mayor) regarding the TCCA membership dues. Mr. Pearson will do a journal entry correction between the County Commission and County Mayor. The TCCA membership dues will come from the county mayor budget line.

Timothy Shrout moved to approve the line item budget amendments as presented, seconded by Anthony Rowe. Motion passed unanimously.

Agricultural Extension - 101-57100

A total proposed draft of \$119,529 was presented to the budget committee for review. Tom Rison was present to answer questions regarding the requested 2025-2026 budget.

Tom informed the budget committee about the Claiborne County cost shares with UT at a rate of 25% for the Claiborne County Extension Office to operate in addition to providing office space. The committee asked Tom if it is expected the continuing cost share with UT for Claiborne County and he told the committee it is expect to continue the cost share.

Motion by Quinton Rogers to approved as drafted, seconded by Zachary Bunch. Haley Barker was absent from voting. Motion passed unanimously.

Election Commission - 101-51500

A total proposed draft of \$255,618 was presented to the budget committee for review.

Aaron Reed was present to answer questions regarding the requested 2025-2026 budget.

The decrease in the proposed budget is due to there being no elections during our 2025-2026 budget. Aaron Reed asked to amend the 101-51500-709 (other equipment) line item from \$25,000 to \$15,000 in consideration that it would be approved for an increase amount when there is an election to be held during the next budget cycle. He further explain the budget line item pays for the vendors during elections such as the service technicians, equipment, voting machine seals, and miscellaneous items.

The proposed budget does include the increase of state mandated salary for the Administrator of Elections, salary increase (3%) for the deputy clerk, data processing services, and fees for contracted services.

Motion by Timothy Shrout to approved as amended draft of \$245,618, seconded by Rosemary Barnett. Motion passed unanimously.

General Sessions - 101-53300

A total proposed draft of \$290,738 was presented to the budget committee for review. Judge Robert Estep was present to answer questions regarding the requested 2025-2026 budget.

The increase proposed budget is for the mandated salary increase for the judge, GPS monitoring, and required travel and expenses.

Motion by Zachary Bunch to approved as drafted, seconded by Timothy Shrout. Haley Barker was absent from voting. Motion passed unanimously.

Juvenile Services – 101-54240

A total proposed draft of \$84,208 was presented to the budget committee for review.

The increase proposed budget is for the other contracted services and required travel and expenses.

Motion by Timothy Shrout to approve with the increase, seconded by Rosemary Barnett. Haley Barker was absent from voting. Motion passed unanimously.

Emergency Management – 101-54410

A total proposed draft of \$152,119 was presented to the budget committee for review. David Breeding was present to answer questions regarding the requested 2025-2026 budget.

The increase proposed budget is for the 100% grant funded for other equipment (54410-790), and lease/SBITA payments.

Motion by Timothy Shrout to approved as drafted, seconded by Rosemary Barnett. Motion passed unanimously.

County Records– 101-51910

A total proposed draft of \$24,888 was presented to the budget committee for review. Gina Tye was present to answer questions regarding the requested 2025-2026 budget.

Motion by Anthony Rowe to approved as drafted, seconded by Timothy Shrout. Motion passed unanimously.

District Attorney General – 101-53600

A total proposed draft of \$328,490 was presented to the budget committee for review. Kathy Henard and Sandy Hurley was present to answer questions regarding the requested 2025-2026 budget.

Mr. Pearson gave updated expenditures draft for the District Attorney for review for the committee.

The committee was given a letter of salary increase for Cassie Smith requesting \$40,000 signed by Jared Effler, District Attorney General, and Kathy Henard, Fiscal Administrator.

The funding sources provided by grants are \$226,274 ICJR and \$56,555 GRVW. The remaining balance of \$45,661 to be county funded.

Motion by Sherry McCreary to approved as drafted, seconded by Timothy Shrout. Motion passed unanimously.

Family Justice Center – 101-53600

A total proposed draft of \$248,204 was presented to the budget committee for review. Denise West was present to answer questions regarding the requested 2025-2026 budget.

Mr. Pearson gave updated expenditures draft for the Family Justice Center budget for review of the committee. The funding sources provided by grants are \$163,503 VOCA/VSSG grant and \$52,874 LEVC. The remaining balance of \$31,827 to be county funded.

Motion by Zachary Bunch to approved as drafted, seconded by Rosemary Barnett. Motion passed unanimously.

Public Defenders Office – 101-53610

A total proposed draft of \$58,116 was presented to the budget committee for review.

Timothy Shrout asked the Eric Pearson if this total proposed amount include the required funding by the county for the Public Defender. Eric assured the budget committee the amount is budgeted for the required funding for the county.

Motion by Anthony Rowe to approved as drafted, seconded by Timothy Shrout. Motion passed unanimously.

Local Health Center – 101-55110

A total proposed draft of \$172,115 was presented to the budget committee for review. Garnet Southerland was present to answer questions regarding the requested 2025-2026 budget.

The budget includes the grant carryovers for the Instructional Supplies-Tobacco (55110-429), other supplies and materials (55110-499-MIRO), and Other Charges (55110-599-PPI).

Motion by Zachary Bunch to approved as drafted, seconded by Sherry McCreary. Motion passed unanimously.

Other Local Health Services – 101-55190

A total proposed draft of \$110,096 was presented to the budget committee for review.

This budget is 100% grant funded.

Motion by Zachary Bunch to approved as drafted, seconded by Sherry McCreary. Motion passed unanimously.

Capital Projects/Health Dept – 101-91000

A total proposed draft of \$527,403 was presented to the budget committee for review.

Garnet informed the committee of the recent bid opening. Once the bids are closed, they will be able to review the bids for the building improvements project. The awning project has been completed.

Motion by Zachary Bunch to approved as drafted, seconded by Sherry McCreary. Motion passed unanimously.

Fund 151

Debit Service

Discussion Only

Mr. Pearson handed out information on Fund 151 for the budget committee review, including a summary of appropriations and revenues, fund balance and changes, county outstanding debt service, county debt service payments, current debt service schedules, and a debt service schedule required by the State Comptroller as part of the 2026 budget submittal.

In 2025, there was a large withdraw to pay jail debt. The wheel tax ended December 2024 for the jail debt and leaving only the \$25 wheel tax for the Highway Department.

The landfill garbage truck is schedule for payoff at the end of 2027.

The committee discussed the ADA improvements be funded in the Fund 171 for capital projects.

Mr. Pearson advised the budget committee of having 50% to 100% of that year's debt service in fund balance. The property tax revenues are generally collected in the months of December thru February.

Mr. Brooks and Mr. Pearson informed the committee of the entrance audit meeting and that the Comptroller reported the County as being in good standing for appropriations and revenues against current debt.

Zachary Bunch asked about the value of the penny. Mr. Pearson will update the committee once information is received from Shane Breeding.

The budget committee tabled the discussion until the finance director receives further information.

Fund 127

American Rescue Plan Act (ARP)

A total proposed draft of \$7,283,903 was presented to the budget committee for review.

Some outstanding projects for completion are health department building improvements, waterline improvements, and other grant projects.

Motion by Timothy Shrout to approved as drafted, seconded by Zachary Bunch. Motion passed unanimously.

Other Discussion Items

The next meeting is scheduled for March 11, 2025 at 6 p.m.

The committee discussed Fund 171 and capital project expenses. There may be a need to increase Fund 171 to cover all necessary capital projects in FY 2026. The only project currently included in Fund 171 for FY 2026 are the ADA building improvements. However, there are landfill equipment needs, which could cost \$750,000, and there are several capital needs for the Sheriff's Office, including replacement of the boiler system, HVAC, roofing repairs, and parking lot repairs.

Mr. Shrout explained how the Sheriff's Office does use grants to the extent it can for various equipment and other needs.

Mr. Brooks asked Eric Pearson to include information on the local option sales tax at the next Committee meeting.

Motion by Zachary Bunch to adjourn at 7:33 p.m., seconded by Haley Barker. Motion to adjourn adopted unanimously.

Claiborne County Public Budget Committee Meeting

Tuesday, March 11, 2025

Members present: Zachary Bunch, Haley Barker, Timothy Shrout, Anthony Rowe, Mitchell Cosby, Rosemary Barnett, Sherry McCreary, and Quinton Rogers

Members absent: Dustin Wilson

Others present: Joseph Brooks, James Estep III, Eric Pearson, and Letha Peters

The meeting was called to order at 6:04p.m.

Motion made by Zachary Bunch to approve the minutes from March 4, 2025 committee meeting, seconded by Sherry McCreary. Motion approved.

Fund 101

Line Item Budget Amendments

Zachary Bunch moved to approve the line item budget amendments as presented for Fund 101 and Fund 127, seconded by Rosemary Barnett. Motion passed unanimously.

County Trustee – 101-52400

A total proposed draft of \$405,121 was presented to the budget committee for review. Denise Alexander was present to answer questions regarding the requested 2025-2026 budget.

The increase proposed budget is for the mandated state salary increase for the Trustee, bond expense, operating lease payments, and employee salary increases.

The workflow in the office is increasing due to serving more customers, increased request of services, and new regulations. Denise called the surrounding County Trustee offices to obtain salary employee information to determine her employee salary amount increase for her employees.

Motion by Anthony Rowe to approve as amended with 3% salary increase with current salary, seconded by Quinton Rogers. Motion passed unanimously.

Tax Relief – 101-58900

A total proposed draft of \$45,000 was presented to the budget committee for review. Denise Alexander was present to answer questions regarding the requested 2025-2026 budget.

Motion by Quinton Rogers to approved as drafted, seconded by Sherry McCreary. A roll call vote was taken and the motion passed unanimously.

Circuit Court – 101-53100

A total proposed draft of \$638,328 was presented to the budget committee for review. Jackie Rosenbalm and Diana Arnwine were present to answer questions regarding the requested 2025-2026 budget. The increase proposed budget is for the mandated state salary increase for Circuit Court Clerk, maintenance agreements with LGC, operating lease payments, dues and membership, and employee salary increases.

The workflow in the office continues to increase. They have court sessions several days a week. Some of the other job responsibilities are processing warrants, child support, collecting fees, jury duty, and other various tasks. An office staff member is on call at nights with a cell phone to receive calls after hours for work responsibilities. An additional full time and an additional part time position are included in the request to deal with workload.

Motion by Haley Barker to approved as amended with one additional full time employee and one additional part time employee with a 3% salary increase, seconded by Sherry McCreary. A roll call vote was taken and the motion passed unanimously.

County Attorney – 101-51400

A total proposed draft of \$65,946 was presented to the budget committee for review. James Estep III was present to answer questions regarding the requested 2025-2026 budget. The requested budget includes increases for medical insurance expenses and travel expenses.

Motion by Sherry McCreary to approved as drafted, seconded by Anthony Rowe. A roll call vote was taken and the motion passed unanimously.

Senior Citizens Assistance – 101-56300

A total proposed draft of \$170,500 was presented to the budget committee for review. Tamara Austin, Director Office on Aging, was present to answer questions regarding the requested 2025-2026 budget.

The requested budget increase is for \$10,000 in food supplies. There are also designated budget lines for the Office of Aging for travel and office supplies.

Motion by Haley Barker to approved as drafted, seconded by Timothy Shrout. A roll call vote was taken and the motion passed unanimously.

Soil Conservation – 101-57500

A total proposed draft of \$109,994 was presented to the budget committee for review. Kim Lane, Office Administrator, was present to answer questions regarding the requested 2025-2026 budget.

The budget committee inquired about the soil technician position. Kim advised the committee that the soil technician was added as full time with county in the FY 2024 budget.

Motion by Tim Shrout to approved as drafted, seconded by Sherry McCreary. A roll call vote was taken and the motion passed unanimously.

Finance Department – 101-52100

A total proposed draft of \$585,717 was presented to the budget committee for review. Mr. Pearson was present to answer questions regarding the requested 2025-2026 budget.

Mr. Pearson provided an updated requested budget to the committee for review. He received updated school employee salary and benefits information, as they are on a pay scale rate. Other budget increases include a replacement server, replacement computers, door replacement, salary increase for the two county employees, and one additional full time employee.

Mr. Pearson checked with several other Act 81 counties regarding their bookkeeper salaries. Current county staff are making less than the minimum starting salary in other counties. Based on this disparity in pay, Mr. Pearson is requesting a 10% increase for the two county bookkeepers. Currently, there are five bookkeepers funded from the school budget and two bookkeepers funded from the county budget.

There is also a request for an additional bookkeeper position. Mr. Pearson provided information on the office duties involving accounts payable, payroll, grant accounting, retirement, insurances, garnishments, county commission packets, and other tasks, as well as workload, turnover and historical salaries for county employees. The purpose of adding the position is to create three positions dedicated each to accounts payable, payroll and HR/personnel related functions. This would reduce the use of comp time, allow for better segregation of duties, provide more manageable workloads for each staff person, and provide a better ability to cross train staff and provide backups for absences.

Motion by Timothy Shrout to approved as amended with 3% salary increase with current salary plus one additional full time employee, seconded by Quinton Rogers. A roll call vote was taken and the motion passed unanimously.

Register of Deeds - 101-51600

A total proposed draft of \$264,760 was presented to the budget committee for review.

The budget increases is for the mandated state salary increase for the Register of Deeds.

Motion by Timothy Shrout to approved as drafted, seconded by Quinton Roger. A roll call vote was taken and the motion passed unanimously.

Property Assessor – 101-52300

A total proposed draft of \$316,377 was presented to the budget committee for review.

The budget increase is for the mandated state salary increase and employee salary increases.

Motion by Timothy Shrout to approve as amended with 3% salary increase with current salary, seconded by Quinton Rogers. A roll call vote was taken and the motion passed unanimously.

Reappraisal Program – 101-52310

A total proposed draft of \$121,608 was presented to the budget committee for review.

The budget increase is for employee salary increases, operating lease payments and gasoline.

Motion by Timothy Shrout to approve as amended with 3% salary increase with current salary, seconded by Quinton Rogers. A roll call vote was taken and the motion passed unanimously.

Chancery Court – 101-53400

A total proposed draft of \$351,312 was presented to the budget committee for review.

The budget increase is for the mandated state salary increase for the Clerk and Master and employee salary increases.

Motion by Timothy Shrout to approve as amended with 3% salary increase with current salary, seconded by Quinton Rogers. A roll call vote was taken and the motion passed unanimously.

County Clerk – 101-52500

A total proposed draft of \$448,010 was presented to the budget committee for review.

The budget increase is for the mandated state salary increase for the County Clerk.

Motion by Anthony Rowe to approve as amended with 3% salary increase with current salary, seconded by Quinton Rogers.

Library – 101-56500

A total proposed draft of \$176,268 was presented to the budget committee for review.

The budget request includes additional funding for the purchase of books. Mr. Brooks informed the committee about the building maintenance repairs needed at the facility. It may want to include funding for these in the FY 2026 capital projects budget.

The library will submit for grants to help cover expenses for communications (hotspots), contracted services, office supplies, and office equipment.

Motion by Timothy Shrout to approve as drafted, seconded by Quinton Rogers. A roll call vote was taken and the motion passed unanimously.

Charitable Contributions – 101-58400-316

A total proposed draft of \$85,250 was presented to the budget committee for review.

Mr. Pearson provided a list of funding by each non-profit charitable organization for the committee to review. The new non-profit funding is for Brave Boxing & Fitness, Senior Citizens Home Assistance Service, Inc. (SCHAS), and school athletics. In previous years, the county commission adopted a resolution providing funding for travel expenses for student athletes selected to go to state.

Motion by Quinton Rogers to approved as amended with Brave Boxing & Fitness receiving \$1,500, seconded by Sherry McCreary. The new total of non-profit charitable organizations is \$83,750. A roll call vote was taken and the motion passed unanimously.

Other Charges – 101-58400

A total proposed draft of \$890,222 was presented to the budget committee for review.

Mr. Pearson informed the budget committee that funding in insurance covers estimated increases for vehicle, property, cyber, and election insurance coverages. The Trustee's Commission amount has increased by \$20,000 based on projections.

A question about line number 101-58400-599 (other charges) was presented. Mr. Pearson informed the committee that it is for the purchase of highway signs (911 signs) and miscellaneous charges not funded elsewhere in the budget.

Motion by Zachary Bunch to approved as drafted, seconded by Anthony Rowe. The new total with the contributions for other charges will be \$83,750 for a total other charges of \$888,722. A roll call vote was taken and the motion passed unanimously.

Salary Increases

The budget committee discussed salary increases for employees. It was decided to approve all budgets with a 3% salary increase. In addition, the budget committee is discussing longevity pay based on years of service as an additional pay for employees.

The budget committee suggested a longevity pay of \$100 per year of service, with the first payment after five years of service, provided only to full time employees, with a payment cap at 20 years of service, and the payment on the employee's anniversary date.

Motion by Anthony Rowe to approved employee salary increases at 3%, seconded by Quinton Rogers. A roll call vote was taken and the motion passed unanimously.

Discussion Only

Quinton Rogers asked about the property increase as the proposed budget is presented to the committee. Mr. Pearson explained that the initial property tax increase from the request is \$0.1374 but that this would change based on the committee's actions to date and actions at future meetings.

The budget committee briefly spoke about the advantage of having a 5 or 10 year financial plan for the county. A recommendation to propose a fund policy for the county was suggested as well.

The Assessor does not yet have updated information on the value of the penny.

Other Discussion Items

The next meeting is scheduled for March 20, 2025 at 6 p.m. in the small courtroom.

Mr. Brooks announced that Mr. Pearson completed the certified county finance officers program (CCFO) as requested by the Financial Management Committee when it hired Mr. Pearson.

Motion by Quinton Rogers to adjourn at 8:42 p.m., seconded by Rosemary Barnett. Motion to adjourn adopted unanimously.

Claiborne County Public Budget Committee Meeting

Thursday, March 20, 2025

Members present: Zachary Bunch, Haley Barker, Anthony Rowe, Mitchell Cosby, Rosemary Barnett, Sherry McCreary, and Quintin Rogers

Members absent: Tim Shrout, Dustin Wilson

Others present: Joseph Brooks, James Estep III, Eric Pearson

The meeting was called to order at 6:09 p.m.

Motion made by Sherry McCreary to approve the minutes as corrected from the March 11, 2025 committee meeting, seconded by Zach Bunch. Motion approved.

Discussion on Salary Increases

The budget committee previously approved a 3% salary increase for all County employees. The Committee has also discussed a longevity pay option.

The Property Assessor and Clerk & Master addressed the Committee regarding salary increases. They asked how the 3% increase was approved, if comparisons with other counties was provided, and how the county's prior longevity pay policy was stopped.

The County Attorney stated that the Commission and Judge had authorized the longevity pay policy, but the Commission voted to end it and had this authority.

The Assessor and Clerk & Master provided salary comparisons with Campbell and Union county. The other counties pay significantly more, \$11,000 to \$13,000 more depending on tiers. Sherry McCreary stated that the Committee knows pay is low. Quintin Rogers stated that the Committee is not certain if the 3% increase will even be approved by the full Commission. The Committee believes that county staff deserve a larger raise, but it will be tough to get any raise approved by a majority of the Commission.

The Assessor stated that work for his staff is becoming more complex, and workload is increasing, and the county should pay a living wage to current employees.

The County Attorney reminded the Committee that the officials can file a salary lawsuit with a judge if they do not believe salary increases are adequate. If the judge rules in favor of the officials, the county will have to obey the judge and fund the salary increases.

The Assessor stated that longevity pay does not entice new staff to take county positions. His recent experience interviewing candidates to fill a position was that several were not interested in the job due

to low pay. The Clerk & Master agreed with concerns about workload and pay, and also stated that it takes time to train staff. The Assessor agreed that the Commission should discuss a plan to get to salary increases in line with comparable counties.

Quintin Rogers told the officials present at the Committee meeting that they will have to plead their case to the full Commission.

The Committee asked if the Assessor had an update on the penny value. The Assessor stated that there is no update yet on the penny value. He is waiting for the equalization factor to be provided by the State. He believes there will likely be an increase in the penny value, but this will depend on information provided by the State.

The County Clerk addressed the Committee and stated she shared the same concerns as the Assessor and Clerk & Master. County salaries are lower than comparable counties. Maximum pay in Rhea, Giles and Weakley counties are all higher. The County Clerk has significant workload, as there are often lines down the hallway. She has good staff and would like to reward these staff with pay increases. A 3% increase will help but she would also like the ability to provide higher increases to staff based on duties. Office holders should be able to determine pay for their staff.

Fund 116

Mr. Pearson distributed an updated line item budget for Fund 116, which includes the 3% salary increase. Mr. Pearson also distributed a summary of the budget changes for Fund 116. The total budget is \$2,884,355. The largest two budget items are Salaries and Benefits at \$1,030,255 (35.7% of the total budget) and Waste Disposal at \$900,000 (31.2%). The property tax is \$1,909,355, or 66.2% of revenues, while tipping fees are \$750,000, or 26% of revenues. The property tax increase from FY 2025 is \$330,703. This is primarily the result of anticipated increases in waste disposal costs of \$300,000 and the 3% salary increase at \$25,994.

The landfill director Makenley Barker addressed the Committee. He provided information on the cost increases. The landfill has to issue a bid for waste disposal in FY 2026 and there is an anticipated price increase of 15%. Also, the current landfill will be full in three to four months, which will require shipping out all C&D waste until the new landfill is operational. There has been a delay in getting TDEC approval for a permit for the new landfill. There may be a need to install a new well system upstream, which will cost from \$80,000 to \$100,000, and there may be a need for another downstream well, which will cost a similar amount. TDEC says it is best to assume the new landfill will not open in FY 2026. This means we have to ship out all waste in FY 2026, which accounts for most of the \$300,000 increase in waste disposal.

If VOCs (volatile organic compounds) are identified in monitoring, then the County might not get approval for a new landfill permit, or might have to spend money on additional measures in order to receive approval for the new landfill permit. If the county gets a permit for a new landfill, it should have a 19 year useful life.

There was discussion regarding the need to buy a new compactor to replace the current compactor if and when the new landfill opens. Given the uncertainty about receiving a new landfill permit, and that if the new landfill opens it will not be until late FY 2026 or later, the Committee agreed that the county does not need to budget for this expense in the FY 2026 budget.

Mr. Pearson provided a review of line item expenses and revenues and suggested the following changes:

- Reduce Worker's Compensation Insurance (513) by \$10,000
- Increase Trustee's Collection Prior year (40120) by \$3,000
- Increase Clerk & Master Prior collection (40130) by \$4,000
- Increase Interest & Penalty (40140) by \$1,000
- Increase PILOT-Other (40163) by \$4,000
- Increase Tipping Fees (43110) by \$20,000
- Increase Sale of Recycled Materials (40145) by \$1,000
- Increase Miscellaneous Revenue (Union County contract) by \$12,000
- Increase Other Government Grants by \$5,000.

Zachary Bunch moved to approve the budget for Fund 116 as amended, seconded by Haley Barker. Motion passed unanimously.

Property Tax and General Fund Summary

Mr. Pearson distributed a summary of the current property tax and tax rate increase by fund, updated for all changes approved by the Committee, excluding the recent action on Fund 116. The current property tax increase is \$927,445. Increases are in Fund 101, Fund 116 and Fund 151. The tax rate increase is 13.55 pennies.

Mr. Pearson also distributed a summary of the changes in the General Fund. Appropriations increase by \$910,980. This includes about \$361,742 in various mandatory increases, such as the health insurance, property insurance, official salary increases, and other items. It also includes about \$549,238 in what can be considered discretionary increases, including the 3% salary increase and replacement of Sheriff vehicles. Mr. Pearson also provided a list of the optional expenses funded by the County. While most of the services funded by the County are mandatory under State law, some services, such as the Library, Senior Citizen Assistance, fire department contributions, animal shelter contribution, and non-profit contributions, among others, are not mandated services under State law. Total funding for optional services is about \$938,990.

General Fund Revenue

Mr. Pearson provided a summary of the Fund 101 revenues. This included the major categories of revenues as a percent of the budget, with local taxes the largest component at \$10.1 million or 56.9%. The information also includes a comparison of the FY 2026 revenue estimates with the estimates from

FY 2024 and FY 2025. Most local revenues have increases. Local own source revenue, excluding grants, federal revenue, and funding from other governments, totals almost \$3 million and has a 4.2% increase. This is a good increase, but the base level of revenue at \$3 million is a relatively small percentage of the total revenues.

Mr. Pearson reviewed each category of revenues in the General Fund with the Committee and identified revenues that could be increased from current estimates. The revenue estimates are based on trend analysis, such as three year averages, average annual growth over several years, year-on-year growth, and fiscal year-to-date revenue compared to the prior year. Revenue data was updated through February 2025 actual revenue.

Mr. Pearson provided a review of line item revenues and suggested the following increases based on the most recent revenue data:

- Trustee Collection Prior Year (40120) \$20,000
- Clerk & Master Prior Year (40130) \$10,000
- Litigation Tax -General (40250) \$10,000
- Litigation Tax-Jail, Courthouse (40266) \$10,000
- Bank Excise Tax (40320) \$75,000
- Jail Fees-Circuit Court (42150) \$2,000
- Drug Control fines (42340) \$1,000
- Data Entry Fees – General Sessions Court (42390) \$1,000
- Interest Earnings (44110), Committee recommended increase of \$70,000
- Clerk & Master Fees in Lieu of Salary (45550) \$10,000
- Juvenile Court Fees in Lieu of Salary (45560) \$1,000

The Committee discussed the interest earnings revenue. Mr. Pearson explained that this revenue is primarily determined by two variables, the 90 day T-bill rate and the aggregate amount of fund balances held at Commercial Bank by the Trustee. This revenue is highly variable; in 2021 the revenue was \$30,513 and in 2022 the revenue was \$54,527. The revenue increased to \$739,910 in 2023 and to \$1,173,051 in 2024. The increase is the result of increasing T-bill rates and increasing fund balances, particularly in 2024. The consensus projections among financial experts is that T-bill rates will reduce, and it could be up to a one-third reduction in FY 2026. Also, fund balances are budgeted to decrease by about 30%, including over a \$1 million reduction in Fund 151 and reductions in Fund 122, 127, 131 and 101. The combination of reduced T-bill rates and reduced fund balances will result in lower interest earnings. There is no way to predict exactly how much lower or exactly when the decrease will occur. The risk is assuming too much interest earning revenue in the FY 2026 budget; if the revenue decreases significantly, this will result in an unbudgeted fund balance withdraw in the General Fund to close the operating deficit, putting the county in a worse financial position.

Motion by Haley Barker to approve the Fund 101 Revenue as amended, seconded by Anthony Rowe.
Motion passed unanimously.

Other Discussion Items

Mr. Pearson distributed a summary of the longevity pay policy discussed by the Committee. This summary was also discussed with the Financial Management Committee at its March 17 meeting. The longevity pay policy parameters are:

- Provided only to full-time employees
- \$100 per year of service
- First payment after five years of service
- Payment capped at \$2,000
- Non-base building bonus payment

The estimated fiscal year 2026 costs is \$139,700. Of 211 employees, 118, or 55.9%, would receive a longevity pay payment. The average payment is \$1,184, averaging 2.9% of salary. The range is a minimum of 1% of salary to a maximum of 8.9% of salary. About 92 employees would not receive longevity pay. If all 211 employees received the maximum longevity pay amount, the annual cost would be \$422,000.

Other Discussion Items

Mr. Pearson mentioned some budget items that the Committee may want to consider at its next meeting. First, the Committee may want to consider some cybersecurity funding, such as funding for a cybersecurity assessment, or training for county staff, or funding an IT position that would work in part on cybersecurity. Second, the Committee may want to consider the local match for the CDBG waterline project. A resolution was approved the Commission supporting the CDBG application, and the most recent information is that the match could be around \$300,000. This funding could be included in the FY 2026 budget. If the match is not budgeted, it will be funded from Fund Balance. The Committee discussed the need to further review the budget so that it can develop the best budget to present to the full Commission. It will want to look at fund balances as the full Commission will likely also be looking at this information. One option is submitting the proposed budget to the Commission at its April meeting and having a discussion on the budget at this meeting. Then the Commission can vote on the Budget in May.

The next meeting is scheduled for March 25, 2025 at 6 p.m. in the small courtroom. This will include Fund 131 and Fund 176 for the Highway. The Committee will also need to finalize the Fund 171 and Fund 151 budgets.

Motion by Haley Barker to adjourn at 9:07 p.m., seconded by Anthony Rowe. Motion to adjourn adopted unanimously.

