Town of Pinetops
Board of Commissioners
Special Call Meeting
May 14, 2020
Budget Planning & Financial Training Workshop

Present: Mayor Brenda Harrell, Commissioners Donald Webb, Dennis Sugg, Barbara Taylor, and Oscar Mabry. Mayor Pro-Tem Florence Pender was out of town so she was not present in person but attended Via ZOOM.

Also in attendance: Town Administrator Natalie Bess, Finance Officer Tammy Keesler, Police Chief Stacy Harrell, and Public Works Director Phil Webb.

Call to Order

Mayor Harrell called the special meeting to order at 3:00 p.m. The mayor took a moment to welcome everyone that was present via ZOOM.

Invocation

Invocation was given by Commissioner Taylor.

Pledge of Allegiance

Mayor Harrell led the pledge of Allegiance.

Acceptance of Proposed Agenda

Commissioner Taylor made a motion to accept the proposed agenda. Commissioner Webb seconded the motion. By a show of hands the motion passed unanimously.

Items for Discussion

The Finance Officer took a few moments to try to explain the legal requirements of a budget such as the fact that it has to be balanced. She went over what a line item budget is and the fact that a no expenditure line item should go over the appropriated amount. She took a little time to go over the difference between the general fund and the enterprises fund. She explained that the general fund revenue mainly comes from taxes, state shared money, the garbage and recycle fee as well as other miscellaneous revenue. The general fund is made up of administration, governing board, fire department, street, sanitation, and police. The enterprise fund revenue is fee based which means the utility rates covers the services offered. The enterprise funds is the electric, water, and sewer.

1. **Budget Planning**

   During the budget planning process the finance officer compares the expenses from the previous years to help estimate the proposed budget figures. You also compare the current budget appropriated amounts to the actual amounts collected or spent to see if you need to adjust up or down. Department heads usually will present a list of upcoming projects/debt payments as well as capital outlay items such as vehicles/equipment to the finance officer. The finance officer also predicts the estimated revenue based on previous years, the economy, and the states estimated State-Share Revenue. If a deficit is discovered this is pointed out to the board during budget work sessions where they can discuss possible ways to balance budget (increase revenue through property tax/utility rates) or (decrease expenses through staff cuts, benefit cuts, postpone projects, or decrease services). The department heads could be told that they will have to cut their departments by a certain % which gives them the opportunity to prioritize items as they see fit.

2. **Managing Expenses Variances**

   Department heads should review the expenditure reports for their departments if not monthly at least quarterly in order to gage if they are on track. The Department heads may need to freeze spending the last 2-3 months left in fiscal year to prevent an overage.

3. **How to use existing Budget Reports**

   a) The finance officer uses these reports to help budget for next fiscal year by seeing how the estimated revenues and expenditures ended up. She can then gage whether the town needs to take a hard look at increasing revenues (property taxes/utility rates) or decreasing expenditures (staff/benefits/cost-of-living/projects).

   b) The department heads could also look at these budget reports to see the areas of concern. They can tell what their main expenses are, see what they over/under estimated and try to come up with ways to cut their cost if needed. By looking at the reports they get a true understanding of the actual costs to run their departments. They also get to see how the required payroll taxes, retirement, 401-k and insurance costs affects the overall cost of their department.

   c) The board members need to look at the report monthly to see where money is being spent and as a guide in determining if changes need to be made in the upcoming fiscal year to offset a deficit.

4. **Grant money transactions & how are they recorded.**

   a) Capital Outlay Projects that are grant/loan for items such as water tank rehab & well replacement are set-up in a separate fund (50) because of the big amount and the fact the project may span a couple fiscal budget years. A revenue and expenditure line item are set-up under the 50 fund for each on-going major project.

   b) Smaller grants such as the Fire Dept. Forestry Grant or Police Dept. Justice Grant is handed differently. These are reimbursable grants which means the town spends the money, then sends in requests for reimbursement, then finally receives the money. As an example the police department may purchase grant approved equipment through their equipment line item, once they pay for the equipment an invoice is sent in for reimbursement, when the money is received it has to be shown as a revenue coming in then a budget amendment can be done showing the revenue being spent as well as

increasing the equipment line item to cover the expense. The town is legally responsible to make sure we have enough money in a line item to cover the expense. I've told the Chief that since this grant runs by calendar year and our budget is by fiscal year he might need to quit purchasing grant items around the 1st to middle of May so we will get reimbursed for these items before the end of the fiscal year which will not create an overage then next July he can purchase rest (use rest of grant funds available) since the grant runs through September.

5. **Budget Amendments**

   Through the adoption of the budget and budget ordinance the board gives the finance officer authority to make transfers of appropriated funds between items adopted on the ordinance. Any allocations between the funds must be reported to the Board of Commissioners. (Board can ask to review/adopt all budget amendments). Any changes necessary to make the budget adapt to current circumstances and remain in balance are retroactively incorporated into the legally adopted budget. These amendments can be made anytime throughout the year. Budget amendments are made due to unanticipated economic changes, changes in staff or rate increases. All of these examples as well as others may cause the revenues and expenditures to be greater or less than the original budgeted amount.

The board will meet again for another budget meeting on Tuesday, May 19th at 4:00 p.m.

Adjournment

Commissioner Webb made a motion to adjourn the meeting. Commissioner Sugg seconded the motion. By a show of hands the motion passed unanimously.

Date. 6/2/2020

ATTESTED.

Tammy Keesler

Finance Officer/Town Clerk Tammy Keesler

Brenda Harrell

Mayor Brenda Harrell