

Budget and Audit Committee

Minutes

City of Jackson

2-17-2022

I. Call to order and welcome

Chairman Paul Taylor called the meeting to order. Committee members Paul Taylor, Ross Priddy, Andrew Long, and Ron Tharpe were present; Johnny Dodd, Mark Johnstone, and Fancher Sargent were absent. In attendance from the City were Bobby Arnold – Finc. Dept., Tawanika McKinney - Internal Auditor, Mayor Conger, and Sandy Maxwell recorded the minutes. The full video of the meeting can be found at

<http://www.youtube.com/CityofJacksonTN731> (time-frame reference).

II. **Approval of Minutes:** were approved as presented.

III. Information

a. **FY22 Revenue Report - Bobby Arnold**

b. **FY22 Q2 Quarterly Report - Bobby Arnold (00:20 – 10:01)**

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

Report: Below presenting the numbers (through December 2021), Mr. Arnold asked the committee to consider a few things. First, we spread our budget, revenue, and expenses, by one-twelfth; second timing, we should be at 50% of our budget; third, we are comparing to our prior year, which was a full COVID year. Our revenue is at 54%, which is about a 4% growth, a rounded-up number of about 3 million dollars. Sales tax is up 10%, State Sales Tax is up 15%, and Hotel/Motel tax is up 33% compared to last year. Other revenues from fees, licenses, permits, venues, and Park and Recreation are slightly up, but grant funds are down as expected. On the expense side, we are tracking at 46.3%, up about 10% compared to the prior year. Legal fees are up, but we expect a reimbursement on a judgment soon. Public safety salaries are up, and we will need to watch this. Solid Waste Fund revenue is at 47%, down 6%, and expenses are at 38%, down 8% from the prior year. Mr. Arnold said all other funds are doing well and are on target with the budget. Mr. Arnold mentioned that we would need to budget for some inflation in the FY-23 budget.

c. **Update on FY21 Audit - Bobby Arnold (10:02 – 12:00)**

Chairman Taylor asked Mr. Arnold to give an update on the external audit. Mr. Arnold reminded everyone that our new audit firm had filed an extension. The audit is complete

except for the CRA portion, which the state requires us to include with our final audit findings. Our new audit firm will present the findings to this committee during our March 17th meeting and the council on their April 5 meeting.

d. Internal Audit Update - *Tawanika McKinney* (12:01 – 13:15)

Chairman Taylor asked Ms. McKinney to update the board on items she has been working on. Ms. McKinney said her primary focus has been with JTA. A few items will come up on the city council agenda for March and April. She said they are still trying to locate the original contract with JTA, and finally, she and City Attorney Cobb are working with JTA on some operational issues.

IV. Business

a. FY23 Budget Calendar (13:17 – 28:17)

i. 5-Year Draft Capital Plan

ii. FY23 Proposed Budget Update

Chairman Taylor said that Bobby Arnold and his staff are finishing the first draft of our 5-year capital and the ARPA plans; he asked Mr. Arnold to run us through the plans. As he ran through the departments, Mr. Arnold referenced the FY23 Capital Budget Requests Summary spreadsheet; he added that a few departments (JPD and Eng.) are not final but will be at the next meeting. He also said that our second disbursement of ARPA funds would be built into next year's capital budget. Mayor Conger added that he would be talking to the departments about wants versus needs and looking at other options (maintenance plans, vehicle replacement, leasing, etc.). The mayor commented about the Infrastructure Bill; how we need to use our funding to get the most for our money.

Mr. Arnold reviewed the current Budget Calendar and made date adjustments regarding the Operational budget. On February 25, paperwork would go out to the Departments; paperwork is due on March 11. Budget Work Sessions will be March 22 & 23, and the first projections for the remaining balances of FY 22 should be ready by the end of March.

b. Budget/Audit Committee Process Discussion – Future Planning (28:18 – 32:29)

i. Ordinance Review Committee

ii. Standardizing Items for Review and Recommendation

Chairman Taylor explained the ordinances are currently being reviewed, and in that conversation, policies and procedures are also being discussed. He suggested that this committee begin looking at the threshold of items to be reviewed (what items should or should not be recommended to council) and overall update of policies and procedures; put it in writing for future committee members to follow.

V. Adjourn (32:30)