

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 28, 2014

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Charlie Baum
Joe Frank Jernigan
Will Jordan
Robert Peay, Jr.
Steve Sandlin
Doug Shafer
Joyce Ealy, Chr.

Others Present:

Ernest Burgess
Jeff Jordan
Don Odom
Lisa Nolen
Jeff Sandvig
Richard Zago
David Nipper
Jeff Davidson
Mark Tucker

Chairman Ealy presided and called the meeting to order with all members being present.

The purpose of the meeting was to review the 2014-15 budgets for the General Purpose School Fund, Central Cafeteria Fund, and the Education Capital Projects Fund.

APPROVE MINUTES:

Comm. Shafer moved, seconded by Comm. Jordan to approve the minutes of the May 19 and May 21, 2014 Budget Committee meetings as mailed.

The motion passed unanimously by acclamation.

2014-15 BUDGET REVIEW:

Chairman Ealy advised that at the Health & Education Committee meeting on May 27, they voted unanimously by roll call vote to approve the proposed 2014-15 budgets for Fund 141, General Purpose School Fund, Fund 143, Central Cafeteria Fund and Fund 177, Education Capital Projects Fund.

Prior to beginning review of specific school budgets, Commissioner Ealy asked the Finance Director to answer some general questions that have been asked by members of the Budget Committee.

The first question was what is the percentage of the entire County budget that is related to schools including debt service? The Finance Director stated that about 84% of the Debt Service budget is related to schools and about 75.5% of the entire County budget is related to schools.

The next question was why does the County have to share funds, related to schools, with the City of Murfreesboro. The Finance Director stated that the County has a responsibility to provide education, where the City chooses to provide education. The County shares funds from property tax, sales tax, local tax and bond proceeds. The portion of the current year property tax levy shared with the City is \$10 million. Comm. Jordan noted that the city school system builds schools at their discretion, where the County has to provide schools whenever there is a need.

The last question was can the budget be adopted without a property tax increase. The Finance Director explained that she and the school Assistant Superintendent of Finance had worked to review the revenues and expenditures of the current budget and had projected an additional \$9 million dollars will be added to the ending fund balance which will make the new budget's ending fund balance equal to the fund balance policy. These changes resulted in revenues of \$293,859,003 and expenditures of \$306,688,721.

Comm. Jordan commented on the fact that the budgets are prepared with conservatism and will likely have the same funds unspent at the end of the 2014-15 fiscal year.

2014-15 GENERAL PURPOSE SCHOOL FUND BUDGET:

Chairman Ealy advised that the Health & Education Committee sent a favorable recommendation for the 2014-15 General Purpose School fund budget with expenditures totaling \$306,688,721.

Comm. Shafer asked a question about the funds spent on pre-K and how important is it. Mr. Odom advised that the program is state funded and there are 11 pre-K classes in the system. The students in the pre-K program have to be eligible for free or reduced lunch. The system only allows the number of students in the program as the funding from the state will allow. The funding for the program is combined with the special education pre-K program in the budget; therefore total dollars spent cannot be readily broken out. The different pre-K classes are spread out over the County, so that the program does not impact overcrowding.

Comm. Shafer next asked about the adult education program and the amount of funding that is included in the budget versus the 2012-13 year. Jeff Sandvig advised that the grant from the State was totally re-done this year. Mr. Odom explained that this is really a service of workforce development to the citizens of the County and the commissioners should decide if they want to provide this service.

Comm. Shafer thanked the school staff for the information they have provided related to the budget.

Comm. Baum asked about the two psychological personnel that are being added in the budget. Mr. Odom stated that these positions were moved from the Federal budget due to a cut in federal dollars. One psychological position was cut due to the lack of funding.

Comm. Baum next asked about two additional assistant principal positions added in the budget. These two positions are for Blackman Middle School and Stewarts Creek High School.

Comm. Baum next asked about additional educational assistants. These are positions for special education and English as a second language. The increase is made up of five regular educational assistants being transferred into one of the two areas previously identified. Mr. Odom advised that the educational assistants are used in inclusion classrooms for special education students. This will help on the student-teacher ratios due to these students staying in the inclusion classroom for the entire day.

Comm. Baum next asked about contracts with vehicle owners. This line item is contracted bus drivers. This line item has five additional bus routes in the upcoming budget. Approximately 50% of the students ride buses and with expected growth about 600 more students will need transportation. There is also a fuel cost adjustment added in the line item.

Comm. Ealy asked how many languages or ethnicities are in the school system. Mr. Odom advised there were about 65.

Comm. Sandlin asked where the \$12.8 million difference in revenues and expenditures would come from. Director Nolen advised that the shortfall would come from the fund balance. Director Nolen also advised that with an estimated beginning fund balance at \$22 million on July 1, 2014, the required ending fund balance of 3% of expenditures would be maintained. Next year, we will likely be in the same situation and will have to hope that revenues will come in more than expected and expenditures will not be spent as expected.

Comm. Sandlin commended Mr. Odom and Mr. Sandvig on the ease of being able to work together with them to come up with a budget each year and the thought they have put into the administration of the growing system.

Comm. Sandlin moved, seconded by Comm. Baum to approve the 2014-15 General Purpose School Fund budget as presented totaling \$306,688,721.

Comm. Shafer asked if line items such as electricity needed to have a little more cushion in the numbers. Mr. Sandvig stated that anything adjusted would make him feel less comfortable about the amounts he has placed in the budget.

Comm. Peay and Comm. Shafer made statements to disclose that their spouses are employees of the County and they have a conflict of interest on the matter about to be voted on. They declared that their argument and vote answer only to their consciences and to the obligation to their constituents and citizens that the voting body represents.

The motion passed unanimously by roll call vote.

2014-15 CENTRAL CAFETERIA FUND BUDGET:

Chairman Ealy advised that the Health & Education Committee voted unanimously to approve the 2014-15 Central Cafeteria Fund budget with estimated revenues totaling \$17,630,000 and proposed expenditures totaling \$18,333,292.

Comm. Peay moved, seconded by Comm. Jordan to approve the 2014-15 budget for the Central Cafeteria Fund as presented.

Comm. Shafer asked why the fund balance has to be what it is. Mrs. Nolen advised that it was a federal requirement that the fund balance could not be more than 25% of the total appropriations.

Following discussion, the motion to approve the 2014-15 budget for the Central Cafeteria Fund as requested passed unanimously by roll call vote.

2014-15 EDUCATION CAPITAL PROJECTS FUND BUDGET:

Chairman Ealy advised that information was distributed at the Health & Education Committee meeting on May 27 which included a list of projects to be completed. Director Nolen stated that proposed revenues are \$2,421,216 and proposed expenditures are \$2,400,425.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the 2014-15 Education Capital Projects Fund budget as presented.

The motion passed unanimously by roll call vote.

OTHER BUSINESS-PROPERTY PURCHASE FOR WHITWORTH-BUCHANAN MIDDLE SCHOOL

Comm. Ealy reminded the committee that the Health and Education Committee approved a motion to purchase 5.5 acres of property from the Maples Family Partnership for \$70,000 per acre and \$2,500 of surveying costs.

Director Nolen stated that there is a contingency of \$677,805 from the recent bond issue that could be used to purchase the property. About \$412,000 of these funds would be used toward the purchase which includes closing costs and \$20,000 to be shared with the City of Murfreesboro.

Comm. Peay asked how the contingency came up in the bond issue. Director Nolen stated it was a factor of the sale of the bonds and premiums being paid for the bonds. This contingency was within the amount authorized for sale by the Commission.

Comm. Jernigan moved, seconded by Comm. Jordan to approve the purchase of property for Whitworth-Buchanan Middle School from the contingency of the bond proceeds.

Comm. Sandlin commented on the price of the property and felt like it should have been a better friendship price due to the fact the County ran sewer to the property for the school.

The motion passed unanimously by roll call vote.

ADJOURNMENT:

Chairman Ealy advised that the next Budget Committee meeting would be on Wednesday, June 4, 2014 at 5:30 P.M. where the committee would be making a recommendation on the 2014-15 budget for publication, as well as, discussing any other items as needed.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:22 P.M.

Mark Tucker, Secretary