

**WORK SESSION
MINUTES**

The Spalding County Board of Commissioners held a Work Session in Room 108 in the Courthouse Annex, Thursday, July 25, 2013, beginning at 2:00 p.m. with Chairman Gwen Flowers-Taylor presiding. Commissioners Raymond Ray, Rita Johnson, Samuel Gardner and Bart Miller were present. Also present were County Manager William P. Wilson Jr., Attorney Jim Fortune, County Clerk, Ex-Officio Ricky L. Clark Jr. to record the minutes and several members of the Budget Review Committee.

A. Call to Order

B. Agenda Items:

- 1. Review & Discussion relative to the “Draft Spalding County Financial Policies & Procedures Manual.”**

Mr. Wilson stated that back in February at the retreat, commissioners were presented with a draft of the Financial Policies and Procedures. Also attached was a procedures manual that detailed every step in the process of the financial software. Mr. Wilson advised commissioners that the policy at hand is revised and covers everything from purchasing, fund balance, policies on budget and presentment, reserve policies, capital expenditures, capitalization point for inventory, investment policies & the purchasing policies.

Chairman Flowers-Taylor questioned the author of the current policy. Mr. Wilson stated that Henry County was the original author of the policy and a portion contained is Spalding County’s current financial policy.

Chairman Flowers-Taylor also requested the language used on page 1 in the 2nd paragraph that reads, “effectively used.” Mr. Wilson explained that this language means that we adhere to the budget brought forward and approved. Several entities may decide that their priorities change and do things that are not in the original budget. Chairman Flowers-Taylor requested an example of an unbudgeted priority change. Mr. Wilson’s example was the replacing of the Fairmont Roof.

Chairman Flowers-Taylor also requested clarification on the budget format. Jinna Garrison explained that the level of control for the general fund is at the departmental level. This means that the Commissioners set a budget for each department and the Finance Director monitors each department and alerts a department should they go over budget.

Chairman Flowers-Taylor questioned the difference between the budget ordinance and the budget policy. Mr. Wilson explained that the County is required each year to adopt a budget ordinance which notes appropriations for each category and the budget must balance for all funds. Pursuant to GAAP, all funds must balance.

Chairman Flowers-Taylor stated that there are conflicting places within the proposed Financial Policy where county is not defined.

Commissioner Ray stated that until the county develops a plan with Mr. Wilson & Ms. Garrison, the Board should identify a strategic financial plan for the next 5 and 10 years. This plan will enable the county to have something to work towards regarding finances. Commissioner Ray this will set the framework. Chairman Flowers-Taylor agreed and stated that this financial plan will also give the Board some criteria.

Commissioner Ray stated that the term “in a fish bowl” should be changed to transparently.

Chairman Flowers-Taylor questioned if there is something formally happening on the staff level to improve productivity. Mr. Wilson explained that every year budget review sessions are held with individual departments. Additionally, the Budget Review Committee reviews the budget, noted Mr. Wilson.

Chairman Flowers-Taylor also questioned the meaning behind “paying fair share.” Mr. Wilson explained that staff is currently looking at new license fees, increase in parks & recreation fees and also general business license and other services.

Commissioner Ray stated that instead of doing a calendar only listing budget dates, we should look at a calendar that includes budget review dates, updates to the budget, end of year appropriations, and dates relative to the setting of the millage rate. Mr. Wilson stated that the setting of the millage rate is based on when the assessors get the notices out. Mr. Wilson advised that he is about to distribute a tax digest calendar to the commission. He noted that we are currently in the 45 day appeal process.

Commissioner Ray recommended quarterly budget amendments in lieu of only at the end of the fiscal year to improve transparency.

Administrative Services Director Jinna Garrison stated that the reason budget amendments are at the end of the year is because of lease purchased vehicles for the Sheriff’s Department. The Sheriff will order vehicles in January or February and they don’t actually come in until April. In order to complete the draw down process, Ms. Garrison needs exact amounts including outfitting. Furthermore, Ms. Garrison noted that you can only draw down on leases on the 1st and 15th of the month. This is the reason the budget amendments are done in May & July. Ms. Garrison stated that she will review amendments on a quarterly basis and if there are any appropriations, she will forward.

Commissioner Miller stated that even when you go up on the fees for football, it will not pay to operate the program. Commissioner Miller questioned how many kids would be able to afford the program if the county went to an association.

Chairman Flowers-Taylor requested a work session within the next 90-120 days to discuss mandated and nonessential county services.

Chairman Flowers-Taylor also requested an explanation of the county’s bond rating. Mr. Wilson explained that each year, the county submits our Comprehensive Financial Plan (CAFR) to rating agencies and people who pay bonds out. This year our bond rating went down; the county is A1 as opposed to AA. Mr. Wilson noted that drawing down on fund balance along with a decreasing tax digest all contribute to the bond reduction. Mr. Wilson stated that staff met with bond underwriters and investments bankers via telephone conference (Moody Investor Services) to assure them we are willing to make a hard decision to raise taxes, which will improve our bond rating. Mr. Wilson stated that increasing taxes shows that we are aware of the financial situation and are willing to do what is required to make sure the county remains solvent and on a track to progress.

Commissioner Gardner recommended changing the budget year to January. Mr. Wilson stated that we have done it before but has some adverse effects. Historically our Fiscal Year has begun in July.

After substantial review, the following changes were noted:

- 1. Clearly define within the Financial Policy the following: the County, the Board of Commissioners & the County Manager.*
- 2. Attach the County’s Strategic Plan as referenced on Page 1*
- 3. Strike language on Page 2 that reads, “Expect service users to pay their fair share of program costs.” to “Require service users to pay their fair share of program costs as identified in the Strategic Plan.”(Purpose & Objective)*
- 4. Change the fund reserve threshold from 1/4th of the total budgeted appropriation to 18% (Reserves Policies).*
- 5. Strike language on Page 4 that reads, “User fees will be adjusted as needed to recover the full costs of services provided” to “User fees will be adjusted as needed, no less than every five years, to recover the full cost of services provided. (Revenue Policies).*
- 6. Strike language on Page 4 that reads, “Expenditures should be controlled and should stay within the amount of appropriated funds” to “Expenditures*

will be controlled and will stay within the amount of appropriated funds.(Expenditure Policies).

7. *Strike language on Page 4 that reads, "The County will attempt to maintain its present service level for mandated services within existing revenues. There will be no new discretionary services without appropriate trade-off of service and financial impacts." Will now read, "The County will attempt to maintain its present service level for mandated services within existing revenues. There will be no new services without an appropriate tradeoff of services, financial impact and/or fees. (Expenditure Policies)*
8. *Add language to read that that a formal bid process will be conducted every three (3) years to select a qualified audit firm. (Accounting, Auditing and Financial Policies)*

C. Adjournment.

Motion/Second by Ray/Gardner to adjourn at 3:50 p.m. Motion carried unanimously by all.

/s/ _____
Chairman

/s/ _____
County Clerk

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