

**OFFICIAL MINUTES OF THE OXFORD MAYOR AND COUNCIL MEETING
BUDGET PUBLIC HEARING
MONDAY, JUNE 4, 2012 – 6:00 P.M.
COMMUNITY CENTER, OXFORD, NEWTON, GEORGIA**

MEMBERS PRESENT: JERRY D. ROSEBERRY, MAYOR; COUNCIL MEMBERS JIM WINDHAM; TERRY SMITH; FRANK DAVIS; GEORGE HOLT; LYN PACE

OTHERS PRESENT: Latrelle Oliver, Hoyt Olive, Chief Dave Harvey, Carol Penn, Neil Penn, Penny Windham

The meeting was called to order by the Honorable Jerry D. Roseberry, Mayor

Mayor Roseberry announced the Budget will be presented in two parts, one the general operating budget and then the capital budget. The General Operating budget will be presented by the City Manager, Clark Miller. Mayor Roseberry ask the council to follow a protocol in letting Miller go through the budget first, if you have any questions on any particular item you can interrupt to ask for clarification but do not go into any debate at that time.

Mayor Roseberry also asked the audience withhold any questions until the council has opportunity to go through the budget then you will be ask to offer any questions or comments you have.

Mayor Roseberry announced there will be no vote on the budget at this meeting. Following this hearing there will be a regular meeting of the council and there will be the first reading of the budget at that time. On June 18, 2012 at 6:00 in the Community Center, there will be another Public Hearing on the budget, following that there will be a Called Meeting for the second reading and vote for the budget. We are required by the State Law to have the budget ready by July 1, 2012.

Following the presentation of the General Budget by the City Manager, I will present the Capitol Budget.

Miller, distributed to council three versions of the budget for council to review and choose which option they wish to go with.

[Budget A](#), consists of continuation of last year's budget. Page 1 General Fund/Revenues, the projected revenues for the city for the year 2013 is \$696,025, which consist of Property Taxes, Franchise Taxes, Sales Tax, Business License, Insurance Premium Tax, Cemetery Fees, Bad Check Fees, Fines & Forfeitures, Rent on the old city hall, a minor amount of interest revenue.

Page 2, is the Mayor and Council budget the only difference is the raise that was voted on the previous term is for a full twelve months instead of six months. There is some increase in Social Security because we are paying more. There is an additional \$2,000 in Education & training fund for a total of \$61,462.

Election Fees, is \$250 for this year, since we do not have a city election this year.

Page 3, General Government/Expenditures, This is the clerk's office budget, this is referred to in terms that we normally do is \$549,804. The recent payroll shows it's less there's a decrease, the allocation of

the employees times to different cost centers throughout the government, and the fact that it's a closer estimation of what we are really doing. We are going to spend a little bit less on Legal & Professional services but we are going to spend more for the Technical which is IT services and in Repairs & Maintenance now that we have a better idea of what it takes to operate all our buildings and what we need to do to repair them. Liability Insurance went up, postage went up, we have a little more in meeting expense with this building as we hold more meetings here, for various Newton County governments and associations as well as North Georgia Regional. We have a higher principal payment on City Hall and a lower interest payment on City Hall.

Page 4 is the Court Budget which is exactly the same as last year. That's the cost of running the court paying the judge, paying the solicitor having money available for a public defender and training.

The next part Police Department budget, with a total of \$387,525 shows funding for four (4) full time officers for twelve (12) months which is an increase in one officer and the appropriate increases that go along with that such as insurance, FICA, retirement and workers compensation. You will notice E-911 Center is estimated at \$20,000 rather than \$22,000 as quoted by the 911 director. Repairs and Maintenance for the police fleet is more, we exceeded last year's budget and we hope not to have another bad year in maintenance but if we do we are in a little bit better position to handle it within the cost line.

Jim Windham: How did we determine the gasoline cost as a drop? Miller; I looked at what we spent so far this year, we had only spent \$12,000 into May. Even it gas stays at the higher level as is did three months last year it should still be enough to cover four (4) cars.

Hoyt Oliver; Under Intergovernmental Payable what's that?

Miller; Intergovernmental Payable is what we have to pay the State of Georgia on our fines that we collect a portion of.

The next section which is the Street Budget is also reduced because of a change in employees with full time being temps. We reallocated all the temps throughout the entire budget to what they are actually performing, so if they are performing electrical use you will see them in the electrical fund as well as in the water and in streets which is cutting grass and that sort of thing as well as in sanitation. You will see it spread across four (4) funds. The total for streets budget is \$191,230. The biggest change is in workers compensation. The big change is in city tree removal, because we have a large number of huge old water oaks that are experiencing a multitude of problems. I have met with Ms. Head and we talked about the possibility of the number of trees were going to have to take down, I budgeted accordingly. It doesn't mean there coming down but if they have to we have the money to do it. We will continue to reevaluate that. Ms. Head's money is in here as well as the tree board's money. We should be well covered as far as our tree canopy goes.

Hoyt Oliver; what was the \$75,000 in parks in last year's budget?

Miller: It was for property acquisitions which the mayor will explain to you at a later time that is a capitol budget item.

George Holt: In the street expenditures, where you have temp's 44 weeks \$22,000. Is that just for one temp for 44 weeks?

Miller, yes that is for the one (1) temp for grass cutting on this budget.

Holt; do we have any idea what we pay for just one (1) temp?

Miller, Yes its \$12.03 per hour for 44 weeks.

Page 6, Police Confiscated Asset Fund, Revenues, The police confiscated asset fund no longer exist. We have had no new seizures therefore the balance is zero (0).

The 2011 SPLOST is estimated at about \$19,000 a month. We still have about \$52,000 left in the 2005 SPLOST. The remainder of the page is filled out by the auditor. They are separate funds out of the budget. The SPLOST funds are not part of the regular budget because they are set aside for specific uses.

Water and Sewer Fund as was written in the paper the Government of Newton County has raised water rate in by seventeen cents (.17) per thousand gallons. We are actually using less water in the city than we did the year before our use is going down they are raising rates. There has been discussion of raising the rates a little bit to help with some of the lost water recovery money. Most everything remains the same with the difference of how we are going to take the price increase and pass them through. The increase is all in this budget as if the council had already passed it. If everything goes as this sheet says it should we should end up with excess funds to go to reserve of \$96,436 for capital water projects.

The next budget is the Electric Fund. Our energy provider is talking about a 5% increase going into effect later in the year. These figures reflect the increase which will be a pass through. Salaries are up slightly, we had a cross the board raise earlier in the year which is reflected here. We have a little more money or overtime. Retirement expense is down slightly. Repairs and Maintenance we have gone through it at the end of May so we have to fund for another month. We do have some old trucks that we have to keep running so were going to spend a few extra thousand dollars in repairs and maintenance before we get to capitol replacement. Power-line tree trimming remains the same. This is trimming along the power line which is contracted out. Liability insurance went up, postage went up, lineman training went up which is continuing education. You'll see contract labor at \$20,000, this is not for temps. This is for when we have a big problem and have to call in additional reserves, line trucks and other professionals to help restore power such as a result of a storm or when we have a pole taken down by an auto accident. Depending on the size of the pole and where it is our equipment may not be efficient to it.

Jim Windham question, if contract labor (temp) pays under 50 hours why the \$10,225?

Miller; this is for meter reading and directing traffic in the streets when the line truck is out. It's the lowest paid employee.

Infrastructure Investment Transfer is the competitive trust. If you look at the revenue sources are you'll see that's where we bring it in to the budget and move it back out through the capitol fund. Then we have our depreciation and our building payments for a total of \$1,802,647 in expenses and in this budget that leaves us additional revenue of \$803,471.

Sanitation Fund the revenue generated through billing of our customers is a \$142,000. For the sale of our recycles it looks like we might net about \$1,000.

The salary fund went up, to include the higher CDL driver, but only at a cost of \$25000 in benefits which I have been told I should be able to find one for. The \$37,750 is for one full time temp and a half a temp., because you don't use the temp everyday doing trash pickup. There are days we use two there are days we use one. This is a total for Sanitation of \$245,680.

The 2013 Combined Summary, we have \$696,025 as a revenue source and we have \$1,212,371 in expenses. In water we have \$692,200 in revenue, \$595,764 in expenses; in electric we have \$2,606,118 in revenue, \$1,802,647 in Expenditures. Sanitation we have \$143,000 in revenue with a negative 245,680. If you take all of the revenues combined and all the expenditures going out we still have \$208,838 that is not expended in this budget.

The \$803,471 that's positive in electric has to balance out the \$516,346 negative in general, so you move money from your positive funds to your negative funds to make the budget balance.

The next page which shows CAPITAL PROJECT BUDGET are things to consider, of which some will be approved by council. There's \$141,000 in things such as police cars, a trailer for the bobcat. There's a utility pole replacement program which needs \$35,000, a switching upgrade on Pierce Street at \$45,000 and the continuation of replacing street lights to the more efficient ones at \$10,000, a little money for the Police Department to buy some furniture for a new officer. There's \$456,000 in other projects that will be voted on. And other projects are property acquisitions, cemetery improvements, new copier etc.

George Holt, Is the \$10,000 in the cemetery for the survey?

Miller, Yes, to be approved.

Windham, so all of your capital projects have been taken out of the general budget.

Miller, none of them are here, because ya'll have not voted for them to be here.

Windham, so you did not account for any capital expenditures in the general fund?

Miller, that's correct, nor any of the enterprise funds.

Pooled Funds

Pooled is a previous year savings, it could be called capital funds, could be called reserve funds. It is those funds that are not generated in 2013. They have been generated in prior years. This is where we took money for capital projects to be approved and allocated. They are subject to change based on what the council does.

Detail Line Items, these are the expense line items that make up categories within the budget. It's where we pay our lawyer's, it's where we pay The Center, the Magistrate court, the tax commissioner, Georgia Municipal, who we pay to do our audit.

The second group, are vendors that we use for tree removal, tree treatment to restore the large tree outside city hall, speed humps, our IT budget, our billing budget, Municipal code budget, alarm budget,

our copier maintenance that we pay out each year such as the building cleaning service, the lawn service, the air condition maintenance, to actually pay for the alarm system, pest elimination the contracts for elevator maintenance, state inspections, and money if we have to by a new telephone. There's miscellaneous money, for unexpected maintenance to put new wiring in the lobby to light the exhibits. We need to put a light switch in the hall way to be able to turn that light off. We also have gutters to repair that are leaking. We want to put in some soft solar lighting. These are unexpected maintenance items which will always be passed by council. This concludes Budget A

Budget B

Budget B is very similar to Budget A, this one will be a new officer included in the salary portion. This budget is an example with privatizing sanitation. The revenue sources are exactly the same as they were in budget A. Page 2, The Council Budget and Election Budget has not changed. Page 3, you will notice a increase in Salary, as we have cost shifted part of David's salary to the general fund salary because he will be doing things which are not part sanitation, therefore by a percentage his salary is was move over. The rest of the budget there is the same. Page 4, the Court budget remains the same. This Police budget unlike the previous budget show four (4) officers funded for twelve months and various personnel cost that go with that. That does not include cars, or anything like that, those are capitol expenses. The Street Budget is \$191,230. The Cemetery Budget is \$10,000. Once again this shows \$30,000 for Repairs and Maintenance, and \$40,000 for city tree removal based on what the arborist come back with. This shows how much we could possibly spend. This budget still has \$10,000 in storm-water improvements. Page 6, is the same nothing has changed, this will be completed by the auditor. Next is the Water/Sewer Fund. The water and sewer fund shows our increased revenues based on what is going on with the county. It has 500 hours for temps, which is basically meter reading hours and if we have to use them for water leaks during regular business hours sometimes they are allocated to help in that process. We are trying to break the cost of temp down to their actual use so it gets spread across different cost centers more appropriately. The wholesale water of course will go up. The total expenses are \$595,764 and revenues of \$692,200 with the same positive cash flow of \$96,436.

The Electrical 2013 shows the same as Budget A. There are 850 temp hours, for meter reading and also for working in the streets directing traffic and that type of thing. The revenues are the same with expenses at \$1,802,647 and revenues of \$2,606,118.00 with a positive cash flow in revenue of \$803,471.

In the Sanitation, this budges shows a privatized sanitation budget. The revenues are exactly the same at \$143,000. There's less money in salaries. There's contracted pickup of \$60,000. There's less money in gasoline if we are not running sanitation, but we are still running two other trucks and two other accessory pieces of equipment two days a week, so gasoline is still a good portion of that budget. Uniform expense is down as we have less employees working. It has 1.6 temps under contract labor budged at \$40,050.

The combined summary across the board you have grand total revenues of \$4,147,343 with the Expenditures as a negative \$3,854,605 which shows you still have \$282,738 remaining. Pooled Cash is money coming from the accounts which hold our previous year's earnings and funds that weren't spent or allocated, that can be changed by council when they do the capitol budget. There were no changes

from budget A to budget B on the spread sheet with the fixed expenses such as lawyer fees, tree removal and so forth. The request is those received from each department to meet their needs throughout the city.

BUDGET C

Budget C depicts no new personnel. It also has the example of privatize sanitation. Our revenues are the same as in Budget A and Budget B as well as council and election expenditures. The general budget is the same Budget B as it shows cost shifting of a sanitation employees funds into general fund type responsibility for a portion of 60% of his cost. The court expense is the same. The Police expense shows three (3) instead of four (4) as I showed in the previous budget for a total of \$342,851. That is a slight increase from previous year and that has to do with changing the pensions and health insurance and benefit cost that are a little less.

The street budget is the same as in B, there's no change. The police confiscated asset fund has no money in it. Page 6, is an estimate of SPLOST money from 2011 and some balances on what we are expecting from the 2011 SPLOST. We are getting about \$19,000 a month from the 2011 SPLOST. We still have about \$52,000 in the 2005 SPLOST to spend on the old building. The water and sewer fund are the same as the B budget there are no changes. The electric fund is the same the B budget. The sanitation budget is the same as the B budget which is privatized.

On the 2013 Combined Budget Summary, those figures end up with \$327,412 positive cash money still to be allocated under the capital projects.

Hoyt Oliver: Is that positive cash flow an effect largely because we didn't add the additional police officer and a slight amount for privatizing the sanitation?

Miller: Yes and the associated benefits and cost such as pensions and cost. Other than that they are the same as Budget B.

With no further questions regarding the General Fund Budget, Mayor Roseberry presented the City's Capitol Budget.

Mayor Roseberry – Capital Budget

Oxford's Capital Budget 2006 – 2010. The reason I wanted you to see this is that last year when we went to meet with the County Commissioners to request the additional SPLOST Money we wanted them to see, we do carry the load our-self. Over the years Oxford has paid their way. You will see the various projects at the end of 2006 with Mayor Ballard, was here when they built the Maintenance Facility and you will see on the bottom line how they were paid for. The city paid 47% of the total cost in cash. We took out a loan for about 30%, SPLOST paid almost 12, and then a Block Grant paid 11 % that was for the replacement of the old transit pipe that had asbestos in the city, which we no longer have any of in the city. I wanted you see that there are a lot of capital projects on going in the city. We ended up getting 1.2 million from the county this time. Next, look at the long term debt.

Claude Sitton; Mr. Mayor, I have a question if I may? Are these actual figures at the end of the project or are they or are they figures from capital expenditures projected?

Mayor Roseberry: These are old projects, all these are completed projects. These are actual numbers.
Claude Sitton: The Maintenance Facility are those the actual numbers?
Mayor Roseberry: Yes.

The cities long term debt once you see this you will see what we owe. We have three debt obligations. The city is in good shape. We have three (3) debt obligations out there. One is with the Water and Sewer Authority with a balance of \$216,000 that will be paid off in year 2017. The electric fund obligation which is for the maintenance facility with a balance of \$355,000 which will be paid off in 2016. The last one is a general loan for this building with a balance of \$571,000 that will be paid for in 2019. So a combined total of the long term debt for the city is \$1,143,000.

Let's take a look at employee wages. The reason we want you to see this is by managing the city finances well you're able to pay the employees. We are the only government in Newton County, who gave employees raises in the last three years. For a total combined our employees in the last three years have received an average 11% increase in wages. Newton County hasn't given anybody raises. I wanted you to see that the money is going for a good cause.

In the Delinquent Accounts is a comparison of the utility delinquent cut offs in 2007 compared to 2008. I wanted you to see the average monthly delinquents for 2007. This is the average number of customers we had to cut off for non-payment of their bill. In 2011 that figure dropped from 184 delinquencies to 157. Cut off came down from 42 to 16. This not only help the city with their cash flow but it saved our customers an average of \$50.00 which is the cost of our reconnection fee if the utility services are disconnected. You ask how we did this. We stopped making payment arrangements. The customers were simply told if you owe the bill you have to pay it no negotiations.

Next you will see the Proprietary Funds from 2010 which was the last full year we were audited that we have the report on. At the top you will see the sales, revenue, electric, water, sewer, solid waste, operating expenses and net income. What I want you to see here is Oxford College, I know they don't pay taxes but look at the numbers. In the year 2010, Oxford College paid the city \$870,000 in electric, water and solid waste. The profit the city made was \$210,000 dollars. So they do pay and we appreciate that. They are one of the customers we want to keep. The reason we know about this is when you are audited they ask do you have any major customers which if you lost that customer what major impact would that have on your revenue? This would have a major impact if we lost this customer. We have already lost Palmer-Stone School which it impacted us but nowhere near if we were to lose the college. The college has a big impact on our budget.

Next we'll look at the Capital Budget Summary Fiscal Year 2013. To explain the accounting procedures we use are determined by the Government accounting standard board. They have rule and regulations we cannot deviate from. When you have reserves you have to follow their rules. One of which you cannot commingle funds. We are required to separate funds. The reason for that is they want any fund the city creates to stand on its own. You have to look at it like it's a separate company with its own CEO,

Board of Directors its own capital cost and operating cost. You have to put all of those things down exactly as if it were independent of anything else. The reason they give is because it's government money, tax payer's money. They have a right to know where the money is going. The way you do that is to isolate each fund within the city. If you want to change any of these things the council has to vote on it. It's not something the city manager, mayor nobody can just say I need \$10,000. It has to go to a public meeting for a vote.

This is the Proposed Capital Budget for the coming year. I want to explain the word committed. That is against the rule. They want you to commit fund to something and not have it changed simply by a motion. Committed funds are done through ordinances. The other way you can do it, you can assign it funds. That's simply done by a motion which can be changed month to month. Then you have assigned and unassigned funds. Basically the ones we are dealing with here are committed funds and assigned funds. Under the Water/Sewer we're proposing the city commit \$1,300,000.00 for that account with the money spent to \$140,000.00 for Cook Road, \$1,125,000.00 for Emory & Asbury street water lines and the Whatcoat sewer project for \$25,000.00.

There was SPLOST approved by the voters to build a new fire station just north of the city which will be done in the next four (4) years. We have \$1,000,000.00 in the Electric fund committed for Streets lights at \$10,000.00, Pole replacements at \$35,000.00, Pierce Street re-conduct at \$45,000.00 for a total of \$90,000.00. Those are projects that will be done within the next twelve months (12). Some of the capital funds you do not have to expend them in the same budget year. If you do not complete the project you can roll the money into the next year.

Hoyt Oliver: What is the Pierce Street re-conduct?

Terry Smith: It's switching will we be adding to that part of the distribution system that will allow us to cut off different parts of the city and be able to take the electric service we have and transfer it to the second circuit within the city and send it back to where it needs to be. And can attempt to isolate wherever a major problem might be without the city as a whole being out.

Mayor Roseberry, We are also proposing the city set aside \$500,000.00 in emergency contingencies which will go into the general fund. The general fund will also be used to do capital improvements for the purchase of Police car and equipment, a Mitchell Street park, Cemetery survey and a trailer for the bobcat equipment.

Hoyt Oliver: Question? Does the cemetery survey does this include the ground radar scanning of the Northeast section of the cemetery?

Mayor Roseberry: Yes

Clark Miller: And it includes a survey by a surveyor to export everything from the ground radar GPS into a conventional survey so we will have both available to the process.

Frank Davis: Are we still doing the Northwest quadrant first?

Clark Miller: Yes Northwest will be first.

Mayor Roseberry: The last item is the General Operating Fund. That's the fund we write the checks to pay the bills. That fund needs to run somewhere between \$600 and \$900 thousand dollars. We try not to let it drop below \$600, and then if it get's for some reason we can transfer some of the money to other funds a Money Market fund, a CD or funds of that nature. There's a total of \$569,000.00 available for capital improvements that have not been determined yet. Ones that appear on the proposed budget sheet are projects that have been researched and feasibility determined and cost has been determined and council has not yet voted but they are aware of them and have been discussed on several occasions. That's how those projects made it to this list. The city has in balance \$2,600,422.00 that are referred to as unrestricted funds.

Anderson Wright: Question? The Mitchell Street Park is that the old school?

Mayor Roseberry: Yes the Mitchell Street Park is the old Rosenwald School site.

Frank Davis: We have our survey back and we are waiting on the attorney to get the lease agreement worked out and have Mr. Ballard look at it and tell us what need to be changed on it.

Jim Windham: I would like to comment on the College renting the old city hall as you said it pays \$30,000.00 a year which is market rent. I went to several appraisers in town to check out what was market rent for that type building and the College agreed to pay that. They have rented the entire building so we don't know at this time what they are going to put in the old fire station at this point. We might have a desire for what's put in there. We can't dictate what they put in there as long as it meets all the ordinance requirements.

Mayor Roseberry: I will add a little bit to the how we determine the numbers for the budget. These are not number we pull out of the air. For example the water/sewer fund, the city currently has zero (0) reserve set aside for water and sewer. We currently are caring \$1,712,000.00 in depreciation in that department but we have no dollars to build it back so that's why we are asking for that money to go in there. That money be considered now if we do this will be spent on the projects you see, but then it will be replaced by SPLOST money. So by the end of four (4) years we will have all this money back that will take care of the depreciation we have experienced over the years.

In the electric fund we current have over \$800,000.00 in depreciation with zero reserve. We need to put some money in there. This is where we make our money. This is where we need to spend money and where we make our money. The general fund is the government fund you have to have some reserve there.

There being no further questions or comments the Public Hearing was adjourned at 7:45 pm.

Respectfully Submitted:

Lauran S. Willis
City Clerk