

Finance Committee Meeting
City of Manchester
April 24th , 2023

Present: Alderman Hobbs, Vice Mayor Messick and Alderman Parsley
Absent: none

The Manchester City Finance Committee held a special called meeting on Monday, April 24th, at 4:00 p.m. in the board room at Manchester City Hall. Others present were: Mayor Howard, Finance Director Myers, Director Brittany Fiske, Director George Gannon, Director AJ Fox, Asst. Director Becky Johnson, Chief George Chambers, Chief Bill Sipe, Rebecca French, Conference Center and members of the PBA, other employees, members of the press and citizens. The meeting was presided over by Alderman Joey Hobbs, Chairman of the committee.

The first agenda item was reviewing two proposals for audit services. Matlock Clements proposed \$42,000 and now serves as the school level auditors for the Manchester City School System. The second proposal was submitted by Mauldin Jenkins at \$94,500 and are highly regarded for municipal audits. Vice-Mayor Messick made the motion to accept the proposal of Matlock Clements with Alderman Parsley seconding the motion. Mayor Howard asked their experience municipalities and Director Myers replied they had not listed any cities only school systems. The motion carried with a unanimous vote.

The second agenda item was the second budget amendment for FY23. Director said the word document of the amendment ties back to the requested budget shown on FY24 proposed budget. Director Myers said the school system's amendment was also included. The amendment includes increases to revenues property taxes and local sales tax revenues. Also, included is an increase to building permits due to the construction of DOT Foods in the industrial park. Vice-Mayor Messick inquired about the decrease shown for the Recreation Fund Intergovernmental Revenues. Director Myers said this was due to a ballfield lighting grant being moved from FY23 to FY24. Also asked were why the schools had little to no budget for Community Services and Capital Outlay at the beginning of the year with over a million dollar increase for the end of the year. Director Myers answered that capital projects are often not budgeted for at the beginning of the year and community services budgets are not always known especially with much of that section being donations and/or grants. Alderman Parsley asked how much more is it costing the city over last year. Discussion turned toward the budget with attention pointing to the last page of the general budget to view total expenditures. Our current budget has expenditures of \$17,551,833 with the budget amendment increasing expenditures to \$18,288,228. Alderman Parsley asked how much we give to the school system. Director Myers directed the alderman to the contribution section of the general budget for all transfers to other funds. Vice Mayor Messick made the motion to accept the budget amendment with Alderman Parsley seconding the motion. Motion carried.

The third item on the agenda was the presentation of the FY24 budget by Director Myers. Vice Mayor Messick pointed out that the present proposed budget shows a deficit of \$3.7 million dollars. Taking out sidewalks of almost \$900,000, we would still have a deficit of \$2.8 million. He suggested that the

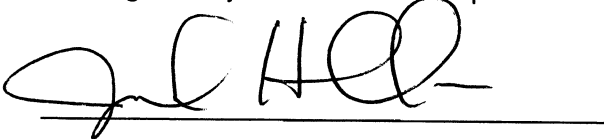
directors look back over their budgets and cut 10% of expenditures. Director Myers stated that part of the deficit was increased funding of capital expenditures of \$1 million dollars over last year. Another point was that the amended budget for FY23 was also showing a \$2 million deficit. Alderman Parsley asked if this budget was passed how much would be left in the fund balance. Vice-Mayor Messick stated \$7.3 million and that the board had already agreed to increasing the budget mainly due to sidewalks and pay increases. Alderman Hobbs turned the discussion to revenues. He is concerned with the revenues not increasing more due to growth. Vice Mayor Messick made the motion to send the budget back to the departments for a 10% reduction. Alderman Parsley seconded the motion. Motion carried.

Budget discussion continued with Rebecca French, Director of the Conference Center addressing the committee with the center's FY24 budget. She distributed the conference center's FY24 budget to the committee along with the ask of funding from the city of \$548,457. Director French said they have \$218,000 of capital projects and is in talks with the county of funding part of this expense since they own half of the building. Mayor Howard asked how much was in depreciation when the city took over the conference center. Director French said she can pull the audit but believes it was around \$35,000. Vice-Mayor Messick said since each department was asked to cut 10% that the conference center would not be getting their requested amount. Director French said she forecasted this budget with good-faith intent and she would not be able to cut 10% from the FY24 proposal. PBA member, David Bradley, added that they wanted the budget to be accurate as possible. Vice Mayor Messick made the motion asking the conference center to cut their budget by 10%. The motion was seconded by Alderman Parsley. Motion carried. Alderman Hobbs asked about fixed cost of over \$500,000. Is this cost the same as last year? Director French said the biggest change was the insurance increase of over 7% and the increase in professional fees for a bookkeeper and CPA services. In addition, utilities are significantly higher. Alderman Parsley asked if we had any debt attributed to the conference center. Vice Mayor Messick stated the only debt the city has is due to the school system and recreation center. PBA member, Zack Lowry, asked for consideration of the center having a direct appropriation of funding in order to not have an audit finding.

FY24 Budget discussion continued with budget deadlines. Directors are to have their reductions back to Director Myers by Thursday, April 27th for a revised proposed budget. The next special called finance committee was scheduled for May 4th at 4:30 with the goal of having a completed budget for a possible first vote at the special call May 10th board meeting.

Director Myers asked to respectfully talk about the proposed budget. She stated that the board voted for our employees to have a 10% pay increase due to inflation. That same inflation has affected the cost of running their departments. They only have control over the portion of their budget not pertaining to personnel and related costs. There were probably over \$1 million of asks that were not included in the budget. The aldermen were very appreciative of all department's work on the budget, and encouraged them to take a second look to see what reductions were possible.

Meeting was adjourned around 5:15p.m.



Finance Committee Chairperson

5-4-2023

Date



Finance Director

5/4/2023

Date