

September 17, 2014....

Between a rock and a hard place.

I have had a few calls and e-mails in the aftermath of Monday's commission meeting. I will explain to the best of my ability the events and my recommendations. First, let me explain just how we got here. For many years the county commission has borrowed money from various sources (mainly the schools) in the form of a Tax Anticipation Note (TAN) to cover operating expenses from the time the fiscal year starts in July until the tax revenues start coming in, usually in October and November. The problem is that the county has passed budgets using the TAN as a revenue. This is an improper accounting practice. This is the first year that the state auditors have caught it. As a result of this, the budget that was passed in August was also improper and had to be rescinded. Since the TAN can't be used as revenue, this would leave the current budget with a negative fund balance which is not allowed or accepted by state law. So we get to start over on the budget.

Time is of the essence... A new budget must be passed, by law, no later than October 1st. This leaves precious little time to do anything. The bad news about all of this is that property taxes are going to skyrocket. At this point all we can do as a commission is limit the damage, stop the bleeding, and draw our line in the sand for the next four years. The budget committee presented to the full commission a revised budget that corrected the problems but it also increases property taxes by \$.43 (as opposed to the previous \$.21 increase). This is basically the only option that we have to vote on because of the laws regarding notifications of meetings (10 days notice). By the way, it should be noted that the budget committee is made up of only those commissioners previously on the committee that were re-elected. We are so early into the new commission term that we have not even been assigned committees yet. So here are the three fundamental options that we have.

#### OPTION 1

We vote NO (or delay the vote) on the new proposed budget and skip the tax increase. I refer to this as the highway option. Simple, right? Well, not so fast! If we take this option and go into October with no budget (as required by law) it is almost a certainty that the state of Tennessee will come in and force a budget upon us. It has already been stated that they will raise taxes by \$.50-\$.80 (and I thought \$.43 was bad) in order to balance the books and shore up the fund balance. To add insult to injury, they will then send us the bill for their services for the next several months. This is really a case where a NO vote on this budget will end up being a YES vote for even higher taxes.

#### OPTION 2

We cut everyone and every department by a set percentage and create a budget with zero tax increase. On the surface, this sounds fantastic because we get the cuts and my taxes stay low. However, this will likely end up creating a major problem. First, remember that we are not only having to make up the imbalance from this year, but also for the past several years that the TAN practice has been going on. The cuts that would be needed to do this would be major and would likely result in lawsuits from the various elected officials, schools, employees, etc. Also, keep in mind that we are already three months into this fiscal year and have already spent 25% of the budget, making this even worse. BUT, the biggest reason that this is not a likely scenario is that the time to do this exceeds the time that we have. Only a herculean effort (and I don't think that would be enough either) would get these cuts in place, a new

budget drawn up, and a special called meeting scheduled with the required 10 days notice. Then we would have to get 10 commissioners to agree to actually follow through with cuts that would absolutely force staffing cuts. If we go this route and fail, the state takeover will happen (see option 1)

### OPTION 3

Pass the budget with the \$.43 increase and start working immediately to solve the underlying issues that caused this to happen in the first place. As insane as this sounds, this may be the most palatable option (although its still a bad deal). By going this route we avoid a state takeover and lawsuits. Just as important, we clear up garbage from the past and place our county in compliance with state law.

WHAT DO WE DO IN THE FUTURE? First and foremost, we balance our books. We take good and sound accounting principals and implement them. No more hocus pocus accounting! Then we hold everyone accountable to their budgets. Spend money wisely, don't buy more than you can afford. I will do everything in my power to see that this commission isn't an ATM for departments who over spend their budgets and come in demanding more money. We build a reserve account! How much different would this scenario be if we had a reserve account with a million bucks in it? We make meaningful cuts to budgets, and not be afraid to stand up for those cuts. We increase revenues by bringing in businesses that pay taxes, increase jobs, and stimulate the local economy (remember that money spent here stays here).

THEN... We follow up with a commitment to make this right to the tax payers. No more automatic growth dollars to any department. This money either goes into the bank or is returned to the tax payers in the form of TAX CUTS (now, wouldn't that be a novel idea?). While it would be easy just to vote no and blame everything on the past commissions, and county executive, I am not going to do that. By all measure, we have been dealt a bad hand, but then again I didn't run for this office to bury my head in the sand when bad things happen. I ran for this office because I know that I can use my experience to make a difference in this county. The really interesting thing is that we have a commission full of people who feel the same way, and they have the backgrounds to back it up. I truly believe that at the end our terms in office, we will leave this county on sound financial footing without bothering our citizens for more.

In the end, I respectfully ask for your understanding and patience as we work through this. As always, you are more than welcome to contact me with any concerns or suggestions that you have.

Regards,

Jeff Mackey

9th District Commissioner.