

CITY OF WHITE HOUSE
Board of Mayor and Aldermen Agenda
Special Session
July 29, 2014
3:00 p.m.

1. Call to Order by the Mayor
2. Roll Call
3. Adoption of the Agenda
4. Public Hearings
 - a. **Ordinance 14-16:** An ordinance amending the fiscal budget for the period ending June 30, 2015.
Second Reading.
5. New Business
 - a. **Ordinance 14-15:** An ordinance establishing the tax rate for the year 2014. *First Reading.*
 - b. **Ordinance 14-16:** An ordinance amending the fiscal budget for the period ending June 30, 2015.
Second Reading.
6. Adjournment

July 24, 2014

MEMORANDUM

To: Board of Mayor and Aldermen
From: Charlotte Soporowski, Finance Director
Cc: Jerry Herman, City Administrator
Re: Ordinance Adopting Certified Tax Rate

The following memo from the State Board of Equalization explains in detail how the equalized property tax rates for the City of White House were calculated. In short, due to an overall decline in property tax values as reported by the Sumner County Assessor, our property tax rates are increasing from \$1.2139 to \$1.2315 for both counties. The Finance Director recommends approval of the tax rate as calculated by the State Board of Equalization.

There has been some uncertainty caused by Sumner County's request to have the appraisal process and the subsequent tax rate reviewed by the State Board of Equalization. At a meeting that the Tax Clerk and I attended with the Sumner County Assessor last week, the Assessor assured us that we should proceed with adopting the tax rate as it was received. The very next day, he called the Tax Clerk and advised that we should not adopt the tax rate. Just this morning I spoke with the Executive Secretary of the State Board of Equalization, Kelsie Jones, and he recommends that we proceed with adopting the tax rate as it was submitted to us by his office. Mr. Jones asserts that there is no guarantee that the rate may not change later, but if it does, we will be advised by his office, and can adopt the revised rate at that time. Mr. Jones is the senior most authority on this specific matter at the State level, and it is my recommendation that we proceed as he has recommended by adopting the tax rate that has been proposed.

Production of the final budget document and submittal of that document to the Office of State and Local Finance cannot proceed until after the second reading of the tax rate ordinance which will be scheduled at a special called session. Should you have any questions about the tax rate, or the reporting requirements, please let me know and I would be happy to discuss it with you.

ORDINANCE 14-15

AN ORDINANCE OF THE CITY OF WHITE HOUSE, TENNESSEE ESTABLISHING THE TAX RATE FOR THE YEAR 2014.

BE IT ORDAINED by the Board of Mayor and Aldermen of the City of White House, Robertson and Sumner Counties, Tennessee as follows:

There is hereby levied the following tax rate on each one-hundred dollars of assessed valuation of all utilities and all other taxable properties within the corporate limits of the City of White House, Tennessee for the year 2014.

Robertson County	\$ 1.2315
Sumner County	\$ 1.2315

BE IT FURTHER ORDAINED that all utility and property taxes collected after July 1, 2014, for the prior year shall be credited to the General Fund, and all 2014 delinquent property taxes shall be appropriated to the various funds as set out in the 2013 rate.

This ordinance shall become effective upon final reading, the public welfare requiring it.

First Reading: July 29, 2014

Second Reading: August 21, 2014

Michael Arnold, Mayor

ATTEST:

Kerry Harville, City Recorder



STATE OF TENNESSEE
STATE BOARD OF EQUALIZATION
9TH FLOOR, W.R. SNODGRASS TN TOWER
312 ROSA PARKS AVENUE
NASHVILLE, TENNESSEE 37243-1102
PHONE (615) 401-7883

June 30, 2014

Honorable Mike Arnold
Mayor, City of White House
105 College Street
White House, TN 37188

Re: Equalized property tax rates

Dear Mayor Arnold:

Attached is a text discussion and calculation of equalized property tax rates for the city of White House for tax year 2014. The rates for Robertson and the Sumner County portions are the same this year (\$1.2315), but that will probably change in the future when the appraisal ratios for the two counties change. The purpose of different rates is to take into account the relative levels of assessments for the different parts of the city, and maintaining a differential of this proportion is the only way to assure an acceptable degree of tax uniformity throughout the city (other than to create an assessment authority for the city and utilize values separate from those established by the county assessors). The proportions established for these rates should be recalculated next year because the appraisal ratios will change.

You are welcome to review these figures and if you concur, the city governing body should proceed to determine (concur in) these equalized rates by simple action on motion and second. This is normally done as the budget is presented. You may use Step 7 of the calculation to determine rates necessary to meet the budget while maintaining the necessary differential, and if the equalized rates do not need to be exceeded, the city may proceed to adopt its actual tax rates. If the equalized rates will need to be exceeded, the city should publish notice and conduct a public hearing before acting on final tax rates. A sample of this notice is enclosed.

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Mayor Arnold
June 30, 2014

Please call or write if you wish to discuss this further.

Sincerely,

A handwritten signature in cursive script that reads "Kelsie Jones".

Kelsie Jones
Executive Secretary

c: John C. Isbell, Sumner County Assessor
Chris Traughber, Robertson County Assessor



STATE OF TENNESSEE
STATE BOARD OF EQUALIZATION
9TH FLOOR, W.R. SNODGRASS TN TOWER
312 ROSA PARKS AVENUE
NASHVILLE, TENNESSEE 37243-1102
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Procedure for Developing Equalized Tax Rates for Multi-County Jurisdictions

Background

Tennessee has a number of cities lying in two or more counties which levy a city ad valorem property tax. In these cases, property values in the representative counties were established at different times and therefore are seldom assessed on a comparable basis. The recommended solution has been creation of a separate assessment function for these counties, in which the city is reappraised on the same cycle as the predominant county and maintenance of assessment records is performed either by a city assessor or under agreement with the state and/or representative county assessors. While this is usually the best long-term solution, some cities which have not yet addressed the problem face it anew each time any of their counties are reappraised. Applying the same city tax rate to differently valued parcels raises a serious uniformity issue under the Tennessee Constitution and jeopardizes the validity of the city levy.

One short-term alternative for these cities, pending a general reappraisal, is adjustment of the city tax rate to accommodate differing levels of assessment within the city, a procedure referred to here as the equalization of tax rates. The procedure was approved by the State Board of Equalization on August 14, 1989.

Equalizing the city tax rates

The purpose of this approach is to adjust the actual city tax rate to be applied within each county within the city, in such a way that all properties are taxed uniformly when both the rate and assessed value are considered together. A calculation form is attached, and the concept is explained below.

The first step would be to fix a pro forma equalized tax base for the city. This is done by first dividing the total assessments in the city, by county, by the approved appraisal ratio for that county, and then adding these assessments together. Although applying the same tax rate to these equalized values would achieve rough equity, it would also require creation of a separate assessment records base and agreements with the representative county assessors to maintain it. Equalizing tax rates instead allows the city to defer these arrangements until the general reappraisal.

The second step is determining the previous year's property tax levy, which represents the property taxes billed for the previous tax year. Dividing the previous year's levy by the equalized city tax base yields an overall equalized rate which must then be adjusted for the use in the separate areas of the city, by county. The equalized rate for each county portion of the city is determined by dividing the overall rate by the approved appraisal ratio for the county.

If the city needs to increase its rate from the previous year's rate, the city would first increase the overall rate before applying the appropriate adjustment to fix the separate equalized rates.

The foregoing adjustment would be done each year until the long term solution of a general reappraisal, occurred. Each year, the current appraisal ratios and assessed values would be used. Because equalizing tax rates in this manner has the same effect as adjusting relative values throughout the jurisdiction, it is perhaps safest for the city to give public notice before establishing equalized tax rates in excess of those determined through the above process.

Further details concerning these procedures are available from the State Board of Equalization.

2014 Tax-Neutral Property Tax Rate(s)
WORKSHEET FOR CALCULATING TAX RATE EQUIVALENTS AND TARGET RATES FOR MULTI-COUNTY JURISDICTION

(see instructions, attached)

STEP 1. Collect and list needed information.

<u>Row</u> <u>Item</u>	(Column A) (most parcels) Area A	(Column B) Area B	(if applicable) (Column C) Area C	(Column D)
1	County Name <u>Robertson</u>	<u>Sumner</u>		
2	County parcel count <u>2,632</u>	<u>2,379</u>		
3	Appraisal ratio <u>1.0000</u>	<u>1.0000</u>		
4	Unadjusted assessed value \$ <u>142,314,855*</u>	\$ <u>97,905,146*</u>	\$ _____	\$ _____
5	Net new real property \$ <u>867,869</u>	\$ <u>764,790</u>	\$ _____	\$ _____
6	Net new personal property \$ <u>1,300,767</u>	\$ <u>36,243</u>	\$ _____	\$ _____
7	Previous year levy \$ <u>1,705.874*</u>	\$ <u>1,215,944*</u>	\$ _____	\$ <u>2,921,818</u>

STEP 2. Determine the adjusted current year assessed value by area. By area, subtract new real property (Row 5 above) and new personal Property (Row 6 above) from the total unadjusted value (Row 4 above).

<u>Row</u> <u>Item</u>	Area A	Area B	Area C
8	Adjusted assessed value \$ <u>140,146,219</u>	\$ <u>97,104,113</u>	\$ _____

STEP 3. Equalize the adjusted assessed values. By area, divide the adjusted values (Row 8) by the appraisal ratio (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
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9	Equalized & adjusted values	\$ 140,146,219	\$ 97,104,113	\$ <u>237,250,332</u>
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STEP 4. Determine the overall tax rate equivalent. Divide the previous year's levy (Row 7) by the sum of all equalized values (Row 10) and multiply times 100.

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
11	Overall tax rate equivalent			\$ <u>1.2315</u>

STEP 5. Determine the tax rate equivalent by area. By area, divide the overall tax rate equivalent (Row 11) by the appraisal ratio (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
12	Tax rate equivalent by area	\$ 1.2315	\$ 1.2315	\$ _____

STEP 6. Targetting the current year's equalized tax rates. Whether the current year's tax rates must be increased above the equivalent rates in item 5 are determined by (a) the improvements and personal property added since the previous year. To project current year revenues from the equivalent tax rates, use the most recent total actual assessed values by area (Row 4 above). If the revenues so calculated are sufficient to meet current year needs, no increase above the equivalent rates is necessary and collection shortfalls in determining whether the equivalent rates will be sufficient. If the equivalent rates are insufficient to generate needed new revenue, calculate the target rates as shown in step 7 below and do not adopt the rates until after publication notice and a public hearing.

STEP 7. Calculating target rates for the current year.

Step 7A. By area, equalize the unadjusted assessed values by dividing Row 4 above by the appraisal ratio (Row 3), then total.

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
13	Equalized unadjusted values	\$ _____	\$ _____	\$ _____
				\$ _____

14 Total, Row 13

Step 7B. Determine the overall target tax rate by dividing current year's needed revenue, by the total on Row 14 and multiply times 100.

15 Overall target rate: _____ = _____ Row 14 = \$ _____

Needed revenue

Step 7C. Equalize overall target rate by area: By area, divide overall rate (Row 15) by appraisal ratios (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
16	Equalized target rates	\$ _____	\$ _____	\$ _____

Miscellaneous instructions for worksheet

Step 1

Row 1 - List each county in which the city lies, beginning with the county in which most of the city parcels lie. This county portion is Area A. The other county or counties represented in the city become Area B and Area C (if applicable).

Row 2- Parcel county

Row 3- List here the current year's appraisal ratio approved by the Stated Board of Equalization for the county.

Row 4- List by area the total current year's value of all taxable property.

Row 5- List the total current year's value of all real property improvements added to the assessment roll since the previous year's levy was set.

Row 6- List the total year's value of all personal property added for the first time in the current year.

Row 7- List total property taxes billed from the previous year.

KJ/els
ETR Form

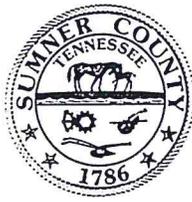
***Please Note:**
Rounding up is not permitted.

Tax freeze assessment removed from total tax base - \$1,077,200 (Robertson County)

Tax freeze assessment removed from total tax base - \$1,331,150 (Sumner County)

Tax freeze tax removed from prior year levy - \$10,808 (Sumner Co. portion)

Tax freeze tax removed from prior year levy - \$10,603 (Robertson Co. portion)



**SUMNER COUNTY
ASSESSOR OF PROPERTY**

JOHN C. ISBELL
ASSESSOR

355 N. BELVEDERE DRIVE, ROOM 206
GALLATIN, TENNESSEE 37066
PHONE (615) 452-2412 • FAX (615) 442-1108

July 23, 2014

City of White House
Gerald O. Herman
105 College Street
White House, TN 37188

Dear Mr. Herman,

Enclosed you find the 2014 Certified Tax Rate (CTR) calculations for Sumner County which represents a collaborative effort between Connie Sands of State Board of Equalization (SBOE) and myself which has been authorized by the Kelsie Jones representing the SBOE. The rates remain the same as previously presented with the only difference being the addition of the date the State calculated the rate. For cities with split jurisdictions, the form sent by the SBOE will serve as your notice.

Also included is the communication from Kelsie Jones indicating the mutually exclusive nature of the County Executive's review of the reappraisal and the calculation of the CTR. Should the County Executive decide to appeal taxpayer's value to influence the CTR, the action must be filed against the taxpayer no later than August 1st.

Please understand that the laws of public notice remain and if the jurisdiction decides to offer an alternative revenue-neutral rate, it is the Mayor's responsibility to submit the calculation to SBOE prior to action by the governing body.

I would appreciate a letter indicating your approval/denial of this calculation and the SBOE CTR Calculation form. If you have any questions please call.

Sincerely,

John C. Isbell AAS, TMA
Assessor of Property

Enclosures

John Isbell

From: Kelsie Jones <Kelsie.Jones@cot.tn.gov>
Sent: Wednesday, July 23, 2014 9:05 AM
To: John Isbell
Cc: Connie Sands
Subject: CTR
Attachments: Sumner_CTR.zip

John, Connie converted these to our format, which includes the effective date of the calculation. If these look okay, you may sign and provide them to the county and cities as representing the joint efforts of your staff and mine.

As I indicated on the phone, this process is separate from the ongoing reappraisal review under way by DPA. The county and cities may act on these rates and if the rate changes as the result of appeal actions the rate may be revised later. If the mayor in a particular instance declines to accept the calculation, it remains the responsibility of the mayor to submit a calculation to SBOE prior to action by the governing body to determine the tax-neutral rate or adopt an actual tax rate. I will be happy to offer further explanation if needed.

July 9, 2014

MEMORANDUM

To: Board of Mayor and Aldermen
From: Charlotte Soporowski, Finance Director
CC: Gerald Herman, City Administrator
Re: Budget Amendment

The following budget amendment is recommended for approval. Both items have been fully explained by the Director of Public Services in the following memos.

Should you have any questions related to this budget amendment, please let me know. Thanks.

July 8, 2014

MEMORANDUM

To: Board of Mayor and Aldermen
CC: Gerald Herman, City Administrator
From: W. Joe Moss, Director of Public Services
Re: Budget Amendment – Equipment Trailer

In the FY 2014/2015 budget I do not have funds allocated for a new equipment trailer.

The current trailer was involved in an accident a few years ago and when I sent it in for a repair estimate recently I was informed that the trailer was irreparable.

I'm requesting a CIP allocation for \$8,000.00 to purchase a new trailer.

The funds will be taken from the following capital accounts:

1. Public Works – 110-43000-900;
2. Wastewater – 412-52210-900

Charlotte will prepare a budget amendment for this request.

Should you have any questions regarding this request, please call me at 406-0177.

W. Joe Moss
Director of Public Services

WW Board Memo For Budget Amendment Equipment Trailer - 07.08.2014

July 8, 2014

MEMORANDUM

To: Board of Mayor and Aldermen
CC: Gerald Herman, City Administrator
From: W. Joe Moss, Director of Public Services
Re: Budget Amendment – SRF/TDEC Hobbs Wastewater Project

In the FY 2014/2015 budget I allotted \$804,000.00 for completion of the Hobbs/Dawn Court wastewater facilities improvement project. At the June 19th BMA meeting I requested approval of Change Order No. 3 in the amount of \$149,507.72 for additional work that is associated with this project.

This memo is to advise you that I have exceeded the initial budgeted amount of \$804,000.00 by approximately \$105,411.00. Therefore, Charlotte will need to prepare a budget amendment for this overage.

Please be further advised that it will be necessary to do a final change order at the end of the project to account for any additional cost overruns associated with this project. Thus, another budget amendment will need to be done to account for the additional budget overage at that time.

Should you have any questions regarding this request, please call me at 406-0177.

W. Joe Moss
Director of Public Services

WW Board Memo For Budget Amendment Hobbs Project - 07.08.2014

ORDINANCE 14-16

AN ORDINANCE OF THE CITY OF WHITE HOUSE, TENNESSEE, AMENDING THE FISCAL BUDGET FOR THE PERIOD ENDING JUNE 30, 2015.

WHEREAS, it has become necessary to amend the current year's annual budget

NOW, THEREFORE, BE IT ORDAINED, by the Board of Mayor and Aldermen that the Fiscal Budget ending June 30, 2015 is hereby amended as part of the attached exhibit.

This ordinance shall become effective upon final reading the public welfare requiring it.

First Reading: July 17, 2014 PASSED

Second Reading: June 29, 2014

Michael Arnold, Mayor

ATTEST:

Kerry Harville, City Recorder

City of White House
 Budget Amendment I
 July 17, 2014

					<u>Current Budget</u>	<u>Proposed Budget</u>	<u>Amendment</u>
412	52210	900	Wastewater - Collections	Capital Outlay	3,439,558	3,548,969	109,411
412	36920		Wastewater	SRF Draws	(4,714,558)	(4,819,969)	(105,411)
412	52210	320	Wastewater - Collections	Operating Supplies	40,000	36,000	(4,000)
<p>1. <i>To amend current 2014-2015 budget to recognize additional expense and revenue related to Change Order No. 3 for the Hobbs Project which is funded by SRF Loans, and to move funds from the operating expense line to the Capital Outlay line for replacement of damaged equipment trailer.</i></p>							
110	43000	900	General Fund - Public Works Department	Capital Outlay	336,000	340,000	4,000
110	43000	320	General Fund - Public Works Department	Operating Supplies	75000	71,000	(4,000)
<p>2. <i>To amend current 2014-2015 budget to recognize expense in the capital line rather than an operating expense line for the replacement of damaged equipment trailer.</i></p>							