

Grayson County Board of Supervisors
Budget Work Session
May 3, 2022

Members attending in person: Michael S. Hash, John S. Fant, R. Brantley Ivey, and Tracy A. Anderson.

Member(s) absent: Kenneth R. Belton

Staff attending in person: William L. Shepley, Mitchell L. Smith, Leesa A. Gayheart and Linda C. Osborne

IN RE: OPENING BUSINESS

Supervisor Fant made the motion to amend the agenda – under new business, table the water maps to the May 12, 2022 PSA agenda; duly seconded by Supervisor Anderson. Motion carried 4-0.

IN RE: OLD BUSINESS

- BoS Regular Minutes of March 10, 2022 and Budget Work Session Minutes of March 29, 2022

Supervisor Fant requested the minutes be dealt with separately since he did not attend the March 29 meeting and Supervisor Ivey did not attend the March 10 meeting. Supervisor Fant made the motion to approve the March 10 minutes; duly seconded by Supervisor Anderson. Motion carried 3-0 with Supervisor Ivey abstaining. Supervisor Ivey made the motion to approve the March 29 minutes; having no second motion, Supervisor Ivey made the motion to table the March 29 minutes to the next meeting; duly seconded by Supervisor Fant. Motion carried 4-0.

- Larry Bolt, Commissioner of Revenue – Elderly/Disabled Tax Relief – Real Estate Recapped from the April meeting regarding the tax relief for the elderly/disabled and made a proposal to change the guidelines for this year – household gross income from \$27,500 to \$30,000; net worth from \$90,000 to \$100,000 and the maximum amount of tax relief from \$250.00 to \$275.00. Supervisor Ivey noted he supports the increase but would like to discuss more in the budget work session. Mr. Bolt will be added to the agenda for the next budget work session. Supervisor Anderson noted he's in support of an increase with \$300 sounding reasonable. Mr. Bolt noted this is for this year's taxes that will be mailed out this fall. Supervisor Anderson made the motion to increase to \$300; duly seconded by Supervisor Ivey. Mr. Bolt inquired if this motion includes the household income increase from \$27,500 to \$30,000; net worth from \$90,000 to \$100,000 and the tax relief from \$250.00 to \$300.00. Supervisor Anderson amended his motion to include what Mr. Bolt stated – household income from \$27,500 to \$30,000; net worth from \$90,000 to \$100,000 and tax relief from \$250.00 to \$300.00). Motion

carried 4-0. Supervisor Fant made a motion to revisit the elderly/disabled tax relief at the budget close-out meeting for possible further review; duly seconded by Supervisor Ivey. Motion carried 4-0.

IN RE: BUDGET WORK SESSION

- Mr. Corbin Stone – Robinson, Farmer & Cox – Financial Forecast

Mr. Stone joined by zoom and gave the following update on the financial forecast

- Will get a draft of the financial forecast out to the Board before the next meeting
- Healthy fund balance – ended year with approximately \$8.5M which is above minimum they recommend
- ARPA funds will increase it for 2022
- Low debt – approximately \$12M
- County is in a good place
- Have low-decreasing population – can become a strain
- No real increase in assessed values – not a lot of new construction
- Rising interest rates – typically drive down asset prices
- Inflation – raised the base – increased budget by 6-8% - don't see it going down
- Shared his screen to give a preview of what will be in the document that will be sent out
- Inflation is increasing – FY23 about 4% - declining from this point and thinks it will trend back – can be adjusted in the forecast
- Assessment looks like approximately \$4.2M with the rate being \$2.25 – currently the budget is showing just under \$3.8M
- VRS increase
- Printouts will be available to everyone in the next week or so
- Touched on Project Summaries
- Leaving things as is, wouldn't have to have a tax increase by leaving it at .56 cents– would take us through 2024; 2025 would have a .8 cent tax increase; .7 cent increase the following year with a .1 cent increase in year 5
- Forecasts are drilled down to 1 decision – what's tax rate going to be – personal property and real estate – hard to forecast the far away from the present – we dictate to them what we want the tax rate to be
- Assessment went up approximately 30%; \$4.2M at \$2.25 would be a good bump and would need to dumb down the projections
- Mrs. Gayheart noted that the 10% would be a larger bump this year and a little next year – values went up way more than anticipated – money in the FY22 budget; for FY23 based on today's values the personal property taxes would be about \$2M – felt too high and dropped it back to 3.7 which is about 10% difference which tax rate would still \$2.25
- Assessed value can't be change but rate can be changed
- Missed current window to lower tax rate – rate was set last June and bills are ready to be mailed – other localities have December collections instead of June collections
- Can still make an impact next year – have until budget is approved

- Supervisor Anderson could possibly offer stimulus or somehow give a break to the taxpayers by getting creative
- Supervisor Fant – set levy for next year
- Draft report will be sent out; can email any questions to Mr. Stone

IN RE: FY 22/23 BUDGET WORK SESSION – PUBLIC HEARING TIMELINE

Supervisor Hash noted the levy public hearing date will need to be set at a separate time than the regular public hearing for the budget. After discussion with staff and Board members, Supervisor Anderson made the motion to have a special called meeting for approval of the budget and a separate meeting to set the levy. After further discussion regarding dates Supervisor Ivey made the motion to make the public hearing notice no later than May 11 and to change the budget work session scheduled for May 24 to May 26 to vote on the levy change; duly seconded by Supervisor Anderson. Motion carried 4-0.

IN RE: BUDGET WORK SESSION

Mr. Shepley turned the meeting over to Mrs. Gayheart:

- Budget can be balanced based on .56 cent levy – 96% increase - \$10,150,270 revenue based off real estate taxes
- Reviewed expenditures sheet – changes constantly – left expenditures in as requested; adjusted some up and some down – went through items of discussion – deficit of \$1,353,373.85

6:35pm the Board took a short break

6:41pm the Board reconvened the meeting

- Showed revenue tab – bold items – real estate tax current based on .56 cents – flexible numbers – personal property tax current could be \$4.2M – asked Mr. Bolt to stay in case there are questions.
- Mr. Bolt explained reassessment of personal property taxes – once list of vehicles has been received that shows all vehicles owned in Grayson County, the list is sent to NADA and they place the value on each vehicle – clean loan value as of January 1; 30% increase in value this year – 10% was backed off that number – this is in anticipation of what the values will be January 1, 2023 – the 3.7% is an estimation of what it will be for January 1, 2023.
- Supervisor Fant noted that if 2.25 gives \$4.2M – having actual value number would help – not just about real estate, also about personal property
- Mrs. Gayheart noted it's a conservative estimate on personal property – assumes car values would go back down – we don't know if they will decrease or increase.
- Levy will need to be set within 30 days – we know what our real estate assessment is, that's going to drive our levy based on expenditures; should use same process for personal property
- This Board's opportunity to change 2.25; real number is \$4.2M and it's backed off 10% assuming vehicle prices will go down

- Other jurisdictions are doing nothing – leaving it; some are backing off of personal property a little; some are giving a refund (we don't have staff for that – Commissioner's office would have to decide how much to do along with not sure if the software can handle this) and some are taxing only 80% of the vehicle value
- Mr. Bolt noted that we had a reassessment in Real Estate and the values went up (market is going up) – professional firm was hired, and they came in with new values. A professional firm is hired for the Personal Property – NADA or JD Power – to place values on vehicles. Some counties are looking at doing adjustments – feel values are too high. With legislation that was passed this year under the category vehicles and can make it a separate class instead of just a rate for vehicles and they are deciding to possibly lower the rate to bring in the same amount of money that they took in last year which works well for counties that have a December due date but with it being mid-year like Grayson, that's not possible. Some counties are looking at adjusting the levy and only taking a percentage of what the value is instead of at the 100% value - some counties are looking at doing a rebate – no way our software could do a rebate/refund. If it's decided to decrease the personal property levy, next year (fiscal year) based on January 1, 2023, we have no idea of what the values would be – there is a lot of variables and unknowns at this time.
- Regarding the decal fee of \$394,006, Mrs. Gayheart noted it's listed under vehicle license fee
- More discussion took place regarding possible different options and/or possibilities along with looking at different ways to provide services, what services to provide, what to invest in, what to cut back on, etc.
- Supervisor Fant noted that he and Supervisor Ivey met with Mr. Shinault and Mr. Anders of the School Board and they agreed on a bus and a maintenance vehicle which is approximately a \$200K (this is at \$1.75M in the ask) came out to about \$373K; capital improvement – addressing long-term capital improvement with possibly out of the \$1.8M we create a CIP for the school system (they received one time ARPA money to do capital improvements and focus on the things that need to get fixed); athletic field – estimate approximately \$1.2M for the field, partnering with them would be approximately \$600K which would not be part of the above LRE, it would be part of the rec park budget for the county with it being for use at the athletic facilities of the school with a goal to develop opportunities across the school system with the county rec department to see where we can co-use the facilities and open up more opportunities and give Rec Director more opportunities to do more; leaves \$784K of the \$1.75M ask and the \$784K would be placed in the school's CIP and would be there in 2025 when the ARPA money runs out – they are investing money they received from the federal government for the next 3 years to fix things – in 2025 if the county invests a certain amount of money every year to the school's CIP, come 2025 and assuming you invest that same amount of money in their CIP then they can then do things after the ARPA money runs out – just an idea/proposal to close some

of the gaps between both boards, addressing some of their needs and opening up some opportunities for the Rec Department.

- Supervisor Ivey noted both boards need to get along and do good things for the county. The above LRE ask needs to have some rules and to ask for money above LRE has to fit the category. In the meeting with the school members, teacher pay is priority number 1 – the idea of the CIP (infrastructure/repairs/vehicles/etc) is to invest in our schools – in favor of the turf field but in favor of the school taking care of its needs first – take care of the infrastructure, then we'd do our best to take care of the above ask – school will put roof on the CATE Center – show of good faith and our duty to do what we can – regarding the turf field, if the school and county partner together, it will be a benefit to the school and county.
- Supervisor Hash noted that his district elected him to be accountable for money being spent – \$1.75M is a long way from the original ask of \$1.1M – important to have good facilities – we all want to support our kids. Be good to have a working list with CIP projects where there's some accountability where we can present that to the folks we represent – no issue with funding school system with what they need – don't like the "fluff" put in it that can't be explained. Water pipes in middle school still have not been addressed – need to fix what's wrong and then go for the other things – already association with rec park and school (sandlot football) – give us a list of what needs to be done so everything can be up front.
- Supervisor Anderson noted the relationship between the school/rec park has been ongoing. We have a RLE, anything above that - Supervisor Fant noted it's discretionary.
- School passed the \$1.75M even though that's not the ask that was presented to us per Mrs. Gayheart with teachers still getting the raise
- Discussion took place regarding possible itemized list from the school, specifics/projections/goals/money above RLE - put a system in place/definition of what can go into above RLE-guidelines/what can be over the ask; \$600K submission did have a list which included infrastructure; school's number 1 priority is teacher pay; turf field should come after basic needs (roofs/repairs/etc.); a working list of needs would go a long way in explaining the the expense; look at list for above RLE and what can the county do to help the school board – good idea for both boards to meet more often to keep everyone on the same page instead of just the 2 meetings during budget work session.
- Mr. Shepley noted there are 3 or 4 big picture items in the budget – real estate tax – give staff perimeters in which to operate, then staff can come back with a balanced budget based on that list is possible. School budget will have to be approved at the May 26, 2022, budget work session so a number will have to be agreed upon at that time.
- Supervisor Anderson suggested breaking it down by department, discuss and then vote

- Mr. Shepley inquired about taking the list once the real estate levy is (currently working with .56 cents) then staff could show the board the list and look at the rest of the budget and discuss. Supervisor Anderson inquired about the .2 cents for Baywood this year like last year and Mrs. Gayheart noted that's in the talking points and can be removed because ARPA dollars can't be used for that type of project – there is no ARPA money in the budget – currently the county has \$1.5M and by the end of June we should get another \$1.5M which the total should be approximately \$3.2M. If county is at 18% where we are recommended to be it would be approximately \$2M-\$3M – what's in our budget is the revenue not counting the overage in the general fund or the ARPA money; approximately \$5.7M in the funds and if the budget is balanced at \$5.6M and \$2.38M that's not being covered, could come from the ARPA money but we need to make sure we don't have ongoing operational expenses tied to ARPA money.
- Local requests were also discussed – Chamber of Commerce, Arts Council, Chestnut Creek School of the Arts, Historical Society, Grayson LandCare – Mrs. Gayheart noted this is support for different nonprofit organizations throughout the county – it's not what we get from them, it's how they can help serve the community and Mrs. Gayheart noted the membership with the Chamber gives our employees \$10,000 extra life insurance on the employee and \$5,000 on each dependent and this has been used in the past. Supervisor Fant noted we get way more back in return for the \$108K we give them.
- Advertisement has to go to the paper so the levy number will be needed before we can advertise – we have to advertise what we think it should be – after some discussion, .56 cent seems to be a good start with some concern for 5 years from now – possible incremental increases with possible cuts in the future. Levy advertisement is separate from the budget advertisement – levy can be lower from the advertised levy but can't be higher – levy advertisement is mostly words; budget advertisement is mostly numbers, but the levy will be reiterated in the budget advertisement. Supervisor Fant made the motion to advertise the levy at a proposed rate of .56 cents on real estate and \$2.25 on personal property for a public hearing to be held on May 26 at 6:00 p.m.; duly seconded by Supervisor Brantley. Roll call vote as follows: Tracy A. Anderson – yes; John S. Fant – aye; R. Brantley Ivey – aye; Michael S. Hash – aye.

IN RE: ADJOURN MEETING

Supervisor Ivey made the motion to adjourn; duly seconded by Supervisor Anderson. Motion carried 4-0.