

Commissioners,

You have been provided with the 2022-23 budget which has been assimilated and prepared primarily by our Auditor, Barbara Shurbet. I want to express my thanks to Barbara and her staff for compiling all of the information that was discussed during our budget workshops and through numerous conversations with our elected officials and department heads.

This budget is a 200 page document that relies on past experience as well as our prudent and conservative assumptions related to both revenues and expenses. We purposely budget conservatively to minimize if not completely eliminate the need for midyear emergency budget amendments. In order to do this we will typically under budget revenues and over budget expenditures, but historically we have a very dependable budget with few surprises.

While this may be a curse to some, I believe we are fortunate to finally see property values taking modest increases overall. This has not been the case since 2011 when we began to see the erosion of our power plant values from approximately 1 billion dollars of valuation to a zero valuation in just a matter of a few years.

Prior to 2011, increasing property values gave the County the ability to increase expenditures without increasing tax rates. In 2022 we find that is no longer a permissible practice in that we have a 3.5% limitation on tax increases as a result of actions by our state legislators. To exceed the 3.5% threshold requires a special vote of approval from our taxpayers. We certainly want to avoid that.

But the reality is that our expenses are going up at a rate that exceeds that limitation. Consequently you will find that this budget reflects greater expenses than revenues. Fortunately through sound budgeting practices, we continue to have a very strong fund balance for a county of our size. In fact we should reduce our fund balance and maintain the lowest tax rate that we can.

This budget includes the largest pay raise to our employees in my 12 years in office. A 10% increase in total to each department. In light of the fact that we went for many years with no raises or nominal raises, this 10% increase is absolutely justified. In addition, inflation is putting pressure on all county department expenditures at a rate that is outpacing our ability to raise taxes without voter approval. This will be my last budget before retirement. I worry about the future ability of our commissioners court to maintain a sound fund balance in light of continued unfunded mandates and state imposed revenue limitations.

The 2022-23 budget is a sound document and I believe accurately reflects anticipated revenues and expenses to the best of our ability. I recommend that you approve the proposed budget. Along with that, I strongly recommend that you set the tax rate at the voter approval rate which will still result in a little over 4 cent reduction in the rate in comparison to last year.

Once again, thank you Barbara for pushing hard to have this budget completed right at a month earlier than we have done in years past. I hope that we can conclude August with an approved budget and tax rate for the new fiscal year.