

**SPECIAL CALLED MEETING
FLOYD COUNTY BOARD OF COMMISSIONERS
July 16, 2015 7:00 AM**

PRESENT: Chairman Larry Maxey, Commissioners Irwin Bagwell, Garry Fricks, Scotty Hancock, and Rhonda Wallace.

OTHERS

PRESENT: County Manager Jamie McCord, County Attorney Wade Hoyt, Finance Director Gary Burkhalter, and Interim County Clerk Jaime Armstrong.

CALL TO

ORDER: Chairman Maxey called the meeting to order.

DISCUSSION REGARDING MILLAGE RATE.

Chairman Maxey stated that the discussion today is going to pertain to the millage rate. County Manager McCord stated advertising for the millage rate is their primary focus. He stated there are advertising requirements that need to be met in order to run an ad in Sunday's paper. He asked Assistant Finance Director Susie Gass to provide handouts of the Current 2015 Tax Digest and Five Year History of Levy options for their review, as well as a copy of the June 2015 financials. He stated while she is doing that he would like to give them a few other pieces of information. City Manager Sammy Rich had contacted him to find out if the Board wanted to meet with members of the local legislation on Monday, July 20, 2015. He stated that they do not have anything confirmed, but they are trying to get Katie Dempsey, Chuck Hufstetler, Christian Coomer, Eddie Lumsden, and Joe Wilkinson together for discussion on the sales tax repayment. He noted that this morning's paper mentioned that the city's Finance Committee recommended that the city not repay the interest. They just want to pay the principal amount, and he totally agrees with them. He stated the county was aware that interest was included though they were not sure of the percentage. Actually, they are not paying anybody anything because the state has their money. He stated the two options they were given was to take the funds, principal and interest in a lump sum, or to pay it over time at twelve percent interest. He clarified that he does not mean the principal over time; that means principal and interest over time. He stated that he does not agree with it, but those were the two options they were given. Commissioner Bagwell stated he has a problem with them just saying okay, they agree with option one or two when he does not agree with either of them. Chairman Maxey stated he does not either but those are their only options. Commissioner Bagwell stated they should let them (*the Department of Revenue*) take what they are going to take without their blessing instead of the Board agreeing to an option. Commissioner Fricks stated that he agrees. He added if they accept one of the options, then it appears that they are taking a position that they are okay with that option. County Manager McCord stated he asked the Board to vote on it for that very reason. He wanted them to be aware of the two options they were given in order to advise him of how to proceed.

Commissioner Bagwell stated he would like to rescind the vote taken at their July 14, 2015 Commission meeting regarding the sales tax repayment. County Manager McCord stated he hopes that will work so they can have an opportunity to communicate with them (*Department of Revenue*). Chairman Maxey stated they could meet with the local legislation members on Monday, July 20, and maybe make a decision at that time. He stated that they need to stay focused on the reason for this meeting. County Attorney Hoyt stated he has a question. He asked how the city could say that they were not going to pay the interest. He stated they were not given the option of writing a check; it just comes out of the sales tax collected. He asked if City Manager Rich mentioned anything about that. County Manager McCord stated City Manager Rich sent him a draft letter to review that was addressed to Katie Dempsey. He will forward the letter to the Commissioners and County Attorney Hoyt. The letter basically states that they do not agree with any of this because they are having to pay for a mistake that they did not make. Commissioner Bagwell asked if they could specifically state in the letter they are going to send that they do not agree with high interest rate of twelve percent; they are willing to repay the principal but do not agree with repaying the interest. Chairman Maxey suggested waiting until after their meeting on Monday, July 20, to send the letter. He stated they might want to change the contents of the letter after that meeting. Commissioner Bagwell stated he would like to notify the Department of Revenue one way or another. County Manager McCord stated just know that at the end of next week, the Department of Revenue is going to take their money. He stated if they could do something about it, that would be great, but at least they will all know they did everything they possibly could. He noted that he would notify them once he confirms the details of the meeting.

County Manager McCord stated the handouts they have before them are a couple of millage rate options to consider, as well as June 2015 financials. He thinks it would be a good idea to begin with a review of the June 2015 financials to give them an idea of where they are at currently. He asked Assistant Finance Director Susie Gass for a review of the financials. Ms. Gass stated that their taxes are \$513,310.00 more than they were last year. She stated a big part of that is a \$271,170.00 increase in prior years' property tax collection. She added that the increase is mostly due to the addition of a Delinquent Tax Officer in the Tax Commissioner's Office. She stated they expect a decrease in this revenue to normal levels once the prior years' taxes are caught up, so this is not a trend that will continue. County Manager McCord stated they approved the hiring of a Delinquent Tax Officer in 2014. He stated this person is actually the second person to fill the position. The first person became sick shortly after being hired, and could not perform the job duties, which has

(07/16/15 - Called Meeting)

put them about a year behind on these collections. Ms. Gass stated as a result of increased property tax collections, penalties and interest revenue. She stated through June, they had an increase in sales tax collections though as they are aware with the sales tax repayment, this number will drastically decrease in July 2015. She noted that motor vehicle taxes are down 23.4%, and TAVT is only up 18.9%. The net of the changes on Motor Vehicle Taxes and TACT is a decrease of \$16,700.00 or a 4.5% decrease. County Manager McCord stated they know that there is a true-up, but there is also the ability to increase TAVT. Commissioner Fricks asked have they eaten the true-up yet. County Manager McCord stated he is not sure, but they have been ahead the last two years. Commissioners Fricks asked what the limitation is for a true-up. County Manager McCord stated he does not know what the limitation is on a true-up. He stated they have not had to be true-up yet. Commissioner Fricks stated they may be past it, and County Manager McCord added they might be.

Ms. Gass stated intergovernmental revenue is up \$19,120.00 more than last year. There is an increase in state offender rehab of \$34,020.00, which is offset by a slight decrease in revenue from the COPS program of \$2,800.00. She stated the \$9,600.00 decrease in LMIG revenue is due to the change in reporting in the capital projects fund. Charges for services are up \$14,160.00. However, boarding inmates is down \$14,120.00. A chart is included in their packet that reflects these trends, among other charts, if they would like to review them later. She stated court fees in that past have been down. She noted that the Clerk of Court fines seem to be going up a little bit this year though Magistrate Court is still decreasing. County Manager McCord stated there are no real surprises in where they are currently. He stated he thinks that they are doing well on expenditures though revenues are still sort of all over the place. He does not think there is much of an explanation for the court fines, they just tend to fluctuate, but most of the time they balance by the end of the year. He stated they are facing a general fund budget deficit of \$1.3 million. Commissioner Wallace stated she understands that it is hard to project because there are so many things decreasing. She stated if things continue to decrease throughout the year, it is hard to say that \$1.3 million is all they are going to have to dip into. County Manager McCord stated overall, he thinks that they are coming out. Commissioner Wallace stated she thinks they are coming out too, but she is beginning to get the impression that this may be the new norm, and that it is never going to get back to where it was. Chairman Maxey stated they have seen some growth in new home sales. Commissioner Wallace stated that is exactly right, so that will take a year or so to catch up though they still have all of those foreclosures out there. Commissioner Bagwell stated he thinks that it is improving, and he would hate to do a knee jerk reaction. He stated they see that they are going up from seven or eight years of declining revenues. He added that it is going to take time to recover, which is why they go to the cash reserve. He stated with \$14 million, they do have enough to cash flow out if they want to dip into it, and that is a positive here. County Manager McCord stated that is good planning and budgeting on their part. He stated that is not \$14 million in cash in the bank; he knows that they all know that. Commissioner Fricks stated they had to use just about the whole \$3.2 million fund reserve to balance the budget the first year he came into office. County Manager McCord stated that they were complimented again during the audit on the fund balance being where it is.

County Manager McCord stated they have several millage rate options to consider. He stated the 8.744 rollback rate would actually reduce the millage rate slightly. The current 8.767 rate would be a slight increase though both of those would be less revenue, which is mainly due to TAVT. He stated the next option would be 9.562 mills, which is the .856 that they discussed in agenda session that would be a deficit for them with the sales tax issue. Ms. Gass stated actually the 9.562 rate was prior to finding out about the tax issue. County Manager McCord stated that is right, the 9.562 was before they knew about the taxes. He stated the 9.600 rate would be deficit plus sales tax. Commissioner Wallace stated so that would cover the \$1.3 million plus the \$850,000.00 that they have to pay. She added if they do that, then they would have the flexibility of dipping into the fund balance if their deficit was more than \$1.3 million, and allow them the opportunity to do something with the law enforcement before they are sued and have to dip into the fund balance. Commissioner Fricks stated that is an assumption that they would have to do it if they are sued. He stated he believes that they would win. County Attorney Hoyt stated they would have a good shot, but it would be long war. Commissioner Fricks stated he is looking at the budget, and considering where they are today. He stated it is somewhat concerning to him to think that when they ended up over budget in revenue last year, that every department operated on a lower budget except the Sheriff's Office. The Sheriff's Office budget was the only one that increased. He stated if they are going to reward people with salary increases, and he is not saying that they should not reward them (*Sheriff's Office*), but they definitely need to reward those who have done more with less. The average daily Floyd County employee has worked harder. He stated they have stepped up to do what needed to be done for the good of Floyd County when positions have been eliminated. They do not need to give increases to public safety only, and forget about them. He stated he has an issue with rewarding them just because they have the ability to threaten a lawsuit to scare them (*the Board*). Again, he is not saying that they should not give them an increase, but he thinks they need to look at what is fair. He stated to be fair, the county has made progress, and he has never heard a reflection of that. Starting salaries is what the Board began working on two years ago to address that concern. He stated no one has ever acknowledged that fix. If they consider raises, when they do, he does not want to forget the other employees. Commissioner Wallace stated she does not want to forget them either. She has said all along that she would like to give all employees a raise. Commissioner Fricks stated at any rate, he thinks that it is important to take a look at the county overall. Commissioner Wallace stated that is another reason that they need to make sure they are thinking ahead, and not just thinking about today.

County Manager McCord stated he thinks he understands what Commissioner Fricks is saying; they have to make a decision about the millage rate. He stated are they going to clip the budget

(07/16/15 - Called Meeting)

another million dollars, are they only going to be \$400,000.00 short, or are they going to be in the black. Commissioner Bagwell stated they turned it around last year. He stated they were looking at about a million or so last year, and at the end of the year turned it around. County Manager McCord stated they were looking at \$1.4 or \$1.5 million last year. Commissioner Fricks stated even with considering SPLOST last year, they still hit budget. He stated it was potentially more than this year and they came in better. Years ago when they would come in better on expenditures than what they projected, that is how they built the fund reserve up. He hopes that they are still somewhat on a trend like that. He stated he thinks that they have shifted their projections to be a little more conservative than they were for a few years. Ms. Gass stated that last year a big part of their savings did come from expenditures not revenue. She stated they also had that influx of Metro Task Force money that came in though it is reserve that they cannot use. Commissioner Bagwell stated it took them seven years to go down. He stated back in 2009 was when they went up a little bit. Commissioner Wallace stated she thinks that they are doing so many of the right things; they just need to get out of the hole. She added once they get out of the hole maybe they can stay out. County Manager McCord stated obviously they want to be on budget or under budget though he does not think that they are going to trend like they did last year unless there is a windfall of revenue. Commissioner Fricks stated every year is a little more challenging because you have less. Chairman Maxey stated what they are here to discuss is advertising a millage rate. He stated they could go with the current rate of 8.767, which would be an increase; they could go with the rollback rate of 8.744, or anywhere between that and the 9.600 rate. He added that they are not locked in, and these options are not anything that they have to do. These are just examples. County Manager McCord stated they do have to advertise a rate. He stated they could approve a lower millage rate than what was advertised, but they cannot go above what was advertised or they would have to start the process over. He added that Ms. Gass has to submit the advertisement to the paper by first thing Friday, July 17, 2015. Ms. Gass stated she would need to complete the advertisement today in order to have it ready to submit the following morning, but she also has to include the dates for the public hearings along with the date that the millage rate would be adopted.

Commissioner Wallace stated that she is personally looking for them to try to cover the deficit plus the sales tax. She stated by thinking that way, they are saying that the 9.600 rate would cover those two deficits, and they would have their fund balance to cover raises. County Manager McCord stated remember, this is something that they do every year. Commissioner Wallace stated if the 9.600 rate could get them out of the hole this year, then next year they could come back and lower the rate. Commissioner Hancock stated he would agree to something similar to that if they would commit as a commission not to add anything. He stated what happens when they put that tax on, everybody gets happy, and they start adding a whole lot. He noted that he is talking about raises and things like that. He stated they still have to be careful with doing that because once it is added it is hard to take off. He knows that they need to do the salary increases, and he approves of that. He stated he just does not want to dip into the reserve fund too much without having a plan of putting some back in. If they do nothing, and end up having to dip into the reserve fund from SPLOST collections, it is going to be a three-year period before they even look at that if they even have any excess. He stated he does not want to count on having SPLOST funds left over to be able to balance the budget. He knows that it is perfectly legal to do that, and that is the way it was set up, but most people do not trust government when it comes to SPLOST dollars. He stated he thinks it is responsible of them to be able to put money back in that reserve fund, and irresponsible for them to drain it down without having a plan to replenish the funds. If they do absolutely nothing, he feels that they are setting themselves up as a commission to continue to have to dip into that reserve fund. He stated if they offset the cost with the millage rate, they would have a plan in place. He does not like tax increases, no one does, but they have to have a plan. He stated he is saying with one hundred percent certainty that they need to have a millage increase now, but he is not against looking into it, having that discussion, and talking about it to see where they are at financially. Ms. Gass stated something to keep in mind too that even though they are not anticipating having any debt to cause them to dip into the fund balance, auditors caution entities in doing that because they do look at how often it used and it could affect their ratings.

County Manager McCord stated the key is that Ms. Gass needs some direction today on advertising a rate. He stated that does not mean that they are setting the millage rate. They will be able to approve at or below the rate advertised, but not above. Commissioner Hancock clarified that the millage rate would not be set until after the three public hearings, then they would determine and vote on a rate. Commissioner Wallace stated she wishes that they were not in the situation where they even had to think about raising taxes. She stated obviously if they did not have this \$850,000.00 deficit, they would only be discussing the \$1.3 million without raises. She just does not know how they can keep the same level of service that they currently have without raising taxes or producing more revenue. Chairman Maxey asked if anyone is ready to make a suggestion on a rate in order to advertise. Commissioner Fricks clarified that all they are doing today is determining the advertising rate, but not actually setting the rate. County Manager McCord stated that is correct, they are determining the no-greater-than number for the advertisement. Commissioner Wallace asked what would be the highest amount that they would raise it. She does not know that they would want to ask for more than what they need. She stated they are not asking for extra cash, they are just asking for what they need to get them out of the hole. Commissioner Wallace stated her recommendation is that they advertise for the amount to cover their current deficit of the \$1.3 million plus the \$850,000.00, which would be the 9.600 mills. She stated that would be an increase of .833, less than one mill. Ms. Gass stated a rate of 9.600 would give them \$2,181,345.00.

Commissioner Wallace made a MOTION to advertise an increase of up to 9.600 mills to cover the anticipated deficit of \$1.3 million plus the \$850,000.00 that the state is going to take for the sales tax error in

(07/16/15 - Called Meeting)

July and August 2015. SECOND by Commissioner Hancock.

Discussion: Commissioner Fricks stated he would just like to reiterate that he is going to support going through with the advertisement, but he is not sure that he will support the rate. He has some more studying to do and some further consideration. Commissioner Wallace stated that she is in the same boat. She stated that her understanding is that they are moving forward with the advertisement, which will allow them time to obtain more information. Commissioner Fricks stated as well as public input. He stated he knows that they are going to get a lot of public input between now and then. VOTING:

	YES	NO
Commissioner Wallace		
" Fricks		Commissioner Bagwell
" Hancock		Chairman Maxey

Motion Carried

Chairman Maxey stated they need to discuss the dates for the advertisement to run in the paper and confirm dates for the public hearings. Ms. Gass explained that the Current 2015 Tax Digest and Five Year History of Levy chart would need to run two weeks prior to adoption of the millage rate, and a public hearing notice would need to run one week prior to the public hearings. She stated the tentative schedule she put together was for the tax digest and history of levy to run July 19, 2015, and the public hearing advertisement to run July 20, 2015 to begin the process. She noted that the Board is required to hold at least one public hearing between 6:00 p.m. and 7:00 p.m., and that they would not be able to adopt the millage rate prior to August 03, 2015 due to the advertising requirements for the history chart. Following some discussion, the Board confirmed public hearings to be held July 28, 2015 at 6:00 p.m., July 29, 2015 at 2:00 p.m., and August 04, 2015 at 6:00 p.m. The Board will take action to adopt the millage rate at the meeting of August 04, 2015 at 6:00 p.m. following the public hearing.

ADJOURNMENT:

There being no further business to come before the Board, MOTION was made by Commissioner Hancock, SECOND by Commissioner Wallace, that the meeting be adjourned. VOTING:

	YES	NO
Commissioner Wallace		
" Fricks		
" Bagwell		
" Hancock		
Chairman Maxey		

Motion Carried

FLOYD COUNTY BOARD OF COMMISSIONERS

LARRY N. MAXEY, CHAIRMAN