

Freestone Central Appraisal District
Directors Meeting

Minutes of May 8, 2024

Regular Meeting # 537

The Freestone Central Appraisal District Board of Directors met at the appraisal office located at 218 North Mount, Fairfield, Texas. Board members present were Sid Fryer, Daniel Ralstin, Stanton Brown, Jerry Don Sanders, and Lovie Whyte. Representing the appraisal district was Don Awalt, Chief Appraiser; Jason Moore, Deputy Chief Appraiser; Carol Clark, Administrative Assistant.

Mr. Ralstin, the board secretary called the meeting to order at 5:39 p.m. in the absence of the chairman.

Mr. Ralstin established proof of the posting of public notice of the meeting in accordance with the Texas Open Meeting Act from the affidavit attached to the foot of the posted agenda.

Mr. Ralstin then declared a quorum of members present.

Consideration and action were taken on the minutes of the meeting held on April 10, 2024. Mr. Brown made a motion to approve the minutes as presented. Ms. Whyte seconded the motion. Motion carried.

The board then considered the district's monthly financial report for April 2024. Mr. Awalt reviewed some of the expenses recorded on the bill list. The annual payment of \$43,911.00 was made to Pictometry International Corp. The quarterly real estate payment of \$10,660.00 was made to Pritchard & Abbott. Payments were made to Low Swinney Evans & James for litigation; the largest was \$852.00 for the lawsuit with Parmattma Corp which was withdrawn on May 7. Mr. Awalt added that the bill list was fairly standard and that there was nothing out of the ordinary.

Reviewing the Budget vs Actual Mr. Awalt stated that the payment made to Pictometry for the aerial photography was the total expense paid from Mapping Services. The funds in Equipment Lease was used to buy out the server once the lease expired. After brief discussion, Mr. Fryer made a motion to approve the financial report for April 2024, with a second by Mr. Sanders. Motion carried.

Mr. Campos, CPA, presented the financial audit report for the year ending December 31, 2023. Mr. Campos stated that in his opinion, as presented in the report, indicated that the district's financial records are sound as stated on page one of his report. He also stated that he is now required to include the district's two-year software agreement as a liability.

On page eleven of the report Mr. Campos pointed out the district's assets on the statement of net position and governmental fund balance sheet. The total amount of cash in the general fund is \$630,386 with capital assets, net of accumulated depreciation/amortization of \$122,037. The total deferred outflows of resources is \$333,175.

Reviewing the liabilities Mr. Campos stated that the net pension liability of \$112,767 may fluctuate next year; the liability would become an asset if everyone were to retire at the same time and the district had to pay everyone. The total liabilities in the general fund is \$264,225, there was an adjustment of \$205,237, and \$469,462 in activities. The total fund balance is \$380,692 which included \$14,431 of non-spendable prepaid items, \$150,000 of litigation, \$20,000 for aerial photography, and an unassigned balance of \$196,161. The liabilities and total fund balance is \$644,917, with a total net position of \$604,488.

Mr. Campos continued his presentation by reviewing page twelve of the report showing the district's expenditures and expenses for current tax appraisal of \$1,344,484 with a balance of \$1,338,403 after \$6,081 of adjustments. There was a total expenditure and expenses of \$1,508,901 with \$51,120 of principal, \$3,335 of interest, and \$109,962 in capital outlay. With other adjustments from program and

general revenues and other financing sources which include inception of leases and SBITAs, the districts beginning fund balance was \$590,957 and an ending balance of \$604,488.

On the conclusion of Mr. Campos' presentation Mr. Brown made a motion to approve the Financial Auditor's Report for year ending December 31, 2023, with a second from Ms. Whyte. Motion carried.

Prior to the presentation of his workshops Mr. Awalt reminded the board that there would be no action taken until the public hearing scheduled in June. The workshops include amending the 2024 operating budget and the proposed 2025 operating budget which must be adopted by September 15.

As stated during the auditor's presentation the district had an unencumbered fund balance of \$196,161 as of December 31, 2023; \$56,553 of entity payment credit for 2024, and \$44,812 of the district's earnings for prior years. \$94,796 is remaining to be encumbered for specific purposes or to credit the entities. \$30,000 will be a lump sum payment to TCDRS, \$25,000 to be encumbered as payment to the Linebarger law firm for the Homestead Exemption verification contract. The entities will be credited with \$37,048 and the remaining \$2,748 are the district's unassigned retained earnings.

While reviewing the TCDRS website Mr. Awalt pointed out the additional ten percent for each year to staff who were employed with the district prior to joining TCDRS. The current rate is 14.81 percent of which the district has elected to pay 15 percent. The graph showed the decline in required rate as lump sum deposits are made.

Researching COLA (Cost-Of-Living Adjustment) Mr. Awalt stated that the adjustments would only affect the current retirees who have been retired for at least one year. The TCDRS representative suggested that providing COLA every year may affect long term rates. Mr. Awalt continued to show the board some examples of how the rates change and how they affect the retirees by adjusting the percentages.

Mr. Awalt stated that TCDRS had a group life insurance that was similar to the one included in the district's health insurance premium; its value is equal to one year of the employee's salary and the retirees would receive \$5,000 of life insurance.

The amendment of the 2024 operating budget included \$25,000 to Linebarger Law firm for the Homestead Exemption verification contract, \$37,048 encumbered for an entity payment reserve as a credit; \$30,000 is encumbered as a lump sum payment to TCDRS in 2024 for unfunded retirement liabilities.

Mr. Awalt proceeded to review the proposed 2025 operating budget. The employee salaries for 2025 would increase to \$567,864 to include a five percent increase to the clerical staff and the appraisers increase would be adjusted to be comparable to other appraisal districts. Mr. Awalt then reviewed the list pointing out their salaries compared with the district being below average. Mr. Bottoms who resigned recently is now employed at McLennan CAD and earns \$8,000 more as an appraiser; the median is \$39,412 to \$40,841 with an average of \$53,927. There is no change to the communication and auto allowance; longevity has also stayed the same. Mr. Awalt continued by pointing out the \$16,842 increase in employee health insurance which included ten percent rate increase as the actual rate will not be available until July. Also included is the additional life insurance, which is \$9.45 per month per employee, a total of \$1,475 for the year paid by the district.

There is a decrease of \$6,500 in postage & mailing services. Approximately \$15,000 to cover the cost of postage for the machine, with additional postage for Pritchard & Abbott towards the cost to mail appraisal notices, and Truth-In-Taxation postcards. \$4,500 is the cost to fold, stuff and mail real estate appraisal notices; the cost to mail mineral notices are absorbed by Pritchard & Abbott.

There was an increase of \$2,500 to general office supplies to replace a couple of computers. A new water cooler was purchased to replace the one that was being leased; the company will continue to

deliver bottles of water. Software maintenance included additional costs for the \$250 monthly subscription for QuickBooks payroll services.

Mr. Awalt informed the board that he had received a quote to lease-to-own a new plotter with a 5-year lease and \$150 buy-out cost, or to purchase one for approximately \$6,500. The funds are already available in the district's retained earnings. The district's plotter is twelve years old and parts may be available on eBay to extend usage.

Pritchard & Abbott's Mineral contract for 2025 is \$253,000 and \$265,000 for 2026. Mr. Awalt stated that he thought their proposals were reasonable but the board had an option to accept bids. Their software contract had a seven percent increase which is locked in for two years; the contract included additional services and for being cloud based. Mr. Awalt reminded the board that software is affected with legislative updates which can contribute to an increase. Software service agreements included \$25,000 to Linebarger towards the homestead exemption verification contract.


Division IV *General Services* have increased by \$22,500 to include the fee for the financial auditor which has increased by approximately \$250 each year. Mileage has increased to .67 per mile for travel and training, the change in telephone service has contributed to the decrease in utilities with savings of approximately \$200 per month.

The ARB has an increase of \$1,300 for meeting expenses to cover at least thirteen meeting days with refreshments. There is no funds for ARB travel and training as the board has completed their continuing education training online with no charge for the last few years.

The 2025 cost share has a balance of \$1,507,814 to be collected from the entities, a difference of \$84,148 from 2024 which was calculated by using the 2023 total tax levy. This is an increase of six percent which includes the TCDRS insurance premium and salary increases. After brief discussion Mr. Awalt reminded the board that there was no action to be taken until the public hearing in June.

Mr. Awalt had nothing to report but informed the board that the appraisal notices were mailed out three weeks ago.

There being no further business, Mr. Ralstin declared the meeting adjourned at 7:26 p.m.



Chairman

Secretary