

MINUTES OF THE SPECIAL MEETING OF THE  
CADDO PARISH COMMISSION  
HELD ON THE 27TH DAY OF OCTOBER, 2022

The Caddo Parish Commission met in a Special Session, on the above date, at 2:30 p.m., in the Government Plaza Chambers, 505 Travis Street, Shreveport, with Mr. Atkins, presiding, and the following members in attendance constituting a quorum: Commissioners Atkins, Burrell, Chavez, Hopkins, Lazarus, Taliaferro, and Young (7). ABSENT: Commissioners Epperson, Gage-Watts, Jackson, Johnson, and Jones (5).

The invocation was given by Mr. Chavez, and Mr. Taliaferro led the Commission in the Pledge of Allegiance.

**NEW BUSINESS**

At this time, Dr. Wilson provided copies of the proposed 2023 Operating & Capital Improvements Budget at the Commissioners' stations, as well as attaching it to the agenda. Dr. Wilson read aloud the following message in regards to the budget:

**TO: The Caddo Parish Commission and the Citizens of Caddo Parish:**

In compliance with Article VI, Section 6.02 of the Caddo Parish Home Rule Charter, the Parish Administration is pleased to submit its proposed 2023 budget document for consideration and adoption by the Caddo Parish Commission. The annual Parish budget represents one of the most important policy documents that the Commission will enact during the course of a year, and it reflects the resources, strategies and goals of the Parish in the delivery of public services at a quality level that our citizens have come to expect.

The accounting and budgeting format is designed to afford you an easy, readable and understandable budget with a detailed breakdown of the expenditures for the various departments and funds. As it is our practice, this budget we present to you represents a balanced budget for 2023 reflective of prudent and sound financial management, and the optimization of taxpayers' dollars, which they are investing towards the operation of our Parish government. You will find this budget addresses our most urgent operational needs, capital improvement initiatives, support of Parish agencies, economic development and social programs. We are presenting you with a conservative budget for 2023 and one that preserves funding for essential services upon which our citizens rely.

In 2022, Caddo Parish continued to recover from the impact of the COVID-19 pandemic including rising costs and supply chain issues. In 2022, Caddo Parish received additional funding from the US Treasury and the State of Louisiana for the Emergency Rental Assistance Program (ERAP) bringing the total received for 2021 and 2022 to \$50 million. The Caddo Parish ERAP was extremely successful in distributing all of these funds to our citizens in need of rental assistance. At this time, we are unsure if this program will continue in 2023; and therefore, revenues and expenditures for this program are not included in the 2023 budget.

In 2022, Caddo Parish received the balance (\$23.3m) of its allocation of \$46.6 million from the American Rescue Plan Act (ARPA). This allocation will be used to offset lost revenues throughout the Parish as well as many other projects to promote economic recovery and provide infrastructure improvements. Sales taxes, property taxes, oil and gas revenue, and gaming revenue have all been impacted by the pandemic. The Parish has maintained its continuity of services through the use of fund balance reserves which have been prudently maintained to provide a source of funding during economic upheaval such as a major pandemic.

The Caddo Parish Commission and the Administration are committed to the provision of a quality service delivery program and are proposing to continue existing programs and services at the present level. A review of the proposed budget clearly illustrates the Parish's commitment to providing those fundamental public services that are highly valued by our citizens, such as public safety, road infrastructure improvements, maintaining Parish facilities, and recreational programs. The Parish Administration will continue to work with our local, State, and Federal partners in an effort to bring additional resources to our Parish and our citizens.

**CAPITAL PROJECTS**

In order to accomplish the successful completion of the 2023 capital improvement projects, we propose utilizing a combination of funding mechanisms, which includes the following funding sources: General Fund, Oil and Gas revenues, and fund balances from various special revenue funds. This funding approach would allow us to accomplish approximately \$8.5 million in essential capital projects, excluding the Public Works and Solid Waste capital projects. In 2020, the Parish issued \$10 million in limited tax revenue bonds, \$9 million of those bond proceeds were used to fund 2020-2021 capital projects. The remainder was used in 2022. The Parish has authorization to issue another \$10 million if the need arises. However, with the receipt of the ARPA funding the additional \$10 million issue is not recommended at this time. We will continue to explore alternative funding mechanisms and only address capital needs that impair the delivery of services for funded

agencies.

### **FINANCIAL CONDITION**

The Caddo Parish Commission remains in good financial condition, in spite of the effects of the COVID-19 pandemic, whereby there are adequate fund balance levels to offset revenue shortfalls which speaks to the financial strength of the Parish. Although the Parish has strong reserves, there are some areas of concern. The Juvenile Services Fund will continue to be far below what we consider to be a healthy fund balance until another long-term sustainable funding mechanism is put in place. We have implemented the "Raise the Age Legislative Act", which mandates that 17-year-olds are held in the Parish's juvenile detention center, further increasing the demands for additional bed space in a facility that already has critical and limited space capacity. Also, the continual increase in medical costs and the rise in the number of inmates at the Caddo Correctional Center are putting a strain on the reserve levels in the Detention Facility Fund.

### **FINANCIAL AWARDS**

We are pleased to inform our citizens Caddo Parish has again garnered the Government Finance Officers Association's (GFOA) Budget Presentation Award for the 2022 budget year. Our organization also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for 2020 and we are awaiting results for the 2021 award. We are very pleased to report that for the seventh year in a row, the organization's 2021 financial audit resulted in a very favorable report with no audit findings for 2021, which in itself, is quite an accomplishment for an organization of our size. Our exceptional 2021 financial audit is indicative of our continuous efforts toward achieving excellence in government financial accounting standards.

The Administration will continue to exercise sound fiscal management across all departmental budgets to ensure that we are prepared to respond to changing service demands while utilizing our existing resources. The overall spending forecast is projected to be consistent with priorities and needs.

### **ISSUES IMPACTING THE 2023 BUDGET**

The 2023 Budget represents a sustainable work plan that positions us to better achieve our mission and priorities, while being ever mindful of the potentially changing economic conditions locally and across the nation. Below are three areas that comprise the development of our resource allocations:

- **Local Economy:** The economy of Northwest Louisiana continues to be an important factor in the State's economic health. The Caddo Parish Commission will unduly continue to be a vital player in the economic development equation. The local economy continues to stabilize from the COVID- 19 pandemic. Ad valorem taxes make up the largest portion of recurring Parish revenues and the limited growth in the economy has affected property valuations. While there is limited growth in the property valuations, the assessment has remained consistent. Maintaining property tax revenues at a consistent level will allow the Parish of Caddo to maintain its strong financial position while prudently administering its capital needs. Our standing collaboration with the North Louisiana Economic Partnership (NLEP) continues to help yield positive economic gains for our area.
- **Prudent Fiscal Management:** Department Heads and their teams have continued to work diligently to effectively administer their respective budgets and deliver quality services to their customers. Through continuous budget reviews by Department Heads, the Director of Finance, the Parish Administrator's Office and the Caddo Parish Commission, the estimated year-end General Fund balance for the 2023 Budget has been determined to be approximately \$15 million, which represents 101% of General Fund expenditures.
- **2023 Parish-wide Initiatives:** The budget has been developed to address the following challenges that were identified by the Caddo Parish Commission and Staff:
  - Estimated \$4 million deficit in the Juvenile Justice Fund including the impact of housing 17-year-olds.
  - Increased operational and inmate medical expenses at the Caddo Correctional Center (CCC).
  - Economic Development Initiatives to replace lost jobs and increase economic opportunities for every Caddo citizen.

- Rising operating costs due to inflation
- Investment in programs and opportunities that help foster a safer community for our citizens.

## **BUDGET ORGANIZATION**

This budget document is divided into several sections with the four major sections being: Narratives, Budget Overview, Capital Budget, and Fund Budgets. The Narratives section includes a description of each department and all Parish-funded agencies. Most departments provided a list of accomplishments for 2022, as well as, goals and objectives for the upcoming budget year. The Budget Overview section provides the reader with a "snapshot" of the Parish's 2023 budget. The Capital Budget section represents the Parish's Capital Improvement Plan for the 2023 budget year, and provides a detail of the planned projects for the year. Line-item appropriation details are included in the individual fund sections of this budget document.

## **BUDGET OVERVIEW**

The 2023 Budget is balanced in that revenues and fund balance reserves meet total 2023 expenditures. Fund balances are appropriated only to the extent that appropriations exceed estimated revenues. The recommendations included in the budget are guided by key principles of sound financial practices. For example, ongoing revenues are used for ongoing expenditures, while one-time revenues support one-time expenditures.

**Revenue Forecast** - Projections for our most important revenues, property and sales taxes, are based on estimates of future economic conditions. The economic outlook for the coming year affects revenue estimates, which determine the amount of funds available for spending. As previously noted, our economic outlook is stable since the COVID-19 pandemic and it is our hope that we will continue to experience some post-pandemic economic recovery in 2023. Accordingly, the following revenue forecasts are based on projected economic trends.

- **Ad Valorem "Property" Taxes** - The 2023 budget includes a slight increase of 2.4% in property tax revenues from the budget of \$47.9 million in 2022 to \$49.0 million for 2023. Property tax revenues have been stagnant with very little growth in the overall assessment. A slight increase of .70% is expected for property tax assessments from 2022 to 2023. In 2017, the Parish, along with other taxing bodies instituted a program to reduce the number of inaccurate homestead exemptions which resulted in an increase in prior year tax collections. Since most of the inaccuracies have been corrected, prior year tax collections are expected to continue to decline.
- **Sales Taxes** - Sales taxes are budgeted to increase by \$2.65m to \$13.4 million in 2023. Sales tax revenue has been impacted by the increase in oil and gas production and inflation. While natural gas prices have not increased significantly, the volume of natural gas sales has increased as well as the number of new well sites in Caddo Parish. Sales tax revenues fluctuate widely with large upswings and downswings. We have conservatively estimated sales taxes given the unpredictable nature of this revenue source.
- **ARPA** - American Rescue Plan Act Fund revenues are deferred and only recognized when spent. In 2023 the Parish has budgeted to recognize \$18 million of the ARPA revenues and expenses. The \$18 million in expenditures is related mostly to revenue replacement.
- **Other Revenue-** The Parish has estimated \$750,000 for its oil and gas revenue for 2023 which is an increase of \$150,000 from the 2022 budget. In 2023, gaming revenue is expected to slightly decline due to the continual recovery from the pandemic and the smoking ban. The Parish's other revenue sources, such as state-shared revenues are expected to remain stable in 2023.

**Fund Balance Reserves** - One of the most important elements of a sound, comprehensive budget is to evaluate the impact of projected revenue and appropriations on fund balance reserves. Fund balances are an important mechanism to meet unanticipated expenditure requirements, major revenue shortfall, or a major emergency such as a natural disaster. The fund balance for 2023 is expected to decrease \$19.6 million from an estimated beginning fund balance of \$209 million by year's end. The decrease is associated with funding of capital projects. Capital projects decreased from \$40 million in 2022 to \$24 million in 2023. Road, bridge and drainage capital projects will be funded with fund balance. The majority of the remaining projects will be funded with fund balance reserves and Oil and Gas Revenues. Capital improvements comprise 19% of the Parish's 2023 budget. The five-year Capital Improvement Plan identifies the future capital needs of the Parish. The majority of the capital improvements are related to roads, bridges, and building renovations.

**Expenditures** - The Parish's 2023 proposed expenditures are \$125,902,492 a decrease of 15% over the 2022 amended budget. The bulk of this decrease is related to a decrease in capital outlay. A summary of each fund's budget is detailed on page 6.

The following items address the factors associated with the change:

- **Salaries** - Increases in operating expenses are typically associated with changes in compensation, benefits, and staffing levels. The 2023 budget provides for a 3% cost of living adjustment and up to a 3% merit increase. Total budgeted positions, including parish-funded agencies, is 418. There was a net loss of one position during the 2023 budget process.
- **Health Insurance** - The premiums for the group medical program are projected to increase by 5%. This is attributable to the increase in healthcare costs. Claim payments for 2022 were estimated at \$5.3 million \$0.3 million over the \$5 million budget. The 2023 proposed budget is \$5.3 million. In 2023, we will continue to analyze our health insurance program to determine methods to reduce costs while providing affordable benefits. The 5% increase in premiums affects both the employees and the Parish.
- **Retirement** - The Parish's contribution to the Parochial Employees Retirement System (PERS) and the Caddo Parish Employees' Retirement System (CPERS) will remain the same at 11.5% for 2023. The CPERS rate is established based on the rate established for PERS by the PERS Board of Directors. The retirement contribution reached a high of 16.75% in 2013. The majority of State retirement plans in Louisiana are increasing employer contributions, not decreasing; this is a testament to the strength of the retirement system for Parish employees.
- **Juvenile Justice** - Revenues in the Juvenile Justice Fund are anticipated to be \$4.6 million with expenditures of \$8.7 million, resulting in appropriations exceeding revenues by \$4.1 million. The Criminal Justice Fund will provide an operating subsidy totaling \$4.6 million to offset this deficit. The rededication of the Public Works property tax millage has allowed the Parish to allocate more funds to the Criminal Justice Fund, thereby increasing the operating subsidy to the Juvenile Justice Fund, which allows for a balanced budget in the Juvenile Justice Fund. The increased costs associated with housing the 17-year-olds will increase the shortfall in the fund.
- **Prison Operations** - Expenditures related to the operations of the Caddo Correctional Center (CCC) are estimated to increase by 3.9%. The increase is the result of an increase in costs for prisoner medical care, especially costs associated with prescription drugs and medical staff salary increases.
- **Capital Improvements** -The Parish decreased the Capital Outlay Program in 2023 by \$16.2 million. In 2022, the capital program increased significantly due to the available ARPA funding. Many projects were budgeted in 2022 due to the ARPA funds.

### **FUTURE OUTLOOK**

Northwest Louisiana's local economy will experience business growth and development with the new Amazon Fulfillment Center and the SWEPCO expansion. There is a slight increase in the oil and gas industry; and while property valuations are stagnant, the future of the Parish still remains promising. We will continue to work with our state, parish and other local partners to support smart growth, infrastructure and other initiatives that encourage and spark economic development in our area. We remain optimistic that we will continue to use the Parish's resources wisely to build our economy, encourage business development and expansion, and promote technological advancement by pursuing businesses that help us transform our community in a positive way.

### **ACKNOWLEDGEMENTS**

The preparation of any organization's budget is usually an enormous task and this budget is of no exception. It takes the entire organization, agencies that we fund, and the Caddo Parish Commission to complete the budget process and compile our budget each year. On every team, there are "stand-out performers" who lead the way and are instrumental in getting things done. It is ever so befitting that I extend my heartfelt appreciation to Mrs. Hayley B. Barnett, Director of Finance, and Ms. Stephanie Rico, Assistant Director of Finance, along with their team members, for the exceptional manner in which they have managed our finances which resulted in a balanced budget for 2023. In addition, our department directors are to be commended for their ability to prioritize our most urgent infrastructure capital needs.

**CONCLUSION**

The Parish of Caddo is financially sound and continues to practice prudent financial management. The 2023 budget reflects the Caddo Parish Commission's financial discipline to ensure that funds are available for current and future community needs. Your leadership has allowed us to better align our resources toward those most important priorities.

Thank you for your continued support of our efforts to effectively serve our community.


/s/ Dr. Woodrow Wilson, Jr.  
Dr. Woodrow Wilson, Jr.  
Administrator & CEO

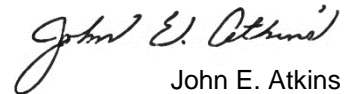
/s/ Hayley B. Barnett  
Hayley B. Barnett  
Director of Finance

It was **moved by Mr. Burrell**, seconded by Mr. Taliaferro, *that the 2023 Operating & Capital Improvements Budget ordinances* be introduced. Motion carried, as shown by the following roll call votes: AYES: Commissioners Atkins, Burrell, Chavez, Hopkins, Lazarus, Taliaferro, and Young (7). NAYS: None (0). ABSENT: Commissioners Epperson, Gage-Watts, Jackson, Johnson, and Jones (5). ABSTAIN: None (0).

It was **moved by Mr. Hopkins**, seconded by Mr. Burrell, *that a public hearing for the 2023 Operating & Capital Improvements Budget ordinances be set for November 17, 2022 at 3:30 p.m., and those ordinances will be considered for final adoption at a special meeting scheduled for December 1, 2022 at 3:30 p.m.* Motion carried, as shown by the following roll call votes: AYES: Commissioners Atkins, Burrell, Chavez, Hopkins, Lazarus, Taliaferro, and Young (7). NAYS: None (0). ABSENT: Commissioners Epperson, Gage-Watts, Jackson, Johnson, and Jones (5). ABSTAIN: None (0).

There being no more business to come before the Commission, the meeting was adjourned at 2:57 p.m.

  
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Michelle Nations  
Assistant Commission Clerk

  
John E. Atkins  
President