

3-15-17 County Judge's Article

EMPLOYEE PAY INCREASES APPROVED

The Commissioner's Court voted 4 to 1 to grant a 2% across-the-board pay increase to county employees based on the settlement of the Luminant law suit with the Milam Appraisal District with my vote being the only descending vote.

It was my understanding and commitment made in all my public comments that the increase would only be given if the dispute was settled in favor of the Appraisal District's valuation of Luminant's property and subsequent tax payment based on that initial valuation included in the tax roll presented to the county at the time we conducted our budget planning.

Therefore, I cannot go back on what my commitment was as chief budget officer of the county. The commissioners did not believe that was their commitment and voted otherwise which is their privilege.

In round numbers, about \$200,000 was budgeted (in General Fund and Precincts combined) to cover this increase in both base pay and increased benefit costs combined for the year.

I reported in the meeting that as a result of the Luminant tax payment we are now 89% collected on budgeted 2016/17 county ad valorem tax collections and are expecting to reach 100% by the end of July when tax payers who split payments bring in their second payments. The good news is that this is even with the reduction in the Luminant valuation and subsequent lesser tax payment factored in, the reason being that we raised the tax rate by 5 cents to 70 cents this year. The bad news is we had to raise the tax rate to accomplish this.

As a case in point, Luminant paid their additional taxes for 2015/16 tax year based on their reduced valuation at the lower 65.2 cent tax rate which resulted in us (after adjusting for their additional payment) only collecting 94% of budgeted taxes for that tax year, over a million less than expected. But (as I have reported in previous articles) because of the increased revenue from other sources, primarily from housing inmates from other counties, and from reduced spending and use of our General Fund reserves we were able to finish the year only \$59,000 over spent. Therefore we are now able to put that 2015 back tax payment by Luminant into reserves. So as I showed in Monday's meeting some \$962,000 of General Fund reserves have been restored and each precinct also added about \$130,000 to their reserves. These reserves will serve us well in the months ahead as we go into budget planning for 2018.

The final 2016 county wide certified tax roll has also been reported to us by the Appraisal District with the freeze adjusted taxable value being \$1.442 billion vs. \$1.404 billion in 2015. This includes the reduced Luminant valuations which dropped from \$450M in 2014, to \$315M in 2015, to \$290M in 2016. The 2014 roll was \$1.496 billion, the overall county values being down due to these Luminant reductions. The reason 2016 is back up some is that other county property values have increased about \$40 million overall thus helping offset the large Luminant drop.