

9-6-17 County Judge's Article

PLANNING AHEAD

One of the statements that I've made regarding the planning of the 2018 budget is that several of the things we've done are in anticipation of what might be happening to us in 2018 when we're planning the budget for 2019 and beyond.

And what we are trying to anticipate is that we may very well be back in a mode of uncertainty with respect to the Milam County tax base, anticipating that it may again take another plunge downward like it's done over the past several years, and we will again be in a very tight financial situation for one or more years.

If that happens, we will again be unable to grant pay increases, may be postponing maintenance, reducing personnel, and so on.

Fortunately, this year with the Luminant settlement we did experience a degree of financial recovery, we were able to restore the reserves that we had accumulated in the general fund over the past few years, and with the 4.8 cent tax increase that we implemented this past year, we can expect about the same level of ad valorem tax revenue as we've been collecting in the past, even though Luminant's valuation has dropped. Although their valuation dropped drastically from 2014 to 2016 (\$173 million) it has dropped only slightly (\$10 million) this year in that the settlement set their valuation for this year as well and was not open for dispute.

Therefore we proceeded with some pay increases and adjustments, some limited number of staff adjustments, some budget increases that we felt were necessary, and are doing some needed maintenance such as some roof work that had been delayed. We built a building in Thorndale to house county offices over there and replaced county voting equipment.

Whenever possible we moved things around within the budget to limit the bottom line increase to the budget. For example, the commissioners, covered pay increases to their crew members and the adjustments to their pay by moving money from other places from within their budgets rather than by increasing their revenue allocations. We are utilizing part time employees as much as possible so that cutbacks will be easier if cutbacks become necessary next year.

We paid for the new voting equipment by borrowing the money and paying it back over seven years with a balloon payment of \$355,000 in year 2025, the year after all the bond payments are completed on the law enforcement center. By doing this, the yearly budget cash flow impact in the interim years is limited to some \$20,000 per year.

In summary, we are trying to get the job done as best we can knowing that even though things have stabilized for right now, we have to recognize that we are not out of the woods yet. Since very few of you came to the community meeting on the budget, if you want a more detailed explanation, I have prepared about a 30 minute video explanation and placed it on the web site at www.milamcounty.net.