

FROM THE CITY MANAGER

August 28, 2017

Honorable Mayor and City Council Members
City of Merkel
Merkel, TX 79536

All,

I am pleased to submit to you the City of Merkel's Fiscal Year 2017-2018 (FY 2018) Annual Operating Budget. The Budget is submitted in accordance with the Local Government Code and other relevant regulations presenting sources and amounts of income and planned expenditures for all areas of the City of Merkel, City Government for the fiscal year beginning October 1, 2017 and ending September 30, 2018. The annual City Budget is perhaps the single most important document of the City because it is the financial plan upon which the City operates and is the measure upon which you and the public evaluate the government's financial performance. Financial transparency is the cornerstone of confidence and support of taxpayers.

This budget is the result of weeks of effort compiling information regarding the income and expenses of the City and planning for the coming fiscal year with consideration of current and anticipated finances and needs. I believe the budget accurately represents income and expenses and addresses the goals and objectives of the City and provides for the reasonable requests of individual departments while balancing citizens' needs and expectations with available resources.

Major Issues

The most important financial issues in this year's budget are the loss of property evaluations due to contractors completing work and moving from the area. The lower evaluation caused the effective tax rate to be 11.6 cents higher than the current rate. Lower than expected sales tax income this fiscal year is cause for conservative estimates of sales tax for the proposed budget as well.

The budget accounts for the revenue fluctuation by suspending property tax to the street repair fund and by use of unassigned fund balance. Each of these may be considered one-time measures taken based on current circumstances and not necessarily indicative of a trend.

Additional Expenses

Several one-time purchases are included in this budget. These purchases do not require financing:

Water/Sewer Dept.- SCADA System replacement. Computers in the water/sewer and administration depts.

Public Works Dept. (water/sewer and streets)- used vehicles

Police Dept.- eFORCE software (NIBRS, RMS) with grant application funds. Annual licensing fees apply. Tasers are paid with seizure funds.

The only new purchases that include financing are Dashcams and Bodycams in PD that are included in a 3-yr refinance of the Copsync agreement. The amount related to the new purchase is about \$23,500.00.

Budget Totals

Total budgeted expenses in the General Fund rose by \$89,530.25 or 7% to \$1,237,401.70.

Total budgeted expenses in the Water/Sewer Fund rose by \$95,584.73 or 6% to \$1,596,972.02.

Total budgeted expenses rose \$185,114.98 or 6% to \$2,834,373.72.

Debt

The City's long-term debt is itemized on the next page. Approximately 16 % of total revenue is committed to debt service.

I would like to thank each of you for your dedication to public service. Your input and direction through the budgeting process should give confidence to the citizens and taxpayers of Merkel that you are providing the necessary guidance and oversight for good stewardship of the public funds entrusted to you.

Steve Campbell
City Manager
City of Merkel