

HIDALGO COUNTY texas

Department of Budget & Management

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MEMORANDUM

To: Members of the Commissioners' Court, Hidalgo County

From: Valde Guerra, Hidalgo County Budget Officer

Date: September 16, 2008

Re: Hidalgo County – Proposed Budget – 2009 (1st. Presentation) - Executive Summary

Attached, is the Hidalgo County Proposed Budget (1st. Presentation) for Calendar Year 2009. The Proposed Budget will be filed with the County Clerk and with the County Auditor on September 17, 2008, as per Texas Local Government Code Section 111.066.

The 2009 Proposed Budget will be available for public inspection and may be examined during working hours at the Office of the County Clerk beginning on September 17, 2008. It will also be available for viewing by the general public on the internet at www.co.hidalgo.tx.us.

The 2009 Proposed Budget has been developed within the 2009 estimated revenues, and in accordance with direction from Commissioners' Court to achieve the following: (1) maintain the current tax rate, (2) develop a balanced general fund budget for the second year in a row, (3) allocate sufficient funding for the services that the County is required to provide to its citizens, (4) maintain sufficient reserves for unforeseen emergencies or natural disasters, and (5) maintain a strong financial position which will enable Hidalgo County to develop Capital Improvement Projects to address infrastructure and the growing needs of the County, its citizens and residents.

The overall County Proposed Budget totals \$245.3 Million, which includes a General Fund Budget of \$162.0 Million. The General Fund is the County's major fund, and provides funding for most County Departments.

Proposed 2009 Budget levels for other Funds include \$47.5 Million for Special Revenue Funds, \$20.2 Million for Debt Service Funds and \$15.7 Million for Enterprise Funds. Certain expenditures, such as a portion of Road and Bridge and Indigent Health are duplicated since they are budgeted as transfers in from the General Fund to Special Revenue Accounts.

Because the 2009 Proposed Budget is based solely on estimated revenues, no appropriations are anticipated from the unreserved General Fund Balance to balance the 2009 Budget. The General Fund unreserved balance is estimated to total \$25.6 Million on 12/31/2008. Certain expenditures were funded from the General Fund Balance during 2008 due to Hurricane Dolly and other weather related emergencies.

The 2009 Proposed Budget is based on a tax rate of **\$0.59** per \$100 in valuation for the 2009 tax year, which is the same tax rate as in 2008. The tax rate has not been increased since 2003. The increased services that the County must provide have been funded from revenue increases resulting from changes in property valuations, from increases to the tax base due to new business construction, from new housing and subdivision construction, and from increases in other revenues such as fines, fees, and charges for services. Current tax collections in 2009 are estimated to total **\$150.1** Million, compared to **\$135.9** Million in 2008.

General Fund – Maintenance and Operations

The Proposed Budget for General Fund Maintenance and Operations, the County's major operating fund, is limited to estimated revenues generated by the Maintenance and Operations rate of 0.5191 and by other estimated revenues projected by the County Auditor. These revenues include total current and delinquent tax collections of \$140,901,312, and other revenues of \$21,049,007, a total of **\$161,950,319**

The 2009 Proposed Budget represents an overall increase of **9.31%** from 2008. The General Fund Budget for previous years and the Proposed 2009 Budget are as follows:

2005 -	\$111,264,303	
2006 -	\$122,748,112	+ 10.32%
2007 -	\$137,500,628	+ 12.02%
2008 -	\$148,152,171	+ 7.75%
2009 -	\$161,950,319	+ 9.31%

What is included in the Maintenance and Operations Budget

The 2009 Proposed Budget includes a Cost of Living Adjustment (COLA) of **5.0%** for County employees, including a minimum of \$2,000 for employees earning \$30,000 or less. A COLA of 4.0% for retired county employees is also included. The COLA for employees is based in part on actual changes in the Consumer Price Index for the period July 2007 – July 2008. The CPI index for this time period is 5.8%. The COLA is not intended to be an increase or decrease in employee salaries, but an adjustment to assist employees with the loss of purchasing power resulting from inflation. Inflation devalues employee salaries, and this adjustment restores eroded value. The minimum of \$2,000 results in a COLA greater than 5% for lower paid employees and it is intended to help them cope with high inflation levels impacted by high energy and gasoline costs.

Also included, is the upgrade to the Law Enforcement Step and Grade Plan which was approved by Commissioner's Court on May 19, 2008. The plan upgrade increased the salaries of Deputy Sheriffs and Deputy Constables by 11.57%. These employees will not receive a step increase in 2009. Employees under this plan include sheriff deputies, deputy constables, and other security positions.

The Step and Grade Plan for Detention Officers was not upgraded and these employees will receive the annual 3.5% step increase, and the plan was adjusted by 1.5% so that they also will receive a 5% overall increase like other County employees.

The 2009 Proposed Budget includes \$750,000 for the Vehicle Replacement Program, an Emergency Management Contingency of \$500,000 for the initial planning of unforeseen emergencies, such as natural disasters, and a General Fund Contingency of \$200,000 for unexpected expenditures.

Other significant increases from 2008 besides the Cost of Living Adjustment were due to new positions approved during 2008, the increased cost of fuel and gasoline and the increased cost of maintaining and repairing buildings and other infrastructure.

Road and Bridge 2009 Proposed Budget

The other important County Fund is the Road and Bridge Fund. Funding for the repair and maintenance of county roads comes from vehicle registration fees, from traffic fines, and from other fees.

Estimated 2009 revenues for Road and Bridge total \$11,822,000. Another \$5,860,085 will be transferred in from the General Fund and \$664,987 will be appropriated from the R&B Fund Balance for a total Proposed Budget of **\$18,347,072**. Of this amount, \$15,462,534 is allocated to the Precincts, \$1,812,921 (\$800,000 for ROW acquisition) is allocated to the ROW Department, and \$1,071,617 is allocated to County Wide Administration. The transfer of \$5.9Million from the General Fund represents 2.35 cents of the 59 cent Tax Rate. In 2008 the General Fund transfer represented 2.1 cents. The Road and Bridge budget allocation to the Precincts for previous years and for 2009 is as follows:

2005 - \$12,585,853
2006 - \$13,600,000
2007 - \$13,472,568
2008 - \$15,452,501
2009 - \$15,462,534

Parks 2009 Proposed Budget

The County maintains parks in the various precincts. The 2009 Proposed Budget for Parks is **\$3,241,749**, which represents 1.3 cents of the 59 cent Tax Rate. This amount is allocated to the four precincts based on the number of parks to be maintained and on the number of staff needed for maintenance and related activities. In 2008 the original budget for Parks was \$2,940,000.

New Positions and Reclassifications

A total of eighty-seven (87) new General Fund positions were requested by departments. With the exception of two (2) Code Enforcement Officers for Precinct 1, no new positions are proposed in the 2009 Proposed Budget. It is recommended that the new positions request for 2009 be reviewed after the first quarter in 2009.

A total of eighteen (18) new Road and Bridge positions were requested by the Precincts. Eighteen (18) new positions are proposed in the 2009 Road and Bridge Proposed Budget

A total of seventy-five (75) reclassifications were requested by departments. Many of the requests actually relate to workload issues rather than increased responsibility and would not qualify as reclassifications. No reclassifications are recommended in the 2009 Proposed Budget. However, it is recommended that any reclassifications actually needed be addressed as part of the implementation of the Classification and Compensation Project.