



September 17, 2013

Honorable Commissioners' Court  
Hidalgo County, Texas

Attached for your consideration please find the Hidalgo County Proposed Budget for Calendar Year 2014. The Department of Budget and Management pursuant to Texas Local Government Code Section 111.066 will file a copy of the proposed budget in the County Clerk's office and the County Auditor's office.

The 2014 Proposed Budget will be available for viewing by interested citizens in the County Clerk's office and in the County's internet website at [www.co.hidalgo.tx.us](http://www.co.hidalgo.tx.us).

### **Introduction**

In the pages that follow, you will find the Hidalgo County FY 2014 Proposed Budget that has been developed by the Department of Budget & Management with direction and guidance from Commissioners' Court.

Since the economic recession that began in 2008, the County experienced minimal growth in revenues. As well as the rest of the nation, we continue to face challenges as a result of the global financial crisis. This year's slight revenue increase is an indicator that we are moving forward in a positive direction. The tax rate remains at 0.59 percent, as it has for over 10 years, and net taxable values have increased by nearly 2% or \$590.4 billion in 2013.

The total property tax levy for the 2013 budget was \$157.5 million, of which \$139.8 million was for maintenance and operations, and \$17.7 million was for debt service. The tax levy for the **2014** budget is \$161.5 million, of which \$142.5 million is for maintenance and operations, and \$18.9 million is for debt service.

The maintenance and operations tax rate decreased from .5235 to .5208 and the debt service tax rate increased from .0665 to .0692. The effective tax rate for the **2014** budget is .5907; however, the proposed budget is based on a tax rate of **.59** as directed by Commissioners' Court.

### **Total 2014 Proposed Budget**

The Proposed 2014 General Fund Budget (Maintenance & Operations) totals \$177,989,712. This includes estimated property tax revenues of \$145.0 million, \$21.3 million of other revenues, and the appropriation of \$11,701,190 from fund balance reserves.

The total Proposed Budget for Hidalgo County is \$245.2 million. In addition to the General Fund Budget of \$178.0 million, other budgeted funds include \$24.5 million for Special Revenue funded departments and functions, \$20.3 million for Debt Service (principal and interest) and \$22.4 million for Enterprise Funds, which include Employee Health Benefits, Workers' Compensation, and the Jail Commissary.

Hidalgo County has demonstrated its ability over the past years to manage effectively during tough times and has been able to maintain a strong financial position while still managing to build a healthy unreserved fund balance. The unreserved fund balance is projected to total \$11.4 million or 6% of the Proposed 2014 Budget of \$178.0 million on January 1, 2014 based on conservative estimates. However, with initiatives implemented by Commissioners' Court during the 2013 fiscal year the fund balance is estimated to increase to \$22.7 million or 12.8% of the 2014 Proposed Budget. Below is a chart that illustrates historical data of the General Fund Adopted Budgets for the years 2010 through 2013 and the 2014 Proposed Budget.

Year	Property Taxes	Other Revenues	Fund Balance	Total Budget
2010	139,383,500	18,096,435	1,865,335	\$159,345,270
2011	137,799,740	18,563,530	5,536,730	\$161,900,000
2012	139,007,402	19,231,699	8,510,592	\$166,749,693
2013	141,499,356	19,849,726	17,607,896	\$178,956,978
2014	144,979,418	21,304,104	11,701,190	\$177,989,712

The proposed General Fund Budget of \$178.0 million for 2014 includes \$121.4 million for salaries and related fringe benefits and \$56.6 million for operating expenses. Operating expenditures include more than office supplies and equipment. Some major programs that are listed under operating expenses are as follows:

Transfer out – Road & Bridge	\$6,646,560
Transfer out – Boot Camp	\$ 784,187
Transfer out – Other	\$1,090,192
Transfer out – Grants	\$1,271,101
Juvenile Det. & Prob.	\$9,372,504
1115 Waiver Contribution	\$5,000,000
Indigent Defense	\$5,141,618
Sanitation	\$4,789,791
Insurance	\$2,331,000
Aid to Non Profit Agencies	\$ 187,500
Fire Departments – Cities	\$1,235,489
Communications System	\$1,208,964
All Other Operating Expenses	\$17,536,248

### **What is included in the Maintenance and Operations Budget**

The 2014 Proposed Budget includes a 3% across the board budget cut to all general fund departments, yielding a savings of over \$4.2 million.

The 2014 Proposed Budget also includes salary adjustments to various elected officials. Due to Senate Bill 1 of the General Appropriations Act, effective September 1, 2013, all District Court Judges will receive a salary increase of 12% from the state salary contribution. On August 13, 2013, Commissioners' Court approved a salary increase for all District Court Judges from \$15,000 to \$18,000 of the county's salary contribution. Furthermore, to comply with Texas Government Code Section 25.0005, Commissioners' Court also approved salary increases for all County Court-at-Law Judges from \$142,915 to \$157,000. The impact of the Judges' salary increases to the 2014 Budget will be \$173,000.

Due to a 0.39% increase in the retirement rate as provided by the county's retirement administrator TCDRS totaling \$519,114 as well as a 40% increase in health insurance rates totaling \$3,522,603, the impact Fringe Benefits will have on the 2014 Proposed Budget is \$4,041,717. Workers' Compensation rates are also increasing for 2014 impacting the county by \$778,430.

The 2014 Proposed Budget also includes several community contributions such as a \$1,000,000 contribution to support the efforts of the creation of a Medical School in South Texas as well as a \$1,000,000 increase in the committed amount for the 1115 Waiver contribution.

Other programs affecting the 2014 Proposed Budget include a 25% reduction in aid to governmental agencies. Additionally, in an effort to maintain comparable forms of radio communications with other local, state and federal agencies, Hidalgo County invested in upgrading the county's radio systems from analog to digital, costs included in the 2014 Proposed Budget for the upgrade total \$912,000.

### **Road & Bridge 2014 Proposed Budget**

Road & Bridge is another important county fund that includes the funding for the repair and maintenance of county roads. Road and Bridge revenues are generated from vehicle registration fees, traffic fines and other fees.

In 2013, estimated revenues for Road & Bridge totaled \$9,976,000, and transfer-in from general fund was \$6,972,562 for total available resources of \$16,948,562.

For the year 2014, estimated revenues increased to \$10,309,000, and the transfer-in from general fund was reduced by 5% to \$6,646,560 for total available resources of \$16,955,560. Road and Bridge revenues and general fund transfers in for the years 2010 through 2013 as well as the proposed transfers-in for 2014 are listed below:

Year	R&B Revenue	GF Transfer In	Total Funds
2010	10,887,000	7,252,958	\$18,139,958
2011	10,317,000	7,750,000	\$18,067,000
2012	9,903,000	7,747,290	\$17,650,290
2013	9,976,000	6,972,562	\$16,948,562
2014	10,309,000	6,646,560	\$16,955,560

## **Conclusion**

The Department of Budget and Management continuously strives to enhance the quality and ensure the integrity of the financial information provided to elected officials and staff, as well as the citizens of Hidalgo County. The budget process represents many hours of preparation from the county departments and many hours of deliberation and review from Commissioners Court and County staff. The Department of Budget and Management would like to thank all departments for their cooperation and assistance during the preparation of the 2014 budget. We would also like to thank the Commissioners' Court for their support and guidance. As we all look forward to the coming year, our department will continue its efforts to provide support to all county departments in an efficient and effective manner.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sergio Cruz', with a long horizontal flourish extending to the right.

Sergio Cruz  
Hidalgo County Budget Officer

CC: Valde Guerra, Comm. Court - Executive Officer