



September 20, 2011

Honorable Commissioners' Court:

Ramon Garcia, County Judge
Joel Quintanilla, Commissioner Precinct 1
Hector "Tito" Palacios, Commissioner Precinct 2
Jose M. Flores, Commissioner Precinct 3
Joseph Palacios, Commissioner Precinct 4

Attached please find the Hidalgo County Proposed Budget for Calendar Year 2012. The proposed Budget will be filed with the County Clerk and with the County Auditor as per Texas Local Government Code Section 111.066.

The 2012 Proposed Budget will also be available for viewing by the general public at the Office of the County Clerk and on the internet at www.co.hidalgo.tx.us.

Introduction

In the pages that follow, you will find the Hidalgo County FY 2012 Proposed Budget that has been developed by the Department of Budget & Management with direction and guidance from Commissioners' Court.

The economic recession that began in 2008 continues to impact the financial environment in Hidalgo County. The total property tax levy for the 2011 budget was \$159.0 million, of which \$137.6 million was for maintenance and operations, and \$21.4 million was for debt service.

The tax levy for the **2012** budget is \$156.5 million, of which \$138.6 million is for maintenance and operations, and \$17.9 million is for debt service.

The maintenance and operations tax rate increased from .5107 to .5225 and the debt service tax rate decreased from .0793 to .0675. The effective tax rate for the **2012** budget is .6077. However, the proposed budget is based on a tax rate of **.59** as directed by Commissioners' Court.

Total 2012 Proposed Budget

The Proposed 2012 General Fund Budget (Maintenance & Operations) totals \$166,749,693. This includes estimated revenues of \$158,239,101 (property tax - \$139.0 million, other revenues - \$19.2 million), and the appropriation of \$8,510,592 from general fund reserves.

The proposed General Fund Budget does not include \$856,398 in other revenue that is expected from Drainage District No. 1.

The total Proposed Budget for Hidalgo County is \$230.8 million. In addition to the General Fund Budget of \$166.7 million, other budgeted funds include \$22.8 million for Special Revenue funded departments and functions, \$20.3 million for Debt Service (principal and interest) and \$20.9 million for Enterprise Funds, which include Employee Health Benefits, Workers' Compensation, and the Jail Commissary.

The General Fund Adopted Budgets for the years 2008, through 2011 and the 2012 Proposed Budget are listed below. Due to the economic recession and decreased revenues, the 2010, 2011 and the 2012 budgets include funding from the unreserved fund balance. The unreserved fund balance is projected to total \$25.1 million or 15.0% of the Proposed 2012 Budget of \$166.7 million on January 1, 2012.

Year	Property Taxes	Other Revenues	Other	Total Budget
2008	127,576,651	19,775,520		\$147,352,171
2009	140,901,312	21,049,007		\$161,950,319
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

The proposed General Fund Budget of \$166.7 million for 2012 includes \$105.3 million for salaries and related fringe benefits and \$61.4 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	\$7,747,290
Transfer out – Boot Camp	\$ 727,500
Transfer out – Other	\$ 680,920
Transfer out – Grants	\$ 84,548
Juvenile Det. & Prob.	\$9,138,673
Indigent Health	\$8,250,000
Indigent Defense	\$7,704,528
Sanitation	\$4,763,923
Insurance	\$1,685,000
Aid to Non Profit Agencies	\$ 724,640
Fire Departments – Cities	\$1,273,700
Legal	\$1,746,076
Communications System	\$ 250,000
All Other Operating Expenses	\$16,673,114

Road & Bridge 2012 Proposed Budget

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

In 2011, estimated revenues for Road & Bridge totaled \$10,317,000, and transfers in from general fund were \$7,750,000 for total available resources of \$18,067,000.

In 2012, estimated revenues decreased to \$9,903,000, and transfers in are budgeted at \$7,747,290 for total available resources of \$17,650,290. Road and Bridge revenues and general fund transfers in for the years 2008 through 2012 are listed below:

Year	R&B Revenue	GF Transfer In	Total Funds
2008	11,755,000	4,750,000	\$16,505,000
2009	11,822,000	5,860,084	\$17,682,084
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

Conclusion

The Proposed Budget represents a sound financial plan for FY 2012. I am confident that this budget will serve Hidalgo County well in the year to come.

The Department of Budget and Management would like to thank all departments for their cooperation and assistance during this year's budget process. We would also like to thank the Commissioners' Court for their support and guidance.

Sincerely,



Sergio Cruz
Budget Officer

CC: Valde Guerra, Comm. Court - Executive Officer

Budget Development Team:
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