

BUDGET MESSAGE
2012 BUDGET
RIO GRANDE COUNTY

Attached is the 2012 Rio Grande County Budget. This budget includes the following county funds: County General, Road & Bridge, Social Services, Capital Expenditures, Airport, Conservation Trust, Tourism, and Public Health Agency. Also included in the document is the RIO GRANDE COUNTY WEED CONTROL DISTRICT'S 2012 budget.

The annual budget is the County's most important financial management document. It is a financial road map for the coming year for all of the various departments and offices. The budget process is a joint effort between the Commissioners, the department heads, and the elected officials to maximize services in the most efficient way possible. All requests are considered and discussed as a group, and the final decisions are made by the Board of County Commissioners who determine the most efficient and effective use of taxpayer dollars.

The 2012 County Budget is \$19,945,230 and the Weed Control District Budget is \$159,475. This is a decrease of \$173,077 (0.9%) for the County budget and a \$24,550 (18.2%) increase for Weed Control. The Budget, as presented, is balanced in accordance with Colorado Revised Statutes § 29-1-101 through 115. The budgeted revenue amounts for the Weed Control District are under the amount of increase allowed under the TABOR amendment and the 5.5% Statutory Property Tax Revenue Limit. Rio Grande County did successfully pass the removal of the TABOR amendment and the 5.5% Statutory Property Tax Revenue Limit in November 1999. The accounting basis of modified accrual is utilized for Rio Grande County.

In 2012, the County's mill levy will remain the same as previous years at 15.567 mills. This is the maximum number of mills Rio Grande County can levy without going to the vote of the people. The total property tax revenue decrease in 2011 is projected to be \$83,444 (3.1%) due to an appraisal year which reflects the decrease in value during the last two years.

The major points of interest in the 2012 budget are as follows:

- A two percent increase for cost of living was given since the employees had not received any type of pay increase since 2009. The health insurance premiums increased by four percent (4%) for the upcoming year and will be paid by the employees. This increase was \$22 per month for a single coverage, \$41 per month for couple coverage and \$51.07 per month for family coverage. It was calculated that for the month of October, 2011, the average take home pay across all county employees was \$1,887.
- An increase the amount of asphalt purchases of \$70,000 for the coming year was approved for a Public Improvement District formed in Beaver Mountain Estates of which 40% will be paid by the residents over a three year period. No other new paving projects are scheduled, only maintenance.
- Funding for capital purchases for the Road & Bridge Department was decreased by \$75,000 to \$125,000. Radio replacements, a service truck and possibly a tractor are proposed for 2012.

The 2012 budget will be funded from the following sources:

	2012 Budget		2011 Budget
Property Tax	\$2,612,594	13.1%	13.1%
Other Local Sources	\$1,912,300	9.6%	8.8%
Federal and State	\$14,691,300	73.6%	76.1%
Fund Reserves	\$ 729,036	3.7%	2.0%

The accomplishments for 2011 were:

- The County was able to maintain current services and programs during 2011 with reduced funding from state and federal sources.
- Various grant applications were made of which awards have not been announced.
- An energy audit program is being negotiated and will be conducted during 2012.
- The Korean Celebration held in June to honor Jim Jones and the pamphlet presented to him at the end of WWII from the South Koreans. A delegation from South Korean was present to receive back this document to be placed in their Memorial Hall.

Projects Goals for 2012 are:

- Conduct an efficiency audit of all departments.
- Complete the energy audit for select county buildings.
- Augment and move an agricultural well from other county property to the airport to provide a water source for a future FBO at the Astronaut Rominger Airport.
- Install lights for the new runway and a certified weather station. A fund drive has been initiated and will continue through 2012 for future airport improvements.
- Work with the municipalities, URG EDC and SLV Development Resource Group to improve the economic base in the County
- Work closely with all county departments in ways to reduce expenditures and increase revenues.
- Begin coordination with municipalities and economic development groups to explore a marketing district.

The County has three lease agreements: Two agreements with Business Solutions Leasing for four copiers and a one lease purchase for the addition and remodeling of the jail.

The 2012 County Budget shows an ending fund balance of \$6,523,395 which is down by \$729,036. By utilizing \$729,036 of unappropriated funds to balance the 2012 budget the county continues to utilize its savings; this policy is un-sustainable and in the future either revenue will have to increase or the county will be forced to further reduce expenditures at an even greater rate. If revenues do not increase, County General Fund will need to be reduced by 9%, and the Social Services Fund by 3%. This reduction will have to be accomplished by reducing or eliminating various services and staff.

The following is a brief synopsis of the various funds that have a significant impact on the 2012 budget that were not discussed above:

General Fund: A new roof will be installed on the Sheriff's Office along with the purchasing of a transport van. A new computer operating system will be installed for the Sheriff's and Jail Offices. Additional funding was provided for the Coroner's Office for various pieces of equipment. A part time Museum Coordinator has been proposed. The Clerk and Recorders Office will be implementing on-line vehicle tags renewals and marriage licenses. The Homeland Security and Citizen Corps grants for the San Luis Valley of which Rio Grande County is the financial agency have been decreasing over the past several years.

Road & Bridge Fund: In 2010, 94% of the Road & Bridge Department was funded by HUTF. HUTF is gas tax placed on both gasoline and diesel and is distributed by the State to operate Colorado Department of Transportation, municipal streets and county roads. In 2012, HUTF to Rio Grande County is projected to fund only 78%. This decrease is due to less fuel being purchased along with the State of Colorado redirecting some of these funds to help balance the State's budget. With this reduction in funding, no new paving projects will be done during 2012 except for the small project being funded in conjunction with the landowners in Beaver Mountain Estates. Major equipment purchases will be for a service truck and replacement of radios which is mandated due to federal communication changes in frequency needs for cell phones. A small tractor may be purchased if funding allows.

Social Services Fund: The funding for the Social Services' budget is based upon the allocations issued by the Operations Office, Colorado Department of Human Services. All allocations from the State must be matched by local funds. Programs such as Child Day Care, Child Welfare and County Administration have been underfunded by the State in past years which has required transfer of funds from Temporary Assistance for Needy Families (TANF) or County tax dollars. With the State's budget being reduced, the County might have to pay a larger percentage of the client's benefits. The State has not proposed any changes to the program benefits guidelines.

The upcoming year is full of uncertainty. The County has seen a decrease in property values; however, with the mortgage subleading problems across the country and the resultant foreclosures, there is no surety that the County's assessed values will remain at the current level. During the 2011, several businesses in South Fork and Monte Vista have closed which will reduce sales tax. The taxpayers have again indicated that they want smaller government and are not willing to pass additional taxes. However, County government is operated by State Statutes and most of the services provided are mandated by these Statutes. Programs like the Museum, animal control, riding arenas, etc. are great amenities for a community. When the citizens of the County vote for a smaller government, then smaller government means less services and programs.

Always of concern are the water issues in the county and how the sub-districts will affect current farming and life in general within our County. If more land has to be taken out of production, this will affect the value of the agriculture land and also have direct impact upon sales tax. In 2012, the first assessment for water usage will be made by the sub-district.

All costs of doing business continue to rise for government just as it does for other businesses and private individuals. Just like any business, the County has to purchase supplies, insurance, utilities, food, and equipment. These costs have perpetually increased without corresponding revenue increases. Businesses may pass along these increases to their consumers, but the County does not have this option.

The County was cautious when projecting revenues reflected in the 2012 budget. Most of the Federal and State revenues are for Social Services programs, (\$9,789,372), HUTF (\$1,910,000) and Payment In Lieu of Taxes (\$500,000). With the revenue uncertainties that exist, the officials of Rio Grande County will need to work closely with the State to assure our current level of funding is maintained and also work with the various offices to reduce spending throughout 2012 so the expenditures balance more closely with the incoming revenues. Our current unappropriated fund balance is equivalent to just over a three month's cash flow. This is dangerously low and constant monitoring will be necessary during the year to respond quickly to any changes. If revenues fail to be generated, the budget will be amended downward quarterly to prevent future eroding of the stability of the county's finances.

Budget prepared by:

Suzanne L. Benton
County Administrator/Budget Officer

Date: December 7, 2011