

**BUDGET MESSAGE**  
**2009 BUDGET**  
**RIO GRANDE COUNTY**

Attached is the 2009 Rio Grande County Budget. This budget includes the following county funds: County General, Road & Bridge, Social Services, Capital Expenditures, Airport, Conservation Trust and Tourism. Also included in the document is the RIO GRANDE COUNTY WEED CONTROL DISTRICT'S 2009 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 2009 County Budget is \$20,408,596 and the Weed Control District Budget is \$142,700. This is an increase of \$2,026,860 (12.1%) for the County budget and a \$7,505 (5.5%) 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 2009, 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 increase in 2009 is projected to be \$33,200 (1.2%) due to a non-appraisal year.

The major points of interest in the 2009 budget are as follows:

- Employees were given a 2 percent cost of living raise as a means of raising the base salary for all county employees. This increase is an effort to retain staff, as the County has seen loss of employees to agencies with higher wages over the past several years. It was calculated that for the month of November, 2008, the average take home pay across all county employees was \$1,863 up from \$1,715 in 2007. The Commissioners have made increasing wages their major priority in order to retain and recruit the highest quality individuals for county positions.
- Two additional full-time positions were funded in the Social Services Department. The Single Entry Point which is 100 % federally funded will add an additional caseworker, and the TANF unit will add one new Income Maintenance Technician which is 80% funded by state and federal funds.

The 2009 budget will be funded from the following sources:

	2008 Budget		2009 Budget
Property Tax	\$2,483,476	13.5%	12.7%
Other Local Sources	\$1,916,425	11.3%	9.6%
Federal and State	\$12,183,473	69.6%	69.8%
Fund Reserves	\$ 1,340,139	5.6%	7.9%

The accomplishments for 2008 were:

- \*Received a DoLA grant to start the feasibility study for a central septic system for the Alpine Village area.
- \*Completed roof repairs on the Social Services Building, the Courthouse and started the replacement of the Museum's roof.
- \*Completed a revision of the Rio Grande County Land Use Code.

Projects Goals for 2009 are:

- \*Adopt and implement the plumbing codes and inspections.
- \*Adopt Gas and Oil Regulations
- \*Update the Rio Grande County Master Plan
- \*Continue to explore funding sources for the realignment of the runway.
- \*Complete the study on a central septic system for the Alpine Village area and begin implementation of recommendations.
- \*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. All programs will be evaluated for efficiency.
- \*Evaluate current personnel system and begin implementation and training to develop a performance based pay program.

The County has four lease agreements: Three agreements with Minolta for three copiers and a one lease purchase for the addition and remodeling of the jail.

The 2009 County Budget shows an ending fund balance of \$2,252,735 which is down by \$1,623,281. By utilizing \$1,623,281 of unappropriated funds to balance the 2009 budget the county continues to utilize its savings; this track is un-sustainable and in the future either revenues will have to increase or the county will be forced to reduce expenditures. If revenues do not increase, County General Fund will need to be reduced by 14% and Road & Bridge Fund by 18.6%. This reduction will have to be accomplished by reducing or eliminating various services and staff. This balance is required and has been reflected in the values of the voters of Rio Grande County as in 2006 a 3 mill tax increase to the same level as was held in 1992 was rejected by our constituents. The only means for local governments to remain solvent is to cut services. Consequently, the only option to balance the budget is to continue to reduce expenditures and/or find new revenue sources.

The following is a brief synopsis of the various funds that have a significant impact on the 2009 budget that were not discussed above:

**General Fund:** Funding was again appropriated for the Clerk and Recorder to implement the scanning of aperture cards into the ACS system as necessitated from the current document cards deterioration to a level where many are unreadable. This project has been estimated to take over six years to complete with one FTE assigned solely to this task.

Currently, the State of Colorado enforces the Plumbing Code. One inspector is assigned to the six counties of the San Luis Valley. The inspector is available in Rio Grande County on Tuesdays of each week. By taking over these inspections through the County's Building Department, the two county inspectors who are currently doing building inspections can also perform the plumbing inspections. This will provide a more-timely service to our contractors and homeowners.

Three new sheriff's vehicles have been approved for purchase along with a transport van to replace aging vehicles. Costs for law enforcement and detention of inmates continue to increase at considerable rates. The County will be working with neighboring counties to explore possible cost sharing/savings ideas since all counties are struggling with these demands.

Rio Grande County has and will continue to supplement its budget with intergovernmental revenues through grant and other funding. The Public Health Department continues to receive funding to conduct a Cardiovascular Disease Prevention Program within Rio Grande County as Cardiovascular Disease within the County has been found at higher rates than state averages. Other grants received include the continuation of the Homeland Security Grant, Law Enforcement Grant and Citizens' Corp Grant. The San Luis Valley Revolving Loan Fund Grant is also included in County's Budget for auditing purposes. This grant will show \$500,000 in both revenue and expenditures which goes to foster small businesses across all six counties within the San Luis Valley.

**Road & Bridge Fund:** This year \$300,000 is budgeted for asphalt; but until the paving season arrives and the cost of asphalt is determined, any new paving cannot be planned. The cost of maintaining the 219.97 miles of paved road will consume the largest portion of this amount. \$300,000 is budgeted for purchase of equipment which at this time is undetermined. Possible items for capital expenditure purchase are a grader, loader, and/or excavator. Highway Users Trust Fund (HUTF) funds approximately 59 percent of the Road & Bridge Fund down from 67% in 2008. With increased gas prices and more efficient vehicles, fewer gallons of fuel are sold and less revenue from HUTF is generated. Over the past several years, two positions have been eliminated from this department due to reduced revenues.

**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 unfunded by the State in past years which has required transfer of funds from Temporary Assistance for Needy Families (TANF) or County tax dollars. Efforts are being made to reduce the need of County tax dollar transfers to fund programs that are mandated by State agencies. The over-all increase in the Social Services Fund for 2009 is 14.6 percent up \$1,378,461 from 2008.

The upcoming year is full uncertainty: The County has seen a limited increase 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. Other concerns include the increase in cost for insurance, utilities, food, equipment and oil prices that directly effect if any or to what extent road construction occurs. The citizens are continually requesting more paved roads, but with the 2008 cost of asphalt in place at \$245,466 per mile as compared to \$136,326 per mile in 2007 and having 349.44 miles of unpaved roads, it is impossible to continue paving new roads and continue to maintain the roads currently on the system. This figure does not include the cost of building the road base prior to paving. The county maintains 569.41 miles of road of which 219.97 are paved and must be maintained. It is also noteworthy that areas that have had their roads paved during the past three years have been a result of the residents' willingness to tax themselves with additional assessments for paving purposes.

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.

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 as a business may pass along to its consumer.

The County was cautious when projecting revenues reflected in the 2009 budget. Most of the Federal and State revenues are for Social Services programs, (\$10,142,408), HUTF (\$1,735,000) and Payment In Lieu of Taxes (\$375,000). 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 2009 so the expenditures balance more closely with the incoming revenues. Our current unappropriated fund balance is equivalent to just over a one and a third 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:

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Date: December 10, 2008