

BUDGET MESSAGE
2011 BUDGET
RIO GRANDE COUNTY

Attached is the 2011 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 2011 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 2011 County Budget is \$20,618,207 and the Weed Control District Budget is \$134,925. This is a decrease of \$1,420,561 (6.4%) for the County budget and a \$2,585 (1.9%) decrease 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 2011, 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 2011 is projected to be \$8,278 (0.2%) due to non-appraisal year.

The major points of interest in the 2011 budget are as follows:

- No pay increases or cost of living were given. Due to the reduction in revenues, it was decided to hold salaries at the same level as in 2009. At the present time, no furlough days have been planned. The employees will be required to pay the entire increase in health insurance premiums of eight percent (8%) for the upcoming year. This increase was \$41 per month for a single coverage, \$76 per month for couple coverage and \$93.93 per month for family coverage. Two full-time positions were cut in the 2011 budget. It was calculated that for the month of October, 2010, the average take home pay across all county employees was \$1,855 down from \$1,863 in 2008.
- No additional funding was available to increase the amount of asphalt purchases for the coming year. No new paving projects are scheduled, only maintenance.
- An additional \$100,000 was approved for the purchase of a used loader for the Road & Bridge Department.

The 2010 budget will be funded from the following sources:

	2011 Budget		2010 Budget
Property Tax	\$2,696,038	13.1%	13.9%
Other Local Sources	\$1,813,393	8.8%	8.7%
Federal and State	\$15,702,010	76.1%	75.1%
Fund Reserves	\$ 406,766	2.0%	2.3%

The accomplishments for 2010 were:

- The Rio Grande County Museum closed as of January 1, 2010. The community came together and scheduled volunteers to keep it open five days a week until December 15, 2010. It will reopen in January with a reduced scheduled.
- The County received \$2,500,000 from the State Aeronautical Board for the construction of a new 6,050 foot runway. Currently, this runway can be used only during the day until lights can be installed. The estimated cost for the lights and the navigational system is \$500,000. Rio Grande County is not eligible until 2012 to apply for another Aeronautical Grant.

Projects Goals for 2011 are:

- Continue exploring new funding sources and review all fees and charges.
- 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.
- Continue to explore funding sources for the lighting of the new runway.
- 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.

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 2011 County Budget shows an ending fund balance of \$5,231,357 which is down by \$406,766. By utilizing \$406,766 of unappropriated funds to balance the 2011 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 3%, Road and Bridge Fund by 1 %, and Social Services Fund by 1.3%. This reduction will have to be accomplished by reducing or eliminating various services and staff. The practice of balancing the budget with unappropriated surplus was communicated to the voters of Rio Grande County in 2006 when a 3 mill tax increase was proposed to move the county back to the mill levy level in 1992. This ballot issue was rejected by our constituents. Consequently, the only means for local governments to remain solvent is to cut services.

The following is a brief synopsis of the various funds that have a significant impact on the 2011 budget that were not discussed above:

General Fund: Another position was eliminated from the Clerk and Recorder's Office and one position in the Treasurer's Office. No new sheriff's vehicles have been approved for purchase during 2011, the second year in a row. Two used vehicles were purchased in 2010 from Douglas County for \$4,000 each. By not purchasing new vehicles each year, it results in aging vehicles, more repairs and future capital needs increasing. Costs for law enforcement and detention of inmates continue to increase at unprecedented rates. Medical expenses for inmates have exploded and the County Commissioners with the assistance of the County Sheriff will be working to reduce this escalating expenditure.

Rio Grande County has and will continue to supplement its budget with intergovernmental revenues through grant and other funding. Other grants received include the continuation of the San Luis Valley Homeland Security Grant, Medical Reserve 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 \$200,000 is budgeted for asphalt, the same as in 2010. No new paving projects will be done in 2011. All asphalt purchases will be used in maintaining the current 219.97 miles of paved roads in the County. \$200,000 is budgeted for purchase of a used loader. Highway Users Trust Fund (HUTF) funds approximately 69 percent of the Road & Bridge Fund and has declined by over 5% in the last year. With increased gas prices and more efficient vehicles, fewer gallons of fuel are sold and less revenue from HUTF is generated. The State government has also reduced the HUTF to counties to help balance the State budget. 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 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 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. The projections for 2012 is that the county's assessed valuation might drop 16%. Many programs and services have been eliminated or cut. Two ballot questions were on the ballot in November, 2010. One question proposed one mill for the operation of the animal shelter and the second one was for one mill to fund all the other community programs that were cut or eliminated in 2009. Both questions failed. The tax payers have once again indicated that they want small government. 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 2011, the first assessment 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 2011 budget. Most of the Federal and State revenues are for Social Services programs, (\$8,517,003), HUTF (\$1,850,000) and Payment In Lieu of Taxes (\$480,000). 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 2011 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:

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