

BUDGET MESSAGE
2014 BUDGET
RIO GRANDE COUNTY

Attached is the 2014 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 2014 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 determines the most effective use of taxpayer dollars.

The 2014 County Budget is \$19,864,704 and the Weed Control District Budget is \$143,775. This is a decrease of \$350,959 (1.7%) for the County budget and an increase of \$6,950 (5.1%) for the Weed Control District. 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 2014, 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 will decrease in 2014 is by \$45,669 (1.7%) due to an appraisal year which reflects a decrease in value.

The major points of interest in the 2014 budget are as follows:

- A two percent wage increase for merit was given to the employees on their anniversary date along with a 3% wage adjustment due to requirements of the Affordable Health Act. The health insurance premiums increased by ten percent (10%) for the upcoming year and the county will contribute an additional \$20 per month and the employee will contribute \$13 per month for single coverage for this increase. The county and the employee will pay an additional \$20 to \$55 for either couple or family coverage of this increase. It was calculated that for the month of October, 2013, the average take home pay across all county employees was \$1,984.79.
- The funding from both the State of Colorado and the Federal Government is projected to decrease by \$735,609 (5%) this coming year. This contributed to half of the shortfall projected in the 2014 budget of \$1,431,196.
- Completion of the San Luis Valley Trails Master Plan and the Ski Hi Park Pavilion is due by the summer of 2014.
- Upgrading of computer equipment in the Assessor's Office.

- Upgrading of the electrical service for the County Courthouse to accommodate the increased electronic needs of all offices.
- Two new sheriff vehicles will be purchased.
- An increase for the amount of asphalt purchases to \$325,000 for the coming year to meet the rising cost of asphalt. No new paving projects are scheduled, only maintenance.
- The “Employment First” program through Social Services to assist DSS clients to become self-sufficient is showing results and will continue in 2014. The exploration of another employment readiness is being designed for implementation in 2014.

The 2014 budget will be funded from the following sources:

	2014 Budget		2013 Budget
Property Tax	\$2,588,417	13.0%	13.0%
Other Local Sources	\$1,831,350	9.2%	9.3%
Federal and State	\$14,013,741	70.6%	73.4%
Fund Reserves	\$ 1,431,196	7.2%	4.3%

The accomplishments for 2013 were:

- Completed an energy audit and obtained financing for the necessary upgrades.
- Received and completed a grant from the Colorado Department of Transportation for installation of runway lights and an AWOS system at the Astronaut Rominger Airport.
- Installation of a new roof on the courthouse and enclosing of the Del Norte Shop for additional storage of equipment.
- An economic brochure for Rio Grande County was designed and is available for distribution.

Projects Goals for 2014 are:

- 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.
- If awarded a CDOT grant, will acquire a fuel distribution system for aviation fuel at the Astronaut Rominger Airport and complete an Airport Master Plan.
- Work with the municipalities, URG EDC and SLV Development Resource Group to improve the economic base in the County by hiring a professional economical developer through a public/private partnership.
- Work closely with all county departments in determining ways to reduce expenditures and increase revenues.

The County has six lease agreements: Four agreements with Business Solutions Leasing for four copiers, a lease purchase with San Luis Valley Federal Bank for the addition and remodeling of the jail, and a lease purchase for financing of the energy upgrades with All American Investment Group, LLC.

The 2014 County Budget shows an ending fund balance of \$7,493,122 which is down by \$1,431,196. By utilizing \$1,431,196 of unappropriated funds to balance the 2014 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. A major concern is the failure of the Federal Government to authorize the Payment in Lieu of Taxes (PILT) program. PILT reimburses counties for the loss of tax revenue for federally owned lands. For Rio Grande County, this is \$685,000 per year. These funds are deposited in the County General Fund. This would equate to a reduction of 12% in the 2014 budget immediately. 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 2014 budget that were not discussed above:

General Fund: The Sheriff's department will be replacing two vehicles and the Assessor's Office will be updating computers. The courthouse needs additional electrical services to accommodate increase electronic usage. The Homeland Security grants for the San Luis Valley of which Rio Grande County is the financial agency have been decreasing over the past several years. Fifty-percent of this fund is personnel expenditures since the following departments are funded through County General: Commissioners, Finance, Land Use, Building, Clerk and Recorder, Elections, Assessor, Treasurer, District Attorney, Sheriff, Jail, Coroner, Emergency Preparedness, Veteran's Officer, Extension Service, Museum and Building & Grounds.

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 2014, HUTF to Rio Grande County is projected to fund only 78%. With continued decline in revenues, no new paving projects will be done during 2014. Major equipment purchases will be for a welder truck, 4 sanders and a trench compactor.

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. The "Employment First" program will continue for a second year which assists in getting more people employed and off the assistance payrolls. The State has not proposed any changes to the program benefits guidelines.

The upcoming year is full of uncertainty. The County has seen a \$2,939,453 decrease in property values; however, with the mortgage sublinging problems across the country and the resultant foreclosures, there is no surety that the County's assessed values will remain at the current level. With the West Fork Complex Fire during the summer of 2013, the County's revenue from sales tax is down approximately 3% and several businesses in South Fork and Monte Vista have closed. Combine the current economic environment and taxpayers hurting from increased governmental mandates resulting in less individual disposal income, it is understandable that finding additional tax dollars at the local level is very difficult. 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.

All costs of doing business continue to rise for government just as it does for other businesses and private individuals. 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 2014 budget. Most of the Federal and State revenues are for Social Services programs, (\$9,443,821), HUTF (\$2,000,000) and Payment In Lieu of Taxes (\$685,000). 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 2014 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 5, 2013