

# HIDALGO COUNTY texas

Department of  
Budget & Management

100 E. Cano St., 2<sup>nd</sup> Floor

Hidalgo, Texas 78539

Office: (956) 292-7025

Cell: (956) 292-7034

[www.co.hidalgo.tx.us](http://www.co.hidalgo.tx.us)



## Memorandum

**To:** Honorable J. D. Salinas, County Judge  
Honorable Sylvia S. Handy, Commissioner, Precinct 1  
Honorable Hector "Tito" Palacios, Commissioner, Precinct 2  
Honorable Joe M. Flores, Commissioner, Precinct 3  
Honorable Oscar L. Garza, Jr., Commissioner, Precinct 4

**From:** Valde Guerra, Commissioner's Court Executive Officer

**Date:** May 13, 2008

**Subject:** 2008 Budget Status Report – 1<sup>st</sup> Quarter

Enclosed, please find a status report on the 2008 General Fund Budget for the first quarter. Data is as of April 14, 2008 due to the lag in bill processing. The report includes an analysis of current expenditures and projections for the remainder of the year. In addition, other relevant budget information is provided for your review and/or approval.

### 2008 Original and Adjusted Budget – Revenues and Expenditures

Commissioner's Court approved and adopted a balanced budget for 2008. Expenditures were budgeted to match revenues as estimated by the County Auditor. During the course of the year, certain adjustments are made to account for new or other revenues and for new or unexpected expenditures.

The original General Fund revenue budget for 2008 was **\$148.152 M**. Two minor adjustments for reimbursements have been made and the current adjusted budget is **\$148.266 M**.

The budgeted General Fund expenditures for 2008 were **\$148.152 M**. The County Clerk appropriated \$1,174,098 from the Record Archives reserved account, and a total of \$731,305 in unspent grant cash match in various accounts were carried over from 2007 to 2008. Other minor adjustments have been made and the current adjusted budget is **\$150,188 M** as of 05/06/2008.

### 2008 General Fund First Quarter Expenditures and Projected Expenditures – 2008

The adjusted expenditure budget as of 04/14/2008 is **\$150,161,038**. Quarterly expenditures by definition are expected to average approximately twenty-five (25%) of the total budget. Twenty five (25%) of the budgeted amount is **\$37.540 M**. Actual expenditures and encumbered amounts for the first quarter as of 04/14/2008 total **\$37.010 M** or **23.3 %** of budgeted. A projection of expenditures for the entire year using first quarter data shows that total expenditures for the year

will be approximately **\$149,656 M** which is slightly below the budgeted level. Changes to this projection will be reported each quarter as new expenditure data becomes available. **As of the first quarter, we can report that the budget is on schedule.** A summary report by department is enclosed.

### **2007 General Fund Unadjusted and Unreserved Fund Balance as of May 06, 2008**

The General Fund 2007 unadjusted and unreserved fund balance stands at **\$21.752 M** as of May 06, 2008. The GFOA recommends that counties maintain a fund balance of between 10% and 15% of budgeted expenditures for unexpected emergencies and other considerations, such as rating agency requirements. Given the current adjusted general fund expenditure budget of **\$150.161 M**, the current fund balance of **\$21.752 M** is **14.5%** of budgeted expenditures and is a level that should continue to be maintained. The 2007 fund balance is the result of **\$3.7 M** in new revenue received in 2007, **\$5.0 M** in actual revenue collected over the budgeted revenues for 2007, and **\$7.4 M** from under expenditures in the 2007 adjusted expenditures budget.

### **Health Insurance and Worker's Compensation Reserves and Required Reserves**

Hidalgo County assumes all risk for the Self-Insured Health Program (medical plan) and the Worker's Compensation Program. Annually, an actuary reviews the funds and recommends claim reserves for claims that have been incurred but not reported (IBNR) as of December 31, 2007. The County has fully funded these reserves for both programs.

The recommended reserve amount for the Health Self-Insured Program is **\$1.94 M**. Currently the reserved amount is **\$4.676 M**. Health insurance premiums for dependents were reduced by 35% in 2008 and we do not recommend reducing this reserve until more time elapses under the current insurance premium structure. In addition, GASB 45 now requires governmental entities to perform biennial other post employment benefit (OPEB) actuarial valuations. For the year ending 12/31/2007, the annual OPEB cost has been determined to be a net obligation of approximately **\$1.586 M**. The total for the two actuarial amounts is **\$3.52 M**.

The recommended reserve amount for the Worker's Compensation Self-Insured Program is **\$2.376 M**. Currently the reserved amount is **\$6.834 M**. It is expected that we will be able to recommend a reduction to the current modifier (currently .9) during the 2009 budget process.

### **Budget and Contingency Account Transfers**

A summary listing of transfer activity to and from the Contingency Account is provided.

A summary listing of budget transfers approved by the Budget Officer as per section 111.070 (c) (2) is provided for Court approval.