

Budget Process

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WORKSHOP #1
July 31, 2018

Department of Budget and Management



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2019 BUDGET PROCESS

WORKSHOP #1

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HIDALGO COUNTY
 Department Of Budget & Management

2019 BUDGET PROCESS
 General Fund Budget
As of July 31, 2018

2018 ADOPTED BUDGET:	\$ 200,700,595
BUDGET INCREASES:	2019 Proposed Increase
Personnel Actions <small>(approved since budget adoption)</small>	2,485,398
Health Insurance <small>(7% Premium Increase)</small>	1,264,977
464th District Court <small>(effective January 1, 2019)</small>	515,000
Retirement - TCDRS <small>(0.11% increase 11.91%)</small>	119,375
Total Increases:	\$ 4,384,750
PROJECTED BUDGET NEED FOR 2019:	\$ 205,085,345
FINANCING METHOD (ESTIMATED REVENUES):	
Property Tax Revenue	176,049,202
Other Revenue	32,026,333
	\$ 208,075,535
PROJECTED REVENUES:	\$ 208,075,535
PROJECTED SURPLUS / (SHORT FALL):	\$ 2,990,190

HIDALGO COUNTY
Department Of Budget & Management

2019 BUDGET PROCESS
General Fund Budget
As of July 31, 2018

BUDGET DISCUSSION ITEMS:

	2018 Adopted Budget	2019 Requested	Requested Increase	Recommended Increase
Cost of Living Adjustment @ 2.9% <small>(5.3% CPI Increase since last COLA)</small>	-	3,458,937	3,458,937	-
Grade & Step - Step Increase <small>(1,534 employees qualify)</small>		2,758,521	2,758,521	-
Jail Room and Board	2,050,000	4,000,000	1,950,000	50,000
Public Defense	4,570,667	6,100,000	1,529,333	-
Gasoline	1,858,807	2,725,650	866,843	16,000
Juvenile Room & Board	2,695,312	3,300,000	604,688	-
Contingency <small>(0.25% of Revenues)</small>	-	520,188	520,188	-
New Courthouse M&O	-	500,000	500,000	-
Vehicle Lease Program <small>(Non-Law enforcement)</small>	350,000	700,000	350,000	350,000
Humane Society	750,000	1,071,400	321,400	71,400
Other Public Defense	300,000	500,000	200,000	50,000
Visiting Judges	175,644	325,000	149,356	-
Other Operating Expenses	50,374,119	58,007,711	7,633,592	906,262
Total Increases:	\$ 63,124,549	\$ 83,967,407	\$ 20,842,858	\$ 1,443,662

HIDALGO COUNTY
Department Of Budget & Management

2019 Budget Process
Revenue Projections
As of July 31, 2018

Description	2016 Actual	2017 Actual	2018 Budgeted	2019 Projected
General Property Taxes	\$ 154,687,635	\$ 160,159,154	\$ 165,699,916	\$ 171,272,008
Penalties and Interest on Delinquent Taxes	4,651,768	4,438,568	4,607,397	4,777,194
Business Licenses and Permits	130,924	149,944	130,000	138,000
Nonbusiness Licenses and Permits	1,301,020	1,411,350	1,240,000	1,270,000
Federal Government Grants	1,418,497	1,997,917	150,000	160,000
State Government Grants	1,165,576	1,349,997	1,065,000	1,065,000
State Government Shared Revenues	8,137,374	8,188,190	8,113,000	8,248,000
Charges for Services - General Government	14,936,546	15,527,238	14,433,279	14,232,330
Charges for Services - Public Safety	2,791,228	3,262,138	3,305,000	3,605,000
Charges for Services - Sanitation	-	8,606	-	-
Charges for Services - Health	586,744	445,020	390,000	435,000
Charges for Services - Culture - Recreation	29,937	21,907	19,000	20,000
Fines	305,641	344,902	310,000	325,000
Forfeits	12,986	24,804	-	-
Special Assessments	20,317	32,322	20,000	20,000
Miscellaneous	1,855,125	1,993,078	304,000	304,000
Investment Earnings	1,035,224	1,663,576	820,003	2,110,003
Rents and Royalties	93,954	160,734	94,000	94,000
Escheats	165,985	181,741	-	-
Contributions and Donations from Private	1,500	-	-	-
Interfund Transfer-In	-	50,401	-	-
Proceeds of General Capital Asset Disposition	33,051	66,784	-	-
General Long-Term Debt Issued	1,030,880	238,597	-	-
Total General Fund	\$ 194,391,910	\$ 201,716,968	\$ 200,700,595	\$ 208,075,535

HIDALGO COUNTY
Department Of Budget & Management

2019 Budget Process

Fund Balance

As of July 31, 2018

2017 Fund Balance

Nonspendable	\$ 4,261,408
Restricted	9,387,710
Committed	-
Unassigned	36,360,709
Assigned	6,190,416
1115 Waiver	3,208,276
Capital Outlay	19,394
New Courthouse	2,786,348
FEMA - Park	176,397

Fund Balance Dec. 31, 2017: **\$ 56,200,243**

2018 Estimated Unassigned Fund Balance

Unassigned F/B Jan. 01, 2018	\$ 36,360,709
June Flood Event Appropriations	(2,500,000)
New Revenue/Lapse Exp.	4,050,000

Projected Unassigned F/B Dec. 31, 2018: **\$ 37,910,709**

% of 2019 Projected Revenues : \$208,075,535 18.2%

2019 *budget process*

DISCUSSION ITEM: PERSONNEL CHANGES SINCE THE ADOPTION OF THE BUDGET

Background / Description:

Since the adoption of the budget on September 26, 2017, new positions and other salary related adjustments have been approved through Commissioners Court. For the year 2018 a total of \$2,485,398 has been added to the salaries budget.

Budgetary Impact:

Every year during the budget process, salary related items approved after the adoption of the current year budget have a burden in the preparation of the new year's budget since before opening the database for departments to request a budget, there is already a substantial increase to it that needs to be funded. Below, please find the adjustments approved for this year.

New Positions (41)	\$ 1,920,359
Deleted Positions (25)	<u>(\$ 929,112)</u>
Total: (13)	<u>\$ 991,247</u>
Reclassifications (0)	\$ 0
Change in Funding Source (23)	\$ 27,988
Salary Adjustments	\$ 1,006,912
Allowances	\$ 40,540
	<u>\$ 1,075,440</u>
Total Salaries:	\$ 2,066,687
Fringe Benefits (20.26%)	<u>\$ 418,711</u>
Total	<u>\$ 2,485,398</u>

Our office recommends to limit the salary related actions to the budget process only, unless there is an emergency and encourage the court to enforce the Budget Amendment Policy approved on September 2013.

2019 *budget process*

DISCUSSION ITEM: CONSUMER PRICE INDEX (CPI)

Background / Description:

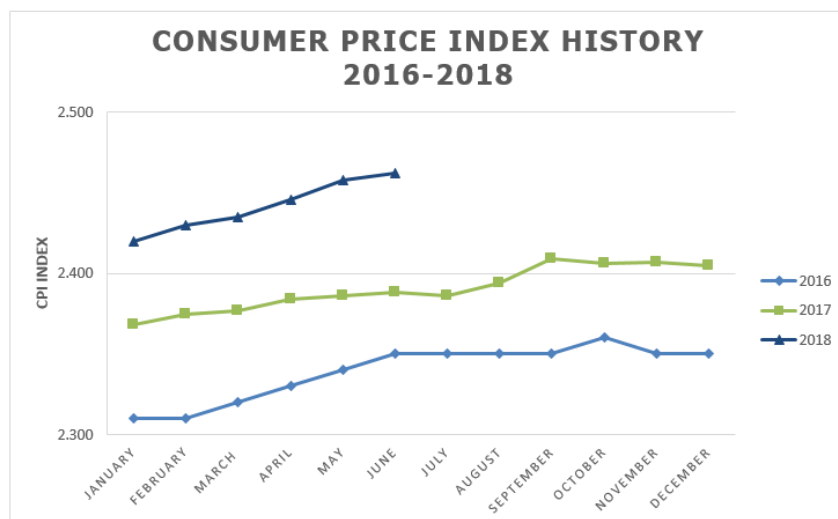
The Consumer Price Index (CPI) measures price changes of the market basket of goods and services in a given region. The main purpose of the CPI is to measure inflation rate, which is the percentage change in the price level from one year to the next.

Hidalgo County has been keeping track of the CPI rate since the year 2007 and has utilized this rate to recommend cost of living adjustments to the employee wages. The last Cost of Living Adjustment (COLA) approved by Commissioners Court was 3% for all County employees for the 2016 fiscal year.

Budgetary Impact:

The 2018 2nd quarter CPI was 245.524 a 2.9% increase from 2017 2nd quarter which was 238.618. The 2nd quarter CPI is the latest index published by the U.S. Department of Labor. The CPI has been slightly increasing since December 2017, and it is forecasted to continue increasing throughout the year. Below is the cost associated with a Cost of Living Adjustment (COLA).

Fund	CPI	Est. Cost
General Fund	2.9%	\$3,458,937
Road & Bridge	2.9%	\$437,348



2019 budget process

DISCUSSION ITEM: CREATION OF THE 464TH DISTRICT COURT

Background / Description:

Currently in Hidalgo County there are eleven (11) Judicial District Courts. During the 85th State legislative session, Senate Bill (SB) 1329 was passed and adopted into law, which amended Texas Government Code §24.6008 creating the new 464th Judicial District Court for Hidalgo County. The new 464th District Court will be operational by January 1st, 2019.

Budgetary Impact:

The estimated budgetary impact of the creation of the new 464th District Court in accordance with Senate Bill (SB) 1329 is illustrated below:

464TH DISTRICT COURT COST ESTIMATE

COURT PERSONNEL	GRADE	STEP	AMOUNT
JUDGE	N/A	N/A	18,000
JUDGE AUTO ALLOWANCE ⁽¹⁾			10,373
COURT REPORTER	N/A	N/A	85,614
COURT COORDINATOR	16	2	64,665
ASSISTANT COURT COORDINATOR	13	2	51,333
BAILIFF	10	2	40,749
OTHER PERSONNEL			
DEPUTY DISTRICT CLERK I	5	2	27,734
ASSISTANT DISTRICT ATTORNEY II	15	2	59,875
TOTAL SALARIES & ALLOWANCES			358,343
ESTIMATED FRINGES			131,645
TOTAL SALARIES, ALLOWANCES & FRINGES			489,988
START-UP & OPERATING EXPENSES			
FURNITURE, FIXTURES & EQUIPMENT ESTIMATED START-UP COSTS ⁽²⁾			40,500
LEASE OF PROPERTY ⁽³⁾			80,000
OPERATING EXPENSES ⁽³⁾			24,745
TOTAL ESTIMATED START-UP & OPERATING EXPENSES			145,245
GRAND TOTAL			635,233

(1) Only the Judge auto allowance is included

(2) Based on JP Pct. 5 cost estimate, pending additional info from IT Dept.

(3) Based on the 430th DC operating budget and property lease

2019 *budget process*

DISCUSSION ITEM: PUBLIC DEFENSE

Background / Description:

The Board of Judges at its meeting of August 28, 2008 voted on and approved an increase in the hourly fee schedule for public/indigent defense. The in court hourly rate was increased from \$70 to \$100 and the out of court rate was increased from \$40 to \$70. Both in court and out of court rates have remained the same.

PUBLIC DEFENSE

<u>Year</u>	<u>Budgeted Expenses</u>	<u>Actual Expenses</u>
2014	\$3.336 Million	\$4.462 Million
2015	\$4.444 Million	\$5.427 Million
2016	\$4.371 Million	\$5.679 Million
2017	\$4.371 Million	\$6.358 Million

CHILD WELFARE & OTHER PUBLIC DEFENSE

<u>Year</u>	<u>Budgeted Expenses</u>	<u>Actual Expenses</u>
2014	\$1.805 Million	\$1.992 Million
2015	\$2.478 Million	\$1.731 Million
2016	\$1.737 Million	\$1.628 Million
2017	\$1.550 Million	\$1.863 Million

Budgetary Impact:

The Department of Budget and Management is recommending that Commissioner's Court stress the importance of utilizing the Public Defender's Office to its maximum capacity and urges the court officials to utilize the internal resources to provide the required indigent defense services at a lower cost than appointed private attorneys.

It is also recommended to increase the number of felony cases assigned to the Public Defender's office since they now have attorneys with the required experience to handle that type of cases. Caseload maximization per public defender can reduce outsourced attorney expenditures by a substantial amount.

2019 budget process

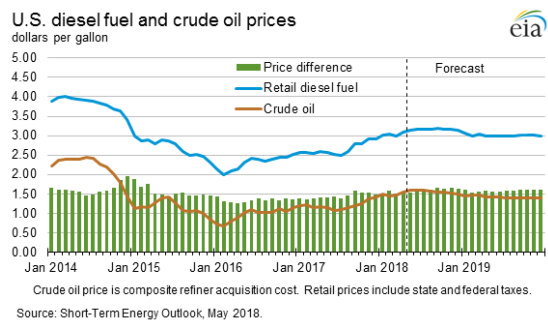
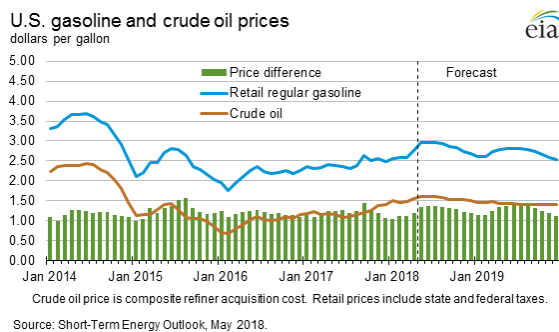
DISCUSSION ITEM: GASOLINE/DIESEL

Background / Description:

Relatively higher crude oil prices, higher gasoline demand, and falling gasoline inventories are all factors contributing to higher gasoline prices. U.S. gasoline prices have been more closely tied to Brent crude oil prices than to West Texas Intermediate prices. The Brent price averaged \$78/barrel the week of May 18, 2018 or 51% higher than the same week in 2017. Because gasoline taxes and retail distribution costs have been generally stable, movements in gasoline and diesel prices have been mainly the result of changes in crude oil prices and wholesale margins. U.S. gasoline consumption has remained relatively high, putting additional upward pressure on prices. Decreasing gasoline inventories are also contributing to the recent increase in gasoline prices. Although 2018 inventories are higher than the previous five-year average, they have remained lower than 2017 inventory levels for the past five weeks. The U.S. Energy Information Administration (EIA) forecasts U.S. regular gasoline retail prices to average \$2.90/gallon (gal), up from an average of \$2.41/gal last summer. The higher forecast gasoline prices are primarily the result of higher forecast crude oil prices.

Recommendation:

The U.S. regular gasoline retail price average of \$2.42/gal in 2017 is forecast to average \$2.79/gal in 2018 and \$2.71/gal in 2019. The diesel fuel retail price average of \$2.65/gal in 2017 is forecast to average \$3.12/gal in 2018 and \$3.01/gal in 2019.



Due to the increase in gasoline prices, DBM recommends to increase the funding in the amount of \$74,285, projecting that the new total will be sufficient to cover the 2019 FY. Below is the General Fund actual expenditure history for gasoline since the year 2014 and projected expenditures for the year 2018.

General Fund Actual Expenditures	2015	2016	2017	2018*	2019*
Gasoline/Diesel	1,858,283	1,504,319	1,726,230	1,990,157	1,933,092

*Projected Expenditures

HIDALGO COUNTY

Department Of Budget & Management

2019 Budget Process

General Fund

Operating Budget by Object Code

Object Code	ObjName	2018 Adopted	2019 Request	Variance
310	OFFICIAL/ADMINISTRATIVE	\$ -	\$ -	\$ -
320	PROFESSIONAL	\$ 112,300	\$ 126,850	\$ 14,550
330	PHYSICIAN SRV INTERNAL	\$ 30,000	\$ 30,000	\$ -
331	PHYSICIANS SERVICES	\$ 666,700	\$ 678,290	\$ 11,590
332	HOSPITAL SERVICES	\$ 346,000	\$ 499,000	\$ 153,000
333	LEGAL SERVICES	\$ 6,565,667	\$ 8,295,000	\$ 1,729,333
334	ARCHITECTURAL AND ENGINEERING SERVICES	\$ 97,000	\$ 167,000	\$ 70,000
335	ACCOUNTING, AUDITING AND FINANCE SERVICES	\$ 179,000	\$ 180,000	\$ 1,000
336	COMPUTER SERVICES	\$ 1,795,714	\$ 2,164,411	\$ 368,697
337	PHARMACEUTICAL SERVICES	\$ 36,000	\$ 36,000	\$ -
339	OTHER PROFESSIONAL SERVICES	\$ 546,850	\$ 607,657	\$ 60,807
340	TECHNICAL SERVICES	\$ 1,020,464	\$ 1,107,774	\$ 87,310
350	OTHER SERVICES	\$ 1,733,099	\$ 1,748,128	\$ 15,029
411	WATER/SEWERAGE	\$ 405,700	\$ 429,283	\$ 23,583
412	CABLE/SATELLITE TELEVISION	\$ 20,706	\$ 23,947	\$ 3,241
413	ELECTRONIC SURVEILLANCE AND SECURITY	\$ 9,789	\$ 12,208	\$ 2,419
421	DISPOSAL	\$ 1,612,851	\$ 2,119,254	\$ 506,403
423	CUSTODIAL	\$ 66,200	\$ 57,840	\$ (8,360)
424	LAWN CARE	\$ 1,000	\$ 300	\$ (700)
425	PEST CONTROL	\$ 33,010	\$ 44,280	\$ 11,270
430	REPAIR AND MAINTENANCE SERVICES	\$ 1,346,974	\$ 1,720,197	\$ 373,223
441	RENTAL OF LAND AND BUILDINGS	\$ 476,818	\$ 553,161	\$ 76,343
442	RENTAL OF EQUIPMENT AND VEHICLES	\$ 69,600	\$ 85,028	\$ 15,428
452	BUILDING ADDITIONS AND RENOVATIONS CONSTRUCTION SERVICES	\$ -	\$ -	\$ -
520	INSURANCE OTHER THAN EMPLOYEE BENEFITS	\$ 2,471,953	\$ 2,473,154	\$ 1,201
531	TELEPHONE AND TELEGRAPH	\$ 584,147	\$ 593,085	\$ 8,938
532	WIRELESS DEVICES	\$ 521,924	\$ 447,085	\$ (74,839)

HIDALGO COUNTY

Department Of Budget & Management

2019 Budget Process

General Fund

Operating Budget by Object Code

Object Code	ObjName	2018 Adopted	2019 Request	Variance
534	INTERNET SERVICES	\$ 29,837	\$ 65,080	\$ 35,243
535	POSTAGE AND EXPRESS MAIL CHARGES	\$ 666,699	\$ 765,960	\$ 99,261
540	ADVERTISING	\$ 188,859	\$ 195,519	\$ 6,660
550	PRINTING AND BINDING	\$ 216,216	\$ 240,941	\$ 24,725
581	IN-COUNTY EMPLOYEE TRAVEL	\$ 60,116	\$ 57,346	\$ (2,770)
582	TRANSPORTATION OF DETAINEES	\$ 126,200	\$ 165,300	\$ 39,100
583	OUT-OF-COUNTY EMPLOYEE TRAVEL	\$ 333,635	\$ 477,938	\$ 144,303
584	REGISTRATION FEES	\$ 198,300	\$ 262,074	\$ 63,774
585	NON-EMPLOYEE TRAVEL	\$ -	\$ -	\$ -
590	ROOM AND BOARD	\$ 3,256,554	\$ 5,500,242	\$ 2,243,688
591	ROOM & BOARD EXTERNAL	\$ 1,489,000	\$ 1,800,000	\$ 311,000
605	CLOTHING AND UNIFORMS	\$ 257,970	\$ 369,567	\$ 111,597
610	GENERAL SUPPLIES	\$ 3,484,713	\$ 6,368,339	\$ 2,883,626
621	NATURAL GAS	\$ 74,900	\$ 76,200	\$ 1,300
622	ELECTRICITY	\$ 1,820,776	\$ 1,890,420	\$ 69,644
623	BOTTLED GAS	\$ 2,800	\$ 4,750	\$ 1,950
626	GASOLINE/DIESEL FUEL	\$ 1,858,807	\$ 2,725,650	\$ 866,843
630	FOOD	\$ 1,786,400	\$ 1,835,720	\$ 49,320
631	BOTTLED WATER	\$ 62,823	\$ 68,000	\$ 5,177
640	REFERENCE MATERIALS	\$ 59,621	\$ 77,256	\$ 17,635
650	SOFTWARE - CONTROLLED	\$ 28,500	\$ 29,500	\$ 1,000
660	FURNISHINGS AND EQUIPMENT - CONTROLLED	\$ 336,352	\$ 942,992	\$ 606,640
668	POLICE WEAPONS AND BULLETPROOF VESTS	\$ -	\$ -	\$ -
710	LAND	\$ -	\$ -	\$ -
730	BUILDINGS	\$ -	\$ -	\$ -
740	IMPROVEMENTS OTHER THAN BUILDINGS	\$ 25,000	\$ -	\$ (25,000)
751	MACHINERY AND EQUIPMENT	\$ 617,418	\$ 3,260,260	\$ 2,642,842
752	VEHICLES	\$ 350,000	\$ 860,000	\$ 510,000

HIDALGO COUNTY
Department Of Budget & Management

2019 Budget Process

General Fund

Operating Budget by Object Code

Object Code	ObjName	2018 Adopted	2019 Request	Variance
753	FURNITURE AND FIXTURES	\$ 11,773	\$ 40,652	\$ 28,879
761	SOFTWARE	\$ 83,500	\$ 124,495	\$ 40,995
780	CAPITAL LEASES	\$ 1,317,260	\$ 1,333,947	\$ 16,687
810	DUES AND MEMBERSHIPS	\$ 155,734	\$ 162,101	\$ 6,367
811	LICENSES AND PERMITS	\$ 12,132	\$ 21,803	\$ 9,671
812	SOFTWARE LICENSE RENEWALS	\$ 27,570	\$ 36,990	\$ 9,420
820	CLAIMS AND JUDGMENTS NOT COVERED BY INSURANCE	\$ 177,000	\$ 177,000	-
831	COURT COST AND INVESTIGATION	\$ 210,797	\$ 239,535	\$ 28,738
832	JURORS	\$ 850,000	\$ 851,000	\$ 1,000
841	AID TO GOVERNMENTAL AGENCIES	\$ 2,451,477	\$ 2,451,477	-
843	AID TO NON-GOVERNMENTAL AGENCIES	\$ 7,177,869	\$ 7,377,869	\$ 200,000
851	TAXES	\$ 20,400	\$ 21,000	\$ 600
854	APPRAISAL FEES	\$ 1,904,358	\$ 1,904,358	-
855	LATE FEES, PENALTIES, AND FINANCE CHARGES	\$ -	\$ -	-
856	BANK FEES	\$ 20,950	\$ 14,300	\$ (6,650)
862	OTHER DEBT PRINCIPAL	\$ -	\$ -	-
864	OTHER DEBT INTEREST	\$ 5,000	\$ -	\$ (5,000)
890	OTHER	\$ 558,691	\$ 185,407	\$ (373,284)
891	INTERFUND TRANSFERS OUT	\$ 9,454,076	\$ 9,444,841	\$ (9,235)
899	CONTINGENCIES	\$ 605,000	\$ 1,125,188	\$ 520,188
TOTAL:		\$ 63,124,549	\$ 77,749,949	\$ 14,625,400



APPENDIX

HIDALGO COUNTY

Department Of Budget & Management

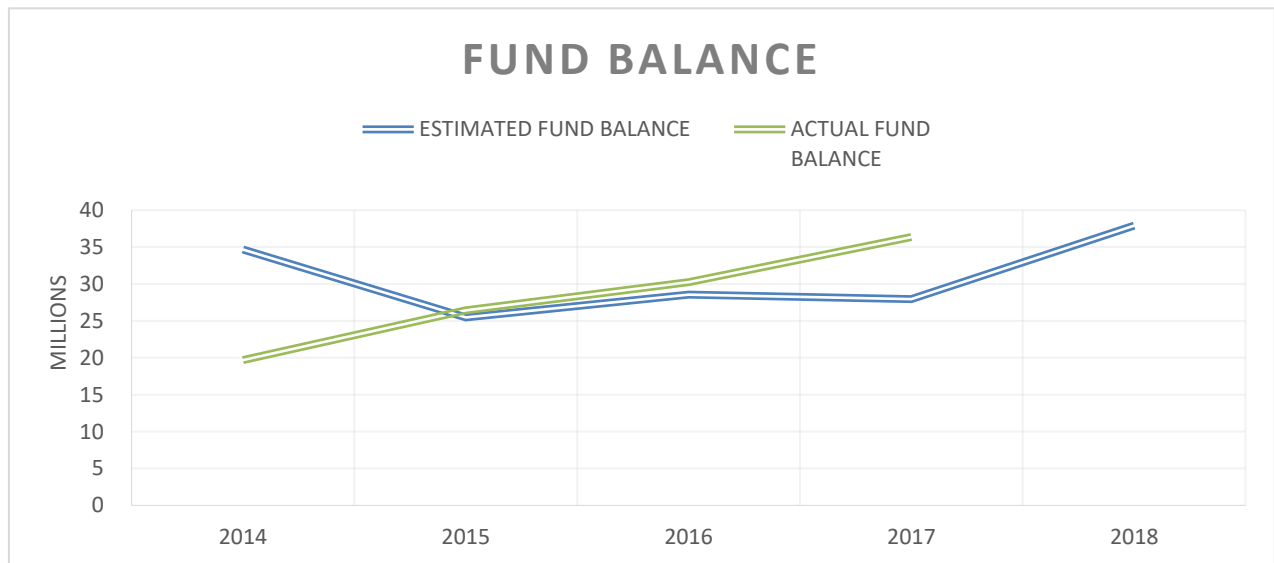
2019 Budget Process

FUND BALANCE

PROJECTED VS. ACTUAL

Five Year History

YEAR	ESTIMATED FUND BALANCE	ACTUAL FUND BALANCE	VARIANCE
2014	34,684,010	19,689,742	(14,994,268)
2015	25,474,432	26,426,521	952,089
2016	28,548,588	30,260,498	1,711,910
2017	27,969,027	36,360,709	8,391,682
2018	37,910,709		



HIDALGO COUNTY

Department Of Budget & Management

2019 Budget Process GENERAL FUND BUDGET

ADOPTED VS. ACTUAL
Five Year History

YEAR	ADOPTED BUDGET	ACTUAL EXPENDITURES	VARIANCE
2014	177,989,712	181,537,037	(3,547,325)
2015	185,674,407	184,754,514	919,893
2016	189,336,719	189,949,767	(613,048)
2017	194,269,170	196,755,694	(2,486,524)
2018	200,700,595		

