

2022 BUDGET PROCESS

WORKSHOP #1

August 10, 2021



Table of Contents

2022 Proposed Budget

WORKSHOP # 1

FY2020 BUDGET STATUS REPORT	3
FY2021 BUDGET STATUS REPORT	4
FY2022 DISCUSSION ITEMS	5
ELECTED OFFICIALS SALARY	6
APPENDIX	
GENERAL FUND ADOPTED VS ACTUAL	7
FUND BALANCE PROJECTED VS ACTUAL	8
DISCUSSION ITEMS DETAIL	9

HIDALGO COUNTY

Department Of Budget & Management

2022 Budget Process

GENERAL FUND

Fiscal Year 2020

Ended December 31, 2020

	Adopted 2020	Actual 2020 ⁽¹⁾
Revenues:		
Taxes	\$ 181,054,769	\$ 182,064,952
Licenses & Permits	1,446,000	1,797,135
Intergovernmental	10,010,206	10,480,745
Charges for Services	18,404,768	16,443,812
Fines & Forfeits	247,000	475,100
Special Assessments	51,000	66,433
Interest	2,165,500	2,000,524
Miscellaneous	2,669,153	2,220,398
Total Revenues	216,048,396	215,549,099
Expenditures:		
General Government	92,567,328	87,972,677
Public Safety	85,675,007	80,266,316
Highways and Streets	45,000	151,725
Sanitation	7,940,995	8,325,094
Health and Welfare	18,038,729	16,007,436
Culture-Recreation	3,996,856	3,753,356
Conservation of Natural Resources	1,454,364	1,335,855
Urban & Economic development	1,118,727	1,255,685
Debt Service		
Principal	-	1,374,775
Interest and Fiscal Charges	12,000	230,196
Total Expenditures	210,849,006	200,673,115
Excess (Deficiency) of Revenues Over (Under) Expenditures:	5,199,390	14,875,983
Other Financing Sources (Uses):		
Transfers In		
Transfers Out	(13,248,779)	(13,248,779)
Capital Leases		1,065,800
Sale of Capital Assets		40,732
Total Other Financing Sources (Uses)	(13,248,779)	(12,142,247)
Excess (Deficiency) of Revenues And Other Financing Sources Over (Under)	(8,049,389)	2,733,737
Beginning Fund Balance	60,912,765	60,912,765
Prior Period Adjustment	-	-
Beginning Fund Balance Restated	60,912,765	60,912,765
Fund Balance		
At End Of Year	\$ 52,863,376	\$ 63,646,502

⁽¹⁾ Preliminary Adjusted Budget, unaudited - 07/23/2021

HIDALGO COUNTY

Department Of Budget & Management

2022 Budget Process GENERAL FUND

Fiscal Year 2021

Preliminary Estimates as of July 23, 2021

	Adopted 2021	Estimated 2021 ⁽²⁾
Revenues:		
Taxes	\$ 186,527,984	\$ 191,415,810
Licenses & Permits	1,506,000	1,610,000
Intergovernmental	8,900,270	9,288,000
Charges for Services	15,922,768	16,436,767
Fines & Forfeits	250,000	250,000
Special Assessments	56,000	56,000
Interest	645,000	645,000
Miscellaneous	563,000	563,000
Total Revenues	214,371,022	220,264,577
Expenditures:		
General Government	98,712,277	98,712,277
Public Safety	86,578,433	86,578,433
Highways and Streets	150,050	150,050
Sanitation	8,043,176	8,043,176
Health and Welfare	17,224,615	17,224,615
Culture-Recreation	4,080,113	4,080,113
Conservation of Natural Resources	1,456,504	1,456,504
Urban & Economic development	1,232,601	1,232,601
Debt Service	-	-
Principal	-	-
Interest and Fiscal Charges	12,000	12,000
Total Expenditures	217,489,769	217,489,769
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(3,118,747)</u>	<u>2,774,808</u>
Other Financing Sources (Uses):		
Transfers In		
Transfers Out	(12,642,592)	(12,642,592)
Capital Leases		
Sale of Capital Assets		
Total Other Financing Sources (Uses)	<u>(12,642,592)</u>	<u>(12,642,592)</u>
Excess (Deficiency) of Revenues And Other Financing Sources Over (Under)	(15,761,339)	(9,867,784)
Beginning Fund Balance	63,646,502	63,646,502
Prior Period Adjustment	-	-
Beginning Fund Balance Restated	63,646,502	63,646,502
Fund Balance		
At End Of Year	<u>\$ 47,885,163</u>	<u>\$ 53,778,718</u>

⁽²⁾ Preliminary DBM Estimates - 07/23/2021

2022 Budget Process

GENERAL FUND

Discussion Items

As of August 10, 2021

Operating Budget (As requested by county departments via BMS)	27,793,778
Courthouse Security (LE New Positions/Equipment)	2,448,574
Countywide Maintenance Plan (Facilities Management)	2,260,343
Courthouse M&O/Center Utility Plant (Facilities Management)	1,714,129
Classification & Compensation Pay Plan (Net Step Increase cost)	1,589,393
New Positions (26 as requested by county departments via BMS)	1,372,825
Health Insurance (5% Premium Increase)	1,206,812
Personnel Actions (approved since budget adoption as of June 22, 2021)	933,246
District Attorney Chapter 59 (Salary Expenses)	862,000
Fire Calls	700,000
Grants Cash Match	654,777
Retirement Rate (13.03%)	377,103
476th District Court (effective September 2022)	281,257
Vehicle Replacement Program (Excluding Law Enforcement)	250,000
Position Reclassifications (As requested by county departments via BMS)	102,405
Fuel (General Fund)	75,000
Total:	\$ 42,621,642

HIDALGO COUNTY

Department Of Budget & Management

2022 Budget Process

Elected Official Salaries

Position	Current Salaries	Proposed 2022 Salaries	Current Auto Allow.	Proposed Auto Allow. 2022	Current Other Allow. (1)	Proposed Other Allow. 2022
* County Judge	118,100.00	118,100.00	8,000.00	8,000.00		
* County Commissioners	101,228.00	101,228.00	8,000.00	8,000.00		
Court at Law #1 Judge	185,000.00	185,000.00	8,000.00	8,000.00		
Court at Law #2 Judge	185,000.00	185,000.00	8,000.00	8,000.00		
Court at Law #3 Judge	166,561.00	166,561.00	8,000.00	8,000.00		
Court at Law #4 Judge	185,000.00	185,000.00	8,000.00	8,000.00		
Court at Law #5 Judge	185,000.00	185,000.00	8,000.00	8,000.00		
Court at Law #6 Judge	185,000.00	185,000.00	8,000.00	8,000.00		
Court at Law #7 Judge	185,000.00	185,000.00	8,000.00	8,000.00		
Court at Law #8 Judge	166,561.00	171,000.00	8,000.00	8,000.00		
Court at Law #9 Judge	157,000.00	157,000.00	8,000.00	8,000.00		
Court at Law #10 Judge	157,000.00	157,000.00	8,000.00	8,000.00		
* Tax Assessor/Collector	103,438.00	103,438.00	8,000.00	8,000.00		
* County Clerk	103,438.00	103,438.00	8,000.00	8,000.00		
* District Clerk	103,438.00	103,438.00	8,000.00	8,000.00		
* County Treasurer	103,438.00	103,438.00	8,000.00	8,000.00		
* County Sheriff	144,813.00	144,813.00	-	-	3,300.00	3,300.00
* Justice of the Peace Judge Pct. 1 PL 1/2	84,872.00	84,872.00	15,000.00	15,000.00		
* Justice of the Peace Judge Pct. 2 PL 1/2	84,872.00	84,872.00	15,000.00	15,000.00		
* Justice of the Peace Judge Pct. 3 PL 1/2	84,872.00	84,872.00	15,000.00	15,000.00		
* Justice of the Peace Judge Pct. 4 PL 1/2	84,872.00	84,872.00	15,000.00	15,000.00		
* Justice of the Peace Judge Pct. 5 PL 1	84,872.00	84,872.00	15,000.00	15,000.00		
* Constable Pct. #1	84,872.00	84,872.00	14,000.00	14,000.00	1,200.00	1,800.00
* Constable Pct. #2	84,872.00	84,872.00	14,000.00	14,000.00	3,000.00	3,000.00
* Constable Pct. #3	84,872.00	84,872.00	14,000.00	14,000.00	4,500.00	4,500.00
* Constable Pct. #4	84,872.00	84,872.00	14,000.00	14,000.00	3,000.00	3,000.00
* Constable Pct. #5	84,872.00	84,872.00	14,000.00	14,000.00	4,200.00	4,200.00
District Court Judges (2)	18,000.00	18,000.00	10,373.00	10,373.00		
Criminal District Attorney (2)	18,000.00	18,000.00	8,000.00	8,000.00		

* Notice of proposed salary required and opportunity to request a hearing before the Salary Grievance Committee as per Tex. Local Gov't Code Chapter 152.

(1) Other allowances for the Sheriff and/or the Constables are for Education and Professional Certifications in accordance with Hidalgo County Law Enforcement Pay Plan.

(2) The Criminal District Attorney and District Judges salaries are set by the 86th Texas Legislature under Sec. 46.001/0031 and 659.012 Tex. Gov't Code respectively supplemented by the County.



APPENDIX

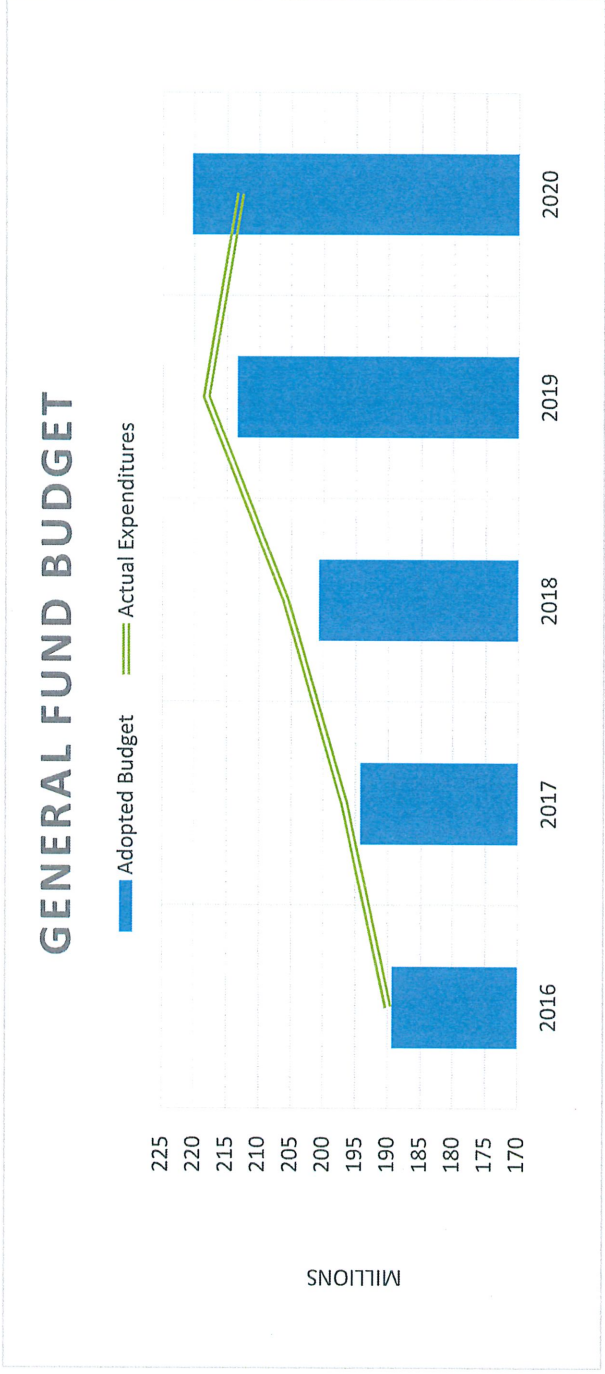
2022 BUDGET PROCESS

GENERAL FUND

ADOPTED VS. ACTUAL

Five Year History

Year	Adopted Budget	Actual Expenditures	Variance
2016	189,336,719	189,949,767	613,048
2017	194,269,170	196,755,694	2,486,524
2018	200,700,595	205,832,264	5,131,669
2019	213,365,644	218,151,349	4,785,705
2020	220,331,006	212,937,360	(7,393,646)
2021	230,132,361	230,132,361	-

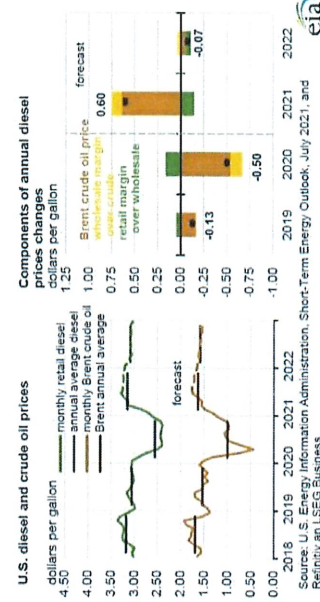
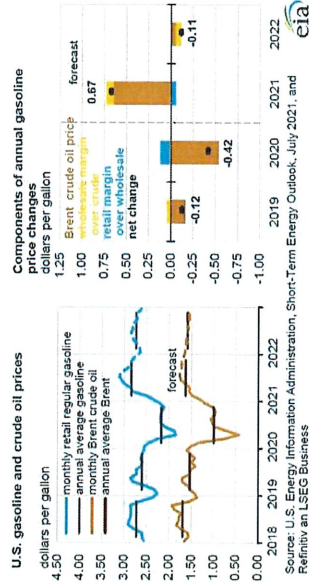


budget process

DISCUSSION ITEM: GASOLINE/DIESEL

Background / Description:

U.S. gasoline consumption has gradually increased throughout the year as the world experiences the global pandemic. The increase in economic activity and easing of COVID-19-related restrictions have contributed to rising demand of oil. As vaccination rollouts have continued to ramp up in parts of the world, personal travel and mobility have been rising during much of 2021. Increasing oil consumption combined with production restraint from OPEC+ and relatively flat crude oil output in the United States have kept global oil consumption above global oil supply, draining inventories. U.S. regular gasoline retail prices averaged \$2.78 per gallon in the first half of 2021, compared with an average of \$2.20/gal in the first half of 2020. The U.S. Energy Information Administration's (EIA) July Short-Term Energy Outlook (STEO) forecasts that regular-grade gasoline prices to average \$2.92/gal in the second half of 2021 and decrease to \$2.74/gal for all of 2022 as the continuing growth in production will begin to outpace the global oil consumption. EIA forecasts that the diesel price will average \$3.16/gal in 2021 and \$3.09/gal in 2022.



Budgetary Impact:

The economic recovery looks favorable in terms of fuel expenses, for the FY22, DBM is recommending a slight increase to the gasoline funding level to account for the actual number of gallons of gas used. Below is the General Fund actual expenditure history for gasoline since the year 2018 and projected expenditures for the year 2022.

General Fund Actual Expenditures	2018	2019	2020	2021*	2022*
Gasoline/Diesel	1,977,836	1,801,598	1,330,731	1,926,440	1,852,086
Average Price Per Gallon	2.73	2.60	2.18	2.85	2.74

**Projected*



2022

budget process

DISCUSSION ITEM: CREATION OF THE NEW 476TH DISTRICT COURT

Background/Description:

Currently in Hidalgo County there are twelve (12) Judicial District Courts. During the 87th Legislative Session, House Bill (HB) 3774 was passed and authorized an additional Judicial District Court for Hidalgo County to be effective on September 1, 2022.

Budgetary Impact:

The estimated annual budgetary impact for the creation of the new 476th District Court is illustrated below. The pro-rated cost based on the effective date will be \$281,257.00.

COURT PERSONNEL	GRADE	AMOUNT
JUDGE	N/A	18,000
JUDGE AUTO ALLOWANCE		10,373
COURT REPORTER	N/A	98,000
COURT COORDINATOR (DC)	16	62,478
ASSISTANT COURT COORDINATOR (DC)	13	51,084
BAILIFF (DC)	13	51,084
INTERPRETER PAY		6,000
OTHER PERSONNEL		
DEPUTY DISTRICT CLERK I	05	27,599
ASSISTANT DISTRICT ATTORNEY II (2 POSITIONS)	15	123,340
AUTO ALLOWANCE (FOR ADA'S POSITIONS)		1,800
LEGAL ASSISTANT I (FOR DA'S OFFICE)	06	29,807
TOTAL SALARIES & ALLOWANCES		479,565
ESTIMATED FRINGES @ 20.44%		98,023
HEALTH & LIFE INSURANCE (\$7,909/POSITION)		71,181
TOTAL SALARIES, ALLOWANCES, & FRINGES		648,769

OPERATING EXPENSES	AMOUNT
FIXTURES & EQUIPMENT FOR OTHER DEPTS	30,000
FIXTURES & EQUIPMENT FOR COURT	15,000
RECURRING OPERATING EXPENSES FOR COURT	20,000
TOTAL ESTIMATED OPERATING EXPENSES	65,000
GRAND TOTAL	\$713,769



2022

budget process

DISCUSSION ITEM: DISTRICT ATTORNEYS OFFICE CHAPTER 59

Background / Description:

Chapter 59 of the Texas Code of Criminal Procedure was enacted in 1989 to govern contraband seized by any Texas peace officer, including DPS, Sheriffs, and all levels of local law enforcement. In Texas, as in other states, most asset forfeitures occur in conjunction with a traffic stop along one of the state's drug corridors. Hidalgo County has been categorized by the National Drug Intelligence Center as part of the Corridor F, a south-north corridor that extends from the Texas-Mexico border through the West Central and Great Lakes Regions.

Budgetary Impact:

Over the past decade, the total forfeiture assets for the District Attorney's Office have decrease significantly. As a result, the DA's office is requested to allocate the Chapter 59 account expenditures to the department's General Fund account. During the 2021 budget process only \$1.2 million was reallocated. For the FY 2022, the DA is requesting that the remaining of the salaries be transferred into general fund as well. If approved, this action will have a budgetary impact of approximately \$885,000.00.

DA Chapter 59 Actual Assets	2017	2018	2019	2020	2021 ⁽¹⁾	2022 ⁽²⁾
Fund Balance	5,498,074	4,385,575	2,609,228	566,435	566,435	-
Revenues	1,242,381	451,047	540,244	354,895	420,988	397,720
Total Assets	6,740,455	4,836,622	3,149,472	921,330	987,423	397,720

DA Chapter 59 Actual Expenditures	2017	2018	2019	2020	2021 ⁽¹⁾	2022 ⁽¹⁾
Salaries	1,405,469	1,471,286	2,233,945	2,352,230	1,060,787	1,282,991
Operating	112,315	80,763	43,230	31,783	61,627	-
Total Expenditures	1,517,784	1,552,049	2,277,175	2,384,012	1,122,415	1,282,991
					(\$134,992)	(\$885,271)

(1) Auditor's Estimated Revenue (2) DBM Projected Revenues

budget process

DISCUSSION ITEM: GRANTS COUNTY CASH MATCH

Background/Description:

A cash match may be defined as a cash value of the cost sharing made by a grant applicant to assist a granting agency fund a particular project. Grant applications made by county departments often require that a certain amount of cash match be provided by the county. As such, the Department of Budget & Management (DBM) is required to provide funding for grant cash matches at the time an award is made to a county department by a granting agency from the General Fund. Furthermore, the county enters into Interlocal Cooperation Agreements (ICAs) with local governmental agencies which require cost sharing. Currently, the county has a total of 122 active grants from 21 departments. Of those active grants, only 17 require a cash match, 15 get paid from General Fund and the other 2 grants are from Precinct 2 and 4 and they will be using CO funds to fulfill the obligation.

Budgetary Impact:

The estimated budgetary impact for the General Fund in relation to the required annual county grant cash matches by department is illustrated below:

Department Name	No. of Grants	Cash Match Amount	2021 Budgeted Amount	2022 Estimated Budget Need
Adult Probation	2	714,934.00	464,996.00	249,938.00
District Attorney	3	255,917.00	-	255,917.00
Constable Pct. 1	1	44,043.00	-	44,043.00
Constable Pct. 3	3	180,827.00	104,000.00	76,827.00
Constable Pct. 5	1	1,133.00	-	1,133.00
Elections Dept.	1	16,000.00	-	16,000.00
Emergency Mgmt.	1	43,392.50	-	43,392.50
Health Dept.	3	327,878.00	284,583.00	43,295.00
GRAND TOTAL		1,584,124.50	853,579.00	730,545.50



2022

budget process

DISCUSSION ITEM: SELF-FUNDED HEALTH BENEFITS

Background/Description:

Hidalgo County transitioned to a Self-Funded Health Insurance Program in 2005. While the County has implemented programs to reduce costs, chronic conditions such as diabetes, hypertension and obesity continue to increase healthcare costs.

The highest cost driver in recent years has been the increase costs of pharmaceuticals. Most recently, costs to cover medical cost at 100% for employees seeking treatment for COVID-19 have also added to the rise of health care costs. On average the County has seen health care costs increase between 5% to 10% per year.

Budgetary Impact:

To keep up with rising health care costs, we are proposing a 5% increase to premiums for FY 2022. The estimated budgetary impact for the two major funds (General Fund and Road and Bridge) will be \$1,275,598.

Fund No.	Fund Name	No. of Employees	Increase
1100	General Fund	2,535	\$1,008,365.00
1200	Road and Bridge	310	\$120,447.00



2022

budget process

DISCUSSION ITEM: CLASSIFICATION & COMPENSATION PAY PLAN

Background/Description:

In April of 2018, the Commissioners' Court approved the reinstatement of the Hidalgo County Classification and Compensation Plan (CCP) suspended in November 2012. The CCP plan provides an organized position control structure and uniform classification system that maintains consistency and parity among County positions. The purpose of the pay plan is to recruit, retain and develop a qualified, diverse and motivated workforce.

95.53% of the county employees are part of the CCP plan, the other 4.47% are positions exempt by statute, law or Commissioners' Court order.

One of the major incentives of the CCP plan is the step increase, which is a merit increase earned by employees based on performance and time in step. Since the implementation of the CCP, the county has been able to provide yearly step increases to eligible employees who meet the requirements.

Budgetary Impact:

For the year 2022 a total of 1,278 employees or 38.74% of the county's workforce will be eligible for a step increase based on their time in step. The county estimates a \$1,589,393.00 cost for step increases. That amount includes savings in the amount of \$(899,258.00) from lost steps, which come from vacant slots that their salaries are reset to the step 1 minimum salary. These practices have allowed us to maintain the CCP plan incentives at a lower budgetary impact.

budget process

DISCUSSION ITEM: PERSONNEL CHANGES

Background / Description:

Since the adoption of the budget on September 29, 2020, new positions and other salary related adjustments have been approved through Commissioners Court. For the year 2021 a total of \$933,156 has been added to the salaries budget.

Budgetary Impact:

Salary related items approved after the adoption of the current year budget have a burden in the preparation of the next year's budget since they add a substantial increase to the General Fund before starting any discussions for the new budget cycle. Below, please find the adjustments approved for this year.

Personnel Changes by Type of Action	
New Positions (29):	1,148,300
Deleted Positions (16):	(638,683)
Net Positions (13):	\$ 509,617
Corrections (12):	20,943
Regrade (2):	(9,551)
Discretionary Step (4):	8,264
Other (10):	(20,493)
Reclassifications (18):	79,493
Funding Source (8):	81,075
CCP Adjustments (7):	17,070
Other Personnel Adj. Total:	\$ 176,801

Total Cost of Personnel Changes	
Salaries:	686,418
Fringe Benefits:	144,148
Health Insurance:	102,024
Life Insurance:	566
Grand Total:	\$933,156

Our office continues to support the reinforcement of the current Budget Amendment Policy as approved by Commissioners Court in an effort to limit the salary related actions during the year and hold them for consideration during the budgeting process only, unless there is an emergency.



2022

budget process

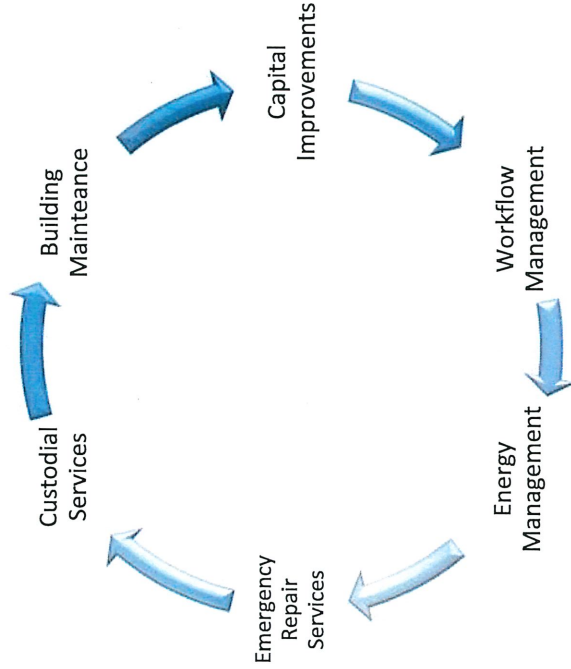
DISCUSSION ITEM: FACILITIES MANAGEMENT MAINTENANCE PLAN

Background/Description:

Currently the county is facing a growing challenge of maintaining aging county facilities. As such, the Facilities Management Department is in need of developing a Facilities Maintenance Plan in order to establish mechanisms, protocols, and procedures to address the maintenance needs of the county and provide for a safe and efficient environment for all county employees and constituents.

According to the International Facilities Management Association (IFMA) a Facilities Maintenance Plan is defined as a five-year plan encompassing the entire portfolio of owned and/or leased facilities that sets strategic facility goals based on the organization needs and objectives. The main purpose of the county's Facilities Maintenance Plan is to ensure the functionality, safety, and efficiency of county facilities. Illustrated below are the proposed components of the county's Facilities Maintenance Plan.

Facilities Maintenance Plan





2022

budget process

Budgetary Impact:

Based on a building assessment completed by the Facilities Management department, the estimated budgetary impact for the projects identified as part of the Facilities Maintenance Plan is \$2.6 million. Below is a list of the projects identified by category.

Heating, Ventilation and Air Conditioning:

Building	Estimated Cost
Morgue	58,000
Elections Annex IV	33,784
Admin I	275,093
Pct. 1 Justice of the Peace	42,000
Progresso CRC	42,000
Jail	35,000
Juvenile Detention Center	35,000
	\$ 520,877

Building Repairs:

Building	Estimated Cost
Jail	\$ 40,000

Building Restoration:

Building	Estimated Cost
Jail	32,000
Juvenile Detention Center	32,000
	\$ 64,000

Building Maintenance:

Building	Estimated Cost
Elections Annex IV	135,551
McColl	399,915
Admin I	500,000
Health Department	600,000
	1,635,466

Our office recommends allocating \$250,000.00 annually in order to begin addressing the priority capital improvements and the implementation of the county's Facilities Maintenance Plan.



2022

budget process

DISCUSSION ITEM: VEHICLE REPLACEMENT PROGRAM

Background / Description:

In late 2017, the County began the process of replacing an aging fleet of County vehicles with leased vehicles from Enterprise Fleet Program. The first replacements arrived in 2018 and (58) older vehicles were replaced. To date, the County has replaced (133) General Fund and Road & Bridge fleet leased vehicles.

The goal of the replacement program is to replace approximately (325) vehicles in order to maintain a safe and properly maintained vehicle fleet over the course of (5) years which would have been from 2018-2022 with an average replacement of (50) vehicles per year.

Due to the pandemic, FY2020 resulted in vehicle manufacturers stopping production of vehicles until the latter part of the year and in FY2021, the supply chain and chip shortage has interrupted and caused a shortage of vehicles that can be manufactured and sold to the market. Enterprise Fleet Program has limited access to new vehicles which has affected the County in acquiring additional replacement vehicles.

Budgetary Impact:

For FY2022, when manufacturers are able to produce and supply the market with more vehicles, our County will resume the replacement program to replace vehicles that have aged an additional two years due to the pandemic. With the requested funding, (30-35) vehicles can be replaced throughout the County.

By leasing vehicles, the County can budget yearly as opposed to utilizing debt service. The average cost per vehicle is approximately \$454.89 per month which includes a maintenance program and reduces the need for requisitions and purchase orders saving time for precincts and departments. In addition, the vehicles are under warranty and any repairs are done at little to no charge.

2022 BUDGET PROCESS

FUND BALANCE

PROJECTED VS. ACTUAL
Five Year History

YEAR	ESTIMATED FUND BALANCE	ACTUAL FUND BALANCE	VARIANCE
2016	28,548,588	30,260,498	1,711,910
2017	27,969,027	36,360,709	8,391,682
2018	38,159,279	34,692,619	(3,466,660)
2019	36,288,497	29,442,241	(6,846,256)
2020	23,616,256	18,100,728	(5,515,528)

