



2012 Preliminary Balanced Budget
Budget Hearing #1
August 25, 2011

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County Budget Officer

Presentation Overview

1. Historical Budget Review
2. Current Financial Status
3. 2012 Preliminary Balanced Budget
and Updated Budget Forecast 2012-2015

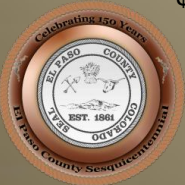
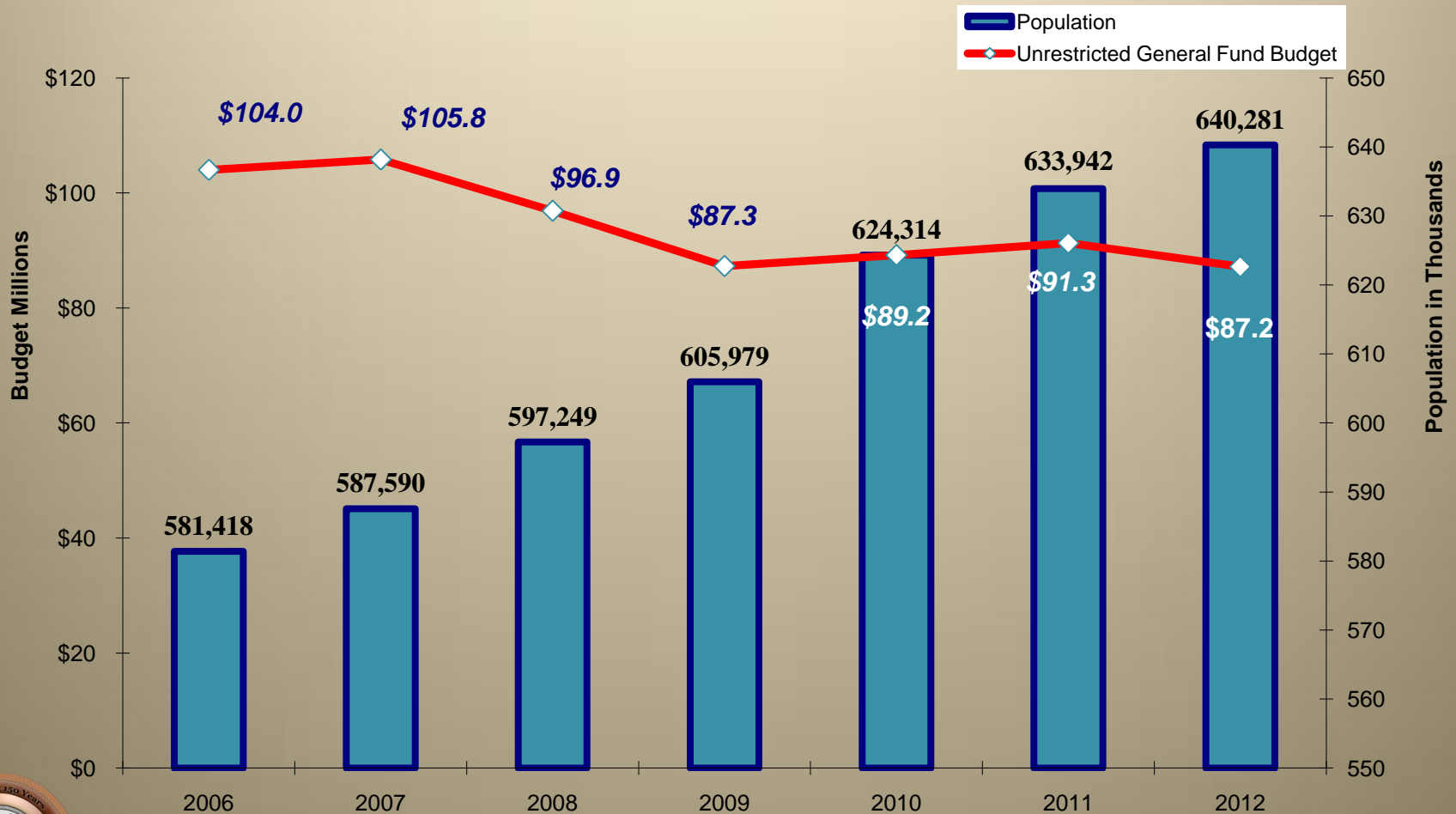


Historical Review



2012 Budget – Historical Budget

General Fund Unrestricted Budget vs. Population Growth



2012 Preliminary Balanced Budget Historical Budget Reductions

<u>YEAR</u>	<u>Amount</u>
2006	\$ 6.8M
2007	\$ 8.9M
2008	\$20.0M
2009	<u>\$ 9.5M</u>
TOTAL	\$45.2M

**None of these reductions have been re-instated, bringing the County General Fund Unrestricted budgets down to operating levels from 1996.*



2012 Preliminary Balanced Budget

2006 – 2009 Historical Budget Reductions

(in Millions)

	<u>Amount</u>	<u>% of the 2006 Base Budget</u>
<u>Administrative Services:</u>		
BoCC & Administration	\$4.5	
Community Services	\$3.9	
Public Services	\$12.9	
Support Services	\$4.8	
Department of Human Services	\$2.3	
TOTAL Administrative Services:	\$28.4	27.5%
<u>Elected/Appointed Offices:</u>		
Assessor	\$0.2	
Clerk & Recorder	\$1.9	
Treasurer	\$0.1	
Public Safety	\$4.8	
Public Trustee	\$0.2	
TOTAL Elected/Appointed Offices:	\$7.2	11.0%
County Attorney	\$0.2	20.6%
Health Department Support	\$2.2	57.6%
Other Budgeting Options	\$7.2	
TOTAL Budget Reductions	\$45.2	21.9%



2012 Preliminary Balanced Budget 2009 - “Turning Point”

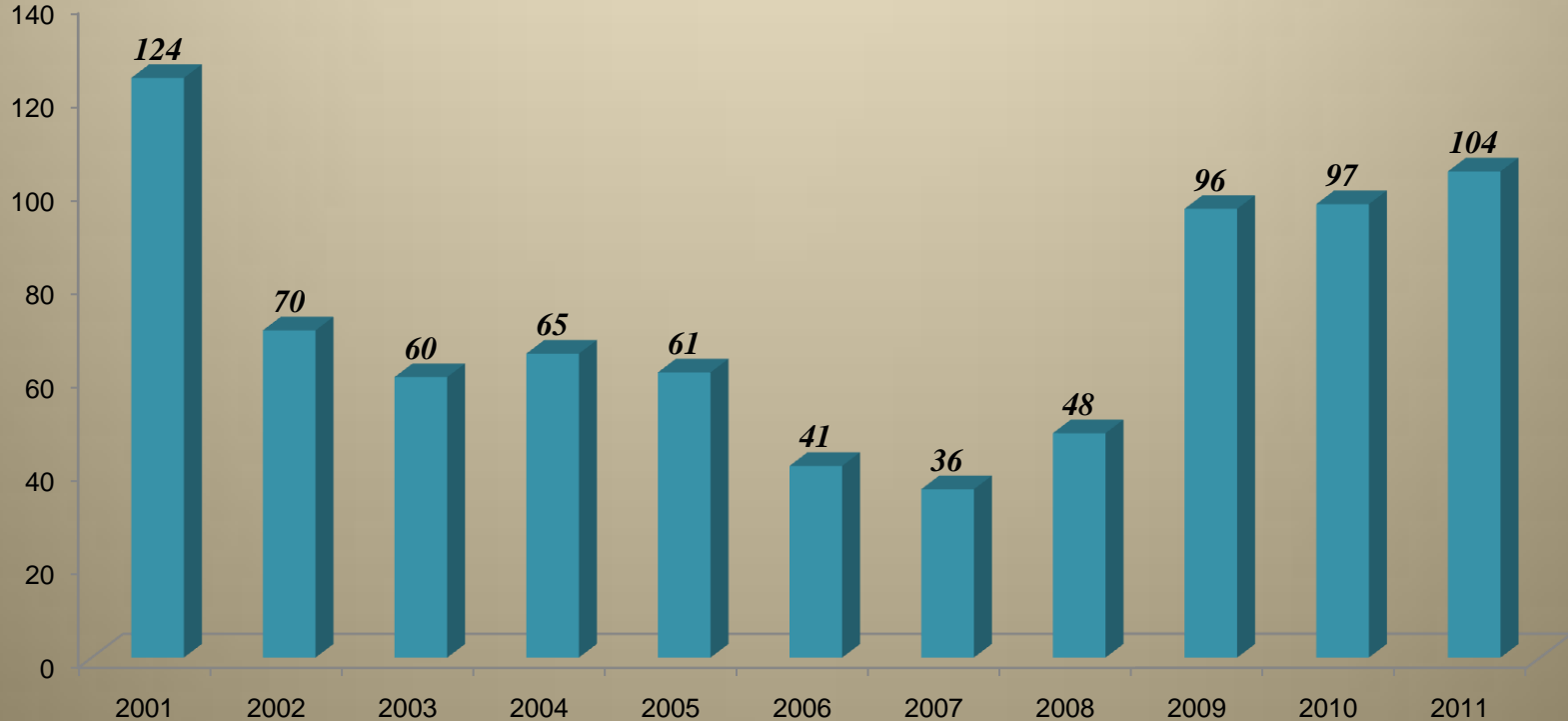
Operational Sustainability

- In 2009, County achieved operational sustainability
 - Stopped using one-time funding sources to address on-going operational needs
- Projected budget shortfall for 2012 due to current market conditions and Property Tax Revenues
 - Established savings strategy
 - Conservative Revenue Estimates
 - Frozen Positions not filled
 - Incorporated expenditure restrictions



2012 Preliminary Balanced Budget Operational Reserves

Historical Days of Cash Flow



2012 Preliminary Balanced Budget

Current Financial Status

2010 Strategic Moves Project

- With the increasing cost of failing infrastructure
 - Backlog of \$385M
- County created the “Strategic Moves” project
 - Using only available restricted revenue sources
 - Utilizing One-time market opportunities
 - Addressed 52% of Critical Capital Needs (\$199M)
- Currently working on a new critical capital needs master plan



2012 Preliminary Balanced Budget

Current Financial Status

County Bond Rating improved in 2010

Aa2

“County’s strong credit characteristics..... ..historically well-maintained financial operations with healthy fund balances...”

- Moody’s

“Moody’s expects that the County’s financial position will remain healthy, given conservative budgeting practices and consistently improving financial results....”

- Moody’s



2012 Preliminary Balanced Budget Current Financial Status

County Bond Rating improved in 2010

“El Paso County’s financial performance and reserve level position continue to be in our opinion, very strong..”

- Standard & Poor’s

“Standard & Poor’s deems El Paso County’s management practices “good” under its Financial Management Assessment methodology”

- Standard & Poor’s



2012 Preliminary Balanced Budget

Current Financial Status

Operating Budgets:

- Represent 28% of Unrestricted General Fund Budget
 - 22% Inmate Food & Medical
 - 15% Utilities
- Since 1996:
 - No “Across the Board” increases
 - **Base Operations have been decreased 1.5%**
 - While Consumer Price Index has increased 38.7%
 - While Population has increased 30.1%



2012 Preliminary Balanced Budget Commodity Cost Pressures

Facing Commodity Increases (2001-2011):

- Natural Gas ↑451%
- Copper ↑140%
- Fuel ↑132%
- Steel ↑131%
- Water ↑86%
- Asphalt ↑82%
- Plastic & Paper ↑72%



2012 Preliminary Balanced Budget

Current Financial Status

Personnel Budgets:

- Represent 70% of General Fund Unrestricted Budget
- 2007-2009 reduced 195 positions and froze 100 positions
- 2003-2011 Federal Cost of Living (COLA)
 - National Increases were 21.7%
 - El Paso County only provided 5.0%



2012 Preliminary Balanced Budget

Current Financial Status

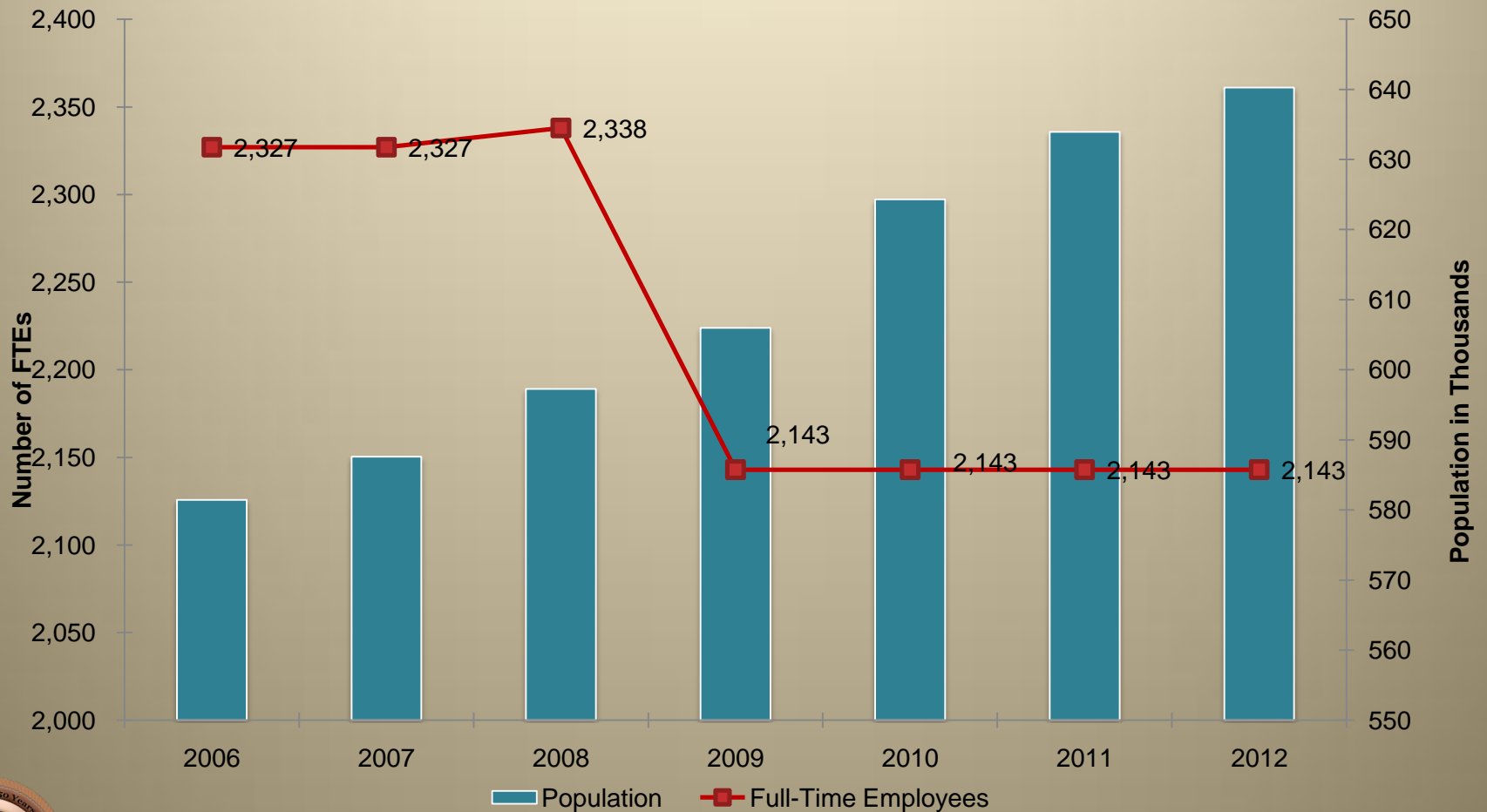
Personnel Budgets:

- High Turnover Rates
 - On average, an employer only has 5% turnover
 - On average, El Paso County has 22% turnover
 - In 2008, Department of Human Services had 48% turnover
 - Industry studies show it will cost an employer an additional 49% of that position's salary each time a turnover occurs



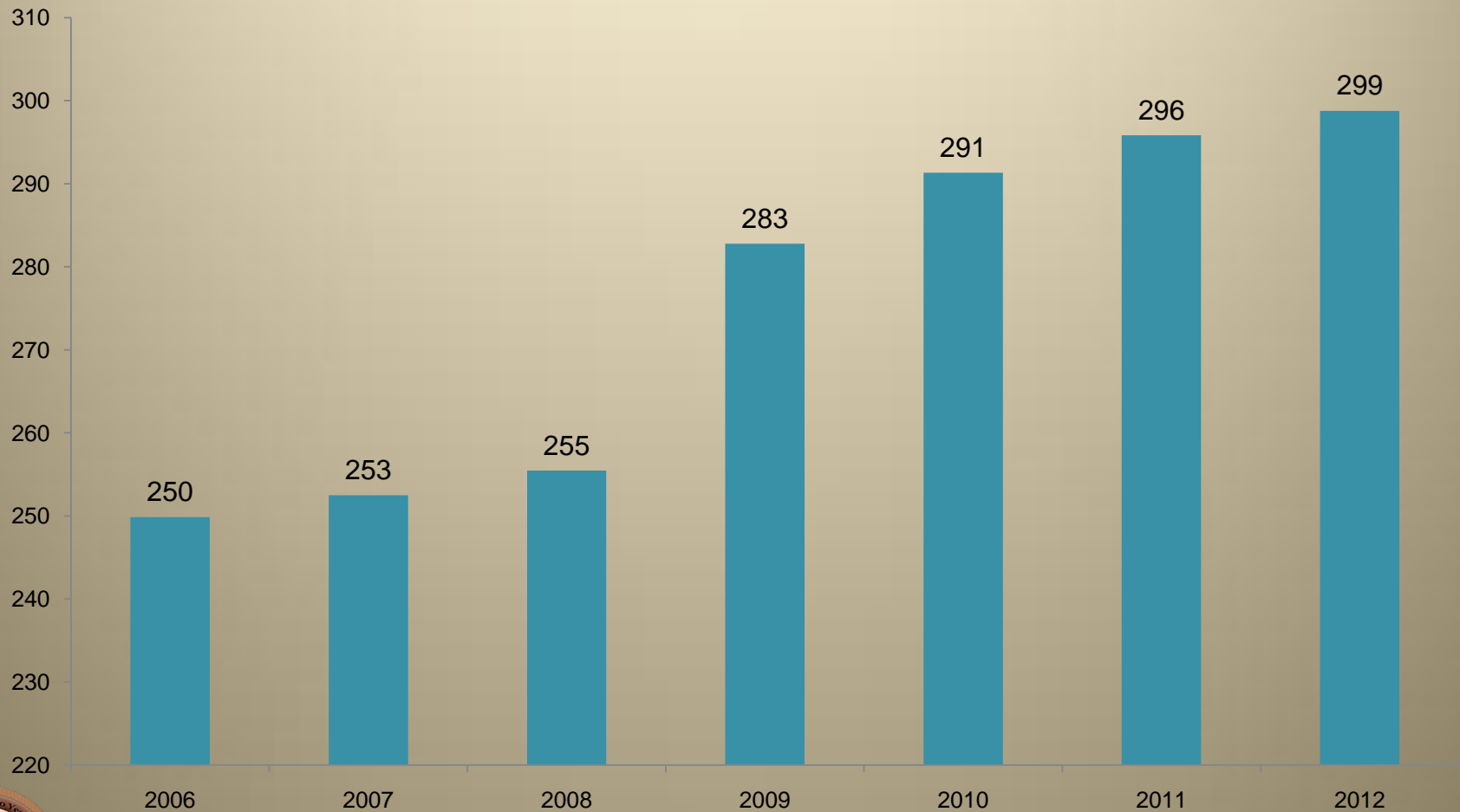
2012 Budget – Historical Budget

Number of Full-Time Employees vs. Population Growth

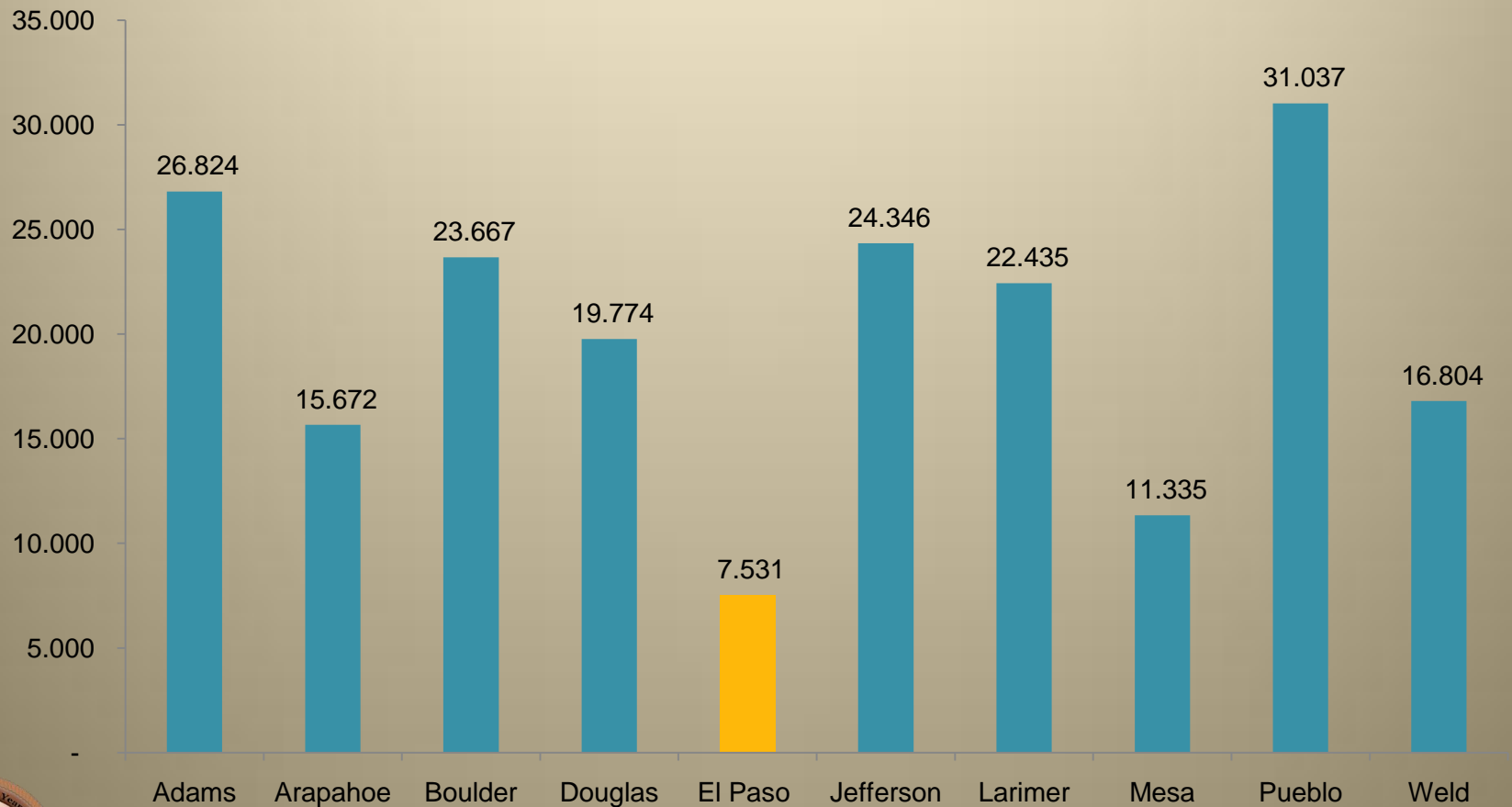


2012 Budget – Historical Budget

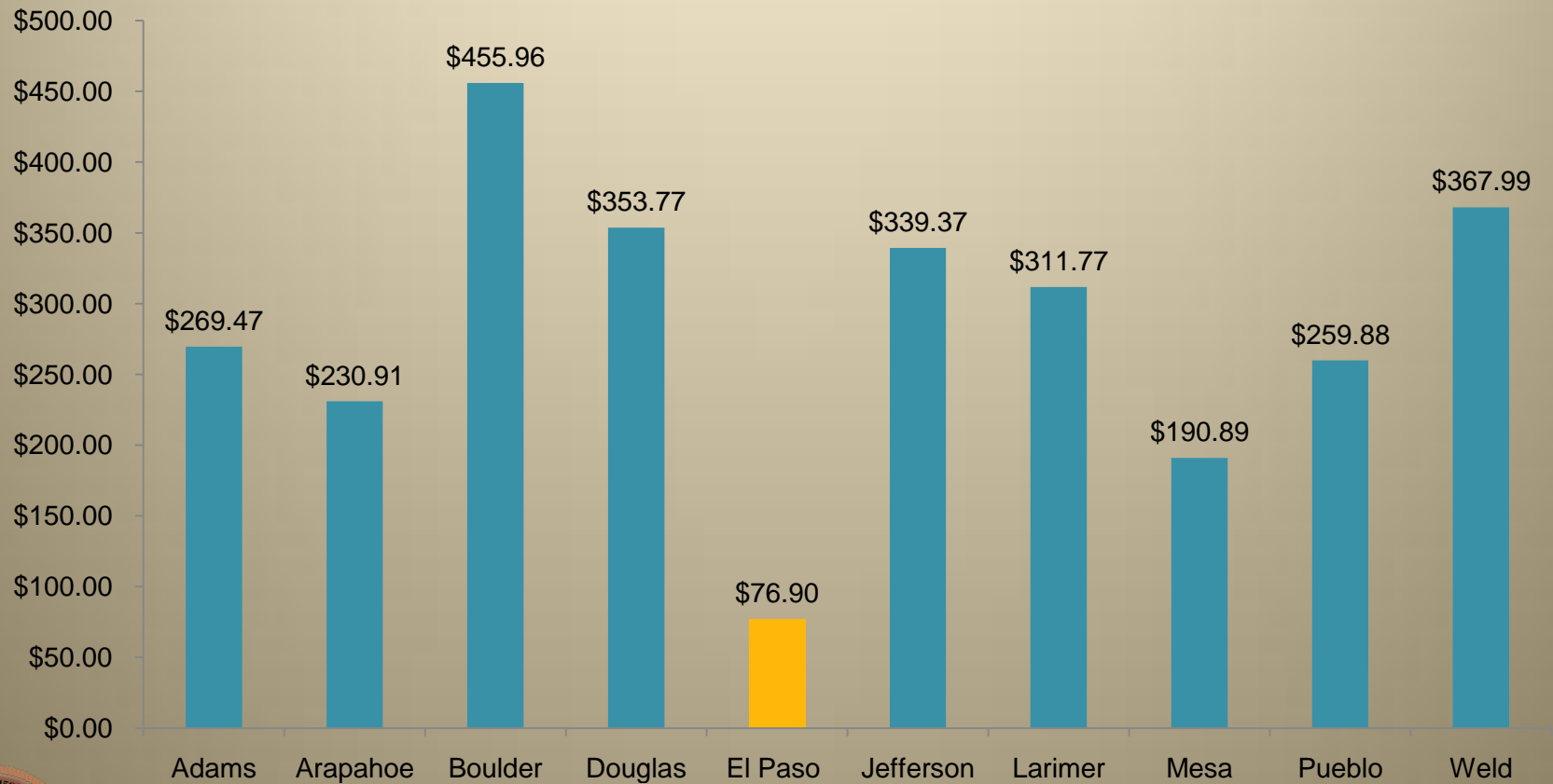
Citizens Served Per Employee



2012 Preliminary Balanced Budget Mill Levy – 10 County Comparison



2012 Preliminary Balanced Budget Property Tax Per Person – 10 County Comparison



2012 Preliminary Balanced Budget and Updated Budget Forecast 2012- 2015



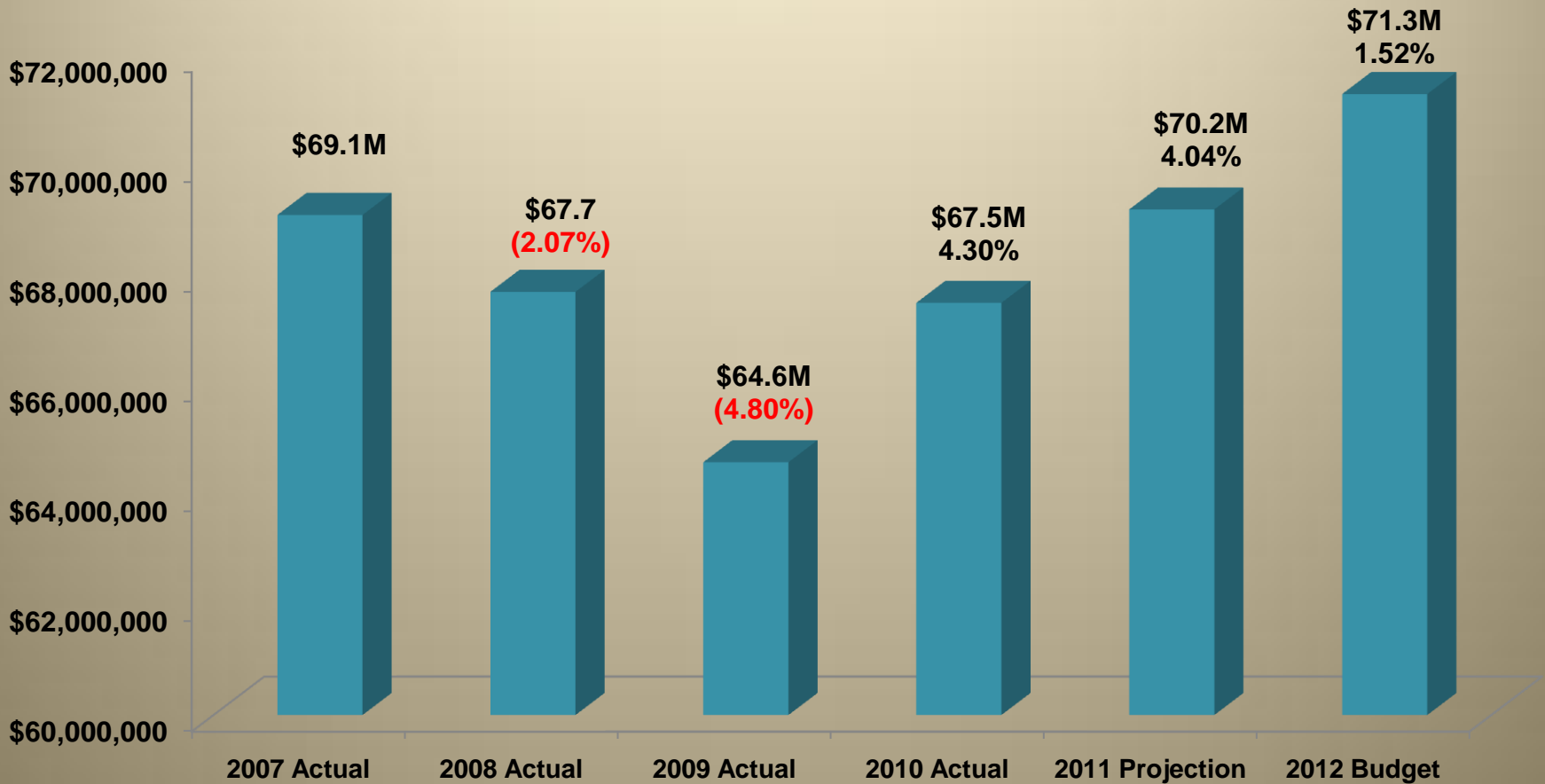
2012 Preliminary Balanced Budget Changes to Revenue Estimates / Reclassifications

Compiling the 2012 Budget:

- 2012 Revenue Estimates
 - Sales & Use Tax – Increases 1.52% annually
 - Retail is trending increases of 6%-7%
 - Property Tax – Assessed Valuation
 - Decreases 6.5% for 2012 & 2013
 - Remains flat in 2014 & 2015 (too many unknown variables)
 - Elected Office Fees
 - Vary based on Historical Analysis and Statutory Impacts
- Retaining 2011 Expenditure Budgets
 - no restoration of previous budget cuts



2012 Preliminary Balanced Budget Sales & Use Tax Projections



2012 Preliminary Balanced Budget Property Tax

Calculating Mill Levy and Property Tax Revenue:

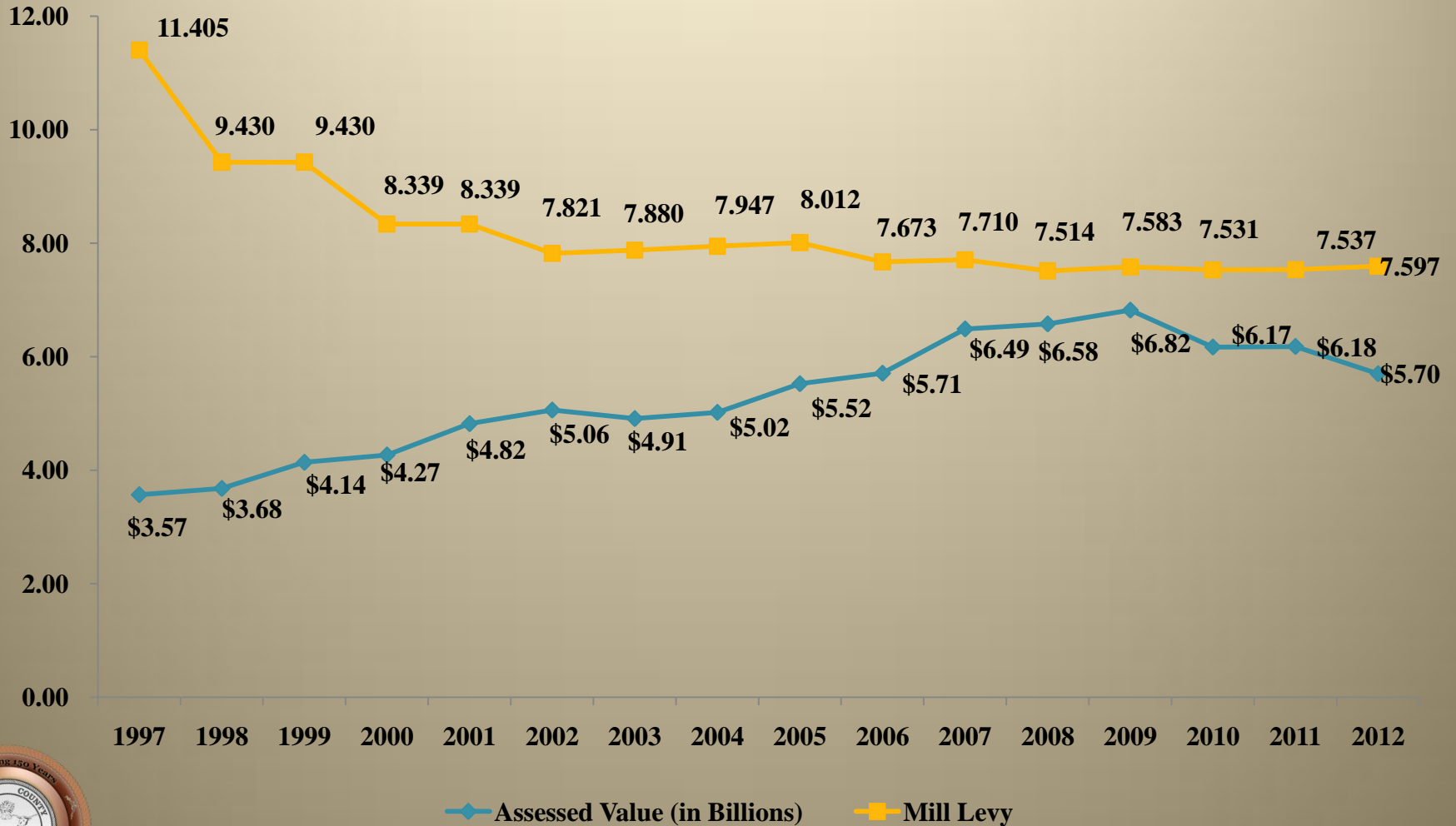
Three Major Components:

1. Variances in Assessed Value
2. New Construction
3. Abatements



2012 Preliminary Balanced Budget

Historical Mill Levy versus Assessed Value



2012 Preliminary Balanced Budget New Construction (in millions)



2012 Preliminary Balanced Budget Historical Property Tax Abatements



2012 Preliminary Balanced Budget Unrestricted General Fund Projections

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Reserve Beginning Balance	20,490,124	13,870,721	11,304,669	10,332,405
PLUS: Revenue Projections	87,202,614	90,727,935	92,321,724	95,001,841
LESS: Expenditures Projections	93,822,017	93,293,987	93,293,987	93,293,987
<i>Operating Reserve Ending Balance</i>	<i>13,870,721</i>	<i>11,304,669</i>	<i>10,332,405</i>	<i>12,040,260</i>



2012 Preliminary Balanced Budget In Summary

*“We believe (El Paso) County’s reserves will somewhat mitigate short-term operational shortfalls, caused by the lowered property tax revenues.....(El Paso) County will likely continue to appropriately identify a **desirable budgetary strategy.**”*

-Standard & Poor’s



2012 Budget Process

August 25th:

- Critical Needs Presentations – *Elected Offices*

September 1st:

- Critical Needs Presentations – *Departments*
- Citizen Budget Oversight Committee Report
- Citizen Input
- Board of County Commissioners Direction

September 15th:

- Presentation of 2012 Preliminary Balanced Budget



Questions?

