

Gerald Cisneros, Chairman
John Galusha, Commissioner
Arica Andreatta, Commissioner



HUERFANO COUNTY GOVERNMENT BUDGET PREPARATION MEMO

Date: August 7, 2023
To: Huerfano County Elected Officials, Department Heads, and Spending Agencies
From: Huerfano County Board of County Commissioners
Cc: Carl Young, Budget Officer and County Administrator
Re: 2024 Budget Preparation Guidelines
Attachments: 2024 Budget Package

The enclosed materials provide you with specific instructions to assist you with development of your budget requests for 2024. Each year we make some changes, next year's budget not being an exception, so please read all the instructions in the packet before proceeding with the preparation of your budget request. If you need help with the development of your budget, please contact the Budget Officer.

Budget Calendar:

By Statute Huerfano County operates on a fiscal year that begins January 1st and ends on December 31st. The County's Budget Officer is required to submit a balanced preliminary budget to the Board of County Commissioners by October 15th of each year and the Commissioners are required to adopt the budget by December 15th. The calendar below outlines the key dates and deadlines for this year's budget process.

Date	Event/Activity
August 7	Budget Packets Distributed
September 11	<i>Budget Requests Due to Budget Officer</i>
September 12 – 29	Initial Review of Budget Submittals
September 25 – 29	Availability for Optional Request Review Meetings
October 1 – 8	Administrative Review of Budget
October 10	Presentation of Preliminary Budget and Opening of Public Comment Period
October 31 & November 7	Commissioner's Workshops with Individual Departments and Agencies
November 14	Budget Public Hearing
November 21	Final Budget Decisions Workshop
December 12	Budget Adoption and Certification of Mill Levy

The joint workshop with Las Animas County for the budgets of the Las Animas Huerfano Counties District Health Department and the 3rd Judicial District Attorney's Office will be held at a date and time to be determined in coordination with the Las Animas County Board of County Commissioners.

Should Proposition HH receive voter approval in November these dates may shift.

Economic Outlook:

In their June 2024 Economic and Revenue Forecast the Colorado Legislative Council Staff (“LCS”) outlined that both the Colorado and U.S. economies are slowing after a period of strong labor market growth and consumer spending along with record corporate profits. The LCS forecasts further slow growth in 2024 and a return to a more modest pace of expansion in 2024 and 2025. LCS anticipates that this expansion is expected to be supported by slowly dissipating inflation, a resilient labor market, and continued improvement in real wages, bolstering real spending.

The Pueblo Economic Region, which includes Huerfano County as well as Pueblo, Fremont, Las Animas, and Custer Counties, continues to experience higher unemployment than the rest of the State with a housing market that has slowed since peaking in July 2022. Nonresidential construction has also slowed since reaching new highs in 2021, however public sector construction is expected to rise with an influx of funding from the 2021 Infrastructure Investment and Jobs Act.

Despite this economic outlook, we expect revenues to increase in FY2024, mainly because of a spike in Assessed Valuation. However, we do expect that this is a one-time spike and not a long term increase. We note that the County continues to face pressures to increase wages to remain competitive in this constrained and highly competitive labor market. We also have to continue to find ways to take advantage of opportunities arising from the Bipartisan Infrastructure Law and Inflation Reduction Act to address longstanding issues. This budget will be an exercise in balancing these realities and pressure and the guidelines below are an initial attempt to assist with that balancing.

Guidelines:

1. As a County we must continue to look for and implement the most cost-effective and reliable methods for delivering services. Creative ideas and strategies are encouraged. Your budget submissions, particularly budget justification packages, should incorporate the following strategic priorities:
 - a. **Public Engagement:** Develop a robust public engagement program that informs County residents and invites the public to participate in governance
 - b. **Infrastructure and Facilities:** Maintain, preserve, and improve the quality of County-owned infrastructure and facilities, particularly the County Road System
 - c. **Health and Wellness:** Support the development and improvement of community programs and amenities that enhance public health and wellness through recreation, arts, and culture with a particular focus on youth development
 - d. **Economic Development:** Maintain an active, organized, and cooperative economic development program that encourages sustainable growth, prioritizes retention and expansion of existing businesses and reducing poverty rates along with efforts to grow and attract new businesses
 - e. **Resiliency:** Integrate disaster preparedness, risk reduction, and resilience into County operations, through training, planning, community involvement and land stewardship
2. Budget Requests are due to the County Budget Officer no later than the close of business on the date listed in the budget calendar above. The Budget Officer will set your budget level if your budget request is not received on time.

3. Operating budgets submitted for 2024 should equal no more than the 2023 operating budget. Your operational budget should include supplies and purchased services and charges line-items budgeted at the same level in total as the original 2023 budget. We believe in responsible budgeting and desire to keep expenses in check, continuing ongoing belt tightening measures in order to build credibility with the public and be responsible stewards of taxpayer's money. If this causes service levels to drop to an unacceptable level, use the decision package process to request additional funding to be considered. Operating target amounts do not include operating capital or capital improvements.
4. Your packet includes Actual 2022 information, which is not final as we will be receiving audit adjustments sometime in the next month. It is important to note that operational budgets will be scrutinized. We are in the preliminary planning stage of the budget. Depending on available revenue and expenditure priorities, funding may be decreased, increased, or shifted from one department or program to another.
5. Please identify any new programs included in the operational budget on the 2024 budget notes form included in your packet.
6. We will develop a supplemental budget for 2023 using the information submitted for the Expected 2023 Expenditures. As you review and submit that information, consider if you need to submit a request for your operational budget to be adjusted to reflect on-going expenditure increases approved for this year.
7. Authorized staffing levels have been determined from the 2023 personnel budget and include some changes we have since approved. We are continuing to manage the salary budget using authorized positions. Human Resources will not recruit for positions that are not authorized. New positions will need BOCC approval. If you need to change one type of position for another as vacancies occur, please work with Human Resources and Finance to assess the impact on your department. HR and Finance will update your personnel budgets once we have determined the amount of any increases, if any, and benefit pool adjustments. Any requests for positions not already authorized need to be submitted on the Position Authorization Form.
8. Any grants being requested must follow the Grant Policy Handbook Procedures approved on July 17, 2018 and be approved by the BOCC prior to the application in order to closely monitor the impact grants have on local funding. In order to manage the use of local resources, reductions in grant programs will not automatically be made up with local dollars. Requests for local dollars to match grant funding must be approved in advance by the Board of County Commissioners. Please be sure to include grants that you have applied for or received in your capital requests or Budget Notes.
9. Requests that cannot be accommodated within the base budget guidelines and requests for any new positions, new programs or proposed expansions of existing programs, operating capital and capital projects must be submitted as Decision Package requests. Decision Package requests must also be prioritized by each department with number one as the highest priority.

10. Each department should also prepare revenue estimates in addition to the operational budget. The Finance Department will input an estimate of your department's revenues in addition to putting in your expenditures. Please review the history for each revenue source and prepare a conservative estimate of the amount of revenue you expect to receive for 2024. The County will continue to account for general revenues by fund outside of departments. General revenues include taxes and fees. However, special revenues, such as grants and other contractual revenues will be reallocated to the relevant department for easier tracking.
11. We are also requesting that each department prepare requests for any capital improvement needs for the next five years. This will assist us in planning and saving for future expenses. The first year of that plan will become part of next year's budget once it is approved. Forms for capital requests will be provided to you.
12. Clothing allowances for eligible employees should be budgeted for in the department's budget as an expense with the department monitoring how much was spent for each employee. Departments may be asked to provide a report showing how much was spent for each employee.

Thank you for your service to Huerfano County and continued partnership in making this County an even better place to live.