

Arica Andreatta, Chairman
 Karl Sporleder, Commissioner
 Mitchell Wardell, Commissioner



**HUERFANO COUNTY GOVERNMENT
 BUDGET PREPARATION MEMO**

Date: August 6, 2024
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: 2025 Budget Preparation Guidelines
Attachments: 2025 Budget Package

The enclosed materials provide you with specific instructions to assist you with development of your budget requests for 2025. 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.

No new positions may be posted from now until October 15th. After October 15th only positions included in the preliminary budget may be advertised.

If you have any questions or 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 5	Budget Packets Distributed
September 13	<i>Budget Requests Due to Budget Officer</i>
September 16-30	Initial Review of Budget Submittals
October 1- 11	Administrative Review of Budget
October 15	Presentation of Preliminary Budget and Opening of Public Comment Period
October 29 and November 5	Commissioners' Workshops with Individual Departments and Agencies
November 12	Budget Public Hearing
November 26	Final Budget Decisions Workshop
December 10	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.

Economic Outlook:

In their *June 2024 Economic and Revenue Forecast* the Colorado Legislative Council Staff (“LCS”) outlined that the U.S. economy is continuing to recover from a period of runaway inflation that resulted in higher interest rates and borrowing costs, slowing overall economic activity. Both the US and Colorado economies have continued to expand in Q1 2024. Despite the continued high inflation, consumer spending has kept business afloat. LCS anticipates continued moderate expansion in the U.S. and Colorado economies at a slightly slower pace in 2024 than in 2023. They expect inflation to fall and interest rates to be reduced later this year, which should boost growth, but remain concerned about the cumulative impact of inflation on households.

The Pueblo-Southern Mountains Economic Region, which includes Huerfano County as well as Pueblo, Fremont, Las Animas, and Custer Counties, has seen growth in residential and nonresidential construction, but the LCS is concerned that employment and labor force data in the region show a sluggish labor market. The housing market in the region is showing signs of slowing, year over year home sales are down 12% and there has been an increase in new listings, which together has caused an increase in inventory. Despite those concerns the number of single family housing permits is starting to recover from a post pandemic low and the average sale price for a home was about \$343,000 in April, still significantly higher than the pre-pandemic average of \$220,000.

With this economic outlook we anticipate County revenues will remain relatively flat in 2025. As such the County will need to keep spending constrained in order to absorb anticipated increases in insurance, utilities, and other structural costs. It is our hope that the steps taken to balance the 2024 Budget and the investments made in County infrastructure will provide the County some budgetary maneuvering room. The County continues to face pressures to increase wages to remain competitive in an environment with higher cost of living and a labor market that is still constrained and highly competitive. 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.

Priorities:

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:

1. **Talent Acquisition and Retention:** Build a talent advantage by establishing and maintaining training programs and youth employment or apprenticeship programs while engaging and empowering current employees.
2. **Infrastructure and Facilities:** Maintain, preserve, and improve the quality of County-owned infrastructure and facilities, particularly the County Road System.
3. **Economic Development:** Maintain an active, organized, and cooperative economic development program that encourages sustainable growth through retention and expansion of

existing businesses, and reducing poverty rates along with efforts to grow and attract new businesses.

4. **Public Safety:** Build interagency and community collaboration in order to provide greater accountability, build public trust, mitigate risks, and improve the safety and security of the community.

Guidelines:

1. 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.
2. Operating budgets submitted for 2025 should equal no more than the 2024 operating budget and factor in a 10% increase to health, dental, vision, and life insurance without exceeding the 2024 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 2024 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 taxpayers' 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.
3. Your packet includes Actual 2023 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.
4. Please identify any new programs included in the operational budget on the 2025 budget notes form included in your packet.
5. We will develop a supplemental budget for 2024 using the information submitted for the Expected 2024 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.
6. Authorized staffing levels have been determined from the 2024 personnel budget and include some changes we have made 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.

7. 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.
8. 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.
9. 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 2025. 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.
10. 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.
11. 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.