



COURT ADOPTS TRUE BALANCED BUDGET AND MAINTAINS CURRENT TAX RATE WITH RECORD FUND BALANCE

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EDINBURG – The Hidalgo County Commissioners’ Court adopted the 2008 budget today, marking the first time in at least two decades years Hidalgo County has embraced a true balanced budget.

Hidalgo County Judge J.D. Salinas, Precinct Two Commissioner Hector “Tito” Palacios, Precinct Three Commissioner Joe Flores and Precinct Four Commissioner Oscar Garza also adopted an ad valorem tax rate of \$0.59. Precinct One Commissioner Sylvia Handy voted against the tax rate. This is the same rate Hidalgo County has held since 2003. The rate allots \$0.5155 for maintenance and operations and \$.0745 for debt service payments.

The \$148.2 million general fund budget was developed by the county’s Department of Budget and Management in accordance with direction from the court. The adopted budget accomplishes several things:

- It provides sufficient funding for services the county is mandated by the state to provide to its citizens, such as 8 percent of its general fund, or approximately \$10 million, for indigent health care, and approximately \$5 million for public defense.
- It maintains reserves for emergencies, \$14.8 million to be exact. This is the highest the fund balance has ever been.
- This \$14.8 million fund balance also maintains Hidalgo County’s strong financial position with investors, enabling the county to continue to be granted the highest bond rating scores, which means lower interest rates on capital projects.
- The budget addresses the growing needs of Hidalgo County’s citizens and residents.

The 2008 general fund budget represents an overall increase from 2007 of 7.75 percent, the smallest increase in several years. The 2007 general fund budget was \$137.5 million compared to this year's \$148.2 million.

Law enforcement and the county's judicial system make up 53.26 percent of the general maintenance and operation fund.

Other big ticket items include the rising cost of fuel for county vehicles (\$2 million) and cost of the living adjustments for all county employees (\$2 million).

All county employees will receive a 4 percent cost of living increase to keep up with inflation, with a minimum adjustment of \$1,000. That means employees with a \$20,000 salary would receive a 4 percent cost of living adjustment and an additional \$200 to equal \$1,000. Furthermore, the court adopted a longevity pay program for employees serving the county five years or longer, and approved funding for the law enforcement step and grade program.

"It's important when we talk about improving the quality of life for all Hidalgo County residents that we don't forget about our own employees. More than 2,000 people work for this county, and they are the people that are the driving force behind this county's success. These are the people that repair the roads, drain the water from homes when it rains and immunize our children," Commissioner Handy said.

Elected officials and department heads were given the same four percent cost of living adjustments as everyone else.

"I am really quite proud of the balanced budget the court adopted today," Commissioner Palacios said. "It represents months of hard work and the dedication of dozens of county employees who've spent a lot of time away from their families and have even worked through the wee hours of the morning to develop a budget that is respectful of every penny of taxpayers' money."

"In the \$148.2 million budget for next year, we've addressed funding for two new courts, law enforcement and indigent health care. We've been able to finance two new sheriff's substations, a vehicle replacement program and a new commissioners' court/county judge's office, the latter of which will allow for expansion of the courts into the old administration building. We've committed ourselves to providing the same or greater level of service to the people of Hidalgo County, all the while being financially responsible with those hard-earned tax dollars," Commissioner Garza said.

"This court is operating during a time of unprecedented growth in Hidalgo County," Commissioner Flores said. But with growth comes an increased demand for services — there are more crimes, more court cases, more inmates, more cars driving on the roads, more trash to collect and so on."

It was for this reason, the Hidalgo County Commissioners' Court voted to maintain the current tax rate.

"We did explore the possibility of decreasing the tax rate by one cent or a half cent," Judge Salinas said. "But after due diligence and intense study, we decided that it was not feasible at this time or smart. With uncertainty in the national housing market, we don't know how long Hidalgo County will continue to enjoy its good fortune. It would furthermore be irresponsible to dip into savings built up over several years to afford taxpayers with an average \$7.69 savings on their tax bill. That's how much taxpayers on average would save if the rate would have been dropped one cent, while

the largest businesses in Hidalgo County would have reaped up to \$40,000 in tax savings. Hidalgo County residents would have been the biggest losers of all, having to deal with a budget shortfall of \$2.2 million.”

“The adoption of the balanced budget today is historic and an important step for the future fiscal health of this county. We are already looking toward next year. Next year, we would like to see cuts in the budget instead of increases. To do that, we instructed the budget office to start conducting performance reviews of each department, similar to what the Legislative Budget Board does for the state budget. As always, wherever we can find waste and duplication, we want to get rid of it,” Judge Salinas said.

Valde Guerra, the county’s budget officer, said the court has listened to its constituents in their decision making.

“What the people wanted is for us to be accountable, and with the first balanced budget in over 20 years, we are demonstrating a high level of accountability by working within our means. The court has listened. We will stick to this balanced budget,” Guerra said.

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