



DELTA COUNTY • CITIZEN REPORT

Delta County Citizen Report
P.O. Box 1321 Paonia, CO 81428
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September 4, 2018

Delta County Commissioners:

Douglas Atchley

Mark Roeber

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Delta County, 501 Palmer Street

Delta, CO 81416

Dear Delta County Commissioners::

Last week, Administrator LeValley kicked off the county's 2019 budget process with a fact-sheet and slide presentation to commissioners and department heads. Today, I'd like to address impressions and conclusions made during the meeting.

Further, I'd like to take this opportunity, as a constituent, to outline improvements to the budget's design that would go a long way toward improving the document's usefulness, readability and transparency.

First to some of the points made during the presentation: Administrator LeValley began the discussion with an overview of the current economic climate and included a few historical numbers. On several occasions she mentioned that the county's overall income growth is "relatively flat." I found this statement misleading since the data clearly illustrated healthy growth in the county. Her historical graph of sales and property tax showed growth of more than 15% since 2009 and more than 5% growth in 2017 — this is anything but flat.

While I appreciate a certain level of caution on the part of Delta County where taxpayer money is concerned, the economy is clearly trending upward. Fueling the impression of a poor and downtrodden county is self-destructive and has led to austerity measures that have forced the people of Delta County to go without even when funds exist.

Next, Administrator LeValley addressed the looming question about county reserves. According to a fact-sheet provided at the meeting, the county currently holds \$18.7 million in reserve. For the first time, we were shown how the various funds break down into three spending categories: Restricted, those funds whose spending is dictated by law; Committed and Assigned, funds that are voter approved, have state requirements, or are earmarked for specific activities; and Unrestricted, funds kept "in savings" for expenditures that have not already been budgeted.

Delta County Citizen Report (DCCR) has made the argument that the county is, essentially, sitting on more than half of its budget. Administrator LeValley attempted to explain DCCR's "misunderstanding of the county budget" using the above category definitions saying that the \$6.2 million in unrestricted funds currently held by the county only equates to 28% of the county budget rather than the 53% — or \$18.7 million in total reserves — that DCCR asserts.

Today, I'd like to describe two factors that the county has failed to address in the discussion around reserves.



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FACTOR 1: The county has a 25% unrestricted “savings” account which currently adds up to \$6.2 million. Mesa County, with a much larger inventory of infrastructure, maintains a 20% reserve by policy. This means that Delta County is holding 8% more in unrestricted reserves than largest city on the Western Slope — almost half a million dollars in excess savings.

The county must address it’s reasoning and explain why these higher reserves are required.

FACTOR 2: This unrestricted reserve excess is relatively small, however, compared to the \$12.5 million in reserves in the other spending accounts, which brings me to my point. By the county’s own definition, these funds — restricted and committed/assigned — are all allocated to be spent or used to transfer revenue funds where needed. In other words, they are allocated with the intention that they will be used for some purpose. Having large reserves in these accounts at the end of each year is the real issue at hand.

If the county already maintains unrestricted funds “to cover short-term operations, natural disasters, volatile revenue sources, potential state cuts”, etc., as recommended by the Government Finance Officers Association, then why do the allocated accounts maintain a reserve at all?

Bottom line forced austerity is self-destructive to the county. Restricted, committed and assigned funds, by their very nature, should have little to no reserve at the end of the year. In a county with minimal services, poor roads and few amenities, it is fiscally irresponsible for to hold almost half of the budget only to have the money be eaten away by inflation while languishing in zero to low interest-bearing accounts. Further, it’s disingenuous to tell constituents, year-after-year, that while funds were allocated, they were not spent and therefore roll into the next fiscal budget. When this continues to happen, as it has for at least a decade, these funds became tantamount to one large slush fund.

Commissioners, now is the time to rethink your budget policies. Now is the time to tell your constituents exactly how you plan to spend their hard-earned money.

And, if you don’t intend to provide a detailed plan, then maybe now is the time to give the money back.

In closing, I’d like to speak to the budget presentation itself.

Adopting a fiscally responsible, publicly transparent county budget is the single most important act that you, as County Commissioners, do each year.

Past budgets have been difficult to understand because of visually poor design and extremely sparse content.

I’ve listed some objectives below:

- CRS 29 requires a written budget message describing the important features of the proposed budget, including a statement of the budgetary basis of accounting and a detailed description of the services to be delivered during the budget year. Including:



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- a. Budget overview.
 - b. Complete revenue summary.
 - c. Sales and property tax projections.
 - d. Expenditure summary including major capital investment.
 - e. Fund balances and explanation.
 - f. Complete financial plan by fund.
- CRS 29 requires expenditures be listed by object and balances be listed by fund.
 - a. Include proposed projects for Conservation Trust Fund.
 - b. Include proposed projects for Open Space Fund.
 - c. Capital Project Fund details.
 - Include a reserve funds statement of appropriations at the beginning of each fund account.
 - a. Each fund accounts should include a summary narrative with program details.
 - Design improvements
 - a. Format should be interactive and electronic (searchable PDF).
 - b. Detailed table of contents.
 - c. Index and definitions of terms including acronyms.
 - d. Visual graphs to aide explanation.
 - e. Page numbers for navigation.
 - f. Revisions tracked with date and version.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "John Kalish". The signature is written in a cursive, flowing style.

DCCR President, BOD