

Budget Message



January 30, 2013

County Administration
108 8th Street
Glenwood Springs, Colorado 81601

Dear Commissioners and Citizens of Garfield County,

We are pleased to present the 2013 Adopted Budget for Garfield County. This budget is the result of a six-month process that included internal review meetings, workshops, and public hearings, all involving our Elected Officials, Department Heads, and you, the Board. Adopted on December 10, 2012, in conformity with the Local Government Budget Law of Colorado, the budget complies with generally accepted accounting principles and all relevant statutes.

The budget is a financial plan allocating resources strategically to reflect your policy directives and those of the Elected Officials of Garfield County, within the constraints of available resources. The plan provides adequate funding to continue current levels of operations with a focus on effective and efficient management, enhancement of services, and maintenance and replacement of capital assets, as needed.

In addition, the plan builds on 2012 organizational changes and identified priorities. These include, *inter alia*, a more sophisticated treatment of investments, cash flow analysis, and financial policies and procedures; increased investment in core infrastructure including Road and Bridge projects; strategic capital purchases including real property; retirement of all long-term financial obligations and the associated interest savings; decreased regulation through revision of the Unified Land Use Resolution; and clarified operating policies and procedures including an improved Procurement Code.

Background

Garfield County's economy showed some signs of improvement in 2012. This trend is expected to continue in 2013 but at a similar, slow pace. With some upturns in the housing and job markets, incomes are expected to rise, and retail, tourism, and related sales tax revenues are also expected to increase. Property tax revenues will increase slightly in 2013. The outlook for 2014 and beyond, however, is bleak because the price of natural gas fell by 50 percent in 2012, the year in which assessments are made for 2014 revenues, and because natural gas production slowed dramatically.

Area foreclosure filings appear to have peaked in 2011, although they remain at near record highs and are accompanied by substantial short sale activity, all of which makes the health of the local real estate market difficult to determine. At the time of this writing the Assessor estimates there will be a decline in assessed valuations, which likely will translate to multi-million dollar decline in property tax revenues

for the County for at least 2014 and 2015. The 2013 budget was prepared in recognition of these realities, which drove short-term decision-making with an eye toward long-term impacts.

At the same time, the County continues to experience high demand for many of its services, especially Human Services and Road and Bridge projects. With careful and prudent management and efficient use of funds, the County will continue to provide quality services and maintain operating expenditures in 2013 and beyond. The Board's policy called for the adoption of a balanced budget for all operations and capital improvements. Notwithstanding the long-term forecasted reduction in revenues and in order to maintain a sound financial position, the Board also directed that total fund balances remain at or around \$100 million. This budget meets both goals.

Priorities for 2013 include a reduction in operating costs while maintaining a high level of service, an increase in investment in many County facilities, Road and Bridge maintenance and new construction and, direct financial support to municipalities for key infrastructure projects.

Budget Summary

The 2013 budget estimates \$107,938,349 in revenues and appropriates \$116,693,384 in expenditures. The difference (\$8,755,035) is taken from fund balances and will be used for Road and Bridge projects carried forward from 2012 and infrastructure improvements within the municipalities. The operating and capital budgets are, therefore, balanced.

The County's operating expenditures are budgeted at \$91,835,477, a decrease of approximately \$7.6 million (7%) from the 2012 amended budget. Operating efficiencies and prudent cost reductions produced this result.

Capital expenditures in support of operations, including replacement capital, have also decreased by over \$2 million. Part of this savings is attributed to interest payments no longer owed because of the retirement in 2012 of all of the County's long-term financial obligations. Road and Bridge capital expenditures, however, have increased with \$13,350,000 budgeted for infrastructure improvements alone. Other significant capital expenditures include the replacement of the central control board at the County jail, parking improvements on Colorado Avenue in Glenwood Springs, and multiple upgrades at the County fairgrounds in conjunction with the 75th Anniversary of the Garfield County Fair and Rodeo.

Discretionary expenditures total \$4,892,861 and have increased in 2013 by more than \$3 million. These include the funding of an air monitoring study in collaboration with Colorado State University and the aforementioned grants to municipalities for specific infrastructure improvements.

The total personnel budget remains unchanged from 2012 notwithstanding increases in health insurance costs and a budgeted 3% County-wide pay increase. Pay increases will be based on performance and subject to separate review and approval by the Board of County Commissioners in March, 2013. The total budgeted headcount for 2013 is 486, an increase of 1 full-time employee. The change in headcount includes downsizing of mid-level management in favor of staff positions including those within a new Communications Department.

Conclusion

Overall the 2013 budget and the policy-driven strategic plan enable Garfield County to continue to provide high levels of service to its citizens, invest in prudent capital improvements, and support municipalities with key infrastructure projects, while maintaining a strong financial position.

We thank the Board of County Commissioners, the Elected Officials, and all employees of Garfield County for their efforts and cooperation in adoption of this budget

Sincerely,



Andrew Gorgey
County Manager



Ann Driggers
Senior Finance Administrator