

Budget Message



January 30, 2014

County Administration
108 8th Street
Glenwood Springs, Colorado 81601

Dear Commissioners and Citizens of Garfield County,

We are pleased to present the 2014 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 9, 2013, 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.

Background

Garfield County's economy continued to show signs of improvement in 2013. This trend is expected to continue in 2014 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 decrease substantially in 2014 due to a drop in price of natural gas price in 2012, the year in which assessments are made for 2014 revenues. The outlook for 2015 and beyond, however, is improved as natural gas prices rebounded in 2013.

Area foreclosure filings peaked in 2011 at 701 and dropped in 2012 for the first time since 2007 with a decrease of 23 percent. In 2013 foreclosures continued their rapid decline to 283, 60% from the peak. This trend is expected to continue in 2014 with 197 foreclosures estimated. There was a decline in assessed valuations of real property in 2013, which, combined with the aforementioned decrease in natural gas prices has translated to a multi-million dollar decline in property tax revenues for the County. The 2014 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 2014 and beyond. The Board's policy called for the adoption of a balanced budget for all operations. Notwithstanding the 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 2014 include a reduction in operating costs while maintaining a high level of service, an increase in investment in many County facilities, development and implementation of a number of operational plans, Road and Bridge maintenance and new construction and, direct financial support to municipalities for key infrastructure projects.

Budget Summary

The 2014 budget estimates \$101,193,908 in revenues and appropriates \$126,770,360 in expenditures. The difference is taken from fund balances and will be used for Road and Bridge projects and infrastructure improvements within the municipalities, carried forward from 2013. The operating budget has excess revenues of more than \$6.3 million and is, therefore, balanced.

The County's operating expenditures are budgeted at \$88,881,268, a decrease of approximately 2% from the 2013 amended budget and 9% from the 2012 amended budget. Operating efficiencies and prudent cost reductions produced this result.

Capital expenditures are budgeted at \$30,987,578 and include capital in support of operations and replacement capital. Significant capital expenditures include facilities improvements in the Garfield County Courthouse in Glenwood Springs, multiple upgrades at the County fairgrounds, airport taxiway design and construction and, trail construction in South Canyon and at Red Hill in Carbondale. More than 70% of capital expenditures are budgeted for road and bridge projects such as CR311/Divide Creek, CR300/Una Bridge, CR137/Canyon Creek Bridge, and design of CMC and Cattle Creek road intersection improvements. The completion of the 4 Mile Road/Black Diamond Bridge project is also budgeted in 2014.

Discretionary expenditures total \$4,511,514 and include the funding of an air monitoring study in collaboration with Colorado State University and grants to municipalities for specific infrastructure improvements which have been carried forward from 2013.

The total personnel budget remains unchanged from 2013 notwithstanding increases in health insurance costs and a budgeted 3% Countywide pay increase. Pay increases will be based on performance and subject to separate review and approval by the Board of County Commissioners in March, 2014. The total budgeted headcount for 2014 is 485, a decrease of 1 full-time employee. The change in headcount includes elimination of long-term vacant positions in favor of deployment of personnel in other areas of need.

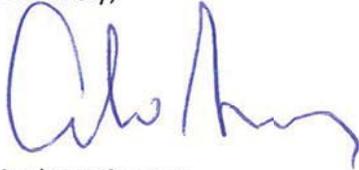


Conclusion

Overall the 2014 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. This will be accomplished despite a significant drop in property tax revenues in 2014.

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
Finance Director

