

Section IV – BUDGET OVERVIEW

Budget Summary

The Garfield County adopted 2014 budget appropriated \$126,770,360 in funding as follows:

FUND	Appropriation
GENERAL	\$48,037,434
PUBLIC HEALTH	2,852,653
ROAD & BRIDGE	35,194,191
HUMAN SERVICES	24,009,168
COMMUNITY EVENTS	471,583
CONSERVATION TRUST	114,000
AIRPORT	1,666,773
CLERK & RECORDER EFTF	17,385
LIVESTOCK AUCTION	578,000
COMMISSARY	65,000
RETIREMENT	1,308,936
OIL & GAS MITIGATION	2,646,514
CAPITAL EXPENDITURES	6,510,702
TRAVELER'S HIGHLAND PID	72,400
SOLID WASTE DISPOSAL	1,385,297
MOTOR POOL	1,840,284
TOTAL APPROPRIATION	\$126,770,360

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 Glenwood Springs Courthouse, 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.

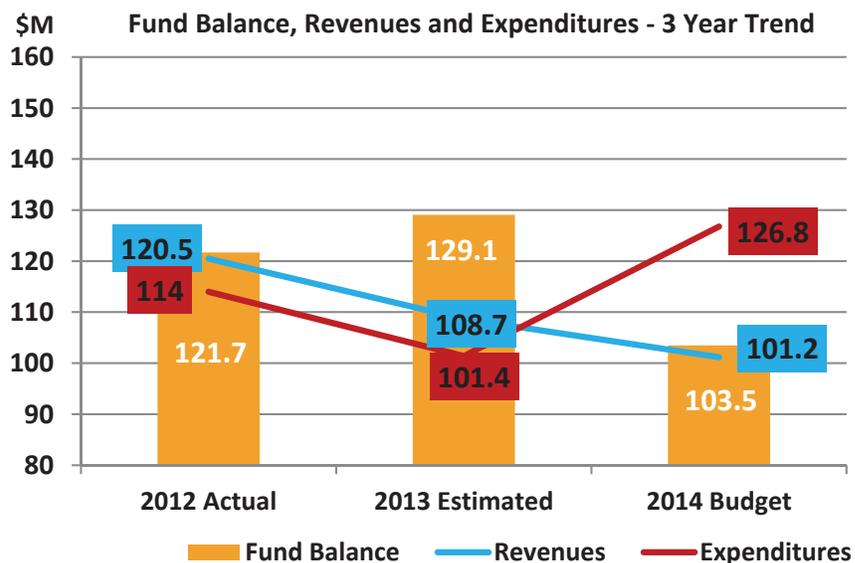
The total personnel budget remains unchanged from 2013 notwithstanding increases in health insurance costs and a budgeted 3% County-wide pay increase. Pay increases will be based on performance and subject to separate review and approval by the Board of County Commissioners in March, 2014. The total 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. Overall the 2014

budget enables Garfield County to continue to provide high levels of service to its citizens, invest in prudent capital improvements, support municipalities with key infrastructure projects and maintain its strong financial position.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance

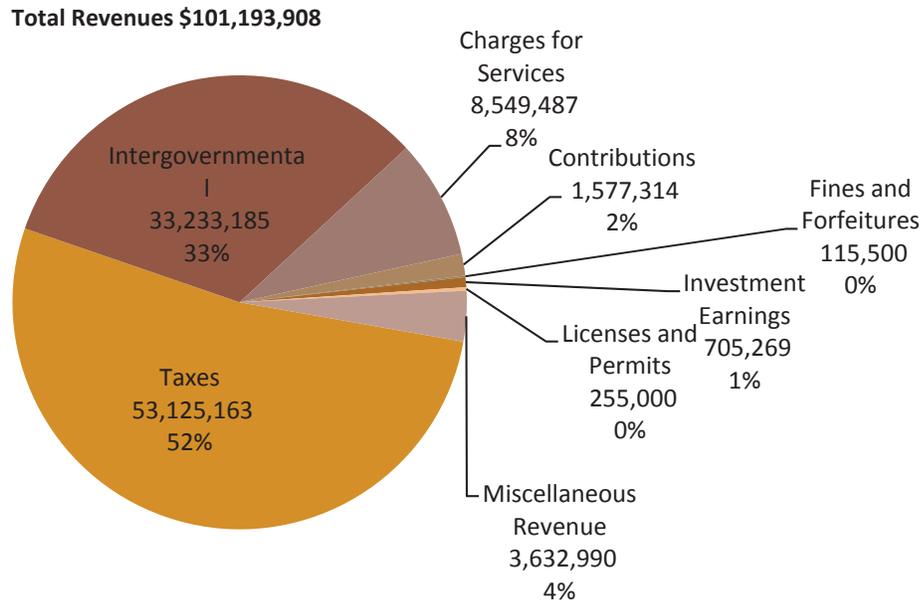
**includes interfund transfers*

	2012 Actual	2013 Estimated	2014 Budget
Revenue			
Taxes	64,104,266	63,814,777	53,125,163
Licenses and Permits	255,456	237,377	255,000
Intergovernmental	32,177,072	28,943,388	33,233,185
Charges for Services	9,184,803	8,974,934	8,549,487
Fines and Forfeitures	126,911	115,000	1,577,314
Investment Earnings	647,664	619,831	115,500
Contributions	1,219,142	650,050	705,269
Miscellaneous Revenue	12,897,488	5,375,334	3,632,990
Revenue Totals	120,480,958	108,730,691	101,193,908
Expenditures			
Salaries and Wages	23,292,832	23,659,682	26,009,132
Employee Benefits	10,662,005	10,739,179	12,325,290
Professional & Tech Services	11,529,474	12,253,212	12,452,741
Purchased Property Services	1,847,714	1,908,476	1,953,568
Other Purchased Services	4,762,419	5,043,999	5,381,390
Supplies	5,260,452	5,094,024	5,394,028
Property/Fixed Assets	20,251,158	14,505,974	31,139,855
Other Expenses	36,421,994	28,171,046	32,114,356
Expenditure Grand Totals	114,028,046	101,375,592	126,770,360
Excess Revenue o/(u) Expenditures	5,564,175	7,355,099	(25,576,452)
Fund Balance at year end	121,722,416	129,077,515	103,501,063



Revenues

Of the \$101,193,908 total revenues estimated in 2014, 52 percent is derived from taxes, 33 percent from intergovernmental sources, and 8 percent from charges for services. The remaining 7 percent comprises interfund transfers (\$2.39m), licenses and permits, fines and forfeitures, contributions and investment earnings.



Total revenues, compared to 2013 amended budget, will decrease by \$11.2 million (11 percent) in 2014.

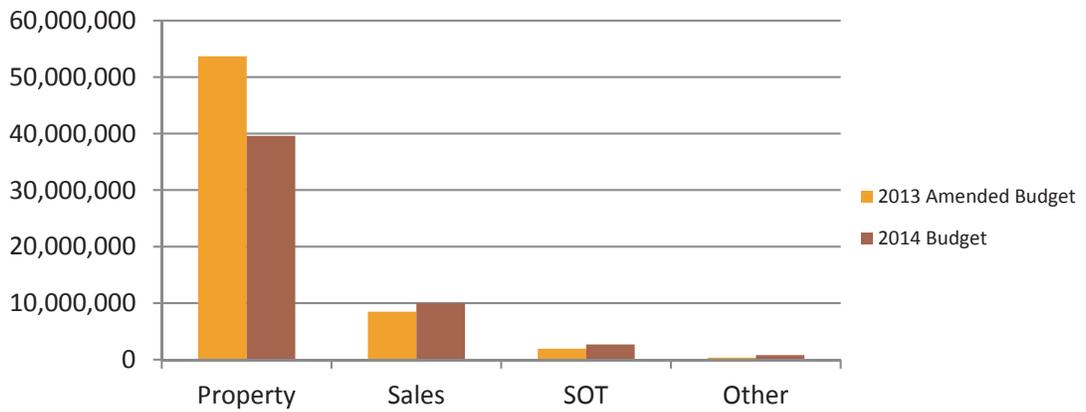
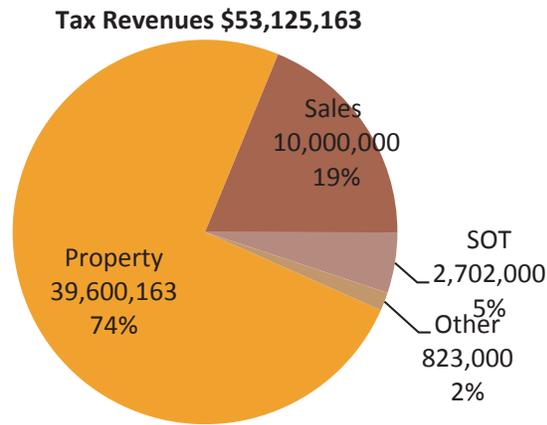
Revenues	2013 Amended Budget	2014 Budget	Variance	%
Taxes	64,492,231	53,125,163	(11,367,068)	-21.4%
Intergovernmental	31,089,561	33,233,185	2,143,624	6.5%
Charges for Services	9,113,296	8,549,487	(563,809)	-6.6%
Contributions	908,151	1,577,314	669,163	42.4%
Fines and Forfeitures	112,560	115,500	2,940	2.5%
Investment Earnings	1,075,666	705,269	(370,397)	-52.5%
Licenses and Permits	254,000	255,000	1,000	0.4%
Miscellaneous Revenue	5,308,169	3,632,990	(1,675,179)	-46.1%
Total	112,353,634	101,193,908	(11,159,726)	-11.0%

The drop in revenues is accounted for, in large part, by taxes, which declined by over \$11 million or 21 percent.

Taxes

52 percent of revenues are derived from taxes. At \$39,600,163 the majority, 74 percent, comes from property tax. Consequently 53 percent of Garfield County total revenues are derived from property tax. Although still a very important source of revenue sales tax accounts for 19 percent or \$10m of tax revenues.

The remainder is comprised of Specific Ownership Taxes (SOT), Motor Vehicle Special Assessment taxes and delinquent 2013 property taxes.

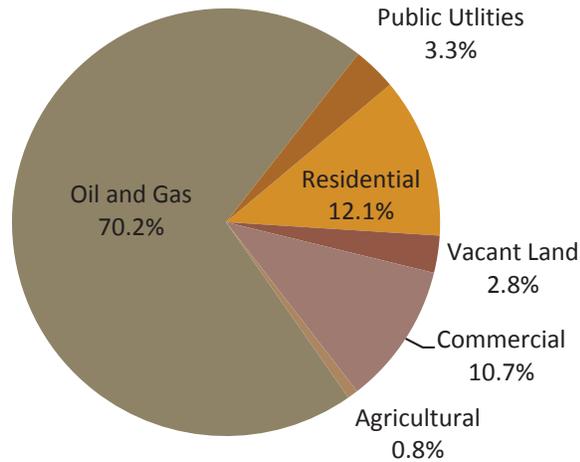


• **Property Tax Revenues**

Based upon the Certification of Assessed Values provided by the Garfield County Assessor, property tax revenues are projected to decrease by more than \$14 million or 26 percent in 2014. This is due to a substantial drop in the price of natural gas, the production of which accounts for approximately 50 percent of total assessed values. Home and business values continue to be depressed which also contributes to the decline.



2013 Assessed Value Distribution
for property taxes collected in 2014



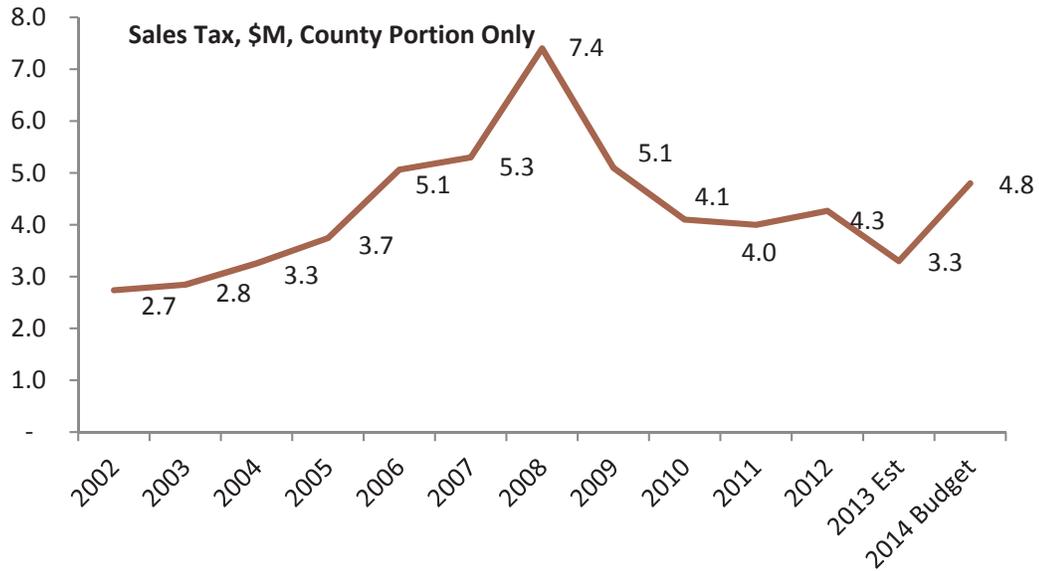
The total mill levy for the County in 2014 is 13.655 and is allocated among various County funds as follows:

FUND	\$ AMOUNT	%	MILL
GENERAL	\$17,239,698	43.61	5.955
ROAD & BRIDGE	\$8,684,986	21.97	3.000
HUMAN SERVICES	\$3,618,744	9.15	1.250
CAPITAL	\$8,684,986	21.97	3.000
RETIREMENT	\$1,302,748	3.30	0.450
TOTAL	\$ 39,531,162	100	13.655

The levy for Travelers Highland PID is 50 mills and its property tax revenue is budgeted at \$69,001.

• **Sales Tax Revenues**

Reflecting a forecast improvement in the economy, sales tax collections are budgeted to increase by \$1.5m or 18 percent in 2014. However sales tax revenues are difficult to predict as the sales tax refunds which negatively affected 2013 receipts continue to take place. In 2012 the Colorado Department of Revenue (DOR) informed the BOCC, through the Treasurer, that the 1 percent sales tax collected on “frac’ing materials” from certain oil and gas companies (“Tax Payers”) from April 2002 through July 2005 would be refunded to Tax Payers by the DOR in accordance with the Colorado Court of Appeals case, Noble Energy, Inc. v. DOR, 232 P.3d 293 (Colo. App 2011). The estimated amount of refunds was approximately \$3.9 million over the time period July 1, 2012 to June 30, 2013 with \$1.4 million in 2012 and \$2.5 million in 2013. However most in fact took place in 2013. These refunds were deducted by DOR prior to receipt of sales tax by Garfield County. Without these refunds sales tax revenues are expected to increase in 2014 returning to levels experienced in 2009. The budget number was arrived at following discussion between the Garfield County Treasurer’s Office and the Finance Department and was based upon trend analysis using a number of different forecast scenarios.

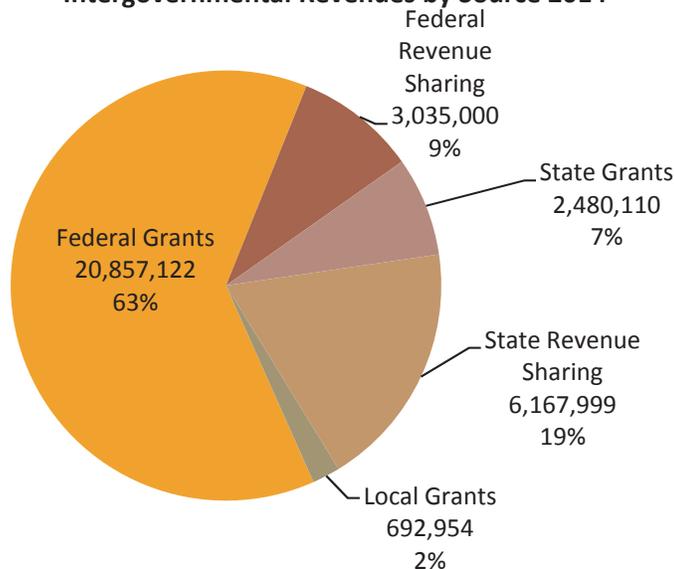


Intergovernmental Revenues

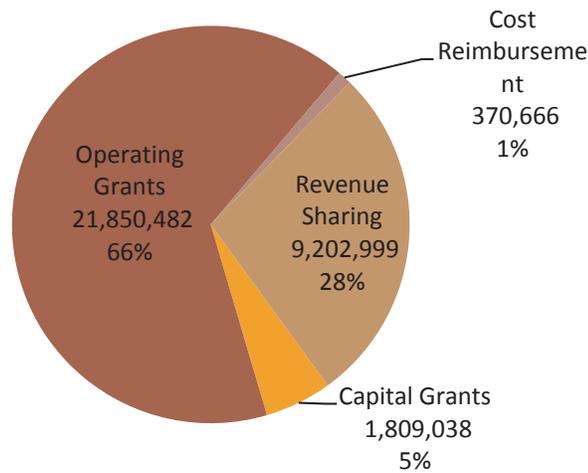
In 2014 intergovernmental revenues are budgeted at \$33,233,185. This is an increase of \$2,143,624 over 2013 which is largely accounted for by an increase in federal grants.

Intergovernmental Revenues by Source	2013 Amended Budget	2014 Proposed Budget	Variance 2013 v 2014	%
Federal Grants	19,125,999	20,857,122	1,731,123	9%
Federal Revenue Sharing	2,858,412	3,035,000	176,588	6%
State Grants	2,542,854	2,480,110	(62,744)	-2%
State Revenue Sharing	6,195,005	6,167,999	(27,006)	0%
Local Grants	367,291	692,954	325,663	89%
Total Intergovernmental	31,089,561	33,233,185	2,143,624	7%

Intergovernmental Revenues by Source 2014



The federal government is the largest source of revenues at \$20.8 million (63 percent), followed by the state of Colorado at \$8.65 million (26 percent). Local intergovernmental revenues are \$692,954 or 2 percent.

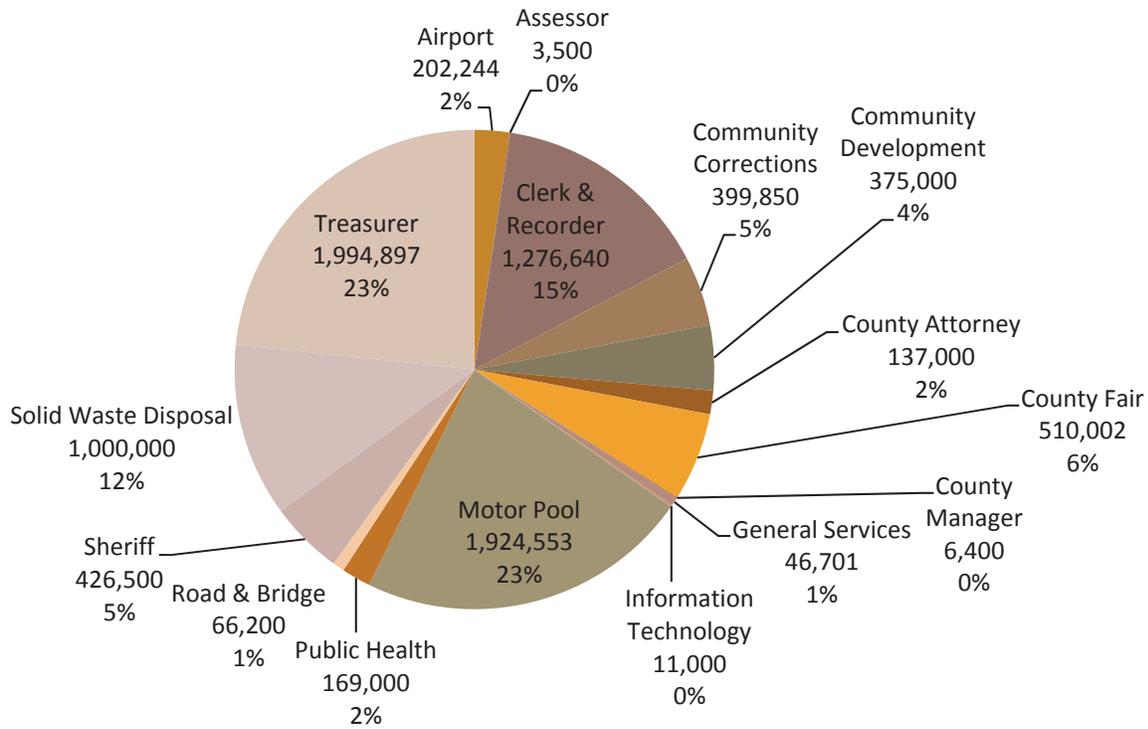


\$21.8 million in operating grants account for 66 percent of revenues, largely for Health and Human Services. Capital grants are \$1.8 million (5 percent) and go towards projects at the Airport and Road & Bridge and trail construction. Mineral Severance, BLM and Forest Service Payment In Lieu of Taxes (PILT), Highway Users Tax Fund (HUFT) and State Cost Allocations otherwise known as revenue sharing, account for \$9.2 million or 28 percent of total intergovernmental revenues. The budgeted amounts are based upon information received from the relevant authority or, if none available, then trend analysis.

Charges for Services

Charges for services will generate \$8,549,487 in revenues for 2014, a decrease of 4.3 percent from 2013. The decline takes place largely in Treasurer’s fees on property tax collections. Modest increases are expected in several areas including the Clerk and Records office and the Community Development department due to improvements in the local economy. Estimates are made based upon recent history and relevant information or data that indicate a future trend. For 2014 the charges are split between the following offices, departments and funds:

Charges for Services by Source



Investment Earnings

Investment earnings are budgeted at \$705,269 for 2014, 1 percent of the total revenues for the County. Budget is based upon estimates provided by the investment advisor. This remains the same as was received in 2013.

Other Revenues

The remainder of County budgeted revenues amount to \$5,580,804 and are as follows:

Other Revenues	\$
Contributions	1,577,314
Fines and Forfeitures	115,500
Licenses and Permits	255,000
Miscellaneous Revenue	3,632,990
TOTAL	5,580,804

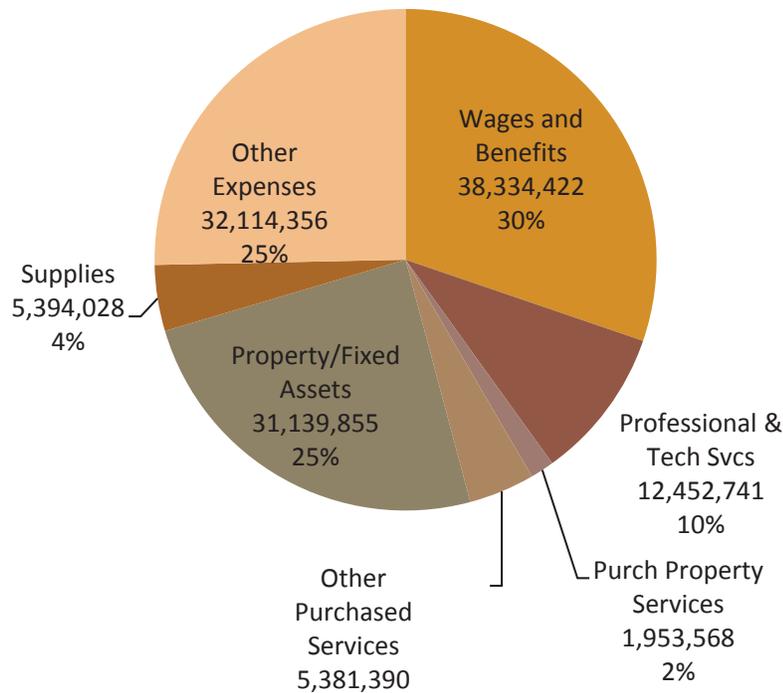
Miscellaneous revenue primarily includes interfund transfers as well as rent and lease receipts and the sale of assets.

Expenditures

Total 2014 budgeted expenditures are \$126,770,360. This represents an increase of 1.4 percent from 2013 amended budget though includes several multi-year construction projects which have been carried forward. The three year trend of expenditures and use of funds is as follows:

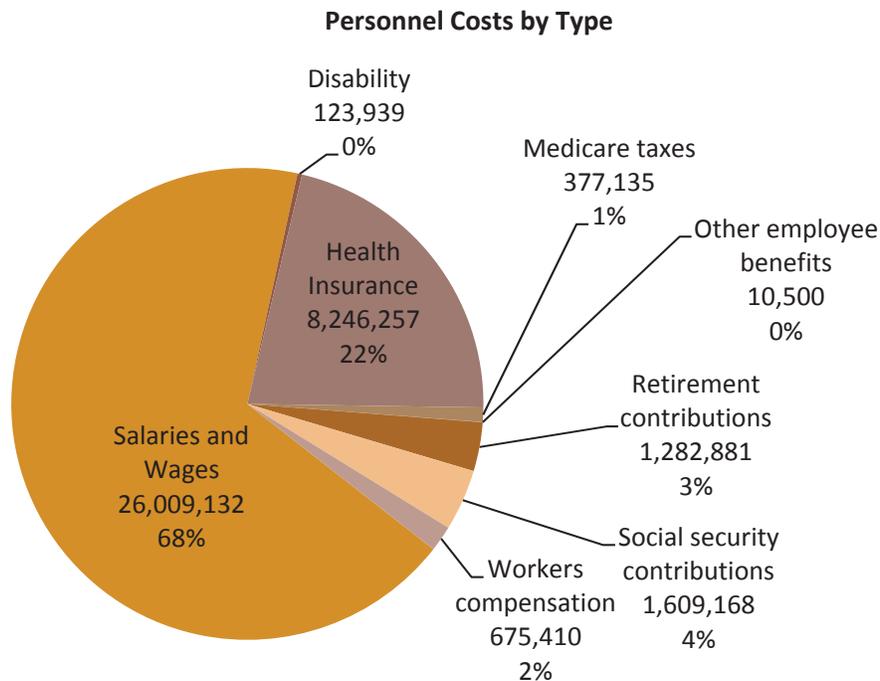
Expenditures/Uses of Funds	2012 Actual	2013 Estimated	2014 Budget
Salaries and Wages	23,292,832	23,659,682	26,009,132
Employee Benefits	10,662,005	10,739,179	12,325,290
Professional & Technical Services	11,529,474	12,253,212	12,452,741
Purchased Property Services	1,847,714	1,908,476	1,953,568
Other Purchased Services	4,762,419	5,043,999	5,381,390
Supplies	20,251,158	14,505,974	31,139,855
Property/Fixed Assets	5,260,452	5,094,024	5,394,028
Other Expenses	36,421,994	28,171,046	32,114,356
Total Expenditures:	114,028,047	101,375,592	126,770,360
Net of Interfund Transfers:	102,192,800	98,139,672	124,380,360

2014 Expenditures/Uses of Funds



Personnel Costs

In 2014 total personnel costs are budgeted at \$38,334,422 with a \$5,402 increase over the budget of 2013. This incorporates both a projected 14 percent increase in health insurance costs beginning in July 2014, a 6 percent increase in workers compensation costs and a performance based pay increase of 3 percent which will be reviewed and approved separately by the BOCC in March of 2014. The wages budget of \$26,009,132 has decreased by \$293,318 or 1 percent.



Personnel Expenditures by Fund

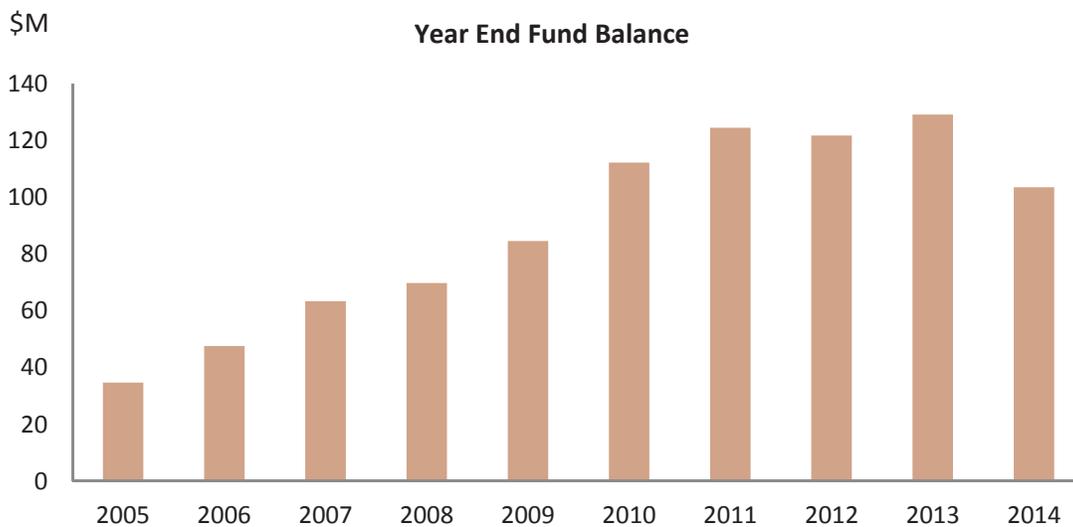
	100 General Fund	119 Public Health	120 Road and Bridge	121 Human Services	123 Comm- unity Events	126 Airport	133 Retirem- ent	200 Solid Waste Disposal	210 Motor Pool	Total
Salaries & Wages	17,183,331	1,465,791	2,178,417	4,371,600	50,750	230,133		323,168	205,942	26,009,132
Disability	79,981	6,749	10,791	22,271	260	1,131		1,724	1,032	123,939
Health insurance	4,949,388	422,366	793,479	1,775,625	9,245	78,871		150,723	66,560	8,246,257
Medicare taxes	249,160	21,254	31,587	63,389	736	3,337		4,686	2,986	377,135
Other employee benefits	10,500			0						10,500
Retirement contributions	0	0	0	0			1,282,881			1,282,881
Social security contributions	1,061,967	90,879	135,062	271,041	3,147	14,268		20,036	12,768	1,609,168
Workers compensation	415,368	10,137	138,720	53,625	1,000	13,750		33,532	9,278	675,410
Totals by Fund	23,949,695	2,017,176	3,288,056	6,557,551	65,138	341,490	1,282,881	533,869	298,566	38,334,422

For more information on staffing levels and personnel distributions please refer to Section XIII – STAFFING. Details on expenditures other than personnel are provided in the sections following.

Fund Balance

Summary

Fund balance is defined as the difference between assets and liabilities. The estimated end of the year fund balance for 2013 is projected to increase by 6 percent over year end 2012 and 25 percent more than budgeted. This is due, in large part to unfinished infrastructure projects. The completion of these projects has been budgeted in 2014 and thus the fund balance is projected to decrease by 20 percent ending 2014 at \$103,501,063. This follows a 47 percent increase in fund balance experienced between the end of 2010 and 2012 due to high property tax revenues. Consequently Garfield County enjoys a very healthy fund balance. In 2012 the County used fund balance to retire its long term financial obligations, Certificates of Participation Series 2001 and 2006. Again, in 2014 the County aims to make strategic investments using its fund balance and has carefully evaluated all projects and trimmed its operating budget to ensure the fund balance is substantial enough to do so. Despite a reduction in property tax revenue in 2014, preliminary forecasts indicate an increase in property tax revenue for 2015.



In 2014 the overall fund balance is projected to decline by \$25.5 million (20 percent). As mentioned previously fund balance is being used for discretionary and strategic expenditures of a capital nature but will remain at a healthy level following these expenditures. Individual fund balances with significant change are as follows:

- The General Fund balance will decrease by \$11.3m (22 percent) due to declining property tax revenues. However this follows an estimated increase of approximately \$12 million in 2013
- The Road and Bridge Fund balance is projected to decline by \$16m or 68 percent as significant investments in road infrastructure projects are budgeted in 2014. However it is likely that a number of those projects will not be completed and the ending fund balance will in fact be significantly higher. The fund balance will remain well above optimal levels needed for operating at all times
- The Oil and Gas Mitigation Fund balance will decline by 17 percent as infrastructure grants to municipalities are paid out. This fund has no budgeted revenues in 2014
- The Capital Expenditures Fund balance will increase by 37 percent. In 2014 a mill levy of 3.0 will allocate over \$8m in property tax revenue to this fund. A high fund balance is needed for facilities improvement projects in 2014 and beyond. This follows 2013 when fund balance declined by 20 percent and no mill levy was allocated to the fund as no large capital expenditures took place in 2013.

Budgeted 2014 Revenues, Expenditures and Fund Balances

FUND	Estimated Fund Balance 12/31/2013	Proposed Budget 2014 Revenues	Proposed Budget 2014 Expenditures	Budgeted Fund Balance 12/31/2014
100 GENERAL FUND	52,143,625	36,694,903	48,037,434	40,801,094
119 PUBLIC HEALTH FUND	1,740,986	2,867,745	2,852,653	1,756,078
120 ROAD & BRIDGE FUND	23,750,846	19,031,728	35,194,191	7,588,383
121 HUMAN SERVICES FUND	10,364,856	25,141,267	24,009,168	11,496,955
123 COMMUNITY EVENTS FUND	386,381	622,802	471,583	537,600
124 CONSERVATION TRUST FUND	206,305	190,050	114,000	282,355
125 EMERGENCY RESERVE FUND	3,018,434	-	-	3,018,434
126 AIRPORT FUND	1,746,442	1,233,728	1,666,773	1,313,397
127 CLERK & RECORDER EFTF FUND	41,158	15,030	17,385	38,803
128 TRAFFIC STUDY FUND	734,526	1,077	-	735,603
129 LIVESTOCK AUCTION FUND	34,578	578,000	578,000	34,578
130 COMMISSARY FUND	31,960	65,000	65,000	31,960
133 RETIREMENT FUND	2,190,007	1,466,848	1,308,936	2,347,919
135 OIL & GAS MITIGATION FUND	15,221,208	-	2,646,514	12,574,694
136 GARFIELD COUNTY GRANT FUND	99,925	-	-	99,925
150 CAPITAL EXPENDITURES FUND	9,583,996	10,080,176	6,510,702	13,153,470
187 TRAVELER'S HIGHLAND PID	45,466	71,001	72,440	44,027
200 SOLID WASTE DISPOSAL FUND	4,159,869	1,150,000	1,385,297	3,924,572
210 MOTOR POOL FUND	3,576,947	1,984,553	1,840,284	3,721,216
FUND TOTALS	129,077,515	101,193,908	126,770,360	103,501,063
Interfund Transfers		2,390,000	2,390,000	
Net		98,803,908	124,380,360	

Interfund Transfers

To ensure individual funds have sufficient balances to operate efficiently and effectively, various interfund transfers are budgeted to take place in 2014.

\$2,390,000 will be transferred out of the General Fund to the following:

- \$150,000 to the Livestock Auction Fund to ensure there is adequate fund balance during the auction
- \$500,000 to the Community Events Fund to cover the costs of the County Fair
- \$1,500,000 to the Public Health Fund for operations and,
- \$90,000 to reimburse the Solid Waste Disposal Fund for discounts and coupons authorized by the BOCC.

\$150,000 will be transferred into the General Fund as follows:

- The return of \$150,000 from the Livestock Auction Fund once the auction is complete.

Major Fund Summaries

General Fund

The largest of all the funds, the General Fund accounts for a wide variety of services and functions of all Elected Officials – Assessor, Board of County Commissioners, Clerk and Recorder, Coroner, Sheriff, Surveyor, Treasurer – and departments such as Community Development, County Manager, County Attorney, Criminal Justice Services, Finance, Human Resources, Information Technology, Procurement, Public Works and Facilities. The projected 2014 beginning fund balance is \$52.1 million with a projected ending balance of \$40.8 million. Estimated revenues are \$36.7 million and expenditures \$48.0 million.

REVENUES	2012 Actual	2013 Estimated	2014 Budget
Taxes	45,299,059	45,732,147	25,895,995
Charges for Services	5,567,683	5,321,264	4,743,688
Contributions	680,784	556,500	699,414
Fines and Forfeitures	126,911	115,000	115,500
Intergovernmental	1,451,998	3,651,345	3,756,047
Investment Earnings	540,438	578,480	650,480
Licenses and Permits	5,010	5,000	5,000
Miscellaneous Revenue	763,929	1,003,314	828,779
TOTAL	54,435,811	56,963,050	36,694,903

EXPENDITURES	2012 Actual	2013 Estimated	2014 Budget
Salaries and Wages	15,620,538	15,675,584	17,183,331
Employee Benefits	5,990,338	5,854,932	6,766,364
Other Purchased Services	3,741,369	3,950,538	4,199,182
Professional & Tech Services	3,398,194	4,082,535	3,952,154
Property/Fixed Assets	321,177	380,754	366,977
Purchased Property Services	961,979	983,580	1,013,520
Supplies	2,234,169	1,995,333	2,132,603
Other Expenses	15,690,980	11,872,434	12,423,303
TOTAL	47,958,743	44,795,690	48,037,434

Capital Expenditures Fund

The Capital Expenditures Fund includes all the capital projects of the offices and departments named in the General Fund above. It does not include Road and Bridge, Motor Pool, Solid Waste Disposal and Airport capital expenditures which are accounted for in their respective funds. The estimated 2014 estimated beginning fund balance is \$9.6 million with a projected ending fund balance of \$13.2 million. Estimated revenues are \$10.1 million and expenditures of \$6.5 million.

REVENUES	2012 Actual	2013 Estimated	2014 Budget
Taxes	2,876,753	228	9,278,176
Contributions	300,000	0	0
Intergovernmental	8,198,511	172,049	802,000
Investment Earnings	49,775	0	0
Miscellaneous Revenue	8,958,341	1,594,606	0
TOTAL	20,383,380	1,766,883	10,080,176

EXPENDITURES	2012 Actual	2013 Estimated	2014 Budget
Property/Fixed Assets	27,165,278	5,352,901	6,337,002
Purchased Property Services	35,528	0	0
Professional & Technical Services	4,200	0	0
Other Expenses	65,690	4	173,700
TOTAL	27,270,696	5,352,905	6,510,702

Human Services Fund

This fund accounts for revenues and expenditures to provide and coordinate a variety of State mandated social services including public assistance, as well as children and family service programs. The estimated 2014 beginning fund balance is \$10.4 million with a projected ending fund balance of \$11.5 million. Estimated revenues are \$25.2 million and expenditures of \$24.0 million.

REVENUES	2012 Actual	2013 Estimated	2014 Budget
Taxes	2,116,725	3,152,500	3,905,794
Intergovernmental	16,695,965	17,880,132	21,148,156
Investment Earnings	18,050	10,000	15,000
Miscellaneous Revenue	79,362	70,200	72,317
Charges for Services	108	45	0
TOTAL	18,910,210	21,112,877	25,141,267

EXPENDITURES	2012 Actual	2013 Estimated	2014 Budget
Salaries and Wages	3,652,000	3,915,772	4,371,600
Employee Benefits	1,700,355	1,821,160	2,185,951
Professional & Tech Services	1,216,445	1,402,810	1,620,297
Property/Fixed Assets	22,853	35,924	44,150
Purchased Property Services	5,883	8,780	10,600
Other Expenses	11,226,599	12,257,178	15,126,058
Other Purchased Services	365,030	425,227	480,562
Supplies	146,242	155,479	169,950
TOTAL	18,335,407	20,022,330	24,009,168

Oil and Gas Mitigation Fund

This fund was established by the BOCC in 2006 for the receipt and expenditure of specifically designated monies to be used to mitigate adverse property, social and environmental impacts of oil and gas related activities. The fund has a significant balance which, at the beginning of 2014, is estimated at \$15.2 million. There are no estimated revenues in 2014 for this fund. Expenditures are budgeted at \$2.7 million.

EXPENDITURES	2012 Actual	2013 Estimated	2014 Budget
Professional & Technical Services	0	866,497	196,514
Other Expenses	4,747,862	1,845,920	2,450,000
TOTAL	4,747,862	2,712,417	2,646,514

Road and Bridge Fund

This fund accounts for revenues and expenditures related to construction, repair, maintenance and snow removal for all County roads and bridges. The estimated 2014 beginning fund balance is \$23.8 million with a projected ending fund balance of \$7.6 million. Revenues are estimated at \$19.0 million and expenditures of \$27.4 million. Detailed information on Road and Bridge expenditures projects is available in Section VIII – PUBLIC WORKS.

REVENUES	2012 Actual	2013 Estimated	2014 Budget
Taxes	12,847,115	12,799,729	12,209,536
Contributions	121,327	51,600	841,500
Intergovernmental	3,238,895	5,019,948	5,655,692
Licenses and Permits	250,446	232,377	250,000
Miscellaneous Revenue	130,963	50,000	75,000
TOTAL	16,588,745	18,153,654	19,031,728

EXPENDITURES	2012 Actual	2013 Estimated	2014 Budget
Salaries and Wages	2,049,209	2,093,955	2,178,417
Employee Benefits	985,353	1,031,178	1,109,639
Professional & Tech Services	5,748,467	4,947,581	5,782,000
Property/Fixed Assets	1,916,655	6,123,000	22,407,000
Purchased Property Services	508,152	499,798	506,600
Other Expenses	963,698	945,889	895,985
Other Purchased Services	320,123	334,088	335,700
Supplies	1,628,509	1,838,813	1,978,850
TOTAL	14,120,166	17,814,302	35,194,191