

Section IV – BUDGET OVERVIEW

Budget Summary

The Garfield County adopted 2013 budget appropriated \$116,693,384 in funding as follows:

FUND	Appropriation
GENERAL	\$ 49,522,635
PUBLIC HEALTH	2,647,636
ROAD & BRIDGE	27,360,207
HUMAN SERVICES	22,218,825
COMMUNITY EVENTS	350,842
CONSERVATION TRUST	190,000
EMERGENCY RESERVE	350,000
AIRPORT	1,681,533
CLERK & RECORDER EFTF	7,900
LIVESTOCK AUCTION	613,000
COMMISSARY	130,000
RETIREMENT	1,330,989
OIL & GAS MITIGATION	4,042,019
CAPITAL EXPENDITURES	2,991,689
TRAVELER'S HIGHLAND PID	100,920
SOLID WASTE DISPOSAL	1,236,959
MOTOR POOL	1,918,230
TOTAL APPROPRIATION	\$ 116,693,384

The 2013 budget estimates \$107,938,349 in revenues. 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.

Overall expenditures, net of interfund transfers, have decreased \$29 million from the 2012 amended budget. Of this \$15.7 million is attributed to the retirement of two series of Certificates of Participation (COPS) and \$12.3 million to the Interstate 70 Interchange construction project.

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.

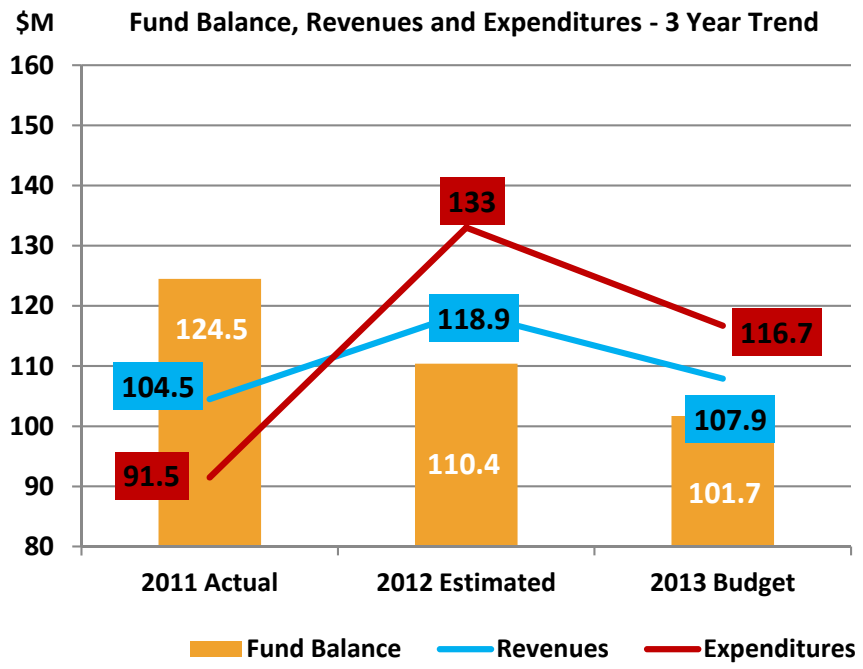
The total personnel budget remains unchanged from 2012 notwithstanding increases in health insurance costs and a budgeted 3% County-wide pay increase. Pay increases will be based on performance and subject to separate review and approval by the Board of County Commissioners in March, 2013. The total 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.

Overall the 2013 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*

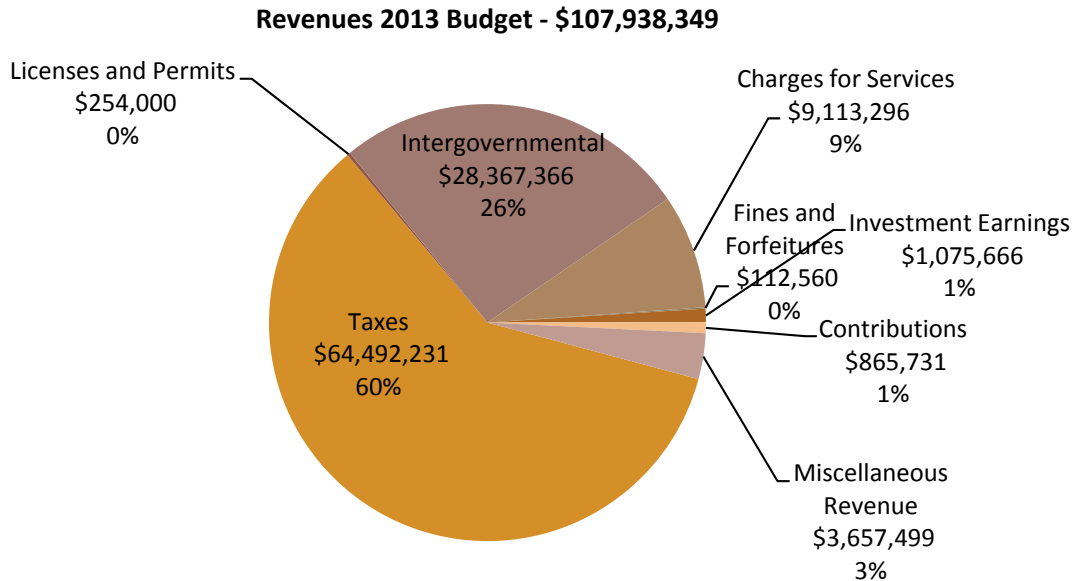
	2011 Actual	2012 Estimated	2013 Budget
Revenue			
Taxes	58,345,703	60,072,328	64,492,231
Licenses and Permits	313,256	253,965	254,000
Intergovernmental	28,387,939	34,631,565	28,367,366
Charges for Services	8,983,579	8,735,622	9,113,296
Fines and Forfeitures	113,150	111,500	112,560
Investment Earnings	900,050	926,711	1,075,666
Contributions	1,632,376	1,315,739	865,731
Miscellaneous Revenue	5,805,845	12,865,857	3,657,499
Revenue Totals	104,481,898	118,913,287	107,938,349
Expenditures			
Salaries and Wages	22,847,960	24,335,802	26,278,250
Employee Benefits	10,805,925	11,099,708	12,016,130
Professional & Tech Services	9,202,759	11,685,242	12,350,839
Purchased Property Services	1,576,628	1,945,327	2,143,570
Other Purchased Services	4,956,389	5,137,755	5,673,563
Supplies	5,171,790	5,819,070	5,568,645
Property/Fixed Assets	9,454,617	36,434,223	20,179,889
Other Expenses	27,508,972	36,546,445	32,482,498
Expenditure Grand Totals	91,525,040	133,003,572	116,693,384
Excess Revenue o/(u) Expenditures	12,956,858	(14,090,285)	(8,755,035)
Fund Balance at year end	124,533,774	110,443,489	101,688,454



Revenues

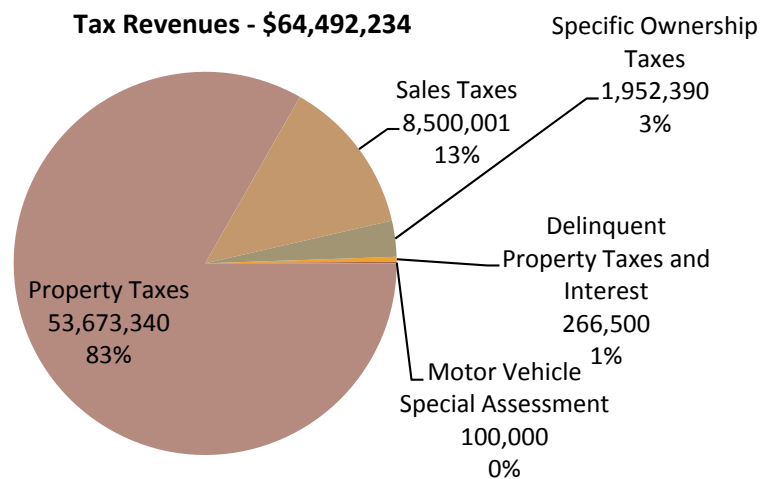
Total revenues, compared to 2012, have decreased \$10.98 million (9.2%). Net of interfund transfers, revenues are projected to decrease by only \$1.85 million (2%). A reduction in intergovernmental grant revenues due to the construction of W. Parachute being complete is almost offset by increases in both property and sales tax revenues in 2013.

Of the \$107,938,349 total revenues estimated in 2013, 60% is derived from taxes, 26% from intergovernmental sources, and 9% from charges for services. The remaining 5% comprises interfund transfers (\$2.7m), licenses and permits, fines and forfeitures, contributions and investment earnings.



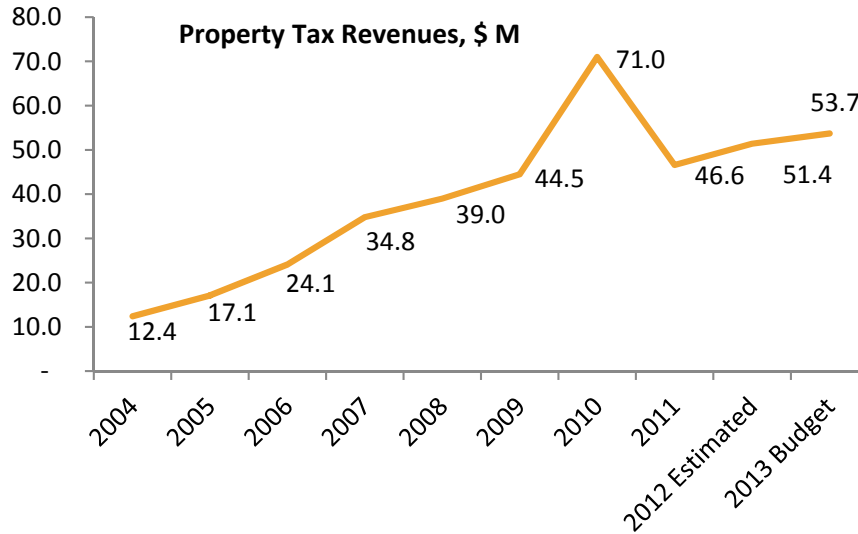
Taxes

60% of revenues are derived from taxes. At \$53,673,340 the majority, 83%, comes from property tax. Consequently 72.3% of Garfield County total revenues are derived from property tax. Although still a very important source of revenue sales tax accounts for 13% or \$8.5m of tax revenues. The remainder is comprised of Specific Ownership Taxes (SOT), Motor Vehicle Special Assessment taxes and delinquent 2012 property taxes.



- **Property Tax Revenues**

Based upon the Certification of Assessed Values provided by the Garfield County Assessor, property tax revenues are projected to increase by \$2.3 million in 2013. This 4% increase over 2012 is due to increased production in the natural gas industry and in the value of Natural Gas Liquids (NGL's). Home and business values continue to be depressed. The spike in property tax revenues in 2010 is attributed to the significant increase in natural gas prices and production which took place in 2008.



The total mill levy for the County in 2013 is 13.655 and is allocated among various County funds as follows:

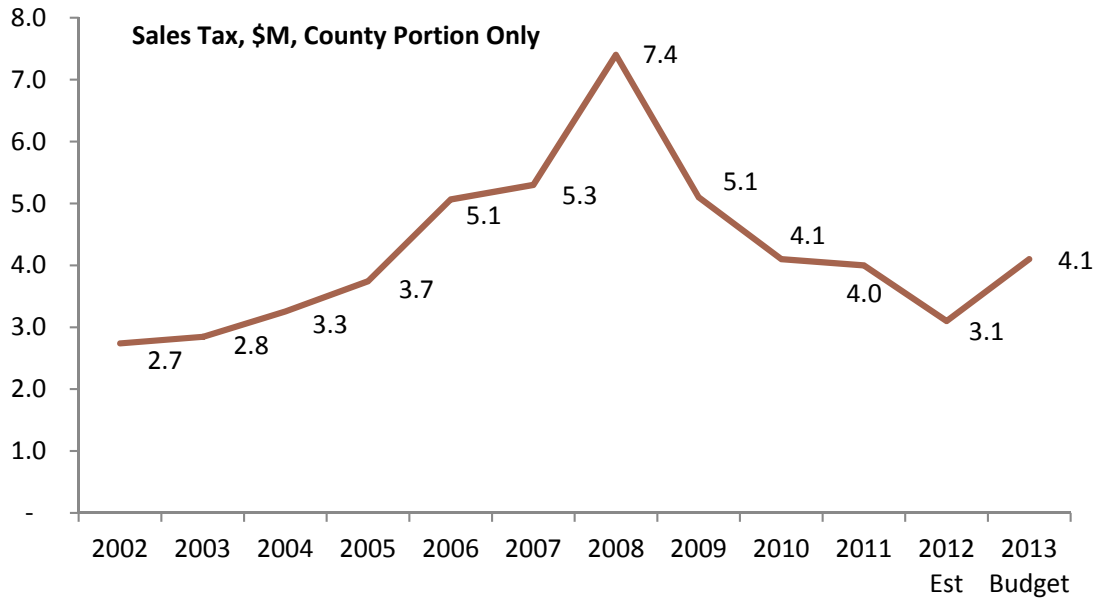
FUND	\$ AMOUNT	%	MILL
GENERAL	\$ 38,866,139	72	9.8956
ROAD & BRIDGE	\$ 10,015,412	19	2.5500
HUMAN SERVICES	\$ 3,000,000	6	0.7638
RETIREMENT	\$ 1,750,000	3	0.4456
TOTAL	\$ 53,631,551	100	13.655

The levy for Travelers Highland PID is 50 mills and its property tax revenue is budgeted at \$41,789.

- **Sales Tax Revenues**

Overall sales tax collections have stabilized with 2013 forecast to remain at the same level as 2012. However sales tax revenues are budgeted to increase in 2013 as the sales tax refunds which negatively affected 2012 receipts are understood to be complete. In 2011 the Colorado Department of Revenue (DOR) informed the BOCC, through the Treasurer, that the 1% 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 2010). The estimated amount of refunds was approximately \$3.9 million over the time period July 1, 2011 to June 30, 2012 with \$1.4 million in 2011 and \$2.5 million in 2012. 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 by \$2 million (31%) in 2013 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.



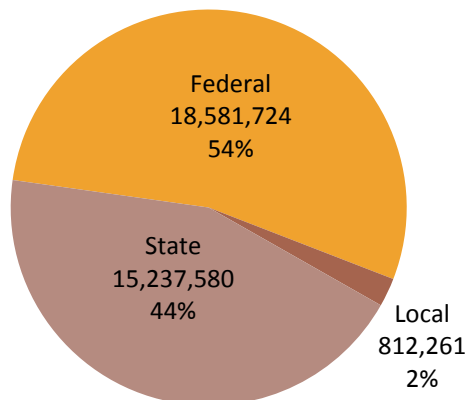
Intergovernmental Revenues

In 2013 intergovernmental revenues are budgeted at \$28,367,366. This is a decline of \$6,264,199 over 2012 which is accounted for by the grants received in 2012 to assist with the construction of the I70 W Parachute Interchange project. 2013 budgeted revenues will be almost identical to 2011.

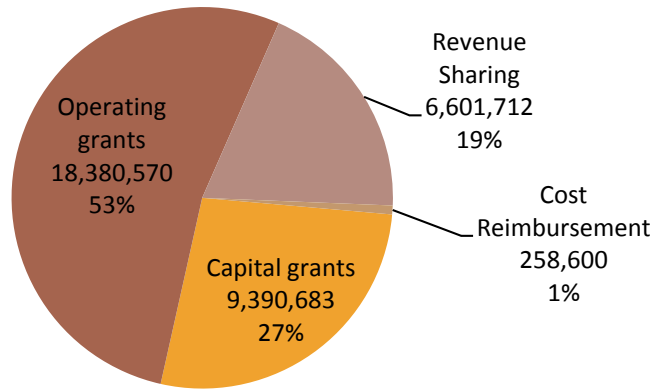
The federal government is the largest source of revenues at \$18.6 million (54%), closely followed by the state of Colorado at \$15.2 million (44%). Local intergovernmental revenues are \$812,261 or 2%.

\$18.3 million in operating grants account for 53% of revenues, largely for Health and Human Services. Capital grants are \$9.4 million (27%) 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 \$6.6 million or 9% of total intergovernmental revenues. The budgeted amounts are based upon information received from the relevant authority or, if none available, then trend analysis.

Intergovernmental Revenues by Source



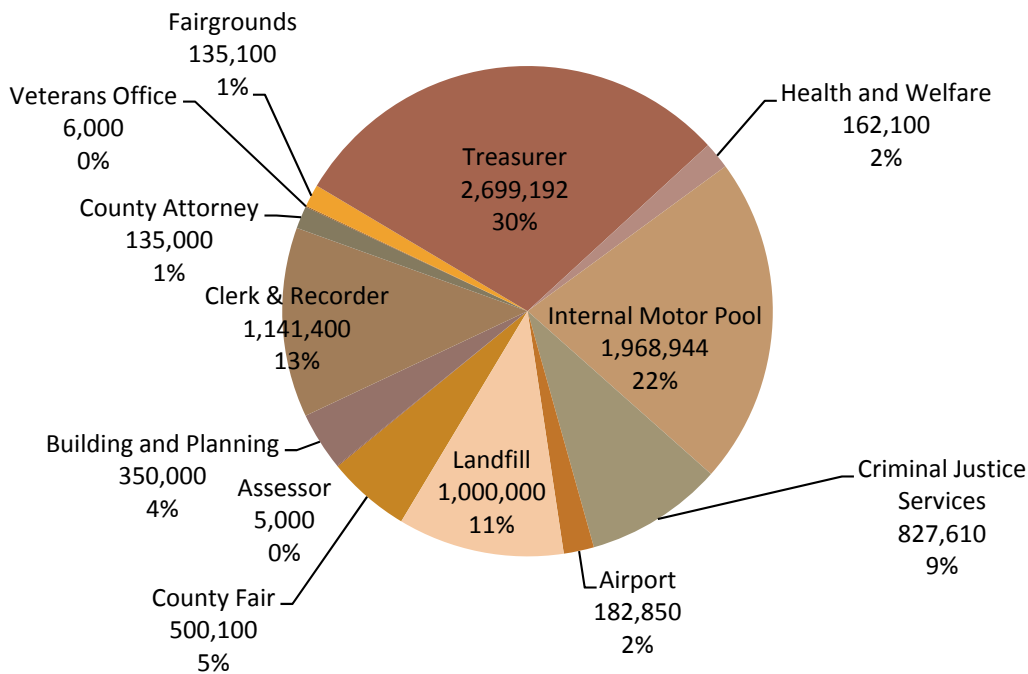
Intergovernmental Revenues by Type



Charges for Services

Charges for services will generate \$9,113,296 in revenues for 2013. This is an increase of 4.3% over 2012. Modest increases are expected in several areas including the County Fair, the Clerk and Recorders office and at the Airport 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 2013 the charges are split between the following offices, departments and funds:

Charges for Services by Source



Investment Earnings

Investment earnings are budgeted at \$1,075,666 for 2013, 1% of the total revenues for the County. Budget is based upon estimates provided by the investment advisor. This has increased \$148,955 or 16% over 2012 as the BOCC approved a decrease in the cash balance and greater amount of investments to be made by the Treasurer.

Other Revenues

The remainder of County budgeted revenues amount to \$4,889,790 and are as follows:

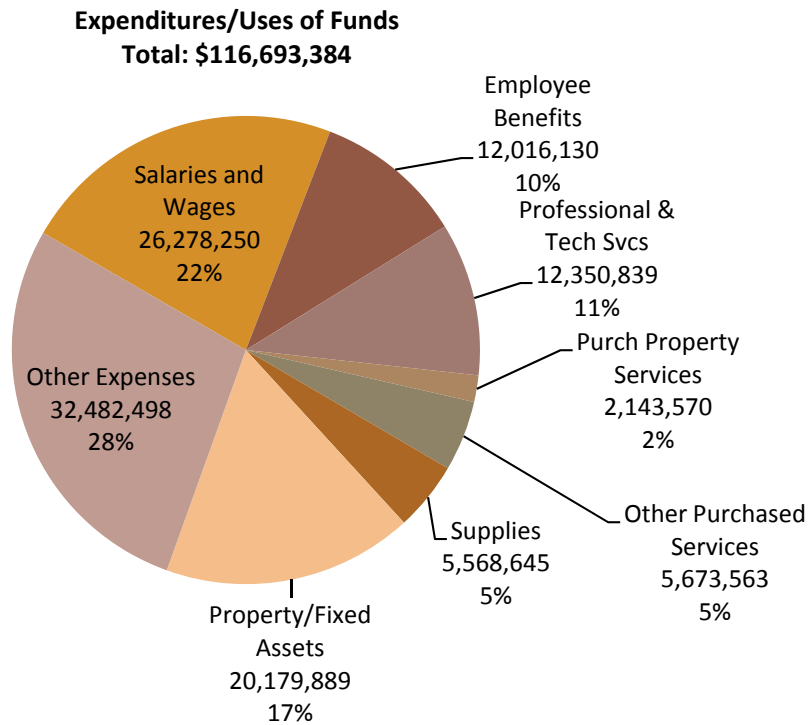
Other Revenues	\$
Contributions	865,731
Fines and Forfeitures	112,560
Licenses and Permits	254,000
Miscellaneous Revenue	3,657,499
TOTAL	4,889,790

It should be noted that miscellaneous revenues include interfund transfers which in 2012 were \$11,827,872. In 2013 interfund transfers are budgeted at \$2,700,000 significantly reducing this line item.

Expenditures

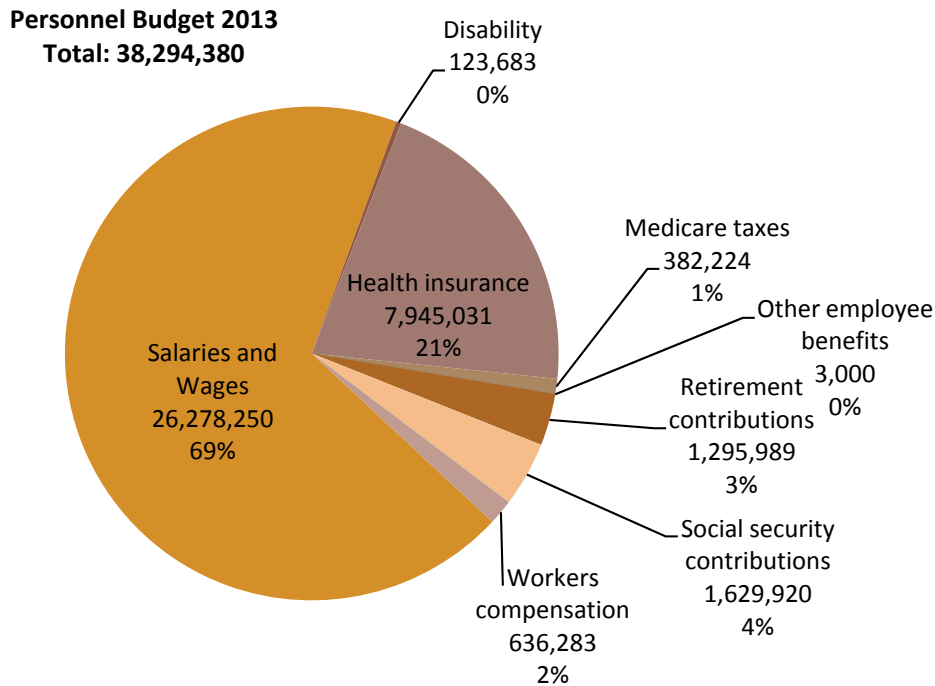
Total 2013 budgeted expenditures are \$116,693,384. Net of interfund transfers, a figure which provides a more accurate comparison with prior years, the total amount is \$113,993,384, representing a decrease of 6% from 2012. The three year trend of expenditures and use of funds is as follows:

Expenditures/Uses of Funds	2011 Actual	2012 Estimated	2013 Budget
Salaries and Wages	22,847,960	24,335,802	26,278,250
Employee Benefits	10,805,925	11,099,708	12,016,130
Professional & Technical Services	9,202,759	11,685,242	12,350,839
Purchased Property Services	1,576,628	1,945,327	2,143,570
Other Purchased Services	4,956,389	5,137,755	5,673,563
Supplies	5,171,790	5,819,070	5,568,645
Property/Fixed Assets	9,454,617	36,434,223	20,179,889
Other Expenses	27,508,972	36,546,445	32,482,498
Total Expenditures:	91,525,040	133,003,572	116,693,384
Net of Interfund Transfers:	87,114,184	121,175,700	113,993,384



Personnel Costs

In 2013 total personnel costs are budgeted at \$38,294,380 representing a 1% increase over the budget of 2012. This incorporates both a projected 10% increase in health insurance costs in July 2013 and a performance based pay increase of 3% which will be reviewed and approved separately by the BOCC in March of 2013. Because personnel costs are budgeted conservatively, typically the actual amounts come significantly under budget. In 2012 for example it is expected the actual personnel costs will be at least \$4 million less than budgeted. If this is the case 2013 will see personnel costs decrease from 2012.



Personnel Expenditures by Fund

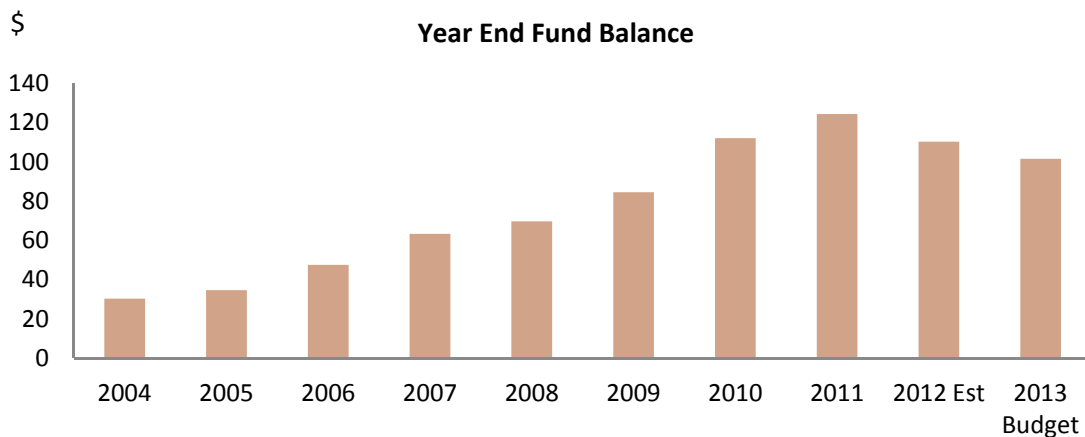
	100 General Fund	119 Public Health	120 Road and Bridge	121 Human Services	126 Airport	133 Retiremt	200 Solid Waste Disposal	210 Motor Pool	Total
Salaries & Wages	17,567,328	1,424,138	2,240,810	4,261,094	228,447	0	203,686	87,836	26,278,250
Disability	81,018	6,457	11,022	21,242	1,112	0	1,816	1,016	123,683
Health insurance	4,896,149	401,401	768,931	1,595,367	75,027	0	144,844	63,312	7,945,031
Medicare taxes	254,724	20,650	32,492	62,978	3,312	0	5,097	2,971	382,224
Other employee benefits	0	0	0	3,000	0	0	0	0	3,000
Retirement contributions	0	0	0	0	0	1,295,989	0	0	1,295,989
Social security contributions	1,087,273	88,297	138,930	266,758	14,164	0	21,793	12,705	1,629,920
Workers compensation	390,705	8,797	135,720	51,343	11,750	0	30,136	7,832	636,283
Totals by Fund	6,709,869	525,602	1,087,095	2,000,688	105,365	1,295,989	203,686	87,836	38,294,380

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 end of the year fund balances for 2012 and 2013 are projected to decrease by 11% and 8% respectively, ending 2013 at \$101,688,454. This follows a 47% increase in fund balance experienced between the end of 2009 and 2011. In 2012 the County used fund balance to retire its long term financial obligations, Certificates of Participation Series 2001 and 2006. Again, in 2013 the County aims to make strategic investments using its fund balance. Although preliminary forecasts indicate a reduction in property tax revenue for 2014 the County has carefully evaluated all projects and trimmed its budget to ensure the fund balance is substantial enough to withstand this downturn. Consequently Garfield County enjoys a very healthy fund balance.



In 2013 the overall fund balance is projected to decline by \$8.755 million (8%). 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 increase by 17% (approximately \$6 million) as property and sales tax revenues increase and operating expenditures decrease
- The Road and Bridge Fund balance will decline by 40% as significant investments in road infrastructure projects are being made during 2013. However the fund balance will remain well above optimal levels needed for operating at all times
- The Emergency Reserve Fund balance will decline by 10% as the amount of the reserve required, 3% of spending, is less than in previous years
- The Airport Fund balance will decline by 30%. In prior years this fund was classified as a major fund with assets more than 10% of the county's total. A high fund balance was needed for the runway construction project which is now completed. Now this is no longer needed the fund balance is purposely being reduced
- The Retirement Fund balance will increase by 38% as the mill levy for the fund has been increased
- The Oil and Gas Mitigation Fund balance will decline by 24% due to discretionary grants being made to municipalities in support of infrastructure projects and the funding of the air monitoring study and energy master plan
- The Capital Expenditures Fund balance will decline by 20%. Mill levy has not been allocated to the fund as no large capital expenditures are taking place in 2013. In 2012 a higher fund balance was needed due to the \$12.3 million I70 interchange construction project. The balance at 2013 year end will remain well above minimum for adequate operation of the fund

- The Travelers Highland PID Fund balance will decline by 38% as expenditures are twice the budgeted revenues. The 2012 assessed valuations and the corresponding 2013 property tax collections in the district dropped substantially.

Budgeted 2013 Revenues, Expenditures and Fund Balances

FUND	Estimated Fund Balance 12/31/2012	Proposed Budget 2013 Revenues	Proposed Budget 2013 Expenditures	Budgeted Fund Balance 12/31/2013
100 GENERAL FUND	35,403,960	55,609,113	49,522,635	41,490,438
119 PUBLIC HEALTH FUND	1,336,467	2,594,214	2,647,636	1,283,045
120 ROAD & BRIDGE FUND	19,481,122	19,579,102	27,360,207	11,700,017
121 HUMAN SERVICES FUND	8,142,607	22,214,030	22,218,825	8,137,812
123 COMMUNITY EVENTS FUND	193,871	642,400	350,842	485,429
124 CONSERVATION TRUST FUND	21,983	190,100	190,000	22,083
125 EMERGENCY RESERVE FUND	3,368,434	-	350,000	3,018,434
126 AIRPORT FUND	2,141,606	1,043,174	1,681,533	1,503,247
127 CLERK & RECORDER EFTF FUND	33,788	15,000	7,900	40,888
128 TRAFFIC STUDY FUND	730,355	1,173	-	731,528
129 LIVESTOCK AUCTION FUND	32,235	612,100	613,000	31,335
130 COMMISSARY FUND	44,994	135,000	130,000	49,994
133 RETIREMENT FUND	1,425,526	1,873,570	1,330,989	1,968,107
135 OIL & GAS MITIGATION FUND	16,950,573	-	4,042,019	12,908,554
136 GARFIELD COUNTY GRANT FUND	100,171	-	-	100,171
150 CAPITAL EXPENDITURES FUND	13,171,830	316,640	2,991,689	10,496,781
187 TRAVELER'S HIGHLAND PID	149,366	43,789	100,920	92,235
200 SOLID WASTE DISPOSAL FUND	4,455,890	1,100,000	1,236,959	4,318,931
210 MOTOR POOL FUND	3,258,712	1,968,944	1,918,230	3,309,426
FUND TOTALS	110,443,489	107,938,349	116,693,384	101,688,454
Interfund Transfers		2,700,000	2,700,000	
Net		105,238,349	113,993,384	

Interfund Transfers

To ensure individual funds have sufficient balances to operate efficiently and effectively, various interfund transfers are budgeted to take place in 2013.

\$2,200,000 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,
- \$50,000 to reimburse the Solid Waste Disposal Fund for discounts and coupons authorized by the BOCC.
- \$500,000 will be transferred into the General Fund as follows:
 - The return of \$150,000 from the Livestock Auction Fund once the auction is complete
 - \$350,000 from the Emergency Reserve Fund back to the General Fund as the balance is already sufficient to meet the 3% TABOR requirement.

Major Fund Summaries

General Fund

The largest of all the funds, the General Fund accounts for a wide variety of services and functions. The projected 2013 beginning fund balance is \$35.4 million with a projected ending balance of \$41.5 million. Estimated revenues are \$55.6 million and expenditures \$49.5 million.

REVENUES	2011 Actual	2012 Estimated	2013 Budget
Taxes	44,494,527	42,812,242	46,305,124
Charges for Services	5,164,090	5,221,235	5,299,302
Contributions	698,340	898,639	749,631
Fines and Forfeitures	113,150	111,500	112,560
Intergovernmental	1,446,963	1,249,845	1,225,273
Investment Earnings	737,140	832,389	1,028,093
Licenses and Permits	6,803	3,965	4,000
Miscellaneous Revenue	1,381,172	803,594	885,130
TOTAL	54,042,184	51,933,409	55,609,113

EXPENDITURES	2011 Actual	2012 Estimated	2013 Budget
Salaries and Wages	15,265,369	16,849,990	17,567,328
Employee Benefits	6,089,418	6,417,533	6,709,869
Other Purchased Services	3,979,588	4,042,987	4,480,613
Professional & Tech Services	3,490,657	4,011,367	4,294,665
Property/Fixed Assets	273,997	321,935	378,782
Purchased Property Services	774,997	962,154	1,042,531
Supplies	2,283,289	2,191,836	2,293,983
Other Expenses	14,058,847	14,536,362	12,754,864
TOTAL	46,216,162	49,334,164	49,522,635

Capital Expenditures Fund

The estimated 2013 estimated beginning fund balance is \$13.2 million with a projected ending fund balance of \$10.5 million. Estimated revenues are \$0.3 million and expenditures of \$3.0 million.

REVENUES	2011 Actual	2012 Estimated	2013 Budget
Taxes	236,170	2,562,454	0
Contributions	310,000	300,000	0
Intergovernmental	334,882	10,199,535	316,640
Investment Earnings	97,123	49,777	0
Miscellaneous Revenue	695,000	8,949,601	0
TOTAL	1,673,175	22,061,367	316,640

EXPENDITURES	2011 Actual	2012 Estimated	2013 Budget
Property/Fixed Assets	4,027,241	28,857,775	2,991,689
Purchased Property Services	0	35,528	0
Professional & Technical Services	4,200	4,200	0
Other Expenses	15,929	49,368	0
TOTAL	4,047,370	28,946,871	2,991,689

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 2013 beginning fund balance is \$8.1 million with a projected ending fund balance of \$8.1 million. Estimated revenues are \$22.2 million and expenditures of \$22.2 million.

REVENUES	2011 Actual	2012 Estimated	2013 Budget
Taxes	2,719,684	2,090,000	3,109,005
Intergovernmental	16,324,343	17,488,159	19,018,822
Investment Earnings	5,580	0	0
Miscellaneous Revenue	265,327	72,760	86,103
Charges for Services	0	100	100
TOTAL	19,314,935	19,651,019	22,214,030

EXPENDITURES	2011 Actual	2012 Estimated	2013 Budget
Salaries and Wages	3,566,841	3,568,085	4,261,094
Employee Benefits	1,676,953	1,669,094	2,000,688
Professional & Tech Services	1,143,277	1,245,033	1,557,343
Property/Fixed Assets	59,497	33,000	28,350
Purchased Property Services	5,305	9,131	8,215
Other Expenses	11,173,702	11,862,229	13,703,399
Other Purchased Services	322,968	424,017	466,036
Supplies	151,656	173,149	193,700
TOTAL	18,100,200	18,983,738	22,218,825

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 2013, is estimated at \$17 million. There are no estimated revenues in 2013 for this fund. Expenditures are budgeted at \$4.0 million.

REVENUES	2011 Actual	2012 Estimated	2013 Budget
Intergovernmental	2,079,304	0	0
TOTAL	2,079,304	0	0

EXPENDITURES	2011 Actual	2012 Estimated	2013 Budget
Professional & Technical Services	0	564,478	342,019
Other Expenses	617,969	5,166,436	3,700,000
TOTAL	617,969	5,730,914	4,042,019

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 2013 beginning fund balance is \$19.5 million with a projected ending fund balance of \$11.7 million. Estimated revenues are \$19.6 million and expenditures of \$27.4 million. Detailed information on Road and Bridge expenditures projects is available in Section VIII – PUBLIC WORKS.

REVENUES	2011 Actual	2012 Estimated	2013 Budget
Taxes	7,774,134	11,778,125	12,910,102
Charges for Services	4,497	0	0
Contributions	570,331	50,000	50,000
Intergovernmental	3,436,913	3,252,336	6,345,000
Licenses and Permits	306,453	250,000	250,000
Miscellaneous Revenue	109,132	100,000	24,000
TOTAL	12,201,460	15,430,461	19,579,102
EXPENDITURES	2011 Actual	2012 Estimated	2013 Budget
Salaries and Wages	2,119,042	1,974,105	2,240,810
Employee Benefits	1,062,306	1,022,735	1,087,095
Other Purchased Services	355,981	339,000	345,900
Professional & Tech Services	3,383,138	4,839,000	5,252,200
Property/Fixed Assets	3,624,091	5,189,195	14,873,000
Purchased Property Services	383,483	521,180	646,600
Supplies	1,784,402	2,120,000	1,901,700
Other Expenses	717,422	981,763	1,012,902
TOTAL	13,429,865	16,986,978	27,360,207