

Section IV – BUDGET OVERVIEW

Budget Summary

The Garfield County adopted 2017 budget appropriated \$105,687,458 in funding as follows:

FUND	Appropriation
GENERAL	54,118,939
PUBLIC HEALTH	3,522,435
ROAD & BRIDGE	11,188,324
HUMAN SERVICES	22,338,471
COMMUNITY EVENTS	701,146
CONSERVATION TRUST	0
AIRPORT	2,612,433
CLERK & RECORDER EFTF	10,000
LIVESTOCK AUCTION	603,000
COMMISSARY	100,000
RETIREMENT	1,270,555
OIL & GAS MITIGATION	1,000,000
CAPITAL EXPENDITURES	5,133,720
TRAVELER'S HIGHLAND PID	27,440
SOLID WASTE DISPOSAL	1,683,858
MOTOR POOL	1,377,137
TOTAL APPROPRIATION	\$105,687,458

The 2017 budget estimates \$91,345,608 in revenues and appropriates \$105,687,458 in expenditures. The difference is taken from fund balances and will be used for capital expenditure projects. The operating budget has revenues that are equal expenditures which is therefore, balanced. Expenditures have decreased approximately \$1.3 million, or 1.3%, from the 2016 adopted budget. This is in large part due to a reduction in road and bridge expenditures. The County's operating expenditures are budgeted at \$86,482,215, a 4.5% decrease from 2016. Operating efficiencies and prudent cost reductions produced this result.

Capital expenditures are budgeted at \$11,647,888 and include capital in support of operations and replacement capital. Significant capital expenditures include facilities improvements in various facilities, upgrades at the County fairgrounds, heavy equipment replacements, bridge maintenance, road construction and new vehicles for the Sheriff's Office.

Discretionary expenditures total \$4,169,355 and include grants to CDOT for the Grand Avenue bridge construction, municipalities for specific infrastructure improvements and other non-profits.

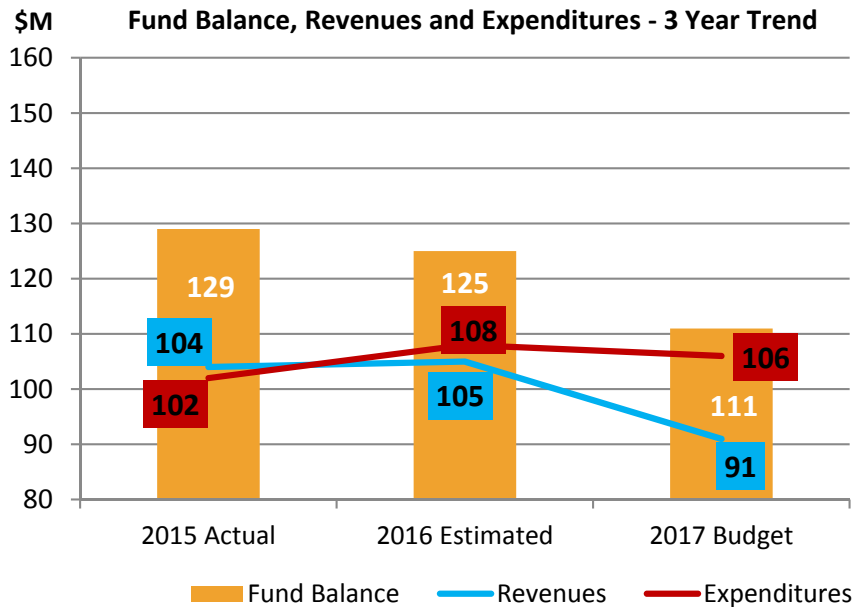
The total personnel budget decreases 19% from 2016 adopted budget due to decreases in wages, there is one less construction management engineering position and a budgeted 2.5% County-wide pay increase. Pay increases will be based on performance. The total budgeted headcount for 2017 is 516.

Overall the 2017 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*

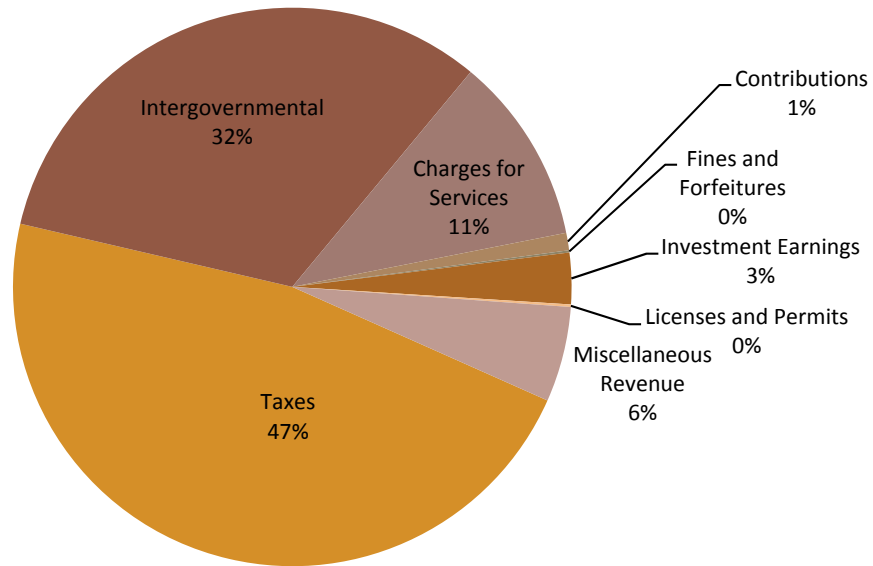
	2015 Actual	2016 Estimated	2017 Budget
Revenue			
Taxes	54,584,504	59,288,868	42,906,199
Intergovernmental	29,167,952	26,782,556	29,580,952
Charges for Services	9,578,825	9,808,355	9,928,207
Contributions	986,934	864,251	926,125
Fines and Forfeitures	112,170	106,225	115,000
Investment Earnings	645,204	2,718,645	2,715,075
Licenses and Permits	147,721	162,500	133,000
Miscellaneous Revenue	8,514,631	4,786,419	5,041,050
Revenue Totals	103,737,941	104,517,819	91,345,608
Expenditures			
Salaries and Wages	25,105,260	25,474,020	30,372,193
Employee Benefits	12,300,190	13,263,915	15,002,817
Professional & Tech Services	10,978,629	11,296,987	9,526,137
Purchased Property Services	1,952,084	2,095,223	2,226,160
Other Purchased Services	4,923,639	5,199,240	5,553,113
Supplies	4,703,286	4,856,971	5,041,586
Property/Fixed Assets	12,177,114	16,782,011	10,224,817
Other Expenses	29,407,223	28,803,658	27,740,635
Expenditure Grand Totals	101,547,424	107,772,025	105,687,458
Excess Revenue o/(u) Expenditures	2,190,516	(3,254,206)	(14,341,850)
Fund Balance at year end	128,601,719	125,347,513	111,005,663



Revenues

Of the \$91,345,608 total revenues projected in 2017, 47 percent is derived from taxes, 32 percent from intergovernmental sources, and 11 percent from charges for services. The remaining 10 percent comprises interfund transfers (\$3.4m), licenses and permits, fines and forfeitures, contributions and investment earnings.

Total 2017 Revenues: \$91,345,608



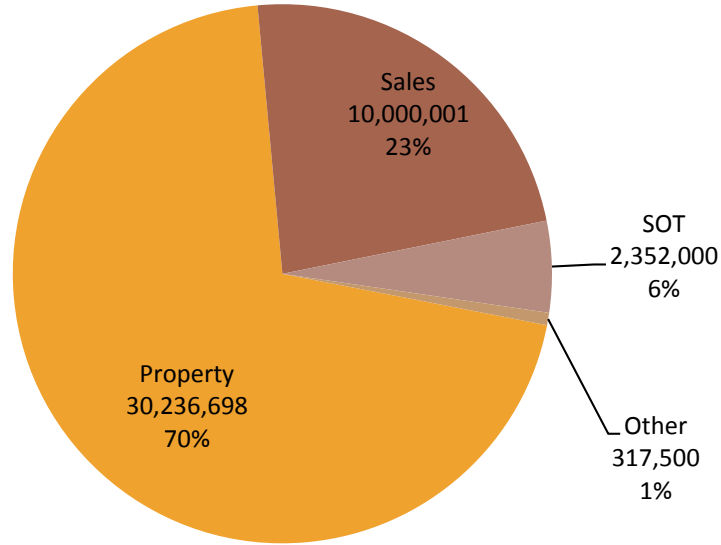
Revenues	2016 Amended Budget	2017 Budget	Variance	%
Taxes	60,022,024	42,906,199	(17,115,825)	-29%
Intergovernmental	29,475,164	29,580,952	105,788	0%
Charges for Services	9,788,685	9,928,207	139,522	1%
Contributions	986,934	926,125	(60,809)	-6%
Fines and Forfeitures	111,000	115,000	4,000	4%
Investment Earnings	694,537	2,715,075	2,020,538	291%
Licenses and Permits	165,000	133,000	(32,000)	-19%
Miscellaneous Revenue	4,573,431	5,041,050	467,619	10%
Total	105,816,775	91,345,608	(14,471,167)	-14%

Total revenues, compared to 2016 amended budget, will decrease by \$14.5 million (14 percent) in 2017. The decrease in revenues is due primarily to a \$17 million decline in collections of oil and gas property taxes - a 35% decrease from the sector, due to declining natural gas production and soft market pricing.

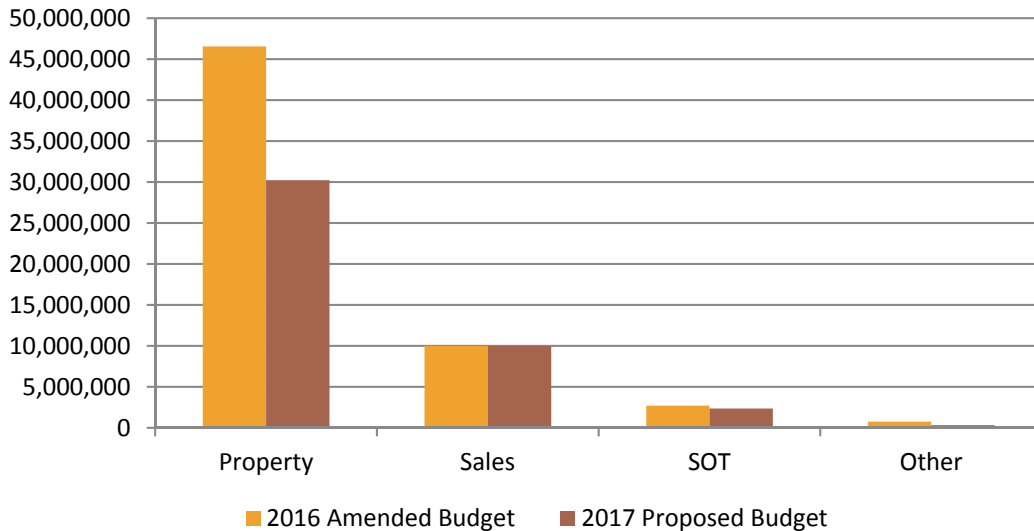
Taxes

Forty-seven percent of revenues are derived from taxes. At \$30,236,698 the majority, 70 percent, comes from property tax. Sales tax accounts for 23 percent or \$10m of tax revenues and the remainder is comprised of Specific Ownership Taxes (SOT), Motor Vehicle Special Assessment taxes and delinquent 2016 property taxes.

Tax Revenues: \$42,906,199

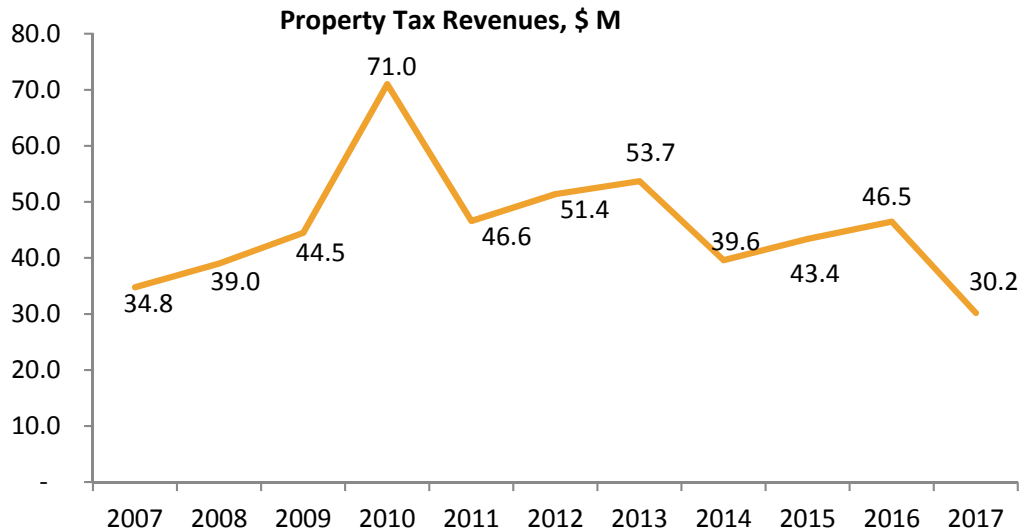


2016 v. 2017 Tax Revenue



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 \$16.3 million or 19 percent in 2017. This is due, in part, to a decrease in the price of natural gas in 2015, the production of which accounts for approximately 50 percent of total assessed values. Also the property market improved with home and business values increasing.



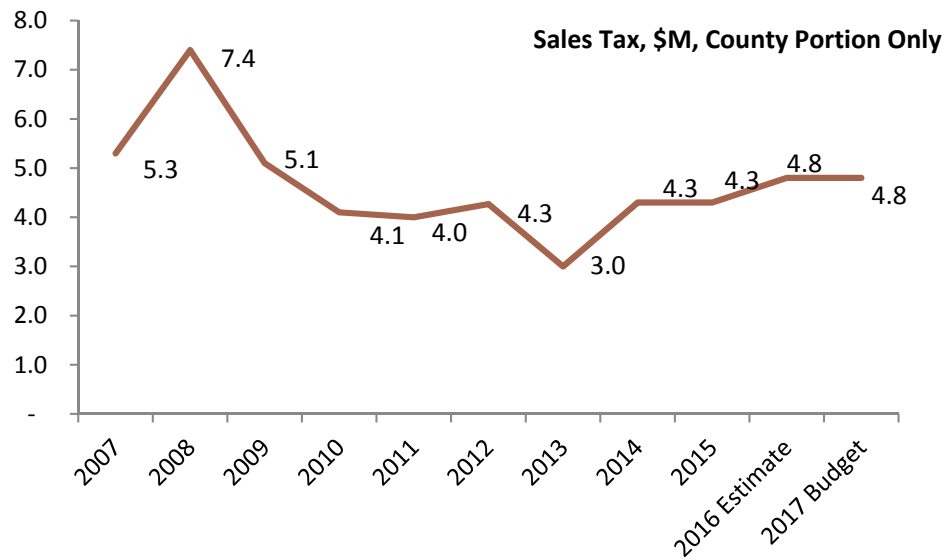
The total mill levy for the County in 2017 is 13.655 and is allocated among various County funds as follows:

FUND	\$ AMOUNT	%	MILL
GENERAL	22,466,019	74	10.1550
ROAD & BRIDGE	0	0	0.0000
HUMAN SERVICES	2,212,311	7	1.0000
CAPITAL EXPENDITURES	4,092,775	14	1.8500
RETIREMENT	1,438,002	5	0.6500
TOTAL	\$30,209,107	100	13.6550

The levy for Travelers Highland PID is 50 mills and its property tax revenue is budgeted at \$29,591.

- **Sales Tax Revenues**

Reflecting a forecast of no change in the economy, sales tax collections are expected to stay the same as 2016 actuals. However sales tax revenues are difficult to predict as the sales tax refunds which negatively affected 2013, 2014, 2015 and 2016 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 “fracking 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). These refunds were deducted by DOR prior to receipt of sales tax by Garfield County. 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, these refunds continued into 2014 and 2015; actual sales tax collections are projected to be less than budget as a result. Although large refunds are not expected in 2017, following discussion between the Garfield County Treasurer’s Office and the Finance Department and based upon trend analysis using a number of different forecast scenarios, it was determined to leave the 2017 budgeted amount the same as 2016.



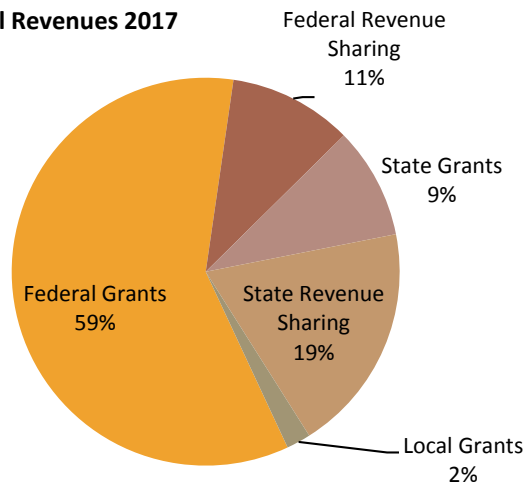
Intergovernmental Revenues

In 2017 intergovernmental revenues are budgeted at \$29,580,952. This is an increase of \$105,788 from 2016, largely accounted for by the Airport receiving a federal grant for a piece of snow removal equipment.

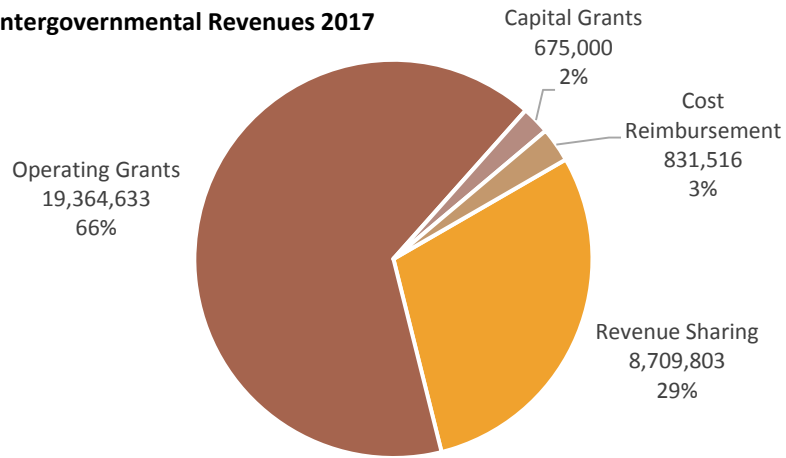
Intergovernmental Revenues by Source	2016 Amended Budget	2017 Adopted Budget	Variance	%
Federal Grants	16,947,653	17,523,597	575,944	3%
Federal Revenue Sharing	2,750,000	3,050,000	300,000	11%
State Grants	2,904,755	2,750,173	(154,582)	-17%
State Revenue Sharing	6,134,632	5,659,803	(474,829)	-8%
Local Grants	738,124	597,379	(140,745)	-19%
Total Intergovernmental	29,475,164	29,580,952	105,788	-1%

The federal government is the largest source of revenues at \$20.6 million (70 percent), followed by the state of Colorado at \$8.4 million (28 percent). Local intergovernmental revenues are \$597,379 or 2 percent.

Source of Intergovernmental Revenues 2017



Type of Intergovernmental Revenues 2017

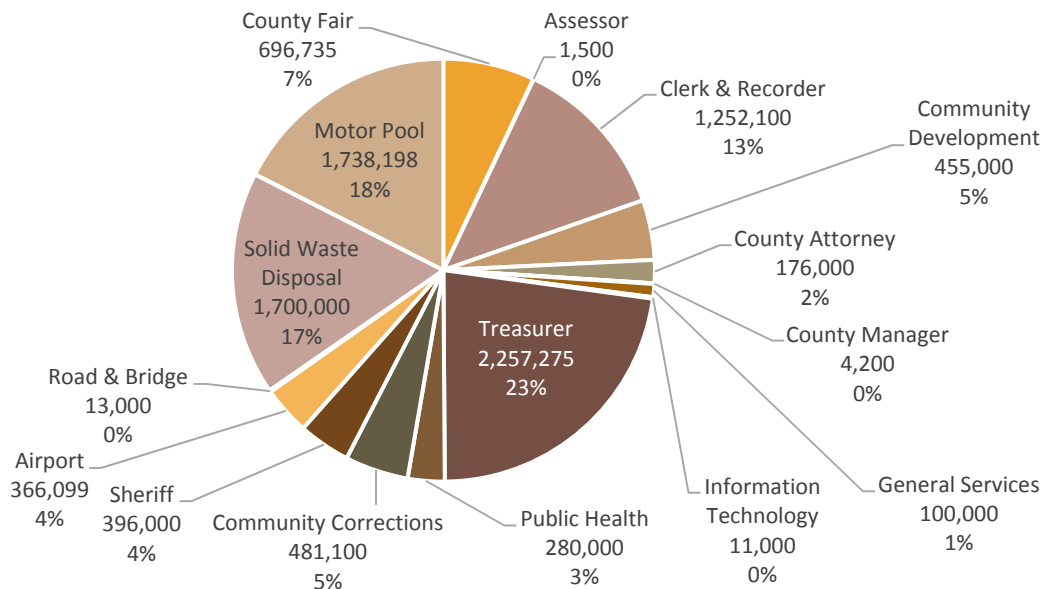


Operating grants of \$19.4 million account for 67 percent of intergovernmental revenues, largely for Health and Human Services. Capital grants are \$0.7 million (2 percent) and go towards purchases of Snow Removal Equipment at the Airport. Mineral Severance, BLM and Forest Service Payment In Lieu of Taxes (PILT), Highway Users Tax Fund (HUFT) and State Cost Allocations, otherwise known as revenue sharing, account for \$8.8 million or 29 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 \$9,928,207 in revenues for 2017, an increase of 2 percent from the 2016 budget. The increase takes place largely in Treasurer’s fees on property tax collections. Modest increases are expected in several areas including the Landfill, the Clerk and Recorders 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 2017 the charges are split between the following offices, departments and funds:

Charges for Services by Source 2017



Investment Earnings

Investment earnings are budgeted at \$2,715,075 for 2017, a decrease of less than 1% under 2016 estimates. Budget is based upon projections provided by the investment advisor.

Other Revenues

The remainder of County budgeted revenues amount to \$6,215,175 and are as follows:

Other Revenues	\$
Contributions	926,125
Fines and Forfeitures	115,000
Licenses and Permits	133,000
Miscellaneous Revenue	5,041,050
TOTAL	6,215,175

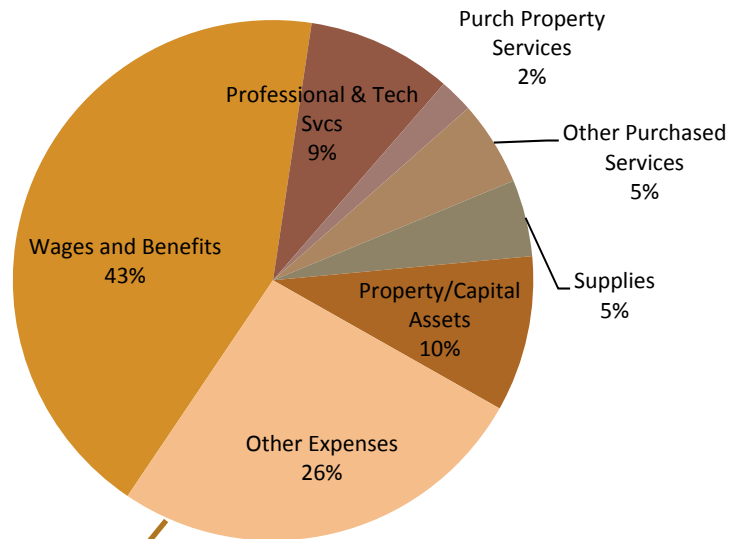
Miscellaneous revenue primarily includes interfund transfers as well as rent and lease receipts and the sale of assets.

Expenditures

Total 2017 budgeted expenditures are \$105,687,458. This represents a decrease of 14 percent from 2016 amended budget. The three year trend of expenditures and use of funds is as follows:

Expenditures/Uses of Funds	2015 Actual	2016 Estimated	2017 Budget
Wages and Benefits	37,405,450	38,737,935	45,375,010
Professional & Technical Services	10,978,629	11,296,987	9,526,137
Purchased Property Services	1,952,084	2,095,223	2,226,160
Other Purchased Services	4,923,639	5,199,240	5,553,113
Supplies	4,703,286	4,856,971	5,041,586
Property/Fixed Assets	12,177,114	16,782,011	10,224,817
Other Expenses	29,407,223	28,803,658	27,740,635
Total Expenditures:	101,547,424	107,772,025	105,687,458
Net of Interfund Transfers:	98,227,035	104,384,025	102,299,458

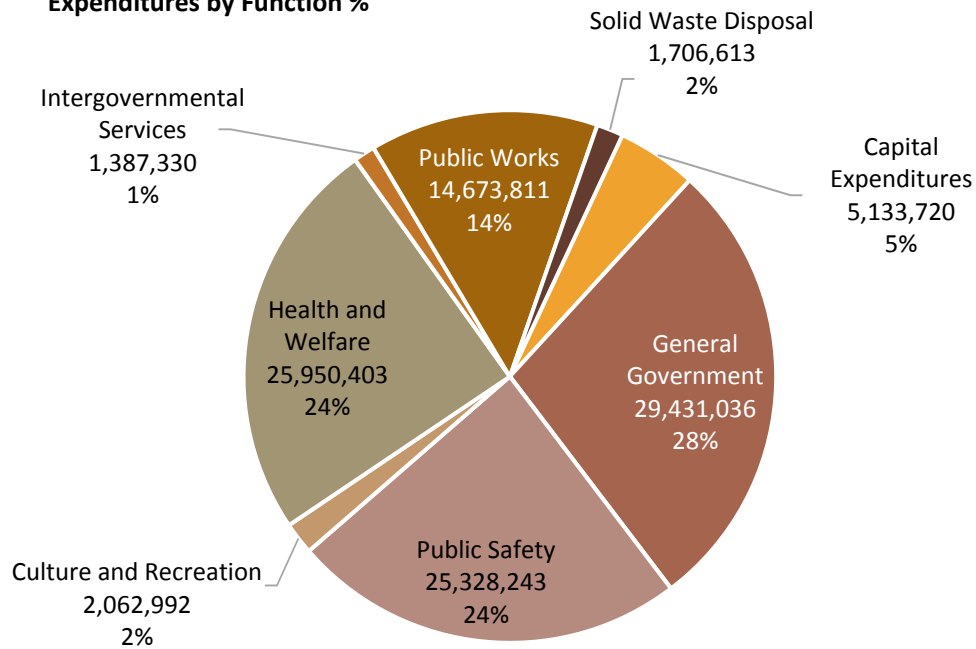
2017 Expenditures by Use



Other Expenses include:

DHS/EBT Client payments \$11m
 District Attorney Expenses \$2.2m
 Grants \$3.8m
 Interfund Transfers \$3.388m
 Sales Tax Distributions \$5.2m
 Treasurer's Fees \$0.8m

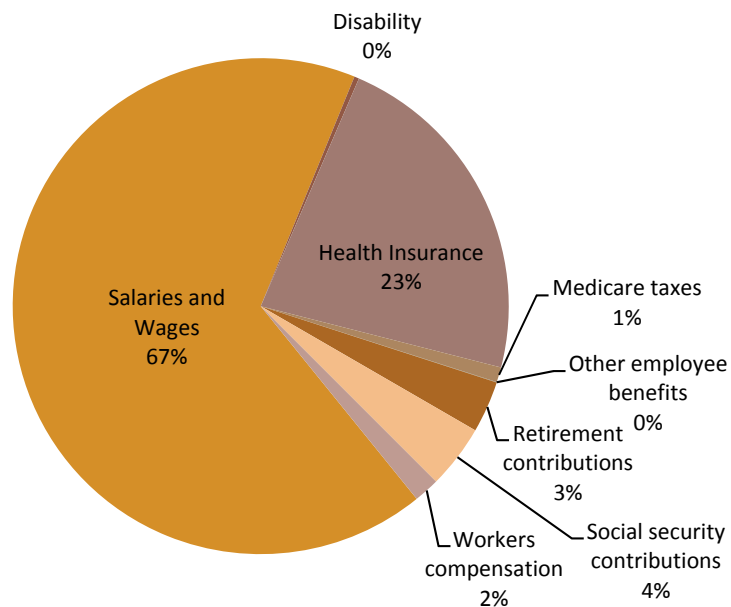
Expenditures by Function %



Personnel Costs

In 2017 total personnel costs are budgeted at \$45,375,010, an increase of 3.5% from 2016 and includes one less position, a 4% increase in health insurance costs, and a performance based pay increase of 2.5% and an equity adjustment for certain positions. The total budgeted headcount for 2017 is 516 which is one less position than 2016.

2017 Personnel Expenditures by Type



Personnel Expenditures by Fund

Fund	100 General Fund	119 Public Health	120 Road and Bridge	121 Human Services	123 Communit y Events	126 Airport	133 Retiremen t	200 Solid Waste Disposal	210 Motor Pool	Total
Salary & Wages	19,475,197	1,765,943	2,464,030	5,612,650	108,681	321,801		441,046	182,845	30,372,193
Disability & EAP	88,576	8,321	11,819	28,106	507	1,467		2,232	874	141,902
Health Insurance	6,002,747	580,440	949,632	2,267,720	37,536	101,856		189,348	68,327	10,197,606
Medicare Taxes	282,927	25,606	35,728	81,384	1,438	4,666		6,395	2,651	440,795
Other Employee Benefits	11,000									11,000
Health & Wellness Education	45,000									45,000
Retirement Contributions				288,914			1,238,795			1,527,709
Social Security Contributions	1,207,278	109,489	152,770	347,983	6,149	19,952		27,345	11,336	1,882,302
Workers Compensation	459,774	9,085	150,735	73,588	1,110	23,003		33,274	5,934	756,503
Total All Funds	27,572,499	2,498,884	3,764,714	8,700,345	155,421	472,745	1,238,795	699,640	271,967	45,375,010

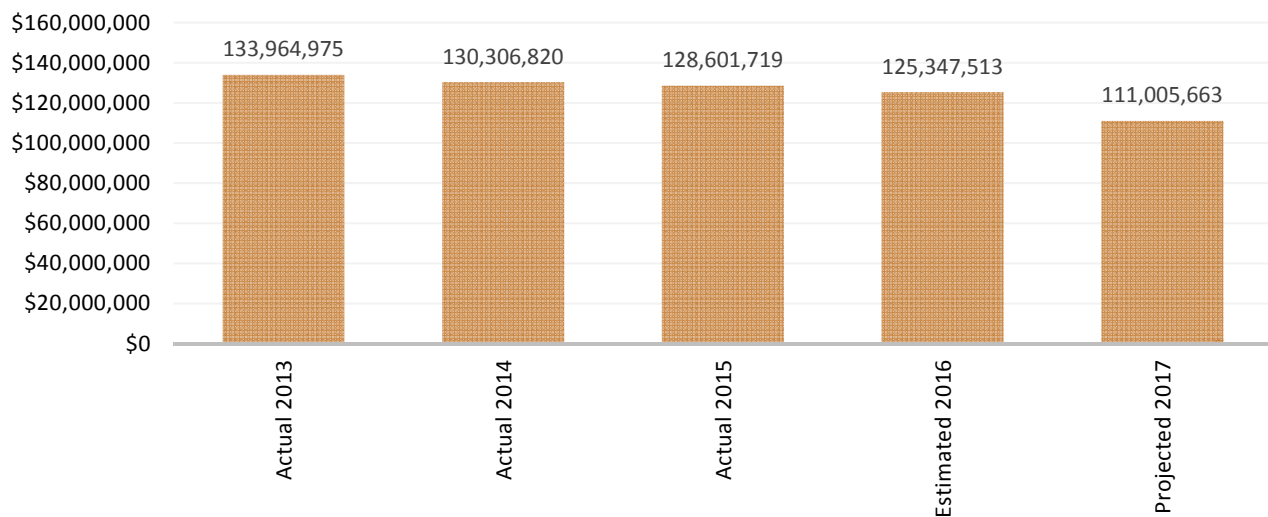
For more information on staffing levels and personnel distributions please refer to Section XIII – STAFFING. Details on expenditures other than personnel are provided in the sections following.

Fund Balance

Summary

Fund balance is defined as the difference between assets and liabilities. The estimated end of the year fund balance for 2016 is projected to decrease by 2.5 percent over year end 2015. This is due to the completion of a number of multi-year capital projects, some of which were carried forward from previous years when fund balances increased. This follows a 47 percent increase in fund balance experienced between 2008 and 2011 due to high property tax revenues. In 2012 the County used fund balance to retire its long term financial obligations, Certificates of Participation Series 2001 and 2006. Still, Garfield County continues to enjoy a very healthy fund balance.

Fund Balances at YE - 5 Year Trend



In 2017 the overall fund balance is projected to decline by \$14.3 million (11 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. With the drop in property tax revenues forecasted for 2017 and beyond, the Board of County Commissioners does not intend to draw down on fund balances in a significant manner in the future. Individual fund balances with significant changes are as follows:

- The General Fund balance will decrease by \$9.9 million or 24 percent due to lower property tax revenues being collected
- The Road and Bridge Expenditures Fund balance will decrease by 15 percent, or \$4.2 million as due to no property tax revenues being allocated to this fund because of the high fund balance caused by capital projects being postponed.

Budgeted 2017 Revenues, Expenditures and Fund Balances

FUND	Estimated Fund Balance 12/31/2016	Proposed Budget 2017 Revenues	Proposed Budget 2017 Expenditures	Budgeted Fund Balance 12/31/2017
100 GENERAL FUND	41,857,539	44,178,468	54,118,939	31,917,068
119 PUBLIC HEALTH FUND	2,917,532	3,400,854	3,522,435	2,795,951
120 ROAD & BRIDGE FUND	28,280,163	6,965,650	11,188,324	24,057,489
121 HUMAN SERVICES FUND	17,421,957	21,495,419	22,338,471	16,578,905
123 COMMUNITY EVENTS FUND	911,691	787,110	701,146	997,655
124 CONSERVATION TRUST FUND	141,496	190,090	0	331,586
125 EMERGENCY RESERVE FUND	3,018,434	0	0	3,018,434
126 AIRPORT FUND	1,328,128	2,366,426	2,612,433	1,082,121
127 CLERK & RECORDER EFTF FUND	36,769	14,015	10,000	40,784
128 TRAFFIC STUDY FUND	32,202	8,010	0	40,212
129 LIVESTOCK AUCTION FUND	41,161	603,000	603,000	41,161
130 COMMISSARY FUND	52,348	100,000	100,000	52,348
133 RETIREMENT FUND	3,132,509	1,603,002	1,270,555	3,464,956
135 OIL & GAS MITIGATION FUND	12,822,226	1,200,000	1,000,000	13,022,226
136 GARFIELD COUNTY GRANT FUND	99,925	0	0	99,925
150 CAPITAL EXPENDITURES FUND	2,877,769	4,637,775	5,133,720	2,381,824
187 TRAVELER'S HIGHLAND PID	38,030	29,591	27,440	40,181
200 SOLID WASTE DISPOSAL FUND	5,819,825	1,951,000	1,683,858	6,086,967
210 MOTOR POOL FUND	4,517,809	1,815,198	1,377,137	4,955,870
FUND TOTALS	125,347,513	91,345,608	105,687,458	111,005,663
Interfund Transfers		3,388,000	3,388,000	
Net		87,957,608	102,299,458	

Interfund Transfers

To ensure individual funds have sufficient balances to operate efficiently and effectively, various interfund transfers are budgeted to take place in 2017.

\$3,238,000 will be transferred out of the General Fund to the following:

- \$1,000,000 to the Airport Fund to cover costs of construction projects
- \$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,
- \$88,000 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, Facilities Management and Fairgrounds. The projected 2017 beginning fund balance is \$41.9 million with a projected ending balance of \$31.9 million. Budgeted revenues are \$44.2 million and expenditures \$54.1 million.

REVENUES	2015 Actual	2016 Estimated	2017 Budget
Taxes	34,247,296	41,423,252	31,207,207
Charges for Services	5,267,963	5,251,662	5,193,425
Contributions	912,891	771,000	830,000
Fines and Forfeitures	112,170	106,225	115,000
Intergovernmental	639,197	3,756,982	3,599,428
Investment Earnings	598,947	2,600,450	2,600,460
Licenses and Permits	7,398	2,500	3,000
Miscellaneous Revenue	416,864	723,782	629,948
TOTAL	42,202,723	54,635,853	44,178,468

EXPENDITURES	2015 Actual	2016 Estimated	2017 Budget
Salaries and Wages	16,118,489	15,987,993	19,475,197
Employee Benefits	6,590,317	7,077,428	8,097,302
Other Purchased Services	3,981,076	4,159,356	4,378,110
Professional & Tech Services	3,443,452	3,898,094	3,681,187
Property/Fixed Assets	382,029	406,886	302,280
Purchased Property Services	1,150,500	1,254,278	1,302,018
Supplies	2,354,947	2,279,981	2,364,666
Other Expenses	16,670,629	14,293,515	14,518,179
TOTAL	50,691,440	49,357,531	54,118,939

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 2017 estimated beginning fund balance is \$2.9 million with a projected ending fund balance of \$2.4 million. Estimated revenues are \$4.6 million and expenditures of \$5.1 million.

REVENUES	2015 Actual	2016 Estimated	2017 Budget
Taxes	(7,753)	2,976,881	4,262,775
Intergovernmental	0	346	25,000
Miscellaneous Revenue	0	9,850	350,000
TOTAL	(7,753)	2,987,077	4,637,775

EXPENDITURES	2015 Actual	2016 Estimated	2017 Budget
Property/Fixed Assets	7,307,930	7,164,841	5,051,864
Other Expenses	(39)	57,940	81,856
TOTAL	7,307,891	7,222,781	5,133,720

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 2017 beginning fund balance is \$17.4 million with a projected ending fund balance of \$16.6 million. Estimated revenues are \$21.5 million and expenditures of \$22.3 million.

REVENUES	2015 Actual	2016 Estimated	2017 Budget
Taxes	4,175,251	4,493,370	2,557,311
Contributions	60	1,440	0
Intergovernmental	16,929,667	16,894,739	18,756,698
Charges for Services	50	50	0
Investment Earnings	24,704	100,000	100,000
Miscellaneous Revenue	82,857	81,438	81,410
TOTAL	21,212,589	21,571,037	21,495,419

EXPENDITURES	2015 Actual	2016 Estimated	2017 Budget
Salaries and Wages	4,550,927	4,956,298	5,612,650
Employee Benefits	2,500,129	2,810,474	3,087,695
Professional & Tech Services	1,475,450	1,617,891	1,793,546
Property/Fixed Assets	29,702	176,578	136,450
Purchased Property Services	10,545	13,074	17,025
Other Expenses	9,853,496	9,907,162	11,000,550
Other Purchased Services	333,258	450,170	509,855
Supplies	157,098	171,769	180,700
TOTAL	18,910,605	20,103,416	22,338,471

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 2017, is estimated at \$13 million. Revenues are estimated at \$1.2 million and expenditures are budgeted at \$1.0 million.

REVENUES	2015 Actual	2016 Estimated	2017 Budget
Intergovernmental	2,991,713	0	1,200,000
TOTAL	2,991,713	0	1,200,000

EXPENDITURES	2015 Actual	2016 Estimated	2017 Budget
Professional & Technical Services	272,952	161,789	0
Other Expenses	15,000	2,360,638	1,000,000
TOTAL	287,952	2,522,427	1,000,000

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 2017 beginning fund balance is \$28.3 million with a projected ending fund balance of \$24.1 million. Revenues are budgeted at \$7.0 million and expenditures of \$11.3 million. Detailed information on Road and Bridge expenditures projects is available in Section VIII – PUBLIC WORKS.

REVENUES	2015 Actual	2016 Estimated	2017 Budget
Taxes	14,320,640	8,380,872	2,948,500
Contributions	(12,960)	1,000	1,500
Intergovernmental	6,233,261	4,299,056	3,750,650
Licenses and Permits	140,323	160,000	130,000
Miscellaneous Revenue	906,982	68,260	135,000
TOTAL	21,588,246	12,909,188	6,965,650

EXPENDITURES	2015 Actual	2016 Estimated	2017 Budget
Salaries and Wages	2,119,342	2,219,127	2,464,030
Employee Benefits	1,250,599	1,330,257	1,426,118
Professional & Tech Services	4,969,990	4,308,150	3,091,900
Property/Fixed Assets	1,301,560	1,571,300	1,600,700
Purchased Property Services	356,582	409,000	439,000
Other Expenses	222,474	217,510	241,010
Other Purchased Services	1,077,583	508,823	0
Supplies	2,223,399	7,330,484	2,051,000
TOTAL	13,521,530	17,894,651	11,313,758