

**OURAY COUNTY
2014
BUDGET MESSAGE**

The 2014 budget is based upon budget policies and annual goals established by the Board of County Commissioners, Elected Officials and Department Heads. Ouray County Elected Officials, Appointed Officials and Department Heads submit their budget requests to the County Administrator based upon budgetary guidelines. A budget work session was conducted with Elected Officials and Department Heads to introduce the effects of estimated revenues and expenditures on the 2014 budget.

The budget was prepared in accordance with Colorado Budget Law. It was developed in compliance with the TABOR provisions of Colorado, Amendment One. All Ouray County funds are accounted for utilizing the modified accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budget Process:

The budget was prepared according to the following:

1. Balanced Budget

The Ouray County 2014 Budget is balanced. Budgeted revenues meet or exceed budgeted expenditures.

2. Service Levels

Budget years 2009, 2010, 2011, 2012 and 2013 were challenging years for local governments due to the economy and the recession. The 2014 General Fund budget reflects a 16.36% decrease in property tax revenue from 2013 to 2014. This is a revenue reduction of \$394,806 compared to prior year's property tax revenue and affects all funds supported by a County mill levy. County building permit revenue is projected to increase slightly as is County sales tax revenue. Ouray County has been proactively exercising financial planning for future years due to the nationwide economic condition. The 2009, 2010, 2011, 2012, 2013 and 2014 budgets were developed using a conservative approach. Necessary adjustments were made to departmental operating budgets to create departmental efficiencies. These efficiencies have allowed the County to maintain service levels in the past without impacting public service provision. Ouray County continues to look for ways to create efficiencies within county government while still providing outstanding public services. Commencing in January, 2014, Ouray County will provide the same outstanding public services and efficient operations under a reduced work week strategy. This means that Ouray County offices will be open on Monday through Thursday of each week with the exception of holidays that may occur within a work week. The Department of Social Services, which receives approximately 80% of its revenue from the State and Federal governments, will continue to be open 5-days per week. The impact of property tax revenue declines that have occurred in 2012 and that will occur in 2014, constitute a total property tax revenue decline of 29.75% over a three-year period totaling \$765,326. Ouray County analyzed and studied its options the best that it could and resolved that the most efficient way to continue to provide outstanding county governmental services is to reduce the work week for employees, which in turn reduces employee compensation. Ouray County citizens may expect to continue to receive exemplary customer service provision during a 36-hour, four-day work week.

3. Capital Expenditures

- The 2014 Lease Purchase Schedule consists of annual lease purchase payments for Sheriff's department vehicles, a Weed department vehicle, Road and Bridge department heavy equipment, courthouse boiler and software upgrades for the County Clerk/Recorder and County Treasurer.

Other grant-funded capital projects and purchases include:

- Fairgrounds Capital Improvements and repair work for the Ouray County 4-H Event Center. This project is funded by Energy and Mineral Impact Assistance Grant dollars and by Conservation Trust Fund dollars.
- Fairgrounds Capital Improvements for the construction of new grandstands. This project is anticipated to be funded by Great Outdoors Colorado (GOCO) grant dollars, foundation grant dollars, Fairgrounds Fund dollars and County dollars.
- Road and Bridge Fund Capital Improvements and repair work for County Road 361. This project is anticipated to be funded by State Off Highway Vehicle grant dollars, Energy and Mineral Impact Assistance grant dollars, an aggregate contribution by Star Mine and Highway 361 Fund dollars. The project will include repairs and improvements to County Road 361 to address safety, drainage, road width and site distance issues identified by Ouray County Engineers through a 50/50 Department of Local Affairs Administrative (planning) grant.
- Emergency Medical Services Fund capital expenditures consist of the purchase of a quick response replacement vehicle that is 50% grant funded.

4. Human Resources

Employee development is an ongoing, important element, as is attracting and retaining quality staff. A major accomplishment that commenced in 2004 was the development and implementation of Employee Performance Evaluations.

A bonus merit award, not to exceed 1%, was provided to employees each year from 2005 to 2013 as a result of performance evaluations. This practice is being continued for the 2014 budget year.

Through adoption of Resolution 2010-048, the Board will be continuing its practice of evaluating vacated positions for 2014 and annually thereafter that may arise as a result of resignation or termination in order to determine if the position is an essential position to the organization that should be replaced. The Board began this practice in 2008 by and through Resolution 2008-055. The Board believes that it is a good fiscal and organizational policy to evaluate positions as they are vacated to examine such factors as funding; to determine if the position is an essential position to the organization for various reasons such as health, safety and welfare; and to consider opportunities for organizational efficiencies and effectiveness.

It is an organizational goal to minimize budgetary increases to the County for health insurance costs, while at the same time avoiding exorbitant employee contributions. Ouray County solicited a request for proposal (RFP) for employee health insurance benefits in 2009 for the 2010 budget year. After analysis and meeting with the Personnel/Employee Benefits Committee, the Board of County Commissioners authorized award to County Technical Services, Inc. (CTSI) for the provision of employee health insurance. Premium rates were maintained at the same level for 2010

and 2009; however, premium rates reflected an 8% increase in 2011, a 4% increase in 2012, and a 1% decrease in 2013. For the 2014 budget year, premiums rates were slated to increase by 9%. This increase was due in part to the changes created by the Health Care Reform Act. Upon evaluation of alternative plans, the Board of County Commissioners determined that it could fund a similar health care plan with higher out-of-pocket and deductible amounts, and offer employees the opportunity to buy up to a plan with lesser out-of-pocket and deductible amounts as a payroll deduction. The savings derived from the change in employee health care plans totaled \$28,884. It is a standing goal to offer preventative medical options and education to all employees in order to decrease risk and premium costs in the future.

After fully examining the County's budget and the fact that the County is implementing a reduced work week in 2014, it is clear that the County will be unable to offer a cost of living adjustment (COLA) to its employees in 2014. This is the fifth year of no COLAs as this same practice was followed in 2010, 2011, 2012 and 2013.

5. Contributions to Outside Agencies and Programs

Funding contribution requests in the General Fund have been reduced for the 2014 budget year as listed below. Funding has been allocated for continued support of the backcountry ranger patrol for the high mountain roads and for waste management in the Canyon Creek area. The ranger position is instrumental in the summer months for educating the recreating public, and for promoting safety on the high mountain roads. Ouray County has appropriated funding to support the ranger position in a line item entitled "High Country Rec. Support."

	2013 Budget	2014 Budget
Ouray Historical Society	\$ 200.00	\$ 200.00
Ridgway Railroad Museum	\$ 100.00	\$ 100.00
Public Lands Partnership	\$ 1,000.00	\$ 100.00
Tri-County Water Cons. Dist.	\$ 100.00	\$ -0-
Fair Board	\$ 3,000.00	\$ 3,000.00
High Country Rec. Support	\$ 4,000.00	\$ 2,800.00
Second Chance Humane Society	\$ 100.00	\$ -0-
* Voyager Program	\$ 500.00	\$ -0-
Total	\$ 9,000.00	\$ 6,200.00

* Funding for the Voyager Youth Program is appropriated in the 2014 Social Services budget in the amount of \$2,500.

6. Capital and Operating Reserves

Allocated reserves have been established by the Board of County Commissioners to provide for three months of emergency operating reserves for the General Fund, Road and Bridge Fund, and EMS Fund. Additional reserves have been established as well for these funds reflecting dedicated reserves and dollars allocated towards future capital projects and purchases.

Revenue Estimates:

Revenue estimates are conservative and are based on the following.

1. Property tax revenue estimates are based on current assessed valuations provided by the County Assessor multiplied by the current mill levies to arrive at the property tax revenue for all funds in 2014. Property tax revenue for 2014 will be reduced by 16.36% or \$394,806.
2. Other budgeted revenues for 2014 are based in part on projected 2013 revenues, taking into consideration potential reductions in revenue generated from other sources such as licenses, grants and other service-based fees.
3. Estimated revenue for the entire Ouray County Budget inclusive of all funds is 13% higher than 2013 budgeted revenues. This is an increase in revenue of \$1,288,477 over prior year's revenue and is primarily a result of three grant-funded capital projects. These projects are:
 - 1) Fairgrounds Grandstands project in the amount of \$602,806,
 - 2) County Road 361 improvements in the amount of \$794,971, and
 - 3) Ouray County 4-H Event Center Improvements and repair work in the amount of \$157,224.Total project revenue equals \$1,555,001. If these project revenues were not included in the 2014 budget, the entire Ouray County 2014 budgeted revenue would be reduced by 15.73%.
4. A close watch will be kept on State and Federal revenue sources most especially funding such as Payments-in-Lieu-of-Taxes (PILT) with regard to future funding availability.

Expenditure Estimates:

Department Heads and Elected Officials submit their budget requests to the County Administrator in accordance with budget guidelines provided to them. All requests are compiled and prepared by the County Administrator for submittal and review by the Board of County Commissioners. A budget work session was held with Elected Officials and Department Heads to introduce the effects of estimated revenues and expenditures for the 2014 budget and to discuss capital and human resources requests.

Estimated expenditures for the entire Ouray County 2014 Budget are approximately 12.68% higher than 2013. This is an increase in expenditures of \$1,247,720 over prior year's expenditures. The additional expense reflects capital expenditures for grant-funded projects as illustrated above under "revenue estimates." The majority of the costs associated with these projects is offset by grant dollars and is reflected as such in the 2014 budget.

Property Valuation:

The 2013 valuation for assessment for the County of Ouray, Colorado, as certified by the County Assessor is \$153,744,860.

Ouray County Mill Levy:

For the purpose of meeting all general operating expenses of the County of Ouray, Colorado, during the 2014 budget year a total mill levy of 13.188 was levied upon each dollar of the total valuation for assessment of all taxable property within the County of Ouray as follows:

	<u>Mill Levies</u>	<u>Recovery of Taxes Abated</u>	<u>Total 2014 Mill Levy</u>
County General Fund:	9.074	0.043	9.117
Road and Bridge Fund:	1.500	0.007	1.507
Social Services Fund:	0.552	0.003	0.555
EMS Fund	<u>2.000</u>	<u>0.009</u>	<u>2.009</u>
Subtotal:	13.126	0.062	13.188
Recovery of Taxes Abated:	<u>0.062</u>		
Total Mill Levy:	13.188		

Capital Budget Purchases and Improvements:

General Fund Capital: (020 - 195, 295, 395, 495, 595 and departments 121 and 133)

The General Fund Capital Purchases and Improvements consist of capital purchases, lease purchases, capital projects and purchase of service items totaling \$847,650.

Capital Purchase, Lease Purchase, Capital Projects and Purchase of Service items include:

<u>Fund & Department</u>	<u>Description</u>	<u>Amount</u>
	<u>Existing Lease Purchases</u>	
020-195	Weed Department Vehicle	\$ 5,654
020-195	Courthouse ESCO – Boiler	\$ 23,833
020-295	Sheriff's Department Vehicle Payments	\$ 19,347
	<u>New Lease Purchases</u>	
020-295	Sheriff's Office New Vehicle Payment plus equipment (estimated)	\$ 8,100
020-121	Treasurer - Eagle Software Upgrade: (5-yr Lease Purchase)	\$ 17,485
020-133	Clerk and Recorder - Software Upgrade: (5-yr Lease Purchase)	<u>\$ 13,200</u>
	Subtotal:	\$ 87,619
020-595	<u>Capital Improvement Project – Fairgrounds</u> Ouray County 4-H Event Center (OC4HEC): (Funded by Energy and Mineral Impact Assistance Grant dollars and County Conservation Trust Fund dollars.)	
	• Roof Replacement and Energy Improvement Upgrades Project – OC4HEC:	\$157,224
020-595	<u>Capital Improvements Project – Fairgrounds</u> Grandstands: (Funded by GOCO Grant dollars, pending award, Foundation Grant dollars pending award, County dollars and Fairgrounds Fund dollars.)	<u>\$602,807</u>
	Subtotal:	\$760,031
	Total General Fund Capital:	<u>\$847,650</u>

Road and Bridge Fund Capital: (040 - 895)

The Road and Bridge Fund Capital Purchases and Improvements consist of lease purchase payments for equipment and vehicles, and for a capital project totaling \$891,439.

Capital Purchase and Lease Purchase items include:

<u>Fund & Department</u>	<u>Description</u>	<u>Amount</u>
	<u>Existing Lease Purchases</u>	
040-895	2011 Chevy Crew Cab, Used Pneumatic Roller, and 2012 Kenworth T800 Tractor	\$ 53,318
040-895	<u>New Lease Purchase</u>	
	Motor Grader Lease Purchase <i>(A \$61,397 down payment has also been appropriated in the Road and Bridge Capital 895 budget, line-item 895-7643.)</i>	<u>\$ 43,150</u>
Subtotal:		\$ 96,468
040-895	<u>Capital Improvement Project - County Road 361 Road Repair and Improvement Project</u> <i>(Funded by Energy and Mineral Impact Fund dollars, pending award, State Off Highway Vehicle Grant dollars and County dollars.)</i>	<u>\$794,971</u>
Subtotal:		\$794,971
Total Road and Bridge Fund Capital:		<u>\$891,439</u>

Beginning in 2003, a Road and Bridge Impact Fees Fund was established for the deposit of impact fees collected at the building permit stage. The creation of this fund enabled the segregation of these dollars to be used specifically for capital facilities to serve new development. Such capital facilities expenditures include capital equipment lease purchase payments and capital road improvements. In 2014, \$53,318 will be transferred from this fund to the Road and Bridge Fund to be used for County Road capital equipment lease purchase payments.

It is important to note that the demands of road improvements and maintenance continue to far exceed the resources of the County with the current available funds. Passage of the 1% sales tax for Road and Bridge has allowed the Road and Bridge Department to alleviate some of its resource shortfalls in order to crush more aggregate and assist with capital purchases and leases. However, the reduction in property tax revenue in 2012 and now in 2014 counteracts some of this revenue coupled by increases in operating costs (i.e. materials, repairs, parts, etc.) The amounts utilized for 2009, 2010, 2011, 2012, 2013 and 2014 from the Road and Bridge Sales Tax Fund are as follows:

2009	2010	2011	2012	2013	2014
\$299,397	\$435,000	\$475,000	\$475,000	\$475,000	\$505,470

Pursuant to Resolution 2009-053, the Board of County Commissioners has committed to providing the equivalent of 1 mill to the Road and Bridge Fund from monies received by Ouray County from the federal government known as Payments-in-Lieu-of-Taxes ("PILT") as follows:

2010	2011	2012	2013	2014
\$210,537	\$210,537	\$182,654	\$195,002	\$154,032

EMS Fund Capital: (800-295)

The EMS Fund Capital Purchases and Improvements consist of the purchase of a quick response vehicle funded by a grant at 50% for a total of \$37,520.

Capital Lease Purchase items include:

<u>Department & Fund</u>	<u>Description</u>	<u>Amount</u>
	<u>New Purchase</u>	
800-295	Quick Response Vehicle (Grant funded – 50%)	<u>\$ 37,520</u>
Subtotal:		<u>\$ 37,520</u>
Total EMS Fund Capital:		<u>\$ 37,520</u>

The EMS Fund was created in 2005 as a result of a voter-approved mill levy to fund emergency medical services. Commencing in 2007, the fund was able to accumulate and establish three months of emergency reserves as per policy adopted by the Board of County Commissioners.

Social Services Fund (050):

The Social Services Budget has increased slightly for 2014. Due to economic conditions, the department has seen increased human services needs over the past few years. The department continues to provide much-needed services to the community and citizens of Ouray County and has been served well by its Director and staff.

Special Grant Fund (690):

The Special Grant Fund is being utilized for grants that are not General Fund, Road and Bridge Fund, EMS Fund, or Public Health Fund related. In 2010, the fund was used to manage the CDOT Enhancement Grant (wildlife ramps and fencing), which later was fully funded by the Federal Government with ARRA dollars in the amount of \$166,666. In 2010, 2011, 2012 and 2013, the fund was utilized for grants benefitting the Voyager Youth Program. For the 2014 budget year, the Special Grant Fund will not be utilized for the administration of the Voyager Youth Program grant. The Voyager Youth program is seeking grants through alternative sources that do not require a government sponsor.

Highway 361 Fund (760) (aka CR 361):

On May 24, 1984, the County entered into a contract with the State of Colorado for the use and benefit of the State Highway Commission and the State Department of Highways concerning State Highway 361 (SH 361). The State Highway Commission approved the abandonment of SH 361 and the transfer of all future financial and maintenance responsibilities associated with SH 361, and Ouray County agreed to accept SH 361 onto their County road system for the consideration of \$250,000. Of this amount, \$50,000 was paid to the County R & B Fund to be used for immediate repairs to SH 361. A second \$50,000 was paid to the County R & B Fund for the purchase of road maintenance equipment to be used on SH 361 and other roads and bridges in the county. The remaining \$150,000 was paid to the Ouray County R & B Trust for a period of 21 years. The Trust was dissolved in June of 2005 and the remaining dollars were placed in a newly designated County fund entitled the Highway 361 Fund (fund number 760). There is approximately \$120,000 currently in the Highway 361 Fund. A portion of this amount (\$23,134) has been appropriated in the 2014 budget to be used to repair a portion of County Road 361.

Public Access Group (PAG) Fund (860):

A separate fund was established in 2008 to begin the segregation and accounting of grant and donation dollars received and expended on behalf of the Public Access Group (PAG). The PAG consists of multi-agency partners inclusive of Ouray County, United States Forest Service, Bureau of Land Management, Ouray Trail Group, Thunder Mountain Wheelers, Uncompahgre Valley Trail Riders, Western Slope Four Wheelers, and Ouray County Historical Society. *The purpose of PAG is "to preserve public access on existing and historical public trails and roads for the future use and enjoyment of all citizens, users and visitors."* The PAG successfully completed a project funded by a State of Colorado Trails Grant. A project coordinator, contracted by the County, worked diligently with PAG members, the Board of County Commissioners, Staff and the public to complete the scope of work by June, 30, 2012. Approximately \$4,500 remains in the PAG Fund. There are not any revenues or expenditures planned for the 2014 budget year.

Road and Bridge Sales Tax Fund (870):

A new fund was created in 2009 entitled the "Road and Bridge Sales Tax Fund" (Fund 870). This fund was created to segregate the collection of a 1% sales tax passed exclusively for Road and Bridge by the electorate in the 2008 General Election. Dollars derived from the collections of Road and Bridge Sales Tax is placed in the Road and Bridge Sales Tax Fund for efficiency of use, tracking and accountability. An estimated \$525,000 has been appropriated in the 2014 Road and Bridge Sales Tax Fund to be collected in 2014. Funding has and will be transferred from this fund to the Road and Bridge Fund (Fund 040) annually, as appropriated by the Board of County Commissioners. In the 2014 budget, \$505,470 has been appropriated by the Board for transfer to the Road and Bridge Fund to help offset the cost of providing services, funding capital purchases and leases, crushing aggregate, and improving road surfaces.

Public Health Fund (890):

A new fund was created in 2010 for the Public Health Department to segregate public health dollars and its associated programs pursuant to SB 08-194 and C.R.S. 25-1-511(2). Monies may be appropriated from the County General Fund, State and Federal governmental agencies, grants, gifts, donations, and fees for public health purposes. Approximately 57.27% of the revenue supporting the Public Health Fund is transferred from the General Fund to the Public Health Fund. The Public Health Department provides an essential service to the community and citizens of Ouray County.

Contingency Fund (030):

This fund contains a balance of \$174,882 to meet the TABOR contingency requirement. TABOR requires that the County retain 3% of its fiscal year spending excluding bonded debt service. These dollars are designated in a fund entitled "Contingency Fund."

2014 Budget Summary Conclusion:

The Board of County Commissioners and the County Administrator will continue to administer the County Budget using a conservative approach. Adequate operational reserves are in place for emergency operations for the General Fund, Road and Bridge Fund, and EMS Fund. Lifting of the TABOR and 5.5% limitation restrictions (aka "De-Brucing") as approved by the electorate of Ouray County has preserved the mill levy for Ouray County. This "De-Brucing" action has been crucial to the County's continued provision of essential public services.

Commencing in 2014, service levels will be reduced as a consequence of property tax revenue declines. This impact will require Ouray County to reduce the number of workdays within a work

week in order to provide public services within its budgetary boundaries. Citizens, visitors and companies conducting business with Ouray County may continue to do so under a reduced work week umbrella.

The Board of County Commissioners and County Staff have made it a practice in the past and will continue to do so into the future to seek efficiencies and improvements to county government in order to maintain mandated and essential county services. As always, the Board of County Commissioners continues to seek input from Elected Officials, Department Heads, Staff and the general public concerning County operations and services. Some examples of improved operations, services and efficiencies are listed below:

- Reduction of budget for inmate housing expenditures,
- Reorganization of Information Technology Department based upon and I.T. audit,
- Sought Requests for Proposals for internet and telephone services that cut the expenditures in half and created efficiencies and budget reductions,
- Worked with an Energy Service Company (ESCO) to develop and implement a replacement heating system for the 1888 Courthouse. A new energy efficient boiler was installed that operates using natural gas. This boiler was also installed to operate using geothermal energy when it may become available. The new boiler provides even heat throughout the courthouse and operates more efficiently generating annual cost savings,
- Inserted storm windows in offices located on the north side of the courthouse facility to improve insulation and reduce heat loss, thus producing cost savings,
- Applied for \$1.5 million in grant funding for the fairgrounds grandstands, Ouray County 4-H Event Center improvements and County Road 361. Both the revenues and expenditures are included in the 2014 Budget. In addition, awards were received for both projects.
- Prepared a Request for Proposal and entered into a contract with Management of America to prepare annual cost allocation plans to reflect the actual cost of doing business.

Approved this 17th day of December, 2013



BOARD OF COUNTY COMMISSIONERS
OF OURAY COUNTY, COLORADO

Handwritten signature of F. Mike Fedel in black ink.

F. Mike Fedel, Chair

Handwritten signature of Lynn M. Padgett in black ink.

Lynn M. Padgett, Vice-Chair

Handwritten signature of Don Batchelder in black ink.

Don Batchelder, Commissioner Member

Handwritten signature of Michelle Nauér in black ink.

Michelle Nauér, Clerk and Recorder

By: Linda Munson-Haley, Deputy Clerk of the Board

Handwritten signature of Connie I. Hunt in black ink.

Connie I. Hunt, County Administrator
and Budget Officer