



December 13, 2011

Eagle Board of County Commissioners
P.O. Box 850
Eagle, CO 81631

Honorable Chairman and Members of the Board:

We are pleased to provide you the proposed Fiscal Year 2012 Budget. While most funds have an excess of revenue over expenditures, some require usage of fund balance for a variety of reasons as discussed below.

The proposed budget represents decreases of approximately 24% from the prior year. This was accomplished through the hard work and dedication of county staff, directors and elected officials.

The proposed budget, as summarized below requests \$88,996,434 in expenditures as compared to \$116,476,866 in approved 2011 expenditures (including supplemental budgets) as of 12/13/2011. Revenue was budgeted at \$107,419,762 in 2011 as of 12/13/2011 and is budgeted at \$93,159,864 in 2012. A summary of revenue and expenditures by fund follows:

2012 Proposed Budget

Fund	Revenue	Expenditures
General	\$31,826,849	\$32,325,206 A
Road & Bridge	8,581,739	7,690,788
Social Services	3,205,494	3,205,494
Off Site Road Improvement	20,400	- 0 -
ECO Transit	7,189,263	7,151,054
ECO Trails	841,518	508,183
Roaring Fork Transit	268,318	268,318
Roaring Fork Trails	32,159	32,159
ECO Vehicle Replacement	565,600	754,341 A
Airport	6,619,973	6,395,300
Conservation Trust	140,000	- 0 -
Microwave Maintenance	517,510	414,490
Emergency Reserve (TABOR)	36,720	- 0 -

2012 Proposed Budget (continued)

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>
Public Health Fund	2,785,927	2,785,927
Housing Loan Fund	134,168	134,168
Housing Operations Fund	403,000	500,321 A
Open Space	4,406,593	1,299,994
Capital Improvement	4,426,328	2,796,214
Maint. Service Center. Debt	1,259,650	1,267,150 A
Justice Center COP Debt Service	1,640,419	1,640,419
Landfill	3,437,970	3,491,729 B
Motor Pool	6,000,144	7,540,280 B
Insurance Reserve	151,194	219,382 A
Health Insurance	7,703,628	7,703,628
E911	965,300	871,889
Totals	\$93,159,864	\$88,996,434

- A. Requires utilization of Fund Balance.
- B. Includes non-cash depreciation expenses which will not reduce fund balance.

The following guidelines were followed in developing the proposed 2012 budget:

Guidelines

- Set priorities of budget appropriations to follow direction of Commissioners' Strategic Plan.
- Applied a "back to basics" approach by stressing priority of mandated programs.
- Reviewed all services in detail, to properly evaluate for efficiency and effectiveness.
- Reviewed grants to determine effectiveness of matching dollars. Grants deemed to be not an effective use of County dollars were not renewed.
- Every Department Head and Elected Official met with the County Manager and Finance prior to our presentation of the budget to the Board of County Commissioners.

The following budget objectives were accomplished in developing the proposed 2012 budget:

Objectives

- 2012 General Fund expenditures reduced to 2012-13 projected revenue levels.
- General Fund reserve level to exceed 15% goal.
- Evaluate existing program efficiencies and staffing levels by aligning departmental goals and objectives with the BOCC goals and objectives.
- Sustainability review based on 5 year look back and 5 year look forward (2005-

2015).

- Offering an early out incentive program.
- No Full Time Equivalent (FTE) personnel increases.
- Capital purchases to be prioritized by the Capital Improvement Committee.
- Budget prioritized to meet BOCC goals and objectives.

Economic Indicators

- Year to date sales tax revenues are approximately 9.6% better than 2010.
- When compared to 2011 overall Property tax revenues are forecasted to decrease by \$7,117,386 (23.6%) in 2011 and possibly an additional 20% in 2014.
- Community Development revenues for 2011 are estimated to reach budget.
- When compared to 2011 Community Development revenues for 2012 are forecasted to decrease by \$121,250, an approximate 10.1% decrease.
- Enplanements at Eagle County Airport are anticipated to be down approximately 5% in 2011 from 2010.
- The unemployment rate in Eagle County is 8.6% as of October 2011. This represents an improvement from October 2010 when unemployment reached 9.5%.

Overall Budget Highlights

- In the General Fund, non-personnel operating requests were decreased by approximately \$7.7 million from 2011. 2011 Expenditures included \$2.1 million for the EECBG grant, 1 million loan and \$3.8 million for land purchases. Personnel and non-personnel combined expenditure requests, were decreased from \$40.9 million in 2011 to \$32.3 million in 2012.
- For all funds combined, personnel costs are budgeted to decrease in 2012 by more than \$1.1 million from 2011. Total operating and capital expenditures are budgeted to decrease by \$26.3 million, which represents a decrease of approximately 37%. 2011 amended budget includes the following approximate expenditures for 2011:

EECBG Grant	\$ 1m
Loan to housing	\$ 1m
Land purchase	\$ 3.8m
Trails	\$ 2.3m
ECO	\$.7m
Open Space	\$10.5m
CIP	\$ 4.5m

- After a comparative study, administrative fees were set at actual costs to the General Fund for support services to other funds. This will approximate \$2,761,443 in 2012.

Health insurance is fully funded according to the approved plan.

Revenue assumptions

- Sales Tax revenue for 2012 is budgeted with a 6% increase from the 2011 budget.
- Property Tax revenue is expected to decrease in 2012 by \$7,117,386.
- License and permit fee revenues are expected to decrease by \$185,675 in 2012 as compared to 2011.
- Interest Income in 2012 is projected to decrease by \$426,375 from the 2011 levels due to the continued low interest rates for investments.

Recommended Capital Items

Capital Improvement Program requests that have been approved are detailed below. The forecast revenue is \$4,426,328 and the approved expenditures are \$2,796,214.

2012 PROPOSED CIP SPENDING

<u>Department</u>	<u>Description</u>	<u>Cost</u>
Road & Bridge	Catamount Bridge Replacement	\$225,225
C&R	Clerk & Recorder Software Replacement	\$25,000
Facilities	Roofing Old Courthouse	\$92,000
Facilities	Howard Ditch Siphon	\$73,050
Facilities	Eagle River Center Improvements	\$119,000
Facilities	El Jebel Carpet	\$42,000
Sheriff	Digital Radio Replacement	\$140,970
Sheriff	Vehicle Replacement Enhancements	\$143,000
R&B	Digital Radio Replacement	\$33,600
IT	Technology Infrastructure Replacement	\$37,000
Communications	El Jebel – Mount Sopris Room Cameras	\$20,000
Fleet Services	4 Post Lift – Alignment Equipment	\$150,000
Finance	Justice Center debt service	\$1,640,419
Treasurer Fees	Fees attributable to Treasurer's collection costs	\$54,950
	Total	<u><u>\$2,796,214</u></u>

Road & Bridge Fund

The proposed Road & Bridge Fund revenues are projected to exceed anticipated revenues by \$890,951 and will result in an increase from the estimated fund balance.

Social Services Fund

The proposed Social Services Fund expenditures equaled anticipated revenues with a transfer in from the General Fund in the amount of \$479,208.

Eagle Valley Transportation Fund

Anticipated revenues will exceed expenditures by \$38,209. The estimated fund balance is expected to remain below the desired reserve level until revenue from fares and sales taxes increase.

Airport Fund

Proposed revenues exceed anticipated expenditures by \$224,673. The Airport Fund is planning on increased costs due to the increased runway length and corresponding increase in maintenance.

Open Space Fund

Proposed revenues exceed anticipated expenditures by \$3,106,599. The Open Space Fund will have a carryover balance exceeding \$10 million in 2011. The Fund will, therefore, have in excess of \$15 million available for spending on "Open Space" purchases during 2012.

Landfill Fund

Revenue will exceed anticipated expenditures by \$346,241. In addition, the fund balance of approximately \$3 million will still be sufficient to provide for State mandated closure and post-closure costs as well as anticipated capital needs.

Debt Service Funds

Debt service for the Maintenance Service Center will be funded by ECO, General Fund, Motor Pool Fund and Road and Bridge Fund in the amount of \$1,267,150.

The Justice Center will be funded from the Capital Improvements Fund in the amount of \$1,640,419.

Board Community Projects

The proposed budget includes \$200,000 for Social Capital and \$20,000 for events, some of which have not yet been specifically identified.

Health Insurance Fund

The Health Insurance Fund expenditures equal the forecasted revenues.

We would be happy to discuss any of the details of the proposed budget with you.

Sincerely,

John S. Lewis,
Finance Director and
Chief Financial Officer

Keith Montag,
County Manager and
Chief Budget Officer