

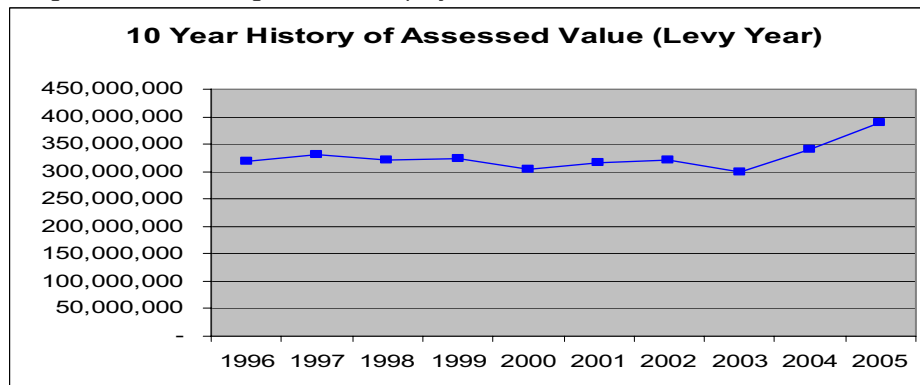


Board of County Commissioners  
 Tom Gray · Saed F. Tayyara · Darryl Steele  
 District 1    District 2    District 3  
 (970) 824-5517 · FAX (970) 824-9191

## 2006 Budget Message

### Introduction

The 2006 Budget focuses on creating financial stability for all County operations with the failure of the 5.5% Ballot Issue in November 2005. Even though Moffat County is experiencing its highest assessed property valuation, property tax revenue will only be able to increase by 5.5% from the previous year. The limit on property tax revenue combined with thirty to fifty percent increases in utilities and fuel has led Moffat County to take a serious look at what level of government the citizens are willing to pay for. These issues have led to the 2006 budget being structured to go forward assuming conservative projections.



### Overview of the Budget

Revenues are anticipated to decrease 1.63% in 2006, due mainly to flat revenue projections. Property tax revenue is anticipated to decrease 0.28% from \$7,230,012 to \$7,209,916 from the 2005 budget. This decrease includes property tax credits for 2005 and 2006. Sales tax reflects a slight decrease from 2005 Estimates by 0.36%, however 2005 was a very strong year bring in over \$100,000 more than anticipated. The intergovernmental revenue is anticipated to increase 4.29%. This increase is due to the number of grant applications that were completed prior to the budget process.

Moffat County over the next several years plans to complete and implement the three-year financial plan as well as a five to ten year capital improvement plan that is realistic and attainable. It is our belief that these plans will help us analyze the effects of additional staff, plan better for capital projects and capital equipment and help foresee financial problems in the future. Furthermore, a lot of our time is spent in pursuit of improvements and refinements in the delivery of our services. In the following paragraphs, I will share our 2006 goals, thoughts on some challenges as well as thoughts on the more prominent initiatives which are underway or which will be initiated shortly.

## 2006 Goals

The County Commissioners set both strategic goals, which are broad statements of where the organization wants to be in the future, and tactical objectives, which are the results that major divisions and departments within the organization intend to achieve. Below are a list of the strategic goals and tactical objectives for 2006.

### *Strategic Goals*

- Provide excellent customer service
- Increase employee recognition and participation
- Maintain adequate reserves in all funds to provide for 90 days of expenses
- Continue the County's involvement with Natural Resource issues
- Assist or support our existing taxpayers and tax base by diversifying our economy

### *Tactical Objectives*

- The General Fund will maintain a fund balance of 30% of operating expenditures. All other funds will work towards a fund balance of 30% of operating expenditures within three years.
- The General Fund will have an additional 10% of operating expenditures reserved for emergencies within the next three years.
- The County Owned Mineral revenue will be used to fund capital projects.

## Basis of Budgeting and Accounting

Moffat County uses the modified accrual basis of accounting for all government (General, Special Revenue, Debt Service and Capital Projects) and agency funds. Revenues are recognized when they become measurable and available as net current assets. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-current receivables are not recognized until they become current receivables. Expenditures are recorded when the related fund liability is incurred except:

**General Long-term Debt:** Principal and interest on general long-term debt is recognized when due, and **Accumulated Unpaid Vacation** that is not expected to be paid within the next year is accrued in the General Long Term Debt Account Group.

Expenditures for memberships, insurance and other services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

Those revenues subject to accrual are property taxes, interest revenue, special assessments, and charges for services. Sales taxes collected and held by the State of Colorado at year end on behalf of the County are also recognized as revenue. Fees, permits, fines, entitlements and share revenues are not susceptible to accrual because generally they are not measurable until received. Grant revenues are recognized as they are earned.

Moffat County utilizes accrual basis of accounting for all proprietary funds such as the Maybell Sanitation, The Memorial Hospital, the Housing Authority, Central Duplicating and Health and Welfare Fund: revenues are recorded when earned and expenses are recorded when the liabilities are incurred. The propriety funds include a statement of cash flows showing cash and cash equivalents provided by and used in operating, financing and investing activities. The County considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Budgets for proprietary funds — Enterprise and Internal Services — are adopted on a Non-GAAP basis, using the same measurement focus of governmental funds. Reconciliation between budgetary basis and GAAP is presented when annual statements are prepared.

## **Significant County Initiatives and Concerns**

### **Economic Concerns**

Moffat County had remained rather flat economically since 1980. This flat economy can be related to smaller population growth, a high unemployment rate, and a growth in the percentage of persons commuting to Routt County for employment. This could be changing due to the increase in oil and gas activity in the area. In 2005 Entrega completed construction of one new natural gas pipeline through the county and Colorado Interstate Gas will complete construction of another pipeline in the first part of 2006. Moffat County is not just a place for exploration of natural gas but is becoming more and more a place for production. This can be seen in the increase of intent to drill permits from national and international companies like Questar and Entrega.

### **Property Tax**

Property tax, which is the largest revenue source for Moffat County, also tends to fluctuate significantly due to the top ten taxpayers making up 70% of the total assessed value for the county. All of these entities are involved in the energy business with the public utilities being assessed by the State. Over the past 10 years the State Assessed valuation of these public utilities has decreased. Moffat County has protested with the State Board of Assessment Appeals for the last several years with some success.

The 2005 assessed valuation shows increases in natural resources, state assessed property and oil and gas. This increase in assessed value in combination with the lowest assessed property valuation in the prior year has lead to property tax revenue over and above the 5.5% limit under section 29-1-301, C.R.S., et seq. This issue was on the November 2005 ballot and failed. Therefore Moffat County has issued a temporary property tax credit of 2.486 mills or \$970,389 for 2006. This may not be an issue for the next ten years but the possibilities are there for a large increase in oil and gas valuation due to increased production in Moffat County, which could put us in the same situation next year of having to decrease services while actually having an increase in the property tax valuation and an increase in the impacts on Moffat County due to the increase in oil and gas production. Moffat County did apply for and receive an oil and gas exemption for the 2006 Budget. This exemption will help cover \$136,229 of the additional cost however it is estimated to cost much more in total impacts for departments like the Sheriff, Ambulance and Road and Bridge to maintain the current service levels.

### **County Jail**

The County Jail has continued to require additional support from the General Fund in the amount of \$256,045 for 2006 as well as the \$700,000 in property tax revenue that was projected at the beginning of the project. This increase in general support increases the pressure on other county operations especially in the past several years. The Jail staff has continued to increase the number of department of corrections and outside county prisoners that were held in 2005. This increase has amounted to approximately \$200,000 more revenue than budgeted for 2005. This additional revenue is starting to reduce the pressure on other county operations as well as increase the fund balance in the Jail Fund. The main issues now are decreasing the "average length of stay" and overall jail population of County prisoners and increasing the reimbursement for Department of Corrections for holding State prisoners.

### **Capital Improvement Plan**

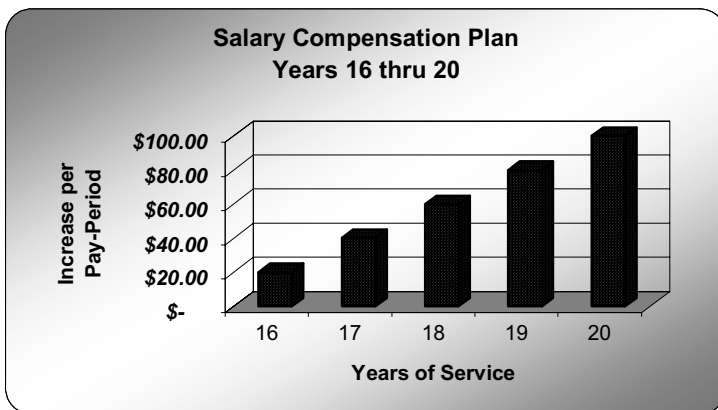
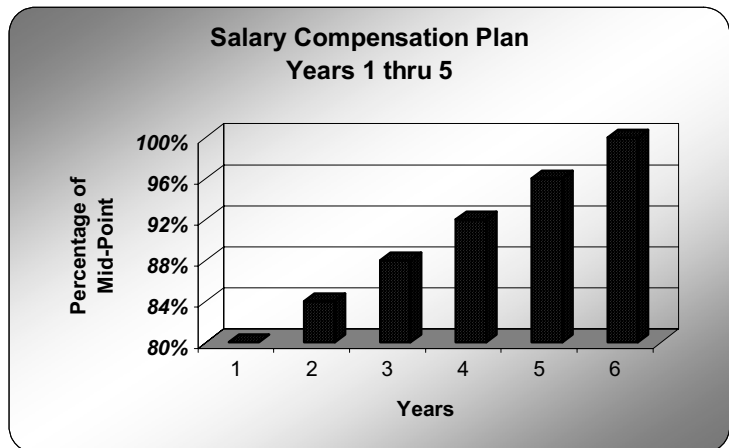
Moffat County is starting to get the capital improvement plan back on track. In the 2006 Budget we have \$735,950 in approved capital items including vehicle replacement, equipment replacement, and building improvements. We are planning on applying for grants to help capitalize on what we are currently funding and allow us to fund more needed capital items through 2006. Included in these grant requests are cold storage buildings for Road & Bridge and the Public Safety Center and purchasing instead of leasing several pieces of heavy equipment. The Board of County Commissioners would like to put more emphasize on the capital improvement plan this year based on the three-year financial plan.

### **Organizational Development**

Over the last several years Moffat County has rearranged management and operations in many departments. In order to insure we are utilizing our resources in a prudent fashion and providing for the professional growth and development of our employees certain areas within our organization should be reviewed. Toward that end, Human Resources will continue providing continuing education and management training seminars for our employees.

### Employee Compensation

Maintaining compensation equity is key to recruiting and retaining a responsive and competent work force. After falling behind with compensation adjustments due to budget cuts in 2004 it is our goal to attempt to give at least cost of living increases each year. The cost of living increase is achieved by shifting the compensation chart each year. This year the chart was shifted by 2%. In addition to the cost of living increases we have completely implemented a step system based on years of service. The step system will begin with new hires starting at 80% of the mid-point of the position hired for. However this starting step can vary depending on experience and education. On the employees 1 year anniversary they will receive a 4% increase. This increase will continue through year 5 at the same rate until the employee is at the mid-point of their position. From years 6 thru 15 employees will remain at 100% of their mid-point with increases coming from the yearly chart shifts only. Employees that have completed 16 years will receive a \$20.00 per pay period increase up to \$100.00 per pay period at the end of 20 years of service. In the past employees who have earned over 960 hours of sick leave have been compensated monthly at the employee's current daily pay scale. As of January 1, 2006 the Board of County Commissioners have decided to not compensate employee for sick leave but replace this pay with the above step system.



## Moffat County, Colorado



Moffat County, located in the northwest corner of Colorado, lies midway between Denver, Colorado, and Salt Lake City, Utah. Grand Junction is 150 miles south of Craig, and the Wyoming border is less than an hour's drive to the north. Visitors and local businesses use the Yampa Valley Airport, a mere 20 miles from Craig, to commute to Denver for direct flights to major cities and for connections to overseas destinations. The Moffat railroad provides transportation for locally mined coal, which is shipped throughout the United States.

Agriculture and mining are a vital part of the local economy; oil, natural gas, coal and other minerals abound. Energy producers have joined the historical ranching and agricultural economy and are now the largest group of Moffat County employers. Northwest Colorado welcomes relocating businesses and new industries. The Chamber of Commerce is the primary information center, providing comprehensive information for businesses and individuals interested in visiting or relocating to the area. Business training and start-up services are provided by Colorado Northwestern Community College, a member of the state community college system.

Recreation activities abound for those in Northwest Colorado. Elkhead Reservoir, minutes from town, is a favorite destination for water skiing, fishing, swimming, and after-work picnics. A miniature golf course, a movie theatre, a skateboard park and a bowling alley are located in Craig. Locals ice-skate at the Olympic-sized rink, walk and bike nature trails, and attend baseball games at the Loudy Simpson recreation complex. Developed parks totaling 120 acres are within walking distance from Craig. Swimming and wave pools, basketball, tennis and volleyball courts are located in the centralized city park. Racquetball courts and a climbing wall are housed in community-used, college-owned Trapper Health Club. Youth and adults play baseball, soccer, volleyball, football and basketball organized by the local parks and recreation department. Youngsters raise animals of all kinds and learn vocational skills and crafts through 4-H and FFA. Visitors and locals frequent the beautiful 18 hole, Yampa Valley Golf Course, not only to golf, but to dine and view resident bald eagles and other wildlife. Rafting, fly-fishing, and fishing for pike, trout and catfish abound. This region has attracted hunters for elk, deer, antelope, bear, and mountain lion. Fun in the snow includes sledding, snowmobiling, cross-country skiing, and snow shoeing. World class downhill skiing is available at Steamboat Springs, 45 miles east of Craig. Dinosaur National Monument, Routt National Forest and vast Bureau of Land Management acreage provide campers, hikers, photographers and day-trippers access to wilderness, wild horses, scenic landscapes and pre-historic dinosaurs.

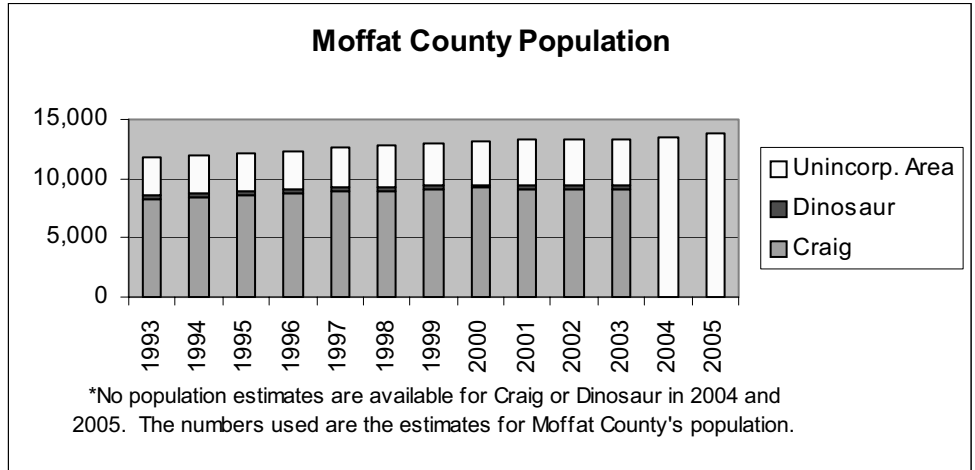
One of the world's outstanding collections of Western Americana is housed in the Museum of Northwest Colorado. The museum facilitates the preservation of historical structures and artifacts, education of citizens and sponsorship of individuals and groups interested in family and historical research. Cowboy gear dating to the early 1800's includes guns, gun leather, chaps, spurs, saddles and other accoutrements. Parts of the collection have been featured in numerous publications, including "Cowboy and Gunfighter Collectibles." Global visitors, school children and community members view an array of displays depicting the reality of western life in Moffat County. Museum staff members, including senior citizens from the Yampa Valley, are on hand to provide visitors with information and personal accounts of local history.

The Ute's were the last Native American tribe inhabiting the Yampa Valley before settlers moved into the area in the 1800's. Earlier tribes left records of their existence with petroglyphs in various sites. Cattle and sheep men carved out their niche, leaving a colorful western history complete with range wars and gunfights. Grand Old West Days (Memorial Day Weekend), Little Britches Rodeo (4th of July Weekend), Ride-n-Tie Rodeo (part of the Moffat County Fair held in August), continue to pass on these old west traditions to community members and visitors to Craig.

Wide-open spaces are a thing of the present in Moffat County. From Black Mountain's golden aspens to rugged canyons in legendary Brown's Park, the region offers diversity in landscape and is home to some of the largest deer and elk herds in North America. The Yampa and Snake River valleys, mountains, and high plains desert cover an area 93 miles long and 52 miles wide, bordering Wyoming and Utah. Newcomers and visitors to Northwest Colorado enjoy western hospitality and a friendly way of life. Moffat County is a lifetime experience, a great place to grow-up and be a grown-up!

# Moffat County Community Profile

<b>Population</b>	
<u>Area</u>	<u>2000</u>
Craig	9,189
Dinosaur	319
Unincorp. Area	2,942
<b>Total</b>	<b>12,450</b>



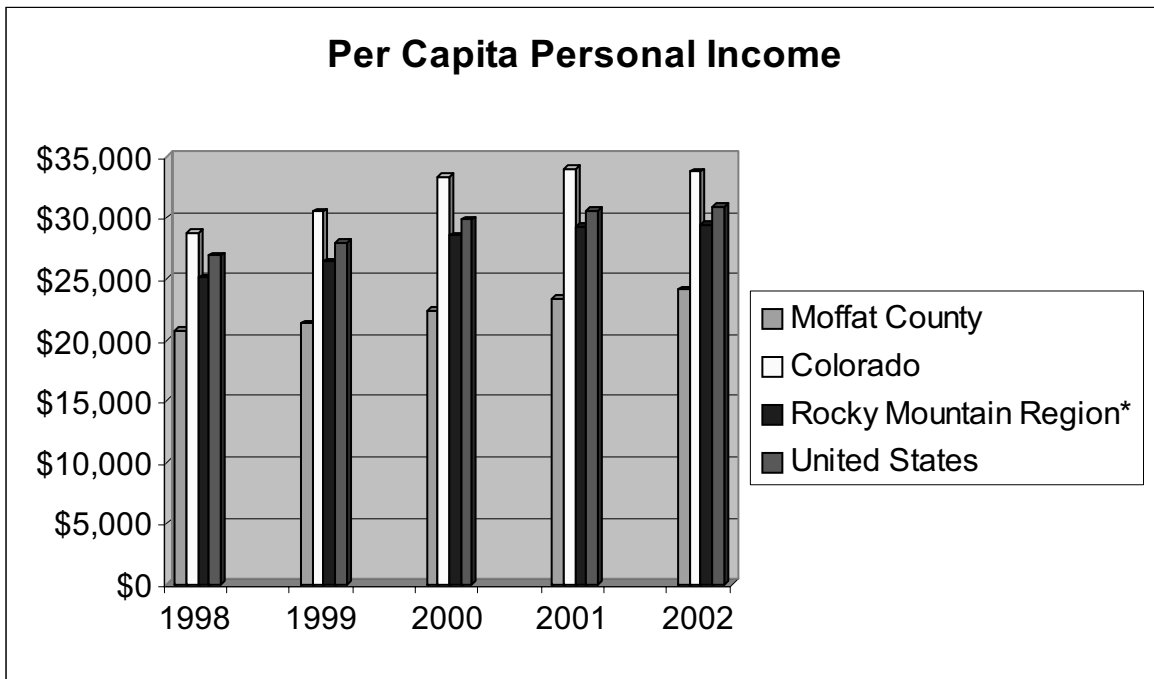
<b>Population Estimates</b>	
<u>Moffat County</u>	
2003	13,349
2004	13,500
2005	13,750

<b>Education</b>		
	<b>Enrollment</b>	
	<b>2002</b>	<b>2003</b>
<u>Community College</u>		
CNCC	2,442	2,443
<u>Public School District</u>		
Moffat County	2,585	2,512
<u>Home School</u>		
Moffat County	50	56

<b>Ethnic Groups</b>						
	<b>1990</b>	<b>% of Total</b>	<b>2000</b>	<b>% of Total</b>	<b>2005 est</b>	<b>% of Total</b>
White (non-Hispanic)	10,923	96.2%	12,341	93.6%	13,365	97.2%
Black/African American	11	0.1%	28	0.2%	31	0.2%
American Indian	87	0.8%	116	0.9%	131	1.0%
Asian	37	0.3%	44	0.3%	59	0.4%
Pacific Islander	3	0.0%	3	0.0%	0	0.0%
Two or More Races (other)	296	2.6%	652	4.9%	152	1.1%

# Moffat County Community Profile

Labor Force					
	1998	1999	2000	2001	2002
Employed	5,822	5,882	5,932	5,958	5,896
Unemployed	392	344	302	301	369
Total	6,214	6,226	6,234	6,259	6,265
Unemployment Rate, %	6.3%	5.5%	4.8%	4.8%	5.9%

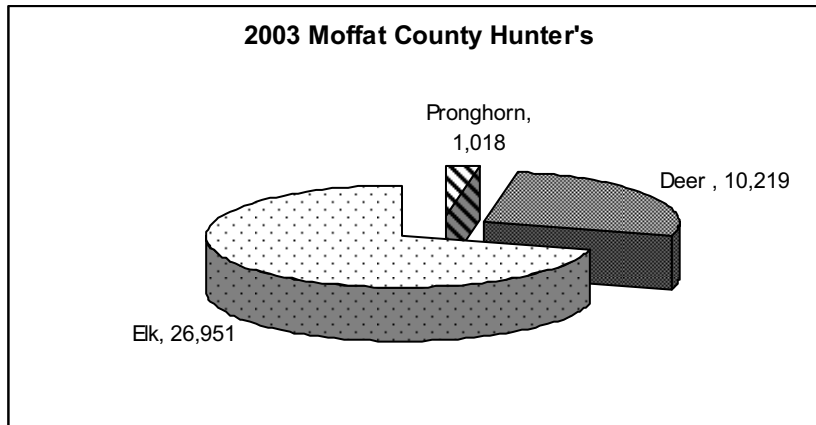


Per Capita Personal Income					
	1998	1999	2000	2001	2002
Moffat County	\$20,790	\$21,348	\$22,363	\$23,344	\$24,136
Colorado	\$28,784	\$30,492	\$33,371	\$34,003	\$33,723
Rocky Mountain Region*	\$25,100	\$26,356	\$28,491	\$29,253	\$29,379
United States	\$26,883	\$27,939	\$29,847	\$30,527	\$30,906

\* Rocky Mountain Region: Colorado, Idaho, Montana, Utah and Wyoming

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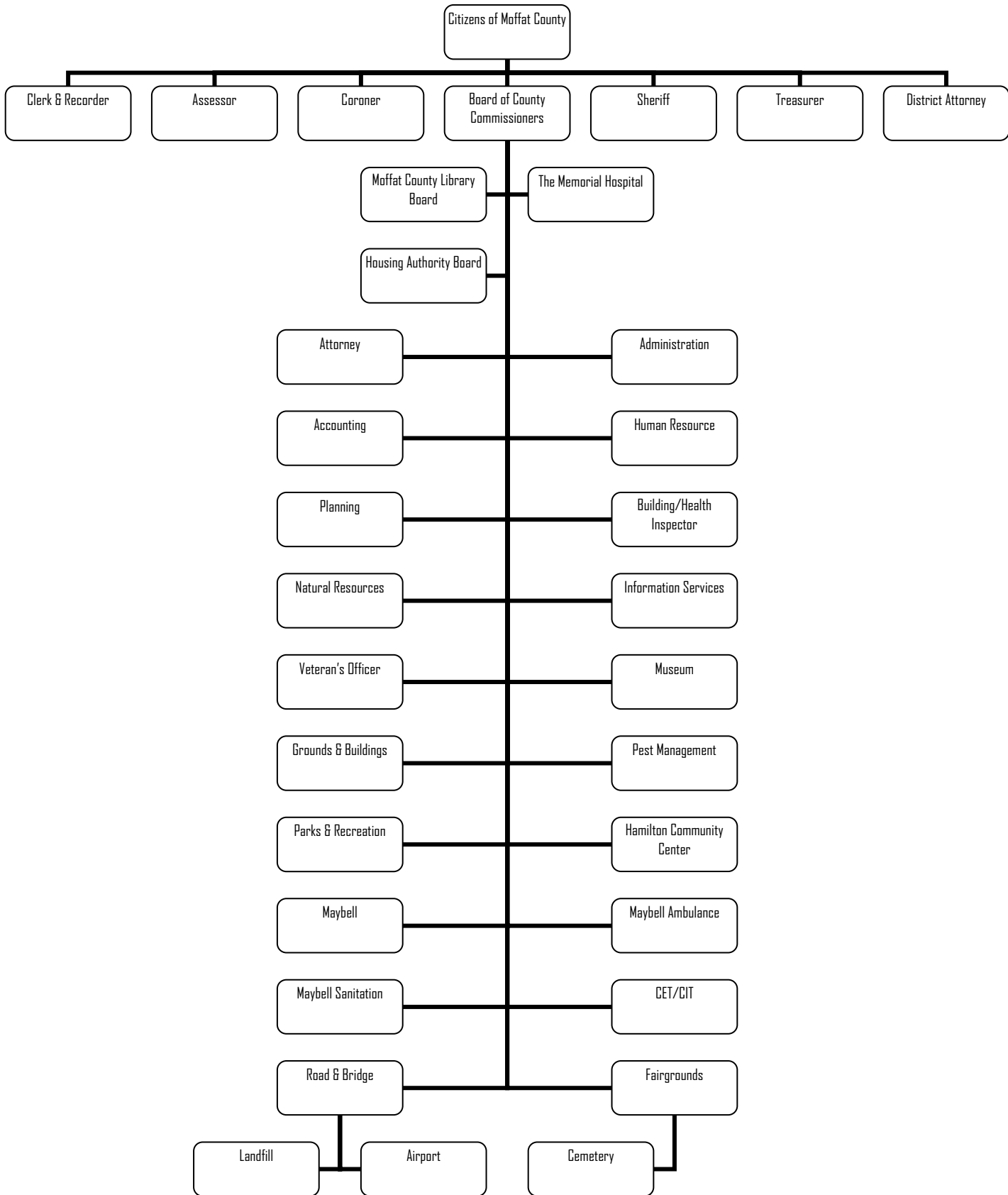
	Number of Arrests											
	1998		1999		2000		2001		2002		2003	
	Adult	Juv.	Adult	Juv.	Adult	Juv.	Adult	Juv.	Adult	Juv.	Adult	Juv.
<b>Property Crimes</b>												
Theft-Larceny	43	19	15	28	28	19	26	12	31	30	34	14
Theft-Vehicle	1	1	6	2	4	4	0	1	1	0	6	0
Burglary	11	0	9	1	13	18	11	0	4	1	7	4
Vandalism	7	9	27	0	19	6	15	2	20	2	15	4
<b>Violent Crimes</b>												
Assault-Other	92	22	63	14	92	27	51	16	73	37	76	25
Aggravated Assault	18	4	14	3	10	1	7	2	10	4	20	2
Domestic Violence	10	1	9	0	0	0	0	0	0	0	0	0
Rape	2	0	2	1	3	4	2	0	3	0	2	0
Robbery	0	0	1	0	0	0	0	0	0	0	0	1
Murder	0	0	1	0	0	0	0	0	0	0	0	0
<b>Substance Abuse</b>												
Drug Violations	39	7	23	13	26	15	15	5	22	18	45	4
DUI	111	3	58	5	56	2	37	3	33	6	34	1
Liquor Law Violations	37	26	60	22	35	18	23	38	41	27	29	20
<b>All Other</b>	<b>346</b>	<b>87</b>	<b>167</b>	<b>86</b>	<b>164</b>	<b>137</b>	<b>188</b>	<b>34</b>	<b>279</b>	<b>42</b>	<b>355</b>	<b>66</b>



Property Valuation	
Vacant Land	6,085,671
Residential	40,080,853
Commercial	23,659,917
Industrial	1,166,310
Agriculture	7,074,062
Natural Resources	48,808,399
Oil & Gas	95,143,400
State Assessed	168,263,200
<b>Total Property Valuation</b>	<b><u>390,281,812</u></b>

Miscellaneous	
Miles of County Roads Maintained	1,700
Motor Vehicle Registration	13,388
Registered Voters	8,260
Property Tax Parcels	21,700
Special Districts/Taxing Entities	8

# Moffat County Organizational Chart



## Citizen Involvement in the 2006 Budget

County Citizens provided input to the Board of County Commissioners and the budget process through the Citizens' Budget Advisory Committee (CBAC). The committee consisted of eight members from the Community representing the unincorporated and municipal areas of the County.

During the 2006 budget process the CBAC met with the Budget Analyst to discuss the issues of the county. The CBAC has focused on large themes and issues; generally, not on specific expenditures. The CBAC identified a series of issues they felt were of great importance to the county in the immediate future. During the November 2006 budget hearings the CBAC presented the Board of County Commissioners with a report listing the following issues.

1. If reductions in operations occur the workforce also needs to be decreased
2. Purchasing equipment instead of using lease-purchase options

The Board and Budget Analyst appreciate citizen involvement in the budget process and look forward to working with the committee in future years.