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Weld County Board of Commissioners
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Board Members:

The Weld County 2014 Final Budget for operations and capital outlay totals a gross amount of \$229,870,671 with a net of \$225,416,574 when interfund transfers are excluded. The Internal Service Funds total an additional \$30,416,292. The budget has been prepared in accordance with your directives developed during the budget process. The budget is funded with revenue estimates of \$125,712,632, anticipated fund balances of \$101,602,000, and the maximum allowed property tax under Amendment One (TABOR) and the Weld County Home Rule Charter of \$117,873,505.

2014 BUDGET HIGHLIGHTS

- Complete road and bridge permanent repairs and mitigation projects resulting from the September, 2013 flooding
- Assessed value increased 9.33% or \$598.5 million primarily from oil and gas production
- Continue implementation of the *Strategic Investment Plan for the Future of Weld County*
- Fund innovation and technology projects identified
- Fund the oil and gas revenue fluctuation reserve in the Contingency Fund
- Effective January 1, 2014, perform all county information technology functions with county staff, instead of by use of ACS contract services
- Implement a countywide training program with a Trainer position in Human Resources
- Implement a criminal justice planning function in the county

- Implement a Restorative Justice Program in the District Attorney's Office for juvenile offenders
- Add a Pre-Trial Specialist to accommodate HB 13-1236 changes to jail bonding criteria
- Add seven positions in the North Jail to open up 54 additional inmate beds
- The Weld County Regional Communications Center (WCRCC) will operate under a new organizational structure with Weld County operating the WCRCC and dispatching all public safety agencies in the county, including City of Greeley Police and Fire
- Participate in the Title IV-E (Foster Care and Adoption Assistance Entitlement Grant) waiver project
- Accommodate the impacts of the Affordable Care Act on Medicaid eligibility applicants
- Add two additional Planning positions to accommodate new development
- Implement a small business development incentive program
- Continue to fund a Haul Route Program (HARP) to improve county roads impacted by the energy industry due to new oil and gas drilling exploration
- Begin construction of Phases I and II of three phases of WCR 49 improvements
- Fund current and past administrative costs of the Weld County Retirement Plan

FINANCIAL PLAN

ECONOMIC CONDITIONS AND OUTLOOK

The United States economy continues to grow at a modest pace. Although weighed-down by changes in federal fiscal policy and continuing uncertainty, the nation's private sector continues to heal from the financial crisis and appears ready to gain momentum. Private sector gross domestic product and employment is expanding, while consumers continue to simultaneously spend and reduce debt. The expansion in the nation's manufacturing sector has regained its footing, the nation's banks have rebuilt their balance sheets, and corporate profits continue to grow. Although still several years away from a full recovery, the nation's housing market has begun to emerge as an economic bright spot with fewer distressed markets, increasingly stronger sales of existing homes, and moderate levels of new construction. In addition, the nation's equity markets have experienced strong growth thus far in 2013.

Growth will remain subdued through early 2014, as slow growth in the global economy and public-sector fiscal contraction in the United States weigh down the recovery's momentum. The European recession, concerns about unsustainable real estate speculation in China, and the uncertainty generated by geopolitical conditions in South Korea, Iran, and Syria are weighing on business confidence. However, federal fiscal contraction in the United States is the chief impediment to faster growth in the short term. The American Taxpayer Relief Act of 2012 resolved some, but not all, of the uncertainty related to federal fiscal policy. The combination of continued uncertainty, higher taxes, and lower spending is estimated to reduce growth in gross domestic product. The economic drag of federal fiscal policy should mitigate significantly by 2014. Congress is authorizing spending authority for the next federal fiscal year, retaining the

magnitude of the sequestration spending cuts, but allowing for slightly more flexibility in their implementation. Economic growth is expected to accelerate to healthier rates in 2014 and 2015, as the recovery in the private sector matures and the drag from the uncertainty in the public sector moderates. Recovery in the private sector is still dependent on continued loose monetary policy, and depends on the Federal Reserve continuing its expansionary monetary policy, keeping interest rates low through 2014.

Colorado's economy continues to improve at a faster pace than the nation as a whole. Employment growth is helping to lower the unemployment rate and support growth in retail sales. Price appreciation in the Colorado housing market is among the strongest in the nation, which has caused the housing market to go from being a drag on the Colorado economy to helping boost it. Federal housing policies aimed at a national housing market still struggling from the recent recession are helping Colorado homeowners build equity in their homes. The agricultural sector suffered through a drought, which reduced production but also helped lift prices. Colorado exports continue to grow despite a weak global economy. The underlying strength of the Colorado economy will be enough to keep employment growth positive in 2014 even as tax increases, automatic spending cuts, and continued uncertainty from federal fiscal policy slows growth. The effects of the sequester will be felt more in regions of the state with a high concentration of federal employees and in regions that rely on federal government services, such as those with national parks.

While the state economy is growing at a moderate pace, there is significant variation in economic growth across regions of the state. The economies of the Denver Metro area and the northern Front Range are growing faster than the state economy. Employment in those regions is growing steadily and retail sales are increasing at healthy rates. A tight housing supply and low interest rates are causing housing prices to appreciate.

The northern region's economic recovery is one of the strongest in the state. Employment is showing moderate gains and consumers are spending money in the region as retail sales are strong amidst a relative strong housing market. The region's housing industry is performing well. Similar to the other regions in state, new nonresidential construction remains low. The Bureau of Labor Statistics reported that the Fort Collins-Loveland and Greeley areas are on target to add over 8,000 new jobs in 2013. The Greeley MSA's unemployment rate was 6.5 percent in October, 2013, lower than the 6.8 percent statewide rate. With over 4,000 farms in the region, agriculture is a key component of the northern region's economy. Livestock production was up 6.4 percent over the prior-year period. The number of cattle and calves on feed for the slaughter was estimated at 1,160,000, up from 1,090,000 a year ago according to state data.

Oil extraction in Weld County continues to boost job and income growth. The big news for Weld County economically is that Weld County is on pace to produce almost 80 percent of the state's oil output this year, bringing with it continued development and challenges with which the industry and government officials must grapple. Over 90 percent of the drilling in the state is going on in Weld County this year. The oil and gas development has led to the creation of over 3,000 new jobs, poured millions into the local economy from royalty payments, and has increased the assessed value for the property tax bases of every local government in Weld County. The development is anticipated to continue for the next few years, as Noble Energy, one of the biggest energy companies working in the Denver-Julesburg Basin of the Niobrara formation, announced in June that it expects to triple its oil and gas output in the area over the next five years. This will bode well for Weld County's economy and property tax base.

FOR THE FUTURE

As Weld County looks to 2014 and beyond, a number of challenges face the Board of County Commissioners, other elected officials, and staff to meet the ever changing and growing demands of county citizens to maintain the quality of service the citizens have grown to expect from their county government. The County is experiencing the biggest oil and gas boom in its history. The additional production of oil and gas is resulting in significant increases in the County's assessed value with the oil and gas production exceeding fifty-percent of the County's total assessed valuation. Because of the volatility of production levels and price fluctuations of the oil and gas production, the County must prudently manage the increased property tax base created by the energy development. In February, 2012, staff developed and the Board of Weld County Commissioners approved the *Strategic Investment Plan for the Future of Weld County*. The purpose of the *Strategic Investment Plan for the Future of Weld County* was to provide the Board of Weld County Commissioners an analysis of the optional uses of the projected property tax revenues from the new oil and gas development in Weld County. The option selected was to develop a long term strategy of investment in the County's infrastructure, technology and innovation, staff training and development, economic development for diversification of the local economy, and to establish a fluctuation reserve to deal with the volatility of the peaks and valleys in energy prices and production. If the projected energy production figures materialize eventually even with the long term investment strategy with the Weld County Home Rule Charter 5% property tax limitation and TABOR limitation lower property tax rates will result for all taxpayers in Weld County.

A long-term strategy of investment in the County's infrastructure, technology and innovation, staff training and development, and economic development for diversification of the local economy can all have a demonstrable long-term payoff. A good county transportation system facilitates the movement of goods and services. Investment in innovation and technology will lay the foundation for new and more efficient governmental services being provided by Weld County Government. Staff development ensures that the County's employees have the skills required to provide the very best service possible to the citizens of Weld County. Investment in economic development for the diversity of the local economy will lay a solid foundation for long-term economic growth in the County and allow Weld County to be competitive in retaining and attracting quality companies and a labor force to support those companies. Weld County has to focus on investing rather than spending in order to ensure long-term economic prosperity, not only while the energy boom is happening, but also when it eventually ends.

The *Strategic Investment Plan for the Future of Weld County* is a continuation of Weld County's historical discipline of fiscal stability. Commitment to the discipline of fiscal stability has enabled Weld County to remain solvent and responsive in an uncertain economic environment and provide the services the public needs and expects. Adherence to conservative and prudent fiscal management practices have enabled the County to maintain balanced budgets and stable reserves, implement proactive strategies to manage county programs, avoid debt entirely through cash financing of capital projects and provide core services to residents. This financial discipline has enabled the County to embrace the changes that are reshaping all aspects of our lives – from how we live and work to how we share information and communicate, and in many ways fundamentally changing the public's expectations of, and relationship with, government.

The County will face budgetary challenges over the next few years that will involve rising costs, particularly if inflation returns as the Federal Reserve discontinues its economic stimulus via low interest rates, and the reality of decreasing federal revenues in the future. The County's budget must continue to reflect a multi-year strategic approach to managing county resources within the ongoing challenging economic environment. The primary goals of this strategy are to preserve

core services, maintain the commitment to the County's capital program, and accommodate the impacts of the energy boom in Weld County. The County has been able to accomplish these objectives while adhering to its fund balance and reserves policy that specifies that a large contingency fluctuation reserve be maintained as a buffer for unexpected fiscal events and the fluctuation of oil and gas assessed values. The County's proactive management of its cost structure using this multi-faceted approach is assurance of its commitment to maintaining fiscal health and stability of the County.

A significant measure of Weld County's commitment to providing residents with quality services will be how well essential infrastructure is maintained and renewed. The County will continue to be a responsible steward of public assets. A five-year Public Works Capital Improvement Plan will continue to be updated annually and will ensure a fair and reasonable determination of project priorities in accordance with the County's overall transportation needs, especially in dealing with the impact of energy development in the County. A similar, annual five-year Capital Improvement Program will be used to assess the condition of all facilities and to plan necessary repair and maintenance, as well as fund new facilities needed, such as an expanded correctional facility. Included in the capital plan will be funding to upgrade and replace the County's critical communication infrastructure and systems. The County will continue to use a proactive approach to maintain the physical environment, modernize and replace aging facilities and equipment, and maximize the public return on investments.

Weld County must continue to achieve operational efficiency through continuous efforts to improve, and innovate, thereby maximizing value for taxpayers. By continuously working to improve the quality, efficiency and cost effectiveness of its services, County staff will maximize value for taxpayers and increase the ability to meet emerging public needs while living within our financial resources. The pace of technological change and innovation in the world around us is accelerating and Weld County must continue to draw on the expertise of its workforce to take advantage of new ideas and tools to improve service delivery and operational efficiency. The County must continue to use the business process analysis effort started in 2013, as an effective tool to meet the enormous challenges of revenue constraints, increasing operational costs and growing public demands. The business process analysis is the fundamental rethinking and redesign of the processes, tools and structures used to operate a program or service to bring about dramatic improvements in performance. When new tools or methods are discovered, business process analysis can help capitalize on them to improve operations and achieve the best results for Weld County residents.

Managers at the County are expected to create and maintain a workplace that supports a culture of continuous improvement and innovation. This can be achieved through employee suggestions, open communication, training, and innovation and technology projects, among other opportunities. In an era of rapid change, the need for knowledgeable, active, and engaged employees will be greater than ever. The County must continue to attract and sustain a highly qualified workforce that is responsive to the needs of the community now and in the future. Building a skilled, and adaptable workforce requires that the County continue to recruit qualified employees and provide competitive salary and benefit packages. Sustaining such a workforce includes ongoing training, professional development, and engagement in succession planning. Employees must be encouraged to become adaptable, take initiative, and keep skills current through organization-wide initiatives and ongoing departmental efforts.

The County must be the center of information services innovation for advancing the delivery of county services, anytime and anywhere. The County must be continually focused on providing superior information services to support the multitude of county services and programs offered. To keep up with advances in information technology (IT), the County effective January 1, 2014,

will no longer outsource its IT function through ACS/Xerox, but rather perform all IT functions with county staff under the leadership of a new Chief Information Officer (CIO), who will maintain strategic oversight of the technological direction. The County's goal is to provide a reliable, integrated information services environment that meets not only today's needs for communication and business efficiency, but positions the County to leverage new technology innovations and best practices for business transformation and improved service delivery in the future.

What is occurring in the world around us is that the pace of change in our world is accelerating exponentially. This dynamic is challenging all of us as individuals and as organizations, and shows no sign of abating. In fact, the pace of change underway now in our world continues to intensify. Fueled by technological advances, we are quickly changing and reshaping all aspects of our lives from how we live and work to how we share information and communicate. These technological advances in many ways are fundamentally changing the public's expectations of and relationship to their government.

Beside technological changes, we can anticipate that as the federal government deals with deficit spending issues there will be significant programmatic and spending changes as a result of decisions made in Washington. These could require counties to profoundly change not just how to provide services, but what services the County can or, in some cases, must provide. In addition to adjusting to new roles and responsibilities, the County must also take advantage of opportunities to improve how and where to serve the public. Departments throughout Weld County Government need to find ways to deploy new technology tools to expand employees' flexibility, allowing them to become more productive and better serve our customers in the community. This means changing the way county services are designed by continually looking for more opportunities to streamline operations and addressing public needs in innovative, comprehensive ways. It may mean changing how the County communicates with the public by expanding the services and information the public can find online and through the social media.

Therefore, if one is to sum up the 2014 Budget Plan in only two words, those words would be "**Embrace Change**". Weld County must plan on rising to the challenges that change presents, embracing opportunities it offers and continuously examining how we can change as an organization to better provide the services the public needs and expects.

Change will be the constant as we face 2014 and the future. However, one aspect that will not change is our commitment to fiscal discipline. Even with the added property tax resources from oil and gas, we must continue to be good stewards of the taxpayers' money. We must continue to deliver cost effective and efficient county services, maintain prudent reserves, and invest in the future of our infrastructure. We will do this by working to ensure that Weld County Government remains fiscally sound, operationally strong, and able to meet the core needs of Weld County residents within available resources. We must continue to monitor changing economic conditions and the uncertainties surrounding key state and federal revenue sources.

For Weld County Government our greatest asset is our ability to combine the expertise and dedication of our employees, the pragmatic approach to solving problems, the strong leadership of our elected officials and department managers, and our commitment to a culture that **embraces change**. With these organizational strengths, we can all be confident that Weld County Government as an organization will meet the challenges of the future.

GENERAL GOVERNMENT FUNCTIONS

Revenue for general government functions, including General, Special Revenue, Capital Expenditures, Internal Service, and Enterprise Funds, total \$243,586,137 in 2014, an increase of 10.64 percent over 2013, primarily in property taxes, intergovernmental, charges for service, fees, internal service charges, and miscellaneous revenues. The amount of revenue from various sources and the changes compared to 2013 are shown in the following tabulation:

Revenue Sources	2013 Amount	2013 Percent of Total	2014 Amount	2014 Percent of Total	Increase - Decrease from 2014
Property Taxes	\$107,816,616	49.0%	\$117,873,505	48.4%	\$ 10,056,889
Other Taxes	8,310,000	3.8%	9,450,000	3.9%	1,140,000
Licenses and Permits	2,866,875	1.3%	3,450,225	1.4%	583,350
Intergovernmental Revenues	48,848,573	22.2%	52,977,866	21.7%	4,129,293
Charges for Services	5,800,931	2.6%	8,242,560	3.4%	2,441,629
Miscellaneous Revenue	11,518,124	5.2%	13,450,439	5.5%	1,932,315
Fee Accounts	8,777,000	4.0%	9,975,250	4.1%	1,198,250
Internal Service Charges	<u>26,219,772</u>	<u>11.9%</u>	<u>28,166,292</u>	<u>11.6%</u>	<u>1,946,520</u>
TOTAL	<u>\$220,157,891</u>	<u>100.0%</u>	<u>\$243,586,137</u>	<u>100.0%</u>	<u>\$23,428,246</u>

Expenditures by function for the General, Special Revenue, Capital Expenditures, Internal Services, and Enterprise Funds total \$255,832,866 for 2014, which is an increase of 12.79 percent over 2013. The amounts by function and the increase over 2013 are as follows:

Expenditure Sources	2013 Amount	2013 Percent of Total	2014 Amount	2014 Percent of Total	Increase - Decrease from 2012
General Government	\$ 31,876,971	14.1%	\$ 33,664,707	13.1%	\$ 1,787,736
Social Services	28,997,045	12.8%	30,399,000	11.9%	1,401,955
Road and Bridge	41,793,329	18.4%	55,581,423	21.7%	13,788,094
Public Safety	45,569,221	20.0%	51,778,225	20.2%	6,209,004
Human Services	8,145,633	3.6%	8,260,245	3.2%	114,612
Health	8,900,673	3.9%	9,129,247	3.6%	228,574
Capital	7,600,000	3.4%	8,650,000	3.4%	1,050,000
Public Works	2,575,851	1.1%	2,513,099	1.0%	-62,752
Contingency	12,000,000	5.3%	10,000,000	3.9%	-2,000,000
Miscellaneous	9,047,609	4.0%	14,287,143	5.6%	5,239,534
Culture and Recreation	935,807	0.4%	735,258	0.3%	-200,549
Auxiliary	398,847	0.2%	418,227	0.2%	19,380
Internal Services	<u>28,979,772</u>	<u>12.8%</u>	<u>30,416,292</u>	<u>11.9%</u>	<u>1,436,520</u>
TOTAL	<u>\$ 226,820,758</u>	<u>100.0%</u>	<u>\$ 255,832,866</u>	<u>100.0%</u>	<u>\$ 29,012,108</u>

Enterprise Operations: The County's only enterprise operation was the Paramedic Service. The Paramedic Service is a county-wide advanced life support emergency medical service. The program is totally supported by fees. The operation was transferred to NCMC, Inc. and Banner Health on May 7, 2012. NCMC, Inc. and Banner Health assumed operational and

financial responsibility for the Paramedic Service. The operation will no longer be part of the Weld County budget.

Capital Expenditures Fund: The Capital Expenditures Fund accounts for various capital improvement projects for county buildings. The 2014 program is funded at \$8,650,000, with \$8,250,000 from property tax, \$100,000 from capital expansion fees, and \$300,000 from interest. Anticipated projects include \$300,000 for a grader shed for Public Works, and \$686,000 for special projects. A carry-over beginning fund balance of \$12,552,000 is anticipated, and \$20,216,000 ending reserve fund balance for the future jail expansion (\$14,116,000), Communications System reserve (\$4,100,000), and Downtown Greeley land reserve (\$2,000,000) is anticipated at the end of 2014.

Debt Administration: The County continues to have no bonded indebtedness. The passage of HB1579, in 1981, Section 30-35-201, C.R.S., now allows the debt ceiling to be three percent of the assessed valuation of the county. Thus, Weld County maintains over a \$210 million allowable debt capacity in accordance with Colorado State statute. The 1997 Certificate of Participation Bonds for the construction of the Correctional Facility were paid off on the call date of August 1, 2007. Weld County currently has no debt of any type and is one of only a few local jurisdictions that can make that claim.

Cash Management: Cash temporarily idle during the year will be invested in time deposits ranging up to 180 days to maturity. Interest earned on investments of cash held by the County Treasurer will be recorded as revenue in the General Fund, with the exception of interest attributed to the Conservation Trust Fund, Insurance Fund, Capital Expenditure Fund, Trust Funds, and the interest earned on certain deposits held for other taxing authorities. The amount of interest anticipated in 2014 is \$1,330,000.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. All collateral on deposits is held either by the government, its agent, or a financial institution's trust department in the government's name.

Risk Management: During 2014, Weld County will continue to be a member of Colorado Counties Casualty and Property Pool, therefore, all casualty insurance coverage is being provided via pooling with other Colorado counties. The pool offers full safety and risk management programs to minimize losses. Losses are funded on a self-insurance option basis. Worker's Compensation will be provided via a state approved self-insurance program.

Mill Levy: The mill levy will be 16.804, unchanged from last year. The assessed value for the 2014 Budget is \$7,014,609,937, which is up \$598,481,847, or 9.33 percent over last year. The assessed value for vacant land is down \$9.2 million, or 12 percent. Residential is down \$0.972 million, or less than 1 percent; and commercial property is down \$23.9 million, or 3 percent. Agricultural property is up \$21.88 million, or 18 percent; industrial is up \$39.6 million, or 10 percent; natural resources is up \$2.3 million, or 18 percent; and State assessed property is up \$57.1 million, or 9 percent. The major increase is in oil and gas, up \$518.5 million, or 15.33 percent, which is due to price and production being up with the new energy development. There is an actual value increase of new construction of \$281.2 million, or 1.28 percent.

Employee Compensation Pay: For the 2014 budget, a salary increase of 2.5 percent to Weld County employees is included. Employees will get step increases for longevity and performance. Health insurance rates are anticipated to go up 8 percent for 2014. Health coverage will be provided by CIGNA on a partially self-insured basis with a Preferred Provider

Organization (PPO) option and a High Deductible Health Plan/Health Reimbursement Account (HDHP/HRA) option. No other benefit changes are anticipated.

Fund Balances: County fund balances continue to remain very healthy, with an anticipated \$101,602,000 to begin 2014. This remains at one of the highest levels in many years. The strong fund balance figures have been achieved through conservative budget practices and the high assessed value from oil and gas revenues. The ending fund balances are projected at \$89,355,271. However, the ending fund balance is actually understated because \$10,000,000 in the Contingency Fund is appropriated, thus not showing up in the ending fund balance figure. The \$10,000,000 is not anticipated to be spent in 2014, and if no emergencies or unforeseen events happen, the amount should be in the ending fund balance. There is no fund balance earmarked in the 2014 budget. All other fund balance amounts are undesignated. With the above projection, ending fund balances should be \$99,355,271. The Contingency Fund also serves as a stabilization reserve for the fluctuating revenues due to Weld County's heavy dependency on oil and gas assessed values that can fluctuate dramatically from year to year due to production levels and price changes.

MAJOR FACTORS IMPACTING THE 2014 BUDGET

The major factors impacting the 2014 budget continue to be related to the continuing recovery of the economy, oil and gas development in Weld County, state and federal budget issues, service restructuring in Weld County government, and the execution of the *Strategic Investment Plan for the Future of Weld County*.

The economy is no longer in a free fall and there are signs of economic recovery cautiously returning, such as lower unemployment rates, residential and non-residential construction activity becoming more evident, population growth, and continued oil and gas development. Given these indicators to Weld County's economic growth and recovery, there is reason to be cautiously optimistic about the economic future of Weld County. As has been the case for the last three to four years growth and development activity directly, or indirectly, related to oil and gas exploration seems to be the main economic driver in the majority of positive economic activities in Weld County. The County has seen several compressor stations, injection wells, new pipelines, and other oil and gas support and service industries seeking permits. Given the commitments of the large oil and gas companies in Weld County, the County seems primed to see considerable long-term investment and development in the oil and gas arena.

The volatility of the oil and gas assessed values continues to be a major impact to the County's budget planning the last four years. For the 2014 budget, oil and gas assessed values are up over a half billion dollars with a 15.33 percent increase, even with the significant drop in gas prices in 2012. While the growth in the County's assessed value and economic stimulus of the energy industry in Weld County is positive, the downside is the County has had to add significant resources to the Public Works budget again in 2014 to accommodate heavy hauling traffic, address safety issues, and improve roads impacted by the oil and gas industry's heavy hauling on county roads due to new exploration. The Public Works 2014 budget is up over \$14 million compared to last year.

2014 holds great opportunity and concern for the Weld County Department of Human Services. It will be the first full year of the department's implementation of an Electronic Document Management System, enabling it to scan images of all documents that are presented to it, at the time they are received, so that they can be stored and retrieved electronically, rather than copying, filing, and storing physical documents. The department will also participate in the statewide Title IV-E (Foster Care and Adoption Assistance Entitlement Grant) Waiver Project,

designed to provide permanent connections for children entrusted to our care. Senate Bill 12-078 mandates reporting of abuse of at-risk adults and could significantly impact the workload of Adult Protection Caseworkers. The department is reorganizing its staff in anticipation of this increase, so that it can be prepared to provide services needed to address this issue. Finally, and likely most significantly, 2014 will bring implementation of some of the most impacting aspects of the Affordable Care Act. Human Services anticipates the requirement of citizens to apply for Medicaid in order to be eligible for services under the Health Exchange and the increase in income levels eligible for Medicaid will create an increase in caseload of 25% - 30%. The department is hiring, equipping, and training staff in anticipation of this increase, so that it can be prepared when it arrives.

Between the presentation of the 2014 Proposed Budget and the adoption of the 2014 Final Budget Weld County experienced historic flooding of the five major tributary rivers running through Weld County in September. Over 20 major bridges and 150 miles of roadways were damaged. The emergency repairs have cost in excess of \$12 million and it is estimated that with permanent repairs and flood mitigation projects the costs could exceed \$20 million. Due to the flooding the Contingency Fund may have to be used to fund some flood mitigation efforts in 2014, depending on what FEMA approves. This will result in a transfer of funds from the Contingency Fund and supplemental appropriations in the Public Works Fund. Some of the Public Works grant projects may have to be delayed in 2014 to accommodate the flood repairs and mitigation projects. FEMA will pay 75% of the eligible flood repairs and mitigation costs. The State of Colorado will pay 12.5%. As indicated above the latest estimates of costs indicate the amount could exceed \$20 million in total costs with Weld County paying 12.5% or over \$2.5 million.

Finally, for the second year the *Strategic Investment Plan for the Future of Weld County* recommendations are incorporated into the 2014 Budget. The plan calls for developing a long-term strategy of investment in the County's infrastructure, technology and innovation, staff training and development, economic development for diversification of the local economy, and establishing a fluctuation reserve to deal with the volatility of the peaks and valleys in energy prices and production.

The General Fund is funded at the level of \$107,005,862 up \$13,140,659. Without including adjustments for health insurance costs, cost of living, and salary step increases, the budget for general government functions is up \$1,418,349. 2014 will have both a primary and general election resulting in added costs of \$403,856. The budget is funded as if it is a mail election. If the election is a voting center election the costs could increase. The Assessor's budget is up \$11,807 primarily due to the request for an additional 0.50 FTE Assistant Analyst position for oil and gas appraisal work. Human Resources' budget is up \$67,174 for a countywide trainer position that was transferred from Information Services. The Planning Department is up \$158,490 with the request for an additional Planner I position and Office Tech IV due to more development activity. Building and Grounds is up \$128,750 primarily for increased costs of utilities, services and supplies to maintain all the county facilities. On October 16, 2013, ACS and the Board of County Commissioners amended the ACS computer services contract to amend the termination date from December 31, 2016 to December 31, 2013. Effective January 1, 2014, the county will perform its own information technology service function with county employees. All ACS employees currently employed at the Weld County site will be offered employment and a new Chief Information Officer will be hired to direct the function. The 2014 final budget has been reconfigured to reflect the organizational change. The net county cost will drop by \$892,432, and there is \$718,534 unallocated in personnel service that can be used for added staff or other information technology needs in 2014 over what would have been available

under the ACS contract. The GIS budget is up \$85,400 primarily for the acquisition of new aerial imagery in 2014. Some areas of the county have not been updated for over 6-7 years.

Public safety functions are up \$6,209,004 in the budget. The Sheriff increased costs in the recommended budget by \$995,136. One Office Technician position was added mid-year due to the increased volume of concealed carry weapons permits. These costs were offset by added revenue from the permits. An additional Polygraph Examiner/Applicant Coordinator is included in the recommended budget due to the number of applicant screenings required. The new Regional Forensic Lab facility opened in August, 2013, but because of grants and cost sharing of the facility the opening is not impacting the 2014 budget. North Jail personnel services costs increased by \$496,693. This increase is based on the need for additional operating capacity; adding six corrections officers (\$396,346) and one security commander (\$94,278) will allow for an increase in capacity of approximately 54 beds. In addition there is a request to upgrade the Booking Manager position to grade 43 at a cost of \$6,069. Increasing capacity by 54 beds reflects the increase of \$67,054 in inmate supplies. The jail will experience some inflationary cost increases for medical services in 2014. In addition the medical provider is requesting an additional \$15,478 for two hours per week of a dentist and dental assistant and \$42,110 for 4 hours per week for additional psychiatrist for a total increase of \$116,829. Other professional services are also up for contracted food services (\$46,864). Counting the 54 beds currently there are 149 extra beds which allow the delay for any new jail construction until 2018-2020 timeframe. The Community Corrections budget is up \$179,599 with all costs being offset by state revenues. Justice Services has requested one Pretrial Service Specialist position (\$65,595) for Pretrial Services to handle anticipated workloads with passage of HB 13-1236 encouraging judges to rely less on monetary bond schedules, and to use Pretrial Services more. Additional position will produce cost avoidance in the jail and generate approximately \$5,000 in service fees.

The Commissioners and Greeley City Council made a decision in midyear 2013, to transition to a new organizational model where Weld County will assume the management of the Weld County Regional Communication Center (WCRCC) to dispatch all Weld County public safety entities, including Greeley, under the management of a Weld County Director of Public Safety Communications. The City of Greeley will become a user of the WCRCC, like all other public safety entities in Weld County, and pay accordingly. On the expense side of the budget all the costs of the WCRCC are included in this budget. Of the total costs E911 will pay \$1,816,158. The personnel costs total \$5,699,696 for 61 FTE that include 9 call takers, 40 dispatchers, 8 supervisors, MSAG position, Office Tech, Operations Manager, and Director. Staffing for dispatchers and call takers is based upon a 12 hour shift model. The goal will be to move to an 8 hour shift model in 2015. Net costs for the WCRCC are up \$2,206,383 primarily due to the City of Greeley only paying as a user rather than sharing costs, additional staffing for the WCRCC, and 2014 COLA and health insurance increases are included in the 2014 recommended budget. Communications development equipment is down \$500,000 since a funding reserve has been established in the E911 Fund and Capital Expenditure Fund for all future communications equipment needs.

October 28, 2013, The Board placed the Public Safety IT staff (Spillman) under the management of the Director of Public Safety Communications, and moved seven (7) FTE and \$662,017 to the Criminal Justice Information (CJIS) budget unit (1000-22400). Personnel costs were increased \$662,017, and the chargeback to CJIS from Information Services was reduced by the corresponding amount of \$662,017. The change had no impact on the net county costs.

The General Fund's subsidy to the Public Health Department is up \$212,990 due to health insurance costs and anticipated salary increases. With the underfunding of the Weld County

Retirement Plan the Board has decided to reimburse the Retirement Fund for the administrative costs of the plan. The administrative costs include the investment fees and other administrative costs. Annually the costs are over \$1 million. The County stopped paying the fees in the 1980's, so the \$10,000,000 in the recommended budget is to not only pay the current fees, but reimburse for the years that the General Fund did not pay due to surplus funding. The level of funding for this purpose can be reduced in years where the property tax revenues from oil and gas fluctuate downward. An increase of \$1,620,906 is included for other General Fund departments' health insurance costs, and anticipated salary increases of 2.5 percent in 2014.

The budgeted appropriations for Public Works in 2014 total \$55,581,423 up \$13,788,094. Municipal share back is funded at \$1,908,056. Budget reflects an 8 percent increase in health insurance costs. 2014 salary increases are funds for step increases due employees in 2014 and a 2.5 percent cost of living salary adjustment is included in this budget for a total of \$511,416.

The Other Public Works budget is up \$11,217,040 based on the Capital Improvement Plan (CIP). Contract Payments decreased \$7,810,000 based on capital improvement projects for 2014. Strategic Roads increased \$17,165,000 based on capital improvement projects including Phases I and II of the Weld County Road 49 extension. The Haul Route Program decreased \$717,960 as a portion of the expenditures are funded from the Road and Bridge Construction budget (\$1,755,000).

The specific projects in the 2014 budget are: Intersection of WCR 49 and US 34 (\$700,000), Intersection of WCR 47 and SH 392 (\$400,000), Intersection of WCR 74 and SH 392 (\$50,000), Intersection of WCR 49 and WCR 22 (\$1,691,500), Intersection of WCR 49 and WCR 44 (\$2,170,000), Intersection of WCR 49 and WCR 22 ROW (\$325,000), Intersection of WCR55 and SH 392 (\$620,000), WCR 49 acquisition of southern ROW (\$650,000), Bridge 68/59A (\$300,000), WCR 49 Phase 1 (\$8,100,000), Espanola Subdivision CDBG Project (\$525,000), ROW expenses (\$150,000) and other contracts (\$850,000).

Pavement Management is funded at a decreased level of \$213,493 and the Trucking budget is down \$55,850 both due to seasonal employees being moved to Other Public Works. Mining operations are down \$800,250 with a reduction in the purchase of class 6 materials. Seasonal staffing is up \$556,056 due to the transfers mention above and in order to staff for the 2014 workload. Motor grader operations are up \$254,345 to fund dust palliative materials. Bridge Construction is up \$1,876,524 to primarily fund contract recycled asphalt crushing, recycled asphalt supply, class 6 material purchase, and bulk cement purchase. Other operating budgets for road and bridge maintenance are funded at near the 2013 funding level. With some operational economies to offset some of the inflationary costs the current service level should be able to be maintained with the funding recommended.

The total Social Services Fund budget is \$30,399,000. The programs are funded by property tax of \$8,438,837, state and federal funds of \$21,205,333, and the potential use of fund balance to cover unanticipated cost overruns. The Department continues to pursue innovative programs to avoid, or reduce the duration of, clients' need for services. While this may, in some cases, drive greater costs in the current year, it is anticipated that these measures will enable the Department to avoid costs in future years.

The Human Services Fund is funded at \$7,988,068 for 2014, which is up \$55,021, less than one-percent percent, from the previous year, even though there are major shifts in funding by program. Community Services Block Grant is down \$72,814, and Senior Nutrition programs are down \$32,168. Department of Labor programs are down \$595,550. Area Agency on Aging is up

\$646,453 or nearly 30 percent. Temporary Assistance to Needy Families (TANF) is up \$109,100.

On the revenue side of the budget, property taxes are budgeted at \$117,873,505, the maximum amount under the Weld County Home Rule Charter's property tax limitation and TABOR. Revenue from interest earnings remain at \$1,100,000 for 2014, as interest rates are projected to remain low through 2014. Planning and Building Inspection fees are up \$600,000 primarily due to all the new oil and gas activity in the County and some upturn in development. Intergovernmental revenues are up \$4,129,293 primarily due to Public Works grants being up \$3,091,563, higher Community Correction grants of \$179,599 and Social Services program revenues up \$1,338,731. Charges for Services are up \$2,441,629 primarily from charges related to the WCRCC with the new management model. The Treasurer's fees are anticipated to be up \$970,000 due under estimations in the past and increased property tax collection fees from other county taxing jurisdictions. Revenue from Clerk and Recorder fees are up \$300,000 as vehicle sales have recovered. All other revenues are relatively stable with little change.

The resources for the Public Works Fund for 2014 total \$74,828,235, which includes a fund balance of \$28,000,000, in addition to the revenue shown in the budget. Property tax is set at \$11,500,000 up \$2,500,000. Specific ownership tax is estimated to be \$7,300,000, up \$1,300,000 from 2013, as vehicle sales recover. Total HUTF will be \$9,550,000 unchanged from 2013. Permit revenues are budgeted at \$500,000. Motor vehicle registration fees are \$330,000, and grazing fees are \$70,000. Oil and gas revenues are \$5,150,000. Federal mineral lease revenues are \$1,000,000 due to the creation of the Weld County Federal Mineral Lease District. The federal mineral lease revenue will flow through the new district and then Public Works will apply to the district for the funding of projects. In 2014, the district is funding \$1,000,000 in oil and gas haul route projects. The \$1,000,000 is budgeted in other revenues from project reimbursements. PILT is budgeted at \$330,000 with the Federal Mineral Leasing District funding change.

Other revenues from project reimbursements total \$5,898,235, which are up \$1,318,563. Transportation impact fees are budgeted at \$2,800,000. Reimbursements for the intersections of CR 49/US34 project includes, \$1,500,000 from NFRMPO, CR 49/44 project includes \$828,000 from NFRMPO, Intersection of WCR 55 and SH 392 (\$102,000), and CR 74/SH 392 project includes \$56,000 from NFRMPO. There are also Energy Impact Assistance grants of \$3,000,000 for Phase I and II of WCR49 and \$200,000 for WCR49/22. A HES grant for \$22,500 is funded. Revenues include a CDBG for the Espanola Subdivision project (\$275,000). There is a state grant for \$240,000 for Bridge 68/59A. Severance tax is budgeted at \$2,000,000.

The 2014 Budget contains adequate resources to provide a level of service similar to 2013. The operational plan supported by the 2014 budget maintains Weld County Government's commitment to excellence and efficiency in carrying out our continued responsibilities to taxpayers. First and foremost we will maintain the fiscal discipline and prudent use of resources that have earned the County the excellent reputation it has for financial management with no bonded indebtedness. The County will continue our commitment to the highest standards of service, continuing to focus on improving service and communication with our citizens within our resources. Demands in many areas continually exceed resources available. To serve the growing needs in the county, we will continue to explore possibilities for improved efficiency while maintaining excellence in service.

Many uncertainties face county governments like Weld County, as we operate in an environment of constant change that has never been more apparent. The State of Colorado faces significant issues and the federal government continues to wrestle with a major deficit

issue. Many tough decisions associated with implementation of programs, and how they are to be funded, must be dealt with by the Board of County Commissioners with citizen input. Hopefully, this budget document has allowed the Board to make those difficult decisions to maximize the value of the tax dollars of the citizens of Weld County.

As a final note, I want to acknowledge again the hard work and spirit of cooperation manifested by the elected officials, department managers, and employees in recognizing the problems and issues confronting the County and responding with creativity and understanding. The County, as a whole, also recognizes the Weld County taxpayers and consumers of county services who provide the economic resources to the County, and we pledge our commitment to continue to provide the best in county services possible.

Copies of all budget documents are available for the public at 1150 O Street, Greeley, Colorado. More information may be found on Weld County's website at www.co.weld.co.us.

Very truly yours,

A handwritten signature in black ink that reads "Donald D. Warden". The signature is written in a cursive, flowing style.

Donald D. Warden, Director
Budget and Management Analysis