



DEPARTMENT OF FINANCE AND ADMINISTRATION

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Weld County Board of Commissioners
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Board Members:

As Weld County begins 2016 the County is in excellent financial condition with no debt, no sales tax, one of the lowest mill levies among all Colorado counties, a significant cash reserve, and a fully funded pension plan. The Weld County 2016 Final Budget for operations and capital outlay totals a gross amount of \$300,949,224 with a net of \$295,779,975 when interfund transfers are excluded. The Internal Service Funds total an additional \$30,764,247. The budget has been prepared in accordance with your directives developed during the budget process. The budget is funded with revenue estimates of \$134,431,569, anticipated fund balances of \$105,550,000, and the maximum allowed property tax under Amendment One (TABOR) and the Weld County Home Rule Charter of \$180,543,870.

2015 BUDGET HIGHLIGHTS

- Assessed value increased 27.4%, or \$2.456 billion, primarily from oil and gas production.
- Plan and accommodate the anticipated drop in assessed valuation in 2017 due to the dramatic drop in oil prices in 2015.
- Fund the oil and gas revenue fluctuation reserve in the Contingency Fund at \$30 million.
- Begin the two year construction of the concrete five-lane CR 49 corridor from U.S. Highway 34 south to I-76 as part of a design/build contract.
- Begin 2016 with a fully funded pension plan.
- Implement the *Bright Futures* program to provide financial aid to Weld County high school graduates, GED recipients, and veterans pursuing post high school education or training.
- Implement a new integrated public safety information system.

- Restructured the Sheriff's organization and budget to accommodate the new Sheriff's vision for the office, including moving the work release program to Justice Services.
- Add eight additional staff in order to expand the capacity of the jail to 734 beds.
- Complete road and bridge mitigation projects resulting from the 2013 flooding.
- Continue to fund a Haul Route Program (HARP) to improve county roads impacted by the energy industry's new oil and gas drilling exploration.
- Add staff in the Veteran's Office to increase service level due to aging Vietnam veterans and the Iraq and Afghanistan veterans requiring more services.
- Begin charging 10% of the actual dispatching costs in 2016 to all agencies, and progressively increasing the actual cost by 2.5% each year until 2020, when the user rates will be 20% of actual costs for dispatching.
- Implement SB 15-242 which expands the Child Welfare staffing by four in reaction to the 2014 Colorado Child Welfare Workload Study.
- Medicaid caseloads have grown by 72% in the past three years, partially due to economic factors and partially due to Colorado's implementation of the Affordable Care Act to the point that 25% of county residents are on Medicaid.
- Accommodate the impact of HB14-1317 on the delivery of day care.
- Continue efforts to control health care costs for county employees and their dependents.

FINANCIAL PLAN

ECONOMIC CONDITIONS AND OUTLOOK

The economies of both Weld County and Colorado are strong. Low oil prices are expected to slow the pace of Colorado's expansion in 2016. Nationwide, low oil prices will be a net positive outside of the oil producing states, boosting growth. The expansion and inflationary pressure will be moderated in 2016 by tightening monetary policy. The biggest risk to expectations for Colorado's and Weld County's economies is the trajectory of oil prices and its impact on employment and income growth. Oil prices decreased precipitously in the second half of 2014, from more than \$100 per barrel in June to around \$50-60 per barrel in 2015. The impact of the price drop on future drilling activity in Colorado will depend on the length of time that prices remain at or below current levels. It is forecast that oil prices will begin to rise gradually through 2016, and that oil production in Weld County and the broader Niobrara formation will remain strong, though at a somewhat reduced level, throughout 2016.

The biggest impact on the Colorado economy will come in the form of reduced investment and capital expenditures by the oil industry. The Denver Post has reported that nine oil companies announced, in March, a combined total of \$2 billion in reduced capital expenditures within Colorado. Other sectors of the economy, including the financial and banking sectors, construction, manufacturing, professional and business services, and health care have strong momentum, with low debt, strong earnings, and growing consumer demand. Cutbacks in the oil industry, therefore, are expected to be a moderating influence in employment, wages, and income gains in the Denver

metropolitan area and the northern Front Range.

History shows that economists and financial markets are dismally bad at predicting even the direction of oil prices. Forecasts published by prominent economists expect a wide variation in prices for the rest of the year, with some predicting them to fall to less than \$30, and others expecting them to steadily recover to \$80 by the end of the year. Those predicting that oil prices will continue to fall point to a continuously building oversupply of oil, evidenced by the surge in the nation's stock inventories of crude oil. Production is likely to have fallen off as the number of oil rigs operating in both Colorado and the nation has dropped. Those predicting steady gains in oil prices point to a rebalancing of the market, as a slowly strengthening global economy increases demand, while reductions in global production reduce supply.

Weld County continues to boast one of the strongest regional economies in the state. The employment level continues to increase and the unemployment rate, already among the lowest in the state, continues to fall. Growth in retail sales is accelerating while the growth in residential and nonresidential construction continues to be strong. A potential downside is the recent drop in oil prices, which appears to have slowed the pace of oil development in the region.

The regional labor market continues to be the strongest in the state, with employment growing nearly five percent in Weld County on a year-over-year basis. The healthy rate of job growth kept the regional unemployment rate among the lowest in the state with the October unemployment rate of 3.2% in Weld County. Regional construction activity continues to grow at a healthy rate. In the last year residential permits increased 18.5 percent in Weld County. There were 238 nonresidential construction projects started last year, an increase of 53.5 percent on a year-over-year basis. During this same period, the total value and square footage of projects increased 38.4 percent. The growth rate for retail sales in Weld County the last three years outpaced both the state and the nation as a whole.

In summary, the Weld County economy, like the Colorado economy, is expected to grow at rates at or above its historical trend through 2016. The labor market continues to improve with more jobs and fewer people looking for work. These labor market improvements have begun to put upward pressure on wages, giving households more money to save and spend. Healthier households will boost consumer spending and business activity, fueling more growth in earnings and investments. Because of momentum in the economy, the Federal Reserve is expected to begin to slowly raise short-term interest rates as we approach 2016. Economic growth will be moderated by tightening monetary policy and a weak global economy. Although low oil prices are expected to be a boost for the economy nationwide, the boost will be offset by lower production and income in the oil industry. Low oil prices are expected to moderate the pace of Colorado's expansion in 2016, primarily in the Denver Metropolitan area and the northern Front Range, where Weld County is the center of the energy development activity.

2016 BUDGET PLAN AND FOR THE FUTURE

The budget has several major purposes. It converts the County's long-range and strategic plans and policies into services and programs; serves as a vehicle to communicate these plans to the public; details the costs of County services and programs; and outlines the revenues that support the County's services. Once adopted by the Board of Weld County Commissioners, it becomes a work plan of objectives to be accomplished during the next fiscal year. As the budget process begins, each department head and elected official needs to examine his or her department's operations in relationship to the mission and the strategic goals of Weld County. From this examination, budgets to support the programs and services to accomplish the objectives to reach these goals need to be developed.

The mission of Weld County is *leading with responsive, innovative and cost effective services*. The budget process provides a comprehensive method of achieving that mission of Weld County and accountability to the citizens of Weld County. In addition, the budget can assure that the highest standards of stewardship have been adhered to in determining the amount and use of public resources. The ultimate goal of the budget process is to develop a financial operating plan which will provide for and insure the health, safety, and welfare of all residents of Weld County. Further, to facilitate the orderly and efficient delivery of county government services as prescribed by the Home Rule Charter, state statutes, federal and state mandates, and citizen input. Finally, the budget process should promote an organizational culture which fosters access to information and citizen awareness about Weld County.

Although the financial health of Weld County government is currently excellent, it is important to look to the future issues, possible problems and alternative solutions to these problems. Besides the traditional role of budgeting to responsibly manage available current year funding, there must be a continued emphasis of long-term planning, recognition of the cumulative effect of individual decisions, an awareness of changing realities, flexibility, citizen input in setting priorities, and a focus of goals and objectives consistent with the core services philosophy and mission statement.

There are a number of future issues and concerns that will be impacting Weld County's budget in 2016 and subsequent fiscal years. The continued impact of oil and gas development in the county touches on many aspects of Weld County currently, and in planning for the future. The energy development presents both challenges and opportunities for Weld County government. As has been the case for the last four to five 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. Although the future of energy development in Weld County appears bright, it is not without risks. Oil and gas production in Colorado has risks associated with the potential of more government regulations and voter initiatives trying to restrict or limit fracking in Colorado communities. These regulatory risks, if implemented, could dramatically impact future oil and gas development in Colorado.

The volatility of the oil and gas assessed values continues to be a major impact to the County's budget planning the last five years. For the 2016 budget, the growth in the county's assessed value from oil and gas values exceeds 25%. Oil and gas assessed valuation are close to two-thirds of the county's total assessed valuation. Since November, 2014, due to the oversupply of oil worldwide the price of oil has dropped from over \$100 a barrel to the price range of \$40-50 per barrel. Because of the volatility of production levels and price fluctuations of the oil and gas values, the County must continue to prudently manage the increased property tax base created by the energy development in 2016 and be prepared for a significant drop in the assessed valuation for 2017 the county will be facing. Any 2016 budget decision needs to be made by keeping in mind the future drop in property tax revenues in 2017. The drop in assessed valuation for the 2017 budget could lower the Weld County assessed valuation 20-25% below the 2015 budget level for property tax.

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. This strategy positions Weld County well financially to deal with the future drop in the oil and gas assessed valuation and lower property tax level to be faced in 2017. Based upon industry projections hopefully after the 2017 budget year the price of oil and gas will recover and stabilize at price levels that will be somewhere between the low of \$40 a barrel and the high of over a \$100 a barrel.

The financial planning done by Weld County the last four years has funded the unfunded liability of the retirement plan, a fluctuation contingency reserve of \$30 million and reserves in the Public Works Fund and Capital Fund. The \$30 million contingency fund will provide the financial flexibility to adjust to the volatile property tax revenue patterns in the next two to three years without having to make significant reductions to basic operational spending, which requires just under \$115 million in property tax revenue to maintain the current spending levels. The capital reserve will leave the County on track to be able to construct the \$42 million jail expansion in 2018-2019. The fund balance in the Public Works Fund should be adequate to accomplish the major capital improvements to the CR 49/47 Corridor, south from Highway 34 to I-76, and north from CR 60.5 (SH 263) to SH 392 over the next three years, requiring over \$16.5 million in property tax per year to fund the road improvements. To accomplish the project, a funding level of \$25 million per year for five years has been required.

In 2016, to be positioned in 2017, the proposed budget process provides a comprehensive method of addressing issues faced by the County. Weld County managers must continue to find ways to reduce costs, increase program productivity, find new revenue sources, and raise revenues without increasing taxes beyond the TABOR and Home Rule Charter limits. Weld County government's trend of being more creative and innovative to make better use of resources -- human, financial, and technological -- must continue. It is only through improved practices and approaches that services are maintained and public confidence in government is enhanced.

GENERAL GOVERNMENT FUNCTIONS

Revenue for general government functions, including General, Special Revenue, Capital Expenditures, Internal Service, and Enterprise Funds, total \$314,975,439 in 2016, an increase of 10.54 percent over 2015, 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 2015 are shown in the following tabulation:

	2015 Amount	2015 Percent of Total	2016 Amount	2016 Percent of Total	Increase - Decrease from 2015
Revenue Sources					
Property Taxes	\$131,586,154	46.2%	\$153,213,068	48.7%	\$ 21,626,914
Other Taxes	11,600,000	4.0%	11,710,000	3.7%	110,000
Licenses and Permits	4,721,600	1.7%	6,061,000	1.9%	1,339,400
Intergovernmental Revenues	65,272,311	22.9%	69,192,838	22.0%	3,920,527
Charges for Services	9,103,378	3.2%	8,910,798	2.8%	-192,580
Miscellaneous Revenue	23,720,069	8.3%	26,746,798	8.5%	3,026,729
Fee Accounts	10,353,400	3.6%	10,376,690	3.3%	23,290
Internal Service Charges	<u>28,596,336</u>	<u>10.1%</u>	<u>28,764,247</u>	<u>9.1%</u>	<u>167,911</u>
TOTAL	<u>\$284,953,248</u>	<u>100.0%</u>	<u>\$314,975,439</u>	<u>100.0%</u>	<u>\$30,022,191</u>

Expenditures by function for the General, Special Revenue, Capital Expenditures, Internal Services, and Enterprise Funds total \$326,544,222 for 2016, which is an increase of 6.36 percent over 2015. The amounts by function and the increase over 2015 are as follow

Expenditure Sources	2015 Amount	2015 Percent of Total	2016 Amount	2016 Percent of Total	Increase - Decrease from 2016
General Government	\$ 36,408,667	11.9%	\$ 37,619,242	11.5%	\$ 1,210,575
Social Services	31,570,900	10.3%	34,521,500	10.6%	2,950,600
Road and Bridge	84,449,304	27.5%	101,184,933	31.0%	16,735,629
Public Safety	53,828,986	17.5%	56,040,974	17.2%	2,211,988
Human Services	8,102,531	2.6%	8,659,774	2.6%	557,243
Health	9,651,180	3.0%	10,393,180	3.2%	742,000
Capital	1,114,000	0.4%	16,925,000	5.2%	15,811,000
Public Works	10,327,026	3.4%	14,279,128	4.4%	3,952,102
Contingency	10,000,000	3.3%	10,000,000	3.1%	0
Miscellaneous	29,472,024	9.6%	4,748,212	1.4%	-24,723,812
Culture and Recreation	840,004	0.3%	785,436	0.2%	-54,568
Auxiliary	420,131	0.2%	622,596	0.2%	202,465
Internal Services	<u>30,846,336</u>	<u>10.0%</u>	<u>30,764,247</u>	<u>9.4%</u>	<u>-82,089</u>
TOTAL	<u>\$ 307,031,089</u>	<u>100.0%</u>	<u>\$ 326,544,222</u>	<u>100.0%</u>	<u>\$ 19,513,133</u>

Capital Expenditures Fund: The Capital Expenditures Fund accounts for various capital improvement projects for county buildings. The 2016 program is funded at \$16,925,000, with \$125,000 from capital expansion fees, and \$300,000 from interest. Anticipated projects include \$300,000 for a grader shed for Public Works, \$750,000 for Chase Building improvements, and \$1,195,000 for special projects. A carry-over beginning fund balance of \$16,500,000 is anticipated, and \$31,180,000 ending reserve fund balance for the future jail expansion (\$27,830,000), Communications System reserve (\$2,850,000), and Downtown Greeley land reserve (\$500,000) is anticipated at the end of 2016.

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 approximately a \$340 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 in the nation 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 2016 is \$1,432,500.

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 2016, 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 remain at 15.800 mills. The assessed value for the 2016 Budget is \$11,426,827,210, which is up \$2,456,931,880, or 27.4 percent over last year. The assessed value for vacant land is up \$13.19 million, or 21.06 percent. Residential is up \$294.42 million, or 25.52 percent; and commercial property is up \$45.28 million, or 6.17 percent. Agricultural property is up \$31.14 million, or 20.95 percent; industrial is up \$98.93 million, or 18.30 percent; natural resources is up \$4.09 million, or 27.41 percent; and State assessed property is up \$34.96 million, or 4.74 percent. The major increase is in oil and gas, up \$1.931 **billion**, or 33.65 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 \$473.367 million, or 1.93 percent.

Employee Compensation Pay: For the 2016 budget, a salary increase of 3.0 percent to Weld County employees is included. Employees will get step increases for longevity and performance. Health insurance rates will not increase for the employees or the county for 2016 for the second year in a row. Measures to control health care costs, such as the wellness program, employee clinic, consumer driven plans, and health reimbursement accounts have been making a positive impact on controlling the health insurance costs for the county. 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 \$105,550,000 to begin 2016. 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 \$93,981,217. 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 2016, 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 2016 budget. All other fund balance amounts are undesignated. With the above projection, ending fund balances should be \$103,981,217. 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 2016 BUDGET

As stated earlier, as Weld County begins 2016 the County is in excellent financial condition with no debt, no sales tax, one of the lowest mill levies among all Colorado counties, a significant cash reserve, and a fully funded pension plan. The major factors impacting the 2016 budget continue to be dominated by the 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*.

As has been the case for the last four to five 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 five years. For the 2016 budget, the growth in the County's assessed value from oil and gas values exceeds 27%. Oil and gas assessed valuation are close to two-thirds of the County's total assessed valuation. Since November, 2014, due to the oversupply of oil worldwide the price of oil has dropped from over \$100 a barrel to the price range of \$40-50 per barrel. Because of the volatility of production levels and price fluctuations of the oil and gas values, the County must continue to prudently manage the increased property tax base created by the energy development in 2016, and be prepared for the significant drop in the assessed valuation for 2017 that the County will be facing. Any 2016 budget decision needs to be made by keeping in mind the future drop in property tax revenues in 2017. The drop in assessed valuation for the 2017 budget could lower the Weld County assessed valuation 20-25% below the 2015 budget level for property tax. In anticipation of the significant drop in the 2017 assessed valuation, there is approximately \$63 million in one-time expenses in the 2016 budget with \$23 million going into the contingency reserve, \$5 million for engineering costs for the Weld Parkway, \$12.36 million in property tax incentive credits, \$15 million for property tax credits for the Weld County Bright Futures Program, \$8.25 million in capital reserve. This amounts to over a third of the County's 2016 property tax revenues. Thus, allowing for nearly a 50% drop in oil and gas assessed valuation in 2017 without adversely impacting the core county program budgets.

A significant long term project will be the capital improvements to the CR 49/47 Corridor, south from Highway 34 to I-76, and north from CR 60.5 (SH 263) to SH 392, over the next three years, requiring over \$40 million per year to fund the road improvements in 2016 and 2017, and \$25 million in 2018. To accomplish the project, added property tax resources will have to be included in the Public Works Fund for the next three years.

On May 20, 2014, the Board approved the design/build option for the CR 47/49 Corridor at a total cost of \$125 million. The first section of the project from Highway 34 to CR 60.5 was completed in November, 2015. A design/build contract for the section from Highway 34 to I-76 was awarded in August, 2015, with construction to be completed in 2017. Savings have been realized by doing a design/build. The schedule is as follows:

CIP	2014	2015	2016	2017	2018	2019
CR 49 South						
US 34 to I-76 (20 miles)	Design/ROW	Design/ROW	Construction	Construction		
Optional Bid CR 47 North						
CR 60.5 - SH 392 (3.5 miles)			Design/ROW	Construction	Construction	

The project will be able to be funded within the resources of the Public Works Fund over the period of 2013-2017. The property tax for the Public Works Fund has been increased \$10 million the last three years from \$6.5 million in 2013, to \$16.5 million in 2016. No debt has been incurred, nor have funds had to be advanced from other county funds to accomplish this project.

Finally, for the fourth year the *Strategic Investment Plan for the Future of Weld County* recommendations are incorporated into the 2016 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 \$118,161,264 down \$16,948,980. The major change is the \$25 million for the retirement plan funding last year is not included in this year's budget. The added funding in 2015 made the retirement plan fully funded at the end of 2015. Without including adjustments for cost of living, and salary step increases, the budget for general government functions is up \$507,203. The budget reflects the projected costs of conducting for a Primary Election and a Presidential Election with a large turnout anticipated due to the Presidential Election. In the Clerk and Recorder's office an Administrative Assistant position was eliminated mid-2015 for a savings of \$78,094. The Assessor is requesting an additional Data Collector position (\$54,736), plus the upgrade of two Personal Property Appraisers (\$8,264). Under the District Attorney the new Juvenile Restorative Justice program added in response to the passage of HB 12-1254 will be funded at \$222,003. The program is fully funded from state court fees. Human Resources' budget is up \$169,090 with the mid-year approval of the recruitment position, the recommendation to add an additional Assistant Recruiter to absorb more of the Human Services HR function, and the one year succession staffing for the Benefits Manager. Building and Grounds is up \$137,328 for an additional plumber position to transition the retirement of the long time plumber in October, 2016 (\$72,315), and additional carpenter position (\$65,013) due to workload requirements. With the purchase of the Chase Plaza Building the budget reflects the costs of the entire building (\$590,000) and revenues from the leased space (\$990,000) and Social Service space reimbursement (\$85,600) total \$1,075,600. The building generates a positive cash flow of \$485,600, which is being used to upgrade the building in the Capital Fund.

Last year was the first budget year that Weld County had an opportunity to completely evaluate the staffing, organizational, and capital needs of the county's information technology (IT) requirements. January 1, 2014, Weld County terminated the outsourcing contract for information technology (IT) services with Xerox and now provides those services with county employees under the leadership of a new Chief Information Officer. This change is a strategic decision to improve technology services, increase customer satisfaction and provide accountability for IT related projects. In the Information Technology budget an additional security position was approved mid-year (\$104,955). For 2016 supplies are down \$221,588 due to a reduction in small items of equipment in accordance with the Five Year Capital Improvement Plan and a better breakout of hardware and software maintenance costs by line item. Purchased Services are up \$11,500 primarily for training, and \$500,000 is allocated for new 2016 IT projects requested by departments. Capital is down \$1,497,412 in accordance with the Five Year Capital Improvement Plan with \$993,500 for computer equipment and \$183,000 for software. Overall the IT budget for 2016 is down \$1,102,545, which was planned when the Five Year Capital Improvement Plan was developed last year. The GIS budget is up \$99,755. The major increase is the \$116,400 for imagery to do aerial mapping to update portions of the county. The updated imagery is done every 3-5 years depending upon growth and changes. Innovation and Technology Projects budget is funded at \$500,000, which is down \$500,000 from last year.

Public safety functions are up \$1,599,017 in the budget. The Sheriff's Office budget was restructured mid-2015 with the election of a new Sheriff. The overall net Sheriff's Office recommended budget is up \$1,388,905 or 4.01%. The big driver of costs is accommodating the growth in the inmate population, which amounts to approximately \$1.1 million of the increase or 3.13% of the 4.01% total increase. Staffing costs for the Sheriff's Office were increased \$609,033.

It includes six Deputy Detention Officer III (\$463,119), and two Detention Sergeants (\$209,806) to accommodate the growing inmate population and the need to increase our facility capacity to 734 beds. In addition in Patrol there is a request to move the 0.75 FTE Desk Clerk to full-time (\$31,636). The mid-year staffing adjustments reduced the costs by \$95,528. Another significant item is the increase of \$152,436 for inmate medical services related to adding 24/7 coverage in booking with an RN to insure medical screens on new arrests are completed. Board approved reorganizing work release under Justice Services effective January 1, 2016. Budget unit number will be changed to 1000-24125 to be in the Justice Services organizational structure. The Board funded an additional Office Tech III position (\$53,634) to provide clerical support to the Work Release unit.

The Weld County Regional Communication Center (WCRCC) budget is up \$58,984 for an additional position to do quality assurance for certification programs and professional standards. The Criminal Justice Information System (CJIS) budget is up \$40,541 primarily due to an added analyst position because of the installation of the new public safety IT system purchased in 2015. The Commissioners made the decision in 2014 to replace the Spillman public safety information technology system with a new system. Office of Emergency Management is up \$29,320 for software to monitor chemical facilities, and mobile computing to provides the technological foundation to assist emergency managers in their responsibilities during an incident.

Engineering is up \$3,890,959 because the engineering and design fees have increased for the Weld County Road (WCR) 49 south corridor and WCR 49/47 north corridor in the 2016 budget. Staff costs increased \$213,090 to fund a new Survey Tech II position (\$82,819) and a Water Engineer position (\$130,271). General Fund's subsidy to the Public Health Department is up \$216,806 due to anticipated salary step and cost-of-living increases. Veteran's Services is up \$32,235 to move a part-time Office Tech II to full time to deal with the call volume coming into the office due to aging Vietnam veterans and the Iraq and Afghanistan veterans. An increase of \$1,687,868 is included for other General Fund departments' anticipated salary step and cost-of-living increases in 2016. Health insurance has no rate increase for employees or the employer in 2016 for two years in a row.

A new budget unit with a budget of \$143,940 is the Bright Futures Weld County program and the donations and tax credits that support it. The program offers student grants from donations to eligible Weld County high school graduates, students earning GEDs and veterans pursuing post high school education or training. Under SB 15-82 the county is authorized to allow the use of county property tax incentive payments or credits to taxpayers contributing to the program for workforce development. Besides the administrative costs the county is funding \$15,000,000 in property tax incentive payments or credits to taxpayers contributing to the program in 2015. The \$15,000,000 will be placed in a trust fund for tax incentives and the donations will be in a separate trust fund restricted for use for the student grants only.

The budgeted appropriations for Public Works in 2016 total \$101,184,933 up \$16,735,629. Municipal share back is funded at \$2,123,594. Budget reflects no increase in health insurance costs. 2016 salary increases are funds for step increases due employees in 2016 and a 3.0 percent cost of living salary adjustment is included in this budget for a total of \$336,611.

Other Public Works budget unit is budgeted at \$65,187,236 based on the Capital Improvement Plan (CIP). Purchased Services increased \$17,580,872 primarily for the construction of the Weld Parkway (WCR 49). There is \$45,000,000 for the CR 49 project, and \$3,100,000 for the SH392/CR 47 RAMP project. \$2,611,253 is budgeted for the Haul Route Program (HARP). For flood related projects there is \$6,000,000 (FHWA) for Bridge 53/58A, \$1,000,000 (FEMA) for Bridge 87/42.5A, \$1,500,000 (FHWA) for Bridge 1/344B, \$1,500,000 (FEMA) for Bridge 19/46.5A, and \$500,000 (FEMA) for WCR's 100,110, and 108. Other contract payments are for cement

(\$265,000), chip seal (\$135,000), and asphalt (\$250,000), seeding (\$50,000), low volume roads (\$293,747), BMP projects (\$125,000) and bridge rehabilitation (\$275,000). Fixed Charges total \$747,180 for right-of-ways funded at \$65,000 and, \$682,180 is carried over from 2015 for Bridge 68/59A.

Pavement Management is funded at an increased level of \$121,106 due to converting three seasonal employees to full time. The Trucking budget is up \$24,361 due to an increase in the hauling contract. Mining operations are up \$2,708,880 to fund contract mining and hauling at the Koenig Gravel Pit. Seasonal staffing is down \$257,926 even with the cost of living adjustment due to converting seven positions to full time status in other departments. Seasonal employees will go from 54 to 47 in 2016. Motor grader operations are up \$224,046 primarily due to the increased purchase of dust palliative in 2016 for energy development impacted roads. Bridge Construction is up \$47,466 primarily due to converting two seasonal positions to full time. Other operating budgets for road and bridge maintenance are funded at near the 2015 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.

Change continues to be the only constant for the Weld County Department of Human Services. The 2014 and 2015 State Legislative sessions produced several bills that will greatly impact the programs and services provided. HB 14-1317 implemented numerous changes to the Child Care Assistance Program. To implement the bill, we have expanded the eligibility criteria for the program, modified the client co-pay structure, and are developing a tiered reimbursement process to encourage high quality certification of our providers. SB 15-012 will likely not be fully implemented for several years, due to the changes in technology it requires. However, once implemented, it will significantly impact the workload demanded from our eligibility technicians and Child Support staff, as well as placing further strain on our already depleted Colorado Works Reserve funds. SB 15-242 began the implementation of expanding the Child Welfare staffing, across the State, in reaction to the 2014 Colorado Child Welfare Workload Study. Weld County received funding for four additional Child Welfare Caseworkers and Supervisors. Additionally, the Child Welfare Division will continue to participate in the State-wide Title IV-E (Foster Care and Adoption Assistance Entitlement Grant) Waiver Project, designed to provide permanent connections for children entrusted to our care, expanding the scope of the project to include trauma-informed care services.

Medicaid caseloads have grown significantly in the past several years, partially due to economic factors and partially due to Colorado's implementation of the Affordable Care Act. From January 2013, to May 2015, the number of Weld County residents enrolled in Medicaid has grown by from 39,360 to 67,732, a 72% increase in just 29 months. Approximately 25% of Weld County residents are now enrolled in Medicaid.

The total Social Services Fund budget is \$34,521,500. The programs are funded by property tax of \$9,636,565, state and federal funds of \$24,884,935, and the potential use of fund balance to cover unanticipated cost overruns. The department is requesting a total of twenty-three (23) positions including three (3) Customer Navigators, one (1) Training and Technology Manager, one (1) Service Coordinator, four (4) Income Maintenance Technicians, two (2) Fraud Investigators, one (1) Operations Manager – North County, and one (1) Program Resource Specialist in County Administration, one manager in Child Support, four (4) in Child Welfare, and five (5) in Adult Protection. The Board approved all positions requested except one (1) Training and Technology Manager, one (1) Service Coordinator, and one (1) Customer Navigators in the final budget.

The Human Services Fund is funded at \$8,346,812 for 2016, which is up \$525,337 or 6.72 percent, from the previous year, even though there are major shifts in funding by program.

Community Services Block Grant is up \$157,987, and Senior Nutrition programs are up \$63,354. Department of Labor programs are down \$12,600. Area Agency on Aging is up \$304,245 or 9.59 percent.

The Department of Public Health and Environment's total 2016 budget is \$10,189,955. The department remains challenged to keep pace with service needs as the county population continues to grow and more families are living in poverty. The complexity of work, shortage of qualified Public Health personnel and intermittent surges in activity (e.g., disease control and investigation of various communicable diseases endemic to our region, oil and gas expansion, etc.) create unique staffing issues that stress routine operations. The proposed 2016 budget was prepared to ensure adequate resources will be available to efficiently and effectively deliver essential services to the increasing number of residents and businesses in Weld County.

On the revenue side of the budget, property taxes are budgeted at \$180,543,870, the maximum amount under the Weld County Home Rule Charter's property tax limitation and TABOR. Revenue from interest earnings are up \$300,000 at \$1,400,000 for 2016, as interest rates are projected to move up during the course of the year. Planning and Building Inspection fees are up \$1,340,000 due to all the oil and gas activity in the County and an upturn in development. Intergovernmental revenues are up \$84,848 primarily due to higher District Attorney grants of \$28,163, and the Juvenile Restorative Justice grant (\$96,531). Charges for Services are down \$160,907 primarily from charges related to the District Attorney discover fees (\$42,500), Elections (\$30,000), GIS (\$40,000), and Sheriff concealed weapons permits. Fines from traffic enforcement are up \$159,500 due to all patrol staff working traffic and not just the traffic enforcement unit with the new Sheriff's reorganization. Indirect cost recovery is up \$1,815,321 due to Social Services' allocation. All other revenues are relatively stable with little change.

The 2016 resources for Public Works total \$122,152,360, which includes a fund balance of \$47,000,000, in addition to the revenue shown in the budget. Property tax is set at \$16,500,000 same as last year. Specific ownership tax is estimated to be \$9,000,000, up \$1,600,000 from 2015, as vehicle sales recover. Total HUTF will be \$9,900,000 up \$200,000 from 2015. Permit revenues are budgeted at \$500,000. Motor vehicle registration fees are \$340,000, and grazing fees are \$360,000. Oil and gas revenues are \$14,000,000. Federal mineral lease revenues are \$1,425,000, and PILT is budgeted at \$40,000.

Other revenues from project reimbursements total \$19,087,360, which are up \$3,539,360. Transportation impact fees are budgeted at \$1,500,000. There are Energy Impact Assistance grants of \$5,300,000 with \$4,500,000 for the CR 49 project and \$800,000 for four Tier1 projects. There is one state grant to finish Bridge 68/59A for \$545,744. There are four flood project grants for Bridge 87/42.5A (\$1,225,000), Bridge 19/46.5A (\$1,200,000), Bridge 13/44B (\$1,200,000), and Bridge 53/58A (\$5,374,026). FEMA grant of \$400,000 for CR's 120,110, and 108. There is RAMP funding of \$1,842,590 for the intersection of CR 47/392. \$2,000,000 is anticipated from the sale of the Hokestra Gravel Pit Cell 2. Severance tax is budgeted at \$2,500,000. In accordance with the policy adopted by the Board of County Commissioners in 2010, the severance tax revenue is budgeted at a five year leveling average due to the fluctuations of the revenue created by the price and production levels of oil and gas commodities.

The 2016 Budget contains adequate resources to provide a level of service similar to 2015. The operational plan supported by the 2016 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 long term structural budget 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 cursive script that reads "Donald D. Warden".

Donald D. Warden, Director
Finance and Administration