

FINANCIAL

SECTION





A Professional Corporation of  
Certified Public Accountants

### Independent Auditors' Report

Board of County Commissioners  
Weld County, Colorado

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of Weld County, Colorado, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Weld County Housing Authority (the Authority), whose assets totaled \$2,508,586 and whose revenues totaled \$3,259,218 of the aggregate discretely presented component units and remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Weld County, Colorado, as of December 31, 2019, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements and schedules, the Local Government Highway Report, and the schedule of expenditures of federal awards required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Weld County, Colorado. Such information is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Accounting principles generally accepted in the United States require that management discussion and analysis, supplementary pension and OPEB information, budgetary comparison schedules and information on the modified approach for reporting infrastructure be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020 on our consideration of Weld County, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Weld County, Colorado's internal control over financial reporting and compliance.

*Anderson & Whitney, P.C.*

June 29, 2020

## Management Discussion and Analysis

This section of the report provides readers with a narrative overview and analysis of the financial activities of Weld County for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the letter of transmittal and basic financial statements to enhance their understanding of the County's financial performance.

### FINANCIAL HIGHLIGHTS

- Weld County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$868.0 million at the end of 2019. Of this amount, \$158.4 million may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$709.6 million is invested in capital assets or restricted by law.
- The County's General Fund balance was \$54.6 million as of December 31, 2019. Of this amount, \$1.2 million for non-spendable assets, \$23.3 million is restricted; \$8.2 million committed for economic development; \$3.1 million for encumbrances. The remaining \$18.8 is available to meet the ongoing obligation to citizens and creditors.
- The 2019 General Fund balance of \$54.6 million is 36.8% of 2019 General Fund operating expenditures plus net operating transfers. The County Commissioners' goal is to keep fund balance at no less than 5%. The Board has not budgeted any expenditures from the fund balance in 2020.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements for non-major funds, a statistical section, and information regarding federal grant programs.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the remaining difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Weld County's governmental activities include general government, public safety, streets and highways, health and welfare, auxiliary, culture and recreation, and economic assistance. The County has one business type activity — operation of the regional forensic laboratory.

The government-wide financial statements include not only Weld County itself (known as the primary government), but also legally separate entities which have a significant operational or financial relationship with the County. These entities, known as blended component units, include local improvement districts, Finance Corporation, Weld County Retirement Plan, Pioneer Law Enforcement Authority, and Beebe Draw Law Enforcement Authority. Discretely presented component units are Housing Authority and E-911 Emergency. More information on the functions of these entities can be found in Note 1 to the financial statements.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Weld County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Weld County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Weld County maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works Fund, Social Services Fund, Weld County Trust Fund, Capital Expenditures, and Contingent Fund, all of which are considered to be major funds. Data from the other six funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on page 28 of this report.

**Proprietary funds.** Weld County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Weld County has one enterprise fund, the Northern Colorado Regional Forensic Laboratory. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Weld County uses internal service funds to account for its fleet maintenance, phone services, Weld Finance Corporation, and self-insurance activities. Because these services predominantly benefit governmental rather than business-type functions, they have been commonly included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Northern Colorado Regional Forensic Laboratory Fund, an enterprise fund of the County. The remaining proprietary funds, all of which are internal service funds, are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on page 35 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* included in the government-wide financial statements because the resources of these funds are not available to support Weld County's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38 through 39 of this report.

**Budgetary Comparisons.** Weld County adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all major funds on pages 101 to 111 of this report. Budget to actual comparisons for each of the non-major funds are provided in other schedules elsewhere in this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 92 of this report.

**Other information.** The *combining statements* referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the financial statements and can be found on pages 118 and 134 through 150 respectively.

## COUNTY-WIDE FINANCIAL ANALYSIS

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2019, assets and deferred outflows exceeded liabilities and deferred inflows by \$868.0 million.

The following table provides a summary of the County's governmental and business-type net position for 2018 and 2019.

**Table 1**  
**Net Position**  
(in Millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
<b>Assets</b>						
Current and other assets	\$ 450.44	\$ 591.56	\$ 0.34	\$ 0.41	\$ 450.78	\$ 591.97
Capital assets	444.96	484.98	3.69	3.66	448.65	488.64
Total Assets	895.40	1,076.54	4.03	4.07	899.43	1,080.61
<b>Deferred Outflows</b>						
Pension Plans	42.96	73.43	-	-	42.96	73.43
Other Post Employment Benefits	0.06	0.07	-	-	0.06	0.07
Total Deferred Outflows	\$ 43.02	\$ 73.50	\$ -	\$ -	\$ 43.02	\$ 73.50
<b>Liabilities</b>						
Current and other liabilities	\$ 23.80	\$ 28.53	\$ 0.19	\$ 0.16	\$ 23.99	\$ 28.69
Long-term liabilities	15.83	17.75	-	-	15.83	17.75
Total Liabilities	\$ 39.63	\$ 46.28	\$ 0.19	\$ 0.16	\$ 39.82	\$ 46.44
<b>Deferred Inflows</b>						
Property Taxes	\$ 179.68	\$ 239.67	\$ -	\$ -	\$ 179.68	\$ 239.67
Pension Plans	5.43	-	-	-	5.43	-
Other Post Employment Benefits	0.02	-	-	-	0.02	-
Total Deferred Inflows	\$ 185.13	\$ 239.67	\$ -	\$ -	\$ 185.13	\$ 239.67
<b>Net Position</b>						
Invested in capital assets	\$ 444.96	\$ 484.98	\$ 3.69	\$ 3.66	\$ 448.65	\$ 488.64
Restricted	123.13	220.97	-	-	123.13	220.97
Unrestricted	145.57	158.14	0.15	0.25	145.72	158.39
Total Net Position	\$ 713.66	\$ 864.09	\$ 3.84	\$ 3.91	\$ 717.50	\$ 868.00

A portion of Weld County's net position (18.2%) represents unrestricted net position of \$158.39 million, which may be used to meet the County's ongoing obligations to citizens and creditors.

Another significant portion of the County's net position (56.3%) reflects its investment in capital assets. These assets include land, buildings, machinery, equipment and infrastructure. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$220.97 million of the County's net position (25.5%) represents resources that are subject to external restrictions on how they may be used. Included in this category is the TABOR emergency reserve of \$8.00 million, \$4.73 million in reserve for insurance claims, \$14.47 million for health, economic and social assistance programs, \$117.17 million for road and bridge maintenance and \$76.60 million for other purposes.

At the end of 2019 Weld County had positive balances in all three categories of net position.

**Changes in Net Position.** Governmental and Business-type activities increased the County's net position by \$150.50 million in 2019. The table indicates the changes in net position as a result of activities for the governmental and business-type activities in 2018 and 2019.

**Changes in Net Position**  
(in Millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 72.01	\$ 78.06	\$ 0.23	\$ 0.34	\$ 72.24	\$ 78.40
Operating grants and contributions	39.83	44.57	0.00	0.00	39.83	44.57
<b>General revenues:</b>						
Property taxes	143.75	168.77	0.00	0.00	143.75	168.77
Other taxes	13.68	16.85	0.00	0.00	13.68	16.85
Other revenues	30.74	88.36	0.00	0.00	30.74	88.36
Total revenues	<u>\$ 300.01</u>	<u>\$ 396.61</u>	<u>\$ 0.23</u>	<u>\$ 0.34</u>	<u>\$ 300.24</u>	<u>\$ 396.95</u>
<b>Expenses</b>						
General government	\$ 53.33	\$ 59.00	\$ 0.00	\$ 0.00	\$ 53.33	\$ 59.00
Public safety	69.05	74.87	0.00	0.00	69.05	74.87
Streets and highways	56.74	49.66	0.00	0.00	56.74	49.66
Culture and recreation	2.18	2.29	0.00	0.00	2.18	2.29
Health & Welfare	54.49	51.02	0.00	0.00	54.49	51.02
Economic Assist	8.15	9.34	0.00	0.00	8.15	9.34
Forensic Crime Lab	0.00	0.00	0.21	0.27	0.21	0.27
Total expenses	<u>243.94</u>	<u>246.18</u>	<u>0.21</u>	<u>0.27</u>	<u>244.15</u>	<u>246.45</u>
Increase (decrease) in net position						
before Transfers	56.07	150.43	0.02	0.07	56.09	150.50
Transfers	0.00	0.00	0.00	0.00	0.00	0.00
Net Position Beginning	<u>657.59</u>	<u>713.66</u>	<u>3.82</u>	<u>3.84</u>	<u>661.41</u>	<u>717.50</u>
Net Position Ending	<u>\$ 713.66</u>	<u>\$ 864.09</u>	<u>\$ 3.84</u>	<u>\$ 3.91</u>	<u>\$ 717.50</u>	<u>\$ 868.00</u>

*Governmental Activities.* Governmental activities increased Weld County's net position by \$150.43 million in 2019. Key elements of this increase are as follows:

- Total revenues were up \$96.60 million, 32.20% from the prior year, with a increase in property taxes (\$25.02) million) and other revenues (\$57.62) million) with a decrease in oil and gas royalties offset by increases in earnings increased and the sale of land. Charges for services (\$6.05 million) and operating grant revenues (\$4.74 million) increased over prior years amounts.
- Expenses totaled \$246.18 million. This represents a 0.92% increase as all categories of expenses, general government (\$5.67 million), public safety (\$5.82 million), streets and highways (\$7.08 million), health and welfare (\$3.47 million), culture and recreation (\$0.11 million), and economic assistance (\$1.19) million) increased in 2019.

*Business-Type Activities.* The County's only business-type activity, Northern Colorado Regional Forensic Laboratory, net position increased \$0.07 million. The crime lab began operations in August 2013 and is funded by the participating agencies.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Weld County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds Overview.* The focus of County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2019, the combined ending fund balance of County governmental funds was \$252.72 million. Of this amount approximately \$21.65 million represent an investment in non-spendable items (\$1.25 million inventory, and \$20.40 million in prepaid items). Another \$144.31 million of fund balance is restricted use for emergencies (\$8.00 million), public works (\$99.69 million), health, welfare and economic assistance (\$20.57 million), and other programs (\$16.05 million). Fund balance committed to economic development (\$8.15 million), capital projects (\$34.74 million), contingencies (\$17.48 million), and environmental conservation (\$4.50 million) is \$64.87 million. Another \$3.11 million is assigned to budget appropriations and \$18.78 million is unassigned to continue providing services to the general public.

The County has six major governmental funds. These are 1) General Fund; 2) Public Works Fund; 3) Social Services Fund; 4) Weld County Trust Fund; 5) Contingent Fund; 6) Capital Expenditures Fund.

1. General Fund. This is the primary operating fund of the Weld County Government. It accounts for many of the County's core services, such as law enforcement, planning, and elections. The general fund balance was \$54.60 million as of December 31, 2019, an increase over the \$53.82 million fund balance as of December 31, 2018. In 2019 General fund revenues increased \$8.64 million, as all types had increases over 2018 levels lead by taxes, fees and miscellaneous revenues. General fund expenditures, up \$6.67 million in 2019, fluctuated by category as general government, public safety, public works, culture and recreation, and capital expenditures all increased offset by a decrease in capital expenditures. Expenditures for public health and welfare and economic assistance remained constant. Operating transfers out increased in 2019 with additional transfers to the Social Service fund for program costs, Capital fund for projects, and internal service funds for insurance claims reserves. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.73% of total 2019 expenditures, while total fund balance is 39.90% of the same amount.
2. Public Works Fund. The Public Works Fund is state mandated. The fund records costs related to County road and bridge construction and maintenance. The Public Works Fund had \$100.83 million in fund balance at the end of 2019. This amount was \$38.87 million more than the previous year. In 2018 Public Works Fund expenditures decreased in 2019, \$19.49 million, as expenditures continue to drop to normal rates now that the historic County Road 49 and 47 projects are complete. Revenues were up in 2019 by \$16.47 million as increases in taxes and intergovernmental revenues were offset by a drop miscellaneous revenues from oil and gas royalties.
3. Social Services Fund. The Social Services Fund is mandated by State Statute. This fund accounts for the local share of many Federal and State public welfare programs. The fund carried a \$3.65 million balance at the end of 2019 up \$2.25 million from its balance in 2018 primarily due to a transfer in of \$2 from the General Fund.
4. The Weld County Trust Fund accounts for funds held in trust with the Weld Trust, a Colorado nonprofit corporation recognized by the Internal Revenue Service as an exempt charitable organization under Internal Revenue code section 501(c)(3), for charitable purposes to benefit the citizens of Weld County.
5. Contingent Fund. The Contingent Fund records any property tax revenue levied by the Board of County Commissioners to cover reasonable unforeseen expenditures. The fund balance increased by \$13.51 million in 2019.
6. Capital Expenditure Fund. The Capital Expenditure Fund accounts for the construction of major capital facilities. These are the construction of grader sheds, public works addition, building improvements and special projects.



## PROPRIETARY FUNDS OVERVIEW

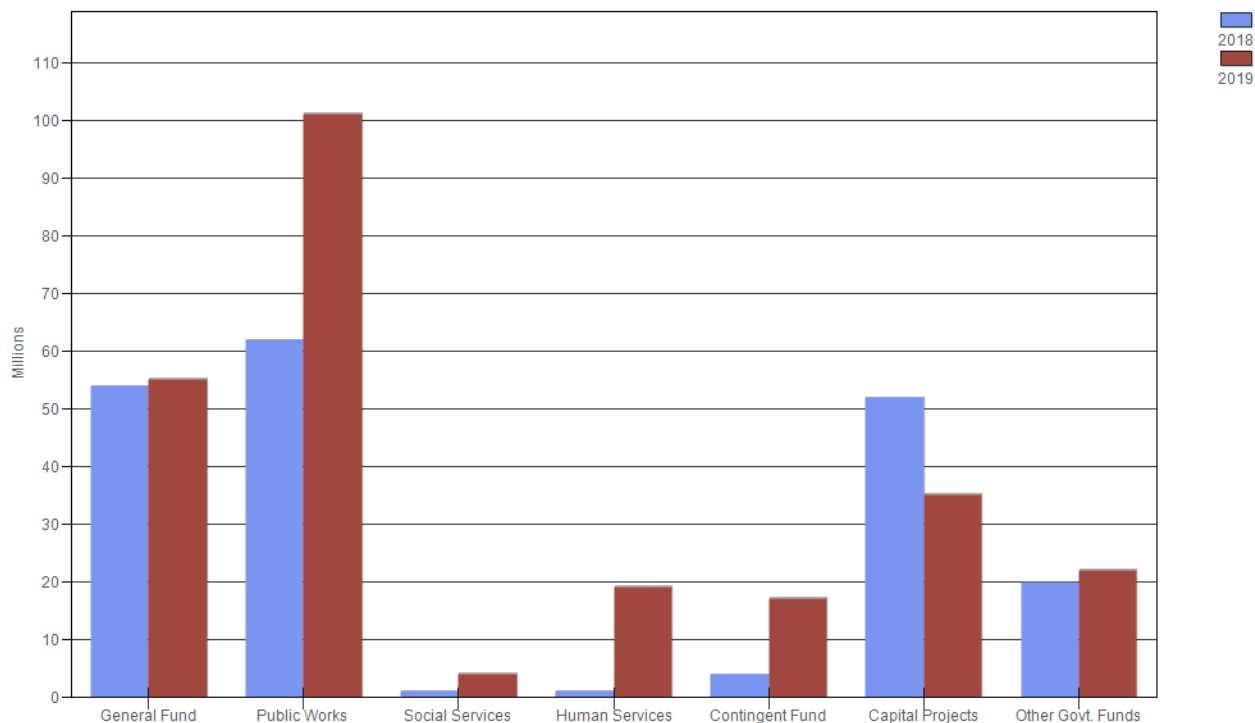
The County's proprietary fund statements provide the same information found in the government-wide statements, but in more detail.

The County has one enterprise-type fund, The Northern Colorado Regional Forensic Laboratory. The crime lab began operations in August 2013 and is funded by participating entities.

Weld County has four internal service funds. Information on these funds is aggregated in the Proprietary Fund financial statements.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Comparison of Total Fund Balances as of December 31, 2018 and 2019



The County's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

In December of 2018, the Board of County Commissioners appropriated \$140.85 million for general fund expenditures and other financing uses for 2019.

Table 3

### 2019 General Fund Budget

(in Millions)

	Original Budget	Amendments	Final Budget	Actual
Revenue and other financing sources	\$ 136.27	\$ 7.11	\$ 143.38	\$ 149.29
Expenditures and other financing uses	\$ 140.85	\$ 16.43	\$ 157.28	\$ 148.51

During 2019 mid-year budget amendments included:

- \$17 million transferred to the Retirement Fund from the Contingent Fund to lower the earnings assumption from 7.00% to 6.50%
- \$3.04 million re-appropriation for Engineering projects
- \$4.0 million transferred to Capital Expenditure Fund for building purchases from General Fund
- \$3.5 million transferred to General Fund from Health Fund due to lower PERA liability in the Health Fund
- \$0.3 million State grant for elections equipment
- \$1.23 million midyear revenue and expenses to create the Oil and Gas Energy Department
- \$0.5 million for insurance claim reserves in the Insurance Fund
- \$2.95 million for adjustment for final enrollment and claims and in the Health Insurance Fund
- \$1.00 million transfer from E911 Fund to the General Fund for equipment reimbursement
- \$2.0 million transfer to Social Services from General Fund
- Supplemental appropriations were made to various departments for salary and benefit reallocations.

The increase was possible because of excess fund balance, various departments under spending their budgets, and additional unanticipated revenues. Those revenues included planning and building permits (\$1.0 million), Treasurer's fees (\$0.5 million) oil and gas royalties (\$1.0 million) unanticipated grant revenues (\$1.1 million), and interest earnings (\$0.5 million).

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** Weld County's investment in capital assets for its governmental and business type activities as of December 31, 2019 totals \$488.64 million (net of accumulated depreciation). This investment includes all land, buildings, machinery, equipment, intangible assets and infrastructure. Total capital assets increased 8.9% in the current fiscal year.

Major capital asset events during the current fiscal year include the following:

- Construction of West Annex of the North Jail \$2.71 million.
- Social Service building remodel \$2.19 million.
- Purchase of buildings at 1250 H Street \$3.68 million, and 1301 North 17th Avenue \$2.70 million.
- Remodel of 822 7th Street \$0.82 million
- Centennial Complex remodel \$.58 million.
- Special projects and building upgrades \$1.75 million

The County implemented the "depreciation method" under GASB 34 for its road and bridge infrastructure assets, except for the gravel roads, where the "modified approach" was used. The County's policy is to maintain gravel roads at a condition of fair or better. This level of condition is being maintained consistently on over 98% of miles of road.

Additional information on the County's capital assets can be found in Note 6 of this report. Construction commitments are discussed in Note 13.

**Long-term Debt.** At December 31, 2019, Weld County had no outstanding long-term debt or debt from Certificates of Participation (COP). The last COP was paid off early on August 1, 2007.

The Weld County Home Rule Charter provides for a general obligation debt limit of 3% of assessed valuation. The county had a general obligation debt capacity of \$471.97 million in 2019. The county currently has no debt subject to the limitation. No new debt was issued in 2019.

Additional information on Weld County's debt can be found in Note 8.

**Other Matters.** The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2020 budget.

- The new department of Oil and Gas Energy will be staffed with 15 FTE to regulate Oil and Gas operations under SB 19-181 with full cost recovery through permit fees.
- Increased staffing in the District Attorney's office to accommodate two new district court judges
- New election mandates from HB 19-1278 will increase election costs by nearly \$1.5 million
- Management of records & evidence will transition from Greeley Police to the Sheriff's Office beginning January 1, 2021.
- A new morgue will be constructed for the Coroner
- The public safety information system (Spillman) will be updated or replaced.
- The 2020-2024 Capital Improvements Plan for facilities is funded at \$75,275,000
- Fund the oil & gas revenue fluctuation reserve in the Contingency Fund at \$60.0 million.
- Communications will phase in recovering 40% of costs through user fees versus 20%
- Public Trustee function will move under the County Treasurer July 1, 2020
- 29.00 FTE in the Sheriff's Office will be added in 2020
- Capital investment in the County's information technology infrastructure for data center storage and fiber redundancy total \$2,250,000
- Open a Southwest Weld Substation booking function to serve South County law enforcement agencies
- Complete construction of the \$45 million jail expansion
- Fund increased salary adjustment for all sworn Sheriff officers to be competitive with other Front Range law enforcement agencies
- Continue efforts to control health care costs for county employees/dependents with no rate increases in 2020.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Weld County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or for additional financial information should be addressed to the Director of Finance and Administration, 1150 O Street, Greeley, CO 80631. Request for additional information regarding the Housing Authority should be addressed to Tom Teixeira, Executive Director, Weld Housing Authority, 903 6th Street, Greeley, CO 80631.