



DEPARTMENT OF FINANCE AND ADMINISTRATION

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Weld County Board of Commissioners
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Board Members:

As Weld County begins 2019 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 2019 Final Budget for operations and capital outlay totals a gross amount of \$287,301,717 with a net of \$281,277,995 when interfund transfers are excluded. The Proprietary Funds total an additional \$33,978,972. The budget has been prepared in accordance with your directives developed during the budget process. The budget is funded with revenue estimates of \$164,422,178, anticipated fund balances of \$92,690,000, and the maximum allowed property tax under Amendment One (TABOR) and the Weld County Home Rule Charter of \$173,539,158.

2019 BUDGET HIGHLIGHTS

- Assessed value increased 25.1%, or \$2.315 billion primarily due to oil and gas.
- Decrease the mill levy by 0.762 mills to 15.038 mills with a 7.0 mill temporary tax credit.
- Add 72.25 FTE in county departments to cope with growth and workload demands.
- Fund the oil and gas revenue fluctuation reserve in the Contingency Fund at \$36.0 million.
- Perform all wireless radio maintenance in-house for all agencies using Weld County Regional Communications Center.
- Implement a Body Worn Camera program in the Sheriff's Office.
- 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 adjustments for all sworn Sheriff officers to be competitive with other Front Range law enforcement agencies for recruitment and retention of officers.
- State increased categorical eligibility requirements for the Supplemental Nutrition Assistance Program (SNAP) from 130% to 200% of the Federal Poverty Level, which will result in a growth in the caseload and benefit payments paid.

FINANCIAL PLAN

ECONOMIC CONDITIONS AND OUTLOOK

According to the Colorado Legislative Council staff economic forecast the U.S. and Colorado economic activity is expected to continue to improve during the remainder of 2018 and 2019. The current economic recovery and expansion has reached the second longest on record. In the late stages of expansion, both the national and state economies are feeling the constraints of a tightening labor market. Employment growth continues to slow and wage pressures are mounting. Workers are being lured back into the labor force by more attractive job offerings and higher pay, fueling continued growth. However, the constraints of the tight labor market and demographic drag from a larger share of the population moving into retirement will persist, dampening longer-term business growth prospects.

Business activity continues to rebound, as indicated by further improvements in industrial production, manufacturing activity, and exports. Stronger global economic activity will continue to put upward pressure on commodity prices, supporting agricultural and energy industries. A depreciating U.S. dollar and rising global demand will spur additional growth in U.S. exports. However, geopolitical risk and trade policy uncertainty continue to pose downside risks to the forecast.

The passage of the federal Tax Cuts and Jobs Act (TCJA) has provided a boost to business investment, which is expected to produce future productivity gains. Rising wages and tax cuts to households are expected to support consumer activity in the near-term. However, the near-term stimulus from the TCJA could come at the cost of longer-term growth. Inflationary pressures are mounting and signal increasing risk that the economy is overheating. Additional interest rate hikes are expected to reign in inflationary pressures. However, the timing and pace of rate hikes could cause shifts in investor holdings that kindle financial market volatility.

In Colorado, high housing costs will continue to constrain in-migration to the state, contributing to an even tighter labor market. Unless wage gains can offset the rising cost of living, consumer spending will slow.

Weld County and Northern Colorado continue to have one of the best performing economies in the state. After weathering weakness in the oil and gas sector in 2016, the regional economy regained momentum in 2017. The region added jobs at the fastest pace in the state, and the unemployment rate continues to hover near historical lows. Population growth and a strong labor market have boosted demand for housing and nonresidential real estate.

The labor market in Northern Colorado is the strongest in the state. Dependent on a broad base of industries, the region's two metropolitan statistical areas (MSA), Fort Collins-Loveland and Greeley, posted the fastest metro area job growth rates in the state, increasing 3.7 percent and 3.3 percent in 2017, respectively. Employment growth rebounded in the Greeley MSA as energy industries increased investment in the Denver-Julesburg Basin in response to stabilizing oil

prices. Area unemployment continues to fall as employment gains outpace growth in the labor force. The Fort Collins-Loveland unemployment rate is the lowest among metro areas in the state at 2.3 percent, while Greeley's is not far behind at 2.5 percent.

Agriculture is one of the top industries in the county. The industry has struggled over the past few years. An excess supply of agricultural commodity supplies has kept prices low. However, an improving global economy and weak U.S. dollar have modestly increased commodity prices, as demand for U.S. agricultural products has improved. New tariffs may adversely impact the agricultural product demand.

Oil production in Weld County has dominated statewide production for over a decade. In 2017 and 2018 oil production levels have improved after a decline in 2016. Energy companies active in the county significantly slowed their investments in 2015 and 2016 in response to low oil prices, which has a lagged effect on production. While the number of active drilling rigs is only about half the number that were operating in Colorado before oil prices collapsed, it is 95 percent higher than levels a year-ago. Natural gas production in the county has modestly increased in 2017 and 2018. Oil and gas production has picked up in 2018.

The county's residential real estate market remains robust. A strong labor market, high net immigration to the region, and the availability of land for development have supported strong demand for new residential construction. Residential construction in Weld County, which declined in 2016 with the slowdown in energy activity, rebounded in 2017, growing 16.4 percent from the prior year, and continues to recover in 2018. Activity in the nonresidential construction industry also fared well in 2017 and 2018.

2019 BUDGET PLAN AND FOR THE FUTURE

Weld County's elected officials and manage team have demonstrated strong financial and strategic leadership through challenging times. There has been a commitment by the leadership of the county to create a vision for the future and carefully manage the resources required to achieve the vision. This has established Weld County as a State and national leader in financial stewardship, innovation and collaboration, economic and workforce development, and community engagement and investment. The residents of Weld County benefit by this steadfast adherence to the county's adopted financial management policies, and investment in maintaining core programs and services.

Although the economy continues to thrive, and the oil prices have stabilized recently, ensuring adequate and stable long-term funding for county programs and services will remain a challenge. The reliance on the assessed value generated by oil and gas production in the county requires continued caution when expanding ongoing operational costs, and ensuring an adequate contingency reserve is maintained to deal with oil and gas price and production fluctuations over time. County governments' reliance on federal and State funding bears careful monitoring given the specter of election-driven policy changes and fiscal challenges at both the State and Federal levels that could result in funding cuts or further shift of program responsibilities to counties without adequate financial resources.

Weld County residents rely on many important County provided health, public safety, economic assistance services, and the county transportation system. Long-term financial issues such as meeting the needs of the increased population in the county, growing transportation system needs, capital projects, ensuring we do not defer major maintenance needs, the growing jail inmate population, increased cost of health care, employee salary and benefits, and economically sensitive revenue sources will continue to challenge our limited discretionary resources. Careful

assessment of existing services, diligent review of proposed services and strategic decisions about the use of available resources will be vitally important over the next few years to focus on effective and efficient service delivery and long-term financial stability.

The 2019 budget must continue to emphasize long-term planning and investment consistent with the Weld County Strategic Plan and the *Strategic Investment Plan for the Future of Weld County*. The 2019 budget must address: 1) investment in the long term; 2) continue to strengthen financial management; 3) improve County operations; 4) investment in technology; and 5) focus on employee engagement and workforce development.

Investment in the long term includes:

- Investment in the transportation system infrastructure as outlined in the Five-Year Public Works Capital Improvement Plan addressing the strategic roads of the county and the maintenance of the current road and bridge infrastructure.
- The Five-Year Capital Expenditure budget addresses facility needs of the County with a major one being the \$45 million jail expansion. In addition, the plan includes resources to fund major maintenance to the general government buildings.
- Insure the long term sustainable funding for the Bright Futures program to help develop the future workforce for Weld County.

Continue to strengthen financial management includes:

- Maintaining a healthy contingency reserve of \$36 million to deal with economic downturns and/or the volatility of oil and gas prices and production.
- Maintain a strong fund balance in the Public Works Fund to be able to respond to emergency situations, such as the 2013 flood.
- Continue to plan to fund capital projects on a cash basis.
- Maintain a fully funded pension plan and move towards reducing the valuation interest assumption to 6.25% by 2020.
- Continue the policy of no debt, no sales tax, and one of the lowest mill levies in the state.

Improve County operations includes:

- Continued deployment of Lean. The County began to use Lean, a continuous improvement methodology in 2017. Significant process improvements have been made in many departments, including Motor Vehicle, jail booking, and Human Services operations. The County's Lean efforts are evolving from a centralized group in Information Technology to broader deployment throughout county departments involving their own staff.
- Continue our success with the County's wellness program and other efforts to manage employee health care costs.
- Continue to fund the innovation program for identified innovative programs in county departments.
- Ongoing evaluation of best practices and maximizing the value of our county vehicle fleet with the Fleet Services now being operated with in-house staff and management.
- Weld County has long been committed to being one of the best run governments in the State and nationally by being a government that earns trust through effective stewardship of resources, improved performance, and processes and results that create positive outcomes for all Weld County residents. Further advancement towards the best run government requires a strong focus on measurable results; collaboration with other

entities, customers, and partners in the community; engaged and innovative employees; and continuous improvements in operations.

Investment in technology includes:

- Maintain a robust IT security framework that is built on industry best-practice.
- Embrace the spirit and potential value-add of Cloud Computing to allow the County to leverage the potential increase in system availability, application stability, security, and functionality of services associated with Cloud Computing.
- Consolidation and optimization of the network, voice, data center, enterprise applications and storage environments to keep capital and operational expenses low, while still providing a highly available and robust network and server environment.
- Provide for a Five-Year IT Capital Plan to keep the County's IT infrastructure state of the art.
- Create an annual IT strategic planning process to ensure resources are available at the appropriate time and the appropriate level in all areas of the county.
- Provide a mobile technology environment that is functional across all types of mobile devices and operating systems to provide anytime/anywhere computing for the appropriate job functions in Weld County.
- Develop and fund a five-year public safety IT capital improvement plan.
- Develop and fund a ten-year capital improvement plan for the Weld County Regional Communications Center.

Focus on employee engagement and workforce development includes:

- Invest in our workforce to encourage stronger employee engagement by creating a workplace culture that allows current employees to develop and thrive, and as well as attract and retain dedicated employees.
- Expand access to employee training and development. The county needs to expand leadership training for managers and supervisors to build their capability for coaching and developing employees, fostering continuous improvement, and modeling leadership.
- Create career pathways that better support employees' growth and development. An example is the recent changes in the Sheriff's Office promotion and pay step policies.
- Give more employees opportunities to access training and development programs.
- Provide and support mentorship programs and programs to support emerging leaders and provide for succession planning.
- Continue the invest in recruitment and retention programs for correctional officers.
- Where appropriate allow departments to implement flexible schedules to allow employees to achieve a work/life balance while still providing appropriate hours of service to customers and users.
- Plan ahead for the opening of an expanded jail by having correctional officers trained and in place for the opening of the expansion in late 2020.

In light of the challenges faced by departments, the 2019 budget development process must continue to be a collaborative effort by staff, department heads, and elected officials. The strategic plan, core values, and the financial policies of Weld County provide the cornerstone for the financial plan to achieve the county's goals and objectives. The Board of Weld County Commissioners provide the consistent leadership and fiscal oversight that maintains Weld County's financial stability and reputation. In support of this fiscal management, the team of department heads, elected officials, and finance staff provide the foundation of the system. The

Weld County team continues to mitigate challenging budget obstacles, the fluctuation of energy prices, and the state and federal fiscal realignments to insure strong leadership and stewardship of Weld County's long-term fiscal and operational integrity.

GENERAL GOVERNMENT FUNCTIONS

Revenue for general government functions, including General, Special Revenue, Capital Expenditures, Internal Service, and Enterprise Funds, total \$337,961,336 in 2019, an increase of 5.85 percent over 2018, primarily in property taxes, charges for services, and fees account revenues. The amount of revenue from various sources and the changes compared to 2018 are shown in the following tabulation:

	2019 Amount	2019 Percent of Total	2018 Amount	2018 Percent of Total	Increase - Decrease from 2017
Revenue Sources					
Property Taxes	\$173,539,158	51.4%	\$145,754,379	45.6%	\$ 27,784,779
Other Taxes	12,770,000	3.8%	13,630,000	4.3%	-860,000
Licenses and Permits	4,678,000	1.4%	4,473,750	1.4%	204,250
Intergovernmental					
Revenues	70,021,975	20.7%	73,012,071	22.9%	-2,990,096
Charges for Services	10,182,870	3.0%	9,558,280	3.0%	624,590
Miscellaneous Revenue	22,059,361	6.5%	27,302,514	8.5%	-5,243,153
Fee Accounts	13,481,000	4.0%	13,059,800	4.1%	421,200
Internal Service Charges	<u>31,228,972</u>	<u>9.2%</u>	<u>32,503,524</u>	<u>10.2%</u>	<u>-1,274,552</u>
TOTAL	<u>\$337,961,336</u>	<u>100.0%</u>	<u>\$319,294,318</u>	<u>100.0%</u>	<u>\$ 18,667,018</u>

Expenditures by function for the General, Special Revenue, Capital Expenditures, Internal Services, and Enterprise Funds total \$315,256,967 for 2019, which is a decrease of 3.72 percent over 2018. The major decrease is in Road and Bridge since the Weld Parkway was completed in 2018. The amounts by function and the increase over 2018 are as follow:

Expenditure Sources	2019 Amount	2019 Percent of Total	2018 Amount	2018 Percent of Total	Increase - Decrease from 2017
General Government	\$ 44,255,806	14.0%	\$ 41,662,912	12.7%	\$ 2,592,894
Social Services	43,480,800	13.8%	40,935,653	12.5%	2,545,147
Road and Bridge	63,100,278	20.0%	82,808,926	25.3%	-19,708,648
Public Safety	70,396,333	22.3%	68,886,032	21.0%	1,510,301
Human Services	8,589,762	2.7%	7,493,838	2.3%	1,095,924
Health	12,273,107	3.9%	11,790,668	3.6%	482,439
Capital	12,108,200	3.8%	10,775,000	3.3%	1,333,200
Public Works	8,404,319	2.7%	9,065,907	2.8%	-661,588

Expenditure Sources	2019 Amount	2019 Percent of Total	2018 Amount	2018 Percent of Total	Increase - Decrease from 2017
Contingency	10,000,000	3.2%	10,000,000	3.1%	0
Miscellaneous	6,829,350	2.2%	7,108,958	2.2%	-279,608
Culture and Recreation	994,848	0.3%	1,106,795	0.3%	-111,947
Auxiliary	845,192	0.3%	803,007	0.2%	42,185
Internal Services	<u>33,978,972</u>	<u>10.8%</u>	<u>35,003,524</u>	<u>10.7%</u>	<u>-1,024,552</u>
TOTAL	<u>\$ 315,256,967</u>	<u>100.0%</u>	<u>\$ 327,441,220</u>	<u>100.0%</u>	<u>\$ -12,184,253</u>

Capital Expenditures Fund: The Capital Expenditures Fund accounts for various capital improvement projects for county buildings. The 2019 program is funded at \$12,108,200, with \$11,000,000 in property tax, \$225,000 from capital expansion fees, \$300,000 from interest and fund balance reserve. Anticipated projects include \$1,500,000 for a Public Works facility in Johnstown, \$2,700,000 for an additional Public Works office and storage building, \$900,000 for Chase Building improvements, \$190,000 for communications equipment, \$500,000 to upgrade the Human Services section of the Southeast Weld Building, \$2,300,000 to upgrade Human Services Buildings, \$1,300,000 for a coroner facility, \$1,000,000 to remodel an office building acquired in 2018, and \$1,718,200 for special projects. A carry-over beginning fund balance of \$2,500,000 is anticipated, and \$1,916,800 ending reserve fund balance for the future jail expansion (\$566,800), Communications System reserve (\$850,000), and Downtown Greeley land reserve (\$500,000) is anticipated at the end of 2019.

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 nearly a \$350 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 2019 is \$3,850,000.

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 2019, 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 drop to 15.038 mills. The assessed value for the 2019 Budget is \$11,540,042,396, which is up \$2,315,081,686 or 25.1 percent over last year. The assessed value

for vacant land is down \$10.4 million, or 11.64 percent. Residential is up \$71.3 million, or 3.98 percent; and commercial property is up \$27.5 million, or 3.04 percent. Agricultural property is up \$4.5 million, or 2.12percent; industrial is up \$31.8 million, or 3.43 percent; natural resources is up \$3.6 million, or 19.01 percent; and State assessed property is up \$17.04 million, or 2.0 percent. The major increase is in oil and gas, up \$2.218 billion, or 48.09 percent, which is due to oil and gas prices and production being up. There is an actual value increase of new construction of \$3.657 billion, or 10.46 percent.

Employee Compensation Pay: For the 2019 budget, a salary increase of 3.0 percent to Weld County employees is included. Employees will get step increases for longevity and performance. In addition to the recommended 3% cost of living for all county positions there is an additional 2.5% increase for a total of 5.5% at a cost of \$601,260 for all Sheriff deputy and correctional officer career positions to remain competitive with other law enforcement agencies in the area. The strategy would be to do 5.5% salary increases in 2019, 2021, and 2021 to bring the positions to a more competitive level for recruitment and retention of law enforcement positions in Weld County and the Front Range of Colorado.

Health insurance rates will decrease 15% for the employees and the county for 2019. This will mean over the last five years health insurance rates have dropped 11.8%. 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 Aetna 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 \$92,690,000 to begin 2019. This is a slight drop from 2018 due to the funding of the \$45 million jail expansion, but still 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 \$115,394,369. 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 2019, 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 2019 budget. All other fund balance amounts are undesignated. With the above projection, ending fund balances should be \$125,394,369. The increase of approximately \$33 million in the ending fund balance is primarily attributed to adding \$32.0 million to the Contingency Fund. 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. All fund balances by fund stay the same or increase during 2019, except the Capital Fund which drops only slightly.

MAJOR FACTORS IMPACTING THE 2019 BUDGET

As Weld County begins 2019 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 2019 budget continue to be dominated by the oil and gas development in Weld County, population growth, 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 decade, 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 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. As discussed earlier the volatility of the oil and gas assessed values continue to be a major impact to the County's budget planning the last several years and will continue to be going forward with all the long-term energy development planned in the county by energy companies.

Finally, the 2019 budget must continue to emphasize long-term planning and investment consistent with the Weld County Strategic Plan and the *Strategic Investment Plan for the Future of Weld County*. The 2019 budget must address: 1) investment in the long term; 2) continue to strengthen financial management; 3) improve County operations; 4) investment in technology; and 5) focus on employee engagement and workforce development.

The General Fund is funded at the level of \$136,183,953 up \$4,639,220. The two major increases are in general government, and salary increases. Without including adjustments for cost of living, and salary step increases, the budget for general government functions is up \$3,007,819. Motor Vehicle is up \$359,583 with the addition of two office tech positions, and funding for temporary positions/overtime. The Assessor is up \$186,377 due to 2019 being a reappraisal year and the addition of two new appraisers. Building and Grounds is up \$205,097 for an additional carpenter position and inflationary building maintenance costs. Finance is up \$138,861 to add a Budget Manager as part of the succession planning in the department. With the growth in the county workforce and the tight labor market for recruitment and retention Human Resources is up \$436,589, and Accounting for the payroll function is up \$100,652. Planning is up \$337,712 for two mid-year positions, and the additional chargeback from Engineering of \$191,987. The Election budget is down \$523,064 since there will only be a consolidated general election in 2019.

Information Technology (IT) is up \$619,334 primarily due to increases in software maintenance (\$260,116), and computer equipment (\$290,500). Charge backs in the contra account are down \$100,000 due to recent usage trends by grant funded departments. IT capital is funded in accordance with the Five-Year Capital Improvement Plan with \$350,000 for computer equipment. \$500,000 is included for new technology and innovation projects, which is the same level as the last five years.

Public Safety functions are up \$223,620. However, if you adjust for the one-time expense for communications equipment in 2018 of \$3,738,985 Public Safety is up \$3,962,510. The overall net Sheriff's Office recommended budget is up in net county costs by \$1,960,230 or 4.50%. The Sheriff's Office has requested a total increase of 16.00 positions in 2019. Other positions within the Sheriff's Office are requested to be reclassified or moved to improve productivity instead of eliminating positions. The purpose of the increase is to meet staffing shortages based on the completed staffing studies of Patrol and Detentions as well as implement two new programs for the agency. One program is the Body Worn Camera (BWC) program, and the other is the Southwest Substation Booking Intake. As a result, Sheriff personnel costs are up \$1,5997,731. In addition to the recommended 3% cost of living for all county positions there is an additional 2.5% increase for a total of 5.5% at a cost of \$601,260 for all Sheriff deputy and correctional officer career positions to remain competitive with other law enforcement agencies in the area. The strategy would be to do 5.5% salary increases in 2019, 2020, and 2021 to bring the positions to a more competitive level for recruitment and retention of law enforcement positions in Weld County and the Front Range of Colorado. Supplies for the Sheriff are up \$155,478 with \$120,000 being for MDT computer replacements. Purchased Services are up \$464,153 for inmate medical

care (\$228,333), records contract with the City of Greeley (\$92,832), Body Worn Camera program (\$85,000) and \$58,000 for miscellaneous items. Capital is funded at \$205,998 with the largest expense being a body scanner for North Jail. Fixed costs are down \$176,196 for retention incentive payments. Revenues in the Sheriff's Office are up \$255,691 primarily from grants.

Coroner's budget is up \$143,606 primarily for the addition of one Deputy Coroner positions mid-year to deal with the office's workload, and autopsy costs. Communications is up \$475,701 with the addition of four dispatchers and three call takers due to E-911 call volume. However, the need for the positions is being reviewed and may not be recommended in the final budget. The E911 Authority requested an increase in the E911 surcharge from 70 cents to \$1.20 per phone per month to fund future capital needs. The State PUC approved the increase effective January 1, 2019. This will be in the E911 Authority budget but relieve the General Fund of these costs going forward. Office of Emergency Management is up \$105,659 primarily for an addition EM Coordinator position. Justice Services is requesting two positions for the pretrial program and four for the work release program due to growing caseloads to hold down the jail inmate population. Both programs are more cost effective compared to jail incarceration. Other Public Safety budgets are stable with little or no increases.

Engineering is down \$750,560 because the engineering and design fees have decreased for the Weld County Road WCR 49 south corridor and WCR 49/47 north corridor in the 2019 budget. General Fund's subsidy to the Public Health Department is up \$352,192 due to anticipated salary step and cost-of-living increases. The County Fair is down \$137,850 with the elimination of \$127,850 for a one-time expense for livestock panels, and \$10,000 in one-time costs to celebrate the 100th Anniversary of the Weld County Fair in 2018. An increase of \$1,105,194 is included for other General Fund departments' anticipated salary step and cost-of-living increases in 2019. Health insurance rates will decrease 15% for employees and the employer in 2019. This will mean health insurance rate decreased 11.8% in the last five years.

The budgeted appropriations for Public Works in 2019 total \$63,100,278 down \$19,708,648 primarily due the completion of the construction of the Weld Parkway (WCR47 and 49) in 2018. Municipal share back is funded at \$3,103,353. 2019 salary increases are for step increases due to employees, and a 3.0 percent cost of living salary adjustment in this budget for a total of \$654,542.

Other Public Works budget unit is budgeted at \$21,584,431 based on the Capital Improvement Plan (CIP). Personnel Services are up a total of \$254,357 for five additional seasonal workers (\$205,222) and \$49,135 for cost of living for 52 seasonal employees. Purchased Services decreased \$25,350,461 primarily due to the completion the construction of the Weld Parkway (WCR 47 and 49) in 2018. There is \$4,700,000 for the CR34/CR13 project, and \$1,506,654 for the joint project for CR 37/SH 52. \$4,000,000 for CR 29 from SH 15 to CR90. \$3,000,000 is budgeted for the Haul Route Program (HARP). For flood related projects there is \$2,600,000 (FHWA) for Bridge 53/58A. Other contract payments are for seeding (\$50,000), low volume roads (\$2,000,000), BMP projects (\$100,000), \$200,00 for the design of the CR 52 connector, \$90,000 for the Poudre Trail, \$250,000 for the Master Pollution Prevention Plan, \$200,000 for Weld Parkway maintenance, and bridge rehabilitation (\$275,000). Fixed Charges total \$920,000 for rights-of-way funded at \$50,000, and \$870,000 for a CDOT project for Bridge 44/33A.

Trucking is up \$350,000 to increase the number of weeks the contract trucks will be required to haul. Mining operations increased \$2,497,973 for the purchase of surface gravel, and crushing at the Hokestra Pit, and the North Pierce Diversion Channel. Gravel Road Management operations are up \$996,508 primarily due to dust palliative material costs, the addition of four positions and vehicles to increase road maintenance due to growth and energy traffic. Bridge Construction is

up \$388,394 primarily due to increased tonnage and material costs. Pavement Management is down \$196,188 due to reduced material costs offset by increases for four positions and equipment to create a concrete crew to maintain Weld Parkway. Other operating budgets for road and bridge maintenance are funded at near the 2018 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 Weld County Department of Human Services continues to adapt to the Legislative and Programmatic changes imposed on us from State and Federal levels. The funding for additional caseworkers, originally funded through SB 15-242 continues into Fiscal Year 2018-19, providing Weld County with funding for three additional positions, enabling the Department to assess and meet the needs of the community in a more deliberate and thorough manner. Concerns have been raised, both by counties and by the State of Colorado, as to the long-term sustainability of these activities, once the IV-E Waiver period is completed. The passage of the Family First Act provides a framework which may allow us to continue the creative practices we have implemented in recent years, without jeopardizing funding. The passage of SB 18-254 provides both opportunities and challenges in funding Child Welfare activities. Weld County is taking an active role in mitigating the challenges associated with the substantial increases in provider reimbursement that may result from the bill, while taking full advantage of the flexibility and emphasis on permanency included in the bill. Likewise, HB 18-1335 fundamentally transforms the way Low-Income Child Care services are authorized and funded. Weld County will continue to avail itself of all available resources to ensure that high quality care is available and affordable to families, as we both recruit new providers and encourage development of existing providers in the community.

The total Social Services Fund budget is \$43,480,800. The programs are funded by property tax of \$12,300,557, state and federal funds of \$31,686,679, and the potential increase of fund balance of \$506,436 to cover both anticipated and unanticipated cost overruns.

The State of Colorado has recently adjusted its Broad-based Categorical Eligibility requirements for the Supplemental Nutrition Assistance Program (SNAP) from 130% to 200% of the Federal Poverty Level. We are anticipating significant increases in both the benefits paid out to families and the workload required of county eligibility staff, as a result. Likewise, the State recently approved a 10% increase in the monthly Basic Cash Assistance benefit payments to recipients under the Temporary Assistance for Needy Families (TANF) Program. This increase in expenditures, combined with the existing pressures of providing supportive funding for Child Welfare activities could mean a significant drain on the County TANF Reserves we have accumulated in the past few years. We will be watching this closely in order to adjust our usage of these funds for other purposes, such as Supportive Services and funding of Child Care activities, in order to avoid full depletion of the Reserve balance. Approximately 25% of Weld County residents are now enrolled in Medicaid.

The Department's focus on Prevention and Early Intervention continues and has resulted in a more inter-divisional approach to evaluating, meeting, and funding the needs of clients. The addition of a Family Resource Supervisor position will enable the Family Resource Division to better organize its staffing structure and service delivery processes to better meet the needs of the community.

The Human Services Fund is funded at \$8,505,800 for 2019, which is up \$1,084,424 or 15.02 percent from the previous year. There are shifts in funding by program. The Community Services Block Grant is up \$105,524, and Senior Nutrition programs are up \$240,864. Department of Labor programs are up \$767,100. Area Agency on Aging is up \$240,864 or 7.09 percent. These

programs are returning to the 2017 funding level, which is more typical than the 2018 funding level was.

The Department of Public Health and Environment's total 2019 budget is \$12,032,107. The Health Department's 2019 budget continues to reflect the Department's commitment to strong fiscal management, recruitment and development of a competent and engaged workforce, elimination of redundancies by modernizing processes, and reinvestment of the savings realized from these activities into targeted initiatives geared toward achieving the goals of preserving, promoting and protecting the health and environment of current residents and future generations in Weld County.

The 2019 budget continues to align with our department-wide 2016-2019 strategic plan that focuses primarily on the key priority of integrating select core public health services in our community to better achieve sustainability, enhance quality, and control costs. During the past three years, the Health Department has been diligently working toward three strategic goals: formal integration of health services into an established and enduring community system of care; supporting the community in addressing behavioral health issues, including mental health and substance abuse; and increasing communication channels, both internally and within the community, using technology and other means.

Consistent with our strategic goals, budgetary planning for 2019 continues to emphasize funding technology additions and improvements in both our Greeley and Southwest Weld locations, strengthening and supporting strategic activities and community partnerships focused on behavioral health in our community, and expanding access to our services in convenient, efficient, and effective ways to engage and support all citizens of Weld County while controlling costs and meeting budget targets.

On the revenue side of the budget, property taxes are budgeted at \$173,539,158, the maximum amount under the Weld County Home Rule Charter's property tax limitation and TABOR. In the General Fund revenue from interest earnings are up \$1,500,000 at \$3,500,000 for 2019, as interest rates are projected to increase in the next year. Intergovernmental revenues are up slightly by \$213,378. Charges for Services are up \$318,857 primarily from charges related to Communications and Sheriff's Office revenues. Fines from traffic enforcement are up \$40,000. Indirect cost recovery is down \$2,292,759 due to Social Services' allocation. Clerk and Recorder fees are up \$400,000. All other revenues are relatively stable with little change.

The 2019 resources for Public Works total \$108,790,797, which includes a fund balance of \$45,000,000, in addition to the revenue shown in the budget. Property tax is set at \$19,000,000 up \$2,500,000 from 2018. Specific ownership tax is estimated to be \$11,200,000. Total HUTF will be \$10,700,000, up \$50,000 from 2018. Permit revenues are budgeted at \$550,000. Motor vehicle registration fees are \$365,000, and grazing fees are \$500,000 due to energy development in the Pawnee Grasslands. Oil and gas revenues are \$9,500,000. The lease/purchase payment from the Hoekstra Pit is \$215,797. There is \$200,000 from Solid Waste for paving CR 28, and \$100,000 reimbursement from the Town of Mead for CR 13 paving.

Other revenues from grant project reimbursements total \$8,920,000. There are Energy Impact Assistance grants of \$3,600,000 with \$3,000,000 for the Tier 2 projects and \$600,000 for three Tier 1 projects. There are two state grants to finish Bridge 44/33A for \$100,000 and Bridge 68/59A for \$50,000. There is one flood project grant for Bridge 53/58A (\$3,770,000). There is NFRMPO funding of \$1,000,000, and UFRMPO funding of \$400,000. Severance tax is budgeted at \$1,400,000. 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 2019 Budget contains adequate resources to provide a level of service like 2018. The operational plan supported by the 2019 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 will allow 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 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 or at <https://www.weldgov.com/departments/accounting/budget/>. More general information about Weld County may be found on Weld County's website at <https://www.weldgov.com/>.

Very truly yours,

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

Donald D. Warden, Director
Finance and Administration