



ARAPAHOE COUNTY

COLORADO'S FIRST

Board Summary Report

Date: December 28, 2018
To: Board of County Commissioners
From: Todd Weaver, Budget Manager
Subject: Long Range Budget Committee - Presentation of County Fiscal Realities

Request and Recommendation

The purpose of this study session is to examine and review the current financial status of the County's major operating and capital funds as well as project future collections and spending using current trends in revenues and expenditures. The study session is informational and the goal will be to answer the question of, what do the County's finances look like if we do not take any action different than we have in the past?

Background

Over the past two years, the Long Range Budget Committee has reported on anticipated needs of the County for increased spending on capital improvements for the Justice Center and Detention Center, improvements to County road infrastructure, working to eliminate a backlog of deferred maintenance for roads and facilities, as well as an increasing need for expenditures in the operating budget. These needs were discussed at the Leadership Workshop in 2017 and followed up with a discussion on desired service levels at the 2018 workshop.

With the assistance of the Ehlers group, work during 2018 has focused on understanding the community's awareness of the County and its issues as well as refining the analysis and research on the needs identified in the early work of the Long Range Budget Committee. This study session is the first in a series of sessions to update the Board of County Commissioners on the current fiscal status and projections for major funds, transportation needs, the Justice Center master plan, and financing options that could be available to provide funding for any of the items discussed.

The purpose of this study session is to update the Board on the fiscal realities of the County current financial condition and projections. The session will review where the County is at, how we got here, and where we may be headed financially if no changes are made to the current path.

The information presented during this study session will show that the County has a fiscal issue before considering funding for any of the needs identified by the LRBC. The County balances its budget each year as required by law, but it is becoming increasingly difficult to adequately fund capital improvements, road maintenance, and other activities with the current revenue and service levels. As discussed during last year's workshop, the limited amount of resources that flow into the County are divided up among the various funds and programs. Property tax is the largest and most important example of this principle. It's

growth is limited by statutory and Constitutional provisions and re-allocating it among the General, Social Services, Road & Bridge, and Capital Expenditure Funds may fix a problem in one location and create difficulties in another.

The study session will review the historical trends in each of the major operating funds (General, Social Services, Road and Bridge, and Law Enforcement Authority Funds) project what the next 10 years will look like if the trends of the past hold true. The historical data used encompasses the most Great Recession as well as the current economic expansion/recovery so it considers the full range of the economic cycle. The information will also look at some of the factors that have impacted finances in the past and will likely impact in the future, such as population growth, development, inflation, and property value growth. Many of these factors are beyond the control of the County but still play an important role in service levels and funding.

It is anticipated that this study session will lay the foundation for the study sessions that follow and illustrate that, even without a decision to move forward on identified needs, the County will likely still have financial issues to work through in the future.

Links to Align Arapahoe

Reviewing fiscal trends and developing projections to assist decision makers is in line with the County's goal of Fiscal Responsibility.

Discussion

Any further discussion or questions regarding the information and conclusions will be determined by the BOCC during the study session.

Alternatives

This study session is informational and, as such, there is no decision for which an alternative is needed.

Fiscal Impact

There is no direct fiscal impact associated with this informational presentation.

Approved By:

Janet Kennedy, Finance Director
John Christofferson, Deputy County Attorney