



MISSION

To responsibly serve
the Adams County community
with integrity and innovation

Richard C. Lemke
DIRECTOR



Finance Department
4430 South Adams County Parkway
4th Floor, Suite C4000A
Brighton, CO 80601-8212
PHONE 720.523.6050
FAX 720.523.6058
www.adcogov.org

June 30, 2014

To the Board of County Commissioners and Citizens of Adams County, Colorado:

We are pleased to present the Comprehensive Annual Financial Report for Adams County, Colorado, for the fiscal year ended December 31, 2013.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of Adams County (hereafter referred to as the County). To provide a reasonable basis for making these representations, management of the County has established internal controls designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh the benefits, the County's internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. Disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The County is required by Local Government Uniform Accounting Law, Colorado Revised Statutes, to have an annual audit conducted in accordance with generally accepted auditing standards by an independent certified public accountant licensed to practice in Colorado. The audit report must be completed and submitted to the County within six months of the end of the fiscal year, which is December 31st. The County must then submit the audit report to the Office of State Auditor within thirty days of completion.

The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including the Schedule of Expenditures of Federal Awards and the auditors' report thereon, are included in the compliance section of this report.

The County's financial statements have been audited by CliftonLarsonAllen LLP, a competitively selected licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurances that the County's financial statements for the fiscal year ended December 31, 2013 are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable

BOARD OF COUNTY COMMISSIONERS

Eva J. Henry
DISTRICT 1

Charles "Chaz" Tedesco
DISTRICT 2

Erik Hansen
DISTRICT 3

basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2013 are presented fairly and in conformity with GAAP. The independent auditors' report is presented on the first page of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found beginning on page 5 of the report.

Profile of Adams County

Adams County, a political subdivision of the State of Colorado, was organized under the statutes of the State. The County was organized over one hundred and ten years ago on November 15, 1902. The Board of County Commissioners held their first meeting in Brighton on December 4, 1902. Over time, western Adams County has grown from an agricultural region of truck gardens and dairy farms to a complex urbanized corridor of towns and cities. The eastern end of the County, still mostly agricultural land, has also seen increasing development in recent years.

Located just east of Colorado's Front Range of the Rocky Mountains, Adams County is one of six counties that surround the City and County of Denver and make up the Denver Metropolitan Area. The County, approximately eighteen miles wide and seventy-two miles long, encompasses 1,182 square miles. The County is the western edge of the Great Plains of northeastern Colorado and is topographically characterized by a series of wide valleys separated by gently rolling uplands. A number of growing municipalities make up the incorporated areas of the County: Commerce City, Northglenn, Federal Heights, Thornton, and portions of Aurora, Bennett, Brighton (the county seat), Westminster, Arvada, and Lochbuie.

Accounting for more than three quarters of the landscape, Agricultural activities continue as the single largest land use throughout the County. Most irrigated farmland is located in the northwest section of the County, where a network of canals and ditches support crops in our semi-arid climate. The central portion of the County primarily produces wheat, while the eastern area provides pasture for animals.

The County provides a comprehensive range of services, including; but not limited to, property assessments, elections, motor vehicle, real estate and recording, judicial and public safety, construction and maintenance of highways, streets and other infrastructure, parks and recreation, planning and development, employment and social services, and general administrative services.

A three-member Board of County Commissioners (the Board), elected at large with a residency requirement within a specified district, governs the County. The Board is required by statute to hold at least two meetings in each week of the year, except during the months of July and August, when only two meetings each month are required. Currently, the Board holds its public hearings on Mondays and study sessions on Mondays and Wednesdays. Beginning in June 2014, the weekly public hearing and study sessions that were previously scheduled for Mondays will be moved to Tuesdays. The Board administers all County functions, appoints other boards and commissions, and attends and represents the County as directors of regional and county organizations. The Board acts as the County's legislative body while an appointed County Manager is the chief administrative officer of the County.

On the 2012 ballot, Adams County voters passed a measure that will expand the Board Commissioners from three members to five. The County held public hearings to determine the new alignment of the

expanded number of commissioner districts. The increase to five commissioners will be in place beginning in January 2015 based upon an election in November of 2014.

In addition to the Board of County Commissioners, a number of fellow elected officials serve Adams County, including: the Assessor, Clerk and Recorder, Coroner, Sheriff, Surveyor, Treasurer, and District Attorney. These constitutionally established elected officials govern specific county services and establish policies based on the local community needs and preferences. The County also has a Public Trustee who is appointed by the Governor.

Over the past several years, Adams County has been implementing several initiatives to improve our programs and services efforts. A Deputy County Manager position was hired in 2012 for oversight and management of externally focused departments including; Parks and Community Resources Department, Planning Department, Transportation Department and a newly created Neighborhood Services Department. In 2013, the Board of County Commissioners approved additional changes to the organization's structure including; an additional Deputy County Manager position for oversight and management of the internal functions of the county including; Facility Operations Department, Information Technology Department, Finance Department, Human Resources Department and the Human Services Department. The Assistant County Manager for Special Projects now manages Legislative Policy and the County's Criminal Justice Planning efforts. The new structure also added the Office of Public Information, the Office of Emergency Management and the Office of Budget and Performance reporting directly to the County Manager. The County Manager will also oversee the Deputy County Manager positions and the Assistant County Manager for Special Projects. This new structure was approved in public hearing on August 19th, 2013. Please see page nine for the County's organization chart.

The Board of County Commissioners adopted their new mission, vision, values and goals for the County. The mission is to responsively serve the Adams County community with integrity and innovation. The vision is to provide our community a safe, healthy environment to work, raise families and build businesses. The values we are committed to are: a positive work environment, servant leadership, teamwork, transparency and credibility. Our goals focus on education and economic prosperity, high-performing, fiscally-sustainable government, quality of life, safe and reliable infrastructure and supportive human services. The County continues putting together strategies, performance initiatives and action items to achieve our desired results and internalize these concepts.

The County continues to promote transparency through a portal on our website. This important portal provides information about our public meetings, financial reports including: contracts, purchasing card transactions, budget information and our CAFRs. The transparency portal also presents information about our lobbying efforts, land use, elections and how to obtain open records. Our efforts for providing a comprehensive portal for public information were rewarded by the Editors of the Sunshine Review, which gave Adams County an "A" grade for the second year in a row in 2013. For the 2013 awards, editors at Sunshine Review analyzed and graded government websites on a 10-point transparency checklist. Editors looked at content available on government websites against what they felt should be provided. The editors sought information on items such as budgets, meetings, lobbying, financial audits, contracts, academic performance, public records and taxes. Winners of the Sunny Award received an "A" grade following the extensive grading process.

The County has two component units for which it is considered to be financially accountable. Blended component units, although legally separate entities, are part of the County's operations. The County's

blended component unit is the Adams County Building Authority. The Front Range Airport Authority is a discretely presented component unit and is reported separately in the government-wide financial statements to emphasize a legal separation from the primary government. The operations of the Front Range Airport will be included as enterprise funds in 2014 CAFR (see Note 13). Additional information on each of these component units can be found in Note 1.A and in Note 4.B in the notes to the basic financial statements.

The annual budget serves as the foundation for the County's financial planning and control. All County departments and elected offices submit requests for appropriation in early August to the Office of Budget and Performance Management. These requests are used as the starting point for developing a proposed preliminary budget that is recommended and presented by the County Manager to the Board of County Commissioners on or before October 15. Public hearings are conducted and a final budget is legally enacted no later than December 31, the close of the County's fiscal year. Additional information on the County's budget process can be found in the notes to the required supplementary information on page 73.

Any revisions altering total expenditures of a fund or spending agency, with a few exceptions by policy, require supplemental appropriation which is subject to public hearing and citizen response.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the economic environment within which the County operates.

Global, national and state economic trends typically trickle down to the local economy. Overall growth measured by GDP has rebounded since the economic crisis hit in 2008.

State and Local Economy

The forecast for the Colorado economy is somewhat more optimistic than the national economic forecast according to the University of Colorado's 2014 Economic Outlook. This forecast puts Colorado in the top five states in the nation for job growth in 2014. This is on top of significant job growth in 2013, which finally recovered all of the jobs lost in the economic slowdown.

Adams County will also be positively impacted as the State's economy continues to grow. The County's forecasted population is growing at a rate of 1.8% per the Colorado Division of Local Government - Demography Office's November 2013 data release. However, this growth comes with a trend that persons at or below federal poverty is growing faster than the other incomes in the population. Adams County also has one of the state's highest rates of unemployment at 7.46% in early 2014 compared to 6.7% for entire State of Colorado.

Adams County is part of the Denver Metropolitan Area economy. As a result, Adams County benefits from the region's diversified economy and its reputation of having a well educated workforce. 50% of metro area residents have attended at least some college and 20% hold a Bachelor's degree or higher. The County's population is younger than the national average, with the median age of 33 for 2013 according to the Bureau of Labor and Statistics. This skilled workforce, combined with the availability of quality commercial real estate, a growing transportation system, and many institutions of higher learning, are some of the ways the Metro Area and Adams County make themselves very attractive to businesses. Adams County is poised to grow substantially with the largest amount of undeveloped land within close proximity to the Denver city center.

Some of the major industries located in Adams County include wholesale trade, construction, manufacturing, healthcare facilities, satellite television communication, telecommunication research and development, transportation and food distribution, satellite imaging as well as several financial institutions.

The nominal projected growth in local GDP, modest growth in construction, an expected increase in sales tax revenues and projected growth in jobs should result in a continued recovery for the local 2014 economy.

Long-Term Financial Planning

A growing community necessarily drives a growing need for infrastructure capacity. Adams County continues to plan for growing transportation needs. The County will be a beneficiary of the Regional Transportation District's (RTD) FasTracks project. This project will include the building of three light rail or commuter rail lines in addition to bus rapid transit lines through the County over the next ten years.

In early 2011, the County opened its new 300,000 square foot Government Center functioning as a single point of service for many government services. The intent of this centralized facility makes access to the county government more convenient for citizens. A sales tax extension was approved by the voters in 2006 to pay for this project as well as future building and countywide transportation projects. In 2013, the County completed the Flatrock Law Enforcement Training Facility that will provide space to train the County's and other jurisdictions' law enforcement personnel.

Foresight with fiscal discipline has brought Adams County through the historically challenging years of recession and post-recession economies. Adams County has emerged from a recession period in exceptionally good condition maintaining adequate reserves and controlling spending. As the economy improves employees have been receiving a merit based salary plan that rewards results and keeps pay competitive in the market. The County is well positioned to help address future economic challenges should the economy not continue on the path of recovery.

Adams County's population is estimated to be 475,956 in 2013. This forecast estimate is a 1.8% increase over the 2013 number of 467,666. The Denver Regional Council of Government estimates Adams County to be one of the fastest growing counties in Colorado over the next several decades. The Colorado Division of Local Government – State Demography Office's forecast has over 529,000 residents living in Adams County by 2020.

One of the large efforts identified to address growth and the need for infrastructure included the implementation of a stormwater utility fee. The fee was approved in September 2012 for implementation in January of 2013. The County's effort included significant outreach to the citizens and businesses of the defined service area in the western part of unincorporated Adams County. The implementation is in process. As with the implementation of new fees, there has been citizen pushback for the cost of this service. Adjustments have been proposed to work toward a plan that will meet the needs of the program with an amount the citizens as a whole are willing to pay. Nevertheless, the need for stormwater infrastructure is great and a consistent revenue source is needed to help fund critical to high hazard projects. In 2013 the County collected over \$2 million from the newly implemented fee.

The Adams County Board of Commissioners adopted the county's 2014 budget during their public hearing on Monday, December 16, 2013. The 2014 budget, totaling approximately \$494.1 million, includes a 4.91% revenue increase over the original 2013 budget, with expenditures increasing by 4.67%.

The 2014 budget includes \$11.4 million in capital investment for county transportation infrastructure, including the design and construction of Steele Street from 86th Avenue to 88th Avenue. This \$1.6 million project will establish a new roadway in order to accommodate area changes resulting from the Regional Transportation District's Welby and 88th Station Park N Ride project. Another significant transportation investment is \$2 million for roadway improvements to Lowell Boulevard from Clear Creek to 62nd Avenue.

The 2014 budget includes the addition of 56 new positions, including 19 positions from the in-sourcing of Front Range Airport operations into the County's operating structure; 24 temporary positions in the Department of Human Services that were converted to permanent full time positions; and 13 new positions added as part of the County's efforts to institute best practices in local governance.

The 2014 budget includes a 3.0% merit-based employee compensation plan with a range of 0% – 5.0%. The 2014 merit-based pay plan addresses the County's desire to remain competitive in employee recruitment and retention.

The County continues a disciplined adherence to fiscal policy ensuring maintenance of a strategic reserve that equips decision makers with the resources to successfully navigate the current economic downturn and anticipated "new normal" economic condition. The County continues to meet its yearly obligations and maintains a solid credit rating. The County's willingness and ability to honor its financial obligations remains uncompromised.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Adams County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. This is the twenty-seventh consecutive year the County has received the prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and are submitting it to GFOA to determine its eligibility for another award.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, communications device, and an operations guide.

The preparation of this CAFR is made possible by the dedicated service of the entire staff of the Finance Department. Particular gratitude is expressed to Ms. Mary Ha, Ms. Denise Miller, Mr. Kevin Campbell,

Ms. Laura Garcia, Ms. Cari Johnson, and Mr. Benjamin Dahlman of the Finance Department. I also want to thank the Treasurer's Office. Lastly, the staff of the independent auditing firm, CliftonLarsonAllen LLP, are especially worthy of recognition, as they have contributed greatly to the excellence of this report.

Due credit should also be given to the Board of County Commissioners and their fellow elected officials of the County for their diligent commitment in planning and conducting the operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Richard C. Lemke". The signature is written in black ink and is positioned above the printed name and title.

Richard C. Lemke
Finance Director, Department of Finance

This page is intentionally left blank



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

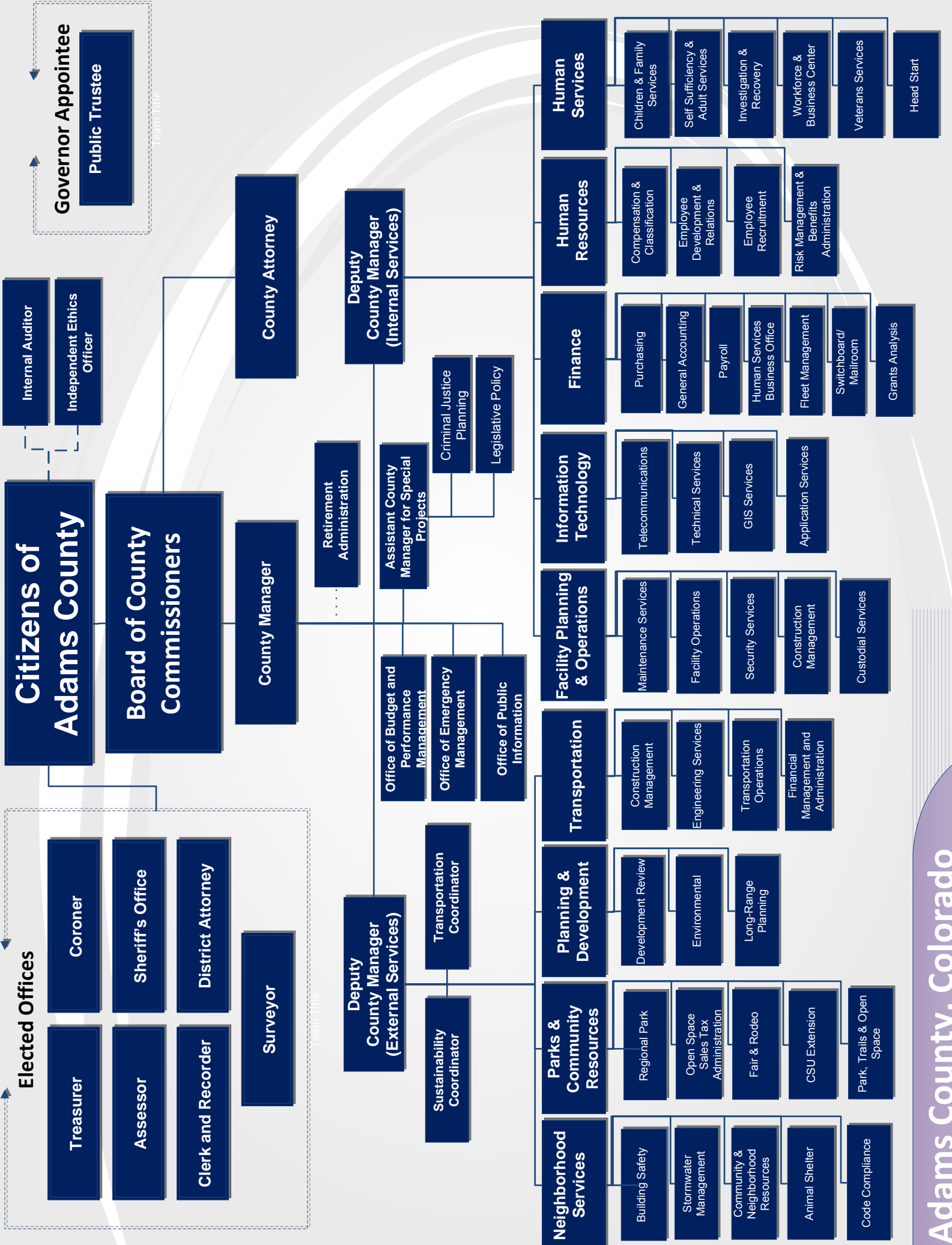
**Adams County
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

This page is intentionally left blank



ADAMS COUNTY
LISTING OF PRINCIPAL OFFICIALS

BOARD OF COUNTY COMMISSIONERS

Eva J. Henry, District 1
Charles "Chaz" Tedesco, District 2
Erik Hansen, District 3

CLERK AND RECORDER

Karen Long

ASSESSOR

Gil Reyes

TREASURER

Brigitte Grimm

DISTRICT ATTORNEY

Dave Young

SHERIFF

Doug Darr

CORONER

Monica Broncucia-Jordan

PUBLIC TRUSTEE

Susan A. Orecchio

SURVEYOR

Tim Thoms