



MISSION

To responsibly serve
the Adams County community
with integrity and innovation



June 30, 2015

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, 2014.

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, 2014 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

basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2014 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 4 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 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 five-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 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 expanded 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 was realized beginning in January 2015 based upon an election of the new commissioners 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.

As of January 1, 2014, the Front Range Airport Authority was merged as a part of Adams County and that operation reports directly to the County Manager. Prior to 2014, the Front Range Airport Authority was a discretely presented component unit of the County. Please see page ix for the County's organization chart.

The Board of County Commissioners adopted their mission, vision, values and goals for the County. The mission is to responsively serve the Adams County community with integrity and innovation. The recently revised vision is to provide our community a safe, healthy environment to work, learn, play, raise families and build businesses. The values we are committed to are: a positive work environment, servant leadership, excellence, teamwork, transparency and credibility. Our goals focus on education and economic prosperity, high-performing, fiscally responsible government, quality of life, safe, 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 though 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.

The County has one component unit 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. Prior to the 2014 fiscal year, the Front Range Airport Authority was a discretely presented component unit and was reported separately in the government-wide financial statements to emphasize a legal separation from the primary government. However, as mentioned above, the operations of the Front Range Airport are now included as enterprise funds in 2014. Additional information on the remaining component unit can be found in Note 1.A 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 by the end of June to the Budget Office. 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 70.

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. This growth has increased in 2013 and is anticipated to continue through 2014 and 2015.

State and Local Economy

The National Association of Counties (NACo) released an in-depth study of county level economic data on January 12, 2015. NACo's study, County Economic Tracker 2014: Progress through Adversity, reviewed four key economic performance indicators for each of the 3,069 counties across the nation to assess economic recovery. According to the NACo press release, "2014 was a year of significant growth for county economies, yet most have not completely recovered – including 95 percent of county economies that have not returned to their pre-recession unemployment rates." General conclusions of the study are that 2014 was a year of growth with

economic recovery starting to spread, recovery remains sluggish and growth is uneven. The four economic indicators reviewed in the study are: 1) economic output, also known as gross domestic product (GDP), 2) Jobs, 3) unemployment, and home prices. Adams County was found to have recovered to pre-recession levels in all but one of these four categories. According to the NACo study, the County's unemployment rate has decreased, but the County had not yet recovered to the pre-recession level for unemployment.

Although it has taken longer than other recessions, Adams County has for the most part recovered from the Great Recession of December 2007 to June 2009.

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.

In early 2011, the County opened its new 325,000 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 the Justice Center Expansion, Government Center and a contemplated Pre-Trial Holding Facility as well as countywide transportation projects. In 2014, the County spent nearly \$10,000,000 to purchase an existing building and land at the Park 12 Hundred development, which will primarily serve as the service center for our Human Services Department activities. The location of this facility is near 120th Avenue between Pecos Street and Huron Street. The 315,000 square foot facility is near many of the clients the department serves and has better transportation opportunities. In 2014, the voters of Adams County expanded the use of the capital facilities sales tax mentioned above to help pay for this facility and any additional County facilities to serve the community.

In 2014, the County retired the Series 2009B Certificates of Participation. This eliminated a yearly payment of just over \$1 million dollars a year. The County also refunded the Series 2003 Certificates of Participation saving over \$938 thousand or 10.9% over the course of the next nine years.

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 estimated for 2014 is 477,870. This forecast estimate is a 1.96% increase over the 2013 number of 468,688. The 2015 population is estimated to be 487,576 representing additional growth of 2.04%. 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 542,000 residents living in Adams County by 2020.

The 2015 adopted budget's expenditures total \$399,935,776. The 2014 adjusted budget was \$396,101,290. Forecasted revenues for 2015 are estimated to be \$370,659,990, excluding interfund transfers of \$15.8 million.

To fund the annual budget, the county has a diversified set of revenues and other financing resources. Property Tax represents the single largest revenue source for Adams County. Estimated collections for 2015 are \$126.0 million, an increase of 1% over 2014. Property valuations are reassessed on a bi-annual basis. A property reassessment will occur in 2015 for property taxes collected in the 2016 fiscal year. Sales taxes collected within the county are anticipated to increase by \$3,524,554 or 9.1% in 2015 compared to the 2014 forecast. For 2015,

human services assistance is budgeted to decrease by \$342,408 or 0.4%. Intergovernmental and grant funds are budgeted to decrease by \$11,754,285 or 39.4% compared to the 2014 Forecast. This decrease is due largely to a grant funded transportation project and a Section 108 project of \$8 million that were budgeted in 2014, but not in 2015. Intergovernmental revenue and grant funds received from the Federal and State governments and other jurisdictions fund head start, housing and urban development, workforce investment, community corrections, and other County programs.

To balance the budget, the County anticipates using \$13.4 million in unrestricted fund balance. Generally, the use of fund balance represents a one-time funding source to be appropriated only to pay for one-time capital costs, cyclical operating costs, the purchase or replacement of equipment, and projects in the county's Five Year Capital Improvement Plan. Key expenditure categories and detailed below.

In 2014, the County added 47.0 new positions in addition to 19.0 positions at Front Range Airport. Human Services added 10.0 new positions while also converting 24.0 temporary staff to Full-time equivalent employees (FTEs). The 2015 Adopted Budget includes a net increase of 5.25 FTEs, including two new county commissioners to accommodate the transition from a three member to a five member board beginning January 2015. Personnel costs rose \$6.1 million or 4.2% from the 2014 forecast due to rising health care costs and a 3% merit pool included for 2015. Also included is a base off-set to account for annual vacancy savings traditionally achieved in the course of the year.

Consolidated base operating and maintenance (O&M) and charges for services in the 2015 Adopted Budget are increasing by \$11.2 million or 8.1% compared to 2014 forecast. Increased funding for open space projects within the Open Space Sales Tax Fund and increased Community Development Block Grant funding are the key drivers of this increase. Also included is a base O&M offset to account for annual operating savings traditionally achieved in the course of the year.

2015 interfund transfers total \$15,827,363, which is a slight decrease from the 2014 Original Budget amount of \$18,162,416. These transfers allow monies to be moved between funds segregated for accounting purposes, but do not represent actual cash outflows from the county.

Debt Service was reduced by \$1.0 million in the 2015 Adopted Budget due to a reduction in obligation due to the payoff of the Series 2009B Certificates of Participation and the Refunding of the Series 2003 Certificates of Participation with the 2014 Lease Purchase financing transaction.

Capital projects, at \$30.4 million, represent 7% of the total 2015 Adopted Budget. Infrastructure improvement projects account for the largest portion of the county's capital investments. Some highlights include:

- \$1,000,000 for Open Space Land Acquisitions
- \$400,000 for design and construction to improve the Clear Creek Trailhead
- \$543,750 for architectural and engineering services related to the 17th Judicial District Building
- \$750,000 for Fleet Building Study
- \$15,749,101 for new transportation projects, including the following:
 - Design and construction for Creekside Drive
 - Design and construction for Lowell Boulevard from Clear Creek to 62nd Avenue
 - Roadway extension of Steel Street from 86th to 88th Avenue (Welby Area)
 - Realignment of 60th Avenue around Federal Boulevard
 - Construction of 56th Avenue from Federal Boulevard to Zuni Street

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 environment. 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, 2013. This is the twenty-eighth 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, 2014. 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, Mr. Kevin Campbell, Ms. Laura Garcia, and Ms. Cari Johnson of the Finance Department. I also want to thank the staff in 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,



Benjamin J. Dahlman
Finance Director, Finance Department



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

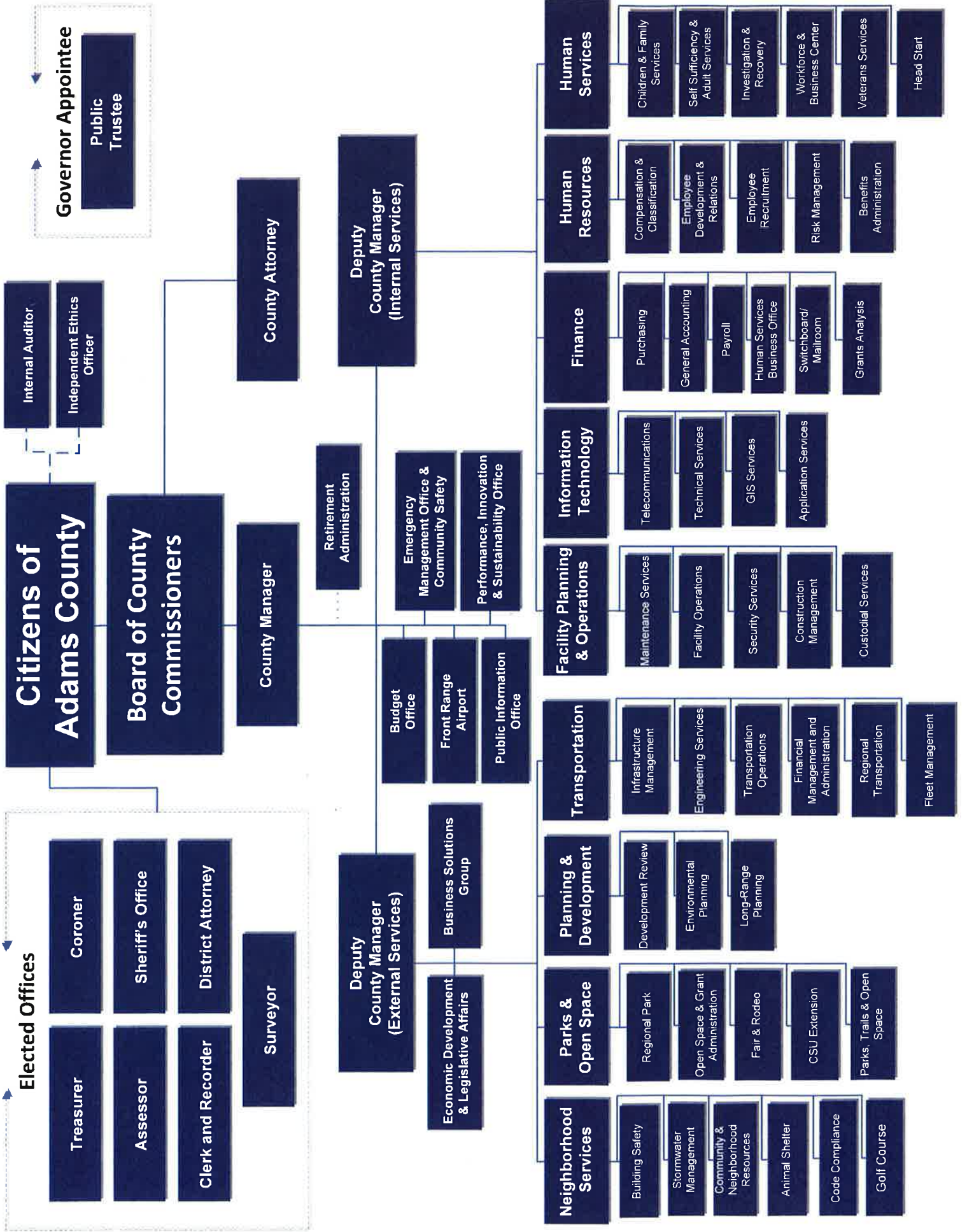
**Adams County
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

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ADAMS COUNTY
LISTING OF PRINCIPAL OFFICIALS

BOARD OF COUNTY COMMISSIONERS

Eva J. Henry, District 1
Charles "Chaz" Tedesco, District 2
Erik Hansen, District 3
Steve O'Dorisio, District 4
Jan Pawlowski, District 5

CLERK AND RECORDER

Stan Martin

ASSESSOR

Patsy Melonakis

TREASURER

Brigitte Grimm

DISTRICT ATTORNEY

Dave Young

SHERIFF

Michael McIntosh

CORONER

Monica Broncucia-Jordan

PUBLIC TRUSTEE

Susan A. Orecchio

SURVEYOR

Tim Thoms