

POPULAR ANNUAL FINANCIAL REPORT
EL PASO COUNTY
COLORADO



Fiscal Year Ending December 31, 2017

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Bell Tower of the historic 1903
El Paso County Courthouse



Pikes Peak from El Paso County's Fountain Creek Nature Center

Photo Credit

Back of the PAFR: Terry R Harris Judicial Complex (El Paso County Courthouse), by Liz Stokes.
Other photos are from the El Paso County Public Information Office

Letter to Residents

Dear El Paso County Resident,

El Paso County files an extensive and detailed financial report with the Office of the State Auditor and other agencies each year in compliance with state law. This report, known as the Comprehensive Annual Financial Report (CAFR), is required by state law and becomes part of an annual financial review conducted by outside auditors. The El Paso County CAFR is consistently awarded for being one of the best in the country and we are extremely proud of our accounting and finance staff that earns that recognition.

But with all of the detailed data and specific formatting required for the CAFR to be in compliance with state and federal regulations and government accounting standards, it can be difficult to read for anybody who doesn't live and breathe accounting. So, this report is an effort to make county finances a little more engaging for residents who are not accountants, CFOs, and auditors. The Popular Annual Financial Report (PAFR) was designed to make the County's financial information easier to read and understand to a broader audience.

County government traces its roots long before the birth of the United States to the days when the world was mapped by kingdoms and empires. The kings, queens



Henry Yankowski
County
Administrator



Nicola Sapp
Deputy County
Administrator



Sherri Cassidy, CPFO
Chief Financial
Officer

and emperors appointed shire reeves in outlying regions of their domains to keep the peace. Administrators given the title of "Count" were assigned to oversee various programs and objectives of the kingdom. "Crowners" were appointed to keep track of deaths and births, primarily for the purposes of collecting revenue but also to keep a watchful eye on shire reeves and counts. Today the responsibility for keeping the peace goes not to the shire reeve but to the sheriff. No one has the title of count but we do have County Commissioners to oversee the administration of programs and services, many of which are directed by state and federal governments. Finally, the duties of the crowner of old are now divided among the County Offices of the Coroner, the Clerk and Recorder, County Assessor, County Treasurer and

Surveyor.

We are all thankful for the opportunity to serve you. We are constantly working to ensure that El Paso County delivers quality services to citizens while maintaining its long-established reputation for providing those services at a cost per citizen that is well below most other large Colorado counties.

The development of this PAFR is just another way that we are working hard to provide transparency and make county government a little easier to understand. Our website, which hosts County budget and financial reports, got a whole new look this year at: www.elpasoco.com and we have dramatically increased our informational outreach on social media platforms.

Thank you so much for your interest in El Paso County,
Henry Yankowski, Nicola Sapp and Sherri Cassidy

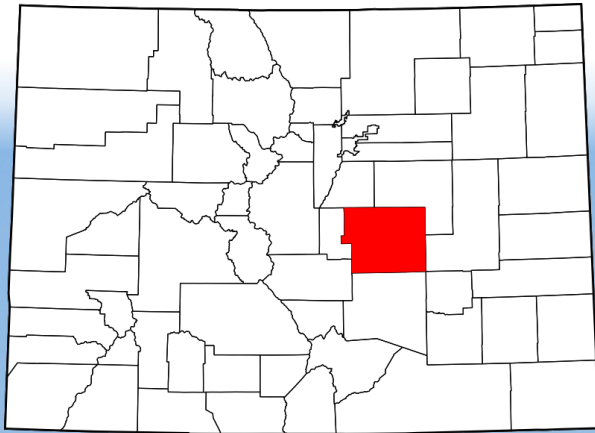
El Paso County



El Paso County lies in east central Colorado and encompasses more than 2,158 square miles – slightly more than twice the area of the state of Rhode Island (excluding Narragansett Bay). While the western portion of El Paso County is extremely mountainous, the eastern part is prairie land where dairy cows and beef cattle are the main source of ranchers' income. The altitude ranges from about 5,095 feet (1569 m) on the southern border at Black Squirrel Creek to 14,110 feet (4301 m) on the summit of Pikes Peak, near the western boundary. The county seat is located in Colorado Springs.

El Paso County became a territorial county in 1861 before Colorado became a state in 1876.

The natural physical beauty of the area, situated at the base of Pikes Peak and with an uninterrupted view of the Front Range, can be enjoyed by all. The magnificent scenery inspired Katharine Lee Bates to write the poem "America the Beautiful" after her visit here. The mild climate, on average, supplies 285 days of sunshine, 15 inches of rain, 35 inches of snow, and very low levels of humidity.



Board of County Commissioners



Darryl Glenn (Dist. 1), Stan VanderWerf (Dist. 3), Peggy Littleton (Dist. 5), Mark Waller (Dist. 2), and Longinos Gonzalez, Jr. (Dist. 4)

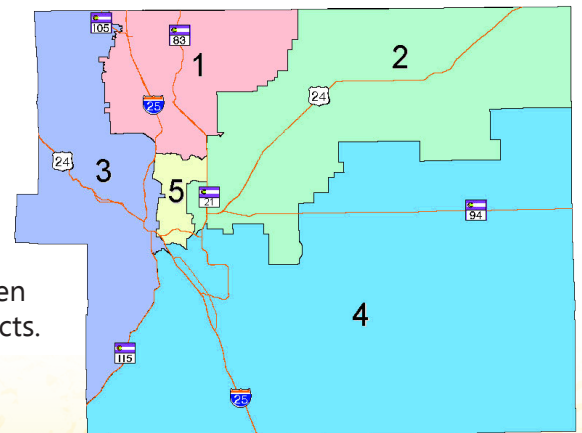
El Paso County is a statutory county, meaning that it is a service arm of the State. Its elected official structure, powers, and responsibilities come from State laws. The State grants to the County such powers as are required for the health, welfare, and safety of our residents. Subsequently, the County is required to provide many mandated services, which are directed by the State and Federal Governments.

El Paso County is governed by five County Commissioners representing the five geographic

commissioner districts which are equal in population. El Paso County Commissioners are elected by the citizens within their respective districts and serve staggered four-year terms. Commissioners are term-limited, serving a maximum of two consecutive four-year terms.

The Board of County Commissioners elects officers and assigns community liaison responsibilities annually. Commissioner district boundaries are revised every two years to ensure equal citizen representation for all five districts.

The Board of County Commissioners serves as both a policy-making and administrative body for the County. All powers of the County, as a legal entity, are exercised by the Board of County Commissioners and not by its individual members.



Organizational Chart



El Paso County Quick Metrics



Population

699,232

DOLA Estimated Population

74%, 517,431

Estimated Incorporated

26%, 181,801

Estimated Unincorporated



Facility Maintenance

270 Buildings Maintained

4.5 Million Square Feet

*Including City Buildings



Roads & Transportation

1,127 Miles of Paved Road

1,051 Miles of Gravel Road

2,178 Total Road Miles

273 Bridges



Parks & Recreation

8,000 Acres of Park Land/Open Space

2,460 Acres of Conservation Easements

105 Miles of Trails

2 Nature Centers

1 Fairgrounds & Event Complex

29,500 Volunteer Hours



Human Services

15,812 Reports of
Child Abuse & Neglect

3,115 Reports to
Adult Protective Services



Veterans Services

8,541 Annual Client Assistance Visits

\$591M Benefits Paid by the VA to
El Paso County Recipients in 2016



District Attorney

32,890 Total Cases Handled

125 Volunteers

17,397 Volunteer Hours

\$5M Restitution for Victims

\$1.1M Victim compensation



Clerk & Recorder

875,569 Motor Vehicle Transactions

127,000 Driver's Licenses Issued

153,832 Election Ballots Counted

155,000 Recorded Documents

6,438 Marriage License Applications



El Paso County Jail

1,643 Daily Population

27.42 Days Average Jail Stay

\$88 Inmate Average \$/Day

21.9% Recidivism: Arrested in
last 18 Months



Planning & Development

353 Major Development Applications

4,295 Minor Development Applications

1,159 Single-Family Dwelling Applications

1,100 Code Enforcement Calls

General Fund Summary

General Fund Summary Statement of Revenues & Expenditures

	2017	2016
Revenues:		
Property taxes	\$46,810,929	\$45,946,994
Sales taxes.....	\$87,623,080	\$61,837,624
Specific ownership taxes	\$5,670,341	\$3,604,252
Intergovernmental.....	\$20,495,169	\$22,019,076
Fees and fines.....	\$542,053	\$570,957
Licenses and permits	\$2,331,200	\$2,074,273
Charges for services.....	\$24,494,204	\$24,310,958
Investment earnings	\$974,747	\$566,038
Contributions.....	\$9,892,283	\$10,280,856
Miscellaneous.....	\$4,461,449	\$3,894,063
Sale of capital assets.....	\$431,758	\$194,911
Total Revenue	\$203,727,213	\$175,300,002
Expenditures:		
General government.....	\$62,306,847	\$60,518,023
Public safety.....	\$101,862,204	\$95,719,071
Health and welfare	\$10,978,093	\$10,848,025
Culture and recreation.....	\$2,132,978	\$2,150,473
Auxiliary services	\$621,999	\$580,784
Principal Debt Service	\$22,410	\$44,492
Interest and other charges	\$82	\$493
Capital outlay.....	\$7,308,186	\$11,244,290
Total Expenditures.....	\$185,232,799	\$181,105,651
Expenditures (greater than) less than revenues-Net Change in Fund Balance	\$18,494,414	(\$5,805,649)

Note: This chart summarizes the data found in the CAFR, Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund only. This chart is presented on a non-GAAP basis due to condensed presentation of general fund information. A more detailed GAAP basis financial presentation can be found in the CAFR in its entirety, available online at: admin.elpasoco.com/financial-services/budget-finance/comprehensive-annual-financial-reports.

General Fund Summary

The Statement of Revenues and Expenditures provides a detailed account of revenue and expenditures for the County's general fund operations. Revenues represent dollars received and expenditures can be thought of as the costs of providing services to the citizenry.

The two-year history of revenues and expenditures show that both have increased. While revenues looked like they increased by \$28.4 million from 2016-2017, the majority of the increase was due to a specific accounting treatment for TABOR (TABOR explained below). Putting aside the revenue due to the TABOR issue, overall revenues from 2016-2017 were stable.

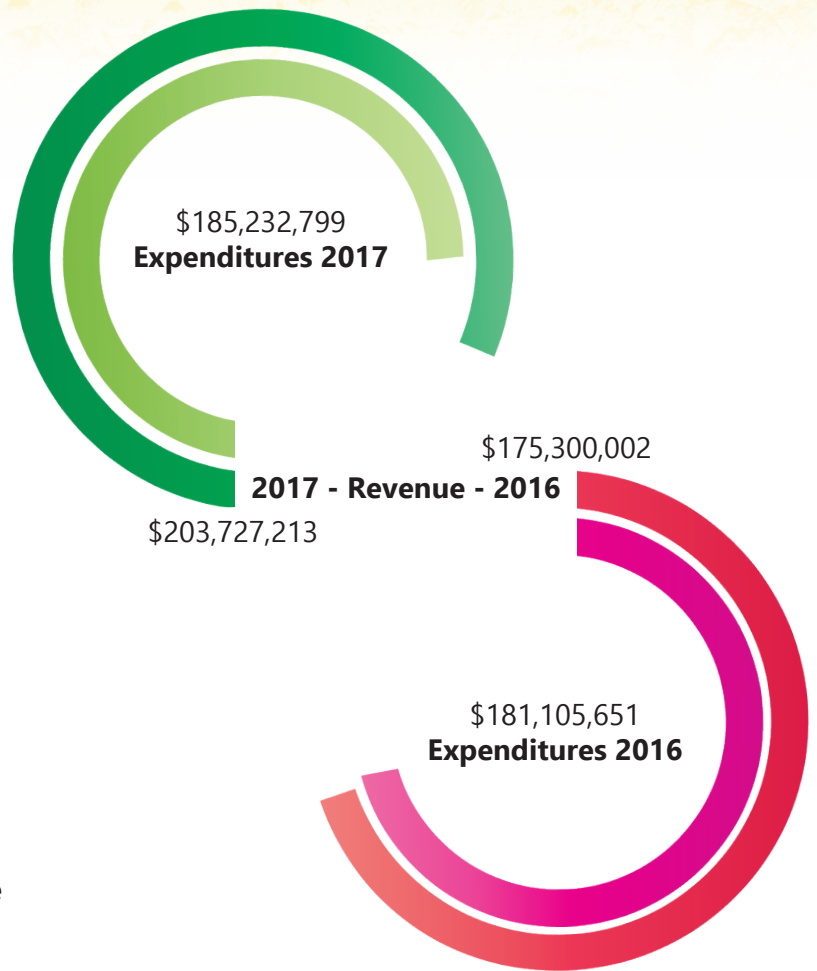
Expenditures have increased \$4.1 million, in total, over the same period. The category with the largest increase was the public safety; this was largely due to increased personnel costs. Overall, for the County as whole, personnel expenditures grew 2% for a personnel increase, to retain County staff to maintain service levels for our growing population.

TABOR Explained

In November 1992, the people of the State of Colorado passed an amendment to the State's Constitution known as the Taxpayer's Bill of Rights (TABOR). TABOR's intended purpose was to reasonably restrain most of the growth of government by imposing spending and revenue limits on state and local governments.

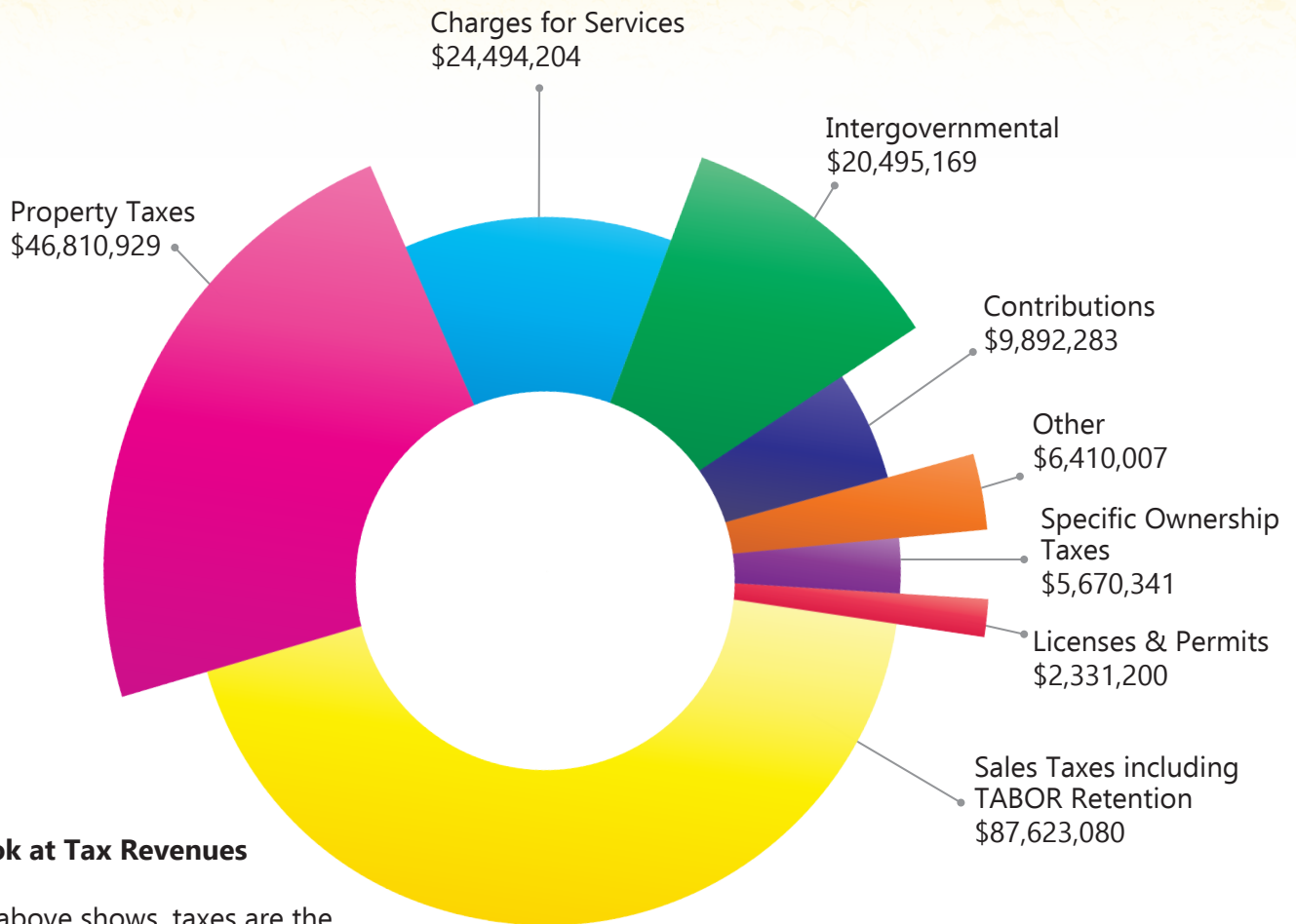
In 2016, El Paso County collected \$14,548,000 in excess of TABOR revenue limits, which

resulted in the County putting a ballot measure to the citizens in November 2017. The ballot question passed by 67.2% of the vote allowing the County to retain the 2016 TABOR excess revenue. Until the ballot measure passed, the County was unable to record the revenue. So, in 2017 the GAAP basis financial statement includes the one-time recognition of \$14.5 Million in revenue that was actually collected in the previous year.



Revenue

2017 General Fund Revenue By Type



A Closer Look at Tax Revenues

As the chart above shows, taxes are the largest source of revenue for the County in the General Fund. The total revenues of General Fund revenue of \$203,737,213 were collected in 2017 with taxes accounting for approximately \$140,104,350 million (69%) of that amount. In comparison, in 2016, total revenues collected were \$175,300,002 with 64% coming from taxes.

Charges for Services – These are fees charged to County customers. The largest collector of this type of revenue is the County Clerk for the recording of documents, the issuance of motor vehicle registrations/titles, (for which the State of Colorado pays the County a set rate), in addition to others. The County Treasurer also collects a portion of this revenue through fees charged to other governments for the collection and subsequent distribution of their property taxes.

Intergovernmental – The County General Fund received \$20,495,169 through various state and federal

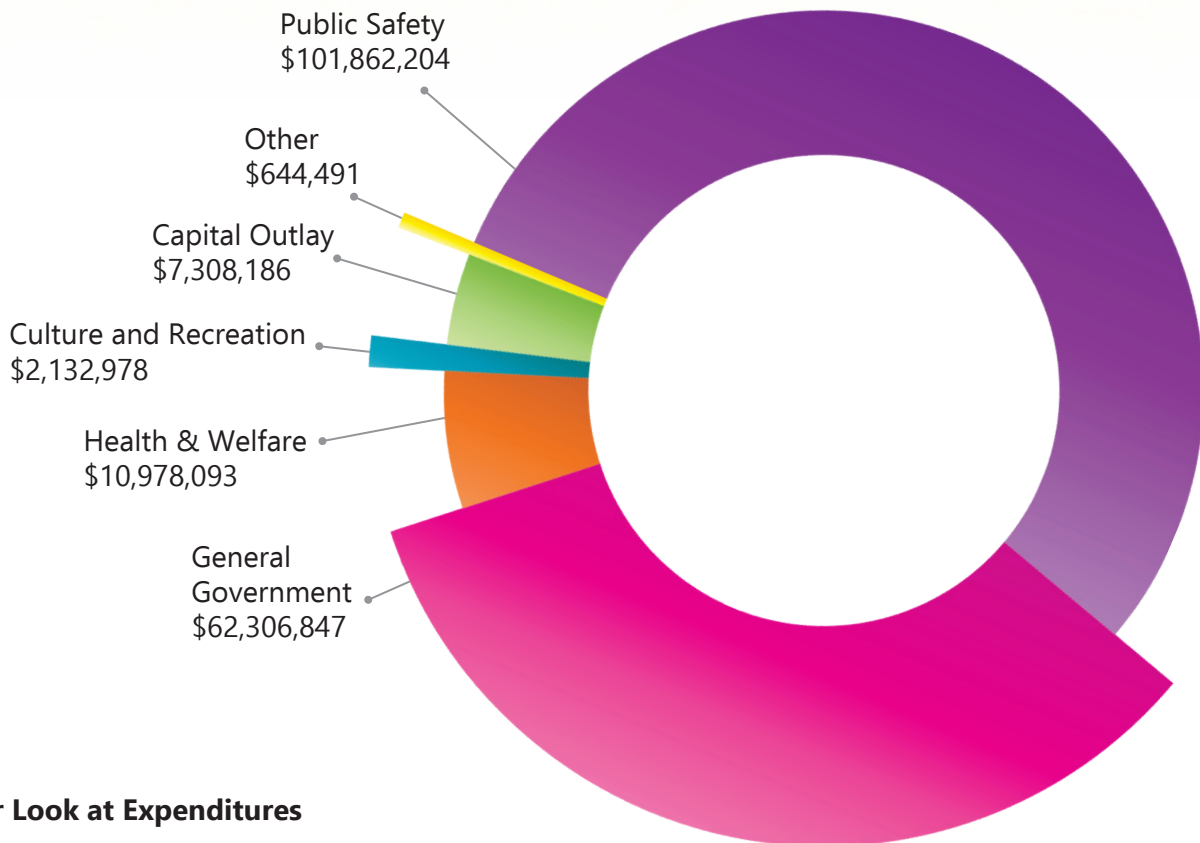
grant programs in 2017. These are funds received from other governments for financing the day-to-day costs of a specific program.

Contributions – Donations and contributions to the County for special projects and Sheriff Office programs.

Licenses and Permits – Revenues collected for the issuance of various licenses and permits such as cable TV franchise fees, etc.

Other – Revenues collected from various sources such as parking, recycling, rents, etc.

2017 Expenditures By Function



A Closer Look at Expenditures

The County General Fund provides a wide range of services that include law enforcement and public safety, planning and zoning, parks and open space, culture and recreation, and other general governmental administrative services.

Public Safety – Expenditures for the Office of the Sheriff include administration, patrol, investigations, and detentions. Safety expenditures also include expenses for the Office of the Coroner and District Attorney.

General Government – Expenditures incurred by administrative departments such as the Board of County Commissioners, Elections, Assessor, Treasurer, Finance, County Attorney, Information Technology, Facilities, etc.

Health and Welfare – Expenditures for the Pikes Peak Workforce Center and Environmental Services, as well as County funding of the Public Health Department.

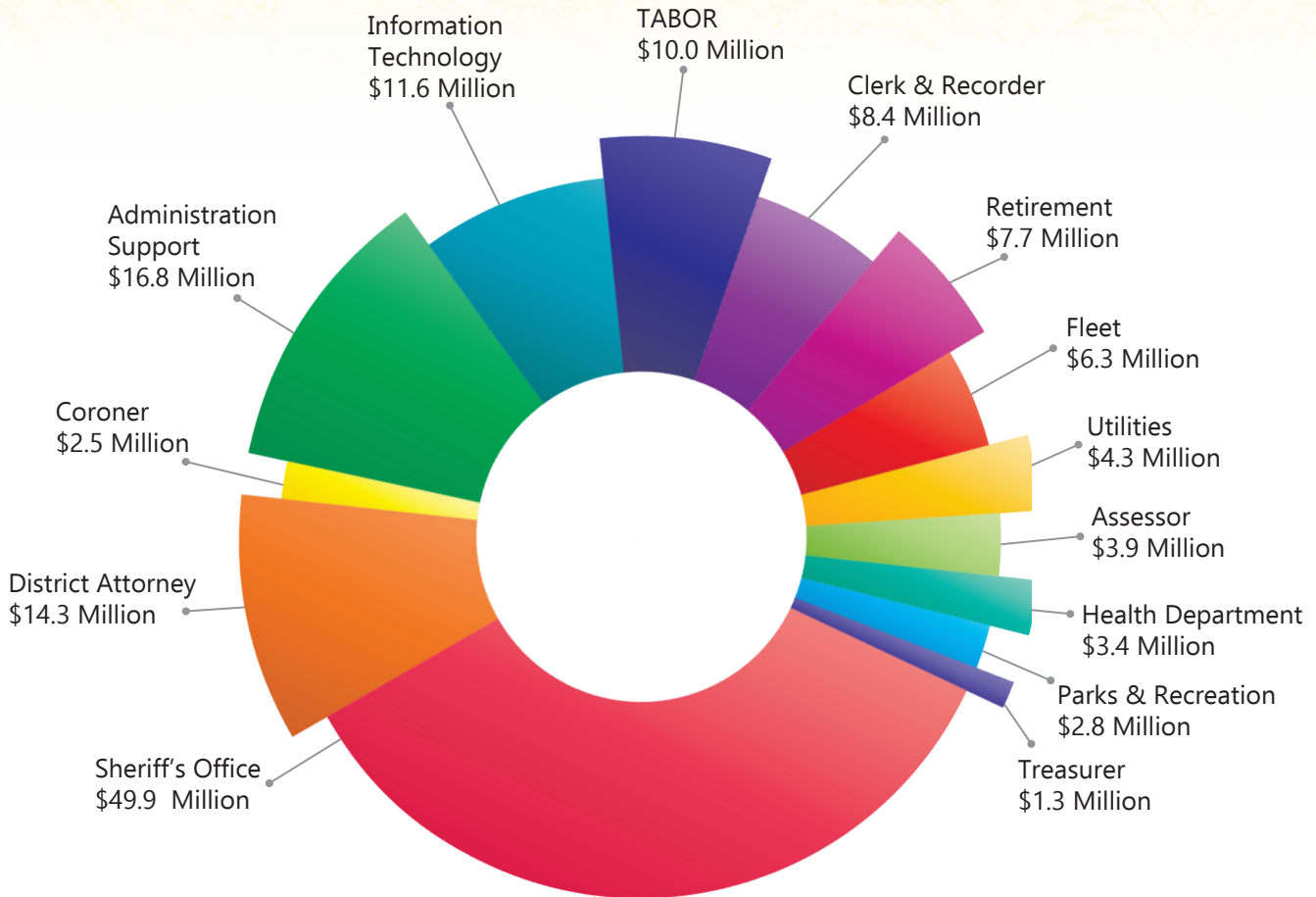
Capital Outlay – Expenditures used to acquire or upgrade capital assets. Capital assets include property, buildings, equipment and infrastructure with a cost of \$5,000 or more and a useful life of more than one year.

Culture and Recreation – Expenditures used for the maintenance and administrative functions of the County's open space, parks, fairground facilities and the County fair.

Other – Veteran Services, Colorado State University Extension and other expenditures.

2018 Budget

2018 Unrestricted General Fund Highlights \$143.3 Million



For the 2018 budget, El Paso County used conservative revenue projections, optimized all revenue sources available, and reviewed expenditures for underspending to address critical needs within the County. Our goals are to increase operational and emergency reserves, address personnel and operational needs and address capital needs including facilities maintenance, information technology infrastructure, and fleet replacement. Additionally, through collaboration with all County departments and offices, we identified a unified direction, aligned with our County Strategic Plan, outlining these goals and recognizing our commitment to meeting current and future needs.

In 2017, the voters passed a ballot measure to retain and spend \$14.5

million of excess TABOR revenue, which in the 2018 budget, allowed for investment in the I-25 "gap" expansion, local road projects, disaster recovery efforts and parks projects. We invested \$2.3 million in human capital and provided a 2% personnel increase of \$1.4 million. We also established an Emergency Reserve to help address future emergencies and allocated another \$1 million for critical infrastructure and operating needs. Additionally, the County anticipates the need for additional funding to repair infrastructure impacted by fires and floods, further investment in human capital and additional investment in roads and is committed to providing sound and viable financial options to continuously improve the County's overall financial condition and fiscal health.

\$363M
Annual Budget

\$143.3M
General Fund

\$175
Cost Per County Citizen

\$251
Tax Contribution Per Citizen

7.965
Mill Levy
Lowest of the 10 Largest CO Counties
Tax Based on Assessed Property Value

Westside Avenue Action Plan

The Westside Avenue Action Plan (WAAP) is the reconstruction of a 1.5-mile segment of Manitou Avenue and West Colorado Avenue between 31st Street and the US 24 Interchange.

The roughly \$35 million multi-jurisdictional project is funded through the voter-approved Pikes Peak Rural Transportation Authority. El Paso County has contracted with Wildcat Construction to build the project over two years with completion scheduled for December 2018. The new roadway is designed to be a “safe and social” compatible link between the two historic districts of Old Colorado City and Manitou Springs.

The project will provide for safe and efficient transportation by transforming US 24 West business route into a three-lane roadway, with one lane in each direction, a dedicated center turn lane, bicycle lanes in each direction, improved sidewalks and storm water drainage with curbs and gutters on both sides of the roadway and attractive street lighting.

The Midland Trail will also be extended through the corridor and significant improvements will be made to the old water and sanitary sewer line systems in the area. Electrical and communications lines will be moved underground and storm sewers will be installed.

Construction began in early 2017. El Paso County is managing the project and Wildcat Construction, which was awarded the contract in late 2016, is heading up the construction work.



Paving Marksheffel Road

Marksheffel South Improvement Project

El Paso County and its construction partners won the 2018 Best in Colorado award in the Rural Highway New or Reconstruction Category. The County was honored by the Colorado Asphalt Pavement Association for the Marksheffel Road South Improvement Project. El Paso County shares the honor with the contractors, Schmidt Construction and Wildcat Construction.

The Marksheffel Road South Improvement Project was completed in May 2017.

The 11-mile corridor was widened to four lanes through the northern

most section of the project. On the southern end, crews made important safety improvements that included realignment to eliminate sharp curves and the addition of wider shoulders.

The project cost more than \$32 million and was managed by El Paso County with Wildcat Construction serving as the general contractor and Schmidt Construction overseeing asphalt operations. The project was funded by the voter-approved Pikes Peak Rural Transportation Authority (PPRTA).

The El Paso County Public Works Department is responsible for the maintenance of more than 2,100 miles of public roadway.



El Paso County Innovation

The El Paso County "Innovation Awards" program began in 2014 to encourage and reward a spirit of innovation among County employees. Nominations are made by fellow County employees. Award nominees are required to meet one of the following criteria:

- Innovative change in a current process or service that resulted in a distinct and quantifiable improvement
- New project that has improved customer service or addressed an unmet need
- Innovative idea that resulted in a significant cost savings

The 2017 Innovation Awards

Mary Bartelson, Kelly Lindgren and Colleen Odermann of the Clerk and Recorder's Office, were honored for their work in bringing the MVExpress kiosk to the Motor Vehicle office in 2017 to provide customers an easy, convenient way to renew vehicle registrations. The benefits of the kiosk include:

- Allowing customers to avoid the counter wait; served 13,540 customers through March 2018
- Reducing staff time; providing the ability to redeploy 2.5 technicians to service more complex transactions
- Providing customers the opportunity to renew any hour, any day (24/7 kiosk availability) at multiple locations

"This is very innovative and another unique way that we serve our citizens and improve our already legendary customer service. All three of these people are magic makers and made this project happen," said Clerk and Recorder Chuck Broerman who nominated Bartelson, Lindgren and Odermann.

Mike Hrebenar and Dennis Archuleta of the County's Planning and Community Development Department were honored for their roles in building and launching the Electronic Development Application Review Program (EDARP), which is a web-based program that allows land use-related applications to be submitted by developers, builders, commercial and industrial businesses, and other landowners to the County for review in an electronic format. The benefits of EDARP include:

- Cost savings of approximately \$2,000 per development application
- Reducing the application process by as much as one week



- Increasing the accessibility of information on applications for industry and County staff
- Increasing public transparency of development applications

"Today we get to honor a project that changed how we do business every day. There has been a seismic shift from the volumes of paperwork that we used to get, to now 100% electronic. That is not a little thing," said Planning and Community Development Executive Director Craig Dossey.

Devi Almklov, Vanessa Miller, Shannon Rowe, Carrie Swihart, Robin Trujillo, Robyn Weber and Haley Zachary with El Paso County Public Health were honored for their work on the Video Recorded Directly-Observed Therapy (VrDOT), which helps people who have Tuberculosis disease (TB) and must be treated with the correct medications, and, in certain cases, the treatments must be directly observed by trained nurses. VrDOT utilizes a smart phone application to view live or recorded sessions where a patient is shown to be taking TB medication according to the treatment plan on any day, at any time of day. Benefits of VrDOT include:

- Improved adherence to TB medication requirements by reducing barriers to treatment
- A 3,000% increase in improved staff efficiency by reducing home visits
- Cost savings associated with reduced mileage and travel time spent by nurses (average of \$35.70 per home visit)

"This is a project that this team took on to be more efficient and provide better service to clients. The goal of VrDOT is to prevent the spread of TB in the community by reducing barriers to treatment for patients required to take daily medications. It is for public safety," said Susan Wheelan, Deputy Director of El Paso County Public Health.



El Paso County is one of the largest and fastest growing counties in Colorado. With more citizens, comes more requests for services.

The only way El Paso County can keep up with the demand for services is through innovation and technology. With the help of 3Di, a leader in citizen engagement tools, the County launched Citizen Connect, an interactive customer service request portal.

"It was very important that we had this collaborative approach with the County, to make sure that we fully understood the needs and wants of both the citizens as well as the employees of the county," said Carlos Culebro with 3Di.

Citizen Connect allows people to report problems online or through a smart phone. These customer service requests are then sent directly to the Department of Public Works or the Parks Department. Road damage, pot holes, grading, fallen trees, and trail erosion are just a few of the problems that the public can report. People can add photos and a GPS map location to the report, which allows County staff to quickly identify the problem and its location.

The photos help staff know what resources are needed before they arrive at the scene, which can save staff time by preventing return trips to the shop for tools, materials and other resources.

Citizens can also sign up to receive emails about their reported issue. As the customer service request is identified and assigned to County staff, the citizens can follow along until the problem has been resolved.

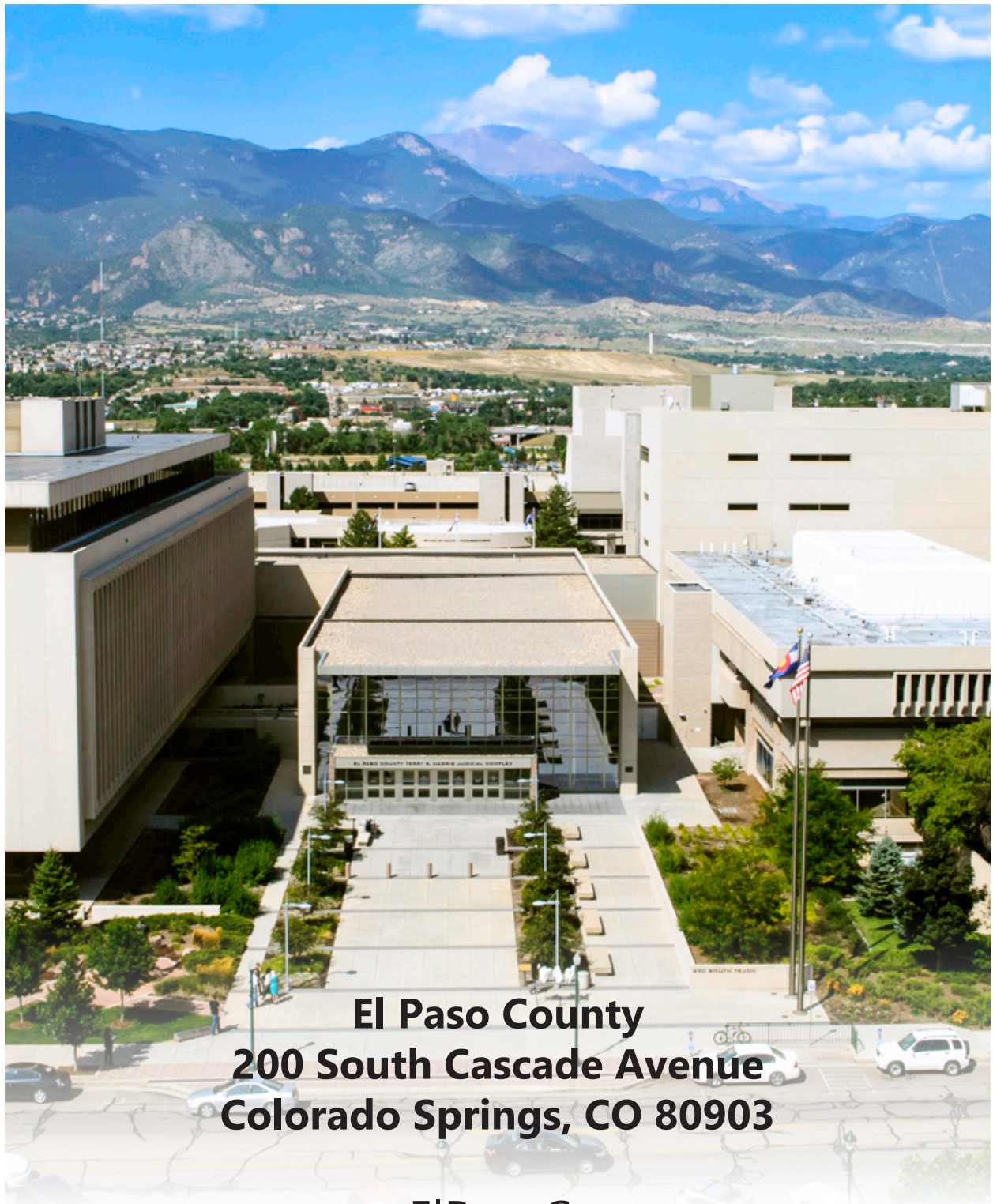
The portal also has a catalog of topics and definitions to help citizens identify the exact problem they are facing, which helps educate them in order to make a complete and specific service request.

All of the service requests are kept on one database which allows County staff to keep track of all incidents and to help identify duplicate submissions.

"We never have enough resources to be everywhere when we really need to be. That time and efficiency factor really pays off, because we're not wasting it. We're using tax dollars wisely and efficiently," said Tim Stickel, with Public Works.

Citizen Connect is only beginning. Other County departments are working toward adapting current service request practices to interactive online activities.





El Paso County
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www.ElPasoCo.com

