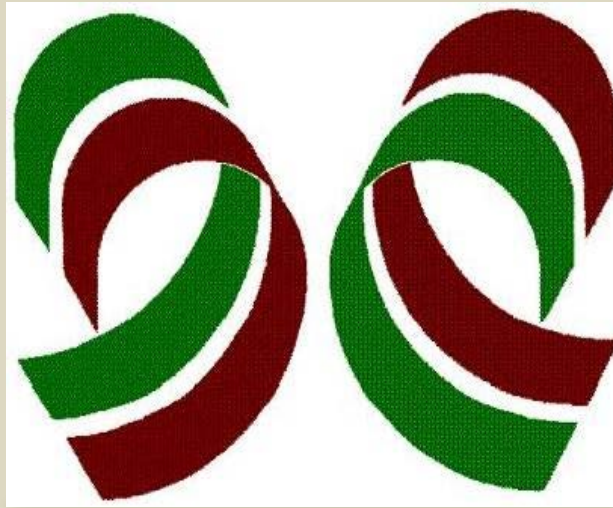




# *Popular Annual Financial Report*

*Fiscal Year Ending December 31, 2019*



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## **Douglas County Citizens,**

We are pleased to present the Douglas County, Colorado, Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2019. We deliver this report to you as part of the County's commitment to keep residents and stakeholders informed with transparency, accountability and fiscal responsibility regarding the financial condition of their county's government. This report provides important, informative, accurate and concise information about the financial condition of your County government.

This report supplements the annual Comprehensive Annual Financial Report (CAFR) in a summarized and simplified presentation. It is important for you to know that the information in this report is consistent with GAAP (Generally Accepted Accounting Principles) but is not audited nor does it contain the full set of financial statements and disclosures. The financial information presented in the PAFR represents only the County's governmental funds. It excludes proprietary and fiduciary fund information. The financial information provided is condensed and does not provide the financial statements and note disclosures required by GAAP. The CAFR is a more detailed and complete financial presentation which was prepared in accordance with GAAP, was audited by the County's independent auditors and received an unmodified (clean) audit opinion.

We would like to thank you for your partnership and commitment to ensuring that Douglas County remains a great place to live. Your quality of life is the most important outcome of our work. We are committed to the diligent management of financial affairs to ensure the County's long-term financial health. We feel that together, we have established a strong financial foundation that will sustain the quality of life deserved by our citizens. Through continued diligence, and hard work, we are optimistic and extremely positive about the future of Douglas County.

***Prepared by: The Douglas County Finance Department  
A Member of the Government Finance Officers  
Association of the United States and Canada***

***To View Douglas County Government's Financial  
Reports online, go to:***  
[https://www.douglas.co.us/government/departments/  
finance/financial-reports/](https://www.douglas.co.us/government/departments/finance/financial-reports/)



# Douglas County Commissioners



**Roger Partridge, Lora Thomas, Abe Laydon**

The three-member Board of County Commissioners (BOCC) serves as the legislative, policy-making, and administrative body governing the unincorporated areas of Douglas County. The commissioners are elected at large from one of three geographical districts and serve staggered four-year terms (term-limited to two terms). Their goals are; to keep citizen's safe, keep them moving and to keep our economy growing. To protect and care for our most vulnerable populations and preserve the County's abundant natural resources.

The Board is officially charged with the responsibility of providing adequate budget appropriations to fund statutory functions, as well as responding to the service needs of the citizens. The Board is required to adopt a final budget by December 15<sup>th</sup> of each year. The adopted budget becomes the County's annual financial plan and mechanism to control spending.

## Board of County Commissioners Core Priorities





# **Profile of Douglas County**

Douglas County was formed in 1861 as one of the sixteen original Colorado counties. The County currently covers 843 square miles along the I-25 corridor between Denver and Colorado Springs. Most of the residents live in urban designated areas, such as unincorporated Highlands Ranch, the city of Lone Tree, the city of Castle Pines, and the towns of Castle Rock (county seat), Parker, and Larkspur. The County has a population of about 370,000; representing an increase of 3.4% over the previous year. The County provides a wide range of services that include law enforcement, public safety, planning and zoning, parks and open space, highways and streets, culture and recreation, public health and human services, elections, and general administrative services.

Douglas County is perfectly located as the centerpiece of the Denver/Colorado Springs development corridor featuring a blend of business-friendly policies along with a quality lifestyle which gives the County a unique opportunity for economic success. There is an abundance of highly educate, skilled and knowledgeable workers living halfway between two of Colorado's largest cities; an always improving transportation system that includes a general aviation airport, light rail transit and an expanding freeway system; adequate water and power for new growth; a nationally recognized public education system; a state tax rate among the lowest in the country; an inventory of available office space and business friendly government leaders.

**Per-Capita Personal Income - \$75,872**

**Unemployment Rate (Dec 19) – 2.8%**

**Public School Enrollment – 67,591**

**Median Age – 38.1**

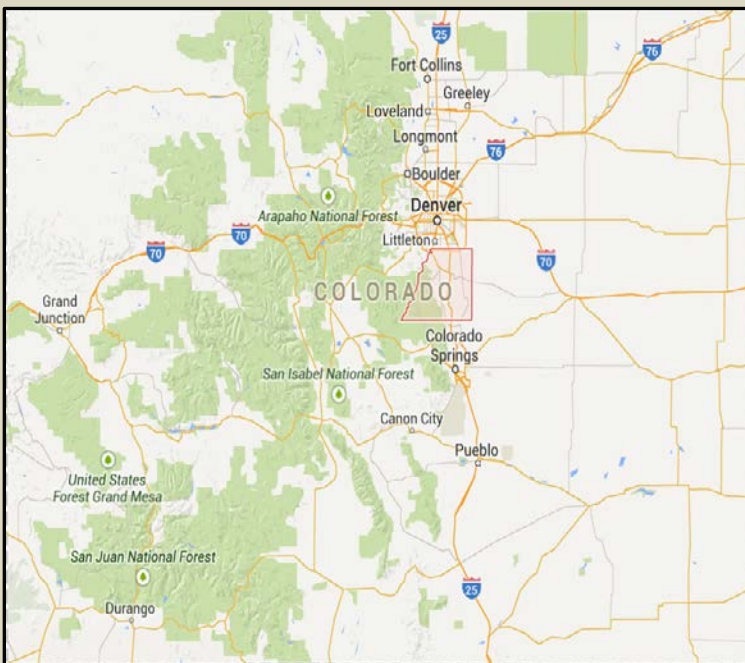
**New Residential Unit Permits Issued – 3,404**

**Commercial Space Permitted – 1,188,000 sf.**

**Douglas County Employees – 1,285**

**Average annual jobs in County – 125,683**

## ***Map of Colorado (With DC Inset)***



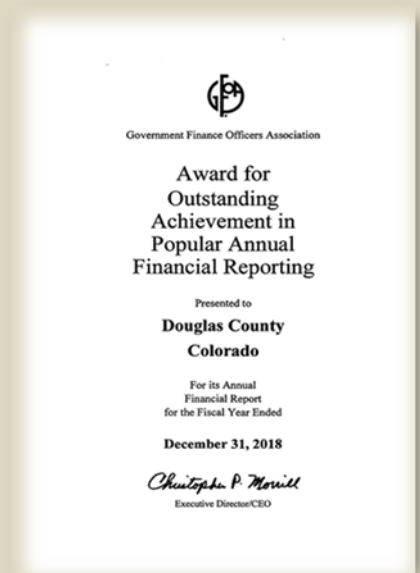
## Awards and Recognition

The Douglas County Sheriff's Office achieved its 3<sup>rd</sup> CALEA reaccreditation for Law Enforcement as well as the 3<sup>rd</sup> reaccreditation for Public Safety Communications. The accreditation program requires agencies to comply with state-of-the-art standards in policy and procedures, administration, operations and support services. This award maintains the agency's Triple Crown Accreditation Status, a status so rare that fewer than 100 sheriffs' offices have qualified and only 65 agencies currently hold this award



- Douglas County was the healthiest community in America according to the 2019 Healthiest Communities rankings by U.S. News and World Report released in collaboration with the Aetna Foundation.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Douglas County, Colorado for its Popular Annual Financial Report for the fiscal year ended December 31, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. The Award is valid for a period of one year only. We believe our 2019 report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award.



- For the fifth year in a row, SmartAsset placed Douglas County among the happiest places in the United States. Douglas County moved up in the rankings to tie for the 5<sup>th</sup> happiest county in the United States among 980 counties with populations of at least 50,000.

Douglas County's Decode Douglas County Outdoors program was selected for the Colorado Parks and Recreation Association's Columbine Award for Programming at their annual conference in October 2019. Decode Douglas County offers experiential engagement and unique adventure in Douglas County Open Space, Parks and Trails.



**Governmental Fund Summary  
Statement of Revenues & Expenditures  
Fiscal Year End December 31, 2019**

**Revenue**

	2019	2018	2017
Property Tax	\$141,918,584	\$140,294,815	\$123,502,383
Sales and Use Tax	75,615,237	68,433,816	65,200,095
Ownership Tax	14,365,732	14,939,485	13,563,582
Other Taxes	122,089	87,277	266,462
Licenses and Permits	8,992,374	8,923,133	9,172,963
Intergovernmental	47,451,242	41,411,682	41,064,067
Charges for Services	26,036,542	24,471,319	22,737,321
Fines and Forfeits	823,731	1,039,891	1,206,361
Interest on Investments	10,690,768	5,864,794	2,904,597
Contribution/Grants	6,851,058	764,932	1,407,889
Miscellaneous	4,097,536	6,603,806	5,545,266
<b>Total Revenue</b>	<b>\$336,964,893</b>	<b>\$312,834,950</b>	<b>\$286,570,986</b>

**Expenditures**

	2019	2018	2017
General Government	\$60,819,635	\$59,625,160	\$54,857,715
Judicial	9,892,576	9,328,036	9,045,957
Public Safety	76,134,322	70,593,614	64,557,865
Highways and Streets	76,336,797	68,624,550	64,011,607
Sanitation	124,117	102,491	83,029
Human Services	32,060,420	30,599,286	30,530,951
Culture and Recreation	10,342,656	9,282,091	8,461,940
Conservation of Natural Resources	456,458	804,703	384,934
Economic Development	1,299,655	1,357,854	1,179,756
Developmental Disabilities	6,347,500	6,475,400	5,623,880
Community Services	334,575	426,780	221,643
Capital Outlay	30,266,202	55,233,503	35,305,559
Debt Service	4,549,288	4,562,700	4,568,751
<b>Total Expenditures</b>	<b>\$308,964,201</b>	<b>\$317,016,168</b>	<b>\$278,833,587</b>
Other Financing Sources/(Uses) *	\$1,081,799	\$802,463	\$589,233
<b>Net Change in Fund Balance</b>	<b>\$29,082,491</b>	<b>\$(3,378,755)</b>	<b>\$8,326,632</b>

\*Other Financing Sources/ (Uses) include items such as sale of assets, debt proceeds, transfers, etc.



**Explaining the Statement of Revenues & Expenditures**

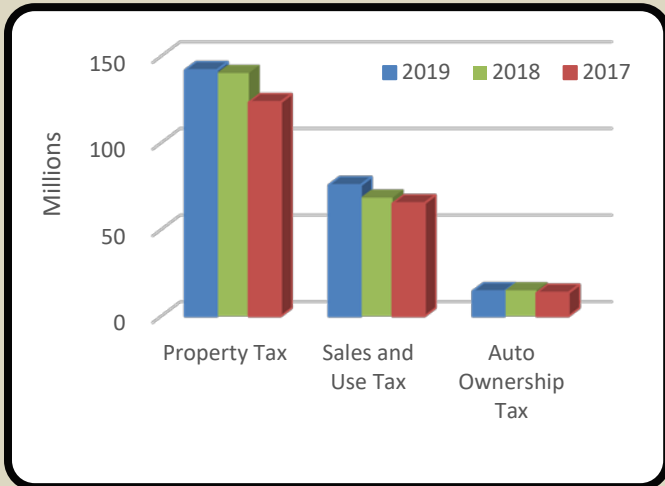
The Statement of Revenues and Expenditures provides a detailed account of all revenues and expenditures for governmental operations in Douglas County.

This chart reports aggregate revenues and expenditures for all of Douglas County's 23 governmental funds. (General, Road and Bridge, Human Services, Law Enforcement Authority, Road Sales and Use Tax, Justice Center Sales and Use Tax, Infrastructure Fund, Open Space Sales and Use Tax, Parks Sales and Use Tax, Conservation Trust, Developmental Disabilities, Sheriff's Forfeiture, Deputy Sheriff's Association, Fallen Officers, Security and Mental Health, Lincoln Station LID, Solid Waste Disposal, Woodmoor Mountain GID, Rocky Mountain High Intensity Drug Trafficking Area, Debt Service, Capital Expenditures, LID Capital Construction, and Capital Replacement Funds). More detailed GAAP basis financial statements can be found in the County's CAFR.

Revenues represent support received and expenditures represent the cost of providing services to the citizens of Douglas County. The three-year history of revenues and expenditures show that both have increased over the three-year period reported on. Revenues increased \$50.4 million (17.6%) from 2017 to 2019. The largest increase, \$18.4 million (14.9%) was due to the reappraisal of property values in 2017, affecting the Property Taxes collected in 2018 and 2019. Sales and Use Tax revenue increased by \$10.4 million (16.0%) due to Douglas County's continued strong economy through the end of 2019.

Expenditures have increased \$30.1 million (10.8%) from 2017 through 2019 but did decrease \$8.1 million (2.5%) from 2018 to 2019. The largest increases reflect the County's commitment to the BOCC core priorities as Highway and Street (Transportation) expenditures experienced an increase of \$12.3 million and Public Safety increased by \$11.6 million. General Government (County Service) expenditures increased \$6.0 million.

## Douglas County Tax Revenue by Source



Douglas County's total governmental revenues were \$336,964,893 in 2019, and \$232.0 million (68.9%) of the total revenue used to fund governmental activities was generated through tax collections.

**Property taxes** – These are the largest source of revenue for the County at \$141.9 million and are used to help offset general government expenses. The County's general mill levy is 18.774 mills. One mill equates to \$1 in taxes for every \$1,000 of assessed property value. Douglas County residents approved an additional 1.000 mill dedicated solely to the benefit of the Developmental Disabilities Fund and 4.500 mills dedicated to the support of the Law Enforcement Authority Fund. The BOCC has discretion to distribute the general 18.774 mills as needed. In 2019 it was distributed as follows:

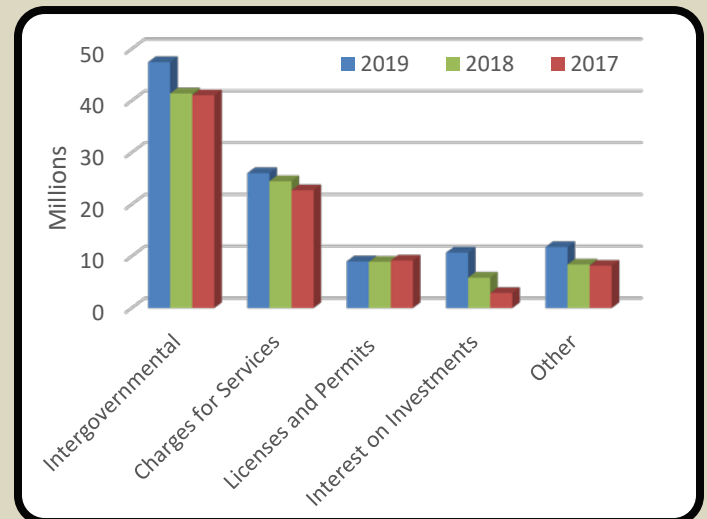
- 13.288 mills to the General Fund
- 4.493 mills to the Road and Bridge Fund
- 0.316 mills to the Human Services Fund
- 0.500 mills to the Infrastructure Fund
- 0.177 mills to the Capital Expenditures Fund

**Sales and use taxes** - Douglas County collects a sales tax of one cent (1.0%) on each dollar spent in the County. This provided the County with \$75.6 million in revenue in 2019. All sales tax collections are voter approved and restricted to a specific use. Currently the voters have approved 0.40% to be used to support road maintenance or improvements, 0.43% for the construction, maintenance and operations of the Robert A. Christensen Justice Center and 0.17% is

dedicated to the purchase and maintenance of open space and parks within the County.

**Auto ownership taxes** - The County collected \$14.4 million in specific ownership taxes which are allocated to the Road and Bridge Fund and the Law Enforcement Authority Fund to support the public's safety while travelling on Douglas County Roads.

## Additional Douglas County Revenue Sources



**Intergovernmental** – The County received \$47.5million through various state and federal grant programs in 2019. These funds are received from other governments for financing the day-to-day costs of specific programs. The largest portion of this revenue source (53.0%) is used to support the County's Health and Human Services programs.

**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 of \$4.00 per registration), in addition to others. The County Treasurer also collects a significant portion of this revenue through fees charged to other governments for the collection and subsequent distribution of their property taxes. The Sheriff's department collects charges for housing inmates from other jurisdictions.

**Licenses and Permits** – Revenues collected for the issuance of various licenses and permits such as building, roofing, and electrical permits, marriage licenses, handgun permits, etc.

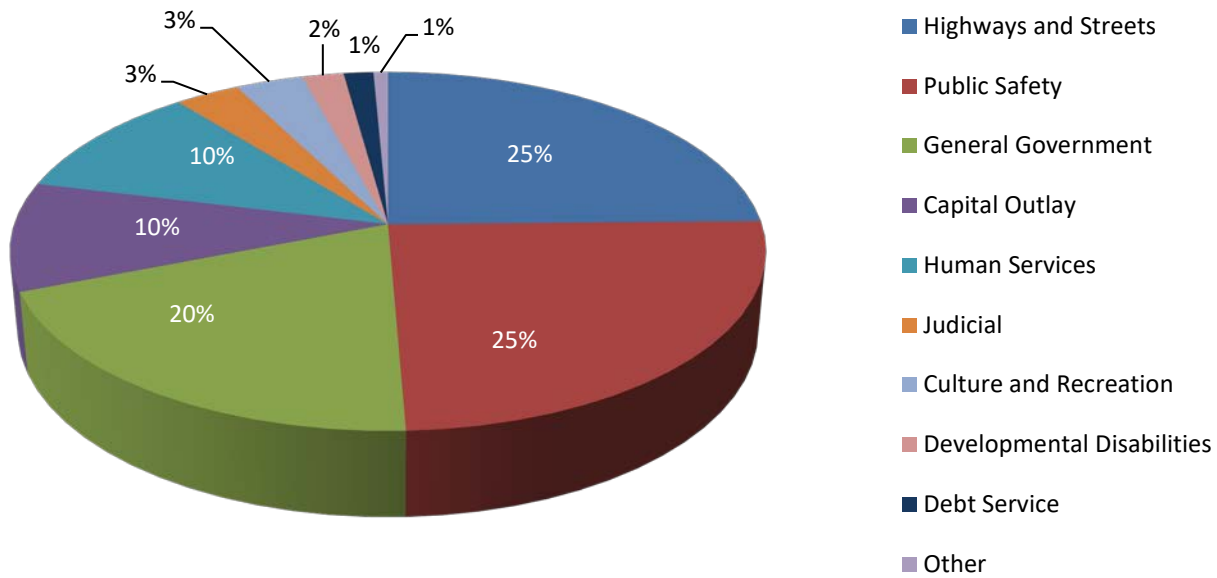


**Interest on Investments** – Income derived from the investment of County funds in securities allowed by the County’s investment policy. Investment earnings are dependent on market conditions and the cash available for investment.

**Other** - This category includes fees, contributions and private grants, refunds, reimbursements, donations, recycling revenue, etc.



### 2019 Douglas County Expenditures



Douglas County’s total governmental operating expenditures were \$274.1 million in 2019, personnel services made up \$131.0 million (42%) of total operating expenditures. \$30.3 million was used to fund capital outlay and \$4.5 was expended on debt service payments.

**Highways and Streets** – Expenditures of \$76.3 million support the construction and maintenance of roads and bridges located in the County.

**Public Safety** – Expenditures of \$76.1 million support the Sheriff’s Office Administration, Patrol, Investigations, Detentions, the County Court, and the Coroner’s Office.

**General Government** – Total expenditures of \$60.8 million provide operating costs to administrative departments such as the Board of County Commissioners, County Manager, Elections, Assessor, Treasurer, Human Resources, Budget, Finance, County Attorney, Information Technology and Facilities.

**Capital Outlay** – Expenditures of \$30.3 million were used to acquire new capital assets. Capital assets include property, buildings, equipment and infrastructure (e.g. roads and bridges) with a cost of \$5,000 or more and a useful life of more than one year.

**Health and Human Services** – Expenditures of \$32.1 million were associated with providing various public assistance programs and welfare activities.

**Judicial** – \$9.9 million is the cost to the County for their portion of the expenditures related to the 18th Judicial District Attorney, an elected official responsible for the prosecution of all criminal case filings. The County shares the 18<sup>th</sup> Judicial District costs with Arapahoe, Elbert, and Lincoln Counties based on population.

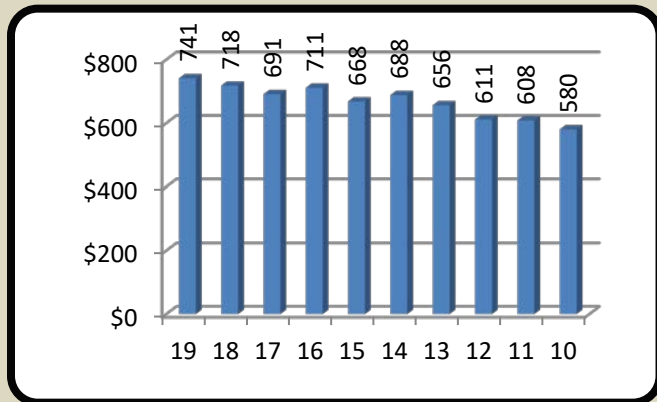
**Culture and Recreation** – Expenditures of \$10.3 million supported the maintenance and administrative functions of the County’s open space, parks, fairground facilities and the County fair.

**Developmental Disabilities** – These expenditures of \$6.3 million, supported by a 1 mill property tax approved by voters in 1996, must be used for the benefit of County citizens with developmental disabilities.

**Debt Service** – Expenditures of \$4.5 million paid the outstanding debt obligations held by the County.

**Other** – This includes expenditures of \$ 2.3 million to support sanitation, economic development, natural resources and veteran’s services.

### **Expenditures Per Capita over Ten Years**



In 2019, the County provided a wide range of services; law enforcement and public safety, judicial services, planning and zoning regulations, parks and open space maintenance, highway and street maintenance, cultural and recreational opportunities, public health and human services as well as general governmental administrative services at a cost to our citizens of approximately \$741 per person. At the end of 2019 the County employed 1,285 individuals, whose common goal is to provide the highest level of service to our community in the most cost-effective manner possible.

The County spent \$30.3 million in capital outlay in 2019. The County completed an extension to Chambers Road (from Lincoln to South Broadway) at a final cost of \$5.0 million. A trail through the entertainment district in Lone Tree was constructed for a cost of \$3.7 million. Additionally, approximately \$7.0 million was spent to replace/improve county fleet vehicles and equipment.



The County continues to use its strong financial position to partner with other local governments to benefit Douglas County citizens.

In 2019, in response to a fatal school shooting in our community, the Board of County Commissioners unanimously approved an additional appropriation of \$13.3 million to be used to benefit physical school security and improve mental health services for students in all Douglas County Schools.

The County has also partnered with the Town of Castle Rock, City of Lone Tree, Town of Parker, the Colorado Department of Transportation (CDOT) and other entities to facilitate the construction of multiple transportation improvements. During 2019 improvements to sections of County Line Road were constructed at a cost to the County of \$1.0 million. The County contributed \$2.5 million to improvements made along Ridgeway Road from Mainstreet to Peoria. The County has committed over \$31 million of 2019 fund balance to advance future improvements along US Highway 85 and \$10 million to help fund the I-25 Gap project.

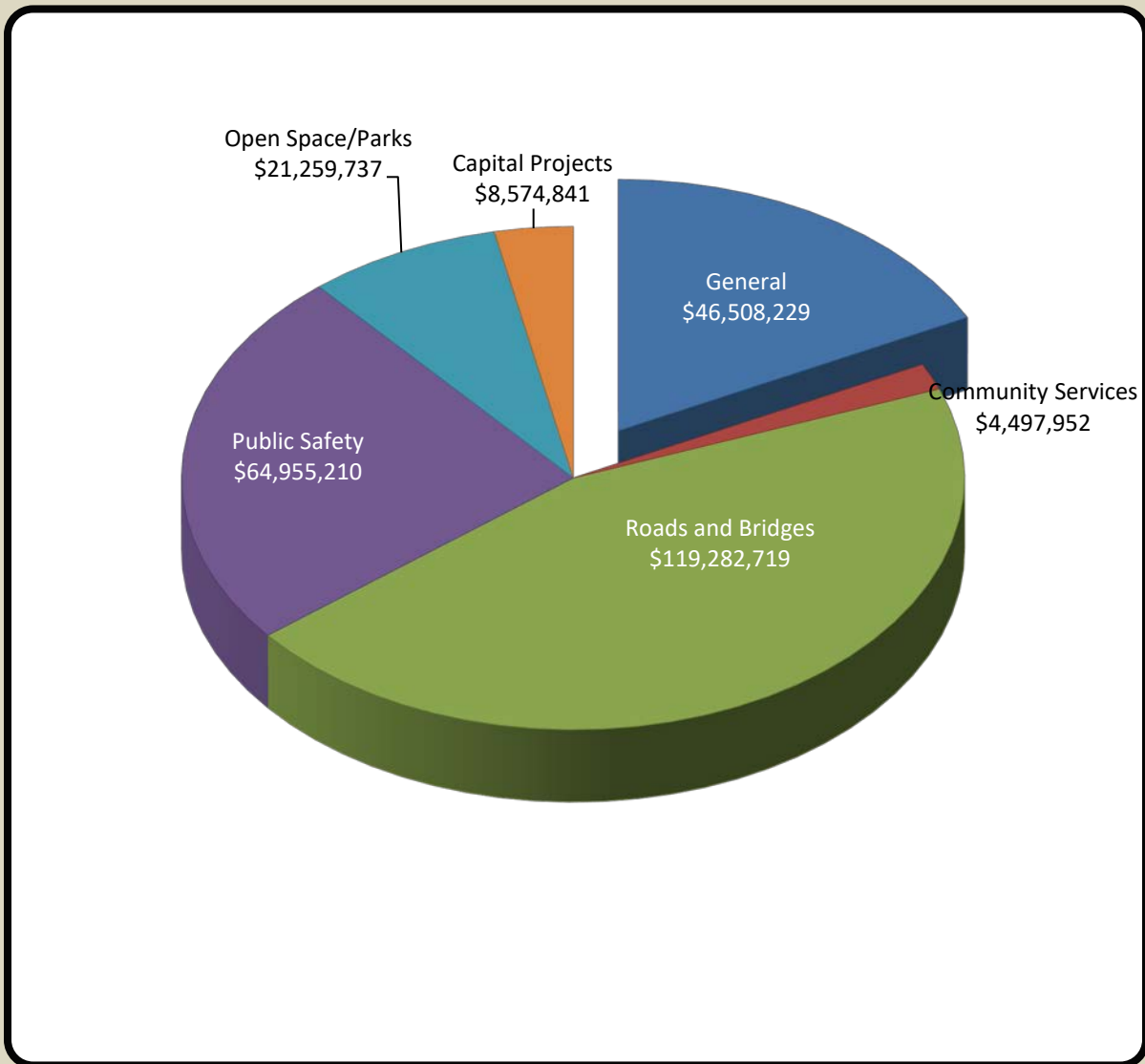
In November 2019 Douglas County voters approved ballot item 1A to redirect 0.18 percent of the sales tax currently dedicated to the Justice Center Sales and Use tax fund into a new Transportation Infrastructure Sales and Use Tax Fund (effective January 1, 2020). This effectively creates approximately an additional \$13.5 million annually to be used to help advance critical transportation improvements without raising taxes incurring additional debt or negatively impacting public safety investments.

**Fund Balance: What is it and why is it important?**

Fund Balance is the difference between what the County owns (assets) and what the County owes (liabilities) in each fund.

There are several reasons why it is important to maintain an adequate fund balance. Fund balance is a critical factor in the County’s ability to plan and budget for necessary improvements to, and the growth of, the infrastructure needed to provide residents with the services they need. The County’s fund balance provides funds for unforeseen expenses or emergencies. Fund balance reduces the need for short-term borrowing by assuring consistent, adequate cash flow. Finally, fund balance demonstrates financial stability, which enhances the County’s bond rating and keeps debt issuance costs lower should the need arise to issue debt to fund large projects/improvements. All the County’s governmental funds combined have a fund balance of \$265.1 million an increase of \$29.1 million (12.3%) over 2018. Fund balances in all funds, except the General Fund, are dedicated for a specific use due to restrictions on the revenue collected by each of those funds. The graph below details the total fund balance by function.

**2019 Total Douglas County Governmental Fund Balance: \$265,078,688**





The County’s chief operating fund is the General Fund, which accounts for all revenues and expenditures applicable to the general operations of the government. Revenues in this fund are derived primarily from property taxes.

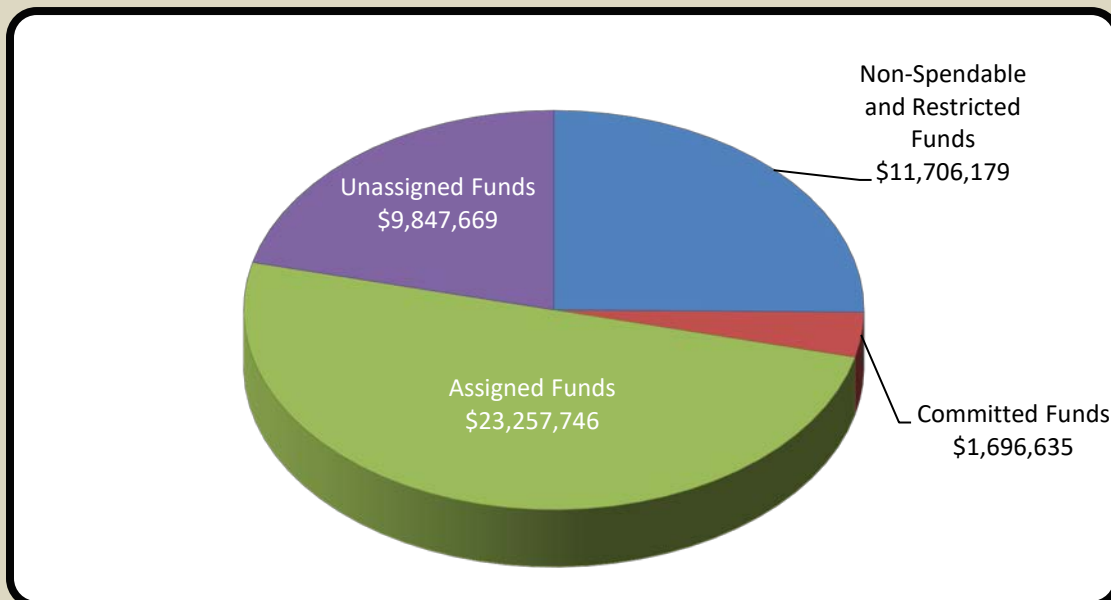
Throughout the year, the fund balance in the County’s general fund is monitored to assure that adequate levels are maintained to mitigate risks and provide back up for possible revenue shortfalls. The Government Finance Officers Association (GFOA) recommends, at a minimum, general purpose governmental funds should maintain an available fund balance of **no less** than two months (17%) of general fund operating expenses. Per the 2020 budget this amount equates to \$23.9 million.

On December 31<sup>st</sup>, 2019 the General Fund had a total fund balance of \$46.5 million, a decrease of \$4.1 million from 2018. \$11.7 million of the total fund balance is either non-spendable (prepaid expenses and inventories) or restricted by entities outside of the County (e.g. state, federal grant funds, TABOR emergency requirements). An additional \$1.7 million has already been committed to various projects through executed contracts or purchase orders already approved by the Board of County Commissioners. This leaves \$23.3 million of assigned funds and \$9.8 million of unassigned funds.

The assigned portion of the General Fund balance includes \$2.9 million which is immediately utilized on January 1<sup>st</sup>, 2020 to cover budgeted General Fund expenditures which exceed the 2020 budgeted revenues. Assigned fund balance also includes \$1.4 million in smaller previously approved purchase orders and \$6.0 million for planned project expenditures. The remaining \$22.8 million in assigned/unassigned fund balance can be used in emergencies and to facilitate new projects and/or partnering efforts in the future. The strong fund balances in Douglas County can be attributed to conservative budget practices and careful planning for the future.



***2019 Douglas County General Fund Balance Breakdown \$46,508,229***



For more details on Budget, Revenues, Expenditures and Fund Balance, please refer to the Analyze Douglas County Open Data Portal, which is located here: <http://douglasco.finance.socrata.com/#!/dashboard>

## **Douglas County Debt**

Douglas County's current total bonded debt is \$9.0 million (interest included).

The County's current revenue bond debt is dedicated to open space/parks, (\$9.0 million). These are special revenue obligations secured by pledged revenues from voter approved sales and use tax. We have leveraged this debt by using it to gain funding from partners, such as Great Outdoors Colorado (GOCO). GOCO has provided almost \$40.1 million in grants to Douglas County since 1995.

In October 2019, Standard and Poors (a national rating agency) raised the long-term rating on the Douglas County Sales Tax bonds from AA- to AA with a stable outlook. Key considerations to raise the rating include:

- Douglas County's strong to very strong economic base.
- Douglas County's low revenue volatility.
- Very strong maximum annual debt service coverage.

Douglas County has no general obligation debt and no outstanding certificates of participation.

<b>Revenue Bonds</b>	<b>Final Maturity</b>	<b>Total Debt Year End 2018</b>	<b>New Debt</b>	<b>Debt Payments</b>	<b>Total Debt Year End 2019</b>
Open Space	2020	\$3,961,800	-	\$1,980,600	\$1,981,200
Open Space	2022	<u>\$8,053,744</u>	<u>-</u>	<u>\$1,003,188</u>	<u>\$7,050,556</u>
		\$12,015,544	-	\$2,983,788	\$9,031,756
Road Improvement	2019	<u>\$1,565,200</u>	<u>-</u>	<u>\$1,565,200</u>	<u>-</u>
<b>Total Revenue Bonds</b>		<b><u>\$13,580,744</u></b>	<b><u>-</u></b>	<b><u>\$4,548,988</u></b>	<b><u>\$9,031,756</u></b>
<b>Capital Lease</b>	2020	\$735,150	-	\$ 367,575	\$ 367,575



**2019 Douglas County Demographics and Economic Statistics**

**Top 5 Employers**

Douglas County School District	6,283
Charles Schwab	4,400
Echostar Communications	2,750
Centura Health	1,510
HealthOne: Sky Ridge Medical	1,340

**County Services**

Elections Supported	19
Number of Parcels Assessed	154,546
Marriage licenses issued	1,650
Building Dept inspections completed	64,692

**Public Safety**

Calls for Service	145,045
Total Crimes Reported	13,306
Number of Bookings	7,689
Autopsies Performed	171

**Historic and Natural Resources**

Trail Usage-Visitors	543,297
Open Space Preserved (Acres)	63,037
Regional Park Acres	1,120
Miles of trails maintained (various types)	153

**Transportation**

Lane Miles Maintained (primary)	1,199
Lane Miles Maintained (secondary)	2,308
Snow Plowing Hours	1,258.5
Signs made/repaired/installed	4,187

**Health and Human Services**

Clients Served (households)	2,995
Citizens Receiving Food Commodities	10,246
Philip S. Miller Trust grant awards	\$310,000
Senior Services Provided (hours)	6,469

**Long Term Financial Planning**

The County currently projects revenues, expenditures and available fund balances for five-year periods to enable strategic planning opportunities and anticipate potential future challenges. No arbitrary balancing entries are made to artificially balance the current or subsequent year’s budgets. The County distinguishes between and matches one-time revenues with one-time expenditures and ongoing revenues with ongoing expenditures. This best practice is a key to helping ensure the future financial stability of the County. The Board of County Commissioner’s (BOCC) adopted policy manual specifically states that with respect to strategic planning for projects, services, and activities with a fiscal impact, the County Manager may not jeopardize either the programmatic or the fiscal integrity of County Government.

The budget process in the County follows a sound and balanced approach and aligns with the BOCC goals of personal and public safety, transportation, community services, economic foundations and natural resources and uses the following guiding principles:

- Avoid raising fees or taxes.
- Rely upon realistic revenue forecasts.
- Maintain stable reserves.
- Improve the quality of services provided to our community.
- Budget for one year, manage for two and plan for five years.
- Match on-going revenues with on-going expenditures.

The 2020 approved budget is \$463.2 million for all funds. This includes \$200.6 million for ongoing operating expenditures; \$3.0 million to pay debt obligations; \$202.7 million for one-time initiatives and \$32.9 million for federal and state funded expenditures. The 2020 budget also includes \$24.0 million for self-funded insurance funds.



**100 Third Street, Castle Rock, Co 80104**  
**303.660.7400 / TTY 303.663.7791**

**Follow Us On:**







*Finance Department  
100 Third Street  
Castle Rock, CO 80104  
303.660.7430*

*[www.douglas.co.us/finance](http://www.douglas.co.us/finance)*

