

## LARIMER COUNTY | COUNTY MANAGER

P.O. Box 1190, Fort Collins, Colorado 80522-1190, 970.498.7010, Larimer.gov

**To:** Board of County Commissioners  
Larimer County Residents  
**From:** Lorenda Volker, County Manager  
**Date:** October 10, 2025  
**SUBJECT:** 2025 Revised and 2026 Proposed Budgets



Dear Commissioners and Residents,

The County Manager is responsible for presenting an annual budget to the Board of County Commissioners. This 2026 Proposed Budget aligns with the Board's priorities as well as the County's longstanding practice of fiscal responsibility. The 2026 Proposed Budget complies with state laws, budgeting principles, funding requirements, and the Board's guidance.

Larimer County consists of departments and divisions overseen by ten elected County officials established by the Colorado Constitution. These entities provide a wide range of services to residents, property owners, and visitors. Most services are delivered irrespective of municipal boundaries, ensuring that people in both cities and unincorporated areas receive the same level of service. The County's net operating budget is organized into five service categories: Public Safety; Human and Economic Health; Community Planning, Infrastructure, and Resources; Public Records and Information; and Support Services.

Each year's budget includes a comprehensive five-year capital improvement plan. Capital projects are defined as one-time expenses above \$50,000 and they are expected to benefit the community for years to come. This includes investments in buildings, roads, property, vehicles, equipment, and replacement of major assets. The first year of each five-year capital plan is included in the annual budget.

In addition to planning for capital needs, the County must also prepare for natural disaster costs, including increasingly frequent wildfires and floods. To make year-to-year expenses comparable, disaster response costs are separated from the County's normal operational budgets. The 2026 Proposed Budget includes funding for mitigation, response, and disaster recovery efforts.

In 2024 the Colorado General Assembly passed legislation that lowered counties' property tax assessment rates and put a new cap on property tax revenue growth now in effect. Our state and federal partners are also experiencing increased uncertainty—resulting in additional requirements and reduced funding levels across some of our largest grant programs. Human Services public benefits supporting essential needs like food and healthcare, reimbursement for disaster recovery and mitigation, and public health programs are all facing significant fiscal challenges.

While Larimer County reserves are healthy, forecasts under these new fiscal conditions show a \$6 million dollar gap between expected revenues and expenses beginning in 2027. This year we undertook an extensive review to find ways to close that gap. Our work included reviewing a comprehensive inventory of all County programs, including funding sources and annualized costs. We solicited reduction ideas from staff, department directors, and elected officials (no idea was too small to be considered) and we reviewed fees to ensure full cost recovery. Finally, we limited the amount of new service proposals in the 2026 Proposed Budget. The changes made from these efforts are outlined in the tables at the end of this letter and work to close the gap will continue through 2027.

## Budget Process and Guidelines

The County's budgeting process is a continuous, year-round effort. Commissioners regularly review performance measures across the five service categories to ensure clear understanding of the services provided and the impact on the community. These reviews highlight trends and outcomes of County services, helping the Commissioners to prioritize budget decisions for the following year.

Planning for the upcoming fiscal year begins in the spring with a work session where Commissioners assess the internal strengths and weaknesses as well as the external opportunities and challenges across each service category. The themes identified from this analysis help to shape the budgeting strategies for the year ahead. During this session, the Office of Performance, Budget and Strategy presents revenue and expense forecasts, and the Commissioners provide direction for preliminary base budget targets for each department and elected office in alignment with County goals and the adopted Strategic Plan.

In early summer, Commissioners and staff gather resident input through community meetings, surveys, and online submissions. During this time, we also review data on compensation trends, the economy, state and federal legislation, and revenue projections that may impact Larimer County. These insights help to refine base budget targets, while program leaders and elected officials prepare budget requests.

Over the course of two months, the County Manager, Assistant County Manager, and the Office of Performance, Budget, and Strategy meet with each department director and elected official to review submitted budget packets. Funding requests are thoroughly evaluated to ensure they are supported by data, conform to best practices, and respond to residents' needs. Larimer County has consistently prioritized maintaining existing programs and infrastructure while supporting equitable and accessible service delivery over introducing new services; a philosophy maintained in the 2026 Proposed Budget.

## Revenue Highlights

**Property Tax:** Larimer County's largest General Fund revenue source is property tax. Most of the property tax collected by the County is distributed to other taxing authorities, primarily school districts, with portions also going to municipalities and special districts. Larimer County retains approximately 25% of the total property tax collected. While property taxes are assessed annually, property values are reappraised every two years. Recent state property tax legislation limits property tax revenue growth to 10.5% per two-year reappraisal cycle, with exceptions for new construction, property taxes used for disaster recovery, and expiring tax-increment financing districts. This revenue growth cap begins with the 2025 reappraisal and the 2026 Budget.

The County's operating mill levy has remained 21.571 mills since 1992, distributed between the General Fund, Road and Bridge, Human Services, and Health and Environment. Additionally, 0.75 mills are collected and transmitted to Foothills Gateway, which provides services for individuals with developmental disabilities in accordance with a 2001 voter-approved initiative.

**Sales Tax:** The second-largest revenue source for Larimer County is sales tax. Sales tax revenue is projected to decline by 1.7% in 2026 due to slower consumer spending, lower inflation, and a shift in preferences from retail goods to services. The County collects four dedicated sales taxes that fund specific, voter-approved services:

- A 0.15% (15¢ on \$100) sales tax supports Larimer County jail operations, generating enough revenue to cover about one-quarter of the jail's operating expenses.

- A quarter cent (0.25%, 25¢ on \$100) sales tax funds open space, with revenue shared between the County (50%) and its eight municipalities (50%).
- A quarter cent (0.25%, 25¢ on \$100) sales tax funds behavioral health services, with portions of the revenue distributed to mental and behavioral health community service providers. The County completed construction of the Longview Behavioral Health Facility in 2023 using this tax.
- Another 0.15% (15¢ on \$100) sales tax funds the construction and operation of The Ranch fairgrounds. The County is implementing The Ranch Master Plan, which includes new facilities, improvements to existing structures, and infrastructure upgrades.

**External Fees and Charges:** External fees, licenses, permits, and other charges for specific services represent a critical revenue source for essential County programs, including The Ranch, Solid Waste, Natural Resources, some programs at the Health Department, and others. The Acute Care Center at the Longview Behavioral Health Campus operates using a combination of sales tax funding and insurance billing for services. Fees and charges are typically used to offset the costs of providing the associated programs. However, many fees are set by state statutes or agencies and often fall short of covering the full cost of the service. In such cases, local tax revenue is used to bridge the gap.

#### **Interest Earnings:**

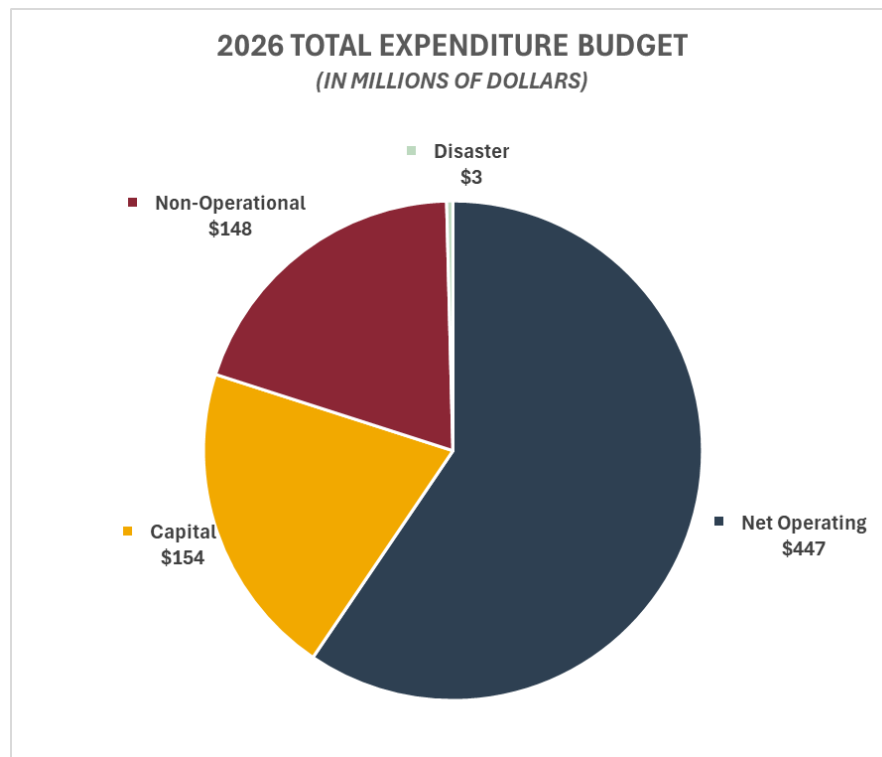
The Office of the Treasurer and Public Trustee invests Larimer County's reserves in safe, interest-bearing public funds investments. Although federal interest rates are expected to decline in the coming months and years, Larimer County earnings are budgeted to remain stable at least through 2026 as forward-thinking investments from prior years continue to provide high returns. We will continue to closely monitor trends around interest rates and adjust our forecasts accordingly.

**Grants from State and Federal Programs:** In 2026, state and federal grants are expected to decline. Our largest allocations include Human Services, Economic and Workforce Development, Health and Environment, and Community Justice Alternatives, which are all budgeting for lower program allocations. Many one-time grants such as disaster reimbursements are no longer expected in 2026.

#### **Expense Highlights**

Budgeted expenses are organized into four primary categories that reflect the full range of County operations. **Operating** costs represent the day-to-day expenses required to deliver essential public services to residents. **Capital projects** include major infrastructure and facility investments planned for completion or advancement during the budget year. **Disaster recovery** costs account for expenditures associated with response, restoration, and mitigation following natural or declared disasters. Finally, **non-operational** expenses capture internal financial activities such as charges between departments, fund transfers, sales tax administration, and internal service costs that support overall County functions.

The following chart provides a snapshot of how these four categories are distributed in the **2026 Proposed Budget**, illustrating the proportion of total expenditures dedicated to maintaining services, investing in infrastructure, responding to emergencies, and managing internal financial responsibilities.



Expenses are grouped into departments and elected offices that provide similar services. These are organized into five main service categories:

- Public Safety
- Community Planning, Infrastructure, and Resources
- Human and Economic Health
- Public Records and Information
- Support Services

**Public Safety:** The Commissioners' Office works closely with the elected Sheriff, District Attorney, and Coroner to ensure that public safety is appropriately funded. Additional services under this category include Alternative Sentencing, Community Corrections, and Emergency Management. The County provides these services to all residents, regardless of whether they live in rural areas or within municipal boundaries. These services include operating the county jail, funding death investigations, offering alternative sentencing and community corrections programs, providing pre-trial services, supporting competency courts in partnership with the 8<sup>th</sup> Judicial District, and overseeing emergency management and recovery. Larimer County is also statutorily responsible for providing primary funding for the District Attorney's Office for the 8<sup>th</sup> Judicial District and for maintaining the facilities used by the 8<sup>th</sup> Judicial District, including courtrooms and Probation Service spaces.

In accordance with the State Constitution and statutes, the County carries significant responsibility for public safety. The Sheriff's Office provides patrol services in unincorporated rural areas and, under Colorado Revised Statute 30-10-513, is responsible for coordinating fire suppression efforts during prairie, forest, or wildland fires in unincorporated areas, or when such fires exceed the capacity of local fire protection districts. The 2026 Proposed Budget continues to allocate resources toward mitigating future fire damage and assisting homeowners in forested areas in reducing their vulnerability to wildfires and natural disasters while expanding their effectiveness through partnerships and being mindful of fiscal limitations.

**Community Planning, Infrastructure and Resources:** This service category includes the following departments: Community Development, Engineering, Road and Bridge, Solid Waste, Natural Resources, and The Ranch.

Capital improvement programs will continue in the 2026 Proposed Budget. The Solid Waste Department capital budget includes closing costs for the old landfill and opening costs for the new North landfill and transfer station. The focus remains on the reduction, reuse, or recycling of materials and increasing the diversion of materials from the landfill, meeting state environmental requirements, and seeking grants to assist with these efforts. Ongoing discussions with regional partners are focused on ensuring long-standing partnerships are nurtured and developed and the financial viability of landfill facilities remains sound.

The capital budget for The Ranch Events Complex includes continuing to implement a campus Master Plan funded through the dedicated sales tax, the issuance of certificates of participation to facilitate project completion in a shorter time frame, and continued exploration of private partnership opportunities. Activities completed to date including the construction and opening of the 4-H Youth and Community Arena, expansion of the MAC Equipment Inc. Indoor Arena, RV Hookups to support events at The Ranch, and roadway improvements including construction of Arena Circle. Upcoming projects in the near term include the great lawn and amphitheater, wayfinding and monument Signage, and facility modernizations and upgrades. The Ranch continues to emphasize streamlining operations and efficiencies, nurturing community partnerships, and ensuring long-term financial sustainability.

Natural Resources remains committed to emphasizing partnerships and grant opportunities to support the portfolio of properties in their care including making progress on the Chimney Hollow Open Space Adaptive Management Plan. In 2026 the department will continue to focus on acquisition, conservation, and maintenance of County open spaces while making incremental improvements to both facilities and department operations to address growing demands for service by our community. Revenues related to visitor fees continue to be affected by the state's vehicle registration *Keep Colorado Wild Park Pass* program. The department has initiated efforts to increase visitors to County parks over the last several years including adopting an outreach approach to reach members of our community who may not have had access or exposure to our open spaces in the past.

A significant gap remains between the need for increased capacity on County roads and available funding. To address this, the County Commissioners have authorized a ballot measure that would levy a 0.15% sales tax (15¢ on every \$100 of retail sales) to support funding for capital capacity projects for County roads, if approved by voters in November 2025.

**Human and Economic Health:** This service category encompasses the County's efforts in Human Services, Health and Environment, Economic and Workforce Development, Extension, and Behavioral Health. Programs in these areas rely heavily on federal and state grants, supplemented by matching local property or sales tax dollars. An ongoing challenge in budgeting for these services is the misalignment between federal, state, and county fiscal years, making it difficult to confirm program funding levels until after the County's budget is adopted. This is anticipated to be further complicated in 2026 as these programs navigate changing federal and state requirements for program administration and funding challenges.

The Department of Health and Environment continues their commitment to engage with community partners as they implement the Community Health Improvement Plan and develop strategies to address overall community health issues while working through shifting priorities and funding streams at the federal level. Their ongoing work as an arm of the Colorado Department of Health and Environment includes addressing issues related to the built environment including inspecting and permitting septic systems, measuring air quality, and conducting restaurant inspections. The 2026 Proposed Budget also provides for awarding impact

grants to community providers and partners through the Behavioral Health Services Department as well as the operational costs for the Acute Care Center at the County's Longview Behavioral Health Campus and administration of these key programs. Operations at the Acute Care Facility are provided through a contract with SummitStone Health Partners and have been expanded in 2025 to include an adolescent care unit. These programs and services are supported by a 2018 voter-approved dedicated behavioral health sales tax and a revenue share of claims paid for services at the Acute Care Center.

The County continues to deliver high-quality programming in our Human Services Department, including food assistance, adult and child protection, childcare assistance, child support enforcement, and Medicaid administration. The Economic and Workforce Development Department remains actively engaged with regional partners, supporting economic development, business initiatives, job seekers, and programs that assist community members with disabilities and veterans. Both of these departments are navigating funding and programmatic uncertainty and will continue to closely monitor the impact of any changes to program administration requirements as they receive direction from federal and state agencies.

Larimer County continues to advance regional efforts to expand affordable housing by working closely with other local governments and nonprofit organizations. The 2026 Proposed Budget maintains funding for eviction prevention and landlord partnership programs, while ongoing analysis will help define the County's future role in housing based on identified gaps and the work of our community partners.

**Public Records and Information:** This service category consists of elected offices, including the Assessor, Clerk and Recorder, and Treasurer and Public Trustee, as well as the County's Public Affairs Office. The 2026 Proposed Budget includes funding to conduct these important services including elections, property value assessment, property tax administration, motor vehicle licensing, and recording.

The Office of the Treasurer and Public Trustee continues to streamline statutory responsibilities and invest the County's funds judiciously. The Assessor's Office is working to review and address a backlog of building permits so they can be appropriately incorporated into property value models. The Clerk and Recorder's Office remains focused on conducting secure elections and exceeding customer expectations for motor vehicle registrations while the Public Affairs office continues to focus on community outreach with an emphasis on increased engagement as well as assessing legislative impacts on County services.

**Support Services:** This service category includes departments that support public-facing County programs and elected offices, including Human Resources, Information Technology, County Attorney, Facilities, Fleet Services, and Finance. The 2026 Proposed Budget allocates funding to ensure these programs operate efficiently and effectively meet or exceed the needs of their internal customers.

## Looking to the Future

The following are key issues facing Larimer County in the coming years. Many of these trends are being addressed in various ways in the 2024-2028 Five-Year Strategic Plan and incorporated by departments and elected offices in their service delivery plans.

**Population Growth:** Population growth is one of the primary drivers of increased demand on County services, including personnel, transportation, and facilities. These pressures are compounded by shifting and aging demographics in Northern Colorado and across the country. Future budgets will need to continue to address facility and equipment obsolescence, data storage and security pressures, and the growing demand for County services including public safety, alternative sentencing, behavioral health, and recovery and community resilience related to natural disasters as residents occupy more remote housing alternatives. Transportation



needs may be met if voters approve a ballot measure that would levy a 0.15% sales tax (15¢ on every \$100 of retail sales) to support the funding of capital capacity projects for County roads and support leveraging state, federal, and local partner project funds.

**Inflation:** Although inflation is down from historic highs of the past few years, the rising cost of housing, childcare, goods and services is an enormous burden on County residents. Affordability challenges increase the need for public services and, since the County administers many government programs for vulnerable populations and criminal justice offenders, demand for these services is expected to grow. Rising costs of technology, insurance, personnel, and capital construction are also directly impacting the budget.

**Future Ready and Climate Smart:** Larimer County is committed to operating responsibly and planning for the future through its programs, purchasing decisions, equipment, and facilities. The County has been directly impacted by the increasing frequency of natural disasters. To prepare for future disasters, the County has established and maintained a Disaster Contingency Fund, which reserves funds for disaster preparedness, response, recovery, and mitigation. In the event of a major Federal Emergency Management Agency (FEMA)-qualifying disaster, the County relies on these reserves for temporary and permanent repairs to public infrastructure before receiving federal reimbursement, which can take many years. Maintaining sufficient reserves for disaster response and recovery is critical for the community, especially as new direction from FEMA regarding financial assistance for public infrastructure restoration is being developed.

**Continued Financial Health:** Larimer County currently holds a AAA credit rating, a distinction shared by less than 2% of counties nationwide. This rating is based on several factors, including the County's relatively low debt burden, healthy reserve fund balances, and restrained approach to spending on new or increased programming. The 2026 Proposed Budget aims to maintain these favorable conditions by addressing a structural budget deficit, addressing facility needs, and carefully monitoring the ongoing impacts of capital commitments.

**Property Tax Deficit:** The primary source of discretionary revenue for the County is property tax. In 2022, 2023, and twice in 2024 the state legislature passed legislation impacting property assessment rates in response to rapidly rising values across the state. The cumulative impact of this legislation is reducing the County's annual property tax revenue by millions and limiting future revenue growth. The current forecast indicates that Larimer County needs to identify \$6 million in savings by FY 2027 to close the gap between revenues and expenses. We will achieve these savings over the next two years through a combination of identifying efficiencies, program reductions, limits on spending increases, and reviewing program revenues.

**Reductions:** Departments and elected offices were asked to prepare ongoing budget reduction proposals and did so in amounts well above what was needed to close the \$6 million budget gap. These conversations are never easy, and it speaks to the caliber of Larimer County's staff and elected officials that we were able to have frank discussions and make difficult decisions. We have identified approximately \$4 million in savings through the 2026 budget process and continue to seek ways to close the gap in 2027. Not all savings from reduction proposals will be realized immediately; some will be enacted over multiple fiscal years and will result in long-term savings for Larimer County. Some of the more significant recommended reductions to achieve this goal are listed in chart below.

Key Program Reductions by Department		Estimated Savings
Board of County Commissioners	Elimination of 1.00 communications FTE, elimination of a County code website hosting contract, reduction in projects funding, and reduction in advisory boards support.	\$192,532
Community Justice Alternatives	Eliminate General Fund subsidy of state-funded, County-managed Community Corrections programs by 2028 – offset by Medicaid billing for qualifying client services as piloted in 2024.	\$1,700,000
Clerk and Recorder	Reduce operating budgets in Recording, Motor Vehicle, and Elections through efficiency gains.	\$622,000
Economic & Workforce Development	Eliminate Small Business Sustainability Program established during the COVID-19 pandemic and serve through other programs.	\$45,000
Emergency Management	Reduce community wildfire mitigation grant funding without eliminating the program.	\$50,000
Financial Services	Reduce ADA Capital Improvement Budget (\$50,000 for two years) – this will also support a focus on digital accessibility activities by staff.	\$100,000
Human Resources	Reduce employee stipends; align workers compensation wage continuation policy with statutory requirements.	\$185,000
Human Services	Redirect dedicated resources allocated to child abuse prevention to offset program increases—work continues through case workers. No immediate savings but reduces need for additional dollars.	\$0
Housing Stability Office	Eliminate funding for <i>HomeShare</i> and the Larimer Home Improvement Program (LHIP) based on low participation and other funding availability outside of County property taxes. Eviction prevention direct assistance and legal aid will be funded by a one-time federal funding source in 2026 rather than General Fund.	\$519,000
Information Technology	Shift a portion of public safety radio console equipment replacement cost to LETA. Migrate Community Justice client management software to on-premises application to eliminate need for costly annual license payments.	\$381,000
Multiple Departments	Reduce support, consolidate, and eliminate advisory boards. Savings in staff time is an estimate. Resources will be reallocated to offset and avoid other cost increases.	\$100,000

**Revenue Review:** Departments and elected offices also reviewed programs to confirm that fees accurately reflect the full cost of providing public services, especially in areas currently subsidized by property taxes. The 2026 Proposed Budget incorporates the following revenue adjustments.

New/Updated Revenues by Department		Estimated Revenue
Coroner	Update morgue usage fee to align with inflationary cost increases and comparable fees across the state.	\$10,000



Information Technology	Explore partnerships with other local governments to share the cost of software developed by Larimer County and licensed by other jurisdictions.	\$250,000
Community Development	Implement a Short-Term Rental license renewal fee in addition to the initial license fee consistent with other local governments.	\$50,000

**Service Proposals:** Even in a reduction year Larimer County reviews how supplemental funding can enhance program effectiveness or improve efficiency. The following service proposals are recommended and have been included in the 2026 Proposed Budget.

New Proposed Budget Service Proposals		Estimated Expense
Clerk and Recorder	Board of Equalization Scheduling Software (efficiency gain).	(\$62,000)
Community Development	Humane society contract cost increase.	(\$21,720)
Community Development	Code Enforcement property cleanup costs are carried by the department until a lien is enforced/property sold.	(\$125,000)
District Attorney	Search Warrant Review Attorney (adding 0.25 FTE) to convert part-time position to full-time to facilitate filling the position.	(\$24,956)
Economic and Workforce Development	Regional Economic Development Marketing Initiative.	(\$25,000)
Facilities Services	Maintenance costs of new Emergency Services facility.	(\$82,950)
Human Services	Human Services Program Stabilization Funding – support for new federal requirements for administering SNAP and Medicaid.	(\$1,000,000)
Information Technology	Software projects funding to support department efficiency efforts.	(\$100,000)
Multiple Departments	Human Resources identified pay grade changes late in the budget preparation process in various service areas.	(\$559,667)

I would like to extend my sincere appreciation to the departments and elected offices for their contributions in achieving our expense reduction targets for the 2026 Proposed Budget, as well as their ongoing efforts to control expenditures for the 2025 Revised Budget. While the future remains somewhat uncertain, I commend our Larimer County leadership team for upholding our reputation of operating within our means. Their thoughtful approach to both the services they provide and how they provide them reflects the County's commitment to responsible stewardship of taxpayer dollars. This careful management ensures that public services continue to benefit the community into the future and plays a critical role in maintaining the trust of Larimer County residents.

Sincerely,



Lorenda Volker  
County Manager