

LARIMER COUNTY: BUDGET OFFICE



# 2024 SWOT ANALYSIS & INITIAL BUDGET TARGETS

MAY 24, 2023



## AGENDA

- 2023 Through April Results
- 2024 Budget
  - Budget Process
  - Strengths, Weaknesses, Opportunities & Threats Analysis
  - Legislation & Ballot Initiative Update
  - General Fund Projections
  - Initial 2024 General Fund Support Targets
  - Budget Instruction Changes
  - Next Steps

# 2023 THROUGH APRIL RESULTS

## Revenue Comparison – General Fund

| Revenue Source               | Thru April 2022 | Thru April 2023 | \$ Change     | % Change |
|------------------------------|-----------------|-----------------|---------------|----------|
| External Charges for Svcs.   | \$6.6 million   | \$6.4 million   | -\$204K       | -3%      |
| Interest Earnings*           | \$786K          | \$5.0 million   | \$4.2 million | 534%     |
| Internal Charges for Service | \$499K          | \$382K          | -\$117K       | -24%     |
| Licenses & Permits           | \$141K          | \$144K          | \$3K          | 2%       |
| Miscellaneous                | \$2.9 million   | \$3.6 million   | \$657K        | 23%      |

\* = At least ½ of amount will be allocated to other funds

# 2023 THROUGH APRIL RESULTS

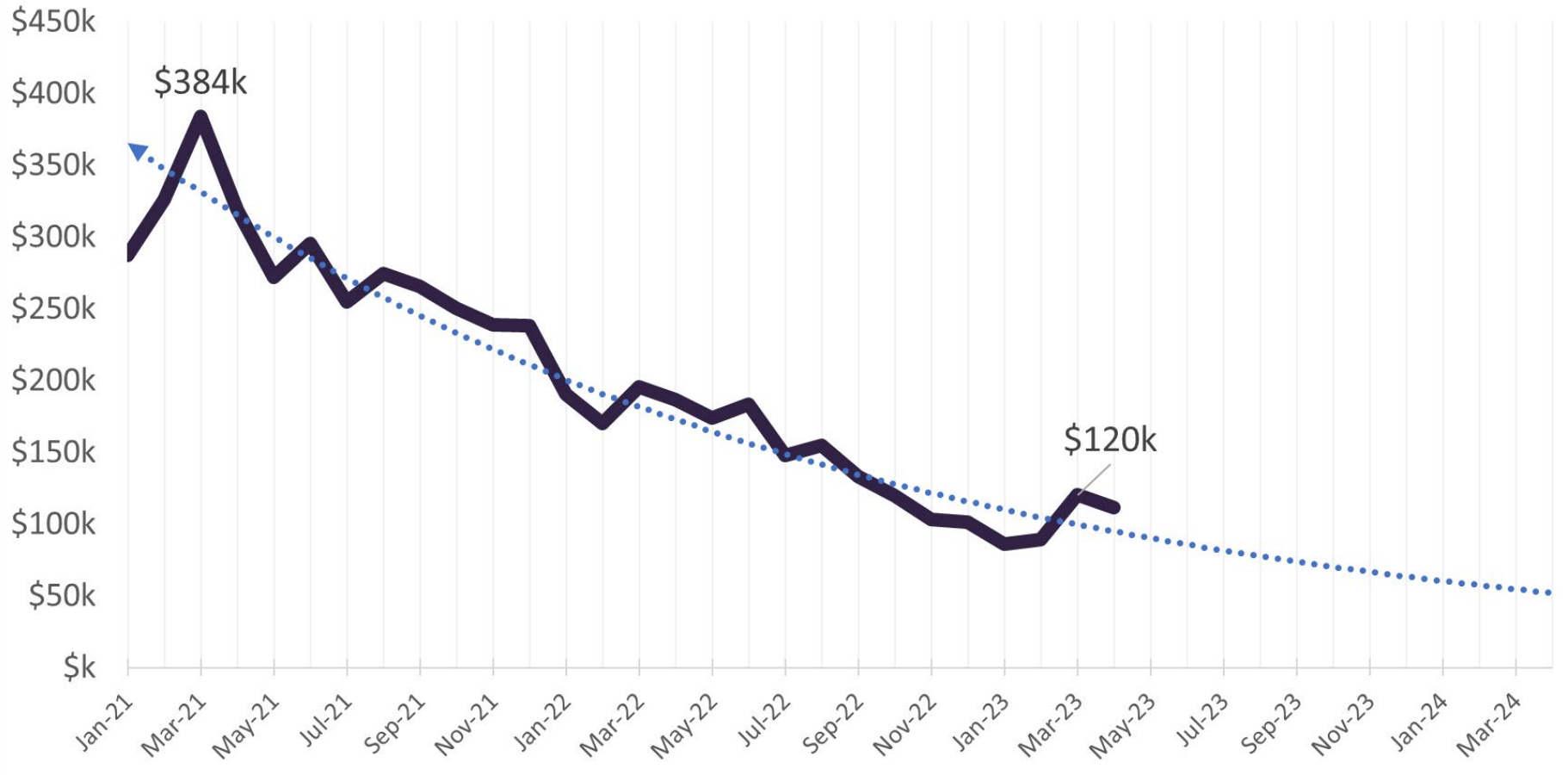
## Key Revenue Trends – Clerk & Recorder General Fund

| Category                           | 2023 vs. 2022 \$ | 2023 vs. 2022 % | 2023 Budget Pace |
|------------------------------------|------------------|-----------------|------------------|
| Recording Charges for Services     | (\$321K)         | -32%            | (\$942K)         |
| Motor Vehicle Charges for Services | \$55K            | 3%              | (\$67K)          |
| Passport Fees*                     | +89K             | 100%            | \$100K           |

\* = \$0 actual revenues through April 2022

# GENERAL FUND PROJECTION

## Monthly Recording Fee Revenues



# 2023 THROUGH APRIL RESULTS

## Revenue Comparison – All Funds

| Revenue Source             | Thru April 2022 | Thru April 2023 | \$ Change        | % Change |
|----------------------------|-----------------|-----------------|------------------|----------|
| External Charges for Svcs. | \$14.9 million  | \$16.8 million  | \$2 million      | 13%      |
| Interest Earnings          | \$885K          | \$6.2 million   | \$5.3 million    | 601%     |
| Licenses & Permits         | \$4.9 million   | \$4.1 million   | (\$819K)         | -17%     |
| Intergovernmental          | \$48.7 million  | \$19.9 million  | (\$28.8 million) | -59%     |
| Sales & Use Tax            | \$22.9 million  | \$23.1 million  | (\$300K)         | -1%      |
| Spec Own Tax               | \$4.0 million   | \$3.9 million   | \$66K            | 2%       |
| All Other External         | \$4.3 million   | \$4.7 million   | \$427K           | 10%      |

# 2023 THROUGH APRIL RESULTS

## Key Revenue Trends

| Fund/Dept           | Category                      | 2023 vs. 2022 \$ | 2023 vs. 2022 % |
|---------------------|-------------------------------|------------------|-----------------|
| Natural Resources   | Licenses & Permits            | (\$42K)          | -2%             |
| Ranch               | External Charges for Services | +\$431K          | +25%            |
| Health Department   | External Charges for Services | +\$34K           | +14%            |
| Transp. Expansion   | Licenses & Permits            | (\$305K)         | -60%            |
| Building Inspection | Licenses & Permits            | (\$435K)         | -35%            |
| Solid Waste         | External Charges for Services | +\$1.1 million   | +37%            |
| Fleet               | External Charges for Services | +151K            | +199%           |

# BUDGET PROCESS

Today

- SWOT Analysis
- Initial General Fund Projection & Targets

May-June

- Budget Office Prepares Instructions & Budget Software

June-  
August

- Departments Prepare Budget Requests
- Requests Due in August



# BUDGET PROCESS

Summer

- Public Participation Efforts
- Community Conversations

June 29<sup>th</sup>

- HR Recommendations & BOCC Direction on 2024 Compensation Changes

August &  
September

- County Manager & Budget Office Meetings with Offices & Departments

# BUDGET PROCESS

September  
28<sup>th</sup>

- BOCC Retreat on 2024 Budget

Late  
September

- Assessor Submits Initial Certification of Values

October 15<sup>th</sup>

- County Manager Submits Proposed 2024 Budget & 2023 Revised Budget to BOCC

# BUDGET PROCESS

October 24<sup>th</sup>

- BOCC Work Session on Proposed Budgets

November  
7<sup>th</sup>

- Hybrid Public Hearing on Proposed Budgets

November  
7<sup>th</sup>

- Election Day

## BUDGET PROCESS

Late  
November

- Assessor deadline to submit final certified values\*

December  
14<sup>th</sup> & 15<sup>th</sup>

- Adopt 2024 County Levies & Budget (12/14)
- Taxing authorities' deadline to submit levies\* (12/15)

December  
22<sup>nd</sup>

- Deadline to Certify Mill Levies, Submit to Assessor & State\*

\* = Deadline would be changed if HH is passed

# BUDGET PROCESS

January 1st

- 2024 Budget in Effect

After  
January 1<sup>st</sup>

- Amend 2024 Budget Based on HH Outcome

# SWOT – COUNTYWIDE PERSPECTIVE

- Strengths (Internal):
  - Experienced & dedicated leaders & workforce
  - Culture of improvement & creative solutions
  - Focus on customer service
  - Fiscally responsible - AAA bond rating
  - Collaboration between Staff, Depts, Community
  - **New focus on remote services**
  - Elected officials cooperate
  - **New focus on diversity, equity & inclusion**

# SWOT – COUNTYWIDE PERSPECTIVE

- Opportunities (External):
  - Technology & improvements to service, outreach
  - Regional cooperation
  - Educated population
  - Long-term capital & master plans
  - Community trust & support
  - Strategic Planning
  - Federal COVID funding
  - Re-thinking work/life balance

# SWOT – COUNTYWIDE PERSPECTIVE

- **Weaknesses (Internal):**
  - Conflict between standardization & customization
  - Knowledge & data sharing between siloes
  - Facilities in some areas
  - Many experienced staff turning over
  - **Increasing overhead costs charged to outside revenues**
  - Internal communication
  - Manual processes



# SWOT – COUNTYWIDE PERSPECTIVE

- Threats (External):
  - Cost of living/inflation/supply chains
  - Economic downturn
  - **Threats to revenue stability**
  - Growing/aging population
  - **Community behavioral health**
  - Unfunded mandates
  - Natural disasters
  - Childcare availability

# SWOT – PUBLIC SAFETY

## Strengths (Internal):

- Criminal Justice community has good internal & external relationships
- County is leader in resilience efforts & jail diversion/alternative programming
- Sharing data among County offices & departments, local agencies
- **Facilities**
- **Competency Court**

## Opportunities (External):

- **New urgency for electronic data sharing**
- **Grant funding opportunities**
- **New veterans court**

**New Items**

## SWOT – PUBLIC SAFETY

### Weaknesses (Internal):

- Recruitment and retention of personnel
- Facilities are at capacity
- **Availability of forensic pathologists in community**
- Gaps in security at county facilities
- **Lack of housing for competency docket clients**

### Threats (External):

- Unfunded mandates & funding cuts
- Increased sentencing to Community Corrections at/above capacity
- Lawsuits/attitudes towards Law Enforcement
- Population growth & changes
- **Increasing drug potency**
- Continuing number & severity of disasters

**New Items**

# SWOT – COMMUNITY PLANNING, INFRASTRUCTURE & RESOURCES

- Strengths (Internal):
  - New workforce skillsets and succession planning
  - Understanding customer wants/needs & market
  - Technology improvements
- Opportunities (External):
  - Public Private Partnership (P3) opportunities for infrastructure & services
  - Infrastructure grant funding
- Weaknesses (Internal):
  - Subdivision maintenance
  - Resources for facility replacement & expansion
  - Inability to find seasonal, temporary workers & staffing off-hours
- Threats (External):
  - Unfunded mandates
  - Drought and water availability

New Items

# SWOT – HUMAN & ECONOMIC HEALTH

- Strengths (Internal):

- Strong partnerships among departments
- Experienced & dedicated staff
- Long-range planning
- Recognized leader among peers
- **Equity lens and data utilization**

- Opportunities (External):

- **Improve communication to the public about County services**
- Work/life balance & staff resilience

# SWOT – HUMAN & ECONOMIC HEALTH

- Weaknesses (Internal):
  - Transition planning & knowledge transfer
  - Increasing demand for services
  - Limits on diversity of service providers
  - Reliance on short-term grants & outside funding
- Threats (External):
  - Childcare & housing
  - Unfunded mandates/outside funding stability
  - Discontinuation of COVID disaster declaration
  - Changing needs of population & growth

# SWOT – PUBLIC RECORDS & INFORMATION SERVICES

- Strengths (Internal):
  - Experienced, collaborative & accessible leaders & elected officials
  - Emphasis on customer service
  - Increased focus on data-sharing and collaboration
- Opportunities (External):
  - Artificial Intelligence & increased productivity
- Weaknesses (Internal):
  - Space issues
  - Information technology project implementation backlog
  - Employee retention & recruitment
- Threats (External):
  - Economic downturn
  - One-size fits all State mandates
  - Difficult integration with State systems

New Items

# SWOT – SUPPORT SERVICES

- Strengths (Internal):
  - Forward-thinking staff and leadership
  - **Market-based compensation system**
  - Collaboration within Service Category
  - Master Plans & dedication to implementation
  - **Resources to react to unexpected issues/needs**
  - Cybersecurity for remote work
- Opportunities (External):
  - **Infrastructure to support alternative fuels and energy**
  - E-Government



# SWOT – SUPPORT SERVICES

- Weaknesses (Internal):

- Aging workforce without succession & knowledge transfer plans
- Workforce planning in support services to keep up with growing service levels & needs in customer departments, connectedness
- **Fraud detection**
- **Implementation of Climate program**
- Decentralized structure & geography of some facilities

- Threats (External):

- Increasing infrastructure/capital costs
- Cybersecurity
- **Collective bargaining**
- **Rising insurance costs**
- Fewer responses to purchasing opportunities

**New Items**

# LEGISLATION & BALLOT INITIATIVE UPDATE

## SB 23-303

- Reduces taxable value growth from  $\approx 40\%$  (29% SB22-238) to  $\approx 21\%$
- Requires initiative HH related to TABOR retention
- Provides backfill to schools, fire districts, and local governments
- Reduces assessment rates in nearly all categories for 10 years
  - Creates owner occupied/investment property split (6.7% vs. 7.1%) in tax year 2025/budget year 2026
- Increases residential exemption from \$15K to \$50K for '24 then \$40K
- Creates senior residential tax exemption of \$100K beginning in tax year 2025/budget year 2026
- Sets tax revenue cap of 2023 levy + CPI, with some exemptions
- Governing body (Board of County Commissioners) may go above revenue cap with public hearing & vote

# LEGISLATION & BALLOT INITIATIVE UPDATE

## Ballot Initiatives – all constitutional (>55% yes required)

- Initiative 21
  - 3% cap on taxable value of property
  - \$100 million backfill for fire protection
- Initiative 35
  - 3% cap on taxable value of residential property <\$2 million, non-residential property <\$3 million
  - \$100 million backfill for fire protection
- Initiative 36
  - 3% cap on taxable value of property <\$2 million
  - \$100 million backfill for fire protection

# GENERAL FUND PROJECTION

## Expenses:

- Salary pressures ease slightly – up 3.5%
- Benefits mostly flat
- Operating costs up 1.5%
- Election cycle increases net costs by \$2.5 million
- Community Justice Alternatives Expansion: +\$610k
- Jail Expansion: Final Staffing Being Reevaluated

# GENERAL FUND PROJECTION

## Expenses:

- 1.0 FTE in Office of Emergency Management moving to General Fund from CARES funds
- \$1 million for service proposals in 2024 only

# GENERAL FUND PROJECTION

## Other Revenues:

- Office of Clerk & Recorder down 8% from 2023
  - Recording revenues down 32% in 1<sup>st</sup> 3 months of 2023
  - Motor Vehicle revenues forecast to be below budget in 2023
- Sales Tax & Use Tax Increase 2.5% for 2024
  - \$77.5 million collected in 2022
  - 2023 budget is \$80.6 million
- Interest Earnings up 6% in '24
- Most other Revenues flat or up slightly

# GENERAL FUND PROJECTION

## Property Tax Revenues – 3 Potential Scenarios

- Scenario 1: SB23-303/Initiative HH cap
- Scenario 2: Initiative 21 cap
- Scenario 3: Neither Initiative Passes

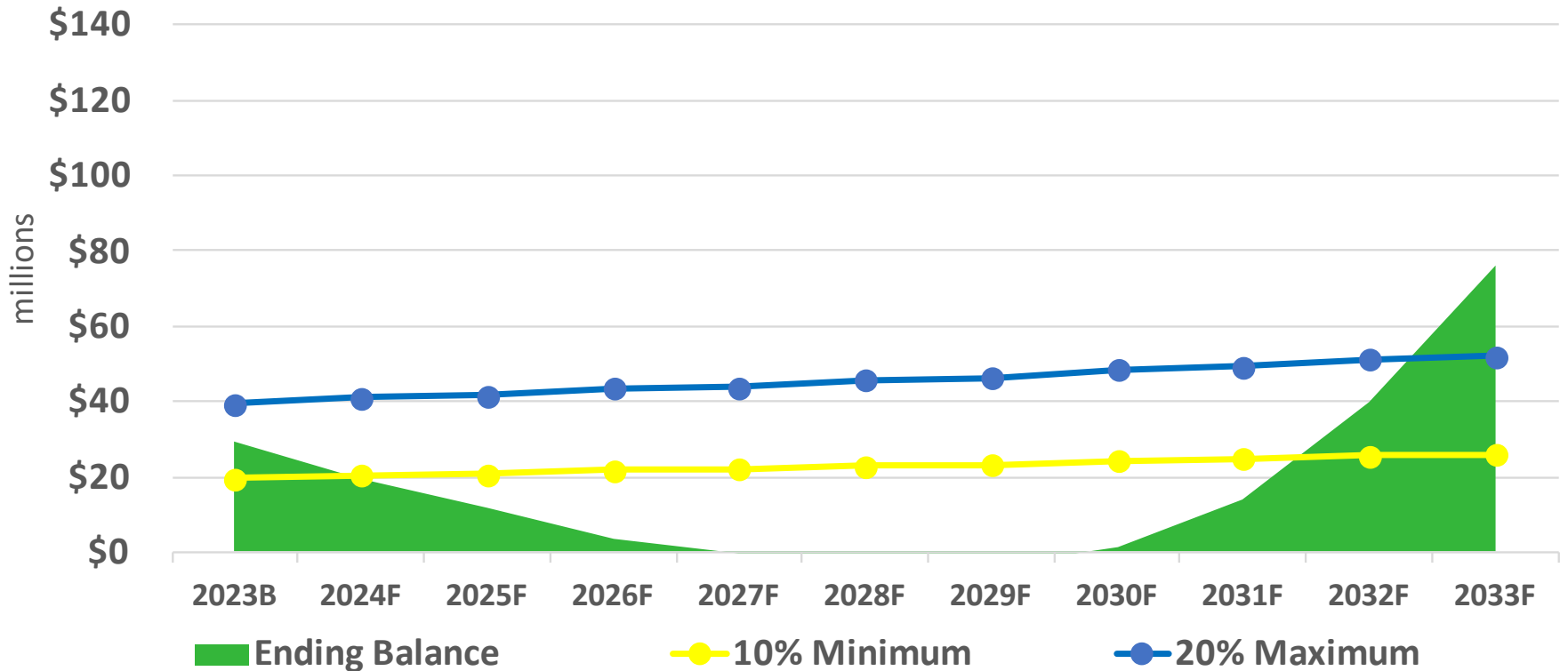
## ARPA Revenues:

- Other than interest, no assumption transfer to General Fund

# GENERAL FUND PROJECTION

## Scenario 1 – SB23-303/Initiative HH Cap

### Projected General Fund Ending Balance





# GENERAL FUND PROJECTION

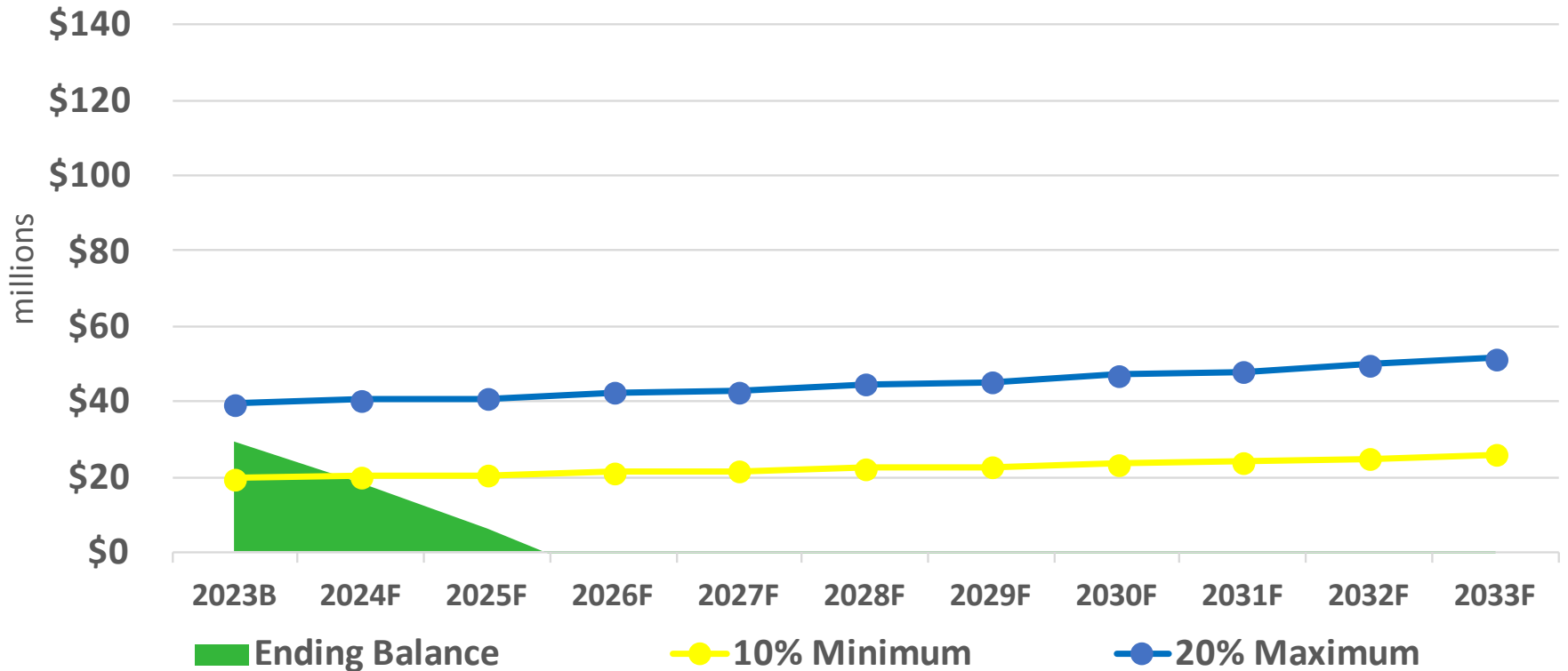
## Scenario 1 – SB23-303/Initiative HH Cap

| Item     | 2023B    | 2024F    | 2025F    | 2026F    |
|----------|----------|----------|----------|----------|
| Revenues | \$182.8  | \$190.3  | \$195.2  | \$203.5  |
| Expenses | \$197.2  | \$206.6  | \$208.4  | \$217.5  |
| Net      | (\$14.4) | (\$16.3) | (\$13.2) | (\$14.0) |

# GENERAL FUND PROJECTION

## Scenario 2 – Initiative 21 Cap

### Projected General Fund Ending Balance



# GENERAL FUND PROJECTION

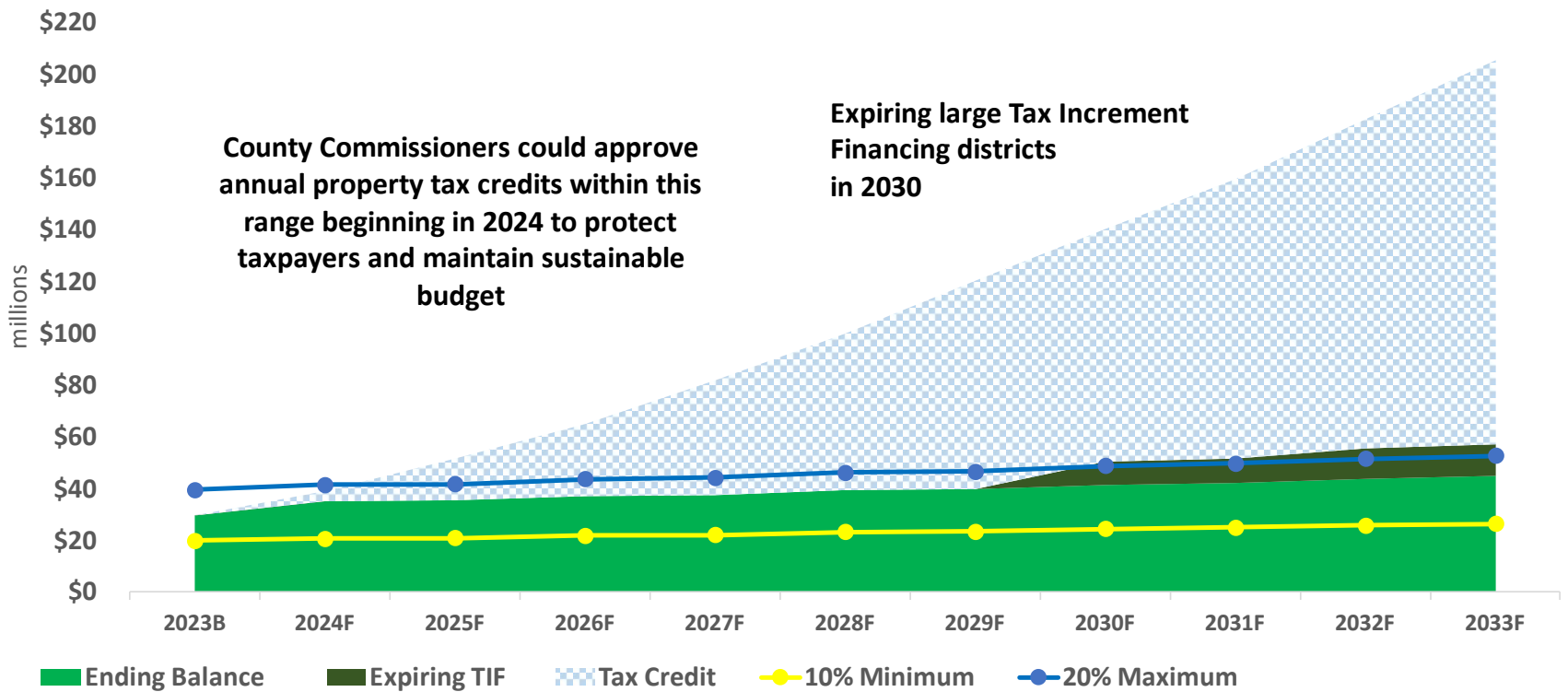
## Scenario 2 – Initiative 21 Cap

| Item     | 2023B    | 2024F    | 2025F    | 2026F    |
|----------|----------|----------|----------|----------|
| Revenues | \$182.8  | \$185.5  | \$185.9  | \$192.3  |
| Expenses | \$197.2  | \$206.6  | \$208.4  | \$217.5  |
| Net      | (\$14.4) | (\$21.1) | (\$22.5) | (\$25.2) |

# GENERAL FUND PROJECTION

## Scenario 3 – Initial Assessed Value Change

Projected General Fund Ending Balance





# 2024 INITIAL GENERAL FUND TARGETS

| Office/Dept.                             | 2024 Target | \$Change    | %Chg | Notes                       |
|--|-------------|-------------|------|-----------------------------|
| <b>Assessor</b>                          | \$5,387,190 | \$176,904   | 3%   |                             |
| <b>Clerk &amp; Recorder</b>              |             |             |      |                             |
| General                                  | \$2,831,650 | \$1,113,165 | 69%  | Reduction in Recording Fees |
| Election                                 | \$3,416,400 | \$2,389,067 | 233% | Election cycle              |
| Board of Equalization                    | \$2,570     | (\$80,050)  | -97% | Assessment Cycle            |
| <b>Coroner</b>                           | \$2,109,890 | \$66,618    | 3%   |                             |
| <b>County Attorney</b>                   | \$1,596,540 | \$43,811    | 3%   |                             |
| <b>County Manager &amp; BOCC</b>         | \$2,259,110 | \$58,069    | 3%   |                             |
| <b>Performance Budget &amp; Strategy</b> | \$1,995,560 | \$53,613    | 3%   | New Office                  |
| <b>Human Resources</b>                   | \$4,702,020 | \$37,847    | 9%   | New Software License        |
| <b>Strategic Plan</b>                    | \$331,000   | \$16,000    | 5%   |                             |



# 2024 INITIAL GENERAL FUND TARGETS

| Office/Dept.                          | 2024 Target  | \$ Change | %   | Notes   |
|---------------------------------------|--------------|-----------|-----|---|
| <b>Extension</b>                      | \$957,780    | \$21,010  | 2%  |   |
| <b>Community Development</b>          | \$3,419,100  | \$88,432  | 3%  |   |
| <b>Engineering</b>                    | \$5,171,700  | \$186,582 | 4%  | FEMA funding ending                             |
| <b>Community Justice Alternatives</b> | \$11,503,980 | \$917,292 | 9%  | Facility expansion staffing                     |
| <b>District Attorney</b>              | \$11,059,340 | \$323,438 | 3%  |   |
| <b>Emergency Management</b>           | \$918,320    | \$141,070 | 18% | FTE Shifting from Disaster Fund to General Fund |
| Financial Services                    |              |           |     |   |
| Accounting & Reporting                | \$2,000,670  | \$53,469  | 3%  |   |
| Purchasing                            | \$702,870    | \$20,350  | 3%  |   |
| ADA Operations                        | \$101,590    | \$2,634   | 3%  |   |
| ADA Capital                           | \$150,000    | \$150,000 | 0%  |   |

# 2024 INITIAL GENERAL FUND TARGETS

| Office/Dept.                           | 2024 Target   | \$ Change   | %   | Notes  |
|--|---------------|-------------|-----|--|
| Human & Economic Health Administration | \$643,080     | \$108,504   | 20% | FTEs Shifting from Disaster Fund to General Fund |
| Information Technology                 | \$10,498,900  | \$276,910   | 3%  |  |
| Public Affairs                         | \$647,150     | \$16,218    | 3%  |  |
| Sheriff                                | \$65,507,220  | \$3,491,165 | 6%  | Jail Expansion                                   |
| Surveyor                               | \$27,190      | \$791       | 3%  | Health Insurance                                 |
| Treasurer                              | (\$4,963,040) | (\$222,350) | -5% | Interest Budget                                  |

# 2024 INITIAL NON-GENERAL FUND TARGETS

| Fund                             | 2024 Target  | \$ Change  | %    | Notes             |
|----------------------------------|--------------|------------|------|-------------------|
| Community Justice Alternatives   | \$1,032,950  | -\$589,730 | -36% | End of ARPA Funds |
| Economic & Workforce Development | \$2,016,390  | \$29,799   | 1.5% |                   |
| The Ranch                        | \$257,360    | \$3,809    | 1.5% |                   |
| Natural Resources / Parks        | \$201,120    | \$2,974    | 1.5% |                   |
| Pest Control                     | \$113,470    | \$1,684    | 1.5% |                   |
| Jail COP                         | \$5,939,500  | \$0        | 0%   |                   |
| Facilities Capital               | \$1,000,000  | \$0        | 0%   | Fleet campus      |
| Equipment Replacement            | \$1,626,000  | \$66,000   | 4%   | Replacement cycle |
| IT Capital                       | \$2,903,820  | \$42,918   | 1.5% |                   |
| Facilities                       | \$10,692,420 | \$196,271  | 2%   |                   |
| Benefits                         | \$1,119,920  | \$33,170   | 3%   |                   |
| Drainage                         | \$36,260     | \$6        | 0%   |                   |



# 2024 INITIAL OTHER FUND LEVY TARGETS

| Fund                 | 2024 Target  | \$ Change | %    | Notes |
|----------------------|--------------|-----------|------|-------|
| Health & Environment | \$4,709,630  | \$69,605  | 1.5% |       |
| Human Services       | \$12,159,630 | \$179,701 | 1.5% |       |
| Road & Bridge        | \$3,573,910  | \$52,819  | 1.5% |       |

# 2024 BUDGET INSTRUCTION UPDATE

- Implement Hiring Freeze with Exception Process
- Require Elected Offices & Departments to Submit Specific Service Reduction Proposals
- Require service proposals to include more data and supporting documentation with Service Proposals
- New Service Proposal Elements:
  - Equity, Diversity, Inclusion
  - Climate Impact
  - Strategic Plan
  - Supporting Data

## NEXT STEPS

- Review Forecast Assumptions in June/July
- Budget Office preparing software, providing training, and issuing instructions:
  - Capital requests due **August 4<sup>th</sup>**
  - Operating requests due **August 11<sup>th</sup>**
- Compensation Work Session June 28<sup>th</sup>
- Budget Retreat July 17<sup>th</sup>
- Budget Retreat September 20<sup>th</sup>
- Updates as necessary

QUESTIONS?

Thank you!