County Profile

Jefferson County government responds to the needs of its citizens through the cooperative effort of its elected officials, employees and citizen advisors, all working together to improve the quality of life in the county. Citizen access and input to county government is facilitated by the more than 300 citizen volunteers who serve on numerous county boards, commissions and committees.

Location

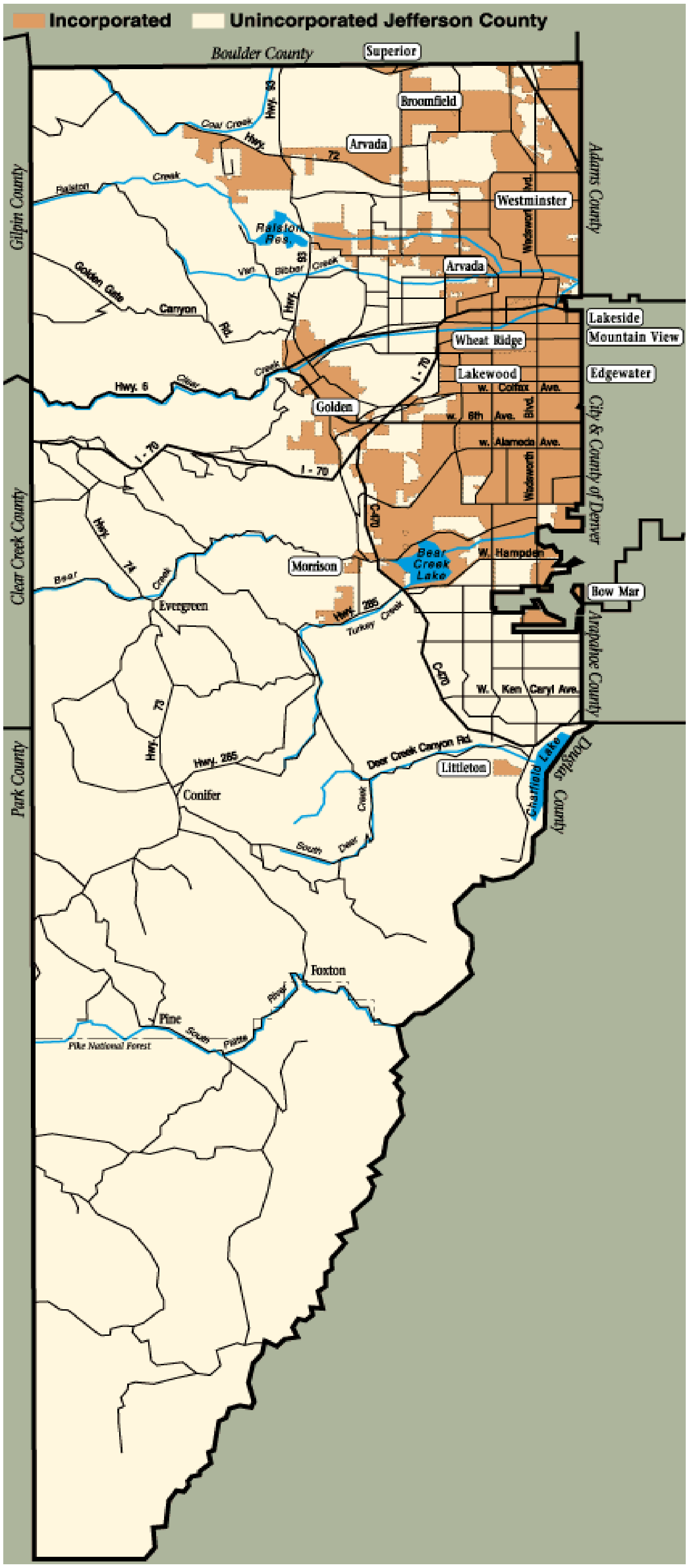
Jefferson County is one of the major metropolitan counties within the State of Colorado. Twelve incorporated municipalities are located totally or partly within the County: Arvada, Bow Mar, Edgewater, Golden, Lakeside, Lakewood, Littleton, Morrison, Mountain View, Superior, Westminster and Wheat Ridge. Encompassing 773 square miles, with three-fourths of the area mountain land, Jefferson County is home to over a half a million people. Approximately one-third of the residents live in the unincorporated areas of the county

History

In 1858, when gold was discovered in the Rocky Mountains, there were fewer than 200 settlers. Two years later, nearly 35,000 people, lured by the quest for gold, had immigrated to what is now Jefferson County. The City of Golden sprang up west of the pioneer mining camp of Arapahoe City, providing goods and services to the prospector, farmer, rancher and explorer. When the "Territory of Colorado" was organized in 1861, Golden became the county seat of Jefferson County and served as the territorial capital until 1867.

Government Structure

Jefferson County serves as both an administrative arm of the state government and as a unit of local government. Overseeing Jefferson County are three County Commissioners. Each commissioner is elected by County residents and serves a four-year term. Commissioners serve as policy makers for land use, roads and bridges, parks and libraries, public protection, public assistance, health and intergovernmental services.



Statistical Section

Community Profile

County Seat	Golden, Colorado
Form of Government	Board of Commissioners (3)
Date of Incorporation	1861
Total Square Miles	773
Unincorporated Square Miles	654.7
Public Safety	Sheriff's Office (561 Certified Deputies)
	12 Municipal Police Departments
Fire and Rescue	17 District Departments

Population

Arvada*	103,740
Bow Mar*	277
Edgewater	5,175
Golden	18,926
Lakeside	8
Lakewood	143,149
Littleton*	2,383
Morrison	428
Mountain View	507
Westminster*	42,465
Wheat Ridge	30,196
Unincorporated Jefferson County	188,057
Total Jefferson County	535,311

2010 Colorado State Demography Office, as of July 1, 2010

Vital Statistics

Number of Marriages	3,777
Number of Divorces	3,612
Number of Babies Born	5,723
Number of Deaths	3,757
Median Age	40.4

Cultural Diversity

American Indian, Alaska Native	0.9%
Asian and Pacific Islander	2.6%
Black or African American	1.1%
Hispanic	14.3%
White not Hispanic	88.4%
Other	6.9%

American FactFinder II, 2010 US Census data

Climate

Percentage Days of Sunshine	70%
Annual Precipitation	15.4 inches
Annual Snowfall	60.3 inches
Average Humidity	40%

Transportation (Metro Area)

Air Service

Denver International Airport

Passenger Airlines	30
Passengers in 2010	51,985 million

Rocky Mountain Metropolitan Airport

Aircraft Operations 2010	122,944
Runways	3

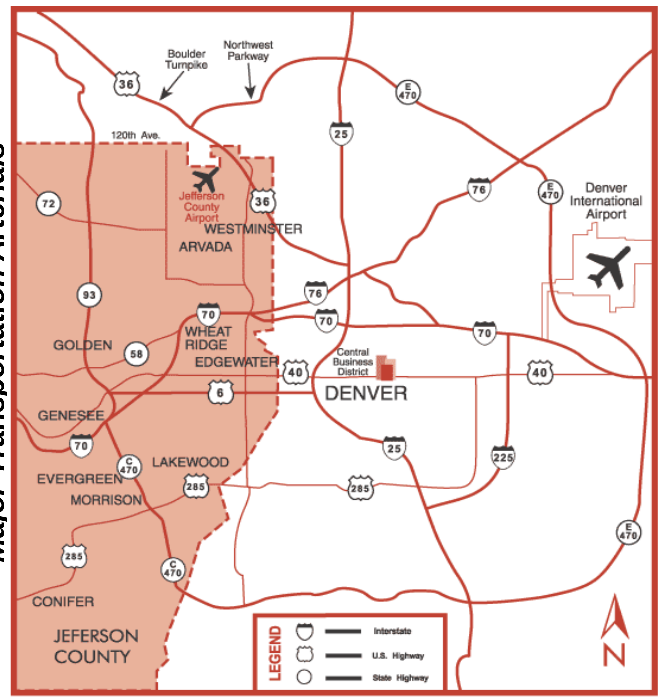
Rail & Bus Services

Light Rail—downtown Denver to surrounding areas

Inter-city Commercial Bus Companies	7
Regional Transportation District	Intra-City

Road Miles. Over 2,900 paved and 700 lane miles of gravel

Major Transportation Arterials



Recreation

Acres of Open Space	About 51,000 acres
Open Space Parks/Properties	32
Public Campgrounds	14
Trail Miles	210
Recreation Centers	42
Major Lakes	4
Public and Private Golf Courses	20
Ski Resorts Within 75 Miles	8
Ice Skating Arenas	4
Equestrian Centers	5
Shopping Malls	7

Sporting and Cultural Amenities

Historic Sites and Museums

Jefferson County Museums	17
Historic Sites	180

Professional Sports Franchises (Metro Area)

Denver Broncos	Colorado Avalanche
Colorado Rockies	Denver Nuggets
Colorado Rapids	Colorado Mammoth

Metro Area Cultural Arts (Metro Area)

Denver Performing Arts Complex	Colorado Ballet
Colorado Symphony Orchestra	Opera Colorado

Statistical Section

Public Education

Jefferson County R-1 School District

Grade	No. of Schools
Elementary Schools	91
Middle Schools	19
High Schools	17
Option Schools	10
Charter Schools	16
Total Enrollment	84,643

College Entrance Test Scores as of 2009-2010

Reading/Math/Writing	ACT
Jefferson County	21.4
Colorado	20.6
U.S. Average	21.0

Source: Jeffco Public Schools and Colorado Dept. of Education

Higher Education Institutions-

Jefferson County	Enrollment
Colorado Christian University	3,500
Colorado School of Mines	4,800
Red Rocks Community College	9,800

Denver Metro

Institutions	11, four-year public and private
Fall 2010 Enrollment	144,780

Labor Force

	Jefferson County	Colorado
Civilian Labor Force	302,404	2,710,149
Employed	280,345	2,502,950
Unemployed	22,059	207,199
Unemployment rate	7.3%	7.6%
Estimated Total Jobs	198,874	2,800,125
Average Annual Wage	$48,308	$49,504
Average Hourly Wage	$23.23	$23.80

Source: Department of Labor and Employment, 1st Quarter, 2011

Housing

Total Households	218,160
Average Household Size	2.42
Median Value owner-occupied units	$259,200
Average rent, occupied units paying rent	$907/month
Estimated Number of homes sold in 2009	5,250*

Sources: American Fact Finder II, 2010 US Census
*City-data.com

Taxes

Local And State Taxes

Jefferson County Sales Tax	0.5%*
State Sales Tax	2.9%
Regional Transportation District	1.0%
Cultural Facilities District	0.1%
Metropolitan Stadium District	0.1%

**An additional 0.5% assessed in southeast portion of County for road improvements.*

City Taxes

City	City Taxes	Total
Arvada	3.46	8.06%
Edgewater	3.50	8.10%
Golden	3.00	7.60%
Lakeside	2.10	6.70%
Lakewood	3.00	7.60%
Littleton	3.00	7.60%
Morrison	3.00	7.60%
Mountain View	4.00	8.60%
Westminster	3.85	8.45%
Wheat Ridge	3.00	7.60%
Unincorporated	N/A	4.60%

State Income Tax

Personal Income Tax	4.63%
Corporate Income Tax on Net Income	4.63%
Unemployment Compensation Rate	1.52% of the first $10,000

Real & corporate personal property are assessed at 29%

Jefferson County Enterprise Zones

State income tax credits for businesses located in an enterprise Zone

Investment tax credit	3.0%
R&D tax credit	3% of increased expenditure
New jobs tax credit	$500/new employee
Employer health insurance tax credit	$200/per employee for two years
Rehabilitate vacant commercial building	25%
Job training income tax credit	10%

Cost Of Living Index (Denver)

Food	99.5
Housing	108.8
Utilities	102.0
Transportation	95.4
Healthcare	103.0
Composite	103.4

Source: American Chamber of Commerce, 2nd Quarter of 2010

Statistical Section

Top Primary Employers

Company	No. of Employees
1. Denver Federal Center	6,200
2. Lockheed Martin Space and Strategic Missiles	5,740
3. National Renewable Energy Laboratory	2,775
4. Exempla – Lutheran Medical Center	2,500
5. Miller Coors Brewery Company	1,900
6. CaridianBCT, Inc.	1,610
7. Coors Tek	1,200
8. Ball Corporation	1,060
9. Service Magic	840
10. Travelers Express/Money Gram	800
11. First Bank Holding Co. of Colorado	650
12. Kaiser Permanente	640

Source: Jefferson Economic Council, 2011 Economic Profile

Industry Breakdown

	# of Companies	# of Jobs
Accommodation & Food Services	1,071	18,869
Administrative & Waste Service	1,053	10,589
Agriculture/Forestry/Fish/Hunting	43	277
Arts, Entertainment & Recreation	230	3,446
Construction	2,022	9,879
Educational Services	268	17,728
Finance & Insurance	1,137	7,441
Health Care & Social Assistance	1,448	22,870
Information	276	3,563
Management of Companies	170	2,635
Manufacturing	500	17,143
Mining	93	360
Professional & Technical Support	3,640	19,865
Public Administration	118	16,906
Real Estate, Rental & Leasing	839	3,395
Retail Trade	1,754	27,472
Transportation & Warehousing	253	2,940
Utilities	56	1,010
Wholesale Trade	1,406	6,450
Other Services	1,291	6,194
Non-Classifiable	8	4
Total	**17,126**	**198,306**

Source: Colorado Department of Labor and Employment, 2011, 1st Quarter

About the Budget

Defining the Budget

The budget serves as the annual financial plan for Jefferson County. It establishes what programs and services are to be funded, how monies (expenditures) are to be spent, and what revenues are available to fund those services. Jefferson County's fiscal year coincides with the calendar year, meaning that this financial plan covers the period from January 1, 2012 through December 31, 2012.

The county follows the modified accrual basis of accounting to prepare its annual budget, which is the same as the basis used in the County audited financial statements. Under this method, revenue is recorded in the year when it is earned and expenditures are recorded in the year when the goods are received or the services provided. The budget is prepared using Generally Accepted Accounting Principles (GAAP) for all funds, with the exception of the County's Enterprise and Internal Service Funds which differ in the follow areas: 1) proceeds from long-term financing and capital grants received are shown as revenues; 2) monies spent for capital equipment, capital infrastructure or payments on bonded indebtedness are shown as expenditures; and 3) depreciation expense related to county property and equipment is not shown as an expenditure for budgeting purposes.

Components of the Budget

The annual budget can be divided into three distinct areas – *operations, internal transactions and capital*. The operating budget outlines expenditures related to day-to-day activities of the county. It includes employee compensation and benefits, contracted services, utilities, professional development, office supplies, materials, and assistance payments to eligible residents served by social services.

Internal transactions are comprised of services provided by one county department in support of other county departments, such as information technology, fleet management, facility management, and risk management. Monies transferred between funds are also included in the category of internal transactions. A more accurate picture of total county expenditures is gained by removing amounts appropriated in the budget as internal transactions.

The capital budget outlines expenditures of a one-time nature, including infrastructure (i.e. roads, bridges, storm drainage systems, and county buildings) construction and improvement projects, open space acquisitions and development projects, and purchases of computers, vehicles or other equipment used to provide services to citizens.

Fund Balance and Reserves

Monies unspent in any given fiscal year are held in fund balance and are available for appropriation in future years. By policy, the county maintains a portion of fund balance in reserve as part of its intent to ensure ongoing fiscal health. These reserves are set aside to cover future revenue shortfalls and any other unforeseen emergencies that may arise for which funds have not been appropriated. A working capital reserve also ensures that the county's cash position is not compromised in the event that revenue collections are not received in the anticipated time frame.

Factors That Impact the Budget

There are five major factors that influence the development of the county's annual budget: 1) inflation, 2) citizen demand, 3) statutory or regulatory changes, 4) local initiatives and 5) revenue growth.

The first factor impacting the budget is inflation, which may be defined as the rate at which the general level of prices for goods and services rises and the resulting decline in what can be purchased with the same amount of money from year to year. Just as individuals and private companies must

About the Budget

deal with the rising personnel and operating costs because of a rising inflation rate, governments, too, must deal with the effects of inflation. The Denver-Boulder Inflation Rate for the most recent five-year period is shown in the following table:

Denver/Boulder CPI Inflation Rate

Year	CPI	% Change
2006	197.7	3.6%
2007	202.0	2.2%
2008	209.9	3.9%
2009	210.7	0.4%
2010	214.1	1.6%
2011	219.7	2.6%
2012*	226.9	3.3%

*Forecast

Secondly, the county's operating budget is directly impacted by a change in the demand for services either due to an expanding service population or an expectation for enhanced services. Population estimates provided by the State Demographers Office indicate that Jefferson County remains the fourth largest county in Colorado. Approximately 35% of the county's total population resides in the unincorporated areas of the county. While population growth has slowed during the last few years when compared to the period of rapid growth in the preceding ten years, development of unincorporated areas continues at a steady pace which leads to an increase in population. Demand for faster and more convenient delivery of services also influence the amount of money required to meet these expectations.

A third factor impacting the budget involves regulatory changes or statutory mandates that may result in the addition of new services or a significant revision of how existing services are provided. A few examples of the impact of statutory or regulatory changes are:

- Creation of new courts by the state's judicial system
- Changes in federal election requirements
- Environmental air quality or solid waste recycling and disposal initiatives
- Homeland security

The fourth factor to consider relates to local initiatives to add or enhance services. Besides the changes resulting from new state or federal mandates, local initiatives may also authorize additional services or increases in the levels of services of current programs. Some examples of local initiatives that have affected Jefferson County are:

- Acquisition and development of open space
- Improvements to the highway infrastructure system, resulting in increased road miles required to be maintained
- Economic development initiatives

A fifth factor that directly impacts the budget is the rate of revenue growth. In times where the county experiences a slowdown in the growth of property tax revenue, the major source of funding for most mandated services, adjustments to operating budgets must follow. Whether that slowdown is a result of revenue limitation statutes, such as the Gallagher and the Tax Payer Bill of Rights (TABOR) amendments, a leveling off of new construction or a slower rate of valuation growth, it constrains the county's ability to add to existing programs without requesting that taxpayers approve

About the Budget

an increase in tax rates or imposing additional fees for services. If the decline in revenue growth is significant, it may necessitate budget cuts or even the elimination of certain programs or services.

Structure of the Budget

Government entities follow basic fund accounting principles when structuring their financial systems. Each fund is considered to be a separate fiscal and accounting entity with a self-balancing set of accounts. This segregation allows for more accountability over special activities or revenues that are restricted in some fashion. Funds are established based on statutory, regulatory or policy restrictions and limitations imposed by the State of Colorado, the Board of County Commissioners, and/or generally accepted national accounting standards.

As a result, the county's budget is developed to accommodate its own fund structure. Jefferson County currently has 42 separate funds allowing for the appropriate segregation of revenues and the ability to account for how those revenues are expended, but only 38 are subject to an annual appropriation. In addition, the County is responsible for adopting a budget for the Meadow Ranch Public Improvement District, a separate legal entity. Each separate fund must balance - that is, expenditures must not exceed the combined total of revenues and unreserved fund balance - and each must be separately monitored. The county budget, adopted each year by the Board of County Commissioners, is actually the combined total of all these separate funds.

Development of the Budget

The basis for the budget process is built around a framework of statutory deadlines established by the State of Colorado. The county is subject to Colorado Local Government Budget Law that governs certain budget elements. Legal requirements include:

- The budget must be balanced, which is achieved when projected expenditures do not exceed the combined total of projected revenues and available unreserved fund balance for each individual fund subject to appropriation.
- Information must be classified by fund and spending agency.
- All expenditures and sources of revenue must be displayed.
- Revenue and expenditure data must be shown for the prior year, current year and budget year.
- Beginning and ending fund balances must be reflected.
- A budget message must be included.
- Information about lease purchase agreements must be disclosed.
- A proposed budget must be submitted to the Board of County Commissioners by October 15, and a notice must be published notifying the public that the budget is available for inspection.
- Expenditures must be appropriated to provide legal spending authority.
- A public hearing to consider objections to the budget must be held by the Board of County Commissioners.
- Prior to certifying a mill levy, the county must adopt a Budget.
- A budget document must be provided to the State Division of Local Affairs within thirty days of adoption.

The process begins when Budget staff prepares revenue estimates for the upcoming year and establishes the calendar for budget development. The County Administrator and Budget staff then work with the Board of County Commissioners and other elected officials to determine budget "guidelines" based on those revenue estimates.

Once guidelines are established, Budget staff prepares an instruction manual outlining the process in more detail. The budget is built by establishing a base operating budget, but allows departments to

About the Budget

submit new requests for additional funding called "business cases". Each department and agency is also asked to submit their list of programs, their program prioritization scorecard, updated mission statements, and their most recent performance measures.

Guidelines and budget instructions are distributed to departments in early June. Departments and agencies are given several weeks to prepare their budget submission packet. Once submitted, Budget staff reviews each submittal to resolve any errors or omissions and identify issues for discussion. They then meet with the County Administrator to review base operating budgets and new business cases requests as well as capital expenditure requests.

In late August, the County Administrator and Budget staff meets with elected officials and department heads to discuss their individual budget submittal. The County Administrator then prepares a **Proposed Budget** for presentation to the Board of County Commissioners at a meeting open to the public. At this time, the Board of County Commissioners sets the public hearing for the adoption of the fiscal year budget and announces that the **Proposed Budge**t is available for public inspection and comment.

In late October and early November, the Board of County Commissioners meets with each elected official and department head to review the **Proposed Budget**. Following these meetings, the Commissioners make their final decisions which are then incorporated into budget document in preparation for final adoption and appropriation. By law, the Board of County Commissioners adopts the budget prior to establishing a mill levy. The mill levy must be certified by December 15.

The budget calendar follows which summarizes milestone dates for the 2012 budget process.

Budget Amendment Process

Once the budget is adopted, the original budget becomes effective on January 1st of the subsequent fiscal year. Local governments must follow statutory procedures to authorize any spending in excess of the "appropriation" or spending authority of the budget. The appropriation must be made by fund (CRS 29-1-102) within the budget and may be made by spending agency (department, unit, etc. see CRS 29-1-102 with a fund) and the amounts appropriated shall not exceed the expenditures specified in the budget. Colorado Local Government Law (CRS 29-1-101) allows three methods of amending or changing the original budget as adopted.

- Transfer
- Supplemental
- Revision

Budget Transfers

Budget funds are transferred in accordance with the adopted budget transfer policy. Funds may be transferred between appropriated funds or between spending agencies within a fund. If funds are transferred, then the budget must be amended because the receiving department is increasing their budget above the initial appropriation. Funds may be transferred from:

- One department or division to another;
- One capital project to another;
- One expenditure category to another; or
- One line item to another within the fund.

About the Budget

Various approval levels are needed for specific types of transfers as indicated in the Adopted Budget Transfer Policy. All requests to transfer funds are first submitted to the Budget and Management Analysis Division for review and processing. If additional approvals are required, the request is forwarded to the County Administrator and/or County Commissioners. Once the Budget Transfer request has all the approvals secured, the Budget and Management Analysis Division prepares an entry to the financial system which updates the budget to reflect the transfer. At no time can monies be moved from one county fund to another without using the budget transfer process.

Budget Supplementals

Supplementals are an official action used by departments to increase the total appropriated expenditure budget for an individual fund. The increase in appropriation may be funded in two ways:

- Requests for authorization to spend revenue that was not anticipated at the time of the original budget adoption; or
- Request to use available, unreserved fund balance due to circumstances not anticipated at the time of the original budget adoption.

All Supplemental Budget Appropriations require the formal approval of the Board of County Commissioners. The Budget and Management Analysis Division will first review the requested increase in budget appropriations and if the change is warranted, the Director of Budget will brief the Board of County Commissioners explaining the nature of the expenditure and how this increase in appropriation will be funded. The Budget and Management Analysis Division will publish a legal notice of the intent to amend the adopted budget and then subsequently prepare a resolution for Board action. Once the resolution is adopted, the Budget and Management Analysis Division prepares an entry to the financial system which updates the budget to reflect this increase in total budget for the funds affected. At that time, the requested department or elected office has the appropriation authority to expend the additional funds.

Budget Revisions

Revisions occur if revenues are lower than anticipated in the adopted budget, the Board of County Commissioners may adopt a revised (downward) appropriation resolution and so reduce spending to less than what was originally budgeted. The Board will direct the Budget and Management Analysis Division to prepare a legal notice of the intent to revised the adopted budget and then subsequently prepare a resolution for Board action. Once the resolution is adopted, the Budget and Management Analysis Division prepares an entry to the financial system which revises the budget to reflect the decrease in total budget for the funds affected.

About the Budget

Revenues

Revenue is the amount of money received by the county from external sources. Some examples of revenues collected by Jefferson County are property taxes, sales taxes, highway user taxes, auto ownership taxes, state and federal grants, permits and fees, licenses, charges for services, earnings on investments and payments from other governments.

Property Taxes

The most significant source of revenue for Jefferson County is generated from the levying of property tax or "ad valorem" tax (*derived from the Latin phrase meaning "according to value.")* Property taxes are calculated based on the estimated value of the various parcels of residential, commercial and agricultural property located within the county.

In Colorado, there are three elements used in calculating the dollar amount of property tax assessed: 1) the market value of the property, 2) the assessment rate, and 3) the officially adopted tax rate. The County Assessor's Office is responsible for determining the value of each property and verifying if all or any portion of that property is exempt from taxation under Colorado law. The tax rates, referred to as mill levies, are set by the various local governments that are authorized by law to collect property taxes.

The assessment rate, expressed as a percentage, is used to calculate the assessed valuation against which the tax rate is applied. This percentage is multiplied by the market value of a property as estimated by the County Assessor in order to determine the assessed value of the property. In Colorado, the assessment rate for non-residential property is 29.0% and the assessment rate for residential property is established annually by the State legislature (7.96% for the 2011 budget year). The residential assessment rate is adjusted to maintain a statewide proportion of property tax paid by non-residential properties versus residential properties. For a non-residential property with a market value of $500,000, the assessed value would be $145,000. For a residential property with a market value of $100,000 the assessed value would be $7,960 (using the 2011 assessment rate).

Property tax rates are measured in "mills." A mill represents 1/10th of a penny or $1.00 of tax for each $1,000 of assessed valuation. This is why the property tax rate is also referred to as the "mill levy." Jefferson County's official property tax levy for 2011 is 25.978 mills. However, because of the establishment of a temporary mill levy reduction of 1.632 mills, the actual property tax to be levied is 24.346 mills. The following example illustrates how these three elements are used to calculate property tax.

Example:

A parcel of residential property has a market value of $100,000. Applying the assessment rate of 7.96%, the assessed value of this property would be calculated as $7,960. Multiplying that assessed value by the mill levy (a mill being defined as 1/10 of a penny) of 24.346 mills (0.024346) results in a total property tax assessment on this property of $193.79.

Jefferson County Property Tax

Property taxes for 2012 represent approximately 48.5% of the total revenue collected by the county that serves as a source of funding for county operations. It is used to fund both direct services to the public and a variety of administrative and support service functions as well that are accounted for in the county's General Fund. In addition, a portion of the county's mill levy is allocated to support programs and services accounted for in the Road & Bridge Fund, the Social Services Fund, and the Jefferson County Public Library Fund. Voters approved a dedicated mill levy of 1.0 mill to be used specifically to provide services to residents of the county with developmental disabilities.

About the Budget

Residents in unincorporated areas are assessed an additional mill levy dedicated to the provision of law enforcement services in those areas. This mill levy is collected by the Jefferson County Law Enforcement Authority, a separate taxing authority, which in turn contracts with the county to provide these services. This supplements those services provided by the Sheriff's Office which are funded from the countywide property tax.

Distribution of Jefferson County Property Tax

House Value	General Fund	Road & Bridge Fund	Social Services Fund	Capital Expenditure Fund	Library Fund	Developmentally Disabled Fund	Total
$100,000	126.56	13.53	11.66	8.41	25.67	7.96	**$193.79**
$150,000	189.83	20.30	17.49	12.62	38.51	11.94	**$290.69**
$200,000	253.11	27.06	23.32	16.83	51.34	15.92	**$387.59**
$250,000	316.39	33.83	29.15	21.03	64.18	19.90	**$484.49**
$300,000	379.67	40.60	34.98	25.24	77.01	23.88	**$581.38**
$350,000	442.95	47.36	40.81	29.45	89.85	27.86	**$678.28**
$400,000	506.22	54.13	46.65	33.65	102.68	31.84	**$775.18**
$450,000	569.50	60.89	52.48	37.86	115.52	35.82	**$872.07**
$500,000	632.78	67.66	58.31	42.07	128.36	39.80	**$968.97**
% Share	**65.30%**	**6.98%**	**602.00%**	**4.34%**	**13.25%**	**4.11%**	**100.00%**

NOTE: The financial comparison above is based on averages and should be used for informational purposes only. It should not be used for actual calculation of any property tax bill. Individual tax bills may fluctuate due to changes in market value of property.

Mill Levy Comparison by Fund

Fund	2012 Official Mill Levy	Temporary Adjustment	2012 Approived Mill Levy
General Fund	14.576	1.323	15.899
Developmentally Disabled Fund	1.000	0.000	1.000
Road & Bridge Fund	3.280	-1.580	1.700
Social Services Fund	1.710	-0.245	1.465
Capital Expenditure Fund	1.912	-0.855	1.057
Library Fund	3.500	-0.275	3.225
Total Countywide	**25.978**	**-1.632**	**24.346**

Property Taxes for Other Governmental Entities

Taxpayers in Jefferson County receive one consolidated tax bill for the taxes assessed by all the various taxing authorities located within its boundaries. The County collects not only the County's property tax assessments but also those for the Jefferson County R-1 School District and for the municipalities and special districts whose boundaries lie within the County. Once received, the county then remits those tax collections to the appropriate entity. One frequent misunderstanding is that the Jefferson County Board of County Commissioners oversees the local school system. While school boards in some states have their budgets approved by the County Commissioners or the County Board of Supervisors, school districts in Colorado are separate taxing authorities.

About the Budget

Cities and towns whose boundaries are wholly or partially located within Jefferson County include Arvada, Bow Mar, Edgewater, Golden, Lakeside, Lakewood, Littleton, Morrison, Mountain View, Superior, Westminster, and Wheat Ridge. Other areas which have strong identities but are part of the unincorporated area receiving municipal type services from the county include Ken-Caryl Ranch, Ken-Caryl Valley, Evergreen, Conifer, Fairmount, Genesee, and Pleasant View. These areas do not have the authority to levy a separate property tax.

A number of special districts also are located within the boundaries of Jefferson County. Special districts deliver various customized services to residents such as fire protection, water and sanitation services and recreation programs. These districts may be dependent upon or independent of the Board of County Commissioners. Each district has separate budgets, sources of funding and taxing authority. There are approximately 49 water and sanitation districts, 9 park and recreation districts, 55 metropolitan districts, 17 fire and rescue districts, 8 improvement districts, and 5 other special districts.

Changes in Property Tax

In 1982, voters approved a ballot initiative that reformed the way government agencies in the State of Colorado assessed and calculated property taxes. This initiative is commonly referred to as the Gallagher Amendment. Prior to 1982, the share of residential property assessed value as a percentage of total statewide assessed value had been steadily increasing. The intent of the ***Gallagher Amendment*** was to stabilize the proportionate share of property taxes that were paid by residential property owners. Under this amendment, the percentage of residential assessed value in comparison with total statewide assessed property valuation is limited to 45%. That means that non-residential property owners assessed value would always comprise 55% of the total statewide property tax base in any given year. In years where there are substantial increases in assessed value for commercial and other non-residential properties, the formula would cause the assessment rate to decrease for residential properties. The non-residential assessment rate currently is at 29% of market value. The residential assessment rate has decreased from 21% to 7.96% over the past 28 years due to the fact that non-residential valuation has increased substantially so in order to maintain the 45% to 55% ratio, the assessment rate for residential properties has been driven down due to the impact of this amendment.

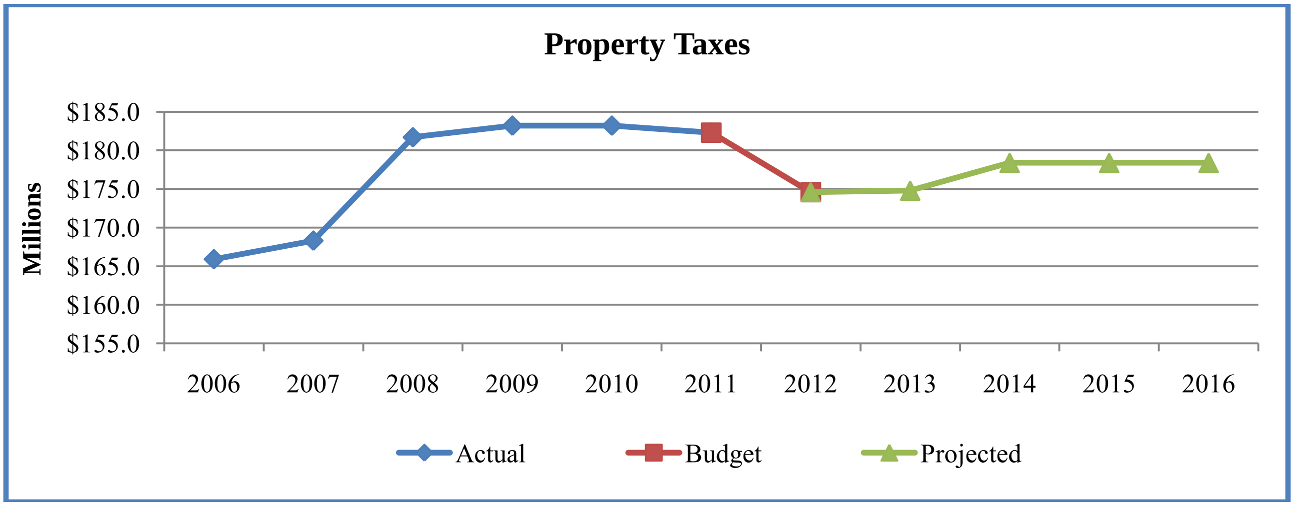
In 1992, Colorado voters approved a constitutional amendment referred to as the ***Taxpayer Bill of Rights (TABOR) amendment***. The basic intent of the TABOR amendment was to limit state and local spending as well as increases in annual revenue collections to the combined total of the increase in the rate of inflation plus the amount of local economic growth. Additionally, this amendment establishes a specific limitation in the amount that property tax revenues can increase annually unless the voters approve an increase in the mill levy.

Historical Property Tax Collections

From 2008 to 2011, property taxes for Jefferson County have reflected the growth in the economy. Beginning in 2012, the County is expected to see the results of the recession and decrease in property tax values. The decrease is expected to be a 4.5% reduction for the next two years and then a gradual increase in revenues for 2014 and beyond. The County is anticipated to favor the recession better than other areas partly due to property valuations being assessed on a biannual basis with the last assessment occurring for the 2010 calendar year.

The chart below represents the actual, budget and projected collections of property taxes for Jefferson County. The County is projecting that it will see a 2% growth in 2014 as we go into the reassessment year.

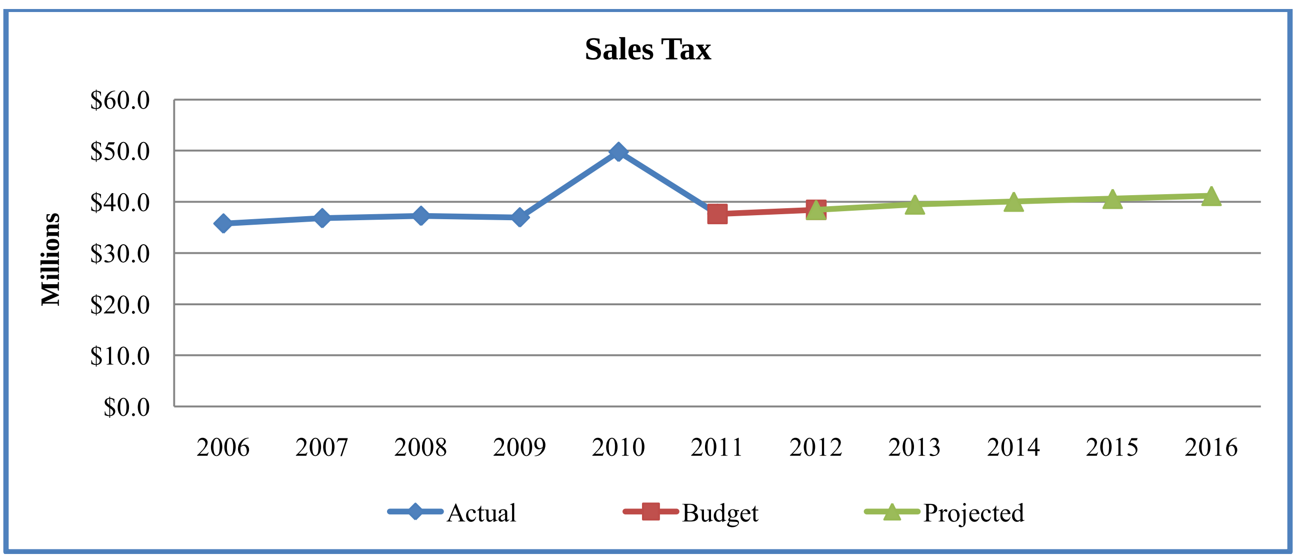
About the Budget



Sales Tax

Jefferson County does not receive state sales tax revenues, but it has imposed two sources of sales tax revenues. The first is a countywide half-cent sales tax, approved by voters in 1972 to fund the acquisition of open space land, the development of parks and trails and the maintenance of the county's parks and open space system. A portion of the sales taxes collected annually is used to repay bonds issued for open space acquisition. A second sales tax of an additional half-cent is collected only within the Southeast Road Improvement District, a special district established within a portion of the unincorporated area of the county. This sales tax was approved by the voters within the boundaries of this district to be collected for a limited period of time for the purpose of funding certain road improvements.

The sales tax revenues have been increasing slightly over the past few years based on the amount of taxable sales. In 2010, the County received a one-time payment from the State for a miscalculation of assessed sales tax as reflected in the chart. The projections are for sales tax to have a slight increase in the out years of 1.4% annually.



About the Budget

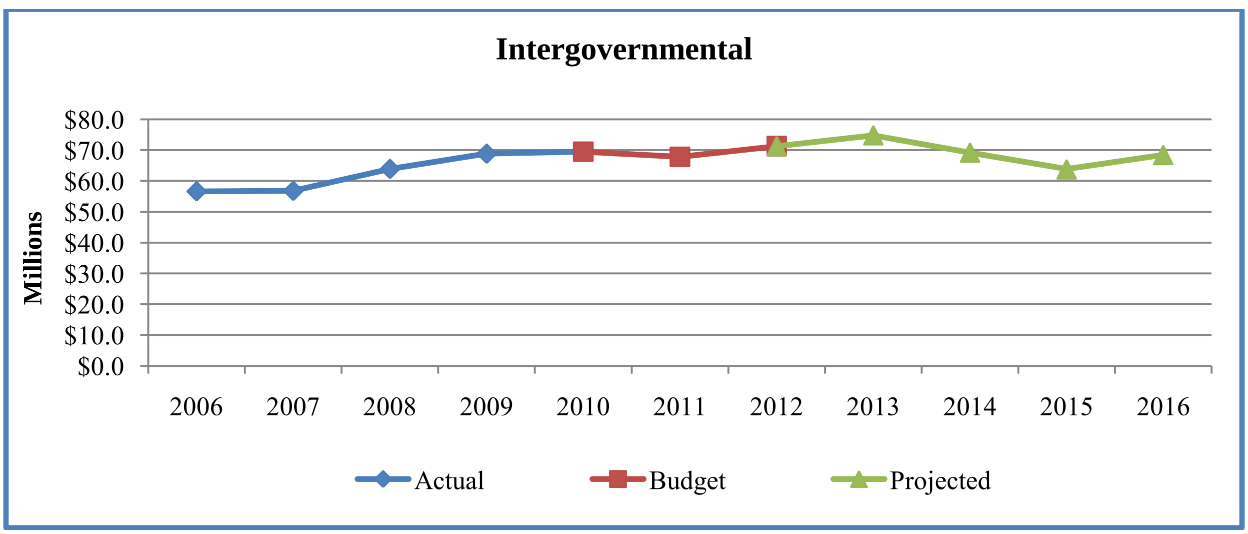
Auto Ownership Tax
Jefferson County also collects an auto ownership tax that is paid at the time county residents register ownership of their vehicles. This tax is also shared between the state and other local government entities.

Highway Users Tax (Fuel Tax)
The highway user tax is assessed on gasoline purchases statewide. The state then shares back a portion of this tax with all local government entities within the State based on a statutory formula. Jefferson County uses its distributed share of the highway user tax to fund road and bridge maintenance and construction in unincorporated areas of the county.

Licenses & Permits
Monies collected from the issuance of permits and licenses serve as another important source of revenue for Jefferson County. The county is authorized by the State to charge for the issuance of various permits related to zoning and also for the construction of buildings, driveways, curbs and gutters within the unincorporated areas of the county.

Intergovernmental
The county also receives monies from various state and federal agencies in the form of grants that support programs and services provided by various county departments. Examples of these programs are job training, food assistance, medical care, seniors programs, victim assistance programs, law enforcement services and open space improvements.

Intergovernmental revenues have varied over the past years with increase in 2009 and 2010 for the American Recovery and Reinvestment Act (ARRA) funding. The County has projected future intergovernmental revenues without the ARRA funding. In 2012, Intergovernmental revenues are shown to increase for the realignment of the Sheriff's Office Marshal's contract for proper accounting practices. The anticipated increases in 2012 and 2013 are the result of advance federal funding for Airport capital projects to occur in 2014 and 2015.



Charges for Services
Many county offices and departments charge a fee for various services that are offered to the citizens, some fees are set by statute, while others are established by county policy. Some examples of services for which fees are charged include recording of documents, building inspections, health services, facility usage/rent, prisoner boarding, and motor vehicle registration.

About the Budget

Fines & Forfeitures

The county is also authorized to levy fines for various purposes including those assessed when the appropriate permit was not obtained prior to construction.

Investment Income

At times the county will invest idle funds in order to be fiscally responsible. Examples of investment income include interest revenue, rental income and investment revenues.

Miscellaneous

Any other revenues not otherwise categorized by the County are considered miscellaneous income.

Claims & Judgments

The County may be subject to claims and/or settlements from court cases. Revenues from the disposition of these cases will be recorded under Claims & Judgments.

Intra-County Transactions

Revenues are received from internal transactions comprised of services provided by one county department in support of other county departments such as information technology, fleet management, facility management and risk management. Monies transferred between funds are also included in this category.

Proceeds from Disposition

At time the County will dispose of property (i.e. buildings, land, equipment, vehicles) that are no longer needed and/or useful for the County's needs. The proceeds from these dispositions are recorded under this category.

About the Budget

Expenditures

Expenditures are defined as the cost incurred by the county for goods received and/or services rendered. Typically, expenditures may be classified into two basic categories: Operating (which includes Internal Transactions) and Capital. Operating expenditures include the following subcategories: Salaries & Benefits, Supplies, Other Services & Charges, Direct Assistance Payments, Intergovernmental and Interdepartmental.

In Colorado, a county may provide some services to all county residents regardless of where they live within the county. These services are called "countywide." Some examples of countywide services provided directly to the public include: jail operations, assistance to indigent and low-income residents, health services to the indigent, and library services. Some services which are provided only to unincorporated residents include law enforcement, road and bridge maintenance and construction, planning and zoning, building permits and animal control.

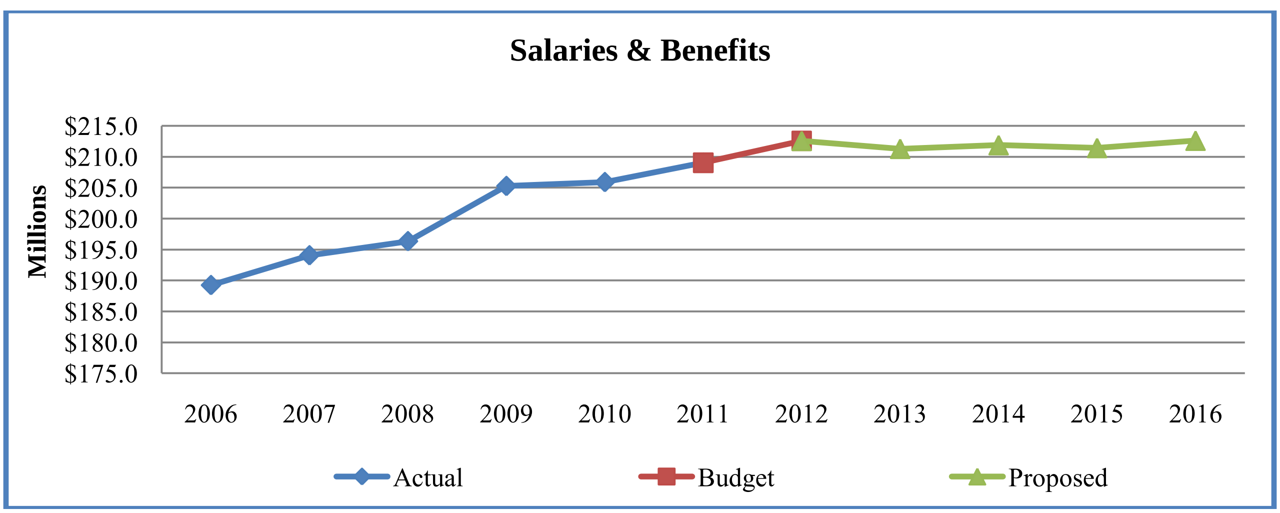
In addition to services provided directly to the public, Jefferson County also has expenditures for a variety of administrative functions necessary in a large organization. These include purchasing services, accounting services, legal services, fleet maintenance, facilities maintenance, public information/web services, information technology services, human resources and budget services.

The County strives to maintain a conservative approach to expenditures. This allows us to stay within the revenue stream and still maintain a desirable fund balance for emergency purposes.

Salaries & Benefits

The Commissioners must continually weigh the cost/benefit analysis of adding new positions as labor and fringe benefit costs continue to increase. The 2012 budget includes a 2% funding allowance to address issues with minimum pay, compression, retention and recruitment county-wide. In addition, 2012 budget includes one-time costs for the Presidential Election; likewise 2014 and 2016 make accommodations for mid-term and presidential elections costs. The out years (2013-2016) represent a zero percent increase in salaries and benefits. This may be unrealistic and will be reviewed during the budget process during those years.

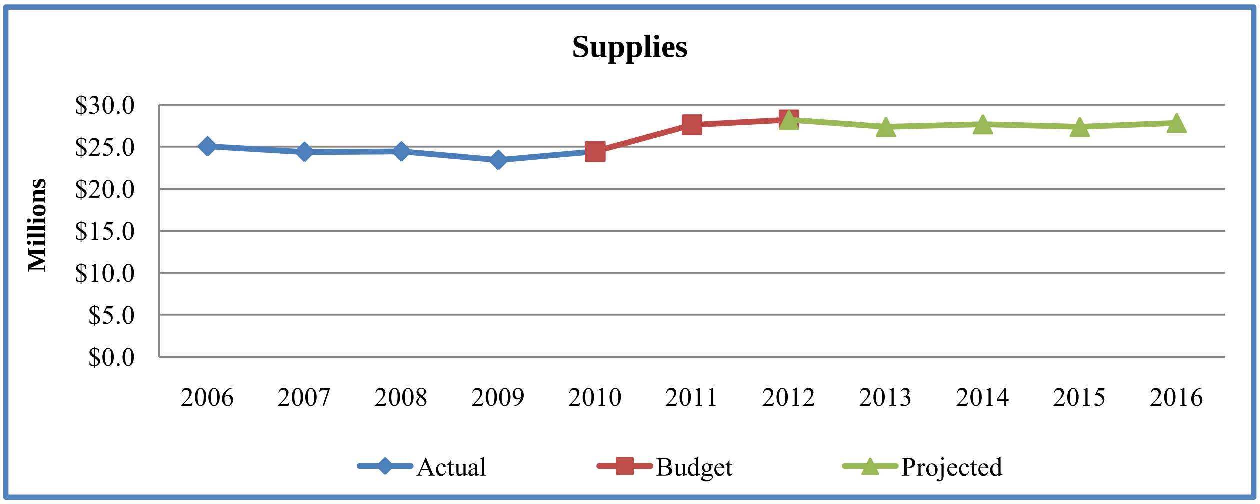
The chart below reflects the amount for salaries and benefits.



About the Budget

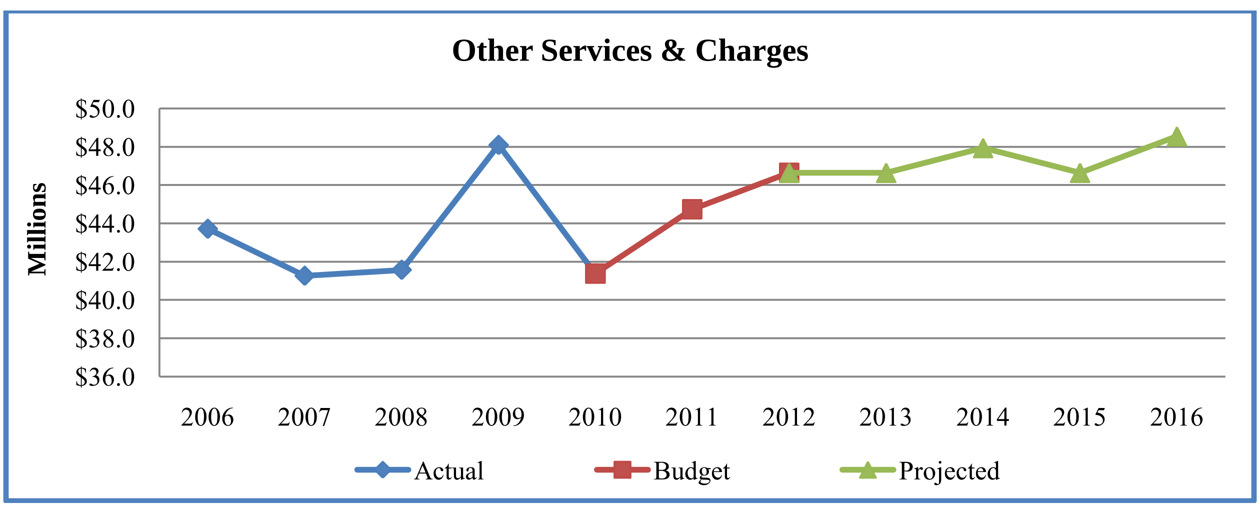
Supplies

Supplies are items necessary to run the day-to-day operations of the County. It includes general supplies such as office supplies, paint supplies, vehicle parts and building supplies. In addition, it includes energy supplies, food supplies, books and periodicals, and non-capital equipment such as telephone equipment. Supplies are anticipated to increase in future years as the cost for goods and materials increase. In 2012, supplies reflect the one-time costs for the Presidential Election; likewise, years 2014 and 2016 make accommodations for mid-term and presidential election costs. The projections for out years (2013-2016) are for supplies to remain relatively flat.



Other Services & Charges

This category includes professional and technical contracts such engineering services, temporary agencies, security services, fees, utilities, repair & maintenance, rent, insurances, and financial debt service. In 2009, the 1999 Open Space Debt Series were refunded. This change in financing resulted in no payment in 2010. In 2011, the payment schedule returned to normal and the budget has increased $2.6 million for a full year's financing cycle. In 2012, supplies reflect the one-time costs for the Presidential Election; likewise, years 2014 and 2016 make accommodations for mid-term and presidential election costs.



About the Budget

Direct Assistance Payments

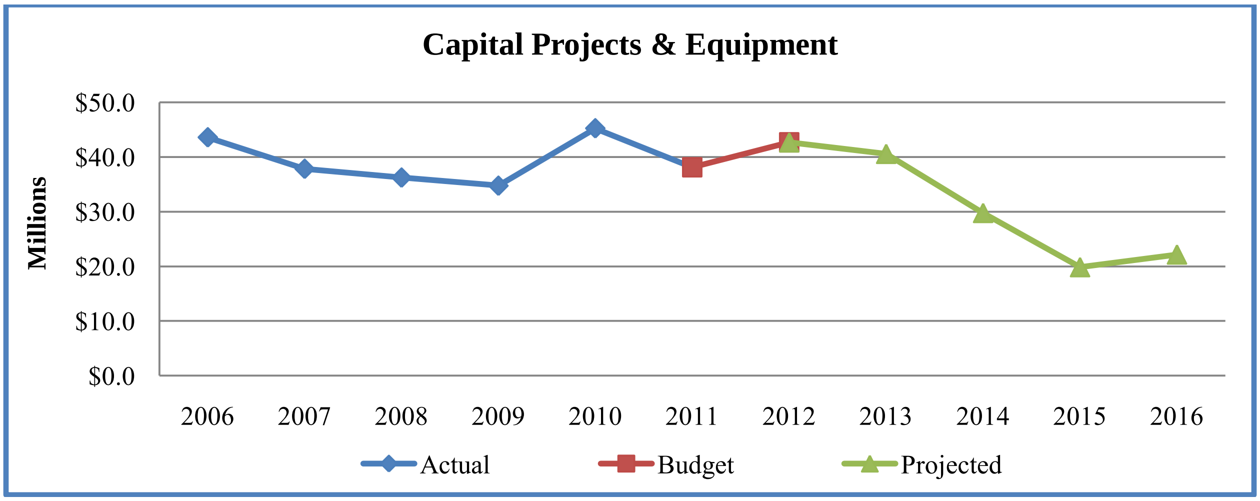
The County will receive provide the match portion to go along with federal funding to pay for Assistance Payments Electronic Benefit Transfer (EBT's) and/or child care for those citizens who qualify for the assistance programs.

Capital Projects & Equipment

Expenditures for the purpose of purchasing or construction capital assets are included in this category. Examples of capital expenditures include construction of roads, parks development, open space acquisition and the purchase of equipment, vehicles, or buildings.

In 2011, the Commissioner decided to fund projects while taking into consideration the limited resources available and ensuring that the necessary capital needs of the County were met. It is projected that reduced property taxes will result in funding capital projects with reserves to meet current needs. Capital expenditures are projected to start increasing commensurately with the increase in property tax revenues.

In 2012, the chart reflects an authorization for $9.0 million of previously acquired certificates of participation funds towards a Community Corrections building. The out years (2013-2016) show a decrease in capital projects due to the restricted use of fund balance to support projects.



Intergovernmental

Intergovernmental expenditures are for the County's share of costs for projects or agreements with the cities. In addition it also includes grants that the county pays to other governmental agencies or the State.

Interdepartmental

The County charges other departments for services provided. The types of charges are Direct, Indirect and Intra-County Transactions. In Direct charges, departments are billed directly. Indirect charges are from the cost allocation plan. Intra-County Transactions are eliminated for financial reporting, but not budgetary reporting.

Budget Calendar

Date	Event	Responsible Office
April 1-30	Revise/update/prepare budget module for departments/divisions	Budget Office
Early May	Develop revenue projections for all sources	Budget Office
May/June	Meeting regarding budget projection planning sessions	Budget Office, Admin Services Director, County Administrator and BCC
June	Salary projections distributed to departments/divisions	Budget Office
June	Internal Service providers to finalize base rates for 2012 and communicate them to departments/divisions	Internal Service Providers and Budget Office
June	Internal service providers to meet with departments to identify discretionary projects for 2012	Departments/Divisions and Budget Office
Mid June	• Distribution of memo regarding budget kick-off, which includes all deadlines and budget directives for Departments/Divisions • Internet training for departments/divisions on inputting operating budgets, business cases and 5-year plan	Budget Office
Late June	• Revenue estimates to be finalized • Distribution of targets for operating budgets	Budget Office
Late June	Budget Kickoff Meeting	Budget Office, Admin Services Director and County Administrator
July 1	Capital budgets submitted to Budget Office	Departments/Divisions
August 5	Operating budgets and business cases submitted to Budget Office	Departments/Divisions
August 29 – September 9	Meetings with departments regarding 2012 budget	Departments/Divisions, Budget Office, Admin Services Director and County Administrator
September 12	Review of 2012 budgets	Budget Office, Admin Services Director and County Administrator
October 11	2012 proposed budget submitted to BCC at briefing session	Budget Office and County Administrator
October 17-28	BCC to meet with departments to review 2012 proposed budget	Departments/Divisions, Agencies, Elected Officials, Budget Office, County Administrator, and BCC
November 3	Review of 2012 Budget	Budget Office, Admin Services Director, County Administrator, and BCC
November 15	Public hearing on 2012 proposed budget	Budget Office, Admin Services Director and County Administrator
December 6	2012 budget adoption and establishment of mill levies	Budget Office, Admin Services Director, County Administrator, and BCC