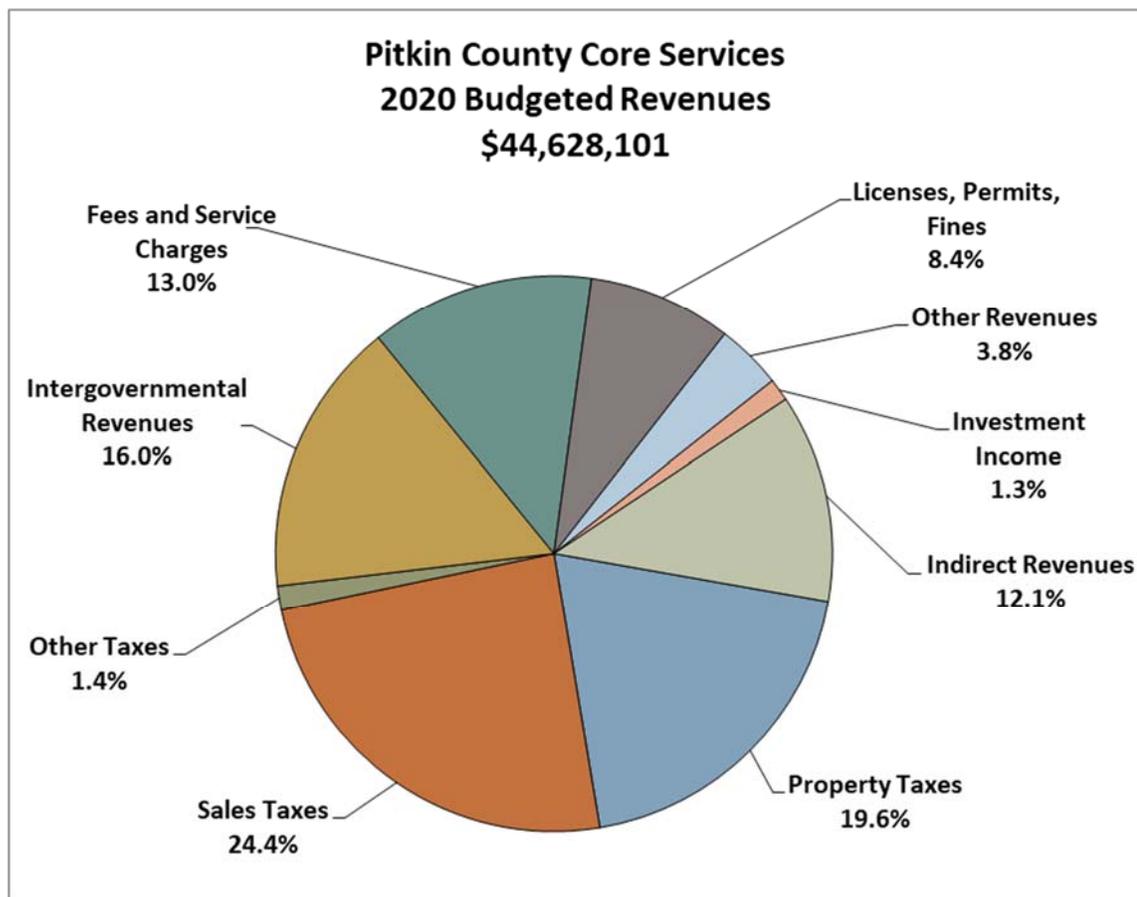




Revenues Supporting Core Services

Pitkin County’s core services are provided through the General, Capital, Road & Bridge, Human Services, and Public Health funds. Revenues supporting the County’s core services total \$44,628,101 in the 2020 proposed budget. Property tax is the County’s most stable revenue source and represents 19.6% of the total (\$8.7 million). Sales taxes are dependent on the local tourist economy and have a greater degree of fluctuation; they represent 24.4% of the total (\$10.9 million). Fees and service charges represent 13% of the total revenue (\$5.8 million). Intergovernmental revenues include Payment in Lieu of Taxes (\$1.5 million), Highway Users Tax (\$1.2 million), and Public Safety entities’ support for Dispatch (\$980,000), as well as other smaller contributions. The Human Services and Public Health Funds are dependent on intergovernmental grants for approximately 79% of their revenue (\$2.7 million). Indirect revenues (\$5.4 million) are based on the 2 CFR Part 200 cost allocation plan, through which the General Fund charges other County funds for indirect services provided (payroll, technology, facilities, etc.).



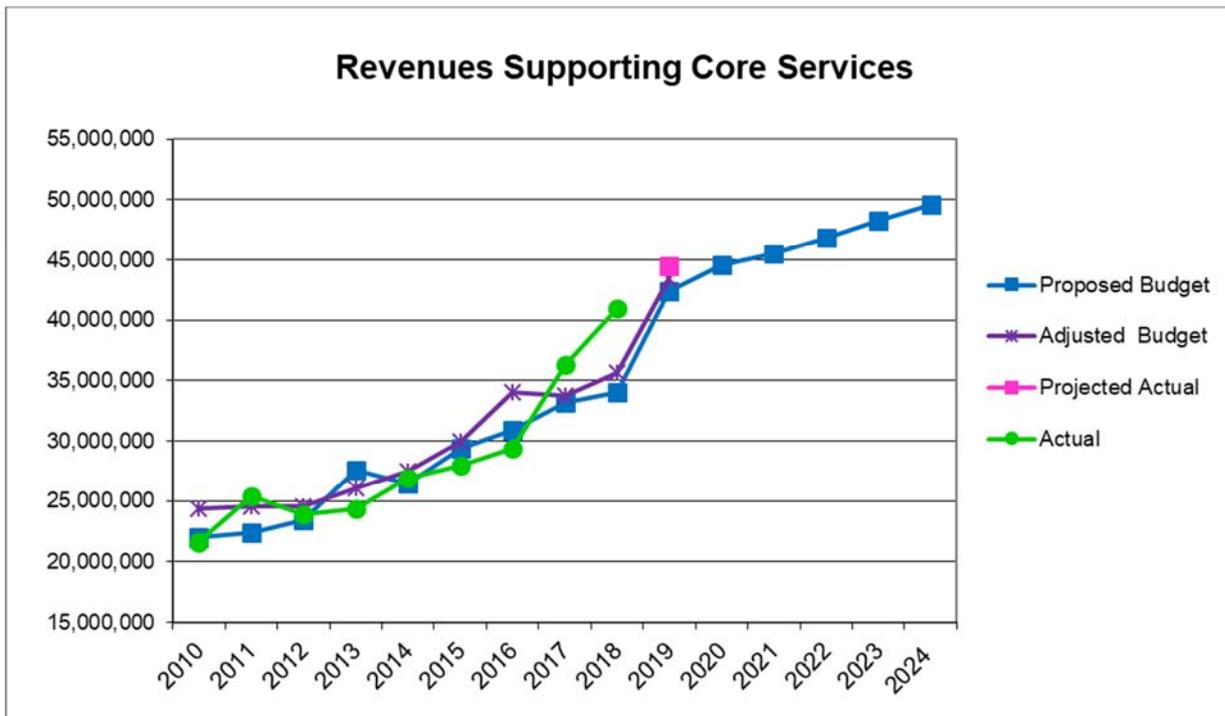


REVENUE OVERVIEW CORE SERVICE REVENUES

This table illustrates revenues by category for the proposed 2020 budget compared with the adjusted and original budgets for 2019.

	2020 Budget	2019 Adjusted Budget	2019 Original Budget
Property Taxes	\$ 8,738,548	\$ 8,392,936	\$ 8,392,936
Sales Taxes	10,869,573	10,112,985	9,872,985
Other Taxes	631,111	335,745	335,745
Intergovernmental Revenues	7,143,240	8,972,946	8,116,791
Fees and Service Charges	5,810,813	5,498,728	5,498,728
Licenses, Permits, Fines	3,731,250	3,638,958	3,638,958
Other Revenues	1,709,586	1,782,817	1,782,817
Investment Income	585,909	227,500	227,500
Indirect Revenues	5,408,071	5,055,554	5,055,554
	\$ 44,628,101	\$ 44,018,169	\$ 42,922,014

The following graph gives an historical perspective of budget vs. actual revenues for funds supporting core services.





REVENUE OVERVIEW CORE SERVICE REVENUES

The following section describes the County's major revenues and trends for selected key revenues supporting County operations.

Property Tax

Property tax is computed on the assessed valuation of all property, real and personal, located within the taxing jurisdiction. Every two years, the County Assessor revalues all properties in the County, and 2019 was a revaluation year affecting the 2020 budget. The 2019 values are based on market conditions as of June 30, 2018, and affect County property tax revenues for 2020 and 2021. Total actual value of all property in Pitkin County increased by 10.6% from 2018 to 2019; however, the Colorado Division of Property Taxation reduced the statewide residential assessment rate (RAR) from 7.2% to 7.15%. This was a constitutionally required reduction under the Gallagher Amendment designed to maintain a constant relationship between the statewide share of residential taxable value and the statewide share of nonresidential taxable value. In general, the RAR drops when there is an increase in home values. Assessed valuations increased 10.3%. Total 2020 proposed budget for property tax revenues for all County funds is \$31.6 million, \$2 million more than was levied in 2019, and a 6.9% increase.

Pitkin County property tax is subject to limitations or restrictions on revenue and/or tax rates. Methods of mill levy calculation vary, due to different restrictions or combinations of restrictions on each fund.

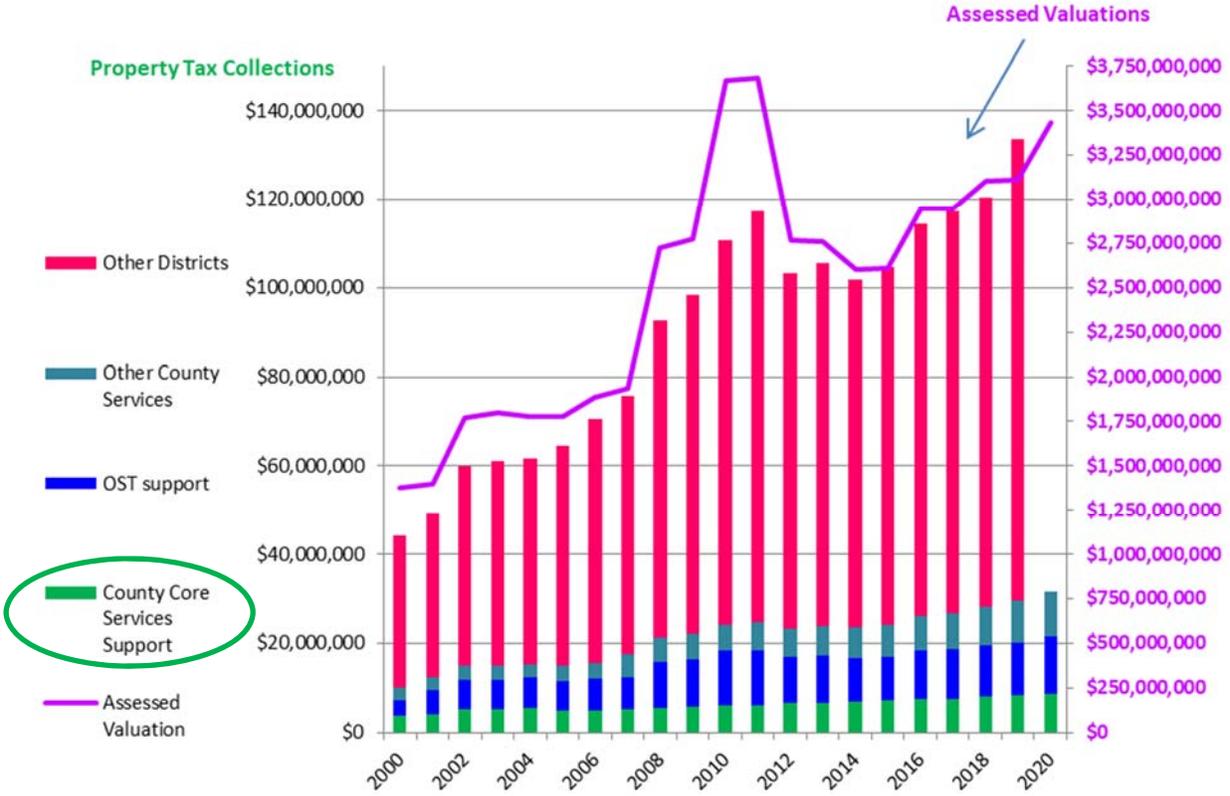
- **Home Rule Charter (HRC)**, also called the Fenton Amendment, was effective in 1979 and limits property tax increases by rate, growth, and assessed valuation multiplied by the October US CPI-U. The County General Fund and Translator Fund are subject to this restriction.
- **TABOR (Taxpayers Bill of Rights)** was effective in 1992 and requires a rate restriction and revenue restriction of actual valuation multiplied by the Denver-Boulder CPI. The Aspen Ambulance District and the Open Space and Trails fund received voter approval exempting them from TABOR and allowing fixed mill rates. All other County funds are subject to TABOR; however, mill levy credits are taken to reduce the original mill to an amount that is allowed per the restriction. These credits protect the original mill levy.
- **Statutory** restriction limits property tax increases to 5.5% plus growth and is calculated using the assessed valuation. This restriction applies to all County funds except the Aspen Ambulance District, Open Space and Trails, and the Healthy Community Fund.

The property tax table below reflects the historical county-wide property tax increases. Property taxes have strong collection rates that range from 98.8% to 100% of the amount levied.



REVENUE OVERVIEW CORE SERVICE REVENUES

**County Wide Property Taxes
Compared to Assessed Valuations**



2020 data for other taxing districts is not yet available.

Sales Taxes

Sales taxes are collected on the sale of tangible goods. Pitkin County levies a 3.6% sales tax representing four separate authorizations, each with different sharing agreements with other local governments in the County. These agreements are:

- 1) 2% General Fund Tax - The collections from this tax are shared with the municipalities (Aspen, Snowmass Village and Basalt). The allocation is 43% to the County (equivalent to a 0.86% tax) and 57% to the municipalities. The allocation between the municipalities of the 57% share is set annually and is based on the proportionate collection of the tax in each jurisdiction for the prior 24-month period ending in August.



**REVENUE OVERVIEW
CORE SERVICE REVENUES**

- 2) 1% Mass Transit Tax – 48.13% of this tax is allocated to RFTA. The City of Aspen and Town of Snowmass Village split the remainder (51.87%) based on the proportionate share of the tax collected in each jurisdiction.

- 3) 0.5% Mass Transit Tax – 81.04% of this tax is allocated to RFTA and the remaining balance is managed by the Elected Officials Transportation Committee (EOTC). The Aspen City Council, Snowmass Village Town Council and Pitkin County Board of Commissioners must each approve of the expenditure budget for this tax. There is also a 0.5% use tax that complements this sales tax.

The following table summarizes the distribution of the transit sales tax in terms of equivalent tax rates.

Pitkin County transit sales tax	to RFTA	retained for EOTC	to Aspen and Snowmass
0.5000%	0.4052%	0.0948%	-
1.0000%	0.4813%	-	0.5187%
1.5000%	0.8865%	0.0948%	0.5187%

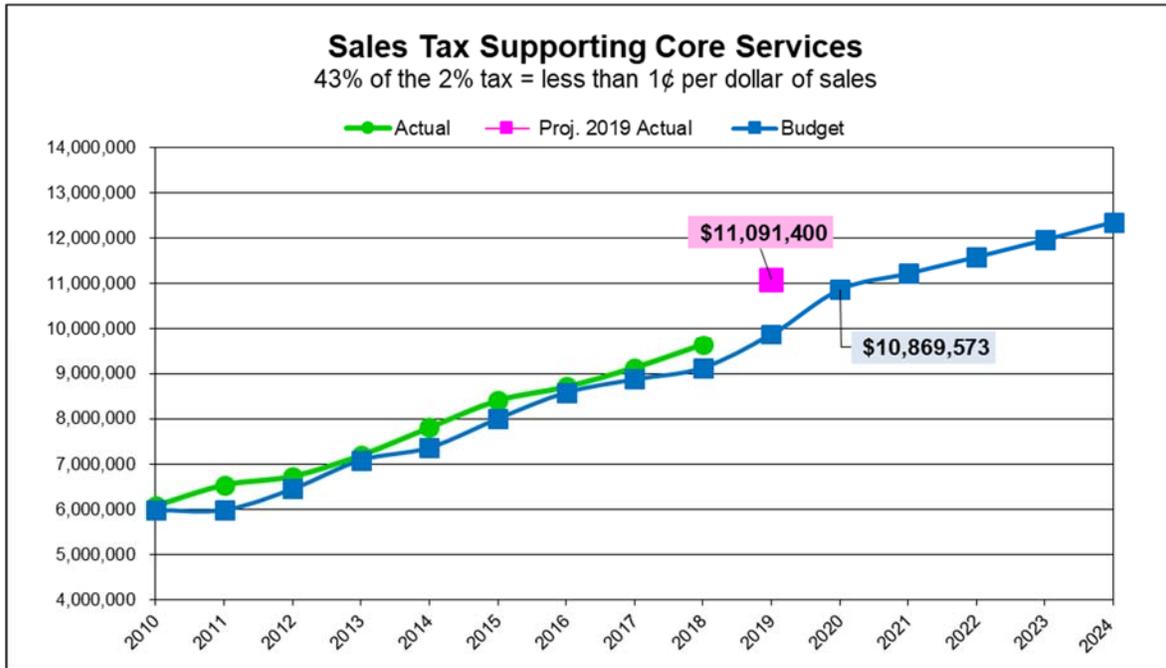
- 4) 0.1% Healthy Rivers and Streams Tax – The voters approved a 0.1% sales tax to support efforts to preserve and protect water in the valley. A citizen advisory board advises the Board of County Commissioners on the expenditures and administration of these funds.

Sales tax is collected on retail sales at the time of purchase. Retail vendors pay the collected tax to the Colorado Department of Revenue by the 20th of the month following the sale. The Department of Revenue then remits the collections to the County by the 15th of the next month. For example, sales tax collected at retail in January is paid to the Department of Revenue in February and remitted to the County by March 15th.

The graph below shows the historical collections of the County’s share of sales tax (43% of the 2% collected). This revenue is highly dependent on the tourist economy and reacts quickly to economic changes. Year-to date collections for 2019 are strong and projected to increase 15% over prior year. The double-digit increase is due in part to new legislation requiring taxation of goods delivered to Pitkin County. This includes internet sales, but also construction materials for which the County previously received a 0.5% use tax. As a result, use tax revenues will decrease significantly while sales tax revenues increase. After ten years of economic recovery, there are many indications of a downturn in the future. To reflect this possibility, the 2020 proposed budget includes a 2% decrease in sales tax, with 3.25% annual increases in 2021-2024. In the proposed 2020 budget, 56% of sales tax revenues are allocated to the General Fund budget, 12% to the Capital fund and 32% to the Road & Bridge fund.



REVENUE OVERVIEW CORE SERVICE REVENUES



The following table shows five years of actual collections for each of the sales taxes and estimates/budgets for 2019 and 2020.

	Sales tax in \$ millions					2019	2020
	2014	2015	2016	2017	2018	Projected	Budget
General Fund	3.29	3.08	3.11	4.16	4.30	6.21	6.09
Capital Fund	3.67	4.37	4.53	3.98	1.64	1.33	1.30
Road & Bridge Fund	0.85	0.96	1.07	1.00	3.70	3.55	3.48
County Share of 2% Tax	7.81	8.40	8.70	9.13	9.64	11.09	10.87
percentage change	8.5%	16.8%	11.5%	4.9%	5.6%	15.0%	-2.0%
1% Mass Transit Tax	9.02	9.77	10.12	10.62	11.21	12.90	12.64
percentage change	10.9%	20.1%	12.3%	4.9%	5.6%	15.0%	-2.0%
0.5% Mass Transit Tax	4.57	4.93	5.11	5.36	5.67	6.52	6.39
percentage change	9.1%	17.8%	11.8%	4.9%	5.8%	15.0%	-2.0%
0.1% Healthy Rivers Tax	0.91	0.98	1.02	1.06	1.12	1.29	1.26
percentage change	8.5%	16.8%	12.2%	4.2%	5.6%	15.0%	-2.0%

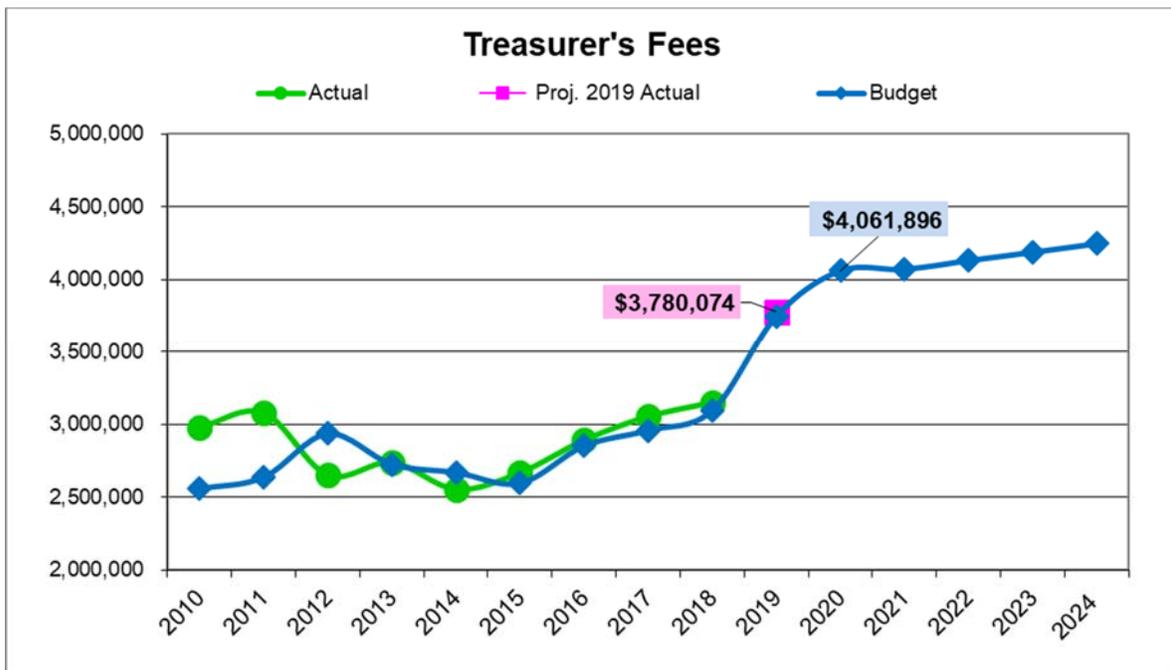
Permits and Service Charges

The Treasurer, Clerk, and Community Development departments charge user fees to fund the services they deliver to citizens. The following graphs represent the majority of service charges and permits shown in the pie chart on page one.



Treasurer's Fees

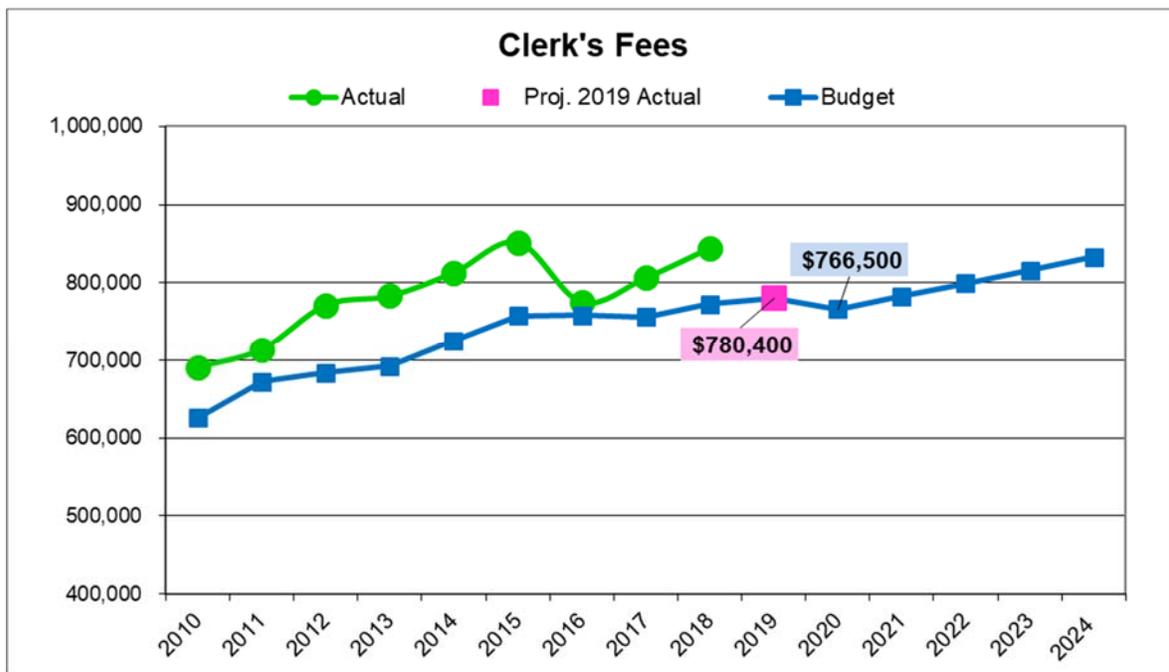
Foreclosure and tax collection fees are the two major revenue sources for the Treasurer. The Treasurer collects property taxes for all County districts and a fee, authorized under Colorado statutes, is collected to offset the cost of the Assessor's and Treasurer's offices. The fee for cities is assessed at 2% of property taxes, school districts 0.25% of the school's general fund tax, and all other districts 5% of the property tax collected. This charge is deducted from the monthly tax remittance to each district. The recession brought a high number of foreclosures in 2010 and 2011 and increased foreclosure revenues. Reduced property values were first reflected in the 2012 budget, significantly reducing the treasurer's fee revenue while foreclosure activity also declined. New tax measures approved in November 2018, notably a RFTA property tax, resulted in a 21% increase in 2019 Treasurer Fees. 2020 Treasurer Fees are budgeted to increase 8.3%, reflecting the increase in assessed valuation and a number of taxing districts with fixed mill levies. The remaining outlook projects a gradual increase in collections based on growth and inflation predictions and very few foreclosures, but it does not consider future property revaluations.





Clerk’s Fees

The Clerk’s office collects a variety of fees for the services they provide. Recording fees and state documentary fees (doc fees) make up the majority of the Clerk’s revenues; therefore, both the value and number of real estate transactions affect this revenue. The five year budget anticipates that Clerk’s fees will remain relatively flat and increase at the rate of inflation.



Community Development Fees

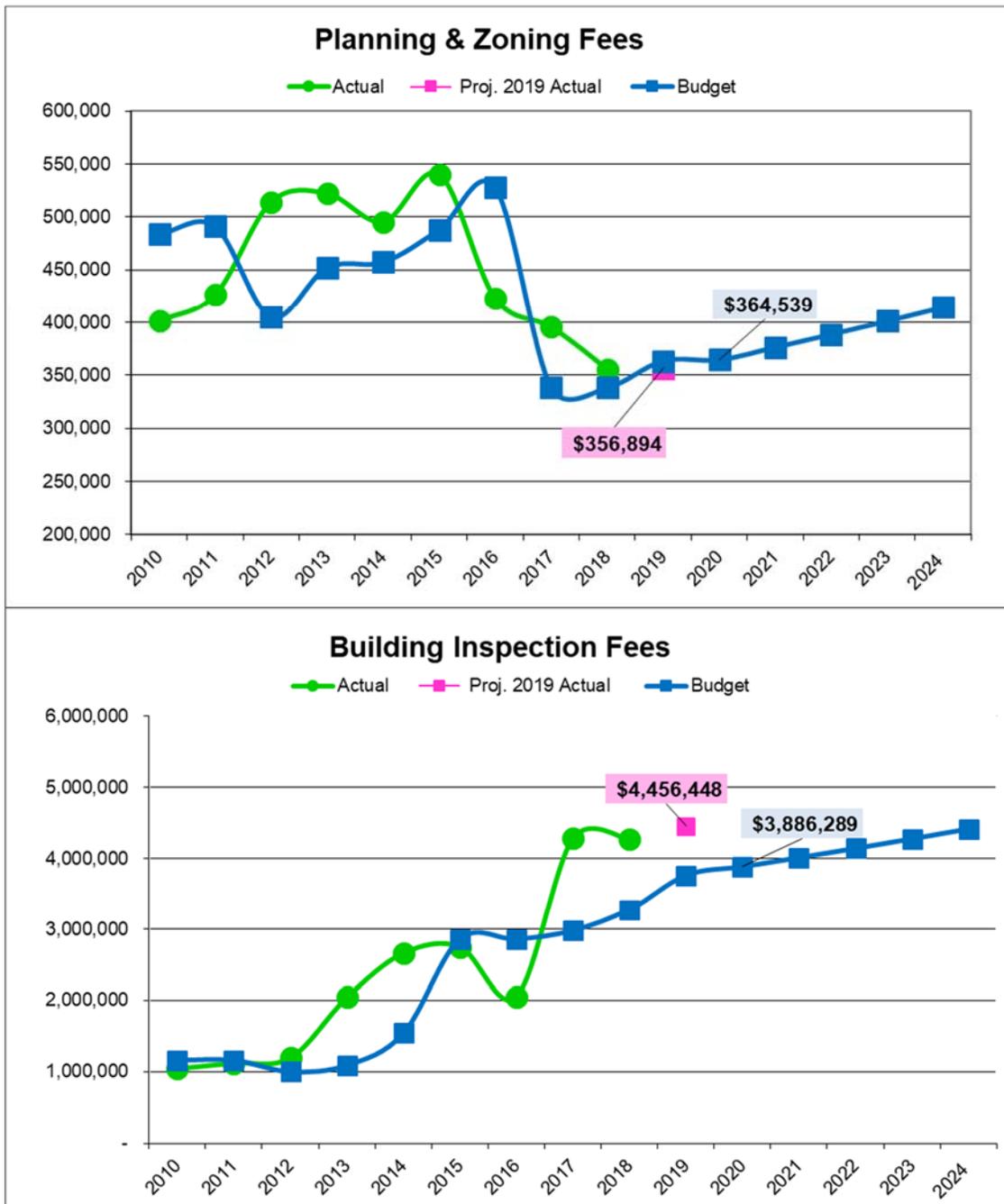
Two types of fees are assessed by the Community Development department for their services provided to unincorporated areas of Pitkin County. Planning fees are assessed to review development applications for compliance with the Pitkin County land use code and any land use approval. Building inspection fees are based on the value of the improvements being made to a structure to cover the cost of assuring that the construction is completed according to the building code. The building inspection fee is paid at the time the permit is issued based on the estimated value of the project and reviewed prior to the issuance of the final certification of occupation. A large project takes several years to complete so any differences between the original estimate and the final cost are recouped at the end of the project.

Historically, revenues have seen wide fluctuation and are difficult to predict. Building activity was dramatically curtailed during the recession but increased substantially in 2013 through 2015. There was a 25% downturn in 2016, as remodels comprised the majority of projects,



REVENUE OVERVIEW CORE SERVICE REVENUES

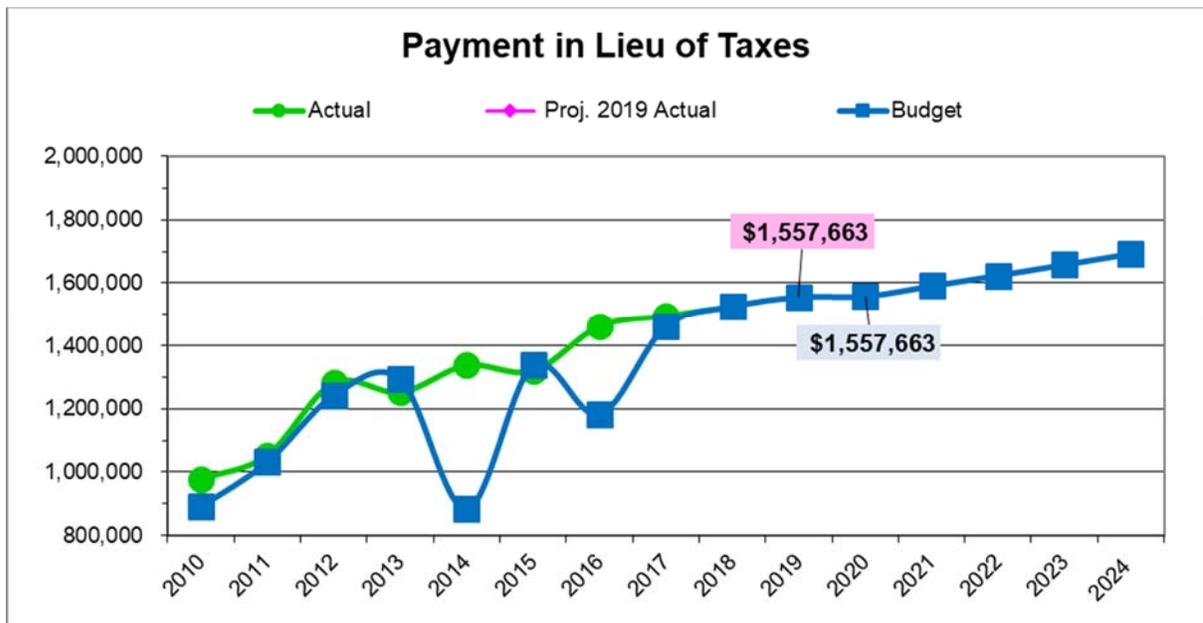
and revenues fell short of budget. In September 2016 a flat percentage fee of 2% was adopted in order to simplify the permitting process. This fee includes the cost of planning and building inspection, but is recognized in the Building department, thus explaining the decrease in Planning fees in the chart below. After further review of the basis of valuation, the decision was made to increase to a flat 2.7% fee in 2017, and revenue rebounded in 2017 by almost 90%. 2019 Community Development fees are expected to increase by 4.5% and then decrease by 11.7% in 2020. The five year plan anticipates small increases in 2021-2024.





Payment-in-Lieu-of-Taxes Revenue

The federal government compensates county governments for federal lands (national forests, etc.) within the county boundaries from which no property tax may be levied. The Payment-in-Lieu-of-Taxes (PILT) program provides for payments to local governments to supplement other Federal revenue sharing programs. Payment-in-Lieu-of-Taxes are based on population, the amount of Federal Land within the County, and payments received under federal shared revenue programs. The Payment-in-Lieu-of-Taxes revenue is appropriated by Congress, so the level of funding for the program changes from year to year. Since 2009 we have received close to 100% funding and we expect full funding each year in the five year plan.

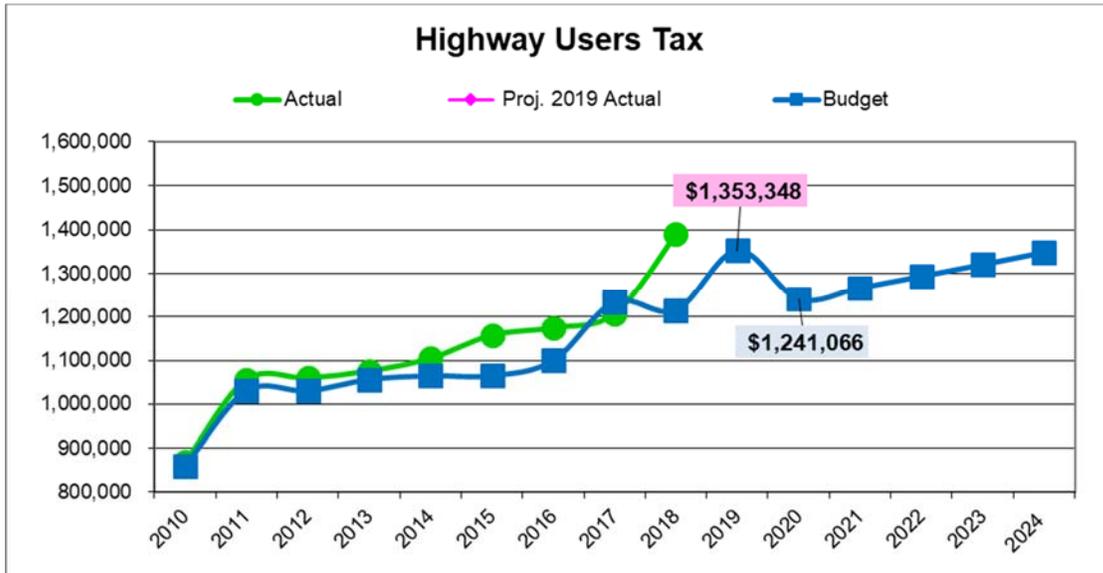


Highway Users Tax

The Highway Users Tax Fund (HUTF) was statutorily created in 1953 to account for state highway revenue. The majority of this revenue comes from a motor fuel tax of 22 cents per gallon and motor vehicle license and registration fees. The statutes prescribe the revenue collections and distribution process for these revenue flows. Colorado counties receive 26% of the first distribution stream and 22% of the second stream and further divide the counties' share of the Fund into three distribution tiers. In 2009, the State created new fees, fines, and surcharges to generate increased revenues for statewide transportation improvements (known as the FASTER program). Two state measures (SB18-001 and SB19-262) provided one-time funding increases for road projects in 2019. 2020 budget returns to the normal funding level, and future years are projected to increase at the rate of inflation.



REVENUE OVERVIEW CORE SERVICE REVENUES



Investment Income

Investment income consists of all income earned on Certificates of Deposit, US Treasury securities, and all other investments of the County. This revenue fluctuates with fund balances and market conditions. In 2019, Pitkin County hired professional investment advisors to invest County funds. The 2020 proposed budget assumes a 1.5% average interest rate on our investments, and a steady rate of 1.75% in 2021-2024, reflecting current market uncertainty.

