Quarterly Financial Report
2015 – First Quarter
(January to March 2015)

Executive Summary

During the first quarter, most departments spent within their expense budgets and most revenue sources were received as expected, after taking seasonal adjustments into consideration.

Some positive developments include:

- Sales Tax Revenue is coming in higher than budgeted. Part of this is due to adjustments by the State to prior year amounts. However, collections related to 2015 activity are still about 9% higher than last year.
- Solid Waste Charges for Services are significantly higher than expected in the first quarter of 2015.

Some department budgets need adjustment, as follows:

- The County Surveyor department will need an increase of expense budget of approximately $6,500 to rectify an error that occurred during the budget process.
- The Jail Commissary budget will need a supplemental budget adjustment to reflect jail bonding activity that is now routed through that account. This adjustment has no net impact on the taxpayers, as revenue will increase in proportion to expense.

Some issues are emerging and should be monitored closely, as follows:

- The County Coroner expense budget is being spent faster than anticipated.
- The repair and maintenance part of the Building & Grounds budget is being expended significantly faster than activated, due to unexpected repairs to two furnaces, the elevator and fire alarm system. It is likely that this budget will need to be increased later in the year. We expect to cover any increase in this budget from underspent budget in other departments.

Improvements are being made in the timeliness of Finance Department processing, as follows:

- Year-end closing and audit preparation work has been processed approximately 3 months ahead of last year.
- Quarterly reporting has been reinstated.
- DHS (account) processing is now being performed on time.

Revenue Report

General Fund: 23% ($2,119,689) of the annual budgeted General revenue was received during the first quarter, and this is very close to the amounts expected. In the detail, individual types of revenue are subject to very considerable seasonal variation. However, those seasonal variations virtually washed out. Timing differences in some accounts like Property Tax revenue (40% received in the first quarter) compensated for timing differences in other revenue accounts, like cost reimbursement grant proceeds, which are always collected after expenses have been incurred. *Based on first quarter detailed information, General fund revenue appears to be on track to meet 2015 budgeted amounts.*

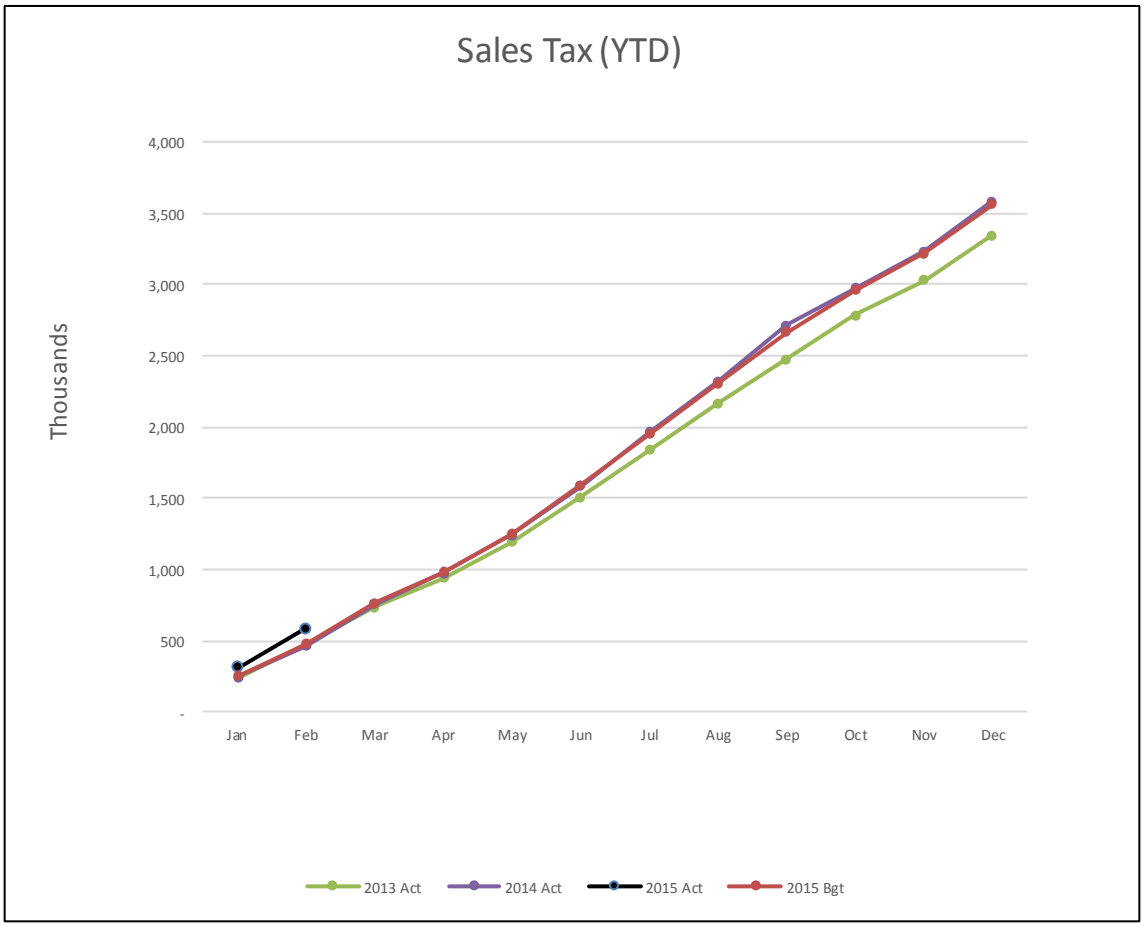
Road & Bridge Fund: Only 13% ($788,969) of the annual budgeted R&B revenue was received during the first quarter. While this appears low, it is really just the result in seasonal variations. The Rio Blanco Bridge project was not active during the first quarter. Revenue for this large project will not be received until after expenses are incurred. Sales tax revenue, which is the largest single source of funding for the Road & Bridge fund, is received in the second month after it was generated, and will appear to be "low" relative to the budget, until the fourth quarter. *Based on first quarter detailed information, Road & Bridge fund revenue is likely to exceed 2015 budgeted amounts, at least slightly.*

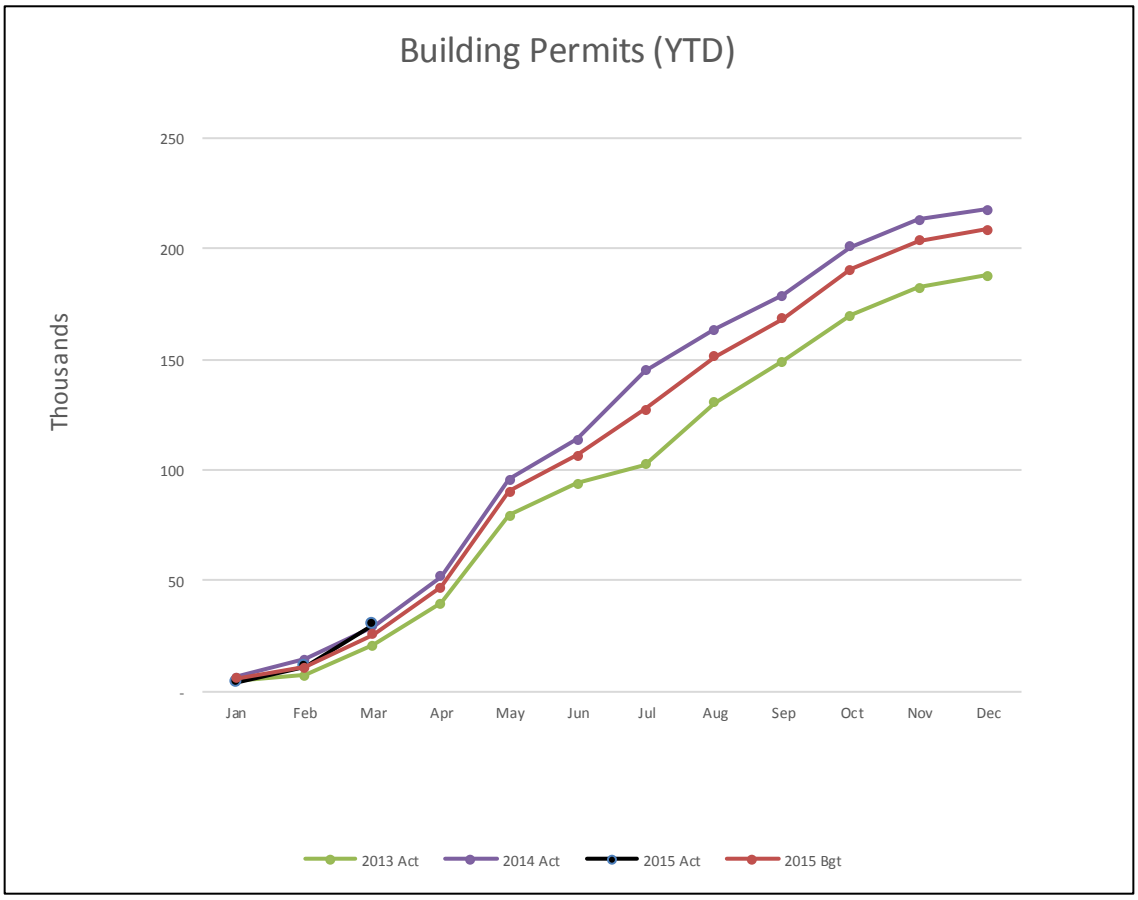
DHS Fund: 23% ($1,033,717) of the annual budgeted DHS revenue was received during the first quarter. Based on detailed information as of the end of the first quarter, no revenue issues are apparent or expected to develop during 2015.

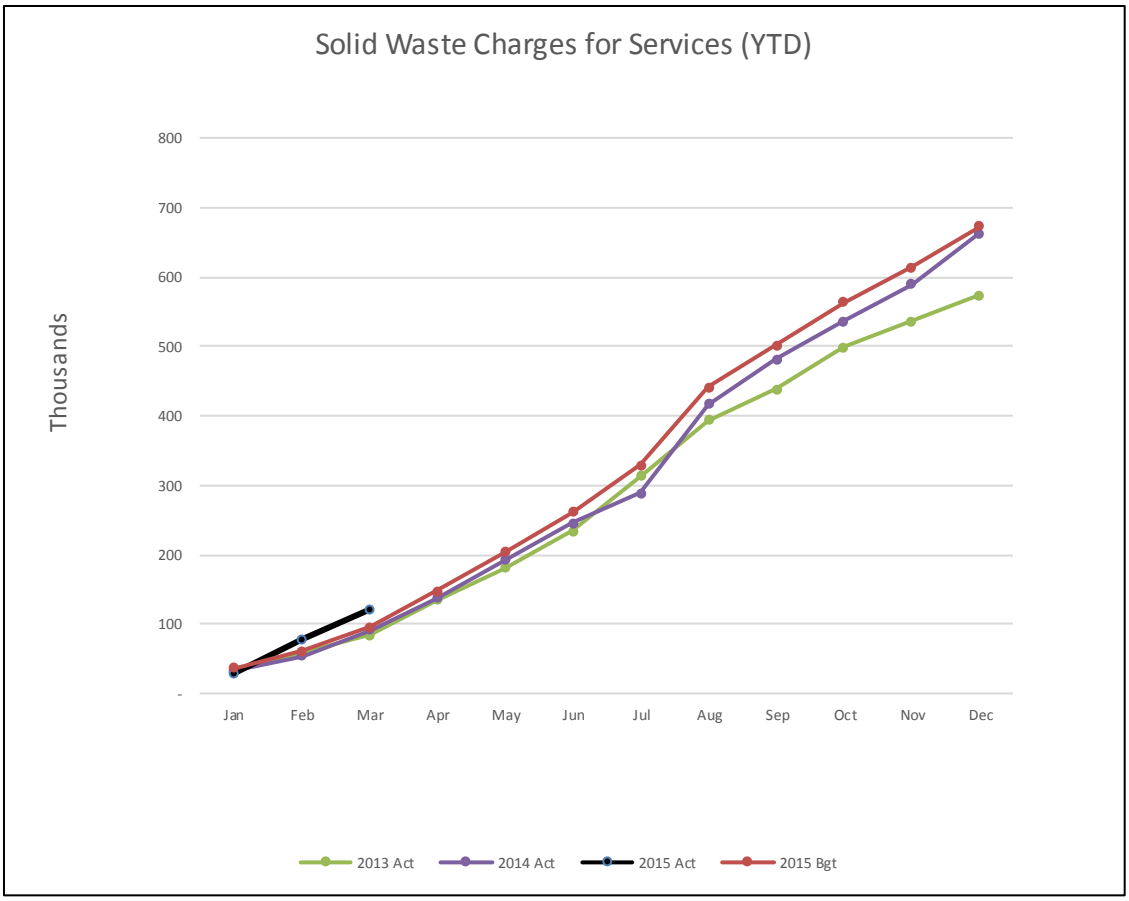
Dispatch Fund: 23% ($103,027) of the annual budgeted Dispatch revenue was received during the first quarter. This is less than anticipated, but not really a problem. Emergency telephone service fees are received, typically, during the second month after they are payable. In the first quarter report, only the January amount of these fees had been collected. *Based on first quarter detailed information, Dispatch fund revenue is likely to meet, or exceed slightly, the 2015 budgeted amounts.*

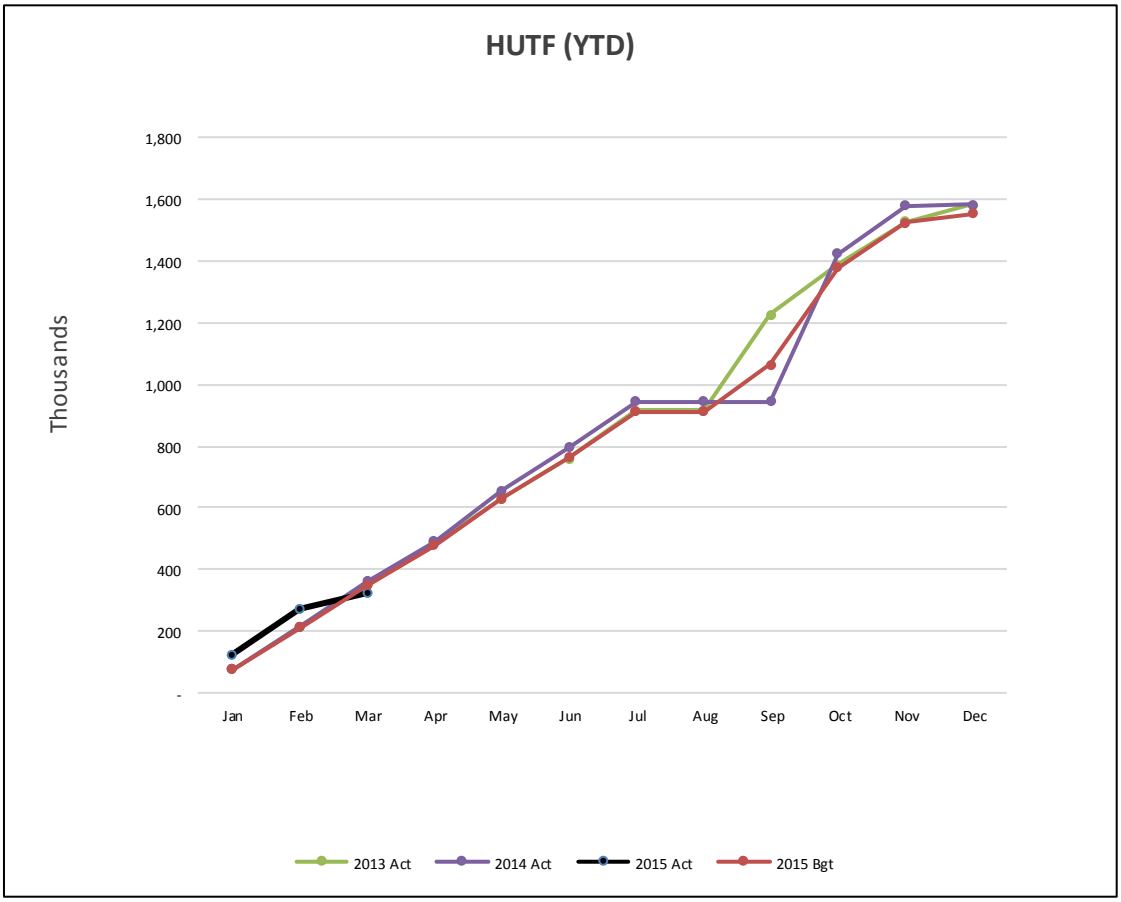
Seasonal variances in the timing of different revenue sources can hide developing problems or mask otherwise bright spots. Therefore, instead of simply reporting raw revenue numbers in the Fund Financial Statements that follow, the County monitors some specific, variable revenue sources and compare them to ***seasonally adjusted*** budget numbers. The graphs (on the following pages) show that:

- Sales Tax revenue (during January and February) was about 26% higher than in 2014 and well ahead of budget. However, the amounts received included adjustments to collections by the State that relate to prior years. The part of the revenue that relates only to 2015 collections was up by about 9%. In 2014, the growth rate was approximately 7%. We expect sales tax revenue to exceed 2015 budgeted amounts, but we do not think we can predict by how much at this time.
- Building Permits fees are slightly higher ($4,502) than amounts expected year to date. While this bodes well, we have yet to start the prime building season.
- HUTF started strong and then took a dive in March. While it does not show on the first quarter report, the low March numbers were made up in the April disbursement. HUTF is expected to come in at or above budget, for the remainder of the year.
- Solid Waste Charges for Services were significantly higher than budget during the first quarter ($26,379). If this trend continues, 2015 revenue will be well ahead of budget at year end.


Sales Tax (YTD)
Thousands
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2013 Act
2014 Act
2015 Act
2015 Bgt


Building Permits (YTD)
Thousands
250
200
150
100
50
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2013 Act
2014 Act
2015 Act
2015 Bgt


Solid Waste Charges for Services (YTD)
Thousands
800
700
600
500
400
300
200
100
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2013 Act
2014 Act
2015 Act
2015 Bgt


HUTF (YTD)
Thousands
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2013 Act
2014 Act
2015 Act
2015 Bgt

Department Reports (by Fund)

The following funds will be reported in detail during the first quarter of 2015:

- General
- Road & Bridge
- Department of Human Services
- Combined Dispatch
- Conservation Trust Fund

The reporting formats for the Proprietary funds (Solid Waste, Airport and Fleet) are still under development, and will be rolled out later. However, they are being monitored carefully, and the expenses of each fund are significantly under budget during the first quarter.

The 1A Fund and Fairfield Settlement Fund had almost no activity during the first quarter.

The Department Reports show both the original budget approved and appropriated by the BoCC, and the same budget, as amended during the year. Year to Date actual data is compared to the amended budget. The percent of budget received or expended is also shown. A green icon appears next to any line with an obviously favorable balance. A yellow icon appears next to any line that *warrants a closer look*. The yellow icon does not "automatically" mean that something is overspent or out of control. It only means that transactions are not being incurred evenly as the year progresses.

General Fund

Expenses exceeded revenue in the General fund by $1,604,063 during the first quarter, causing the total fund balance to decrease by that amount.

Most department budgets in the General fund were well within their expense budgets during the first quarter. Only one department showed a significantly disproportionate amount of expense during the first quarter, as follows:

- Administration 68% expended: Within the Administration budget, the annual amount of some categories was expended entirely during the first quarter, making the Administration budget appear over budget. These included the annual budgeted transfer of General funds to the Airport and the balance of the 1A Fund. Also, the entire amount of the County's General Liability insurance was paid during the first quarter. These payments were within the amounts budgeted for them and no further payments will be needed in those categories. *The Administration budget is expected to end the year under budget.*

Two department budgets will require a budget adjustment in the future, as follows:

- County Surveyor 65% expended: The Surveyor budget normally amounts to a nominal sum for wages and minimum supplies. During 2013 and 2014, the previous County Surveyor did not opt to take county

subsidized insurance. The newly elected Surveyor did opt for the insurance, but the 2015 budget did not include the County's share of that cost. This budget will likely need to be amended upward by about $6,500. We expect to cover this adjustment with savings in other departments.

- Jail Commissary 229% expended: Inmate bonding is currently being processed through the jail commissary account, but the related revenue and expense were not budgeted. An unanticipated revenue budget adjustment will correct the budget. There will be no net cost to the taxpayers.

Two additional department budgets are currently on our "watch" list, as follows:

- County Coroner 31% expended: Fees paid for tox screens and lab work are being expended faster than anticipated. An unexpected repair bill also drove up costs during the first quarter.
- Building & Grounds (certain Operational Costs) 74% expended: While this department is under budget overall during the first quarter, certain *operational* parts of the budget was significantly over budget. This was due primarily to unexpected repairs to two furnaces, the elevator and the fire protection system. It is likely that this budget will need to be amended before the year is out. We are already eyeing other parts of the budget, where savings are being realized, to cover the expected increase.

Road & Bridge Fund

Revenue streams to the Road & Bridge fund are highly irregular. Annual property tax revenue is almost entirely received during the first two quarters. Sales Tax revenue is remitted by the State quite slowly, so that only the January portion was received by the end of March. The larger construction projects are generally not done until the summer months and then are supported by cost reimbursement grants which may not be remitted until weeks or months after the costs have been incurred. Therefore, it is generally meaningless to evaluate this fund against ***summary*** year-to-date data.

That said... certain categories of expense are incurred evenly throughout the year, such as Wages and Benefits, Utilities, Communications and General Fund Admin fees. All of these were at, or under, the year to date budget. Only one expense account is currently over budget and likely to remain so for the remainder of the year, being the payment of the Town allocation of R&B Mill Levy (Property Tax). This expense is tied to a formula distribution of property tax. Late in the 2015 budget preparation cycle, the County decided to modify the distribution of mills between the General and R&B funds. That adjustment requires larger than anticipated allocations of tax be paid to the Town. The excess expense will be covered by unanticipated revenue, especially by increases in Sales Tax revenue later in the year. A supplemental budget adjustment will be put before the BoCC at a later date, when the unanticipated revenue can be more precisely calculated.

DHS (Dept. of Human Services) Fund

Twenty three (23) out of twenty six (26) DHS departments were clearly spending within their expense budgets during the first quarter. Only one department showed a significantly disproportionate amount of expense during the first quarter, as follows:

- LEAP 52% expended: LEAP is an energy assistance program, subsidizing heating costs incurred by qualifying families during the winter months. Slightly over half of the budget was expended during the first quarter. However, no additional costs are expected until the fourth quarter. Expenses incurred by this department are expected to be within budget during the year.

Two DHS department budgets are on our “watch” list. Core Services expended 31% of budgeted expenses, while OAP (Old Age Pension) expended 29% of budgeted expense. For both of these departments, the State provides revenue equal to actual expenses incurred, up to the amounts allocated for the year. When modest amounts of overspending occur (relative to the annual allocation) the State typically provides additional allocation from the reserves. We are keeping an eye on these two departments, but do not anticipate having to take any action to stay within budget.

Combined Dispatch Fund

First quarter “total” revenue was 2% lower than expected. There are big variances in Local Intergovernmental Revenue (35% received year to date) and Charges for Services revenue (9% received year to date), but these differences were due to the timing of receipt of funds. There is currently no reason to believe revenue will be significantly under or over by year end.

Dispatch expenses were within budget during the first quarter.

Conservation Trust Fund

Expenses were budgeted for only 3 activities; contributions to the Town of Pagosa Springs, in support of their public recreation activities; payments of interest and principle on the purchase of park land on highway 84; and a budgeted contribution towards the cost of constructing a new arena at the fairgrounds. The first two have been expended according to budget, on a year to date basis. No contribution has yet been expended on a new arena.

The Department Reports (by Fund) start on the next page.

Archuleta County
2014 1st Quarter - January-March 2014
Summary of Revenues and Expenditures

Governmental Fund - General
as of March 31, 2015

YTD Percent =	25%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	6,032,657	6,032,657	1,817,378	4,215,279	30%
Licenses and Permits	511,400	511,400	66,623	444,777	13%
Intergovernmental	949,500	949,500	(125,386)	1,074,886	-13%
Charges for Services	1,321,783	1,321,783	305,025	1,016,758	23%
Misc	368,500	371,370	56,050	315,320	15%
Total Revenues	9,183,840	9,186,710	2,119,689	7,067,021	23%
Expenditures					
Administration	3,230,297	3,230,297	2,189,638	1,040,659	68%
Airport	-	-	-	-	0%
Attorney	230,215	230,215	48,468	181,747	21%
Building & Grounds	252,027	252,027	50,500	201,527	20%
Community Services Fund	10,000	10,000	-	10,000	0%
County Assessor	544,238	544,238	151,405	392,833	28%
County Clerk & Recorder	412,225	412,225	93,771	318,454	23%
County Clerk- Elections	97,064	97,064	4,040	93,024	4%
County Commissioners	1,097,529	1,097,529	184,840	912,689	17%
County Coroner	54,688	54,688	16,749	37,939	31%
County Fair Board	70,575	70,575	1,573	69,002	2%
County Surveyor	4,638	4,638	3,029	1,609	65%
County Treasurer	462,259	462,259	119,737	342,522	26%
County Treasurer - Public Trustee	15,110	15,110	3,772	11,338	25%
CSU Extension	136,312	136,392	29,713	106,679	22%
CSU Extension Checking	20,000	20,000	850	19,150	4%
Development Services-Building	161,374	161,374	30,271	131,103	19%
Development Services-Planning	139,416	139,416	33,521	105,895	24%
District Attorney	338,846	338,846	1	338,845	0%
Finance	400,374	400,374	78,997	321,377	20%
Human Resources	110,892	110,892	24,404	86,488	22%
IT/GIS	466,065	466,065	69,349	396,716	15%
Jail Commissary	10,000	10,000	22,898	(12,898)	229%
Livestock Auction	200,000	200,000	80	199,920	0%
Pass-Thru	-	-	(38,047)	38,047	0%
Sheriff Administration	286,453	286,453	72,326	214,127	25%
Sheriff Animal Control	50,000	50,000	2,088	47,912	4%
Sheriff Court Security	60,746	60,746	15,214	45,532	25%
Sheriff Detention	990,640	990,640	205,301	785,339	21%
Sheriff Emergency Management	269,671	269,671	58,353	211,318	22%
Sheriff Investigations	204,794	204,794	37,315	167,479	18%
Sheriff Patrol	792,743	795,533	143,028	652,505	18%
Tourism Fund	85,000	85,000	-	85,000	0%
Transportation Administration	100,083	100,083	15,008	85,075	15%
Transportation Mountain Express	92,448	92,448	17,402	75,046	19%
Veterans Services	68,309	68,309	19,831	48,479	29%
Weed & Pest	102,841	102,841	18,326	84,515	18%
Non-Departmental	420,000	420,000	-	420,000	0%
Total Expenditures	11,987,872	11,990,742	3,723,751	8,266,991	31%
Revenue over (under) Expenditures	(2,804,032)	(2,804,032)	(1,604,063)		
Beginning Fund Balance	10,713,823	10,713,823	10,713,823		
Ending Fund Balance	**7,909,791**	**7,909,791**	**9,109,761**		

Archuleta County
2014 1st Quarter - January-March 2014
Summary of Revenues and Expenditures

Governmental Fund - Road & Bridge
as of March 31, 2015

YTD Percent =	25%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	1,413,375	1,413,375	583,367	830,008	41%
Licenses and Permits	16,000	16,000	5,966	10,034	37%
Intergovernmental	1,903,715	1,903,715	338,234	1,565,481	18%
Misc	-	-	-	-	0%
RCI Capital Improvement	2,576,385	2,576,385	(138,598)	2,714,983	-5%
Total Revenues	5,909,475	5,909,475	788,969	5,120,506	13%
Expenditures					
Administration	802,204	802,204	225,253	576,951	28%
Road Capital Improvement	1,125,093	1,125,093	111,564	1,013,529	10%
CR500/Cloud Cap	2,000,000	2,000,000	-	2,000,000	0%
RCI-Piedra DCP	-	-	-	-	0%
RCI-Five Year Plan	326,500	326,500	-	326,500	0%
Road Maintenance	2,230,619	2,230,619	359,144	1,871,475	16%
Harebell Bridge	-	-	-	-	0%
Rio Blanco Bridge	993,499	993,499	405	993,094	0%
Total Expenditures	7,477,915	7,477,915	696,365	6,781,550	9%
Revenue over (under) Expenditures	(1,568,440)	(1,568,440)	92,604		
Beginning Fund Balance	3,835,059	3,835,059	3,835,059		
Ending Fund Balance	**2,266,619**	**2,266,619**	**3,927,663**		

Archuleta County
2014 1st Quarter - January-March 2014
Summary of Revenues and Expenditures

Governmental Fund - Human Services
as of March 31, 2015

YTD Percent =	25%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	293,655	293,655	117,529	176,126	40%
Intergovernmental	4,112,270	4,112,270	905,685	3,206,585	22%
Misc	22,719	22,719	10,503	12,216	46%
Total Revenues	4,428,644	4,428,644	1,033,717	3,394,927	23%
Expenditures					
Admin	160,151	160,151	21,089	139,062	13%
Admin IM Direct	194,374	178,632	28,809	149,823	16%
Adult Protective Services	39,350	39,350	8,066	31,284	20%
Aid to Needy Disabled	27,000	27,000	6,464	20,537	24%
Child Care	147,378	147,378	11,993	135,385	8%
Child Support Enforcement	143,342	143,342	24,102	119,240	17%
Child Welfare Admin 100	57,387	57,387	14,035	43,352	24%
Child Welfare Admin 80/20	450,572	450,572	74,996	375,576	17%
Child Welfare CHRP	14,358	14,358	-	14,358	0%
Child Welfare Out of Home EBT	357,308	357,308	39,599	317,709	11%
Child Welfare Related	14,358	14,358	1,695	12,663	12%
Child Welfare Res Mental Health	20,066	20,066	-	20,066	0%
Child Welfare Subadopt	35,000	35,000	9,243	25,757	26%
Colorado Works Admin	234,476	234,476	46,310	188,166	20%
Core Services 80/20	55,257	55,257	-	55,257	0%
Core Services Other-FICF	192,901	192,901	59,785	133,116	31%
Core Services Special	2,375	2,375	57	2,318	2%
Cty Local Gen Assitance	19,500	19,500	-	19,500	0%
Cty Local Medicaid	36,478	36,478	6,149	30,329	17%
Employment First 100%	45,558	45,558	4,825	40,733	11%
Excess Parental Fees	10,332	10,332	-	10,332	0%
Fatherhood Initiative	420,802	420,802	42,968	377,834	10%
Food Assistance Ben & Col	1,534,463	1,534,463	377,970	1,156,493	25%
LEAP	150,128	150,128	77,496	72,632	52%
Old Age Pension	145,660	145,660	42,523	103,137	29%
Payroll	-	-	(14)	14	0%
TitleIV-B PSSF	43,183	43,183	4,304	38,879	10%
Unallocated	-	-	536	(536)	0%
Total Expenditures	4,551,757	4,536,015	903,002	3,633,013	20%
Revenue over (under) Expenditures	(123,113)	(107,371)	130,715		
Beginning Fund Balance	432,128	432,128	432,128		
Ending Fund Balance	**309,015**	**324,757**	**562,843**		

Archuleta County
2014 1st Quarter - January-March 2014
Summary of Revenues and Expenditures

Governmental Fund - Archuleta County Combined Dispatch

YTD Percent = 25%

as of March 31, 2015

	Original Budget		Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues						
Intergovernmental	205,004		205,004	70,939	134,065	35%
Charges for Services	220,000		220,000	18,764	201,236	9%
Transfers In	283,100	#	283,100	70,775	212,325	25%
Total Revenues	708,104		708,104	160,478	547,626	23%
Expenditures						
Combined Dispatch						
Personnel Costs	520,835		520,835	124,061	396,774	24%
Materials & Services	155,419		155,419	30,639	124,780	20%
Debt Expenditures	57,664		57,664	14,416	43,248	25%
Total Expenditures	733,918		733,918	169,116	564,802	23%
Revenue over (under) Expenditures	(25,814)		(25,814)	(8,638)		
Beginning Fund Balance	138,928		138,928	138,928		
Ending Fund Balance	**113,114**		**113,114**	**130,290**		

Archuleta County
2014 1st Quarter - January-March 2014
Summary of Revenues and Expenditures

Governmental Fund - Conservation Trust
as of March 31, 2015

YTD Percent =	25%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Intragovernmental	103,000	103,000	23,004	79,996	22%
Misc	300	300	76	224	25%
Transfers In	-	-	-	-	0%
Total Revenues	103,300	103,300	23,080	80,220	22%
Expenditures					
Recreation					
Materials & Services	180,000	180,000	7,500	172,500	4%
Debt Expenditures	72,728	72,728	18,182	54,546	25%
Total Expenditures	252,728	252,728	25,682	227,046	10%
Revenue over (under) Expenditures	(149,428)	(149,428)	(2,602)		
Beginning Fund Balance	252,995	252,995	252,995		
Ending Fund Balance	**103,567**	**103,567**	**250,394**		

Finance Department Performance Measures

This section shows progress on various Performance Measures being used within the Finance Department, in a "table" format. Some categories are only relevant during one quarter of the year.

Activity	Q1	Q2	Q3	Q4
Audit (Good Opinion)	N/A	N/A	____	N/A
Budget (GFOA Award)	N/A	____	N/A	N/A
Expenditures/Fund (Within Budget)	100%	____	____	____
Core Processes on Schedule:				
Audit	88%	____	N/A	N/A
Accounts Payable	100%	____	____	____
Budget	N/A	N/A	____	____
Human Services Accounting	100%	____	____	____
Payroll	100%	____	____	____
Quarterly Reporting	100%	____	____	____
Year End Close Process	90%	____	____	____

Highlights from the first quarter include:

- Audit prep work is being accomplished approximately *3 months earlier* than prior year. The schedule does not fall neatly into quarters, but about 88% of what the auditors requested was provided by an April 10 due date and 100% of that within 2 additional weeks. The next significant audit due date is June 1. The work requested by that date is already about 2/3's completed and expected to be on time. This is a major improvement over the last two years and due chiefly to hard work performed by staff accountant LeeAnn Martin.
- Accounts Payable and County Payroll were processed accurately and on time. This is a continuation of Emmy Kuhl's excellent record of timely work.
- A new Purchase Card system was rolled out, along with new cards, from a new vendor. The new system allows web based monitoring and reporting and is expected to increase transparency, speed up reporting detail and eliminate the risk of frozen cards (due to late payments).
- DHS Payroll was converted from monthly to bi-weekly processing, starting March 1. The process was very painful, due to significant software issues, but the HR Director and Finance staff worked thru them and all known problems were fixed by the end of the second processing cycle.
- The new staff accountant, Misti Smyth, worked her first full quarter. She has quickly become a great addition to the department and has helped the County catch up in various areas, including:
    - Helping get Human Services (DHS) account processing on time (for the first time in recent years).
    - Helping get Quarterly Reporting back on time (also for the first time in recent years).
- A Year End Close Process was introduced and used for the first time during the first quarter of 2015. This is still a "work in process", but has already been very helpful in getting essential work performed in an organized manner.

Larry Walton, Finance Director