Quarterly Financial Report
2015 – Second Quarter YTD
(January to June 2015)

Executive Summary

During the first half of 2015, 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 consistently coming in higher than budgeted and will probably end the year at least $400,000 over budget. Part of this is due to adjustments by the State to prior year amounts. However, collections related to 2015 economic activity are up 11%, over last year.
- The annual PILT (Payment in Lieu of Taxes) funding was received and is $314,712 higher than budget, due to the Feds extending an emergency funding act for one more year.
- The primary source of revenue for the Solid Waste Fund (Landfill Fees) is up almost 17%.

Some departments will need a budget adjustment, prior to year end, 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.
- Building and Grounds will need an increase to cover unexpected repair and maintenance costs.

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

- Both the Sheriff-Administration and the Sheriff-Detention budgets are threatened by the relocation of their facilities, though they are currently at or under budget.
- The County Coroner expense budget is being spent faster than anticipated.
- The Court Security expense budget is covering higher than expected medical costs, due to a change in staffing. This might be offset by savings in materials, or it might end up requiring a budget adjustment.

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

General	Human Services	Fleet
Road & Bridge	Solid Waste	

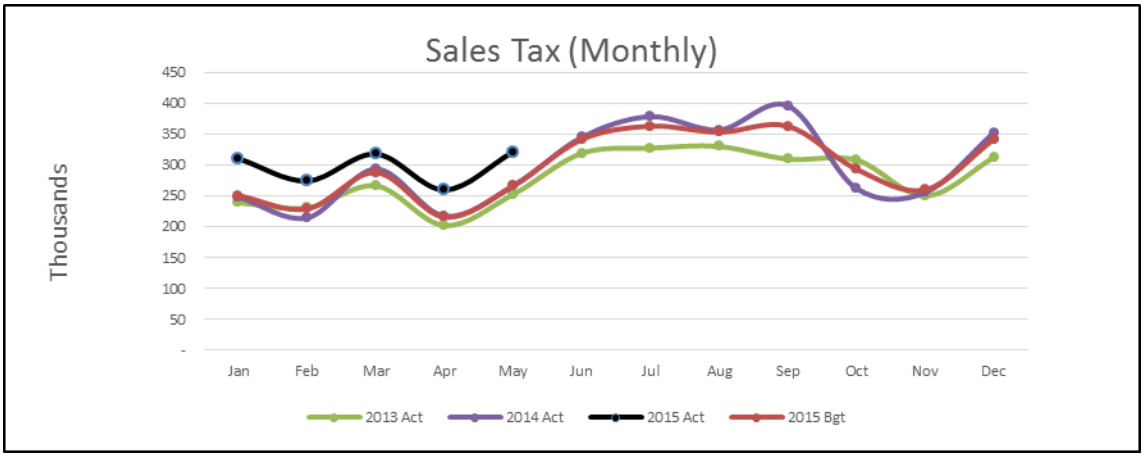
General Fund:

Revenue Detail

During the first half (50%) of the year, almost three quarters (71%) of the annual budgeted General Fund revenue was received. Most of the apparent excess was due to the receipt of most of the annual budgeted Property Tax, which is due from taxpayers during the *first half* of the year.

Some revenue is coming in significantly higher than expected, as follows:

Sales Tax revenue (January through May) was about 20% higher than in 2014 and well ahead of budget. However, the amounts received included very significant 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 11%. In 2014, the growth rate was approximately 7%. Considering both the States prior year adjustments, and the significant growth rate early in the year, Sales Tax revenue should, by year end, exceed budgeted amounts by *at least* $400,000. Note that Sales Tax revenue is split evenly between the General Fund and Road & Bridge Fund.



PILT revenue was received in a single installment during the second quarter and came in 41% ($314,712) over budget. The increase was due to the Feds deciding to extend the Emergency Economic Stabilization act, as it applies to this funding, during 2015. When this revenue was budgeted, that extension was uncertain.

Based on the first two quarters detailed information, General fund revenue excesses will likely exceed shortfalls by at least $550,000 at year end.

Expense Detail:

Most department budgets in the General fund were well within their expense budgets during the first two quarters.

Two departments incurred a disproportionate amount of expense during the first half of the year, as follows:

- Administration 71% 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.*

- County Treasurer 58% expended: The majority of Treasurer Fees expense falls into the first half of the year, making the budget appear over-budget at this time. Currently, there is no reason to believe that the Treasurer will be over budget when the year is complete.

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

- County Surveyor 153% 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 258% expended: Inmate bonding was being processed through the jail commissary account during the first half of the year, 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.
- Building & Grounds (certain Operational Costs) 73% expended: Repair and maintenance related costs are significantly over budget, due to unexpected repairs to two furnaces, the elevator, the fire protection system and air conditioning units. There were also roof repair and remediation costs, which were not budgeted. A budget amendment will be processed later in the year, applying savings from other parts of the General Fund budget to cover.

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

- Sheriff Administration 50% expended: The relocation of the Sheriff's offices is forcing some unbudgeted costs to occur, such as office lease payments, IT infrastructure costs, etc… During the first half of the year, these costs have been offset by savings in Wages, Fuel, and Advertising. However, as the year progresses, the new costs will likely exceed any possible cost savings.
- Sheriff – Detention 40% expended: Expenses during the first half of the year are well under the total amount budgeted. However, the closure of the County's Detention facility and movement of inmates to the LaPlata County jail completely changes the cost structure of this department and makes the existing budget detail of limited utility. Given the uncertainty, these costs are being carefully monitored, with the goal of creating some budget savings that could be used to offset overspending in other Sheriff department budgets, should that occur.
- County Coroner 52% expended: During the first quarter, the Coroner was about 6% over spent. As of the end of the second quarter, this has been reduced to 2%. An unexpected repair bill also drove up costs during the first quarter.
- Court Security 52% expended: While this budget is only slightly over budget at this time, it appears that the medical, dental and vision insurance cost was incorrectly budgeted for this department. They may be able to stay within budget anyway, if they are able to save on material and supply costs.

The General Fund "Summary of Revenues and Expenditures" appears on the next page.

Governmental Fund - General

as of June 30, 2015

YTD Percent =	50%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	6,032,657	6,032,657	4,415,805	1,616,852	73%
Licenses and Permits	511,400	511,400	193,977	317,423	38%
Intergovernmental	949,500	952,905	1,078,444	(125,539)	113%
Charges for Services	1,321,783	1,321,783	750,030	571,753	57%
Interest	75,000	77,000	33,412	43,588	43%
Misc	293,500	296,370	48,179	248,191	16%
Total Revenues	9,183,840	9,192,115	6,519,847	2,672,268	71%
Expenditures					
Administration	3,230,297	3,230,297	2,307,654	922,643	71%
Attorney	230,215	230,215	100,897	129,318	44%
Building & Grounds	252,027	252,027	184,336	67,691	73%
Community Services Fund	10,000	10,000	-	10,000	0%
County Assessor	544,238	544,238	268,969	275,269	49%
County Clerk & Recorder	412,225	412,225	179,879	232,346	44%
County Clerk- Elections	97,064	97,064	19,817	77,247	20%
County Commissioners	1,097,529	1,097,529	273,973	823,556	25%
County Coroner	54,688	54,688	28,250	26,438	52%
County Fair Board	70,575	70,575	4,227	66,348	6%
County Surveyor	4,638	4,638	7,078	(2,440)	153%
County Treasurer	462,259	462,259	266,473	195,786	58%
County Treasurer - Public Trustee	15,110	15,110	7,544	7,566	50%
CSU Extension	136,312	136,392	60,424	75,968	44%
CSU Extension Checking	20,000	20,000	4,990	15,010	25%
Development Services-Building	161,374	161,374	59,219	102,155	37%
Development Services-Planning	139,416	139,416	50,810	88,606	36%
District Attorney	338,846	338,846	2	338,844	0%
Finance	400,374	400,374	199,542	200,832	50%
Human Resources	110,892	110,892	51,373	59,519	46%
IT/GIS	466,065	466,065	196,855	269,210	42%
Jail Commissary	10,000	10,000	25,828	(15,828)	258%
Livestock Auction	200,000	200,000	1,403	198,597	1%
Pass-Thru	-	-	(38,047)	38,047	N/A
Sheriff Administration	286,453	286,453	144,035	142,418	50%
Sheriff Animal Control	50,000	50,000	14,894	35,106	30%
Sheriff Court Security	60,746	60,746	31,543	29,203	52%
Sheriff Detention	990,640	990,640	400,265	590,375	40%
Sheriff Emergency Management	269,671	269,671	121,123	148,548	45%
Sheriff Investigations	204,794	207,399	80,508	126,891	39%
Sheriff Patrol	792,743	796,333	307,571	488,762	39%
Tourism Fund	85,000	85,000	-	85,000	0%
Transportation Administration	100,083	102,083	32,478	69,605	32%
Transportation Mountain Express	92,448	92,448	38,451	53,997	42%
Veterans Services	68,309	68,309	32,696	35,613	48%
Weed & Pest	102,841	102,841	41,181	61,660	40%
Non-Departmental	420,000	420,000	-	420,000	0%
Total Expenditures	11,987,872	11,996,147	5,506,239	6,489,908	46%
Revenue over (under) Expenditures	(2,804,032)	(2,804,032)	1,013,608		
Beginning Fund Balance	10,759,779	10,759,779	10,759,779		
Ending Fund Balance	**7,955,747**	**7,955,747**	**11,773,387**		

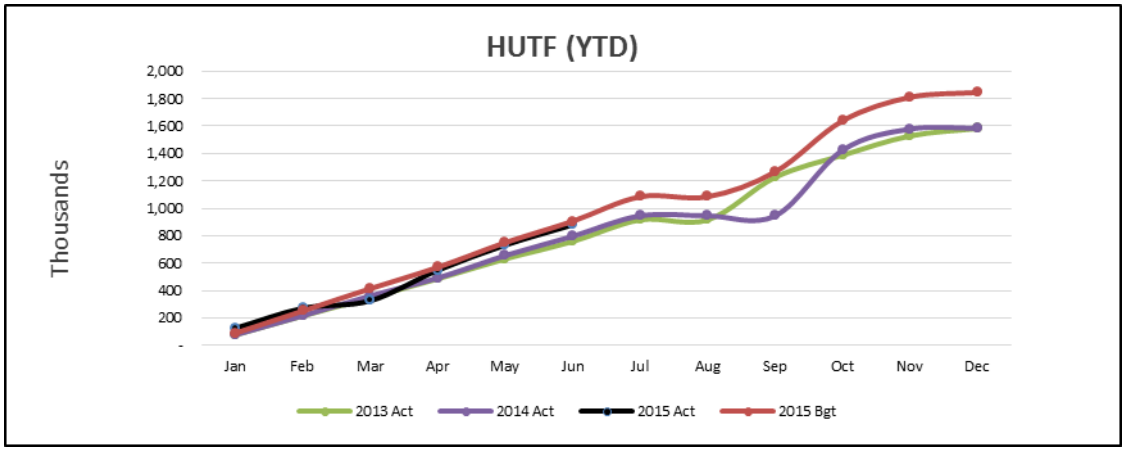
Road & Bridge Fund:

Revenue Detail

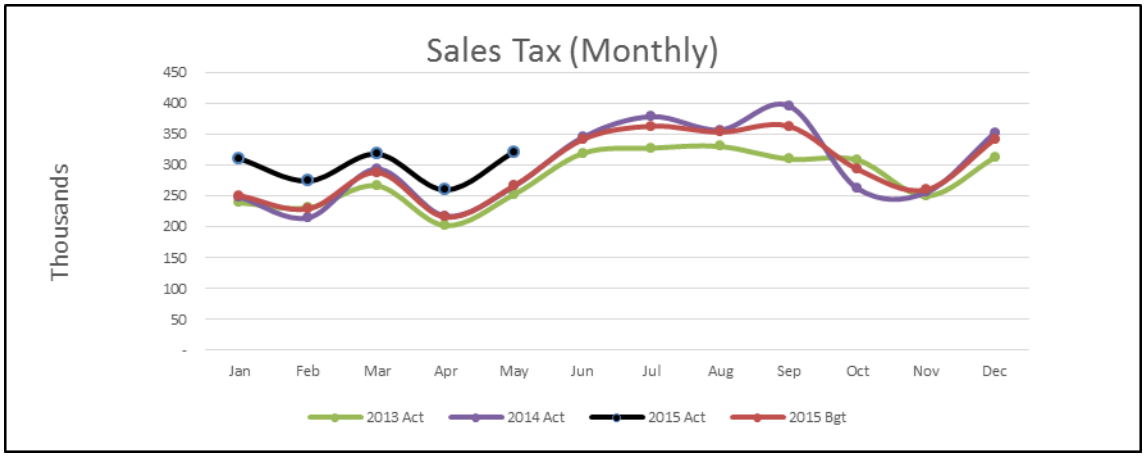
Revenue streams to the Road & Bridge fund are highly irregular. Annual property tax revenue is almost entirely received during the first two quarters. Sales Tax revenue is remitted by the State about 6 weeks after it is collected, so that June collections are not yet recorded. The larger construction projects did not start until the second quarter, and the related cost reimbursement grants revenue is not reflected. Therefore, it is generally meaningless to evaluate this fund against ***summary*** year-to-date data.

That said, by analyzing and seasonally adjusting some categories, it is possible to identify trends in the major categories of revenue.

HUTF (Highway User Tax Funds) revenue is the largest single source of funding for the Road & Bridge fund. During the first half of the year 48% of the total budget was received. It is expected to come in almost exactly as budgeted, by year end.



Sales Tax revenue is the second largest source of funding for this fund. Due to the timing of disbursements from the State, the second quarterly report does not include June revenue data. However, during the period January to May, this revenue was about 20% higher than in 2014 and well ahead of budget. By year end, the County expects to receive *at least* $400,000, in excess of budget. Since this revenue is evenly shared with the General Fund, this means the excess likely to be received by this fund is around $200,000.



Expense Detail:

During the first half of 2015, almost all categories of Road & Bridge expense have been spent within budget, and many categories are significantly under budget. Only two expense accounts are currently over budget and likely to remain so for the remainder of the year, being Treasurer Fees and payment of the Town allocation of R&B Mill Levy (Property Tax). Neither of these expenses are controlled by Road & Bridge; rather, both are based on formulas applied to property tax. These expenses made in excess of budget will be covered by savings in the General Liability Insurance budget, and by excess Sales Tax revenue.

The Road & Bridge Fund "Summary of Revenues and Expenditures" appears below.

Governmental Fund - Road & Bridge
as of June 30, 2015

YTD Percent =	50%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	3,194,961	3,194,961	1,926,713	1,268,248	60%
Licenses and Permits	16,000	16,000	11,241	4,759	70%
Intergovernmental	1,903,715	1,903,715	907,668	996,047	48%
Misc	-	-	24,771	(24,771)	N/A
RCI Capital Improvement	794,799	794,799	(9,949)	804,748	-1%
Total Revenues	5,909,475	5,909,475	2,860,445	3,049,030	48%
Expenditures					
Administration	802,204	802,204	426,752	375,452	53%
Road Capital Improvement	1,125,093	1,125,093	231,240	893,853	21%
CR500/Cloud Cap	2,000,000	2,000,000	80,950	1,894,965	4%
RCI-Piedra DCP	-	-	24,085	(24,085)	N/A
RCI-Five Year Plan	326,500	326,500	136,449	190,051	42%
Road Maintenance	2,230,619	2,230,619	694,065	1,536,554	31%
Rio Blanco Bridge	993,499	993,499	89,131	904,368	9%
Total Expenditures	7,477,915	7,477,915	1,682,672	5,771,158	23%
Revenue over (under) Expenditures	(1,568,440)	(1,568,440)	1,177,772		
Beginning Fund Balance	4,007,333	4,007,333	4,007,333		
Ending Fund Balance	**2,438,893**	**2,438,893**	**5,185,105**		

Department of Human Services (DHS) Fund:

Revenue Detail

About 48% of budget Revenue to the DHS Fund was received during the first half of 2015. Based on detailed information as of the end of the second quarter, no revenue issues are apparent or expected to develop during 2015.

Expense Detail

Twenty (20) out of twenty six (26) DHS departments were clearly spending within their expense budgets during the first half of 2015. Six departments showed a disproportionate amount of expense during the first half of the year, as follows:

- Child Welfare Sub-Adoption is 68% expended: The Child Welfare Sub-Adoption overspending is actually positive development. It is caused by a shift of child placement from Foster Care (which comes out of the Child Welfare 80/20 budget) to the more permanent and much less expensive Sub-Adoption placement. The result of this shift is a better life situation for the children involved and a cost savings to both the State and the County.
- Colorado Works-Admin is 52% expended: The "apparent" overspending is caused by the lump sum purchase of over $17,000 for school supply kits, purchased in June. By the end of the third quarter, this budget is not expected to appear over-budget.
- Core Services - Other is 66% expended: While this department was over-budget during the first half of the year, the State provided extra funding to cover the extra expense. No over spending is anticipated during the second half of the year.
- County Local Medicaid (Medical Transportation) is 58% expended: Health Care reform in the USA has led to a significant increase in Medicaid applications across the country, as a surge in reimbursable Medical Transportation. While this results in a greater administrative burden on the county, the direct costs are reimbursed at 100%.
- LEAP 93% expended: LEAP is an energy assistance program, subsidizing heating costs incurred by qualifying families during the winter months. Over 90% of the annual budget was expended during the first half of the year. Typically about 80% of the budget would be expended over this time period. This budget is expected to be overspent slightly by year end. However, 100% of these costs are reimbursed by the State.
- Old Age Pension is 57% expended: While this budget is over-budget on a year to date basis, the State reimburses these expenses 100%.

The DHS Fund "Summary of Revenues and Expenditures" appears on the next page.

Governmental Fund - Human Services

as of June 30, 2015

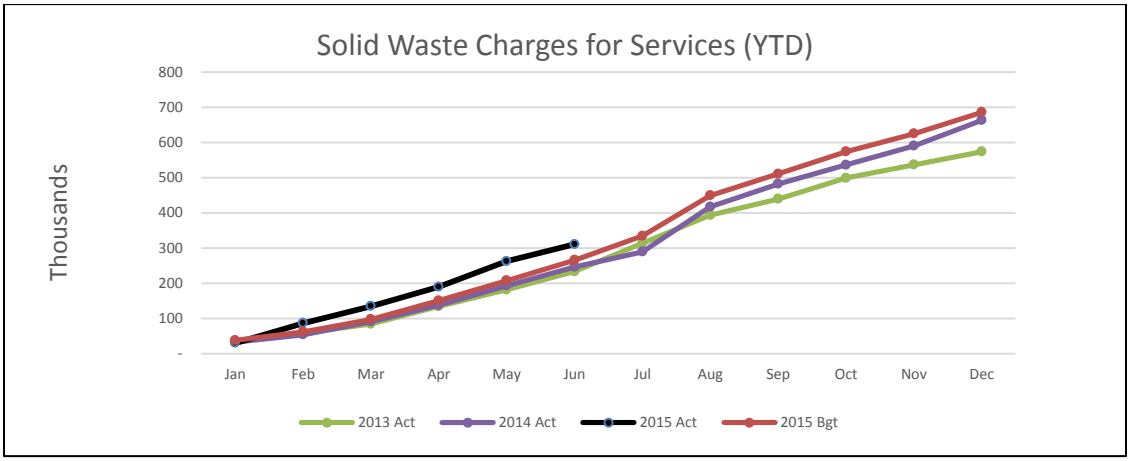
YTD Percent =	50%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	293,655	293,655	270,136	23,519	92%
Intergovernmental	4,112,270	4,112,270	1,856,743	2,255,527	45%
Misc	22,719	22,719	19,853	2,866	87%
Total Revenues	4,428,644	4,428,644	2,146,732	2,281,912	48%
Expenditures					
Admin	160,151	160,151	44,813	115,338	28%
Admin IM Direct	194,374	178,632	67,025	111,607	38%
Adult Protective Services	39,350	39,350	16,976	22,374	43%
Aid to Needy Disabled	27,000	27,000	12,725	14,275	47%
Child Care	147,378	147,378	31,751	115,627	22%
Child Support Enforcement	143,342	143,342	58,158	85,184	41%
Child Welfare Admin 100	57,387	57,387	(142)	57,529	0%
Child Welfare Admin 80/20	450,572	450,572	213,732	236,840	47%
Child Welfare CHRP	14,358	14,358	-	14,358	0%
Child Welfare Out of Home EBT	357,308	357,308	52,414	304,894	15%
Child Welfare Related	14,358	14,358	3,001	11,357	21%
Child Welfare Res Mental Health	20,066	20,066	-	20,066	0%
Child Welfare Subadopt	35,000	35,000	23,839	11,161	68%
Colorado Works Admin	234,476	234,476	120,924	113,552	52%
Core Services 80/20	55,257	55,257	825	54,432	1%
Core Services Other-FICF	192,901	192,901	126,531	66,370	66%
Core Services Special	2,375	2,375	247	2,128	10%
Cty Local Gen Assitance	19,500	19,500	500	19,000	3%
Cty Local Medicaid	36,478	36,478	20,979	15,499	58%
Employment First 100%	45,558	45,558	17,361	28,197	38%
Excess Parental Fees	10,332	10,332	-	10,332	0%
Fatherhood Initiative	420,802	420,802	155,600	265,202	37%
Food Assistance Ben & Col	1,534,463	1,534,463	747,636	786,827	49%
LEAP	150,128	150,128	139,787	10,341	93%
Old Age Pension	145,660	145,660	82,510	63,150	57%
Payroll	-	-	1,112	(1,112)	N/A
TitleIV-B PSSF	43,183	43,183	11,667	31,516	27%
Unallocated	-	-	1,073	(1,073)	N/A
Total Expenditures	4,551,757	4,536,015	1,951,044	2,584,971	43%
Revenue over (under) Expenditures	(123,113)	(107,371)	195,688		
Beginning Fund Balance	432,128	432,128	432,128		
Ending Fund Balance	**309,015**	**324,757**	**627,816**		

Solid Waste Fund:

Revenue Detail

Most revenue in the Solid Waste Fund comes from Charges for Services, being fees collected at the landfill. During the first half of any given year, we would have expected only about 39% of the annual budgeted revenue to have been received, since use of the landfill varies on a seasonal basis. The actual percent reported in the statements so far is only 24%. However, a significant portion of the revenue was not recorded by the June processing cut-off. With those amounts factored in (see the graph below), fees collected at the landfill were almost 17% over budget.



Expense Detail

All Solid Waste departments were spending within their expense budgets during the first half of 2015. The Solid Waste Fund "Summary of Revenues and Expenditures" appears below.

Enterprise Fund - Solid Waste
as of June 30, 2015

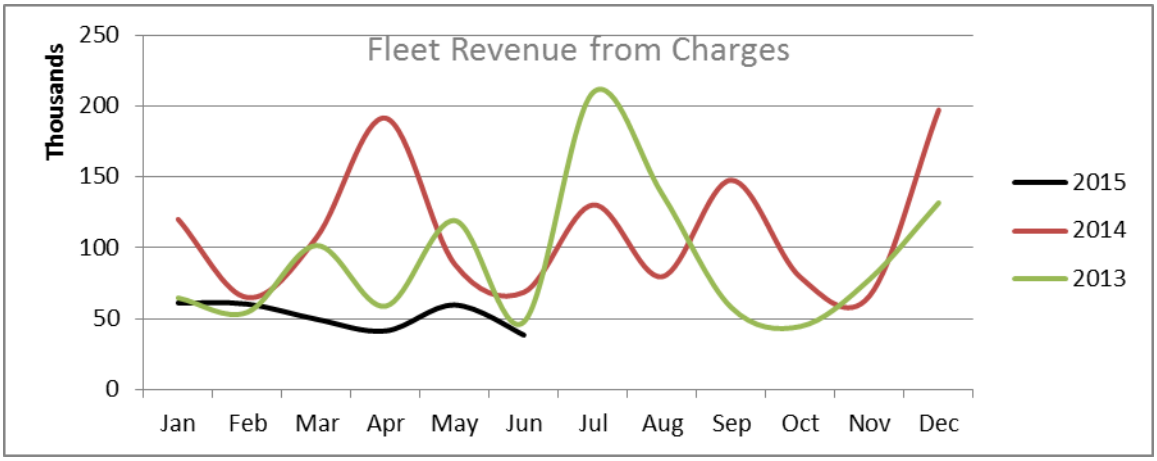
YTD Percent = 50%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Charges for Services	685,400	685,400	165,643	519,757	24%
Misc	-	-	29,984	(29,984)	N/A
Total Revenues	1,027,262	1,027,262	195,627	831,635	19%
Expenditures					
Administration	146,799	146,799	71,011	75,788	48%
Arboles Transfer Station	31,967	31,967	6,337	25,630	20%
Landfill	358,143	358,143	80,660	277,483	23%
Pagosa Transfer Station	41,833	41,833	18,028	23,805	43%
Recycling	49,344	49,344	21,735	27,609	44%
Non-Departmental	76,558	76,558	-	76,558	0%
Total Expenditures	704,644	704,644	197,771	506,873	28%
Revenue over (under) Expenditures	322,618	322,618	(2,144)		
Beginning Fund Balance	596,085	596,085	596,085		
Ending Fund Balance	**918,703**	**918,703**	**593,941**		

Fleet Fund:

Revenue Detail

Fleet revenue comes from charges to County departments for fuel and services. From month to month, they are highly variable, depending upon the need for major repairs on heavy equipment. During the last few years these charges have averaged slightly over $100,000/month and were budgeted in 2015 at $115,833/month. During the first half of 2015, these charges have averaged $51,782/month.



The reduced revenue is related to reductions in work performed during the first half of 2015, relative to recent years. Processed work order history during the last five years (for the period January through July) is as follows:

2011	865 processed work orders
2012	907 processed work orders
2013	803 processed work orders
2014	904 processed work orders
2015	674 processed work orders

The fewer work orders processed in 2015 is partly due to a reduction in the demand for services during this time period and partly due to reduced capacity to perform the available work. Work demand was lower because there were no major breakdowns during the first quarter (winter months) and because the spring rains slowed the pace of Mag Chloride applications, making it eaiser to avoid expensive repairs. Also, considerable time and money was spent during 2014 in preparing the five belly dump tractor/trailers for 2015 gravel operations. The capacity to perform work was also reduced, because the Fleet departments was short a lead mechanic for over two months and several employees were out on vacation or sick.

Expense Detail

Fleet Wage/Benefit costs were under budget by about $18,000 during the first half of the year, in part because of short staffing during part of the year. Material and Service costs were $147,565 under budget, primarily because of lower than expected fuel prices. Capital Outlay appears over budget, but only because of the timing of the issuing of purchase orders for some planned vehicles. No categories are expected to be over budget by year end.

The Fleet Fund "Summary of Revenues and Expenditures" appears on the next page.

Internal Services Fund - Fleet

as of June 30, 2015

YTD Percent =	50%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Intragovernmental	-	-	-	-	N/A
Charges for Services	1,390,000	1,390,000	310,691	1,079,309	22%
Transfers In	244,000	244,000	-	244,000	0%
Total Revenues	1,634,000	1,634,000	310,691	1,323,309	19%
Expenditures					
Fleet Services					
Personnel Costs	273,767	273,767	118,199	155,568	43%
Materials & Services	936,596	936,596	320,733	615,863	34%
Capital Outlay	344,000	344,000	208,954	135,046	61%
Depreciation	168,868	168,868	84,434	84,434	50%
Total Expenditures	1,723,231	1,723,231	732,320	990,911	42%
Revenue over (under) Expenditures	(89,231)	(89,231)	(421,629)	332,398	
Beginning Fund Balance	788,240	788,240	788,240		
Ending Fund Balance	**699,009**	**699,009**	**366,611**		

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%	100%	____	____
Core Processes on Schedule:				
Audit Prep	88%	95%	____	N/A
Accounts Payable	100%	100%	____	____
Budget	N/A	N/A	____	____
Human Services Accounting	100%	100%	____	____
Payroll	100%	100%	____	____
Quarterly Reporting	100%	100%	____	____
Year End Close Process	90%	98%	____	N/A

Highlights from the second quarter include:

- The annual Indirect Cost Allocation Plan was prepared and submitted to the State for approval. This plan will be used to determine the allocation of indirect costs in the 2016 budget, and it will help generate additional revenue for the DHS fund.
- A new GIS Analysis was recruited, and will start early in the third quarter.
- Audit prep work was accomplished significantly faster than in the prior year, but some material requested by the auditors was not supplied fast enough to ensure the audited statements were ready for submission to the State by the July 31 deadline. As the deadline approached, the amount of time left to perform final reviews was deemed inadequate to insure accurate reporting, so the County and the Auditors jointly decided to file in mid-August. While we are disappointed to file late, there are no penalties involved.
- 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 Year End Close Process was introduced and used for the first time during the first quarter of 2015. It will be evaluated during the third quarter, after the 2014 audit is complete, so that it can be improved for the coming year.

Larry Walton, Finance Director