



2019 BUDGET

Proposal Summary

October 9, 2018

2019 BUDGET SUMMARY

BUDGET SCHEDULE

- *Today*, we are presenting the 2019 Proposed Budget, ahead of the Oct. 15th deadline
- *First half of November*, budget work-sessions (with the BoCC) will be scheduled
- *Dec. 12th*, BoCC will approve and appropriate 2019 budget
- *Dec. 18th*, Certification of Mill Levies

2019 BUDGET SUMMARY

FORCES DRIVING THE PROPOSED NUMBERS

- External Influences
- Internal Strategic Considerations
- Statutes & County Policy

2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

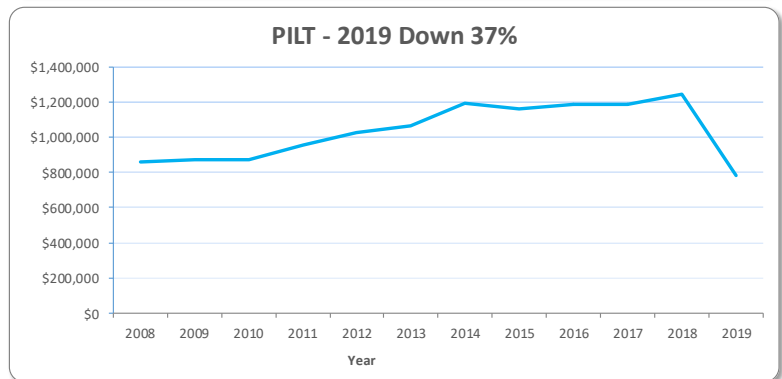
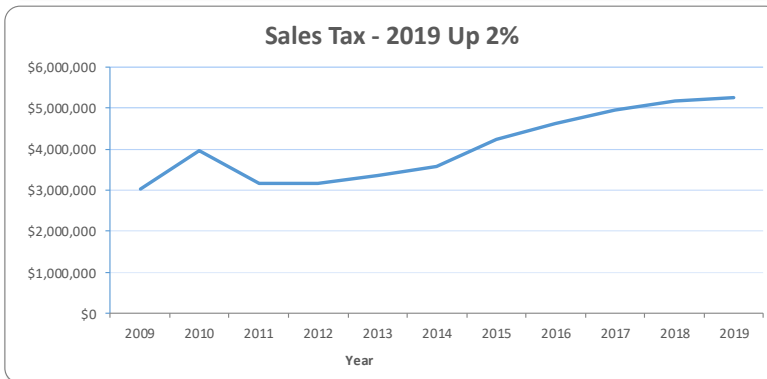
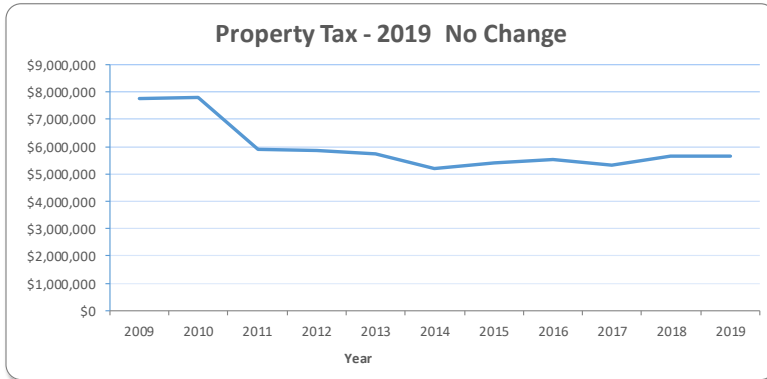
External Influences include the following:

- Revenue Trends
- Voter Decision on Justice System funding
- Changing Cost of:
 - Goods & Services
 - Appropriate Personnel
- Population Growth
- Other
 - Changes in Technology (Obsolescence)
 - Opportunities

2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

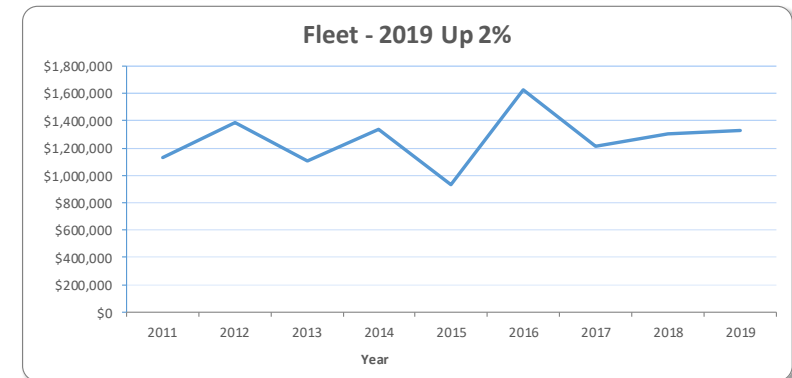
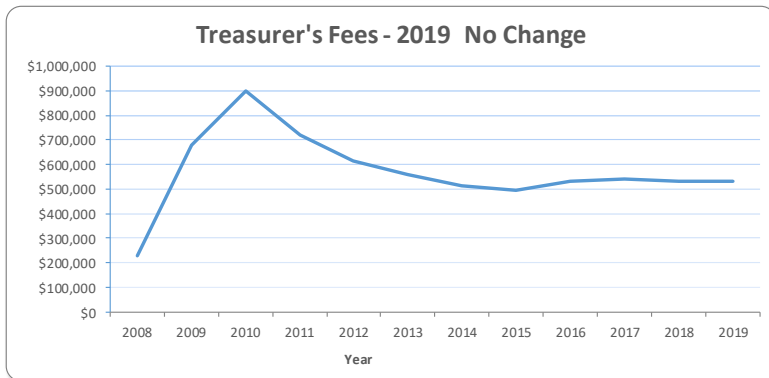
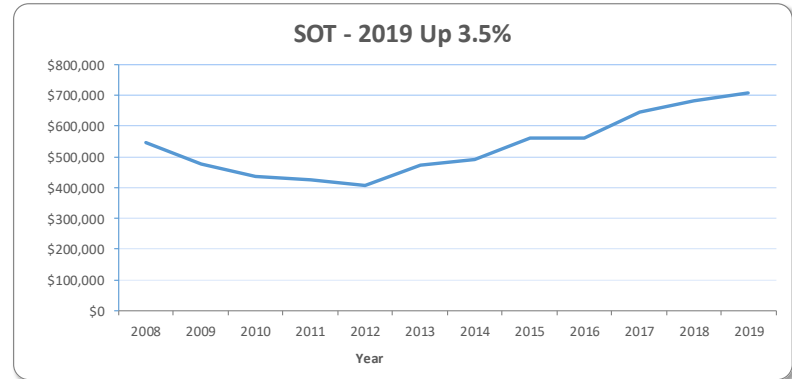
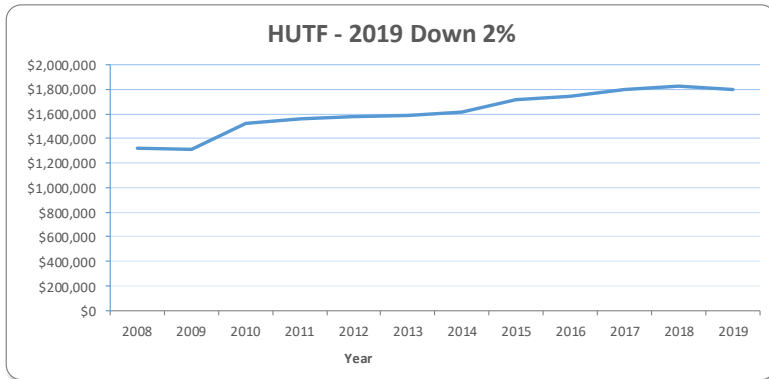
Revenue Trends



2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

Revenue Trends (continued)



2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

Voter Decision on Justice System Funding

- Between now and final adoption of the 2019 budget, the voters will decide whether or not to fund the Detention Facility and Sheriff's Offices
- The budget has been constructed conservatively, assuming the ballot measure will fail, this means that unrelated County services have been constrained in this proposed budget, in order to create funds for a scaled down Justice System capital project
- If the ballot measure passes, some of the constraints may be lifted, allowing badly needed adjustments

2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

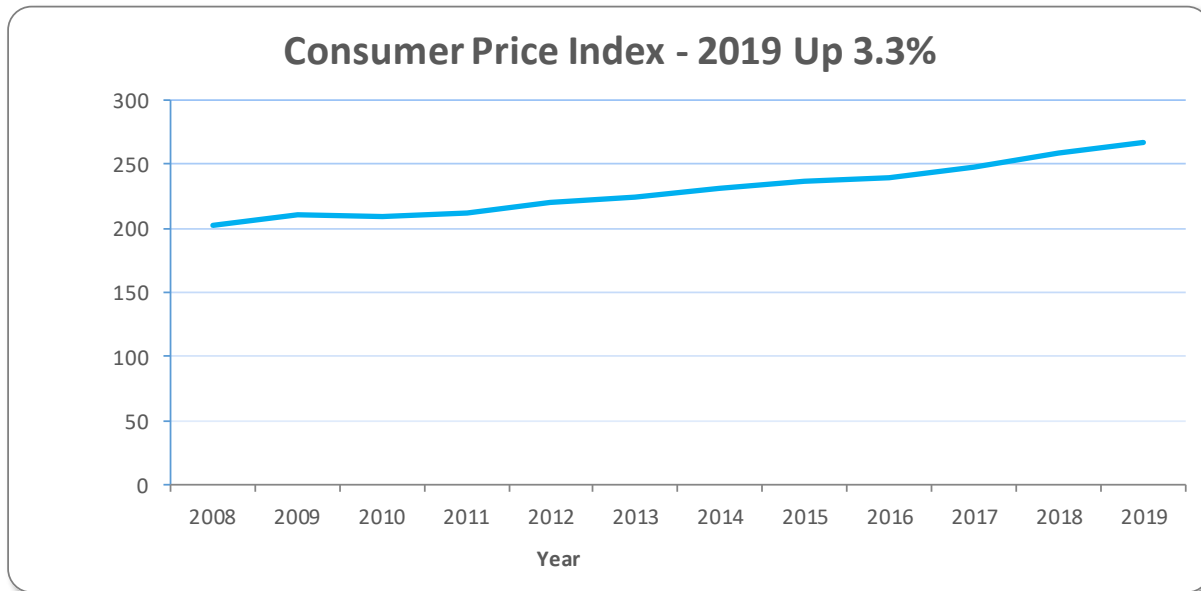
Changing Costs – Goods & Services

- The County uses “Consumer Price Index” data to determine reasonable overall changes in many different costs
- 2019 will be based on a projection of 2018 data
- Prices in 2018 are currently projected to increase 3.3%
- The County is assuming 2019 prices will be approximately 3% higher than 2018

2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

Changing Costs – Goods & Services (Trends)



2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

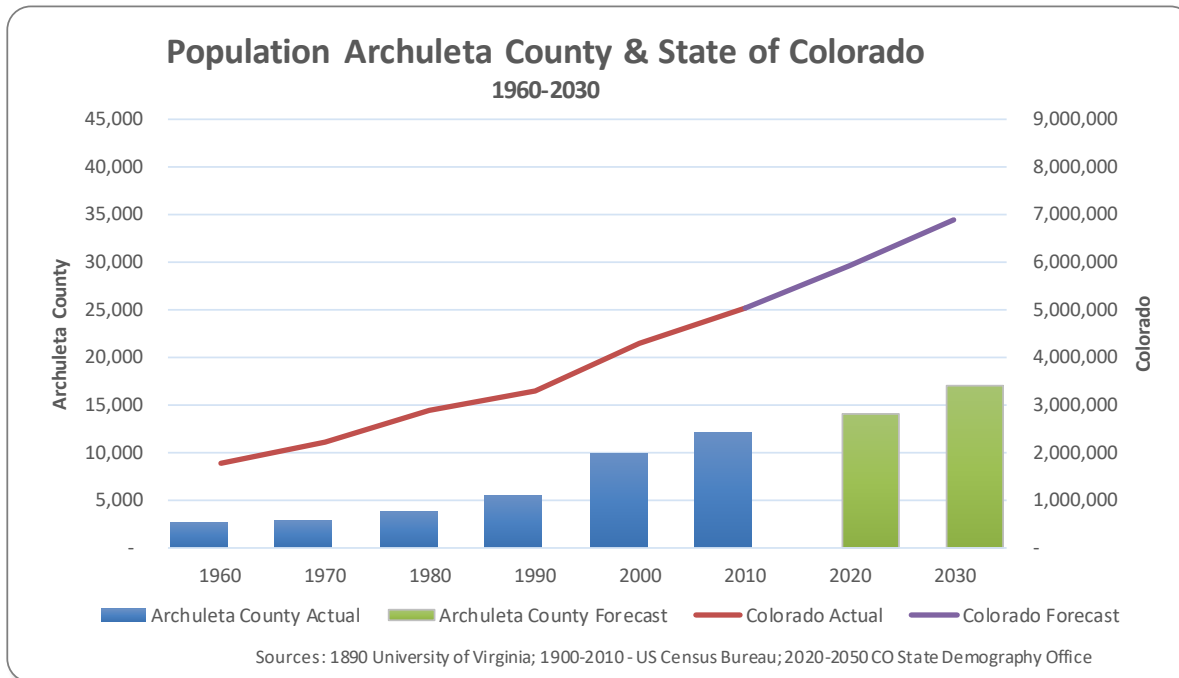
Changing Costs - Personnel

- The Proposed Budget includes a 4% increase in Personnel Costs. This increase is meant to cover:
 - Cost of Living Adjustment (to be applied equally to all employees)
 - Increased cost of medical insurance
 - Merit Increases
- The application of the 4% increase to the categories above is not yet decided

2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

Population Growth - Trends

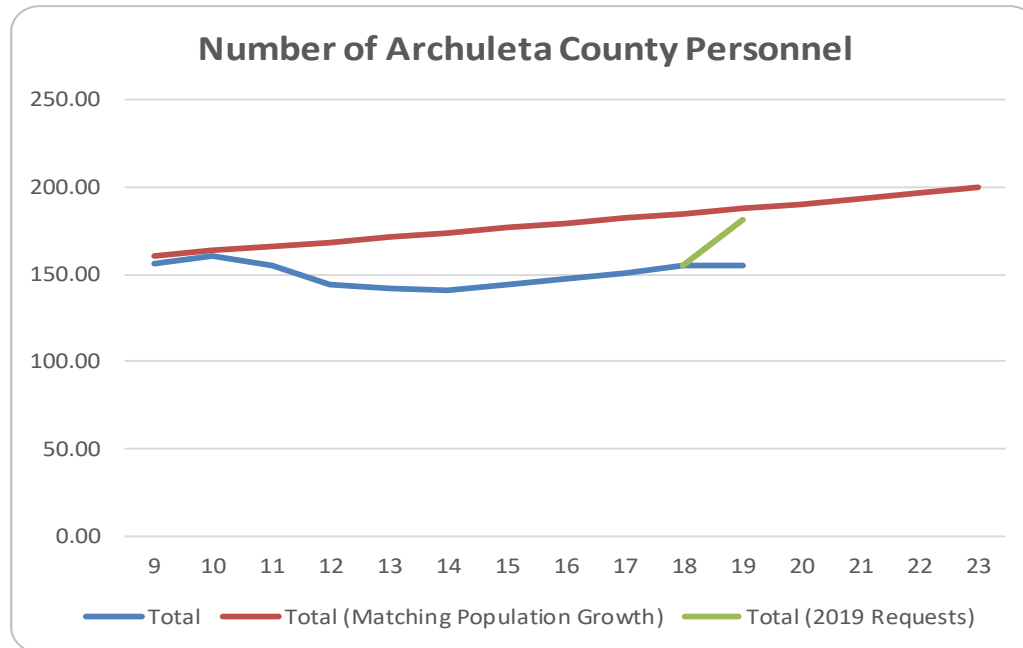


2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

Population Growth – Related to County Personnel

- County Departments have requested 24.5 new personnel for 2019
- This draft budget reflects no new personnel



2019 BUDGET SUMMARY

EXTERNAL INFLUENCES

Other

- Technology Related:
 - Pictometry – modification of Assessor office workflow
 - Information Technology – keeping up with changes in hardware, software, etc...
- Opportunities:
 - Advancing execution of a major airport project to exploit “match free” grant opportunity

2019 BUDGET SUMMARY

INTERNAL STRATEGIC CONSIDERATIONS

- Address deferred capital replacement and deferred capital maintenance, to extent possible
- Seek sustainable ways to fund improved road conditions
- Maintain healthy reserve balances to insure stable service delivery
- Continue limited growth of core operations budgets (to make the above possible)

2019 BUDGET SUMMARY

INTERNAL STRATEGIC CONSIDERATIONS

Address deferred capital and deferred maintenance, to extent possible, including the following:

- \$3,500,000 for Justice System Capital Fund: for partial funding of Detention Facility
- \$610,000 for Fleet: for vehicles and equipment
- \$97,600 for Solid Waste: toward landfill compactor and heavy equipment rebuilds
- \$62,500 for Building & Grounds: for deferred facilities maintenance

2019 BUDGET SUMMARY

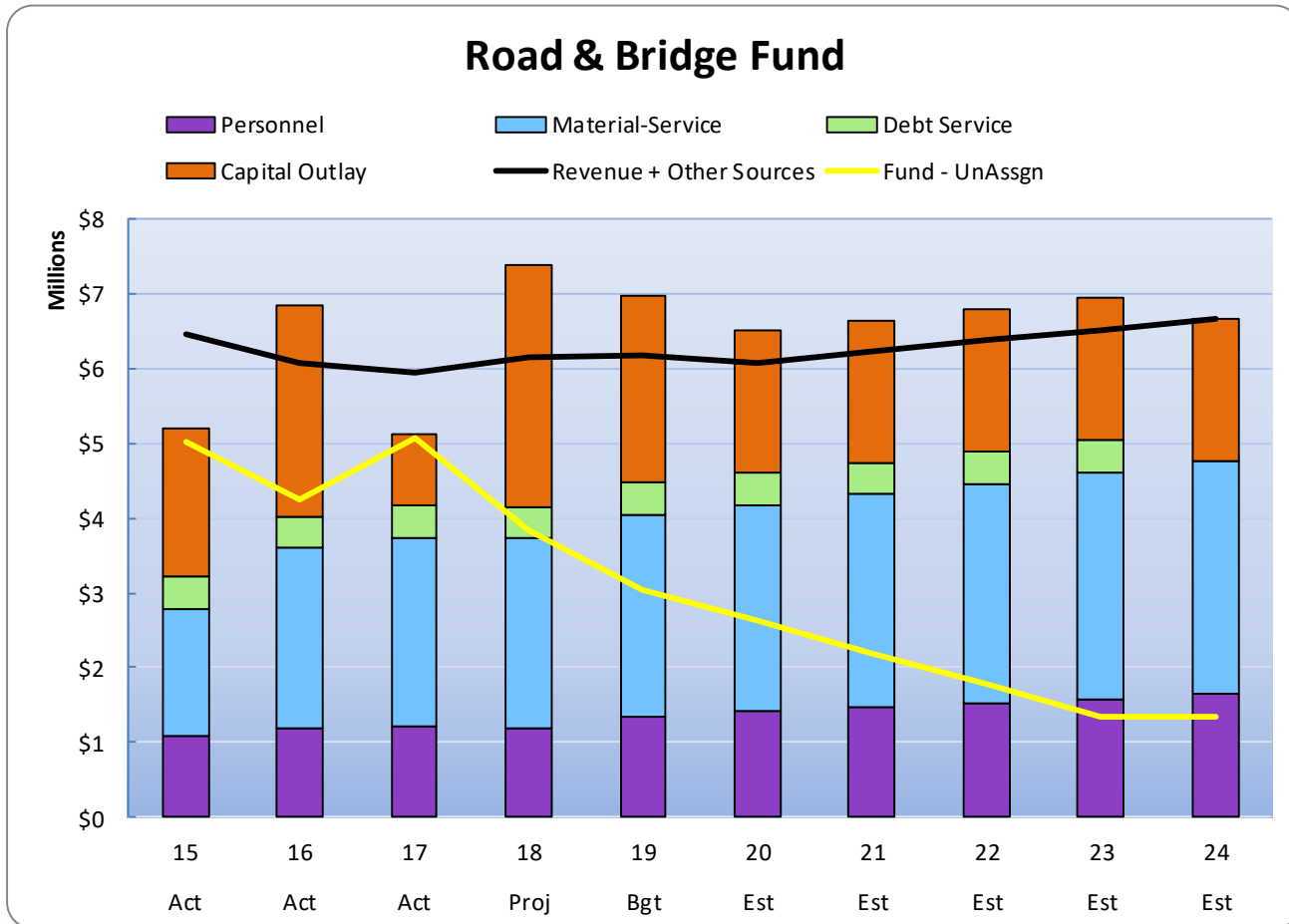
INTERNAL STRATEGIC CONSIDERATIONS

Seek sustainable ways to fund improved road conditions

- Maintained revised mill levy distribution (\$550,000) initiated in 2015 to ensure robust capital and maintenance efforts, (however, half of the shift to R&B goes away in the 2020 budget, if the Ballot Measure fails)
- The draft 2019 budget includes \$2,504,000 in various Road Capital Improvement projects, and \$1,122,437 for Road Maintenance work
- From 2020 forward, the “sustainable” amount of Road Capital Improvement projects drops to \$1,900,000 per year

2019 BUDGET SUMMARY

INTERNAL STRATEGIC CONSIDERATIONS



2019 BUDGET SUMMARY

INTERNAL STRATEGIC CONSIDERATIONS

Maintain healthy reserve balances to insure stable service delivery

▪ **Tabor Reserve** **\$307,022**

Statutorily required; can fluctuate as it is calculated as 3% of total adjusted fund revenue.

▪ **Operating Reserve** **\$2,675,579**

This was established by Resolution #20-2011 and reaffirmed by Resolution #55-2014 and is calculated as a function of general fund expenditures, essentially equal to 3 months of general fund expenditures. This reserve is intended to insure the availability of cash to cover expenses in excess of revenue, as may occur seasonally within a year.

▪ **Strategic Reserve** **\$3,563,871**

This was established by Resolution #55-2014 and is calculated as a function of general fund expenditures, essentially equal to 4 months of those expenditures. This reserve is intended to insure the availability of resources to cover expenditures in excess of revenue during periods of financial exigency.

2019 BUDGET SUMMARY

INTERNAL STRATEGIC CONSIDERATIONS

Continue limited growth of core operations budgets

- Limited materials and service budget growth to approximately match the rate of inflation
- Staffing levels maintained at 2018 levels
- Note: many additions have been proposed, but serious consideration will depend on the outcome of the ballot measure

2019 BUDGET SUMMARY

STATUTES & COUNTY POLICY

- *The Budget is Balanced:* expenses are not higher than fiscal year revenue, plus appropriated fund balances
- *Revenue Forecasting* is conservative, with no reliance on speculation
- *Operational Expense* budgets are fully supported by reliable, sustainable revenue streams
- *Capital Outlay Expenses* emphasize replacement or maintenance of *existing* assets, not procurement of new assets

2019 BUDGET SUMMARY

REVENUE & EXPENDITURES

<u>2019 BUDGET</u>		
FUND NAME	REVENUES	EXPENDITURES
General	11,595,626	\$ 12,860,314
Road & Bridge	6,169,628	6,972,465
Human Services	4,292,042	4,553,104
1A Fund	0	91,840
Combined Dispatch	923,179	974,658
Conservation Trust	121,000	540,139
Justice System Capital	1,500,000	3,500,000
Fairfield Settlement	10,301	524,903
Solid Waste	980,895	927,735
Airport	641,462	642,023
Fleet Management	1,430,061	1,792,406
	\$ 27,664,194	\$ 33,379,587

2019 BUDGET SUMMARY

EXPENSE — BY MAJOR TYPE

2019 Budget					
FUND	OPERATING EXPENDITURES	CAPITAL OUTLAY	DEBT SERVICE	TOTAL APPROPRIATIONS	
General	\$ 12,588,628	\$ 198,958	\$ 72,728	\$ 12,860,314	
Road & Bridge	4,040,821	2,504,000	427,644	6,972,465	
Human Services	4,553,104	-	-	4,553,104	
1A Fund	91,840	-	-	91,840	
Combined Dispatch	885,064	31,930	57,664	974,658	
Conservation Trust	540,139	-	-	540,139	
Justice System Capital	-	3,500,000	-	3,500,000	
Fairfield Settlement	524,903	-	-	524,903	
Solid Waste	797,546	97,600	32,589	927,735	
Airport	308,690	333,333	-	642,023	
Fleet Management	1,182,615	609,791	-	1,792,406	
Totals	\$ 25,513,350	\$ 7,275,612	\$ 590,625	\$ 33,379,587	

2019 BUDGET SUMMARY

CHANGES IN REVENUE AND OTHER SOURCES

Archuleta County REVENUE and OTHER SOURCES					
Fund	2018 Budget	2019 Budget	\$ Change	% Change	
General	11,140,219	11,595,626	455,407	4.1%	
Road & Bridge	5,991,230	6,169,628	178,398	3.0%	
Human Services	4,444,583	4,292,042	(152,541)	-3.4%	
1A Fund	0	0	0	N/A	
Combined Dispatch	903,345	923,179	19,834	2.2%	
Conservation Trust	116,700	121,000	4,300	3.7%	
Justice System Capital	2,100,000	1,500,000	(600,000)	-28.6%	
Fairfield Settlement	4,449	10,301	5,852	131.5%	
Solid Waste	1,499,770	980,895	(518,875)	-34.6%	
Airport	339,990	641,462	301,472	88.7%	
Fleet Management	1,573,858	1,430,061	(143,797)	-9.1%	
Total Across All Funds	28,114,144	27,664,194	(449,950)	-1.6%	

2019 BUDGET SUMMARY

CHANGES IN REVENUE AND OTHER SOURCES

Increased “Revenue” from:

- \$333,000 Grant (Airport)
- \$300,000 Sales Tax (General & R&B Funds)
- \$250,000 Interest Income (General)

Decreased “Other Sources” due to reductions in planned transfers from the General Fund:

- \$600,000 Justice System Capital Fund
- \$500,000 Solid Waste Fund
- \$200,000 Fleet Fund

2019 BUDGET SUMMARY

CHANGES IN EXPENSE

Archuleta County EXPENSES and OTHER USES				
Fund	2018 Budget	2019 Budget	\$ Change	% Change
General	13,638,205	12,860,314	(777,891)	-5.7%
Road & Bridge	8,189,780	6,972,465	(1,217,315)	-14.9%
Human Services	4,479,600	4,553,104	73,504	1.6%
1A Fund	100,000	91,840	(8,160)	-8.2%
Combined Dispatch	874,402	974,658	100,256	11.5%
Conservation Trust	443,105	540,139	97,034	21.9%
Justice System Capital	2,000,000	3,500,000	1,500,000	75.0%
Fairfield Settlement	508,500	524,903	16,403	3.2%
Solid Waste	2,035,876	927,735	(1,108,141)	-54.4%
Airport	289,794	642,023	352,229	121.5%
Fleet Management	1,823,056	1,792,406	(30,650)	-1.7%
Total Across All Funds	34,382,318	33,379,587	(1,002,731)	-2.9%

2019 BUDGET SUMMARY

CHANGES IN EXPENSE

Decreased expenses:

- \$1,287,000 Transfers to Other funds (General)
- \$1,102,000 Capital-Paving (Road & Bridge)
- \$1,207,000 Capital-Cell Construction (Solid Waste)

Increased expenses:

- \$1,500,000 Increase in Appropriation (Justice System Capital Fund)
- \$352,000 Capital-AIP (Airport)
- \$303,000 Inmate Housing/Other (General)

2019 BUDGET SUMMARY

CHANGES IN EXPENSE BY OBJECT (TYPE)

Archuleta County EXPENSE BY OBJECT (TYPE)				
Fund	2018 Budget	2019 Budget	\$ Change	% Change
Personnel Costs	9,880,964	10,278,690	397,726	4.0%
Materials & Services	12,635,940	13,076,060	440,120	3.5%
Capital Outlay	7,829,077	7,275,612	(553,465)	-7.1%
Debt Service	591,227	591,225	(2)	0.0%
Transfers	3,445,110	2,158,000	(1,287,110)	-37.4%
Total Across All Funds	34,382,318	33,379,587	(1,002,731)	-2.9%

2019 BUDGET SUMMARY

CHANGES IN EXPENSE BY OBJECT (TYPE)

Increases in:

- \$398,000 in Personnel Costs (4% as planned).
- \$440,000 Materials & Services (3% planned, but currently at 3.5%)
 - Note: increase in Inmate Housing by \$235,000 drives up percent..

Decreases in:

- <\$553,000> Capital Outlay (net down)
 - Down \$2,309,000 in R&B and Solid Waste funds;
 - Up \$1,852,000 in Justice System and Airport.
- <\$1,287,000> Transfers
 - <\$600,000> Justice System Capital Fund
 - <\$500,000> Solid Waste Fund
 - <\$200,000> Fleet Fund

2019 BUDGET SUMMARY

CHANGES IN ENDING FUND BALANCE

Archuleta County ENDING FUND BALANCES [Government Only]				
Fund	2018 Projected	2019 Budget	\$ Change	% Change
General	11,385,727	10,121,039	(1,264,688)	-11.1%
Road & Bridge	4,068,593	3,265,756	(802,837)	-19.7%
Human Services	576,723	315,661	(261,062)	-45.3%
1A Fund	91,996	156	(91,840)	-99.8%
Combined Dispatch	216,696	165,217	(51,479)	-23.8%
Conservation Trust	419,139	0	(419,139)	-100.0%
Justice System Capital	2,168,542	168,542	(2,000,000)	-92.2%
Fairfield Settlement	516,126	1,524	(514,602)	-99.7%
Total Across All Funds	19,443,542	14,037,895	(5,405,647)	-27.8%

2019 BUDGET SUMMARY

CHANGES IN ENDING FUND BALANCE

Expenses in excess of current year revenue (or other sources), representing *full appropriation of special funds*:

- \$419,000 Conservation Trust Fund
- \$515,000 Fairfield Settlement
- \$92,000 1A Fund

Expenses in excess of current year revenues (or other sources), representing *transfers between funds and capital expenses*:

- \$2,000,000 Net Capital Construction (Justice Systems Capital Fund)
- \$1,264,000 Net Transfers Out (of General Fund) to other funds.
- \$803,000 Net Capital Improvement expenses (Road & Bridge)

2019 BUDGET SUMMARY

EXAMINATION OF BUDGET

- The following budget information is available for examination:
 - This 2019 Budget Summary (32 page PowerPoint Presentation), and
 - 2019 Budget Detail (188 pages including 2018 Projections and 2016 & 2017 Actuals)
- This information can be found at:
 - County Clerks Office (449 San Juan Street) in book form
 - County Website at: www.archuletacounty.org

2019 BUDGET PREVIEW QUESTIONS?

Thanks to everybody involved.

Questions?