

Quarterly Financial Report

2018

Fourth Quarter

Financial Performance

- **Recurring Goals:**
 - Clean audit.
 - Balanced Budget, on time.
 - Timely processing of Core Processes.
- **Recurring Targets:**
 - Expenses within budget, by fund.
 - Expenses within budget, by category/department.
 - Revenue equal or greater than budget.
 - If Revenue is low, Expenses reduced to match.

2018 – Performance (Goals)

- **AUDIT:**
 - The 2017 Audit is **incomplete** and **late**. Final release was delayed at the request of investigators, so as not to disclose an investigation into \$2.6M worth of undisclosed property.
 - The matter is on-going.
- **BUDGET:**
 - 2019 Budget was balanced and prepared on time.
- **CORE PROCESSES:**
 - AP, Payroll, P-Cards and Solid Waste Bookkeeping and other critical processes were all performed consistently on time.

2018 – Performance (Targets)

Fund	Total	Categ.	Categ.	Rev %	Rev \$	Exp %	Exp \$
	Bgt	Under	Over		<Under>		<Over>
	Categ.	Bgt	Bgt		Over		Under
General	36	33	3	98%	(\$236,732)	90%	\$1,493,580
Road & Bridge	7	7	0	99%	(\$49,911)	76%	\$1,997,091
Dept. Human Services	12	8	4	90%	(\$470,890)	88%	\$539,689
Dispatch	4	4	0	98%	(\$19,709)	95%	\$39,732
Governmental	59	52	7	97%	(\$777,242)	86%	\$4,070,092
Solid Waste	5	4	1	95%	(\$74,937)	73%	\$542,443
Airport	3	3	0	105%	\$16,166	76%	\$68,109
Fleet	3	3	0	104%	\$65,580	79%	\$386,944
Proprietary	11	10	1	100%	\$6,809	76%	\$997,496
<u>Totals</u>	<u>70</u>	<u>62</u>	<u>8</u>	<u>97%</u>	<u>(\$770,433)</u>	<u>84%</u>	<u>\$5,067,588</u>

Revenue Performance

- Five out of seven funds show lower than budgeted revenue. But:
 - General, Road & Bridge and Dispatch funds will shown in excess of 100% after all 2018 revenue is received and accrued.
 - DHS funds revenue was 10% short of budget. However,
 - Unique to DHS, we budget for the full “state allocation”, not the amounts *actually* expected.
 - Most of the revenue is reimbursement of expenses.
 - Revenue was at 90%, but Expenses were at 88%.
 - Solid Waste fund revenue is 5% (\$74,937) short of budget. This is lower than 2017 revenue and is cause for concern.

Expense Control – By Category

- Out of 70 categories, 62 were under budget, but 8 were over.
- In dollar terms: about \$85,053 was expended in excess of budget within those 8 categories, out of \$32,545,326 in total reviewed expense budgets. Thus, the overspending was less than 3/10's of 1%, of the total expense budget, as follows:
 - General Fund = 3 departments over budget \$49,707.
(Total budget = \$14,688,409)
 - DHS = 4 categories over budget by \$24,881.
(Total budget = \$4,638,250)
 - Solid Waste = 1 department over budget by \$10,465.
(Total budget = \$2,035,876)

Expense Control – By Fund

- Even though 8 categories were over budget, 62 were under budget, and some of them by significant amounts.
- As a result, total expenses were under budget in every fund.
 - Governmental funds were *under* budget 14% or \$4,070,092 (out of a total budget of \$28,396,600).
 - Proprietary funds were *under* budget 24% or \$997,496 (out of a total budget of \$4,148,726)

Major Budget Variance: General Fund

- Revenue higher than expected:
 - \$412,000 - PILT
 - \$324,000 - Interest Revenue
 - \$106,000 - Clerk Grant (ERTB)
 - \$75,000 - Sales Tax
- Expense higher than expected:
 - \$37,000 - Attorney
 - \$11,000 - Sheriff's Office (Patrol)
- Expense less than expected:
 - \$245,000 - Unused Contingency (Emg. Fire, Capital and Ops Contingency)
 - \$177,000 - District Attorney (not yet invoiced)
 - \$84,000 - Pass Thru (not yet booked)

Major Budget Variance: R&B Fund

- Revenue higher than expected:
 - \$280,000 - HUTF (Special Disbursement)
 - \$75,000 - Sales Tax
- Expense lower than expected:
 - \$664,000 - Road Maintenance (much lower heavy equip repairs, street material costs and savings from vacant positions)
 - \$255,000 - Pavement Maintenance (project cancelled and rolled to 2019)
 - \$882,000 Paving
 - \$502,000 (approximate savings on 3 large construction projects)
 - \$280,000 (postponed engineering on N. Pagosa project)
 - \$100,000 (unpaid retainage on large project)

Major Budget Variance: Solid Waste Fund

- Revenue lower than expected:
 - \$73,000 - Landfill Fees
- Expense lower than expected:
 - \$549,000 - Cell 4A Construction Project (Good “bid” result and careful cost control during execution).
- Expense higher than expected:
 - \$10,000 – Replaced roll off container/

Major Budget Variance: Fleet Fund

- Revenue higher than expected:
 - \$36,000 – Insurance Reimbursements
 - \$25,000 – Sale of Used Assets
- Expense lower than expected:
 - \$318,000 – Equipment purchases rolled to 2019
 - \$65,000 – Unused Contingency budget

Re-Cap

- Delay in the 2017 Audit a major issue.
- All other processing went well.
- Final revenue will meet expectations, except for Solid Waste fund.
- Expenses were either kept under control, or (mostly) covered by unanticipated revenue adjustments.
- The last few years have gone well... therefore, we are concerned about the future... *what?*

Troubling Trend

Core Tax Revenue is not keeping pace with inflation.

