



Quarterly Financial Report 2018 – Fourth Quarter YTD (January to December 2018)

UNAUDITED

Executive Summary

The 2018 books are not yet completed, but we are close enough to report the preliminary results of our collective financial management efforts for the year, which are summarized below:

Fund	Total	Categ.	Categ.	Rev %	Rev \$	Exp %	Exp \$ <Over>
	Bgt	Under	Over		<Under>		Under
	Categ.	Bgt	Bgt		Over		
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
Totals	<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:

- Revenues were received (on average) at 97% of the amounts budgeted.
- Five funds received less than their budgeted revenues.
- Three of those five funds (General, R&B and Dispatch) will show in excess of 100% of revenue received, after all outstanding 2018 revenue is received and accrued.
- One of those five funds (DHS) has revenue tied largely to expenses incurred, and those expenses were lower than budget, driving the lower revenue. Revenue exceeded expense, by a healthy \$68,799.
- One of those funds (Solid Waste) was significantly low (by 5% = \$74,937) and is cause for concern.

Expense:

- Expenses were incurred, on average, at 84% of the amounts budgeted.
- No individual funds went over budget.
- 62 out of 70 major budget categories were at or under expense budget. Of the 8 departments or major categories that went over budget; 1 was by 17%, 1 by 7%, 2 were 5% and 4 were 1%.
- Underspent budgets were significant and included:
 - Unutilized "Contingency" budgets.
 - Capital Improvement projects completed under budget, and some being rescheduled to 2019.
 - Vacant staff positions.
 - 2018 expenses not yet invoiced and/or accrued.

General Fund:

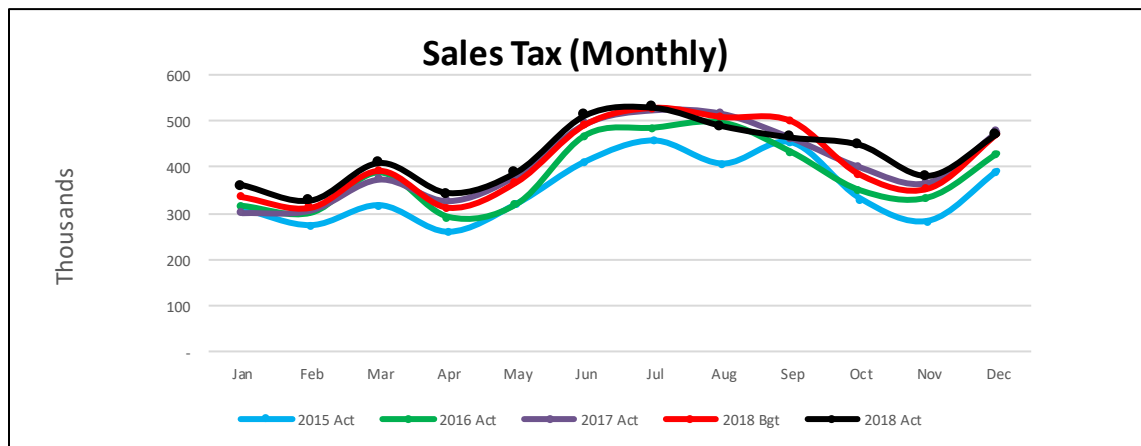
Revenue Detail:

The general ledger currently shows revenue in the General fund at 98% (\$236,732 *under*) the annual budgeted amount. However, some revenue sources related to 2018 were not received until 2019 and have not yet been accrued back to 2018. The largest of these are the November and December Sales Tax receipts, which, when accrued back to 2018, will add about \$412,000 to total revenue. Final revenue in the General fund will be **at least** 1.5% (\$200,000) over the annual budget (as amended).

Unanticipated Revenue:

Some specific revenue items were received during 2018 in excess of the revenue budget (as amended). The largest of these were:

- **Interest Revenue:** being \$323,741 higher than the amount budgeted for 2018.
- **ERTB Grant,** being a \$106,268 grant to the County Clerk from the Electronic Recording Technical Board, for digitizing older records within the Clerk's Office.
- **Sales Tax Revenue:** when fully accrued to 2018, will be \$75,353 (3%) higher than the 2018 budget. The graph below shows Sales Tax receipt history (for all Funds).



Expense Detail:

At the end of 2018, total expenditures were at 90% (\$1,493,580 *under*) the amended 2018 budget. Thirty-three out of thirty-six departments were at (or under) budget at year end.

Departments Over Budget

Only three departments were over budget (by a combined total of \$49,707, which is the equivalent of 3/10's of 1% of the \$14,688,409 expense budgeted in this fund). Those departments were over as follows:

- **Attorney: 17% (\$36,662) over budget:** Unanticipated litigation and professional service costs were significantly over budget (by \$64,364), but were offset somewhat by lower costs in Wages, Training, Travel and some other expense items.
- **Sheriff Patrol: 1% (\$11,279) over budget:** Wages, Fleet and Training costs were collectively over budget (\$47,128). However, this was partially offset by savings in Benefit costs, and also by a transfer in (to the Patrol budget) of expense budget unused by other departments.
- **Transportation Mountain Express: 1% (\$1,766) over budget:** Fleet and Fuel costs were \$6,330 over budget, but that was offset in savings in Wages and Benefits

The County used some of its unanticipated 2018 revenue to increase the expense budgets of some departments that were on the third quarter “watch list”. These included four Sheriff Department budgets (Detention, Court Security, Investigations and Emergency Management) and the Coroner, Treasurer and HR Department budgets. As a result, none of those departments exceeded their (adjusted) expense budgets.

Departments Under Budget

Several departments were under budget by material amounts. The larger of these were:

- **Non-Departmental:** 16% (\$662,010) under budget. The Capital Outlay and Operations “Contingency” budgets of the General Fund were in this department and were not utilized (\$195,500). The unanticipated PILT funding surplus of \$472,204 was also put into this department and not utilized. The excess all rolls into fund balance, to fund 2019 Capital Outlay expense.
- **County Commissioners:** 8% (\$71,714) under budget. The Fire Emergency contingency budget was not utilized (\$50,000) and one Commissioner chose not to use the County’s medical insurance, saving the County over \$16,000.
- **District Attorney:** 49% (\$176,544) under budget. This is not really under budget. LaPlata County has not yet invoiced the County for the second half of 2018. When paid, the budget will be fully consumed.
- **Pass-Thru:** 100% (\$84,000) under budget. The Pass-Thru of Federal monies to the School District has not yet been booked.

The General Fund statement appears on the next page.

Governmental Fund - General

as of December 31, 2018

YTD Percent =	100%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	7,102,957	7,143,957	6,654,497	489,460	93%
Licenses and Permits	596,955	596,955	554,013	42,942	93%
Intergovernmental	1,183,235	1,697,439	1,638,948	58,491	97%
Charges for Services	1,759,054	1,759,054	1,788,287	(29,233)	102%
Interest	100,068	145,068	468,920	(323,852)	323%
Misc	397,950	847,950	849,027	(1,077)	100%
Total Revenues	11,140,219	12,190,423	11,953,691	236,732	98%
Expenditures					
Administration	331,605	321,605	303,515	18,090	94%
Attorney	212,092	212,092	248,754	(36,662)	117%
Building & Grounds	272,792	302,792	265,506	37,286	88%
County Assessor	645,799	645,799	595,675	50,124	92%
County Clerk & Recorder	509,784	509,784	498,236	11,548	98%
County Clerk- Elections	178,772	178,772	171,428	7,344	96%
County Commissioners	886,195	876,195	804,480	71,715	92%
County Coroner	80,620	105,620	103,744	1,876	98%
County Fair Board	83,040	76,540	71,495	5,045	93%
County Surveyor	17,899	17,899	17,029	870	95%
County Treasurer	543,205	588,205	561,460	26,745	95%
County Treasurer - Public Trustee	15,176	15,176	14,934	242	98%
CSU Extension	170,909	170,909	165,613	5,296	97%
CSU Extension Checking	20,000	20,000	7,830	12,170	39%
Development Services-Building	191,817	191,817	181,911	9,906	95%
Development Services-Planning	137,172	137,172	133,735	3,437	97%
District Attorney	414,616	414,616	238,078	176,538	57%
Finance	394,371	381,371	362,624	18,747	95%
Human Resources	139,682	159,682	150,719	8,963	94%
IT/GIS	468,866	468,866	458,058	10,808	98%
Jail Bonding/Commissary	35,000	35,000	29,399	5,601	84%
Livestock Auction	305,000	305,000	233,199	71,801	76%
Pass-Thru	42,000	84,000	-	84,000	0%
Sheriff Administration	366,011	373,011	370,917	2,094	99%
Sheriff Animal Control	111,165	111,165	77,311	33,854	70%
Sheriff Court Security	79,905	104,905	90,545	14,360	86%
Sheriff Detention	1,078,494	1,395,494	1,356,437	39,057	97%
Sheriff Emergency Management	359,013	384,013	335,161	48,853	87%
Sheriff Investigations	259,837	297,837	285,525	12,312	96%
Sheriff Patrol	852,685	879,685	890,964	(11,279)	101%
Tourism Fund	170,000	211,000	150,719	60,281	71%
Transportation Administration	79,209	79,209	78,425	784	99%
Transportation Mountain Express	129,360	124,360	126,126	(1,766)	101%
Veterans Services	105,959	100,959	88,517	12,442	88%
Weed & Pest	181,817	167,317	148,228	19,089	89%
Non-Departmental	3,768,338	4,240,542	3,578,532	662,010	84%
Total Expenditures	13,638,205	14,688,409	13,194,829	1,493,580	90%
Revenue over (under) Expenditures	(2,497,986)	(2,497,986)	(1,241,137)		

Road & Bridge Fund:

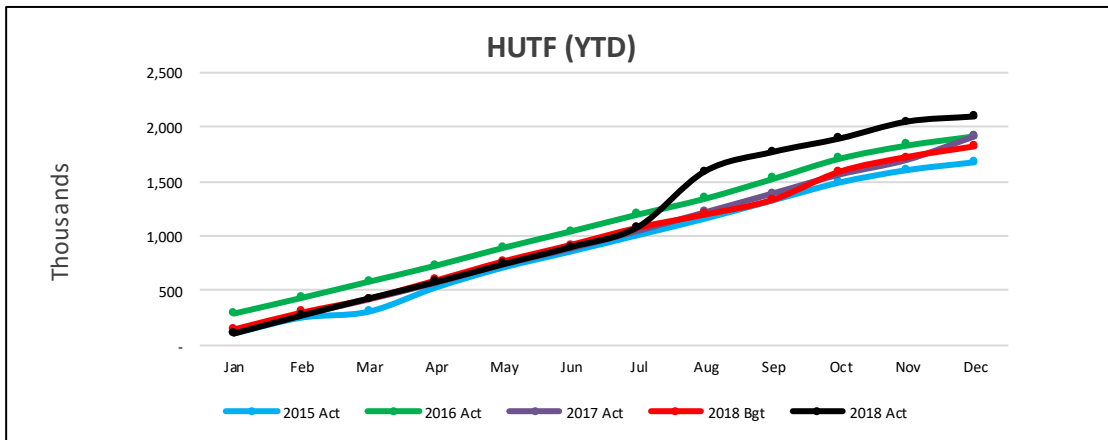
Revenue Detail

The general ledger currently shows revenue in the Road & Bridge fund at 99% (\$49,911 lower) than the annual budgeted revenue. Some revenue sources related to 2018 were not received until 2019 and have not yet been accrued back to 2018. The largest of these are the November and December Sales Tax receipts, which, when accrued back to 2018, will add about \$412,000 to total Road & Bridge revenue. Final revenue in this fund will be **at least 6%** (\$462,000) over the annual budget.

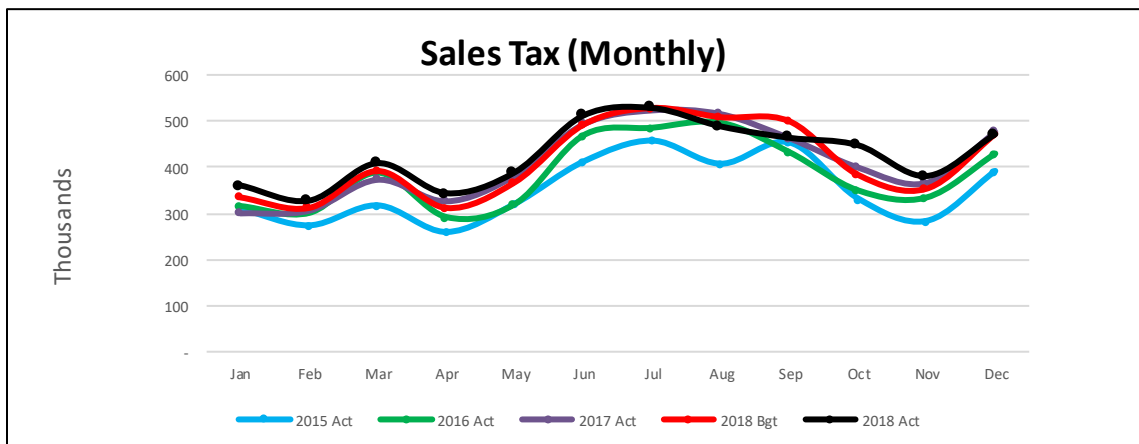
Unanticipated Revenue:

Some specific revenue items were received during 2018 in excess of the revenue budget.

The largest of these within the “Intergovernmental” category are known as **HUTF (Highway Users Tax Fund)** revenue. The preliminary numbers show this revenue being 15.4% (\$279,556) over the 2018 budget. This occurred because in August 2018, an exceptionally large, and unanticipated, disbursement of HUTF funds was received. In May of 2018, Colorado General Assembly passed SB 18-001. One consequence of its passage was a transfer of State funds, a portion of which was allocated to cities and counties across the State, in support of transportation projects. The Archuleta County share going to the Road & Bridge fund was \$346,659.61, and it was distributed through the normal HUTF distribution, during August. October and December revenue were weak, but the special disbursement was so high, there was still a significant surplus. See the graph below:



Sales Tax Revenue: when fully accrued to 2018, will be \$75,353 (3%) higher than the 2018 budget. The graph below shows Sales Tax receipt history (for all Funds).



Other revenues that came in significantly higher than anticipated and budgeted:

- Road Cut and Driveway Permit Fee revenue, being \$17,390 over the annual budget.
- Miscellaneous Revenue, being \$34,397 over the annual budget.

Expense Detail:

At the end of 2018, total expenditures were at 76% (\$1,996,758 *under*) the budgeted amount. Most of the under spending occurred in the following three departments:

- **Road Maintenance: 22%** (\$664,313) under budget: Fleet repair charges were way down (most likely due to replacing some of the less reliable equipment in the last couple of years). Also way down were Wages and Benefit costs (due to vacant equipment operator positions) and lower than expected purchases of Street Maintenance Materials.
- **Road Capital Improvement (Pavement Maintenance): 75%** (\$255,390) under budget: The 2018 Asphalt Patch program was not contracted until late in the summer. The weather deteriorated prior to mobilization, so the activity was cancelled, and rolled into a much larger program in the 2019 budget.
- **Road Capital Improvement (Paving): 26%** (\$882,393) under budget: A large portion of this budget was devoted to engineering fees on a future North Pagosa Road project. That project was originally expected to occur in 2019, so the “engineering” work was budgeted in 2018. The construction phase has been post-phoned, so the engineering part (at \$280,000) was rolled from 2018 to 2019. In addition, three large paving projects (Backswing/East Golf, Butte/Monument and Piedra Rd.) collectively came in under budget by significant amounts. Total paving expenses shown below will increase by as much as \$100,000, when project “retainage” is released and accrued back to 2018.

Governmental Fund - Road & Bridge

as of December 31, 2018

YTD Percent =	100%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	4,057,832	4,057,832	3,665,861	391,971	🚩 90%
Licenses and Permits	25,000	25,000	42,390	(17,390)	✅ 170%
Intergovernmental	1,884,398	1,884,398	2,166,702	(282,304)	✅ 115%
Misc	24,000	24,000	66,366	(42,366)	✅ 277%
Total Revenues	5,991,230	5,991,230	5,941,319	49,911	🚩 99%
Expenditures					
Administration	596,342	596,342	557,867	38,475	✅ 94%
Road Maintenance	2,992,118	2,992,118	2,327,805	664,313	✅ 78%
RCI (General)	501,091	501,091	491,402	9,689	✅ 98%
RCI (Paving)	3,351,659	3,351,659	2,469,266	882,393	✅ 74%
RCI (Pavement Maintenance)	299,500	299,500	43,775	255,725	✅ 15%
RCI (Bridges)	85,000	85,000	500	84,500	✅ 1%
Unallocated	364,070	364,070	302,075	61,995	✅ 83%
Total Expenditures	8,189,780	8,189,780	6,192,689	1,997,091	✅ 76%
Revenue over (under) Expenditures	(2,198,550)	(2,198,550)	(251,370)		

Department of Human Services (DHS) Fund:

The majority of the DHS annual budget is funded by the State. Each year, the State supplies the County with “allocations” of funding for various specific programs and program types. The County budgets up to the maximum level of these “allocations”, to insure that approved and appropriated budget amounts are available, should the needs rise to those levels during the year. In the typical year, not all of the funding is needed and therefore expenses tend to be lower than budget in this fund.

During 2018, the County budgeted more Expense than Revenue, intending to draw down about (\$31,000) of the DHS Fund Balance. As it turns out, while revenue was lower than budget, expenses were lower still. Instead of drawing down the DHS fund balance, a net surplus of \$30,706 was added to it.

Revenue Detail

The general ledger currently shows that revenue came in at 90% of budget during 2018. This was lower than the \$4,603,233 (amended) revenue budget by \$470,890. The shortfalls were rather evenly spread across program types, except in the case of Child Welfare and Child Care. Child Welfare was 31% below budget (\$280,524). Child Care revenue was 33% below budget (\$57,196). In both cases, the actual expenditures were significantly lower than the amount “allocated” to the County by the State, and revenues are essentially reimbursements of those expenses.

Expense Detail:

At the end of 2018, total expenditures were at 88% (\$539,689 *under*) the budgeted amount. Seven out of twelve program types were under budget during 2018. Five program types were over budget at year end, but three of those were over by trivial amounts. The two programs types over budget by meaningful amounts were:

- **LEAP:** 5% over (\$8,208): LEAP is an energy assistance program, helping the poor with their heating bills in the winter time. The program is fully funded by the State. So, while expenses were higher than expected, there was no “net” impact on the County budget, because the State covered all of the cost. This program is difficult to budget correctly, because heating bills are very dependent on the severity of any given winter, which is impossible to predict.
- **TANF:** 5% over (\$13,503): This budget effectively over spent due to State allocated “RMS” costs. The bad news is, these costs outside of the County’s control. The good news is, the State covered the costs.

The DHS Fund statement appears on the next page.

Governmental Fund - Human Services

YTD Percent = 100%

as of December 31, 2018

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Total Administration	406,367	441,367	340,458	100,909	77%
Total Adult Protective Services	55,606	55,606	53,464	2,142	96%
Total Child Care	171,434	171,434	114,238	57,196	67%
Total Child Support Enforcement	90,522	94,022	105,652	(11,630)	112%
Total Child Welfare	903,655	909,055	628,531	280,524	69%
Total TANF	247,664	247,664	293,543	(45,879)	119%
Total Core Services	159,271	200,271	156,117	44,154	78%
Total Food Assistance Benefits	1,534,187	1,554,337	1,510,081	44,256	97%
Total LEAP	121,698	161,698	170,024	(8,326)	105%
Total Medicaid	292,300	298,400	292,757	5,643	98%
Total Other Programs	146,404	153,904	159,837	(5,933)	104%
Total Non-Departmental	315,475	315,475	307,640	7,835	98%
Total Revenues	4,444,583	4,603,233	4,132,343	470,890	90%
Expenditures					
Total Administration	472,915	507,915	473,313	34,602	93%
Total Adult Protective Services	81,530	81,530	64,889	16,641	80%
Total Child Care	192,236	192,236	127,872	64,364	67%
Total Child Support Enforcement	139,185	142,685	144,518	(1,833)	101%
Total Child Welfare	1,070,882	1,076,282	718,643	357,639	67%
Total TANF	295,877	295,877	309,380	(13,503)	105%
Total Core Services	171,948	212,948	169,609	43,339	80%
Total Food Assistance Benefits	1,500,000	1,520,150	1,493,130	27,020	98%
Total LEAP	121,703	161,703	169,911	(8,208)	105%
Total Medicaid	300,500	306,600	289,285	17,315	94%
Total Other Programs	108,943	116,443	117,780	(1,337)	101%
Total Non-Departmental	-	-	1,530	(1,530)	N/A
Total Expenditures	4,479,600	4,638,250	4,098,560	539,689	88%
Revenue over (under) Expenditures	(35,017)	(35,017)	33,783		

Dispatch Fund:

Revenue Detail

The general ledger currently shows revenue in the Dispatch fund at 98% of the annual budgeted revenue

Expense Detail

Expenses for 2018 are at 95% of the amounts budgeted. Within Personnel costs, Overtime was almost \$21,000 over budget, but that was offset by lower than expected Benefit costs (medical insurance) and by vacant positions during the year.

Some additional expense will be accrued to 2018, before the books are finalized. However, these additional costs are not expected to push the expenses over budget. No major categories of expense were over budget.

Governmental Fund - Archuleta County Combined Dispatch

as of December 31, 2018

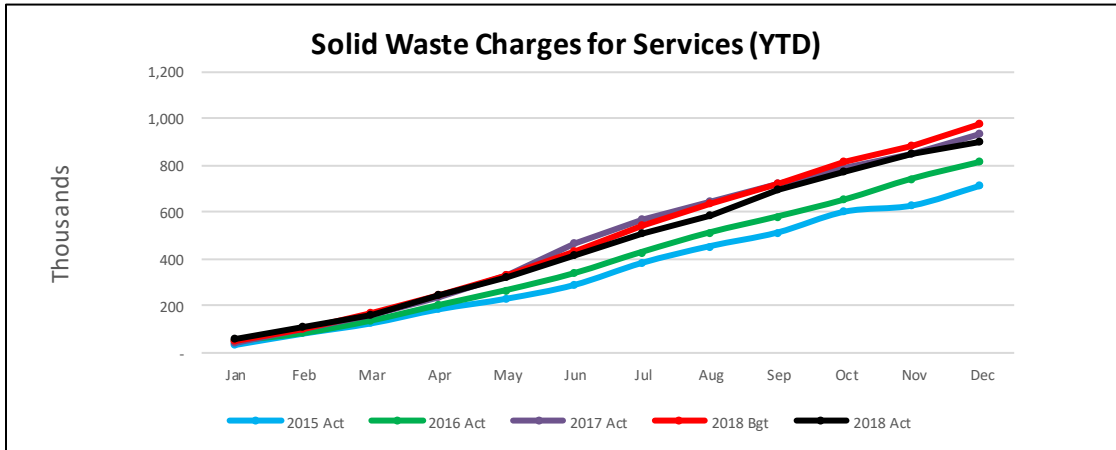
YTD Percent =	100%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Intergovernmental	323,177	323,177	323,177	-	✓ 100%
Charges for Services	230,058	230,058	205,103	24,955	⚠ 89%
Misc	-	5,759	11,005	(5,246)	✓ 191%
Transfers In	350,110	350,110	350,110	-	✓ 100%
Total Revenues	903,345	909,104	889,395	19,709	⚠ 98%
Expenditures					
Combined Dispatch					
Personnel Costs	619,051	619,051	615,690	3,361	✓ 99%
Materials & Services	172,386	172,386	138,950	33,436	✓ 81%
Capital Outlay	25,300	31,059	28,125	2,934	✓ 91%
Debt Service	57,665	57,665	57,664	1	✓ 100%
Total Expenditures	874,402	880,161	840,429	39,732	✓ 95%
Revenue over (under) Expenditures	28,943	28,943	48,966		

Solid Waste Fund:

Revenue Detail

Total revenue to the Solid Waste fund was lower than budgeted by 5% (\$74,937). This was due to lower than expected Landfill Fee revenue. This fee revenue was not only lower than the 2018 budget, it was also lower than 2017 actual revenue. See the graph below:



Expense Detail

At the end of 2018, total expenditures were at 73% (\$542,443 *under*) the budgeted amount. Four out of five departments were under budget during the year.

One department were significantly *under* budget as follows:

- **Landfill:** 31% under (\$548,759). The 2018 budget included a capital project (construction of Cell 4A at the Landfill), budgeted by the landfill consultants estimate of \$1,304,155. The project was actually bid at \$895,250, (including engineering costs). Most of these costs have been paid, except for about \$90,000 of “retainage” which will be paid soon and accrued back to 2018. When the books are finalized, the project will have come in more than \$400,000 under budget. The unused capital budget will roll forward and help finance the Cell 4B project, which is scheduled to occur in 2020.

One department was *over* budget, as follows:

- **Pagosa Transfer Station:** 7% over (\$10,465). An existing roll-off container had rusted out to the point where it was no longer safe to use for transporting waste or recycle materials. The new roll-off was purchased for \$10,869, pushing this department over its expense budget.

The Solid Waste fund statement appears on the next page.

Enterprise Fund - Solid Waste

as of December 31, 2018

YTD Percent =	100%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Charges for Services	988,770	988,770	915,718	73,052	⚠ 93%
Misc	11,000	11,000	9,115	1,885	⚠ 83%
Transfers In	500,000	500,000	500,000	-	✅ 100%
Total Revenues	1,499,770	1,499,770	1,424,833	74,937	95%
Expenditures					
Administration	72,262	72,262	72,208	54	✅ 100%
Arboles Transfer Station	16,360	16,360	13,653	2,707	✅ 83%
Landfill	1,796,014	1,796,014	1,247,255	548,759	✅ 69%
Pagosa Transfer Station	149,659	149,659	160,124	(10,465)	⚠ 107%
Recycling	1,581	1,581	184	1,397	✅ 12%
Total Expenditures	2,035,876	2,035,876	1,493,433	542,443	73%
Revenue over (under) Expenditures	(536,106)	(536,106)	(68,600)		

Airport Fund:

Revenue Detail

Total revenue to the Airport fund was higher than budgeted by 4.75% (\$16,166). Three revenue sources came in higher than anticipated and budgeted and one lower. The most significant variances were:

- **Sales Tax:** 83% (\$12,754) over the budgeted amount. This does not include November and December revenue data, that will be accrued after this report is completed. When it is booked, this revenue will be 101% (\$15,585) over budget. It should be noted that 2018 was the first year that the Town of Pagosa Springs was required to share some of its sales tax revenue with the Airport fund. This portion of revenue (roughly equal to the County share) was not budgeted.
- **Charges for Services:** 97% (\$25,143) higher than budget. Fuel Flow and Airport Fees were both much higher than anticipated and budgeted, due to a very large increase in jet traffic to the airport during 2018.

Expense Detail

At the end of 2018, total expenditures were at 76% (\$68,109 *under*) the budgeted amount. Most accounts were **under** budget. Some, (like snow removal, landscaping and repairs) were significantly under budget by virtue of not being needed during 2018. Another budget (for Roads/Pavement) was under-utilized because one project was weather delayed.

One category was significantly **over** budget (Electric by \$12, 011), because an internal audit of the allocation of electric costs revealed some errors that had previously under allocated this cost to the Airport fund.

Enterprise Fund - Airport

as of December 31, 2018

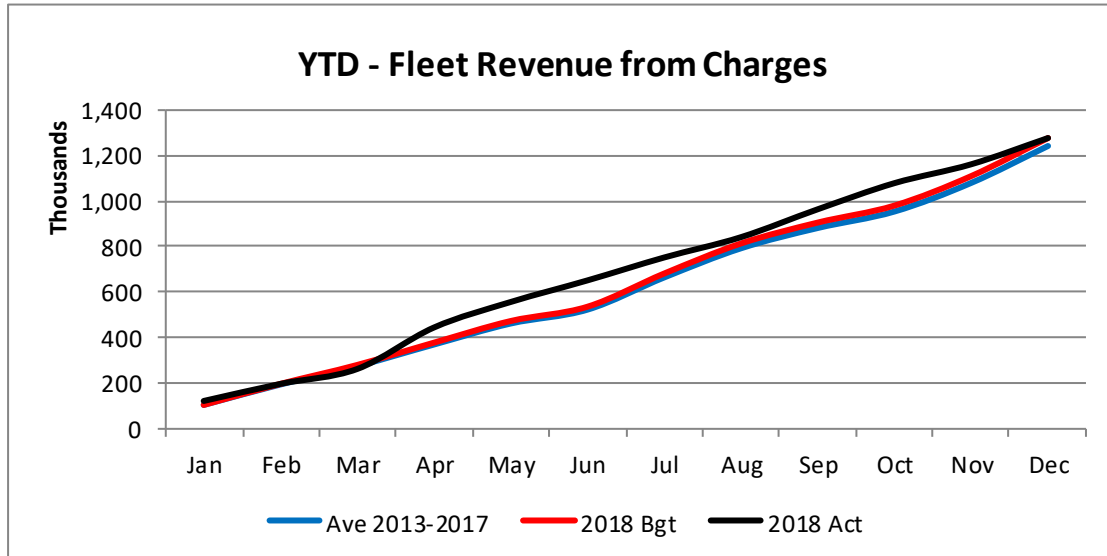
YTD Percent =	100%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	15,283	15,283	28,037	(12,754)	✓ 183%
Intragovernmental	-	-	-	-	N/A
Charges for Services	105,250	105,250	132,901	(27,651)	✓ 126%
Misc	24,457	24,457	219	24,238	⚠ 1%
Transfers In	195,000	195,000	195,000	-	✓ 100%
Total Revenues	339,990	339,990	356,156	(16,166)	✓ 105%
Expenditures					
Airport					
Personnel Costs	129,801	129,801	122,671	7,130	✓ 95%
Materials & Services	159,993	159,993	99,013	60,980	✓ 62%
Capital Outlay	-	-	-	-	N/A
Total Expenditures	289,794	289,794	221,685	68,109	✓ 76%
Revenue over (under) Expenditures	50,196	50,196	134,472		

Fleet Fund:

Revenue Detail

The general ledger shows revenue in the Fleet fund as 4.2% (\$65,169) over the annual budgeted amount. Most of the revenue comes from charges to County departments for fuel and services. These came in almost exactly as budgeted, being 0.3% (\$4,136) over the \$1,273,858 budgeted. See the graph below:



During 2018, no Insurance Reimbursements and no Asset Sales were anticipated or budgeted. However, the County recovered \$35,859 in insurance reimbursements for damaged vehicles and sold one asset for \$24,522. These transactions generated almost all of the excess revenue noted above.

Expense Detail

At the end of 2018, total Fleet expenditures were 21% (\$386,944) under the budgeted amount. The major categories of expense were all under budget. The major variances were:

- **Capital Outlay:** under spent by 51% (\$317,622). Three expensive items (a detention van, mid-range plow truck and plow attachment) collectively costing \$273,172, were ordered in 2018, but will not be delivered until 2019. Accordingly, they must be expended against the 2019 budget (which was adjusted before approval to accommodate this delayed delivery).
- **Materials & Services:** under spend by 7% (\$64,972). This is entirely unspent "contingency" budget. Note that the Fleet fund budget carries a significant contingency budget, because the cost of its largest budget item (Fuel) is volatile.

The Fleet fund statement appears on the next page.

Internal Services Fund - Fleet

YTD Percent = 100%

as of December 31, 2018

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Charges for Services	1,273,858	1,273,858	1,277,994	(4,136)	✓ 100%
Misc	-	-	61,444	(61,444)	N/A
Transfers In	300,000	300,000	300,000	-	✓ 100%
Total Revenues	1,573,858	1,573,858	1,639,438	(65,580)	✓ 104%
Expenditures					
Fleet Services					
Personnel Costs	307,608	307,608	303,950	3,658	✓ 99%
Materials & Services	890,448	890,448	825,476	64,972	✓ 93%
Capital Outlay	625,000	625,000	306,686	318,314	✓ 49%
Total Expenditures	1,823,056	1,823,056	1,436,112	386,944	✓ 79%
Revenue over (under) Expenditures	(249,198)	(249,198)	203,326	(452,524)	

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.

<u>Activity</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Audit	N/A	N/A	95%	N/A
Budget	N/A	N/A	N/A	N/A
Expenditures/Fund (Within Budget)	100%	100%	100%	100%
<i>Core Processes Completed:</i>				
Audit Prep	90%	100%	N/A	N/A
Accounts Payable	100%	100%	100%	100%
Budget	N/A	N/A	75%	100%
Human Services Accounting	83%	75%	88%	100%
Payroll	100%	100%	100%	100%
Quarterly Reporting	100%	100%	100%	100%
Year End Close Process	90%	100%	N/A	N/A

Highlights from the fourth quarter include:

- The 1A Ballot Measure seeking a 1% Sales Tax increase to finance Justice System Capital Improvements was turned down by the voters. As a result, the 2019 operating budget was constrained so as to accommodate a **scaled down** capital project (jail only). This was done so that the County could comply with State law, which **requires** the County to provide a jail facility within the County limits.
- The final preparation and release of the 2017 Audit was delayed, at the request of investigators, so as not to disclose an ongoing investigation into approximately \$2.6 million worth of unreported materials and assets, received by the Sheriff’s Department from the 1033 Program. At the time this report was written, the Sheriff’s Office had not yet produced a list showing the disposition of those materials.
- The 2019 budget was prepared on time and will be submitted to GFOA for review. The Finance Department predicts the budget will win the GFOA Distinguished Budget Award.
- None of the County funds expended more than the amounts budgeted for them during 2018.
- All of the Core Processes were completed, except for Audit, for reasons noted above.
- Significant use of the Long Range Modeling system was made in support of many complex decisions made during the year. The system is proving indispensable.
- We have added a Supplement to this quarterly report, in order to convey some longer term trends that are complicating the financial management of the County. In a nutshell, growth in our larger, core funding sources has not been keeping pace with inflation and population growth. This threatens the County’s ability to maintain services at current levels.

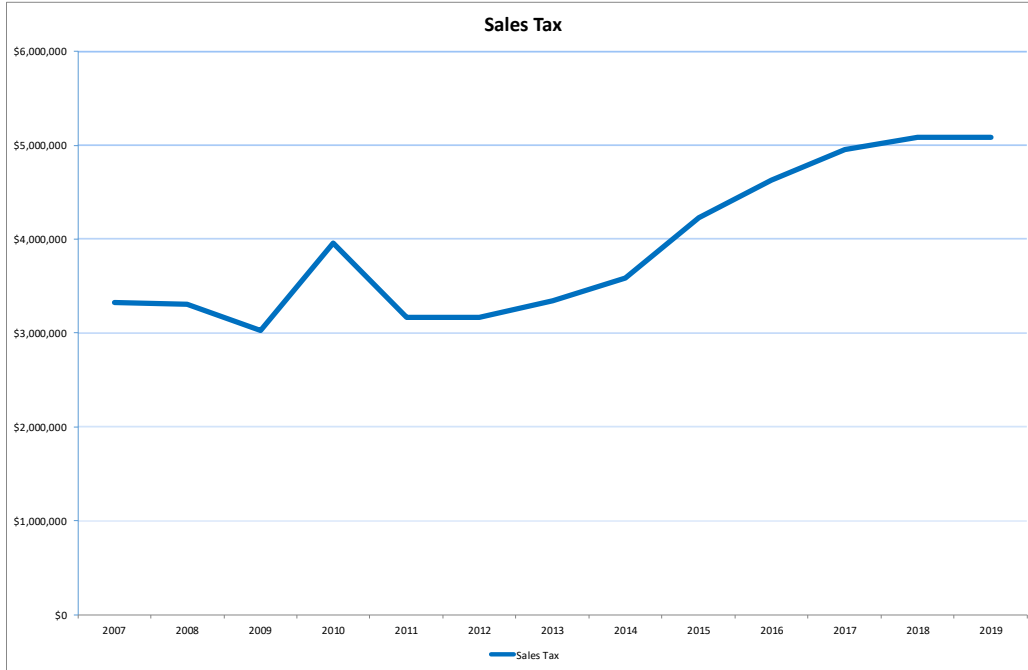
Larry Walton (Finance Director)

Prepared: Feb. 22, 2019

Supplement on the next page...

Supplement

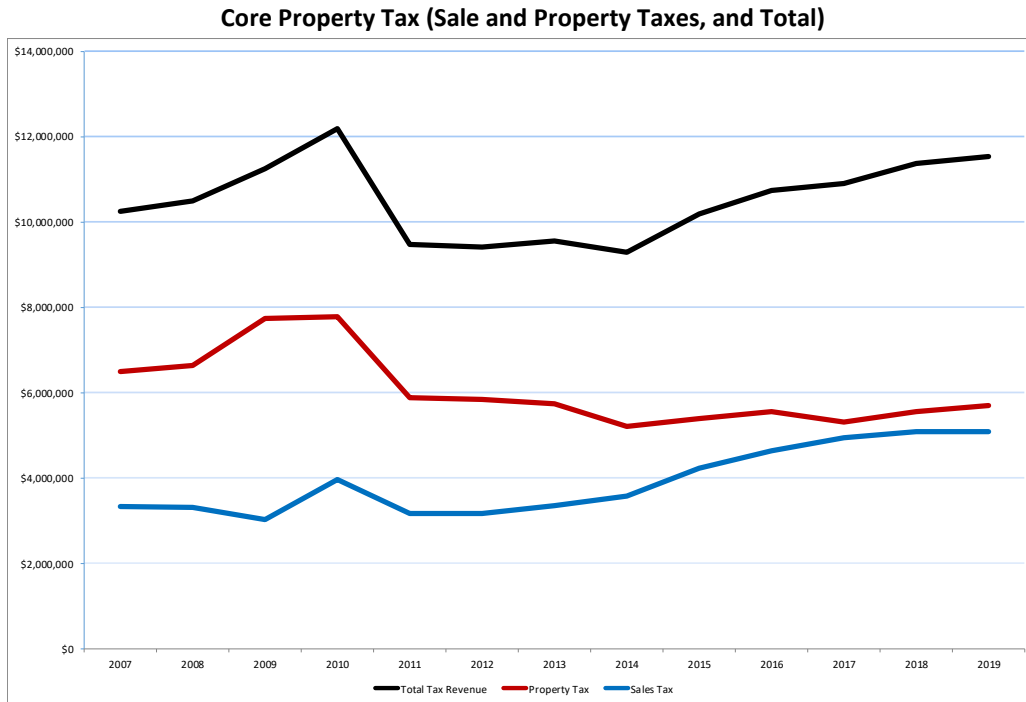
Sales Tax: Between 2014-2018, very significant growth occurred, due to the introduction into the local economy of a Supercenter and some Retail Marijuana stores. By 2018 that growth had slowed dramatically. Due to the Mayfair Decision, sales tax collections on internet transactions will be phased in during the period of Dec. 2018 through May 2019. The only data we have so far (for Dec. 2018) shows only a trivial increase. We do not expect a clear picture of the impact of this expanded tax until the end of 2019.



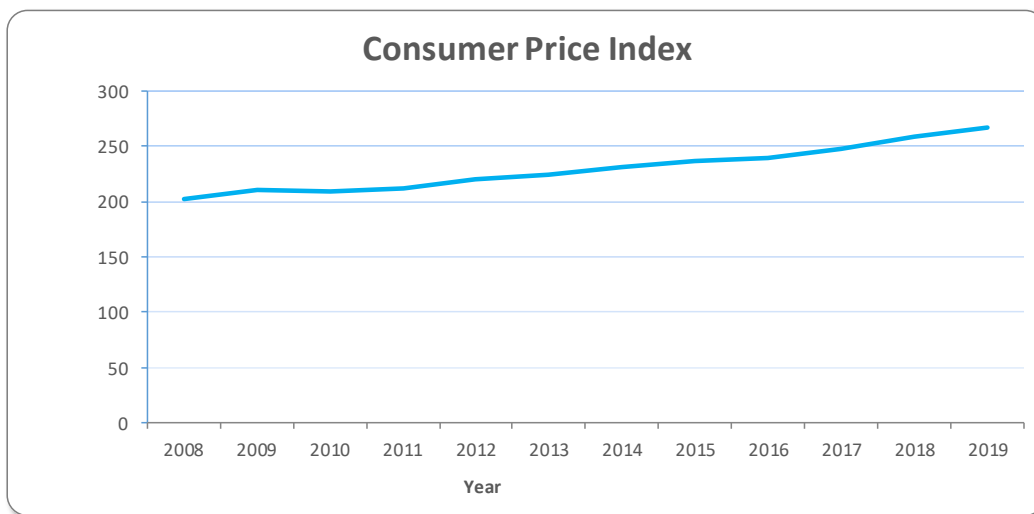
Property Tax: The graph below shows both the boom and bust (of the last recession). There has been no significant growth out of the last recession, since increases in home prices have been offset by Galleger Amendment reductions in the assessment rate.



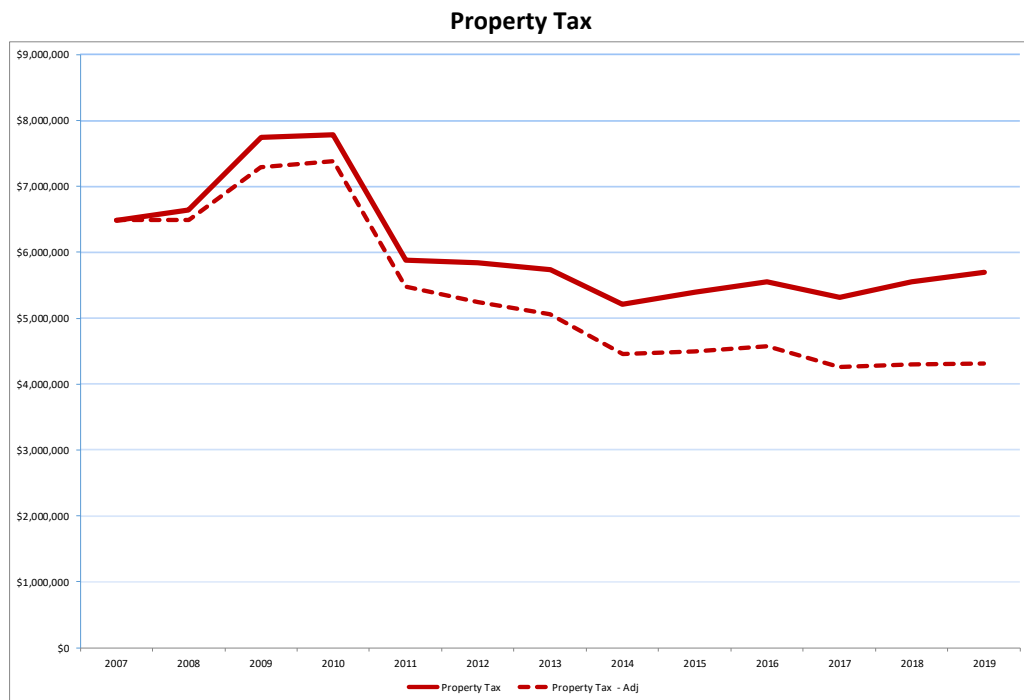
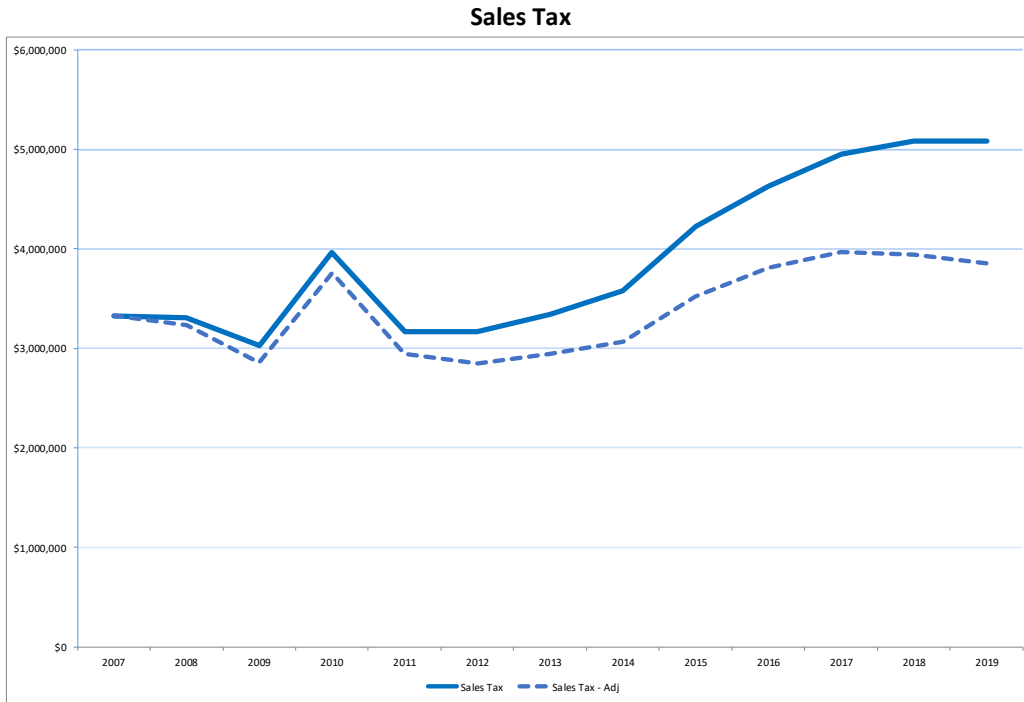
Core Property Tax (Combined): Poor Property Tax Revenue has been offset by very strong Sales Tax growth. However, Sales Tax growth has slowed dramatically. Over the years shown, the “average” growth (through a boom and bust cycle) is just slightly higher than 1% per year.



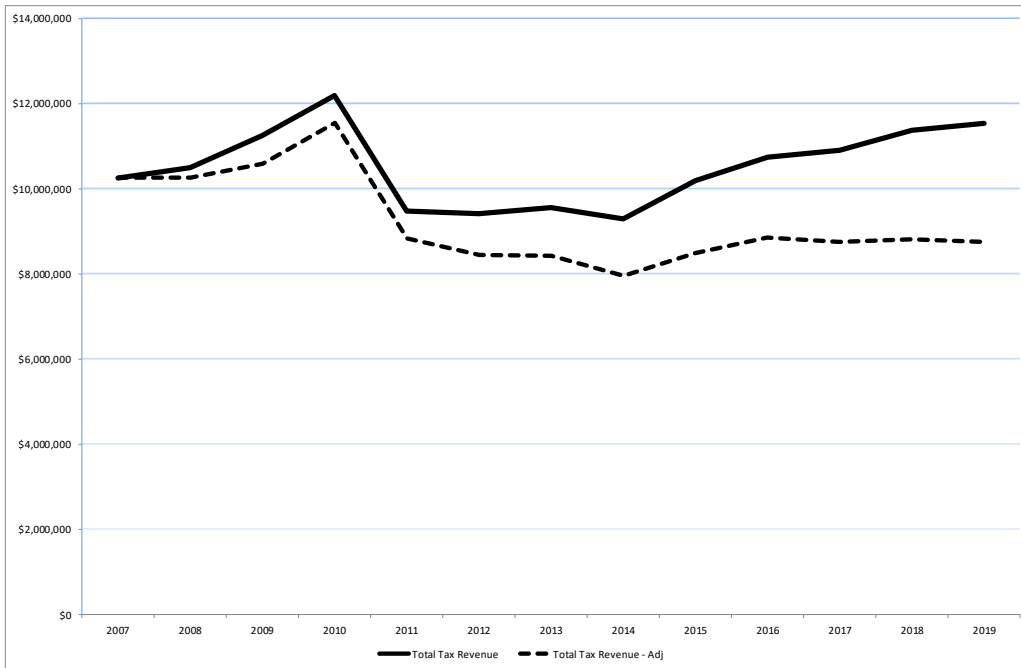
Consumer Price Index: The price of goods and services have been increasing at about 2% per year for a considerable length of time. This translates into a “decline” in the purchasing of each dollar. Between 2006 and 2019, the decline in purchasing power was about 24%. The graph below shows the trend since 2008.



Effect of Inflation on Core Funding Sources: Here are the graphs of Sales Tax and Property Tax, showing the effect of the decline in purchasing power.



Core Property Tax (Combined): The graph below shows the Total of Sales and Property Tax Revenue, in actual dollars, and in the “purchasing power” of those dollars. In actual dollars, the County seems to have recovered from the last deep recession. In “purchasing power”, the County has not recovered.



More information about the County’s financial health can be found in the 2019 budget.

<http://www.archuletacounty.org/ArchiveCenter/ViewFile/Item/295>

End of report.