



Quarterly Financial Report

2019 – First Quarter

(January to March 2019)

Preliminary and Unaudited

Executive Summary

During the first quarter of 2019, most revenue sources were received as expected, after taking seasonal adjustments into consideration, and there were no clear indications that any expense budgets would end the year over budget.

There were some positive Revenue developments, including:

- Sales Tax revenue is 8.5% over the seasonally adjusted budget for the first quarter.
 - About 2% (\$21,500) of this growth is from sales tax collected from vendors outside of Archuleta County, as the result of the South Dakota vs. Wayfair Decision.
 - About 6.5% (\$70,250) appears to be growth in our normal, preexisting economy. It's too early to project how the year will end, but the early data is good news.
- Highway Users Tax Fund (HUTF) revenue is coming in strong, being 23% ahead of the seasonally adjusted budget at the end of the first quarter. While we expect this to moderate as they year goes on, we believe this source of revenue may come in 10% (\$180,000) above budget, or more, by year end. All of this funding supports the Road & Bridge Fund.

Regarding Expenses:

- Only four (4) departments/major categories appear to be over budget during the first quarter, and three of those were only very slightly over.
- None of them are projected to be over budget at year end and there are no department budgets on the “watch list” at this time. Last year, there were seven (7) departments on the watch list at the end of the first quarter.
- Repair costs within the Fleet fund were much higher than usual during the first quarter, due to expensive repairs of heavy equipment and repairs to Patrol vehicles involved in collisions. In spite of this, Fleet expenses were within budget, due to savings in other categories.

The department spent a great deal of time working on new Detention Facility project during the first quarter. Work included:

- Providing assistance in evaluation and selection of a contractor to construct the jail.
- Various tasks associated with issuing Certificates of Participation (COP's) for the jail financing:
 - Selection of a bank trustee.
 - Drafting significant parts of the “Official Statement” of the financing.
 - Pursuing a “rating” of the County from Moody's Investments Services.
 - Completion of the 2017 Audit (delayed by the 1033 Investigation).

The following funds will be reported in detail during the first quarter of 2019: General, Road & Bridge, Combined Dispatch, Solid Waste and Fleet.

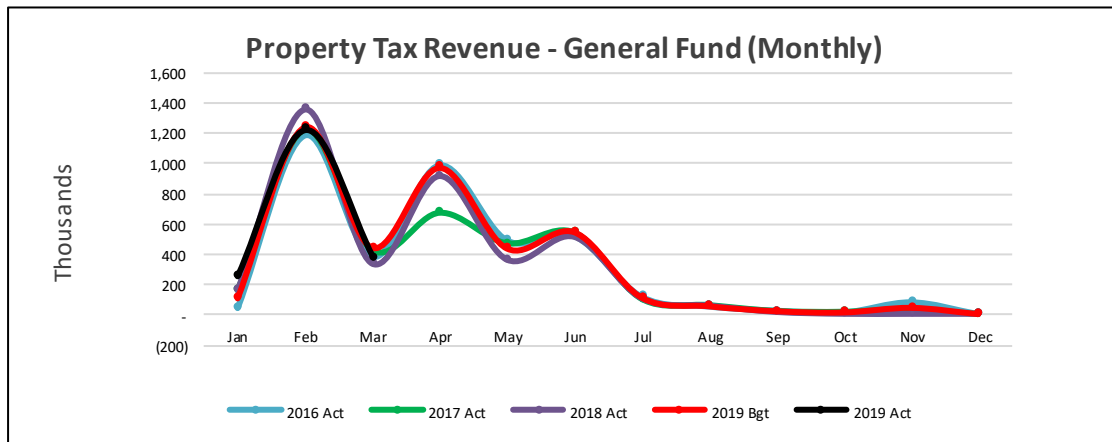
General Fund:

Revenue Detail

During the first quarter of the year, about 24% of the budgeted General revenue was received. In the detail, individual types of revenue are subject to very considerable seasonal variations. However, they virtually washed out during the first quarter. The most material variations are:

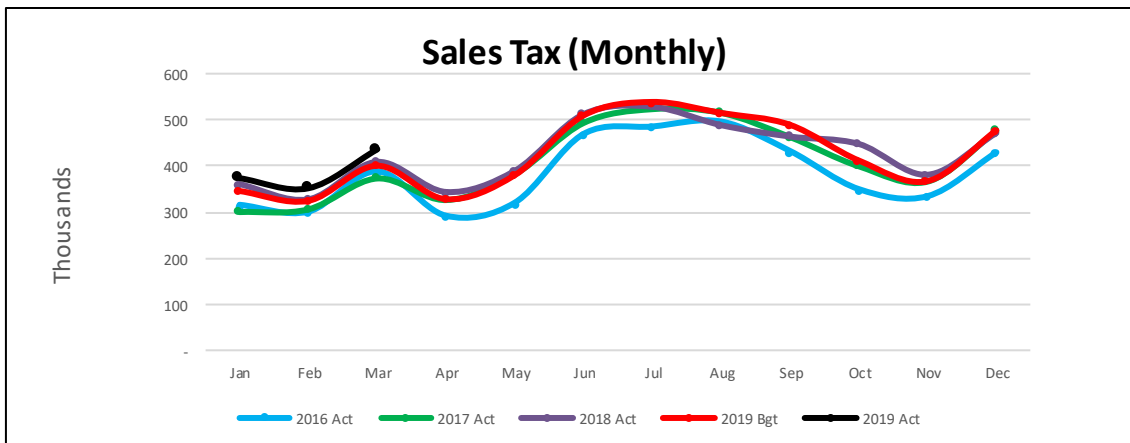
Property Tax:

During the first quarter, about 47% of the budgeted property tax was actually received. While property owners may pay their property tax in a single installment (due on or before April 30), most exercise the option of paying in two installments, the first being due by Feb. 28th and the second by June 15th. As a result, receiving such a large amount of property tax in the first quarter is quite normal.



Sales Tax:

Sales Tax revenue is collected in arrears. The first quarter General Fund report only includes the January revenue, though we now also know the February and March amounts. When we include the Feb. and March amounts, the Sales Tax receipts were about 8.5% higher than the seasonally adjusted budget during the first quarter. While it is too early to make a reliable projection of the remainder of the year, this is still very good news.



Licenses and Permits Revenue:

Like Sales Tax, the larger Licenses and Permits revenues are processed in arrears. The first quarter report mostly shows January revenue, though we also know some of the February amounts. At this point in time there is not enough data to reveal trend information.

Intergovernmental Revenue:

The largest components of Intergovernmental revenue are PILT funding (Payment in Lieu of Taxes from the Federal government), and various “cost reimbursement” grants.

The PILT funding is received in two installments; one from the Southern Ute Indian Tribe and a larger amount from the Federal government. These are generally received around mid-year. While we do not yet know the amount we will receive from the Federal government, we do know that we received \$87,609 from the Southern Ute’s in April. The statement itself shows a debit balance in Intergovernmental, due to un-cleared accruals that will resolve in April of 2019.

Cost Reimbursement grant revenue also falls into this category, and is collected in arrears, being generally received about two months after the reimbursable expenses are incurred. There is insufficient information at this point to detect any trends.

Miscellaneous Revenue:

The largest components of Miscellaneous revenue are annual proceeds from the Livestock Auction which occur during the County Fair in August of each year.

Taking seasonal variations into account, and as far as we can determine at this time, General Fund revenue streams are being received at approximately the amounts budgeted for 2019.

Expense Detail:

During the first quarter only 19% of the General Fund expense budget was utilized. The majority of individual departments (33 out of 35 active) were clearly *under* budget during the first quarter. The two that were over budget, were only “slightly” over budget.

One department incurred a disproportionate amount of expense during the first quarter of the year, but their expenses are expected to be within the annual budget at year end, as follows:

- **County Treasurer 25.8% expended:** Treasurer Fee expenses are disproportionately incurred during the first two quarters of each year. Because of those fees, they appear slightly over budget during the first quarter. However, we currently have no reason to believe this budget will be over expended at year end.

One department was slightly over expended during the first quarter, but is not currently expected to be overspent as the year progresses, as follows:

- **Human Resources 26% expended:** The annual Moving & Recruitment category is overspent significantly. However, the current result is that the budget is only slightly over-expended. We don’t have enough information to project year end at this point in time.

Last year, there were seven Departments on the County “Watch List” at the end of the first quarter. The “Watch List” indicates which departments seem to be over spending their budgets, without any unanticipated revenue to cover the over spending. At the end of the first quarter of 2019, there are no departments (within the General fund) on the “Watch List”.

The General Fund statement appears on the next page.

Governmental Fund - General

as of March 31, 2019

YTD Percent = 25%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	7,318,272	7,318,272	2,103,105	5,215,167	29%
Licenses and Permits	569,689	569,689	36,146	533,543	6%
Intergovernmental	1,050,035	1,050,035	(1,909)	1,051,944	0%
Charges for Services	2,033,346	2,033,346	451,801	1,581,545	22%
Interest	350,405	350,405	157,811	192,594	45%
Misc	385,750	385,750	11,442	374,308	3%
Total Revenues	11,707,497	11,707,497	2,758,396	8,949,101	24%
Expenditures					
Administration	319,486	319,486	56,171	263,315	18%
Attorney	270,941	270,941	44,227	226,714	16%
Building & Grounds	284,908	284,908	40,225	244,683	14%
County Assessor	673,692	673,692	170,980	502,712	25%
County Clerk & Recorder	605,775	605,775	120,701	485,074	20%
County Clerk- Elections	160,168	160,168	33,882	126,286	21%
County Commissioners	863,556	863,556	207,209	656,347	24%
County Coroner	109,195	109,195	19,059	90,136	17%
County Fair Board	82,609	82,609	313	82,296	0%
County Surveyor	18,797	18,797	4,663	14,134	25%
County Treasurer	586,107	586,107	151,404	434,703	26%
County Treasurer - Public Trustee	14,721	14,721	4	14,717	0%
CSU Extension	181,233	181,233	37,914	143,319	21%
CSU Extension Checking	20,000	20,000	2,754	17,246	14%
Development Services-Building	258,389	258,389	48,561	209,828	19%
Development Services-Planning	210,605	210,605	34,994	175,611	17%
District Attorney	429,213	429,213	(133,975)	563,188	31%
Finance	385,651	385,651	71,630	314,021	19%
Human Resources	161,267	161,267	41,503	119,764	26%
IT/GIS	467,216	467,216	103,655	363,561	22%
Jail Bonding/Commissary	50,000	50,000	500	49,500	1%
Livestock Auction	281,000	281,000	-	281,000	0%
Pass-Thru	-	-	-	-	N/A
Sheriff Administration	404,778	404,778	95,575	309,203	24%
Sheriff Animal Control	111,990	111,990	26,543	85,447	24%
Sheriff Court Security	74,935	74,935	15,617	59,318	21%
Sheriff Detention	1,381,425	1,381,425	196,259	1,185,166	14%
Sheriff Emergency Management	383,413	383,413	72,590	310,823	19%
Sheriff Investigations	232,380	232,380	57,533	174,847	25%
Sheriff Patrol	1,140,492	1,140,492	273,290	867,202	24%
Tourism Fund	204,670	204,670	-	204,670	0%
Transportation Administration	80,710	80,710	18,342	62,368	23%
Transportation Mountain Express	133,971	133,971	30,504	103,467	23%
Veterans Services	87,139	87,139	21,152	65,987	24%
Weed & Pest	212,583	212,583	19,523	193,060	9%
Non-Departmental	2,481,432	2,481,432	618,672	1,862,760	25%
Total Expenditures	13,364,447	13,364,447	2,501,974	10,862,473	19%
Revenue over (under) Expenditures	(1,656,950)	(1,656,950)	256,421		

Road & Bridge Fund:

Revenue Detail

During the first quarter of the year, 23% of the annual budgeted Road & Bridge revenue was received. In the detail, individual types of R&B revenue are subject to seasonal variation, just as they are in the General fund. The most material seasonal variations include:

Property Tax:

The Road & Bridge portion of County property tax comes in during the first half of the year, just as it is explained in the General Fund narrative. (It is the same tax, just the Road & Bridge portion thereof). During the first quarter, about 47% was actually received.

Sales Tax:

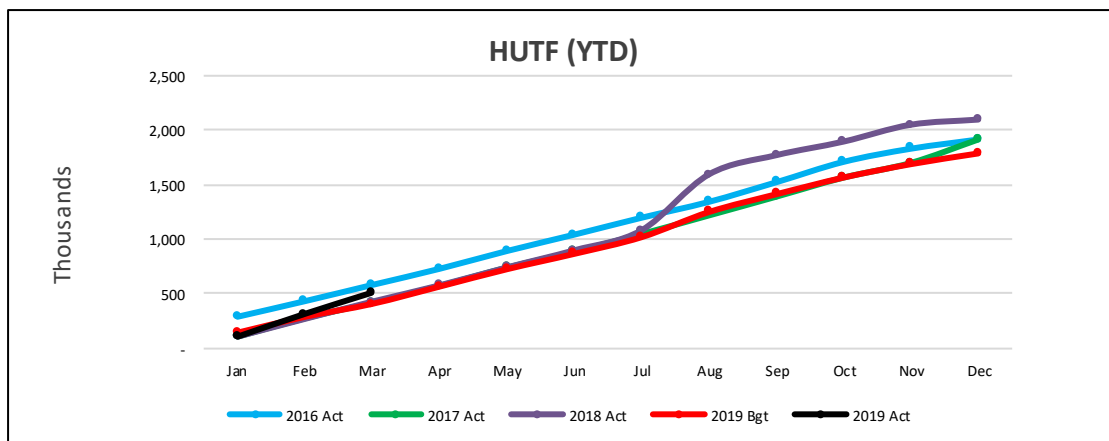
Sales Tax revenue is collected in arrears, just as explained in the General Fund narrative. It is just the Road & Bridge portion of the same tax. Only the January portion appears in this report. However, we also know the February and March amounts. Taken together, the first quarter Sales Tax receipts are 8.5% higher than the seasonally adjusted budget. It is too early to tell if this trend will continue.

Licenses and Permits Revenue:

This refers to Road Cut & Driveway Permits. About 15% of the annual budget was received during the first quarter, which is considerably lower than the first quarter of 2018. We are not certain, but we think the mild winter weather that occurred during 2018 allowed much more road work than the much harsher winter that occurred in early 2019.

Intergovernmental Revenue:

Some sources of revenue are usually received evenly throughout the year. The largest of these is within the category Intergovernmental Revenue and is known as HUTF (Highway Users Tax Fund) revenue. During the first quarter, 28% was received. See the graph below:



After taking seasonal variations into account, total Road & Bridge Fund revenue streams are being received at approximately the amounts budgeted for 2019.

Expense Detail:

During the first quarter only 14% of the Road & Bridge Fund expense budget was utilized (whereas only 11% of the 2018 budget was expended over the same period of time). The majority of individual departments (6 out of 7) were *under* budget, as expected. Note that most significant road maintenance and construction occurs during the “construction” season, being late spring thru early fall.

One department did incur a disproportionate amount of expense during the first quarter of the year, being R&B “Unallocated”, which was 45% expended. Within this budget, the annual General Liability insurance premium is paid in full during the first quarter. The budget for this insurance is \$185,085, while the actual cost was \$186,007... about ½ of 1% higher than expected.

About 46% of the budgeted Treasurer Fees (within the Administrative budget) were charged during the first quarter, which is normal. Most of that line item will have been charged by mid-year.

Most of the remaining expense categories were at or under budget and there is currently no reason to predict that anything other than the General Liability insurance line item will be over budget at year end. Since that insurance is only over \$922, there is plenty of opportunity in the budget for savings to offset that cost.

Governmental Fund - Road & Bridge
as of March 31, 2019

YTD Percent =	25%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	4,148,046	4,148,046	866,450	3,281,596	⚠️ 21%
Licenses and Permits	30,000	30,000	4,620	25,380	⚠️ 15%
Intergovernmental	1,867,203	1,867,203	502,738	1,364,465	✅ 27%
Misc	30,000	30,000	35,592	(5,592)	✅ 119%
Total Revenues	6,075,249	6,075,249	1,409,401	4,665,849	⚠️ 23%
Expenditures					
Administration	557,365	557,365	140,342	417,023	✅ 25%
Road Maintenance	2,992,806	2,992,806	447,000	2,545,806	✅ 15%
RCI (General)	503,414	503,414	112,517	390,897	✅ 22%
RCI (Paving)	930,000	930,000	0	930,000	✅ 0%
RCI (Pavement Maintenance)	496,530	496,530	0	496,530	✅ 0%
RCI (Bridges)	436,500	436,500	0	436,500	✅ 0%
Unallocated	411,405	411,405	186,007	225,398	⚠️ 45%
Total Expenditures	6,328,020	6,328,020	885,866	5,442,154	✅ 14%
Revenue over (under) Expenditures	(252,771)	(252,771)	523,534		

Combined Dispatch Fund:

Revenue Detail

During the first quarter of the year, 24% of the annual budgeted Dispatch revenue was received.

Intergovernmental:

This category is the support received from various jurisdictions who participate in 911 Dispatch functions, that is, entities that make or received Dispatch calls for service. As of the end of the first quarter, these contributions were being received a bit ahead of schedule.

Charges for Services:

911 Fees are received from various communication service providers. These continue to be received in arrears and therefore appear quite low (8% received as of the end of the first quarter). It is not yet clear if these will be received as budgeted, later in the year.

Expense Detail

There do not appear to be any spending issues at this time and expenditures are expected to be within budget at year end.

Governmental Fund - Archuleta County Combined Dispatch

YTD Percent =	25%
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as of March 31, 2019

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Intergovernmental	341,127	341,127	114,869	226,258	✓ 34%
Charges for Services	227,000	227,000	18,429	208,571	! 8%
Misc	-	-	-	-	N/A
Transfers In	355,052	355,052	88,763	266,289	✓ 25%
Total Revenues	923,179	923,179	222,061	701,118	! 24%
Expenditures					
Combined Dispatch					
Personnel Costs	690,568	690,568	161,173	529,395	✓ 23%
Materials & Services	241,156	241,156	32,339	208,818	✓ 13%
Capital Outlay	31,930	31,930	-	31,930	✓ 0%
Debt Service	57,664	57,664	14,416	43,248	✓ 25%
Total Expenditures	1,021,318	1,021,318	207,927	813,391	✓ 20%
Revenue over (under) Expenditures	(98,139)	(98,139)	14,134		

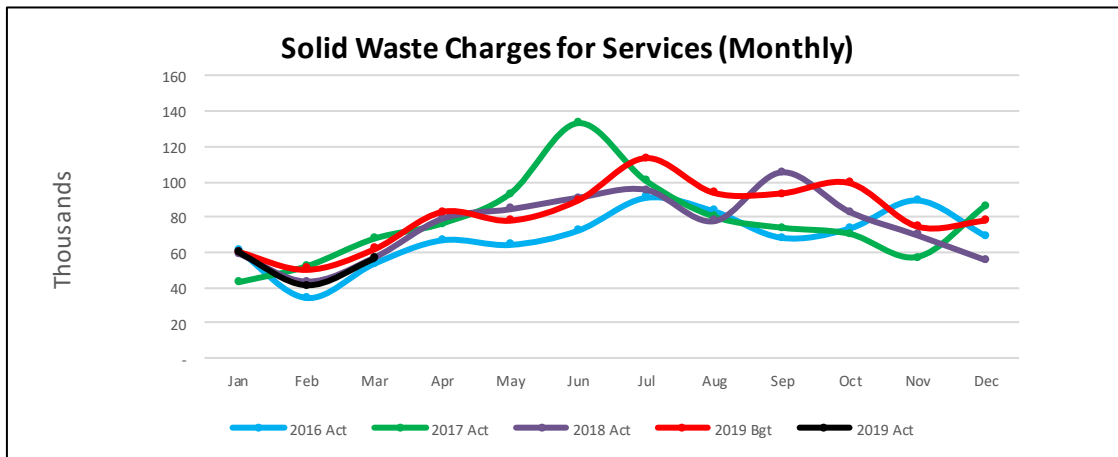
Solid Waste Fund:

Revenue Detail

During the first quarter of the year, 14.6% of the annual budgeted Solid Waste revenue was received.

Charges for Services:

Most Solid Waste fund revenue is Charges for Services, being fees collected when waste is deposited at the landfill. While the landfill receives significant amounts of material year round, the amounts being deposited do vary with the seasons and in a predictable way. Typically, the amounts received in the first quarter are proportionately low. So, while only 15% of the annual budget was received during the first quarter, that was actually much closer to the seasonally adjusted revenue expected for that time period. The graph below includes some adjustments not (yet) reflected in the financial statement, and gives our best picture at the moment. The graph shows revenue is about 8.5% low during the first quarter. We believe the revenue picture will improve as the year progresses.



Misc. Revenue:

Misc. Revenue refers to cash received by the County in exchange for recyclable materials (cardboard, plastic and metal) collected by the County at the Pagosa Transfer Station. Such material is sold only when large quantities have been accumulated. About 14% of the annual amount was received during the first quarter.

Overall, revenue is currently projected to come in close to the amounts budgeted for 2018.

Expense Detail:

During the first quarter only 14% of the Solid Waste Fund expense budget was utilized. All five departments were *under* budget during the first quarter. First quarter expenses are, typically, relatively low. During the summer months, expenses at the landfill are expected to much higher, as waste from spring cleaning, construction projects, etc..., start to roll in.

The Solid Waste Fund report appears on the next page.

Enterprise Fund - Solid Waste

YTD Percent = 25%

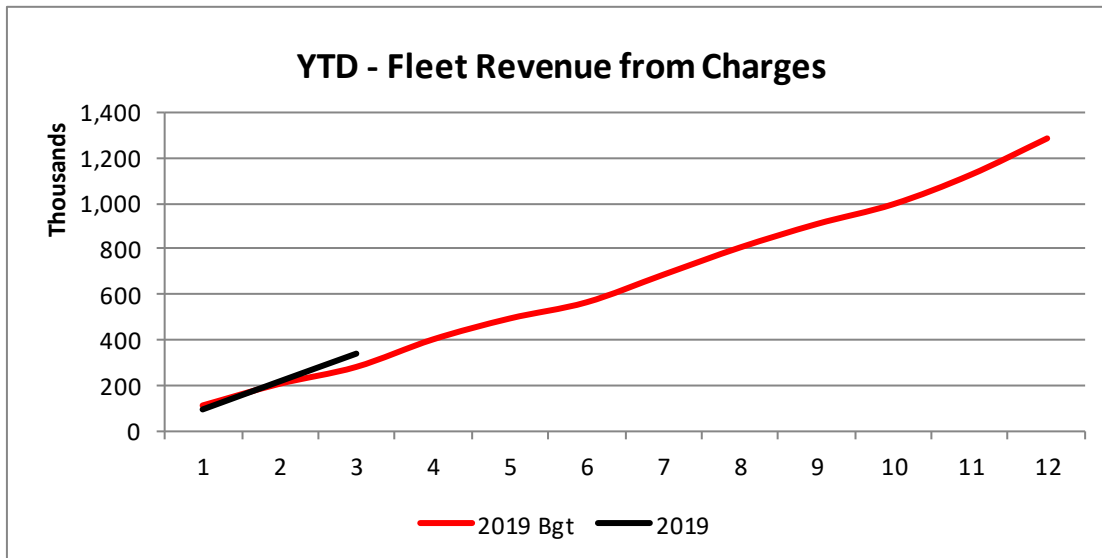
as of March 31, 2019

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Charges for Services	989,059	989,059	144,839	844,221	⚠ 15%
Misc	6,600	6,600	24	6,576	⚠ 0%
Transfers In	-	-	-	-	N/A
Total Revenues	995,659	995,659	144,863	850,797	15%
Expenditures					
Administration	85,309	85,309	21,210	64,099	✅ 25%
Arboles Transfer Station	20,114	20,114	3,600	16,514	✅ 18%
Landfill	622,931	622,931	72,390	550,541	✅ 12%
Pagosa Transfer Station	155,222	155,222	28,646	126,576	✅ 18%
Recycling	-	-	600	(600)	N/A
Total Expenditures	892,576	892,576	126,446	766,130	✅ 14%
Revenue over (under) Expenditures	103,083	103,083	18,416		

Fleet Fund:

Revenue Detail

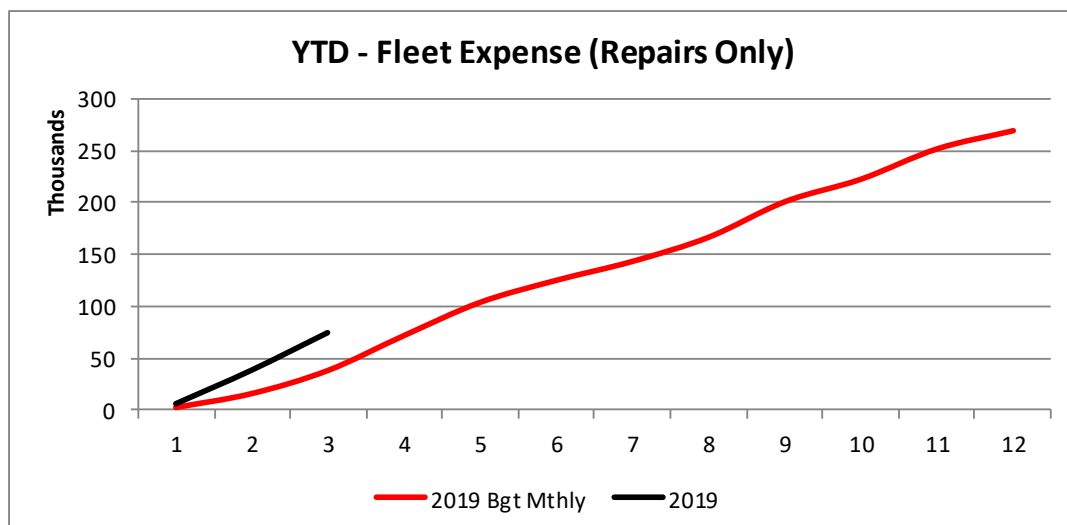
Fleet revenue comes from charges to County departments for fuel and services. From month to month, they are highly variable, depending upon the need for major repairs on heavy equipment. That said, during the first quarter of 2019, Fleet revenue was about 26% of the annual budget; and about 20% higher than the seasonally adjusted year to date budget. See the graph below:



Expense Detail

The fleet budget was 25% expended (overall) at the end of the first quarter. One expense account in the Fleet Fund is used as a proxy for overall fleet repair costs.

However, as of the end of the first quarter, actual expenses in this account were almost double the year to date seasonally adjusted budget. The higher than normal expenditures included expensive repairs to a Case 721C Loader; a 140G Motorgrader; repairs to Patrol vehicles involved in collisions and tire chain replacements for heavy vehicles doing snow removal (during an unusually severe winter), See the graph below:



Internal Services Fund - Fleet

as of March 31, 2019

YTD Percent =	25%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Charges for Services	1,287,982	1,287,982	336,045	951,937	✓ 26%
Misc	-	-	9,734	(9,734)	N/A
Transfers In	100,000	100,000	25,000	75,000	⚠ 25%
Total Revenues	1,387,982	1,387,982	370,780	1,017,202	✓ 27%
Expenditures					
Fleet Services					
Personnel Costs	318,394	318,394	73,687	244,707	✓ 23%
Materials & Services	862,677	862,677	195,686	666,991	✓ 23%
Capital Outlay	803,172	803,172	227,747	575,425	⚠ 28%
Total Expenditures	1,984,243	1,984,243	497,120	1,487,123	✓ 25%
Revenue over (under) Expenditures	(596,261)	(596,261)	(126,341)	(469,920)	

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 (Good Opinion)	N/A	_____	_____	_____
Budget (GFOA Award)	N/A	_____	_____	_____
Expenditures/Fund (Within Budget)	100%	_____	_____	_____
<i>Core Processes on Schedule:</i>				
Audit Prep	20%	_____	_____	_____
Accounts Payable	100%	_____	_____	_____
Budget	N/A	N/A	_____	_____
Human Services Accounting	90%	_____	_____	_____
Payroll	100%	_____	_____	_____
Quarterly Reporting	100%	_____	_____	_____
Year End Close Process	70%	_____	_____	_____

Highlights from the first quarter include:

- Accounts Payable, Purchase Cards and County Payroll were processed accurately and on time.
- The department assisted in a number of tasks being done to facilitate the construction of a new Detention Facility, including:
 - Evaluation and selection of a contractor to construct the County’s new Detention Facility.
 - Drafting and editing an assortment of documents needed for issuance of Official Statement in support of a Certificates of Participation (COP) financing.
 - Selection of a bank trustee for the COP financing.
 - Preparation of a “Ratings Presentation” for Moody’s Investments Services, in pursuit of the County’s first Bond Rating, needed prior to issuance of COP’s.
 - Completion of the 2017 Audit, needed for the Official Statement. Note that the issuance of the 2017 Audit was delayed at the specific request of the Department of Defense, who were conducting an investigation which they felt might be compromised if the audit were issued at the regular time.
- The department began the annual update to the County’s annual Cost Allocation Plan.
- The majority of year end close procedures were completed.
- Preliminary work on a revised inventory count procedure was done.

Larry Walton, Finance Director