



Quarterly Financial Report 2019 – Third Quarter YTD (January to September 2019)

Executive Summary

During the first three quarters of 2019, the majority of departments spent within their expense budgets and most revenue sources were received as budgeted (or higher), after taking seasonal adjustments into consideration.

Some positive developments include:

- The annual PILT (Payment in Lieu of Taxes) funding has been received and came in \$495,570 over budget. Note that approval of PILT funding is subject to annual renewal by the Feds, and this has been uncertain in recent years. The County budgets the funding at a low number, on the assumption that an attempt to cut it from the Federal budget entirely, would result in a compromised lower number, so we conservatively budget to that lower number.
- Interest income generated by the County Treasurer is expected to be about \$159,000 higher than budgeted.
- Sales Tax Revenue is currently exceeding budget by about 13.8%, and may exceed budget at year end by as much as \$662,000 (in the General and Road & Bridge funds combined). About \$131,000 of that growth relates to “Remote” sales tax revenue; a new source.
- The County Clerk’s Office has received unanticipated grant revenue of about \$131,500, mostly to cover costs associated with digitizing older records.

A number of departments have (or will) exceed their expense budget by year end. All overspending can be covered, either by transferring savings generated by other departments, or by utilizing unanticipated revenue received during the year.

Reasons for overspending include:

Incurring costs in excess of amounts budgeted, but for which (unanticipated) revenue was received, ***by the department incurring the extra cost;***

- **County Treasurer:** Treasurer Deed expenses will be higher than expected, but investment revenue in excess of the budgeted amount will more than cover.

Incurring costs in excess of amounts budgeted, which will be covered by savings or unanticipated revenue created by ***other departments;***

- **Sheriff-Investigations:** Benefits, overtime, training and various supply accounts; expected to exceed budget, by modest amounts.
- **Human Resources:** Moving and Recruitment costs exceeded budget. Due to underspending on other categories, the department has a whole is only expected to exceed budget by a modest amount.

Incurring costs in excess of amounts budgeted, for reasons very clearly beyond the control of department supervisors;

- **Sheriff-Detention:** Payments to LaPlata Co. for inmate housing will be about \$160,000+ over amounts budgeted.
- **County Coroner:** Autopsy costs are expected to be about \$6,000 higher than budget.

The following funds will be reported in detail within this report: General, Road & Bridge, Dispatch, Solid Waste and Fleet.

General Fund:

Revenue Detail

During the first three quarters (75%) of the year, about 91% of the annual budgeted General Fund revenue was received. Some individual revenue accounts have been received in excess of the budgeted amounts, while in some cases there are merely seasonal variations in revenue receipts, which will not be higher than budget at the end of the year.

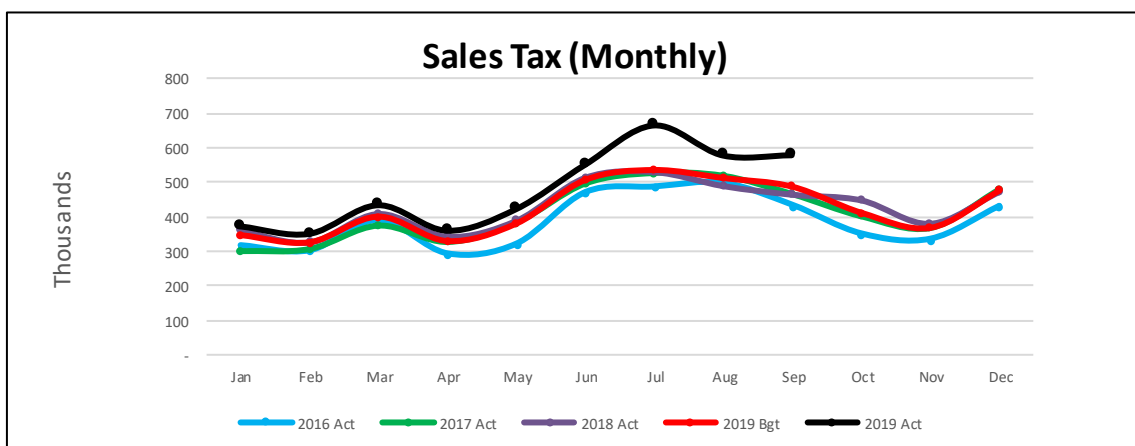
Revenue in Excess of Budget:

Four sources of revenue received in 2019 were either not anticipated by the budget, or are expected to significantly exceed the amounts budgeted.

The largest of these is PILT funding (**Payments in Lieu of Taxes**) which are received in two payments during the first half of the year and which came in \$495,570 (63%) over budget. The increase was due to the continuation of funding for this revenue source and at levels that began when the Emergency Economic Stabilization act was passed during the last recession. These supplements have been uncertain from year to year, and the County budgets only the amounts it believes are *certain* to be received.

Some sources of revenue are coming in over the amounts budgeted. The most significant are:

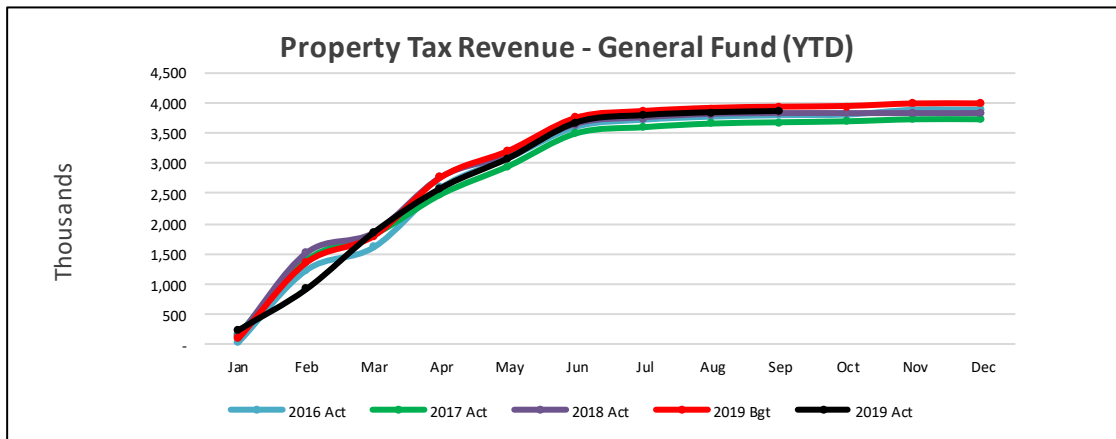
- **ERTB Grant**, being a \$131,496 grant to the County Clerk from the Electronic Recording Technical Board, for digitizing older records within the Clerk's Office.
- **"Interest Income"** is \$159,662 (46%) higher than the 2019 budget. This is \$197,698 (89%) higher than during the same period in 2018. The increases in Interest Income are the result of the County Treasurer taking advantage of higher cash balances and improving investment options.
- **Sales Tax Revenue** is collected in arrears. During the first three quarters of 2019, only seven months of Sales Tax revenue were actually received and booked. However, we have since received the August and September disbursements, and the graph below incorporates that additional information. Over those nine months, Sales Tax revenue in the General Fund was about \$264,095 (13.8%) over the "year-to-date" 2019 budget. If this trend holds for the rest of the year, Sales Tax revenue will be about \$330,871 higher than "annual" budget within the General Fund. Some of this growth is coming from a new revenue stream; "Remote" sales tax. This is tax paid by vendors physically located outside of Archuleta County, for services or products delivered inside of the County. During the first three quarters of 2019, about \$65,433 in "Remote" sales tax revenue was received. The remaining growth in sales tax was about \$198,662. Much of that growth came from growth in vacation rentals.



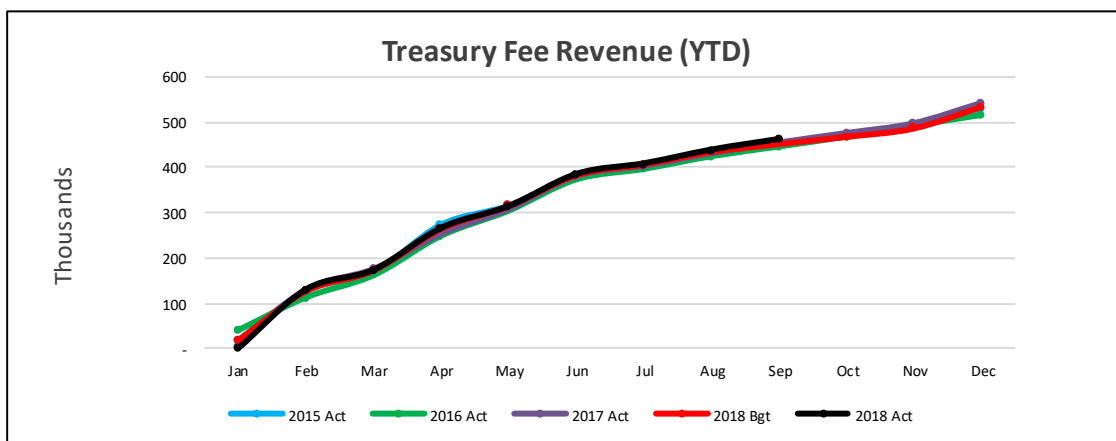
Seasonal Revenue:

Certain revenue streams are received during limited time frames within each year; that is, they are “seasonal” in nature. This complicates the analysis of whether they are being received in adequate amounts. The following revenues have received the majority of their annual budgeted amounts as of September 30, 2019, but **are not expected to come in over budget when the year is complete.**

- **Property Tax:** During the first three quarters of 2019, about 96.6% of the budgeted property tax was received. During the same period in 2018, the same proportion (97%) of budgeted property tax was 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. Technically, if all Property Tax was paid “on-time”, 100% would already be received. As it stands, the percentage of tax “overdue” at September 30, 2019 stands at about 3.4%, which is just slightly higher than at this point in 2018.



- **Treasury Fees:** During the first three quarters of 2019, about 89% of treasury fees were collected. During the same period in 2018, 86% of the fees had been collected. We expect Treasury Fees to come in close to budget by year end.



Based on the first three quarters detailed information, General fund revenues that were either unanticipated, or are projected to be significantly in excess of the amounts budget are expected to total around \$1,147,800 by year end. This revenue gain will be offset by some revenues coming in under budget during the year. Overall, general fund revenue is currently projected to exceed budget by \$953,562 at year end.

Expense Detail:

Thirty-one (out of thirty-six) department budgets were within their expense budgets during the first three quarters of the year. Of the five departments which incurred a disproportionate amount of expense during the first three quarters of the year, one is due to the seasonality of the related activity, and is *expected to be within budget at year end*:

- **County Fair** 99% expended

One department is over-budget as of the third quarter, and will require an increase in their expense budgets, but that increase will be covered by unanticipated *revenue generated within their department*; as follows:

- **County Treasurer** 81% expended: A miscoded expense makes this budget appear more over budget than it appears. When the error is corrected, this department will be only 78% expended. Current projections show that Treasurer will end the year over budget, possibly by as much as \$10,000 (1.7%) due to higher than expected Treasurer's Deed Expenditures. These costs will easily be covered by "interest" revenue generated by this department, expected to be *more* than \$160,000 in excess of budget by year end.

Three departments that are over budget during the third quarter will require an increase in their expense budgets, and those increases will have to be covered by budget savings in other department budgets, or unanticipated revenue within other departments, as follows:

- **Sheriff – Detention** 76% expended: While this department does not seem to be much over budget at the end of the third quarter, it will likely end the year \$190,000 (14%) over. In particular, Inmate Housing expense will likely finish the year \$160,000 to \$180,000 over budget, due to higher (than anticipated) numbers of inmate/days and an increase in the per day rate charged by La Plata County.
- **Human Resources** is 76% expended: The "Moving & Recruitment" line item is about \$9,000 over budget as of the end of the third quarter. This is (mostly) offset by savings in other expense categories. However, a temporary part-time position was added in September, and additional unbudgeted wages will be incurred by year end. It is likely this department will end the year over budget.
- **County Coroner** is 77% expended: At the end of the third quarter, Other Operating Supplies were over expended by nearly \$2,000, due to the purchase of a gurney. This will be offset by grant revenue, which will entirely cover the expense. Medical Services (mostly autopsy fees) will likely exceed budget by \$6,000 at year end. Fuel and Fleet charges will end the year (modestly) over budget.

Three additional departments look under budget as of the end of the third quarter, but have still been put on the County's "watch list", as they *might* end the year being over budget by modest amounts. If these budgets do in fact go over budget, they will be covered by savings in other department budgets, or unanticipated revenue.

- **IT/GIS:** The budget is currently 73% expended, with one quarter to go. However, during the fourth quarter, the County was hit with a malware attack. The County overcame the attack, but the response required staff overtime and some unbudgeted professional service assistance, so the department may end the year about \$14,000 (3%) over budget.
- **Transportation Mountain Express:** This budget is 75% expended, with one quarter to go. We currently project that this department will go over budget by about \$6,000 (4.5%), due to higher than budgeted Fleet and Fuel expense.
- **Sheriff (Investigations):** This budget is 75% expended, with one quarter to go. However, several budget line items are already overspent by minor amounts and we do not expect that savings in other categories will make up the difference by year end. We currently project this department may go over budget by about \$6,500 (3%).

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

Governmental Fund - General

YTD Percent = 75%

as of September 30, 2019

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	7,318,272	7,318,272	6,130,496	1,187,776	84%
Licenses and Permits	569,689	569,689	463,429	106,260	81%
Intergovernmental	1,050,035	1,050,035	1,583,529	(533,494)	151%
Charges for Services	2,033,346	2,033,346	1,687,536	345,810	83%
Interest	350,405	350,405	509,818	(159,413)	145%
Misc	385,750	385,750	239,020	146,730	62%
Total Revenues	11,707,497	11,707,497	10,613,829	1,093,668	91%
Expenditures					
Administration	319,486	319,486	186,596	132,890	58%
Attorney	270,941	270,941	152,159	118,782	56%
Building & Grounds	284,908	284,908	162,483	122,425	57%
County Assessor	673,692	673,692	490,918	182,774	73%
County Clerk & Recorder	605,775	605,775	396,998	208,777	66%
County Clerk- Elections	160,168	160,168	82,382	77,786	51%
County Commissioners	863,556	863,556	532,074	331,482	62%
County Coroner	109,195	109,195	84,348	24,847	77%
County Fair Board	82,609	82,609	81,720	889	99%
County Surveyor	18,797	18,797	13,988	4,809	74%
County Treasurer	586,107	586,107	473,904	112,203	81%
County Treasurer - Public Trustee	14,721	14,721	7,255	7,466	49%
CSU Extension	181,233	181,233	115,176	66,057	64%
CSU Extension Checking	20,000	20,000	8,986	11,014	45%
Development Services-Building	258,389	258,389	158,615	99,774	61%
Development Services-Planning	210,605	210,605	130,732	79,873	62%
District Attorney	429,213	429,213	196,382	232,831	46%
Finance	385,651	385,651	273,200	112,451	71%
Human Resources	161,267	161,267	122,547	38,720	76%
IT/GIS	467,216	467,216	340,541	126,675	73%
Jail Bonding/Commissary	50,000	50,000	1,000	49,000	2%
Livestock Auction	281,000	281,000	10,977	270,023	4%
Pass-Thru	-	-	-	-	N/A
Sheriff Administration	404,778	404,778	305,095	99,683	75%
Sheriff Animal Control	111,990	111,990	81,351	30,639	73%
Sheriff Court Security	74,935	74,935	51,054	23,881	68%
Sheriff Detention	1,381,425	1,381,425	1,044,909	336,516	76%
Sheriff Emergency Management	383,413	383,413	255,651	127,762	67%
Sheriff Investigations	232,380	232,380	174,545	57,835	75%
Sheriff Patrol	1,140,492	1,140,492	841,271	299,221	74%
Tourism Fund	204,670	204,670	91,744	112,926	45%
Transportation Administration	80,710	80,710	58,531	22,179	73%
Transportation Mountain Express	133,971	133,971	100,579	33,392	75%
Veterans Services	87,139	87,139	59,610	27,529	68%
Weed & Pest	212,583	212,583	127,995	84,588	60%
Non-Departmental	2,481,432	2,481,432	1,766,012	715,420	71%
Total Expenditures	13,364,447	13,364,447	8,981,329	4,383,118	67%
Revenue over (under) Expenditures	(1,656,950)	(1,656,950)	1,632,500		

Road & Bridge Fund:

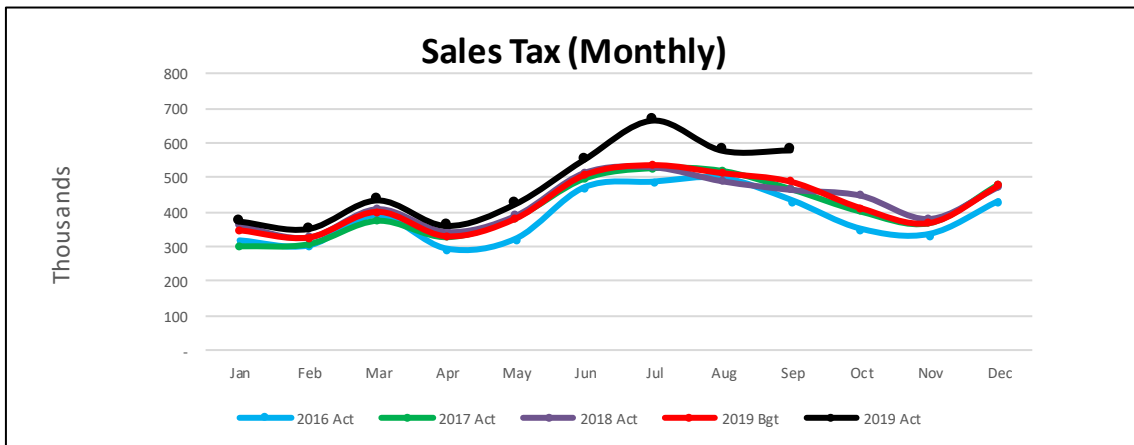
Revenue Detail

During the first three quarters (75%) of 2018, Road & Bridge revenue was at 77% of the current year annual budget. This was \$71,159 (2%) LESS than during the same period of 2018. Some individual revenue accounts have been received in excess of the budgeted amounts, while in some cases there are seasonal variations in revenue receipts, which will not be higher than budget at the end of the year.

Unanticipated Revenue:

Four sources of revenue received in 2019 are coming in higher than the anticipated and budgeted amounts.

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). During the first three quarters of 2019, only seven months of Sales Tax revenue were actually received (and shows on the statement). However, we have since received the August and September collection, and the graph below incorporates that additional information. Over those nine months, Sales Tax revenue in the Road & Bridge Fund was \$264,095 (13.8%) over the “year-to-date” 2019 budget. If this trend holds for the rest of the year, Sales Tax revenue will be about \$330,871 over at year end.



Other revenues expected to come in higher than anticipated and budgeted include:

- Road Cut and Driveway Permit Fee revenue is expected to come in around \$5,000 over the annual budget.
- Miscellaneous Revenue (mostly reimbursements for mag chloride applications, should be at least \$55,000 over the annual budget, by year end.
- US Forest Service revenue was unbudgeted, but they paid the County \$19,812 for applying mag chloride on a FS road.

HUTF funds should come in higher than the 2019 budget, but we cannot yet say how much higher. Some of the HUTF funds received by the Treasurer’s Office during 2019 were disbursed in error to other municipalities. When this report was being written, the Treasurer’s Office had not yet adjusted the revenue to reflect the correction.

Seasonal Revenue:

Certain revenue streams are received during limited time frames within each year; that is, they are “seasonal” in nature. This complicates the analysis of whether they are being received in adequate amounts. In the Road & Bridge fund, the primary “seasonal” revenue is Property Tax.

During the first three quarters of 2019, about 96.6% of the budgeted property tax was received. During the same period in 2018, 97% of budgeted property tax was 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. Technically, if all Property Tax was paid “on-time”, 100% would already be received. As it stands, the percentage of tax “overdue” at September 30, 2019 stands at about 3.4%, which is slightly higher than 2018.

All things considered, Road & Bridge Fund revenue streams are expected to come in over budget during 2019, by at least \$410,000 (6.7%). This does not include any excess HUTF revenue, which is likely, but we cannot quantify the amount without additional information from the Treasurer.

Expense Detail:

During the first three quarters of 2019, about 55% of the Road & Bridge Fund expense budget was utilized. Counting encumbrances (open PO’s), about 59% of the expense budget was utilized. Six out of seven individual departments were *under* budget, as expected. Note that most significant road maintenance and construction occurs during the summer months, and while significant activity occurred during the second and third quarters, some invoices related to work performed in the third quarter were not received or paid as of September 30th.

That said, overall Road & Bridge fund expenses are expected to come in under budget by about \$490,000 (7.7%). The savings will be spread across all of the departments except for Payment Maintenance, which may end the year over budget by about \$18,000 (3.6%).

The Road & Bridge report appears below:

Governmental Fund - Road & Bridge
as of September 30, 2019

YTD Percent =	75%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Taxes	4,148,046	4,148,046	3,132,694	1,015,352	✓ 76%
Licenses and Permits	30,000	30,000	26,560	3,440	✓ 89%
Intergovernmental	1,867,203	1,867,203	1,459,207	407,996	✓ 78%
Misc	30,000	30,000	63,784	(33,784)	✓ 213%
Total Revenues	6,075,249	6,075,249	4,682,246	1,393,003	✓ 77%
Expenditures					
Administration	557,365	557,365	414,424	142,941	✓ 74%
Road Maintenance	2,992,806	2,992,806	1,929,687	1,063,119	✓ 64%
RCI (General)	503,414	503,414	368,898	134,516	✓ 73%
RCI (Paving)	930,000	930,000	21,654	908,346	✓ 2%
RCI (Pavement Maintenance)	496,530	496,530	452,311	44,219	⚠ 91%
RCI (Bridges)	436,500	436,500	18,461	418,039	✓ 4%
Unallocated	411,405	411,405	302,609	108,796	✓ 74%
Total Expenditures	6,328,020	6,328,020	3,508,044	2,819,976	✓ 55%
Revenue over (under) Expenditures	(252,771)	(252,771)	1,174,202		

Dispatch Fund:

Revenue Detail

During the first three quarters of 2019, 71% of the annual total budgeted Dispatch revenue was received.

Intergovernmental Revenue:

Intergovernmental revenue in this fund is from the Town of Pagosa Springs Police Department, the Upper San Juan Health District and the Pagosa Fire Protection District; which all contribute funding to the Dispatch fund according to an indicator of proportionate use of the service (being the three-year average proportion of “calls for service”). Amounts are received in quarterly installments. As of September 30, 2018, each entity was up-to-date in making its contributions.

Charges for Services:

Charges for Services in this fund are “911 Surcharges”, collected from telephone service providers. As of September 30, 2018 only 54% of these charges had been collected. By this time in 2018, 55% of the budgeted amount had been collected. Currently, we are projecting this revenue will come in about \$4,000 (1.5%) lower than budgeted.

Expense Detail

During the first three quarters of 2019, about 63% of the annual Dispatch expense budget was utilized. If encumbrances (open PO’s) are included, then about 71% of the budget had been utilized as of the end of the third quarter. We expect this fund will be within budget at year end.

Governmental Fund - Archuleta County Combined Dispatch as of September 30, 2019

YTD Percent =	75%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Intergovernmental	341,127	341,127	263,308	77,819	✓ 77%
Charges for Services	227,000	227,000	123,203	103,797	⚠ 54%
Misc	-	-	1,417	(1,417)	N/A
Transfers In	355,052	355,052	266,289	88,763	✓ 75%
Total Revenues	923,179	923,179	654,218	268,961	⚠ 71%
Expenditures					
Combined Dispatch					
Personnel Costs	690,568	690,568	490,612	199,956	✓ 71%
Materials & Services	241,156	241,156	113,601	127,555	✓ 47%
Capital Outlay	31,930	31,930	-	31,930	✓ 0%
Debt Service	57,664	57,664	43,248	14,416	✓ 75%
Total Expenditures	1,021,318	1,021,318	647,460	373,858	✓ 63%
Revenue over (under) Expenditures	(98,139)	(98,139)	6,757		

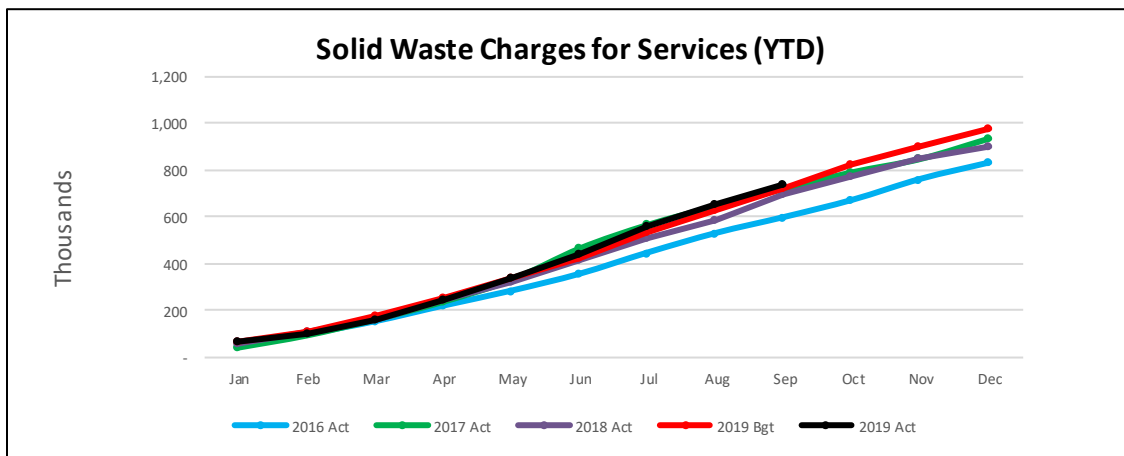
Solid Waste Fund:

Revenue Detail

During the first three quarters (75%) of the year, 74% of the annual 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. The year to date amount actually received during the first three quarters of 2019 is about 2.5% higher than the seasonally adjusted budget for this time period. We currently project 2019 revenue to be about \$25,000 (2.5%) higher than budget at year end.



Expense Detail

During the first three quarters of the year, only 51% of the Solid Waste Fund expense budget was utilized. The majority of individual departments (4 out of 5) were *under* budget during this period of time, but most of the underspending is occurring at the Landfill. One budget was overspent at the end of the quarter.

The Administration budget was 79% expended, due to unbudgeted expenses, including purchase of “flammable material” storage cabinets and unexpected Workman’s Comp expense. It is likely that the department will be slightly over budget at year end.

The Landfill budget was only 59% expended at the end of the quarter, and is likely to end the year under budget. The Capital Outlay budget included a large sum (\$65,000) as a contingency for a major equipment repair that ultimately did not need to be made. Fleet Charges have been unusually low during the year, and are projected to be \$50,000 or more under budget at year end. Also, \$20,000 was budgeted as a contingency for a trenching project, but that funding has not been needed. As a result, this department could finish the year \$135,000 (21.6%) under budget.

The Solid Waste Fund report appears on the next page.

Enterprise Fund - Solid Waste

as of September 30, 2019

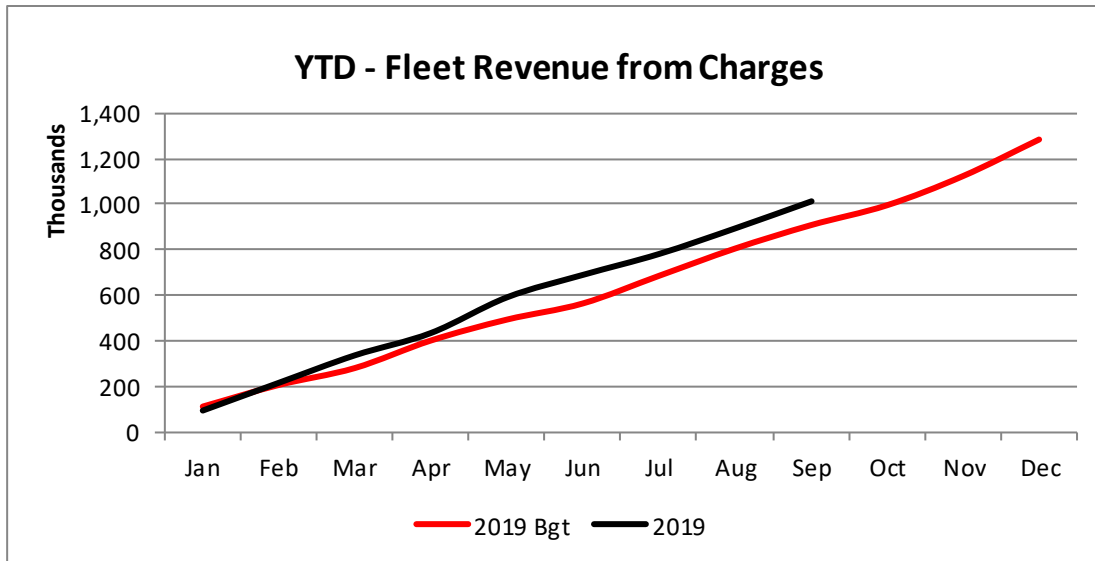
YTD Percent =	75%
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	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Charges for Services	989,059	989,059	738,954	250,105	⚠ 75%
Misc	6,600	6,600	2,659	3,941	⚠ 40%
Transfers In	-	-	-	-	N/A
Total Revenues	995,659	995,659	741,613	254,046	74%
Expenditures					
Administration	85,309	85,309	67,250	18,059	⚠ 79%
Arboles Transfer Station	20,114	20,114	11,781	8,333	✅ 59%
Landfill	622,931	622,931	278,752	344,179	✅ 45%
Pagosa Transfer Station	155,222	155,222	94,882	60,340	✅ 61%
Total Expenditures	892,576	892,576	452,666	439,910	51%
Revenue over (under) Expenditures	103,083	103,083	288,947		

Fleet Fund:

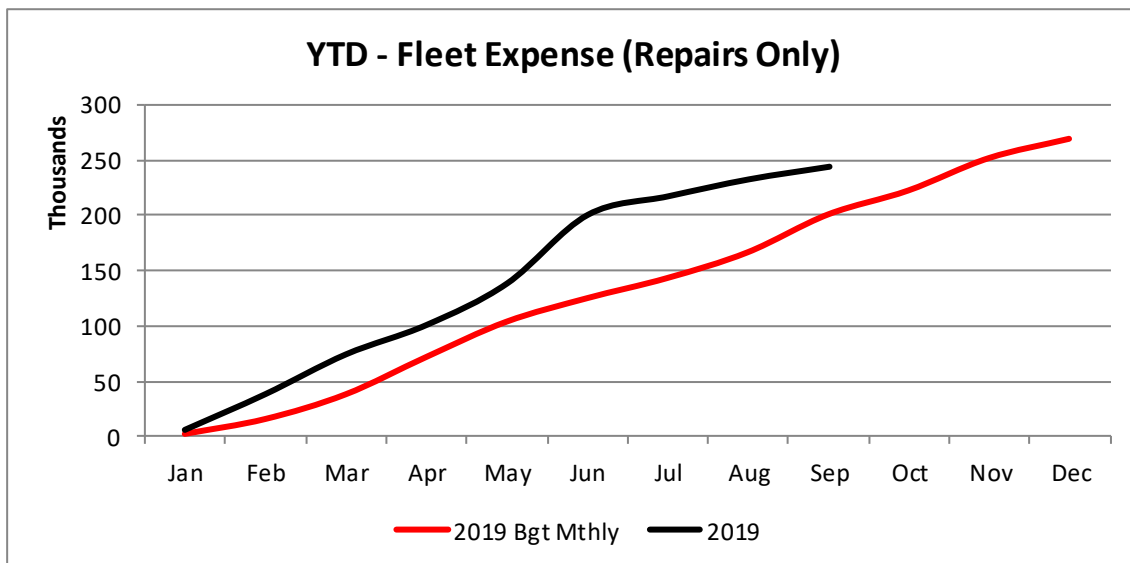
Revenue Detail

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 first three quarters of 2019 these charges were \$99,947 (11%) above the seasonally adjusted budget. Overall Fleet revenue is expected to come in about 10% or 11% higher than budget, by year end.



Expense Detail

Overall Fleet expenditures were 78% expended as of the end of the third quarter. Capital Expenditures were 91% expended, but virtually all capital spending has been completed and will be about 8% under budget at year end. The Fleet budget as a whole will be underspent at year end.



The Fleet fund report appears on the next page.

Internal Services Fund - Fleet

as of September 30, 2019

YTD Percent = 75%

	Original Budget	Amended Budget	YTD Actual	Remaining Budget	% of Budget
Revenues					
Charges for Services	1,287,982	1,287,982	1,010,659	277,323	✓ 78%
Misc	-	-	17,247	(17,247)	N/A
Transfers In	100,000	100,000	75,000	25,000	⚠ 75%
Total Revenues	1,387,982	1,387,982	1,102,906	285,076	✓ 79%
Expenditures					
Fleet Services					
Personnel Costs	318,394	318,394	203,293	115,101	✓ 64%
Materials & Services	862,677	862,677	621,437	241,240	✓ 72%
Capital Outlay	803,172	803,172	732,014	71,158	⚠ 91%
Total Expenditures	1,984,243	1,984,243	1,556,744	427,499	⚠ 78%
Revenue over (under) Expenditures	(596,261)	(596,261)	(453,838)	(142,423)	

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	95%	_____
Expenditures/Fund (Within Budget)	100%	100%	100%	_____
<i>Core Processes on Schedule:</i>				
Audit Prep	90%	90%	100%	N/A
Accounts Payable	100%	100%	100%	_____
Budget	N/A	N/A	75%	_____
Human Services Accounting	83%	83%	75%	_____
Payroll	100%	100%	100%	_____
Quarterly Reporting	100%	100%	100%	_____
Year End Close Process	90%	100%	N/A	N/A

Highlights from the third quarter include:

- Accounts Payable and County Payroll were processed accurately and on time.
- Completed 2018 Financial Audit. Some “single audit” (grant related) remains and will be completed in the 4th quarter.
- Completed much of the 2020 budget preparation process, including:
 - Prepared 22 department budgets. Reviewed and held discussion work-sessions for 81 department budgets.
 - Detailed review of Courthouse financing “options”.
 - Significant review of various 2020 Dispatch proposals.
 - Significant analysis of Detention Facility operations costs.
 - Completed first draft of 2020 budget.
 - Updated the long range financial models of the County.
- Investigated impact of new lease accounting standard (GASB 87).

Larry Walton (Finance Director)