

Henry P. Roybal
Commissioner, District 1

Anna Hansen
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3




Anna T. Hamilton
Commissioner, District 4

Ed Moreno
Commissioner, District 5

Katherine Miller
County Manager

Memorandum

To: Santa Fe Board of County Commissioners
From: Don Moya, Finance Division Director 
Via: Katherine Miller, County Manager
Date: May 10, 2017
Re: *Financial report for the month ending 04/30/2017*

ISSUE:

Presented herein, is a report summarizing the financial activities of the County through the month ending April 30, 2017.

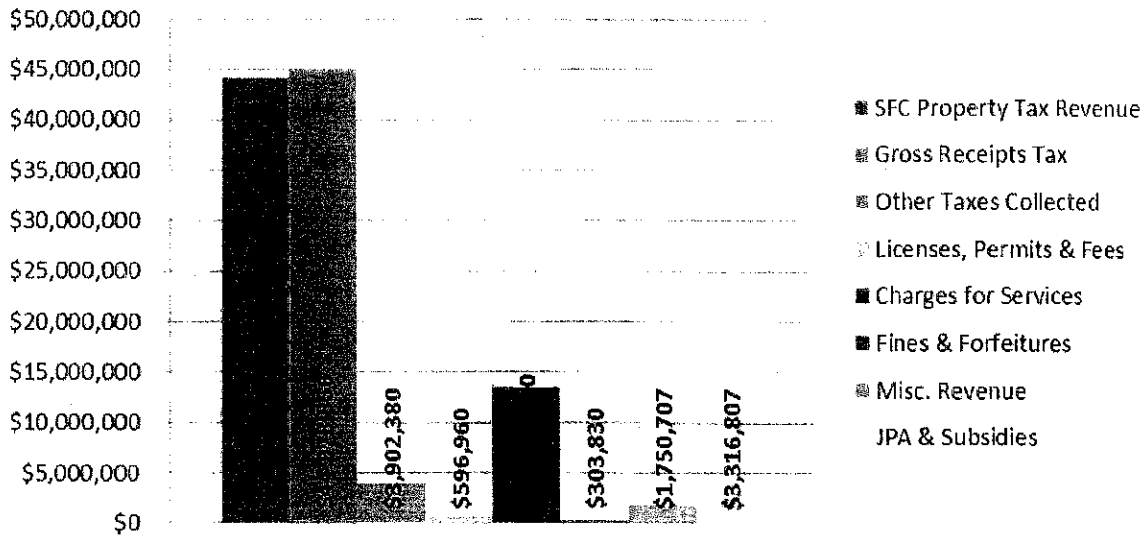
BACKGROUND:

This report presents a comparison of recurring revenues and expenditures and highlights various capital expenditures which are non-recurring. Also highlighted are major sources of revenue: property taxes and gross receipts taxes, with year over year comparisons to fiscal year 2016.

Recurring Revenue

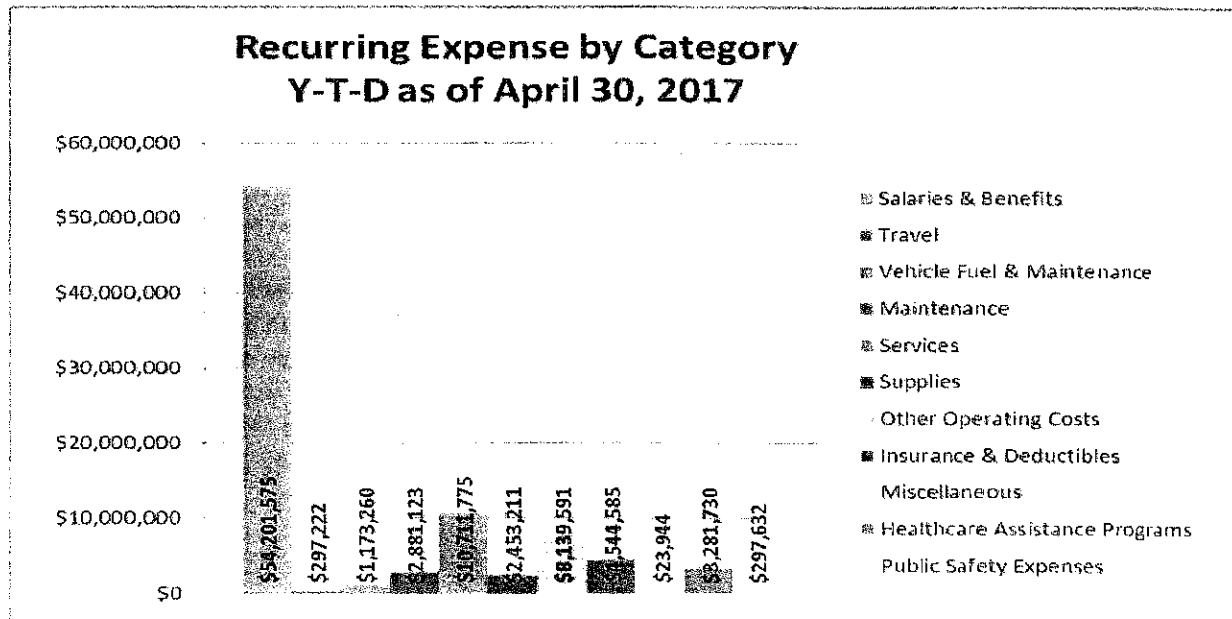
Through the month of April, 2017 the recurring revenues collected to date totaled \$112.6 million. The total revenue collections to date were \$5.9 million higher than the prior year's collections for the same period. Although total recurring revenue is higher for FY 17, there are differences within the various categories of recurring revenue. Gross Receipts tax was up by \$1.4M, Other Taxes by \$273K, Charges for Services by \$2.8M, Miscellaneous Revenue by \$706K, and JPA & Subsidies by \$1.1M over FY 16. However, Property Tax was lower by \$215K, Licenses, Permits and Fees by \$18K and Fines and Forfeitures by \$152K over FY 16.

Recurring Revenue by Type Y-T-D as of April 30, 2017



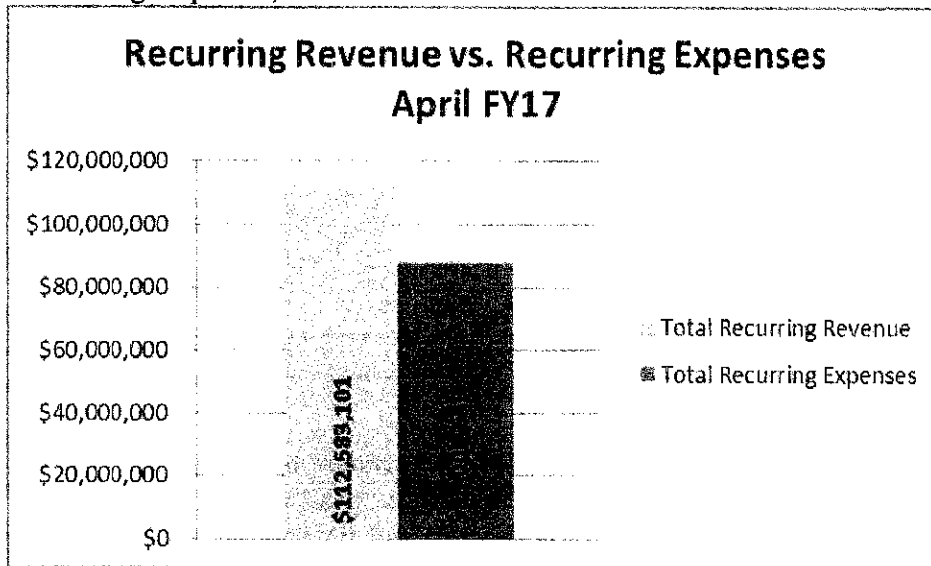
Recurring Expenses

Through the month of April, the recurring expenditures total \$88 million. This is above the prior year expenditures of \$85 million for the same period by \$2.96 million. This was mitigated by increases in Service, Miscellaneous, and JPA/Subsidy revenue. (26.12%, 67.65%, and 48.92% increase respectively) There were increases in Salary and Benefits, Travel, Maintenance, Supplies, and Insurance and Deductibles. With decreases year over year in Public Safety Expenses, Miscellaneous and Other Operating Costs. The chart below represents the amounts expended for the various categories of recurring expenses through April 30, 2017.



In the month of April, 2017, recurring revenue exceeded recurring expenses by \$24.6 million. Typically expenditures will exceed revenue collections at the start of each fiscal and equalize later in the year as property taxes are collected. This condition is caused by the cyclic nature of property tax collections where the months following when bills are sent and when payments are due see the highest revenues. These are the months of December, January, May and June. In the early months of the fiscal year, it is the budgeted cash that balances the budget.

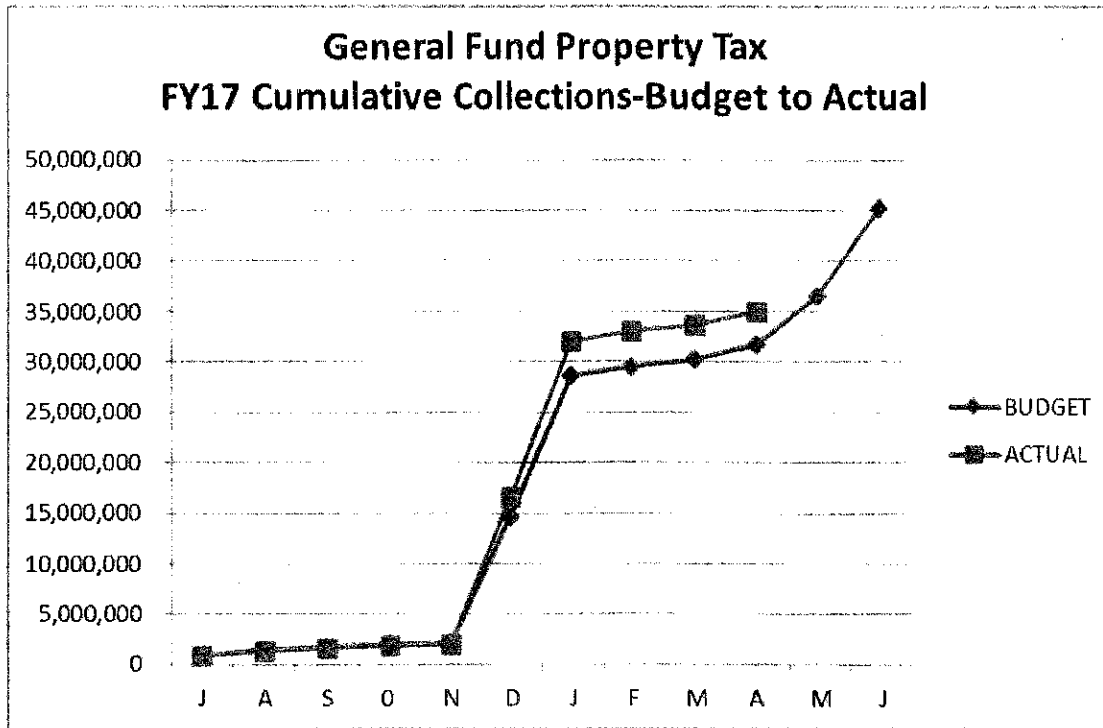
Below are charts reflecting the primary sources of recurring revenue for Santa Fe County year-to-date through April 30, 2017.



Property Tax Revenue

Property tax is recorded monthly and compared to the actual monthly budget forecasts. Property tax revenue budget estimates are conservative, as a significant shortfall in property tax receipts would have a serious impact on various County operations. Property taxes are the primary source of revenue for the County’s General Fund.

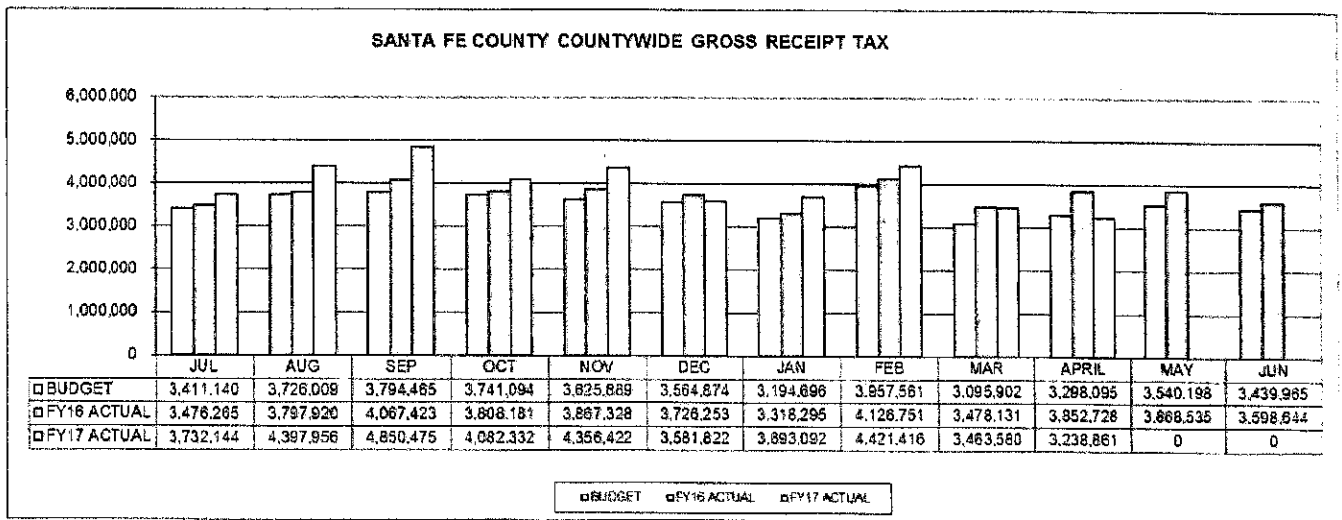
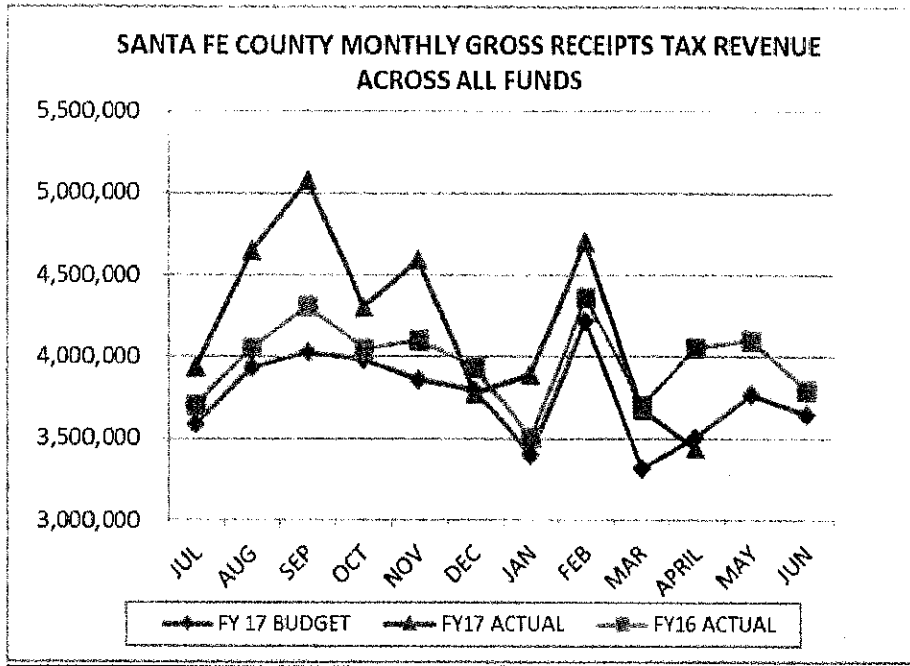
Actual property tax collections of \$35.1 million through the end of April were more than the budget of \$31.7 million by \$3.36 million (operational only). The total collections are \$414k less than the prior year’s collections for the same time period. The trend for the last four years has been for collections to shrink year over year during the early part of the year and the December and January collections to be larger as shown in previous years. It is anticipated that the first several months of the fiscal year will have very low property tax collections and then the months of December and January collections to be significantly higher, then to level until the year end as illustrated below.

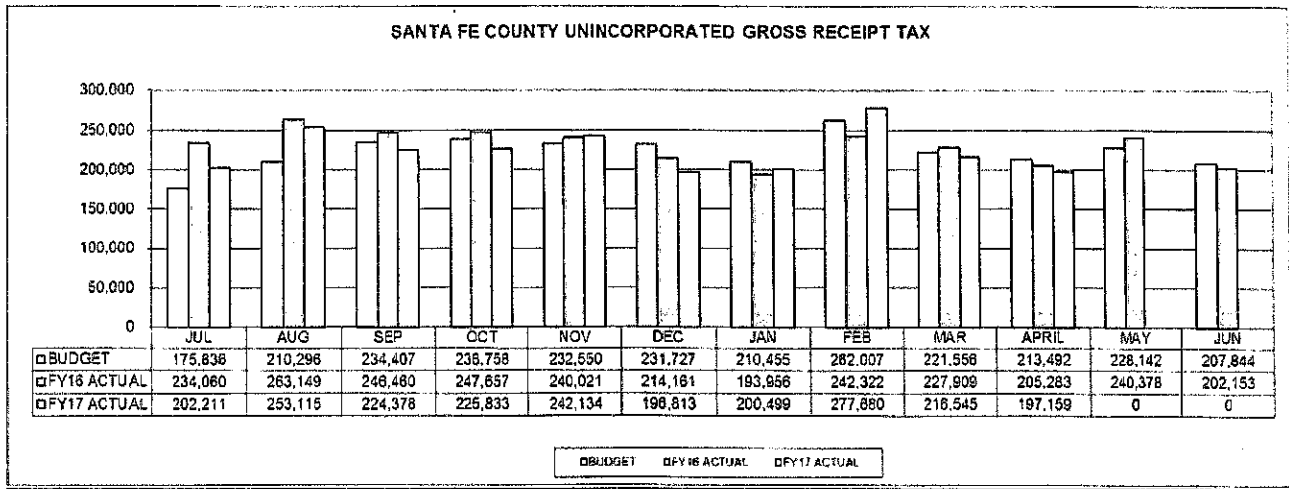


Gross Receipts Tax Revenue

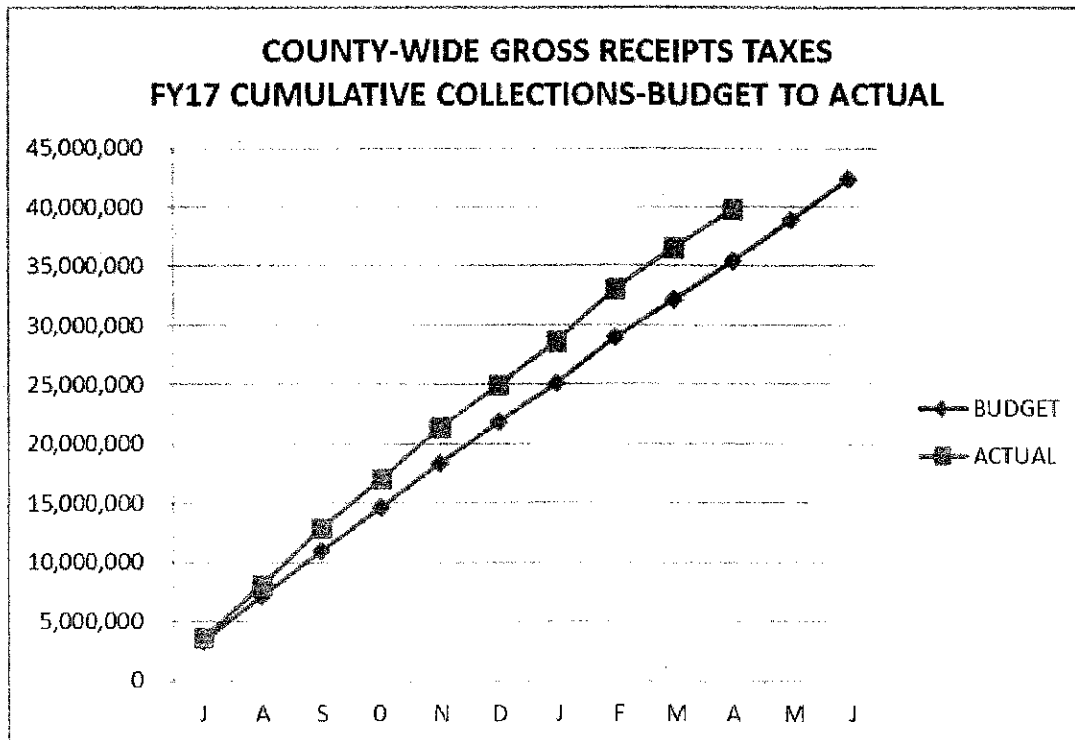
The gross receipts taxes are estimated from trend data taking into account economic factors that impact various business activities such as construction, wholesale, retail and service sectors. Combined, both the county-wide and the unincorporated gross receipt tax revenue through April total \$42 million and is \$4.4 million more than the budgeted amount of \$37.6 million. Total year-to-date collections were above the collections of the prior year by \$2.2 million (6%) for the same time period. These amounts exclude the Regional Transit District GRT which is passed through in its entirety to the North Central Regional Transit District. Fiscal year to date that tax has raised \$3.8M.

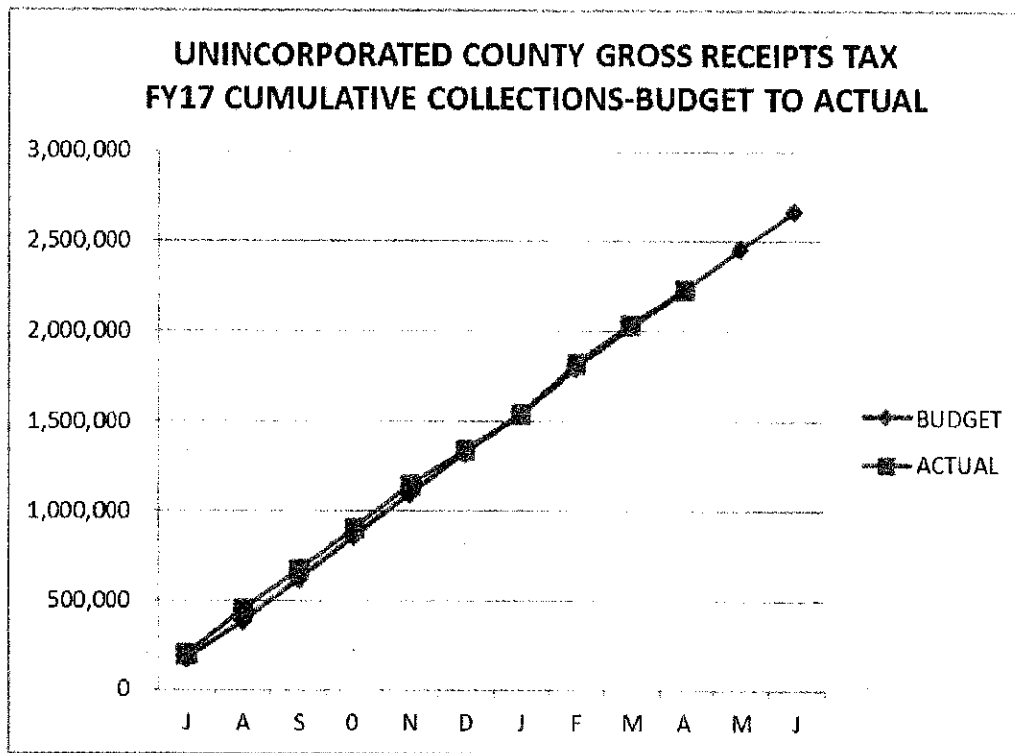
The unincorporated GRT collections total \$2.24M through the month of April and are \$5K above the budgeted amount of \$2.23M. The collections are \$79K below the prior year collections. Combined Countywide and unincorporated GRT revenue is 6% above the same period in FY 2016, primarily attributable to the collection of EC/ Emergency Medical Service and Capital Outlay GRTs. This tax was new in FY 2016 and the County did not receive revenue from it during those months. The charts below shows our current revenue to date over budget as well as prior year.





Also included for your information are the charts reflecting major revenue sources and collections through April.





Finance Division Activities

Preparation of the FY 18 Interim Budget is nearing completion. Three budget study sessions have been held with the Board of County Commissioners. The third and final session concluded on May 9th with the Board of County Commissioners approving the FY18 operating budget with existing revenue streams. The FY18 operating budget includes the following additions and increases:

- | | |
|---|----------------------------------|
| • Increase to base operating budget | \$365k |
| • Increase Health Insurance Premiums | \$250k (Increase eff. 1/1/18) |
| • Increase Multiline, Workers Comp, Law Enf. Insurance | \$300k |
| • Increase Utilities and Fuel | \$135k |
| • Increase Water Utility | \$250k (master meter fees) |
| • 2% Cost of Living Adjustment (COLA) for all employees | \$510k (1/2 year) |
| • Add 13 FTE (11 Public Safety, 2 Public works) | <u>\$596k</u> (hire date 7/1/17) |
| Total Additions and Increases | \$2.4 million |

In addition, the Board of County Commissioners also approved the following recommendations from the FY 18 Budget Committees:

- | | |
|--|----------------|
| • VURB (Vehicles) | \$1.9 million |
| • ITEC (IT related equipment and software) | \$679k |
| • Fixed Assets and Heavy Equipment | \$1.14 million |

- Building Maintenance and Repair
 - FY 2017 \$887k
 - FY 2018 \$333k

The Board of County Commissioners also approved authorization to publish title and general summary of ordinance adopting a 1/8th of 1 cent growth receipts tax increment and a 1/16th of 1 cent gross receipts tax increment. Santa Fe County will realize an additional \$9.9 million in annual revenue if both increments are finally approved and enacted. The vast majority of the additional revenue will be spent on additional staff for Public Safety, Behavioral Health Initiatives with the remainder to be spent on investments in human capital resources.

SUMMARY:

Santa Fe County continues to enjoy a stable financial position. Recurring revenue and recurring expenses are at anticipated levels for this stage of the fiscal year and there is adequate funding to support capital project priorities.

The revenue outlook for FY18 remains uncertain. The Governor has called a special session of the New Mexico State Legislature on May 24, 2017 to address the FY18 State Budget. The outcome of the Special Session holds the following potential risks and threats to Santa Fe County's FY18 Budget:

- Discontinue the distribution of Hold Harmless Revenue (\$3.5 million)
- Require an equivalent of an additional 1/16th increment for Statewide Medicaid (\$2.3 million). This would be in addition to the 1/16th and 1/12th increment Santa Fe County currently gives toward the Statewide Medicaid Initiative.
- A moratorium on the implementation of local option GRT increments which will effectively eliminate alternative funding sources for unfunded mandates and increased expenses.
- Additional raids on shared taxes such as Emergency 911, DWI and Care of Prisoners.

To that end, the Board of County Commissioners has been conservative in approving the FY18 interim base operating budget that will be viable by considering all known potential economic risks and threats to County finances.

