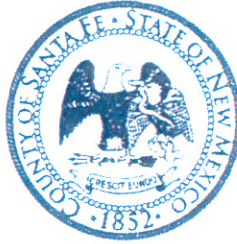


**Henry P. Roybal**  
*Commissioner, District 1*

**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*

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**MEMORANDUM**

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**DATE:** June 26, 2018

**To:** Santa Fe County Board of County Commissioners

**From:** Stephanie Schardin Clarke, Finance Director

**Via:** Katherine Miller, County Manager

**RE:** Finance and Purchasing Report for the Month Ending May 31, 2018

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**ISSUE**

The following report summarizes the financial activities of Santa Fe County (SFC) through the end of May 2018, Fiscal Year 2018 (July 1, 2017 through May 31, 2018). The report also summarizes the activities of the Purchasing Division for the month of May, 2018.

**BACKGROUND**

This report presents unaudited revenue and expenditure results across all funds, including details on the general fund, gross receipts tax revenues, and property tax revenues. Revenues and expenditures are presented exclusive of transfers. Overall, recurring revenues are up \$9.4 million, or 7.5%, over the previous fiscal year due primarily to growth in charges for services (self-insurance) and tax collections. Recurring expenditures increased \$3.3 million, or 3.5%, due to growth in salaries and benefits.

**RECURRING REVENUES**

Through May 31<sup>st</sup> of Fiscal Year 2018, revenue collections across all SFC funds totaled \$135.4 million. Total revenue is comprised of taxes, fees, fines, grants, joint powers agreement receipts, subsidies and miscellaneous revenue sources. Total revenue collected through May 31, 2018 exceeded Fiscal Year 2017 for the same period by \$9.4 million, a 7.5% increase.



See the table below for detailed comparison of year-over-year revenue results.

	FY17 YTD	FY18 YTD	Difference	Percent Change
SFC Property Tax Revenue	\$ 50,140,125	\$ 53,496,806	\$ 3,356,681	6.7%
Gross Receipts Tax	50,356,005	53,104,319	2,748,314	5.5%
Charges for Services	15,081,649	19,075,176	3,993,527	26.5%
Other Taxes Collected	3,378,344	3,479,488	101,144	3.0%
Intergovernmental and Subsidies	3,428,950	3,036,683	(392,267)	-11.4%
Misc. Revenue	2,605,239	2,039,301	(565,938)	-21.7%
Licenses, Permits & Fees	648,107	848,982	200,875	31.0%
Fines & Forfeitures	315,371	273,412	(41,959)	-13.3%
<b>Total Recurring Revenue</b>	<b>\$ 125,953,790</b>	<b>\$ 135,354,167</b>	<b>\$ 9,400,377</b>	<b>7.5%</b>

Year-to-date miscellaneous revenues reported for Fiscal Year 2018 have been restated by an additional \$510,744. Due to the delay in reconciling a portion of investment earnings revenue, an additional \$0.5 million attributable to the months of October - December 2017, was recognized as revenue for the fiscal year. Once the reconciliation is complete, one final restatement is expected for the months of January – May 2017.

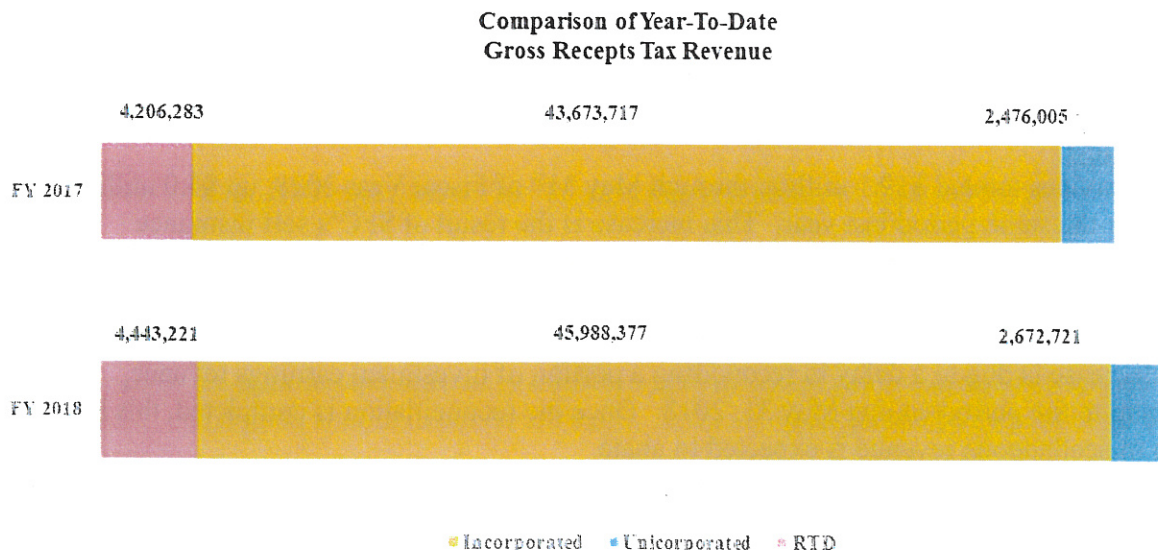
#### **Gross Receipts Tax:**

Gross receipts tax collections totaled \$53.1 million through May 31<sup>st</sup> of Fiscal Year 2018, an increase of \$2.7 million (5.5%) over the previous fiscal year. In Fiscal Year 2018, Santa Fe County enacted and began to realize a new gross receipts tax increment in the period ending March 31, 2018.

Total gross receipts tax includes 13 increments, 10 of which are imposed in the incorporated area, including both city and county, and three of which are imposed only in the unincorporated area.

Fiscal year-to-date collections include \$4.4 million collected as a “pass through” for the Regional Transit District (RTD).

The following chart presents year-over-year comparison of gross receipts tax collections for the incorporated area of SFC, the unincorporated area of SFC, and the RTD pass-through increment.



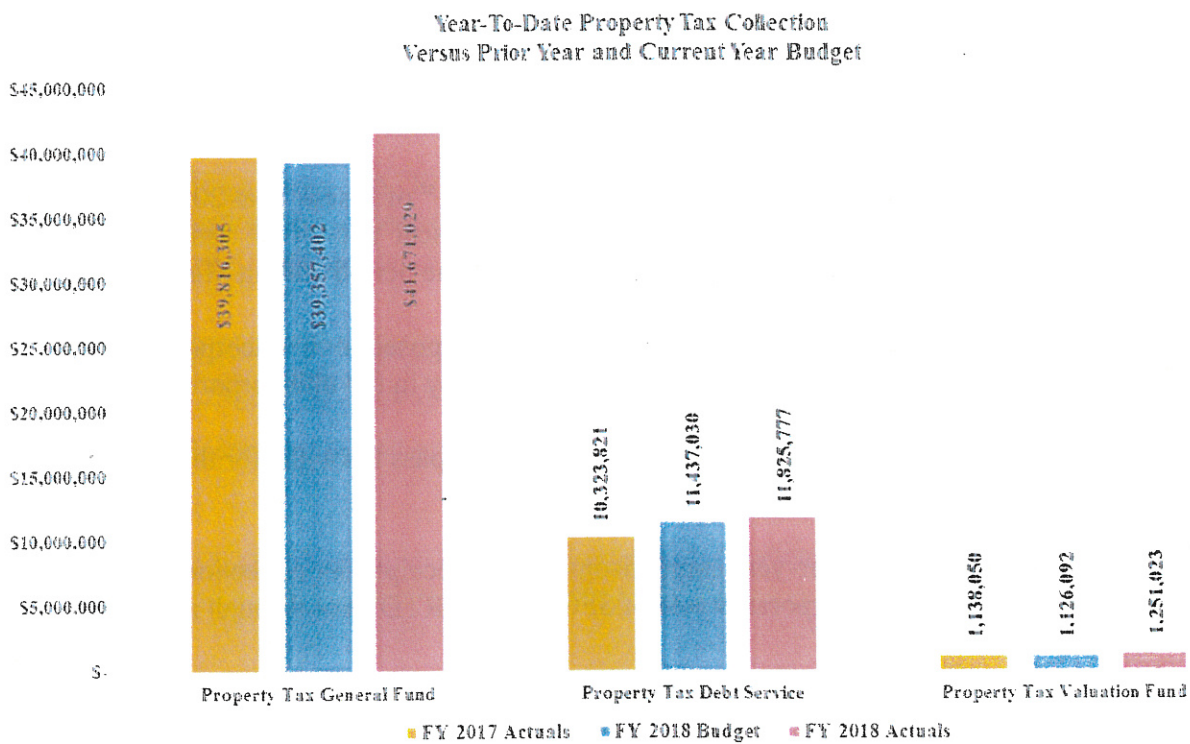


### Property Tax:

Through May 31<sup>st</sup> of Fiscal Year 2018, property tax revenue collections were \$53.5 million (excluding the Property Valuation Fund), \$3.4 million higher than the same period in the previous fiscal year, an increase of 6.7%.

Collection of property taxes is currently \$2.7 million above budget for Fiscal Year 2018. The largest months of property tax collections occur during the months of January, June, and December, which correlate with tax due dates.

Revenue received from property tax goes to the general fund, to pay debt service on General Obligation Bonds, and to the property valuation fund. The following chart presents a year-over-year comparison of these components, as well as comparison to budgeted amounts for Fiscal Year 2018.



### Other Revenues:

Charges for Services totaled \$19.1 million through May 31<sup>st</sup> of Fiscal Year 2018, up \$4.0 million, or 26.5%, over the same period last year. This increase is the result of SFC's self insurance charges.

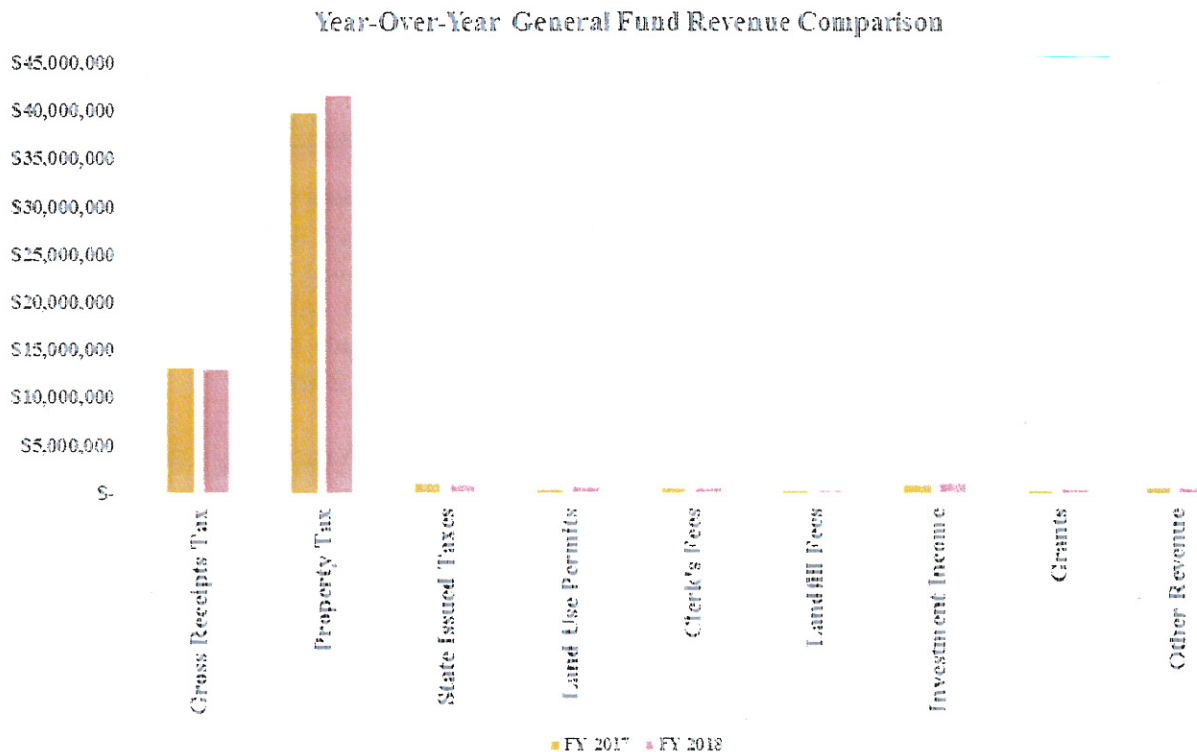
Miscellaneous revenue decreased by \$0.6 million, or 21.7%, over the same period of the prior fiscal year. This decrease is due to a delay in reconciling a portion of investment earnings revenue, attributable up to the period ending May 31, 2018. Once the reconciliation is completed, this large decrease in miscellaneous revenue is expected to abate.

The General Obligation Bond sale proceeds of \$22.2 million received by SFC in September 2017 are excluded from this revenue presentation due to the non-recurring nature of that revenue.

## GENERAL FUND REVENUES

Of the \$135.3 million total revenues collected through May 31<sup>st</sup> of Fiscal Year 2018, \$59.6 million was general fund revenue. General fund revenue through May 31<sup>st</sup> of Fiscal Year 2018 was \$2.2 million above the amount collected in the same period of Fiscal Year 2017. The largest increase for the reporting period ending May 31<sup>st</sup>, 2018 over the same period in Fiscal Year 2017, was property tax, up \$1.8 million.

The graph below presents a comparison of Fiscal Year 2018 and Fiscal Year 2017 year-to-date general fund revenue collections.



## RECURRING EXPENDITURES

Total recurring expenditures through May 31<sup>st</sup> of Fiscal Year 2018 were \$96.9 million, an increase of \$3.7 million, or 3.5%, compared to the same period of the previous fiscal year.

The following table presents total recurring expenditures by expense category.

	<b>FY17 YTD</b>	<b>FY18 YTD</b>	<b>Difference</b>	<b>Percent Change</b>
Salaries & Benefits	\$ 58,198,745	\$ 63,806,829	\$ 5,608,084	9.6%
Services	11,890,290	11,345,185	(545,105)	-4.6%
Other Operating Costs	9,345,994	8,272,971	(1,073,023)	-11.5%
Insurance & Deductibles	4,518,498	4,219,574	(298,924)	-6.6%
Healthcare Assistance Programs	3,249,275	2,715,452	(533,823)	-16.4%
Supplies	2,254,120	2,419,392	165,272	7.3%
Maintenance	2,256,169	1,929,636	(326,533)	-14.5%
Vehicle Fuel & Maintenance	1,356,888	1,522,497	165,609	12.2%
Public Safety Expenses	329,848	354,818	24,970	7.6%
Travel	208,690	289,123	80,433	38.5%
<b>Total Recurring Expenses</b>	<b>\$ 93,608,517</b>	<b>\$ 96,875,477</b>	<b>\$ 3,266,960</b>	<b>3.5%</b>

Salary and benefit expenses totaled \$63.8 million through May 31<sup>st</sup> of Fiscal Year 2018, an increase of \$5.6 million (9.6%) over the previous fiscal year. This primarily reflects new positions that were added midway through Fiscal Year 2018 and an increase in insurance claims and administrative fees of \$2.1 million. As the County continues with its self insurance plan, calendar year 2018 represents the County's first fully mature claim year that includes payments for medical services provided to employees in calendar year 2017 being paid in calendar year 2018.

Expenditures on services were \$11.3 million through May 31<sup>st</sup> of Fiscal Year 2018, a decrease of \$0.5 million (-4.6%).

Other operating costs totaled \$8.3 million through May 31<sup>st</sup> of Fiscal Year 2018, a decrease of \$1.1 million over Fiscal Year 2017 (-11.5%).

Insurance and deductibles costs decreased \$0.3 million through May 31, 2018 of Fiscal Year 2018, a 6.6% decrease from Fiscal Year 2017.

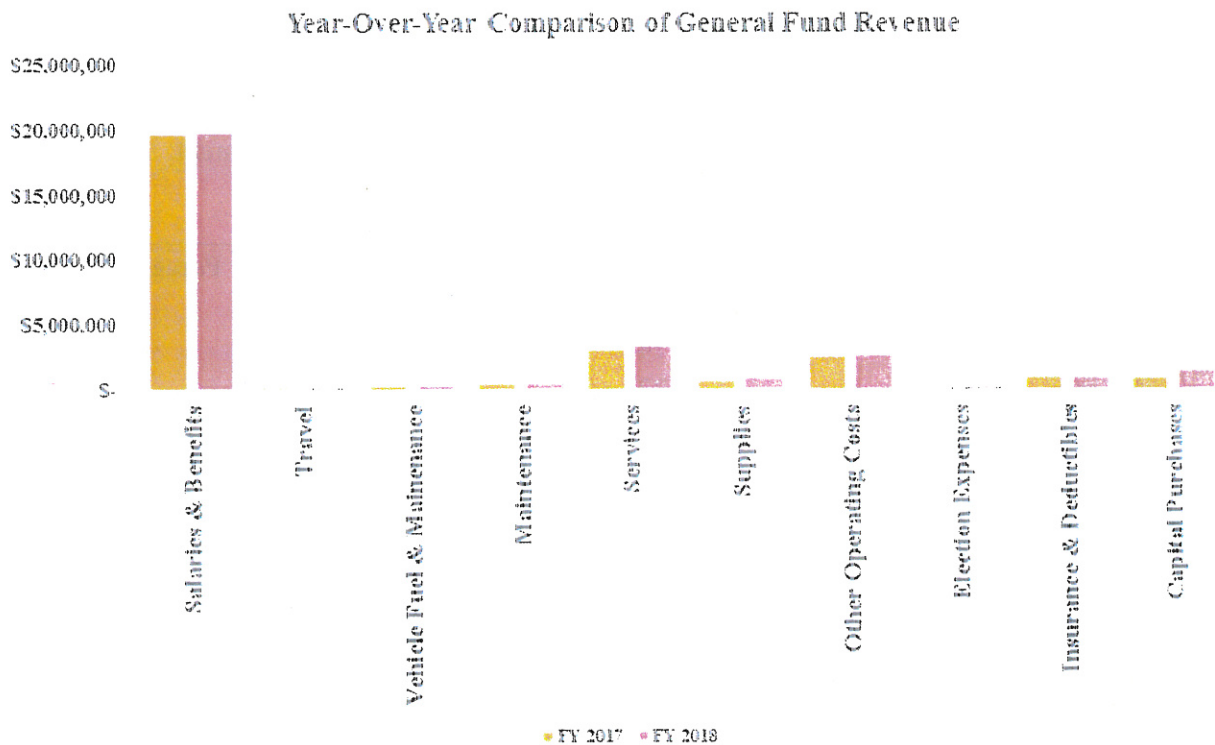
Reported expenditures exclude the following non-recurring costs: election expenses of \$23,911, capital purchases of \$19.2 million, subsidies through the down payment assistance program of \$90,000, and debt service on bonds totaling \$17.3 million.



## GENERAL FUND EXPENDITURES

Of the \$96.9 million total expenditures through May 31<sup>st</sup> of Fiscal Year 2018, \$28.4 million were from the general fund. In comparison to Fiscal Year 2017, general fund expenditures grew by \$1.2 million or 4.3%. General fund expenditures for services increased by \$0.3 million, capital purchases increased by \$0.6 million, and salaries and benefits were flat.

The following chart compares year-to-date general fund expenditures in Fiscal Years 2018 and 2017.



## OTHER FINANCIAL INFORMATION

Finance Division staff continues to monitor hold harmless distribution payments from the New Mexico Taxation and Revenue Department. We believe a large statewide vendor may be incorrectly reporting food or medical deductions.

The Board of County Commissioners approved the interim budget during the May 29, 2018 meeting and Finance Division staff successfully transmitted the interim budget to the Local Government Division of the Department of Finance and Administration.

The Division has implemented for the first time the process of closing accounting periods on a monthly (versus annual) basis. Fiscal Year 2018 is currently closed through December 2017, and the remaining months are being closed on a weekly basis through June 30, 2018. This process of monthly closes will ensure a smoother year-end close and greater preparation for our annual external audit.

The Finance Division is working to document its procedures and business processes to provide for smoother staff transitions and to enhance internal controls. Year-end and monthly closing procedures are being developed currently with input from all involved staff of Finance and Purchasing.

Preparing for the end of Fiscal Year 2018, the deadline for budget adjustment requests (BARs) to be submitted to Finance was May 25. Any outstanding invoices for goods and services received during Fiscal Year 2018 will be July 26, 2018.

### **PURCHASING DIVISION ACTIVITIES**

The table below presents year-to-date purchasing activity in Fiscal Year 2018 compared to activity through the same period of Fiscal Year 2017. The volume of activity has increased 39.8 percent over the previous fiscal year. Activity has increased in issuances of requests for proposals, invitations for bids, letters of interest, on-call services, and memorandum of agreement. Activity has decreased for grants, leases, and memorandum of agreement.

	<b>FY17 YTD</b>	<b>FY18 YTD</b>	<b>Difference</b>	<b>Percent Change</b>
Requests for Proposals	21	41	20	95.2%
Invitations for Bids	24	37	13	54.2%
Letters of Interest	22	40	18	81.8%
Grants	37	34	(3)	-8.1%
Leases	8	5	(3)	-37.5%
On-Call Services	2	3	1	50.0%
Memorandum of Understanding	15	11	(4)	-26.7%
Memorandum of Agreement	4	15		275.0%
<b>Total Procurements</b>	<b>133</b>	<b>186</b>	<b>53</b>	<b>39.8%</b>

The table below presents Fiscal Year 2018 year-to-date purchase orders issued, encumbered amounts, and invoiced/expended amounts, compared to the same period in the prior fiscal year. The number of purchase orders issued has decreased by 6.3 percent over the previous year, while the amount encumbered has increased by 10.1%, or by \$5.3 million. Amounts invoiced/expended on purchase orders is flat compared to the previous fiscal year.

<b>Purchase Orders</b>				
	<b>FY17 YTD</b>	<b>FY18 YTD</b>	<b>Difference</b>	<b>Percent Change</b>
Purchase Orders Issued	6,378	5,974	-404	-6.3%
Amount Encumbered	\$ 52,690,941	\$ 58,015,368	\$ 5,324,426	10.1%
Amount Invoiced/Expended	\$ 33,841,964	\$ 33,898,497	\$ 56,534	0.2%

The Purchasing Division is assisting all County staff in preparing for the end of Fiscal Year 2018 and the beginning of Fiscal Year 2019. Staff has assisted various divisions in closing many dated purchase orders to allow unnecessary encumbrances to liquidate, freeing up cash for other purposes. The deadline to submit change orders and requisitions to Purchasing was May 25. The deadline to submit small purchase and travel requests for purchase during Fiscal Year 2018 was June 1.





