

January 30, 2018

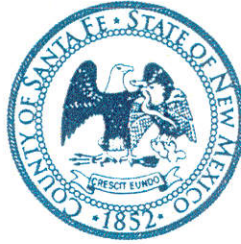
Board of County Commission

Agenda Item IX.F.

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

DATE: January 30, 2018

To: Santa Fe Board of County Commissioners

From: Stephanie Schardin Clarke, Finance Director

Via: Katherine Miller, County Manager

RE: **Financial Report for the Quarter Ending December 31, 2018**

ISSUE

The following is a report summarizing the financial activities of Santa Fe County (SFC) through the second quarter of the Fiscal Year 2018 (July 1, 2018 through December 31, 2018).

BACKGROUND

This report presents unaudited revenue and expenditure results across all funds, including details on general fund and property tax revenues. Revenues and expenditures are presented exclusive of transfers. Overall revenues are up 5.5% over the previous fiscal year due primarily to growth in charges for services (self-insurance) and gross receipts tax collections. Actual expenditures decreased by 1.1% over the previous fiscal year, due primarily to reductions in other operating costs and healthcare assistance programs.

RECURRING REVENUES

During the first half of Fiscal Year 2018, revenue collections across all SFC funds totalled \$64.9 million. Total revenue is comprised of taxes, fees, fines, grants, joint powers agreement receipts, subsidies and miscellaneous revenue sources. Total revenue collected through the second quarter of 2018 exceeded Fiscal Year 2017 for the same period by \$3.4 million, a 5.5% increase in collected revenue. See the table below for detailed comparison of year-over-year revenue results.

	FY18 YTD	FY17 YTD	Difference	Percent Change
Gross Receipts Tax	\$29,045,482	\$27,815,175	\$1,230,307	4.4%
SFC Property Tax Revenue	\$21,194,044	\$20,962,338	\$231,706	1.1%
Charges for Services	\$10,304,807	\$6,777,195	\$3,527,611	52.1%
Other Taxes Collected	\$1,633,243	\$2,469,437	(\$836,193)	-33.9%
Intergovernmental and Subsidies	\$1,335,245	\$1,913,195	(\$577,950)	-30.2%
Misc. Revenue	\$790,930	\$1,052,795	(\$261,865)	-24.9%
Licenses, Permits & Fees	\$422,477	\$366,842	\$55,636	15.2%
Fines & Forfeitures	\$134,569	\$124,576	\$9,993	8.0%
Total Recurring Revenue	\$64,860,796	\$61,481,552	\$3,379,244	5.5%

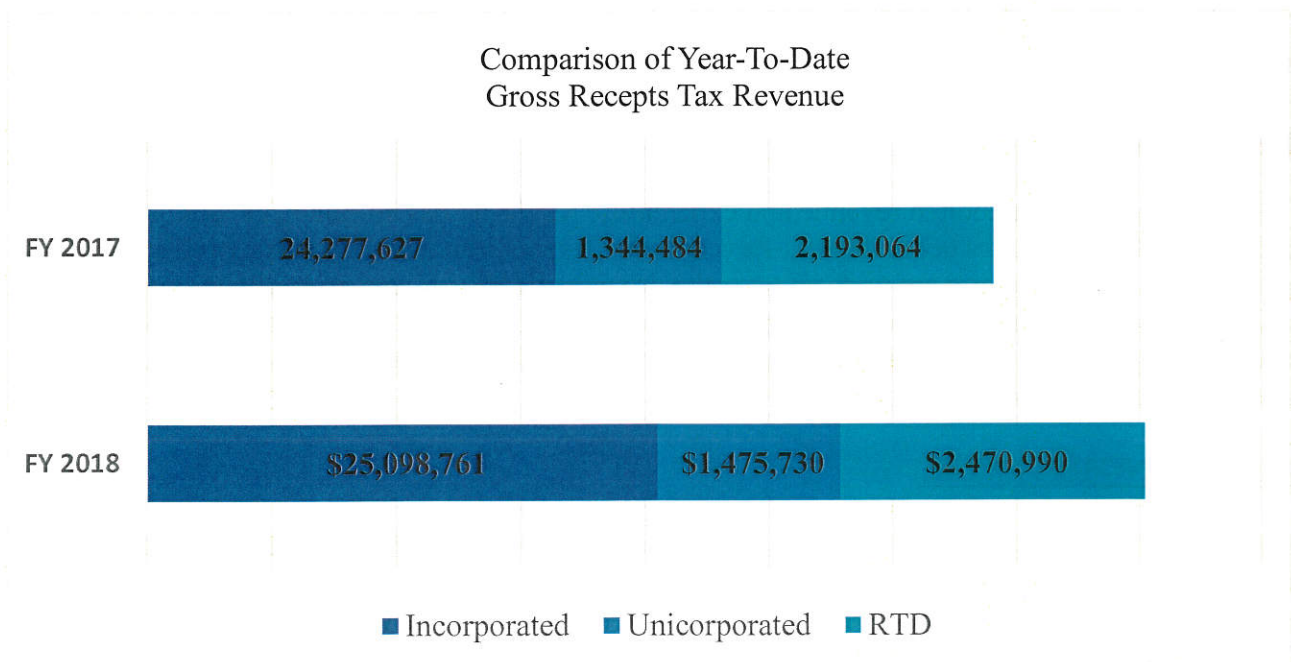
Gross Receipts Tax:

Gross receipts tax collections totaled \$29.0 million through the second quarter of Fiscal Year 2018, an increase of \$1.2 million (4.4%) over the previous fiscal year.

Total gross receipts tax includes 12 increments, nine of which are imposed in the incorporated area, including both city and county, and three of which are imposed only in the unincorporated area of SFC.

Fiscal year-to-date collections include \$2.5 million collected as a “pass through” for the Regional Transit Authority (RTA).

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 RTA pass-through increment.

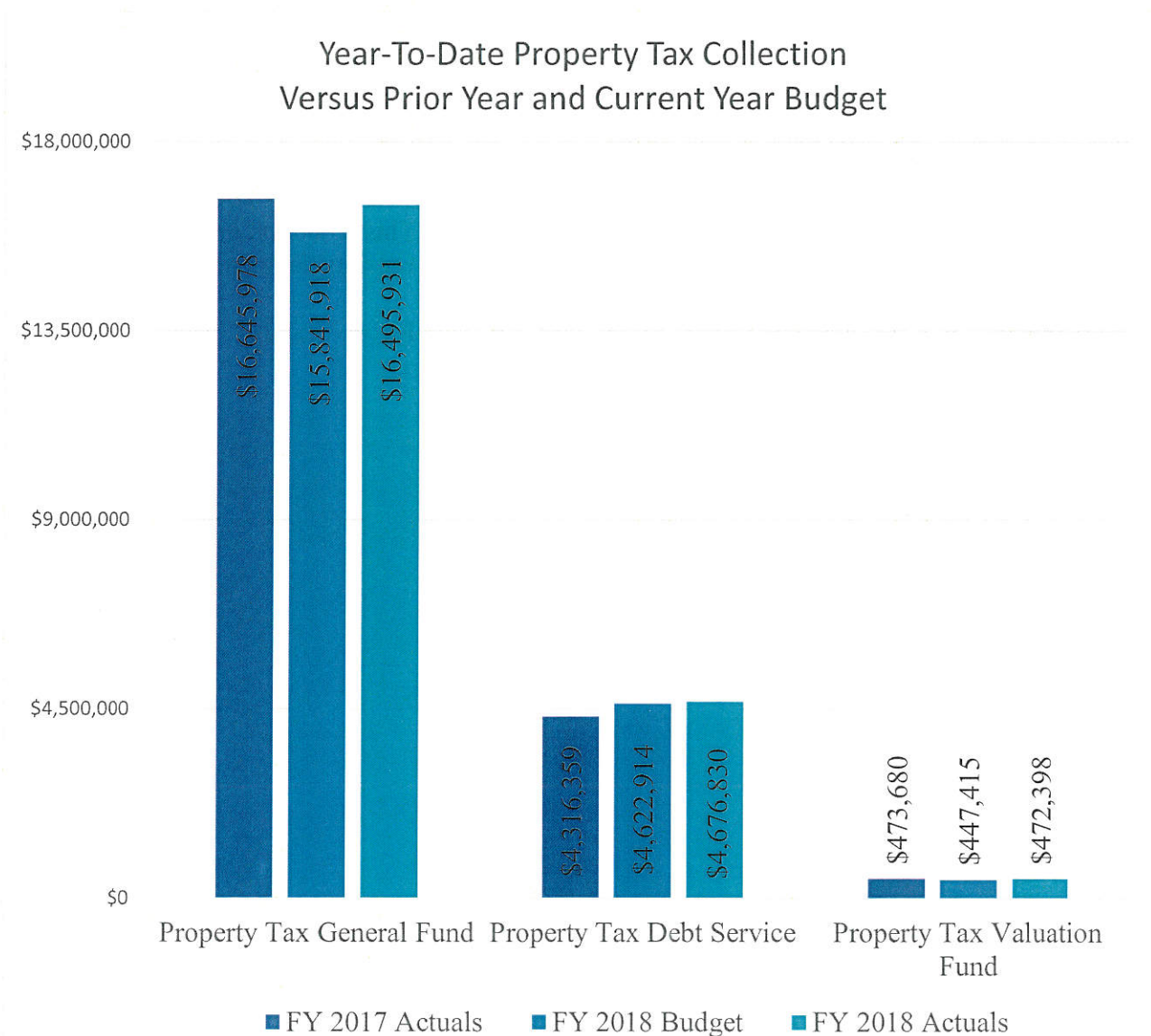


Property Tax:

Through the second quarter of Fiscal Year 2018, property tax revenue collections were \$21.2 million (excluding the Property Valuation Fund), \$0.2 million higher than the same period in the previous fiscal year, an increase of 1.1%.

Collection of property taxes is currently \$0.7 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 property tax, to 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 \$10.3 million through the second quarter of Fiscal Year 2018, up \$3.5 million, or 52%, over the same period last year. This increase is the result of SFC completing its first year of being self-insured.

Intergovernmental and Subsidies revenues decreased by \$0.6 million, or 30%, over the same period of the prior fiscal year. This decrease was due to a delay in receiving revenue attributable to the second quarter of Fiscal Year 2018 in the third quarter.

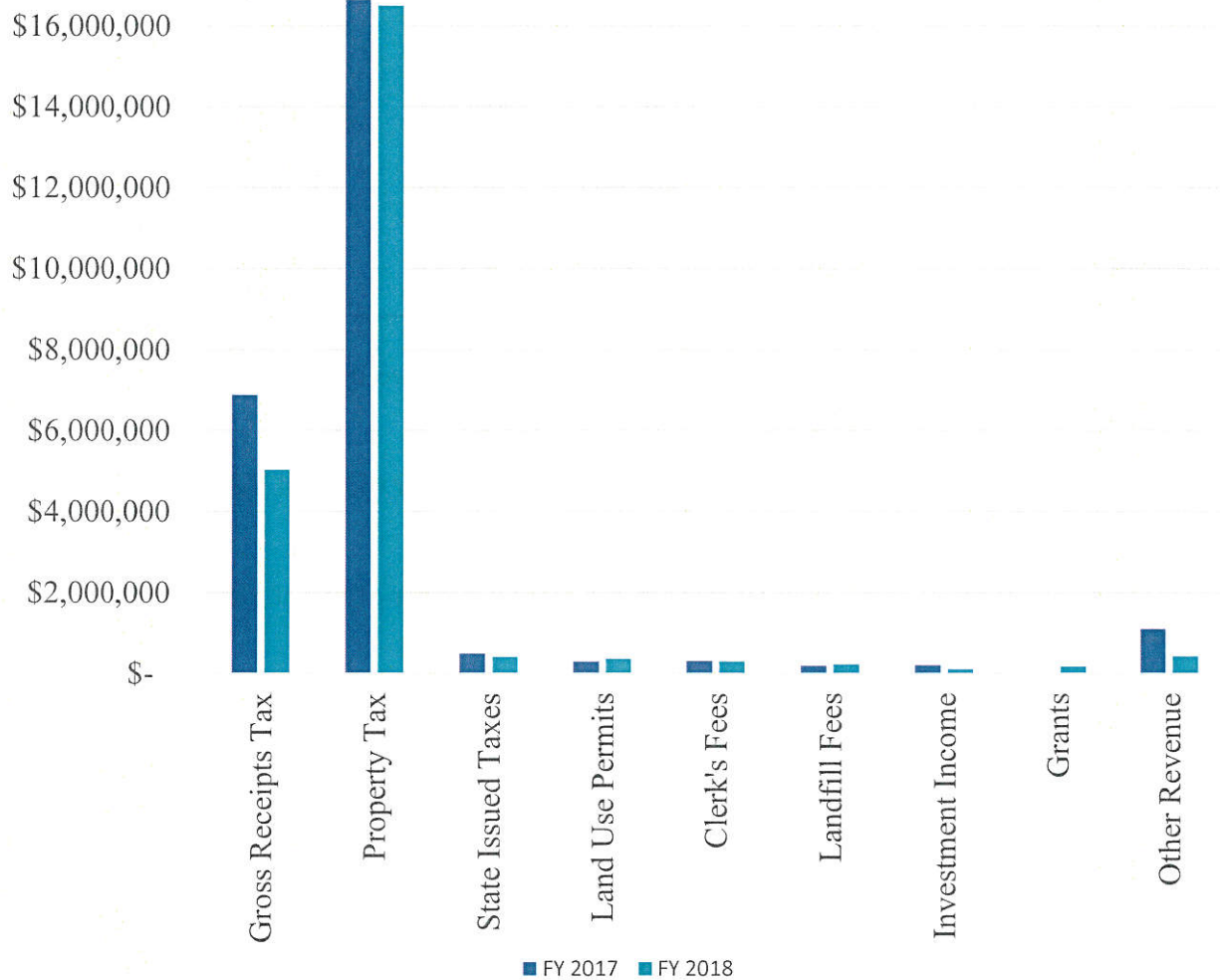
The General Obligation Bond bond sale proceeds of \$22.2 million received by SFC in September 2017 are excluded from this revenue presentation due to the non-recurring nature of that revenue.

GENERAL FUND REVENUES

Of the \$64.9 million total revenues collected in the first half of Fiscal Year 2018, \$23.5 million was general fund revenue. General fund revenue for the first two quarters was \$2.6 million less than the amount collected in the same period of Fiscal Year 2017. This reduction in the general fund is mainly attributed to gross receipts tax collections. In Fiscal Year 2018, portions of the Hold Harmless gross receipts tax have been moved to other funds for more accurate tracking. Additionally, the State equalization gross receipts tax payment for Fiscal Year 2018 was \$0.3 million, compared to \$0.9 million received in Fiscal Year 2017. This reduction in State equalization payment was caused by SFC's newly-enacted gross receipts tax increment.

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

Year-Over-Year General Fund Revenue Comparison



RECURRING EXPENDITURES

Total recurring expenditures for the first half of Fiscal Year 2018 were \$53.1 million, a decrease of \$0.6 million, or -1.1 percent, compared to the same period of the previous year.

The following table presents total recurring expenditures by expense category.

	FY18 YTD	FY17 YTD	Difference*	Percent Change
Salaries & Benefits	34,200,202	33,783,594	416,608	1.2%
Services	6,932,227	7,084,557	(152,330)	-2.2%
Other Operating Costs	4,621,135	4,980,034	(358,898)	-7.2%
Healthcare Assistance Programs	1,825,813	2,113,326	(287,513)	-13.6%
Insurance & Deductibles	1,762,274	1,713,880	48,394	2.8%
Maintenance	1,361,353	1,575,064	(213,711)	-13.6%
Supplies	1,191,421	1,330,080	(138,659)	-10.4%
Vehicle Fuel & Maintenance	812,504	720,841	91,664	12.7%
Travel	210,662	148,706	61,956	41.7%
Public Safety Expenses	156,428	185,654	(29,226)	-15.7%
Miscellaneous	550	18,169	(17,619)	-97.0%
Total Recurring Expenses	53,074,571	53,653,904	(579,333)	-1.1%

Salary and benefit expenses totaled \$34.2 million through the first two quarters of Fiscal Year 2018, an increase of \$0.4 million (1.2%) over the previous fiscal year.

Expenditures on services are \$6.9 million through the second quarter of Fiscal Year 2018, a decrease of \$0.2 million (-2.2%).

Other operating costs totaled \$4.6 million through the second quarter of Fiscal Year 2018, a decrease of \$0.4 million over Fiscal Year 2017 (-7.2%).

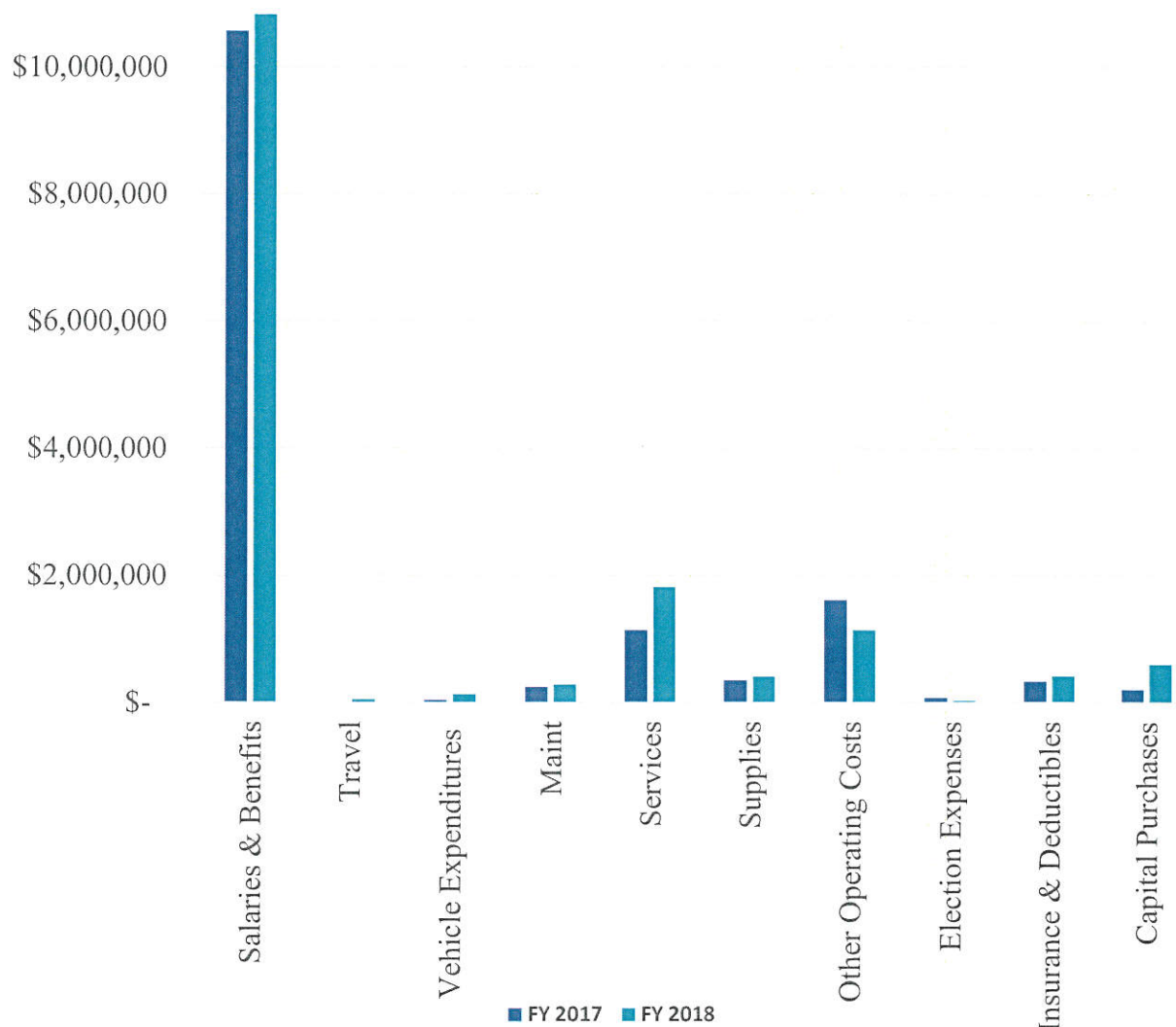
Reported expenditures exclude the following non-recurring costs: election expenses of \$24,000, capital purchases of \$6.8 million, subsidies through the down payment assistance program of \$70,000, and debt service on bonds totaling \$12.4 million.

GENERAL FUND EXPENDITURES

Of the \$53.1 million total expenditures through the first half of Fiscal Year 2018, \$15.7 million were from the general fund. In comparison to Fiscal Year 2017, general fund expenditures grew by \$1.1 million or 7.7%. General fund expenditures for services increased by \$0.7 million, capital purchases increased by \$0.4 million, and Salaries and Benefits increased by \$0.3 million.

The following chart reflects general fund expenditures for the first half of Fiscal Year 2018.

Year-Over-Year Comparison of General Fund Expenditures



OTHER FINANCIAL INFORMATION

In December 2017, SFC's Series 2017 Capital Outlay Gross Receipts Tax Refunding Revenue Bonds closed to refinance existing gross receipts tax bonds for interest savings. SFC's bond rating of AA/Stable Outlook was affirmed by Standard and Poor's.

In November 2017, the Finance Division staff completed the Fiscal Year 2017 CAFR, which was audited by the county's external auditor, REDW. The audited financial statements were submitted to the New Mexico State Auditor by the statutory deadline of December 1, 2017 and were released on December 13, 2017.

Mill rates have been released and tax bills are being generated for the current property tax cycle.