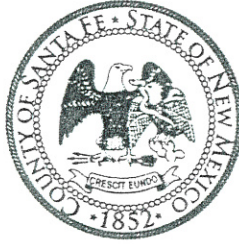


**Henry P. Roybal**  
*Commissioner, District 1*

**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:** September 25, 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 August 31, 2018

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**ISSUE**

The following report summarizes the financial and purchasing activities of Santa Fe County (SFC) through the end of August 2018, Fiscal Year 2019 (July 1, 2018 through August 31, 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 \$3.5 million, or 22.2%, over the same period in the previous fiscal year due primarily to growth in tax collections. Recurring expenditures were flat.

**RECURRING REVENUES**

Through August 31<sup>st</sup> of Fiscal Year 2019, revenue collections across all SFC funds totaled \$19.0 million. Total revenue is comprised of taxes, fees, fines, grants, joint powers agreement receipts, subsidies and miscellaneous revenue sources. Total revenue collected through August 31, 2018 exceeded Fiscal Year 2018 for the same period by \$3.5 million, a 22.2% increase.



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

	FY18 YTD	FY19 YTD	Difference	Percent Change
SFC Property Tax Revenue	\$ 1,603,512	\$ 1,981,058	\$ 377,546	23.5%
Gross Receipts Tax	9,576,956	12,022,851	2,445,895	25.5%
Charges for Services	3,004,047	3,793,024	788,977	26.3%
Other Taxes Collected	373,764	341,703	(32,061)	-8.6%
Intergovernmental and Subsidies	466,579	633,980	167,401	35.9%
Misc. Revenue	387,851	114,034	(273,817)	-70.6%
Licenses, Permits & Fees	131,705	111,927	(19,778)	-15.0%
Fines & Forfeitures	15,656	14,290	(1,366)	-8.7%
<b>Total Recurring Revenue</b>	<b>\$ 15,560,070</b>	<b>\$ 19,012,867</b>	<b>\$ 3,452,797</b>	<b>22.2%</b>

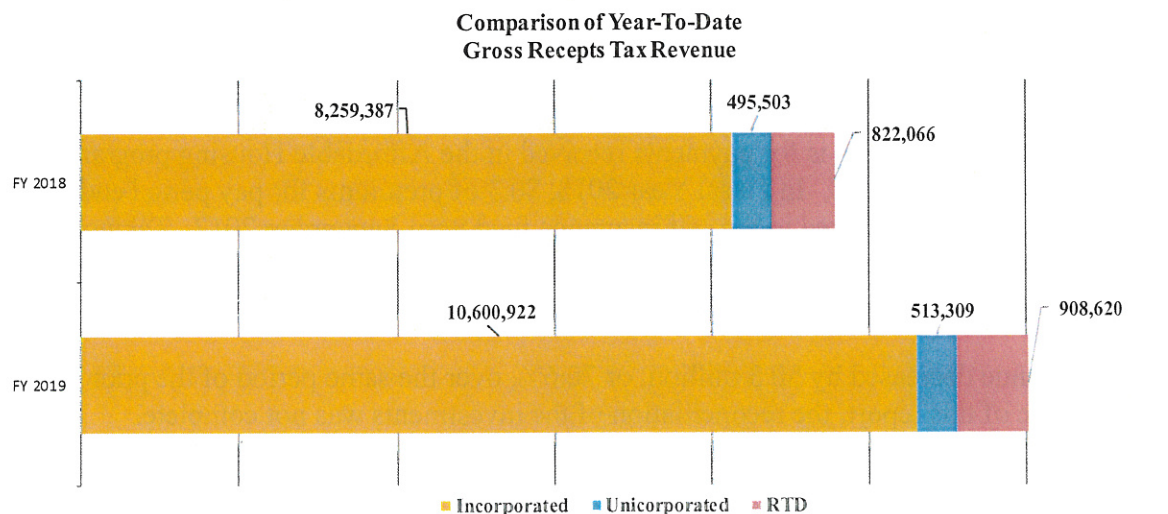
### **Gross Receipts Tax:**

Gross receipts tax collections totaled \$12.0 million through August 31<sup>st</sup> of Fiscal Year 2019, an increase of \$2.4 million (25.5%) over the same period in the previous fiscal year. In Fiscal Year 2018, Santa Fe County enacted and began to realize income from the new gross receipts tax increment in the period ending March 31, 2018. In addition, in Fiscal Year 2018 the Finance Division staff believed a large statewide vendor may have been incorrectly reporting food or medical deductions to the New Mexico Taxation and Revenue Department (NMTRD), causing hold harmless distributions to be lower than they should have been. The County has more recently experienced increased payments of the hold harmless distributions in July and August 2018, possibly due to correction of a past error. We are working to confirm with NMTRD that the error is resolved.

Total gross receipts tax collections include 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 \$0.9 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.



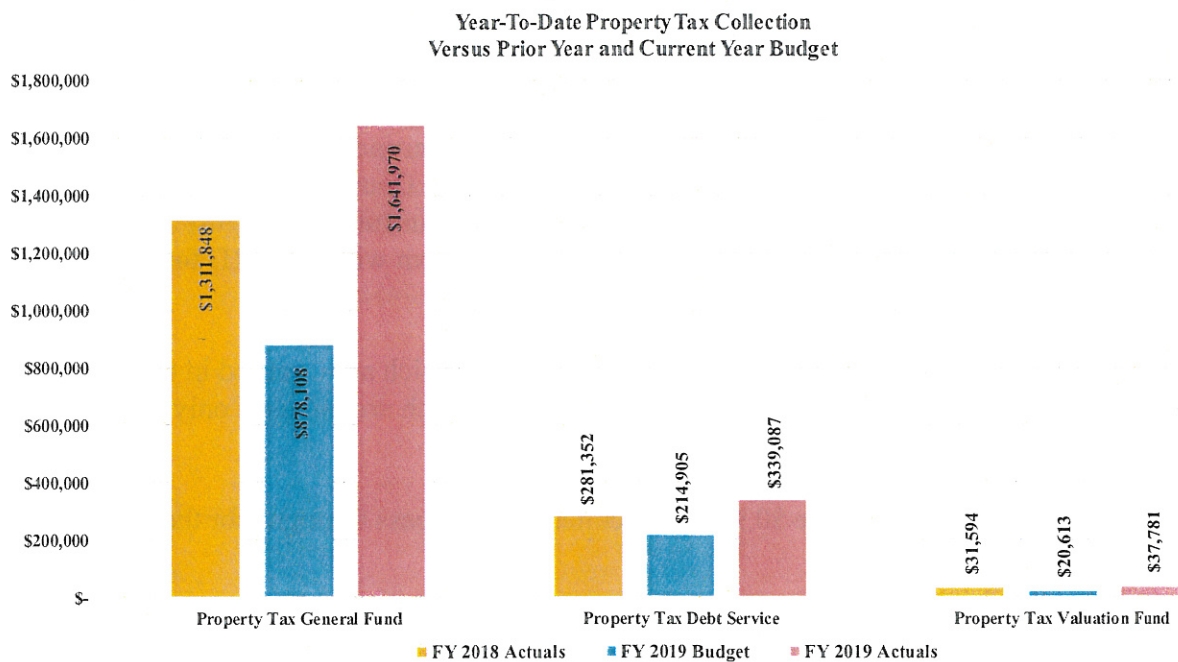


### **Property Tax:**

Through August 31<sup>st</sup> of Fiscal Year 2019, property tax revenue collections were \$2.0 million (excluding the Property Valuation Fund), \$0.4 million higher than the same period in the previous fiscal year, an increase of 23.5%.

Collection of property taxes is currently \$0.9 million above budget for Fiscal Year 2019. 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 2019.



### **Other Revenues:**

Charges for services totaled \$3.8 million through August 31<sup>st</sup> of Fiscal Year 2019, up \$0.8 million, or 26.3%, over the same period last year. Of the \$0.8 million increase, \$0.3 million is attributable to the self insurance fund and \$0.2 is for payments received in the Affordable Housing program on two properties during August 2018. In Fiscal Year 2018, \$0.3 of premiums for pay period ending August 18, 2017 were not transferred to the self insurance fund until September 2017. Taking these items into consideration, charges for services otherwise remained flat compared to the same period of the previous fiscal year.

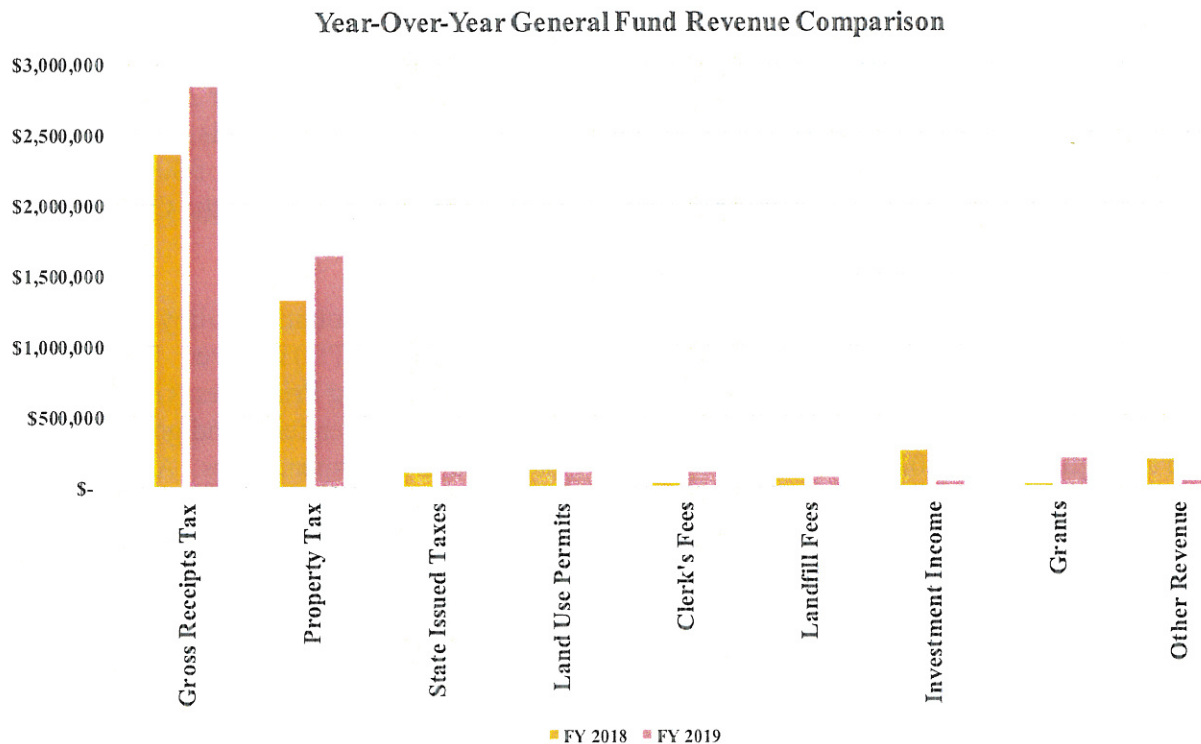
Miscellaneous revenue decreased by \$0.3 million, or 70.6%, over the same period of the prior fiscal year. As of the date of this report, the reconciliation of the investments was not complete. Investment income for the same period of the previous fiscal year was \$0.2 million, and August

2018 earnings are expected to be in line with the earnings from the same period in the previous fiscal year.

### **GENERAL FUND REVENUES**

Of the \$19.0 million total revenues collected through August of Fiscal Year 2019, \$5.1 million was general fund revenue. General fund revenue in through August of Fiscal Year 2019 was \$0.7 million above the amount collected in the same period of Fiscal Year 2018. The two largest increases for the reporting period were property tax, up \$0.3 million, and gross receipts tax, up \$0.5 million. As with the countywide revenue analysis, investment income decreased from the prior fiscal year period by \$0.2 million for the General Fund because the reconciliation for the investments is not completed as of the date of this report.

The graph below presents a comparison of Fiscal Year 2019 and Fiscal Year 2018 year-to-date general fund revenue collections.



## **RECURRING EXPENDITURES**

Total recurring expenditures through August 31<sup>st</sup> of Fiscal Year 2019 were \$14.5 million, a decrease of \$0.1 million, or 0.7%, compared to the same period of the previous fiscal year.

The following table presents total recurring expenditures by expense category.

	<b>FY18 YTD</b>	<b>FY19 YTD</b>	<b>Difference</b>	<b>Percent Change</b>
Salaries & Benefits	\$ 9,915,254	\$ 10,800,450	\$ 885,196	8.9%
Services	1,605,987	1,101,380	(504,607)	-31.4%
Other Operating Costs	622,942	783,256	160,314	25.7%
Insurance & Deductibles	1,331,185	1,257,276	(73,909)	-5.6%
Healthcare Assistance Programs	86,793	2,400	(84,393)	-97.2%
Supplies	203,587	117,451	(86,136)	-42.3%
Maintenance	557,865	146,607	(411,258)	-73.7%
Vehicle Fuel & Maintenance	174,562	213,665	39,103	22.4%
Public Safety Expenses	35,525	13,760	(21,765)	-61.3%
Travel	17,520	18,485	965	5.5%
<b>Total Recurring Expenses</b>	<b>\$ 14,551,220</b>	<b>\$ 14,454,730</b>	<b>\$ (96,490)</b>	<b>-0.7%</b>

Salary and benefit expenses totaled \$10.8 million through August 31<sup>st</sup> of Fiscal Year 2019, an increase of \$0.9 million (8.9%) over the same period in the previous fiscal year. This primarily reflects an increase in salaries of \$0.6 and insurance claims and administrative fees of \$0.3 million. As the County continues with its self insurance plan, calendar year 2019 represents the County's second fully-mature claim year.

The decrease in the several other expenditure categories resulted from accounting policy changes in the year-end processes for accounts payable accruals and purchase order (PO) rollover. Beginning with Fiscal Year 2018, in accordance with Generally Accepted Accounting Principles (GAAP) and to improve adherence to approved operating budgets, all known services rendered and goods received through June 30, 2018 have been recorded as Fiscal Year 2018 expenditures. As a result of this change, the number of prior year invoices being processed using prior year POs in the current fiscal year has been almost entirely eliminated. Currently, the only POs being rolled over into Fiscal Year 2019 are related to capital projects. This change will ensure liabilities and related expenditures are recorded in the fiscal year the expenditures were incurred, in accordance with GAAP.

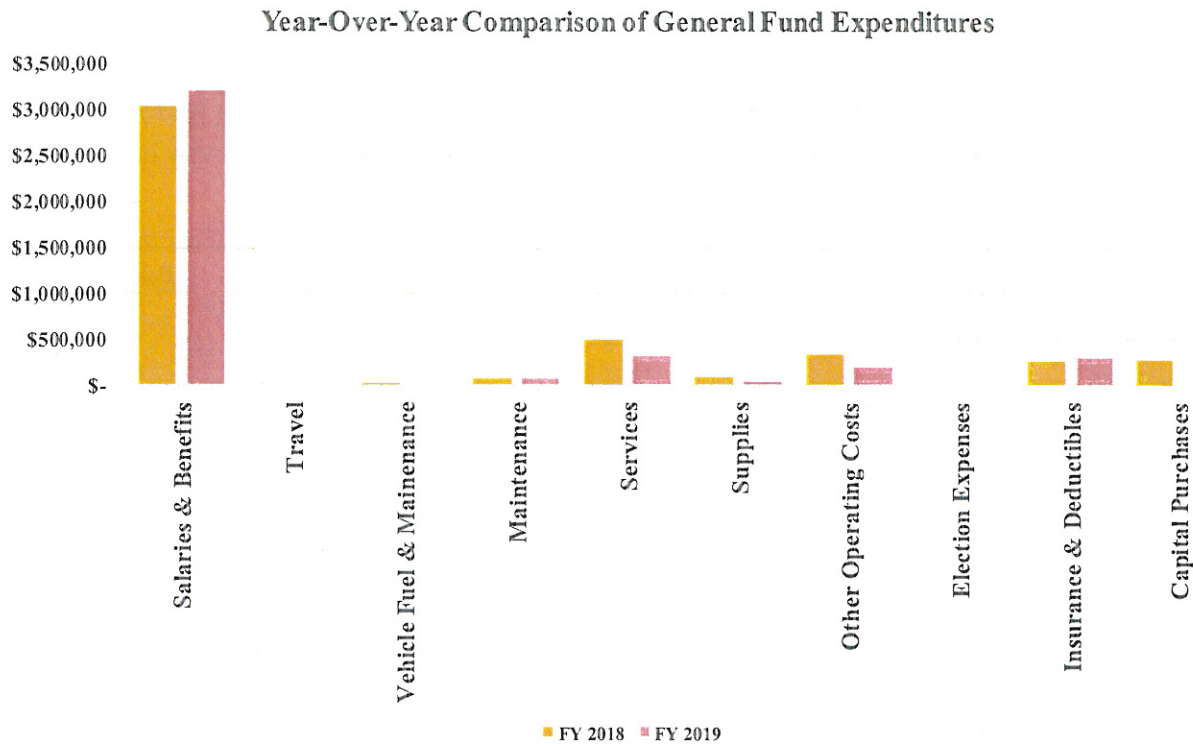
Reported expenditures exclude the following non-recurring costs: subsidies through the down payment assistance program of \$20,000, election costs of \$1,326, capital purchases of \$4.4 million, and debt service on bonds totaling \$13.4 million.

## **GENERAL FUND EXPENDITURES**

Of the \$14.5 million total expenditures through August 31<sup>st</sup> of Fiscal Year 2019, \$4.2 million were from the general fund. In comparison to Fiscal Year 2018, general fund expenditures were down by \$0.4 million or 9.5%.



The following chart compares year-to-date general fund expenditures in Fiscal Years 2019 and 2018.



## **OTHER FINANCIAL INFORMATION**

During Fiscal Year 2018, the Division implemented for the first time the process of closing accounting periods on a monthly (versus annual) basis. The first 12 periods in Fiscal Year 2018 have been closed. The Finance Division will use subsequent accounting periods (i.e. 13, 14, and 15) to prepare for the annual audit of the CAFR. The process of monthly closes will ensure a smoother year-end close and greater preparation for our annual external audit. We have begun working with SFC's external auditors to plan the Fiscal Year 2018 audit timeline, which calls for a draft of the CAFR to be sent to the auditor during the first half of October 2018. An entrance conference for the Fiscal Year 2018 audit was held with the County Audit Committee on September 13, 2018.

The Finance Division will close Fiscal Year 2019 period 1 (July 2018) on September 30, 2018.

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.

The Finance Division is preparing for the issuance of the County's Series 2018 General Obligation Bonds, for which bids will be accepted on October 23, 2018. Projects to be funded through these bonds total \$12,985,000.

Finance Staff will be assisting with the County's annual surplus property auction on September 22.

Finance is in the process of filling one vacant position, the Accounting Supervisor.

## **PURCHASING DIVISION ACTIVITIES**

The table below presents year-to-date purchasing activity in Fiscal Year 2019 compared to activity through the same period of Fiscal Year 2018. The volume of activity has increased by 17 procurements, or 48.6%, over the previous fiscal year. The greatest increase in activity is in processing of amendments.

	<b>FY18 YTD</b>	<b>FY19 YTD</b>	<b>Difference</b>	<b>Percent Change</b>
Requests for Proposals	4	4	-	0.0%
Invitations for Bids	8	7	(1)	-12.5%
Letters of Interest	5	5	-	0.0%
Leases	-	9	9	#DIV/0!
Price Agreements	7	3	(4)	-57.1%
Memorandums of Understanding	4	7	3	75.0%
Memorandums of Agreement	3	2	(1)	-33.3%
Change Orders	-	-	-	#DIV/0!
Amendments	4	15	11	275.0%
<b>Total Procurments</b>	<b>35</b>	<b>52</b>	<b>17</b>	<b>48.6%</b>

The table below presents Fiscal Year 2019 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 increased by 14, or 0.8%, over the previous year, while the amount encumbered has increased by 245.4%, or by \$33.2 million. This large increase is attributed primarily to encumbering \$27.9 million in August 2018 for the County Administration Complex construction and renovation project.

<b>Purchase Orders</b>				
	<b>FY18 YTD</b>	<b>FY19 YTD</b>	<b>Difference</b>	<b>Percent Change</b>
Purchase Orders Issued	1,816	1,830	14	0.8%
Amount Encumbered	13,516,475	46,692,573	33,176,098	245.4%
Amount Invoiced / Expended	11,932,515	2,608,355	(9,324,160)	-78.1%

The Purchasing Division assisted all County staff with initiating Fiscal Year 2019 purchasing transactions. Staff assisted various divisions in closing many dated purchase orders to allow unnecessary encumbrances to liquidate, freeing up cash for other purposes.

Purchasing and Finance staff are teaming with Human Resources staff to provide a full-day training curriculum designed for department administrators, purchasers, and liaisons. The first training option was held in August. Additional days available are September 24, 2018 and October 18, 2018.

The Purchasing Division is in the process of filling one vacancy.





