

# Memorandum

**To:** Santa Fe Board of County Commissioners  
**From:** Teresa C. Martinez, Finance Director  
**Via:** Katherine Miller, County Manager  
**Date:** July 26, 2011  
**Re:** *Financial report for the quarter ending 06/30/2011*

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## **ISSUE:**

Enclosed is a report summarizing the financial activities of the County through the quarter ending June 30, 2011. These numbers are unaudited and will be updated upon completion of the year end and audit entries.

## **BACKGROUND:**

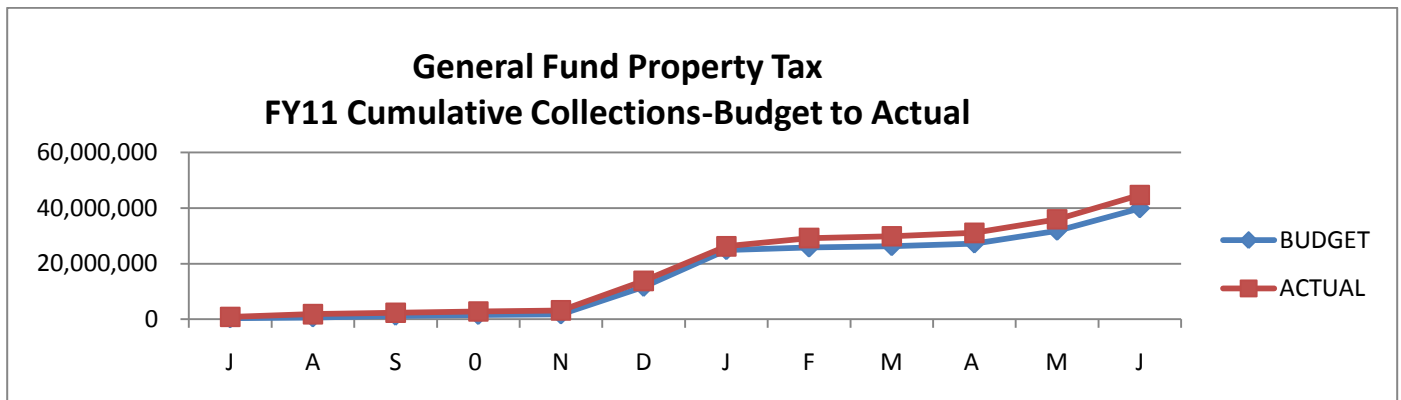
The following report will summarize total revenues and expenditures county-wide and by major fund. This will be the first report that attempts to segregate and compare recurring revenues to recurring expenditures.

## **ALL FUNDS:**

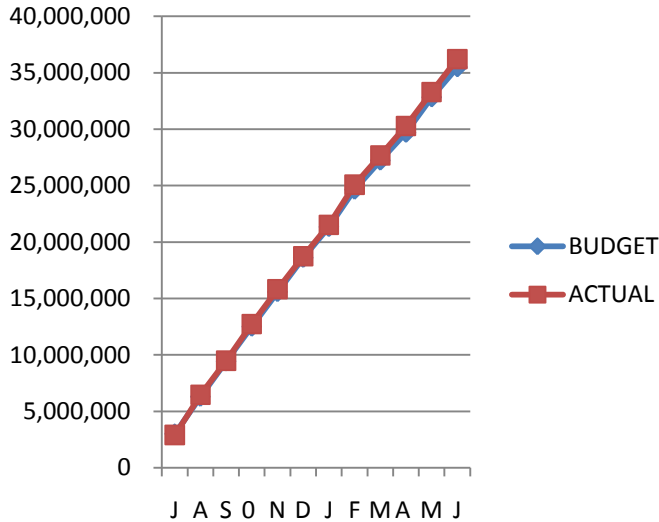
For fiscal year 2011, the county collected a total of \$153.6 million from all revenue sources. On June 30<sup>th</sup>, expenditures across all funds totaled \$169.4 million. When comparing actual revenue collections to actual incurred expenditures, the County relied on the use of cash totaling \$15.8 million. Capital expenditures totaled \$48.3 million, debt service payments totaled \$32.4 million and operational expenditures totaled \$88.7 million.

The total final budgeted cash for the year was \$89.4 million; this increased \$22.3 million from the original budgeted cash of \$67.1 million. The increase is mainly attributable to increases for capital outlay projects and a debt service payment of \$11.7 million. Budgeted cash attributed to operational expenditures totaled \$14.1 million across all funds.

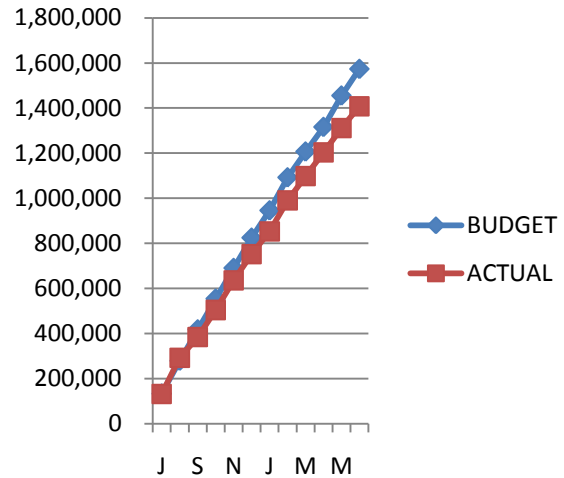
The following charts reflect how the two largest revenue sources fared when compared to the budgeted amounts. The property taxes exceeded budget by \$4.8 million and the overall gross receipt taxes exceeded budget by \$326,000. The county-wide gross receipt tax collections exceeded the budgeted amount and carried the shortfall of the unincorporated gross receipt tax collections, which fell under budget by \$165,150.



**COUNTY-WIDE GROSS RECEIPTS TAXES  
FY11 CUMULATIVE COLLECTIONS-  
BUDGET TO ACTUAL**



**UNINCORPORATED COUNTY  
GROSS RECEIPTS TAX  
FY11 CUMULATIVE  
COLLECTIONS-BUDGET TO  
ACTUAL**

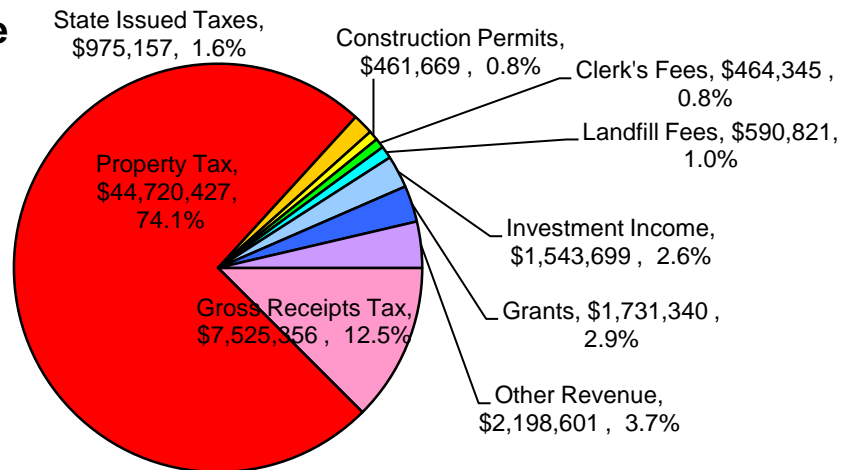


Several accounting entries that typically cannot be posted until the completion of the fiscal year are still lacking. Such entries include the remaining operating transfers between funds for the final quarter ending June 30<sup>th</sup> as well as transfers of investment earnings from the bond proceeds fund(s) to the debt service payment fund(s).

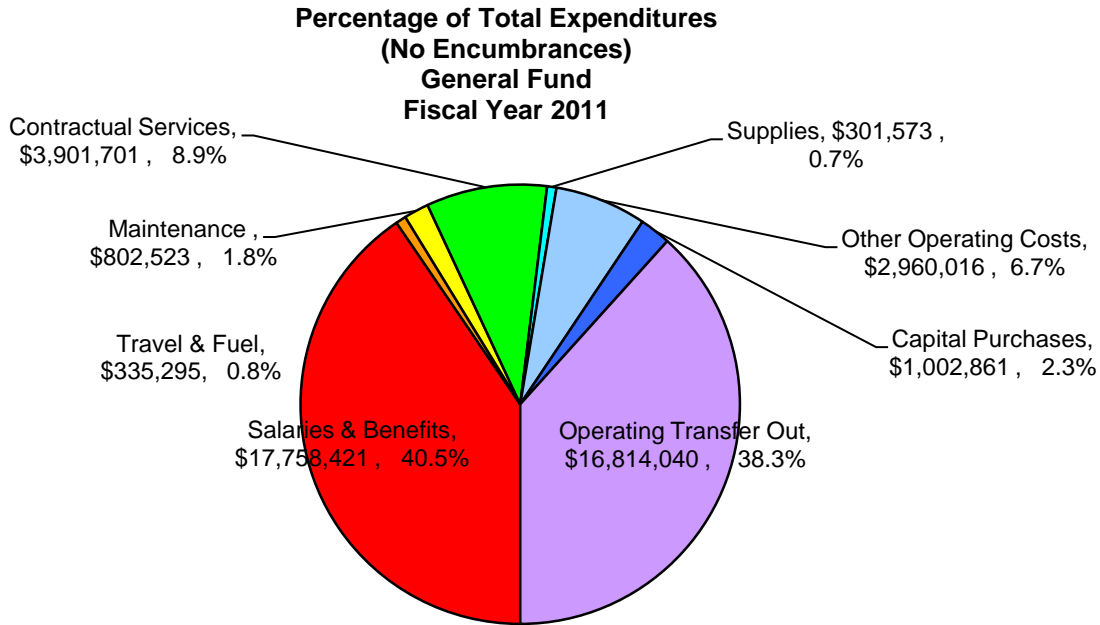
**GENERAL FUND**

The chart below summarizes all revenue for the general fund; all revenue sources total \$60.2 million. Recurring revenue totaled \$58.6 million; recurring revenue includes property taxes, gross receipt taxes, state issued taxes, construction permits, clerk’s fees, landfill fees, some grants and other revenue. In recent years, with the recessed economy, investment income has been calculated in the total revenue picture and has supported recurring expenditures.

**Percentage of Total Revenue  
General Fund  
Fiscal Year 2011**

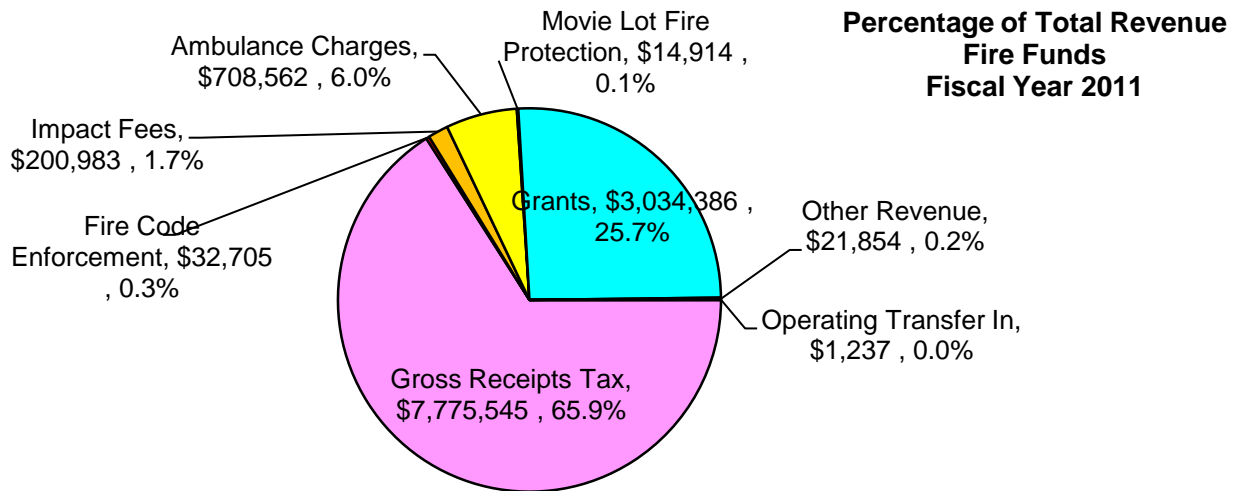


General fund expenditures totaled \$43.9 million and were under the budgeted amount of \$63.7 million. Recurring expenditures totaled \$42.9 million. Strictly based on actual expenditures incurred through June 30<sup>th</sup>, the general fund collected sufficient revenue to support operational expenditures. However, on June 30<sup>th</sup>, the fund still had outstanding encumbrances just over \$2.0 million. These encumbrances may still materialize and be reflected in the audited numbers for FY 2011. The final operating transfer of funds from the general fund to other funds for a total of \$2.7 million is also not reflected in the final numbers. The important point to be made is that the use of cash necessary for operational expenditures will be less than initially anticipated.

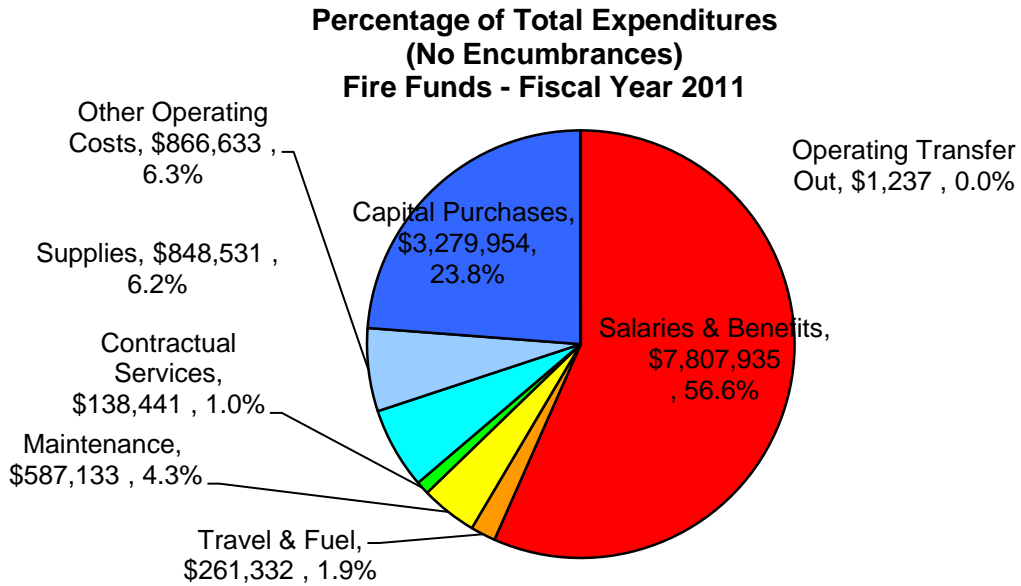


**FIRE FUNDS:**

The chart below identifies the major revenue sources for all Fire Funds. Total recurring revenues of \$9.0 million were collected and consist of gross receipt taxes, ambulance charges and some of the grants. The remaining revenue sources for the fire operations are considered non-recurring and are highly impacted by the economic activity.

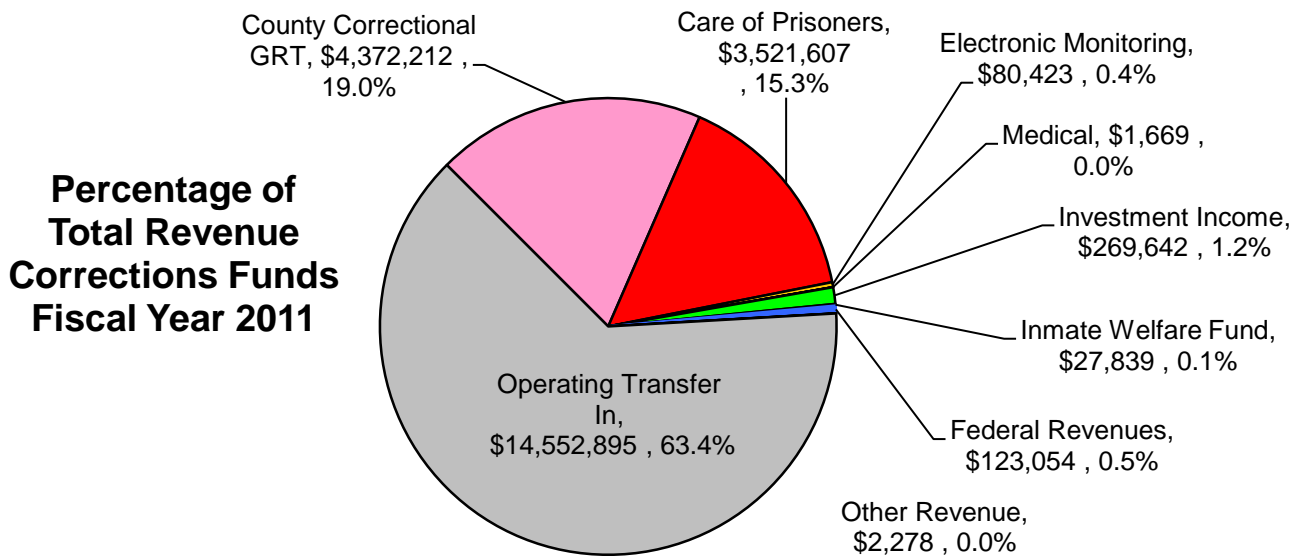


Expenditures for fire operations totaled \$13.8 million and included operational expenditures of \$10.5 million.

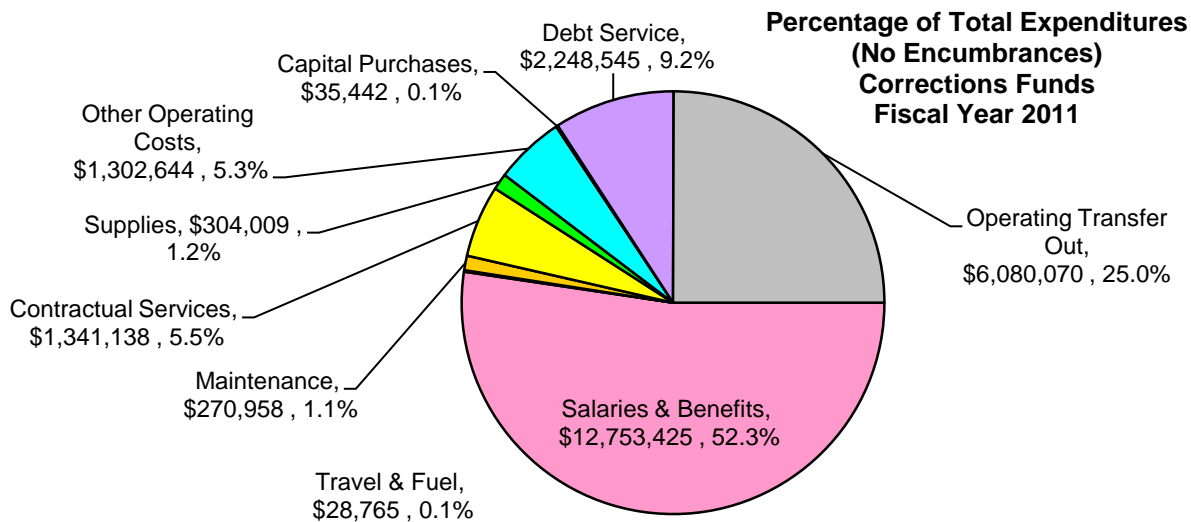


**CORRECTIONS FUNDS:**

The charts below identify the major revenue sources for the Corrections Funds. Recurring revenue totaled \$7.97 million without counting the operating transfers in from other funds. If operating transfers are included, the total recurring revenue is \$22.5 million.



Total expenditures for the Corrections fund are \$24.4 million of which operational expenditures total \$22.0 million.



**UPDATE OF BUDGET CUTS MADE BY COUNTY MANAGER'S OFFICE (JUNE 8<sup>th</sup>):**

The summary below provides an update as to what level the budget cuts materialized at:

**STATUS OF FY 2011 BUDGET CUTS  
PRESENTED IN FY 2011 FINAL BUDGET**

<b>Actions Taken by County Manager</b>	<b>FY11 Approved Budget Reduction</b>	<b>Revised Est. Savings</b>	<b>Variance</b>
Hard Freeze Positions	1,400,000	1,265,499	(134,501)
Non-Personnel Related Cuts by Directors	967,000	908,892	(58,108)
Eliminate all Travel & Seminars (exc. statutorily required)	210,000	174,766	(35,234)
Reduce Salary of Employees Earning >\$80K	121,000	106,682	(14,318)
Cut Temps & Casual	103,000	45,043	(57,957)
Eliminate Take Home Vehicles (exc. SO and Fire)	22,500	3,000	(19,500)
Eliminate Cell Phones (staff exc. SO, Fire and Dept. Dir.)	73,000	28,000	(45,000)
Change Employee Uniform Vendor and Process	37,000	37,000	0
Restructure Satellite Offices	51,000	26,000	(25,000)
Reduce or Terminate Contract Services	50,000	50,000	0
<b>TOTAL FROM ACTIONS TAKEN BY THE COUNTY MANAGER</b>	<b>3,034,500</b>	<b>2,644,882</b>	<b>(389,618)</b>
<b>Board Directives/Cuts Not Materializing</b>	<b>FY11 Approved Budget Reduction</b>	<b>Revised Est. Savings</b>	<b>Variance</b>
Move staff out of leased Office Space	128,620	50,032	(78,588)
Transition of Services to CSV - Medical Director	45,000	0	(45,000)
Transition of Services to CSV - Pharmaceuticals	268,000	249,680	(18,320)
Espanola Ambulance Service	66,000	33,000	(33,000)
Boys & Girls Club	50,000	35,000	(15,000)
<b>TOTAL BOARD DIRECTIVES/CUTS NOT MATERIALIZING</b>	<b>557,620</b>	<b>367,712</b>	<b>(189,908)</b>
<b>TOTAL CUTS NOT MATERIALIZED</b>	<b>3,592,120</b>	<b>3,012,594</b>	<b>(579,526)</b>

## **CLOSING:**

The numbers reflected within this report are unaudited and reflect activity as of close of business on June 30<sup>th</sup>. Capital expenditures, one-time expenditures and debt service payments are not considered recurring expenditures. Additional accounting entries will still be processed and be reflected in the final audited numbers for FY2011. The final operating transfer for all funds was just completed and is not yet reflected in these numbers. The final operating transfer totals \$9.7 million across all funds.

Finance staff has begun creating reporting mechanisms via the accounting software that will assist us in presenting recurring sources to recurring uses. This particular report was completed manually by running separate system reports to segregate recurring from non-recurring. Future reports will begin monitoring the use of cash for operational and capital expenditures with the mindset to eliminate the use of cash reserves to support operational expenditures.

Additionally, the County has been fortunate to consistently receive several grants year after year. Other grants are one-time or on occasion grants that exceed a one year period. However, grants are still considered non-recurring; programs and staff that are funded by grant funding are term in nature. That is, if the grant funding is terminated, than the program itself may be terminated or reduced if the County cannot sustain the cost.

Upon completion of the audit, the finance division will present a final quarterly report for June 30<sup>th</sup>. The audit is typically completed in November and the final report will follow in the December BCC meeting.