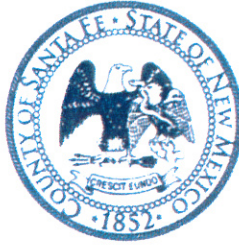


**Henry P. Roybal**  
*Commissioner, District 1*

**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:** October 30, 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 September 30, 2018

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**ISSUE**

The following report summarizes the financial and purchasing activities of Santa Fe County (SFC) through the end of September 2018, Fiscal Year 2019 (July 1, 2018 through September 30, 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 \$4.8 million, or 20.4%, over the same period in the previous fiscal year due primarily to growth in tax collections. Recurring expenditures were flat.

**RECURRING REVENUES**

Through September 30<sup>th</sup> of Fiscal Year 2019, revenue collections across all SFC funds totaled \$28.4 million. Total revenue is comprised of taxes, fees, fines, grants, joint powers agreement receipts, subsidies and miscellaneous revenue sources. Total revenue collected through September 30, 2018 exceeded Fiscal Year 2018 for the same period by \$4.8 million, a 20.4% 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	\$ 1,944,755	\$ 2,290,163	\$ 345,408	17.8%
Gross Receipts Tax	14,425,026	17,605,910	3,180,884	22.1%
Charges for Services	4,585,324	6,334,753	1,749,429	38.2%
Other Taxes Collected	729,940	736,058	6,118	0.8%
Intergovernmental and Subsidies	803,311	914,464	111,153	13.8%
Misc. Revenue	849,922	284,643	(565,279)	-66.5%
Licenses, Permits & Fees	197,915	174,644	(23,271)	-11.8%
Fines & Forfeitures	25,921	20,455	(5,466)	-21.1%
<b>Total Recurring Revenue</b>	<b>\$ 23,562,114</b>	<b>\$ 28,361,090</b>	<b>\$ 4,798,976</b>	<b>20.4%</b>

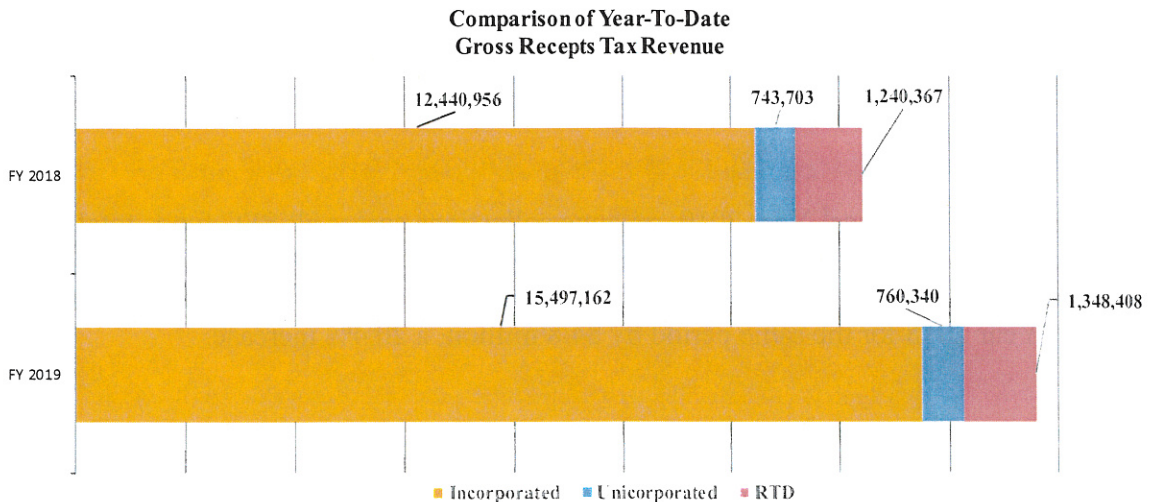
**Gross Receipts Tax:**

Gross receipts tax collections totaled \$17.6 million through September 30<sup>th</sup> of Fiscal Year 2019, an increase of \$3.2 million (22.1%) 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. Fiscal Year 2019 collections for the new tax increment totaled \$1.3 million. 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 recently experienced increased payments of the hold harmless distributions year to date in the amount of \$0.8 million, 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 \$1.3 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.

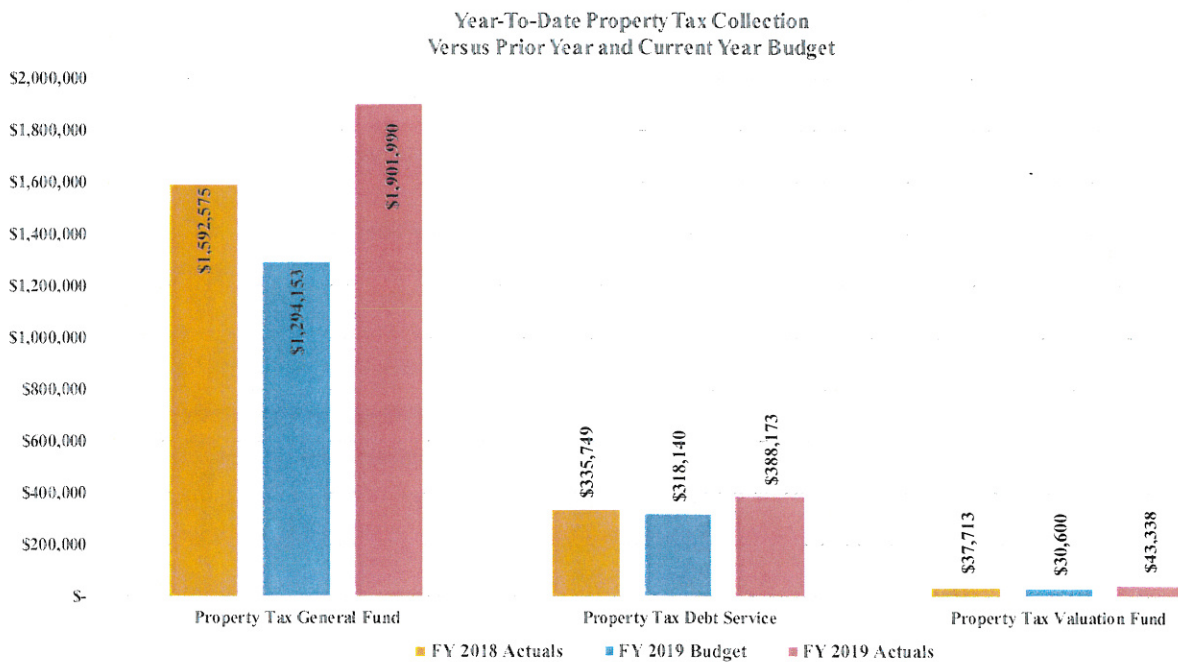


**Property Tax:**

Through September 30<sup>th</sup> of Fiscal Year 2019, property tax revenue collections were \$2.3 million (excluding the Property Valuation Fund), \$0.3 million higher than the same period in the previous fiscal year, an increase of 17.8%.

Collection of property taxes is currently \$0.7 million above budget for Fiscal Year 2019. The largest months of property tax collections occur during the months of December, January, and June, 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:**

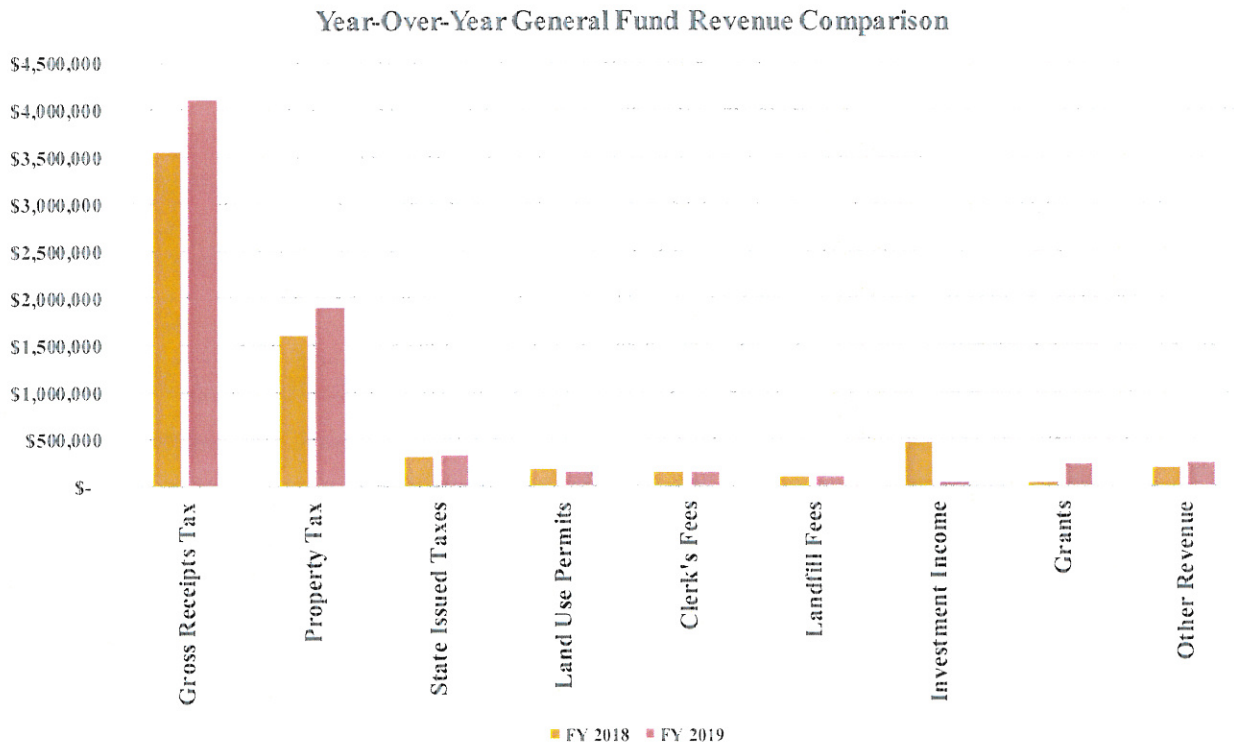
Charges for services totaled \$6.3 million through September 30<sup>th</sup> of Fiscal Year 2019, up \$1.7 million, or 38.2%, over the same period last year. Of the \$1.7 million increase, \$0.8 million is attributable to the self insurance fund and \$0.5 million relates to care of prisoners charges.

Miscellaneous revenue decreased by \$0.6 million, or 66.5%, 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 \$0.6 million, and September 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 \$28.4 million total revenues collected through September of Fiscal Year 2019, \$7.1 million was general fund revenue. General fund revenue through September of Fiscal Year 2019 was \$0.5 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 \$0.6 million, and gross receipts tax, up \$0.3 million. As with the countywide revenue analysis, investment income decreased from the prior fiscal year period by \$0.4 million for the General Fund because the reconcilation 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 September 30<sup>th</sup> of Fiscal Year 2019 were \$22.9 million, an increase of \$0.2 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	\$ 15,798,470	\$ 17,000,766	\$ 1,202,296	7.6%
Services	2,565,173	1,664,727	(900,446)	-35.1%
Other Operating Costs	1,067,288	1,595,397	528,109	49.5%
Insurance & Deductibles	1,487,245	1,303,995	(183,250)	-12.3%
Healthcare Assistance Programs	128,005	43,170	(84,835)	-66.3%
Supplies	470,736	299,912	(170,824)	-36.3%
Maintenance	701,355	484,398	(216,957)	-30.9%
Vehicle Fuel & Maintenance	291,023	373,610	82,587	28.4%
Public Safety Expenses	100,764	53,877	(46,887)	-46.5%
Travel	99,125	48,978	(50,147)	-50.6%
<b>Total Recurring Expenses</b>	<b>\$ 22,709,184</b>	<b>\$ 22,868,830</b>	<b>\$ 159,646</b>	<b>0.7%</b>

Salary and benefit expenses totaled \$17.0 million through September 30<sup>th</sup> of Fiscal Year 2019, an increase of \$1.2 million (7.6%) over the same period in the previous fiscal year. This primarily reflects an increase in salaries and insurance claims and administrative fees. As the County continues with its self insurance plan, calendar year 2019 represents the County's second fully-mature claim year.

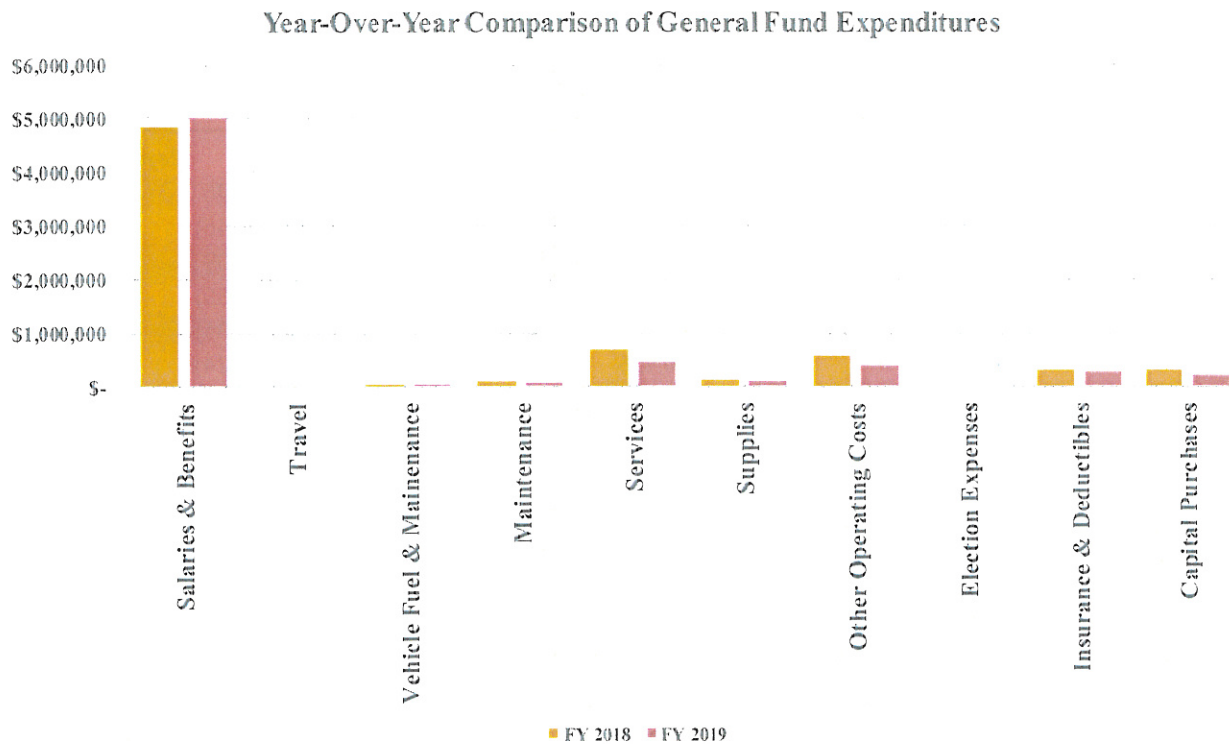
The decrease in the several other expenditure categories resulted from accounting policy changes in the year-end processes for accounts payable accruals and purchase order (PO) rollover. Beginning with Fiscal Year 2018, in accordance with Generally Accepted Accounting Principles (GAAP) and to improve 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 \$40,000, election costs of \$1,326, capital purchases of \$7.3 million, and debt service on bonds totaling \$13.4 million.

## GENERAL FUND EXPENDITURES

Of the \$22.9 million total expenditures through September 30<sup>th</sup> of Fiscal Year 2019, \$6.8 million were from the general fund. In comparison to Fiscal Year 2018, general fund expenditures were down by \$0.4 million or 5.7%.

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 on the Fiscal Year 2018 audit. A draft of the CAFR was provided to the external auditors on October 22, 2018.

The Finance Division will begin closing monthly periods in Fiscal Year 2019 during the month of December 2018, once the Fiscal Year 2018 audit is complete.

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.

Bids were accepted on October 23, 2018 for the sale of \$12,985,000 in General Obligation Bonds. Four bidders participated in the public sale. The winning bidder was Morgan Stanley with a true interest cost of 3.4%.

Finance Staff assisted with the County's annual surplus property auction on September 22, 2018. The County's property sold for \$164,034.45.

Finance expects its vacant Accounting Supervisor position to be filled as of October 29.

**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 31 procurements, or 39.7%, over the previous fiscal year. The greatest increase in activity is in processing of amendments.

	FY18 YTD	FY19 YTD	Difference	Percent Change
Requests for Proposals	12	11	(1)	-8.3%
Invitations for Bids	8	8	-	0.0%
Letters of Interest	15	18	3	20.0%
Leases	11	16	5	45.5%
Price Agreements	13	22	9	69.2%
Memorandums of Understanding	6	7	1	16.7%
Memorandums of Agreement	7	7	-	0.0%
Amendments	6	20	14	233.3%
<b>Total Procurments</b>	<b>78</b>	<b>109</b>	<b>31</b>	<b>39.7%</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 decreased by 20, or -0.9%, over the previous year, while the amount encumbered has increased by 180.6%, or by \$32.8 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>				
	FY18 YTD	FY19 YTD	Difference	Percent Change
Purchase Orders Issued	2,328	2,308	(20)	-0.9%
Amount Encumbered	18,136,789	50,891,495	32,754,706	180.6%
Amount Invoiced / Expended	15,709,122	5,096,131	(10,612,991)	-67.6%

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 worked with Human Resources staff to provide a full-day training curriculum designed for department administrators, purchasers, and liaisons. Trainings were held in August, September, and October. An additional training will be held in December.

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







