Memorandum

To: Santa Fe Board of County Commissioners

From: Teresa C. Martinez, Finance Director

Via: Katherine Miller, County Manager

Date: October 25, 2011

Re: ***Financial report for the quarter ending 09/30/2011***

ISSUE:

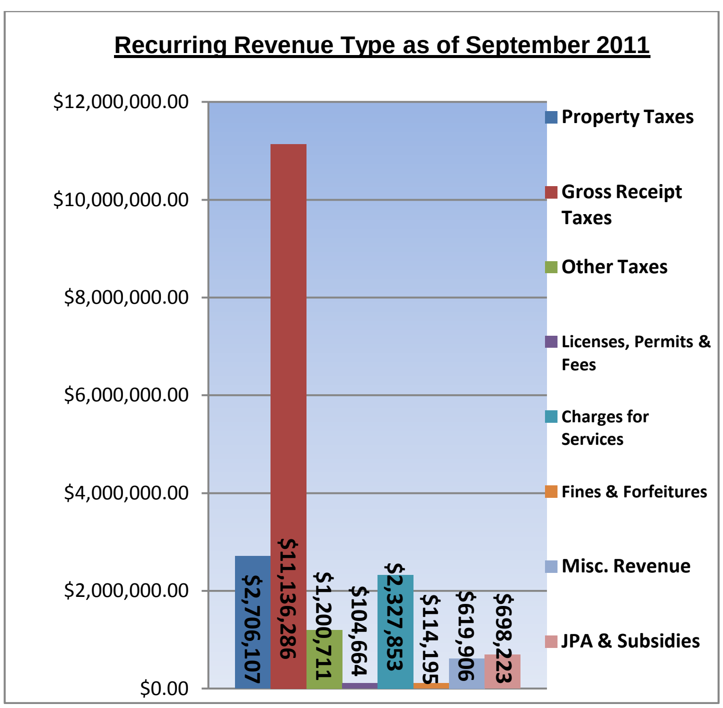
Enclosed is a report summarizing the financial activities of the County through the quarter ending September 30, 2011.

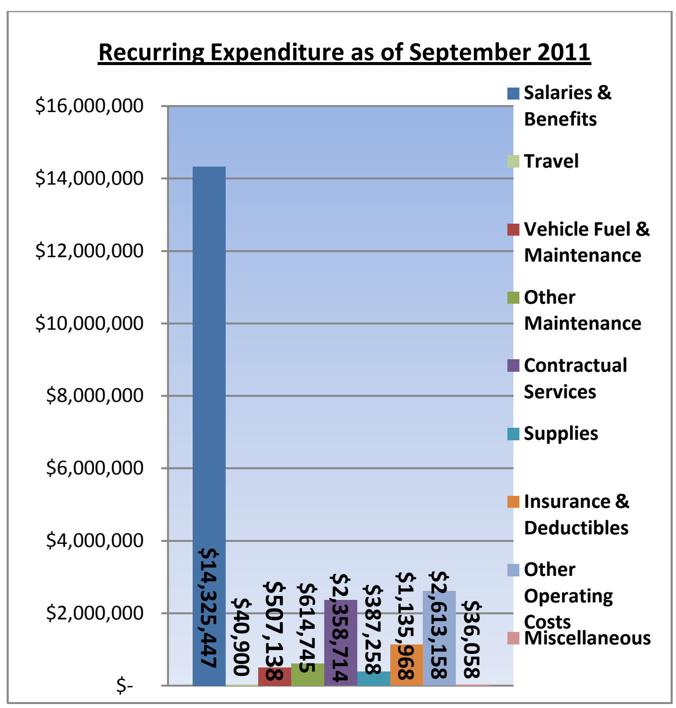
BACKGROUND:

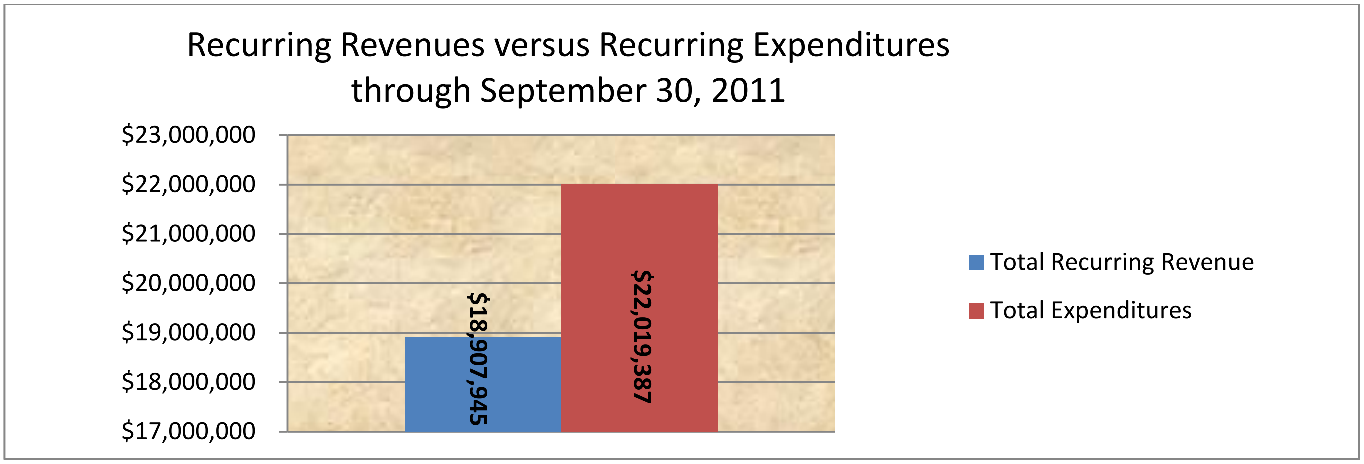
The following report will summarize total revenues and expenditures county-wide and by major fund.

ALL FUNDS:

For the first quarter of fiscal year 2012, the county collected a total of $25.0 million from all revenue sources. The largest share of revenue sources were generated by taxes; property taxes of $2.7 million and GRT's of $11.1 million. On September 30th, expenditures across all funds totaled $48.6 million. When comparing actual revenue collections to actual incurred expenditures, the County relied on the use of cash totaling $23.5 million to balance operations. Capital expenditures totaled $16.6 million, debt service payments totaled $9.9 million and operational expenditures totaled $22.0 million. The capital expenditures were mainly for the Judicial Complex $5.5 million, fire projects $150K, and economic development projects $3.6 million and other projects funded by the capital outlay GRT. Debt service payments for the County are primarily due in July and January. The payments for the July 1st timeline represent principal and interest payments. Typically the second debt service payment is mainly interest payments for debt issued.

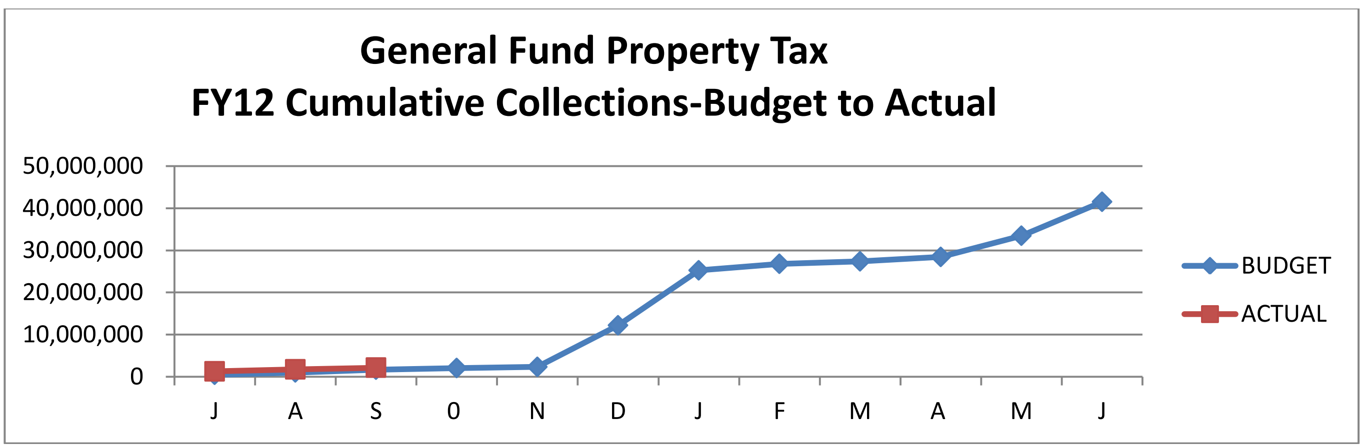






The following charts reflect how the two largest revenue sources faired when compared to the budgeted amounts. Actual property tax collections of $2.162 million through the end of September exceed the projected budget of $1.670 by $492,582. The property tax collections of $412K for the month of September fell under the budgeted amount of $654K by $242K. However, the surplus collections in July are carrying the August and September shortfalls. The FY 2012 budget has forecasted that a total of $22.3 million and $12.7 million will be collected respectively for the high collection periods. (The blue line noted on the chart below further indicates the budgeted amounts by month).

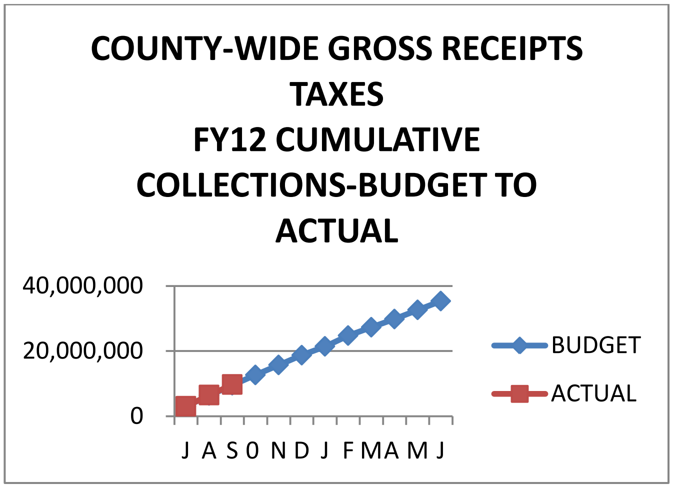
The property tax collections of $2,162,759 for the first quarter of FY2012 are $112,645 less than the previous year's collections. This equates to a 4.9% lesser rate of collections for the first quarter.

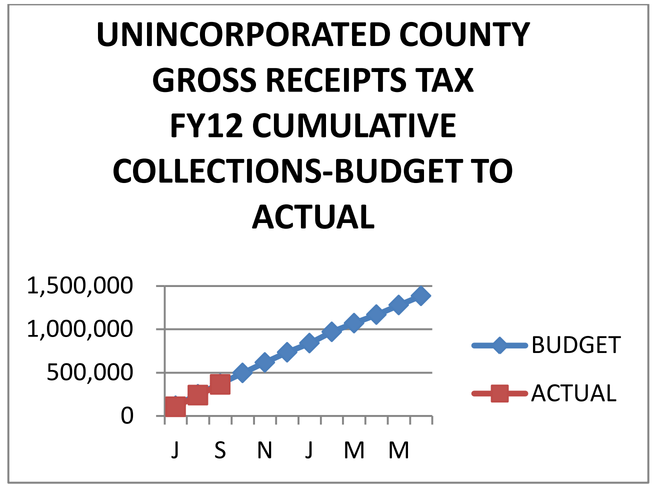


The gross receipts taxes are estimated from trend data and from economic analysis of the business activities in the areas of construction, wholesale, retail and service sectors. Cumulatively, both the county-wide and the unincorporated gross receipt taxes collected through July total $3.15M, through August total $3.59M and through September total $3.3M. The GRT collections are $212K greater than the cumulative budgeted amount of $9.88M.

Lastly, the unincorporated GRT collections fell under budget for July, August and September by $9,419. In FY 2012, the unincorporated GRT's were forecasted with a 13% downturn and we are hopeful that the forecasted downturn is sufficient. There are still small amounts of money, mainly penalty and interest, relative to delinquent collections for the sunsetted Fire Excise Tax totaling $5,055.

Based on 1st quarter collections, the GRTs are a total of $229,691 or 2% better than the prior year's collections for the same time period. The county-wide GRTs are a total of $250,774 or 2% better than the prior year's collections for the same time period. The unincorporated GRTs are down a total of $21,081 or 5% from the previous year's collections.

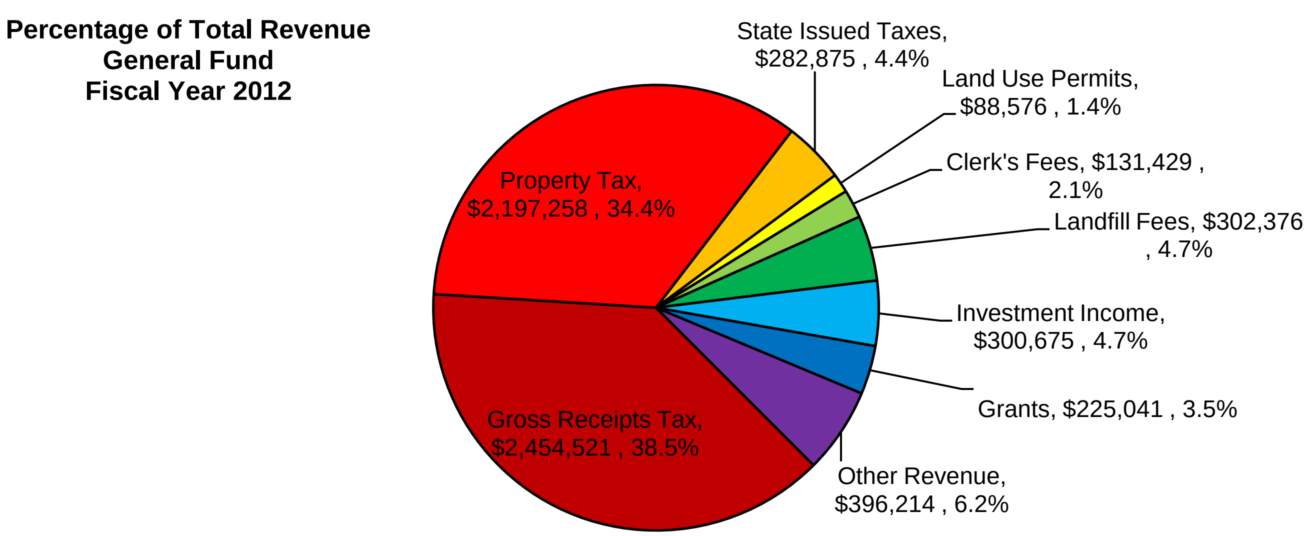




GENERAL FUND

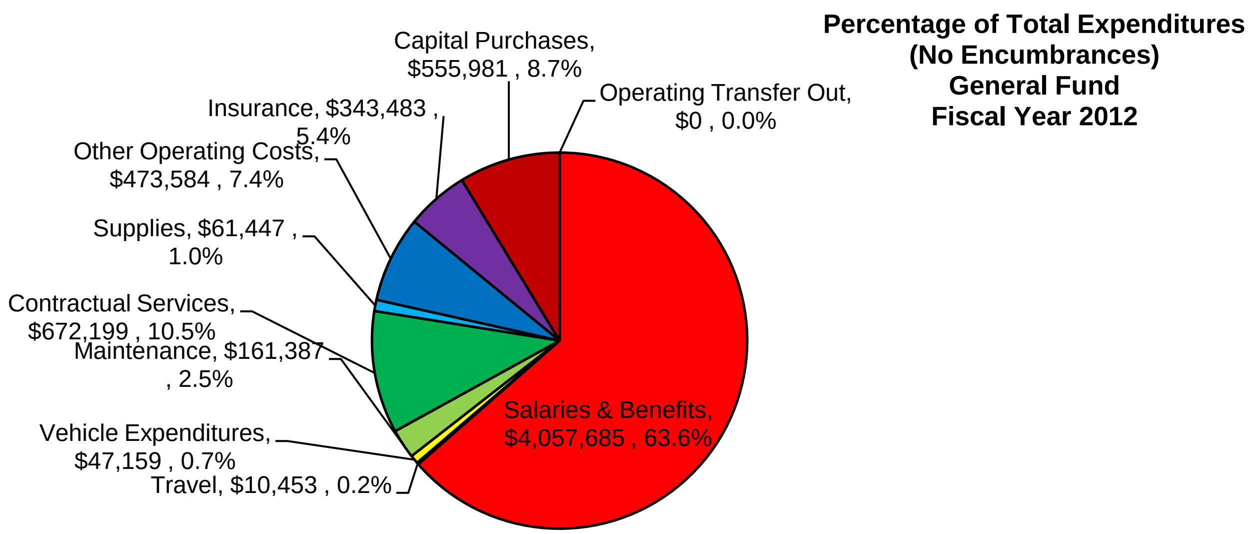
The chart below summarizes all revenue for the general fund; all revenue sources total $6.378 million. Recurring revenue totaled $6.153 million; recurring revenue includes property taxes, gross receipt taxes, state issued taxes, construction permits, clerk's fees, landfill fees and other revenue. In recent years, with the recessed economy, investment income has been calculated in the total revenue picture and has supported recurring expenditures. Investment income for the quarter ending 09/30/2011 totaled $300,675. This amount is up about $11,000 or 3.8% from the previous fiscal year.

Overall, revenues in FY 2012 are greater than the previous fiscal year by $777,403 or 13%. The increases were noted mainly in the collection of GRTs $544K, shared taxes $108K, Clerk's fees $13K and refunds of $123K. The refunds are the result of clean energy efforts totaling $71K and other miscellaneous refunds.



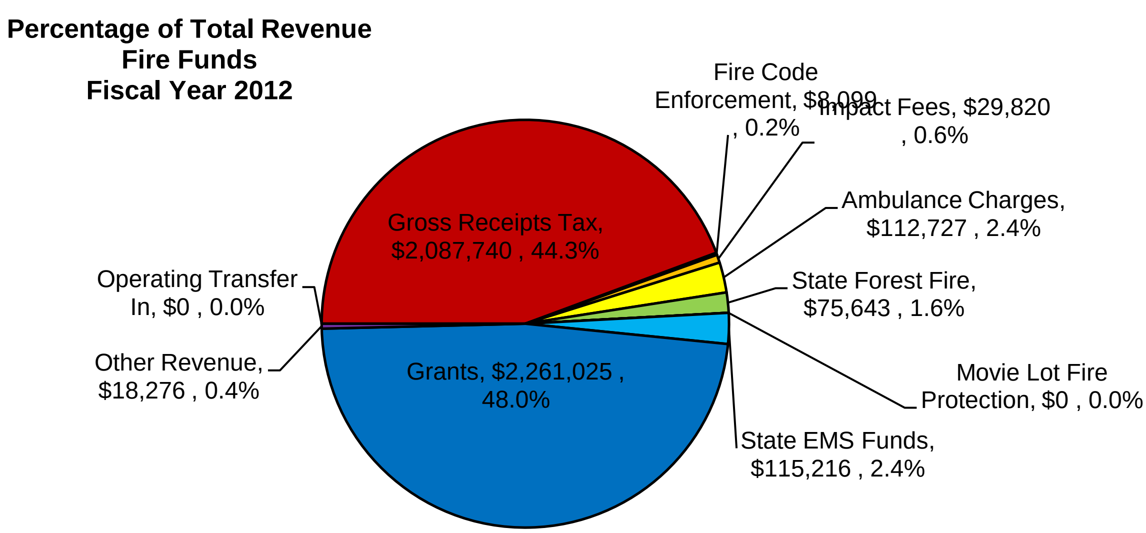
General fund expenditures totaled $6.4 million. Recurring expenditures totaled $5.8 million. Strictly based on actual expenditures incurred through September 30th, the general fund collected sufficient revenue to support operational expenditures. On September 30th, the fund still had outstanding encumbrances just over $6.2 million of which $2.6 million is related to capital items.

General fund expenditures were $590K or 11% greater than the expenditures incurred in the prior fiscal year for the same time period. The majority of the increase is related to salaries and benefits due to an additional pay period in September in FY 2012 totaling $415K and the difference in spread among small increases to the remaining budget categories.

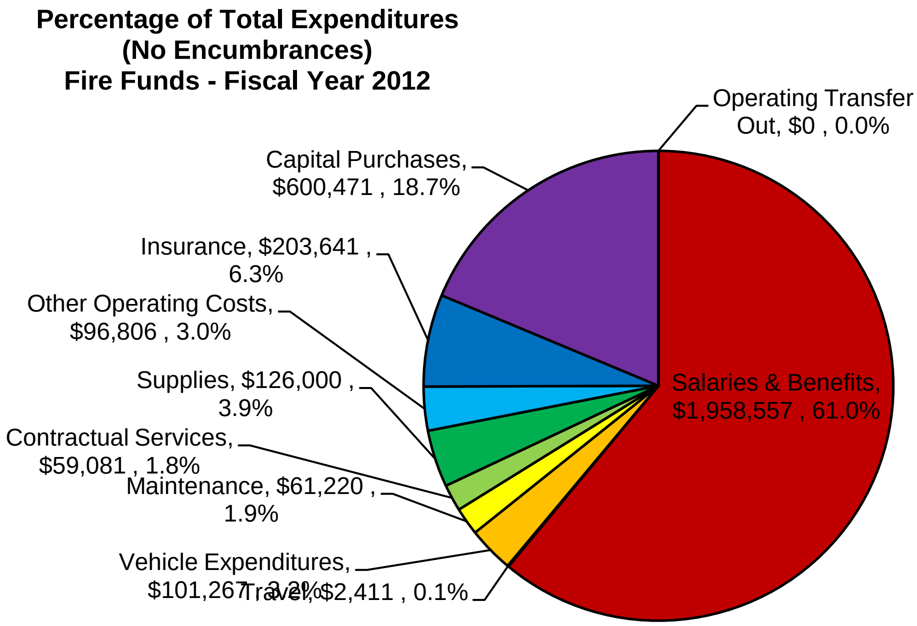


FIRE FUNDS:

The chart below identifies the major revenue sources for all Fire Funds. Total recurring revenues of $6.7 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.

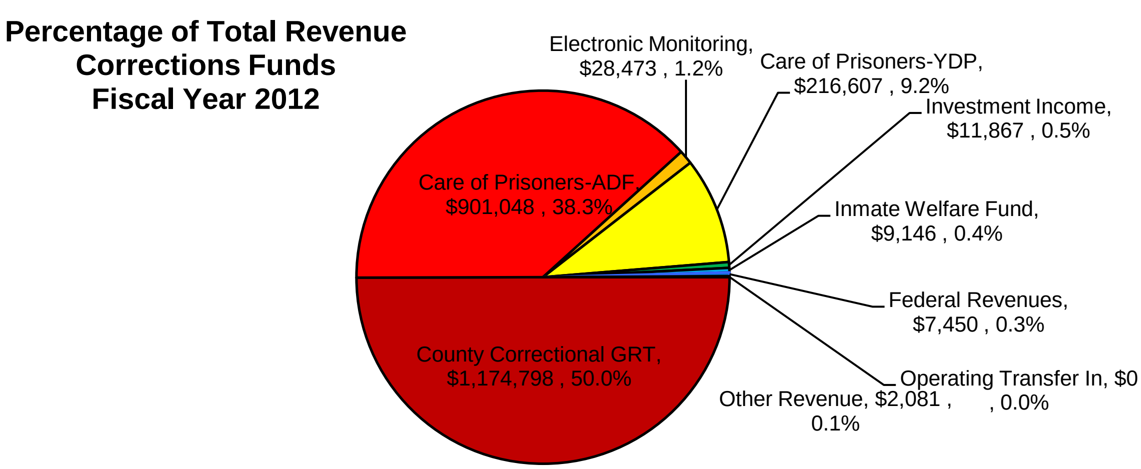


Expenditures for fire operations totaled $3.2 million and included operational expenditures of $2.6 million. The FY 2012 expenditures are $452,986 greater than the previous fiscal year. Again, that amount is attributed to the additional pay period in September in the current fiscal year.

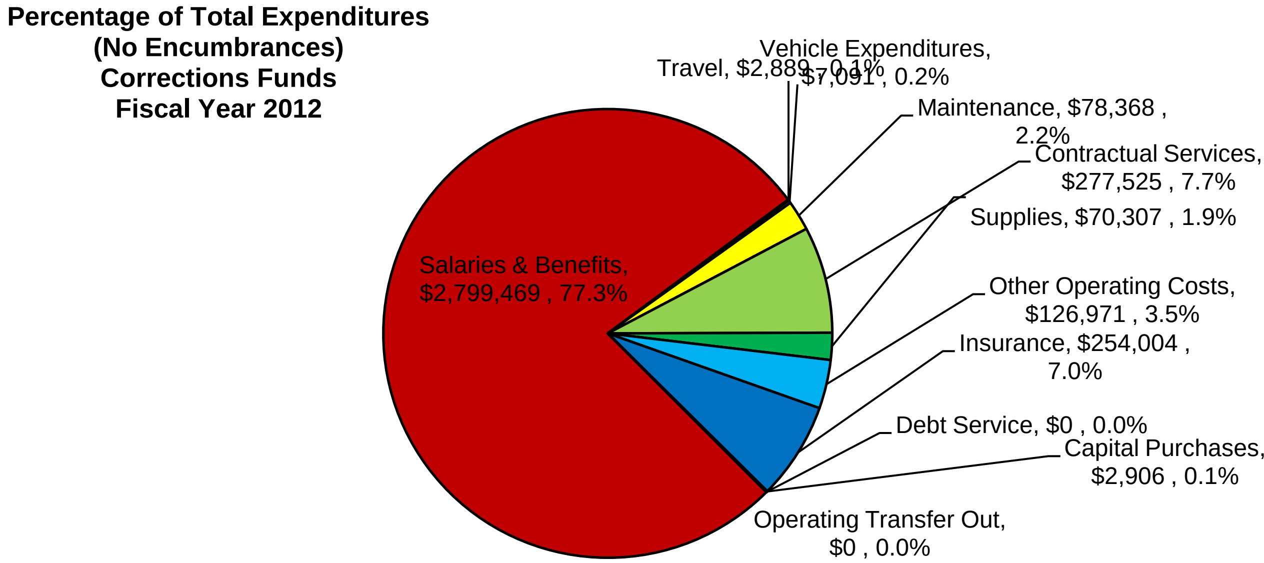


CORRECTIONS FUNDS:

The charts below identify the major revenue sources for the Corrections Funds. Recurring revenue totaled $1.17 million. The first quarter revenues in FY 2012 are $490,675 or 71% greater than the previous year's collections. The increase is due to a slight increase to the Correctional GRT $30K and the majority of the increase is related to the Adult care of prisoner (COP) revenue collections. The adult COP revenue collections witnessed an increase of $624,534 in the first quarter of FY 2012. The increase is due to the addition of the U.S. Marshal's inmates at the facility. The U.S. Marshal's began transitioning inmates to the County facility in November 2010. The inmate numbers grew from month to month with a total of 15 in July 2010 to 78 in June 2010. Currently, the count is 83 in July and 70 in August.



Total expenditures for the Corrections fund are $3.6 million and were mainly operational expenditures with the exception of $3K spent in the capital expenditure category.



<u>UPDATE OF BUDGET CUTS:</u>

The budget cuts enacted in the prior fiscal year have continued through the current fiscal year. Such cuts included the hard freeze positions, the reduction to travel, reductions to take-home vehicles and cell phones, and the restructuring of satellite offices.

The FY 2012 budget contemplated a fairly flat revenue forecast (versus the reduced revenue in each of the past two years) and thus far the revenue collections have met budget estimates. At the end of the first quarter, there are no significant issues relative to budget, from both the revenue and expenditure perspectives.

CLOSING:

The numbers reflected within this report reflect activity as of close of business on September 30th. Capital expenditures, one-time expenditures and debt service payments are not considered recurring expenditures. In general, revenue collections are at budget or better. The expenditures to date are in line with the forecasted monthly budgets.

Finance will continue to monitor the revenue and expenditures on a monthly basis to ensure that no areas of concern arise. Additionally, the mid-year reviews will begin in January.