

Memorandum

To: Santa Fe Board of County Commissioners

From: Teresa C. Martinez, Finance Director

Via: Katherine Miller, County Manager

Date: June 28, 2011

Re: *Financial report for the month ending 05/31/2011*

ISSUE:

Enclosed is a report summarizing the financial activities of the County through the month ending May 31, 2011.

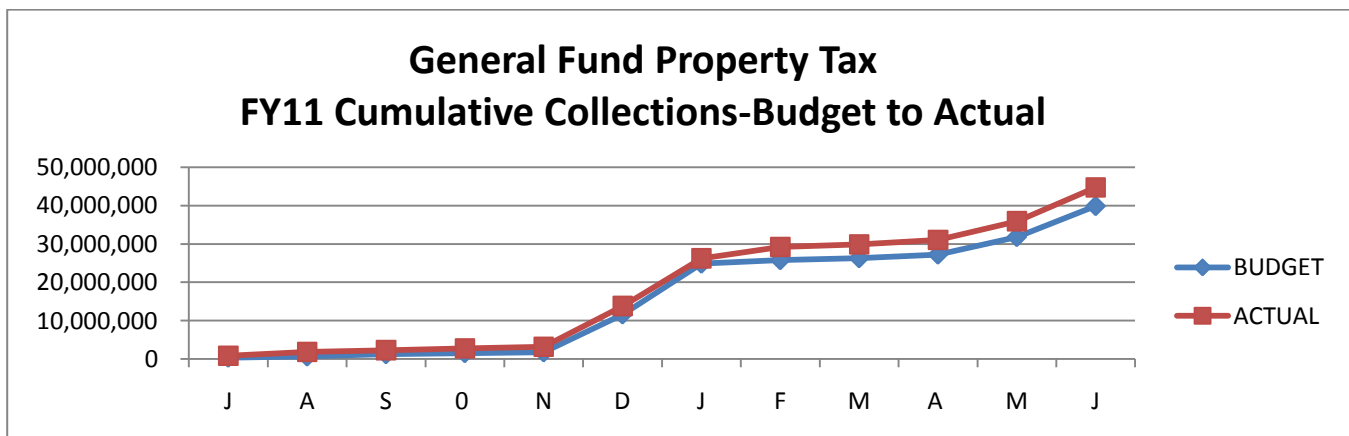
BACKGROUND:

Through May 31st, the County collected total revenue of \$110,708,957 which is down \$57.4 million from the previous year's collections of \$168,135,073 for the same time period. The majority of the difference can be attributed to a bond issuance (\$55.7 million) in the previous fiscal year as well as decreased investment income and gross receipt tax collections. Additionally, both capital projects (mainly road projects) and grants are down from the previous fiscal year. An increase was witnessed in property tax collections over the previous fiscal year attributable to increased valuations and delinquent tax collection efforts by the Treasurer's Office.

Total expenditures of \$134,388,886 are down from the previous fiscal year amount of \$173,171,145. The difference is related to decreased salaries and benefits resulting from the hard freeze, decreased contractual services and supplies due to cost saving measures, and reduced capital expenditures. Capital purchases are down \$35.0 million mainly due to the Buckman Direct Diversion (BDD) capital project expenditures reimbursed to the City of Santa Fe in the previous fiscal year.

REVENUE: (charts included reflect actual collections through May and June)

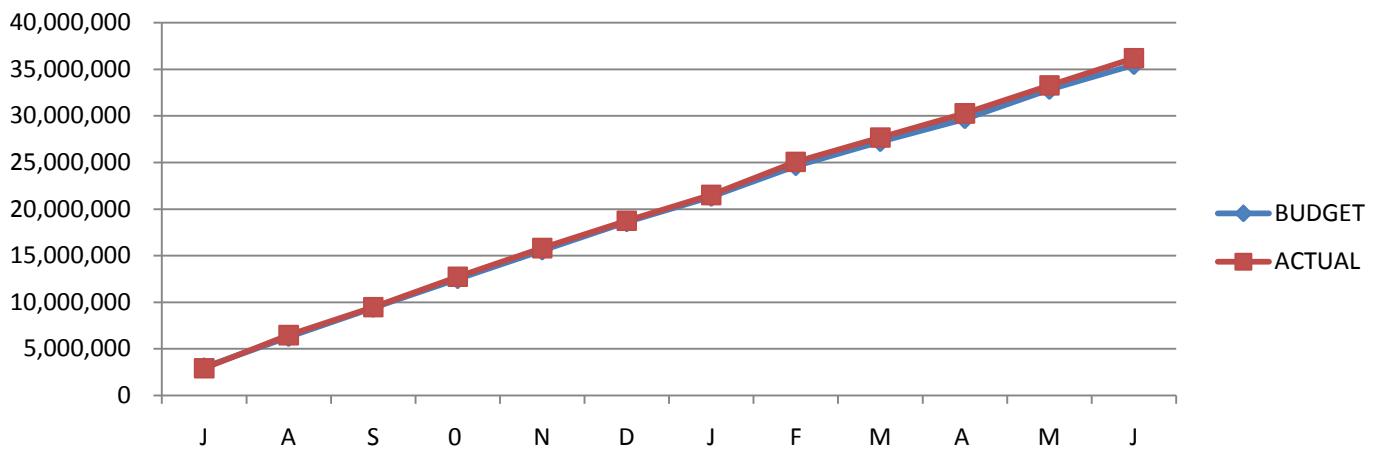
Actual property tax collections of \$35.9 million through the end of May and \$44.7M through the end of June exceed the projected budget of \$39.9 million by \$4.8 million.



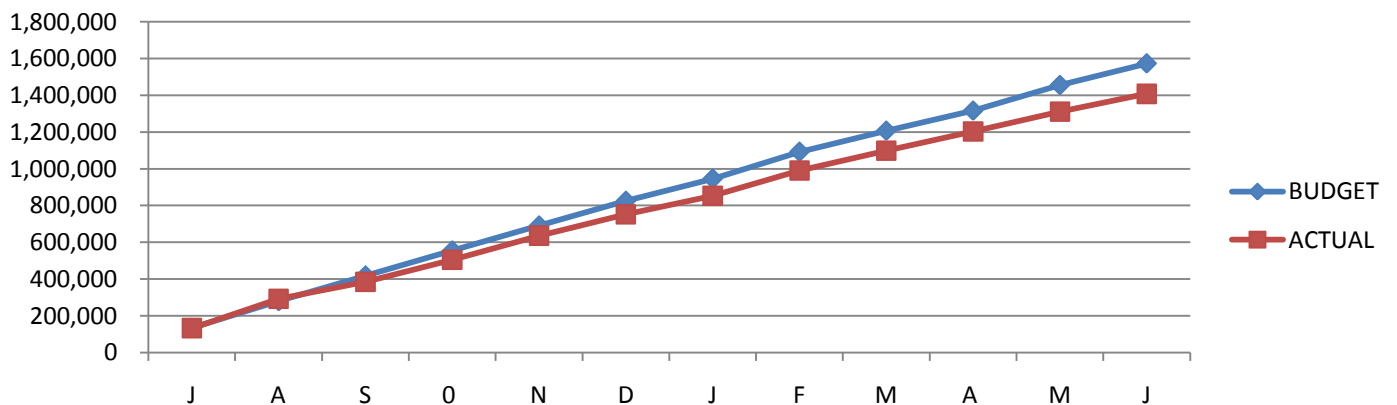
Cumulatively, both the county-wide and the unincorporated gross receipt taxes collected through May total \$34.6M and through June total \$37.6M and are \$552K greater than the budgeted amount of \$37,055,609. The May collections fell under budget by \$155K and June was over budget by \$222K.

Lastly, the unincorporated GRT collections fell under budget for eleven of the twelve months collected to date. In FY 2012, the unincorporated GRT's were forecasted with a 13% downturn and we are hopeful that the forecasted downturn is sufficient. We will monitor closely and if the collections are less than forecasted, Finance will prepare additional budget cut recommendations via budget resolutions for BCC approval. Any additional decreases equate to additional General Fund support for solid waste and waste water operations.

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



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



UPDATE ON FY 2011 BUDGET CUTS:

The budget cuts made by both management and the BCC have continued as of the last financial report to the Board. A final summary will be presented to the BCC upon completion of the fiscal year.

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

Actions Taken by County Manager	FY11 Approved Budget Reduction	Revised Est. Savings	Variance
Hard Freeze Positions	1,400,000	1,239,092	(160,908)
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	13,000	(38,000)
Reduce or Terminate Contract Services	50,000	50,000	0
TOTAL FROM ACTIONS TAKEN BY THE COUNTY MANAGER	3,034,500	2,605,475	(429,025)
Board Directives/Cuts Not Materializing	FY11 Approved Budget Reduction	Revised Est. Savings	Variance
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)
TOTAL BOARD DIRECTIVES/CUTS NOT MATERIALIZING	557,620	367,712	(189,908)
TOTAL CUTS NOT MATERIALIZED	3,592,120	2,973,187	(618,933)

SUMMARY:

We are optimistic that the County will end the fiscal year with positive variances (favorable increases to cash reserves) resulting from both revenue collections over the budgeted amounts and expenditures materializing at a level less than budgeted. Finance will provide a quarterly report in July with unaudited numbers and follow up with the audited numbers in November upon completion of the annual financial audit.

In FY 2012, finance has recommended the continuation of the existing cost saving measures and the hard freezes, and the Interim and Final budget reflect such recommendations. A large goal is to maintain the operating transfer from the General Fund to the Corrections Fund to \$6.0M. This goal is directly dependent upon an increase in care of prisoner revenue collections and reduced expenditures, and has been included in the FY 2012 budget recommendation as such. In order to balance the FY 2012 budget, the use of cash balances is necessary at a minimum for the Water/Waste Water Division, General, Fire and Corrections funds.