

**CITY OF FARMINGTON
MEMORANDUM**

TO: Mayor, Council and City Manager
FROM: Andy Mason, Administrative Services Director
DATE: January 23, 2013
SUBJECT: December FY2013 Monthly Financial Report

Attached is the Monthly Financial Report for the six months ending December 31, 2012, which includes the Monthly Financial Summary Report, the Cash Report, Debt Service Summary and the Investment Portfolio. Please contact me with any questions you have.

FINANCIAL REPORT NOTES:

General Fund 101-

ACTUAL REVENUES AND EXPENDITURES		
(In Millions)		
	<u>December</u>	<u>December YTD</u>
Total General Fund Revenue	\$ 4.729	\$ 27.091
Total General Fund Expenditures	3.940	26.181
Favorable (Unfavorable)	\$ 0.789	\$ 0.910

In the month of December, general fund revenues totaled \$4.73 million and general fund expenditures were \$3.94 million which produced a positive net change of \$789K for the month. YTD Revenues of \$27.09 million exceeded YTD Expenditures of \$26.18 million by \$910K.

BUDGET COMPARISON - CURRENT MONTH				
(In Millions)				
	<u>December Actual</u>	<u>December Budget</u>	<u>Fav (Unfav) to Budget</u>	<u>% Fav (Unfav)</u>
Revenues	\$ 4.729	\$ 5.065	\$ (0.336)	(6.6%)
Expenditures	3.940	4.056	0.116	2.9%
Favorable (Unfavorable)	\$ 0.789	\$ 1.009	\$ (0.220)	

Actual revenues fell below budgeted revenues for the month by (6.6%) or (\$336K). Actual gross receipts tax revenue is less than budget by (3.0%) or (\$92K) for the month of December and is also less than budget by (3.0%) or (\$611K) for the year-to-date. Other revenues that came in under budget are the Red Apple Transit (\$104K), various grants (\$98K), court fines (\$28K), and paving cuts (\$24K). With 50% of the fiscal year complete, 47.6% of the FY2013 total annual revenue budget has been collected.

For the month of December, actual expenditures are less than budget by \$116K. With 50% of the year complete, 49.6% of the total FY2013 annual expenditure budget has been spent. In large part and due to employee turnover, salaries and benefits have contributed to expenditures totaling less than budget. Conversely, detention center (jail) fees expense has been higher than anticipated and has exceeded the year-to-date budget by 53%. Nevertheless, general fund total expenditures as compared to budget continue to be favorable with actual expenditures coming in under budget by 3.2%.

BUDGET COMPARISON - YTD				
(In Millions)				
	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Fav (Unfav) to Budget</u>	<u>% Fav (Unfav)</u>
Revenues	\$ 27.091	\$ 27.768	\$ (0.677)	(2.4%)
Expenditures	26.181	27.053	0.872	3.2%
Favorable (Unfavorable)	\$ 0.910	\$ 0.715	\$ 0.195	

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The General Fund cash total of \$11.6 million reflects the cash available as of December 31, 2012. The total cash balance represents 20.28% of the FY13 General Fund expenditure budget of \$57 million. In November the FY13 cash reserve transfer to the 408 Fund was made for \$4.1 million.

GRT Street Fund 201- The ending cash balance for December is \$7.7 million, which is an increase from November of \$179K. December revenues are less than budget by (\$72K) due to a decrease in gasoline tax revenue (\$35K), gross receipts tax revenue (\$19K), FEMA grant revenue (\$12K), and interest income (\$6K). December expenditures are less than November expenditures by (\$694K). Highlights of some of the expenditures during December are \$265K for street maintenance and \$353K for construction on the N. Foothills Circulation Plan.

GRT 2012 Series Bonds Fund 402- The 402 fund ended the month with a cash balance of \$8.7 million. There were \$40K in expenditures made during December for expenses to Fire Station #1.

General Governmental Fund 408- The 408 fund ended the month with a cash balance of \$6 million due to the FY13 "transfer in" of \$4.1 million made in November from the General Fund cash reserve. There was \$207K in expenditures made during the month of December, which include the following project expenses: \$187K - vehicles (eight for the police department and one for the library), \$10K - Museum fiber optics, and \$10K - FCC radio upgrades.

Airport Grants Fund 409- The 409 fund reflects the cash balance for Airport Grant projects. The ending cash balance for the month of December is (\$225K). The grant program is maintained on a reimbursable basis and a reduction in cash reflects work performed or assets purchased for Airport capital projects and still pending receipt of grant funds. During the month of December, there was \$221K of grant reimbursements received for FAA grants and \$44K of reimbursements received from State grants. There was \$255K in expenditures made during the month of December to repair and repaint the airport commercial ramp.

Electric Fund 601- In order to provide the reader a better understanding of the available cash balance, the Cash Balance Report has been modified to reflect not only the restricted cash amounts but also the reserved cash amounts in compliance with the Council approved Electric Cash Reserve Policy. The Electric Fund *unrestricted/unreserved* balance as of December 31, 2012 is \$52 million. Unreserved/unrestricted cash represents 48.2% of the FY13 electric enterprise expenditure budget of \$108.2 million. For the fund as a whole and with 50% of the fiscal year complete, actual revenues are 48.3% of the total annual revenue budget while actual expenses are 39.3% of the total annual expenditure budget.

Health Insurance Fund 701- Over the last five months, cash balances for the Health Insurance fund have remained positive. For the month ending December 31, 2012, the Health Fund cash balance was \$566K, which is a \$40K increase from the November 30, balance of \$526K. Year-to-date the fund has received \$810K of "stop loss payments." Health insurance claims from Blue Cross/Blue Shield for the month of December were \$608K. There was a change in July to the new third party administrator for the City's group health plan (Blue Cross/Blue Shield of NM). Blue Cross/Blue Shield of NM continues to "catch up" with processing claims in December, while claims from the previous health plan administrator continue to taper off. For the fund as a whole and with 50% of the year completed, actual revenues are 63.3% of the FY13 total annual revenue budget while actual expenses are 46.7% of the FY13 total annual expenditure budget.

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DEBT SERVICE

	Principal Balance	Annual Payment	
		Principal	Interest/Admin Fee
FUND 601-Electric			
Revenue Bond Series 2002A	\$ 3,232,652	\$ 3,232,652	\$ 126,073
Total	\$ 3,232,652	\$ 3,232,652	\$ 126,073
FUND 602-Water			
Revenue Bond Series 2002A	\$ 697,565	\$ 697,565	\$ 27,205
NMFA Loan-Animas Waterline*	1,054,844	47,906	10,548
Total	\$ 1,752,409	\$ 745,471	\$ 37,753
FUND 603-Wastewater			
Revenue Bond Series 2002A	\$ 114,783	\$ 114,783	\$ 4,477
NMED Loan	10,765,125	630,043	322,954
Total	\$ 10,879,908	\$ 744,826	\$ 327,431
UTILITY TOTAL			
Revenue Bond Series 2002A	\$ 4,045,000	\$ 4,045,000	\$ 157,755
NMFA Loan-Animas Waterline*	1,054,844	47,906	10,548
NMED Loan	10,765,125	630,043	322,954
Total	\$ 15,864,969	\$ 4,722,949	\$ 491,257
FUND 101-General Fund			
Sales Tax Bonds 2005	\$ 3,240,000	\$ 410,000	\$ 129,600
Sales Tax Bonds 2012	10,655,000	645,000	396,689
NMFA Fire Pumper Loan	475,426	43,878	21,427
Total	\$ 14,370,426	\$ 1,098,878	\$ 547,716
CITY TOTAL			
Revenue Bond Series 2002A	\$ 4,045,000	\$ 4,045,000	\$ 157,755
NMFA Loan-Animas Waterline*	1,054,844	47,906	10,548
NMED Loan	10,765,125	630,043	322,954
Sales Tax Bonds 2005	3,240,000	410,000	129,600
Sales Tax Bonds 2012	10,655,000	645,000	396,689
NMFA Fire Pumper Loan	475,426	43,878	21,427
Total	\$ 30,235,395	\$ 5,821,827	\$ 1,038,973

	Interest Rate	Payment Due Date	Maturity
Revenue Bond Series 2002A	3.50 - 5.00%	11/1 & 5/13	2013
NMFA Loan-Animas Waterline*	1.00%	6/30 & 12/30	2031
	.25% Admin Fee		
NMED Loan	3.00%	7/1	2026
Sales Tax Bonds 2005	3.50 - 4.00%	12/15 & 6/15	2019
Sales Tax Bonds 2012**	1.5%-5.5%	12/1 & 6/1	2024
NMFA Fire Pumper Loan	2.78%	1-Jun	2022

* NM Finance Authority Loan includes Interest and Administrative Fee.

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Because of timing differences, the monthly change in Cash Balances will not match the monthly excess or deficit reported on the Monthly Financial Summary Report.

INVESTMENT PORTFOLIO

State law restricts the types of investments the City of Farmington August purchase. The City's current investment portfolio consists of CD's, money market accounts, governmental agency securities, and deposits in the State Treasurer's Local Government Investment Pool. If you would like to see any additional information, please let me know.

Copies: Department Head Group, Controller, Budget Officer