

FY2021 FIRST QUARTER BUDGET REPORT

Prepared by Budget Office – October 15, 2020

REVENUES AND EXPENDITURES

- 3 Month Actuals Unaudited (July 1, 2020 to September 30, 2020)



PAINTING A BRIGHTER FUTURE FOR LAS CRUCES

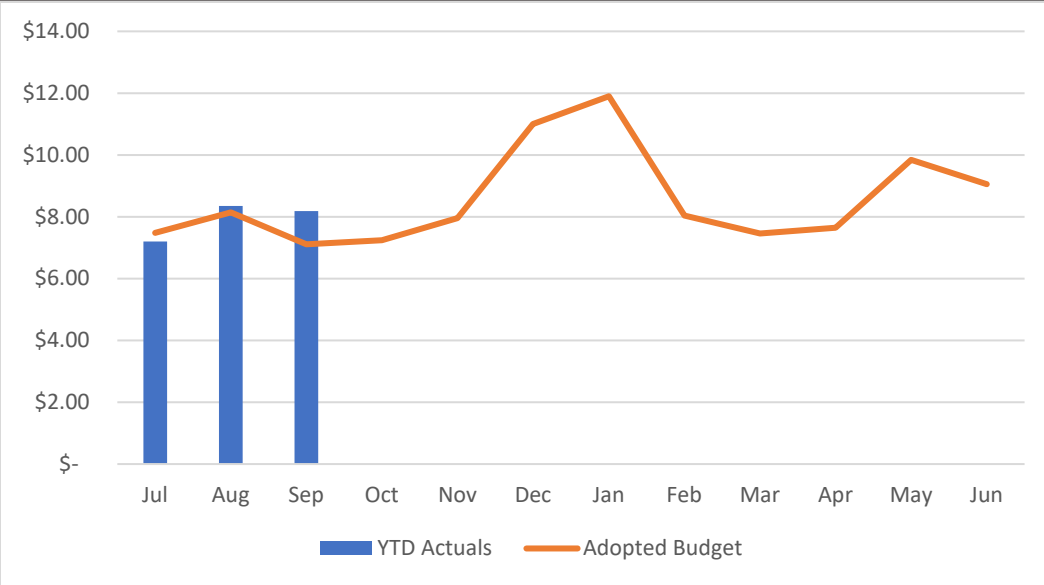
All financial data is from the City's financial management system. This is an unaudited financial/budget report.

FISCAL YEAR 2021 FIRST QUARTER REPORT (As of September 30, 2020)

GENERAL FUND REVENUES

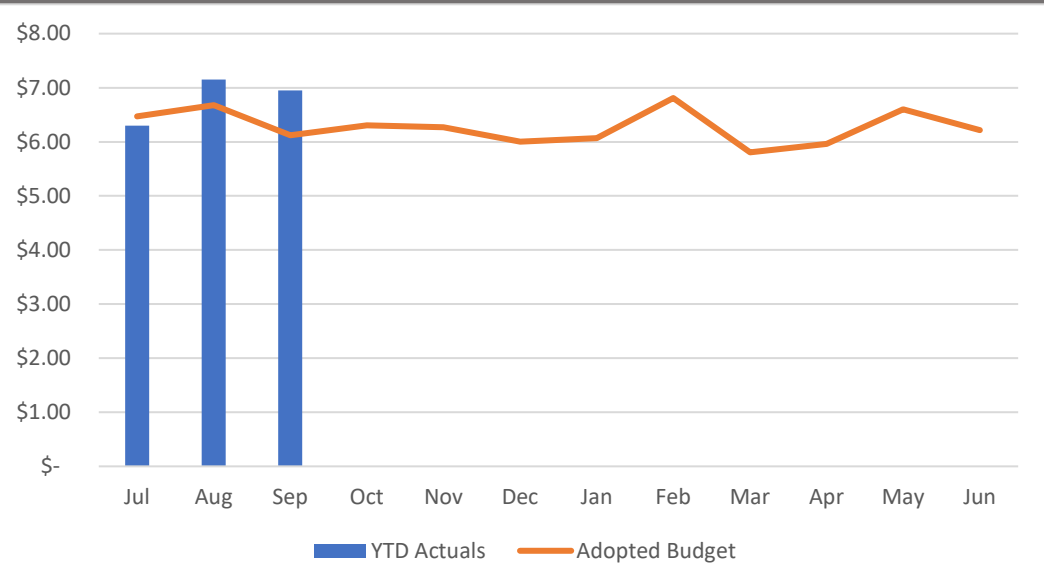
ALL SOURCES (\$ In Millions)

Month	Adopted Budget	YTD Actuals	Variance
Jul	\$ 7.48	\$ 7.20	\$ (0.28)
Aug	8.14	8.35	0.21
Sep	7.11	8.19	1.08
Oct	7.24		
Nov	7.96		
Dec	11.00		
Jan	11.90		
Feb	8.04		
Mar	7.46		
Apr	7.65		
May	9.84		
Jun	9.06		
Total	\$ 102.88	\$ 23.73	\$ 1.00



GROSS RECEIPTS TAXES (\$ In Millions)

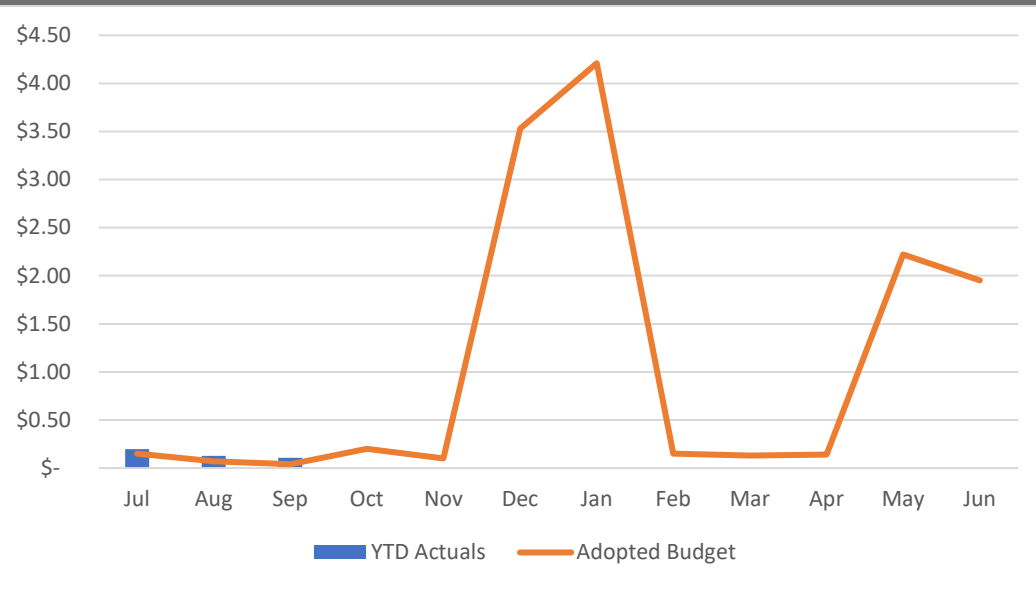
Month	Adopted Budget	YTD Actuals	Variance
Jul	\$6.47	\$ 6.30	\$ (0.17)
Aug	\$6.68	7.15	0.47
Sep	\$6.12	6.95	0.83
Oct	\$6.31		
Nov	\$6.27		
Dec	\$6.00		
Jan	\$6.07		
Feb	\$6.81		
Mar	\$5.81		
Apr	\$5.96		
May	\$6.60		
Jun	\$6.21		
Total	\$ 75.31	\$ 20.40	\$ 1.13



FISCAL YEAR 2021 FIRST QUARTER REPORT (As of September 30, 2020)

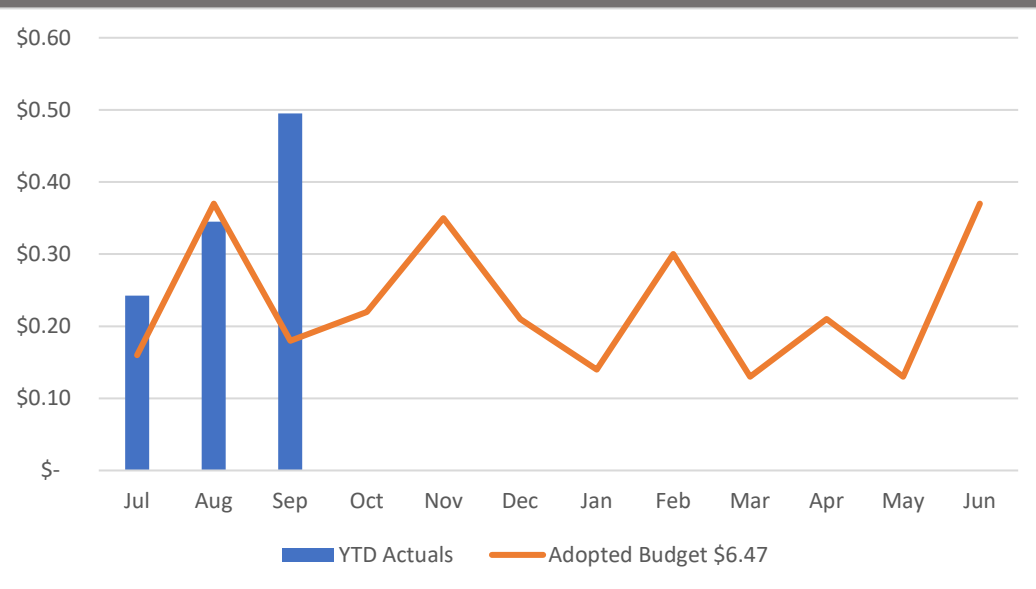
PROPERTY TAX (\$ In Millions)

Month	Adopted Budget	YTD Actuals	Variance
Jul	\$ 0.15	\$ 0.20	\$ 0.05
Aug	0.07	0.13	0.06
Sep	0.04	0.11	0.07
Oct	0.20		
Nov	0.10		
Dec	3.53		
Jan	4.21		
Feb	0.15		
Mar	0.13		
Apr	0.14		
May	2.22		
Jun	1.95		
Total	\$ 12.89	\$ 0.43	\$ 0.17



FRANCHISE FEES (\$ In Millions)

Month	Adopted Budget	YTD Actuals	Variance
Jul	\$ 0.16	\$ 0.24	\$ 0.08
Aug	0.37	0.35	(0.02)
Sep	0.18	0.50	0.32
Oct	0.22		
Nov	0.35		
Dec	0.21		
Jan	0.14		
Feb	0.30		
Mar	0.13		
Apr	0.21		
May	0.13		
Jun	0.37		
Total	\$ 2.77	\$ 1.08	\$ 0.37



FISCAL YEAR 2021 FIRST QUARTER REPORT (As of September 30, 2020)

GENERAL FUND REVENUES

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 3- Month Budget	FY2021 3- Month Actuals	3-Month Variance Favorable
Gross Receipts Tax	\$ 76,383,145	\$ -	\$ 76,383,145	\$ 19,095,786	\$ 20,396,425	\$ 1,300,639
State Shared	\$ 4,432,236	\$ -	\$ 4,432,236	\$ 1,108,059	\$ 1,106,544	\$ (1,515)
Property Taxes	\$ 12,896,126	\$ -	\$ 12,896,126	\$ 224,032	\$ 428,068	\$ 204,036
Franchise Fees	\$ 1,200,000	\$ -	\$ 1,200,000	\$ 300,000	\$ 269,085	\$ (30,915)
Investment Income	\$ 670,000	\$ -	\$ 670,000	\$ 167,500	\$ 30,975	\$ (136,525)
CD Building	\$ 1,479,595	\$ -	\$ 1,479,595	\$ 369,899	\$ 485,589	\$ 115,690
P&R Fees	\$ 669,000	\$ -	\$ 669,000	\$ 167,250	\$ 10,949	\$ (156,301)
ED Fees	\$ 362,921	\$ -	\$ 362,921	\$ 90,730	\$ 114,397	\$ 23,667
PW Fees	\$ 377,724	\$ -	\$ 377,724	\$ 94,431	\$ 162,394	\$ 67,963
PD Fees	\$ 1,024,143	\$ -	\$ 1,024,143	\$ 256,036	\$ 40,529	\$ (215,507)
Other Revenue	\$ 4,637,003	\$ -	\$ 4,637,003	\$ 1,159,251	\$ 879,619	\$ (279,632)
TOTAL REVENUE	\$ 104,131,893	\$ -	\$ 104,131,893	\$ 23,032,974	\$ 23,924,574	\$ 891,601

SPECIAL REVENUES

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 3- Month Budget	FY2021 3- Month Actuals	3-Month Variance Favorable
Prisoner Care	\$ 150,000	\$ -	\$ 150,000	\$ 37,500	\$ 15,243	\$ (22,257)
Street Maintenance	\$ 7,550,000	\$ -	\$ 7,550,000	\$ 1,887,500	\$ 2,016,868	\$ 129,368
Flood Operations	\$ 4,935,034	\$ -	\$ 4,935,034	\$ 1,233,759	\$ 92,261	\$ (1,141,498)
Health Care	\$ -	\$ -	\$ -	\$ -	\$ 2,561	\$ 2,561
Visit Las Cruces	\$ 2,368,958	\$ -	\$ 2,368,958	\$ 592,240	\$ 368,783	\$ (223,457)
Griggs Walnut Rem	\$ 238,395	\$ -	\$ 238,395	\$ 59,599	\$ 6,446,795	\$ 6,387,196
Environmental GRT	\$ 1,860,000	\$ -	\$ 1,860,000	\$ 465,000	\$ 503,554	\$ 38,554
Gas Tax	\$ 1,742,000	\$ -	\$ 1,742,000	\$ 435,500	\$ 441,742	\$ 6,242

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 3- Month Budget	FY2021 3- Month Actuals	3-Month Variance Favorable (Unfavorable)
ENTERPRISE AND INTERNAL REVENUES						
Airport Operations	\$ 2,919,719.64	\$ 1,086,653.18	\$ 4,006,372.82	\$ 1,001,593.21	\$ 1,153,375.34	\$ 151,782.14
Utilities Total	\$ 74,405,518.00	\$ 238,696.00	\$ 74,644,214.00	\$ 18,661,053.50	\$ 25,248,835.84	\$ 6,587,782.34
Office of the Director	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Natural Gas	\$ 20,989,781.00	\$ -	\$ 20,989,781.00	\$ 5,247,445.25	\$ 3,348,198.21	\$ (1,899,247.04)
Water Operations	\$ 21,971,381.00	\$ -	\$ 21,971,381.00	\$ 5,492,845.25	\$ 7,555,310.24	\$ 2,062,464.99
Wastewater Operations	\$ 15,563,791.00	\$ -	\$ 15,563,791.00	\$ 3,890,947.75	\$ 3,964,730.14	\$ 73,782.39
Solid Waste Operations	\$ 14,669,195.00	\$ -	\$ 14,669,195.00	\$ 3,667,298.75	\$ 3,935,346.01	\$ 268,047.26
Environmental	\$ 204,000.00	\$ 238,696.00	\$ 442,696.00	\$ 110,674.00	\$ 6,445,483.43	\$ 6,334,809.43
Customer Engagement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue & Financial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Compliance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Support & Project Manageme	\$ 1,007,370.00	\$ -	\$ 1,007,370.00	\$ 251,842.50	\$ -	\$ (251,842.50)
Fleet Services	\$ 2,305,000.00	\$ -	\$ 2,305,000.00	\$ 576,250.00	\$ 296,606.44	\$ (279,643.56)
Employee Health	\$ 21,070,945.00	\$ -	\$ 21,070,945.00	\$ 5,267,736.25	\$ 3,113,640.87	\$ (2,154,095.38)
Workers Comp	\$ -	\$ -	\$ -	\$ -	\$ 82,220.02	\$ 82,220.02
Liability Claims	\$ -	\$ -	\$ -	\$ -	\$ 65,929.47	\$ 65,929.47

FISCAL YEAR 2021 FIRST QUARTER REPORT (As of September 30, 2020)

GENERAL FUND REVENUES VARIANCE EXPLANATION

Gross Receipts Tax (GRT) including state shared and internet sales tax has a favorable variance. The favorable variance is due to the increase in the construction industry, hold harmless food/medical and the additional internet sales tax that was approved during the Legislative Special Session in May 2020. While Budget and Economic Development predicted a drastic decrease in the GRT of 19% for the first quarter, the City has experienced the opposite. Overall, there has been an increase in GRT of 4% in the first quarter compared to budget.

Property Taxes has a favorable variance for the first quarter. Most of the property taxes are collected by the County twice a year in December and May with small amounts coming in each month due to property sales. Property taxes are higher than anticipated. This favorable variance maybe associated with the increase in residential sales in the City. The Budget Office will reach out to the County and the LC Realtors Association for additional data information.

Franchise Fees are sent into the City either quarterly or monthly. Franchise fees are received on electricity, cable TV, and cellular. We do not receive franchise fees for internet service. Most of our franchise agreements have expired and Legal is currently working on our franchise agreement with comcast and El Paso Electric.

Investment Income has an unfavorable variance. The Treasury Section is estimated that the investment income will be down for FY2021 by 65%. While all funds are invested the amount documented for investment income is reliant upon the rate of return from the investment and the available balance of the fund. This amount could vary especially with the fluctuation of the current market and economy.

Community Development Building Fees has a favorable variance. Per Community Development the year to date total project valuations have increased by 13% over calendar year 2019. For September, residential permitting for new development has increased by 18% over calendar year 2019 and continues to grow. Builders in the area have commented that new housing has not slowed down during the pandemic but tremendously increased. Please see Community Developments September Monthly Report for more information.

Parks & Recreation (P&R) has an unfavorable variance. During the COVID Pandemic all the Parks and Recreational activities for the City were halted. Since the first quarter included the mid-summer months many recreational activities for children, youth and adults were halted causing a loss of fees.

Police (PD) Fees have an unfavorable variance. In the beginning of the COVID pandemic the Police Department limited the number of traffic violations so that they were able to reduce their contact with the public.

Other Revenue includes fess collected from other Departments that charge for services. This includes such charges as museum and library fines. Most if not all of these community centers have been closed during the pandemic.

SPECIAL REVENUE FUNDS REVENUE (EACH QUARTER WILL HIGHLIGHT SEVERAL FUNDS)

VARIANCE EXPLANATION

Most of the favorable/unfavorable variances in the special revenue funds is due to investment income. It is the responsibility of the Treasury Department to invest, budget, and predict the investment income for the fiscal year. While all funds are invested the amount documented for investment income is reliant upon the rate of return from the investment and the available balance of the fund. This amount could vary especially with the fluctuation of the current market and economy.

Street Maintenance and Flood Control Operations are for the operational expenditures for street maintenance and flood control operations. The fund's revenue source for street maintenance is 0.25% of the gross receipts tax and the flood control source is a 2 million property tax assessment.

Visit Las Cruces revenues are provided from Lodger's tax. The NM Lodger's Tax Act authorized the ability to impose a 5% tax of gross taxable rent for lodging paid to vendors. Currently with the COVID-19 pandemic there has been a substantial loss to lodger's tax. The unfavorable variance shown contains additional revenue of late fees and penalties imposed. Budget and Economic Development are working to acquire data that only includes the lodger's tax and has requested to Treasury that penalties and late fees be separated from the lodger's tax when deposited.

Griggs Walnut Remediation is a superfund that provides payments for water contamination cleanup at the Griggs/Walnut site. It is guided by a settlement agreement with EPA, the City, and the County (50/50 split). The increase in revenue actuals is due to a recent settlement from EPA. The settlement will be brought to Council at the October 19 Council Meeting as a budget adjustment.

Environmental GRT revenue is provided from a 0.0625% of the gross receipts tax. The EGRT was enacted by the City in Ordinance 1484 in October 1995.

Gas Tax revenues account for the receipt of gasoline tax remittances from the State. State Law (7-1-6.9 NMSA 1978) requires the distributions to be received into a separate road fund.

ENTERPRISE AND INTERNAL REVENUES (EACH QUARTER WILL HIGHLIGHT SEVERAL FUNDS)

VARIANCE EXPLANATION

Airport Operations are mostly transfers from the general fund, some lease rentals at the airport, and grants and matches. Airport operations was moved from the general fund (Fund 1010) to an enterprise fund for FY2021. Since the move from general fund to an enterprise all matches for grants received will be recorded in the enterprise fund. Before the move to an enterprise, grants and grant matches were recorded in Fund 2100 (operational grants) or 4100 (capital grants).

Utilities revenues are based on rates. The increase in the revenue is due to the EPA settlement, which will be budgeted at the October budget adjustment.

Fleet Services receives a transfer from the general fund along with charges to departments that are not general funded for fuel and vehicle maintenance. Currently Fleet is implementing a new software system and will be converting to chargeback for FY2022. The unfavorable variance in Fleet is due to several factors. 1) departments that are chargeback have reduced their hours of operations due to COVID which reduces fuel and maintenance revenues. 2) Fleet is currently auditing their work orders and have found some issues with overhead and charge on inventory. Fleet has reached out to Tyler Support and we have found that a default setting was over riding some of the accounts on the work orders. Fleet is in the process of make those adjustments and hopefully the issue will be taken care of by second quarter report.

Employee Health revenues come from a transfer from the general fund and deduction of employee medical, dental, and vision premiums. The contribution to medical health premiums is 60/40, which is set by state statute. The reason for the unfavorable variance is due to the first payroll of the fiscal year and credits not yet received from BC/BS for Rx Benefits drug rebates from the drug companies. Since our first payroll was split approximately (75/25) between the fiscal years the health premium deduction for FY2021 was lower.

Workers Comp is currently a transfer from the general fund and Utilities. Budget is working with Finance, HR, and Risk to implement a module in MUNIS that will move funds each payroll period into the workers comp fund. Utilities is the only department contributing to this fund. Finance Department has not made any transfers from the general fund to this fund for the first quarter.

Liability Claims is a transfer from the general funds. Finance Department has not made any transfers from the general fund to this fund for the first quarter.

FISCAL YEAR 2021 FIRST QUARTER REPORT (As of September 30, 2020)

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 3- Month Budget	FY2021 3- Month Actuals	3-Months Variance Favorable
GENERAL FUND EXPENSE BY DEPARTMENT						
Mayor and Council	\$ (708,052)	\$ -	\$ (708,052)	\$ (177,013)	\$ (159,561)	\$ 17,452
Municipal Court	\$ (1,472,319)	\$ -	\$ (1,472,319)	\$ (368,080)	\$ (204,191)	\$ 163,889
City Manager	\$ (6,038,677)	\$ 774,592	\$ (5,264,085)	\$ (1,316,021)	\$ (880,086)	\$ 435,935
Legal	\$ (3,339,743)	\$ -	\$ (3,339,743)	\$ (834,936)	\$ (461,512)	\$ 373,423
Police	\$ (26,508,761)	\$ (25,897)	\$ (26,534,658)	\$ (6,633,664)	\$ (4,719,168)	\$ 1,914,496
Fire & Emergency Services	\$ (16,219,373)	\$ -	\$ (16,219,373)	\$ (4,054,843)	\$ (3,303,067)	\$ 751,776
Economic Development	\$ (2,538,821)	\$ (101,080)	\$ (2,639,901)	\$ (659,975)	\$ (420,305)	\$ 239,670
Human Resources	\$ (1,502,776)	\$ -	\$ (1,502,776)	\$ (375,694)	\$ (219,747)	\$ 155,947
Financial Services	\$ (4,548,695)	\$ -	\$ (4,548,695)	\$ (1,137,174)	\$ (738,017)	\$ 399,157
Information Technology	\$ (5,095,702)	\$ (155,664)	\$ (5,251,366)	\$ (1,312,842)	\$ (1,157,968)	\$ 154,873
Parks & Recreation	\$ (11,727,435)	\$ (113,728)	\$ (11,841,163)	\$ (2,960,291)	\$ (2,220,430)	\$ 739,860
Community Development	\$ (5,063,726)	\$ -	\$ (5,063,726)	\$ (1,265,931)	\$ (719,530)	\$ 546,401
Quality of Life	\$ (7,203,696)	\$ (76,984)	\$ (7,280,680)	\$ (1,820,170)	\$ (1,274,385)	\$ 545,785
Public Works	\$ (10,039,908)	\$ (43,791)	\$ (10,083,699)	\$ (2,520,925)	\$ (1,641,699)	\$ 879,226
SPECIAL REVENUE EXPENSES BY FUND						
Prisoner Care	\$ (1,650,000)	\$ -	\$ (1,650,000)	\$ (412,500)	\$ (35,905)	\$ 376,595
Street Maintenance	\$ (3,178,803)	\$ -	\$ (3,178,803)	\$ (794,701)	\$ (539,016)	\$ 255,684
Flood Operations	\$ (3,077,618)	\$ -	\$ (3,077,618)	\$ (769,405)	\$ (376,661)	\$ 392,743
Health Care	\$ (2,367,000)	\$ (4,093,810)	\$ (6,460,810)	\$ (1,615,203)	\$ (1,557,102)	\$ 58,100
Visit Las Cruces	\$ (2,332,778)	\$ (200,000)	\$ (2,532,778)	\$ (633,195)	\$ (270,568)	\$ 362,627
Downtown Las Cruces	\$ (1,684,095)	\$ (1,500,000)	\$ (3,184,095)	\$ (796,024)	\$ (1,381,095)	\$ (585,071)
Environmental GRT	\$ (55,125)	\$ -	\$ (55,125)	\$ (13,781)	\$ (13,783)	\$ (2)
Gas Tax	\$ (590,851)	\$ -	\$ (590,851)	\$ (147,713)	\$ (101,963)	\$ 45,750

ENTERPRISE AND INTERNAL SERVICES EXPENSES BY FUND

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 3-Month Budget	FY2021 3-Month Actuals	3-Months Variance Favorable
Airport Operations	\$ (5,904,346)	\$ 1,161,264	\$ (4,743,082)	\$ (1,185,770)	\$ (1,246,351)	(60,581)
	\$ -					
Utilities Total	\$ (107,867,958)	\$ (27,283,551)	\$ (135,151,509)	\$ (33,787,877)	\$ (17,460,694)	16,327,183
Office of the Director	\$ (2,193,022)	\$ -	\$ (2,193,022)	\$ (548,256)	\$ (259,782)	288,473
Natural Gas	\$ (23,104,063)	\$ (520,773)	\$ (23,624,836)	\$ (5,906,209)	\$ (3,269,295)	2,636,914
Water Operations	\$ (23,186,463)	\$ (95,296)	\$ (23,281,759)	\$ (5,820,440)	\$ (4,099,874)	1,720,565
Wastewater Operations	\$ (16,507,814)	\$ (573,463)	\$ (17,081,277)	\$ (4,270,319)	\$ (2,484,952)	1,785,367
Solid Waste Operations	\$ (13,500,869)	\$ (482,017)	\$ (13,982,886)	\$ (3,495,722)	\$ (2,558,490)	937,231
Environmental	\$ (2,538,411)	\$ (1,740,677)	\$ (4,279,088)	\$ (1,069,772)	\$ (1,486,105)	(416,333)
Customer Engagement	\$ (5,158,459)	\$ (199,364)	\$ (5,357,823)	\$ (1,339,456)	\$ (873,871)	465,585
Revenue & Financial	\$ (2,943,583)	\$ (92,483)	\$ (3,036,066)	\$ (759,017)	\$ (507,495)	251,521
Regulatory Compliance	\$ (3,243,933)	\$ (10,448)	\$ (3,254,381)	\$ (813,595)	\$ (638,865)	174,730
Support & Project Management	\$ (15,491,341)	\$ (23,569,030)	\$ (39,060,371)	\$ (9,765,093)	\$ (1,281,964)	8,483,129
	\$ -					
Fleet Services	\$ (6,342,428)	\$ -	\$ (6,342,428)	\$ (1,585,607)	\$ (995,190)	590,417
Employee Health	\$ (19,625,816)	\$ -	\$ (19,625,816)	\$ (4,906,454)	\$ (2,618,060)	2,288,394
Workers Comp	\$ (2,201,433)	\$ -	\$ (2,201,433)	\$ (550,358)	\$ (408,045)	142,313
Liability Claims	\$ (4,142,698)	\$ (3,000,000)	\$ (7,142,698)	\$ (1,785,675)	\$ (2,851,860)	(1,066,185)

GENERAL FUND EXPENDITURES BY DEPARTMENT VARIANCE EXPLANATION

For the first quarter departments spending should be around 25%. With performance based-budgeting some expenses within the departments could be seasonal. These expenses could include software purchases/renewals, dues, travel, and other nonoperational expenses. Much of the savings for these departments is due to vacant positions. The upcoming quarterly review meetings to the City Manager, will give an in-depth analysis by each program.

SPECIAL REVENUE EXPENDITURES (EACH QUARTER WILL HIGHLIGHT SEVERAL FUNDS) VARIANCE EXPLANATION

Prisoner Care are the charges sent to the City from the County for persons incarcerated by the Las Cruces Police Department. The charges are set by the County and are invoiced as a per day charge. In past fiscal years, the invoices were approximately \$150,000 per month. Recently the month invoices coming in are around \$10,000. Budget will reach out to Municipal Court to see if the decrease in charges are due to COVID or other issues.

Street Maintenance and Flood Control Operations are for the operational expenditures for street maintenance and flood control operations. With the operations of COVID-19 to reduce the amount of contact operations have slowed down causing expenses to decrease.

Health Care supplies support for emergency assistance for the impact from COVID-19. This fund receives a transfer from the Telshor Fund. Most of the expenses from COVID-19 are anticipated to be reimbursed by the COVID FEMA grant and the State Cares Act.

Visit Las Cruces receives funding through the NM Lodger's Tax Act, which authorized the ability to impose a 5% tax of gross taxable rent for lodging paid to vendors. Currently with the COVID-19 pandemic there has been a substantial loss to the lodger's tax and expenses have decreased due to the closure of the Convention Center and loss of lodger's tax.

Environmental GRT expenses in the EGRT are used by the Utilities Department for various environmental projects in water, wastewater, and solid waste and are on target.

Gas Tax expenses are regulated by statute and used for repair and maintenance of roads within the City. Due to the restrictions from COVID, operations on street maintenance has dropped to reduce exposure to staff.

ENTERPRISE AND INTERNAL EXPENDITURES (EACH QUARTER WILL HIGHLIGHT SEVERAL FUNDS)

VARIANCE EXPLANATION

Airport Operations were moved from the general fund to an enterprise fund for FY2021. The transfer out of this fund was a correction for an airport project that needed to be moved to a capital fund.

Fleet Services expenses are due to several vacant positions, lower fuel usage, and lower maintenance of vehicles due to the pandemic.

Employee Health expenses have greatly decreased. Our Benefits Committee has met with our consultant and with the COVID-19 pandemic they have seen several behaviors that contribute to the decrease in expenses. These behaviors include 1) medical service providers were not open or limiting their services until some of the Governors restrictions were lifted, 2) fewer claims are being filed on medical, dental, and vision. Our Consultant has stated that due to the COVID Pandemic they see persons delaying preventive care and not scheduling elective procedures. As the restrictions reduce, they expect the number of claims to increase. How much of an increase cannot be determined at this time, and 3) we are unable to collect specific data on our employees, but we believe there might be an increase in the utilization of Telemed services which is free to all City employees.

Workers Comp expenses are used by Risk Management for workers compensation claims and wages. The recent actuarial study states that this fund needs to have an available balance of \$3.9 million beyond their expenses. Available balance is approximately \$1.9 million.

Liability Claims expenditures were almost completely exhausted during the first quarter of the fiscal year. A budget adjustment was taken to Council for the remainder of the fiscal year. The actuarial study states that this fund needs to have an available balance of \$6 million beyond any possible outstanding claims. Available balance is approximately \$2 million.