



THE BUDGETING PROCESS

BUDGET MANAGEMENT

Throughout the fiscal year the budget is managed through the tracking of revenue and expenditures and by analysis and periodic reviews with each County department. Adjustments are made to the budget as necessary.

A monthly report of major revenue sources, cost category and fund expenses and major fund cash positions is produced and reported to the Board of County Commissioners. These analyses give an early indication of revenue deficiencies or surpluses and expenditure patterns which can be addressed in a timely manner through budget adjustments. Similarly, budget and expense reviews with each department bring to light their financial needs and opportunities which can also be addressed through amendments to the budget.

After the annual budget is adopted, the following types of adjustments must be approved by the Board of County Commissioners through a formal resolution submitted to the state Department of Finance and Administration (DFA) for review and approval:

- ◆ Change in sources and uses within a fund.
- ◆ Transfers of Budget or Cash between funds.
- ◆ Additions and deletions to Full-time Employees (FTEs)

Additionally it is County policy to prepare an internal budget adjustment form (BAR) for the following:

- ◆ Transfer within a fund, within a cost center between expenditure categories.
- ◆ Transfer within a fund, between cost centers.

A total of 127 Board of County Commissioner budget Resolutions requiring DFA approval and 303 internal budget adjustments were made in Fiscal Year 2011.



Cost center budgets are monitored by the Finance Division to ensure that DFA and County policies are followed. Additionally, a mid-year budget review is conducted in a series of hearings with the County Manager, Finance Division staff and Department Heads or Elected Officials. During the hearing, department goals, objectives and budget status are reviewed to determine if the budget is being managed as appropriated. This review may result in budget adjustments.

Asset Renewal and Replacement items and set-asides are initially budgeted in set-aside cost centers. At the time of purchase of a capital item or set-aside item, funds are transferred from the set-aside cost center budget to the purchasing organization's budget. This ensures that the items budgeted are the items that are actually purchased. Capital Package and Set-Aside budgets are non-departmental.

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BUDGET AND FINANCIAL POLICY

In March 2008, the Santa Fe County Board of Commissioners adopted a formal Budget and Financial Policy that follows GFOA* and other recommended ideal financial policies. The adopted Policy appears below and in the next pages in table form with remarks as to actual practice.

* GFOA = Government Finance Officers Association

ADOPTED POLICY	REMARKS
<p>PURPOSE</p> <ul style="list-style-type: none"> A. To standardize basic budget terminology utilized in Santa Fe County. B. To define budget preparation and management processes and the expense and capital budgets that are thereby produced, and to integrate State of New Mexico Department of Finance and Administration budget submission rules into County Policy. C. To Define budget contingencies, set-asides, fund reserves and the use of fund surpluses. D. To define the budgeting of debt obligations and to integrate State-set debt limits into County policy. E. To define the derivation of budgeted revenue and the tracking of actual revenue against the budget. F. To define the development of County organizational goals, objectives and performance measures in the budget process. 	<p>Adopted by the Board of County Commissioners, March 26, 2008</p>
<p>SCOPE</p> <p>This policy applies to all County Government organizations and elected offices collecting revenue or maintaining an expense or capital budget in Santa Fe County, and to entities and persons responsible for developing and managing any portion of the Santa Fe County budget.</p>	
<p>GENERAL DEFINITIONS</p> <p>Budget – The written expression of an organization or program's objectives and the resources required to achieve them and the monetary sources available to support those resources</p> <p>Capital Budget – A budget for the acquisition of assets in excess of \$3,000 and with a lifetime greater than the fiscal year in which they are acquired. Capital budgets may be for the duration of one or several fiscal years.</p> <p>County – Santa Fe County, New Mexico, usually referred to as "the County" in this policy.</p> <p>Debt Obligation – Principal, interest and lender fees associated with County indebtedness in the form of bonds or capital loans.</p> <p>DFA – Local Government Division of the State Department of Finance and Administration.</p> <p>Expense Budget – A cost center budget of personnel, materials and services, capital expenditures and debt obligation payments for a single fiscal year.</p> <p>Encumbrance – Future expenses associated with current legal obligations such as purchase orders. Encumbrances existing at the end of a fiscal year and carried over to the next fiscal year are budgeted in a <i>Prior Year Budget</i>.</p> <p>Fiscal Year – An accounting year beginning on July 1 and ending on June 30 of the following calendar year.</p> <p>Fund Reserve – The cash balance of a fund at the end of a fiscal year less outstanding payables and encumbrances carried over to the following fiscal year. Specific fund reserve amounts are required by the State for the General and Road funds.</p> <p>Revenue – Monetary receipts by the County, comprised of taxes, charges and fees for services, payments by other governmental entities in the form of grants, or agreements, fines and payments as the result of legal proceedings.</p> <p>Sources – Revenue plus transfers from other funds, plus cash reserves. All monetary sources that fund a particular budget.</p> <p>Uses – Expenses plus transfers to other funds. All monetary uses in a fund that account for the disposition of fund sources. In a fund budget, uses must equal sources.</p>	<p>Adopted by the Board of County Commissioners, March 26, 2008</p>

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<p>BALANCED BUDGET The Santa Fe County budget is balanced in that cash balances for each fund at the end of the fiscal year must not be less than zero, or less than a reserve amount that meets statutory requirements, and where recurring expenses are generally sourced with recurring revenue. A statement as to whether the budget is balanced or not shall appear in the Fiscal Year budget documents.</p>	<p>Adopted by the Board of County Commissioners March 26, 2008.</p> <p>The fiscal year 2012 budget is balanced per the requirements of this policy as well as State of NM requirements.</p>
<p>RECURRING AND NON-RECURRING COST AND REVENUE Santa Fe County will strive to pay for all recurring expenditures with recurring revenue. Recurring expenditures are costs that support continuing services and programs.</p> <p>Recurring revenue is that revenue which is expected to be maintained or increase from year to year. Examples of recurring revenues are as follows: Property Taxes, Gross Receipts Taxes (except in the final year of collection); Fees and charges for services of a continuing nature.</p> <p>Non-recurring expenditures are costs that support one-time efforts or services and programs that can reasonably be terminated at the end of a fiscal year. Non-recurring sources are income of a temporary nature, not expected to continue. Examples of non-recurring sources are as follows: One-time revenues and cost recoveries, investment income resulting from extraordinary principal or interest rates, retained cash in excess of reserve requirements.</p> <p>Though not formally so designated in the budget document, grants and services performed through Joint Power Agreements (JPAs) are treated as non-recurring as their associated programs will cease operation at the end of the grant or JPA period, unless renewed by the grantor or continued and funded with recurring County revenue by Board of County Commissioner action.</p> <p>The County will avoid budgetary practices that balance current expenditures at the expense of meeting future year expense requirements, such as postponing expenditures or accruing future year revenue to the current fiscal year.</p>	<p>Adopted policy was modified from "will pay" to "will strive to pay".</p>
<p>FISCAL YEAR BUDGET PREPARATION The Santa Fe County Fiscal Year Budget preparation process shall consist of activities that encompass the development, implementation and evaluation of an annual plan for the provision of services and capital assets. The process should help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process, and in doing so, should:</p> <ul style="list-style-type: none"> ▪ Incorporate a long-term perspective, ▪ Establish linkages to broad organizational goals, ▪ Focus budget decisions on results and outcomes; ▪ Involve and promote effective stakeholder communication, and, ▪ Provide incentives to government management and employees. <p>Early in the Budget preparation process there shall be provided an overall financial status of the governmental entity and of its key funds, including an analysis of available financial resources. This brief analysis should discuss the current financial status, the immediate future status, and long-term trends.</p> <p>County departments and elected offices shall prepare budgets consisting of organizational statements of services and accomplishments, objectives and performance measures, a baseline budget supporting existing services, and budgets for new and expanded services. Capital project budgets shall be updated as to project appropriations, descriptions of projects, current status and planned and actual start and end dates for their various construction stages.</p> <p>Organizational budget requests shall be reviewed publicly in budget hearing sessions which include the requesting organizations, Finance</p>	<p>Adopted by the Board of County Commissioners, March 26, 2008</p> <p>Financial presentation is made to the Board of Commissioners at the outset of the budget preparation process.</p> <p>The preparation of the budget by County organizations typically occurs in the February-March timeframe.</p>

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<p>FISCAL YEAR BUDGET PREPARATION (continued) and Budget, and the County Manager or designated representative.</p> <p>The hearings are open to interested members of the public and to members of the County Board of Commissioners.</p> <p>A budget overview with requests and the County Manager's recommendations shall be provided to the Board of County Commissioners in a workshop setting where they may question and converse with those involved in the preparation and recommendation process.</p> <p>Staff changes and increases that are part of the Fiscal Year budget shall be approved by the Board of Commissioners. Funding above level of service baseline budgets shall be disclosed to the Board of Commissioners who shall recommend its disposition.</p> <p>The Board of County Commissioners shall, by Resolution, approve the interim and final Santa Fe County budgets prior to their submission to the State of New Mexico Department of Finance and Administration.</p>	<p>10 days of budget hearings are held in sessions as described in the policy. Meetings are open to the public.</p> <p>FY 2012 budget preparation included 2 budget study sessions for the Board of Commissioners.</p> <p>All additions or deletions of authorized positions are approved by the Board of County Commissioners.</p> <p>Usually done a few days prior to submission of the Interim and Final Budgets.</p>
<p>INTERIM AND FINAL FISCAL YEAR BUDGETS</p> <p>The Santa Fe County Interim and Final Budget Documents are fund-based budgets prepared using State Department of Finance and Administration (DFA) required forms. The Interim Budget will be submitted to the DFA by June 1 preceding the fiscal year and the Final budget shall be submitted to the DFA by July 31, after the beginning of the Fiscal Year.</p> <p>Changes to the Interim Budget may be made up to June 30 preceding the fiscal year that is the subject of the budget.</p> <p>As of July 1, the Interim Budget and any Commissioner-approved changes shall become the Final Budget that shall be entered into the County's financial data system in time for accounting transaction processing on July 1.</p> <p>The County Board of Commissioners shall approve the Final Budget prior to its submission to the State DFA on July 31.</p>	<p>The Interim and Final Budget are state mandates with the deadlines mentioned in the policy.</p> <p>The Final Budget becomes effective on July 1 as it must be entered into the computerized financial system in order to transact business at the start of the Fiscal Year.</p> <p>Changes to the final budget are discouraged after July 1, although the submission date is July 31, because the final budget is entered into the financial computer system prior to beginning transactions on July 1.</p>
<p>SANTA FE COUNTY PUBLIC BUDGET DOCUMENTS</p> <p>It is the goal of Santa Fe County to publish each Fiscal Year a public budget document in hard-copy and also to make the document available to the public on the County website in substantially the same format as the printed document. The Santa Fe County public budget document shall:</p> <ol style="list-style-type: none"> 1. Summarize the major changes in priorities or service levels from the current year and the factors leading to those changes. 2. Articulate the priorities and key issues for the new budget period. 3. Identify and summarize major financial factors and trends affecting the budget, such as economic factors, long-range outlook, significant changes in revenue collections, tax rates or other changes, current and future debt obligations, and significant use of or increase in fund balance or retained earnings. 4. Provide financial summary data on revenues, other resources, and provide sources and uses data by fund for at least a three-year period, including prior year actual expense, current year budget or actual expense and the budget for the subject year of the document. 5. Define a balanced budget and describe state and local requirements for balancing the budget. State if the budget is balanced or not. If the budget is not balanced, explain why not. 6. Clearly define the basis of accounting used for budgetary purposes. 7. Contain the following in a supplementary section <ol style="list-style-type: none"> A. <i>Form of Government</i>. The roles of elected and appointed officials should be identified. B. <i>Geography and Demographics</i>: The community's location, displayed by means of a map, demographics and economic data. C. <i>Community Profile</i>. A community profile proving background concerning the setting under which the government operates. 8. Also, a brief timeline or short historical narrative. 	<p>The printed budget document (this document) contains the following:</p> <p>Section 1: Manager's budget letter summarizing the budget and changes in priorities, plus key budget documents and the recap.</p> <p>Section 2: A historic, demographic and economic profile of the county.</p> <p>Section 3: Summarizes the budget process and policies.</p> <p>Section 4: Summarizes each type of revenues and provides detailed source and use information for each fund since FY 2009.</p> <p>Section 5: Provides data on the debt status of the county and detailed debt schedules for each bond.</p> <p>Section 6: Details the Capital Equipment budget and Capital Project budgets as known.</p> <p>Section 7: Organizational budgets detail including accomplishments and goals.</p> <p>Section 8: BCC and elected offices, and glossary.</p> <p>This document is also available on the Santa Fe County web page.</p>



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<p>CAPITAL EQUIPMENT BUDGETS DEFINITION: Capital Equipment is comprised of movable items with an acquisition price of \$3,000 or more and a useful life extending beyond the fiscal year in which they are purchased. Equipment in this sense includes tools, office machines, desks and furniture and vehicles (each of which is identified with a unique line item code).</p> <p>BUDGETING CAPITAL EQUIPMENT: The Fiscal Year budget process timeframe for capital equipment shall coincide with the budget process for expenses.</p> <p>GENERAL FUND ASSET RENEWAL AND REPLACEMENT PACKAGE (CAPITAL PACKAGE): The approved list of capital equipment shall be budgeted in a non-departmental "Capital Package" cost center within a fund for which the items were approved. As the items in the Capital Package are purchased, budget will be transferred from the Capital Package to the budget of the purchasing organization.</p> <p>NON-ITEMIZED CAPITAL EQUIPMENT BUDGETS: The budget for capital equipment where there is no approved list of items to be purchased, shall be in a non-departmental set-aside cost center.</p>	<p>Capital equipment policies arise out of several years of actual practice in the budget preparation process.</p> <p>In the FY 2012 budget the County developed an asset replacement schedule to ensure better planning for large capital equipment replacement needs.</p>
<p>CAPITAL PROJECT BUDGETS DEFINITION: Capital Projects are acquisitions, purchases or construction costs of fixed assets with a value of more than \$3,000 and a life beyond the fiscal year in which they were acquired or produced. Capital Projects include road, utility and facility construction efforts and acquisition of land or water rights. Their funding may come from State appropriations, County bond proceeds or Gross Receipts taxes dedicated to capital efforts.</p> <p>BUDGETING ENTIRE CAPITAL PROJECTS: It is a goal of Santa Fe County to establish budgets for entire capital projects under the following circumstances: (1) As State appropriations for specific projects are made to the County. (2) As uses of bond proceeds and dedicated Gross Receipts Taxes are determined.</p> <p>It is a goal of Santa Fe County to include the following in Capital Project budgets: (1) The funding source (code and title of a State appropriation, or the bond or tax that funds the project). (2) A project cost center code other than a generic revenue-driven code. (3) A description of the project including the mode of acquisition and construction and a description of the programs or services, and the service providers supported by a completed facility. (4) An estimate of annual County maintenance costs for the completed project, and programmatic costs for a completed facility. (5) Planned project start and completion dates, minimally, for the project as a whole. (6) An explanation of a project hold if additional funding is required beyond that appropriated for the project before construction can commence. (7) The project budget in annual (Fiscal Year) segments. An entire project budget may span several fiscal years.</p> <p>Entire Capital Project budgets may be approved by the Board of County Commissioners through a Resolution or as a part of the annual approval of a fiscal year budget.</p> <p>BUDGETING CURRENT OR UPCOMING FISCAL YEAR CAPITAL BUDGET SEGMENTS Santa Fe County shall produce an annual Fiscal Year Capital Project Budget. The Fiscal Year Capital Project Budget shall include all State appropriated projects as well as projects funded from bond proceeds and any active projects funded from Capital Outlay Gross Receipts Tax, applicable to the fiscal year being budgeted.</p>	<p>The State of New Mexico Department of Finance and Administration does not require, nor does it prescribe an adequate methodology for counties or municipalities to prepare, submit, or present budgets for entire capital projects. Santa Fe County has not historically prepared such budgets, nor has it fielded project management expertise of sufficient strength to produce a unified budget and schedule spanning the life of all of its capital projects. The nearest such document is the Infrastructure Capital Improvement Plan (ICIP) which looks to future projects rather than to those currently under construction. These factors, plus a substantial increase in state-appropriated projects to the County in recent years presents a significant challenge in rectifying deficiencies in capital budgeting.</p> <p>Development of a capital project budget for publication at the outset of the Fiscal Year is difficult because of the timeframes wherein appropriations and project carryovers become known, and even the State schedule for submission of the Infrastructure Capital Improvement Plan (ICIP) lags that of the Fiscal Year budget process by about two months. Appropriation budgets for capital projects are almost always absent in this document. Only carryover budgets for continuing State appropriated budgets and other known funding carry over amounts are included in the Fiscal Year 2012 budget.</p>

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<p>CAPITAL PROJECT BUDGETS (continued) Current or upcoming Fiscal Year portions of capital budgets shall be incorporated into the Fiscal Year budget approved at the beginning of a fiscal year or by a budget amendment during the year through Board of County Commissioner Resolutions. These are comprised of (1) portions of appropriations or bond and tax proceeds budgeted in the current or upcoming fiscal year; (2) re-budgeted unexpended carryovers from prior fiscal years.</p> <p>a. Encumbered project costs at the end of a fiscal year which are selected to be carried over to the next fiscal year shall be budgeted in a "Prior Year Budget", similar to encumbered costs carried over in operational expense budgets.</p> <p>GENERIC PROJECT BUDGETS Generic Project Budgets are revenue-driven lump sum budgets for capital categories with no defined projects. These budgets shall be treated as set-asides and expense against Generic Project Budget cost codes shall not be permitted until the budget is committed to distinct projects.</p>	
<p>CONTINGENCIES AND SET-ASIDES Contingencies shall be budgeted for unplanned emergency expenses. Set-asides shall be budgeted for cost areas where definitive budgets have not been defined. Expenditures directly from contingency or set-aside cost codes are not permitted.</p> <p>GENERAL FUND CONTINGENCY Santa Fe County shall strive to include in the General Fund Operating budget annually a contingency account equal to 3% of the General Fund total expenditures, less debt service, inter-fund transfers and capital. This contingency will expire at the end of each fiscal year and balances will not be brought forward to the next fiscal year.</p> <p>SET-ASIDES Certain non-departmental "Set-Aside" budgets shall be created in a Fiscal Year Budget in the following cases; (a) Potential costs of future labor negotiations, salary actions, building moves, etc; (b) Un-appropriated moneys wherein there are resources without an approved definitive budget,(c) cost of deductibles for any insurance claims made by the County.</p>	
<p>ASSETS Santa Fe County shall inventory and assess the condition of all major capital assets. This information should be used to plan for the ongoing financial commitments required to maximize the public's benefit.</p> <p>The budget will provide adequate funding for maintenance and replacement of capital plant and equipment</p> <p>The County will maintain all its assets at a level adequate to protect the County's capital interest and to minimize future maintenance and replacement costs.</p>	<p>Fixed Assets Policy approved in County Resolution 2007-81</p> <p>Formal County policy covers the definition of fixed assets, the budget and purchase thereof, fixed asset tagging, transfer and final disposition.</p> <p>The FY 2012 budget includes funding for an Asset Replacement Schedule.</p>
<p>DEBT Santa Fe County shall confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues. The County will strive to use debt financing for acquiring or constructing major non-recurring items with a useful life exceeding that of the debt instrument. Debt financing may also in times of low interest rates be utilized to "refund" or replace higher cost debt instruments with those of a lower interest, thereby saving the County interest costs.</p> <p>TYPES OF DEBT Santa Fe County typically is involved with the following types of debt:</p> <p>(a) General Obligation Bonds (GOB) for facilities, open space, roads and water rights and projects. These are voter-approved instruments paid through property tax assessments. The life of a GOB debt instrument is from 10 to 30 years. Revenue Bonds are for facilities, typically supported by GRT or a specific revenue derived from the facility. The life of a Revenue Bond is from 10 to 30 years.</p>	<p>Purpose of actual County borrowing follows the proposed policy. Santa Fe County has been relatively conservative in its borrowing.</p> <p>The shortest-term County debt financing are New Mexico Finance Authority equipment loans, typically 3 years in length. Equipment bought with this debt financing has a useful life of at least this term.</p> <p>Much of County debt is in General Obligation Bonds, but these are utilized for acquisition or construction of facilities with very long useful lives.</p>

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<p>DEBT(continued) (b) State of New Mexico Finance Authority (NMFA) debt, generally for the purchase of significant equipment or buildings. The life of a NMFA debt agreement is from 3 to 5 years and is supported through State deductions from Gross Receipts Tax revenue receipts.</p> <p>MAXIMUM ALLOWABLE DEBT County debt limits are mandated by State of New Mexico statute NMSA 1978, Section 6-15-1 to 28. (a) Total revenue bond principal and interest must be at least 140% supported by the prior fiscal year actual Gross Receipts tax revenue for the fund involved. (b) Outstanding total principal on General Obligation Bonds (which is paid through property taxes) may not exceed 4% of assessed property value.</p> <p>BOND RATING AGENCIES Santa Fe County shall maintain good communications with bond rating agencies regarding its financial condition. The County will follow a policy of full disclosure on every financial report and borrowing prospectus.</p> <p>REFUNDING When applicable, the County shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the County the opportunity to refund an issue and lessen its debt service costs. In order to consider the possible refunding of an issue, a Present Value savings of three percent over the life of the respective issue is an objective of the County.</p> <p>DEBT INFORMATION IN THE SANTA FE COUNTY BUDGET DOCUMENT The Santa Fe County public budget document for each fiscal year shall contain the following debt information: (a) A listing of each debt instrument with beginning of fiscal year principal. (b) An analysis of current debt and County debt limits. (c) A bond debt service detail showing principal and interest required in each year of indebtedness for each debt instrument. (d) A summary schedule showing the fiscal year indebtedness for each debt instrument and total County debt.</p>	<p>State mandate NMSA 1978, Section 6-15-1 to 28</p> <p>Current Revenue bond debt is about 58% of the maximum bonding capacity.</p> <p>Current GOB outstanding principal is less than one half of the maximum bonding capacity.</p> <p>As of May, 2011 Santa Fe County held a bond rating of Aa+.</p> <p>Refunding practice follows the recommended policy. Last refunding was made in FY 2011 and refunded a 2001 General Obligation issue.</p>
<p>RESERVES AND FUND SURPLUSES Santa Fe County shall maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.</p> <p>RESERVE MINIMUMS (a) The General Fund unappropriated fund balance will be maintained in an amount greater to or equal to 25% for the annual General Fund Budget. (b) The Road Fund unappropriated fund balance will be maintained in an amount greater or equal to 1/12 (8.33%) of the annual Road Fund Budget. (c) All other funds directly supporting operations of County organizations or functions will strive to have an unappropriated fund balance greater or equal to 1/12 (8.33%) of their annual budgets.</p>	<p>State Mandate</p> <p>State Mandate</p> <p>Reserve levels achieved and maintained in the fiscal year 2012 budget.</p>
<p>OPERATING EMERGENCY / NATURAL DISASTER RESERVE The County shall strive to establish and then maintain a reserve of \$1,000,000 for working capital in the event of a natural disaster or operating emergency.</p> <p>USE OF SURPLUSES On an annual basis, after the year-end audit has been completed, the Finance staff shall produce a schedule of all fund surpluses and deficits, with</p>	<p>A \$5.0 million "recessionary" contingency was established in fiscal year 2010 to mitigate any significant decrease in anticipated revenues resulting from the "great recession." This contingency remains in the budget as of FY 2012.</p>



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<p>RESERVES AND FUND SURPLUSES (continued) projection of reserve requirements and a plan for the use of excess surpluses for the current year.</p> <p>It is the intent of Santa Fe County to use all surpluses generated to accomplish three goals; meeting reserve policies, avoidance of future debt and reduction of outstanding debt.</p> <p>Any surpluses realized in the General Fund at year-end shall be used first to meet reserve policies. Excess surplus will then be used for the following purposes:</p> <ul style="list-style-type: none"> ▪ Capital Replacement Program ▪ Retirement or Refinancing of Existing Debt ▪ Cash Payments for Capital Improvement Program Projects 	
<p>REVENUE Santa Fe County will estimate its annual revenues by an objective, analytical process, wherever practical. At the outset of the annual budget development process, revenues for the next fiscal year will be forecast. The forecast will be updated throughout the budget process.</p> <p>PROPERTY TAXES Property Tax revenue will be recorded monthly and be compared to a monthly budget. Application of property tax revenues to the various tax years will also be tracked monthly in order to determine the collection rate.</p> <p>The Property Tax revenue budget for the General Fund will be determined from the more conservative of the following means of analysis:</p> <ol style="list-style-type: none"> a) Yield Control Calculation which computes property taxes from residential and non-residential assessed property values. b) Trend analysis from at least three years of monthly data. <p>GROSS RECEIPTS TAXES Gross receipts revenue will be recorded monthly and be compared to a monthly budget. Business activity supporting gross receipts taxes will also be recorded monthly. The Gross Receipts Tax revenue budget for each applicable fund will be determined through trend analysis of at least three years of monthly data.</p> <p>An ongoing record of business activity supporting Gross Receipts Taxes will be maintained from a business activity report which is published monthly by the State Department of Taxation and Revenue. The ongoing record will be used to forecast long-term trends in Gross Receipts Taxes.</p> <p>CHARGES AND FEES A monthly record of each charge and fee shall be maintained. Charges and fees shall be reviewed and updated periodically based on factors such as the impact of inflation, other cost increases, the adequacy of the coverage of costs and current competitive rates.</p> <p>A Charges and Fees binder shall be maintained that contains data for each charge and fee. The County will strive to maintain for each fee, enactment data, fee schedules and their history, the service- providing organizations and responsible parties for setting fees, and revenue history.</p> <p>The fee detail should state whether the jurisdiction intends to recover the full cost of providing goods and services. It also should set forth under what circumstances the jurisdiction might set a charge or fee at more or less than 100 percent of full cost. If the full cost of a good or service is not recovered an explanation of the government's rationale for this deviation shall be provided.</p> <p>ANNUAL REVIEW OF FEES FOR COST RECOVERY Santa Fe County will strive to annually recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases. Full cost incorporates direct and indirect costs, including operations and maintenance, overhead and charges for the use of capital facilities.</p>	<p>Property tax revenue accounts for about 76% of all General Fund revenues and about 43% of all funds revenues (excluding transfers in and budgeted cash).</p> <p>Trend analysis is the current basis of calculating the property tax revenue. The forecast, based on trends, is very conservative.</p> <p>Monthly Gross Receipts revenue is recorded. Fiscal Year budgets are developed through trend analysis for the three prior fiscal years.</p> <p>Monthly Charges and Fees revenue data is maintained.</p> <p>Current fee-setting is ad-hoc in nature usually left to the service rendering organizations to calculate and propose. Analyses are underway to ensure fees are appropriate for the service being provided and ultimately will be streamlined to be consistent between all County functions.</p>



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<p>PERFORMANCE MEASUREMENT It is a goal of the County to develop Program and service performance measures and use them as an important component of long term strategic planning and decision making which should be linked to governmental budgeting.</p> <p>ANNUAL BUDGET PREPARATION ACCOMPLISHMENTS, GOALS AND OBJECTIVES Each service-providing organization and Grant program shall provide as part of the Fiscal Year budget preparation process, the following as a part of their annual budget request:</p> <ul style="list-style-type: none"> ▪ Description of services ▪ Prior year accomplishments ▪ Budget Fiscal Year objectives and challenges, and measures of performance ▪ Budget Fiscal Year long term goals <p>Objectives and performance measures should be identified as external or touching upon the public perception of the program and the services delivered, or internal or touching upon staff improvement or other factors that enhance the ability to provide services. Measures of performance should:</p> <ul style="list-style-type: none"> ▪ identify program outputs in the budgeting process that address the amount of service units produced, ▪ identify program efficiencies in the budgeting process that address the cost of providing a unit of service, ▪ identify program outcomes in the budgeting process that address the extent to which the goals of the program have been accomplished. <p>The service descriptions, goals and objectives, and performance measures shall be made available to the public as a part of the printed and web budget document.</p>	<p>Service descriptions, accomplishments, goals and performance measures are a requirement of the annual budget process. The quality of performance measures is quite variable between the various departments and elected officials. Resolution 2011-24 mandates that Santa Fe County develop the FY 2013 budget using a results-accountable method of budgeting. Additional training will be given to departments to assist them in developing consistent performance measurements.</p> <p>The current culture and method of allocating limited resources to address community problems rather than rewarding successful programs is a challenge to overcome for County Departments as the focus shifts to performance measurement and tracking progress.</p> <p>Included in Section 7 of this document.</p>
<p>BUDGET REPORTING AND REVIEW Santa Fe County shall compare actual quarterly expenditures to budget and decide on actions to bring the budget into balance, if necessary.</p> <p>EXPENSE REPORTS A quarterly revenue, expense and fund cash position report shall be published and distributed to County management and Commissioners.</p> <p>MIDYEAR REVIEW – EXPENSE & REVENUE A formal review of expense versus budget shall be made with County departments in the month following the middle of the Fiscal Year.</p>	<p>Quarterly report provided to the BCC at the Administrative meeting (held on the last Tuesday of the month) in the month following the end of each quarter.</p> <p>Existing activity</p>
<p>BUDGET MANAGEMENT Changes to the budget during the term of the budget shall be controlled administratively or by Board of County Commissioner action.</p> <p>INCREASED OR DECREASED FUND BUDGET Changes to the budget which result in an increased or decreased total budget in a given fund shall be enacted through a Board of County Commissioner (BCC) Resolution, usually brought before the BCC for action at its administrative meeting held on the last Tuesday of each month. These budget changes include transfers from one fund to another and increases or decreases in the budgeted revenue and expense of a given fund.</p> <ol style="list-style-type: none"> (a) The submission of budget resolutions to the Board of County Commissioners shall follow the general schedule and deadlines for the submission of resolutions. (b) Budget Resolutions that are passed by the Board are incorporated into the budget system by the budget staff. (c) Each month, Budget Resolutions that are passed by the Board of County Commissioners shall be presented with a summary list to the State Department of Finance and Administration on a prescribed form for their approval. (d) Budget Resolutions are permitted from August 1 of a fiscal year to July 31 following the end of the fiscal year. The deadline for 	<p>Current practice</p> <p>Current practice</p> <p>State Mandated</p> <p>State Mandated</p>



THE BUDGETING PROCESS

ADOPTED POLICY	REMARKS
<p>BUDGET MANAGEMENT (continued) submission of a Fiscal Year budget to the State Department of Finance and Administration is July 31, which precludes creation of Budget Resolutions in the month of July of that fiscal year.</p> <p>CHANGES NOT AFFECTING ANY FUND TOTAL BUDGET Changes to the budget which do not affect a total fund budget shall be administratively handled as Budget Adjustment Requests (BARs). Such changes include line item transfers within a cost center or transfers between cost centers in the same fund.</p> <p>(a) Budget Adjustment Requests (BARs) are submitted to the Finance Division for analysis, review and approval. Approval by the Finance Director and County Manager must be given and changes certified by the Budget Administrator to complete the BAR process.</p> <p>(b) County organizations may work with the County budget staff to create BARs or Resolutions for changes to the budget.</p> <p>CHANGES TO STAFF Changes to staff are monitored and budgetarily controlled by the County Budget Office. Such changes include wage adjustments and increases, changes in position titles, transfer of staff between organizations and the recording of new employees, promotions and terminations.</p> <p>(a) The Budget Office maintains a record of employees with their budgeted and actual salaries. All Personnel Actions are routed through the Budget Office in order to maintain this record.</p> <p>(c) Personnel Actions requiring a change in the budget shall be dependent on adoption of related BARs or Board of County Commissioner Resolutions.</p>	<p>Current practice</p> <p>Current practice</p> <p>Current practice</p>





THE BUDGETING PROCESS

BUDGET DUTIES AND RESPONSIBILITIES	
Board of County Commissioners	Reviews and adopts the annual budget at a public hearing. Adopts budget resolutions throughout the fiscal year for adjustments that must be approved by DFA. Responsible for establishing County policies for the development, monitoring and control of the budget as prescribed by statute and DFA Regulations.
County Manager	Reviews and adjusts department requests to present a recommended annual budget to the BCC. Ensures implementation of the annual budget as adopted by the governing body. Reviews and approves all interdepartmental budget adjustment requests. Makes recommendations to the BCC on adjustments requiring approval by resolution. Also responsible for reviewing revenue and expenditure reports from Finance to ensure that budgetary controls are being followed.
Department Heads and Elected Officials	Manage all organizational unit budgets within their department. Appropriations within a Department's annual budget must be expended in accordance with State Statutes, DFA regulations and County policy and authorization. All annual budget requests and any adjustments during the fiscal year must be approved by the department head or elected official before submittal to Finance and the County Manager.
Finance Director	Under the direction of the County Manager the Finance Director is responsible for overseeing the budget preparation and adjustment process, the County's accounting system, maintenance of the Chart of Accounts, disbursements of all funds, fixed assets, recording and collection of accounts receivable, reconciliation of cash to County Treasurer receipts and for meeting financial reporting requirements.
Budget Administrator	Under the direction of the Finance Director, is responsible for developing budget forms and instructions for the preparation of the annual budget, preparing the budget calendar, scheduling budget hearings, preparing revenue projections and supplemental schedules, and preparing the public Fiscal Year budget (this) document. Responsible for preparing budget adjustments and resolutions and to make recommendations to the Finance Director in regard to budget changes. Assists and trains department in budget matters. Also maintains budget procedures and controls and records of budget amendments and budgeted county personnel.