

SANTA FE COUNTY
FISCAL YEAR 2013 BUDGET



THE BUDGETING PROCESS
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. Due to the change in the budget methodology used beginning with fiscal year 2013 several policies are slated to be updated during fiscal year 2013 and are noted as such in the remarks.

* 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 2013 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. This policy will be updated in fiscal year 2013.</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 2013 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, miscellaneous information 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 2013 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. During fiscal year 2012 the County undertook a revision to the capital improvement planning process. This new process centered around the development of a "capital needs list" and a ranking algorithm to be used to prioritize capital needs based on a variety of criteria including: citizen priorities, Commission priorities, availability of leveraged funding, location in a priority SDA, among other criteria.</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 2013 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 source 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.</p> <p>(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.</p> <p>(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:</p> <p>(a) A listing of each debt instrument with beginning of fiscal year principal.</p> <p>(b) An analysis of current debt and County debt limits.</p> <p>(c) A bond debt service detail showing principal and interest required in each year of indebtedness for each debt instrument.</p> <p>(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 60.6% of the maximum bonding capacity.</p> <p>Current GOB outstanding principal is approximately 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</p> <p>(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.</p> <p>(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.</p> <p>(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>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>State Mandate</p> <p>State Mandate</p> <p>Reserve levels achieved and maintained in the fiscal year 2013 budget in all funds with the exception of the Property Valuation Fund. This fund utilized its cash reserve to conduct the re-appraisal of all properties countywide. Reserve levels are anticipated to be back to desired level in the fiscal year 2014 budget.</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 2013.</p>

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<p>RESERVES AND FUND SURPLUSES (continued) a 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. 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 44% 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>Resolution 2011-24 mandates that Santa Fe County develop the FY 2013 budget using a results-accountable method of budgeting. Additional training was given to departments to assist them in developing consistent performance measurements for the FY 2013 budget.</p> <p>This policy will be updated in fiscal year 2013 to incorporate new processes associated with results-accountable/ performance and priority driven budgeting.</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>



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<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> <ul style="list-style-type: none"> (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. (b) County organizations may work with the County budget staff to create BARs or Resolutions for changes to the budget. <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> <ul style="list-style-type: none"> (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. (c) Personnel Actions requiring a change in the budget shall be dependent on adoption of related BARs or Board of County Commissioner Resolutions. 	<p>Current practice</p> <p>Current practice</p> <p>Current practice</p>



View from Hyde Park Overlook



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 (including payroll), 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, the Budget Administrator 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 departments in budget matters. Also maintains budget procedures and controls and records of budget amendments and budgeted county personnel.

SANTA FE COUNTY
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THE BUDGETING PROCESS

INVESTMENT POLICY

Santa Fe County operates with a formal investment policy which establishes the Santa Fe County Board of County Commissioners as the Board of Finance and governs the investment activities of the County. The Board of Finance has the statutory obligation to select financial institutions for the deposit of County funds; set the collateral requirements for such depository financial institutions; and select financial institutions to act as custodians for the collateral required of depository financial institutions. The Santa Fe County Treasurer has the statutory responsibility for the day to day management of County deposits and investments, and is required to maintain accurate books and records of those deposits and report regularly to the Board of Finance.

The County Board of Finance and the Treasurer also have statutory responsibility over selection of investment strategies for County funds that are not required to meet the County's immediate cash flow needs; and suitable securities and other investment products.

The objective of the investment policy is to preserve and protect County funds while earning a market rate of interest on all money that is not immediately required to meet the County's cash flow needs. The County Treasurer and the Board of Finance work closely with the County's Finance Director to assess the current and future cash flow needs.

The adopted Policy is summarized in the following pages in table form with remarks as to actual practice.

ADOPTED POLICY	REMARKS
<p>PURPOSE To establish Santa Fe County's investment policy in such a manner as to preserve and protect County funds while earning a market rate of interest on all money that is not immediately required to meet the County's cash flow needs.</p>	<p>Adopted by the Board of County Commissioners May 25, 1999, revised June 26, 2007, amended November 11, 2010.</p>
<p>SCOPE The Investment Policy governs the investment activities of the County of Santa Fe and applies to all financial assets held by the County Treasurer.</p>	
<p>GENERAL DEFINITIONS CD – Certificate of Deposit Collateral – securities and financial obligations eligible to serve as collateral for deposits of public money under NMSA 1978 §§ 6-10-16 (2000) and 6-10-16.1 (2001):</p> <ol style="list-style-type: none"> 1. Securities of the United States, its agencies or instrumentalities. 2. Securities of the State of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions. 3. Securities, including student loans, that are guaranteed by the United States or the State of New Mexico. 4. Revenue bonds that are underwritten by a member of the national association of securities dealers, known as NASD, and are rated "BAA" or above by a nationally recognized bond rating service. 5. Letters of credit issued by a federal home loan bank. <p>Custodian Bank – a Federal Reserve Bank or branch or a bank whose deposits are secured by the FDIC that has been designated by the County Board of Finance to serve as a custodian of the collateral required of a Depository Financial Institution pursuant to this policy. Depository Financial Institution – a financial institution designated by the County Board of Finance as qualified to receive deposits of County funds in accordance with this policy. Equitable Distribution – means the portion of the County's interest-bearing deposits that a depository financial institution is eligible to receive pursuant to this policy. FDIC – Federal Deposit Insurance Company</p>	<p>Adopted by the Board of County Commissioners June 26, 2007</p>

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ADOPTED POLICY	REMARKS
<p>Federal Insurance – deposit insurance provided to financial institutions by the FDIC, NCUA or other United States agency. Financial Institution – any bank, savings and loan association, or credit union whose deposits are insured by an agency of the United States and that has its main office or a manned branch office located within Santa Fe County. Investment Committee – the committee comprised of the members charged with the duties set forth in this policy. Local Government Investment Pool – the investment pool of that name administered by the New Mexico State Treasurer. NCUA – National Credit Union Administration. Risk Assessment – the Treasurer’s assessment of a financial institution’s fitness to be a depository financial institution or a bank’s fitness to be a custodial bank. The Treasurer makes this assessment based upon the uniformly applied financial criteria set forth in this policy. Risk Classification – the classification assigned to a depository financial institution as part of the Treasurer’s Risk Assessment. Classes are classified based on established criteria and assigned Classes A – D. Surety Bond – a surety bond offered by a depository financial institution as security for County funds. To qualify as security the surety bond must comply with the criteria established in this policy.</p>	<p>Adopted by the Board of County Commissioners June 26, 2007.</p>
<p>BOARD OF FINANCE MEETINGS The Board of County Commissioners (BCC) must convene as the County Board of Finance at least quarterly. The Chair of the BCC shall serve as Chair of the Board of Finance and may order additional meetings of the Board of Finance whenever s/he deems it necessary or when it is requested by at least two BCC members, the Treasurer, or the Investment Committee.</p> <p>At the quarterly meeting of the Board of Finance the Treasurer shall present a detailed report concerning the County’s investments. In addition the Finance Director shall present a detailed report of the County’s cash flow requirements for the foreseeable future, and the Treasurer shall present his investment plan for the foreseeable future. The Board of Finance shall approve or disapprove the Treasurer’s Investment plan.</p> <p>The Board of Finance shall consider applications of any financial institution interested in becoming a depository financial institution or the custodial bank, and when requested by the Treasurer, consider the continued fitness of a depository financial institution or custodial bank to serve in that capacity.</p>	<p>Current practice.</p> <p>Current practice.</p> <p>Current practice.</p>
<p>RECORDKEEPING The Treasurer shall require duplicate receipts or deposit slips be given for each deposit of County funds. In addition, depository financial institutions shall, on the first day of each month, deliver to the Treasurer two itemized statements concerning County accounts, which shall show the daily balance of account(s) for the preceding month, and accrued interest. The Treasurer shall maintain one copy of receipts, deposit slips and statements; the other copy shall be filed with the County Clerk on the first day of each month.</p>	<p>Current practice.</p>
<p>INVESTMENT COMMITTEE This policy establishes an Investment Committee, the purpose of which is to ensure the on-going, interdepartmental coordination that is a pre-requisite for prudent investment of County funds. The Committee shall consist of the Chair of the Board of Finance or her/his designee, the County Manager or her/his designee, the Treasurer or her/his designee, the Finance Director or her/his designee, the County Attorney or her/his designee, a non-County employee nominated by the Treasurer and appointed by the Investment Committee.</p> <p>The Investment Committee shall meet as frequently as necessary to fulfill its purpose, but no less often than once per month. The Finance Director will advise the Committee on the County’s cash flow requirements for the foreseeable future, the Treasurer shall update the Committee on the County’s current investments and also her/his strategy for the foreseeable future. The Committee shall make adjustments to the strategy as necessary to maximize investment income while ensuring adequate liquid funds are available to meet the County’s financial obligations.</p>	<p>Current practice. To be amended in FY 2013.</p> <p>Current practice. To be amended in FY 2013.</p>

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ADOPTED POLICY	REMARKS
<p>PERMITTED INVESTMENTS Subject to the Board of Finance's oversight and the investment policy the Treasurer is authorized to invest County funds in the following:</p> <ul style="list-style-type: none"> • The Local Government Investment Pool; • Interest bearing accounts, CDs and other time deposits with depository financial institutions; • Bonds, notes, or other debt securities issued by and backed by the full faith and credit of the United States; and • Bonds, notes, or other debt securities that are direct obligations of the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank, or the student loan marketing association and either (i) backed by the full faith and credit of the United States, or (ii) rated at least Aaa or AAA by Moody's Investors Service, Inc. or Standard and Poor's. <p>State statute prohibits the Treasurer from investing County funds in any other investment instrument unless the Board of Finance authorizes such investment in advance by resolution.</p>	<p>Amended on 11/11/2010 to include an investment company as set forth in NMSA 1978 §6-10-G(1), for a temporary period and holding for future investment, if other financial institutions are unable to accept such funds. To be amended in FY 2013.</p> <p>Current practice.</p>
<p>EQUITABLE DISTRIBUTION OF INTEREST-BEARING DEPOSITS The County's equitable distribution policy must yield to the paramount goal of the prudent management of County funds whenever necessary.</p> <p>State statute requires that the County will equitably distribute its interest-bearing deposits among interested and qualified financial institutions who have their main office or manned branch offices within Santa Fe County. To be eligible for an equitable distribution, a financial institution must be designated by the Board of Finance and must comply with the County's investment policy. The Treasurer is not obligated to invest County funds or maintain any particular level of interest bearing deposit.</p> <p>The formula for calculating the equitable distribution is outlined in policy and complies with statutory requirements.</p>	<p>Current Practice</p> <p>Current practice.</p> <p>Current practice.</p>
<p>DEPOSITORY FINANCIAL INSTITUTIONS A financial institution must apply to become a depository financial institution for receiving funds from Santa Fe County. The financial institution must submit a proposal setting forth its interest in becoming a depository financial institution along with its qualifications, its agreement to pay the statutory minimum interest rate, the account and service charges and fees it proposes which shall not be more than the charges and fees it customarily charges its best customers, its own calculation of its net worth, whether it desires regular savings deposits or time deposits. The financial institution must also provide a copy of its FDIC or NCUA certification and its quarterly call statements and "New Mexico Financial Institution Quarterly Report" for the four preceding quarters.</p> <p>In addition to the above, if the financial institution proposes to hold more than the Federally insured amount it must also submit information on how it intends to secure County deposits (i.e. Federal insurance, surety bonds, or collateral), the amount of deposits it desires to hold, and calculations of its primary capital to asset ratio, net income after taxes to total average asset ratio for the current and previous three quarters, ratio of non-performing loans to its primary capital, net worth as determined in accordance with this policy.</p> <p>The Treasurer will conduct a Risk Assessment and Classification as required under this policy.</p>	<p>Current practice. To be amended in FY 2013.</p> <p>Current practice. To be amended in FY 2013.</p> <p>Current practice. To be amended in FY 2013.</p>
<p>INSURANCE AND SECURITY REQUIREMENTS Deposits of public money in credit unions must be fully Federally insured under state statute. Deposits of public money in banks and savings and loans must be secured by either Federal insurance, surety bonds, or collateral.</p> <p>To qualify under the above, Federal insurance must certify quarterly the total amount of County funds on deposit. Surety bonds must comply with state statute, be issued by a surety company that meets rating standards and is</p>	<p>Current practice. To be amended in FY 2013.</p>

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ADOPTED POLICY	REMARKS
<p>INSURANCE AND SECURITY REQUIREMENTS (continued) licensed to do business in New Mexico, and must be approved by the Board of Finance and then the District Court.</p> <p>Under state statute the Board of Finance shall determine the amount of collateral a depository financial institution must pledge as security. The Board of Finance has delegated this task to the Treasurer in accordance with Risk Classification based guidelines.</p> <p>Monthly collateral reports are required and if the financial institution fails to maintain adequate collateral, the Treasurer shall give the financial institution 10 days to substitute or provide additional collateral. If adequate collateral is not provided within the 10 day time limit, the Treasurer will withdraw all funds without penalty.</p>	<p>Current practice. To be amended in FY 2013.</p> <p>Current practice. To be amended in FY 2013.</p> <p>Current practice. To be amended in FY 2013.</p>
<p>CUSTODIAL BANKS A financial institution interested in becoming a custodial bank must submit a written proposal setting forth its interest in becoming a custodial bank and its qualifications to be one, a copy of its FDIC certification, a copy of the financial institution's quarterly call statements and its "New Mexico Financial Institution Quarterly Report" and its calculations of its financial ratios including: primary capital to asset ratio as defined by the FDIC, of greater than 6.1%; a net income after taxes to total average asset ratio of .61% or higher; and a non-performing loans to primary capital ratio of 34.9% or lower where non-performing loans are defined as loans that are at least 90 days past due.</p> <p>The Treasurer can disqualify a financial institution from acting as a custodial bank if it fails to maintain any one of the above ratios for three consecutive quarters; any two of the above ratios for two consecutive quarters; or its primary capital to asset ratio falls below 5.0%, a net income after taxes to total average asset ratio falls below .51%, or a non-performing loans to primary capital ratio increases above 49.9% for more than one quarter.</p> <p>Collateral reports must be provided monthly and must conform to specific requirements as to name and market symbol of the collateral, total number of each item of collateral held; and market value or par value of each item.</p>	<p>To be amended in FY 2013.</p> <p>Current practice.</p> <p>Current practice.</p> <p>Current practice.</p>
<p>MISCELLANEOUS PROVISIONS</p> <ol style="list-style-type: none"> 1. Depository financial institutions must pay the statutory minimum rate of interest on the County's interest-bearing accounts and CDs. 2. Except for withdrawal due to failure to maintain adequate collateral, the Treasurer may only make the early withdrawal in accordance with Federal law governing the depository financial institution's ability to repay deposits before maturity. 3. The Treasurer and Deputy Treasurer must be bonded per state statute. 4. Use of brokers and financial advisory is allowed if the rate of return, net of the broker's or financial advisor's commissions and other costs exceeds the rate of return on other available investments. 5. Investments made pursuant to this policy must comply with the Uniform Prudent Investor Act NMSA 1978 §§45-7-601 to 612 (1995). 6. The BCC, Treasurer, members of the investment committee and brokers shall disclose all financial interest that may impact investment activities and must comply with all Santa Fe County ordinances with respect to conflicts of interest. 	<p>Current practice.</p> <p>Current practice.</p> <p>Current practice.</p> <p>Current practice.</p> <p>Current practice.</p> <p>Current practice.</p>