

Santa Fe County Fiscal Year 2014 Budget

FY 2014 – Budget Message and Executive Summary



SANTA FE COUNTY FISCAL YEAR 2014 FINAL BUDGET

EXECUTIVE SUMMARY

The following Executive Summary provides a high level overview of the Santa Fe County, New Mexico FY 2014 final budget as approved by the Santa Fe County Board of County Commissioners on June 11, 2013 and certified by the State of New Mexico Department of Finance and Administration on August 15, 2013. Also included in this Executive Summary is an overview of Santa Fe County's accomplishments in fiscal year 2013 and the challenges it will face in FY 2014 and beyond. Sections II through VII of this document provide a comprehensive view of Santa Fe County's demographics and economy, budget process and policies, fund level budgets and historical revenue and expense information, debt capacity and debt service, capital projects, and organizational accomplishments and budgets.

PRINCIPAL ISSUES CONFRONTING SANTA FE COUNTY

Sustainable Water Delivery

Situated in the high desert, Santa Fe County must keep in the forefront of its strategic planning, the sustainability of its water resources for future generations. Part of this long-range water resource plan was the development of the Buckman Direct Diversion (BDD), a river diversion and treatment facility. This \$216 million project was undertaken by Santa Fe County, the City of Santa Fe and the Las Campanas subdivision and was completed in early 2011. BDD began delivering water to Santa Fe County and City of Santa Fe residents in May of that year.

The BDD was a major collaborative effort to address a regional issue, to ensure sustainable water delivery to residents in the area. There are many smaller projects that must be undertaken to meet the needs of the County's rural residents most of whom are on private wells or are part of a Mutual Domestic Community Water Association (MDCWA). These MDCWAs operate small community systems pulling their water from community wells. Many of these MDCWAs are experiencing system failures, well failures or otherwise have concerns about the sustainability of their water supply or delivery system. Those MDCWAs that do have adequate system infrastructure and a healthy well are reluctant to deviate from their own water resource plans. These varied issues create challenges for Santa Fe County in its efforts to ensure sustainability for the entire County.

Additionally, the Aamodt Settlement of water rights issues in the Pojoaque Valley was approved by Congress in the spring of 2011. This settlement requires that a regional water system be designed and constructed in the Northern part of Santa Fe County. The cost of building this regional system will be borne by the Federal government, the State of New Mexico and Santa Fe County. Although the financial details are not yet known, the current understanding is that Santa Fe County will be responsible for approximately \$5.0 - \$7.0 million in 2008 dollars (\$12-\$13 million). Santa Fe County will complete its funding plan for the project during FY 2014 or FY 2015 and include it in its long-range Capital Improvement Program. Although the water system will take several years to construct the result will be

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a large increase to the customer base of the water utility and corresponding increase to its revenue and expense.

Growth Management and Implementation of the Sustainable Growth Management Plan

As communities throughout Santa Fe County grow, demands for services and infrastructure have grown with them. Some types of growth are more costly than others from both an environmental standpoint as well as a monetary standpoint. After a lengthy development and public input process, in FY 2011 Santa Fe County adopted its Sustainable Growth Management Plan (SGMP) to guide development and address issues surrounding growth in Santa Fe County for the next 20 years. The plan is a policy document which addresses environmental impacts, roads, water resources, open space, emergency response services and financial strategies necessary to provide infrastructure and services to our growing communities. The underlying premise for the SGMP is to make development pay for itself.

Now that the growth and development policies have been established by the SGMP, Santa Fe County must codify the objectives of the SGMP through the development of a corresponding Sustainable Land Development Code (SLDC). The primary goals of these two efforts are to manage growth in such a way as to maintain the quality of life for Santa Fe County's residents while providing services and developing infrastructure in the most cost effective and efficient manner, again making development pay for itself. The SLDC will provide building and zoning standards and will provide regulations for the provision of "adequate public facilities" which meet established levels of service (LOS) meaning that developments must demonstrate that there will be roads, water/wastewater systems, open space and emergency services in their developments sufficient to meet established standards for service provision. The County underwent an extensive public input process during FY 2013 and anticipates completion of the SLDC in FY 2014. With the SGMP and SLDC in place, Santa Fe County will be equipped to address the needs of the community when heavy development returns to our area.

Economic Development

Santa Fe County relies heavily on Government (Federal, State, local) and tourism for its employment and economic base. During the construction "boom" years in the mid-2000s construction and related industries also contributed heavily to the local economy. However, both tourism and construction related industries suffered tremendously during the "great recession" and will remain driven by the ebbs and flows of the economic tides.

Developing new industry that is symbiotic with the unique environment and culture of Santa Fe County is a priority for the long-term sustainability of the region. From the Northern-most to the Southern-most parts of the County the differences are vast both environmentally and culturally thus each area and each initiative must be carefully considered on an individual basis to ensure that current residents are not adversely impacted. There is no "one size fits all solution to economic development in Santa Fe County.

One such initiative recently undertaken was working with Bicycle Technologies International (BTI) through a grant from the State of New Mexico Economic Development Department to expand and relocate the BTI facility. BTI provides parts and services to the domestic and international bicycle industry and outgrew its facility. With its expansion BTI can meet its current needs and will

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accommodate future growth. The project is now complete and operational with a forecast of 35-55 jobs to be added to the economy through this effort.

Santa Fe County is also exploring plans for developing a large parcel of land that it purchased in the La Cienega area into an economic growth opportunity. Various ideas have been brought forward for economic uses of the property, such as commercial greenhouses, artist studios and galleries, renewable energy projects or a demonstration farm/ranch among others. A citizen survey regarding the property has been conducted and additional public input is being solicited before reaching a decision on the direction of the property.

A new Economic Development Plan to tackle some of the County's unique economic development challenges will be drafted for Board of County Commissioner's consideration at the end of fiscal year 2014.

Roads Maintenance

When surveyed, a random sample of Santa Fe County residents listed roads as their highest priority. Santa Fe County maintains approximately 580 miles of road. Snow and mud removal along with grading and other repairs is of tremendous importance to County residents in addition to upgrading and improving the road system. Santa Fe County has been challenged by a decline in the taxes that support the road maintenance program over the past several years. Further, the State of New Mexico has reduced its special appropriations to Santa Fe County for its road construction as it struggles with its own budget issues. Finding ways to address this challenge has been an ongoing struggle for the County historically.

In Fiscal Year 2012 Santa Fe County diverted personnel from new construction to road maintenance to better serve residents from that stand point. This transition was made possible by declining capital funding for roads which resulted from reduced State appropriations and served to prevent road development staff layoffs which may have been necessary due to lack of funding. However, the Road Fund does call upon the General Fund for support to a greater degree as a result of this transition.

Santa Fe County also reconstituted its Road Advisory Committee to include representation from each Commission district. The Road Advisory Committee recommends road improvements to the Board of County Commissioners (BCC), monitors road improvement projects, researches funding sources in order to establish long-range planning for road improvements, and serves as liaison between the BCC and the general public.

Community Health Services

Although Santa Fe County collects two 1/8th percent increments of gross receipts tax to support community health needs, we remain challenged with a shortage of adequate resources needed to attend to the health care needs of our community. The two tax increments combined are expected to bring in \$8.6 million in FY 2014. One half of that amount is dedicated strictly to healthcare for the County's indigent population. The other half is dedicated for health services generally and primarily supports the Fire and Emergency Medical (EMS) Services Division which responds to thousands of medical calls per year.

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Although gross receipts taxes have stabilized, the County experienced a 16.4% decline in gross receipts taxes since the onset of the “great recession” in the summer of 2008 through fiscal year 2011. Although these gross receipts taxes rebounded slightly in fiscal years 2012 and 2013, Santa Fe County has been forced to reduce support to local health care providers for indigent claims. Support to the sole community provider program which leverages local dollars (Santa Fe County contribution) to obtain Federal matching dollars for local hospitals that participate in the program has also significantly decreased due to loss of revenue. This has created a hardship for the local hospital which historically has relied heavily on these funds.

During FY 2014 certain sections of the Patient Protection and Affordable Healthcare Act must be implemented. The effect will be a complete change to how healthcare is funded. The State of New Mexico is exploring the possibility of intercepting the 1/8th increment of gross receipts taxes that is dedicated to the care of indigent patients and using those taxes to fund Medicaid and a new program which will replace the sole community provider program effective January 1, 2014. Santa Fe County opposes this potential move by the State for many reasons not least of which is that State statute requires Counties to provide for indigent healthcare. By intercepting the funding used for this purpose the State will be forcing Santa Fe County to cut other health and EMS services in order to meet its statutory requirement for indigent healthcare. Santa Fe County has been working with community leaders, the hospital association and the State officials to seek solutions to these complex funding challenges.

FISCAL YEAR 2013 ACCOMPLISHMENTS

Judge Steve Herrera Judicial Complex

In FY 2013 Santa Fe County completed construction of the Judge Steve Herrera Judicial Complex. This project began in FY 2009 but stalled early in the construction phase when it was discovered that the site was home to environmental contamination in the form of a large underground gasoline plume which was flowing towards the Santa Fe River. A variety of clean-up and mitigation efforts were successfully undertaken which prevented the plume from contaminating the river. These efforts, however, did delay construction of the judicial complex for almost two years. With construction completed, court personnel moved into the new facility and began holding court proceedings and conducting other district court business in June, 2013.

Completed a Community Health Profile

Santa Fe County, in partnership with CHRISTUS St. Vincent Regional Medical Center released “Santa Fe County in 2013: A Community Health Profile.” The document provides extensive information about the health of Santa Fe County residents. This report presents a broad spectrum of health indicators and behaviors, factors contributing to health such as access to food and recreation, as well as demographic and socioeconomic data for Santa Fe County residents. The findings of this report will be used to shape the County health plan and for the medical center’s management to identify community health implementation strategies.

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Annexation Settlement Agreement and Service Phasing Agreements with the City of Santa Fe

Santa Fe County and the City of Santa Fe reached consensus on amendments to their Annexation Settlement Agreement which has been at a virtual impasse for a number of years. Also negotiated successfully were amendments to the service phasing agreements for roads improvements, water and wastewater utilities, solid waste, law enforcement and fire protection in areas to be annexed. Moving forward with the annexation of County territory to the City of Santa Fe will allow for more efficient provision of services to areas within five miles of the current municipal boundaries. Agreement was also reached to exchange customers of the water and wastewater utilities which will provide more efficient service to those customers. Further, Santa Fe County will gain more customers than it loses in the exchange which should improve revenue collection for the utility. Amendment of the Annexation Settlement and service phasing agreements clears a major hurdle for the progress of annexation efforts.

“Lead by Example” Going Green Initiative

Santa Fe County passed several Resolutions in FY 2013 to establish policies for a “green” initiative known as *Lead by Example*. These policies mandate recycling in County facilities, instruct staff to practice environmentally friendly work habits (double siding printed materials, utilize electronic copies over hard copies, etc.) and direct staff to establish water catchment systems and energy efficient/renewable technology systems at County facilities. These *Lead by Example* policies are intended to reduce waste, reduce costs and reduce the County’s carbon footprint.

Finance Division Awards

In FY 2013 Santa Fe County’s Finance Division received two prestigious awards. First, the Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to Santa Fe County for its annual budget for the fiscal year beginning July 1, 2012 (FY 2013). In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements. Santa Fe County also received this award in FY 2012.

Second, Santa Fe County’s comprehensive annual financial report (CAFR) for the year ended June 30, 2012 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This is the second year which Santa Fe County submitted for, and received, this prestigious award. The Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to conform to program requirements.

Transparency Initiatives

In FY 2011 Santa Fe County developed and implemented its “sunshine portal.” The portal, is an on-line resource for information on aspects of the County including information on positions, salaries, vendor payments and contracts, budget and financial statements, meeting minutes, agendas and packet

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materials, video and audio of meetings “on demand,” current bid solicitations, ordinances and resolutions. In its first year, Santa Fe County’s Sunshine Portal improved from an initial D- grade to an A- grade from Sunshine Review, a non-profit dedicated to state and local government transparency (nationally). In fiscal year 2012 and 2013, the Sunshine Portal secured an A+ grade and won a Sunshine Award which honors the most transparent government websites nationwide. Of more than 6,000 websites analyzed, just 214 were given the Sunshine Award. Transparency is an important aspect of Santa Fe County government’s culture and the County strives to maintain its A+ grade and continuously seeks ways to enhance its transparency through the Sunshine Portal.

Examples of other accomplishments are highlighted in press release excerpts found in **Section VIII – Supplemental Information** of this document.

FISCAL YEAR 2014 BUDGET PRIORITIES

In fiscal year 2014 Santa Fe County undertook the second phase in the transition to a performance-based/results-accountable budget (generically referred to as performance-based budget). Taking priorities highlighted in a citizen survey conducted in FY 2011, input from citizen advisory boards, and direct input from citizens to their Commissioners, Santa Fe County developed a budget that ensured adequate funding was provided to priority areas. Each department was asked to collaborate between its divisions to develop a listing of *departmental* functions it provides instead of divisional functions which were the basis for the FY 2013 budget. These functions were tied to one of the County’s seven stated “key areas of focus”: infrastructure, going green, community enhancement (including public safety), growth management, savings and efficiency, employee development and transparency. It was then determined how each of the functions related to the citizen and Commission priorities. Funding and staffing recommendations were given greater weight to those functions the more linkages there were to priorities and key areas of focus. The process was very similar to that used in FY 2013 except that the functions were established on a broader departmental level instead of the more narrow divisional level. It is anticipated that the functions will be somewhat interdepartmental in fiscal year 2015 in an effort to streamline governmental functions and create efficiencies. This will be a difficult process to implement and may take more than one fiscal year to create the culture change needed to fully implement interdepartmental collaboration in the budget process. Further, Santa Fe County began the process of conducting a citizen survey in FY 2013 and the results will be available in FY 2014 prior to the start of the budget process. This will assist all of the efforts to transition to a performance-based budget.

Santa Fe County begins its budget process each year in February. Training was given to approximately 100 staff persons on how to develop and complete the budget requests that were submitted to the Budget Office of the Finance Division. While the Departments and Elected Offices were working on their budget requests, the Budget Office conducted analysis on revenue sources to estimate revenue for the coming fiscal year. These analyses supported a small increase to gross receipts tax revenue collected Countywide (1%), a small decrease to gross receipts taxes collected in the unincorporated areas of the County only (2%), and a flat property tax revenue budget.

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In addition to citizen priorities, the Commission desired to make FY 2014 about maintaining and improving its County assets and investing in the employees. The Commission also desired to expand youth programs, library programs, grow the County's utility into a self-sustaining enterprise, develop a long-term emergency preparedness plan and update ordinances and resolutions as needed. Public safety budgets and road maintenance continued to receive the most significant budget increases due to the priority given these functions by the citizens and the Commission. Again, under the performance-budgeting model programs that have historically been funded through special revenues were considered for General Fund support if they were considered to be a top citizen or Commission priority. In FY 2014 Santa Fe County, again, devoted cash to asset replacement, other capital expenditures, and large, one-time maintenance projects (e.g. HVAC replacement at the Adult Detention Facility, etc.).

Road Maintenance, Improvement and Construction

Citizens rank roads as their highest priority and consistently generate the most citizen input to Commissioners. The quality of roads and the road system are of concern as is grading, snow removal, drainage and mud removal and lighting all contribute to the overall quality of serve that the citizens feel that they are getting. Although the County Road Fund does receive some revenue from state shared taxes including vehicle excise taxes and gasoline taxes, the General Fund is the primary source of funding for road maintenance. General Fund support increased from \$4.5 million in FY 2013 to \$5.5 million in FY 2014 to enhance the road maintenance service that Santa Fe County residents and visitors expect. Included in this additional support is the "unfreezing" of four road maintenance positions which had been "frozen" since FY 2010.

One of the bond questions approved by voters in the 2012 general election was \$19.0 million for road projects. Of the \$19.0 million in bonds approved for roads, \$10.4 million were sold at the end of FY 2013 and \$4.9 million was budgeted to begin road improvements in FY 2014. In FY 2015 the remainder of the 2013 bond issue will be budgeted for road projects. Also in FY 2015 the balance of the bonds (\$8.6 million) will be sold with the expectation that they will be budgeted for projects beginning in FY 2016. Also budgeted in FY 2014 is \$3.7 million from capital outlay gross receipts taxes and funding from prior bond issues. This brings the total budget for road maintenance, improvements and construction to \$14.1 million which does not include supportive services such as administrative, fleet maintenance, traffic engineering and managerial oversight.

Public Safety

Public safety is also a key priority for the citizens of Santa Fe County and the Commission. In fiscal year 2012 Santa Fe County consolidated its correctional services, fire services and emergency communications services (911 dispatch) into one Public Safety Department. Although the Sheriff's Office is key to public safety it is not included in the Public Safety Department, per se because the Sheriff is an elected official. However, the Sheriff's Office and the Public Safety Department work closely together in a well-coordinated public safety effort. Since public safety is a very high priority for Santa Fe County's citizens, including the Sheriff's Office, they are typically viewed together and reported together throughout this document. All of public safety combined (including the Sheriff's Office) total \$53,759,871 or 23% of the entire Santa Fe County budget.

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Correctional Services

Santa Fe County continues to seek a delicate balance between operating safe, secure and effective detention facilities and other correctional programs and controlling the costs of doing so. Through the negotiating of contracts to house outside inmates, the Adult Detention Facility increased its earned revenue significantly in fiscal year 2013 (from \$2.9 million in FY 2012 to \$6.0 million in FY 2013) and the fiscal year 2014 budget contemplates this higher level of earned revenue as well. Earned revenue is used to offset, a portion of the total cost to operate the facility. The Adult Detention Facility projects operating at near maximum capacity due to improvements to processes and the physical plant and successful negotiations with outside entities to house their inmates. Again, due to public safety's high priority level, the General Fund is called upon to support correctional services each year and FY 2014 is no exception. The General Fund will transfer a total of \$12.4 million to the Corrections Operating Fund for operations (\$11.6 million) and capital (\$900K).

Fire and Emergency Medical Services

Also a public safety consideration is the County's fire and emergency medical services (which includes emergency preparedness). At the onset of the great recession the County was forced to limit its planned expansion of fire and emergency medical services which was slated to include both staff and capital. Since FY 2010 the Fire and Emergency Medical Services (EMS) Division has been forced to compete with health programs and the Regional Emergency Communications Center for gross receipts tax revenues which have remained flat. Further limiting the Fire and EMS Division resources was the "sunsetting" in FY 2009 of the Fire Excise Tax which funded apparatus and fire facilities. The County was able to get the Fire Excess Tax reimposed by the voters in the general election. Collection of this tax began on July 1, 2013 and is expected to bring in approximately \$1.0 million. The Fire Excise Tax can be used for the operation of the fire protection services provided by the County with the exception of paying for salaries and benefits which is prohibited by the authorizing statute. Despite this restriction the hope is that the tax can ease the burden on the other functions that compete with the Fire and Emergency Medical Services Division for support and allow for the expansion of the Division to continue.

Regional Emergency Communications Center (RECC)

The Regional Emergency Communications Center (RECC) provides emergency dispatch services to all fire, medical and law enforcement agencies that operate within Santa Fe County including those in the incorporated areas including the City of Santa Fe and the Town of Edgewood. While the Town of Edgewood pays the County for operational costs of the RECC under a joint powers agreement, the City of Santa Fe does not. Despite the fact that the majority of calls for services answered by the RECC are dispatched within the City limits (approximately two thirds of all calls), the City does not pay Santa Fe County for operational expenses but does contribute to capital costs. This agreement has been the topic of much discussion and negotiation with the City of Santa Fe, however, modification of the agreement to a more equitable division of costs has not materialized. Thus the RECC continues to compete for funding with the other functions placing increasing demands on limited resources.

Sheriff's Office

As noted above the Sheriff's Office is not a part of the Public Safety Department because the Sheriff is elected to her/his position. Obviously, however, the Sheriff's Office plays an integral role in the safety of the public in Santa Fe County. Though not a part of the Public Safety Department the Sheriff's Office

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works closely with the Department and collaborates with them in a variety of areas. As an elected office the Sheriff's Office is funded almost entirely by the General Fund. From a budgeting perspective the Sheriff's Office was moved to a special revenue fund due to the large *number* of grants it receives, however, since most of the grants are small and are for specific enforcement activities, the General Fund supports the Sheriff's Office through an operating transfer (\$12.0 million in FY 2014). Since FY 2011 this annual transfer amount has increased by \$2.8 million from \$9.2 million in FY 2011. Of the \$12.0 million to be transferred from the General Fund, \$1.2 million is for asset renewal and replacement, primarily patrol and animal control vehicles. Due to the nature of law enforcement, the Sheriff's vehicles are driven hundreds of thousands of miles each year patrolling the 1911 square miles that is Santa Fe County. Because of this the Sheriff's Office has developed a replacement schedule for its vehicle fleet and must replace approximately 25 - 30 patrol vehicles each year.

Expanded Programming – Youth and Libraries

Youth programs and libraries are citizens' priorities based on the survey conducted in FY 2011. They are also a Commission priority and were expanded in FY 2014. Youth programming was consolidated into the Teen Court program of the Community Services Department in order to have more efficient operation and structure. Additional funding was allocated for service contracts for the youth programs with the expectation that these contractors will provide expanded services to teens with specific age-appropriate programming, and develop a "job pipeline" internship program for youth who are not college-bound.

There are currently four libraries that serve Santa Fe County. Three of these are operated by the municipalities in which they are located. The fourth is operated by a non-profit entity in Eldorado, a community in the County south of the City of Santa Fe. The Vista Grande (Eldorado) Library is operated by a non-profit organization with which Santa Fe County contracts to provide services. Santa Fe County owns the Vista Grande Library building and is contracting to expand the services provided to residents in the area. An expansion of the Library building is also planned for FY 2014. Funding was also provided for a "start-up" lending library to be operated out of the La Cienega Community Center. Additional expansion in this building may be planned for the future.

Grow the Utility Into a Self-Sufficient Utility Service

Santa Fe County's water and wastewater utility continues to implement a planned expansion. Currently the utility has a relatively small customer base which causes the "per customer" fixed costs to be relatively high as there are fewer customers between which to spread those costs. The expansion of the utility will add to the customer base and, since the utility is operated as an enterprise fund, will make it more self-sustaining and viable. As part of the annexation agreement with the City of Santa Fe, the utility will gain customers as well as the supporting infrastructure. The budget reflects the additional operating costs to support the larger customer base. Funding from both bond proceeds and accumulated gross receipts taxes will be used to construct water/wastewater infrastructure in Northern Santa Fe County in the Chimayo area, and in central Santa Fe County in the Eldorado, Glorieta and State Road 14 areas in anticipation of additional phases of expansion.

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Maintain All Existing County Assets

A priority of the Commission in FY 2014 was to invest in maintaining County facilities, in particular those that the public utilizes or that have a direct impact on the citizens (fire stations, community centers, senior centers, etc.). Because of its capital outlay gross receipts tax and the bonding schedule that it practices, Santa Fe County is not suffering for capital improvement funding. It is, however, somewhat more difficult to fund the ongoing maintenance of facilities and the County does not have a major repair and replacement fund as these types of expenditures almost always come from the General Fund which has many many demands. Major repairs and replacements are funded as they come up through the operating contingency. However, routine maintenance can lag and may be deferred when funding is low. Having a well kept and maintained facility for the public to use and visit has been deemed a priority. The Public Works Department developed a maintenance and cleanliness rating scale and is working towards rating all facilities. Also, a facility condition assessment is also planned for FY 2014 to ascertain the condition of each County facility to enable planning for large scale maintenance needs and smaller needs as well.

PRIORITY CHANGES FROM FISCAL YEAR 2013

Many of the funding priorities remained the same from fiscal year 2013 to fiscal year 2014. Public safety, road maintenance, improvement and construction, and expanding the utility into a self-sustaining enterprise as well as investing in employees are all priorities that carried over from FY 13 to FY 14. The Public Safety Department (including the Sheriff's Office) continues to have the largest operating budget of any department in the County. The General Fund must heavily support these operations by transferring funds to the Correctional Services Division and the Sheriff's Office. Because the Public Safety Department (including the Sheriff's Office) relies so heavily on the General Fund for its operation, Santa Fe County is constantly being challenged to meet this priority. The Fire and EMS Services Division and the Regional Emergency Communications Center (RECC) are both funded by gross receipts taxes and compete with each other for funding. Ensuring that each of the public safety divisions and the Sheriff's office receive the resources they need to meet their goals and the citizens expectations will continue to be a funding priority and a funding challenge for the foreseeable future.

Road maintenance, improvement and construction of new roads are a perpetual priority for the citizens and the Commission. In fiscal year 2014 the road maintenance budget was increased and as a result, General Fund support also increased from \$4.5 million in fiscal year 2013 to \$5.5 million in fiscal year 2014. This increase supports additional routine maintenance of the many unpaved roads throughout the county as well as a pavement preservation program which has been implemented for paved roads throughout the County. In addition, capital resources have been devoted to making needed improvements to existing roads and constructing new roads.

Expanding the Water and Wastewater Utility to become a self-sustaining enterprise continues to be a priority and previously planned expansion is underway. In fiscal year 2014 there will be a large increase to the Utility's customer base due to service phasing agreements made with the City of Santa Fe as part of an annexation settlement agreement. In addition, new rates will be proposed to bring the County's rates to enable a higher sustainable revenue stream for delivering water to County customers.

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Investing in employees was a fiscal year 2013 priority and continues to be in fiscal year 2014, however, the level of investment increased in fiscal year 2014. Funding was approved for cost of living increases, retention incentive payments, creation of a merit pool, restructuring of the County contribution to health insurance for employees making under \$50,000/year, additional education benefits, improvement to the physical work environment and capital funding to provide better equipment with which employees do their work. This investment totaled more than \$4.0 million across all funds. The most significant priority change was a new focus on maintaining existing County assets. As noted above, a heavy focus on road maintenance has continued for several years. In FY 2014 this “maintenance” focus also encompasses devoting additional resources to maintaining County facilities, open space and even better maintenance of vehicles and heavy equipment. Funding for facility maintenance alone was increased by \$760K in FY 2014. Additional funding (\$200K) was given to Traffic Engineering for re-stripping of 50 % of paved roadways in Santa Fe County, tree trimming and weed control along roads. Open Space Maintenance was increased by \$70K for maintenance. Other new priorities are much smaller from a budgetary standpoint yet also very important. These include development of a long-term emergency operations preparedness plan for which one new FTE was approved, increasing the size of the operating contingency from \$750K to \$1.5 million, revising out-of-date ordinances and resolutions where necessary and improving transparency through additional public service announcements and radio exposure.

FISCAL YEAR 2014 SOURCES	ALL FUNDS	FISCAL YEAR 2014 USES	ALL FUNDS
PROPERTY TAXES	54,881,473	SALARY & WAGES	46,854,479
GROSS RECEIPTS TAXES	42,402,825	EMPLOYEE BENEFITS	20,585,127
OTHER TAXES	2,123,750	TRAVEL	489,096
LICENSES, PERMITS, FEES	527,875	VEHICLE EXPENSES	2,690,005
GRANTS & SUBSIDIES	11,916,067	MAINTENANCE	4,870,221
FINES & FOREFEITURES	265,000	PROFESSIONAL SERVICES	13,770,290
MISCELLANEOUS	1,457,559	SUPPLIES	2,672,708
CHARGES FOR SERVICES	13,688,003	OTHER OPERATING COSTS	17,797,229
LOAN/BOND PROCEEDS	49,300	SUBSIDIES & PASS THRU	410,000
BUDGETED CASH	55,266,597	HEALTHCARE ASSISTANCE	4,305,430
FUND TRANSFERS	53,395,932	OTHER PUBLIC SAFETY EXPENSE	927,506
		OTHER ELECTION EXPENSE	74,487
		INSURANCE & DEDUCTIBLES	3,234,876
		CAPITAL PURCHASES	45,273,092
		DEBT SERVICE	18,623,903
		FUND TRANSFERS	53,395,932
TOTAL	235,974,381	TOTAL	235,974,381

FISCAL YEAR 2014 BUDGET HIGHLIGHTS AND BUDGET SUMMARY

The fiscal year 2014 budget totals \$235,974,381 or \$182,578,449 excluding interfund transfers. This is compared to \$239,890,842 or \$185,913,722 excluding transfers in fiscal year 2013. A consolidated budget by fund type can be seen in the adjacent pie chart.

The majority of Santa Fe County’s budget is within its special revenue funds totaling \$95,849,278 budgeted within 35 separate funds. This is down significantly from FY 2013 which had a \$121,686,830 budget because the Capital Outlay Gross Receipts Tax fund was reclassified from a Special Revenue Fund to a Capital Improvements Fund at the urging of the County’s independent auditors.

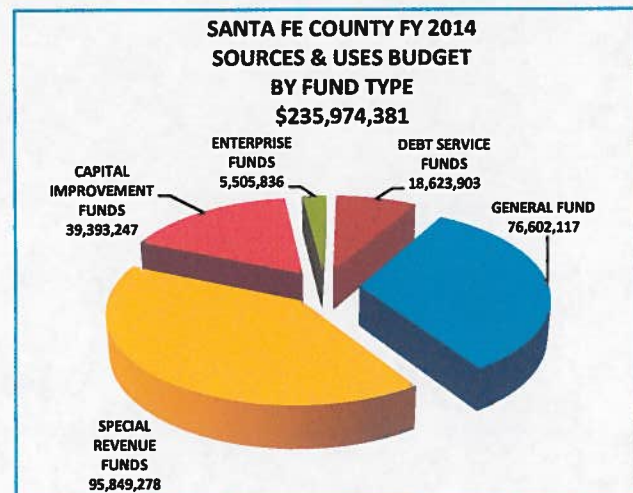
Special revenue funds are, by definition, restricted by statute or legal agreement to a specific purpose or purposes, thus they must be accounted for separately.

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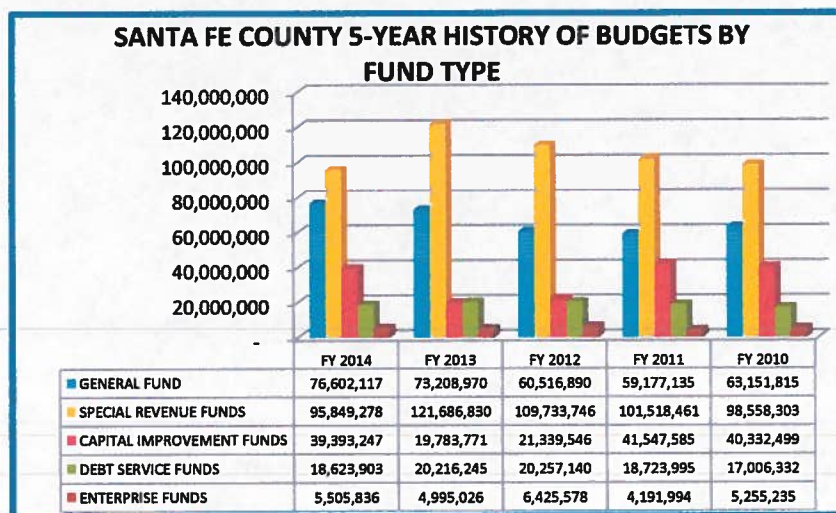


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The second largest fund type is the largest single fund, the General Fund with a total budget of \$76,602,117. The General Fund can be used for any legal purpose needed for the operation of the County government. The remainder of the budget includes capital improvement funds (\$39,393,247), debt service (\$18,623,903) and enterprise funds (\$5,505,836).



Occasionally a department or departments may need to shift from one fund type to another. This typically happens because the source(s) of funding for the department may change significantly enough to warrant the change. This was the case in FY 2010 when the Sheriff's Office was moved from the General Fund to its own special revenue fund because of the *number* of restricted grants that it received. In that same year correctional services moved from an enterprise fund to a special revenue fund. This change was made because the *amount* of revenue received from charges for service was not adequate to qualify it as an enterprise fund and the County's independent auditors suggested that the fund would not realize a majority of funding from charges for service in the foreseeable future. In fiscal year 2014 the Capital Outlay Gross Receipts Tax (GRT) Fund was moved from a special revenue fund to a capital improvement fund. This change was made because the Capital Outlay GRT is restricted to capital projects thus it was decided that the fund would be better classified as a capital improvement fund.



The "absolute total" (total excluding operating transfers) difference between the FY 2014 budget and FY 2013 budget is (\$3,335,273). The decrease is primarily a result of a reduction in the total budgeted for capital improvements. In FY 2013 all capital improvement funds plus the capital outlay gross receipts tax fund (which is restricted to capital projects) totalled \$41.8 million versus FY 2014 with total capital improvement funding of \$39.4 million. The County's debt service schedule also saw a reduction of \$1.6 million from FY 13 (\$20.2 M) to FY 14 (18.6 M). Detailed information can be found in the narrative below as well as in the following sections of this document. A fund by fund summary appears in the following spreadsheet.

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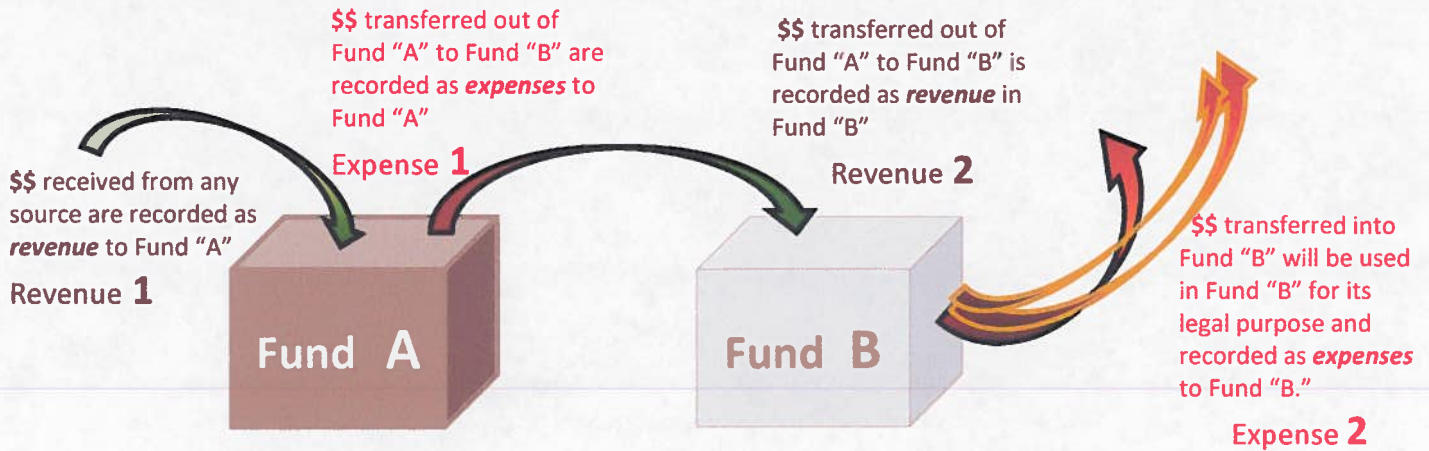
FUND NAME	FY 2014 FINAL BUDGET	FY 2013 ORIGINAL BUDGET	FY 2014 FINAL LESS FY 13 ORIG.	GENERAL EXPLANATION OF CHANGE
				Increased maintenance of all County assets, increased Asset Renewal and Replacement Schedule, added and unfroze FTEs, investment in employees.
* GENERAL FUND	44,088,415	40,426,226	3,662,189	
* REGIONAL TRANSIT FUND	4,500,000	3,845,000	655,000	Anticipated increase in revenue and corresponding pass-through.
* PROPERTY VALUATION FUND	1,288,503	1,669,929	(381,426)	Re-appraisal contract complete in FY13, not needed in FY14.
* ROAD FUND	6,114,391	5,175,021	939,370	Increased maintenance materials and service, increased Asset Renewal and Replacement Schedule.
* EMERGENCY MED SVCS FUND	109,966	108,216	1,750	Increased grant allocation.
* FARM & RANGE FUND	6,175	5,900	275	
* FIRE PROTECTION FUND	1,923,643	1,918,435	5,208	Increased grant allocation.
* LAW ENF. PROTECTION FUND	75,000	71,400	3,600	Increased grant allocation.
* CAPITAL OUTLAY GRT*	0	22,039,839	(22,039,839)	Moved budget to capital improvement fund 313. Actual decrease is \$7,812,666 reduced due to change in budgeting strategy for capital projects.
* LODGERS TAX FACILITY FUND	112,000	112,000	0	
* LODGERS TAX ADVERTISING	274,850	274,175	675	
* FIRE IMPACT FEES FUND	155,348	138,000	17,348	Increased capital expenditures.
* CLERK RECORDING FEES FUND	279,260	208,100	71,160	Increased operating and capital expenditures.
* INDIGENT FUND	2,579,739	2,193,915	385,824	Increased commitment for Sole Community Provider program.
* FIRE TAX 1/4% FUND	1,880,515	1,922,402	(41,887)	Decreased capital expenditures due to completion of a large project.
* INDIGENT SERVICES FUND	2,078,011	2,081,085	(3,074)	Reduced operating expenses.
* ECONOMIC DEVELOPMENT	567,500	2,801,344	(2,233,844)	Reduced project expenditures.
* FEDERAL FORFEITURE FUND	127,147	30,597	96,550	Increased operating expenses.
* LINKAGES	186,469	180,000	6,469	Increased operating expenses.
* SECTION 8 VOUCHER FUND	2,578,088	2,617,125	(39,037)	Reduced operating expenses.
* HOUSING ASST./HOME SALES	411,500	1,049,400	(637,900)	Reduced capital project expenses.
* DEVELOPER FEES FUND	568,800	780,704	(211,904)	Reduced operating expenses.
* EMS HEALTH CARE	780,501	620,931	159,570	Expanded programming.
* WILDLIFE/MOUNTAINS/TRAILS	60,000	0	60,000	Increased maintenance of County open space.
* ALCOHOL PROGRAMS FUND	1,358,630	1,260,587	98,043	Increased grant allocation.
* DETOX PROGRAMS FUND	300,000	300,000	0	
* FIRE OPERATIONS FUND	10,762,271	11,847,718	(1,085,447)	Reduced grant allotment and completed large capital project in FY 2013, not needed in FY 14.
* EMERGENCY COMM OPERATIONS	3,522,321	3,566,960	(44,639)	Reduced overtime expenses.
* LAW ENFORCEMENT OPS FUND	12,544,361	11,275,647	1,268,714	Increased personnel expenses due to the application of pay scales as required by collective bargaining agreement, new FTEs, increased Asset Renewal and Replacement Schedule.
* CORRECTIONS OPS FUND	22,812,863	22,398,024	414,839	Investment in employees, increase in inmate medical costs.
* COMMUNITY DEV BLOCK GRANTS	424,759	0	424,759	New grant.
* HOUSING CAPITAL IMPROV	219,918	529,533	(309,615)	Decrease in available grant balance.
* CAPITAL PROJECTS-FEDERAL	300,750	375,750	(75,000)	Decrease in grants allocated.
* ROAD PROJECTS FUND	818,740	634,151	184,589	Increase in grant funding.
* CAPITAL OUTLAY GRT*	14,227,173	0	14,227,173	Moved budget special revenue fund 213. Actual decrease is \$7,812,666 reduced due to change in budgeting strategy for capital projects.
* STATE SPEC. APPROPRIATION	570,923	236,895	334,028	Increase in grant funding.
* GOB SERIES 2005	488,679	809,844	(321,165)	Less bond proceeds available for expenditure.
* GOB SERIES 2007	5,697	221,986	(216,289)	Less bond proceeds available for expenditure.
* GOB SERIES 2007B	255,535	0	255,535	Bond proceeds to be used for specific projects.
* GOB SERIES 2009	1,443,970	2,124,492	(680,522)	Less bond proceeds available for expenditure.
* GOB SERIES 2011 IMP/REFND	8,793,867	13,348,578	(4,554,711)	Less bond proceeds available for expenditure.
* EQUIPMENT LOAN PROCEEDS	493,000	739,000	(246,000)	Less bond proceeds available for expenditure.
* GOB SERIES 2013	8,411,748	0	8,411,748	New bond. Proceeds to be used for specific projects.
* GOB SERIES 2001	0	119,000	(119,000)	Less bond proceeds available for expenditure.
* FACILITY BOND 97 PROCEEDS	57,684	557,573	(499,889)	Less bond proceeds available for expenditure.
* FIRE TAX REVENUE BOND PRO	0	86,969	(86,969)	Less bond proceeds available for expenditure.
* GEN OBLIG. BOND DEBT SVC	11,090,844	12,654,038	(1,563,194)	Change in debt service obligation.
* JAIL REV BOND DEBT SVC	2,248,115	2,252,865	(4,750)	Change in debt service obligation.
* GRT REVENUE BOND DEBT SVC	5,223,050	5,213,774	9,276	Change in debt service obligation.
* WTB LOAN/GRANT DEBT SVC	61,894	95,568	(33,674)	Change in debt service obligation.
* REGIONAL PLANNING AUTHRTY	0	30,000	(30,000)	Program no longer active.
* ENTERPRISE - WATER FUND	4,324,345	4,039,335	285,010	Increase capital and operating expenses due to Utility expansion.
* ENTERPRISE - HOUSING ADMIN	1,071,491	925,691	145,800	Increased operating expenses due to higher housing occupancy.
"ABSOLUTE TOTAL" BUDGET	182,578,449	185,913,722	(3,335,273)	TOTAL EXCLUDING OPERATING TRANSFERS

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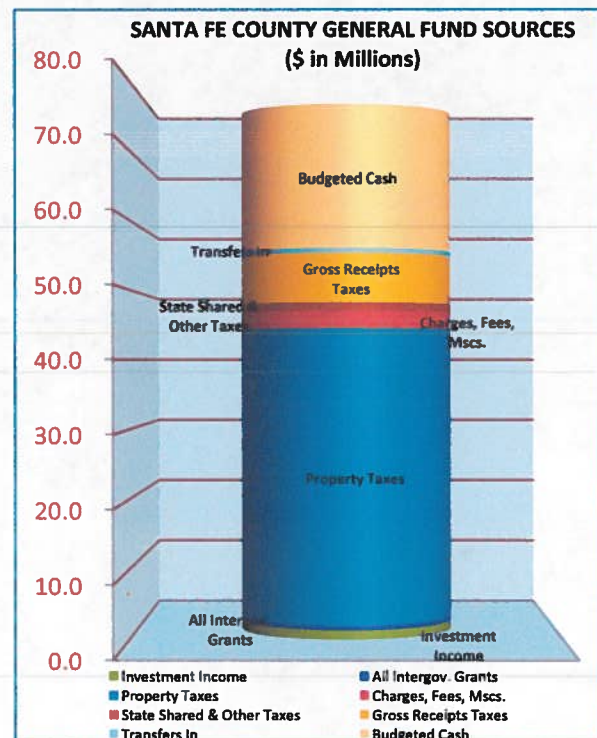
The “absolute total” is used because recognition of the fund transfers results in a “double counting,” of the transferred amount, first as an expense to the fund that makes the transfer out, then again when the fund receiving the transfer expends the transferred funds. An illustration of this double counting of transfers appears below.



General Fund

The General Fund can be used to fund any legal government purpose and is the source of funding for the Elected Offices and many other County functions. Among those is land use, public works, senior services, operation and maintenance of County facilities such as open space and trails, community centers and office buildings. The General Fund also provides the funding for the County Manager’s and County Attorney’s offices as well as administrative support functions such as finance, human resources, information technology, purchasing and risk management. Further, through operating transfers the General Fund supports the functions of various special revenue funds (primarily in the area of public safety) and debt service.

In FY 2014 property taxes account for approximately 77.1% of the General Fund revenue (excluding transfers in from other funds and budgeted cash) or \$55.3 million. This is 0.6% more than property taxes accounted for in FY 2013. Gross receipts taxes account for a much smaller percentage, about 12.8% or \$7.1 million (excluding transfers in from other funds and budgeted cash). This is up slightly from 12.5% of the General Fund budget in FY 2013.



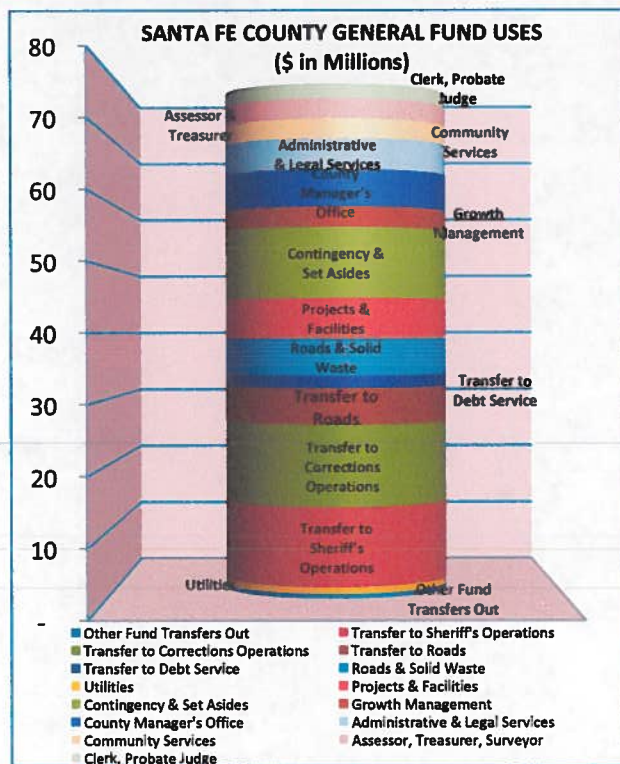
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Budgeted cash is \$20.6 million, or 27.1% of the total General Fund budget (excluding transfers in from other funds). This is up from 22.5% in FY 2013, however, the General Fund budgeted cash is generally for one-time expenditures, set asides and contingencies which increased in FY 2013. These one-time expenditures include an expanded Asset Renewal and Replacement Schedule, one-time retention incentive payments to staff, an increase to the operating contingency, a set-aside for large maintenance projects, and a \$5.0 million recessionary contingency. The total of all other sources shows a net decrease from FY 2013 of \$0.6 million. This decrease is due to decreases in estimates for investment income, charges for services, fees and permits and grants from various sources.

In fiscal year 2013 transfers out of the General Fund to other funds total \$32.5 million or 42.4% of the total uses. In FY 2013 the transfers out were 44.8% of the General Fund uses or \$32.8 million. As was the case in FY 2013, during the budget process for FY 2014 Departments/Divisions and Elected Offices were instructed to submit budget requests that were sufficient to cover the cost of obtaining the desired outcomes of their functions. Although the most significant increase occurred the first year this instruction was given, there were still some increases in the total operating budget for FY 2014.



Salaries and benefits continue to be a major portion of the General Fund budget totaling \$22.6 million in FY 2014. This is an increase of \$2.5 million from FY 2013. This increase is due to a larger investment in employees which included a cost of living increase, one-time retention incentives, creation of a merit pool, increased educational assistance and an increase to the County contribution of health insurance benefits for employees making under \$50K/year. The "absolute" total (excluding transfers out) of General Fund uses in FY 2014 was \$44.1 million, an increase of \$3.7 million from FY 2013. This increase can be attributed to an expanded Asset Renewal and Replacement Schedule for the General Fund, a priority of maintaining all County assets, as well as increased operating costs such as liability and property insurance, utilities, fuel, solid waste tipping fees paid by the County, a low income property tax credit and additional funding for libraries and youth programs. The asset repair and replacement budget (formerly known as the capital package) was increased by \$0.8 million from FY 2013 to \$2.0 million.

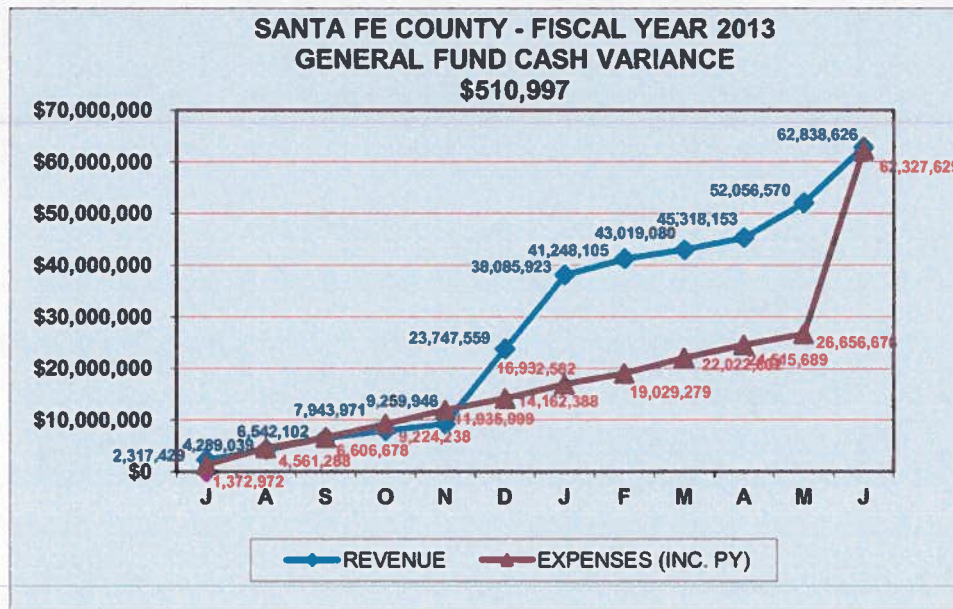
Fiscal Year 2013 ended with a positive cash variance in the General Fund of \$0.5 million. This is essentially a break-even situation despite the General Fund having budgeted the use of \$16.5 million in cash reserves. Fiscal year 2010 ended with slight negative cash variance, meaning that actual revenues did not meet actual expenses. Although that variance was insignificant (under \$100,000) and it was

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anticipated and planned, a negative cash variance is never a desirable outcome. Then in FY 2011, the budget included the use of \$4.5 million from general fund cash reserves and in FY 2012 the budget included a use of \$5.2 million from general fund cash reserves. Not only was using cash reserves not necessary in either year, but Santa Fe County was able to add \$13.7 million and \$12.3 million in FY 2011 and FY 2012 respectively, to its cash reserves via this positive cash variance – a tremendous outcome given the current economic climate. The State of New Mexico requires that the General Fund maintain a cash reserve of 3-months operating expenses or 25% of the General Fund budget. In FY 2013 that requirement is \$18.3 million. Santa Fe County has approximately \$47.0 million in excess reserves in its General Fund as of July 1, 2013. Of that, \$33.8 million is considered “committed” under Governmental Accounting Standards Board (GASB) requirements, meaning the balance is to be used for certain pu (e.g. a contingency reserve, a loan guarantee, and fixed asset replacement).



Special Revenue Funds

Special Revenue Funds are established to account for sources that are restricted in their use by law or agreement. This fund type may be used for gross receipts taxes that have a restricted purpose, grant funding, state allotments for fire protection, emergency medical services or law enforcement, the 1% property tax administration fee known as the Property Valuation Fund and the Road Fund among others. The total of all special revenue funds in the FY 2014 budget is \$95.58 million, down from \$121.7 in FY 2013. This significant decrease is primarily due to the reclassification of the Capital Outlay Gross Receipts Tax Fund from a special revenue fund to a capital improvement fund which had a FY 2013 budget of \$25.4 million. This was done at the urging of the County’s independent auditors, because, the particular restriction on the capital outlay gross receipts tax revenue is strictly for capital improvements. It is believed that it will provide a better view of funding that is available for capital improvement projects if the capital outlay gross receipts tax is reflected with the other funds used for capital improvements.

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The net affect of other changes make up the balance of the reduction in the special revenue fund type. These include an anticipated increase in the Regional Transit Gross Receipts Tax and corresponding pass-through expense of \$655K, a reduction of -\$381K in the Property Valuation Fund due to the completion of a re-appraisal project which was conducted in FY 2012 and FY 2013, an increase in the Road Maintenance Fund for additional staff and equipment totalling \$939K, an increase in the Indigent Fund of \$386K for additional commitment to the Sole Community Provider program, a significant decrease in the Economic Development Fund for various initiatives of -\$2.2 million, a reduction in the Housing Assistance/Home Sales Fund of -\$638K for site improvements in the housing neighborhoods, a significant decrease in the Fire Operations Fund of -\$1.1 million resulting from the completion of a major construction project which had been partially funded by the operations fund as well as a large piece of apparatus purchased in FY 2013 with no similar expense planned for FY 2014, a \$1.3 million increase in the Sheriff's Operations Fund due to additional staffing and asset renewal and replacement, an increase to the Corrections Operations Fund of \$415K for additional medical services contracts and a new Community Development Block Grant of \$425K.

General information on each of the special revenue funds can be found below:

FUND NAME	FY 2014 FINAL BUDGET	FY 2013 ORIGINAL BUDGET	SOURCES	USES
* REGIONAL TRANSIT FUND	4,500,000	3,845,000	Regional Transit Gross Receipts Taxes	Pass-through to the Regional Transit District
* PROPERTY VALUATION FUND	1,288,503	1,669,929	1% administrative fee from property taxes	Assessor's valuation plan and associated costs
* ROAD FUND	6,114,391	5,175,021	Vehicle & Gas state shared taxes, GF transfer	Road maintenance activities
* EMERGENCY MED SVCS FUND	109,966	108,216	State allotment	Emergency Medical expenses for fire districts
* FARM & RANGE FUND	6,175	5,900	State/Taylor grazing fees	Water and soil conservation
* FIRE PROTECTION FUND	1,923,643	1,918,435	State allotment	Fire protection expenses for fire districts
* LAW ENF. PROTECTION FUND	75,000	71,400	State allotment	Law enforcement training and materials costs
* CAPITAL OUTLAY GRT	0	22,039,839	1/4 cent gross receipts taxes	Capital projects
* LODGERS TAX FAC & ADV. FUND	386,850	386,175	4% Hotel/Motel/Lodging Facility room tax	Efforts to increase tourism
* FIRE IMPACT FEES FUND	155,348	138,000	Fees imposed on new developments	Capital expenditures of the fire districts
* CLERK RECORDING FEES FUND	279,260	208,100	Fee for recording documents	Clerk's office recording equipment
* INDIGENT FUND	2,579,739	2,193,915	2nd 1/8 cent increment gross receipts taxes	Sole Community Provider, Indigent Health Care
* FIRE TAX 1/4% FUND	1,880,515	1,922,402	1/4 cent gross receipts taxes (unincorporated)	Fire div. operating expenses (excl. personnel)
* INDIGENT SERVICES FUND	2,078,011	2,081,085	Transfer from indigent grt fund	Indigent primary Care
* ECONOMIC DEVELOPMENT	567,500	2,801,344	grants, GF transfer	Grant specific activities, econ. dev. initiatives
* FEDERAL FORFEITURE FUND	127,147	30,597	Court ordered fines and forfeitures, accumulated cash	Region III Drug Enforcement Task Force
* LINKAGES	186,469	180,000	NMFA Affordable Housing Grant	Affordable housing
* SECTION 8 VOUCHER FUND	2,578,088	2,617,125	HUD subsidy	Low income rental assistance
* HOUSING ASST./HOME SALES	411,500	1,049,400	Affordable housing loan repayment	Foreclosure prevention program
* DEVELOPER FEES FUND	568,800	780,704	Fees imposed on new developments	Down payment assistance, developer subsidy
* EMS-HEALTH CARE	780,501	620,931	3rd 1/8 cent increment gross receipts taxes	Health programs, EMS expenses
* WILDLIFE/MOUNTAINS/TRAILS	60,000	0	Accumulated cash	Open space and trails operations
* ALCOHOL PROGRAMS FUND	1,358,630	1,260,587	State grants, liquor taxes, court fees, JPAs	DWI programs, Teen Court, DWI enforcement
* DETOX PROGRAMS FUND	300,000	300,000	State grant	Detox assessments
* FIRE OPERATIONS FUND	10,762,271	11,847,718	EC & EMS GRT, transfer from EMS GRT, grants	Fire & EMS Services Division operations, transfer to RECC
* EMERGENCY COMM OPERATIONS	3,522,321	3,566,960	Transfer from EC & EMS GRT, grants	RECC operations
* LAW ENFORCEMENT OPS FUND	12,544,361	11,275,647	GF transfer, state and federal grants	Sheriff's Office operations
* CORRECTIONS OPS FUND	22,812,863	22,398,024	Transfers from Correctional GRT & GF, grants, Care of Prisoners revenue	Correctional Services operations
* CDBG GRANTS	424,759	0	Federal grant funding	Capital project(s) specified by grant
ABSOLUTE TOTAL BUDGET	78,382,611	100,492,454		

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Road Maintenance Fund (204)

The FY 2014 budget process included a high priority placed on maintenance of all County assets. This included road maintenance. As a result a significant amount of additional resources were given to this division in order to improve the condition of Santa Fe County's roads. In FY 2014 \$1.3 million was allocated to the Road Maintenance Division for Asset Renewal and Replacement. This is a small increase (about \$100K) over the FY 2013 budget. The County's investment in its employees in FY 2014 also increased the budget by \$327K as did the lin items associated with the materials and services used for the actual maintenance of County roads.

The Road Maintenance Division has developed a pavement preservation program wherein more maintenance money is expended doing preventive care on the roadways which in turn will save funding on major resurfacing and reconstruction projects in the future by mitigating damage, wear and tear before a major failure occurs. The Division has also implemented a condition rating standard which it uses in to schedule maintenance projects to ensure roads are meeting the set standard. Santa Fe County anticipates that road maintenance will continue to be a priority for the citizens and the Commissioners.



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Fire Operations Fund (244)

The total Fire Operations Fund budget for Fiscal Year 2014 is \$14.2 million: a decrease from FY 2013 of \$1.1 million. Of that decrease \$0.7 million of the “absolute total” of the Fire Operations Fund is a result of having purchased an aerial apparatus or “ladder truck” in FY 2013 with no such purchase planned in FY 2014 and \$0.4 million is due to the completion of construction on a new fire station in Southern Santa Fe County which was funded, in part, by the Fire Operations Funds in FY 2013. Again, no such expenditure is contemplated in FY 2014.

FIRE OPERATIONS FUND 244	FY 2013	FY 2014	VARIANCE
TRANSFER OUT TO FUND 245	3,425,660	3,409,521	(16,139)
Non-Departmental & Finance	71,947	76,844	4,897
Fire Services			
Fire Administration	4,372,470	3,723,797	(648,673)
HAZMAT Grant	10,000	15,000	5,000
Emergency Preparedness Grant	0	0	0
Forrest Restoration Grant	391,674	190,255	(201,419)
Fire Regions	5,892,535	5,851,147	(41,388)
FEMA Grant	465,919	366,214	(99,705)
Volunteer Stipends	225,000	225,000	0
Other Grants	0	289,014	289,014
Fire Service Capital Projects	418,173	25,000	(393,173)
COST CATEGORY EXPENSES	11,847,718	10,762,271	(1,085,447)
TOTAL FIRE OPERATIONS FUND	15,273,378	14,171,792	(1,101,586)

Health Programs and Sole Community Provide Commitment (Funds 220, 223, 232, 234)

Santa Fe County receives two 1/8 cent increments and one 1/4 cent increment in gross receipts taxes that are, or can be, used for medical services as currently dedicated by County Ordinance. The 2nd 1/8th County Gross Receipts Tax referred to as the Indigent Gross Receipts Tax and the 3rd 1/8th County Gross Receipts Tax referred to as the Emergency Medical Services Gross Receipts Tax (EMS GRT) had been used to fund the health programs and the Regional Emergency Communications Center (RECC), and the Emergency Communications and Emergency Medical Services Gross Receipts Tax (EC & EMS GRT) was used exclusively to fund the Fire and EMS Division operations until the FY 2012 budget. In FY 2012 the EC & EMS GRT was called upon to fund the RECC. To make up that lost revenue, the EMS GRT was utilized to help fund the Fire and Emergency Medical Services Division operations.

In addition to those changes the County’s commitment to the Sole Community Provider (SCP) payment was reduced to \$2.1 million in FY 2012 and FY 2013 from its previous levels which reached as high as \$9.7 million in FY 2009. This increased again, slightly, to \$2.6 million in FY 2014. This reduction in the SCP commitment stabilized the funding for the County’s health programs. It has, however, created

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funding challenges for the regional hospital which was the primary recipient of funding from the County's Sole Community Provider funding with its corresponding Federal match. However, the County's funding priorities were established and during FY 2011 the County utilized cash reserves to fund Health Programs knowing that changes would take place for FY 2012. The planned transition was successfully implemented and Santa Fe County created a more sustainable structure for its health programs. With changes looming as a result of implementation of the Affordable Care Act, Santa Fe County may again be faced with stabilizing the funding of the County's health programs. The State of New Mexico has begun planning for funding its responsibilities under the Affordable Care Act and will be looking to the Counties to contribute towards their effort, involuntarily if necessary. Future funding for the health programs beginning in fiscal year 2015 will be a challenge for the County to face.

Sheriff's Operating Fund (246)

The Sheriff's Operating Fund was reclassified as a special revenue fund in FY 2010. This was done because the Sheriff's Office receives a large number of small grants that are restricted to a specific purpose by agreement. However, despite the volumn of grants that the Sheriff's Office receives, by far the largest source of funding for the Sheriff's Operation is a transfer from the General Fund. This is appropriate because the Sheriff is elected and her/his operation is a statutorily required function. The Sheriff's Office increased in size during FY 2013 to accommodate additional security needs at the newly constructed Judge Steve Herrera Judicial Complex. A total of 15 new deputies were authorized in FY 2013 for the Sheriff's Office. Ten of these were specifically authorized for the new courthouse. These additional deputies increased the Sheriff's Office budget by \$679K in personnel expenses alone. An additional, \$260K was added to the Asset Renewal and Replacement for the purchase of vehicles and other needed equipment. Supplies and other operating expenses increased the budget an additional \$300K bringing the total Sheriff's Office budget from \$10.8 million in FY 2013 to \$12.1 million in FY 2014 not including grants.



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Corrections Operations Fund (247)

The Corrections Operations Fund continues to pose a significant challenge as the County struggles to strike a balance between funding, earned revenue and operating expenses. In late fiscal year 2012 a significant increase in the number of “paying inmates,” inmates being held by Santa Fe County under contract from another jurisdiction, generated a significant increase in earned revenue. However, the Corrections Operating Fund used \$2.6 million from its own cash reserves in fiscal year 2012.

In fiscal year 2013 the General Fund increased its operating transfer to the Corrections Operating Fund to \$9.6 million from the FY 2012 level of \$6.0 million. An additional \$2.1M will be transferred to address much needed asset renewal and replacement as well as large one-time maintenance expenditures which have been deferred due to the economic conditions the County has been facing or a total transfer of \$11.9 million. In FY 2014, the General Fund again, increased its support of the Correctional Services Division by transferring \$12.4 million of which \$828K was for asset renewal and replacement.

Care of prisoners revenue (earned revenue) reached just \$3.9 million in fiscal year 2012 total from both facilities as well as the Electronic Monitoring program (EM). In fiscal year 2013 revenue from care of prisoners reached \$7.2 million, again the total of both facilities as well as EM. Obviously this was a great improvement over the prior year but it fell short of their budgeted revenue of \$7.8 million. Corrections staff is aggressively pursuing payment on past due invoices from various jurisdictions and has been able to maintain the facility very close to capacity. The revenue budget for FY 2014 was scaled back \$5.9 million. This amount was reduced because, while the Adult Detention Facility is operating at near capacity, the Youth Development Program has seen significant reductions in paying residents as well as Santa Fe County residents and thus is not generating much revenue.

CORRECTIONS OPERATIONS FUND 247 SOURCES	FY 2013	FY 2014	VARIANCE
Corrections - Finance & Capital Package			0
Corrections - Administration			0
Corrections - Adult Detention Facility	5,557,000	5,209,578	(347,422)
Corrections - Inmate Welfare	33,000	45,000	12,000
Corrections - Maintenance Division			0
Corrections - Inmate Medical Services			0
Corrections - Electronic Monitoring	200,000	168,000	(32,000)
Corrections - Youth Development Program	2,109,557	695,221	(1,414,336)
TOTAL CHARGES FOR SERVICES, GRANTS & MISC. REV.	7,899,557	6,117,799	(1,781,758)
Transfer from General Fund (101)	11,926,332	12,405,429	479,097
Transfer from Corrections Fines & Forfeitures Fund (201)	250,000	220,000	(30,000)
Transfer from Correctional GRT Fund (219)	4,575,000	4,317,750	(257,250)
TOTAL OPERATING TRANSFERS IN	16,751,332	16,943,179	191,847
BUDGETED CASH		2,000,000	2,000,000
TOTAL SOURCES	24,650,889	25,060,978	410,089
CORRECTIONS OPERATIONS FUND 247 USES	FY 2013	FY 2014	VARIANCE
OPERATING TRANSFER OUT TO DEBT SERVICE FUND (405)	2,252,865	2,248,115	(4,750)
Corrections - Finance & Capital Package	2,043,596	1,171,531	(872,065)
Corrections - Administration	1,168,156	1,063,787	(104,369)
Corrections - Adult Detention Facility	11,339,354	11,988,650	649,296
Corrections - Inmate Welfare	33,000	36,840	3,840
Corrections - Maintenance Division	544,227	717,670	173,443
Corrections - Inmate Medical Services	3,877,379	4,458,154	580,775
Corrections - Electronic Monitoring	934,910	1,022,706	87,796
Corrections - Youth Development Program	2,457,402	2,353,525	(103,877)
COST CATEGORY EXPENSES	22,398,024	22,812,863	414,839
TOTAL USES	24,650,889	25,060,978	410,089

Santa Fe County

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Capital Improvement Funds

Capital Improvement Funds are used to account for sources and uses associated with capital projects funded by grants, special appropriations or bonds. Special appropriations for roads and other infrastructure projects are segregated into two funds, one for roads and one for infrastructure. Federal grants for improvements to our public housing inventory and other Federal grants are also segregated into two different funds, one for housing and one for other Federal grant funded projects. Each bond issuance is accounted for in a fund designated for that specific bond series and includes any investment income derived from investing bond proceeds until needed to pay for a project.



In FY 2014 Santa Fe County reclassified the Capital Outlay Gross Receipts Tax (GRT) Fund from a special revenue fund to a capital improvement fund. The Capital Outlay GRT Fund was classified originally as a special revenue fund, as most gross receipts tax funds are, due to the statutory restrictions placed on the use of revenue collected from the tax. However, as this particular tax is strictly limited to use for capital outlay projects, County management and the County's auditors agreed that the fund would be better classified as a capital improvement fund and thus it appears in FY 2014 and accounts for \$14.2 million (excluding transfers out to debt service) in the total capital improvement budget.

In total, capital improvement funds budgets increased \$16.3 million of which the Capital Outlay GRT funded projects account for \$14.2 million. Excluding the Capital Outlay GRT fund the increase is just \$2.1 million. Aside from the Capital Outlay GRT Fund, the overall increase is net of increases in some and decreases in other bond issuance funds. The largest change was the addition of a new bond fund to account for the 2013 Series GOB issuance which occurred in late FY 2013. These bonds were sold to fund roads, water/wastewater and open space project. The 2013 Series GOB issuance totaled \$19.0 million. Of that amount \$8.4 million is budgeted in FY 2014 with the intent of budgeting the balance in FY 2015. Another significant change is in the 2011 general obligation bond which was issued for public works and fire services projects and the refunding of the 2001A general obligation bond. This bond saw a budget decrease of \$4.5 million. The 2009 Series GOB decreased from a budget of \$2.1 million in FY 2013 to a budget of \$1.4 million in FY 2014. Smaller changes in other capital improvement funds make up the balance of the overall decrease including the Housing Capital Improvement fund (-\$0.3 m), 2005 Series GOB (-\$0.3 m), and Capital Projects-Federal Fund (-\$0.1). Project descriptions and other details on budgeted projects can be found in **Section VI – Capital Improvements** of this document.

Fiscal year 2014 to fiscal year 2013 budget comparisons on a fund by fund basis appear in following table:

Santa Fe County Fiscal Year 2014 Budget



FY 2014 – Budget Message and Executive Summary

FUND NAME	FY 2013 BUDGET	FY 2014 BUDGET	CHANGE
301 - HOUSING CAPITAL IMPROV	529,533	219,918	(309,615)
305 - CAPITAL PROJECTS-FEDERAL	375,750	300,750	(75,000)
311 - ROAD PROJECTS FUND	634,151	818,740	184,589
313 - CAPITAL OUTLAY GRT	0	14,227,173	14,227,173
318 - STATE SPEC. APPROPRIATION	236,895	570,923	334,028
330 - GOB SERIES 2005	809,844	488,679	(321,165)
331 - GOB SERIES 2007	221,986	5,697	(216,289)
332 - GOB SERIES 2007B	0	255,535	255,535
335 - GOB SERIES 2009	2,124,492	1,443,970	(680,522)
339 - GOB SERIES 2011 IMP/REFND	13,348,578	8,793,867	(4,554,711)
340 - EQUIPMENT LOAN PROCEEDS	739,000	493,000	(246,000)
351 - GOB SERIES 2013	0	8,411,748	8,411,748
353 - GOB SERIES 2001	119,000	0	(119,000)
370 - FACILITY BOND 97 PROCEEDS	557,573	57,684	(499,889)
380 - FIRE TAX REVENUE BOND PRO	86,969	0	(86,969)
TOTAL CAPITAL IMPROVEMENT FUNDS	19,783,771	36,087,684	16,303,913

Debt Service Funds

Debt Service Funds are established to separately account for payments made for bond issues and other debt. The County has debt service funds for general obligation debt, the jail revenue bond debt, other revenue bond debt and New Mexico Finance Authority loans. In FY 2012 another debt service fund was established to account for the payments made on New Mexico Finance Authority-Water Trust Board (NMFA-WTB) loan/grants which finance small water projects. The new debt service fund is also used for the payment of NMFA-WTB loan/grant sharing agreements entered into with the City of Santa Fe as part of the financing package for the Buckman Direct Diversion project. The loan/grants were awarded by NMFA-WTB to the City of Santa Fe who then offered to share them in a 50%/50% split with Santa Fe County. Since these agreements are debt that does not fall into any of the existing debt service fund categories, a new fund was established to account for the payments.

In any given year, debt service payments will vary from the previous year, even if new debt isn't issued. This is due to the structure of the debt service payments established at the beginning of the bond issue as a part of an overall plan for issuing debt to finance a long-term capital improvement plan. In particular Santa Fe County tries to keep its total general obligation debt service payments fairly flat from year to year. In this way, the property tax mill rate for debt service remains stable from year to year, thus property owners in Santa Fe County do not see large fluctuations in their property tax rates due to debt service.

The following is a summary comparison of fiscal year 2014 and fiscal year 2013 debt service payments.

Santa Fe County

Fiscal Year 2014 Budget



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DEBT SERVICE PAYMENTS (expressed in \$ millions)				
	Maturity	FY 2013	FY 2014	Change
GENERAL OBLIGATION BONDS				
General Obligation Bonds ('97 refund)	2017	1.1	1.1	0.0
General Obligation Bonds (PW, Water)	2026	0.7	0.7	(0.0)
General Obligation Bonds (Justice Ctr)	2027	1.1	1.1	(0.0)
General Obligation Bonds (PW, Water)	2028	1.2	1.2	(0.0)
General Obligation Bonds (BDD)	2024	2.1	2.0	(0.0)
General Obligation Bonds (PW, Utilities, Fire, OS)	2024	1.0	1.0	(0.0)
General Obligation Bonds ('99 and '01 Refunding)	2020	2.1	2.1	(0.0)
General Obligation Bonds (PW, Utilities, Fire, OS & '01A Refunding)	2028	3.4	1.6	(1.8)
General Obligation Bonds (Roads, Utilities, OS)		0.0	0.3	0.3
SUBTOTAL GENERAL OBLIGATION BOND PAYMENTS		12.7	11.1	(1.6)
REVENUE BONDS				
Gross Receipts Tax Revenue Bond (ADF)	2027	2.2	2.2	(0.0)
Gross Receipts Tax Revenue Bonds (LE)	2027	0.4	0.4	0.0
Gross Receipts Tax Revenue Bonds (Judicial Court Compl)	2033	1.5	1.2	(0.4)
Gross Receipts Tax Revenue Bonds (Water Rights)	2030	0.9	0.9	0.0
Gross Receipts Tax Revenue Bonds (BDD)	2031	1.6	1.6	0.0
Gross Receipts Tax Revenue Bonds (BDD)	2031	0.7	0.7	(0.0)
SUBTOTAL REVENUE BOND PAYMENTS		7.5	7.1	(0.4)
OTHER DEBT INSTRUMENTS				
NMFA/WTB Loan/Grant Agreements w/ City of Santa Fe – County Share #1-#2 (BDD)	2029	0.03	0.0	0.0
Water Trust Board Agreements (various water projects)	2013	0.1	0.0	(0.1)
SUBTOTAL OTHER DEBT INSTRUMENTS		0.1	0.0	(0.1)
TOTAL DEBT SERVICE PAYMENTS		20.2	18.2	(2.0)

Enterprise Funds

Enterprise Funds are established to account for those operations that derive significant revenue from charges for service. Santa Fe County currently has three enterprise funds. The Regional Planning Authority (RPA) which is a joint effort with the City of Santa Fe to develop projects and provide other planning activities with a regional scope. The RPA is supported by a joint powers agreement between the City of Santa Fe and Santa Fe County who share equally in providing funding. The second enterprise fund is the Water/Wastewater Enterprise Fund. This enterprise fund is where the Water/Wastewater Utility is accounted for and is supported by the fees charged for providing water and wastewater services to customers in the unincorporated areas of Santa Fe County. With the planned expansion of the Utility's service area it is expected that this fund will be completely self-supporting within the next three years. The final enterprise fund is the Public Housing Authority which receives a significant amount of its revenue from rent charged for its public housing units. Additional funding is provided by a Federal subsidy from the United States Department of Housing and Urban Development.

The following table shows the three Enterprise funds with comparative FY 2014 and FY 2013 information:

Santa Fe County Fiscal Year 2014 Budget



FY 2014 – Budget Message and Executive Summary

ENTERPRISE FUNDS				
Fund Name	FY 2013	FY 2014	Variance	Explanation of significant changes
501 - REGIONAL PLANNING AUTHORITY	30,000	0	(30,000)	RPA is currently inactive.
505 - WATER/WASTEWATER ENTERPRISE FUND	4,039,335	4,434,345	395,010	Anticipated expansion of Utility due to Phase II Annexation Settlement Agreement with City of Santa Fe.
517 - HOUSING ENTERPRISE FUND	925,691	1,071,491	145,800	Increase in anticipated occupancy rate.
TOTAL ENTERPRISE FUNDS	4,995,026	5,505,836	510,810	

DETERMINATION OF CASH BALANCES

Beginning of the fiscal year fund balances incorporate actual cash less the obligations against that cash. A beginning fund balance as of 7/1/2013 in the State of New Mexico Department of Finance and Administration recap is the cash balance of the fund, plus receivables, less payables and encumbrances. An encumbrance is a legal obligation made on a fund at the time a purchase order is placed.

As seen in the recap on the following page(s), a fiscal year-end fund balance equals the beginning balance plus budgeted revenues and cash transfers into the fund, less budgeted expenses and cash transfers to other funds. The fiscal year-end fund balance of all funds as of 6/30/2014 is expected to be \$128.4 million versus the beginning-of-fiscal year balance of \$156.2 million. This is due mainly to the budgeted expenditure of proceeds for multiple bond issues as well as the use of accumulated cash in the capital outlay gross receipts tax fund which is dedicated to capital projects. The General Fund continues to be in a strong cash position going into Fiscal Year 2014 which contributes to its favorable bond rating (Aa+ on Standard & Poor’s general obligation bond rating scale as of the last bond issue) and allows for a buffer of budgetary security during recessionary times.

Details of the Sources and Uses for each fund in the budget can be found in *Section IV – Fund Level Summaries*.



Santa Fe County Fiscal Year 2014 Budget



FY 2014 – Budget Message and Executive Summary

Determination of Cash Balances

COUNTY: Santa Fe County-Final Budget		New Mexico Department of Finance and Administration Local Government Division Budget Request Reconciliation										Fiscal Year 2013-2014	
ROUNDED TO NEAREST DOLLAR													
FUND TITLE	FUND NUMBER	UNAUDITED BEGINNING CASH BALANCE @ JULY 1	INVESTMENTS	BUDGETED REVENUES	BUDGETED TRANSFERS	BUDGETED EXPENDITURES	ESTIMATED ENDING CASH BALANCE	LOCAL RESERVE REQUIREMENTS UNAVAILABLE FOR BUDGETING	ADJUSTED ENDING CASH BALANCE				
GENERAL FUND - Operating (GF)	101	\$54,877,468	\$11,472,132	\$6,258,480	(\$1,763,182)	44,088,415	\$46,656,663	\$1,022,104	\$34,634,350				
CORRECTION	201	\$21,199	\$0	220,000	(220,000)	0	\$21,199		\$21,199				
ENVIRONMENTAL GR	202	\$172,946	\$0	\$10,520	(610,520)	0	\$172,946		\$172,946				
COUNTY PROPERTY VALUATION	203	\$402,433	\$0	1,190,828	97,874	1,288,503	\$402,433		\$402,433				
COUNTY ROAD	204	\$1,201,822	\$0	955,050	5,458,341	6,114,381	\$1,201,822	609,533	\$692,288				
EMS	208	\$110,204	\$0	109,958	0	109,958	\$110,204		\$110,204				
ENHANCED 911	207	\$0	\$0	\$0	0	0	\$0		\$0				
FARM & RANGE IMPROVEMENT	208	\$8,442	\$0	1,175	5,000	6,175	\$8,442		\$8,442				
FIRE PROTECTION FUND	209	\$3,875,475	\$0	1,923,643	0	1,923,643	\$3,875,475		\$3,875,475				
LEPP	211	\$2,708	\$0	75,000	0	75,000	\$2,708		\$2,708				
LODGERS' TAX	214	\$1,579,408	\$0	357,000	0	386,950	\$1,549,658		\$1,549,658				
RECREATION	217	\$10,940	\$0	\$0	0	0	\$10,940		\$10,940				
INTERGOVERNMENTAL GRANTS	218	\$0	\$0	\$0	0	0	\$0		\$0				
SENIOR CITIZEN	219	\$0	\$0	\$0	0	0	\$0		\$0				
COUNTY INDIGENT FUND	220	\$746,959	\$0	4,317,750	(1,738,011)	2,579,738	\$746,959		\$746,959				
COUNTY HOSPITAL FUND	221	\$0	\$0	\$0	0	0	\$0		\$0				
COUNTY FIRE PROTECTION	222	\$1,221,122	\$0	1,000,000	0	1,860,615	\$340,607		\$340,607				
DWI PROGRAM	223	\$24,805	\$0	1,383,175	(45,000)	1,358,630	\$4,150		\$4,150				
CLERK RECORDING AND FILING	225	\$557,180	\$0	231,000	0	279,250	\$508,920		\$508,920				
JAIL - DETENTION FUND	228	\$643,483	\$0	4,317,750	(4,317,750)	0	\$643,483		\$643,483				
OTHER	288	\$28,786,648	\$0	23,994,185	28,016,752	87,879,939	\$23,916,547		\$23,916,547				
CAPITAL PROJECT FUNDS	300	\$41,978,153	\$14,643,438	10,945,931	(3,305,563)	24,184,883	\$41,067,077		\$41,067,077				
G. O. BONDS	401	\$9,987,017	\$0	11,080,845	0	11,080,845	\$9,987,017		\$9,987,017				
REVENUE BONDS	402	\$2,792,418	\$0	\$0	7,471,185	7,471,185	\$2,792,418		\$2,792,418				
DEBT SERVICE OTHER	403	\$209,284	\$0	\$0	61,884	61,884	\$209,284		\$209,284				
ENTERPRISE FUNDS	500	\$2,486,400	\$0	3,742,168	(110,000)	3,690,947	\$2,437,619		\$2,437,619				
Water Fund		\$0	\$0	\$0	0	0	\$0		\$0				
Solid Waste		\$0	\$0	405,633	0	633,388	(\$227,755)		(\$227,755)				
Waste Water		\$0	\$0	\$0	0	0	\$0		\$0				
Airport		\$0	\$0	\$0	0	0	\$0		\$0				
Ambulance		\$0	\$0	\$0	0	0	\$0		\$0				
Cemetery		\$0	\$0	\$0	0	0	\$0		\$0				
Housing		\$546,077	\$0	980,975	0	1,071,481	\$455,561		\$455,561				
Parking		\$0	\$0	\$0	0	0	\$0		\$0				
Regional Planning Authority (SFC Fund)		\$209,095	\$0	\$0	0	0	\$209,095		\$209,095				
Other Enterprise (enter fund name)		\$0	\$0	\$0	0	0	\$0		\$0				
Other Enterprise (enter fund name)		\$0	\$0	\$0	0	0	\$0		\$0				
Other Enterprise (enter fund name)		\$0	\$0	\$0	0	0	\$0		\$0				
INTERNAL SERVICE FUNDS	600	\$3,645,363	\$0	4,600,000	0	4,600,000	\$3,645,363		\$3,645,363				
TRUST AND AGENCY FUNDS	700	\$0	\$0	\$0	0	0	\$0		\$0				
GRAND TOTAL - ALL FUNDS		\$159,204,348	\$26,115,571	\$127,311,853	\$0	\$169,686,649	\$139,946,123	\$11,631,626	\$128,414,487				

Revised: Date

LAST UPDATE: 2/25/2014 11:31

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Santa Fe County Fiscal Year 2014 Budget



FY 2014 – Budget Message and Executive Summary

Determination of Cash Balances

New Mexico Department of Finance and Administration
Local Government Division
Budget Program Reconciliation

USER NOTES:

The Water Fund and the Wateruser Fund are combined into one Enterprise Fund within the County's General Ledger. The cash balances are not aggregated and appear above and below the Water Fund. The deficit appearing in the Wateruser Fund, if any, is offset with the cash balance from the Water Fund. The actual cash balance is the net of the balances appearing in the Water and Wateruser Funds above.

Santa Fe County Fiscal Year 2014 Budget



FY 2014 – Budget Message and Executive Summary

Determination of Cash Balances

RECONCILIATION DFA FY 2013 4TH QUARTER REPORT TO FY 2014 FINAL BUDGET

UNAUDITED
FY 2013 ADJUSTED ENDING CASH RECONCILED TO FY 2014 BEGINNING CASH AT 7/1/13
FY 2014 FINAL BUDGET CASH RECAPITULATION

DFA	SFC	FUND NAME	ENDING CASH W/ A/D FY 13 4Q DFA	TOTAL ADJ PAGES 9-4 ABOVE	FY 2013 ENDING CASH PER G/L	LESS DEDICATED CASH	LESS PRIOR YEAR ENCUMB.	PLUS A/R	LESS A/P	OTHER FUND ADJUSTMENTS	CASH FY 14 BUDGET 7/1/2013
101	101	GENERAL FUND	70,169,625	399,001	70,568,626	(254,685)	(3,286,490)	302,050	(1,179,901)		66,149,600
201	201	CORRECTIONS FINES/FORFEITURES	21,199	0	21,199	0	0	0	0		21,199
700	202	REGIONAL TRANSIT GRT	0	0	0	0	0	0	0		0
203	203	PROPERTY VALUATION FUND	870,895	(37,185)	833,710	0	(403,166)	1,600	(29,711)		402,433
204	204	ROAD FUND	1,679,870	70,425	1,750,295	(2,052)	(357,418)	3,372	(192,376)		1,201,822
206	206	EMS FUND	124,709	1,278	125,987	0	(12,834)	1,393	(4,342)		110,204
208	208	FARM & RANGE FUND	6,442	0	6,442	0	0	0	0		6,442
209	209	FIRE PROTECTION FUND	4,723,728	(56,675)	4,667,053	0	(773,852)	863	(18,588)		3,875,475
211	211	LAW ENFORCEMENT PROTECTION FUND	54,327	(14,845)	39,482	0	(31,997)	880	(5,659)		2,706
202	212	ENVIRONMENTAL GRT	172,946	0	172,946	0	0	0	0		172,946
299	213	CAPITAL OUTLAY GRT	29,328,036	351,585	29,679,621	0	(4,336,199)	0	(468,733)	(24,874,689)	(0)
214	214	LODGER'S TAX FACILITY	804,254	(12,234)	792,020	0	(13,332)	0	0		778,688
214	215	LODGER'S TAX ADVERTISING	890,586	(37,664)	852,922	0	(48,702)	0	(3,500)		800,720
299	216	FIRE IMPACT FEES	884,506	(55,795)	828,711	0	(223,567)	0	0		605,144
217	217	RECREATION FUND	10,940	0	10,940	0	0	0	0		10,940
225	218	CLERK'S FILING FEES	649,149	(8,800)	640,349	0	(81,082)	0	(2,087)		557,180
226	219	CORRECTIONAL GRT	643,483	0	643,483	0	0	0	0		643,483
220	220	INDIGENT HOSPITAL (GRT) FUND	1,395,427	(285)	1,395,162	0	(649,073)	493	(23)		746,559
222	222	FIRE EXCISE TAX	1,361,825	(83,076)	1,278,749	0	(51,732)	1,562	(7,457)		1,221,122
299	223	INDIGENT SERVICES FUND	1,331,125	(252,138)	1,078,987	(4,530)	(5,989)	4,530	(7,830)		1,065,168
299	224	ECONOMIC DEVELOPMENT FUND	3,975,066	(20,629)	3,954,438	(2,086,000)	(1,053,376)	2,086,000	(427)		2,900,635
299	225	SHERIFF'S FINES/FORFEITURES	193,264	77	193,341	0	0	0	(119)		193,222
299	226	LINKAGES FUND	77,635	267	77,902	0	0	0	(267)		77,635
299	227	SECTION 8 VOUCHER FUND	534,560	31,177	565,737	(33,350)	(2,742)	24,669	(10,250)		644,064
299	229/230	AFFORDABLE HOUSING/HOME SALES	4,042,941	54,494	4,097,435	(62,543)	(13,746)	(3,670)	(71,341)		3,946,135
299	231	DEVELOPERS' FEES FUND	1,508,775	288	1,509,063	(13,963,269)	(22,054)	14,083,269	(4,217)		1,602,792
299	232	EMS SERVICES FUND	1,069,968	6,398	1,076,366	(5,055)	(272,344)	5,055	(31,124)		772,898
299	233	WILDLIFE, PARKS & TRAILS	64,975	(4,200)	60,775	0	0	0	0		60,775
299	234	EMS HOSPITAL (GRT) FUND	2,296,439	0	2,296,439	0	(778,195)	0	0		1,518,244
299	237	VASH VOUCHERS	0	0	0	0	0	0	0		0
225	241	ALCOHOL PROGRAMS FUND	223,114	(23,201)	199,913	(23,599)	(28,768)	24,454	(147,393)		24,605
299	242	DETOX PROGRAMS FUND	261,635	0	261,635	(29,602)	0	29,770	0		261,804
299	244	FIRE OPERATIONS FUND	5,671,252	(25,595)	5,645,657	(6,016)	(743,069)	6,016	(330,204)		4,572,384
299	245	REGIONAL EMERGENCY COMM. CTR.	1,229,521	(22,333)	1,207,188	0	(58,610)	1,135	(94,773)		1,054,940
299	246	SHERIFF'S OPERATIONS FUND	2,718,676	(29,545)	2,689,131	(81,693)	(238,040)	85,386	(331,737)		2,123,047
299	247	CORRECTIONS OPERATIONS FUND	8,388,167	152,367	8,540,534	(3,947,726)	(2,251,106)	3,701,657	1,339,464		7,382,824
299	250	CDB FUND	295	0	295	(4,471)	0	9,016	0		4,840
300	301	HOUSING CAPITAL IMPROVEMENT FUND	0	25,605	25,605	0	(18,163)	0	(44,271)		(36,829)
300	305	FEDERAL PROJECT GRANTS FUND	50,222	(50,222)	0	0	0	0	0		0
300	311	ROAD CAPITAL IMPROVEMENTS FUND	359,378	81,399	440,777	(197,550)	(767,892)	227,416	(81,397)		(378,646)
300	313	CAPITAL OUTLAY GRT	0	0	0	0	0	0	0	24,874,689	24,874,689
300	318	SPECIAL APPROPRIATIONS FUND	236,757	(152,250)	84,507	(55,182)	(189,007)	55,182	(1,380)		(104,880)
300	330	2005 SERIES GOB	798,576	5	798,581	0	(267,840)	0	0		530,741
300	331	2007 SERIES GOB	150,125	(85,900)	64,225	0	(59,624)	0	0		4,600
300	332	2007B SERIES GOB	271,699	3	271,702	0	(16,400)	0	0		255,302
300	333	2008 REVENUE BOND - JUDICIAL COMPLEX	394,054	236	394,290	0	(394,355)	0	0		(64)
300	334	2008 SERIES GOB	0	0	0	0	0	0	0		0
300	335	2009 SERIES GOB	2,414,641	(22,554)	2,392,087	0	(960,068)	0	(2,125)		1,429,894
300	336	2009 REVENUE BOND - CO GRT	58,961	0	58,961	0	0	0	0		58,961
300	337	2010A REVENUE BOND - CO GRT	0	0	0	0	0	0	0		0
300	338	2010B REVENUE BOND - CO GRT	20,911	66	20,977	0	0	0	0		20,977
300	339	2011 SERIES GOB - IMP/REF	12,153,928	317,260	12,471,128	0	(2,447,796)	0	(14,417)		10,008,916
300	340	EQUIPMENT LOAN PROCEEDS	1,775	(2,976)	(1,201)	0	(44,798)	0	0		(45,999)
300	350	1997 SERIES GOB	0	0	0	0	0	0	0		0
300	351	2013 SERIES GOB	19,937,195	969	19,938,164	0	0	0	0		19,938,164
300	353	2001 SERIES GOB	120,702	(107,046)	13,656	0	(13,921)	0	0		(265)
300	370	1997 FACILITY BOND PROCEEDS	738,450	(182,612)	55,838	0	0	0	0		55,838
300	380	FIRE TAX BOND PROCEEDS	46,631	(46,816)	(185)	0	0	0	0		(185)
300	385	OPEN SPACE GOB	10,378	1	10,379	0	0	0	0		10,379
401	401	GENERAL OBLIGATION DEBT SERVICE FUND	9,770,160	(1)	9,770,159	0	0	216,858	0		9,987,017
403	403	EQUIPMENT LOAN DEBT SERVICE FUND	127,215	0	127,215	0	0	0	0		127,215
402	405	JAIL DEBT SERVICE FUND	2,258,535	(3,264)	2,255,271	0	0	0	0		2,255,271
402	406	REVENUE BOND DEBT SERVICE FUND	534,975	2,172	537,147	0	0	0	0		537,147
403	414	NMFA - WTB LOAN/GRANT FUND DEBT SVC	500,569	(405,000)	95,569	0	(13,500)	0	0		82,069
501	501	RPA FUND	211,000	(116)	210,884	(14,148)	(2,131)	14,489	0		209,095
505	505	UTILITIES ENTERPRISE FUND	4,690,821	28,800	4,719,621	0	(2,083,575)	433	(140,079)		2,496,400
517	517	HOUSING ENTERPRISE FUND	837,638	(63,551)	774,087	(201,949)	(23,324)	104,908	(107,641)		546,077
200	200	PROPERTY TAX DISTRIBUTIONS	203,674,651	(282,673)	203,391,978	(20,973,419)	(23,038,880)	20,988,782	(1,993,905)	0	178,374,555
		GRAND TOTAL	207,949,045	(282,673)	207,666,372	(20,973,419)	(23,038,880)	20,988,782	(2,322,936)	0	182,319,919

DFA SUMMARIZED ACCOUNTS

ADJUSTMENTS TO FY 2013 ENDING CASH TO RECONCILE TO G/L CASH											
214	214-215	TOTAL DFA FUND 214	1,694,840	(49,898)	1,644,942	0	(62,034)	0	(3,500)	0	1,579,408
299	VAR	TOTAL DFA FUND 299	63,676,836	186,418	63,863,254	(20,224,254)	(9,999,039)	20,032,834	(11,556)	(24,874,689)	28,786,549
300	VAR	TOTAL DFA FUND 300	37,264,383	(224,892)	37,039,491	(252,732)	(5,178,865)	282,598	(143,590)	24,874,689	56,621,592
402	402-406	TOTAL DFA FUND 402	2,793,510	(1,092)	2,792,418	0	0	0	0	0	2,792,418
403	403&414	TOTAL DFA FUND 403	627,784	(405,000)	222,784	0	(13,500)	0	0	0	209,284

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FY 2014 FINAL EXPENSE BUDGET

With Comparisons to FY 2014 Interim and FY 2013 Original Budgets

SFC FUND	DFA FUND	FUND DESCRIPTION	FY 2014 FINAL BUDGET	FY 2014 INTERIM BUDGET	FY 2014 FINAL BUDGET LESS FY 14 INT.	FY 2013 ORIGINAL BUDGET	FY 2014 FINAL LESS FY 2013 ORIG
101	101	* GENERAL FUND	76,602,117	75,127,402	1,474,715	73,208,970	3,393,147
201	201	* CORRECTIONS FUND	220,000	220,000	0	250,000	(30,000)
202	700	* REGIONAL TRANSIT FUND	4,500,000	4,500,000	0	3,845,000	655,000
203	203	* PROPERTY VALUATION FUND	1,288,503	1,340,629	(52,126)	1,669,929	(381,426)
204	204	* ROAD FUND	6,114,391	6,111,215	3,176	5,175,021	939,370
206	206	* EMERGENCY MED SVCS FUND	109,966	109,966	0	108,216	1,750
208	208	* FARM & RANGE FUND	6,175	6,175	0	5,900	275
209	209	* FIRE PROTECTION FUND	1,923,643	1,923,643	0	1,918,435	5,208
211	211	* LAW ENF. PROTECTION FUND	75,000	75,000	0	71,400	3,600
212	202	* ENVIRONMENTAL GRT	610,520	610,520	0	622,980	(12,460)
213	299	* CAPITAL OUTLAY GRT	0	14,320,351	(14,320,351)	25,381,625	(25,381,625)
214	214	* LODGERS TAX FACILITY FUND	112,000	112,000	0	112,000	0
215	214	* LODGERS TAX ADVERTISING	274,850	274,850	0	274,175	675
216	299	* FIRE IMPACT FEES FUND	155,348	125,348	30,000	138,000	17,348
218	225	* CLERK RECORDING FEES FUND	279,260	279,260	0	208,100	71,160
219	226	* CORRECTIONAL GRT	4,317,750	4,317,750	0	4,575,000	(257,250)
220	220	* INDIGENT FUND	4,317,750	4,317,750	0	4,275,000	42,750
222	222	* FIRE TAX 1/4% FUND	1,880,515	1,880,515	0	1,922,402	(41,887)
223	299	* INDIGENT SERVICES FUND	2,078,011	2,076,099	1,912	2,081,085	(3,074)
224	299	* ECONOMIC DEVELOPMENT	567,500	567,500	0	2,801,344	(2,233,844)
225	299	* FEDERAL FORFEITURE FUND	127,147	127,147	0	30,597	96,550
226	299	* LINKAGES	186,469	186,133	336	180,000	6,469
227	299	* SECTION 8 VOUCHER FUND	2,578,088	2,572,495	5,593	2,617,125	(39,037)
229	299	* HOUSING ASST./HOME SALES	411,500	411,500	0	1,049,400	(637,900)
231	299	* DEVELOPER FEES FUND	568,800	568,800	0	780,704	(211,904)
232	299	* EMS-HEALTH CARE	780,501	787,089	(6,588)	620,931	159,570
233	299	* WILDLIFE/MOUNTAINS/TRAILS	60,000	60,000	0	0	60,000
234	299	* EMS-HEALTH HOSPITAL	4,817,750	4,817,750	0	4,475,000	342,750
241	223	* ALCOHOL PROGRAMS FUND	1,463,630	1,465,282	(1,652)	1,430,587	33,043
242	299	* DETOX PROGRAMS FUND	300,000	300,000	0	300,000	0
244	299	* FIRE OPERATIONS FUND	14,171,792	14,502,152	(330,360)	15,273,378	(1,101,586)
245	299	* EMERGENCY COMM OPERATIONS	3,522,321	3,550,725	(28,404)	3,566,960	(44,639)
246	299	* LAW ENFORCEMENT OPS FUND	12,544,361	12,662,835	(118,474)	11,275,647	1,268,714
247	299	* CORRECTIONS OPS FUND	25,060,978	24,520,400	540,578	24,650,889	410,089
250	218	* COMMUNITY DEV BLOCK GRNTS	424,759	424,759	0	0	424,759
301	300	* HOUSING CAPITAL IMPROV	219,918	219,918	0	529,533	(309,615)
305	300	* CAPITAL PROJECTS-FEDERAL	300,750	375,750	(75,000)	375,750	(75,000)
311	300	* ROAD PROJECTS FUND	818,740	346,361	472,379	634,151	184,589
313	300	* CAPITAL OUTLAY GRT	17,532,736	0	17,532,736	0	17,532,736
318	300	* STATE SPEC. APPROPRIATION	570,923	238,923	332,000	236,895	334,028
330	300	* GOB SERIES 2005	488,679	313,631	175,048	809,844	(321,165)
331	300	* GOB SERIES 2007	5,697	0	5,697	221,986	(216,289)
332	300	* GOB SERIES 2007B	255,535	0	255,535	0	255,535
335	300	* GOB SERIES 2009	1,443,970	152,967	1,291,003	2,124,492	(680,522)
339	300	* GOB SERIES 2011 IMP/REFND	8,793,867	2,038,180	6,755,687	13,348,578	(4,554,711)
340	300	* EQUIPMENT LOAN PROCEEDS	493,000	493,000	0	739,000	(246,000)
351	300	* GOB SERIES 2013	8,411,748	7,965,565	446,183	0	8,411,748
353	300	* GOB SERIES 2001	0	0	0	119,000	(119,000)
370	300	* FACILITY BOND 97 PROCEEDS	57,684	0	57,684	557,573	(499,889)
380	300	* FIRE TAX REVENUE BOND PRO	0	0	0	86,969	(86,969)
401	401	* GEN OBLIG. BOND DEBT SVC	11,090,844	11,090,844	0	12,654,038	(1,563,194)
405	402	* JAIL REV BOND DEBT SVC	2,248,115	2,248,115	0	2,252,865	(4,750)
406	402	* GRT REVENUE BOND DEBT SVC	5,223,050	5,223,050	0	5,213,774	9,276
414	403	* WTB LOAN/GRANT DEBT SVC	61,894	26,094	35,800	95,568	(33,674)
501	501	* REGIONAL PLANNING AUTHRTHY	0	0	0	30,000	(30,000)
505	505	* ENTERPRISE - WATER FUND	4,434,345	4,147,799	286,546	4,039,335	395,010
517	517	* ENTERPRISE - HOUSING ADMN	1,071,491	1,064,441	7,050	925,691	145,800
TOTAL BUDGET			235,974,381	221,197,678	14,776,703	239,890,842	(3,916,461)

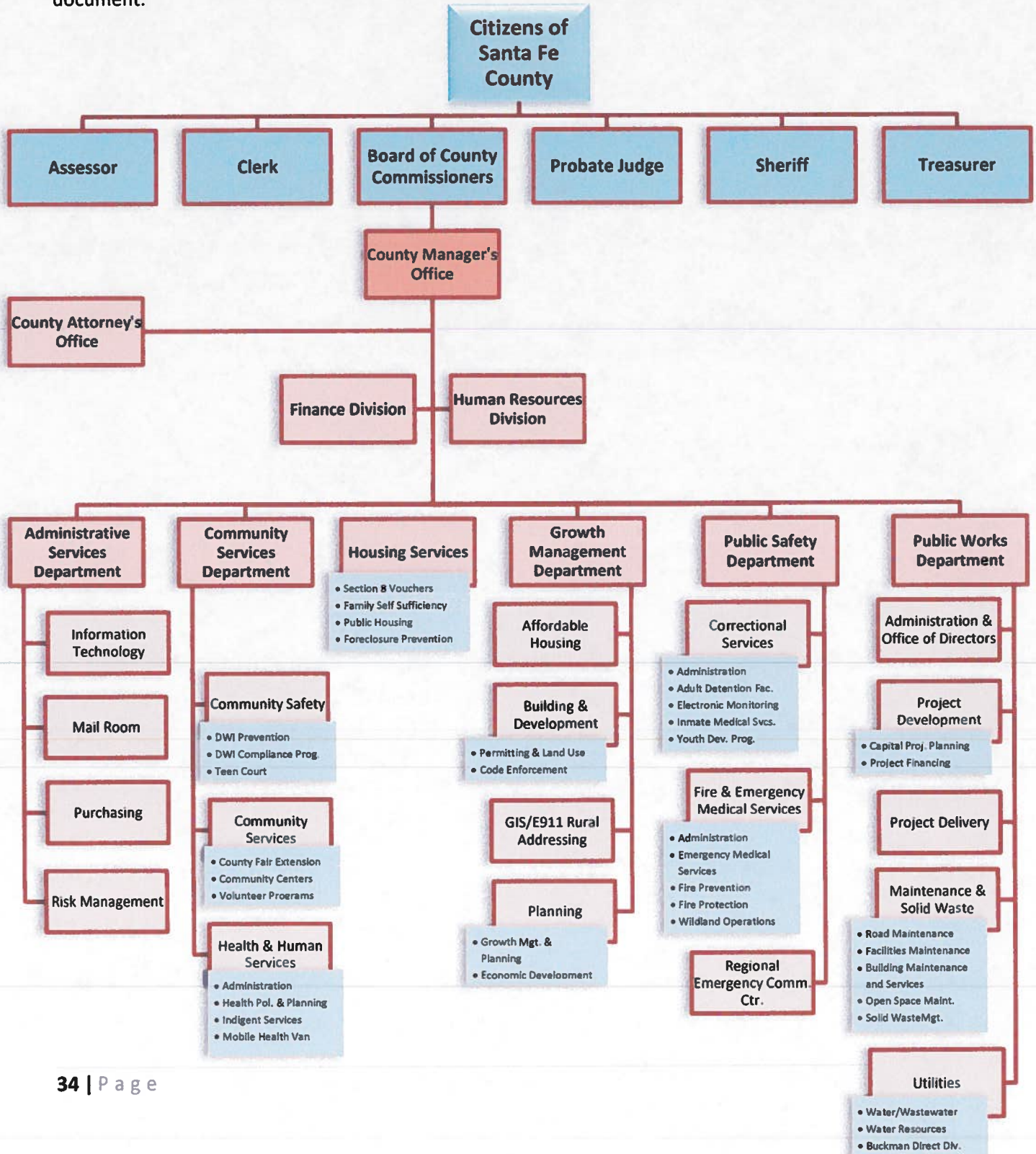
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SANTA FE COUNTY FY 2014 ORGANIZATIONAL STRUCTURE AND AUTHORIZED POSITIONS

The detailed structure of each department is highlighted in *Section VII-Organizational Budgets* of this document.



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The Fiscal Year 2014 Budget includes 1078.8 authorized positions in Santa Fe County. The number of authorized positions increased from 1047.45 in FY 2013. This increase can be attributed to a planned expansion of the water and wastewater utility. Additional Sheriff's Deputies were also authorized in order to assign a greater number of deputies at the new Judge Steve Herrera Judicial Complex which opened in June of 2013. Also, for the Judicial Complex was the addition of maintenance and custodial personnel for the new facility. Additional positions were also authorized for the Senior Services Program and Community Services, Administrative Services Department, Growth Management Department and Finance Division. Detailed information on organizations and positions appears in **Section VII – Organization Budgets** of this document. A summary of changes from FY 2013 to FY 2014 appears below followed by a graphical representation of the County's structure and authorized FTEs as of July 1, 2013.

General Fund

County Manager's Office	1.0	Finance Division - Budget Analyst to assist existing staff with large increase in responsibilities.
Community Services	0.5	Senior Services - Cook (PRN x 2) to provide service to expanded area.
	1.0	Senior Services - Driver/Cook's Assistants to provide services to expanded area.
	0.25	Senior Services - Driver (PRN) to provide service to expanded area.
	0.25	Senior Services - Cook (from .75 to 1.0 FTE) to provide service to expanded area.
	1.0	Senior Services Activities Coordinator - to provide services to expanded area.
Growth Management	1.0	Building & Development - Code Enforcement Officer to assist existing staff with large increase in responsibilities.
Public Works	2.0	Building Services – Custodians – to provide custodial services to the new Judicial Complex.
	1.0	Property Control – Facility Manager – to provide oversight of the maintenance and operations of County facilities.
	2.0	Parks & Open Space – Maintenance Technicians – to enhance the County's ability to maintain its open space properties.
Clerk's Office	2.0	Clerical Assistants – (4 - .5 FTE term) to continue the document imaging project.
Treasurer's	0.5	Tax Cashier – (from .5 to 1.0 FTE) – to provide service to the increased number of customers assisted at the Treasurer's cashiers' window.
Subtotal	12.5	

Special Revenue Funds

Public Works	1.0	Road Maint-Heavy Equipment Operator –added in prior year erroneously not reported.
Sheriff's Office	7.0	Deputies – 8 new deputies authorized for the Judicial Complex and -1 deputy which is a correction from the prior year count which was overstated.
Public Safety	1.0	Fire & EMS Services –Emergency Management Coordinator – to assist with Increased responsibility of Emergency Management Office.
	<u>1.</u>	Correctional Services – Electronic Monitoring and Bail Bond Case Manager – to assist with increased number of electronic monitoring clients in the program.
Subtotal	10.0	

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Capital Improvement Funds

Public Works 1.0 Facilities Projects – Project Manager Senior – to facilitate and oversee the projects funded by the 2013 Series GOB.

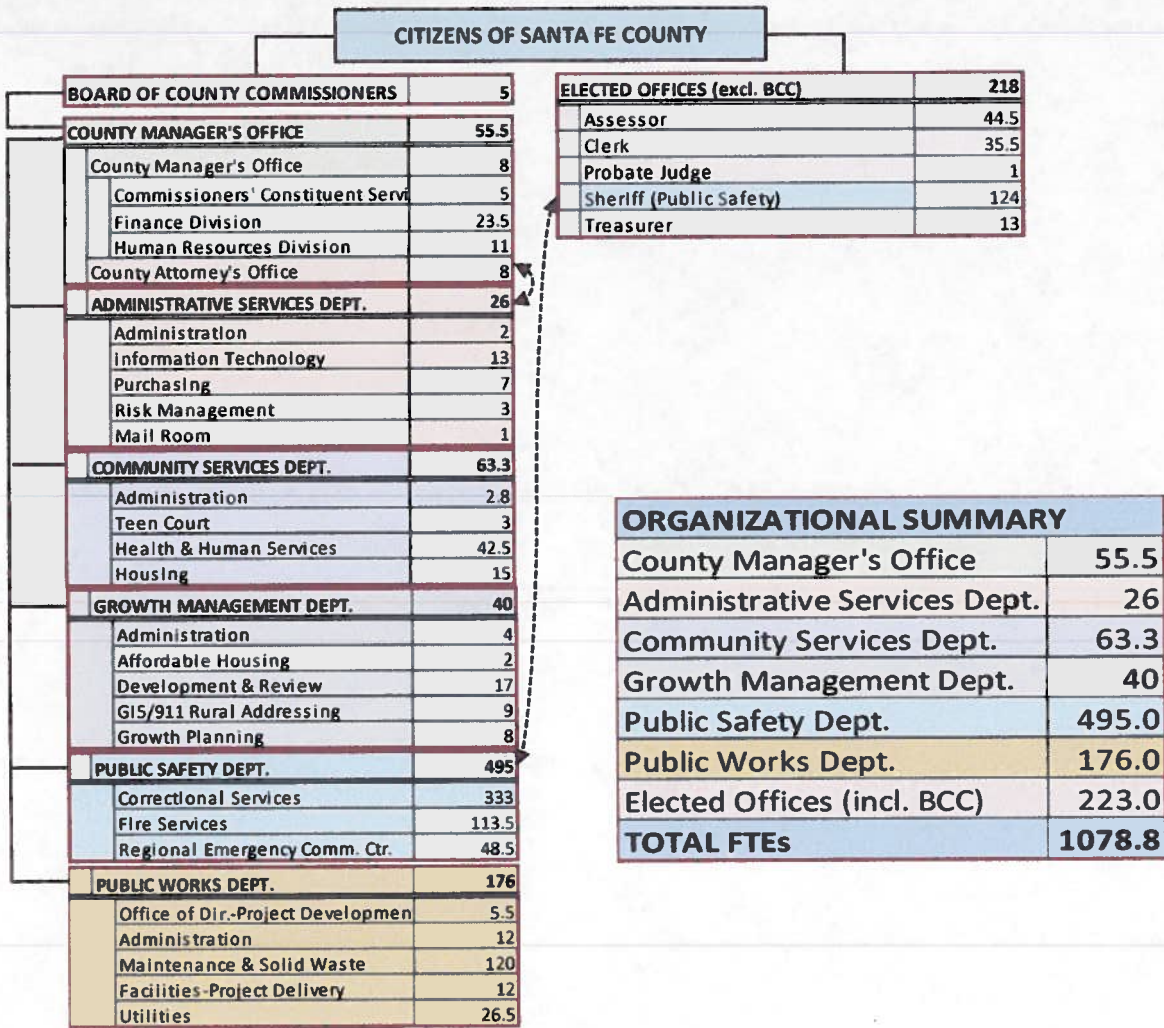
Subtotal 1.0

Enterprise Funds

Public Works 1.0 Utilities – Engineer to do planning and outreach associated with Aamodt Settlement.
 5.0 Utilitites – Utility Workers I – to provide service in expanded utility operations.
 1.0 Utilities – Utilities Maintenance Worker – to provide service in expanded utility operations.
 1.0 Utilities – Regulatory Compliance Manager – to provide regulatory compliance monitoring for the utility operations.

Subtotal 8.0

TOTAL NEW 31.5 Full-Time Equivalents



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WHAT CHALLENGES LIE AHEAD

A variety of significant challenges lie ahead for Santa Fe County. Many are ongoing challenges such as maintaining the County's infrastructure and other assets, finding ways of increasing revenue without increasing tax rates on the citizens, striking a balance between the needs and resources of Public Safety Department, managing water resources to ensure a sustainable and reliable supply of water for residents, and drawing business to the County in order to diversify the local economy while balancing the need and interests of the current citizens. Also, the State of New Mexico Legislature continues to make decisions that have a direct and detrimental impact on Counties as it passes mandates for which there is no reasonable funding source and balances the State's budget on the backs of local governments. Below are examples of the many challenges that Santa Fe County will face in the near future.

- ✧ Of the many ongoing challenges that face Santa Fe County, maintaining and improving roads throughout the County ranks the highest of priorities among the residents. The road system impacts the residents' quality of life and ease of mobility as most residents access the road system daily. The Road Maintenance Fund which is a special revenue fund restricted to road maintenance received funding from state shared taxes on gasoline and on motor vehicle transfers. Never in its history has this fund received sufficient revenue from these sources to sustain a road maintenance program. Thus, the General Fund is called upon to sustain the road maintenance operations and associated capital equipment purchases. Further, what state shared tax revenue the Road Maintenance Fund does receive has declined over the past 5 years by about 5.6% while total expenses for the Road Maintenance Fund continue to increase. This creates an ever increasing burden on the General Fund as it must sustain the Road Maintenance Fund as well as various other special revenue funds, not least of which are funds associated with public safety.

- ✧ Another ongoing challenge is the sustainability of the public safety operations of the County. Expenses in public safety (Sheriff's Office, correctional services, fire and EMS services and the Regional Emergency Communications Center) are increasing at a faster rate than the revenue sources dedicated to these functions. Developing a funding structure that can be sustained over the long run has been an ongoing challenge for Santa Fe County. Strides have been made to increase revenue from charges for service for both correctional services and ambulance services. However, gross receipts taxes provide the majority of funding for fire and EMS services and the Regional Emergency Communications Center (RECC) and correctional services receives almost 20% of its budget from gross receipts taxes. In the years since the onset of the "great recession" and the end fiscal year 2013, gross receipts tax collections have decreased. In fiscal year 2013 gross receipts tax collections were still 13.7% lower than they were in fiscal year 2008 when they peaked. In that same period, fire & ems services operating expenses increased by 113% and the RECC operating expenses increased 7.7%. These two divisions compete for the same gross receipts tax revenues creating a challenge for management as both functions are critical to public safety which has been and continues to be a priority for county commissioners and the citizens alike.

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- ✧ Another public safety challenge lies with recruiting and retaining qualified public safety staff. Staff in the Correctional Services Division and RECC have a very high turnover rate, in large part because of the stressful environment in which they work coupled with wages and benefits that may not be directly comparable to other jurisdictions in the area. This turnover includes a detrimental impact on the budget and the morale of remaining staff. The true cost cannot be easily quantified but the impacts are clearly felt and at some point could impact public safety. The Correctional Services Division generally operates with a vacancy rate which ranges from 18% to 30% which creates staff burn out and skyrocketing overtime expenses. This challenge is intensified by the funding issues that are being experienced in both of these public safety divisions.

- ✧ The high desert climate creates a constant focus on providing an adequate and sustainable water supply for Santa Fe County residents and businesses. Santa Fe County has experienced many years of drought as have the areas north of Santa Fe County from which a large percentage of our water supply originates. Despite the completion of the Buckman Direct Diversion which diverts and treats water from the Rio Grande River, there are still many areas in the County that rely on community wells for their water supply through a mutual domestic community water association (MDCWA). The drain on the aquifer of those wells and the potential for well failure places expanding water service to those areas at a very high priority and an equally high challenge. Many of the communities that use community wells for their water supply are in need of assistance to address system failures, well failures or other issues. Without assistance, rural communities served by a MDCWA experience water delivery problems and at times some communities have had to truck water in to serve the residents. The County has assisted several of the MDCWAs and negotiations to take over others are underway. Taking over a troubled MDCWA has an initial capital expense and on-going operating expenses, however, the County also acquires the customer base of the MDCWA which brings in offsetting revenue. Still there are funding challenges as well as legal challenges associated with such projects.

- ✧ Related to the above challenge is the collaborative construction of another large river diversion project which resulted from legislation that ratified a decades old Federal lawsuit. The legislation addresses water rights with the Pueblos in the Pojoaque Valley. This settlement requires the construction of a regional water system in the Pojoaque Valley. The new system will cost in the hundreds of millions of dollars to construct which will be shared between the Federal government, the State of New Mexico and Santa Fe County. The County will significantly increase the customer base of water utility as hundreds of non-Pueblo residents are expected to hook up to the system. There are still many points of contention within the settlement and non-pueblo water users must make choices regarding the future of their water use. All of these details must be worked out within a court-ordered timeframe and a great deal of education and outreach by the County will be necessary to ensure that the impacted residents understand their options. Once constructed the additional water system and customer base will impact the water utility's budget in ways that have yet to be determined.

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- ✧ Creating challenges to our funding sources are potential legislative changes to the County's revenue and legislative changes that have already taken place but will potentially be amended in the 2014 legislature. First of these is legislation relating to "hold harmless" payments made to local governments by the State which passed in 2013 to be effective beginning in FY 2016. The State currently makes local governments "whole" for gross receipts taxes those governments would have received had the State not repealed gross receipts taxes paid on food and medical expenses. This has become a financial burden on the State as it struggles to balance its budget, thus legislation passed and was signed by the Governor to phase out the State's payments to local governments by 6%-7% per year beginning on July 1, 2015 for 15 years. At the same time the legislation also gave local governments authority to impose additional gross receipts taxes on the citizens without a referendum. Santa Fe County receives approximately \$4.0 million per year in "hold harmless" payments and has begun planning for this forced reduction in revenue and is not considering imposing the new gross receipts tax at this time.
- ✧ A second issue which is yet to be considered by the State Legislature relates to the Patient Protection and Affordable Care Act and resulting medicaid expansion. Since the State lacks the resources to implement the requirements of the Act, it is turning to the Counties to cover much of the costs. Santa Fe County currently imposes a 1/8th cent increment gross receipts tax to provide funding for its Healthcare Assistance Program (indigent health services), services which the County is statutorily responsible to provide. The State is considering intercepting the gross receipts taxes the County collects for its Healthcare Assistance Program. However, without a corresponding change to the statute that requires Counties to provide indigent healthcare services, Santa Fe County may be facing a \$2.2 million budget gap just to maintain the current level of indigent health services. Santa Fe County is developing various scenarios for the Board of County Commissioners to consider should such a move by the State Legislature come to pass, however, there is very little doubt that the future of the Healthcare Assistance Program will be very different than the present.

Santa Fe County seeks to provide a professional, ethical and transparent government for the benefit of the citizens who live here. To that end, the County strives to understand the citizens' priorities and develop programs to provide the services the desire. In FY 2014 the County will complete a citizen survey the results of which may lead to a shift of funding priorities for FY 2015. Regardless of the results of the survey, County management will need to create a budget that maintains sound financial practices and conservative fiscal balance while providing high quality services to the public.