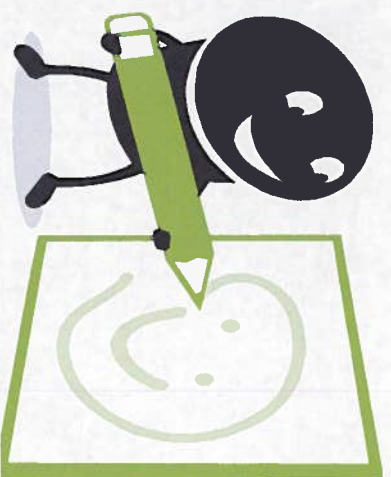


# Board Of County Commissioner New Member Orientation

## County Finances



February 8, 2013

# Budget Practices - A BALANCED BUDGET

- The State of New Mexico requires a “balanced budget” for each fund.
- Each fund must have budgeted cash balances at the end of the fiscal year that must not be less than zero or a reserve amount that meets statutory requirements.
- The statutory reserve requirements:
  - The General Fund is 25% of budgeted expense.
  - The Road Fund, is one month of budgeted expense, or 8.33%.
- A financial objective of the County is that all other operational funds also have a reserve of one-month’s budgeted expense like the statutory requirement for the Road Fund.
- Such other funds would include the Indigent Services Fund, the EMS Health Fund, the Fire Operations Fund, the Housing Enterprise Fund and the Jail Operations Fund to name a few.



# Budget – Revenue 101

## Recurring Revenue

➤ Money (income) received, the source of which is considered to be reliable and on-going from one year to the next.

### Examples:

- ✓ Property Tax
- ✓ Gross Receipts Tax
- ✓ Fees and charges for services of a continuing nature (water service, care of prisoners, etc.)

## Non-Recurring Revenue

➤ Money (income) received, the source of which is temporary in nature and not expected to continue from one year to the next.

### Examples:

- ✓ Insurance recoveries
- ✓ Investment income
- ✓ Sale of assets
- ✓ **CASH!**

# Revenue 101 (continued)

## Unrestricted

➤ Money (income) received that can be used for any legitimate, legal governmental purpose. May be recurring or non-recurring.

### Examples:

- ✓ Property Tax
- ✓ 1<sup>st</sup> 1/8<sup>th</sup> GRT
- ✓ Some investment income
- ✓ Development permit fees

## Restricted or Dedicated

➤ Money (income) received that must be used for specific purposes specified in statute, ordinance or contract. May be recurring or non-recurring.

### Examples:

- ✓ **Correctional GRT** (used for Corrections operations and debt service)
- ✓ **Capital Outlay GRT** (used for capital infrastructure only, no operational expense)
- ✓ Grant funding
- ✓ Bond Proceeds



# Budget – Expenses 101

## Recurring

➤ Costs (expenditures) that support continuing, ongoing services and programs.

### Examples:

- ✓ Personnel costs
- ✓ Utilities
- ✓ Operations and maintenance (infrastructure, buildings and open space)
- ✓ Supplies
- ✓ Fuel

## Non-Recurring

➤ Costs (expenditures) that support one-time efforts or services that can reasonably be terminated at the end of the fiscal year.

### Examples:

- ✓ Building or land purchase
- ✓ Vehicle purchase
- ✓ Furniture, Fixtures & Equipment purchase

## Expenses 101 (continued)

- In March, 2008 the BCC adopted Resolution 2008-47, a formal Budget and Financial Policy that follows the Government Finance Officers Association (GFOA) recommended policies.
  - The policy dictates that **recurring** expenses be funded with **recurring** revenue.
  - The intent and effect of the policy is the **limit the use of CASH** (a non-recurring revenue source) for recurring/ongoing County operations.



# FY 2013 Budget

❖ Up until fiscal year 2012 budgeted operating expenses have been developed through a baseline approach.

❖ The fiscal year 2013 budget was developed using a results-accountable/performance and priority based methodology.

□ Measurements of progress towards a desired outcome were developed by asking the following questions:

- How much did we do (output)?
- How well did we do it (efficiency)?
- Is anyone better off (outcome)?

# Budget Timeline



**INTERIM BUDGET DUE TO THE STATE DFA JUNE 1<sup>ST</sup>.**

**FINAL BUDGET DUE TO THE STATE DFA JULY 31<sup>ST</sup>.**

**FINANCE:**  
Develops and distributes budget forms and instructions, conducts training sessions on the budget process.

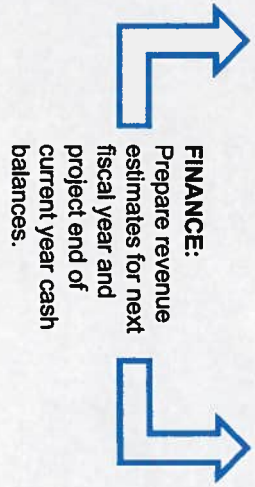
**DEPARTMENTS AND OFFICES:**  
Determine desired outcomes, develop measures and goals, determine needed funding, prepare budget forms.

**COUNTY MANAGER AND FINANCE:**  
Review budget forms (function overview and financial forms), hold public hearings to discuss requests, develop budget recommendation.

**BCC:**  
Reviews budget recommendation at a public hearing.  
**FINANCE:**  
Crafts Interim Budget based on outcome of the public hearing.

**DFA:**  
Responds to Interim Budget.  
**FINANCE:**  
Makes necessary adjustments.  
**BCC:**  
Formally approves Final Budget via Resolution.

**FINANCE:**  
Finalize current FY actual revenue, expense and cash position, complete budget forms for State DFA.



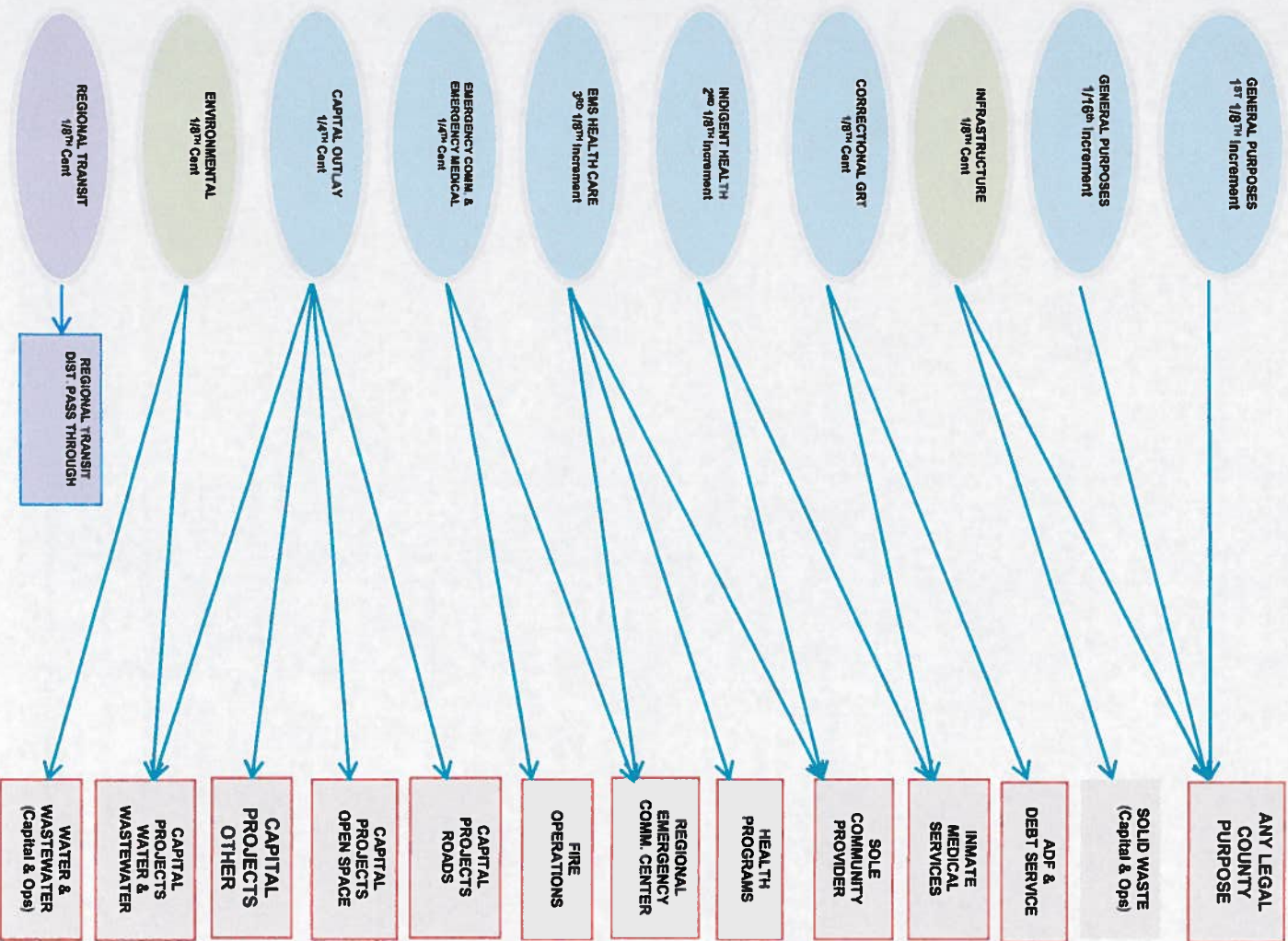
**FINANCE:**  
Prepare revenue estimates for next fiscal year and project end of current year cash balances.



# Budget Responsibilities

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

# County Funding Sources



**101**  
GENERAL  
Use: any legal government purpose.

**200**  
201 to 299  
SPECIAL REVENUES  
Use: carries a legal, contractual or other restriction (e.g. GRT-legal restriction, grant-contractual restriction).

**300**  
301 to 399  
CAPITAL IMPROVEMENTS  
Use: capital projects.

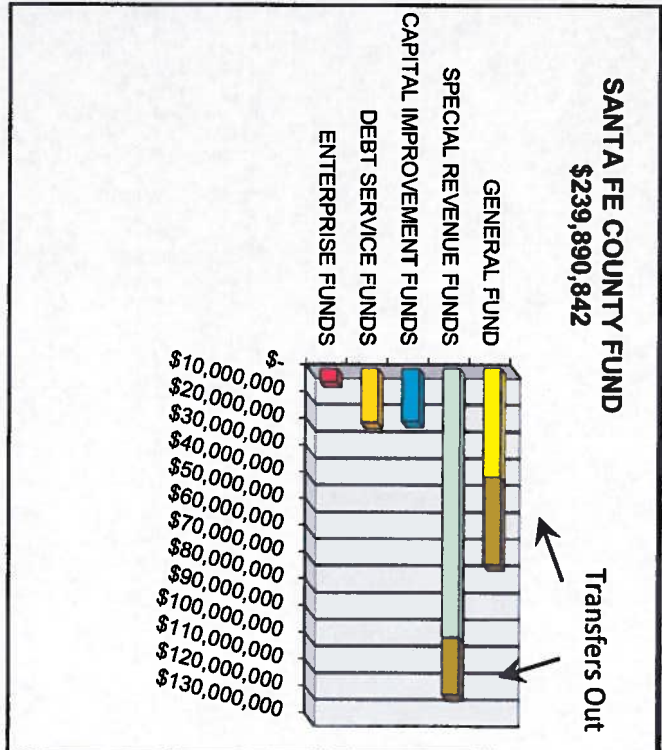
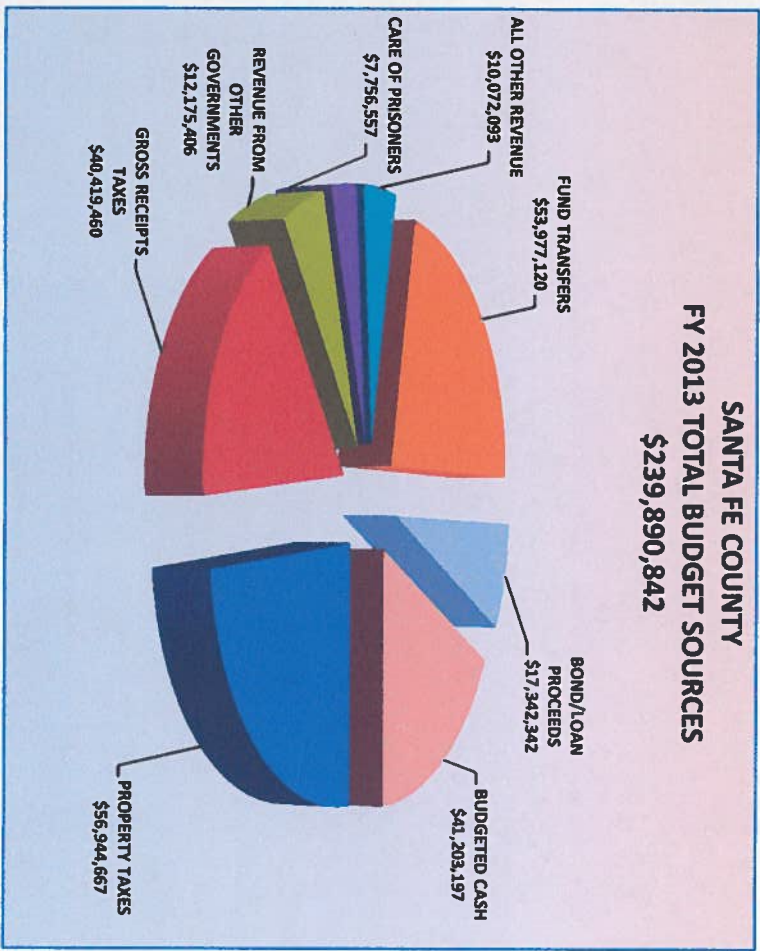
**400**  
401 to 499  
DEBT SERVICE  
Use: payment of principal, interest and/or fees on County debt instruments.

**500**  
501 to 599  
ENTERPRISE FUNDS  
Use: County operations which derive substantial income from charges for service (e.g. water and wastewater utilities).

**600**  
601 to 699  
INTERNAL SERVICE FUNDS  
Use: operation of organizational units that provide services to other County organizations. SFC does not utilize this type of fund.

**700**  
701 to 799  
TRUST AND AGENCY FUNDS  
Use: to account for resources for which the County acts as a custodian or agent on behalf of another entity.

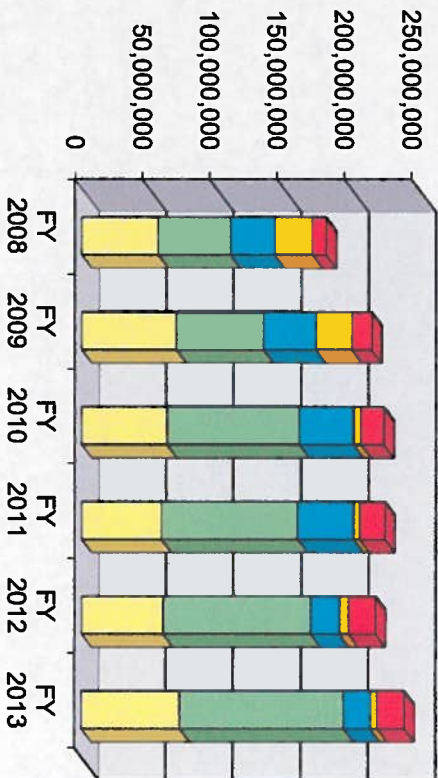
# FY2013 Total Budget – Revenue



	All Sources and Uses	Fund Transfers Out	Uses Less
General Fund	73,208,970	40,426,226	
Special Revenue Funds	121,686,830	100,492,454	
Capital Improvement Funds	19,783,771	19,783,711	
Debt Service Funds	20,216,245	20,216,245	
Enterprise Funds	4,995,026	4,995,026	
<b>ALL FUNDS</b>	<b>239,890,842</b>	<b>185,913,722</b>	

# FY2013 Total Budget - Expenditures

SANTA FE COUNTY TOTAL FUND USES



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
<b>TOTAL BUDGET</b>						
GENERAL FUND	56,854,745	58,442,871	63,151,815	59,177,135	60,516,890	73,208,970
SPECIAL REVENUE FUNDS	53,580,667	54,875,213	98,558,303	101,518,461	109,733,746	121,686,830
CAPITAL IMPR. FUNDS	33,040,388	87,115,747	40,332,499	41,547,585	21,339,546	19,783,771
ENTERPRISE FUNDS	27,764,634	27,164,424	5,255,235	4,191,994	6,425,578	4,995,026
DEBT SERVICE FUNDS	10,123,402	16,995,935	17,006,332	18,723,995	20,257,140	20,216,245
<b>TOTAL</b>	<b>181,363,836</b>	<b>244,594,190</b>	<b>224,304,184</b>	<b>225,159,170</b>	<b>218,272,900</b>	<b>239,890,842</b>

# Gross Receipt Taxes Currently Enacted

REVENUE	DESCRIPTION	FUND
<b>Gross Receipts Taxes levied in the Entire County.</b>		
General GRT	Gross receipts taxes are imposed by statutory activity, NMSA 1978, 7-20E-9 through 7-20E-11, and County Ordinance for the following purposes: (1) General Purposes including debt service on two revenue bonds issued in 1997 for the construction of a public safety complex and an adult correctional facility. (first 1/8 <sup>th</sup> increment). <i>This increment receives hold harmless funding.</i> (1) Indigent Care purposes (second 1/8 <sup>th</sup> increment). <i>This increment receives hold harmless funding.</i> (1) Indigent Care purposes (third 1/8 <sup>th</sup> increment). <i>This increment receives hold harmless funding.</i>	101 406 101 xfer to 247
EMS Health GRT	(1) Emergency Services (third 1/8 <sup>th</sup> increment). <i>This increment receives hold harmless funding.</i>	220  234
Corrections GRT	(1) NMSA 7-20F-1 to 7-20F-12 enables the county to enact a Correctional Facility gross receipts tax. This 1/8 <sup>th</sup> cent tax was approved by the voters in 2004 and was implemented on January 1, 2005. Fiscal Year 2006 was the first full collection year for this tax. <i>This increment receives hold harmless funding.</i>	219 xfer to 247
Capital Outlay GRT	(1) The County Capital Outlay gross receipts tax at a rate of 1/4% was approved by County voters in 2001. Imposed on January 1, 2003, and is to be utilized for water and wastewater utility capital projects, open space land purchases, road projects, county jails, juvenile detention facilities, and other capital projects designated by the Board of Commissioners. <i>This increment receives hold harmless funding.</i>	213
1/18 <sup>th</sup> General Fund Increment	(1) The 1/18 <sup>th</sup> cent General Fund Increment was enacted and collections started in January 2006. Though there is no statutory dedication of this revenue other than for General Fund purposes, there is an informal BCC commitment of this revenue for the purpose of constructing a judicial center. <i>This increment receives hold harmless funding.</i>	101
Emergency Communications & Emergency Medical Services	The 1/4 cent EC&EMS GRT was enacted and collections started July 2007. This tax will be utilized to fund the Fire Department in the Fire Operations Fund and the Regional Emergency Communications Center (RECC) budget when other funding sources are not available. <i>This increment DOES NOT receive hold harmless funding.</i>	244
Regional Transit GRT	The 1/8 cent gross receipts tax was imposed in support of the North Central Regional Transit District. Funds received from this tax which began on 7/1/09 are passed through in their entirety to the Transit District. Of that amount 50% is dedicated to RailRunner operations, 43% for Santa Fe County mass transit projects, and 7% for administrative costs associated with the transit district. <i>This increment DOES NOT receive hold harmless funding.</i>	202

# Gross Receipt Taxes - History

FUND / TAX	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 BUDGET
(101) GENERAL FY 00-02 First 1/8 + half of 3rd 1/8 FY 03-10 First 1/8 From entire county	5,250,840	4,884,469	4,512,497	4,383,915	4,522,525	4,275,000
(101) GENERAL 1/16 cent Increment From entire county	2,625,420	2,442,209	2,256,248	2,191,958	2,261,262	2,137,500
(220) INDIGENT Second 1/8 From entire county	5,250,942	4,884,469	4,512,497	4,383,915	4,522,525	4,275,000
(234) EMS HEALTH FY 03-10 All of 3rd 1/8 From entire county	5,250,942	4,884,469	4,512,497	4,383,915	4,522,555	4,275,000
(219) CORRECTIONS 1/8 increment From entire county	5,227,015	4,863,966	4,500,958	4,372,212	4,512,508	4,275,000
(213) CAPITAL OUTLAY 1/4 increment From entire county	10,479,956	9,751,322	9,015,472	8,761,470	9,040,335	8,550,000
(244) EMERGENCY COMM. & EMS 1/4 increment From entire county	7,514,986	8,682,476	7,938,027	7,722,808	7,973,863	7,541,100
(101) INFRASTRUCTURE Two 1/16 increments = 1/8 From unincorporated county	976,949	914,738	822,185	677,567	650,572	622,980
(212) ENVIRONMENTAL 1/8 increment From unincorporated county	977,465	915,639	822,479	677,749	650,840	622,980
(222) FIRE EXCISE TAX (sunsetting on 12/31/08) 1/4 increment From unincorporated county	1,954,930	1,347,286	63,354	52,738	47,314	0
(202) REGIONAL TRANSIT GRT 1/8 increment From the Northern NM Transit District			3,204,905	3,834,023	3,971,276	3,845,000
<b>TOTAL GROSS RECEIPTS TAXES</b>	<b>45,509,445</b>	<b>43,571,043</b>	<b>42,161,119</b>	<b>41,442,270</b>	<b>42,675,575</b>	<b>40,419,560</b>
<b>GROSS RECEIPTS TAX GROWTH</b>	<b>31.1%</b>	<b>(4.3%)</b>	<b>(3.2%)</b>	<b>(1.7%)</b>	<b>3.0%</b>	<b>(0.3%) bud</b>

# GRT's Authorized but not Enacted

Possible Gross Receipts Taxes that Santa Fe County has Authority for but has not Enacted

Type of Tax	Tax Authority & Imposed	NMSA Reference	Time Period	Purpose	Requirements of the County
Special County Hospital GRT	0.1250%	7-20-E-13 & 14	5 Years	Operate a County owned Hospital or County Ambulance Transport Costs or Operation of a Rural Health Clinic	Population between 10,000 - 10,600; Property Tax Base between \$82M - 82.3M Election required.
Local Hospital GRT	Increments of 0.125%, not to exceed .5%	7-20C-2 & 3	10 Years	Acquisition of land or buildings for and the renovation, design, construction, equipping or furnishing of a county hospital facility or health clinic to be operated by the county or operated and maintained by another party pursuant to a health care facilities contract, lease or management contract with the county	Class A County w/ population of less than 115,000 & Property Tax Base of more than \$3 Billion. Election required.
County Regional Spaceport GRT	Increments of 0.0625%, not to exceed .5%	7-20E-25	10 Years	Dedicate a minimum of 75% of the proceeds of the revenue to the regional spaceport district for the financing, planning, designing and engineering and construction of a spaceport or for projects or services of the district pursuant to the Regional Spaceport District Act and may dedicate no more than 25% of the revenue for spaceport-related projects as approved by resolution of the governing body of the county.	A majority of the members of the governing body of a county that desires to become a member of a regional spaceport district pursuant to the Regional Spaceport District Act. Election required.
County Water & Sanitation GRT	0.2500%	7-20E-26	6 Years	An agreement shall be entered into between the water and sanitation district and the governing body that sets out the responsibilities of both parties regarding administration, distribution and use of the revenue from the water and sanitation gross receipts tax.	Upon receipt of a resolution adopted and submitted by the board of directors of a water and sanitation district that requests the governing body to impose a water and sanitation gross receipts tax on behalf of the water and sanitation district. Special election required. Requires approval by majority of voters in the district.



## Summary



- Mid-year budget reviews completed. Finance will deliver a mid-year report to the BCC at the February administrative meeting.
- FY2014 Budget Kick-off is scheduled for February 21<sup>st</sup> in the Chambers.
- Next level of performance based budgeting.
- Begin discussions and plans for a budget study session as move forward for FY2014 budget planning.