

SANTA FE COUNTY FISCAL YEAR 2013 BUDGET



THE BUDGETING PROCESS

OVERVIEW

A budget can be defined as the written expression or estimate of an organization's income and expense and a plan of operations based on such an estimate. Based on a projection of financial resources, an annual budget is developed by evaluating the organization structure and its programmatic priorities in order to establish the goals and objectives for the upcoming year. The budget is a plan by which the Board of County Commissioners (BCC) sets financial policies and authorizes the allocation of resources and expenditures to accomplish the County's goals and objectives. The budget expressed in this document, along with budget resolutions and adjustments approved throughout the fiscal year, provide the basis for the control of expenditures.

Santa Fe County's annual budget is prepared in accordance with the requirements for New Mexico government entities and financial policies as established by State statute and the guidelines set forth by the New Mexico State Department of Finance and Administration (DFA), Local Government Division. It is an annual fiscal year (July 1 – June 30) budget wherein initial appropriations must be approved by the Board of County Commissioners and the DFA. Budget adjustments within a fund, between cost centers, or between line items do not require BCC action but may be administratively approved.

ACCOUNTING BASIS FOR BUDGETING

Governmental financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, wherein revenue is recognized in the year when it is earned and expenditures are recorded when the related liability is incurred. The budget also includes proceeds from long-term financing and capital grants. Revenue and expenditures include capital outlay and bond payments. Depreciation on property and equipment are not included in the budget, but will appear in the Comprehensive Annual Financial Report (CAFR). Also, for budget comparisons, the actual amounts reported on the budgetary basis differ from the modified accrual basis for government fund types and accrual basis for the Enterprise Funds. Differences between the budgetary basis and GAAP include the following:

- ◆ The budget includes encumbrances as actual expense. GAAP does not include encumbrances as expenditures. Capitalized lease obligations are budgetary expenditures when paid, and
- ◆ The budget does not include certain liabilities, receivables and depreciation expense for enterprise funds. The GAAP basis financial statements do include those transactions.

SUMMARY OF BUDGETARY FINANCIAL POLICIES AND PROCESS

Santa Fe County Financial Policies are expressed in detail at the end of this section of the budget. Generally, the County's budgetary financial policy requires a balanced budget by fund. Further, it limits spending of a recurring nature to levels sustainable by recurring revenue, particularly in the General Fund, and the funding of capital equipment and one-time expenses through the use of positive cash balances and non-recurring revenues. Policies also prescribe fund cash balances (reserves) and debt limitations.

The County Finance Division maintains extensive revenue records to enable accurate budget forecasts of revenue. Property tax revenue, being the principle source of general fund revenue, is projected using an analysis of property valuations formulas and historical trends analysis. Gross receipts tax budgets are determined from trend data and from an economic analysis of business activity underlying the receipt of these taxes. Property taxes and gross receipts taxes revenues are usually quite conservatively estimated in the budget.



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Revenue is recognized in the budget for Capital Outlay Gross Receipts Taxes, and available funds from bond proceeds are budgeted. Whether or not there is a specific plan for expenditures against these revenues they will be generically budgeted. Specific projects and their budgets are usually defined during the course of the fiscal year.

Up until fiscal year 2012 budgeted operating expenses have been developed through a baseline approach, with zero-based detailed explanations required for contractual services and capital purchases and other line items with significant budgets. Any programming changes or additional staff positions are submitted in the form of a "building block" to be prioritized and funded as revenues permit. Significant "building blocks" had not been funded since FY 2009, prior to the onset of the "great recession." Capital equipment and other one-time asset renewal and replacement budgets had been developed and managed as a capital package within the requesting funds wherein funds are released to the purchasing organization as purchases are made for specific items detailed in the budget. Requested staff additions are associated with building blocks and are considered for funding on a case by case basis. Recommendations are made by management to the Board of County Commissioners for additional staff as programmatic demands become clear during the fiscal year.

The fiscal year 2013 budget was developed using a different approach than in past years, using a results-accountable/ performance and priority based methodology. Fiscal year 2013 is the first year in the transition to this methodology and was developed using the strategy that organizational units within the County first determine what results each desires to achieve, based upon citizen and Commission priorities, and then determine funding and staffing needed to achieve the desired result. The Budget Office of the Finance Division conducted extensive training on this transition with the support of the Commission and the County Manager. Key to the new process was to look at each Department and Division within Santa Fe County and break it down into major functions, determine the desired outcome of each function (function outcome statement), develop measures to gauge progress towards the desired outcome(s), set goals for fiscal year 2013 and determine the cost to perform the function and meet the desired goal. This process formed the basis for the funding request.

This was a very enlightening process for staff as well as management and was met with enthusiasm from some and skepticism from others. Regardless of the reception to the process, a more citizen focused, performance oriented budget paradigm was created.

The fiscal year 2013 capital equipment and other one-time asset renewal and replacement budget requests and staffing requests were handled in much the same way as in prior years however, priority was given to the areas of citizen and/or commission focus and what is needed to achieve desired outcomes.

During fiscal year 2013 the second phase of the transition to using a results-accountable/ performance and priority based methodology will be developed and implemented for the fiscal year 2014 budget. Included in this phase will be developing an equitable method of evaluating and ranking funding requests based on citizen and Commission priorities as well as statutory requirements, funding restrictions and other criteria. The process will also include points for collaboratively developing programs and may also include a "request for proposal" (RFP) process for competitively bidding for funding certain programs. The goal of this transition is to ensure a transparent, equitable and citizen-focused funding mechanism for a responsive and efficient Santa Fe County government.

Santa Fe County is committed to developing a sound financial plan for operations and capital improvements. As part of this commitment the County utilizes conservative growth forecasts, and,

- ◆ permits the County Manager and Departmental Directors to manage the operating budget with the Board of County Commissioners deciding allocations.



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- ◆ appropriates the budget in accordance with County policy and New Mexico State Department of Finance and Administration guidelines.
- ◆ adjusts the budget through departmental budget amendments and a county-wide, mid-year budget review to reflect changes in the local economy (positive and negative), changes in service priorities, and receipt of unbudgeted revenue or revenue shortfalls as they may occur.
- ◆ organizes the budget so that revenues are related to expenditures as much as possible.
- ◆ provides department staff with immediate on-line access to current revenue and expenditure information to facilitate easy control of expenditures against appropriations.

A BALANCED BUDGET

The State of New Mexico requires a "balanced budget" for each fund, in that budgeted cash balances for each fund at the end of the fiscal year must not be less than zero or a reserve amount that meets statutory requirements. The statutory reserve requirement for the General Fund is 25% of budgeted expense not including transfers out. For the Road Fund, it is one month, or 8.33% of budgeted expense. Also, a financial objective of the County is that each fund that is the direct source of operational expense should 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.

Santa Fe County imposes this balanced budget standard in conjunction with the standard that recurring expense in each fund be sourced with recurring revenue. Non-recurring expense is defined as one-time expenditures for capital items or for operational revenue not foreseen to be a part of the expense base in the following year's budget requirements. A non-recurring source is defined as budgeted cash or other one-time revenue such as bond proceeds, most grants and reimbursements. These two critical budgeting standards facilitate the ability of the County to fund non-grant organizations and programs, while minimizing the possibility of over-extending County resources in the future.

BASIS FOR DETERMINING REVENUE

The County Finance Division reviews revenues as part of the budget process. Principal sources for ongoing revenue for the County are property taxes, gross receipts (sales) taxes, fees and charges for services, intergovernmental grants, Joint Powers Agreements, and income from investments. Monthly receipts of revenue in all line items within each of these categories are recorded and utilized to forecast trends in revenue receipts.

- ◆ Property taxes which constitute 76% of General Fund revenue are estimated from calculations of existing and new valuations of residential and commercial property, the economic growth rate, as well as from trends derived from monthly receipt data. Property tax revenue budget estimates are quite conservative, as a budget shortfall in tax receipts would have a serious impact on various County operations, many of which are required by Statute.
- ◆ Gross Receipts taxes are estimated from trend data and from economic analysis of the business activities in the areas of construction, wholesale, retail and service sectors. This methodology generally results in highly accurate gross receipts tax budgets which are monitored as tax revenues are received from month to month.



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- ◆ County fee schedules for services consist mainly of building and development impact fees, utilities fees such as for solid waste disposal, water and sewer services, document recording fees, fees arising from ambulance services and the maintenance of out-of-jurisdiction inmates in County corrections facilities. Impact fees are based on the operational and capital requirements which are the consequence of new development and increased population. Service fees are based on the cost of the delivery of services. Analysis of the impacts of new development and costs of services are jointly made by the service departments and Finance and new fee schedules are presented to the Board of County Commissioners as part of the budget approval and amendment process. Most fee schedules are established by County Ordinance although many are statutory. The budget for fee revenue is determined from the current fee schedule and an analysis of monthly revenue over the past three years.
- ◆ Budgeted investment income is the product of the analysis of invested monies and the economy supporting investment rates. Investment Income depends on the quantity of available money to be invested, the length of time an investment can be made and the interest rate at which money can be invested. A base investment income figure that can be considered as recurring is budgeted. Any additional actual income is considered to be non-recurring or the result of unusually high rates that cannot be depended upon to be maintained in an economic cycle. An analysis of these parameters is especially important in volatile market conditions as have been experienced in the recent past.

CASH CARRYOVER – LAPSED APPROPRIATIONS

All appropriations not spent or encumbered at the end of the fiscal year lapse into the cash balance applicable to the specific fund. Cash is carried over to a prior-year budget to cover dedicated or encumbered expenses. In cases of grants with unspent monies which, because of the difference in the fiscal years of the county (June 30 end) and the Federal Government (September 30 end), may be spent, current year carryover budgets may be created. In project budgets and bond proceed funds of a nature where proceeds may cover expense over several years, lapsed appropriations will be re-budgeted from cash in subsequent fiscal years. The re-budgeting of long-term projects prevents determination of the total appropriations by simply adding up annual budgets through the years of the projects. The necessity to include capital project budgets within the framework of an annual budget rather than in a separate multi-year capital budget is a shortcoming in the budget requirements prescribed by the State to the counties and municipalities. Historical analysis aided by multi-year worksheets must be maintained to determine total project budgets.

PLANNING AND BUDGET DEVELOPMENT

The fiscal year 2013 budget was developed as the first phase of the transition to a results accountable/ performance and priority driven funding process. In addition, an extensive long range plan for capital improvement and infrastructure was developed in order to track and prioritize capital needs over a 4-year bonding cycle and beyond. Development of the capital improvement plan was also driven by citizen and Commission priorities as well as known and likely funding availability, the ability to leverage funding and to obtain funding from grant and non-traditional sources.

In addition, the projects were also prioritized by the requirements of the County's Sustainable Growth Management Plan (SGMP) to ensure that priority was given to projects in "sustainable development areas." The SGMP is the framework for directing growth in Santa Fe County until the year 2030. Within this framework is the requirement that development pay for itself. The framework also is intended to direct growth to areas wherein the cost of infrastructure and service provision can be contained rather than allowing "sprawl" to occur. The Code associated with the SGMP will codify the framework outlined in the plan and establish a new impact fee schedule. The Code is anticipated to be completed during FY 2013.

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VISION	STRATEGIC GOALS	FY 2013 COUNTY PRIORITIES	FY 2013 COUNTY SERVICES <i>Goals and Performance Measures can be found in Section VII</i>
<p>Santa Fe County government strives to be a responsive, cutting-edge organization which has integrated the vision of its citizens, employees and elected officials. Santa Fe County is strongly committed to protecting and preserving our cultural traditions, pristine resources and diverse communities. Our administration is dedicated to the health, safety and welfare of the public we serve and to ensure the quality of life and preservation of resources for future generations. Citizen involvement is an essential and integral component to the success of Santa Fe government. Santa Fe County is committed to working collectively with constituents to solve problems confronting our communities as we progress in the twenty-first century.</p>	<p>The County has a well maintained and adequate road system for an ever-growing population.</p>	<p>Improving established roads and constructing new roads to satisfy the growing demands on the County's road system.</p>	<p>Public Works Road Projects Road Maintenance</p>
	<p>Government is transparent, ethical and accountable; every element of government contributes effectively to meeting public needs.</p>	<p>Providing, upgrading and replacing County service infrastructure; completion of First District Courthouse; implementation of the results-accountable budget methodology and determining citizen priorities; determining current and correct property valuations; conducting a legal and fair election.</p>	<p>County Manager Board of County Comm. Finance Human Resources Legal County Clerk-Elections County Treasurer County Assessor Probate Judge Administrative Services</p>
	<p>Citizens are safe and secure, have trust and feel responsible for maintaining a safe environment.</p>	<p>Maintaining the Public Safety Infrastructure, assuring adequate staffing in Fire, Sheriff, Emergency Communications and Corrections facilities.</p>	<p>County Sheriff Fire Department Regional Emergency Communications Ctr. Corrections-Adult & Youth Teen Court</p>
	<p>The County is adequately and efficiently served with well-planned, coordinated and maintained water and wastewater systems.</p>	<p>Water availability is always a high-level concern. With the new Buckman Direct Diversion the expansion of the Water utility can be realized. Also, expansion of the wastewater system is being undertaken and evaluation of the Solid Waste program.</p>	<p>Utilities Water Wastewater Solid Waste Water Resources Buckman Direct Diversion</p>
	<p>The County's natural environment is protected; its mountains, rivers, arroyos, clean air and underground water supply. Growth is managed to protect the environment and the County's economic vitality.</p>	<p>Managing population, environment and commercial growth in the County. Sustainable Land Development Code will be developed to go hand-in-hand with the Sustainable Growth Management Plan. Encouraging and developing clean and sustainable energy. Managing oil and gas drilling issues. Developing an Open Space maintenance program.</p>	<p>Growth Management Land Use Planning Development Review Permits & Inspections Regional Planning Authority Open Space & Trails Parks & Recreation Energy Programs GIS & Rural Addressing</p>
	<p>A vital, diverse and sustainable economy exists in which businesses and residents have opportunities for success.</p>	<p>Development of economic activity, development of the film industry in the County.</p>	<p>Economic Development Tourism/Lodger's tax County Clerk-Recording</p>
	<p>People are well sheltered, safe, healthy, educated and participate in the County and economy.</p>	<p>Expansion of the Senior Service Program into unserved and underserved areas of the County; construction of a new Senior Center. Expansion of the Affordable Housing programs, Foreclosure Prevention Programs.</p>	<p>Health Services DWI Programs Indigent Health Care Housing Authority Affordable Housing Youth Recreation Library Services Senior Programs</p>

The County's Vision Statement and strategic goals are reflected in the Fiscal year 2013 County Priorities noted by the Budget Message and Executive Summary of this document. These are all related to the objectives of the various county organizations and services in Section VII-Organization Budgets in this document.



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PLANNING AND BUDGET DEVELOPMENT

SHORT TERM PLANNING – DEVELOPING SERVICE PRIORITIES

Prior to the start of the formal budget process for the next fiscal year, the County Manager meets with the Board of County Commissioners, Department Directors and Elected Officials in extended meetings and budget study session(s) to determine issues facing the County and priorities for service and initiatives proposed by members of that meeting. Prior to the fiscal year 2012 budget, these issues and service priorities were linked to budget requests and became part of the criteria for strengthening baseline budgets and funding new or expanded services expressed in the building block requests. In the fiscal year 2012 budget process, the results of the citizen survey conducted in the summer of 2010 were utilized to ensure priority areas received appropriate resources as identified by citizens. Then for the fiscal year 2013 budget process, the Budget Office along with the County Manager implemented a new process to transition to the results-accountable/performance and priority driven budget that was ultimately approved.

As part of the formal budget process, meetings with individual Commissioners were conducted to review County issues and Commission priorities District by District as identified by each Commissioner. The issues and priorities defined in these meetings along with results of a citizen's survey conducted in fiscal year 2011 formed the basis for the FY 2013 appropriations.

The priorities were listed and a ranking structure was developed. Many of these priorities are recurring in nature and are part of long range planning to ensure recurring revenue is sufficient to fund recurring expenses. Below are some of the priorities funded in fiscal year 2013:

- ✓ Increase the number of Sheriff's deputies patrolling in Santa Fe County (recurring).
- ✓ Increase resources to the Road Fund to allow for greater level of road maintenance and improvement projects per citizen priorities (recurring).
- ✓ Restructured county share of health insurance for employees making less than \$30,000, funded employee development opportunities and salary adjustments and increases for non-probationary staff (recurring).
- ✓ Increase maintenance for open space, trails and parks (recurring).
- ✓ Expand senior services into under- or un-served areas of Santa Fe County (recurring).
- ✓ Develop energy efficiency/ alternative energy initiatives by establishing a revolving loan fund (one-time).
- ✓ Develop economic development initiatives (one-time).
- ✓ Complete the Sustainable Growth Management Code (one-time).
- ✓ Improve sustainability of the Corrections Department by improving the facilities, increasing the number of revenue-generating contracts for housing inmates and phasing in additional staff as the number of inmates increases (includes one-time and recurring expenses).
- ✓ Developed an asset replacement and renewal schedule and funded a significant level of asset renewal and replacement (one-time).





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FROM BASELINES & BUILDING BLOCKS TO PERFORMANCE BUDGETING

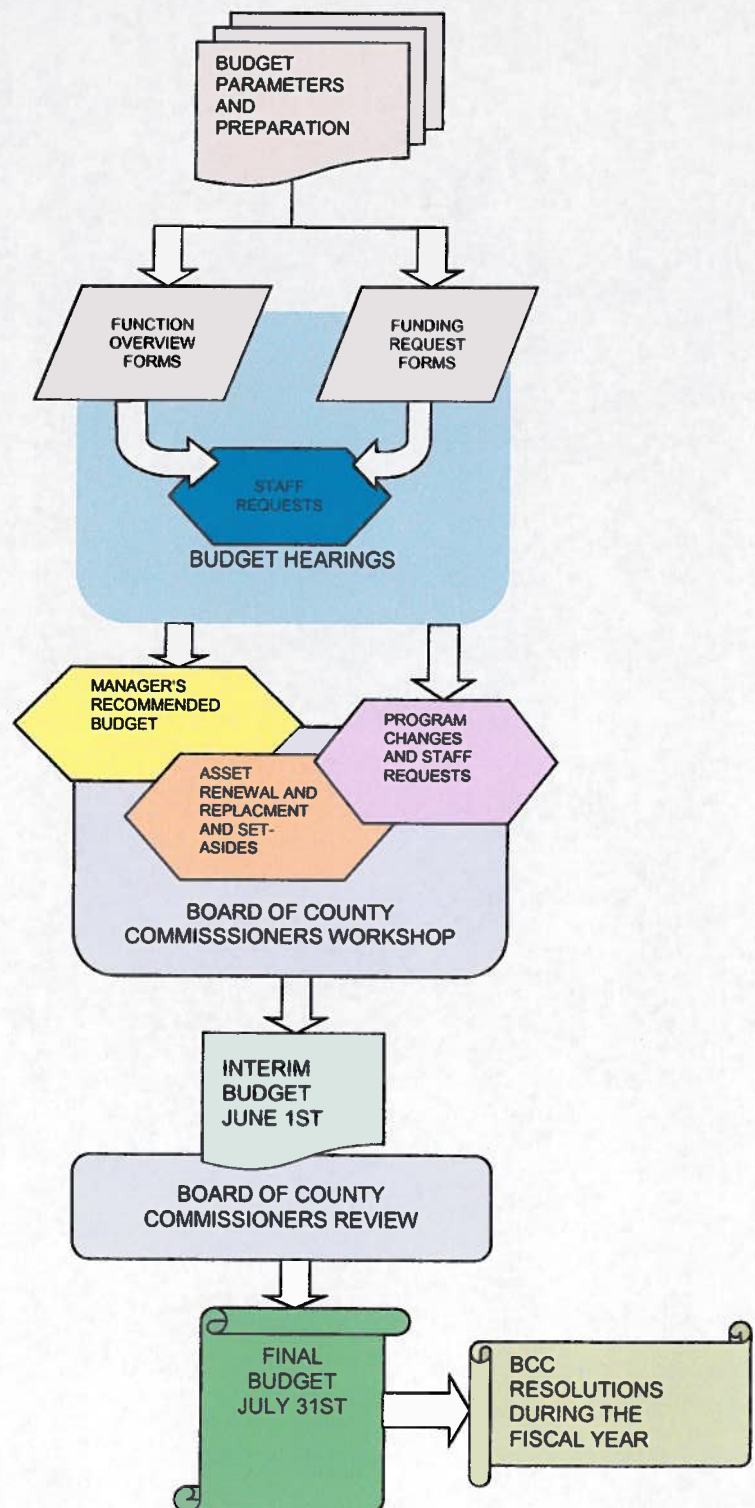
Until fiscal year 2012 the standard budget methodology used in preparing budgets consisted of the submission and review of baseline and building-block budgets. Baseline budgets included necessary expenses for established County services, programs and supporting organizations at existing levels of service. Each County organization submitted a baseline budget request with a detailed explanation of expenses within each budget line item. Budgets were established at an organizational unit level (division or project within each department) and expenditure line items were summarized into category levels as follows:

- ◆ Salary and Wages
- ◆ Employee Benefits
- ◆ Vehicle Expenses
- ◆ Travel
- ◆ Maintenance
- ◆ Professional Services
- ◆ Supplies (office, field, educational, employee uniforms, etc)
- ◆ Operating Costs (utilities, employee training, insurance, etc)
- ◆ Insurance Premiums and Deductibles (not related to employee benefits)
- ◆ Capital Purchases (equipment, vehicles, buildings, etc.)
- ◆ Debt Service and other Commitments

Baseline budget requests were evaluated in a zero-based perspective modified by expenditure history for certain expenses.

For the FY 2013 budget, a transition from a baseline budget to a results-accountable/ performance and priority driven budget was required of all departments and divisions within the County and was voluntary for the Elected Offices. Only the Sheriff's Office opted to transition to the new budget methodology. The other Elected Offices continued to use the baseline budget process as in the past.

To transition to a results-accountable budget, management asked the staff to give up the status quo way of thinking in favor of thinking in terms of the "end game." i.e. what each department/division wishes to accomplish and how it will positively affect the community. To do this, training on performance management principles was provided, and these





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principles were applied to each function within each department and division. Desired functional outcomes were required to tie, either directly or indirectly, to community priorities and the County's seven key areas of focus, infrastructure, going green, community enhancement, growth management, transparency, savings/efficiency and employee development. Further, progress towards these outcomes must be articulable and measurable so that staff, managers, elected officials and citizens can use the data to evaluate the services that the County provides.

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)?

Once measurements were established, goals for fiscal year 2013 were established. These goals may include progress toward the desired outcome or achieving a specific result. Progress will be measured and reported to management quarterly throughout fiscal year 2013.

Once goals were established department and division staff was tasked with determining the level of funding needed to accomplish those goals. Once the funding needs were determined information was provided to the Budget Office with justification required for travel and training, telephones, vehicle maintenance, professional services and capital purchases and other line items with a request in excess of \$10,000. Each request then competed with all other requested amounts for funding with the highest priority functions being recommended for full funding. Budgets are established at the organizational unit level as described above and expenditure line items are organized into the categories used in prior years.

Additional staff requests were tied to specific functional outcomes and were reviewed, ranked and recommended according to those that tie to citizen or Commission priorities.

The fiscal year 2014 budget process will again change as the transition to a results-accountable/ performance and priority driven budget continues. The process established for the fiscal year 2013 budget may be modified to add some or all of the below components:

- ◆ Additional citizen input to update service priorities through a new citizen survey as well as focus groups and/or town hall meetings.
- ◆ A competitive bidding process wherein departments and division submit proposals for providing services based on a specific scope of work similar to the contract procurement process.
- ◆ A committee of evaluators which include staff and management that will be tasked with ranking proposal responsiveness to scopes of work.
- ◆ Use of a ranking algorithm similar to the one used for the Capital Improvement Plan (CIP) to determine funding levels. The algorithm would account for measurable progress towards functional outcomes in fiscal year 2013, thus rewarding those functions that are successful in achieving established goals.
- ◆ A system of rewards that encourages "outside-the-box" thinking to solve County problems.

LONG-RANGE PLANNING

The onset of the "great recession" significantly impacted the County's ability to complete various planned program expansions. The focus in the recent past has been ensuring that services and employees were not adversely impacted as revenues flattened out or declined. Through careful planning and analysis Santa Fe County succeeded in maintaining all services as well as sustaining staffing without furloughs, layoffs or reductions in employee pay or hours. Beginning in fiscal year 2013, Santa Fe County is, again, able to plan expanding some priority community enhancement services and fund employee development. These are two of the County's seven key areas of focus.

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The Santa Fe County Assessor's Office began a re-appraisal of all properties countywide. The project is expected to be completed in fiscal year 2013 and the results of the appraisals will be reflected in the 2014 tax year. Although a significant number of values have dropped over the past several years, the County Assessor is of the opinion that there are a large number of properties with improvements that have never been included on the tax rolls. The addition of these previously unreported improvements could result in new recurring revenue as well as one-time revenue generated by billing for past years of unreported improvements. As property taxes make up 76% of general fund revenue, this re-appraisal is key to long-range financial planning. Another benefit of the re-appraisal is to ensure accurate and up-to-date information is populated in the Computer Aided Mass Appraisal (CAMA) system which will allow for more accurate projections of future property values and thus property tax revenue which is essential for long-range planning for the operating budget.

CAPITAL SPENDING



Santa Fe County updates its Infrastructure Capital Improvements Plan (ICIP) on an annual basis, usually about 60 days after submission of the Fiscal Year Budget to the State. The ICIP is a five-year plan that is designed to show the status of existing capital projects as well as to identify new capital projects and their funding sources. Because of its long-range focus, the ICIP allows management the opportunity to plan current and future capital needs and to communicate these needs to State Legislators who apportion State funds to counties and municipalities for capital projects. An extensive public input process is conducted in the late summer to assist in prioritizing capital projects within each Commission district and those that are of Countywide benefit. The Legislature meets in January-February each year and appropriates capital monies to New Mexico Counties. State appropriations have been

reduced significantly since the economic downturn began and in fiscal year 2010 a number of grants for ICIP projects were rescinded by the State severely limiting the County's ongoing capital improvements and forcing a reprioritization of capital projects.

During fiscal year 2012 the County undertook a revision of the long-range capital improvement planning (CIP) process. While the ICIP is specific to state funding, the CIP encompasses all capital needs regardless of funding sources or availability. This new planning process establishes a master list of all capital needs and/or wants throughout the County regardless of type (road, water system, opens space, etc.) and uses a ranking algorithm which evaluates the projects based upon multiple factors including citizen priorities, Commission priorities, location in a sustainable development area (SDA) per the Sustainable Growth Management Plan (SGMP), funding availability and/or restrictions and availability of leveraged funding among other factors. Projects are ranked and re-ranked as new needs arise, keeping a "running list" of capital project needs. These needs can then be addressed based on order of priority. A 4-year plan for completing priority capital projects along with a capital financing plan that considers the County's bonding cycle, accumulated Capital Outlay Gross Receipts Tax, and any other available sources of funding was developed and scheduled for BCC approval in the summer of 2012.



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SANTA FE COUNTY SUSTAINABLE GROWTH MANAGEMENT PLAN

Managing growth in a sustainable manner is of great concern to Santa Fe County and is one of the County's seven key areas of focus. The Sustainable Growth Management Plan (SGMP) adopted by the Commission in fiscal year 2011 serves as a guide to growth in Santa Fe County for the next 20 years. Areas of concern in the SGMP are being codified in the Sustainable Land Development Code (SLDC). The Plan outlines the philosophy and methodology to be used when issuing permits for development throughout the County. It will serve as a guide to growth incorporating local community values, goals and strategies on how to best manage and sustainably utilize limited natural, economic and cultural resources. This is intended to guard against "sprawl" in development as well as to ensure mechanisms for funding infrastructure needs and additional service needs to developing areas. Specifically in the SGMP are the following:

Adequate Public Facilities and Financing

Santa Fe County's policy is to direct growth in such a manner as to ensure that the building of infrastructure and additional operating costs associated with growth are offset by the increased revenue associated with new development. Directing growth to the primary "sustainable development areas" (SDAs) allows for the most efficient provision of new infrastructure and the most cost effective means of providing services possible. The funding of the additional infrastructure will be addressed through a variety of funding mechanisms such as "pay-as-you-grow" planning or special assessment districts. As part of the SGMP the "cost of sprawl" was thoroughly analyzed, and policies were established to inhibit "sprawl" and promote sustainable growth.

Land Use and Growth Management

Santa Fe County's land use and growth management policy is to promote development that avoids sprawl, protects open space and maintains the diverse character of the County through creative development design solutions. It is also desirable to ensure the availability and affordability of housing and economic opportunities within the County while preserving the traditional communities and their economic structures.

Natural Resources and Open Space

Santa Fe County's open space policy is to protect significant open space, ecologically sensitive and cultural areas and the connections between them through creative design, voluntary dedication, incentives, purchases and regulations. Through a community and district planning process, residents and property owners will identify the sensitive and cultural areas, open spaces and connections that are important to be protected in communities and Districts, while still allowing for the reasonable use and enjoyment of property.

Environment

Santa Fe County's environmental policies are intended to protect the health and safety of people, the reasonable use and enjoyment of property and to maintain the natural beauty and fragile environment of areas of the County through regulations, education and code enforcement.

Water Availability and Conservation

Santa Fe County's water policy is to protect and extend the available water resources of the region by requiring water conservation, developing imported renewable water sources and supply systems and guiding growth through the planning process. The County conservatively manages the acquisition, distribution and

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use of the local groundwater resources based on detailed hydrologic studies of the County to ensure that water is available for present and future generations while working towards sustainable water usage.

Community Character and Design

Santa Fe County's design policy is to maintain the rural, unique and diverse character of the different geographic locations within the County. The County should ensure that communities develop in a manner consistent with their character or in a manner consistent with the standards developed through the community and district planning process in such a way that they incorporate mixed uses and rely on the locally accepted models for development patterns.

Housing

Santa Fe County's policy on housing is to provide diverse and affordable housing opportunities integrated within communities that meet the needs of all residents.

Utilities, Transportation and Public Services

Santa Fe County's policy is to assure that adequate utilities, transportation and public services are in place to serve existing community areas and that the location of existing and planned infrastructure guides the development of new communities.

Public Safety

Santa Fe County's policy is to develop and maintain a level of public safety coverage consistent with the amount of development being permitted in the County. This includes fire and emergency medical personnel, fire stations and law enforcement (including dispatch services).

FISCAL YEAR 2013 BUDGET DIFFERENCES FROM THE PRIOR YEAR

Changes from the fiscal year 2012 Budget accounted for an increase across all funds from fiscal year 2012 to fiscal year 2013. Recurring expenses from FY 2012 to FY 2013 increased by \$20.5 million. Capital improvement projects and other non-recurring expenses increased by \$1.1 million.

- ◆ Major changes in the General Fund (101) are:
 - ◆ Expanded the Senior Services Program to under- and un-served areas of Santa Fe County (\$0.2 M).
 - ◆ Increased the Asset Renewal and Replacement package (formerly known as the capital package) and set asides (\$3.3M).
 - ◆ Increased General Fund support of the Road Fund (\$1.6 M of which \$0.6 is for Asset Renewal and Replacement as noted above).
 - ◆ Increased General Fund support of the Law Enforcement Operations Fund (\$0.7 M)
 - ◆ Increased General Fund support of the Corrections Operations Fund (\$5.9 M of which \$2.7 is for Asset Renewal and Replacement as noted above).
 - ◆ The General Fund began supporting the Fire Operations Fund (\$0.7 M).
- ◆ The Capital Outlay Fund (213) budget increased by \$8.9 M. Payments for debt service for three GRT bonds and loan/grant sharing agreements for the Buckman Direct Diversion project increased by \$0.5 M. Without that debt service obligation, the budget in this fund would have increased by \$9.4 M across all project categories.
- ◆ Funding for the Sole Community Provider remained flat (\$2.1 M).
- ◆ The Fire Operations Fund (244) budget increased by \$1.1 M.
- ◆ The Regional Emergency Communications Center (RECC) Operations Fund (245) budget increased \$0.3 M. Since this fund has no significant funding of its own, it is reliant upon transfers from other funds. In FY 2013 the Fire Operations fund will transfer \$3.4 M to the RECC. Funding for the RECC is of major concern due to its reliance upon other funds for support.

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- ◆ The Corrections Operations Fund (247) budget increased by \$4.1 M of which \$2.7 M is for capital improvements and one-time major repair and replacement expenditures. This increase is due to the phasing in of additional staffing as the number of inmates is expected to increase significantly with the contracting of out-of-jurisdiction inmates.
- ◆ Bond proceeds from the 2009 Series GOB were budgeted at \$2.1 M across all project categories. This is a decrease of \$0.6 M from the FY 2012 budget.
- ◆ Proceeds from the 2011 Series GOB were budgeted at \$13.3 M across all projects. This is a decrease of \$3.1 M from the FY2012 budget.
- ◆ Total debt service for Santa Fe County increased by \$0.1 M.

BUDGET MANAGEMENT

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

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

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

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

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

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

A total of 99 Board of County Commissioner budget Resolutions requiring DFA approval and 309 internal budget adjustments were made in Fiscal Year 2012.

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

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

SANTA FE COUNTY
FISCAL YEAR 2013 BUDGET



THE BUDGETING PROCESS
THE ANNUAL BUDGET CALENDAR

FEBRUARY: The Finance Division develops and distributes budget request forms and instructions to department heads and elected officials. Training sessions are conducted to explain the budget development process and review deadlines and timelines.

MARCH: Department Directors and Elected Officials in conjunction with their staffs complete a set of function overview forms and budget request forms for each cost center. Completed forms are submitted to the Finance Division according to the budget schedule. These include organizational description, function overview forms with functional outcome statements and objectives, line item justification forms, and detail forms for training, telecommunication and vehicle requirements. Budget staff input budget requests into the financial system.

JANUARY – MARCH: The Finance Division prepares revenue projections, provides training and technical assistance to departments and Elected Offices, analyzes budget requests and prepares a budget request package for budget hearings.

APRIL: The County Manager, along with the Finance Director and the Budget Administrator, meets with each Department Director and Elected Official to review budget requests. The Board of County Commissioners is invited to the budget hearings and the hearings are open to the public. Required adjustments are made and the County Manager’s recommended budget is prepared for presentation to the Board of County Commissioners.

MAY: The Board of County Commissioners reviews the recommended budget package at a public hearing and makes any necessary adjustments. From these proceedings an Interim Budget is crafted, approved by Board Resolution and submitted to the State Department of Finance and Administration (DFA) by June 1.

JUNE: Any adjustments made by the DFA to the Interim Budget are then incorporated by the Finance Division into the Final Budget which must be approved by Board Resolution. Once approved by the Board the Final Annual Budget is compiled on specified forms and submitted to the DFA by July 31 for final certification. The Final Budget is the subject of this document.

