

An illustration of a piggy bank with several green banknotes and gold coins. The piggy bank is orange and has a slot on top. Three green banknotes are sticking out of the slot. There are several gold coins scattered around the piggy bank, some on top and some on the side. The background is a light orange color.

CITY OF SANTA FE FINANCE DEPARTMENT / BUDGET OFFICE

What You Need to Know About the
City's Budget and Finance Systems

<https://santafenm.gov/finance-2/budget-1>

Budget vs. Actuals vs. Encumbrances

- The City's annual budget serves as a program and policy 'roadmap' for a given fiscal year (the City's fiscal year runs from July 1 to June 30).
- A budget is not meant to be merely a financial document; rather, it is better defined as a policy document with numbers. It outlines the City's goals for the year in question, and summarizes the resources that the City is dedicating to attain those goals.
- A budget is forward-looking – it reflects projected costs and revenue sources, and synthesizes these with the goals of the Mayor, Governing Body and the community at large in order to form a plan for how City services will be delivered, and how they will be paid for.
- By contrast, the Annual Comprehensive Financial Report (ACFR) is backward-looking; meaning, it summarizes the previous fiscal year's activities in terms of revenue received and expenses spent, and reflects adjustments and finding of the City's annual audit process. Rather than budgeted money, the ACFR focuses on actuals – meaning, actual dollars received and spent. The City's Accounting Division produces the ACFR, assists in the audit process and ensures that all City transactions are done properly and in accordance with Generally Accepted Accounting Procedures (GAAP).
- Often we also discuss encumbrances, which are monies committed to future purchases and payments for services. These are approved by the Governing Body in the form of contracts and purchase orders, through which the City will receive and/or spend its financial resources. These areas are the domain of the City's Purchasing Division.

WHAT IS A FUND?

A fund is the City's basic financial unit. Funds separate resources and expenditures into distinct categories, each dedicated to specific purposes under City ordinances and state or federal law. This structure ensures money is used only as intended and prevents inappropriate co-mingling.

Some funds—such as the General Fund and the ½% Capital Gross Receipts Tax (GRT) Fund—may support funds that are not fully self-sustaining. These subsidies are recorded as transfers between funds.

During the annual budget process, the Budget Office works with departments and senior staff to ensure each fund is balanced, with revenues and other sources (including transfers and available balances) covering all planned expenditures.

At fiscal year-end, a fund's revenues minus expenditures determine its ending balance. A surplus increases the balance; a deficit reduces it. Available balances may be appropriated for one-time needs through a Budget Adjustment Request (BAR), subject to state requirements. For example, the City must maintain a General Fund reserve equal to 1/12 of current budgeted expenditures (excluding transfers out), which limits the amount available for appropriation.

HOW IS THE CITY ORGANIZED?

City services are delivered through various offices and organizations. Some report to the City Manager, while others—such as the Municipal Court—are led by elected officials. All operate under the oversight of the Governing Body (City Council), the Mayor, and/or the City Manager, as defined by law and ordinance.

A Department is the City's highest organizational level and is led by a Director, typically reporting to the City Manager. Certain Directors, such as the City Attorney, report directly to the Mayor and/or City Council.

Departments may contain one or more Divisions, each led by a Director who reports to the Department Director. Divisions may be further divided into Sections and, in some cases, Units. For example, the Public Works Department includes the Complete Streets Division, which contains multiple Sections, including Grading & Drainage Maintenance, which is further divided into Units: (Administration, Drainage Maintenance, Equipment Management, and Grading).

Smaller offices, such as the Budget Office (within the Finance Department), may operate solely as a Division without additional subdivisions.

WHAT IS AN ORG CODE?

An organization code (“org code”) is a 7-digit number that identifies a specific City program or service. Often referred to as a cost center, it captures the who and where of a financial transaction.

An org code represents the intersection of a fund and an organizational unit (Department, Division, Section, or Unit). Each org is assigned to one fund, one Department, and one Division. A single fund may support multiple Departments, and some Departments administer multiple funds.

The 7-digit org code has two parts:

- Fund (first 3 digits): Identifies the funding source (e.g., 100 = General Fund; 525 = Midtown).
- Organization “branch” (last 4 digits): Identifies where the program sits within the City’s organizational structure.
 - If the org represents a Division, the last four digits are the Division code (e.g., 6203501 → Division 3501 in Fund 620).
 - If it represents a Section, the 3-digit Section code is preceded by a zero (e.g., 1000310 → Section 310 in the General Fund).
 - If it represents a Unit, the 2-digit Unit code is preceded by two zeros (e.g., 5400093 → Unit 93 in Fund 540).

Examples of org codes include Parking Field Operations (5350457), Fire Medical Services (1000186), Affordable Housing Trust (2420223), and Airport Operations (5456050).

WHAT IS AN OBJECT CODE?

An object code (“object” or “line item”) is a 6-digit code that identifies a specific revenue source or expense. It captures the what of a financial transaction—what the City receives or pays for.

Examples include Municipal GRT (401300), Building Permits (420300), Professional Contracts (510300), and Office Supplies (530100).

Object codes fall into seven categories:

- 1-, 2-, 3-: Balance sheet codes (assets, liabilities, and fund balance). These are used primarily by Finance and apply to entire funds—not individual org codes.
- 4-: Revenue codes (taxes, fees, grants, and other incoming resources).
- 5-: Expenditure codes (salaries, fuel, utilities, contracts, equipment, debt service, and more).
- 6- and 7-: Transfer codes (transfers in and transfers out between funds), commonly used to subsidize non-self-supporting funds, often from the General Fund.

Together, object codes standardize how the City tracks what it earns, spends, and transfers.

HOW ARE OBJECT CODES GROUPED?



REVENUES

- Taxes: Gross Receipts Tax (GRT), both local and state-shared (this is the largest single City revenue source), Property Tax, Franchise Fees, Lodgers' Tax, Gasoline Tax, Other Taxes (Housing Excise Tax, Cannabis Excise Tax)
- Licenses & Permits: Business Licenses, Building/Zoning Permits, Animal Licenses, Other Licenses & Permits
- Fees & Charges for Services: Airport Fees, Ambulance Fees, Civic Convention Center Fees, Housing Fees, Impact Fees, Insurance Premiums, Senior Center Meals Fees, Parking Fees, Planning/Land Use Fees, Police/Court Fees, Recreation Fees, Solid Waste Fees, Wastewater Fees, Water Fees, Reimbursed Expenditures and Miscellaneous Fees
- Fines & Forfeitures: Parking Fines, Violations Fines
- Rents/Royalties/Concessions: Airport Rentals, Equipment Rentals, Parks & Recreation Rentals, Facilities Rentals
- Miscellaneous Revenues: Bond Proceeds, Insurance Recoveries, Sales Revenue, Other Miscellaneous Revenue
- Intergovernmental: State Grants, Federal Grants, Santa Fe County Grants, Other Grants (usually from private entities such as foundations & trusts)
- Interest on Investments: proceeds from the City's investments of non-committed cash
- Transfers from Other Funds

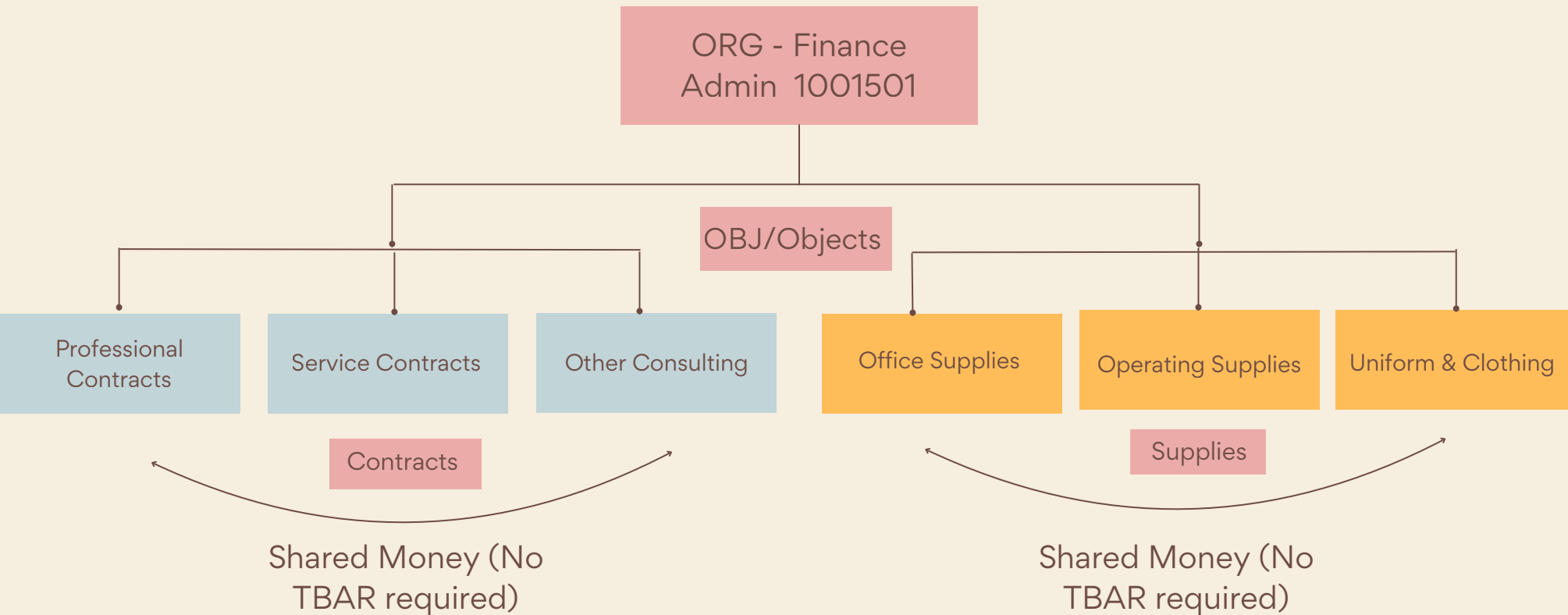
HOW ARE OBJECT CODES GROUPED?



EXPENDITURES

- **Personnel Services:** Salaries (including incentives), Benefits (FICA, PERA, Employee Health/Life Insurance, Workers' Compensation, Dental Insurance, Uniform Allowance)
- **Operating Expenses:**
 - Contractual Services
 - Utilities (gas, water, electricity, cell phone service, landfill fees)
 - Repairs & Maintenance
 - Supplies (consumables, including office supplies, custodial supplies, food, vehicle fuel/parts/tires, safety supplies/personal protective equipment, software subscriptions/purchases under \$5,000, books & periodicals)
 - Insurance
 - Travel/Training (both in-state and out-of-state)
 - Other Operating Costs: internal service charges (AKA services of other departments), credit card fees, advertising, dues, GRT/Property Tax administrative fees, bank charges, rentals, postage/mail costs, printing/publishing, sponsorships, campaign funding assistance, small equipment and computer hardware/software (under \$5,000)
 - Capital Outlay: vehicles/equipment (over \$5,000), furniture, computer hardware/software (over \$5,000)
 - Land & Building: capital projects (CIP) startup, design & construction costs, remodeling costs
- **Debt Service:** principal & interest
- **Transfers to Other Funds**

Budget Control by Category (“Rollup”)



←-----→
To move monies from Contracts to Supplies (categories) or vice versa a TBAR is required. If moving monies between Funds or Departments a BAR is required.