North Central Regional Transit District (NCRTD)
Resolution 2009-14

Financial Policies

WHEREAS, the Governing body in and for the NCRTD has developed Financial Policies for the NCRTD; and

WHEREAS, said policies were developed on the basis of the requirements of the organization as a whole and its member entities;

NOW THEREFORE BE IT RESOLVED THAT THE ATTACHED FINANCIAL POLICIES WERE PASSED, APPROVED AND ADOPTED THIS 9th day of October 2009.

Alfred Herrera, Chairman

Approved as to form:

Mark Basham, Counsel
NORTH CENTRAL REGIONAL TRANSIT DISTRICT FINANCIAL POLICIES

GENERAL POLICIES

The North Central Regional Transit District (NCRTD) keeps its books on a full accrual basis. Billings to the New Mexico Department of Transportation (NM DOT) and draw downs from the Electronic Clearing House Operation System (ECHO) are done on a cash basis because the government will not reimburse for expenses until funds have been disbursed.

Budgets are developed annually and revisited as needed. The operating and capital portions of the budget are developed in accordance with the current service plan and the availability of funds. Budgets must be approved by the Board and submitted to the Department of Finance and Administration (DFA).

Multi-year budgets may be developed for planning purposes, but because of the uncertainty of each year’s Federal and State funding levels these budgets are not considered to be definitive. They are mostly used to plan for projects that will depend on known or predictable funding sources such as the RT GRT, Capital funds that allow for more than one year to be expended, or funds member entities make available.

The NCRTD has a number of regular funding sources. Staff apply for all available Federal funds each year, including sections 5304 (Planning), 5309 (Capital), 5310 (Disabled and Elderly programs), 5311 (Rural Transit), 5316 (Job Access Reverse Commute) and any special appropriations that become available, such as the ARRA Stimulus program of 2009. Vigorous efforts are made to pursue state capital funds every legislative session. Member entities contribute such funds as are required to match Federal funds, and may contribute additional funds as well. The Regional Transit Gross Receipts Tax (RT GRT) passed by voters in November of 2008 covers a substantial portion of the NCRTD’s budget.

The NCRTD undergoes an annual audit by an outside firm. This audit includes a Financial component and a Single Audit (A-133) as required of all entities receiving substantial Federal funding.

RESERVE POLICIES

The NCRTD is required by State DFA regulations to keep one month’s cash reserves. The NCRTD will maintain a three-month reserve.

Fleet replacement is generally funded through Federal grants for Capital purchases. The NCRTD maintains a schedule of anticipated fleet replacement requirements based on age and condition of rolling stock. Staff conducts periodic reviews to determine whether this replacement schedule is reasonable and whether existing funding sources are adequate to maintain the fleet at the necessary level. If traditional funding sources appear inadequate to maintain the fleet the NCRTD may issue bonds or seek such other financing sources as are permitted under any applicable laws and regulations.

Adopted 10/09/2009
The NCRTD follows Federal Transit Administration (FTA) guidelines which state that transit entities receiving Federal funds should maintain a fleet of reserve vehicles not to exceed 20% of total rolling stock.

REGIONAL TRANSIT GROSS RECEIPTS TAX FUNDS

Revenues from the Regional Transit Gross Receipts Tax (RT GRT) are tracked in a fund dedicated to that purpose and divided into sub-funds according to the four counties that are the source of the revenues.

According to the ballot initiatives that created the RT GRT, the funds are to be used to expand public transit in the four-county area. The NCRTD interprets this to mean that RT GRT funds should be used to implement approved service plans per Board approved resolutions.

Approved service plans may include, but are not limited to, establishing entirely new routes; increasing the frequency of service on existing routes; purchasing more and larger vehicles so more riders may avail themselves of public transit; converting pilot projects to regular services; and coordinating with other service providers, such as Santa Fe Trails, the Taos Chili Line, Atomic City Transit, the Rail Runner, and Park & Ride to improve services and strive to provide a seamless transit experience to those in our service area.

Expenditures of RT GRT funds are made according to Board approved agreements (for example, contracts and resolutions) between the NCRTD and the four counties as follows:

(a) Each of the four counties has agreed to pay $250,000 per year for Administrative costs and set aside $250,000 per year for Capital, except for Santa Fe County which will manage its own Capital budgeting and expenditure process.

(b) Changes in how funds are allocated between Capital and Operating may be considered during the annual budgeting process and as such require Board approval. During the year any changes may be done administratively as long as they do not exceed 5% of the total RT GRT annual budget. When such changes are made the board is notified by memo.

(c) During Fiscal Year 2010 it was assumed that only three quarters of RT GRT funds would be received by the District because of anticipated delays between when the funds would begin to be collected (July 1, 2009) and when they would begin to flow to the District (September or October of 2009) so it was agreed that for the first year the Administrative and Capital portions would be $187,500.

(d) One half of all RT GRT funds collected in Santa Fe County are allocated to the Rail Runner through the Rio Metro Regional Transit District.

(e) Eighty-six percent (86%) of the remaining half of RT GRT funds collected in Santa Fe County are to be used by Santa Fe County in the implementation of its service plan. Should Santa Fe County wish to have the NCRTD provide services then a contractual arrangement will be made for these funds to be used for that purpose.

(f) The remaining 14% of RT GRT funds collected in Santa Fe County are allocated to the NCRTD to provide connecting service from all member entities to the Rail Runner, including all applicable NCRTD overhead and administrative costs.

Adopted 10/09/2009
(g) Los Alamos County will use its RT GRT funds to expand services with its existing transit system, Atomic City Transit.

(h) The NCRTD is responsible for seeing that RT GRT funds are spent appropriately. For those entities operating their own transit services (Los Alamos County and Santa Fe County at the time of passage of the RT GRT) an invoice shall be submitted periodically to the NCRTD requesting reimbursement of funds spent in accordance with RT GRT funded service plans. Invoices shall contain sufficient line-item detail to support that appropriateness of the expenditures and their agreement with the intended use of these funds. Upon receipt and review of the invoice, the NCRTD will reimburse the entity, provided sufficient RT GRT funds have been received.

(i) Rio Arriba County, which includes the City of Española, and Taos County will continue to be served by the NCRTD’s transit system and their RT GRT funds will be used to implement the Service Plan currently in effect that was approved by the NCRTD’s Board.

(j) The Fiscal Year 2010 contribution of Los Alamos County GRT funds in the amount of $880,000 will be used to defray Local Matches, with the balance to be paid out of each entity’s RT GRT receipts. It is understood that this use of RT GRT funds may delay some parts of the implementation of the service plan, and the issue will be revisited in subsequent years.

(k) During each year's budgeting process, the Board considers the best use of any unspent funds accumulated in the RT GRT fund, both with respect to the individual entities and the best interests of the regional transit system as a whole. These considerations include service plan implementation, creation of reserves and such other matters that the Board deems important to the NCRTD and those in its service area.

(l) When RT GRT funds accumulate unspent to the extent that they accrue substantial interest income in excess of $1,000 per month, such interest will be allocated to the budgets of the entities that are the source of the unspent funds. These funds will be considered part of the RT GRT revenue earned by those entities. If unspent funds are reallocated in accordance with paragraph (k) above, interest earned on the reallocated funds will revert to the NCRTD's General Fund.

TRIBAL TRANSIT FUNDS

When requested, the NCRTD provides administrative services to manage Federal Tribal Transit funds awarded to tribal entities within its service area.

The NCRTD provides detailed budgets for these programs and, as far as possible, handles all administrative responsibilities with respect to the FTA. These budgets are not included in the NCRTD’s consolidated budget because these funds are not awarded directly to the NCRTD but to the named Tribal Entities. Our relationship with the Pueblos with respect to these funds is contractual, as a provider of services. The NCRTD assesses an administrative fee and includes this as a line item in the budgets.

These funds do not require a local match.

Adopted 10/09/2009
The process for managing these funds includes the following steps:

1. The tribal governments fill out and sign the necessary paperwork (including a Designation of Signature Authority and other related paperwork) that grants NCRTD personnel access to their grant-related records, including the Transportation Award Management System (TEAM) and ECHO.

2. Working with the tribal entities, NCRTD staff assist in developing a service plan and an operating budget, including an agreed-upon percentage for Administrative costs.

3. NCRTD personnel enter the budgets and other project information into the FTA’s TEAM system and work with FTA personnel to shepherd the application through the FTA approval process.

4. The NCRTD advances funds to cover operating costs.

5. NCRTD personnel prepare monthly reports detailing expenditures for tribal routes.

6. Included in this report is a line item called Administrative Fee which is intended to defray the NCRTD’s costs of administering these programs.

7. Using this information, either NCRTD staff enter the draw-down request into the ECHO payment system and send a copy of the report and the ECHO request to the relevant tribal entity, or Tribal personnel may perform this function, depending on FTA requirements and the wishes of Tribal authorities.

8. When the ECHO deposit is made in the tribal entity’s bank account (usually two or three days after the request is submitted) the tribal entity issues a check to reimburse the NCRTD for the funds it has advanced to pay for the month’s services.

9. NCRTD and tribal staff meet periodically to evaluate the effectiveness of the services being provided and the status of their budgets, making changes to each as necessary.

OTHER FEDERAL FUNDS

The NCRTD applies for Federal funds every year to the extent that they are available and uses these funds to provide services wherever they are needed within its service area. Decisions about how to use these funds are made in accordance with the latest board-approved service plan, taking into consideration the urgency of the need, the applicability of the federally mandated uses of the funds to the service areas and types of services being funded, and the availability of matching funds.