

Santa Fe County, New Mexico

Fiscal Year 2011 Budget



DEBT OBLIGATIONS

USE OF DEBT FINANCING

The County often uses bonds and other debt instruments for capital expenditures such as acquisition of land, construction of buildings, road improvements, water and wastewater systems and for purchase of fire protection and other equipment. Annual recurring revenues are not sufficient for large capital expenditures, therefore, it is more efficient to issue bonds or other debt instruments for capital projects and large equipment purchases. Recurring revenues are generally used for operating expenditures as well as debt service and for replacement of capital equipment when annual revenues are sufficient.

The debt service payments on the bonds and other instruments can be made using pledged annual revenues or property taxes. The County pledges only those revenues that are allowed under State law, by voter authorization, action of the governing body and other financing policies and regulations. Repayment of issued debt may be short (equipment loans), or may be long (large construction projects).

Summary of Santa Fe County's Debt

Bond or Other Debt Instrument	Date of Issue	Original Amount	Outstanding On 6/30/11	Maturity Date
General Obligation Bonds ('97 refund)	8/18/05	8,490,000	5,645,000	2017
General Obligation Bonds (PW, Water)	12/6/05	20,000,000	11,200,000	2026
General Obligation Bonds (Justice Ctr)	3/8/07	25,000,000	20,800,000	2027
General Obligation Bonds (PW, Water)	10/16/07	20,000,000	17,300,000	2028
General Obligation Bonds (BDD)	10/15/08	32,500,000	28,900,000	2024
General Obligation Bonds (PW, Utilities, Fire, OS)	4/15/09	17,000,000	16,250,000	2024
General Obligation Bonds ('99 and '01 Refunding)	1/19/10	13,505,000	12,570,000	2020
General Obligation Bonds (PW, Utilities, Fire, OS & '01A Refunding)	5/18/11	17,500,000	17,500,000	2028
Gross Receipts Tax Revenue Bond (ADF)	2/1/97	30,000,000	22,980,000	2027
Gross Receipts Tax Revenue Bonds (LE)	2/1/97	6,000,000	4,320,000	2027
Gross Receipts Tax Revenue Bonds (Judicial Court Complex)	9/10/2008	30,000,000	27,220,000	2033
Gross Receipts Tax Revenue Bonds (Water Rights)	10/29/09	12,090,000	11,385,000	2030
Gross Receipts Tax Revenue Bonds (BDD)	3/24/10	21,215,000	20,630,000	2031
Gross Receipts Tax Revenue Bonds (BDD)	3/24/10	10,195,000	9,930,000	2031
NMFA/WTB Loan/Grant Agreements w/ City of Santa Fe – County Share #1-#2 (BDD)	8/30/10	400,000	400,000	2029
NMFA/WTB Loan/Grant Agreement w/ City of Santa Fe – County Share #3 (BDD)	5/6/11	400,000	400,000	2012

REVENUE BONDS

Bond Issuing Authority

Bonds are issued pursuant to Section 4-62-1 through 4-62-10 NMSA 1978, which authorizes counties to issue revenue bonds pledging specific recurring revenue sources of the County such as County Local Option Gross Receipts Tax Revenue, Environmental Gross Receipts Tax revenue and correctional system revenue. The issuance of revenue bonds does not require voter approval. Revenue bonds are issued by action (such as an ordinance or resolution) of the Board of County Commissioners.

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Uses of Bond Proceeds

The 1997A Gross Receipts Tax Revenue bond proceeds were for the construction of a Public Safety Complex and Detoxification Center.

The 1997 Correctional System Revenue bond proceeds were for construction and equipping the Santa Fe County Adult Correctional Facility.

The 2008 Gross Receipts Tax Revenue bond proceeds are for the construction of the District Court Judicial Complex.

The 2009 Gross Receipts Tax Revenue bond proceeds are for the purchase of water rights to improve and expand the water delivery infrastructure of Santa Fe County.

The 2010A and 2010B Gross Receipts Tax Revenue bond proceeds are for the County's commitment to the construction of the Buckman Direct Diversion water project which is a joint effort between the City of Santa Fe and the Las Campanas housing development.

There is currently no debt service pledged from either the Infrastructure or Environmental GRTs. The debt previously paid by these GRTs has either been retired or the bonds called.

LOAN/GRANT AGREEMENT

In fiscal year 2011 Santa Fe County made agreements with the City of Santa Fe to share in two New Mexico Finance Authority (NMFA)-Water Trust Board (WTB) loan/grants totaling \$5.0 million that were received by the City for the Buckman Direct Diversion project. The structure of these loan/grants is that 80% of the funds are granted (i.e. do not need to be repaid) to the City of Santa Fe, and the remaining 20% are to be paid back without interest, but with a small annual administrative fee of 0.25%. Santa Fe County agreed to pay the City for 50% of its loan obligation to NMFA-WTB and will receive credit for 50% of the loan/grant amount against the County's commitment for the construction costs of the Buckman Direct Diversion. The total amount of the credit to be received by the County is \$2.5 million. A third loan/grant was received from the NMFA-WTB and it is anticipated that a similar agreement will be made between Santa Fe County and the City of Santa Fe. An additional \$405K is budgeted for repayment of the County's share of the anticipated third loan/grant.



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DEBT OBLIGATIONS

BONDING CAPACITY FOR GROSS RECEIPTS TAX REVENUE

Gross Receipts Tax Revenue Requirements

Before any additional bonds or other debt instruments are actually issued, it must be determined that the Gross Receipts Tax revenues and special revenues received by the County, specific to the bond's (or other debt instrument's) purpose, meet the following criteria: for the twelve months immediately preceding the date of the issuance of additional bonds, revenues shall have been sufficient to pay an amount representing one hundred forty percent (140%) of the combined maximum annual principal and interest coming due in any subsequent fiscal year on the then-outstanding bonds or obligations payable from GRT Revenues plus the additional bonds proposed to be issued payable from Gross Receipts Tax Revenues (excluding amounts to be paid from any unexpended debt service reserve fund at maturity).

Analysis of Bonding Capacity of Pledged Gross Receipts Taxes

GENERAL FUND 1st 1/8th and 1/16th Increments

Fiscal Year 2011 (7/1/10 to 6/30/11) General Fund, General Purpose GRT Revenues	\$6,575,873
CURRENT PRINCIPAL AND INTEREST PAYMENTS	
Fiscal Year 2012 (7/1/11 to 6/30/12) Debt Service	
1997-A Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 425,110
2008 Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 1,467,756
Total Principal and Interest Payments	\$ 1,892,866
Multiplied by 140% requirement	X 1.4
Requirement for Debt Service	\$ 2,650,012
Difference (GRT less Requirement for Debt Service)	\$ 3,925,861
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT	
Difference between Actual FY11 GRT and FY12 Debt Service Requirement	\$ 3,925,861
Divided by 140% requirement	/ 1.4
MAXIMUM AVAILABLE BONDING CAPACITY	\$ 2,804,186

CAPITAL OUTLAY GRT (Utilities Purposes may be up to 75% of the Total COGRT)

Fiscal Year 2011 (7/1/10 to 6/30/11) Capital Outlay, Utilities Purposes GRT Revenues @ 75%	\$ 6,571,103
CURRENT PRINCIPAL AND INTEREST PAYMENTS	
Fiscal Year 2012 (7/1/11 to 6/30/12) Debt Service	
2009 Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 895,981
2010A Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 1,621,906
2010B Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 724,331
NMFAWTB Loan/Grant Agreements-City of Santa Fe #1-2 (through Debt Service Fund 414)	\$ 80,408
Total Principal and Interest Payments	\$ 3,322,626
Multiplied by 140% requirement	X 1.4
Requirement for Debt Service	\$ 4,651,676
Difference (GRT less Requirement for Debt Service)	\$ 1,919,427
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT	
Difference between Actual FY11 GRT and FY12 Debt Service Requirement	\$ 1,919,427
Divided by 140% requirement	/ 1.4
MAXIMUM AVAILABLE BONDING CAPACITY	\$ 1,371,019

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CORRECTIONAL GRT

Fiscal Year 2011 (7/1/10 to 6/30/11) Correctional GRT Revenues		\$4,372,212
CURRENT PRINCIPAL AND INTEREST PAYMENTS Fiscal Year 2021 (7/1/11 to 6/30/12) Debt Service 1997 Correctional System Revenue Bonds (through Debt Service Fund 405)		\$ 2,248,740
	Total Principal and Interest Payments	\$ 2,248,740
Multiplied by 140% requirement	X	1.4
Requirement for Debt Service		\$ 3,148,236
	Difference (GRT less Requirement for Debt Service)	\$ 1,223,976
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT Difference between Actual FY11 GRT and FY12 Debt Service Requirement Divided by 140% requirement		\$ 1,223,976 / 1.4
MAXIMUM AVAILABLE BONDING CAPACITY		\$ 874,269

EQUIPMENT LOANS

Fiscal Year 2011 (7/1/10 to 6/30/11) General Fund Infrastructure GRT Revenues		\$ 677,567
CURRENT PRINCIPAL AND INTEREST PAYMENTS Fiscal Year 2012 (7/1/11 to 6/30/12) Debt Service Debt Service Fund 403		\$ 0
	Total Principal and Interest Payments	\$ 0
Multiplied by 140% requirement	X	1.4
Requirement for Debt Service		\$ 0
	Difference (Budgeted GRT less Requirement for Debt Service)	\$ 677,567
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT Difference between Actual FY11 GRT and FY12 Debt Service Requirement Divided by 140% requirement		\$ 677,567 / 1.4
MAXIMUM AVAILABLE BONDING CAPACITY		\$ 483,976

ENVIRONMENTAL GRT FUND

Fiscal Year 2011 (7/1/10 to 6/30/11) Environmental GRT Revenues		\$ 677,748
CURRENT PRINCIPAL AND INTEREST PAYMENTS Fiscal Year 2012 (7/1/11 to 6/30/12) Debt Service Debt Service Fund 402		\$ 0
	Total Principal and Interest Payments	\$ 0
Multiplied by 140% requirement	X	1.4
Requirement for Debt Service		\$ 0
	Difference (Budgeted GRT less Requirement for Debt Service)	\$ 677,748
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT Difference between Actual FY11 GRT and FY12 Debt Service Requirement Divided by 140% requirement		\$ 677,748 / 1.4
MAXIMUM AVAILABLE BONDING CAPACITY		\$ 484,106

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DEBT OBLIGATIONS

GENERAL OBLIGATION BONDS (GO BONDS or GOB)

Bond Issuing Authority

Bonds are issued pursuant to Section 6-15-1 through 6-15-28 NMSA 1978, which authorizes counties to issue general obligation bonds payable from ad valorem taxes. Santa Fe County general obligation bonds are issued only after voters have authorized the issuance through an election for the specific purposes listed on the election ballot or "bond question". The bonds are then payable from ad valorem taxes, which shall be levied against all taxable property within Santa Fe County without limitation as to rate or amount.



Santa Fe County has a practice of putting forward bond questions every four years during the general election, and then issuing any approved bonds two and four years after voter approval. The issuances are then structured in such a manner as to maintain fairly static general obligation debt service payments. This methodology serves the dual purpose of continuously maintaining funding for needed capital projects in the County, while ensuring that the property tax rates for debt service remain stable. Santa Fe County's debt service service property tax rate was 1.873 mils for tax year 2010 (11/1/10 – 10/30/11)

Use of Bond Proceeds

Proceeds from the 12/6/05A issue are to be used for Public Works and Water projects.

Proceeds from the 8/18/05 issue were used to refund the 1997 issue at a lower interest rate.

Proceeds from the 3/8/07 issue are to be used for construction of the Judicial Complex Facility.

Proceeds from the 10/16/07 issue are to be used for Public Works (Road) and Water projects.

Proceeds from the 10/14/08 issue are to be used for the Buckman Direct Diversion Water project.

Proceeds from the 4/15/09 issue are to be used for various Public Works, Fire Department, Utilities, and Open Space projects.

Proceeds from the 2/12/10 refunding issue were used to refund the 5/23/01 issue and the 6/15/99 issue.

Proceeds from the 5/18/11 issue are to be used for various Public Works, Fire Department, Utilities and Open Space projects in addition to refunding the 2005 Series General Obligation Bond.

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BONDING CAPACITY FOR GENERAL OBLIGATION REVENUES

(Property Tax Revenues)

Requirements for General Obligation Bonding

Since General Obligation Bonds are repaid by property tax revenue, the assessed value of taxable property in Santa Fe County is key in determining the bonding capacity of the County government. The official valuation of property as certified annually by the County Assessor multiplied by 4% is the maximum amount of outstanding debt principal allowed by the State of New Mexico. Santa Fe County has a written policy that is consistent with this requirement. Santa Fe County currently has more than 50% of its general obligation bonding capacity available.

Analysis of General Obligation Bonding Capacity

2011 Assessed Valuation (official value 6/21/11 certification)	\$ 6,838,274,160
4% of assessed property value (rate that can be used for debt)	X 0.04
LEGAL BONDING CAPACITY	\$ 273,530,966
Less Outstanding Debt as of 6/30/2010 (Debt Service Fund 401)	
Outstanding 2005A Series (Public Works, Water) 12/6/05 Issue	\$ 11,250,000
Outstanding 2005 Series (Refund 1997 Series) 8/18/05 Issue	\$ 5,645,000
Outstanding 2007A Series (Judicial Center) Series 3/8/07 Issue	\$ 20,800,000
Outstanding 2007B Series (Public Works and Water) Series 10/16/07	\$ 17,300,000
Outstanding 2008 Series (Buckman Direct Diversion Water Project) 10/14/2008 Issue	\$ 28,900,000
Outstanding 2009 Series (Public Works, Fire, Utilities, Open Space) 4/15/09 Issue	\$ 16,250,000
Outstanding 2010A Series (1999 Advance Refunding and 2001 Refunding) 2/12/10 Issue	\$ 12,750,000
Outstanding 2011 Series (Public Works, Fire, Utilities, Open Space and 2001A Refunding) 5/18/11 Issue	\$ 17,500,000
Total Outstanding Debt (principal)	\$ 130,395,000
MAXIMUM AVAILABLE BONDING CAPACITY	\$ 143,135,966

Existing Debt Levels

Santa Fe County's maximum legal debt capacity for general obligation indebtedness as of June 30, 2011, was \$273,530,966 of which \$130,395,000 has been obligated. This leaves an available bonding capacity of \$143,135,966 in excess of present general obligation debt requirements. All revenues pledged for debt such as general gross receipts taxes, infrastructure gross receipts tax, and environmental gross receipts taxes are expected to be sufficient to make Fiscal Year 2012 debt service payments leaving an available bond payment capacity of \$5,612,556. Property tax rates for servicing the general obligation bond debt is set by the New Mexico Department of Finance and Administration after reviewing the County's general obligation debt schedule for the fiscal year. The property tax mil rate for debt service is reviewed and adjusted on an annual basis for each property tax year that runs from November 1st to October 31st.

The issuance of any bonds or other debt instruments is thoroughly explored and analyzed for its impact on taxes and other recurring revenues. It is carefully considered for its benefit versus the impact that the payments for servicing the debt will have on the taxpayers and is only undertaken in such a manner as not to impede the operations of the government with crushing debt.