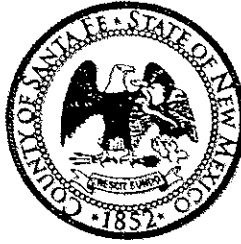


Henry P. Roybal  
Commissioner, District 1

Miguel M. Chavez  
Commissioner, District 2

Robert A. Anaya  
Commissioner, District 3



Kathy Holian  
Commissioner, District 4


Liz Stefanics  
Commissioner, District 5

Katherine Miller  
County Manager

## MEMORANDUM

**DATE:** November 29, 2016

**TO:** Board of County Commissioners

**FROM:** Don Moya, Interim Finance Division Director 

**VIA:** Katherine Miller, County Manager

**SUBJECT:** Approval of Audited Comprehensive Annual Financial Report for FY 2016

---

### ISSUE:

Pursuant to Section 2.2.2.10 J. (4) of 2.2.2 NMAC *Requirements for Contracting and Conducting Audits of Agencies*, it is required that the financial audit report be presented to the Board of County Commissioners at a public meeting for approval.

### BACKGROUND AND SUMMARY:

Santa Fe County has completed its fiscal year 2016 Comprehensive Annual Financial Report (CAFR). Included in this report are the results of the annual audit. Santa Fe County engaged in a contract with REDW, LLC to conduct the annual audit of the County's financial statements for the fiscal year ending June 30, 2016. As part of the required annual audit, our auditors issued three reports as listed below:

1. Independent Auditor's Report (pages 13-15)
2. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (pages 246-247)
3. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (pages 248-250)

A summary outlining the audit results consists of the following:

- ❖ The independent auditor's reports expressed an unmodified or "clean" opinion on the financial statements and on compliance requirements for the major federal award programs of the County.

- ❖ The Schedule of Findings and Questioned Costs (pages 253-257) disclosed three findings for fiscal year 2016. Complete details of the findings and the County's responses may be found on pages 255-257 and is summarized as follows:

2016-001 – Grants Reconciliation (Significant Deficiency)

Summary & Response

The County's process for identifying and reporting federal expenditures did not detect and completely identify all federal award expenditures and certain grants receivable balances were not reconciled at year-end which required audit adjustments to correct the balances. The County's federal grant reporting is decentralized and has historically relied on information provided by the departments to identify and report federal award expenditures and there is no process in place to verify the accuracy and completeness of the information provided. Management recognized that processes needed to be implemented to reconcile and track County grants to ensure accurate and timely reporting of grants. During fiscal year 2016, the County hired two positions to review and reconcile grants as part of their job descriptions. The County has devoted a lot of time to reconciling and tracking grants, however the project was not complete as of June 30, 2016. The Finance Division staff will reconcile and track all active County grants before the end of fiscal year 2017.

2016-002 – Housing Assistance Payments

Summary & Response

The Housing Authority did not complete the initial income examination properly for a tenant. When the error was caught by the Housing Authority staff, the calculation to correct the payments made by the Housing Authority included the month that the error was caught and corrected, resulting in a \$65 overpayment. The Housing Authority will implement a protocol for when income examination and/or housing assistance payment errors are discovered. The protocol will require a secondary review of the accuracy of the calculation and ensure that the recommended action is compliant with applicable regulations.

2016-003 – Cash Receipts (Other Matter)

Summary & Response

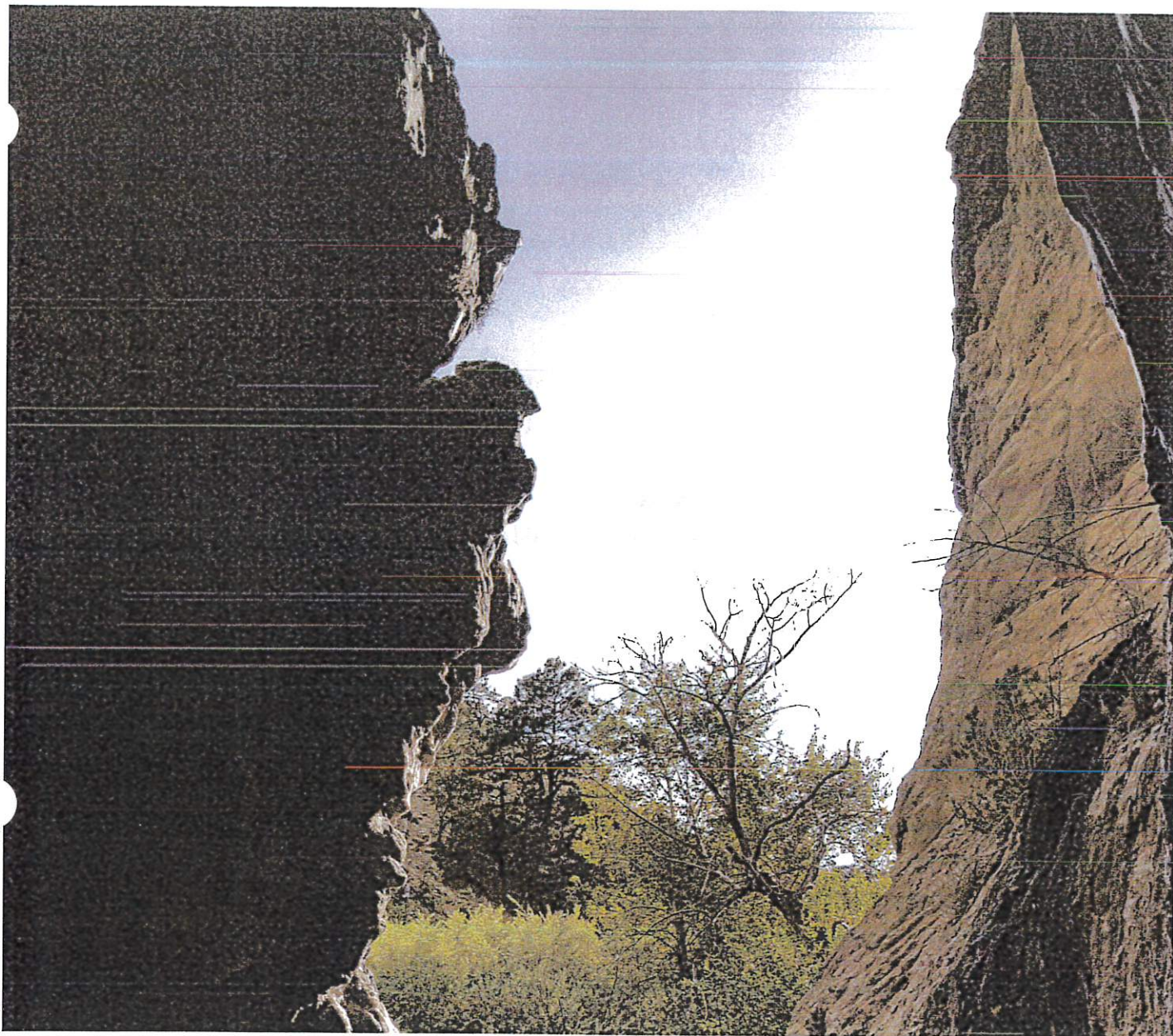
The auditors identified one cash receipt totaling \$24 that was not deposited before the close of the next business day after the receipt of the money in accordance with Section 6-10-3 NMSA 1978. The cash receipt was receipted by a Satellite office and deposited two business days later. The Treasurer's Office will review current processes and evaluate if a procedure can be put in place for Satellite office deposits to help ensure that all deposits are made in accordance with State statute. The Treasurer's Office staff will also remind Satellite offices that deposits should be delivered before the end of business hours to the Treasurer's Office.

- ❖ During fiscal year 2016, the County resolved the prior year finding. The prior year finding that was eliminated during the current fiscal year was 2015-001 Clerks Office Cash Receipts.

**REQUESTED ACTION:**

The Finance Division hereby requests acceptance and approval of Santa Fe County's audited CAFR for the fiscal year ending June 30, 2016.





# **SANTA FE COUNTY, NEW MEXICO**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016 | WITH AUDITORS' REPORTS THEREON**



**SANTA FE COUNTY, NM | 102 GRANT AVENUE | SANTA FE, NM 87501 | [www.santafecountynm.gov](http://www.santafecountynm.gov)**

**SANTA FE COUNTY  
NEW MEXICO  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
JUNE 30, 2016**



**Prepared by:  
Santa Fe County Finance Division**



**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Table of Contents**  
**June 30, 2016**

**INTRODUCTORY SECTION**

	<b><u>Page</u></b>
Letter of Transmittal	3
GFOA Certificate of Achievement	8
Official Roster	9
Organizational Chart	10

**FINANCIAL SECTION**

Independent Auditors' Report	13
Management's Discussion and Analysis (MD & A)	16

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements:	
Statement of Net Position	32
Statement of Activities	33
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	36
Reconciliation of the Balance Sheet –	
Governmental Funds to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances – Governmental Funds to the	
Statement of Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget to Actual – General Fund	40
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget to Actual – Developer Fees Fund	41
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget to Actual – Fire Operations Fund	42
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget to Actual – Corrections Operations Fund	43
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	44
Statement of Revenues, Expenses and Changes in Net Position –	
Proprietary Funds	45
Statement of Cash Flows – Proprietary Funds	46
Statement of Fiduciary Assets and Liabilities – Agency Funds	47
Notes to Financial Statements	48

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of the County's Proportionate Share of the Net Pension Liability	91
Schedule of County Contributions	95
Notes to Required Supplementary Information	99

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Table of Contents**  
**June 30, 2016**

**SUPPLEMENTARY INFORMATION**

Other Major Governmental Funds Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual:	
Capital Outlay GRT	102
Major Proprietary Funds Schedules of Revenues, Expenses and Changes in Net Position – Budget to Actual:	
Home Sales	104
Regional Planning Authority	105
Utilities	106
Housing Services	107
Non-Major Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds- By Fund Type	109
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Non-Major Governmental Funds-By Fund Type	110
Non-Major Special Revenue Funds:	
Combining Balance Sheet	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	121
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	
Regional Transit Fund	127
Corrections Fund	128
Property Valuation Fund	129
Road Maintenance Fund	130
Hold Harmless Gross Receipts Tax	131
Emergency Medical Services Fund	132
Farm and Range Fund	133
Fire Protection Fund	134
Law Enforcement Protection Fund	135
Environmental GRT Fund	136
Lodgers Tax Fund	137
Fire Impact Fees Fund	138
Recreation Fund	139
Clerk Recording Fund	140
Correctional GRT Fund	141
Indigent Hospital Fund	142

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
Table of Contents  
June 30, 2016**

**SUPPLEMENTARY INFORMATION (Continued)**

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget to Actual (Continued)

Indigent Services Fund	143
Economic Development	144
Federal Forfeiture Fund	145
Linkages Fund	146
Housing Choice Voucher Sec 8 Fund	147
EMS Health Care Fund	148
Wildlife/Mountains/Trails Fund	149
EMS Health Hospital Fund	150
Alcohol Programs Fund	151
Detox Programs Fund	152
Emergency Communication Operations Fund	153
Law Enforcement Operations Fund	154
Housing Capital Improvement Fund	155
Non-Major Debt Service Funds:	
Combining Balance Sheet	157
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	158
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	
General Obligation Bond Debt Service	159
Equipment Loan Debt Service	160
Jail Revenue Bond Debt Service Fund	161
GRT Revenue Bond Debt Service Fund	162
WTB Loan/Grant Debt Service	163
Non-Major Capital Projects Funds:	
Combining Balance Sheet	167
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	171

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Table of Contents**  
**June 30, 2016**

**SUPPLEMENTARY INFORMATION (Continued)**

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget to Actual

Community Development Block Grant	175
Capital Projects-Federal Fund	176
Road Projects Fund	177
Special Appropriations & Other Projects Fund	178
GOB Series 2005 – Roads/Water Fund	179
GOB Series 2007A – Judicial Fund	180
GOB Series 2007B – Roads/Water Fund	181
Capital Outlay GRT Series 2008 - Judicial	182
GOB Series 2009 – R,W,OS,SW,F Fund	183
Capital Outlay GRT Series 2009 – Water Rights Fund	184
GOB Series 2011 - R,W,OS,F Imp. & Refunding	185
Equipment Loan Proceeds Fund	186
GOB Series 2013	187
GOB Series 2015	188
GOB Series 2001 – Roads/Fire Fund	189
Facility Bond 1997 - Public Safety	190
GOB Series 2001 - Open Space	191
GOB Series 2016 Improvement/Refund	192
Capital Outlay GRT Series 2016 Improvement/Refund	193

Agency Funds:

Combining Statement of Fiduciary Assets and Liabilities-Agency Funds	195
Combining Statement of Changes in Assets and Liabilities-Agency Funds	197

**STATISTICAL SECTION**

Net Position by Component	202
Changes in Net Position	203
Fund Balances of Governmental Funds	205
Changes in Fund Balances, Governmental Funds	206
Gross Receipts Tax Rates	207
Gross Receipts Tax Collections	208
Federal and State Funds Received (Intergovernmental)	209
Taxable Value of Property	210
Principal Property Tax Payers	211
Property Tax Rates (Mil Rates) - Direct and Overlapping	212
Property Tax Levies and Collections	217



**STATE OF NEW MEXICO  
SANTA FE COUNTY  
Table of Contents  
June 30, 2016**

**STATISTICAL SECTION (Continued)**

Legal Debt Margin Information	218
Ratios of Outstanding Debt by Type	219
Ratios of Net General Bonded Debt	220
Pledged Revenue Coverage	221
Direct and Overlapping Governmental Activities Debt	222
Demographic Information	223
Principal Employers	224
Average Employment by Industry	225
Full Time Equivalent Employees by County Dept/Div. or Elected Office	226
Real Estate – Home Values	227
Household Income	228
Educational Attainment for Population 25 Years and Older	229
School Enrollment for Population 3 Years and Older	230
Population by Age Group	231
Operating Indicators by Function	232
Operating Expenditures by Function (Cash Basis)	233
Capital Assets by Function	234

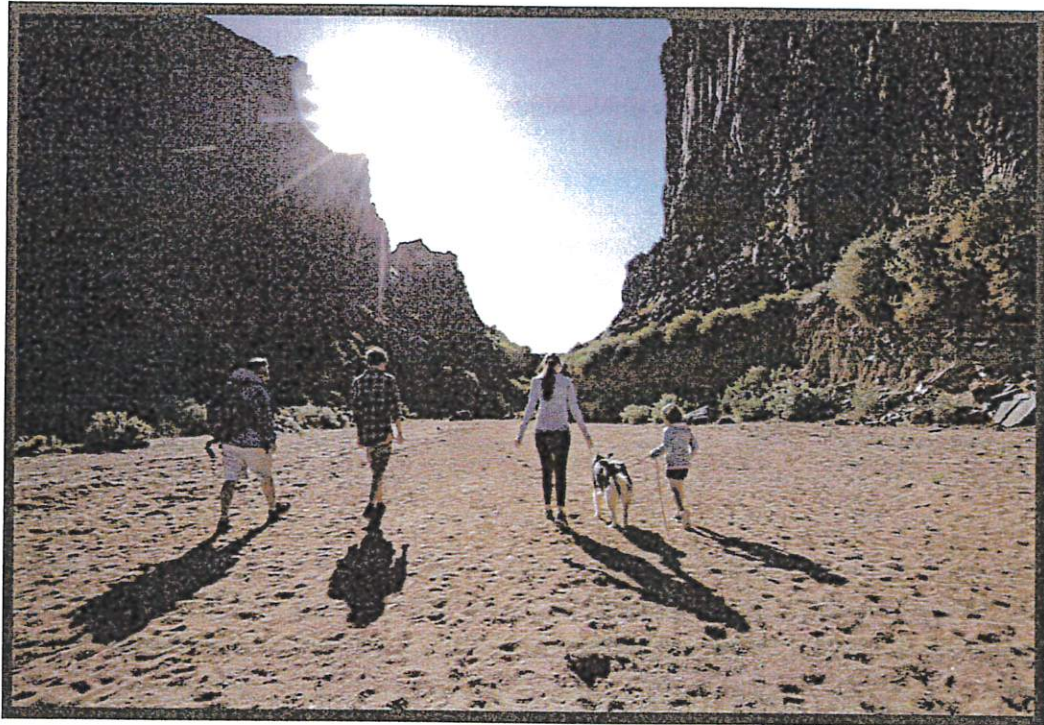
**OTHER SUPPLEMENTARY INFORMATION**

Schedule of Reconciliation of Tax Receipts, Disbursements, and Property	
Tax Receivable	235
Property Tax Schedule	236
Schedule of Joint Powers Agreements & Memorandums of Understanding	237
Schedule of Deposit and Investment Accounts	238
Schedule of Pledged Collateral	239
Financial Data Schedule	240
Schedule of Vendor Information	242

**SINGLE AUDIT SECTION**

Report on Internal Control over Financial Reporting and on Compliance and	
Other Matters Based on an Audit of Financial Statements Performed in	
Accordance With <i>Government Auditing Standards</i>	246
Report on Compliance for Each Major Program	
and on Internal Control Over Compliance Required by the Uniform Guidance	248
Schedule of Expenditures of Federal Awards	251
Notes to Schedule of Expenditures of Federal Awards	252
Schedule of Findings and Questioned Costs	253
Summary Schedule of Prior Audit Findings	258
Corrective Action Plan	259
Exit Conference	260

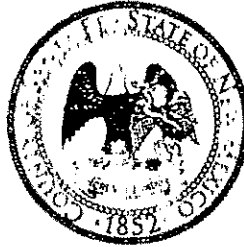
## **INTRODUCTORY SECTION**



**Henry P. Roybal**  
*Commissioner, District 1*

**Miguel M. Chavez**  
*Commissioner, District 2*

**Robert A. Anaya**  
*Commissioner, District 3*



**Kathy Holian**  
*Commissioner, District 4*

**Liz Stefanics**  
*Commissioner, District 5*

**Katherine Miller**  
*County Manager*

November 1, 2016

To the Board of County Commissioners, the County Manager and the citizens of Santa Fe County

We are pleased to submit to you the Comprehensive Annual Financial Report for Santa Fe County for the fiscal year ended June 30, 2016. The financial statements and supporting schedules have been prepared in conformity with generally accepted accounting principles for government, and with the requirements of the State of New Mexico, Office of the State Auditor.

This report consists of management's representations concerning the finances of Santa Fe County. County management assumes full responsibility for the completeness and reliability of the information presented in this report based on a comprehensive framework of internal controls that were established for this purpose. Santa Fe County has established a comprehensive internal control framework that is intended to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements according to generally accepted accounting principles. "Reasonable assurance" is intended to recognize that the cost of maintaining the system of internal accounting controls should not exceed the benefits derived. The County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. The County's management team asserts that, to the best of our knowledge, this financial report is complete and reliable on all material respects.

This report consists of an Introductory Section, the Financial Section which includes the opinion of the County's independent auditor REDW LLC (REDW), a Management's Discussion and Analysis, a Statistical Section with ten years of summary data, and the Other Information Section. The introductory section includes this transmittal letter, the County's organizational chart and a list of County Officials and administrative staff. Readers should refer to the Management's Discussion and Analysis beginning on page 16 of this report for a more detailed overview of how to use this report, and for an introduction to the County's basic financial statements and an analytical overview of the County's financial activities.

REDW has audited the County's financial statements for the fiscal year ended June 30, 2016. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for fiscal year ended June 30, 2016, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; thus, resulting in an assessment of the overall financial statements. REDW concluded that there was a reasonable basis for rendering an unmodified (or clean) opinion that Santa Fe County's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The report may be found on pages 13-15 of this report.

### *The Reporting Entity and Its Services*

Santa Fe County was established by the laws of the Territory of New Mexico of 1852, under provisions of the act now referred to as Section 4-26-1 of the New Mexico Statutes Annotated, 1978 Compilation. Santa Fe County is located in north-central New Mexico. The City of Santa Fe is the capital of the State of New Mexico and is in the center of the County approximately 60 miles northeast of Albuquerque. Santa Fe County has a total area of 1,911 square miles, 1,909 square miles of land and 2 square miles of water. The 2010 decennial census revealed a population of 144,170, which includes 67,947 individuals located in the City of Santa Fe. This reflects a countywide population percentage *increase* since the 2000 decennial census of 11.5%, which is a lower percentage increase than the State as a whole which saw a 13.2% increase during that same period. Based on 2015 population estimates, Santa Fe County had a population of 148,686 and remains the 5<sup>th</sup> highest population growth rate in the State (behind Sandoval, Lea, Curry, Eddy and McKinley) and the 3<sup>rd</sup> most populous County (behind Bernalillo and Dona Ana). The average unemployment rate in July, 2015 was 5.4% which is 1.2% less than the State rate of 6.6%.

The County operates under the commission-manager form of government. All legislative power within the County is vested in an elected five-member Board of Commissioners (BCC). The executive function is divided and shared by the Board and five elected county officials - the Assessor, Clerk, Probate Judge, Sheriff and Treasurer. The County provides the following services: public safety (sheriff, fire, emergency communications and corrections), highways and streets, sanitation, health and social services, low rent housing assistance, affordable housing, culture and recreation, senior services, public projects' improvements, planning and zoning, economic development, and general administration services. A regional planning authority created by the City and County of Santa Fe, as well as County housing services, utility and home sales enterprises are included within the business activity of the County's financial statements.

Santa Fe County maintains extensive budgetary controls; the budget serves as the foundation for Santa Fe County's financial planning and control. Fiscal year 2016 marks the fourth transitional year where the budget was developed using a results-accountable, priority-driven budget methodology (referred to generically as performance-based budgeting). Staff was instructed to build their budget requests focusing on four specific countywide outcomes/goals: provide a safe community, support a healthy community, promote a sustainable community, be a proficient, efficient and transparent government. Staff was further instructed to leave budgets flat to the extent possible. The FY 2016 budget contemplated modest increases to some revenue sources, increases to staff compensation and the cost of benefits, expanded programming in priority areas, significant one-time expenditures for large maintenance and repair items, significant asset renewal and replacement expenditures and provides Departments with the resources that they need to achieve the desired outcomes of their functions.

Public safety, road maintenance, improvement and construction, expanding the utility into a self-sustaining enterprise, economic development, youth program funding, as well as ongoing investment in employees remained priorities in FY 2016. As part of the public safety focus, additional support was given to the wildland fire prevention and suppression program. New funding was also provided for development of management plans for several additional open space properties, public information activities, and sustainability programs including alternative energy programs and watershed restoration. Finally, additional funding was budgeted for operating costs associated with new facilities scheduled to go "on line" during fiscal year 2016.

### *Economic Condition and Outlook*

Major industries in the Santa Fe County area center on tourism and recreation. These include all associated industries such as food, lodging, arts and entertainment. Education and health care also contribute a large portion of the jobs in the area. Professional scientific and management industries also add significantly to the employment base of Santa Fe County. Government employees comprise 27.4% of the workforce with 16,748 employees out of 61,229 total employees as reported by the New Mexico Department of Workforce Solutions. The largest non-governmental employer in Santa Fe County is the local hospital which employs a total of 2,021 employees. The County is the 7th largest employer with 914 employees as of June 30, 2016.

Economic development emerged as a key citizen priority of the quality of life for citizens of Santa Fe County. As a result, this service area received more focus and more resources during the FY 2016 budget process. Film and media, arts, culture and cultural tourism, and alternative and renewable energy initiatives received targeted funding.

Santa Fe County is fortunate to have a large property tax base with a current assessed valuation of \$6.6 billion. In FY 2013 the County Assessor completed a County-wide reappraisal. This reappraisal was intended to ensure that all properties have been captured on the tax rolls as well as to ensure "true and correct" valuations of all properties in the County and is statutorily required on a periodic basis. The tax year 2015 taxable valuation (the tax year applicable to fiscal year 2016) experienced an increase of \$48.0 million or 0.7% when compared to tax year 2014. Property tax collections continued to be strong in FY 2016 with a slight increase up to 96.29 percent.

In FY 2016 Santa Fe County increased the budget for countywide gross receipts taxes by three percent. This increase represents a very conservative projection of collections which have begun to rebound from the significant declines of FY 2009 through FY 2011. Santa Fe County budgeted the unincorporated GRTs up three percent as well, in FY 2016. While the unincorporated GRTs have been slower to rebound experiencing declines from FY 2009 through FY 2013, they have begun to rebound allowing for the modest increase in the budget.

A principal issue for Santa Fe County is the funding of a large regional water system which will serve the Northern part of the County, which has historically obtained its drinking water from wells. The Aamodt Settlement of water rights requires that a regional water system be designed and constructed. The cost of building this regional system will be borne by the Federal



government, the State of New Mexico and Santa Fe County. The current understanding is that Santa Fe County' funding commitment will be approximately \$24 million.

The County continues to strive to incorporate financial planning in its long-range vision to remain solvent in the current economy. The County maintains the State mandated cash reserve requirements in the general fund and the road fund. During fiscal year 2015 the Board of County Commissioners approved new fund balance requirements that include committing general fund balance for disaster recovery, uninsured losses, major infrastructure repair and replacement and a contingency reserve. The new requirements also include a 10% contingency reserve in each fund that supports ongoing operations (excluding grant funds). Additionally, the County maintains a \$3.0 million budgeted contingency reserve to assist, if necessary, in times of economic distress. Thus far the County has not had to make use of the contingency reserve which has been in place at varying levels of funding since FY 2011.

As the economy recovered, the County has both conscientiously and strategically maintained sufficient reserves and continued to be conservative with revenue projections. This strategy has enabled the County to not impact employees either by reduced salaries or furloughs. Actually this strategy has enabled the County to increase contributions to health insurance for employees and continue cost of living increases.

### ***Financial Policies***

The County's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the County's utilities and other enterprise activities are maintained on an accrual basis.

In developing and maintaining the County's accounting system, consideration is given to the adequacy of the internal control structure. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The State of New Mexico requires a balanced budget for each fund. The budget is reviewed by the Governing Body and is formally adopted by the passage of a budget resolution. Santa Fe County imposes this balanced budget standard in conjunction with the standard that recurring expense in each fund be sourced with recurring revenue. A monthly report of major revenue sources, costs category and fund expenses and major fund cash positions is produced and reported to the Board of County Commissioners. Lastly, written quarterly budget updates are approved and provided to the Governing Body and are submitted to the State Department of Finance and Administration Local Government Division, pursuant to state law.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Santa Fe County for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This is the third year that the County has received this GFOA award. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

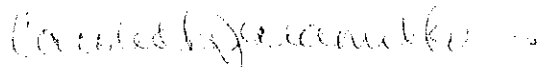
Santa Fe County also received the Government Finance Officers Association Distinguished Budget Presentation award for the fiscal year 2016 Final Budget. This is the eighth year that the County has received this GFOA budget award.

### *Acknowledgments*

The preparation of this report could not have been accomplished without the dedication of staff within the Finance Division. A special thanks to Lynette Kennard, accounting and financial reporting manager. Ms. Kennard displayed interminable commitment and professionalism coordinating the audit process and in preparing these financial statements.

We wish to express our sincere appreciation to all staff members whose efforts made the preparation of the report possible. We would also like to thank the staff from other County departments who assisted and contributed to its preparation. Finally, without the leadership and support of the County Manager and the members of the Board of County Commissioners, preparation of this report would not have been possible.

Respectfully submitted,



Carole H. Jaramillo  
Finance Division Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Santa Fe County  
New Mexico**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

STATE OF NEW MEXICO  
SANTA FE COUNTY

OFFICIAL ROSTER

JUNE 30, 2016

COUNTY COMMISSIONERS



Henry Roybal  
Member, District 1



Miguel M. Chavez  
Chair, District 2



Robert Anaya  
Member, District 3



Kathy Holian  
Member, District 4



Liz Stefanics  
Member, District 5

ELECTED OFFICIALS



Gus Martinez  
County Assessor



Patrick Varela  
County Treasurer



Robert Garcia  
County Sheriff



Geraldine Salazar  
County Clerk



Shannon B. Bulman  
Probate Judge

ADMINISTRATIVE OFFICIALS

Katherine Miller



County Manager

Rachel O'Connor  
Jeff Trujillo  
Penny Ellis-Green  
Pablo Sedillo III  
Greg Shaffer  
Michael Kelley  
Claudia I. Borchert  
Bernadette Salazar  
Carole H. Jaramillo

Community Services Department  
Administrative Services Department Director  
Growth Management Department Director  
Public Safety Department Director  
County Attorney  
Public Works Director  
Utilities Division Director  
Human Resources Division Director  
Finance Division Director

## FISCAL YEAR ENDED JUNE 30, 2016



## **FINANCIAL SECTION**









CPAs | Business & Financial Advisors

## Independent Auditor's Report

Mr. Timothy Keller, New Mexico State Auditor  
and

To the Honorable Members of the Board of County Commissioners  
Santa Fe County, New Mexico

### Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of the Santa Fe County, New Mexico (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise, fiduciary funds and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

### Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, and fiduciary funds of the County as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.





### *Other Matters*

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons (2.2.2.10(R)(1)NMAC). The introductory section, statistical section, Schedule of Vendor Information, Schedule of Changes in Assets and Liabilities for Agency Funds, Financial Data Schedule, and other supplementary information required by Section 2.2.2.10 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Changes in Assets and Liabilities for Agency Funds, Financial Data Schedule, other supplementary information required by Section 2.2.2.10 NMAC, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Assets and Liabilities for Agency Funds, Financial Data Schedule, other supplementary information required by Section 2.2.2 NMAC, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections and the Schedule of Vendor Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

REDWllc

Albuquerque, New Mexico  
November 1, 2016



**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

As management of Santa Fe County (County), New Mexico, we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016.

***FINANCIAL HIGHLIGHTS***

The financial statements, which follow Management's Discussion and Analysis, provide the significant key financial highlights for fiscal year 2016 as follows:

- In the Statement of Net Position the County's total net position of governmental activities increased \$22.2 million and business-type activities decreased by \$0.2 million. In total, the net change of \$22.0 million represents an increase of 6.1 percent from the prior year. The County continues to have a strong financial position, operating reserves and assets available to provide services to the citizens.
- The Statement of Net Position reflects the recording of \$65.0 million in net pension liability, \$6.6 million in deferred outflows, and \$1.8 million in deferred inflows in accordance with the requirements of GASB Statement No. 68 (GASB 68).
- In the Statement of Activities, the total governmental activities revenue totaled \$144.1 million, of which general revenues from governmental activities accounted for \$125.2 million or 86.9 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18.9 million or 13.1 percent of total revenue from governmental activities.
- In the Statement of Activities, the total business-type activities revenue totaled \$7.1 million, of which general revenues from business-type activities accounted for \$1.5 million or 21.1 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$5.6 million or 78.9 percent of business-type activities.
- In the Statement of Activities the County had \$120.6 million in expenses related to governmental activities, of which \$18.9 million were offset by program specific charges for services or grants and contributions. General revenues of \$125.2 million were adequate to provide for the remaining costs of these programs. The County had \$7.3 million in expenses related to business-type activities. These expenses were offset by program specific revenues in the form of charges for services and operating grants and contributions of \$5.6 million.
- The General Fund had \$66.3 million in revenue, which primarily consisted of taxes, charges for services and interest earnings. The total expenditures of the General Fund were \$33.6 million. The General Fund's fund balance increased by \$4.5 million compared to a fiscal year 2015 increase in the fund balance of \$1.8 million. Overall revenue increased, by \$2.4 million, which is the net result of increases in property tax collections, gross receipts taxes, other taxes, interest earnings and grants and intergovernmental revenue and decreases in

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

***FINANCIAL HIGHLIGHTS (Continued)***

charges for services and licenses and permits. Expenses increased by \$1.7 million as the net result of increases in general government, culture and recreation, public safety, health and welfare and capital outlays and decreases in public works and housing. Additionally, the transfers to other funds decreased by \$2.0 million.

***OVERVIEW OF FINANCIAL STATEMENTS***

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, deferred outflows, liabilities and deferred inflows with assets and deferred outflows minus liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements of the County's activities are presented in the following categories:

- **Governmental activities** – Most of the County's basic services are included here, such as general government, public safety, public works, and culture and recreation. Gross receipt taxes, property taxes, and intergovernmental revenues finance most of these activities.
- **Business-type activities** – The services provided by the County included here are home sales, regional planning, utilities and housing services. These services are primarily financed through charges for services.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal

STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016

***OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)***

requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Fire Operations Fund, Capital Outlay GRT Fund, Developer Fees Fund, and Corrections Operations Fund, which are considered to be the County's major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules.

- **Proprietary funds.** The County maintains four proprietary funds. These enterprise funds are used to report certain functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its home sales program, regional planning authority, utilities, and housing authority.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is an accrual basis of accounting.

**Notes to the financial statements.** The notes (pages 48-89) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Under New Mexico Administrative code Section 2.2.2, governments in New Mexico must include the budgetary

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

***OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)***

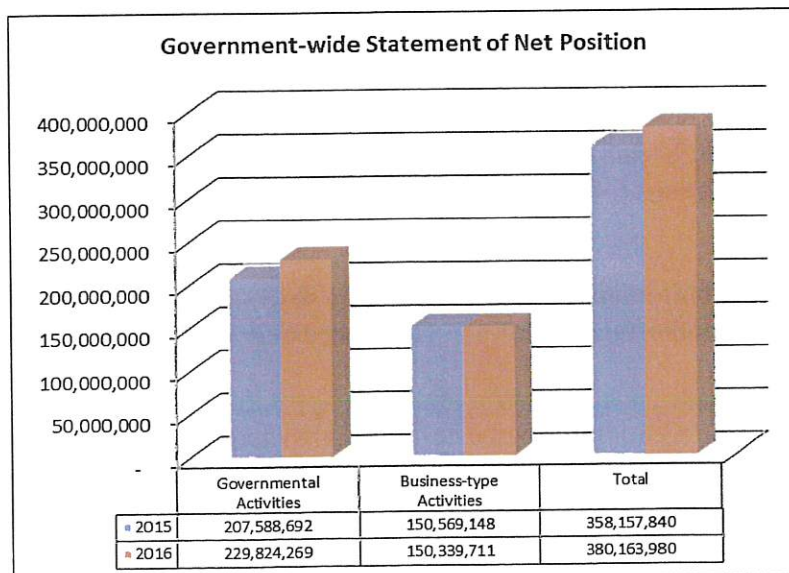
comparison statement for the General Fund as well as major special revenue fund data as a component of the fund financial statements within the basic financial statements.

***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$380.2 million at the current fiscal year end.

A significant portion of the County's net position reflects its investment in capital assets (e.g. land, construction in progress, infrastructure, buildings and improvements, and vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding plus any unspent proceeds and deferred outflows on advance refunding of bonds. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, \$79.1 million of the County's net position are restricted for the specified purposes of debt service repayment and capital outlay investment.

The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The same situation held true for the prior fiscal year. The most significant changes from the previous fiscal year were the addition of \$12.1 million of current assets, primarily cash and investments, an increase of \$2.2 million of current liabilities, and the addition of \$3.7 million of long-term liabilities. Net pension liability increased by \$15.3 million, deferred outflows decreased by \$2.8 million and deferred inflows decreased by \$14.4 million. The following chart and table present comparative information of the County's net position for the fiscal years ending June 30, 2016, and June 30, 2015.





**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Government-Wide Statement of Net Position					
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>						
Current and other assets	\$ 252,392,607	\$ 19,425,877	271,818,484	\$ 241,662,353	18,036,784	\$ 259,699,137
Capital assets, net	257,784,446	133,422,467	391,206,913	252,168,893	134,830,541	386,999,434
<b>Total Assets</b>	<b>510,177,053</b>	<b>152,848,344</b>	<b>663,025,397</b>	<b>493,831,246</b>	<b>152,867,325</b>	<b>646,698,571</b>
<b>DEFERRED OUTFLOWS</b>	<b>8,482,509</b>	<b>193,052</b>	<b>8,675,561</b>	<b>11,170,851</b>	<b>268,404</b>	<b>11,439,255</b>
<b>LIABILITIES</b>						
Current and other liabilities	13,660,772	761,248	14,422,020	11,540,762	650,776	12,191,538
Long-term liabilities	273,297,692	1,887,293	275,284,985	270,098,335	1,444,009	271,542,344
<b>Total Liabilities</b>	<b>287,058,464</b>	<b>2,648,541</b>	<b>289,707,005</b>	<b>281,639,097</b>	<b>2,094,785</b>	<b>283,733,882</b>
<b>DEFERRED INFLOWS</b>	<b>1,776,829</b>	<b>53,144</b>	<b>1,829,973</b>	<b>15,774,308</b>	<b>471,796</b>	<b>16,246,104</b>
<b>NET POSITION</b>						
Net Investment in capital assets	90,599,612	133,422,467	224,022,079	76,764,029	134,830,541	211,594,570
Restricted:						
Contractual & Statutory requirements	67,285,978	-	67,285,978	58,561,585	-	58,561,585
Debt service	15,737,946	-	15,737,946	13,570,196	-	13,570,196
Capital outlay	63,323,044	-	63,323,044	67,187,332	-	67,187,332
Unrestricted (Deficit)	(7,122,311)	16,917,244	9,794,933	(8,494,450)	15,738,607	7,244,157
<b>Total net position</b>	<b>\$ 229,824,269</b>	<b>\$ 150,339,711</b>	<b>\$ 380,163,980</b>	<b>\$ 207,588,692</b>	<b>\$ 150,569,148</b>	<b>\$ 358,157,840</b>

**Changes in net position.** The County's total revenues for the fiscal year 2016 were \$149.9 million. The total cost of all programs and services was \$127.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

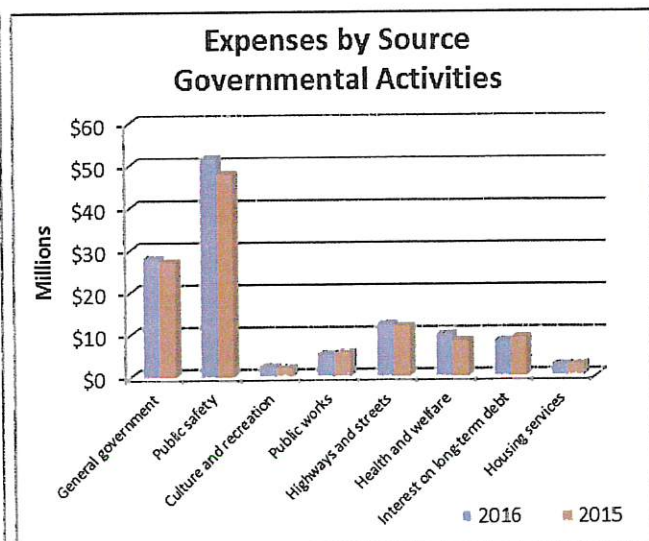
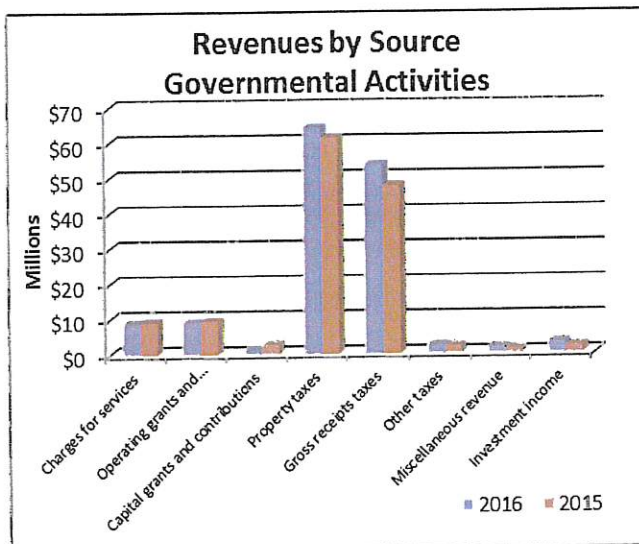
	2016			2015		
	Changes in Net Position			Changes in Net Position		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 8,836,183	\$ 5,114,694	\$ 13,950,877	\$ 9,072,068	\$ 4,927,801	\$ 13,999,869
Operating grants and contributions	8,979,999	478,713	9,458,712	9,379,709	523,288	9,902,997
Capital grants and contributions	1,032,777	-	1,032,777	2,651,061	-	2,651,061
General revenues						
Property taxes, levied for debt svs.	12,896,717	-	12,896,717	50,003,374	-	50,003,374
Property taxes, levied for general	51,324,207	-	51,324,207	11,373,993	-	11,373,993
Gross receipts taxes	53,712,221	-	53,712,221	47,801,199	-	47,801,199
Other taxes	2,368,087	-	2,368,087	2,185,022	-	2,185,022
Miscellaneous revenue	1,877,949	-	1,877,949	1,298,075	-	1,298,075
Investment income	3,117,041	149,263	3,266,304	2,049,343	112,131	2,161,474
<b>Total revenues</b>	<b>144,145,181</b>	<b>5,742,670</b>	<b>149,887,851</b>	<b>135,813,844</b>	<b>5,563,220</b>	<b>141,377,064</b>
<b>Expenses</b>						
General government	28,036,400	-	28,036,400	27,191,186	-	27,191,186
Public safety	51,658,671	-	51,658,671	47,837,664	-	47,837,664
Culture and recreation	2,387,033	-	2,387,033	2,113,464	-	2,113,464
Public works	5,283,281	-	5,283,281	5,706,823	-	5,706,823
Highways and streets	12,390,623	-	12,390,623	11,799,859	-	11,799,859
Health and welfare	9,958,877	-	9,958,877	8,376,767	-	8,376,767
Interest on long-term debt	8,280,066	-	8,280,066	9,087,710	-	9,087,710
Home Sales	-	1,312	1,312	-	9,781	9,781
Regional Planning Authority	-	-	-	-	-	-
Utilities Department	-	6,228,714	6,228,714	-	8,592,558	8,592,558
Housing Services	2,596,101	1,060,633	3,656,734	2,720,326	1,093,347	3,813,673
<b>Total expenses</b>	<b>120,591,052</b>	<b>7,290,659</b>	<b>127,881,711</b>	<b>114,833,799</b>	<b>9,695,686</b>	<b>124,529,485</b>
<b>Increase (decrease) in net position before transfers</b>	<b>23,554,129</b>	<b>(1,547,989)</b>	<b>22,006,140</b>	<b>20,980,045</b>	<b>(4,132,466)</b>	<b>16,847,579</b>
Transfers	(1,318,552)	1,318,552	-	-	-	-
<b>Change in net position</b>	<b>\$ 22,235,577</b>	<b>\$ (229,437)</b>	<b>\$ 22,006,140</b>	<b>\$ (4,132,466)</b>	<b>\$ -</b>	<b>\$ 16,847,579</b>

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

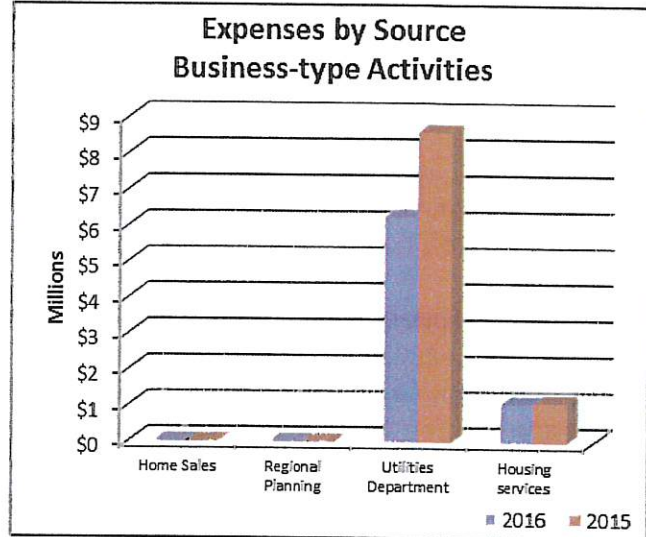
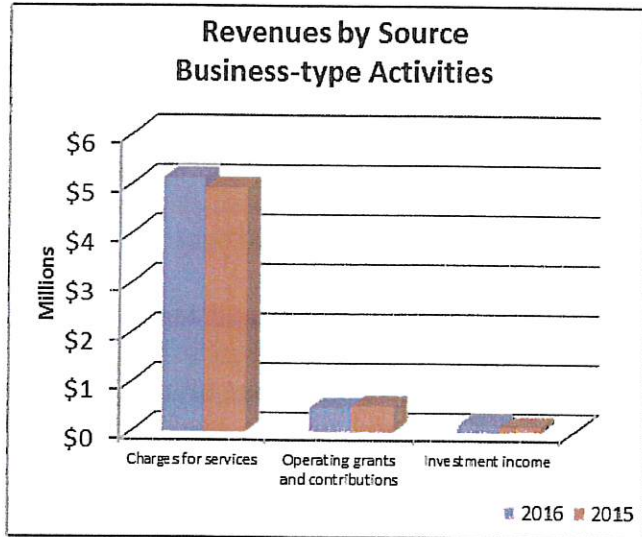
**Governmental and Business-type activities.** The following table presents the cost of the twelve (12) major County functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

	2016		2015	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
<b>Governmental Activities</b>				
<b>Expenses</b>				
General government	\$ 28,036,400	\$ (24,704,803)	\$ 27,191,186	\$ (23,830,223)
Public safety	51,658,671	(41,318,838)	47,837,664	(37,270,239)
Culture and recreation	2,387,033	(1,961,161)	2,113,464	(200,088)
Public works	5,283,281	(5,068,805)	5,706,823	(5,449,752)
Highways and streets	12,390,623	(11,810,666)	11,799,859	(11,046,247)
Health and welfare	9,958,877	(8,706,674)	8,376,767	(6,318,792)
Interest on long-term debt	8,280,066	(8,280,066)	9,087,710	(9,087,710)
Housing Services	2,596,101	108,920	2,720,326	(527,910)
<b>Total</b>	<b>\$ 120,591,052</b>	<b>\$ (101,742,093)</b>	<b>\$ 114,833,799</b>	<b>\$ (93,730,961)</b>
<b>Business-type Activities</b>				
Home Sales	\$ 1,312	\$ 58,114	\$ 9,781	\$ (9,781)
Utilities Department	6,228,714	(1,708,240)	8,592,558	(4,126,012)
Housing Services	1,060,633	(47,126)	1,093,347	(108,804)
<b>Total</b>	<b>\$ 7,290,659</b>	<b>\$ (1,697,252)</b>	<b>\$ 9,695,686</b>	<b>\$ (4,244,597)</b>



STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**



- The cost of all governmental activities this year was \$120.6 million; the increase of \$5.8 million from the prior year was primarily due to increases in expenses related to general government, public safety, highways and streets, culture and recreation and health and welfare which were offset by decreases in expenses related to public works, housing and interest on long-term debt. The most significant increase, \$3.8 million, was seen in public safety and is attributable to a change in the pension expense recorded in fiscal years 2015 and 2016 and increased operating expenses at the adult detention facility. The balance of the increase is due to increased operating expenses due to investments in employees.
- The cost of all business-type activities this year was \$7.3 million, a net decrease of \$2.4 million from the prior year. The decrease was primarily in the Utilities Department which accounts for \$2.36 million of the total net decrease. The year over year decrease in the Utilities Department is the result of recognition of a loss on the sale of land in fiscal year 2015 of \$4.1 million in combination with an increase in administrative expenses associated with operating the utility in fiscal year 2016 of \$1.7 million.
- Charges for services and contributions subsidized certain governmental programs and business-type programs with revenues of \$24.5 million, a net decrease of \$2.0 million from the prior year. The decrease can be found in governmental activities which experienced decreases in charges for services of \$0.2 million, operational grants and contributions of \$0.3 million, and capital grants and contributions of \$1.6 million. Charges for services in business-type programs increased by \$0.2 million.
- Net cost of governmental activities of \$101.7 million was financed by general revenues, which are made up primarily of property taxes and gross receipts taxes of \$117.9 million. The majority of costs can be attributed to general government, public safety, highways and streets, health and welfare and interest on long-term debt.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the County's governmental funds is on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirement. In particular, unrestricted fund balances may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$225.5 million, an increase of \$11.5 million. This increase is attributable to the net of increases in assets totaling \$9.4 million and decreases in liabilities and deferred inflows totaling \$2.2 million. The increase in assets is net of increases in the cash and investments categories of \$13.0 million and a smaller amount net of increases and decreases in other asset categories. The primary decreases in assets are in accounts receivable and due from other funds while small increases were experienced in mortgages receivable, down payment assistance receivable and prepaids and other. The decreases in liabilities and deferred inflows can primarily be seen in the property taxes and unavailable revenue categories with an increase in mortgages and down payment assistance.

The General Fund is the principal operating fund of the County. The General Fund's fund balance increased \$4.5 million to \$79.2 million at year end. In fiscal year 2015 the fund balance increased by \$1.8 million. Overall revenue increased by \$2.4 million, which is the net result of increases in property tax collections, gross receipts tax collections, other taxes and assessments, intergovernmental revenue, federal and state grants, and interest earnings and decreases in licenses and fees, charges for services, grants and other revenue. Expenses increased by \$1.7 million as the net result of increases in general government, public safety, culture and recreation, health and welfare and capital outlays, and decreases in public works, and housing. Additionally, the transfers to other funds decreased by \$2.1 million.

Major special revenue funds include the Developer Fees Fund which reflects a slight increase in fund balance of \$48,050 attributable to client payment of affordable mortgages. Another major fund, the Corrections Operations Fund saw a decrease of \$1.4 million in fund balance. The decrease is the result of the use of cash to complete capital and maintenance projects, and other one-time expenses for which cash had been accumulated. The Fire Operations Fund continues to be reported as a major fund this fiscal year and experienced an increase of \$1.4 million in fund balance. The increase is due to increased gross receipt taxes, ambulance fee collections and grants as well as other financing sources.

The Capital Outlay Gross Receipts Tax Fund, the only capital improvement fund reported this fiscal year as a major fund, realized an increase in its fund balance of \$0.3 million. This increase in fund balance is a result of an increase in gross receipts taxes greater than the increase in expenses caused by various capital projects moving forward.



**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
**YEAR ENDED JUNE 30, 2016**

***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Continued)***

**Proprietary funds.** The Enterprise Funds net position decreased by \$0.2 million to \$150.3 million at year end. The decrease can be attributed to a reduction in investments in capital assets and changes in the net pension liability, deferred inflows and deferred outflows in accordance with GASB 68.

***BUDGETARY HIGHLIGHTS***

The fiscal year 2016 original budget was developed using a results-accountable, performance-based budgeting methodology and marked the fourth transitional year to this form of budgeting. Staff was instructed to build their budget requests in such a manner as to fund each function adequately to achieve the function's desired outcome while leaving the budget as flat as possible due to somewhat flat revenue projections.

The fiscal year 2016 original budget totaled \$297.9 million of which \$54.9 million represented interfund transfers. Excluding these transfers the total fiscal year 2016 budget was \$243.0 million. This represents a \$61 million increase from the fiscal year 2015 budget. Most of this increase lies within the capital improvement funds which increased by \$35.7 million. Debt service also increased by \$10.8 million for payment of the refunded 2005A general obligation bonds.

The vast majority of the County's budget was within its special revenue funds totaling \$104.4 million. A distant second majority was the General Fund totaling \$85.0 million. The remainder of the budget was comprised of capital improvement funds (\$66.8 million), debt service funds (\$29.9 million) and enterprise funds (\$11.9 million).

Many of the funding priorities remained from fiscal year 2015 to fiscal year 2016. Public safety, road maintenance, improvement and construction, and expanding the utility into a self-sustaining enterprise were priorities that carried over from FY 15 to FY 16 as were economic development, the expansion of youth programs and library programs, and completing management plans for key open space properties remained priorities.

The Public Safety Department (including the Sheriff's Office) continued to have the largest operating budget of any department in the County. The General Fund heavily supported these operations by transferring funds. Road maintenance, improvement and construction of new roads are perpetual priorities for the citizens and the Commission. The road maintenance budget was increased by \$0.3 million from \$5.6 million in FY 15 to \$5.9 million in FY16. The increase resulted from an increase in the goods and services needed for maintenance of the roads. The increase was reflected in the General Fund support which increased from \$4.9 million in FY 15 to \$5.2 million in FY16.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

***BUDGETARY HIGHLIGHTS (Continued)***

Expanding the Water and Wastewater Utility to become a self-sustaining enterprise is ongoing. In FY 16 the Utility continued to expand its customer base and seek ways to increase its service area. The budget also included new and reclassified positions and additional compensation in FY 16 which totaled more than \$1.4 million across all funds. Funding was approved for cost of living increases, a merit pool, a wellness program, education benefits, improvement to the physical work environment and capital funding to provide better equipment with which employees do their work.

Other new initiatives that received funding were targeted economic development initiatives (\$0.4 million), expanded youth programs (\$50K), and development of open space management plans for three key open space properties (\$150K), operation of new community facilities (\$159K), employee wellness program (\$100K), and a countywide re-branding effort (\$150K). The County also established local economic development project funding (\$1.0 million), community improvement district funding (\$3.0 million), and a renewable energy/energy efficiency program (\$0.5 million).

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets.** For fiscal year ended June 30, 2016, the County invested \$16.9 million in capital assets, including buildings, water systems, facilities, vehicles, computers, equipment, and infrastructure assets. The investment net of deletions represents an increase of \$14.5 million prior to depreciation. Total depreciation expense for the current fiscal year was \$12.6 million. The following schedule presents capital asset balances for the fiscal years ended June 30, 2016, and June 30, 2015.

	As of June 30, 2016	As of June 30, 2015
<b>Governmental Activities</b>		
Land	\$ 37,678,241	\$ 37,036,236
Buildings and improvements	185,700,696	183,034,048
Infrastructure	79,574,442	77,562,040
Vehicles, Furn. Fixtures & Equip.	65,033,801	62,971,173
Construction in progress	10,701,854	4,925,257
Right of way land	10,109,940	10,109,940
Less: Accumulated Depreciation	(131,014,528)	(123,469,801)
<b>Total</b>	<b>\$ 257,784,446</b>	<b>\$ 252,168,893</b>
<b>Business-type Activities</b>		
Land	\$ 876,119	\$ 876,119
Buildings and improvements	7,858,297	7,808,937
Water systems	124,132,020	122,974,821
Vehicles, Furn. Fixtures & Equip.	1,197,048	1,240,169
Construction in progress	784,081	607,074
Water rights	17,808,069	17,808,069
Less: Accumulated Depreciation	(19,233,167)	(16,484,648)
<b>Total</b>	<b>\$ 133,422,467</b>	<b>\$ 134,830,541</b>

Additional information on the County's capital assets can be found in Note 5 Capital Assets, pages 65 through 67.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

***CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)***

**Debt Administration.** At year end, the County had \$198.8 million in long-term debt principal outstanding. The following table presents a summary of the County's outstanding long-term debt for the fiscal year ended June 30, 2016, and June 30, 2015. Additional information on the County's debt can be found in Note 9 Bonds Payable, pages 69 through 71.

	<u>2016</u>	<u>2015</u>
Bonds payable	\$118,410,000	\$125,545,000
Revenue bonds payable	\$ 80,405,000	\$ 84,030,000
<b>TOTAL</b>	<u>\$198,815,000</u>	<u>\$ 209,575,000</u>

State statute currently limits the amount of general obligation debt a County may issue for general purposes to 4 percent of its total assessed property valuation. The general obligation debt limitation for general purposes for the County as of June 30, 2016 is \$262.5 million. State statute currently does not limit the amount of general obligation debt a County may issue for Water and Wastewater systems. Debt service per capita in fiscal year 2016 totals \$136.82; \$84.77 for general obligation debt service and \$52.05 for revenue bond and other debt service. Outstanding debt per capita totals \$1,344.25; \$799.18 for general obligation debt and \$545.07 for revenue bonds and other debt.

**Credit Ratings.** The financial condition of the County is strong as reflected by the County's bond rating of AA+ from Standard & Poor for the General Obligation Series 2016 (which closed after June 30, 2016). Such a rating was assigned given that the County's restricted revenues provide satisfactory debt service coverage, the County has a large and diverse tax base and the County maintains solid financial operations with strong reserves.

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES***

In fiscal year 2017 Santa Fe County continued with its transition to a performance-based budget. With the formal approval of four population goals – Provide a Safe Community, Promote a Sustainable Community, Support a Healthy Community, and Be a Proficient, Transparent, and Accessible Government -- and priorities revealed by the citizen survey conducted during FY 2014, as well as input from various advisory boards, and direct input from citizens to their Commissioners, the County's budget was developed. Priorities included public safety, roads, open space and trails master planning and maintenance, facility maintenance, water planning, and senior services. The most significant priority change was in the area of economic development and programming and operational funding for new facilities which are scheduled to come "on-line" in FY 2017 and additional health services.

The fiscal year 2017 established budget totaled \$338.6 million, or \$281.0 million excluding inter-fund transfers. The most significant increase from the fiscal year 2016 budget can be found in the capital improvement funds. In fiscal year 2016 the County moved away from budgeting capital improvement projects "on time," or budgeting projects only when they were ready to

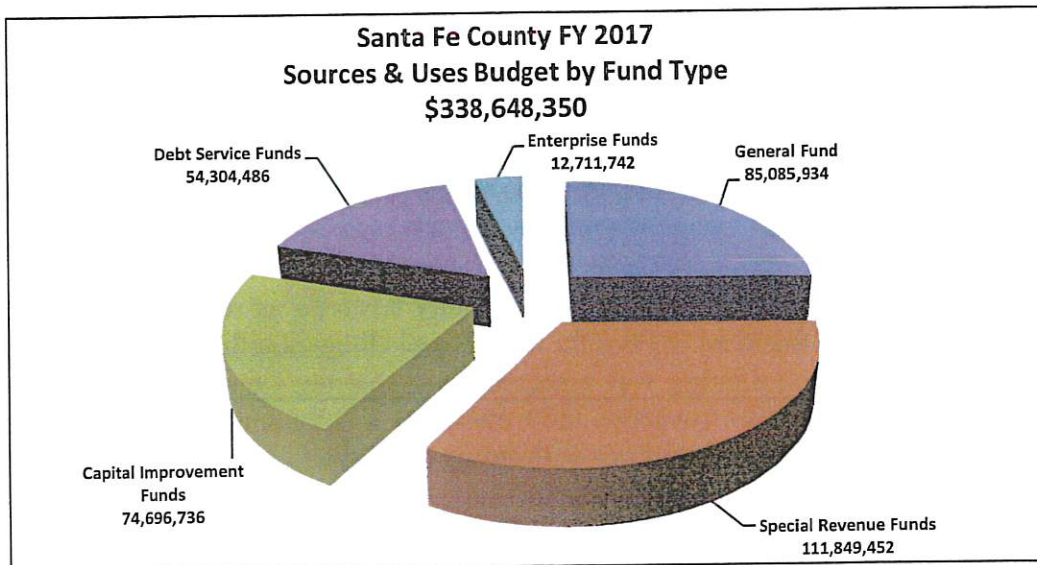


**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)***

move forward, and began to budget projects as they were approved by the Board regardless of their readiness to proceed. With the sale of additional general obligation bonds, revenue bonds as well as cash from capital outlay and other gross receipts taxes the County increased the size of its capital budget in fiscal year 2017 from fiscal year 2016.

The other significant increase is in the general obligation debt service fund which includes \$35.5 million to pay off two bond series which were advance refunded late in fiscal year 2015. In fiscal year 2016 revenue projections supported a slight increase in property tax based on trend analysis of collections from the past three years. Revenue projections also include a 2 percent increase for previously imposed gross receipts taxes plus a full year of collections for most recently imposed gross receipts tax which was had revenue distributions for only 10 months in FY2016 (special revenue funds).



Changes from the fiscal year 2016 budget resulted in an increase in most funds from fiscal year 2016 to fiscal year 2017. Highlighted below are some of the significant changes.

Major changes in the General Fund are:

- Decreased the Asset Renewal and Replacement package (formerly known as the capital package) (\$0.1 M).
- Decreased General Fund support of the Road Fund (\$0.7 M).
- Decreased General Fund support of the Law Enforcement Operations Fund (\$0.6 M).
- Rededication of a 1/8% gross receipts tax from special revenue to general purposes increased general fund revenue and expenses. Revenue from this rededicated gross receipts tax is transferred to support health programs and Fire/EMS operations (\$4.6 M).
- Decreased General Fund support of the Corrections Operations Fund (\$1.2 M).
- Elimination of a set-aside for support of Capital Improvement Districts (\$3.0M).
- Addition of Health Insurance Reserve Set-Aside (\$2.0M).

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2016**

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)***

- In FY 2017 all capital improvement funds totaled \$74.7 million versus FY 2016 with total capital improvement funding of \$66.8 million. The increase was due to the addition of two funds for new bond issuances scheduled to close in early FY 2017 totaling \$14.7 million and decreases primarily in the 2011 GOB (\$4.4 million) and 2013 GOB (\$2.2 million) funds which were spent down during FY 2016.
- In FY 2017 the Hold Harmless Gross Receipts Tax FY 2016 fund increased by \$0.7 million. This 1/8% gross receipts tax increment went into effect on July 1, 2015 thus the County began receiving revenue from this tax in September, 2015. The increase is due to receiving a full year of revenue in FY 2017.
- The Lodger's Tax Facilities Fund increased by \$0.8 million.
- The Indigent Hospital Fund increased by \$2.8 million.
- The Indigent Services Fund increased by \$3.2 million.
- The Economic Development increased by \$0.3 million.
- The Regional Emergency Communications Center (RECC) Operations Fund increased by \$0.3 million. Since this fund has no significant funding of its own, it is reliant upon transfers from other funds. In FY 2017 the Fire Operations fund will transfer \$3.4 M to the RECC.
- The General Obligation Debt Service Fund increased by \$24.2 million. The budget for the 2015 GOB Series bonds which refunded the 2005A Series GOB and advance refunded the 2007A and 2007 B GOB Series bonds are responsible for the large year over year change. In FY 2016 budgeted proceeds from the 2015 GOB Series for refunding the 2005A Series GOB equaled \$9.4 million. In FY 2017 the proceeds from the advance refunding of the 2007A and 2007B GOB Series bonds is \$35.5 million. The remaining difference is a net decrease in the debt service payments of all other debt totaling \$1.9 million.
- The Water Enterprise Fund (505) increased by \$0.8 million. The increase resulted from an increase in funds set aside for addressing structural problems with the Buckman Direct Diversion facility operation of which the County and the City of Santa Fe partners.

We believe this written analysis and the accompanying financial reports will indicate to the reader that Santa Fe County is in good financial health. Factors such as bond ratings, fund balances, cash on hand and budget management, reflect a positive financial direction and management.

***REQUEST FOR INFORMATION***

This financial report is designed to provide our citizens, taxpayers, customer, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Finance Division, Santa Fe County, 102 Grant Avenue, Santa Fe, New Mexico 87501 or visit our website at [www.santafecounty.org](http://www.santafecounty.org).

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 160,199,392	18,765,838	178,965,230
Cash and investments - restricted	60,993,806	84,552	61,078,358
Accounts receivable, net of allowance for uncollectibles	30,191,976	551,786	30,743,762
Prepaid and other assets	1,007,433	23,701	1,031,134
Capital assets, not depreciated	58,490,035	19,468,269	77,958,304
Capital assets, net of accumulated depreciation	199,294,411	113,954,198	313,248,609
<i>Total Assets</i>	<u>510,177,053</u>	<u>152,848,344</u>	<u>663,025,397</u>
<b>DEFERRED OUTFLOWS</b>			
Pension related	6,454,630	193,052	6,647,682
Advance refunding of bonds	2,027,879	-	2,027,879
<i>Total Deferred Outflows</i>	<u>8,482,509</u>	<u>193,052</u>	<u>8,675,561</u>
<b>LIABILITIES</b>			
Accounts payable	5,300,437	198,497	5,498,934
Accrued wages and benefits	3,292,926	90,030	3,382,956
Deposits held for others	243,107	312,924	556,031
Due to other governments	-	153,700	153,700
Other current liabilities	74,040	6,097	80,137
Unearned revenue	504,311	-	504,311
Good faith deposit on bonds payable	555,700	-	555,700
Accrued interest payable	3,690,251	-	3,690,251
Long-term liabilities, due in one year	16,426,535	-	16,426,535
Long-term liabilities, due in more than one year	193,870,219	-	193,870,219
Net pension liability	63,100,938	1,887,293	64,988,231
<i>Total Liabilities</i>	<u>287,058,464</u>	<u>2,648,541</u>	<u>289,707,005</u>
<b>DEFERRED INFLOWS</b>			
Pension related	1,776,829	53,144	1,829,973
<b>NET POSITION</b>			
Net investment in capital assets	90,599,612	133,422,467	224,022,079
Restricted for:			
Contractual & Statutory requirements	67,285,978	-	67,285,978
Debt service	15,737,946	-	15,737,946
Capital outlay	63,323,044	-	63,323,044
Unrestricted (Deficit)	(7,122,311)	16,917,244	9,794,933
<i>Total Net Position</i>	<u>\$ 229,824,269</u>	<u>150,339,711</u>	<u>380,163,980</u>

The accompanying notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 28,036,400	2,113,618	1,217,979	-	(24,704,803)	-	(24,704,803)
Public safety	51,658,671	6,194,046	4,145,787	-	(41,318,838)	-	(41,318,838)
Culture & recreation	2,387,033	-	-	425,872	(1,961,161)	-	(1,961,161)
Public works	5,283,281	-	-	214,476	(5,068,805)	-	(5,068,805)
Highways & streets	12,390,623	7,132	180,396	392,429	(11,810,666)	-	(11,810,666)
Health & welfare	9,958,877	148,012	1,104,191	-	(8,706,674)	-	(8,706,674)
Housing	2,596,101	373,375	2,331,646	-	108,920	-	108,920
Interest on long-term debt	8,280,066	-	-	-	(8,280,066)	-	(8,280,066)
Total governmental activities	120,591,052	8,836,183	8,979,999	1,032,777	(101,742,093)	-	(101,742,093)
Business-type activities:							
Home sales	1,312	59,426	-	-	-	58,114	58,114
Regional planning authority	-	-	-	-	-	-	-
Utilities	6,228,714	4,520,474	-	-	-	(1,708,240)	(1,708,240)
Housing services	1,060,633	534,794	478,713	-	-	(47,126)	(47,126)
Total business-type activities	7,290,659	5,114,694	478,713	-	-	(1,697,252)	(1,697,252)
<b>Total primary government</b>	<b>\$ 127,881,711</b>	<b>13,950,877</b>	<b>9,458,712</b>	<b>1,032,777</b>	<b>(101,742,093)</b>	<b>(1,697,252)</b>	<b>(103,439,345)</b>

**General revenues:**

Taxes:			
Property taxes, levied for general purposes	\$ 51,324,207	-	51,324,207
Property taxes, levied for debt service	12,896,717	-	12,896,717
Gross receipts taxes	53,712,221	-	53,712,221
Other taxes	2,368,087	-	2,368,087
Investment income	3,117,041	149,263	3,266,304
Miscellaneous revenues	1,877,949	-	1,877,949
Transfers	(1,318,552)	1,318,552	-
<b>Total general revenues and transfers</b>	<b>123,977,670</b>	<b>1,467,815</b>	<b>125,445,485</b>
<b>Change in net position</b>	<b>22,235,577</b>	<b>(229,437)</b>	<b>22,006,140</b>
<b>Net position, beginning of year</b>	<b>207,588,692</b>	<b>150,569,148</b>	<b>358,157,840</b>
<b>Net position, end of year</b>	<b>\$ 229,824,269</b>	<b>150,339,711</b>	<b>380,163,980</b>

The accompanying notes to the financial statements are an integral part of this statement.





## **FUND FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Balance Sheet  
Governmental Funds  
June 30, 2016

	Major Funds						Non-Major Other Governmental Funds	Total Governmental Funds
	Special Revenue					Capital Projects		
	General	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT			
ASSETS								
Cash and investments	\$ 71,120,321	-	8,227,323	-	-	32,771,251	48,080,497	160,199,392
Cash and investments - restricted	7,718,777	1,383,425	1,156	7,333,094	-	-	44,557,354	60,993,806
Accounts receivable, net	215,394	-	289,395	264,100	-	-	95,964	864,853
Taxes receivable	6,105,611	-	1,601,540	-	-	1,768,257	5,680,680	15,156,088
Interest receivable	281,486	-	-	65,662	-	-	44,725	391,873
Grantor agencies receivable	37,867	-	16,585	-	-	-	1,651,639	1,706,091
Mortgages receivable, net	-	11,525,478	-	-	-	-	-	11,525,478
Down Payment Assistance receivable	-	547,593	-	-	-	-	-	547,593
Prepays & other	211,881	-	132,219	342,887	-	-	320,446	1,007,433
Due from other funds	130,629	-	-	-	-	-	219,792	350,421
Total Assets	\$ 85,821,966	13,456,496	10,268,218	8,005,743	-	34,539,508	100,651,097	252,743,028
LIABILITIES								
Accounts payable	\$ 987,012	-	139,059	524,621	-	503,676	3,146,069	5,300,437
Accrued wages and benefits	1,178,532	-	492,464	721,853	-	-	900,077	3,292,926
Deposits held for others	143,179	-	-	-	-	-	99,928	243,107
Other current liabilities	18,307	-	165	33,772	-	-	21,796	74,040
Due to other funds	-	-	1,002	1,295	-	-	348,124	350,421
Total Liabilities	2,327,030	-	632,690	1,281,541	-	503,676	4,515,994	9,260,931
DEFERRED INFLOWS								
Property taxes	3,450,773	-	-	-	-	-	739,375	4,190,148
Mortgages and down payment assistance	-	12,073,071	-	-	-	-	-	12,073,071
Unavailable revenue	858,056	-	112,233	133,206	-	-	77,997	1,181,492
Unearned revenue	-	-	40,367	-	-	-	463,944	504,311
Total Deferred Inflows	4,308,829	12,073,071	152,600	133,206	-	-	1,281,316	17,949,022
FUND BALANCE								
Nonspendable	211,881	-	132,219	342,887	-	-	320,446	1,007,433
Restricted	20,494,028	1,383,425	7,828,822	3,703,011	-	34,035,832	90,774,391	158,219,509
Committed	25,351,705	-	1,521,887	2,545,098	-	-	3,781,763	33,200,453
Assigned	27,630,343	-	-	-	-	-	-	27,630,343
Unassigned (Deficit)	5,498,150	-	-	-	-	-	(22,813)	5,475,337
Total Fund Balance	79,186,107	1,383,425	9,482,928	6,590,996	-	34,035,832	94,853,787	225,533,075
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 85,821,966	13,456,496	10,268,218	8,005,743	-	34,539,508	100,651,097	252,743,028

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

Total fund balance governmental funds	\$	225,533,075
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	388,798,974	
Less accumulated depreciation	<u>(131,014,528)</u>	257,784,446

Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds.

Property taxes	4,190,148	
Mortgages and down payment assistance	12,073,071	
Receivables not available to pay for current period expenditures	<u>1,181,492</u>	17,444,711

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Pending legal action	(1,152,749)	
Accrued interest payable	(3,690,251)	
Compensated absences payable	(3,221,065)	
Loans payable	(354,814)	
Good faith deposit on bonds payable	(555,700)	
Bonds payable	(198,815,000)	
Premium on bonds payable	(5,677,451)	
Landfill closure and post closure costs payable	(1,075,675)	
Net pension liability	<u>(63,100,938)</u>	(277,643,643)

Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	6,454,630
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Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(1,776,829)
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Bond refunding deferred outflows are not financial resources and, therefore, are not reported in the funds.	2,027,879
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Net position of governmental activities	\$	<u><u>229,824,269</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
SANTA FE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2016**

	Major Funds						Total Governmental Funds
	General	Special Revenue		Corrections Operations	Capital Projects		
		Developer Fees	Fire Operations		Capital Outlay	GRT	
REVENUES							
Property taxes	\$ 50,589,623	-	-	-	-	14,325,094	64,914,717
Gross receipts taxes	8,860,000	-	8,994,601	-	9,999,293	25,858,327	53,712,221
Other taxes & assessments	1,359,218	-	-	-	-	1,008,869	2,368,087
Licenses, permits & fees	694,899	-	42,314	-	-	7,258	744,471
Charges for services	1,220,900	103,650	1,034,819	4,495,814	-	775,892	7,631,075
Fines & forfeitures	160	-	-	-	-	460,477	460,637
Investment income	2,175,770	2,394	51,982	143,827	247,030	496,038	3,117,041
Federal grants	87,842	-	96,517	27,082	-	1,212,865	1,424,306
State grants	283,894	-	746,503	-	-	3,942,963	4,973,360
Other	191,758	-	146,800	89,360	-	2,502,259	2,930,177
Intergovernmental	845,349	-	342,307	32,828	-	2,394,626	3,615,110
Total Revenues	66,309,413	106,044	11,455,843	4,788,911	10,246,323	52,984,668	145,891,202
EXPENDITURES							
Current							
General Government	24,051,047	-	-	-	-	1,734,212	25,785,259
Public Safety	49,984	-	10,471,358	19,511,490	-	16,272,971	46,305,803
Culture & Recreation	1,190,550	-	-	-	-	710,595	1,901,145
Public Works	4,666,662	-	-	-	-	-	4,666,662
Highways & Streets	-	-	-	-	-	9,124,663	9,124,663
Health & Welfare	1,874,476	-	-	-	-	7,211,856	9,086,332
Housing	84,481	57,994	-	-	-	2,432,196	2,574,671
Capital Outlays	1,644,674	-	-	-	6,569,604	8,599,515	16,813,793
Debt Service - Principal	-	-	-	-	-	10,760,000	10,760,000
Debt Service - Interest	-	-	-	-	-	7,877,350	7,877,350
Commitments & other fees	-	-	-	-	-	3,791	3,791
Total Expenditures	33,561,874	57,994	10,471,358	19,511,490	6,569,604	64,727,149	134,899,469
Excess (deficiency) of revenues over expenditures	32,747,539	48,050	984,485	(14,722,579)	3,676,719	(11,742,481)	10,991,733
Other Financing Sources (Uses)							
Proceeds of refunding bonds	-	-	-	-	-	10,808,938	10,808,938
Payment to refunded bond escrow agent	-	-	-	-	-	(10,808,938)	(10,808,938)
Issuance of debt	-	-	-	-	-	555,700	555,700
Transfers from other funds	672,440	-	3,843,659	15,622,237	-	30,734,048	50,872,384
Transfers to other funds	(28,900,401)	-	(3,418,604)	(2,253,100)	(3,348,613)	(12,951,666)	(50,872,384)
Net Other Financing Sources (Uses)	(28,227,961)	-	425,055	13,369,137	(3,348,613)	18,338,082	555,700
Net Change in Fund Balance	4,519,578	48,050	1,409,540	(1,353,442)	328,106	6,595,601	11,547,433
Fund Balance, beginning of period	74,666,529	1,335,375	8,073,388	7,944,438	33,707,726	88,258,186	213,985,642
Fund Balance, end of period	\$ 79,186,107	1,383,425	9,482,928	6,590,996	34,035,832	94,853,787	225,533,075

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

Net changes in fund balances - total governmental funds \$ 11,547,433

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. When assets are sold a gain or loss is recognized for the difference between the cost and sale of the asset.

Expenditures for capital assets	16,813,793	
Less current year depreciation	<u>(9,879,688)</u>	6,934,105

Transfers of capital assets from governmental capital assets to proprietary funds are not recorded in governmental funds.		(1,318,552)
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Governmental funds report pending legal action when it is due. However, in the Statement of Activities, the estimated cost is recognized when the action is both probable and estimable.		
Change in pending legal action		(459,318)

Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	(693,793)	
Mortgages and down payment assistance	334,381	
Other receivables	<u>(1,386,609)</u>	(1,746,021)

Amortization of deferred amounts related to advance refunding of long-term debt is not recorded in the governmental funds, but is included in the government-wide statement of activities.

Deferred outflows - advance refunding of bonds		(168,990)
--	--	-----------

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The following transaction relates to current year issuance of debt in process.

Good faith deposit on bonds payable		(555,700)
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The following table represents the changes in long-term debt for the fiscal year:

Change in general obligation bonds payable	7,135,000	
Change in revenue bonds payable	3,625,000	
Change in loans payable	-	
Change in compensated absences payable	7,285	
Change in accrued interest on long-term debt	(635,467)	
Landfill closure and post-closure	808,157	
Premium on bonds payable	405,532	
Net pension expense	<u>(3,342,887)</u>	<u>8,002,620</u>

Change in net position in governmental activities		\$ <u>22,235,577</u>
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The accompanying notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Non - GAAP</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 45,273,700	45,273,700	50,738,603	5,464,903
Gross Receipts Taxes	7,463,240	7,463,240	8,857,246	1,394,006
Other Taxes & Assessments	1,175,000	1,175,000	1,367,071	192,071
Licenses, Permits, & Fees	351,219	351,219	693,015	341,796
Charges for Services	1,580,518	1,523,094	1,253,771	(269,323)
Fines & Forfeitures	-	-	160	160
Interest Earnings	1,600,000	1,600,000	1,628,663	28,663
Grants	-	20,191	346,146	325,955
Other	-	-	197,938	197,938
Intergovernmental	-	64,924	845,349	780,425
<b>Total Revenues</b>	<b>57,443,677</b>	<b>57,471,368</b>	<b>65,927,962</b>	<b>8,456,594</b>
<b>Cash balance carryforward</b>	<b>26,834,420</b>	<b>31,034,015</b>		
<b>Total</b>	<b>\$ 84,278,097</b>	<b>88,505,383</b>		
<b>Expenditures</b>				
General Government	\$ 40,022,392	42,593,425	26,276,453	16,316,972
Public Safety	14,556	50,271	49,984	287
Culture & Recreation	1,485,997	1,991,841	1,575,666	416,175
Public Works	5,676,575	6,503,854	4,890,681	1,613,173
Highways & Streets	-	-	-	-
Health & Welfare	1,818,037	2,005,720	1,920,025	85,695
Housing	207,521	84,745	84,481	264
Capital Outlays	2,320,045	2,311,546	1,688,720	622,826
<b>Total Expenditures</b>	<b>\$ 51,545,123</b>	<b>55,541,402</b>	<b>36,486,010</b>	<b>19,055,392</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ 672,440	672,440	672,440	-
Transfers to other funds	(33,405,414)	(33,636,421)	(28,900,401)	4,736,020
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (32,732,974)</b>	<b>(32,963,981)</b>	<b>(28,227,961)</b>	<b>4,736,020</b>
<b>Net Change in Fund Balance - Budgetary Basis</b>			<b>\$ 1,213,991</b>	
<b>Reconciliation to change in fund balance - GAAP Basis</b>				
Revenue accruals, net of prior year revenue reversals			\$ (165,649)	
Adjustments to expenditures for modified accrual purposes			268,229	
To reflect fair market value adjustment not budgeted			547,100	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			2,655,907	
<b>Change in fund balance - GAAP basis</b>			<b>\$ 4,519,578</b>	



**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual**  
**Developer Fees**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Non - GAAP</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	-	-	103,650	103,650
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	2,394	2,394
Grants	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
<b>Total Revenues</b>			<u>106,044</u>	<u>106,044</u>
<b>Cash balance carryforward</b>	<u>587,200</u>	<u>600,625</u>		
<b>Total</b>	<u>\$ 587,200</u>	<u>600,625</u>		
<b>Expenditures</b>				
General Government	\$ -	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Housing	-	-	-	-
Capital Outlays	-	-	-	-
Health & Welfare	-	-	-	-
Housing	587,200	600,625	71,419	529,206
<b>Total Expenditures</b>	<u>\$ 587,200</u>	<u>600,625</u>	<u>71,419</u>	<u>529,206</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ -	-	-	-
Transfers to other funds	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance - Budgetary Basis</b>			\$ 34,625	
<b>Reconciliation to change in fund balance - GAAP Basis</b>				
Revenue accruals, net of prior year revenue reversals			\$ -	
Adjustments to expenditures for modified accrual purposes			-	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			13,425	
<b>Change in fund balance - GAAP basis</b>			<u>\$ 48,050</u>	

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual**  
**Fire Operations**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Non - GAAP</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$			-
Gross Receipts Taxes	8,080,350	8,080,350	8,969,659	889,309
Other Taxes and Assessments	-	-	-	-
Licenses, Permits & Fees	30,000	30,000	42,136	12,136
Charges for Services	750,000	750,000	965,970	215,970
Fines and Forfeitures	-	-	-	-
Interest Earnings	-	-	-	-
Grants	153,044	921,993	1,129,766	207,773
Other	-	142,684	146,801	4,117
Intergovernmental	295,000	295,000	342,307	47,307
<b>Total Revenues</b>	<u>9,308,394</u>	<u>10,220,027</u>	<u>11,596,639</u>	<u>1,376,612</u>
Cash balance carryforward	2,075,177	2,735,950		
<b>Total</b>	<u>\$ 11,383,571</u>	<u>12,955,977</u>		
<b>Expenditures</b>				
General Government	\$	-	-	-
Public Safety	11,808,626	13,381,032	11,484,860	1,896,172
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Outlays	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 11,808,626</u>	<u>13,381,032</u>	<u>11,484,860</u>	<u>1,896,172</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ 3,843,659	3,843,659	3,843,659	-
Transfers to other funds	(3,418,604)	(3,418,604)	(3,418,604)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 425,055</u>	<u>425,055</u>	<u>425,055</u>	<u>-</u>
<b>Net Change in Fund Balance - Budgetary Basis</b>			\$ 536,834	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ (192,779)	
Adjustments to expenditures for modified accrual purposes			56,594	
To reflect fair market value adjustment not budgeted			51,983	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			956,908	
<b>Change in fund balance - GAAP basis</b>			<u>\$ 1,409,540</u>	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual  
Corrections Operations  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Non - GAAP	Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	4,446,080	4,446,080	4,735,692	289,612
Fines & Forfeitures	-	-	-	-
Interest Earnings	150,000	150,000	143,833	(6,167)
Grants	27,000	27,000	27,082	82
Other	50,000	50,000	89,359	39,359
Intergovernmental			52,336	52,336
<b>Total Revenues</b>	<u>4,673,080</u>	<u>4,673,080</u>	<u>5,048,302</u>	<u>375,222</u>
<b>Cash balance carryforward</b>	<u>3,000,000</u>	<u>5,517,194</u>		
<b>Total</b>	<u>\$ 7,673,080</u>	<u>10,190,274</u>		
<b>Expenditures</b>				
General Government	\$ -	-	-	-
Public Safety	23,339,162	26,182,555	21,256,706	4,925,849
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Outlays	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Capital Outlays	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 23,339,162</u>	<u>26,182,555</u>	<u>21,256,706</u>	<u>4,925,849</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ 17,919,182	18,245,381	15,622,237	(2,623,144)
Transfers to other funds	(2,253,100)	(2,253,100)	(2,253,100)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 15,666,082</u>	<u>15,992,281</u>	<u>13,369,137</u>	<u>(2,623,144)</u>
<b>Net Change in Fund Balance - Budgetary Basis</b>			\$ (2,839,267)	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ (259,391)	
Adjustments to expenditures for modified accrual purposes			74,824	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			<u>1,670,392</u>	
<b>Change in fund balance - GAAP basis</b>			<u>\$ (1,353,442)</u>	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Statement of Net Position  
Proprietary Funds  
June 30, 2016

	Business-type Activities-Enterprise Funds				
	Home Sales	Regional Planning Authority	Utilities	Housing Services	Total Enterprise Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 4,622,370	211,107	13,084,524	847,837	18,765,838
Cash and investments - restricted	-	-	375	84,177	84,552
Grantor agencies receivable	-	-	-	93,938	93,938
Accounts receivable, net	-	-	395,218	62,630	457,848
Prepaid and other assets	-	-	6,557	17,144	23,701
<b>Total current assets</b>	<u>4,622,370</u>	<u>211,107</u>	<u>13,486,674</u>	<u>1,105,726</u>	<u>19,425,877</u>
Noncurrent assets:					
Capital assets, not depreciated	-	-	18,739,854	728,415	19,468,269
Capital assets, net of accumulated depreciation	-	-	109,712,347	4,241,851	113,954,198
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>128,452,201</u>	<u>4,970,266</u>	<u>133,422,467</u>
<b>Total Assets</b>	<u>4,622,370</u>	<u>211,107</u>	<u>141,938,875</u>	<u>6,075,992</u>	<u>152,848,344</u>
<b>DEFERRED OUTFLOWS</b>					
Pension related	-	-	122,783	70,269	193,052
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	-	183,988	14,509	198,497
Accrued wages and benefits	-	-	68,884	21,146	90,030
Deposits held for others	-	-	191,947	120,977	312,924
Other current liabilities	5,722	-	375	-	6,097
Due to other Governments	-	-	153,700	-	153,700
<b>Total current liabilities</b>	<u>5,722</u>	<u>-</u>	<u>598,894</u>	<u>156,632</u>	<u>761,248</u>
Noncurrent liabilities:					
Net pension liability	-	-	1,200,333	686,960	1,887,293
<b>Total Liabilities</b>	<u>5,722</u>	<u>-</u>	<u>1,799,227</u>	<u>843,592</u>	<u>2,648,541</u>
<b>DEFERRED INFLOWS</b>					
Pension related	-	-	33,800	19,344	53,144
<b>NET POSITION</b>					
Investment in capital assets	-	-	128,452,201	4,970,266	133,422,467
Unrestricted	4,616,648	211,107	11,776,430	313,059	16,917,244
<b>Total Net Position</b>	<u>\$ 4,616,648</u>	<u>211,107</u>	<u>140,228,631</u>	<u>5,283,325</u>	<u>150,339,711</u>

The accompanying notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For Fiscal Year Ended June 30, 2016**

	<b>Business-type Activities-Enterprise Funds</b>				
	<b>Home Sales</b>	<b>Regional Planning Authority</b>	<b>Utilities</b>	<b>Housing Services</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>					
Rentals and charges for services & sales, net	\$ 59,426	-	4,510,911	530,935	5,101,272
Miscellaneous	-	-	9,563	3,859	13,422
<b>Total Operating Revenues</b>	<u>59,426</u>	<u>-</u>	<u>4,520,474</u>	<u>534,794</u>	<u>5,114,694</u>
<b>Operating Expenses</b>					
Housing	1,312	-	-	844,455	845,767
Administrative expenses	-	-	3,679,038	-	3,679,038
Depreciation expense	-	-	2,549,676	216,178	2,765,854
<b>Total Operating Expenses</b>	<u>1,312</u>	<u>-</u>	<u>6,228,714</u>	<u>1,060,633</u>	<u>7,290,659</u>
<b>Operating Income (Loss)</b>	<u>58,114</u>	<u>-</u>	<u>(1,708,240)</u>	<u>(525,839)</u>	<u>(2,175,965)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Earnings on cash & investments	37,447	1,585	103,042	7,189	149,263
HUD operating subsidy & other intergovernmental	-	-	-	478,713	478,713
Gain on sale of assets held for sale	-	-	-	-	-
<b>Net Non-Operating Revenues (Expenses)</b>	<u>37,447</u>	<u>1,585</u>	<u>103,042</u>	<u>485,902</u>	<u>627,976</u>
<b>Income Before Contributions &amp; Transfers</b>	<u>95,561</u>	<u>1,585</u>	<u>(1,605,198)</u>	<u>(39,937)</u>	<u>(1,547,989)</u>
<b>Capital Contributions</b>					
Capital contributions from governmental funds	-	-	1,318,351	201	1,318,552
<b>Transfers</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
<b>Change in Net Position</b>	<u>95,561</u>	<u>1,585</u>	<u>(286,847)</u>	<u>(39,736)</u>	<u>(229,437)</u>
<b>Net position, beginning of year</b>	<u>4,521,087</u>	<u>209,522</u>	<u>140,515,478</u>	<u>5,323,061</u>	<u>150,569,148</u>
<b>Net position, end of year</b>	<u>\$ 4,616,648</u>	<u>211,107</u>	<u>140,228,631</u>	<u>5,283,325</u>	<u>150,339,711</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Statement of Cash Flows  
Proprietary Funds  
For Fiscal Year Ended June 30, 2016

	Business-type Activities-Enterprise Funds				
	Home Sales	Regional Planning Authority	Utilities	Housing Services	Total Enterprise Funds
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>					
Cash flows from operating activities:					
Cash received from customers	\$ 251,614	-	4,643,302	426,430	5,321,346
Cash received from land sale	-	-	-	-	-
Cash payments to vendors for goods and services	(48,419)	-	(2,191,734)	(293,028)	(2,533,181)
Cash payments to employees for services	-	-	(1,328,873)	(569,567)	(1,898,440)
Net cash provided by (used for) operating activities	203,195	-	1,122,695	(436,165)	889,725
Cash flows from noncapital and related financing activities:					
Operating grants received	-	-	-	478,713	478,713
Net cash provided by noncapital financing activities	-	-	-	478,713	478,713
Cash flows from capital and related financing activities:					
Purchases of capital assets	-	-	(39,228)	-	(39,228)
Net cash provided by capital financing activities	-	-	(39,228)	-	(39,228)
Cash flows from investing activities:					
Investment earnings	37,447	1,585	103,042	7,189	149,263
Net cash provided by (used for) investing activities	37,447	1,585	103,042	7,189	149,263
Net increase in cash and cash equivalents	240,642	1,585	1,186,509	49,737	1,478,473
Cash and cash equivalents, beginning of year	4,381,728	209,522	11,898,390	882,277	17,371,917
Cash and cash equivalents, end of year	\$ 4,622,370	211,107	13,084,899	932,014	18,850,390
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>					
Operating income (loss)	\$ 58,114	-	(1,708,240)	(525,839)	(2,175,965)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	-	2,549,676	216,178	2,765,854
Net pension expense	-	-	63,590	36,394	99,984
Change in assets and liabilities:					
Prepaid and other assets	-	-	(946)	(4,303)	(5,249)
Receivables	-	-	33,016	(130,575)	(97,559)
Capital assets and assets held for sale	192,188	-	-	-	192,188
Accounts payable	(52,829)	-	126,406	(3,916)	69,661
Accrued payroll and employee benefits	-	-	10,292	(9,921)	371
Due to other governments	-	-	22,304	-	22,304
Deposits held for others	-	-	26,222	(14,183)	12,039
Other liabilities	5,722	-	375	-	6,097
Total Adjustments	145,081	-	2,830,935	89,674	3,065,690
Net cash provided by (used for) operating activities	\$ 203,195	-	1,122,695	(436,165)	889,725
<b><u>Schedule of Non Cash Capital and Financing Activities</u></b>					
Non cash transactions					
Contributed capital assets-governmental activities	\$ -	-	1,318,351	201	1,318,552
Allocation of fair value adjustment for investments	-	-	91,200	6,426	97,626
Total non cash transactions	\$ -	-	1,409,551	6,627	1,416,178

The accompanying notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Statement of Fiduciary Assets and Liabilities-Agency Funds**  
**June 30, 2016**

**ASSETS**

Cash and investments - held in trust	\$	4,636,471
Property taxes receivable		7,897,264
<i>Total Assets</i>	\$	<u>12,533,735</u>

**LIABILITIES**

Deposits held for others	\$	788,826
Taxes paid in advance		968,453
Due to other Governments		7,897,264
Undistributed taxes to other Governments		2,879,192
<i>Total Liabilities</i>	\$	<u>12,533,735</u>

The accompanying notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Santa Fe County (County) was established by the laws of the Territory of New Mexico of 1852, under provisions of the act now referred to as Section 4-26-1 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (police, fire), highways and streets, sanitation, health and social services, low rent housing assistance, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's significant accounting policies are described below.

**Reporting Entity**

The County's major operations include public safety - sheriff and fire protection, emergency communication operations, adult and juvenile detention operations; public works - roads, solid waste, projects and facilities management, utilities (water and wastewater operations); certain health, social and community services, general administrative services, planning and zoning, low income housing assistance, and the collection of and distribution of property taxes.

The County's basic financial statements include the accounts of all County operations. GASB Statement No. 14 as amended by GASBS 39 and 61, *The Financial Reporting Entity*, establishes the standards for defining and reporting on the financial reporting entity. GASBS 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A primary government is any state government or general-purpose local government, consisting of all organizations that make up its legal entity. The County is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the County has not identified any component units for the fiscal year ended June 30, 2016.

During July 1996, the Housing Authority's Board resigned and day to day operations became a County responsibility. The Authority's operations are included in the financial statements as County enterprise and special revenue funds. The Santa Fe County Housing Authority Enterprise Fund is now known as Housing Services Enterprise Fund (Housing Services).

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the County as a whole. The reported information includes all of the non-fiduciary activities of the County. The effect of internal activity has been removed from these statements. These statements distinguish

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

between governmental and business-type activities of the County. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. In addition, the fiduciary fund financial statements are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements, however the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their exchange value. The County does not allocate indirect expenses to functions in the statement of activities.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts and gasoline taxes, are recognized as revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipts taxes, state shared taxes, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received.

Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred inflows of resources also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Property taxes recognized are net of estimated refunds and uncollectible amounts. Delinquent property taxes have been recorded as unavailable revenue. Receivables that will not be collected within the available period have also been reported as unavailable revenue on the governmental fund financial statements.

Customer contributions owed to the Utilities Division for the extension of the water system to their property are recorded as revenue when the customer begins to receive water service. Customer contributions owed to the Utilities Division are recorded as notes receivable and deferred revenue if water service has not yet been extended to the customer.

**Presentation of Funds**

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. The transactions of each fund are summarized in a separate set of self balancing accounts, which include its assets, liabilities, fund equity, revenues, and expenses/expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Governmental funds are reported as major funds in the accompanying financial statements if they meet both of the following criteria:

- Ten percent criterion – An individual governmental fund reports at least 10 percent of any of the following: a) total governmental fund assets and deferred outflows, b) total governmental fund liabilities and deferred inflows, c) total governmental fund revenues, or d) total governmental fund expenditures.
- Five percent criterion – An individual government fund reports at least 5 percent of the total for both governmental and enterprise funds of any of the items for which it met the 10 percent criterion.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The County reports the following major governmental funds. The County elected to report the Fire Operations Fund as major although it did not qualify using the basic criteria established by GASB Statement No. 34.

General Fund – This fund accounts for all financial activities except those required to be accounted for in other funds. It is funded primarily through property, gross receipts and other miscellaneous taxes.

Developer Fees Fund – This fund accounts for funds contributed by Las Campanas Limited Partnership and others for affordable housing programs and other projects. The fund was created by the Board of County Commissioners. In prior years this fund had received approximately \$2.0 million in payments from the private Las Campanas housing development project and the Affordable Housing program, which assists low income persons in the purchase of homes. Current revenue is from interest on the cash balance of this fund and developer funds to assist the affordable housing program. Mortgages funded by developers as part of an affordable housing program are recorded to this fund.

Fire Operations Fund – This fund accounts for the funding and expenses of the County's career fire and emergency medical services, and the volunteer stipend program. It is funded primarily through gross receipts taxes, charges for ambulance services, and revenue from various grants.

Corrections Operations Fund – This fund accounts for the funding and expense of the County Adult and Juvenile Detention Facilities, through charges for care of prisoners from outside jurisdictions, property taxes, along with gross receipts taxes. This fund also accounts for expenditures associated with the care of Santa Fe County adult and juvenile inmates. This fund was identified as the Jail Operations Fund in prior years.

Capital Outlay GRT Fund – This fund accounts for a 1/4 cent gross receipt tax to be used for various capital projects.

The County has elected to report all of its enterprise funds as major funds although only the Utilities Fund met the basic criteria of a major fund established by GASB Statement No. 34. The following are major proprietary (enterprise) funds:

Home Sales Fund – This enterprise fund is used to account for the construction and sales of housing to eligible buyers of affordable housing.

Regional Planning Authority Fund – This enterprise fund is used to account for the funding and expense of the Regional Planning Authority, created by agreement between the City of Santa Fe and Santa Fe County.

Utilities Fund – This enterprise fund is used to account for the funding and expense of the Water and Wastewater utilities of Santa Fe County.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Housing Services Fund – This enterprise fund is used to account for the funding and expense of the County's Public Housing Authority. Revenue for this fund is derived from housing rentals and Housing and Urban Development (HUD) grants and subsidies.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for this fund include sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the County reports the following fund type:

Fiduciary Funds – The Fiduciary Funds are agency funds which account for resources held by the County on behalf of others including inmates, bail money posted, seized and/or forfeited amounts, court ordered writs of execution, and funds utilized by the multi-jurisdictional narcotic task force. In addition, the County Treasurer Fund accounts for collection of property taxes billed on behalf of the County and other taxing entities, and distribution of those taxes, plus any interest and penalties assessed, to the County and other recipient entities.

**C. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports a deferred outflow of resources related to advance refunding of bonds. The County also records deferred outflows of resources related to its participation in the New Mexico Public Employees Retirement Association (PERA) pension plan.

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County records deferred inflows of resources related to its participation in the PERA pension plan.

Deferred outflows of resources and deferred inflows of resources related to pensions are the result of the changes in the net pension liability not included in pension expense.

Additionally, the County has three types of items, which arise only under modified accrual basis of accounting, that qualify for reporting in the deferred inflows of resources category. Those amounts are deferred and recognized as an inflow of resources in the period that the amounts

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

become available. Accordingly, the items under the deferred inflows category (*property taxes, mortgages and down payment assistance, and unavailable revenue*) are reported only in the governmental funds balance sheet.

The County reports unearned revenue on its governmental fund balance sheets and the government-wide statement of net position. Unearned revenues reported by the County represent resources received by the County before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods the County will reimburse unearned revenue amounts and remove the liability from the balance sheet and statement of net position. Additionally, the County may remove the liability for unearned revenue from the balance sheet and statement of net position and recognize revenue when it meets both revenue recognition criteria methods and the County has a legal claim to the resources.

**D. Cash and Investments**

For purposes of the Statement of Cash Flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank and investments held by the County.

New Mexico Statutes Annotated (NMSA) authorizes the County to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of New Mexico, counties, cities, school districts, and special districts as specified by statute.

The State of New Mexico Local Government Investment Pool is a pool that is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money for short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the Local Government Investment Pool is voluntary. The investment in the State of New Mexico Local Government Investment Pool approximates the value of the participant's pool share. As of June 30, 2016, the County had closed all LGIP accounts.

A significant portion of the cash and investment of funds of the County is pooled for investment

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

purposes. Equity in pooled cash and investments includes amounts in demand deposit accounts, money market accounts, certificates of deposit, U.S. Treasury securities, and repurchase agreements secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the County's name. Repurchase agreements are recorded at fair market value. Interest earned is allocated to the applicable County funds based on the County's policy of allocating interest to those funds which is required by law or by debt covenants. The remaining interest income is recorded in the General Fund.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Certain resources set aside for the repayment of debt, State of NM and County required contingency are classified as cash and investments – restricted on the statement of net position/ balance sheet, because their use is limited by applicable bond covenants or statutory and other contractual requirements. Trust accounts, recorded in the Debt Service Funds, are used to segregate resources accumulated for future debt service payments.

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

**F. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All receivables are shown net of allowance for uncollectible.

The County is responsible for assessing, collecting and distributing property taxes for its own operational and debt service purposes and for certain outside entities. Unpaid property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable in two installments no later than the following December 10 and May 10. Collections and remittance of property taxes are accounted for in the County Treasurer's Agency Fund. Amounts are recognized as revenue in the applicable governmental fund types under accounting principles generally accepted in the United States. The property taxes receivable for the General Fund and for the Debt Service Fund in the governmental fund financial statements are net of an allowance for uncollectible accounts. Refunds related to the settlement of property tax protests are only recorded when the case is completed.



**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Inventory**

Inventories on hand at year end were immaterial and therefore not included on the fund or government-wide financial statements.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**I. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements; plant; vehicles, furniture, and equipment; construction in progress; computer software; and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$3,000 or more and an estimated useful life of more than one year. Effective July 1, 2006, State law requires capitalization of assets greater than \$5,000. The County has elected to use the more conservative threshold of \$3,000 for internal tracking purposes. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. Governmental capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	40
Improvements other than buildings	25-40
Infrastructure	25-30
Machinery and equipment	3-10
Furniture, vehicles and other assets	3-5

All additions to the infrastructure have been capitalized. The Utilities Fund consists of engineering costs and other expenses to plan and build a water system. Depreciation expense is recorded by the Utilities Fund over the estimated 50 year life of the water system. Proprietary capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

<u>Assets</u>	<u>Utilities</u>	<u>Housing Services</u>
Water system	50 years	-
Buildings	40 years	40 years
Machinery and equipment	10 years	10 years
Furniture, vehicles, other assets	3-5 years	3-5 years

**J. Compensated Absences**

The County's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Accumulated sick leave benefits in excess of 240 hours are eligible to be "sold back" to the County upon an employee's retirement at a rate of 50% of the excess leave. Sick leave that is eligible to be sold back and vested or accumulated vacation leave is expected to be liquidated with available financial resources and is recorded as an expenditure and fund liability of those funds that will pay it. No liability is recorded for sick leave benefits that are estimated or will be taken prior to retirement. In the entity-wide statements vested or accumulated vacation and sick leave eligible to be sold back to the County are recorded as an expense and liability as the benefits accrue to employees. The General Fund has been used in prior years to liquidate the liability for compensated absences. The total amount of compensated absences is estimated due within one year because of the uncertainty of when the amounts will be paid.

**K. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**L. Long-term Obligations**

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts and the difference between the reacquisition price and net carrying amount of the old debt are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method, over the term of the related debt. Bond issuance costs are recognized as expenditures in both the governmental fund types and entity-wide financial statements when bonds are issued.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, and similar items when bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**M. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and non-operating revenues/expenses in proprietary funds.

**N. Budgets**

Budgets are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Appropriations of funds unused or underspent during the fiscal year may be carried over into the next fiscal year by budgeting those amounts in the subsequent year's budget. For the current fiscal year actual to budget comparisons, the actual amounts are reported on the budgetary basis, which differs from the modified accrual basis for governmental fund types and accrual basis for the enterprise funds.

Differences between the budgetary basis and GAAP include the following:

1. The budget includes encumbrances (unperformed contracts for goods or services). GAAP does not include encumbrances.
2. The budget does not include certain liabilities, receivables, and depreciation expense for Enterprise funds. The GAAP basis financial statements do include these transactions.

Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and the enterprise funds. Department heads and elected officials are required to complete budget request forms for each organizational unit. The County Manager's Office prepares a management budget recommendation based upon budget requests as well as Board of County Commissioner and community priorities. The Commission reviews the management budget recommendations and makes changes as needed. The amended budget is then adopted and approved by resolution. The Finance Division prepares the adopted budget for submission to the Local Government Division (LGD) of the Department of Finance and Administration (DFA) by June 1, for interim approval.

Before July 1, DFA grants interim approval of the budget. The County's final annual budget document, which incorporates any changes recommended by DFA/LGD is prepared and submitted to DFA/LGD by July 31. During August, the County's final annual budget is reviewed and certified by DFA/LGD.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

After the annual budget is adopted, the following types of adjustments must be approved by the governing body through a resolution and submitted to DFA for review and approval: 1) budget increases; 2) transfers of budget or cash between funds; and 3) budget decreases. Additionally, it is County policy to prepare an internal budget adjustment request form for the following:

- Transfers within organizational units (between expenditure categories)
- Transfers between organizational units (same department and same fund)

Organizational unit budgets are monitored by the Finance Division to ensure that DFA and County policy are being followed. Additionally, a mid-year budget review is conducted with each organizational unit which includes a hearing with the County Manager or designee, Finance Division staff, and department heads and elected officials. During the hearing, department goals and objectives and budget status are reviewed. This review may result in budget adjustments.

The legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level except for the following funds, whose legal level of budgetary authority is at the program or district level:

- Emergency Medical Services
- Fire Districts

The following funds were not budgeted in fiscal year 2016:

- Recreation Special Revenue Fund
- Linkages Program Fund
- VASH Voucher Fund
- Equipment Loan Debt Service Fund
- Regional Planning Authority Enterprise Fund
- Fire Tax Revenue Bond Proceeds
- 2016 Series General Obligation Refunding and Improvement Bonds Fund
- 2016 Series Gross Receipts Tax Improvement and Refunding Bonds Fund

**O. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used for purchase orders, contracts, and other commitments for the expenditures of monies to reserve that portion of the applicable appropriation, as an extension of formal budgetary integration. In governmental fund types, encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Significant encumbrances, those greater than \$200,000, are disclosed in the Contingent Liabilities Note 13.

**P. Net Position**

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds and deferred outflow of resources related to refunding of bonds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Unrestricted net position represents assets of the County not restricted for any other project or purpose.

**Q: Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – CLASSIFICATION OF NET POSITION AND FUND BALANCES**

*Fund Balance Classifications:*

Nonspendable -- Represents amounts that are not in a spendable form, cannot be spent, or required by legal or other contractual reasons to be maintained intact. This classification includes permanent fund principal, inventory, assets held for sale, prepaids, and long-term receivables net of deferred revenue. At June 30, 2016, the County had \$1.0 million in nonspendable fund balance made up of prepaid insurance for general liability and law enforcement liability, automobile, property, and boiler and machinery.

Restricted – Represents amounts that have been constrained by specific purposes stipulated by external providers, creditors, grantors and other governments, constitutionally, or through enabling legislation. At June 30, 2016, the County had approximately \$158.2 million in restricted fund balance. Restrictions included bond covenants restricted for capital projects, debt service restrictions, grantor agency restrictions, and other contractual amounts statutorily restricted by State or Federal law. Restricted fund balance also includes approximately \$5.9 million set aside for a loan guarantee with Santa Fe Film and Media Studios for the construction of a film and multi-media production studio.

Committed – Includes amounts that have been committed by formal action by the highest level of authority for specific purposes (via Board of County Commissioners [BCC] action, resolution or adopted ordinance-both equally binding) and can only be changed or lifted by the same formal action. At June 30, 2016, the County had \$609,927 in committed fund balance in the Emergency Communications Operations Fund, which represents \$250,000 in capital contingency and the remaining fund balance in excess of statutory restrictions formally committed by the Board of County Commissioners during the budget adoption for the operation of the Regional Emergency Communication Center (RECC). Other committed amounts include a 10% expense reserve in

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 – CLASSIFICATION OF NET POSITION AND FUND BALANCES (Continued)**

those governmental funds that directly support County operations and personnel totaling approximately \$3.8 million in non-major governmental funds, and approximately \$4.1 million in major funds excluding the General Fund. In the General Fund, there is a contingency reserve of approximately \$8.3 million equal to 10% of the general fund operating budget (including transfers), a disaster recovery reserve equal to 10% - 15% of unassigned fund balance, an uninsured loss reserve equal to 5% - 10% of unassigned fund balance, and a major infrastructure repair and replacement reserve equal to 10% - 15% of unassigned fund balance. For purposes of committing fund balance, the unassigned fund balance is the General Fund unassigned fund balance reflected at June 30 in the prior year Comprehensive Annual Financial Report (CAFR).

Assigned – Amounts that are intended to be used for specific purposes by the County, but do not meet the definition of other fund balance classifications. The general fund is the only fund that has assigned fund balance due to the restricted nature of other fund types. The authority to assign fund balance can be that of the Board of County Commissioners, or by an official (usually the County Manager or County Finance Director) that has been delegated that authority. The County had assigned fund balance in the general fund of approximately \$27.6 million at June 30, 2016.

Unassigned – This is the fund balance that is the residual classification for the General Fund not contained in other classifications. Only the General Fund can report a positive unassigned fund balance. Other governmental funds may have a negative unassigned fund balance after all restrictions or commitments have been accounted for via other classifications. In the General Fund, the unassigned fund balance at June 30, 2016, was approximately \$5.5 million and represents residual fund balance undesignated by other classifications.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The following schedule presents fund balance classifications at June 30, 2016:

	General Fund	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	Non-Major Funds
<b>FUND BALANCE</b>						
<b>Nonspendable:</b>						
Prepaid Insurance	\$ 211,881	\$ -	\$ 132,219	\$ 342,887	\$ -	\$ 320,446

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 – CLASSIFICATION OF NET POSITION AND FUND BALANCES (Continued)**

	General Fund	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	Non-Major Funds
<b>Restricted:</b>						
Debt Service	2,245,606	-	-	2,250,600	3,420,407	12,485,196
Capital Projects	-	-	-	-	30,615,425	29,310,025
Loan guarantee-Santa Fe Studios	5,901,082	-	-	-	-	-
Statutory budget reserve	12,347,340	-	-	-	-	-
Other contractual & statutory requirements	-	1,383,425	7,828,822	1,452,411	-	48,979,170
<b>Subtotal:</b>	<b>20,494,028</b>	<b>1,383,425</b>	<b>7,828,822</b>	<b>3,703,011</b>	<b>34,035,832</b>	<b>90,774,391</b>
<b>Committed:</b>						
Contingency reserve above requirement	8,263,940	-	1,521,887	2,545,098	-	3,531,763
Uninsured Losses	4,271,941	-	-	-	-	-
Disaster recovery	6,407,912	-	-	-	-	-
Facility/infrastructure	6,407,912	-	-	-	-	-
Emergency Communication Operations	-	-	-	-	-	250,000
<b>Subtotal:</b>	<b>25,351,705</b>	<b>-</b>	<b>1,521,887</b>	<b>2,545,098</b>	<b>-</b>	<b>3,781,763</b>
<b>Assigned:</b>						
Budget Requirements	21,630,343	-	-	-	-	-
Other Budgetary Contingency	6,000,000	-	-	-	-	-
<b>Subtotal:</b>	<b>27,630,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unassigned (Deficit):</b>	<b>5,498,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,813)</b>
<b>Total Fund Balance</b>	<b>\$ 79,186,107</b>	<b>\$ 1,383,425</b>	<b>\$ 9,482,928</b>	<b>\$ 6,590,996</b>	<b>\$ 34,035,832</b>	<b>\$ 94,853,787</b>

**NOTE 3 – CASH AND INVESTMENTS**

At year end, the carrying amount of the County's deposits was \$74,967,162 and the bank balance was \$77,749,956. The difference represents outstanding checks, deposits, and other reconciling items.

**Custodial Credit Risk – Investments** - To control custody risk, State law and the County adopted Investment Policy requires all securities and all collateral for time and demand deposits, as well as repurchase agreement collateral, be transferred delivery versus payment and held by an independent party required to provide original safekeeping receipts. Repurchase agreements must be collateralized to 102%.

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County has a deposit policy for custodial credit risk; which follows New Mexico law. All deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance.



**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At year end, \$76,251,956 of the County's bank balance was exposed to custodial credit risk as uninsured. Pledged securities totaling \$99,550,682 collateralized the uninsured amount exceeding the collateralization requirement by \$61,424,704.

The pledged collateral by bank at year end consists of the following:

	<i>50% Requirement</i>
Deposits	\$ 77,749,956
Less FDIC coverage	1,498,000
Total unsecured public funds	<u>76,251,956</u>
Collateral requirement	38,125,978
Pledged securities, fair value	99,550,682
Pledged in excess of requirement	<u>\$ 61,424,704</u>

At year end the County's investments consisted of the following:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Money market-investments	\$ 69,328,200	\$ 69,328,200	\$ -	\$ -	\$ -
Municipal Bonds	10,235,386	-	10,235,386	-	-
U.S. Treasuries	12,913,009	12,913,009	-	-	-
U.S. Agencies:					
Federal Farm Credit Banks	5,004,500	-	3,004,500	1,000,000	1,000,000
Federal National Mortgage Association	20,849,172	1,000,400	15,849,672	2,999,000	1,000,100
Federal Home Loan Mortgage Corporation	21,529,600	501,800	21,027,800	-	-
Federal Home Loan Bank	24,893,840	2,000,300	14,392,840	4,500,600	4,000,100
Fing Corp FICO	4,959,190	1,994,560	2,964,630	-	-
Total	<u>\$ 169,712,897</u>	<u>\$ 87,738,269</u>	<u>\$ 67,474,828</u>	<u>\$ 8,499,600</u>	<u>\$ 6,000,200</u>

**Credit Quality Risk** - The County has an investment policy that would further limit its investment choices. Risk classifications are limited to primary capital asset ratio of 6.1 percent for "Class A", 5 percent for "Class B", less than 5 percent for "Class C", and less than 2.5 percent for "Class D". All of the County's investments in U.S. Agencies in the preceding table were rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's. All of the County's investments in Municipal Bonds, except for one Not Rated Bond, were rated A+ or better by Standard & Poor's.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**Concentration of Credit Risk** – Investments in securities of any issues, other than U.S. Treasury Securities, mutual funds, local government investment pool, that represent 5% or more of the total investments at year end are as follows:

	Amount	% of Investments
Treasury Money Market	\$ 69,328,200	41%
Municipal Bonds	10,235,386	6%
U.S. Agencies		
Federal National Mortgage Association	20,849,172	12%
Federal Home Loan Mortgage Corporation	21,529,600	13%
Federal Home Loan Bank	24,893,840	15%

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2016:

- U.S. Treasury securities of approximately \$12.9 million are valued using quoted market prices (Level 1 inputs)
- Municipal Bonds of approximately \$10.2 million and U.S. Agencies of approximately \$77.2 million are valued using a matrix pricing model (Level 2 inputs).

The County did not have any investments at June 30, 2016, valued using nonrecurring fair value measurements (Level 3 inputs).

**NOTE 4 – RECEIVABLES**

Governmental receivable balances, net of allowance for uncollectible accounts, as of year-end for the County's individual major governmental funds and non-major governmental funds in the aggregate, were as follows:

	General Fund	Developer Fees*	Fire Operations	Corrections Operations	Capital Outlay GRT	Non-Major Governmental Funds
Accounts	\$ 262,547	\$ -	\$ 11,165,844	\$ 3,453,623	\$ -	\$ 164,672
Taxes	6,105,611	-	1,601,540	-	1,768,257	5,680,680
Interest	281,486	-	-	65,662	-	44,777

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 – RECEIVABLES (Continued)**

	General Fund	Developer Fees*	Fire Operations	Corrections Operations	Capital Outlay GRT	Non-Major Governmental Funds
Grantor & other	74,257	-	60,805	-	-	1,827,397
Mortgage Notes	-	14,454,504	-	-	-	-
Down Payment Assistance	-	547,593	-	-	-	-
Less: Allowance for uncollectible	(83,543)	(2,929,026)	(10,920,669)	(3,189,523)	-	(244,466)
Net receivables	<u>\$ 6,640,358</u>	<u>\$12,073,071</u>	<u>\$ 1,907,520</u>	<u>\$ 329,762</u>	<u>\$ 1,768,257</u>	<u>\$ 7,473,008</u>

\*Developer fees receivable fund accounts receivable are not expected to be collected within 1 year; therefore, are considered long term assets.

Proprietary funds report revenues net of allowances. The Utilities and Housing Services funds are the only proprietary funds with allowances as follows:

	Utilities	Housing Services
Rentals and charges for services & sales	\$ 4,854,834	\$ 564,297
Allowance for accounts receivable	(343,923)	(33,362)
Rentals and charges for services & sales, net	<u>\$ 4,510,911</u>	<u>\$ 530,935</u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report deferred inflows in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 3,450,773	\$ -
Charges for services receivable and grants receivable (General Fund)	858,056	-
Mortgages receivable (Developer Fees Fund)	12,073,071	-
Charges for services receivables and grants receivables (Fire Operations Fund)	112,233	40,367
Charges for services receivables (Corrections Ops. Fund)	133,206	-
Delinquent property taxes receivable (Non-Major Governmental Funds)	739,375	-
Charges for services receivable and grants receivables (Non-Major Governmental Funds)	77,997	463,944
Total deferred inflows for governmental funds	<u>\$ 17,444,711</u>	<u>\$ 504,311</u>

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 – CAPITAL ASSETS**

A summary of capital asset activity for the current fiscal year follows:

Governmental Activities:

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Land	\$ 37,036,236	642,005	-	-	37,678,241
Right of Way Land	10,109,940	-	-	-	10,109,940
Construction in progress	4,925,257	7,396,369	-	(1,619,772)	10,701,854
Total	52,071,433	8,038,374	-	(1,619,772)	58,490,035
Assets being depreciated:					
Buildings & Improvements	183,034,048	1,189,728	-	1,476,920	185,700,696
Infrastructure	77,562,040	1,869,550	-	142,852	79,574,442
Vehicles, Furniture, Fixtures & Equipment	62,971,173	4,397,589	(2,334,961)	-	65,033,801
Total	323,567,261	7,456,867	(2,334,961)	1,619,772	330,308,939
Less: Accumulated Depreciation					
Buildings & Improvements	(48,371,393)	(3,555,057)	-	-	(51,926,450)
Infrastructure	(26,697,864)	(2,249,855)	-	-	(28,947,719)
Vehicle, Furniture, Fixtures, & Equipment	(48,400,544)	(4,074,776)	2,334,961	-	(50,140,359)
Total	(123,469,801)	(9,879,688)	2,334,961	-	(131,014,528)
Net Capital Assets	\$ 252,168,893	5,615,553	-	-	257,784,446

Business Type Activities:

**REGIONAL PLANNING AUTHORITY**

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Vehicles, Furniture, Fixtures, & Equipment	\$ 3,629	-	(2,265)	-	1,364
Total	3,629	-	(2,265)	-	1,364
Less: Accumulated Depreciation					
Vehicle, Furniture, Fixtures, & Equipment	(3,629)	-	2,265	-	(1,364)
Total	(3,629)	-	2,265	-	(1,364)
Net Capital Assets	\$ -	-	-	-	-

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 – CAPITAL ASSETS (Continued)**

**UTILITIES DEPARTMENT**

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Land	\$ 147,704	-	-	-	147,704
Water Rights	17,808,069	-	-	-	17,808,069
Construction in progress	607,074	177,007	-	-	784,081
Total	18,562,847	177,007	-	-	18,739,854
Assets being depreciated:					
Buildings & Improvements	21,751	-	-	-	21,751
Water Systems	122,974,821	1,157,199	-	-	124,132,020
Vehicles, Furniture, Fixtures & Equipment	800,657	23,373	(21,399)	-	802,631
Total	123,797,229	1,180,572	(21,399)	-	124,956,402
Less: Accumulated Depreciation					
Buildings & Improvements	(14,802)	(2,886)	-	-	(17,688)
Water Systems	(12,180,737)	(2,462,931)	-	-	(14,643,668)
Vehicle, Furniture, Fixtures, & Equipment	(520,239)	(83,859)	21,399	-	(582,699)
Total	(12,715,778)	(2,549,676)	21,399	-	(15,244,055)
Net Capital Assets	\$ 129,644,298	(1,192,097)	-	-	128,452,201

**HOUSING SERVICES**

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Land	\$ 728,415	-	-	-	728,415
Assets being depreciated:					
Buildings & Improvements	7,836,345	201	-	-	7,836,546
Vehicles, Furniture, Fixtures & Equipment	435,883	-	(42,830)	-	393,053
Total	8,272,228	201	(42,830)	-	8,229,599
Less: Accumulated Depreciation					
Buildings & Improvements	(3,413,809)	(205,413)	-	-	(3,619,222)
Vehicle, Furniture, Fixtures, & Equipment	(400,591)	(10,765)	42,830	-	(368,526)
Total	(3,814,400)	(216,178)	42,830	-	(3,987,748)
Net Capital Assets	5,186,243	(215,977)	-	-	4,970,266
Business-type activities capital assets, net	\$ 134,830,541	(1,408,074)	-	-	133,422,467

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 2,117,291
Public safety	3,389,160
Culture and recreation	477,563
Highways and streets	3,170,270
Health and welfare	725,404
Total depreciation expense – governmental activities	<u>\$ 9,879,688</u>
Business-Type Activities:	
Regional Planning Authority	\$ -
Utilities	2,549,676
Housing Services	216,178
Total depreciation expense – business-type activities	<u>\$ 2,765,854</u>

**Construction Commitments** – At year end, the County had contractual commitments related to capital projects for the construction of the Ken and Patty Adams Senior Center, the Stanley Cyclone Center and other various projects. At year end the County had spent approximately \$16.4 million on the projects and had estimated remaining contractual commitments of approximately \$8.7 million. These projects are being funded primarily with bond proceeds and capital outlay gross receipts taxes.

**NOTE 6 – OPERATING LEASES**

The County leases equipment and office space under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Expenditures under the terms of the operating leases totaled \$496,872 for the current fiscal year. The operating leases are subject to future appropriation and, as such, cancelable by the County at the end of a fiscal year. The future minimum rental payments required under the operating leases at year end, were as follows:

Year Ending June 30:	
2017	\$ 503,160
2018	394,707
2019	100,196
2020	101,381
2021	103,565
2022-26	545,336
2027-31	327,708
2032-36	338,244
2037-39	226,534
Total minimum payments required	<u>\$ 2,640,831</u>

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7 – LANDFILL CLOSURE AND POST-CLOSURE COSTS**

State and federal laws and regulations require the County to place a final cover on the County-operated landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be incurred after the date the landfill stops accepting waste, the County reports these closure and post-closure care costs as a liability as of each balance sheet date. The County closed the landfill during fiscal year 1997. The \$1,075,675 reported as landfill closure and post-closure care liability at year end represents management's estimate of the costs for standard monitoring and compliance to 2027.

Annual ground water monitoring has demonstrated the County is in compliance with ground water contamination. The County is required to perform monitoring of the ground water every five years. The County estimates it will not expend any significant monies for post-closure costs in the next fiscal year. Current year expenditures of \$7,435 were paid by the General Fund. These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations; therefore, an amount due within one year is not recorded.

**NOTE 8 – CONDUIT DEBT OBLIGATIONS**

The County has issued Project Revenue Bonds to provide assistance for the El Castillo Retirement Residences Project. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. At year end, there were two series of Project Revenue Bonds outstanding, with an aggregate principal amount payable of \$10,090,000.

The County issued \$3,000,000 multi-family Housing Revenue Bonds in August 1998 to provide assistance for the construction of the Villa Grande Apartments. The bonds are secured by the revenues and mortgage of the property. At year end, the amounts of bonds outstanding were \$2,740,000.

The County issued \$7,400,000 of tax-exempt variable rate and \$2,965,000 of taxable fixed rate Education Facility Revenue Bonds in April 2008 to provide assistance for building an elementary school for the Archdiocese of Santa Fe. The bonds are secured by Education Facility Revenues. At year end, the amounts of bonds outstanding were \$7,655,000.

Total conduit debt outstanding at June 30, 2016, was \$20,485,000. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 – BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation and revenue bonds. The bonds are both callable and non-callable with interest payable semiannually. Property taxes or gross receipts taxes as applicable from the respective debt service funds are used to pay bonded debt.

Sinking fund requirements for the Correctional System and GRT Revenue Bonds are: 1) 10% of the original principal amount of the bonds; or 2) the maximum annual debt service of the bonds; or 3) 125% of the average annual debt service of the bonds. The County has chosen option 2.

Revenue and general obligation bonds outstanding as reported in governmental-type activities at year end were as follows:

Purpose	Original Amount Issued	Interest Rates	Maturity	Outstanding Principal June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
<b>General Obligation Bonds:</b>					
GOB Series 2005 - Refunding 97 GOB \$	8,490,000	3.75% to 4.192%	7/1/16	\$ 1,040,000	\$ 1,040,000
GOB Series 2007A - Judicial Center	25,000,000	4% to 4.5%	7/1/26	750,000	750,000
GOB Series 2007B – Roads & Water	20,000,000	4% to 5.5%	7/1/27	500,000	500,000
GOB Series 2008 - Buckman Direct Diversion Water	32,500,000	3% to 4.25%	7/1/24	23,900,000	1,000,000
GOB Series 2009 - Road, Fire, Water, OS, Transfer Stations	17,000,000	3% to 4.3%	7/1/24	10,250,000	1,000,000
GOB Series 2010 - Refund 2001A & 1999 Series	13,505,000	2.125% to 3%	7/1/18	5,270,000	955,000
GOB Series 2011 – Refund 2001A & Road, Fire, Water, OS, Transfer Stations	17,500,000	2.5% to 4%	7/1/26	11,105,000	1,175,000
GOB Series 2013-Roads, Public Works, Water	19,000,000	2.0% to 4.0%	7/1/28	18,375,000	650,000
GOB Series 2015-Refunding 2005A, 2007A & B, and Improvements	47,220,000	2.75% to 5.0%	7/1/30	47,220,000	695,000
Total				<u>118,410,000</u>	<u>7,765,000</u>



**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 – BONDS PAYABLE (Continued)**

Purpose	Original Amount Issued	Interest Rates	Maturity	Outstanding Principal June 30, 2016	Due Within One Year
<b>Revenue Bonds:</b>					
Correctional System 1997	30,000,000	5.0% to 6.0%	2/1/27	17,755,000	1,205,000
Sheriff's Facility - 1997A	6,000,000	5.0% to 6.0%	2/1/27	3,340,000	225,000
Subordinate Judicial Center – 2008	30,000,000	3.5% to 5%	6/1/33	25,560,000	590,000
2009 Series Capital Outlay GRT - Water Rights	12,090,000	2% to 5%	6/1/29	8,995,000	535,000
2010A Series Capital Outlay GRT - Buckman Direct Diversion	21,215,000	2% to 5%	6/1/30	16,620,000	880,000
2010B Series Capital Outlay GRT - Buckman Direct Diversion	10,195,000	2% to 4.25%	6/1/30	8,135,000	395,000
Total				80,405,000	3,830,000
<b>Grand Total</b>				<u>\$ 198,815,000</u>	<u>\$ 11,595,000</u>

**Pledged revenues – governmental activities.** The County has pledged future gross receipts tax revenues to repay outstanding revenue bonds of approximately \$80.4 million as of June 30, 2016. Proceeds from the original bond issuances provided financing for the acquisition and construction of major capital facilities and water systems.

The revenue bonds described in the schedule above are secured by pledged revenue as outlined in the bond covenants associated with the each issuance. The 1997 Correctional Facility Bond, the 1997A Sheriff's Facility Bond and the 2008 Judicial Center Revenue bond have pledged revenue totaling a 5/16<sup>th</sup> cent gross receipts tax (two 1/8<sup>th</sup> cent increments and a 1/16<sup>th</sup> cent increment) dedicated to general purposes which includes debt service. The pledged revenue is 1.4 times the amount of debt service in the subsequent fiscal year for the bonds which averages \$4,756,153 per year over the next 10 years. Thus, the total pledge requirement is approximately \$6,658,514 per year or 53.3% of the 5/16<sup>th</sup> tax increments annually (based on FY 2016 collections). The revenue pledge will remain in place until the bonds mature or they are called, if callable. Both the 1997 Series and the 1997A Series mature in fiscal year 2027 and are not callable. The 2008 Series will mature in fiscal year 2033 with an optional call date of 6/1/18.

The three other revenue bonds described above, the 2009 Series, 2010A Series and 2010B Series are secured by pledged capital outlay gross receipts tax. This tax is a 1/4<sup>th</sup> cent tax increment dedicated to capital projects or debt service thereon. The pledged revenue is 2.0 times the amount of debt service for the bonds in the subsequent fiscal year which averages \$3,244,137 per year over the next 10 years. Thus, the total pledge requirement is approximately \$6,488,274 or 65.0% of the capital outlay gross receipts tax annually (based on FY 2016 collections). The revenue pledge will remain in place until the bonds mature or they are called. The 2009 Series matures in fiscal year 2029 with an optional call date of 6/1/19. The 2010A and 2010B Series mature in fiscal year 2030 with an optional call date of 6/1/2020.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 – BONDS PAYABLE (Continued)**

Annual debt service requirements to maturity on revenue and general obligation bonds for governmental activities at year end are summarized as follows:

Year ending June 30:	Principal	Interest
2017	\$ 11,595,000	\$ 8,966,852
2018	12,630,000	7,803,699
2019	13,540,000	7,289,549
2020	13,435,000	6,720,924
2021	14,105,000	6,126,231
2022-26	82,050,000	20,056,133
2027-31	46,105,000	5,091,464
2032-33	5,355,000	407,000
Total	<u>\$ 198,815,000</u>	<u>\$ 62,461,852</u>

In fiscal year 2015, the County issued \$39,220,000 in refunding bonds, with an effective interest rate of 2.152% to refund the 2005A GOB Series and advance refund the 2007A and 2007B GOB Series general obligation bonds. The 2005A, 2007A and 2007B GOB Series bonds had average interest rates of 4.240%, 4.452% and 4.222% respectively. The total refunded principal was \$42,050,000. The net proceeds of \$44,246,869 of the refunding bonds, which includes \$5,026,869 net bond premium, were deposited with an escrow agent and invested in open market securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for payment of the refunded bonds on their call dates of July 1, 2015 (2005A Series) and July 1, 2016 (2007A and 2007B Series). As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The refunding/advance refunding was undertaken to reduce the total debt service payments over the next 8 years by an average of \$440,000 per year with a net present value savings to the County of \$5,127,489.

The 2007A and 2007B GOB Series were advance refunded with the call date and subsequent redemption to occur on July 1, 2016. At year end, \$42,050,000 of these defeased bonds was still outstanding. No other previously defeased bonds remained outstanding.

**NOTE 10 – LOANS PAYABLE**

During the year ended June 30, 2012, the County entered into an agreement with the City of Santa Fe to repay a portion of non-interest loan/grant agreements with the Water Trust Board in connection with the Buckman Direct Diversion Project. The annual payments of principal are the responsibility of the Capital Outlay GRT Fund. Annual debt service requirements to maturity are summarized as follows:

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 – LOANS PAYABLE (Continued)**

Year ending June 30:	Principal
2017	\$ 52,189
2018	26,095
2019	26,095
2020	26,095
2021	26,095
2022-26	130,479
2027-29	67,766
Total	<u>\$ 354,814</u>

**NOTE 11 - CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 125,545,000	-	(7,135,000)	118,410,000	7,765,000
Revenue bonds	84,030,000	-	(3,625,000)	80,405,000	3,830,000
Loan payable	354,814	-	-	354,814	52,189
Landfill closure and post-closure costs	1,883,832	-	(808,157)	1,075,675	-
Compensated absences	3,228,350	3,901,870	(3,909,155)	3,221,065	3,221,065
Premium on bonds payable	6,082,983	-	(405,532)	5,677,451	405,532
Pending legal action	693,431	459,318	-	1,152,749	1,152,749
Net pension liability	48,279,924	14,821,014	-	63,100,938	-
Total	<u>\$ 270,098,334</u>	<u>19,182,202</u>	<u>(15,882,844)</u>	<u>273,397,692</u>	<u>16,426,535</u>

Long-term liability activity for business-type activities consists of net pension liability beginning balance of \$1,444,009 with an increase of \$443,284 and an ending balance of \$1,887,293.

**NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, eleven governmental funds were involved in borrowing arrangements with the General Fund due to the existence of a negative cash balance. All interfund balances are expected to be paid within one year.

The Interfund Assets and Liabilities reported in the governmental fund balance sheet consist of the following:

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

	Receivables	Payables
General Fund	\$ 130,629	\$ -
Corrections Operations	-	1,295
Fire Operations	-	1,002
Total Major Funds	<u>130,629</u>	<u>2,297</u>
Non-Major Funds:		
Housing Choice Voucher Sec 8	-	26,219
Road Maintenance	-	94
Indigent Services	-	175
EMS Healthcare	-	598
Alcohol Programs	-	590
Emergency Communication Operations	-	275
Capital Projects-Federal	-	100,000
GOB Debt Service	219,792	-
GOB Series 2011	-	219,792
Equipment Loan Proceeds	-	368
Fire Tax Revenue Bond Proceeds	-	13
Total Non-Major Funds	<u>219,792</u>	<u>348,124</u>
<b>Total County</b>	<u><b>\$ 350,421</b></u>	<u><b>\$ 350,421</b></u>

The County records transfers to fund the operations and projects of other funds, to provide debt service, and as otherwise needed and required. All transfers made during the year were considered routine and were consistent with County transfer policy and adopted budget statements.

Interfund transfers for the year ended June 30, 2016, are listed as follows:

Transfers from General Fund to:	
Law Enforcement Operations	\$ 12,250,000
Correction Operations	10,000,038
Road Maintenance	4,400,000
Alcohol Programs	60,000
Farm & Range	7,350
GRT Revenue Bond	<u>2,183,013</u>
	28,900,401

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

Transfers from Environmental GRT to General Fund	642,440
Transfers from Corrections Fund to Corrections Operations	275,000
Transfer from Capital Outlay GRT to:	
Revenue Bond Debt Service	3,245,921
WTB Loan/Grant Debt Service	102,692
	<u>3,348,613</u>
Transfer from Correctional GRT to Corrections Operations	5,047,200
Transfer from Indigent Hospital to:	
Indigent Services	1,816,609
Corrections Operations	300,000
	<u>2,116,609</u>
Transfer from EMS Hospital to:	
EMS Health Care	902,067
Fire Operations	3,843,659
	<u>4,745,726</u>
Transfer from Alcohol Programs to:	
General Fund	30,000
Law Enforcement Operations Fund	75,000
	<u>105,000</u>
Transfer from Fire Operations to Emergency Communications	3,418,604
Transfer from GOB 2007 Series to General Obligation Bond Debt Service	6,635
Transfer from 2008 Series GRT Bond to Revenue Bond Debt Service	8,782
Transfer from GOB 2005 Series to General Obligation Bond Debt Service	1,384
Transfer GOB 2007B Series Bond to General Obligation Bond Debt Service	1,316

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

Transfer 2009 Capital Outlay GRT Revenue Bonds to Revenue Bond Debt Service	1
Transfer GOB 2001 Series to General Obligation Bond Debt Service	391
Transfer Facility Bond 97 to Revenue Bond Debt Service	160
Transfer GOB Series Open Space to General Obligation Bond Debt Service	1,022
Transfer from Corrections Operations to Jail Revenue Bond Debt Service	2,253,100
<b>Total Transfers Government and Enterprise Funds</b>	<u>\$ 50,872,384</u>

**NOTE 13 – CONTINGENT LIABILITIES**

**Encumbrances** - In accordance with GASB 54, encumbrances are no longer presented on the face of the fund financials. Santa Fe County's significant encumbrances, those greater than \$200,000, for fiscal year ended June 30, 2016, are listed as follows:

Purpose	Major Funds	Non-Major Funds	Total
Construction of Arroyo Hondo Trail	\$ 334,844	-	334,844
Santa Fe County's share of the Buckman Direct Diversion Project	465,831	-	465,831
Stanley Cyclone Center Arena	233,941	-	233,941
Upgrade Youth Development Facility	241,800	-	241,800
Rail Trail Project	96,798	360,092	456,890
Electronic Health Records System	600,000	-	600,000
Water Transmission Line – various projects	-	210,180	210,180
Fire Training Tower	100,000	199,950	299,950

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 13 – CONTINGENT LIABILITIES (Continued)**

New Fire/EMS Apparatus	200,000	768,362	968,362
Construction of a New Fire Station	276,856	-	276,856
Road Paving – various projects	762,741	632,623	1,395,364
Mutual Domestic Water Conservation	-	1,250,000	1,250,000
Administration Building Upgrades/Grant Street Complex Construction	1,775,105	-	1,775,105
Total Significant Encumbrances	<u>\$ 5,087,916</u>	<u>3,421,207</u>	<u>8,509,123</u>

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**Lawsuits** – The County is a defendant in a number of lawsuits as of June 30, 2016. It is the opinion of management and County counsel that the amount of losses resulting from these remaining litigations at June 30, 2016, would not be material to the financial position of the County. The County is, however, involved in a case for fiscal year ended June 30, 2016, in which the County has accrued \$1,152,749 for probable payment of a pending legal action.

**NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING**

Significant JPAs and MOUs are as follows:

**Santa Fe Solid Waste Management Agency** - Under authorization of the New Mexico State Statute 11-1-1, Santa Fe County joined the City of Santa Fe to undertake their powers to dispose of solid waste as mandated by state and federal regulations and provide a more efficient and cost-effective method of solid waste disposal to the County and City citizens.

The County and the City established the Santa Fe Solid Waste Management Agency (Agency) through a Joint Powers Agreement in February 1995, as a public entity separate from the County or the City. The agreement delegated to the Agency the power to plan for, operate, construct, maintain, repair, replace, or expand the facility. The Agency has the authority to adopt revenue bond ordinances so long as such an ordinance is duly ratified by the governing bodies of the

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING (Continued)**

County and the City. The Agency is managed by a Board of Directors comprised of four City Councilors and four County Commissioners. A five member staff advisory committee was established by the agreement and is comprised of the finance directors from the County and the City, the County public works department director, the City utilities department director and the Agency director. The staff advisory committee makes recommendations to the Board on issues of regulatory compliance, budget and facility costs, and any facility expansions or proposed closure. A five member citizens' advisory committee was also established. The Agency is charged to comply with all laws, rules and regulations for operations under the permit issued from the New Mexico Environment Department.

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately \$6.0 million. The County did not contribute any funds to the Agency in the 2016 fiscal year. A final reconciliation has been done to ensure costs have been split equally between the County and City. The facility opened in May of 1997.

The facility is to be self supporting for operations, equipment, future construction, debt service, accumulation of a reserve fund and all other costs through fees charged to the County, the City, and other private users. The land for the facility was purchased by the County and transferred to the Agency. The facility itself belongs to the Agency. The Agency has adopted its rate ordinance for use of the facility. If, for any reason, revenues are insufficient to pay costs of operations, the Agency Board must notify the County and City in order to negotiate steps that are reasonable and prudent in light of existing circumstances to ensure that any deficits accumulated or incurred by the Agency are not allowed to impair the operation, integrity or credit worthiness of the Agency. A bond issue was authorized in December 1996, by the Agency in the amount of \$6,260,000 to provide funds for the equipment required for the facility and the construction of the second landfill cell.

The Agency has its own financial statements as a separate entity, audited on an annual basis. Complete financial statements for the Agency may be obtained at the Santa Fe Solid Waste Management Agency, 149 Wildlife Way, Santa Fe, New Mexico 87506

Closure of the facility must be approved by the governing bodies of the County and City. Upon closure and sale of the facility, any proceeds remaining after settling all obligations will be split equally between the County and City.

**Buckman Direct Diversion (BDD) Water Project** – The City of Santa Fe and the County established a joint powers agreement for the Buckman Direct Diversion (BDD) water project. The BDD project was the largest, single capital project for which the two local governments address meeting the current and future needs of an adequate water supply within the area. Total construction costs for the project were approximately \$224.2 million. The Buckman Direct



STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING (Continued)**

Diversion allows for full access to the San Juan/Chama water rights and/or other native Rio Grande water rights held by the City and County. The system routes Rio Grande surface water directly from the river through a conveyance system to a new water treatment facility where water is conveyed to the various users after treatment. Costs incurred have been recorded to the Utilities Department enterprise fund as additions to water rights and the water system.

**La Luz Holdings, LLC, and Santa Fe Film and Media Studios Inc. (Studios)** – The County and La Luz Holdings, LLC, a New Mexico limited liability company, and Santa Fe Film and Media Studios Inc., a New Mexico corporation, entered into a Memorandum of Understanding (MOU) on January 14, 2009, to participate in an economic development project pursuant to the Local Economic Development Act, NMSA 1978 Sections 5-10-1 through 5-10-13 (1993) (as amended). Prior to the MOU, the County enacted Santa Fe County Ordinance No. 1996-07, which provides for economic development projects within the County, and Ordinance No. 2008-07 approving an economic development project with the Studios. Under the terms of Ordinance No. 2008-07 and a Project Participation and Land Transfer Agreement dated October 26, 2010, the County contributed to the economic development project of the film and multi-media production studio by providing water, sewer, broadband and road infrastructure improvements, and an annual water allotment sufficient to develop and operate the project without cost to the Studios. The County entered into a grant agreement with the NM Department of Finance and Administration and the NM Economic Development Department to plan, design, construct, equip and furnish the Studios in the amount of \$10 million. There were no current fiscal year costs capitalized.

**Regional Emergency Communications Center (RECC)** – The County and the City of Santa Fe entered into a joint powers agreement to define the terms and conditions for operating, administering and maintaining a joint enhanced 911 dispatch center to provide emergency telephone access for citizens to request emergency services such as fire and law enforcement, as well as to provide for emergency communications needs of public safety agencies in the County and the City. The agreement was first made in 2001 and established a Board which consists of the County Sheriff and City Police Chief, the Fire Chiefs of the County and City, the County and City Managers, and one community at-large member appointed by agreement of the County and City Managers. The Board is responsible for administrative oversight and direction of the RECC and shall advise the governing bodies of the County and City on its operation.

In the original agreement the City of Santa Fe functioned as the fiscal agent of the RECC and was responsible to pay for 69% of its operating cost with the County paying 31% for the first two years and then the operating cost would be assessed proportionate to the call volume of each government.

The joint powers agreement was amended and restated in 2007 and in so doing transferred responsibility for the operation of the RECC to Santa Fe County. On July 1, 2007, Santa Fe County took over operating the RECC, employed its employees as County employees, and

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING (Continued)**

became solely response for the costs of the day to day operation of the RECC. In addition the County agreed to provide space for the RECC and share equally in the cost of capital expenditures. The Board's composition and purpose was not changed.

**Fire Suppression, Fire Prevention, Rescue, Emergency Medical Services and Emergency Communications** – The Town of Edgewood and Santa Fe County entered into a joint powers agreement the purpose of which is the provision of emergency services (fire, medical, and emergency communications) to residents of the incorporated Town of Edgewood. The County agreed to provide emergency services to the Town of Edgewood via the County's Edgewood Fire District. In consideration for this service the Town of Edgewood agreed to pay the County an amount equal to a .25% gross receipts tax collected within that portion of the Town that lies within the boundaries of Santa Fe County as well as impact fees collected from within that portion of the Town that lies within the boundaries of Santa Fe County less a 3% administrative fee.

**NOTE 15 – RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County belongs to the New Mexico County Insurance Authority (NMCIA) a division of New Mexico Association of Counties (NMAC), a public entity risk pool currently operating as a common risk management and insurance program for its member counties. The County pays an annual premium to NMCIA for its general and law enforcement liability, excess liability, automobile, property and workers' compensation insurance coverage. The agreement for formation of the NMCIA provides that NMCIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of amounts that range from \$250,000 for property to \$1,000,000 for other liability claims. The County carries commercial insurance for employee health and accident insurance as well as for medical malpractice, builders risk, pollution and temporary use liability.

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

***Plan description.*** The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**  
(Continued)

(10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015.

**Contributions.** The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for fiscal year 2016 for the various PERA coverage options, for both Tier I and Tier II, refer to Note 1C in PERA's FY 2015 financial statements for a table of all retirement plans and required contribution rates. The PERA coverage options that apply to the County are: Municipal Plan 3 (Municipal General), Municipal Police Plan 5 (Municipal Police) and Municipal Fire Plan 5 (Municipal Fire). Statutorily required contributions to the pension plan from the County were approximately \$4.6 million and employer paid member benefits that were "picked up" by the employer were approximately \$4.3 million for the year ended June 30, 2016.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(Continued)**

ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014, to June 30, 2015, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2016, the County reported a liability of \$36,409,439 for its proportionate share of the net pension liability. At June 30, 2015, the County's proportion was 3.5710 percent, which was .0406 percent more than its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized PERA Fund Division Municipal General pension expense of \$1,468,183. At June 30, 2016, the County reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 806,486
Changes of assumptions	-	14,184
Net difference between projected and actual earnings on pension plan investments	-	115,175
Changes in proportion and differences between the County's contributions and proportionate share of contributions	241,848	-
County's contributions subsequent to the measurement date	-	-
Total	<u>\$ 241,848</u>	<u>\$ 935,845</u>

\$2,846,702 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**  
(Continued)

Year ended June 30:	
2017	\$ (964,341)
2018	(964,341)
2019	(964,341)
2020	1,957,180
2021	-
Total	<u>\$ (935,843)</u>

For PERA Fund Division Municipal Police at June 30, 2016, the County reported a liability of \$10,989,484 for its proportionate share of the net pension liability. At June 30, 2015, the County's proportion was 2.2854 percent, which .0357 percent less than its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized PERA Fund Division Municipal Police pension expense of \$700,225. At June 30, 2016, the County reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 767,900	\$ -
Changes of assumptions	-	454,658
Net difference between projected and actual earnings on pension plan investments	-	30,484
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	88,865
County's contributions subsequent to the measurement date	-	-
Total	<u>\$ 767,900</u>	<u>\$ 574,007</u>

\$876,791 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(Continued)**

Year ended June 30:	
2017	\$ (93,574)
2018	(93,574)
2019	(93,574)
2020	563,479
2021	-
Total	<u>\$ 282,757</u>

For PERA Fund Division Municipal Fire at June 30, 2016, the County reported a liability of \$17,589,308 for its proportionate share of the net pension liability. At June 30, 2015, the County's proportion was 3.4080 percent, a .0938 percent decrease its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized PERA Fund Division Municipal Fire pension expense of \$1,593,302. At June 30, 2016, the County reported PERA Fund Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 692,704	\$ -
Changes of assumptions	370,976	-
Net difference between projected and actual earnings on pension plan investments	-	21,158
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	298,963
County's contributions subsequent to the measurement date	-	-
Total	<u>\$ 1,063,680</u>	<u>\$ 320,121</u>

\$850,761 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(Continued)**

Year ended June 30:	
2017	\$ 208,869
2018	208,869
2019	208,869
2020	415,915
2021	-
Total	<u>\$ 1,042,522</u>

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014, for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015, actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	3.5% annual rate
• Projected salary increases	3.5% to 14.25% annual rate
• Includes inflation at	3.00% annual rate
• Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
• Experience Study Dates	July 1, 2008 to June 30, 2013

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(Continued)**

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
Total	100.0%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County's net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.



**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(Continued)**

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
County's proportionate share of the net pension liability	61,990,828	36,409,439	15,140,253
<b>PERA Fund Municipal Police Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
County's proportionate share of the net pension liability	18,148,471	10,989,484	5,116,691
<b>PERA Fund Municipal Fire Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
County's proportionate share of the net pension liability	23,855,458	17,589,308	12,425,151

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2015 PERA financial report.

**NOTE 17 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN**

*Plan Description.* The County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 17 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN (Continued)**

employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (municipal police member coverage plan 5 and municipal fire member coverage plan 5) during the fiscal year ended June 30, 2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 17 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN (Continued)**

The County's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$816,514, \$799,879 and \$780,883 respectively, which equal the required contributions for each year.

**NOTE 18 – RECENT AND NEW ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. GASB Statement No. 76 is effective for fiscal year beginning after June 15, 2015. The County had adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the County's financial statements.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, aims to clarify the definition of fair value for reporting purposes, provide additional fair value application guidance and improve fair value disclosures. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County adopted GASB Statement No. 76 during fiscal year 2016 with no significant impact to the County's financial statements.

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 18 – RECENT AND NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the above listed new GASB pronouncements will not have a significant financial impact to the County or in issuing its financial statements.

**NOTE 19 – DEFICIT FUND BALANCE**

Generally accepted accounting principles require disclosure of deficit fund balance of individual funds. The Fire Tax Revenue Bond Proceeds and the 2016 GRT Bond fund had an unassigned deficit fund balance in the amount of \$13 and \$22,800, respectively, as of June 30, 2016.

**NOTE 20 – SUBSEQUENT EVENTS**

In July, 2016, the County issued \$24,860,000 in Series 2016 General Obligation Refunding and Improvement Bonds to advance refund the Series 2008 General Obligation bonds and to pay for roads, open space and trails, and water/wastewater projects. Payments will be made January 1 and July 1, beginning on January 1, 2017 with an interest rate range of 2.0% to 5.0%. The final bond payment will be due July 1, 2031.

In August, 2016 the County issued \$30,365,000 in Series 2016 Gross Receipts Tax Revenue Improvement and Refunding Bonds to advance refund the Series 2008 Gross Receipts Tax Revenue Bond and partially fund expenses related to construction of the Grant Street Complex (New County Administrative Building) and restoration of the current administrative building. Payments will be made June 1 and December 1, beginning on December, 2016 with an interest rate range of 2% to 5.0%. The final bond payments will be due on June 1, 2035.

### REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

SANTA FE COUNTY

Schedule of the County's Proportionate Share of the Net Pension Liability

June 30, 2016

Public Employees Retirement Association of New Mexico

Schedule of Ten Year Tracking Data\*

General, Police and Fire Divisions Combined Summary

(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	1.50%	1.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 49,724	64,988	-	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 37,029	38,377	-	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	134.28%	169.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**June 30, 2016**

**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten Year Tracking Data\***  
**General Division**  
**(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	3.53%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 27,541	36,409	-	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 28,659	29,808	-	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	96.10%	122.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**June 30, 2016**

**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten Year Tracking Data\***  
**Police Division**  
**(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	2.32%	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 7,567	10,989	-	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 4,466	4,639	-	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	169.44%	236.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.



**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**June 30, 2016**

**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten Year Tracking Data \***  
**Fire Division**  
**(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	3.50%	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 14,616	17,589	-	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 3,904	3,930	-	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	374.39%	447.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Schedule of County Contributions**  
**June 30, 2016**

**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten Year Tracking Data\***  
**General, Police and Fire Divisions Combined Summary**  
**(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 4,279	4,574	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	8,360	8,841	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)**	\$ (4,081)	(4,267)	-	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 43,110	43,725	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	19.39%	20.22%	-	-	-	-	-	-	-	-

**Increase (Decrease) in Pension Expense over Recognition Periods**

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014 \$	15,738	5		\$ 3,934	3,934	3,934	3,934	2				
2015	(389)	4			849	849	849	(2,936)				
2016	-	5										
2017	-	5										
2018	-	5										
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	\$ 15,349			\$ 3,934	4,783	4,783	4,783	(2,934)	-	-	-	-

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

\*\*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Schedule of County Contributions**  
**June 30, 2016**

**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten Year Tracking Data\***  
**General Division**  
**(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 2,623	2,846	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	5,741	6,122	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)**	\$ (3,118)	(3,276)	-	-	-	-	-	-	-	-

County's Covered-Employee Payroll	\$ 31,138	31,558	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.44%	19.40%	-	-	-	-	-	-	-	-

**Increase (Decrease) in Pension Expense over Recognition Periods**

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 10,793	5		\$ 2,698	2,698	2,698	2,698	1				
2015	936	4			964	964	964	(1,956)				
2016	-	5										
2017	-	5										
2018	-	5										
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	\$ 11,729			\$ 2,698	3,662	3,662	3,662	(1,955)	-	-	-	-

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

\*\*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**June 30, 2016**

Public Employees Retirement Association of New Mexico  
Schedule of Ten Year Tracking Data  
Police Division  
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Contractually Required Contribution	\$ 827	877	-	-	-	-	-	-	-	-		
Contributions in Relation to the Contractually Required Contribution	1,276	1,346	-	-	-	-	-	-	-	-		
Contribution Deficiency (Excess)**	\$ (449)	(469)	-	-	-	-	-	-	-	-		
County's Covered-Employee Payroll	\$ 6,366	6,482	-	-	-	-	-	-	-	-		
Contributions as a percentage of covered-employee payroll	20.04%	20.77%	-	-	-	-	-	-	-	-		
Increase (Decrease) in Pension Expense over Recognition Periods												
Total Amount												
Year	Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 3,428	5		\$ 856	856	856	856	4				
2015	(283)	4			94	94	94	(565)	-			
2016	-	5				-	-	-	-			
2017	-	5					-	-	-			
2018	-	5						-	-			
2019	-	5						-	-			
2020	-	5							-			
2021	-	5								-		
2022	-	5									-	
2023	-	5										-
\$	3,145		\$ 856	950	950	950	950	(561)	-	-	-	-

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

\*\*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Schedule of County Contributions**  
**June 30, 2016**

**Public Employees Retirement Association of New Mexico**  
**Schedule of Ten Year Tracking Data\***  
**Fire Division**  
**(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 829	851	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	1,343	1,372	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)**	\$ (514)	(521)	-	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 5,607	5,685	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	23.95%	24.13%	-	-	-	-	-	-	-	-

**Increase (Decrease) in Pension Expense over Recognition Periods**

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 1,517	5		\$ 380	380	380	380	(3)				
2015	(1,043)	4			(209)	(209)	(209)	(416)				
2016	-	5				-	-	-				
2017	-	5					-	-				
2018	-	5						-				
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	\$ 474			\$ 380	171	171	171	(419)	-	-	-	-

\*The amounts presented for fiscal year 2016 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

\*\*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2016**

**Changes of benefit terms:**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA fiscal year 15 audit available at [http://www.saonnm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://www.saonnm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf).

**Changes of assumptions:**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. Details about changes in the actuarial assumptions can be found in Appendix B on page 53 of the report.



**SUPPLEMENTARY INFORMATION**

**OTHER MAJOR GOVERNMENTAL FUNDS  
SCHEDULES OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET TO ACTUAL**

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**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual**  
**Capital Outlay GRT**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Non - GAAP</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	9,094,400	9,094,400	9,980,419	886,019
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	-	-	-	-
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
<b>Total Revenues</b>	<b>\$ 9,094,400</b>	<b>9,094,400</b>	<b>9,980,419</b>	<b>886,019</b>
<b>Cash balance carryforward</b>	<b>26,340,966</b>	<b>29,762,082</b>		
<b>Total</b>	<b>\$ 35,435,366</b>	<b>38,856,482</b>		
<b>Expenditures</b>				
General Government	\$ -	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Outlay	32,163,350	35,507,869	11,436,404	24,071,465
Health & Welfare	-	-	-	-
Housing	-	-	-	-
<b>Total Expenditures</b>	<b>32,163,350</b>	<b>35,507,869</b>	<b>11,436,404</b>	<b>24,071,465</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ -	-	-	-
Transfers to other funds	(3,272,016)	(3,348,613)	(3,348,613)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(3,272,016)</b>	<b>(3,348,613)</b>	<b>(3,348,613)</b>	
<b>Net Change in Fund Balance - Budgetary Basis</b>			<b>\$ (4,804,598)</b>	
<b>Reconciliation to change in fund balance - GAAP Basis</b>				
Revenue accruals, net of prior year revenue reversals			\$ 18,874	
Adjustments to expenditures for modified accrual purposes			189,923	
To reflect fair market value adjustment not budgeted			247,030	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			4,676,877	
<b>Change in fund balance - GAAP basis</b>			<b>\$ 328,106</b>	

**MAJOR PROPRIETARY FUNDS  
SCHEDULES OF REVENUES, EXPENDITURES AND  
CHANGES IN NET POSITION-BUDGET TO ACTUAL**

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STATE OF NEW MEXICO  
SANTA FE COUNTY  
Enterprise Funds  
Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual  
Home Sales  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Non - GAAP	Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
<b>Operating Revenues</b>				
Rentals and charges for services & sales	\$ -	-	59,426	59,426
Miscellaneous	-	-	4,068	4,068
<b>Total Revenues</b>	-	-	63,494	63,494
<b>Cash balance carryforward</b>	402,500	409,698		
<b>Total</b>	\$ 402,500	409,698		
<b>Operating Expenses</b>				
Housing	\$ 402,500	409,698	8,149	401,549
Administrative expenses	-	-	-	-
Depreciation	-	-	-	-
<b>Total Expenses</b>	\$ 402,500	409,698	8,149	401,549
<b>Non-operating revenues (expenses)</b>				
Interest earnings on cash & investments	\$ -	-	-	-
HUD operating subsidy & other intergovernmental	-	-	-	-
<b>Total Non-operating revenues (expenses)</b>	-	-	-	-
<b>Net income(loss) before transfers:</b>	-	-	\$ 55,345	-
Transfers from (to) other funds	-	-	-	-
<b>Change in fund net position</b>			\$ 55,345	
Reconciliation to GAAP basis income (loss):				
Revenue accruals, net of prior year revenue reversals			\$ -	
Adjustments to expenditures for accrual purposes			-	
To reflect fair market value adjustment not budgeted			33,379	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			6,837	
<b>Change in net position - GAAP basis</b>			\$ 95,561	

## STATE OF NEW MEXICO

## SANTA FE COUNTY

## Enterprise Funds

## Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual

## Regional Planning Authority

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Non - GAAP Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
<b>Operating Revenues</b>				
Rentals and charges for services & sales	\$ -	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	-	-	-	-
<b>Cash balance carryforward</b>	-	-		
<i>Total</i>	\$ -	-		
<b>Operating Expenses</b>				
Housing	\$ -	-	-	-
Administrative expenses	-	-	-	-
Depreciation	-	-	-	-
<i>Total Expenses</i>	\$ -	-	-	-
<b>Non-operating revenues (expenses)</b>				
Interest earnings on cash & investments	\$ -	-	-	-
HUD operating subsidy & other intergovernmental	-	-	-	-
<i>Total Non-operating revenues (expenses)</i>	\$ -	-	-	-
<b>Net income(loss) before transfers:</b>	-	-	\$ -	-
Transfers from (to) other funds	-	-	-	-
<i>Change in fund net position</i>			\$ -	
<b>Reconciliation to GAAP basis income (loss):</b>				
Revenue accruals, net of prior year revenue reversals			\$ -	
Adjustments to expenditures for accrual purposes			-	
To reflect fair market value adjustment not budgeted			1,585	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			-	
<i>Change in net position - GAAP basis</i>			\$ 1,585	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Enterprise Funds  
Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual  
Utilities  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Non - GAAP	Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
<b>Operating Revenues</b>				
Rentals and charges for services & sales	\$ 4,463,452	4,463,452	4,543,199	79,747
Miscellaneous	1,260	1,260	21,407	20,147
<b>Total Revenues</b>	<u>4,464,712</u>	<u>4,464,712</u>	<u>4,564,606</u>	<u>99,894</u>
<b>Cash balance carryforward</b>	<u>6,252,525</u>	<u>8,218,000</u>		
<b>Total</b>	<u>\$ 10,717,237</u>	<u>12,682,712</u>		
<b>Operating Expenses</b>				
Housing	\$ -	-	-	-
Administrative expenses	10,887,237	12,682,712	4,582,631	8,100,081
Bad debt expense	-	-	-	-
Depreciation	-	-	-	-
<b>Total Expenses</b>	<u>\$ 10,887,237</u>	<u>12,682,712</u>	<u>4,582,631</u>	<u>8,100,081</u>
<b>Non-operating revenues (expenses)</b>				
Interest earnings on cash & investments	\$ -	-	11,842	11,842
HUD operating subsidy & other intergovernmental	170,000	-	-	-
<b>Total Non-operating revenues (expenses)</b>	<u>\$ 170,000</u>	<u>-</u>	<u>11,842</u>	<u>11,842</u>
<b>Net income(loss) before transfers:</b>	<u>-</u>	<u>-</u>	<u>\$ (6,183)</u>	<u>-</u>
Transfers from (to) other funds	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund net position</b>			<b>\$ (6,183)</b>	
Reconciliation to GAAP basis income (loss):				
Depreciation expenses not recorded as budgetary expenditures			\$ (2,549,676)	
Revenue accruals and adjustments, net of prior year revenue reversals			(44,132)	
To record contributed capital not recorded as budgetary revenue			1,318,351	
Adjustments to expenditures for accrual purposes			34,422	
Pension expense			(63,590)	
To reflect fair market value adjustment not budgeted			91,200	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			932,761	
<b>Change in net position - GAAP basis</b>			<b>\$ (286,847)</b>	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Enterprise Funds  
Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual  
Housing Services  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Non - GAAP	Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
<b>Operating Revenues</b>				
Rentals and charges for services & sales	\$ 421,000	421,000	494,298	73,298
Miscellaneous	-	-	4,626	4,626
<b>Total Revenues</b>	<u>421,000</u>	<u>421,000</u>	<u>498,924</u>	<u>77,924</u>
Cash balance carryforward	<u>74,573</u>	<u>94,521</u>		
<b>Total</b>	<u>\$ 495,573</u>	<u>515,521</u>		
<b>Operating Expenses</b>				
Housing	\$ 1,049,573	1,069,521	844,053	225,468
Administrative expenses	-	-	-	-
Bad debt expense	-	-	-	-
Depreciation	-	-	-	-
<b>Total Expenses</b>	<u>\$ 1,049,573</u>	<u>1,069,521</u>	<u>844,053</u>	<u>225,468</u>
<b>Non-operating revenues (expenses)</b>				
Interest earnings on cash & investments	\$ -	-	-	-
HUD operating subsidy & other intergovernmental	554,000	554,000	384,775	(169,225)
<b>Total Non-operating revenues (expenses)</b>	<u>\$ 554,000</u>	<u>554,000</u>	<u>384,775</u>	<u>(169,225)</u>
<b>Net income(loss) before transfers:</b>	<u>-</u>	<u>-</u>	<u>\$ 39,646</u>	<u>-</u>
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund net position</b>			<b>\$ 39,646</b>	
Reconciliation to GAAP basis income (loss):				
Depreciation expenses not recorded as budgetary expenditures			\$ (216,178)	
Revenue accruals, net of prior year revenue reversals			130,571	
To record contributed capital not recorded as budgetary revenue			201	
Adjustments to expenditures for accrual purposes			(63,796)	
Pension expense			36,393	
To reflect fair market value adjustment not budgeted			6,426	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			27,001	
<b>Change in net position - GAAP basis</b>			<b>\$ (39,736)</b>	

NON-MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Combining Balance Sheet  
All Non-Major Governmental Funds-By Fund Type  
June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 47,175,587	-	904,910	48,080,497
Cash and investments - restricted	101,009	15,231,392	29,224,953	44,557,354
Accounts receivable, net	95,964	-	-	95,964
Taxes receivable	4,664,039	1,016,641	-	5,680,680
Interest receivable	-	12,431	32,294	44,725
Grantor agencies receivable	1,018,290	-	633,349	1,651,639
Mortgages receivable, net	-	-	-	-
Down payment assistance receivable	-	-	-	-
Prepays & other	320,446	-	-	320,446
Due from other funds	-	219,792	-	219,792
<b>Total Assets</b>	<b>\$ 53,375,335</b>	<b>16,480,256</b>	<b>30,795,506</b>	<b>100,651,097</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,975,393	-	1,170,676	3,146,069
Accrued wages and benefits	896,284	-	3,793	900,077
Deposits held for others	99,928	-	-	99,928
Other current liabilities	18,861	2,935	-	21,796
Due to other funds	27,951	-	320,173	348,124
<b>Total Liabilities</b>	<b>3,018,417</b>	<b>2,935</b>	<b>1,494,642</b>	<b>4,515,994</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	739,375	-	739,375
Unavailable revenue	64,345	-	13,652	77,997
Unearned revenue	463,944	-	-	463,944
<b>Total Deferred Inflows</b>	<b>528,289</b>	<b>739,375</b>	<b>13,652</b>	<b>1,281,316</b>
<b>FUND BALANCE</b>				
Nonspendable	320,446	-	-	320,446
Restricted	45,726,420	15,737,946	29,310,025	90,774,391
Committed	3,781,763	-	-	3,781,763
Assigned	-	-	-	-
Unassigned (Deficit)	-	-	(22,813)	(22,813)
<b>Total Fund Balance</b>	<b>49,828,629</b>	<b>15,737,946</b>	<b>29,287,212</b>	<b>94,853,787</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<b>\$ 53,375,335</b>	<b>16,480,256</b>	<b>30,795,506</b>	<b>100,651,097</b>



**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Non-Major Governmental Funds-By Fund Type**  
**For the Fiscal Year Ended June 30, 2016**

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 1,428,377	12,896,717	-	14,325,094
Gross receipts taxes	25,858,327	-	-	25,858,327
Other taxes & assessments	1,008,869	-	-	1,008,869
Licenses, permits & fees	7,258	-	-	7,258
Charges for services	775,892	-	-	775,892
Fines & forfeitures	460,477	-	-	460,477
Investment income	306,673	107,756	81,609	496,038
Federal grants	831,965	-	380,900	1,212,865
State grants	3,291,086	-	651,877	3,942,963
Other	2,502,110	-	149	2,502,259
Intergovernmental	2,394,626	-	-	2,394,626
<b>Total Revenues</b>	<b>38,865,660</b>	<b>13,004,473</b>	<b>1,114,535</b>	<b>52,984,668</b>
<b>Expenditures</b>				
General Government	1,661,302	-	72,910	1,734,212
Public Safety	16,272,971	-	-	16,272,971
Culture & Recreation	710,595	-	-	710,595
Public Works	-	-	-	-
Highways & Streets	8,903,588	-	221,075	9,124,663
Health & Welfare	7,211,856	-	-	7,211,856
Housing	2,432,196	-	-	2,432,196
Capital Outlays	3,050,562	-	5,548,953	8,599,515
Debt Service - Principal	-	10,760,000	-	10,760,000
Debt Service - Interest	-	7,877,350	-	7,877,350
Commitments & other fees	-	3,791	-	3,791
<b>Total Expenditures</b>	<b>40,243,070</b>	<b>18,641,141</b>	<b>5,842,938</b>	<b>64,727,149</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,377,410)</b>	<b>(5,636,668)</b>	<b>(4,728,403)</b>	<b>(11,742,481)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds of refunding bonds	-	10,808,938	-	10,808,938
Payment to refunded bond escrow agent	-	(10,808,938)	-	(10,808,938)
Issuance of debt	-	-	555,700	555,700
Transfers from other funds	22,929,630	7,804,418	-	30,734,048
Transfers to other funds	(12,931,975)	-	(19,691)	(12,951,666)
<b>Net Other Financing Sources (Uses)</b>	<b>9,997,655</b>	<b>7,804,418</b>	<b>536,009</b>	<b>18,338,082</b>
<b>Net Change in Fund Balance</b>	<b>8,620,245</b>	<b>2,167,750</b>	<b>(4,192,394)</b>	<b>6,595,601</b>
<b>Fund Balance, beginning of period</b>	<b>41,208,384</b>	<b>13,570,196</b>	<b>33,479,606</b>	<b>88,258,186</b>
<b>Fund Balance, end of period</b>	<b>\$ 49,828,629</b>	<b>15,737,946</b>	<b>29,287,212</b>	<b>94,853,787</b>

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Description of Non-Major Special Revenue Funds**  
**For the Fiscal year Ended June 30, 2016**

**NON-MAJOR SPECIAL REVENUE FUNDS**

The following non-major special revenue funds are maintained by the County.

**Regional Transit** – To account for a 1/8<sup>th</sup> cent gross receipts tax imposed on 7/1/09 in support of the North Central Regional Transit District. Funds are remitted in their entirety to the District and 50% is dedicated to the Rail Runner, 14% of the remaining 50% is used for administrative costs of the District and the balance is used for Santa Fe County mass transit projects.

**Corrections** – To account for corrections fees levied by the Magistrate courts (e.g. a \$10 fee associated with a speeding or seat belt violation) and distributed to the County. This revenue is utilized in the local corrections system. These funds are to be used for the operation of the County jail and other costs related to housing County prisoners. See Section 33-3c25, NMSA 1978 Compilation.

**Property Valuation** – To establish and account for a one-percent administrative charge assessed against the property tax collections of all taxing entities in the County. This revenue is utilized by the Assessor's Office for its property re-valuation activities. See NMSA Compilation Section 7, Article 38-38-1.

**Road Maintenance** – To establish and account for revenues consisting of half of the vehicle registration fees in the County (the other half goes to municipalities), and a 21 cent per gallon gasoline tax, both collected and distributed to the County by the State of New Mexico. Also, the federal government collects a logging fee of which 25% is distributed to school districts and the County Road Fund. However, Road Fund expenses are also funded by transfers from the General Fund. State law mandates that the Road Fund be utilized for "the construction, reconstruction, resurfacing or other improvement or maintenance of public roads ..." See Section 7-1-6.9, NMSA, 1978 Compilation

**Hold Harmless Gross Receipts Tax Fund** – To establish and account for a 1/8<sup>th</sup> cent gross receipts tax enacted in 2015 and dedicated to maintenance and capital improvements of County facilities and infrastructure including debt service for bonds issued for those purposes.

**Emergency Medical Services** – To establish and account for the Emergency Medical Services Fund Act (NMSA 1978 Chapter 24, Articles 10A&B) which makes funds available from the State general fund "to incorporated municipalities, counties, or fire districts for use in establishment of emergency medical services, in order to reduce injury and loss of life." See Section 24-10A-1, NMSA 1978 Compilation.

**Farm and Range** – To establish and account for the Farm and Range Improvement Act which directs the County commissioners to expend funds that are derived from the state's share of the 1934 Taylor Grazing Act public lands grazing district fees paid to the Bureau of Land Management. The funds may be used for the purposes of soil and water conservation, control of rodents and predatory animals, extermination of poisonous noxious weeds, and construction and

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Description of Non-Major Special Revenue Funds  
For the Fiscal year Ended June 30, 2016

**NON-MAJOR SPECIAL REVENUE FUNDS (Continued)**

maintenance of secondary roads within the County. See Section 6-11 -6, NMSA, 1978 Compilation.

**Fire Protection** – To establish and account for revenues of the Fire Protection Fund revenues are derived from fees on property and motor vehicle insurance businesses, which are collected and distributed by the State. Fire Protection Fund distributions to the County must be used for maintenance of fire departments, the purchase, construction, maintenance, repair and operation of fire stations and substations, fire apparatus, and equipment, and the payment of insurance premiums on fire stations, substations, and fire fighters. See Section 59A-53-5, NMSA, 1978 Compilation. Also reported in this fund is a ¼ cent gross receipts tax levied in the unincorporated areas of the County known as the County Fire Protection Excise Tax. This tax may be used for operational expenses, ambulance services, or capital outlay costs in the County Fire Districts and regional fire stations. See Section 7-20E-15, NMSA, 1978 Compilation.

**Law Enforcement Protection** – To account for revenues derived from 10% of fees, licenses, penalties, and taxes from life, general casualty, and title insurance business pursuant to the New Mexico Insurance Code (Chapter 59A, NMSA, 1978). A distribution of this revenue is made to the County on the basis of population and the number of full-time certified County police officers. Proceeds from this fund may be spent on law enforcement equipment, advanced law enforcement training, and as a match to federal law enforcement grants.

**Environmental GRT** – To establish and account for the pledged 1/8<sup>th</sup> cent gross receipts tax enacted in 1999 that was used to pay off principal and interest related to the County's Environmental Revenue Bonds, and is also used for the purpose of acquiring, construction, operation and maintenance of solid waste, water & wastewater facilities.

**Lodgers Tax** – To establish and account for a four percent (4%) occupancy tax on lodging facilities in the unincorporated areas of Santa Fe County. Fifty percent (50%) of the proceeds from the first three percent (3%) and 100% of the next one percent (1%) of the occupancy tax is used for advertising tourist attractions in Santa Fe County. Fifty percent (50%) of the proceeds from the first three percent (3%) of the occupancy tax is designated to equip, furnish, and improve tourist facilities and to administer the tax. Established pursuant to Santa Fe County Lodgers' Occupancy Tax Ordinance No. 1999-10.

**Fire Impact Fees** – To establish and account for fees charged for new development pursuant to Santa Fe Ordinance 1995-04 and Resolution 2013-119. The proceeds are used for capital improvements and facility expansion that are necessitated by the new development.

**Recreation** – To account for one cent of a 21 cent per pack state cigarette tax designated for "County and municipal recreation funds." The fund is designated for "operating recreational facilities, including salaries of instructors and other employees." See Section 7-12-15, NMSA, 1978 Compilation.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Description of Non-Major Special Revenue Funds**  
**For the Fiscal year Ended June 30, 2016**

**NON-MAJOR SPECIAL REVENUE FUNDS (Continued)**

**Clerk Recording** – To account for the fee for recording deeds, mortgages, contracts, liens, bills of sale, power of attorney, mining location, transcript of judgment, etc. of \$9 for the first page and \$2 for each subsequent page. Of this fee, \$4 of the \$9 for the first page is designated as an equipment recording fee and is received into this fund. New Mexico law stipulates that this fund is designated "for the purchase of equipment associated with recording, filing, maintaining or reproducing documents." See Section 14-8-12.2, NMSA, 1978 Compilation.

**Correctional GRT** – To account for a 1/8<sup>th</sup> cent County-wide gross receipts tax approved by the voters in 2004. This fund handles the receipt of the corrections gross receipts tax. Proceeds from this fund are transferred to the Corrections Operations fund for the operation of the Adult Detention Facility and to pay debt service on the 1997 Correctional System Revenue Bonds issued for construction of the facility.

**Indigent Hospital** – To establish and account for a 1/8<sup>th</sup> cent gross receipts tax levied in the entire County and received into this fund. This tax is dedicated to providing support for indigent health services and includes funding the County's required payment to State's Safety Net Care Pool. See Section 7-20E-9, NMSA, 1978 Compilation.

**Indigent Services** – To account for hospital care, ambulance services or other health care services to indigent people living in the County. Support for this Fund comes from a transfer from the Indigent Hospital Fund.

**Economic Development** - To establish and account for services in support of economic diversification, transition, and development programs within Santa Fe County.

**Federal Forfeiture** – To establish and account for money from federal seizures associated with anti-drug law enforcement activities received in this fund and spent by the Sheriff's Office on these activities. Revenue in this fund is not anticipated in the initial budget. Budget is established when revenue is received during the fiscal year.

**Linkages** – To account for a rental assistance program specific to families with identified disabilities funded by the New Mexico Mortgage Finance Authority. The program ended in fiscal year 2014.

**Housing Choice Voucher Sect. 8** – To account for rent subsidies received from U.S. Department of Housing and Urban Development (HUD) for "vouchers" to low-income persons renting housing in the private sector. This fund was created in accordance with the HUD contract.

**EMS Health Care** – To establish and account for health service programs. Support for this Fund comes from a transfer from the 3<sup>rd</sup> 1/8 cent local option gross receipts tax fund known as the EMS Health Hospital Fund.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Description of Non-Major Special Revenue Funds**  
**For the Fiscal year Ended June 30, 2016**

**NON-MAJOR SPECIAL REVENUE FUNDS (Continued)**

**Wildlife/Mountains/Trails** – To account for County Resolution No. 2000-57 that requires, "in all future property acquisition negotiations for Wildlife, Mountains, Trails and Historic Places Program, that participating landowners donate at least 5% of the fair market value of properties, as determined by an appraisal, in lieu of a real estate commission ..." to fund capital improvements and maintenance of properties acquired for the Program." This is paid through the title company to the County as part of the closing of the purchase of the property.

**EMS Health Hospital** – To account for a fund created to contain the 3<sup>rd</sup> 1/8<sup>th</sup> cent local option gross receipts tax used to support County health services.

**Alcohol Programs** – To account for state grants for DWI and alcohol education grants and programs and grants associated with the County Teen Court program.

**Detox Programs** – To account for federal and state grants for the construction and operation of Detox programs in the County.

**Emergency Communication Operations** – To account for the operation and management of the Regional Emergency Communication Center which is the dispatch center for all emergency calls taken for the City and County of Santa Fe, as well as the Town of Edgewood.

**Law Enforcement Operations** – This fund accounts for the operations of the County Sheriff, including grants pertaining thereto. Non-grant funding comes through a transfer of property taxes from the General Fund. This fund was established in fiscal year 2010 to isolate the operations of the Sheriff's Office in its own fund, especially due to the volume of grants that needed to be segregated from the General Fund. Prior to fiscal year 2010 the revenues and expenditures were recorded in the General Fund.

**Housing Capital Improvement** – To account for the Capital Fund Program (CFP) funded by the HUD. These monies are used to make comprehensive repairs to the existing public housing of Santa Fe County, and are applied for and granted on an annual basis. This fund was created in accordance with the grant agreement.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2016

	Regional Transit	Corrections	Property Valuation	Road Maintenance	Hold Harmless Gross Receipts Tax
<b>ASSETS</b>					
Cash and investments	\$ -	220,300	1,253,807	3,234,850	3,319,890
Cash and investments - restricted	-	-	-	893	-
Accounts receivable, net	-	-	4,887	3,080	-
Taxes receivable	797,647	-	-	47,909	782,045
Interest receivable	-	-	-	-	-
Grantor agencies receivable	-	-	-	-	-
Mortgages receivable, net	-	-	-	-	-
Down payment assistance receivable	-	-	-	-	-
Prepays & other	-	-	-	51,789	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 797,647</b>	<b>220,300</b>	<b>1,258,694</b>	<b>3,338,521</b>	<b>4,101,935</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 797,647	-	13,829	207,846	68,614
Accrued wages and benefits	-	-	42,308	101,306	-
Deposits held for others	-	-	-	-	-
Other current liabilities	-	-	-	800	-
Due to other funds	-	-	-	94	-
<b>Total Liabilities</b>	<b>797,647</b>	<b>-</b>	<b>56,137</b>	<b>310,046</b>	<b>68,614</b>
<b>DEFERRED INFLOWS</b>					
Property taxes	-	-	-	-	-
Unavailable revenue	-	-	-	2,685	-
Unearned revenue	-	-	-	95,806	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,491</b>	<b>-</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	-	51,789	-
Restricted	-	191,700	1,056,782	2,356,110	4,033,321
Committed	-	28,600	145,775	522,085	-
Assigned	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>220,300</b>	<b>1,202,557</b>	<b>2,929,984</b>	<b>4,033,321</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<b>\$ 797,647</b>	<b>220,300</b>	<b>1,258,694</b>	<b>3,338,521</b>	<b>4,101,935</b>

Emergency Medical Services	Farm and Range	Fire Protection	Law Enforcement Protection	Environmental GRT	Lodgers Tax
156,884	15,448	9,210,140	56,497	391,304	1,880,369
-	-	-	-	-	-
-	-	879	-	-	-
-	-	225,802	-	114,762	43,693
-	-	-	-	-	-
-	-	599	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,606	-	-	-
156,884	15,448	9,444,026	56,497	506,066	1,924,062
13,122	8,000	104,253	19,620	-	90,961
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,122	8,000	104,253	19,620	-	90,961
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
143,762	7,448	6,606	-	-	-
-	-	9,320,367	36,877	440,537	1,797,680
-	-	12,800	-	65,529	35,421
-	-	-	-	-	-
-	-	-	-	-	-
143,762	7,448	9,339,773	36,877	506,066	1,833,101
156,884	15,448	9,444,026	56,497	506,066	1,924,062

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2016  
(Continued)

	Fire Impact Fees	Recreation	Clerk Recording	Correctional GRT	Indigent Hospital
<b>ASSETS</b>					
Cash and investments	\$ 448,571	10,952	741,570	1,401,434	3,125,712
Cash and investments - restricted	-	-	-	-	-
Accounts receivable, net	-	-	-	-	493
Taxes receivable	-	-	-	884,077	884,052
Interest receivable	-	-	-	-	-
Grantor agencies receivable	-	-	-	-	-
Mortgages receivable, net	-	-	-	-	-
Down payment assistance receivable	-	-	-	-	-
Prepays & other	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 448,571</b>	<b>10,952</b>	<b>741,570</b>	<b>2,285,511</b>	<b>4,010,257</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	-	8,285	-	-
Accrued wages and benefits	-	-	-	-	23
Deposits held for others	-	-	-	-	-
Other current liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>8,285</b>	<b>-</b>	<b>23</b>
<b>DEFERRED INFLOWS</b>					
Property taxes	-	-	-	-	-
Unavailable revenue	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	-	-	-
Restricted	448,571	10,952	714,230	1,741,697	3,848,762
Committed	-	-	19,055	543,814	161,472
Assigned	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-
<b>Total Fund Balance</b>	<b>448,571</b>	<b>10,952</b>	<b>733,285</b>	<b>2,285,511</b>	<b>4,010,234</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<b>\$ 448,571</b>	<b>10,952</b>	<b>741,570</b>	<b>2,285,511</b>	<b>4,010,257</b>



Indigent Services	Economic Development	Federal Forfeiture	Linkages	Housing Choice Voucher Sec 8	EMS Health Care
2,334,499	7,146,189	118,949	32,911	-	1,642,574
-	-	-	-	97,428	384
4,442	-	-	-	28,921	6,603
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	354,786	-
-	-	-	-	-	-
589	-	-	-	-	1,172
-	-	-	-	-	-
2,339,530	7,146,189	118,949	32,911	481,135	1,650,733
121,804	27,273	-	-	207	52,881
12,527	7,027	-	-	10,262	16,375
-	2,500	-	-	97,428	-
37	-	-	-	-	12,526
175	-	-	-	26,219	598
134,543	36,800	-	-	134,116	82,380
-	-	-	-	-	-
3,740	-	-	-	-	10,324
-	-	-	-	-	-
3,740	-	-	-	-	10,324
589	-	-	-	-	1,172
2,039,186	7,021,167	118,949	32,911	347,019	1,465,096
161,472	88,222	-	-	-	91,761
-	-	-	-	-	-
-	-	-	-	-	-
2,201,247	7,109,389	118,949	32,911	347,019	1,558,029
2,339,530	7,146,189	118,949	32,911	481,135	1,650,733

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2016  
(Concluded)

	Wildfire/ Mountains/Trails	EMS Health Hospital	Alcohol Programs	Detox Programs	Emergency Communication Operations
<b>ASSETS</b>					
Cash and investments	\$ 48,384	2,873,213	736,994	61,869	1,948,722
Cash and investments - restricted	-	-	-	-	2,304
Accounts receivable, net	-	-	1,508	-	395
Taxes receivable	-	884,052	-	-	-
Interest receivable	-	-	-	-	-
Grantor agencies receivable	-	-	77,877	300,000	9,710
Mortgages receivable, net	-	-	-	-	-
Down payment assistance receivable	-	-	-	-	-
Prepays & other	-	-	2,230	-	94
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 48,384</b>	<b>3,757,265</b>	<b>818,609</b>	<b>361,869</b>	<b>1,961,225</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	-	219,983	-	18,646
Accrued wages and benefits	-	-	42,418	-	159,312
Deposits held for others	-	-	-	-	-
Other current liabilities	-	-	-	-	2,033
Due to other funds	-	-	590	-	275
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>262,991</b>	<b>-</b>	<b>180,266</b>
<b>DEFERRED INFLOWS</b>					
Property taxes	-	-	-	-	-
Unavailable revenue	-	-	-	-	-
Unearned revenue	-	-	314,894	-	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>314,894</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	2,230	-	94
Restricted	48,384	3,757,265	238,494	361,869	1,170,938
Committed	-	-	-	-	609,927
Assigned	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-
<b>Total Fund Balance</b>	<b>48,384</b>	<b>3,757,265</b>	<b>240,724</b>	<b>361,869</b>	<b>1,780,959</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<b>\$ 48,384</b>	<b>3,757,265</b>	<b>818,609</b>	<b>361,869</b>	<b>1,961,225</b>

Law Enforcement Operations	Housing Capital Improvement	Total Non-Major Special Revenue Funds
4,746,105	17,450	47,175,587
-	-	101,009
43,949	807	95,964
-	-	4,664,039
-	-	-
241,398	33,920	1,018,290
-	-	-
-	-	-
257,966	-	320,446
-	-	-
5,289,418	52,177	53,375,335
202,422	-	1,975,393
500,672	4,054	896,284
-	-	99,928
3,465	-	18,861
-	-	27,951
706,559	4,054	3,018,417
-	-	-
47,596	-	64,345
7,023	46,221	463,944
54,619	46,221	528,289
257,966	-	320,446
2,974,444	1,902	45,726,420
1,295,830	-	3,781,763
-	-	-
-	-	-
4,528,240	1,902	49,828,629
5,289,418	52,177	53,375,335

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2016**

	Regional Transit	Corrections	Property Valuation	Road Maintenance	Hold Harmless Gross Receipts Tax
<b>REVENUES</b>					
Property taxes	\$ -	-	1,428,377	-	-
Gross receipts taxes	4,481,778	-	-	-	4,340,939
Other taxes & assessments	-	-	-	621,378	-
Licenses, permits & fees	-	-	-	7,132	-
Charges for services	-	-	-	-	-
Fines & forfeitures	-	312,151	-	-	-
Investment income	-	1,415	7,750	20,074	3,507
Federal grants	-	-	-	180,396	-
State grants	-	-	-	-	-
Other	-	-	4,714	5,646	-
Intergovernmental	-	-	-	-	-
<b>Total Revenues</b>	<b>4,481,778</b>	<b>313,566</b>	<b>1,440,841</b>	<b>834,626</b>	<b>4,344,446</b>
<b>EXPENDITURES</b>					
General government	-	-	1,180,052	-	-
Public safety	-	-	-	-	-
Culture & recreation	-	-	-	-	-
Highways & streets	4,481,778	-	-	4,421,810	-
Health & welfare	-	-	-	-	-
Housing	-	-	-	-	-
Capital Outlays	-	-	-	215,219	320,964
<b>Total Expenditures</b>	<b>4,481,778</b>	<b>-</b>	<b>1,180,052</b>	<b>4,637,029</b>	<b>320,964</b>
<b>Excess (deficiency) of Revenues over expenditures</b>	<b>-</b>	<b>313,566</b>	<b>260,789</b>	<b>(3,802,403)</b>	<b>4,023,482</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	4,400,000	-
Transfers to other funds	-	(275,000)	-	-	-
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>(275,000)</b>	<b>-</b>	<b>4,400,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>38,566</b>	<b>260,789</b>	<b>597,597</b>	<b>4,023,482</b>
<b>Fund Balance, beginning of period</b>	<b>-</b>	<b>181,734</b>	<b>941,768</b>	<b>2,332,387</b>	<b>9,839</b>
<b>Fund Balance, end of period</b>	<b>\$ -</b>	<b>220,300</b>	<b>1,202,557</b>	<b>2,929,984</b>	<b>4,033,321</b>

Emergency Medical Services	Farm and Range	Fire Protection	Law Enforcement Protection	Environmental GRT	Lodgers Tax
-	-	-	-	-	-
-	-	1,346,925	-	684,349	-
-	-	-	-	-	387,491
-	-	-	-	-	-
-	-	-	-	-	-
993	63	63,554	599	2,598	15,708
-	894	-	-	-	-
121,792	-	2,050,121	79,200	-	-
-	-	10,159	-	-	-
-	-	-	-	-	-
122,785	957	3,470,759	79,799	686,947	403,199
-	8,000	-	-	-	-
96,472	-	966,469	100,648	-	-
-	-	-	-	-	427,043
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,162,536	-	-	-
96,472	8,000	2,129,005	100,648	-	427,043
26,313	(7,043)	1,341,754	(20,849)	686,947	(23,844)
-	7,350	-	-	-	-
-	-	-	-	(642,440)	-
-	7,350	-	-	(642,440)	-
26,313	307	1,341,754	(20,849)	44,507	(23,844)
117,449	7,141	7,998,019	57,726	461,559	1,856,945
143,762	7,448	9,339,773	36,877	506,066	1,833,101

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016  
(Continued)

	Fire Impact Fees	Recreation	Clerk Recording	Correctional GRT	Indigent Hospital
<b>REVENUES</b>					
Property taxes	\$ -	-	-	-	-
Gross receipts taxes	-	-	-	5,000,054	5,002,141
Other taxes & assessments	-	-	-	-	-
Licenses, permits & fees	-	-	-	-	-
Charges for services	254,976	-	187,659	-	-
Fines & forfeitures	-	-	-	-	-
Investment income	6,092	83	5,152	10,889	24,558
Federal grants	-	-	-	-	-
State grants	-	-	-	-	-
Other	-	-	152	-	-
Intergovernmental	-	-	-	-	-
<b>Total Revenues</b>	<b>261,068</b>	<b>83</b>	<b>192,963</b>	<b>5,010,943</b>	<b>5,026,699</b>
<b>EXPENDITURES</b>					
General government	-	-	126,677	-	-
Public safety	-	-	-	-	-
Culture & recreation	-	-	-	-	-
Highways & streets	-	-	-	-	-
Health & welfare	-	-	-	-	3,043,671
Housing	-	-	-	-	-
Capital Outlays	642,629	-	-	-	-
<b>Total Expenditures</b>	<b>642,629</b>	<b>-</b>	<b>126,677</b>	<b>-</b>	<b>3,043,671</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(381,561)</b>	<b>83</b>	<b>66,286</b>	<b>5,010,943</b>	<b>1,983,028</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	(5,047,200)	(2,116,609)
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,047,200)</b>	<b>(2,116,609)</b>
<b>Net change in fund balance</b>	<b>(381,561)</b>	<b>83</b>	<b>66,286</b>	<b>(36,257)</b>	<b>(133,581)</b>
<b>Fund Balance, beginning of period</b>	<b>830,132</b>	<b>10,869</b>	<b>666,999</b>	<b>2,321,768</b>	<b>4,143,815</b>
<b>Fund Balance, end of period</b>	<b>\$ 448,571</b>	<b>10,952</b>	<b>733,285</b>	<b>2,285,511</b>	<b>4,010,234</b>

Indigent Services	Economic Development	Federal Forfeiture	Linkages	Housing Choice Vouchers Sec 8	EMS Health Care
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	126
100	10,000	-	-	269,725	-
17,118	42,274	1,056	241	1,577	11,714
-	-	-	-	-	-
301	2,394,698	-	1,071	-	13,750
-	-	-	-	-	11,939
-	-	-	-	2,192,220	-
17,519	2,446,972	1,056	1,312	2,463,522	37,529
-	346,573	-	-	-	-
-	-	25,089	-	-	-
-	283,552	-	-	-	-
-	-	-	-	-	-
1,755,043	-	-	-	-	821,815
-	-	-	-	2,330,268	-
-	-	-	-	-	-
1,755,043	630,125	25,089	-	2,330,268	821,815
(1,737,524)	1,816,847	(24,033)	1,312	133,254	(784,286)
1,816,609	-	-	-	-	902,067
-	-	-	-	-	-
1,816,609	-	-	-	-	902,067
79,085	1,816,847	(24,033)	1,312	133,254	117,781
2,122,162	5,292,542	142,982	31,599	213,765	1,440,248
2,201,247	7,109,389	118,949	32,911	347,019	1,558,029

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-Major Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016  
(Concluded)

	Wildfire/ Mountains/Trails	EMS Health Hospital	Alcohol Programs	Detox Programs	Emergency Communication Operations
<b>REVENUES</b>					
Property taxes	\$ -	-	-	-	-
Gross receipts taxes	-	5,002,141	-	-	-
Other taxes & assessments	-	-	-	-	-
Licenses, permits & fees	-	-	-	-	-
Charges for services	-	-	-	-	1,950
Fines & forfeitures	-	-	147,786	-	-
Investment income	363	19,980	3,107	1,112	13,697
Federal grants	-	-	-	-	-
State grants	-	-	690,441	300,000	9,710
Other	-	-	701	-	-
Intergovernmental	-	-	100,000	-	68,753
<b>Total Revenues</b>	<b>363</b>	<b>5,022,121</b>	<b>942,035</b>	<b>301,112</b>	<b>94,110</b>
<b>EXPENDITURES</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	3,387,322
Culture & recreation	-	-	-	-	-
Highways & streets	-	-	-	-	-
Health & welfare	-	-	1,291,327	300,000	-
Housing	-	-	-	-	-
Capital Outlays	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>1,291,327</b>	<b>300,000</b>	<b>3,387,322</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>363</b>	<b>5,022,121</b>	<b>(349,292)</b>	<b>1,112</b>	<b>(3,293,212)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	60,000	-	3,418,604
Transfers to other funds	-	(4,745,726)	(105,000)	-	-
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>(4,745,726)</b>	<b>(45,000)</b>	<b>-</b>	<b>3,418,604</b>
<b>Net change in fund balance</b>	<b>363</b>	<b>276,395</b>	<b>(394,292)</b>	<b>1,112</b>	<b>125,392</b>
<b>Fund Balance, beginning of period</b>	<b>48,021</b>	<b>3,480,870</b>	<b>635,016</b>	<b>360,757</b>	<b>1,655,567</b>
<b>Fund Balance, end of period</b>	<b>\$ 48,384</b>	<b>3,757,265</b>	<b>240,724</b>	<b>361,869</b>	<b>1,780,959</b>