

## Historical General Fund Revenues, Expenditures and Changes in Fund Balances

### Statement of Revenues, Expenditures and Changes in Fund Balances Fiscal Years Ended June 30, 2011 through 2015

	2011	2012	2013	2014	2015
<b>REVENUES</b>					
Property taxes	\$28,795,228	\$28,008,593*	\$45,631,432*	\$48,196,257	\$49,591,262
Gross receipts taxes	7,609,719	7,882,901	8,291,976	8,572,788	7,965,027
Other taxes & assessments	1,163,118	1,303,214	992,488	1,262,783	1,208,574
Licenses, permits & fees	849,815	503,423	587,595	703,243	704,766
Charges for services	1,469,573	1,938,303	1,923,265	1,849,949	1,643,483
Fines & forfeitures	1,700	1,705	1,518	660	300
Interest earnings	1,676,623	1,608,197	1,886,843	1,576,111	1,754,926
Grants (federal and state)	822,707	862,173	939,382	477,289	134,429
Other	44,151	301,856	224,575	845,126	184,856
Intergovernmental	839,755	741,488	682,763	668,483	698,926
<b>Total Revenues</b>	<b>43,272,389</b>	<b>43,151,853</b>	<b>61,161,837</b>	<b>64,152,689</b>	<b>63,886,549</b>
<b>EXPENDITURES</b>					
Current					
General government	20,004,737	18,558,010	20,404,024	21,102,917	23,262,055
Public safety	-	-	395,226	212,281	34,395
Culture & recreation	791,099	931,569	1,102,763	910,187	1,011,500
Public works	3,516,403	4,287,209	5,227,894	5,693,737	5,084,907
Highways & streets	1,312,385	555,547	166,315	-	-
Health & welfare	1,729,510	2,207,956	1,984,886	1,804,825	1,772,798
Housing	--	47,256	54,114	173,059	147,686
Capital Improvements	328,209	1,841,533	1,943,334	916,729	501,217
<b>Total expenditures</b>	<b>27,682,343</b>	<b>28,429,080</b>	<b>31,278,556</b>	<b>30,813,735</b>	<b>31,814,558</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>15,590,046</b>	<b>14,722,773</b>	<b>29,883,281</b>	<b>33,338,954</b>	<b>32,071,991</b>
<b>Other financing sources (uses):</b>					
Transfers from other funds	1,485,001	2,376,100	341,490	640,520	658,000
Transfers to other funds	(3,070,953)	(3,706,891)	(32,290,271)	(30,512,822)	(30,973,649)
<b>Net other financing sources (uses)</b>	<b>(1,583,952)</b>	<b>(1,330,791)</b>	<b>(31,948,781)</b>	<b>(29,872,302)</b>	<b>(30,312,649)</b>
<b>Net Change in Fund Balance</b>	<b>14,004,094</b>	<b>13,391,982</b>	<b>(2,065,500)</b>	<b>3,466,652</b>	<b>1,759,342</b>
<b>Restatement</b>	<b>-</b>	<b>-</b>	<b>(96,353)</b>	<b>-</b>	<b>-</b>
<b>Fund balance beginning of year</b>	<b>44,206,312</b>	<b>58,210,406</b>	<b>71,602,388</b>	<b>69,440,535</b>	<b>72,907,187</b>
<b>Fund balance, end of year</b>	<b>\$58,210,406</b>	<b>\$71,602,388</b>	<b>\$69,440,535</b>	<b>\$72,907,187</b>	<b>\$74,666,529</b>

Source: Santa Fe County Annual Audit Reports for the fiscal years ended June 30, 2015, 2014, 2013, 2012 and 2011; these figures are excerpts only and do not purport to be complete.

- Prior to and including 2012, certain property tax revenue was not allocated to the General Fund. In 2013 the County engaged a new auditing firm, which advised the County to recognize that property tax revenue in the general fund. This was offset by an increase in Transfers to other funds equal to the reclassified property tax revenue.

## Direct and Overlapping Debt and Mill Levies

The following calculation analyzes the debt load and per capita debt of the County payable from property taxes. In addition to outstanding debt of the County, the calculation takes into account debt attributable to taxing entities that is the responsibility of taxpayers within the boundaries of the County.

Entity	2015 Assessed Valuation	GO Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$58,791,482,390	\$389,270,000	10.31%	\$ 40,119,389
Santa Fe County	6,610,847,656	127,825,000	100.00%	127,825,000
City of Santa Fe	3,830,361,250	41,305,000	100.00%	41,305,000
Town of Edgewood	102,589,790	3,550,000	100.00%	3,550,000
City of Española	178,056,025	-	2.69%	-
Española Schools	577,447,892	29,835,000	8.73%	2,606,044
Moriarty Schools	527,438,057	17,985,555	7.98%	1,434,955
Pojoaque Schools	185,763,688	7,795,000	100.00%	7,795,000
Santa Fe Community College	6,059,234,870	23,115,000	100.00%	23,115,000
Santa Fe Schools	6,059,234,870	190,100,000	100.00%	190,100,000
Total Direct and Overlapping Debt				\$437,850,388

Ratio of Estimated Direct & Overlapping Debt to 2015 Assessed Valuation:	6.62%
Ratio of Estimated Direct & Overlapping Debt to 2015 Estimated Actual Valuation:	2.11%
Per Capita Direct & Overlapping Debt:	\$3,037.04

## Selected Debt Ratios and Values

The following table sets forth details relating to the ratio of general debt and overlapping debt to population and assessed valuation:

Estimated County Population	144,170
Total Estimated General Obligation Direct and Overlapping Debt	\$ 437,850,388
Per Capita Direct and Overlapping Debt	\$ 3,037.04
2015 Assessed Valuation	\$6,610,847,656
Ratio of Estimated Direct and Overlapping Debt to 2015 Assessed Valuation	6.62%

## Other County Obligations

The table below summarizes all outstanding revenue bonds and other obligations of the County as of December 31, 2015, except as otherwise noted.

Type and Series of Revenue Obligations	Original Principal Amount	Interest Rate	Date of Final Maturity	Amount Outstanding as of 12/31/15	Pledged Revenues
Santa Fe Studio Loan Guaranty*	\$6,500,000	n/a	4/2037	\$5,901,083	n/a*
Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A-B	\$31,410,000	2.00-5.00%	6/1/2030	\$25,985,000	3/32 of one percent gross receipts tax
Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009	\$12,090,000	2.00-5.00%	6/1/2029	\$9,510,000	3/32 of one percent gross receipts tax
County Gross Receipts Tax Revenue Bonds, Series 2008**	\$30,000,000	3.50-5.00%	6/1/2033	\$8,515,000	5/16 of one percent gross receipts tax
Correctional System Revenue Bonds, Series 1997	\$30,000,000	5.00-6.00%	2/1/2027	\$9,510,000	5/16 of one percent gross receipts tax
Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A	\$6,000,000	5.00-6.00%	2/1/2027	\$5,492,900	5/16 of one percent gross receipts tax
New Mexico Finance Authority/Water Trust Board Loan Grant Sharing Agreement with the City of Santa Fe	\$500,000	0.25%***	6/1/2029	\$433,097	Revenue not pledged by ordinance but is paid from ¼ of one percent capital outlay gross receipts tax

\* The Loan Guaranty is that certain Pledge of Deposit Account Agreement, dated October 26, 2010, pursuant to which the County pledged an account (the "Lockbox Account") holding \$6,500,000, to Los Alamos National Bank (the "Bank") as security for repayment of a loan (the "Bank Loan") made by the Bank to Santa Fe Film and Media Studios, Inc. and La Luz Holdings, LLC (collectively, the "Studio Developer") in connection with a local economic development act project undertaken by the County, the State, and the Studio Developer pursuant to the Local Economic Development Act, Sections 5-10-1 through 5-10-14 NMSA 1978, as amended. The Lockbox Account was funded with surplus County revenue in excess of the reserve requirements established by Section 7-20E-11 NMSA 1978 and policy of the State Department of Finance and Administration. Under the Loan Guaranty, the maximum amount that the Bank can draw annually from the Lockbox Account is \$900,000. The County has no obligation to replenish any amounts drawn from the Lockbox Account by the Bank, and does not have the right to utilize the Lockbox funds for other County purposes while the Bank Loan is outstanding. The Studio Developer is obligated to reimburse the County for any amounts drawn from the Lockbox Account, which obligations are secured by a mortgage on the project property. The Studio Developer has made all payments required under the Bank Loan.

\*\*The Series 2008 Bonds will be defeased with a portion of the proceeds of the Bonds at the time of delivery of the Bonds.

\*\*\* Santa Fe County does not pay interest on the Loan/Grant Sharing Agreement, but pays a 0.25% annual administrative cost on the outstanding balance.

## LITIGATION AND INSURANCE

At the time of the original delivery of the Bonds, the County will deliver a certificate to the effect that no litigation or administrative action of proceedings is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Ordinance, the levying or collecting of taxes to pay the principal of and interest on the Bonds or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds (the "No Litigation Certificate"). The No Litigation Certificate will include an exception concerning the springing pledge of Additional Pledged Revenues, which will become a component of Pledged Revenues upon a determination that there is no litigation pending which challenges the County's authority to impose and collect the Hold Harmless Gross Receipts Tax. See "SPECIAL FACTORS RELATING TO THE BONDS—Litigation Concerning the Hold Harmless Gross Receipts

Tax” and “DESCRIPTION OF THE BONDS—Lien on Pledged Revenues; Springing Pledge of Additional Pledged Revenues” herein.

The County maintains insurance on its assets and operations as is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. The County carries general liability insurance, auto damage and workers compensation with the New Mexico County Insurance Authority for its errors and omissions coverage, emergency medical, volunteer fire fighters and law enforcement liability coverage. There can be no assurance, however, that the County will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

### **TRANSCRIPT AND CLOSING STATEMENTS**

A complete transcript of proceedings and a no-litigation certificate (described above under “LITIGATION AND INSURANCE”) will be delivered by the County when the Bonds are delivered. The County will at that time also provide a certificate of the County relating to the accuracy and completeness of this Official Statement.

### **TAX EXEMPTION**

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax for individual corporations. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that the Bonds and income from the Bonds are exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The County has made various representations and warranties with respect to, and has covenanted in the Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has opined that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Code, interest on the Bonds will be included in the adjusted current earnings of certain corporations, and such corporation’s adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise

entitled to claim the earned income credit or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

### **Internal Revenue Service Audit Program**

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the County as the taxpayer and the Bond owners may have no right to participate in such procedure. Neither the initial purchasers of the Bonds nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the County, the Underwriter, the initial purchasers of the Bonds or Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

### **Original Issue Discount**

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

### **Original Issue Premium**

The Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders' tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

## **Post-Issuance Tax Compliance Procedures**

The Board of County Commissioners has previously adopted post-issuance tax compliance procedures which will be utilized in connection with investment and expenditure of the proceeds of the Bonds and the use of projects funded with such proceeds.

## **FINANCIAL STATEMENTS**

Appendix A contains excerpts from audited Financial Statements of the County for the fiscal year ended June 30, 2015. The Bonds are not payable from any revenues or funds of the County other than as set forth in the Official Statement. The financial statements are included for informational purposes only.

## **LEGAL MATTERS**

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, will render an opinion with respect to the validity of the Bonds and with respect to tax matters described above under "TAX EXEMPTION." The proposed form of such opinion is attached hereto as Appendix B. Certain legal matters will be certified for the County by Gregory S. Shaffer, Esq., County Attorney.

## **RATINGS**

Standard & Poor's Ratings Services ("S&P") has assigned a municipal bond rating of "AA+" to the Bonds. An explanation of the significance of such ratings may be obtained from S&P.

Such rating reflects only the views of S&P. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating given to the Bonds may have an adverse effect on the market price of the Bonds. The Underwriter has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings on the Bonds, or to oppose any such proposed revision or withdrawal.

## **CONTINUING DISCLOSURE**

In connection with its issuance of the Bonds, the County will execute a Continuing Disclosure Undertaking, a form of which is attached as Appendix C hereto, under which it will agree for the benefit of the owners of the Bonds (i) to provide audited annual financial statements of the County when available after the end of each Fiscal Year, including Fiscal Year 2016, and to provide certain annual financial information and operating data relating to the County by March 31 of each year, and (ii) to provide timely notice of certain enumerated events, if material.

## **Compliance with Prior Undertakings**

The County has previously entered into continuing disclosure agreements in accordance with SEC Rule 15c2-12. The County did not timely file a Moody's rating change in August 2013 related to its County Gross Receipts Tax Bonds and Capital Outlay Gross Receipts Tax Bonds. The rating change resulted from a Moody's surveillance rating process. The rating change was disclosed on EMMA immediately following the discovery that the rating change had not been filed. Except as indicated in this paragraph, the County believes that it has been in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with bonds issued by the County

over the past five years. The County has implemented procedures intended to assure compliance with its continuing disclosure agreements.

#### **ADDITIONAL INFORMATION**

All of the summaries of the statutes, ordinances, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such document, copies of which are either publicly available or available for inspection during normal business hours at the offices of the County Clerk of Santa Fe County, 102 Grant Avenue, Santa Fe, New Mexico 87501, or at the offices of RBC Capital Markets, Financial Advisor to the County, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110.

### OFFICIAL STATEMENT CERTIFICATION

As of the date hereof, to my knowledge and belief, this Official Statement is true, complete and correct in all material respects, and does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.

The preparation of this Official Statement and its distribution has been authorized by the Board of County Commissioners of Santa Fe County. The Official Statement is hereby duly approved by the Commissioners as of the date on the cover page hereof.

SANTA FE COUNTY, NEW MEXICO

By                     /s/                      
Miguel M. Chavez, Chairperson  
Board of County Commissioners

ATTEST:

                    /s/                      
Geraldine Salazar, County Clerk



## **APPENDIX A**

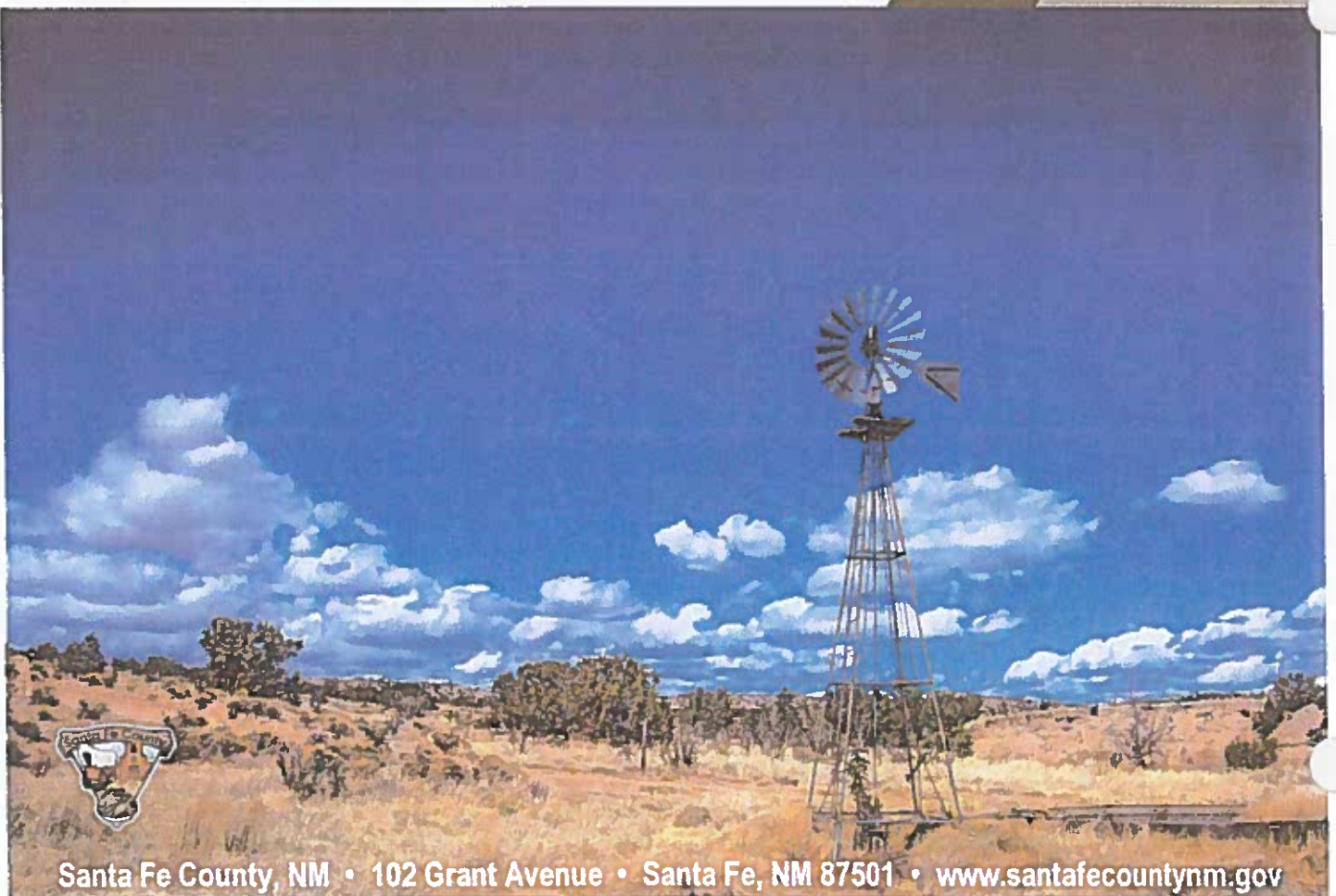
### **EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF SANTA FE COUNTY, NEW MEXICO FOR THE YEAR ENDING JUNE 30, 2015**

The County has not requested the consent of Axiom Certified Public Accountants and Business Advisors LLC, which performed the audit of the County's financial Statements, to the inclusion of the audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those financial statements.

# **SANTA FE COUNTY, NEW MEXICO**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2015**  
*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, 2015**



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

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
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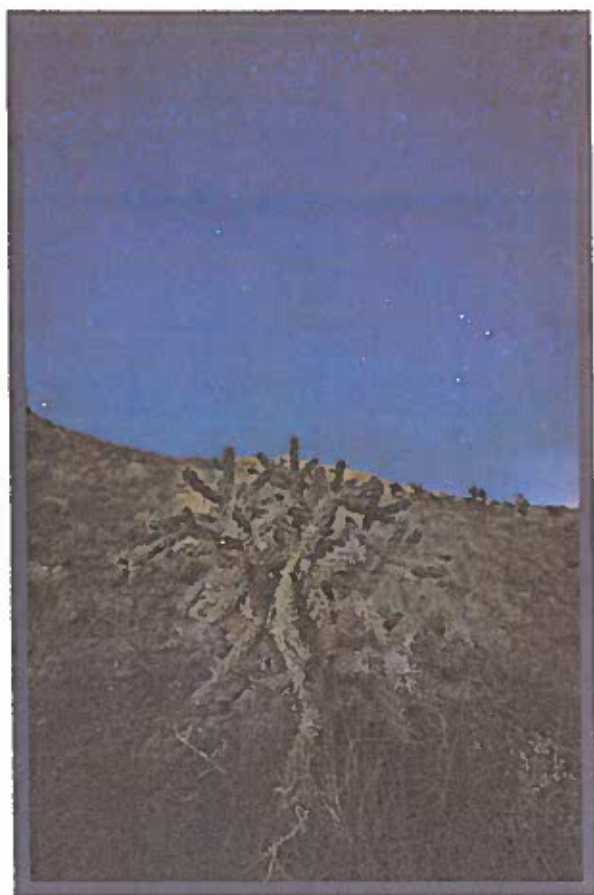
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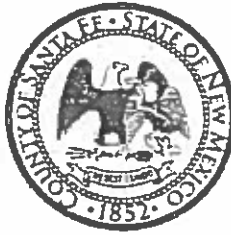


## INTRODUCTORY SECTION

**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 2, 2015

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, 2015. The financial statements and supporting schedules have been prepared in conformity with generally accepted accounting principals 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 Axiom Certified Public Accountants and Business Advisors LLC (Axiom), 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 15 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.

Axiom has audited the County's financial statements for the fiscal year ended June 30, 2015. The goal of the independent audit was to provide reasonable assurance that the financial

statements of the County for fiscal year ended June 30, 2015, 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. Axiom 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, 2015 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The report may be found on pages 12-14 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 2013 population estimates, Santa Fe County had a population of 147,423 and the 5<sup>th</sup> highest population growth rate in the State (behind Sandoval, Lea, Curry, Eddy and McKinley) and is the 3<sup>rd</sup> most populous County (behind Bernalillo and Dona Ana). The average unemployment rate in July, 2014 was 5.7% which is 1.0% less than the State rate of 6.7%.

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 2015 marks the third 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 in such a manner as to fund each function adequately to achieve the function's desired outcome even if it resulted in an increase to their budget. The FY 2015 budget contemplates modest increases to some revenue sources, changes to benefits and increases to staff compensation, significant one-time expenditures for large maintenance and repair items and 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, and expanding the utility into a self-sustaining enterprise as well as investing in employees were all priorities in FY 2015. As part of the public safety focus, additional support was given to the wildland fire prevention and suppression program. The most significant priority change was a new funding approach to economic development initiatives that target specific areas such as film and media, culture and cultural tourism, and alternative and renewable energy. Another significant budget priority shift was a focus on developing management plans for key open space properties owned by Santa Fe County.

### *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 28% of the workforce with 17,195 employees out of 60,058 total employees as reported by the New Mexico Department of Workforce Solutions. The local hospital employs a total of 2,021 employees. The County is the 7th largest employer with 894 employees as of June 30, 2015.

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 2015 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 \$6.5 billion. In FY 2013 the County Assessor completed a County-wide reappraisal. This reappraisal is 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 2014 taxable valuation (the tax year applicable to fiscal year 2015) experienced a decrease of \$239.8 million or 3.7% when compared to tax year 2013. Given that the values are true and correct, the result is a more fair distribution of the tax burden across all property owners. Property tax collections continued to be strong in FY2015 with a slight increase up to 95.64 percent.

In FY 2015 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 2015. While the unincorporated GRTs have been slower to rebound experiencing declines from FY 2009 through FY 2013, they have begun to rebound allowing for a modest three percent 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 Amador 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 includes 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 continued to maintain a \$5.0 million budgeted contingency reserve throughout FY 2015 to assist, if necessary, in times of economic distress. Thus far the County has not had to make use of the contingency reserve.

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, 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, 2014. 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.

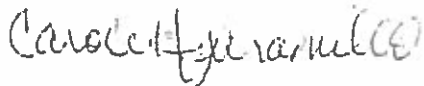
Santa Fe County also received the Government Finance Officers Association Distinguished Budget Presentation award for the fiscal year 2014 Final Program Budget. This is the seventh year that the County has received this GFOA budget award.

#### *Acknowledgments*

The preparation of this report could not have been accomplished without the dedicated services of the staff within the Finance Division. A special thanks to Lynette Kennard, accounting and financial reporting manager. Ms. Kennard worked tirelessly on the audit and to produce these financial statements, having completed the project with a reduced staff limited by vacancies and turn over.

We wish to express our sincere appreciation to all staff members whose dedication and professionalism 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, 2014**

Executive Director/CEO



STATE OF NEW MEXICO  
SANTA FE COUNTY

OFFICIAL ROSTER

JUNE 30, 2015

COUNTY COMMISSIONERS



Henry Roybal  
Member, District 1



Miguel M. Chavez  
Member, District 2



Robert Anaya  
Chair, 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

Adam Leigland

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

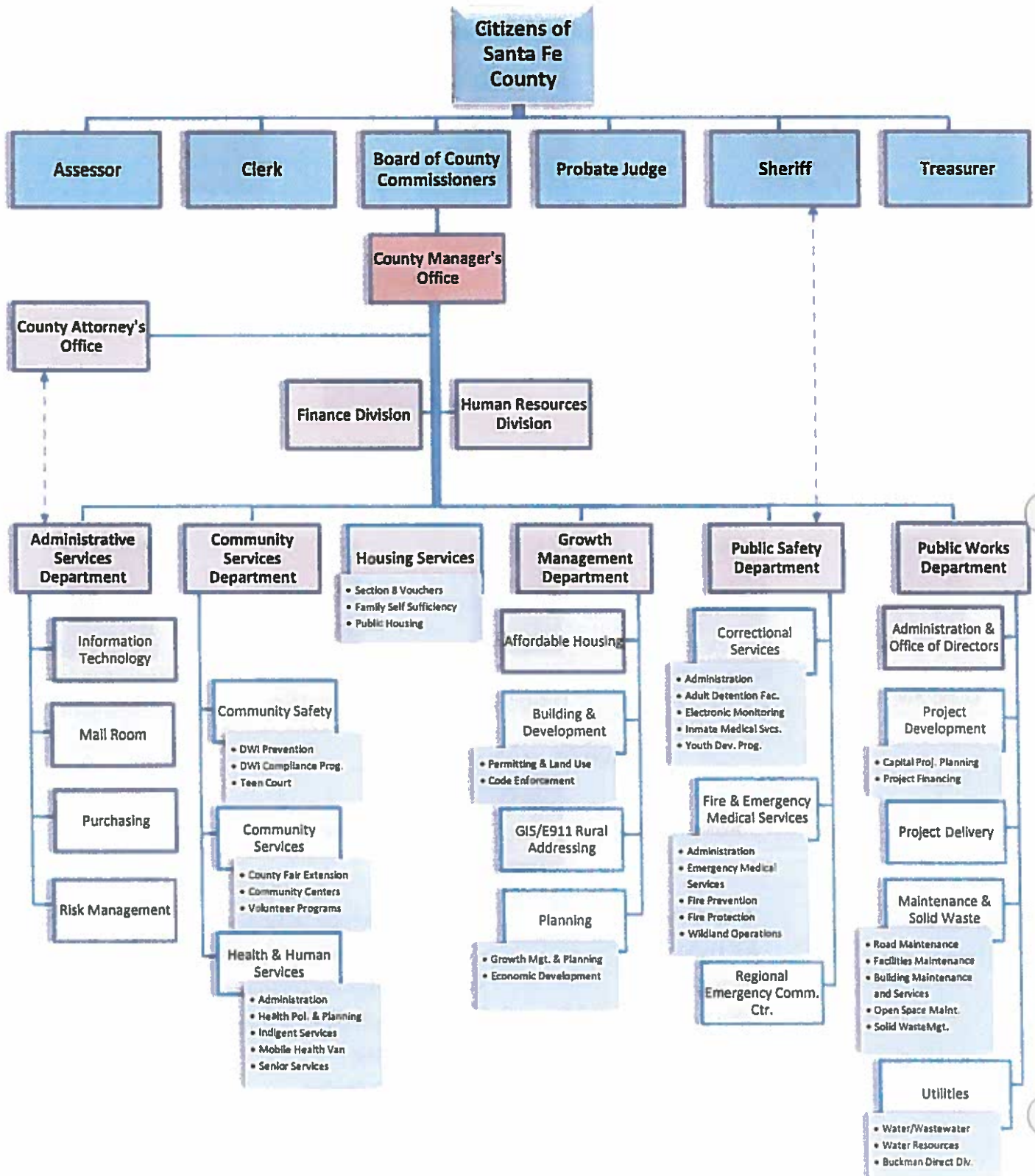
Public Works Director

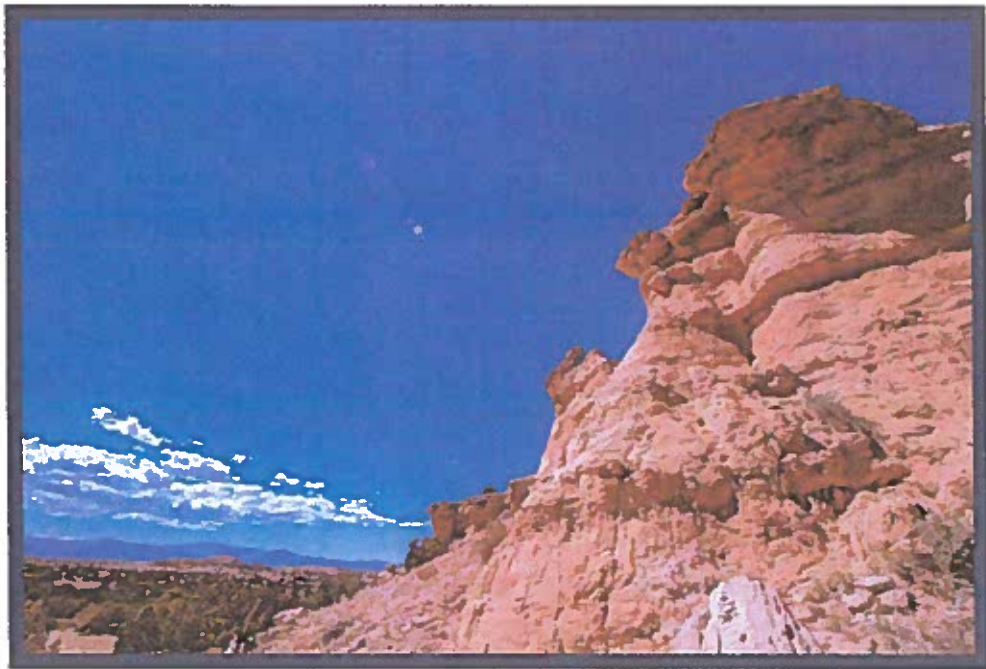
Utilities Division Director

Human Resources Division Director

Finance Division Director

STATE OF NEW MEXICO  
SANTA FE COUNTY  
ORGANIZATIONAL CHART  
FISCAL YEAR ENDED JUNE 30, 2015





## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the County Commission  
Santa Fe County  
and Mr. Tim Keller  
New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Santa Fe County, New Mexico ("County") as of and for the year ended June 30, 2015, 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 have also audited the financial statements of each of the County's nonmajor governmental funds, fiduciary fund and the budgetary comparisons for the major capital projects fund, debt service fund 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, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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 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.

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, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and 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 fund and fiduciary fund of the County as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital projects fund, debt service fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Change in Accounting Principle**

As discussed in Note 18 to the financial statements, in 2015 the County adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 to 27, Schedule of County's Proportionate Share of the Net Pension Liability, and Schedule of County Contributions on pages 90 to 93 and 94 to 98, respectively, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, introductory and statistical sections, financial data schedule, and the other schedules as required by 2.2.2 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, financial data schedule and other schedules required by Section 2.2.2 NMAC 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 Expenditures of federal awards, financial data schedule and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section, and the Schedule of Vendors 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 2, 2015 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 the 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.



Albuquerque, New Mexico  
November 2, 2015

STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2015

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, 2015.

***FINANCIAL HIGHLIGHTS***

The financial statements, which follow Management's Discussion and Analysis, provide the significant key financial highlights for fiscal year 2015 as follows:

- In the Statement of Net Position the County's total net position of governmental activities decreased \$35.8 million and business-type activities decreased by \$5.8 million. In total, the net change of \$41.6 million represents a decrease of 10.4 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 \$49.7 million in net pension liability, \$9.2 million in deferred outflows, and \$16.2 million in deferred inflows to comply with the requirements of GASB Statement No. 68 (GASB 68).
- In the Statement of Activities, the total governmental activities revenue totaled \$135.8 million, of which general revenues from governmental activities accounted for \$114.7 million or 84.5 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21.1 million or 15.5 percent of total revenue from governmental activities.
- In the Statement of Activities, the total business-type activities revenue totaled \$5.6 million, of which general revenues from business-type activities accounted for \$112,131 or 2.0 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 \$5.5 million or 98.0 percent of business-type activities.
- In the Statement of Activities the County had \$114.8 million in expenses related to governmental activities, of which \$21.1 million were offset by program specific charges for services or grants and contributions. General revenues of \$114.7 million were adequate to provide for the remaining costs of these programs. The County had \$9.7 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 \$5.5 million.
- The General Fund had \$63.9 million in revenue, which primarily consisted of taxes, charges for services and interest earnings. The total expenditures of the General Fund were \$31.8 million. The General Fund's fund balance increased by \$1.8 million compared to a fiscal year 2014 increase in the fund balance of \$3.5 million. Overall revenue decreased slightly, by \$266,140, which is the net result of increases in property tax collections and interest earnings and decreases in gross receipts taxes, other taxes, charges for services, grants and



STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2015

***FINANCIAL HIGHLIGHTS (Continued)***

other revenue. Expenses increased by \$1.0 million as the net result of increases in general government and culture and recreation and decreases in public safety, public works, health and welfare, housing and capital improvements. Additionally, the transfers to other funds increased by \$0.5 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, 2015

***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, Corrections Operations Fund, and the General Obligation Bond (GOB) Debt Service 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 47-88) 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, 2015

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

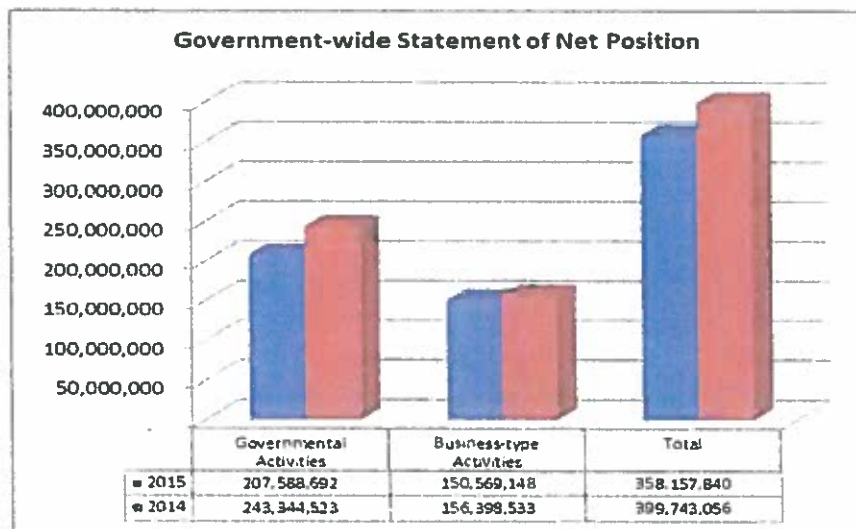
comparison statement for the General Fund as well as major special revenue fund data as a component of the fund financial statements within the basic financial statements.

**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 \$358.2 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, \$80.8 million of the County's net assets 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 \$20.7 million of current assets, primarily cash and investments, and increase of \$1.6 million of current liabilities, and the addition of \$51.7 million of long-term liabilities of which \$49.7 million was related to recording net pension liability resulting from the implementation of GASB 68. Also related to GASB 68 implementation is the addition of \$9.2 million in deferred outflows and \$16.2 million in deferred inflows. The following chart and table present comparative information of the County's net position for the fiscal years ending June 30, 2015, and June 30, 2014.



STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2015

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

	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>						
Current and other assets	\$ 241,662,353	\$ 18,036,784	\$ 259,699,137	\$ 223,550,383	\$ 15,357,680	\$ 238,908,063
Capital assets, net	252,168,893	134,830,541	386,999,434	249,519,178	141,724,453	391,243,631
<b>Total Assets</b>	<b>493,831,246</b>	<b>152,867,325</b>	<b>646,698,571</b>	<b>473,069,561</b>	<b>157,082,133</b>	<b>630,151,694</b>
<b>DEFERRED OUTFLOWS</b>	<b>11,170,851</b>	<b>268,404</b>	<b>11,439,255</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Current and other liabilities	11,540,762	650,776	12,191,538	23,081,392	683,600	23,764,992
Long-term liabilities	270,098,335	1,444,009	271,542,344	206,643,646	-	206,643,646
<b>Total Liabilities</b>	<b>281,639,097</b>	<b>2,094,785</b>	<b>283,733,882</b>	<b>229,725,038</b>	<b>683,600</b>	<b>230,408,638</b>
<b>DEFERRED INFLOWS</b>	<b>15,774,308</b>	<b>471,796</b>	<b>16,246,104</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in capital assets	76,764,029	134,830,541	211,594,570	45,169,178	141,724,453	186,893,631
Restricted						
Contractual & Statutory requirements	58,561,585	-	58,561,585	51,386,816	-	51,386,816
Debt service	13,570,196	-	13,570,196	13,372,767	-	13,372,767
Capital outlay	67,187,332	-	67,187,332	59,458,056	-	59,458,056
Unrestricted (Deficit)	(8,494,450)	15,738,607	7,244,157	73,957,706	14,674,080	88,631,786
<b>Total net position</b>	<b>\$ 207,588,692</b>	<b>\$ 150,569,148</b>	<b>\$ 358,157,840</b>	<b>\$ 243,344,523</b>	<b>\$ 156,398,533</b>	<b>\$ 399,743,056</b>

**Changes in net position.** The County's total revenues for the fiscal year 2015 were \$141.3 million. The total cost of all programs and services was \$124.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

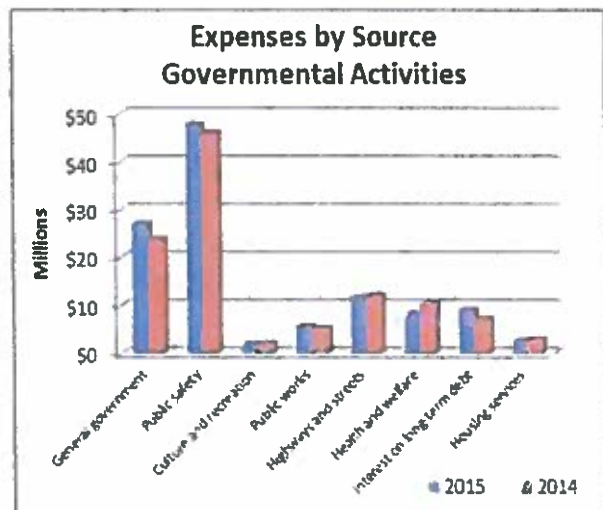
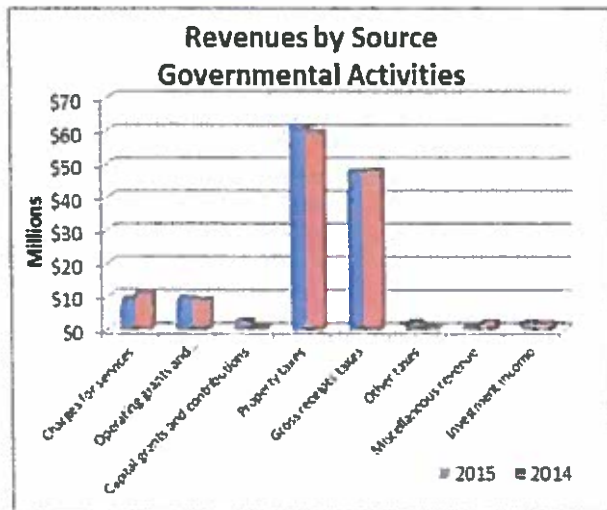
	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 9,072,068	\$ 4,927,801	\$ 13,999,869	\$ 11,296,751	\$ 9,048,155	\$ 20,344,906
Operating grants and contributions	9,379,709	523,288	9,902,997	8,815,053	521,444	9,336,497
Capital grants and contributions	2,651,061	-	2,651,061	1,094,790	-	1,094,790
<b>General revenues</b>						
Property taxes, levied for debt and	50,003,374	-	50,003,374	11,325,637	-	11,325,637
Property taxes, levied for general	11,373,993	-	11,373,993	48,407,990	-	48,407,990
Gross receipts taxes	47,801,199	-	47,801,199	47,999,014	-	47,999,014
Other taxes	2,185,022	-	2,185,022	1,262,783	-	1,262,783
Miscellaneous revenue	1,298,075	-	1,298,075	2,159,729	-	2,159,729
Investment income	2,049,343	112,111	2,161,454	1,881,376	45,092	1,926,468
<b>Total revenues</b>	<b>135,813,844</b>	<b>5,563,220</b>	<b>141,377,064</b>	<b>134,245,123</b>	<b>9,615,691</b>	<b>143,860,814</b>
<b>Expenses</b>						
General government	27,191,186	-	27,191,186	23,975,201	-	23,975,201
Public safety	47,837,664	-	47,837,664	46,116,609	-	46,116,609
Culture and recreation	2,113,464	-	2,113,464	2,072,097	-	2,072,097
Public works	5,706,823	-	5,706,823	5,200,881	-	5,200,881
Highways and streets	11,799,859	-	11,799,859	12,146,864	-	12,146,864
Health and welfare	8,376,767	-	8,376,767	10,363,114	-	10,363,114
Interest on long-term debt	9,087,710	-	9,087,710	7,426,852	-	7,426,852
Home Sales	-	9,781	9,781	-	14,023	14,023
Regional Planning Authority	-	-	-	-	13,543	13,543
Utilities Department	-	8,592,558	8,592,558	-	4,977,961	4,977,961
Housing Services	2,720,326	1,093,347	3,813,673	2,956,709	1,139,191	4,095,900
<b>Total expenses</b>	<b>114,813,799</b>	<b>9,695,686</b>	<b>124,509,485</b>	<b>110,358,327</b>	<b>6,144,718</b>	<b>116,503,045</b>
<b>Increase (decrease) in net assets before transfers</b>	<b>20,980,045</b>	<b>(4,132,466)</b>	<b>16,847,579</b>	<b>23,986,796</b>	<b>3,470,973</b>	<b>27,457,769</b>
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ 20,980,045</b>	<b>\$ (4,132,466)</b>	<b>\$ 16,847,579</b>	<b>\$ 23,986,796</b>	<b>\$ 3,470,973</b>	<b>\$ 27,457,769</b>

STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2015

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

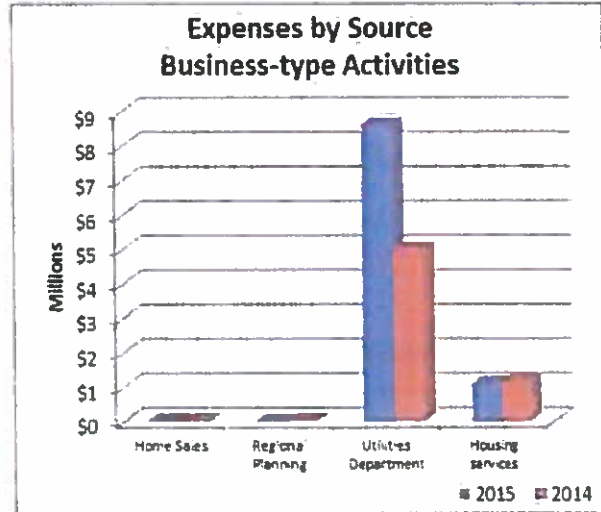
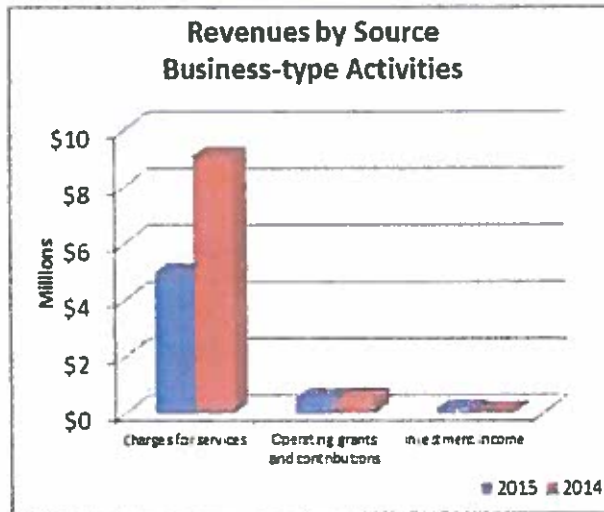
**Governmental and Business-type activities.** The following table presents the cost of the twelve (12) major County functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs).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

	2015		2014	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
<b>Governmental Activities</b>				
Expenses				
General government	\$ 27,191,186	\$ (23,830,223)	\$ 23,975,201	\$ (20,076,917)
Public safety	47,837,664	(37,270,239)	46,116,609	(33,946,570)
Culture and recreation	2,113,464	(200,088)	2,072,097	(1,804,792)
Public works	5,706,823	(5,449,752)	5,200,881	(4,945,845)
Highways and streets	11,799,859	(11,046,247)	12,146,864	(11,498,926)
Health and welfare	8,376,767	(6,318,792)	10,363,114	(8,989,306)
Interest on long-term debt	9,087,710	(9,087,710)	7,426,852	(7,426,852)
Housing Services	2,720,326	(527,910)	2,956,709	(362,525)
Total	\$ 114,833,799	\$ (93,730,961)	\$ 110,258,327	\$ (89,051,733)
<b>Business-type Activities</b>				
Home Sales	\$ 9,781	\$ (9,781)	\$ 14,023	\$ 17,015
Regional Planning Authority	-	-	13,543	(13,543)
Utilities Department	8,592,558	(4,126,012)	4,977,961	3,007,167
Housing Services	1,093,347	(108,804)	1,139,191	(182,758)
Total	\$ 9,695,686	\$ (4,244,597)	\$ 6,144,718	\$ 2,827,881



STATE OF NEW MEXICO  
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**



- The cost of all governmental activities this year was \$114.8 million; the increase of \$4.6 million from the prior year was primarily due to increases in expenses related to general government, public safety, public works, highways and streets, culture and recreation and interest on long-term debt which were offset by decreases in expenses related to highways and streets and health and welfare. The most significant increase, \$3.2 million, was seen in general government and is attributable to the County's additional investment in employees and other board priorities, increased maintenance of County facilities, as well as increases in multi-line and workers' compensation insurance.
- The cost of all business-type activities this year was \$9.7 million, an increase of \$3.6 million from the prior year. The increase was seen in the Utilities Department while Home Sales, the Regional Planning Authority and Housing Services each saw small decreases.
- Charges for services and contributions subsidized certain governmental programs and business-type programs with revenues of \$26.6 million, a decrease of \$4.2 million from the prior year. The decrease can be found primarily in business-type activities charges for services due to the sale of assets. A \$2.3 million reduction in charges for services in governmental activities in the public safety category also contributed to the change. Revenues reflected within operating grants and contributions saw an increase of \$0.6 million primarily in public safety.
- Net cost of governmental activities of \$93.7 million was financed by general revenues, which are made up primarily of property taxes and gross receipts taxes of \$109.2 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  
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***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 \$214.0 million, an increase of \$16.9 million. This increase is attributable to the net of increases in assets totaling \$18.2 million and increases in liabilities and deferred inflows totaling \$1.4 million. The increase in assets can be found in the cash and investments categories of \$16.4 million and smaller increases in other asset categories mainly taxes receivable, grants receivable and due from other funds. The increases in liabilities and deferred inflows can primarily be seen in the accounts payable, accrued wages and benefits, due to other funds and unavailable revenue categories.

The General Fund is the principal operating fund of the County. The General Fund's fund balance increased \$1.8 million to \$74.7 million at year end. In fiscal year 2014 the fund balance increased by \$3.5 million. Overall revenue decreased slightly, by \$0.3 million, which is the net result of increases in property tax collections and interest earnings and decreases in gross receipts taxes, other taxes, charges for services, grants and other revenue. Expenses increased by \$1.0 million as the net result of increases in general government and culture and recreation and decreases in public safety, public works, health and welfare, housing and capital improvements. Additionally, the transfers to other funds increased by \$0.5 million.

Major special revenue funds include the Developer Fees Fund which reflects a slight increase in fund balance of \$33,263 attributable to client payment of affordable mortgages. Another major fund, the Corrections Operations Fund saw a decrease of \$0.4 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 \$0.9 million in fund balance. The increase is due to increased gross receipt taxes, ambulance fee collections and grants.

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 \$2.9 million. This increase in fund balance is a result of an increase in gross receipts taxes and a reduction in expenses caused by delays in moving forward on various capital projects.

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

The GOB Debt Service Fund is reported as a major fund in fiscal year 2015 and reflects the activity related to the issuance of \$39.2 million in refunding/advance refunding bonds and the corresponding premium received on the transaction. Although the refunding/advance refunding transaction had no effect on the fund balance of the Fund, it is reported as a major fund to assist users of the financial statements to gain an understanding of the transaction.

**Proprietary funds.** The Enterprise Funds net position decreased by \$5.8 million to \$150.6 million at year end. The decrease can be attributed to a reduction in investments in capital assets and recording a net pension liability, deferred inflows and deferred outflows as a result of implementation of GASB 68.

***BUDGETARY HIGHLIGHTS***

The fiscal year 2015 budget was developed using a results-accountable, performance-based budgeting methodology and marked the third 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 even if it resulted in an increase to the budget.

The fiscal year 2015 budget totaled \$235.2 million of which \$53.1 million represented interfund transfers. Excluding these transfers the total fiscal year 2015 budget was \$182.0 million. This represents a \$1.5 million decrease from the fiscal year 2014 budget.

The vast majority of the County's budget was within its special revenue funds totaling \$98.2 million. A distant second majority was the General Fund totaling \$81.2 million. The remainder of the budget was comprised of capital improvement funds (\$31.1 million), debt service funds (\$19.0 million) and enterprise funds (\$5.7 million).

Many of the funding priorities remained from fiscal year 2014 to fiscal year 2015. Public safety, road maintenance, improvement and construction, and expanding the utility into a self-sustaining enterprise as well as investing in employees were all priorities that carried over from FY 14 to FY 15. In addition, economic development, the expansion of youth programs and library programs, and completing management plans for key open space properties were new 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 decreased by \$0.6 million from \$6.1 million in FY 14 to \$5.6 million in FY15. The decrease resulted from a reduction in the amount of new equipment purchases needed for the operation. The decrease was reflected in the General Fund support which decreased from \$5.5 million in FY 14 to \$4.9 million in FY15.



STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
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***BUDGETARY HIGHLIGHTS (Continued)***

Expanding the Water and Wastewater Utility to become a self-sustaining enterprise is underway. In FY 15 there was a large increase to the Utility's customer base due to service phasing agreements made with the City of Santa Fe as part of an annexation settlement agreement. The level of investment in employees, including new and reclassified positions and additional compensation increased in FY 15 and totaled more than \$3.3 million across all funds. Funding was approved for cost of living increases, a merit pool, restructuring of the County contribution to health insurance for employees making under \$50,000/year, additional education benefits, improvement to the physical work environment and capital funding to provide better equipment with which employees do their work.

Other new priorities that received funding were targeted economic development initiatives (\$0.4 million), expanded youth programs (\$76K), and development of open space management plans for three key open space properties (\$150K).

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets.** For fiscal year ended June 30, 2015, the County had invested \$14.6 million in capital assets, including buildings, water systems, facilities, vehicles, computers, equipment, and infrastructure assets. The investment net of deletions represents an increase of \$7.6 million prior to depreciation. Total depreciation expense for the current fiscal year was \$13.6 million. The following schedule presents capital asset balances for the fiscal years ended June 30, 2015, and June 30, 2014.

<u>Governmental Activities</u>	As of June 30, 2015	As of June 30, 2014
Land	\$ 37,036,236	\$ 36,435,442
Buildings and improvements	183,034,048	180,608,832
Infrastructure	77,562,040	70,213,172
Vehicles, Furn. Fixtures & Equip.	62,971,173	61,076,417
Construction in progress	4,925,257	5,495,935
Right of way land	10,109,940	10,109,940
Less: Accumulated Depreciation	(123,469,801)	(114,420,560)
Total	<u>\$ 252,168,893</u>	<u>\$ 249,519,178</u>
 <u>Business-type Activities</u>		
Land	\$ 876,119	\$ 2,165,532
Buildings and improvements	7,808,937	7,858,096
Water systems	122,974,821	122,210,296
Vehicles, Furn. Fixtures & Equip.	1,240,169	1,143,723
Construction in progress	607,074	428,419
Water rights	17,808,069	21,704,696
Less: Accumulated Depreciation	(16,484,648)	(13,786,309)
Total	<u>\$ 134,830,541</u>	<u>\$ 141,724,453</u>

Additional information on the County's capital assets can be found in Note 5 Capital Assets, pages 63-66.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2015

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

**Debt Administration.** At year end, the County had \$209.6 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, 2015, and June 30, 2014. Additional information on the County's debt can be found in Note 9 Bonds Payable, pages 67 through 70.

	<u>2015</u>	<u>2014</u>
Bonds payable	\$125,545,000	\$127,010,000
Revenue bonds payable	<u>\$ 84,030,000</u>	<u>\$ 87,460,000</u>
<b>TOTAL</b>	<b><u>\$ 209,575,000</u></b>	<b><u>\$214,470,000</u></b>

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 current general obligation debt limitation for general purposes for the County 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 2015 totals \$127.81; \$76.29 for general obligation debt service and \$51.52 for revenue bond and other debt service.

**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 2015. 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***

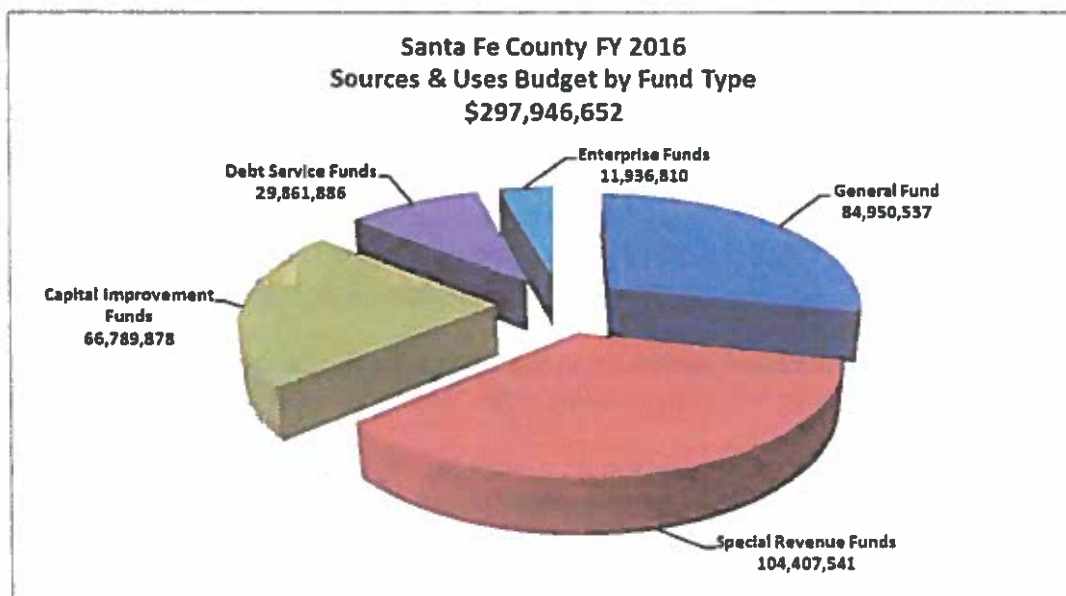
In fiscal year 2016 Santa Fe County continued with its transition to a performance-based budget. With the up-to-date priorities revealed by the citizen survey conducted during FY 2014, input from various advisory boards, and direct input from citizens to their Commissioners, the County's budget was developed. Priorities included public safety, roads, open space and trails master planning and maintenance, facility maintenance, water planning, senior services, as well as investing in employees. 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 2016.

The fiscal year 2016 established budget totaled \$298.0 million, or \$243.1 million excluding inter-fund transfers. The most significant increase from the fiscal year 2015 budget can be found in the capital improvement funds. For the past several fiscal years the County has been budgeting capital improvement projects "on time" meaning that projects were not budgeted until they were ready to move forward. This method required approval of resolutions by the governing body throughout the year to budget for projects as they became "shovel ready". In FY

STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2015

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

2016 projects budgets are being established as part of the original budget which will reduce the need for budget resolutions throughout the fiscal year. The other significant increase is in the debt service funds which includes \$9.4 million to pay off a bond series which was 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 3 percent increase for previously imposed gross receipts taxes plus the addition of a newly imposed gross receipts tax which is estimated to provide \$3.3 million in additional revenue (special revenue funds).



Changes from the fiscal year 2015 budget resulted in an increase in most funds from fiscal year 2015 to fiscal year 2016. 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) and set asides (\$1.0M).
  - Increased General Fund support of the Road Fund (\$0.4 M).
  - Increased General Fund support of the Law Enforcement Operations Fund (\$0.4 M).
  - Addition of budgets for programming and operation of new facilities (\$0.2 M).
  - Increased General Fund support of the Corrections Operations Fund (\$0.3 M).
  - Addition of a set-aside for support of Capital Improvement Districts (\$3.0M).
  - Decreased the budgeted recessionary contingency (\$2.0 M).
  - Increased the budgeted operating contingency (\$1.0 M).

STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2015

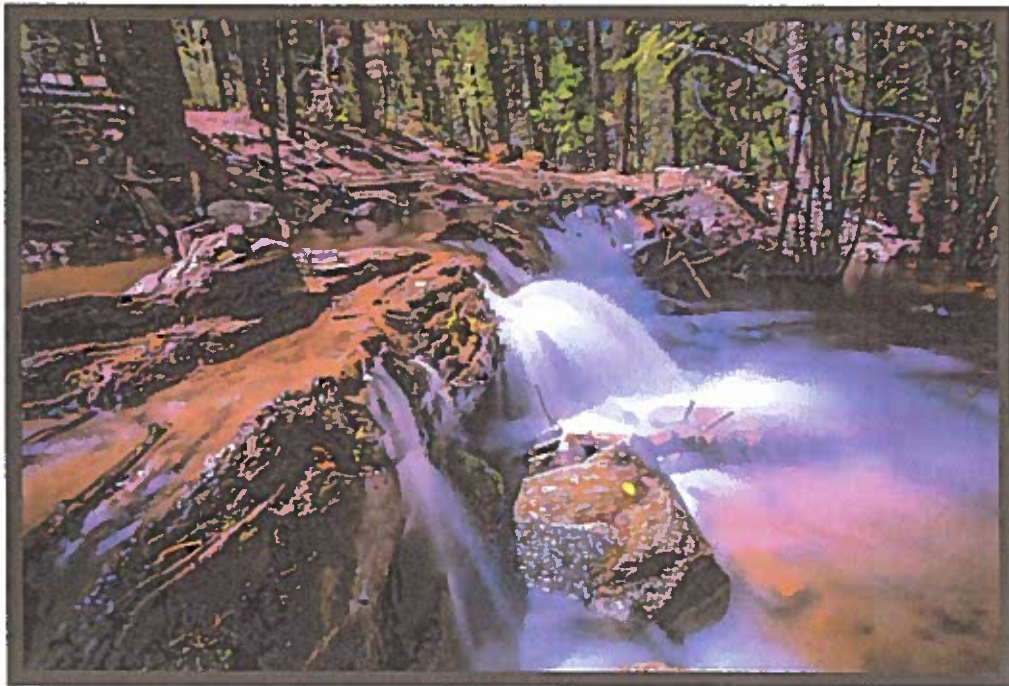
***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)***

- In FY 2016 all capital improvement funds totaled \$66.8 million versus FY 2015 with total capital improvement funding of \$31.1 million. The majority of this increase was in the Capital Outlay Gross Receipts Tax Fund which increased from \$14.4 million in FY 2015 to \$35.4 million in FY 2016
- In FY 2016 a new 1/8% gross receipts tax increment, the Hold Harmless Gross Receipts Tax, will go into effect. Established as a special revenue fund, the tax is restricted to maintenance and capital projects. The budget for the new tax was set at \$3.3 million with revenue collections anticipated to begin in September, 2015.
- The Road Maintenance Fund increased by \$0.3 million.
- The Economic Development increased by \$0.9 million.
- The Fire Operations Fund budget increased by \$0.6 million.
- The Regional Emergency Communications Center (RECC) Operations Fund remained flat at approximately \$3.5 million. Since this fund has no significant funding of its own, it is reliant upon transfers from other funds. In FY 2016 the Fire Operations fund will transfer \$3.4 M to the RECC.
- Bond proceeds from the 2011 Series GOB were budgeted at \$7.9 million across all project categories. This is an increase of \$0.7 million from the FY 2015 budget.
- Bond proceeds from the 2013 Series GOB were budgeted at \$13.4 million, which is an increase of \$7.1 million from FY 2015.
- A new general obligation bond was issued in the spring of 2015 for capital projects as well as for refunding and advance refunding existing debt. The 2015 GOB Series Fund had project budgets totaling \$7.3 million.
- The General Obligation Debt Service Fund increased by \$10.8 million. Of that amount, \$9.4 million was budgeted from proceeds of the 2015 GOB Series for refunding the 2005 GOB Series bonds. The remaining increase is made up of changes in the debt service payments of existing debt (\$0.2 M) and the first debt service payment of the newly issued 2015 GOB Series (\$1.2 M).
- The Water Enterprise Fund (505) increased by \$6.2 million in anticipation of undertaking design and construction on a large river water diversion and distribution project in Northern Santa Fe County.

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, will 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.santafecountynm.gov](http://www.santafecountynm.gov).



## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 143,419,150	17,272,887	160,692,037
Cash and investments - restricted	64,782,202	99,030	64,881,232
Accounts receivable, net of allowance for uncollectibles	32,702,643	454,227	33,156,870
Prepaid and other assets	758,358	18,452	776,810
Held for sale - Land	-	35,000	35,000
Held for sale - Buildings/Improvements	-	157,188	157,188
Capital assets, not depreciated	52,071,433	19,291,262	71,362,695
Capital assets, net of accumulated depreciation	200,097,460	115,539,279	315,636,739
<i>Total Assets</i>	<u>493,831,246</u>	<u>152,867,325</u>	<u>646,698,571</u>
<b>DEFERRED OUTFLOWS</b>			
Pension related	8,973,982	268,404	9,242,386
Advance refunding of bonds	2,196,869	-	2,196,869
<i>Total Deferred Outflows</i>	<u>11,170,851</u>	<u>268,404</u>	<u>11,439,255</u>
<b>LIABILITIES</b>			
Accounts payable	5,301,050	128,836	5,429,886
Accrued wages and benefits	2,812,864	89,659	2,902,523
Deposits held for others	322,856	300,885	623,741
Due to other governments	-	131,396	131,396
Other current liabilities	49,208	-	49,208
Accrued interest payable	3,054,784	-	3,054,784
Long-term liabilities, due in one year	15,129,424	-	15,129,424
Long-term liabilities, due in more than one year	206,688,987	-	206,688,987
Net pension liability	48,279,924	1,444,009	49,723,933
<i>Total Liabilities</i>	<u>281,639,097</u>	<u>2,094,785</u>	<u>283,733,882</u>
<b>DEFERRED INFLOWS</b>			
Pension related	15,774,308	471,796	16,246,104
<b>NET POSITION</b>			
Net investment in capital assets	76,764,029	134,830,541	211,594,570
Restricted for:			
Contractual & Statutory requirements	58,561,585	-	58,561,585
Debt service	13,570,196	-	13,570,196
Capital outlay	67,187,332	-	67,187,332
Unrestricted (Deficit)	(8,494,450)	15,738,607	7,244,157
<i>Total Net Position</i>	<u>\$ 207,588,692</u>	<u>150,569,148</u>	<u>358,157,840</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, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	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	\$ 27,191,186	2,526,887	834,076	-	(23,830,223)	-	(23,830,223)
Public safety	47,837,664	6,022,240	4,545,185	-	(37,270,239)	-	(37,270,239)
Culture & recreation	2,113,464	-	255,000	1,658,376	(200,088)	-	(200,088)
Public works	5,706,823	-	-	257,071	(5,449,752)	-	(5,449,752)
Highways & streets	11,799,859	6,432	11,566	735,614	(11,046,247)	-	(11,046,247)
Health & welfare	8,376,767	106,408	1,951,567	-	(6,318,792)	-	(6,318,792)
Housing	2,720,326	410,101	1,782,315	-	(527,910)	-	(527,910)
Interest on long-term debt	9,087,710	-	-	-	(9,087,710)	-	(9,087,710)
Total governmental activities	114,833,799	9,072,068	9,379,709	2,651,061	(93,730,961)	-	(93,730,961)
Business-type activities:							
Home sales	9,781	-	-	-	-	(9,781)	(9,781)
Regional planning authority	-	-	-	-	-	-	-
Utilities	8,592,558	4,466,546	-	-	-	(4,126,012)	(4,126,012)
Housing services	1,093,347	461,255	523,288	-	-	(108,804)	(108,804)
Total business-type activities	9,695,686	4,927,801	523,288	-	-	(4,244,597)	(4,244,597)
Total primary government	\$ 124,529,485	13,999,869	9,902,997	2,651,061	(93,730,961)	(4,244,597)	(97,975,558)

**General revenues:**

**Taxes:**

Property taxes, levied for general purposes	\$ 50,003,374	-	50,003,374
Property taxes, levied for debt service	11,373,993	-	11,373,993
Gross receipts taxes	47,801,199	-	47,801,199
Other taxes	2,185,022	-	2,185,022
Investment income	2,049,343	112,131	2,161,474
Miscellaneous revenues	1,298,075	-	1,298,075
<b>Total general revenues and transfers</b>	<b>114,711,006</b>	<b>112,131</b>	<b>114,823,137</b>

<b>Change in net position</b>	<b>20,980,045</b>	<b>(4,132,466)</b>	<b>16,847,579</b>
Net position, beginning of year	243,344,523	156,398,533	399,743,056
Restatement - GASB 68 (Note 20)	(56,735,876)	(1,696,919)	(58,432,795)
Net position, beginning of year, as restated	186,608,647	154,701,614	341,310,261
<b>Net position, end of year</b>	<b>\$ 207,588,692</b>	<b>150,569,148</b>	<b>358,157,840</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, 2015

	Major Funds							
	Special Revenue			Capital Projects	Debt Service		Non-Major Other Governmental Funds	Total Governmental Funds
	General	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	GOB Debt Service		
ASSETS								
Cash and investments	\$ 64,883,357	-	6,655,196	-	32,661,339	-	39,219,258	143,419,150
Cash and investments - restricted	7,873,099	1,350,848	1,438	8,575,075	-	9,955,619	37,026,123	64,782,202
Accounts receivable, net	201,100	-	274,407	358,322	-	-	1,851,346	2,685,175
Taxes receivable	6,854,870	-	1,576,598	-	1,749,383	1,114,271	3,889,760	15,184,882
Interest receivable	262,619	-	-	65,267	-	-	12,358	340,244
Grantor agencies receivable	80,124	-	260,612	32,827	-	-	2,380,089	2,753,652
Mortgages receivable, net	-	11,186,470	-	-	-	-	-	11,186,470
Down Payment Assistance receivable	-	552,220	95,475	-	-	-	-	552,220
Prepays & other	130,298	-	-	253,738	-	-	278,847	758,358
Due from other funds	1,475,458	-	-	-	-	219,792	-	1,695,250
Total Assets	\$ 81,760,925	13,089,538	8,863,726	9,285,229	34,410,722	11,289,682	84,657,781	243,357,603
LIABILITIES								
Accounts payable	\$ 1,089,211	15,473	232,291	656,375	702,996	-	2,604,704	5,301,050
Accrued wages and benefits	955,737	-	431,599	656,055	-	-	769,473	2,812,864
Deposits held for others	192,423	-	-	-	-	-	130,433	322,856
Other current liabilities	6,465	-	447	27,066	-	-	15,230	49,208
Due to other funds	6,062	-	1,002	1,295	-	-	1,686,891	1,695,250
Total Liabilities	2,249,898	15,473	665,339	1,340,791	702,996	-	5,206,731	10,181,228
DEFERRED INFLOWS								
Property taxes	4,045,953	-	-	-	-	837,088	-	4,883,941
Mortgages and down payment assistance	-	11,738,690	-	-	-	-	-	11,738,690
Unavailable revenue	798,545	-	124,999	-	-	-	1,644,558	2,568,102
Total Deferred Inflows	4,844,498	11,738,690	124,999	-	-	837,088	1,644,558	19,198,733
FUND BALANCE:								
Nonspendable	130,298	-	95,475	253,738	-	-	278,847	758,358
Restricted	21,136,967	1,335,375	6,465,240	5,243,596	33,707,726	10,451,694	73,237,193	151,577,791
Committed	20,468,186	-	1,512,673	2,447,104	-	-	4,523,742	28,951,705
Assigned	26,834,420	-	-	-	-	-	-	26,834,420
Unassigned (Deficit)	6,096,658	-	-	-	-	-	(233,290)	5,863,368
Total Fund Balance	74,666,529	1,335,375	8,073,388	7,944,438	33,707,726	10,451,694	77,806,492	213,985,612
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 81,760,925	13,089,538	8,863,726	9,285,229	34,410,722	11,289,682	84,657,781	243,357,603

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, 2015

Total fund balance governmental funds	\$	213,985,642
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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	375,638,694	
Less accumulated depreciation	<u>(123,469,801)</u>	252,168,893

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	4,883,941	
Mortgages and down payment assistance	11,738,690	
Receivables not available to pay for current period expenditures	<u>2,568,102</u>	19,190,733

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

Pending legal action	(693,431)	
Accrued interest payable	(3,054,784)	
Compensated absences payable	(3,228,350)	
Loans payable	(354,815)	
Bonds payable	(209,575,000)	
Premium on bonds payable	(6,082,983)	
Landfill closure and post closure costs payable	(1,883,832)	
Net pension liability	<u>(48,279,924)</u>	(273,153,119)

Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	8,973,982
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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.	(15,774,308)
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Bond refunding deferred outflows are not financial resources and, therefore, are not reported in the funds.	2,196,869
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Net position of governmental activities	\$	<u>207,588,692</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**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

**Major Funds**

	Special Revenue			Capital Projects	Debt Service	Non-Major Other Governmental Funds	Total Governmental Funds
	General	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	GOB Debt Service	
<b>REVENUES</b>							
Property taxes	49,591,362	-	-	-	-	11,373,993	62,338,152
Gross receipts taxes	7,965,027	-	8,825,871	-	9,836,313	-	21,173,988
Other taxes & assessments	1,208,574	-	-	-	-	-	976,448
Licenses, permits, & fees	704,766	-	32,965	-	-	-	6,432
Charges for services	1,643,483	189,460	984,840	4,268,111	-	-	725,050
Fines & forfeitures	300	-	-	-	-	-	516,661
Interest earnings	1,754,926	12,624	-	2,097,310	-	-	72,483
Federal grants	59,245	-	768,090	106,836	-	-	1,734,947
State grants	75,184	-	493,031	-	-	-	6,073,335
Other	184,856	-	49,775	-	40,000	70,805	189,687
Intergovernmental	698,926	-	-	171,726	-	-	1,849,450
<b>Total Revenues</b>	<b>63,886,549</b>	<b>202,084</b>	<b>11,154,572</b>	<b>4,755,983</b>	<b>9,876,313</b>	<b>11,444,798</b>	<b>34,691,378</b>
<b>EXPENDITURES</b>							
<b>Current</b>							
General Government	23,262,035	-	-	-	-	-	1,772,382
Public Safety	34,395	-	10,421,532	18,583,979	-	-	15,832,587
Culture & Recreation	1,011,500	-	-	-	-	-	299,561
Public Works	5,084,907	-	-	-	-	-	-
Highways & Streets	-	-	-	-	-	-	8,881,020
Health & Welfare	1,772,798	-	-	-	-	-	6,002,888
Housing	147,686	168,821	-	-	-	-	2,415,756
Capital Improvements	501,217	-	-	352,590	3,702,723	-	8,990,657
Debt Service - Principal	-	-	-	-	26,093	6,635,000	3,430,000
Debt Service - Interest	-	-	-	-	-	4,668,869	4,204,124
Commitments & other fees	-	-	-	-	-	-	3,835
<b>Total Expenditures</b>	<b>31,814,558</b>	<b>168,821</b>	<b>10,421,532</b>	<b>18,936,569</b>	<b>3,728,816</b>	<b>11,303,869</b>	<b>51,832,810</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>32,071,991</b>	<b>33,263</b>	<b>733,040</b>	<b>(14,180,586)</b>	<b>6,147,497</b>	<b>140,929</b>	<b>(17,141,432)</b>
<b>Other Financing Sources (Uses)</b>							
Proceeds of refunding bonds	-	-	-	-	-	39,220,000	-
Bond proceeds	-	-	-	-	-	-	8,000,000
Bond premium	-	-	-	-	-	5,026,869	1,056,114
Payment to refunded bond escrow agent	-	-	-	-	-	(44,246,869)	-
Transfers from other funds	658,000	-	3,627,600	15,985,447	-	-	31,363,088
Transfers to other funds	(30,970,649)	-	(3,424,251)	(2,252,850)	(3,272,363)	-	(11,714,022)
<b>Net Other Financing Sources (Uses)</b>	<b>(30,312,649)</b>	<b>-</b>	<b>203,349</b>	<b>13,732,597</b>	<b>(3,272,363)</b>	<b>-</b>	<b>28,705,180</b>
<b>Net Change in Fund Balance</b>	<b>1,759,342</b>	<b>33,263</b>	<b>936,389</b>	<b>(447,989)</b>	<b>2,875,134</b>	<b>140,929</b>	<b>11,563,748</b>
<b>Fund Balance, beginning of period</b>	<b>72,907,187</b>	<b>1,302,112</b>	<b>7,136,999</b>	<b>8,399,427</b>	<b>30,832,592</b>	<b>10,310,765</b>	<b>66,232,744</b>
<b>Fund Balance, end of period</b>	<b>74,666,529</b>	<b>1,335,375</b>	<b>8,073,388</b>	<b>7,944,438</b>	<b>33,707,726</b>	<b>10,451,694</b>	<b>77,806,492</b>
							<b>213,985,642</b>

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, 2015

Net changes in fund balances - total governmental funds \$ 16,860,816

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	13,547,187	
Less current year depreciation	(10,890,448)	
Less loss on sale of land	<u>(7,024)</u>	2,649,715

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. (693,431)

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	(960,785)	
Mortgages and down payment assistance	208,083	
Other receivables	<u>554,869</u>	(197,833)

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 transactions relate to current year issuance of debt.

Bonds payable	(47,220,000)	
Premium on bonds payable	(6,082,983)	
Deferred outflows - advance refunding of bonds	<u>2,196,869</u>	(51,106,114)

The following table represents the changes in long-term debt for the fiscal year:

Change in revenue bonds payable	3,430,000	
Change in general obligation bonds payable	48,685,000	
Change in loans payable	26,093	
Change in compensated absences payable	(134,961)	
Change in accrued interest on long-term debt	(210,882)	
Landfill closure and post-closure	16,016	
Change in net pension liability	<u>1,655,626</u>	<u>53,466,892</u>

Change in net position in governmental activities \$ 20,980,045

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, 2015**

	<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	\$ 44,603,000	44,738,000	48,951,851	4,213,851
Gross Receipts Taxes	7,465,500	7,465,500	8,658,130	1,192,630
Other Taxes & Assessments	1,000,000	1,000,000	1,101,504	101,504
Licenses, Permits, & Fees	533,592	533,592	703,211	169,619
Charges for Services	1,703,604	1,716,604	1,619,926	(96,678)
Fines & Forfeitures	-	-	280	280
Interest Earnings	1,530,000	1,530,000	1,754,926	224,926
Grants	-	5,000	20,547	15,547
Other	80,875	80,875	332,161	251,286
Intergovernmental	635,000	710,000	732,684	22,684
<b>Total Revenues</b>	<b>57,551,571</b>	<b>57,779,571</b>	<b>63,875,220</b>	<b>6,095,649</b>
Cash balance carryforward	23,023,116	25,594,948		
<b>Total</b>	<b>\$ 80,574,687</b>	<b>83,374,519</b>		
<b>Expenditures</b>				
General Government	\$ 39,076,198	40,407,553	23,594,208	16,813,345
Public Safety	38,960	38,960	34,395	4,565
Culture & Recreation	1,327,491	1,527,550	1,011,500	516,050
Public Works	6,267,016	6,645,896	5,084,907	1,560,989
Highways & Streets	-	-	-	-
Health & Welfare	1,861,979	1,924,226	1,773,354	150,872
Housing	183,581	183,581	147,686	35,895
Capital Improvements	20,373	847,664	501,217	346,447
<b>Total Expenditures</b>	<b>\$ 48,775,598</b>	<b>51,575,430</b>	<b>32,147,267</b>	<b>19,428,163</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ 658,000	658,000	658,000	-
Transfers to other funds	(32,457,089)	(32,457,089)	(30,970,649)	1,486,440
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (31,799,089)</b>	<b>(31,799,089)</b>	<b>(30,312,649)</b>	<b>1,486,440</b>
<b>Net Change in Fund Balance - Budgetary Basis</b>			<b>\$ 1,415,304</b>	
<b>Reconciliation to change in fund balance - GAAP Basis</b>				
Revenue accruals, net of prior year revenue reversals			\$ 11,329	
Adjustments to expenditures for modified accrual purposes			(3,910,433)	
To reflect fair market value adjustment not budgeted			413,756	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			3,829,386	
<b>Change in fund balance - GAAP basis</b>			<b>\$ 1,759,342</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, 2015

	Budgeted Amounts		Non - GAAP	Variance
	Original	Final	Actual	Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	-	-	189,460	189,460
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	161	161
Grants	-	-	-	-
Other	-	-	12,463	12,463
Intergovernmental	-	-	-	-
<b>Total Revenues</b>	-	-	202,084	202,084
Cash balance carryforward	580,700	580,700		
<b>Total</b>	<u>\$ 580,700</u>	<u>580,700</u>		
<b>Expenditures</b>				
General Government	\$ -	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Housing	-	-	-	-
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	580,700	580,700	168,821	411,879
<b>Total Expenditures</b>	<u>\$ 580,700</u>	<u>580,700</u>	<u>168,821</u>	<u>411,879</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>			\$ 33,263	
<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			(13,425)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			13,425	
<b>Change in fund balance - GAAP basis</b>			<u>\$ 33,263</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, 2015**

	<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	7,845,000	7,906,400	8,635,691	729,291
Other Taxes and Assessments	-	-	-	-
Licenses, Permits & Fees	37,000	37,000	32,965	(4,035)
Charges for Services	750,000	750,000	1,023,148	273,148
Fines and Forfeitures	-	-	-	-
Interest Earnings	-	-	-	-
Grants	557,285	1,143,663	894,341	(249,322)
Other	-	41,734	50,591	8,857
Intergovernmental	300,000	300,000	292,900	(7,100)
<b>Total Revenues</b>	<b>9,489,285</b>	<b>10,178,797</b>	<b>10,929,636</b>	<b>750,839</b>
<b>Cash balance carry forward</b>	<b>1,549,133</b>	<b>2,037,186</b>		
<b>Total</b>	<b>\$ 11,038,418</b>	<b>12,215,983</b>		
<b>Expenditures</b>				
General Government	\$ -	-	-	-
Public Safety	11,241,767	12,419,332	10,566,600	1,852,732
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 11,241,767</b>	<b>12,419,332</b>	<b>10,566,600</b>	<b>1,852,732</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ 3,627,600	3,627,600	3,627,600	-
Transfers to other funds	(3,424,251)	(3,424,251)	(3,424,251)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 203,349</b>	<b>203,349</b>	<b>203,349</b>	<b>-</b>
<b>Net Change in Fund Balance - Budgetary Basis</b>			<b>\$ 566,385</b>	
<b>Reconciliation to change in fund balance - GAAP Basis</b>				
Revenue accruals, net of prior year revenue reversals			\$ 224,936	
Adjustments to expenditures for modified accrual purposes			(450,861)	
To reflect fair market value adjustment not budgeted			36,936	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			558,993	
<b>Change in fund balance - GAAP basis</b>			<b>\$ 936,389</b>	

**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, 2015**

	Budgeted Amounts		Non - GAAP	Variance
	Original	Final	Actual	Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	6,975,631	6,895,631	4,465,239	(2,430,392)
Fines & Forfeitures	-	-	-	-
Interest Earnings	125,000	125,000	142,880	17,880
Grants	-	30,000	106,836	76,836
Other	40,000	40,000	66,432	26,432
Intergovernmental	-	50,000	152,217	102,217
<b>Total Revenues</b>	<u>7,140,631</u>	<u>7,140,631</u>	<u>4,933,604</u>	<u>(2,207,027)</u>
Cash balance carryforward	<u>1,821,745</u>	<u>3,931,101</u>		
<b>Total</b>	<u>\$ 8,962,376</u>	<u>11,071,732</u>		
<b>Expenditures</b>				
General Government	\$ -	-	-	-
Public Safety	23,033,952	24,434,806	18,706,874	5,727,932
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Capital Improvements	661,021	1,369,523	352,592	1,016,931
<b>Total Expenditures</b>	<u>\$ 23,694,973</u>	<u>25,804,329</u>	<u>19,059,466</u>	<u>6,744,863</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	\$ 16,985,447	16,985,447	15,985,447	(1,000,000)
Transfers to other funds	(2,252,850)	(2,252,850)	(2,252,850)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 14,732,597</u>	<u>14,732,597</u>	<u>13,732,597</u>	<u>(1,000,000)</u>
<b>Net Change in Fund Balance - Budgetary Basis</b>			\$ (393,265)	
<b>Reconciliation to change in fund balance - GAAP Basis</b>				
Revenue accruals, net of prior year revenue reversals			\$ (177,621)	
Adjustments to expenditures for modified accrual purposes			(2,057,294)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			<u>2,180,191</u>	
<b>Change in fund balance - GAAP basis</b>			<u>\$ (447,989)</u>	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities-Enterprise Funds				
	Home Sales	Regional Planning Authority	Utilities	Housing Services	Total Enterprise Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 4,381,728	209,522	11,898,390	783,247	17,272,887
Cash and investments - restricted	-	-	-	99,030	99,030
Accounts receivable, net	-	-	428,234	25,993	454,227
Prepaid and other assets	-	-	5,611	12,841	18,452
Held For Sale - Land	35,000	-	-	-	35,000
Held For Sale - Buildings/Improvements	157,188	-	-	-	157,188
<b>Total current assets</b>	<b>4,573,916</b>	<b>209,522</b>	<b>12,332,235</b>	<b>921,111</b>	<b>18,036,784</b>
Noncurrent assets:					
Capital assets, not depreciated	-	-	18,562,847	728,415	19,291,262
Capital assets, net of accumulated depreciation	-	-	111,081,451	4,457,828	115,539,279
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>129,644,298</b>	<b>5,186,243</b>	<b>134,830,541</b>
<b>Total Assets</b>	<b>4,573,916</b>	<b>209,522</b>	<b>141,976,533</b>	<b>6,107,354</b>	<b>152,867,325</b>
<b>DEFERRED OUTFLOWS</b>					
Pension related	-	-	170,707	97,697	268,404
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	52,829	-	57,582	18,425	128,836
Accrued wages and benefits	-	-	58,592	31,067	89,659
Deposits held for others	-	-	165,725	135,160	300,885
Other current liabilities	-	-	-	-	-
Due to other Governments	-	-	131,396	-	131,396
<b>Total current liabilities</b>	<b>52,829</b>	<b>-</b>	<b>413,295</b>	<b>184,652</b>	<b>650,776</b>
Noncurrent liabilities:					
Net pension liability	-	-	918,401	525,608	1,444,009
<b>Total Liabilities</b>	<b>52,829</b>	<b>-</b>	<b>1,331,696</b>	<b>710,260</b>	<b>2,094,785</b>
<b>DEFERRED INFLOWS</b>					
Pension related	-	-	300,066	171,730	471,796
<b>NET POSITION</b>					
Investment in capital assets	-	-	129,644,298	5,186,243	134,830,541
Unrestricted	4,521,087	209,522	10,871,180	136,818	15,738,607
<b>Total Net Position</b>	<b>\$ 4,521,087</b>	<b>209,522</b>	<b>140,515,478</b>	<b>5,323,061</b>	<b>150,569,148</b>

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, 2015**

	<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	\$ -	-	4,464,827	459,683	4,924,510
Miscellaneous	-	-	1,719	1,572	3,291
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>4,466,546</u>	<u>461,255</u>	<u>4,927,801</u>
<b>Operating Expenses</b>					
Housing	9,781	-	-	876,479	886,260
Administrative expenses	-	-	1,986,322	-	1,986,322
Depreciation expense	-	-	2,531,984	216,868	2,748,852
<b>Total Operating Expenses</b>	<u>9,781</u>	<u>-</u>	<u>4,518,306</u>	<u>1,093,347</u>	<u>5,621,434</u>
<b>Operating Income (Loss)</b>	<u>(9,781)</u>	<u>-</u>	<u>(51,760)</u>	<u>(632,092)</u>	<u>(693,633)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Earnings on cash & investments	37,187	1,481	67,708	5,755	112,131
HUD operating subsidy & other intergovernmental	-	-	-	523,288	523,288
Loss on sale of land	-	-	(4,074,252)	-	(4,074,252)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>37,187</u>	<u>1,481</u>	<u>(4,006,544)</u>	<u>529,043</u>	<u>(3,438,833)</u>
<b>Income Before Contributions &amp; Transfers</b>	<u>27,406</u>	<u>1,481</u>	<u>(4,058,304)</u>	<u>(103,049)</u>	<u>(4,132,466)</u>
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
<b>Change in Net Position</b>	<u>27,406</u>	<u>1,481</u>	<u>(4,058,304)</u>	<u>(103,049)</u>	<u>(4,132,466)</u>
Net position, beginning of year	4,493,681	208,041	145,653,036	6,043,775	156,398,533
Restatement - GASB 68 (Note 20)	-	-	(1,079,254)	(617,665)	(1,696,919)
Net position, beginning of year, as restated	<u>4,493,681</u>	<u>208,041</u>	<u>144,573,782</u>	<u>5,426,110</u>	<u>154,701,614</u>
<b>Net position, end 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>

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, 2015

	<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><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>					
Cash flows from operating activities:					
Cash received from customers	\$ -	-	4,278,131	440,524	4,718,655
Cash received from land sale	-	-	-	-	-
Cash payments to vendors for goods and services	(9,781)	-	(928,680)	(218,200)	(1,156,661)
Cash payments to employees for services	-	-	(1,177,317)	(652,523)	(1,829,840)
Net cash provided by (used for) operating activities	(9,781)	-	2,172,134	(430,199)	1,732,154
Cash flows from noncapital and related financing activities:					
Operating grants received	-	-	-	523,288	523,288
Net cash provided by noncapital financing activities	-	-	-	523,288	523,288
Cash flows from investing activities:					
Investment Earnings	37,187	1,481	67,708	5,755	112,131
Purchases of assets	-	-	(1,095,982)	(3,210)	(1,099,192)
Sale of land	-	-	1,170,000	-	1,170,000
Net cash provided by (used for) investing activities	37,187	1,481	141,726	2,545	182,939
Net increase in cash and cash equivalents	27,406	1,481	2,313,860	95,634	2,438,381
Cash and cash equivalents, beginning of year	4,354,322	208,041	9,584,530	786,643	14,933,536
Cash and cash equivalents, end of year	\$ 4,381,728	209,522	11,898,390	882,277	17,371,917
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>					
Operating income (loss)	\$ (9,781)	-	(51,760)	(632,092)	(693,633)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	-	2,531,984	216,868	2,748,852
Net pension expense	-	-	(31,494)	(18,024)	(49,518)
Change in assets and liabilities:					
Prepaid and other assets	-	-	(631)	(1,489)	(2,120)
Receivables	-	-	(180,828)	(8,616)	(189,444)
Capital assets and assets held for sale	(49,159)	-	-	-	(49,159)
Accounts payable	49,159	-	(148,902)	2,542	(97,201)
Accrued payroll and employee benefits	-	-	11,167	4,703	15,870
Due to other governments	-	-	18,774	-	18,774
Deposits held for others	-	-	23,907	5,909	29,816
Other liabilities	-	-	(83)	-	(83)
Total Adjustments	-	-	2,223,894	201,893	2,425,787
Net cash provided by (used for) operating activities	\$ (9,781)	-	2,172,134	(430,199)	1,732,154

**Non-cash capital and financing activities**

The County Law Enforcement fund transferred a fully depreciated computer with original cost of \$1,200 to the Housing Services Fund.

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, 2015**

	<u>Agency</u>
	<u>Totals</u>
<b>ASSETS</b>	
Cash and investments - held in trust	\$ 4,212,457
Property taxes receivable	9,000,624
<i>Total Assets</i>	<u>\$ 13,213,081</u>
<b>LIABILITIES</b>	
Deposits held for others	\$ 745,663
Taxes paid in advance	863,119
Due to other Governments	9,000,624
Undistributed taxes to other Governments	2,603,675
<i>Total Liabilities</i>	<u>\$ 13,213,081</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, 2015**

**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 administration 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 financial reporting entity consists of a primary government and its component units. 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, component units combined with the County for financial statement presentation purposes, and the County, are not included in any other governmental reporting entity. Consequently, the County's financial statements include only the financial activity of those organizational entities for which its elected governing body is financially accountable.

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. For the most part, 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, 2015**

**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

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service 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 deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred 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. Mortgage receivables owed to the Housing Services Fund when the homeowner purchased the property under the Home Sales program is not owed unless the homeowner sells or refinances the property. These mortgages represent the deferred profit from the sale of the property. Ten percent of the mortgage balance is reduced each year the homeowner owns the property. Deferred revenue is recorded until the homeowner sells the property or the mortgage receivable is paid off.

The County reports the following major governmental funds.

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.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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 Facility 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.

GOB Debt Service – To establish and account for the pledged property taxes and payment of principal and interest related to the County's General Obligation Bonds.

The County has elected to report all of its enterprise funds as major funds. 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.

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.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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 collections and payments to the County and other recipient entities of property taxes, interest and penalties, billed and collected by the County on their behalf.

**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 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.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**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.

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

**STATE OF NEW MEXICO  
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JUNE 30, 2015**

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

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 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. Refunds related to the settlement of property tax protests are only recorded when the case is completed.

**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

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

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:

<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

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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.

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 after 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



**STATE OF NEW MEXICO  
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JUNE 30, 2015**

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

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.

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.

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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 2015:

- Hold Harmless Gross Receipts Tax Fund
- Recreation Special Revenue Fund
- Linkages Program Fund
- Equipment Loan Debt Service Fund
- Regional Planning Authority Enterprise Fund
- 2009 Series Capital Outlay GRT Bond

**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 Commitments and Contingencies 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 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.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**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, 2015, the County had \$758,358 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, 2015, the County had approximately \$151.6 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 \$6.1 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, 2015, the County had \$344,697 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 those governmental funds that directly support County operations and personnel totaling approximately \$4.2 million in non-major governmental funds, and approximately \$4.0 million in major funds excluding the General Fund. In the General Fund, there is a contingency reserve of approximately \$7.7 million equal to 10% of the general fund operating budget (including transfers), a disaster recovery reserve equal to 10% - 15% of unrestricted fund balance, an uninsured loss reserve equal to 5% - 10% of unrestricted fund balance, and a major infrastructure repair and replacement reserve equal to 10% - 15% of unrestricted fund balance. For purposes of committing fund balance, the unrestricted fund balance is the general fund unrestricted fund balance as of the prior fiscal year end as reflected in the 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 \$26.8 million at June 30, 2015.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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, 2015, was approximately \$6.1 million and represents residual fund balance undesignated by other classifications.

The following schedule presents fund balance classifications at June 30, 2015:

	General Fund	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	GOB Debt Service	Non-Major Funds
<b>FUND BALANCE</b>							
<b>Nonspendable:</b>							
Prepaid Insurance	\$ 130,298	\$ -	\$ 95,475	\$ 253,738	\$ -	\$ -	\$ 278,847
<b>Restricted:</b>							
Debt Service	2,191,956	-	-	-	3,272,013	10,451,694	3,118,502
Capital Projects	-	-	-	-	30,435,713	-	33,677,280
Loan guarantee-Santa Fe Studios	6,058,730	-	-	-	-	-	-
Statutory budget reserve	12,886,281	-	-	-	-	-	-
Other contractual & statutory requirements	-	1,335,375	6,465,240	5,243,596	-	-	36,441,411
<b>Subtotal:</b>	<b>21,136,967</b>	<b>1,335,375</b>	<b>6,465,240</b>	<b>5,243,596</b>	<b>33,707,726</b>	<b>10,451,694</b>	<b>73,237,193</b>
<b>Committed:</b>							
Contingency reserve above requirement	7,671,654	-	1,512,673	2,447,104	-	-	4,273,742
Uninsured Losses	3,088,818	-	-	-	-	-	-
Disaster recovery	4,853,857	-	-	-	-	-	-
Facility/infrastructure	4,853,857	-	-	-	-	-	-
Emergency Communication Operations	-	-	-	-	-	-	250,000
<b>Subtotal:</b>	<b>20,468,186</b>	<b>-</b>	<b>1,512,673</b>	<b>2,447,104</b>	<b>-</b>	<b>-</b>	<b>4,523,742</b>
<b>Assigned:</b>							
Budget Requirements	26,834,420	-	-	-	-	-	-
<b>Unassigned (Deficit):</b>	<b>6,096,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(233,290)</b>
<b>Total Fund Balance</b>	<b>\$ 74,666,529</b>	<b>\$ 1,335,375</b>	<b>\$ 8,073,388</b>	<b>\$ 7,944,438</b>	<b>\$ 33,707,726</b>	<b>\$ 10,451,694</b>	<b>\$ 77,806,492</b>

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

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JUNE 30, 2015**

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

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.

**NOTE 3 – CASH AND INVESTMENTS**

At year end, the carrying amount of the County's deposits was \$53,399,027 and the bank balance was \$55,186,352. 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%.

The County's investment in the New Mexico State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio. The County's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the Office of the State Treasurer disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the Office of the State Treasurer, PO Box 608, Santa Fe, NM 87504-0608.

***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.

No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At year end, \$53,938,352 of the County's bank balance was exposed to custodial credit risk as uninsured. Pledged securities totaling \$80,124,274 collateralized the uninsured amount exceeding the collateralization requirement by \$53,155,097.

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

	50% Requirement
Deposits	\$ 55,186,352
Less FDIC coverage	1,248,000
Total unsecured public funds	<u>53,938,352</u>
Collateral requirement	26,969,177
Pledged securities, fair value	80,124,274
Pledged in excess of requirement	<u>\$ 53,155,097</u>

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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	\$ 83,081,575	\$ 83,081,575	\$ -	\$ -	\$ -
State Treasurer's Investment Pool	26,913	26,913	-	-	-
Municipal Bonds	9,264,094	-	9,264,094	-	-
U.S Treasuries	1,069,902	569,672	500,230	-	-
U.S. Agencies:					
Federal Farm Credit Banks	7,740,664	-	2,921,183	2,918,052	1,901,429
Federal National Mortgage Association	25,706,656	1,002,501	19,454,890	4,316,489	932,776
Federal Home Loan Mortgage Corporation	15,984,289	-	14,566,317	-	1,417,972
Federal Home Loan Bank	28,609,132	2,168,416	10,864,176	7,324,155	8,252,385
Fing Corp FICO	4,903,474	-	4,903,474	-	-
Total	<u>\$ 176,386,699</u>	<u>\$ 86,849,077</u>	<u>\$ 62,474,364</u>	<u>\$ 14,558,696</u>	<u>\$ 12,504,562</u>

**Interest Rate Risk** - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average maturity of the State Treasurer's local government investment pool was 54.6 days at year end.

**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 AAA by Standard & Poor's. The *New MexiGROW* Local Government Investment Pool (LGIP), a government investment pool is rated AAAM by Standard & Poor's and is authorized by the New Mexico State statute.

**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	\$ 83,081,575	47%
Municipal Bonds	9,264,094	5%
U.S. Agencies		
Federal National Mortgage Association	25,706,656	15%
Federal Home Loan Mortgage Corporation	15,984,289	9%
Federal Home Loan Bank	28,609,132	16%

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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	GOB Debt Service	Non-Major Governmental Funds
Accounts	\$ 237,446	\$ 141,520	\$ 9,422,111	\$ 3,547,790	\$ -	\$ -	\$ 1,916,997
Taxes	6,854,870	-	1,576,598		1,749,383	1,114,271	3,889,760
Interest	262,619	-	-	65,267	-	-	12,358
Grantor & other	80,124	-	260,612	32,827	-	-	2,380,089
Mortgage Notes	-	13,861,868	-	-	-	-	-
Down Payment Assistance	-	552,220	-	-	-	-	-
Less: Allowance for uncollectible	(36,346)	(2,816,918)	(9,147,704)	(3,189,468)	-	-	(65,651)
Net receivables	<u>\$ 7,398,713</u>	<u>\$ 11,738,690</u>	<u>\$ 2,111,617</u>	<u>\$ 456,416</u>	<u>\$ 1,749,383</u>	<u>\$ 1,114,271</u>	<u>\$ 8,133,553</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 fund is the only proprietary fund with an allowance as follows:

	Revenues
Rentals and charges for services & sales	\$ 4,794,112
Allowance for accounts receivable	(329,285)
Rentals and charges for services & sales, net	<u>\$ 4,464,827</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)	\$ 4,045,953	\$ -
Charges for services receivable and grants receivable (General Fund)	798,545	-
Mortgages receivable (Developer Fees Fund)	11,738,690	-
Charges for services receivables (Fire Operations Fund)	124,999	-
Delinquent property taxes receivable (GOB Debt Service Fund)	837,988	-
Charges for services receivable and grants receivables (Non-Major Governmental Funds)	1,644,558	-
Total deferred revenue for governmental funds	<u>\$ 19,190,733</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 – CAPITAL ASSETS**

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

**Governmental Activities:**

	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Land	\$ 36,435,442	607,818	(7,024)	-	37,036,236
Right of Way Land	10,109,940	-	-	-	10,109,940
Construction in progress	5,495,935	3,015,898	-	(3,586,576)	4,925,257
Total	52,041,317	3,623,716	(7,024)	(3,586,576)	52,071,433
Assets being depreciated:					
Buildings & Improvements	180,608,832	1,972,414	-	452,802	183,034,048
Infrastructure	70,213,172	4,215,094	-	3,133,774	77,562,040
Vehicles, Furniture, Fixtures & Equipment	61,076,417	3,735,963	(1,840,007)	(1,200)	62,971,173
Total	311,898,421	9,923,471	(1,840,007)	3,585,376	323,567,261
Less: Accumulated Depreciation					
Buildings & Improvements	(43,707,548)	(4,663,845)	-	-	(48,371,393)
Infrastructure	(24,384,018)	(2,313,846)	-	-	(26,697,864)
Vehicle, Furniture, Fixtures, & Equipment	(46,328,994)	(3,912,757)	1,840,007	1,200	(48,400,544)
Total	(114,420,560)	(10,890,448)	1,840,007	1,200	(123,469,801)
Net Capital Assets	\$ 249,519,178	2,656,739	(7,024)	-	252,168,893



**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Business Type Activities:**

**REGIONAL PLANNING AUTHORITY**

	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Vehicles, Furniture, Fixtures, & Equipment	\$ 3,629	-	-	-	3,629
Total	3,629	-	-	-	3,629
Less: Accumulated Depreciation Vehicle, Furniture, Fixtures, & Equipment	(3,629)	-	-	-	(3,629)
Total	(3,629)	-	-	-	(3,629)
Net Capital Assets	\$ -	-	-	-	-

**UTILITIES DEPARTMENT**

	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Land	\$ 1,440,327	55,002	(1,347,625)	-	147,704
Water Rights	21,704,696	-	(3,896,627)	-	17,808,069
Construction in progress	428,419	266,941	-	(88,286)	607,074
Total	23,573,442	321,943	(5,244,252)	(88,286)	18,562,847
Assets being depreciated:					
Buildings & Improvements	21,751	-	-	-	21,751
Water Systems	122,210,296	676,239	-	88,286	122,974,821
Vehicles, Furniture, Fixtures & Equipment	702,858	97,799	-	-	800,657
Total	122,934,905	774,038	-	88,286	123,797,229
Less: Accumulated Depreciation Buildings & Improvements	(11,916)	(2,886)	-	-	(14,802)
Water Systems	(9,728,125)	(2,452,612)	-	-	(12,180,737)
Vehicle, Furniture, Fixtures, & Equipment	(443,754)	(76,485)	-	-	(520,239)
Total	(10,183,795)	(2,531,983)	-	-	(12,715,778)
Net Capital Assets	\$ 136,324,552	(1,436,002)	(5,244,252)	-	129,644,298

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

Business Type Activities (Continued):

**HOUSING SERVICES**

	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Land	\$ 725,205	3,210	-	-	728,415
Assets being depreciated:					
Buildings & Improvements	7,836,345	-	-	-	7,836,345
Vehicles, Furniture, Fixtures & Equipment	437,236	-	(2,553)	1,200	435,883
Total	8,273,581	-	(2,553)	1,200	8,272,228
Less: Accumulated Depreciation					
Buildings & Improvements	(3,209,792)	(204,017)	-	-	(3,413,809)
Vehicle, Furniture, Fixtures, & Equipment	(389,093)	(12,851)	2,553	(1,200)	(400,591)
Total	(3,598,885)	(216,868)	2,553	(1,200)	(3,814,400)
Net Capital Assets	5,399,901	(164,499)	-	-	5,186,243
Business-type activities capital assets, net	\$141,724,453	(1,600,501)	(5,244,252)	-	134,830,541

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 2,493,477
Public safety	3,944,555
Health and welfare	671,111
Culture and recreation	807,864
Highways and streets	2,973,441
Total depreciation expense – governmental activities	<u>\$ 10,890,448</u>
<b>Business-Type Activities:</b>	
Regional Planning Authority	\$ -
Utilities	2,531,983
Housing Services	216,868
Total depreciation expense – business-type activities	<u>\$ 2,748,851</u>

**STATE OF NEW MEXICO  
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**NOTE 5 – CAPITAL ASSETS (Continued)**

**Construction Commitments** – At year end, the County had contractual commitments related to capital projects for the construction of the Santa Fe Rail Trail, the La Cienega Fire Station/Community Center, the Pojoaque Sports Complex and other various projects. At year end the County had spent approximately \$10.4 million on the projects and had estimated remaining contractual commitments of approximately \$8.9 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 \$419,677 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:		
2016	\$	48,928
2017		50,020
2018		51,486
2019		52,121
2020		52,012
2021-25		277,750
2026-30		93,975
2031		1,930
Total minimum payments required	\$	<u>628,222</u>

**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 \$1,883,832 reported as landfill closure and post-closure care liability at year end represents management's estimate based on an expert hired to estimate the costs for standard monitoring and compliance to 2027.

**STATE OF NEW MEXICO  
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**NOTE 7 – LANDFILL CLOSURE AND POST-CLOSURE COSTS (Continued)**

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 \$16,016 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 2015. 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 \$10,370,000.

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 \$2,780,000.

The County issued \$7,400,000 of tax-exempt variable rate and \$2,650,000 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 \$8,105,000.

Total conduit debt outstanding at June 30, 2015, was \$21,255,000. 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.

**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.

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

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:

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2015</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<i>General Obligation Bonds:</i>					
GOB Series 2005A - Roads, Public Works, Water	\$ 20,000,000	4.0% to 4.375%	7/1/25	\$ 750,000	\$ 750,000
GOB Series 2005 - Refunding 97 GOB	8,490,000	3.75% to 4.192%	7/1/16	2,030,000	990,000
GOB Series 2007A - Judicial Center	25,000,000	4% to 4.5%	7/1/26	1,250,000	500,000
GOB Series 2007B - Roads & Water	20,000,000	4% to 5.5%	7/1/27	1,000,000	500,000
GOB Series 2008 - Buckman Direct Diversion Water	32,500,000	3% to 4.25%	7/1/24	24,900,000	1,000,000
GOB Series 2009 - Road, Fire, Water, OS, Transfer Stations	17,000,000	3% to 4.3%	7/1/24	11,250,000	1,000,000
GOB Series 2010 - Refund 2001A & 1999 Series	13,505,000	2.125% to 3%	7/1/18	6,220,000	950,000
GOB Series 2011 - Refund 2001A & Road, Fire, Water, OS, Transfer Stations	17,500,000	2.5% to 4%	7/1/26	12,275,000	1,170,000
GOB Series 2013-Roads, Public Works, Water	19,000,000	2.0% to 4.0%	7/1/28	18,650,000	275,000
GOB Series 2015-Refunding 2005A, 2007A & B, and Improvements	47,220,000	2.75% to 5.0%	7/1/30	47,220,000	-
<b>Total</b>				<u>125,545,000</u>	<u>7,135,000</u>
<i>Revenue Bonds:</i>					
Correctional System 1997	30,000,000	5.0% to 6.0%	2/1/27	18,905,000	1,150,000
Sheriff's Facility - 1997A	6,000,000	5.0% to 6.0%	2/1/27	3,555,000	215,000
Subordinate Judicial Center - 2008	30,000,000	3.5% to 5%	6/1/33	26,075,000	515,000
2009 Series Capital Outlay GRT - Water Rights	12,090,000	2% to 5%	6/1/29	9,510,000	515,000
2010A Series Capital Outlay GRT - Buckman Direct Diversion	21,215,000	2% to 5%	6/1/30	17,470,000	850,000
2010B Series Capital Outlay GRT - Buckman Direct Diversion	10,195,000	2% to 4.25%	6/1/30	8,515,000	380,000
<b>Total</b>				<u>84,030,000</u>	<u>3,625,000</u>
<b>Grand Total</b>				<u>\$ 209,575,000</u>	<u>\$ 10,760,000</u>

STATE OF NEW MEXICO  
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**NOTE 9 – BONDS PAYABLE (Continued)**

**Pledged revenues – governmental activities.** The County has pledged future gross receipts tax revenues to repay outstanding revenue bonds of approximately \$84.0 million as of June 30, 2015. 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 \$4,969,410 per year. Thus, the total pledge requirement is approximately \$6,957,174 per year or 57.7% of the 5/16<sup>th</sup> tax increments annually (based on FY 2015 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 \$3,303,937 per year. Thus, the total pledge requirement is approximately \$6,607,874 or 68.6% of the capital outlay gross receipts tax annually (based on FY 2015 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.

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
2016	\$ 10,760,000	\$ 9,486,288
2017	11,595,000	8,966,854
2018	12,630,000	7,803,699
2019	13,540,000	7,289,549
2020	13,435,000	6,720,924
2021-25	79,090,000	23,649,738
2026-30	60,300,000	7,229,090
2031-33	8,225,000	802,000
Total	<u>\$ 209,575,000</u>	<u>\$ 71,948,139</u>

**STATE OF NEW MEXICO  
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**NOTE 9 – BONDS PAYABLE (Continued)**

During the year ended June 30, 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.

Of the three refunded/advance refunded bonds noted above, one, the 2005A GOB Series was considered a current refunding with the call date and subsequent redemption occurring on July 1, 2015, within 90 days of the bond refunding bond issuance. 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:

Year ending June 30:	Principal
2016	\$ 26,095
2017	26,094
2018	26,095
2019	26,095
2020	26,095
2021-25	130,478
2026-29	93,863
Total	<u>\$ 354,815</u>

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

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

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 127,010,000	47,220,000	(48,685,000)	125,545,000	7,135,000
Revenue bonds	87,460,000	-	(3,430,000)	84,030,000	3,625,000
Loan payable	380,908	-	(26,093)	354,815	26,095
Landfill closure and post-closure costs	1,899,848	-	(16,016)	1,883,832	16,016
Compensated absences	3,093,389	3,174,593	(3,039,632)	3,228,350	3,228,350
Premium on bonds payable	-	6,082,983	-	6,082,983	405,532
Pending legal action	-	693,431	-	693,431	693,431
Net pension liability	-	48,279,924	-	48,279,924	-
<b>Total</b>	<b>\$ 219,844,145</b>	<b>105,450,931</b>	<b>(55,196,741)</b>	<b>270,098,335</b>	<b>15,129,424</b>

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

At year end, sixteen 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:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,475,458	\$ 6,062
Corrections Operations	-	1,295
GOB Series 2015	219,792	-
Fire Operations	-	1,002
<b>Total Major Funds</b>	<b>1,695,250</b>	<b>8,359</b>

**Non-Major Funds:**

Housing Capital Improvement	-	35,013
Road Maintenance	-	94
Indigent Services	-	175
EMS Healthcare	-	598



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

Non-Major Funds (continued):

Alcohol Programs	-	590
Emergency Communication Operations	-	275
Community Development Block Grant	-	206,415
Capital Projects-Federal	-	781,113
Roads Projects	-	112,894
Special Appropriations & Other Projects	-	319,811
GOB Series 2011	-	219,792
Equipment Loan Proceeds	-	10,108
Fire Tax Revenue Bond Proceeds	-	13
Total Non-Major Funds	-	<u>1,686,891</u>
Total County	<u>\$ 1,695,250</u>	<u>\$ 1,695,250</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, 2015, are listed as follows:

Transfers from General Fund to:

Law Enforcement Operations	\$ 12,100,000
Correction Operations	11,300,447
Road Maintenance	4,872,585
Economic Development	460,261
Alcohol Programs	90,000
Farm & Range	7,350
GRT Revenue Bond	<u>2,140,006</u>
	30,970,649

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

Transfer from Corrections Fund to Correction Operations	240,000
Transfers from Environmental GRT to General Fund	628,000
Transfers from Capital Outlay GRT to GRT Revenue Bond Debt Svc	3,246,268
WTB Loan/Grant Debt Svc	26,095
	<u>3,272,363</u>
Transfer from Correctional GRT to Corrections Operations	4,445,000
Transfer from Indigent Hospital to Indigent Services	1,851,022
Transfer from EMS Hospital to EMS Health Care	817,400
Fire Operations	3,627,600
	<u>4,445,000</u>
Transfers from Alcohol Programs to General Fund	30,000
Law Enforcement Operations	75,000
	<u>105,000</u>
Transfer from Fire Operations to Emergency Communications	3,424,251
Transfer from Corrections Operations to Jail Revenue Bond Debt Service	2,252,850
	<u>2,252,850</u>
<b>Total Transfers Government and Enterprise Funds</b>	<b>\$ <u>51,634,135</u></b>

**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, 2015, are listed as follows:

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

Purpose	<u>Major Funds</u>	<u>Non-Major Funds</u>	<u>Total</u>
GIS Aerial Photography	\$ 380,465	-	380,465
Santa Fe County's share of the Buckman Direct Diversion Project	1,085,946	-	1,085,946
Sole Community Provider Payments	-	1,317,565	1,317,565
Open Space-various projects	626,371	997,661	1,624,032
Northern NM Recreational Fields	364,039	-	364,039
Senior Center Improvements	1,013,173	-	1,013,173
Water Transmission Line – various projects	334,273	239,270	573,543
Upgrade Youth Development Facility	691,800	-	691,800
New Fire/EMS Apparatus	-	600,331	600,331
Construction of a New Fire Station	421,596	388,404	810,000
Road Paving – various projects	-	797,303	797,303
Emergency Behavioral Health Services	-	229,167	229,167
Influent Screen Facility at Adult Detention	297,095	-	297,095
Total Significant Encumbrances	<u>\$ 5,214,758</u>	<u>4,569,701</u>	<u>9,784,459</u>

**NOTE 13 – CONTINGENT LIABILITIES**

**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.

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

**Lawsuits** – The County is a defendant in a number of lawsuits as of June 30, 2015. It is the opinion of management and County counsel that the amount of losses resulting from these remaining litigations at June 30, 2015, 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, 2015, in which the County has accrued \$693,431 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 County Commission and the City Council approve the annual budget. 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 County and the City. 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. 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 Board of Directors for the Agency consists of four members who are appointed by the Board of County Commissioners and four members who are appointed by the City Mayor with the approval of the City Council. The Board meets at least quarterly.

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 2015 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.

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

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 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. 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,

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

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.

**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, 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 \$150,000 for property to \$300,000 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 (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 and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

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

**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, 2014 available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**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 2014 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA fiscal year 2014 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). 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 \$4.5 million and employer paid member benefits that were “picked up” by the employer were approximately \$4.2 million for the year ended June 30, 2015.

**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, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

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 ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013, to June 30, 2014, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting

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

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, 2015, the County reported a liability of \$27,540,909 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 3.5304 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the County recognized PERA Fund Division Municipal General pension expense of (\$1,810,042). At June 30, 2015, 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	\$ -	\$ -
Changes of assumptions	-	18,666
Net difference between projected and actual earnings on pension plan investments	-	10,774,730
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-
County's contributions subsequent to the measurement date	6,077,459	-
Total	<u>\$ 6,077,459</u>	<u>\$ 10,793,396</u>

\$6,077,459 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.



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

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

Year ended June 30:	
2016	\$ (2,698,326)
2017	(2,698,326)
2018	(2,698,326)
2019	(2,698,326)
2020	(92)
Total	<u>\$ (10,793,396)</u>

For PERA Fund Division Municipal Police at June 30, 2015, the County reported a liability of \$7,566,533 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 2.3211 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the County recognized PERA Fund Division Municipal Police pension expense of (\$344,591). At June 30, 2015, 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	\$ -	\$ -
Changes of assumptions	-	614,660
Net difference between projected and actual earnings on pension plan investments	-	2,813,571
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-
County's contributions subsequent to the measurement date	1,301,497	-
Total	<u>\$ 1,301,497</u>	<u>\$ 3,428,231</u>

\$1,301,497 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

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

Year ended June 30:	
2016	\$ (856,293)
2017	(856,293)
2018	(856,293)
2019	(856,293)
2020	(3,059)
Total	<u>\$ (3,428,231)</u>

For PERA Fund Division Municipal Fire at June 30, 2015, the County reported a liability of \$14,616,491 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 3.5018 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the County recognized PERA Fund Division Municipal Fire pension expense of \$449,489. At June 30, 2015, the County reported PERA Fund Division 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	\$ -	\$ -
Changes of assumptions	507,407	-
Net difference between projected and actual earnings on pension plan investments	-	2,024,477
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-
County's contributions subsequent to the measurement date	1,356,023	-
Total	<u>\$ 1,863,430</u>	<u>\$ 2,024,477</u>

\$1,356,023 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

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

Year ended June 30:	
2016	\$ (379,899)
2017	(379,899)
2018	(379,899)
2019	(377,373)
2020	-
Total	<u>\$ (1,517,070)</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, 2013, 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, 2014, 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, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014, actuarial valuation.

Actuarial valuation date	June 30, 2013
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
• Payroll growth	3.5% annual rate
• Projected salary increases	3.5% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

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.

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

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	<u>4.0</u>	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 GASBS 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.

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**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	<u>51,920,806</u>	<u>27,540,909</u>	<u>8,706,271</u>
<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	<u>14,429,391</u>	<u>7,566,533</u>	<u>2,442,130</u>
<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	<u>20,652,006</u>	<u>14,616,491</u>	<u>10,165,065</u>

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2014 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**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.

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

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 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, 2015, 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, 2015, 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,

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

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.

The County's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$799,879, \$780,883, \$733,493 respectively, which equal the required contributions for each year.

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

In August 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The County provides substantially all of its employees with pension benefits through the State's multiple employer cost-sharing defined-benefit retirement plan administered by the Public Employees Retirement Association of New Mexico (PERA). GASB Statement 68 requires cost-sharing employers participating in the PERA program, such as the County, to record their proportionate share, as defined in GASB Statement 68, of County's unfunded pension liability. The County has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The County adopted GASB Statement 68 during fiscal year 2015. The requirement of GASB Statement 68 to record a portion of PERA's unfunded liability has negatively impacted the County's unrestricted net position. Information regarding PERA's current funding status can be found in their financial report.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combination includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The County was not a party to any combinations or disposals in the current year and therefore the adoption of GASB Statement 69 does not have any impact on the County's financial statements.

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

In November 2013, the GASB issued statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of the measurement date, no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. If it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

Accordingly, Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The County adopted GASB Statement No.71 during fiscal year 2015.

In June 2015, the GASB issued Statement No. 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. The County adopted GASB Statement No. 76 during fiscal year 2015, 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, 2015.

- GASB Statement No. 72, *Fair Value Measurement and Application*
- 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*



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**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 Capital Projects-Federal fund, Housing Capital Improvement fund and Fire Tax Revenue Bond Proceeds fund had an unassigned deficit fund balance in the amount of \$197,661, \$35,616 and \$13, respectively, as of June 30, 2015.

**NOTE 20 – RESTATEMENT**

Governmental activities net position at June 30, 2014 was restated in the net amount of approximately \$56.7 million and Enterprise activities net position at June 30, 2014, was restated in the net amount of approximately \$1.7 million as a result of implementation of GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

## APPENDIX B

### FORM OF BOND COUNSEL OPINION

\_\_\_\_\_, 2016

\$ \_\_\_\_\_

Santa Fe County, New Mexico  
Gross Receipts Tax Improvement and Refunding Revenue Bonds  
Series 2016

Ladies and Gentlemen:

We have acted as bond counsel to Santa Fe County, New Mexico (the "County") in connection with the issuance and sale by the County of its \$\_\_\_\_\_ Gross Receipts Tax Improvement and Refunding Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the "State") and Bond Ordinance No. 2016-\_\_\_\_, adopted on June 28, 2016, as supplemented by County Resolution No. 2016-\_\_\_\_, adopted by the Board of County Commissioners of the County on July 12, 2016 (collectively, the "Bond Ordinance"). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

We have examined the laws of the State and the United States of America relevant to the opinions herein, and other proceedings and documents relevant to the issuance by the County of the Bonds. As to the questions of fact material to our opinion, we have relied upon representations of the County contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, we are of the opinion that:

1. The Bonds are valid and binding special, limited obligations of the County under and in accordance with the Bond Ordinance.
2. The Bond Ordinance has been duly authorized, executed and delivered by the County and the provisions of the Bond Ordinance are valid and binding on the County.
3. The Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a first lien (but not an exclusive first lien) on certain Pledged Revenues, as defined and more fully described in the Bond Ordinance. The owners of the Bonds have no right to have ad valorem property taxes levied by the County for the payment of principal and interest on the Bonds and the Bonds do not represent or constitute a debt or pledge of, or a charge against, the general credit of the County.
4. The Bond Ordinance creates the lien on the Pledged Revenues that it purports to create.
5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"); however, such interest on the Bonds will be included in the adjusted current earnings of certain corporations, and such

corporations are required to include in the calculation of alternative minimum tax 75% of the excess of a corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

6. Based on existing laws of the State of New Mexico as enacted and construed, the Bonds and income from the Bonds are exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The opinions set forth above in paragraph 5 are subject to continuing compliance by the County with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the County of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing legislation as of the date of issuance and delivery of the Bonds, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation.

The obligations of the County related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the County and the security provided therefore, as contained in the Bond Ordinance, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors rights generally, now or hereafter in effect.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of result.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual of interest on, or the ownership of, the Bonds except those specifically addressed in Paragraphs 5 and 6 above.

Respectfully submitted,

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

#### CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Board of County Commissioners of Santa Fe County, New Mexico (the “County”), in connection with the issuance of the Santa Fe County, New Mexico Gross Receipts Tax Improvement and Refunding Revenue Bonds, Series 2016 (the “Bonds”). The Bonds are being issued pursuant to County Ordinance No. 2016-5, adopted by the Board of County Commissioner on June 28, 2016, as supplemented by County Resolution No. 2016-\_\_\_\_, adopted by the Board of County Commissioners on July 12, 2016 (collectively, the “Bond Ordinance”). Pursuant to the Bond Ordinance, to allow the underwriter of the Bonds to comply with the Rule (defined below), the County is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the “Owners”). This Undertaking is intended to satisfy the requirements of the Rule.

#### Section 2. Definitions.

(a) “Annual Financial Information” means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time (“GAAP”), for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”)) and operating data with respect to the County, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of information of the type set forth under the captions “PLEDGED REVENUES,” “ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES,” and “THE COUNTY – Historical General Fund Balance Sheet” in the Official Statement.

(b) “Audited Financial Statements” means the County’s annual financial statements which financial statements have been audited as may then be required or permitted by the laws of the State.

(c) “EMMA” means the MSRB’s Electronic Municipal Market Access system located on its website at [emma.msrb.org](http://emma.msrb.org).

(d) “Event Information” means the information delivered pursuant to Section 3(d) of this Undertaking.

(e) “MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, telephone (703) 797-6600, fax (703) 797-6708.

(f) “Official Statement” means the Official Statement dated July 12, 2016, delivered in connection with the original issue and sale of the Bonds.

(g) “Report Date” means March 31 of each year, beginning in 2017.

(h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, Section 240.15c2-12), as the same may be amended from time to time.

(i) "SEC" means the Securities and Exchange Commission.

(j) "State" means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event Information.

(a) The County, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

(b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the County will provide Audited Financial Statements to EMMA when and if available.

(c) The County, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the County, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a "final official statement" within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) At any time the Bonds are outstanding and the County obtains knowledge of the occurrence of any of the following events with respect to the Bonds, the County shall file, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a notice of such occurrence with EMMA:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, or tender offers;
- (ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bond, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material.

(e) The County or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the County to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.

Section 4. Method of Transmission. Unless otherwise required by law and subject to technical and economic feasibility, the County, or its designated agent, will employ such methods of electronic or physical information transmission as is requested or recommended from time to time by EMMA, the MSRB, and the SEC.

Section 5. Enforcement. The obligations of the County under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the County to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The County's breach of its obligations under this Undertaking will not constitute an event of default under the Bond Ordinance or the Bonds and none of the rights and remedies provided by the Bond Ordinance will be available to the Owners with respect to such a breach.

Section 6. Term. The County's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Bond Ordinance; (ii) the date on which the County is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Amendments. The County may amend this Undertaking from time to time, without the consent of any Owner, upon the County's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the County and the Owners and creates no rights in any other person or entity.

Section 9. Requesting Information. Persons seeking to obtain the Annual Financial Information, including the Audited Financial Statements, may obtain such information by contacting the County Manager at 102 Grant Avenue, Santa Fe, NM 87501.

Section 10. Special Funds. This Undertaking is subject to the availability of necessary funds from annual Pledged Revenues (as defined in the Bond Ordinance) and shall not constitute a general obligation of the County.

Section 11. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: \_\_\_\_\_, 2016

SANTA FE COUNTY, NEW MEXICO

By \_\_\_\_\_  
Chairman, Board of County Commissioners

**APPENDIX D**

**OFFICIAL NOTICE OF BOND SALE**

**\$28,070,000**

**SANTA FE COUNTY, NEW MEXICO  
Gross Receipts Tax Improvement and Refunding Revenue Bonds  
Series 2016**

**PUBLIC NOTICE IS HEREBY GIVEN** that electronic bids will be received by the Board of County Commissioners (the "Board") of Santa Fe County, New Mexico (the "County"), for the purchase of all of the County's General Obligation Improvement and Refunding Bonds, Series 2016 (the "2016 Bonds"), more particularly described below. The Board will meet in regular session at 2:00 p.m., prevailing Mountain Time, July 12, 2016, to take official action awarding the 2016 Bonds.

Bids for the purchase of the 2016 Bonds will be accepted through the Grant Street Group electronic bidding web site ("Grant Street Group") at [www.grantstreet.com](http://www.grantstreet.com). No other method of submitting bids will be accepted. The date and time for submitting bids will be as follows:

**Bid Date: July 12, 2016**

**Bid Time: Between 11:30 a.m. and 12:00 p.m. Eastern Time  
(Between 9:30 a.m. and 10:00 a.m. Mountain Time)**

**Submit Bid to: [www.grantstreet.com](http://www.grantstreet.com)**

Information related to this auction can be obtained from Grant Street Group Auction Support at (412) 391-5555 (x370), attention John Carver.

To bid, bidders must have both (1) completed the registration form on the Grant Street Group website and (2) requested and received admission to the County's auction, as described under "TERMS OF SALE - Submission of Bids" below. The use of Grant Street Group shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto.

Neither the County, Grant Street Group, the Financial Advisor, nor Bond Counsel shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate, or untimely bid submitted by Internet transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines, or any other cause arising from delivery by Internet transmission. Additionally, the Grant Street Group time stamp will govern the receipt of all bids. The official bid clock does not automatically refresh. Bidders must refresh the auction page periodically to monitor the progression of the bid clock and to ensure that their bid will be submitted prior to the termination of the auction. All bids will be deemed to incorporate the provisions of this Official Notice of Bond Sale.

This Official Notice of Bond Sale, and the information set forth herein, are not to be treated as a complete disclosure of all relevant information with respect to the 2016 Bonds. The information set forth herein is subject, in all respects, to a more complete description of the 2016 Bonds and the security therefore set forth in the Preliminary Official Statement dated July 1, 2016 (the "Preliminary Official Statement").



## BOND DETAILS

The 2016 Bonds will be issued in the aggregate principal amount of \$28,070,000. The 2016 Bonds and the interest thereon are special, limited obligations of the County. The County has prepared the Preliminary Official Statement relating to the 2016 Bonds, which is deemed by the County to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12 of the Securities Exchange Commission ("the Rule"), except for the omission of certain information as permitted by the Rule. Details of the 2016 Bonds, including maturities, redemption provisions, payment dates and security for payment are contained in the Preliminary Official Statement. The Preliminary Official Statement is subject to revision, amendment and completion in a Final Official Statement.

**Official Statement.** The Preliminary Official Statement may be viewed and downloaded from [www.grantstreet.com](http://www.grantstreet.com) or a physical copy may be obtained by contacting the County or the Financial Advisor, see "Information" below.

The County will make available to the winning bidder, within seven business days after the award of the sale of the 2016 Bonds, the Final Official Statement which is to be downloaded from [www.grantstreet.com](http://www.grantstreet.com). One physical copy of the Final Official Statement also will be provided to the winning bidder at that time; provided, however, the winning bidder must cooperate in providing the information required to complete the Final Official Statement. Additional copies of the Final Official Statement may be provided at the expense of the winning bidder.

The winning bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

## TERMS OF SALE

**Submission of Bids.** All bids must be submitted only by electronic bidding on Grant Street Group at [www.grantstreet.com](http://www.grantstreet.com). No other provider of bidding services and no other means of delivery (i.e. telephone, telefax or physical delivery) will be accepted. Bidding for the 2016 Bonds will begin at 11:30 a.m., Eastern Time (9:30 a.m. Mountain Time), as indicated above. The receipt of bids will end promptly at 12:00 p.m., Eastern Time (10:00 a.m. Mountain Time), unless extended in accordance with the two-minute rule described herein. If any bid becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such new leading bid was received by Grant Street Group. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two (2) minutes.

To bid, bidders must first visit the Grant Street Group website where, if they have not previously registered with Grant Street Group, they can register and then request admission to bid on the 2016 Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only NASD registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. Bidders who have previously registered with Grant Street Group may call (412) 391-5555, x 370, attention John Carver, for their ID Number or password.

**Rules of Grant Street Group.** Bidders must comply with, and all bids must be made in accordance with, the Rules of Grant Street Group in addition to the requirements of this Official Notice of Bond Sale. The Rules of Grant Street Group can be viewed on the Grant Street Group website and are incorporated herein by reference. In the event the Rules of Grant Street Group conflict with this Official Notice of Bond Sale, this Official Notice of Bond Sale shall prevail.

***Bidding Parameters.*** Bidders are required to submit unconditional all-or-none bids specifying the rate of interest at which the bidder will purchase all of the 2016 Bonds. Interest shall be bid in multiples of 1/20<sup>th</sup> or 1/8<sup>th</sup> percentum and only one interest rate may be bid for each maturity of the 2016 Bonds. The maximum interest rate may not exceed 5% and the maximum interest rate specified for any maturity of the 2016 Bonds may not exceed the minimum interest rate specified for any maturity of the 2016 Bonds by more than 3 percent (3%). The maximum net effective interest rate of the 2016 Bonds shall not exceed ten percent (10%) per annum.

***Term Bonds.*** A bidder may elect to have all or a portion of the 2016 Bonds scheduled to mature in consecutive years issued as one or more term bonds ("Term Bonds") scheduled to mature in the latest of the consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth in the Preliminary Official Statement, however, not less than all Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements.

***Adjustment of principal amounts, modification or clarification prior to examination of bids.*** The County Manager, in consultation with the County's financial and bond advisors, in the County Manager's sole discretion and prior to the examination of bids, may (i) adjust the aggregate principal amount set forth herein or may adjust the principal amount of each series without increasing the aggregate principal amount of Bonds; (ii) adjust individual maturities; and/or (iii) modify or clarify any other term hereof, including the date on which bids for the 2016 Bonds will be received, by issuing a notification of the adjusted series, amounts, modification or clarification via Thomson Municipal News ("TM3") and/or Grant Street Group platform and/or Bloomberg Financial Services no later than 8:00 a.m., Mountain Time, on the Bid Date.

***Adjustments to principal amounts after determination of best bid.*** The aggregate principal amount of the 2016 Bonds is subject to increase or reduction, and each scheduled maturity thereof is subject to increase or reduction, by the County Manager after the determination of the Best Bid (defined below). Such adjustments will be made within no more than two (2) hours after the end of the time of bid examination and will be in the sole discretion of the County. To cooperate with any adjustment in the principal amounts, the Purchaser is required to indicate by e-mail to Carole Jaramillo at [cjaramillo@santafecountynm.gov](mailto:cjaramillo@santafecountynm.gov) or such other address as may be indicated by the County Manager within one-half (1/2) hour after the end of the time of bid examination, the amount of any original issue discount or premium on any maturity of the 2016 Bonds, the initial offering price of each maturity, the cost of bond insurance, if any, and the amount received from the sale of the 2016 Bonds to the public that will be retained by the Purchaser as its compensation.

The County Manager, in consultation with the County's financial and bond advisors, may change the dollar amount bid by the Purchaser if the aggregate principal amount of the 2016 Bonds is adjusted as described below, but the interest rates specified by the Purchaser for all maturities will not change. The County Manager, in consultation with the County's financial and bond advisors, will make every effort to ensure that the percentage net compensation to the Purchaser (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the 2016 Bonds to the public and the price to be paid to the County, less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the 2016 Bonds) does not increase or decrease from the amount of such compensation if no adjustment was made to principal amounts shown in the maturity schedule. The County will notify the Purchaser of the final principal amounts and the resulting adjusted prices no later than 12:00 p.m. Mountain Time on the day of the sale and award of the 2016 Bonds. THE PURCHASER MAY NOT WITHDRAW OR MODIFY ITS BID ONCE SUBMITTED TO THE COUNTY FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, AS A RESULT OF ANY INCREASE OR DECREASE IN THE FINAL PRINCIPAL AMOUNTS AND THE AGGREGATE PURCHASE PRICE OF THE 2016 BONDS.

**Information Regarding Bids.** Bidders may change and submit bids as many times as they wish during the bidding; provided, however, that each bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid when compared to the immediately preceding bid of such bidder. During the bidding, no bidder will see any other bidder's bid, but each bidder will be able to see its own ranking (i.e., "Leader," "Cover," "3<sup>rd</sup>," etc.).

**Bids Constitute an Irrevocable Offer.** Each bid submitted through Grant Street Group shall be deemed an irrevocable offer to purchase the 2016 Bonds on the terms provided in this Official Notice of Bond Sale and shall be binding upon the bidder.

**Basis of Award.** The 2016 Bonds will be sold to the bidder or bidders offering to purchase the same at the lowest true interest cost. The actuarial yield on the 2016 Bonds using the true interest cost method will be computed at that yield which, if used to compute the present value of all payments of principal and interest on the 2016 Bonds as of August 9, 2016, produces an amount equal to the aggregate bid price. Such calculation will be made based upon a 360-day year and a semiannual interval for compounding.

The winning bid or bids will be indicated on Grant Street Group and the auction results, as posted on such website, will be subject to verification by the County. The County will verify the auction results immediately following the close of the bidding period and notice of confirmation by the County of the winning bidder or bidders will be made by a posting on Grant Street Group stating "Auction Results Verified and Confirmed".

An award may be made by the County to any bidder in a principal amount less than the principal amount of the 2016 Bonds for which the bid is submitted. Further, in the event of an award by the County for a principal amount less than the principal amount the bidder submitted, any premium bid shall be ratably reduced. If two or more bids have the same true interest cost, the first bid submitted, as determined by reference to the time stamp displayed on Grant Street Group, shall be deemed to be the leading bid.

**Sale Reservations.** The County reserves the right (a) to reject any and all bids for any Bonds, (b) to reoffer any Bonds for public sale, and (c) to waive any irregularity or informality in any bid.

**Good Faith Deposit Not Required to Bid.** A good faith deposit will not be required in connection with the submission of any bid for the 2016 Bonds. The winning bidder will be required to submit a Bid Award Deposit (see "Bid Award Deposit" below).

**Bid Award Deposit.** Not later than 12:00 p.m., Mountain Time on July 12, 2016, the winning bidder is required to submit a Bid Award Deposit of \$660,000.00. All Bid Award Deposits must be made in good funds by wire transfer of the required amount to an account specified by the County Manager and provided to the winning bidder after the sale of the 2016 Bonds.

No interest will be paid by the County on the amount of the Bid Award Deposit. The proceeds of the Bid Award Deposit of the winning bidder will be applied to the purchase price of the 2016 Bonds, or in the event of the failure of a winning bidder to take up and pay for the 2016 Bonds in compliance with the terms of the bid, at the option of the County, its Bid Award Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the County.

***Manner and Time of Delivery.*** The 2016 Bonds will be delivered to DTC for the account of the winning bidder or bidders at the expense of the County on August 9, 2016, or such later date as the County and the winning bidder may agree. Payment of the purchase price due at delivery must be made in Federal Reserve funds for immediate and unconditional credit to the County.

***Continuing Disclosure Undertaking.*** The County has covenanted to provide, in a timely manner, on the Electronic Municipal Market Access (EMMA) Website maintained by the Municipal Securities Rulemaking Board notice of the occurrence of specified, material events. The County has not failed to comply with any of its previous undertakings under Rule 15c2-12, except as may be disclosed in the Preliminary Official Statement.

***State Securities Laws.*** The County has taken no action to qualify the offer or sale of the 2016 Bonds under the securities laws of any state. Should any such qualification be necessary, the County agrees to cooperate with the winning bidder in such matters, provided that the County reserves the right not to consent to service of process outside its boundaries and expenses related to any such qualification shall be the responsibility of the winning bidder.

***CUSIP Numbers.*** CUSIP numbers will be issued and printed on the 2016 Bonds at the expense of the County. Any error or omission in printing such numbers on the 2016 Bonds will not constitute cause for any winning bidder to refuse delivery of any Bond.

***Legal Opinion, Certificates and Transcript.*** The validity and enforceability of the 2016 Bonds will be approved by the County's Bond Counsel. A copy of the form of the opinion of Bond Counsel is attached as an exhibit to the Preliminary Official Statement.

The purchaser of the 2016 Bonds will receive a certified transcript of legal proceedings which will include, among other items:

(a) a certificate of the County to the effect that, as of its date, the Preliminary Official Statement was deemed final within the meaning of Rule 15c2-12, except for the omissions permitted under Rule 15c2-12;

(b) a certificate of the County to the effect that there is no litigation pending or, to its knowledge, threatened affecting the validity of the 2016 Bonds as of the date of their delivery; and

(c) a certificate of the County to the effect that, as of the date of the Official Statement and at all times to and including the date of delivery of the 2016 Bonds, the Official Statement did not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

***Certification of Issue Price.*** Any winning bidder will be required to complete, execute, and deliver to the County (on or before the date of delivery of the 2016 Bonds) a certification as to issue price and certain other matters, substantially in the form to be furnished by Bond Counsel. By submitting its bid, each bidder agrees to complete, execute and deliver such certificate by the date of delivery of the 2016 Bonds if its bid is accepted. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, and otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty.

***Postponement of Sale.*** The County reserves the right to postpone the date and time established for the receipt of bids. Any such postponement will be announced by posting on Grant Street Group prior

to commencement of the bidding. If any date and time fixed for the receipt of bids and the sale of the 2016 Bonds is postponed, an alternative sale date and time will be announced at least one business day prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit bids electronically as described above for the purchase of the 2016 Bonds in conformity in all respects with the provision of this Official Notice of Bond Sale, except for the date and time of sale and except for any changes announced by posting on Grant Street Group at the time the sale date and time are announced, or in accordance with the section of this Official Notice of Bond Sale entitled *Adjustment of principal amounts, modification or clarification prior to examination of bids*.

**Rating.** A rating has been applied for to Standard and Poor's Ratings Services.

**Information.** Copies (in reasonable quantities) of this Official Notice of Bond Sale, the Preliminary Official Statement, and other information concerning the County and the 2016 Bonds may be obtained from:

Erik Harrigan, Director  
RBC Capital Markets  
6301 Uptown Blvd., Ste. 110  
Albuquerque, NM 87110  
Phone: (505) 872-5999  
Fax: (505) 872-5979

The date of this Official Notice of Bond Sale is June 28, 2016.

**SANTA FE COUNTY, NEW MEXICO**





