

\$19,000,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2013

Dated: Date of Delivery**Due: July 1, as shown below**

The Bonds are issuable as fully registered bonds and when initially purchased will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each January 1 and July 1, commencing January 1, 2014. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to the registered owner will mean Cede & Co., and payments of principal or interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "The Bonds – Book-Entry-Only System" herein. The Santa Fe County Treasurer is the Registrar and Paying Agent for the Bonds.

The Bonds are issuable only as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will bear interest from the delivery date.

MATURITIES, INTEREST RATES AND YIELDS OR PRICES

Year (July 1)	Principal	Interest Rate	Yield	Year (July 1)	Principal	Interest Rate	Yield
2014	\$350,000	2.000%	0.300%	2022	\$1,000,000	4.000%	1.670%
2015	275,000	2.000%	0.400%	2023	1,000,000	4.000%	1.850%
2016	650,000	2.000%	0.520%	2024	1,175,000	2.000%	2.150%
2017	400,000	2.000%	0.660%	2025	5,000,000	2.400%	2.400%
2018	200,000	3.000%	0.850%	2026	1,000,000	2.500%	2.520%
2019	1,000,000	3.000%	1.040%	2027	2,475,000	3.000%	2.660%
2020	1,000,000	4.000%	1.250%	2028	2,475,000	3.000%	2.780%
2021	1,000,000	4.000%	1.500%				

The Bonds are general obligations of Santa Fe County, New Mexico (the "County"), payable from general (*ad valorem*) taxes which shall be levied against all taxable property in the County without limitation as to rate or amount.

The Bonds may be insured by a financial guaranty insurance policy insuring payment of principal and interest on the Bonds when due, to be issued simultaneously with the original delivery of the Bonds. See "BOND INSURANCE" herein.

The County has undertaken, for the benefit of the owners of the Bonds, to provide certain annual and periodic disclosures described under the caption "CONTINUING DISCLOSURE INFORMATION" herein.

THE BONDS ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY AS MORE FULLY DESCRIBED HEREIN. SEE "THE BONDS - Optional Redemption of Bonds" HEREIN.

The Bonds are being issued pursuant to the powers of the Board of County Commissioners under Section 4-49-1 through 4-49-21, inclusive, and Sections 6-15-1 through 6-15-22, NMSA 1978 as amended and supplemented, the Constitution and other laws of the State for the purpose of providing funds for (1) the acquisition, construction, design and equipping of roads within the County; (2) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water and wastewater projects within the County; and (3) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County. The Bonds are offered when, as and if issued by the County, subject to the approval of Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel and certain other conditions. It is expected that the Bonds will be available for delivery on or about June 4, 2013, through the facilities of the Depository Trust Company, New York, New York.

Dated: April 30, 2013.

FTN FINANCIAL CAPITAL MARKETS – NEW YORK, NY

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

No dealer, salesman or other person has been authorized by Santa Fe County, New Mexico (the "County") to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth or included in this Official Statement has been provided by the County and from other sources believed by the County to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the County described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon exemptions contained in such Act. The registration and qualification of the Bonds in accordance with applicable provisions of the securities law of the states in which the Bonds have registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement is "deemed final" by the County for purposes of Rule 15c2-12 of the Municipal Securities Rulemaking Board. The County has covenanted to provide such annual financial statements and other information in the manner as may be required by regulations of the Securities and Exchange Commission or other regulatory body.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement contains statements that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "project," "intend," "expect," and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

SANTA FE COUNTY, NEW MEXICO

County Administration Building
102 Grant Avenue
Santa Fe, New Mexico 87501
(505) 986-6200

COUNTY COMMISSION

Chairperson	Kathy Holian
Vice-Chair	Daniel Mayfield
Commissioner	Miguel Chavez
Commissioner	Robert A. Anaya
Commissioner	Liz Stefanics

ADMINISTRATION

County Manager	Katherine Miller
County Clerk	Geraldine Salazar
County Treasurer	Patrick Varela
County Assessor	Domingo Martinez
County Finance Director	Teresa Martinez
County Attorney	Stephen C. Ross

FINANCIAL ADVISOR

RBC Capital Markets, LLC
6301 Uptown Boulevard N.E.
Suite 110
Albuquerque, New Mexico 87110

BOND COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.
500 Fourth Street, NW
Albuquerque, New Mexico 87102
(505) 848-1800

PAYING AGENT/REGISTRAR

Santa Fe County Treasurer
102 Grant Avenue
Santa Fe, New Mexico 87501

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OFFICIAL STATEMENT

\$19,000,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2013

INTRODUCTION AND SUMMARY

This Official Statement is furnished to prospective purchasers of the Santa Fe County, New Mexico, General Obligation Improvement Bonds, Series 2013 (the "Bonds"), issued in the aggregate principal amount of \$19,000,000 by Santa Fe County, New Mexico (the "County"). The offering of the Bonds is made only by way of this Official Statement and the Official Notice of Meeting and Bond Sale, authorized by a resolution adopted by the Board of County Commissioners (the "Board") on March 26, 2013 (the "Notice of Sale Resolution"). Additional information concerning the County, the Bonds and other aspects of this offering may be obtained either from the County or from RBC Capital Markets, LLC (the "Financial Advisor") at the addresses set forth in the section entitled "ADDITIONAL INFORMATION."

The following material is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other use of this "INTRODUCTION AND SUMMARY" without the entire Official Statement, including the cover page and the appendices, is unauthorized.

All terms used in this Official Statement that are not defined herein shall have the meanings given such terms in the Notice of Sale Resolution.

The Issuer

The County is located in north central New Mexico, with a land area of 1,909 square miles and a population of 144,170. The City of Santa Fe is the State capital and County seat. The economy is based primarily upon government and related activities, retail trade, tourism, and cultural and recreational activities and facilities.

Authority for Issuance and Purpose

The Bonds are issued in accordance with the Constitution and laws of the State of New Mexico, in particular, Sections 4-49-1 through 4-49-21, and Sections 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented. \$19,000,000 in principal amount of the Bonds (the "Improvement Bonds") represents the first series of general obligation bonds approved by the qualified electors of the County at an election held on November 6, 2012 to provide funds for (1) the acquisition, construction, design and equipping of roads within the County; (2) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water and wastewater projects within the County; and (3) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County.

The Bonds

The Bonds will be registered as to principal and interest, issued in denominations of \$5,000 each, or integral multiples thereof, in conformance with the Constitution and laws of the State and pursuant to the Resolution. The Bonds shall mature in the principal amounts and on the dates shown on the cover

page hereof. Interest shall be payable January 1, 2014 and on January 1 and July 1 of each year thereafter to registered owners shown on the books of the Registrar on the 15th day of the month preceding each regularly scheduled interest payment date thereafter (a "Record Date"). The Bonds will be issued only in fully registered form and will be initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company pursuant to the book-entry-only system described herein.

Security

The Bonds are secured by the County's full faith and credit and are general obligations of the County payable from *ad valorem* taxes to be levied, without limitation as to rate or amount, against all taxable property within the County. See "SECURITY AND REMEDIES."

Financial Statements

The County's audited financial statements as of and for the year ended June 30, 2012 including the opinions rendered thereon of certified public accountants, are attached as Appendix B.

Selected Debt Ratios

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

2012 Assessed Valuation	\$6,896,495,216
2012 Estimated Actual Valuation ⁽¹⁾	\$21,107,698,659
District Net Debt as a Percentage of Assessed Valuation	1.79%
Estimated Actual Valuation	0.58%
Direct and Overlapping Debt as a % of Assessed Valuation	6.78%
Estimated Actual Valuation	2.04%
Estimated Population	144,170
District General Obligation Current Outstanding Debt	\$114,455,000
Series 2013 General Obligation Bonds	\$19,000,000
District Net General Obligation Debt	\$123,314,750
Estimated Direct & Overlapping G/O Debt	\$430,741,683
District Net Debt Per Capita	\$855.34
Direct & Overlapping Debt Per Capita	\$2,987.73

(1) Estimated actual valuation is computed by adding the exemptions to the assessed valuation and multiplying the result by three.

See "DEBT AND OTHER FINANCIAL OBLIGATIONS – General Obligation Debt" herein.

Tax Matters

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX EXEMPTION" herein, including the alternative minimum tax on corporations.

Agents and Advisors

The County Treasurer will serve as Paying Agent and Registrar. Heinfeld, Meech & Co. P.C. has audited the County's general purpose financial statements as of and for the year ended June 30, 2012.

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, has acted as bond counsel for the issuance of the Bonds and has also acted as special counsel to the County in connection with the preparation of this Official Statement and the sale of the Bonds. See "LEGAL MATTERS" herein. RBC Capital Markets, LLC, Albuquerque New Mexico, has acted as Financial Advisor to the County for the issuance of the Bonds. RBC Capital Markets, LLC is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Additional Information

This Official Statement is accurate only as of its date, and no representation is made that the information contained herein has not changed since that date. This Official Statement is intended to be made available to investors through the Financial Advisor.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete, and reference is made to those statutes, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of those statutes, regulations and documents may be obtained upon request directed to the County, and upon payment to the County of a charge for copying, mailing and handling, at the Santa Fe County Administration Building, 102 Grant Avenue, Santa Fe, New Mexico 87501, telephone number (505) 986-6200, Attention: County Manager.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract between the County and the purchasers or holders of any of the Bonds.

THE BONDS

Description

The Bonds are general obligation bonds to be issued by the County in the total principal amount of \$19,000,000 and will be dated the Date of Delivery, which is expected to be on or about June 4, 2013. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the cover page of this Official

Statement payable semiannually on January 1 and July 1 each year, commencing on January 1, 2014, and maturing serially, as set forth on the cover page of this Official Statement.

The Bonds will be issued only in fully registered form and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners hereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Authorization

The Bonds are being issued pursuant to the Board's powers under Article IX, Section 10 of the Constitution of the State of New Mexico, and Sections 4-49-1 through 4-49-21 and 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented, the Notice of Sale Resolution and the resolution of the Board awarding the Bonds to the successful bidder for the Bonds in the public sale held on April 30, 2013 (together, the "Resolution").

Bond Registrar and Paying Agent

The County Treasurer will serve as the Bond Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the 15th day of the calendar month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by the Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

Optional Redemption of Bonds

The Bonds maturing on and after July 1, 2023 are subject to prior redemption at the County's option in one or more units of principal of \$5,000 on and after July 1, 2022, in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each \$5,000 unit of principal so redeemed plus accrued interest to the redemption date.

Redemption Procedures

Notice of redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45)

days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the County.

Conditional Redemption

If money sufficient to pay the optional redemption price of the Bonds to be called for optional redemption is not on deposit with the Paying Agent prior to the giving of notice of optional redemption referred to above, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the County and the Registrar shall give notice, in the manner in which the original notice of optional redemption was given, that such money was not received. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Exchange or Transfer of Bonds

The Registrar/Paying Agent will maintain the books of the County for the registration of ownership of the Bonds. Upon the surrender for transfer of any Bond at the principal office of the Registrar/Paying Agent, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar/Paying Agent shall authenticate and deliver not more than three business days after receipt of the Bond to be transferred in the name of the transferee or transferees a new Bond or Bonds in fully registered form of the same aggregate principal amount of authorized denominations, and of the same maturity, interest rate and series, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the principal office of the Registrar/Paying Agent for an equal aggregate principal amount of Bonds of other authorized denominations, and of the same maturity, series and interest rate. The Registrar/Paying Agent shall authenticate and deliver not more than three business days after receipt of the Bond to be exchanged a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds as herein provided shall be without charge to the owner or any transferee, but the Registrar/Paying Agent may require the payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. See "THE BONDS – Book-Entry-

Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Tax Covenants

In the Resolution, the County covenants for the benefit of the owners of the Bonds that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

The County further covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield, as required, on investment property acquired with those proceeds, (iii) make timely rebate payments, if required, to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. See "TAX EXEMPTION" herein.

Book Book-Entry Only System

Unless otherwise noted, the information contained under the caption "General" below has been provided by DTC. The County makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

THE COUNTY THE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND ORDINANCE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of

the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The County undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on that website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Bonds are in the book-entry only system, redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates representing the Bonds will be printed and delivered to DTC.

The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the Underwriter takes any responsibility for the accuracy thereof.

SECURITY AND REMEDIES

General

The Bonds are general obligations of the County payable from *ad valorem* taxes, which may be levied against all taxable property within the County without limitation of rate or amount. The Bonds are secured by the obligation of the Board of County Commissioners of the County to levy and collect upon all taxable property within the County a tax rate levy sufficient, together with other legally available revenues, to pay the debt service on the Bonds. Such annual levy for debt service creates a statutory tax lien that can be enforced personally against the owner of the property or enforced by sale of the property. Neither the State nor any other political subdivision has any responsibility to pay the debt service on the Bonds.

Legal Matters

Various State laws and constitutional provisions apply to the assessment and collection of *ad valorem* property taxes. There is no assurance that there will not be any amendment, change in the

interpretation of, or addition to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the County.

Limitations on Remedies Available to Owners of Bonds

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the County in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles, which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

PURPOSE AND PLAN OF FINANCING

The Improvement Bonds will be issued in a principal amount of \$19,000,000, representing the first series of general obligation bonds approved by the qualified electors of the County at an election held on November 6, 2012, are being issued to provide funds for the Bonds are being offered for the purpose of providing funds for (1) the acquisition, construction, design and equipping of roads within the County; (2) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water and wastewater projects within the County; and (3) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County.

SOURCES AND USES OF FUNDS

The sources and uses of funds relating to the Bonds, other than accrued interest, are set forth in the following table.

SOURCES OF FUNDS

Bond proceeds	<u>\$19,000,000.00</u>
Net Reoffering Premium ⁽¹⁾	<u>937,191.99</u>
TOTAL SOURCE OF FUNDS	<u>\$19,937,191.99</u>

USES OF FUNDS

Deposit to Acquisition Fund	<u>\$19,000,000.00</u>
Deposit to Debt Service Account	<u>937,191.99</u>
TOTAL USES OF FUNDS	<u>\$19,937,191.99</u>

⁽¹⁾ Reoffering Premium is net of original issue discount and underwriter's discount.

DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

Article IX, Section 13, of the New Mexico Constitution limits the powers of a county to incur general obligation debt in an aggregate amount, including existing indebtedness, exceeding four percent of the value of the taxable property within such county as shown by the last preceding general assessment. A test for maximum general obligation bonds outstanding of the county follows:

2012 Assessed Valuation	\$6,896,495,216
2012 Estimated Actual Valuation ⁽¹⁾	\$21,107,698,659

Bonded Debt

Current Outstanding Debt	\$114,455,000
Series 2013 Bonds	19,000,000
Less Debt Service Fund Balance ⁽²⁾	<u>10,140,250</u>
NET DEBT	<u>\$123,314,750</u>

Ratio of Estimated Net Debt to 2012 Assessed Valuation	1.79%
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Ratio of Estimated Net Debt to 2012 Estimated Actual Valuation	0.58%
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Per Capita Net Bonded Debt:	\$855.34
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Est. Population:	144,170
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(1) Estimated actual valuation is computed by adding the exemptions to the assessed valuation and multiplying the result by three.

(2) The cash balance for the debt service fund was \$17,213,222 as of April 12, 2013. The amount properly attributable to principal reduction is 58.9%.

Debt Service Requirements to Maturity

The following represents annual debt service expenses on the County's outstanding general obligation debt.

Year	Present Requirement			Series 2013			Total Requirements		
	1-Jul Principal	Interest	Total	1-Jul Principal	Interest	Total	Principal	Interest	Total
2013	\$6,445,000	\$4,434,981	\$10,879,981				\$6,445,000	\$4,434,981	\$10,879,981
2014	6,285,000	4,228,231	10,513,231	\$350,000	\$587,488	\$937,488	6,635,000	4,815,719	11,450,719
2015	6,860,000	4,023,506	10,883,506	275,000	539,500	814,500	7,135,000	4,563,006	11,698,006
2016	7,170,000	3,793,156	10,963,156	650,000	534,000	1,184,000	7,820,000	4,327,156	12,147,156
2017	8,550,000	3,544,888	12,094,888	400,000	521,000	921,000	8,950,000	4,065,888	13,015,888
2018	8,945,000	3,248,038	12,193,038	200,000	513,000	713,000	9,145,000	3,761,038	12,906,038
2019	7,500,000	2,927,188	10,427,188	1,000,000	507,000	1,507,000	8,500,000	3,434,188	11,934,188
2020	8,000,000	2,634,188	10,634,188	1,000,000	477,000	1,477,000	9,000,000	3,111,188	12,111,188
2021	8,500,000	2,315,750	10,815,750	1,000,000	437,000	1,437,000	9,500,000	2,752,750	12,252,750
2022	9,150,000	1,976,688	11,126,688	1,000,000	397,000	1,397,000	10,150,000	2,373,688	12,523,688
2023	9,150,000	1,598,250	10,748,250	1,000,000	357,000	1,357,000	10,150,000	1,955,250	12,105,250
2024	10,100,000	1,210,250	11,310,250	1,175,000	317,000	1,492,000	11,275,000	1,527,250	12,802,250
2025	4,900,000	779,063	5,679,063	5,000,000	293,500	5,293,500	9,900,000	1,072,563	10,972,563
2026	11,850,000	569,125	12,419,125	1,000,000	173,500	1,173,500	12,850,000	742,625	13,592,625
2027	1,050,000	44,625	1,094,625	2,475,000	148,500	2,623,500	3,525,000	193,125	3,718,125
2028	-	-	-	2,475,000	74,250	2,549,250	2,475,000	74,250	2,549,250
	\$114,455,000	\$37,327,925	\$151,782,925	\$19,000,000	\$5,876,738	\$22,327,488	\$130,980,000	\$43,130,413	\$174,110,413

Statement of Estimated Direct and Overlapping Debt

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.

Municipal Entity	2012 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$54,490,961,619	\$372,700,000	11.67%	\$43,482,975
Santa Fe County	6,896,495,216	133,455,000	100.00%	133,455,000
City of Santa Fe	3,710,979,288	26,510,000	100.00%	26,510,000
Town of Edgewood	94,159,191	-	100.00%	-
City of Espanola	97,168,387	-	25.91%	-
Espanola Schools	562,047,919	26,450,000	20.98%	5,548,885
Moriarty Schools	491,527,549	27,340,000	46.98%	12,844,823
Pojoaque Schools	180,444,655	5,740,000	100.00%	5,740,000
Santa Fe Community College	6,357,470,139	25,085,000	100.00%	25,085,000
Santa Fe Schools	6,357,470,139	178,075,000	100.00%	178,075,000
Total Direct & Overlapping Debt				\$430,741,683

Ratio of Estimated Direct & Overlapping Debt to 2012 Assessed Valuation:	6.78%
Ratio of Estimated Direct & Overlapping Debt to 2012 Estimated Actual Valuation:	2.04%
Per Capita Direct & Overlapping Debt:	\$2,987.73

Other Obligations of the County

The table below summarizes all outstanding revenue bonds and other obligations of the County as of June 30, 2012, except as otherwise noted.

Type and Series of Revenue Obligations	Original Principal Amount	Interest Rate	Date of Final Maturity	Amount Outstanding as of 6/30/12	Pledged Revenues
Santa Fe Studio Loan Guaranty*	\$6,500,000	n/a	4/26/2036	\$*	n/a*
Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A-B	\$31,410,000	2.00-4.25%	6/1/2030	\$29,460,000	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	\$10,935,000	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	\$27,050,000	5/16 of one percent gross receipts tax
Correctional System Revenue Bonds, Series 1997	\$30,000,000	4.10-6.00%	2/1/2027	\$22,035,000	5/16 of one percent gross receipts tax
Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A	\$6,000,000	4.10-6.00%	2/1/2027	\$4,140,000	5/16 of one percent gross receipts tax

*The Loan Guaranty consists of a pledge by the County, in October, 2010, of 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 Studio, Inc. (the "Studio Developer") in connection with a local economic development 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 3/12 budgetary reserve required by Section 7-20E-11 NMSA 1978. 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.

Analysis of Assessed Valuation

Assessed Valuation of property within the County is calculated as follows: Of the total assessed valuation of all taxable property in the County, 33 1/3% is legally subject to *ad valorem* taxes. After deduction of certain personal exemptions, the 2012 Assessed Valuation is \$6,896,495,216. The actual value of personal property within the County (see "Assessments" below) is determined by the County Assessor. The actual value of certain corporate property within the County (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assessments					
Value of Land	\$2,202,382,329	\$2,242,489,365	\$2,253,530,245	\$2,259,511,296	\$2,159,573,905
Improvements	4,615,982,628	4,586,323,106	4,570,320,025	4,363,202,825	4,141,055,798
Personal Property	62,480,943	65,211,083	66,360,640	71,683,058	179,454,878
Mobile Homes	33,738,479	35,730,283	38,005,781	41,101,064	40,117,353
Livestock	<u>1,569,237</u>	<u>1,296,820</u>	<u>1,334,487</u>	<u>1,477,137</u>	<u>1,878,466</u>
Assessors Total Taxable Value	\$6,916,153,616	\$6,931,050,657	\$6,929,551,178	\$6,736,975,380	\$6,522,080,400
Less Exemptions					
Head of Family	\$38,692,370	\$36,764,169	\$34,637,163	\$34,179,899	\$34,052,507
Veterans	58,369,621	54,009,491	51,150,178	48,221,799	43,735,796
Other	<u>42,342,346</u>	<u>42,801,476</u>	<u>41,711,793</u>	<u>41,247,605</u>	<u>-</u>
Total Exemptions	\$139,404,337	\$133,575,136	\$127,499,134	\$123,649,303	\$77,788,303
Assessors Net Taxable Value	\$6,776,749,279	\$6,797,475,521	\$6,802,052,044	\$6,613,326,077	\$6,444,292,097
Centrally Assessed	119,745,937	119,334,897	114,007,489	90,225,478	106,516,551
Total Assessed Valuation	<u>\$6,896,495,216</u>	<u>\$6,916,810,418</u>	<u>\$6,916,059,533</u>	<u>\$6,703,551,555</u>	<u>\$6,550,808,648</u>

Source: Santa Fe County Assessor's Office

History of Assessed Valuation

The following is a history of assessed valuation for the City of Santa Fe and the County. Since 2008, the tax base of the City has increased 5.9% and the tax base of the County has increased 5.28%.

<u>Tax Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>
2008	\$3,502,776,192	\$6,550,808,646
2009	3,500,660,629	6,633,131,738
2010	3,698,558,947	6,916,059,533
2011	3,705,370,595	6,916,810,418
2012	3,710,979,288	6,896,495,216

Source: Santa Fe County Assessor's Office

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total *ad valorem* taxes for operational purposes levied by all overlapping governmental units within the County to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the County voting on the question. The following table summarizes the tax situation on residential property located within the County for 2012-2013 Fiscal Year and the previous four years. The County expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may adversely impact the County's ability to repay bonds.

RESIDENTIAL TAX RATES - Per \$1,000 Assessed Valuation – Tax Years

<u>Within 20 Mill Limit for General Purposes</u>					
	2012-13	2011-12	2010-11	2009-10	2008-09
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Santa Fe County	5.022	4.891	4.697	4.670	4.507
City of Santa Fe	1.165	1.135	1.093	1.097	1.055
Santa Fe Schools	<u>0.128</u>	<u>0.125</u>	<u>0.120</u>	<u>0.119</u>	<u>0.115</u>
Total	\$6.315	\$6.151	\$5.910	\$5.886	\$5.677
<u>Over 20 Mill Limit - Interest, Principal, Judgment, etc.</u>					
	2012-13	2011-12	2010-11	2009-10	2008-09
State of New Mexico	\$1.360	\$1.362	\$1.530	\$1.150	\$1.250
Santa Fe County	1.640	1.851	1.873	1.930	1.969
Santa Fe Community College	3.292	3.314	3.220	3.236	3.160
City of Santa Fe	0.564	0.743	0.679	0.498	0.461
Santa Fe Schools	<u>6.920</u>	<u>6.995</u>	<u>6.920</u>	<u>6.919</u>	<u>6.867</u>
Total	\$13.776	\$14.265	\$14.222	\$13.733	\$13.707
<u>Total Levy</u>					
	2012-13	2011-12	2010-11	2009-10	2008-09
State of New Mexico	\$1.360	\$1.362	\$1.530	\$1.150	\$1.250
Santa Fe County	6.662	6.742	6.570	6.600	6.476
Santa Fe Community College	3.292	3.314	3.220	3.236	3.160
City of Santa Fe	1.729	1.878	1.772	1.595	1.516
Santa Fe Schools	<u>7.048</u>	<u>7.120</u>	<u>7.040</u>	<u>7.038</u>	<u>6.982</u>
Total Residential in					
City of Santa Fe	\$20.091	\$20.416	\$20.132	\$19.619	\$19.384
Total Non-Residential in					
City of Santa Fe	\$29.581	\$30.123	\$29.865	\$29.142	\$27.502
Total Residential in					
Unincorporated County	\$18.362	\$18.538	\$18.360	\$17.868	\$17.868
Total Non-Residential in					
Unincorporated County	\$26.200	\$26.563	\$26.618	\$25.043	\$25.043

Source: New Mexico Department of Finance & Administration

Major Taxpayers

The ten largest taxpayers in Santa Fe County have a combined valuation of \$138,277,873, representing 2.01% of the total assessed valuation within the County.

<u>Name</u>	<u>Business</u>	<u>2012 A.V.</u>	<u>% of A.V.</u>
Public Service Company of NM	Electric Utility	\$43,485,485	0.63%
CenturyLink	Telephone Utility	15,094,348	0.22%
Eldorado Partnership	Hotel	14,372,973	0.21%
La Posada Inc	Hotel	10,236,788	0.15%
Santa Fe Mall LLC	Shopping Center	10,120,197	0.15%
Gas Company of New Mexico	Gas Utility	9,888,964	0.14%
Santa Fe Railyard Community Co	Real Estate	9,398,069	0.14%
Canyon Encantado	Real Estate	8,941,923	0.13%
Corporation de la Fonda	Hotel	8,640,232	0.13%
New Mexico Hotels Ltd.	Hotel	<u>8,098,894</u>	<u>0.12%</u>
Total		\$138,277,873	2.01%

Source: Santa Fe County Assessor's Office

Yield Control Limitation

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production *ad valorem* and oil and gas production equipment *ad valorem* taxes) or assessment that will produce revenues that taxes exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value," as defined by Statute, divided by such prior property tax year's total taxable property value; but if that percentage is less than 100 percent, then the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year's index over the index for the calendar year next preceding the prior calendar year (unless there was a decrease, in which case zero if used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies and to any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.*

Limitations on Residential Property Tax Increases

A 1998 amendment to the State Constitution allows the State Legislature to enact legislation providing for the assessment of residential properties at levels different than the current estimated market value of a home on the basis of age, income, or home ownership. Section 7-36-21.2 NMSA 1978, as amended, limits increases in the value of residential property for taxation purposes beginning with the Tax Year 2001 (the "Statutory Valuation Cap"). The statute provides that, with respect to properties within a county assessing properties in the aggregate at or greater than 85% of their market value, a

property's new valuation shall not exceed 103% of the previous year's valuation or 106.1% of the valuation two years prior to the tax year in which the property is being valued. This does not apply to residential properties in their first year of valuation, physical improvements made to the property or instances where the owner or the zoning of the property has changed in the year prior to the tax year for which the value of the property is being determined.

The Statutory Valuation Cap has been recently challenged in a number of venues. The constitutionality of the Statutory Valuation Cap has been challenged in a number of venues and the most recent challenge was certified to the New Mexico Court of Appeals. On March 28, 2012, the New Mexico Court of Appeals upheld the Statutory Valuation Cap and its application under Section 7-36-21.2 NMSA 1978. The Court of Appeals ruling has been appealed to the New Mexico Supreme Court. The final judicial resolution of this issue could have a material effect on how property is valued within the County and related property tax collections.

Other amendments to State laws affecting residential property taxes are proposed from time to time and may be proposed in the future by the Legislature. Such amendments, if enacted, could result in an increase to the tax rate imposed on residential property tax within the County in order to pay the principal of and interest on general obligation bonds issued by the County, including the Bonds.

Tax Collections on Locally Assessed and Centrally Assessed Property

General (*ad valorem*) taxes for all units of government are collected by the county treasurer and distributed monthly to the various political subdivisions to which they are due. Property taxes are due in two installments. The first half installment is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10. Collection statistics for all political subdivisions for which each county treasurer collects taxes are presented here:

Property Tax Collections for Santa Fe County

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a % of Net Levied
2011	11/12	150,685,186	142,374,476	94.48%	142,374,476	94.48%
2010	10/11	148,919,734	140,663,676	94.46%	145,426,933	97.65%
2009	09/10	142,298,704	132,269,257	92.95%	140,531,694	98.76%
2008	08/09	133,476,019	124,332,592	93.15%	132,635,626	99.37%
2007	07/08	121,777,496	114,182,071	93.76%	120,709,337	99.12%
2006	06/07	105,207,519	99,380,102	94.46%	104,705,755	99.52%
2005	05/06	100,907,356	95,003,813	94.15%	100,684,278	99.78%
2004	04/05	84,601,765	82,938,684	98.03%	84,495,943	99.87%
2003	03/04	81,972,179	76,896,688	93.81%	81,958,698	99.98%
2002	02/03	73,501,059	68,439,359	93.11%	73,618,378	100.16%

(1) As of June 30 of each year.

(2) As of June 2012

Source: Santa Fe County Treasurer's Office

Interest on Delinquent Taxes

Pursuant to Section 7-38-49 NMSA 1978, if property taxes are not paid for any reason within thirty days after the date they are due, interest on the unpaid taxes shall accrue from the thirtieth day after they are due until the date they are paid. Interest accrues at the rate of one percent (1%) per month or any fraction of a month.

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50 NMSA 1978, if property taxes become delinquent, a penalty of one percent of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed five percent (5%) of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, 50% of the property taxes due or \$50.00, whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47 NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. A lien runs in favor of the State and secures the payment of property taxes and any penalty and interest until such payments are made. Such lien is a first lien and paramount to any other interest in the property, perfected or unperfected. Pursuant to Section 7-38-65 NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53 NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property for which taxes are delinquent.

Protest

Pursuant to Section 7-38-39 NMSA 1978, after receiving his or her property tax bill and after making payment prior to the delinquency date of all property taxes due in accordance with the bill, a property owner may protest the value or classification determined for his or her property for property taxation purposes, the allocation of value of his or her property to a particular governmental unit, the application to his or her property of an administrative fee adopted pursuant to Section 7-38-36.1 NMSA 1978 or a denial of a claim for an exemption by filing a claim for refund in the district court. Pursuant to Section 7-38-41 NMSA 1978, the portion of any property taxes paid to the County Treasurer that is not admitted to be due and is the subject of a claim for refund will be deposited in a "property tax suspense fund." Moneys in the property tax suspense fund may not be used for the payment of debt service on the Bonds.

FINANCES OF THE COUNTY

Budget Process

The County's budget is based on a fiscal year beginning July 1 and ending June 30 of the following year. The County Administration is responsible for preparing the budget. Prior to June 1, the Board is required to submit a working draft of the budget to the Local Government Division of the State Department of Finance and Administration (the "Finance Department") for its approval. By July 1 of the new fiscal year, the Finance Department approves and certifies to the County an operating budget for use pending approval of the final budget. Prior to August 1, the County submits a final budget to the Finance Department for approval. Prior to the first Monday in September, the Finance Department must certify the final budget with whatever adjustments it deems necessary to comply with State statutes. Approval of the Finance Department is required for all budget increases, cash transfers between funds, and budget transfers between departments or between funds. If adequate fund balances are available from the prior year, the County budgets expenditures in excess revenues. The County was awarded the National Government Finance Officers' Association award for its Fiscal Year 2012 budget presentation.

Financial Statement

The following Statement of Revenues, Expenditures and Changes in Fund Balances has been included herein for informational purposes only. Figures were taken from the audit reports prepared by the County's independent auditors. Audited figures are excerpts of the audit reports and do not purport to be complete. Reference is made to the complete audit reports which are available upon request. The County has not requested the consent of Heinfeld, Meech & Co., P.C., which performed the audit of the County's Financial Statements for the fiscal year ended June 30, 2012, to the inclusion of the fiscal year 2012 audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements.

The audit reports for the fiscal years ending June 30, 2012, 2011 and 2010 utilize several categories of revenues, expenditures, assets and liabilities that do not directly match the categories utilized in the audits of the County's Financial Statements for fiscal years ended June 30, 2009. For that reason, both the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the General Fund Historical Balance Sheet for the fiscal years ended June 30, 2012, 2011 and 2010 appear separately from the tables showing the Combined Statement of Revenues, Expenditures and Changes in Fund Balance and General Fund Balance Sheets for the fiscal years ended June 30, 2009.

General Fund

Combined Statement of Revenues, Expenditures and Changes in Fund Balances- Fiscal Year Ended June 30, 2010 through 2012

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues			
Property taxes	\$28,008,593	\$28,795,228 ⁽¹⁾	\$42,422,144
Gross receipts taxes	7,882,901	7,609,719	7,820,495
Other taxes and assessments	1,303,214	1,163,118	1,012,028
Licenses, Permits & Fees	503,423	849,815	*
Charges for services	1,938,303	1,469,573	*
Fines & forfeitures	1,705	1,700	
Interest earnings	1,608,197	1,676,623	2,607,879
Grants (federal and state)	862,173	822,707	*
Other	301,856	44,151	*
Intergovernmental	741,488	839,755	2,041,235
Total Revenues	45,151,853	43,272,389	57,773,182
Expenditures:			
Current -			
General government	18,558,010	20,004,737	20,447,002
Public safety	--	--	--
Culture and recreation	931,569	791,099	819,119
Public works	4,287,209	3,516,403	3,611,603
Highways and streets	555,547	1,312,385	1,003,183
Health and welfare	2,207,956	1,729,510	803,650
Housing	47,256	--	--
Capital Improvements	1,841,533	328,209	8,722,524
Debt service -			
Principal retirement	--	--	--
Interest	--	--	--
Commitments and other fees	--	--	--
Total expenditures	28,429,080	27,682,343	35,407,081
Excess (deficiency) of revenues over expenditures	14,722,773	15,590,046	22,366,101
Other financing sources (uses):			

Transfers from other funds	2,376,100	1,485,001	5,600,880
Transfers to other funds	(3,706,891)	(3,070,953)	(28,002,630)
<i>Net other financing sources (uses)</i>	(1,330,791)	(1,583,952)	(22,401,750)
Net Change in Fund Balance	13,391,982	14,004,094	(35,649)
<i>Fund balance beginning of year</i>	58,210,406	44,206,312	44,241,961
Fund balance, end of year	71,602,388	58,210,406	44,206,312

- (1) The change in property taxes in the general fund from FY2010 to FY2011 is due to the implementation of GASB 54. Up until FY2011, all property taxes were reported in the General Fund and now are reported in the respective Special Revenue Fund.

**Statement of Revenues, Expenditures and Changes in Fund Balances-
Fiscal Year Ended June 30, 2009**

	<u>Fiscal Year Ended</u> <u>June 30</u>	<u>2009</u>
Revenues		
Grants		\$ 1,867,419
Taxes and special assessments		45,989,054
Interest earnings		3,879,418
Charges for services, fines and penalties		1,749,087
Other		<u>128,467</u>
Total revenues		<u>\$53,613,445</u>
Expenditures:		
Current		
General government services		\$16,407,071
Public safety		9,783,459
Highways and streets		6,798,988
Health and welfare		383,017
Culture and recreation		830,535
Capital outlay		8,774,791
Debt service (principal and interest)		<u>-</u>
Total expenditures		<u>\$42,977,861</u>
Excess (Deficiency) or Revenues over Expenditures		<u>\$10,635,584</u>
Other Financing Sources (Uses):		

Operating transfers, in	\$1,777,527
Operating transfers, out	(14,869,751)
Total other financing sources (uses)	<u>\$(13,092,224)</u>
Excess (Deficiency) of Revenues and other Financing Sources over expenditures and other financing uses	\$(2,456,640)
Fund balance, beginning of year	45,150,237
Prior period corrections	-
Fund balance, as restated	<u>45,150,237</u>
Fund balance, end of year	<u>\$42,693,597</u>

The audited figures for fiscal years ended June 30, 2012, 2011, 2010, 2009 and 2008 were taken from audit reports prepared by the County's independent auditors and are presented for informational purposes only. Reference is made to the complete audit reports, which are available upon request.

General Fund - Balance Sheet, Fiscal Year Ended June 30, 2012

ASSETS

Cash and investments	\$55,378,765
Cash and investments - restricted	8,315,290
Receivables	819,060
Taxes receivable	7,494,690
Due from other funds	<u>6,395,766</u>
Total Assets	<u>\$78,403,571</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$1,084,000
Accrued payroll	649,361
Due to other funds	
Deferred revenue	4,911,836
Deposits held for others	131,477
Other liabilities	<u>24,509</u>
Total Liabilities	<u>\$6,801,183</u>

FUND BALANCE

Nonspendable	
Restricted	\$27,022,089
Committed	21,000,000
Unassigned	<u>23,580,299</u>
Total fund balances	<u>\$71,602,388</u>

Total liabilities and fund balances	<u>\$78,403,571</u>
--	----------------------------

General Fund - Historical Balance Sheets, Fiscal Years Ended June 30, 2006 through 2009

<u>Fiscal Year Ended</u>				
<u>June 30</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
ASSETS				
Equity in pooled cash and investments – Unrestricted	\$41,016,246	\$41,451,376	\$33,793,088	\$23,713,215
Equity in pooled cash and investments - Restricted	1,839,296	1,838,905	1,838,198	1,815,290
Receivables, net of allowance for uncollectable				
Accounts	41,499	29,892	94,558	67,344
Taxes	6,341,501	5,500,784	4,492,988	4,637,536
Interest	388,707	744,996	639,701	336,208
Grantor agencies and other	629,963	671,275	612,495	564,364
Due from other funds	1,457,912	593,466	1,949,727	1,012,293
Total Assets	<u>\$51,715,124</u>	<u>\$50,830,694</u>	<u>\$43,420,755</u>	<u>\$32,146,250</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and accrued expenditures	\$ 940,997	\$ 566,674	\$1,080,217	\$1,178,059
Accrued payroll	777,821	567,670	411,789	-
Deferred revenue	7,278,703	4,522,498	3,347,890	3,387,050
Deposits held for others	-	-	-	-
Other	24,006	23,615	22,908	-
Total Liabilities	<u>\$9,021,527</u>	<u>\$5,680,457</u>	<u>\$4,862,804</u>	<u>\$4,565,109</u>
Fund Balance				
Reserved for				
Encumbrances	\$3,225,140	\$3,677,892	\$2,564,302	\$2,231,266
Debt service	-	-	-	-
Total reserved fund balance	<u>\$3,225,140</u>	<u>\$3,677,892</u>	<u>\$2,564,302</u>	<u>\$2,231,266</u>
Unreserved – Designated for Contingency	1,815,290	1,815,290	1,815,290	1,815,290
Unreserved – Undesignated	37,653,167	39,657,055	34,178,359	23,534,585
Total unreserved fund balance	<u>39,468,457</u>	<u>41,472,345</u>	<u>35,993,649</u>	<u>25,349,875</u>
Total fund balance	<u>42,693,597</u>	<u>45,150,237</u>	<u>38,557,951</u>	<u>27,581,141</u>
Total liabilities and fund balance	<u>\$51,715,124</u>	<u>\$50,830,694</u>	<u>\$43,420,755</u>	<u>\$32,146,250</u>

The audited figures for fiscal years ended June 30, 2009, 2008, 2007 and 2006 were taken from audit reports prepared by the County's independent auditors and are presented for informational purposes only. Reference is made to the complete audit reports which are available from the County upon request.

THE COUNTY

General

Santa Fe County (pop. 144,170) is located in north central New Mexico and occupies a land area of 1,909 square miles. The City of Santa Fe, which is the state capital and a popular tourist community, is located within the County. Also located in the County are a variety of Native American Pueblos, agricultural villages, bedroom communities and ranching communities, spread over terrain that includes river valleys and mountain ranges. Forty percent of the land within the County is comprised of federal land (Native American, National Forest and Bureau of Land Management). The County offers year-round tourism possibilities, with a dry climate, national parks and forests, and historic landmarks as the principal attractions.

The economy of the County is based upon government and related activities, retail trade, tourism, arts and entertainment, and recreation.

Board of County Commissioners

The Board of County Commissioners consists of five individuals elected for four-year terms. The County is divided into five districts, each represented by an elected Commissioner. The function of the County is briefly addressed in the grant of powers provided all New Mexico counties pursuant to Section 4-37-1 NMSA 1978. The function is "to provide for the safety, preserve the health, promote the prosperity and improve the morals, order, comfort and convenience of the county or its inhabitants." The Board oversees:

1. the assessment, collection and distribution of *ad valorem* taxes by an elected Assessor and Treasurer;
2. law enforcement by an elected Sheriff;
3. recording and filing by an elected County Clerk;
4. fire protection by County and Volunteer Fire Departments;
5. road maintenance by the Public Works Department;
6. managerial and administrative services by an appointed County Manager; and
7. planning, health, welfare, recreation and cultural affairs by County staff and appointed citizen advisory boards.

The members of the Board of County Commissioners and their respective terms are as follows:

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Kathy Holian	Chairperson	12/31/16
Daniel Mayfield	Vice-Chair	12/31/14
Miguel M. Chavez	Commissioner	12/31/16
Robert A. Anaya	Commissioner	12/31/14
Liz Stefanics	Commissioner	12/31/16

The current members of the County Administration are as follows:

Katherine Miller has served as the County Manager since September, 2010. From 2006 through August 2010, Ms. Miller was the Secretary of the Department of Finance and Administration under

Governor Bill Richardson. She had previously served as director of the Mortgage Finance Authority as well as Deputy Chief of Staff of Policy and Projects under Governor Richardson. Ms. Miller has extensive experience in local, state and federal government finance and policy and has worked in the private sector managing finance programs and government contracts. Ms. Miller has a bachelor's degree in business from Wright State University in Dayton, Ohio. She previously worked as Santa Fe County's procurement manager from 1997 to 1999 and as finance director from 1999 to 2003.

Patrick Varela has served as County Treasurer since January 1, 2013. Mr. Varela is a fifth generation Santa Fean, who has worked in both the private sector and government. Mr. Varela received his Bachelor's Degree in Business Administration from Colorado Technical University and is a member of Sigma Beta Delta honors society in Business.

Teresa Martinez has served as County Finance Director since October 2006. Ms. Martinez has served as the County's Accounting Supervisor from September 1999 through July 2006, and Deputy Finance Director from July 2006 through September 2006. Ms. Martinez has a Bachelor of Accountancy from the College of Santa Fe.

Stephen C. Ross has served as County Attorney since 2003. Mr. Ross served as Assistant General Counsel for the New Mexico Energy, Minerals and Natural Resources Department, 2000-2003, and as Deputy County Attorney for San Juan County, New Mexico from 1993-2000. Mr. Ross obtained a Juris Doctor Degree from the University of Utah in 1989.

Retirement

Substantially all full-time employees of the County participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries.

Plan members (other than police and fire) are required to contribute 13.15% of their gross salary; police are required to contribute 16.30% and fire is required to contribute 16.20% of their gross salary. The County is required to contribute 18.50% for police, 21.25% for all fire and 9.15% for all other plan members. The County elects to contribute 9.86% regular, 9.26% police, and 12.15% fire, of the employee required share of contributions. The contribution requirements of the plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended 2012, 2011, and 2010 were \$7.2M, \$7.3M and \$7.8M, respectively, which were equal to the amount of the required contributions for each year.

PERA issues a publicly available financial report that includes financial statements and additional information. A copy of this report can be obtained from PERA at www.pera.state.nm.us.

Actuarial information, as of June 30, 2012, is shown below:

**State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2012**

Membership ⁽¹⁾	85,106
Actuarial Information	
Actuarial Accrued Liability ⁽²⁾	\$17,788,043,847
Actuarial Value of Assets	\$11,612,047,019
Unfunded Actuarial Accrued Liability	\$6,175,995,828

Source: PERA Comprehensive Annual Financial Report for the Year Ended June 30, 2012.

⁽¹⁾ Includes active, inactive and retired members from all divisions.

⁽²⁾ Includes accrued liability of both the retired and active members.

As of June 30, 2012, PERA has an amortization or funding period designated as infinite, based on the employer and member contribution rates in effect as of July 1, 2012. Member and employer rates are established pursuant to Sections 10-11-1 through 10-11-141 NMSA 1978. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 65.3% as of June 30, 2012 and the unfunded accrued actuarial liability of the PERA Fund has been calculated to be approximately \$6.17 billion. The PERA Board has reviewed the results of its June 30, 2012 actuarial valuation, which indicates that either additional contributions or benefit reductions will be required in order to properly fund the PERA retirement plans. In June 2012, the PERA Board approved a benefit-change package that is projected to result in 100% funded status for PERA by the year 2029. In the recently concluded 2013 New Mexico legislative session, the Legislature passed a bill, which the Governor signed, that adjusts employee/employer contributions to PERA, cost of living adjustments going forward and benefits for new eligible employees under PERA. The PERA amendment is intended to produce a funded ratio of approximately 90% by 2042. However, the legislation contains many variables and an anticipated 7.75% rate of return on PERA's investments, which may not be realized.

New Mexico Retiree Health Care Authority

The County contributes to the State-sponsored New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the Retiree Health Care Authority ("NMRHCA"). The NMRHCA administers the New Mexico Retiree Health Care Act, Sections 10-7C-1 through 10-7C-19 NMSA 1978, for the purpose of providing comprehensive group health insurance coverage for persons who have retired from certain public service in the State and eligible dependants. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The Retiree Health Care Act establishes the required contributions of participating employers. During fiscal year 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary, and each participating employee to contribute 0.917% of their salary. Contributions are scheduled to be increased for both employers and employees as follows: employer contributions in Fiscal Year 2013 – 2.000%; employee contributions in Fiscal Year 2013 – 1.000%. The County's contribution to the NMRHCA for the years ended June 30, 2012, 2011 and 2010 were \$707,098, \$653,584 and \$468,476, respectively, which equal the required contributions for each of those years.

County Insurance Coverage

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 workers

compensation with the New Mexico County Insurance Authority and general liability, auto damage, errors and omissions coverage, emergency medical, volunteer fire fighters and law enforcement liability coverage through a third party private carrier. 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.

THE ECONOMY

General

Santa Fe County is located in the north-central part of New Mexico in the Rio Grande corridor. The area's economy is based primarily on government and related activities, retail trade, tourism, arts and entertainment, and recreation.

State Government

The State Government is one of the largest employers in the County, employing 21,046. Government offices, including the Office of the Governor and the State Legislature, occupy the State Capitol Building, known as the Roundhouse. All major state offices and agencies, including the Office of the Treasurer, Office of the Attorney General, Office of the State Engineer, and the Departments of Finance and Administration, Health, Environment, Transportation, Energy, Minerals and Natural Resources, General Services, Corrections, Public Education and Higher Education are located in the City of Santa Fe.

Education

Santa Fe Public Schools

The Santa Fe Public School District is a political subdivision of the State organized for the purpose of operating and maintaining an education program for school-age children residing within its boundaries. Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,016 square miles with an estimated population of 125,000. The District is the 5th largest school district in the State with a 2012-2013 enrollment of 14,154 students. The District operates 32 school sites, including 15 elementary schools, 3 middle schools, 3 high schools, 5 community schools, 4 charter schools, 1 academy and 1 early childhood center. The District's educational program includes vocational, technical and occupational training.

Santa Fe Community College

Santa Fe Community College is a co-educational community college offering 2-year Associate of Arts, Associate of Science and Associate of Applied Science degrees. The Community College occupies 366 acres within the City of Santa Fe, with a faculty of 385 (full and part-time), serving approximately 12,000 students (full-time and part-time). Approximately 66% of the students are part-time and over 50% of students receive financial aid.

St. John's College

St. John's College is a private, co-educational 4-year liberal arts college. The College's undergraduate program is an all-required course of study based on the classic works of western civilization. The College has an enrollment of approximately 475 students, with a faculty-student ratio of 1:8. The College offers a graduate degree program leading to a Master of Arts in Liberal Arts degree.

Santa Fe University of Art and Design

Formerly known as the College of Santa Fe, the Santa Fe University of Art and Design is a private, co-educational 4-year liberal arts college. The University offers Bachelor of Arts degrees in contemporary music, creative writing and literature, moving image arts, performing arts, photography and studio arts; Bachelor of Fine Arts degrees in graphic design, performing arts, photography and studio arts; and Master degrees in arts in education. The University is operated by Laureate International Universities and leases the campus from the City of Santa Fe.

New Mexico School for the Deaf

The New Mexico School for the Deaf is a state institution serving New Mexico children with permanent hearing loss from birth through age 22. The School provides a rigorous academic program that focuses on language and literacy development and critical thinking skills. The School's curriculum conforms to New Mexico state standards and benchmarks. The School's 30-acre campus is located in the City of Santa Fe and provides housing for up to 96 residential students.

Trade

The County's major retail products include furniture, jewelry, publishing, technology transfer, clothing and accessories. Approximately 14.8 percent of the County's population was employed in the retail trade sector as of the end of fiscal year 2011.

Tourism

The tourism industry plays a significant role in the County economy due, in part, to the historic City of Santa Fe and its proximity to national parks and monuments, state parks and recreation areas, and numerous museums and cultural facilities.

Indian Arts and Crafts

Indian arts and crafts, both production and marketing, have always played a significant role in the County's economy where large amounts of turquoise and silver jewelry are crafted. Numerous shops and galleries in Santa Fe make the City a center in the Southwest for original Native American art and southwest arts and crafts.

Health

The County is served by Christus St. Vincent Regional Medical Center, a 501(c)(3) organization. The Medical Center serves a 7-county region and is the largest hospital facility north of Albuquerque and south of Pueblo, Colorado. The Medical Center is the only Level III Trauma Center in northern New Mexico. The Center maintains 268 licensed beds, 300 staff physicians representing 22 medical specialties, and treats over 52,000 emergency/fast track patients annually and more than 5,500 outpatient surgery patients annually.

ECONOMIC AND DEMOGRAPHIC STATISTICS

This section contains general information concerning the economic and demographic conditions in and surrounding the County. The information presented was obtained from the sources indicated, and

the County makes no representation as to the accuracy or completeness of the data presented. All data in this subsection is presented on a calendar year basis.

Population

The following chart sets forth historical population data for the City of Santa Fe, Santa Fe Metropolitan Statistical Area ("MSA"), and the State.

Census Year	City of Santa Fe	Santa Fe MSA	State of New Mexico
1940	20,325	30,826	531,818
1950	27,998	38,153	681,187
1960	33,394	44,970	951,023
1970	41,167	53,756	1,017,055
1980	49,160	75,360	1,303,303
1990	57,605	98,928	1,515,069
2000	62,203	129,292	1,819,046
2010	67,947	144,170	2,065,826
2020*	n/a	164,006	2,351,724
2030*	n/a	178,124	2,613,332

* Projected

Source: U.S. Dept. of Commerce, Bureau of the Census and Bureau of Business & Economic Research, UNM.

Age Distribution

The following table sets forth the age distribution profile for the Santa Fe MSA, the State and the United States.

	<u>Percentage of Population</u>		
<u>Age Group</u>	<u>Santa Fe MSA</u>	<u>New Mexico</u>	<u>United States</u>
0 - 17	20.8%	25.0%	23.7%
18 - 24	7.8%	9.9%	10.0%
25 - 34	11.0%	13.0%	13.1%
35 - 44	12.2%	11.9%	12.9%
45 - 54	14.4%	13.3%	14.0%
55 and Older	33.8%	27.0%	26.3%

Source: The Nielsen Company, 2013.

Employment

The following table provides a ten-year history of employment in the County, the State and the United States.

<u>Year</u>	<u>Santa Fe MSA</u>		<u>State of New Mexico</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2012	77,171	5.10%	938,982	6.50%	7.80%
2011	77,601	5.20%	944,552	6.40%	8.50%
2010	77,335	7.00%	959,513	8.20%	9.80%
2009	77,781	5.00%	950,757	5.70%	8.90%
2008	80,586	4.00%	961,145	4.70%	6.10%
2007	76,975	2.90%	934,099	3.50%	4.70%
2006	77,191	3.60%	951,287	4.10%	4.70%
2005	78,046	4.60%	934,667	5.80%	5.60%
2004	84,069	2.90%	910,502	4.80%	5.70%
2003	79,356	3.00%	878,749	6.10%	5.80%

Source: New Mexico Department of Workforce Solutions

Major Employers

Some of the largest employers in the Santa Fe MSA are set forth below. No independent investigation into their affairs has been made and consequently there can be no representation as to the stability or financial condition of the companies listed hereafter, or the likelihood that such companies will maintain their status as major employers in the area.

<u>Employer</u>	<u>Type</u>	<u># of Employees</u>
State of New Mexico	Government	19,749
Los Alamos National Laboratory	Government	10,086
Christus St. Vincent Hospital	Health Care	2,021
Santa Fe School District	Education	1,708
City of Santa Fe	Government	1,513
Santa Fe Community College	Education	943
County of Santa Fe	Government	846
Peters Corporation	Real Estate	730
Buffalo Thunder	Casino	700
Santa Fe Opera	Fine Arts	630
Total Top 10		38,926

Source: Santa Fe Chamber of Commerce, 2013

Wage and Salary Employment

The New Mexico Department of Workforce Solutions publishes quarterly and annual reports of covered employment and wages according to the North American Industry Classification System (NAICS).

Sector	2007	2008	2009	2010	2011
Grand Total	\$37,395	\$38,646	\$39,536	\$39,960	\$40,449
Total Private	36,102	36,834	37,112	38,274	38,613
Ag. For. Fish. & Hunting	27,346	25,425	27,791	27,243	31,845
Mining	60,790	62,091	61,184	66,533	67,394
Utilities	59,613	58,042	63,453	63,837	66,102
Construction	34,639	36,041	36,233	34,292	34,125
Manufacturing	36,282	34,559	35,334	36,635	34,336
Wholesale Trade	39,554	40,635	41,600	44,455	45,773
Retail Trade	29,788	29,674	29,292	29,897	29,334
Transportation & Warehousing	34,964	36,479	38,856	38,987	41,087
Information	30,005	44,150	*	45,009	47,540
Finance & Insurance	85,947	83,099	87,502	100,228	111,342
Real Estate & Rental & Leasing	38,265	36,623	35,588	37,153	38,868
Professional & Technical Services	72,228	68,052	64,147	64,939	65,896
Management of Companies & Enterprises	50,854	59,381	62,224	61,549	64,568
Administrative & Waste Services	31,197	30,625	33,494	33,892	32,899
Educational Services	32,181	33,404	35,958	37,993	36,290
Health Care & Social Assistance	40,895	41,844	43,018	44,652	44,112
Arts, Entertainment & Recreation	32,825	33,128	32,396	33,202	33,081
Accommodation & Food Services	19,677	20,842	20,832	20,905	21,089
Other Services, ex. Public Administration	30,735	31,002	31,865	32,315	32,444
Unclassified	41,859	17,750	*	*	*
Total Government	40,695	43,182	45,156	43,915	44,991
Federal	60,921	59,148	59,718	57,546	64,754
State	44,990	47,460	50,149	48,003	48,328
Local	31,840	35,074	36,264	36,244	37,918

* Withheld to avoid disclosing confidential data.

1) Average annual covered wages are calculated by dividing total annual wages by average employment for the year. Calculations are based on unrounded numbers. Wages represent gross pay, including commissions, bonuses and overtime.

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

The following table reflects median household Effective Buying Income ("EBI") and the percent of households by EBI groups as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

<u>Effective Buying Income Group</u>	<u>Santa Fe MSA</u>	<u>New Mexico</u>	<u>United States</u>
Under \$25,000	31.5%	29.6%	23.7%
\$25,000 - \$34,999	11.3%	12.7%	11.1%
\$35,000 - \$49,999	14.3%	16.6%	15.5%
\$50,000 - \$74,999	17.5%	18.3%	19.5%
\$75,000 and over	25.4%	22.9%	30.2%
2008 Est. Median Household Income	\$52,442	\$42,557	\$50,170
2009 Est. Median Household Income	\$53,025	\$42,752	\$51,433
2010 Est. Median Household Income	\$55,456	\$43,932	\$52,795
2011 Est. Median Household Income	\$51,972	\$42,030	\$49,726
2012 Est. Median Household Income	\$51,780	\$41,958	\$49,581

Source: The Nielsen Company, 2013.

Gross Receipts

The following table shows the total reported gross receipts and total reported retail gross receipts generated in Santa Fe County and the State of New Mexico for the past ten years. For the purposes of these tables, gross receipts means the total amount of money received from selling goods and services in the State of New Mexico, from leasing property employed in the State and from performing services in the State. Gross receipts includes, among other things, food sales and services such as legal and medical services.

Fiscal Year	<u>Santa Fe County</u>		<u>State of New Mexico</u>	
	<u>Retail Trade</u>	<u>Total</u>	<u>Retail Trade</u>	<u>Total</u>
2012	\$1,867,655,937	\$5,911,392,010	\$23,914,774,353	\$104,221,140,556
2011	1,862,958,009	6,279,234,548	23,789,930,180	102,715,750,442
2010	1,814,632,032	6,178,139,544	24,608,799,717	94,722,576,401
2009	2,045,956,648	6,593,215,020	23,812,635,284	104,562,006,074
2008	2,184,056,446	7,201,235,320	25,711,762,198	110,710,199,751
2007	2,131,815,854	6,820,901,645	26,012,239,571	104,559,300,501
2006	2,050,261,047	6,446,608,971	24,014,746,059	95,134,945,014
2005	1,795,306,236	5,876,248,291	20,454,852,088	78,771,700,292
2004	1,774,969,478	5,585,654,362	18,414,335,199	70,477,791,653
2003	1,773,716,030	5,029,969,082	18,700,756,931	63,358,239,874

Source: New Mexico Taxation & Revenue Department and the UNM Bureau of Business & Economic Research

Services Available to County Residents

The County provides its residents with police and fire protection. Water service and sanitary sewer service are provided in certain unincorporated areas of the County, while other areas are served by private or community water systems. Electricity is supplied and distributed by Public Service Company of New Mexico. Telephone service is provided by CenturyLink. The County operates a solid waste collection and disposal system.

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, interest on the Bonds is excludable from gross income for federal income tax purposes. Additionally, interest on the Bonds is excludable from net income for purposes of certain State of New Mexico taxes imposed on individuals, estates, trust and corporations.

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 Resolution and other documents, instruments and certificates to comply with certain guidelines designed 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 the 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 will render an opinion 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 will render 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 to be rendered by Bond Counsel will be based upon existing legislation as of the date of issuance and delivery of the Bonds, and Bond Counsel will express 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.

Original Issue Discount

The Bonds may be sold to the initial purchaser of the Bonds at discount from par ("original issue discount"). 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 sold to the initial purchaser of the Bonds 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.

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 Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income except to the extent described above for the owners thereof for federal income tax purposes. Neither the County, the Financial Advisor nor 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.

CONTINUING DISCLOSURE INFORMATION

The County will make a written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c 2-12) (the "Rule"). The County undertakes to provide the following information:

- (a) Annual Financial Information;
- (b) Audited Financial Statements, if any; and
- (c) Event Notices.

While any Bonds are outstanding, the County will provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning March 31, 2014, to Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") annually and to provide notice to EMMA of certain events, pursuant to the requirements of the Rule. It will be sufficient if the County provides to EMMA the Annual Financial Information by specific reference to documents previously provided to each Nationally Recognized Securities Information Repository and state information depository, if any, or filed with the Securities and Exchange Commission and, if such a document is a "final official statement" within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

If the Audited Financial Statements are not provided as part of the Annual Financial Information, the County will provide the Audited Financial Statements when and if available while any Bonds are outstanding to EMMA.

If an Event occurs while any Bonds are outstanding, the County will provide an Event Notice in a timely manner not more than 10 business days after the Event to EMMA.

The County will provide in a timely manner to EMMA or the Municipal Securities Rulemaking Board notice of any failure by the County while any Bonds are outstanding to provide to EMMA Annual Financial Information on or before the Report Date, any changes in its fiscal year-end, or any amendment to its undertaking described in this section.

The following are the definitions of the capitalized terms used in this section:

"Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") or operating data with respect to the County), provided at least annually, consisting of information of the type set forth under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS" and "FINANCES OF THE COUNTY" in this Official Statement. Such Annual Financial Information shall also include Audited Financial Statements, or if Audited Financial Statements are unavailable, then unaudited financial statements.

"Audited Financial Statements" means the County's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements have been audited by such auditor as is then required or permitted by the laws of the State.

"Event" means any of the following events with respect to the Bonds:

- principal and interest payment delinquencies;
- non-payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- 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 Bonds, or other material events affecting the tax status of the Bonds;
- modifications to the rights of the holders of the Bonds, if material;
- bond calls, if material, or tender offers;
- defeasances;
- release, substitution or sale of property securing repayment of the securities, if material;
- rating changes;
- bankruptcy, insolvency, receivership or a similar event with respect to the County or an obligated person;
- 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
- appointment of a successor or additional trustee, or a change of name of a trustee, if material.

"Event Notice" means written or electronic notice of an Event.

Unless otherwise required by law and subject to technical and economic feasibility, the County will employ such methods of information transmission as are requested or recommended by the designated recipients of the County's information.

The continuing obligation of the County to provide Annual Financial Information, Audited Financial Statements, if any, and Event Notices 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 Resolution; (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 the undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

The County's undertaking described in this section may be amended from time to time, without the consent of any Bond 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) the 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 of the Bonds.

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.

The obligations of the County under the undertaking described in this section are for the benefit of the owners (including beneficial owners) of the Bonds. Each owner is authorized to take action to seek specific performance by court order to compel the County to comply with its obligations under the undertaking, which action will be the exclusive remedy available to it or any other owner. The County's breach of its obligations under the undertaking will not constitute an event of default under the Resolution and none of the rights and remedies provided by the Resolution will be available to the owners with respect to such a breach.

Compliance with Prior Undertakings

The County has previously entered into continuing disclosure agreements in accordance with SEC Rule 15c2-12. For the past five years, the County believes that it is in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with general obligation bonds issued by the County.

LITIGATION

At the time of the original delivery of the Bonds, the County will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate County officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, effectiveness of the Resolution, 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.

RATINGS

The Bonds have received a rating of "AA+" from Standard & Poor's Ratings Services ("S&P"). An explanation of the significance of the rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such ratings reflect only the views of S&P, and there is no assurance that such rating will continue for any given period of time after obtained or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the County nor the initial purchasers of the Bonds have undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

LEGAL MATTERS

The legality of the Bonds will be approved by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, whose unqualified opinion approving the legality of the Bonds will be furnished at the closing.

TRANSCRIPT AND CLOSING DOCUMENTS

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

ADDITIONAL INFORMATION

All summaries of the statutes, 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 documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the County located at the County Administration Building, 102 Grant Avenue, Santa Fe, New Mexico 87504-0276 or at the offices of RBC Capital Markets, LLC, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110.

OFFICIAL STATEMENT CERTIFICATION

As of the date hereof this Official Statement is true to the best of my knowledge, 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 have been authorized by the Board. The Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

SANTA FE COUNTY, NEW MEXICO

By: _____
Kathy Holian, Chairperson
Board of County Commissioners

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APPENDIX A
OPINION OF BOND COUNSEL

June 4, 2013

Board of County Commissioners
Santa Fe County, New Mexico

We have acted as bond counsel to Santa Fe County, New Mexico (the "County") in connection with the issuance of its \$19,000,000 General Obligation Improvement Bonds, Series 2013 (the "Bonds") dated June 4, 2013, with interest payable on January 1, 2014, and semi-annually thereafter on each January 1 and July 1 until maturity, and being bonds in registered form maturing on July 1 in the years 2014 through 2028, inclusive.

\$19,000,000 in principal amount of the Bonds, representing the first series of general obligation bonds approved by the qualified electors of the County at an election held on November 6, 2012, are being issued for the purpose of providing funds for (1) the acquisition, construction, design and equipping of roads within the County; (2) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water and wastewater projects within the County; and (3) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County.

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the Bonds and the law under authority of which the Bonds are issued. Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights:

1. The Bonds constitute valid and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of *ad valorem* taxes on all property within the County subject to *ad valorem* taxes levied by the County, which levy is unlimited as to rate or amount.

2. Assuming continuing compliance by the County with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and with the covenants contained in the Transcript regarding the use, expenditure and investment of Bond proceeds, interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation. Failure of the County to comply with its covenants and with the requirements of the Code may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance.

3. The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

Interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is included as an adjustment in calculating corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax.

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 a result.

Other than as described herein, we have not addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of interest on, the Bonds.

Respectfully,

APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2012

The County has not requested the consent of Heinfeld, Meech & Co., P.C., 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SANTA FE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activites	Business-type Activites	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 172,976,771	\$ 10,491,712	\$ 183,468,483
Cash and investments - restricted	17,605,826	127,056	17,732,882
Receivables (net of allowance for uncollectible)	4,996,245	531,666	5,527,911
Accounts receivable	2,421,082	-	2,421,082
Taxes receivable	15,008,749	-	15,008,749
Interest receivable	403,720	-	403,720
Grantor agencies receivable	2,800,643	-	2,800,643
Mortgages receivable	13,890,302	-	13,890,302
Down payment assistance receivable	120,000	-	120,000
Prepaid and other assets	19,833	391	20,224
Held for sale - Land	-	120,000	120,000
Held for sale - Buildings/Improvements	-	460,032	460,032
Total current assets	230,243,171	11,730,857	241,974,028
Noncurrent assets:			
Notes receivable	-	32,744	32,744
Deferred charges	1,513,085	-	1,513,085
Land	35,377,005	2,164,596	37,541,601
Right of Way Land	10,109,940	-	10,109,940
Construction in progress	44,580,383	1,884,040	46,464,423
Buildings & improvements	108,443,440	7,853,927	116,297,367
Infrastructure	42,217,945	-	42,217,945
Vehicles, furniture, fixtures & equipment	52,664,895	950,764	53,615,659
Water rights	-	21,704,696	21,704,696
Water systems	-	116,451,257	116,451,257
Accumulated depreciation	(83,493,740)	(8,332,641)	(91,826,381)
Total noncurrent assets	211,412,953	142,709,383	354,122,336
Total Assets	441,656,124	154,440,240	596,096,364
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	5,147,935	918,893	6,066,828
Accrued wages and benefits	1,935,387	63,326	1,998,713
Deposits held for others	212,405	290,317	502,722
Unearned revenue	29,602	111,667	141,269
Due to other governments	-	78,251	78,251
Other current liabilities	51,322	-	51,322
Accrued interest payable	3,094,454	-	3,094,454
Compensated absences payable	3,082,449	-	3,082,449
Loan payable	425,035	-	425,035
Bonds payable	11,890,000	-	11,890,000
Total current liabilities	25,868,589	1,462,454	27,331,043
Noncurrent liabilities:			
Deferred bond items	2,700,309	-	2,700,309
Non-current portion of long-term obligations	207,385,542	-	207,385,542
Total noncurrent liabilities	210,085,851	-	210,085,851
Total Liabilities	235,954,440	1,462,454	237,416,894
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	124,639,859	142,676,639	267,316,498
Restricted for:			
Contractual & Statutory requirements	12,440,842	-	12,440,842
Debt service	16,473,448	-	16,473,448
Capital outlay	1,764,324	-	1,764,324
Unrestricted	50,383,211	10,301,147	60,684,358
Total Net Assets	\$ 205,701,684	\$ 152,977,786	\$ 358,679,470

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, 2012

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
Primary Government							
Governmental activities:							
General government	\$ 18,783,921	3,162,962	2,486,535	1,428,040	(11,706,384)	-	(11,706,384)
Public safety	45,179,971	5,428,742	3,636,807	-	(36,114,422)	-	(36,114,422)
Culture & recreation	3,128,532	-	1,526,103	-	(1,602,429)	-	(1,602,429)
Public works	4,328,527	-	3,165,771	-	(1,162,756)	-	(1,162,756)
Highways & streets	22,260,565	-	69,725	825,981	(21,364,859)	-	(21,364,859)
Health & welfare	4,178,798	2,490	1,414,369	-	(2,761,939)	-	(2,761,939)
Housing	2,952,147	153,603	2,223,716	251,108	(323,720)	-	(323,720)
Interest on long-term debt	9,253,219	-	-	-	(9,253,219)	-	(9,253,219)
Total governmental activities	110,065,680	8,747,797	14,523,026	2,505,129	(84,289,728)	-	(84,289,728)
Business-type activities:							
Home sales	132,395	4,137	-	-	-	(128,258)	(128,258)
Regional planning authority	3,722	3,986	-	-	-	264	264
Utilities	6,018,732	2,466,334	-	-	-	(3,552,398)	(3,552,398)
Housing services	1,408,845	349,916	438,353	-	-	(620,576)	(620,576)
Total business-type activities	7,563,694	2,824,373	438,353	-	-	(4,300,968)	(4,300,968)
Total primary government	\$ 117,629,374	11,572,170	14,961,379	2,505,129	(84,289,728)	(4,300,968)	(88,590,696)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					45,555,613	-	45,555,613
Property taxes, levied for debt service					13,315,084	-	13,315,084
Gross receipts taxes					48,434,191	-	48,434,191
Other taxes					5,572,038	-	5,572,038
Investment income					1,891,471	21,377	1,912,848
Contributed capital					-	3,673,439	3,673,439
Transfers					1,652,350	(1,652,350)	-
Total general revenues and transfers					116,420,747	2,042,466	118,463,213
Change in net assets					32,131,019	(2,258,502)	29,872,517
Net assets, beginning of year					173,570,665	155,236,288	328,806,953
Net assets, end of year	\$	205,701,684	\$	152,977,786	\$	358,679,470	

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

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El Rancho de Las Golondrinas

Photo by Erika Lovato

FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
SANTA FE COUNTY
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds						Total Governmental Funds
	Special Revenue			Capital Projects			
	General	Fire Operations	Developer Fees	Corrections Operations	Capital Outlay GRT	Non-Major Other Governmental Funds	
ASSETS							
Cash and investments	\$ 55,378,765	4,785,546	92,033	-	28,420,654	84,299,773	172,976,771
Cash and investments - restricted	8,315,290	-	1,605,697	4,928,398	-	2,756,441	17,605,826
Receivables (net of allowance for uncollectible)	-	3,779,705	3,290	1,155,874	-	57,376	4,996,245
Accounts receivable	329,180	-	-	-	-	2,091,902	2,421,082
Taxes receivable	7,494,690	1,373,387	-	64,475	1,545,548	4,595,124	15,008,749
Interest receivable	327,038	-	-	-	-	12,207	403,720
Grantor agencies receivable	162,842	103,137	-	-	-	2,534,664	2,800,643
Mortgages receivable	-	-	13,890,302	-	-	-	13,890,302
Down Payment Assistance receivable	-	-	120,000	-	-	-	120,000
Prepays & other	-	-	-	-	-	19,833	19,833
Due from other funds	6,395,766	-	-	-	-	219,792	6,615,558
Total Assets	\$ 78,403,571	10,041,775	15,711,322	6,148,747	29,966,202	96,587,112	236,858,729
LIABILITIES							
Accounts payable	1,084,000	215,795	-	469,660	154,758	3,223,722	5,147,935
Accrued wages and benefits	649,361	279,762	3,938	465,518	-	536,808	1,935,387
Deposits held for others	131,477	-	-	-	-	80,928	212,405
Deferred revenue	4,911,836	3,778,471	14,013,592	595,705	-	4,378,793	27,678,397
Loan payable	-	-	-	-	-	400,000	400,000
Other current liabilities	24,509	-	-	11,428	-	15,385	51,322
Due to other funds	-	-	-	496,901	-	6,118,657	6,615,558
Total Liabilities	6,801,183	4,274,028	14,017,530	2,039,212	154,758	14,754,293	42,041,004
FUND BALANCE							
Nonspendable	-	-	-	-	-	19,833	19,833
Restricted	27,022,089	4,588,064	1,614,459	4,109,535	29,811,444	80,849,881	147,995,472
Committed	21,000,000	1,179,683	79,333	-	-	963,105	23,222,121
Unassigned	23,580,299	-	-	-	-	-	23,580,299
Total Fund Balance	71,602,388	5,767,747	1,693,792	4,109,535	29,811,444	81,832,819	194,817,725
Total Liabilities and Fund Balance	\$ 78,403,571	10,041,775	15,711,322	6,148,747	29,966,202	96,587,112	236,858,729

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 ASSETS
JUNE 30, 2012

Total fund balance governmental funds **\$ 194,817,725**

Amounts reported for *governmental activities* in the Statement of Net Assets 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	293,393,608	
Less accumulated depreciation	<u>(83,493,740)</u>	209,899,868

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

Property taxes	5,830,882	
Mortgages	14,013,592	
Charges for services	4,384,071	
Intergovernmental	<u>3,420,250</u>	27,648,795

Deferred charges related to the issuance of debt are amortized over the life of the associated debt in the government-wide statements. 1,513,085

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

Deferred bond issuance items	(2,700,309)	
Accrued interest payable	(3,094,454)	
Compensated absences payable	(3,082,449)	
Loans payable	(423,697)	
Bonds payable	(216,945,000)	
Landfill closure and post closure costs payable	<u>(1,931,880)</u>	<u>(228,177,789)</u>

Net assets of governmental activities **\$ 205,701,684**

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, 2012

	Major Funds						Total Governmental Funds	
	Special Revenue			Capital Projects				
	General	Fire Operations	Developer Fees	Corrections Operations	Capital Outlay	GRT		Non-Major Other Governmental Funds
REVENUES								
Property taxes	\$ 28,008,593	-	-	6,000,000	-	-	23,908,171	57,916,764
Gross receipts taxes	7,882,901	10,916,273	-	4,499,255	-	9,012,605	16,123,157	48,434,191
Other taxes & assessments	1,303,214	-	-	-	-	-	4,268,824	5,572,038
Licenses, Permits, & Fees	503,423	27,051	-	-	-	-	6,351	536,825
Charges for services	1,938,303	728,612	64,868	4,511,964	-	-	479,370	7,723,117
Fines & forfeitures	1,705	-	-	-	-	-	486,150	487,855
Interest earnings	1,608,197	-	488	201,055	-	-	81,731	1,891,471
Federal grants	109,163	455,947	-	118,922	-	-	4,541,814	5,225,846
State grants	753,010	564,409	-	-	-	-	8,038,932	9,356,351
Other	301,856	244,091	-	-	-	-	602,484	1,148,431
Intergovernmental	741,488	261,656	-	150,000	-	87,513	145,419	1,386,076
Total Revenues	43,151,853	13,198,039	65,356	15,481,196	9,100,118	-	58,682,403	139,678,965
EXPENDITURES								
General Government	18,558,010	-	-	-	-	-	1,196,999	19,755,009
Public Safety	-	10,731,528	-	16,539,373	-	-	16,804,372	44,075,273
Culture & Recreation	931,569	-	-	-	-	-	3,640,031	4,571,600
Public Works	4,287,209	-	-	-	-	-	4,1318	4,328,527
Highways & Streets	555,547	-	-	-	35,402	-	20,565,755	21,156,704
Health & Welfare	2,207,956	-	-	-	-	-	11,547,076	13,755,032
Housing	47,256	-	165,772	-	-	-	2,739,119	2,952,147
Capital Improvements	1,841,533	-	-	-	3,826,155	-	11,299,046	16,966,734
Debt Service - Principal	-	-	-	-	-	-	11,729,972	11,729,972
Debt Service - Interest	-	-	-	-	-	-	9,239,266	9,239,266
Commitments & other fees	-	-	-	-	-	-	62,579	62,579
Total Expenditures	28,429,080	10,731,528	165,772	16,539,373	3,861,557	-	88,865,533	148,592,843
Excess (deficiency) of revenues over expenditures	14,722,773	2,466,511	(100,416)	(1,058,177)	5,238,561	-	(30,183,130)	(8,913,878)
Other Financing Sources (Uses)								
Transfers from other funds	2,376,100	57,200	-	555,745	-	-	13,235,517	16,224,562
Transfers to other funds	(3,706,891)	(2,965,378)	-	(2,252,005)	(3,732,229)	-	(1,915,709)	(14,572,212)
Net Other Financing Sources (Uses)	(1,330,791)	(2,908,178)	-	(1,696,260)	(3,732,229)	-	11,319,808	1,652,350
Net Change in Fund Balance	13,391,982	(441,667)	(100,416)	(2,754,437)	1,506,332	-	(18,863,322)	(7,261,528)
Fund Balance, beginning of period	58,210,406	6,209,414	1,794,208	6,863,972	28,305,112	-	100,696,141	202,079,253
Fund Balance, end of period	71,602,388	5,767,747	1,693,792	4,109,535	29,811,444	-	81,832,819	194,817,725

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, 2012

Net changes in fund balances - total governmental funds **\$ (7,261,528)**

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.

Expenditures for capital assets	33,027,095	
Less current year depreciation	<u>(6,508,933)</u>	26,518,162

Loans payable provides current financial resources to governmental funds, but the issuance increases the long term liabilities in the Statement of Activities. (400,000)

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	(434,718)	
Mortgages	(25,194)	
Charges for services	1,378,212	
Intergovernmental	<u>35,633</u>	953,933

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 11,305,000

Governmental funds report the effect of issuance costs, premium, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (87,948)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences payable	(31,439)	
Amortization of deferred bond issuance items	142,121	
Accrued interest on long-term debt	13,952	
Loan payable	424,972	
Pollution remediation	537,000	
Landfill closure and post closure	<u>16,794</u>	<u>1,103,400</u>

Change in net assets in governmental activities **\$ 32,131,019**

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
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ 41,663,000	\$ 41,663,000	\$ 46,096,621	\$ 4,433,621
Gross Receipts Taxes	7,104,700	7,104,700	8,104,427	999,727
Other Taxes & Assessments	935,000	935,000	1,098,822	163,822
Licenses, Permits, & Fees	582,175	582,175	503,423	(78,752)
Charges for Services	1,637,074	1,643,355	1,806,530	163,175
Fines & Forfeitures	-	-	1,705	1,705
Interest Earnings	1,850,000	1,850,000	1,608,197	(241,803)
Grants	733,000	1,016,550	807,199	(209,351)
Other	35,000	99,710	301,856	202,146
Intergovernmental	430,000	448,231	741,488	293,257
Total Revenues	<u>54,969,949</u>	<u>55,342,721</u>	<u>61,070,268</u>	<u>\$ 5,727,547</u>
Cash balance carryforward	<u>5,170,841</u>	<u>6,188,384</u>		
Total	<u>\$ 60,140,790</u>	<u>\$ 61,531,105</u>		
Expenditures				
General Government	\$ 27,861,357	\$ 29,669,784	22,609,452	\$ 7,060,332
Public Safety	-	711,310	-	711,310
Culture & Recreation	981,392	1,243,424	931,569	311,855
Public Works	4,206,717	5,316,026	4,287,209	1,028,817
Highways & Streets	389,954	760,002	555,547	204,455
Housing	56,491	56,491	47,256	9,235
Capital Improvements	2,190,939	4,077,007	1,841,533	2,235,474
Health & Welfare	1,945,413	2,860,746	2,207,956	652,790
Total Expenditures	<u>\$ 37,632,263</u>	<u>\$ 44,694,790</u>	<u>32,480,522</u>	<u>\$ 12,214,268</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 376,100	\$ 2,376,100	2,376,100	\$ -
Transfers to other funds	(22,884,627)	(22,985,335)	(22,268,540)	(716,795)
Total Other Financing Sources (Uses)	<u>\$ (22,508,527)</u>	<u>\$ (20,609,235)</u>	<u>(19,892,440)</u>	<u>\$ (716,795)</u>
Net Change in Fund Balance - Budgetary Basis			8,697,306	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			1,619,286	
Adjustments to expenditures for modified accrual purposes			(488,025)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			3,563,415	
To record adjustment to revenue source in recipient fund,			-	
recorded as a transfer for budgetary purposes			(18,561,649)	
To record adjustment to transfers to other funds, recorded as revenue source in recipient fund			18,561,649	
To record adjustment to transfers from other funds			-	
			<u>13,391,982</u>	
			<u>\$ 13,391,982</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, 2012

	Budgeted Amounts		Non - GAAP Actual	Variance Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	7,541,100	7,541,100	7,973,863	\$ 432,763
Other Taxes and Assessments	-	-	-	-
Licenses, permits & fees	29,000	29,000	27,051	(1,949)
Charges for Services	650,000	650,000	728,612	78,612
Fines and Forfeitures	-	-	-	-
Grants	963,526	1,747,675	944,629	(803,046)
Other	-	219,157	217,015	(2,142)
Intergovernmental	248,000	248,000	261,656	13,656
Total Revenues	<u>9,431,626</u>	<u>10,434,932</u>	<u>10,152,826</u>	<u>\$ (282,106)</u>
Cash balance carryforward	904,517	1,408,603		
Total	<u>\$ 10,336,143</u>	<u>\$ 11,843,535</u>		
Expenditures				
General Government	\$ -	\$ -	-	\$ -
Public Safety	10,975,794	13,819,069	11,417,891	2,401,178
Culture & Recreation	-	-	-	-
Highways & Streets	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Total Expenditures	<u>\$ 10,975,794</u>	<u>\$ 13,819,069</u>	<u>11,417,891</u>	<u>\$ 2,401,178</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 3,820,049	\$ 3,877,251	3,022,580	\$ 854,671
Transfers to other funds	(3,180,398)	(3,180,398)	(2,965,378)	215,020
Total Other Financing Sources (Uses)	<u>\$ 639,651</u>	<u>\$ 696,853</u>	<u>57,202</u>	<u>\$ 1,069,691</u>
Net Change in Fund Balance - Budgetary Basis			(1,207,863)	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			233,401	
Adjustments to expenditures for modified accrual purposes			(138,104)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			670,899	
To record adjustment to revenue source in recipient fund, recorded as a transfer for budgetary purposes			-	
To record adjustment to transfers to other funds, recorded as revenue source in recipient fund			(2,965,378)	
To record adjustment to transfers from other funds			2,965,378	
Change in fund balance - GAAP basis			<u>\$ (441,667)</u>	

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, 2012

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	-	-	64,868	64,868
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	-	-
Grants	-	-	-	-
Other	-	-	488	488
Intergovernmental	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>65,356</u>	<u>\$ 65,356</u>
Cash balance carryforward	<u>951,994</u>	<u>951,994</u>		
Total	<u>\$ 951,994</u>	<u>\$ 951,994</u>		
Expenditures				
General Government	\$ -	\$ -	-	\$ -
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Housing	951,994	979,802	165,772	814,030
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Total Expenditures	<u>\$ 951,994</u>	<u>\$ 979,802</u>	<u>165,772</u>	<u>\$ 814,030</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ -	\$ -	-	\$ -
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Net Change in Fund Balance - Budgetary Basis			(100,416)	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			-	
Adjustments to expenditures for modified accrual purposes			-	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			-	
To record adjustment to revenue source in recipient fund, recorded as a transfer for budgetary purposes			-	
To record adjustment to transfers to other funds, recorded as revenue source in recipient fund			-	
To record adjustment from other funds			-	
Change in fund balance - GAAP basis			<u>\$ (100,416)</u>	

STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual
Corrections Operations
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	5,100,225	5,100,225	3,949,485	(1,150,740)
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	-	-
Grants	35,000	35,000	45,984	10,984
Other	177,600	177,600	201,055	23,455
Intergovernmental	57,680	72,938	222,938	150,000
Total Revenues	<u>5,370,505</u>	<u>5,385,763</u>	<u>4,419,462</u>	<u>\$ (966,301)</u>
Cash balance carryforward	<u>4,136,740</u>	<u>4,159,740</u>		
Total	<u>\$ 9,507,245</u>	<u>\$ 9,545,503</u>		
Expenditures				
General Government	\$ -	\$ -	-	\$ -
Public Safety	18,345,240	19,332,048	17,524,287	1,807,761
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Total Expenditures	<u>\$ 18,345,240</u>	<u>\$ 19,332,048</u>	<u>17,524,287</u>	<u>\$ 1,807,761</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 11,090,000	\$ 11,090,000	11,055,000	\$ (35,000)
Transfers to other funds	(2,252,005)	(2,252,005)	(2,252,005)	-
Total Other Financing Sources (Uses)	<u>\$ 8,837,995</u>	<u>\$ 8,837,995</u>	<u>8,802,995</u>	<u>\$ (35,000)</u>
Net Change in Fund Balance - Budgetary Basis			(4,301,830)	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			775,622	
Adjustments to expenditures for modified accrual purposes			(283,920)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			1,055,691	
To record adjustment to revenue source in recipient fund, recorded as a transfer for budgetary purposes			10,499,255	
To record adjustment to transfers to other funds, recorded as revenue source in recipient fund			(10,499,255)	
To record adjustment from other funds			-	
Change in fund balance - GAAP basis			<u>\$ (2,754,437)</u>	

STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities-Enterprise Funds				Total Enterprise Funds
	Home Sales	Regional Planning Authority	Utilities	Housing Services	
ASSETS					
Current assets:					
Cash and investments	\$ 4,170,126	\$ 233,867	\$ 5,276,261	\$ 811,458	\$ 10,491,712
Cash and investments - restricted	-	-	-	127,056	127,056
Receivables (net of allowance for uncollectible)	-	896	440,613	90,157	531,666
Prepaid and other assets	-	-	-	391	391
Held For Sale - Land	120,000	-	-	-	120,000
Held For Sale - Buildings/Improvements	460,032	-	-	-	460,032
Total current assets	<u>4,750,158</u>	<u>234,763</u>	<u>5,716,874</u>	<u>1,029,062</u>	<u>11,730,857</u>
Noncurrent assets:					
Notes Receivable	31,271	-	1,473	-	32,744
Land	-	-	1,439,391	725,205	2,164,596
Construction in progress	-	-	1,884,040	-	1,884,040
Buildings & Improvements	-	-	21,751	7,832,176	7,853,927
Water Systems	-	-	116,451,257	-	116,451,257
Vehicles, Furniture, Fixtures & Equipment	-	9,915	541,443	399,406	950,764
Water Rights	-	-	21,704,696	-	21,704,696
Accumulated Depreciation	-	(9,915)	(5,375,966)	(2,946,760)	(8,332,641)
Total noncurrent assets	<u>31,271</u>	<u>-</u>	<u>136,668,085</u>	<u>6,010,027</u>	<u>142,709,383</u>
Total Assets	<u>4,781,429</u>	<u>234,763</u>	<u>142,384,959</u>	<u>7,039,089</u>	<u>154,440,240</u>
LIABILITIES					
Current liabilities:					
Accounts payable	16,719	114	856,746	45,314	918,893
Accrued wages and benefits	-	-	41,373	21,953	63,326
Deposits held for others	-	-	131,909	158,408	290,317
Unearned revenue	31,271	555	-	79,841	111,667
Due to other Governments	-	-	70,102	8,149	78,251
Total Liabilities	<u>47,990</u>	<u>669</u>	<u>1,100,130</u>	<u>313,665</u>	<u>1,462,454</u>
NET ASSETS					
Invested in Capital Assets	-	-	136,666,612	6,010,027	142,676,639
Unrestricted	4,733,439	234,094	4,618,217	715,397	10,301,147
Total Net Assets	<u>4,733,439</u>	<u>234,094</u>	<u>141,284,829</u>	<u>6,725,424</u>	<u>152,977,786</u>

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

STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For Fiscal Year Ended June 30, 2012

	Business-type Activities-Enterprise Funds				Total Enterprise Funds
	Home Sales	Regional Planning Authority	Utilities	Housing Services	
Operating Revenues					
Rentals and charges for services & sales	\$ -	\$ -	\$ 2,401,998	\$ 349,861	\$ 2,751,859
Miscellaneous	4,137	3,986	63,867	55	72,045
Total Operating Revenues	<u>4,137</u>	<u>3,986</u>	<u>2,465,865</u>	<u>349,916</u>	<u>2,823,904</u>
Operating Expenses					
Housing	132,395	-	-	-	132,395
Administrative expenses	-	3,722	3,646,638	1,177,246	4,827,606
Bad debt expense	-	-	-	5,950	5,950
Depreciation expense	-	-	2,372,094	225,649	2,597,743
Total Operating Expenses	<u>132,395</u>	<u>3,722</u>	<u>6,018,732</u>	<u>1,408,845</u>	<u>7,563,694</u>
Operating Income (Loss)	<u>(128,258)</u>	<u>264</u>	<u>(3,552,867)</u>	<u>(1,058,929)</u>	<u>(4,739,790)</u>
Non-Operating Revenues (Expenses)					
Interest earnings on cash & investments	-	-	18,343	3,034	21,377
HUD operating subsidy & other intergovernmental	-	-	-	438,353	438,353
Net Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>18,343</u>	<u>441,387</u>	<u>459,730</u>
Income Before Contributions & Transfers	<u>(128,258)</u>	<u>264</u>	<u>(3,534,524)</u>	<u>(617,542)</u>	<u>(4,280,060)</u>
Contributed capital	-	-	3,487,469	185,970	3,673,439
Transfers from other funds	-	1,550	346,100	-	347,650
Transfers to other funds	-	-	(2,000,000)	-	(2,000,000)
Change in Net Assets	<u>(128,258)</u>	<u>1,814</u>	<u>(1,700,955)</u>	<u>(431,572)</u>	<u>(2,258,971)</u>
Net assets, beginning of year	<u>4,861,697</u>	<u>232,280</u>	<u>142,985,784</u>	<u>7,156,996</u>	<u>155,236,757</u>
Net assets, end of year	<u><u>4,733,439</u></u>	<u><u>234,094</u></u>	<u><u>141,284,829</u></u>	<u><u>6,725,424</u></u>	<u><u>152,977,786</u></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, 2012

	Business-type Activities-Enterprise Funds				Total Enterprise Funds
	Home Sales	Regional Planning Authority	Utilities	Housing Services	
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
Cash flows from operating activities:					
Cash received from customers	4,138	3,985	2,417,802	374,736	2,800,661
Cash payments to supplies for goods and services	(518,600)	(4,982)	(1,723,459)	(616,284)	(2,863,325)
Cash payments to employees for services	-	-	(1,107,032)	(559,410)	(1,666,442)
Net cash used for operating activities	(514,462)	(997)	(412,689)	(800,958)	(1,729,106)
Cash flows from noncapital and related financing					
Operating grants received	-	-	-	438,353	438,353
Interfund transfers	-	1,550	(1,653,882)	-	(1,652,332)
Net cash provided by (used for) noncapital financing activities	-	1,550	(1,653,882)	438,353	(1,213,979)
Cash flows from investing activities:					
Investment Income	-	-	18,343	3,034	21,377
Net cash provided by investing activities	-	-	18,343	3,034	21,377
Net increase (decrease) in cash and cash equivalents	(514,462)	553	(2,048,229)	(359,571)	(2,921,709)
Cash and cash equivalents, beginning of year	4,684,588	233,314	7,324,490	1,298,085	13,540,477
Cash and cash equivalents, end of year	4,170,126	233,867	5,276,261	938,514	10,618,768
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating income (loss)	(128,258)	264	(3,552,867)	(1,058,929)	(4,739,790)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	-	2,372,094	225,649	2,597,743
Bad debt expense	-	-	-	5,950	5,950
Change in assets and liabilities:					
Receivables	31,272	2,124	(68,174)	3,800	(30,978)
Assets held for sale	(402,922)	-	-	-	(402,922)
Accounts Payable	16,718	(1,261)	810,487	6,078	832,022
Accrued payroll and employee benefits	-	-	5,661	3,879	9,540
Due to other governments	-	-	9,755	-	9,755
Deposits held for others	-	-	10,355	15,070	25,425
Unearned revenue	(31,272)	(2,124)	-	(2,455)	(35,851)
Total Adjustments	(386,204)	(1,261)	3,140,178	257,971	3,010,684
Net cash provided by (used for) operating activities	(514,462)	(997)	(412,689)	(800,958)	(1,729,106)

Non-cash capital and financing activities

The county general fund and special revenue funds paid \$185,970 for capital assets for the Housing Services Fund.
In addition, the County Capital Project Funds paid \$3,487,469 for capital asset and water rights additions for the Utilities 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, 2012

	<u>Agency Funds</u>
	<u>Totals</u>
ASSETS	
Cash and investments - held in trust	\$ 4,909,493
Property taxes receivable	9,825,672
<i>Total Assets</i>	<u><u>14,735,165</u></u>
LIABILITIES	
Deposits held for others	678,492
Taxes paid in advance	723,770
Due to other Governments	9,825,672
Undistributed taxes to other Governments	3,507,231
<i>Total Liabilities</i>	<u><u>\$ 14,735,165</u></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, 2012

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 operations; public works – roads, solid waste, projects and facilities management; utilities – water and wastewater operations; certain health, social and community services, general administration 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.

Blended Component Unit – Blended component units, although legally separate entities, are, in substance, part of the County's operations. The Rancho Viejo Improvement District (District) is a blended component unit of the County as there is not a separate governing body for the District and per the debt offering statement the County's Commissioners became the governing body. The funds from the debt benefited the County and accordingly the Rancho Viejo Improvement District fund is blended with the County's financial statements.

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).

In fiscal year 2008, the County accepted all operational and managerial responsibility of the Regional Emergency Communication Center (RECC). The RECC's operations are included in the financial statements as a County special revenue fund, Emergency Communications Operations because the financial statements are material to the County, the County accepted all responsibility for operations and management and the RECC does not have separate corporate powers that would distinguish it as being legally separate from the County.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 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 support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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, but are reported instead 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.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Fire Operations – To account for the containment of the Emergency Communications and Emergency Medical Services Gross Receipts Tax and fire-dedicated revenue and expenses associated with operation of the County Fire Department.

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.

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

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

The County has elected to report all of its enterprise funds as major funds. 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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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.

C. 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.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 held in the 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 investments 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. The market value of the repurchase agreements approximate cost at June 30, 2012. Interest earned is allocated to the applicable County funds based on the County's policy of allocating interest to those funds which are 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 assets/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.

D. Investment Income

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. 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.

F. Inventory

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

G. 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.

H. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; plant; vehicles, furniture, and equipment; construction in progress; computer software; and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$3,000 or more and an estimated useful life of more than one year. Effective July 1, 2006, State law requires capitalization of assets greater than \$5,000. The County has elected to use the more

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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:

Assets	Years
Buildings and structures	40
Improvements other than buildings	25-40
Infrastructure	25-30
Machinery and equipment	3-10
Furniture and fixtures	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:

Assets	Utilities	Housing Services
Water system and buildings	50 years	40 years
Furniture, vehicles, other assets	3-5 years	5 years

I. Compensated Absences

The County’s employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Amounts of vested or accumulated vacation leave for governmental fund types are reported in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees, in accordance with the provisions of governmental accounting. No liability is recorded for non-vesting accumulating sick leave benefits that are estimated, will be taken as “terminal leave” prior to retirement, or converted to annual leave during continued employment.

J. 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 assets. Bond premiums and discounts, as well as issuance costs, and the difference between the

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

reacquisition price and the net carrying amount of the old debt are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. 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.

L. Budgets

Budgets are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Appropriations of funds unused or overspent during the fiscal year may be carried over into the next fiscal year by budgeting those amounts in the subsequent year's budget. For the current fiscal year actual to budget comparisons, the actual amounts are reported on the budgetary basis, which is considered to differ 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.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Department heads and elected officials are required to complete budget request forms for each organizational unit. The Board of County Commissioners reviews the budget package and 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 September, 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 which may include a hearing with the County Manager, Finance Division staff, and department heads and elected officials. During the hearing, department goals and objectives and budget status are reviewed. This review may result in budget adjustments.

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

Emergency Medical Services
Fire Districts

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

The following funds were not budgeted in fiscal year 2012:

- Recreation
- Equipment Loan Debt Service – formerly called NMFA Debt Service
- Rancho Viejo Improvement District
- GOB Series 2008 – BDD
- Facility Bond 1997 – Public Safety
- Community Development Block Grant

The only activity recorded by the Rancho Viejo Improvement fund is the collection of property tax and the payment of debt service, therefore no budget was prepared. The other funds were not budgeted due to the low volume of transactions.

M. 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 moneys 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.

N. 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.

O. Subsequent Events

Subsequent events have been evaluated through November 9, 2012, which is the date the financial statements were available to be issued.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 – CLASSIFICATION OF NET ASSETS 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, 2012, the County had \$19,883 in nonspendable fund balance made up of prepaid fuel expenditures in the Road Maintenance Fund.

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, 2012, the County had \$147,995,472 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.

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) and can only be changed or lifted by the same formal action. At June 30, 2012, the County had \$561,601 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 1/12th (one month) fund expense reserve in those funds that directly support County operations and personnel totaling \$401K in nonmajor governmental funds, and \$1.25M in major funds. This was adopted by BCC Resolution No. 2008-47, establishing a budget policy, and continues to be formally committed via resolution formally adopting the FY11 budget. In the General Fund, there is an economic contingency reserve of \$7.5M set aside via prior years' BCC actions, to help offset future budget shortfalls relative to unfavorable economic conditions. There is also \$6.5M in committed fund balance set aside for a loan guarantee with Santa Fe Film and Media Studios for the construction of a film and multi-media production studio. Additionally, there is \$7.0M in fixed asset replacement set aside to replace obsolete, old, and disposed fixed assets.

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. Aside from the General Fund, this category represents the residual fund balance classification for all governmental funds that contain a positive fund balance in excess of nonspendable, restricted, and committed amounts. The County does not have Assigned Fund Balance balances as of June 30, 2012.

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 no assigned fund balance in the governmental funds at June 30, 2012, as all fund balance amounts had been classified in their respective category.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 – CLASSIFICATION OF NET ASSETS AND FUND BALANCES (Concl'd)

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, 2012, was \$23.5M and represents residual fund balance undesignated by other classifications.

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

The following schedule presents fund balance classifications at June 30, 2012:

	Major Funds					
	General	Special Revenue			Capital Projects	Non-Major Other Governmental Funds
		Fire Operations	Developer Fees	Corrections Operations	Capital Outlay GRT	
FUND BALANCE						
Nonspendable:						
Prepaid fuel expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,833
Subtotal:	-	-	-	-	-	19,833
Restricted for:						
Debt service	1,892,867	-	-	-	-	15,554,402
Capital projects	-	-	-	-	29,811,444	39,271,058
Statutory budget reserve	25,129,222	-	-	-	-	-
Other contractual & statutory requirements	-	4,588,064	1,614,459	4,109,535	-	26,024,421
Subtotal:	27,022,089	4,588,064	1,614,459	4,109,535	29,811,444	80,849,881
Committed To:						
Contingency reserve above requirement	7,500,000	1,179,683	79,333	-	-	401,504
Loan guarantee - Santa Fe Studios	6,500,000	-	-	-	-	-
Fixed asset replacement	7,000,000	-	-	-	-	-
Emergency communication operations	-	-	-	-	-	561,601
Subtotal:	21,000,000	1,179,683	79,333	-	-	963,105
Unassigned:	23,580,299	-	-	-	-	-
Total Fund Balance	<u>\$ 71,602,388</u>	<u>\$ 5,767,747</u>	<u>\$ 1,693,792</u>	<u>\$ 4,109,535</u>	<u>\$ 29,811,444</u>	<u>\$ 81,832,819</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 – CASH AND INVESTMENTS

At year end, the carrying amount of the County’s deposits was \$35,303,268 and the bank balance was \$37,673,818. The difference represents outstanding checks, deposits, and other reconciling items.

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. The County’s agreement with its sole depository requires pledged collateral of 102% of the public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At year end, \$36,175,818 of the County’s bank balance was exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution’s trust department.

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

Deposits	\$37,673,818
Less FDIC coverage	<u>1,498,000</u>
Total unsecured public funds	36,175,818
50% collateral requirement	18,087,909
Pledged securities, fair value	<u>56,000,000</u>
Pledged in excess of requirement	<u><u>\$37,912,091</u></u>

At year end the County’s investments consisted of the following.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Money market - investments	\$ 36,106,697	\$ 36,106,697	\$	\$	\$
State Treasurer’s Investment Pool	53,508	53,508			
CD - marketable	5,963,000		5,963,000		
Repurchase agreements	2,675,505			2,249,600	425,905
U.S. Agencies:					
Federal Farm Credit Banks	5,500,000		5,500,000		
Federal National Mortgage Association	46,153,101		46,153,101		
Federal Home Loan Mortgage Corporation	17,031,903		17,031,903		
Federal Home Loan Bank	56,858,488		45,961,199	8,897,289	2,000,000
Fing Corp FICO	465,388		465,388		
Total	<u>\$ 170,807,590</u>	<u>\$ 36,160,205</u>	<u>\$ 121,074,591</u>	<u>\$ 11,146,889</u>	<u>\$ 2,425,905</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 – CASH AND INVESTMENTS (Concl'd)

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 60 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.

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.

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	\$35,820,711	21%
U.S. Agencies		
Federal National Mortgage Association	46,153,101	27%
Federal Home Loan Mortgage Corporation	17,031,903	10%
Federal Home Loan Bank	56,858,488	33%

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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	Capital Outlay GRT	Fire Operations	Developer Fees Fund	Corrections Operations Fund	Non-Major Governmental Funds
Accounts	\$ 329,180	\$ -	\$ 6,424,481	\$ 3,290	\$ 2,122,696	\$ 2,149,278
Taxes	7,494,690	1,545,548	1,373,387	-	-	4,595,124
Interest	327,038	-	-	-	64,475	12,207
Grantor & other	162,842	-	103,137	-	-	2,534,664
Mortgages						
Notes	-	-	-	14,151,822	-	-
Less: Allowance for uncollectible	-	-	(2,644,776)	(141,520)	(966,822)	-
Net receivables	<u>\$ 8,313,750</u>	<u>\$ 1,545,548</u>	<u>\$ 5,256,229</u>	<u>\$ 14,013,592</u>	<u>\$ 1,220,349</u>	<u>\$ 9,291,273</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition 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 revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$4,911,836	
Charges for services receivables (Fire Operations)	3,778,471	
Mortgages receivable (Developer Fees Fund)	14,013,592	
Charges for services receivables (Corrections Operations Fund)	595,705	
Delinquent property taxes receivable (Non-Major Governmental Funds)	919,046	
Charges for services receivable (Non-Major Governmental Funds)	9,895	
Intergovernmental receivables (Non-Major Governmental Funds)	3,420,250	29,602
Total deferred revenue for governmental funds	<u>\$ 27,648,795</u>	<u>\$ 29,602</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:

	June 30, 2011				June 30, 2012
	Balance	Additions	Deletions	Transfers	Balance
Capital assets not being depreciated:					
Land	\$ 35,127,088	\$ 249,917	\$ -	\$ -	\$ 35,377,005
Right of Way Land	10,109,940	-	-	-	10,109,940
Construction in progress	29,599,798	25,135,691	-	(10,155,106)	44,580,383
Total	<u>74,836,826</u>	<u>25,385,608</u>	<u>-</u>	<u>(10,155,106)</u>	<u>90,067,328</u>
Assets being depreciated:					
Buildings & Improvements	100,811,505	1,874,363	(1,400)	5,758,972	108,443,440
Infrastructure	36,173,117	1,648,694	-	4,396,134	42,217,945
Vehicles, Furniture, Fixtures & Equipment	50,879,646	4,118,430	(2,328,188)	(4,993)	52,664,895
Total	<u>187,864,268</u>	<u>7,641,487</u>	<u>(2,329,588)</u>	<u>10,150,113</u>	<u>203,326,280</u>
Less: Accumulated Depreciation					
Buildings & Improvements	(27,316,164)	(2,923,198)	1,400	-	(30,237,962)
Infrastructure	(9,203,579)	(305,346)	-	-	(9,508,925)
Vehicle, FF&E	(42,799,645)	(3,280,389)	2,328,188	4,993	(43,746,853)
Total	<u>(79,319,388)</u>	<u>(6,508,933)</u>	<u>2,329,588</u>	<u>4,993</u>	<u>(83,493,740)</u>
Total capital assets, being depreciated, net	<u>\$ 108,544,880</u>	<u>\$ 1,132,554</u>	<u>\$ -</u>	<u>\$ 10,155,106</u>	<u>\$ 119,832,540</u>
Governmental activities, capital assets, net	<u>\$ 183,381,706</u>	<u>\$ 26,518,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,899,868</u>

Business Type Activities:

REGIONAL PLANNING AUTHORITY

	June 30, 2011				June 30, 2012
	Balance	Additions	Deletions	Transfers	Balance
Assets being depreciated:					
Vehicles, Furniture, Fixtures, & Equipment	\$ 7,650	-	-	2,265	9,915
Total	<u>7,650</u>	<u>-</u>	<u>-</u>	<u>2,265</u>	<u>9,915</u>
Less: Accumulated Depreciation					
Vehicle, Furniture, Fixtures, & Equipment	(7,650)	-	-	(2,265)	(9,915)
Total	<u>(7,650)</u>	<u>-</u>	<u>-</u>	<u>(2,265)</u>	<u>(9,915)</u>
Net Fixed Assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – CAPITAL ASSETS (Cont'd)

Business Type Activities (Cont'd):

UTILITIES DEPARTMENT

	June 30, 2011				June 30, 2012
	Balance	Additions	Deletions	Transfers	Balance
Land	\$ 1,347,625	\$ 91,766	\$ -	\$ -	\$ 1,439,391
Water Rights	21,704,696	-	-	-	\$ 21,704,696
CIP	98,188,788	3,183,599	-	(99,488,347)	\$ 1,884,040
Total	<u>121,241,109</u>	<u>3,275,365</u>	<u>-</u>	<u>(99,488,347)</u>	<u>25,028,127</u>
Assets being depreciated:					
Buildings & Improvements	19,740	2,011	-	-	21,751
Water Systems	16,774,346	188,564	-	99,488,347	116,451,257
Vehicles, Furniture, Fixtures & Equipment	520,974	21,529	(2,424)	1,364	541,443
Total	<u>17,315,060</u>	<u>212,104</u>	<u>(2,424)</u>	<u>99,489,711</u>	<u>117,014,451</u>
Less: Accumulated Depreciation					
Buildings & Improvements	(3,290)	(2,853)	-	-	(6,143)
Water Systems	(2,740,478)	(2,327,061)	-	-	(5,067,539)
Vehicle, FF&E	(261,164)	(42,180)	2,424	(1,364)	(302,284)
Total	<u>(3,004,932)</u>	<u>(2,372,094)</u>	<u>2,424</u>	<u>(1,364)</u>	<u>(5,375,966)</u>
Net Fixed Assets	<u>\$ 135,551,237</u>	<u>\$ 1,115,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,666,612</u>

HOUSING SERVICES

	June 30, 2011				June 30, 2012
	Balance	Additions	Deletions	Transfers	Balance
Land	\$ 725,205	\$ -	\$ -	\$ -	\$ 725,205
Assets being depreciated:					
Buildings & Improvements	7,654,661	177,515	-	-	7,832,176
Vehicles, Furniture, Fixtures & Equipment	400,318	8,455	(9,367)	-	399,406
Total Assets	<u>8,780,184</u>	<u>185,970</u>	<u>(9,367)</u>	<u>-</u>	<u>8,956,787</u>
Less: Accumulated Depreciation					
Buildings & Improvements	(2,378,979)	(203,495)	-	-	(2,582,474)
Vehicle, FF&E	(351,499)	(22,154)	9,367	-	(364,286)
Total	<u>(2,730,478)</u>	<u>(225,649)</u>	<u>9,367</u>	<u>-</u>	<u>(2,946,760)</u>
Net Fixed Assets	<u>\$ 6,049,706</u>	<u>\$ (39,679)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,010,027</u>
Business-type activities capitla assets, net	<u>\$ 141,600,943</u>	<u>\$ 1,075,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,676,639</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to functions/programs as follows.

Governmental Activities:	
General government	\$ 993,806
Public safety	3,395,739
Health and welfare	579,567
Culture and recreation	435,960
Highways and streets	1,103,861
Total depreciation expense – governmental activities	<u>\$ 6,508,933</u>
Business-Type Activities:	
Regional Planning Authority	\$ -
Utilities	2,372,094
Housing Services	225,649
Total depreciation expense – business-type activities	<u>\$ 2,597,743</u>

Construction Commitments – At year end, the County had contractual commitments related to capital projects for the construction of the First Judicial Complex and other various projects. At year end the County had spent \$19.8M on the projects and had estimated remaining contractual commitments of \$27M. 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. Rental expenditures under the terms of the operating leases totaled \$486,416 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:	
2013	\$ 315,407
2014	103,590
2015	104,097
2016	49,096
2017	50,168
2018-22	264,777
2023-27	257,895
2028-31	11,464
Total minimum payments required	<u>\$ 1,156,494</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7 – LANDFILL CLOSURE AND POSTCLOSURE 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 \$1,931,880 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.

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 \$16,794 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 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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 \$11,830,000.

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 \$2,890,000.

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 \$9,325,000.

Total conduit debt outstanding at June 30, 2012, was \$24,045,000. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9 – BONDS PAYABLE

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

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

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

Purpose	Original Amount Issued	Interest Rates	Maturity	Outstanding Principal June 30, 2012	Due Within One Year
Governmental activities:					
General Obligation Bonds:					
GOB Series 2005A - Roads, Public Works, Water	\$ 20,000,000	4.0% to 4.375%	7/1/25	\$ 10,950,000	\$ 250,000
GOB Series 2005 - Refunding 97 GOB	8,490,000	3.75% to 4.192%	7/1/16	4,785,000	885,000
GOB Series 2007A - Judicial Center	25,000,000	4% to 4.5%	7/1/26	20,550,000	250,000
GOB Series 2007B – Roads & Water	20,000,000	4% to 5.5%	7/1/27	16,800,000	500,000
GOB Series 2008 - Buckman Direct Diversion Water	32,500,000	3% to 4.25%	7/1/24	27,900,000	1,000,000
GOB Series 2009 - Road, Fire, Water, OS, Transfer Stations	17,000,000	3% to 4.3%	7/1/24	13,250,000	500,000
GOB Series 2010 - Refund 2001A & 1999 Series	13,505,000	2.125% to 3%	7/1/18	10,815,000	1,810,000
GOB Series 2011 – Refund 2001A & Road, Fire, Water, OS, Transfer Stations	17,500,000	2.5% to 4%	7/1/26	17,500,000	2,900,000
Rancho Viejo Improvement District	1,950,000	7.25%	7/1/12	775,000	775,000
Total				<u>123,325,000</u>	<u>8,870,000</u>
Revenue Bonds:					
Correctional System 1997	30,000,000	5.0% to 6.0%	2/1/27	22,035,000	995,000
Sheriff's Facility - 1997A	6,000,000	5.0% to 6.0%	2/1/27	4,140,000	185,000
Subordinate Judicial Center – 2008	30,000,000	3.5% to 5%	6/1/33	27,050,000	255,000
2009 Series Capital Outlay GRT - Water Rights	12,090,000	2% to 5%	6/1/29	10,935,000	460,000
2010A Series Capital Outlay GRT - Buckman Direct Diversion	21,215,000	2% to 5%	6/1/30	19,870,000	775,000
2010B Series Capital Outlay GRT - Buckman Direct Diversion	10,195,000	2% to 4.25%	6/1/30	9,590,000	350,000
Total				<u>93,620,000</u>	<u>3,020,000</u>
Grand Total				<u>\$ 216,945,000</u>	<u>\$ 11,890,000</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9 – BONDS PAYABLE (Cont'd)

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

Year ending June 30:	Principal	Interest
2013	\$11,890,000	\$ 9,077,137
2014	9,585,000	8,659,507
2015	9,715,000	8,329,993
2016	10,485,000	7,969,306
2017	11,000,000	7,571,346
2018-22	64,390,000	30,524,909
2023-27	76,105,000	15,310,925
2028-33	23,775,000	3,340,839
Total	\$216,945,000	\$90,783,962

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At year end, \$15,900,000 of defeased bonds was still outstanding.

Pledged revenues – governmental activities. The County has pledged future gross receipts tax revenues to repay outstanding revenue bonds of \$93.6M as of June 30, 2012. Proceeds from the original bond issuances provided financing for the acquisition and construction of major capital facilities and water systems. The bonds are paid solely from the County's gross receipts tax and are payable through 2033. Total annual principal and interest payments for all gross receipts tax revenue bonds are expected to require less than 13% of gross revenues. Total principal and interest to be paid on the bonds is \$110M. The current total gross receipts tax revenues were \$44M and the total principal and interest paid on the bonds was \$5.2M, or 12% of gross revenues.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 the loan with the Water Trust Board in connection with the Buckman Direct Diversion Project. The annual payments of principal and interest are the responsibility of the Capital Outlay GRT Fund. During the year, the County entered into an additional \$400,000 loan with the City of Santa Fe and paid off the loan during the year. Annual debt service requirements to maturity are summarized as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2013	\$ 25,035	\$ 1,060
2014	25,098	997
2015	25,161	934
2016	25,224	871
2017	25,287	808
2018-22	127,388	3,088
2023-27	128,992	1,489
2028-29	41,512	156
Total	<u>\$423,697</u>	<u>\$ 9,403</u>

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 130,165,000	-	7,615,000	122,550,000	\$8,095,000
Revenue bonds	96,465,000	-	2,845,000	93,620,000	3,020,000
Component unit - Rancho Viejo Improvement District	1,620,000	-	845,000	775,000	775,000
Loan Payable	448,669	400,000	424,972	423,697	25,035
Landfill closure and post closure costs	1,948,674	-	16,794	1,931,880	-
Compensated absences	3,051,010	2,663,739	2,632,300	3,082,449	3,082,449
Pollution remediation	537,000	-	537,000	-	-
Total	<u>\$ 234,235,353</u>	<u>3,063,739</u>	<u>14,916,066</u>	<u>222,383,026</u>	<u>\$ 14,997,484</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds – At year end, eight non-major governmental funds were involved in borrowing arrangements with the General Fund due to the existence of a negative cash balance. All inter fund 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	\$ 6,395,766	\$ -
Corrections Operations	-	496,901
Total Major Funds	6,395,766	496,901
Nonmajor Funds:		
GOB Series 2011-Improvement & Refunding	-	219,792
GOB Debt Service	219,792	-
Housing Capital Improvements	-	17,316
Capital Projects-Federal	-	50,222
State Special Appropriations	-	260,849
GOB Series 2007A	-	2,517,803
GOB Series 2007B	-	68,744
GOB Series 2009	-	18,763
Capital Outlay GRT Bonds 2010B	-	2,965,168
Total Nonmajor Funds	219,792	6,118,657
Total County	\$ 6,615,558	\$ 6,615,558

All of the interfund receivables and payables are between the general fund and the other funds except for the \$219,792 interfund balance between the GOB Debt Service and GOB Series 2011 Funds, and are expected to be re-paid within the next fiscal year.

The County records transfers to fund the operations and projects of other funds to provide debt service and as otherwise needed and required. The following transfers are shown in the legally adopted budget statements, and may be adjusted for the fund financial statements for GASB 54 reporting requirements.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Cont'd)

Significant transfers from the General Fund included transfers totaling \$6,000,000 to the Corrections Operations Fund for the operation of the Jail and Juvenile Facilities, and \$9,300,000 to the Law Enforcement Operations Fund to fund the operations of law enforcement. Also, the Environmental Revenue GRT Fund transferred a total of \$692,200 to the General Fund (\$346,100) for solid waste operations, and the Utilities Fund (\$346,100) for water/wastewater operations. The Corrections Operations Fund also received \$4,575,000 from the Corrections GRT Fund, and \$480,000 from the Corrections Fees Fund to supplement operations. The Corrections Operations Fund transferred \$2,252,005 to the Jail Revenue Debt Service Fund to pay debt service costs related to the Jail Revenue Bond. The Capital Outlay GRT Fund transferred \$3,732,229 to service debt related to water rights' purchases and loan principle payments.

Transfers in (from other funds)	Transfers out (to other funds)						
	General	Corrections Operations	Major Funds Utilities Department	Fire Operations	Capital Outlay GRT	Other Non-Major Governmental	Total
General	\$ -	\$ -	\$ 2,000,000	-	-	\$ 376,100	\$ 2,376,100
Corrections Operations	6,000,000	-	-	-	-	5,055,000	\$ 11,055,000
Fire Operations	-	-	-	-	-	3,022,580	\$ 3,022,580
Utilities Department	-	-	-	-	-	346,100	\$ 346,100
Regional Planning Authority	1,550	-	-	-	-	-	\$ 1,550
Other Non- Major Governmental	16,266,990	2,252,005	-	2,965,378	3,732,229	3,036,506	\$ 28,253,108
Total	\$ 22,268,540	\$ 2,252,005	\$ 2,000,000	2,965,378	3,732,229	\$ 11,836,286	\$ 45,054,438

Significant transfers from the General Fund and certain other non-major special revenue funds, of current year revenue sources, to each special revenue recipient fund have been eliminated for GAAP purposes in the Governmental Fund Financial Statements and appear as reconciliations to the GAAP basis change in fund balance on the Budget Statements. The Budget Statements present the legally adopted budget including transfers from/to other funds. For GASB 54 reporting purposes, these have been eliminated and recorded in the fund by the type of revenue source that constituted the budgeted transfer.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Cont'd)

	Budgetary Basis			GAAP Basis		Revenue Earned
	Source Realized	Transfer Out	Transfer In	Transfer Out	Transfer In	
Property Tax Revenue						
General Fund	\$6,000,000	\$6,000,000		-		
Corrections Ops			\$6,000,000		-	\$6,000,000
General Fund	\$9,300,000	\$9,300,000		-		
Law Enforcement Ops			\$9,300,000		-	\$9,300,000
General Fund	\$3,261,649	\$3,261,649		-		
Road Maintenance Fund			\$3,261,649		-	\$3,261,649
Total Property Taxes	<u>\$ 18,561,649</u>					<u>\$ 18,561,649</u>
Gross Receipts Taxes						
Correctional GRT Fund	\$ 4,499,255	\$ 4,499,255		-		
Corrections Operations			\$4,499,255		-	\$ 4,499,255
Indigent Hospital	\$ 2,000,993	\$ 2,000,993		-		
Indigent Services			\$2,000,993		-	\$ 2,000,993
EMS Health Hospital	\$ 454,951	\$ 454,951		-		
EMS Health Services			\$454,951		-	\$ 454,951
EMS Health Hospital	\$ 2,965,378	\$ 2,965,378		-		
Fire Operations			\$2,965,378		-	\$ 2,965,378
Total Gross Receipts Taxes	<u>\$ 9,920,577</u>					<u>\$ 9,920,577</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012 are listed as follows:

Purpose	Major Funds	Nonmajor Funds	Total
Security & Fence Upgrades at the Adult & Youth Detention Facilities	\$ 711,310	-	\$ 711,310
Santa Fe County's share of the Buckman Direct Diversion Project	1,664,936	1,321,957	2,986,893
Construction of the First Judicial District Courthouse	1,091,840	17,374,334	18,466,174
Sole Community Provider Payments	-	1,207,829	1,207,829
BTI LEDA Project	-	350,000	350,000
Broadband Infrastructure Development into the Community College District	-	1,000,000	1,000,000
Purchase a Fire Pumper (Fire Truck) & Ambulance	-	1,095,720	1,095,720
Data Collection Services for Property Valuation	-	1,000,000	1,000,000
Purchase 14 new Sheriff's vehicles	-	317,086	317,086
Water Transmission Line Engineering for Canoncito Waterline	-	752,983	752,983
Infrastructure for Greater Chimayo MDWCA	-	250,000	250,000
Total Significant Encumbrances	\$3,468,086	\$ 24,669,909	\$ 28,137,995

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

Lawsuits – The County is a defendant in a number of lawsuits as of June 30, 2012. It is the opinion of management and County counsel that the amount of losses resulting from these litigations at June 30, 2012, would not be material to the financial position of the County.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING

JPAs and MOUs presented as Other Supplementary Information, significant agreements 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 \$5.8 million. The County did not contribute any funds to the Agency in the 2011 fiscal year. A final reconciliation has been done to ensure costs have been split equally between the County and City. The facility opened in May of 1997.

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

STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING (Concl'd)

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, 165 Caja Del Rio Road, Santa Fe, New Mexico 87502-6189.

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 have established a joint powers agreement for the Buckman Direct Diversion (BDD) water project. The BDD, estimated at \$216.3 million, will be 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. The Buckman Surface Diversion will provide full access to the San Juan/Chama water rights and/or other native Rio Grande water rights currently held by the City and County. The proposed system will route Rio Grande surface water directly from the river through a conveyance system to a new water treatment facility where water will be conveyed to the various users. Costs incurred to date have been recorded to the Utilities Department enterprise fund as additions to water rights and the water system. There was approximately \$99.4M of costs capitalized in the current fiscal year.

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 has agreed to contribute to the economic development project of a film and multi-media production studio by providing water, sewer, broadband and road infrastructure improvements, and an annual water allotment sufficient to develop and operate the project without cost to the Studios. The County has 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 \$10M. There were approximately \$597,000 of current fiscal year costs capitalized, and \$1.5M in grants passed through to the Studios during the current fiscal year.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
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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 entire general 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 all other risks of loss including property, liability, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit public employee retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members (other than police and fire) are required to contribute 13.15% of their gross salary; police are required to contribute 16.30% and fire is required to contribute 16.20% of their gross salary. The County is required to contribute 18.50% for police, 21.25% for all fire and 9.15% for all other plan members. The County elects to contribute 9.86% regular, 9.26% police, and 12.15% fire, of the employee required share of contributions. The contribution requirements of the plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended 2012, 2011, and 2010 were \$7.2M, \$7.3M and \$7.8M, respectively, which were equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
SANTA FE COUNTY
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NOTE 17 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

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

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

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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute 0.917% of their salary.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 17 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN (Cont’d)

In the fiscal year ending June 30, 2013, the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate Non Police & Fire</u>	<u>Employee Contribution Rate Non Police & Fire</u>
2013	2.000	1.000

For employees who are members of an enhanced retirement plan during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.92% of each participating employee’s annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ended June 30, 2013 the contribution rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate Police & Fire</u>	<u>Employee Contribution Rate Police & Fire</u>
2013	2.500	1.250

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$707,098, \$653,584 and \$468,476, respectively, which equal the required contributions for each year.