

# Santa Fe County, New Mexico

## Fiscal Year 2011 Budget



# DEBT OBLIGATIONS

## BONDING CAPACITY FOR GROSS RECEIPTS TAX REVENUE

### Gross Receipts Tax Revenue Requirements

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

### Analysis of current debt obligations pledging Gross Receipts Tax Revenues

#### GENERAL FUND 1<sup>st</sup> 1/8<sup>th</sup> and 1/16<sup>th</sup> Increments

Fiscal Year 2010 (7/1/09 to 6/30/10) General GRT Revenues	\$	6,768,745
<b>CURRENT PRINCIPAL AND INTEREST PAYMENTS</b>		
Fiscal Year 2011 (7/1/10 to 6/30/11) Debt Service		
1997-A Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$	423,950
2008 Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$	1,442,656
Total Principal and Interest Payments	\$	1,866,606
Multiplied by 140% requirement	X	1.4
<b>Requirement for Debt Service</b>	\$	<b>2,613,248</b>
Difference (GRT less Requirement for Debt Service)	\$	4,155,497
<b>BONDING CAPACITY AVAILABLE FOR FUTURE DEBT</b>		
Difference between Actual FY10 GRT and FY11 Debt Service Requirement	\$	4,155,497
Divided by 140% requirement	/	1.4
<b>MAXIMUM AVAILABLE BONDING CAPACITY</b>	\$	<b>2,968,212</b>

#### CAPITAL OUTLAY GRT (Utilities Purposes equals 80% of the Total COGRT)

Fiscal Year 2010 (7/1/09 to 6/30/10) General GRT Revenues	\$	6,761,604
<b>CURRENT PRINCIPAL AND INTEREST PAYMENTS</b>		
Fiscal Year 2011 (7/1/10 to 6/30/11) Debt Service		
2009 Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$	896,981
2010A Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$	1,621,906
2010B Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$	1,442,656
Total Principal and Interest Payments	\$	3,961,543
Multiplied by 140% requirement	X	1.4
<b>Requirement for Debt Service</b>	\$	<b>5,546,160</b>
Difference (GRT less Requirement for Debt Service)	\$	1,215,444
<b>BONDING CAPACITY AVAILABLE FOR FUTURE DEBT</b>		
Difference between Actual FY10 GRT and FY11 Debt Service Requirement	\$	1,215,444
Divided by 140% requirement	/	1.4
<b>MAXIMUM AVAILABLE BONDING CAPACITY</b>	\$	<b>868,174</b>

# Santa Fe County, New Mexico

## Fiscal Year 2011 Budget



### CORRECTIONAL GRT

Fiscal Year 2010 (7/1/09 to 6/30/10) Correctional GRT Revenues	\$ 4,500,930
<b>CURRENT PRINCIPAL AND INTEREST PAYMENTS</b> Fiscal Year 2011 (7/1/10 to 6/30/11) Debt Service 1997 Correctional System Revenue Bonds (through Debt Service Fund 405)	\$ 2,245,280
<b>Total Principal and Interest Payments</b>	\$ 2,245,280
Multiplied by 140% requirement <b>Requirement for Debt Service</b>	X 1.4 \$ 3,143,392
<b>Difference (GRT less Requirement for Debt Service)</b>	\$ 1,357,538
<b>BONDING CAPACITY AVAILABLE FOR FUTURE DEBT</b> Difference between Actual FY10 GRT and FY11 Debt Service Requirement Divided by 140% requirement	\$ 1,357,538 / 1.4
<b>MAXIMUM AVAILABLE BONDING CAPACITY</b>	\$ 969,670

### EQUIPMENT LOANS

Fiscal Year 2010 (7/1/09 to 6/30/10) Infrastructure GRT Revenues	\$ 822,187
<b>CURRENT PRINCIPAL AND INTEREST PAYMENTS</b> Fiscal Year 2011 (7/1/11 to 6/30/11) Debt Service Debt Service Fund 403	\$ 0
<b>Total Principal and Interest Payments</b>	\$ 0
Multiplied by 140% requirement <b>Requirement for Debt Service</b>	X 1.4 \$ 0
<b>Difference (Budgeted GRT less Requirement for Debt Service)</b>	\$ 822,187
<b>BONDING CAPACITY AVAILABLE FOR FUTURE DEBT</b> Difference between Actual FY10 GRT and FY11 Debt Service Requirement Divided by 140% requirement	\$ 822,187 / 1.4
<b>MAXIMUM AVAILABLE BONDING CAPACITY</b>	\$ 587,276

### ENVIRONMENTAL GRT FUND

Fiscal Year 2010 (7/1/09 to 6/30/10) Environmental GRT Revenues	\$ 822,479
<b>CURRENT PRINCIPAL AND INTEREST PAYMENTS</b> Fiscal Year 2010 (7/1/10 to 6/30/11) Debt Service Debt Service Fund 402	\$ 0
<b>Total Principal and Interest Payments</b>	\$ 0
Multiplied by 140% requirement <b>Requirement for Debt Service</b>	X 1.4 \$ 0
<b>Difference (Budgeted GRT less Requirement for Debt Service)</b>	\$ 822,479
<b>BONDING CAPACITY AVAILABLE FOR FUTURE DEBT</b> Difference between Actual FY10 GRT and FY11 Debt Service Requirement Divided by 140% requirement	\$ 822,479 / 1.4
<b>MAXIMUM AVAILABLE BONDING CAPACITY</b>	\$ 587,485

# Santa Fe County, New Mexico

## Fiscal Year 2011 Budget



### **Bond Issuing Authority**

Revenue Bonds pledge specific recurring revenue sources of the County such as County Gross Receipts Tax Revenue, Environmental Gross Receipts Tax Revenue and Correctional System Revenue. The issuance of Revenue Bonds does not require voter approval. Revenue Bonds are issued by action (such as an ordinance or resolution) of the Board of County Commissioners.

### **Uses of Bond Proceeds**

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

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

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

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

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

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

## BONDING CAPACITY FOR GENERAL OBLIGATION REVENUES (Property Tax Revenues)

2010 Assessed Valuation (official value)	\$ 6,790,955,279
4% of assessed property value (rate that can be used for debt)	X 0.04
<b>LEGAL BONDING CAPACITY</b>	<b>\$ 271,638,211</b>
Less Outstanding Debt as of 6/30/2010 (Debt Service Fund 401)	
Outstanding 1999 Series (Open Space) 6/15/99 Issue*	10,635,000
Outstanding 2001A Series (Open Space) 11/1/01 Issue	4,390,000
Outstanding 2005A Series (Public Works, Water) 12/6/05 Issue	11,450,000
Outstanding 2005 Series (Refund 1997 Series) 8/18/05 Issue	6,480,000
Outstanding 2007A Series (Judicial Center) Series 3/8/07 Issue	21,300,000
Outstanding 2007B Series (Public Works and Water) Series 10/16/07	17,800,000
Outstanding 2008 Series (Buckman Direct Diversion Water Project) 10/14/2008 Issue	30,500,000
Outstanding 2009 Series (Public Works, Fire, Utilities, Open Space) 4/15/09 Issue	17,000,000
Outstanding 2010A Series (1999 Advance Refunding and 2001 Refunding) 2/12/10 Issue	13,505,000
*The 1999 Series was "Advance" refunded with the 2010 Series. \$9,880,000 of principal was paid off from proceeds of the 2010 Series.	
<b>Total Outstanding Debt (principal)</b>	<b>\$ 123,180,000</b>
<b>BONDING CAPACITY IN EXCESS OF PRESENT DEBT REQUIREMENTS</b>	<b>\$ 148,458,211</b>

# Santa Fe County, New Mexico

## Fiscal Year 2011 Budget



### Bond Issuing Authority

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

### Use of Bond Proceeds

Proceeds from the General Obligation Bonds Series 6/15/99 Issue was for the acquisition of real estate property for Open Space purposes. ***“Advance” refunded through proceeds from the 1/19/10 refunding issue.***

Proceeds from the General Obligation Bonds Series 5/23/01 Issue were for the purposes of acquiring real property, constructing, remodeling, and equipping County buildings used for public works and public safety purposes. ***Refunded through the proceeds from the 1/19/10 refunding issue.***

Proceeds from the General Obligation Bonds Series 11/1/01A Issue were for the purposes of the acquisition of real estate property for Open Space purposes.

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

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

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

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

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

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

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

Bond or Other Debt Instrument	Date of Issue	Original Amount	Outstanding On 6/30/10	Maturity Date
General Obligation Bonds (97 refund)	8/18/05	8,490,000	6,480,000	2017
General Obligation Bonds (OS)	6/15/99	12,000,000	10,635,000	2019
General Obligation Bonds (PS/PW)	5/23/01	8,500,000	0	Refunded
General Obligation Bonds (OS)	11/1/01	8,000,000	4,390,000	2017
General Obligation Bonds (PW, Water)	12/6/05	20,000,000	11,450,000	2026
General Obligation Bonds (Justice Ctr)	3/8/07	25,000,000	21,300,000	2027
General Obligation Bonds (PW, Water)	10/16/07	20,000,000	17,800,000	2028
General Obligation Bonds (BDD)	10/15/08	32,500,000	30,500,000	2024
General Obligation Bonds (PW, Utilities, Fire, OS)	4/15/09	17,000,000	17,000,000	2024
General Obligation Bonds (99 and 01 Refunding)	1/19/10	13,505,000	13,505,000	2020
Gross Receipts Tax Revenue Bond (ADF)	2/1/97	30,000,000	23,875,000	2027
Gross Receipts Tax Revenue Bonds (LE)	2/1/97	6,000,000	4,490,000	2027
Gross Receipts Tax Revenue Bonds (Judicial Court Complex)	9/10/2008	30,000,000	27,360,000	2033
Gross Receipts Tax Revenue Bonds (Water Rights)	10/29/09	12,090,000	11,825,000	2030
Gross Receipts Tax Revenue Bonds (BDD)	3/24/10	21,215,000	21,215,000	2031
Gross Receipts Tax Revenue Bonds (BDD)	3/24/10	10,195,000	10,195,000	2031

# Santa Fe County, New Mexico

## Fiscal Year 2011 Budget



### **Existing Debt Levels**

Santa Fe County's maximum legal debt capacity for General Obligation indebtedness as of June 30, 2010, is \$271,638,211 of which \$123,180,000 has been obligated. This leaves an available bonding capacity of \$148,458,211 in excess of present debt requirements. All revenues pledged for debt such as general gross receipts taxes, infrastructure gross receipts tax, and environmental gross receipts taxes are expected to be sufficient to make Fiscal Year 2011 debt service payments. Property tax rates for servicing the general obligation bond debt is set by the New Mexico Department of Finance and Administration after reviewing the County's general obligation debt schedule for the fiscal year. The property tax mil rate for debt service is reviewed and adjusted on an annual basis for each property tax year that runs from November 1<sup>st</sup> to October 31<sup>st</sup>.

County financial policy on debt is consistent with state requirements that limit gross receipts tax-based debt balances to 70% of annual collections and general obligation bond outstanding debt balances to 4% of assessed property valuation.

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

The debt service payments on the bonds and other instruments can be made using pledged annual revenues. The County pledges only those revenues that are allowed under State law, by voter authorization, action of the governing body and other financing policies and regulations.

As future capital needs warrant, the County may issue additional bonds or other debt instruments, but only up to its legal and available bonding capacity. Before additional debt is issued recurring annual revenues pledged for debt service will be analyzed carefully to ensure that sufficient revenues exist for making debt service payments.

