

NEW ISSUE – Book-Entry-Only

RATING: S&P: AA+

\$47,220,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2015

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, 2016. 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.

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 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 to (1) refund, refinance and redeem certain of the County's outstanding General Obligation Bonds, Series 2005A, (2) refund, refinance, pay and redeem certain of the County's outstanding General Obligation Bonds Series 2007A and Series 2007B, (3) acquire, construct, design and equip roads within the County, (4) acquire real property and necessary water rights for, and construct, design, equip, rehabilitate and improve, water and wastewater projects within the County, (5) acquire, design, construct, improve, equip and restore open space, trails and parks within the County, and (5) pay costs of issuance of the Bonds. 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 May 26, 2015, through the facilities of the Depository Trust Company, New York, New York.

CITIGROUP

Dated: April 14, 2015.

[INSIDE COVER]

MATURITIES, INTEREST RATES AND YIELDS OR PRICES

\$47,220,000
SANTA FE COUNTY, NEW MEXICO
NEW MONEY AND REFUNDING GENERAL OBLIGATION BONDS
SERIES 2015

Year (July 1)	Principal	Interest Rate	Price/Yield	CUSIP
2016	\$ 695,000	5.000%	105.144	801889NN2
2017	1,875,000	5.000%	109.045	801889NP7
2018	2,345,000	5.000%	112.494	801889NQ5
2019	2,625,000	5.000%	115.364	801889NR3
2020	3,015,000	5.000%	118.027	801889NS1
2021	3,570,000	5.000%	120.319	801889NT9
2022	4,260,000	5.000%	121.898	801889NU6
2023	4,225,000	5.000%	123.415	801889NV4
2024	5,035,000	5.000%	124.837	801889NW2
2025	4,510,000	2.750%	103.673 C**	801889NX0
2026	11,250,000	3.000%	104.876 C**	801889NY8
2027	1,880,000	3.000%	103.220 C**	801889NZ5
2028	935,000	3.000%	101.594 C**	801889PA8
2030*	1,000,000	3.500%	103.952 C**	801889PB6

* Term Bond subject to mandatory sinking fund redemption.

** C denotes bonds priced to optional redemption date of July 1, 2024.

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

Chair	Robert A. Anaya
Vice-Chair	Miguel M. Chavez
Commissioner	Henry Roybal
Commissioner	Kathy Holian
Commissioner	Liz Stefanics

ADMINISTRATION

County Manager	Katherine Miller
County Clerk	Geraldine Salazar
County Treasurer	Patrick Varela
County Assessor	Gus Martinez
County Finance Director	Carole Jaramillo
County Attorney	Gregory S. Shaffer

FINANCIAL ADVISOR

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BOND COUNSEL

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Albuquerque, New Mexico 87102
(505) 848-1800

PAYING AGENT/REGISTRAR

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

TABLE OF CONTENTS

INTRODUCTION AND SUMMARY 1
 The Issuer 1
 Authority for Issuance and Purpose..... 1
 The Bonds..... 2
 Security 2
 Financial Statements..... 2
 Selected Debt Ratios..... 2
 Tax Matters..... 3
 Agents and Advisors..... 3
 Additional Information 3

THE BONDS 3
 Description 3
 Authorization 4
 Bond Registrar and Paying Agent 4
 Payment of Principal and Interest; Record Date 4
 Mandatory Sinking Fund Redemption..... 4
 Optional Redemption of Bonds 5
 Exchange or Transfer of Bonds 6
 Tax Covenants 6
 Book-Entry-Only System 6

SECURITY AND REMEDIES 8
 General 8
 Legal Matters..... 9
 Limitations on Remedies Available to Owners of Bonds..... 9

PURPOSE AND PLAN OF FINANCING..... 9

SOURCES AND USES OF FUNDS..... 10

DEBT AND OTHER FINANCIAL OBLIGATIONS..... 10
 General Obligation Debt..... 10
 Debt Service Requirements to Maturity 11
 Statement of Estimated Direct and Overlapping Debt..... 12
 Other Obligations of the County..... 13
 Analysis of Assessed Valuation..... 14
 History of Assessed Valuation..... 14
 Tax Rates..... 15
 Major Taxpayers..... 16
 Yield Control Limitation 16
 Limitations on Residential Property Tax Increases 16
 Tax Collections on Locally Assessed and Centrally Assessed Property 17
 Interest on Delinquent Taxes 17
 Penalty for Delinquent Taxes 17
 Remedies Available for Non-Payment of Taxes 18
 Protest..... 18

FINANCES OF THE COUNTY 18
 Budget Process 18
 Financial Statement 19
 General Fund 20

THE COUNTY..... 21
 General 21
 Board of County Commissioners..... 21
 Retirement 23

TABLE OF CONTENTS

New Mexico Retiree Health Care Authority	24
County Insurance Coverage.....	24
THE ECONOMY	24
General	24
State Government	24
Education.....	25
Trade.....	26
Tourism	26
Indian Arts and Crafts.....	26
Health	26
ECONOMIC AND DEMOGRAPHIC STATISTICS	26
Population.....	27
Age Distribution	27
Employment	28
Major Employers	28
Wage and Salary Employment	28
Gross Receipts	30
Services Available to County Residents.....	30
TAX EXEMPTION.....	30
Original Issue Premium	31
Internal Revenue Service Audit Program	31
CONTINUING DISCLOSURE INFORMATION.....	32
Compliance with Prior Undertakings	34
LITIGATION	34
RATINGS.....	34
LEGAL MATTERS	35
TRANSCRIPT AND CLOSING DOCUMENTS	35
ADDITIONAL INFORMATION	35
OFFICIAL STATEMENT CERTIFICATION.....	35
APPENDIX A - OPINION OF BOND COUNSEL	A-1
APPENDIX B - AUDITED FINANCIAL STATEMENTS – JUNE 30, 2014	B-1
APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT	C-1

OFFICIAL STATEMENT

\$47,220,000

SANTA FE COUNTY, NEW MEXICO GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS SERIES 2015

INTRODUCTION AND SUMMARY

This Official Statement is furnished to prospective purchasers of the Santa Fe County, New Mexico General Obligation Refunding and Improvement Bonds, Series 2015 (the "Bonds"), issued in the aggregate principal amount of \$47,220,000 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 31, 2015 (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 (estimated 2014). 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. \$39,220,000 in principal amount of the Bonds will be allocated to (1) refund, refinance and redeem, on July 1, 2015, the County's outstanding General Obligation Bonds, Series 2005A maturing on and after July 1, 2016, (2) refund, refinance, pay and redeem, on July 1, 2016, the County's outstanding General Obligation Bonds Series 2007A and Series 2007B maturing on and after July 1, 2017, and (3) pay a portion of the costs of issuance of the Bonds. \$8,000,000 in principal amount of the Bonds (the "Bonds"), representing the second 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, will be allocated among those purposes and to pay a portion of the costs of issuance of the Bonds.

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, 2016 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, 2014, 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:

2014 Assessed Valuation	\$6,522,687,894
2014 Estimated Actual Valuation ⁽¹⁾	\$20,015,225,382
County Net Debt as a Percentage of Assessed Valuation	1.89%
Estimated Actual Valuation	0.62%
Direct and Overlapping Debt as a % of Assessed Valuation	7.12%
Estimated Actual Valuation	2.13%
Estimated Population	144,170
County General Obligation Current Outstanding Debt	\$78,325,000
Series 2015 General Obligation Bonds	\$48,650,000
County Net General Obligation Debt	\$123,484,984
Estimated Direct & Overlapping GO Debt	\$425,973,861
County Net Debt Per Capita	\$856.52
Direct & Overlapping Debt Per Capita	\$2,954.66

⁽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. Axiom Certified Public Accountants and Business Advisors LLC has audited the County's general purpose financial statements as of and for the year ended June 30, 2014.

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 may also receive a fee for conducting a competitive bid process regarding the investment of certain proceeds 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 \$47,220,000 and will be dated the Date of Delivery, which is expected to be on or about May 26, 2015. 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, 2016, 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 14, 2015 (together, the "Resolution"). A copy of the Official Notice of Meeting and Bond Sale is attached to this Official Statement as Appendix C.

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").

Mandatory Sinking Fund Redemption

The Bonds maturing on July 1, 2030 are subject to mandatory sinking fund redemption on July 1 in each of the years and principal amounts stated below at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date. As and for a sinking fund for the Bonds so specified, the County shall cause to be deposited to the Interest and Sinking Fund a sum which is sufficient to redeem the following principal amounts plus interest accrued to the sinking fund redemption date:

Year	Principal Amount
2029	\$500,000
2030*	500,000

*Final maturity.

Optional Redemption of Bonds

The Bonds maturing on and after July 1, 2025 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, 2024, 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-Entry-Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. One fully registered bond for each maturity, in the aggregate principal amount of such maturity, will be 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, and will be deposited with DTC.

DTC 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, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc.; the American Stock Exchange, LLC; and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, (the "Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser or 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, but Beneficial Owners are 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 interest in the Bonds, except in the event that 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 nominee do not effect 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 such accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers.

For every transfer and exchange of Bonds or an interest therein, the Beneficial Owner may be charged a service charge together with a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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.

Redemption notices shall be sent to Cede & Co. If fewer 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 to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. 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). Principal and interest payments on the Bonds will be made to DTC 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 the Paying Agent on the payment 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 or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the County, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

So long as Cede & Co. or its registered assign is the registered owner of the Bonds, the County will be entitled to treat Cede & Co., or its registered assign, as the absolute owner thereof for all purposes of the Resolution and any applicable laws, notwithstanding any notice to the contrary received by the County, and the County will have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds.

When reference is made to any action that is required or permitted to be taken by the Beneficial Owners, such reference relates only to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the County does not have responsibility for distributing such notices to the Beneficial Owners.

The County does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment of DTC or any DTC Participant of any amount due to any Beneficiary Owner in respect of principal of and premium, if any, and interest on the Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Bonds.

DTC may discontinue providing its services as securities 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 securities depository is not obtained, bond certificates 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, bond certificates will be printed.

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 Bonds will be issued in a principal amount of \$47,220,000, of which \$39,220,000 in principal amount of the Bonds will be applied to refund, refinance and redeem, on July 1, 2015, the County's outstanding General Obligation Bonds, Series 2005A maturing on and after July 1, 2016, and to refund, refinance, pay and redeem, on July 1, 2016, the County's outstanding General Obligation Bonds Series 2007A and Series 2007B maturing on and after July 1, 2017, and (3) pay a portion of the costs of issuance of the Bonds. \$8,000,000 in principal amount of the Bonds (the "Bonds"), representing the second 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, will be allocated among those purposes and to pay a portion of the costs of issuance of the Bonds.

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	\$47,220,000.00
Reoffering Premium	6,172,379.90
TOTAL SOURCE OF FUNDS	\$53,392,379.90
USES OF FUNDS	
Deposit to Refunding Escrow	\$44,246,868.84
Costs of Issuance	200,000.00
Underwriter's Discount	89,396.91
Additional Proceeds	8,856,114.15
TOTAL USES OF FUNDS	\$53,392,379.90

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:

2014 Assessed Valuation	\$6,522,687,894
2014 Estimated Actual Valuation ⁽¹⁾	\$20,015,225,382
Bonded Debt	
Current Outstanding Debt	\$78,325,000
Series 2015 Bonds	47,220,000
Less Debt Service Fund Balance ⁽²⁾	3,490,016
NET DEBT	\$129,005,016
Ratio of Estimated Net Debt to 2014 Assessed Valuation	1.98%
Ratio of Estimated Net Debt to 2014 Estimated Actual Valuation	0.64%
Per Capita Net Bonded Debt:	\$894.81
Estimated Population	144,170

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

⁽²⁾ The cash balance in the debt service fund was \$6,554,675 as of April 20, 2015. The amount attributable to principal reduction is 60.77%.

Debt Service Requirements to Maturity

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

Year	Present Requirement ⁽¹⁾			Series 2015 Bonds			Total Requirements		
	Principal (July 1)	Interest	Total	Principal (July 1)	Interest	Total	Principal (July 1)	Interest	Total
2015	\$ 7,135,000	\$ 4,563,006	\$11,698,006	-	-	-	\$ 7,135,000	\$ 4,563,006	\$ 11,698,006
2016	7,070,000	3,942,656	11,012,656	\$ 695,000	\$ 2,154,094	\$ 2,849,094	7,765,000	6,096,750	13,861,750
2017	6,700,000	2,294,700	8,994,700	1,875,000	1,928,475	3,803,475	8,575,000	4,223,175	12,798,175
2018	6,895,000	2,079,850	8,974,850	2,345,000	1,834,725	4,179,725	9,240,000	3,914,575	13,154,575
2019	6,250,000	1,843,000	8,093,000	2,625,000	1,717,475	4,342,475	8,875,000	3,560,475	12,435,475
2020	6,250,000	1,610,000	7,860,000	3,015,000	1,586,225	4,601,225	9,265,000	3,196,225	12,461,225
2021	6,250,000	1,369,500	7,619,500	3,570,000	1,435,475	5,005,475	9,820,000	2,804,975	12,624,975
2022	6,250,000	1,124,500	7,374,500	4,260,000	1,256,975	5,516,975	10,510,000	2,381,475	12,891,475
2023	6,250,000	872,000	7,122,000	4,225,000	1,043,975	5,268,975	10,475,000	1,915,975	12,390,975
2024	6,575,000	613,250	7,188,250	5,035,000	832,725	5,867,725	11,610,000	1,445,975	13,055,975
2025	6,000,000	363,500	6,363,500	4,510,000	580,975	5,090,975	10,510,000	944,475	11,454,475
2026	1,750,000	203,500	1,953,500	11,250,000	456,950	11,706,950	13,000,000	660,450	13,660,450
2027	2,475,000	148,500	2,623,500	1,880,000	119,450	1,999,450	4,355,000	267,950	4,622,950
2028	2,475,000	74,250	2,549,250	935,000	63,050	998,050	3,410,000	137,300	3,547,300
2029	-	-	-	500,000	35,000	535,000	500,000	35,000	535,000
2030	-	-	-	500,000	17,500	517,500	500,000	17,500	517,500
	<u>\$78,325,000</u>	<u>\$21,102,212</u>	<u>\$99,427,212</u>	<u>\$47,220,000</u>	<u>\$15,063,069</u>	<u>\$62,283,069</u>	<u>\$125,545,000</u>	<u>\$36,165,281</u>	<u>\$161,710,281</u>

⁽¹⁾ Excludes the Refunded Bonds.

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.

Entity	2014 Assessed Valuation	GO Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$56,735,504,632	\$247,635,000	10.54%	\$ 26,096,501
Santa Fe County	6,522,687,894	126,975,000	100.00%	126,975,000
City of Santa Fe	3,721,987,667	43,065,000	100.00%	43,065,000
Town of Edgewood	99,227,073	3,670,000	100.00%	3,670,000
City of Española	178,760,453	-	25.91%	-
Española Schools	576,740,270	30,815,000	20.98%	6,464,608
Moriarty Schools	508,701,697	20,865,000	46.98%	9,802,752
Pojoaque Schools	185,933,949	6,845,000	100.00%	6,845,000
Santa Fe Community College	5,978,853,495	27,755,000	100.00%	27,755,000
Santa Fe Schools	5,978,953,495	175,300,000	100.00%	175,300,000
Total Direct and Overlapping Debt				\$425,973,861

Ratio of Estimated Direct & Overlapping Debt to 2014 Assessed Valuation:	7.12%
Ratio of Estimated Direct & Overlapping Debt to 2014 Estimated Actual Valuation:	2.13%
Per Capita Direct & Overlapping Debt:	\$2,954.66

Other Obligations of the County

The table below summarizes all outstanding revenue bonds and other obligations of the County as of June 30, 2014, except as otherwise noted.

Type and Series of Revenue Obligations	Original Principal Amount	Interest Rate	Date of Final Maturity	Amount Outstanding as of 6/30/14	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	2.00-5.00%	6/1/2030	\$27,180,000	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	\$10,000,000	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	\$26,520,000	5/16 of one percent gross receipts tax
Correctional System Revenue Bonds, Series 1997	\$30,000,000	5.00-6.00%	2/1/2027	\$20,000,000	5/16 of one percent gross receipts tax
Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A	\$6,000,000	5.00-6.00%	2/1/2027	\$3,760,000	5/16 of one percent gross receipts tax
New Mexico Finance Authority/Water Trust Board Loan Grant Sharing Agreement with the City of Santa Fe	\$500,000	0.25%**	6/1/2029	\$373,565	Revenue not pledged by ordinance but is paid from 1/4 of one percent capital outlay 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.

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

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 2014 Assessed Valuation is \$6,522,687,894. 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessments					
Value of Land	\$2,253,530,245	\$2,242,489,365	\$2,202,382,329	\$2,179,391,621	\$2,214,329,809
Improvements	4,570,320,025	4,586,323,106	4,615,982,628	4,624,028,218	4,244,058,320
Personal Property	66,360,640	65,211,083	62,480,943	63,434,470	59,422,089
Mobile Homes	38,005,781	35,730,283	33,738,479	31,148,062	25,038,114
Livestock	1,334,487	1,296,820	1,569,237	1,686,888	1,356,690
Assessors Total Taxable Value	<u>\$6,929,551,178</u>	<u>\$6,931,050,657</u>	<u>\$6,916,153,616</u>	<u>\$6,899,689,259</u>	<u>\$6,544,205,022</u>
Less Exemptions					
Head of Family	\$ 34,637,163	\$ 36,764,169	\$ 38,692,370	\$ 40,024,500	\$ 41,202,720
Veterans	51,150,178	54,009,491	58,369,621	60,332,905	60,100,559
Other	41,711,793	42,801,476	42,342,346	41,514,375	47,750,621
Total Exemptions	<u>\$127,499,134</u>	<u>\$133,575,136</u>	<u>\$139,404,337</u>	<u>\$141,871,780</u>	<u>\$149,053,900</u>
Assessors Net Taxable Value	\$6,802,052,044	\$6,797,475,521	\$6,776,749,279	\$6,757,817,479	\$6,395,151,122
Centrally Assessed	114,007,489	119,334,897	119,745,937	120,107,484	127,536,772
Total Assessed Valuation	<u>\$6,916,059,533</u>	<u>\$6,916,810,418</u>	<u>\$6,896,495,216</u>	<u>\$6,877,924,963</u>	<u>\$6,522,687,894</u>

Source: Santa Fe County Assessor's Office.

History of Assessed Valuation

In 2011 the County Assessor hired an outside consultant firm to assist in a 3-year detailed revaluation of all taxable parcels of real property within County for the purpose of bringing such parcels to current and correct values. The revaluation resulted in the identification of both new parcels and new construction which had not previously been included on the tax rolls, which increased valuation has been offset by significant declines in existing property values stemming from the housing crisis that impacted much of the United State and for which prior year assessed values had not accounted. As reflected in the following table, the revaluation resulted in a total reduction in assessed value by approximately 5.69% for tax year 2014.

<u>Tax Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>
2010	\$3,698,558,947	\$6,916,059,553
2011	3,705,370,595	6,916,810,418
2012	3,710,979,288	6,896,495,216
2013	3,723,985,725	6,877,924,963
2014	3,721,987,667	6,522,687,894

Source: Santa Fe County Assessor's Office.

Based upon preliminary values provided by the County Assessor the County Assessor anticipates total assessed value growth for 2015 at 2%.

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 2014-2015 Fiscal Year and the previous four years. Except as required to meet debt service on general obligation bonds and as a result of application of the yield control statute, Section 7-37-7.1 NMSA 1978, 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. See “DEBT AND OTHER FINANCIAL OBLIGATIONS – Yield Control Limitation” herein. 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

Within 20 Mill Limit for General Purposes					
	2014-15	2013-14	2012-13	2011-12	2010-11
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Santa Fe County	5.911	5.219	5.022	4.891	4.697
City of Santa Fe	1.308	1.206	1.165	1.135	1.093
Santa Fe Schools	0.152	0.133	0.128	0.125	0.120
Total	\$7.371	\$6.558	\$6.315	\$6.151	\$5.910
Over 20 Mill Limit – Interest, Principal, Judgment, etc.					
	2014-15	2013-14	2012-13	2011-12	2010-11
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.362	\$1.530
Santa Fe County	1.731	1.641	1.640	1.851	1.873
Santa Fe Community College	3.625	3.386	3.292	3.314	3.220
City of Santa Fe	0.843	0.876	0.564	0.743	0.679
Santa Fe Schools	8.433	6.916	6.920	6.995	6.920
Total	\$15.992	\$14.179	\$13.776	\$14.265	\$14.222
Total Levy					
	2014-15	2013-14	2012-13	2011-12	2010-11
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.362	\$1.530
Santa Fe County	7.642	6.860	6.662	6.742	6.570
Santa Fe Community College	3.625	3.386	3.292	3.314	3.220
City of Santa Fe	2.151	2.082	1.729	1.878	1.772
Santa Fe Schools	8.585	7.049	7.048	7.120	7.040
Total Residential in City of Santa Fe	\$23.363	\$20.737	\$20.091	\$20.416	\$20.132
Total Non-Residential in City of Santa Fe	\$31.447	\$29.890	\$29.581	\$30.123	\$29.865
Total Residential in Unincorporated County	\$21.212	\$18.655	\$18.362	\$18.538	\$18.360
Total Non-Residential in Unincorporated County	\$27.804	\$26.197	\$26.200	\$26.563	\$26.618

Source: New Mexico Department of Finance and Administration.

Major Taxpayers

The ten largest taxpayers in Santa Fe County have a combined valuation of \$151,855,194, representing 2.32% of the total assessed valuation within the County.

<u>Name</u>	<u>Type of Business</u>	<u>2014 A.V.</u>	<u>% of A.V.</u>
Public Service Company of NM	Electric Utility	\$50,990,201	0.78%
Gas Company of NM	Gas Utility	15,034,929	0.23%
Truzaf Limited Partnership	Real Estate	14,641,877	0.22%
Qwest Corporation	Telephone Utility	14,330,555	0.22%
Guadalupe Hotel	Hotel	10,881,798	0.17%
La Fonda Holding, LLC	Retail	9,899,943	0.15%
Mid-America	Pipeline	9,794,428	0.15%
BNSF	Railroad	9,339,540	0.14%
Rancho Encantado	Real Estate	8,941,923	0.14%
Santa Fe Mall	Retail	8,000,000	0.12%
	Total	\$151,855,194	2.32%

Source: Santa Fe County Treasurer'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 is 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	Current/ Delinquent Collections as a % of Net Levied
2014	14/15	\$159,173,126	\$ 97,689,656	61.37%	\$ 97,689,656 ⁽²⁾	61.37% ⁽²⁾
2013	13/14	150,684,994	143,534,371	95.25%	143,534,371	97.71%
2012	12/13	148,116,715	140,793,450	95.06%	145,327,651	98.75%
2011	11/12	150,685,186	142,374,476	94.48%	149,005,340	99.21%
2010	10/11	149,219,640	140,663,676	94.27%	148,130,646	99.66%
2009	09/10	142,554,956	132,269,257	92.78%	141,744,017	99.73%
2008	08/09	133,688,164	124,332,592	93.00%	133,155,449	99.81%
2007	07/08	121,467,244	113,646,696	93.56%	121,022,977	99.43%
2006	06/07	105,196,856	99,380,102	94.47%	104,891,348	99.73%
2005	05/06	100,989,803	95,003,813	94.07%	100,806,493	99.92%

Source: Santa Fe County Treasurer's Office.

⁽¹⁾ As of June 30 each year.

⁽²⁾ As of February 2015.

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 Years 2012, 2013 and 2014 budget presentations.

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 Axiom Public Accountants and Business Advisors LLC, which performed the audit of the County's Financial Statements for the fiscal year ended June 30, 2014, to the inclusion of the fiscal year 2014 audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements.

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances Fiscal Years Ended June 30, 2010 through 2014

	2010	2011	2012	2013	2014
REVENUES					
Property taxes	\$42,422,144	\$28,795,228 ⁽¹⁾	\$28,008,593	\$45,631,432	\$48,196,257
Gross receipts taxes	7,820,495	7,609,719	7,882,901	8,291,976	8,572,788
Other taxes & assessments	1,012,028	1,163,118	1,303,214	992,488	1,262,783
Licenses, permits & fees	-	849,815	503,423	587,595	703,243
Charges for services	1,797,439	1,469,573	1,938,303	1,923,265	1,849,949
Fines & forfeitures	-	1,700	1,705	1,518	660
Interest earnings	2,607,879	1,676,623	1,608,197	1,886,843	1,576,111
Grants (federal and state)	-	822,707	862,173	939,382	477,289
Other	71,962	44,151	301,856	224,575	845,126
Intergovernmental	2,041,235	839,755	741,488	682,763	668,483
Total Revenues	57,773,182	43,272,389	43,151,853	61,161,837	64,152,689
EXPENDITURES					
Current					
General government	20,447,002	20,004,737	18,558,010	20,404,024	21,102,917
Public safety	-	-	-	395,226	212,281
Culture & recreation	819,119	791,099	931,569	1,102,763	910,187
Public works	3,611,603	3,516,403	4,287,209	5,227,894	5,693,737
Highways & streets	1,003,183	1,312,385	555,547	166,315	-
Health & welfare	803,650	1,729,510	2,207,956	1,984,886	1,804,825
Housing	--	--	47,256	54,114	173,059
Capital Improvements	8,722,524	328,209	1,841,533	1,943,334	916,729
Total expenditures	35,407,081	27,682,343	28,429,080	31,278,556	30,813,735
Excess (deficiency) of revenues over expenditures	22,366,101	15,590,046	14,722,773	29,883,281	33,338,954
Other financing sources (uses):					
Transfers from other funds	5,600,880	1,485,001	2,376,100	341,490	640,520
Transfers to other funds	(28,002,630)	(3,070,953)	(3,706,891)	(32,290,271)	(30,512,822)
Net other financing sources (uses)	(22,401,750)	(1,583,952)	(1,330,791)	(31,948,781)	(29,872,302)
Net Change in Fund Balance	(35,649)	14,004,094	13,391,982	(2,065,500)	3,466,652
<i>Restatement</i>				(96,353)	
<i>Fund balance beginning of year</i>	44,241,961	44,206,312	58,210,406	71,602,388	69,440,535
Fund balance, end of year	\$44,206,312	\$58,210,406	\$71,602,388	\$69,440,535	\$72,907,187

⁽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.

The audited figures for fiscal years ended June 30, 2014, 2013, 2012, 2011 and 2010 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 Years Ended June 30, 2010 through 2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
ASSETS					
Cash and investments	\$42,695,468	\$48,239,210	\$55,378,765	\$54,372,546	\$62,719,467
Cash and investments - restricted	-	8,315,290	8,315,290	6,500,000	8,099,490
Receivables	2,020,545	448,388	819,060	626,366	587,429
Taxes receivable	6,145,824	7,375,838	7,494,690	7,243,583	6,950,608
Prepays & other	-	-	-	48,450	122,035
Due from other funds	1,020,896	720,492	6,395,766	8,491,887	1,345,930
Total assets	<u>\$51,882,733</u>	<u>\$65,099,218</u>	<u>\$78,403,571</u>	<u>\$77,282,832</u>	<u>\$79,824,959</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 354,080	\$ 981,820	\$ 1,084,000	\$ 1,128,867	\$ 907,243
Accrued payroll (wages & benefits)	539,918	588,905	649,361	679,394	828,959
Due to other funds	-	-	-	-	6,062
Deferred revenue	6,768,764	5,197,983	4,911,836	5,868,456	5,033,410
Deposits held for others	-	93,890	131,477	142,589	119,671
Other current liabilities	13,659	26,214	24,509	22,991	22,427
Total Liabilities	<u>7,676,421</u>	<u>6,888,812</u>	<u>6,801,183</u>	<u>7,842,297</u>	<u>6,917,772</u>
Fund balances (deficits):					
Reserved for encumbrances	2,850,794	-	-	-	-
Contingency	1,815,290	-	-	-	-
Unreserved:					
Undesignated	39,540,228	-	-	-	-
Nonspendable	-	-	-	48,450	112,035
Restricted	-	16,660,890	27,022,089	30,269,798	28,659,177
Committed	-	14,000,000	21,000,000	33,800,000	37,800,000
Unassigned	-	27,549,516	23,580,299	5,322,287	6,325,975
Total fund balances	<u>44,206,312</u>	<u>58,210,406</u>	<u>71,602,388</u>	<u>69,440,535</u>	<u>72,907,187</u>
Total liabilities and fund balances	<u>\$51,882,733</u>	<u>\$65,099,218</u>	<u>\$78,403,571</u>	<u>\$77,282,832</u>	<u>\$79,824,959</u>

THE COUNTY

General

Santa Fe County (pop. 147,423, estimated 2013) 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 and ambulance service by County and Volunteer Fire Departments;
5. road construction and 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:

Member	Position	Term Expires
Robert A. Anaya	Chair	12/31/18
Miguel M. Chavez	Vice-Chair	12/31/16
Henry Roybal	Commissioner	12/31/18
Kathy Holian	Commissioner	12/31/16
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.

Carole Jaramillo began her service with Santa Fe County in April of 2007 as an accountant. Since that time, Ms. Jaramillo has served as the payroll supervisor, then the budget administrator for six years before recently being named Finance Director. Prior to her experience at the County, Ms. Jaramillo spent her career in the not-for-profit sector serving various entities in financial capacities of accountant, assistant controller and finance director. Ms. Jaramillo studied Business Administration at George Mason University in Fairfax, Virginia and is an alumna of the Leadership New Mexico Local Government Leadership Program, serving on that program's curriculum committee.

Gregory S. Shaffer has served as County Attorney since May 5, 2014. Prior to moving to Santa Fe in 2004, he practiced in the field of complex commercial litigation in New York City, primarily with a national law firm. He began his career in public service when he moved to Santa Fe, working as an Assistant Santa Fe County Attorney for approximately two years and three months before working for the State of New Mexico for approximately seven years and nine months, primarily with the New Mexico Department of Finance and Administration ("DFA"). From November, 2010, to May, 2014, he was DFA's General Counsel. Mr. Shaffer is a 1997 graduate of the New York University ("NYU") School of Law, where he was a member of the editorial staff of NYU's Law Review.

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 14.65% of their gross salary; police members are required to contribute 17.80%, and fire members are required to contribute 17.70% of their gross salary. The County is required to contribute 18.50% for police members, 21.25% for all fire members, and 9.15% for all other plan members. The County elects to contribute 10.99% for regular members, 10.15% for police members, and 13.27% for fire members 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 2014, 2013, and 2012 were \$8.3M, \$7.5M and \$7.2M, respectively, which were equal to the amount of the contributions due 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, 2013, is shown below:

State of New Mexico Public Employees Retirement Fund Summary Information as of June 30, 2013

Membership ⁽¹⁾	89,929
Actuarial Information	
Actuarial Accrued Liability ⁽²⁾	\$17,057,380,022
Actuarial Value of Assets	\$12,438,151,665
Unfunded Actuarial Accrued Liability	\$4,619,228,357

Source: PERA Comprehensive Annual Financial Report for the Year Ended June 30, 2013.

⁽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, 2013, PERA has an amortization or funding period designated as infinite, based on the employer and member contribution rates in effect as of July 1, 2013. 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 72.90% as of June 30, 2013 and the unfunded accrued actuarial liability of the PERA Fund has been calculated to be approximately \$4.62 billion. The PERA Board has reviewed the results of its June 30, 2013 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 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 dependents. 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. For employees who were members of an enhanced retirement plan during fiscal year 2014, the statute required each participating employer to contribute 2.50% of each participating employee's annual salary, and each participating employee to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during during fiscal year 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary, and each participating employee to contribute 1.0% of their salary. The County's contributions to the NMRHCA for the years ended June 30, 2014, 2013 and 2012 were \$780,883, \$733,493 and \$707,098, 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, general liability, auto damage, errors and omissions coverage, emergency medical and law enforcement liability with the New Mexico County Insurance Authority and volunteer fire fighters 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 approximately 8,968. 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 2014-2015 enrollment of 13,201 students. The District operates 31 school sites, including 21 elementary schools, 6 middle schools, 3 high schools and 1 international magnet school. These schools include 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 424 (full and part-time), serving approximately 6,501 students (credit enrollment). [[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 14.54 percent of the County's workforce was employed in the retail trade sector as of the end of fiscal year 2014.

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, 380 staff physicians representing 34 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.

<u>Census Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe MSA</u>	<u>State of New Mexico</u>
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

Source: U.S. Department of Commerce, Bureau of the Census.

* Projected.

Age Distribution

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

Percentage of Population

<u>Age Group</u>	<u>Santa Fe MSA</u>	<u>New Mexico</u>	<u>United States</u>
0 - 17	19.9%	24.8%	23.4%
18 - 24	7.4%	9.8%	10.0%
25 - 34	10.9%	13.2%	13.2%
35 - 44	11.9%	11.8%	12.7%
45 - 54	14.0%	12.9%	13.8%
55 and Older	35.8%	27.5%	26.9%

Source: The Nielsen Company, 2014.

Employment

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

Year	Santa Fe County		State of New Mexico		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2014	74,405	4.20%	926,203	5.50%	5.60%
2013	74,859	5.00%	931,320	6.30%	6.70%
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%

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.

Employer	Business Type	Number of Employees
State of New Mexico	Government	23,601
Los Alamos National Laboratory	Government	10,199
Christus St. Vincent Hospital	Health Care	2,021
Santa Fe Public School District	Education	2,000
City of Santa Fe	Government	1,500
Santa Fe Community College	Education	861
Santa Fe County	Government	900
Peters Corporation	Real Estate	730
Buffalo Thunder	Casino	700
Santa Fe Opera	Fine Arts	630
Total		43,142

Source: Santa Fe Chamber of Commerce, 2014.

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	2010	2011	2012	2013	2014⁽¹⁾
Grand Total	60,538	60,477	60,249	60,681	60,712
Total Private	42,444	43,072	43,312	43,774	43,628
Agriculture, Forestry, Fishing & Hunting	113	142	156	157	185
Mining	101	92	99	86	100
Utilities	265	256	252	247	252
Construction	3,160	3,060	3,008	3,146	2,908
Manufacturing	783	784	787	839	840
Wholesale Trade	1,005	972	913	947	909
Retail Trade	8,493	8,630	8,965	9,016	8,853
Transportation & Warehousing	853	817	912	934	963
Information	1,297	1,078	959	1,054	1,057
Finance & Insurance	1,718	1,735	1,776	1,781	1,639
Real Estate & Rental & Leasing	865	813	802	866	881
Professional & Technical Services	2,641	2,652	2,558	2,475	2,457
Management of Companies & Enterprises	223	238	192	194	179
Administrative & Waste Services	1,843	2,143	1,986	2,073	2,025
Educational Services	4,585	4,787	4,643	4,597	4,845
Health Care & Social Assistance	8,963	9,370	9,335	9,113	9,066
Arts, Entertainment & Recreation	2,169	2,151	2,189	2,363	2,323
Accommodation & Food Services	8,211	8,251	8,426	8,474	8,820
Other Services, Ex. Public Administration	2,441	2,480	2,527	2,531	2,584
Unclassified	*	*	*	*	*
Total Government	18,094	17,405	16,938	16,907	17,084
Federal	1,179	1,027	980	958	967
State	9,667	9,179	8,747	8,782	8,888
Local	7,248	7,199	7,211	7,167	7,230

Source: New Mexico Department of Workforce Solutions.

* Figures withheld to avoid disclosing confidential data.

⁽¹⁾ Average, Second Quarter 2014.

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.

Effective Buying Income Group	Santa Fe MSA	New Mexico	United States
Under \$25,000	26.8%	29.6%	23.7%
\$25,000 - \$34,999	9.7%	12.7%	11.1%
\$35,000 - \$49,999	15.0%	16.6%	15.5%
\$50,000 - \$74,999	17.5%	18.3%	19.5%
\$75,000 and over	31.0%	22.9%	30.2%
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
2013 Est. Median Household Income	\$42,553	\$43,273	\$49,297
2014 Est. Median Household Income	\$48,526	\$44,292	\$51,579

Source: The Nielsen Company, 2014.

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 Ended June 30	Santa Fe County		State of New Mexico	
	Retail Trade	Total	Retail Trade	Total
2014	\$2,139,843,626	\$6,071,042,366	\$24,395,913,091	\$108,731,199,315
2013	1,877,184,450	5,884,347,249	23,873,876,703	107,473,847,912
2012	1,867,655,937	5,911,392,010	23,914,774,353	105,352,789,050
2011	1,820,314,405	6,288,950,634	23,499,892,737	104,209,078,834
2010	1,793,531,294	6,169,747,633	23,916,971,360	95,632,434,973
2009	2,045,956,648	6,593,215,020	23,812,635,284	105,449,821,075
2008	2,184,056,446	7,201,235,320	25,711,762,198	111,658,328,633
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	1,851,541,287	5,855,693,595	21,060,638,135	79,676,419,549

Source: New Mexico Taxation and Revenue Department.

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 Premium

The Bonds have been 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"). As provided in the form of Continuing Disclosure Agreement attached to this Official Statement as Appendix C, 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. The County did not timely file a Moody's rating change in August 2013 related to its County Gross Receipts Tax Bonds and Capital Outlay Gross Receipts Tax Bonds. The rating change resulted from a Moody's surveillance rating process. The rating change was disclosed on EMMA immediately following the discovery that the rating change had not been filed. The County anticipates that it will adopt a Continuing Disclosure compliance procedure policy on April 14, 2015. Except as indicated in this paragraph, the County believes that it has been in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with bonds issued by the County over the past five years.

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 rating reflects 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 rating will not be revised downward or withdrawn entirely by the S&P if, in its 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 (including its employees, advisors, and attorneys) 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: /s/
Robert A. Anaya, Chair
Board of County Commissioners

APPENDIX A

OPINION OF BOND COUNSEL

_____, 2015

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 \$47,220,000 General Obligation Refunding and Improvement Bonds, Series 2015 (the "Bonds") dated _____, 2015, with interest payable on January 1, 2016, 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 2016 through 20____, inclusive.

The Bonds will be issued in a principal amount of \$47,220,000, of which \$39,220,000 in principal amount of the Bonds will be applied to refund, refinance and redeem, on July 1, 2015, the County's outstanding General Obligation Bonds, Series 2005A maturing on and after July 1, 2016, and to refund, refinance, pay and redeem, on July 1, 2016, the County's outstanding General Obligation Bonds Series 2007A and Series 2007B maturing on and after July 1, 2017, and (3) pay a portion of the costs of issuance of the Bonds. \$8,000,000 in principal amount of the Bonds (the "Bonds"), representing the second 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, will be allocated among those purposes and to pay a portion of the costs of issuance of the Bonds.

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 of the County 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. 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. 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. Interest on the Bonds is excludable from net income of the owners of the Bonds for purposes of the tax imposed on individuals, estates and trusts under the State Income Tax Act and for purposes of the tax imposed on corporations under the State Corporate Income and Franchise Tax Act.

Other than as described in this opinion, 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.

The opinions expressed herein represent our legal judgment based upon existing legislation as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of a result, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds.

Respectfully,

APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2014

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

SANTA FE COUNTY, NEW MEXICO

2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2014

With Auditors' Reports Thereon

Santa Fe County, NM • 102 Grant Avenue • Santa Fe, NM 87501

www.santafecountynm.gov

**SANTA FE COUNTY
NEW MEXICO
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
JUNE 30, 2014**



**Prepared by:
Santa Fe County Finance Division
Axiom Certified Public Accountants and Business Advisors LLC**

STATE OF NEW MEXICO
SANTA FE COUNTY
Table of Contents
June 30, 2014

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	3
GFOA Letter of Achievement	8
Official Roster	9
Organizational Chart	10
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis (MD & A)	16
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements:	
Statement of Net Position	30
Statement of Activities	31
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	38
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Developer Fees Fund	39
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Fire Operations Fund	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Corrections Operations Fund	41
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	42
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	43
Statement of Cash Flows – Proprietary Funds	44
Statement of Fiduciary Assets and Liabilities	45
Notes to Financial Statements	46

**STATE OF NEW MEXICO
SANTA FE COUNTY
Table of Contents
June 30, 2014**

SUPPLEMENTARY INFORMATION

Other Major Governmental Funds Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual:	
Capital Outlay GRT	84
Major Proprietary Funds Schedules of Revenues, Expenses and Changes in Net Position – Budget to Actual:	
Home Sales	86
Regional Planning Authority	87
Utilities	88
Housing Services	89
Non-Major Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds- by Fund Type	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Non-Major Governmental Funds by Fund Type	93
Non-Major Special Revenue Funds:	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	104
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	
Regional Transit Fund	110
Corrections Fund	111
Property Valuation Fund	112
Road Maintenance Fund	113
Emergency Medical Services Fund	114
Farm and Range Fund	115
Fire Protection Fund	116
Law Enforcement Protection Fund	117
Environmental GRT Fund	118
Lodgers Tax Fund	119
Fire Impact Fees Fund	120
Recreation	121
Clerk Recording Fund	122
Correctional GRT Fund	123
Indigent Hospital Fund	124
Indigent Services Fund	125
Economic Development	126
Federal Forfeiture Fund	127
Linkages Fund	128
Housing Choice Voucher Sec 8 Fund	129

STATE OF NEW MEXICO
SANTA FE COUNTY
Table of Contents
June 30, 2014

SUPPLEMENTARY INFORMATION (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual (Continued)	
EMS Health Care Fund	130
Wildlife/Mountains/Trails	131
EMS Health Hospital Fund	132
Alcohol Programs Fund	133
Detox Programs Fund	134
Emergency Communication Operations Fund	135
Law Enforcement Operations Fund	136
Housing Capital Improvement Fund	137
Non-Major Debt Service Funds:	
Combining Balance Sheet	140
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	142
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	
GOB Debt Service Fund	144
Equipment Loan Debt Service	145
Jail Revenue Bond Debt Service Fund	146
GRT Revenue Bond Debt Service Fund	147
WTB Loan/Grant Debt Service	148
Non-Major Capital Projects Funds:	
Combining Balance Sheet	152
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	156
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	
Community Development Block Grant	160
Capital Projects Federal Fund	161
Road Projects Fund	162
Special Appropriations & Other Projects Fund	163
GOB Series 2005 – Roads/Water Fund	164
GOB Series 2007A – Judicial Fund	165
GOB Series 2007B – Roads/Water Fund	166
Capital Outlay GRT Series 2008 - Judicial	167
GOB Series 2008 - BDD	168

STATE OF NEW MEXICO
SANTA FE COUNTY
Table of Contents
June 30, 2014

SUPPLEMENTARY INFORMATION (Continued)

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

GOB Series 2009 – R,W,OS,SW,F Fund	169
Capital Outlay GRT Series 2009 – Water Rights Fund	170
Capital Outlay GRT Series 2010B - BDD Fund	171
GOB Series 2011 - R,W,OS,F Imp. & Refunding	172
Equipment Loan Proceeds Fund	173
GOB Series 2013 - R,W & OS	174
GOB Series 2001 – Roads/Fire Fund	175
Facility Bond 1997 - Public Safety	176
Fire Tax Revenue Bond Proceeds Fund	177
GOB Series 2001 - Open Space	178

Agency Funds:

Combining Statement of Fiduciary Assets and Liabilities-Agency Funds	180
Combining Statement of Changes in Assets and Liabilities-Agency Funds	182

STATISTICAL SECTION

Net Position by Component	188
Changes in Net Position	189
Fund Balances of Governmental Funds	191
Changes in Fund Balances, Governmental Funds	192
Gross Receipts Tax Rates	193
Gross Receipts Tax Collections	194
Federal and State Funds Received (Intergovernmental)	195
Taxable Value of Property	196
Principal Property Tax Payers	197
Property Tax Rates (Mil Rates) - Direct and Overlapping	198
Property Tax Levies and Collections	204
Legal Debt Margin Information	205
Ratios of Outstanding Debt by Type	206
Pledged Revenue Coverage	207
Direct and Overlapping Governmental Activities Debt	208
Demographic Information	209
Principal Employers	210
Average Employment by Industry	211
Full Time Equivalent Employees by County Dept/Div. or Elected Office	212
Real Estate – Home Values	213
Household Income	214
Educational Attainment for Population 25 Years and Older	215
School Enrollment for Population 3 Years and Older	216
Population by Age Group	217
Operating Indicators by Function	218
Operating Expenditures by Function (Cash Basis)	219

STATE OF NEW MEXICO
SANTA FE COUNTY
Table of Contents
June 30, 2014

STATISTICAL SECTION (Continued)

Capital Assets by Function	220
----------------------------	-----

OTHER SUPPLEMENTARY INFORMATION

Schedule of Reconciliation of Tax Receipts, Disbursements, and Property Tax Receivable	222
Property Tax Schedule	223
Schedule of Joint Powers Agreements & Memorandums of Understanding	224
Schedule of Deposit and Investment Accounts	225
Schedule of Pledged Collateral	226
Financial Data Schedule	227

SINGLE AUDIT SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	231
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	233
Schedule of Expenditures of Federal Awards	236
Notes to Schedule of Expenditures of Federal Awards	237
Schedule of Findings and Questioned Costs	238
Status of Prior Audit Findings	245
Exit Conference	246

INTRODOUCTORY SECTION



District Attorney's Complex

Daniel “Danny” Mayfield
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

November 14, 2014

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

New Mexico state law, Section 12-6-3 NMSA 1978, requires that an annual audit of a governmental unit’s accounting records and Comprehensive Annual Financial Report be performed by independent public accountants. We are pleased to submit to you the Comprehensive Annual Financial Report for Santa Fe County for the fiscal year ended June 30, 2014.

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

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

Axiom has audited the County's financial statements for the fiscal year ended June 30, 2014. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; thus, resulting in an assessment of the overall financial statements. Axiom concluded that there was a reasonable basis for rendering an unmodified (or clean) opinion that Santa Fe County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The report may be found on pages 13-15 of this report.

The Reporting Entity and Its Services

Santa Fe County was established by the laws of the Territory of New Mexico of 1852, under provisions of the act now referred to as Section 4-26-1 of the New Mexico Statutes Annotated, 1978 Compilation. Santa Fe County is located in north-central New Mexico. The City of Santa Fe is the capital of the State of New Mexico and is in the center of the County approximately 60 miles northeast of Albuquerque. Santa Fe County has a total area of 1,911 square miles, 1,909 square miles of land and 2 square miles of water. The 2010 decennial census revealed a population of 144,170, which includes 67,947 individuals located in the City of Santa Fe. This reflects a countywide population percentage *increase* since the 2000 decennial census of 11.5%, which is a lower percentage increase than the State as a whole which saw a 13.2% increase during that same period. Santa Fe County has the 6th highest population growth rate in the State (behind Sandoval, Dona Ana, Lea, Valencia, San Juan and Bernalillo) and is the 3rd most populous County (behind Bernalillo and Dona Ana). The County's 2013 population and average unemployment rate were 147,423 and 5.9%, respectively.

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

The County currently has several component units that are part of the operations. The County has the Housing Authority and the Regional Emergency Communications Center (RECC). Both of which are included in the County's financial statements. The County has accepted all responsibility for both the Housing Authority and the RECC.

Santa Fe County maintains extensive budgetary controls; the budget serves as the foundation for Santa Fe County's financial planning and control. Fiscal year 2014 marks the second transitional year where the budget was developed using a results-accountable, priority-driven budget methodology (referred to generically as performance-based budgeting). Staff was instructed to build their budget requests in such a manner as to fund each function adequately to achieve the

function's desired outcome even if it resulted in an increase to their budget. The FY 2014 budget contemplates modest increases to some revenue sources, changes to benefits and increases to staff compensation, significant one-time expenditures for large maintenance and repair items and significant asset renewal and replacement expenditures and provides Departments with the resources that they need to achieve the desired outcomes of their functions.

Public safety, road maintenance, improvement and construction, and expanding the utility into a self-sustaining enterprise as well as investing in employees are all priorities in FY 2014. The most significant priority change was a new focus on maintaining existing county assets. Other new priorities, smaller budgeted amounts but yet very important, include development of a long-term emergency operations preparedness plan for which one new FTE was approved, increasing the size of the operating contingency from \$750K to \$1.5 million, revising out-of-date ordinances and resolutions where necessary and improving transparency through additional public service announcements and radio exposure.

Economic Condition and Outlook

Major industries in the Santa Fe County area center on tourism and recreation. These include all associated industries such as food, lodging, arts and entertainment. Education and health care also contribute a large portion of the jobs in the area. Professional scientific and management industries also add significantly to the employment base of Santa Fe County. Government employees comprise 43% of the workforce with 32,894 employees and the local hospital employs a total of 2,000 employees. The County is the 7th largest employer with 846 employees based on 2013 figures.

Economic development emerged as a key citizen priority of the quality of life for citizens of Santa Fe County. As a result, this service area received more focus and more resources during the FY 2015 budget process. Film and media, arts, culture and cultural tourism, and alternative and renewable energy initiatives received targeted funding.

Santa Fe County is fortunate to have a large property tax base with a current assessed valuation of \$6.7 billion. In FY 2013 the County Assessor completed a County-wide reappraisal. This reappraisal is intended to ensure that all properties have been captured on the tax rolls as well as to ensure "true and correct" valuations of all properties in the County and is statutorily required on a periodic basis. The taxable valuation comparison of tax year 2013 to tax year 2014 witnessed a decrease of \$311 million or 4.8%. Given that the values are true and correct, the result is a more fair distribution of the tax burden across all property owners. Property tax collections continued to be strong in FY2014 with a slight increase up to 95.25 percent.

In FY 2014 Santa Fe County increased the budget for countywide gross receipts taxes by a very conservative one percent. This increase represents the first time that gross receipt tax budgets have been increased since FY 2009. Santa Fe County budgeted for the unincorporated GRTs down just two percent in FY 2014 estimating that the GRTs had bottomed out.

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

and constructed. The cost of building this regional system will be borne by the Federal government, the State of New Mexico and Santa Fe County. The current understanding is that Santa Fe County' funding commitment will be approximately \$24 million.

The County continues to strive to incorporate financial planning in its long-range vision to remain solvent in the current economy. The County maintains the State mandated cash reserve requirements as well as an additional one month's operational reserve for all other county funds that support operations. Additionally, the County continues to maintain a \$5.0 million contingency reserve to assist if necessary in this recessed economy. Thus far the County has not had to make use of the contingency reserve.

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

Financial Policies

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

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Santa Fe County for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This is the third

year that the County has received this GFOA award. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Santa Fe County also received the Government Finance Officers Association Distinguished Budget Presentation award for the fiscal year 2013 Final Program Budget. The County has received this award multiple times in prior fiscal years as well as for the past three consecutive fiscal years. We believe our current budget continues to conform to program requirements.

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the staff within the Finance Division. A special thanks to Samuel Montoya, accounting supervisor. Mr. Montoya took on the lead role for the audit and financial statement preparation given the finance division's current reduced staffing level due to vacancies.

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

Respectfully submitted,



Teresa C. Martinez
Finance Division Director



Government Finance Officers Association

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

Presented to

**Santa Fe County
New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

STATE OF NEW MEXICO
SANTA FE COUNTY

OFFICIAL ROSTER

JUNE 30, 2014

COUNTY COMMISSIONERS



Daniel "Danny" Mayfield
Chair, District 1



Miguel M. Chavez
Member, District 2



Robert Anaya
Member, District 3



Kathy Holian
Member, District 4



Liz Stefanics
Member, District 5

ELECTED OFFICIALS



Domingo P. Martinez
County Assessor



Patrick Varela
County Treasurer



Robert Garcia
County Sheriff



Geraldine Salazar
County Clerk



Mark A. Basham
Probate Judge

ADMINISTRATIVE OFFICIALS

Katherine Miller



County Manager

Rachel O'Connor

Jeff Trujillo

Penny Ellis-Green

Pablo Sedillo III

Greg Shaffer

Adam Leigland

Claudia I. Borchert

Bernadette Salazar

Teresa C. Martinez

Community Services Department

Administrative Services Department Director

Growth Management Department Director

Public Safety Department Director

County Attorney

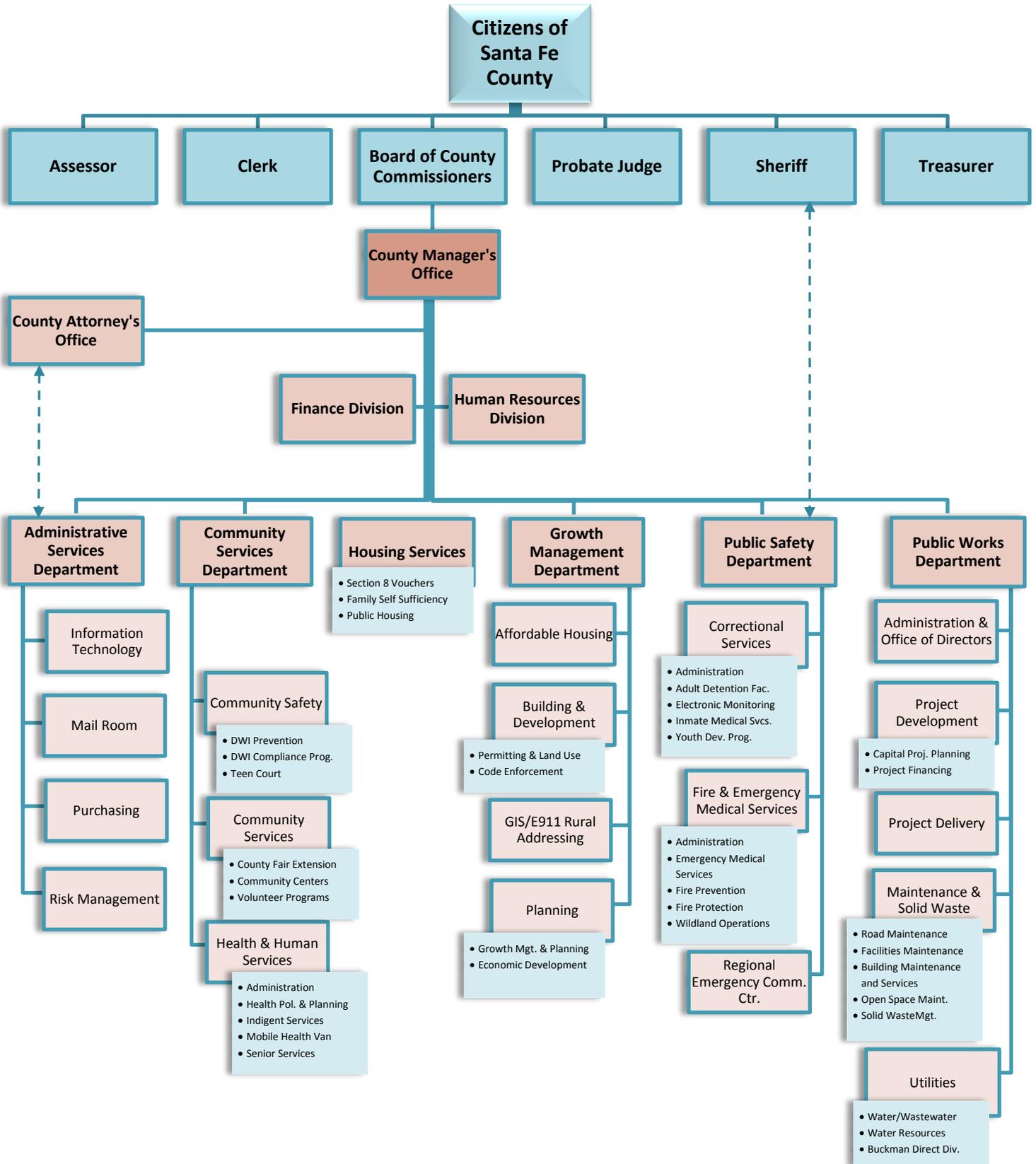
Public Works Director

Utilities Division Director

Human Resources Division Director

Finance Division Director

STATE OF NEW MEXICO
SANTA FE COUNTY
ORGANIZATIONAL CHART
FISCAL YEAR ENDED JUNE 30, 2014



FINANCIAL SECTION



El Rancho Community Center

INDEPENDENT AUDITOR'S REPORT

To the County Commission
Santa Fe County
and Mr. Hector H. Balderas
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Santa Fe County, New Mexico ("County") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds, and the budgetary comparison for the major capital projects fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the County as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital projects fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 16 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, introductory and statistical sections, and the other schedules as required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Change in Accounting Principle

As discussed in Note 18 to the financial statements, in 2014 the County adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 14, 2014

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

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

FINANCIAL HIGHLIGHTS

The financial statements, which follow the Management's Discussion and Analysis, provide the significant key financial highlights for fiscal year 2014 as follows.

- In the Statement of Net Position the County's total net position of governmental activities increased \$28.6 million and business-type activities increased by \$3.3 million. In total, the net change of \$31.9 million represents an increase of 8 percent from the prior year. The County continues to have a strong financial position, operating reserves and assets available to provide services to the citizens.
- In the Statement of Activities, the total governmental activities revenues amounted to \$134.2 million, of which general revenues from governmental activities accounted for \$113 million or 84.2 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21.2 million or 15.8 percent of total governmental activities.
- In the Statement of Activities, the total business-type activities revenues amounted to \$9.6 million, of which general revenues from business-type activities accounted for \$43,092 or .4 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$9.6 million or 99.6 percent of business-type activities.
- In the Statement of Activities the County had \$110.3 million in expenses related to governmental activities, of which \$21.2 million were offset by program specific charges for services or grants and contributions. General revenues of \$113 million were adequate to provide for the remaining costs of these programs. The County had \$6.1 million in expenses related to business-type activities. These expenses were offset by program specific revenues in the form of charges for services and operating grants and contributions of \$9.6 million.
- The General Fund had \$64.2 million in revenues, which primarily consisted of taxes, charges for services and interest earnings. The total expenditures of the General Fund were \$30.8 million. The General Fund's fund balance increased \$3.5 million, partially due to an increase in property tax collections and decreased expenditures witnessed for public safety, culture and recreation, health and welfare, and capital improvements. Additionally, the transfers to other funds decreased by \$1.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Proprietary funds. The County maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its home sales program, regional planning authority, utilities, and housing authority.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes (pages 46-81) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Under New Mexico Administrative code Section 2.2.2, governments in New Mexico must include the budgetary comparison statement for the General Fund and major special revenue fund data as a component of the fund financial statements within the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$399.7 million at the current fiscal year end.

A significant portion of the County's net position reflects its investment in capital assets (e.g. land, construction in progress, infrastructure, buildings and improvements, and vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, an amount of \$72.8 million of the County's resources are restricted for the specified purposes of debt service repayment and capital outlay investment.

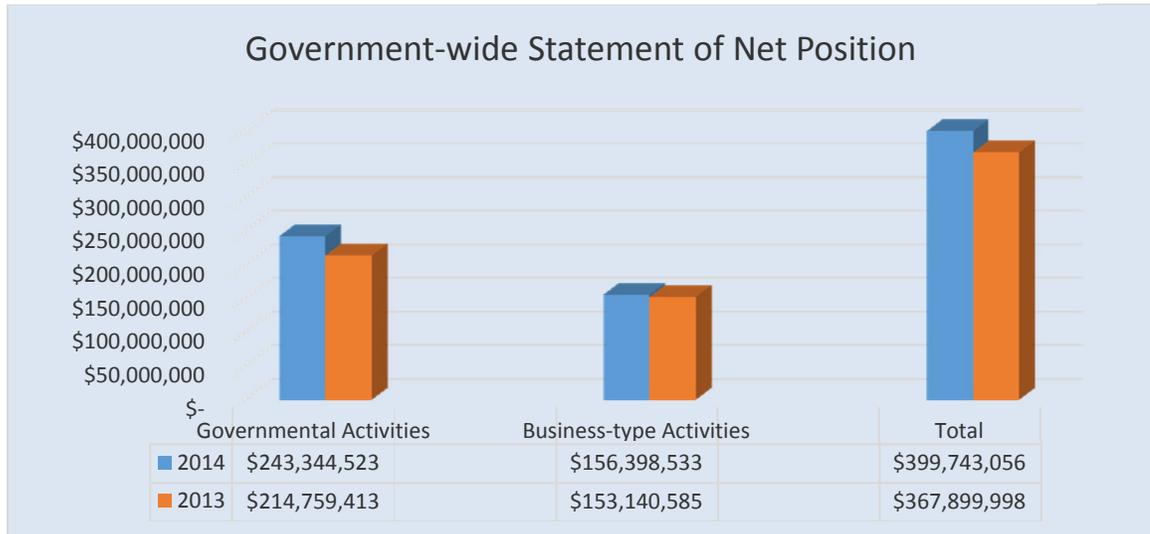
The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. At fiscal year end, the County reported positive balances in all categories of net assets. The same situation held true for the prior fiscal year. The

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

significant current year transaction was the addition of \$13.5 million of governmental capital assets. The following table presents a summary of the County's net assets for the fiscal years ending June 30, 2014, and June 30, 2013.

	Government-wide Statement of Net Position					
	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
ASSETS						
Current and other assets	\$ 223,550,383	\$ 15,357,680	\$ 238,908,063	\$ 222,792,795	\$ 10,891,211	\$ 233,684,006
Capital assets, net	249,519,178	141,724,453	391,243,631	236,036,224	143,021,433	379,057,657
Total Assets	473,069,561	157,082,133	630,151,694	458,829,019	153,912,644	612,741,663
LIABILITIES						
Current and other liabilities	23,081,392	683,600	23,764,992	14,353,928	772,059	15,125,987
Long-term liabilities	206,643,646		206,643,646	229,715,678	-	229,715,678
Total Liabilities	229,725,038	683,600	230,408,638	244,069,606	772,059	244,841,665
NET POSITION						
Net Investment in capital assets	45,169,178	141,724,453	186,893,631	24,886,224	143,021,433	167,907,657
Restricted						
Restricted for:						
Contractual & statutory Requirements	51,386,816	-	51,386,816	68,723,382	-	68,723,382
Debt service	13,372,767	-	13,372,767	12,976,499	-	12,976,499
Capital outlay	59,458,056	-	59,458,056	66,080,878	-	66,080,878
Unrestricted	73,957,706	14,674,080	88,631,786	42,092,430	10,119,152	52,211,582
Total net position	\$ 243,344,523	\$ 156,398,533	\$ 399,743,056	\$ 214,759,413	\$ 153,140,585	\$ 367,899,998



Changes in net position. The County's total revenues for the current fiscal year were \$143.9 million. The total cost of all programs and services was \$116.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

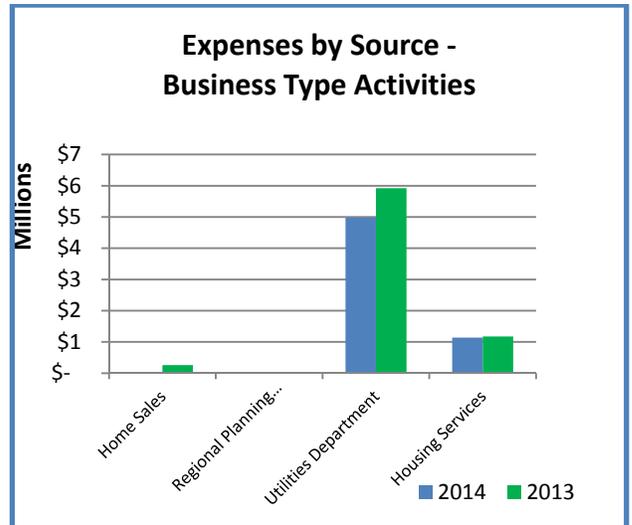
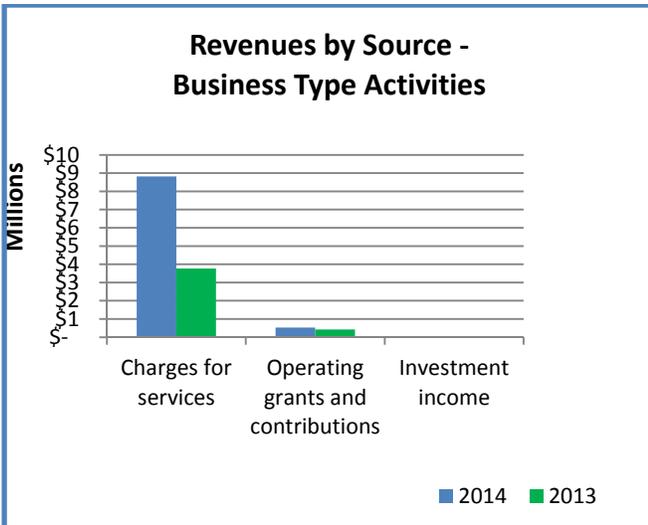
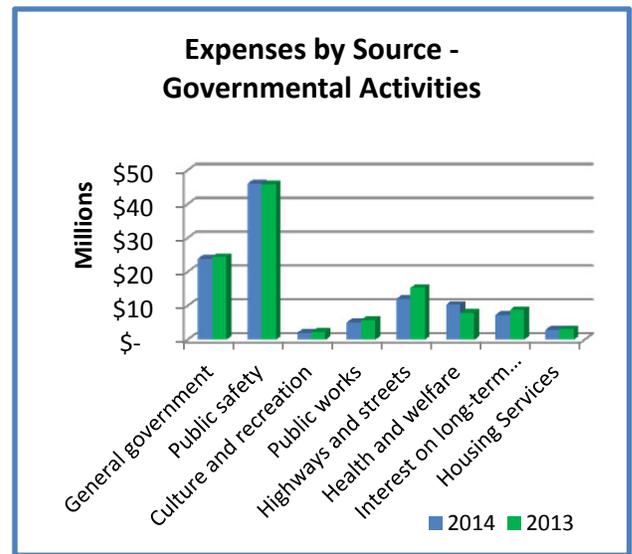
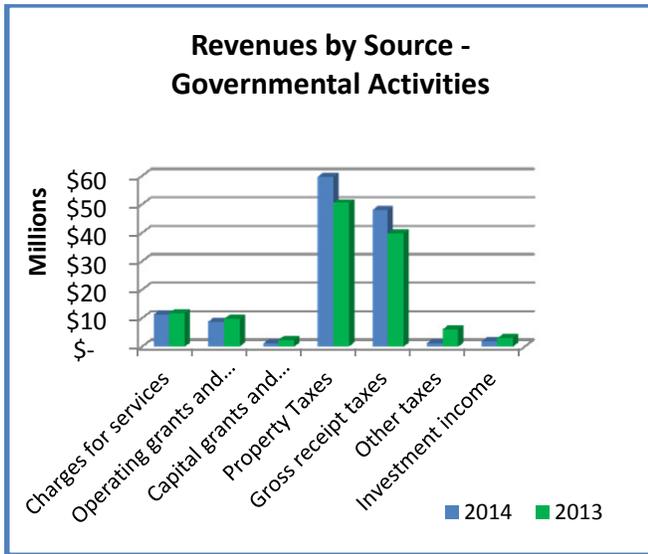
	2014			2013		
	Changes in Net Position			Changes in Net Position		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 11,296,751	\$ 9,048,155	\$ 20,344,906	\$ 11,836,097	\$ 3,765,599	\$ 15,601,696
Operating grants and contributions	8,815,053	524,444	9,339,497	9,732,956	423,198	10,156,154
Capital grants and contributions	1,094,790	-	1,094,790	2,398,552	-	2,398,552
General revenues						
Property taxes, levied for debt svc.	11,325,637	-	11,325,637	11,068,955	-	11,068,955
Property taxes, levied for general	48,407,990	-	48,407,990	39,430,031	-	39,430,031
Gross receipt taxes	47,999,014	-	47,999,014	39,875,559	-	39,875,559
Other taxes	1,262,783	-	1,262,783	6,063,758	-	6,063,758
Miscellaneous Revenue	2,159,729	-	2,159,729	-	-	-
Investment income	1,883,376	43,092	1,926,468	2,973,577	31,879	3,005,456
Total revenues	<u>134,245,123</u>	<u>9,615,691</u>	<u>143,860,814</u>	<u>123,379,485</u>	<u>4,220,676</u>	<u>127,600,161</u>
Expenses						
General government	23,975,201	-	23,975,201	24,478,996	-	24,478,996
Public safety	46,116,609	-	46,116,609	45,927,496	-	45,927,496
Culture and recreation	2,072,097	-	2,072,097	2,322,140	-	2,322,140
Public works	5,200,881	-	5,200,881	5,865,205	-	5,865,205
Highways and streets	12,146,864	-	12,146,864	15,372,975	-	15,372,975
Health and welfare	10,363,114	-	10,363,114	7,997,909	-	7,997,909
Interest on long-term debt	7,426,852	-	7,426,852	8,826,158	-	8,826,158
Home Sales		14,023	14,023	-	256,773	256,773
Regional Planning Authority	-	13,543	13,543	-	30,036	30,036
Utilities Department	-	4,977,961	4,977,961	-	5,920,643	5,920,643
Housing Services	2,956,709	1,139,191	4,095,900	3,104,389	1,174,668	4,279,057
Total expenses	<u>110,258,327</u>	<u>6,144,718</u>	<u>116,403,045</u>	<u>113,895,268</u>	<u>7,382,120</u>	<u>121,277,388</u>
Increase (decrease) in net assets before transfers	<u>23,986,796</u>	<u>3,470,973</u>	<u>27,457,769</u>	<u>9,484,217</u>	<u>(3,161,444)</u>	<u>6,322,773</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(319,043)</u>	<u>319,043</u>	<u>-</u>
Change in net position	<u>\$ 23,986,796</u>	<u>\$ 3,470,973</u>	<u>\$ 27,457,769</u>	<u>\$ 9,165,174</u>	<u>\$ (2,842,401)</u>	<u>\$ 6,322,773</u>

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

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	2014		2013	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 23,975,201	\$ (20,076,917)	\$ 24,478,996	\$ (19,549,181)
Public safety	46,116,609	(33,946,570)	45,927,496	(32,878,895)
Culture and recreation	2,072,097	(1,804,792)	2,332,140	(2,319,708)
Public works	5,200,881	(4,945,845)	5,865,205	(5,080,827)
Highways and streets	12,146,864	(11,498,926)	15,372,972	(14,784,413)
Health and welfare	10,363,114	(8,989,306)	7,997,909	(5,807,386)
Housing	2,956,709	(362,525)	3,104,389	(681,092)
Interest on long-term debt	7,426,852	(7,426,852)	8,826,158	(8,826,158)
Total	\$ 110,258,327	\$ (89,051,733)	\$ 113,905,265	\$ (89,927,660)
Business-type Activities				
Home Sales	\$ 14,023	\$ 17,015	\$ 256,773	\$ (256,773)
Regional planning authority	13,543	(13,543)	30,036	(15,888)
Utilities	4,977,961	3,007,167	5,920,643	(2,585,277)
Housing services	1,139,191	(182,758)	1,174,668	(335,385)
Total	\$ 6,144,718	\$ 2,827,881	\$ 7,382,120	\$ (3,193,323)



STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

- The cost of all governmental activities this year was \$110.3 million; the decrease of \$3.6 million from the prior year was primarily due to a decrease in expenses for general government, culture and recreation, public works, highways and streets, and housing which were also offset by increases relative to public safety, and health and welfare. The increase witnessed in public safety can be attributed to an increase in staffing for the Sheriff's Office for both field operations and the opening of the new Judicial Center.
- The cost of all business-type activities this year was \$6.1 million, a decrease of \$1.2 million from the prior year. The decrease was witnessed in home sales and in utilities.
- Charges for services and contributions subsidized certain governmental programs and business-type programs with revenues of \$30.8 million, an increase of \$2.6 million from the prior year. The increase may be attributed to the receipt of \$5.4 million specific to the Aamodt settlement, which the County will use to fund a regional water system in the northern part of Santa Fe County. The overall increase was offset by decreases to general government, public safety and health and welfare. The revenues reflected within operating grants and contributions witnessed a decrease of \$816,657 due to decreases in general government, public works and health and welfare.
- Net cost of governmental activities of \$89.1 million was financed by general revenues, which are made up primarily of property taxes and gross receipts taxes of \$96.4 million. The majority of costs can be attributed to general government, public safety and highways and streets.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$197.1 million, an increase of \$4.5 million.

The General Fund is the principal operating fund of the County. The General Fund's fund balance increased \$3.5 million to \$72.9 million at year end. The increase can be attributed to increased collections of taxes and reduced expenditures in public safety, culture and recreation, and health and welfare. The increase also resulted from reduced transfers to other funds.

The Developer Fees Fund is major fund and reflects a decrease in fund balance of \$202,734, which can be attributed to decreased collections of charges for services and was offset by a slight increase in interest earnings. Also, the Corrections Operations Fund saw an increase of \$903,580 in fund balance. The increase is minimal due to increased interest earnings, federal grants and intergovernmental revenues that were offset by decreased charges for services and transfers from other funds.

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Continued)

The Fire Operations Fund was reflected as a major fund this fiscal year and witnessed an increase of \$594,558 in fund balance. The increase is due to increased gross receipt tax collections and decreased expenditures.

Proprietary funds. Net position of the Enterprise Funds increased by \$3.5 million to \$156.4 million at year end. The increase can be attributed to a slight increase in the utilities customer base due to the annexation agreement with the City of Santa Fe as well as the receipt of \$5.4 million for the Aamodt settlement reflected in charges for services.

BUDGETARY HIGHLIGHTS

The fiscal year 2014 budget was developed using a results-accountable, performance-based budgeting methodology and marked the second transitional year to this form of budgeting. Staff was instructed to build their budget requests in such a manner as to fund each function adequately to achieve the function's desired outcome even if it resulted in an increase to the budget.

The fiscal year 2014 budget totaled \$236.0 million of which \$54.4 million represented interfund transfers. Excluding these transfers the total fiscal year 2014 budget was \$182.6 million. This represents a \$3.3 million decrease from the fiscal year 2013 budget.

The vast majority of the County's budget was within its special revenue funds totaling \$95.8 million. A distant second majority was the General Fund totaling \$76.6 million. The remainder of the budget was comprised of capital improvement funds (\$39.4 million), debt service funds (\$18.6 million) and enterprise funds (\$5.5 million).

Many of the funding priorities remained from fiscal year 2013 to fiscal year 2014. Public safety, road maintenance, improvement and construction, and expanding the utility into a self-sustaining enterprise as well as investing in employees were all priorities that carried over from FY 13 to FY 14. The Public Safety Department (including the Sheriff's Office) continued to have the largest operating budget of any department in the County. The General Fund heavily supported these operations by transferring funds. Road maintenance, improvement and construction of new roads are a perpetual priority for the citizens and the Commission. In FY 14 the road maintenance budget was increased and as a result, General Fund support also increased from \$4.5 million in FY 13 to \$5.5 million in FY 14. Expanding the Water and Wastewater Utility to become a self-sustaining enterprise is underway. In FY 14 there will be a large increase to the Utility's customer base due to service phasing agreements made with the City of Santa Fe as part of an annexation settlement agreement. The level of investment in employees increased in FY 14 and totaled more than \$4.0 million across all funds. Funding was approved for cost of living increases, retention incentive payments, creation of a merit pool, restructuring of the County contribution to health insurance for employees making under \$50,000/year, additional education benefits, improvement to the physical work environment and capital funding to provide better equipment with which employees do their work.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the County had invested \$14.5 million in capital assets, including buildings, water systems, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase prior to depreciation of \$12.2 million. Total depreciation

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

expense for the current fiscal year was \$13.5 million. The following schedule presents capital asset balances for the fiscal years ended June 30, 2014, and June 30, 2013.

Additional information on the County's capital assets can be found in Note 5 Capital Assets, pages 62-67. Lastly, the County completed the following projects at the end of fiscal year 2014 – SFC Town of Edgewood Fire Station, Caja Del Rio Road and Vista Grande Library Addition.

Governmental Activities	As of June 30, 2014	As of June 30, 2013
Land	\$ 36,435,442	\$ 35,340,699
Buildings and improvements	\$ 180,608,832	172,203,661
Infrastructure	\$ 70,213,172	45,632,861
Vehicles, Furn. Fixtures & Equip.	\$ 61,076,417	58,368,294
Construction in progress	\$ 5,495,935	6,263,113
Right of way land	\$ 10,109,940	10,109,940
Less: Accumulated depreciation	\$ (114,420,560)	(91,882,344)
Total	\$ 249,519,178	\$ 236,036,224
Business-type Activities		
Land	\$ 2,165,532	\$ 2,164,596
Buildings and improvements	\$ 7,858,096	7,858,096
Water systems	\$ 122,210,296	121,174,258
Vehicles, Furn. Fixtures & Equip.	\$ 1,143,723	1,039,991
Construction in progress	\$ 428,419	43,814
Water rights	\$ 21,704,696	21,704,696
Less: Accumulated depreciation	\$ (13,786,309)	(10,964,017)
Total	\$ 141,724,453	\$ 143,021,434

Debt Administration. At year end, the County had \$214.5 million in long-term debt outstanding. The following table presents a summary of the County's outstanding long-term debt for the fiscal year ended June 30, 2014, and June 30, 2013. Additional information on the County's debt can be found in Note 9 Bonds Payable, pages 66 through 68.

	2014	2013
Bonds payable	\$127,010,000	\$133,455,000
Revenue bonds payable	<u>\$ 87,460,000</u>	<u>\$ 90,600,000</u>
TOTAL	<u>\$214,470,000</u>	<u>\$224,055,000</u>

State statutes currently limit the amount of general obligation debt a County may issue for general purposes to 4 percent of its total assessed property valuation. The current debt limitation for general purposes for the County is \$270 million. State statute currently does not limit the amount of general obligation debt a County may issue for Water and Wastewater systems. Debt service per capita in fiscal year 2014 totals \$127.60; \$76.15 for general obligation debt service and \$51.45 for revenue bond and other debt service.

STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

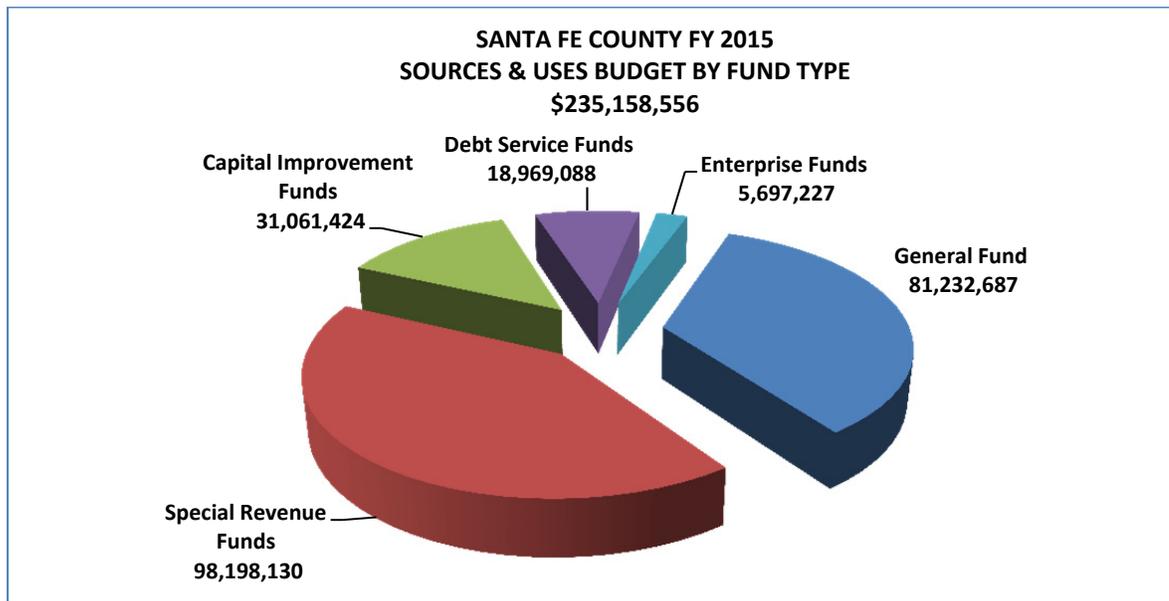
CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Credit Ratings. The financial condition of the County is strong as reflected by the County's bond rating of AA+ from Standard & Poor for the General Obligation Series 2013. Such a rating was assigned given that the County's restricted revenues provide satisfactory debt service coverage, the County has a large and diverse tax base and the County maintains solid financial operations with strong reserves.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In fiscal year 2015 Santa Fe County continued with its transition to a performance-based budget. With the up-to-date priorities revealed by the citizen survey conducted during FY2014, input from various advisory boards, and direct input from citizens to their Commissioners, the County's budget was developed. Priorities included public safety, roads, expansion of the utility into a self-sustaining enterprise as well as investing in employees. The most significant priority change was in the area of economic development and the funding of contractual services for three of the County's open space properties to complete management plans that will address safety issues and ensure a balance between the preservation and public use of properties.

The fiscal year 2015 established budget totaled \$235.2 million, or \$182 million excluding inter-fund transfers. This budget was actually \$815,825 less than the prior year budget of \$235.9 million. In fiscal year 2015 revenue projections supported a slight increase in property tax based on trend analysis of collections from the past three years and a small increase 3 percent increase for countywide gross receipts taxes.



STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
YEAR ENDED JUNE 30, 2014

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

Changes from the fiscal year 2014 budget resulted in a decrease across all funds from fiscal year 2014 to fiscal year 2015.

- Major changes in the General Fund (101) are:
 - Increased the Asset Renewal and Replacement package (formerly known as the capital package) and set asides (\$2.0M).
 - Decreased General Fund support of the Road Fund (\$0.6 M).
 - Increased General Fund support of the Law Enforcement Operations Fund (\$0.4 M).
 - Increased General Fund support of the Corrections Operations Fund (\$0.1 M).
 - Addition of Renewable Energy program funding (\$0.5M).
- In FY 15 all capital improvement funds totaled \$31.1 million versus FY 14 with total capital improvement funding of \$39.4 million.
- The Capital Outlay GRT Fund was reclassified from a special revenue fund (213) to a capital improvement fund (313). In FY 2014 the Capital Outlay GRT Fund budget was \$14.2 M but was increased slightly by \$0.2 M in FY 2015.
- The Fire Operations Fund (244) budget increased by \$0.5 M.
- The Regional Emergency Communications Center (RECC) Operations Fund (245) remained flat at approximately \$3.5 M. Since this fund has no significant funding of its own, it is reliant upon transfers from other funds. In FY 2015 the Fire Operations fund will transfer \$3.4 M to the RECC.
- Bond proceeds from the 2011 Series GOB were budgeted at \$7.3 M across all project categories. This is a decrease of \$1.5 M from the FY 2014 budget.
- Bond proceeds from the 2013 Series GOB were budgeted at \$6.3 M, which is a decrease of \$2.1 M from FY 2014.
- The County's debt service schedule saw an increase of \$346K from FY 14 (\$18.6 M) to FY 15 (\$19.0 M).

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

Request for Information

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



Judge Steve Herrera Judicial Complex

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
SANTA FE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 175,792,424	14,837,044	190,629,468
Cash and investments - restricted	15,996,895	96,492	16,093,387
Accounts receivable, net of allowance for uncollectibles	31,025,552	264,783	31,290,335
Prepaid and other assets	735,512	16,332	751,844
Held for sale - Land	-	35,000	35,000
Held for sale - Buildings/Improvements	-	108,029	108,029
Capital assets, not depreciated	52,041,317	24,298,647	76,339,964
Capital assets, net of accumulated depreciation	<u>197,477,861</u>	<u>117,425,806</u>	<u>314,903,667</u>
Total Assets	<u>473,069,561</u>	<u>157,082,133</u>	<u>630,151,694</u>
LIABILITIES			
Accounts payable	3,874,629	226,037	4,100,666
Accrued wages and benefits	2,427,031	73,789	2,500,820
Deposits held for others	251,155	271,069	522,224
Due to other governments	-	112,622	112,622
Other current liabilities	484,176	83	484,259
Accrued interest payable	2,843,902	-	2,843,902
Long-term liabilities, due in one year	13,200,499	-	13,200,499
Long-term liabilities, due in more than one year	<u>206,643,646</u>	<u>-</u>	<u>206,643,646</u>
Total Liabilities	<u>229,725,038</u>	<u>683,600</u>	<u>230,408,638</u>
NET POSITION			
Net investment in capital assets	45,169,178	141,724,453	186,893,631
Restricted for:			
Contractual & Statutory requirements	51,386,816	-	51,386,816
Debt service	13,372,767	-	13,372,767
Capital outlay	59,458,056	-	59,458,056
Unrestricted	<u>73,957,706</u>	<u>14,674,080</u>	<u>88,631,786</u>
Total Net Position	<u>\$ 243,344,523</u>	<u>156,398,533</u>	<u>399,743,056</u>

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

STATE OF NEW MEXICO
SANTA FE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

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	\$ 23,975,201	2,751,837	1,146,447	-	(20,076,917)	-	(20,076,917)
Public safety	46,116,609	8,317,627	3,852,412	-	(33,946,570)	-	(33,946,570)
Culture & recreation	2,072,097	-	2,499	264,806	(1,804,792)	-	(1,804,792)
Public works	5,200,881	-	-	255,036	(4,945,845)	-	(4,945,845)
Highways & streets	12,146,864	9,392	63,598	574,948	(11,498,926)	-	(11,498,926)
Health & welfare	10,363,114	50,824	1,322,984	-	(8,989,306)	-	(8,989,306)
Housing	2,956,709	167,071	2,427,113	-	(362,525)	-	(362,525)
Interest on long-term debt	7,426,852	-	-	-	(7,426,852)	-	(7,426,852)
Total governmental activities	110,258,327	11,296,751	8,815,053	1,094,790	(89,051,733)	-	(89,051,733)
Business-type activities:							
Home sales	14,023	31,038	-	-	-	17,015	17,015
Regional planning authority	13,543	-	-	-	-	(13,543)	(13,543)
Utilities	4,977,961	8,585,128	-	-	-	3,607,167	3,607,167
Housing services	1,139,191	431,989	524,444	-	-	(182,758)	(182,758)
Total business-type activities	6,144,718	9,048,155	524,444	-	-	3,427,881	3,427,881
Total primary government	\$ 116,403,045	20,344,906	9,339,497	1,094,790	(89,051,733)	3,427,881	(85,623,852)

General revenues:

Taxes:

Property taxes, levied for general purposes	\$ 48,407,990	-	48,407,990
Property taxes, levied for debt service	11,325,637	-	11,325,637
Gross receipts taxes	47,572,724	-	47,572,724
Other taxes	1,689,073	-	1,689,073
Investment income	1,883,376	43,092	1,926,468
Miscellaneous revenues	2,159,729	-	2,159,729
Total general revenues and transfers	113,038,529	43,092	113,081,621

Change in net position

	23,986,796	3,470,973	27,457,769
Net position, beginning of year	214,759,413	153,140,585	367,899,998
Restatement (Note 20)	4,598,314	(213,025)	4,385,289
Net position, beginning of year, as restated	219,357,727	152,927,560	372,285,287
Net position, end of year	\$ 243,344,523	156,398,533	399,743,056

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



La Cienega Community Center

FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SANTA FE COUNTY
Balance Sheet
Governmental Funds
June 30, 2014**

	Major Funds						
	Special Revenue				Capital Projects	Non-Major Other	Total Governmental
	General	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	Governmental Funds	Funds
ASSETS							
Cash and investments	\$ 62,719,467	-	5,869,478	5,014,399	29,546,643	72,642,437	175,792,424
Cash and investments - restricted	8,099,490	1,606,018	1,081	3,479,784	-	2,810,522	15,996,895
Accounts receivable, net	223,815	2,338	248,879	568,068	-	1,703,466	2,746,566
Taxes receivable	6,950,608	-	1,386,418	-	1,548,222	4,644,669	14,529,917
Interest receivable	242,585	-	-	64,871	-	12,282	319,738
Grantor agencies receivable	121,029	-	229,450	-	-	1,548,245	1,898,724
Mortgages receivable, net	-	11,001,007	-	-	-	-	11,001,007
Down Payment Assistance receivable	-	529,600	-	-	-	-	529,600
Prepays & other	122,035	-	64,673	286,294	-	262,510	735,512
Due from other funds	1,345,930	-	-	-	-	219,792	1,565,722
Total Assets	\$ 79,824,959	13,138,963	7,799,979	9,413,416	31,094,865	83,843,923	225,116,105
LIABILITIES							
Accounts payable	\$ 907,243	8,101	198,081	452,445	262,273	2,046,486	3,874,629
Accrued wages and benefits	828,959	-	362,195	543,235	-	692,642	2,427,031
Deposits held for others	119,671	-	-	-	-	131,484	251,155
Other current liabilities	22,427	-	91	25,309	-	436,349	484,176
Due to other funds	6,062	295,805	1,002	-	-	1,262,853	1,565,722
Total Liabilities	1,884,362	303,906	561,369	1,020,989	262,273	4,569,814	8,602,713
DEFERRED INFLOWS							
Property taxes	4,819,419	-	-	-	-	1,025,307	5,844,726
Mortgages and down payment assistance	-	11,530,607	-	-	-	-	11,530,607
Unavailable revenue	213,991	2,338	101,611	-	-	1,695,293	2,013,233
Total Deferred Inflows	5,033,410	11,532,945	101,611	-	-	2,720,600	19,388,566
FUND BALANCE							
Nonspendable	122,035	-	64,673	286,294	-	262,510	735,512
Restricted	28,659,177	1,302,112	6,175,470	6,205,061	30,832,592	72,915,758	146,090,170
Committed	37,800,000	-	896,856	1,901,072	-	3,375,241	43,973,169
Assigned	-	-	-	-	-	-	-
Unassigned	6,325,975	-	-	-	-	-	6,325,975
Total Fund Balance	72,907,187	1,302,112	7,136,999	8,392,427	30,832,592	76,553,509	197,124,826
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 79,824,959	13,138,963	7,799,979	9,413,416	31,094,865	83,843,923	225,116,105

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balance governmental funds **\$ 197,124,826**

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

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

Governmental capital assets	363,939,738	
Less accumulated depreciation	<u>(114,420,560)</u>	249,519,178

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

Property taxes	5,844,726	
Mortgages and down payment assistance	11,530,607	
Receivables not available to pay for current period expenditures	<u>2,013,233</u>	19,388,566

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

Accrued interest payable	(2,843,902)	
Compensated absences payable	(3,093,389)	
Loans payable	(380,908)	
Bonds payable	(214,470,000)	
Landfill closure and post closure costs payable	<u>(1,899,848)</u>	<u>(222,688,047)</u>

Net position of governmental activities **\$ 243,344,523**

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, 2014**

	Major Funds						Total Governmental Funds
	General	Special Revenue			Capital Projects	Non-Major Other Governmental Funds	
		Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT		
REVENUES							
Property taxes	\$ 48,196,257	-	-	-	-	12,625,388	60,821,645
Gross receipts taxes	8,572,788	-	8,453,365	-	9,467,360	21,079,211	47,572,724
Other taxes & assessments	1,262,783	-	-	-	-	426,290	1,689,073
Licenses, permits, & fees	703,243	-	36,736	-	-	9,392	749,371
Charges for services	1,849,949	200	886,920	6,783,020	-	618,703	10,138,792
Fines & forfeitures	660	-	-	-	-	407,928	408,588
Interest earnings	1,576,111	1,013	-	207,306	-	98,946	1,883,376
Federal grants	-	-	451,512	36,910	-	1,113,602	1,602,024
State grants	477,289	-	164,093	-	-	4,164,963	4,806,345
Other	845,126	-	145,425	-	15,000	856,050	1,861,601
Intergovernmental	668,483	-	306,627	106,227	-	2,420,137	3,501,474
Total Revenues	64,152,689	1,213	10,444,678	7,133,463	9,482,360	43,820,610	135,035,013
EXPENDITURES							
Current							
General Government	21,102,917	-	-	-	-	1,614,054	22,716,971
Public Safety	212,281	-	10,477,848	18,958,313	-	15,240,800	44,889,242
Culture & Recreation	910,187	-	-	-	-	397,415	1,307,602
Public Works	5,693,737	-	-	-	-	507,144	6,200,881
Highways & Streets	-	-	-	-	-	16,070,884	16,070,884
Health & Welfare	1,804,825	-	-	-	-	7,652,268	9,457,093
Housing	173,059	203,947	-	-	-	2,579,703	2,956,709
Capital Improvements	916,729	-	-	-	5,552,818	1,880,165	8,349,712
Debt Service - Principal	-	-	-	-	53,554	9,585,000	9,638,554
Debt Service - Interest	-	-	-	-	-	8,983,450	8,983,450
Commitments & other fees	-	-	-	-	-	6,586	6,586
Total Expenditures	30,813,735	203,947	10,477,848	18,958,313	5,606,372	64,517,469	130,577,684
Excess (deficiency) of revenues over expenditures	33,338,954	(202,734)	(33,170)	(11,824,850)	3,875,988	(20,696,859)	4,457,329
Other Financing Sources (Uses)							
Transfers from other funds	640,520	-	4,037,249	14,976,545	-	31,712,130	51,366,444
Transfers to other funds	(30,512,822)	-	(3,409,521)	(2,248,115)	(3,225,271)	(11,970,715)	(51,366,444)
Net Other Financing Sources (Uses)	(29,872,302)	-	627,728	12,728,430	(3,225,271)	19,741,415	-
Net Change in Fund Balance	3,466,652	(202,734)	594,558	903,580	650,717	(955,444)	4,457,329
<i>Fund Balance, beginning of period</i>	69,440,535	1,504,846	6,542,441	7,488,847	30,181,875	77,508,953	192,667,497
Fund Balance, end of period	\$ 72,907,187	1,302,112	7,136,999	8,392,427	30,832,592	76,553,509	197,124,826

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, 2014**

Net changes in fund balances - total governmental funds **\$ 4,457,329**

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	19,692,692	
Less current year depreciation	<u>(10,808,052)</u>	8,884,640

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	(1,088,018)	
Mortgages and down payment assistance	1,166,649	
Other receivables	<u>(868,521)</u>	(789,890)

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

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

Change in revenue bonds payable	3,140,000	
Change in general obligation bonds payable	6,445,000	
Change in loans payable	53,554	
Change in compensated absences payable	216,963	
Accrued interest on long-term debt	427,866	
GASB 65 write off of previously capitalized bond issuance items	1,135,318	
Landfill closure and post-closure	<u>16,016</u>	<u>11,434,717</u>

Change in net position in governmental activities **\$ 23,986,796**

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

STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	<u>Variance Favorable (Unfavorable) Final to</u>
	<u>Original</u>	<u>Final</u>		<u>Final to</u>
Revenues				
Property Taxes	\$ 42,600,000	42,720,593	47,788,735	5,068,142
Gross Receipts Taxes	7,087,145	7,087,145	8,523,068	1,435,923
Other Taxes & Assessments	1,181,000	1,181,000	1,262,783	81,783
Licenses, Permits, & Fees	490,075	490,075	696,964	206,889
Charges for Services	1,899,064	1,939,802	1,929,886	(9,916)
Fines & Forfeitures	-	-	660	660
Interest Earnings	1,260,000	1,260,000	1,576,111	316,111
Grants	40,176	48,176	356,264	308,088
Other	90,000	90,000	844,336	754,336
Intergovernmental	611,000	611,000	668,483	57,483
Total Revenues	<u>55,258,460</u>	<u>55,427,791</u>	<u>63,647,290</u>	<u>8,219,499</u>
Cash balance carryforward	<u>20,593,137</u>	<u>23,879,631</u>		
Total	<u>\$ 75,851,597</u>	<u>79,307,422</u>		
Expenditures				
General Government	\$ 34,190,541	35,006,216	21,554,003	13,452,213
Public Safety	35,268	226,668	212,282	14,386
Culture & Recreation	1,180,778	1,533,140	910,186	622,954
Public Works	6,307,425	7,189,576	5,693,738	1,495,838
Highways & Streets	25,000	8,126	-	8,126
Health & Welfare	1,839,527	2,198,130	1,810,025	388,105
Housing	178,447	180,923	173,059	7,864
Capital Improvements	331,429	1,092,341	916,729	175,612
Total Expenditures	<u>\$ 44,088,415</u>	<u>47,435,120</u>	<u>31,270,022</u>	<u>16,165,098</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 750,520	640,520	640,520	-
Transfers to other funds	<u>(32,513,702)</u>	<u>(32,512,822)</u>	<u>(30,512,822)</u>	<u>2,000,000</u>
Total Other Financing Sources (Uses)	<u>\$ (31,763,182)</u>	<u>(31,872,302)</u>	<u>(29,872,302)</u>	<u>2,000,000</u>
Net Change in Fund Balance - Budgetary Basis			\$ 2,504,966	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ 505,399	
Adjustments to expenditures for modified accrual purposes			(742,334)	
To reflect fair market value adjustment not budgeted			(879,640)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			<u>2,078,261</u>	
Change in fund balance - GAAP basis			<u>\$ 3,466,652</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, 2014

	Budgeted Amounts		Non - GAAP Actual	Variance Favorable (Unfavorable) Final to
	Original	Final		
Revenues				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	-	-	200	200
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	161	161
Grants	-	-	-	-
Other	-	-	852	852
Intergovernmental	-	-	-	-
Total Revenues	-	-	1,213	1,213
Cash balance carryforward	568,800	590,854		
Total	\$ 568,800	590,854		
Expenditures				
General Government	\$ -	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Housing	-	-	-	-
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	568,880	590,854	203,947	386,907
Total Expenditures	\$ 568,880	590,854	203,947	386,907
Other Financing Sources (Uses)				
Transfers from other funds	\$ -	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	-	-	-
Net Change in Fund Balance - Budgetary Basis			\$ (202,734)	
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			-	
			\$ (202,734)	

STATE OF NEW MEXICO
SANTA FE COUNTY
Non-Major Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual
Fire Operations
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Non - GAAP <u>Actual</u>	Variance Favorable (Unfavorable) <u>Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	7,616,410	7,616,410	8,521,700	905,290
Other Taxes and Assessments	-	-	-	-
Licenses, Permits & Fees	31,000	31,000	36,736	5,736
Charges for Services	750,000	750,000	740,470	(9,530)
Fines and Forfeitures	-	-	-	-
Interest Earnings	-	-	-	-
Grants	885,483	1,217,626	430,858	(786,768)
Other	-	139,720	144,608	4,888
Intergovernmental	270,000	270,000	306,627	36,627
Total Revenues	<u>9,552,893</u>	<u>10,024,756</u>	<u>10,180,999</u>	<u>156,243</u>
Cash balance carryforward	581,650	1,468,930		
Total	<u>\$ 10,134,543</u>	<u>11,493,686</u>		
Expenditures				
General Government	\$ -	-	-	-
Public Safety	10,762,271	12,121,414	10,570,784	1,550,630
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Total Expenditures	<u>\$ 10,762,271</u>	<u>12,121,414</u>	<u>10,570,784</u>	<u>1,550,630</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 4,037,249	4,037,249	4,037,249	-
Transfers to other funds	(3,409,521)	(3,409,521)	(3,409,521)	-
Total Other Financing Sources (Uses)	<u>\$ 627,728</u>	<u>627,728</u>	<u>627,728</u>	<u>-</u>
Net Change in Fund Balance - Budgetary Basis			\$ 237,943	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ 263,679	
Adjustments to expenditures for modified accrual purposes			(157,927)	
To reflect fair market value adjustment not budgeted			(80,232)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			331,095	
Change in fund balance - GAAP basis			<u>\$ 594,558</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, 2014

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	<u>Variance Favorable (Unfavorable) Final to</u>
	<u>Original</u>	<u>Final</u>		<u>Final to</u>
Revenues				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	-	-	-	-
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	5,962,799	5,962,799	6,702,952	740,153
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	142,512	142,512
Grants	40,000	40,000	36,910	(3,090)
Other	45,000	45,000	64,795	19,795
Intergovernmental	70,000	70,000	106,227	36,227
Total Revenues	<u>6,117,799</u>	<u>6,117,799</u>	<u>7,053,396</u>	<u>935,597</u>
Cash balance carryforward	<u>2,000,000</u>	<u>4,251,111</u>		
Total	<u>\$ 8,117,799</u>	<u>10,368,910</u>		
Expenditures				
General Government	\$ -	-	-	-
Public Safety	22,812,863	25,097,340	19,263,054	5,834,286
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	-	-	-	-
Capital Improvements	-	-	-	-
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Total Expenditures	<u>\$ 22,812,863</u>	<u>25,097,340</u>	<u>19,263,054</u>	<u>5,834,286</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 16,943,179	16,976,545	14,976,545	(2,000,000)
Transfers to other funds	<u>(2,248,115)</u>	<u>(2,248,115)</u>	<u>(2,248,115)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 14,695,064</u>	<u>14,728,430</u>	<u>12,728,430</u>	<u>(2,000,000)</u>
Net Change in Fund Balance - Budgetary Basis			\$ 518,772	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ 80,067	
Adjustments to expenditures for modified accrual purposes			(1,704,613)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			<u>2,009,354</u>	
Change in fund balance - GAAP basis			<u>\$ 903,580</u>	

STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities-Enterprise Funds				
	Home Sales	Regional Planning Authority	Utilities	Housing Services	Total Enterprise Funds
ASSETS					
Current assets:					
Cash and investments	\$ 4,354,322	208,041	9,584,447	690,234	14,837,044
Cash and investments - restricted	-	-	83	96,409	96,492
Accounts receivable, net	-	-	247,406	17,377	264,783
Prepaid and other assets	-	-	4,980	11,352	16,332
Held For Sale - Land	35,000	-	-	-	35,000
Held For Sale - Buildings/Improvements	108,029	-	-	-	108,029
Total current assets	<u>4,497,351</u>	<u>208,041</u>	<u>9,836,916</u>	<u>815,372</u>	<u>15,357,680</u>
Noncurrent assets:					
Capital assets, not depreciated	-	-	23,573,442	725,205	24,298,647
Capital assets, net of accumulated depreciation	-	-	112,751,110	4,674,696	117,425,806
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>136,324,552</u>	<u>5,399,901</u>	<u>141,724,453</u>
Total Assets	<u>4,497,351</u>	<u>208,041</u>	<u>146,161,468</u>	<u>6,215,273</u>	<u>157,082,133</u>
LIABILITIES					
Current liabilities:					
Accounts payable	3,670	-	206,484	15,883	226,037
Accrued wages and benefits	-	-	47,425	26,364	73,789
Deposits held for others	-	-	141,818	129,251	271,069
Other Current Liabilities	-	-	83	-	83
Due to other Governments	-	-	112,622	-	112,622
Total Current Liabilities	<u>3,670</u>	<u>-</u>	<u>508,432</u>	<u>171,498</u>	<u>683,600</u>
NET POSITION					
Investment in capital assets	-	-	136,324,552	5,399,901	141,724,453
Unrestricted	4,493,681	208,041	9,328,484	643,874	14,674,080
Total Net Position	<u>\$ 4,493,681</u>	<u>208,041</u>	<u>145,653,036</u>	<u>6,043,775</u>	<u>156,398,533</u>

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

STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended June 30, 2014

	Business-type Activities-Enterprise Funds				Total Enterprise Funds
	Home Sales	Regional Planning Authority	Utilities	Housing Services	
Operating Revenues					
Rentals and charges for services & sales	\$ -	-	3,183,286	431,989	3,615,275
Miscellaneous	31,038	-	5,401,842	-	5,432,880
Total Operating Revenues	<u>31,038</u>	<u>-</u>	<u>8,585,128</u>	<u>431,989</u>	<u>9,048,155</u>
Operating Expenses					
Housing	14,023	2,843	-	911,283	928,149
Administrative expenses	-	10,700	2,253,461	-	2,264,161
Bad debt expense	-	-	233,043	-	233,043
Depreciation expense	-	-	2,491,457	227,908	2,719,365
Total Operating Expenses	<u>14,023</u>	<u>13,543</u>	<u>4,977,961</u>	<u>1,139,191</u>	<u>6,144,718</u>
Operating Income (Loss)	<u>17,015</u>	<u>(13,543)</u>	<u>3,607,167</u>	<u>(707,202)</u>	<u>2,903,437</u>
Non-Operating Revenues (Expenses)					
Interest earnings on cash & investments	-	-	25,223	17,869	43,092
HUD operating subsidy & other intergovernmental	-	-	-	524,444	524,444
Net Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>25,223</u>	<u>542,313</u>	<u>567,536</u>
Income Before Contributions & Transfers	17,015	(13,543)	3,632,390	(164,889)	3,470,973
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Change in Net Position	<u>17,015</u>	<u>(13,543)</u>	<u>3,632,390</u>	<u>(164,889)</u>	<u>3,470,973</u>
Net position, beginning of year	4,476,666	221,584	142,025,410	6,416,925	153,140,585
Restatement (Note 20)	-	-	(4,764)	(208,261)	(213,025)
Net position, beginning of year, as restated	<u>4,476,666</u>	<u>221,584</u>	<u>142,020,646</u>	<u>6,208,664</u>	<u>152,927,560</u>
Net position, end of year	<u>\$ 4,493,681</u>	<u>208,041</u>	<u>145,653,036</u>	<u>6,043,775</u>	<u>156,398,533</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, 2014

	Business-type Activities-Enterprise Funds				
	Home Sales	Regional Planning Authority	Utilities	Housing Services	Total Enterprise Funds
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
Cash flows from operating activities:					
Cash received from customers	\$ 195,880	14,489	3,397,457	422,295	4,030,121
Cash received from water rights	-	-	5,400,000	-	5,400,000
Cash payments to supplies for goods and services	-	(13,543)	(1,243,943)	(291,612)	(1,549,097)
Cash payments to employees for services	(85,364)	-	(1,044,781)	(601,527)	(1,731,672)
Net cash provided by (used for) operating activities	110,516	946	6,508,733	(470,843)	6,149,352
Cash flows from noncapital and related financing					
Operating grants received	-	-	-	524,444	524,444
Net cash provided by noncapital financing activities	-	-	-	524,444	524,444
Cash flows from investing activities:					
Investment Earnings	-	-	25,223	17,869	43,092
Purchases of assets	-	-	(1,589,110)	(46,301)	(1,635,411)
Sales of held for sale assets	215,823	-	-	-	215,823
Net cash provided by (used for) investing activities	215,823	-	(1,563,887)	(28,432)	(1,376,496)
Net increase in cash and cash equivalents	326,339	946	4,944,846	25,169	5,297,300
Cash and cash equivalents, beginning of year	4,027,983	207,095	4,639,684	761,474	9,636,236
Cash and cash equivalents, end of year	\$ 4,354,322	208,041	9,584,530	786,643	14,933,536
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating income (loss)	\$ 17,015	(13,543)	3,607,167	(707,202)	2,903,437
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	-	-	2,491,457	227,908	2,719,365
Bad debt expense	-	-	233,043	-	233,043
Change in assets and liabilities:					
Prepaid and other assets	-	-	(3,323)	(9,694)	(13,017)
Receivables	164,842	14,489	215,652	-	394,983
Accounts Payable	(71,341)	-	(92,283)	9,863	(153,761)
Accrued payroll and employee benefits	-	-	9,681	2,754	12,435
Due to other governments	-	-	27,966	-	27,966
Deposits held for others	-	-	19,290	6,286	25,576
Other liabilities	-	-	83	(758)	(675)
Total Adjustments	93,501	14,489	2,901,566	236,359	3,245,915
Net cash provided by (used for) operating activities	\$ 110,516	946	6,508,733	(470,843)	6,149,352
<u>Non-cash capital and financing activities</u>					
None					

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, 2014

	<u>Agency</u>
	<u>Totals</u>
ASSETS	
Cash and investments - held in trust	\$ 4,227,538
Property taxes receivable	9,306,969
<i>Total Assets</i>	<i>\$ 13,534,507</i>
LIABILITIES	
Deposits held for others	\$ 710,560
Taxes paid in advance	537,914
Due to other Governments	9,306,969
Undistributed taxes to other Governments	2,979,064
<i>Total Liabilities</i>	<i>\$ 13,534,507</i>

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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The County's significant accounting policies are described below.

Reporting Entity

The County's major operations include public safety - sheriff and fire protection, emergency communication operations, adult and juvenile detention operations; public works – roads, solid waste, projects and facilities management, utilities (water and wastewater operations); certain health, social and community services, general 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.

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

A. Government-Wide and Fund Financial Statements

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts and gasoline taxes, are recognized as

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

Customer contributions owed to the Utilities Division for the extension of the water system to their property are recorded as revenue when the customer begins to receive water service. Customer contributions owed to the Utilities Division are recorded as notes receivable and deferred revenue if water service has not yet been extended to the customer. Mortgage receivables owed to the Housing Services Fund when the homeowner purchased the property under the Home Sales program is not owed unless the homeowner sells or refinances the property. These mortgages represent the deferred profit from the sale of the property. Ten percent of the mortgage balance is reduced each year the homeowner owns the property. Deferred revenue is recorded until the homeowner sells the property or the mortgage receivable is paid off.

The County reports the following major governmental funds.

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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.

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.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for this fund include sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the County reports the following fund type:

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

C. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category.

Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has three types of items, which arise only under modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items under the deferred inflows category (*property taxes, mortgages and down payment assistance, and unavailable revenue*) are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

D. Cash and Investments

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

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

government; and bonds of the State of New Mexico, counties, cities, school districts, and special districts as specified by statute.

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

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

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

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

E. Investment Income

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

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

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

G. Inventory

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

H. Prepaid Items

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

I. Capital Assets

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, vehicles and other assets	3-5

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

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

J. Compensated Absences

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

K. Long-term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts and the difference between the reacquisition price and net carrying

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amount of the old debt are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method, over the term of the related debt. Bond issuance costs are recognized as an expenditure in both the governmental fund types and entity-wide financial statements when bonds are issued.

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

L. 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.

M. Budgets

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

Differences between the budgetary basis and GAAP include the following:

1. The budget includes encumbrances (unperformed contracts for goods or services). GAAP does not include encumbrances.

2. The budget does not include certain liabilities, receivables, and depreciation expense for Enterprise funds. The GAAP basis financial statements do include these transactions.

Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and the enterprise funds.

Department heads and elected officials are required to complete budget request forms for each organizational unit. The County Manger's Office prepares a management budget

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recommendation based upon budget requests as well as Board of County Commissioner and community priorities. The Commissions reviews the management budget recommendations and makes changes as needed. The amended budget is then adopted and approved by resolution. The Finance Division prepares the adopted budget for submission to the Local Government Division (LGD) of the Department of Finance and Administration (DFA) by June 1, for interim approval.

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

After the annual budget is adopted, the following types of adjustments must be approved by the governing body through a resolution and submitted to DFA for review and approval: 1) budget increases, 2) transfers of budget or cash between funds, and 3) budget decreases.

Additionally, it is County policy to prepare an internal budget adjustment request form for the following:

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

Organizational unit budgets are monitored by the Finance Division to ensure that DFA and County policy are being followed. Additionally, a mid-year budget review is conducted 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

The following funds were not budgeted in fiscal year 2014:

Recreation Special Revenue Fund
Equipment Loan Debt Service Fund

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Encumbrances

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

O. Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Unrestricted net position represents assets of the County not restricted for any other project or purpose.

P. Estimates

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

NOTE 2 – CLASSIFICATION OF NET POSITION AND FUND BALANCES

Fund Balance Classifications:

Nonspendable – Represents amounts that are not in a spendable form, cannot be spent, or required by legal or other contractual reasons to be maintained intact. This classification includes permanent fund principal, inventory, assets held for sale, prepaids, and long-term receivables net of deferred revenue. At June 30, 2014, the County had \$735,512 in nonspendable fund balance made up of prepaid insurance on boiler and machinery equipment and prepaid insurance on law enforcement.

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, 2014, the County had \$146,090,170 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.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Committed – Includes amounts that have been committed by formal action by the highest level of authority for specific purposes (via Board of County Commissioners [BCC] action, resolution or adopted ordinance-both equally binding) and can only be changed or lifted by the same formal action. At June 30, 2014, the County had \$1,212,627 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 \$2.2M in non major governmental funds, and \$2.8M 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 FY14 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 \$6.3M 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 \$12M 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, 2014.

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, 2014, as all fund balance amounts had been classified in their respective category.

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, 2014, was \$6.3M 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.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

The following schedule presents fund balance classifications at June 30, 2014:

	General Fund	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	Non-Major Funds
FUND BALANCE						
Nonspendable:						
Prepaid Insurance	\$ 122,035	-	64,673	286,294	-	262,510
Subtotal:	122,035	-	64,673	286,294	-	262,510
Restricted:						
Debt Service	2,140,006	-	-	-	-	11,232,761
Capital Projects	-	-	-	-	30,832,592	28,625,464
Statutory budget reserve	26,519,171	-	-	-	-	-
Other contractual & statutory requirements	-	1,302,112	6,175,470	6,205,061	-	33,057,533
Subtotal:	28,659,177	1,302,112	6,175,470	6,205,061	30,832,592	72,915,758
Committed:						
Contingency reserve above requirement	7,500,000	-	896,856	1,901,072	-	2,162,614
Loan guarantee-Santa Fe Studios	6,300,000	-	-	-	-	-
Fixed asset replacement	12,000,000	-	-	-	-	-
Disaster recovery	5,000,000	-	-	-	-	-
Facility/infrastructure	7,000,000	-	-	-	-	-
Emergency Communication Operations	-	-	-	-	-	1,212,627
Subtotal:	37,800,000	-	896,856	1,901,072	-	3,375,241
Unassigned:	6,325,975	-	-	-	-	-
Total Fund Balance	\$ 72,907,187	1,302,112	7,136,999	8,392,427	30,832,592	76,553,509

NOTE 3 – CASH AND INVESTMENTS

At year end, the carrying amount of the County's deposits was \$62,409,170 and the bank balance was \$66,155,241. 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.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 – CASH AND INVESTMENTS (Continued)

No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At year end, \$1,284,103 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:

	50%
	Requirement
Deposits	\$ 66,155,241
Less FDIC coverage	<u>1,748,000</u>
Total unsecured public funds	<u>64,407,241</u>
Collateral requirement	32,203,621
Pledged securities, fair value	<u>88,840,364</u>
Pledged in excess of requirement	<u>\$ 56,636,743</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	\$ 57,479,153	\$ 57,479,153	\$ -	\$ -	\$ -
State Treasurer’s Investment Pool	53,509	53,509	-	-	-
Marketable CD’s	250,000	-	250,000	-	-
U.S Treasuries	1,020,000	-	1,020,000	-	-
U.S. Agencies:					
Federal Farm Credit Banks	7,929,545	-	2,929,545	2,000,000	3,000,000
Federal National Mortgage Association	24,936,693	-	17,456,440	6,480,253	1,000,000
Federal Home Loan Mortgage Corporation	18,154,575	3,009,087	10,997,330	2,652,042	1,496,116
Federal Home Loan Bank	36,122,803	1,000,299	11,476,980	14,035,387	9,610,137
Fing Corp FICO	4,893,000	-	4,893,000	-	-
Total	<u>\$ 150,839,278</u>	<u>\$ 61,542,048</u>	<u>\$ 49,023,295</u>	<u>\$ 25,167,682</u>	<u>\$ 15,532,158</u>

Interest Rate Risk - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average maturity of the State Treasurer’s local government investment pool was 50 days at year end.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 – CASH AND INVESTMENTS (Continued)

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	\$ 57,905,058	38%
U.S. Agencies		
Federal Farm Credit Banks	7,929,545	5%
Federal National Mortgage Association	24,936,693	17%
Federal Home Loan Mortgage Corporation	18,154,574	12%
Federal Home Loan Bank	36,122,803	24%

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 – RECEIVABLES

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

	General Fund	Developer Fees*	Fire Operations	Corrections Operations	Capital Outlay GRT	Non-Major Governmental Funds
Accounts	\$ 252,901	\$ -	\$ 8,437,033	\$ 3,757,536	\$ -	\$ 1,733,635
Taxes	6,950,608	143,858	1,386,418	-	1,548,222	4,644,669
Interest	242,585	-	-	64,871	-	12,282
Grantor & other	121,029	-	229,450	-	-	1,548,245
Mortgage Notes	-	13,743,919	-	-	-	-
Down Payment Assistance	-	529,600	-	-	-	-
Less: Allowance for uncollectible	(29,086)	(2,884,432)	(8,188,154)	(3,189,468)	-	(30,169)
Net receivables	\$ 7,538,037	\$ 11,532,945	\$ 1,864,747	\$ 632,939	\$ 1,548,222	\$ 7,908,662

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

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

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 4,819,419	-
Mortgages receivable (Developer Fees Fund)	11,530,607	-
Charges for services receivables (Fire Operations Fund)	101,611	-
Delinquent property taxes receivable (Non-Major Governmental Funds)	1,025,307	-
Charges for services receivable (Non-Major Governmental Funds)	1,911,622	-
Total deferred revenue for governmental funds	\$ 19,388,566	\$ -

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:

	Balance June 30, 2013 as restated	Additions	Deletions	Transfers	Balance June 30, 2014
Land	\$ 35,340,699	344,899	-	749,844	36,435,442
Right of Way Land	10,109,940	-	-	-	10,109,940
Construction in progress	<u>5,439,516</u>	<u>6,023,913</u>	<u>-</u>	<u>(5,967,494)</u>	<u>5,495,935</u>
Total	<u>50,890,155</u>	<u>6,368,812</u>	<u>-</u>	<u>(5,217,650)</u>	<u>52,041,317</u>
Assets being depreciated:					
Buildings & Improvements	172,203,661	3,187,521	-	5,217,650	180,608,832
Infrastructure	65,454,745	4,758,427	-	-	70,213,172
Vehicles, Furniture, Fixtures & Equipment	<u>58,368,294</u>	<u>5,377,933</u>	<u>(2,669,810)</u>	<u>-</u>	<u>61,076,417</u>
Total	<u>296,026,700</u>	<u>13,323,881</u>	<u>(2,669,810)</u>	<u>5,217,650</u>	<u>311,898,421</u>
Less: Accumulated Depreciation					
Buildings & Improvements	(38,970,966)	(4,736,582)	-	-	(43,707,548)
Infrastructure	(22,204,607)	(2,179,411)	-	-	(24,384,018)
Vehicle, Furniture, Fixtures, & Equipment	<u>(45,106,745)</u>	<u>(3,892,059)</u>	<u>2,669,810</u>	<u>-</u>	<u>(46,328,994)</u>
Total	<u>(106,282,318)</u>	<u>(10,808,052)</u>	<u>2,669,810</u>	<u>-</u>	<u>(114,420,560)</u>
Net Fixed Assets	<u>\$ 240,634,537</u>	<u>8,884,641</u>	<u>-</u>	<u>-</u>	<u>249,519,178</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 – CAPITAL ASSETS (Continued)

Business Type Activities:

REGIONAL PLANNING AUTHORITY

	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Vehicles, Furniture, Fixtures, & Equipment	\$ 6,736	-	(3,107)	-	3,629
Total	6,736	-	(3,107)	-	3,629
Less: Accumulated Depreciation Vehicle, Furniture, Fixtures, & Equipment	(6,736)	-	3,107	-	(3,629)
Total	(6,736)	-	3,107	-	(3,629)
Net Fixed Assets	\$ -	-	-	-	-

UTILITIES DEPARTMENT

	Balance June 30, 2013 as restated	Additions	Deletions	Transfers	Balance June 30, 2014
Land	\$ 1,439,391	936	-	-	1,440,327
Water Rights	21,704,696	-	-	-	21,704,696
Construction in progress	43,814	384,605	-	-	428,419
Total	23,187,901	385,541	-	-	23,573,442
Assets being depreciated:					
Buildings & Improvements	21,751	-	-	-	21,751
Water Systems	121,174,258	1,036,038	-	-	122,210,296
Vehicles, Furniture, Fixtures & Equipment	628,358	167,532	(93,032)	-	702,858
Total	121,824,367	1,203,570	(93,032)	-	122,934,905
Less: Accumulated Depreciation Buildings & Improvements	(9,030)	(2,886)	-	-	(11,916)
Water Systems	(7,301,212)	(2,426,913)	-	-	(9,728,125)
Vehicle, Furniture, Fixtures, & Equipment	(475,128)	(61,658)	93,032	-	(443,754)
Total	(7,785,370)	(2,491,457)	93,032	-	(10,183,795)
Net Fixed Assets	\$ 137,226,898	(902,346)	-	-	136,324,552

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 – CAPITAL ASSETS (Continued)

Business Type Activities (Continued):

HOUSING SERVICES

	Balance June 30, 2013 as restated	Additions	Deletions	Transfers	Balance June 30, 2014
Land	\$ 725,205	-	-	-	725,205
Assets being depreciated:					
Buildings & Improvements	7,836,345	-	-	-	7,836,345
Vehicles, Furniture, Fixtures & Equipment	404,897	46,302	(13,963)	-	437,236
Total	8,241,242	46,302	(13,963)	-	8,273,581
Less: Accumulated Depreciation					
Buildings & Improvements	(2,999,062)	(210,730)	-	-	(3,209,792)
Vehicle, Furniture, Fixtures, & Equipment	(385,878)	(17,178)	13,963	-	(389,093)
Total	(3,384,940)	(227,908)	13,963	-	(3,598,885)
Net Fixed Assets	5,581,507	(181,606)	-	-	5,399,901
Business-type activities capital assets, net	\$142,808,405	(1,083,952)	-	-	141,724,453

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 1,491,209
Public safety	5,254,103
Health and welfare	906,021
Culture and recreation	764,495
Highways and streets	2,392,224
Total depreciation expense – governmental activities	<u>\$ 10,808,052</u>
Business-Type Activities:	
Regional Planning Authority	\$ -
Utilities	2,491,457
Housing Services	227,908
Total depreciation expense – business-type activities	<u>\$ 2,719,365</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 – CAPITAL ASSETS (Continued)

Construction Commitments – At year end, the County had contractual commitments related to capital projects for the construction of County road 98 and Caja Del Rio and other various projects. At year end the County had spent \$14M on the projects and had estimated remaining contractual commitments of \$6.6M. These projects are being funded primarily with bond proceeds and capital outlay gross receipts taxes.

NOTE 6 – OPERATING LEASES

The County leases equipment and office space under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Expenditures under the terms of the operating leases totaled \$362,719 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:		
2015	\$	103,910
2016		48,928
2017		50,020
2018		51,486
2019		52,121
2020-24		271,461
2025-29		150,385
2030-31		<u>3,822</u>
Total minimum payments required	<u>\$</u>	<u>732,133</u>

NOTE 7 – LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require the County to place a final cover on the County-operated landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be incurred after the date the landfill stops accepting waste, the County reports these closure and post-closure care costs as a liability as of each balance sheet date. The County closed the landfill during fiscal year 1997. The \$1,899,848 reported as landfill closure and post-closure care liability at year end represents management's estimate based on an expert hired to estimate the costs for standard monitoring and compliance to 2027.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LANDFILL CLOSURE AND POST-CLOSURE COSTS (Continued)

Annual ground water monitoring has demonstrated the County is in compliance with ground water contamination. The County is required to perform monitoring of the ground water every five years. The County estimates it will not expend any significant monies for post-closure costs in the next fiscal year. Current year expenditures of \$16,016 were paid by the General Fund. These amounts are based on what it would cost to perform all closure and post-closure care in fiscal 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations; therefore, an amount due within one year is not recorded.

NOTE 8 – CONDUIT DEBT OBLIGATIONS

The County has issued Project Revenue Bonds to provide assistance for the El Castillo Retirement Residences Project. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. At year end, there were two series of Project Revenue Bonds outstanding, with an aggregate principal amount payable of \$10,920,000.

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 \$2,820,000.

The County issued \$7,400,000 of tax-exempt variable rate and \$2,650,000 of taxable fixed rate Education Facility Revenue Bonds in April 2008 to provide assistance for building an elementary school for the Archdiocese of Santa Fe. The bonds are secured by Education Facility Revenues. At year end, the amounts of bonds outstanding were \$8,535,000.

Total conduit debt outstanding at June 30, 2014, was \$22,275,000. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

NOTE 9 – BONDS PAYABLE

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 – BONDS PAYABLE (Continued)

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, 2014	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	\$ 10,450,000	\$ 500,000
GOB Series 2005 - Refunding 97 GOB	8,490,000	3.75% to 4.192%	7/1/16	2,980,000	950,000
GOB Series 2007A - Judicial Center	25,000,000	4% to 4.5%	7/1/26	20,050,000	250,000
GOB Series 2007B – Roads & Water	20,000,000	4% to 5.5%	7/1/27	15,800,000	500,000
GOB Series 2008 - Buckman Direct Diversion Water	32,500,000	3% to 4.25%	7/1/24	25,900,000	1,000,000
GOB Series 2009 - Road, Fire, Water, OS, Transfer Stations	17,000,000	3% to 4.3%	7/1/24	12,250,000	1,000,000
GOB Series 2010 - Refund 2001A & 1999 Series	13,505,000	2.125% to 3%	7/1/18	7,140,000	920,000
GOB Series 2011 – Refund 2001A & Road, Fire, Water, OS, Transfer Stations	17,500,000	2.5% to 4%	7/1/26	13,440,000	1,165,000
GOB Series 2013-Roads, Public Works, Water	19,000,000	2.0% to 4.0%	7/1/28	19,000,000	350,000
Total				<u>127,010,000</u>	<u>6,635,000</u>
Revenue Bonds:					
Correctional System 1997	30,000,000	5.0% to 6.0%	2/1/27	20,000,000	1,095,000
Sheriff's Facility - 1997A	6,000,000	5.0% to 6.0%	2/1/27	3,760,000	205,000
Subordinate Judicial Center – 2008	30,000,000	3.5% to 5%	6/1/33	26,520,000	445,000
2009 Series Capital Outlay GRT - Water Rights	12,090,000	2% to 5%	6/1/29	10,000,000	490,000
2010A Series Capital Outlay GRT - Buckman Direct Diversion	21,215,000	2% to 5%	6/1/30	18,295,000	825,000
2010B Series Capital Outlay GRT - Buckman Direct Diversion	10,195,000	2% to 4.25%	6/1/30	8,885,000	370,000
Total				<u>87,460,000</u>	<u>3,430,000</u>
Grand Total				<u>\$ 214,470,000</u>	<u>\$ 10,065,000</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 – BONDS PAYABLE (Continued)

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:	<u>Principal</u>	<u>Interest</u>
2015	\$ 10,065,000	\$ 8,872,993
2016	10,760,000	8,506,055
2017	11,650,000	8,098,846
2018	13,005,000	7,648,287
2019	13,445,000	7,149,638
2020-24	73,095,000	26,998,642
2025-29	69,435,000	9,914,677
2030-33	<u>13,015,000</u>	<u>1,420,675</u>
Total	<u>\$ 214,470,000</u>	<u>\$ 78,609,813</u>

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, \$10,365,000 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 \$87.5M as of June 30, 2014. 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 18% of gross receipts tax revenues. Total principal and interest to be paid on the bonds is \$129.7M. The current total gross receipts tax revenues were \$47.9M and the total principal and interest paid on the bonds was \$7.5M, or 15.6% of gross receipts tax revenues.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 10 – LOANS PAYABLE

During the year ended June 30, 2014, the County entered into two non-interest agreements with the New Mexico Water Trust Board and the New Mexico Finance Authority in connection with water utility projects within Santa Fe County. The annual payments of principal are the responsibility of the Capital Outlay GRT Fund.

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

Year ending June 30:	<u>Principal</u>
2015	\$ 26,094
2016	26,095
2017	26,094
2018	26,095
2019	26,095
2020-24	130,477
2025-29	119,958
Total	<u>\$ 380,908</u>

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

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

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 133,455,000	-	(6,445,000)	127,010,000	6,635,000
Revenue bonds	90,600,000	-	(3,140,000)	87,460,000	3,430,000
Loan Payable	434,462	-	(53,554)	380,908	26,094
Landfill closure and post-closure costs	1,915,864	-	(16,016)	1,899,848	16,016
Compensated absences	3,310,352	2,709,878	(2,926,841)	3,093,389	3,093,389
Total	<u>\$ 229,715,678</u>	<u>2,709,878</u>	<u>12,581,411</u>	<u>219,844,145</u>	<u>13,200,499</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, nineteen 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	\$ 1,345,930	\$ 6,062
Developer Fees	-	295,805
Fire Operations	-	1,002
Total Major Funds	1,345,930	302,869
Nonmajor Funds:		
Road Maintenance	-	94
Indigent Services	-	175
EMS Health Care	-	598
Alcohol Programs	-	590
Emergency Communication Operations	-	275
Housing Capital Improvement	-	44,645
GOB Debt Service	219,792	-
Jail Revenue Bond	-	859
Community Development Block Grant	-	111,234
Capital Projects-Federal	-	2,282
State Special Appropriations	-	59,560
GOB Series 2005	-	39
GOB Series 2007A	-	144
GOB Series 2007B	-	28
2008 GRT Revenue Bond-Judicial	-	185
GOB Series 2009	-	319,169
GOB Series 2011	-	544,954
Equipment Loan Proceeds	-	17,893
GOB Series 2013	-	160,010
GOB Series 2001	-	38
Facility Bond 1997	-	16
Fire Tax Revenue Bond	-	42
GOB Series 2001A	-	23
Total Nonmajor Funds	219,792	1,262,853
Total County	\$ 1,565,722	\$ 1,565,722

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

Interfund transfers for the year ended June 30, 2014, are listed as follows:

Transfers from General Fund to		
Property Valuation	\$	97,874
Law Enforcement Operations		12,009,677
Correction Operations		10,405,429
Road Maintenance		5,458,341
Economic Development		500,000
Alcohol Programs		60,000
Farm & Range		5,000
GRT Revenue Bond		1,976,501
		<u>30,512,822</u>
Transfer from Corrections Fund to		
Correction Operations		220,000
Transfers from Environment GRT to		
General Fund		610,520
Transfers from Capital Outlay GRT to		
GRT Revenue Bond Debt Svc		3,163,377
WTB Loan/Grant Debt Svc		61,894
		<u>3,225,271</u>
Transfer from Correction GRT to		
Corrections Operations		4,317,750
Transfer from Indigent Hospital to		
Indigent Services		1,738,011
Transfer from EMS Healthcare to		
Corrections Operations		33,366
Transfer from EMS Hospital to		
EMS Health Care		780,501
Fire Operations		4,037,249
		<u>4,817,750</u>
Transfers from Alcohol Programs to		
General Fund		30,000
Law Enforcement Operations		75,000
		<u>105,000</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

Transfer from Fire Operations to Emergency Communications	3,409,521
Transfer from Corrections Operations to Jail Revenue Bond Debt Service	2,248,115
Transfer from GOB Series 2005 to GOB Debt Service	33,738
Transfer from GOB Series 2007 to GOB Debt Service	966
Transfer from GOB Series 2008 to GOB Debt Service	1,775
Transfer from Capital Outlay GRT Bonds 2009 to GRT Revenue Bond Debt Service	58,966
Transfer from Capital Outlay GRT Bonds 2010B to GRT Revenue Bond Debt Service	21,326
Transfer from Facility Bonds 1997 to GRT Revenue Bond Debt Service	2,880
Transfer from GOB Series 2001A to GOB Debt Service	<u>8,667</u>
Total Transfers Government and Enterprise Funds	\$ <u>51,366,444</u>

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014, are listed as follows:

Purpose	Major Funds	Nonmajor Funds	Total
GIS Aerial Photography	\$ 210,676	\$ -	\$ 210,676
Santa Fe County's share of the Buckman Direct Diversion Project	645,781	-	645,781
Sole Community Provider Payments	-	1,317,565	1,317,565
Open Space-various projects	346,917	303,056	649,973
Northern NM Recreational Fields	355,000	-	355,000
Senior Center Improvements	1,275,605	-	1,275,605
Water Transmission Line –various projects	-	467,722	467,722
Upgrade Youth Development Facility	-	901,300	901,300
Total Significant Encumbrances	\$ 2,833,979	\$ 2,989,643	\$ 5,823,622

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, 2014. It is the opinion of management and County counsel that the amount of losses resulting from these litigations at June 30, 2014, would not be material to the financial position of the County.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING

Significant JPAs and MOUs are as follows:

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

The County and the City established the Santa Fe Solid Waste Management Agency (Agency) through a Joint Powers Agreement in February 1995, as a public entity separate from the County or the City. The agreement delegated to the Agency the power to plan for, operate, construct, maintain, repair, replace, or expand the facility. The County Commission and the City Council approve the annual budget. The Agency has the authority to adopt revenue bond ordinances so long as such an ordinance is duly ratified by the governing bodies of the County and the City. A five member staff advisory committee was established by the agreement and is comprised of the finance directors from the County and the City, the County public works department director, the City utilities department director and the Agency director. A five member citizens' advisory committee was also established. The Agency is charged to comply with all laws, rules and regulations for operations under the permit issued from the New Mexico Environment Department. The Board of Directors for the Agency consists of four members who are appointed by the Board of County Commissioners and four members who are appointed by the City Mayor with the approval of the City Council. The Board meets at least quarterly.

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately \$6.0 million. The County did not contribute any funds to the Agency in the 2014 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
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

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 established a joint powers agreement for the Buckman Direct Diversion (BDD) water project. The BDD project was the largest, single capital project for which the two local governments address meeting the current and future needs of an adequate water supply within the area. Total construction costs for the project were \$224.2M. The Buckman Direct Diversion allows for full access to the San Juan/Chama water rights and/or other native Rio Grande water rights held by the City and County. The system routes Rio Grande surface water directly from the river through a conveyance system to a new water treatment facility where water is conveyed to the various users. Costs incurred have been recorded to the Utilities Department enterprise fund as additions to water rights and the water system.

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County belongs to the New Mexico County Insurance Authority (NMCIA) a division of New Mexico Association of Counties (NMAC), a public entity risk pool currently operating as a common risk management and insurance program for its member counties. The County pays an annual premium to NMCIA for its general and law enforcement liability, automobile, property and workers' compensation insurance coverage. The agreement for formation of the NMCIA provides that NMCIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of amounts that range from \$150,000 for property to \$300,000 for other liability claims. The County carries commercial insurance for employee health and accident insurance.

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 14.65% of their gross salary; police are required to contribute 17.80% and fire is required to contribute 17.70% 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 10.99% regular, 10.15% police, and 13.27% 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 2014, 2013, and 2012 were \$8.3M, \$7.5M and \$7.2M, respectively, which were equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (police and fire) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The County's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$780,883, \$733,493 and \$707,098, respectively, which equal the required contributions for each year.

NOTE 18 – RECENT AND NEW ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements:

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement, which is effective for financial statements for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The County adopted GASB Statement No. 65 during fiscal year 2014. The County currently has no deferred outflows. Deferred inflows are reported regarding property taxes, mortgages and down payment assistance and unavailable revenue. During fiscal year 2014, the County included \$1,135,318 of previously unamortized bond issuance items in interest expense. The amount is not significant to users of the financial statements and is included in current year expenses.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*. This statement, which is effective for financial statements for periods beginning after December 15, 2012, amends Statement No. 10,

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 18 – RECENT AND NEW ACCOUNTING PRONOUNCEMENTS (Continued)

Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The adoption of GASB Statement No. 66 had no effect on the County's financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. This statement, which is effective for financial statements for periods beginning after June 15, 2013, replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The County is a participant in the State of New Mexico's Public Employee Retirement Association (PERA). PERA as the plan's administrator, implemented this new pronouncement during fiscal year 2014.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement, which is effective for financial statements for periods beginning after June 15, 2013, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. The adoption of this pronouncement required the County to evaluate its guarantee with the Santa Fe Film and Media Studios for the construction of a film and multi-production studio in the amount of \$6.3M. The County concluded that there were no qualitative factors or historical data that required the County to record the guarantee as a liability on its Statement of Net Position.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 18 – RECENT AND NEW ACCOUNTING PRONOUNCEMENTS (Continued)

New Accounting Pronouncements:

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2014.

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Upon adoption of this statement for the year ended June 30, 2015, the Statement of Net Position will include a material liability for pension participation in fiscal year 2015.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the GASB 69 and 71 pronouncements will not have a significant financial impact to the County or in issuing its financial statements.

NOTE 19 – DEFICIT FUND BALANCE

Generally accepted accounting principles require disclosure of deficit fund balance of individual funds. The Housing Capital Improvement fund had a deficit fund balance in the amount of \$8,460 as of June 30, 2014.

NOTE 20 – RESTATEMENT

Governmental activities net position at June 30, 2013 was restated in the net amount of \$4.6 million as a result of the following:

- \$18.9 million in infrastructure pertaining to roads had been internally tracked by the County; however, the balance was not capitalized into infrastructure for the fiscal years 2004 through 2013.
- Approximately \$8 million of accumulated depreciation on \$31 million in infrastructure that was capitalized as a result of the GASBS 34 implementation was not reflected within the Statement of Net Position.
- An individual capital assets re-calculation of accumulated depreciation identified a variance in the aggregate reported balances requiring restatement by approximately \$6.3 million.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 20 – RESTATEMENT (Continued)

Enterprise activities net position at June 30, 2014 was restated in the net amount of \$213,000 as a result of an individual asset re-calculation of accumulated depreciation which identified variance in the aggregately reported balances.

SUPPLEMENTARY INFORMATION

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

STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual
Capital Outlay GRT
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts	Budgeted Amounts	Non - GAAP	Variance Favorable
	Original	Final	Actual	(Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ -	-	-	-
Gross Receipts Taxes	8,635,500	8,635,500	9,528,695	893,195
Other Taxes & Assessments	-	-	-	-
Licenses, Permits, & Fees	-	-	-	-
Charges for Services	-	-	-	-
Fines & Forfeitures	-	-	-	-
Interest Earnings	-	-	-	-
Grants	-	-	-	-
Other	-	-	15,000	15,000
Intergovernmental	-	-	-	-
Total Revenues	8,635,500	8,635,500	9,543,695	908,195
Cash balance carryforward	8,897,236	14,529,447		
Total	\$ 17,532,736	23,164,947		
 Expenditures				
General Government	\$ -	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Highways & Streets	749,607	1,475,940	505,879	970,061
Capital Improvements	13,477,566	18,463,736	5,144,457	13,319,279
Health & Welfare	-	-	-	-
Housing	-	-	-	-
Total Expenditures	\$ 14,227,173	19,939,676	5,650,336	14,289,340
 Other Financing Sources (Uses)				
Transfers from other funds	\$ -	-	-	-
Transfers to other funds	(3,305,563)	(3,225,271)	(3,225,271)	-
Total Other Financing Sources (Uses)	\$ (3,305,563)	(3,225,271)	(3,225,271)	-
Net Change in Fund Balance - Budgetary Basis			\$ 668,088	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ (61,335)	
Adjustments to expenditures for modified accrual purposes			(3,702,998)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			3,746,962	
Change in fund balance - GAAP basis			\$ 650,717	

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

STATE OF NEW MEXICO
SANTA FE COUNTY
Enterprise Funds
Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual
Home Sales
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Non - GAAP	Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Operating Revenues				
Rentals and charges for services & sales	\$ -	-	383,804	383,804
Miscellaneous	-	-	12,757	12,757
Total Revenues	-	-	396,561	396,561
Cash balance carryforward	411,500	425,246		
Total	\$ 411,500	425,246		
Operating Expenses				
Housing	\$ 411,500	425,246	13,059	412,187
Administrative expenses	-	-	-	-
Depreciation	-	-	-	-
Total Expenses	\$ 411,500	425,246	13,059	412,187
Non-operating revenues (expenses)				
Interest earnings on cash & investments	\$ -	-	-	-
HUD operating subsidy & other intergovernmental	-	-	-	-
Total Non-operating revenues (expenses)	\$ -	-	-	-
Net income(loss) before transfers:	\$ -	-	383,502	-
Transfers from (to) other funds	\$ -	-	-	-
Change in fund net assets			\$ 383,502	
Reconciliation to GAAP basis income (loss):				
Revenue accruals, net of prior year revenue reversals			\$ (365,523)	
Adjustments to expenditures for modified accrual purposes			47,785	
To reflect fair market value adjustment not budgeted			(59,510)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			10,761	
Change in net position - GAAP basis			\$ 17,015	

STATE OF NEW MEXICO
SANTA FE COUNTY
Enterprise Funds
Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual
Regional Planning Authority
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Non - GAAP Actual	Variance
	Original	Final		Favorable (Unfavorable)
				Final to Actual
Operating Revenues				
Rentals and charges for services & sales	\$ -	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
Cash balance carryforward	-	2,130		
Total	\$ -	2,130		
Operating Expenses				
Housing	\$ -	-	-	-
Administrative expenses	-	2,130	-	2,130
Depreciation	-	-	-	-
Total Expenses	\$ -	2,130	-	2,130
Non-operating revenues (expenses)				
Interest earnings on cash & investments	\$ -	-	-	-
HUD operating subsidy & other intergovernmental	-	-	-	-
Total Non-operating revenues (expenses)	\$ -	-	-	-
Net income(loss) before transfers:	\$ -		-	
Transfers from (to) other funds	\$ -	-	-	-
Change in fund net assets			\$ -	
Reconciliation to GAAP basis income (loss):				
Revenue accruals, net of prior year revenue reversals			\$ -	
Adjustments to expenditures for modified accrual purposes			(10,700)	
To reflect fair market value adjustment not budgeted			(2,843)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			-	
Change in net position - GAAP basis			\$ (13,543)	

STATE OF NEW MEXICO
SANTA FE COUNTY
Enterprise Funds
Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual
Utilities
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Non - GAAP	Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Operating Revenues				
Rentals and charges for services & sales	\$ 4,097,240	3,564,286	3,422,821	(141,465)
Miscellaneous	50,559	-	5,427,065	5,427,065
Total Revenues	4,147,799	3,564,286	8,849,886	5,285,600
Cash balance carryforward	286,546	2,651,015		
Total	\$ 4,434,345	6,215,301		
Operating Expenses				
Housing	\$ -	-	-	-
Administrative expenses	4,324,345	6,215,301	-	6,215,301
Bad debt expense	-	-	-	-
Depreciation	-	-	-	-
Total Expenses	\$ 4,324,345	6,215,301	-	6,215,301
Non-operating revenues (expenses)				
Interest earnings on cash & investments	\$ -	-	-	-
HUD operating subsidy & other intergovernmental	-	-	-	-
Total Non-operating revenues (expenses)	\$ -	-	-	-
Net income(loss) before transfers:	\$ -	-	8,849,886	-
Transfers from (to) other funds	\$ 110,000	-	-	-
	-	-	-	-
Change in fund net assets			\$ 8,849,886	
Reconciliation to GAAP basis income (loss):				
Depreciation expenses not recorded as budgetary expenditures			\$ (2,491,457)	
Revenue accruals, net of prior year revenue reversals			(239,535)	
Adjustments to expenditures for modified accrual purposes			(3,359,745)	
To reflect fair market value adjustment not budgeted			(130,990)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			1,004,231	
			\$ 3,632,390	
			Change in net position - GAAP basis	

STATE OF NEW MEXICO
SANTA FE COUNTY
Enterprise Funds
Schedule of Revenues, Expenditures, and Changes in Net Position-Budget to Actual
Housing Services
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Non - GAAP	Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Operating Revenues				
Rentals and charges for services & sales	\$ 400,000	400,000	431,989	31,989
Miscellaneous	-	11,251	17,869	6,618
Total Revenues	400,000	411,251	449,858	38,607
Cash balance carryforward	90,516	113,840		
Total	\$ 490,516	525,091		
Operating Expenses				
Housing	\$ 1,071,491	1,106,066	958,695	147,371
Administrative expenses	-	-	-	-
Bad debt expense	-	-	-	-
Depreciation	-	-	-	-
Total Expenses	\$ 1,071,491	1,106,066	958,695	147,371
Non-operating revenues (expenses)				
Interest earnings on cash & investments	\$ -	-	-	-
HUD operating subsidy & other intergovernmental	671,491	671,491	-	(671,491)
Total Non-operating revenues (expenses)	\$ 671,491	671,491	-	(671,491)
Net income(loss) before transfers:	\$ -	-	(508,837)	-
Transfers from (to) other funds	\$ -	-	-	-
Change in fund net assets			\$ (508,837)	
Reconciliation to GAAP basis income (loss):				
Depreciation expenses not recorded as budgetary expenditures			\$ (227,908)	
Revenue accruals, net of prior year revenue reversals			524,444	
Adjustments to expenditures for modified accrual purposes			31,933	
To reflect fair market value adjustment not budgeted			(10,222)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			25,701	
Change in net position - GAAP basis			\$ (164,889)	

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Section 1. Recitals. This Continuing Disclosure Agreement (the "Agreement") is executed and delivered by Santa Fe County, New Mexico (the "County") in connection with the issuance of the Santa Fe County, New Mexico General Obligation Refunding and Improvement Bonds, Series 2015 (the "Bonds"). The Bonds are being issued pursuant to the Notice of Sale Resolution adopted on March 31, 2015 (the "Notice of Sale Resolution") and the Award Resolution adopted on April 14, 2015 (the "Award Resolution," and together with the Notice of Sale Resolution, the "Bond Resolution"). Pursuant to the Bond Resolution, to allow the purchaser of the Bonds to comply with the Rule (defined below), the County is required to make certain continuing disclosures for the benefit of owners (including beneficial owners) of the Bonds (the "Owners"). This Agreement is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the County, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Agreement, consisting of information of the type set forth in "DEBT AND OTHER FINANCIAL OBLIGATIONS - History of Assessed Valuation" and "FINANCES OF THE COUNTY" in the Official Statement. Annual Financial Information will include Audited Financial Statements if available.

(b) "Audited Financial Statements" means the County's annual financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"), which financial statements have been audited as may then be required or permitted by the laws of the State.

(c) "EMMA" means the MSRB's Electronic Municipal Market Access System located on its website at emma.msrb.org.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;
6. 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;
7. modifications to the rights of the holders of the Bonds, if material;
8. bond calls, if material, or tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or a similar event with respect to the County or an obligated person;
13. 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
14. appointment of a successor or additional trustee, or a change of name of a trustee, if material.

(e) "Event Notice" means written or electronic notice of an Event.

(f) "MSRB" means the Municipal Securities Rulemaking Board.

(g) "Official Statement" means the Official Statement dated April 14, 2015 delivered in connection with the original issue and sale of the Bonds.

(h) "Report Date" means March 31 of each year, beginning in 2016.

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

- (j) "SEC" means the Securities and Exchange Commission.
- (k) "State" means the State of New Mexico.

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

(a) The County shall, while any Bonds are Outstanding, provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning in 2016, to EMMA. The County may adjust the Report Date if the County changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to EMMA, provided that the new Report Date shall be 270 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the County provides to EMMA the Annual Financial Information by specific reference to documents previously provided to EMMA 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 MSRB.

(b) If not provided as part of the Annual Financial Information, the County shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to EMMA.

(c) 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. Each Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(d) The County shall provide notice to EMMA, in a timely manner not more than 10 business days after the occurrence, of any failure by the County while any Bonds are Outstanding to provide Annual Financial Information on or before the Report Date.

Section 4. Method of Transmission. The County shall employ such methods of information transmission as shall be requested or recommended by EMMA, the MSRB or the Securities and Exchange Commission.

Section 5. Termination of Continuing Disclosure Obligation. The continuing obligation hereunder of the County to provide Annual Financial Information, Audited Financial Statements, if any, and Event Notices shall terminate immediately once Bonds no longer are Outstanding. This undertaking or any provision hereof, shall be null and void in the event that the County delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This undertaking may be amended without the consent of the Owners, but only upon the delivery by the County to EMMA of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this undertaking by the County with the Rule.

Section 6. Beneficiaries. This agreement shall inure solely to the benefit of the County and the Owners from time to time of the Bonds, and shall create no rights in any other persons or entity.

Section 7. Enforcement. Each Owner is authorized to take action to seek specific performance by court order to compel the County to comply with its obligations under this Agreement, which action will be the exclusive remedy available to it or any other Owner. The County's breach of its obligations under this Agreement will not constitute an event of default under the Bond Resolution, and none of the rights and remedies provided by the Bond Resolution will be available to the Owners with respect to such a breach.

Section 8. Term. The County's obligations under this Agreement will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Bond 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 this Agreement are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 9. Amendments. The County may amend this Agreement from time to time, without the consent of any Owner, upon the County's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

- (a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County;
- (b) this Agreement, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and
- (c) the amendment does not materially impair the interests of the Owners.

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

Section 10. Governing Law. This Agreement is governed by and is to be construed in accordance with the law of the State.

Dated: May ____, 2015

SANTA FE COUNTY, NEW MEXICO

By: _____
Robert A. Anaya, Chair
Board of County Commissioners