

OFFICIAL STATEMENT DATED OCTOBER 23, 2018

NEW ISSUE – Book-Entry-Only

RATING: S&P “AAA”

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in “TAX EXEMPTION” herein, interest on the Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended, and (b) is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended, for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such bonds, see “TAX EXEMPTION” herein.

\$12,985,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2018

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, 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, 2019. 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) acquire, construct, design, equip and improve roads within the County, (2) acquire, construct, design, equip and improve water and wastewater projects within the County, (3) acquire, construct, design, equip and improve fire and other public safety facilities within the County, (4) acquire, construct, design, equip, improve and restore open space, trails and parks within the County and (5) pay the 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 November 20, 2018, through the facilities of the Depository Trust Company, New York, New York.

Dated: October 23, 2018.

[INSIDE COVER]

MATURITIES, INTEREST RATES AND YIELDS OR PRICES

\$12,985,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2018

Year (July 1)	Principal	Interest Rate	Price/Yield	CUSIP
2019	\$1,500,000	5.000%	101.881	801889 QG4
2020	650,000	5.000%	104.641	801889 QH2
2021	450,000	5.000%	107.256	801889 QJ8
2022	150,000	5.000%	109.564	801889 QK5
2023	400,000	5.000%	111.659	801889 QL3
2024	-	-	-	-
2025	400,000	5.000%	115.150	801889 QM1
2026	250,000	5.000%	114.494 C*	801889 QN9
2027	1,020,000	3.000%	100.000	801889 QP4
2028	1,020,000	3.125%	99.791	801889 QQ2
2029	1,020,000	3.250%	100.000	801889 QR0
2030	1,020,000	3.375%	99.759	801889 QS8
2031	1,020,000	3.500%	100.114 C*	801889 QT6
2032	1,020,000	3.500%	99.354	801889 QU3
2033	1,020,000	3.625%	99.940	801889 QV1
2034	1,020,000	3.750%	100.287 C*	801889 QW9
2035	1,025,000	3.750%	99.751	801889 QX7

*Priced to first Optional Redemption Date.

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

BOARD OF COUNTY COMMISSIONERS

Chair	Anna Hansen
Vice-Chair	Anna Hamilton
Commissioner	Ed Moreno
Commissioner	Henry Roybal
Commissioner	Robert A. Anaya

OTHER ELECTED OFFICIALS

County Assessor	Gus Martinez
County Clerk	Geraldine Salazar
County Treasurer	Patrick J. Varela

ADMINISTRATION

County Manager	Katherine Miller
County Finance Director	Stephanie Schardin Clarke
County Attorney	Bruce Frederick

MUNICIPAL ADVISOR

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

BOND COUNSEL

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

PAYING AGENT/REGISTRAR

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

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OFFICIAL STATEMENT

\$12,985,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2018

INTRODUCTION AND SUMMARY

This Official Statement is furnished to prospective purchasers of the Santa Fe County, New Mexico General Obligation Improvement Bonds, Series 2018 (the “Bonds”), issued in the aggregate principal amount of \$12,985,000 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 Bond Sale, authorized by a resolution adopted by the Board of County Commissioners (the “Board”) on September 11, 2018 (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 “Municipal 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 145,750 (estimated 2017). 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. \$12,985,000 in principal amount of the Bonds, representing the second and final series of general obligation bonds approved by the qualified electors of the County at an election held on November 8, 2016, to provide funds (1) to acquire, construct, design, equip, and improve roads within the County, (2) to acquire, construct, design, equip, and improve water and wastewater projects within the County, (3) to acquire, construct, design, equip, and improve fire and other public safety facilities within the County, and (4) to acquire, construct, design, equip, improve, and restore 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 semiannually on January 1 and July 1 of each year, commencing January 1, 2019 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

Excerpts of the County’s audited financial statements as of and for the year ended June 30, 2017, 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:

2018 Preliminary Assessed Valuation ⁽¹⁾	\$7,122,647,940
2018 Preliminary Estimated Actual Valuation ⁽²⁾	\$21,367,943,820
County Net Debt as a Percentage of	
Assessed Valuation	1.81%
Estimated Actual Valuation	0.60%
Direct and Overlapping Debt as a % of	
Assessed Valuation	6.59%
Estimated Actual Valuation	2.20%
Estimated Population (2017 est.)	148,750
County General Obligation	
Current Outstanding Debt	\$118,545,000
Series 2018 General Obligation Bonds	\$12,985,000
Minus Debt Service Fund Balance ⁽³⁾	(\$2,506,957)
	\$129,023,043
County Net General Obligation Debt	\$129,023,043
Estimated Direct & Overlapping GO Debt	\$469,531,627
County Net Debt Per Capita	\$867.38
Direct & Overlapping Debt Per Capita	\$3,156.52

⁽¹⁾ Preliminary. Excludes certain protested property. Subject to change.
⁽²⁾ Estimated actual valuation is computed by adding 2018 actual exemptions to the preliminary assessed valuation and multiplying the result by three.
⁽³⁾ Debt service fund balance was \$3,537,103.99 as of October 1, 2018, 70.876% of which is allocable to principal reduction.

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

Tax Matters

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A. (“Bond Counsel”), the interest on the Bonds (a) will be excludable from gross income for federal income tax purposes under existing law,

and (b) is not a specific preference item for purposes of the federal alternative minimum tax on individuals, subject to the matters described under the caption "TAX EXEMPTION" herein. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that the Bonds and income from the Bonds are exempt from all taxation by the State of New Mexico or any political subdivision thereof.

Agents and Advisors

The County Treasurer will serve as Paying Agent and Registrar.

REDW LLC has audited the County's general purpose financial statements as of and for the fiscal year ended June 30, 2017.

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 Municipal Advisor to the County for the issuance of the Bonds. RBC Capital Markets, LLC is employed as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal 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 Municipal 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 Municipal 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 \$12,985,000 and will be dated the Date of Delivery, which is expected to be on or about November 20, 2018. 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, 2019, 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 Award Certificate awarding the Bonds to the successful bidder for the Bonds in the public sale held on October 23, 2018 (together, the “Resolution”). A copy of the Official Notice of 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”).

Optional Redemption of Bonds

The Bonds maturing on and after July 1, 2026, 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, 2025, 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 of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, 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 and delivered.

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 personal obligation which is enforceable against the owner of the property on the date on which the property was subject to valuation for property taxation purposes and a statutory tax lien that can be 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 \$12,985,000, representing the second and final series of general obligation bonds approved by the qualified electors of the County at an election held on November 8, 2016, to provide funds to provide funds (1) to acquire, construct, design, equip, and improve roads within the County, (2) to acquire, construct, design, equip, and improve water and wastewater projects within the County, (3) to acquire, construct, design, equip, and improve fire and other public safety facilities within the County, and (4) to acquire, construct, design, equip, improve, and restore 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	
Par Amount	\$12,985,000.00
Reoffering Premium	238,597.25
TOTAL SOURCE OF FUNDS	<u>\$13,223,597.25</u>
USES OF FUNDS	
Deposit to Capital Projects Improvement Fund	\$12,985,000.00
Costs of Issuance	116,500.00
Underwriter’s Discount	23,665.99
Additional Proceeds	98,431.26
TOTAL USES OF FUNDS	<u>\$13,223,597.25</u>

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:

2018 Preliminary Assessed Valuation ⁽¹⁾	\$7,122,647,940
2018 Preliminary Estimated Actual Valuation ⁽²⁾	\$21,367,943,820
Bonded Debt⁽³⁾	
Current Outstanding Debt	\$118,545,000
Series 2019 Bonds	\$12,985,000
Less Debt Service Fund Balance ⁽⁴⁾	<u>\$(2,506,957)</u>

NET DEBT	<u>\$129,023,043</u>
Ratio of Estimated Net Debt to 2018 Assessed Valuation	1.81%
Ratio of Estimated Net Debt to 2018 Estimated Actual Valuation	0.60%
Per Capita Net Bonded Debt:	\$867.38
Estimated Population	148,750

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- ⁽¹⁾ Preliminary. Excludes certain protested property. Subject to change.
 - ⁽²⁾ Estimated actual valuation is computed by adding 2018 actual exemptions to the preliminary assessed valuation and multiplying the result by three. 2018 exemptions are unavailable.
 - ⁽³⁾ Preliminary, subject to change.
 - ⁽⁴⁾ As of October 1, 2018, the debt service cash balance for the Bonds was \$3,537,103.99, \$2,506,957 of which is allocable to principal reduction.

Debt Service Requirements to Maturity

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

Year	Present Requirement			Series 2018 Bonds*			Total Requirements*		
	Principal (July 1)	Interest	Total	Principal (July 1)	Interest	Total	Principal (July 1)	Interest	Total
2019	\$ 10,325,000	\$ 4,540,219	\$ 14,865,219	\$ 1,500,000	\$ 310,083	\$ 1,810,083	\$ 11,825,000	\$ 4,850,302	\$ 16,675,302
2020	9,630,000	4,178,969	13,808,969	650,000	430,113	1,080,113	10,280,000	4,609,082	14,889,082
2021	10,755,000	3,754,219	14,509,219	450,000	397,613	847,613	11,205,000	4,151,832	15,356,832
2022	10,945,000	3,241,469	14,186,469	150,000	375,113	525,113	11,095,000	3,616,582	14,711,582
2023	11,425,000	2,716,719	14,141,719	400,000	367,613	767,613	11,825,000	3,084,332	14,909,332
2024	12,080,000	2,165,469	14,245,469	-	347,613	347,613	12,080,000	2,513,082	14,593,082
2025	12,440,000	1,606,719	14,046,719	400,000	347,613	747,613	12,840,000	1,954,332	14,794,332
2026	13,000,000	1,239,194	14,239,194	250,000	327,613	577,613	13,250,000	1,566,807	14,816,807
2027	7,255,000	846,694	8,101,694	1,020,000	315,113	1,335,113	8,275,000	1,161,807	9,436,807
2028	6,310,000	589,044	6,899,044	1,020,000	284,513	1,304,513	7,330,000	873,557	8,203,557
2029	3,400,000	405,744	3,805,744	1,020,000	252,638	1,272,638	4,420,000	658,382	5,078,382
2030	3,400,000	306,494	3,706,494	1,020,000	219,488	1,239,488	4,420,000	525,982	4,945,982
2031	2,885,000	215,119	3,100,119	1,020,000	185,063	1,205,063	3,905,000	400,182	4,305,182
2032	2,300,000	137,975	2,437,975	1,020,000	149,363	1,169,363	3,320,000	287,338	3,607,338
2033	2,395,000	71,850	2,466,850	1,020,000	113,663	1,133,663	3,415,000	185,513	3,600,513
2034	-	-	-	1,020,000	76,688	1,096,688	1,020,000	76,688	1,096,688
2035	-	-	-	1,025,000	38,438	1,063,438	1,025,000	38,438	1,063,438
	<u>\$118,545,000</u>	<u>\$26,015,897</u>	<u>\$144,560,897</u>	<u>\$12,985,000</u>	<u>\$4,538,333</u>	<u>\$17,523,333</u>	<u>\$131,530,000</u>	<u>\$30,554,230</u>	<u>\$162,084,230</u>

* Preliminary, subject to change.

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	2018 Preliminary Assessed Valuation⁽¹⁾	GO Debt Outstanding	Percent Applicable	Amount
State of New Mexico ⁽²⁾	\$60,802,028,562	\$411,525,000	11.27%	\$ 46,378,868
Santa Fe County	7,122,647,940	129,420,000	100.00%	129,420,000
City of Santa Fe	4,022, 772,806	22,425,000	100.00%	22,425,000
Town of Edgewood	109, 417,227	3,275,000	100.00%	3,275,000
City of Española	174,907,553	-	2.60%	0
Española Schools	590,998,167	23,895,000	8.78%	2,097,981
Moriarty Schools	567,933,067	20,495,000	8.44%	1,729,778
Pojoaque Schools	174,140,328	7,520,000	100.00%	7,520,000
Santa Fe Community College	6,443,048,335	13,635,000	100.00%	13,635,000
Santa Fe Schools	6,443,048,335	243,050,000	100.00%	243,050,000
Total Direct and Overlapping Debt				\$469,531,627
Ratio of Estimated Direct & Overlapping Debt to 2018 Preliminary Assessed Valuation:				6.59%
Ratio of Estimated Direct & Overlapping Debt to 2018 Preliminary Estimated Actual Valuation:				2.20%
Per Capita Direct & Overlapping Debt:				\$3,156.52

Source: Santa Fe County Assessor's Office and individual entities.

⁽¹⁾ Preliminary, subject to change.

Other Obligations of the County

The table below summarizes all outstanding revenue bonds and other obligations of the County as of June 30, 2017, except as otherwise noted.

Type and Series of Revenue Obligations	Original Principal Amount	Interest Rate	Date of Final Maturity	Amount Outstanding as of 6/30/18	Pledged Revenues
Capital Outlay Gross Receipts Tax Refunding Revenue Bonds, Series 2017	\$25,470,000	2.00-5.00%	6/1/2030	\$25,460,000	1/4 of one percent gross receipts tax
Gross Receipts Tax Improvement and Refunding Revenue Bonds, Series 2016	\$30,365,000	2.00-5.00%	6/1/2035	\$29,745,000	5/16 of one percent gross receipts tax and 1/8 of one percent HHGRT
Santa Fe Studio Loan Guaranty*	\$6,500,000	n/a	4/2037	\$5,901,083	n/a*
Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A-B	\$31,410,000	2.00-5.00%	6/1/2030	\$2,820,000	3/32 of one percent gross receipts tax
Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009	\$12,090,000	2.00-5.00%	6/1/2019	\$585,000	3/32 of one percent gross receipts tax
Correctional System Revenue Bonds, Series 1997	\$30,000,000	6.00%	2/1/2027	\$15,285,000	5/16 of one percent gross receipts tax
Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A	\$6,000,000	6.00%	2/1/2027	\$2,875,000	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	\$354,814	Revenue not pledged by ordinance but is paid from 1/4 of one percent capital outlay gross receipts tax

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

** 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 2018 assessed valuation is \$7,122,647,854. 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessments					
Value of Land	\$2,179,391,621	\$2,214,329,809	\$2,242,151,343	\$2,253,958,275	\$2,259,606,033
Improvements	4,624,028,218	4,244,058,320	4,305,944,881	4,489,599,036	4,959,811,583
Personal Property	63,434,470	59,422,089	58,817,507	60,493,390	58,578,034
Mobile Homes	31,148,062	25,038,114	25,603,035	25,742,442	27,456,193
Livestock	1,686,888	1,356,690	1,747,281	2,038,102	1,845,658
Assessors Total Taxable Value	<u>\$6,899,689,259</u>	<u>\$6,544,205,022</u>	<u>\$6,634,264,047</u>	<u>\$6,831,831,245</u>	<u>\$7,307,297,501</u>
Less Exemptions					
Head of Family	\$ 40,024,500	\$ 41,202,720	\$ 42,631,183	\$ 42,922,247	\$ 44,474,332
Veterans	60,341,905	60,100,559	62,078,877	65,400,016	67,907,750
Other	41,514,375	47,750,621	54,144,928	86,008,386	334,056,535
Total Exemptions	<u>\$ 141,880,780</u>	<u>\$ 149,053,900</u>	<u>\$ 158,854,988</u>	<u>\$ 194,330,649</u>	<u>\$ 446,438,617</u>
Assessors Net Taxable Value	\$6,757,808,479	\$6,395,151,122	\$6,475,409,059	\$6,637,500,596	\$6,860,858,884
Centrally Assessed	120,107,484	127,536,772	135,438,597	142,451,206	147,189,206
Total Assessed Valuation	<u>\$6,877,915,963</u>	<u>\$6,522,687,894</u>	<u>\$6,610,847,656</u>	<u>\$6,779,951,802</u>	<u>\$7,008,048,090</u>

Source: Santa Fe County Assessor's Office.

History of Assessed Valuation

In 2011, the County Assessor hired a consultant to assist in a three-year detailed revaluation of all taxable parcels of real property within the 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 that had not previously been included on the tax rolls, which increased valuation. That increase was initially offset by declines in existing property values stemming from the housing crisis that impacted much of the United States 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 5.2% for tax year 2014. Assessed values then increased by between 1.4% to 3.4% annually between tax years 2015 and 2018. The total assessed value growth for 2018 was approximately 1.6%.

<u>Tax Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>
2012	\$3,710,979,288	\$6,896,495,216
2013	3,723,985,725	6,877,915,963
2014	3,721,987,667	6,522,687,894
2015	3,830,361,250	6,610,847,656
2016	3,930,466,905	6,779,951,802
2017	4,057,690,611	7,008,048,090
2018*	4,139,262,870	7,122,647,940

Source: Santa Fe County Assessor's Office and City of Santa Fe.

* Preliminary subject to change

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 through 2018. 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	2015	2016	2017	2018
State of New Mexico	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
Santa Fe County	5.911	6.065	5.893	5.801	5.822
Santa Fe Community College	2.695	2.776	2.690	2.690	3.040
City of Santa Fe	1.308	1.327	1.282	1.625	1.616
Santa Fe Schools	0.152	0.156	0.151	0.149	0.149
Total	\$10.066	\$10.324	\$10.016	\$10.265	\$10.627
Over 20 Mill Limit – Interest, Principal, Judgment, etc.					
	2014	2015	2016	2017	2018
State of New Mexico	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360
Santa Fe County	1.731	1.974	1.971	2.123	2.123
Santa Fe Community College	0.930	1.000	1.000	1.000	0.650
City of Santa Fe	0.843	1.045	1.160	0.794	0.583
Santa Fe Schools	8.433	8.416	8.466	9.143	9.240
Total	\$13.297	\$13.795	\$13.957	\$14.420	\$13.956
Total Levy					
	2014	2015	2016	2017	2018
State of New Mexico	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360
Santa Fe County	7.642	8.039	7.864	7.924	7.945
Santa Fe Community College	3.625	3.776	3.690	3.690	3.690
City of Santa Fe	2.151	2.372	2.442	2.419	2.199
Santa Fe Schools	8.585	8.572	8.617	9.292	9.389
Total Residential in City of Santa Fe	\$23.363	\$24.119	\$23.973	\$24.685	\$24.583
Total Non-Residential in City of Santa Fe	\$31.447	\$31.737	\$32.212	\$33.117	\$32.900
Total Residential in Unincorporated County	\$21.212	\$21.747	\$21.531	\$22.266	\$22.384
Total Non-Residential in Unincorporated County	\$27.804	\$27.983	\$28.256	\$29.140	\$29.134

Source: New Mexico Department of Finance and Administration.

Major Taxpayers

The 10 largest taxpayers in Santa Fe County have a combined valuation of \$152,454,188, representing 2.13% of the total assessed valuation within the County.

Name	Type of Business	2018 Assessed Valuation	% of Assessed Valuation
Public Service Company of NM	Electric Utility	\$ 45,189,363	0.63%
New Mexico Gas Company	Gas Utility	14,923,615	0.21%
BNSF Railway Company	Railroad	14,571,389	0.20%
Mid-America Pipeline Company	Gas Utility	14,568,388	0.20%
Truzaf Limited Partnership	Real Estate	13,705,835	0.19%
C & Z LLC	Real Estate	11,065,874	0.16%
Guadalupe Hotel Investment LLC	Real Estate	10,926,206	0.15%
La Fonda Holdings, LLC	Real Estate	9,974,617	0.14%
Qwest Corp.	Cable	9,094,635	0.13%
Rancho Encantado, LLC	Real Estate	8,434,266	0.12%
Total		\$152,454,188	2.13%

Source: Santa Fe County Assessor's Office.

Yield Control Limitation

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production *ad valorem* taxes, oil and gas production equipment *ad valorem* taxes, and copper mineral property *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 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 constitutionality of the property tax limitation has been challenged in a number of venues. 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, which ruling was affirmed by the New Mexico Supreme Court in June, 2014.

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 State and 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 the county treasurer collects taxes are presented here:

Property Tax Collections for Santa Fe County

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a % of Net Levied ⁽²⁾
2017	17/18	\$179,613,071	\$173,269,194	96.47%	\$173,269,194	96.47%
2016	16/17	168,749,501	162,656,064	96.39%	166,457,323	98.64%
2015	15/16	164,860,838	158,750,208	96.29%	163,765,403	99.34%
2014	14/15	159,054,302	152,201,398	95.69%	158,438,381	99.61%
2013	13/14	150,684,994	143,534,371	95.25%	150,067,005	99.59%
2012	12/13	148,112,181	140,793,416	95.06%	147,780,399	99.78%
2011	11/12	150,589,978	142,374,476	94.54%	150,252,766	99.78%
2010	10/11	148,919,734	140,663,676	94.46%	148,905,292	99.99%
2009	09/10	142,298,704	132,269,257	92.95%	142,331,679	100.02%
2008	08/09	133,762,749	124,332,592	92.95%	142,331,679	99.79%

Source: Santa Fe County Treasurer's Office.

⁽¹⁾ As of June 30 each year.

⁽²⁾ As of June 30 2018.

Interest on Delinquent Taxes

Pursuant to Section 7-38-49 NMSA 1978, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th 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 (1%) 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 an interim 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 the interim budget for use pending approval of the final budget. By July 31 of the new fiscal year, the County submits a final budget to the Finance Department for approval. Prior to the first Monday in September, the Finance Department certifies the final

budget with any 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. Traditionally, the County uses excess prior year revenues that have accumulated in fund balances to fund the purchase of capital assets and other non-recurring expenditures. The County was awarded the National Government Finance Officers' Association award for its Fiscal Years 2012, 2013, 2014 and 2016 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 or on the County's website. The County has not requested the consent of REDW, LLC, which performed the audit of the County's Financial Statements for the fiscal year ended June 30, 2017, to the inclusion of the fiscal year 2017 audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements. The figures for the fiscal year ending June 30, 2018 are based on estimated actual revenues and expenditures and are unaudited.

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances Fiscal Years Ended June 30, 2013 through 2018

	2013	2014	2015	2016	2017
REVENUES					
Property taxes	\$45,631,432	\$47,788,735	\$49,591,262	\$50,589,623	\$50,259,385
Gross receipts taxes	8,291,976	8,723,069	7,965,027	8,860,000	14,203,790
Other taxes and assessments	992,488	1,262,783	1,208,574	1,359,218	1,402,384
Licenses, permits and fees	587,595	696,963	704,766	694,899	678,681
Charges for services	1,923,265	1,929,884	1,643,483	1,220,900	1,308,707
Fines and forfeitures	1,518	660	300	160	80
Investment income	1,886,843	1,576,111	1,754,926	2,175,770	1,114,684
Grants (federal and state)	16,337	356,264	134,429	371,736	397,963
Other	923,045	844,335	184,856	191,758	53,566
Intergovernmental	682,763	668,483	698,926	845,349	1,429,248
Total Revenues	\$61,161,837	\$64,152,689	\$63,886,549	\$66,309,413	\$70,848,488
EXPENDITURES					
Current					
General government	\$20,404,024	\$21,102,917	\$23,262,055	\$24,051,047	\$23,860,612
Public safety	395,226	37,377	34,396	49,984	14,410
Culture and recreation	1,102,763	910,187	1,011,500	1,190,550	1,150,588
Public works	5,227,894	5,693,737	5,084,907	4,666,662	4,718,014
Highways and streets	166,315	-	-	-	-
Health and welfare	1,984,886	1,804,825	1,772,798	1,874,476	1,883,921
Housing	54,114	173,059	147,686	84,481	83,272
Capital Outlays	1,943,334	916,729	501,217	1,644,674	1,022,539
Total expenditures	\$31,278,556	\$30,813,735	\$31,814,558	\$33,561,874	\$32,733,356
Excess (deficiency) of revenues over expenditures	\$29,883,281	\$33,338,954	\$32,071,991	\$32,747,539	\$38,115,132
Other financing sources (uses):					
Transfers from other funds	341,490	640,520	658,000	672,440	670,289
Transfers to other funds	(32,290,271)	(30,512,822)	(30,970,649)	(28,900,401)	(32,343,443)
Net other financing sources (uses)	(31,948,781)	(29,872,302)	(30,312,649)	(28,227,961)	(31,673,154)
Net Change in Fund Balance	(2,065,500)	3,466,652	1,759,342	4,519,578	6,441,978
<i>Restatement</i>	-	-	-	-	-
<i>Fund balance beginning of year</i>	71,506,035	69,440,535	72,907,187	74,666,529	79,186,107
Fund balance, end of year	\$69,440,535	\$72,907,187	\$74,666,529	\$79,186,107	\$85,628,085

* Unaudited, estimated and subject to change.

General Fund - Balance Sheet, Fiscal Years Ended June 30, 2013 through 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
ASSETS					
Cash and investments	\$54,372,546	\$62,719,467	\$64,883,357	\$71,120,321	\$75,434,623
Cash and investments - restricted	6,500,000	8,099,490	7,873,099	7,718,777	7,515,059
Accounts receivable, net	258,064	223,815	201,100	215,394	270,858
Taxes receivable	7,243,583	6,950,608	6,854,870	6,105,611	6,964,875
Interest receivable	249,220	242,585	262,619	281,486	365,507
Grantor agencies receivable, net	119,082	121,029	80,124	37,867	118,382
Prepays and other	48,450	122,035	130,298	211,881	220,057
Due from other funds	8,491,887	1,345,930	1,475,458	130,629	48,424
Total assets	<u>\$77,282,832</u>	<u>\$79,824,959</u>	<u>\$81,760,925</u>	<u>\$85,821,966</u>	<u>\$90,937,785</u>
LIABILITIES					
Accounts payable	\$ 1,128,867	\$ 907,243	\$ 1,089,211	\$ 987,012	\$ 1,107,010
Accrued wages and benefits	679,394	828,959	955,737	1,178,532	435,774
Deposits held for others	142,589	119,671	192,423	143,179	123,929
Other current liabilities	22,991	22,427	6,465	18,307	54,496
Due to other funds	-	6,062	6,062	-	6,062
Total liabilities	<u>1,973,841</u>	<u>1,884,362</u>	<u>2,249,898</u>	<u>2,327,030</u>	<u>1,727,271</u>
DEFERRED INFLOWS					
Deferred Revenue	5,868,456	4,819,419	4,045,953	3,450,773	3,433,212
Unavailable Revenue	-	213,991	798,545	858,056	-
Unearned Revenue	-	-	-	-	149,217
Total deferred inflows	<u>5,868,456</u>	<u>5,033,410</u>	<u>4,844,498</u>	<u>4,308,829</u>	<u>3,582,429</u>
FUND BALANCE					
Nonspendable	48,450	112,035	130,298	211,881	220,057
Restricted	30,269,798	28,659,177	21,136,967	20,494,028	21,904,428
Committed	33,800,000	37,800,000	20,468,186	25,351,705	29,223,173
Assigned	-	-	26,834,420	27,630,343	26,491,897
Unassigned	5,322,287	6,325,975	6,096,658	5,498,150	7,788,530
Total fund balance	<u>69,440,535</u>	<u>72,907,187</u>	<u>74,666,529</u>	<u>79,186,107</u>	<u>85,628,085</u>
Total liabilities, deferred inflows, and fund balances	<u>\$77,282,832</u>	<u>\$79,824,959</u>	<u>\$81,760,925</u>	<u>\$85,821,966</u>	<u>90,937,785</u>

THE COUNTY

General

Santa Fe County (pop. 145,750, estimated 2017) 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 and Other Elected Officials

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 and other elected officials noted oversee:

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, other elected officials of the County, and their respective terms are as follows:

Member	Position	Term Expires
Anna Hansen	Chair	12/31/20
Anna Hamilton	Vice-Chair	12/31/20
Ed Moreno	Commissioner	12/31/20
Henry Roybal	Commissioner	12/31/18
Robert A. Anaya	Commissioner	12/31/18
Gus Martinez	County Assessor	12/31/18
Geraldine Salazar	County Clerk	12/31/20
Patrick J. Varela	County Treasurer	12/31/20

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 New Mexico Department of Finance and Administration under Governor Bill Richardson. She had previously served as director of the New Mexico 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.

Stephanie Schardin Clarke became the Santa Fe County Finance Director in November 2017. She joined the County after serving 14 years with the State of New Mexico. Most recently, Stephanie was the Deputy Cabinet Secretary for the New Mexico Department of Finance and Administration. She has also served as an economist for both the New Mexico Department of Finance and Administration and the New Mexico Legislative Finance Committee, and as Deputy Director and Director of the State Board of Finance.

She has extensive expertise on bond issuance and debt management, capital outlay administration, and regulatory oversight. Additionally, Ms. Clarke served as a board member on the New Mexico Finance Authority, the Public School Capital Outlay Council, and Chair of the Community Development Council and the Substitute Care Advisory Council. Stephanie received her Bachelor of Arts in Economics from the George Washington University, and Masters of Arts in Economics from the University of New Mexico.

Bruce Frederick became the Santa Fe County Attorney in November 2017 after serving as Assistant County Attorney for approximately three years. Mr. Frederick received his law degree from the University of New Mexico in 1993 and also received a Master’s degree in groundwater hydrology from New Mexico Institute of Mining and Technology. Mr. Frederick has worked for the New Mexico Environmental Improvement Board, in private practice, and for non-profits, local governments and state agencies. His practice includes water law, natural resources and environmental law, real estate, land use, and oil and natural gas, including litigation and transactional work.

Retirement Plan; Other Post-Employment Benefits

Public Employees Retirement Association

The County participates in a pension plan organized on a statewide basis and operated by the State of New Mexico. The Public Employees Retirement Association of New Mexico (“PERA”), established by Section 10-11-1 *et seq.* NMSA 1978, as amended, requires contributions to its plan (the “Plan”), computed as a percentage of salary, from both employee and employer for all full-time employees. The majority of State and municipal employees in New Mexico participate in the Plan. As required by State law, the County contributes to the Plan amounts that vary from 10.99% to 21.65% of eligible employees’ salaries. The County’s contractual obligation under the Plan is limited to the periodic employer contributions that it is required to make for its participating employees. 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 fiscal years, which equal the required contributions for those years, are presented in the table below.

Santa Fe County Contributions to the PERA Plan

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer Contributions	\$7,519,157	\$8,419,632	\$8,776,232	\$8,911,791	\$9,037,504

Source: Santa Fe County

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68, which requires governments providing defined-benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 requires governmental participants in cost-sharing multi-employer plans, such as the County, to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. Statement No. 68 became effective for fiscal years beginning after June 15, 2014. As reported in the County’s fiscal year 2017 audited financial statements, the County’s proportionate share of PERA’s net pension liability was \$95,308,419 at June 30, 2017. These amounts were reported in the County’s audited financial statements for Fiscal Year 2017 along with other information required by GASB Statement No. 68.

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.nmpera.org/financial-overview.

Actuarial information, as of June 30, 2017 is shown below:

**State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2017**

Membership ⁽¹⁾	103,130
Actuarial Information	
Actuarial Accrued Liability ⁽²⁾	\$20,194,698,290
Actuarial Value of Assets	\$15,124,167,297
Unfunded Actuarial Accrued Liability	\$5,070,530,993

Source: PERA Annual Actuarial Valuation

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

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

In Fiscal Year 2013, PERA reported an Unfunded Actuarial Accrued Liability (“UAAL”) of \$4.6 billion, approximately \$1.6 billion less than the previous fiscal year. The decline in the UAAL was the result of comprehensive pension reform legislation proposed by the PERA Board and enacted by the State Legislature during the 2013 legislative session. Senate Bill 27 significantly amended the Public Employees’ Retirement Act by creating a new tier of reduced benefits for new hires. The law reduced the cost of living adjustments for all current and future retirees; delayed the application of cost of living adjustments for certain future retirees; suspended the cost of living adjustments for certain return-to-work retirees; provided for an increase in the statutory employee contribution rate of 1.5% (subject to certain requirements) for employees earning \$20,000 or more in annual salary; provided for an increase in the statutory employer contribution of 0.4% beginning in fiscal year 2015; increased age and service requirements; lengthened the base average salary calculation amount from three to five years for future employees; increased the vesting period for employees from five to eight years for most members; lowered the annual service credit by 0.5% for most members; and made several other clarifying and technical changes. Also as a result of the passage of pension reform legislation, PERA’s 30 year projected funded ratio increased from 29% to 108.8%. PERA saw a further \$300 million decline in the UAAL, and increase in the 30-year projected funded ratio to 133% at the end of Fiscal Year 2014. The improvement in Fiscal Year 2014 was due largely to investment returns. PERA’s Fiscal Year 2014 return was 17.03%, which was higher than the 7.75% return assumption.

In Fiscal Year 2017, PERA reported an audited Net Pension Liability (“NPL”) of \$5.2 billion, using methods and assumptions required under GASB Statement No. 67, the reporting standard applicable to pension plans. PERA annually prepares a “Schedule of Employer Allocations and Pension Amounts” that provides employer participants the information they need to comply with GASB Statement No. 68, including each employer’s proportionate share of the NPL. This schedule is audited by PERA’s independent auditors and is reviewed by the New Mexico Office of the State Auditor.

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 New Mexico 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 NMRHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the NMRHCA 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 2017, 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 fiscal year 2017, 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, which equal the required contributions for each year, are presented in the table below for the last five fiscal years were as follows:

Santa Fe County Contributions to the NMRHCA Plan

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer Contributions	\$738,387	\$791,413	\$805,389	\$817,145	\$829,210

Source: Santa Fe County

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 primarily with the New Mexico County Insurance Authority Workers’ Compensation Pool and Multi-Line Pool, and accident coverage for volunteer fire fighters through a private carrier. In addition, the County maintains medical malpractice liability insurance for medical providers employed at the Adult Detention Facility and Youth Development Program, environmental pollution insurance for specified locations, and builders’ risk insurance through private carriers. 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 7,498 Government offices, including the Office of the Governor and the State Legislature, occupy the State Capitol Building, known as the Roundhouse. The majority of 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 County.

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 2017-2018 120-Day enrollment of 12,983 students, which includes charter school enrollment of 392. The District operates 30 school sites, including 5 K-8 community schools, 15 elementary schools 3 middle schools, 2 high schools, and 3 alternative high schools. 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 County of Santa Fe, with a faculty of approximately 780 (full and part-time), serving approximately 5,844 students (credit enrollment).

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 or a Master of Arts in Eastern Classics.

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.

Institute Of American Indian Arts

The Institute of American Indian Arts ("IAIA") is a tribal college chartered by the U.S. Congress, offering Associate of Arts, Associate of Fine Arts, Bachelor of Arts and Bachelor of Fine Arts degrees to both native and non-native students. IAIA also offers numerous certificate programs, including Business and Entrepreneurship. IAIA operates the Museum of Contemporary Native Arts in Santa Fe, which maintains a collection of nearly 8,000 pieces of artwork. As a 1994 Tribal and Land Grant Institution, IAIA is also responsible for promoting New Mexico tribal programs in the area of food and agricultural science. The school enrolls approximately 700 students.

Santa Fe Indian School

The Santa Fe Indian School ("SFIS") is owned by the 19 pueblos of New Mexico and enrolls approximately 700 middle- and high school students, including day students and dorm students who live on campus. SFIS offers academic preparation for both college and career readiness, while maintaining Native American Cultural values.

Trade

The County's major retail products include furniture, jewelry, publishing, technology transfer, clothing, and accessories. Approximately 13.4% of the County's workforce was employed in the retail trade sector as of the end of the first quarter of 2018.

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.

Presbyterian Healthcare Services opened a new 342,000 square foot medical center in October 2018 near the intersection of Cerrillos Road and Interstate 25, which will provides both inpatient and outpatient clinical services and emergency rooms. The project is expected to be completed in October 2018.

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 County and the State.

<u>Census Year</u>	<u>Santa Fe County</u>	<u>State of New Mexico</u>
1960	44,970	1,003,788
1970	48,760	1,017,055
1980	54,774	1,303,143
1990	57,605	1,515,068
2000	62,125	1,826,280
2010	67,947	2,065,826
2018 ⁽¹⁾	73,046	2,081,015
2023 ⁽²⁾	74,065	2,087,058
Projected Growth 2018-2023 ⁽²⁾	1.40%	0.74%

Source: Spotlight, September 2018.

⁽¹⁾ Estimated

⁽²⁾ Projected.

Age Distribution

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

Percentage of Population

<u>Age Group</u>	<u>Santa Fe County</u>	<u>New Mexico</u>	<u>United States</u>
0 - 17	18.29%	23.90%	22.80%
18 - 24	7.00%	9.80%	9.80%
25 - 34	11.08%	13.30%	13.40%
35 - 44	12.35%	11.87%	12.60%
45 - 54	12.39%	11.90%	13.10%
55 and Older	38.89%	29.23%	28.30%

Source: Spotlight, September 2018.

Employment

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

Year ⁽¹⁾	Santa Fe County		State of New Mexico		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2018 ⁽²⁾	73,415	4.6%	933,947	4.4%	3.7%
2017	63,918	6.2%	929,567	6.2%	4.4%
2016	63,545	6.6%	927,355	6.7%	4.9%
2015	61,806	6.6%	919,899	6.6%	5.3%
2014	61,217	7.2%	918,206	6.5%	6.2%
2013	60,574	7.4%	922,960	6.9%	7.4%
2012	60,524	7.8%	928,050	7.1%	8.1%
2011	60,882	8.0%	929,862	7.6%	8.9%
2010	60,901	8.0%	936,088	8.1%	9.6%
2009	56,336	8.5%	940,352	7.5%	9.3%

Source: New Mexico Department of Workforce Solutions, September 2018.

⁽¹⁾ Numbers are annual averages.

⁽²⁾ Data for the month of July 2018. Numbers are preliminary.

Major Employers

According to the Santa Fe Chamber of Commerce, 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	23,152*
Los Alamos National Laboratory	Government	11,300*
Santa Fe Public Schools	Education	2,151
Christus St. Vincent Hospital	Health Care	2,150
City of Santa Fe	Government	1,469
Santa Fe County	Government	844
Santa Fe Community College	Education	800
Santa Fe Opera	Fine Arts	791
Peters Corporation	Real Estate	518
Santa Fe Ski Company	Recreation	400
Total		43,575

Source: Santa Fe Chamber of Commerce, 2017.

*Figure reflects statewide employment, a portion of which is in the County.

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	2013	2014	2015	2016	2017⁽¹⁾
Grand Total	60,681	60,426	61,229	61,003	61,107
Total Private	43,774	43,496	44,481	45,340	45,741
Agriculture, Forestry, Fishing & Hunting	157	172	166	173	269
Mining	86	102	146	141	93
Utilities	124	125	131	136	119
Construction	2,789	2,566	2,588	2,639	2,781
Manufacturing	828	839	865	851	891
Wholesale Trade	947	921	985	1,000	996
Retail Trade	8,934	8,799	8,648	8,592	8,377
Transportation & Warehousing	559	602	558	540	555
Information	846	785	816	849	788
Finance & Insurance	1,781	1,649	1,583	1,558	1,521
Real Estate & Rental & Leasing	799	815	798	837	857
Professional & Technical Services	2,389	2,342	2,432	2,394	2,590
Management of Companies & Enterprises	194	182	230	229	247
Administrative & Waste Services	1,830	1,754	1,845	1,889	2,031
Educational Services	1,492	1,561	1,624	1,698	1,529
Health Care & Social Assistance	8,220	8,288	8,693	8,865	8,890
Arts, Entertainment & Recreation	969	1,060	1,116	1,173	1,279
Accommodation & Food Services	8,379	8,444	8,703	9,206	9,378
Other Services, Ex. Public Administration	2,452	2,491	2,555	2,570	2,548
Total Government	16,907	16,930	16,748	15,663	15,366
Federal	958	945	943	972	962
State	8,782	8,903	8,792	7,723	7,367
Local	7,167	7,082	7,013	6,968	7,037

Source: New Mexico Department of Workforce Solutions.

⁽¹⁾ Average, Fourth Quarter 2017.

The following table reflects median household Effective Buying Income (“EBI”) and the percent of households by EBI groups as reported by Spotlight. 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 County	New Mexico	United States
Under \$25,000	19.67%	27.27%	20.37%
\$25,000 - \$34,999	9.59%	10.65%	9.21%
\$35,000 - \$49,999	12.82%	13.71%	12.87%
\$50,000 - \$74,999	17.53%	16.84%	17.09%
\$75,000 and over	40.39%	31.51%	40.46%
2014 Est. Median Household Income	\$48,526	\$44,292	\$51,579
2015 Est. Median Household Income	\$51,473	\$45,633	\$53,706
2016 Est. Median Household Income	\$54,229	\$45,445	\$55,551
2017 Est. Median Household Income	\$55,881	\$47,043	\$57,462
2018 Est. Median Household Income	\$60,373	\$48,044	\$60,133

Source: Spotlight, September 2018.

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 10 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.

Calendar Year	Santa Fe County		State of New Mexico	
	Retail Trade	Total	Retail Trade	Total
2017	\$1,881,884,418	\$5,803,246,326	\$22,390,695,699	\$ 92,909,354,007
2016	2,136,907,968	6,185,403,050	24,506,857,479	107,507,232,815
2015	2,300,270,704	6,667,684,125	27,481,308,742	119,726,977,705
2014	2,221,772,493	6,175,973,341	25,047,979,235	109,458,439,980
2013	1,941,541,077	5,876,040,029	24,074,695,737	107,068,247,914
2012	1,859,420,700	5,953,009,319	23,910,163,876	106,632,199,576
2011	1,836,341,592	6,084,796,929	23,855,318,981	105,936,319,986
2010	1,797,277,395	6,381,191,771	23,403,179,267	99,473,361,994
2009	1,876,521,470	6,100,659,339	24,033,507,374	95,490,408,754
2008	2,154,370,796	7,043,378,575	25,028,647,037	114,741,598,593

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. The largest supplier and distributor of electricity is the Public Service Company of New Mexico. CenturyLink is the largest provider of telephone service. Comcast is the largest provider of cable television services. 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, and assuming compliance with covenants described herein, interest on Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code (as defined below) for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

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

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

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

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

Original Issue Discount

Certain maturities of the Bonds were sold at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest. The amount of original issue discount deemed received by the holder is excludable from gross income of the holder for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The accrual of original issue discount increases the holder's tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

Certain maturities of the Bonds were sold 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

Municipal 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

In connection with the issuance of the Bonds, the County will execute a Continuing Disclosure Undertaking, in the form attached hereto as Appendix D, under which it will agree for the benefit of the owners of the Bonds to provide audited annual financial statements of the County when available after the end of each Fiscal Year, and to provide certain annual financial information and operating data relating to the County and timely notice of certain events.

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 did not timely file audited financial statements for Fiscal Years 2012 through 2015 related to its Correctional System Revenue Bonds, Series 1997 and Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A. The County filed the audited financial statements for those years with respect to the Series 1997 Bonds and Subordinate Series 1997 Bonds on July 11, 2016, as well as a notice of failure to file. The County adopted 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 "AAA" 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.

MUNICIPAL ADVISOR

RBC Capital Markets, LLC (“RBC CM”) is employed as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. RBC CM may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the Bonds. RBC CM, in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction. The Municipal 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.

UNDERWRITER

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

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/
Anna Hansen, Chair
Board of County Commissioners

APPENDIX A

OPINION OF BOND COUNSEL

_____, 2018

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 \$12,985,000 General Obligation Improvement Bonds, Series 2018 (the “Bonds”) dated _____, 2018, with interest payable on January 1, 2019, 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 2019 through 2023 and 2025 through 2035, inclusive.

\$12,985,000 in principal amount of the Bonds, representing the second and final series of general obligation bonds approved by the qualified electors of the County at an election held on November 8, 2016 to provide funds to (1) acquire, construct, design, equip and improve roads within the County, (2) acquire, construct, design, equip and improve water and wastewater projects within the County, (3) acquire, construct, design, equip and improve fire and other public safety facilities within the County, and (4) acquire, construct, design, equip, improve and restore open space, trails and parks within the County, and will be issued and 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. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not a specific preference item for purposes of calculating the alternative minimum tax imposed on individuals under provisions contained in the Internal Revenue Code of 1986, as amended (the “Code”). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

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

The opinions set forth above in paragraph 2 are subject to continuing compliance by the County with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the County of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing laws as of the date of issuance and delivery of the Bonds. We express no opinion as of any date subsequent hereto, and our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

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

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion 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 or upon any tax consequences arising from the receipt or accrual or interest on, or the ownership of, the Bonds except those specifically addressed in paragraphs 2 and 3 above.

Respectfully,

APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2017

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



SANTA FE COUNTY, NEW MEXICO



COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2017 | WITH AUDITOR'S REPORTS THEREON

**SANTA FE COUNTY
NEW MEXICO
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
JUNE 30, 2017**



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

STATE OF NEW MEXICO
SANTA FE COUNTY
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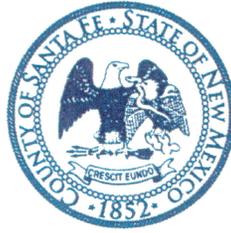
INTRODUCTORY SECTION



Henry P. Roybal
Commissioner, District 1

Anna Hansen
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Anna T. Hamilton
Commissioner, District 4

Ed Moreno
Commissioner, District 5

Katherine Miller
County Manager

November 17, 2017

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

We are pleased to submit to you the Comprehensive Annual Financial Report for Santa Fe County for the fiscal year ended June 30, 2017. The financial statements and supporting schedules have been prepared in conformity with generally accepted accounting principles for government, and with the requirements of the State of New Mexico, Office of the State Auditor.

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

This report consists of the Introductory Section, the Financial Section that includes the opinion of the County's independent auditor, REDW LLC (REDW), the Management's Discussion and Analysis, the Statistical Section with 10 years of summary data, and the Other Information Section. The Introductory Section includes this transmittal letter, the County's organizational chart and a list of County Officials and administrative staff. Readers should refer to the Management's Discussion and Analysis (MD&A) beginning on page 15 of this report for a more detailed overview of how to use this report, and for an introduction to the County's basic financial statements and an analytical overview of the County's financial activities.

REDW has audited the County's financial statements for the fiscal year ended June 30, 2017. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and

disclosures in the financial statements; thus, resulting in an assessment of the overall financial statements. REDW concluded that there was a reasonable basis for rendering an unmodified (or clean) opinion that Santa Fe County's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The report may be found on pages 12-14 of this report.

The Reporting Entity and Its Services

Santa Fe County was established by the laws of the Territory of New Mexico of 1852, under provisions of Section 4-26-1 NMSA 1978. 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, including 1,909 square miles of land and 2 square miles of water. The 2010 decennial census revealed a population of 144,170, which included 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 percent. During that period, Santa Fe County experienced a lower percentage population increase than the State as a whole, which saw a 13.2 percent increase. Based on 2016 population estimates, Santa Fe County had a population of 148,651. Santa Fe County experienced the 5th highest county population growth rate in the State (behind Lea, Eddy, McKinley and Sandoval) and was the 3rd most populous County (behind Bernalillo and Dona Ana). The average unemployment rate in June 2017 was 5.6 percent, which was less than the State rate of 6.8 percent.

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

Santa Fe County maintains extensive budgetary controls; the budget approved by the BCC serves as the foundation for Santa Fe County's financial planning and control. The fiscal year 2017 budget continued utilizing a results-accountable, priority-driven budget methodology (referred to generically as performance-based budgeting) for budget development. Staff built budget requests focusing on four specific countywide outcomes/goals: provide a safe community, support a healthy community, promote a sustainable community, be a proficient, efficient and transparent government. Staff was further instructed to leave budgets flat to the extent possible. The fiscal year 2017 budget contemplated modest increases to some revenue sources, increases to staff compensation and the cost of benefits, expanded programming in priority areas, significant one-time expenditures for large maintenance and repair items, significant asset renewal and replacement expenditures and provided departments with the resources needed to achieve the desired outcomes of their functions.

Public safety, park and facility improvement and construction, road maintenance, economic development, youth program funding, the final expansion of the utilities into a self-sustaining enterprise, as well as ongoing development of employees remained priorities in fiscal year 2017. As part of the public safety focus, an additional gross receipts tax increment was enacted in fiscal year 2017, to begin collection in fiscal year 2018, solely for the purpose of public safety support. New funding was also provided for development of management plans for several additional open space properties, public information activities, and sustainability programs including alternative energy programs and watershed restoration. Finally, additional funding was budgeted for operating costs associated with new facilities scheduled to go “on line” during fiscal year 2017.

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. According to data reported by the New Mexico Department of Workforce Solutions for the Santa Fe metropolitan area as of June 2017, total employment was 64,400. Of that total, government employees comprised 16,500 jobs or 25.6 percent of the workforce; of those government employees, 8,500 worked in State government, 7,000 worked in local government, and 1,000 worked in federal government. An additional 11,300 employees, or 17.5 percent, worked in the leisure and hospitality sector, while 10,700 employees, or 16.6 percent, worked in the education and health services sector.

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 fiscal year 2017 budget process. Film and media, arts, culture and cultural tourism, and alternative and renewable energy initiatives received targeted funding.

Santa Fe County’s property tax base was assessed at \$6.8 billion for property tax year 2016 (the tax year applicable to fiscal year 2017), which comprised 11.9 percent of the statewide total. This represented 2.6 percent growth in assessed values over the previous property tax year, compared with a statewide decrease in assessed values of 3.2 percent due to volatility in prices and volumes of oil and natural gas. In fiscal year 2013, the County Assessor completed a Countywide reappraisal that was intended to ensure that all properties were captured on the tax rolls and that all valuations were “true and correct” in compliance with State law. Property tax collections continued to be strong in fiscal year 2017 with a collection of 96.4 percent.

In fiscal year 2017, Santa Fe County increased the budget for countywide and unincorporated gross receipts taxes by 2.0 percent. This increase represented a conservative projection of collections, which have begun to rebound from the significant declines of fiscal year 2009 through fiscal year 2011. While the unincorporated gross receipts taxes have been slower to rebound, they have been rebounding, allowing for the modest increase in the budget.

A principal issue for Santa Fe County is the funding of a large regional water system that 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 County strives to incorporate robust financial planning into its long-range vision to remain solvent throughout economic cycles. The County maintains the State-mandated cash reserve requirements in its general fund and the road fund. During fiscal year 2015, the BCC approved new fund balance requirements that included committing general fund balance for disaster recovery, uninsured losses, major infrastructure repair and replacement as well as a contingency reserve. The new requirements also included a 10.0 percent contingency reserve in each fund that supports ongoing operations, exclusive of grant funds. Additionally, the County maintains a \$6.0 million budgeted contingency reserve to assist, if necessary, in times of economic distress. Thus far, the County has not utilized the contingency reserve, which has been in place at varying levels of funding since fiscal year 2011.

Santa Fe 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 while also being able to continue a strong employee benefits program.

Financial Policies

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

In developing and maintaining the County's accounting system, constant consideration is given to the adequacy of the internal control structure. We believe that Santa Fe 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 BCC, and is formally adopted by the BCC's passage of a budget resolution. Santa Fe County imposes this balanced budget standard in conjunction with the additional standard that recurring expenses in each fund be sourced with recurring revenues. A monthly report of major revenue sources, costs categories, fund expenses, and major fund cash positions is produced and reported to the BCC. Lastly, written quarterly budget updates are provided to the BCC prior to being submitted to the New Mexico Department of Finance and Administration's 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, 2016. 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 was the fifth year in a row that the County received this GFOA award. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

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

Respectfully submitted,



Stephanie Schardin Clarke
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, 2016

Executive Director/CEO

STATE OF NEW MEXICO
SANTA FE COUNTY

OFFICIAL ROSTER

JUNE 30, 2017

COUNTY COMMISSIONERS



Henry Roybal
Chair, District 1



Anna Hansen
Member, District 2



Robert Anaya
Member, District 3



Anna T. Hamilton
Member, District 4



Ed Moreno
Member, District 5

ELECTED OFFICIALS



Gus Martinez
County Assessor



Patrick Varela
County Treasurer



Robert Garcia
County Sheriff



Geraldine Salazar
County Clerk



John Agresto
Probate Judge

ADMINISTRATIVE OFFICIALS

Katherine Miller

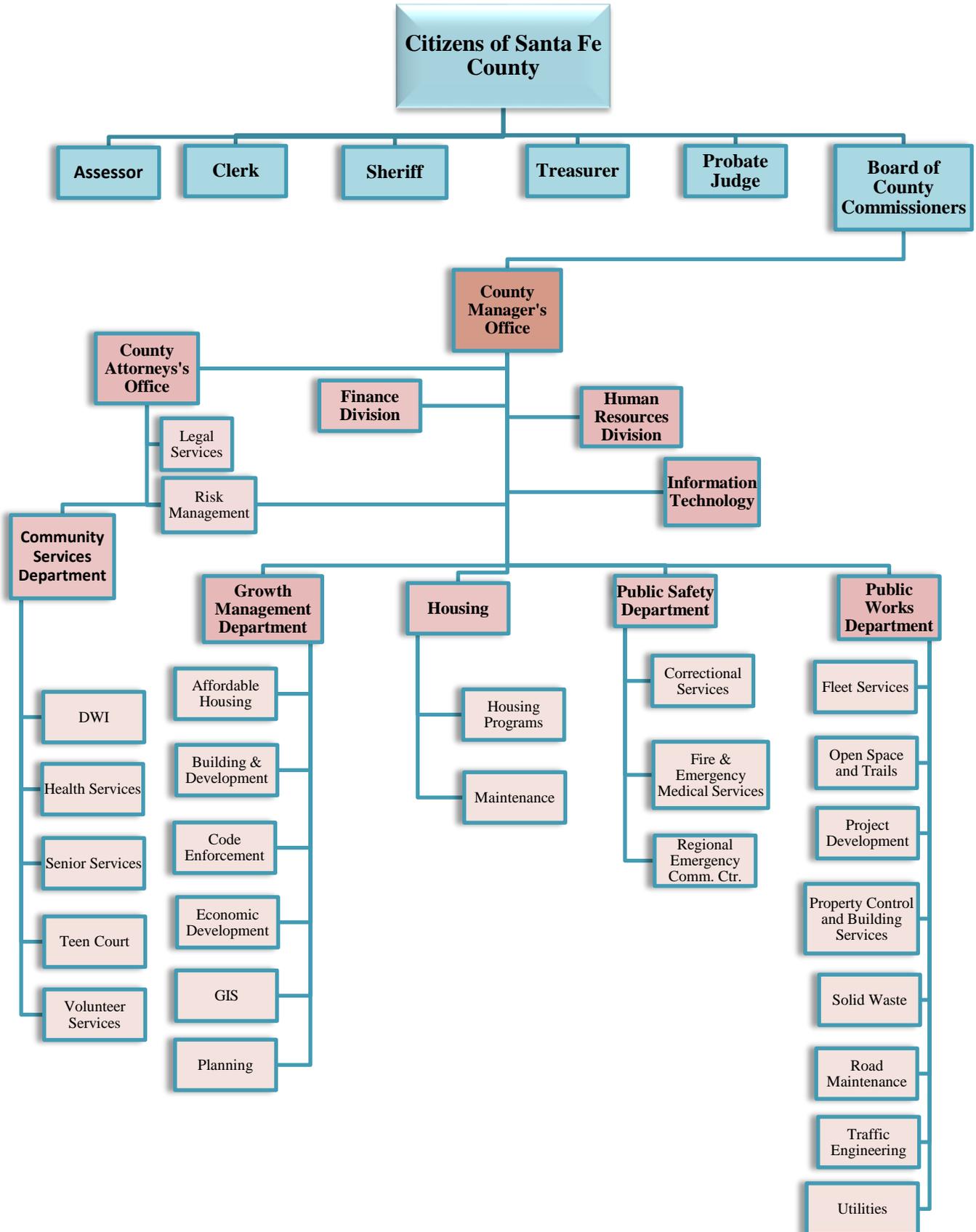


County Manager

Rachel O'Connor
Penny Ellis-Green
Pablo Sedillo III
Greg Shaffer
Michael Kelley
John Dupuis
Bernadette Salazar
Don Moya

Community 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
YEAR ENDED JUNE 30, 2017**



FINANCIAL SECTION

Independent Auditor's Report

Mr. Wayne A. Johnson, New Mexico State Auditor
and
To the Honorable Members of the Board of County Commissioners
Santa Fe County, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of the Santa Fe County, New Mexico (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information, other supplementary information, and statistical section, as listed in the table of contents, are presented for the purposes of additional analysis or are required by Section 2.2.2.10 NMAC and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "REDW LLC". The letters are cursive and somewhat stylized.

Albuquerque, New Mexico
December 1, 2017

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

As management of Santa Fe County (County), New Mexico, we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

The financial statements, which follow Management's Discussion and Analysis (MD&A), provide the significant key financial highlights for fiscal year 2017 as follows:

- In the statement of net position the County's total net position of governmental activities increased \$20.1 million and business-type activities decreased by \$2.0 million. In total, the net change of \$18.1 million represents an increase of 4.8 percent from the prior year. The County continues to have a strong financial position, operating reserves and assets available to provide services to its citizens.
- The statement of net position reflects the recording of \$95.3 million in net pension liability, \$30.5 million in deferred outflows, and \$2.0 million in deferred inflows in accordance with the requirements of GASB Statement No. 68 (GASB 68).
- In the statement of activities, the total governmental activities revenue totaled \$150.1 million, of which general revenues from governmental activities accounted for \$125.0 million or 83.2 percent. Program specific revenues in the form of charges for services and grants and contributions accounted for the remaining \$25.1 million or 16.8 percent of total revenue from governmental activities.
- In the statement of activities, the total business-type activities revenue totaled \$6.3 million, of which program specific revenues in the form of charges for services and operating grants and contributions accounted for \$6.3 million or 100.0 percent of business-type activities.
- In the statement of activities the County had \$129.1 million in expenses related to governmental activities, of which \$25.1 million were offset by program specific charges for services or grants and contributions. General revenues of \$125.0 million were adequate to provide for the remaining costs of these governmental activities. The County had \$9.2 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 \$6.3 million.
- The General Fund had \$70.8 million in revenue, which primarily consisted of taxes, charges for services and interest earnings. The total expenditures of the General Fund were \$32.7 million. The General Fund's fund balance increased by \$6.4 million compared to a fiscal year 2016 General Fund balance increase of \$4.5 million. Overall revenue increased, by \$4.5 million, which is the net result of increases in gross receipts taxes, other taxes, interest earnings and grants and intergovernmental revenue and decreases in charges for services and licenses and permits. Expenditures decreased by \$0.8 million resulting in expenditures being flat as compared to fiscal year 2016. Additionally, the transfers out to other funds increased by \$3.4 million.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

- **Governmental activities** – Most of the County's basic services are included here, such as general government, public safety, public works, and culture and recreation. Gross receipts 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, modified accrual basis of accounting. Such information may be useful in evaluating the County's near-term financing requirements.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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

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

- **Proprietary funds.** The County maintains four proprietary funds. These enterprise funds are used to report certain functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its home sales program, regional planning authority, utilities, and housing authority. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Activities whose customers are primarily County departments are accounted for in an internal service fund. The internal service fund is consolidated with the governmental activities in the government-wide statements because those services predominately benefit governmental rather than business-type activities.
- **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 the economic resources measurement focus and the accrual basis of accounting.

Notes to the financial statements. The notes (pages 49-97) 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 as well as major special revenue fund data as a component of the fund financial statements within the basic financial statements.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$398.3 million at the current fiscal year end.

Total assets and deferred outflows of the County as of June 30, 2017, were \$722.3 million, an increase of \$50.6 million or 7.5 percent from prior fiscal year. The majority of the increase is due to increased capital asset investment and deferred outflows related to pensions.

- For governmental activities, total assets and deferred outflows were \$570.0 million, an increase of \$51.3 million, or 9.9 percent.
- For business-type activities, total assets and deferred outflows were \$152.3 million, a decrease of \$0.7 million or (0.5) percent.

Total liabilities and deferred inflows as of June 30, 2017 were \$324.0 million, an increase of \$32.5 million from the prior year due to an increase in the GASB 68 net pension liability of \$30.3 million.

- Total liabilities and deferred inflows for governmental activities were \$320.0 million, up \$31.2 million, or 10.8 percent.
- For business-type activities, total liabilities and deferred inflows were \$4.0 million, an increase of \$1.3 million or 46.6 percent.

The County's total net position of \$398.3 million was \$18.1 million or 4.8 percent higher in fiscal year 2017 compared to the prior year. Of the County's net position, \$233.4 million was invested in capital assets, net of related debt, while \$164.3 million was restricted by state statute or other legal requirements and was not available to finance day-to-day operations of the County. Unrestricted net position was a \$0.5 million.

A significant portion of the County's net position reflects its investment in capital assets (e.g. land, construction in progress, infrastructure, buildings and improvements, and vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding plus any unspent proceeds and deferred outflows on advance refunding of bonds. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, \$93.3 million of the County's net position is restricted for the specified purposes of debt service repayment and capital outlay investment.

The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The same situation held true for the prior fiscal year. The most

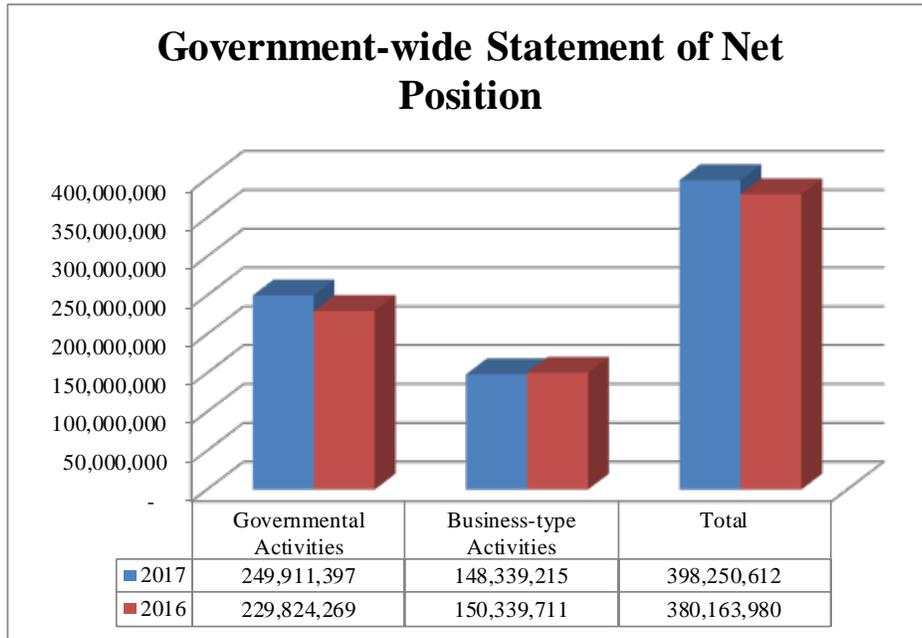
**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

significant changes from the previous fiscal year were the addition of \$25.1 million of current assets, primarily cash and investments, a decrease of \$2.4 million of current liabilities, and the addition of \$34.7 million of long-term liabilities. In addition to these changes, the reporting of pension balances significantly increased from fiscal year 2016, with net pension liability increasing by \$30.3 million, deferred outflows increasing by \$26.8 million and deferred inflows increasing by \$0.2 million. The following chart and table present comparative information of the County's net position for the fiscal years ending June 30, 2017, and June 30, 2016.

Government-Wide Statement of Net Position

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
ASSETS						
Current and other assets	\$ 276,199,730	\$ 20,669,552	\$ 296,869,282	\$ 252,392,607	\$ 19,425,877	\$ 271,818,484
Capital assets, net	259,147,189	130,744,915	389,892,104	257,784,446	133,422,467	391,206,913
Total Assets	535,346,919	151,414,467	686,761,386	510,177,053	152,848,344	663,025,397
DEFERRED OUTFLOWS	34,606,584	886,283	35,492,867	8,482,509	193,052	8,675,561
LIABILITIES						
Current and other liabilities	10,897,762	1,134,829	12,032,591	13,660,772	761,248	14,422,020
Long-term liabilities	307,175,107	2,767,808	309,942,915	273,397,692	1,887,293	275,284,985
Total Liabilities	318,072,869	3,902,637	321,975,506	287,058,464	2,648,541	289,707,005
DEFERRED INFLOWS	1,969,237	58,898	2,028,135	1,776,829	53,144	1,829,973
NET POSITION						
Net Investment in capital assets	102,692,738	130,744,915	233,437,653	90,599,612	133,422,467	224,022,079
Restricted						
Restricted for:						
Contractual and statutory requirements	71,074,860	-	71,074,860	67,285,978	-	67,285,978
Debt service	17,691,607	-	17,691,607	15,737,946	-	15,737,946
Capital outlay	75,564,707	-	75,564,707	63,323,044	-	63,323,044
Unrestricted (deficit)	(17,112,515)	17,594,300	481,785	(7,122,311)	16,917,244	9,794,933
Total net position	\$ 249,911,397	\$ 148,339,215	\$ 398,250,612	\$ 229,824,269	\$ 150,339,711	\$ 380,163,980

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**



Changes in net position. The County's total revenues for the fiscal year 2017 were \$156.4 million, an increase of \$6.6 million or 4.4 percent from the previous year. The total cost of all programs and services was \$138.3 million, an increase of \$10.4 million or 8.1 percent over the previous fiscal year. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

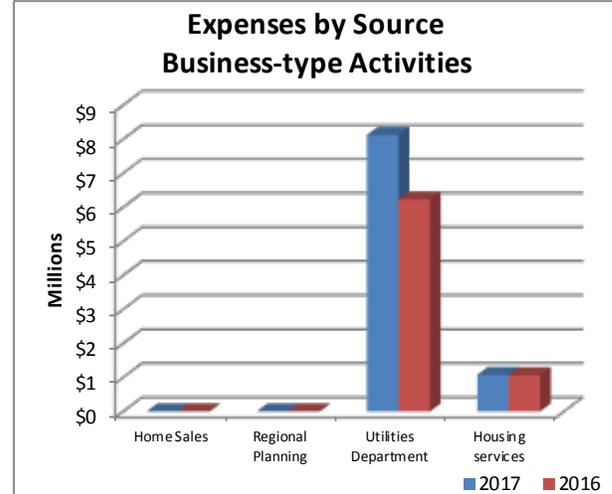
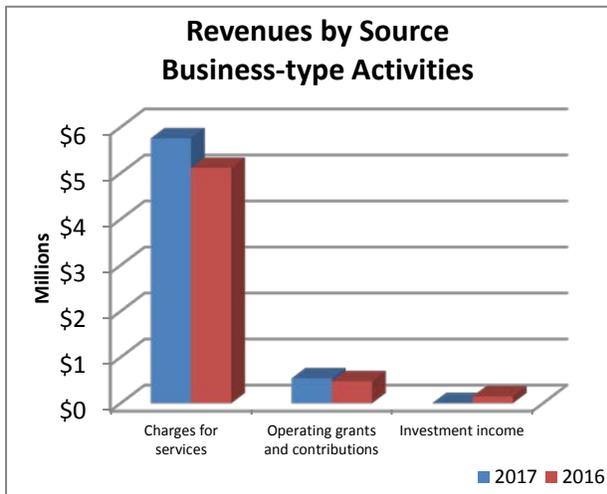
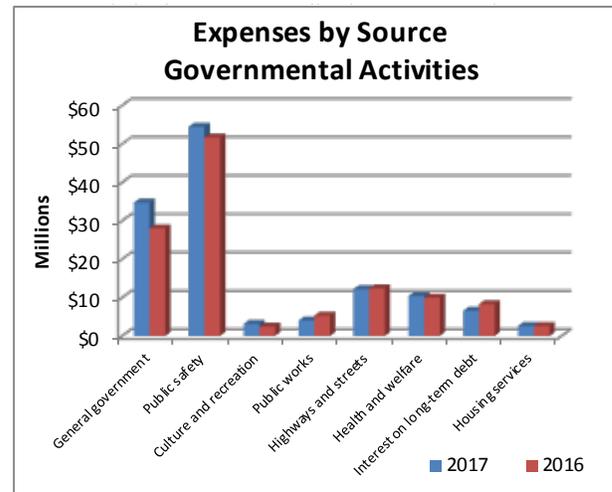
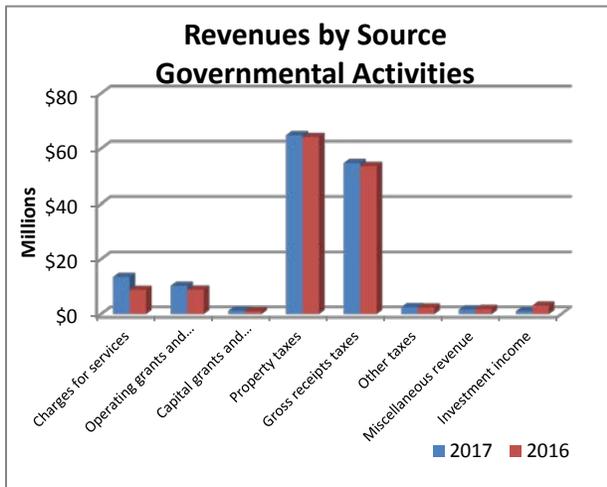
**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

	2017			2016		
	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	\$ 13,539,798	\$ 5,755,826	\$ 19,295,624	\$ 8,836,183	\$ 5,114,694	\$ 13,950,877
Operating grants and contributions	10,313,554	539,763	10,853,317	8,902,564	478,713	9,381,277
Capital grants and contributions	1,288,643	-	1,288,643	1,032,777	-	1,032,777
General revenues						
Property taxes, levied for debt service	13,169,566	-	13,169,566	12,896,717	-	12,896,717
Property taxes, levied for general	51,707,476	-	51,707,476	51,324,207	-	51,324,207
Gross receipts taxes	54,765,671	-	54,765,671	53,712,221	-	53,712,221
Other taxes	2,526,038	-	2,526,038	2,368,087	-	2,368,087
Miscellaneous revenue	1,695,764	-	1,695,764	1,877,949	-	1,877,949
Investment income (loss)	1,093,456	(42,440)	1,051,016	3,117,041	149,263	3,266,304
Total revenues	150,099,966	6,253,149	156,353,115	144,067,746	5,742,670	149,810,416
Expenses						
General government	34,718,551	-	34,718,551	28,036,400	-	28,036,400
Public safety	54,452,296	-	54,452,296	51,658,671	-	51,658,671
Culture and recreation	3,173,984	-	3,173,984	2,387,033	-	2,387,033
Public works	4,007,649	-	4,007,649	5,283,281	-	5,283,281
Highways and streets	12,195,251	-	12,195,251	12,390,623	-	12,390,623
Health and welfare	10,398,424	-	10,398,424	9,958,877	-	9,958,877
Interest on long-term debt	7,510,653	-	7,510,653	8,280,066	-	8,280,066
Home Sales	-	-	-	-	1,312	1,312
Regional Planning Authority	-	-	-	-	-	-
Utilities Department	-	8,124,968	8,124,968	-	6,228,714	6,228,714
Housing Services	2,613,812	1,070,895	3,684,707	2,596,101	1,060,633	3,656,734
Total expenses	129,070,620	9,195,863	138,266,483	120,591,052	7,290,659	127,881,711
Increase (decrease) in net position before transfers	21,029,346	(2,942,714)	18,086,632	23,476,694	(1,547,989)	21,928,705
Transfers	(942,218)	942,218	-	(1,318,552)	1,318,552	-
Change in net position	\$ 20,087,128	\$ (2,000,496)	\$ 18,086,632	\$ 22,158,142	\$ (229,437)	\$ 21,928,705

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

	2017		2016	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
Expenses				
General government	\$ 34,718,551	\$ (26,610,087)	\$ 28,036,400	\$ (24,704,803)
Public safety	54,452,296	(43,305,131)	51,658,671	(41,318,838)
Culture and recreation	3,173,984	(2,434,487)	2,387,033	(1,961,161)
Public works	4,007,649	(3,902,106)	5,283,281	(5,068,805)
Highways and streets	12,195,251	(11,534,567)	12,390,623	(11,810,666)
Health and welfare	10,398,424	(8,983,743)	9,958,877	(8,706,674)
Housing Services	2,613,812	352,149	2,596,101	108,920
Interest on long-term debt	7,510,653	(7,510,653)	8,280,066	(8,280,066)
Total	\$ 129,070,620	\$ (103,928,625)	\$ 120,591,052	\$ (101,742,093)
Business-type Activities				
Home Sales	\$ -	\$ -	\$ 1,312	\$ 58,114
Regional Planning Authority	-	-	-	-
Utilities Department	8,124,968	(2,884,112)	6,228,714	(1,708,240)
Housing Services	1,070,895	(16,162)	1,060,633	(47,126)
Total	\$ 9,195,863	\$ (2,900,274)	\$ 7,290,659	\$ (1,697,252)



**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

- The cost of all governmental activities this year was \$129.1 million; the increase of \$8.5 million from the prior year was primarily due to increases in expenses related to general government, public safety, which were offset by a decrease in expenses related to public works. The most significant increase, \$6.7 million, was seen in general government and is attributable to a change in the pension expense recorded in fiscal years 2017 and 2016 and the inclusion of the new self-insurance internal service fund.
- The expenses of all business-type activities this year was \$9.2 million, a net increase of \$1.9 million from the prior year. The increase was primarily in the Utilities Department which accounts for \$1.9 million of the total net increase. The year over year increase in the Utilities Department is the result of recognition of a loss on the donation of the County's interest in the Regional Water Transmission Line under the joint powers agreement with the Greater Chimayo Mutual Domestic Water Consumers Association of \$0.9 million in combination with an increase in administrative expenses associated with operating the utility in fiscal year 2017 of \$1.0 million.
- Charges for services and contributions subsidized certain governmental programs and business-type programs with revenues of \$31.4 million, a net increase of \$7.0 million from the prior year. The increase can be found in governmental activities that experienced increases in charges for services of \$4.7 million, operational grants and contributions of \$1.3 million, and capital grants and contributions of \$0.3 million. Charges for services in business-type programs increased by \$0.6 million.
- Net cost of governmental activities of \$103.9 million was financed by general revenues, which are made up primarily of property taxes and gross receipts taxes of \$119.6 million. The majority of costs can be attributed to general government, public safety, highways and streets, health and welfare and interest on long-term debt.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Fund Balances. At June 30, 2017, the County's governmental funds reported combined ending fund balances of \$250.0 million. The County reported \$176.8 million, or 70.7 percent, as restricted. Note 2 contains more details about the fund balance classifications at June 30, 2017. Committed, assigned and unassigned totaled \$72.0 million, or 28.8 percent.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

**STATE OF NEW MEXICO
SANTA FE COUNTY
Fund Balances as of June 30, 2017**

	<u>Major Funds</u>						<u>Non-Major Other Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>			<u>Capital Projects</u>			
		<u>Developer Fees</u>	<u>Fire Operations</u>	<u>Corrections Operations</u>	<u>Capital Outlay GRT</u>			
FUND BALANCE								
Nonspendable	\$ 220,057	-	138,775	379,398	-	363,666	1,101,896	
Restricted	21,904,428	1,386,309	8,773,026	4,716,598	37,215,763	102,815,154	176,811,278	
Committed	29,223,173	-	1,557,841	2,593,540	-	4,141,117	37,515,671	
Assigned	26,491,897	-	-	-	-	250,000	26,741,897	
Unassigned (Deficit)	7,788,530	-	-	-	-	(13)	7,788,517	
Total Fund Balance	\$ 85,628,085	1,386,309	10,469,642	7,689,536	37,215,763	107,569,924	249,959,259	

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 requirements. In particular, unrestricted fund balances may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$250.0 million, an increase of \$24.4 million. This increase is attributable to the net of increases in assets totaling \$22.9 million and decreases in liabilities and deferred inflows totaling \$1.5 million. The increase in assets is net of increases in the cash and investments categories of \$20.9 million, \$1.9 million increase in mortgages receivable, and a smaller amount net of increases and decreases in other asset categories. The decreases in liabilities and deferred inflows can primarily be seen in the net of an increase in mortgages and down payment assistance, a decrease in accounts payable and accrued wages accrual for fiscal year 2017.

The General Fund is the principal operating fund of the County. The General Fund's fund balance increased \$6.4 million to \$85.6 million over the previous fiscal year. Overall revenue increased by \$4.5 million, which is the net result of increases in gross receipts tax collections, the reallocation of gross receipts tax payments from another fund to the General Fund and charges for services and decreases in interest earnings, grants and other revenue. Expenses decreased by \$0.8 million as the net result of decreases in general government, public safety, culture and recreation, health and welfare, and public works, housing and increases in capital outlay. Additionally, the transfers out to other funds increased by \$3.4 million.

Major special revenue funds include the Developer Fees Fund which stayed flat with a marginal increase. The Corrections Operations Fund experienced an increase of \$1.1 million in fund balance. The increase is the result of the increased cash flow from transfers in from other funds. The Fire Operations Fund continues to be reported as a major fund this fiscal year and experienced an increase of \$1.0 million in fund balance. The increase is due to increased ambulance fee collections and grants as well as other financing sources.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

The Capital Outlay Gross Receipts Tax Fund, the only capital improvement fund reported this fiscal year as a major fund, realized an increase in its fund balance of \$3.2 million. This increase in fund balance is a result of a decrease in the spending in various capital projects.

Proprietary funds. The Enterprise Funds net position decreased by \$2.0 million to \$148.3 million at year end. The decrease can be attributed to a reduction in investments in capital assets, increased administrative expenses and changes in the net pension liability, deferred inflows and deferred outflows in accordance with GASB 68.

BUDGETARY HIGHLIGHTS

The fiscal year 2017 original budget was developed using a results-accountable, performance-based budgeting methodology and marked the fifth transitional year to this form of budgeting. Staff built their budget requests in such a manner as to fund each function adequately to achieve the function's desired outcome while leaving the budget as flat as possible due to somewhat flat revenue projections.

The fiscal year 2017 original budget totaled \$338.6 million of which \$57.6 million represented interfund transfers. Excluding these transfers the total fiscal year 2017 budget was \$281.0 million. This represents a \$38.0 million increase from the fiscal year 2016 budget. Most of this increase lies within the debt service fund which had a net increase of \$24.8 million due to the payment of the advance refunded 2007A and 2007B general obligation bonds.

The vast majority of the County's budget was within its special revenue funds totaling \$111.9 million. A distant second majority was the General Fund totaling \$85.0 million. The remainder of the budget was comprised of capital improvement funds (\$74.7 million), debt service funds (\$54.3 million) and enterprise funds (\$12.7 million).

Many of the funding priorities remained from fiscal year 2016 to fiscal year 2017. Public safety, road maintenance, improvement and construction, and expanding the utility into a self-sustaining enterprise were existing priorities that carried over from fiscal year 2016 to fiscal year 2017 as were economic development, the expansion of youth programs and library programs, and completing management plans for key open space properties.

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. Expansion of public safety is a priority for the citizens and the Commission. The Public Safety Department added 27 new positions in the department as a whole which includes 10 new wildland firefighters, 5 new communication specialists for the RECC (911 call center), and 6 new sheriff positions for a total budget increase of \$1.1 million.

The County also decided to leave the State's health insurance plan and became self-insured starting January 1, 2017. There was a one-time surcharge to leave the State's plan of \$640,000, but will become an overall savings to the County over time.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Other new initiatives that received funding were utilities master planning (\$400,000), broadband consulting (\$50,000), film office expansion and marketing/media projects (\$210,000), operation of the newly completed Stanley Cyclone Center (\$50,000), and expanded Oblique Photography Program (\$105,000). The County also had re-negotiated contracts with its employee unions for an overall increase in salaries and related benefits to County Employees of \$257,800.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. For the fiscal year ended June 30, 2017, the County invested \$14.9 million in capital assets, including buildings, water systems, facilities, vehicles, computers, equipment, and other infrastructure. The investment net of deletions represents an increase of \$13.4 million prior to depreciation. Total depreciation expense for the current fiscal year was \$14.6 million. The following schedule presents comparative capital asset balances for the fiscal years ended June 30, 2016 and June 30, 2017.

<u>Governmental Activities</u>	As of June 30, 2017	As of June 30, 2016
Land	\$ 39,147,452	\$ 37,678,241
Buildings and improvements	195,211,150	185,700,696
Infrastructure	82,923,515	79,574,442
Vehicles, furniture, fixtures and equipment	67,531,980	65,033,801
Construction in progress	5,104,145	10,701,854
Right of way land	10,109,940	10,109,940
Less: accumulated depreciation	<u>(140,880,992)</u>	<u>(131,014,528)</u>
Total	<u><u>\$ 259,147,190</u></u>	<u><u>\$ 257,784,446</u></u>
<u>Business-type Activities</u>		
Land	\$ 918,321	\$ 876,119
Buildings and improvements	8,066,234	7,858,297
Water systems	123,683,683	124,132,020
Vehicles, furniture, fixtures and equipment	1,186,366	1,197,048
Construction in progress	961,821	784,081
Water rights	17,808,069	17,808,069
Less: accumulated depreciation	<u>(21,879,579)</u>	<u>(19,233,167)</u>
Total	<u><u>\$ 130,744,915</u></u>	<u><u>\$ 133,422,467</u></u>

Additional information on the County's capital assets can be found in Note 5 Capital Assets, pages 67 through 69.

Debt Administration. At year end, the County had \$199.4 million in long-term debt principal outstanding. The following table presents a comparative summary of the County's outstanding long-term debt for the fiscal year ended June 30, 2017, and June 30, 2016. Additional information on the County's debt can be found in Note 9 Bonds Payable, pages 73 through 76.

	<u>2017</u>	<u>2016</u>
Bonds payable	\$ 117,105,000	\$ 118,410,000
Revenue bonds payable	<u>82,250,000</u>	<u>80,405,000</u>
TOTAL	<u><u>\$ 199,355,000</u></u>	<u><u>\$ 198,815,000</u></u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

State statute currently limits the amount of general obligation debt a County may issue for general purposes to 4.0 percent of its total assessed property valuation. The general obligation debt limitation for general purposes for the County as of June 30, 2017 is \$271.2 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 2017 totals \$135.80; \$75.95 for general obligation debt service and \$59.85 for revenue bond and other debt service. Outstanding debt per capita totals \$1,343.48; \$787.78 for general obligation debt and \$555.70 for revenue bonds and other debt.

Credit Ratings. The financial condition of the County is strong as reflected by the County's general obligation bond rating of AA+ from Standard & Poor's, which assigned a stable outlook to the rating. The rating reflects that the County has a strong economy, strong management and good financial policies, strong budgetary performance, strong budgetary flexibility, strong liquidity, among other factors.

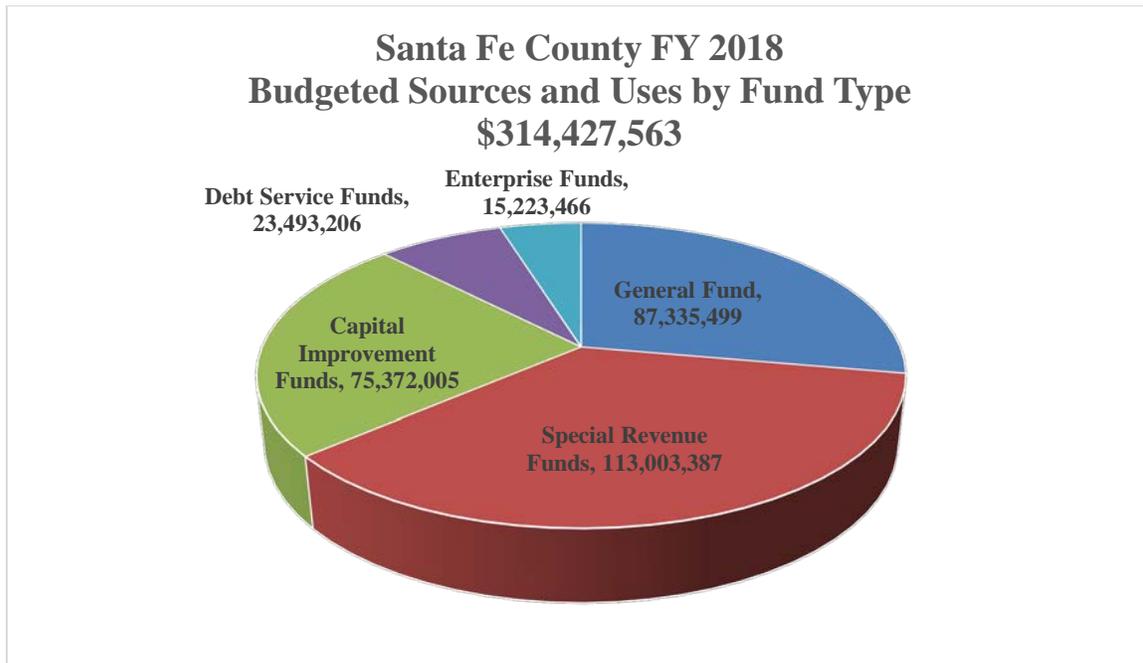
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In fiscal year 2018 Santa Fe County continued with its transition to a performance-based budget. With the formal approval of four population goals – Provide a Safe Community, Promote a Sustainable Community, Support a Healthy Community, and Be a Proficient, Transparent, and Accessible Government – priorities revealed by the citizen survey conducted during fiscal year 2014, as well as input from various advisory boards, and direct input from citizens, the County's budget was developed. Priorities included public safety, senior services, sustainability, behavioral health, youth programs, programming and operational funding for new facilities, open space and trails master planning and maintenance, facility maintenance and water planning. The most significant priority change was in the area of behavioral health and staffing within public safety. Santa Fe County also enacted an additional 1/8th percent gross receipt tax to fund the areas of public safety and behavioral health.

The fiscal year 2018 budget totaled \$314.4 million, or \$260.2 million excluding inter-fund transfers. The most significant increase from the fiscal year 2017 budget can be found in the self-insurance fund as the county will be funding an entire year versus half a year for 2017. In fiscal year 2016 the County moved away from budgeting capital improvement projects "on time," or budgeting projects only when they were ready to move forward, and began to budget projects as they were approved by the Commission regardless of their readiness to proceed. This process has continued for fiscal year 2018.

In fiscal year 2018 revenue projections supported an increase in property tax based on trend analysis of collections from the past three years and projections from assessed values. Revenue projections also include a 2.0 percent increase for previously imposed gross receipts and a partial year of the newly imposed 1/8th gross receipts tax.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**



Changes from the fiscal year 2017 budget resulted in an increase in most funds from fiscal year 2017 to fiscal year 2018. Highlighted below are some of the significant changes.

Major changes in the General Fund are:

- Increase the Asset Renewal and Replacement package (formerly known as the capital package) (\$500,000).
- Decreased General Fund support of the Road Fund (\$200,000).
- Increase General Fund support of the Law Enforcement Operations Fund (\$200,000).
- Increased General Fund support of the Corrections Operations Fund (\$700,000).
- In fiscal year 2018 all capital improvement funds totaled \$75.3 million versus fiscal year 2017 with total capital improvement funding of \$74.7 million.
- In fiscal year 2018 the second Hold Harmless Gross Receipts Tax fund will be \$1.7 million. This 1/8th percent gross receipts tax increment will go into effect on January 1, 2018, the County will begin receiving revenue from this tax in March 2018.
- The Lodgers Tax budget remained flat.
- The Indigent Hospital budget increased by \$0.16 million.
- The Indigent services fund decreased by \$1.8 million due to the reduction in the three year transfer from the general fund, which began in fiscal year 2017 and phases out by 2019 with each year and reduces the amount each fiscal year.
- The water utility budget increased by \$0.25 million.
- The Regional Emergency Communications Center (RECC) Operations Fund transfer increased by \$0.17 million. Since this fund has no significant funding of its own, it is reliant upon transfers from other funds. In fiscal year 2018 the Fire Operations fund will transfer \$3.6 million to the RECC.

**STATE OF NEW MEXICO
SANTA FE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

- The Water Enterprise budget increased by \$0.25 million.
- The self-insurance budget has increased by \$4.0 million. Santa Fe County became self-insured in January of 2017. Fiscal year 2018 will be funded for a full fiscal year.

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

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS



**STATE OF NEW MEXICO
SANTA FE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 177,515,201	19,806,806	197,322,007
Cash and investments - restricted	65,314,918	70,457	65,385,375
Accounts receivable, net of allowance for uncollectibles	32,267,715	765,586	33,033,301
Prepaid and other assets	1,101,896	26,703	1,128,599
Capital assets, not depreciated	54,361,537	19,688,211	74,049,748
Capital assets, net of accumulated depreciation	204,785,652	111,056,704	315,842,356
Total Assets	535,346,919	151,414,467	686,761,386
DEFERRED OUTFLOWS			
Pension related	29,632,520	886,283	30,518,803
Advance refunding of bonds	4,974,064	-	4,974,064
Total Deferred Outflows	34,606,584	886,283	35,492,867
LIABILITIES			
Accounts payable	4,447,000	474,078	4,921,078
Accrued wages and benefits	1,251,575	31,402	1,282,977
Deposits held for others	168,296	322,423	490,719
Due to other governments	-	175,705	175,705
Other current liabilities	105,559	131,221	236,780
Unearned revenue	964,373	-	964,373
Accrued interest payable	3,393,543	-	3,393,543
Claims payable	567,416	-	567,416
Long-term liabilities, due in one year	17,490,691	-	17,490,691
Long-term liabilities, due in more than one year	197,143,805	-	197,143,805
Net pension liability	92,540,611	2,767,808	95,308,419
Total Liabilities	318,072,869	3,902,637	321,975,506
DEFERRED INFLOWS			
Pension related	1,969,237	58,898	2,028,135
NET POSITION			
Net investment in capital assets	102,692,738	130,744,915	233,437,653
Restricted for:			
Contractual and Statutory requirements	71,074,860	-	71,074,860
Debt service	17,691,607	-	17,691,607
Capital outlay	75,564,707	-	75,564,707
Unrestricted (deficit)	(17,112,515)	17,594,300	481,785
Total Net Position	\$ 249,911,397	148,339,215	398,250,612

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, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary Government							
Governmental activities:							
General government	\$ 34,718,551	6,279,687	1,828,777	-	(26,610,087)	-	(26,610,087)
Public safety	54,452,296	6,836,876	4,310,289	-	(43,305,131)	-	(43,305,131)
Culture and recreation	3,173,984	-	197,685	541,812	(2,434,487)	-	(2,434,487)
Public works	4,007,649	-	-	105,543	(3,902,106)	-	(3,902,106)
Highways and streets	12,195,251	6,287	13,109	641,288	(11,534,567)	-	(11,534,567)
Health and welfare	10,398,424	134,390	1,280,291	-	(8,983,743)	-	(8,983,743)
Housing	2,613,812	282,558	2,683,403	-	352,149	-	352,149
Interest on long-term debt	7,510,653	-	-	-	(7,510,653)	-	(7,510,653)
Total governmental activities	129,070,620	13,539,798	10,313,554	1,288,643	(103,928,625)	-	(103,928,625)
Business-type activities:							
Home sales	-	-	-	-	-	-	-
Regional planning authority	-	-	-	-	-	-	-
Utilities	8,124,968	5,240,856	-	-	-	(2,884,112)	(2,884,112)
Housing services	1,070,895	514,970	539,763	-	-	(16,162)	(16,162)
Total business-type activities	9,195,863	5,755,826	539,763	-	-	(2,900,274)	(2,900,274)
Total primary government	\$ 138,266,483	19,295,624	10,853,317	1,288,643	(103,928,625)	(2,900,274)	(106,828,899)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					51,707,476	-	51,707,476
Property taxes, levied for debt service					13,169,566	-	13,169,566
Gross receipts taxes					54,765,671	-	54,765,671
Other taxes					2,526,038	-	2,526,038
Investment income (loss)					1,093,456	(42,440)	1,051,016
Miscellaneous revenues					1,695,764	-	1,695,764
Transfers					(942,218)	942,218	-
Total general revenues and transfers					124,015,753	899,778	124,915,531
Change in net position					20,087,128	(2,000,496)	18,086,632
Net position, beginning of year					229,824,269	150,339,711	380,163,980
Net position, end of year					\$ 249,911,397	148,339,215	398,250,612

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

FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SANTA FE COUNTY
Balance Sheet
Governmental Funds
June 30, 2017**

	Major Funds						Total Governmental Funds
	General	Special Revenue			Capital Projects	Non-Major Other Governmental Funds	
		Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT		
ASSETS							
Cash and investments	\$ 75,434,623	-	8,972,136	-	35,632,153	56,696,549	176,735,461
Cash and investments - restricted	7,515,059	1,387,357	-	7,705,409	-	48,707,093	65,314,918
Accounts receivable, net	270,858	-	362,886	500,959	-	259,896	1,394,599
Taxes receivable	6,964,875	-	1,646,898	-	1,783,483	4,960,982	15,356,238
Interest receivable	365,507	-	-	64,475	-	56,448	486,430
Grantor agencies receivable, net	118,382	-	337	-	-	783,525	902,244
Mortgages receivable, net	-	13,460,387	-	-	-	-	13,460,387
Down payment assistance receivable	-	667,817	-	-	-	-	667,817
Prepays and other	220,057	-	138,775	379,398	-	363,666	1,101,896
Due from other funds	48,424	-	-	-	-	219,792	268,216
Total Assets	\$ 90,937,785	15,515,561	11,121,032	8,650,241	37,415,636	112,047,951	275,688,206
LIABILITIES							
Accounts payable	\$ 1,107,010	1,048	288,362	466,391	199,873	2,372,752	4,435,436
Accrued wages and benefits	435,774	-	180,978	267,838	-	366,985	1,251,575
Deposits held for others	123,929	-	-	-	-	44,367	168,296
Other current liabilities	54,496	-	-	35,255	-	15,808	105,559
Due to other funds	6,062	-	1,002	1,295	-	259,857	268,216
Total Liabilities	1,727,271	1,048	470,342	770,779	199,873	3,059,769	6,229,082
DEFERRED INFLOWS							
Property taxes	3,433,212	-	-	-	-	756,905	4,190,117
Mortgages and down payment assistance	-	14,128,204	-	-	-	-	14,128,204
Unavailable revenue	-	-	-	-	-	217,171	217,171
Unearned revenue	149,217	-	181,048	189,926	-	444,182	964,373
Total Deferred Inflows	3,582,429	14,128,204	181,048	189,926	-	1,418,258	19,499,865
FUND BALANCE							
Nonspendable	220,057	-	138,775	379,398	-	363,666	1,101,896
Restricted	21,904,428	1,386,309	8,773,026	4,716,598	37,215,763	102,815,154	176,811,278
Committed	29,223,173	-	1,557,841	2,593,540	-	4,141,117	37,515,671
Assigned	26,491,897	-	-	-	-	250,000	26,741,897
Unassigned (deficit)	7,788,530	-	-	-	-	(13)	7,788,517
Total Fund Balance	85,628,085	1,386,309	10,469,642	7,689,536	37,215,763	107,569,924	249,959,259
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 90,937,785	15,515,561	11,121,032	8,650,241	37,415,636	112,047,951	275,688,206

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, 2017**

Total fund balance governmental funds **\$ 249,959,259**

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	400,028,182	
Less accumulated depreciation	(140,880,993)	259,147,189

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

Property taxes	4,190,117	
Mortgages and down payment assistance	14,128,204	
Receivables not available to pay for current period expenditures	217,171	18,535,492

An internal service fund (ISF) is used by management to charge for insurance. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.

200,760

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

Accrued interest payable	(3,393,543)	
Compensated absences payable	(3,196,022)	
Loans payable	(354,814)	
Bonds payable	(199,355,000)	
Premium on bonds payable	(10,663,008)	
Landfill closure and post closure costs payable	(1,065,652)	
Net pension liability	(92,540,611)	(310,568,650)

Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.

29,632,520

Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.

(1,969,237)

Bond refunding deferred outflows are not financial resources and, therefore, are not reported in the funds.

4,974,064

Net position of governmental activities **\$ 249,911,397**

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, 2017

	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	\$ 50,259,385	-	-	-	-	14,617,688	64,877,073
Gross receipts taxes	14,203,790	-	9,199,992	-	10,096,245	21,265,644	54,765,671
Other taxes and assessments	1,402,384	-	-	-	-	1,123,654	2,526,038
Licenses, permits and fees	678,681	-	40,864	-	-	6,309	725,854
Charges for services	1,308,707	170,759	1,445,882	4,807,287	-	612,033	8,344,668
Fines and forfeitures	80	-	-	-	-	378,801	378,881
Investment income (loss)	1,114,684	3,164	(30,564)	147,281	(121,479)	(20,303)	1,092,783
Federal grants	160,919	-	132,292	49,534	-	3,526,655	3,869,400
State grants	237,044	-	832,447	-	-	4,491,653	5,561,144
Other	53,566	7,195	224,761	78,434	-	240,996	604,952
Intergovernmental	1,429,248	-	293,117	32,538	-	416,750	2,171,653
Total Revenues	70,848,488	181,118	12,138,791	5,115,074	9,974,766	46,659,880	144,918,117
EXPENDITURES							
Current							
General government	23,860,612	-	-	-	-	1,741,676	25,602,288
Public safety	14,410	-	10,759,644	19,072,206	-	16,700,818	46,547,078
Culture and recreation	1,150,588	-	-	-	-	1,016,308	2,166,896
Public works	4,718,014	-	-	-	-	-	4,718,014
Highways and streets	-	-	-	-	-	8,885,030	8,885,030
Health and welfare	1,883,921	-	-	-	-	7,553,070	9,436,991
Housing	83,272	178,234	-	-	-	2,262,716	2,524,222
Capital outlays	1,022,539	-	704,298	196,180	3,374,428	9,530,280	14,827,725
Debt service - principal	-	-	-	-	-	11,980,000	11,980,000
Debt service - interest	-	-	-	-	-	8,296,434	8,296,434
Commitments and other fees	-	-	-	-	-	721,869	721,869
Total Expenditures	32,733,356	178,234	11,463,942	19,268,386	3,374,428	68,688,201	135,706,547
Excess (deficiency) of revenues over expenditures	38,115,132	2,884	674,849	(14,153,312)	6,600,338	(22,028,321)	9,211,570
Other Financing Sources (Uses)							
Proceeds of refunding bonds	-	-	-	-	-	41,225,000	41,225,000
Payment to refunded bond escrow agent	-	-	-	-	-	(46,038,899)	(46,038,899)
Issuance of debt	-	-	-	-	-	13,444,300	13,444,300
Bond premium	-	-	-	-	-	6,584,213	6,584,213
Transfers from other funds	670,289	-	3,720,534	17,502,452	-	33,655,770	55,549,045
Transfers to other funds	(32,343,443)	-	(3,408,669)	(2,250,600)	(3,420,407)	(14,125,926)	(55,549,045)
Net Other Financing Sources (Uses)	(31,673,154)	-	311,865	15,251,852	(3,420,407)	34,744,458	15,214,614
Net Change in Fund Balance	6,441,978	2,884	986,714	1,098,540	3,179,931	12,716,137	24,426,184
<i>Fund Balance, beginning of period</i>	<i>79,186,107</i>	<i>1,383,425</i>	<i>9,482,928</i>	<i>6,590,996</i>	<i>34,035,832</i>	<i>94,853,787</i>	<i>225,533,075</i>
Fund Balance, ending	\$ 85,628,085	1,386,309	10,469,642	7,689,536	37,215,763	107,569,924	249,959,259

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, 2017**

Net changes in fund balances - total governmental funds **\$ 24,426,184**

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

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

Expenditures for capital assets	14,827,725	
Less current year depreciation	<u>(11,791,170)</u>	3,036,555

Loss on disposal of capital assets is not reported in the funds statements. (731,594)

Transfers of capital assets from governmental capital assets to proprietary funds are not recorded in governmental funds. (942,218)

Governmental funds report pending legal action when it is due. However, in the Statement of Activities, the estimated cost is recognized when the action is both probable and estimable.
Change in pending legal action 1,152,749

An internal service fund (ISF) is used by management to charge for insurance. The net revenue (expense) of the internal service fund is reported with governmental activities. 200,760

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	(31)	
Mortgages and down payment assistance	2,055,133	
Other receivables	<u>(964,320)</u>	1,090,782

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

Deferred outflows - advance refunding of bonds		2,946,185
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The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The following transaction relates to current year issuance of debt in process.

Bonds payable	(54,669,300)	
Net premium on bonds payable	<u>(5,391,089)</u>	(60,060,389)

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

Change in general obligation bonds payable	26,165,000	
Change in revenue bonds payable	28,520,000	
Change in compensated absences payable	25,043	
Change in accrued interest on long-term debt	296,708	
Landfill closure and post-closure	10,023	
Net premium on bonds payable	405,532	
Net pension expense	<u>(6,454,192)</u>	<u>48,968,114</u>

Change in net position in governmental activities **\$ 20,087,128**

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, 2017

	Budgeted Amounts		Non - GAAP Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ 45,160,954	45,240,783	50,302,867	5,062,084
Gross receipts taxes	12,250,649	12,250,649	14,172,928	1,922,279
Other taxes and assessments	1,192,000	1,192,000	1,396,993	204,993
Licenses, permits, and fees	131,342	131,342	682,121	550,779
Charges for services	1,148,204	1,148,204	1,276,760	128,556
Fines and forfeitures	-	-	100	100
Interest earnings	1,600,000	1,600,000	1,372,400	(227,600)
Grants	609,671	609,671	263,193	(346,478)
Other	-	-	53,567	53,567
Intergovernmental	207,064	207,064	1,499,654	1,292,590
Total Revenues	62,299,884	62,379,713	71,020,583	8,640,870
Cash balance carryforward	22,100,761	24,756,878		
Total	\$ 84,400,645	87,136,591		
Expenditures				
General government	\$ 38,900,226	39,929,512	23,441,929	16,487,583
Public safety	14,631	14,631	14,410	221
Culture and recreation	1,484,042	2,042,816	1,289,013	753,803
Public works	6,181,382	6,806,328	4,924,611	1,881,717
Highways and streets	-	-	-	-
Health and welfare	2,008,499	2,142,713	1,935,581	207,132
Housing	84,676	85,176	83,272	1,904
Capital outlays	715,903	738,595	872,433	(133,838)
Total Expenditures	\$ 49,389,359	51,759,771	32,561,249	19,198,522
Other Financing Sources (Uses)				
Transfers from other funds	\$ 685,289	670,289	670,289	-
Transfers to other funds	(35,696,575)	(36,047,109)	(32,343,443)	3,703,666
Total Other Financing Sources (Uses)	\$ (35,011,286)	(35,376,820)	(31,673,154)	3,703,666
Net Change in Fund Balance - Budgetary Basis			\$ 6,786,180	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ (371,977)	
Adjustments to expenditures for modified accrual purposes			(3,245,870)	
To reflect fair market value adjustment not budgeted			199,882	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			3,073,763	
			\$ 6,441,978	

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
Developer Fees
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ -	-	-	-
Gross receipts taxes	-	-	-	-
Other taxes and assessments	-	-	-	-
Licenses, permits, and fees	-	-	-	-
Charges for services	-	-	170,759	170,759
Fines and forfeitures	-	-	-	-
Interest earnings	-	-	10,358	10,358
Grants	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>181,117</u>	<u>181,117</u>
Cash balance carryforward	<u>593,200</u>	<u>606,625</u>		
Total	<u>\$ 593,200</u>	<u>606,625</u>		
Expenditures				
General government	\$ -	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Housing	593,200	606,625	178,235	428,390
Capital outlays	-	-	-	-
Total Expenditures	<u>\$ 593,200</u>	<u>606,625</u>	<u>178,235</u>	<u>428,390</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ -	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance - Budgetary Basis			\$ 2,882	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ 1	
Adjustments to expenditures for modified accrual purposes			(13,447)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			<u>13,448</u>	
Change in fund balance - GAAP basis			<u>\$ 2,884</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, Expenditures, and Changes in Fund Balance-Budget to Actual
Fire Operations
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ -	-	-	-
Gross receipts taxes	8,241,957	8,241,957	9,154,633	912,676
Other taxes and assessments	-	-	-	-
Licenses, permits, and fees	25,000	25,000	40,864	15,864
Charges for services	800,000	891,278	1,416,572	525,294
Fines and forfeitures	-	-	-	-
Interest earnings	-	-	-	-
Grants	15,000	997,064	965,254	(31,810)
Other	-	213,352	224,761	11,409
Intergovernmental	300,000	300,000	293,117	(6,883)
Total Revenues	<u>9,381,957</u>	<u>10,668,651</u>	<u>12,095,201</u>	<u>1,426,550</u>
Cash balance carryforward	<u>2,126,376</u>	<u>3,215,988</u>		
Total	<u>\$ 11,508,333</u>	<u>13,884,639</u>		
Expenditures				
General government	\$ -	-	-	-
Public safety	11,810,198	12,637,425	10,768,664	1,868,761
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Housing	-	-	-	-
Capital outlays	10,000	1,559,079	568,458	990,621
Total Expenditures	<u>\$ 11,820,198</u>	<u>14,196,504</u>	<u>11,337,122</u>	<u>2,859,382</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 3,720,534	3,720,534	3,720,534	-
Transfers to other funds	(3,408,669)	(3,408,669)	(3,408,669)	-
Total Other Financing Sources (Uses)	<u>\$ 311,865</u>	<u>311,865</u>	<u>311,865</u>	<u>-</u>
Net Change in Fund Balance - Budgetary Basis			\$ 1,069,944	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ 21,714	
Adjustments to expenditures for modified accrual purposes			(1,409,085)	
To reflect fair market value adjustment not budgeted			21,876	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			<u>1,282,265</u>	
			<u>\$ 986,714</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, Expenditures, and Changes in Fund Balance-Budget to Actual
Corrections Operations
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Non - GAAP Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ -	-	-	-
Gross receipts taxes	-	-	-	-
Other taxes and assessments	-	-	-	-
Licenses, permits, and fees	-	-	-	-
Charges for services	4,471,080	4,471,080	4,626,725	155,645
Fines and forfeitures	-	-	-	-
Interest earnings	150,000	150,000	147,258	(2,742)
Grants	27,000	27,000	24,972	(2,028)
Other	50,000	50,000	78,457	28,457
Intergovernmental	60,000	60,000	57,100	(2,900)
Total Revenues	<u>4,758,080</u>	<u>4,758,080</u>	<u>4,934,512</u>	<u>176,432</u>
Cash balance carryforward	<u>460,333</u>	<u>2,130,725</u>		
Total	<u>\$ 5,218,413</u>	<u>6,888,805</u>		
Expenditures				
General government	\$ -	-	-	-
Public safety	23,336,265	24,000,524	19,260,140	4,740,384
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Housing	-	-	-	-
Capital outlays	-	1,140,133	159,991	980,142
Total Expenditures	<u>\$ 23,336,265</u>	<u>25,140,657</u>	<u>19,420,131</u>	<u>5,720,526</u>
Other Financing Sources (Uses)				
Transfers from other funds	\$ 20,368,452	20,502,452	17,502,452	(3,000,000)
Transfers to other funds	<u>(2,250,600)</u>	<u>(2,250,600)</u>	<u>(2,250,600)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 18,117,852</u>	<u>18,251,852</u>	<u>15,251,852</u>	<u>(3,000,000)</u>
Net Change in Fund Balance - Budgetary Basis			\$ 766,233	
Reconciliation to change in fund balance - GAAP Basis				
Revenue accruals, net of prior year revenue reversals			\$ 180,562	
Adjustments to expenditures for modified accrual purposes			(1,326,676)	
Outstanding encumbrances recorded as budgetary expenditures - not for GAAP purposes			<u>1,478,421</u>	
			<u>\$ 1,098,540</u>	

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business-type Activities-Enterprise Funds					Governmental Activities - Self Insurance Fund
	Home Sales	Regional Planning Authority	Utilities	Housing Services	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and investments	\$ 4,612,419	210,371	13,869,677	1,114,339	19,806,806	779,740
Cash and investments - restricted	-	-	225	70,232	70,457	-
Grantor agencies receivable	-	-	-	37,038	37,038	-
Accounts receivable, net	-	-	633,526	95,022	728,548	-
Prepaid and other assets	-	-	7,388	19,315	26,703	-
Total current assets	4,612,419	210,371	14,510,816	1,335,946	20,669,552	779,740
Noncurrent assets:						
Capital assets, not depreciated	-	-	18,947,652	740,559	19,688,211	-
Capital assets, net of accumulated depreciation	-	-	106,814,888	4,241,816	111,056,704	-
Total noncurrent assets	-	-	125,762,540	4,982,375	130,744,915	-
Total Assets	4,612,419	210,371	140,273,356	6,318,321	151,414,467	779,740
DEFERRED OUTFLOWS						
Pension related	-	-	563,684	322,599	886,283	-
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	434,716	39,362	474,078	11,564
Accrued wages and benefits	-	-	21,187	10,215	31,402	-
Deposits held for others	-	-	212,518	109,905	322,423	-
Other current liabilities	5,722	-	125,499	-	131,221	-
Due to other governments	-	-	175,705	-	175,705	-
Claims Payable	-	-	-	-	-	567,416
Total current liabilities	5,722	-	969,625	159,482	1,134,829	578,980
Noncurrent liabilities:						
Net pension liability	-	-	1,760,348	1,007,460	2,767,808	-
Total Liabilities	5,722	-	2,729,973	1,166,942	3,902,637	578,980
DEFERRED INFLOWS						
Pension related	-	-	37,460	21,438	58,898	-
NET POSITION						
Investment in capital assets	-	-	125,762,540	4,982,375	130,744,915	-
Unrestricted	4,606,697	210,371	12,307,067	470,165	17,594,300	200,760
Total Net Position	\$ 4,606,697	210,371	138,069,607	5,452,540	148,339,215	200,760

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, 2017

	Business-type Activities-Enterprise Funds					Governmental Activities - Self Insurance Fund
	Home Sales	Regional Planning Authority	Utilities	Housing Services	Total Enterprise Funds	
OPERATING REVENUES						
Rentals and charges for services & sales, net	\$ -	-	4,663,060	514,565	5,177,625	4,090,395
Miscellaneous	-	-	577,796	405	578,201	-
Total Operating Revenues	-	-	5,240,856	514,970	5,755,826	4,090,395
OPERATING EXPENSE						
Housing	-	-	-	853,374	853,374	-
Administrative expenses	-	-	4,615,089	-	4,615,089	3,890,308
Depreciation expense	-	-	2,552,056	214,238	2,766,294	-
Total Operating Expenses	-	-	7,167,145	1,067,612	8,234,757	3,890,308
Operating Income (Loss)	-	-	(1,926,289)	(552,642)	(2,478,931)	200,087
NON-OPERATING REVENUES (EXPENSES)						
Investment income (loss)	(9,951)	(736)	(29,314)	(2,439)	(42,440)	673
HUD operating subsidy & other intergovernmental	-	-	-	539,763	539,763	-
Loss on donated / disposed capital assets	-	-	(957,823)	(3,283)	(961,106)	-
Net Non-Operating Revenues (Expenses)	(9,951)	(736)	(987,137)	534,041	(463,783)	673
Income (Loss) Before Contributions	(9,951)	(736)	(2,913,426)	(18,601)	(2,942,714)	200,760
CAPITAL CONTRIBUTIONS						
Capital contributions from governmental funds	-	-	754,402	187,816	942,218	-
Change in Net Position	(9,951)	(736)	(2,159,024)	169,215	(2,000,496)	200,760
Net position, beginning	4,616,648	211,107	140,228,631	5,283,325	150,339,711	-
Net position, ending	\$ 4,606,697	210,371	138,069,607	5,452,540	148,339,215	200,760

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, 2017

	Business-type Activities-Enterprise Funds					Governmental Activities - Self Insurance Fund
	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	\$ -	-	5,145,893	598,670	5,744,563	4,090,395
Cash payments to vendors for goods and services	-	-	(2,485,190)	(222,986)	(2,708,176)	(3,311,328)
Cash payments to employees for services	-	-	(1,780,569)	(618,637)	(2,399,206)	-
Net cash provided by (used for) operating activities	-	-	880,134	(242,953)	637,181	779,067
Cash flows from noncapital and related financing activities:						
Operating grants received	-	-	-	539,763	539,763	-
Net cash provided by noncapital financing activities	-	-	-	539,763	539,763	-
Cash flows from capital and related financing activities:						
Purchases of capital assets	-	-	(65,817)	(41,816)	(107,633)	-
Net cash used by capital financing activities	-	-	(65,817)	(41,816)	(107,633)	-
Cash flows from investing activities:						
Investment earnings	(9,951)	(736)	(29,314)	(2,437)	(42,438)	673
Net cash provided by (used for) investing activities	(9,951)	(736)	(29,314)	(2,437)	(42,438)	673
Net increase (decrease) in cash and cash equivalents	(9,951)	(736)	785,003	252,557	1,026,873	779,740
Cash and cash equivalents, beginning of year	4,622,370	211,107	13,084,899	932,014	18,850,390	-
Cash and cash equivalents, end of year	\$ 4,612,419	210,371	13,869,902	1,184,571	19,877,263	779,740
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>						
Operating income (loss)	\$ -	-	(1,926,289)	(552,642)	(2,478,931)	200,087
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	-	-	2,552,056	214,238	2,766,294	-
Net pension expense	-	-	122,774	70,264	193,038	-
Change in assets and liabilities:						
Prepaid and other assets	-	-	(831)	(2,171)	(3,002)	-
Receivables	-	-	(238,308)	24,508	(213,800)	-
Capital assets and assets held for sale	-	-	-	-	-	-
Accounts payable	-	-	250,728	24,853	275,581	11,564
Accrued payroll and employee benefits	-	-	(47,697)	(10,931)	(58,628)	-
Due to other governments	-	-	22,005	-	22,005	-
Deposits held for others	-	-	20,571	(11,072)	9,499	-
Other liabilities	-	-	125,125	-	125,125	-
Claims payable	-	-	-	-	-	567,416
Total Adjustments	-	-	2,806,423	309,689	3,116,112	578,980
Net cash provided by (used for) operating activities	\$ -	-	880,134	(242,953)	637,181	779,067
<u>Schedule of Non Cash Capital and Financing Activities</u>						
Non cash transactions						
Contributed capital assets-governmental activities	-	-	754,402	187,816	942,218	-
Allocation of fair value adjustment for investments	(11,217)	(513)	(33,818)	(2,888)	(48,437)	673
Total non cash transactions	\$ (11,217)	(513)	720,584	184,928	893,781	673

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, 2017

ASSETS

Cash and investments - held in trust	\$ 4,575,405
Property taxes receivable	7,993,440
<i>Total Assets</i>	<u><u>\$ 12,568,845</u></u>

LIABILITIES

Deposits held for others	\$ 808,158
Taxes paid in advance	1,097,484
Due to other Governments	7,993,439
Undistributed taxes to other Governments	2,669,764
<i>Total Liabilities</i>	<u><u>\$ 12,568,845</u></u>

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1

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 (sheriff, fire, emergency communications, and corrections), highways and streets, sanitation, health and social services, low rent housing assistance, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

The County's significant accounting policies are described below.

Reporting Entity

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

The County's basic financial statements include the accounts of all County operations. GASB Statement No. 14 as amended by GASBS 39 and 61, *The Financial Reporting Entity*, establishes the standards for defining and reporting on the financial reporting entity. GASBS 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A primary government is any state government or general-purpose local government, consisting of all organizations that make up its legal entity. The County is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the County has not identified any component units for the fiscal year ended June 30, 2017.

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).

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the County as a whole. The reported information includes all of the non-fiduciary activities of the County. The effect of internal activity has been removed from these statements. These statements distinguish between governmental and business-type activities of the County. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

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

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

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. In addition, the fiduciary fund financial statements are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements, however the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their exchange value. In the government-wide financial statements, the Internal Service Fund is included with governmental 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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts and gasoline taxes, are recognized as revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

Presentation of Funds

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

- Ten percent criterion – An individual governmental fund reports at least 10.0 percent of any of the following: a) total governmental fund assets and deferred outflows, b) total governmental fund

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

liabilities and deferred inflows, c) total governmental fund revenues, or d) total governmental fund expenditures.

- Five percent criterion – An individual government fund reports at least 5.0 percent of the total for both governmental and enterprise funds of any of the items for which it met the 10.0 percent criterion.

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

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

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

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

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

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

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

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

Regional Planning Authority Fund – This enterprise fund is used to account for the funding and

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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.

Self Insurance Fund – This fund is used to account for revenues collected from employee/employer contributions for the purpose of the self-funding health / prescription and dental insurance and other fully funded benefits to County employees.

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

Additionally, the County reports the following fund type:

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

C. Deferred Outflows/Inflows of Resources

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

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of*

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County records deferred inflows of resources related to its participation in the PERA pension plan. Deferred outflows of resources and deferred inflows of resources related to pensions are the result of the changes in the net pension liability not included in pension expense.

Additionally, the County has four types of items, which arise only under modified accrual basis of accounting, that qualify for reporting in the deferred inflows of resources category. Those amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Accordingly, the items under the deferred inflows category (*property taxes, mortgages and down payment assistance unearned revenue, and unavailable revenue*) are reported only in the governmental funds balance sheet.

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

D. Cash and Investments

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

New Mexico Statutes Annotated (NMSA) authorizes the County to invest public monies in interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of New Mexico, counties, cities, school districts, and special districts as specified by statute. 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 102.0 percent 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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

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.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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, donated works of art, historical treasures, and similar items are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. Governmental capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and structures	40
Improvements other than buildings	25-40
Infrastructure	25-30
Machinery and equipment	3-10
Furniture, 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 50.0 percent 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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

fund liability of those funds that will pay it. No liability is recorded for sick leave benefits that are estimated or will be taken prior to retirement. In the entity-wide statements vested or accumulated vacation and sick leave eligible to be sold back to the County are recorded as an expense and liability as the benefits accrue to employees. The General Fund has been used in prior years to liquidate the liability for compensated absences. The total amount of compensated absences is estimated due within one year because of the uncertainty of when the amounts will be paid.

K. Pensions

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

L. Long-term Obligations

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

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

M. Interfund Activity

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

N. Budgets

Budgets are adopted on a basis inconsistent with generally accepted accounting principles

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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

Differences between the budgetary basis and GAAP include the following:

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

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

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

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

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

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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

- Emergency Medical Services
- Fire Districts

The following funds were not budgeted in fiscal year 2017:

- Recreation Special Revenue Fund
- Equipment Loan Debt Service Fund
- Regional Planning Authority Enterprise Fund
- Self Insurance Fund

O. Encumbrances

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

P. Net Position

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

Q. Estimates

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

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 2

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, 2017, the County had \$1.1 million in nonspendable fund balance made up of prepaid insurance for general and law enforcement liability, automobile, property, and boiler and machinery.

Restricted – Represents amounts that have been constrained by specific purposes stipulated by external providers, creditors, grantors and other governments, constitutionally, or through enabling legislation. At June 30, 2017, the County had approximately \$176.8 million in restricted fund balance. Restrictions included bond covenants restricted for capital projects, debt service restrictions, grantor agency restrictions, and other contractual amounts statutorily restricted by State or Federal law. Restricted fund balance also includes approximately \$5.7 million set aside for a loan guarantee with Santa Fe Film and Media Studios for the construction of a film and multi-media production studio.

Committed – Includes amounts that have been committed by formal action by the highest level of authority for specific purposes (via Board of County Commissioners [BCC] action, resolution or adopted ordinance-both equally binding) and can only be changed or lifted by the same formal action. At June 30, 2017, the County had \$385,233 in committed fund balance in the Emergency Communications Operations Fund, which represents the remaining fund balance in excess of statutory restrictions formally committed by the Board of County Commissioners during the budget adoption for the operation of the Regional Emergency Communication Center (RECC). Other committed amounts include a 10.0 percent expense reserve in those governmental funds that directly support County operations and personnel totaling approximately \$3.5 million in non-major governmental funds, and approximately \$4.1 million in major funds excluding the General Fund. In the General Fund, there is a contingency reserve of approximately \$8.8 million equal to 10.0 percent of the general fund operating budget (including transfers), a disaster recovery reserve equal to 10.0 – 15.0 percent of unassigned fund balance, an uninsured loss reserve equal to 5.0 – 10.0 percent of unassigned fund balance, and a major infrastructure repair and replacement reserve equal to 10.0 – 15.0 percent of unassigned fund balance. For purposes of committing fund balance, the unassigned fund balance is the General Fund unassigned fund balance reflected at June 30 in the prior year Comprehensive Annual Financial Report (CAFR).

Assigned – Amounts that are intended to be used for specific purposes by the County, but do not meet the definition of other fund balance classifications. The general and the Regional Emergency Communications Operations (RECC) funds are the only funds that have assigned fund balance due to the restricted nature of other fund types. The authority to assign fund balance can be that of the Board of County Commissioners, or by an official (usually the County Manager or County Finance

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

Director) that has been delegated that authority. The County had assigned fund balance in the general fund of approximately \$26.5 million and \$250,000 in the RECC fund at June 30, 2017.

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, 2017, was approximately \$7.8 million and represents residual fund balance undesignated by other classifications.

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

The following schedule presents fund balance classifications at June 30, 2017:

	General Fund	Developer Fees	Fire Operations	Corrections Operations	Capital Outlay GRT	Non-Major Funds
FUND BALANCE						
Nonspendable:						
Prepaid insurance	\$ 220,057	\$ -	\$ 138,775	\$ 379,398	\$ -	\$ 363,666
Restricted:						
Debt service	3,483,628	-	-	2,250,350	3,499,607	17,691,607
Capital projects	-	-	-	-	33,716,156	38,348,957
Loan guarantee-Santa Fe Studios	5,700,000	-	-	-	-	-
Statutory budget reserve	12,720,800	-	-	-	-	-
Other contractual and statutory requirements	-	1,386,309	8,773,026	2,466,248	-	46,774,590
Subtotal:	21,904,428	1,386,309	8,773,026	4,716,598	37,215,763	102,815,154
Committed:						
Contingency reserve above requirement	8,755,103	-	1,557,841	2,593,540	-	4,141,117
Uninsured losses	5,848,020	-	-	-	-	-
Disaster recovery	7,017,624	-	-	-	-	-
Facility/infrastructure	7,602,426	-	-	-	-	-
Subtotal:	29,223,173	-	1,557,841	2,593,540	-	4,141,117
Assigned:						
Budget requirements	20,491,897	-	-	-	-	-
Other budgetary contingency	6,000,000	-	-	-	-	-
Emergency Communication Operations	-	-	-	-	-	250,000
Subtotal:	26,491,897	-	-	-	-	250,000
Unassigned (deficit):	7,788,530	-	-	-	-	(13)
Total Fund Balance	\$ 85,628,085	\$ 1,386,309	\$ 10,469,642	\$ 7,689,536	\$ 37,215,763	\$ 107,569,924

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 3

NOTE 3 – CASH AND INVESTMENTS

At year end, the carrying amount of the County’s deposits was \$76,327,668 and the bank balance was \$79,341,580. The difference represents outstanding checks, deposits, and other reconciling items.

Custodial Credit Risk – Investments - To control custody risk, State law and the County adopted Investment Policy requires all securities and all collateral for time and demand deposits, as well as repurchase agreement collateral, be transferred delivery versus payment and held by an independent party required to provide original safekeeping receipts. Repurchase agreements must be collateralized to 102.0 percent.

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 50.0 percent of the uninsured balance.

No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At year end, \$74,843,736 of the County’s bank balance was exposed to custodial credit risk as uninsured. Pledged securities totaling \$90,904,030 collateralized the uninsured amount exceeding the collateralization requirement by \$53,482,162.

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

	<i>50% Requirement</i>
Deposits	\$ 79,341,117
Less FDIC coverage	4,497,381
Total unsecured public funds	74,843,736
Collateral requirement	37,421,868
Pledged securities, fair value	90,904,030
Pledged in excess of requirement	\$ 53,482,162

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rates of investments will adversely affect the fair value of the investment. As a means of limiting its exposure to fair value losses from rising interest rates and to meet the County's liquidity needs, the County's investment policy limits portfolio maturities to five years or less, with the exception of the Core Portfolio. The Core Portfolio shall not exceed a total market value of \$25.0 million.

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
Money market-investments	\$ 74,040,390	74,040,390	-	-
Municipal Bonds	11,881,238	5,718,503	6,162,735	-
U.S Treasuries	10,876,485	9,880,085	996,400	-
U.S. Agencies:				
Federal Farm Credit Banks	4,978,330	999,850	3,978,480	-
Federal National Mortgage Association	25,351,779	3,992,480	21,359,299	-
Federal Home Loan Mortgage Corporation	40,809,535	5,992,320	34,817,215	-
Federal Home Loan Bank	20,032,755	-	18,066,975	1,965,780
Fing Corp FICO	2,984,610	2,984,610	-	-
Total	\$ 190,955,122	103,608,238	85,381,104	1,965,780

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”, 5.0 percent for “Class B”, less than 5.0 percent for “Class C”, and less than 2.5 percent for “Class D”. All of the County's investments in U.S. Agencies in the preceding table were rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's, except for 15 Not Rated Bonds, totaling \$14,425,013. All of the County's investments in Municipal Bonds, except for one Not Rated Bond, were rated A+ or better by Standard & Poor's.

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Concentration of Credit Risk – Investments in securities of any issues, other than U.S. Treasury Securities, mutual funds, local government investment pool, that represent 5.0 percent or more of the total investments at year end are as follows:

	Amount	% of Investments
Treasury Money Market	\$ 74,040,390	39.8%
Municipal Bonds	11,881,238	6.0%
U.S. Agencies		
Federal National Mortgage Association	25,351,779	13.3%
Federal Home Loan Mortgage Corporation	40,809,535	21.4%
Federal Home Loan Bank	20,032,755	10.5%

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

The County has the following recurring fair value measurements as of June 30, 2017:

- U.S. Treasury securities of approximately \$10.9 million are valued using quoted market prices (Level 1 inputs)
- Municipal Bonds of approximately \$11.9 million and U.S. Agencies of approximately \$94.2 million are valued using a matrix pricing model (Level 2 inputs)

The County did not have any investments at June 30, 2017 that valued using nonrecurring fair value measurements (Level 3 inputs).

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 4

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	\$ 318,615	-	11,655,277	3,690,482	-	363,163
Taxes	6,964,875	-	1,646,898	-	1,783,483	4,960,982
Interest	365,507	-	-	64,475	-	34,040
Grantor and other	154,772	-	44,557	-	-	947,053
Mortgage notes	-	14,287,570	-	-	-	-
Down payment assistance	-	667,817	-	-	-	-
Less: allowance for uncollectible	(84,147)	(827,183)	(11,336,611)	(3,189,523)	-	(244,383)
Net receivables	<u>\$ 7,719,622</u>	<u>14,128,204</u>	<u>2,010,121</u>	<u>565,434</u>	<u>1,783,483</u>	<u>6,060,851</u>

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

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

	Utilities	Housing Services
Rentals and charges for services and sales	\$ 4,667,086	521,365
Allowance for accounts receivable	(4,026)	(6,800)
Rentals and charges for services and sales, net	<u>\$ 4,663,060</u>	<u>514,565</u>

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

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 4 (CONTINUED)

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 3,433,212	-
Charges for services receivable and grants receivable (General Fund)	-	149,217
Mortgages receivable (Developer Fees Fund)	14,128,204	-
Charges for services receivables and grants receivables (Fire Operations Fund)	-	181,048
Charges for services receivables (Corrections Operations Fund)	-	189,926
Delinquent property taxes receivable (Non-Major Governmental Funds)	756,905	-
Charges for services receivable and grants receivables (Non-Major Governmental Funds)	<u>217,171</u>	<u>444,182</u>
Total deferred inflows for governmental funds	<u>\$18,535,492</u>	<u>964,373</u>

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 5

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:

	Balance June 30, 2016	Additions	Deletions	Transfers / Adjustments	Balance June 30, 2017
Land	\$ 37,678,241	1,599,963	(95,149)	(35,603)	39,147,452
Right of way land	10,109,940	-	-	-	10,109,940
Construction in progress	10,701,854	4,658,075	(260,350)	(9,995,434)	5,104,145
Total	<u>58,490,035</u>	<u>6,258,038</u>	<u>(355,499)</u>	<u>(10,031,037)</u>	<u>54,361,537</u>
Assets being depreciated:					
Buildings and improvements	185,700,696	2,530,642	(515,581)	7,495,393	195,211,150
Infrastructure	79,574,442	1,917,905	(155,109)	1,586,277	82,923,515
Vehicles, furniture, fixtures, and equipment	65,033,801	4,121,140	(1,622,961)	-	67,531,980
Total	<u>330,308,939</u>	<u>8,569,687</u>	<u>(2,293,651)</u>	<u>9,081,670</u>	<u>345,666,645</u>
Less: accumulated Depreciation					
Buildings and improvements	(51,926,450)	(4,873,902)	450,040	-	(56,350,312)
Infrastructure	(28,947,719)	(2,741,145)	-	-	(31,688,864)
Vehicle, furniture, fixtures, and equipment	(50,140,359)	(4,176,123)	1,474,665	-	(52,841,817)
Total	<u>(131,014,528)</u>	<u>(11,791,170)</u>	<u>1,924,705</u>	<u>-</u>	<u>(140,880,993)</u>
Net Capital Assets	<u>\$ 257,784,446</u>	<u>3,036,555</u>	<u>(724,445)</u>	<u>(949,367)</u>	<u>259,147,189</u>

Business Type Activities:

REGIONAL PLANNING AUTHORITY

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Vehicles, furniture, fixtures, and equipment	\$ 1,364	-	-	-	1,364
Total	<u>1,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,364</u>
Less: accumulated depreciation					
Vehicle, furniture, fixtures, and equipment	(1,364)	-	-	-	(1,364)
Total	<u>(1,364)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,364)</u>
Net Capital Assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 5 (CONTINUED)

UTILITIES DEPARTMENT	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Land	\$ 147,704	-	-	35,603	183,307
Water rights	17,808,069	-	-	-	17,808,069
Construction in progress	784,081	6,478	-	165,718	956,277
Total	<u>18,739,854</u>	<u>6,478</u>	<u>-</u>	<u>201,321</u>	<u>18,947,653</u>
Assets being depreciated:				-	
Buildings and improvements	21,751	-	-	-	21,751
Water systems	124,132,020	37,812	(1,039,230)	553,081	123,683,683
Vehicles, furniture, fixtures, and equipment	802,631	21,528	(6,662)	-	817,497
Total	<u>124,956,402</u>	<u>59,340</u>	<u>(1,045,892)</u>	<u>553,081</u>	<u>124,522,931</u>
Less: accumulated depreciation				-	
Buildings and improvements	(17,688)	(2,416)	-	-	(20,104)
Water systems	(14,643,668)	(2,462,490)	81,406	-	(17,024,752)
Vehicle, furniture, fixtures, and equipment	(582,699)	(87,150)	6,662	-	(663,187)
Total	<u>(15,244,055)</u>	<u>(2,552,056)</u>	<u>88,068</u>	<u>-</u>	<u>(17,708,043)</u>
Net Capital Assets	<u>\$ 128,452,201</u>	<u>(2,486,238)</u>	<u>(957,824)</u>	<u>754,402</u>	<u>125,762,541</u>
HOUSING SERVICES	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Land	\$ 728,415	6,600	-	-	735,015
Construction in progress	-	-	-	5,544	5,544
Total	<u>728,415</u>	<u>6,600</u>	<u>-</u>	<u>5,544</u>	<u>740,559</u>
Assets being depreciated:					
Buildings and improvements	7,836,546	35,216	(9,551)	182,272	8,044,483
Vehicles, furniture, fixtures and equipment	393,053	-	(25,548)	-	367,505
Total	<u>8,229,599</u>	<u>35,216</u>	<u>(35,099)</u>	<u>182,272</u>	<u>8,411,988</u>
Less: accumulated depreciation					
Buildings and improvements	(3,619,222)	(204,708)	6,266	-	(3,817,664)
Vehicle, furniture, fixtures, and equipment	(368,526)	(9,530)	25,548	-	(352,508)
Total	<u>(3,987,748)</u>	<u>(214,238)</u>	<u>31,814</u>	<u>-</u>	<u>(4,170,172)</u>
Net Capital Assets	<u>4,970,266</u>	<u>(172,422)</u>	<u>(3,285)</u>	<u>187,816</u>	<u>4,982,375</u>
Business-type activities capital assets, net	<u>\$ 133,422,467</u>	<u>(2,658,660)</u>	<u>(961,109)</u>	<u>942,218</u>	<u>130,744,916</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 5 (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 2,739,297
Public safety	4,291,942
Culture and recreation	956,742
Highways and streets	3,120,628
Health and welfare	682,561
Total depreciation expense – governmental activities	<u>\$ 11,791,170</u>
Business-Type Activities:	
Regional Planning Authority	\$ -
Utilities	2,552,056
Housing Services	214,238
Total depreciation expense – business-type activities	<u>\$ 2,766,294</u>

Construction Commitments – At year end, the County had contractual commitments related to capital projects for the construction of the Stanley Cyclone Center, Grant Street Complex, Glorieta Fire Substation and other various projects. At year end, the County had spent approximately \$13.9 million on the projects and had estimated remaining contractual commitments of approximately \$6.4 million. These projects are being funded primarily with bond proceeds and capital outlay gross receipts taxes.

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 6

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 \$483,612 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:		
2018	\$	495,296
2019		398,009
2020		399,194
2021		120,665
2022		103,458
2023-27		523,184
2028-32		310,368
2033-37		347,715
2038-40		153,098
Total minimum payments required	\$	<u>2,850,987</u>

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STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 7

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 \$1,065,652 reported as landfill closure and post-closure care liability at year end represents management's estimate of the costs for standard monitoring and compliance to 2027.

Annual ground water monitoring has demonstrated the County is in compliance with ground water contamination. The County is required to perform monitoring of the ground water every five years. The County estimates it will not expend any significant monies for post-closure costs in the next fiscal year. Current year expenditures of \$10,023 were paid by the General Fund. These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2017. 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.

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

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 \$9,480,000.

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, there was no outstanding balance.

The County issued \$7,400,000 of tax-exempt variable rate and \$2,965,000 of taxable fixed rate Education Facility Revenue Bonds in April 2008 to provide assistance for building an elementary school for the Archdiocese of Santa Fe. The bonds are secured by Education Facility Revenues. At year end, the amounts of bonds outstanding were \$7,175,000.

Total conduit debt outstanding at June 30, 2017, was \$16,655,000. 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.

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 9

NOTE 9 – BONDS PAYABLE

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

Sinking fund requirements for the Correctional System and GRT Revenue Bonds are: 1) 10.0 percent of the original principal amount of the bonds; or 2) the maximum annual debt service of the bonds; or 3) 125.0 percent of the average annual debt service of the bonds. The County has chosen option 2.

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

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2017</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
GOB Series 2008 – Buckman Direct Diversion Water	\$ 32,500,000	3.0% to 4.25%	7/1/24	\$ 4,500,000	\$ 2,000,000
GOB Series 2009 – Road, Fire, Water, OS, Transfer Stations	17,000,000	3.0% to 4.3%	7/1/24	9,250,000	1,000,000
GOB Series 2010 – Refund 2001A and 1999 Series	13,505,000	2.125% to 3.0%	7/1/18	4,315,000	2,120,000
GOB Series 2011 – Refund 2001A and Road, Fire, Water, OS, Transfer Stations	17,500,000	2.5% to 4.0%	7/1/26	9,930,000	1,180,000
GOB Series 2013 – Roads, Public Works, Water	19,000,000	2.0% to 4.0%	7/1/28	17,725,000	400,000
GOB Series 2015 – Refunding 2005A, 2007A and B, and Improvements	47,220,000	2.75% to 5.0%	7/1/30	46,525,000	1,875,000
GOB Series 2016 – Refunding 2008, and Improvements	24,860,000	2.0% to 5.0%	7/1/31	<u>24,860,000</u>	<u>615,000</u>
Total				<u>117,105,000</u>	<u>9,190,000</u>

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

Revenue Bonds:

Correctional System 1997	\$ 30,000,000	5.0% to 6.0%	2/1/27	\$ 16,550,000	\$ 1,265,000
Sheriff's Facility – 1997A	6,000,000	5.0% to 6.0%	2/1/27	3,115,000	240,000
Subordinate Judicial Center – 2008	30,000,000	3.5% to 5.0%	6/1/33	665,000	665,000
2009 Series Capital Outlay GRT – Water Rights	12,090,000	2.0% to 5.0%	6/1/29	8,460,000	555,000
2010A Series Capital Outlay GRT – Buckman Direct Diversion	21,215,000	2.0% to 5.0%	6/1/30	15,740,000	915,000
2010B Series Capital Outlay GRT – Buckman Direct Diversion	10,195,000	2.0% to 4.25%	6/1/30	7,740,000	415,000
2016 Series Gross Receipts Tax Improvement and Refunding 2008	30,365,000	2.0% to 5.0 %	6/1/35	29,980,000	235,000
Total				82,250,000	4,290,000
Grand Total				\$ 199,355,000	\$ 13,480,000

Pledged revenues – governmental activities. The County has pledged future gross receipts tax revenues to repay outstanding revenue bonds of approximately \$82.2 million as of June 30, 2017. Proceeds from the original bond issuances provided financing for the acquisition and construction of major capital facilities and water systems.

The revenue bonds described in the schedule above are secured by pledged revenue as outlined in the bond covenants associated with each issuance. The 1997 Correctional Facility Bond, the 1997A Sheriff's Facility Bond, 2008 Judicial Center Revenue and the 2016 Series Gross Receipts Tax Improvement and Refunding Revenue bond have pledged revenue totaling a 5/16th cent gross receipts tax (two 1/8th cent increments and a 1/16th cent increment) dedicated to general purposes which includes debt service. The pledged revenue is 1.04 times the amount of debt service in the subsequent fiscal year for the bonds which averages \$6,083,735 per year over the next 10 years. Thus, the total pledge requirement is approximately \$6,299,009 per year or 50.0% of the 5/16th tax increments annually (based on fiscal year 2017 collections). The revenue pledge will remain in place until the bonds mature or they are called, if callable. Both the 1997 Series and the 1997A Series mature in fiscal year 2027 and are not callable. The 2008 Series will mature in fiscal year 2033 with an optional call date of June 1, 2018 and the 2016 Series will mature in fiscal year 2035 with an optional call date of June 1, 2025.

The three other revenue bonds described above, the 2009 Series, 2010A Series and 2010B Series are secured by pledged capital outlay gross receipts tax. This tax is a 1/4th cent tax increment dedicated to capital projects or debt service thereon. The pledged revenue is 1.04 times the amount of debt service for the bonds in the subsequent fiscal year which averages \$3,244,333 per year over the next 10 years. Thus, the total pledge requirement is approximately \$3,359,134 or 33.0 percent of the capital outlay gross receipts tax annually (based on fiscal year 2017 collections). The revenue pledge will remain in place until the bonds mature or they are called. The 2009 Series matures in fiscal year 2029 with an optional call date of June 1, 2019. The 2010A and 2010B Series mature in fiscal year 2030 with an optional call date of June 1, 2020.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

Refunding – governmental activities. In fiscal year 2015, the County issued \$39,220,000 in refunding bonds, with an effective interest rate of 2.152 percent to refund the 2005A GOB Series and advance refund the 2007A and 2007B GOB Series general obligation bonds. The 2005A, 2007A and 2007B GOB Series bonds had average interest rates of 4.240 percent, 4.452 percent, and 4.222 percent, respectively. The total refunded principal was \$42,050,000. The net proceeds of \$44,246,869 of the refunding bonds, which includes \$5,026,869 net bond premium, were deposited with an escrow agent and invested in open market securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for payment of the refunded bonds on their call dates of July 1, 2015 (2005A Series) and July 1, 2016 (2007A and 2007B Series). As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The refunding/advance refunding was undertaken to reduce the total debt service payments over the next 8 years by an average of \$440,000 per year with a savings in debt service payments to the County of \$5,679,464. The County recognized an economic gain of \$5,120,207.

The 2007A and 2007B GOB Series were advance refunded with the call date and subsequent redemption to occur on July 1, 2016.

In fiscal year 2016, the County issued \$24,645,000 to advance refund revenue bonds, with an effective interest rate of 2.173 percent. The revenue bond advance refunded the 2008 Gross Receipts Revenue bond that had an average interest rate of 4.935 percent. The total refunded principle was \$24,305,000 for the revenue bond. The net proceeds of \$26,389,550 of the advance refunding, included \$1,774,550 net bond premium and were deposited with an escrow agent and invested in State and Local Government Securities. The securities were deposited in an irrevocable trust with an escrow agent to pay interest when due and the callable maturities of Series 2008 Revenue Bond and to redeem the callable maturities on their respective call date of July 1, 2018. Therefore, the gross receipts tax revenue bond is reflected as being defeased, and the liability has been removed from the government-wide financial statement. The advance refunding was for the purpose of construction projects through-out Santa Fe County with a savings in debt service payments to the County of \$5,938,076. The County recognized an economic gain of \$4,625,608.

At year end, \$24,305,000 of the defeased bonds was still outstanding. No other previously defeased revenue bonds remained outstanding.

The County issued \$16,860,000 to refund bonds, with an effective interest rate of 1.553 percent in fiscal year 2016. The bond was issued to advance refund the 2008 GOB Series bond that had an average interest rate of 4.133 percent. The total refunded principal was \$18,400,000 for the bond. The net proceeds of \$19,649,349 of the advance/refunding, which include \$2,789,349 net bond premium were deposited with an escrow agent and invested in State and Local Government Securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for payment of the refunded bond on the call date of July 1, 2018. Therefore, the general obligation

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

bond is reflected as being defeased, and the liability has been removed from the government-wide financial statement. The advance refunding was carried out to reduce payments by an average of \$175,000 per year over the next 8 years with a savings in debt service payments to the County of \$1,408,542. The County recognized an economic gain of \$1,297,951.

The 2008 GOB Series was advance refunded with the call date and subsequent redemption to occur on July 1, 2018. At year end, \$18,400,000 of the defeased bonds was still outstanding. No other previously defeased bonds remained outstanding.

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

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2018	\$ 13,480,000	9,752,312
2019	14,680,000	9,223,462
2020	14,485,000	8,584,887
2021	15,130,000	7,832,494
2022	15,755,000	6,980,469
2023-27	90,810,000	20,529,727
2028-32	31,870,000	4,762,654
2033-35	3,145,000	237,575
Total	<u>\$ 199,355,000</u>	<u>67,903,580</u>

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STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 10

NOTE 10 – LOANS PAYABLE

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

Year ending June 30:	<u>Principal</u>
2018	\$ 78,284
2019	26,095
2020	26,095
2021	26,095
2022	26,095
2023-2026	130,480
2027-2029	41,670
Total	<u>\$ 354,814</u>

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 11

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

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

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 118,410,000	24,860,000 *	(26,165,000)	117,105,000	9,190,000
Revenue bonds	80,405,000	30,365,000	(28,520,000)	82,250,000	4,290,000
Loan payable	354,814	-	-	354,814	78,283
Landfill closure and post-closure costs	1,075,675	-	(10,023)	1,065,652	-
Compensated absences	3,221,065	3,331,414	(3,356,457)	3,196,022	3,196,022
Net Unamortized Premiums, Discounts	5,677,451	5,391,089	(405,532)	10,663,008	736,386
Pending legal action	1,152,749	-	(1,152,749)	-	-
Net pension liability	63,100,938	33,881,108	(4,441,435)	92,540,611	-
Total	<u>\$ 273,397,692</u>	<u>97,828,611</u>	<u>(64,051,196)</u>	<u>307,175,107</u>	<u>17,490,691</u>

*The County received and recognized the \$555,700 good faith deposit as bond proceeds in June 2016 on the GOB Series 2016 – Refunding 2008, and Improvements.

Long-term liability activity for business-type activities consists of net pension liability beginning balance of \$1,887,293 with an increase of \$880,514 and an ending balance of \$2,767,808.

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 12

NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

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

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 48,424	6,062
Corrections Operations	-	1,295
Fire Operations	-	1,002
Total Major Funds	<u>48,424</u>	<u>8,359</u>
Non-Major Funds:		
Road Maintenance	-	94
Indigent Services	-	175
EMS Healthcare	-	598
Alcohol Programs	-	590
Emergency Communication Operations	-	275
Special Appropriations & Other Projects	-	38,320
GOB Debt Service	219,792	-
GOB Series 2011	-	219,792
Fire Tax Revenue Bond Proceeds	-	13
Total Non-Major Funds	<u>219,792</u>	<u>259,857</u>
Total County	<u>\$ 268,216</u>	<u>268,216</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.

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Interfund transfers for the year ended June 30, 2017, are listed as follows:

Transfers from General Fund to:	
Law Enforcement Operations	\$ 12,000,000
Road Maintenance	4,469,034
Alcohol Programs Fund	75,000
Farm and Range	7,350
Transfer Development Rights	40,000
Economic Development	475,000
EMS – Healthcare	917,610
Fire Operation	3,720,534
Corrections Operations	8,393,308
Debt Service Fund	2,245,607
	<hr/> 32,343,443
 Transfers from Corrections Special Fund to	
Corrections Operational	286,000
 Transfers from Environmental Fund to	
General Fund	655,289
 Transfer from Correctional GRT to	
Corrections Operations	5,438,144
 Transfer from Indigent Services Fund to	
Corrections Operations	1,965,000
 Transfer from Fire Operations to	
Emergency Communications Fund	3,408,669
 Transfer from Capital Outlay GRT Fund to:	
WTB Loan/Grant Debt Service Fund	153,194
GRT Revenue Bond Debt Service	895,331
GRT Revenue Bond Service Fund	2,345,787
WTB Loan/Grant Debt Service	26,095
	<hr/> 3,420,407
 Transfer from Alcohol Programs to:	
General Fund	15,000
Law Enforcement Operations Fund	45,000
	<hr/> 60,000

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Transfer from Indigent Fund to:	
Indigent Service Fund	\$ 2,957,448
Corrections Operations	1,420,000
	<hr/> 4,377,448
Transfer from Corrections Operations Fund to	
Jail Revenue Bond Debt Service Fund	2,250,600
Transfer from GOB Series 2015 Capital Outlay to	
General Obligation Bond Debt Service Fund	788,345
Transfer from GOB Series 2016 Imp/Refund Fund	
General Obligation Bond Debt Service Fund	555,700
Total Transfers Government and Enterprise Funds	<hr/> \$ 55,549,045

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**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 13

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, 2017, are listed as follows:

<u>Purpose</u>	<u>Major Funds</u>	<u>Non-Major Funds</u>	<u>Total</u>
Caja del Rio Senior Independent Care Facility	\$ -	300,000	300,000
Santa Fe County's share of the Buckman Direct Diversion Project	519,846	-	519,846
Digital Orthophotography Imagery	234,537	-	234,537
Upgrade Youth Development Facility	241,800	-	241,800
Public Works Building Upgrades	270,881	-	270,881
Santa Fe County Fairgrounds Renovation	-	864,025	864,025
Water Utility Expansion – various projects	412,344	-	412,344
Santa Fe River Greenway	-	271,297	271,297
New Fire/EMS Apparatus	500,000	2,428,723	2,928,723
Correctional Facility Upgrades	478,549	-	478,549
Road Paving – various projects	263,258	804,873	1,068,131
Road Maintenance Construction Equipment	-	354,969	354,969
Mutual Domestic Water Conservation	-	582,358	582,358
Administration Building Upgrades/Grant Street Complex Construction	-	1,827,526	1,827,526
Total Significant Encumbrances	\$ 2,921,215	7,433,771	10,354,986

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

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, 2017. It is the opinion of management and County counsel that the amount of losses resulting from these remaining litigations at June 30, 2017, would not be material to the financial position of the County.

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STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 14

NOTE 14 – JOINT POWERS AGREEMENTS AND MEMORANDUM OF UNDERSTANDING

Significant Joint Powers Agreements (JPA) and Memorandum of Understandings (MOU) are as follows:

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

The County and the City established the Santa Fe Solid Waste Management Agency (Agency) through a Joint Powers Agreement in February 1995, as a public entity separate from the County or the City. The agreement delegated to the Agency the power to plan for, operate, construct, maintain, repair, replace, or expand the facility. The Agency has the authority to adopt revenue bond ordinances so long as such an ordinance is duly ratified by the governing bodies of the County and the City. The Agency is managed by a Board of Directors (Board) comprised of four City Councilors and four County Commissioners. A five member staff advisory committee was established by the agreement and is comprised of the finance directors from the County and the City, the County public works department director, the City utilities department director and the Agency director. The staff advisory committee makes recommendations to the Board on issues of regulatory compliance, budget and facility costs, and any facility expansions or proposed closure. A five member citizens' advisory committee was also established. The Agency is charged to comply with all laws, rules and regulations for operations under the permit issued from the New Mexico Environment Department.

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately \$6.0 million. The County did not contribute any funds to the Agency in the 2017 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, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 14 (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, 149 Wildlife Way, Santa Fe, New Mexico 87506.

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

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

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

In the original agreement the City of Santa Fe functioned as the fiscal agent of the RECC and was responsible to pay for 69.0 percent of its operating cost with the County paying 31.0 percent for the first two years and then the operating cost would be assessed proportionate to the call volume of each government.

The JPA was amended and restated in 2007 and in so doing transferred responsibility for the operation of the RECC to Santa Fe County. On July 1, 2007, Santa Fe County took over operating the RECC, employed its employees as County employees, and became solely responsible for the costs of the day to day operation of the RECC. In addition the County agreed to provide space for the RECC and share equally in the cost of capital expenditures. The Board's composition and purpose was not changed.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 15

NOTE 15 – RISK MANAGEMENT

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

Employee Group Coverage

Beginning January 1, 2017, the County began offering all regular and limited-term employees, the choice of two medical insurance options, which are HMO and Preferred Provider, both provided through Presbyterian Health Services and dental insurance provided by Delta Dental. The County pays 80.0 percent of the premium for employees that earn \$30,000 or less annually; 75.0 percent of the premium for employees that earn between \$30,000 to \$50,000 annually; and 63.0 percent of the premium for employees earning above \$50,000 annually. The County reports its self-insurance programs in the internal service fund. Amounts are charged to the departments of the County to provide sufficient resources to cover claims incurred and to pay the insurance service agent's administrative fee. The County maintains specific stop loss coverage for individual claims in excess of \$150,000.

The following schedule represents the changes in claims liability for fiscal year 2017:

<u>Self-Insured Claims Liability</u>	
Beginning Liability	\$ -
Claims Incurred and Changes in Estimates	3,030,884
Claims Paid	<u>(2,463,468)</u>
 Ending Liability	 <u>\$ 567,416</u>

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 16

NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan description. The Public Employees Retirement Fund (PERA) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016.

Contributions. The contribution requirements of defined benefit plan members and the County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for fiscal year 2017 for the various PERA coverage options, for both Tier I and Tier II, refer to Note 1C in PERA’s fiscal year 2016 financial statements for a table of all retirement plans and required contribution rates. The PERA coverage options that apply to the County are: Municipal Plan 3 (Municipal General), Municipal Police Plan 5 (Municipal Police) and Municipal Fire Plan 5 (Municipal Fire). Statutorily required contributions to the pension plan from the County were approximately \$4.8 million and employer paid member benefits that were “picked up” by the employer were approximately \$4.5 million for the year ended June 30, 2017.

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

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015, to June 30, 2016, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2017, the County reported a liability of \$55,609,875 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was 3.4807 percent, which was .0903 percent less than its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal General pension expense of \$6,114,701. At June 30, 2017, the County reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,778,499	542,720
Changes of assumptions	3,260,867	9,247
Net difference between projected and actual earnings on pension plan investments	10,232,111	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	232,409	713,459
County's contributions subsequent to the measurement date	-	-
Total	<u>\$ 16,503,886</u>	<u>1,265,426</u>

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NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

\$2,924,084 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year ended June 30:		
2018	\$	3,300,950
2019		3,300,950
2020		6,068,344
2021		2,568,216
2022		-
Total	<u>\$</u>	<u>15,238,460</u>

For PERA Fund Division Municipal Police at June 30, 2017, the County reported a liability of \$17,209,879 for its proportionate share of the net pension liability. At June 30, 2016, the County's proportion was 2.3325 percent, which .0471 percent less than its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Police pension expense of \$2,398,716. At June 30, 2017, the County reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,263,456	-
Changes of assumptions	1,139,886	310,376
Net difference between projected and actual earnings on pension plan investments	2,721,841	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	166,706	89,150
County's contributions subsequent to the measurement date	-	-
Total	<u>\$ 5,291,889</u>	<u>399,526</u>

\$851,443 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

**STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

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

Year ended June 30:	
2018	\$ 1,163,258
2019	1,163,258
2020	1,864,635
2021	701,212
2022	-
Total	\$ 4,892,363

For PERA Fund Division Municipal Fire at June 30, 2017, the County reported a liability of \$22,488,665 for its proportionate share of the net pension liability. At June 30, 2016, the County’s proportion was 3.3711 percent, a .0369 percent decrease its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized PERA Fund Division Municipal Fire pension expense of \$2,775,713. At June 30, 2017, the County reported PERA Fund Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,018,396	-
Changes of assumptions	1,189,562	-
Net difference between projected and actual earnings on pension plan investments	1,873,189	-
Changes in proportion and differences between the County’s contributions and proportionate share of contributions	-	363,183
County’s contributions subsequent to the measurement date	-	-
Total	\$ 4,081,147	363,183

\$866,353 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

Year ended June 30:		
2018	\$	984,427
2019		984,427
2020		1,267,899
2021		481,211
2022		-
Total	\$	<u>3,717,964</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015, for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015, actuarial valuation.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.48% annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	2.75% for first 10 years, then 3.25% annual rate
• Projected salary increases	2.75% to 14.00% annual rate
• Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
• Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
• Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected

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NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.33%
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Real Assets	<u>20.0</u>	7.35
Total	100.0%	

Discount rate: The rate is 7.25% for the first 10 years (select period) and 7.75% for all other years (ultimate). The equivalent blended rate is 7.48% and will be used as the discount rate used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County’s net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
	County’s proportionate share of the net pension liability	<u>82,909,376</u>	<u>55,609,874</u>

PERA Fund Municipal Police Division	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
	County’s proportionate share of the net pension liability	<u>25,320,004</u>	<u>17,209,879</u>

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

PERA Fund Municipal Fire Division	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
County's proportionate share of the net pension liability	<u>29,415,058</u>	<u>22,488,664</u>	<u>16,799,356</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2016 PERA financial report.

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STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 17

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100.0 percent 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
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NOTES TO THE FINANCIAL STATEMENTS – NOTE 17 (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 (municipal police member coverage plan 5 and municipal fire member coverage plan 5) during the fiscal year ended June 30, 2017, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, 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, 2017, 2016, and 2015 were \$829,210, \$816,514 and \$799,879 respectively, which equal the required contributions for each year.

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STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 18, 19, 20, 21

NOTE 18 – TAX ABATEMENT

The City of Santa Fe issued an Industrial Revenue Bond Series 2007 for the Ridgetop Road, LLC Project to provide funds to finance the acquisition, construction and equip certain land and other improvements to be used as a portion of an office campus facility for the Company located at 2300 North Ridgetop Road in Santa Fe, New Mexico. This office campus is currently being used by Thornburg Investment Management.

The amount of property taxes being abated to Santa Fe County during fiscal year 2017 is \$228,278. No payments were received by Santa Fe County in association with the foregone tax revenue. The County has set no threshold for individual disclosure as only one tax abatement from other governmental entities impacted the County.

NOTE 19 – RECENT AND NEW ACCOUNTING PRONOUNCEMENTS

On August 14, 2015, the Government Accounting Standards Board (GASB) issued GASB Statement No. 77 - *Tax Abatement Disclosures*. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local government. GASB Statement No. 77 requires disclosure of tax abatement information resulting from both (1) agreements that are entered into by the reporting governments and (2) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this GASB Statement No. 77 are effective for financial statements for periods beginning after December 15, 2015. The County adopted GASB Statement No. 77 during fiscal year 2017, with no significant impact to the County's financial statements.

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2017.

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

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

NOTE 20 – DEFICIT FUND BALANCE

Generally accepted accounting principles require disclosure of deficit fund balance of individual funds. The Fire Tax Revenue Bond Proceeds fund had an unassigned deficit fund balance in the amount of \$13 as of June 30, 2017.

STATE OF NEW MEXICO
SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS – NOTE 18, 19, 20, 21 (CONTINUED)

NOTE 21 – SUBSEQUENT EVENTS

In August, 2017, the County issued \$27,755,000 in Series 2017 General Obligation Refunding and Improvement Bonds to advance refund the Series 2009 General Obligation bonds and to pay for roads, open space and trails, and water/wastewater projects. Payments will be made January 1 and July 1, beginning on January 1, 2018 with an interest rate range of 2.0% to 5.0%. The final bond payment will be due July 1, 2033.

In November, 2017 the County authorized the issuance and sale of Series 2017 Gross Receipts Tax Refunding Revenue Bonds to advance refund the Series 2009 Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A Capital Outlay Gross Receipts Tax Revenue Bonds, and Series 2010B Capital Outlay Gross Receipts Tax Revenue Bonds, and paying the cost of issuance of the Series 2017 Refunding Bonds. As of November 9, 2017, the bonds had not been sold.

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REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
June 30, 2017**

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	1.50%	1.53%	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 49,724	64,988	95,308	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 37,029	38,377	37,653	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	134.28%	169.34%	253.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	69.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
June 30, 2017

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	3.53%	0.85%	3.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 27,541	36,409	55,610	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 28,659	29,808	29,466	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	96.10%	122.15%	188.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	69.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
June 30, 2017

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	2.32%	0.26%	2.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 7,567	10,989	17,210	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 4,466	4,639	4,412	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	169.44%	236.88%	390.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	69.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
June 30, 2017

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County's Proportion of the Net Pension Liability (Asset)	3.50%	0.41%	3.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of Net Pension Liability (Asset)	\$ 14,616	17,589	22,489	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 3,904	3,930	3,774	-	-	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	374.39%	447.56%	595.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	69.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of County Contributions
June 30, 2017**

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 4,279	4,574	4,828	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	8,360	8,841	9,350	-	-	-	-	-	-	-
Contribution Deficiency (Excess)**	\$ (4,081)	(4,267)	(4,522)	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 43,110	43,725	37,653	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	19.39%	20.22%	24.83%	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 15,738	5		\$ 3,934	3,934	3,934	3,934	2				
2015	(389)	4			849	849	849	(2,936)	-			
2016	23,847	5				5,448	5,448	9,201	3,750	-		
2017	-	5					-	-	-	-	-	
2018	-	5					-	-	-	-	-	-
2019	-	5					-	-	-	-	-	-
2020	-	5					-	-	-	-	-	-
2021	-	5					-	-	-	-	-	-
2022	-	5					-	-	-	-	-	-
2023	-	5					-	-	-	-	-	-
	\$ 39,196			\$ 3,934	4,783	10,231	10,231	6,267	3,750	-	-	-

*The amounts presented for fiscal year 2017 were determined as of the measurement date of June 30, 2015. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of County Contributions
June 30, 2017**

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 2,623	2,846	3,039	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	5,741	6,122	6,536	-	-	-	-	-	-	-
Contribution Deficiency (Excess)**	\$ (3,118)	(3,276)	(3,497)	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 31,138	31,558	29,466	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.44%	19.40%	22.18%	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 10,793	5		\$ 2,698	2,698	2,698	2,698	1				
2015	936	4			964	964	964	(1,956)				
2016	15,238	4				3,301	3,301	6,068	2,568			
2017	-	5					-	-	-			
2018	-	5					-	-	-			
2019	-	5					-	-	-			
2020	-	5					-	-	-			
2021	-	5					-	-	-			
2022	-	5					-	-	-			
2023	-	5					-	-	-			
	<u>\$ 26,967</u>			<u>\$ 2,698</u>	<u>3,662</u>	<u>6,963</u>	<u>6,963</u>	<u>4,113</u>	<u>2,568</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of County Contributions
June 30, 2017**

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 827	877	901	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	1,276	1,346	1,383	-	-	-	-	-	-	-
Contribution Deficiency (Excess)**	\$ (449)	(469)	(482)	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 6,366	6,482	4,412	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	20.04%	20.77%	31.35%	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 3,428	5		\$ 856	856	856	856	4				
2015	(283)	4			94	94	94	(565)				
2016	4,892	4				1,163	1,163	1,865	701			
2017	-	5					-	-	-			
2018	-	5					-	-	-			
2019	-	5					-	-	-			
2020	-	5					-	-	-			
2021	-	5					-	-	-			
2022	-	5					-	-	-			
2023	-	5					-	-	-			
	<u>\$ 8,037</u>			<u>\$ 856</u>	<u>950</u>	<u>2,113</u>	<u>2,113</u>	<u>1,304</u>	<u>701</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY
Schedule of County Contributions
June 30, 2017**

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 829	851	887	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	1,343	1,372	1,431	-	-	-	-	-	-	-
Contribution Deficiency (Excess)**	\$ (514)	(521)	(544)	-	-	-	-	-	-	-
County's Covered-Employee Payroll	\$ 5,607	5,685	3,774	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	23.95%	24.13%	37.92%	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 1,517	5		\$ 380	380	380	380	(3)						
2015	(1,043)	4			(209)	(209)	(209)	(416)	-					
2016	3,717	4				984	984	1,268	481	-				
2017	-	5					-	-	-	-				
2018	-	5					-	-	-	-				
2019	-	5					-	-	-	-				
2020	-	5					-	-	-	-				
2021	-	5					-	-	-	-				
2022	-	5					-	-	-	-				
2023	-	5					-	-	-	-				
	<u>\$ 4,191</u>			<u>\$ 380</u>	<u>171</u>	<u>1,155</u>	<u>1,155</u>	<u>849</u>	<u>481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

STATE OF NEW MEXICO
SANTA FE COUNTY
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of benefit terms:

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA fiscal year 16 audit available at http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2016.pdf.

Changes of assumptions:

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

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 Improvement Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to the Notice of Sale Resolution adopted on September 11, 2018 (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” 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.
 15. the incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
 16. a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
- (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 October 23, 2018, delivered in connection with the original issue and sale of the Bonds.
 - (h) “Report Date” means March 31 of each year, beginning in 2019.
 - (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 2019, 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: _____, 2018

SANTA FE COUNTY, NEW MEXICO

By: _____
Anna Hansen, Chair
Board of County Commissioners

ATTEST:

Geraldine Salazar, County Clerk