

Santa Fe County Fiscal Year 2014 Budget



Debt

USE OF DEBT FINANCING

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

The debt service payments on bonds and other instruments can be made using pledged annual revenues or property taxes. The County pledges only those revenues that are allowed under State law, by voter authorization, action of the governing body and other financing policies and regulations. Repayment of issued debt may be short (equipment loans), or may be long (large construction projects).

Summary of Santa Fe County's Debt

Bond or Other Debt Instrument	Rating*	Date of Issue	Original Amount	Outstanding On 6/30/13	Maturity Date
General Obligation Bonds ('97 refund)	Aaa	8/18/05	8,490,000	3,900,000	2017
General Obligation Bonds (PW, Water)	Aaa	12/6/05	20,000,000	10,700,000	2026
General Obligation Bonds (Justice Ctr)	Aaa	3/8/07	25,000,000	20,300,000	2027
General Obligation Bonds (PW, Water)	Aaa	10/16/07	20,000,000	16,300,000	2028
General Obligation Bonds (BDD)	Aa1	10/15/08	32,500,000	26,900,000	2024
General Obligation Bonds (PW, Utilities, Fire, OS)	Aa1	4/15/09	17,000,000	12,750,000	2024
General Obligation Bonds ('99 and '01 Refunding)	Aa1	1/19/10	13,505,000	9,005,000	2020
General Obligation Bonds (PW, Utilities, Fire, OS & '01A Refunding)	Aaa	5/18/11	17,500,000	14,600,000	2028
General Obligation Bonds (Roads, Utilities, OS)	Aa+**	6/4/13	19,000,000	19,000,000	2028
Gross Receipts Tax Revenue Bond (ADF)	Aaa	2/1/97	30,000,000	21,040,000	2027
Gross Receipts Tax Revenue Bonds (LE)	Aaa	2/1/97	6,000,000	3,955,000	2027
Gross Receipts Tax Revenue Bonds (Judicial Court Complex)	Aa2	9/10/08	30,000,000	26,795,000	2033
Gross Receipts Tax Revenue Bonds (Water Rights)	Aa2	10/29/09	12,090,000	10,475,000	2030
Gross Receipts Tax Revenue Bonds (BDD)	Aa2	3/24/10	21,215,000	19,095,000	2031
Gross Receipts Tax Revenue Bonds (BDD)	Aa2	3/24/10	10,195,000	9,240,000	2031
NMFA/WTB Loan/Grant Agreements w/ City of Santa Fe – County Share #1-#2 (BDD)	n/a	8/30/10	500,000	398,662	2029

*Rating at issuance. ** Standard & Poore's rating. All other ratings are through Moody's Investor Service.

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REVENUE BONDS

Bond Issuing Authority

Bonds are issued pursuant to Section 4-62-1 through 4-62-10 NMSA 1978, which authorizes counties to issue revenue bonds pledging specific recurring revenue sources of the County such as County Local Option Gross Receipts Tax Revenue, Environmental Gross Receipts Tax revenue and correctional system revenue. The issuance of revenue bonds does not require voter approval. Revenue bonds are issued by action (such as an ordinance or resolution) of the Board of County Commissioners.

Uses of Bond Proceeds

- ❖ The 1997A Gross Receipts Tax Revenue bond proceeds were for the construction of a Public Safety Complex and Detoxification Center.
- ❖ The 1997 Correctional System Revenue bond proceeds were for construction and equipping the Santa Fe County Adult Detention Facility.
- ❖ The 2008 Gross Receipts Tax Revenue bond proceeds were for the construction of the District Court Judicial Complex.
- ❖ The 2009 Gross Receipts Tax Revenue bond proceeds were for the purchase of water rights to improve and expand the water delivery infrastructure of Santa Fe County.
- ❖ The 2010A and 2010B Gross Receipts Tax Revenue bond proceeds were for the County's commitment to the construction of the Buckman Direct Diversion water project which was a joint effort between Santa Fe County, the City of Santa Fe and the Las Campanas housing development.
- ❖ There is currently no debt service pledged from either the Infrastructure or Environmental GRTs. The debt previously paid by these GRTs has either been retired or the bonds called.



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BONDING CAPACITY FOR GROSS RECEIPTS TAX REVENUE

Gross Receipts Tax Revenue Requirements

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

Analysis of Bonding Capacity of Pledged Gross Receipts Taxes

GENERAL FUND 1st 1/8th and 1/16th Increments

Fiscal Year 2013 (7/1/12 to 6/30/13) General Fund, General Purpose GRT Revenues	\$ 6,796,470
CURRENT PRINCIPAL AND INTEREST PAYMENTS	
Fiscal Year 2014 (7/1/13 to 6/30/14) Debt Service	
1997-A Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 421,500
2008 Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 1,557,881
Total Principal and Interest Payments	\$ 1,979,381
Multiplied by 140% requirement	X 1.4
Requirement for Debt Service	\$ 2,771,133
Difference (GRT less Requirement for Debt Service)	\$ 4,025,337
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT	
Difference between Actual FY13 GRT and FY14 Debt Service Requirement	\$ 4,025,337
Divided by 140% requirement	/ 1.4
AVAILABLE BONDING CAPACITY	\$ 2,875,241

CAPITAL OUTLAY GRT (Utilities Purposes may be up to 75% of the Total COGRT)

Fiscal Year 2013 (7/1/12 to 6/30/13) Capital Outlay, Utilities Purposes GRT Revenues @ 75%	\$ 6,795,209
CURRENT PRINCIPAL AND INTEREST PAYMENTS	
Fiscal Year 2014 (7/1/13 to 6/30/14) Debt Service	
2009 Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 898,181
2010A Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 1,623,456
2010B Gross Receipts Tax Revenue Bond (through Debt Service Fund 406)	\$ 722,031
NMFA/WTB Loan/Grant Agreements-City of Santa Fe #1-2 (through Debt Service Fund 414)	\$ 26,094
Total Principal and Interest Payments	\$ 3,269,762
Multiplied by 140% requirement	X 1.4
Requirement for Debt Service	\$ 4,577,667
Difference (GRT less Requirement for Debt Service)	\$ 2,217,542
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT	
Difference between Actual FY13 GRT and FY14 Debt Service Requirement	\$ 2,217,542
Divided by 140% requirement	/ 1.4
AVAILABLE BONDING CAPACITY	\$ 1,583,959

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CORRECTIONAL GRT

Fiscal Year 2013 (7/1/12 to 6/30/13) Correctional GRT Revenues	\$ 4,527,326
CURRENT PRINCIPAL AND INTEREST PAYMENTS	
Fiscal Year 2014 (7/1/13 to 6/30/14) Debt Service 1997 Correctional System Revenue Bonds (through Debt Service Fund 405)	\$ 2,244,850
Total Principal and Interest Payments	\$ 2,244,850
Multiplied by 140% requirement	X 1.4
Requirement for Debt Service	\$ 3,142,790
Difference (GRT less Requirement for Debt Service)	\$ 1,384,536
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT	
Difference between Actual FY13 GRT and FY14 Debt Service Requirement Divided by 140% requirement	\$ 1,384,536 / 1.4
AVAILABLE BONDING CAPACITY	\$ 988,954

EQUIPMENT LOANS

Fiscal Year 2013 (7/1/12 to 6/30/13) General Fund Infrastructure GRT Revenues	\$ 630,288
CURRENT PRINCIPAL AND INTEREST PAYMENTS	
Fiscal Year 2014 (7/1/13 to 6/30/14) Debt Service Debt Service Fund 403	\$ 0
Total Principal and Interest Payments	\$ 0
Multiplied by 140% requirement	X 1.4
Requirement for Debt Service	\$ 0
Difference (Budgeted GRT less Requirement for Debt Service)	\$ 630,288
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT	
Difference between Actual FY13 GRT and FY14 Debt Service Requirement Divided by 140% requirement	\$ 630,288 / 1.4
AVAILABLE DEBT CAPACITY	\$ 450,206

ENVIRONMENTAL GRT FUND

Fiscal Year 2013 (7/1/12 to 6/30/13) Environmental GRT Revenues	\$ 630,373
CURRENT PRINCIPAL AND INTEREST PAYMENTS	
Fiscal Year 2014 (7/1/14 to 6/30/14) Debt Service Debt Service Fund 402	\$ 0
Total Principal and Interest Payments	\$ 0
Multiplied by 140% requirement	X 1.4
Requirement for Debt Service	\$ 0
Difference (Budgeted GRT less Requirement for Debt Service)	\$ 630,373
BONDING CAPACITY AVAILABLE FOR FUTURE DEBT	
Difference between Actual FY13 GRT and FY14 Debt Service Requirement Divided by 140% requirement	\$ 630,373 / 1.4
AVAILABLE BONDING CAPACITY	\$ 450,266

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GENERAL OBLIGATION BONDS (GO BONDS or GOB)

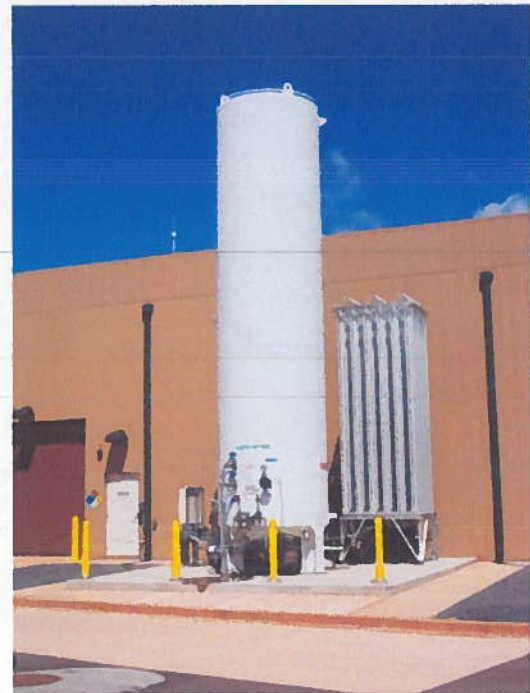
Bond Issuing Authority

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

Santa Fe County has a practice of putting forward bond questions every four years during the general election, and then issuing any approved bonds two and four years after voter approval. The debt service for those bond issuances is then structured in such a manner as to maintain fairly static general obligation debt service payments. This methodology serves the dual purpose of continuously maintaining funding for needed capital projects in the County, while ensuring that the property tax rates for debt service remain stable. Santa Fe County's debt service property tax rate was 1.641 mills for tax year 2013 (11/1/13 – 10/31/14).

Use of Bond Proceeds

- ❖ Proceeds from the 12/6/05A issue are to be used for Public Works and Water projects.
- ❖ Proceeds from the 8/18/05 issue were used to refund the 1997 issue at a lower interest rate.
- ❖ Proceeds from the 3/8/07 issue were used for construction of the Judicial Complex Facility.
- ❖ Proceeds from the 10/16/07 issue are to be used for Public Works (Road) and Water projects.
- ❖ Proceeds from the 10/14/08 issue were used for the Buckman Direct Diversion Water project.
- ❖ Proceeds from the 4/15/09 issue are to be used for various Public Works, Fire Department, Utilities, and Open Space projects.
- ❖ Proceeds from the 2/12/10 refunding issue were used to refund the 5/23/01 issue and the 6/15/99 issue.
- ❖ Proceeds from the 5/18/11 issue are to be used for various Public Works, Fire Department, Utilities and Open Space projects in addition to refunding the 2005 Series General Obligation Bond.
- ❖ Proceeds from the 6/4/13 issue are to be used for Roads, Utilities and Open Space projects.



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BONDING CAPACITY FOR GENERAL OBLIGATION BONDS

Requirements for General Obligation Bonding

Since General Obligation Bonds are repaid by property tax revenue, the taxable value of taxable property in Santa Fe County is the key to determining the bonding capacity of the County government. The official valuation of property, as certified annually by the County Assessor, multiplied by 4% is the maximum amount of outstanding debt principal allowed by the State of New Mexico. Santa Fe County has a written policy that is consistent with this requirement. Santa Fe County currently has 51% of its general obligation bonding capacity available.

Analysis of General Obligation Bonding Capacity

2013 Taxable Value (official value 6/14/13 certification)	\$ 6,755,055,817
4% of assessed property value (rate that can be used for debt)	X 0.04
LEGAL BONDING CAPACITY	\$ 270,202,233
Less Outstanding Debt as of 6/30/2013 (Debt Service Fund 401)	
Outstanding 2005A Series (Public Works, Water) 12/6/05 Issue	\$ 10,700,000
Outstanding 2005 Series (Refund 1997 Series) 8/18/05 Issue	\$ 3,900,000
Outstanding 2007A Series (Judicial Center) Series 3/8/07 Issue	\$ 20,300,000
Outstanding 2007B Series (Public Works and Water) Series 10/16/07	\$ 16,300,000
Outstanding 2008 Series (Buckman Direct Diversion Water Project) 10/14/2008 Issue	\$ 26,900,000
Outstanding 2009 Series (Public Works, Fire, Utilities, Open Space) 4/15/09 Issue	\$ 12,750,000
Outstanding 2010 Series (1999 Advance Refunding and 2001 Refunding) 2/12/10 Issue	\$ 9,005,000
Outstanding 2011 Series (Public Works, Fire, Utilities, Open Space and 2001A Refunding) 5/18/11 Issue	\$ 14,600,000
Outstanding 2013 Series (Roads, Utilities, Open Space)	\$ 19,000,000
Total Outstanding Debt (principal)	\$ 133,455,000
MAXIMUM AVAILABLE BONDING CAPACITY	\$ 136,747,233

LOAN/GRANT AGREEMENTS

In fiscal year 2011 Santa Fe County made agreements with the City of Santa Fe to share in two New Mexico Finance Authority (NMFA)-Water Trust Board (WTB) loan/grants totaling \$5.0 million that were received by the City for the Buckman Direct Diversion project. The structure of these loan/grants is that 80% of the funds are granted (i.e. do not need to be repaid) to the NMFA-WTB, and the remaining 20% are to be paid back without interest, but with a small annual administrative fee of 0.25%. Santa Fe County agreed to pay the City for 50% of its loan obligation to NMFA-WTB and will receive credit for 50% of the loan/grant amount against the County's commitment for the construction costs of the Buckman Direct Diversion. The total amount of the credit to be received by the County is \$2.5 million. A third loan/grant was received from the NMFA-WTB and a similar agreement was made between Santa Fe County and the City of Santa Fe. The first two loan/grants are on a 20-year amortization schedule and the third loan/grant was paid in full in late fiscal year 2012.