

NEW ISSUE
Book Entry Only

MOODY'S RATING: Aaa
MBIA INSURED

In the opinion of Hughes & Strumor, Ltd. Co., Bond Counsel, under existing regulations, rulings and judicial decisions and assuming continuous compliance with certain covenants set forth in the documents pertaining to the Bonds and certain requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds will not be treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations; however, interest on the Bonds will be included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may, therefore, affect a corporation's alternative minimum tax. Additionally, in the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the State of New Mexico. (See "Tax Matters" herein.)

\$8,500,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION BONDS
SERIES 2001

Dated: May 1, 2001

Due: July 1, as detailed below:

The Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates. (See "THE BONDS; Book Entry Only System.") Interest is payable semi-annually (January 1 and July 1) commencing January 1, 2002. Principal is payable annually as detailed below. **Bonds maturing on or after July 1, 2007 are subject to prior redemption at par on July 1, 2006, or on any date thereafter. The remainder of the Bonds are not subject to redemption prior to maturity.**



The timely payment of principal of and interest on the Bonds, when due, will be insured under a financial guaranty insurance policy to be issued by MBIA Insurance Corporation ("MBIA"), as more fully described herein.

MATURITIES, INTEREST RATES, AND PRICES OR YIELDS

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate (%)</u>	<u>Yield* (%)</u>	<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate (%)</u>	<u>Yield* (%)</u>
7/1/02	\$245,000	5.500	3.40	7/1/08	\$785,000	5.000	4.35
7/1/03	\$320,000	5.500	3.60	7/1/09	\$830,000	4.375	4.45
7/1/04	\$625,000	4.500	3.77	7/1/10	\$885,000	4.500	4.55
7/1/05	\$575,000	5.000	3.93	7/1/11	\$945,000	4.500	4.65
7/1/06	\$625,000	4.375	4.06	7/1/12	\$990,000	4.625	4.75
7/1/07	\$640,000	5.000	4.25	7/1/13	\$1,035,000	4.750	4.85

**Accrued Interest to be Added*

The Bonds are general obligations of the County authorized at the general election on November 7, 2000. The Bonds are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount. The Bonds were authorized for various public purposes in the County as more fully described herein.

The Bonds are being offered when, as and if issued by the County, subject to the prior approval of Hughes & Strumor, Ltd. Co., Albuquerque, New Mexico, as Bond Counsel. Certain other matters will be passed upon by Hughes & Strumor, Ltd. Co. as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the Depository Trust Company, New York, New York on or about May 23, 2001.

SOUTHWEST SECURITIES, INC.

DATED: APRIL 24, 2001

SANTA FE COUNTY, NEW MEXICO

102 GRANT AVENUE

SANTA FE, NEW MEXICO 87504-0276

TELEPHONE: (505) 986-6200

COUNTY COMMISSIONERS

PAUL DURAN, CHAIRMAN

MARCOS P. TRUJILLO, VICE CHAIRMAN

JAVIER M. GONZALES, COMMISSIONER

PAUL CAMPOS, COMMISSIONER

JACK SULLIVAN, COMMISSIONER

COUNTY OFFICIALS

SAMUEL O. MONTOYA, COUNTY MANAGER

KATHERINE MILLER, FINANCE DIRECTOR

REBECCA BUSTAMANTE, CLERK

PHILIP TRUJILLO, TREASURER

BOND COUNSEL AND DISCLOSURE COUNSEL

HUGHES & STRUMOR, LTD. CO.

P.O. BOX 1610

ALBUQUERQUE, NEW MEXICO 87103

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement is furnished to prospective purchasers of the Santa Fe County, New Mexico General Obligation Bonds, Series 2001 (the "Bonds") issued in the aggregate principal amount of \$8,500,000 by Santa Fe County, New Mexico (the "County"). The offering of the Bonds is made only by way of this Official Statement and the Notice of Bond Sale which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Additional information concerning the County, the Bonds, and other aspects of this offering may be obtained from the County Manager, 102 Grant Avenue, Santa Fe, New Mexico 87501, telephone (505) 986-6200 or from the County's Financial Advisor, Estrada Hinojosa & Company, 1717 Main Street, Suite 4760, Lockbox 47, Dallas, Texas 75201 telephone (214) 658-1670.

This Official Statement, which includes the title page, does not constitute an offer to sell the Bonds in any state to any person to whom it is unlawful to make such offer in such state. No dealer, salesman, or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representation must not be relied upon.

The information, estimates and expressions of opinion contained in the Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in the information, estimates or opinions set forth herein, since the date of this Official Statement.

All terms used in this Official Statement which are not defined herein shall have the meanings given such terms in the Resolution authorizing issuance of the Bonds adopted by the Board of County Commissioners (the "Board") on April 24, 2001 (the "Bond Resolution").

THE PRICES OR YIELDS AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER OF THIS OFFICIAL STATEMENT.

The County has entered into an Undertaking (the "Undertaking") for the benefit of the holders of the Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board of Certain Events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule").

AND

The County has not failed to comply with any prior such undertaking under the Rule. A failure by the Issuer to comply with the Undertaking will not constitute an event of default under the Bond Resolution (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bond in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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SUMMARY INFORMATION

\$8,500,000

SANTA FE COUNTY, NEW MEXICO

GENERAL OBLIGATION BONDS

SERIES 2001

The following information is not a full description of the Bonds and is entirely subject to the more complete information contained elsewhere in this Official Statement, which includes the appendices.

- PURPOSE:** Bonds in the amount of \$4,500,000 will be used for the purpose of acquiring real property, constructing, remodeling and making additions to County buildings used for public safety purposes, including fire stations and necessary fire apparatus and including parking facilities and fire and law enforcement training facilities, and the acquisition of necessary telecommunications, computer hardware and integrated software systems. Bonds in the amount of \$4,000,000 will be used for the purpose of acquiring real property and constructing and equipping County buildings for public works purposes, including road maintenance, solid waste and other public works purposes.
- AUTHORIZATION:** The Bonds were authorized at the general election on November 7, 2000.
- SECURITY:** The Bonds are general obligation bonds of the County and are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount.
- COMPLIANCE:** The County undertakes to comply with Rule 15c2-12. (*See* "Appendix D.")
- DATED DATE & DELIVERY:** The Bonds will be dated as of May 1, 2001 and delivery of the Bonds to the purchaser through the facilities of the Depository Trust Company is expected on or about May 23, 2001.
- PAYMENT:** Interest on the Bonds is payable semi-annually on January 1 and July 1 commencing January 1, 2002. The Bonds shall mature on July 1 in the years and in the amounts indicated on the front cover.

REDEMPTION:

Bonds maturing on or after July 1, 2007, are subject to prior redemption at par on July 1, 2006 or on any date thereafter. The remainder of the Bonds are not subject to redemption prior to maturity.

PAYING AGENT/

REGISTRAR:

Initially, BNY Western Trust Company, a commercial bank and a subsidiary of The Bank of New York Company, Inc., or any successor named by the Board of County Commissioners.

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THE BONDS

AUTHORIZATION

The Bonds are issued pursuant to Sections 6-15-1 through 6-15-28, NMSA 1978, which authorizes counties to issue general obligation bonds payable from ad valorem taxes. Article IX, Sec. 10 of the New Mexico Constitution prohibits counties from using general obligation bond proceeds to maintain existing buildings. The County has covenanted not to use any of the proceeds of the Bonds to maintain existing buildings.

The Bonds in the amount of \$8,500,000 are a portion of \$16,500,000 general obligation bonds authorized at the general election on November 7, 2000. Bonds in the amount of \$4,500,000 will be used for the purpose of acquiring real property, constructing, remodeling and making additions to County buildings used for public safety purposes, including fire stations and necessary fire apparatus and including parking facilities and fire and law enforcement training facilities, and the acquisition of necessary telecommunications, computer hardware and integrated software systems. Bonds in the amount of \$4,000,000 will be used for the purpose of acquiring real property and constructing and equipping County buildings for public works purposes, including road maintenance, solid waste and other public works purposes.

DESCRIPTION OF THE BONDS

The Bonds are dated May 1, 2001 and will bear interest from that date, payable on January 1 and July 1 in each year commencing January 1, 2002. The Bonds will bear interest at the rates per annum and mature in the amounts and at the times set forth on the cover page of this Official Statement. The principal and interest of the Bonds is payable through the Depository Trust Company, New York, New York.

SECURITY FOR THE BONDS

The Bonds are general obligation bonds of the County and are payable from ad valorem taxes which shall be levied against all taxable property within the County without limitation as to rate or amount. The County has covenanted in the Bond Resolution to levy in addition to all other taxes, direct annual ad valorem taxes sufficient to pay the principal of and interest on the Bonds. The County may pay the principal of and interest on the Bonds from any funds belonging to the County.

The timely payment of the principal and interest, when due, will be insured by a financial guaranty insurance policy ("MBIA Insurance Policy") issued by the MBIA Insurance Corporation ("MBIA").

REGISTRATION

BNY Western Trust Company, a commercial bank and a subsidiary of The Bank of New York Company, Inc., will initially serve as the registrar and paying agent for the Bonds.

BOOK ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges in deposited securities through electronic computerized book-entry changes in 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, Inc. 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 (“Indirect Participants”). The rules applicable to DTC and its 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 (a “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 Participants through which the Beneficial Owners entered into this transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings as shown on DTC's records, unless DTC has reason to believe that it will not receive payment on the payable date. 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given to Beneficial Owners, they are to be sent to DTC.

The County will not have any responsibility or obligation to such Participants or the persons for whom they act as nominees with respect to (1) the accuracy of any records maintained by DTC or any Participant, (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount, redemption price of or interest on the Bonds, (3) the delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution to be given to the registered owner, or (4) any other action taken by DTC as the 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 Issuer. 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.

The foregoing material concerning DTC and DTC's book-entry system has been obtained from DTC. No representation is made by the Issuer or underwriter as to the accuracy or completeness of such information.

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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.

PRIOR REDEMPTION

Bonds maturing on or after July 1, 2007, are subject to prior redemption at par on July 1, 2006, or on any date thereafter. The remainder of the Bonds are not subject to redemption prior to maturity.

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DEBT AND OTHER OBLIGATIONS
(as of January 1, 2001)

GENERAL OBLIGATION BONDS OUTSTANDING

<u>Date Issued</u>	<u>Original Bond Amount</u>	<u>Balance Remaining</u>
March 1, 1993	\$3,500,000	\$2,675,000
February 1, 1997	\$10,500,000	\$9,690,000
June 15, 1999	\$12,000,000	\$12,000,000
June 15, 1999	\$4,310,000	<u>\$4,310,000</u>
Total		\$28,675,000

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DEBT SERVICE SCHEDULE

Period Endin 7/01	<u>THIS</u> <u>ISSUE</u>		Total	Existing Debt Service		Total	Total Debt Requirement	Period Ending 7/01
	Principal	Interest		Principal	Interest			
2001				\$905,000	\$1,449,493	\$2,354,493	\$2,354,493	2001
2002	\$245,000	\$ 466,849	\$711,849	1,075,000	1,408,465	2,483,465	3,195,314	2002
2003	320,000	386,681	706,681	1,125,000	1,356,323	2,481,323	3,188,004	2003
2004	625,000	369,081	994,081	1,200,000	1,299,998	2,499,998	3,494,079	2004
2005	575,000	340,956	915,956	1,350,000	1,239,298	2,589,298	3,505,254	2005
2006	625,000	312,206	937,206	1,395,000	1,170,073	2,565,073	3,502,279	2006
2007	640,000	284,863	924,863	1,475,000	1,098,388	2,573,388	3,498,250	2007
2008	785,000	252,863	1,037,863	1,430,000	1,029,088	2,459,088	3,496,950	2008
2009	830,000	213,613	1,043,613	1,495,000	948,538	2,443,538	3,487,150	2009
2010	885,000	177,300	1,062,300	1,565,000	858,708	2,423,708	3,486,008	2010
2011	945,000	137,475	1,082,475	1,640,000	763,738	2,403,738	3,486,213	2011
2012	990,000	94,950	1,084,950	1,720,000	681,983	2,401,983	3,486,933	2012
2013	1,035,000	49,163	1,084,163	1,810,000	595,418	2,405,418	3,489,580	2013
2014				1,900,000	504,330	2,404,330	2,404,330	2014
2015				1,995,000	408,030	2,403,030	2,403,030	2015
2016				2,095,000	307,250	2,402,250	2,402,250	2016
2017				2,195,000	202,500	2,397,500	2,397,500	2017
2018				2,305,000	103,725	2,408,725	2,408,725	2018
	<u>\$8,500,000</u>	<u>\$3,085,999</u>	<u>\$11,585,999</u>	<u>\$28,675,000</u>	<u>\$15,425,340</u>		<u>\$55,686,339</u>	

FINANCIAL DATA

COUNTY VALUATION

2000 Assessed Valuation:	\$3,443,148,983
Estimated Actual Value:	\$10,369,709,496

BONDED INDEBTEDNESS

Outstanding Bonds	\$28,675,000
This Issue	\$8,500,000
Less Principal Fund Balance as of 3/1/01	<u>(\$455,000)</u>
Net Direct Debt	\$36,720,000

OVERLAPPING GENERAL OBLIGATION BONDED DEBT

<u>Entity</u>	<u>2000 Assessed Valuation</u>	<u>G/O Debt Outstanding</u>	<u>Percent Applicable¹</u>	<u>Overlapping Debt¹</u>
State of New Mexico	\$27,609,713,279	\$179,022,000	12.50%	\$22,377,750
City of Santa Fe	\$1,959,660,020	-0-	100.00%	-0-
Santa Fe Comm. College	\$3,120,063,229	\$28,315,000	100.00%	28,315,000
Santa Fe Public Schools	\$3,120,063,229	\$27,300,000	100.00%	27,300,000
Pojoaque School District	\$115,157,138	\$6,890,000	3.34%	230,438
Moriarty Public Schools	\$37,415,518	\$15,825,000	1.09%	171,965
Espanola School District	\$70,438,985	\$13,785,000	2.05%	<u>282,009</u>
Total Overlapping Debt				<u>\$78,677,162</u>
Overlapping & Net Direct ⁽²⁾				\$115,397,162

⁽¹⁾ Numbers may not equate to percentages due to rounding.

⁽²⁾ The County has \$8,000,000 of authorized and unissued general obligation bonds.

Source: Department of Finance and Administration, Local Government Division; New Mexico Department of Education

DEBT RATIOS

Assessed Value Actual Value Per Capita

	<u>Assessed Value</u>	<u>Actual Value</u>	<u>Per Capita</u>
Net Direct Debt	1.07%	0.35%	\$284.00
Net Direct & Overlapping Debt	3.36%	1.12%	\$896.00
Per Capita (*00 Population)	\$26,630	\$80,204	

BONDING CAPACITY AS OF JANUARY 1, 2001

Legal bonding capacity (4% of assessed value)	\$137,725,959
Less total bonds to be outstanding	<u>36,720,000</u>
Capacity in excess of present requirements	\$101,005,959

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ASSESSED VALUATION

PROPERTY SUBJECT TO TAXATION

Real property is subject to taxation with certain exemptions. Within the real property classification, exemptions include: property of the United States of America; property of the State, all counties, towns, cities and school districts or other municipal corporations; public libraries; community ditches and all laterals thereof; all church property not used for commercial purposes; all property used for educational and charitable purposes; all cemeteries not used or held for private or corporate profit; motor vehicles (other than mobile homes) and all bonds of the State, counties, municipalities and districts. Also, certain amounts of the taxable value of property is exempt from taxation if such property is owned by the head of a family who is a State resident (\$2,000 of residential property) or is owned by a veteran or a veteran's unmarried surviving spouse if the veteran or spouse is a State resident (\$2,000 of residential property). All tangible personal property has been exempted from property taxation by statute except for tangible personal property used, produced, manufactured, held for sale, leased or maintained by a person for purposes of his profession, business or occupation (unless otherwise specifically exempted from property taxation by the Federal or State Constitution or law); tangible property for which the owner has claimed a deduction from depreciation for federal income tax purposes; mobile homes; livestock; and certain inventories of personal property.

ASSESSMENT OF PROPERTY

The County assessor sets the value of most residential and nonresidential real and personal property within the County; however, those properties used in the businesses of railroads, communications, pipelines, public utilities and airlines are valued by the Central Assessment Bureau, Property Tax Division of the Taxation and Revenue Department. The Central Assessment Bureau also is responsible for the valuation of electric generating facilities, mineral properties and certain industrial machinery. The value of oil and natural gas property and equipment is determined by the Oil and Gas Accounting Division of the Taxation and Revenue Department based on the prior calendar year's output. The net taxable value of all property is one-third of the actual value (the "Assessment Ratio").

The value of residential property for property taxation purposes is its market value as determined by sales of comparable property or, if that method cannot be used due to the lack of comparable sales data for the property being valued, then its value is determined using an income method or costs method of valuation. Regardless of the method used for valuation, the valuation authority must apply generally accepted appraisal techniques.

Each county assessor must mail a notice by April 1 of each year to each property owner informing him of the net taxable value of his property that has been valued for property taxation purposes, the tax ratio, the classification of the property valued, and other information. The Central Assessment Bureau must also send notices by May 1 of each year to property owners with property subject to valuation by the Property Tax Division. A property owner may protest the value or classification of his or her property by filing a petition of protest with the Director of the Property Tax Division or with the appropriate county assessor. The protest hearing may be held before the Director of the Property Tax Division or before the appropriate county valuation protest board, dependent upon whether the Property Tax or the local county assessor was responsible for review of the valuation. A property owner may appeal an order made by the Director of the Property Tax Division or a county valuation protest board by filing with the court of appeals a notice of appeal within 45 days of the date the order was made.

REASSESSMENT

New Mexico has a state-wide property reassessment program. The program's objective is to keep property values close to their market values so that there will be a high correlation between the value of a property and its share of the tax burden. The first reassessment under this present program was in 1986, and such reassessments will continue to occur biannually. In 2000, property values were adjusted to their 1998 market levels.

LIMITATION AND INCREASES IN VALUATION OF RESIDENTIAL REAL PROPERTY

Effective for the tax year 2001 and thereafter, residential real property values may not exceed 103% of the prior years value or 106.1% of the preceding two years value. The limitation does not apply to first year property, property having physical improvements made during the prior year, or property where there is a change of ownership or use or zoning.

The limitation does not apply until a county has achieved a sales ratio value of 85%, as measured by the median ratio of value for property taxation purposes of sales price.

ABSTRACT OF ASSESSED VALUATION

<u>Assessments</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Land and improvements	\$3,026,791,036	\$3,086,814,954	\$3,278,282,713
Personal Property	57,176,456	55,732,728	71,943,037
Mobile Homes	41,340,747	48,367,736	43,918,143
Livestock	<u>1,745,138</u>	<u>1,745,138</u>	<u>1,356,620</u>
Assessor's Taxable Value	3,127,053,377	3,192,660,556	3,395,500,513
Less Exemptions	<u>(42,612,230)</u>	<u>(39,412,862)</u>	<u>(40,262,547)</u>
Assessor's Net Value	3,084,441,147	3,153,247,694	3,355,237,966
Centrally Assessed Property	<u>72,699,351</u>	<u>78,339,938</u>	<u>87,911,017</u>
Total Assessed Valuation	\$3,157,140,498	\$3,231,587,632	\$3,443,148,983

Source: Santa Fe County Assessor

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CENTRALLY ASSESSED PROPERTY BY INDUSTRY CLASS

<u>Santa Fe County</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Railroad	\$2,712,699	\$3,140,159	\$3,630,782	\$4,016,776
Airlines	141,283	137,860	459,997	925,327
Telephone	30,902,596	22,382,059	27,705,298	35,034,591
Electric	31,831,804	32,120,851	32,797,391	32,861,051
Pipeline	3,331,258	3,266,615	2,997,970	3,104,860
Gas	7,410,609	7,679,313	7,799,567	7,949,606
Contractors	626,799	915,954	1,192,675	3,372,860
Mineral	<u>1,321,356</u>	<u>3,056,540</u>	<u>1,756,258</u>	<u>645,946</u>
Total	\$78,278,404	\$72,699,351	\$78,339,938	\$87,911,017

Source: New Mexico Department of Taxation & Revenue, Centrally Assessed Division

TAX RATES PER \$1,000 OF ASSESSED VALUE (RESIDENTIAL)

<u>Political Subdivision</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
State of New Mexico	1.556	1.347	1.438	1.482	1.529
Santa Fe County	3.919	4.978	5.037	5.151	5.479
Santa Fe Public Schools	5.695	5.290	5.279	7.566	7.622
City of Santa Fe	0.471	0.448	0.457	0.460	0.464
Santa Fe Comm. College	2.959	2.914	2.943	2.935	2.948
Total Residential Rate In	14.600	14.977	15.154	17.594	18.042
Total Residential Rate Out	14.129	14.529	114.697	17.134	17.578

Source: State of New Mexico, Department of Finance and Administration, Local Government Division

SUMMARY OF TAX COLLECTIONS AS OF JUNE 30, 2000

<u>Tax Year</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Current Delinquent Tax Collections</u>	<u>Current/Delinquent Collections as a % of Net Levied</u>
1999	\$56,644,574	\$52,442,772	92.58%
1998	49,209,616	48,342,148	98.24%
1997	48,407,012	46,676,974	96.43%
1996	42,892,632	42,391,907	98.83%
1995	39,401,254	40,213,930	102.06%
1994	33,621,113	33,494,364	99.62%
1993	33,847,033	34,011,919	100.49%
1992	31,262,556	32,864,303	105.12%
1991	27,259,594	26,760,385	98.17%
1990	22,526,999	21,932,004	97.36%

Source: Santa Fe County Treasurer

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TEN LARGEST TAXPAYERS - 2000

<u>Name</u>	<u>Business</u>	<u>2000 Assessed Value</u>
PNM-Electric	Electric Utility	\$25,222,193
U.S. West Communications	Telephone Utility	\$23,061,891
Zorro Ranch Trust	Ranch	\$11,107,908
Villa Linda Mall	Shopping Center	\$6,446,559
El Dorado Partnership	Hotel	\$6,098,167
PNM Gas	Natural Gas Utility	\$5,265,076
Corporation de La Fonda	Hotel	\$4,238,130
N/A Talavera 56	Apartments	\$3,881,284
Burlington Northern /Santa Fe	Railroad	\$3,750,493
De Vargas Joint Center Venture	Shopping Center	\$3,746,667

The ten largest taxpayers have a combined 2000 taxable valuation of \$92,818,367 representing 2.7% of the County's total 2000 taxable valuation.

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TAX RATES

YIELD CONTROL

Section 7-37-7.1, NMSA 1978, limits the allowable increase in property taxes from the preceding year. Specifically, no rate shall be set or assessment imposed which will produce current tax revenues in excess of the prior year's tax revenues plus a percent that is determined by a growth control factor. The growth control factor is the sum of ("G") the growth in the assessed valuation due to net new additions to the property tax rolls, expressed as a percent of the prior year's assessed, and ("I") the percentage change, not in excess of five percent, in the annual business indicator index between the prior calendar year and the year next preceding the prior calendar year. The resulting yield control equation is:

$$\text{Current tax revenues} = \text{prior tax revenues} \times (G+I)$$

Where: G is never less than 100%

I is never less than 0% or more than 5%

The annual business indicator index is defined as "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 "Summary of Current Business" or any successor publication for the calendar year." The yield control formula applies to both residential and nonresidential property, but the calculations for each property class are made separately. Additionally, the yield control formula applies to any authorized operating levy but not to any debt service levy.

20-MILL LIMITATION ANALYSIS

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 special levies, such as levies for bond issues, authorized at an election by a majority of the qualified voters within the County. The overlapping operational levies of the County were within the 20-mill limit.

RESIDENTIAL AND NON-RESIDENTIAL PROPERTY

Property in New Mexico is subclassified as either residential or nonresidential based on its use. The calculation of revenue limitations for Yield Control, as discussed above, is performed separately for each property class. The result is that levies for operational purposes may be different for each property class. The County's residential assessed valuation was \$2,363,391,485 and the value of nonresidential property was \$1,079,757,498.

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**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 1998-JUNE 30, 2000**

REVENUES	1998	1999	2000
Grants	\$1,279,505	\$1,594,496	\$2,264,916
Taxes & Special Assessments	20,192,924	22,058,258	24,082,504
Interest Earnings	1,603,926	602,785	1,395,830
Charges for services	48,585	379,348	670,056
Licenses & Permits	1,233,337	1,345,861	1,027,666
Other	382,430	137,450	118,907
Total Revenues	\$24,740,707	\$26,118,198	\$29,559,879
EXPENDITURES			
General Government Services	\$14,134,892	\$11,483,398	\$11,419,098
Public Safety	4,784,394	5,626,929	7,447,236
Highways & Streets	3,077,026	4,494,619	4,815,194
Health & Welfare	383,104	1,044,362	967,292
Culture & Recreation	79,939	79,256	143,764
Total Expenditures	<u>\$22,459,355</u>	<u>\$22,728,564</u>	<u>\$24,792,584</u>
Excess (deficiency) rev/expenditures	2,281,352	3,389,634	4,767,295
Other Financing sources (uses):			
Operating Transfers in	\$7,000	\$589,080	\$889,268
Operating Transfers out	(425,606)	(5,220,516)	(5,413,752)
Capital Lease	107,000		
Transfers to Other Entity			
Total other financing sources (uses)	(311,606)	(4,631,436)	(4,524,484)
Excess (deficiency) revs. & sources	1,969,746	(1,241,802)	242,811
Fund Equity Beginning of Year	\$11,229,905	\$13,255,716	\$12,013,914
Prior Period Adjustments	56,065		
Period adjustments and reclassification			
Fund Equity, Beginning/Restated	<u>11,285,970</u>	<u>13,255,716</u>	<u>12,013,914</u>
Residual Equity Transfers			
Fund Equity end of Year	\$13,255,716	\$12,013,914	\$12,256,725

Information obtained from the County's audited financial statements for the period ended June 30, 1998, 1999 and 2000.

SANTA FE COUNTY

GENERAL

Located in north-central New Mexico, the County was first established in 1610. It is largely surrounded by the Sangre de Cristo and Jemez mountains and is bisected by the Rio Grande. Only the southwest corner of the County consists of plains.

The County is relatively prosperous, ranking second among New Mexico counties in per-capita income. The City of Santa Fe, New Mexico's state capital, dominates the County economy with strong tourism and governmental activity. The main tourist attractions in the area include the Santa Fe Ski Basin, the Santa Fe Opera, the Santa Fe National Forest and the Pecos Wilderness. In addition, the area includes attractions such as the Santa Fe art community, various Native American Pueblos and Casinos and the tri-cultural character of the City and County. The County experienced a 30% growth in population from 1990 - 2000.

The County operates under the manager/commission form of government which oversees: the assessment, collection and distribution of ad valorem taxes by an elected assessor and treasurer; law enforcement by an elected sheriff; recording and filing by an elected county clerk; road maintenance by an appointed road manager; fire protection by paid and volunteer fire departments; administrative services by an appointed county manager; and planning, health, welfare, recreation and cultural affairs by appointed citizen advisory boards. The Board of County Commissioners of the County consists of five individuals elected for staggered terms. The County is divided into five districts as equal in population as possible. The function of the County is briefly addressed in the grant of powers provided to all New Mexico counties pursuant to Section 4-37-1 NMSA 1978: the function of the County 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 GOVERNMENT BODY

Santa Fe County was established by the laws of the Territory of New Mexico of 1852, under provisions of the act now referred to as Section 4-26-1, NMSA 1978. The County provides the following services as authorized in the grant of powers: public safety (police, fire), highways and streets, sanitation, health and social services, low rent housing assistance, culture-recreation, public improvements, planning and zoning, and general administrative services. Brief resumes of the County Manager, Finance Director, and County Commissioners follow:

County Manager: Samuel O. Montoya.

Samuel O. Montoya has served as County Manager since July 5, 1999. Prior to joining the County, Mr. Montoya served twice as the County Manager of Taos County, New Mexico. He was Assistant to Governor Toney Anaya during his term and also served as Deputy Director of the New Mexico Municipal League. Mr. Montoya was also National Liaison to Hispanic Elected Officials at the National League of Cities. Mr. Montoya is a native of New Mexico and attended New Mexico Highlands University where he received his Bachelor's Degree. Mr. Montoya later attended Bucknell University for his graduate work in public administration.

Finance Director: Katherine Miller.

Katherine Miller has served as Finance Director since June 5, 1999. She came to work for Santa Fe County in December 1997 as the County's Purchasing Manager from the federal government in Florida where she served as a Contract Administrator on major weapons systems contracts. Ms. Miller has over 15 years of government finance, government contracts, and private industry financial management experience. Ms. Miller is a member of the Government Finance Officer's Association and the New Mexico Public Purchasing Association. Ms. Miller has a Bachelor of Science in Business, Magna Cum Laude, from Wright State University in Ohio.

Santa Fe County Commissioners

Chairman: Paul Duran, District 2.

First elected November 1996, reelected November 2000, term expires December 2004. Occupation: Real Estate Broker for the last 23 years. Committee Assignments: Chairman of the Extraterritorial Zoning Authority, Chairman of the Highway Corridor Task Force, Solid Waste Management Board and Transportation Policy Board.

Vice Chairman: Mark P. Trujillo, District 1.

First elected November 1994, reelected November, 1998 term expires December 2002. Occupation: Los Alamos National Laboratory, Human Resources Department for 19 years. He has served on the Extraterritorial Zoning Authority and on the Solid Waste Committee.

Commissioner: Javier M. Gonzales, District 3.

First elected November 1994, reelected November, 1998, term expires December 2002. Occupation: Chief Financial Officer of La Voz Broadcasting Inc. Committee Assignments: Extraterritorial Zoning Authority, Solid Waste Management Board, Transportation Policy Board. Mr. Gonzales is the newly elected President of the National Association of Counties (NACO). He will commence his duties July 2001.

Commissioner: Paul Campos, District 4.

First elected November 2000, term expires December 2004. Occupation: Attorney. Mr. Campos has lived in Santa Fe County for 15 years. He attended the University of New Mexico where he received his Bachelor's degree. He received his law degree from George Washington University in Washington, D.C.

Commissioner: Jack Sullivan, District 5.

First elected November 2000, term expires December 2004. Occupation: professional engineer, President of Sullivan Design Group. Mr. Sullivan is a graduate of Georgia Tech and Stanford University. He is founding President of the Santa Fe Community College Business Advisory Board.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the County are organized on the basis of funds and account groups, each of which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into the following generic fund types:

Governmental Fund Types.

General Fund The General Fund is the general fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. It is funded primarily through property, sale and other miscellaneous taxes.

Debt Service Fund The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition of major capital facilities and related costs. Capital Project funding is comprised of bond proceeds, federal and state grants and/or current federal funds.

Special Revenue Funds The County receives funds from various sources, the expenditure of which is legally restricted to specified purposes. These revenues and expenditures are accounted for in this fund.

Proprietary Fund Type-Enterprise Funds.

Enterprise funds are established to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges; and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control and accountability.

Fiduciary Fund Type - Agency Funds.

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Fixed Assets and Long-Term Liabilities.

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resource". Governmental fund operating statements present increases (revenues and other financing source) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable sources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost, except for donated assets which are valued at their fair market value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "***funds***". They are concerned only with the measurement of financial position. They are not involved with the measurement of the results of the operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. If the amounts of revenues cannot be reasonably estimated or realization is not assured, or if the revenues will not be available to pay current liabilities, they are not recorded as a revenue in the current year. Under these accounting policies, property taxes collected but unremitted to the County and expenditures in excess of grant revenues are accrued as receivables at the year end.

2000 AUDIT REPORT

Barraclough & Associates, P.C., Certified Public Accountants & Consultants, of Santa Fe, New Mexico conducted the audit of the County's general-purpose financial statements and the combining and individual fund and account group financial statements for the fiscal year ended June 30, 2000.

See Exhibit B, "Excerpts of Audited Financial Statements," for the complete Independent Auditors' Report and the County's excerpts of audited financial statements.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

The County has made a written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240, 15c2-12)(the “Rule”). (See Exhibit D.)

ABSENCE OF MATERIAL LITIGATION

At the time of original delivery of the Bonds, the County will deliver a no litigation certificate to the effect that no litigation, 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, or contesting or questioning the proceedings and authority under which such Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of such Bonds.

LEGAL MATTERS

The County has engaged Hughes & Strumor, Ltd. Co., Attorneys at Law, Albuquerque, New Mexico, as Bond Counsel in connection with the issuance of the Bonds. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon (see “Tax Matters” below) are subject to the approving legal opinions of Bond Counsel. A signed copy of its opinions, dated the date of the original delivery of the Bonds, will be delivered at the time of the original delivery of the Bonds. (See Exhibit C “Form of Bond Counsel Opinion”.) Certain disclosure matters will be passed upon by Hughes & Strumor, Ltd. Co.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance. The County has covenanted in the Bond Resolution to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Bond Counsel, under existing law, and assuming compliance with the aforementioned covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and the Bonds are not "private activity bonds" within the meaning of Section 57(a)(5) of the Code; therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed on individuals and corporations. It should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings of such corporations.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of the interest thereon. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Furthermore, Bond Counsel expresses no opinion as to any other federal, state (other than State of New Mexico) or local tax law consequences with respect to the Bonds, or the interest thereon.

Bond Counsel is of the opinion that the interest on the Bonds is exempt from tax imposed by the State of New Mexico.

THE INSURER

MBIA INSURANCE POLICY

The following information has been furnished by MBIA Insurance Corporation (the “Insurer”) for use in this Official Statement. Reference is made to Exhibit E for a specimen of the Insurer’s policy.

The Insurer’s policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer’s policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a “Preference”).

The Insurer’s policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer’s policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer’s policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1999, the Insurer had admitted assets of \$7.0 billion (audited), total liabilities of \$4.6 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2000, the Insurer had admitted assets of \$7.6 billion (audited), total liabilities of \$5.2 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year-end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa".

Standard & Poor's Ratings Services Group, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Insurer "AAA".

Fitch IBCA, Inc. rates the financial strength of the Insurer "AAA".

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

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DESCRIPTION OF RATINGS

The Bonds have been issued a bond rating of “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”), based upon the issuance of a municipal bond insurance policy issued by MBIA.

The rating reflects only the view of such rating agency and is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely, if in the judgment of the rating agency circumstances so warrant.

Any such downward revision or withdrawal of the rating may have an adverse effect on the market price or marketability of the affected Bonds.

An explanation of the significance of each rating may be obtained from the rating agency furnishing the same at the following addresses:

**MOODY’S INVESTORS SERVICE, INC.
99 CHURCH STREET
NEW YORK, NEW YORK 10007**

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MISCELLANEOUS

The references herein to the Bonds, the Bond Resolution and other documents are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions reference is made to such documents. Copies of the documents mentioned under this heading are on file at the offices of the County.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure by the purchaser thereof to accept delivery of and pay for any Bonds.

The attached Exhibits are integral parts of this Official Statement and must be read together with all of the foregoing statements.

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COUNTY APPROVAL OF OFFICIAL STATEMENT

This Official Statement has been authorized and approved by the County, is considered to be true, complete and correct in all material respects, and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

**SANTA FE COUNTY, NEW MEXICO
BOARD OF COUNTY COMMISSIONERS**

By: s/Paul Duran
Chairman

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EXHIBIT A

CERTAIN COUNTY STATISTICAL INFORMATION

GENERAL PROFILE

Population and Housing (Bureau of Business & Economic Research, UNM and Bureau of the Census)

Total resident population:

2000	129,292
Percent 65 years and over	24.00
1990	98,928
1980	75,519
Occupied housing units, 1990	37,840
Percent owner occupied	67.7

Births and Deaths (1998 NM Selected Health Statistics Annual Report, Oct. 2000)

Births, 1998	1,576
Percent 1,000 resident population	12.7
Percent to mothers under 20 years of age	14.5
Deaths, 1998	784
Per 1,000 resident population	6.3
Infant deaths per 1,000 live births, 1993	8.2

Education (Bureau of the Census)

Persons 25 years and over 1999	97,022
Percent high school graduates, 1990	82.6
Percent college graduates, 1990	32.3

Labor Force (Bureau of Labor Statistics)

Civilian labor force, 2000	75,461
Percent unemployed	2.6

Private Non-farm Establishments (Bureau of the Census County Business Patterns 1998, July 2000)

Total establishments, 1998	4,517
Percent retail trade	41.5
Paid employees, 1998 (pay period including March 12)	44,430
Annual payroll, 1998 (\$1,000)	\$1,059,729

Agriculture (Bureau of the Census, 1997 Census of Agriculture, March 1999)

Number of farms, 1997	336
-----------------------------	-----

Retail Trade (Bureau of the Census, 1997, July 20, 1999)

Retail sales, 1997 (\$1,000)	\$1,422,905
Per capita (dollars)	11.70

COMMERCIAL AND SAVINGS BANKS (FDIC/OTS Summary of Deposits, 8/18/00)

	<u>Commercial</u>	<u>Savings</u>
June 30, 2000		
Total Offices	32	5
Total Deposits (\$1,000)	\$922	\$243
June 30, 1999		
Total Offices	34	4
Total Deposits (\$1,000)	\$933	\$214
June 30, 1998		
Total Offices	34	4
Total Deposits (\$1,000)	\$869	\$202
June 30, 1997		
Total Offices	37	4
Total Deposits (\$1,000)	\$847	\$185

PER CAPITA PERSONAL INCOME - SANTA FE COUNTY

<u>Year</u>	<u>Santa Fe County</u>	<u>State of New Mexico</u>	<u>United States</u>
1998	\$28,040	\$21,164	\$26,482
1997	26,402	20,288	25,288
1996	25,566	19,478	24,164
1995	24,885	18,852	23,059
1994	23,647	17,946	22,056
1993	21,730	16,559	21,220
1992	20,552	15,762	20,546
1991	19,296	15,069	19,625
1990	18,467	14,480	19,156
1989	16,679	13,338	17,690

Source: U.S. Department of Commerce, Bureau of Economic Analysis, May 2000

MAJOR EMPLOYERS IN SANTA FE COUNTY

<u>Rank</u>	<u>Employer</u>	<u>Number of Employees</u>
1	State of New Mexico	21,674
2	Santa Fe School District	1,900
3	U.S. Federal Government	1,750
4	Saint Vincent Hospital	1,350
5	City of Santa Fe	1,067
6	Santa Fe Community College	705
	Presbyterian Medical Services	531
7	The Peters Corporation	490
8	Santa Fe Ski company	437
9	County of Santa Fe	435
10	Santa Fe Opera	350

Source: New Mexico Department of Labor, Revised 9/98

EMPLOYMENT

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Agriculture	577	621	642	733
Manufacturing	1,916	1,934	1,878	1,698
Mining	44	53	62	118
Construction	3,188	3,382	3,361	3,937
Transport. Comm. Utilities	1,206	1,137	1,242	1,149
Wholesale Trade	1,082	1,246	1,308	1,289
Retail Trade	12,731	12,867	12,764	13,021
Finance, Ins. Real Estate	2,805	2,850	3,050	2,971
Services & Miscellaneous	15,406	16,314	16,959	16,924
Government	14,185	14,139	14,665	14,936
Totals:	53,140	54,543	55,931	56,776

Source: New Mexico Department of Labor, Covered Employment and Wages, September 2000, 1999, 1998 and June 1998.

CIVILIAN LABOR FORCE

<u>Santa Fe MSA</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Civilian Labor Force	62,258	63,720	74,669	73,061	75,461
Employment	58,860	61,076	72,158	71,094	73,500
Unemployment Number	3,398	2,655	2,481	1,967	1,961
Unemployment Rate	5.5%	4.2%	3.3%	2.7%	2.6%

Source: New Mexico Department of Labor, Economic Research and Analysis Bureau, 02/27/01

POPULATION

<u>U.S. Census</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>State of New Mexico</u>
1970	41,167	54,774	1,017,055
1980	49,295	75,519	1,303,143
1990	55,859	98,928	1,515,069
2000	62,203	129,292	1,819,046

Source: Bureau of Business & Economic Research, UNM

AGE DISTRIBUTION

<u>Age Group</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>New Mexico</u>	<u>United States</u>
0-17	21.9%	25.8%	29.7%	25.7%
18-24	7.9%	7.4%	8.5%	9.1%
25-34	12.2%	13.2%	13.7%	14.1%
35-49	28.8%	28.5%	23.0%	23.5%
50 and Older	29.2%	25.1%	25.1%	27.6%

Source: Sales and Marketing Research, August 2000

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EXHIBIT B

**SANTA FE COUNTY, NEW MEXICO
EXCERPTS FROM FINANCIAL STATEMENTS**

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STATE OF NEW MEXICO
SANTA FE COUNTY

**Financial Statements and
Other Financial Information**

(With Independent Auditors' Reports Thereon)

Year Ended June 30, 2000



Barraclough & Associates, P.C.
Certified Public Accountants & Consultants

**STATE OF NEW MEXICO
SANTA FE COUNTY**

**Official Roster
June 30, 2000**

COUNTY COMMISSIONERS

Joe Griñe
Marcos P. Trujillo
Javier M. Gonzales
Paul Duran
Richard Anaya

Chairperson
Member
Member
Member
Member

COUNTY OFFICIALS

Benjamin Montaña
Phillip Trujillo
Rebecca Bustamante
Benito Martinez
Lilly Gonzales

County Sheriff
County Treasurer
County Clerk
County Assessor
Probate Judge

ADMINISTRATIVE OFFICIAL

Sam Montoya

County Manager

"15 Years of Excellence"



Barraclough & Associates, P.C.
Certified Public Accountants & Consultants

1422 Paseo de Peralta
Post Office Box 1847
Santa Fe, New Mexico 87504
(505) 983-3387
(505) 988-2505 FAX
(800) 983-1040 Toll Free

John E. Barraclough, Jr., C.P.A.
Annette V. Hayden, C.P.A.

Douglas W. Fraser, C.P.A.
Candace M. Hintenach, C.P.A.
Georgie L. Broadie, C.P.A.
Eun K. Hong, C.P.A.
Benjamin R. Smiley, C.P.A.
Susan L. Wittman, C.P.A.

INDEPENDENT AUDITORS' REPORT

Mr. Domingo P. Martinez, CGFM State Auditor
and
County Commissioners of the
State of New Mexico, Santa Fe County:

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the State of New Mexico, Santa Fe County (the County) as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County as of June 30, 2000, and the results of operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. The accompanying other supplementary financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

A handwritten signature in black ink, appearing to read "Barradough & Associates P.C.", written in a cursive style.

September 14, 2000

Combined Balance Sheet - All Government Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types				Fiduciary Fund Type - Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		General Fixed Assets	General Long-term Debt	
ASSETS AND OTHER DEBITS								
Equity in pooled cash and investments - Unrestricted	\$ 12,124,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,124,071
Equity in pooled cash and investments - Restricted	-	13,860,819	4,261,521	14,331,360	2,017,089	-	-	45,712,405
Receivables, net of allowance for uncollectible	-	-	-	-	-	-	-	-
Accounts	329,658	-	-	-	-	-	-	329,658
Taxes	634,828	833,134	58,263	-	-	-	-	1,866,813
Interest	183,182	10,644	12,207	320,555	6,449,545	-	-	7,975,770
Grantor agencies and other	702,249	950,171	-	-	66,160	-	-	802,748
Due from other funds	355,683	75,064	76,441	-	1,219,652	-	-	2,872,072
Other assets	-	-	-	-	4,376	-	-	511,564
Fixed assets, net	-	-	-	-	1,697,864	-	-	1,697,864
Amount to be provided for retirement of long-term debt	-	-	-	-	36,606,308	-	-	36,606,308
Amount available from the debt service fund balance	-	-	-	-	-	54,488,025	-	54,488,025
Total assets and other debits	\$ 14,339,671	\$ 15,729,832	\$ 4,408,432	\$ 14,651,915	\$ 8,466,634	\$ 54,488,025	\$ 41,241,940	\$ 205,719,380

STATE OF NEW MEXICO
SANTA FE COUNTY

Combined Balance Sheet - All Government Fund Types and Account Groups (Continued)

June 30, 2000

	Governmental Fund Types				Fiduciary Fund Type - Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		General Fixed Assets	General Long-Term Debt	
LIABILITIES, FUND EQUITY AND OTHER CREDIT								
Liabilities:								
Cash overdraft	\$	\$ 96,564	\$	\$ 103,749	\$	\$	\$	\$ 200,713
Accounts payable and accrued expenditures	2,013,315	459,752	325	76,000	-	-	-	5,385,751
Due to other funds	69,631	32,276	-	5,793	380,128	-	-	511,564
Deferred revenue	-	234,600	-	-	6,449,545	-	-	7,903,797
Overpayments and taxes paid in advance	-	-	-	-	434,404	-	-	434,404
Deposits held for others	-	-	-	-	584,928	-	-	630,003
Undistributed taxes to other entities	-	-	-	-	637,629	-	-	637,629
Notes payable and accrued interest	-	208,293	-	-	-	-	-	40,809,095
Due to HUD	-	-	-	-	3,197	-	-	211,490
Bonds and leases payable	-	-	-	-	-	-	-	38,367,377
Compensated absences	-	-	-	-	-	-	-	989,563
Closure costs	-	-	-	-	-	-	-	1,875,000
Total liabilities	2,082,946	1,031,885	325	185,542	8,466,634	-	41,241,940	97,866,368
Fund Equity/Balances and Other Credits								
Contributed capital	-	-	-	-	-	-	-	32,031,050
Retained earnings (deficit)	-	-	-	-	-	-	-	(24,595,233)
Investment in general fixed assets	-	-	-	-	-	54,488,025	-	54,488,025
Reserved for:								
Encumbrances	1,373,716	5,663,962	-	1,132,384	-	-	-	8,170,062
Grant or law	-	7,785,146	-	-	-	-	-	7,785,146
Debt service	-	-	4,408,107	-	-	-	-	4,408,107
Total reserved fund equity	1,373,716	13,449,108	4,408,107	1,132,384	-	54,488,025	-	82,287,157
Unreserved - Designated for								
Subsequent year expenditures	-	1,248,839	-	-	-	-	-	1,248,839
Contingencies	7,268,876	-	-	-	-	-	-	7,268,876
Capital improvements	-	-	-	13,337,787	-	-	-	13,337,787
Unreserved - Undesignated (deficit)	3,614,133	-	-	(3,798)	-	-	-	3,610,335
Total unreserved fund equity	10,881,009	1,248,839	-	13,333,989	-	-	-	25,465,837
Total fund equity and other credits	12,256,725	14,697,947	4,408,107	14,466,373	-	54,488,025	-	107,752,994
Total liabilities, fund equity and other credits	\$14,339,671	\$15,729,832	\$4,408,432	\$14,051,915	\$8,466,634	\$54,488,025	\$41,241,940	\$205,719,380

The accompanying notes are an integral part of this statement

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 2

Combined Statement of Revenues, Expenditures and Changes in Fund Equity
All Government Fund Types

Year Ended June 30, 2000

	All Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Grants	\$ 2,264,916	\$ 4,136,610	\$ -	\$ 1,144,337	\$ 7,545,863
Taxes and special assessments	24,082,504	8,677,001	3,026,831	-	35,786,336
Interest earnings	1,395,830	422,607	27,570	935,088	2,781,095
Charges for services	670,056	850,396	-	-	1,520,452
Licenses and permits	1,027,666	-	-	-	1,027,666
Other	118,907	1,231,037	-	127,354	1,477,298
Total revenues	<u>29,559,879</u>	<u>15,317,651</u>	<u>3,054,401</u>	<u>2,206,779</u>	<u>50,138,710</u>
Expenditures:					
General government services	11,419,098	552,158	3,385	4,312,471	16,287,112
Public safety	7,447,236	2,085,631	-	767,546	10,300,413
Highways and streets	4,815,194	4,040,805	-	-	8,855,999
Health and welfare	967,292	6,535,374	-	1,075,534	8,578,200
Culture and recreation	143,764	15,000	-	-	158,764
Economic development	-	308,980	-	-	308,980
	<u>24,792,584</u>	<u>13,537,948</u>	<u>3,385</u>	<u>6,155,551</u>	<u>44,489,468</u>
Debt service (principal and interest)	-	-	3,928,814	-	3,928,814
Total expenditures	<u>24,792,584</u>	<u>13,537,948</u>	<u>3,932,199</u>	<u>6,155,551</u>	<u>48,418,282</u>
Excess (deficiency) of revenues over expenditures	<u>4,767,295</u>	<u>1,779,703</u>	<u>(877,798)</u>	<u>(3,948,772)</u>	<u>1,720,428</u>
Other financing sources (uses):					
Operating transfers in	889,268	715,847	1,734,804	650,000	3,989,919
Operating transfers (out)	(5,413,752)	(1,898,350)	(500,000)	(1,350,622)	(8,962,724)
Total other financing sources (uses)	<u>(4,524,484)</u>	<u>(982,503)</u>	<u>1,234,804</u>	<u>(700,622)</u>	<u>(4,972,805)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>242,811</u>	<u>797,200</u>	<u>357,006</u>	<u>(4,649,394)</u>	<u>(3,252,377)</u>
Fund equity, beginning of year	12,013,914	13,942,341	4,051,101	19,115,767	49,123,123
Prior period adjustment	-	(41,594)	-	-	(41,594)
Fund equity as restated	<u>12,013,914</u>	<u>13,900,747</u>	<u>4,051,101</u>	<u>19,115,767</u>	<u>49,081,529</u>
Fund equity, end of year	<u>\$12,256,725</u>	<u>\$ 14,697,947</u>	<u>\$ 4,408,107</u>	<u>\$ 14,466,373</u>	<u>\$45,829,152</u>

The accompanying notes are an integral part of this statement.

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**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(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 provided the following services as authorized in the grant of powers: public safety (police, fire), highways and streets, sanitation, health and social services, low rent housing assistance, culture-recreation, public improvements, planning and zoning, and general administration services.

The County's combined balance sheet includes the accounts of all the County's operations. The County's major operations include sheriff and fire protection, collection of and distribution of property taxes, parks and recreation, planning and zoning, certain health social service, general administration service, low income housing assistance and the utilities division.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

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

The Santa Fe County Water Company (Water Company) was organized for the purposes of planning, studying, designing, financing, constructing, purchasing, owning, operating, maintaining, and improving to systems for the supply and distribution of water to and for the general public in one or more areas of Santa Fe County, New Mexico, pursuant to and in accordance with the Franchise Ordinance and other contractual agreements with the Commission, in order to promote the conservation of and efficient use of water (and for related purposes). During July 1996, the Water Company was dissolved and is now accounted for as a County enterprise fund.

The Water Company, now known as Santa Fe County Utilities Department (Utilities Department) is an enterprise fund and its operations had commenced June 28, 1996. Costs incurred in the planning and design of a water system have been capitalized and are amortized over the 50 year life of the water system.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

The financial statements of the County have been prepared by Barraclough & Associates, P.C. in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The County is responsible for the fair presentation in the general purpose financial statements of its financial position, results of operations and cash flows of the proprietary funds in conformity with generally accepted accounting principles. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the County's accounting policies are described below.

Fund Accounting

The accounts of the County are organized on the basis of funds and account groups each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity/retained earnings, revenues and expenditures/expenses. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types in the accompanying financial statements. The following fund types and account groups are used by the County:

Governmental Funds

All governmental fund types are accounted for on a spending flow measurement focus. Only current assets and current liabilities are generally included on the balance sheets. The reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Governmental fund types use the flow of current financial resources measurement focus, and the modified accrual basis of accounting. Long-term amounts are not recognized as governmental fund type expenditures or fund liabilities since they do not affect net current assets. However, they are reported as liabilities in the general long-term debt account group.

General Fund - The General Fund is the general operating fund of the County. It is used to account 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.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The authority for the creation of the special revenue fund is by state statute, executive order or specific authority.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and other long-term liabilities.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Capital project funding is comprised of bond proceeds, and other funding specified for capital projects.

Proprietary Funds

Enterprise Funds - Enterprise Funds are established to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges; and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control and accountability. The County applies all applicable Financial Accounting Standard Board pronouncements in accounting and reporting for its proprietary operations issued prior to November 30, 1989 in accordance with GASB 20.

Fiduciary Fund

Agency Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

The County uses the following account groups:

General Fixed Assets Account Group - This accounts for all fixed assets of the County, other than those accounted for in proprietary funds.

General Long-term Debt Account Group - This accounts for all long-term debt of the County, except for debt accounted for in proprietary funds.

Basis of Accounting

The modified accrual basis of accounting is followed by all governmental fund types and agency funds for financial statements purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For property taxes for June 30, 2000, available amounts are being considered as those collected within sixty days of the balance sheet date. Those funds that receive property tax revenue have accrued the amounts and are included in the due from balances from the County Treasurer Agency Fund.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Other revenues susceptible to accrual are interest revenue, charges for certain services and gross receipts taxes collected and received by the County within thirty days after the year end. All other fund revenues are recognized when received. The County follows GASB Statement 22 which requires revenue from taxpayer assessed taxes to be recognized in the accounting period when they become both measurable and available to finance expenditures of the fiscal period. The County follows GASB Statement 24, which requires pass-through grants and "on-behalf" payments for the County to be recorded.

Expenditures, other than vacation and sick pay, are recorded as liabilities when they are incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various fund sources.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Revenues derived from federal grants are recognized as revenue and as receivables when the applicable expenditures are incurred, except for grant-in-aid revenues, such as the Economic Development Fund, which are recognized as revenue during the year for which awarded. Revenues received in advance of the applicable expenditures being incurred are recorded as deferred revenue.

Capital improvement assessments receivables are recorded when the property owners have been assessed. If the corresponding capital improvement expenditure has not occurred, then the assessments are recorded as deferred revenue. Assessment revenue is recognized when the applicable expenditure has occurred.

Budgets

Budgets are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Appropriations of funds unused or overspent during the fiscal year may be carried over into the next fiscal year by budgeting those amounts in the subsequent year's budget. For the June 30, 2000 actual to budget comparisons, the actual amounts are reported on the budgetary basis, which is considered to differ from the modified accrual basis for governmental fund types and accrual basis for the enterprise funds.

Differences between the budgetary basis and GAAP include the following:

1. The budget includes encumbrances (unperformed contracts for goods or services). GAAP does not include encumbrances. Capitalized lease obligations are budgetary expenditures when paid.
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 project funds and the enterprise funds. The Housing Services enterprise and special revenue budgets are also approved by HUD.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Annual Budget

Department heads and elected officials are required to complete budget request forms for each organizational unit. The Board of County Commissioners reviews the budget package and the amended budget is then adopted and approved by resolution. The Finance Department prepares the adopted budget for submission to the Local Government Division (LGD) of the Department of Finance and Administration (DFA) by June 1, for interim approval. Before July 1, DFA grants interim approval of the budget. The County's final annual budget document, which incorporates any changes recommended by DFA/LGD is prepared and submitted to DFA/LGD by July 31. During September, the County's final annual budget is reviewed and certified by DFA/LGD.

After the annual budget is adopted, the following types of adjustments must be approved by the governing body through a resolution and submitted to DFA for review and approval:

- Budget increases
- Transfers of budget or cash between funds
- Budget decreases

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

- Transfer within organizational unit (between expenditure categories)
- Transfer between organization units (same department and same fund)

Organizational unit budgets are monitored by the Finance Department to ensure that DFA and County policy are being followed. Additionally, a mid-year budget review is conducted which may include a hearing with the County Manager, Finance Department 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.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used for purchase orders, contracts, and other commitments for the expenditures of moneys to reserve that portion of the applicable appropriation, as an extension of formal budgetary integration. Encumbrances outstanding at year end are reported as reservations of fund balances in governmental funds and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Equity in Pooled Cash and Investments

Equity in pooled cash and investments includes amounts in demand deposit accounts, money market accounts, certificates of deposit, U.S. Treasury securities, municipal securities, and repurchase agreements secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the County's name. The market value of the repurchase agreements approximate cost at June 30, 2000. Interest earned is allocated to the applicable County funds based on the County's policy of allocating interest to those funds which are required by law or by debt covenants. The remaining interest income is recorded in the General Fund.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

State statutes authorize the County to invest excess funds in United States bonds or treasury certificates, other instruments backed by the full faith and credit of the United States Government and other investments allowed by law. Money market investments with a remaining maturity of one year or less when purchased are stated at cost or amortized cost. U.S. Treasury Securities are accounted for at fair value in accordance with GASB 31.

Statement of Cash Flows

For purposes of reporting cash flows in proprietary funds, cash and cash equivalents include equity in pooled cash and all highly liquid investments with a maturity of three months or less when purchased.

Property Taxes Receivable

The County is responsible for assessing, collecting and distributing property taxes for its own operational and debt service purposes and 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 not later than December 10 and May 10. Collections and remittance of property taxes are accounted for in the County Treasurer's Agency Fund. Amounts are recognized as revenue in the applicable governmental fund types under generally accepted accounting principles.

Due From/To Other Funds

These receivables and payables between funds are classified as "due from other funds" or "due to other funds" on the balance sheet.

Restricted Assets

Cash excluding the general fund is reflected as restricted. Certain proceeds from the County's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also the cash in the enterprise funds are limited to specific uses such as construction of a water system by the Utilities Department. The tenant security deposits applicable to the rental of housing units by the Housing Services enterprise fund and other Housing Services and special revenue cash from the Department of Housing and Urban Development is restricted for its purposes.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost. Donated fixed assets, or those contributed by governmental entities, are valued at their estimated fair market value on the date received. Assets with a cost of less than \$500 are not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Enterprise fund fixed asset improvements are capitalized and depreciated over the remaining useful lives of the related assets. Interest expense is not capitalized as part of cost of construction, except for the construction of the jail facility financed by bonds.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

The Utilities Department consists of engineering costs and other expenses to plan and to build a water system. Depreciation expense is recorded by the Utilities Department over the estimated 50 year life of the water system. The Utilities Department depreciates its office furniture, vehicle and other assets over their applicable estimated lives that range from 3 to 5 years. The Housing Services enterprise fund depreciates its fixed assets over the estimated useful lives of the assets as follows: buildings - 40 years, all other assets - 5 years. The Jail Facility assets are being depreciated as the jail became operational in September 1999. The Jail Facility is being depreciated over a 40 year life and depreciates its office furniture, vehicles and other assets over their applicable estimated lives that range from 3 to 5 years. Interest expense from the bonds issued to construct the jail was capitalized as part of the construction cost.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized as these assets are immovable and of value only to the government.

Inventories

Inventory items such as general supplies and parts are expensed when purchased since inventories are not material to the June 30, 2000 financial statements.

Compensated Absences

Amounts of vested or accumulated vacation leave for governmental fund types are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees, in accordance with the provisions of governmental accounting. No liability is recorded for nonvesting accumulating sick leave benefits that are estimated, will be taken as "terminal leave" prior to retirement, or converted to annual leave during continued employment.

Long-term Obligations

Long-term debt and capital lease obligations are recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such external debt is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants, forgiven debt or contributions from other governments, customers, or other funds. Contributions received from customers to finance the construction of the water system have been recorded as contributed capital when the customer begins to receive water service. Customer contributions owed to the Utilities Department are recorded as notes receivable and deferred revenue if water service has not yet been extended to the customer.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Reserves in governmental funds represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Reserved for encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year end are reported as reservation of fund balances since they do not constitute expenditures or liabilities.

Reserved for debt service - This is used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.

Reserved by grant or law - This is used to segregate a portion of fund balance to indicate that balance represents an available spendable resource only for that fund.

Unreserved - Undesignated - This represents the excess of assets over liabilities of a governmental fund, which have not been reserved or designated for any purpose. These monies are available for unrestricted use by the County.

Bond Discounts and Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the period incurred. Bond discounts and issuance costs for proprietary funds are deferred and amortized over the term of the bonds using the debt-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Totals (Memorandum Only) Columns

Totals columns in the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(2) Pooled Cash and Investments

The County follows the practice of pooling cash and investments of all funds, except for some of the debt service funds and certain other funds. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as equity in pooled cash and investments.

Pooled cash and investments held by the County include cash on deposit with financial institutions, money market accounts, certificates of deposit, repurchase agreements, municipal bonds, treasury notes and treasury bills and mutual funds invested in government securities. Deposits are secured by both federal depository insurance and collateral pledged in the County's name. Under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. Market values of all cash, deposits and investments with a maturity of one year or less at the time of the purchase approximate the cost of those assets.

Deposits

The County's deposits are classified in three categories of credit risk: (1) insured or collateralized with securities in the County's name and held by the County or by its agent; (2) collateralized with securities pledged in the County's name and held by the pledging financial institution or by its agent and (3) uncollateralized since State Law required only 50% collateralization of the uninsured balance.

Deposits at financial institutions as of June 30, 2000, consist of the following:

	<u>Book value</u>	<u>Market value</u>
Deposits in risk category 1:		
Cash, money market accounts and certificates of deposits 100% insured under federal depository insurance	\$ 400,000	\$ 400,000
Deposits in risk category 2:		
Cash, money market accounts and certificates of deposit	8,217,004	8,217,004
Deposits in risk category 3:		
Cash, money market accounts and certificates of deposit	<u>1,121,393</u>	<u>1,121,393</u>
Total deposits	<u>\$9,738,397</u>	<u>\$9,738,397</u>
Local government investment pool - invested by the State of New Mexico Office of the State Treasurer for the County, recorded at cost in accordance with GASB 31	<u>\$10,845,314</u>	<u>\$10,845,314</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(2) Pooled Cash and Investments (Continued)

Investments

The County's investments are held by agents of the County in the County's name. Investments at June 30, 2000, consist of the following:

	<u>Book value</u>	<u>Market value</u>
Repurchase agreements	\$ 14,594,595	\$ 14,594,595
U.S. Treasury bills and notes cost (\$20,632,906)	20,025,133	20,025,133
U.S. Treasury cash reserves money market accounts	2,347,489	2,347,489
Mentor CRT money market fund at Everen Securities	<u>84,835</u>	<u>84,835</u>
Total investments	<u>\$ 37,052,052</u>	<u>\$ 37,052,052</u>
Total - All County deposits and investments	<u>\$ 57,635,763</u>	<u>\$ 57,635,763</u>
Amounts per financial statements:		
Cash and investments per exhibit 1	\$ 12,124,071	
Restricted cash per exhibit 1	45,712,405	
Cash overdraft per exhibit 1	<u>(200,713)</u>	
	<u>\$ 57,635,763</u>	

Market value is based on quoted market prices at year end.

(3) Interfund Assets and Liabilities

The interfund assets and liabilities reported in the Combined Balance Sheet - All Fund Types consist of the following:

	<u>Receivables</u>	<u>Pavables</u>
General Fund	<u>\$355,683</u>	<u>\$ 69,631</u>
Special Revenue Funds:		
Fire Fund	9,850	-
Road Maintenance	16,583	32,276
Recreation	21,478	-
CIAP Program	<u>27,153</u>	-
Total Special Revenue Funds	<u>75,064</u>	<u>32,276</u>
Debt Service Funds:		
Debt Service	36,795	
Environmental Revenue Bond Fund	33,927	-
Fire Tax Revenue Bond Debt Service	<u>5,719</u>	-
Total Debt Service Fund	<u>76,441</u>	<u>-</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(3) Interfund Assets and Liabilities (Continued)

Capital Projects Funds:		
Rio El Medio Community Project	\$ -	\$ 74
Bond Proceeds – Fire Tax	-	<u>5,719</u>
Total Capital Projects Funds	<u>-</u>	<u>5,793</u>
Enterprise Funds:		
Housing Services	-	27,153
Utilities Department	<u>4,376</u>	<u>16,583</u>
Total Enterprise Funds	<u>4,376</u>	<u>43,736</u>
Agency Funds:		
County Treasurer	<u>-</u>	<u>360,128</u>
Total Agency Funds	<u>-</u>	<u>360,128</u>
Total County	<u>\$511,564</u>	<u>\$511,564</u>

Interfund Transactions

The following is a summary of interfund transfers for the year ended June 30, 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	<u>\$ 889,268</u>	<u>\$5,413,752</u>
Special Revenue Funds:		
Correction Fund	-	125,000
Valuation Fund	1,276	-
Road Maintenance	107,748	-
Fire Fund	16,812	187,922
Lodgers Tax	-	35,000
Indigent	-	5,980
Section 8 Voucher Program	-	94,129
Section 8 Certificate Program	-	83,022
Housing Services Grant Program	81,518	55,652
CIAP Program	-	159,083
Road Projects	508,493	-
Bond Proceeds – Roads	-	352,562
EMS	-	<u>600,000</u>
Total Transfers Special Revenue Funds	<u>715,847</u>	<u>1,698,350</u>
Debt Service Funds:		
Debt Service	1,000,368	-
Environmental Revenue Bond Fund	169,480	500,000
Bond Reserve Sheriff Facility	393,846	-
Fire Tax Revenue Bond	<u>171,110</u>	<u>-</u>
Total Debt Service Funds	<u>1,734,804</u>	<u>500,000</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(3) Interfund Assets and Liabilities (Continued)

Capital Projects:			
Special Appropriation Projects	\$ 550,000		\$ 10,000
Community Development Block Grants	100,000		-
Bond Proceeds Sheriff	-		692,816
Bond Proceeds Fire Tax	-		647,806
Total Capital Projects Funds	<u>650,000</u>		<u>1,350,622</u>
Enterprise Funds:			
Housing Services	503,669		-
Utilities Department	134,336		-
Jail Facility	<u>4,334,800</u>		-
Total Enterprise Funds	<u>4,972,805</u>		<u>-</u>
 Total transfers	 <u>\$ 8,962,724</u>		 <u>\$ 8,962,724</u>

(4) Fixed Assets

The changes in the General Fixed Assets Account Group for the year ended June 30, 2000 are as follows:

	June 30, 1999 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2000 <u>Balance</u>
Land, buildings and improvements	\$23,246,107	\$6,456,606	\$ -	\$29,702,713
Equipment and vehicles	22,401,445	2,303,571	576,473	24,128,543
Furniture and fixtures	600,463	17,726	-	618,189
Library acquisition	<u>38,580</u>	<u>-</u>	<u>-</u>	<u>38,580</u>
	<u>\$46,286,595</u>	<u>\$8,777,903</u>	<u>\$576,473</u>	<u>\$54,488,025</u>

The following is a summary of proprietary funds fixed assets at June 30, 2000:

	June 30, 1999 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2000 <u>Balance</u>
<u>Housing Services</u>				
Equipment and vehicles	\$ 134,000	\$ 76,572	\$ -	\$ 210,572
Land, buildings and improvements	7,267,583	-	-	7,267,583
Construction in progress	-	158,581	-	158,581
	<u>7,401,583</u>	<u>235,153</u>	<u>-</u>	<u>7,636,736</u>
Less: Accumulated depreciation	<u>2,255,453</u>	<u>198,792</u>	<u>-</u>	<u>2,454,245</u>
 Net fixed assets	 <u>\$5,146,130</u>	 <u>\$ 36,361</u>	 <u>\$ -</u>	 <u>\$5,182,491</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(4) Fixed Assets (Continued)

	June 30, 1999 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2000 <u>Balance</u>
<u>Utilities Department</u>				
Water system	\$5,597,222	\$ -	\$ -	\$5,597,222
Office equipment, furniture and vehicle	<u>75,704</u>	<u>32,640</u>	-	<u>108,344</u>
	5,672,926	32,640	-	5,705,566
Less: Accumulated depreciation	<u>344,232</u>	<u>130,354</u>	-	<u>474,586</u>
Net fixed assets	<u>\$5,328,694</u>	<u>\$(97,714)</u>	<u>\$ -</u>	<u>\$5,230,980</u>
<u>Jail Facility</u>				
Land	\$ 126,781	\$ -	\$ -	\$ 126,781
Jail facility	26,310,613	130,000	-	26,440,613
Office equipment & furniture	814,300	35,121	-	849,421
Vehicles	<u>131,558</u>	<u>19,912</u>	-	<u>151,470</u>
	27,383,252	185,033	-	27,568,285
Less: Accumulated depreciation	<u>575,039</u>	<u>800,409</u>	-	<u>1,375,448</u>
Net fixed assets	<u>\$26,808,213</u>	<u>\$(615,376)</u>	<u>\$ -</u>	<u>\$26,192,837</u>

Depreciation expense was \$198,792 for Housing Services, \$130,554 for the Utilities Department and \$800,409 for the Jail Facility for the year ended June 30, 2000, respectively.

(5) General Long-term Debt

The following is a summary of general long-term debt transactions of the County for the year ended June 30, 2000:

	June 30, 1999 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2000 <u>Balance</u>
General obligation and gross receipts bonds	\$ 36,095,000	\$ -	\$ 1,205,000	\$ 34,890,000
Environmental revenue bonds	975,000	-	120,000	855,000
Fire protection revenue bonds	2,200,000	-	90,000	2,110,000
Landfill closure and postclosure care costs	1,875,000	-	-	1,875,000
Capital lease obligations	513,018	-	70,641	442,377
Compensated absences	904,816	94,747	-	999,563
Bonds payable issued via NMFA	<u>82,000</u>	<u>-</u>	<u>12,000</u>	<u>70,000</u>
	<u>\$ 42,644,834</u>	<u>\$ 94,747</u>	<u>\$ 1,497,641</u>	<u>\$ 41,241,940</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(5) General Long-term Debt (Continued)

General obligation and gross receipts bonds consist of the following issues:

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 2000 Balance</u>
May 1, 1991	6.0-7.6%	2000	\$ 1,500,000	\$ -
March 1, 1992	6.0-7.6%	2000	1,750,000	-
June 1, 1992	5.375-7.375%	2000	4,500,000	-
March 1, 1993	4.9-6.75%	2008	3,500,000	2,825,000
February 1, 1997	5.0-7.5%	2016	10,500,000	9,955,000
February 1, 1997	4.1-5.7%	2027	6,000,000	5,800,000
June 15, 1999	4.5-7.0%	2018	12,000,000	12,000,000
June 15, 1999	3.7-4.4%	2007	4,310,000	4,310,000
			<u>\$44,060,000</u>	<u>\$34,890,000</u>

Proceeds from prior years' general obligation bonds have been used for capital projects, open space, refunding, road improvements and a regional landfill and are payable from the County's collection of property taxes.

The environmental revenue bonds consist of the following issue:

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 2000 Balance</u>
September 1, 1993	3.25-5.7%	2006	<u>\$1,500,000</u>	<u>\$855,000</u>

Proceeds from environmental revenue bonds have been used to acquire and construct solid waste facilities, waste water facilities, sewer systems and related facilities. \$150,000 of the proceeds were used to establish a debt reserve fund. These bonds are payable from the environmental services gross receipts tax of .125%. A separate debt service fund has been established to account for the pledged revenues and payment of the debt.

The bonds issued through the New Mexico Finance Authority (NMFA) consist of the following issues:

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 2000 Balance</u>
November 1, 1994	4.7-6.0%	2004	<u>\$121,000</u>	<u>\$70,000</u>

The \$121,000 bond issue is secured by a portion of the County's state fire protection revenue.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(5) General Long-term Debt (Continued)

During October 1998 the County issued \$2,200,000 of fire protection revenue bonds which consist of the following issue:

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 2000 Balance</u>
October 1, 1998	3.4-3.7%	2003	<u>\$2,200,000</u>	<u>\$2,110,000</u>

Proceeds from the fire protection revenue bonds will be used for the purpose of equipping, constructing, expanding fire stations within the County and purchasing related fire equipment. The Bonds are payable from the one-fourth of one percent of the fire protection excise tax included in the County gross receipts tax. \$220,000 of the proceeds was used to establish a debt reserve fund. A separate debt service fund has been established to account for the pledged revenue and payment of debt.

Scheduled maturities of general obligation, gross receipts, environmental revenue, bonds payable issued through the NMFA and the five protection revenue bonds are as follows for the years subsequent to June 30, 2000:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 1,132,000	\$ 1,908,919	\$ 3,040,919
2002	1,653,000	1,846,657	3,499,657
2003	1,854,000	1,772,045	3,626,045
2004	2,035,000	1,684,218	3,719,218
2005	1,496,000	1,601,362	3,097,362
Thereafter	<u>29,755,000</u>	<u>13,329,509</u>	<u>43,084,509</u>
	<u>\$37,925,000</u>	<u>\$22,142,710</u>	<u>\$60,067,710</u>

Capitalized Lease Obligations

The County is obligated under the following leases accounted for on capital leases:

State Board of Finance, payable annually at \$58,158, interest free. Secured by voting machines.	\$290,793
State Board of Finance, payable annually at \$5,350, interest free. Secured by voting machines.	58,850
State board of Finance, payable annually at \$7,133, Interest free. Secured by voting machines.	<u>92,734</u>
	<u>\$442,377</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes To Financial Statements (Continued)

(5) General Long-term Debt (Continued)

The future minimum lease payments under capital leases at June 30, 2000:

<u>Year ending</u>	
2001	\$ 70,641
2002	70,641
2003	70,642
2004	70,642
2005	70,643
Thereafter	<u>89,168</u>
	<u>\$ 442,377</u>

Payments of principal and interest to the State Board of Finance were paid from the general fund and recorded as government service expenditures.

Landfill Closure and Postclosure Care Cost

The County follows GASB Statement No. 18, which requires that the current cost of landfill closure and postclosure care be recognized over the estimated life of the landfill.

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 postclosure care costs will be incurred after the date the landfill stops accepting waste, the County reports these closure and postclosure care costs as a liability in the general long-term account group as of each balance sheet date. The \$1,875,000 reported as landfill closure and postclosure care liability at June 30, 2000 represents the cumulative amount reported to date based on estimated capacity of the landfill. The County estimates it will expend approximately \$30,000 for postclosure costs in the next fiscal year and will be funded by general fund revenues. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal 2000. The County closed the landfill during fiscal year 1997. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Compensated Absences

A long-term liability amounting to \$999,563 at June 30, 2000 has been recorded representing the County's commitment to fund compensated absences from future operations. Vacation, compensating time and sick leave earned is cumulative; however, vacation time is limited to 240 hours that can be carried forward to the next calendar year. Excess time up to eighty hours can be sold back to the County if sufficient funding is available every January. Sick leave accumulated in excess of 240 hours is payable to employees at a rate equal to 50 percent of their hourly rate upon retirement. Employees can earn a maximum of 45 hours of compensatory time.

Prior Year Defeasance of Debt

In prior years, the County defeased the 1990 Facilities Project Revenue Bonds by placing proceeds in an irrevocable trust to provide for all future debt service payments for these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 2000, \$7,353,000 of bonds outstanding are considered defeased.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(5) General Long-term Debt (Continued)

Notes Payable - (Housing Services Enterprise Fund)

The Housing Services Enterprise Fund has the following notes payable due to the Department of Housing and Urban Development (HUD). The long-term debt at June 30, 2000 was as follows:

Notes payable issued on December 10, 1982 for \$2,677,358 at 6.6% interest. Annual payments of \$201,717 due on November 1 with a maturity date of November 1, 2014. Payments of principal and interest are made by or forgiven by HUD on the Housing Authority's behalf	\$1,883,881
Other notes payable to HUD at various interest rates and terms	<u>3,733,443</u>
Total long-term debt	5,617,324
Less: current portion	<u>77,041</u>
Total	<u>\$5,540,283</u>

No payments are being made on the other notes payable to HUD. The remaining debt and related interest is expected to be forgiven by HUD in the future.

The aggregate maturities of the Housing Services long-term debt at June 30, 2000 are as follows:

<u>Year ending June 30.</u>	<u>Principal Amount Pavable</u>
2001	\$ 77,041
2002	82,466
2003	87,909
2004	93,710
2005	99,616
Thereafter	<u>5,176,582</u>
Total	<u>\$5,617,324</u>

Correctional System Revenue Bonds (Jail Facility Enterprise Fund)

During February 1997, the County issued \$30,000,000 of Correctional System Revenue Bonds. The County has used a substantial portion of the proceeds to construct a new adult detention facility in Santa Fe County. A portion of the proceeds may also be used to renovate the existing County detention facility into a juvenile facility. Interest rates range from 4.1% to 6.0%. The bonds are secured by the jail facility and income derived from the jail facility.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(5) General Long-term Debt (Continued)

The maturities of the jail facility's long-term debt at June 30, 2000, is as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 310,000	\$ 1,620,630	\$ 1,930,630
2002	320,000	1,607,300	1,927,300
2003	335,000	1,593,220	1,928,220
2004	350,000	1,578,145	1,928,145
2005	365,000	1,562,045	1,927,045
Thereafter	<u>27,745,000</u>	<u>21,686,160</u>	<u>49,431,160</u>
	<u>\$29,425,000</u>	<u>\$29,647,500</u>	<u>\$59,072,500</u>

Water Rights Note Payable (Utility Department Enterprise Fund)

During 1999, the County purchased \$1,200,000 of water rights by entering into a note payable agreement. The County paid \$80,000 in the current fiscal year with the remaining liability to be paid off by the 2004 fiscal year. The payment schedule can be changed if a clear title for the water rights can not be obtained from the seller. The maturities of the utilities department's long-term debt at June 30, 2000 is as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 14,382	\$ 65,618	\$ 80,000
2002	364,132	45,006	409,138
2003	385,980	23,158	409,138
2004	<u>409,138</u>	<u>-</u>	<u>409,138</u>
	<u>\$1,173,632</u>	<u>\$133,782</u>	<u>\$1,307,414</u>

Conduit Debt Obligations

The County issued \$1,950,000 of Rancho Viejo Improvement District Bond during the 2000 fiscal year to provide assistance in the development of land within Rancho Viejo Improvement District (District). These bonds are secured only by a ten dollar per one thousand dollars of net taxable value within the District. The County is not obligated in any manner for repayment of these bonds. The County Treasurer does collect the additional assessment from the applicable taxpayer and remit the funds to the bond's trustee. Accordingly, these bonds are not reported as a Santa Fe County liability in the accompanying financial statements. The outstanding principal amount of these bonds at June 30, 2000 were \$1,950,000.

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. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(5) General Long-term Debt (Continued)

Conduit Debt Obligations.

As of June 30, 2000, there were two series of Project Revenue Bonds outstanding, with an aggregate principal amount payable of \$16,500,000.

The County has 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. The County is not obligated in any manner for repayment of these bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2000 the amount of bonds outstanding were \$3,000,000. Total conduit debt outstanding at June 30, 2000 was \$21,450,000.

(6) GAAP Basis to Budget Basis Reconciliation

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>GAAP basis revenues</u>	\$ 29,559,879	\$ 15,317,651	\$ 3,054,401	\$ 2,206,779
Adjustments:				
Entries to reverse prior year accruals	1,534,620	814,480	67,146	172,319
Entries to record current year accruals	(2,345,337)	(1,086,070)	(95,058)	(320,554)
Audit entries to reclass from expenditures	-	(940)	-	-
To adjust for market value increase in securities	(31,670)	-	-	-
Budgetary basis revenues	<u>\$ 28,717,492</u>	<u>\$ 15,045,121</u>	<u>\$ 3,026,489</u>	<u>\$ 2,058,544</u>
<u>GAAP basis expenditures</u>	\$ 24,792,584	\$ 13,537,948	\$ 3,932,199	\$ 6,155,551
Adjustments:				
Payment of prior year outstanding encumbrance	-	(11,702)	-	-
Current year encumbrances outstanding, net of account payable	1,373,716	5,663,962	-	1,132,384
Audit entries to reclass to revenue	-	(940)	-	-
Accounting to correct due to/due from	(9,850)	-	-	-
Reversal of prior year entries	243,719	156,909	-	64,753
Accrue additional bad debt expense	(151,947)	-	-	-
Accounting to correct operating transfers out	80,000	80,000	-	-
Accrue additional post closure land fill costs	(1,200,000)	-	-	-
Budgetary basis expenditures	<u>\$ 25,128,222</u>	<u>\$ 19,426,177</u>	<u>\$ 3,932,199</u>	<u>\$ 7,352,688</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(7) Retirement, Health and Deferred Compensation Plans

PERA Retirement Plan

Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Covered employees are required under the current plan to contribute 3.2875% of their gross salary for general member coverage in accordance with Municipal Division - General Coverage Plan 3, and 3.09% for police member coverage in accordance with Police Coverage Plan 4. The County is required by state statute to contribute the following percentages in accordance with the respective plans above: 19.0125% for general member coverage, and 27.76% for police member coverage. The contribution requirements may be amended by acts of the legislature.

The County contribution requirements for the years ended June 30, 2000, 1999 and 1998 were \$ 2,891,749, \$2,577,672, \$2,323,651 respectively. The contributions were the required amounts from the County and employees.

The County's payroll for the year ended June 30, 2000, for employees covered by the PERA was \$12,294,944 and substantially all employees of the County are covered by PERA.

Retiree Health Care Act Contributions

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, the Magistrate Retirement Act or the Public Employees Retirement Act.

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 Retiree Health Care Act on the person's behalf unless that person retires on or before July 1, 1997, in which event the time period required for employee and employer contributions shall become the period of time between July 1, 1990 and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

Each participating employer makes contributions to the fund in the amount of one percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution in an amount equal to one-half of one percent of the employee's annual salary. Each participating retiree pays a monthly premium of fifty-seven dollars and sixty-five cents (\$57.65) for the basic single plan and an additional participation fee of five dollars (\$5) if eligible participant retired prior to July 1, 1990 and made no contributions to the plan.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(7) Retirement, Health and Deferred Compensation Plans (Continued)

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee and retiree) and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 625 Don Gaspar, Santa Fe, New Mexico 87501.

For the fiscal year ended June 30, 2000, the County remitted \$123,183 in employer contributions and \$61,592 in employee contributions to the Retiree Health Care Authority.

(8) Fund Balance Restatements and (Deficits)

Special Revenue Fund

The Section 8 Voucher Program fund balance was restated to properly record the amount owed to HUD for the June 30, 1999 fiscal year.

Balance as previously reported	\$ 3,995
Prior period adjustment	<u>(41,594)</u>
Fund balance (deficit) as restated	<u>\$ (37,599)</u>

Enterprise Fund

The Housing Services Enterprise Fund had received information from HUD that \$1,397,903 of the loan principal and \$444,911 of accrued interest had been forgiven in the prior years. The restatement is to record the forgiveness of debt and interest.

Fund equity (deficit) as previously reported	\$(5,596,768)
Prior period adjustment	<u>1,842,814</u>
Beginning fund equity (deficit) as restated	<u>\$(3,753,954)</u>

The following funds had fund balance deficits at June 30, 2000:

Enterprise Funds

The Housing Services enterprise fund has a fund balance deficit of \$(3,650,852) at June 30, 2000. The deficit is mainly a result of recording depreciation expense and accruing interest expense on notes payable balances which management believes the Department of Housing and Urban Development will forgive. The Utilities Department and Jail Facility Funds have retained earnings deficits from losses generated from their start up of operations and depreciation expenses.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(8) Fund Balance Restatements and (Deficits) (Continued)

Special Revenue Fund

Section 8 Voucher Program had a fund balance deficit of \$24,930 and is expected to be resolved by subsequent transfer from other funds.

Capital Project Fund

The Rio En Medio Community Project Fund had a fund balance deficit of \$74 and is expected to be resolved by a subsequent transfer from the general fund.

The unreserved, undesignated fund balance (deficit) is the component of fund balance that represents the portion of the encumbrances which have not been billed to the applicable funding source.

(9) Applicable Segment Information

Housing Services - Accounts receivable

The aging of accounts receivable as of June 30, 2000 is as follows:

Current (0-60 days)	\$ 15,634
Past due (more than 61 days)	<u>69,066</u>
	84,700
Less allowance for uncollectible accounts	<u>(10,121)</u>
	<u>\$ 74,579</u>

Housing Services has \$45,075 in tenant deposits that are deposited in Housing Services general cash account. Housing Services has \$81,821 in Family Self Services Escrow deposits that are deposited in a separate bank account at 1st State Bank and are accounted for in the Section Eight special revenue funds and the liabilities are included in accounts payable and accrued expenditures.

During the year, contributed capital increased by the following amounts:

	<u>Housing Services</u>		<u>Utilities Department</u>		<u>Jail Facility</u>
	<u>HUD</u>	<u>County</u>	<u>County</u>	<u>Customers</u>	<u>County</u>
June 30, 1999	\$ 9,114,625	\$ 2,008,990	\$ 5,113,042	\$ 5,035,427	\$ 3,071,900
Contributions	<u>2,265,304</u>	<u>720,407</u>	<u>134,336</u>	<u>232,219</u>	<u>4,334,800</u>
June 30, 2000	<u>\$11,379,929</u>	<u>\$ 2,729,397</u>	<u>\$ 5,247,378</u>	<u>\$ 5,267,646</u>	<u>\$ 7,406,700</u>

In addition, the Utilities Department has a retained earnings deficit of \$ 827,680 originating when the fund was a development stage enterprise fund and depreciation expense being recorded for the GAAP basis financial statements.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(9) Applicable Segment Information (Continued)

The following segment information for the enterprise funds for the year ended June 30, 2000 is as follows:

	<u>Housing Services</u>	<u>Utilities Department</u>	<u>Jail Facility</u>	<u>Total</u>
Operating revenues	\$ 447,456	\$ 488,625	\$ 7,064,477	\$ 8,000,558
Depreciation and amortization	\$ 198,792	\$ 140,642	\$ 818,649	\$ 1,158,083
Income (loss)	\$ (400,567)	\$ (27,806)	\$ (3,543,058)	\$ (3,971,431)
Transfers in	\$ 503,669	\$ 134,336	\$ 4,334,800	\$ 4,972,805
Net income	\$ 103,102	\$ 106,530	\$ 791,742	\$ 1,001,374
Fixed asset additions	\$ 18,414	\$ 32,640	\$ 185,033	\$ 236,087
Net working capital	\$ 624,817	\$ 4,404,642	\$ 3,834,987	\$ 8,864,446
Total assets	\$ 5,986,122	\$ 12,151,884	\$ 34,254,925	\$ 52,392,931
Long-term liabilities	\$ 9,458,160	\$ 1,159,250	\$ 29,115,000	\$ 39,732,410
Total fund equity (deficit)	\$ (3,650,852)	\$ 9,687,344	\$ 1,399,325	\$ 7,435,817

(10) Commitments and Contingencies

The County receives funds from federal and state agencies. These funds are subject to audit and adjustment to the granting agency. Any disallowed amounts resulting from these audits would be required to be refunded. The County believes that the amounts, if any, that would be refunded would not have a material effect on the County's financial position at June 30, 2000.

Joint Powers Agreement

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(10) Commitments and Contingencies (Continued)

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately \$5.8 million. A final reconciliation will be 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.

The Agency has its own financial statements as a separate entity, audited on an annual basis. Complete financial statements for the Agency may be obtained at the Santa Fe Solid Waste Management Agency, 165 Caja Del Rio Road, Santa Fe, New Mexico 87502-6189.

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

Insurance

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 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 all of its general and workers' compensation insurance coverage. The agreement for formation of the NMCIA provides that NMCIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of amounts that range from \$150,000 for property to \$300,000 for other liability claims.

Legal Proceedings

The County is subject to various legal proceedings which arise in the ordinary course of the County's operations. In the opinion of the County's management, the ultimate resolution of the matters will not have a material adverse impact on the financial position or results of operations of the County.

Arbitrage Rebate

The County has determined that it is probable it will owe an arbitrage rebate to the Internal Revenue Service (IRS) on the excess interest income earned on the February 1, 1997 Bond Issues. The amount owed to the IRS will be paid during the June 30, 2002 fiscal year and will not have a material impact on the financial position or operations of the County.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(10) Commitments and Contingencies (Continued)

Operating Leases

The County leases various equipment under operating leases. Leases are subject to future appropriation and as such cancelable by the County at the end of a fiscal year. Rental expense for the year ended June 30, 2000 was \$2,900.

The future minimum lease payments under operating leases for the County is as follows:

Year ending June 30,

2001	\$17,400
2002	17,400
2003	17,400
2004	17,400
2005	17,400
Thereafter	133,035

(11) Accounting Standard Pronouncements

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 "State and Local Government Financial Reporting Model" which is effective for the County's fiscal year ending June 30, 2003. The effect on the County will require a major change in how the County presents its financial statements and require the County to capitalize its infrastructure assets. In addition, it will require the County to record depreciation expense for the capital assets, except land and land improvements, currently recorded in the general fixed asset account group. The statement also may require the County to record depreciation expense on the infrastructure assets if certain criteria regarding the condition of its infrastructure assets does not meet the GASB requirements.

In December 1998, the Governmental Accounting Standards Board (GASB) issued Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions" which is effective for the County's fiscal year ending June 30, 2001. The effect on the County is that it will require the County to use the accrual basis instead of modified accrual in recording tax and certain grant revenue for financial statement purposes.

The County has not assessed the future impact on its financial statements due to these GASB pronouncements.

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EXHIBIT C

FORM OF BOND COUNSEL OPINION

May____, 2001

Board of County Commissioners
Santa Fe County
102 Grant Avenue
Santa Fe, New Mexico 87501

Re: **\$8,500,000 Santa Fe County, New Mexico General Obligation Bonds, Series 2001**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of County Commissioners of Santa Fe County, New Mexico (the "County") of its General Obligation Bonds, Series 2001 in the aggregate principal amount of \$8,500,000 (the "Bonds"). We have examined the Constitution and laws of the State of New Mexico and such certified proceedings and other documentation as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the County.
2. All taxable property within the County is subject to *ad valorem* taxation without limitation as to rate or amount to pay the Bonds. The County is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The difference between the principal amount of the Bonds maturing on July 1, 2002 through July 1, 2008 (the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond, and the initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year.

The difference between the principal amount of the Bonds maturing July 1, 2009 through July 1, 2013 (the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds was sold constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser of such Discount will be increased by the amount of such accrued original issue discount.

4. The interest on the Bonds is exempt from taxation by the State of New Mexico under present New Mexico laws.

5. With regard to the Official Statement, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our telephone conferences with the representatives of the Issuer and our examination of certain documents referenced in the Official Statement, nothing has come to our attention which leads us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect except that we have not been engaged, or undertaken to review the accuracy, completeness or sufficiency of the financial or statistical information contained in the exhibits to the Official Statement or other statistical and financial information contained in the Official Statement and therefore we express no opinion thereon, (except that we consent to the inclusion of a form of this opinion in the Official Statement). We further disclaim any responsibility to advise you of events occurring after the date hereof which could have an effect on the foregoing opinions.

The rights of the owners of the Bonds and the enforceability of the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights generally and by equity principles whether considered at law or in equity.

Very truly yours,

HUGHES & STRUMOR, LTD. CO.

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EXHIBIT D

[FORM OF UNDERTAKING TO PROVIDE ONGOING DISCLOSURE]

CONTINUING DISCLOSURE UNDERTAKING

This instrument constitutes the written undertaking by the Santa Fe County, New Mexico (the "Issuer") for the benefit of the holders of the Santa Fe County, New Mexico General Obligation Bonds, Series 2001 (the "Bonds") required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule"). Capitalized terms used in this undertaking and not otherwise defined in Santa Fe County, New Mexico Resolution No. FR-33-1999 (the "Resolution") shall have the meanings assigned such terms in subsection 3 hereof.

1. The Issuer undertakes to provide the following information as provided herein:

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

2. a. The Issuer shall, while any Bonds are Outstanding, provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning in 2002, to each then existing NRMSIR and the SID, if any. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to each then existing NRMSIR and the SID, if any; 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 Issuer provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

b. If not provided as part of the Annual Financial Information, the Issuer shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to each then existing NRMSIR and the SID, if any.

c. If a Material Event occurs while any Bonds are Outstanding, the Issuer shall provide a Material Event Notice in a timely manner to the Municipal Securities Rulemaking Board at 1640 King Street, #300, Alexandria, VA 22314, and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

d. The Issuer shall provide in a timely manner to the Municipal Securities Rulemaking Board and to the SID, if any, notice of any failure by the Issuer while any Bonds are Outstanding to provide to each then existing NRMSIR and the SID, if any, Annual Financial Information on or before the Report Date.

3. The following are the definitions of the capitalized terms used herein and not otherwise defined in the Resolution:

a. ***“Annual Financial Information”*** means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”)) or operating data with respect to the Issuer, provided at least annually, of the type included in the final official statement with respect to the Bonds; which Annual Financial Information may, but is not required to, include Audited Financial Statements.

b. ***“Audited Financial Statements”*** means the Issuer’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

c. ***“Material Event”*** means any of the following events, if material, with respect to the Bonds:

- (i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities; and
- (xi) Rating changes.

d. ***“Material Event Notice”*** means written or electronic notice of a Material Event.

e. ***“NRMSIR”*** means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule. The NRMSIRs as of the date hereof are:

BLOOMBERG MUNICIPAL REPOSITORIES

P.O. Box 840
Princeton, New Jersey 08542-0840
Telephone: (609) 279-3200
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC DATA INC.

One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nurmsir@dpcdata.com

KENNY INFORMATION SYSTEMS, INC.

Attn: Kenny Repository Service
65 Broadway, 16th Floor
New York, NY 10006
Telephone: (212) 770-4595
Fax: (212) 797-7994

THOMSON NRMSIR

Attn: Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Telephone: (212) 807-5001/(800) 689-8466
Fax: (212) 989-2078
E-mail: Disclosure@Muller.com

f. **“SID”** means a state information depository as operated or designated by the State as such for the purposes referred to in the Rule.

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

5. The continuing obligation hereunder of the Issuer to provide Annual Financial Information, Audited Financial Statements, if any, and Material 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 Issuer delivers to each then existing NRMSIR and the SID, if any, 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 Bondholders, but only upon the delivery by the Issuer to each then existing NRMSIR and the SID, if any, 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 Issuer with the Rule.

6. Any failure by the Issuer to perform in accordance herewith shall not constitute an “Event of Default” under the Bonds and the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of an “*Event of Default*” shall not apply to any such failure; however, Bondholders may sue to enforce performance of the undertakings set forth herein.

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IN WITNESS WHEREOF, Santa Fe County, New Mexico has caused this instrument to be signed, subscribed, and executed, and attested with the signature of the Chairman of the Board of County Commissioners; has caused its corporate seal to be affixed on this instrument; all as of May __, 2001.

**SANTA FE COUNTY, NEW MEXICO
BOARD OF COUNTY COMMISSIONERS**

By: /s/ _____
Chairman

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EXHIBIT E

SPECIMEN POLICY

(Attached)

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FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation
Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

SPECIMEN

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