

NEW ISSUE – Book-Entry-Only
Bank Qualified

RATINGS: Moody's: Aa1
S&P: AA+

\$17,000,000
SANTA FE COUNTY, NEW MEXICO
General Obligation Bonds
Series 2009

Dated: Date of Delivery

Due: July 1, as shown below

The Bonds are issuable as fully registered bonds and when initially purchased will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each January 1 and July 1, commencing January 1, 2010. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to the registered owner will mean Cede & Co., and payments of principal or interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "The Bonds – Book-Entry-Only System" herein. The Santa Fe County Treasurer is the Registrar and Paying Agent for the Bonds.

The Bonds are issuable only as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will bear interest from the delivery date.

MATURITIES, INTEREST RATES AND YIELDS OR PRICES

Year (July 1)	Principal	Interest Rate	Price/Yield	Year (July 1)	Principal	Interest Rate	Price/Yield
2010	\$ 750,000	3.000%	1.00%	2018	\$1,000,000	4.000%	3.30%
2011	3,000,000	3.000%	1.45%	2019	1,000,000	4.300%	3.65%
2012	500,000	3.000%	1.75%	2020	1,000,000	3.800%	3.90%
2013	500,000	3.000%	2.15%	2021	1,250,000	4.000%	4.05%
2014	1,000,000	3.000%	2.50%	2022	1,250,000	4.100%	4.15%
2015	1,000,000	3.000%	2.70%	2023	1,250,000	4.100%	4.20%
2016	1,000,000	3.250%	2.95%	2024	1,500,000	4.200%	4.30%
2017	1,000,000	3.375%	3.15%				

The Bonds are general obligations of Santa Fe County, New Mexico (the "County"), payable from general (*ad valorem*) taxes which shall be levied against all taxable property in the County without limitation as to rate or amount.

The County has undertaken, for the benefit of the owners of the Bonds, to provide certain annual and periodic disclosures described under the caption "CONTINUING DISCLOSURE INFORMATION" herein.

THE BONDS ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY AS MORE FULLY DESCRIBED HEREIN. SEE "THE BONDS - Optional Redemption of Bonds" HEREIN.

The Bonds are being issued pursuant to the powers of the Board of County Commissioners under Section 4-49-1 through 4-49-21, inclusive, and Section 6-15-1 through 6-15-10, NMSA 1978 as amended and supplemented, the Constitution and other laws of the State, for the purpose of providing funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County.

The Bonds are offered when, as and if issued by the County, subject to the approval of Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel and certain other conditions. It is expected that the Bonds will be available for delivery on or about April 15, 2009, through the facilities of the Depository Trust Company, New York, New York.

Dated: March 10, 2009.

PiperJaffray®

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

No dealer, salesman or other person has been authorized by Santa Fe County, New Mexico (the "County") to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth or included in this Official Statement has been provided by the County and from other sources believed by the County to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the County described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon exemptions contained in such Act. The registration and qualification of the Bonds in accordance with applicable provisions of the securities law of the states in which the Bonds have registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement is "deemed final" by the County for purposes of Rule 15c2-12 of the Municipal Securities Rulemaking Board. The County has covenanted to provide such annual financial statements and other information in the manner as may be required by regulations of the Securities and Exchange Commission or other regulatory body.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement contains statements that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "project," "intend," "expect," and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

SANTA FE COUNTY, NEW MEXICO

County Administration Building
102 Grant Avenue
Santa Fe, New Mexico 87501
(505) 986-6200

COUNTY COMMISSION

Chairperson	Mike D. Anaya
Vice-Chair	Harry B. Montoya
Commissioner	Kathleen Suzanne Holian
Commissioner	Elizabeth T. Stefanics
Commissioner	Virginia Vigil

ADMINISTRATION

County Manager	Roman Abeyta
County Clerk	Valerie Espinoza
County Treasurer	Victor A. Montoya
County Assessor	Domingo Martinez
County Finance Director	Teresa Martinez
County Attorney	Stephen C. Ross

FINANCIAL ADVISOR

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

BOND COUNSEL

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

PAYING AGENT/REGISTRAR

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

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OFFICIAL STATEMENT

\$17,000,000
Santa Fe County, New Mexico
General Obligation Bonds
Series 2009

INTRODUCTION AND SUMMARY

This Official Statement is furnished to prospective purchasers of the Santa Fe County, New Mexico, General Obligation Bonds, Series 2009 (the "Bonds"), issued in the aggregate principal amount of \$17,000,000 by Santa Fe County, New Mexico (the "County"). The offering of the Bonds is made only by way of this Official Statement and the Official Notice of Meeting and Bond Sale, authorized by a resolution adopted by the Board of County Commissioners (the "Board") on February 10, 2009 (the "Notice of Sale Resolution"). Additional information concerning the County, the Bonds and other aspects of this offering may be obtained either from the County or from RBC Capital Markets Corporation (the "Financial Advisor") at the address set forth in the section entitled "ADDITIONAL INFORMATION."

The following material is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other use of this "INTRODUCTION AND SUMMARY" without the entire Official Statement, including the cover page and the appendices, is unauthorized.

All terms used in this Official Statement that are not defined herein shall have the meanings given such terms in the Notice of Sale Resolution.

The Issuer

The County is located in north central New Mexico, with a land area of 1,909 square miles and a population of 147,000 (estimated 2007). The City of Santa Fe is the State capital and County seat. The economy is based primarily upon government and related activities, retail trade, tourism, and cultural and recreational activities and facilities.

Authority for Issuance and Purpose

The Bonds are issued in accordance with the Constitution and laws of the State of New Mexico, in particular, Sections 4-49-1 through 4-49-21, and Sections 6-15-1 through 6-15-10 NMSA 1978, as amended and supplemented. The Bonds are the first series of general obligation bonds approved by the qualified electors of the County at an election held on November 4, 2008 to provide funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County.

The Bonds

The Bonds will be registered as to principal and interest, issued in denominations of \$5,000 each, or integral multiples thereof, in conformance with the Constitution and laws of the State and pursuant to

the Resolution. The Bonds shall mature in the principal amounts and on the dates shown on the cover page hereof. Interest shall be payable January 1, 2010 and on January 1 and July 1 of each year thereafter to registered owners shown on the books of the Registrar on the 15th day of the month preceding each regularly scheduled interest payment date thereafter (a "Record Date"). The Bonds will be issued only in fully registered form and will be initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company pursuant to the book-entry-only system described herein.

Security

The Bonds are secured by the County's full faith and credit and are general obligations of the County payable from *ad valorem* taxes to be levied, without limitation as to rate or amount, against all taxable property within the County. See "SECURITY AND REMEDIES."

Purpose

The Bonds are being issued to provide funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County.

Financial Statements

The County's audited financial statements as of and for the year ended June 30, 2008 including the opinions rendered thereon of certified public accountants, are attached as Appendix B.

Selected Debt Ratios

	<u>2008</u>
2008 Assessed Valuation	\$6,550,808,648
2008 Estimated Actual Valuation (1)	\$19,885,790,853
County Net Debt as a Percentage of Assessed Valuation	1.94%
As Percentage of Actual Valuation	0.64%
Direct and Overlapping Debt as a Percentage of Assessed Valuation	3.97%
Estimated Actual Valuation	1.31%
Estimated Population	147,000
County General Obligation Current Outstanding Debt	\$113,965,000
Series 2009 General Obligation Bonds	\$17,000,000
County Net General Obligation Debt	\$126,787,612
Estimated Direct and Overlapping GO Debt	\$260,232,692
County Net Debt Per Capita	\$862.50
Direct and Overlapping Debt Per Capita	\$1,770.29

(1) Actual valuation is computed by adding 2008 exemptions to the 2008 assessed valuation and multiplying by three.

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

Tax Matters

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX EXEMPTION" herein, including the alternative minimum tax on corporations.

Agents and Advisors

The County Treasurer will serve as Paying Agent and Registrar. Barraclough & Associates has audited the County's general purpose financial statements as of and for the year ended June 30, 2008.

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, has acted as bond counsel for the issuance of the Bonds and has also acted as special counsel to the County in connection with the preparation of this Official Statement and the sale of the Bonds. See "LEGAL MATTERS" herein. RBC Capital Markets Corporation, Albuquerque New Mexico, has acted as Financial Advisor to the County for the issuance of the Bonds.

Additional Information

This Official Statement is accurate only as of its date, and no representation is made that the information contained herein has not changed since that date. This Official Statement is intended to be made available to investors through the Financial Advisor.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete, and reference is made to those statutes, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of those statutes, regulations and documents may be obtained upon request directed to the County, and upon payment to the County of a charge for copying, mailing and handling, at the Santa Fe County Administration Building, 102 Grant Avenue, Santa Fe, New Mexico 87501, telephone number (505) 986-6200, Attention: County Manager.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract between the County and the purchasers or holders of any of the Bonds.

THE BONDS

Description

The Bonds are general obligation bonds to be issued by the County in the total principal amount of \$17,000,000 and will be dated the Date of Delivery, which is expected to be on or about April 15, 2009. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the cover page of this Official Statement payable semiannually on January 1 and July 1 each year, commencing on January 1, 2010, and maturing serially, as set forth on the cover page of this Official Statement.

The Bonds will be issued only in fully registered form and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the

book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners hereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Authorization

The Bonds are being issued pursuant to the Board's powers under Article IX, Section 10 of the Constitution of the State of New Mexico, and Sections 4-49-1 through 4-49-21 and 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented, the Notice of Sale Resolution and the resolution of the Board awarding the Bonds to the successful bidder for the Bonds in the public sale held on March 10, 2009 (together, the "Resolution"). A copy of the Official Notice of Meeting and Bond Sale is attached to this Official Statement as Appendix C.

Bond Registrar and Paying Agent

The County Treasurer will serve as the Bond Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the 15th day of the calendar month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by the Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

Optional Redemption of Bonds

The Bonds maturing on or after July 1, 2020 are subject to prior redemption at the County's option in one or more units of principal of \$5,000 on and after July 1, 2019, in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each \$5,000 unit of principal so redeemed plus accrued interest to the redemption date.

Redemption Procedures

Notice of redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45) days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if

less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the County.

Conditional Redemption

If money sufficient to pay the optional redemption price of the Bonds to be called for optional redemption is not on deposit with the Paying Agent prior to the giving of notice of optional redemption referred to above, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the County and the Registrar shall give notice, in the manner in which the original notice of optional redemption was given, that such money was not received. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Exchange or Transfer of Bonds

The Registrar/Paying Agent will maintain the books of the County for the registration of ownership of the Bonds. Upon the surrender for transfer of any Bond at the principal office of the Registrar/Paying Agent, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar/Paying Agent shall authenticate and deliver not more than three business days after receipt of the Bond to be transferred in the name of the transferee or transferees a new Bond or Bonds in fully registered form of the same aggregate principal amount of authorized denominations, and of the same maturity, interest rate and series, bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the principal office of the Registrar/Paying Agent for an equal aggregate principal amount of Bonds of other authorized denominations, and of the same maturity, series and interest rate. The Registrar/Paying Agent shall authenticate and deliver not more than three business days after receipt of the Bond to be exchanged a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds as herein provided shall be without charge to the owner or any transferee, but the Registrar/Paying Agent may require the payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Tax Covenants

In the Resolution, the County covenants for the benefit of the owners of the Bonds that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

The County further covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield, as required, on investment property acquired with those proceeds, (iii) make timely rebate payments, if required, to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. See "TAX EXEMPTION" herein.

Book-Entry-Only System

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

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. One fully registered bond for each maturity, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc.; the American Stock Exchange, LLC; and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, (the "Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser or each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that the book-entry system for the Bonds is discontinued.

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

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal and interest payments on the Bonds will be made to DTC or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the County, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

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

When reference is made to any action that is required or permitted to be taken by the Beneficial Owners, such reference relates only to those permitted to act by statute, regulation or otherwise on behalf

of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the County does not have responsibility for distributing such notices to the Beneficial Owners.

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed.

SECURITY AND REMEDIES

General

The Bonds are general obligations of the County payable from *ad valorem* taxes, which may be levied against all taxable property within the County without limitation of rate or amount. The Bonds are secured by the obligation of the Board of County Commissioners of the County to levy and collect upon all taxable property within the County a tax rate levy sufficient, together with other legally available revenues, to pay the debt service on the Bonds. Such annual levy for debt service creates a statutory tax lien that can be enforced personally against the owner of the property or enforced by sale of the property. Neither the State nor any other political subdivision has any responsibility to pay the debt service on the Bonds.

Legal Matters

Various State laws and constitutional provisions apply to the assessment and collection of *ad valorem* property taxes. There is no assurance that there will not be any amendment, change in the interpretation of, or addition to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the County.

Limitations on Remedies Available to Owners of Bonds

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the County in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles, which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of

America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

PURPOSE AND PLAN OF FINANCING

The Bonds are being offered for the purpose of providing funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County.

SOURCES AND USES OF FUNDS

The sources and uses of funds relating to the Bonds, other than accrued interest, are set forth in the following table.

SOURCES OF FUNDS

Bond proceeds	\$17,000,000.00
Net Reoffering Premium	<u>251,547.50</u>
 TOTAL SOURCE OF FUNDS	 <u>\$17,251,547.50</u>

USES OF FUNDS

Deposit to Acquisition Fund	<u>\$17,251,547.50</u>
 TOTAL USES OF FUNDS	 <u>\$17,251,547.50</u>

DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

Article IX, Section 13, of the New Mexico Constitution limits the powers of a county to incur general obligation debt in an aggregate amount, including existing indebtedness, exceeding four percent of the value of the taxable property within such county as shown by the last preceding general assessment. A test for maximum general obligation bonds outstanding of the county follows:

2008 Assessed Valuation	\$6,550,808,648
2008 Estimated Actual Valuation (1)	\$19,885,790,853
Bonded Debt	
Current Outstanding Debt	\$113,965,000
Series 2009 General Obligation Bonds	17,000,000
Less Debt Service Fund Balance (2)	<u>4,177,388</u>
NET DEBT	\$126,787,612
Ratio of Estimated Net Debt to 2008 Assessed Valuation	1.94%
Ratio of Estimated Net Debt to 2008 Estimated Actual Valuation	0.64%
Per Capita Net Bonded Debt:	\$862.50
Est. Population:	147,000

(1) Actual valuation is computed by adding 2008 exemptions to the 2008 assessed valuation and multiplying by three.

(2) The cash balance as of January 31, 2009 was \$7,246,875. The amount attributable to principal reduction is 48.54%.

Debt Service Requirements to Maturity

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

TYE 31-Oct	<u>Present Requirement</u>			<u>Series 2009</u>				<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	
2009	\$6,695,000	\$4,358,234	\$11,053,234	\$ -0-	-	\$ -0-	\$ -0-	\$11,053,234
2010	6,185,000	4,451,110	10,636,110	750,000	3.000%	733,025	1,483,025	12,119,135
2011	5,145,000	4,209,530	9,354,530	3,000,000	3.000%	582,750	3,582,750	12,937,280
2012	5,280,000	4,002,014	9,282,014	500,000	3.000%	492,750	992,750	10,274,764
2013	5,430,000	3,784,306	9,214,306	500,000	3.000%	477,750	977,750	10,192,056
2014	4,745,000	3,584,300	8,329,300	1,000,000	3.000%	462,750	1,462,750	9,792,050
2015	5,355,000	3,392,875	8,747,875	1,000,000	3.000%	432,750	1,432,750	10,180,625
2016	5,720,000	3,162,725	8,882,725	1,000,000	3.250%	402,750	1,402,750	10,285,475
2017	7,155,000	2,891,638	10,046,638	1,000,000	3.375%	370,250	1,370,250	11,416,888
2018	7,055,000	2,587,550	9,642,550	1,000,000	4.000%	336,500	1,336,500	10,979,050
2019	5,500,000	2,345,688	7,845,688	1,000,000	4.300%	296,500	1,296,500	9,142,188
2020	6,000,000	2,125,688	8,125,688	1,000,000	3.800%	253,500	1,253,500	9,379,188
2021	6,250,000	1,877,750	8,127,750	1,250,000	4.000%	215,500	1,465,500	9,593,250
2022	6,900,000	1,623,688	8,523,688	1,250,000	4.100%	165,500	1,415,500	9,939,188
2023	6,900,000	1,334,000	8,234,000	1,250,000	4.100%	114,250	1,364,250	9,598,250
2024	7,600,000	1,037,250	8,637,250	1,500,000	4.200%	63,000	1,563,000	10,200,250
2025	3,900,000	709,063	4,609,063	-	-	-	-	4,609,063
2026	11,100,000	539,125	11,639,125	-	-	-	-	11,639,125
2027	1,050,000	44,625	1,094,625	-	-	-	-	1,094,625
	<u>\$113,965,000</u>	<u>\$48,061,159</u>	<u>\$162,026,159</u>	<u>\$17,000,000</u>		<u>\$5,399,525</u>	<u>\$22,399,525</u>	<u>\$184,425,684</u>

Statement of Estimated Direct and Overlapping Debt

The following calculation analyzes the debt load and per capita debt of the County payable from property taxes. In addition to outstanding debt of the County, the calculation takes into account debt attributable to taxing entities that is the responsibility of taxpayers within the boundaries of the County.

<u>Governmental Entity</u>	<u>2008 Valuation</u>	<u>GO Debt Outstanding</u>	<u>Applicable Percentage</u>	<u>Amount</u>
State of New Mexico	\$50,486,023,333	\$299,865,000	12.98%	\$38,908,952
City of Santa Fe	3,502,776,192	20,000,000	100.00%	20,000,000
Town of Edgewood	83,891,565	-	1.28%	-
Espanola Schools	489,756,580	12,220,000	1.63%	199,492
Moriarty Schools	443,102,225	26,370,000	3.30%	869,248
Pojoaque Schools	167,745,555	4,690,000	100.00%	4,690,000
Santa Fe Community College	6,060,182,825	18,100,000	100.00%	18,100,000
Santa Fe Schools	6,060,182,825	46,500,000	100.00%	46,500,000
Santa Fe County	<u>6,550,808,648</u>	<u>130,965,000</u>	<u>100.00%</u>	<u>130,965,000</u>
Total Direct & Overlapping Debt				\$260,232,692
Ratio of Estimated Direct & Overlapping Debt to 2008 Assessed Valuation:				4.29%
Per Capita Direct & Overlapping Debt:				\$1,770.29

Analysis of Assessed Valuation

Assessed Valuation of property within the County is calculated as follows: Of the total assessed valuation of all taxable property in the County, 33 1/3% is legally subject to *ad valorem* taxes. After deduction of certain personal exemptions, the 2008 Assessed Valuation is \$6,550,808,648. The actual value of personal property within the County (see "Assessments" below) is determined by the County Assessor. The actual value of certain corporate property within the County (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division.

The analysis of Assessed Valuation follows:

Analysis of Assessed Valuation					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assessments					
Value of Land	\$2,159,573,905	\$2,090,684,617	\$1,819,334,132	\$1,654,986,091	\$1,489,737,116
Improvements	4,141,055,798	3,841,567,285	3,437,082,333	3,088,794,100	2,744,373,252
Personal Property	179,454,878	78,645,383	83,859,044	77,731,177	74,865,780
Mobile Homes	40,117,353	39,010,403	45,489,768	45,944,803	45,069,390
Livestock	1,878,466	1,541,647	1,466,907	1,758,318	1,492,914
Assessors Total Taxable Value	<u>\$6,522,080,400</u>	<u>\$6,051,449,335</u>	<u>\$5,387,232,184</u>	<u>\$4,869,214,489</u>	<u>\$4,355,538,452</u>
Less Exemptions	-				
Head of Family	34,052,507	33,790,500	33,262,500	32,737,066	32,395,000
Veterans	43,735,796	42,254,405	39,209,265	33,942,618	27,367,372
Other	-0-	----	----	----	----
Total	\$77,788,303	\$76,044,905	\$72,471,765	\$ 66,679,684	\$ 59,762,372
Assessors Net Taxable Value	6,444,292,097	5,975,404,613	5,314,760,419	4,802,534,805	4,295,776,080
Centrally Assessed	106,516,551	99,486,137	90,254,347	84,806,674	78,818,625
Total Assessed Valuation	<u>\$6,550,808,648</u>	<u>\$6,074,890,750</u>	<u>\$5,405,014,766</u>	<u>\$4,887,341,479</u>	<u>\$4,374,594,705</u>

Source: State of New Mexico, Taxation and Revenue Department, Property Tax Division, and Office of the Santa Fe County Assessor.

A further analysis of Assessed Valuation classified as Residential and Non-Residential for the last five years follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Residential	\$4,774,246,950	\$4,477,871,022	\$4,034,418,958	\$3,637,538,336	\$3,228,093,487
Non-Residential	<u>1,776,561,698</u>	<u>1,597,019,728</u>	<u>1,370,595,808</u>	<u>1,249,803,143</u>	<u>1,146,501,218</u>
Total	<u>\$6,550,808,648</u>	<u>\$6,074,890,750</u>	<u>\$5,405,014,766</u>	<u>\$4,887,341,479</u>	<u>\$4,374,594,705</u>
Growth	7.83%	12.39%	10.59%	11.72%	7.93%

Source: State of New Mexico, Taxation and Revenue Department, Property Tax Division, and Office of the Santa Fe County Assessor.

History of Assessed Valuation

The following is a history of assessed valuation for the City of Santa Fe and the County. Since 2004, the tax base of the City has increased 45.0% and the tax base of the County has increased 49.7%.

<u>Tax Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>
2008	\$3,502,776,192	\$6,550,808,648
2007	3,221,060,817	6,074,890,750
2006	2,934,789,574	5,405,014,763
2005	2,667,165,858	4,887,341,479
2004	2,415,092,247	4,374,594,705

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total *ad valorem* taxes for operational purposes levied by all overlapping governmental units within the County to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the County voting on the question. The following table summarizes the tax situation on residential property located within the County for 2008-2009 Fiscal Year and the previous four years. The County expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may adversely impact the County's ability to repay bonds.

**RESIDENTIAL TAX RATES - Per \$1,000 Assessed Valuation – Tax Years
Within 20 Mill Limit for General Purposes**

RESIDENTIAL TAX RATES - Per \$1,000 Assessed Valuation

Within 20 Mill Limit for General Purposes

	2008-09	2007-08	2006-07	2005-06	2004-05
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Santa Fe County	4.507	4.415	4.450	4.452	4.617
City of Santa Fe	1.055	1.026	1.033	0.440	0.459
Santa Fe Schools	<u>0.115</u>	<u>0.113</u>	<u>0.114</u>	<u>0.114</u>	<u>0.119</u>
Total	\$5.677	\$5.554	\$5.597	\$5.006	\$5.195

Over 20 Mill Limit – Interest, Principal, Judgment, etc.

	2008-09	2007-08	2006-07	2005-06	2004-05
State of New Mexico	\$1.250	\$1.221	\$1.291	\$1.234	\$1.028
Santa Fe County	1.969	1.867	1.697	1.867	1.007
Santa Fe Community College	3.160	3.119	2.220	4.046	3.221
City of Santa Fe	0.461	0.000	0.000	0.000	0.000
Santa Fe Schools	<u>6.867</u>	<u>6.847</u>	<u>6.885</u>	<u>6.908</u>	<u>7.043</u>
Total	\$13.707	\$13.054	\$12.093	\$14.055	\$12.299

Total Levy

	2008-09	2007-08	2006-07	2005-06	2004-05
State of New Mexico	\$1.250	\$1.221	\$1.291	\$1.234	\$1.028
Santa Fe County	6.476	6.282	6.147	6.319	5.624
Santa Fe Community College	3.160	3.119	2.220	4.046	3.221
City of Santa Fe	1.516	1.026	1.033	0.440	0.459
Santa Fe Schools	6.982	6.960	6.999	7.022	7.162

Total Residential in

City of Santa Fe **\$19.384** **\$18.608** **\$17.690** **\$19.061** **\$17.494**

Total Non-Residential in

City of Santa Fe **\$27.502** **\$26.289** **\$26.442** **\$25.831** **\$24.648**

Total Residential in

Unincorporated County **\$17.868** **\$17.582** **\$16.657** **\$18.621** **\$17.035**

Total Non-Residential in

Unincorporated County **\$25.043** **\$24.344** **\$24.541** **\$24.547** **\$23.382**

Total Residential in

City of Española **\$16.860** **\$15.760** **\$18.219** **\$19.321** **\$19.926**

Total Non-Residential in

City of Española **\$23.606** **\$21.886** **\$24.097** **\$24.894** **\$25.119**

Total Residential in

Town of Edgewood	\$18.297	\$16.962	\$16.994	\$18.148	\$17.204
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Total Non-Residential in

Town of Edgewood	\$24.467	\$22.736	\$22.940	\$23.812	\$22.615
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Source: State of New Mexico, Department of Finance & Administration and Office of the Santa Fe County Assessor.

Major Taxpayers

The ten largest taxpayers in Santa Fe County have a combined valuation of \$316,605,268, representing 4.83% of the total assessed valuation within the County.

<u>Name</u>	<u>Business</u>	<u>2008 Assessed Valuation</u>	<u>Percentage of Assessed Valuation</u>
Qwest Corporation	Telephone Utility	\$52,269,376	0.80%
Public Service Company of New Mexico	Gas Utility	45,674,951	0.70%
Public Service Company of New Mexico	Electric Utility	41,947,076	0.64%
Singleton Properties	Real Estate	41,925,909	0.64%
B&B Santa Fe Mall	Retail	30,427,262	0.46%
La Posada, Inc.	Hotel	25,000,000	0.38%
PNM Gas Services	Gas Utility	21,000,970	0.32%
De Vargas Joint Center	Retail	20,500,000	0.31%
Wal-Mart Stores	Retail	19,226,424	0.29%
Eldorado Partnership	Hotel	18,633,300	0.28%

Source: Office of the Santa Fe County Assessor.

Yield Control Limitation

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production *ad valorem* and oil and gas production equipment *ad valorem* taxes) or assessment that will produce revenues that exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value," as defined by Statute, divided by such prior property tax year's total taxable property value; but if that percentage is less than 100 percent, then the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year's index over the index for the calendar year next preceding the prior calendar year (unless there was a decrease, in which case zero if used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies*

and to any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.

Limitations on Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas which have experienced large increases in residential property values in recent years), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998 and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitations may be applied to classes of residential property taxpayers based on occupancy, age or income. The limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

A bill implementing the constitutional amendment was adopted by the Legislature during the 2001 Legislative Session and signed by the Governor on April 5, 2001. Section 7-36-21.2, NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001. Annual valuation increases will be limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. These limitations do not apply under the following exceptions:

1. When property is being valued for the first time;
2. When physical improvements are made to the property;
3. When a change of ownership outside the family occurs;
4. When a change in zoning or use of property occurs; and
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.

Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purpose for single-family dwellings occupied by low-income owners who are sixty-five years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

1. To property that is being valued for the first time;
2. To a change in valuation resulting from physical improvements made to the property in the preceding year; and
3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Amendments to State laws affecting residential property taxes are proposed from time to time and may be proposed in the future by the Legislature. Such amendments, if enacted, could result in an increase to the tax rate imposed on residential property tax within the County in order to pay the principal of and interest on general obligation bonds issued by the County, including the Bonds.

Tax Collections on Locally Assessed and Centrally Assessed Property

General (*ad valorem*) taxes for all units of government are collected by the county treasurer and distributed monthly to the various political subdivisions to which they are due. Property taxes are due in two installments. The first half installment is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10. Collection statistics for all political subdivisions for which each county treasurer collects taxes are presented here:

Property Tax Collections for Santa Fe County

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Current Tax Collections ⁽¹⁾</u>	<u>Current Collections as a % of Net Levied</u>	<u>Current/Delinquent Tax Collections ⁽²⁾</u>	<u>Current/Delinquent Collections as a % of Net Levied</u>
2008	08/09	\$134,070,995	\$ 77,538,792	57.83%	\$ 77,538,792	57.83%
2007	07/08	121,777,496	114,182,071	93.76%	117,739,713	96.68%
2006	06/07	105,207,519	99,380,102	94.46%	103,675,913	98.54%
2005	05/06	100,907,356	95,003,813	94.15%	100,236,570	99.34%
2004	04/05	84,616,678	79,824,052	94.34%	84,286,399	99.61%
2003	03/04	81,972,179	76,896,688	93.81%	81,767,608	99.75%
2002	02/03	73,501,059	68,439,359	93.11%	73,503,449	100.00%
2001	01/02	72,022,736	67,646,004	93.92%	71,926,157	99.87%
2000	00/01	65,033,293	60,917,969	93.67%	65,124,707	100.14%
1999	99/00	59,644,251	52,442,772	87.93%	59,596,605	99.92%

(1) As of June 30 of each year

(2) As of January 31, 2009

Source: Office of the Santa Fe County Treasurer.

Interest on Delinquent Taxes

Pursuant to Section 7-38-49 NMSA 1978, if property taxes are not paid for any reason within thirty days after the date they are due, interest on the unpaid taxes shall accrue from the thirtieth day after they are due until the date they are paid. Interest accrues at the rate of one percent (1%) per month or any fraction of a month.

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50 NMSA 1978, if property taxes become delinquent, a penalty of one percent of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed five percent (5%) of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, 50% of the property taxes due or \$50.00, whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47 NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation

purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. A lien runs in favor of the State and secures the payment of property taxes and any penalty and interest until such payments are made. Such lien is a first lien and paramount to any other interest in the property, perfected or unperfected. Pursuant to Section 7-38-65 NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53 NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property for which taxes are delinquent.

Protest

Pursuant to Section 7-38-39 NMSA 1978, after receiving his or her property tax bill and after making payment prior to the delinquency date of all property taxes due in accordance with the bill, a property owner may protest the value or classification determined for his or her property for property taxation purposes, the allocation of value of his or her property to a particular governmental unit, the application to his or her property of an administrative fee adopted pursuant to Section 7-38-36.1 NMSA 1978 or a denial of a claim for an exemption by filing a claim for refund in the district court. Pursuant to Section 7-38-41 NMSA 1978, the portion of any property taxes paid to the County Treasurer that is not admitted to be due and is the subject of a claim for refund will be deposited in a "property tax suspense fund." Moneys in the property tax suspense fund may not be used for the payment of debt service on the Bonds.

FINANCES OF THE COUNTY

Budget Process

The County's budget is based on a fiscal year beginning July 1 and ending June 30 of the following year. The County Administration is responsible for preparing the budget. Prior to June 1, the Board is required to submit a working draft of the budget to the Local Government Division of the State Department of Finance and Administration (the "Finance Department") for its approval. By July 1 of the new fiscal year, the Finance Department approves and certifies to the County an operating budget for use pending approval of the final budget. Prior to August 1, the County submits a final budget to the Finance Department for approval. Prior to the first Monday in September, the Finance Department must certify the final budget with whatever adjustments it deems necessary to comply with State statutes. Approval of the Finance Department is required for all budget increases, cash transfers between funds, and budget transfers between departments within a fund or between funds. If adequate fund balances are available from the prior year, the County budgets expenditures in excess revenues. The County was awarded the National Government Finance Officers' Association award for its Fiscal Year 2008 Budget presentation.

Financial Statement

The following Statement of Revenues, Expenditures and Changes in Fund Balances has been included herein for informational purposes only. Figures were taken from the audit reports prepared by the County's independent auditors. Audited figures are excerpts of the audit reports and do not purport to be complete. Reference is made to the complete audit reports which are available upon request. The County has not requested the consent of Barraclough & Associates, P.C., which performed the audit of

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

General Fund

Combined Statement of Revenues, Expenditures and Changes in Fund Balance

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues					
Grants	\$ 1,198,786	\$ 2,085,995	\$ 1,754,243	\$ 2,100,757	\$ 3,934,134
Taxes and special assessments	45,168,805	41,723,011	36,313,562	33,008,259	30,865,339
Interest earnings	5,693,887	4,750,661	2,904,858	1,280,136	729,306
Charges for services, fines and penalties	1,525,638	1,755,849	1,906,418	1,772,133	1,869,938
Licenses and permits	-	-	-	-	-
Other	108,439	39,116	320,587	423,254	154,522
Total revenues	<u>53,695,555</u>	<u>50,354,632</u>	<u>\$43,199,668</u>	<u>\$38,584,539</u>	<u>\$37,553,239</u>
Expenditures:					
Current					
General government services	\$17,729,096	\$17,832,387	\$14,906,976	\$14,018,320	\$11,541,007
Public safety	10,422,751	7,957,272	7,809,025	6,553,023	5,707,233
Highways and streets	4,585,306	3,757,624	4,771,030	3,096,024	3,778,284
Health and welfare	93,969	411,119	571,966	1,643,085	1,711,716
Culture and recreation	754,241	406,900	282,550	391,700	509,421
Capital outlay	4,660,250	1,115,713	2,379,668	2,694,732	3,978,924
Debt service (principal and interest)	-	-	-	-	-
Total expenditures	<u>\$38,245,613</u>	<u>\$31,481,015</u>	<u>\$30,721,215</u>	<u>\$28,396,884</u>	<u>\$27,226,585</u>
Excess (Deficiency) or Revenues over Expenditures	<u>\$15,449,942</u>	<u>\$18,873,617</u>	<u>\$12,478,453</u>	<u>\$10,187,655</u>	<u>\$10,326,654</u>
Other Financing Sources (Uses):					
Operating transfers, in	\$ 1,239,557	\$ 981,567	\$ 2,461,464	\$ 1,068,058	\$ 1,295,709
Operating transfers, out	(10,097,213)	(8,878,374)	(9,291,168)	(10,300,316)	(9,945,566)
Total other financing sources (uses)	<u>(8,857,656)</u>	<u>(\$7,896,807)</u>	<u>(\$6,829,704)</u>	<u>(\$9,232,258)</u>	<u>(8,649,857)</u>
Excess (Deficiency) of Revenues and other Financing Sources over expenditures and other financing uses	\$ 6,592,286	\$10,976,810	\$ 5,648,745	\$ 955,397	\$ 1,676,797
Fund balance, beginning of year	38,557,951	27,581,141	21,932,392	20,976,995	19,133,595
Prior period corrections	-	-	-	-	166,603
Fund balance, as restated	<u>38,557,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,300,198</u>
Fund balance, end of year	<u>\$45,150,237</u>	<u>\$38,557,951</u>	<u>\$27,581,141</u>	<u>\$21,932,392</u>	<u>\$20,976,995</u>

The audited figures for fiscal years ended June 30, 2008, 2007, 2006, 2005 and 2004 were taken from audit reports prepared by the County's independent auditor and are presented for informational purposes only. Reference is made to the complete audit reports, which are available upon request.

General Fund - Historical Balance Sheets

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
ASSETS					
Equity in pooled cash and investments – Unrestricted	\$41,451,376	\$33,793,088	\$23,713,215	\$19,671,694	\$16,618,483
Equity in pooled cash and investments - Restricted	1,838,905	1,838,198	1,815,290	1,815,290	1,815,290
Receivables, net of allowance for uncollectable					
Accounts	29,892	94,558	67,344	25,965	44,090
Taxes	5,500,784	4,492,988	4,637,536	3,634,953	4,093,888
Interest	744,996	639,701	336,208	145,322	86,805
Grantor agencies and other	671,275	612,495	564,364	395,737	977,454
Due from other funds	593,466	1,949,727	1,012,293	827,631	2,144,421
Due from other governments	-	-	-	-	-
Total Assets	\$50,830,694	\$43,420,755	\$32,146,250	\$26,516,592	\$25,780,431
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expenditures	\$ 566,674	\$1,080,217	\$1,178,059	\$1,858,404	\$1,664,756
Accrued payroll	567,670	411,789	-	-	-
Deferred revenue	4,522,498	3,347,890	3,387,050	2,725,796	3,088,559
Deposits held for others	-	-	-	-	50,121
Other	23,615	22,908	-	-	-
Total Liabilities	\$5,680,457	\$4,862,804	\$4,565,109	\$4,584,200	\$4,803,436
Fund Balance					
Reserved for					
Encumbrances	\$3,677,892	\$2,564,302	\$2,231,266	\$1,915,499	\$1,533,395
Subsequent year expenditures	-	-	-	-	-
Debt service	-	-	-	-	-
Total reserved fund balance	<u>\$3,677,892</u>	<u>\$2,564,302</u>	<u>\$2,231,266</u>	<u>\$1,915,499</u>	<u>\$1,533,395</u>
Unreserved – Designated for					
Contingency	1,815,290	1,815,290	1,815,290	1,815,290	1,815,290
Unreserved – Undesignated	<u>39,657,055</u>	<u>34,178,359</u>	<u>23,534,585</u>	<u>18,201,603</u>	<u>17,628,310</u>
Total unreserved fund balance	<u>41,472,345</u>	<u>35,993,649</u>	<u>25,349,875</u>	<u>20,016,893</u>	<u>19,443,600</u>
Total fund balance	<u>45,150,237</u>	<u>38,557,951</u>	<u>27,581,141</u>	<u>21,932,392</u>	<u>20,976,995</u>
Total liabilities and fund balance	<u>\$50,830,694</u>	<u>\$43,420,755</u>	<u>\$32,146,250</u>	<u>\$26,516,592</u>	<u>\$25,780,431</u>

The audited figures for fiscal years ended June 30, 2008, 2007, 2006, 2005, and 2004 were taken from audit reports prepared by the County's independent auditors and are presented for informational purposes only. Reference is made to the complete audit reports which are available from the County upon request.

THE COUNTY

General

Santa Fe County (pop. 147,000, estimated 2007) is located in north central New Mexico and occupies a land area of 1,909 square miles. The City of Santa Fe, which is the state capital and a popular tourist community, is located within the County. Also located in the County are a variety of Native American Pueblos, agricultural villages, bedroom communities and ranching communities, spread over terrain that includes river valleys and mountain ranges. Forty percent of the land within the County is comprised of federal land (Native American, National Forest and Bureau of Land Management). The County offers year-round tourism possibilities, with a dry climate, national parks and forests, and historic landmarks as the principal attractions.

The economy of the County is based upon government and related activities, retail trade, tourism, arts and entertainment, and recreation.

Board of County Commissioners

The Board of County Commissioners consists of five individuals elected for four-year terms. The County is divided into five districts, each represented by an elected Commissioner. The function of the County is briefly addressed in the grant of powers provided all New Mexico counties pursuant to Section 4-37-1 NMSA 1978. The function is "... to provide for the safety, preserve the health, promote the prosperity and improve the morals, order, comfort and convenience of the county or its inhabitants...." The Board oversees:

1. the assessment, collection and distribution of *ad valorem* taxes by an elected Assessor and Treasurer;
2. law enforcement by an elected Sheriff;
3. recording and filing by an elected County Clerk;
4. fire protection by Volunteer Fire Departments;
5. road maintenance by the Public Works Division of the Growth Management Department;
6. managerial and administrative services by an appointed County Manager; and
7. planning, health, welfare, recreation and cultural affairs by appointed citizen advisory boards.

The members of the Board of County Commissioners and their respective terms are as follows:

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Mike D. Anaya	Chairperson	12/31/10
Harry B. Montoya	Vice-Chair	12/31/10
Virginia Vigil	Commissioner	12/31/12
Elizabeth T. Stefanics	Commissioner	12/31/12
Kathleen Suzanne Holian	Commissioner	12/31/12

The current members of the County Administration are as follows:

Roman Abeyta, County Manager since September 29, 2006. Mr. Abeyta has held several positions over the past 15 years with Santa Fe County as well as the City of Santa Fe. Mr.

Abeyta began his career with Santa Fe County in September 1991 as an Animal Control Officer. Mr. Abeyta joined the County Land Use Department where he held several positions over a 9 year period including Assistant Planner, Development Review Specialist II, Development Permit Supervisor and Deputy Land Use Administrator. In 2001 Mr. Abeyta became Land Use Director of that department. Mr. Abeyta was appointed Deputy County Manager, a position he held until May 2006, when he served as Assistant City Manager of the City of Santa Fe. Mr. Abeyta was born and raised in Santa Fe, New Mexico and is a 1991 Capital High School Graduate. Mr. Abeyta has 5 sons that range in age from 3-17.

Victor A. Montoya, County Treasurer since January 1, 2005. Currently Vice Chairman of the New Mexico Public Employees' Retirement Association. Deputy County Treasurer, Santa Fe County, 2004. Mr. Montoya has been in public service for 25 years in various positions with the Office of the State Auditor, the Office of the Attorney General, the Energy, Minerals and Natural Resources Department, the State Land Office and the Public Employees Retirement Association. Mr. Montoya graduated from the College of Santa Fe with a Bachelor's Degree in Business Administration.

Teresa Martinez, County Finance Director since October 2006. Ms. Martinez has served as the County's Accounting Supervisor from September 1999 through July 2006, and Deputy Finance Director from July 2006 through September 2006. Ms. Martinez has a Bachelor of Accountancy from the College of Santa Fe.

Stephen C. Ross, County Attorney since 2003. Served as Assistant General Counsel for the New Mexico Energy, Minerals and Natural Resources Department, 2000-2003; Deputy County Attorney, San Juan County, New Mexico, 1993-2000. Mr. Ross obtained a Juris Doctor Degree from the University of Utah in 1989.

Retirement

Substantially all full-time employees of the County participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries.

Non-law enforcement plan members (other than County fire department employees) are required to contribute 3.2875% of gross covered salary under the plan, under which the County contributes an amount equal to 19.0125% of gross covered salary. County fire department plan participants that are not union members are required to contribute 8.10% of gross covered salary under the plan, under which the County contributes an amount equal to 21.15% of gross covered salary. County fire department plan participants that are union members are required to contribute 4.5% under the plan, under which the County contributes an amount equal to 24.85%. Law enforcement participants (excluding detention employees, who are considered general participants) are required to contribute 3.09% of covered gross salary under the plan, under which the County contributes an amount equal to 27.76%. The contribution requirements of plan members and of the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2008, 2007, 2006, 2005, and 2004 were \$7,631,724, \$5,950,620, \$5,310,887, \$4,114,267 and \$3,392,944, respectively, equal to the amount of the required contributions for those years.

County Insurance Coverage

The County maintains insurance on its assets and operations as is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. The County carries general liability insurance, auto damage and workers compensation with the New Mexico County Insurance Authority for its errors and omissions coverage, emergency medical, volunteer fire fighters and law enforcement liability coverage. There can be no assurance, however, that the County will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

THE ECONOMY

General

Santa Fe County is located in the north-central part of New Mexico in the Rio Grande corridor. The area's economy is based primarily on government and related activities, retail trade, tourism, arts and entertainment, and recreation.

State Government

The State Government is one of the largest employers in the County, employing 10,256. Government offices, including the Office of the Governor and the State Legislature, occupy the State Capital Building, known as the Roundhouse. All major state offices and agencies, including the Office of the Treasurer, Office of the Attorney General, Office of the State Engineer, and the Departments of Finance and Administration, Health, Environment, Transportation, Energy, Minerals and Natural Resources, General Services, Corrections, Public Education and Higher Education are located in the City of Santa Fe.

Education

Santa Fe Public Schools

The Santa Fe Public School District is a political subdivision of the State organized for the purpose of operating and maintaining an education program for school-age children residing within its boundaries. Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,016 square miles with an estimated population of 125,000. The District is the 5th largest school district in the State with a 2008-09 enrollment of 13,766 students. The District operates 32 school sites, including 20 elementary schools, 4 middle schools, 3 high schools, 1 alternative school and 4 charter schools. The District's educational program includes vocational, technical and occupational training.

Santa Fe Community College

Santa Fe Community College is a co-educational community college offering 2-year Associate of Arts, Associate of Science and Associate of Applied Science degrees. The Community College occupies 366 acres within the City of Santa Fe, with a faculty of 372 (full and part-time), serving approximately 14,500 students (full-time and part-time). Approximately 83 percent of the students are part-time. 58 percent of students receive financial aid.

St. John's College

St. John's College is a private, co-educational 4-year liberal arts college. The College's undergraduate program is an all-required course of study based on the classic works of western civilization. The College has an enrollment of approximately 475 students, with a faculty-student ratio of 1:8. The College offers a graduate degree program leading to a Master of Arts in Liberal Arts degree.

College of Santa Fe

The College of Santa Fe is a private, co-educational 4-year liberal arts college, with a full-time faculty of 80, an enrollment of approximately 750 traditional (i.e. full-time) students and 1,200 evening students and a student-faculty ratio of 9:1. The College offers Bachelor of Arts degrees in art, political science, psychology, music, film, education, and humanities, and Masters degrees in education and business administration. The College is currently experiencing financial difficulties and is in negotiations concerning possible merger with New Mexico Highlands University.

New Mexico School for the Deaf

The New Mexico School for the Deaf is a state institution serving New Mexico children with permanent hearing loss ages 2 through 22. The School provides a rigorous academic program that focuses on language and literacy development and critical thinking skills. The School's curriculum conforms to New Mexico state standards and benchmarks. The School's 30-acre campus is located in the City of Santa Fe and provides housing for up to 96 residential students.

Trade

The County's retail sales were over \$1.5 billion through the third quarter of 2008 and over \$2.2 billion in 2007. Major products include furniture, jewelry, publishing, technology transfer, clothing and accessories. Approximately 12 percent of the County's population is employed in the retail trade sector.

Tourism

The tourism industry plays a significant role in the County economy due, in part, to the historic City of Santa Fe and its proximity to national parks and monuments, state parks and recreation areas, and numerous museums and cultural facilities.

Indian Arts and Crafts

Indian arts and crafts, both production and marketing, have always played a significant role in the County's economy where large amounts of turquoise and silver jewelry are crafted. Numerous shops and galleries in Santa Fe make the City a center in the Southwest for original Native American art and southwest arts and crafts.

Health

The County is served by Christus St. Vincent Regional Medical Center, a 501(c)(3) organization. The Medical Center serves a 7-county region and is the largest hospital facility north of Albuquerque and south of Pueblo, Colorado. The Medical Center is the only Level III Trauma Center in northern New Mexico. The Center maintains 268 licensed beds, 300 staff physicians representing 22 medical specialties, and treats over 52,000 emergency/fast track patients annually and more than 5,500 outpatient surgery patients annually.

ECONOMIC AND DEMOGRAPHIC STATISTICS

This section contains general information concerning the economic and demographic conditions in and surrounding the County. The information presented was obtained from the sources indicated, and the County makes no representation as to the accuracy or completeness of the data presented. All data in this subsection is presented on a calendar year basis.

Population

The following chart sets forth historical population data for Santa Fe County, the City of Santa Fe and the State.

<u>Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>New Mexico</u>
2030*	n/a	226,012	2,626,553
2020*	n/a	191,403	2,383,116
2010*	n/a	158,624	2,112,986
2000	62,794	129,292	1,819,046
1990	57,605	98,928	1,515,069
1980	49,160	75,519	1,303,303
1970	41,167	54,774	1,017,055
1960	33,394	44,970	951,023

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

* Projected.

Age Distribution

The following table sets forth the age distribution profile for the Santa Fe Metropolitan Statistical Area ("MSA"), the State and the United States.

<u>Percentage of Population</u>			
<u>Age</u>	<u>Santa Fe MSA</u>	<u>New Mexico</u>	<u>United States</u>
0-17	21.0%	25.2%	
18-24	9.0%	10.5%	9.9%
25-44	26.2%	25.7%	27.7%
45-54	16.6%	14.5%	14.4%
55 & Older	27.2%	24.1%	23.4%

Source: Claritas, Inc., 2008

Income

The following table sets forth annual per capita personal income levels for the County, the State and the United States.

Per Capita Personal Income

<u>Year</u>	<u>Santa Fe County</u>	<u>New Mexico</u>	<u>United States</u>
2007	\$ N/A	\$31,474	\$38,611
2006	42,363	29,929	36,714
2005	39,522	28,175	34,757
2004	35,529	26,326	33,123
2003	33,035	24,945	31,504
2002	32,320	24,310	30,821
2001	32,048	24,132	30,574
2000	29,623	22,143	29,845
1999	27,595	21,042	27,939
1998	27,184	20,656	26,883

Source: UNM Bureau of Business and Economic Research.

Employment

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

<u>Year</u>	<u>Santa Fe County</u>		<u>State of New Mexico</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2008*	79,317	3.90%	966,241	4.50%	7.10%
2007	78,908	2.80%	934,062	3.50%	4.60%
2006	77,887	3.50%	936,998	4.30%	4.60%
2005	76,727	4.20%	920,226	5.20%	5.10%
2004	74,986	4.40%	903,802	5.70%	5.50%
2003	73,797	4.40%	888,468	5.90%	6.00%
2002	71,671	3.90%	871,512	5.50%	5.80%
2001	71,362	3.60%	863,682	4.90%	4.70%
2000	70,763	3.60%	852,293	5.00%	4.00%
1999	65,402	2.80%	839,988	5.60%	4.20%

Source: New Mexico Department of Workforce Solutions and UNM Bureau of Business and Economic Research.

* December, 2008

Major Employers

Some of the largest employers in the Santa Fe MSA are set forth below. No independent investigation into their affairs has been made and consequently there can be no representation as to the stability or financial condition of the companies listed hereafter, or the likelihood that such companies will maintain their status as major employers in the area.

<u>Employer</u>	<u>Type</u>	<u>Number of Employees</u>	<u>% of Santa Fe MSA Employment</u>
State of New Mexico*	Government	8,300	12.73%
Christus St. Vincent Regional Medical Center	Health Care	1,900	2.91%
Santa Fe Public Schools	Education	1,800	2.76%
City of Santa Fe	Government	1,486	2.28%
Federal Government*	Government	1,000	1.53%
Santa Fe County	Government	919	1.41%
Santa Fe Opera	Fine Arts	794	1.22%
Santa Fe Community College	Education	750	1.15%
Peters Corporation	Fine Arts	734	1.13%
Pueblo of Pojoaque	Government	531	0.81%
Total		18,214	27.93%
Total Santa Fe MSA Non-Agricultural Employment*		65,200	100.00%

Source: Santa Fe Chamber of Commerce, 2009

* Preliminary as of January 29, 2009 - Source: New Mexico Department of Workforce Solutions

Wage and Salary Employment

The New Mexico Department of Workforce Solutions publishes quarterly reports of covered employment and wages. Employment is classified according to the new North American Industry Classification System (NAICS).

<u>Industry</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Agriculture, Forestry & Hunting	172	121	130	120	132
Mining	155	155	161	100	88
Utilities	240	116	118	103	124
Construction	4,996	4,720	4,739	4,412	4,393
Manufacturing	948	1,070	1,112	1,207	1,211
Wholesale Trade	1,272	1,216	1,146	1,105	986
Retail Trade	9,305	8,938	8,766	8,549	8,517
Transportation & Warehousing	926	553	543	539	565
Information	2,211	1,686	1,191	1,050	876
Finance & Insurance	1,838	1,788	1,853	1,805	1,790
Real Estate & Rental & Leasing	1,018	1,081	1,221	1,000	1,076
Professional & Technical Services	2,871	2,867	2,772	2,753	2,750
Management of Companies and Enterprises	220	251	269	360	248
Administrative & Waste Services	2,576	2,466	2,063	2,215	2,103
Educational Services	5,100	1,482	1,551	1,565	1,419
Health Care & Social Assistance	8,520	7,296	6,162	6,242	6,100
Arts, Entertainment & Recreation	2,089	1,005	948	1,012	891
Accommodation & Food Services	8,181	8,260	8,183	8,025	7,926
Other Services, Except Public Administration	2,510	2,331	2,331	2,345	2,411
Non-classifiable	6	8	19	32	23
Total Private Sector	55,154	47,407	45,276	44,536	43,624
Public Administration	11,202	18,630	18,630	18,249	17,362
Federal	549	1,065	1,124	1,148	1,208
State	8,801	10,190	10,186	10,043	9,772
Local	1,852	7,374	7,320	7,059	6,382
Grand Total	<u>66,356</u>	<u>66,036</u>	<u>63,906</u>	<u>62,785</u>	<u>60,986</u>

Source: New Mexico Department of Workforce Solutions, Economic Research and Analysis Bureau

* Second Quarter, 2008

The following two tables reflect median household Effective Buying Income ("EBI") and the percent of households by EBI groups as reported in Sales and Marketing Management's annual surveys of buying power. EBI, a classification developed by Sales and Marketing Management Magazine, is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer

payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

Median Household Effective Buying Income

<u>Year</u>	<u>Santa Fe County</u>	<u>New Mexico</u>	<u>United States</u>
2008*	\$52,442	\$42,577	\$50,170
2007*	50,603	41,569	49,314
2006*	50,059	41,045	48,775
2005	41,531	34,203	39,324
2004	39,742	32,737	38,201
2003	39,400	32,291	38,035
2002	41,152	32,083	38,365
2001	40,573	30,322	39,129
2000	38,876	29,992	37,233
1999	36,781	28,795	35,377
1998	36,127	27,744	34,618
1997	34,804	27,503	33,482
1996	33,285	26,499	32,238

Source: Claritas, Inc., April, 2008

* Estimated

The following table shows effective buying income by income group for Santa Fe County, the State of New Mexico and the United States.

Percent of Household by Effective Buying Income Groups

<u>Effective Buying Income Group</u>	<u>Santa Fe County</u>	<u>New Mexico</u>	<u>United States</u>
Under \$25,000	21.32%	29.16%	23.43%
\$25,000 – 34,999	10.73%	12.53%	11.01%
\$35,000 – 49,999	16.10%	16.47%	15.42%
\$50,000 and over	51.85%	41.84%	50.14%

Source: Claritas, Inc., 2008

Gross Receipts

The following table shows the total reported gross receipts and total reported retail gross receipts generated in Santa Fe County and the State of New Mexico for the past ten years. For the purposes of these tables, gross receipts means the total amount of money received from selling goods and services in the State of New Mexico, from leasing property employed in the State and from performing services in the State. Gross receipts includes, among other things, food sales and services such as legal and medical services.

<u>Year</u>	<u>Santa Fe County</u>		<u>New Mexico</u>	
	<u>Retail</u>	<u>Total</u>	<u>Retail</u>	<u>Total</u>
2008	\$2,184,056,446	\$7,201,235,320	\$25,711,762,198	\$110,710,199,751
2007	2,131,815,854	6,820,901,645	26,012,239,571	104,559,300,501
2006	2,050,261,047	6,446,608,971	24,014,746,059	95,134,945,014
2005	1,795,306,236	5,876,248,291	20,454,852,088	78,771,700,292
2004	1,774,969,478	5,585,654,362	18,414,335,199	70,477,791,653
2003	1,773,716,030	5,029,969,082	18,700,756,931	63,358,239,874
2002	1,693,609,017	4,895,295,541	19,094,649,339	62,280,612,865
2001	1,773,491,569	4,795,046,131	20,743,109,632	65,894,850,915
2000	1,731,892,982	4,852,403,190	17,648,495,366	59,397,663,620
1999	1,513,158,345	4,230,955,790	15,759,691,923	54,260,304,216

Source: New Mexico Taxation & Revenue Department and UNM Bureau of Business & Economic Research

Services Available to County Residents

The County provides its residents with police and fire protection. Water service and sanitary sewer service are provided in certain unincorporated areas of the County, while other areas are served by private or community water systems. Electricity is supplied and distributed by Public Service Company of New Mexico. Telephone service is provided by Qwest Corporation. The County operates a solid waste collection and disposal system.

TAX EXEMPTION

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. Additionally, interest on the Bonds is excludable from net income for purposes of certain State of New Mexico taxes imposed on individuals, estates, trust and corporations.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of

interest on obligations, such as the Bonds. The County has made various representations and warranties with respect to, and has covenanted in the Resolution and other documents, instruments and certificates to comply with certain guidelines designed to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of the issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel will render an opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Code, interest on the Bonds will be included in the adjusted current earnings of certain corporations, and such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

Although Bond Counsel will render an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions to be rendered by Bond Counsel will be based upon existing legislation as of the date of issuance and delivery of the Bonds, and Bond Counsel will express no opinion as of any date subsequent thereto or with respect to any pending legislation.

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

Original Issue Discount

The Bonds may be sold to the initial purchaser of the Bonds at discount from par ("original issue discount"). For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

The Bonds may be sold to the initial purchaser of the Bonds at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is

amortizable periodically over the term of a Bond through reductions in the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

Financial Institution Interest Deduction

The County has designated the Bonds as qualified tax-exempt obligations for the purposes of Section 265(b)(3)(B) of the Code.

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 ("ARRTA"), was signed into law by President Barack Obama. ARRTA contains provisions designed to improve the marketability of tax-exempt bonds that are issued in 2009 and 2010. Included in those provisions are (i) an exclusion of interest from the requirement that current earnings of certain corporations must be adjusted for purposes of computing corporate alternative minimum tax and (ii) establishment of a 2% de minimis safe harbor exemption from the requirement that tax-exempt interest be allocated to interest expense for "qualified tax-exempt obligations". Holders of the Bonds should consult their tax advisor for an explanation of the ARRTA provisions and their application to interest paid on the Bonds.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the County as the taxpayer and the Bondowners may have no right to participate in such procedure. Neither the initial purchasers of the Bonds nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The County has covenanted in the Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income except to the extent described above for the owners thereof for federal income tax purposes. Neither the County, the Financial Advisor nor Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

CONTINUING DISCLOSURE INFORMATION

Annual Reports

The County will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement, under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS" and "FINANCES OF THE COUNTY." The County will update and provide this information within nine months after the end of each fiscal year ending on or after June 30, 2009. The County will provide the updated information to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of New Mexico and approved by the staff of the United States Securities and Exchange Commission (the "SEC").

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial statements by the required time, and will provide audited financial statements when and if an audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B – "AUDITED FINANCIAL STATEMENTS - June 30, 2008" herein or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation.

The County's current fiscal year end is June 30. Accordingly, it must provide updated information by the last day of March in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify each NRMSIR and any SID of the change.

Material Event Notices

The County will also provide timely notices of certain events to certain information vendors. The County will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described under "CONTINUING DISCLOSURE INFORMATION - Annual Reports" herein. The County will provide each notice described in this paragraph to any SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB").

Availability of Information from NRMSIRs and SID

The County has agreed to provide the foregoing information only to NRMSIRs (or the MSRB, as appropriate) and any SID. The information will be available to holders of Bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

There has been no SID designated in the State of New Mexico.

Limitations and Amendments

The County has agreed to update information and to provide notices of material events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus in any New Mexico State court to compel the County to comply with its agreement.

The continuing disclosure agreement may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions, as so amended, would have permitted an underwriter or purchaser to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The County may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter or other purchaser from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

The County has previously entered into continuing disclosure agreements in accordance with SEC Rule 15c2-12. While the County has provided audited financial statements on an annual basis pursuant to the continuing disclosure agreements, the County determined that certain information required to be updated under agreements entered into in connection with outstanding general obligation bonds had not been filed for the fiscal years ending June 30, 1999, 2000, 2001, 2002, 2003 and 2004. The County has notified the MSRB of its failure to file the required information and, as of the date of this Official Statement, has provided updated information for the years 2006 through 2007. The County believes that it is now in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with general obligation bonds issued by the County.

The County discovered in 2008 that, since 2000 it had not filed annual information required by continuing disclosure agreements entered into in connection with two series of revenue bonds issued by the County in 1997. The County has notified the MSRB of its failure to file the required information and, as of the date of this Official Statement, the County believes that it is currently in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with outstanding County revenue bonds. The County is implementing procedures intended to assure compliance with its continuing disclosure agreements.

LITIGATION

At the time of the original delivery of the Bonds, the County will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate County officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, effectiveness of the Resolution, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

RATINGS

The Bonds have received a rating of "Aa1" from Moody's Investors Service ("Moody's") and a rating of "AA+" from Standard & Poor's Ratings Services ("S&P"). An explanation of the significance of

the rating given by Moody's may be obtained from Moody's at 99 Church Street, New York, New York 10007. An explanation of the significance of the rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such ratings reflect only the views of Moody's and S&P, and there is no assurance that such ratings will continue for any given period of time after obtained or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Neither the County nor the initial purchasers of the Bonds have undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

LEGAL MATTERS

The legality of the Bonds will be approved by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, whose unqualified opinion approving the legality of the Bonds will be furnished at the closing.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a no-litigation certificate (described above under "LITIGATION") will be delivered by the County when the Bonds are delivered. The County will at that time also provide a certificate relating to the accuracy and completeness of this Official Statement.

ADDITIONAL INFORMATION

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the County located at the County Administration Building, 102 Grant Avenue, Santa Fe, New Mexico 87504-0276 or at the offices of RBC Capital Markets, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110.

OFFICIAL STATEMENT CERTIFICATION

As of the date hereof this Official Statement is true to the best of my knowledge, complete and correct in all material respects, and does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.

The preparation of this Official Statement and its distribution have been authorized by the Board. The Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

SANTA FE COUNTY, NEW MEXICO

By: _____
Mike D. Anaya, Chair
Board of County Commissioners

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APPENDIX A

OPINION OF BOND COUNSEL

_____, 2009

Board of County Commissioners
Santa Fe County, New Mexico

We have acted as bond counsel to Santa Fe County, New Mexico (the "County") in connection with the issuance of its \$17,000,000 General Obligation Bonds, Series 2009 (the "Bonds") dated _____, 2009, with interest payable on January 1, 2010, and semi-annually thereafter on each January 1 and July 1 until maturity, and being bonds in registered form maturing on July 1 in the years 2010 through 2024, inclusive. The Bonds are being issued by the County for the purpose of providing funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County.

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the Bonds and the law under authority of which the Bonds are issued. Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights:

1. The Bonds constitute valid and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of *ad valorem* taxes on all property within the County subject to *ad valorem* taxes levied by the County, which levy is unlimited as to rate or amount.

2. Assuming continuing compliance by the County with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and with the covenants contained in the Transcript regarding the use, expenditure and investment of Bond proceeds, interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation. Failure of the County to comply with its covenants and with the requirements of the Code may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. Interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations.

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

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Other than as described herein, we have not addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of interest on, the Bonds.

Respectfully,

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APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2008

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

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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, 2008



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

STATE OF NEW MEXICO
SANTA FE COUNTY

Official Roster

June 30, 2008

COUNTY COMMISSIONERS

Virginia Vigil
Mike Anaya
Paul Campos
Harry B. Montoya
Jack Sullivan

Chairperson
Member
Member
Member
Member

COUNTY OFFICIALS

Greg Solano
Victor Montoya
Valerie Espinoza
Domingo P. Martinez
Mark A. Basham
Allen Grace

County Sheriff
County Treasurer
County Clerk
County Assessor
Probate Judge
County Surveyor

ADMINISTRATIVE OFFICIAL

Roman Abeyta

County Manager

STATE OF NEW MEXICO
SANTA FE COUNTY

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SANTA FE COUNTY

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SANTA FE COUNTY

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

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INDEPENDENT AUDITORS' REPORT

Mr. Hector Balderas, State Auditor
and
County Commissioners of the
State of New Mexico, Santa Fe County:

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Fe County, New Mexico (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2008, and the respective changes in financial position, cash flows and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each non major governmental fund, the fiduciary funds of the County, as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the remaining major governmental funds, the enterprise funds and the non major governmental funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements as listed in the table of contents and each of the County's non major governmental and fiduciary funds and budgetary comparisons in the accompanying combining and individual fund financial statements as listed in the table of contents. The schedules listed as supplemental information and other supplementary information in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as is required by the US Office of Management and Budget (OMB) Circular A-1 33, *Audits of States, Local Governments, and Not-For-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial data schedule is presented for purposes of additional analysis required by the Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



November 5, 2008



SANTA FE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS – Unaudited

JUNE 30, 2008

As management of Santa Fe County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. This Management Discussion and Analysis represents the current year results for the fiscal year ending June 30, 2008, and is intended to be read in conjunction with the County's Financial Statements.

Financial Highlights

- The assets of the Santa Fe County exceeded its liabilities at the close of the fiscal year by \$226,168,280.
- The County's total net assets increased by \$49,066,456, primarily due to increases in the business-type activities net assets and an increase in capital assets.
- As of the close of the current fiscal year, Santa Fe County governmental funds reported combined ending fund balances of \$169,713,920, an increase of \$15,110,474 in comparison with the prior year. Approximately 23% of this total amount or \$38,833,755 is available for spending at the government's discretion.
- Santa Fe County's total long term debt increased \$11,301,033 during the current fiscal year compared to the prior fiscal year. The key factors in this increase were the debt issued for the General Obligation Bonds.

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

Overview of the Financial Statements

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. All of the funds of the County can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental funds. All governmental fund types are accounted for on a spending flow measurement focus.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Proprietary funds. The County maintains four different types of proprietary funds. Enterprise funds are used to report the same functions presented as Business-type activities in the government-wide financial statements. The County uses enterprise funds to account for Water, Housing Authority, Regional Planning Authority, Jail and Home Sales.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2008

The County as a Whole

As of June 30, 2008, and 2007, net assets are as follows:

	2008			2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
ASSETS						
Current and Other Assets	\$ 189,612,250	\$ 24,799,802	\$ 214,412,052	\$ 172,637,478	\$ 22,437,892	\$ 195,075,370
Capital and Non-Current Assets	94,933,389	61,484,495	156,417,884	69,254,692	44,346,980	113,601,672
Total Assets	284,545,639	86,284,297	370,829,936	241,892,170	66,784,872	308,677,042
LIABILITIES						
Current Liabilities	17,835,218	2,916,666	20,751,884	16,381,493	2,584,986	18,966,479
Long-Term Liabilities	88,527,947	35,381,825	123,909,772	76,544,043	36,064,696	112,608,739
Total Liabilities	106,363,165	38,298,491	144,661,656	92,925,536	38,649,682	131,575,218
NET ASSETS						
Invested in capital assets	30,223,432	24,647,903	54,871,335	24,256,510	6,795,016	31,051,526
Restricted	106,382,250	2,249,600	108,631,850	50,320,041	2,387,579	52,707,620
Unrestricted (deficit)	41,576,792	21,088,303	62,665,095	74,390,083	18,952,595	93,342,678
Total net assets	\$ 178,182,474	\$ 47,985,806	\$ 226,168,280	\$ 148,966,634	\$ 28,135,190	\$ 177,101,824

The County's major governmental funds are the General Fund, Developer Fees, Capital Outlay – Gross Receipts Tax fund, the General Obligation Bond Series 2007 fund and the General Obligation Bond Series 2007B fund. The governmental funds had an excess of revenues and other financing sources over expenditures and other financing uses of \$15,110,474, approximately a \$28 million decrease from 2007. The decrease is primarily due to capital outlay expenditures, especially for the Buckman water project. Total governmental revenues had a net increase of approximately \$15.5 million mainly due to increases of \$3.6m in property taxes, \$13.2m in increased gross receipts taxes, \$1.46m in investment income and decreases of \$1.9m in charges for services, \$.82m in other income, and \$.06m in other taxes and assessments.

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2008

Changes in the County's Net Asset
 Year Ended June 30, 2008, and 2007

	2008			2007		
	Changes in Net assets			Changes in Net assets		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 11,464,484	\$ 14,847,146	\$ 26,311,630	\$ 13,361,248	\$ 15,021,168	\$ 28,382,416
Operating grants and contributions	8,538,383	964,831	9,503,214	9,439,229	709,384	10,148,613
Capital grants and contributions	5,267,638	-	5,267,638	4,270,740	502,625	4,773,365
General revenues						
Property taxes	46,843,268	-	46,843,268	41,815,900	-	41,815,900
Gross receipt taxes	48,941,331	-	48,941,331	35,791,058	-	35,791,058
Other taxes	2,194,386	-	2,194,386	2,250,058	-	2,250,058
Investment income	8,159,358	286,131	8,445,489	6,695,660	284,761	6,980,421
Other	246,436	18,727	265,163	1,073,790	31,180	1,104,970
Contribution not restricted to a specific program	1,268,029	-	1,268,029	4,444,260	-	4,444,260
Total revenues	132,923,313	16,116,835	149,040,148	119,141,943	16,549,118	135,691,061
Expenses						
General government	20,460,705	-	20,460,705	23,375,447	-	23,375,447
Public safety	19,628,976	-	19,628,976	15,354,442	-	15,354,442
Highways and streets	8,300,186	-	8,300,186	8,399,402	-	8,399,402
Health and welfare	19,346,054	-	19,346,054	23,325,113	-	23,325,113
Culture and recreation	843,270	-	843,270	924,166	-	924,166
Economic development	2,121,000	-	2,121,000	271,025	-	271,025
Interest on long-term debt	4,031,630	-	4,031,630	3,248,751	-	3,248,751
Housing Services	-	1,365,632	1,365,632	-	1,672,159	1,672,159
Utilities Department	-	1,862,088	1,862,088	-	1,717,595	1,717,595
Jail Facility	-	22,335,307	22,335,307	-	20,001,791	20,001,791
Regional Planning Authority	-	105,876	105,876	-	80,779	80,779
Home sales	-	376,597	376,597	-	737,445	737,445
Total expenses	74,731,821	26,045,500	100,777,321	74,898,346	24,209,769	99,108,115
Increase (decrease) in net assets before transfers	58,191,492	(9,928,665)	48,262,827	44,243,597	(7,660,651)	36,582,946
Transfers	(29,779,281)	29,779,281	-	(12,501,579)	12,501,579	-
Change in net assets	\$ 28,412,211	\$ 19,850,616	\$ 48,262,827	\$ 31,742,018	\$ 4,840,928	\$ 36,582,946

Government-wide financial analysis.

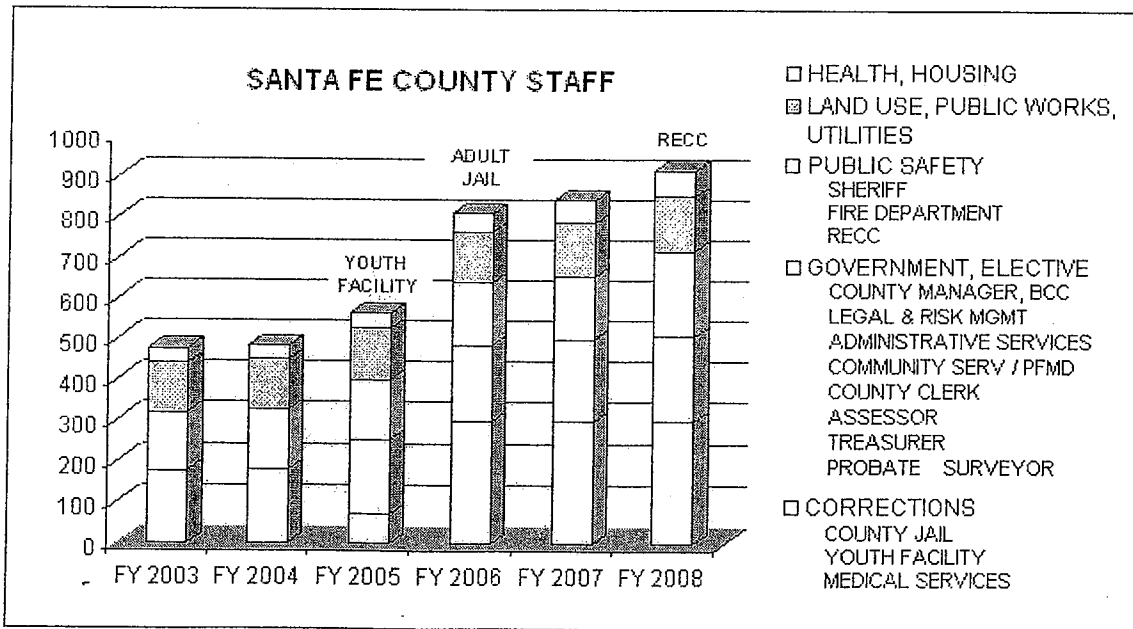
The County change in net assets for the year ended June 30, 2008 was \$48,262,827 compared to \$36,582,946 for the year ended June 30, 2007. See pages 19 and 21 for more detail on the differences between the government wide financial statements and the governmental fund financial statements.

The Jail Facility Enterprise Fund needed a general fund transfer of \$4.4 million to cover the cost of housing adult inmates and operational expenditures. This is a significant demand on General Fund resources. At the same time the population served by Jail Facility Fund has decreased, and the scope and quality of services mandated by the State and Federal Governments have been raised.

Decreasing revenues from both the Adult and Juvenile facilities is of great financial concern and may substantially negatively impact requirements for future transfers from the General Fund. As of the present, the Jail Enterprise Fund has a strong cash position, budgeted to be \$5 million on 06/30/2009, due mainly to significant shortfalls in Adult Facility operational cost versus budget.

Profile Of The County

The County operates under the commission-manager form of government (5 member board) plus six elected officials and is responsible for management of public safety, highways and streets, sanitation, health and social services, low rent housing assistance, affordable housing, culture-recreation, public projects' improvements, planning and zoning, and general administration services. A regional planning, housing services, utility, home sales and jail enterprises are included within the business activity of the County's financial statements. The number of positions authorized for fiscal year 2008 is approximately 918. See chart below for staffing detail by function.



Summary of County Program Highlights and Challenges

During the current fiscal year, the County accomplished the following goals and achievements.

- *Home Sales:* The Housing Authority successfully sold one affordable housing unit. The County is currently requesting permission from HUD to convert the Santa Cruz home sale units to rentals; there have been no home sales in the Santa Cruz subdivision since the start of this program.
- *Affordable Housing:* To-date, over 184 affordable housing units have been created through this program serving County residents who earn less than 120% of the Area Median Income. The County is creating program activities and enhancing resource development within the affordable housing fund.
- *Countywide Gross Receipts Tax:* The County last implemented a gross receipts tax to support the County contribution to the State for Medicaid. With the increase, the gross receipts tax rate in the County is 6.5625 percent.
- *General Obligation Bonds:* During fiscal year 2008 the County issued \$20 million in general obligation bonds payable from taxes to acquire, construct, design, equip and improve roads, water projects and fire safety projects. Priority projects for funding are the Buckman Direct Diversion Project, sub fire station improvements and upgrades to County roads.
- *Judicial Court Complex:* Santa Fe County has initiated the development of a new courthouse facility to house the First Judicial District Court. A 2.4 acre site at the corner of Sandoval and Montezuma has been selected for the site of the new Courthouse. The project has a \$55 million budget and is scheduled to break ground in December. The new Courthouse will be LEED certified and incorporate energy and green features.
- *Public Works Facility:* The Public Works facility is located on a 37-acre site along Highway 599 northwest of the intersection with Airport Road. The facility will employ state-of-the-art technology and is designed for energy and cost efficiency. Expected completion date is December 2008 and has an estimated budget of \$16 million.
- *Corrections Department:* The County has worked diligently to attain strong correctional experience with recent recruitment efforts; and has increased the number of training hours. The Corrections Department has focused on medical care to inmates and has increased medical and mental health staff. Additionally, the Corrections Department successfully assumed the responsibility for Bails Bonds and the corresponding conversion of electronic monitoring and bail bonds to a 24/7 operation.
- *County Assessor:* Currently, county appraisers in the field make hand sketches and notes about types and sizes of buildings that they are appraising. The Assessor has acquired a Computer-Aided Mass Appraisal System (CAMA) and is implementing the new software.
- *Economic Development:* Santa Fe County and Santa Fe Studios, a production company, have come to terms on an agreement for a film studio to be built on 65 acres just north of the county Public Safety complex. The studio will include full-service, LEED-certified green production facilities, promising 500 jobs and an anticipated \$300 million annual impact on the local economy. The pueblo-style campus facility will include 10 sound stages encompassing 500,000 square feet.
- *Regional Emergency Communication Center:* Beginning July 1, 2007 the County took over the operations of the RECC that was formerly operated under a joint powers agreement with the City of Santa Fe. The County is now responsible for funding all operations and expenditures for the RECC. The RECC provides enhanced 911 dispatch services to the City and County of Santa Fe.

In future years, the County is faced with the following challenges.

- *Affordable Housing:* Nationally, housing markets are challenging affordable housing units as well as market rate units. Our ordinance is based on keeping the market rate housing strong, which results in affordable units (for every 10 market rate homes built, an additional 3 affordable homes are built). Fortunately, New Mexico has a low foreclosure rate (36th in the nation). County staff is trying to incentivize the development community through our ordinance with density bonuses, provision of available water, waive development fees, assisting and providing subsidies, etc.
- *Water:* The need for providing an adequate water supply within our drought-stricken area will continue to be placed at the forefront of future challenges. A fiscal year 2009 objective of the County is to continue to acquire water rights while completing ongoing plans with the City for financing and constructing the Buckman Direct Diversion Project.
- *Aamodt Settlement:* The Aamodt Settlement in regard to water rights in the Nambe-Pojoaque-Tesuque basin will have a financial impact to Santa Fe County as well as increase the County water utility customer base. The County will have to double the current utilities staff to accommodate an increased number of customers.
- *Capital Projects:* The County is involved in an aggressive capital program, ranging from the construction of a new Public Works Facility, the acquisition of land and construction of a downtown Judicial Complex Center, the continuation of many projects sponsored by the State Legislature, to the water projects mentioned above, as well as road projects similarly funded and also sourced through a General Obligation Bond. The scale and total budget value of capital improvement projects in the County has more than tripled in the last four years, and now represents half of all budgeted expenditures. Given this, the County has begun developing a long-term capital infrastructure and financing plan with the initial focus on water and wastewater projects. Adequate project management staffing and control of these projects to ensure their efficient and timely completion continues to be a major challenge to the County.
- *Corrections Department:* The challenge of maintaining a fiscal balance requiring no additional funding from the general fund while marketing available beds for other jurisdictions will continue to be a major focus for operation of the adult detention facility. Inmate population trends reveal an increase of local (County) inmates that do not bring in care of prisoner revenue. The increase in overall Jail costs plus the shortfall in care of prisoner revenue points to the necessity for a constant financial review of operations.

The Department of Justice (DOJ) addressed the following issues: medical care, staffing shortages, access to mental health care and nursing shortages. The medical component has proven to be a large challenge for the County from the perspective of balancing the budget for inmate medical costs. The Corrections Department should achieve compliance with the DOJ requirements in fiscal year 2009.

The necessity to fund Juvenile Facility programs (Youth Development Program and Adolescent Residential Center) from cash balance as Juvenile facility revenue has fallen below the cost of operations in the past 18 months. The Juvenile program deficit has been recognized and will be resolved through a facility population increase and increased revenues. At this time, the County will terminate the operations of the Adolescent Residential Center due to higher cost of operations not supported by sufficient juvenile population.

- *Fire Staffing Levels:* As the County continues to grow in population and density, demands for services will also grow. The County currently has 20 full-time firefighters and relies heavily on its 300 volunteer firefighters to cover the County's 2000 square miles.
- *Fire Excess Tax:* Fiscal year 2009 will be the last year of this tax due to a sunset provision that will expire on December 31st. The County anticipates revenue collection in the amount of \$1.25 million (down from a full-year \$1.82 million estimated receipt). The loss of this tax will present challenges in the acquisition of capital equipment.
- *Sole Community Provider Payment:* Santa Fe County participates in the "Sole Community Provider" Program wherein payment is made to the State Human Services Department, which in turn matches the money with a federal Medicaid funding to fund the operation of local hospitals. The County struggles to meet the available base commitment for the Sole Community Provider (SCP) payment. The available base payment exceeds the available gross receipts tax revenue available for SCP funding. The County will be limited to available gross receipts tax revenue available in FY 2009.

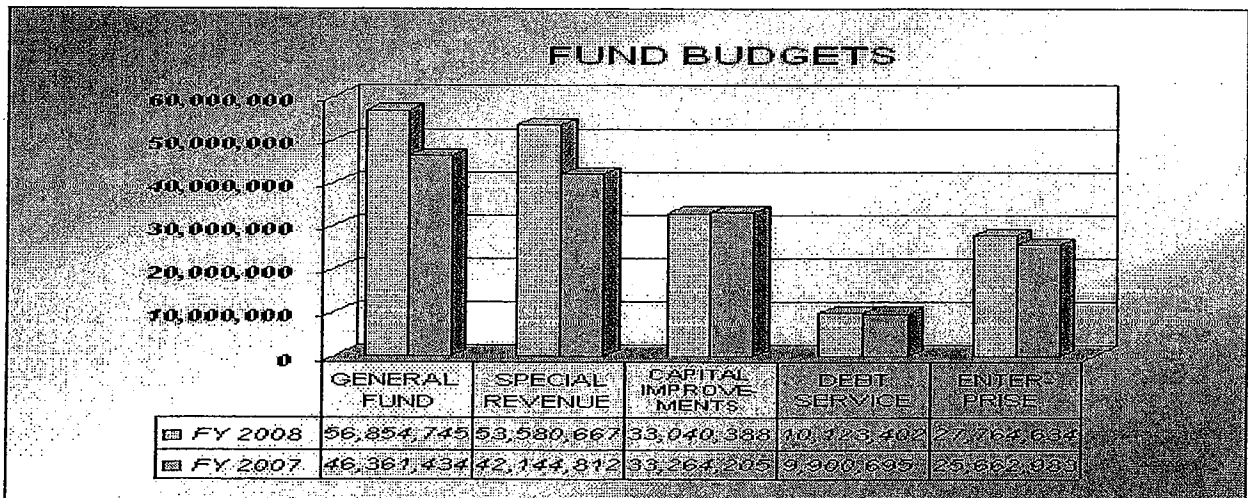
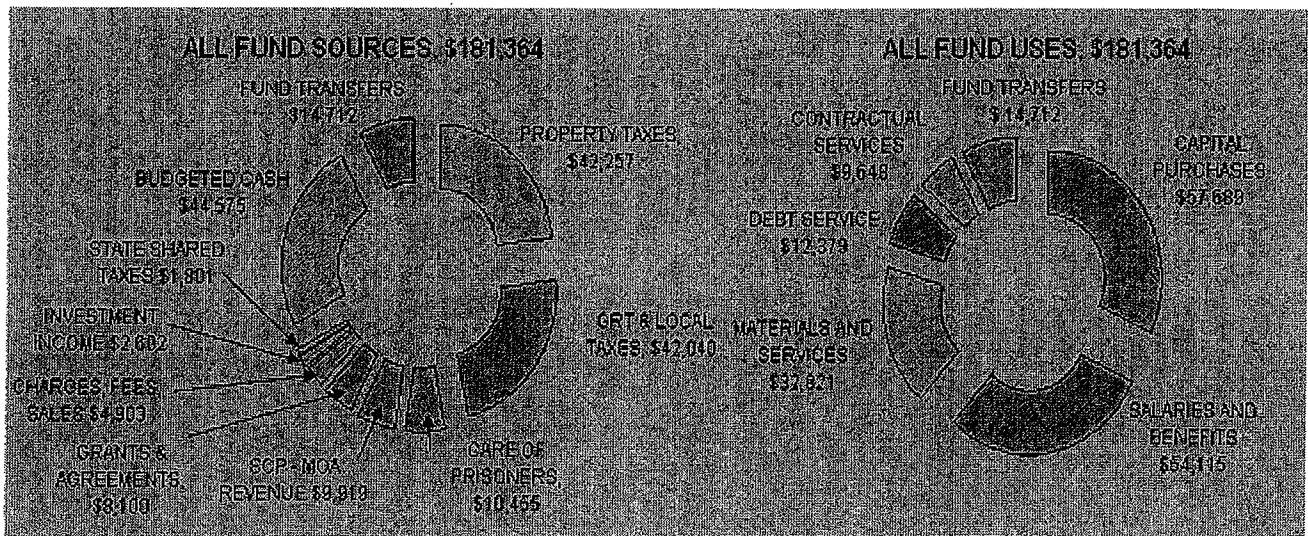
Pending the Final Rule developed by the Federal Centers for Medicare and Medicaid, it is almost certain that the SCP program will be done away with. If this occurs, the Federal, State and local governments will have to determine how local hospitals will be funded, which will be a crucial challenge. The governments will have to explore a greatly increased demand for resources that may require diverting those resources from other efforts.

- *Sobering Center:* The County operates the Sobering Center for detoxification of inebriates referred to the Center from the St. Vincent Hospital emergency room and by law enforcement. Budgetary support of the Sobering Center has largely been from St. Vincent (via a memorandum of agreement) "carryover money" from prior agreements to fund sobering services. The balance of "carryover money" from previous St. Vincent agreements is nearly expended and future funding of the Sobering Center will have to displace other health services.

Budget Highlights

The Santa Fe County fiscal year 2008 budget, totals \$181,363,826, or \$166,650,968 without transfers between funds, compared to the fiscal year 2007 Budget of \$157,334,129, or \$142,215,176 without transfers between funds. Differences between the fiscal year 2008 and the fiscal year 2007 budget stem from new inclusions in the fiscal year 2008 budget, such as cash-supported expense in the General Fund for major projects such as the Judicial Center, \$2.6 million; land acquisition for the Santa Fe County business park, \$1.9 million, and fixtures and equipment for the new Public Works facility, \$1.6 million. The new Emergency communications and Emergency Health Services Gross Receipt Tax also adds \$7.0 million to the budget. The \$20 million GOB Bond proceeds also increases the budget.

The following charts provide a condensed picture of the County revenues, funds and expenses by County Departments and government function.



Credit Ratings

Moody's performed a rating review as of September 2008, and provided the County a rating of Aa2 for the 2008 Gross Receipts Tax Bond Series. Standard & Poor's allocated a rating of AA+ to the County for the same GRT Bond Series. The ratings reflect the County's ample debt service coverage, a large and diverse tax base supported by a strong institutional employment presence and a multi-year trend of solid financial operations.

Capital Assets and Debt Administration

Capital Assets

Capital assets include land, buildings and improvements, water systems, transfer stations, roads and infrastructure, vehicle/heavy equipment, machinery and equipment, furniture and fixtures, lease purchases and construction in progress. Major capital asset events during the current fiscal year included the following:

• Solid Waste Transfer Station Upgrades	\$ 842,724
• Judicial Center and Other Related Exp.	\$ 4,819,943
• Sheriff's Impound Lot	\$ 109,735
• Parks and Recreation	\$ 200,112
• Agua Fria Fire Living Quarters	\$ 249,342
• Thunder Mountain Fire Station	\$ 258,471
• Edgewood Senior Center	\$ 290,480
• Animal Barn SFC Fairgrounds	\$ 175,564
• Women's' Health Services Center	\$ 2,679,404
• Youth Shelter and Family Services	\$ 227,654
• Public Works Facility	\$ 13,891,913
• YDP Camera System Upgrade	\$ 84,903
• Sheriff's Vehicles & Accessories	\$ 338,301
• Dump Trucks (plow & spreader)	\$ 250,942
• Fire Protection Vehicles	\$ 528,644

Long-Term Debt Administration

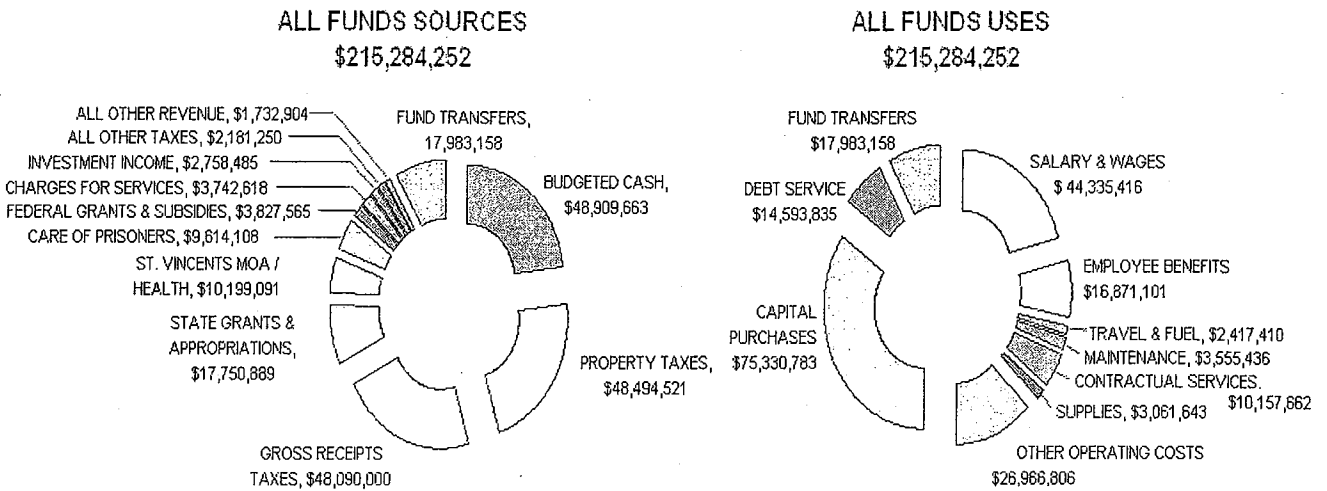
Santa Fe County's maximum legal debt capacity for General Obligation indebtedness as of June 30, 2008, is \$257,771,684 of which \$92,843,998 has been obligated. This leaves an available bonding capacity of \$164,927,686 in excess of present debt requirements.

Economic Factors and Next Year's Budget and Rates

The Santa Fe County Fiscal Year 2009 Budget totals \$215,284,252, or \$197,301,094 without transfers between funds, compared to the Fiscal Year 2008 budget of \$181,363,826, or \$166,650,968 without transfers between funds.

Property tax revenues have increased at a significant rate, reflecting new construction in the County. The fiscal year 2009 budget growth rate was substantially increased to decrease variances after much larger than expected actual tax revenues in fiscal years 2007 and 2008. This growth will probably decline in fiscal year 2010.

The overall budget consolidated from all funds, expressed in terms of sources and uses is as follows:



FY2009 versus FY 2008

Significant changes that account for an increase of \$33,920,426 in all funds from fiscal year 2008 to fiscal year 2009 are noted below.

- Major increments of the \$33.9 million in the General Fund are an inclusion of \$8 million as a set aside for water rights purchases; \$0.6 million set aside for oil and gas drilling legal issues; an increase of \$2.2 million in support of the Jail; a \$0.7 million increase support for the Regional Emergency Communication Center (RECC), and a \$0.4 million increase in cash to be used for road equipment purchases.
- The Capital Outlay fund budget has increased \$2 million of which \$1.5 million is the use of cash for Open Space projects.
- The Indigent Fund budget increased \$2.7 million. Of this, County voters approved a \$2.5 million Health Gross Receipts Tax (GRT) which is intercepted and paid to the State Health Department for Medicaid, making that amount available to the Indigent Fund.

- A new GRT supporting Fire Operations is realizing its first full year of collections, increasing the Fire Department Budget by \$2.8 million.
- The issuance of the 2008 General Obligation Bond resulted in a GOB Debt Service Fund increase of \$2.2 million.
- The inclusion of carryover state appropriated road and facility projects.

Fiscal Year 2009 Budget Priorities

Water Resources: Santa Fe County is a high altitude semi-arid region that depends on its water from winter mountain snow packs and from summer "monsoon" rain. Water availability is always a high-level concern of the citizens and government. The Buckman Direct Diversion Project is aimed at providing a long-term supply of water by pumping water that has been diverted from the mountains of southwest Colorado to the Rio Grande River, which through water rights, the county and City of Santa Fe may thereby obtain additional water. Otherwise, the county in order to support anticipated future population growth aggressively purchases available water rights as they come on the marketplace. Considerable budget resources are earmarked for these purposes in the fiscal year 2009 budget.

Economic Development: Other than state and local governments and commercial activity associated with the local infrastructure, the main source of economic activity in Santa Fe County is tourism. The development of other avenues of economic activity to provide employment for county citizens and to sustain population growth has been a long-term priority. Since 2002 the state legislature enacted one of the most generous tax rebate programs for the film industry in the country, and the state also offers an interest-free loan of as much as \$15 million a project for productions that are shot primarily in New Mexico. Santa Fe County envisions this as an opportunity to encourage the film industry to locate in the County and has signed an initial agreement for a film studio to be constructed in a new business park purchased by the County in fiscal year 2008.

Providing, Upgrading and Replacing County Service Infrastructure: As Santa Fe County services grow to serve the increasing population, a significant priority is to establish County facilities in places outside the Santa Fe City, and to replace and upgrade existing but outmoded County facilities. To this purpose, the County opened three satellite County offices in Pojoaque, Eldorado and Edgewood, where by citizens can locally obtain basic County services. Santa Fe County is also constructing new community centers; one was just opened in Agua Fria and new centers are planned for La Puebla and Cerrillos, and existing facilities are being renovated.

Managing Population, Environment and Commercial Growth in the County: Santa Fe County is experiencing challenges from increasing growth pressures and unanticipated oil, gas and mineral extraction development proposals. The County has made the decision that a plan for the Galisteo Basin area, updating the long-range General Plan and updating the Land Development Regulations. Key components of the Galisteo Growth Management Area Plan will be to preserve important environmental resources, identify future development patterns, establish "how much" and "what kind" of growth is desired and appropriate and incorporate a capital improvements plan that allocates growth-related development costs to new development.

Maintaining the Public Safety Infrastructure: Programmatically, Public Safety consists of law enforcement (Sheriff's Office), the County Fire Department, Emergency Communications, and Corrections. Maintenance of the Public

Safety staff is a challenge in that nearby state and local government public safety services compete with Santa Fe County for staff resources. If Santa Fe County does not offer salaries and benefits equivalent to other public safety entities, maintaining effective staff levels becomes difficult. In each of the County public safety services, salary increases were necessary during fiscal year 2008 to maintain parity with competing cities, counties and the state. These increases had a substantial effect on resources, limiting growth of other recurring County services in fiscal year 2009.

Financial Contact

The County's financial statements are designed to present users with the general overview of the County's finances and to demonstrate the Department's accountability. If you have questions about the report or need additional information, contact the County's Finance Director at 102 Grant Ave, PO Box 276, Santa Fe, New Mexico 87504 or visits our website at <http://www.santafecounty.nm.us>.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 1

Statement of Net Assets

June 30, 2008

	Government-Wide		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in pooled cash investments - Unrestricted	\$ 41,451,376	\$ -	\$ 41,451,376
Equity in pooled cash investments - Restricted	117,082,700	21,995,545	139,078,245
Receivables, net of allowance for uncollectible			
Accounts	1,752,868	2,167,051	3,919,919
Taxes	13,510,511	-	13,510,511
Interest	837,717	65,839	903,556
Grantor agencies and other	3,747,967	2,792	3,750,759
Mortgage receivables, net	11,229,111	174,817	11,403,928
Interfund balances	-	-	-
Assets held for sale	-	568,575	568,575
Capital assets (net of accumulated depreciation)	94,933,389	51,844,104	146,777,493
Deferred costs, net	-	340,929	340,929
Water rights	-	9,124,645	9,124,645
Total assets	\$ 284,545,639	\$ 86,284,297	\$ 370,829,936
LIABILITIES			
Accounts payable	\$ 2,328,166	\$ 622,011	\$ 2,950,177
Accrued payroll	861,101	413,945	1,275,046
Accrued interest	2,273,622	598,246	2,871,868
Interfund balances	-	-	-
Deferred revenue	955,569	174,817	1,130,386
Deposits held for others	93,746	168,627	262,373
Noncurrent liabilities:			
Due within one year	11,323,014	939,020	12,262,034
Due in more than one year	88,527,947	35,381,825	123,909,772
Total liabilities	106,363,165	38,298,491	144,661,656
NET ASSETS			
Invested in capital assets, net of related debt	30,223,432	24,647,903	54,871,335
Restricted for:			
Debt service	11,628,263	2,249,600	13,877,863
Capital projects	94,753,987	-	94,753,987
Unrestricted	41,576,792	21,088,303	62,665,095
Total net assets	\$ 178,182,474	\$ 47,985,806	\$ 226,168,280

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Statement of Activities

Year Ended June 30, 2008

Functions/Programs Primary government:	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities						
General government	\$ 1,681,958	\$ 1,198,786	\$ 4,372,730	\$ (13,207,231)	\$ -	\$ (13,207,231)
Public safety	2,227,753	1,866,063	-	(15,535,160)	-	(15,535,160)
Highways and streets	7,985	42,743	894,908	(7,354,550)	-	(7,354,550)
Health and welfare	7,546,788	5,424,911	-	(6,374,355)	-	(6,374,355)
Culture and recreation	-	880	-	(842,390)	-	(842,390)
Economic development	-	5,000	-	(2,116,000)	-	(2,116,000)
Interest expense	-	-	-	(4,031,630)	-	(4,031,630)
Total governmental activities	11,464,484	8,538,383	5,267,638	(49,461,316)	-	(49,461,316)
Business-type activities:						
Housing services	393,025	654,615	-	-	(317,992)	(317,992)
Utilities department	1,958,612	-	-	-	96,524	96,524
Jail facility	12,288,304	310,216	-	-	(9,736,787)	(9,736,787)
Regional planning authority	37,231	-	-	-	(68,645)	(68,645)
Home sales	169,974	-	-	-	(206,623)	(206,623)
Total business-type activities	14,847,146	964,831	-	-	(10,233,523)	(10,233,523)
Total primary government	\$ 26,311,630	\$ 9,503,214	\$ 5,267,638	(49,461,316)	(10,233,523)	(59,694,839)
General Revenues						
Property taxes	46,843,268	-	-	46,843,268	-	46,843,268
Gross receipt taxes	48,941,331	-	-	48,941,331	-	48,941,331
Other taxes	2,194,386	-	-	2,194,386	-	2,194,386
Investment income	8,159,358	286,131	-	8,445,489	-	8,445,489
Other	246,436	18,727	-	265,163	-	265,163
Contributions not restricted to a specific program	1,268,029	-	-	1,268,029	-	1,268,029
Total general revenues	107,652,808	304,858	-	107,957,666	-	107,957,666
Changes in net assets before transfers	58,191,492	-	-	(9,928,665)	-	48,262,827
Transfers	(29,779,281)	-	-	29,779,281	-	-
Change in net assets	28,412,211	-	-	19,850,616	-	48,262,827
Net assets - beginning	148,966,634	-	-	28,135,190	-	177,101,824
Net assets - restatement	803,629	-	-	-	-	803,629
Net assets - as restated	149,770,263	-	-	28,135,190	-	177,905,453
Net assets - ending	\$ 178,182,474	\$ 47,985,806	\$ 226,168,280	\$ 178,182,474	\$ 47,985,806	\$ 226,168,280

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 3

Balance Sheet
Governmental Funds

June 30, 2008

	Major Funds						Total
	Special Revenue Fund		Capital Project Funds			Non-Major Other Funds	
	General	Developer Fees	Capital Outlay	General	General		
			Gross Receipts Tax	Obligation Bond Series 2007	Obligation Bond Series 2007B		
ASSETS							
Equity in pooled cash and investments - Unrestricted	\$ 41,451,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,451,376
Equity in pooled cash and investments - Restricted	1,838,905	2,160,161	34,215,318	21,892,715	3,623,941	53,351,660	117,082,700
Receivables, net of allowance for uncollectible							
Accounts	29,892	112,000	-	-	-	1,610,976	1,752,868
Taxes	5,500,784	-	1,805,769	-	-	6,203,958	13,510,511
Interest	744,996	-	-	46,952	9,390	36,379	837,717
Grantor agencies and other	671,275	-	-	-	-	3,076,692	3,747,967
Mortgages	-	11,429,111	-	-	-	-	11,429,111
Due from other funds	593,466	-	-	-	-	5,719	599,185
Total assets	\$ 50,830,694	\$ 13,701,272	\$ 36,021,087	\$ 21,939,667	\$ 3,633,331	\$ 64,285,384	\$ 190,411,435
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 566,674	\$ -	\$ 658,457	\$ 211,083	\$ -	\$ 868,337	\$ 2,304,551
Accrued payroll	567,670	1,155	-	-	-	292,276	861,101
Due to other funds	-	-	-	-	-	599,185	599,185
Deferred revenue	4,522,498	11,429,111	-	-	-	863,708	16,815,317
Deposits held for others	-	-	-	-	-	93,746	93,746
Other	23,615	-	-	-	-	-	23,615
Total liabilities	5,680,457	11,430,266	658,457	211,083	-	2,717,252	20,697,515
Fund Balance							
Reserved for							
Encumbrances	3,677,892	3,227	1,871,088	2,647,827	1,999,331	9,854,990	20,054,355
Debt service	-	-	-	-	-	13,040,542	13,040,542
Total reserved fund balance	3,677,892	3,227	1,871,088	2,647,827	1,999,331	22,895,532	33,094,897
Unreserved reported in							
Special Revenue	-	2,267,779	-	-	-	32,651,687	34,919,466
Contingency	1,815,290	-	-	-	-	-	1,815,290
Capital projects	-	-	33,491,542	19,080,757	1,634,000	6,844,213	61,050,512
Unreserved - Undesignated	39,657,055	-	-	-	-	(823,300)	38,833,755
Total unreserved fund balance	41,472,345	2,267,779	33,491,542	19,080,757	1,634,000	38,672,600	136,619,023
Total fund balance	45,150,237	2,271,006	35,362,630	21,728,584	3,633,331	61,568,132	169,713,920
Total liabilities and fund balance	\$ 50,830,694	\$ 13,701,272	\$ 36,021,087	\$ 21,939,667	\$ 3,633,331	\$ 64,285,384	\$ 190,411,435

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 4

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets

June 30, 2008

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance Governmental Funds	\$ 169,713,920
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	94,933,389
Long-term liabilities, including bonds payable, and therefore are not reported in the governmental funds	(100,098,190)
Reductions of deferred revenue for property tax revenue recorded on full accrual basis. Governmental funds recognize tax revenue on the modified accrual basis	4,430,637
Accrual of interest on long-term obligations not recorded by the governmental funds until paid	(2,273,622)
Developer funded mortgages not recorded as revenue by the governmental funds until paid by the homeowners, net of allowance	11,229,111
Capitalized bond issuance and deferred costs, net of amortization, expensed by the governmental funds	408,070
Bond premium, net of amortization	<u>(160,841)</u>
Net assets governmental activities	<u><u>\$ 178,182,474</u></u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 5

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2008

	Major Funds						Total
	Special Revenue Fund		Capital Project Funds			Non-Major Other Funds	
	General	Developer Fees	Capital Outlay	General	General		
			Gross Receipts Tax	Obligation Bond Series 2007	Obligation Bond Series 2007B		
Revenues:							
Grants	\$ 1,198,786	\$ -	\$ -	\$ -	\$ -	\$ 12,607,235	\$ 13,806,021
Property tax	33,397,906	-	-	-	-	12,227,887	45,625,793
Gross receipts tax	10,664,962	-	10,519,154	-	-	27,757,215	48,941,331
Other taxes and assessments	1,105,937	-	-	-	-	1,088,449	2,194,386
Interest earnings	5,693,887	88,610	-	1,068,589	502,119	806,153	8,159,358
Charges for services, fines and penalties	1,525,638	-	-	-	-	9,938,846	11,464,484
Other	108,439	59,700	-	-	-	78,297	246,436
Total revenues	53,695,555	148,310	10,519,154	1,068,589	502,119	64,504,082	130,437,809
Expenditures:							
Current							
General government	17,729,096	-	-	-	-	1,141,309	18,870,405
Public safety	10,422,751	-	-	-	-	8,259,278	18,682,029
Highways and streets	4,585,306	-	-	-	-	2,791,299	7,376,605
Health and welfare	93,969	85,869	-	-	-	19,002,379	19,182,217
Culture and recreation	754,241	-	-	-	-	65,581	819,822
Economic development	-	-	-	-	-	2,121,000	2,121,000
Capital outlay	4,660,250	-	7,516,972	4,593,786	16,791,718	12,837,357	46,400,083
Debt service (principal and interest)	-	-	-	-	-	10,282,520	10,282,520
Debt issuance costs and other	-	-	-	-	122,221	1,882	124,103
Total expenditures	38,245,613	85,869	7,516,972	4,593,786	16,913,939	56,502,605	123,858,784
Excess (Deficiency) of Revenues over Expenditures	15,449,942	62,441	3,002,182	(3,525,197)	(16,411,820)	8,001,477	6,579,025
Other Financing Sources (Uses):							
Operating transfers, in	1,239,557	-	100,000	-	-	7,047,521	8,387,078
Operating transfers, out	(10,097,213)	-	(220,545)	-	-	(9,583,022)	(19,900,780)
Proceeds from bonds	-	-	-	-	20,045,151	-	20,045,151
Total other financing sources (uses)	(8,857,656)	-	(120,545)	-	20,045,151	(2,535,501)	8,531,449
Net changes in fund balance	6,592,286	62,441	2,881,637	(3,525,197)	3,633,331	5,465,976	15,110,474
Fund balance, beginning of year	38,557,951	2,208,565	32,480,993	25,253,781	-	55,670,984	154,172,274
Prior Period restatement/reclassification	-	-	-	-	-	431,172	431,172
Fund balance, beginning as restated	38,557,951	2,208,565	32,480,993	25,253,781	-	56,102,156	154,603,446
Fund balance, end of year	\$45,150,237	\$ 2,271,006	\$ 35,362,630	\$21,728,584	\$ 3,633,331	\$ 61,568,132	\$169,713,920

The accompanying notes are an integral part to this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 6

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
Funds to the Statement of Activities

Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of
activities are different because:

Net changes in fund balance total governmental funds	\$ 15,110,474
Capital outlay expenditures in the governmental funds	\$ 46,400,083
Less amount of capital outlay for the enterprise funds paid for by the governmental funds recorded as contributed capital and included in transfer from governmental activity to business-type activities	<u>(18,265,579)</u>
Current year Capital Outlay expenditures capitalized in the Statement of Net Assets	28,134,504
Depreciation expense recorded in the Statement of Activities	(3,006,185)
Debt Service principal payments expensed in the governmental funds, recorded as a reduction of long-term liabilities in the Statement of Net Assets	6,901,915
Proceeds of bonds issued during 2008 recorded as other financing sources in the governmental funds but as liabilities in the government wide financial statements	(20,000,000)
General fund payments expense for capital lease obligations and post closure costs recorded as a reduction of long-term liabilities	12,168
Capitalized bond issuance and deferred costs of \$122,221, net of amortization of \$32,398	89,823
Bond premium, net of amortization	(29,729)
Increase in compensated absences not recorded until paid by the governmental funds	(308,109)
Net increase in accrued interest expense not recorded until paid by the governmental funds	(634,049)
Current year developer funded mortgages not recorded as revenue in the governmental funds but recorded as deferred revenue	1,268,029
Loss on an affordable housing mortgage	(100,699)
Provision for allowance for uncollectable affordable mortgages recorded on the government wide financial statements	(200,000)
Net effect of full accrual accounting to record tax revenue in the Statement of Activities which is recorded on a modified accrual basis in the governmental financial statements	1,217,475
Loss on disposal of capital assets not recorded in the governmental funds	<u>(43,406)</u>
Change in net assets	<u>\$ 28,412,211</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 7

General Fund
Statement of Revenues and Expenditures
Budget to Actual (Non-GAAP Basis)

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Grants	\$ 1,257,309	\$ 2,200,794	\$ 1,350,016	\$ (850,778)
Taxes and special assessments	41,281,914	42,672,531	45,178,719	2,506,188
Interest earnings	2,250,000	2,643,000	3,170,866	527,866
Charges for services	1,144,700	1,163,700	1,231,946	68,246
Licenses and permits	436,000	436,000	394,763	(41,237)
Other	39,000	119,909	2,673,078	2,553,169
Total revenues	46,408,923	49,235,934	\$ 53,999,388	\$ 4,763,454
Cash balance carryforward	9,270,371	15,055,127		
Total	\$ 55,679,294	\$ 64,291,061		
Expenditures:				
General government	\$ 33,052,127	\$ 34,509,720	\$ 22,553,241	\$ 11,956,479
Public Safety	10,414,334	13,085,875	12,236,139	849,736
Highways and streets	1,097,517	1,531,869	1,434,171	97,698
Health and welfare	50,916	96,267	93,969	2,298
Culture and recreation	896,934	1,388,723	1,296,905	91,818
Public Works	3,986,875	4,940,401	4,595,207	345,194
Total expenditures	\$ 49,498,703	\$ 55,552,855	\$ 42,209,632	\$ 13,343,223
Other financing sources (uses):				
Bond proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	1,175,451	1,359,009	1,239,557	(119,452)
Operating transfers out	(7,356,042)	(10,097,215)	(10,097,213)	2
Total other financing sources (uses)	\$ (6,180,591)	\$ (8,738,206)	\$ (8,857,656)	\$ (119,450)
Net income (loss) - Budgetary basis			\$ 2,932,100	
Reconciliation to GAAP basis income (loss):				
To record audit adjustments for revenue, net of prior year revenue reversals			(303,833)	
To record audit adjustment for expenses				
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes			3,677,892	
Reversal of prior year accruals			286,127	
Change in net assets - GAAP basis			\$ 6,592,286	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 8

Developer Fees
Statement of Revenues and Expenditures
Budget to Actual (Non-GAAP Basis)

Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Grants	\$ -	\$ -	\$ -	\$ -
Taxes and special assessments	-	-	-	-
Interest earnings	-	-	88,610	88,610
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Other	-	-	452,800	452,800
	<u>-</u>	<u>-</u>	<u>452,800</u>	<u>452,800</u>
Total revenues	-	-	\$ 541,410	\$ 541,410
Cash balance carryforward	110,185	166,013		
	<u>110,185</u>	<u>166,013</u>		
Total	\$ 110,185	\$ 166,013		
Expenditures:				
General government	\$ 110,185	\$ 166,013	\$ 89,096	\$ 76,917
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Public Works	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ 110,185	\$ 166,013	\$ 89,096	\$ 76,917
Other financing sources (uses):				
Bond proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net income (loss) - Budgetary basis				
			\$ 452,314	
Reconciliation to GAAP basis income (loss):				
To record audit adjustments for revenue, net of prior year revenue reversals			(393,100)	
To record audit adjustment for expenses			-	
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes			3,227	
Reversal of prior year accruals			-	
Entry for bad debt expense			-	
			<u>-</u>	
Change in net assets - GAAP basis			\$ 62,441	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 9

Statement of Net Assets
Enterprise Funds

June 30, 2008

	Housing Services	Utilities Department	Jail Facility	Regional Planning Authority	Home Sales	Total
ASSETS						
Current Assets:						
Cash and investments- restricted	\$ 1,917,833	\$ 3,990,020	\$ 11,544,388	\$ 224,338	\$ 4,318,966	\$ 21,995,545
Accrued interest	-	968	64,871	-	-	65,839
Accounts receivable, net	66,223	335,490	1,765,338	-	-	2,167,051
Interfund balances	-	-	-	-	-	-
Notes receivable, net	-	2,792	-	-	-	2,792
Assets held for sale	-	-	-	-	568,575	568,575
Total current assets	<u>1,984,056</u>	<u>4,329,270</u>	<u>13,374,597</u>	<u>224,338</u>	<u>4,887,541</u>	<u>24,799,802</u>
Non-current Assets:						
Fixed assets - building, land, equipment jail facility and water system	7,150,295	28,938,953	29,944,934	7,650	-	66,041,832
Accumulated depreciation	(3,891,145)	(2,000,480)	(8,301,537)	(4,566)	-	(14,197,728)
Total fixed assets, net of depreciation	<u>3,259,150</u>	<u>26,938,473</u>	<u>21,643,397</u>	<u>3,084</u>	<u>-</u>	<u>51,844,104</u>
Deferred costs, net	-	-	340,929	-	-	340,929
Water rights	-	9,124,645	-	-	-	9,124,645
Mortgage receivable	-	-	-	-	174,817	174,817
Total assets	<u>\$ 5,243,206</u>	<u>\$ 40,392,388</u>	<u>\$ 35,358,923</u>	<u>\$ 227,422</u>	<u>\$ 5,062,358</u>	<u>\$ 86,284,297</u>
LIABILITIES AND FUND EQUITY						
Current Liabilities:						
Accounts payable	\$ 459	\$ 129,719	\$ 487,330	\$ 726	\$ 3,777	\$ 622,011
Accrued payroll	21,280	16,889	373,458	2,318	-	413,945
Accrued interest	-	-	598,246	-	-	598,246
Interfund balances	-	-	-	-	-	-
Deposits held for others	69,559	99,068	-	-	-	168,627
Current portion of notes and bonds payable	129,020	-	810,000	-	-	939,020
Deferred revenue	-	-	-	-	174,817	174,817
Total current liabilities	<u>220,318</u>	<u>245,676</u>	<u>2,269,034</u>	<u>3,044</u>	<u>178,594</u>	<u>2,916,666</u>
Noncurrent Liabilities:						
Notes and bonds payable	4,698,412	-	24,725,000	-	-	29,423,412
Interest payable	5,958,413	-	-	-	-	5,958,413
Total noncurrent liabilities	<u>10,656,825</u>	<u>-</u>	<u>24,725,000</u>	<u>-</u>	<u>-</u>	<u>35,381,825</u>
Total liabilities	<u>10,877,143</u>	<u>245,676</u>	<u>26,994,034</u>	<u>3,044</u>	<u>178,594</u>	<u>38,298,491</u>
Net assets						
Invested in capital assets and water rights, net of related debt	(7,526,695)	36,063,118	(3,891,604)	3,084	-	24,647,903
Restricted for Debt service	-	-	2,249,600	-	-	2,249,600
Unrestricted	1,892,758	4,083,594	10,006,893	221,294	4,883,764	21,088,303
Total net assets	<u>(5,633,937)</u>	<u>40,146,712</u>	<u>8,364,889</u>	<u>224,378</u>	<u>4,883,764</u>	<u>47,985,806</u>
Total liabilities and net assets	<u>\$ 5,243,206</u>	<u>\$ 40,392,388</u>	<u>\$ 35,358,923</u>	<u>\$ 227,422</u>	<u>\$ 5,062,358</u>	<u>\$ 86,284,297</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 10

Statement of Revenues, Expenditures and Changes in Fund Net Assets

Enterprise Funds

Year Ended June 30, 2008

	Housing Services	Utilities Department	Jail Facility	Regional Planning Authority	Home Sales	Total
Operating revenues						
Facilities rentals and charges for services	\$ 393,025	\$ -	\$ 12,288,304	\$ 37,231	\$ -	\$ 12,718,560
Water sales, net	-	1,958,612	-	-	-	1,958,612
Miscellaneous	9,799	8,201	727	-	-	18,727
Sale of homes	-	-	-	-	169,974	169,974
Total operating revenues	402,824	1,966,813	12,289,031	37,231	169,974	14,865,873
Operating expenses						
Cost of sales	-	-	-	-	135,444	135,444
General	1,028,777	1,862,088	20,876,913	105,876	241,153	24,114,807
Total operating expenses	1,028,777	1,862,088	20,876,913	105,876	376,597	24,250,251
Operating income (loss)	(625,953)	104,725	(8,587,882)	(68,645)	(206,623)	(9,384,378)
Non-operating revenues (expenses)						
Interest on cash and investments	-	2,747	283,384	-	-	286,131
HUD operating subsidy and other federal/state funds	654,615	-	310,216	-	-	964,831
Interest expense on notes payable	(336,855)	-	(1,458,394)	-	-	(1,795,249)
Total non-operating revenues (expenses)	317,760	2,747	(864,794)	-	-	(544,287)
Net income (loss) before contributions and operating transfers	(308,193)	107,472	(9,452,676)	(68,645)	(206,623)	(9,928,665)
Capital Contributions						
Capital contributions from governmental funds	-	18,265,579	-	-	-	18,265,579
Contributions from Developers	-	-	-	-	-	-
Capital assets contributions (expense)	-	-	-	-	-	-
Total capital contributions	-	18,265,579	-	-	-	18,265,579
Operating transfers in	103	-	9,379,123	100,000	2,057,034	11,536,260
Operating transfers (out)	-	-	(22,558)	-	-	(22,558)
Total transfers	103	-	9,356,565	100,000	2,057,034	11,513,702
Change in net assets	(308,090)	18,373,051	(96,111)	31,355	1,850,411	19,850,616
Net assets (deficit), beginning of year	(5,325,847)	21,773,661	8,461,000	193,023	3,033,353	28,135,190
Net assets (deficit), end of year	\$ (5,633,937)	\$ 40,146,712	\$ 8,364,889	\$ 224,378	\$ 4,883,764	\$ 47,985,806

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 11
Page 1 of 2

Statement of Cash Flows

Enterprise Funds

Year Ended June 30, 2008

	Housing Services	Utilities Department	Jail Facility	Regional Planning Authority	Home Sales	Total
Cash Flows from Operating Activities						
Cash received from customers and others	\$ 393,227	\$ 1,835,876	\$ 12,431,948	\$ 48,715	\$ 169,974	\$ 14,879,740
Cash payments to suppliers for goods and services	(366,066)	(676,789)	(6,020,549)	(5,232)	(267,875)	(7,336,511)
Cash payments to employees for services	(597,086)	(792,278)	(12,948,739)	(98,702)	-	(14,436,805)
Net cash provided (used) by operating activities	<u>(569,925)</u>	<u>366,809</u>	<u>(6,537,340)</u>	<u>(55,219)</u>	<u>(97,901)</u>	<u>(6,893,576)</u>
Cash Flows Provided from Noncapital Financing activities						
Cash from grantors and other	452,898	-	310,216	-	-	763,114
Cash from operating transfers in	103	-	9,356,565	100,000	2,057,034	11,513,702
Net cash provided by noncapital financing activities	<u>453,001</u>	<u>-</u>	<u>9,666,781</u>	<u>100,000</u>	<u>2,057,034</u>	<u>12,276,816</u>
Cash Flows Provided from Capital and Related Financing Activities						
Payment of notes payable and accrued interest	-	-	(2,249,540)	-	-	(2,249,540)
Cash paid for fixed assets	(1,265)	(27,839)	(119,014)	-	-	(148,118)
Net cash (used by) provided by capital and related financing activities	<u>(1,265)</u>	<u>(27,839)</u>	<u>(2,368,554)</u>	<u>-</u>	<u>-</u>	<u>(2,397,658)</u>
Cash Flows from Investing Activities - Interest on cash and investment						
	-	2,887	282,988	-	-	285,875
Net increase (decrease) in cash and cash equivalents	<u>(118,189)</u>	<u>341,857</u>	<u>1,043,875</u>	<u>44,781</u>	<u>1,959,133</u>	<u>3,271,457</u>
Cash and investments at beginning of year	2,036,022	3,648,163	10,500,513	179,557	2,359,833	18,724,088
Cash and investments at end of year	<u>\$ 1,917,833</u>	<u>\$ 3,990,020</u>	<u>\$ 11,544,388</u>	<u>\$ 224,338</u>	<u>\$ 4,318,966</u>	<u>\$ 21,995,545</u>

The accompanying notes are an integral part of this statement.

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 11
Page 2 of 2

Statement of Cash Flows (Continued)

Enterprise Funds

Year Ended June 30, 2008

	Housing Services	Utilities Department	Jail Facility	Regional Planning Authority	Home Sales	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (625,953)	\$ 104,725	\$ (8,587,882)	\$ (68,645)	\$ (206,623)	\$ (9,384,378)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Deprecation and amortization expenses	68,113	224,005	925,822	771	-	1,218,711
Bad debt expense/(credit)	-	(86,000)	775,000	-	-	689,000
Change in assets and liabilities						
(Increase) decrease in accounts receivable	(9,597)	(45,816)	142,917	11,485	-	98,989
(Increase) decrease in notes receivable	-	879	-	-	-	879
(Increase) decrease in assets held for sale	-	-	-	-	120,935	120,935
Increase (decrease) in accounts payable	(7,499)	87,507	62,784	726	(12,213)	131,305
Increase (decrease) in compensated absences	2,156	2,010	144,019	444	-	148,629
(Decrease) increase in deposits held for others	2,855	79,499	-	-	-	82,354
Total adjustments	<u>56,028</u>	<u>262,084</u>	<u>2,050,542</u>	<u>13,426</u>	<u>108,722</u>	<u>2,490,802</u>
Net cash provided by (used by) operating activities	<u>\$ (569,925)</u>	<u>\$ 366,809</u>	<u>\$ (6,537,340)</u>	<u>\$ (55,219)</u>	<u>\$ (97,901)</u>	<u>\$ (6,893,576)</u>

Supplemental information: Non monetary transactions - HUD forgave \$201,717 of interest and principal and contributed revenue was credited. The County Capital Projects Funds paid \$18,265,521 for capital asset and water rights additions for the Utilities Department.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 12

Agency Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2008

ASSETS

Equity in pooled cash and investments - restricted	\$ 2,376,415
Property taxes receivable	7,200,911
Total assets	<u>9,577,326</u>

LIABILITIES

Due to other governments	7,200,911
Overpayments and taxes paid in advance	1,114,160
Deposits held for others	745,339
Undistributed taxes to other entities	516,916
Total liabilities	<u>9,577,326</u>
Net assets	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements

June 30, 2008

(1) **Summary of Significant Accounting Policies**

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

The County's entity-wide financial statements 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, jail operations 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) Statements 14 and 39. 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. GASB 39 became effective July 1, 2003, which expanded the criteria of a component unit, and the Rancho Viejo Improvement District became part of the County's financial statements as a debt service fund.

There is not a separate governing body for the Rancho Viejo Improvement District and per the debt offering statement the County's Commissioners become the governing body. The funds from the debt benefited the County and accordingly, per GASB 39, the Rancho Viejo Improvement District fund is blended with the County's financial statements.

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

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) **Summary of Significant Accounting Policies (Continued)**

Reporting Entity (Continued)

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 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 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.

The financial statements of the County have been prepared to conform with generally accepted accounting principles (GAAP) as applied to governmental entities. The County is responsible for the fair presentation in the basic financial statements of its financial position, results of operations and cash flows of the proprietary funds in conformity with the United States of America generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments* (GASB 34). This statement affects the manner in which the County records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Management Discussion and Analysis - GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the County's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Basis of Accounting

The basic financial statements consist of the following:

- Government-wide financial statements

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) Summary of Significant Accounting Policies Continued

Basis of Accounting (Continued)

- Fund financial statements and
- Notes to the basic financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* including depreciation expense are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to other functions but is included in general government functions. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Derived tax revenues (gross receipts taxes, cigarette taxes, gasoline taxes, etc.) are recognized when the underlying exchange transaction takes place. Revenues from fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as they are recorded.

Governmental financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available or when the underlying exchange transaction takes place. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

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

Exceptions to this general rule include: debt service expenditures which are recorded when fund liabilities are due and to compensate absences which are recorded only when payable from current available financial resources.

Those revenues susceptible to accrual are property taxes, gross receipts taxes, state shared taxes, investment income and charges for services. In accordance with GASB Statement 33, estimated property taxes, that are not available, are recorded as both accounts receivable and deferred revenue. Other intergovernmental taxes are not recorded as the amounts are not estimable. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received.

The County reports deferred revenue on its governmental fund and government-wide balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria methods are met or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

Presentation of Funds

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

- *Ten percent criterion* - An individual governmental fund reports at least 10 percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.
- *Five percent criterion* - An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any of the items for which it met the 10 percent criterion.

The County reports the following major governmental funds:

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.

Developer Fees. This fund was established by the County to account for funds contributed by Las Campanas Limited Partnership and others for affordable housing programs and other projects. The fund was created by the Board of County Commissioners. In prior years this fund had received approximately \$2 million in payments from the private Las Campanas housing development project and the Affordable Housing program, which assists low income persons in the purchase of homes. Current revenue is from interest on the cash balance of this fund and developer funds to assist the affordable housing program. Mortgages funded by developers as part of an affordable housing program are recorded to this fund.

Capital Outlay Gross Receipts Tax Proceeds Fund. This capital project fund receives a 1/4 cent gross receipt tax to be used for various capital projects.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Presentation of Funds (Continued)

General Obligation Bond Series 2007B – In the fiscal year 2008, voters approved the issuance of a bond in the amount of \$20 million to be used for water and road infrastructure. This capital project fund contains the proceeds of this bond. The debt on this bond is paid with property taxes through the General Obligation Bond Debt Service Fund.

General Obligation Bond Series 2007 — In the Fiscal Year 2007, voters approved the issuance of a bond in the amount of \$25 million to be used for the District Courthouse project. This capital project fund contains the proceeds of this bond. The debt on this bond is paid with property taxes through the General Obligation Bond Debt Service Fund.

The County has the following other non-major funds that are listed on the following pages of this report. Non Major Special Revenue on pages 79 to 81, Non Major Debt Service on page 109 and Non Major Capital Project Funds on page 119 to 120.

The *Fund balance, beginning of year* line item for Major funds on page 20 has been reclassified to include Developer Fees and General Obligation Bond Series 2007B and exclude the EMS and Health Care Fund. The beginning major fund balance has been decreased by \$2,478,940 from the June 30, 2007 issued financial statements.

The *Fund balance, beginning of year* line item for Non-Major funds on page 20 has been reclassified to include the EMS Health Care and EMS Hospital funds and exclude the Developer Fees Fund. The beginning major fund balance has been increased by \$2,478,940 from the June 30, 2007 issued financial statements.

The County has elected to have all of its enterprise funds classified as major funds. The following are the major enterprise funds.

Housing Services. This fund is used to account for the funding and expense of the County's Public Housing Authority. Revenue for this fund is derived from housing rentals and Housing and Urban Development (HUD) grants and subsidies.

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

Utilities Department. This fund is used to account for the funding and expense of the Water and Wastewater utilities of Santa Fe County.

Jail Facility. This fund is used to account for the funding and expense of the County Jail and Juvenile Facility, through charges for care of prisoners from outside jurisdictions, Juvenile Facility building rental, and General Fund transfers.

Regional Planning Authority. This fund is used to account for the funding and expense of the Regional Planning Authority, created by agreement between the City of Santa Fe and Santa Fe County.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

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, 2008 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.
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 and the enterprise funds. The Housing Services enterprise and special revenue budgets are also approved by HUD.

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:

- Transfers within organizational units (between expenditure categories)
- Transfers between organizational 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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Annual Budget (Continued)

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

Emergency Medical Services
Fire Districts

The following funds were not budgeted in 2008:

Rancho Viejo Improvement District
Fire Tax Revenue Bonds Proceeds
NMFA Loan Proceeds
Recreation

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. In Governmental Fund Types, 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, 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, 2008. 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 statutes authorize the County to invest excess funds in United States bonds, treasury certificates, or 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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) **Summary of Significant Accounting Policies (Continued)**

Property Taxes Receivable

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

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 government fund balance sheet. There are no interfund balances that are not expected to be repaid within one year. Balances between governmental activities and business-type activities are shown as internal balances in the government-wide financial statements.

Restricted Assets

Cash, excluding most of 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 is limited to their specific uses. 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.

Capital Assets

Capital assets, which include property, plant, equipment, and computer software are included in the equipment category, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective July 1, 2006 State law requires capitalization of capital assets greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. The County does not have internally developed software and has no capitalized library books. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. The County has no impaired assets.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) **Summary of Significant Accounting Policies (Continued)**

Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Improvements other than buildings	25-40 years
Buildings and structures	40 years
Machinery and equipment	3-10 years
Furniture and fixtures	5 years
Infrastructure	25-30 years

The County elected in 2003 not to retroactively implement the capitalization of infrastructure assets. In the 2006 fiscal year there was a prior year restatement for the infrastructure. Current 2008 additions have been capitalized.

The Utilities Department consists of engineering costs and other expenses to plan and 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, vehicles 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 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.

Inventories and Assets held for Sale

Inventory items such as general supplies and parts are expensed when purchased since inventories are not material to the June 30, 2008 financial statements. Assets held for sale represent low income housing units available for sale.

Compensated Absences

Amounts of vested or accumulated vacation leave for governmental fund types are reported in the government-wide financial statements. 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

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are recognized as a liability in the applicable governmental activities, business type activities or proprietary fund type statement of net assets. 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 government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. The County had no short-term debt activity for the year.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Fund Equity

The County follows GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement 34, which clarified the criteria of net assets restricted related to enabling legislation.

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

Reserved for subsequent years' expenditures - This represents the amounts, other than carryover expenditures, which are designated for subsequent year expenditures in accordance with grantor statutes

This includes the amounts required by the New Mexico Department of Finance and Administration for budgeted expenditures reserved to maintain adequate cash flow for contingency purposes.

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 and in the government-wide financial statements 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. These transactions are not eliminated in the government-wide financial statements.

All other interfund transactions, except reimbursements, are reported as operating transfers. Contributions to the enterprise funds by the governmental funds of fixed assets are classified as non-operating revenue.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(2) Pooled cash and Investments

The following is a summary of pooled cash and investments at June 30, 2008:

	<u>Government-Wide Statement of Net Assets</u>			<u>Fiduciary Fund Financial Statements</u>	<u>Total</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Fiduciary Funds Statement of Net Assets</u>	
Cash and investments	<u>\$ 41,451,376</u>	<u>\$ -</u>	<u>\$ 41,451,376</u>	<u>\$ -</u>	<u>\$ 41,451,376</u>
Restricted cash and investments	<u>\$ 117,082,700</u>	<u>\$ 21,995,545</u>	<u>\$ 139,078,245</u>	<u>\$ 2,376,415</u>	<u>\$ 141,454,660</u>
Total cash and investments					<u>\$ 182,906,036</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The way that the County manages its exposure to interest rate risk is by investing in shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Thus, most of the investments have call provisions which would be exercised within one year. Investments in Federal Agency securities with maturities greater than one year but less than two years totaled \$3,521,900 at June 30, 2008. The County's investments in certificates of deposit are non-negotiable certificates of deposit which can be redeemed before maturity without loss of principal balance.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(2) Pooled Cash and Investments (Continued)

The following are securities with a scheduled maturity greater than 2 years and whose cost approximates market.

Security	Scheduled Maturity	Call Date	Fair Value
Federal Farm Credit Bank	07/30/10	07/30/08	\$ 2,500,000
Scheduled maturity before 6/30/2011			<u>2,500,000</u>
Federal Home Loan Bank	11/07/11	11/07/08	1,000,000
Federal Farm Credit Bank	02/13/12	11/13/08	1,991,830
Federal National Mortgage Association	06/27/12	09/27/08	4,000,000
Federal Home Loan Bank	10/09/12	10/09/08	1,000,000
Federal Farm Credit Bank	10/15/12	10/15/09	1,000,000
Federal Home Loan Bank	10/30/12	10/30/08	1,999,136
Federal Home Loan Bank	11/28/12	08/28/08	3,000,000
Federal National Mortgage Association	12/19/12	12/19/12	2,000,000
Federal National Mortgage Association	06/24/13	09/24/08	2,500,000
Scheduled maturity before 6/30/2013			<u>18,490,966</u>
Federal Home Loan Bank	07/09/13	07/09/08	1,772,500
Federal Home Loan Mortgage Corporation	12/12/13	12/12/08	426,940
Federal Home Loan Mortgage Corporation	04/01/14	04/01/09	1,500,000
Federal Home Loan Bank	11/19/14	11/19/08	1,999,084
Federal Home Loan Bank	12/12/14	09/15/08	2,000,000
Scheduled maturity before 6/30/2015			<u>7,698,524</u>
Federal Home Loan Mortgage Corporation	12/11/15	12/11/08	2,500,000
Federal Home Loan Bank	08/19/16	11/11/08	2,000,000
Scheduled maturity before 6/30/2017			<u>4,500,000</u>
Federal National Mortgage Association	11/28/17	11/28/08	2,000,000
Federal Home Loan Mortgage Corporation	12/18/17	12/18/08	9,973,279
Federal Home Loan Bank	02/13/18	11/11/08	2,000,000
Federal National Mortgage Association	03/05/18	12/05/08	1,996,374
Federal National Mortgage Association	03/05/18	12/05/08	2,000,000
Scheduled maturity before 6/30/2019			<u>17,969,653</u>
Federal Home Loan Mortgage Corporation	01/23/20	01/23/09	1,990,345
Federal Loan Bank	02/08/23	11/08/08	3,509,148
Scheduled maturity before 6/30/2023			<u>5,499,493</u>
			<u>\$ 56,658,636</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(2) Pooled Cash and Investments (Continued)

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 reflected in the 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, federal agencies, treasury notes and treasury bills and mutual funds invested in government securities. The County investments comply with State law. Deposits are secured by both federal depository insurance and collateral pledged in the County's name held by a third party. 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.

The County did not participate in any reverse repurchase agreements or security lending agreements during the current fiscal year. The County also has no deposits or investments exposed to foreign currency risk.

All of the County's investments are insured, registered and the County's agent holds the securities in the County's name, therefore the County is not exposed to custodial credit risk.

Investments in securities of any individual issues, other than U.S. Treasury securities, mutual funds, local government investment pool, that represent 5% or more of the total government-wide investments at June 30, 2008 are as follows:

	<u>Investment Type</u>	<u>Amount</u>	<u>% of Investments</u>
Governmental Activities	FNMA	\$ 17,483,844	12%
	Federal Home Loan Mortgage Association	14,400,219	10%
	FHLB securities	21,804,643	15%
	Total Federal agencies	53,688,706	37%
	Repurchase agreements	12,658,596	9%
Business-type Activities	None over 5%	-	-

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

2) Pooled Cash and Investments (Continued)

Investments in securities of any individual issuers, other than U.S. Treasury securities, mutual funds, local government investment pools that represent five percent of the total investments by individual funds are as follow:

		<u>Amount</u>	<u>% of Investments</u>
Jail Facility	Repurchase agreement	\$ 2,249,600	100%
Sheriff's Facility Bond Reserve	Repurchase agreement	\$ 425,905	100%

The carrying amounts of the County's deposits at financial institutions as of June 30, 2008, were \$35,375,769. Bank balances before reconciling items were \$37,383,283 at June 30, 2008. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be recovered. Under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. The County has sufficient insurance and collateral for all deposits at June 30, 2008. (See pages 149-152) for the detailed schedule.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(2) Pooled Cash and Investments (Continued)

Credit risk for investments is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by Standard and Poor's, a nationally recognized statistical rating organization.

	Credit Quality Ratings	Carrying Amount
Petty cash and change funds	Not applicable	\$ 2,443
Total deposits	Not rated	35,375,769
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	AAA	64,582,334
Cash held by NM Finance Authority which is on deposit with the State Treasurer	Not rated	21
Repurchase agreements	Not rated	15,334,482
Federal Agency Securities	AAA	60,180,536
U.S. Treasury cash reserves mutual fund accounts	Not applicable	7,430,451
Total investments		82,945,490
 Total - all County deposits and investments		 \$ 182,906,036
 Amounts per financial statements:		
Agency funds equity in pooled cash and investments		\$ 2,376,415
Governmental Funds equity in pooled cash and investments - unrestricted		41,451,376
Governmental Funds equity in pooled cash and investments - restricted		117,082,700
Enterprise Funds equity in pooled cash and investments		21,995,545
		\$ 182,906,036

The County's investments are held by agents of the County in the County's name. Repurchase agreements are collateralized in accordance with state law with securities issued by the U.S. Treasury or fully guaranteed as to payment by an agency of the U.S. government, and are secured with collateral held by third parties in the name of the County at a value of 102% of the repurchase agreement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(2) Pooled Cash and Investments (Continued)

Market value is based on quoted market prices at year-end, costs approximate market value. Total investment income for the County for the year ended June 30, 2008 was \$8,445,489.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978 empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faiths and credit of the United States government or are agencies sponsored by the United States government that have AAA credit quality ratings. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. In respect to credit risk, the Local Government Investment Pool is rated AAA by Standard & Poor's. The weighted average maturity at June 30, 2008 was 46 days, which reduces the pool's interest rate risk.

The pool does not have unit shares. Per Section 6-10-10. IF, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(3) Interfund Assets and Liabilities

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

	Receivables	Payables
General	\$ 593,466	\$ -
Non Major Special Revenue Funds:		
CFP Program	-	231,623
Total Special Revenue Funds	-	231,623
Non Major Debt Service Funds:		
Fire Tax Revenue Bonds	-	5,719
Total Debt Service Funds	-	5,719
Non Major Capital Projects Funds:		
State Special Appropriation	-	361,843
Bond Proceeds - Fire Tax	5,719	-
Total Capital Projects Funds	5,719	361,843
Total County	\$ 599,185	\$ 599,185

All of the interfund receivables and payables are between the general fund and the other funds except for the \$5,719 interfund balance between the Fire Tax Revenue Bonds and Bond Proceeds - Fire Tax Funds, and are expected to be repaid within the next Fiscal Year.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(3) Interfund Assets and Liabilities (Continued)

Interfund Transactions

The county records transfers to fund the operations and projects of other funds to provide debt service and as otherwise needed and required.

	Transfers in (from other funds)	Transfers out (to other funds)	Major Funds							Total											
			General	Capital Outlay Gross Receipts Tax	Housing Services	Utilities Department	Jail Facility	Regional Planning Authority	Home Sales		General Obligation Bond Series 2007	General Obligation Bond Series 2007B	Other Non-Major Governmental								
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Capital Outlay Gross Receipts Tax																					
Housing Services	103	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000			
Utilities Department	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103		
Jail Facility	4,429,123	-	-	-	-	-	-	22,558	-	-	-	-	-	-	-	-	-	-	9,379,123		
Regional Planning Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Home Sales	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000		
General Obligation Bond Series 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,057,034		
General Obligation Bond Series 2007B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other Non-Major Governmental	5,567,987	220,545	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,258,988		
Total	\$ 10,097,213	\$ 220,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,583,022	\$ 7,047,520	\$ 19,923,338

Significant transfers from the General Fund included transfers totaling \$4,429,123 for the operation of the Jail Facility, \$2,281,696 to the Road Fund for road maintenance and road projects, and \$1,900,000 to Economic Development. The Environmental Revenue Bond Fund transferred \$840,000 to the General Fund. The Jail Facility received \$4,800,000 from the Corrections GRT Fund and \$150,000 from the Corrections Fee Fund. The Home Sales Fund received \$2,057,034 from the Housing Special Grants Fund. Also, EMS Health Care received \$1,000,000 from the Fire Operations Fund.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(3) Interfund Assets and Liabilities (Continued)

Interfund Transactions

Transfers from the governmental activities to the business type activities consist of transfers and contributed capital from the governmental fund to the business type funds in the government-wide financial statements, and consist of the following:

Transfers in	\$	11,536,260
Transfers out		(22,558)
Contributed capital		18,265,579
 Transfers per page 17	 \$	 29,779,281

(4) Capital Assets

The changes in Capital Assets for the year ended June 30, 2008 are as follows:

	June 30, 2007 Balance	Restatement	June 30, 2007 Restated Balance	Additions & transfers	Deletions	June 30, 2008 Balance
Government activities:						
Non depreciable assets						
Land	\$ 21,040,813	\$ -	\$ 21,040,813	\$ 4,273,340	\$ -	\$ 25,314,153
Right of way land	5,465,283	-	5,465,283	-	-	5,465,283
Assets being depreciated						
Buildings and improvements	44,327,113	-	44,327,113	20,007,139	-	64,334,252
Infrastructure	36,207,064	-	36,207,064	83,541	-	36,290,605
Equipment and vehicles	38,272,701	424,993	38,697,694	3,579,853	(1,134,480)	41,143,067
Furniture and fixtures	949,129	168,791	1,117,920	190,631	-	1,308,551
	146,262,103	593,784	146,855,887	28,134,504	(1,134,480)	173,855,911
Accumulated depreciation						
Buildings and improvements	(27,355,032)	-	(27,355,032)	(924,480)	-	(28,279,512)
Infrastructure	(13,123,376)	-	(13,123,376)	(926,689)	-	(14,050,065)
Equipment and vehicles	(35,736,816)	-	(35,736,816)	(1,081,250)	1,091,074	(35,726,992)
Furniture and fixtures	(792,187)	-	(792,187)	(73,766)	-	(865,953)
Total accumulated depreciation	(77,007,411)	-	(77,007,411)	(3,006,185)	1,091,074	(78,922,522)
Governmental activities capital assets, net	\$ 69,254,692	\$ 593,784	\$ 69,848,476	\$ 25,128,319	\$ (43,406)	\$ 94,933,389

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(4) Capital Assets (Continued)

Depreciation expense was charged to the following functions of the County:

Governmental activities		
General government	\$	1,249,071
Public safety		946,947
Health and welfare		163,837
Culture and recreation		23,448
Highways and streets		<u>622,882</u>
Total depreciation expense	\$	<u><u>3,006,185</u></u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(4) Capital Assets (continued)

The following is a summary of proprietary funds' capital assets at June 30, 2008:

	June 30, 2007 Balance	Additions	Deletions	June 30, 2008 Balance
Business-type activities:				
Housing Services				
Land	\$ 611,595	\$ -	\$ -	\$ 611,595
Assets being depreciated				
Equipment and vehicles	441,899	1,265	(1,730)	441,434
Buildings and improvements	6,097,266	-	-	6,097,266
	<u>7,150,760</u>	<u>1,265</u>	<u>(1,730)</u>	<u>7,150,295</u>
Less: Accumulated depreciation				
Equipment and vehicles	(441,899)	(253)	1,730	(440,422)
Buildings and improvements	(3,382,863)	(67,860)	-	(3,450,723)
Total accumulated depreciation	<u>(3,824,762)</u>	<u>(68,113)</u>	<u>1,730</u>	<u>(3,891,145)</u>
Net fixed assets	<u>\$ 3,325,998</u>	<u>\$ (66,848)</u>	<u>\$ -</u>	<u>\$ 3,259,150</u>
Utilities Department				
Land	\$ 1,347,625	\$ -	\$ -	\$ 1,347,625
Assets being depreciated				
Water system	9,061,945	18,085,579	-	27,147,524
Office equipment, furniture and vehicles	432,792	27,839	(16,827)	443,804
	<u>10,842,362</u>	<u>18,113,418</u>	<u>(16,827)</u>	<u>28,938,953</u>
Less: Accumulated depreciation				
Water system	(1,563,328)	(181,239)	-	(1,744,567)
Office equipment, furniture and vehicles	(229,974)	(42,766)	16,827	(255,913)
Total accumulated depreciation	<u>(1,793,302)</u>	<u>(224,005)</u>	<u>16,827</u>	<u>(2,000,480)</u>
Net fixed assets	<u>\$ 9,049,060</u>	<u>\$ 17,889,413</u>	<u>\$ -</u>	<u>\$ 26,938,473</u>
Jail facility				
Land	\$ 126,781	\$ -	\$ -	\$ 126,781
Assets being depreciated				
Jail facility	27,256,240	26,133	-	27,282,373
Office equipment and furniture and vehicles	2,557,101	92,881	(114,202)	2,535,780
	<u>29,940,122</u>	<u>119,014</u>	<u>(114,202)</u>	<u>29,944,934</u>
Less: Accumulated depreciation				
Jail facility	(6,100,787)	(682,059)	-	\$ (6,782,846)
Office equipment and furniture and vehicles	(1,407,172)	(225,721)	114,202	\$ (1,518,691)
Total accumulated depreciation	<u>(7,507,959)</u>	<u>(907,780)</u>	<u>114,202</u>	<u>(8,301,537)</u>
Business-type activities Net fixed assets	<u>\$ 22,432,163</u>	<u>\$ (788,766)</u>	<u>\$ -</u>	<u>\$ 21,643,397</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(4) **Capital Assets (Continued)**

	<u>June 30, 2007</u> Balance	<u>Additions</u>	<u>Deletions and</u> <u>transfers</u>	<u>June 30, 2008</u> Balance
Regional Planning Authority Equipment and machinery	\$ 7,650	\$ -	\$ -	\$ 7,650
Less: Accumulated depreciation Equipment and machinery	<u>(3,795)</u>	<u>(771)</u>	<u>-</u>	<u>\$ (4,566)</u>
Total accumulated depreciation	<u>(3,795)</u>	<u>(771)</u>	<u>-</u>	<u>(4,566)</u>
Net fixed assets	<u>\$ 3,855</u>	<u>\$ (771)</u>	<u>\$ -</u>	<u>\$ 3,084</u>

Depreciation expense was \$68,113 for Housing Services, \$539,547 for the Utilities Department, \$755,261 for the Jail Facility and \$771 for the Regional Planning Authority for the year ended June 30, 2008, respectively.

(5) **Receivables, Notes and Mortgage Receivables**

The following is a summary of receivables for the government-wide financial statements at June 30, 2008.

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Accounts	\$ 3,974,436	\$ 4,918,757
Taxes		
Property	5,015,979	-
Gross receipts	8,070,355	-
Other	424,177	-
Interest	837,717	65,839
Grantor and other	<u>3,747,967</u>	<u>2,792</u>
	22,070,631	4,987,388
Allowance for uncollectible	<u>(2,221,568)</u>	<u>(2,751,706)</u>
Total receivables, net	<u>\$ 19,849,063</u>	<u>\$ 2,235,682</u>
Mortgage receivables, net	<u>\$ 11,229,111</u>	<u>\$ 174,817</u>

The County has a \$200,000 allowance on mortgages since the County incurred a loss of \$100,699 on one of its mortgages during the 2008 fiscal year, (see page 165). The mortgages are secured by real estate.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations

The following is a summary of long-term obligations of the County for the year ended June 30, 2008:

	June 30, 2007 Balance	Restatement	June 30, 2007 Restated Balance	Additions	Deletions	June 30, 2008 Balance	Due within one year
Governmental Activities							
General obligation and gross receipt bonds	\$ 79,428,998	-	\$ 79,428,998	\$ 20,000,000	\$ (6,585,000)	\$ 92,843,998	\$ 7,898,998
Landfill closure and postclosure care costs	2,000,058	-	2,000,058	-	(12,168)	1,987,890	2,138
Capital lease obligations	121,485	-	121,485	-	-	121,485	-
Compensated absences	2,579,648	221,327	2,800,975	2,541,485	(2,233,376)	3,109,084	3,109,084
Bonds payable issued via NMFA Component Unit - Rancho Viejo	572,648	-	572,648	-	(281,915)	290,733	290,733
Improvement District	1,780,000	-	1,780,000	-	(35,000)	1,745,000	40,000
Total Debt	86,482,837	221,327	86,704,164	22,541,485	(9,147,459)	100,098,190	11,340,953
Plus Bond Premium	131,112	-	131,112	45,151	(15,422)	160,841	15,987
Less deferred amounts on refunding	(89,120)	-	(89,120)	-	11,000	(78,120)	(11,000)
Deferred issuance costs	(229,127)	-	(229,127)	(122,221)	21,398	(329,950)	(22,926)
Total Debt Net	\$ 86,295,702	\$ 221,327	\$ 86,517,029	\$ 22,464,415	\$ (9,130,483)	\$ 99,850,961	\$ 11,323,014

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations (Continued)

The governmental funds, primarily the general fund, has paid for compensated absences for the year ended June 30, 2008.

Business Type	June 30, 2007			June 30, 2008	
	Balance	Additions	Deletions	Balance	Due within one year
HUD notes payable	\$ 4,948,443	\$ -	\$ (121,011)	\$ 4,827,432	\$ 129,020
HUD interest payable	5,702,262	256,151	-	5,958,413	-
Jail facility	26,310,000	-	(775,000)	25,535,000	810,000
	<u>\$36,960,705</u>	<u>\$ 256,151</u>	<u>\$ (896,011)</u>	<u>\$ 36,320,845</u>	<u>\$ 939,020</u>

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

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. Debt service payments are made by the debt service funds

Date Issued	Interest Rate	Final Maturity Date	Original Bond Amount	June 30, 2008 Balance	Due within one year
February 1, 1997	4.1-57%	2027	\$ 6,000,000	\$ 4,805,000	\$ 155,000
June 15, 1999	4.5-7.0%	2018	12,000,000	11,820,000	470,000
May 1, 2001	4.4-5.5%	2018	8,500,000	5,470,000	785,000
November 1, 2001	4.0-4.625%	2017	8,000,000	5,415,000	500,000
June 13, 2003	1.18-2.80%	2008	2,293,998	333,998	333,998
August 18, 2005	3.25-4.192%	2016	8,490,000	7,950,000	655,000
December 6, 2005	4.0-5.5%	2026	20,000,000	12,450,000	500,000
March 8, 2007	4.0-5.0%	2026	25,000,000	24,600,000	2,800,000
October 16, 2007	4.0-5.5%	2027	20,000,000	20,000,000	1,700,000
			<u>\$ 110,283,998</u>	<u>\$ 92,843,998</u>	<u>\$ 7,898,998</u>

During the 2008 fiscal year, the County issued \$20,000,000 of Series 2007B General Obligation Bonds secured by the County's property tax revenue to provide funds for water and road infrastructure. The interest rates range from 4% to 5.5% with the final bond payments due July 1, 2027.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations (Continued)

During 2007, the County issued \$25,000,000 of General Obligation Bonds secured by the County's property tax revenue to provide funds for the construction of the Judicial Building. The interest rates range from 4.0% - 5.0% with the final bond payments due July 1, 2026.

During December 2005, the County issued \$20,000,000 of General Obligation Bonds secured by property tax revenue to provide funds for various road projects, equipment, water rights and water improvement projects as specified by the bond agreement. The interest rates range from 4.0% to 5.5% with the final bond payments due July 1, 2026.

On August 18, 2005, the County issued \$8,490,000 in General Obligation Bonds Series 2005 with an average interest rate of 3.6 percent to advance refund \$8,380,000 of outstanding 1997 Series bonds with an average interest rate of 5.2 percent. The net proceeds of \$8,520,145 (after payment of \$82,010 in underwriting fees, insurance, and other issuance costs) plus an additional \$35,964 of 1997 Debt Service funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 Series bonds. As a result, these 1997 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debts of \$110,000. This difference of \$78,120 at June 30, 2008, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2016 using the effective-interest method.

The County completed the advance refunding to reduce its total debt service payments over the next ten years by \$724,935 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$255,000.

During 2006, the County issued \$888,889 of bonds via the NM Finance Authority for acquiring real property secured by the County's gross receipts taxes. \$88,889 of the bond proceeds were set aside for debt service.

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 2008 Balance</u>	<u>Due within One year</u>
May 1, 2006	2.64-2.99%	2009	<u>\$ 888,889</u>	<u>\$ 290,733</u>	<u>\$ 290,733</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations (Continued)

Scheduled maturities of general obligation, gross receipts and bonds payable issued through the NMFA are as follows for the years subsequent to June 30, 2008

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 8,189,731	\$ 4,183,540
2010	4,545,000	3,711,183
2011	4,445,000	3,518,848
2012	4,350,000	3,333,690
2013	4,490,000	3,144,780
2014-2018	22,885,000	12,833,929
2019-2023	18,115,000	8,343,356
2024-2028	26,115,000	3,480,575
	<u>\$ 93,134,731</u>	<u>\$ 42,549,901</u>

Capitalized Lease Obligations

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

State Board of Finance, payable annually at \$5,350, Interest free. Secured by voting machines with final payment due December 2013	\$ 26,750
State Board of Finance, payable annually at \$7,133, Interest free. Secured by voting machines with final payment due December 2015	49,935
State Board of Finance, payable annually at \$11,200, Interest free. Secured by voting machines with final payment due December 2012	<u>44,800</u>
	<u>\$ 121,485</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations (Continued)

Capitalized Lease Obligation (Continued)

The future minimum lease payments under capital leases for the County are as follows:

<u>Years Ending</u>	
2009	\$ -
2010	23,683
2011	23,683
2012	23,683
2013	23,683
2014-2016	<u>26,753</u>
	<u>\$ 121,485</u>

On July 18, 2006, the Board of Finance granted a one year moratorium on Voting Machine Revolving Fund Loan payments due to the passing of Senate Bill 295. The moratorium has been extended through 2009.

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 as of each balance sheet date. The County closed the landfill during fiscal year 1997. The \$1,987,890 reported as landfill closure and postclosure care liability at June 30, 2008 represents management's estimate based on an expert hired to estimate the costs for standard monitoring and compliance to 2027. Annual ground water monitoring has demonstrated the County is in compliance with ground water contamination. The County is required to perform monitoring of the ground water every five years. The County estimates it will not expend any significant monies for postclosure costs in the next fiscal year. Current year expenditures of \$12,168 were paid by the General Fund. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations (Continued)

Compensated Absences

A long-term liability amounting to \$3,109,084 at June 30, 2008 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 2006, the County defeased \$8,380,000 of the 1997 bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the County's financial statements. On June 30, 2008, \$7,370,000 of the 1997 bonds outstanding are considered defeased. The 1990 Facilities Project Revenue Bonds were paid off in 2008.

Rancho Viejo Improvement District Bonds

The County issued \$1,950,000 of 7.25% Rancho Viejo Improvement District Bonds during the 2000 fiscal year to provide assistance in the development of land within the Rancho Viejo Improvement District (District). These bonds are secured by a ten dollar per one thousand dollars of net taxable value within the District.

Proceeds were used for the water system and roads which had been donated to the County. Any remaining funds from the assessments from the property owners revert to the County after the debt is paid off. Effective July 1, 2003, because of the implementation of GASB 39, the District is a component unit of the County and the debt service activity and corresponding debt is included in the County's financial statements. The following is the debt service requirement for these bonds.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations (Continued)

Rancho Viejo Improvement District Bonds (Continued)

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$ 40,000	\$ 126,512	\$ 166,512
2010	40,000	123,612	163,612
2011	45,000	120,712	165,712
2012	45,000	117,450	162,450
2013-2017	285,000	532,150	817,150
2018-2022	405,000	413,250	818,250
2023-2027	585,000	242,150	827,150
2028-2029	300,000	32,988	332,988
	<u>\$ 1,745,000</u>	<u>\$ 1,708,824</u>	<u>\$ 3,453,824</u>

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, 2008 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	\$ 1,102,158
Other notes payable to HUD at various interest rates and terms	3,725,274
Total long-term debt	<u>4,827,432</u>
Less: current portion	<u>129,020</u>
Total long-term portion	<u>\$ 4,698,412</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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) Long-Term Obligations (Continued)

Notes Payable - (Housing Services Enterprise Fund) (Continued)

The aggregate maturities of the Housing Services long-term debt at June 30, 2008 are as follows:

<u>Years Ending</u>	<u>Principal Amount Payable</u>
2009	\$ 129,020
2010	137,029
2011	145,038
2012	153,047
2013	167,085
2014-2018	357,647
2019-thereafter	<u>3,738,566</u>
Total	<u>\$ 4,827,432</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. At June 30, 2008, interest rates range from 4.1% to 6.0%. The bonds are secured by the jail facility and income derived from the jail facility.

The maturities of the jail facility's long-term debt at June 30, 2008, is as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 810,000	\$ 1,435,790	\$ 2,245,790
2010	850,000	1,394,480	2,244,480
2011	895,000	1,350,280	2,245,280
2012	945,000	1,303,740	2,248,740
2013	995,000	1,254,600	2,249,600
2014-2018	5,755,000	5,476,750	11,231,750
2019-2023	7,500,000	3,738,000	11,238,000
2024-2027	<u>7,785,000</u>	<u>1,201,800</u>	<u>8,986,800</u>
	<u>\$ 25,535,000</u>	<u>\$ 17,155,440</u>	<u>\$ 42,690,440</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(6) **Long-Term Obligations (Continued)**

Conduit Debt Obligations

The County has issued Project Revenue Bonds to provide assistance for the El Castillo Retirement Residences Project. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. 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.

As of June 30, 2008, there were two series of Project Revenue Bonds outstanding, with an aggregate principal amount payable of \$13,950,000.

The County issued \$3,000,000 multi-family Housing Revenue Bonds in August 1998 to provide assistance for the construction of the Villa Grande Apartments. The bonds are secured by the revenues and mortgage of the property. 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, 2008, the amount of bonds outstanding were \$2,970,000.

Total conduit debt outstanding at June 30, 2008 was \$16,920,000.

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

PERA Retirement Plan

Plan Description. Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required 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 to contribute 19.0125% of the gross covered salary for general member coverage, and 27.76% for police member coverage. The contribution requirements of plan members and the County are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

The County contribution to PERA for the fiscal years ended June 30, 2008, 2007 and 2006 were \$7,631,724, \$5,950,620 and \$5,310,887, respectively, which equal the amount of the required contributions for each fiscal year.

The County has no other post employment pension plans.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

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

Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County's contributions to the RHCA for the year's ended June 30, 2008, 2007 and 2006 were \$413,934, \$341,186 and \$316,539 which equal the required contributions for the applicable years.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(8) Fund Balance and Net Assets (Deficits)

Fund balance adjustments and reclassifications

Effective July 1, 2007, the County assumed control of the Regional Emergency Communication Center District (RECC) and the corresponding assets and liabilities. The RECC operations are accounted for in the EMS Health Care fund and the effect on the beginning fund balance is as follows:

Balance of EMS Health Care fund, as previously reported	\$ 2,439,246
Restated for the effect of RECC	431,172
Fund Balance, as restated	\$ 2,870,418

In addition to the cash, other assets and liabilities assumed, the County also received the capital assets and the compensated absences liabilities. The impact on the government-wide financial statement is as follows:

Capital assets received	\$ 593,784	(see footnote 4)
Compensated absences assumed	(221,327)	(see footnote 6)
Net effect of other assets/liabilities	431,172	
Restatement of beginning net assets	\$ 803,629	

The county separated the EMS and Health Care Fund into three separate special revenue funds; EMS Health Care, EMS Hospital and Fire Operation Funds. The reclassification of fund balance is as follows:

EMS and Health Care fund , as previously reported	\$ 4,687,505
Fund balance for EMS Health Care	2,439,246
Fund balance for EMS Hospital	1,203,836
Fund balance for Fire Operations	1,044,423
Net effect	\$ 4,687,505

Fund balance deficits

The following fund had a fund balance deficit at June 30, 2008:

Enterprise Funds

The Housing Services enterprise fund has a net assets deficit of (\$5,633,937) at June 30, 2008. 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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(8) Fund Balance and Net Assets (Deficits) (Continued)

Special Revenue Funds

The unreserved, undesignated fund balance (deficit) is the component of fund balances 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, 2008 is as follows:

Current (0-60 days)	\$ 16,069
Past due (more than 61 days)	201,298
	<hr/>
	217,367
Less allowance for uncollectible accounts	(151,144)
	<hr/>
	\$ 66,223
	<hr/>

Housing Services has \$69,559 in tenant deposits that are deposited in Housing Services' general cash account. Housing Services has \$93,756 in Family Self Services Escrow deposits that are deposited in a separate bank account at First Community Bank and are accounted for in the Section Eight special revenue fund and the liabilities are included in deposits held for others.

(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, 2008.

Joint Powers Agreements

Santa Fe Solid Waste Management Agency - 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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(10) Commitments and Contingencies (Continued)

Joint Powers Agreements (Continued)

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

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately \$5.8 million. The County did not contribute any funds to the Agency in the 2008 fiscal year. A final reconciliation has been done to ensure costs have been split equally between the County and City. The facility opened in May of 1997.

The facility is to be self-supporting for operations, equipment, future construction, debt service, accumulation of a reserve fund and all other costs through fees charged to the County, the City, and other private users. The land for the facility was purchased by the County and transferred to the Agency. The facility itself belongs to the Agency. The Agency has adopted its rate ordinance for use of the facility. If, for any reason, revenues are insufficient to pay costs of operations, the Agency Board must notify the County and City in order to negotiate steps that are reasonable and prudent in light of existing circumstances to ensure that any deficits accumulated or incurred by the Agency are not allowed to impair the operation, integrity or credit worthiness of the Agency. A bond issue was authorized in December 1996, by the Agency in the amount of \$6,260,000 to provide funds for the equipment required for the facility and the construction of the second landfill cell.

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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(10) Commitments and Contingencies (Continued)

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.

The City of Santa Fe and the County have established a joint powers agreement for the Buckman Direct Diversion (BDD) water project. The BDD, estimated at \$160-170 million, will be the largest, single capital project for which the two local governments address meeting the current and future needs of an adequate water supply within the area. The Buckman Surface Diversion will provide full access to the San Juan/Chama water rights and/or other native Rio Grande water rights currently held by the City and County. The proposed system will route Rio Grande surface water directly from the river through a conveyance system to a new water treatment facility where water will be conveyed to the various users. Costs incurred to date have been recorded to the Utilities Department enterprise fund as additions to water rights and the water system. There were approximately \$18 million of current fiscal year costs capitalized.

The County and the City of Espanola, County of Los Alamos, Pueblo of Nambe, Pueblo of Pojoaque, County of Rio Arriba, Pueblo of San Ildefonso, Pueblo of San Juan, Pueblo of Santa Clara, City of Santa Fe, and Pueblo of Tesuque have entered into an intergovernmental contract to create the North Central Regional Transit District (District) under the Regional Transit District Act, Chapter 13, Article 25, Sections 1-18, NMSA 1978. The purpose of the District is to finance, construct, operate, maintain and promote an efficient, sustainable and regional multi-modal transportation system. The District was created as a public entity separate from the cities, counties and pueblos. The original boundaries consist of Governmental Units located within or containing the boundaries of Los Alamos, Rio Arriba or Santa Fe Counties. The Board of Directors consists of one director from each District and will serve without compensation. The County's share of expenses for the year ended June 30, 2008 was approximately \$100,000.

Regional Emergency Communication Center District

Regional Emergency Communications Center District - Under the authorization of the New Mexico State Statute 11-1-1 through 11-1-7 and pursuant to the New Mexico Enhanced 911 Act 63-9D-41, the County and the City of Santa Fe have jointly undertaken their powers to operate and manage the Regional Emergency Communications Center District (RECC) to provide a more efficient and cost-effective method of providing centralized emergency enhanced 911 dispatch services to the region. The RECC was established as of July 1, 2002 as a public entity separate from the City or County.

In July 2007, the County accepted all responsibility for operations and management of the Regional Emergency Communications Center District (RECC). In the June 30, 2008 financial statements, the RECC is recorded in the County's financial statements. The County assumed the assets and liabilities. See footnote 8 for the financial statement impact from the Regional Emergency Communications Center.

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.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(10) Commitments and Contingencies (Continued)

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.

Operating Leases

The County leases land and 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, 2008 was \$849,759.

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

Years ending June 30,	
2009	\$ 1,007,876
2010	673,382
2011	355,964
2012	126,146
2013	125,370
2014-2018	427,540
2019-2023	534,333
2024-2028	238,790
	<hr/>
	\$ 3,489,401

(11) Accounting Standard Pronouncements

GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, and Statement 48, *Sales and Pledges of Receivables and Future Revenues*, which are effective for the County's fiscal year ended June 30, 2008. In May 2007, GASB issued Statement 50, *Pension Disclosures – an amendment of GASB Statements 25 and 27* effective for the year ended June 30, 2008. The adoption of these GASB Statements had no impact on the June 30, 2008 financial statements. The County belongs to the Retiree Health Care Authority and makes contributions based on state law.

In November 2006, GASB issued Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is effective for the County's fiscal year ending June 30, 2009. In June 2007, GASB issued Statement 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for the County's fiscal year ending June 30, 2010. The County has not assessed the future impact on its financial statements due to these GASB pronouncements.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

June 30, 2008

(12) Subsequent Events

In September 2008, the County issued \$30,000,000 in Series 2008 Gross Receipts Tax Revenue Bonds to pay for construction of the Judicial Complex. Payments will be made June 1 and December 1, beginning on December 1, 2008 with an interest rate range of 3.5% to 5.0%. The final bond payments will be due June 1, 2033.

In October 2008, the County issued \$32,500,000 in Series 2008 General Obligation Bonds to pay for water improvement projects. Payments will be made January 1 and July 1 beginning on January 1, 2009 with an interest rate of 4.75%. The final bond payments will be due July 1, 2024.