NEW ISSUE – BOOK-ENTRY ONLY **Ratings: Moody's "Aa2"**
BANK-QUALIFIED **Standard & Poor's "AA"**

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Bonds (a) is excludable from gross income of the recipients thereof for federal income tax purposes, (b) is not a specific preference item for purposes of the federal alternative minimum tax for individuals and corporations and (c) is exempt from all taxation by the State of New Mexico or any political subdivision of the State. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of the Bonds, see "TAX EXEMPTION" herein.

$12,090,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2009

Dated: Date of Delivery Due: June 1, as shown on inside cover

The Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009 (the "Bonds") are being issued by Santa Fe County, New Mexico (the "County") to provide funds for: 1) the purchase of water rights for use in connection with County water projects; and 2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein. The Bonds are being issued pursuant to the general laws of the State, including Sections 4-62-1 to 4-62-10 NMSA 1978, as amended (the "Act"), and enactments of the Governing Body relating to the issuance of the Bonds, including the Bond Ordinance (as defined herein). Interest on the Bonds is payable on June 1 and December 1 of each year commencing June 1, 2010 as more fully described herein.

The Bonds are issuable only as fully registered bonds in denominations of $5,000 each or any integral multiple thereof. The Bonds will bear interest from the delivery date. The Paying Agent and Registrar is the Santa Fe County Treasurer, Santa Fe, New Mexico.

SEE MATURITY SCHEDULE SET FORTH ON THE INSIDE COVER OF THIS OFFICIAL STATEMENT.

The Bonds will be issued pursuant to a book-entry only system and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") in New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates representing their beneficial ownership interests. So long as DTC or its nominee is the owner of the Bonds, disbursement of payments of principal and interest to DTC is the responsibility of the Paying Agent, disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants, as more fully described herein. See "DESCRIPTION OF THE BONDS - Book-Entry Only" herein.

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

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of validity by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the County in connection with the preparation of this Official Statement and the sale of the Bonds to the Underwriter. Certain other legal matters will be passed upon by the Underwriter by Brownstein Hyatt Farber Schreck LLP. It is anticipated that the Bonds will be available for delivery on or about October 21, 2009 through the facilities of DTC in New York, New York.

Merrill Lynch & Co.

Dated: September 29, 2009

The Bonds will bear interest from the date of delivery at the rates described below, payable semiannually on June 1 and December 1 of each year until maturity, commencing June 1, 2010, and will mature on June 1 in each year of the years set forth below:

MATURITY SCHEDULE

$12,090,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2009

Maturity (June 1)	Principal Amount	Interest Rate	Yield[1]	CUSIP Numbers
2010	$265,000	2.000%	0.570%	80189RCD5
2011	440,000	2.500%	0.840%	80189RCE3
2012	450,000	2.000%	1.230%	80189RCF0
2013	460,000	3.000%	1.540%	80189RCG8
2014	175,000	5.000%	1.870%	80189RCH6
2014	300,000	3.000%	1.870%	80189RCJ2
2015	490,000	5.000%	2.170%	80189RCK9
2016	515,000	4.000%	2.400%	80189RCL7
2017	535,000	4.000%	2.620%	80189RCM5
2018	555,000	5.000%	2.790%	80189RCN3
2019	585,000	5.000%	2.920%	80189RCP8
2020	615,000	4.000%	3.040% C	80189RCQ6
2021	640,000	4.000%	3.160% C	80189RCR4
2022	665,000	3.125%	3.260%	80189RCS2
2023	300,000	4.000%	3.350% C	80189RCT0
2023	385,000	3.250%	3.350%	80189RCU7
2024	710,000	4.000%	3.430% C	80189RCV5
2025	740,000	4.000%	3.520% C	80189RCW3
2026	770,000	4.000%	3.610% C	80189RCX1
2027	800,000	4.000%	3.690% C	80189RCY9
2028	830,000	4.000%	3.780% C	80189RCZ6
2029	865,000	3.750%	3.870%	80189RDA0

(1) C denotes maturities priced to the call date.

The Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues (as hereinafter defined). "Pledged Revenues" means the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax imposed on persons engaging in business in the County pursuant to Section 7-20E-21 NMSA 1978 and County Ordinance No. 2002-5, which revenues are remitted to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.13 NMSA 1978, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County.

The registered owners of the Bonds may not look to any general or other fund for the payment of the principal of, or interest on such obligations except for the Pledged Revenues. The Bonds do not constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, nor will they be considered or held to be general obligations of the County. Neither the full faith and credit of the County nor the ad valorem taxing power or general resources of the County, the State of New Mexico, or any political subdivision thereof are pledged to the payment of the Bonds.

SANTA FE COUNTY, NEW MEXICO

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

BOARD OF COUNTY COMMISSIONERS

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

COUNTY ADMINISTRATION

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

BOND COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.
500 Fourth Street N.W., Suite 1000
P.O. Box 2168 (87103-2168)
Albuquerque, New Mexico 87102
(505) 848-1800

REGISTRAR AND PAYING AGENT

The County Treasurer will serve as Registrar and Paying Agent

UNDERWRITER

Merrill Lynch & Co.

FINANCIAL ADVISOR TO THE COUNTY

RBC Capital Markets
6301 Uptown Blvd. NE, Suite 110
Albuquerque, New Mexico 87110
(505) 872-5999

No dealer, salesman or other person has been authorized by Santa Fe County, New Mexico (the "County") or the Underwriter 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 Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon exemptions contained in such Act. The registration of the Bonds in accordance with applicable provisions of the securities law of the states in which the Bonds have registered and the exemption from registration 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.

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. A number of such risks and uncertainties are described under the heading "SPECIAL FACTORS RELATING TO THE BONDS."

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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.

Copies of the ordinance authorizing the issuance and sale of the Bonds are available upon request at the office of the County Clerk, 102 Grant Avenue, Santa Fe, New Mexico 87501; (505) 986-6200.

SANTA FE COUNTY, NEW MEXICO
CAPITAL OUTLAY GROSS RECEIPTS TAX REVENUE BONDS
SERIES 2009

SUMMARY OF INFORMATION

The following is a summary of certain provisions discussed in this Official Statement. THIS SUMMARY DOES NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPLETE OFFICIAL STATEMENT. This summary is only a brief statement and a full review of the entire Official Statement should be made by potential investors.

Issuer:	Santa Fe County, New Mexico (the "County") is a political subdivision of the State of New Mexico (the "State"), organized and existing under the Constitution and the general laws of the State. The County operates under a Manager-Commission form of government and is located in northern New Mexico. The County has a land area of approximately 1,909 square miles and an estimated population of 147,000. See "THE COUNTY".
Dated:	Date of Delivery.
Principal Payment:	The Bonds are registered bonds maturing on June 1 of the years set forth on the inside cover page of this Official Statement.
Interest Payment:	Interest will be payable semiannually on June 1 and December 1, commencing June 1, 2010.
Purpose:	The proceeds of the Bonds will provide funds for 1) the purchase of water rights for use in connection with County water projects and 2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein.
Authorization:	The Bonds are being issued pursuant to the general laws of the State, including Section 4-62-1 to 4-62-10 NMSA 1978, as amended (the "Act"), and enactments of the Board of County Commissioners relating to the issuance of the Bonds, including the Bond Ordinance.
Security:	The Bonds are special limited obligations, payable solely from, and secured by, an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Pledged Revenues, as herein defined. See "SECURITY FOR THE BONDS" herein.
Special Obligations:	THE PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE PAYABLE SOLELY FROM PLEDGED REVENUES, AND WILL NOT BE PAYABLE FROM ANY FUNDS OF THE COUNTY EXCEPT THE DESIGNATED SPECIAL FUNDS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT CONSTITUTE AN INDEBTEDNESS NOR A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION NOR WILL THEY BE CONSIDERED OR HELD TO BE GENERAL OBLIGATIONS OF THE COUNTY. NEITHER THE FULL FAITH AND

CREDIT NOR THE GENERAL TAXING POWER OF THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, AND NO OWNER HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE COUNTY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT UNDER THE BOND ORDINANCE.

Reserve Fund:	No deposit to the Reserve Fund will be made from the proceeds of the Bonds. No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Bonds. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the Minimum Reserve or shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund.
Minimum Reserve:	The Minimum Reserve shall be an amount equal to the least of (i) ten percent of the principal amount of the outstanding Bonds, (ii) the maximum annual debt service on the outstanding Bonds, or (iii) 125% of the average annual debt service on the outstanding Bonds. The Minimum Reserve shall be recalculated every year on or about June 1.
Optional Redemption:	The Bonds maturing on and after June 1, 2020 are subject to prior redemption at par at the option of the County, in one or more units of principal of $5,000 on and after June 1, 2019, in whole or in part at any time. If the Bonds are optionally redeemed in part, the Bonds to be so redeemed shall be selected by lot by the Registrar in such manner as the Registrar shall consider appropriate and fair. The redemption price will be the principal amount of each $5,000 unit so redeemed, accrued interest thereon to the redemption date.
Additional Bonds:	In addition to the Bonds, additional bonds may hereafter be issued and secured by and paid from the Pledged Revenues on parity with the Bonds. The County will not issue additional bonds payable from the Pledged Revenues with a lien on the Pledged Revenues prior and superior to the lien of the Bonds thereon. Nothing contained in the Bond Ordinance will be construed in such a manner as to prevent the issuance by the County of additional bonds payable from the Pledged Revenues with a lien thereon subordinate and junior to the lien of the Bonds thereon, nor to prevent the issuance of Bonds or other obligations refunding all or part of the Bonds as permitted by the Bond Ordinance. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES" herein.
Outstanding Parity Obligations:	None

Secondary Market Disclosure:	The County will enter into an undertaking (the "Undertaking") for the holders of the Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12). See "CONTINUING DISCLOSURE" herein.
Delivery:	The delivery of the Bonds to the Underwriter is expected on or about October 21, 2009.
Paying Agent/Registrar:	Santa Fe County Treasurer, Santa Fe, New Mexico

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OFFICIAL STATEMENT
$12,090,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2009

INTRODUCTION

This Official Statement, which includes the cover pages and the appendices hereto, sets forth certain information in connection with the offering of $12,090,000 aggregate principal amount of the Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009 (the "Bonds") to be issued by Santa Fe County, New Mexico, pursuant to Parameters Bond Ordinance No. 2009-7 adopted on September 8, 2009 (the "Parameters Bond Ordinance"), as supplemented by a Resolution of the County adopted on September 29, 2009 (collectively, the "Bond Ordinance").

The Bonds are payable solely from the Pledged Revenues (as hereinafter defined). The Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. "Pledged Revenues" means the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax, which revenues are remitted to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.13 NMSA 1978, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County.

The Bonds are being issued to provide funds for the Project. See "THE PROJECT" herein.

Pursuant to the Bond Ordinance, the County has covenanted not to repeal or amend any law, ordinance, or resolution in a manner that impairs any of the outstanding Bonds.

Additional bonds may hereafter be issued and secured by the Pledged Revenues having a lien on the Pledged Revenues on parity with, or subordinate and junior to, the lien on the Pledged Revenues securing the Bonds. Additional Obligations may not be issued with a lien superior to the lien on the Pledged Revenues securing the Bonds. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES – Other Obligations Secured by Pledged Revenues" herein.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Bond Ordinance.

THE PROJECT

The Bonds are being issued for the purpose of providing funds for (1) the purchase of water rights for use in connection with County water projects; and (2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein.

SPECIAL FACTORS RELATING TO THE BONDS

Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time.

Gross Receipts Tax Collections are Subject to Fluctuation

Gross receipts tax collections are subject to the fluctuations in spending which determine the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. The County's economic base and the future collections of Pledged Revenues are directly affected by economic activities in the County. The County's retail sales are affected by general economic circumstances.

The Pledged Revenues are based on the gross receipts generated by businesses operating in the County. Various circumstances and developments, most of which are beyond the control of the County, may have an adverse effect on the future level of Pledged Revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the County, the State and the region and various other factors.

Bankruptcy and Foreclosure

The ability and willingness of an owner or operator of property to pay gross receipts taxes may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent gross receipts taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency or other similar proceedings affecting the owner of a taxed property. The Federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in gross receipts tax collections that may be insufficient to pay debt service on bonds when due.

Limited Obligations

The Bonds constitute a lien only on the Pledged Revenues. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the County's receipt of the Pledged Revenues in amounts sufficient to meet the debt service requirements of the Bonds. See "SECURITY FOR THE BONDS" and "PLEDGED REVENUES" herein. The Bonds and the interest thereon do not constitute a debt or indebtedness of the County within the meaning of any provision or limitation of the Constitution or laws of the State and do not give rise to a pecuniary liability of the County or a charge against its general credit or taxing power. The Bonds are not obligations of the State, and the owners of the Bonds may not look to the State for payment of the principal of or interest on the Bonds.

Additional Parity Obligations

The County may issue additional Parity Obligations without Bondholder consent, upon meeting coverage or other financial tests. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES – Outstanding Obligations secured by Pledged Revenues" herein. Parity Obligations would have a lien on the Pledged Revenues on parity with the lien of the Bonds. As a result, if Pledged Revenues are insufficient to pay debt service on the Bonds and the Parity Obligations in any year, debt service will be paid on a proportionate basis.

Secondary Market

Although the Underwriter expects to maintain a secondary market in the Bonds, at this time no guarantee can be made that a secondary market for the Bonds will be maintained by the Underwriter or others. Owners of the Bonds should be prepared to hold their Bonds to maturity or prior redemption.

State Legislation

The State Legislature of the State of New Mexico (the "Legislature") may amend the laws relating to the levy, calculation and/or the distribution of, or otherwise impacting, gross receipts taxes, including the Pledged Revenues. In some cases, the Legislature has made amendments which negatively impacted the amount of gross receipts tax revenues received by local governments. For example, in 1991, the Legislature adopted legislation reducing the amount of State gross receipts taxes distributed to municipalities from 1.350% to 1.225% and eliminated municipal water and sewer services from the State gross receipts tax base.

In 1998, the Legislature adopted legislation providing deductions from gross receipts for receipts from the sale of prescription drugs and for receipts from medical and other health services provided by medical doctors and osteopaths to Medicare beneficiaries. Those receipts were historically subject to gross receipts taxation.

In 2004, the Legislature enacted legislation creating a deduction from gross receipts tax for receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods) as defined for federal food stamp program purposes, effective January 1, 2005. Retailers are required to report receipts from sales of such groceries and then claim the deduction. The statute provides for payments to be made from the State general fund to reimburse local governments for revenues lost as a result of the new deduction. Those distributions, as related to County Capital Outlay Gross Receipts Tax, are included within the Pledged Revenues.

In addition, in 2004 the Legislature created a deduction from gross receipts tax for receipts of licensed medical care providers from Medicare Part C and managed health plans that by contract do not reimburse providers for gross receipts tax, effective January 1, 2005. This legislation includes provision for payments from the State general fund to reimburse local governments for revenues lost as a result of this deduction. Those distributions are included within the Pledged Revenues.

According to the New Mexico Taxation and Revenue Department, the initial distributions, including the reimbursements, in March 2005 showed a decrease in revenues for some municipalities, in some cases between 11 percent and 21 percent. The Taxation and Revenue Department believes this decrease is due to incorrect reporting from food retailers who completed a modified tax form. The problem was corrected in the April 2005 distributions.

In 2004, the Legislature also repealed the credit of one-half of one percent against the gross receipts tax imposed by the State that had previously been allowed to taxpayers within municipalities which levy a municipal gross receipts tax of at least one-half of one percent.

Other amendments to State laws affecting taxed activities and distribution of gross receipts tax revenues could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the County. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax or sales tax revenue bonds such as the Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenues "shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds." The County makes a similar covenant in the Bond Ordinance, subject to provisions permitting amendment with consent of owners of a requisite percentage of Bonds.

DESCRIPTION OF THE BONDS

General

The Bonds are being issued in the aggregate principal amount of $12,090,000 in order to provide funds for the Project. See "PURPOSE AND PLAN OF FINANCING" herein.

The Bonds will be dated the date of delivery. The Bonds will bear interest from their dated date at the rates, and will mature in the amounts and on the dates, as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2010. The Bonds will bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for or, if no interest has been paid, from the date of issuance. The Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof.

Payment-Regular Record Date

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration books kept by the County Treasurer (the "Registrar") for the Bonds, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the County Treasurer (the "Paying Agent"). If any Bond shall not be paid upon such presentation and surrender at or after maturity or on a designated prior redemption date on which the County may have exercised its right to prior redeem any Bond, it shall continue to draw interest at the rate borne by the Bond until the principal thereof is paid in full. Payment of interest on any Bond will be made by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof as of the fifteenth (15^{th}) day of the calendar month (whether or not a business day) preceding each regularly scheduled interest payment date on the Bonds (the "Regular Record Date") at the address as it last appears on the registration books with respect to the Bonds on the Regular Record Date (or by such other arrangements as may be mutually agreed to by the Paying Agent and any registered owner on such Regular Record Date) notwithstanding any transfer or exchange thereof subsequent to such Regular Record Date and prior to such interest payment date. Any interest not so timely paid or duly provided for will cease to be payable as described above and will be payable to the person in whose name any Bond is registered at the close of business on a special record date to be fixed by the Registrar (the "Special Record Date") whenever moneys become available for payment of any such defaulted interest. Notice of the Special Record Date will be given not less than ten (10) days prior thereto, by first-class mail, to the registered owners of the Bonds.

All payments of principal and interest on the Bonds will be made in lawful money of the United States of America. The County and the Registrar may treat the registered owner of a Bond as the absolute owner thereof for all purposes except as otherwise provided in the Bond Ordinance with respect to the Regular Record Date and the Special Record Date for the payment of interest. Payment of or on account of either principal or redemption price or interest on any Bond will be made only to or upon the written order of the registered owner thereof or his legal representative. All such payments will be valid and effectual to discharge the liability upon the Bond to the extent of the sum or sums so paid.

Optional Redemption of Bonds

The Bonds maturing on or after June 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 June 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 (5^{th}) 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 or Defeasance Obligations (as defined in Section 31 of the Parameters Bond Ordinance) sufficient to pay the optional redemption price of the Bonds to be called for optional redemption are 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.

Registration, Transfer and Exchange of Bonds

The County shall cause books for registration, transfer, and exchange of the Bonds to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any fully registered Bond at the principal office of the Registrar duly endorsed by the registered owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Registrar and duly executed, the Registrar shall authenticate and deliver, not more than three (3) business days after receipt of the Bond or Bonds to be transferred, in the name of the transferee or registered owner, as appropriate, a new Bond or Bonds in authorized denominations, in fully registered form of the same aggregate principal amount, maturity and interest rate.

The Registrar shall not be required to transfer or exchange any Bond (i) during the period of fifteen (15) days next preceding the mailing of notice calling any Bonds for redemption, or (ii) after the mailing to registered owners of notice calling such Bonds or portion thereof for redemption. The Registrar shall close books for change of registered owners' addresses on each Record Date; and transfers will be permitted within the period from each Record Date to each Interest Payment Date, but such transfers shall not include a transfer of accrued interest payable.

If any Bonds shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such Bond, if mutilated, and such evidence, information or indemnity relating thereto as the Registrar may reasonably require, if lost, stolen or destroyed, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not contemporaneously outstanding. If any such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, the Registrar may request the Paying Agent to pay such bond in lieu of replacement.

Book-Entry Only

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. The Bonds will be issued as fully-registered securities 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. One fully-registered bond will be issued for each maturity in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct

Participants of DTC and Members of National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, 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 interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by 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 DTC 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 accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less 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 unless authorized by a Direct Participant in accordance with DTC's procedures. 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 Cede & Co. 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 payable 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 Cede & Co. (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 disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

So long as Cede & Co., or its registered assigns, 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 Bond Ordinance 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 which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, 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 by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Bonds.

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

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

Source of Payment

The Bonds are payable and collectible solely from an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. "Pledged Revenues" means the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax, which revenues are remitted to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.13 NMSA 1978, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County

All of the Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Pledged Revenues, which are irrevocably so pledged by the Bond Ordinance. The registered owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the County; and each of the Bonds shall recite that it is payable and collectible solely from the Pledged Revenues, the income from which is so pledged, and that the registered owners thereof may not look to any general or other fund for the payment of principal and interest on the Bonds.

Funds and Accounts

The Bond Ordinance creates or continues an Acquisition Fund, an Income Fund, a Debt Service Fund and a Reserve Fund.

Disposition of Bond Proceeds

The proceeds from the sale of the Bonds shall be applied by the County simultaneously with the delivery of the Bonds to the Purchaser in the following manner and priority:

(A) Accrued Interest. First, all moneys received as accrued interest on the Bonds shall be deposited into the Debt Service Fund, to apply to the payment of interest next coming due on the Bonds.

(B) Expenses. Second, to the extent not paid by the Underwriter, an amount necessary, together with other legally available funds of the County, shall be used to pay Expenses.

(C) Acquisition Fund. Third, all remaining proceeds derived from the sale of the Bonds shall be deposited promptly upon the receipt thereof in the Acquisition Fund. The money in the Acquisition Fund shall be used and paid out solely for the purpose of the Project in compliance with applicable law.

(D) Reserve Fund. County moneys or a Reserve Fund Insurance Policy, in the amount of the Minimum Reserve, shall be deposited into the Reserve Fund on the date of issuance of the Bonds or thereafter, as provided in Section 17(E) of the Parameters Bond Ordinance.

(E) Project Completion. As soon as practicable after the completion of the Project, and in any event not more than sixty (60) days after the completion of the Project, any balance remaining in the Acquisition Fund (other than any amount retained by the County for any Project costs not then due and payable) shall be transferred from the Acquisition Fund and deposited in the Debt Service Fund and used by the County to pay principal and interest on the Bonds as the same become due.

(F) Underwriter Not Responsible. The Underwriter of the Bonds shall in no manner be responsible for the application or disposal by the County or by its officers of the funds derived from the sale thereof or of any other funds herein designated.

Flow of Funds

(A) Income Fund. So long as any of the Bonds are outstanding either as to principal or interest, or both, the County shall credit all Pledged Revenues to the Income Fund. The following payments shall be made from the Income Fund.

(B) Debt Service Fund. As a first charge on the Income Fund, the following amounts shall be withdrawn from the Income Fund and shall be credited to the Debt Service Fund:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the

Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of principal of the outstanding Bonds and monthly thereafter, commencing on each principal payment date, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on the Bonds then outstanding.

(C) Credit. In making the deposits required to be made into the Debt Service Fund, if there are any amounts then on deposit in the Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to paragraph B above shall be reduced by the amount available in such fund for such purpose.

(D) Transfer of Money out of Debt Service Fund. Each payment of principal and interest becoming due on the Bonds shall be transferred from the Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

(E) Reserve Fund. No deposit shall be required in the Reserve Fund so long as the Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding Parity Bonds. If the Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the Minimum Reserve or shall begin making substantially equal monthly deposits in the Reserve Fund from the first legally available Pledged Revenues so that after 24 months an amount equal to the Minimum Reserve will be held in the Reserve Fund. Notwithstanding anything to the contrary set forth in the Bond Ordinance, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Bonds. After funding the Reserve Fund in an amount equal to the Minimum Reserve, no additional payments need be made into the Reserve Fund so long as the moneys therein shall equal not less than the Minimum Reserve. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided below, only to prevent deficiencies in the payment of the principal of and interest on the Bonds resulting from failure to deposit into the Debt Service Fund sufficient funds to pay the principal and interest as the same accrue.

(F) Defraying Delinquencies in the Debt Service Fund and Reserve Fund. If, in any month, the County shall, for any reason, fail to pay into the Debt Service Fund the full amount above stipulated from the Pledged Revenues, then an amount shall be paid into the Debt Service Fund in such month from the Reserve Fund (if moneys are then on deposit in the Reserve Fund) equal to the difference between that paid from the Pledged Revenues and the full amount so stipulated. If the moneys paid into the Debt Service Fund from the Reserve Fund are not equal to the amount required to be paid into the Debt Service Fund for such month, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the Debt Service Fund, in addition to the normal payment required to be paid in such month, from the first Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the Debt Service Fund from the Reserve Fund, if any, shall be replaced in the Reserve Fund from the first Pledged Revenues thereafter received not required to be otherwise applied. If, in any month, the County shall, for any reason, fail to pay into the Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the Reserve Fund shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Bonds; provided, however, that any moneys at any time in excess of the Minimum Reserve in the Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the Reserve Fund shall not be invested in a manner which could cause the Bonds to become arbitrage bonds within the meaning of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code"). Any investments held in the Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the Reserve Fund exceeds the Minimum Reserve, all amounts in excess of the Minimum Reserve shall be transferred to the Debt Service Fund and used to pay principal of and interest on the Bonds.

(G) Payment of Parity Obligations. Concurrently with the payment of the Pledged Revenues required by paragraphs B, E and F above, any amounts on deposit in the Income Fund shall be used by the County for the payment of principal of, interest on and debt service reserve fund deposits relating to Parity Bonds now outstanding and to additional Parity Bonds, if any, hereafter authorized to be issued and payable from the Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Bonds and any other outstanding Parity Bonds, then the available funds in the Income Fund will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding Parity Bonds, for the payment of principal of and interest on all series of outstanding Parity Bonds and, second, to the extent of remaining available funds in the Income Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding Parity Bonds.

(H) Termination upon Deposits to Maturity. No payment shall be made into the Debt Service Fund or the Reserve Fund if the amounts (excluding any amount in the Reserve Fund represented by a Reserve Fund Insurance Policy) in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Bonds to their respective maturities or applicable redemption dates, in which case moneys in the Debt Service Fund and the Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the Debt Service Fund and the Reserve Fund may be used as provided below.

(I) Surplus Revenues. After making all the payments hereinabove required to be made, the remaining Pledged Revenues, if any, may be applied to any other lawful purpose, as the County may from time to time determine.

General Administration of Funds

The funds designated in the Bond Ordinance shall be administered and invested as follows:

(A) Places and Times of Deposits. The funds shall be separately maintained as a trust fund or funds for the purposes established and shall be deposited in one or more bank accounts in an Insured Bank or Banks. Each fund or account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any purpose other than the designated purpose. Payments shall be made into the proper fund or account on the first day of the month except when the first day shall not be a Business Day, then payment shall be made on the next succeeding Business Day. No later than two Business Days prior to each Interest Payment Date, moneys sufficient to pay interest and principal then due on the Bonds shall be transferred to the Paying Agent. Nothing in the Bond Ordinance shall prevent the County from establishing one or more bank accounts in an Insured Bank or Banks for all the funds required by the Bond Ordinance or shall prevent the combination of such funds and accounts with any other bank account or accounts or investments for other funds and accounts of the County.

(B) Investment of Moneys. Moneys in the Reserve Fund shall be invested in accordance with paragraph C below and moneys in any other fund or account not immediately needed may be invested in any Qualified Investment. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account. The County Treasurer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund.

(C) Reserve Fund. Moneys, if any, in the Reserve Fund may be invested only in Qualified Investments with a maturity not greater than five years. The County shall annually on or about June 1 of each year, commencing on the first June 1 succeeding the funding of the Reserve Fund, value the Reserve Fund on the basis of the current fair market value of deposits and investments credited to the Reserve Fund. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Insurance Policy held by, or the benefit of which is available to, the County as security for the Bonds shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, except that, if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Insurance Policy and not reinstated or another Reserve Fund Insurance Policy provided, then, in valuing the Reserve Fund, the value of such Reserve Fund Insurance Policy shall be reduced accordingly. If, upon any valuation, the value of the Reserve Fund exceeds the Minimum Reserve, the excess amount shall be withdrawn and deposited into the Debt Service Fund; if the value is less than the applicable requirement, the County shall replenish such amounts from the first Pledged Revenues thereafter received not required to be otherwise applied or other moneys legally available therefor.

At such time as the Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the Reserve Fund may be used to pay the final installments of principal and interest on the Bonds and otherwise may be withdrawn and transferred to the County to be used for any lawful purpose, provided that, if such amounts are used for a purpose other than payment of the Bonds, there shall be delivered an opinion of nationally recognized bond counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the laws of the State of New Mexico and that such use shall not result in the inclusion of interest on any Bonds in gross income of the recipient thereof for federal income tax purposes.

If moneys have been withdrawn from the Reserve Fund or a payment has been made under a Reserve Fund Insurance Policy constituting all or a portion of the Reserve Fund, and deposited into the Debt Service Fund to prevent a default on the Bonds, then the County will pay, from Pledged Revenues or other moneys legally available therefor, the full amount so withdrawn, together with interest, if any, required under the terms of the Reserve Fund Insurance Policy, or so much as shall be required to restore the Reserve Fund to the Minimum Reserve and to pay such interest, if any. Such repayment shall be made as required by the Bond Ordinance.

The County may in part, or in whole, replace amounts in the Reserve Fund with a Reserve Fund Insurance Policy.

Default, Remedies and County Duties

Each of the following events is declared in the Bond Ordinance to be an "Event of Default":

(A) failure to pay the principal of any of the Bonds when the same becomes due and payable, either at maturity, or by proceedings for redemption, or otherwise; or

(B) failure to pay any installment of interest when the same becomes due and payable; or

(C) if the County shall for any reason be rendered incapable of fulfilling its obligations under the Bond Ordinance; or

(D) default by the County in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than a default set forth in subparagraphs (A) and (B) above), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the County by the holders of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding; or

(E) the County (i) files a petition or application seeking reorganization or arrangement of debt under Federal Bankruptcy law, or other debtor relief under the laws of any jurisdiction, or (ii) is the subject of such petition or application which the County does not contest or is not dismissed or discharged within sixty (60) days.

Upon the happening and continuance of any of the events of default described above, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the County, the Board of County Commissioners and its agents, officers and employees, but only in their official capacities, to protect and enforce the rights of any holder of Bonds under the Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any Bondholder, or to require the Board of County Commissioners to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds then outstanding. The failure of any Bondholder so to proceed shall not relieve the County or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

Upon the happening of any of the events of default described above, the County, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds to protect and preserve the security created for the payment of the Bonds and to insure the payment of the principal of and interest on the Bonds promptly as the same become due. All proceeds derived therefrom, so long as any of the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in the Bond Ordinance. In the event the County fails or refuses to proceed, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the owners of the Bonds.

Defeasance

When all principal, interest and prior redemption premium, if any, in connection with the Bonds have been duly paid, the pledge and lien for the payment of the Bonds shall be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the County has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations) to meet all requirements of principal, interest and prior redemption premium, if any, as the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the County and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section, shall include only (i) cash, (ii) non-callable direct obligations of the United States of America ("Treasuries"), (iii) evidences of ownership of proportionate interest in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (iv) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (v) securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Bonds.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement, (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Bond Ordinance and (iv) a certificate of discharge of the Paying Agent with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed to the Issuer and the Paying Agent.

Bonds shall be deemed Outstanding under the Bond Ordinance unless and until they are in fact paid and retired or the above criteria are met.

Amendment of Bond Ordinance

The Bond Ordinance may be amended without the consent of the holder of any Bond to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Bond Ordinance. Prior to the date of the initial delivery of the Bonds to the Underwriter, the provisions of the Bond Ordinance may be amended with the written consent of the Underwriter, with respect to any changes which are not inconsistent with the substantive provisions of the Bond Ordinance. In addition, the Bond Ordinance may be amended without receipt by the County of any additional consideration, but with the written consent of the holders of seventy-five percent (75%) of the Bonds then outstanding (not including Bonds which may be held for the account of the County); but no ordinance adopted without the written consent of the holders of all outstanding Bonds shall have the effect of permitting:

(A) An extension of the maturity of any Bond; or

(B) A reduction of the principal amount or interest rate of any Bond; or

(C) The creation of a lien upon the Pledged Revenues ranking prior to the lien or pledge created by the Bond Ordinance; or

(D) A reduction of the principal amount of Bonds required for consent to such amendatory ordinance; or

(E) The establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Ordinance; or

(F) The modification of or otherwise affecting the rights of the holders of less than all the outstanding Bonds.

SECURITY FOR THE BONDS

Pledge and Security

The Pledged Revenues and the amounts and securities on deposit in the Debt Service Fund and the Reserve Fund (if funded) and the proceeds thereof are pledged to, and the County will grant a security interest therein, for the payment of principal of and interest on the Bonds, subject to the uses thereof permitted by, and the priorities set forth in, the Bond Ordinance. The Bonds constitute an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues as set forth in the Bond Ordinance. The County anticipates that it may issue Parity Bonds in the future to finance water projects in the County.

Special Limited Obligations

All of the Bonds and all payments of principal, premium, if any, and interest thereon whether at maturity or on a redemption date, together with any interest accruing thereon, shall be special limited obligations of the County and shall be payable and collectible solely from the Pledged Revenues. The owner or owners of the Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor. The Bonds shall not constitute an indebtedness or a debt of the County within the meaning of any constitutional or statutory provision or limitation, nor shall they be considered or held to be general obligations of the County, and each of the Bonds shall recite that it is payable and collectible solely out of the Pledged Revenues, pledged as set forth in the Bond Ordinance, and that the holders thereof may not look to any general or other municipal fund for the payment of the principal of and interest on the Bonds. Nothing herein shall prevent the County from applying other funds of the County legally available therefor to the payment of the Bonds, in its sole discretion.

PURPOSE AND PLAN OF FINANCING

Purpose

The net proceeds received by the County from the sale of the Bonds, together with other available funds of the County, will be used to provide funds for the Project. See "THE PROJECT" herein.

Sources and Uses of Funds

The sources and uses for the Bonds are as follows:

Sources of Funds	
Par Amount of Bonds	$12,090,000.00
Original Issue Premium on the Bonds	655,126.00
TOTAL SOURCES	$12,745,126.00
Uses of Funds	
Deposit to Acquisition Fund	$12,670,442.89
Total Underwriter's Discount	74,683.11
TOTAL USES	$12,745,126.00

ANNUAL DEBT SERVICE SUMMARY

The following table sets forth for each fiscal year from 2010 through 2029 the amounts required in each such fiscal year to pay scheduled annual debt service on the Bonds, as well as the debt service coverage ratio, based on unaudited fiscal year 2009 Pledged Revenues.

Santa Fe County, New Mexico
Debt Service/Coverage

Year Ending June 30	2009 Bond Principal	2009 Bond Interest	2009 Bond Debt Service	Estimated Pledged Revenues[1]	Coverage Ratio[1]
2010	$ 265,000	$ 282,505	$ 547,505	$ 3,656,676	6.68x
2011	440,000	456,981	896,981	3,656,676	4.08x
2012	450,000	445,981	895,981	3,656,676	4.08x
2013	460,000	436,981	896,981	3,656,676	4.08x
2014	475,000	423,181	898,181	3,656,676	4.07x
2015	490,000	405,431	895,431	3,656,676	4.08x
2016	515,000	380,931	895,931	3,656,676	4.08x
2017	535,000	360,331	895,331	3,656,676	4.08x
2018	555,000	338,931	893,931	3,656,676	4.09x
2019	585,000	311,181	896,181	3,656,676	4.08x
2020	615,000	281,931	896,931	3,656,676	4.08x
2021	640,000	257,331	897,331	3,656,676	4.08x
2022	665,000	231,731	896,731	3,656,676	4.08x
2023	685,000	210,950	895,950	3,656,676	4.08x
2024	710,000	186,438	896,438	3,656,676	4.08x
2025	740,000	158,038	898,038	3,656,676	4.07x
2026	770,000	128,438	898,438	3,656,676	4.07x
2027	800,000	97,638	897,638	3,656,676	4.07x
2028	830,000	65,638	895,638	3,656,676	4.08x
2029	865,000	32,438	897,438	3,656,676	4.07x
Total	$12,090,000	$5,493,005	$17,583,005		

(1) Pledged Revenues are based on unaudited collections for fiscal year ending June 30, 2009. There is no assurance that Pledged Revenues received in the future will equal the Pledged Revenues used in coverage computations. See "PLEDGED REVENUES" herein.

PLEDGED REVENUES

The Bonds are special obligations of the County, payable from the Pledged Revenues. "Pledged Revenues" means the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax, which revenues are remitted to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.13 NMSA 1978, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County.

Pursuant to County Ordinance No. 2002-5 ("Ordinance No. 2002-5"), which enacts the County Capital Outlay Gross Receipts Tax, 75 percent of the revenues generated by the Capital Outlay Gross Receipts Tax are dedicated for (1) acquisition, construction or improvement of water or wastewater systems or facilities and related facilities, including water or sewer lines and storm sewers and other drainage improvements; (2) acquisition of land for open space, public parks or public recreational facilities and for the design, acquisition, construction, improvement or equipping of parks and recreational facilities; and (3) construction, reconstruction or improvement of roads, streets or bridges, including acquisition of rights of way. Ordinance No. 2002-5 further provides that at least one-half of the revenues generated from the County Capital Outlay Gross Receipts Tax shall be used for projects that benefit residents within the incorporated boundaries of the City of Santa Fe. The County-Only Water Project Allocation represents the one-half of the 75% the portion of County Capital Outlay Gross Receipts Tax revenue which may be used for water or wastewater projects that benefit unincorporated portions of the County, which amounts are pledged as the Pledged Revenues under the Bond Ordinance.

Capital Outlay Gross Receipts Tax

Imposition of Tax. The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-98, NMSA 1978) authorizes the County to impose a gross receipts tax (the "Capital Outlay Gross Receipts Tax") which is levied by the County for the privilege of doing business in the County and is collected by the New Mexico Taxation and Revenue Department (the "Department"). See "*Manner of Collection and Distribution of Capital Outlay Gross Receipts Tax*" under this caption.

Taxed Activities. For the privilege of engaging in business in the County, the Capital Outlay Gross Receipts Tax is imposed upon any person engaging in business in the County. "Gross Receipts" is defined in the Gross Receipts and Compensating Tax Act as the total amount of money or value or other consideration received from selling property in the State of New Mexico (including tangible personal property handled on consignment in the State), from leasing property employed in the State of New Mexico, from performing services in the State of New Mexico and from selling services outside New Mexico, the product of which is initially used in New Mexico. The definition excludes cash discounts allowed and taken, the State-Shared Gross Receipts Tax payable on transactions for the reporting period and any county sales tax, county fire protection excise tax, county and municipal gross receipts taxes, any time of time-price differential and certain gross receipts or sales taxes imposed by an Indian tribe or pueblo.

Legislative Changes. Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the County. See "SPECIAL FACTORS RELATING TO THE BONDS – State Legislation" herein.

Exemptions. Some activities and industries are exempt from the Capital Outlay Gross Receipts Tax, many by virtue of their taxation under other laws. Exemptions include, but are not limited to, certain receipts of governmental agencies and certain organizations, receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends, and interest and receipts from the sale of or leasing of natural gas, oil or mineral interests. Various deductions are allowed including but not limited to receipts from various types of sales and leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from processing certain agricultural products, receipts from certain publication sales, certain receipts from interstate commerce transactions, receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods), and receipts of licensed medical care providers from Medicare Part C. There are over fifty specified exemptions and deductions from gross receipts taxation. However, the general presumption is that all receipts of a person engaging in business in the County are subject to the Capital Outlay Gross Receipts Tax.

Manner of Collection and Distribution of Capital Outlay Gross Receipts Tax. Businesses must make their payments of Capital Outlay Gross Receipts Tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection of the Capital Outlay Gross Receipts Tax is administered by the Revenue Division of the Department (the "Revenue Division"), pursuant to Section 7-1-6 NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less the following disbursements to the counties in the State. The Revenue Division remits monthly to each county for which the Department is collecting a local option gross receipts tax subject to any increase or decrease made to correct errors in amounts previously distributed, including the County, an amount equal to the net receipts attributable to the local option gross receipts tax imposed by that county, less any deduction for administrative cost determined and made by the Department pursuant to the act authorizing imposition by that county of the local option gross receipts tax and an additional administration fee of 0.6% of such net amount.

Remedies for Delinquent Taxes. The Revenue Division may assess Capital Outlay Gross Receipts Taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom Capital Outlay Gross Receipts Taxes have been assessed or upon whom demand for payment has been made does not make payment thereof (or protest the assessment or demand for payment) within thirty (30) days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Revenue Division may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than thirty-six (36) months. Interest is due on any delinquent tax from the first day following the day on which it is due at the rate of 1.25% per month until paid, without regard to any installment agreement. However, if the Capital Outlay Gross Receipts Tax is paid within ten (10) days after demand is made, no interest shall be imposed for the period after the date of demand.

The Revenue Division may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent Capital Outlay Gross Receipts Taxes is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer, which lien may be foreclosed as provided by State statutes.

Capital Outlay Gross Receipts Tax Report. Set forth below is a history of the Capital Outlay Gross Receipts Tax Revenues received by the County from the January 1, 2003 effective date of that tax:

Fiscal Year Ended June 30	Capital Outlay Gross Receipts Tax Percentage	Capital Outlay Gross Receipts Tax Revenues(1)	Pledged Revenues(2)	Percent Increase (decrease)
2009*	0.250%	$ 9,753,100	$ 3,656,676	(7%)
2008	0.250%	10,479,934	3,929,981	9%
2007	0.250%	9,602,018	3,600,757	5%
2006	0.250%	9,150,898	3,431,589	7%
2005	0.250%	8,562,862	3,211,074	5%
2004	0.250%	8,180,590	3,067,723	--
2003**	0.250%	1,071,447	401,793	--

Source: Santa Fe County Financial Director
* Unaudited.
**First year in which Capital Outlay Gross Receipts Tax was imposed by the County; figures reflect 6 months of collections.
(1) Does not include other gross receipts taxes imposed by the County, which are not part of Pledged Revenues.
(2) Equals 37.5% of Capital Outlay Gross Receipts Tax revenues.

Other Gross Receipts Taxes (not pledged)

Pledged Revenues consist of the County-only Water Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) increment of Capital Outlay Gross Receipts Tax. The County also imposes certain other gross receipts taxes which are not pledged to the repayment of the Bonds. These include the first one-eighth of one percent (0.125%) increment, the second one-eighth of one percent (0.125%) increment, the third one-eighth of one percent (0.125%) increment and a one-sixteenth of one percent (0.0625%) increment of County Gross Receipts Tax; a 0.125% County Infrastructure Gross Receipts Tax; a 0.125% Corrections Gross Receipts Tax; a 0.125% County Environmental Gross Receipts Tax; a 0.250% Emergency Communications and Medical Services Gross Receipts Tax; a 0.125% County Regional Transportation Gross Receipts Tax; and a 0.0625% County Health Care Gross Receipts Tax. The total gross receipts tax rate within the County is 6.5000% (combined State (5.0000%) and County (1.5000%) gross receipts tax rates).

Gross Receipts Reported by Standard Industrial Classification

The following represents total taxable gross receipts reported in the County for the last 5 calendar years, by Standard Industrial Classification, as well as the total gross receipts reported in the County:

	2009*	2008	2007	2006	2005
Agriculture	8,927,206	18,281,879	19,107,948	19,832,900	18,912,456
Mining	495,504	1,149,186	447,404	328,070	180,245
Utilities	87,537,408	144,893,676	140,793,027	131,385,453	127,958,102
Construction	377,782,958	819,229,612	824,721,461	682,231,154	596,057,960
Manufacturing	32,453,703	70,683,934	83,992,702	78,191,516	72,879,351
Wholesale Trade	35,120,250	76,164,735	95,559,540	92,344,946	76,901,734
Retail Trade	594,844,270	1,115,311,626	1,166,521,337	1,123,065,867	1,066,910,521
Transportation/Warehousing	11,188,868	21,297,647	25,843,302	15,782,040	11,774,508
Information/Cultural	57,367,656	99,531,182	87,101,237	84,753,098	68,359,356
Finance/Insurance	16,627,661	38,045,689	37,864,658	29,860,436	28,451,086
Real Estate/Rental/Leasing	37,297,056	80,154,401	103,702,728	114,557,577	112,724,724
Professional/Scientific/Technical	155,615,845	271,037,782	266,916,959	226,405,661	225,755,157
Management of Companies	3,612,101	11,272,229	13,625,893	8,966,766	10,230,275
Admin./Support/Waste Mgmt.	12,522,792	20,943,165	18,114,554	13,163,066	9,169,606
Educational Services	5,940,240	11,165,177	10,854,034	10,490,202	8,921,593
Health Care/Social Assistance	98,435,185	156,014,720	152,334,432	135,211,942	125,873,187
Arts/Entertainment/Recreation	16,470,994	26,648,749	28,953,599	21,219,843	22,655,515
Accommodation/Food Services	213,249,337	400,972,453	390,834,308	387,492,651	357,017,885
Other Services (except pub admin)	233,337,361	424,448,655	435,904,448	453,429,141	429,469,288
Public Administration	835,611	1,797,522	726,403	20,604	820,596
Unclassified Establishments	8,448,641	8,535,998	7,970,777	5,560,475	4,739,148
Total Taxable	2,008,110,647	3,817,582,025	3,911,892,758	3,634,295,414	3,375,764,298
Total Reported	3,577,173,025	7,043,378,575	7,101,914,301	6,562,830,219	6,148,259,812
State of New Mexico					
Total Taxable	27,039,931,648	50,890,095,365	49,440,667,976	46,727,075,797	41,751,801,379

Source: New Mexico Taxation and Revenue Department and UNM Bureau of Business and Economic Research.
* Through July, 2009

Historical Total Gross Receipts Reported For County and State

The following table shows the gross receipts generated (both in retail trade only and in total) in the County and the State for the last 5 calendar years. For the purposes of this table, gross receipts means the total amount of money received from selling property within the State, from leasing property located 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.

	Santa Fe County		State of New Mexico	
Year	Total	Retail Trade	Total	Retail Trade
2009*	$3,577,173,025	$1,075,739,115	$ 55,296,106,909	$13,657,542,764
2008	7,043,378,575	2,154,370,796	114,741,598,593	25,019,895,803
2007	7,101,914,301	2,202,020,641	103,740,330,414	26,012,239,572
2006	6,562,380,219	2,086,605,775	94,347,408,225	24,014,746,059
2005	6,148,259,812	1,951,302,634	78,771,700,292	20,454,852,088

Source: New Mexico Taxation and Revenue Department and UNM Bureau of Business and Economic Research
* Through July, 2009

Historical Taxable Gross Receipts Reported For County and State

Fiscal Year Ended June 30	Taxable Gross Receipts Reported in Santa Fe County	Taxable Gross Receipts Reported in the State of New Mexico
2009*	$2,008,110,647	$27,039,931,648
2008	3,817,582,025	50,890,095,365
2007	3,911,892,758	49,440,667,976
2006	3,634,295,414	46,727,075,797
2005	3,375,764,298	41,751,801,379

Source: New Mexico Taxation and Revenue Department and UNM Bureau of Business and Economic Research
* Through July, 2009

ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES

Outstanding Obligations Secured by Pledged Revenues.

Other Liens. There are no outstanding Parity Obligations.

Additional Bonds Test. The Bond Ordinance does not prevent the issuance of additional Parity Bonds payable from and constituting a lien upon the Pledged Revenues on parity with the lien of the Bonds. Before any additional Parity Bonds are actually issued, it must be determined that:

(A) The County is then current in the accumulation of all amounts which are required to have then been accumulated in the Debt Service Fund and the Reserve Fund (if any accumulation is then required in the Reserve Fund) as required by Section 17 of the Parameters Bond Ordinance; and

(B) No default shall exist in connection with any of the covenants or requirements of the Bond Ordinance, or the bond ordinance or ordinances authorizing the issuance of Outstanding Parity Obligations, Subordinate Obligations or Junior Subordinate Obligations; and

(C) The Pledged Revenues received by the County in the twelve months immediately preceding the date of issuance of the proposed additional Parity Bonds shall have been sufficient to pay an amount representing at least 150% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (i) the outstanding Bonds, (ii) other outstanding Parity Bonds, Subordinate Obligations and Junior Subordinate Obligations payable from and constituting a lien upon the Pledged Revenues, and (iii) the Parity Bonds proposed to be issued.

Certification or Opinion Regarding Revenues. A written certificate or opinion by an Independent Accountant, that the Pledged Revenues are sufficient to pay the required amounts under the test set forth above, shall conclusively determine the right of the County to issue additional Parity Bonds. The Independent Accountant may utilize the results of any annual audit to the extent it covers the applicable period.

Refunding Bonds

The provisions of the Bond Ordinance described above are subject to the following exceptions:

Privilege of Issuing Refunding Obligations. If at any time the County shall find it desirable to refund any outstanding obligations constituting a lien upon the Pledged Revenues, the Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien priority is changed by the refunding except that superior obligations are prohibited as provided in the Bond Ordinance.

Limitation upon Issuance of Parity Refunding Obligations. No refunding obligations shall be issued with a lien on the Pledged Revenues on a parity with the lien of the Bonds, unless:

(A) The lien on the Pledged Revenues of the outstanding obligations so refunded is on a parity with the lien on the Pledged Revenues of the Bonds; or

(B) The refunding obligations are issued in compliance with the requirements described above under "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES - Outstanding Obligations Secured by Pledged Revenues -- Additional Bonds Test."

Refunding Part of an Issue. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien with the portion of any bonds or other obligations of the same issue which is not refunded, if any; and the holder or holders of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby. If only a part of any issue or issues is refunded, then there may be no refunding without the consent of the holders of the unrefunded portion of such obligations, unless:

(A) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations; or

(B) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded; or

(C) The refunding bonds or other refunding obligations are issued in compliance with the requirements described above under "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES - Outstanding Obligations Secured by Pledged Revenues -- Additional Bonds Test."

Limitation upon Issuance of Any Refunding Obligations. Any refunding obligations payable from Pledged Revenues shall be issued with such details as the Board of County Commissioners may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Subordinate and Superior Obligations

The County will not issue additional bonds payable from the Pledged Revenues with a lien on the Pledged Revenues prior and superior to the lien of the Bonds thereon. Nothing contained in the Bond Ordinance will be construed in such a manner as to prevent the issuance by the County of additional bonds payable from the Pledged Revenues with a lien thereon subordinate and junior to the lien of the Bonds thereon, nor to prevent the issuance of bonds or other obligations refunding all or part of the Bonds as permitted by the Bond Ordinance.

COUNTY COVENANTS IN THE BOND ORDINANCE

The County covenants in the Bond Ordinance, among other things, that:

Use of Bond Proceeds. The County will proceed without delay to apply the proceeds of the Bonds as set forth in the Bond Ordinance.

Payment of Bonds. The County will promptly pay the principal of and the interest on every Bond at the place, on the date and in the manner specified in the Bond Ordinance and in the Bonds according to the true intent and meaning of the Bond Ordinance.

County's Existence. The County will maintain its corporate identity and existence so long as any of the Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the County, without adversely affecting to any substantial degree the privileges and rights of any owner of the Bonds.

Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the County will not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any of the Bonds, and the County will not directly or indirectly be a party to or approve any arrangements for any such extension. If the time for payment of any such interest shall be extended, such installment or installments of interest, after such extension or arrangement, shall not be entitled in case of default hereunder to the benefit or security hereof, except subject to the prior payment in full of the principal of all Bonds hereunder and then outstanding and of the matured interest on such Bonds, the payment of which has not been extended.

Records. So long as any of the Bonds remain outstanding, proper books of record and account will be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

Audits and Budgets. The County will, within two hundred and ten (210) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

Other Liens. Other than as described and identified by the Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

Impairment of Contract. The County agrees that any law, ordinance or resolution of the County that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to the Bond Ordinance.

Debt Service Fund and Reserve Fund. The Debt Service Fund and Reserve Fund shall be used solely and only, and those funds are pledged, for the purposes set forth in the Bond Ordinance.

Surety Bonds. Each County official and employee being responsible for receiving Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

Performing Duties. The County will faithfully and punctually perform all duties with respect to the Bonds required by the Constitution and laws of the State of New Mexico and the ordinances and resolutions of the County relating to the Bonds.

Tax Covenants. The County covenants 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 Code. The Chairperson of the Governing Body and other officers of the County having responsibility for the issuance of the Bonds shall give an appropriate certificate of the County, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

The County 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 on investment property acquired with those proceeds, (iii) make timely rebate payments to the federal government, if required, (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. The Chairperson of the Governing Body and appropriate officers are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, if any, as may be required or appropriate to assure such exclusion of that interest.

In furtherance of the covenants set forth above, the County has established a fund separate from any other funds established and maintained under the Bond Ordinance designated as the Rebate Fund (the "Rebate Fund"). Money and investments in the Rebate Fund shall not be used for the payment of the Bonds and amounts credited to the Rebate fund shall be free and clear under any pledge under the Bond Ordinance. Money in the Rebate Fund shall be invested in a manner provided in the Bond Ordinance for investment of money, and all amounts on deposit in the Rebate Fund shall be held by the County, or a designated trustee, in trust, to the extent required to pay rebatable arbitrage to the United States of America. The County shall unconditionally be entitled to accept and rely upon the recommendation, advice, calculation and opinion of an accounting firm or other person or firm with knowledge of or experience in advising with respect to the provisions of the Code relating to rebatable arbitrage. The County shall remit all rebate installments and the final rebate payment to the United States of America as required by the provisions of the Code. Any moneys remaining in the Rebate Fund after redemption and payment of all the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and remitted first to the Insurer to the extent of any amounts owed to the Insurer and then to the County.

The Bonds are designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, as amended by the American Recovery and Reinvestment Act of 2009 ("ARRA"). Prior to ARRA, a qualified small issuer was defined as an issuer who did not reasonably anticipate the amount of its tax-exempt bonds (other than certain private activity bonds) would exceed $10,000,000 in a calendar year. For 2009 and 2010, ARRA increased the $10,000,000 threshold to $30,000,000 for determining when a tax-exempt bond qualifies for the small issuer exception. The County has no "subordinate entities" with authority to issue tax-exempt obligations within the meaning of that Section of the Code. In that connection, the Governing Body covenants that the County in or during the calendar year in which the Bonds are issued, (i) will not designate as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code tax-exempt obligations, including the Bonds, in an aggregate principal amount in excess of $30,000,000 and (ii) will not issue tax-exempt obligations within the meaning of Section 265(b)(4) of the Code, including the Bonds and any qualified 501(c)(3) bonds as defined in Section 145 of the Code (but excluding obligations, other than qualified 501(c)(3) bonds, that are private activity bonds as defined in Section 141 of the Code), in an aggregate principal amount exceeding $30,000,000.

Continuing Disclosure Undertaking. The officers of the County are authorized to sign such documents and to take such actions in the future with respect to the County's continuing disclosure obligations as are necessary or desirable to comply with the Continuing Disclosure Undertaking and the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Notwithstanding any other provisions of the Bond Ordinance, failure of the County to comply with the Continuing Disclosure Undertaking shall not be considered an "event of default," and holders and beneficial owners of Bonds shall be entitled to exercise only such rights with respect thereto as are provided in the Continuing Disclosure Undertaking.

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.

Governing Body

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:

Member	Position	Term Expires
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

Administrative Officers

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.

Other Employees

The County has approximately 911 full-time employees. The County believes that relations with its employees are good.

Retirement Plan; Other Post-Employment Benefits

Public Employees Retirement Association

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.

Gabriel, Roeder, Smith & Co. completed an actuarial valuation of the Public Employees Retirement Fund as of June 30, 2007. The Public Employees Retirement Board accepted the actuary's conclusions that the assets, benefit values, reserves and computed contribution rates reflect utilization of an inflation rate of 4% per annum, compounded annually, and other risk assumption changes including salary increases for longevity and merit, the real rate of return on investments, mortality, active member withdrawals, disability and retirement rates to allow for expected future experience. Actuarial information, as of June 30, 2007, is shown below:

Summary of PERA Funds[1]
(Dollars in thousands)

Retired and Active Membership	78,454
<u>Actuarial Information</u>	
Accrued Liability[2]	$12,962,480
Value of Assets	$12,032,215
Unfunded (Overfunded) Accrued Liability	$ 930,265
Present Value of Statutory Obligations	$16,492,182

Source: Public Employees Retirement Association of New Mexico
[1] Includes both the state and municipal divisions.
[2] Includes the accrued liability of both the retired and active members.

The Retirement Plan suffered as a result of volatility in the financial markets and economic contraction in 2008 and 2009. The Retirement Plan lost approximately 30% of its value as of February 2009, losing 16.53% from September to December 2008. There are currently 60,712 active members of PERA and 26,793 retirees and beneficiaries receiving monthly benefits from PERA as of December 2008. It is expected that beneficiaries of PERA will increase approximately 10% per year as result of the increased number of "baby boomer" retirees. The State Legislature is considering significant changes to the existing system in order to address large scale losses and the potential future insolvency of the Retirement Plan. Under current law, the County is not responsible for any future deficiencies in the Retirement Plan.

PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

New Mexico Retiree Health Care Authority

The County contributes to the State-sponsored New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the Retiree Health Care Authority ("NMRHCA"). The NMRHCA administers the New Mexico Retiree Health Care Act, Sections 10-7C-1 through 10-7C-19 NMSA 1978, for the purpose of providing comprehensive group health insurance coverage for persons who have retired from certain public service in the State and eligible dependants. The Retiree Health Care Act establishes the required contributions of participating employers. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary, and each participating employee to contribute 0.65% of its annual salary. The County's contribution to the NMRHCA for the years ended June 30, 2008, 2007 and 2006 were $413,934, $341,186 and $316,539, respectively, which equal the required contributions for those years.

The NMRHCA has a fund base comprised of active employee payroll deductions, participating employer contributions, monthly premium contributions of enrolled participants, investment income, and amounts distributed annually from the Taxation and Revenue Suspense Fund ("TRS Fund"). A separate distribution from the TRS Fund, which is currently set at $3,000,000 per year, is scheduled to sunset June 30, 2010. Employer and employee contribution rates are established by statute as is the amount of the distributions from the TRS Fund. Such contribution rates are currently 1.3% and 0.65% of the participating employee's salary, respectively. These rates combined, as well as other sources of revenue, are significantly less than what is necessary to fund the normal cost and amortization of the UAAL (as described below) over a 30-year period.

Based on the Governmental Accounting Standards Board ("GASB") Statement 43 valuation for the Fiscal Year ended June 30, 2006, and assuming that the NMRHCA Fund is an equivalent arrangement to an irrevocable trust and, hence using a discount rate of 5.0%, the unfunded actuarial accrued liability ("UAAL") has been calculated to be approximately $4.1 billion. As required by GASB Statement 43, this calculation takes into consideration only current assets of the NMRHCA Fund. The Legislative Council, the Legislative Finance Committee, the Governor and the NMRHCA, as required by statute, established a working group that, among other things, examined the options to improve the actuarial soundness of the NMRHCA Fund and reported its findings to the Governor, the New Mexico Legislative Council, at the Legislative Finance Committee and the NMRHCA.

Recent actions by the NMRHCA improved its financial outlook. As recently as January 2008, NMRHCA's fund was projected to be insolvent by June 2014. NMRHCA recently increased premiums paid by retirees by 9% and also increased the contribution levels paid by retirees in response to recommendations from the Legislature in 2008. These actions, taken together, increased the projected solvency period to approximately June 2020. NMRHCA also established as policy that premium increases going forward should track medical trend increases. In the past, premium increases were substantially lower than medical inflation, which was a leading contributor to declining solvency. Under current law, the County is not responsible for any future deficiencies in NMRHCA.

County Budgets

The County adheres to the following procedure in establishing its annual budget: the County staff prepares a budget which is forwarded to the Governing Body in April for the fiscal year commencing the following July 1; public input is sought by the Governing Body during the months of April and May in public hearings; the budget is approved by the Governing Body and forwarded for approval to the State of New Mexico, Local Government Division of the Department of Finance and Administration; the final budget is returned to the County with recommended changes and modifications, if any; and the final budget is acknowledged by the Governing Body.

The operating budget includes proposed expenditures and the means of financing them.

The County Manager is authorized to transfer budgeted amounts within a division up to an annual maximum amount of $20,000, but he must obtain approval of the Governing Body for all other funding adjustments. As a management control device, the County employs formal budgetary integration at the line item level.

Deficit financing is not permitted under New Mexico law. The level of classification detail at which expenditure may not legally exceed appropriation for each budget item is the fund level (i.e., General, Water, Sewer, etc.).

County Investments

Statutory Requirements

The Board of County Commissioners, acting as the County Board of Finance, is charged with the ultimate supervision and control of all County funds pursuant to Sections 6-10-8, 6-10-10 and 6-10-35(G) NMSA 1978. The statutory duties of the County Board of Finance include the selection of financial institutions for deposit of County funds, setting collateral requirements for such deposits, and selection of custodians for collateral required of depository financial institutions. The County Treasurer is charged with responsibility for day-to-day management of County deposits and investments pursuant to Sections 4-43-2, 6-10-8 and 6-10-10 NMSA 1978, which responsibilities include the maintenance of accurate books and records and regular reporting of the County's financial condition to the County Board of Finance. Pursuant to Sections 6-10-10 and 6-10-31 NMSA 1978, the County Board of Finance and the County Treasurer are jointly responsible for establishing investment strategies for County funds not required to meet the immediate cash flow needs of the County, and the selection of suitable securities and other investments.

County Investment Policy

County Resolution 2004-107 establishes the County's investment policy (the "Policy"), which governs the investment activities of the County and applies to all financial assets held by the County Treasurer. The paramount objective of the Policy is to preserve and protect County funds while earning a market rate of interest on all money not immediately needed to meet operational needs. To enable the County Board of Finance and the Treasurer to accurately assess the County's current and future cash-flow needs, the Policy establishes the County Investment Committee, consisting of the Chairman of the County Board of Finance, County Treasurer, County Manager, County Finance Director and County Attorney or their respective designees, and directs that the Board of Finance meet at least quarterly.

Subject to the oversight of the County Board of Finance, the Treasurer is authorized to invest County funds in the following permitted investments pursuant to Sections 6-10-10(A)-(B), 6-10-10(F)(2), 6-10-10(G)(3), 6-10-31 and 6-10-36(C)-(D) NMSA 1978: Local Government Investment Pool, interest-bearing account, certificates of deposit and other time deposits with Depository Financial Institutions, bonds, notes and other debt securities backed by the full faith and credit of the United States, and bonds, notes and other debt securities that are direct obligations of the federal home loan mortgage association, the federal national mortgage association, the federal farm bank or the student loan marketing association and are either (i) backed by the full faith and credit of the United States or (ii) rated at least Aaa by Moody's Investor Services, Inc. or AAA by Standard & Poor's. As a matter of practice, the County Treasurer requires that all County funds be secured by collateral the market value of which is at least 102% of the amount deposited.

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.

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.

Transportation

The County is served by interstate highways and county roads, several public transportation services, including the Santa Fe Trails Transit System, which is run by the City of Santa Fe, and the Santa Fe Municipal Airport, which is also run by the City of Santa Fe. The State's New Mexico Rail Runner Express provides commuter train service between Santa Fe and Albuquerque.

Labor Force and Percent Unemployed

The following table, derived from information supplied by the New Mexico Department of Workforce Solutions, presents information on employment within Santa Fe County, the State and the United States, for the periods indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

	Santa Fe County		State of New Mexico		United States
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2009*	78,377	5.39%	954,683	6.27%	9.07%
2008	79,406	3.50%	959,458	4.10%	5.80%
2007	78,908	2.80%	945,700	3.50%	4.60%
2006	77,191	3.60%	951,287	4.10%	4.70%
2005	78,046	4.60%	934,667	5.80%	5.60%
2004	84,069	2.90%	910,502	4.80%	5.70%
2003	79,356	3.00%	878,749	6.10%	5.80%
2002	79,317	2.50%	882,103	5.00%	6.00%
2001	75,758	2.80%	854,818	5.50%	4.70%
2000	76,911	3.00%	839,500	5.80%	4.50%

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

* Average through July, 2009

Non-Agricultural Wage and Salary

The following is a history of nonagricultural wage and salary employment for Santa Fe County as reported by the New Mexico Department of Workforce Solutions.

Industry	2008	2007	2006	2005
Mining	155	155	161	101
Utilities	239	268	279	272
Construction	4,782	5,088	5,102	4,775
Manufacturing	927	1,068	1,136	1,228
Wholesale Trade	1,253	1,218	1,148	1,104
Retail Trade	9,199	8,782	8,845	8,665
Transportation & Warehousing	923	655	626	618
Information	1,882	1,954	1,475	1,333
Finance & Insurance	1,830	1,810	1,909	1,853
Real Estate & Rental & Leasing	1,005	1,138	1,251	1,035
Professional & Technical Services	2,897	2,905	2,819	2,783
Management of Companies and Enterprises	225	250	269	360
Administrative & Waste Services	2,504	2,707	2,306	2,479
Educational Services	5,004	5,248	5,559	5,461
Health Care & Social Assistance	8,457	8,124	6,968	7,083
Arts, Entertainment & Recreation	2,317	2,103	2,057	2,161
Accommodation & Food Services	8,235	8,428	8,344	8,169
Other Services, Except Public Administration	2,508	2,404	2,405	2,428
Non-classifiable	2	n/a	n/a	
Total Private Sector	54,344	54,305	52,659	51,908
Public Administration	11,226	10,976	10,848	10,566
Grand Total	65,570	65,281	63,507	62,474

Source: New Mexico Department of Workforce Solutions.

Major Employers

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

Employer	Type	Number of Employees	% of Santa Fe MSA Employment
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

Per Capita Income

The following table sets forth per capita personal income levels for Santa Fe County, the State of New Mexico and the United States.

Per Capita Personal Income

Year	Santa Fe County	New Mexico	United States
2008	N/A	$32,091	$39,751
2007	$42,184	30,706	38,615
2006	40,147	29,673	36,276
2005	37,934	27,644	34,586
2004	34,448	26,184	33,050
2003	32,999	24,892	31,484
2002	32,932	24,246	30,810
2001	31,608	24,085	30,472
2000	29,949	22,134	29,770
1999	29,346	21,836	27,880

Source: UNM, Bureau of Business and Economic Research.

Effective Buying Income

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 Households by Effective Buying Income Groups

Effective Buying Income Group	Santa Fe County	New Mexico	United States
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

Age Distribution

The following table sets forth a comparative age distribution profile for Santa Fe County, the State of New Mexico, and the United States.

Percentage of Population

Age	Santa Fe County	New Mexico	United States
0-17	21.0%	25.2%	24.5%
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

Median Household Effective Buying Income

The following table shows median household Effective Buying Income for Santa Fe County, the State of New Mexico and the United States.

Median Household Effective Buying Income

Year	Santa Fe County	State of New Mexico	United States
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

Population

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

Year	City of Santa Fe	Santa Fe County	New Mexico
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.

Historical General Fund Balance Sheet

The following Historical General Fund Balance Sheet and Statement of Historical Revenues, Expenditures and Changes in Fund Balances have been included herein for informational purposes only. Except as otherwise noted, 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.

Fiscal Year Ended June 30	2008	2007	2006	2005	2004
ASSETS					
Equity in pooled cash investments – Unrestricted	$41,451,376	$33,793,088	$23,713,215	$19,671,694	$16,618,483
Equity in pooled cash 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	-	-	-	-	-
Total reserved fund balance	$3,677,892	$2,564,302	$2,231,266	$1,915,499	$1,533,395
Unreserved – Designated for Contingency	1,815,290	1,815,290	1,815,290	1,815,290	1,815,290
Unreserved – Undesignated	39,657,055	34,178,359	23,534,585	18,201,603	17,628,310
Total unreserved fund balance	41,472,345	35,993,649	25,349,875	20,016,893	19,443,600
Total fund balance	45,150,237	38,557,951	27,581,141	21,932,392	20,976,995
Total liabilities and fund balance	$50,830,694	$43,420,755	$32,146,250	$26,516,592	$25,780,431

Source: Santa Fe County Annual Audit Reports for the fiscal years ended June 30, 2008, 2007, 2006, 2005 and 2004; these figures are excerpts only and do not purport to be complete.

Historical General Fund Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30	2009*	2008	2007	2006	2005	2004
Revenues						
Grants	$ 1,661,267	$ 1,198,786	$ 2,085,995	$ 1,754,243	$ 2,100,757	$ 3,934,134
Taxes and special assessments	47,628,060	45,168,805	41,723,011	36,313,562	33,008,259	30,865,339
Interest earnings	4,230,418	5,693,887	4,750,661	2,904,858	1,280,136	729,306
Charges for services, fines and penalties	1,749,867	1,525,638	1,755,849	1,906,418	1,772,133	1,869,938
Other	140,126	108,439	39,116	320,587	423,254	154,522
Total revenues	$55,409,738	$53,695,555	$50,354,632	$43,199,668	$38,584,539	$37,553,239
Expenditures:						
Current						
General government	$22,424,980	$17,729,096	$17,832,387	$14,906,976	$14,018,320	$11,541,007
Public safety	8,871,050	10,422,751	7,957,272	7,809,025	6,553,023	5,707,233
Highways and streets	5,416,130	4,585,306	3,757,624	4,771,030	3,096,024	3,778,284
Health and welfare	383,017	93,969	411,119	571,966	1,643,085	1,711,716
Culture and recreation	1,037,525	754,241	406,900	282,550	391,700	509,421
Economic development	-	-	-	-	-	-
Capital outlay	4,548,199	4,660,250	1,115,713	2,379,668	2,694,732	3,978,924
Debt service (principal and interest)	-	-	-	-	-	-
Total expenditures	$42,680,901	$38,245,613	$31,481,015	$30,721,215	$28,396,884	$27,226,585
Excess (Deficiency) or Revenues over Expenditures	$12,728,837	$15,449,942	$18,873,617	$12,478,453	$10,187,655	$10,326,654
Other Financing Sources (Uses):						
Operating transfers, in	1,777,527	1,239,557	981,567	2,461,464	1,068,058	1,295,709
Operating transfers, out	(14,869,751)	(10,097,213)	(8,878,374)	(9,291,168)	(10,300,316)	(9,945,566)
Total other financing sources (uses)	(13,092,224)	(8,857,656)	(7,896,807)	(6,829,704)	(9,232,258)	(8,649,857)
Excess (Deficiency) of Revenues and other Financing Sources over expenditures and other financing uses	$ (363,387)	$ 6,592,286	$10,976,810	$ 5,648,745	$ 955,397	$ 1,676,797
Fund balance, beginning of year	45,150,237	38,557,951	27,581,141	21,932,392	20,976,995	19,133,595
Prior period corrections	-	-	-	-	-	166,603
Fund balance, as restated	-	38,557,951	-	-	-	19,300,198
Fund balance, end of year	$44,786,850	$45,150,237	$38,557,951	$27,581,141	$21,932,392	$20,976,995

*Unaudited

Source: The amounts shown for each fiscal year (other than 2009) are derived from the County's audited financial statements. Reference is made to such financial statements and related audit reports which are available upon request.

Direct and Overlapping Debt and Mill Levies

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.

Governmental Entity	2008 Valuation	GO Debt Outstanding	Applicable Percentage	Amount
State of New Mexico	$50,486,023,333	$453,730,000	12.98%	$ 58,873,688
City of Santa Fe	3,502,776,192	20,220,000	100.00%	20,220,000
Town of Edgewood	83,891,565	-	1.28%	0
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	126,000,000	100.00%	126,000,000
Santa Fe County	6,550,808,648	106,935,000	100.00%	106,935,000
Total Direct & Overlapping Debt				$335,887,428
Ratio of Estimated Direct & Overlapping Debt to 2008 Assessed Valuation:				5.13%
Per Capita Direct & Overlapping Debt:				$ 2,284.95

Selected Debt Ratios and Values

The following table sets forth details relating to the ratio of general debt and overlapping debt to population and assessed valuation:

County Population [1]	147,000
Total Estimated General Obligation Direct and Overlapping Debt	$ 335,887,428.00
Per Capita Direct and Overlapping Debt	$ 2,284.95
2008 Assessed Valuation	$6,550,808,648.00
Ratio of Estimated Direct and Overlapping Debt to 2008 Assessed Valuation	5.13%

(1) Estimated 2007.

Other County Obligations

The table below summarizes all outstanding revenue bond obligations of the County as of June 30, 2009. There are no outstanding obligations secured by the Pledged Revenues.

Type and Series of Revenue Bonds	Original Principal Amount	Interest Rate	Date of Final Maturity	Amount Outstanding as of 6/30/09	Pledged Revenues
County Gross Receipts Tax Revenue Bonds, Series 2008	$30,000,000	3.50-5.00%	6/1/2033	$28,635,000	5/16 of one percent gross receipts tax
Correctional System Revenue Bonds, Series 1997	$30,000,000	4.10-6.00%	2/1/2027	$19,240,000	5/16 of one percent gross receipts tax
Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A	$ 6,000,000	4.10-6.00%	2/1/2027	$ 4,650,000	5/16 of one percent gross receipts tax

LITIGATION AND INSURANCE

At the time of the original delivery of the Bonds, the County will deliver a certificate to the effect that no litigation or administrative action of proceedings is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Ordinance, the levying or collecting of taxes to pay the principal of and interest on the Bonds 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.

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.

TRANSCRIPT AND CLOSING STATEMENTS

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

TAX EXEMPTION

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax for individual corporations. Additionally, interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision of the State.

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 Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includable in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has opined 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 corporations' 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 has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. 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 expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

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

Original Issue Discount

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest 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 offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holders' tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "IRS") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the IRS, 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 IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS 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 Bond Ordinance 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. None of the County, the Underwriter nor Bond Counsel are responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

FINANCIAL STATEMENTS

Appendix A contains excerpts from audited Financial Statements of the County for the fiscal year ended June 30, 2008. The Bonds are not payable from any revenues or funds of the County other than as set forth in the Official Statement. The financial statements are included for informational purposes only.

LEGAL MATTERS

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, will render an opinion with respect to the validity of the Bonds and with respect to tax matters described above under "TAX EXEMPTION." The proposed form of such opinion is attached hereto as Appendix B. Certain legal matters will be certified for the County by Stephen C. Ross, Esq., County Attorney.

RATINGS

Moody's Investor's Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned municipal bond ratings of "Aa2" and "AA", respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from Moody's and S&P.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Bonds may have an adverse effect on the market price of the Bonds. The Underwriter has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings on the Bonds, or to oppose any such proposed revision or withdrawal.

CONTINUING DISCLOSURE

The County will make a written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c 2-12) (the "Rule"). The County undertakes to provide the following information:

(a) Annual Financial Information;

(b) Audited Financial Statements, if any; and

(c) Material Event Notices.

While any Bonds are outstanding, the County will provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning March 31, 2010, to Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") annually and to provide notice to EMMA of certain events, pursuant to the requirements of the Rule. It will be sufficient if the County provides to EMMA the Annual Financial Information by specific reference to documents previously provided to each Nationally Recognized Securities Information Repository and state information depository, if any, or filed with the Securities and Exchange Commission and, if such a document is a "final official statement" within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

If the Audited Financial Statements are not provided as part of the Annual Financial Information, the County will provide the Audited Financial Statements when and if available while any Bonds are outstanding to EMMA.

If a Material Event occurs while any Bonds are outstanding, the County will provide a Material Event Notice in a timely manner to EMMA.

The County will provide in a timely manner to EMMA or the Municipal Securities Rulemaking Board notice of any failure by the County while any Bonds are outstanding to provide to EMMA Annual Financial Information on or before the Report Date, any changes in its fiscal year-end, or any amendment to its undertaking described in this section.

The following are the definitions of the capitalized terms used in this section:

"Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") or operating data with respect to the County), provided at least annually, consisting of information of the type set forth under the headings "PLEDGED REVENUES- *Capital Outlay Gross Receipts Tax Report* " in this Official Statement. Such Annual Financial Information shall also include Audited Financial Statements, or if Audited Financial Statements are unavailable, then unaudited financial statements.

"Audited Financial Statements" means the County's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements have been audited by such auditor as is then required or permitted by the laws of the State.

"Material Event" means any of the following events, if material, with respect to the Bonds:

Principal and interest payment delinquencies;
Non-payment related defaults;
Unscheduled draws on debt service reserves reflecting financial difficulties;
Unscheduled draws on credit enhancements reflecting financial difficulties;
Substitution of credit or liquidity providers, or their failure to perform;
Adverse tax opinions or events affecting the tax-exempt status of the security;
Modifications to rights of security holders;
Bond calls;
Defeasances;
Release, substitution, or sale of property securing repayment of the securities; and Rating changes.

"Material Event Notice" means written or electronic notice of a Material Event.

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

The continuing obligation of the County to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Bond Ordinance; (ii) the date on which the County is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require the undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

The County's undertaking described in this section may be amended from time to time, without the consent of any Bond owner upon the County's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County;

(b) the undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the owners of the Bonds.

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

The obligations of the County under the undertaking described in this section are for the benefit of the owners (including beneficial owners) of the Bonds. Each owner is authorized to take action to seek specific performance by court order to compel the County to comply with its obligations under the undertaking, which action will be the exclusive remedy available to it or any other owner. The County's breach of its obligations under the undertaking will not constitute an event of default under the Bond Ordinance and none of the rights and remedies provided by the Bond Ordinance will be available to the owners with respect to such a breach.

Compliance with Prior Undertakings

The County has previously entered into continuing disclosure agreements in accordance with SEC Rule 15c2-12. The County believes that it is 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 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 has implemented procedures intended to assure compliance with its continuing disclosure agreements.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") has agreed to purchase the Bonds from the County pursuant to a Bond Purchase Agreement dated September 29, 2009 (the "Bond Purchase Agreement"), at a price of $12,670,442.89, which reflects the par amount of the Bonds ($12,090,000.00) (i) plus original issue premium in the amount of $655,126.00 and (ii) less an Underwriter's discount of $74,683.11. The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

No guaranty can be made that a secondary market for the Bonds will develop or be maintained by the Underwriter or others. Thus, prospective investors should be prepared to hold their Bonds to maturity. In addition, the Underwriter may allow commissions or discounts from such initial offering prices to dealers and others.

ADDITIONAL INFORMATION

All of the summaries of the statutes, ordinances, 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 document, copies of which are either publicly available or available for inspection during normal business hours at the offices of the County Clerk of Santa Fe County, 102 Grant Avenue, Santa Fe, New Mexico 87501, or at the offices of RBC Capital Markets, Financial Advisor to the County, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110.

OFFICIAL STATEMENT CERTIFICATION

As of the date hereof, to my knowledge and belief, this Official Statement is true, 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 has been authorized by the Governing Body of Santa Fe County.

SANTA FE COUNTY, NEW MEXICO

By /s/
Mike D. Anaya, Chairperson
Board of County Commissioners

ATTEST:

/s/
Valerie Espinoza, County Clerk

APPENDIX A

EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF
SANTA FE COUNTY, NEW MEXICO
FOR THE YEAR ENDING 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

B&A

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

STATE OF NEW MEXICO
SANTA FE COUNTY

Official Roster

June 30, 2008

COUNTY COMMISSIONERS

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

COUNTY OFFICIALS

Greg Solano	County Sheriff
Victor Montoya	County Treasurer
Valerie Espinoza	County Clerk
Domingo P. Martinez	County Assessor
Mark A. Basham	Probate Judge
Allen Grace	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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June 30, 2008

"23 Years of Excellence"

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

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Santa Fe, New Mexico 87504
(505) 983-3387
(505) 988-2505 FAX
(800) 983-1040 Toll Free
ba@barraclough.com

Principals
John E. Barraclough, Jr., C.P.A.
Annette V. Hayden, C.P.A.
Sandra M. Shell, C.P.A./A.B.V., C.V.A.
Joseph A. Sisneros, C.P.A.

Managers
Douglas W. Fraser, C.P.A.
Laura Parker, C.P.A.
Rick W. Reynolds, C.P.A.
Katherine M. Rowe, C.P.A.
Tracy Ann Stoddart, C.P.A.*
Rhonda G. Williams, C.P.A.

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.

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.

Barraclough & Associates P.C.

November 5, 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.

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.

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

	2008 Changes in Net assets			2007 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.

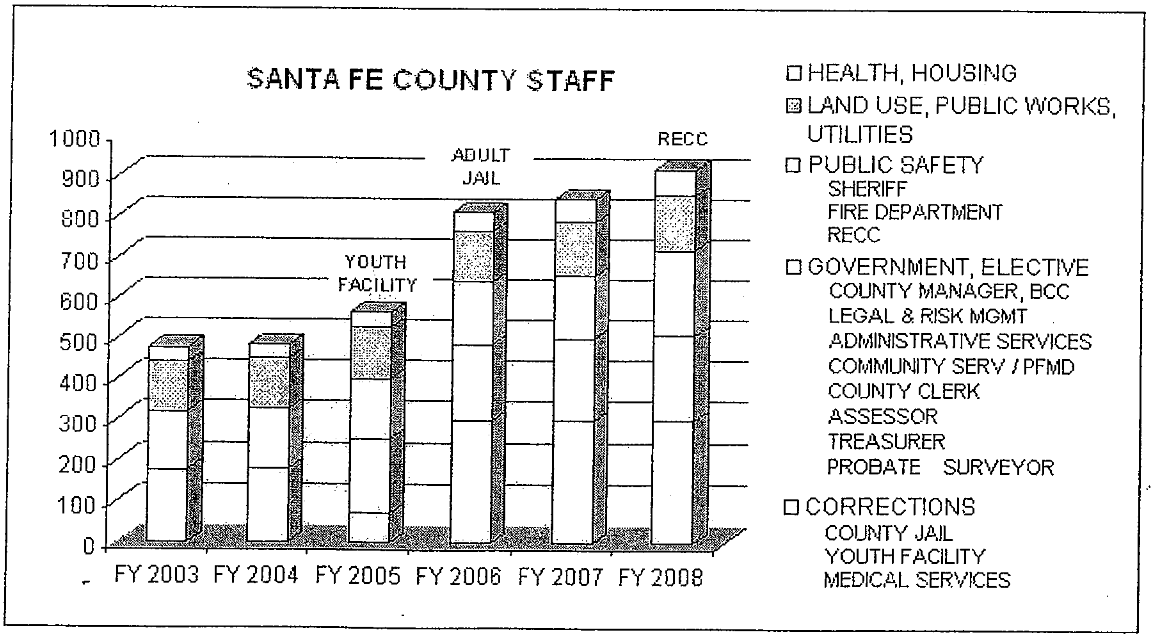
The County change in net assets for the year ended June 30, 2008 was $48,262,827 compared to $36,582,946 for the year ended June 30, 2007. See pages 19 and 21 for more detail on the differences between the government wide financial statements and the governmental fund financial statements.

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.

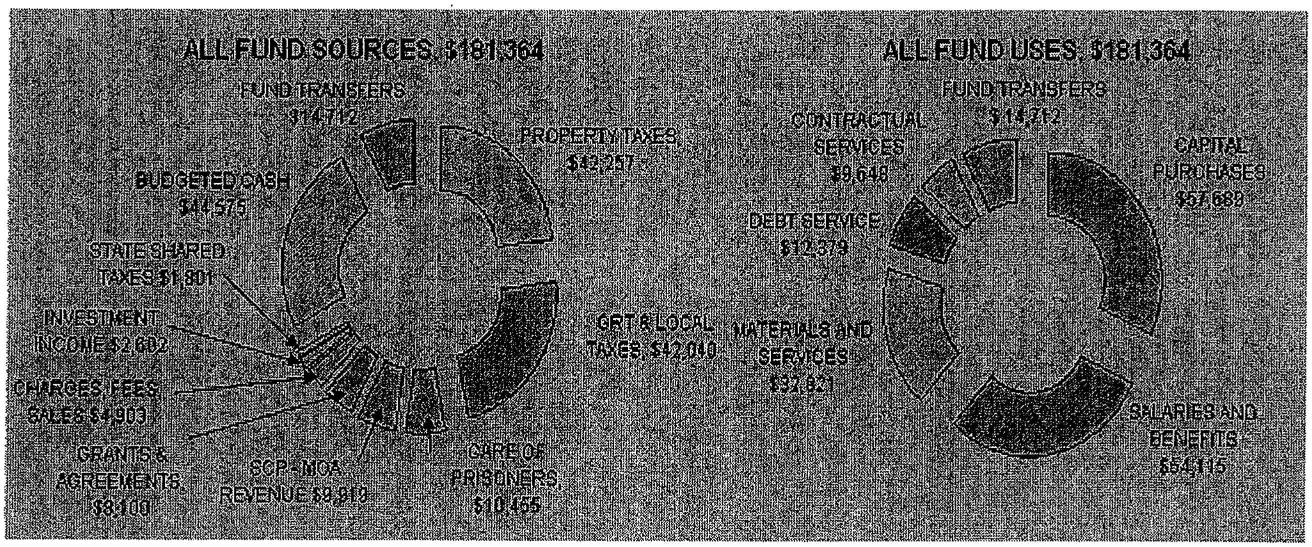
  Pending the Final Rule developed by the Federal Centers for Medicare and Medicaid, it is almost certain that the SCP program will be done away with. If this occurs, the Federal, State and local governments will have to determine how local hospitals will be funded, which will be a crucial challenge. The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

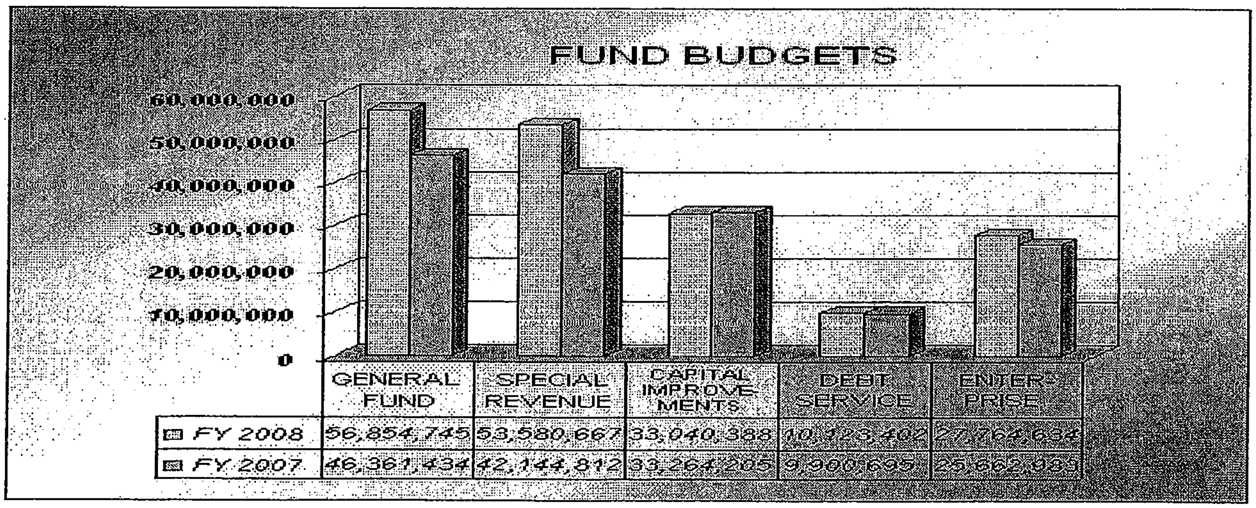
- *Sobering Center:* The County operates the Sobering Center for detoxification of inebriates referred to the Center from the St. Vincent Hospital emergency room and by law enforcement. Budgetary support of the Sobering Center has largely been from St. Vincent (via a memorandum of agreement) "carryover 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

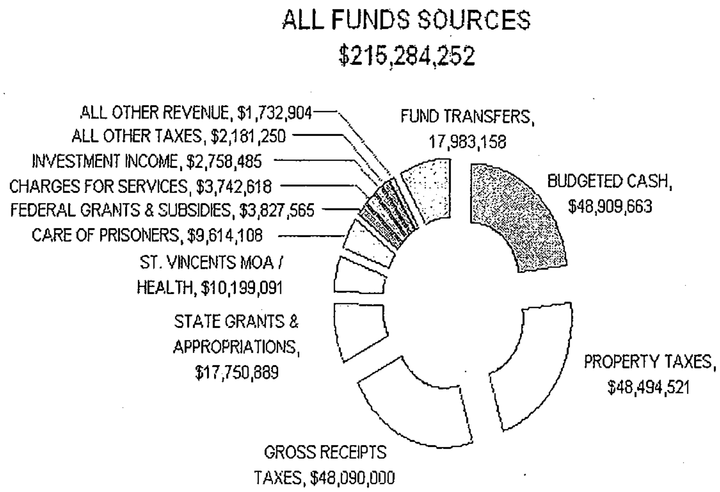
Santa Fe County's maximum legal debt capacity for General Obligation indebtedness as of June 30, 2008, is $257,771,684 of which $92,843,998 has been obligated. This leaves an available bonding capacity of $164,927,686 in excess of present debt requirements.

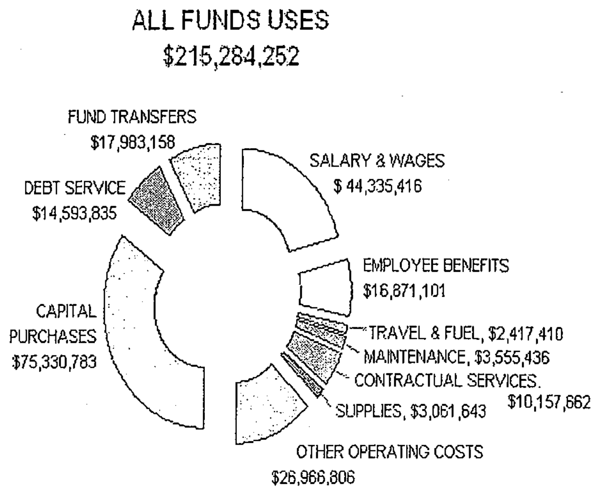
Economic Factors and Next Year's Budget and Rates

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

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	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets, Government-Wide: Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	$ (20,460,705)	$ 1,681,958	$ 1,198,786	$ 4,372,730	$ (13,207,231)	$ -	$ (13,207,231)
Public safety	(19,628,976)	2,227,753	1,866,063	-	(15,535,160)	-	(15,535,160)
Highways and streets	(8,300,186)	7,985	42,743	894,908	(7,354,550)	-	(7,354,550)
Health and welfare	(19,346,054)	7,546,788	5,424,911	-	(6,374,355)	-	(6,374,355)
Culture and recreation	(843,270)	-	880	-	(842,390)	-	(842,390)
Economic development	(2,121,000)	-	5,000	-	(2,116,000)	-	(2,116,000)
Interest expense	(4,031,630)	-	-	-	(4,031,630)	-	(4,031,630)
Total governmental activities	(74,731,821)	11,464,484	8,538,383	5,267,638	(49,461,316)	-	(49,461,316)
Business -type activities:							
Housing services	(1,365,632)	393,025	654,615	-	-	(317,992)	(317,992)
Utilities department	(1,862,088)	1,958,612	-	-	-	96,524	96,524
Jail facility	(22,335,307)	12,288,304	310,216	-	-	(9,736,787)	(9,736,787)
Regional planning authority	(105,876)	37,231	-	-	-	(68,645)	(68,645)
Home sales	(376,597)	169,974	-	-	-	(206,623)	(206,623)
Total business-type activities	(26,045,500)	14,847,146	964,831	-	-	(10,233,523)	(10,233,523)
Total primary government	$(100,777,321)	$ 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
Gross receipt taxes					48,941,331	-	48,941,331
Other taxes					2,194,386	-	2,194,386
Investment income					8,159,358	286,131	8,445,489
Other					246,436	18,727	265,163
Contributions not restricted to a specific program					1,268,029	-	1,268,029
Total general revenues					107,652,808	304,858	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

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Balance Sheet
Governmental Funds

June 30, 2008

	Major Funds						
		Special Revenue Fund	Capital Project Funds				
	General	Developer Fees	Capital Outlay Gross Receipts Tax	General Obligation Bond Series 2007	General Obligation Bond Series 2007B	Non-Major Other Funds	Total
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

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	(160,841)
Net assets governmental activities	$ 178,182,474

The accompanying notes are an integral part of this statement.

Exhibit 5

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 2008

	Major Funds						
		Special Revenue Fund	Capital Project Funds				
	General	Developer Fees	Capital Outlay Gross Receipts Tax	General Obligation Bond Series 2007	General Obligation Bond Series 2007B	Non-Major Other Funds	Total
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

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 govermental 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	(18,265,579)	
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		(43,406)
Change in net assets		$ 28,412,211

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

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

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
Total revenues	-	-	$ 541,410	$ 541,410
Cash balance carryforward	110,185	166,013		
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	-	-	-	-
Total expenditures	$ 110,185	$ 166,013	$ 89,096	$ 76,917
Other financing sources (uses):				
Bond proceeds	$ -	$ -	$ -	$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
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			-	
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

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	1,984,056	4,329,270	13,374,597	224,338	4,887,541	24,799,802
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	3,259,150	26,938,473	21,643,397	3,084	-	51,844,104
Deferred costs, net	-	-	340,929	-	-	340,929
Water rights	-	9,124,645	-	-	-	9,124,645
Mortgage receivable	-	-	-	-	174,817	174,817
Total assets	$ 5,243,206	$ 40,392,388	$ 35,358,923	$ 227,422	$ 5,062,358	$ 86,284,297
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	220,318	245,676	2,269,034	3,044	178,594	2,916,666
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	10,656,825	-	24,725,000	-	-	35,381,825
Total liabilities	10,877,143	245,676	26,994,034	3,044	178,594	38,298,491
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	(5,633,937)	40,146,712	8,364,889	224,378	4,883,764	47,985,806
Total liabilities and net assets	$ 5,243,206	$ 40,392,388	$ 35,358,923	$ 227,422	$ 5,062,358	$ 86,284,297

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

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

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	(569,925)	366,809	(6,537,340)	(55,219)	(97,901)	(6,893,576)
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	453,001	-	9,666,781	100,000	2,057,034	12,276,816
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	(1,265)	(27,839)	(2,368,554)	-	-	(2,397,658)
Cash Flows from Investing Activities - Interest on cash and investment	-	2,887	282,988	-	-	285,875
Net increase (decrease) in cash and cash equivalents	(118,189)	341,857	1,043,875	44,781	1,959,133	3,271,457
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	$ 1,917,833	$ 3,990,020	$ 11,544,388	$ 224,338	$ 4,318,966	$ 21,995,545

The accompanying notes are an integral part of this statement.

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

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	56,028	262,084	2,050,542	13,426	108,722	2,490,802
Net cash provided by (used by) operating activities	$ (569,925)	$ 366,809	$ (6,537,340)	$ (55,219)	$ (97,901)	$(6,893,576)

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.

The accompanying notes are an integral part of this statement.

Exhibit 12

STATE OF NEW MEXICO
SANTA FE COUNTY

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	9,577,326
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	9,577,326
Net assets	$ -

The accompanying notes are an integral part of this statement.

(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).

(Continued)

(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

(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.

(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.

(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.

(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.

(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.

(Continued)

(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.

(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.

(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 expended 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.

(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.

(2) Pooled cash and Investments

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

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

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.

(Continued)

(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			2,500,000
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			18,490,966
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			7,698,524
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			4,500,000
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			17,969,653
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			5,499,493
			$ 56,658,636

(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:

	Investment Type	Amount	% of Investments
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%	-	-

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:

		Amount	% of Investments
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.

(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.

(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.

(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.

(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										
	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	Total
General	$ -	$ -	$ -	$ -	$ 22,558	$ -	$ -	$ -	$ -	$ 1,217,000	$ 1,239,558
Capital Outlay Gross Receipts Tax	-	-	-	-	-	-	-	-	-	100,000	100,000
Housing Services	103	-	-	-	-	-	-	-	-	-	103
Utilities Department	-	-	-	-	-	-	-	-	-	-	-
Jail Facility	4,429,123	-	-	-	-	-	-	-	-	4,950,000	9,379,123
Regional Planning Authority	100,000	-	-	-	-	-	-	-	-	-	100,000
Home Sales	-	-	-	-	-	-	-	-	-	2,057,034	2,057,034
General Obligation Bond Series 2007	-	-	-	-	-	-	-	-	-	-	-
General Obligation Bond Series 2007B	-	-	-	-	-	-	-	-	-	-	-
Other Non-Major Governmental	5,567,987	220,545	-	-	-	-	-	-	-	1,258,988	7,047,520
Total	$ 10,097,213	$ 220,545	$ -	$ -	$ 22,558	$ -	$ -	$ -	$ -	$ 9,583,022	$ 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.

(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:

Government activities:	June 30, 2007 Balance	Restatement	June 30, 2007 Restated Balance	Additions & transfers	Deletions	June 30, 2008 Balance
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

(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		622,882
Total depreciation expense	$	3,006,185

(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
	7,150,760	1,265	(1,730)	7,150,295
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	(3,824,762)	(68,113)	1,730	(3,891,145)
Net fixed assets	$ 3,325,998	$ (66,848)	$ -	$ 3,259,150
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
	10,842,362	18,113,418	(16,827)	28,938,953
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	(1,793,302)	(224,005)	16,827	(2,000,480)
Net fixed assets	$ 9,049,060	$ 17,889,413	$ -	$ 26,938,473
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
	29,940,122	119,014	(114,202)	29,944,934
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	(7,507,959)	(907,780)	114,202	(8,301,537)
Business-type activities Net fixed assets	$ 22,432,163	$ (788,766)	$ -	$ 21,643,397

(4) Capital Assets (Continued)

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

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.

	Governmental Activities	Business-Type Activities
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	3,747,967	2,792
	22,070,631	4,987,388
Allowance for uncollectible	(2,221,568)	(2,751,706)
Total receivables, net	$ 19,849,063	$ 2,235,682
Mortgage receivables, net	$ 11,229,111	$ 174,817

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.

(Continued)

(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	572,648	-	572,648	-	(281,915)	290,733	290,733
Component Unit - Rancho Viejo 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

(Continued)

(6) Long-Term Obligations (Continued)

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

	June 30, 2007 Balance	Additions	Deletions	June 30, 2008 Balance	Due within one year
Business Type					
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
	$36,960,705	$ 256,151	$ (896,011)	$36,320,845	$ 939,020

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
			$ 110,283,998	$ 92,843,998	$ 7,898,998

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.

(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.

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

(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

Years Ending	Principal	Interest
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
	$ 93,134,731	$ 42,549,901

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	44,800
	$ 121,485

(6) Long-Term Obligations (Continued)

Capitalized Lease Obligation (Continued)

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

Years Ending	
2009	$ -
2010	23,683
2011	23,683
2012	23,683
2013	23,683
2014-2016	26,753
	$ 121,485

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.

(Continued)

(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.

(6) Long-Term Obligations (Continued)

Rancho Viejo Improvement District Bonds (Continued)

Years Ending	Principal	Interest	Total Debt Service
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
	$ 1,745,000	$ 1,708,824	$ 3,453,824

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	4,827,432
Less: current portion	129,020
Total long-term portion	$ 4,698,412

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.

(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:

Years Ending	Principal Amount Payable
2009	$ 129,020
2010	137,029
2011	145,038
2012	153,047
2013	167,085
2014-2018	357,647
2019-thereafter	3,738,566
Total	$ 4,827,432

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:

Years Ending	Principal	Interest	Total
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	7,785,000	1,201,800	8,986,800
	$ 25,535,000	$ 17,155,440	$ 42,690,440

(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.

(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 requied for employee and employer contributions shall become the period of time between the employers's effective date and the date of retirement; 2) retirees defind 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 supplemantary information for the postemployemnt 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.

(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.

(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
		217,367
Less allowance for uncollectible accounts		(151,144)
	$	66,223

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.

(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.

(Continued)

(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 Statue 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.

(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
	$ 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.

(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.

APPENDIX B

FORM OF BOND COUNSEL OPINION

___________, 2009

$___________
Santa Fe County, New Mexico
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2009

Ladies and Gentlemen:

We have acted as bond counsel to Santa Fe County, New Mexico (the "County") in connection with the issuance and sale by the County of its $_________ Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009 (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the "State") and Parameters Bond Ordinance No. 2009-7 adopted on September 9, 2009 (the "Parameters Bond Ordinance"), as supplemented by a Resolution of the County adopted on September 29, 2009 (together, the "Bond Ordinance"). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

We have examined those portions of the Constitution and the laws of the State and the United States of America relevant to the opinions herein, a certified transcript of proceedings of the Governing Body of the County (the "Transcript"), and other proceedings and documents relevant to the authorization and issuance by the County of the Bonds, including the form of the Bonds in the Bond Ordinance. As to the questions of fact material to our opinion, we have relied upon the Transcript and other representations and certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, we are of the opinion that, under existing law on the date of this opinion:

1. The Bonds are valid and binding, special, limited obligations of the County, payable as to principal and interest solely from the Pledged Revenues and from the Debt Service Fund and Reserve Fund which are pledged therefor under the Bond Ordinance (provided that the Reserve Fund is to be funded only upon the occurrence of the event provided in and subject to the provisions of Section 17(E) of the Parameters Bond Ordinance);

2. The Bond Ordinance creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds on parity with additional Parity Obligations (if any) to be issued hereafter and also creates a valid lien on the Debt Service Fund and the Reserve Fund; and

3. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences; and

4. Interest on the Bonds is excludable from net income for present State income tax purposes.

The opinions set forth in Paragraph 3 above are subject to continuing compliance by the County with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the County of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing legislation as of the date of issuance and delivery of the Bonds, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation.

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

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

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual of interest on, or the ownership of, the Bonds except those specifically addressed in Paragraphs 3 and 4 above.

Respectfully submitted,