

NEW ISSUE
Book Entry Only

RATINGS:
Moody's Investor Service, Inc.: Aa2

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

\$4,310,000
SANTA FE COUNTY, NEW MEXICO
General Obligation Refunding Bonds
SERIES 1999A

Dated: June 15, 1999

Due: July 1, as detailed below:

*The Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates. (See "THE BONDS; Book Entry Only System.") Interest is payable semi-annually (July 1 and January 1) commencing January 1, 2000. Principal is payable annually as detailed below. **The Bonds are not subject to redemption prior to maturity.***

MATURITIES, INTEREST RATES, AND PRICES OR YIELDS

Year Maturing (July 1)	Amount Maturing	Interest	Price/ Yield	Year Maturing (July 1)	Amount Maturing	Interest	Price/ Yield
2001	\$570,000	3.700%	3.700%	2005	\$675,000	4.200%	4.200%
2002	\$570,000	3.900%	3.900%	2006	\$670,000	4.300%	4.300%
2003	\$575,000	4.000%	4.000%	2007	\$675,000	4.400%	4.400%
2004	\$575,000	4.100%	4.100%				

The Bonds are general obligations of the County authorized by a Resolution of the County adopted on April 27, 1999. The Bonds are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount. The Bonds are being issued to provide funds to refund certain outstanding general obligation bonds of the County as more fully described herein.

The Bonds are being offered when, as and if issued by the County, subject to the prior approval of Hughes & Strumor, Ltd. Co., Albuquerque, New Mexico, as Bond Counsel. Certain other matters will be passed upon by Hughes & Strumor, Ltd. Co. as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the Depository Trust Company, New York, New York on or about June 15, 1999.



DATED: June 2, 1999

SANTA FE COUNTY, NEW MEXICO

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SANTA FE, NEW MEXICO 87504-0276
TELEPHONE: (505) 986-6200

COUNTY COMMISSIONERS

PAUL DURAN, CHAIRMAN
JOE S. GRIÑÉ, JR., VICE-CHAIRMAN
RICHARD D. ANAYA, MEMBER
JAVIER M. GONZALES, MEMBER
MARK P. TRUJILLO, MEMBER

COUNTY OFFICIALS

DAVID WOLF, COUNTY MANAGER
DONNA GARY, FINANCE DIRECTOR
REBECCA BUSTAMANTE, CLERK
PHILIP TRUJILLO, TREASURER

BOND COUNSEL AND DISCLOSURE COUNSEL

HUGHES & STRUMOR, LTD. CO.
P.O. BOX 1610
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UNDERWRITER

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2780 SKYPARK DRIVE, SUITE 400
TORRANCE, CALIFORNIA 90505-5343
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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement is furnished to prospective purchasers of the Santa Fe County, New Mexico General Obligation Refunding Bonds, Series 1999A (the "Bonds") issued in the aggregate principal amount of \$4,310,00 by Santa Fe County, New Mexico (the "County"). The offering of the Bonds is made only by way of this Official Statement which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Additional information concerning the County, the Bonds, and other aspects of this offering may be obtained from the County Manager, 102 Grant Avenue, Santa Fe, New Mexico 87501, telephone (505) 986-6200 or from the Underwriter, U.S. Bancorp Piper Jaffray, Inc., 2780 Skypark Drive, Suite 400, Torrance, California, 90505, telephone (310) 325-3825.

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

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

All terms used in this Official Statement which are not defined herein shall have the meanings given such terms in the Resolution authorizing issuance of the Bonds adopted by the Board of County Commissioners (the "Board") on April 27, 1999 (the "Bond Resolution").

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

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

AND

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

SUMMARY INFORMATION

\$4,310,000
SANTA FE COUNTY, NEW MEXICO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 1999A

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

PURPOSE: The Bonds will be used for the purpose of securing funds to refund all or a portion of the County's General Obligation Bonds, Series 1991, Series March 1, 1992 and Series June 1, 1992 (the "Refunded Bonds").

AUTHORIZATION: The Bonds were authorized by a Resolution of the County adopted on April 27, 1999 (the "Bond Resolution").

APPROVAL OF THE STATE: The Bonds are issued subject to the approval of the State of New Mexico Department of Finance and Administration ("DFA").

SECURITY: These Bonds are general obligation bonds of the County and are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount.

COMPLIANCE: The County undertakes to comply with Rule 15c2-12. (See "Appendix B.")

DATED DATE & DELIVERY: The Bonds will be dated as of June 15, 1999 and delivery of the Bonds to the purchaser through the facilities of the Depository Trust Company is expected on or about June 15, 1999.

PAYMENT: Interest on the Bonds is payable semi-annually on January 1 and July 1 commencing January 1, 2000. The Bonds shall mature on July 1 in the years and in the amounts indicated on the front cover.

REDEMPTION: Bonds are not subject to redemption prior to maturity.

PAYING AGENT/ REGISTRAR: Initially, the County Treasurer or any successor named by the Board of County Commissioners.

THE BONDS

Authorization

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

The Bonds will be used for the purposes of securing funds to refund all or a portion of the County's General Obligation Bonds, Series 1991, Series March 1, 1992 and Series June 1, 1992 (the "Refunded Bonds"). The County reserves the right to issue the Bonds in an aggregate principal amount sufficient to refund all or a portion of the Refunded Bonds at the sole discretion of the County.

The Bonds are subject to the approval of the State of New Mexico Department of Finance and Administration ("DFA") prior to delivery.

Description of the Bonds

The Bonds are dated June 15, 1999 and will bear interest from that date, payable on January 1 and July 1 in each year commencing January 1, 2000. The Bonds will bear interest at the rates per annum and mature in the amounts and at the times set forth on the cover page of this Official Statement. The principal and interest of the Bonds is payable through the Depository Trust Company, New York, New York.

Security for the Bonds

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

Registration

The Santa Fe County Treasurer will initially serve as the registrar and paying agent for the Bonds.

Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings as shown on DTC's records, unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

DTC management is aware that some computer applications, systems and the life for processing date ("Systems") that are dependent upon calendar dates, including dates before on and after January 1, 2000, may encounter "Year 2000 problems." DTC has informed its participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to security holders, book-entry deliveries and settlement of trades with DTC ("DTC Services"), continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including, but not limited to, issuers and their agents, as well as third-party vendors from whom DTC licenses software and hardware, and third-party vendors on whom DTC relies for information or the provision of services, including telecommunications and electrical

utility service providers, among others. DTC has informed the Industry that it is contracting (and will continue to contract) third-party vendors from whom DTC acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant and (ii) determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

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

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

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

Limitations on Remedies Available to Owners of Bonds

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

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the County in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Prior Redemption

The Bonds are not subject to redemption prior to maturity.

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DEBT AND OTHER OBLIGATIONS

(as of June 30, 1998)

General Obligation Bonds Outstanding

<u>Issue date</u>	<u>Issue Amount</u>	<u>Balance Remaining</u>
May 1, 1991	\$1,500,000.00	\$550,000.00
March 1, 1992	\$1,750,000.00	\$1,275,000.00
June 1, 1992	\$4,500,000.00	\$3,575,000.00
March 1, 1993	\$3,500,000.00	\$2,975,000.00
February 1, 1997	\$10,500,000.00	\$10,375,000.00
TOTAL		\$18,750,000.00*

*The County expects to deliver \$12,000,000 in Series 1999 General Obligation Bonds on June 15, 1999.

Issuance of the Bonds

The County has sold an amount of \$4,310,000 of general obligation refunding bonds (the "Refunding Bonds"). The following table indicates the County's debt service schedule for the Bonds:

Debt Service

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7/01/2000		\$184,610.78	\$184,610.78
7/01/2001	\$570,000.00	\$176,755.00	\$746,755.00
7/01/2002	\$570,000.00	\$155,665.00	\$725,665.00
7/01/2003	\$575,000.00	\$133,435.00	\$708,435.00
7/01/2004	\$575,000.00	\$110,435.00	\$685,435.00
7/01/2005	\$675,000.00	\$86,860.00	\$761,860.00
7/01/2006	\$670,000.00	\$58,510.00	\$728,510.00
7/01/2007	\$675,000.00	\$29,700.00	\$704,700.00
Total	\$4,310,000.00	\$935,970.78	\$5,245,970.78

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Total Outstanding General Obligation Debt Service Schedule as of June 30, 1998*

Payment Date	Series 1991	Series 1992	Series 1992	Series 1993	Series 1997	TOTAL
7/1/99	\$208,000.00	\$181,800.00	\$464,675.00	\$300,200.00	\$1,000,742.50	\$2,155,417.50
7/1/00	\$197,500.00	\$180,860.00	\$496,237.50	\$290,075.00	\$814,242.50	\$1,978,915.00
7/1/01	\$212,000.00	\$179,765.00	\$499,937.50	\$305,400.00	\$614,367.50	\$1,811,470.00
7/1/02		\$183,165.00	\$556,250.00	\$397,088.00	\$672,992.50	\$1,809,495.00
7/1/03		\$185,820.00	\$532,650.00	\$409,025.00	\$736,742.50	\$1,864,237.50
7/1/04		\$187,700.00	\$508,650.00	\$469,325.00	\$744,867.50	\$1,910,542.50
7/1/05		\$188,850.00	\$584,250.00	\$450,950.00	\$776,117.50	\$2,000,167.50
7/1/06		\$189,250.00	\$553,750.00	\$482,575.00	\$753,617.50	\$1,979,192.50
7/1/07		\$189,900.00	\$526,875.00	\$436,750.00	\$831,567.50	\$1,985,092.50
7/1/08				\$367,150.00	\$1,021,567.50	\$1,388,717.50
7/1/09					\$1,161,067.50	\$1,161,067.50
7/1/10					\$1,151,287.50	\$1,151,287.50
7/1/11					\$1,149,167.50	\$1,149,167.50
7/1/12					\$1,144,542.50	\$1,144,542.50
7/1/13					\$1,142,817.50	\$1,142,817.50
7/1/14					\$1,138,730.00	\$1,138,730.00
7/1/15					\$1,137,280.00	\$1,137,280.00
7/1/16					\$1,149,750.00	\$1,149,750.00
TOTAL	\$617,500.00	\$1,667,110.00	\$4,732,275.00	\$3,908,538.00	\$17,141,467.50	\$28,057,890.00

*The Series 1999 General Obligation Bonds in the principal amount of \$12,000,000 are expected to be delivered June 15, 1999. Average annual debt service is approximately \$630,500 for the first eight years, \$1,260,000 for the next nine years, and \$2,400,000 for the final two years.

FINANCIAL DATA

County Valuation

1998 Assessed Valuation	\$3,157,140,498
Estimated Actual Value ¹	\$9,471,421,494

Bonded Indebtedness

Outstanding Bonds	\$18,750,000
Series 1999	\$12,000,000
Less Principal Fund Balance as of 3/30/99	(\$924,155)
Net Direct Debt ²	\$29,825,845

Overlapping General Obligation Bonded Debt

	<u>1998 Assessed Valuation</u>	<u>G.O. Bonded Debt</u>	<u>% Applicable</u>	<u>County O.L. Debt</u>
State of New Mexico	\$23,399,067,000	\$238,295,000	9.81	\$23,376,739
City of Santa Fe	\$1,862,214,048	-0-	100.0	-0-
Santa Fe Public Schools ³	\$2,876,764,355	\$25,300,000	100.0	\$25,300,000
Santa Fe Community College	\$2,876,764,355	\$40,200,000	100.0	\$40,200,000
Moriarty School District ⁴	\$167,159,028	\$8,825,000	45.0	\$2,971,250
Pojoaque School District ⁴	\$98,561,339	\$2,475,000	100.0	\$2,475,000
Espanola School District ⁴	\$214,100,424	\$7,240,000	25.8	\$1,867,920
Total Overlapping Debt				\$94,322,989
Overlapping & Net Direct Debt				\$124,148,834

Debt Ratios

	<u>Assessed Value</u>	<u>Actual Value</u>	<u>Per Capita</u>
Net Direct Debt	0.90%	0.30%	\$248.00
Net Direct and Overlapping Debt	3.90%	1.30%	\$1,035.00
Per Capita ⁵	\$26,310	\$78,930	N/A

¹Actual value is computed by adding exemptions to the assessed value and multiplying by 3.

²Santa Fe County has outstanding as of June 30, 1998 \$39,700,000 Gross Receipts and Fire Protection Tax Revenue Bonds.

³\$1,954,845,520 assessed value of the Santa Fe School District lies in Santa Fe County.

⁴1996 Valuation.

⁵Estimated 1998 population: 120,000

Bonding Capacity as of June 30, 1998

Legal bonding capacity (4% of assessed value)	\$126,285,620
Less total bonds to be outstanding	\$30,750,000
Capacity in excess of present requirements	\$95,535,620

ASSESSED VALUATION

Property Subject to Taxation

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

Assessment of Property

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

The value of residential property for property taxation purposes is its market value as determined by sales of comparable property or, if that method cannot be used due to the lack of comparable sales data for the property being valued, then its value is determined using an

income method or costs method of valuation. Regardless of the method used for valuation, the valuation authority must apply generally accepted appraisal techniques.

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

Reassessment

New Mexico has a state-wide property reassessment program. The program's objective is to keep property values close to their market values so that there will be a high correlation between the value of a property and its share of the tax burden. The first reassessment under this present program was in 1986, and such reassessments will continue to occur biannually. In 1997, property values were adjusted to their 1995 market levels.

Abstract of Assessed Valuation

	<u>1996</u>	<u>1997</u>	<u>1998</u>
Land and improvements	\$2,664,423,415	\$2,907,485,458	\$3,026,791,036
Personal property	\$64,376,833	\$57,734,877	\$57,176,456
Mobile homes	\$38,186,104	\$55,161,062	\$41,340,741
Livestock	<u>\$2,072,768</u>	<u>\$1,672,109</u>	\$1,745,138
Assessor's taxable value	\$2,769,059,120	\$3,022,053,506	\$3,127,053,377
Less exemptions	<u>(\$46,818,334)</u>	<u>(\$42,224,808)</u>	<u>(\$42,612,230)</u>
Assessor's net value	\$2,722,240,786	\$2,979,888,698	\$3,084,441,147
Centrally assessed property	<u>\$67,769,089</u>	<u>\$68,873,137</u>	<u>\$72,699,351</u>
Assessed valuation	\$2,790,009,875	<u>\$3,048,701,835</u>	<u>\$3,157,140,498</u>

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Centrally Assessed Property by Industry Class

SANTA FE COUNTY	<u>1994 Tax Year</u>	<u>1995 Tax Year</u>	<u>1996 Tax Year</u>	<u>1997 Tax Year</u>	<u>1998 Tax Year</u>
Railroad	\$1,382,923	\$1,879,807	\$2,341,271	\$2,712,699	\$3,140,159
Airlines	\$35,885	\$46,837	\$34,448	\$141,283	\$137,860
Telephone	\$22,109,186	\$23,721,598	\$22,616,496	\$30,902,596	\$32,122,069
Electric	\$28,377,777	\$28,929,488	\$31,264,288	\$31,831,804	\$32,120,851
Water	\$5,392,773	\$5,693,751	\$227,836	\$44,113	\$0
Pipeline	\$2,996,704	\$2,993,809	\$3,454,986	\$3,331,258	\$3,266,615
Gas	\$7,229,552	\$7,773,395	\$7,450,304	\$7,410,609	\$7,679,313
Contractors	\$509,524	\$72,105	\$831,202	\$626,799	\$915,954
Mineral	<u>\$293,611</u>	<u>\$389,028</u>	<u>\$332,412</u>	<u>\$1,277,243</u>	<u>\$3,056,540</u>
TOTAL	<u>\$68,327,935</u>	<u>\$71,499,818</u>	<u>\$68,553,243</u>	<u>\$78,278,404</u>	\$82,439,361

Tax rates per \$1,000 of Assessed Value

<u>Political Subdivision</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
State of New Mexico	1.438	1.347	1.556	1.276	1.212
Santa Fe County					
Residential	5.037	4.978	3.919	3.821	4.740
Non-residential	7.243	7.103	5.879	5.690	6.341
Santa Fe Public Schools					
Residential	5.279	5.290	5.695	5.679	5.866
Non-residential	5.384	5.467	5.787	5.768	5.893
City of Santa Fe					
Residential	.457	.448	.471	.458	.588
Non-residential	1.084	1.058	1.050	1.012	1.151
Santa Fe Community College					
Residential	2.943	2.914	2.959	2.900	3.640
Non-residential	3.127	3.078	3.186	3.110	3.662
Total Residential Rate-in City	15.154	14.977	14.600	14.134	16.046
Total Non-residential Rate-in City	18.276	18.053	17.458	16.856	18.259
Total Residential Rate-Rural	14.697	14.529	14.129	13.676	15.458
Total Non-residential Rate-Rural	17.192	16.995	16.408	15.844	17.108

Source: New Mexico Department of Finance and Administration

Summary of Tax Collections

<u>Tax Year¹</u>	<u>Original Taxes Levied²</u>	<u>Adjusted Taxes As At 6/30/98³</u>	<u>Current Taxes Collected</u>		<u>Current/Delinquent Taxes Collected⁴</u>	
			<u>Amount⁵</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1997	48,556,460	48,407,012	43,623,262	90.12	43,623,262	90.12
1996	43,058,056	42,892,632	39,640,895	92.42	41,373,508	96.46
1995	40,434,068	39,401,254	37,156,888	94.30	39,464,842	100.16
1994	33,779,610	33,621,113	31,397,983	93.20	33,310,949	99.08
1993	33,063,506	33,847,033	31,831,385	93.69	33,923,062	100.22
1992	31,780,513	31,262,556	29,487,435	94.25	32,108,734	102.71
1991	26,901,519	27,259,594	25,070,005	92.25	26,749,623	98.12
1990	21,947,649	22,526,999	19,264,505	87.51	21,923,613	97.32
1989	23,417,286	22,913,179	20,459,520	88.92	22,805,929	99.53

Source: Santa Fe County Treasurer

¹Tax year is from October 1, of the year indicated to September of succeeding year.

²Adjusted original taxes as at June 30 of the indicated tax year.

³Adjusted for additions/deletions since original tax levy.

⁴Total collections of current and previous years taxes to June 30, 1998.

⁵Collections of adjusted original taxes through June 30 of each fiscal year (7/1 to 6/30).

1998 Major Taxpayers

<u>Taxpayer</u>	<u>Business Type</u>	<u>Taxable Valuation</u>
Public Service Company of New Mexico	Electric Utility	\$24,895,189
U.S. West Communications	Telephone Utility	\$15,688,650
Gas Company of New Mexico	Natural Gas Utility	\$5,851,461
Villa Linda Mall	Shopping Center	\$6,446,559
New Mexico Hotels Ltd. (Hilton)	Hotel	\$2,745,117
Eldorado Partnership	Hotel	\$6,098,167
De Vargas Mall	Shopping Center	\$3,746,667
Property Trust of America	Developers	\$7,565,264
Corporation De La Fonda	Hotel	\$3,401,475
James Kirkpatrick/Inn at Loretto	Commercial Buildings	\$3,971,940

The ten largest taxpayers have a combined 1998 net taxable valuation of \$80,410,489 representing 2.79% of the District's total 1998 taxable valuation.

Source: Santa Fe County Assessor and New Mexico Taxation and Revenue.

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TAX RATES

Yield Control

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

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

Where: G is never less than 100%
 I is never less than 0% or more than 5%

The annual business indicator index is defined as "annual implicit price deflator index for state and local government purchases of goods and services, as published in the United States Department of Commerce monthly publication entitled "Summary of Current Business" or any successor publication for the calendar year." The yield control formula applies to both residential and nonresidential property, but the calculations for each property class are made separately. Additionally, the yield control formula applies to any authorized operating levy but not to any debt service levy.

20-Mill Limitation Analysis

Article VIII, Section 2 of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the County to \$20.00 per \$1,000 of assessed value. This limitation does not apply to special levies, such as levies for bond issues, authorized at an election by a majority of the qualified voters within the County. The overlapping operational levies of the County were within the 20-mill limit.

Residential and Non-Residential Property

Property in New Mexico is subclassified as either residential or nonresidential based on its use. The calculation of revenue limitations for Yield Control, as discussed above, is performed separately for each property class. The result is that levies for operational purposes may be different for each property class. The County's residential assessed valuation was \$4,484,742,866 and the value on nonresidential property was \$2,219,758,953. The levies below are shown for each property class.

Combined Statement of Revenues, Expenditures and Changes in Fund Equity General Fund For the Years Ended June 30, 1996-June 30, 1998¹

<u>REVENUES:</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Grants	\$1,279,505	\$271,554	\$222,312
Taxes & Special Assessments	\$20,192,924	\$16,409,415	\$15,590,261
Interest Earnings	\$1,603,926	\$1,368,025	\$1,189,737
Fines, forfeitures & penalties			\$173,940
Charges for services	\$48,585	\$35,467	\$1,198,213
Licenses & permits	\$1,233,337	\$1,179,286	\$261,571
Other	<u>\$382,430</u>	<u>\$427,109</u>	<u>\$494,015</u>
Total Revenues	\$24,740,707	\$19,690,856	\$19,130,049
EXPENDITURES:			
General Government Services	\$14,134,892	\$10,950,167	\$9,628,873
Public Safety	\$4,784,394	\$4,541,626	\$3,909,777
Highways & streets	\$3,077,026	\$1,735,594	\$691,711
Health & welfare	\$383,104	\$979,375	\$255,157
Culture & recreation	\$79,939	\$68,316	\$77,364
Total Expenditures	\$22,459,355	\$18,275,078	\$14,562,882
Excess (deficiency) revenues/expenditures	\$2,281,352	\$1,415,778	\$4,567,167
Other financing sources (uses):			
Operating Transfers in	\$7,000	\$3,837,400	\$628,800
Operating Transfers out	(\$425,606)	(\$6,147,894)	(\$609,618)
capital lease	\$107,000	\$80,250	
transfers to other entity		(\$1,068,803)	
Total other financing sources (uses)	(\$311,606)	(\$3,299,047)	\$19,182
Excess (deficiency) of revenues and other sources	\$1,969,746	(\$1,883,269)	\$4,586,349
Fund Equity Beginning of Year	\$11,229,905	\$13,113,174	\$8,674,088
PRIOR PERIOD RESTATEMENTS AND CORRECTIONS	\$56,065		
Period adjustments and reclassifications			(\$147,263)
Fund equity, beginning of year, as restated	\$11,285,970		\$8,526,825
Residual Equity transfers			
Fund Equity End of Year	\$13,255,716	\$11,229,905	\$13,113,174

¹ The 1996, 1997 and 1998 information was obtained from the County's audited financial statements for the period ended June 30 in each year.

SANTA FE COUNTY

General

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

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

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

The Government Body

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

County Manager: David Wolf has served as County Manager since June 20, 1998. He served as the County's Utilities Director from September, 1997 to June 19, 1998. Prior to rejoining the County, he worked at Johnson Controls World Services, Los Alamos, New Mexico Project, as Manager in Financial Services and was previously the Santa Fe County Finance Director from January 1995 to January 1997. Mr. Wolf has a Bachelor of Accountancy from

New Mexico State University in Las Cruces, New Mexico. He has specialized knowledge and training as a Certified Public Accountant in the State of Texas and also serves as a volunteer with the Pojoaque Fire Department.

Finance Director: Donna Gary has served as Finance Director since June 22, 1998. She has served as the County's Senior Policy Analyst from March 1997 and was the Finance Director for the Administrative Office of the Courts from 1990-1994. Ms. Gary is a Certified Government Financial Manager and is past president of the New Mexico Chapter of the Association of Government Accountants. Ms. Gary has a Master of Business Administration from the University of New Mexico.

Santa Fe County Commissioners

1. *Paul Duran, District 2, Chairman*, first elected November 1996, term expires December 2000. Occupation: Real Estate Broker for the last 20 years. Committee Assignments: Chairman of the Extraterritorial Zoning Authority, Chairman of the Highway Corridor Task Force, Solid Waste Management Board and Transportation Policy Board.
2. *Joe S. Griñé, Jr., District 5, Vice-Chairman*, first elected November 1996, term expires December 2000. Occupation: Owner of a real estate investment company. Committee Assignments: Extraterritorial Zoning Authority, Local Emergency Planning Committee; Transportation Policy Board, Transportation Development Center District.
3. *Richard D. Anaya, District 4, Member*, first elected November 1990, reelected November 1992 and 1996, term expires December 2000. Occupation: Local Business Owner of the Liquid Company. Committee Assignments; Solid Waste Management Board, New Mexico Association of Counties Multi-Line Pool, National Association of Counties Environment, Land Use Steering Committee.
4. *Javier M. Gonzales, District 3, Member*, first elected November 1994, reelected November, 1998, term expires December 2002. Occupation: Chief Financial Officer of La Voz Broadcasting Inc. Committee Assignments: Extraterritorial Zoning Authority, Solid Waste Management Board, Transportation Policy Board.
5. *Mark P. Trujillo, District 1, Member*, first elected November 1994, reelected November, 1998 term expires December 2002. Occupation: Los Alamos National Laboratory, Human Resources Department for 19 years. He has served on the Extraterritorial Zoning Authority and on the Solid Waste Committee.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

Basis of Presentation - Fund Accounting

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

Governmental Fund Types.

1. General Fund - The General Fund is the general fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. It is funded primarily through property, sale and other miscellaneous taxes.
2. Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
3. Capital Project Funds - The Capital Project Funds are used to account for financial resources to be used for the acquisition of major capital facilities and related costs. Capital Project funding is comprised of bond proceeds, federal and state grants and/or current federal funds.
4. Special Revenue Funds - The County received funds from various sources, the expenditure of which is legally restricted to specified purposes. These revenues and expenditures are accounted for in this fund.

Propriety Fund Type-Enterprise Funds.

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

Fiduciary Fund Type - Agency Funds.

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

Fixed Assets and Long-Term Liabilities.

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

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

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

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

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

Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. If the amounts of revenues cannot be reasonably estimated or realization is not

assured, or if the revenues will not be available to pay current liabilities, they are not recorded as a revenue in the current year. Under these accounting policies, property taxes collected but unremitted to the County and expenditures in excess of grant revenues are accrued as receivables at the year end.

1998 Audit Report

Barraclough & Associates, P.C., Certified Public Accountants & Consultants, of Santa Fe, New Mexico conducted the audit of the County's general-purpose financial statements and the combining and individual fund and account group financial statements for the fiscal year ended June 30, 1998.

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

Year 2000 Issues

In order to prepare for the Year 2000 the County's MIS department has divided the project into three phases. The first phase is to inventory hardware and software to determine which were Year 2000 compliant and where not. The second phase is to order and install the necessary hardware and software that will make the County Year 2000 compliant. The final phase is testing the components to verify they will work properly January 1, 2000. Phase one has been completed, which means hardware and software has been inventoried and potential problems have been identified. Potential problems have been addressed and the hardware and software to upgrade or replace the equipment and software has been ordered. Work on phase two has begun, including implementing and installing the new hardware and software. Testing on the hardware and software is being conducted and will continue until all components are tested. The County anticipates the completion of phase two by June 30, 1999 and phase three by September 30, 1999.

No Material Adverse Change

The County's current fiscal year ends on June 30, 1999. The County does not anticipate any material adverse change in the financial condition of the County as of June 30, 1999.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

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

ABSENCE OF MATERIAL LITIGATION

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

LEGAL MATTERS

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

TAX MATTERS

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

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

purposes) such interest is taken into account in determining adjusted current earnings of such corporations.

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

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

DESCRIPTION OF RATINGS

The Bonds have been issued a bond rating of "Aa2" by Moody's Investors Service, Inc. ("Moody's").

The rating reflects only the view of such rating agency and is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely, if in the judgment of the rating agency circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price or marketability of the affected Bonds.

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

Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007

UNDERWRITING

The Bonds are being purchased by U.S. Bancorp Piper Jaffray (the "Underwriter"). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds, if any are purchased. In connection with the issuance of the Bonds, the Underwriter will purchase the Bonds at a price of \$4,245,350 (the par amount of the Bonds less an Underwriter's discount of \$64,650).

MISCELLANEOUS

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

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

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

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EXHIBIT A

Certain County Statistical Information

GENERAL PROFILE

POPULATION AND HOUSING (Bureau of the Census)

Total resident population:	
1995	116,414
Percent 65 years and over	9.9
1990	98,928
1980	75,519
Occupied housing units, 1990	37,840
Percent owner occupied	67.7

BIRTHS AND DEATHS (National Center for Health Statistics)

Births, 1993	1,413
Per 1,000 resident population	13.0
Percent to mothers under 20 years of age	13.5
Deaths, 1993	727
Per 1,000 resident population	6.7
Infant deaths per 1,000 live births, 1993	7.1

EDUCATION (Bureau of the Census)

Persons 25 years and over, 1990	65,016
Percent high school graduates	82.6
Percent college graduates	32.3

LABOR FORCE (Bureau of Labor Statistics)

Civilian labor force, 1994	62,157
Percent unemployed	4.3

PRIVATE NONFARM ESTABLISHMENTS (Bureau of the Census)

Total establishments, 1993	4,033
Percent retail trade	25.7
Percent services	36.7
Paid employees, 1993 (pay period including March 12)	36,586
Annual payroll, 1993 (\$1,000)	709,646

PERSONAL INCOME (Bureau of Economic Analysis)

Total personal income, 1993 (\$1,000)	2,299,026
Per capita (dollars)	21,170

AGRICULTURE (Bureau of the Census)

Number of farms, 1992	313
Land in farms as percent of total land	42

RETAIL TRADE (Bureau of the Census)

Retail sales, 1992 (\$1,000)	1,151,482
Per capita (dollars)	10,951

COMMERCIAL AND SAVINGS BANKS (Fed. Deposit Insurance Corp.)	
Number of offices, June 30, 1994	29
Total deposits (\$1,000)	772,299
 SOCIAL PROGRAMS (Social Security Administration)	
Total Social Security recipients, December 1993	14,185
Retired workers	8,445
Supplementary Security Income recipients, December 1994	1,703
 FEDERAL FUNDS AND GRANTS (Bureau of the Census)	
Total direct expenditures or obligations per capita:	
1994 (dollars)	5,839
1990 (dollars)	4,115

Source: US Dept of Commerce, Bureau of the Census, USAC Counties 1996

PER CAPITA PERSONAL INCOME - SANTA FE COUNTY					
1996	\$24,781	\$18,814	\$24,436	132%	101%
1995	\$24,309	\$18,246	\$23,359	133%	105%
1994	\$22,796	\$17,221	\$22,186	132%	103%
1993	\$21,989	\$16,652	\$21,368	132%	103%
1992	\$20,693	\$15,809	\$20,631	131%	100%
1991	\$19,406	\$15,107	\$19,687	128%	99%

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

TEN LARGEST EMPLOYERS IN SANTA FE COUNTY

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

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

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NON-AGRICULTURAL EMPLOYMENT

	1993	1994	1995	1996
Manufacturing	2,016	1,969	1,889	1,916
Mining	93	96	78	55
Construction & Utilities	4,097	4,450	4,441	4,409
Wholesale & Retail Trade	12,725	13,482	14,112	13,810
Finance, Insurance & Real Estate	2,316	2,554	2,724	2,849
Services & Miscellaneous	14,289	14,940	15,786	16,390
Government	13,689	14,317	14,630	14,198
Totals:	49,225	51,808	53,660	53,616

CIVILIAN LABOR FORCE

Santa Fe	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Civilian Labor Force	63,033	62,258	63,720	73,500	75,000
Employment	60,353	58,860	61,076	71,100	72,800
Unemployment Number	2,680	3,398	2,655	2,400	2,200
Unemployment Rate	4.3%	5.5%	4.2%	3.3%	2.9%

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

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Treasurer's Report - Tax Schedule Maintenance Report, March 1999

<u>Tax Year</u>	<u>Total Tax Charged to Treasurer October 1</u>	<u>Additions to Date</u>	<u>Deletions to Date</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Taxes Collected to Date (Base)</u>	<u>Property Taxes Receivable to Date</u>	<u>Percent Collected Year to Date (Base) (%)</u>
1998	\$51,735,889.00	\$296,889.83	\$321,663.86	\$51,711,114.97	\$31,728,305.43	\$19,982,809.54	61.36
1997	\$48,556,460.00	\$221,291.36	\$470,441.62	\$48,307,309.74	\$45,639,309.77	\$2,667,999.97	94.48
1996	\$43,058,056.00	\$325,650.29	\$560,428.65	\$42,823,277.64	\$42,022,412.32	\$800,865.32	98.13
1995	\$39,431,861.98	\$70,184.18	\$157,349.86	\$39,344,696.30	\$39,652,689.48	\$-307,993.18	100.78
1994	\$33,632,806.64	\$25,588.32	\$74,151.37	\$33,584,243.59	\$33,375,674.95	\$208,568.64	99.38
1993	\$33,860,905.37	\$21,450.75	\$64,001.31	\$33,818,354.81	\$33,935,036.49	\$-116,681.68	100.35
1992	\$31,268,413.24	\$18,187.36	\$60,276.42	\$31,226,324.18	\$32,116,696.49	\$-890,372.31	102.85
1991	\$27,252,860.71	\$19,433.83	\$18,561.83	\$27,253,732.71	\$26,758,589.51	\$495,143.20	98.18
1990	\$22,520,653.76	\$19,802.10	\$17,932.03	\$22,522,523.83	\$21,931,071.23	\$591,452.60	97.37
1989	\$22,906,820.94	\$20,056.61	\$18,828.96	\$22,908,048.59	\$22,812,466.46	\$95,582.13	99.58
				\$253,481,201.65	\$252,604,636.93	\$876,564.72	99.65
				Total Uncollected	\$3,544,564.69		

Treasurer's Report - Tax Schedule Maintenance Report, June 1998

<u>Tax Year</u>	<u>Total Tax Charged to Treasurer October 1</u>	<u>Additions to Date</u>	<u>Deletions to Date</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Taxes Collected to Date (Base)</u>	<u>Property Taxes Receivable to Date</u>	<u>Percent Collected Year to Date (Base) (%)</u>
1997	\$48,556,460.00	\$190,558.26	\$340,006.50	\$48,407,011.76	\$43,623,262.17	\$4,783,749.59	90.12
1996	\$43,058,056.00	\$308,914.90	\$474,338.90	\$42,892,632.00	\$41,373,508.96	\$1,519,123.04	96.46
1995	\$39,431,861.98	\$57,897.00	\$88,504.53	\$39,401,254.45	\$39,464,841.70	\$-63,587.25	100.16
1994	\$33,632,806.64	\$17,833.82	\$29,527.93	\$33,621,112.53	\$33,310,949.88	\$310,162.65	99.08
1993	\$33,860,905.37	\$15,305.99	\$29,178.27	\$33,847,033.09	\$33,923,062.11	\$-76,029.02	100.22
1992	\$31,268,413.24	\$14,156.48	\$20,013.73	\$31,262,555.99	\$32,108,734.16	\$-846,178.17	102.71
1991	\$27,252,860.71	\$15,948.44	\$9,214.63	\$27,259,594.52	\$26,749,622.72	\$509,971.80	98.13
1990	\$22,520,653.76	\$17,153.87	\$10,809.00	\$22,526,998.63	\$21,923,613.27	\$603,385.36	97.32
1989	\$22,906,820.94	\$16,397.93	\$10,039.99	\$22,913,178.88	\$22,805,929.42	\$107,249.46	99.53
1988	\$17,744,888.08	\$11,957.38	\$7,426.81	\$17,749,418.65	\$17,687,094.56	\$62,324.09	99.65
				\$271,473,778.74	\$269,347,356.78	\$2,126,421.96	99.22
				Total Uncollected	\$6,910,171.55		

Treasurer's Report - Tax Schedule Maintenance Report, June 1997

<u>Tax Year</u>	<u>Total Tax Charged to Treasurer October 1</u>	<u>Additions to Date</u>	<u>Deletions to Date</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Taxes Collected to Date (Base)</u>	<u>Property Taxes Receivable to Date</u>	<u>Percent Collected Year to Date (Base) (%)</u>
1996	\$43,058,056.00	\$259,151.02	\$421,796.16	\$42,895,510.86	\$39,640,895.34	\$3,254,515.52	92.41
1995	\$39,431,861.98	\$34,534.62	\$50,779.12	\$39,415,617.48	\$38,918,904.09	\$496,713.39	98.74
1994	\$33,632,806.64	\$10,331.43	\$14,648.95	\$33,628,489.12	\$33,211,595.94	\$416,893.18	98.76
1993	\$33,860,905.37	\$9,224.50	\$14,710.41	\$33,855,419.46	\$33,883,899.39	\$-28,479.93	100.08
1992	\$31,268,413.24	\$8,932.11	\$10,098.46	\$31,267,246.89	\$32,100,753.11	\$-833,506.22	102.67
1991	\$27,252,860.71	\$10,617.96	\$6,192.51	\$27,256,286.16	\$26,742,828.82	\$514,457.34	98.11
1990	\$22,520,653.76	\$12,493.03	\$8,171.37	\$22,524,975.42	\$21,918,754.36	\$606,221.06	97.31
1989	\$22,906,820.94	\$11,907.72	\$8,562.40	\$22,910,166.26	\$22,802,880.04	\$107,286.22	99.53
1988	\$17,744,888.08	\$9,230.30	\$6,407.35	\$17,747,711.03	\$17,685,381.78	\$62,329.25	99.65
1987	\$14,985,844.33	\$4,563.67	\$1,862.74	\$14,988,545.26	\$14,952,977.23	\$35,568.03	99.76
				\$286,490,867.94	\$281,858,870.10	\$4,631,997.84	98.38
				Total Uncollected	\$4,631,997.84		

Treasurer's Report - Tax Schedule Maintenance Report, June 1996

<u>Tax Year</u>	<u>Total Tax Charged to Treasurer October 1</u>	<u>Additions to Date</u>	<u>Deletions to Date</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Taxes Collected to Date (Base)</u>	<u>Property Taxes Receivable to Date</u>	<u>Percent Collected Year to Date (Base) (%)</u>
1995	\$40,434,068.00	\$187,702.88	\$1,221,186.62	\$39,400,584.26	\$37,156,888.32	\$2,243,695.94	94.31
1994	\$33,650,688.98	\$19,958.82	\$39,504.09	\$33,631,143.71	\$32,783,848.20	\$847,295.51	97.48
1993	\$33,876,286.44	\$16,325.15	\$38,501.11	\$33,854,110.48	\$33,749,406.15	\$104,704.33	99.69
1992	\$31,289,713.81	\$15,607.73	\$23,050.56	\$31,282,270.98	\$32,039,449.23	\$-757,178.25	102.42
1991	\$27,248,114.91	\$13,258.10	\$10,037.94	\$27,251,335.07	\$26,724,161.88	\$527,173.19	98.07
1990	\$22,516,962.71	\$11,370.92	\$8,679.32	\$22,519,654.31	\$21,909,699.42	\$609,954.89	97.29
1989	\$22,903,059.58	\$8,132.30	\$5,751.48	\$22,905,440.40	\$22,795,668.00	\$109,772.40	99.52
1988	\$17,739,887.65	\$5,746.88	\$1,462.65	\$17,744,171.88	\$17,678,338.66	\$65,833.22	99.63
1987	\$14,977,062.20	\$8,905.01	\$902.90	\$14,985,064.31	\$14,949,723.57	\$35,340.74	99.76
1986	\$14,218,674.42	\$8,035.81	\$829.94	\$14,225,880.29	\$14,203,728.44	\$22,151.85	99.84
				\$257,799,655.69	\$253,990,911.87	\$3,808,743.82	98.52
				Total Uncollected	\$3,808,743.82		

1998 Tax Rates

School Districts	Total Tax Rates
CITY-R	0.015154
CITY-NR	0.018276
C-OUT-R*	0.014697
C-OUT-NR*	0.017192
1-R	0.013399
1-NR	0.015669
08T-R**	0.019430
08T-NR**	0.021633
18-IN-R	0.020419
18-IN-NR	0.023057
18-OUT-R	0.016893
18-OUT-NR	0.0019135
*EL DORADO AREA W&S DISTRICT	0.00424
[NOTE: For those properties that fall within the district boundary, the tax rate is: C-OUT-R + EWSD = 0.015121/C-OUT-NR + EWSD - 0.017616]	
**EDGEWOOD SWCD	0.000979
CATTLE INDEMNITY	0.010000
SHEEP AND GOATS	0.018000
DAIRY CATTLE	0.005000
EQUINE	0.010000
BISON	0.006000

Issued 9/18/98

EXHIBIT B

**Santa Fe County, New Mexico
Financial Statements**

"13 Years of Excellence"



Barraclough & Associates, P.C.

Certified Public Accountants & Consultants

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Candace M. Hintenach, C.P.A.
Benjamin R. Smiley, C.P.A.
Christi A. Garber, C.P.A.
Amy J. Robinson, C.P.A.
Susan L. Wittman, C.P.A.

INDEPENDENT AUDITORS' REPORT

Mr. Robert E. Vigil, C.P.A., State Auditor
and
County Commissioners of the
State of New Mexico, Santa Fe County:

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the State of New Mexico, Santa Fe County (the County) as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

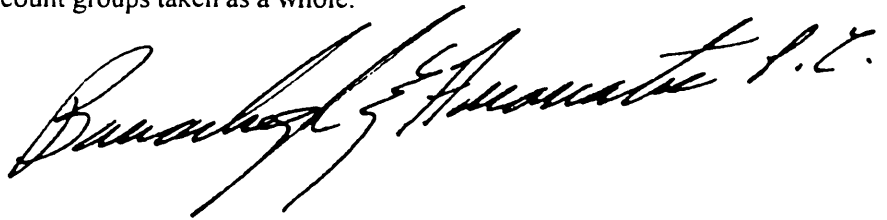
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County as of June 30, 1998, and the results of operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in note 2 to the financial statement, the County has made adjustments to correct beginning balances for transactions that had been incorrectly recorded in the prior year and has changed its accounting for investments and its deferred compensation plan.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 1998 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Donald J. Annunzio, P.C.", written in a cursive style.

September 18, 1998

STATE OF NEW MEXICO
SANTA FE COUNTY

Combined Balance Sheet - All Government Fund Types and Account Groups

June 30, 1998

	Governmental Fund Types				Enterprise Funds	Fiduciary Fund Type - Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			Fixed Assets	General Long-term Debt	
ASSETS AND OTHER DEBITS									
Equity in pooled cash and investments - Unrestricted	\$ 12,963,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,963,780
Equity in pooled cash and investments - Restricted	-	15,916,434	3,718,874	5,721,331	13,519,804	278,140	-	-	39,154,383
Receivables, net of allowance for uncollectible	-	-	-	-	-	-	-	-	-
Accounts	385,866	-	-	-	166,815	-	-	-	552,681
Taxes	459,128	697,610	42,391	-	-	6,910,172	-	-	8,109,301
Interest	231,450	42,481	82,825	-	5,068	-	-	-	341,824
Grantor agencies and other	-	1,509,688	287,990	11,799	250,711	-	-	-	2,060,188
Overdisbursement of taxes	-	-	-	-	-	1,353,697	-	-	1,353,697
Due from other funds	262,865	27,154	56,205	-	4,376	-	-	-	350,600
Other assets	-	-	-	-	554,027	-	-	-	554,027
Fixed assets, net	-	-	-	-	33,945,695	-	42,855,309	-	78,601,004
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-	-	27,097,863	27,097,863
Amount available from the debt service fund balance	-	-	-	-	-	-	-	4,168,085	4,168,085
Total assets and other debits	\$ 14,303,069	\$ 18,193,387	\$ 4,168,085	\$ 5,733,130	\$ 48,446,496	\$ 8,542,009	\$ 42,855,309	\$ 31,265,948	\$ 173,307,413

STATE OF NEW MEXICO
SANTA FE COUNTY

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

June 30, 1998

	Governmental Fund Types				Fiduciary Fund Type - Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		General Fixed Assets	General Long-term Debt	
LIABILITIES, FUND EQUITY AND OTHER CREDITS								
Liabilities:								
Cash overdraft	\$ -	\$ -	\$ -	\$ 3,388	\$ 539,417	\$ -	\$ -	\$ 670,093
Accounts payable and accrued expenditures	1,009,050	1,137,529	-	321	-	-	-	4,508,703
Due to other funds	38,303	-	-	-	285,143	-	-	350,800
Deferred revenue	-	668,736	-	-	6,910,172	-	-	7,731,307
Overpayments and taxes paid in advance	-	-	-	-	9,056	-	-	9,050
Deposits held for others	-	-	-	-	278,140	-	-	311,254
Undistributed taxes to other entities	-	-	-	-	520,081	-	-	520,081
Notes payable and accrued interest	-	-	-	-	-	-	-	41,487,259
Due to HUD	-	199,136	-	-	-	-	-	202,333
Bonds and leases payable	-	-	-	-	-	-	28,383,659	782,289
Compensated absences	-	-	-	-	-	-	2,100,000	782,289
Closure costs	-	-	-	-	-	-	31,265,948	87,058,634
Total liabilities	<u>1,047,350</u>	<u>2,132,689</u>	<u>-</u>	<u>3,709</u>	<u>8,542,009</u>	<u>-</u>	<u>-</u>	<u>2,100,000</u>
Fund Equity/Balances and Other Credits								
Contributed capital	-	-	-	-	-	-	-	20,054,787
Retained earnings (deficit)	-	-	-	-	-	-	-	(15,673,197)
Investment in general fixed assets	-	-	-	-	-	42,855,309	-	42,855,309
Reserved for:								
Encumbrances	2,556,315	5,988,681	-	320,662	-	-	-	8,863,658
Grant or law	-	4,478,584	-	-	-	-	-	4,478,584
Debt service	-	-	4,168,085	-	-	-	-	4,168,085
Total reserved fund equity	<u>2,556,315</u>	<u>10,465,265</u>	<u>4,168,085</u>	<u>320,662</u>	<u>-</u>	<u>42,855,309</u>	<u>-</u>	<u>84,547,208</u>
Unreserved - Designated for:								
Subsequent year expenditures	-	5,595,413	-	-	-	-	-	5,595,413
Contingencies	1,198,246	-	-	-	-	-	-	1,198,246
Capital improvements	-	-	-	5,408,759	-	-	-	5,408,759
Unreserved - Undesignated (deficit)	9,501,155	-	-	-	-	-	-	9,501,155
Total unreserved fund equity	<u>10,699,401</u>	<u>5,595,413</u>	<u>-</u>	<u>5,408,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,703,573</u>
Total fund equity and other credits	<u>13,255,716</u>	<u>16,060,678</u>	<u>4,168,085</u>	<u>5,729,421</u>	<u>-</u>	<u>42,855,309</u>	<u>-</u>	<u>88,250,779</u>
Total liabilities, fund equity and other credits	<u>\$ 14,303,069</u>	<u>\$ 18,193,367</u>	<u>\$ 4,168,085</u>	<u>\$ 5,733,130</u>	<u>\$ 8,542,009</u>	<u>\$ 42,855,309</u>	<u>\$ 31,265,948</u>	<u>\$ 173,307,413</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 2

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

Year Ended June 30, 1998

	All Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Grants	\$ 1,279,505	\$ 4,544,805	\$ -	\$ 79,712	\$ 5,904,022
Taxes and special assessments	20,192,924	7,471,325	2,656,844	-	30,321,093
Interest earnings	1,603,926	862,450	168,472	419,507	3,054,355
Charges for services	48,585	900,381	-	-	948,966
Licenses and permits	1,233,337	-	-	-	1,233,337
Other	382,430	376,305	-	-	758,735
Total revenues	24,740,707	14,155,266	2,825,316	499,219	42,220,508
Expenditures:					
General government services	14,134,892	377,790	5,702	184,529	14,702,913
Public safety	4,784,394	4,452,581	-	-	9,236,975
Highways and streets	3,077,026	2,715,118	-	142,128	5,934,272
Health and welfare	383,104	4,984,613	-	357	5,368,074
Culture and recreation	79,939	3,500	-	13,337	96,776
Economic development	-	284,021	-	-	284,021
	22,459,355	12,817,623	5,702	340,351	35,623,031
Debt service (principal and interest)	-	-	2,572,602	-	2,572,602
Total expenditures	22,459,355	12,817,623	2,578,304	340,351	38,195,633
Excess (deficiency) of revenues over expenditures	2,281,352	1,337,643	247,012	158,868	4,024,875
Other financing sources (uses):					
Operating transfers in	7,000	361,890	782,956	64,998	1,216,844
Operating transfers (out)	(425,606)	(841,622)	(7,000)	(254,905)	(1,529,133)
Lease proceeds	107,000	-	-	-	107,000
Total other financing sources (uses)	(311,606)	(479,732)	775,956	(189,907)	(205,289)
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,969,746	857,911	1,022,968	(31,039)	3,819,586
Fund equity, beginning of year	11,229,905	14,554,550	3,159,324	5,888,748	34,832,527
Prior period adjustments	56,065	648,217	(14,207)	(128,288)	561,787
Fund equity, beginning of year, as restated	11,285,970	15,202,767	3,145,117	5,760,460	35,394,314
Fund equity, end of year	\$13,255,716	\$ 16,060,678	\$ 4,168,085	\$ 5,729,421	\$39,213,900

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Combined Statement of Revenues and Expenditures - Budget and Actual
General, Special Revenue, Debt Service and Capital Project Funds (Non-GAAP Budgetary Basis)

Year Ended June 30, 1998

	General Fund		Special Revenue		Debt Service		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues:							
Grants	\$ 1,491,990	\$ 1,442,462	\$ 10,958,703	\$ 4,299,279	\$ -	\$ -	\$ -
Taxes and special assessments	19,778,203	20,056,902	6,781,900	7,702,281	2,299,007	2,640,980	341,973
Interest earnings	1,000,000	1,337,497	528,051	842,415	-	155,138	155,136
Charges for services, fines and penalties	955,915	1,119,103	253,384	265,558	-	-	-
Licenses and permits	223,000	309,736	-	-	-	-	-
Other	55,275	315,847	1,536,075	878,647	-	-	-
Total revenues	23,504,383	\$24,581,547	20,058,113	\$13,986,180	2,299,007	\$2,798,118	\$497,109
Cash balance carryforward	3,620,761		12,220,031		32,292		
Total	\$27,125,144		\$32,278,144		\$2,331,299		
Expenditures:							
General government services	\$15,733,551	\$14,602,350	\$ 465,020	\$ 372,185	\$3,081,963	\$2,578,304	\$503,659
Public safety	4,767,955	4,736,304	3,561,072	2,423,579	-	-	-
Highways and streets	6,425,082	3,904,497	15,155,392	7,811,920	-	-	-
Health and welfare	-	-	11,990,928	5,879,820	-	-	-
Culture and recreation	94,950	94,216	7,500	3,500	-	-	-
Economic development	-	-	287,500	295,401	-	-	-
Total expenditures	\$27,021,538	\$23,337,367	\$31,483,412	\$16,786,205	\$3,081,963	\$2,578,304	\$503,659
Other financing sources (uses):							
Operating transfers in	\$ 322,000	\$ 7,000	\$ 361,890	\$ 301,890	\$ 782,956	\$ 782,956	\$ -
Operating transfers out	(425,606)	(425,606)	(1,156,622)	(841,622)	(32,292)	(7,000)	25,292
Total other financing sources (uses)	\$ (103,606)	\$ (418,606)	\$ (794,732)	\$ (478,732)	\$ 750,664	\$ 775,956	\$ 25,292

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 3
Page 2 of 2

Combined Statement of Revenues and Expenditures - Budget and Actual
General, Special Revenue, Debt Service and Capital Project Funds (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1998

	Capital Projects			Totals (Memorandum Only)		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:						
Grants	\$ 300,000	\$ 180,913	\$ (119,087)	\$ 12,750,693	\$ 5,922,654	\$ (6,828,039)
Taxes and special assessments	-	-	-	28,859,110	30,400,163	1,541,053
Interest earnings	254,905	387,897	132,992	1,782,956	2,722,945	939,989
Charges for services, fines and penalties	-	-	-	1,209,299	1,384,661	175,362
Licenses and permits	-	-	-	223,000	309,736	86,736
Other	100,000	-	(100,000)	1,691,350	1,192,494	(498,856)
Total revenues	654,905	\$ 568,810	\$ (86,095)	46,516,408	\$ 41,932,653	\$ (4,583,755)
Cash balance carryforward	5,821,301			21,694,385		
Total	\$ 6,476,206			\$ 68,210,793		
Expenditures:						
General government services	\$ 392,786	\$ 195,651	\$ 197,135	\$ 19,673,320	\$ 17,748,490	\$ 1,924,830
Public safety	5,493,513	289,000	5,204,513	13,822,540	7,448,883	6,373,657
Highways and streets	-	-	-	21,580,474	11,716,417	9,864,057
Health and welfare	400,000	21,401	378,599	12,396,928	5,901,021	6,495,907
Culture and recreation	-	-	-	102,450	97,716	4,734
Economic development	-	-	-	297,500	295,401	2,099
Total expenditures	\$ 6,286,299	\$ 506,052	\$ 5,780,247	\$ 67,873,212	\$ 43,207,928	\$ 24,665,284
Other financing sources (uses):						
Operating transfers in	\$ 64,998	\$ 64,998	\$ -	\$ 1,531,844	\$ 1,216,844	\$ (315,000)
Operating transfers out	(254,905)	(254,905)	-	(1,869,425)	(1,529,133)	340,292
Total other financing sources (uses)	\$ (189,907)	\$ (189,907)	\$ -	\$ (337,581)	\$ (312,289)	\$ 25,292

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 4

All Enterprise Funds
Combined Statement of Revenues, Expenses and
Changes in Fund Equity

Year Ended June 30, 1998

Operating revenues:	
Facilities rentals	\$ 401,876
Water sales, net	311,552
Total operating revenues	<u>713,428</u>
Total operating expenses	<u>1,640,020</u>
Operating (loss)	<u>(926,592)</u>
Non-operating revenues (expenses):	
Interest on cash and investments	140,197
State grant	20,151
HUD operating subsidy and other federal funds	127,121
HUD contribution - Forgiveness of interest and principal	201,718
Interest expense on notes payable	(583,772)
Capital contributions from customers and County	215,358
Total non-operating revenues (expenses)	<u>120,773</u>
Net (loss) before operating transfers	(805,819)
Operating transfers in	312,289
Net (loss)	<u>(493,530)</u>
Fund equity, beginning of year	4,945,096
Prior period adjustment	(69,996)
Fund equity, as adjusted	<u>4,875,100</u>
Fund equity, end of year	<u>\$ 4,381,570</u>

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Exhibit 5

**All Enterprise Funds
Combined Statement of Cash Flows**

Year Ended June 30, 1998

Cash flows from (used in) operating activities:	
Cash received from customers and grantors	\$ 656,758
Cash payments to suppliers for goods and services	(567,053)
Cash payments to employees for services	(657,639)
Net cash provided (used) by operating activities	<u>(567,934)</u>
Cash flows provided from noncapital financing activities:	
Proceeds from Utilities Department customers to build the water system	10,000
Cash from operating transfers in and due from	773,123
HUD operating subsidy	72,693
Net cash provided from noncapital financing activities	<u>855,816</u>
Cash flows provided from (used in) capital and related financing activities:	
Payment of notes payable	(114,179)
Cash paid for construction of fixed assets	(18,731,757)
Net cash used in capital and related financing activities	<u>(18,845,936)</u>
Cash flows from investing activities - Interest on cash and investments	
Net (decrease) in cash and cash equivalents	<u>(18,422,926)</u>
Cash and investments at beginning of year	<u>31,942,730</u>
Cash and investments at end of year	<u><u>\$ 13,519,804</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by .	
operating activities:	
Operating (loss)	<u>\$ (926,592)</u>
Adjustments to reconcile operating income (loss) to net cash provided	
(used) by operating activities:	
Depreciation and amortization expense	332,528
Increase in allowance for uncollectible accounts	15,000
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(79,461)
Decrease in other assets	2,681
Increase in accounts payable and compensated absences	61,740
Decrease in due from other funds	23,817
Increase in deposits held for others	2,353
Total adjustments	<u>358,658</u>
Net cash (used) by operating activities	<u><u>\$ (567,934)</u></u>

Supplemental information - Nonmonetary transaction - HUD forgave \$201,718 of interest and principal and contributed capital was credited.

The County also paid for \$182,910 of fixed asset additions for Housing Services.

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 6

Enterprise Funds
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Facilities rental	\$ 408,636	\$ 700,158	\$ 291,522
Other revenues	5,151,531	99	(5,151,432)
Total Revenues	5,560,167	700,257	(4,859,910)
Cash balance carryforward	2,157,586		
Total	\$ 7,717,753		
Operating expenditures:			
Public safety	\$ 6,214,821	3,295,379	2,919,442
Health and welfare	2,139,737	1,396,675	743,062
Total operating expenditures	8,354,558	4,692,054	3,662,504
Total operating income (loss)		(3,991,797)	
Non-operating revenues (expenses):			
Interest on investments	66,000	1,344,553	1,278,553
HUD operating subsidy and other federal funds	233,224	82,693	(150,531)
Transfers in (out)	337,581	312,289	(25,292)
Total non-operating revenues (expenses)	\$ 636,805	1,739,535	\$ 1,102,730
Net income (loss) - Budgetary basis		(2,252,262)	
Reconciliation to GAAP basis income (loss):			
Payment of prior year encumbrances for expenses		(179,609)	
Forgiveness of debt by HUD		63,880	
To record contributed capital from the County		182,910	
To record accrued revenue		264,978	
To record interest expense capitalized net of interest income		434,925	
Audit entry to increase reserve for uncollectible accounts		(15,000)	
Capital outlay expenditures expensed for budgetary purposes		1,708,164	
Depreciation and amortization expenses not recorded as budgetary expenditures		(332,528)	
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes		217,661	
Interest income not recorded as budgetary income		5,065	
Reversal of prior year accruals recorded for 1997 GAAP financial statements and recorded as 1998 budgetary activity		(154,625)	
Interest (expense) not budgeted, net of HUD forgiveness		(437,089)	
Net income (loss) - GAAP basis		\$ (493,530)	

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

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

REPORTING ENTITY

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

1) Summary of Significant Accounting Policies (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 to systems for the supply and distribution of water to and for the general public in one or more areas of Santa Fe County, New Mexico, pursuant to and in accordance with the Franchise Ordinance and other contractual agreements with the Commission, in order to promote the conservation of and efficient use of water (and for related purposes). During July 1996, the Water Company was dissolved and is now accounted for as a County enterprise fund.

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

The financial statements of the County have been prepared by Barraclough & Associates, P.C. in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The County is responsible for the fair presentation in the general purpose financial statements of financial position results of operations and cash flows of the proprietary funds in conformity with 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 most significant of the County's accounting policies are described below.

Fund Accounting

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

Governmental Funds

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial activities except those required to be accounted for in other funds. It is funded primarily through property, gross receipts and other miscellaneous taxes.

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

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

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

Proprietary Funds

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

Fiduciary Fund

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Account Groups

The County uses the following account groups:

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

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

Basis of Accounting

The modified accrual basis of accounting is followed by all governmental fund types and agency funds for financial statements purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For property taxes for June 30, 1998, available amounts are being considered as those collected within sixty days of the balance sheet date. Those funds that receive property tax revenue have accrued the amounts and are included in the due from balances from the County Treasurer Agency Fund.

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

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(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, 1998 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. Prior year encumbrances paid in the current year are included in GAAP expenditures but are not included in the current year budgetary expenditures. Prior year encumbrances outstanding at year end are not budgetary expenditures in the current year. Capitalized lease obligations are budgetary expenditures when paid.
2. The budget does not include liabilities, receivables, and depreciation expense for enterprise funds. The GAAP basis financial statements do include these transactions.

Annual appropriated budgets are adopted for the general, special revenue, debt service, capital project funds and the enterprise funds. The Housing Services enterprise and special revenue budgets are also approved by HUD.

Annual Budget

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

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

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

Encumbrances

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

Equity in Pooled Cash and Investments

Equity in pooled cash and investments includes amounts in demand deposit accounts, money market accounts, certificates of deposit, U.S. Treasury securities, municipal securities, and repurchase agreements secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the County's name. The market value of the repurchase agreements approximate cost at June 30, 1998. 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 or treasury certificates, other instruments backed by the full faith and credit of the United States Government and other investments allowed by law. Money market investments with a remaining maturity of one year or less when purchased are stated at cost or amortized cost. U.S. Treasury Securities are accounted for at fair value in accordance with GASB 31. The County adopted the effect of GASB 31 as a prior period adjustment. (See footnote 2)

Statement of Cash Flows

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

Property Taxes Receivable

The County is responsible for assessing, collecting and distributing property taxes for its own operational and debt service purposes and certain outside entities. Unpaid property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable in two installments not later than December 10 and May 10. Collections and remittance of property taxes are accounted for in the County Treasurer's Agency Fund. Amounts are recognized as revenue in the applicable governmental fund types under generally accepted accounting principles.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Over Distribution of Taxes

During the 1998 fiscal year, the County determined it had over distributed property taxes to several other governmental entities. The County has entered into agreements with the entities to repay or reduce their future property tax distributions to offset the over distribution of taxes. The remaining balance of the over distribution of taxes at June 30, 1998 is accounted for in the County Treasurer's Agency Fund.

Due From/To Other Funds

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

Restricted Assets

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

Fixed Assets

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

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

The Utilities Department consists of engineering costs and other expenses to plan and to build a water system. Depreciation expense is recorded by the Utilities Department over the estimated 50 year life of the water system. The Utilities Department depreciates its office furniture, vehicle and other assets over their applicable estimated lives that range from 3 to 5 years. The Housing Services enterprise fund depreciates its fixed assets over the estimated useful lives of the assets as follows: buildings - 40 years, all other assets - 5 years. The Jail Facility assets are not being depreciated as the jail is being constructed. Interest expense from the bonds issued to construct the jail is capitalized as part of the construction cost.

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

Inventories

Inventory items such as general supplies and parts are expensed when purchased since inventories are not material to the June 30, 1998 financial statements.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

Long-term Obligations

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

Fund Equity

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

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Bond Discounts and Issuance Costs

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

Organizational Costs

Organizational costs incurred by the Utilities Department have been capitalized and amortized over a five year period.

Interfund Transactions

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

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

Totals (Memorandum Only) Columns

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

(2) Prior Period Adjustments and Reclassifications

The County received a qualified opinion because of problems with the accounting system for the fiscal year ended June 30, 1997. The following prior period adjustments and reclassifications have been recorded to correct the beginning fund balances.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(2) Prior Period Adjustments and Reclassifications (Continued)

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Fund balances as previously reported	\$ 11,229,905	\$ 14,651,624	\$ 3,159,324	\$ 6,428,407	\$ 4,945,096
To correct recording of tax revenue between the General Fund and Valuation Fund	(124,215)	124,215	-	-	-
To reclassify the following funds that were individual special revenue and capital project funds in the prior year but are now part of the General Fund					
Special Revenue Funds					
MCH Planning	2,638	(2,638)	-	-	-
Community DWI Prevention	90,319	(90,319)	-	-	-
Dare Grant	3,646	(3,646)	-	-	-
Region III Drug Enforcement	471	(471)	-	-	-
Total special revenue funds	<u>97,074</u>	<u>(97,074)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Project Funds					
Building Renovation	93,600	-	-	(93,600)	-
GO Bond Proceeds	13,572	-	-	(13,572)	-
Los Barrancos	49,924	-	-	(49,924)	-
Community Development Block Grant	-	-	-	-	-
Regional Landfill	45,744	-	-	(45,744)	-
Environmental Revenue Bond Proceeds	54,306	-	-	(54,306)	-
Total capital project funds	<u>257,146</u>	<u>-</u>	<u>-</u>	<u>(257,146)</u>	<u>-</u>
Lodgers tax reclassified to special revenue	-	282,513	-	(282,513)	-
To correct beginning cash balance to actual	37,893	-	-	-	-
To correct the recording of the allocation interest income from the Bond Proceeds - Special revenue and Utilities Department enterprise fund	-	69,996	-	-	(69,996)
To correct recording of 1997 Bond Issue Proceeds received by Bond Proceeds special revenue fund	-	210,000	-	-	-
To record 1997 transactions for expenditures charged to the NMFA Bond Proceeds fund	-	-	-	(128,288)	-
To record adoption of GASB 31 - Fair market value recording of investments	(211,833)	(38,507)	(14,207)	-	-
Fund balances as restated and reclassified	<u>\$ 11,285,970</u>	<u>\$ 15,202,767</u>	<u>\$ 3,145,117</u>	<u>\$ 5,760,460</u>	<u>\$ 4,875,100</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(2) Prior Period Adjustments and Reclassifications (Continued)

Agency Funds

The following prior period adjustments have been recorded to the following agency funds:

<u>County Treasurer Agency Fund</u>	<u>As Previously reported</u>	<u>Prior Period Adjustment (Decrease)</u>	<u>Beginning Balance as Restated</u>
Equity in pooled cash and investments	<u>\$847,145</u>	<u>\$(198,232)</u>	<u>\$648,913</u>
Undistributed taxes to other entities	<u>\$572,691</u>	<u>\$(198,232)</u>	<u>\$374,459</u>

The prior period adjustment is to record a disbursement made in June 1997 that had not been recorded on the June 30, 1997 general ledger.

<u>Deferred Compensation Plan</u>	<u>As Previously reported</u>	<u>Prior Period Adjustment (Decrease)</u>	<u>Beginning Balance as Restated</u>
Assets – Deferred compensation plan	<u>\$468,026</u>	<u>\$(468,026)</u>	<u>\$ -</u>
Liabilities – Deferred compensation plan	<u>\$468,026</u>	<u>\$(468,026)</u>	<u>\$ -</u>

The County's deferred compensation plan had been changed in 1997 to comply with the changes in the tax law. The deferred compensation plan assets are now held in trust for the exclusive benefit of the participants and their beneficiaries. These changes do not make the assets of the plan subject to the claims of the County's general creditors. Accordingly, the County has implemented GASB 32 which does not require the deferred compensation plan to be included in the County's financial statements as an agency fund.

In addition, the County also had \$55,751 in revenues and corresponding expenditures relating to the Community Development Block Grant Program (CDBG) which had not been recorded to the general ledger or the financial statements for the year ended June 30, 1997. This unrecorded activity in the June 30, 1997 financial statements had no impact on beginning fund balance.

The beginning balance of General Fixed Assets has been restated for \$2,143,328 of assets transferred to the regional landfill and the jail facility during the prior year.

(3) Pooled Cash and Investments

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(3) Pooled Cash and Investments (Continued)

Deposits

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

Deposits at financial institutions as of June 30, 1998, consist of the following:

	<u>Book value</u>	<u>Market value</u>
Deposits in risk category 1:		
Cash, money market accounts and certificates of deposits 100% insured under federal depository insurance	\$ 600,717	\$ 600,717
Deposits in risk category 2:		
Cash, money market accounts and certificates of deposit	7,725,957	7,725,957
Deposits in risk category 3:		
Cash, money market accounts and certificates of deposit	<u>2,925,244</u>	<u>2,925,244</u>
Total deposits	<u>\$11,251,918</u>	<u>\$11,251,918</u>
Local government investment pool - invested by the State of New Mexico Office of the State Treasurer for the County, recorded at cost in accordance with GASB 31	<u>\$ 4,057,005</u>	<u>\$ 4,057,005</u>

Investments

The County's investments are held by agents of the County in the County's name. Investments at June 30, 1998, consist of the following:

	<u>Book value</u>	<u>Market value</u>
Repurchase agreements	\$15,299,895	\$15,299,895
U.S. Treasury bills and notes cost (\$20,305,296)	20,285,797	20,285,797
U.S. Treasury cash reserves money market accounts	249,886	249,886
Everen money market fund and cash at Everen	<u>303,549</u>	<u>303,549</u>
Total investments	<u>\$36,139,127</u>	<u>\$36,139,127</u>
Total - All County deposits and investments	<u>\$51,448,050</u>	<u>\$51,448,050</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(3) Pooled Cash and Investments (Continued)

Amounts per financial statements:

Cash and investments per exhibit 1	\$12,963,760
Restricted cash per exhibit 1	39,154,383
Cash overdraft per exhibit 1	<u>(670,093)</u>
	<u>\$51,448,050</u>

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

(4) Interfund Assets and Liabilities

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

	<u>Receivables</u>	<u>Payables</u>
General Fund	<u>\$262,865</u>	<u>\$ 38,303</u>
Special Revenue Funds:		
CIAP Program	<u>27,154</u>	<u>-</u>
Total Special Revenue Funds	<u>27,154</u>	<u>-</u>
Debt Service Funds:		
Debt service	<u>22,278</u>	<u>-</u>
Environmental revenue	<u>33,927</u>	<u>-</u>
Total Debt Service Funds	<u>56,205</u>	<u>-</u>
Enterprise Funds:		
Housing Services	<u>-</u>	<u>27,154</u>
Utilities Department	<u>4,376</u>	<u>-</u>
Total Enterprise Funds	<u>4,376</u>	<u>27,154</u>
Agency Funds:		
County Treasurer	<u>-</u>	<u>285,143</u>
Total Agency Funds	<u>-</u>	<u>285,143</u>
 Total County	 <u>\$350,600</u>	 <u>\$350,600</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(4) Interfund Assets and Liabilities (Continued)

Interfund Transactions

The following is a summary of interfund transfers for the year ended June 30, 1998:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,000	\$ 425,606
Special Revenue Funds:		
Valuation Fund	7,320	-
Road Maintenance	13,634	-
Indigent	2,802	-
Fire Fund	282,534	64,998
Recreation Fund	2,500	-
Section 8 Voucher Program	-	67,864
Section 8 Certificate Program	-	67,864
Developer fees	-	112,845
Road projects	53,100	-
Bond Proceeds – Roads	-	528,051
Total Transfers Special Revenue Funds	<u>361,890</u>	<u>841,622</u>
Debt Service Funds:		
Debt Service	528,051	-
Environmental Revenue Bond Fund	-	7,000
Bond Reserve Sheriff Facility	254,905	-
Total Debt Service Funds	<u>782,956</u>	<u>7,000</u>
Capital Projects:		
Special Appropriations Project	64,998	-
Bond Proceeds Sheriff	-	254,905
Total Capital Projects Funds	<u>64,998</u>	<u>254,905</u>
Enterprise Funds:		
Housing Services	308,072	-
Utilities Department	4,217	-
Total Enterprise Funds	<u>312,289</u>	<u>-</u>
 Total transfers	 <u>\$1,529,133</u>	 <u>\$1,529,133</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(5) Fixed Assets

The changes in the General Fixed Assets Account Group for the year ended June 30, 1998 are as follows:

	June 30, 1997 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 1998 <u>Balance</u>
Land, buildings and improvements	\$22,712,275	\$ 429,087	\$ 26,599	\$23,114,763
Equipment and vehicles	17,790,634	2,200,683	1,066,899	18,924,418
Furniture and fixtures	538,320	39,228	-	577,548
Library acquisition	<u>38,580</u>	<u>-</u>	<u>-</u>	<u>38,580</u>
	<u>\$41,079,809</u>	<u>\$2,668,998</u>	<u>\$ 1,093,498</u>	<u>\$42,655,309</u>

The following is a summary of proprietary funds fixed assets at June 30, 1998:

	June 30, 1997 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 1998 <u>Balance</u>
<u>Housing Services</u>				
Equipment and vehicles	\$ 72,821	\$ 42,829	\$ -	\$ 115,650
Land, buildings and improvements	<u>6,845,403</u>	<u>167,983</u>	<u>-</u>	<u>7,013,386</u>
	6,918,224	210,812	-	7,129,036
Less: Accumulated depreciation	<u>1,878,091</u>	<u>183,918</u>	<u>-</u>	<u>2,062,009</u>
Net fixed assets	<u>\$5,040,133</u>	<u>\$ 26,894</u>	<u>\$ -</u>	<u>\$ 5,067,027</u>
<u>Utilities Department</u>				
Water system	\$5,015,956	\$ -	\$ -	\$ 5,015,956
Office equipment, furniture and vehicle	24,679	8,078	-	32,757
Construction in progress	<u>322,676</u>	<u>192,182</u>	<u>-</u>	<u>514,858</u>
	5,363,311	200,260	-	5,563,571
Less: Accumulated depreciation	<u>109,436</u>	<u>109,943</u>	<u>-</u>	<u>219,379</u>
Net fixed assets	<u>\$5,253,875</u>	<u>\$ 90,317</u>	<u>\$ -</u>	<u>\$ 5,344,192</u>
<u>Jail Facility</u>				
Land	\$ 126,781	\$ -	\$ -	\$ 126,781
Construction in progress	<u>2,487,434</u>	<u>20,920,261</u>	<u>-</u>	<u>23,407,695</u>
Net fixed assets	<u>\$2,614,215</u>	<u>\$20,920,261</u>	<u>\$ -</u>	<u>\$23,534,476</u>

Net interest costs capitalized to the Jail Facility for the year-end June 30, 1998 were \$434,927. The future commitment to construct the jail facility is approximately \$2,300,000 at June 30, 1998. Depreciation expense for Housing Services was \$183,918 and \$109,943 for the Utilities Department for the year ended June 30, 1998.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(6) General Long-term Debt

The following is a summary of general long-term debt transactions of the County for the year ended June 30, 1998:

	July 1, 1997 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 1998 <u>Balance</u>
General obligation and gross receipts bonds	\$26,020,000	\$ -	\$ 545,000	\$25,475,000
Environmental revenue bonds	1,200,000	-	110,000	1,090,000
Landfill closure and postclosure care costs	2,100,000	-	-	2,100,000
Capital lease obligations	867,429	107,000	390,770	583,659
Compensated absences	777,483	4,806	-	782,289
Bonds payable issued via NMFA	<u>1,677,000</u>	<u>-</u>	<u>442,000</u>	<u>1,235,000</u>
	<u>\$32,641,912</u>	<u>\$ 111,806</u>	<u>\$1,487,770</u>	<u>\$31,265,948</u>

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

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 1998</u>
May 1, 1991	6.0-7.6%	2001	\$ 1,500,000	\$ 725,000
March 1, 1992	6.0-7.6%	2007	1,750,000	1,375,000
June 1, 1992	5.375-7.375%	2007	4,500,000	3,725,000
March 1, 1993	4.9-6.75%	2008	3,500,000	3,150,000
February 1, 1997	5.0-7.5%	2016	10,500,000	10,500,000
February 1, 1997	4.1-5.7%	2027	<u>6,000,000</u>	<u>6,000,000</u>
			<u>\$27,750,000</u>	<u>\$25,475,000</u>

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

During February 1997, the County issued \$10,500,000 in general obligation bonds secured by property tax revenue. The bonds are to fund various projects throughout Santa Fe County, as follows: \$4,000,000 for roads, \$1,500,000 for wastewater, \$4,000,000 for the water system, and \$1,000,000 for emergency and fire fighting equipment. The \$4,000,000 proceeds, net of issuance costs, was recorded as contributed capital to the Utilities Department enterprise fund since the enterprise fund will not repay the debt.

The County also issued \$6,000,000 of gross receipts tax revenue bonds during February 1997. The purposes of these bonds include providing funds for constructing, furnishing, and equipping a sheriff's facility, related parking facilities, and necessary improvements and additions for drainage, wastewater and streets. Interest rates range from 4.1% to 5.7% with final maturity on February 1, 2017. \$425,905 of the proceeds were used to establish a debt reserve fund.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(6) General Long-term Debt (Continued)

The environmental revenue bonds consist of the following issue:

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 1998</u>
September 1, 1993	3.25-5.7%	2006	<u>\$1,500,000</u>	<u>\$1,090,000</u>

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

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

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 1998</u>
August 1, 1995	4.15-4.85%	2000	\$1,987,000	\$1,142,000
November 1, 1994	4.7-6.0%	2004	<u>121,000</u>	<u>93,000</u>
			<u>\$2,108,000</u>	<u>\$1,235,000</u>

The \$1,987,000 bond issue is secured by a portion of the County's gross receipt tax revenue. The \$121,000 bond issue is secured by a portion of the County's state fire protection revenue.

Scheduled maturities of general obligation, gross receipts, environmental revenue and bonds payable issued through the NMFA are as follows for the years subsequent to June 30, 1998:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 1,822,000	\$ 1,900,897	\$ 3,722,897
2000	1,520,000	1,376,243	2,896,243
2001	1,420,000	1,279,920	2,699,920
2002	1,223,000	1,206,760	2,429,760
2003	1,299,000	1,138,625	2,437,625
Thereafter	<u>20,516,000</u>	<u>7,248,468</u>	<u>27,764,468</u>
	<u>\$27,800,000</u>	<u>\$14,150,913</u>	<u>\$41,950,913</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(6) General Long-term Debt (Continued)

Capitalized lease Obligations

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

State Board of Finance, payable annually at \$58,158, interest free. Secured by voting machines.	\$407,109
State Board of Finance, payable annually at \$5,350, interest free. Secured by voting machines.	69,550
State board of Finance, payable annually at \$7,133, Interest free. Secured by voting machines.	<u>107,000</u>
	<u><u>\$583,659</u></u>

The future minimum lease payments under capital leases at June 30, 1998:

<u>Year ending</u>	
1999	\$ 70,641
2000	70,641
2001	70,641
2002	70,641
2003	70,641
Thereafter	<u>230,454</u>
	<u><u>\$583,659</u></u>

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

Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on the County-operated landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be incurred after the date the landfill stops accepting waste, the County reports these closure and postclosure care costs as a liability in the general long-term account group as of each balance sheet date. The \$2,100,000 reported as landfill closure and postclosure care liability at June 30, 1998 represents

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Financial Statements (Continued)

(6) General Long-term Debt (Continued)

the cumulative amount reported to date based on estimated capacity of the landfill. Current year expenditures for past closure costs were not material. The County estimates it will expend approximately \$1.4 million for postclosure costs in the next fiscal year and will be funded by general fund revenues. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal 1998. The County closed the landfill during fiscal year 1997. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Compensated Absences

A long-term liability amounting to \$782,289 at June 30, 1998 has been recorded representing the County's commitment to fund compensated absences from future operations. Vacation, compensating time and sick leave earned is cumulative; however, vacation time is limited to 240 hours that can be carried forward to the next calendar year. Excess time up to eighty hours can be sold back to the County if sufficient funding is available every January. Sick leave accumulated in excess of 240 hours is payable to employees at a rate equal to 50 percent of their hourly rate upon retirement. Employees can earn a maximum of 45 hours of compensatory time.

Prior Year Defeasance of Debt

In prior years, the County defeased the 1990 Facilities Project Revenue Bonds by placing proceeds in an irrevocable trust to provide for all future debt service payments for these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 1998, \$8,470,000 of bonds outstanding are considered defeased.

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, 1998 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	\$2,024,567
Other notes payable to HUD at various interest rates and terms	<u>5,122,979</u>
Total long-term debt	7,147,546
Less: current portion	<u>68,096</u>
Total	<u>\$7,079,450</u>

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(6) General Long-term Debt (Continued)

The aggregate maturities of the Housing Services long-term debt at June 30, 1998 are as follows:

<u>Year ending June 30,</u>	<u>Principal Amount Payable</u>
1999	\$ 68,096
2000	72,590
2001	77,041
2002	82,466
2003	87,909
Thereafter	<u>6,759,444</u>
Total	<u>\$7,147,546</u>

Correctional System Revenue Bonds (Jail Facility Enterprise Fund)

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

The maturities of the jail facility's long-term debt at June 30, 1998, is as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 280,000	\$ 1,644,500	\$ 1,924,500
2000	295,000	1,633,020	1,928,020
2001	310,000	1,620,630	1,930,630
2002	320,000	1,607,300	1,927,300
2003	335,000	1,593,220	1,928,220
Thereafter	<u>28,460,000</u>	<u>24,826,350</u>	<u>53,286,350</u>
	<u>\$30,000,000</u>	<u>\$32,925,020</u>	<u>\$62,925,020</u>

Conduit Debt Obligations

The County has issued Project Revenue Bonds to provide financial 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. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. 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, 1998, there were two series of Project Revenue Bonds outstanding, with an aggregate principal amount payable of \$16,455,000.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(7) GAAP Basis to Budget Basis Reconciliation

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>GAAP basis revenues</u>	\$24,740,707	\$14,155,266	\$2,825,316	\$499,219
Adjustments:				
Entries to reverse prior year accruals	1,363,834	959,013	1,467	81,390
Entries to record current year accruals	(1,506,853)	(1,466,676)	(30,667)	(11,799)
Audit entries to correct grant revenue	-	146,494	-	-
Audit entries to decrease revenue	(16,141)	(20,036)	-	-
Accounting for special assessments	<u>-</u>	<u>212,119</u>	<u>-</u>	<u>-</u>
Budgetary basis revenues	<u>\$24,581,547</u>	<u>\$13,986,180</u>	<u>\$2,796,116</u>	<u>\$568,810</u>
<u>GAAP basis expenditures</u>	\$22,459,355	\$12,817,643	\$2,578,304	\$340,351
Adjustments:				
Payment of prior year outstanding encumbrances	(527,830)	(1,925,315)	-	(155,051)
Current year encumbrances outstanding, net of account payable	1,573,823	5,651,996	-	320,662
Entry to increase allowance for uncollectible accounts receivable	(69,052)	-	-	-
Other audit entries	8,071	-	-	90
Capital lease expenditures	(107,000)	-	-	-
Accounting for special assessments	<u>-</u>	<u>241,881</u>	<u>-</u>	<u>-</u>
Budgetary basis expenditures	<u>\$23,337,367</u>	<u>\$16,786,205</u>	<u>\$2,578,304</u>	<u>\$506,052</u>

(8) Retirement, Health and Deferred Compensation Plans

PERA Retirement Plan

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

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

Covered employees are required under the current plan to contribute 3.2875% of their gross salary for general member coverage in accordance with Municipal Division - General Coverage Plan 3, and 12.35% for police member coverage in accordance with Police Coverage Plan 4. The County is required by state statute to contribute the following percentages in accordance with the respective plans above: 19.0125% for general member coverage, and 18.5% for police member coverage.

The County contribution requirement for the year ended June 30, 1998, was \$2,323,651, which consisted of \$1,850,027 from the County and \$473,624 from employees.

The County's payroll for the year ended June 30, 1998, for employees covered by the PERA was \$9,775,864 and substantially all employees of the County are covered by PERA.

Retiree Health Care Act Contributions

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

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

Eligible retirees are: (1) Retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf unless that person retires on or before July 1, 1997, in which event the time period required for employee and employer contributions shall become the period of time between July 1, 1990 and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

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

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

For the fiscal year ended June 30, 1998, the County remitted \$93,986 in employer contributions and \$46,993 in employee contributions to the Retiree Health Care Authority.

(9) Fund Balance (Deficits)

The following funds had fund balance deficits at June 30, 1998:

The Housing Services enterprise fund has a fund balance deficit of \$(5,418,072) at June 30, 1998. 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.

Special Revenue Funds

The Housing Services Section 8 voucher special revenue fund has a fund balance deficit of \$47,981 at June 30, 1998. This fund balance is expected to be resolved by subsequent grant revenue and transfers from the general fund.

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(10) Applicable Segment Information

Housing Services - Accounts receivable

The aging of accounts receivable as of June 30, 1998 is as follows:

Current (0-60 days)	\$ 10,001
Past due (more than 61 days)	<u>111,928</u>
	121,929
Less allowance for uncollectible accounts	<u>80,899</u>
	<u>\$ 41,030</u>

Housing Services has \$33,114 in tenant deposits that are deposited in Housing Services general cash account. Housing Services has \$66,303 in Family Self Services Escrow deposits that are deposited in separate bank accounts at 1st State Bank and First National Bank and are accounted for in the Section Eight special revenue funds and the liabilities are included in accounts payable and accrued expenditures.

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

	<u>Utilities Department</u>		<u>Housing Services</u>	
	<u>County</u>	<u>Customers</u>	<u>HUD</u>	<u>County</u>
June 30, 1997	\$4,943,931	\$4,924,763	\$8,397,343	\$ 946,461
Contributions	<u>-</u>	<u>32,448</u>	<u>318,839</u>	<u>490,982</u>
June 30, 1998	<u>\$4,943,931</u>	<u>\$4,957,211</u>	<u>\$8,716,182</u>	<u>\$1,437,443</u>

In addition, the Utilities Department has a retained earnings deficit of \$223,622 caused by when the fund was a development stage enterprise fund and depreciation expense being recorded for the GAAP basis financial statements.

The following segment information for the enterprise funds for the year ended June 30, 1998 is as follows:

	<u>Housing Services</u>	<u>Utilities Department</u>	<u>Jail Facility</u>	<u>Total</u>
Operating revenues	\$ 401,876	\$ 311,552	\$ -	\$ 713,428
Depreciation and amortization	<u>183,918</u>	<u>130,370</u>	<u>18,240</u>	<u>332,528</u>
Income (loss)	<u>(808,696)</u>	<u>(113,744)</u>	<u>116,621</u>	<u>(805,819)</u>
Transfers in	<u>308,072</u>	<u>4,217</u>	<u>-</u>	<u>312,289</u>
Net income (loss)	<u>(500,624)</u>	<u>(109,527)</u>	<u>116,621</u>	<u>(493,530)</u>
Fixed asset additions	<u>210,812</u>	<u>200,260</u>	<u>20,920,261</u>	<u>21,331,333</u>
Net working capital	<u>292,564</u>	<u>4,127,250</u>	<u>5,784,665</u>	<u>10,204,479</u>
Total assets	<u>5,513,777</u>	<u>9,888,119</u>	<u>33,044,600</u>	<u>48,446,496</u>
Long-term liabilities	<u>10,777,663</u>	<u>-</u>	<u>29,720,000</u>	<u>40,497,663</u>
Total fund equity (deficit)	<u>(5,418,072)</u>	<u>9,677,520</u>	<u>122,122</u>	<u>4,381,570</u>

The enterprise fund established for the construction of the jail facility is considered to be a development stage enterprise fund. The principal activity during the year was the construction of the jail.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(11) 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, 1998.

Joint Powers Agreement

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

The County and the City established the Santa Fe Solid Waste Management Agency (Agency) through a Joint Powers Agreement in February, 1995, as a public entity separate from the County or the City. The agreement delegated to the Agency the power to plan for, operate, construct, maintain, repair, replace, or expand the facility. The County Commission and the City Council approve the annual budget. The Agency has the authority to adopt revenue bond ordinances so long as such an ordinance is duly ratified by the governing bodies of the County and the City. A five member staff advisory committee was established by the agreement and is comprised of the finance directors from the County and the City, the County public works department director, the City utilities department director and the Agency director. A five member citizens advisory committee was also established. The Agency is charged to comply with all laws, rules and regulations for operations under the permit issued from the New Mexico Environmental 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 each. A final reconciliation will be done to ensure costs have been split equally between the County and City. The facility opened in May of 1997.

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(11) 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.

Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County belongs to the New Mexico County Insurance Authority (NMCIA), a public entity risk pool currently operating as a common risk management and insurance program for its member counties. The County pays an annual premium to NMCIA for all of its general and workers' compensation insurance coverage. The agreement for formation of the NMCIA provides that NMCIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of amounts that range from \$150,000 for property to \$300,000 for other liability claims.

Legal Proceedings

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

The Department of Labor is investigating the jail facility's contractor for compliance with the Davis-Bacon Act which requires the payment of prevailing wages. The County believes the dispute regarding payment of the prevailing wages during the construction of the jail facility is the responsibility of the contractor and not the County. The Department of Labor estimated amount of the underpayment of wages is approximately \$600,000 to \$1,000,000. No accrual has been made in the accompanying financial statements for this matter.

(12) Year 2000

The County is converting to a new computer system that will be year 2000 compliant. The new system will be in place during the 1999 fiscal year. The County estimates that the cost to implement the new computer system and other costs to be year 2000 compliant will not exceed \$200,000.

The County is not aware of any major funding sources or significant vendors' computer systems that will not be year 2000 compliant, in a timely manner.

EXHIBIT C

Form of Bond Counsel Opinion



[FORM OF LEGAL OPINION]

June ___, 1999

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

Re: **\$4,310,000 Santa Fe County, New Mexico General Obligation Refunding Bonds, Series 1999A**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of County Commissioners of Santa Fe County, New Mexico (the "County") of its General Obligation Refunding Bonds, Series 1999A, in the aggregate principal amount of \$4,310,000 (the "Bonds"). We have examined the Constitution and laws of the State of New Mexico and such certified proceedings and other documentation as we deem necessary to render this opinion.

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

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

1. The Bonds are valid and binding general obligations of the County.
2. All taxable property within the County is subject to *ad valorem* taxation without limitation as to rate or amount to pay the Bonds. The County is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has

covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

Very truly yours,

HUGHES & STRUMOR, LTD. CO.

EXHIBIT D

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

[FORM OF UNDERTAKING TO PROVIDE ONGOING DISCLOSURE]

CONTINUING DISCLOSURE UNDERTAKING

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

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

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

2. a. The Issuer shall, while any Bonds are Outstanding, provide the Annual Financial Information on or before December 31 of each year (the "Report Date"), beginning in 1999, to each then existing NRMSIR and the SID, if any. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to each then existing NRMSIR and the SID, if any; provided that the new Report Date shall be 180 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

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

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

d. The Issuer shall provide in a timely manner to the Municipal Securities Rulemaking Board and to the SID, if any, notice of any failure by the Issuer while

any Bonds are Outstanding to provide to each then existing NRMSIR and the SID, if any, Annual Financial Information on or before the Report Date.

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

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

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

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

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

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

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

BLOOMBERG MUNICIPAL REPOSITORIES

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

DPC DATA INC.

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

KENNY INFORMATION SYSTEMS, INC.

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

THOMSON NRMSIR

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

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

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

5. The continuing obligation hereunder of the Issuer to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once Bonds no longer are Outstanding. This undertaking, or any provision hereof, shall be null and void in the event that the Issuer delivers to each then existing NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This undertaking may be amended without the consent of the Bondholders, but only upon the delivery by the Issuer to each then existing NRMSIR and the SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that

such amendment, and giving effect thereto, will not adversely affect the compliance of this undertaking by the Issuer with the Rule.

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

IN WITNESS WHEREOF, Santa Fe County, New Mexico has caused this instrument to be signed, subscribed, and executed, and attested with the signature of the Chairman of the Board of County Commissioners; has caused its corporate seal to be affixed on this instrument; all as of June _____, 1999.

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

_____/s/_____
CHAIR



