

NEW ISSUE – Book-Entry-Only

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

**\$17,500,000**  
**SANTA FE COUNTY, NEW MEXICO**  
**GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS**  
**SERIES 2011**

**Dated: Date of Delivery**

**Due: July 1, as shown below**

The Bonds are issuable as fully registered bonds and when initially purchased will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each January 1 and July 1, commencing January 1, 2012. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to the registered owner will mean Cede & Co., and payments of principal or interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "The Bonds – Book-Entry-Only System" herein. The Santa Fe County Treasurer is the Registrar and Paying Agent for the Bonds.

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

MATURITIES, INTEREST RATES AND YIELDS OR PRICES

Year (July 1)	Principal	Interest Rate	Price/Yield	CUSIP	Year (July 1)	Principal	Interest Rate	Price/Yield	CUSIP
2012	\$2,900,000	2.50%	0.45%	801889MG8	2020	\$1,000,000	3.25%	100.00	801889MQ6
2013	1,160,000	2.50%	0.75%	801889MH6	2021	1,000,000	3.50%	3.42%	801889MR4
2014	1,165,000	2.50%	1.05%	801889MJ2	2022	1,000,000	3.75%	3.65%*	801889MS2
2015	1,170,000	2.50%	1.50%	801889MK9	2023	1,000,000	4.00%	3.78%*	801889MT0
2016	1,175,000	2.50%	1.84%	801889ML7	2024	1,000,000	4.00%	3.92%*	801889MU7
2017	1,180,000	2.50%	2.25%	801889MM5	2025	1,000,000	4.00%	4.06%	801889MV5
2018	1,000,000	2.50%	2.60%	801889MN3	2026	750,000	4.00%	4.17%	801889MW3
2019	1,000,000	3.00%	100.00	801889MP8					

\*Yield to first optional redemption date.

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

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

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

The Bonds are being issued pursuant to the powers of the Board of County Commissioners under Section 4-49-1 through 4-49-21, inclusive, and Sections 6-15-1 through 6-15-22, NMSA 1978 as amended and supplemented, the Constitution and other laws of the State for the purpose of providing funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County, (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County, and (6) to refund, redeem and pay, on June 1, 2011, together with legally available cash, the outstanding Santa Fe County General Obligation Bonds, Series 2001A. The Bonds are offered when, as and if issued by the County, subject to the approval of Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel and certain other conditions. It is expected that the Bonds will be available for delivery on or about May 18, 2011, through the facilities of the Depository Trust Company, New York, New York.

Dated: April 12, 2011.

PiperJaffray®

## USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

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

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

**SANTA FE COUNTY, NEW MEXICO**

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

**COUNTY COMMISSION**

Chairperson	Virginia Vigil
Vice-Chair	Elizabeth T. Stefanics
Commissioner	Kathleen Suzanne Holian
Commissioner	Robert A. Anaya
Commissioner	Daniel Mayfield

**ADMINISTRATION**

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

**FINANCIAL ADVISOR**

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**BOND COUNSEL**

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500 Fourth Street, NW  
Albuquerque, New Mexico 87102  
(505) 848-1800

**PAYING AGENT/REGISTRAR**

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

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## OFFICIAL STATEMENT

**\$17,500,000**  
**SANTA FE COUNTY, NEW MEXICO**  
**GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS**  
**SERIES 2011**

### INTRODUCTION AND SUMMARY

This Official Statement is furnished to prospective purchasers of the Santa Fe County, New Mexico, General Obligation Improvement and Refunding Bonds, Series 2011 (the "Bonds"), issued in the aggregate principal amount of \$17,500,000 by Santa Fe County, New Mexico (the "County"). The offering of the Bonds is made only by way of this Official Statement and the Official Notice of Meeting and Bond Sale, authorized by a resolution adopted by the Board of County Commissioners (the "Board") on March 8, 2011 (the "Notice of Sale Resolution"). Additional information concerning the County, the Bonds and other aspects of this offering may be obtained either from the County or from RBC Capital Markets, LLC (the "Financial Advisor") at the addresses set forth in the section entitled "ADDITIONAL INFORMATION."

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

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

#### **The Issuer**

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

#### **Authority for Issuance and Purpose**

The Bonds are issued in accordance with the Constitution and laws of the State of New Mexico, in particular, Sections 4-49-1 through 4-49-21, and Sections 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented. \$16,500,000 in principal amount of the Bonds (the "Improvement Bonds") represents the second and final series of general obligation bonds approved by the qualified electors of the County at an election held on November 4, 2008 to provide funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County. \$1,000,000 in principal amount of the Bonds (the "Refunding Bonds") are being issued pursuant to Sections 6-15-11 through 6-15-22 NMSA 1978 for the purpose of refunding, redeeming and paying, together with legally available cash, the outstanding Santa Fe County, New Mexico General Obligation Bonds, Series 2001A on June 1, 2011.

## The Bonds

The Bonds will be registered as to principal and interest, issued in denominations of \$5,000 each, or integral multiples thereof, in conformance with the Constitution and laws of the State and pursuant to the Resolution. The Bonds shall mature in the principal amounts and on the dates shown on the cover page hereof. Interest shall be payable January 1, 2012 and on January 1 and July 1 of each year thereafter to registered owners shown on the books of the Registrar on the 15<sup>th</sup> day of the month preceding each regularly scheduled interest payment date thereafter (a "Record Date"). The Bonds will be issued only in fully registered form and will be initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company pursuant to the book-entry-only system described herein.

## Security

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

## Financial Statements

The County's audited financial statements as of and for the year ended June 30, 2010 including the opinions rendered thereon of certified public accountants, are attached as Appendix B.

## Selected Debt Ratios

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

	<u>2010</u>
2010 Assessed Valuation	\$ 6,916,059,533
2010 Estimated Actual Valuation (1)	\$ 21,119,126,508
County Net Debt as a Percentage of	
Assessed Valuation	1.82%
Estimated Actual Valuation	0.60%
Direct and Overlapping Debt as a Percentage of	
Assessed Valuation	6.37%
Estimated Actual Valuation	1.92%
Estimated Population	143,000
County General Obligation	
Currently Outstanding Debt <sup>(2)</sup>	\$ 113,050,000
Series 2011 Bonds	\$ 17,500,000
Direct Net General Obligation Debt	\$ 125,920,370
Estimated Direct and Overlapping GO Debt	\$ 377,223,377
Direct Net Debt Per Capita	\$ 880.56
Direct and Overlapping Debt Per Capita	\$ 2,840.37

(1) Actual valuation is computed by adding 2010 exemptions to the 2010 assessed valuation and multiplying by three.

(2) Less 2001A Bonds to be refunded.

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



## **Tax Matters**

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

## **Agents and Advisors**

The County Treasurer will serve as Paying Agent and Registrar. Heinfeld, Meech & Co. P.C. has audited the County's general purpose financial statements as of and for the year ended June 30, 2010.

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, has acted as bond counsel for the issuance of the Bonds and has also acted as special counsel to the County in connection with the preparation of this Official Statement and the sale of the Bonds. See "LEGAL MATTERS" herein. RBC Capital Markets, LLC, Albuquerque New Mexico, has acted as Financial Advisor to the County for the issuance of the Bonds. RBC Capital Markets, LLC is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

## **Additional Information**

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

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

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

## **THE BONDS**

### **Description**

The Bonds are general obligation bonds to be issued by the County in the total principal amount of \$17,500,000 and will be dated the Date of Delivery, which is expected to be on or about May 18, 2011. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the cover page of this Official

Statement payable semiannually on January 1 and July 1 each year, commencing on January 1, 2012, and maturing serially, as set forth on the cover page of this Official Statement.

The Bonds will be issued only in fully registered form and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners hereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

### **Authorization**

The Bonds are being issued pursuant to the Board's powers under Article IX, Section 10 of the Constitution of the State of New Mexico, and Sections 4-49-1 through 4-49-21 and 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented, the Notice of Sale Resolution and the resolution of the Board awarding the Bonds to the successful bidder for the Bonds in the public sale held on April 12, 2011 (together, the "Resolution").

### **Bond Registrar and Paying Agent**

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

### **Payment of Principal and Interest; Record Date**

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

### **Optional Redemption of Bonds**

The Bonds maturing on or after July 1, 2022 are subject to prior redemption at the County's option in one or more units of principal of \$5,000 on and after July 1, 2021, in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each \$5,000 unit of principal so redeemed plus accrued interest to the redemption date.

#### *Redemption Procedures*

Notice of redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45)

days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the County.

#### *Conditional Redemption*

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

#### **Exchange or Transfer of Bonds**

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

Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

### **Tax Covenants**

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

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

### **Book-Entry-Only System**

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

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

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

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

purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

*When reference is made to any action that is required or permitted to be taken by the Beneficial Owners, such reference relates only to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the County does not have responsibility for distributing such notices to the Beneficial Owners.*

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

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

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

## **SECURITY AND REMEDIES**

### **General**

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

### **Legal Matters**

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

### **Limitations on Remedies Available to Owners of Bonds**

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

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the County in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the

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

### **PURPOSE AND PLAN OF FINANCING**

The Improvement Bonds will be issued in a principal amount of \$16,500,000, representing the second and final series of general obligation bonds approved by the qualified electors of the County at an election held on November 4, 2008, are being issued to provide funds for the Bonds are being offered for the purpose of providing funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County. The Refunding Bonds will be issued in a principal amount of \$1,000,000 pursuant to Sections 6-15-11 through 6-15-22 NMSA 1978 for the purpose of refunding, redeeming and paying, together with legally available cash, the outstanding Santa Fe County, New Mexico General Obligation Bonds, Series 2001A on June 1, 2011.

## SOURCES AND USES OF FUNDS

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

### SOURCES OF FUNDS

Par value	<u>\$17,500,000.00</u>
Net Premium	<u>251,353.79</u>
County Contribution from Series 2001A Debt Service Fund	<u>2,900,000.00</u>
<b>TOTAL SOURCES OF FUNDS</b>	<b><u><u>\$20,651,353.79</u></u></b>

### USES OF FUNDS

Deposit to Acquisition Fund <sup>(1)</sup>	<u>\$16,505,714.29</u>
Deposit to Debt Service Fund	<u>221,920.75</u>
Redemption of Series 2001A Bonds on June 1, 2011	<u>3,923,718.75</u>
<b>TOTAL USES OF FUNDS</b>	<b><u><u>\$20,651,353.79</u></u></b>



## DEBT AND OTHER FINANCIAL OBLIGATIONS

### General Obligation Debt

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

2010 Assessed Valuation	\$ 6,916,059,533
2010 Estimated Actual Valuation <sup>(1)</sup>	\$21,119,126,508
Bonded Debt	
Current Outstanding Debt	\$113,050,000 <sup>(2)</sup>
Series 2011 Bonds	17,500,000
Less Debt Service Fund Balance <sup>(3)</sup>	<u>(4,629,630)</u>
NET DEBT	<u>\$125,920,370</u>
Ratio of Estimated Net Debt to 2010 Assessed Valuation	1.82%
Ratio of Estimated Net Debt to 2010 Estimated Actual Valuation	0.60%
Per Capita Net Bonded Debt:	\$880.56
Est. Population:	143,000

(1) Actual valuation is computed by adding 2010 exemptions to the 2010 assessed valuation and multiplying by three.

(2) Less 2001A Bonds to be refunded.

(3) The cash balance as of February 1, 2011 was \$7,248,550. The amount attributable to principal reduction is 63.55%.

## Debt Service Requirements to Maturity

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

<u>Tax year Ending October 31</u>	<u>Outstanding Debt (principal and interest)</u>	<u>Series 2011 Principal</u>	<u>Series 2011 Coupon</u>	<u>Series 2011 Interest</u>	<u>Series 2011 Principal and Interest</u>	<u>Total Debt Service Requirements</u>
2011	\$ 12,831,588	\$ -	-	\$ -	\$ -	\$12,831,588
2012	9,430,650	2,900,000	2.50%	591,906	3,491,906	12,922,556
2013	9,348,438	1,160,000	2.50%	456,250	1,616,250	10,964,688
2014	8,981,588	1,165,000	2.50%	427,250	1,592,250	10,573,838
2015	9,375,338	1,170,000	2.50%	398,125	1,568,125	10,943,463
2016	9,476,838	1,175,000	2.50%	368,875	1,543,875	11,020,713
2017	10,636,038	1,180,000	2.50%	339,500	1,519,500	12,155,538
2018	10,942,688	1,000,000	2.50%	310,000	1,310,000	12,252,688
2019	9,142,188	1,000,000	3.00%	285,000	1,285,000	10,427,188
2020	9,379,188	1,000,000	3.25%	255,000	1,255,000	10,634,188
2021	9,593,250	1,000,000	3.50%	222,500	1,222,500	10,815,750
2022	9,939,188	1,000,000	3.75%	187,500	1,187,500	11,126,688
2023	9,598,250	1,000,000	4.00%	150,000	1,150,000	10,748,250
2024	10,200,250	1,000,000	4.00%	110,000	1,110,000	11,310,250
2025	4,609,063	1,000,000	4.00%	70,000	1,070,000	5,679,063
2026	11,639,125	750,000	4.00%	30,000	780,000	12,419,125
2027	1,094,625	-	-	-	-	1,094,625
	<u>\$156,218,293</u>	<u>\$17,500,000</u>		<u>\$4,201,906</u>	<u>\$21,701,906</u>	<u>\$177,920,199</u>

## Statement of Estimated Direct and Overlapping Debt

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

<u>Governmental Entity</u>	<u>2010 Valuation</u>	<u>GO Debt Outstanding</u>	<u>Applicable Percentage</u>	<u>Amount</u>
State of New Mexico	\$51,040,955,114	\$398,580,000	12.49%	\$ 49,772,261
Santa Fe County	6,916,059,533	113,050,000	100.00%	113,050,000
City of Santa Fe	3,698,558,947	28,950,000	100.00%	10,300,000
Town of Edgewood	90,134,617	-	100.00%	-
City of Española	45,433,686	-	25.91%	-
Española Schools	522,342,190	1,475,000	20.98%	309,437
Moriarty Schools	468,980,502	27,340,000	46.98%	12,844,823
Pojoaque Schools	174,600,713	7,515,000	100.00%	7,515,000
Santa Fe Community College	6,373,685,905	33,260,000	100.00%	33,260,000
Santa Fe Schools	<u>6,373,685,905</u>	<u>142,375,000</u>	<u>100.00%</u>	<u>142,375,000</u>
Total Direct & Overlapping Debt				\$362,966,521
Ratio of Estimated Direct & Overlapping Debt to 2010 Assessed Valuation:				6.37%
Ratio of Estimated Direct & Overlapping Debt to 2010 Estimated Actual Valuation:				1.92%
Per Capita Direct & Overlapping Debt:				\$2,840.37

## Other Obligations of the County

The table below summarizes all outstanding revenue bonds and other obligations of the County as of June 30, 2010, except as otherwise noted.

Type and Series of Revenue Obligations	Original Principal Amount	Interest Rate	Date of Final Maturity	Amount Outstanding as of 6/30/10	Pledged Revenues
Santa Fe Studio Loan Guaranty*	\$6,500,000	n/a	4/26/2036	\$6,500,000*	n/a*
Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A-B	\$31,410,000	2.00-4.25%	6/1/2030	\$31,410,000	3/32 of one percent gross receipts tax
Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009	\$12,090,000	2.00-5.00%	6/1/2029	\$12,090,000	3/32 of one percent gross receipts tax
County Gross Receipts Tax Revenue Bonds, Series 2008	\$30,000,000	3.50-5.00%	6/1/2033	\$28,635,000	5/16 of one percent gross receipts tax
Correctional System Revenue Bonds, Series 1997	\$30,000,000	4.10-6.00%	2/1/2027	\$19,240,000	5/16 of one percent gross receipts tax
Gross Receipts Tax Revenue Bonds, Subordinate Series 1997A	\$6,000,000	4.10-6.00%	2/1/2027	\$4,650,000	5/16 of one percent gross receipts tax

\*The Loan Guaranty consists of a pledge by the County, in October, 2010, of an account (the "Lockbox Account") holding \$6,500,000, to Los Alamos National Bank (the "Bank") as security for repayment of a loan (the "Bank Loan") made by the Bank to Santa Fe Film and Media Studio, Inc. (the "Studio Developer") in connection with a local economic development project undertaken by the County, the State and the Studio Developer pursuant to the Local Economic Development Act, Sections 5-10-1 through 5-10-14 NMSA 1978, as amended. The Lockbox Account was funded with surplus County revenue in excess of the 3/12 budgetary reserve required by Section 7-20E-11 NMSA 1978. Under the Loan Guaranty, the maximum amount that the Bank can draw annually from the Lockbox Account is \$900,000. The County has no obligation to replenish any amounts drawn from the Lockbox Account by the Bank, and does not have the right to utilize the Lockbox funds for other County purposes while the Bank Loan is outstanding. The Studio Developer is obligated to reimburse the County for any amounts drawn from the Lockbox Account, which obligations are secured by a mortgage on the project property.

## Analysis of Assessed Valuation

Assessed Valuation of property within the County is calculated as follows: Of the total assessed valuation of all taxable property in the County, 33 1/3% is legally subject to *ad valorem* taxes. After deduction of certain personal exemptions, the 2010 Assessed Valuation is \$6,916,059,533. The actual value of personal property within the County (see "Assessments" below) is determined by the County Assessor. The actual value of certain corporate property within the County (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division.

The analysis of Assessed Valuation follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Assessments</b>					
Value of Land	\$2,253,530,245	\$2,259,511,296	\$2,159,573,905	\$2,090,684,617	\$1,819,334,132
Improvements	4,570,320,025	4,363,202,825	4,141,055,798	3,841,567,285	3,437,082,333
Personal Property	66,360,640	71,683,058	179,454,878	78,645,383	83,859,044
Mobile Homes	38,005,781	41,101,064	40,117,353	39,010,403	45,489,768
Livestock	1,334,487	1,477,137	1,878,466	1,541,647	1,466,907
<b>Assessor's Total Taxable Value</b>	<b>\$6,929,551,178</b>	<b>\$6,736,975,380</b>	<b>\$6,522,080,400</b>	<b>\$6,051,449,335</b>	<b>\$5,387,232,184</b>

<b>Less Exemptions</b>					
Head of Family	\$34,637,163	\$34,179,899	\$34,052,507	\$33,790,500	\$33,262,500
Veterans	51,150,178	48,221,799	43,735,796	42,254,405	39,209,265
Other	41,711,793	41,247,605	----	----	----
<b>Total</b>	<b>\$127,499,134</b>	<b>\$123,649,303</b>	<b>\$77,788,303</b>	<b>\$76,044,905</b>	<b>\$72,471,765</b>
<b>Assessors Net Taxable Value</b>	<b>6,802,052,044</b>	<b>6,613,326,077</b>	<b>6,444,292,097</b>	<b>5,975,404,613</b>	<b>5,314,760,419</b>
<b>Centrally Assessed</b>	<b>114,007,489</b>	<b>90,225,478</b>	<b>106,516,551</b>	<b>99,486,137</b>	<b>90,254,347</b>
<b>Total Assessed Valuation</b>	<b><u>\$6,916,059,533</u></b>	<b><u>\$6,703,551,555</u></b>	<b><u>\$6,550,808,648</u></b>	<b><u>\$6,074,890,750</u></b>	<b><u>\$5,405,014,766</u></b>

Source: Santa Fe County Assessor's Office.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Residential	\$5,208,980,076	\$5,019,183,812	\$4,774,246,950	\$4,477,871,022	\$4,034,418,958
Non-Residential	<u>1,707,079,457</u>	<u>1,684,367,743</u>	<u>1,776,561,698</u>	<u>1,597,019,728</u>	<u>1,370,595,808</u>
Total	<u>\$6,916,059,533</u>	<u>\$6,703,551,555</u>	<u>\$6,550,808,648</u>	<u>\$6,074,890,750</u>	<u>\$5,405,014,766</u>
<b>Growth</b>	<b>3.17%</b>	<b>2.33%</b>	<b>7.83%</b>	<b>12.39%</b>	<b>10.59%</b>

Source: Santa Fe County Assessor's Office.

### History of Assessed Valuation

The following is a history of assessed valuation for the City of Santa Fe and the County. Since 2006, the tax base of the City has increased 26.03% and the tax base of the County has increased 27.96%.

<u>Tax Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>
2010	\$3,698,558,947	\$6,916,059,533
2009	3,500,660,629	6,633,131,738
2008	3,502,776,192	6,550,808,648
2007	3,221,060,817	6,074,890,750
2006	2,934,789,574	5,405,014,763

### Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total *ad valorem* taxes for operational purposes levied by all overlapping governmental units within the County to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the County voting on the question. The following table summarizes the tax situation on residential property located within the County for 2010-2011 Fiscal Year and the previous five years. The County expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may adversely impact the County's ability to repay bonds.

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

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

	<b><u>Within 20 Mill Limit for General Purposes</u></b>					
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Santa Fe County	4.697	4.670	4.507	4.415	4.450	4.452
Santa Fe Community College	2.205	2.190	2.114	2.073	1.174	3.000
City of Santa Fe	1.093	1.097	1.055	1.026	1.033	0.440
Santa Fe Schools	<u>0.120</u>	<u>0.119</u>	<u>0.115</u>	<u>0.113</u>	<u>0.114</u>	<u>0.114</u>
Total	\$8.115	\$8.076	\$7.791	\$7.627	\$6.771	\$8.006
	<b><u>Over 20 Mill Limit – Interest, Principal, Judgment, etc.</u></b>					
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
State of New Mexico	\$1.530	\$1.150	\$1.250	\$1.221	\$1.291	\$1.234
Santa Fe County	1.873	1.930	1.969	1.867	1.697	1.867
Santa Fe Community College	1.015	1.046	1.046	1.046	1.046	1.046
City of Santa Fe	0.679	0.498	0.461	0.000	0.000	0.000
Santa Fe Schools	<u>6.920</u>	<u>6.919</u>	<u>6.867</u>	<u>6.847</u>	<u>6.885</u>	<u>6.908</u>
Total	\$12.017	\$11.543	\$11.593	\$10.981	\$10.919	\$11.055
			<b><u>Total Levy</u></b>			
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
State of New Mexico	\$1.530	\$1.150	\$1.250	\$1.221	\$1.291	\$1.234
Santa Fe County	6.570	6.600	6.476	6.282	6.147	6.319
Santa Fe Community College	3.220	3.236	3.160	3.119	2.220	4.046
City of Santa Fe	1.772	1.595	1.516	1.026	1.033	0.440
Santa Fe Schools	<u>7.040</u>	<u>7.038</u>	<u>6.982</u>	<u>6.960</u>	<u>6.999</u>	<u>7.022</u>
<b>Total Residential in City of Santa Fe</b>	<b>\$20.132</b>	<b>\$19.619</b>	<b>\$19.384</b>	<b>\$18.608</b>	<b>\$17.690</b>	<b>\$19.061</b>
<b>Total Non-Residential in City of Santa Fe</b>	<b>\$29.865</b>	<b>\$29.142</b>	<b>\$27.502</b>	<b>\$26.289</b>	<b>\$26.442</b>	<b>\$25.831</b>
<b>Total Residential in Unincorporated County</b>	<b>\$18.360</b>	<b>\$18.024</b>	<b>\$17.868</b>	<b>\$17.582</b>	<b>\$16.657</b>	<b>\$18.621</b>
<b>Total Non-Residential in Unincorporated County</b>	<b>\$26.618</b>	<b>\$26.286</b>	<b>\$25.043</b>	<b>\$24.344</b>	<b>\$24.541</b>	<b>\$24.547</b>
<b>Total Residential in City of Española</b>	<b>\$16.937</b>	<b>\$16.534</b>	<b>\$16.860</b>	<b>\$15.760</b>	<b>\$18.219</b>	<b>\$19.321</b>
<b>Total Non-Residential in City of Española</b>	<b>\$24.964</b>	<b>\$24.484</b>	<b>\$23.606</b>	<b>\$21.886</b>	<b>\$24.097</b>	<b>\$24.894</b>
<b>Total Residential in Town of Edgewood</b>	<b>\$19.226</b>	<b>\$19.073</b>	<b>\$18.297</b>	<b>\$16.962</b>	<b>\$16.994</b>	<b>\$18.148</b>
<b>Total Non-Residential in Town of Edgewood</b>	<b>\$26.536</b>	<b>\$26.394</b>	<b>\$24.467</b>	<b>\$22.736</b>	<b>\$22.940</b>	<b>\$23.812</b>

Source: State of New Mexico, Department of Finance & Administration and the Santa Fe County Assessor's Office.

## Major Taxpayers

The ten largest taxpayers in Santa Fe County have a combined valuation of \$128,822,934, representing 1.86% of the total assessed valuation within the County.

Name	Business	2010 Assessed Valuation	Percentage of Assessed Valuation
Public Service Company of New Mexico	Electric Utility	\$39,069,570	0.53%
Qwest Corporation	Telephone Utility	21,902,899	0.29%
Gas Company of New Mexico	Gas Utility	16,209,096	0.23%
NM Mall Partners	Shopping Center	10,142,419	0.15%
Canyon Encantado LLC	Real Estate	8,767,922	0.13%
De Vargas Mall	Shopping Center	6,833,333	0.10%
Burlington Northern & Santa Fe	Railroad	6,722,224	0.10%
Eldorado Partnership	Hotel	6,599,999	0.10%
Wal-Mart	Retail	6,408,807	0.09%
La Posada, Inc.	Hotel	6,166,665	0.09%
<b>Total</b>		<b>\$128,822,934</b>	<b>1.86%</b>

Source: Santa Fe County Assessor's Office.

## Yield Control Limitation

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

## Limitations on Residential Property Tax Increases

A 1998 amendment to the State Constitution allows the State Legislature to enact legislation providing for the assessment of residential properties at levels different than the current estimated market value of a home on the basis of age, income, or home ownership. Section 7-36-21.2 NMSA 1978, as amended, limits increases in the value of residential property for taxation purposes beginning with the Tax Year 2001 (the "Statutory Valuation Cap"). The statute provides that, with respect to properties

within a county assessing properties in the aggregate at or greater than 85% of their market value, a property's new valuation shall not exceed 103% of the previous year's valuation or 106.1% of the valuation two years prior to the tax year in which the property is being valued. This does not apply to residential properties in their first year of valuation, physical improvements made to the property or instances where the owner or the zoning of the property has changed in the year prior to the tax year for which the value of the property is being determined.

The Statutory Valuation Cap has been recently challenged in a number of venues. Paragraph 3 of Section 7-36-21.2 NMSA 1978, was declared unconstitutional in the case of *Dzur vs. Bernalillo County Protests Board*, No. CV-2008-12410, filed in Second Judicial District Court on August 12, 2009. The Court held that the substantially higher increase allowed upon sale of a residential property over similar residential properties protected by the 3% annual valuation increase violated the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution. The Bernalillo County Assessor stated that he did not intend to appeal the District Court decision to the New Mexico Court of Appeals and the time period for filing an appeal in that case has expired. Another case in the Second Judicial District, *Wang vs. Bernalillo County Assessor*, No. CV-2007-10109, reached a similar holding. Cases have been filed seeking certification of a class action to litigate this issue. Currently, the New Mexico Court of Appeals has placed on its general docket two cases that raise the constitutionality of the Statutory Valuation Cap. The Legislature considered various bills dealing with the Statutory Valuation Cap in the 2010 special legislative session, but no bills were enacted into law. Judicial or legislative actions or further Constitutional amendment of the valuation provisions could have a material impact on the valuation of residential property.

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

### **Tax Collections on Locally Assessed and Centrally Assessed Property**

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



## Property Tax Collections for Santa Fe County

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Net Taxes Charged to Treasurer</b>	<b>Current Tax Collections <sup>(1)</sup></b>	<b>Current Collections as a % of Net Levied</b>	<b>Current/Delinquent Tax Collections <sup>(2)</sup></b>	<b>Current/Delinquent Collections as a % of Net Levied</b>
2010	10/11	\$149,598,102	87,861,888	58.73%	87,861,888	58.73%
2009	09/10	142,298,704	\$132,269,587	92.95%	\$137,446,161	96.59%
2008	08/09	133,476,019	124,332,592	93.15%	131,325,428	98.39%
2007	07/08	121,777,496	114,182,071	93.76%	118,244,149	97.10%
2006	06/07	105,207,519	99,380,102	94.46%	103,897,599	98.75%
2005	05/06	100,907,356	95,003,813	94.15%	100,322,780	99.42%
2004	04/05	84,616,678	79,824,052	94.34%	84,322,477	99.67%
2003	03/04	81,972,179	76,896,688	93.81%	81,789,998	99.78%
2002	02/03	73,501,059	68,439,359	93.11%	73,503,449	100.00%
2001	01/02	72,022,736	67,646,004	93.92%	71,926,157	99.87%

<sup>(1)</sup> As of June 30 of each year

<sup>(2)</sup> As of February 28, 2011

Source: Santa Fe County Treasurer's Office.

### Interest on Delinquent Taxes

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

### Penalty for Delinquent Taxes

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

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

### Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47 NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

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

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

### **Protest**

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

## **FINANCES OF THE COUNTY**

### **Budget Process**

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

### **Financial Statement**

The following Statement of Revenues, Expenditures and Changes in Fund Balances has been included herein for informational purposes only. Figures were taken from the audit reports prepared by the County's independent auditors. Audited figures are excerpts of the audit reports and do not purport to be complete. Reference is made to the complete audit reports which are available upon request. The County has not requested the consent of Heinfeld, Meech & Co., P.C., which performed the audit of the County's Financial Statements for the fiscal year ended June 30, 2010, to the inclusion of the fiscal year 2010 audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements.

The 2010 audit report utilizes several categories of revenues, expenditures, assets and liabilities that do not directly match the categories utilized in the audits of the County's Financial Statements for fiscal years ended June 30, 2009, 2008, 2007 and 2006. For that reason, both the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the General Fund Historical Balance Sheet for the fiscal year ended June 30, 2010 appear separately from the tables showing the

Combined Statement of Revenues, Expenditures and Changes in Fund Balance and General Fund Balance Sheets for the fiscal years ended June 30, 2009, 2008, 2007 and 2006.

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances-  
Fiscal Year Ended June 30, 2010**

<b>Revenues</b>	
Property tax	\$42,422,144
Gross receipts tax	7,820,495
Other taxes and assessments	1,012,028
Charges for services and fees	1,797,439
Other	71,962
Interest earnings	2,607,879
Intergovernmental	2,041,235
<b>Total revenues</b>	<u>\$57,773,182</u>
<b>Expenditures:</b>	
Current -	
General government	\$20,447,002
Public safety	
Culture and recreation	819,119
Public works	3,611,603
Highways and streets	1,003,183
Health and welfare	803,650
Capital outlay	8,722,524
Debt service -	
Principal retirement	
Interest and fiscal charges	
Bond issuance costs	
<b>Total expenditures</b>	<u>\$35,407,081</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$22,366,101</u>
<b>Other financing sources (uses):</b>	
Transfer in	\$5,600,880
Issuance of general obligation bonds	
Issuance of revenue bonds	
Premium on sale of bonds	
Payment to refunded bond escrow agent	
Transfer out	(28,002,630)
<b>Total other financing sources (uses)</b>	<u>\$(22,401,750)</u>
<b>Changes in fund balances</b>	<u>\$ (35,649)</u>
<b>Fund balances, beginning of year, as restated</b>	<u>\$44,241,961</u>
<b>Fund balances, end of year</b>	<u><u>\$44,206,312</u></u>

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances-  
Fiscal Years Ended June 30, 2006 through 2009**

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>				
Grants	\$ 1,867,419	\$ 1,198,786	\$ 2,085,995	\$ 1,754,243
Taxes and special assessments	45,989,054	45,168,805	41,723,011	36,313,562
Interest earnings	3,879,418	5,693,887	4,750,661	2,904,858
Charges for services, fines and penalties	1,749,087	1,525,638	1,755,849	1,906,418
Other	128,467	108,439	39,116	320,587
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<u>\$53,613,445</u>	<u>\$53,695,555</u>	<u>\$50,354,632</u>	<u>\$43,199,668</u>
<b>Expenditures:</b>				
Current				
General government services	\$16,407,071	\$17,729,096	\$17,832,387	\$14,906,976
Public safety	9,783,459	10,422,751	7,957,272	7,809,025
Highways and streets	6,798,988	4,585,306	3,757,624	4,771,030
Health and welfare	383,017	93,969	411,119	571,966
Culture and recreation	830,535	754,241	406,900	282,550
Capital outlay	8,774,791	4,660,250	1,115,713	2,379,668
Debt service (principal and interest)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<u>\$42,977,861</u>	<u>\$38,245,613</u>	<u>\$31,481,015</u>	<u>\$30,721,215</u>
<b>Excess (Deficiency) or Revenues over Expenditures</b>	<u>\$10,635,584</u>	<u>\$15,449,942</u>	<u>\$18,873,617</u>	<u>\$12,478,453</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers, in	\$1,777,527	\$ 1,239,557	\$ 981,567	\$ 2,461,464
Operating transfers, out	(14,869,751)	(10,097,213)	(8,878,374)	(9,291,168)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total other financing sources (uses)</b>	<u>\$(13,092,224)</u>	<u>\$(8,857,656)</u>	<u>\$(7,896,807)</u>	<u>\$(6,829,704)</u>
Excess (Deficiency) of Revenues and other Financing Sources over expenditures and other financing uses	\$(2,456,640)	\$ 6,592,286	\$10,976,810	\$ 5,648,745
Fund balance, beginning of year	45,150,237	38,557,951	27,581,141	21,932,392
Prior period corrections	-	-	-	-
Fund balance, as restated	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	<u>\$42,693,597</u>	<u>\$45,150,237</u>	<u>\$38,557,951</u>	<u>\$27,581,141</u>

The audited figures for fiscal years ended June 30, 2010, 2009, 2008, 2007 and 2006 were taken from audit reports prepared by the County's independent auditors and are presented for informational purposes only. Reference is made to the complete audit reports, which are available upon request.

**General Fund - Balance Sheet, Fiscal Year Ended June 30, 2010**

**ASSETS**

Cash and investments	\$42,695,468
Cash and investments - restricted	
Receivables	2,020,545
Taxes receivable	6,145,824
Due from other funds	<u>1,020,896</u>
<b>Total Assets</b>	<b><u><u>\$51,882,733</u></u></b>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	\$ 354,080
Accrued payroll	539,918
Due to other funds	
Deferred revenue	6,768,764
Deposits held for others	
Other liabilities	<u>13,659</u>
<b>Total Liabilities</b>	<b><u><u>\$7,676,421</u></u></b>

Fund Balances (deficits):

Reserved for encumbrances	\$ 2,850,794
Contingency	1,815,290
Unreserved:	
Undesignated	39,540,228
Unreserved reported in:	
Special revenue funds	
Capital projects funds	
Debt service funds	

<b>Total fund balances</b>	<b><u><u>\$44,206,312</u></u></b>
<b>Total liabilities and fund balances</b>	<b><u><u>\$51,882,733</u></u></b>

**General Fund - Historical Balance Sheets, Fiscal Years Ended June 30, 2006 through 2009**

<u>Fiscal Year Ended</u>				
<u>June 30</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>				
Equity in pooled cash and investments – Unrestricted	\$41,016,246	\$41,451,376	\$33,793,088	\$23,713,215
Equity in pooled cash and investments - Restricted	1,839,296	1,838,905	1,838,198	1,815,290
Receivables, net of allowance for uncollectable				
Accounts	41,499	29,892	94,558	67,344
Taxes	6,341,501	5,500,784	4,492,988	4,637,536
Interest	388,707	744,996	639,701	336,208
Grantor agencies and other	629,963	671,275	612,495	564,364
Due from other funds	1,457,912	593,466	1,949,727	1,012,293
<b>Total Assets</b>	<b>\$51,715,124</b>	<b>\$50,830,694</b>	<b>\$43,420,755</b>	<b>\$32,146,250</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 940,997	\$ 566,674	\$1,080,217	\$1,178,059
Accrued payroll	777,821	567,670	411,789	-
Deferred revenue	7,278,703	4,522,498	3,347,890	3,387,050
Deposits held for others	-	-	-	-
Other	24,006	23,615	22,908	-
<b>Total Liabilities</b>	<b>\$9,021,527</b>	<b>\$5,680,457</b>	<b>\$4,862,804</b>	<b>\$4,565,109</b>
<b>Fund Balance</b>				
Reserved for				
Encumbrances	\$3,225,140	\$3,677,892	\$2,564,302	\$2,231,266
Debt service	-	-	-	-
<b>Total reserved fund balance</b>	<b>\$3,225,140</b>	<b>\$3,677,892</b>	<b>\$2,564,302</b>	<b>\$2,231,266</b>
Unreserved – Designated for Contingency	1,815,290	1,815,290	1,815,290	1,815,290
Unreserved – Undesignated	37,653,167	39,657,055	34,178,359	23,534,585
<b>Total unreserved fund balance</b>	<b>39,468,457</b>	<b>41,472,345</b>	<b>35,993,649</b>	<b>25,349,875</b>
<b>Total fund balance</b>	<b>42,693,597</b>	<b>45,150,237</b>	<b>38,557,951</b>	<b>27,581,141</b>
<b>Total liabilities and fund balance</b>	<b>\$51,715,124</b>	<b>\$50,830,694</b>	<b>\$43,420,755</b>	<b>\$32,146,250</b>

The audited figures for fiscal years ended June 30, 2010, 2009, 2008, 2007, and 2006 were taken from audit reports prepared by the County's independent auditors and are presented for informational purposes only. Reference is made to the complete audit reports which are available from the County upon request.

## THE COUNTY

### General

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

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

### Board of County Commissioners

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

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

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

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Virginia Vigil	Chairperson	12/31/12
Elizabeth T. Stefanics	Vice-Chair	12/31/12
Daniel Mayfield	Commissioner	12/31/14
Robert A. Anaya	Commissioner	12/31/14
Kathleen Suzanne Holian	Commissioner	12/31/12

The current members of the County Administration are as follows:

Katherine Miller has served as the County Manager since September, 2010. From 2006 through August 2010, Ms. Miller was the Secretary of the Department of Finance and Administration under

Governor Bill Richardson. She had previously served as director of the Mortgage Finance Authority as well as Deputy Chief of Staff of Policy and Projects under Governor Richardson. Secretary Miller has extensive experience in local, state and federal government finance and policy and has worked in the private sector managing finance programs and government contracts. Ms. Miller has a bachelor's degree in business from Wright State University in Dayton, Ohio. She previously worked as Santa Fe County's procurement manager from 1997 to 1999 and as finance director from 1999 to 2003.

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

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

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

## **Retirement**

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

Non-law enforcement plan members (other than County fire department employees) are required to contribute 3.2875% of gross covered salary under the plan, under which the County contributes an amount equal to 19.0125% of gross covered salary. County fire department plan participants that are not union members are required to contribute 8.10% of gross covered salary under the plan, under which the County contributes an amount equal to 21.15% of gross covered salary. County fire department plan participants that are union members are required to contribute 4.5% under the plan, under which the County contributes an amount equal to 24.85%. Law enforcement participants (excluding detention employees, who are considered general participants) are required to contribute 3.09% of covered gross salary under the plan, under which the County contributes an amount equal to 27.76%. The contribution requirements of plan members and of the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the fiscal years ended June 30, 2010, 2009, 2008, 2007, and 2006 were \$7,762,029, \$7,576,228\*, \$7,631,724, \$5,950,620, \$5,310,887 and \$4,114,267, respectively, equal to the amount of the required contributions for those fiscal years.

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\*The County Finance Division discovered that this figure was incorrectly stated as \$8,830,179 in a footnote appearing in the FY 2009 audited financial statements, due to the inclusion by the auditor of amounts contributed by County employees. This error also appears in the notes to the audited financial statements for FY 2010 (at p. 69), excerpts of which are attached hereto as Appendix B. The Finance Division has confirmed that the overstated amount does not require an adjustment to General Fund balance figures for FY 2009.



Actuarial information, as of June 30, 2010, is shown below:

**State of New Mexico Public Employees Retirement Fund  
Summary Information as of June 30, 2010**

Membership <sup>(1)</sup>	84,528
Actuarial Information	
Actuarial Accrued Liability <sup>(2)</sup>	\$15,601,461,460
Actuarial Value of Assets	12,243,712,850
Unfunded Actuarial Accrued Liability	3,357,748,610

Source: PERA Comprehensive Annual Financial Report for the Year Ended June 30, 2010.

<sup>(1)</sup> Includes active, inactive and retired members from all divisions.

<sup>(2)</sup> Includes accrued liability of both the retired and active members.

The Plan suffered as a result of volatility in the financial markets and economic recession from late 2007 into 2009. The Plan lost approximately 30% of its value as of February 2009 and closed Fiscal Year 2009 with a loss of 24.27%. The Plan experienced positive gains in the first three quarters of Fiscal Year 2010 representing 12.93%, 4.44% and 4.19% respectively. The balance of the fund as of March 31, 2010 was approximately \$11 billion dollars. The 12-month return for the 12 month period ending March 31, 2010 was 37.48%, primarily attributable to good market conditions and performance of the fund. There are approximately 49,097 active members of PERA and approximately 27,089 retirees and beneficiaries receiving benefits from PERA as of June 30, 2010. It is expected that beneficiaries of PERA will increase approximately 10% per year as a result of the increased number of "baby boomer" retirees. The State legislature is considering significant changes to the existing system in order to address the potential future insolvency of the retirement plan. Under current law, the County is not responsible for any future deficiencies in the retirement plan.

**New Mexico Retiree Health Care Authority**

The County contributes to the State-sponsored New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the Retiree Health Care Authority ("NMRHCA"). The NMRHCA administers the New Mexico Retiree Health Care Act, Sections 10-7C-1 through 10-7C-19 NMSA 1978, for the purpose of providing comprehensive group health insurance coverage for persons who have retired from certain public service in the State and eligible dependants. The Retiree Health Care Act establishes the required contributions of participating employers. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary, and each participating employee to contribute 0.65% of its annual salary. The County's contribution to the NMRHCA for the years ended June 30, 2010, 2009 and 2008 were \$469,969, \$459,432 and \$413,934, respectively, which equal the required contributions for each of those years.

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

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

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

### **County Insurance Coverage**

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

## **THE ECONOMY**

### **General**

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

### **State Government**

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

## **Education**

### *Santa Fe Public Schools*

The Santa Fe Public School District is a political subdivision of the State organized for the purpose of operating and maintaining an education program for school-age children residing within its boundaries. Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,016 square miles with an estimated population of 125,000. The District is the 5th largest school district in the State with a 2010-2011 enrollment of 13,988 students. The District operates 32 school sites, including 15 elementary schools, 3 middle schools, 3 high schools, 5 community schools, 4 charter schools, 1 academy and 1 early childhood center. The District's educational program includes vocational, technical and occupational training.

### *Santa Fe Community College*

Santa Fe Community College is a co-educational community college offering 2-year Associate of Arts, Associate of Science and Associate of Applied Science degrees. The Community College occupies 366 acres within the City of Santa Fe, with a faculty of 372 (full and part-time), serving approximately 14,500 students (full-time and part-time). Approximately 84 percent of the students are part-time. 58 percent of students receive financial aid.

### *St. John's College*

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

### *Santa Fe University of Art and Design*

Formerly known as the College of Santa Fe, the Santa Fe University of Art and Design is a private, co-educational 4-year liberal arts college. The University offers Bachelor of Arts degrees in contemporary music, creative writing and literature, moving image arts, performing arts, photography and studio arts; Bachelor of Fine Arts degrees in graphic design, performing arts, photography and studio arts; and Master degrees in arts in education. The University is operated by Laureate International Universities and leases the campus from the City of Santa Fe.

### *New Mexico School for the Deaf*

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

## **Trade**

The County's retail sales were over \$1.4 billion through October of 2010 and over \$1.8 billion in 2009. Major products include furniture, jewelry, publishing, technology transfer, clothing and accessories. Approximately 12 percent of the County's population is employed in the retail trade sector.

## Tourism

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

## Indian Arts and Crafts

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

## Health

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

## ECONOMIC AND DEMOGRAPHIC STATISTICS

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

## Population

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

<u>Year</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>New Mexico</u>
2030*	n/a	226,012	2,626,553
2020*	n/a	191,403	2,383,116
2010	n/a	144,170	2,059,179
2000	62,794	129,292	1,819,046
1990	57,605	98,928	1,515,069
1980	49,160	75,519	1,303,303
1970	41,167	54,774	1,017,055
1960	33,394	44,970	951,023

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

\* Projected.

## Age Distribution

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

<b><u>Percentage of Population</u></b>			
<b><u>Age</u></b>	<b><u>Santa Fe MSA</u></b>	<b><u>New Mexico</u></b>	<b><u>United States</u></b>
0-17	21.0%	25.5%	24.4%
18-24	8.5%	10.0%	9.7%
25-44	25.8%	25.9%	27.0%
45-54	15.2%	13.7%	14.4%
55 & Older	29.5%	24.9%	24.5%

Source: Claritas, Inc., 2010

## Income

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

<b><u>Per Capita Personal Income</u></b>			
<b><u>Year</u></b>	<b><u>Santa Fe County</u></b>	<b><u>New Mexico</u></b>	<b><u>United States</u></b>
2009	\$ N/A	\$33,212	\$39,626
2008	44,927	33,584	40,673
2007	44,186	31,474	38,611
2006	42,363	29,929	36,714
2005	39,522	28,175	34,757
2004	35,529	26,326	33,123
2003	33,035	24,945	31,504
2002	32,320	24,310	30,821
2001	32,048	24,132	30,574
2000	29,623	22,143	29,845

Source: UNM Bureau of Business and Economic Research.

## Employment

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

<u>Year</u>	<u>Santa Fe County</u>		<u>State of New Mexico</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2010	77,623	7.10%	959,789	8.40%	9.60%
2009	77,563	6.20%	955,904	7.20%	9.30%
2008	79,369	3.80%	961,259	4.50%	5.80%
2007	78,568	2.80%	941,554	3.50%	4.60%
2006	77,398	3.40%	930,832	4.10%	4.60%
2005	76,173	4.10%	913,452	5.10%	5.10%
2004	74,820	4.40%	871,512	5.50%	5.50%
2003	73,797	4.40%	888,468	5.90%	6.00%
2002	71,671	3.90%	871,512	5.50%	5.80%
2001	71,362	3.60%	863,681	4.90%	4.70%

Source: New Mexico Department of Workforce Solutions.

## Major Employers

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

<u>Employer</u>	<u>Type</u>	<u>Number of Employees</u>	<u>% of Santa Fe MSA Employment</u>
State of New Mexico	Government	8,344	13.44%
Christus St. Vincent Regional Medical Center	Health Care	1,900	3.06%
Santa Fe Public Schools	Education	1,800	2.90%
City of Santa Fe	Government	1,486	2.39%
Hilton Santa Fe Golf Resort and Spa at Buffalo Thunder and Cities of Gold Casino (Pueblo of Pojoaque)	Gaming/Government	1,000	1.61%
Santa Fe County	Government	890	1.43%
Santa Fe Community College	Education	750	1.21%
Santa Fe Opera	Fine Arts	662	1.07%
Peters Corporation	Fine Arts	472	0.76%
Santa Fe Ski Company	Recreation	400	0.64%
Total		17,704	28.51%
Total Santa Fe MSA Non-Agricultural Employment		62,071	100.00%

Source: Santa Fe Chamber of Commerce - October, 2009

## Wage and Salary Employment

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

<u>Industry</u>	<u>2010*</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Agriculture, Forestry & Hunting	127	114	144	122	129
Mining	109	120	155	155	161
Utilities	271	267	239	261	**
Construction	3,293	3,540	4,786	5,088	5,102
Manufacturing	792	815	928	1,069	1,130
Wholesale Trade	994	1,114	1,254	1,218	1,148
Retail Trade	8,562	8,630	9,193	9,030	8,846
Transportation & Warehousing	856	854	922	655	624
Information	1,058	1,363	1,882	1,954	1,475
Finance & Insurance	1,726	1,780	1,830	1,810	1,909
Real Estate & Rental & Leasing	875	913	1,005	1,137	1,250
Professional & Technical Services	2,617	2,701	2,901	2,905	2,819
Management of Companies and Enterprises	223	225	225	250	269
Administrative & Waste Services	1,957	2,044	2,505	2,706	2,306
Educational Services	3,971	4,619	5,003	5,248	5,560
Health Care & Social Assistance	9,050	8,650	8,456	8,123	6,968
Arts, Entertainment & Recreation	2,268	2,309	2,316	2,103	2,058
Accommodation & Food Services	8,675	8,179	8,235	8,429	8,344
Other Services, Except Public Administration	2,555	2,368	2,509	2,405	2,405
Non-classifiable	**	**	**	**	**
Total Private Sector	43,142	43,174	46,958	47,352	45,206
Public Administration	17,570	18,616	18,757	18,558	18,695
Federal	1,185	1,038	1,031	1,064	1,124
State	9,594	10,169	10,274	10,144	10,170
Local	6,791	7,409	7,452	7,350	7,401
Grand Total	<u>60,712</u>	<u>61,789</u>	<u>65,715</u>	<u>65,910</u>	<u>63,901</u>

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

\* Average employment as of Third Quarter, 2010

\*\* Data not disclosed

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

other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

**Median Household Effective Buying Income**

<u>Year</u>	<u>Santa Fe County</u>	<u>State of New Mexico</u>	<u>United States</u>
2010	\$55,456	\$43,932	\$52,795
2009	53,025	42,752	51,433
2008	52,442	42,577	50,170
2007	50,603	41,569	49,314
2006	50,059	41,045	48,775
2005	41,531	34,203	39,324
2004	39,742	32,737	38,201
2003	39,400	32,291	38,035
2002	41,152	32,083	38,365
2001	40,573	30,322	39,129

Source: Claritas, Inc., 2010

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

**Percent of Household by Effective Buying Income Groups**

<u>Effective Buying Income Group</u>	<u>Santa Fe County</u>	<u>New Mexico</u>	<u>United States</u>
Under \$25,000	20.1%	28.1%	22.3%
\$25,000 – 34,999	10.3%	12.3%	10.6%
\$35,000 – 49,999	15.4%	16.2%	15.0%
\$50,000 – 74,999	19.1%	18.8%	19.5%
\$75,000 and over	35.1%	24.6%	32.6%

Source: Claritas, Inc., 2010



## Gross Receipts

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Santa Fe County</u>		<u>New Mexico</u>	
	<u>Retail</u>	<u>Total</u>	<u>Retail</u>	<u>Total</u>
2011*	\$ 974,363,290	\$3,259,323,120	\$11,865,937,508	\$ 51,555,051,787
2010	1,814,632,032	6,178,139,544	24,608,799,717	95,703,873,056
2009	2,045,956,650	6,593,215,020	23,812,635,286	105,449,821,075
2008	2,184,056,446	7,201,235,320	25,711,762,198	110,710,199,751
2007	2,131,815,854	6,820,901,645	26,012,239,571	104,559,300,501
2006	2,050,261,047	6,446,608,971	24,014,746,059	95,134,945,014
2005	1,795,306,236	5,876,248,291	20,454,852,088	78,771,700,292
2004	1,774,969,478	5,585,654,362	18,414,335,199	70,477,791,653
2003	1,773,716,030	5,029,969,082	18,700,756,931	63,358,239,874
2002	1,693,609,017	4,895,295,541	19,094,649,339	62,280,612,865

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

\* Through December, 2010

## Services Available to County Residents

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

## TAX EXEMPTION

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations, such as the Bonds. The County has made various representations and warranties with respect to, and has covenanted in the Resolution and other documents, instruments and certificates to comply with certain guidelines designed to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of the issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

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

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

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

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

### **Original Issue Discount**

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

## **Original Issue Premium**

Certain maturities of the Bonds have been sold to the initial purchaser of the Bonds at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

## **Internal Revenue Service Audit Program**

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

## **CONTINUING DISCLOSURE INFORMATION**

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

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

While any Bonds are outstanding, the County will provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning March 31, 2012, to Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") annually and to provide notice to EMMA of certain events, pursuant to the requirements of the Rule. It will be sufficient if the County provides to EMMA the Annual Financial Information by specific reference to documents previously provided to each Nationally Recognized Securities Information Repository and state information depository, if any, or filed with the Securities and Exchange Commission and, if such a document is a "final official statement" within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

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

If an Event occurs while any Bonds are outstanding, the County will provide an Event Notice in a timely manner not more than 10 business days after the Event to EMMA.

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

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

"Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") or operating data with respect to the County), provided at least annually, consisting of information of the type set forth under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS" and "FINANCES OF THE COUNTY" in this Official Statement. Such Annual Financial Information shall also include Audited Financial Statements, or if Audited Financial Statements are unavailable, then unaudited financial statements.

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

"Event" means any of the following events with respect to the Bonds:

- principal and interest payment delinquencies;
- non-payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- modifications to the rights of the holders of the Bonds, if material;
- bond calls, if material, or tender offers;
- defeasances;
- release, substitution or sale of property securing repayment of the securities, if material;
- rating changes;
- bankruptcy, insolvency, receivership or a similar event with respect to the County or an obligated person;
- the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- appointment of a successor or additional trustee, or a change of name of a trustee, if material.

"Event Notice" means written or electronic notice of an Event.

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

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

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

- (a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County;
- (b) the undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and
- (c) the amendment does not materially impair the interests of the owners of the Bonds.

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

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

### **Compliance with Prior Undertakings**

The County has previously entered into continuing disclosure agreements in accordance with SEC Rule 15c2-12. The County believes that it is in material compliance with the requirements of outstanding continuing disclosure agreements entered into in connection with general obligation bonds issued by the County.

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

## **LITIGATION**

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

## **RATINGS**

The Bonds have received a rating of "Aaa" from Moody's Investors Service ("Moody's") and a rating of "AA+" from Standard & Poor's Ratings Services ("S&P"). An explanation of the significance of the rating given by Moody's may be obtained from Moody's at 99 Church Street, New York, New York 10007. An explanation of the significance of the rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

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

## **LEGAL MATTERS**

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

## **TRANSCRIPT AND CLOSING DOCUMENTS**

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

### **ADDITIONAL INFORMATION**

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

**OFFICIAL STATEMENT CERTIFICATION**

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

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

SANTA FE COUNTY, NEW MEXICO

By: /s/ \_\_\_\_\_  
Virginia Vigil, Chairperson  
Board of County Commissioners



## APPENDIX A

### OPINION OF BOND COUNSEL

\_\_\_\_\_, 2011

Board of County Commissioners  
Santa Fe County, New Mexico

We have acted as bond counsel to Santa Fe County, New Mexico (the "County") in connection with the issuance of its \$17,500,000 General Obligation Improvement and Refunding Bonds, Series 2011 (the "Bonds") dated \_\_\_\_\_, 2011, with interest payable on January 1, 2012, and semi-annually thereafter on each January 1 and July 1 until maturity, and being bonds in registered form maturing on July 1 in the years 2011 through 2026, inclusive.

\$16,500,000 in principal amount of the Bonds, representing the second and final series of general obligation bonds approved by the qualified electors of the County at an election held on November 4, 2008, are being issued to provide funds for (1) the acquisition, design, construction, improvement, equipping and restoration of open space, trails and parks within the County, (2) the acquisition, construction, design, equipping and improvement of roads within the County, (3) the acquisition, construction, design, equipping and improvement of fire safety facilities within the County, (4) the acquisition of real property and necessary water rights for, and construction, design, equipping, rehabilitation and improvement of water projects within the County and (5) the acquisition, construction, design, equipping, rehabilitation and improvement of waste transfer stations within the County. Bonds in the principal amount of \$1,000,000 are being issued pursuant to Sections 6-15-11 through 6-15-22 NMSA 1978 for the purpose of refunding, redeeming and paying, together with legally available cash, the outstanding Santa Fe County, New Mexico General Obligation Bonds, Series 2001A maturing on and after June 1, 2011.

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

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

2. Assuming continuing compliance by the County with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and with the covenants contained in the Transcript regarding the use, expenditure and investment of Bond proceeds, interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation. Failure of the County to comply with its covenants and with the requirements of the Code may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance.

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

Interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is included as an adjustment in calculating corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax.

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

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

Respectfully,

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS – JUNE 30, 2010**

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

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**STATE OF NEW MEXICO  
SANTA FE COUNTY  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010**

**STATE OF NEW MEXICO  
SANTA FE COUNTY**

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SANTA FE COUNTY**

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SANTA FE COUNTY**

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**STATE OF NEW MEXICO  
SANTA FE COUNTY  
OFFICIAL ROSTER  
JUNE 30, 2010**

**County Commissioners**

Harry B. Montoya	Chairperson
Kathy Holian	Member
Mike Anaya	Member
Liz Stefanics	Member
Virginia Vigil	Member

**County Officials**

Greg Solano	County Sheriff
Victor Montoya	County Treasurer
Valerie Espinoza	County Clerk
Domingo P. Martinez	County Assessor
Mark A. Basham	Probate Judge
Jeffery Ludwig	County Surveyor

**Administrative Officials**

Katherine Miller	County Manager
Joseph Gutierrez	Community Services Department Director
Jeff Trujillo	Administrative Services Department Director
Annabelle Romero	Corrections Department Director
Jack Kolkmeier	Growth Management Department Director
Vacant	Public Works Department Director
Robert Martinez	Transportation Manager
Patricio Guerrero-Ortiz	Utilities Division Director
Bernadette Salazar	Human Resources Division Director
Teresa Martinez	Finance Division Director
Steve Ross	County Attorney

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**STATE OF NEW MEXICO  
SANTA FE COUNTY  
REPORT ON AUDIT OF FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas  
New Mexico State Auditor

County Commissioners of the  
State of New Mexico, Santa Fe County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and other major special revenue funds, of Santa Fe County, New Mexico (County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds, fiduciary funds, and the budgetary comparisons for the major capital projects funds, debt service funds, enterprise funds and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements and schedules are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Fe County, New Mexico, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the

respective financial position of each nonmajor governmental fund and fiduciary funds of Santa Fe County, New Mexico as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital projects funds, debt service funds, enterprise funds and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report date November 11, 2010, on our consideration of Santa Fe County, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for the 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 financial statements. The additional schedules listed as Agency Funds and Other Supplementary Information in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards, Agency Funds Schedules and Other Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

November 11, 2010



**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Required Supplementary Information)**

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

As management of the Santa Fe County, New Mexico (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the current fiscal year.

**FINANCIAL HIGHLIGHTS**

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2009-10 as follows.

- The County's total net assets of governmental activities decreased \$27.3 million and business-type activities increased \$53.5 million. The increase in business-type activities was due to the addition of capital assets funded by governmental activities. This activity is presented as the transfer of \$54.1 million from governmental activities to business-type activities. In total, the net change of \$26.2 million represents an increase of 9 percent from the prior year.
- General revenues from governmental activities accounted for \$106.7 million in revenue, or 82 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23.2 million or 18 percent of total governmental activities revenues. The County had \$2.8 million of program revenues and \$29,894 in general revenues related to business-type activities.
- The County had \$103.1 million in expenses related to governmental activities, a decrease of 5 percent from the prior fiscal year. The County had \$3.5 million in expenses related to business-type activities a decrease of 1 percent from the prior fiscal year.
- The General Fund had \$57.8 million in revenues, which primarily consisted of property and gross receipts taxes. The total expenditures of the General Fund were \$35.4 million. The General Fund's fund balance decreased \$35,649 to \$44.2 million.
- The Fire Operations Fund had \$9.5 million in revenues, which primarily consisted of gross receipts taxes. The total expenditures of the Fire Operations Fund were \$9.2 million. The Fire Operations Fund's fund balance decreased from \$6.7 million at prior fiscal year end to \$6.5 million at current fiscal year end.
- The Utilities Fund's operating expenses of \$2.3 million exceeded operating revenues of \$1.4 million. The Utilities Fund's net assets increased \$53.6 million or 67 percent primarily due to contributions of capital assets from the governmental funds.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the County's activities are presented in the following categories:

- **Governmental activities** – Most of the County's basic services are included here, such as general government, public safety, public works, economic development and culture and recreation. Gross receipts taxes, property taxes, and intergovernmental revenues finance most of these activities.
- **Business-type activities** – The services provided by the County included here are home sales, regional planning, utilities and housing services. The services are primarily financed through charges for services.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Developer Fees, Fire Operations, Law Enforcement Operations, Corrections Operations, Debt Service, Capital Outlay GRT, GO Bond Series 2007, GRT Bond Series 2008, and Capital GRT Bond Series 2010A Funds, all of which are considered to be the County's major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules.

**Proprietary funds.** The County maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its home sales, regional planning authority, utilities, and housing authority.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Under New Mexico Administrative Code Section 2.2.2, governments in New Mexico must include the budgetary comparison statement for the General Fund and major special revenue fund data as a component of the fund financial statements within the basic financial statements.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$298.7 million at the current fiscal year end.

A significant portion of the County's net assets reflects its investment in capital assets (e.g., land, construction in progress, infrastructure, buildings and improvements, and vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the County's net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

	2010 Governmental Activities	2009 Governmental Activities (as restated)	2010 Business-type Activities	2009 Business-type Activities (as restated)	2010 Total	2009 Total (as restated)
Current and other assets	\$ 244,085,653	\$257,560,455	\$ 13,181,743	\$23,767,935	\$ 257,267,396	\$281,328,390
Capital assets, net	154,233,128	134,453,412	130,494,479	66,120,327	284,727,607	200,573,739
<b>Total assets, net</b>	<b>398,318,781</b>	<b>392,013,867</b>	<b>143,676,222</b>	<b>89,888,262</b>	<b>541,995,003</b>	<b>481,902,129</b>
Current and other liabilities	10,590,825	13,394,597	706,539	403,438	11,297,364	13,798,035
Long-term liabilities	232,047,435	195,621,683			232,047,435	195,621,683
<b>Total liabilities</b>	<b>242,638,260</b>	<b>209,016,280</b>	<b>706,539</b>	<b>403,438</b>	<b>243,344,799</b>	<b>209,419,718</b>
Invested in capital assets, net of related debt	87,213,314	2,884,066	130,494,479	67,869,959	217,707,793	70,754,025
Restricted	48,069,112	72,420,213			48,069,112	72,420,213
Unrestricted	20,398,095	107,693,308	12,475,204	21,614,865	32,873,299	129,308,173
<b>Total net assets</b>	<b>\$ 155,680,521</b>	<b>\$182,997,587</b>	<b>\$142,969,683</b>	<b>\$89,484,824</b>	<b>\$ 298,650,204</b>	<b>\$272,482,411</b>

At the end of the current fiscal year the County reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year. The County's financial position is the product of several financial transactions including the net result of activities, the acquisition of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Assets.

- The principal retirement of \$9.0 million of bonds and the issuance of \$43.5 million of revenue bonds.
- The net addition of \$26.8 million of land, construction in progress, infrastructure and building improvements.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
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YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Changes in net assets.** The County's total revenues for the current fiscal year were \$132.8 million. The total cost of all programs and services was \$106.6 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

	2010 Governmental Activities	2009 Governmental Activities (as restated)	2010 Business-type Activities	2009 Business-type Activities (as restated)	2010 Total	2009 Total (as restated)
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11,058,103	\$ 21,428,894	\$ 1,878,836	\$ 2,349,365	\$12,936,939	\$ 23,778,259
Operating grants and contributions	10,508,920	12,357,297	924,216	793,685	11,433,136	13,150,982
Capital grants and contributions	1,622,059	3,619,750		2,435,730	1,622,059	6,055,480
General revenues:						
Property taxes, levied for general purposes	44,629,160	38,946,256			44,629,160	38,946,256
Property taxes, levied for debt service	13,033,227	13,644,415			13,033,227	13,644,415
Gross receipts taxes	42,920,336	41,464,519			42,920,336	41,464,519
Other taxes	2,029,969	2,050,446			2,029,969	2,050,446
Investment income	4,115,458	5,560,567	29,894	69,993	4,145,352	5,630,560
<b>Total revenues</b>	<u>129,917,232</u>	<u>139,072,144</u>	<u>2,832,946</u>	<u>5,648,773</u>	<u>132,750,178</u>	<u>144,720,917</u>
<b>Expenses:</b>						
General government	25,172,987	20,430,292			25,172,987	20,430,292
Public safety	40,389,110	46,475,476			40,389,110	46,475,476
Culture and recreation	1,433,402	967,360			1,433,402	967,360
Public works	3,654,201	591,807			3,654,201	591,807
Highways and streets	7,496,148	10,612,531			7,496,148	10,612,531
Health and welfare	16,840,758	21,718,445			16,840,758	21,718,445
Interest on long-term debt	8,135,830	7,546,977			8,135,830	7,546,977
Home sales				54,342		54,342
Regional planning authority			91,508	114,275	91,508	114,275
Utilities			2,295,463	1,947,173	2,295,463	1,947,173
Housing services			1,072,978	1,369,185	1,072,978	1,369,185
<b>Total expenses</b>	<u>103,122,436</u>	<u>108,342,888</u>	<u>3,459,949</u>	<u>3,484,975</u>	<u>106,582,385</u>	<u>111,827,863</u>
<b>Transfers</b>	<u>(54,111,862)</u>	<u>(36,787,138)</u>	<u>54,111,862</u>	<u>36,787,138</u>		
<b>Changes in net assets</b>	<u>\$ (27,317,066)</u>	<u>\$ (6,057,882)</u>	<u>\$53,484,859</u>	<u>\$ 38,950,936</u>	<u>\$26,167,793</u>	<u>\$ 32,893,054</u>

Total revenues decreased \$9.2 million or 7 percent primarily as a result of increased gross receipt tax collections of \$1.46 million, increased property tax collections (general purposes) of \$5.6 million and decreased charges for services of \$10.4 million. Charges for services revenues decreased \$10.4 million primarily as a result of removing the County's reliance on other third party funding sources to fully fund all health operations and in FY 2010 eliminated such funding. The County will be seeking funding mechanisms to sustain our growing health operations and future budgeting plans will limit growth of current health programs and/or result in reduced health programs as they will be funded solely by gross receipt tax collections. Investment income, and all grants and contributions witnessed decreases largely due to the current economy.

Governmental activities expenses decreased \$5.4 million primarily as a result of the elimination of third party funding for all health programs and necessitated cuts to maintain a balanced budget, decreased funding available for

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

road projects and maintenance, and reduced expenditures for the public safety component. The County initiated cost saving measures that included smart buying practices, reduced travel, reductions to take-home vehicles and cell phones and lastly a freeze on positions, all of which are contributing to the decreased expenses.

**Governmental and Business-type activities.** The following table presents the cost of the eleven (11) major County functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and County's taxpayers by each of these functions.

	2010		2009	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
<b>Governmental Activities</b>				
General government	\$ 25,172,987	\$(19,133,054)	\$ 20,430,292	\$(13,730,415)
Public safety	40,389,110	(30,093,218)	46,475,476	(32,372,694)
Culture and recreation	1,433,402	(1,429,402)	967,360	(911,546)
Public works	3,654,201	(3,654,201)	591,807	(579,307)
Highways and streets	7,496,148	(7,410,799)	10,612,531	(6,536,701)
Health and welfare	16,840,758	(10,076,850)	21,718,445	(11,635,404)
Interest on long-term debt	8,135,830	(8,135,830)	7,546,977	(7,546,977)
<b>Total</b>	\$103,122,436	\$(79,933,354)	\$108,342,888	\$(73,313,044)
<b>Business-type Activities</b>				
Home sales	\$	\$	\$ 54,342	\$ (54,342)
Regional planning authority	91,508	(48,475)	114,275	(43,328)
Utilities	2,295,463	(388,259)	1,947,173	2,548,661
Housing services	1,072,978	(220,163)	1,369,185	(375,626)
<b>Total</b>	\$ 3,459,949	\$ ( 656,897)	\$ 3,484,975	\$ 2,075,365

- The cost of all governmental activities this year was \$103.1 million; the decrease of \$5.2 million from the prior year was primarily due to the elimination of third party funding for all health programs and corresponding cuts, decreased funding available for road projects and maintenance, and reduced expenditures for the public safety component. The County initiated cost saving measures that included smart buying practices, reduced travel, reductions to take-home vehicles and cell phones and lastly a freeze on positions, all of which are contributing to the decreased expenses.
- The cost of all business-type activities this year was \$3.5 million, a decrease of \$25,026 from the prior year.
- Charges for services and contributions subsidized certain governmental programs and business-type programs with revenues of \$26.0 million.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)**

- Net cost of governmental activities of \$79.9 million was financed by general revenues, which are made up of primarily property taxes and gross receipts taxes of \$100.6 million.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$213.1 million, a decrease of \$13.1 million. The General Fund is the principal operating fund of the County. The General Fund's fund balance decreased \$35,649 to \$44.2 million at year end.

**Proprietary Funds.** Net assets of the Enterprise Fund increased \$53.5 million to \$143.0 million at year end primarily due to the acquisition of water rights totaling \$6.8 million from various sellers and acquired 333.3 acre feet. The County issued Gross Receipts Tax Revenue Bonds for \$12.0 million to allow for the acquisition of additional water rights in order to prepare for the completion of the Buckman Direct Diversion (BDD) project and also with the mindset of developing the County's water utility operations. The construction of the BDD Project is nearing completion. The BDD project will be on-line and fully operational by May 2011. The project budget is \$218 million and the County paid the City a total of \$31 million in FY 2010. The County also installed a bulk water system off of N.M. 14 near the county jail. This new system will allow county residents to purchase water at any time and should result in reduced costs for the County. The County also expended funds towards the upgrade to the Valle Vista Waste Water Treatment Facility.

**BUDGETARY HIGHLIGHTS**

There were several amendments to the County's fiscal year 2009-10 operating budget. A statement reporting the original and final budget amounts compared to the County's actual financial activity for the General Fund is provided in this report as a basic financial statement. The significant variances are summarized as follows.



**STATE OF NEW MEXICO  
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**BUDGETARY HIGHLIGHTS (Concl'd)**

- The favorable variance of \$1.0 million in gross receipts tax as the County imposed budget reductions during the fiscal year based on proposed legislative changes that did not materialize. The proposed legislative changes were specific to the food and medical tax exemptions. Additionally, the County received an equalization payment of \$273,845, which provides additional funds to counties with per capita gross receipts below the statewide average. This is the first time the County has qualified for an equalization payment.
- The favorable variance of \$14.8 million in capital outlay was the result of several items. The first item was a \$5.0 million increase to a capital contingency set-aside for this recessionary economy to accommodate any unforeseen capital emergencies or a catastrophic downturn in revenue collections. Thankfully no emergencies arose and revenue sustained at the budget levels, which and resulted in a positive variance. Second, the General Fund was reimbursed \$4.3 million for water right acquisitions funded in the previous fiscal year. Thirdly, a total of \$2.9 million was budgeted for the Judicial Center Complex and did not materialize as the environmental clean-up is still in process. Lastly, potential water rights acquisitions were budgeted at \$4.0 million of which \$2.0 million was unspent.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the County had invested \$284.7 million in capital assets, including buildings, water system, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net decrease prior to depreciation of \$71.5 million. Total depreciation expense for the current fiscal year was \$7.8 million. The following schedule presents capital asset balances for the fiscal years ended June 30, 2010 and June 30, 2009.

	As of June 30, 2010	As of June 30, 2009
<b>Governmental Activities</b>		
Land	\$ 34,985,605	\$ 28,935,735
Buildings and improvements	94,329,984	89,838,769
Infrastructure	37,970,743	34,101,394
Equipment and vehicles	46,461,994	44,447,878
Furniture and fixtures	1,487,761	1,464,286
Construction in progress	21,257,535	11,988,126
Right of way land	5,465,283	5,465,283
Less: Accumulated depreciation	<u>(87,725,777)</u>	<u>(81,788,059)</u>
<b>Total</b>	<u>\$ 154,233,128</u>	<u>\$ 134,453,412</u>
	As of	As of
<b>Business-type Activities</b>	June 30, 2010	June 30, 2009
Land	\$ 2,047,140	\$ 2,047,140
Buildings and improvements	6,654,219	6,595,491
Water systems	14,001,670	4,823,988
Vehicles, furniture and equipment	1,103,054	1,037,945
Construction in progress	82,231,629	46,912,510
Water rights	31,539,221	23,649,563
Less: Accumulated depreciation	<u>(7,082,454)</u>	<u>(6,283,706)</u>
<b>Total</b>	<u>\$ 130,494,479</u>	<u>\$ 78,782,931</u>

**STATE OF NEW MEXICO  
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**CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)**

The estimated cost to complete current construction projects is \$61.0 million.

Additional information on the County's capital assets can be found in Note 5.

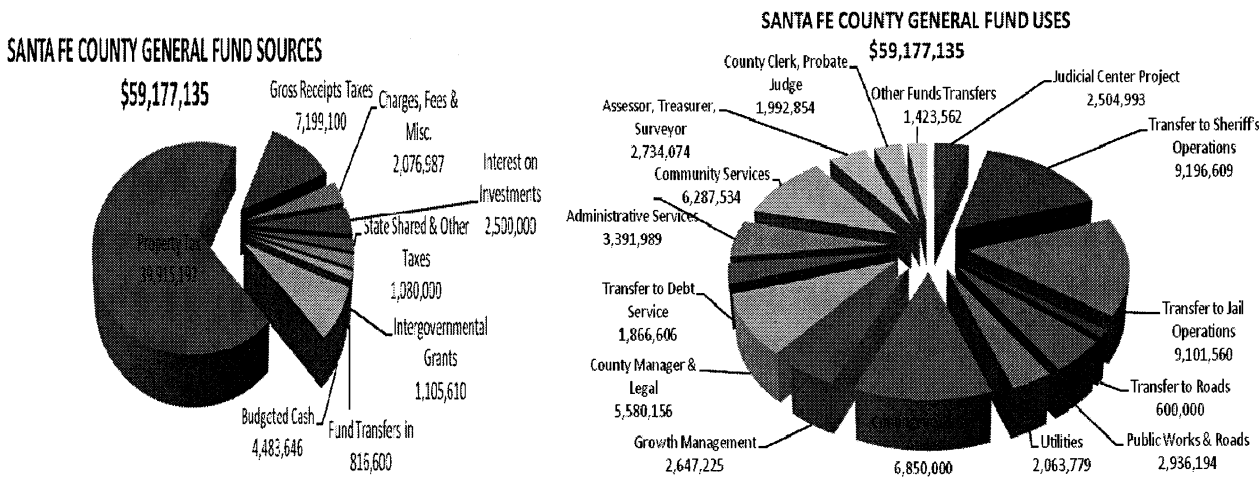
**Debt Administration.** At year end, the County had \$222.1 million in long-term debt outstanding. The following table presents a summary of the County's outstanding long-term debt for the fiscal years ended June 30, 2010 and June 30, 2009.

	<b>Governmental Activities</b>	
	2010	2009
Bonds payable	\$ 123,180,000	\$ 131,500,000
Revenue bonds payable	98,960,000	58,010,000
<b>Total</b>	<b>\$ 222,140,000</b>	<b>\$ 189,510,000</b>

State statutes currently limit the amount of general obligation debt a County may issue to 4 percent of its total assessed valuation for general purposes. The current debt limitation for general purposes for the County is \$268.4 million. State statute currently does not limit the amount of general obligation debt a County may issue for a Water and Wastewater system.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

**Credit Ratings.** On March 8, 2010, Moody's Investor Services reviewed and assigned a Aa2 rating to the Santa Fe County's Capital Outlay Gross Receipts Tax (Joint Water Project Allocation) Revenue Bonds, Series 2010A and Capital Outlay Gross Receipts Tax (County-Only Water Project Allocation) Revenue Bonds, Series 2010B. Such a rating was assigned given that the County's restricted revenues provide satisfactory debt service coverage, the County has a large and diverse tax base and the County maintains solid financial operations with strong reserves.



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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Cont'd)**

The Board of County Commissioners and the management considered many factors and conducted significant research during the development of the fiscal year 2010-2011 budget. Ultimately, the General Fund was budgeted with the use of approximately \$4.5 million in cash, a decrease in budgeted cash of about \$5.5 million from FY 2010. This reduction was realized because of a number of factors including a \$1.8 million reduction in capital purchases and set-asides, a \$2.6 million reduction in operating transfers out mostly for jail debt service which is being funded from the correctional gross receipts tax in FY 2011, a \$.8 million reduction in debt service for the 2008 Series GRT bond, and \$.4 million reduction in the Judicial Complex project which is funded from the cash accumulated from the 1/16<sup>th</sup> gross receipts tax.

Beginning in FY 2009 and continuing through FY 2010 and into FY 2011 the County has been struggling to combat the "great recession" by a variety of cost cutting measures. The hope of the County's governing body and management has been to reduce budgets in a manner that will result in a minimal impact to staff. As of the FY 2011 budget this hope has been realized, but not without an impact to the cash reserves. The cash reserves have historically been allowed to accumulate in order to sustain County operations through economic downturns. In FY 2011 these "rainy day" funds are being tapped. Realizing that cash reserves will eventually deplete, during FY 2011 the Board of County Commissioners will be reviewing program priorities and potentially re-defining its vision of "core government" which will be used as a road map for the FY 2012 budget.

The objectives set for the fiscal year include the following:

- The FY 2011 budget cycle began with a grim picture of the financial future of Santa Fe County and the economy as a whole. The warning bells were sounded at mid-year regarding revenue projections and the need for a significant use of cash reserves to maintain a "status quo" level of service in FY 2011. In response to these factors the County took action to reduce operating budgets by freezing positions, reducing the salaries of upper level staff, developing new revenue generating initiatives, and cutting operating expenses. The Board of County Commissioners maintains a stated goal of riding out this financial storm without a significant impact to services or staff livelihood.
- The County has seen declining revenue collections in one of its primary revenue sources, Gross Receipt Taxes. The County has witnessed that the major industries affected by this recessed economy are the construction, tourism and retail industries and the County forecasted and budgeted a 10% downturn in Gross Receipt Taxes in FY 2010 and projected another 5% downturn in the FY 2011 budget. This resulted in an additional decrease of \$1,950,000 in projected Gross Receipt Taxes for FY 2010. S.A.V.E. (Santa Fe County Accountability, Value and Efficiency) Initiative audited certain routine expenditures and successfully reduced cell phone costs, reduced the amount of take-home vehicles and also focused on reducing energy consumption, which resulted in more than \$2.0 million in savings. This initiative will continue to find innovative ways of saving money and generating new revenue while sustaining adequate spending that impacts ongoing operations.
- The County eliminated the Commissioners community funds in FY 2011 for a total budget cut of \$92,500. In addition, the County reduced significantly, the General Fund capital package and the emergency contingency funds resulting in a total reduction of \$1.8 million. Other measures such as eliminating the student intern program, reducing contractual services, cutting travel, reorganizing work flows at satellite offices, to name a few resulted in a combined savings of \$1.2 million.

**STATE OF NEW MEXICO  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Concl'd)**

- The County has continued to fund wage adjustments for Corrections, Fire and Sheriff's employees based on current negotiated bargaining agreements. However, non-bargaining unit employees did not receive cost of living adjustments (COLA) for the last two fiscal years. The merit pool was cut in FY 2010 and was not funded in FY 2011.

The US Census Bureau population estimate for 2009 is 147,532, which includes the City of Santa Fe. This estimate reflects a population percentage *increase* in the period from April, 2000 to June, 2009 of 14.1% -- larger than the State as a whole which has an estimated 10.5% increase during that same period. In 2008, total employment was 73,480 persons. Santa Fe's cost of living is above the national average, with a cost of living index of 97.6 in 2009. Wages stayed around the national average, but above the average wages for the State of New Mexico. The median household income in Santa Fe County was \$55,461 in 2008, compared to the state median of \$43,719. The median price for a home for Santa Fe County was \$319,700. Population estimates for Santa Fe County projected through the year 2035 indicate a slow and steady growth rate, however the rate of growth will not be as high as the State as a whole. As of 2008, Santa Fe's population had a median age of 41 years.

Still, Santa Fe County's economy is driven by tourism and recreation. Like other regions of the State and country, these two sectors of the economy have been hard hit by the "great recession" which started in FY 2008, as have the construction and real estate sectors.

All of these indicators were considered when preparing the fiscal year 2011 budget. The General Fund budget totals \$59,177,136 a decrease of 6 percent from FY 2010. Gross receipt taxes are expected to decline by 5% percent and property tax revenue estimates were increased by 5 percent. Budgeted expenditures in the General Fund also decreased 6 percent in FY 2011. This decrease is the result of decreases in contingencies and set-asides of \$1.8 million, reductions in debt service payment funded through the 1/16<sup>th</sup> gross receipt tax, budget cuts and a hiring freeze and a reduction in the support required for the Corrections Department.

The County's plan will focus on long-term financial planning to ensure sustainable budgets, economic development and the prioritization of core services in the event of programmatic cuts and lay-offs. The County will explore regional cost sharing efforts as well. Looking forward, the County will be affected by slowed revenue collections and increased general fund support to jail and health operations. Additionally, the County will have to focus strongly on the Adult and Juvenile facilities, fire operations, health operations and the regional emergency communications center and their potential threat to General Fund cash reserves. The county adopted a balanced budget for fiscal 2011 with minimal impact to staff and programs. The county does anticipate a decreasing change in reserve levels at year-end.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Department, Santa Fe County, 102 Grant Avenue, Santa Fe, New Mexico 87501 or visit our website at [www.santafecounty.nm.us](http://www.santafecounty.nm.us).

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2010**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 204,721,730	\$ 12,352,153	\$ 217,073,883
Receivables	6,908,817	733,315	7,642,132
Long-term receivables	14,236,604		14,236,604
Taxes receivable	13,871,554		13,871,554
<b>Total current assets</b>	<b>239,738,705</b>	<b>13,085,468</b>	<b>252,824,173</b>
Noncurrent assets:			
Cash and investments - restricted	2,842,418		2,842,418
Long-term receivables		96,275	96,275
Deferred charges	1,504,530		1,504,530
Land	34,985,605	2,047,140	37,032,745
Buildings and improvements	94,329,984	6,654,219	100,984,203
Water system		13,854,670	13,854,670
Infrastructure	37,970,743		37,970,743
Equipment and vehicles	46,461,994	499,730	46,961,724
Furniture and fixtures	1,487,761	479,441	1,967,202
Construction in progress	21,257,535	82,231,629	103,489,164
Water rights		31,539,221	31,539,221
Right of way land	5,465,283		5,465,283
Accumulated depreciation	(87,725,777)	(6,811,571)	(94,537,348)
<b>Total noncurrent assets</b>	<b>158,580,076</b>	<b>130,590,754</b>	<b>289,170,830</b>
<b>Total assets</b>	<b>398,318,781</b>	<b>143,676,222</b>	<b>541,995,003</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,158,122	162,682	1,320,804
Accrued payroll	1,599,168	45,054	1,644,222
Due to other governments		71,334	71,334
Unearned revenue	1,804,954	248,500	2,053,454
Deposits held for others	123,729	174,149	297,878
Other liabilities	128,630	4,820	133,450
Accrued interest payable	3,035,544		3,035,544
Compensated absences payable	3,076,716		3,076,716
Bonds payable	9,215,000		9,215,000
<b>Total current liabilities</b>	<b>20,141,863</b>	<b>706,539</b>	<b>20,848,402</b>
Noncurrent liabilities:			
Deferred bond items	2,740,678		2,740,678
Non-current portion of long-term obligations	219,755,719		219,755,719
<b>Total non-current liabilities</b>	<b>222,496,397</b>		<b>222,496,397</b>
<b>Total liabilities</b>	<b>242,638,260</b>	<b>706,539</b>	<b>243,344,799</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	87,213,314	130,494,479	217,707,793
Restricted for:			
Restricted for debt service	18,348,113		18,348,113
Restricted for capital outlay	29,720,999		29,720,999
Unrestricted	20,398,095	12,475,204	32,873,299
<b>Total net assets</b>	<b>\$ 155,680,521</b>	<b>\$ 142,969,683</b>	<b>\$ 298,650,204</b>

**The notes to the financial statements are an integral part of this statement.**

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

<b>Functions/Programs</b>	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 25,172,987	\$ 2,445,628	\$ 2,395,971	\$ 1,198,334	\$ (19,133,054)
Public safety	40,389,110	5,921,693	4,374,199		(30,093,218)
Culture and recreation	1,433,402		4,000		(1,429,402)
Public works	3,654,201				(3,654,201)
Highways and streets	7,496,148	7,699	69,549	8,101	(7,410,799)
Health and welfare	16,840,758	2,683,083	3,665,201	415,624	(10,076,850)
Interest on long-term debt	8,135,830				(8,135,830)
<b>Total governmental activities</b>	<b>103,122,436</b>	<b>11,058,103</b>	<b>10,508,920</b>	<b>1,622,059</b>	<b>(79,933,354)</b>
Business-type activities:					
Regional planning authority	91,508	43,033			
Utilities	2,295,463	1,452,315	454,889		
Housing services	1,072,978	383,488	469,327		
<b>Total business-type activities</b>	<b>3,459,949</b>	<b>1,878,836</b>	<b>924,216</b>		
<b>Total primary government</b>	<b>\$ 106,582,385</b>	<b>\$ 12,936,939</b>	<b>\$ 11,433,136</b>	<b>\$ 1,622,059</b>	<b>(79,933,354)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					
					44,629,160
Property taxes, levied for debt service					
					13,033,227
Gross receipts taxes					
					42,920,336
Other taxes					
					2,029,969
Investment income					
					4,115,458
<b>Transfers</b>					
					(54,111,862)
<b>Total general revenues and transfers</b>					
					52,616,288
<b>Changes in net assets</b>					
					(27,317,066)
<b>Net assets, beginning of year, as restated</b>					
					182,997,587
<b>Net assets, end of year</b>					
					\$ 155,680,521

**The notes to the financial statements are an integral part of this statement.**

Net (Expense) Revenue and Changes  
in Net Assets

Business-type Activities	Totals
\$	\$ (19,133,054)
	(30,093,218)
	(1,429,402)
	(3,654,201)
	(7,410,799)
	(10,076,850)
	<u>(8,135,830)</u>
	<u>(79,933,354)</u>
(48,475)	(48,475)
(388,259)	(388,259)
<u>(220,163)</u>	<u>(220,163)</u>
<u>(656,897)</u>	<u>(656,897)</u>
<u>(656,897)</u>	<u>(80,590,251)</u>
	44,629,160
	13,033,227
	42,920,336
	2,029,969
29,894	4,145,352
<u>54,111,862</u>	
<u>54,141,756</u>	<u>106,758,044</u>
53,484,859	26,167,793
<u>89,484,824</u>	<u>272,482,411</u>
<u>\$ 142,969,683</u>	<u>\$ 298,650,204</u>

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**FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>General</u>	<u>Developer Fees</u>	<u>Fire Operations</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 42,695,468	\$ 1,879,474	\$ 5,352,176
Cash and investments - restricted			
Receivables	2,020,545	14,337,304	2,062,133
Taxes receivable	6,145,824		1,388,570
Due from other funds	1,020,896		
<b>Total assets</b>	<u>\$ 51,882,733</u>	<u>\$ 16,216,778</u>	<u>\$ 8,802,879</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 354,080	\$	\$ 52,619
Accrued payroll	539,918	6,250	232,923
Due to other funds			
Deferred revenue	6,768,764	14,297,304	2,060,776
Deposits held for others			
Other liabilities	13,659	40,000	125
<b>Total liabilities</b>	<u>7,676,421</u>	<u>14,343,554</u>	<u>2,346,443</u>
Fund balances (deficits):			
Reserved for encumbrances	2,850,794	39	600,409
Contingency	1,815,290		
Unreserved:			
Undesignated	39,540,228	1,873,185	5,856,027
Unreserved reported in:			
Special revenue funds			
Capital projects funds			
Debt service funds			
<b>Total fund balances</b>	<u>44,206,312</u>	<u>1,873,224</u>	<u>6,456,436</u>
<b>Total liabilities and fund balances</b>	<u>\$ 51,882,733</u>	<u>\$ 16,216,778</u>	<u>\$ 8,802,879</u>

**The notes to the financial statements are an integral part of this statement.**

Law Enforcement Operations	Corrections Operations	Debt Service	Capital Outlay GRT	GO Bond Series 2007	GRT Bond Series 2008
\$ 202,582	\$ 7,714,324	\$ 12,044,202	\$ 26,258,311	\$ 12,654,035	\$ 30,060,861
269,745	217,528	1,462,766	1,563,178		
<u>\$ 472,327</u>	<u>\$ 7,931,852</u>	<u>\$ 13,506,968</u>	<u>\$ 27,821,489</u>	<u>\$ 12,654,035</u>	<u>\$ 30,060,861</u>
\$ 35,885	\$ 260,658	\$ 2,935	\$ 52,550	\$ 49,372	\$
218,022	397,523				
141,414	220,044	1,283,327			
	15,732				
<u>395,321</u>	<u>893,957</u>	<u>1,286,262</u>	<u>52,550</u>	<u>49,372</u>	
138,833	1,043,854		2,432,549	10,250,708	25,910,193
(61,827)	5,994,041	12,220,706	25,336,390	2,353,955	4,150,668
<u>77,006</u>	<u>7,037,895</u>	<u>12,220,706</u>	<u>27,768,939</u>	<u>12,604,663</u>	<u>30,060,861</u>
<u>\$ 472,327</u>	<u>\$ 7,931,852</u>	<u>\$ 13,506,968</u>	<u>\$ 27,821,489</u>	<u>\$ 12,654,035</u>	<u>\$ 30,060,861</u>

(Continued)

STATE OF NEW MEXICO  
SANTA FE COUNTY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010  
(Concluded)

	Capital GRT Bond Series 2010A	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 6,488,758	\$ 59,371,539	\$ 204,721,730
Cash and investments - restricted		2,842,418	2,842,418
Receivables		2,238,166	21,145,421
Taxes receivable		3,311,216	13,871,554
Due from other funds			1,020,896
<b>Total assets</b>	<u>\$ 6,488,758</u>	<u>\$ 67,763,339</u>	<u>\$ 243,602,019</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$	\$ 350,023	\$ 1,158,122
Accrued payroll		204,532	1,599,168
Due to other funds		1,020,896	1,020,896
Deferred revenue		1,655,663	26,427,292
Deposits held for others		123,729	123,729
Other liabilities		59,114	128,630
<b>Total liabilities</b>		<u>3,413,957</u>	<u>30,457,837</u>
Fund balances (deficits):			
Reserved for encumbrances	40,031	9,168,561	52,435,971
Contingency			1,815,290
Unreserved:			
Undesignated	6,448,727		103,712,100
Unreserved reported in:			
Special revenue funds		28,530,071	28,530,071
Capital projects funds		21,813,323	21,813,323
Debt service funds		4,837,427	4,837,427
<b>Total fund balances</b>	<u>6,488,758</u>	<u>64,349,382</u>	<u>213,144,182</u>
<b>Total liabilities and fund balances</b>	<u>\$ 6,488,758</u>	<u>\$ 67,763,339</u>	<u>\$ 243,602,019</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
SANTA FE COUNTY  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010

**Total governmental fund balances** **\$ 213,144,182**

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 241,958,905	
Less accumulated depreciation	<u>(87,725,777)</u>	154,233,128

Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Property taxes	6,794,312	
Mortgages	14,297,304	
Charges for services	3,134,972	
Intergovernmental	<u>395,750</u>	24,622,338

Deferred charges related to the issuance of debt are amortized over the life of the associated debt in the government-wide statements. 1,504,530

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred bond issuance items	(2,740,678)	
Bonds payable	(223,805,000)	
Accrued interest payable	(3,035,544)	
Compensated absences payable	(3,076,716)	
Pollution remediation	(3,200,000)	
Landfill closure and post closure costs payable	<u>(1,965,719)</u>	<u>(237,823,657)</u>

**Net assets of governmental activities** **\$ 155,680,521**

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	General	Developer Fees	Fire Operations
<b>Revenues:</b>			
Property tax	\$ 42,422,144	\$	\$
Gross receipts tax	7,820,495		7,906,288
Other taxes and assessments	1,012,028		
Charges for services and fees	1,797,439	70,208	759,634
Other	71,962		41,247
Interest earnings	2,607,879	25,843	
Intergovernmental	2,041,235		828,728
<b>Total revenues</b>	57,773,182	96,051	9,535,897
<b>Expenditures:</b>			
Current -			
General government	20,447,002		
Public safety			8,638,618
Culture and recreation	819,119		
Public works	3,611,603		
Highways and streets	1,003,183		
Health and welfare	803,650	245,311	
Capital outlay	8,722,524		590,167
Debt service -			
Principal retirement			
Interest and fiscal charges			
Bond issuance costs			
<b>Total expenditures</b>	35,407,081	245,311	9,228,785
<b>Excess (deficiency) of revenues over expenditures</b>	22,366,101	(149,260)	307,112
<b>Other financing sources (uses):</b>			
Transfer in	5,600,880		
Issuance of general obligation bonds			
Issuance of revenue bonds			
Premium on sale of bonds			
Payment to refunded bond escrow agent			
Transfer out	(28,002,630)		(585,746)
<b>Total other financing sources (uses)</b>	(22,401,750)		(585,746)
<b>Changes in fund balances</b>	(35,649)	(149,260)	(278,634)
<b>Fund balances, beginning of year, as restated</b>	44,241,961	2,022,484	6,735,070
<b>Fund balances, end of year</b>	\$ 44,206,312	\$ 1,873,224	\$ 6,456,436

The notes to the financial statements are an integral part of this statement.

Law Enforcement Operations	Corrections Operations	Debt Service	Capital Outlay GRT	GO Bond Series 2007	GRT Bond Series 2008
\$	\$	\$ 12,521,922	\$ 8,971,812	\$	\$
37,243	4,002,033				
	44,281		53,958		
50,600	154,268			160,657	743,192
1,396,199	271,295				
<u>1,484,042</u>	<u>4,471,877</u>	<u>12,521,922</u>	<u>9,025,770</u>	<u>160,657</u>	<u>743,192</u>
9,143,383	18,161,561				
946,915	63,818		20,704,055	3,428,122	
		6,385,000			
		5,314,291			
		166,818			
<u>10,090,298</u>	<u>18,225,379</u>	<u>11,866,109</u>	<u>20,704,055</u>	<u>3,428,122</u>	
<u>(8,606,256)</u>	<u>(13,753,502)</u>	<u>655,813</u>	<u>(11,678,285)</u>	<u>(3,267,465)</u>	<u>743,192</u>
8,683,262	16,404,562	5,558	2,699,048		
		13,505,000			
		541,234			
		(13,899,584)			
	(2,244,480)		(782,608)		(694,223)
<u>8,683,262</u>	<u>14,160,082</u>	<u>152,208</u>	<u>1,916,440</u>		<u>(694,223)</u>
77,006	406,580	808,021	(9,761,845)	(3,267,465)	48,969
	6,631,315	11,412,685	37,530,784	15,872,128	30,011,892
<u>\$ 77,006</u>	<u>\$ 7,037,895</u>	<u>\$ 12,220,706</u>	<u>\$ 27,768,939</u>	<u>\$ 12,604,663</u>	<u>\$ 30,060,861</u>

(Continued)

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010  
(Concluded)**

	Capital GRT Bond Series 2010A	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property tax	\$	\$ 1,516,855	\$ 56,460,921
Gross receipts tax		18,221,741	42,920,336
Other taxes and assessments		1,018,877	2,030,905
Charges for services and fees		856,264	7,522,821
Other		41,886	253,334
Interest earnings	16,563	356,456	4,115,458
Intergovernmental		10,397,024	14,934,481
<b>Total revenues</b>	<u>16,563</u>	<u>32,409,103</u>	<u>128,238,256</u>
<b>Expenditures:</b>			
Current -			
General government		1,175,085	21,622,087
Public safety		1,206,711	37,150,273
Culture and recreation		558,501	1,377,620
Public works		42,598	3,654,201
Highways and streets		5,348,447	6,351,630
Health and welfare		15,466,821	16,515,782
Capital outlay	15,828,446	26,970,364	77,254,411
Debt service -			
Principal retirement		2,590,000	8,975,000
Interest and fiscal charges		3,669,688	8,983,979
Bond issuance costs	306,610	260,886	734,314
<b>Total expenditures</b>	<u>16,135,056</u>	<u>57,289,101</u>	<u>182,619,297</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(16,118,493)</u>	<u>(24,879,998)</u>	<u>(54,381,041)</u>
<b>Other financing sources (uses):</b>			
Transfer in		14,323,175	47,716,485
Issuance of general obligation bonds			13,505,000
Issuance of revenue bonds	21,215,000	22,285,000	43,500,000
Premium on sale of bonds	1,392,251	956,884	2,890,369
Payment to refunded bond escrow agent			(13,899,584)
Transfer out		(20,176,708)	(52,486,395)
<b>Total other financing sources (uses)</b>	<u>22,607,251</u>	<u>17,388,351</u>	<u>41,225,875</u>
<b>Changes in fund balances</b>	<u>6,488,758</u>	<u>(7,491,647)</u>	<u>(13,155,166)</u>
<b>Fund balances, beginning of year, as restated</b>		71,841,029	226,299,348
<b>Fund balances, end of year</b>	<u>\$ 6,488,758</u>	<u>\$ 64,349,382</u>	<u>\$ 213,144,182</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

**Net changes in fund balances - total governmental funds** **\$ (13,155,166)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	26,752,414	
Less current year depreciation	<u>(6,972,698)</u>	19,779,716

Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	1,201,466	
Mortgages	1,488,459	
Charges for services	1,792,553	
Intergovernmental	(2,803,502)	
Deferred bond premium	<u>144,246</u>	1,823,222

Issuance of debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets. (57,005,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 22,710,000

Governmental funds report the effect of issuance costs, premium, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (1,781,639)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences payable	(190,136)	
Amortization of deferred bond issuance items	(85,164)	
Accrued interest on long-term debt	579,235	
Lanfill closure and post closure	<u>7,866</u>	<u>311,801</u>

**Change in net assets in governmental activities** **\$ (27,317,066)**

**The notes to the financial statements are integral part of this statement.**

STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>				
Property tax	\$ 37,780,000	\$ 37,780,000	\$ 42,316,635	\$ 4,536,635
Gross receipts tax	7,578,000	6,820,216	7,864,775	1,044,559
Other taxes and assessments	1,130,500	1,130,500	1,377,940	247,440
Charges for services and fees	1,579,494	1,580,894	1,797,439	216,545
Other	70,000	70,000	71,962	1,962
Interest earnings	2,500,000	2,500,000	2,607,879	107,879
Intergovernmental	1,576,527	1,625,206	1,989,605	364,399
<b>Total revenues</b>	<u>52,214,521</u>	<u>51,506,816</u>	<u>58,026,235</u>	<u>6,519,419</u>
<b>Cash balance carryforward</b>	<u>9,987,294</u>	<u>28,517,772</u>		
<b>Total</b>	<u>\$ 62,201,815</u>	<u>\$ 80,024,588</u>		
<b>Expenditures:</b>				
Current -				
General government	\$ 23,619,499	\$ 24,547,400	23,297,796	1,249,604
Culture and recreation	1,032,346	1,018,639	819,119	199,520
Public works	4,223,817	4,082,411	3,611,603	470,808
Highways and streets	1,141,015	1,144,450	1,003,183	141,267
Health and welfare	1,055,889	1,405,546	803,650	601,896
Capital outlay	8,814,855	23,489,503	8,722,524	14,766,979
<b>Total expenditures</b>	<u>39,887,421</u>	<u>55,687,949</u>	<u>38,257,875</u>	<u>17,430,074</u>
<b>Other financing sources (uses):</b>				
Transfer in	950,000	5,600,881	5,600,880	(1)
Transfer out	(23,264,394)	(29,944,602)	(28,002,630)	1,941,972
<b>Total other financing sources (uses)</b>	<u>(22,314,394)</u>	<u>(24,343,721)</u>	<u>(22,401,750)</u>	<u>1,941,971</u>
<b>Change in fund balance - Budgetary basis</b>			(2,633,390)	
<b>Reconciliation to change in fund balance -GAAP basis:</b>				
Revenue accruals, net of prior year amounts			(253,053)	
Outstanding encumbrances recorded as budgetary expenditures			<u>2,850,794</u>	
<b>Change in fund balance - GAAP basis</b>			<u>\$ (35,649)</u>	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - DEVELOPER FEES FUND  
YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>				
Property tax	\$	\$	\$	\$
Gross receipts tax				
Other taxes and assessments				
Charges for services and fees			70,208	70,208
Other				
Interest earnings			25,843	25,843
Intergovernmental				
<b>Total revenues</b>			96,051	96,051
<b>Cash balance carryforward</b>	228,449	711,979		
<b>Total</b>	\$ 228,449	\$ 711,979		
<b>Expenditures:</b>				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Public works				
Highways and streets				
Health and welfare	228,449	711,979	245,350	466,629
Capital outlay				
<b>Total expenditures</b>	228,449	711,979	245,350	466,629
<b>Other financing sources (uses):</b>				
Transfer in				
Transfer out				
<b>Total other financing sources (uses)</b>				
<b>Change in fund balance - Budgetary basis</b>			(149,299)	
<b>Reconciliation to change in fund balance-GAAP basis:</b>				
Revenue accruals, net of prior year amounts			39	
Outstanding encumbrances recorded as budgetary expenditures			39	
<b>Change in fund balance - GAAP basis</b>			\$ (149,260)	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - FIRE OPERATIONS FUND  
YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>				
Property tax	\$	\$	\$	\$
Gross receipts tax	8,100,000	8,004,746	7,938,027	(66,719)
Other taxes and assessments				
Charges for services and fees	700,000	700,000	813,632	113,632
Other		38,718	41,247	2,529
Interest earnings				
Intergovernmental	785,880	1,283,193	852,735	(430,458)
<b>Total revenues</b>	<u>9,585,880</u>	<u>10,026,657</u>	<u>9,645,641</u>	<u>(381,016)</u>
<b>Cash balance carryforward</b>	<u>608,731</u>	<u>1,524,625</u>		
<b>Total</b>	<u>\$ 10,194,611</u>	<u>\$ 11,551,282</u>		
<b>Expenditures:</b>				
Current -				
General government	\$	\$		
Public safety	9,683,795	10,010,518	9,239,027	771,491
Culture and recreation				
Public works				
Highways and streets				
Health and welfare				
Capital outlay	510,816	955,018	590,167	364,851
<b>Total expenditures</b>	<u>10,194,611</u>	<u>10,965,536</u>	<u>9,829,194</u>	<u>1,136,342</u>
<b>Other financing sources (uses):</b>				
Transfer in				
Transfer out	(608,731)	(585,746)	(585,746)	
<b>Total other financing sources (uses)</b>	<u>(608,731)</u>	<u>(585,746)</u>	<u>(585,746)</u>	
<b>Change in fund balance - Budgetary basis</b>			(769,299)	
<b>Reconciliation to change in fund balance-GAAP basis:</b>				
Revenue accruals, net of prior year amounts			(109,744)	
Outstanding encumbrances recorded as budgetary expenditures			<u>600,409</u>	
<b>Change in fund balance - GAAP basis</b>			<u>\$ (278,634)</u>	



STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - LAW ENFORCEMENT OPERATIONS FUND  
YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>				
Property tax	\$	\$	\$	\$
Gross receipts tax				
Other taxes and assessments				
Charges for services and fees		319	37,243	36,924
Other		25,579		(25,579)
Interest earnings			50,600	50,600
Intergovernmental	741,403	1,874,751	1,267,868	(606,883)
<b>Total revenues</b>	<u>741,403</u>	<u>1,900,649</u>	<u>1,355,711</u>	<u>(544,938)</u>
<b>Cash balance carryforward</b>		<u>206,508</u>		
<b>Total</b>	<u>\$ 741,403</u>	<u>\$ 2,107,157</u>		
<b>Expenditures:</b>				
Current -				
General government	\$	\$		
Public safety	10,245,390	11,114,302	9,282,216	1,832,086
Culture and recreation				
Public works				
Highways and streets				
Health and welfare				
Capital outlay	2,400	996,457	946,915	49,542
<b>Total expenditures</b>	<u>10,247,790</u>	<u>12,110,759</u>	<u>10,229,131</u>	<u>1,881,628</u>
<b>Other financing sources (uses):</b>				
Transfer in	9,506,387	10,003,603	8,683,262	(1,320,341)
Transfer out				
<b>Total other financing sources (uses)</b>	<u>9,506,387</u>	<u>10,003,603</u>	<u>8,683,262</u>	<u>1,320,341</u>
<b>Change in fund balance - Budgetary basis</b>			(190,158)	
<b>Reconciliation to change in fund balance-GAAP basis:</b>				
Revenue accruals, net of prior year amounts			128,331	
Outstanding encumbrances recorded as budgetary expenditures			<u>138,833</u>	
<b>Change in fund balance - GAAP basis</b>			<u>\$ 77,006</u>	

STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - CORRECTIONS OPERATIONS FUND  
YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>				
Property tax	\$	\$	\$	\$
Gross receipts tax				
Other taxes and assessments				
Charges for services and fees	7,770,250	4,467,075	4,002,033	(465,042)
Other	100,000	100,000	44,281	(55,719)
Interest earnings	125,000	125,000	154,268	29,268
Intergovernmental	80,000	131,805	271,295	139,490
<b>Total revenues</b>	<u>8,075,250</u>	<u>4,823,880</u>	<u>4,471,877</u>	<u>(352,003)</u>
<b>Cash balance carryforward</b>	<u>2,844,243</u>	<u>3,614,159</u>		
<b>Total</b>	<u>\$ 10,919,493</u>	<u>\$ 8,438,039</u>		
<b>Expenditures:</b>				
Current -				
General government	\$	\$		
Public safety	22,068,813	21,922,745	19,205,415	2,717,330
Culture and recreation				
Public works				
Highways and streets				
Health and welfare				
Capital outlay	421,000	675,376	63,818	611,558
<b>Total expenditures</b>	<u>22,489,813</u>	<u>22,598,121</u>	<u>19,269,233</u>	<u>3,328,888</u>
<b>Other financing sources (uses):</b>				
Transfer in	11,570,320	16,781,947	16,404,562	(377,385)
Transfer out		(2,621,865)	(2,244,480)	377,385
<b>Total other financing sources (uses)</b>	<u>11,570,320</u>	<u>14,160,082</u>	<u>14,160,082</u>	
<b>Change in fund balance - Budgetary basis</b>			(637,274)	
<b>Reconciliation to change in fund balance-GAAP basis:</b>				
Revenue accruals, net of prior year amounts				
Outstanding encumbrances recorded as budgetary expenditures			<u>1,043,854</u>	
<b>Change in fund balance - GAAP basis</b>			<u>\$ 406,580</u>	

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010**

	Enterprise Funds				Total
	Home Sales	Regional Planning Authority	Utilities	Housing Services	
<b><u>ASSETS</u></b>					
Current assets:					
Cash and investments	\$ 4,861,697	\$ 198,279	\$ 6,160,454	\$ 1,131,723	\$ 12,352,153
Accounts receivable		341	562,597	170,377	733,315
<b>Total current assets</b>	<u>4,861,697</u>	<u>198,620</u>	<u>6,723,051</u>	<u>1,302,100</u>	<u>13,085,468</u>
Noncurrent assets:					
Long-term receivables	96,275				96,275
Land			1,347,625	699,515	2,047,140
Buildings and improvements			19,740	6,634,479	6,654,219
Water system			13,854,670		13,854,670
Equipment and vehicles			499,730		499,730
Furniture and fixtures		7,650		471,791	479,441
Construction in progress			82,231,629		82,231,629
Water rights			31,539,221		31,539,221
Accumulated depreciation		(5,182)	(2,692,830)	(4,113,559)	(6,811,571)
<b>Total noncurrent assets</b>	<u>96,275</u>	<u>2,468</u>	<u>126,799,785</u>	<u>3,692,226</u>	<u>130,590,754</u>
<b>Total assets</b>	<u>\$ 4,957,972</u>	<u>\$ 201,088</u>	<u>\$133,522,836</u>	<u>\$ 4,994,326</u>	<u>\$143,676,222</u>
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	\$	\$ 463	\$ 71,161	\$ 91,058	\$ 162,682
Accrued payroll			29,942	15,112	45,054
Due to other governments			48,573	22,761	71,334
Unearned revenue	96,275		152,225		248,500
Deposits held for others			127,053	47,096	174,149
Other liabilities				4,820	4,820
<b>Total liabilities</b>	<u>96,275</u>	<u>463</u>	<u>428,954</u>	<u>180,847</u>	<u>706,539</u>
<b><u>NET ASSETS</u></b>					
Invested in capital assets		2,468	126,799,785	3,692,226	130,494,479
Unrestricted	4,861,697	198,157	6,294,097	1,121,253	12,475,204
<b>Total net assets</b>	<u>4,861,697</u>	<u>200,625</u>	<u>133,093,882</u>	<u>4,813,479</u>	<u>142,969,683</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,957,972</u>	<u>\$ 201,088</u>	<u>\$133,522,836</u>	<u>\$ 4,994,326</u>	<u>\$143,676,222</u>

STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				Total
	Home Sales	Regional Planning Authority	Utilities	Housing Services	
<b>Operating revenues:</b>					
Charges for services	\$	\$ 43,033	\$ 1,440,441	\$ 383,488	\$ 1,866,962
<b>Total operating revenues</b>		43,033	1,440,441	383,488	1,866,962
<b>Operating expenses:</b>					
Cost of sales and services		91,508	1,657,430	843,915	2,592,853
Administration				42,190	42,190
Depreciation			638,033	186,873	824,906
<b>Total operating expenses</b>		91,508	2,295,463	1,072,978	3,459,949
<b>Operating loss</b>		(48,475)	(855,022)	(689,490)	(1,592,987)
<b>Nonoperating revenues (expenses):</b>					
Other			11,874		11,874
Interest earnings			23,612	6,282	29,894
Intergovernmental			454,889	469,327	924,216
<b>Total nonoperating revenues (expenses)</b>			490,375	475,609	965,984
<b>Income (loss) before capital contributions and transfers</b>		(48,475)	(364,647)	(213,881)	(627,003)
<b>Contributed capital</b>			49,239,927	102,025	49,341,952
<b>Transfer in</b>		38,050	4,850,942		4,888,992
<b>Transfer out</b>			(119,082)		(119,082)
<b>Changes in net assets</b>		(10,425)	53,607,140	(111,856)	53,484,859
<b>Total net assets, beginning of year, as restated</b>	4,861,697	211,050	79,486,742	4,925,335	89,484,824
<b>Total net assets, end of year</b>	\$ 4,861,697	\$ 200,625	\$133,093,882	\$ 4,813,479	\$142,969,683

STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				Total
	Home Sales	Regional Planning Authority	Utilities	Housing Services	
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>					
Cash flows from operating activities:					
Cash received from customers	\$	\$ 62,780	\$ 1,382,208	\$ 252,274	\$ 1,697,262
Cash payments to suppliers for goods and services		(52,388)	(783,938)	(223,927)	(1,060,253)
Cash payments to employees for services		(42,022)	(838,386)	(575,602)	(1,456,010)
<b>Net cash provided by (used for) operating activities</b>		<u>(31,630)</u>	<u>(240,116)</u>	<u>(547,255)</u>	<u>(819,001)</u>
Cash flows from noncapital and related financing activities:					
Operating grants received			618,988	469,327	1,088,315
Interfund transfers		38,050	4,731,860		4,769,910
<b>Net cash provided by (used for) noncapital financing activities</b>		<u>38,050</u>	<u>5,350,848</u>	<u>469,327</u>	<u>5,858,225</u>
Cash flows from capital and related financing activities:					
Capital grants received				22,811	22,811
Acquisition of capital assets			(3,216,296)		(3,216,296)
<b>Net cash provided by (used) for capital and related financing activities</b>			<u>(3,216,296)</u>	<u>22,811</u>	<u>(3,193,485)</u>
Cash flows from investing activities:					
Investment income			23,612	6,282	29,894
<b>Net cash provided by investing activities</b>			<u>23,612</u>	<u>6,282</u>	<u>29,894</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>6,420</u>	<u>1,918,048</u>	<u>(48,835)</u>	<u>1,875,633</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>4,861,697</u>	<u>191,859</u>	<u>4,242,406</u>	<u>1,180,558</u>	<u>10,476,520</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,861,697</u>	<u>\$ 198,279</u>	<u>\$ 6,160,454</u>	<u>\$ 1,131,723</u>	<u>\$ 12,352,153</u>
<b><u>Reconciliation of Operating Income (Loss) to</u></b>					
<b><u>Net Cash Provided by (Used for) Operating Activities</u></b>					
<b>Operating income (loss)</b>	\$	\$ (48,475)	\$ (855,022)	\$ (689,490)	\$ (1,592,987)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation			638,033	186,873	824,906
Change in assets and liabilities:					
(Increase) decrease in receivables		19,747	(140,129)	(116,787)	(237,169)
Increase (decrease) in accounts payable		(198)	(23,975)	82,797	58,624
Increase (decrease) in accrued payroll and employee benefits		(2,704)	10,508	(1,041)	6,763
Increase (decrease) in due to other governments			48,573	22,761	71,334
Increase (decrease) in deposits held for others			81,896	(37,188)	44,708
Increase (decrease) in other liabilities				4,820	4,820
<b>Total adjustments</b>		<u>16,845</u>	<u>614,906</u>	<u>142,235</u>	<u>773,986</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$</u>	<u>\$ (31,630)</u>	<u>\$ (240,116)</u>	<u>\$ (547,255)</u>	<u>\$ (819,001)</u>

**Non-cash capital and financing activities**

The County Special Revenue Funds paid \$79,214 for capital assets for the Housing Services Fund. In addition, the County Capital Projects Funds paid \$49,239,927 for capital asset and water rights additions for the Utilities Fund.

STATE OF NEW MEXICO  
SANTA FE COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2010

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 3,936,551
Taxes receivable	<u>10,682,496</u>
<b>Total assets</b>	<b><u>\$ 14,619,047</u></b>
<b><u>LIABILITIES</u></b>	
Due to other governments	10,682,496
Deposits held for others	607,648
Taxes paid in advance	969,267
Undistributed taxes to other governments	<u>2,359,636</u>
<b>Total liabilities</b>	<b><u>\$ 14,619,047</u></b>

**The notes to the financial statements are an integral part of this statement.**

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's significant accounting policies are described below.

**A. Reporting Entity**

The County's major operations sheriff and fire protection, collection of and distribution of property taxes, parks and recreation, planning and zoning, certain health and social services, general administration services, low income housing assistance, jail operations and the utilities division.

The financial reporting entity consists of a primary government and its component units. The County is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the County for financial statement presentation purposes, and the County, are not included in any other governmental reporting entity. Consequently, the County's financial statements include only the financial activity of those organizational entities for which its elected governing body is financially accountable.

**Blended Component Unit** – Blended component units, although legally separate entities, are, in substance, part of the County's operations. The Rancho Viejo Improvement District (District) is a blended component unit of the County as there is not a separate governing body for the District and per the debt offering statement the County's Commissioners became the governing body. The funds from the debt benefited the County and accordingly the Rancho Viejo Improvement District fund is blended with the County's financial statements.

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

In fiscal year 2008, the County accepted all operational and managerial responsibility of the Regional Emergency Communication Center (RECC). The RECC's operations are included in the financial statements as a County special revenue fund, Emergency Communications Operations because the financial statements are material to the County, the County accepted all responsibility for operations and management and the RECC does not have separate corporate powers that would distinguish it as being legally separate from the County.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the County as a whole. The reported information includes all of the nonfiduciary activities of the County. For the most part, the effect of internal activity has been removed from these statements. These statements distinguish between governmental and business-type activities of the County. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues, but are reported instead as general revenues.

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. In addition, the fiduciary fund financial statements are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements, however the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their exchange value. The County does not allocate indirect expenses to functions in the statement of activities.



**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts and gasoline taxes, are recognized as revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipts taxes, state shared taxes, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received.

Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenue also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

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

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Property taxes recognized are net of estimated refunds and uncollectible amounts. Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

The County reports the following major governmental funds.

General Fund – This fund accounts all financial activities except those required to be accounted for in other funds. It is funded primarily through property, gross receipts and other miscellaneous taxes.

Developer Fees Fund – This fund accounts for funds contributed by Las Campanas Limited Partnership and others for affordable housing programs and other projects. The fund was created by the Board of County Commissioners. In prior years this fund had received approximately \$2.0 million in payments from the private Las Campanas housing development project and the Affordable Housing program, which assists low income persons in the purchase of homes. Current revenue is from interest on the cash balance of this fund and developer funds to assist the affordable housing program. Mortgages funded by developers as part of an affordable housing program are recorded to this fund.

Fire Operations Fund – This fund account for the containment of the Emergency Communications and Emergency Medical Services Gross Receipts Tax and fire-dedicated revenue and expenses associated with operation of the County Fire Department.

Law Enforcement Operations Fund – This fund accounts for the operation of the County Sherriff, including grants pertaining thereto. Non-grant funding comes through a transfer from the General Fund. This fund was established in fiscal year 2010 to isolate the operations of the Sherriff's Office in its own fund. Prior to fiscal year 2010 the revenues and expenditures were recorded in the General Fund.

Corrections Operations Fund – This fund accounts for the funding and expense of the County Jail and Juvenile Facility, through charges for care of prisoners from outside jurisdictions, the care of Santa Fe County jail and Juvenile inmates, and General Fund transfers. This fund was previously identified as the Jail Facility Fund prior years.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Debt Service Fund – To establish and account for the pledged property taxes and payment of principal and interest related to the County's General Obligation Bonds.

Capital Outlay GRT Fund – This fund accounts for a fund that receives a 1/4 cent gross receipt tax to be used for various capital projects.

GO Bond Series 2007 Fund – This fund accounts for the issuance of a bond in the amount of \$25.0 million to be used for the District Courthouse project. This capital project fund contains the proceeds of this bond. The debt on this bond is paid with property taxes through the General Obligation Bond Debt Service Fund.

GRT Bond Series 2008 Fund – This fund accounts for the issuance of a bond in the amount of \$30,000,000 to be used for the construction of the Judicial Complex. This capital project fund bond is paid with gross receipts taxes.

Capital GRT Bond Series 2010A – This fund accounts for the issuance of a bond in the amount of \$21,215,000 to be used for construction of the Buckman Direct Diversion Project.

The County reports the following major proprietary funds.

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

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

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

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

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Additionally, the County reports the following fund type:

Fiduciary Funds – The Fiduciary Funds are agency funds which account for resources held by the County on behalf of the Municipal Court operated at County Hall. In addition, the County Treasurer Fund accounts for collections and payment to the County and other recipient entities of property taxes, interest and penalties billed and collected by the County on their behalf.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for this fund include sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Cash and Investments**

For purposes of the Statement of Cash Flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank and investments held by the County.

New Mexico Statutes Annotated (NMSA) authorizes the County to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of New Mexico, counties, cities, school districts, and special districts as specified by statute.

**STATE OF NEW MEXICO**  
**SANTA FE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

The State of New Mexico local government investment pool is a pool that is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary. The investment in the State of New Mexico local government investment pool approximates the value of the participant's pool share.

A significant portion of the cash and investments of funds of the County is pooled for investment purposes. Equity in pooled cash and investments includes amounts in demand deposit accounts, money market accounts, certificates of deposit, U.S. Treasury securities, and repurchase agreements secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the County's name. The market value of the repurchase agreements approximate cost at June 30, 2010. 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.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Certain resources set aside for the repayment of debt are classified as cash and investments – restricted on the statement of net assets/balance sheet, because their use is limited by applicable bond covenants. A trust account, recorded in the Debt Service Fund, is used to segregate resources accumulated for future debt service payments.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

**F. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” All receivables are shown net of allowance for uncollectibles.

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

**G. Inventory**

Inventories on hand at year end were immaterial and therefore not included on the fund or government-wide financial statements.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**H. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements; plant; vehicles, furniture, and equipment; construction in progress; computer software; and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. Effective July 1, 2006, State law requires capitalization of assets greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized.

Governmental capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

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

All additions to the infrastructure have been capitalized. The Utilities Fund consists of engineering costs and other expenses to plan and build a water system. Depreciation expense is recorded by the Utilities Fund over the estimated 50 year life of the water system. Proprietary capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Utilities	Housing Services
Water system and buildings	50 years	40 years
Furniture, vehicles, other assets	3-5 years	5 years

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**I. Compensated Absences**

The County's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Amounts of vested or accumulated vacation leave for governmental fund types are reported in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees, in accordance with the provisions of governmental accounting. No liability is recorded for nonvesting accumulating sick leave benefits that are estimated, will be taken as "terminal leave" prior to retirement, or converted to annual leave during continued employment.

**J. Long-term Obligations**

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. Net Assets Restriction and Fund Balance Reservations**

In the government-wide financial statements only restrictions imposed by external sources or enabling legislation are identified as restricted net assets.

In the fund financial statements, governmental funds report reservations or designations of fund balance for amounts that are not available for expenditures or identified for use of a specific purpose by the County.



**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**L. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**M. 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 current fiscal year actual to budget comparisons, the actual amounts are reported on the budgetary basis, which is considered to differ from the modified accrual basis for governmental fund types and accrual basis for the enterprise funds.

Differences between the budgetary basis and GAAP include the following:

1. The budget includes encumbrances (unperformed contracts for goods or services). GAAP does not include encumbrances.
2. The budget does not include certain liabilities, receivables, and depreciation expense for enterprise funds. The GAAP basis financial statements do include these transactions.

Annual appropriated budgets are adopted for the general, special revenue, debt service, capital project and the enterprise funds. 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: 1) budget increases, 2) transfers of budget or cash between funds, and 3) budget decreases.

**STATE OF NEW MEXICO**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)**

Additionally, it is County policy to prepare an internal budget adjustment request form for the following: Transfers within organizational units (between expenditure categories) and transfers between organizational units (same department and same fund).

Organizational unit budgets are monitored by the Finance Department to ensure that DFA and County policy are being followed. Additionally, a mid-year budget review is conducted which may include a hearing with the County Manager, Finance Department staff, and department heads and elected officials. During the hearing, department goals and objectives and budget status are reviewed. This review may result in budget adjustments. The legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level except for the following funds, whose legal level of budgetary authority is at the program or district level: Emergency Medical Services and Fire Districts. The following funds were not budgeted in fiscal year 2010; Recreation, NMFA Debt Service, Rancho Viejo Improvement District, Equipment Loan Proceeds, Bond Proceeds Fire Tax and Home Sales. The only activity recorded by the Rancho Viejo Improvement fund is the collection of property tax and the payment of debt service, therefore no budget was prepared. The other funds were not budgeted due to the low volume of transactions.

**N. Encumbrances**

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

**O. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balances** – At year end, the Special Appropriations and Other Projects Fund, a non-major fund, reported a deficit in fund balance of \$553,081.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2010-11 are expected to eliminate the deficit.

**NOTE 3 – CASH AND INVESTMENTS**

At year end, the carrying amount of the County's deposits was \$186,481,463 and the bank balance was \$189,951,468. The difference represents outstanding checks, deposits, and other reconciling items.

***Custodial Credit Risk – Deposits.*** Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County has a deposit policy for custodial credit risk; which follows New Mexico law. All deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. The County's agreement with its sole depository requires pledged collateral of 102% of the public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). At year end, \$188,102,468 of the County's bank balance was exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 3 – CASH AND INVESTMENTS**

The pledged collateral by bank at year end consists of the following.

Deposits	\$189,951,468
Less FDIC coverage	<u>1,849,000</u>
Total unsecured public funds	188,102,468
50% collateral requirement	94,051,234
Pledged securities, fair value	<u>194,172,627</u>
Pledged in excess of requirement	<u>\$100,121,393</u>

At year end the County's investments consisted of the following.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Money market - investments	\$ 3,950,331	\$ 3,950,331	\$	\$	\$
State Treasurer's Investment Pool	1,565,205	1,565,205			
CD - marketable	2,766,000	100,000	2,566,000	100,000	
Repurchase agreements	2,675,505			2,249,600	425,905
U.S. Agencies:					
Federal National Mortgage Association	11,429,951		10,704,017	725,934	
Federal Home Loan Mortgage Corporation	5,000,000		5,000,000		
Federal Home Loan Bank	9,984,397		8,987,825	996,572	
Total	<u>\$ 37,371,389</u>	<u>\$ 5,615,536</u>	<u>\$27,257,842</u>	<u>\$ 4,072,106</u>	<u>\$ 425,905</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 3 – CASH AND INVESTMENTS (Concl'd)**

**Interest Rate Risk.** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average maturity of the State Treasurer's local government investment pool was 50 days at year end.

**Credit Quality Risk.** The County has an investment policy that would further limit its investment choices. All of the County's investments in U.S. Agencies in the preceding table were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The *New MexiGROW* Local Government Investment Pool (LGIP), a government investment pool is rated AAAM by Standard & Poor's and is authorized by the New Mexico State statute.

**Custodial Credit Risk - Investments.** To control custody risk State law and the County adopted Investment Policy requires all securities and all collateral for time and demand deposits as well as repurchase agreement collateral be transferred delivery versus payment and held by an independent party required to provide original safekeeping receipts. Repurchase agreements must be collateralized to 102%.

The County's investment in the New Mexico State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio. The County's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the Office of the State Treasurer disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the Office of the State Treasurer, P.O. Box 608, Santa Fe, New Mexico 87504-0608.

**Concentration of Credit Risk** – Investments in securities of any issues, other than U.S. Treasury Securities, mutual funds, local government investment pool, that represent 5% or more of the total investments at year end are as follows.

	Amount	% of Investments
Repurchase Agreements	\$ 2,675,505	5.6%
U.S. Agencies		
Federal National Mortgage Association	11,429,951	24.1%
Federal Home Loan Mortgage Corporation	5,000,000	10.5%
Federal Home Loan Bank	9,984,397	21.0%

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 4 – RECEIVABLES**

Governmental receivable balances, net of allowance for uncollectible accounts, as of year end for the County's individual major governmental funds and non-major governmental funds in the aggregate, were as follows.

	General Fund	Developer Fees Fund	Fire Operations Fund	Law Enforcement Operations Fund	Corrections Operations Fund	Non-Major Governmental Funds
Charges for services	\$ 1,077,218	\$ 100,700	\$ 2,062,133	\$ 31,027	\$ 217,528	\$ 709,786
Accounts						289,353
Intergovernmental	786,649			223,372		1,233,726
Other	156,678			15,346		5,301
Mortgages		14,236,604				
Net receivables	<u>\$ 2,020,545</u>	<u>\$14,337,304</u>	<u>\$ 2,062,133</u>	<u>\$ 269,745</u>	<u>\$ 217,528</u>	<u>\$ 2,238,166</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 5,504,332	\$
Intergovernmental receivables (General Fund)		764,472
Charges for services receivables (General Fund)	499,960	
Mortgages receivable (Developer Fees Fund)	14,297,304	
Charges for services receivables (Fire Operations Fund)	2,060,776	
Charges for services receivables (Law Enforcement Operations Fund)	141,414	
Charges for services receivables (Corrections Operations Fund)	220,044	
Delinquent property taxes receivable (Debt Service Fund)	1,283,327	
Delinquent property taxes receivable (Non-Major Governmental Funds)	6,653	
Charges for services receivable (Non-Major Governmental Funds)	212,778	
Intergovernmental receivables (Non-Major Governmental Funds)	395,750	1,040,482
Total deferred revenue for governmental funds	<u>\$24,622,338</u>	<u>\$1,804,954</u>

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 5 – CAPITAL ASSETS**

A summary of capital asset activity for the current fiscal year follows.

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land	\$ 28,935,735	\$ 6,049,870	\$	\$ 34,985,605
Right of way land	5,465,283			5,465,283
Construction in progress	11,988,126	9,269,409		21,257,535
Total capital assets, not being depreciated	<u>46,389,144</u>	<u>15,319,279</u>		<u>61,708,423</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	89,838,769	4,505,221	14,006	94,329,984
Infrastructure	34,101,394	3,869,349		37,970,743
Equipment and vehicles	44,447,878	3,033,301	1,019,185	46,461,994
Furniture and fixtures	1,464,286	25,264	1,789	1,487,761
Total capital assets being depreciated	<u>169,852,327</u>	<u>11,433,135</u>	<u>1,034,980</u>	<u>180,250,482</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(29,380,068)	(2,833,340)	(14,006)	(32,199,402)
Infrastructure	(14,973,559)	(216,184)		(15,189,743)
Equipment and vehicles	(36,610,021)	(3,734,984)	(1,019,185)	(39,325,820)
Furniture and fixtures	(824,411)	(188,190)	(1,789)	(1,010,812)
Total accumulated depreciation	<u>(81,788,059)</u>	<u>(6,972,698)</u>	<u>(1,034,980)</u>	<u>(87,725,777)</u>
Total capital assets, being depreciated, net	<u>88,064,268</u>	<u>4,460,437</u>		<u>92,524,705</u>
Governmental activities capital assets, net	<u>\$ 134,453,412</u>	<u>\$ 19,779,716</u>	<u>\$</u>	<u>\$ 154,233,128</u>

Governmental capital expenditures by function were as follows:

General government	\$56,470,438
Public safety	2,782,550
Culture and recreation	7,096,040
Public works	3,630,384
Highways and streets	6,965,827
Health and welfare	227,306
Housing	81,866
Total	<u>\$77,254,411</u>

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 5 – CAPITAL ASSETS (Cont'd)**

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,047,140	\$	\$	\$ 2,047,140
Water rights	23,649,563	7,889,658		31,539,221
Construction in progress	46,912,510	44,496,801	9,177,682	82,231,629
Total capital assets, not being depreciated	<u>72,609,213</u>	<u>52,386,459</u>	<u>9,177,682</u>	<u>115,817,990</u>
Capital assets, being depreciated:				
Buildings and improvements	6,595,491	58,728		6,654,219
Water system	4,823,988	9,177,682	147,000	13,854,670
Vehicles, furniture and equipment	1,037,945	91,267	150,041	979,171
Total capital assets being depreciated	<u>12,457,424</u>	<u>9,327,677</u>	<u>297,041</u>	<u>21,488,060</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,518,750)	(167,300)		(3,686,050)
Water systems	(2,010,991)	(603,419)	(147,000)	(2,467,410)
Vehicles, furniture and equipment	(753,965)	(54,187)	(150,041)	(658,111)
Total accumulated depreciation	<u>(6,283,706)</u>	<u>(824,906)</u>	<u>(297,041)</u>	<u>(6,811,571)</u>
Total capital assets, being depreciated, net	<u>6,173,718</u>	<u>8,502,771</u>		<u>14,676,489</u>
Business-type activities capital assets, net	<u>\$78,782,931</u>	<u>\$60,889,230</u>	<u>\$9,177,682</u>	<u>\$ 130,494,479</u>

Depreciation expense was charged to functions/programs as follows.

Governmental Activities:	
General government	\$2,335,853
Public safety	3,137,715
Health and welfare	313,771
Culture and recreation	55,782
Highways and streets	1,129,577
Total depreciation expense – governmental activities	<u>\$6,972,698</u>
Business-Type Activities:	
Utilities	\$ 638,033
Housing services	186,873
Total depreciation expense – business-type activities	<u>\$ 824,906</u>

**Construction Commitments** – At year end, the County had contractual commitments related to capital projects for the construction of the Buckman Direct Diversion and other various projects. At year end the County had spent \$103.5 million on the projects and had estimated remaining contractual commitments of \$35.7 million. These projects are being funded with bond proceeds.



**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6 – OPERATING LEASES**

The County leases equipment and office space under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$572,794 for the current fiscal year. The operating leases are subject to future appropriation and, as such, cancelable by the County at the end of a fiscal year. The future minimum rental payments required under the operating leases at year end, were as follows.

Year Ending June 30:	
2011	\$ 463,274
2012	127,433
2013	50,550
2014	35,806
2015	36,636
2016-20	196,888
2021-25	223,505
2026-30	53,206
2031	1,200
Total minimum payments required	<u>\$ 1,188,498</u>

**NOTE 7 – LANDFILL CLOSURE AND POSTCLOSURE COSTS**

State and federal laws and regulations require the County to place a final cover on the County-operated landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be incurred after the date the landfill stops accepting waste, the County reports these closure and postclosure care costs as a liability as of each balance sheet date. The County closed the landfill during fiscal year 1997. The \$1,965,719 reported as landfill closure and postclosure care liability at year end represents management's estimate based on an expert hired to estimate the costs for standard monitoring and compliance to 2027.

Annual ground water monitoring has demonstrated the County is in compliance with ground water contamination. The County is required to perform monitoring of the ground water every five years. The County estimates it will not expend any significant monies for postclosure costs in the next fiscal year. Current year expenditures of \$7,866 were paid by the General Fund. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 –CONDUIT DEBT OBLIGATIONS**

The County has issued Project Revenue Bonds to provide assistance for the El Castillo Retirement Residences Project. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. At year end, there were two series of Project Revenue Bonds outstanding, with an aggregate principal amount payable of \$12,735,000.

The County issued \$3,000,000 multi-family Housing Revenue Bonds in August 1998 to provide assistance for the construction of the Villa Grande Apartments. The bonds are secured by the revenues and mortgage of the property. At year end, the amount of bonds outstanding were \$2,930,000.

The County issued \$7,400,000 of tax-exempt variable rate and \$2,650,00 of taxable fixed rate Education Facility Revenue Bonds in April 2008 to provide assistance for building an elementary school for the Archdiocese of Santa Fe. The bonds are secured by Education Facility Revenues. At year end, the amount of bonds outstanding were \$9,925,000.

Total conduit debt outstanding at June 30, 2010 was \$25,590,000. 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.

**NOTE 9 –BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation and revenue bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes or gross receipts taxes as applicable from the respective debt service funds are used to pay bonded debt.

**STATE OF NEW MEXICO  
SANTA FE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 9 – BONDS PAYABLE (Cont'd)**

Revenue and general obligation bonds outstanding as reported in governmental-type activities at yearend were as follows.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2010</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<b>General Obligation Bonds:</b>					
GOB Open Space Series 1999	\$ 12,000,000	5.65%	07/01/10	\$ 755,000	\$ 755,000
GOB Open Space Series 2001	8,000,000	4.0% to 4.5%	7/1/10-17	4,390,000	550,000
GOB Roads, Public Works, Water Series 2005	20,000,000	4.0% to 4.375%	7/1/10-26	11,450,000	250,000
GOB Refunding 97 GOB Series 2005A	8,490,000	3.25% to 4.192%	7/1/10-17	6,480,000	835,000
GOB Judicial Center Series 2007A	25,000,000	4% to 5%	7/1/10-27	21,300,000	500,000
GOB Roads, Water Series 2007B	20,000,000	4% to 5.5%	7/1/10-28	17,800,000	500,000
GOB Buckman Direct Diversion Water 2008	32,500,000	3% to 4.25%	7/1/10-25	30,500,000	1,600,000
GOB Road, Fire, Water, Op, Transfer Stations 2009	17,000,000	3% to 4.3%	7/1/10-25	17,000,000	750,000
2010 Series - Refund 2001 and 1999 Series	13,505,000	2.125% to 3%	7/1/10-19	13,505,000	935,000
Rancho Viejo Improvement District	1,950,000	7.25%	7/1/10-29	1,665,000	45,000
Total				<u>124,845,000</u>	<u>6,720,000</u>
<b>Revenue Bonds:</b>					
Correctional System 1997	30,000,000	4.1% to 6.0%	7/1/10-27	23,875,000	895,000
Sheriff's Facility - 1997A	6,000,000	4.1% to 6.0%	7/1/10-27	4,490,000	170,000
Subordinate Judicial Center – 2008	30,000,000	3.5% to 5%	7/1/10-33	27,360,000	140,000
2009 Series Capital Outlay GRT - Water Rights	12,090,000	2% to 4%	7/1/10-29	11,825,000	440,000
2010A Series Capital Outlay GRT - Buckman Direct Diversion	21,215,000	2% to 5%	7/1/10-30	21,215,000	585,000
2010B Series Capital Outlay GRT - Buckman Direct Diversion	10,195,000	2% to 4.25%	7/1/10-30	10,195,000	265,000
Total				<u>\$ 98,960,000</u>	<u>\$ 2,495,000</u>
Grand Total				<u>\$ 223,805,000</u>	<u>\$ 9,215,000</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 – BONDS PAYABLE (Concl'd)**

Annual debt service requirements to maturity on revenue and refunding bonds for governmental activities at year end are summarized as follows.

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 9,215,000	\$ 9,434,319
2012	11,080,000	9,100,819
2013	8,865,000	8,768,537
2014	9,105,000	8,447,554
2015	9,255,000	8,116,242
2016-20	55,610,000	34,366,991
2021-25	67,815,000	21,324,323
2026-30	45,135,000	6,690,816
2031-33	7,725,000	793,250
Total	<u>\$223,805,000</u>	<u>\$107,042,851</u>

During the year ended June 30, 2010, the District issued \$13,505,000 in refunding bonds, with an effective interest rate of 2.79 percent, to advance refund \$13,735,000 of outstanding general obligation bonds, with an average interest rate of 4.77 percent. The net proceeds of \$13,971,636, which includes \$598,698 of bond premium, (after payment of \$166,798 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$236,636. This amount is reported as deferred charges and amortized over the new debt's life. This advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$1,284,663.

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$6,480,000 of defeased bonds were still outstanding.

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**NOTE 9 – BONDS PAYABLE (Concl'd)**

**Pledged revenues – governmental activities.** The County has pledged future gross receipts tax revenues to repay outstanding revenue bonds of \$99.0 million as of June 30, 2010. Proceeds from the original bond issuances provided financing for the acquisition and construction of major capital facilities and water systems. The bonds are paid solely from the County's gross receipts tax and are payable through 2030. Total annual principal and interest payments for all gross receipts tax revenue bonds are expected to require less than 10% of gross revenues. Total principal and interest to be paid on the bonds is \$121.0 million. The current total gross receipts tax revenues were \$42.9 million and the total principal and interest paid on the bonds was \$3.8 million, or 9% of gross revenues.

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 129,795,000	\$ 13,505,000	\$ 20,120,000	\$123,180,000	\$ 6,675,000
Revenue bonds	58,010,000	43,500,000	2,550,000	98,960,000	2,495,000
Component unit - Rancho Viejo					
Improvement District	1,705,000		40,000	1,665,000	45,000
Landfill closure and post closure costs	1,973,585		7,866	1,965,719	
Compensated absences	2,886,580	2,747,969	2,557,833	3,076,716	3,076,716
Pollution remediation	3,200,000			3,200,000	
<b>Total</b>	<u>\$ 197,570,165</u>	<u>\$ 59,752,969</u>	<u>\$ 25,275,699</u>	<u>\$232,047,435</u>	<u>\$ 12,291,716</u>

**NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Due to/from other funds** – At year end, two non-major governmental funds were involved in borrowing arrangements with the General Fund due to the existence of a negative cash balance. All interfund balances are expected to be paid within one year.

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**NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)**

**Interfund transfers:**

Transfers out	Transfer in			
	General	Law Enforcement Operations	Corrections Operations	Debt Service
General	\$	\$ 8,529,262	\$ 10,455,818	\$
Fire Operations				
Corrections Operations				
Capital Outlay GRT				
GRT Bond Series 2008				
Non-Major Governmental Funds	5,600,880	154,000	5,948,744	5,558
Utilities				
<b>Total</b>	<b>\$ 5,600,880</b>	<b>\$ 8,683,262</b>	<b>\$ 16,404,562</b>	<b>\$ 5,558</b>

Transfers out	Transfer in				
	Capital Outlay GRT	Non-major Governmental Funds	Regional Planning Authority	Utilities	Total
General	\$	\$ 4,128,558	\$ 38,050	\$ 4,850,942	\$ 28,002,630
Fire Operations		585,746			585,746
Corrections Operations		2,244,480			2,244,480
Capital Outlay GRT		782,608			782,608
GRT Bond Series 2008		694,223			694,223
Non-Major Governmental Funds	2,579,966	5,887,560			20,176,708
Utilities	119,082				119,082
<b>Total</b>	<b>\$ 2,699,048</b>	<b>\$14,323,175</b>	<b>\$ 38,050</b>	<b>\$ 4,850,942</b>	<b>\$ 52,605,477</b>

Interfund transfers were made by the County during the fiscal year to ensure that sufficient resources were available to cover expenditures in the applicable funds.

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**NOTE 12 – PRIOR PERIOD ADJUSTMENTS**

The July 1, 2009, government-wide net assets and the fund balances/net assets do not agree to the prior year financial statements due to the correction errors including revenue recognition, a debt service reserve fund not included in the financial statements, compensated absences balances and the forgiveness of loan debt.

	Statement of Activities	
	Governmental Activities	Business-type Activities
Net Assets/Fund balance, June 30, 2009 as previously reported	\$ 181,062,366	\$ 78,571,853
Revenue not recognized in the prior period	2,960,948	
Revenues recognized outside the period of availability	(1,911,595)	
Reserve account not recorded in the prior period	167,667	
Forgiveness of HUD related debt in prior years		10,912,971
Compensated absence balances	718,201	
Net Assets/Fund balance, July 1, 2009, as restated	\$ 182,997,587	\$ 89,484,824

	Governmental Funds					Proprietary Funds
	General Fund	Corrections Operations Fund	Road Maintenance Fund	Fire Operations Fund	Rancho Viejo Improvement District Fund	Housing Services Fund
Net Assets/Fund balance, June 30, 2009 as previously reported	\$ 42,693,597	\$ 7,205,970	\$ 1,808,561	\$ 8,072,010	\$ 965,515	\$ (5,987,636)
Revenue not recognized in the prior period	1,548,364		70,165			
Revenues recognized outside the period of availability		(574,655)		(1,336,940)		
Reserve account not recorded in the prior period					167,667	
Forgiveness of HUD related debt in prior years						10,912,971
Compensated absence balances						
Net Assets/Fund balance, July 1, 2009, as restated	\$ 44,241,961	\$ 6,631,315	\$ 1,878,726	\$ 6,735,070	\$ 1,133,182	\$ 4,925,335

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**NOTE 13 – CONTINGENT LIABILITIES**

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**Lawsuits** – The County is a defendant in a number of lawsuits as of June 30, 2010. It is the opinion of management and County counsel that the amount of losses resulting from these litigations at June 30, 2010, would not be material to the financial position of the County.

**NOTE 14 – JOINT POWERS AGREEMENTS**

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

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

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately \$5.8 million. The County did not contribute any funds to the Agency in the 2010 fiscal year. A final reconciliation has been done to ensure costs have been split equally between the County and City. The facility opened in May of 1997.



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**NOTE 14 – JOINT POWERS AGREEMENTS (Cont'd)**

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

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

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

**Buckman Direct Diversion (BDD) Water Project** – The City of Santa Fe and the County have established a joint powers agreement for the Buckman Direct Diversion (BDD) water project. The BDD, estimated at \$216.3 million, will be the largest, single capital project for which the two local governments address meeting the current and future needs of an adequate water supply within the area. The Buckman Surface Diversion will provide full access to the San Juan/Chama water rights and/or other native Rio Grande water rights currently held by the City and County. The proposed system will route Rio Grande surface water directly from the river through a conveyance system to a new water treatment facility where water will be conveyed to the various users. Costs incurred to date have been recorded to the Utilities Department enterprise fund as additions to water rights and the water system. There were approximately \$31 million of current fiscal year costs capitalized.

**North Central Regional Transit District (District)** – The County and the City of Espanola, County of Los Alamos, Pueblo of Nambe, Pueblo of Pojoaque, County of Rio Arriba, Pueblo of San Ildefonso, Pueblo of San Juan, Pueblo of Santa Clara, City of Santa Fe, and Pueblo of Tesuque have entered into an intergovernmental contract to create the North Central Regional Transit District (District) under the Regional Transit District Act, Chapter 13, Article 25, Sections 1-18, NMSA 1978. The purpose of the District is to finance, construct, operate, maintain and promote an efficient, sustainable and regional multi-modal transportation system.

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**NOTE 14 – JOINT POWERS AGREEMENTS (Concl'd)**

The District was created as a public entity separate from the cities, counties and pueblos. The original boundaries consist of Governmental Units located within or containing the boundaries of Los Alamos, Rio Arriba or Santa Fe Counties. The Board of Directors consists of one director from each District and will serve without compensation. The County's share of expenses for the year ended June 30, 2010 was approximately \$3.2 million.

**NOTE 15 – RISK MANAGEMENT**

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.

The County carries commercial insurance for all other risks of loss including property, liability, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*Plan Description.* Substantially all of the full-time employees of the County participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit public employee 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. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

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**NOTE 16 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Concl'd)**

*Funding Policy.* Plan members (other than police and fire) are required to contribute 13.15% of their gross salary; police are required to contribute 16.30% and fire are required to contribute 16.20% of their gross salary. The County is required to contribute 18.50% for police, 21.25% for all fire and 9.15% for all other plan members. The contribution requirements of the plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended 2010, 2009, and 2008 were \$7.8 million, \$8.8 million and \$7.6 million, respectively, which were equal to the amount of the required contributions for each year.

**NOTE 17 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN**

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

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

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

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**NOTE 17 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN (Concl'd)**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute 0.65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2011	1.666%	0.833%
2012	1.834	0.917
2013	2.000	1.000

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The County's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$469,969, \$459,432 and \$413,934, respectively, which equal the required contributions for each year.

**NOTE 18 – SUBSEQUENT EVENTS**

In November 2010, management became aware of the misuse of County property for personal benefit by an elected official. The County is currently in the process of determining the potential financial impact, however, management does not believe the misuse is material to the financial position of the County.