OFFICIAL STATEMENT DATED MARCH 9, 2010

NEW ISSUE – BOOK-ENTRY ONLY

Ratings: Moody's: "Aa2"
Standard & Poor's: "AA"

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

$21,215,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010A

$10,195,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010B

Dated: Date of Delivery

Due: June 1, as shown on inside cover

The Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A and Series 2010B (together, the "Bonds") are being issued by Santa Fe County, New Mexico (the "County") to provide funds for: (1) defraying a portion of the cost of constructing the Buckman Direct Diversion Project; and (2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein. The Bonds are being issued pursuant to the general laws of the State, including Sections 4-62-1 to 4-62-10 NMSA 1978, as amended (the "Act"), and enactments of the Governing Body relating to the issuance of the Bonds, including the Bond Ordinance (as defined herein). Interest on the Bonds is payable on June 1 and December 1 of each year commencing June 1, 2010 as more fully described herein.

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

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

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

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

The Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of validity by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the County in connection with the preparation of this Official Statement and the sale of the Bonds to the Underwriters. Certain other legal matters will be passed upon by the Underwriters by Melendres, Melendres and Harrigan P.C., Albuquerque, New Mexico. It is anticipated that the Bonds will be available for delivery on or about March 24, 2010 through the facilities of DTC in New York, New York.

Robert W. Baird & Co.

Wells Fargo Securities

George K. Baum & Company

Dated: March 9, 2009

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

MATURITY SCHEDULE

$21,215,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010A

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Numbers
2010	$ --	--	--	--
2011	585,000	2.000%	0.430%	80189R DB8
2012	760,000	2.000%	0.720%	80189R DC6
2013	775,000	3.000%	0.980%	80189R DD4
2014	800,000	3.000%	1.280%	80189R DE2
2015	825,000	3.000%	1.680%	80189R DF9
2016	850,000	4.000%	2.170%	80189R DG7
2017	880,000	4.000%	2.510%	80189R DH5
2018	915,000	4.000%	2.830%	80189R DJ1
2019	955,000	4.000%	3.020%	80189R DK8
2020	990,000	4.000%	3.170%	80189R DL6
2021[1]	1,030,000	5.000%	3.280%	80189R DM4
2022[1]	1,085,000	5.000%	3.390%	80189R DN2
2023[1]	1,135,000	5.000%	3.490%	80189R DP7
2024[1]	1,195,000	5.000%	3.580%	80189R DQ5
2025[1]	1,255,000	5.000%	3.680%	80189R DR3
2026[1]	1,315,000	5.000%	3.780%	80189R DS1
2027	1,380,000	4.000%	4.180%	80189R DT9
2028	1,435,000	4.000%	4.240%	80189R DU6
2029	1,495,000	4.125%	4.330%	80189R DV4
2030	1,555,000	4.250%	4.410%	80189R DW2

[1] Priced at stated yield to the June 1, 2020 optional redemption date at a redemption price of par.

$10,195,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010B

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Numbers
2010	$ --	--	--	--
2011	265,000	2.000%	0.430%	80189R DX0
2012	340,000	2.000%	0.720%	80189R DY8
2013	350,000	3.000%	0.980%	80189R DZ5
2014	355,000	3.000%	1.280%	80189R EA9
2015	370,000	3.000%	1.680%	80189R EB7
2016	380,000	4.000%	2.170%	80189R EC5
2017	395,000	4.000%	2.510%	80189R ED3
2018	415,000	4.000%	2.830%	80189R EE1
2019	430,000	4.000%	3.020%	80189R EF8
2020	445,000	4.000%	3.170%	80189R EG6
2021[1]	465,000	4.000%	3.330%	80189R EH4
2022[1]	480,000	4.000%	3.490%	80189R EJ0
2023[1]	500,000	4.000%	3.640%	80189R EK7
2024[1]	520,000	4.000%	3.730%	80189R EL5
2025[1]	540,000	4.000%	3.880%	80189R EM3
2026	560,000	4.000%	4.030%	80189R EN1
2027	585,000	4.000%	4.180%	80189R EP6
2028	610,000	4.000%	4.240%	80189R EQ4
2029	635,000	4.125%	4.330%	80189R ER2
2030	1,555,000	4.250%	4.410%	80189R ES0

[1] Priced at stated yield to the June 1, 2020 optional redemption date at a redemption price of par.

The Series 2010A Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the 2010A Pledged Revenues, which are defined in the Bond Ordinance as the "Joint Water Project Allocation" (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax imposed on persons engaging in business in the County pursuant to Section 7-20E-21 NMSA 1978 and County Ordinance No. 2002-5, which revenues are remitted to the County monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.13 NMSA 1978, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County.

The Series 2010B Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the 2010B Pledged Revenues, which are defined in the Bond Ordinance as the "County-Only Water Project Allocation" (i.e. 37.5%) of the revenues of the County Capital Outlay Gross Receipts Tax imposed on persons engaging in business in the County pursuant to Section 7-20E-21 NMSA 1978 and County Ordinance No. 2002-5, which are remitted in the same manner as the 2010A Pledged Revenues, as described above, and which remittances currently equal one-fourth of one percent (0.250%) of the taxable gross receipts reported by persons engaging in business in the County.

The registered owners of the Series 2010A Bonds may not look to any general or other fund for the payment of the principal of, or interest on such obligations except for the 2010A Pledged Revenues. The registered owners of the Series 2010B Bonds may not look to any general or other fund for the payment of the principal of, or interest on such obligations except for the 2010B Pledged Revenues. The Bonds do not constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation, nor will they be considered or held to be general obligations of the County. Neither the full faith and credit of the County nor the ad valorem taxing power or general resources of the County, the State of New Mexico, or any political subdivision thereof are pledged to the payment of the Bonds.

SANTA FE COUNTY, NEW MEXICO

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

BOARD OF COUNTY COMMISSIONERS

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

COUNTY ADMINISTRATION

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

BOND COUNSEL

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

REGISTRAR AND PAYING AGENT

The County Treasurer will serve as Registrar and Paying Agent
102 Grant Avenue
Santa Fe, New Mexico 87501
(505) 986-6200

UNDERWRITERS

Robert W. Baird & Co.
210 University Blvd., Suite 900
Denver, Colorado 80206
877-792-9096
with
Wells Fargo Securities and George K. Baum & Company
as co-managers

FINANCIAL ADVISOR TO THE COUNTY

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

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

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

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

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

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A

LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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

SANTA FE COUNTY, NEW MEXICO
CAPITAL OUTLAY GROSS RECEIPTS TAX REVENUE BONDS
SERIES 2010A & 2010B

SUMMARY OF INFORMATION

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

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

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

Reserve Funds: No deposit to the Reserve Fund for the Series 2010A Bonds or Series 2010B Bonds will be made from the proceeds of the Bonds. No deposit shall be required in the 2010A Reserve Fund so long as the 2010A Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010A Parity Bonds. No deposit shall be required in the 2010B Reserve Fund so long as the 2010B Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010B Parity Bonds.

If the 2010A Pledged Revenues or 2010B Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentences, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the 2010A Minimum Reserve or 2010B Minimum Reserve, as applicable, or shall begin making substantially equal monthly deposits in the 2010A Reserve Fund or 2010B Reserve Fund, as applicable, from the first legally available 2010A Pledged Revenues or 2010B Pledged Revenues, as applicable, so that after 24 months an amount equal to the 2010A Minimum Reserve or 2010B Minimum Reserve will be held in the applicable Reserve Fund.

Minimum Reserve: Both the 2010A Minimum Reserve and 2010B Minimum Reserve shall be an amount equal to the least of (i) ten percent of the principal amount of the outstanding Series 2010A or Series 2010B Bonds, as applicable, (ii) the maximum annual debt service on the outstanding Series 2010A or Series 2010B Bonds, as applicable or (iii) 125% of the average annual debt service on the outstanding Series 2010A or Series 2010B Bonds, as applicable. The 2010A Minimum Reserve and 2010B Minimum Reserve shall be recalculated every year on or about June 1.

Optional Redemption: The Series 2010A Bonds maturing on and after June 1, 2021 are subject to prior redemption at par at the option of the County, in one or more units of principal of $5,000 on and after June 1, 2020, in whole or in part at any time. The Series 2010B Bonds maturing on and after June 1, 2021 are subject to prior redemption at par at the option of the County, in one or more units of principal of $5,000 on and after June 1, 2020, in whole or in part at any time. If the Bonds are optionally redeemed in part, the Bonds to be so redeemed shall be selected by lot by the Registrar in such manner as the Registrar shall consider appropriate and fair. The redemption price will be the principal amount of each $5,000 unit so redeemed, accrued interest thereon to the redemption date.

Additional Bonds: In addition to the Bonds, additional bonds may hereafter be issued and secured by and paid from the Pledged Revenues on parity with the Bonds. The County will not issue additional bonds payable from the Pledged Revenues with a lien on the Pledged Revenues prior and superior to the lien of the Bonds thereon. Nothing contained in the Bond Ordinance will be construed in such a manner as to prevent the issuance by the County of additional bonds payable from the Pledged Revenues with a lien thereon subordinate and junior to the lien of the Bonds thereon, nor to prevent the issuance of Bonds or other obligations refunding all or part of the Bonds as permitted by the Bond Ordinance. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES" herein.

Outstanding Parity Obligations: There are no outstanding obligations with a lien on the 2010A Pledged Revenues on parity with the lien thereon of the Series 2010A Bonds. The Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009, presently outstanding in the principal amount of $12,090,000, are secured by a first lien (but not necessarily an exclusive first lien) on the 2010B Pledged Revenues.

Secondary Market Disclosure: The County will enter into an undertaking (the "Undertaking") for the holders of the Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12). See "CONTINUING DISCLOSURE" herein.

Delivery: The delivery of the Bonds to the Underwriters is expected on or about March 24, 2010.

Paying Agent/Registrar: Santa Fe County Treasurer, Santa Fe, New Mexico

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$21,215,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 20010A

$10,195,000
SANTA FE COUNTY, NEW MEXICO
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 20010B

INTRODUCTION

This Official Statement, which includes the cover pages and the appendices hereto, sets forth certain information in connection with the offering of $31,410,000 combined aggregate principal amount of the Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A (the "Series 2010A Bonds") and the Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010B (the "Series 2010B Bonds," and together with the Series 2010A Bonds, the "Bonds") to be issued by Santa Fe County, New Mexico, pursuant to Parameters Bond Ordinance No. 2010-2 adopted on February 9, 2010 (the "Parameters Bond Ordinance"), as supplemented by a Resolution of the County adopted on March 9, 2010 (collectively, the "Bond Ordinance").

The Bonds are payable solely from the Pledged Revenues (as hereinafter defined). The Bonds will be secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. "Pledged Revenues" means collectively (1) with regard to the Series 2010A Bonds, the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010A Pledged Revenues"), and (2) with regard to the Series 2010B Bonds, the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010B Pledged Revenues").

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

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

Additional bonds may hereafter be issued and secured by the Pledged Revenues having a lien on the Pledged Revenues on parity with, or subordinate and junior to, the lien on the Pledged Revenues securing the Bonds. Additional Obligations may not be issued with a lien superior to the lien on the

Pledged Revenues securing the Bonds. See "ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES – Other Obligations Secured by Pledged Revenues" herein.

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

THE PROJECT

The Bonds are being issued for the purpose of providing funds for (1) defraying a portion of the cost of constructing the Buckman Direct Diversion Project; and (2) paying all costs pertaining to the issuance of the Bonds. See "PURPOSE AND PLAN OF FINANCING" herein.

SPECIAL FACTORS RELATING TO THE BONDS

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

Gross Receipts Tax Collections are Subject to Fluctuation

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

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

Bankruptcy and Foreclosure

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

Limited Obligations

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

Additional Parity Obligations

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

Secondary Market

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

State Legislation

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

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

In 2004, the Legislature enacted legislation creating a deduction from gross receipts tax for receipts from retail sales of food (not including restaurant sales and certain sales of prepared foods) as defined for federal food stamp program purposes, effective January 1, 2005 (the "Food Deduction"). Retailers are required to report receipts from sales of such groceries and then claim the deduction. The statute provides for payments to be made from the State general fund to reimburse local governments for revenues lost as a result of the new deduction (the "Food Deduction Hold-harmless Distributions"). The

Food Deduction Hold-harmless Distributions, as related to County Capital Outlay Gross Receipts Tax, are included within the Pledged Revenues.[1]

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

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

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

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

DESCRIPTION OF THE BONDS

General

The Bonds are being issued in the combined aggregate principal amount of $31,410,000 in order to provide funds for the Project. See "PURPOSE AND PLAN OF FINANCING" herein.

The Bonds will be dated the date of delivery. The Bonds will bear interest from their dated date at the rates, and will mature in the amounts and on the dates, as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2010. The Bonds will bear interest from the most recent interest payment date to which interest has been fully paid or duly provided for or, if no interest has been paid, from the

[1] Legislation repealing both the Food Deduction and the corresponding Food Deduction Hold-Harmless Distributions has passed both houses of the Legislature in the first 2010 special legislative session, and will become effective if signed into law by the Governor of the State on or before March 24, 2010. The County believes that the impact of such legislation on Pledged Revenues will be insubstantial because food sales that were previously subject to the Food Deduction will become taxable and, as a result, the Food Deduction Hold-harmless Distributions will not be necessary to prevent impairment of the gross receipts tax revenues of gross receipts taxing entities, including the County.

date of issuance. The Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof.

Payment-Regular Record Date

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

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

Optional Redemption of Bonds

The Series 2010A Bonds maturing on or after June 1, 2021 are subject to prior redemption at the County's option in one or more units of principal of $5,000 on and after June 1, 2020 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.

The Series 2010B Bonds maturing on or after June 1, 2021 are subject to prior redemption at the County's option in one or more units of principal of $5,000 on and after June 1, 2020 in whole or in part at any time, in such order of maturities as the County may determine (and by lot if less than all Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as considered appropriate and fair) for the principal amount of each $5,000 unit of principal so redeemed plus accrued interest to the redemption date.

Redemption Procedures

Notice of redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owner of each Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Registrar on the fifth (5^{th}) day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give notice of optional redemption of the Bonds to the Registrar at least forty-five (45) days prior to the redemption date (unless such deadline is waived by the Registrar). The Registrar's failure to give such notice to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Bond is to be redeemed, the amount of such Bond to be redeemed, the date fixed for redemption, and that on such redemption date there will become and be due and payable upon each Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption with funds deposited with the Paying Agent by the County.

Conditional Redemption

If money or Defeasance Obligations (as defined in Section 31 of the Parameters Bond Ordinance) sufficient to pay the optional redemption price of the Bonds to be called for optional redemption are not on deposit with the Paying Agent prior to the giving of notice of optional redemption referred to above, such notice shall state such Bonds will be redeemed in whole or in part on the optional redemption date in a principal amount equal to that part of the optional redemption price received by the Paying Agent on the applicable optional redemption date. If the full amount of the optional redemption price is not received as set forth in the preceding sentence, the notice shall be effective only for those Bonds for which the optional redemption price is on deposit with the Paying Agent. If all Bonds called for optional redemption cannot be redeemed, the Bonds to be redeemed shall be selected in the manner deemed reasonable and fair by the County and the Registrar shall give notice, in the manner in which the original notice of optional redemption was given, that such money was not received. In that event, the Registrar shall promptly return to the Owners thereof the Bonds or certificates which it has received evidencing the part thereof which have not been optionally redeemed.

Registration, Transfer and Exchange of Bonds

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

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

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

Book-Entry Only

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect

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

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

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

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

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

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

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

Source of Payment

The Bonds are payable and collectible solely from an irrevocable and first lien (but not necessarily an exclusive first lien) on the Pledged Revenues. "Pledged Revenues" means collectively (1) with regard to the Series 2010A Bonds, the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010A Pledged Revenues"), and (2) with regard to the Series 2010B Bonds, the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010B Pledged Revenues").

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

Funds and Accounts

The Bond Ordinance creates or continues an Acquisition Fund, a 2010A Income Fund (Joint Projects Income Fund) and a 2010B Income Fund (County-Only Projects Income Fund), a 2010A Debt Service Fund and 2010B Debt Service Fund, and a 2010A Reserve Fund and 2010B Reserve Fund.

Disposition of Bond Proceeds

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

(A) Accrued Interest. First, all moneys received as accrued interest on the Series 2010A Bonds or Series 2010B Bonds shall be deposited into the 2010A Debt Service Fund or 2010B Debt Service Fund, as applicable, to apply to the payment of interest next coming due on the Series 2010A Bonds or the 2010B Bonds.

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

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

(D) Reserve Funds. County moneys or a Reserve Fund Insurance Policy, in the amount of the 2010A Minimum Reserve and 2010B Minimum Reserve, shall be deposited into the 2010A Reserve Fund or 2010B Reserve Fund only upon the occurrence of the events described in Sections 17(A)(5) and 17(B)(5) of the Parameters Bond Ordinance.

(E) Project Completion. As soon as practicable after the completion of the Project, and in any event not more than sixty (60) days after the completion of the Project, any balance remaining in the Acquisition Fund (other than any amount retained by the County for any Project costs not then due and payable) shall be transferred from the Acquisition Fund and deposited in the 2010A Debt Service Fund and 2010B Debt Service Fund, in amounts proportional to the aggregate principal amount of, respectively, the Series 2010A Bonds and the Series 2010B Bonds and used by the County to pay principal and interest on the Series 2010A Bonds and Series 2010B Bonds as the same become due.

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

Flow of Funds

(A) Income Funds. So long as any of the Bonds are outstanding either as to principal or interest, or both, the County shall credit all 2010A Pledged Revenues to the 2010A Income Fund and all 2010B Pledged Revenues to the 2010B Income Fund. The following payments shall be made from the 2010A Income Fund and 2010B Income Fund.

(B) Debt Service Funds.

(1) Series 2010A Bonds. As a first charge on the 2010A Income Fund the following amounts shall be withdrawn from the 2010A Income Fund and shall be credited to the 2010A Debt Service Fund:

(a) 2010A Income Fund. So long as any of the Series 2010A Bonds are outstanding either as to principal or interest, or both, the County shall credit all 2010A Pledged Revenues to the 2010A Income Fund. The payments set forth in the succeeding subparagraphs of subsection (A) of Section 17 shall be made from the 2010A Income Fund.

(b) 2010A Debt Service Fund. As a first charge on the 2010A Income Fund, the following amounts shall be withdrawn from the 2010A Income Fund and shall be credited to the 2010A Debt Service Fund:

(i) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

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

(iii) In making the deposits required to be made into the 2010A Debt Service Fund, if there are any amounts then on deposit in the 2010A Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to subparagraph (2) above shall be reduced by the amount available in such fund for such purpose.

(iv) Each payment of principal and interest becoming due on the Bonds shall be transferred from the 2010A Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

(c) 2010A Reserve Fund. No deposit shall be required in the 2010A Reserve Fund so long as the 2010A Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010A Parity Bonds. If the 2010A Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the 2010A Minimum Reserve or shall begin making substantially equal monthly deposits in the 2010A Reserve Fund from the first legally available 2010A Pledged Revenues so that after 24 months an amount equal to the 2010A Minimum Reserve will be held in the 2010A Reserve Fund. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of cash deposit into the 2010A Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in this Bond Ordinance, amounts on deposit in the 2010A Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series 2010A Bonds.

After funding the 2010A Reserve Fund in an amount equal to the 2010A Minimum Reserve, no additional payments need be made into the 2010A Reserve Fund so long as the moneys therein shall equal not less than the 2010A Minimum Reserve. The moneys in the 2010A Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided only to prevent deficiencies in the payment of the principal of and interest on the Series 2010A Bonds resulting from failure to deposit into the 2010A Debt Service Fund sufficient funds to pay the principal and interest as the same accrue.

(d) Defraying Delinquencies in the 2010A Debt Service Fund and 2010A Reserve Fund. If, in any month, the County shall, for any reason, fail to pay into the 2010A Debt Service Fund the full amount above stipulated from the 2010A Pledged Revenues, then an amount shall be paid into the 2010A Debt Service Fund in such month from the 2010A Reserve Fund (if moneys are then on deposit in the 2010A Reserve Fund) equal to the difference between that paid from the 2010A Pledged Revenues and the full amount so stipulated. If the moneys paid into the 2010A Debt Service Fund from the 2010A Reserve Fund are not equal to the amount required to be paid into the 2010A Debt Service Fund for such month, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the 2010A Debt Service Fund, in addition to the normal payment required to be paid in such month, from the first 2010A Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the 2010A Debt Service Fund from the 2010A Reserve Fund, if any, shall be replaced in the 2010A Reserve Fund from the first 2010A Pledged Revenues thereafter received not required to be otherwise applied. If, in any month, the County shall, for any reason, fail to pay into the 2010A Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first 2010A Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the 2010A Reserve Fund shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Series 2010A Bonds; provided, however, that any moneys at any time in excess of the 2010A Minimum Reserve in the 2010A Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the 2010A Reserve Fund shall not be invested in a manner which could cause the Series 2010A Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the 2010A Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the 2010A Reserve Fund exceeds the 2010A Minimum Reserve, all amounts in excess of the 2010A Minimum Reserve shall be transferred to the 2010A Debt Service Fund and used to pay principal of and interest on the Series 2010A Bonds.

(e) Payment of 2010A Parity Obligations. Concurrently with the payment of the 2010A Pledged Revenues required above, any amounts on deposit in the 2010A Income Fund shall be used by the County for the payment of principal of, interest on and debt service reserve fund deposits relating to 2010A Parity Bonds now outstanding and to additional 2010A Parity Bonds, if any, hereafter authorized to be issued and payable from the 2010A Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the 2010A Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Series 2010A Bonds and any other outstanding 2010A Parity Bonds, then the available funds in the 2010A Income Fund will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding 2010A Parity Bonds, for the payment of principal of and interest on all series of outstanding 2010A Parity Bonds and, second, to the extent of remaining available funds in the 2010A Income Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding 2010A Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding 2010A Parity Bonds.

(f) Termination upon Deposits to Maturity. No payment shall be made into the 2010A Debt Service Fund or the 2010A Reserve Fund if the amounts (excluding any amount in the 2010A Reserve Fund represented by a Reserve Fund Insurance Policy) in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Series 2010A Bonds to their respective maturities or applicable redemption dates, in which case moneys in the 2010A Debt Service Fund and the 2010A Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the 2010A Debt Service Fund and the 2010A Reserve Fund may be used as provided in subsection (C) of this Section.

(2) Series 2010B Bonds.

(a) 2010B Income Fund. So long as any of the Series 2010B Bonds are outstanding either as to principal or interest, or both, the County shall credit all 2010B Pledged Revenues to the 2010B Income Fund. The payments set forth in the succeeding subparagraphs of subsection (B) of Section 17 shall be made from the 2010B Income Fund.

(b) 2010B Debt Service Fund. As a first charge on the 2010B Income Fund, the following amounts shall be withdrawn from the 2010B Income Fund and shall be credited to the 2010B Debt Service Fund:

(i) Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on each Interest Payment Date, one-sixth (1/6) of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding.

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

(iii) In making the deposits required to be made into the 2010B Debt Service Fund, if there are any amounts then on deposit in the 2010B Debt Service Fund available for the purpose for which such deposit is to be made, the amount of the deposit to be made pursuant to subparagraph (2) above shall be reduced by the amount available in such fund for such purpose.

(iv) Each payment of principal and interest becoming due on the Bonds shall be transferred from the 2010B Debt Service Fund to the Paying Agent on or before two Business Days prior to the due date of such payment.

(c) 2010B Reserve Fund. No deposit shall be required in the 2010B Reserve Fund so long as the 2010B Pledged Revenues in each Fiscal Year equal or exceed 125% of the maximum annual principal and interest coming due in any subsequent Fiscal Year on all outstanding 2010B Parity Bonds. If the 2010B Pledged Revenues in any Fiscal Year are insufficient to meet the test set forth in the preceding sentence, the County shall acquire a Reserve Fund Insurance Policy in an amount equal to the 2010B Minimum Reserve or shall begin making substantially equal monthly deposits in the 2010B Reserve Fund from the first legally available 2010B Pledged Revenues so that after 24 months an amount equal to the 2010B Minimum Reserve will be held in the 2010B Reserve Fund. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of cash deposit into the 2010B Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in this Bond Ordinance, amounts on deposit in the 2010B Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series 2010B Bonds. After funding the 2010B Reserve Fund in an amount equal to the 2010B Minimum Reserve, no additional payments need be made into the 2010B Reserve Fund so long as the moneys therein shall equal not less than the 2010B Minimum Reserve. The moneys in the 2010B Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided, only to prevent deficiencies in the payment of the principal of and interest on the Series 2010B Bonds resulting from failure to deposit into the 2010B Debt Service Fund sufficient funds to pay the principal and interest as the same accrue.

(d) Defraying Delinquencies in the 2010B Debt Service Fund and 2010B Reserve Fund. If, in any month, the County shall, for any reason, fail to pay into the 2010B Debt Service Fund the full amount above stipulated from the 2010B Pledged Revenues, then an amount shall be paid into the 2010B Debt Service Fund in such month from the 2010B Reserve Fund (if moneys are then on deposit in the 2010B Reserve Fund) equal to the difference between that paid from the 2010B Pledged Revenues and the full amount so stipulated. If the moneys paid into the 2010B Debt Service Fund from the 2010B Reserve Fund are not equal to the amount required to be paid into the 2010B Debt Service Fund for such month, then in the following month, an amount equal to the difference between the amount paid and the amount required shall be deposited into the 2010B Debt Service Fund, in addition to the normal payment required to be paid in such month, from the first 2010B Pledged Revenues thereafter received and not required to be otherwise applied. The money deposited in the 2010B Debt Service Fund from the 2010B Reserve Fund, if any, shall be replaced in the 2010B Reserve Fund from the first 2010B Pledged Revenues thereafter received not required to be otherwise applied. If, in any month, the County shall, for any reason, fail to pay into the 2010B Reserve Fund the full amount required, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first 2010B Pledged Revenues thereafter received and not required to be otherwise applied. The moneys in the 2010B Reserve Fund shall be used solely and only for the purpose of paying any deficiencies in the payment of the principal of and the interest on the Series 2010B Bonds; provided, however, that any moneys at any time in excess of the 2010B Minimum Reserve in the 2010B Reserve Fund may be withdrawn therefrom and applied to any other lawful purpose. Cash accumulated in the 2010B Reserve Fund shall not be invested in a manner which could cause the Series 2010B Bonds to become arbitrage bonds within the meaning of the Code. Any investments held in the 2010B Reserve Fund shall be valued annually, on or about June 1, at their current fair market value and, if the amount then on deposit in the 2010B Reserve Fund exceeds the 2010B Minimum Reserve, all amounts in excess of the 2010B Minimum Reserve shall be transferred to the 2010B Debt Service Fund and used to pay principal of and interest on the Series 2010A Bonds.

(e) Payment of 2010B Parity Obligations. Concurrently with the payment of the 2010B Pledged Revenues required above, any amounts on deposit in the 2010B Income Fund shall be used by the County for the payment of principal of, interest on and debt service reserve fund deposits relating to 2010B Parity Bonds now outstanding and to additional 2010B Parity Bonds, if any, hereafter authorized to be issued and payable from the 2010B Pledged Revenues, as applicable, as the same accrue. If funds on deposit in the 2010B Income Fund are not sufficient to pay when due the required payments of principal of, interest on and debt service reserve fund deposits relating to the Series 2010B Bonds and any other outstanding 2010B Parity Bonds, then the available funds in the 2010B Income Fund will be used, first, on a pro rata basis, based on the amount of principal and interest then due with respect to each series of outstanding 2010B Parity Bonds, for the payment of principal of and interest on all series of outstanding 2010B Parity Bonds and, second, to the extent of remaining available funds in the 2010B Income Fund, on a pro rata basis, based on the amount of debt service reserve fund deposits then required with respect to each series of outstanding 2010B Parity Bonds, for the required debt service reserve fund deposits for all series of outstanding 2010B Parity Bonds.

(f) Termination upon Deposits to Maturity. No payment shall be made into the 2010B Debt Service Fund or the 2010B Reserve Fund if the amounts (excluding any amount in the 2010B Reserve Fund represented by a Reserve Fund Insurance Policy) in such funds total a sum at least equal to the entire aggregate amount due as to principal, premium, if any, and interest, on the Series 2010B Bonds to their respective maturities or applicable redemption dates, in which case moneys in the 2010B Debt Service Fund and the 2010B Reserve Fund in an amount at least equal to such principal and interest requirements shall be used solely to pay such obligations as the same accrue, and any moneys in excess thereof in the 2010B Debt Service Fund and the 2010B Reserve Fund may be used as provided in subsection (C) of this Section.

(C) Surplus Revenues. After making all the payments hereinabove required to be made and paying the Insurer all amounts due or to become due to the Insurer, if any, the remaining 2010A Pledged Revenues and 2010B Pledged Revenues, if any, may be applied to any other lawful purpose, as the County may from time to time determine.

General Administration of Funds

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

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

(B) Investment of Moneys. Moneys in the 2010A Reserve Fund and 2010B Reserve Fund shall be invested in accordance with paragraph C of this section and moneys in any other fund or account not immediately needed may be invested in any Qualified Investment. The obligations so purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account. The County Treasurer shall present for redemption or sale on the prevailing market any obligations so purchased as an investment of moneys in the fund or account whenever it shall be necessary to do so in order to provide moneys to satisfy any required payment or transfer from such fund.

(C) 2010A and 2010B Reserve Funds. Moneys, if any, in the 2010A Reserve Fund or 2010B Reserve Fund may be invested only in Qualified Investments with a maturity not greater than five years (except for investment agreements approved in writing by the Insurer, if applicable).

(1) The County shall annually on or about June 1 of each year, commencing on the first June 1 succeeding funding of the 2010A Reserve Fund and 2010B Reserve Fund, value the

2010A Reserve Fund and 2010B Reserve Fund, on the basis of the current fair market value of deposits and investments credited to the 2010A Reserve Fund and 2010B Reserve Fund.

(2) For purposes of determining the amount on deposit in the 2010A Reserve Fund or 2010B Reserve Fund, any Reserve Fund Insurance Policy held by, or the benefit of which is available to, the County as security for the Series 2010A Bonds or Series 2010B Bonds shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, except that, if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Insurance Policy and not reinstated or another Reserve Fund Insurance Policy provided, then, in valuing the 2010A Reserve Fund or 2010B Reserve Fund, as applicable, the value of such Reserve Fund Insurance Policy shall be reduced accordingly.

(3) If, upon any valuation, the value of the 2010A Reserve Fund exceeds the 2010A Minimum Reserve, the excess amount shall be withdrawn and deposited into the 2010A Debt Service Fund; and if the value of the 2010B Reserve Fund exceeds the 2010B Minimum Reserve, the excess amount shall be withdrawn and deposited into the 2010B Debt Service Fund.

(4) If the value of the 2010A Reserve Fund is less than the applicable 2010A Minimum Reserve, the County shall replenish such amounts from the first 2010A Pledged Revenues thereafter received not required to be otherwise applied or other moneys legally available therefor. If the value of the 2010B Reserve Fund is less than the applicable 2010B Minimum Reserve, the County shall replenish such amounts from the first 2010B Pledged Revenues thereafter received not required to be otherwise applied or other moneys legally available therefor.

(5) At such time as the Series 2010A Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the 2010A Reserve Fund may be used to pay the final installments of principal and interest on the Series 2010A Bonds and otherwise may be withdrawn and transferred to the County to be used for any lawful purpose. At such time as the Series 2010B Bonds are paid in full or are deemed to be paid in full, the amount on deposit in the 2010B Reserve Fund may be used to pay the final installments of principal and interest on the Series 2010B Bonds and otherwise may be withdrawn and transferred to the County to be used for any lawful purpose.

(6) If the amounts described in subparagraph (5) above are used for a purpose other than payment of the Series 2010A Bonds or Series 2010B Bonds, as applicable, there shall be delivered an opinion of nationally recognized bond counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the laws of the State and that such use shall not result in the inclusion of interest on any Bonds in gross income of the recipient thereof for federal income tax purposes.

(7) If moneys have been withdrawn from the 2010A Reserve Fund or 2010B Reserve Fund, or a payment has been made under a Reserve Fund Insurance Policy constituting all or a portion of the either 2010A Reserve Fund or 2010B Reserve Fund, and deposited into the 2010A Debt Service Fund or 2010B Debt Service Fund to prevent a default on the Series 2010A Bonds or Series 2010B Bonds, then the County will pay, from the 2010A Pledged Revenues or 2010B Pledged Revenues, as applicable, or other moneys legally available therefor, the full amount so withdrawn, together with interest, if any, required under the terms of the Reserve Fund Insurance Policy, or so much as shall be required to restore the 2010A Reserve Fund to the 2010A Minimum Reserve and the 2010B Reserve Fund to the 2010B Minimum Reserve, and to pay such interest, if any. Such repayment shall be made as required by Sections 17(A)(6) and 17(B)(6)of the Parameters Bond Ordinance.

The County may in part, or in whole, replace amounts in the 2010A Reserve Fund or 2010B Reserve Fund with a Reserve Fund Insurance Policy.

Default, Remedies and County Duties

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

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

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

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

(D) default by the County in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than a default set forth in subparagraphs (A) and (B) above), and the continuance of such default for thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the County by the holders of twenty-five percent (25%) in aggregate principal amount of the Series 2010A Bonds or Series 2010B Bonds then outstanding; or

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

Upon the happening and continuance of any of the events of default described above, then and in every case, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2010A Bonds or Series 2010B Bonds then outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the County, the Board of County Commissioners and its agents, officers and employees, but only in their official capacities, to protect and enforce the rights of any holder of Series 2010A Bonds or Series 2010B Bonds, as applicable, under the Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award relating to the execution of any power herein granted for the enforcement of any legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights provided above, or to enjoin any act or thing which may be unlawful or in violation of any right of any Bondholder, or to require the Board of County Commissioners to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Series 2010A Bonds or Series 2010B Bonds, as applicable, then outstanding. The failure of any Bondholder so to proceed shall not relieve the County or any of its officers, agents or employees of any responsibility for failure to perform, in their official capacities, any duty. Each right or privilege of such holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege.

Upon the happening of any of the events of default described above, the County, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds to protect and preserve the security created for the payment of the Bonds and to insure the payment of the principal of and interest on the Bonds promptly as the same become due. All proceeds derived therefrom, so long as any of the Bonds, either as to principal or interest, are outstanding and unpaid, shall be applied as set forth in the Bond Ordinance. In the event the County fails or refuses to proceed, the holder or holders of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2010A Bonds or Series 2010B Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the owners of the Bonds as described above.

Defeasance

When all principal, interest and prior redemption premium, if any, in connection with the Series 2010A Bonds or Series 2010B Bonds hereby authorized have been duly paid, the pledge and lien for the payment of the Series 2010A Bonds or Series 2010B Bonds shall thereby be discharged and that series of Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. Payment shall be deemed made with respect to any Bond or Bonds when the County has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations) to meet all requirements of principal, interest and prior redemption premium, if any, as the same become due to their final maturities or upon designated redemption dates. Any Defeasance Obligations shall become due when needed in accordance with a schedule agreed upon between the County and such bank at the time of the creation of the escrow. Defeasance Obligations within the meaning of this Section, shall include only (i) cash, (ii) non-callable direct obligations of the United States of America ("Treasuries"), (iii) evidences of ownership of proportionate interest in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (iv) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (v) securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Bonds.

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

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

Amendment of Bond Ordinance

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

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

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

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

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

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

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

SECURITY FOR THE BONDS

Pledge and Security

Subject to the uses thereof permitted by, and the priorities set forth in, the Bond Ordinance, the 2010A Pledged Revenues and the amounts and securities on deposit in the 2010A Debt Service Fund and the 2010A Reserve Fund (if funded) and the proceeds thereof are pledged to, and the County will grant a security interest therein, for the payment of principal of and interest on the Series 2010A Bonds; and the 2010B Pledged Revenues and the amounts and securities on deposit in the 2010B Debt Service Fund and the 2010B Reserve Fund (if funded) and the proceeds thereof are pledged to, and the County will grant a security interest therein, for the payment of principal of and interest on the Series 2010B Bonds. The Series 2010A Bonds and Series 2010B Bonds constitute irrevocable and first liens, but not necessarily exclusive first liens on, respectively, the 2010A Pledged Revenues and 2010B Pledged Revenues as set forth in the Bond Ordinance.

Special Limited Obligations

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

PURPOSE AND PLAN OF FINANCING

Purpose

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

Sources and Uses of Funds

The sources and uses for the Bonds are as follows:

Sources of Funds	Series A	Series B	Total
Par Amount	$21,215,000.00	$10,195,000.00	$31,410,000.00
Net Original Issue Premium (Discount)	1,307,824.35	261,185.55	1,569,009.90
Net Proceeds	$22,522,824.35	$10,456,185.55	$32,979,009.90

Uses of Funds	Series A	Series B	Total
Costs of Issuance[1]	$ 84,427.73	$ 40,572.27	$ 125,000.00
Underwriters' Discount	106,854.24	51,880.76	158,735.00
Deposit to Acquisition Fund	22,331,542.38	10,363,732.52	32,695,274.90
Total Uses	$22,522,824.35	$10,456,185.55	$32,979,009.90

(1) Includes rating agency fees, legal fees, financial advisor fees and other miscellaneous costs and contingencies.

ANNUAL DEBT SERVICE SUMMARY

The following tables set forth for each fiscal year from 2010 through 2030 the amounts required in each such fiscal year to pay scheduled annual debt service on the Bonds, as well as the debt service coverage ratio, based on fiscal year 2009 Pledged Revenues.

Santa Fe County, New Mexico
Series 2010A Bonds Debt Service/Coverage

Year Ending June 30	2010A Bond Principal	2010A Bond Interest	2010A Bond Debt Service	Estimated 2010A Pledged Revenues[1]	Coverage Ratio[1]
2010	$ --	$ 162,587.83	$ 162,587.83	$3,656,676	22.49
2011	585,000.00	873,606.26	1,458,606.26	3,656,676	2.51
2012	760,000.00	861,906.26	1,621,906.26	3,656,676	2.26
2013	775,000.00	846,706.26	1,621,706.26	3,656,676	2.26
2014	800,000.00	823,456.26	1,623,456.26	3,656,676	2.25
2015	825,000.00	799,456.26	1,624,456.26	3,656,676	2.25
2016	850,000.00	774,706.26	1,624,706.26	3,656,676	2.25
2017	880,000.00	740,706.26	1,620,706.26	3,656,676	2.26
2018	915,000.00	705,506.26	1,620,506.26	3,656,676	2.26
2019	955,000.00	668,906.26	1,623,906.26	3,656,676	2.25
2020	990,000.00	630,706.26	1,620,706.26	3,656,676	2.26
2021	1,030,000.00	591,106.26	1,621,106.26	3,656,676	2.26
2022	1,085,000.00	539,606.26	1,624,606.26	3,656,676	2.25
2023	1,135,000.00	485,356.26	1,620,356.26	3,656,676	2.26
2024	1,195,000.00	428,606.26	1,623,606.26	3,656,676	2.25
2025	1,255,000.00	368,856.26	1,623,856.26	3,656,676	2.25
2026	1,315,000.00	306,106.26	1,621,106.26	3,656,676	2.26
2027	1,380,000.00	240,356.26	1,620,356.26	3,656,676	2.26
2028	1,435,000.00	185,156.26	1,620,156.26	3,656,676	2.26
2029	1,495,000.00	127,756.26	1,622,756.26	3,656,676	2.25
2030	1,555,000.00	66,087.50	1,621,087.50	3,656,676	2.26
Total	$21,215,000.00	$11,227,244.27	$32,442,244.27		

[1] 2010A Pledged Revenues are based on collections for fiscal year ending June 30, 2009. There is no assurance that 2010A Pledged Revenues received in the future will equal the 2010A Pledged Revenues used in coverage computations. See "PLEDGED REVENUES" herein.

Santa Fe County, New Mexico
Series 2010B Bonds Debt Service/Coverage

Year Ending June 30	2009 Bond Debt Service	2010B Bond Principal	2010B Bond Interest	2010B Bond Debt Service	Total Debt Service	Estimated 2010B Pledged Revenues[1]	Coverage Ratio[1]
2010	$ 547,505.00	$ --	$ 72,514.70	$ 72,514.70	$ 620,019.70	$3,656,676	5.90
2011	896,981.00	265,000.00	389,631.26	654,631.26	1,624,126.96	3,656,676	2.25
2012	895,981.00	340,000.00	384,331.26	724,331.26	1,620,312.26	3,656,676	2.26
2013	896,981.00	350,000.00	377,531.26	727,531.26	1,624,512.26	3,656,676	2.25
2014	898,181.00	355,000.00	367,031.26	722,031.26	1,620,212.26	3,656,676	2.26
2015	895,431.00	370,000.00	356,381.26	726,381.26	1,621,812.26	3,656,676	2.26
2016	895,931.00	380,000.00	345,281.26	725,281.26	1,621,212.26	3,656,676	2.26
2017	895,331.00	395,000.00	330,081.26	725,081.26	1,620,412.26	3,656,676	2.26
2018	893,931.00	415,000.00	314,281.26	729,281.26	1,623,212.26	3,656,676	2.25
2019	896,181.00	430,000.00	297,681.26	727,681.26	1,623,862.26	3,656,676	2.25
2020	896,931.00	445,000.00	280,481.26	725,481.26	1,622,412.26	3,656,676	2.25
2021	897,331.00	465,000.00	262,681.26	727,681.26	1,625,012.26	3,656,676	2.25
2022	896,731.00	480,000.00	244,081.26	724,081.26	1,620,812.26	3,656,676	2.26
2023	895,950.00	500,000.00	224,881.26	724,881.26	1,620,831.26	3,656,676	2.26
2024	896,438.00	520,000.00	204,881.26	724,881.26	1,621,319.26	3,656,676	2.26
2025	898,038.00	540,000.00	184,081.26	724,081.26	1,622,119.26	3,656,676	2.25
2026	898,438.00	560,000.00	162,481.26	722,481.26	1,620,919.26	3,656,676	2.26
2027	897,638.00	585,000.00	140,081.26	725,081.26	1,622,719.26	3,656,676	2.25
2028	895,638.00	610,000.00	116,681.26	726,681.26	1,622,319.26	3,656,676	2.25
2029	897,438.00	635,000.00	92,281.26	727,281.26	1,624,719.26	3,656,676	2.25
2030	--	1,555,000.00	66,087.50	1,621,087.50	1,621,087.50	3,656,676	2.26
Total	$17,583,005.00	$10,195,000.00	$5,213,446.14	$15,408,446.14	$32,991,451.14		

(1) 2010B Pledged Revenues are based on collections for fiscal year ending June 30, 2009. There is no assurance that 2010B Pledged Revenues received in the future will equal the 2010B Pledged Revenues used in coverage computations. See "PLEDGED REVENUES" herein.

PLEDGED REVENUES

The Bonds are special obligations of the County, payable from the Pledged Revenues. "Pledged Revenues" means collectively (1) with regard to the Series 2010A Bonds, the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010A Pledged Revenues"), and (2) with regard to the Series 2010B Bonds, the County-Only Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) County Capital Outlay Gross Receipts Tax; provided that if an additional amount of such gross receipts tax revenues or other equivalent funds are hereafter provided to be remitted to the County in connection with the County Capital Outlay Gross Receipts Tax under applicable laws of the State, 37.5% of such additional amounts shall be included as Pledged Revenues pledged pursuant to the Bond Ordinance; and provided further that the County intends that Section 4-62-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance (the "2010B Pledged Revenues").

Pursuant to County Ordinance No. 2002-5 ("Ordinance No. 2002-5"), which enacts the County Capital Outlay Gross Receipts Tax, 75 percent of the revenues generated by the Capital Outlay Gross Receipts Tax are dedicated for (1) acquisition, construction or improvement of water or wastewater systems or facilities and related facilities, including water or sewer lines and storm sewers and other drainage improvements; (2) acquisition of land for open space, public parks or public recreational facilities and for the design, acquisition, construction, improvement or equipping of parks and recreational facilities; and (3) construction, reconstruction or improvement of roads, streets or bridges, including acquisition of rights of way. Ordinance No. 2002-5 further provides that at least one-half of the revenues generated from the County Capital Outlay Gross Receipts Tax shall be used for projects that benefit residents within the incorporated boundaries of the City of Santa Fe. The Joint Water Project Allocation represents the one-half of the 75% portion of County Capital Outlay Gross Receipts Tax revenue which may be used for water projects benefitting both the County and the City of Santa Fe, which amounts are pledged as the 2010A Pledged Revenues under the Bond Ordinance. The County-Only Water Project Allocation represents the one-half of the 75% portion of County Capital Outlay Gross Receipts Tax revenue which may be used for water or wastewater projects that benefit unincorporated portions of the County, which amounts are pledged as the 2010B Pledged Revenues under the Bond Ordinance.

Capital Outlay Gross Receipts Tax

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

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

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

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

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

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

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

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

Fiscal Year Ended June 30	Capital Outlay Gross Receipts Tax Percentage	Capital Outlay Gross Receipts Tax Revenues(1)	Pledged Revenues (2010A/ 2010B)(2)	Percent Increase (decrease)
2009	0.250%	$ 9,753,100	$ 3,656,676	(7%)
2008	0.250%	10,479,934	3,929,981	9%
2007	0.250%	9,602,018	3,600,757	5%
2006	0.250%	9,150,898	3,431,589	7%
2005	0.250%	8,562,862	3,211,074	5%
2004	0.250%	8,180,590	3,067,723	--
2003*	0.250%	1,071,447	401,793	--

Source: Santa Fe County Financial Director

* First year in which Capital Outlay Gross Receipts Tax was imposed by the County; figures reflect 6 months of collections.

(1) Does not include other gross receipts taxes imposed by the County, which are not part of Pledged Revenues.

(2) Equals 37.5% of Capital Outlay Gross Receipts Tax revenues.

Other Gross Receipts Taxes (not pledged)

Pledged Revenues consist of the Joint Water Project Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) increment of County Capital Outlay Gross Receipts Tax (the "2010A Pledged Revenues") and the County-Only Water Allocation (i.e. 37.5%) of the revenues of the one-fourth of one percent (0.250%) increment of Capital Outlay Gross Receipts Tax (the "2010B Pledged Revenues"). The County also imposes certain other gross receipts taxes which are not pledged to the repayment of the Bonds. These include the first one-eighth of one percent (0.125%) increment, the second one-eighth of one percent (0.125%) increment, the third one-eighth of one percent (0.125%) increment and a one-sixteenth of one percent (0.0625%) increment of County Gross Receipts Tax; a one-eighth of one percent (0.125%) County Infrastructure Gross Receipts Tax; a one-eighth of one percent (0.125%) Corrections Gross Receipts Tax; a one-eighth of one percent (0.125%) County Environmental Gross Receipts Tax; a one-fourth of one percent (0.250%) Emergency Communications and Medical Services Gross Receipts Tax; a one-eighth of one percent (0.125%) County Regional Transportation Gross Receipts Tax; and a one-sixteenth of one percent (0.0625%) County Health Care Gross Receipts Tax. The total gross receipts tax rate within the County is 6.5000% (combined State (5.0000%) and County (1.5000%) gross receipts tax rates).

Gross Receipts Reported by Standard Industrial Classification

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

	2009*	2008	2007	2006	2005
Agriculture	12,615,172	18,281,879	19,107,948	19,832,900	18,912,456
Mining	720,003	1,149,186	447,404	328,070	180,245
Utilities	127,766,274	144,893,676	140,793,027	131,385,453	127,958,102
Construction	579,935,584	819,229,612	824,721,461	682,231,154	596,057,960
Manufacturing	53,449,693	70,683,934	83,992,702	78,191,516	72,879,351
Wholesale Trade	56,194,153	76,164,735	95,559,540	92,344,946	76,901,734
Retail Trade	931,209,897	1,115,311,626	1,166,521,337	1,123,065,867	1,066,910,521
Transportation/Warehousing	19,271,662	21,297,647	25,843,302	15,782,040	11,774,508
Information/Cultural	132,562,668	99,531,182	87,101,237	84,753,098	68,359,356
Finance/Insurance	27,722,942	38,045,689	37,864,658	29,860,436	28,451,086
Real Estate/Rental/Leasing	60,355,438	80,154,401	103,702,728	114,557,577	112,724,724
Professional/Scientific/Technical	234,724,813	271,037,782	266,916,959	226,405,661	225,755,157
Management of Companies	6,590,251	11,272,229	13,625,893	8,966,766	10,230,275
Admin./Support/Waste Mgmt.	19,411,976	20,943,165	18,114,554	13,163,066	9,169,606
Educational Services	8,772,972	11,165,177	10,854,034	10,490,202	8,921,593
Health Care/Social Assistance	150,038,786	156,014,720	152,334,432	135,211,942	125,873,187
Arts/Entertainment/Recreation	22,825,590	26,648,749	28,953,599	21,219,843	22,655,515
Accommodation/Food Services	347,265,006	400,972,453	390,834,308	387,492,651	357,017,885
Other Services (except pub admin)	341,090,090	424,448,655	435,904,448	453,429,141	429,469,288
Public Administration	1,136,305	1,797,522	726,403	20,604	820,596
Unclassified Establishments	11,731,281	8,535,998	7,970,777	5,560,475	4,739,148
Total Taxable	3,145,368,311	3,817,582,025	3,911,892,758	3,634,295,414	3,375,764,298
Total Reported	5,537,519,038	7,043,378,575	7,101,914,301	6,562,830,219	6,148,259,812
State of New Mexico					
Total Taxable	41,665,843,812	50,890,095,365	49,440,667,976	46,727,075,797	41,751,801,379

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

Historical Total Gross Receipts Reported For County and State

The following table shows the gross receipts generated (both in retail trade only and in total) in the County and the State for the last 5 calendar years. For the purposes of this table, gross receipts means the total amount of money received from selling property within the State, from leasing property located in the State and from performing services in the State. Gross Receipts includes, among other things, food sales and services such as legal and medical services.

	Santa Fe County		State of New Mexico	
Year	Total	Retail Trade	Total	Retail Trade
2009*	$5,537,519,038	$1,688,391,037	$ 85,526,631,776	$21,510,921,723
2008	7,043,378,575	2,154,370,796	114,741,598,593	25,019,895,803
2007	7,101,914,301	2,202,020,641	103,740,330,414	26,012,239,572
2006	6,562,380,219	2,086,605,775	94,347,408,225	24,014,746,059
2005	6,148,259,812	1,951,302,634	78,771,700,292	20,454,852,088

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

Historical Taxable Gross Receipts Reported For County and State

Fiscal Year Ended June 30	Taxable Gross Receipts Reported in Santa Fe County	Taxable Gross Receipts Reported in the State of New Mexico
2009*	$3,145,368,311	$41,665,843,812
2008	3,817,582,025	50,890,095,365
2007	3,911,892,758	49,440,667,976
2006	3,634,295,414	46,727,075,797
2005	3,375,764,298	41,751,801,379

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

ADDITIONAL OBLIGATIONS PAYABLE FROM PLEDGED REVENUES

Outstanding Obligations Secured by Pledged Revenues.

Other Liens. There are no outstanding obligations with a lien on the 2010A Pledged Revenues on parity with the lien thereon of the Series 2010A Bonds. The Santa Fe County, New Mexico Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009, presently outstanding in the principal amount of $12,090,000 are secured by a first lien (but not necessarily an exclusive first lien) on the 2010B Pledged Revenues.

Additional Bonds Test. The Bond Ordinance does not prevent the issuance of additional Parity Bonds payable from and constituting a lien upon the 2010A Pledged Revenues on parity with the lien thereon of the Series 2010A Bonds, or upon the 2010B Pledged Revenues on parity with the lien thereon of the Series 2010B Bonds. Before any additional Parity Bonds are actually issued, it must be determined that:

(A) The County is then current in the accumulation of all amounts which are required to have then been accumulated in the applicable (i.e. 2010A or 2010B) Debt Service Fund and Reserve

Fund (if any accumulation is then required in the Reserve Fund) as required by Section 17 of the Parameters Bond Ordinance; and

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

(C) The Pledged Revenues received by the County in the twelve months immediately preceding the date of issuance of the proposed additional Parity Bonds shall have been sufficient to pay an amount representing at least 150% of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on (i) the applicable outstanding Bonds (i.e. Series 2010A or Series 2010B), (ii) other outstanding Parity Bonds, Subordinate Obligations and Junior Subordinate Obligations payable from and constituting a lien upon the applicable Pledged Revenues (i.e. 2010A Pledged Revenues or 2010B Pledged Revenues), and (iii) the Parity Bonds proposed to be issued.

Certification or Opinion Regarding Revenues. A written certificate or opinion by the County Treasurer or Finance Director or an Independent Accountant, that the applicable (i.e. 2010A or 2010B) Pledged Revenues are sufficient to pay the required amounts under the test set forth above, shall conclusively determine the right of the County to issue additional Parity Bonds. The County Treasurer, Finance Director or Independent Accountant may utilize the results of any annual audit to the extent it covers the applicable period.

Refunding Bonds

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

Privilege of Issuing Refunding Obligations. If at any time the County shall find it desirable to refund any outstanding obligations constituting a lien upon the 2010A Pledged Revenues or 2010B Pledged Revenues, the Series 2010A Bonds or Series 2010B Bonds or other obligations, or any part thereof, such obligations may be refunded, but only with the consent of the holders, unless the obligations shall then mature or be callable for redemption, or the plan of refunding calls for payment of the obligations at maturity or at a redemption date, regardless of whether the lien priority is changed by the refunding except that superior obligations are prohibited as provided in the Bond Ordinance.

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

(A) The lien on the applicable (i.e. 2010A or 2010B) Pledged Revenues of the outstanding obligations so refunded is on parity with the lien on the 2010A Pledged Revenues or 2010B Pledged Revenues of the applicable Bonds; or

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

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

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

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

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

Limitation upon Issuance of Any Refunding Obligations. Any refunding obligations payable from 2010A Pledged Revenues or 2010B Pledged Revenues shall be issued with such details as the Board of County Commissioners may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue or issues, including the Bonds.

Subordinate and Superior Obligations

The County will not issue additional bonds payable from 2010A Pledged Revenues or 2010B Pledged Revenues with a lien thereon prior and superior to the liens thereon of, respectively, the Series 2010A Bonds or Series 2010B Bonds. Nothing contained in the Bond Ordinance will be construed in such a manner as to prevent the issuance by the County of additional bonds payable from the 2010A Pledged Revenues or 2010B Pledged Revenues with a lien thereon subordinate and junior to the lien of the Series 2010A Bonds or Series 2010B Bonds thereon, nor to prevent the issuance of bonds or other obligations refunding all or part of the Series 2010A Bonds or Series 2010B Bonds as permitted by the Bond Ordinance.

COUNTY COVENANTS IN THE BOND ORDINANCE

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

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

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

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

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

Records. So long as any of the Bonds remain outstanding, proper books of record and account will be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the 2010A Pledged Revenues and the 2010B Pledged Revenues.

Audits and Budgets. The County will, within two hundred and ten (210) days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the 2010A Pledged Revenues and 2010B Pledged Revenues to be commenced by an Independent Accountant showing the receipts and disbursements in connection with such revenues.

Other Liens. Other than as described and identified by the Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the 2010A Pledged Revenues or 2010B Pledged Revenues.

Impairment of Contract. The County agrees that any law, ordinance or resolution of the County that in any manner affects the 2010A Pledged Revenues and the 2010B Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely any Bonds outstanding, unless such Bonds have been discharged in full or provision has been fully made therefor or unless the required consents of the holders of the then outstanding Bonds are obtained pursuant to the Bond Ordinance.

Debt Service Fund and Reserve Fund. The 2010A Debt Service Fund, the 2010B Debt Service Fund, the 2010A Reserve Fund and the 2010B Reserve Fund shall be used solely and only, and those funds are pledged, for the purposes set forth in the Bond Ordinance.

Surety Bonds. Each County official and employee being responsible for receiving the 2010A Pledged Revenues and the 2010B Pledged Revenues shall be bonded at all times, which bond shall be conditioned upon the proper application of such funds.

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

Tax Covenants. The County covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. The Chairperson of the Governing Body and other officers of the County having responsibility for the issuance of the Bonds shall give an appropriate certificate of the County, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Bonds.

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

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

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

THE COUNTY

General

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

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

Governing Body

The Board of County Commissioners consists of five individuals elected for four-year terms. The County is divided into five districts, each represented by an elected Commissioner. The function of the

County is briefly addressed in the grant of powers provided all New Mexico counties pursuant to Section 4-37-1 NMSA 1978. The function is "... to provide for the safety, preserve the health, promote the prosperity and improve the morals, order, comfort and convenience of the county or its inhabitants...." The Board oversees:

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

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

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

Administrative Officers

The current members of the County Administration are as follows:

Roman Abeyta, County Manager since September 29, 2006. Mr. Abeyta has held several positions over the past 15 years with Santa Fe County as well as the City of Santa Fe. Mr. Abeyta began his career with Santa Fe County in September 1991 as an Animal Control Officer. Mr. Abeyta joined the County Land Use Department where he held several positions over a 9 year period including Assistant Planner, Development Review Specialist II, Development Permit Supervisor and Deputy Land Use Administrator. In 2001 Mr. Abeyta became Land Use Director of that department. Mr. Abeyta was appointed Deputy County Manager, a position he held until May 2006, when he served as Assistant City Manager of the City of Santa Fe. Mr. Abeyta was born and raised in Santa Fe, New Mexico and is a 1991 Capital High School Graduate. Mr. Abeyta has 5 sons that range in age from 3-17.

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

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

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

Other Employees

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

Retirement Plan; Other Post-Employment Benefits

Public Employees Retirement Association

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

Non-law enforcement plan members (other than County fire department employees) are required to contribute 3.2875% of gross covered salary under the plan, under which the County contributes an amount equal to 19.0125% of gross covered salary. County fire department plan participants that are not union members are required to contribute 8.10% of gross covered salary under the plan, under which the County contributes an amount equal to 21.15% of gross covered salary. County fire department plan participants that are union members are required to contribute 4.5% under the plan, under which the County contributes an amount equal to 24.85%. Law enforcement participants (excluding detention employees, who are considered general participants) are required to contribute 3.09% of covered gross salary under the plan, under which the County contributes an amount equal to 27.76%. The contribution requirements of plan members and of the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2009, 2008, 2007, 2006, and 2005 were $8,830,179, $7,631,724, $5,950,620, $5,310,887 and $4,114,267, respectively, equal to the amount of the required contributions for those years.

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

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

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

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

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

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

New Mexico Retiree Health Care Authority

The County contributes to the State-sponsored New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the Retiree Health Care Authority ("NMRHCA"). The NMRHCA administers the New Mexico Retiree Health Care Act, Sections 10-7C-1 through 10-7C-19 NMSA 1978, for the purpose of providing comprehensive group health insurance coverage for persons who have retired from certain public service in the State and eligible dependants. The Retiree Health Care Act establishes the required contributions of participating employers. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary, and each participating employee to contribute 0.65% of its annual salary. The County's contribution to the NMRHCA for the years ended June 30, 2009, 2008, 2007 and 2006 were $459,432, $413,934, $341,186 and $316,539, respectively, which equal the required contributions for those years.

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

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

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

County Budgets

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

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

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

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

County Investments

Statutory Requirements

The Board of County Commissioners, acting as the County Board of Finance, is charged with the ultimate supervision and control of all County funds pursuant to Sections 6-10-8, 6-10-10 and 6-10-35(G) NMSA 1978. The statutory duties of the County Board of Finance include the selection of financial institutions for deposit of County funds, setting collateral requirements for such deposits, and selection of custodians for collateral required of depository financial institutions. The County Treasurer is charged with responsibility for day-to-day management of County deposits and investments pursuant to Sections

4-43-2, 6-10-8 and 6-10-10 NMSA 1978, which responsibilities include the maintenance of accurate books and records and regular reporting of the County's financial condition to the County Board of Finance. Pursuant to Sections 6-10-10 and 6-10-31 NMSA 1978, the County Board of Finance and the County Treasurer are jointly responsible for establishing investment strategies for County funds not required to meet the immediate cash flow needs of the County, and the selection of suitable securities and other investments.

County Investment Policy

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

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

Education

Santa Fe Public Schools

The Santa Fe Public School District is a political subdivision of the State organized for the purpose of operating and maintaining an education program for school-age children residing within its boundaries. Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,016 square miles with an estimated population of 125,000. The District is the 5th largest school district in the State with a 2009-2010 enrollment of 13,684 students. The District operates 30 school sites, including 21 elementary schools, 3 middle schools, 2 high schools and 4 charter/alternative schools. The District's educational program includes vocational, technical and occupational training.

Santa Fe Community College

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

St. John's College

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

New Mexico School for the Deaf

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

Transportation

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

Labor Force and Percent Unemployed

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

	Santa Fe MSA		State of New Mexico		United States
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2009	78,150	5.80%	957,371	6.80%	9.30%
2008	79,406	3.50%	959,458	4.10%	5.80%
2007	78,908	2.80%	945,700	3.50%	4.60%
2006	77,191	3.60%	951,287	4.10%	4.70%
2005	78,046	4.60%	934,667	5.80%	5.60%
2004	84,069	2.90%	910,502	4.80%	5.70%
2003	79,356	3.00%	878,749	6.10%	5.80%
2002	79,317	2.50%	882,103	5.00%	6.00%
2001	75,758	2.80%	854,818	5.50%	4.70%
2000	76,911	3.00%	839,500	5.80%	4.50%

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

Non-Agricultural Wage and Salary

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

Industry	2009*	2008	2007	2006	2005
Mining	128	155	155	161	101
Utilities	268	239	268	279	272
Construction	3,722	4,782	5,088	5,102	4,775
Manufacturing	810	927	1,068	1,136	1,228
Wholesale Trade	1,134	1,253	1,218	1,148	1,104
Retail Trade	8,480	9,199	8,782	8,845	8,665
Transportation & Warehousing	846	923	655	626	618
Information	1,449	1,882	1,954	1,475	1,333
Finance & Insurance	1,812	1,830	1,810	1,909	1,853
Real Estate & Rental & Leasing	919	1,005	1,138	1,251	1,035
Professional & Technical Services	2,712	2,897	2,905	2,819	2,783
Management of Companies and Enterprises	225	225	250	269	360
Administrative & Waste Services	2,163	2,504	2,707	2,306	2,479
Educational Services	4,841	5,004	5,248	5,559	5,461
Health Care & Social Assistance	8,636	8,457	8,124	6,968	7,083
Arts, Entertainment & Recreation	2,171	2,317	2,103	2,057	2,161
Accommodation & Food Services	8,163	8,235	8,428	8,344	8,169
Other Services, Except Public Administration	2,360	2,508	2,404	2,405	2,428
Non-classifiable	n/a	2	n/a	n/a	n/a
Total Private Sector	50,839	54,344	54,305	52,659	51,908
Public Administration	11,232	11,226	10,976	10,848	10,566
Grand Total	62,071	65,570	65,281	63,507	62,474

Source: New Mexico Department of Workforce Solutions.
* Average Second Quarter, 2009

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.

Employer	Type	Number of Employees	% of Santa Fe MSA Employment
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

Per Capita Income

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

Per Capita Personal Income

Year	Santa Fe County	New Mexico	United States
2008	N/A	$33,430	$40,208
2007	$42,184	30,706	38,615
2006	40,147	29,673	36,276
2005	37,934	27,644	34,586
2004	34,448	26,184	33,050
2003	32,999	24,892	31,484
2002	32,932	24,246	30,810
2001	31,608	24,085	30,472
2000	29,949	22,134	29,770
1999	29,346	21,836	27,880

Source: UNM, Bureau of Business and Economic Research.

Effective Buying Income

The following table shows Effective Buying Income by income group for Santa Fe County, the State of New Mexico and the United States:

Percent of Households by Effective Buying Income Groups

Effective Buying Income Group	Santa Fe County	New Mexico	United States
Under $25,000	20.0%	29.0%	22.8%
$25,000 – 34,999	10.6%	12.5%	10.8%
$35,000 – 49,999	15.9%	16.3%	15.2%
$50,000 – 74,999	18.9%	18.5%	19.5%
$75,000 and over	33.3%	23.5%	31.5%

Source: Claritas, Inc., 2009

Age Distribution

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

Percentage of Population

Age	Santa Fe County	New Mexico	United States
0-17	21.0%	25.4%	24.4%
18-24	8.6%	10.2%	9.8%
25-44	26.2%	26.2%	27.2%
45-54	15.5%	13.9%	14.5%
55 & Older	28.6%	24.3%	24.1%

Source: Claritas, Inc., 2009

Median Household Effective Buying Income

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

Median Household Effective Buying Income

Year	Santa Fe County	State of New Mexico	United States
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
2000	38,876	29,992	37,233
1999	36,781	28,795	35,377
1998	36,127	27,744	34,618
1997	34,804	27,503	33,482
1996	33,285	26,499	32,238

Source: Claritas, Inc., 2009

Population

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

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

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

Historical General Fund Balance Sheet

The following Historical General Fund Balance Sheet and Statement of Historical Revenues, Expenditures and Changes in Fund Balances have been included herein for informational purposes only. Except as otherwise noted, figures were taken from the audit reports prepared by the County's independent auditors. Audited figures are excerpts of the audit reports and do not purport to be complete. Reference is made to the complete audit reports which are available upon request. The County has not requested the consent of Barraclough & Associates, P.C., which performed the audit of the County's Financial Statements, to the inclusion of the audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements.

Fiscal Year Ended June 30	2009	2008	2007	2006	2005
ASSETS					
Equity in pooled cash investments – Unrestricted	$41,016,246	$41,451,376	$33,793,088	$23,713,215	$19,671,694
Equity in pooled cash investments - Restricted	1,839,296	1,838,905	1,838,198	1,815,290	1,815,290
Receivables, net of allowance for uncollectable					
Accounts	41,499	29,892	94,558	67,344	25,965
Taxes	6,341,501	5,500,784	4,492,988	4,637,536	3,634,953
Interest	388,707	744,996	639,701	336,208	145,322
Grantor agencies and other	629,963	671,275	612,495	564,364	395,737
Due from other funds	1,457,912	593,466	1,949,727	1,012,293	827,631
Total Assets	$51,715,124	$50,830,694	$43,420,755	$32,146,250	$26,516,592
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expenditures	$940,997	$566,674	$1,080,217	$1,178,059	$1,858,404
Accrued payroll	777,821	567,670	411,789	-	-
Deferred revenue	7,278,703	4,522,498	3,347,890	3,387,050	2,725,796
Deposits held for others	-	-	-	-	-
Other	24,006	23,615	22,908	-	-
Total Liabilities	$9,021,527	$5,680,457	$4,862,804	$4,565,109	$4,584,200
Fund Balance					
Reserved for					
Encumbrances	$3,225,140	$3,677,892	$2,564,302	$2,231,266	$1,915,499
Subsequent year expenditures	-	-	-	-	-
Total reserved fund balance	$3,225,140	$3,677,892	$2,564,302	$2,231,266	$1,915,499
Unreserved – Designated for Contingency	1,815,290	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	18,201,603
Total unreserved fund balance	39,468,547	41,472,345	35,993,649	25,349,875	20,016,893
Total fund balance	42,693,597	45,150,237	38,557,951	27,581,141	21,932,392
Total liabilities and fund balance	$51,715,124	$50,830,694	$43,420,755	$32,146,250	$26,516,592

Source: Santa Fe County Annual Audit Reports for the fiscal years ended June 30, 2009, 2008, 2007, 2006 and 2005; these figures are excerpts only and do not purport to be complete.

Historical General Fund Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30	2009	2008	2007	2006	2005
Revenues					
Grants	$ 1,867,419	$ 1,198,786	$ 2,085,995	$ 1,754,243	$ 2,100,757
Taxes and special assessments	45,989,054	45,168,805	41,723,011	36,313,562	33,008,259
Interest earnings	3,879,418	5,693,887	4,750,661	2,904,858	1,280,136
Charges for services, fines and penalties	1,749,087	1,525,638	1,755,849	1,906,418	1,772,133
Other	128,467	108,439	39,116	320,587	423,254
Total revenues	$53,613,445	$53,695,555	$50,354,632	$43,199,668	$38,584,539
Expenditures:					
Current					
General government	$16,407,071	$17,729,096	$17,832,387	$14,906,976	$14,018,320
Public safety	9,783,459	10,422,751	7,957,272	7,809,025	6,553,023
Highways and streets	6,798,988	4,585,306	3,757,624	4,771,030	3,096,024
Health and welfare	383,017	93,969	411,119	571,966	1,643,085
Culture and recreation	830,535	754,241	406,900	282,550	391,700
Economic development	-	-	-	-	-
Capital outlay	8,774,791	4,660,250	1,115,713	2,379,668	2,694,732
Debt service (principal and interest)	-	-	-	-	-
Total expenditures	$42,977,861	$38,245,613	$31,481,015	$30,721,215	$28,396,884
Excess (Deficiency) or Revenues over Expenditures	$10,635,584	$15,449,942	$18,873,617	$12,478,453	$10,187,655
Other Financing Sources (Uses):					
Operating transfers, in	1,777,527	1,239,557	981,567	2,461,464	1,068,058
Operating transfers, out	(14,869,751)	(10,097,213)	(8,878,374)	(9,291,168)	(10,300,316)
Total other financing sources (uses)	(13,092,224)	(8,857,656)	(7,896,807)	(6,829,704)	(9,232,258)
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	$ 955,397
Fund balance, beginning of year	45,150,237	38,557,951	27,581,141	21,932,392	20,976,995
Prior period corrections	-	-	-	-	-
Fund balance, as restated	45,150,237	38,557,951	-	-	-
Fund balance, end of year	$42,693,597	$45,150,237	$38,557,951	$27,581,141	$21,932,392

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

Direct and Overlapping Debt and Mill Levies

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

Governmental Entity	2009 Valuation	GO Debt Outstanding	Applicable Percentage	Amount
State of New Mexico	$55,046,209,183	$453,730,000	11.59%	$ 52,607,290
City of Santa Fe	3,500,660,629	20,000,000	100.00%	20,000,000
Town of Edgewood	82,832,268	-	100.00%	-
City of Española	43,857,788	-	25.91	-
Española Schools	519,306,290	1,475,000	20.98%	309,437
Moriarty Schools	445,314,594	26,270,000	46.98%	12,342,118
Pojoaque Schools	169,707,747	8,690,000	100.00%	8,690,000
Santa Fe Community College	6,307,308,467	24,320,000	100.00%	24,320,000
Santa Fe Schools	6,208,158,480	109,025,000	100.00%	109,025,000
Santa Fe County	6,633,131,738	124,040,000	100.00%	124,040,000
Total Direct & Overlapping Debt				$351,333,845
Ratio of Estimated Direct & Overlapping Debt to 2009 Assessed Valuation:				5.57%
Ratio of Estimated Direct & Overlapping Debt to 2009 Estimated Actual Valuation				1.72%
Per Capita Direct & Overlapping Debt:				$2,456.88

Selected Debt Ratios and Values

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

County Population [1]	147,000
Total Estimated General Obligation Direct and Overlapping Debt	$ 351,333,845.00
Per Capita Direct and Overlapping Debt	$ 2,456.88
2009 Assessed Valuation	$6,633,131,738.00
Ratio of Estimated Direct and Overlapping Debt to 2009 Assessed Valuation	5.57%

(1) Estimated 2007.

Other County Obligations

The table below summarizes all outstanding revenue bond obligations of the County as of June 30, 2009, except as otherwise noted.

Type and Series of Revenue Bonds	Original Principal Amount	Interest Rate	Date of Final Maturity	Amount Outstanding as of 6/30/09	Pledged Revenues
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 Series 2009 Bonds were issued on October 21, 2009 and are secured by a lien on the 2010B Pledged Revenues on parity with the lien thereon of the Series 2010B Bonds. SEE "SECURITY FOR THE BONDS—Pledge and Security" herein.

LITIGATION AND INSURANCE

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

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

TRANSCRIPT AND CLOSING STATEMENTS

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

TAX EXEMPTION

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

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

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

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

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

Original Issue Discount

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

Original Issue Premium

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

Internal Revenue Service Audit Program

The Internal Revenue Service (the "IRS") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS will treat the County as the taxpayer and the Bondowners may have no right to participate in such procedure. Neither the initial purchasers of the Bonds nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the County, the Underwriters nor Bond Counsel are responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

FINANCIAL STATEMENTS

Appendix A contains excerpts from audited Financial Statements of the County for the fiscal year ended June 30, 2009. The Bonds are not payable from any revenues or funds of the County other than as set forth in the Official Statement. The financial statements are included for informational purposes only.

LEGAL MATTERS

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

RATINGS

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

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

CONTINUING DISCLOSURE

The County will make a written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange

Act of 1934, as amended (17 CFR Part 240, Section 240.15c 2-12) (the "Rule"). The County undertakes to provide the following information:

(a) Annual Financial Information;

(b) Audited Financial Statements, if any; and

(c) Material Event Notices.

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

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

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

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

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

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

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

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

Principal and interest payment delinquencies;
Non-payment related defaults;
Unscheduled draws on debt service reserves reflecting financial difficulties;
Unscheduled draws on credit enhancements reflecting financial difficulties;

Substitution of credit or liquidity providers, or their failure to perform;
Adverse tax opinions or events affecting the tax-exempt status of the security;
Modifications to rights of security holders;
Bond calls;
Defeasances;
Release, substitution, or sale of property securing repayment of the securities; and Rating changes.

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

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

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

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

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

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

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

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

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

Compliance with Prior Undertakings

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

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

UNDERWRITING

Robert W. Baird & Co., with Wells Fargo Securities and George K. Baum & Company as co-managers (collectively, the "Underwriters"), have agreed to purchase the Series 2010A Bonds from the County pursuant to a Bond Purchase Agreement dated March 9, 2010 (the "Bond Purchase Agreement"), at a price of $22,415,970.11, which reflects the par amount of the Series 2010A Bonds ($21,215,000.00) (i) plus net original issue premium in the amount of $1,307,824.35 and (ii) less an Underwriters' discount of $106,854.24. The Underwriters have agreed to purchase the Series 2010B Bonds from the County pursuant to the Bond Purchase Agreement at a price of $10,404,304.79, which reflects the par amount of the Series 2010B Bonds ($10,195,000.00) (i) plus net original issue premium in the amount of $261,185.55 and (ii) less an Underwriters' discount of $51,880.76. The Underwriters will be obligated to take and pay for all of the Bonds if any are taken. The Underwriters intend to offer the Bonds to the public at the offering prices set forth on the inside cover of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriters.

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

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wachovia Bank, National Association. It is anticipated that on or around March 20, 2010, Wachovia Bank, N.A., will merge into its affiliate, Wells Fargo Bank, N.A.

ADDITIONAL INFORMATION

All of the summaries of the statutes, ordinances, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such document, copies of which are either publicly available or available for inspection during normal business hours at the offices of the County Clerk of Santa Fe County, 102 Grant Avenue, Santa Fe, New Mexico 87501, or at the offices of RBC Capital Markets, Financial Advisor to the County, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110.

OFFICIAL STATEMENT CERTIFICATION

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

The preparation of this Official Statement and its distribution has been authorized by the Governing Body of Santa Fe County.

SANTA FE COUNTY, NEW MEXICO

By /s/______________________________
Harry B. Montoya, Chairperson
Board of County Commissioners

ATTEST:

/s/____________________________
Valerie Espinoza, County Clerk

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APPENDIX A

EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF
SANTA FE COUNTY, NEW MEXICO
FOR THE YEAR ENDING JUNE 30, 2009

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

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STATE OF NEW MEXICO

SANTA FE COUNTY

Financial Statements and Other Financial Information

(With Independent Auditors' Reports Thereon)

Year Ended June 30, 2009

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

STATE OF NEW MEXICO
SANTA FE COUNTY

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June 30, 2009

COUNTY COMMISSIONERS

Mike Anaya	Chairperson
Kathy Holian	Member
Harry B. Montoya	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 OFFICIAL

Roman Abeyta	County Manager

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June 30, 2009

STATE OF NEW MEXICO
SANTA FE COUNTY

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June 30, 2009

STATE OF NEW MEXICO
SANTA FE COUNTY

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June 30, 2009

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"24 Years of Excellence"

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Fe County, New Mexico (County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2009, and the respective changes in financial position, cash flows and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each non major governmental fund, the fiduciary funds of the County, as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons for the remaining major governmental funds, the enterprise funds and the non major governmental funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

(Continued)

As described in Note 11, the County adopted GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* for the year ended June 30, 2009.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 9, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Barraclough & Associates P.C.

November 9, 2009

As management of Santa Fe County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009. This Management Discussion and Analysis represents the current year results for the fiscal year ending June 30, 2009, and is intended to be read in conjunction with the County's Financial Statements.

Financial Highlights

- The assets of the Santa Fe County exceeded its liabilities at the close of the fiscal year by $259,634,219.
- The County's total net assets increased by $32,893,054, primarily due to bond issues related to capital projects.
- As of the close of the current fiscal year, Santa Fe County governmental funds reported combined ending fund balances of $226,424,747, an increase of $43,624,133 in comparison with the prior year. Included in this increase is the conversion of the Jail enterprise fund into a special revenue governmental fund due to a reclassification of the Jail fund. This fund no longer met the criteria of an enterprise fund and was reclassified to a governmental fund. The net assets of the governmental activities were restated to include the net assets of the Jail which comprised of $8,364,889. The remainder of the increase is mainly attributable to the bond issues during the fiscal year.
- Santa Fe County issued total long term debt of $79,500,000 during the current fiscal year. The key factors in this increase were the debt issued for the General Obligation Bonds and the Gross Receipts Tax Bond Series 2008. Another component of this increase of our other short-term liabilities represents $3.2M related to the pollution remediation liability of the Judicial Complex.

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

The County as a Whole

As of June 30, 2009, and 2008, net assets are as follows:

	2009			Restated 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
ASSETS						
Current and Other Assets	$ 243,561,745	$ 10,973,684	$ 254,535,429	$ 192,330,621	$ 11,425,205	$ 203,755,826
Capital and Non-Current Assets	147,262,257	78,914,578	226,176,835	128,146,826	39,500,169	167,646,995
Total Assets	390,824,002	89,888,262	480,712,264	320,477,447	50,925,374	371,402,821
LIABILITIES						
Current Liabilities	15,162,151	403,437	15,565,588	7,971,238	518,612	8,489,850
Long-Term Liabilities	194,599,485	10,912,972	205,512,457	125,385,961	10,785,845	136,171,806
Total Liabilities	209,761,636	11,316,409	221,078,045	133,357,199	11,304,457	144,661,656
NET ASSETS						
Invested in capital assets	2,884,066	67,869,959	70,754,025	26,331,829	28,539,507	54,871,336
Restricted	72,252,546		72,252,546	108,631,850	-	108,631,850
Unrestricted (deficit)	105,925,754	10,701,894	116,627,648	52,156,569	11,081,410	63,237,979
Total net assets	$ 181,062,366	$ 78,571,853	$ 259,634,219	$ 187,120,248	$ 39,620,917	$ 226,741,165

The County's major governmental funds are the General Fund, Developer Fees Fund, Jail Facility Fund, Capital Outlay – Gross Receipts Tax Fund, General Obligation Bond Series 2007 Fund, General Obligation Bond Series 2008 and the Gross Receipts Tax Revenue Bond Series 2008 Fund. The governmental funds had an excess of revenues and other financing sources over expenditures and other financing uses of $43,624,133, approximately a $28 million increase over 2008. This increase is primarily due to increases in other financing sources of bond proceeds during the year. Total governmental revenues had an increase of approximately $2.5 million mainly due to increases of $5.8m in property taxes, $7.6m in charges for services (due to Jail conversion), and $.05m in other income, and decreases of $7.4m in gross receipts taxes, $2.6m in investment income, $1.15m in grants, and $.01m in other taxes and assessments.

Changes in the County's Net Asset

Year Ended June 30, 2009, and 2008

	2009 Changes in Net assets			Restated 2008 Changes in Net assets		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues						
Charges for services	$ 19,052,797	$ 2,330,925	$ 21,383,722	$ 23,752,788	$ 2,558,842	$ 26,311,630
Operating grants and contributions	12,357,297	793,685	13,150,982	10,116,628	654,615	10,771,243
Capital grants and contributions	3,619,750	2,435,730	6,055,480	5,267,638	-	5,267,638
General revenues						
Property taxes	52,590,671	-	52,590,671	46,843,268	-	46,843,268
Gross receipt taxes	41,464,519	-	41,464,519	48,941,331	-	48,941,331
Other taxes	2,050,446	-	2,050,446	2,194,386	-	2,194,386
Investment income	5,560,567	69,993	5,630,560	8,159,358	286,131	8,445,489
Other	796,363	18,440	814,803	246,436	18,727	265,163
Contribution not restricted to a specific program	1,579,734	-	1,579,734		-	-
Total revenues	139,072,144	5,648,773	144,720,917	145,521,833	3,518,315	149,040,148
Expenses						
General government	20,430,292	-	20,430,292	20,460,705	-	20,460,705
Public safety	46,475,476	-	46,475,476	40,505,889	-	40,505,889
Highways and streets	10,612,531	-	10,612,531	8,300,186	-	8,300,186
Health and welfare	21,718,445	-	21,718,445	19,346,054	-	19,346,054
Culture and recreation	967,360	-	967,360	843,270	-	843,270
Economic development	591,807	-	591,807	2,121,000	-	2,121,000
Interest on long-term debt	7,546,977	-	7,546,977	5,490,024	-	5,490,024
Housing Services		1,369,185	1,369,185		1,365,632	1,365,632
Utilities Department		1,947,173	1,947,173	-	1,862,088	1,862,088
Regional Planning Authority		114,275	114,275	-	105,876	105,876
Home sales		54,342	54,342	-	376,597	376,597
Total expenses	108,342,888	3,484,975	111,827,863	97,067,128	3,710,193	100,777,321
Increase (decrease) in net assets before transfers	30,729,256	2,163,798	32,893,054	48,454,705	7,228,508	48,262,827
Transfers	(36,787,138)	36,787,138	-	(29,779,281)	29,779,281	-
Change in net assets	$ (6,057,882)	$ 38,950,936	$ 32,893,054	$ 18,675,424	$ 37,007,789	$ 48,262,827

Government-wide financial analysis.

The County change in net assets for the year ended June 30, 2009 was $32,893,054 compared to $48,262,827 for the year ended June 30, 2008. See pages 19 and 21 for more detail on the differences between the government wide financial statements and the governmental fund financial statements.

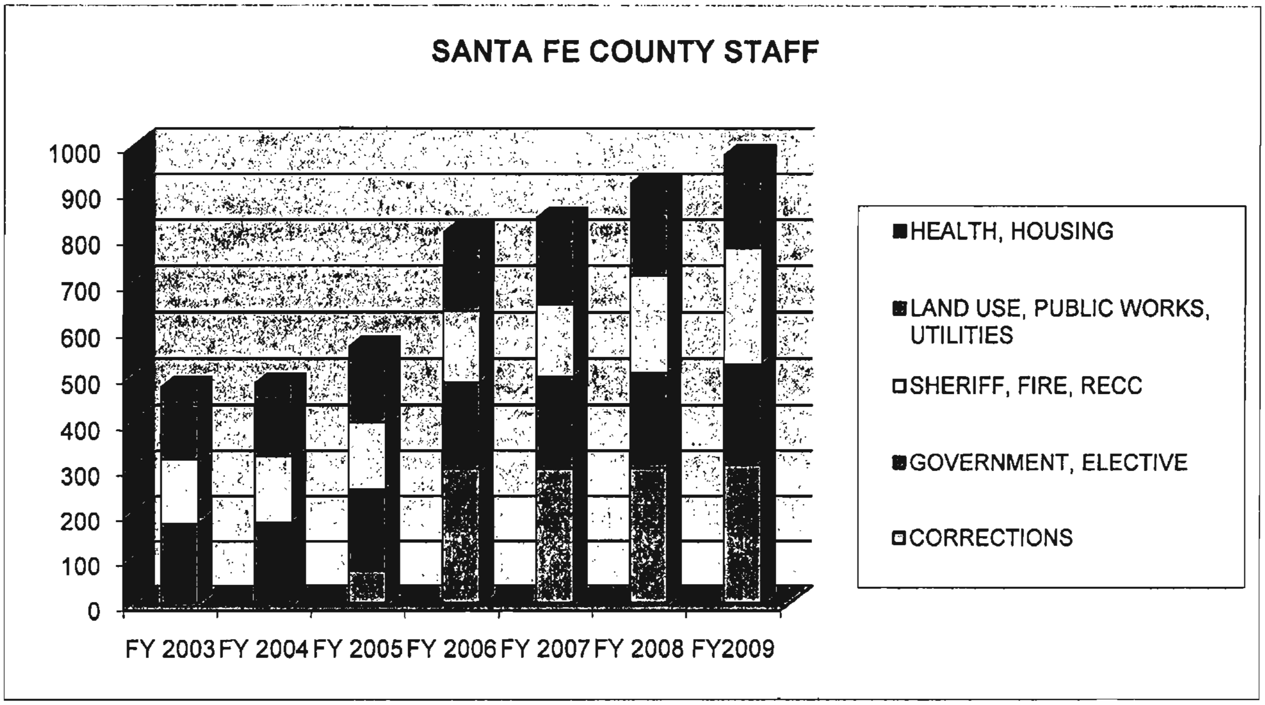
The Corrections Fund, which entails both the Adult Detention Facility and Youth Development Program, required a general fund transfer of $6.5 million to cover the operational cost of housing adult inmates and juveniles. This continues to be a significant demand on the General Fund resources. The population served by the Corrections Fund has decreased, and the scope and quality of services mandated by the State and Federal Governments continues to increase. The County is nearing the successful completion of a Department of Justice audit, and the positive outcome of the audit will enable the County to serve and recruit federal agencies.

Decreasing revenues from both the adult and juvenile facilities is of great financial concern and may substantially negatively impact requirements for future transfers from the General Fund. As of the present, the Jail Enterprise Fund will exhaust its remaining cash balance of $2.8 million in order to produce a balanced budget in fiscal year 2010. The Corrections Fund reliance on support from the General Fund will begin to negatively impact General Fund operations in FY 2010. The County elected to change the status of the Corrections Fund from that of an enterprise fund to a special revenue fund effective in FY 2009. Doing so caused the County to separate the debt service requirements associated with Corrections to its own fund as well.

Additionally, the County will be seeking funding mechanisms to sustain our growing health operations as well as the needs of our senior population. Santa Fe County has in the past relied upon other third party funding sources to fully fund all health operations. Future budgeting plans will eliminate the County's reliance on other funding sources, which will limit the growth of current health programs funded solely by gross receipt tax collections. The County witnessed a 65% increase in expenditures related to senior services in FY 2009 when compared to FY 2008. The County is not in a position to fully operate its senior centers and currently contracts with the City of Santa Fe to ensure that all senior services are accommodated. During FY 2009 the County did fully fund the operational expenditures of the Eldorado Senior Center.

Profile Of The County

The County operates under the commission-manager form of government (5 member board) plus six elected officials and public safety, highways and streets, sanitation, health and social services, economic development, low rent housing assistance, affordable housing, culture-recreation, public projects' improvements, planning and zoning, and general administration services. A regional planning authority, housing services, utility, and home sales are included within the business activity of the County's financial statements. The number of positions authorized for fiscal year 2009 is approximately 898. See chart below for staffing detail by function.



Summary of County Program Highlights and Challenges

During the current fiscal year, the County recognized the following goals and challenges:

- *Home Sales:* The County received permission from HUD to convert the Santa Cruz home sale units to rentals; there have been no home sales in the Santa Cruz subdivision since the start of this program (with the exception of one unit). All the units have been rented and are being fully utilized. Additionally, the County is currently researching the possibility of a new development project for additional home sales using accumulated home sale proceeds collected to date. The County intends to obligate $2.0 million for down payment assistance programs and to also initiate a rental assistance program similar to existing Section 8 programs; this may include monthly rental assistance, security deposits, etc. Staff is currently searching for available properties to accommodate future plans. The County is very cognizant of the impacts the current recession and economic downturn have had, and is aware that there may not be qualified buyer ready families to utilize these funds.
- *Affordable Housing:* To-date, over 193 affordable housing units have been created through this program serving County residents. The County has retained a total of 166 deferred subordinate liens totaling $13,209,095. The County supports work force population by providing direct financial assistance, has provided assistance and funding for developers, and promoted environmental solutions and green building standards within the affordable housing fund. Santa Fe County closed on 15 new homes in the Rancho Viejo Subdivision and 8 homes throughout the Santa Fe Community College ordinance for a total of 23 new homes.
- *Transfer Station:* The Pojoaque Pueblo has agreed to allow the County to build a new transfer station on pueblo-owned land. The County will construct a $500 thousand building on nine acres. In exchange the County will lease the land from the Pueblo for a minimal amount, and at the end of the lease the building will be transferred to the Pueblo.

- *Judicial Court Complex:* Santa Fe County has initiated the development of a new courthouse facility to house the First Judicial District Court located in the downtown area. The project has a $55 million budget and broke ground in December. Gasoline contamination problems have stalled the project. The County is currently working with the State of New Mexico Environment Department to define and clean the pollution plume. The County estimates that it will cost an additional $3.2 million to clean the construction site and the Environment Department will commit $2.9 million from the Corrective Action Fund to clean the surrounding area outside of the construction area. The new complex will retain the two levels of parking (which was previously in jeopardy), and the County anticipates a project completion date of April 2012.
- *County Assessor:* The Assessor continues to implement a Computer-Aided Mass Appraisal System (CAMA) and will create the FY 2009 tax bills via the new system. The conversion of paper records to the CAMA system resulted in many properties converting to residential as improvements were discovered. This equated to a decrease in the total value of nonresidential properties in the County, which indicates that the tax burden is borne by fewer nonresidential taxpayers. Santa Fe County also witnessed more protested valuations this year than in past years.
- *Economic Development:* Santa Fe County and Santa Fe Studios, a production company, have come to terms after June 30, 2009 on an agreement for a film studio to be built on 65 acres just north of the County Public Safety complex. The County has agreed to an installment payment plan for the land transfer to the buyer, which will be based on 100,000 hour increments of minimum wage jobs provided. The County has also agreed to loan $6.0 million to the studios to assist in the construction. The loan shall be used for construction and long-term financing of capital improvements and equipment for the studios and work force. The source of funds for the loan is anticipated to be a taxable bond issued by the County, and the source of repayments will be made by the buyer/qualifying entity under the loan agreement.
- *Fire Staffing Levels:* As the County continues to grow in population and density, demands for services also continue to grow. The County currently has 63 full-time firefighters and relies heavily on its 300 volunteer firefighters to cover the County's 2000 square miles. With the enactment of the Emergency Medical Services and Communications Center tax, the County developed Project 48. Project 48 will grow the Fire Department by 48 new firefighters. At the end of FY 2009, the Fire Department lacked a total of 5 firefighters to successfully complete Project 48.

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

- *Affordable Housing:* The economic environment has stifled the housing market and in an effort to continue to support affordable housing efforts, the County has written an Affordable Housing Plan. Targeted production over the next 12 to 18 months from current approved Affordable Housing Agreements with local developers is a total of 76 newly constructed homes which will result in an estimated $6,000,000 of Santa Fe County silent subordinate liens. Approximately 200 affordable housing units may be constructed in the next 48 months. The City of Santa Fe and the County have established a joint resolution to improve housing services throughout Santa Fe to low and moderate income families, which may include homelessness, weatherization and rehabilitation of existing homes, foreclosures, senior housing and special needs for the disabled.

- *Water:* The Buckman Direct Diversion Project is aimed at providing a long-term supply of water by pumping water that has been diverted from the mountains of southwest Colorado to the Rio Grande River, which through water rights, the County and City of Santa Fe may thereby obtain additional water. Otherwise, in order to support anticipated future population growth the County aggressively purchases available water rights as they come on the marketplace. During fiscal year 2009, the County invested $6.8m and acquired 333.3 acre feet of water from various sellers. Additionally, the County intends to issue gross receipts tax revenue bonds to allow for additional purchases of water rights. The County also intends to issue a GRT Revenue Bond pledged by the County's share of the Capital Outlay GRT for the purpose of acquiring water rights.
- *Aamodt Settlement:* The Aamodt legislation began moving through Congress during fiscal year 2009. The Aamodt bills would approve a water rights settlement concerning the claims of the pueblos located in the Pojoaque Valley and would fund construction of a regional water system. The County will be obligated to fund the delivery system for non-pueblo residents in the next 5-10 years.
- *Corrections Department:* The challenge of maintaining a fiscal balance requiring no additional funding from the General Fund while marketing available beds for other jurisdictions is the major focus for operations of the adult and juvenile detention facilities. Required support of the Corrections Department will begin to negatively impact General Fund operations in FY 2010 and may result in the reduction of General Fund operations in FY 2011.

  A total reduction of the year-end cash balance is due to a non-recurring $.04m capital package budget, and the necessity to fund both Adult and Juvenile Facility programs from cash as both facilities revenue have fallen below the cost of operations in the past 24 months.
- *Fire Excise Tax:* This ¼ cent tax expired in December 2008 and the loss of this tax has presented funding challenges in the acquisition of capital equipment for the Fire Department. The County will present this to the voters in the next fiscal year for re-enactment of the tax.
- *Sole Community Provider Payment:* Santa Fe County participates in the "Sole Community Provider" Program wherein payment is made to the State Human Services Department, which in turn matches the money with a federal Medicaid funding to fund the operation of local hospitals. The County has experienced difficulty in meeting an increasing base commitment for the Sole Community Provider (SCP) payment for the past several fiscal years. The base payment exceeds the available gross receipts tax revenue available for SCP funding. The County is considering eliminating future participation in this program or participating at a significantly reduced level.

  If this occurs, the Federal, State and local governments will have to determine how local hospitals will be funded, which will be a crucial challenge. The governments will have to explore a greatly increased demand for resources that may require diverting those resources from other efforts.

- *Sobering Center:* The County operates the Sobering Center for detoxification of inebriates referred to the Center from the St. Vincent Hospital emergency room and by law enforcement. Budgetary support of the Sobering Center has largely been from third party funding sources. Future funding of the Sobering Center will not include third party funding sources and will have to displace other health or general fund services for in order to continue operations at the current level.

- *Managing Population, Environment and Commercial Growth in the County:* Santa Fe County began experiencing challenges from increasing growth pressures and unanticipated oil, gas and mineral extraction development proposals in fiscal years 2008 and 2009. The County then moved forward with a plan for the Galisteo Basin area, updating the long-range General Plan and updating the Land Development Regulations. Key components of the Galisteo Growth Management Area Plan will preserve important environmental resources, identify future development patterns, and establish "how much" and "what kind" of growth is desired and appropriate and incorporate a capital improvements plan that allocates growth-related development costs to new development.

Overview of the Financial Statements

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

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

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

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

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

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

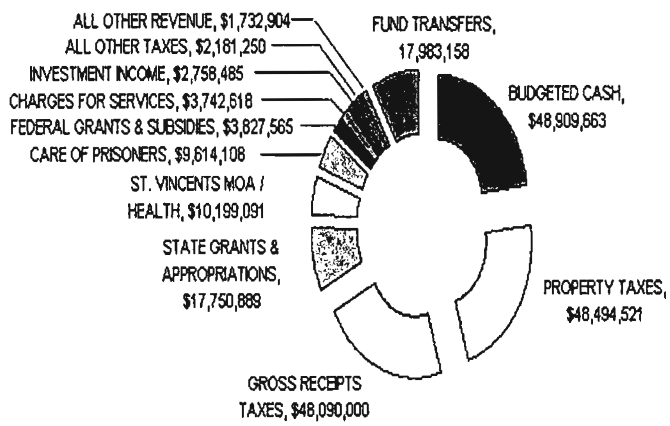
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Budget Highlights

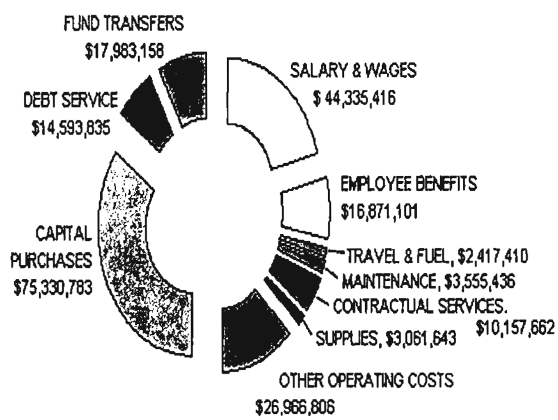
The Santa Fe County fiscal year 2009 budget, totals $215,284,252, or $197,301,094 without transfers between funds, compared to the fiscal year 2008 Budget of $181,363,826, or $166,650,968 without transfers between funds. Differences between the fiscal year 2009 and the fiscal year 2008 budget stem from the inclusion of carryover state appropriated road and facility projects in the fiscal year 2009; additional General Fund capital budgets sourced from cash, and an increase in the Fire Operations Fund budget as a result of a full year of revenue receipts for the associated GRT.

The following charts provide a condensed picture of the County revenues, funds and expenses by fund type.

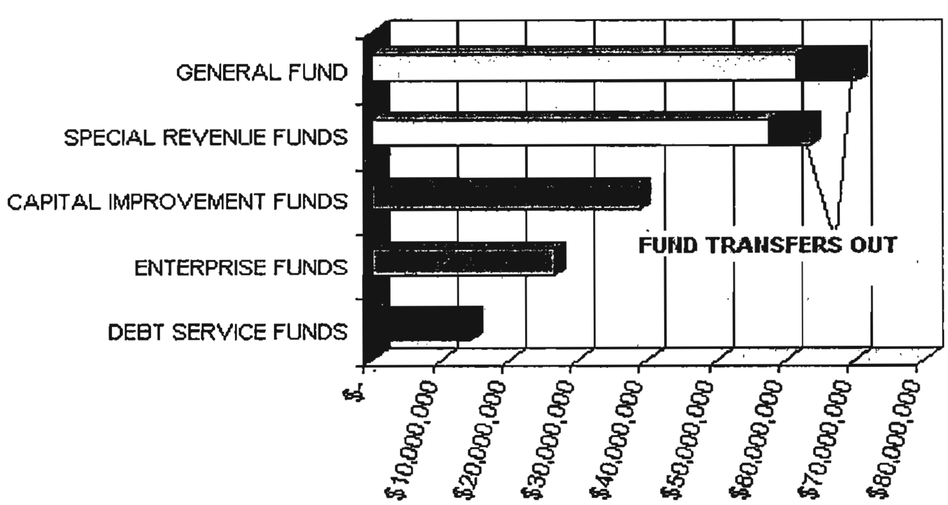
ALL FUNDS SOURCES
$215,284,252



ALL FUNDS USES
$215,284,252



SANTA FE COUNTY FUNDTYPE BUDGETS
$215,284,252



Credit Ratings

Both Moody's and Standard & Poor's performed a rating review as of September 2009, and provided the County a rating of Aa2 and AA, respectively for the Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2009. The ratings were reflective of the County's ample financial flexibility with a historically strong level of General Fund reserves. In fiscal year 2009, Santa Fe County ended with generally break-even operations and a stable fund balance despite a 3% decline in GRT collections. County officials have conservatively budgeted for a 10% decline in GRT and a 3% increase in property taxes in fiscal year 2010.

Additionally, FitchRatings conducted a surveillance rating as of September 2009 on the General Obligation Bonds, Series 1999. Santa Fe County received an upgraded rating of AA+ from the previous rating of AA. The rating upgrade is reflective of the County's prudent financial management and conservative budgeting which has resulted in consistent operating surpluses and sufficient fund balance levels.

Capital Assets and Debt Administration

Capital Assets

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

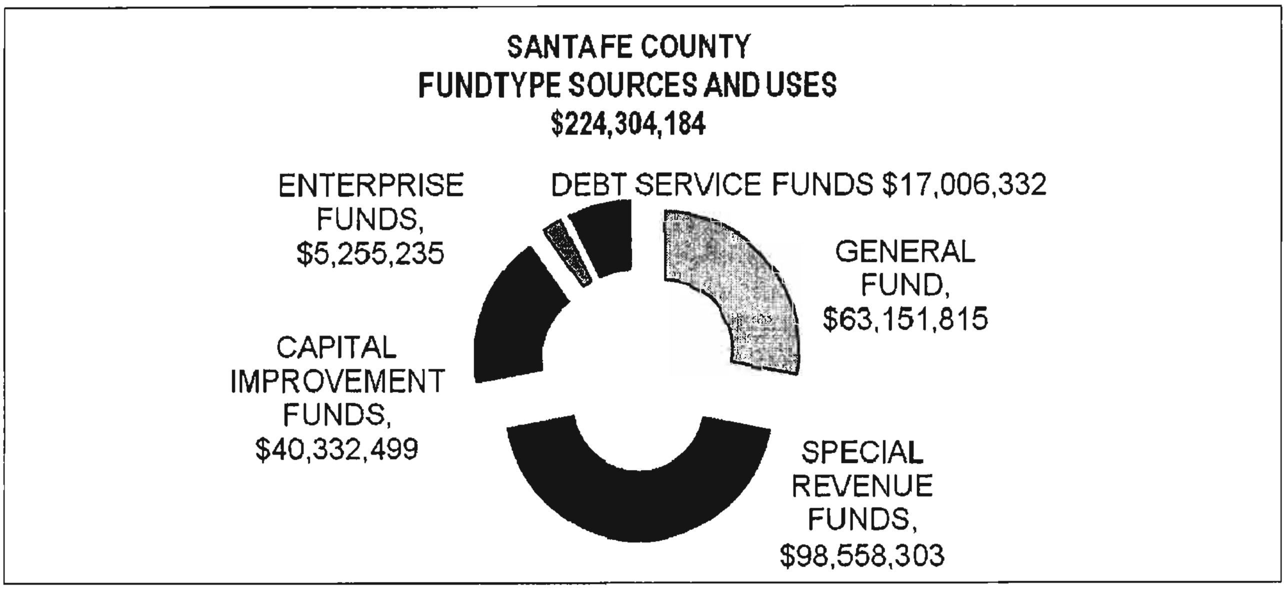
• Purchase of the Solano Center	$ 1,172,000
• Agua Fria Fire Living Quarters	$ 199,968
• Agua Fria Community Center	$ 110,301
• Eldorado Senior Center	$ 332,899
• Animal Barn & County Fairgrounds	$ 316,960
• Judicial Center	$ 226,947
• Womens' Health Services Center	$ 283,128
• El Rancho Community Center	$ 140,729
• Edgewood Senior Center	$ 214,580
• Vista Grande Library	$ 93,050
• Sheriff's Vehicles & Accessories	$ 829,998
• Wildland Engine/Brush Truck	$ 238,478
• 2009 Ford Ambulance	$ 81,900
• Technical Rescue Trailer	$ 274,891

Long-Term Debt Administration

Santa Fe County's maximum legal debt capacity for General Obligation indebtedness as of June 30, 2009, is $265,325,270 of which $129,795,000 has been obligated. This leaves an available bonding capacity of $135,530,270 in excess of present debt requirements.

Economic Factors and Next Year's Budget and Rates

The Santa Fe County Fiscal Year 2010 Budget totals $224,304,184, or $193,475,915 without transfers between funds, compared to the Fiscal Year 2009 budget of $215,284,252, or $197,301,094 without transfers between funds. The fiscal year 2010 budget growth rate was slightly increased by 3% due to the distressed economy and housing markets, even though the County received larger than expected actual tax revenues in fiscal years 2008 and 2009. The County did collect property taxes greater than the budgeted amount in fiscal year 2009 and forecasts that similar growth will probably decline in fiscal year 2010. The overall budget consolidated from all funds, expressed in terms of sources and uses is as follows:



FY2010 versus FY 2009

Significant changes that account for an increase of $9,019,932 in all funds from fiscal year 2009 to fiscal year 2010 are noted below.

- The Capital Outlay Fund budget has increased $900,000, which represents the use of cash balance for Open Space projects.
- The GRT Revenue Bond Series 2008 for the Judicial Complex included the budgeting of cash balance totaling $4.4 million and the GOB Series 2009 also included budgeted cash of $1.1 million.
- The issuance of the GRT Revenue Bond resulted in a GRT Revenue Debt Service Fund increase of $2.6 million.

Fiscal Year 2010 Budget Priorities

Santa Fe County spent all of fiscal year 2009 planning and completing "fiscal first aid tactics" to ensure that decreased revenue collections and a recessionary economy were managed. During the fiscal year, the County developed the SAVE (Santa Fe County Accountability, Value and Efficiency) Initiative tasked to find innovative ways of saving money and generating new revenue as we deal with the national economic challenge. The SAVE 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 recognizing more than $2.0 million in savings and is currently focusing on federal stimulus dollars, smart buying by implementing stronger purchasing practices, revenue generating and additional grant seeking.

In fiscal year 2009 the County effectively broke-even, such results reflecting slowed revenue growth, one-time non-recurring spending, and increased support for jail, health and emergency communication center operations. The county adopted a balanced budget for fiscal 2010 with minimal impact to staff and programs. The county does anticipate a decreasing change in reserve levels at year-end. The County has also made the decision to move forward on a land acquisition using cash reserves.

Looking forward to fiscal year 2011, the County will be affected by slowed revenue collections, increased general fund support to jail and health operations, and may also be affected by state legislative cuts that could negatively impact the County's ability to maintain current reserve levels. 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. Expansion of services such as senior services will come at the expense of other County services.

The jail fund cash will be depleted in fiscal year 2010 in order to produce a balanced budget. Fire resources are not sufficient to support operations and planned capital improvements. Funding sources for health operations are limited to gross receipt tax collections. The General Fund and Fire Operations fund relinquished support of the RECC ($1.3M) in fiscal year 2010. The RECC was funded by EMS Health Services in fiscal year 2010 and can continue such funding through FY 2011. Beyond 2011, the RECC will revert back to reliance on funding from the General Fund and the Fire Operations Fund further restricting or reducing the services provided by those funds.

Santa Fe County like so many other local governments in the United States is caught in an on-going dilemma of how to fund rising costs with stagnant or slow-growing revenues in an anti-tax environment, and also expects that this situation will not improve soon. With that, the County's focus will be simple. The 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.

Financial Contact

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

STATE OF NEW MEXICO
SANTA FE COUNTY

Statement of Net Assets

June 30, 2009

	Government-Wide		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in pooled cash investments - Unrestricted	$ 41,016,246	$ -	$ 41,016,246
Equity in pooled cash investments - Restricted	180,560,427	10,476,520	191,036,947
Receivables, net of allowance for uncollectible			
Accounts	2,164,820	496,147	2,660,967
Taxes	13,271,555	-	13,271,555
Interest	501,118	1,017	502,135
Grantor agencies and other	6,047,579	-	6,047,579
Mortgage receivables, net	12,808,845	131,647	12,940,492
Interfund balances	-	-	-
Capital assets (net of accumulated depreciation)	134,453,412	66,120,327	200,573,739
Water rights	-	12,662,604	12,662,604
Total assets	$ 390,824,002	$ 89,888,262	$ 480,712,264
LIABILITIES			
Accounts payable	$ 3,833,897	$ 104,058	$ 3,937,955
Accrued payroll	1,575,304	38,291	1,613,595
Accrued interest	3,614,779	-	3,614,779
Interfund balances	-	-	-
Deferred revenue	2,801,697	131,647	2,933,344
Deposits held for others	110,131	129,441	239,572
Other	26,343	-	26,343
Pollution remediation liability	3,200,000	-	3,200,000
Noncurrent liabilities:			
Due within one year	11,112,080	137,029	11,249,109
Due in more than one year	183,487,405	10,775,943	194,263,348
Total liabilities	209,761,636	11,316,409	221,078,045
NET ASSETS			
Invested in capital assets, net of related debt	2,884,066	67,869,959	70,754,025
Restricted for:			-
Debt service	13,913,861	-	13,913,861
Capital projects	58,338,685	-	58,338,685
Unrestricted	105,925,754	10,701,894	116,627,648
Total net assets	$ 181,062,366	$ 78,571,853	$ 259,634,219

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Statement of Activities

Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets, Government-Wide: Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	$ (20,430,292)	$ 1,888,880	$ 1,988,904	$ 2,822,093	$ (13,730,415)	$ -	$ (13,730,415)
Public safety	(46,475,476)	12,139,863	1,962,919	-	(32,372,694)	-	(32,372,694)
Highways and streets	(10,612,531)	9,316	3,268,857	797,657	(6,536,701)	-	(6,536,701)
Health and welfare	(21,718,445)	5,007,238	5,075,803	-	(11,635,404)	-	(11,635,404)
Culture and recreation	(967,360)	-	55,814	-	(911,546)	-	(911,546)
Economic development	(591,807)	7,500	5,000	-	(579,307)	-	(579,307)
Interest expense	(7,546,977)	-	-	-	(7,546,977)	-	(7,546,977)
Total governmental activities	(108,342,888)	19,052,797	12,357,297	3,619,750	(73,313,044)	-	(73,313,044)
Business -type activities:							
Housing services	(1,369,185)	361,094	632,465	-	-	(375,626)	(375,626)
Utilities department	(1,947,173)	1,898,884	161,220	2,435,730	-	2,548,661	2,548,661
Regional planning authority	(114,275)	70,947	-	-	-	(43,328)	(43,328)
Home sales	(54,342)	-	-	-	-	(54,342)	(54,342)
Total business-type activities	(3,484,975)	2,330,925	793,685	2,435,730	-	2,075,365	2,075,365
Total primary government	$ (111,827,863)	$ 21,383,722	$ 13,150,982	$ 6,055,480	(73,313,044)	2,075,365	(71,237,679)
General Revenues							
Property taxes					52,590,671	-	52,590,671
Gross receipt taxes					41,464,519	-	41,464,519
Other taxes					2,050,446	-	2,050,446
Investment income					5,560,567	69,993	5,630,560
Other					796,363	18,440	814,803
Contributions restricted to a specific program					1,579,734	-	1,579,734
Total general revenues					104,042,300	88,433	104,130,733
Changes in net assets before transfers					30,729,256	2,163,798	32,893,054
Transfers					(36,787,138)	36,787,138	-
Change in net assets					(6,057,882)	38,950,936	32,893,054
Net assets - beginning					178,182,474	47,985,806	226,168,280
Net assets - restatement					8,937,774	(8,364,889)	572,885
Net assets - beginning - as restated					187,120,248	39,620,917	226,741,165
Net assets - ending					$ 181,062,366	$ 78,571,853	$ 259,634,219

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Balance Sheet
Governmental Funds

June 30, 2009

	Major Funds								
		Special Revenue Funds		Capital Project Funds					
	General	Developer Fees	Jail Facility	Capital Outlay Gross Receipts Tax	General Obligation Bond Series 2007	General Obligation Bond Series 2008	Gross Receipts Tax Bond Series 2008	Non-Major Other Funds	Total
ASSETS									
Equity in pooled cash and investments - Unrestricted	$ 41,016,246	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,016,246
Equity in pooled cash and investments - Restricted	1,839,296	2,055,190	7,404,360	36,021,493	16,901,086	10,705,742	29,959,990	75,673,270	180,560,427
Receivables, net of allowance for uncollectible									
Accounts	41,499	-	333,069	-	-	-	-	1,790,252	2,164,820
Taxes	6,341,501	-	-	1,606,838	-	-	-	5,323,216	13,271,555
Interest	388,707	-	53,400	-	-	-	51,902	10,109	504,118
Grantor agencies and other	629,963	-	-	-	-	-	-	5,417,616	6,047,579
Mortgages	-	13,008,845	-	-	-	-	-	-	13,008,845
Due from other funds	1,457,912	-	-	-	-	-	-	5,719	1,463,631
Total assets	$ 51,715,124	$ 15,064,035	$ 7,790,829	$ 37,628,331	$ 16,901,086	$ 10,705,742	$ 30,011,892	$ 88,220,182	$ 258,037,221
LIABILITIES AND FUND BALANCE									
Liabilities									
Accounts payable	$ 940,997	$ 30,000	$ 183,890	$ 97,547	$ 1,028,958	$ -	$ -	$ 1,552,505	$ 3,833,897
Accrued payroll	777,821	2,706	398,632	-	-	-	-	396,145	1,575,304
Due to other funds	-	-	-	-	-	-	-	1,463,631	1,463,631
Deferred revenue	7,278,703	13,008,845	-	-	-	-	-	4,315,092	24,602,640
Deposits held for others	-	-	-	-	-	-	-	110,131	110,131
Other	24,006	-	2,337	-	-	-	-	-	26,343
Total liabilities	9,021,527	13,041,551	584,859	97,547	1,028,958	-	-	7,837,504	31,611,946
Fund Balance									
Reserved for									
Encumbrances	3,225,140	5,000	769,914	4,912,770	12,769,963	9,300,000	25,910,193	5,881,623	62,774,603
Debt service	-	-	-	-	-	-	-	16,417,307	16,417,307
Total reserved fund balance	3,225,140	5,000	769,914	4,912,770	12,769,963	9,300,000	25,910,193	22,298,930	79,191,910
Unreserved reported in									
Special Revenue	-	2,017,484	6,436,056	-	-	-	-	39,196,593	47,650,133
Contingency	1,815,290	-	-	-	-	-	-	-	1,815,290
Capital projects	-	-	-	32,618,014	3,102,165	1,405,742	4,101,699	19,947,776	61,175,396
Unreserved - Undesignated	37,653,167	-	-	-	-	-	-	(1,061,149)	36,592,018
Total unreserved fund balance	39,468,457	2,017,484	6,436,056	32,618,014	3,102,165	1,405,742	4,101,699	58,083,220	147,232,837
Total fund balance	42,693,597	2,022,484	7,205,970	37,530,784	15,872,128	10,705,742	30,011,892	80,382,150	226,424,747
Total liabilities and fund balance	$ 51,715,124	$ 15,064,035	$ 7,790,829	$ 37,628,331	$ 16,901,086	$ 10,705,742	$ 30,011,892	$ 88,219,654	$ 258,036,693

The accompanying notes are an integral part to this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

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

June 30, 2009

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

Total Fund Balance Governmental Funds	$ 226,424,747
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	134,453,412
Long-term liabilities, including bonds payable, and therefore are not reported in the governmental funds	(195,085,894)
Reductions of deferred revenue for property tax revenue recorded on full accrual basis. Governmental funds recognize tax revenue on the modified accrual basis	5,592,846
Reduction of deferred revenue in the road project special revenue fund	3,199,252
Accrual of interest on long-term obligations not recorded by the governmental funds until paid	(3,614,779)
Developer funded mortgages not recorded as revenue by the governmental funds until paid by the homeowners, net of allowance of $200,000	12,808,845
Capitalized bond issuance and deferred costs, net of amortization, expensed by the governmental funds	1,022,198
Bond premium, net of amortization	(538,261)
Pollution remediation liability accrued for	(3,200,000)
Net assets governmental activities	$ 181,062,366

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 2009

	Major Funds								
		Special Revenue Funds		Capital Project Funds					
	General	Developer Fees	Jail Facility	Capital Outlay Gross Receipts Tax	General Obligation Bond Series 2007	General Obligation Bond Series 2008	Gross Receipts Tax Bond Series 2008	Non-Major Other Funds	Total
Revenues:									
Grants	$ 1,867,419	$ -	$ 88,510	$ -	$ -	$ -	$ -	$ 10,700,381	$ 12,656,310
Property tax	37,792,720	-	-	-	-	-	-	13,635,742	51,428,462
Gross receipts tax	7,190,373	-	-	9,552,391	-	-	-	24,721,755	41,464,519
Other taxes and assessments	1,005,961	-	-	-	-	-	-	1,044,485	2,050,446
Interest earnings	3,879,418	25,380	151,703	-	308,766	257,365	654,460	283,475	5,560,567
Charges for services, fines and penalties	1,749,087	-	8,030,269	-	-	-	-	9,273,441	19,052,797
Other	128,467	38,121	-	-	-	-	-	629,775	796,363
Total revenues	53,613,445	63,501	8,270,482	9,552,391	308,766	257,365	654,460	60,289,054	133,009,464
Expenditures:									
Current									
General government	16,407,071	-	-	-	-	-	-	1,276,916	17,683,987
Public safety	9,783,459	-	20,849,041	-	-	-	-	13,799,332	44,431,832
Highways and streets	6,798,988	-	-	-	-	-	-	3,065,721	9,864,709
Health and welfare	383,017	312,023	-	-	-	-	-	17,626,705	18,321,745
Culture and recreation	830,535	-	-	-	-	-	-	108,674	939,209
Economic development	-	-	-	-	-	-	-	591,807	591,807
Capital outlay	8,774,791	-	-	5,459,498	6,165,222	22,000,000	-	15,873,755	58,273,266
Debt service (principal and interest)	-	-	-	-	-	-	-	17,157,107	17,157,107
Debt issuance costs and other	-	-	-	-	-	110,123	139,721	92,452	342,296
Total expenditures	42,977,861	312,023	20,849,041	5,459,498	6,165,222	22,110,123	139,721	69,592,469	167,605,958
Excess (Deficiency) of Revenues over Expenditures	10,635,584	(248,522)	(12,578,559)	4,092,893	(5,856,456)	(21,852,758)	514,739	(9,303,415)	(34,596,494)
Other Financing Sources (Uses):									
Operating transfers, in	1,777,527	-	11,772,210	-	-	-	-	12,478,480	26,028,217
Operating transfers, out	(14,869,751)	-	(2,251,890)	(1,924,739)	-	-	(582,284)	(8,068,411)	(27,697,075)
Proceeds from bonds	-	-	-	-	-	32,558,500	30,079,437	17,251,548	79,889,485
Total other financing sources (uses)	(13,092,224)	-	9,520,320	(1,924,739)	-	32,558,500	29,497,153	21,661,617	78,220,627
Net changes in fund balance	(2,456,640)	(248,522)	(3,058,239)	2,168,154	(5,856,456)	10,705,742	30,011,892	12,358,202	43,624,133
Fund balance, beginning of year	45,150,237	2,271,006	8,364,889	35,362,630	21,728,584	-	-	65,201,463	178,078,809
Prior Period restatement/reclassification	-	-	1,899,320	-	-	-	-	2,822,485	4,721,805
Fund balance, beginning as restated	45,150,237	2,271,006	10,264,209	35,362,630	21,728,584	-	-	68,023,948	182,800,614
Fund balance, end of year	$ 42,693,597	$ 2,022,484	$ 7,205,970	$ 37,530,784	$ 15,872,128	$ 10,705,742	$ 30,011,892	$ 80,382,150	$ 226,424,747

The accompanying notes are an integral part to this financial statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balance total governmental funds		$ 43,624,133
Capital outlay expenditures in the governmental funds	$ 58,273,266	
Less amount of capital outlay for the enterprise funds paid for by the governmental funds recorded as contributed capital and included in transfer from governmental activity to business-type activities	(35,118,280)	
Current year Capital Outlay expenditures capitalized in the Statement of Net Assets		23,154,986
Depreciation expense recorded in the Statement of Activities		(4,515,931)
Debt Service principal payments expensed in the governmental funds, recorded as a reduction of long-term liabilities in the Statement of Net Assets		10,404,731
Proceeds of bonds issued during 2009 recorded as other financing sources in the governmental funds but as liabilities in the government wide financial statements		(79,500,000)
General fund payments expense for post closure costs recorded as a reduction of long-term liabilities		14,305
Capitalized bond issuance and deferred costs of $336,954 net of amortization of $63,755		273,199
Bond premium, net of amortization		(377,420)
Increase in compensated absences not recorded until paid by the governmental funds		(493,225)
Net increase in accrued interest expense not recorded until paid by the governmental funds		(742,911)
Current year developer funded mortgages not recorded as revenue in the governmental funds but recorded as deferred revenue		1,579,734
Forgiveness of capital leases obligation		121,485
Net effect of full accrual accounting to record tax revenue in the Statement of Activities which is recorded on a modified accrual basis in the governmental financial statements		1,162,209
Loss on disposal of capital assets not recorded in the governmental funds		(762,429)
Pollution remediation liability accrued for		(3,200,000)
Reduction of deferred revenue in the road projects special revenue fund		3,199,252
Change in net assets		$ (6,057,882)

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:				
Grants	$ 1,233,444	$ 2,645,354	$ 1,661,267	$ (984,087)
Taxes and special assessments	45,458,443	45,480,651	47,628,060	2,147,409
Interest earnings	2,500,000	2,500,000	4,230,418	1,730,418
Charges for services	1,073,600	1,112,065	1,101,782	(10,283)
Licenses and permits	426,000	426,000	648,085	222,085
Other	70,000	75,052	140,126	65,074
Total revenues	50,761,487	52,239,122	$ 55,409,738	$ 3,170,616
Cash balance carryforward	18,532,602	22,516,003		
Total	$ 69,294,089	$ 74,755,125		
Expenditures:				
General government	$ 36,888,938	$ 35,288,426	$ 25,635,869	$ 9,652,557
Public Safety	9,374,520	11,029,029	9,988,816	1,040,213
Highways and streets	1,103,551	2,261,461	2,002,625	258,836
Health and welfare	-	737,674	737,674	-
Culture and recreation	1,046,536	1,478,617	1,249,178	229,439
Public Works	11,356,486	10,867,693	6,601,278	4,266,415
Total expenditures	$ 59,770,031	$ 61,662,900	$ 46,215,440	$ 15,447,460
Other financing sources (uses):				
Bond proceeds	$ -	$ -	$ -	$ -
Operating transfers in	1,103,000	1,777,527	1,777,527	-
Operating transfers out	(10,627,058)	(14,869,752)	(14,869,751)	1
Total other financing sources (uses)	$ (9,524,058)	$ (13,092,225)	$ (13,092,224)	$ 1

Net income (loss) - Budgetary basis	$ (3,897,926)
Reconciliation to GAAP basis income (loss):	
To record audit adjustments for revenue, net of prior year revenue reversals	(1,783,854)
To record audit adjustment for expenses	-
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes	3,225,140
Reversal of prior year accruals	-
Change in net assets - GAAP basis	$ (2,456,640)

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 8

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

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:				
Grants	$ -	$ -	$ -	$ -
Taxes and special assessments	-	-	-	-
Interest earnings	-	-	25,380	25,380
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Other	-	-	38,121	38,121
Total revenues	-	-	$ 63,501	$ 63,501
Cash balance carryforward	180,809	243,167		
Total	$ 180,809	$ 243,167		
Expenditures:				
General government	$ 180,809	$ 243,167	$ 205,023	$ 38,144
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Public Works	-	-	-	-
Total expenditures	$ 180,809	$ 243,167	$ 205,023	$ 38,144
Other financing sources (uses):				
Bond proceeds	$ -	$ -	$ -	$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	-

Net income (loss) - Budgetary basis	$ (141,522)
Reconciliation to GAAP basis income (loss):	
To record audit adjustments for revenue, net of prior year revenue reversals	-
To record audit adjustment for expenses	-
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes	5,000
Reversal of prior year accruals	-
Entry for bad debt expense	(112,000)
Change in net assets - GAAP basis	$ (248,522)

The accompanying notes are an integral part of this statement.

Exhibit 9

STATE OF NEW MEXICO
SANTA FE COUNTY

Jail Facility
Statement of Revenues and Expenditures
Budget to Actual (Non-GAAP Basis)

Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:				
Grants	$ 92,000	$ 92,000	$ 126,467	$ 34,467
Taxes and special assessments	-	-	-	-
Interest earnings	200,000	200,000	151,703	(48,297)
Charges for services	13,234,358	13,234,358	8,538,336	(4,696,022)
Licenses and permits	-	-	-	-
Other	100,000	100,000	46,217	(53,783)
Total revenues	13,626,358	13,626,358	$ 8,862,723	$ (4,763,635)
Cash balance carryforward	735,561	2,547,421		
Total	$ 14,361,919	$ 16,173,779		
Expenditures:				
General government	$ -	$ -	$ -	$ -
Public safety	23,882,239	25,694,099	21,192,177	4,501,922
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Public Works	-	-	-	-
Total expenditures	$ 23,882,239	$ 25,694,099	$ 21,192,177	$ 4,501,922
Other financing sources (uses):				
Bond proceeds	$ -	$ -	$ -	$ -
Operating transfers in	9,520,320	11,772,210	11,772,210	-
Operating transfers out	-	(2,251,890)	(2,251,890)	-
Total other financing sources (uses)	$ 9,520,320	$ 9,520,320	$ 9,520,320	-

Net income (loss) - Budgetary basis	$ (2,809,134)
Reconciliation to GAAP basis income (loss):	
To record audit adjustments for revenue, net of prior year revenue reversals	(592,241)
To record audit adjustment for expenses	-
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes	769,914
Reversal of prior year accounts payable adjustment	218,996
Entry for bad debt expense	(645,774)
Change in net assets - GAAP basis	$ (3,058,239)

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Statement of Net Assets
Enterprise Funds

June 30, 2009

	Housing Services	Utilities Department	Regional Planning Authority	Home Sales	Total
ASSETS					
Current Assets:					
Cash and investments- restricted	$ 1,180,558	$ 4,242,406	$ 191,859	$ 4,861,697	$ 10,476,520
Accrued interest	-	1,017	-	-	1,017
Accounts receivable, net	53,590	422,468	20,089	-	496,147
Interfund balances	-	-	-	-	-
Notes receivable, net	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	1,234,148	4,665,891	211,948	4,861,697	10,973,684
Non-current Assets:					
Fixed assets - building, land, equipment and water system	7,748,263	64,648,120	7,651	-	72,404,034
Accumulated depreciation	(3,948,378)	(2,330,146)	(5,183)	-	(6,283,707)
Total fixed assets, net of depreciation	3,799,885	62,317,974	2,468	-	66,120,327
Water rights	-	12,662,604	-	-	12,662,604
Mortgage receivable	-	-	-	131,647	131,647
Total assets	$ 5,034,033	$ 79,646,469	$ 214,416	$ 4,993,344	$ 89,888,262
LIABILITIES AND FUND EQUITY					
Current Liabilities:					
Accounts payable	$ 8,260	$ 95,136	$ 662	$ -	$ 104,058
Accrued payroll	16,153	19,434	2,704	-	38,291
Interfund balances	-	-	-	-	-
Deposits held for others	84,284	45,157	-	-	129,441
Current portion of notes and bonds payable	137,029	-	-	-	137,029
Deferred revenue	-	-	-	131,647	131,647
Total current liabilities	245,726	159,727	3,366	131,647	540,466
Noncurrent Liabilities:					
Notes and bonds payable	4,561,384	-	-	-	4,561,384
Interest payable	6,214,559	-	-	-	6,214,559
Total noncurrent liabilities	10,775,943	-	-	-	10,775,943
Total liabilities	11,021,669	159,727	3,366	131,647	11,316,409
Net assets					
Invested in capital assets and water rights, net of related debt	(7,113,087)	74,980,578	2,468	-	67,869,959
Unrestricted	1,125,451	4,506,164	208,582	4,861,697	10,701,894
Total net assets	(5,987,636)	79,486,742	211,050	4,861,697	78,571,853
Total liabilities and net assets	$ 5,034,033	$ 79,646,469	$ 214,416	$ 4,993,344	$ 89,888,262

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Net Assets

Enterprise Funds

Year Ended June 30, 2009

	Housing Services	Utilities Department	Regional Planning Authority	Home Sales	Total
Operating revenues					
Facilities rentals and charges for services	$ 361,094	$ -	$ 70,947	$ -	$ 432,041
Water sales, net	-	1,898,884	-	-	1,898,884
Miscellaneous	1,721	10,979	-	5,740	18,440
Sale of homes	-	-	-	-	-
Total operating revenues	362,815	1,909,863	70,947	5,740	2,349,365
Operating expenses					
Cost of sales	-	-	-	-	-
General	1,040,339	1,947,173	114,275	54,342	3,156,129
Total operating expenses	1,040,339	1,947,173	114,275	54,342	3,156,129
Operating income (loss)	(677,524)	(37,310)	(43,328)	(48,602)	(806,764)
Non-operating revenues (expenses)					
Interest on cash and investments	20,853	49,140	-	-	69,993
HUD operating subsidy and other federal/state funds	632,465	161,220	-	-	793,685
Interest expense on notes payable	(328,846)	-	-	-	(328,846)
Total non-operating revenues (expenses)	324,472	210,360	-	-	534,832
Net income (loss) before contributions and operating transfers	(353,052)	173,050	(43,328)	(48,602)	(271,932)
Capital Contributions					
Capital contributions from governmental funds	25,888	35,092,392	-	-	35,118,280
Contributions from Developers	-	2,435,730	-	-	2,435,730
Capital assets contributions (expense)	586,145	-	-	(586,145)	-
Total capital contributions	612,033	37,528,122	-	(586,145)	37,554,010
Operating transfers in	-	1,638,858	30,000	-	1,668,858
Operating transfers (out)	-	-	-	-	-
Total transfers	-	1,638,858	30,000	-	1,668,858
Change in net assets	258,981	39,340,030	(13,328)	(634,747)	38,950,936
Fund balance, beginning of year	(5,633,937)	40,146,712	224,378	4,883,764	39,620,917
Prior Period restatement/reclassification	(612,680)	-	-	612,680	-
Fund balance, beginning as restated	(6,246,617)	40,146,712	224,378	5,496,444	39,620,917
Net assets (deficit), end of year	$ (5,987,636)	$ 79,486,742	$ 211,050	$ 4,861,697	$ 78,571,853

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Statement of Cash Flows

Enterprise Funds

Year Ended June 30, 2009

	Housing Services	Utilities Department	Regional Planning Authority	Home Sales	Total
Cash Flows from Operating Activities					
Cash received from customers and others	$ 381,006	$ 1,817,682	$ 50,858	$ 5,740	$ 2,255,286
Cash payments to suppliers for goods and services	(312,165)	(1,094,619)	(12,643)	(58,119)	(1,477,546)
Cash payments to employees for services	(642,399)	(599,613)	(100,693)	-	(1,342,705)
Net cash provided (used) by operating activities	(573,558)	123,450	(62,478)	(52,379)	(564,965)
Cash Flows Provided from Noncapital Financing activities					
Cash from grantors and other	430,748	161,220	-	-	591,968
Cash from operating transfers in	-	1,638,858	30,000	-	1,668,858
Net cash provided by noncapital financing activities	430,748	1,800,078	30,000	-	2,260,826
Cash Flows Provided from Capital and Related Financing Activities					
Payment of capital asset contribution	-	-	-	(17,570)	(17,570)
Cash paid for fixed assets	(2,638)	(1,720,232)	-	-	(1,722,870)
Net cash (used by) provided by capital and related financing activities	(2,638)	(1,720,232)	-	(17,570)	(1,740,440)
Cash Flows from Investing Activities - Interest on cash and investment	20,853	49,090	-	-	69,943
Net increase (decrease) in cash and cash equivalents	(124,595)	252,386	(32,479)	(69,949)	25,364
Cash and investments at beginning of year, restated	1,305,153	3,990,020	224,338	4,931,646	10,451,157
Cash and investments at end of year	$ 1,180,558	$ 4,242,406	$ 191,859	$ 4,861,697	$ 10,476,520

The accompanying notes are an integral part of this statement.

(Continued)

Statement of Cash Flows (Continued)

Enterprise Funds

Year Ended June 30, 2009

	Housing Services	Utilities Department	Regional Planning Authority	Home Sales	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ (677,524)	$ (37,310)	$ (43,328)	$ (48,602)	$ (806,764)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Deprecation and amortization expenses	73,934	330,895	616	-	405,445
Bad debt expense	-	129,961	-	-	129,961
Change in assets and liabilities					
(Increase) decrease in accounts receivable	12,633	(216,939)	(20,089)	-	(224,395)
(Increase) decrease in notes receivable	-	2,792	-	-	2,792
(Increase) decrease in assets held for sale	-	-	-	-	-
Increase (decrease) in accounts payable	7,801	(34,583)	(64)	(3,777)	(30,623)
Increase (decrease) in compensated absences	(5,127)	2,545	387	-	(2,195)
(Decrease) increase in deposits held for others	14,725	(53,911)	-	-	(39,186)
Total adjustments	103,966	160,760	(19,150)	(3,777)	241,799
Net cash provided by (used by) operating activities	$ (573,558)	$ 123,450	$ (62,478)	$ (52,379)	$ (564,965)

Supplemental information: Non monetary transactions - HUD forgave $201,717 of interest and principal and contributed revenue was credited and $25,888 of capital asset additions for Housing Services was paid by the government funds. The County Capital Projects Funds paid $35,092,392 for capital asset and water rights additions for the Utilities Department. The Utility Department also received $2,435,730 in infrastructure from various developers during 2009.

STATE OF NEW MEXICO
SANTA FE COUNTY

Agency Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2009

ASSETS	
Equity in pooled cash and investments - restricted	$ 2,076,405
Property taxes receivable	8,743,850
Total assets	$ 10,820,255
LIABILITIES	
Due to other governments	$ 8,743,850
Overpayments and taxes paid in advance	990,426
Deposits held for others	603,793
Undistributed taxes to other entities	482,186
Total Liabilities	$ 10,820,255
Net assets	$ -

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

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

The County's entity-wide financial statements sheet includes the accounts of all the County's operations. The County's major operations include sheriff and fire protection, collection of and distribution of property taxes, parks and recreation, planning and zoning, certain health and social services, general administration services, low income housing assistance, jail operations and the utilities division.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statements 14 and 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. GASB 39 became effective July 1, 2003, which expanded the criteria of a component unit, and the Rancho Viejo Improvement District became part of the County's financial statements as a debt service fund.

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

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

(1) Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

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

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

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 of the following:

Under GASBS No. 14 Amended by GASBS No. 39 the following criteria are evaluated:

1. Legally Separate Organization

    a. The financial statements of RECC are material to the financial statements of Santa Fe County.

    b. Effective July 1, 2007, the County accepted all responsibility for operations and management of the Regional Emergency Communications Center District thus dissolving the former separate entity status of the RECC.

    c. Per GASBS No. 14 Paragraph 15, the RECC does not have separate corporate powers that would distinguish it as being legally separate from Santa Fe County. The RECC cannot tax or issue debt, it is not separately represented by counsel, and it does not issue separate tax reports. These powers rest with Santa Fe County.

2. Financial Accountability

    a. Per GASBS No. 14 Paragraphs 21-24, the governing board is the Santa Fe County Commission and the Commission has ultimate responsibility over the Regional Emergency Communications Center. To comply with a Joint Powers Agreement between the City of Santa Fe, New Mexico and the Town of Edgewood, New Mexico, effective July 1, 2008, the RECC does have a board composed of eight members (Police Chief, Fire Chief and City Manager of the City, Sheriff, Fire Chief and County Manager of the County, Police Chief of the Town, and one member representing the community at-large appointed by agreement of the City Manager, County Manager, and Town Mayor). The RECC Board is in essence an advisory board, but the governing body is the Santa Fe County Commission.

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

Reporting Entity (Continued)

2. Financial Accountability (Continued)

   b. Per GASBS No. 14 Paragraphs 16-18 and 34-37, Santa Fe County is financially accountable for the RECC in all aspects. All receipts and expenditures for the Regional Emergency Communications Center must flow through the Santa Fe County Administrative Services Department procedures for procurement and disbursement. Payroll and operation expenditure checks are signed by the County Clerk and not by the RECC's personnel.

   c. Per GASBS No. 14 Paragraph 38, the RECC cannot be part of another financial reporting entity.

   d. Per GASBS No. 14 Paragraph 53, the RECC's governing body is the Santa Fe County Commission because the Santa Fe County Commission does have complete control over the RECC's activities. The County Commission is also responsible for issuing and collecting taxes that support all operations including personnel costs and operating costs of the RECC, and is responsible for approving the RECC's budget.

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

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

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

(1) Summary of Significant Accounting Policies Continued)

Basis of Accounting

The basic financial statements consist of the following:

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

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

Presentation of Funds

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

- *Ten percent criterion* - An individual governmental fund reports at least 10 percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.

- *Five percent criterion* - An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any of the items for which it met the 10 percent criterion.

The County reports the following major governmental funds:

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

Presentation of Funds (Continued)

Jail Facility. This fund is used to account for the funding and expense of the County Jail and Juvenile Facility, through charges for care of prisoners from outside jurisdictions, the care of Santa Fe County jail and Juvenile inmates, and General Fund transfers. This had been previously classified as an enterprise fund in the prior years.

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

General Obligation Bond Series 2008. In the Fiscal Year 2008, the voters approved the issuance of a bond in the amount of $32,500,000 to be used for water improvement projects. 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.

Gross Receipts Tax Revenue Bonds 2008. In the Fiscal Year 2008, the voters approved 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.

The County has the following other non-major funds that are listed on the following pages of this report. Non Major Special Revenue on pages 81 to 83, Non Major Debt Service on page 120 and Non Major Capital Project Funds on pages 129 to 130.

The *Fund balance, beginning of year* line item for Major funds on page 20 has been reclassified to exclude the General Obligation Bond Series 2007B, it does not meet the definition of a major fund in 2009. The beginning major fund balance has been decreased by $3,633,331 from the June 30, 2008 issued financial statements for the net effect of the reclassification of that fund.

The *Fund balance, beginning of year* line item for Non-Major funds on page 20 has been reclassified to include the General Obligation Bond Series 2007B fund. The beginning non-major fund balance has been increased by $3,633,331 to $65,201,463 by this reclassification of this fund from the June 30, 2008 issued financial statements.

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

Presentation of Funds (Continued)

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

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

The Net Asset balance beginning of year line item for Enterprise Funds on page 26 has been reclassified to exclude the Jail Facility Fund which is a special revenue major fund in 2009. The beginning Net Asset balance has been decreased by $8,364,889.

Budgets

Budgets are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Appropriations of funds unused or overspent during the fiscal year may be carried over into the next fiscal year by budgeting those amounts in the subsequent year's budget. For the June 30, 2009 actual to budget comparisons, the actual amounts are reported on the budgetary basis, which is considered to differ from the modified accrual basis for governmental fund types and accrual basis for the enterprise funds.

Differences between the budgetary basis and GAAP include the following:

1. The budget includes encumbrances (unperformed contracts for goods or services). GAAP does not include encumbrances.

2. The budget does not include certain liabilities, receivables, and depreciation expense for enterprise funds. The GAAP basis financial statements do include these transactions.

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

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

Budgets (Continued)

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

- Transfers within organizational units (between expenditure categories)
- Transfers between organizational units (same department and same fund)

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

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

Emergency Medical Services
Fire Districts

The following funds were not budgeted in 2009:

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

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 three funds were not budgeted due to the low volume of transactions.

Encumbrances

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

Equity in Pooled Cash and Investments

Equity in pooled cash and investments includes amounts in demand deposit accounts, money market accounts, certificates of deposit, U.S. Treasury securities, and repurchase agreements secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the County's name. The market value of the repurchase agreements approximate cost at June 30, 2009. 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.

(1) Summary of Significant Accounting Policies (Continued)

Equity in Pooled Cash and Investments (Continued)

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

Statement of Cash Flows

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

Property Taxes Receivable

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

Due From/To Other Funds

These receivables and payables between funds are classified as "due from other funds" or "due to other funds" on the government fund balance sheet. There are no interfund balances that are not expected to be repaid within one year. Balances between governmental activities and business-type activities are shown as internal balances in the government-wide financial statements.

Restricted Assets

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

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

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

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

Inventories and Assets held for Sale

Inventory items such as general supplies and parts are expended when purchased since inventories are not material to the June 30, 2009 financial statements.

Compensated Absences

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

(1) Summary of Significant Accounting Policies (Continued)

Long-term Obligations

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

Fund Equity

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

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

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

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

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

Bond Discounts and Issuance Costs

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

Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. These transactions are not eliminated in the government-wide financial statements.

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

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Pooled Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2009:

	Government-Wide Statement of Net Assets			Fiduciary Fund Financial Statements	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statement of Net Assets	Total
Cash and investments	$ 41,016,246	$ -	$ 41,016,246	$ -	$ 41,016,246
Restricted cash and investments	$ 180,560,427	$ 10,476,520	$ 191,036,947	$ 2,076,405	$ 193,113,352
Total cash and investments					$ 234,129,598

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The way that the County manages its exposure to interest rate risk is by investing in shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Thus, most of the investments have call provisions which would be exercised within one year. Investments in Federal Agency securities with maturities greater than one year but less than two years totaled $4,000,000 at June 30, 2009. The County's investments in certificates of deposit are non-negotiable certificates of deposit which can be redeemed before maturity without loss of principal balance.

(2) Pooled Cash and Investments (Continued)

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

Security	Scheduled Maturity	Call Date	Fair Value
Federal Farm Credit Bank	10/15/12	10/15/09	$ 1,000,000
Federal National Mortgage Association	05/14/12	08/14/09	1,998,584
Scheduled maturity before 6/30/2012			2,998,584
Federal National Mortgage Association	05/06/13	11/06/09	1,993,184
Federal Farm Credit Bank	12/24/13	10/06/09	5,000,000
Federal National Mortgage Association	04/28/14	10/28/09	1,000,000
Federal National Mortgage Association	05/19/14	11/19/09	2,000,000
Federal Home Loan Bank	06/30/14	06/30/11	1,998,000
Scheduled maturity before 6/30/2014			11,991,184
Federal Home Loan Bank	01/09/15	09/27/09	3,000,000
Federal Farm Credit Bank	05/05/15	09/29/09	3,000,000
Federal Farm Credit Bank	12/29/15	12/29/09	5,000,000
Federal Home Loan Bank	02/17/16	02/17/11	2,488,096
Federal Home Loan Bank	02/19/16	02/19/10	2,000,000
Federal National Mortgage Association	04/21/16	04/21/11	1,000,000
Federal Farm Credit Bank	04/22/16	04/22/10	1,500,000
Federal Farm Credit Bank	05/26/16	05/26/10	1,990,119
Scheduled maturity before 6/30/2016			19,978,215
Federal National Mortgage Association	01/23/20	10/02/09	1,991,173
Scheduled maturity before 6/30/2020			1,991,173
Federal Home Loan Bank	02/08/23	07/01/09	1,403,683
Scheduled maturity before 6/30/2024			1,403,683
			$ 38,362,839

(2) Pooled Cash and Investments (Continued)

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

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

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

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

Investments in securities of any individual issues, other than U.S. Treasury securities, mutual funds, local government investment pool, that represent 5% or more of the total government-wide investments at June 30, 2009 are as follows:

	Investment Type	Amount	% of Investments
Governmental Activities	Federal Farm Credit Bank	$ 17,491,988	29%
	FHLB securities	14,889,779	25%
	FNMA	6,982,941	12%
	Federal Home Loan Mortgage Association	3,000,000	5%
	Total Federal agencies	$ 42,364,708	71%
	Repurchase agreements	$ 2,675,505	5%
Business-type Activities	None over 5%	-	-

2) Pooled Cash and Investments (Continued)

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

		Amount	% of Investments
Jail Facility	Repurchase agreement	$ 2,249,600	4%
Sheriff's Facility Bond Reserve	Repurchase agreement	$ 425,905	1%

The carrying amounts of the County's deposits at financial institutions as of June 30, 2009, were $172,966,409. Bank balances before reconciling items were $175,170,936 at June 30, 2009. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be recovered. Under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. The County has sufficient insurance and collateral for all deposits at June 30, 2009 since the County requires 100% collateral for all uninsured bank balances. (See pages 154-157) for the detailed schedule.

(2) Pooled Cash and Investments (Continued)

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

	Credit Quality Ratings	Carrying Amount
Petty cash and change funds	Not applicable	$ 2,927
Total deposits	Not rated	172,966,409
Local government investment pool - invested by the State of New Mexico, Office of the State Treasurer for the County, recorded at cost in accordance with GASB 31	AAA	6,365,084
Local government investment pool - Reserve Contingency Fund invested by the State of New Mexico, Office of the State Treasurer for the County, recorded at FMV, net of unrealized loss	Not rated	1,808,675
Repurchase agreements	Not rated	2,675,505
Federal Agency Securities	AAA	42,362,839
U.S. Treasury cash reserves mutual fund accounts	Not applicable	7,948,159
Total investments		61,160,262
Total - all County deposits and investments		$ 234,129,598
Amounts per financial statements:		
Agency funds equity in pooled cash and investments		$ 2,076,405
Governmental Funds equity in pooled cash and investments - unrestricted		41,016,246
Governmental Funds equity in pooled cash and investments - restricted		180,560,427
Enterprise Funds equity in pooled cash and investments		10,476,520
		$ 234,129,598

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

(2) Pooled Cash and Investments (Continued)

Market value is based on quoted market prices at year-end, costs approximate market value. Total investment income for the County for the year ended June 30, 2009 was $5,560,567.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978 empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faiths and credit of the United States government or are agencies sponsored by the United States government that have AAA credit quality ratings. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. In respect to credit risk, the Local Government Investment Pool is rated AAAm by Standard & Poor's. The weighted average maturity at June 30, 2009 was 43 days, which reduces the pool's interest rate risk.

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

The County has recorded a loss from its investment in the New Mexico Local Government Investment Pool, (NMLGIP). In September 2008, NMLGIP reportedly had 23% of the pool ($281.7 million) invested in the Reserve Primary Fund. On September 17, 2008 Standard & Poor's lowered the Reserve Primary Fund (Reserve) rating from AAAm to Dm because of its exposure to Lehman Brothers Holdings, Inc., which declared bankruptcy, and caused a material decline in net assets. The rating for the Reserve was completely withdrawn on January 6, 2009 and Standard & Poor's dropped the pools rating from AAAm to Dm and back to AAAm on March 5, 2009.

NMLGIP created a Reserve Contingency Fund to hold that portion of a participant's pool holdings that were attributable to the Reserve position as of September 15, 2008, that had not yet been recovered. NMLGIP has reported that approximately 84% of the Reserve Contingency Fund will be recovered. Funds held in this non-interest bearing account will remain restricted and unavailable until recovery of the final payout amount from the Reserve and the final reconciliation by NMLGIP.

As of June 30, 2009, the County had $6,365,084 still invested in NMLGIP, of which $2,159,675 was being held in the Reserve Contingency Fund. The County has recorded a loss of approximately $352,000 related to this investment in the Reserve Contingency Fund.

(3) Interfund Assets and Liabilities

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

	Receivables	Payables
General	$ 1,457,912	$ -
Non Major Special Revenue Funds:		
Linkages	-	4,090
CFP Program	-	77,353
Total Special Revenue Funds	-	81,443
Non Major Debt Service Funds:		
Fire Tax Revenue Bonds	-	5,719
Total Debt Service Funds	-	5,719
Non Major Capital Projects Funds:		
CDBG	-	2,121
Road Projects	-	796,450
State Special Appropriation	-	577,898
Bond Proceeds - Fire Tax	5,719	-
Total Capital Projects Funds	5,719	1,376,469
Total County	$ 1,463,631	$ 1,463,631

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

(3) Interfund Assets and Liabilities (Continued)

Interfund Transactions

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

Transfers in (from other funds)	Transfers out (to other funds) Major Funds: General	Capital Outlay Gross Receipts Tax	Jail Facility	Housing Services	Utilities Department	Regional Planning Authority	Home Sales	General Obligation Bond Series 2007	General Obligation Bond Series 2008	Gross Receipts Tax Bond Series 2009	Other Non-Major Governmental	Total
General	$ -	$ 368,527	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,409,000	$ 1,777,527
Capital Outlay Gross Receipts Tax	-	-	-	-	-	-	-	-	-	-	-	-
Jail Facility	6,572,210	200,000	-	-	-	-	-	-	-	-	5,000,000	11,772,210
Housing Services	-	-	-	-	-	-	-	-	-	-	-	-
Utilities Department	1,638,858	-	-	-	-	-	-	-	-	-	-	1,638,858
Regional Planning Authority	30,000	-	-	-	-	-	-	-	-	-	-	30,000
Home Sales	-	-	-	-	-	-	-	-	-	-	-	-
General Obligation Bond Series 2007	-	-	-	-	-	-	-	-	-	-	-	-
General Obligation Bond Series 2008	-	-	-	-	-	-	-	-	-	-	-	-
Gross Receipts Tax Bond Series 2008	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Major Governmental	6,628,683	1,356,212	2,251,890	-	-	-	-	-	582,284	-	1,659,411	12,478,480
Total	$ 14,869,751	$ 1,924,739	$ 2,251,890	$ -	$ -	$ -	$ -	$ -	$ 582,284	$ -	$ 8,068,411	$ 27,697,075

Significant transfers from the General Fund included transfers totaling $6,572,210 for the operation of the Jail Facility, $2,561,481 to the Road Fund for road maintenance and road projects, and $2,614,423 to GRT Debt Service Fund. The Capital Outlay GRT transferred $969,946 to GOB Bond Series 2005. The Jail Facility transferred $2,251,890 to the Jail Revenue Debt Service Fund. The General Fund received $920,000 from the Environmental Revenue Bond Fund. The Jail Facility received $5,000,000 for the Corrections GRT Fund.

(3) Interfund Assets and Liabilities (Continued)

Interfund Transactions (Continued)

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

Transfers in	$ 27,697,075
Transfers out	(26,028,217)
Contributed capital	35,118,280
Transfers per page 17	$ 36,787,138

(4) Capital Assets

The changes in Capital Assets for the year ended June 30, 2009 are as follows:

Government activities:	June 30, 2008 Balance	Reclassification of Jail Facility	June 30, 2008 Restated Balance	Additions & transfers	Deletions	June 30, 2009 Balance
Non depreciable assets						
Land	$ 25,314,153	$ 126,781	$ 25,440,934	$ 3,494,801	$ -	$ 28,935,735
Right of way land	5,465,283	-	5,465,283	-	-	5,465,283
Assets being depreciated						
Buildings and improvements	64,334,252	20,499,527	84,833,779	16,512,898	(2,555,793)	98,790,884
Infrastructure	36,290,605	-	36,290,605	846,800	-	37,137,405
Equipment and vehicles	41,143,067	1,017,089	42,160,156	3,152,386	(864,664)	44,447,878
Furniture and fixtures	1,308,551	-	1,308,551	282,753	(127,018)	1,464,286
	173,855,911	21,643,397	195,499,308	24,289,638	(3,547,475)	216,241,471
Accumulated depreciation						
Buildings and improvements	(28,279,512)	-	(28,279,512)	(1,762,784)	662,228	(29,380,068)
Infrastructure	(14,050,065)	-	(14,050,065)	(923,494)	-	(14,973,559)
Equipment and vehicles	(35,726,992)	-	(35,726,992)	(1,744,177)	861,148	(36,610,021)
Furniture and fixtures	(865,953)	-	(865,953)	(85,476)	127,018	(824,411)
Total accumulated depreciation	(78,922,522)	-	(78,922,522)	(4,515,931)	1,650,394	(81,788,059)
Governmental activities capital assets, net	$ 94,933,389	$ 21,643,397	$ 116,576,786	$ 19,773,707	$ (1,897,081)	$ 134,453,412

(4) Capital Assets (Continued)

Included in land additions is the reclassification of the net value of the Paramount building of $1,134,652 when it was demolished in 2009 the value was added to the land account. Total capital asset additions are $23,154,986 for the year ended December 31, 2009. The net loss on the disposal of capital assets is $762,429 for the government wide financial statements.

Outstanding commitments for construction of fixed assets is included in the encumbered fund balance of the Capital Project Funds.

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

Governmental activities		
General government	$	1,499,614
Public safety		2,043,644
Health and welfare		196,700
Culture and recreation		28,151
Highways and streets		747,822
Total depreciation expense	$	4,515,931

(4) Capital Assets (continued)

The following is a summary of proprietary funds' capital assets at June 30, 2009

	June 30, 2008 Balance	Additions	Deletions	June 30, 2009 Balance
Business-type activities:				
Housing Services				
Land	$ 611,595	$ 87,920	$ -	$ 699,515
Assets being depreciated				
Equipment and vehicles	441,434	28,524	(16,701)	453,257
Buildings and improvements	6,097,266	498,225	-	6,595,491
	7,150,295	614,669	(16,701)	7,748,263
Less: Accumulated depreciation				
Equipment and vehicles	(440,422)	(5,907)	16,701	(429,628)
Buildings and improvements	(3,450,723)	(68,027)	-	(3,518,750)
Total accumulated depreciation	(3,891,145)	(73,934)	16,701	(3,948,378)
Net fixed assets	$ 3,259,150	$ 540,735	$ -	$ 3,799,885
Utilities Department				
Land	$ 1,347,625	$ -	$ -	$ 1,347,625
CIP	16,000,000	30,912,510	-	46,912,510
Assets being depreciated				
Water system	11,147,524	4,663,423	-	15,810,947
Office equipment, furniture and vehicles	443,804	134,463	(1,229)	577,038
	28,938,953	35,710,396	(1,229)	64,648,120
Less: Accumulated depreciation				
Water system	(1,744,567)	(266,424)	-	(2,010,991)
Office equipment, furniture and vehicles	(255,913)	(64,471)	1,229	(319,155)
Total accumulated depreciation	(2,000,480)	(330,895)	1,229	(2,330,146)
Net fixed assets	$ 26,938,473	$ 35,379,501	$ -	$ 62,317,974
Regional Planning Authority				
Equipment and machinery	$ 7,650	$ -	$ -	$ 7,650
Less: Accumulated depreciation				
Equipment and machinery	(4,566)	(616)	-	$ (5,182)
Total accumulated depreciation	(4,566)	(616)	-	(5,182)
Net fixed assets	$ 3,084	$ (616)	$ -	$ 2,468

Depreciation expense was $73,934 for Housing Services, $330,895 for the Utilities Department, and $616 for the Regional Planning Authority for the year ended June 30, 2009, respectively.

(5) Receivables, Notes and Mortgage Receivables

The following is a summary of receivables for the government-wide financial statements at June 30, 2009.

	Governmental Activities	Business-Type Activities
Accounts	$ 7,525,688	$ 966,310
Taxes		
Property	6,286,532	-
Gross receipts	6,862,947	-
Other	122,076	-
Interest	501,118	1,017
Grantor and other	6,047,579	-
	27,345,940	967,327
Allowance for uncollectible	(5,360,868)	(470,163)
Total receivables, net	$ 21,985,072	$ 497,164
Mortgage receivables, net	$ 12,808,845	$ 131,647

The County has a $200,000 allowance for uncollectible mortgages receivables which has been recorded on the government wide financial statements in the prior year as those financial statements are on the full accrual method of accounting. The mortgages are secured by real estate.

6) **Long-Term Obligations**

The following is a summary of long-term obligations of the County for governmental activities for the year ended June 30, 2009:

	June 30, 2008 Balance	Reclassification of Jail Facility	June 30, 2008 Restated Balance	Additions	Deletions	June 30, 2009 Balance	Due within one year
Governmental Activities							
General obligation and gross receipt bonds	$ 92,843,998	$ 25,535,000	$ 118,378,998	$ 79,500,000	$ (10,073,998)	$ 187,805,000	$ 8,670,000
Landfill closure and postclosure care costs	1,987,890	-	1,987,890	-	(14,305)	1,973,585	80,000
Capital lease obligations	121,485	-	121,485	-	(121,485)	-	-
Compensated absences	3,109,084	-	3,109,084	2,851,654	(2,358,429)	3,602,309	2,358,429
Bonds payable issued via NMFA	290,733	-	290,733	-	(290,733)	-	-
Component Unit - Rancho Viejo Improvement District	1,745,000	-	1,745,000	-	(40,000)	1,705,000	40,000
Total Debt	100,098,190	25,535,000	125,633,190	82,351,654	(12,898,950)	195,085,894	11,148,429
Plus Bond Premium	160,841	-	160,841	389,485	(14,537)	535,789	27,406
Less deferred amounts on refunding	(78,120)	-	(78,120)	-	11,000	(67,120)	(11,000)
Deferred issuance costs	(329,950)	(340,929)	(670,879)	(336,954)	52,755	(955,078)	(52,755)
Total Debt Net	$ 99,850,961	$ 25,194,071	$ 125,045,032	$ 82,404,185	$ (12,849,732)	$ 194,599,485	$ 11,112,080
Pollution remediation liability	$ -	$ -	$ -	$ 3,200,000	$ -	$ 3,200,000	$ 3,200,000

(Continued)

(6) Long-Term Obligations (Continued)

The following is a summary of long-term obligations of the County for business-type activities for the year ended June 30, 2009:

	June 30, 2008 Balance	Additions	Deletions	June 30, 2009 Balance	Due within one year
Business Type					
HUD notes payable	$ 4,827,432	$ -	$ (129,020)	$ 4,698,412	$ 137,029
HUD interest payable	5,958,413	256,146	-	6,214,559	-
	$ 10,785,845	$ 256,146	$ (129,020)	$ 10,912,971	$ 137,029

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

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

Date Issued	Interest Rate	Final Maturity Date	Original Bond Amount	June 30, 2009 Balance	Due within one year
February 1, 1997	4.1-6.0%	2027	$ 30,000,000	$ 24,725,000	$ 850,000
February 1, 1997	4.1-57%	2027	6,000,000	4,650,000	160,000
June 15, 1999	4.5-7.0%	2018	12,000,000	11,350,000	715,000
May 1, 2001	4.4-5.5%	2018	8,500,000	4,685,000	830,000
November 1, 2001	4.0-4.625%	2017	8,000,000	4,915,000	525,000
August 18, 2005	3.25-4.192%	2016	8,490,000	7,295,000	815,000
December 6, 2005	4.0-5.5%	2026	20,000,000	11,950,000	500,000
March 8, 2007	4.0-5.0%	2026	25,000,000	21,800,000	500,000
October 16, 2007	4.0-5.5%	2027	20,000,000	18,300,000	500,000
September 10, 2008	3.5%-5.0%	2033	30,000,000	28,635,000	1,275,000
October 14, 2008	3.0%-4.25%	2024	32,500,000	32,500,000	2,000,000
April 15, 2009	3.0%-4.3%	2024	17,000,000	17,000,000	-
			$ 217,490,000	$ 187,805,000	$ 8,670,000

(6) Long-Term Obligations (Continued)

During the 2009 fiscal year, the County issued $32,500,000 of Series 2008 General Obligation Bonds secured by property taxes to provide funds for water improvement projects. The interest rate ranges from 3% to 4.25% with the final bond payment due July 1, 2024.

During the 2009 fiscal year, the County issued $17,000,000 of Series 2009 General Obligation Bonds secured by property taxes to provide funds for open spaces, trails and parks, county roads, fire safety facilities, water projects and waste transfer stations. The interest rate ranges from 3% to 4.3% with the final bond payment due July 1, 2024.

During the 2009 fiscal year, the County issued $30,000,000 of Series 2008 Gross Receipts Tax bonds secured by gross receipts taxes to provide funds for construction of the Judicial Complex. The interest rate ranges from 3.5% to 5% with the final bond payment due June 2, 2033.

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

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

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

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debts of $110,000. This difference of $67,120 at June 30, 2009, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2016 using the effective-interest method.

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

(6) Long-Term Obligations (Continued)

During 2006, the County issued $888,889 of bonds via the NM Finance Authority for acquiring real property secured by the County's gross receipts taxes. $88,889 of the bond proceeds were set aside for debt service. The County completed its payments on the bonds in 2009.

During February 1997, the County issued $30,000,000 of Correctional System Revenue Bonds. The County has used a substantial portion of the proceeds to construct a new adult detention facility in Santa Fe County. A portion of the proceeds may also be used to renovate the existing County detention facility into a juvenile facility. At June 30, 2009, interest rate ranges from 4.1% to 6.0%. The bonds are secured by the jail facility and income derived from the jail facility.

Scheduled maturities of general obligation, gross receipts and bonds payable issued through the NMFA are as follows for the years subsequent to June 30, 2009:

Years Ending	Principal	Interest
2010	$ 8,670,000	$ 8,368,587
2011	7,830,000	7,914,284
2012	9,465,000	7,582,436
2013	7,240,000	7,255,935
2014	7,465,000	6,953,094
2015-2019	44,550,000	29,459,359
2020-2024	51,935,000	19,013,314
2025-2029	40,745,000	6,545,276
2030-2033	9,905,000	1,288,500
	$ 187,805,000	$ 94,380,785

Capitalized Lease Obligations

The State Board of Finance forgave $121,485 in lease obligations related to voting machines in 2009 with the passing of House Bill 387.

(6) Long-Term Obligations (Continued)

Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on the County-operated landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be incurred after the date the landfill stops accepting waste, the County reports these closure and postclosure care costs as a liability as of each balance sheet date. The County closed the landfill during fiscal year 1997. The $1,973,585 reported as landfill closure and postclosure care liability at June 30, 2009 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 $14,305 were paid by the General Fund. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Compensated Absences

A long-term liability amounting to $3,602,309 at June 30, 2009 has been recorded representing the County's commitment to fund compensated absences from future operations. Vacation, compensating time and sick leave earned is cumulative; however, vacation time is limited to 240 hours that can be carried forward to the next calendar year. Sick leave accumulated in excess of 240 hours is payable to employees at a rate equal to 50 percent of their hourly rate upon retirement. Employees can earn a maximum of 80 hours of compensatory time.

The governmental funds, primarily the general fund, has paid for compensated absences for the year ended June 30, 2009.

Prior Year Defeasance of Debt

In 2006, the County defeased $8,380,000 of the 1997 bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the County's financial statements. On June 30, 2009, $6,590,000 of the 1997 bonds outstanding are considered defeased.

(6) Long-Term Obligations (Continued)

Rancho Viejo Improvement District Bonds

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

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

Years Ending	Principal	Interest	Total Debt Service
2010	40,000	$ 123,612	$ 163,612
2011	45,000	120,712	165,712
2012	45,000	117,450	162,450
2013	50,000	114,188	164,188
2014	55,000	110,562	165,562
2015-2019	325,000	489,375	814,375
2020-2024	470,000	352,350	822,350
2025-2029	675,000	154,063	829,063
	$ 1,705,000	$ 1,582,312	$ 3,287,312

Notes Payable - (Housing Services Enterprise Fund)

The Housing Services Enterprise Fund has the following notes payable due to the Department of Housing and Urban Development (HUD). The long-term debt at June 30, 2009 was as follows:

Notes payable issued on December 10, 1982 for $2,677,358 at 6.6% interest. Annual payments of $201,717 due on November 1 with a maturity date of November 1, 2014. Payments of principal and interest are made by or forgiven by HUD on the Housing Authority's behalf	$ 973,138
Other notes payable to HUD at various interest rates and terms	3,725,274
Total long-term debt	4,698,412
Less: current portion	137,029
Total long-term portion	$ 4,561,383

(6) Long-Term Obligations (Continued)

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

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

The aggregate maturities of the Housing Services long-term debt at June 30, 2009 are as follows:

Years Ending	Principal Amount Payable
2010	$ 137,029
2011	145,038
2012	153,047
2013	167,085
2014	178,112
2015-2019	179,535
2020-thereafter	3,738,566
Total	$ 4,698,412

Conduit Debt Obligations

The County has issued Project Revenue Bonds to provide assistance for the El Castillo Retirement Residences Project. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, there were two series of Project Revenue Bonds outstanding, with an aggregate principal amount payable of $13,555,000.

The County issued $3,000,000 multi-family Housing Revenue Bonds in August 1998 to provide assistance for the construction of the Villa Grande Apartments. The bonds are secured by the revenues and mortgage of the property. The County is not obligated in any manner for repayment of these bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2009, the amount of bonds outstanding were $2,950,000.

Total conduit debt outstanding at June 30, 2009 was $16,505,000.

Pollution remediation liability, see footnote 11.

(7) Retirement, Health and Deferred Compensation Plans

PERA Retirement Plan

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

Funding Policy. Plan members are required to contribute 3.2875% of their gross salary for general member coverage in accordance with Municipal Division - General Coverage Plan 3, and 3.09% for police member coverage in accordance with Police Coverage Plan 4. The County is required to contribute 19.0125% of the gross covered salary for general member coverage, and 27.76% for police member coverage. The contribution requirements of plan members and the County are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

The County contribution to PERA for the fiscal years ended June 30, 2009, 2008 and 2007 were $8,830,179, $7,631,724 and $5,950,620, respectively, which equal the amount of the required contributions for each fiscal year.

The County has no other post employment pension plans.

Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

Post-Employment Benefits – State Retiree Health Care Plan (Continued)

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

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

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

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

The County's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were $459,432, $413,934 and $341,186 which equal the required contributions for the applicable years.

(Continued)

(8) Fund Balance and Net Assets (Deficits)

Fund Balance Adjustments and Reclassifications

During the current year, it was determined that an overpayment, in the Indigent Hospital Fund, of $572,885 voided in FY 2010, should have been voided in FY 2009. To correct this error, the beginning fund balance of the Indigent Hospital Fund of $3,082,610, as originally reported, has been increased to $3,655,465. In addition, beginning total net assets for the County of $226,168,283, as originally reported, have been increased to $226,741,165.

Balance of Indigent Hospital Fund, as previously reported	$ 3,082,610
Restatement due to voided check	572,855
Indigent Hospital Fund balance, as restated	$ 3,655,465

In 2009, the County reclassified the Jail Facility Fund from an enterprise fund to a special revenue fund. Since the Jail Facility Fund does not meet the definition of an enterprise fund. The effect of that reclassification is as follows:

Balance of Jail Facility enterprise fund, as previously reported	$ 8,364,889
Restricted cash reclassified to Jail Revenue Bond Fund	(2,249,600)
Capital assets reclassified from proprietary fund to governmental activities	(21,643,397)
Debt reclassification from proprietary fund to governmental activities	25,535,000
Deferred issuance costs reclassified to governmental activities	(340,929)
Accrued interest	598,246
Jail Facility special revenue fund balance, as restated	$ 10,264,209

In 2009, the County established the Jail Revenue Bond debt service fund. This resulted in the reclassified cash restricted for bond payments from the Jail Facility Enterprise Fund to the Jail Revenue Bond Debt Service Fund. The effect of these reclassifications is as follows:

Balance of Jail Revenue Bond Fund, as previously reported	$ -
Reclassification of restricted cash from Jail Facility Fund	2,249,600
Jail Revenue Bond Fund balance, as restated	$ 2,249,600

Beginning in 2002, the County began selling low income homes. In 2009, the County received official approval from HUD to recharacterize the proceeds from 2002 through 2004 sales originally reported in the Housing Services Enterprise Fund to the Home Sales Fund. As a result, a prior period adjustment was necessary to reclass the net proceeds received from 2002-2004 in the Housing Services Fund to the Home Sales Fund.

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

The effect of these reclassifications are as follows:

Balance of Home Sales Fund, as previously reported	$	4,883,764
Reclassification of cash from Housing Services		612,680
Home Sales Fund net asset, as restated	$	5,496,444
Balance of Housing Services, as previously reported	$	(5,633,937)
Reclassification of cash to Home Sales		(612,680)
Housing Services, as restated	$	(6,246,617)

In 2009, the County established the Emergency Communications Operations special revenue fund to account for the activities of the Regional Emergency Communication Center District.

Fund Balance Deficits

The following funds had a fund balance deficit at June 30, 2009:

Enterprise Funds

The Housing Services enterprise fund has a net assets deficit of $5,987,636 at June 30, 2009. The deficit is mainly a result of recording depreciation expense and accruing interest expense on notes payable balances which management believes the Department of Housing and Urban Development will forgive.

Capital Project Funds

The Road Projects Capital Project Fund has a net asset deficit of $652,274 at June 30, 2009. The deficit is mainly a result of state grant revenues that have not been collected.

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

(9) Applicable Segment Information

Housing Services - Accounts receivable

The aging of accounts receivable as of June 30, 2009 is as follows:

Current (0-60 days)	$ 26,193
Past due (more than 61 days)	179,967
	206,160
Less allowance for uncollectible accounts	(152,570)
	$ 53,590

Housing Services has $59,843 in tenant deposits that are deposited in Housing Services' general cash account. Housing Services also has $24,441 held in escrow for other purposes. Housing Services has $110,131 in Family Self Services Escrow deposits that are deposited in a separate bank account at First Community Bank and are accounted for in the Section Eight special revenue fund and the liabilities are included in deposits held for others.

(10) Commitments and Contingencies

The County receives funds from federal and state agencies. These funds are subject to audit and adjustment to the granting agency. Any disallowed amounts resulting from these audits would be required to be refunded. The County believes that the amounts, if any, that would be refunded would not have a material effect on the County's financial position at June 30, 2009.

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.

(10) Commitments and Contingencies (Continued)

Joint Powers Agreement (Continued)

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately $5.8 million. The County did not contribute any funds to the Agency in the 2009 fiscal year. A final reconciliation has been done to ensure costs have been split equally between the County and City. The facility opened in May of 1997.

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

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

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

The City of Santa Fe and the County have established a joint powers agreement for the Buckman Direct Diversion (BDD) water project. The BDD, estimated at $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.

The County and the City of Espanola, County of Los Alamos, Pueblo of Nambe, Pueblo of Pojoaque, County of Rio Arriba, Pueblo of San Ildefonso, Pueblo of San Juan, Pueblo of Santa Clara, City of Santa Fe, and Pueblo of Tesuque have entered into an intergovernmental contract to create the North Central Regional Transit District (District) under the Regional Transit District Act, Chapter 13, Article 25, Sections 1-18, NMSA 1978. The purpose of the District is to finance, construct, operate, maintain and promote an efficient, sustainable and regional multi-modal transportation system. The District was created as a public entity separate from the cities, counties and pueblos. The original boundaries consist of Governmental Units located within or containing the boundaries of Los Alamos, Rio Arriba or Santa Fe Counties. The Board of Directors consists of one director from each District and will serve without compensation. The County's share of expenses for the year ended June 30, 2009 was approximately $120,000.

(10) Commitments and Contingencies (Continued)

Insurance

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

Legal Proceedings

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

Operating Leases

The County leases land and various equipment under operating leases. Leases are subject to future appropriation and, as such, cancelable by the County at the end of a fiscal year. Rental expense for the year ended June 30, 2009 was $1,112,683.

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

Years ending June 30:

2010	$ 722,455
2011	576,684
2012	346,866
2013	335,740
2014	234,740
2015-2019	562,004
2020-2024	496,426
2025-2029	175,563
	$ 3,450,478

(10) Commitments and Contingencies (Continued)

Property Tax

There were 305 property tax protests outstanding at June 30, 2009; three of those protests are proceeding to court to be resolved. An estimated amount for refunds related to those protests cannot be determined.

In August 2009, a district judge ruled that the 2001 law placing a 3% cap on increases to property tax unless the property changes ownership, at which time property tax could be adjusted to market value, violated the state constitution. The effect of this ruling may be appealed and the ultimate judicial resolution of this ruling on Santa Fe County cannot be determined.

(11) Accounting Standard Pronouncements

The County adopted GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* for the County's fiscal year ended June 30, 2009. The adoption of this GASB is reflected in note 6.

In 2009, the County began construction on its District Courthouse project. During the initial phase of construction, a pollution plume was discovered. Construction was halted in May 2009 to determine the impact of the pollution on the construction.

As of the date of the audit, the County estimates a cost of approximately $3,000,000 for the remediation of the pollution and another $200,000 related to the halt in construction. These costs are expected to be incurred and paid within the 2010 fiscal year and have been accrued for in the government wide financial statements.

In June 2007, GASB issued Statement 51, *Accounting and Financial Reporting for Intangible Assets,* which is effective for the County's fiscal year ending June 30, 2010. The County has not assessed the future impact on its financial statements due to this GASB pronouncement.

In March 2009, GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which is effective for the County's fiscal year ending June 30, 2011. This statement provides clearer, more structured fund balance classifications and clarifies the definitions of existing governmental fund types. The County has not assessed the future impact on its financial statements due to this GASB pronouncement.

(12) Subsequent Event

The County has evaluated subsequent events through November 9, 2009 which is the date the financial statements are issued and determined the following event requires disclosure:

In October 2009, the County issued $12,090,000 in Series 2009 Gross Receipts Tax Revenue Bonds for the acquisition of water rights. Payments will be made June and December, beginning on June 1, 2010 with an interest rate range of 2% to 5%. The final bond payments will be due June 1, 2029.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

___________, 2010

$21,215,000
Santa Fe County, New Mexico
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010A

$10,195,000
Santa Fe County, New Mexico
Capital Outlay Gross Receipts Tax Revenue Bonds
Series 2010B

Ladies and Gentlemen:

We have acted as bond counsel to Santa Fe County, New Mexico (the "County") in connection with the issuance and sale by the County of its $21,215,000 Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010A (the "Series 2010A Bonds") and its $10,195,000 Capital Outlay Gross Receipts Tax Revenue Bonds, Series 2010B (the "Series 2010B Bonds," and together with the Series 2010A Bonds, the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of New Mexico (the "State") and Parameters Bond Ordinance No. 2010-2 adopted on February 9, 2010 (the "Parameters Bond Ordinance"), as supplemented by a Resolution of the County adopted on March 9, 2010 (together, the "Bond Ordinance"). Except as expressly defined herein, capitalized terms used herein have the same meanings as such terms have in the Bond Ordinance.

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

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

1. The Bonds are valid and binding, special, limited obligations of the County, payable as to principal and interest of the Series 2010A Bonds, solely from the 2010A Pledged Revenues, from the 2010A Debt Service Fund and the 2010A Reserve Fund; and as to principal and interest of the Series 2010B Bonds, solely from the 2010B Pledged Revenues, the 2010B Debt Service Fund and the 2010B Reserve Fund, all of which are pledged under the Parameters Bond Ordinance (provided that the both the 2010 A Reserve Fund and 2010B Reserve Fund are to be funded only upon the occurrence of the event provided in and subject to the provisions of, respectively, Sections 17(A)(5) and 17(B)(5) of the Parameters Bond Ordinance);

2. The Bond Ordinance creates a valid lien on the 2010A Pledged Revenues pledged therein for the security of the Series 2010A Bonds on parity with additional 2010A Parity Obligations (if any) to be issued hereafter and also creates a valid lien on the 2010A Debt Service Fund and the 2010A Reserve

Fund. The Bond Ordinance creates a valid lien on the 2010B Pledged Revenues pledged therein for the security of the Series 2010B Bonds on parity with additional 2010B Parity Obligations currently outstanding or to be issued hereafter (if any) and also creates a valid lien on the 2010B Debt Service Fund and the 2010B Reserve Fund.

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

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

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

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

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

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

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

Respectfully submitted,