

**NEW ISSUE
BOOK ENTRY ONLY**

RATINGS*
STANDARD AND POOR'S: **AAA**
MOODY'S: **Aaa**
AMBAC INSURED

In the opinion of Hughes & Strumor, Ltd. Co., Bond Counsel, under existing regulations, rulings and judicial decisions and assuming continuous compliance with certain covenants set forth in the documents pertaining to the Bonds and certain requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and will not be treated as an item of tax preference in calculating the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be taken into account in determining the adjusted current earnings for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes). Additionally, in the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the State of New Mexico (See "Tax Matters" herein).

\$2,200,000
Santa Fe County, New Mexico
Fire Protection Revenue Bonds
Series 1998

Dated: October 1, 1998

Due: October 1, as shown below

The Santa Fe County, New Mexico Fire Protection Revenue Bonds, Series 1998 (the "Bonds") are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"), the securities depository, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of bond certificates (See, "Book Entry Only System"). Interest is payable semi-annually on the Bonds on April 1 and October 1 commencing April 1, 1999. Principal is payable annually as described below. The Bonds are not subject to redemption prior to maturity.

The scheduled payment of principal and interest on the Bonds, when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by AMBAC ASSURANCE CORPORATION. See "Bond Insurance" and "The Insurer" herein.

Ambac

THE BONDS ARE LIMITED OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM THE SOURCES OF PAYMENT MORE FULLY DESCRIBED HEREIN. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE COUNTY AND NEITHER PLEDGE THE FULL FAITH AND CREDIT OF THE COUNTY OR THE AD VALOREM TAXING POWER OR GENERAL RESOURCES OF THE COUNTY, THE STATE OF NEW MEXICO OR ANY POLITICAL SUBDIVISION TO THE PAYMENT OF THE BONDS.

MATURITIES, INTEREST RATES AND YIELDS

<u>Due</u> <u>October 1</u>	<u>Principal</u>	<u>Interest</u> <u>Rates</u>	<u>Price</u>
1999	\$90,000	3.40%	100.00%
2000	\$475,000	3.50%	100.00%
2001	\$495,000	3.55%	100.00%
2002	\$510,000	3.65%	100.00%
2003	\$630,000	3.70%	100.00%

The Bonds are being offered when, as and if issued by the County and purchased by the Underwriter, subject to the approving opinion by Hughes & Strumor, Ltd. Co., Albuquerque, New Mexico, Bond Counsel. Certain disclosure matters will be passed upon by Hughes & Strumor, Ltd. Co. It is anticipated that the Bonds will be available for delivery through the Depository Trust Company, New York, New York on or about October 27, 1998.

PIPER JAFFRAY INC.

The date of this Official Statement is October 13, 1998.

*For an explanation of ratings see "Description of Ratings" herein.

SANTA FE COUNTY, NEW MEXICO

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

COUNTY COMMISSIONERS

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

COUNTY OFFICIALS

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

BOND COUNSEL AND DISCLOSURE COUNSEL

HUGHES & STRUMOR, LTD. CO.
P.O. BOX 1610
ALBUQUERQUE, NEW MEXICO 87103
TELEPHONE: (505) 842-6700

UNDERWRITER

PIPER JAFFRAY INC.
2780 SKYPARK DRIVE, SUITE 400
TORRANCE, CALIFORNIA 90505-5343
TELEPHONE: (310) 325-3825

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Exhibits (the "Official Statement"), does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information or make any representation with respect to the Bonds which is not contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Bonds, by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The Bonds will not be registered under the Securities Act of 1933, as amended, or under any state securities law and will not be listed on any stock or other securities exchange. Neither the United States Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement.

Copies of the respective ordinances authorizing the Bonds are available upon request at the office of the Santa Fe County Clerk, 102 Grant Avenue, Santa Fe, New Mexico 87501 (505) 986-6281.

The prices at which the Bonds are offered to the public by the Underwriter (and the yield resulting therefrom) may vary from the initial offering prices or yields appearing on the cover page. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices or yields to dealers and others.

THE COUNTY HAS ENTERED INTO AN UNDERTAKING (THE "UNDERTAKING") FOR THE BENEFIT OF THE HOLDERS OF THE BONDS TO SEND CERTAIN FINANCIAL INFORMATION AND OPERATING DATA TO CERTAIN INFORMATION REPOSITORIES ANNUALLY AND TO PROVIDE NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF CERTAIN EVENTS, PURSUANT TO THE

REQUIREMENTS OF SECTION (b)(5)(i) OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (17 C.F.R. PART 240, S240.15C2-12) (THE "RULE").

THE COUNTY HAS NOT FAILED TO COMPLY WITH ANY SUCH PRIOR UNDERTAKING UNDER THE RULE. A FAILURE BY THE COUNTY TO COMPLY WITH THE UNDERTAKING WILL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE ORDINANCES, ALTHOUGH BONDHOLDERS WILL HAVE ANY AVAILABLE REMEDY AT LAW OR IN EQUITY. NEVERTHELESS, SUCH A FAILURE MUST BE REPORTED IN ACCORDANCE WITH THE RULE AND MUST BE CONSIDERED BY ANY BROKER, DEALER OR MUNICIPAL SECURITIES DEALER BEFORE RECOMMENDING THE PURCHASE OR SALE OF THE BONDS IN THE SECONDARY MARKET. CONSEQUENTLY, SUCH A FAILURE MAY ADVERSELY AFFECT THE TRANSFERABILITY AND LIQUIDITY OF THE BONDS AND THEIR MARKET PRICE.

The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other party described herein since the date hereof.

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INTRODUCTION

The purpose of this Official Statement, including the cover page and the Exhibits hereto, is to set forth information in connection with the offering of \$2,200,000 Santa Fe County, New Mexico Fire Protection Revenue Bonds, Series 1998 (the "Bonds").

The Bonds are being issued pursuant to Sections 4-62-1 through 4-62-10, NMSA 1978 and Section 4-37-1, NMSA 1978 (collectively, the "Act"), to provide funds for the purposes of equipping, constructing and expanding fire stations within the County, acquiring fire trucks, and purchasing related fire equipment for the Santa Fe County Fire Department (the "Fire Protection Revenue Bond Project"), to fund a Reserve Fund and to pay costs of issuance of the Bonds, including an Underwriter's Discount. The Bonds were approved by the County pursuant to Ordinance No. 97-14, adopted by the County on December 30, 1997 (the "Bond Ordinance") and Resolution No. 1998-107 adopted by the County on October 13, 1998 (the "Sale Resolution" and, collectively, the Bond Ordinance and the Sale Resolution are the "Bond Legislation").

The Bonds are payable from the revenues received from the fire protection excise tax. The fire protection excise tax ("Fire Protection Excise Tax") is a one-fourth of one percent (.25%) gross receipts tax imposed on the gross receipts of persons engaging in business in unincorporated areas of the County. The County originally enacted a fire protection excise tax in 1984 and again in 1988 by ordinance, both with an expiration date of five years after effective date. These ordinances have expired by operation of law. The current Fire Protection Excise Tax was enacted May 14, 1993 pursuant to County Ordinance No. 1993-5 and provisions of the County Local Option Gross Receipts Tax Act, Sections 70-20E-1 through 7-20E-18, NMSA 1978 (the "Act") and is effective from January 1, 1994 to December 31, 2003 and allows the revenues from the Fire Protection Excise Tax to be pledged to the payment of fire protection revenue bonds. The voters of the County, at an election held July 27, 1993, approved the extension of the Fire Protection Excise Tax. The County imposes additional gross receipts taxes for other purposes, the revenues of which are not part of the Pledged Fire Protection Excise Tax Revenues under the Bond Ordinance.

Simultaneously with the issuance and delivery of the Bonds, the Insurer has committed to issue a policy of insurance with respect to the Bonds. The policy guarantees unconditionally the payment, when due, of principal and interest on the Bonds. The policy does not insure the principal of or interest on the Bonds coming due by reason of acceleration or optional redemption, nor does it insure the payment of any redemption premium payable upon redemption of the Bonds. See "Bond Insurance" 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 its terms and conditions. All statements herein are qualified in their entirety by reference to each document.

PURPOSE AND PLAN OF FINANCING

The Bonds are being issued pursuant to the Act to provide funds for the purposes of the Fire Protection Revenue Bond Project, to fund a Reserve Fund and to pay costs of issuance of the Bonds, including an Underwriter's discount.

The following table shows the estimated sources and uses of the proceeds of the Bonds. Accrued interest on the Bonds from October 1, 1998 to the date of delivery of the Bonds will be deposited into the Bond Fund.

Sources of Funds:

Proceeds of the Fire Protection Revenue Bonds	\$2,200,000.00
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Uses of Funds:

Deposit to Reserve Fund	\$220,000.00
Deposit to Acquisition Account	\$1,869,359.79
Costs of Issuance ¹	\$110,640.21

Total uses of Funds	\$2,200,000.00
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¹Includes municipal bond insurance premium, underwriter's discount, legal fees, printing, and other charges related to the issuance of the Bonds.

THE FIRE PROTECTION REVENUE BONDS

Description of the Bonds

The Bonds are dated October 1, 1998 and bear interest from that date payable on April 1 and October 1 in each year, commencing April 1, 1999. The Bonds bear interest at the rates per annum and mature in the amounts and at the times set forth on the cover page hereof. The principal of, and premium, if any, on the Bonds are payable at the principal office of the County Treasurer as paying agent (the "Paying Agent") upon presentation and surrender of the Bonds due. Interest payments on the Bonds shall be made by check or draft mailed by the Paying Agent to the respective Holders thereof on the Record Date at the address shown on the registration books kept by the County Treasurer as registrar (the "Registrar"). The Record Date is the fifteenth day (whether or not a Business Day) of the month preceding the month in which an Interest Payment Date occurs.

So long as the Bonds are registered in the name of Cede & Co., registration, transfer and exchange of the Bonds may only be made through DTC. For a description of the method of payment of the principal, premium, if any, and interest on the Bonds so long as the Bonds are held pursuant to the book entry system, see "Book Entry Only System".

Redemption of Bonds Prior to Stated Maturity

The Bonds are not subject to redemption prior to their respective maturities.

Source of Payment and Security for the Bonds

Sources of Payment - General.

THE BONDS ARE LIMITED OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM THE SOURCES OF PAYMENT MORE FULLY DESCRIBED HEREIN. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE COUNTY AND NEITHER PLEDGE THE FULL FAITH AND CREDIT OF THE COUNTY OR THE AD VALOREM TAXING POWER OR RESOURCES OF THE COUNTY, THE STATE OF NEW MEXICO OR

ANY POLITICAL SUBDIVISION TO THE PAYMENT OF THE BONDS.

Fire Protection Excise Tax

The fire protection excise tax ("Fire Protection Excise Tax") is a one-fourth of one percent (.25%) gross receipts tax imposed on the gross receipts of persons engaging in business in unincorporated areas of the County. The County originally enacted a fire protection excise tax in 1984 and again in 1988 by ordinance, both with an expiration date of five years after their effective date. These ordinances have expired by operation of law. The current Fire Protection Excise Tax was enacted May 14, 1993 pursuant to County Ordinance No. 1993-5 and provisions of the County Local Option Gross Receipts Tax Act, Sections 7-20E-1 through 7-20E-18, NMSA (the "Act") and is effective from January 1, 1994 to December 31, 2003 and allows the revenues from the Fire Protection Excise Tax to be pledged to the payment of fire protection revenue bonds. The voters of the County, at an election held July 27, 1993, approved the extension of the Fire Protection Excise Tax. The Fire Protection Excise Tax is collected by the Revenue Division of the Taxation and Revenue Department ("Department") of the State at the same time as all other gross receipts taxes imposed by the State, counties and municipalities are collected. After any deductions for administrative costs of collection (up to a maximum of 3% of the Fire Protection Excise Tax) and any disbursements for tax credits, refunds and the payment of applicable interest and subject to any increase or decrease pursuant to Section 7-1-6.15, NMSA 1978, the Fire Protection Excise Tax Revenues are distributed monthly to the County pursuant to Section 7-20E-7, NMSA 1978. The County imposes additional gross receipts taxes for other purposes, the revenues of which, however, are not a part of Pledged Fire Protection Excise Tax Revenues under the Bond Ordinance.

Historical Fire Protection Excise Tax Receipts

FY 1992-FY 1998

Month	FY92	Variance ¹	FY93	Variance	FY94	Variance	FY95	Variance	FY96	Variance	FY97	Variance	FY98	Variance
July	\$36,260	N/A	\$51,951	43.27%	\$51,199	-1.45%	\$63,121	23.29%	\$75,553	19.70%	\$72,551	-3.97%	\$75,023	3.41%
August	\$44,564	N/A	\$55,593	24.75%	\$60,436	8.71%	\$71,136	17.70%	\$85,405	18.65%	\$85,729	1.57%	\$89,469	4.36%
September	N/A	N/A	\$50,917	100.00%	\$51,885	1.90%	\$77,556	49.48%	\$65,054	-16.12%	\$80,841	24.27%	\$80,057	-0.97%
October	N/A	N/A	\$54,122	100.00%	\$56,202	3.84%	\$62,685	11.54%	\$75,843	19.40%	\$78,423	4.78%	\$74,654	-4.81%
November	\$44,779	N/A	\$45,513	1.64%	\$53,557	17.67%	\$67,551	26.13%	\$79,557	17.77%	\$83,200	4.58%	\$103,844	24.81%
December	\$113,907	N/A	\$50,103	-56.01%	\$55,189	10.15%	\$65,246	18.22%	\$78,897	20.92%	\$69,480	-11.94%	\$81,753	17.66%
January	\$37,993	N/A	\$56,601	22.66%	\$44,515	-4.48%	\$61,495	38.14%	\$62,551	1.72%	\$69,246	10.70%	\$79,824	-4.83%
February	\$50,390	N/A	\$51,762	2.72%	\$90,351	74.55%	\$84,167	-6.84%	\$87,944	4.49%	\$87,481	-0.53%	\$36,426	58.36%
March	\$38,516	N/A	\$39,951	3.73%	\$40,272	0.80%	\$45,063	11.90%	\$62,632	38.99%	\$70,385	12.38%	\$106,932	51.92%
April	\$37,656	N/A	\$51,590	37.00%	\$66,005	27.94%	\$80,859	22.50%	\$58,368	-27.81%	\$67,206	15.14%	126,125	87.87%
May	\$43,287	N/A	\$42,257	-2.38%	\$60,138	42.32%	\$63,650	5.84%	\$62,850	-1.26%	\$57,642	-8.29%	\$80,863	40.29%
June	\$40,215	N/A	\$50,602	25.83%	\$50,899	0.59%	\$60,088	18.15%	\$74,922	24.69%	\$102,461	36.76%	\$76,090	-25.74%
TOTAL	\$487,568	N/A	\$590,962	21.21%	\$680,648	15.18%	\$802,617	17.92%	\$867,576	8.09%	\$924,645	6.58%	\$1,011,059	9.35%

¹%Variance columns show the percentage change between fiscal years.

Estimated Debt Service Coverage

<u>Fiscal</u> <u>Year</u>	<u>Estimated</u> <u>Revenues¹</u>	<u>Scheduled Debt</u> <u>Service²</u>	<u>Coverage</u> <u>Ratio³</u>
1999	\$1,011,059	\$39,591.25	25.54x
2000	\$1,011,059	\$167,652.50	6.03x
2001	\$1,011,059	\$542,810.00	1.86x
2002	\$1,011,059	\$545,711.25	1.85x
2003	\$1,011,059	\$542,617.50	1.86x
2004	\$1,011,059	\$641,655.00	1.58x

¹Estimated based on total revenues for the fiscal year ending June 30, 1998. There is no assurance that actual revenues will not be less than estimated.

²Scheduled debt service on the Bonds.

³Estimated based on estimated revenues and scheduled debt service. There is no assurance that actual coverage ratios will not be lower.

Reserve Fund.

Immediately upon the sale and delivery of the Bonds, a deposit in the amount of \$220,000 from the proceeds of the Bonds shall be made into the Reserve Fund pursuant to the Bond Ordinance. Monies in the Reserve Fund are to be withdrawn from the Reserve Fund and concurrently credited to the Bond Fund, to the extent and at the times necessary, and to the extent such amounts are available in the Reserve Fund to prevent deficiencies in the Bond Fund. Whenever the amount in the Reserve Fund is less than the Reserve Requirement, monies on deposit in the Revenue Fund are to be applied to cure the deficiency. As used herein, "Reserve Requirement" means an amount equal to the lesser of: (a) ten percent (10%) of the original principal amount of the Bonds; (b) the maximum annual debt service of the Bonds; or (c) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds.

Additional Bonds or Other Obligations.

Additional bonds or other obligations of the County payable from the Fire Protection Revenues and constituting a lien upon the Fire Protection Revenues on a parity with the lien of the Bonds or bonds or other obligations refunding all or a part of the Bonds may be issued, provided, however, that before such additional parity lien bonds, or other parity lien obligations are authorized or actually issued, including refunding obligations which refund subordinate bonds or other subordinate obligations as permitted by the Bond Ordinance that:

(1) The County is then current in all of the accumulations required to be made into the Bond Fund and the Reserve Fund;

(2) No default shall exist in connection with any of the covenants or requirements of the Bond Ordinance; and

(3) The Fire Protection Revenues received by the County for the twelve months immediately preceding the date of the issuance of such additional parity lien obligations shall have been sufficient to pay an amount representing one hundred fifty percent (150%) of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding Bonds, all other then outstanding obligations payable from and constituting a lien on the Fire Protection Revenues on a parity with the lien thereon of the Bonds and the parity lien bonds, other parity lien obligations proposed to be issued (excluding accumulation of any

reserves).

A written certificate or opinion by an Independent Accountant that the Fire Protection Revenues for such preceding twelve months are sufficient to pay the amounts described above shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver said additional bonds or other obligations on a parity with the Bonds.

Nothing contained in the Bond Ordinance shall be construed in such a manner as to prevent the issuance by the County of additional bonds or other obligations payable from the Fire Protection Revenues constituting a lien upon the Fire Protection Revenues subordinate and junior to the lien of the Bonds nor as to permit the County to issue bonds payable from the Fire Protection Revenues having a lien thereon prior and superior to the Bonds.

Protective Covenants.

The County covenants and agrees with each and every registered owner of the Bonds that:

(1) Use of the Bond Proceeds. The County will proceed without delay to apply the proceeds of the Bonds to acquiring the Fire Protection Revenue Bond Project.

(2) Payment of the Bonds Herein Authorized. The County will promptly pay the principal, interest, and premium, if any, on the Bonds at the place, on the date and in the manner specified in the Bond Legislation and in the Bonds according to the true intent and meaning thereof.

(3) County's Existence. The County will maintain its corporate identity and existence so long as 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.

(4) Prohibition of any 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 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, to the benefit or security of the Bond Legislation, except subject to the prior payment in full of the principal of the Bonds then outstanding and of the accrued interest on the Bonds, the payment of which has not been extended.

(5) Records for Pledged Revenues. So long as the Bonds remain Outstanding, proper books or records or accounts will be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

(6) Audits. The County will, at the time of the annual audit required by law, cause an audit of its books and accounts relating to the Pledged Revenues to be performed by an Independent Accountant showing the receipts and disbursements in connection with such Pledged Revenues. The County agrees to furnish forthwith a copy of each of such audits and reports to the owners of the Bonds upon written request.

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

(8) Duty to Impose Gross Receipts Tax. If any County ordinance or part thereof, which in any manner affects the Pledged Revenues, shall ever be held to be invalid or unenforceable, it shall be the duty of the County to immediately take any action necessary to produce sufficient Fire Protection Excise Tax Revenues to comply with the contracted obligations of the Bond Ordinance, except as is provided in paragraph (9) of this Section.

(9) Impairment of Contract. The County agrees that any law, ordinance or resolution of the County that in any manner affects the Pledged Revenues or the Bonds shall not be repealed or otherwise directly or indirectly modified, in such a manner as to impair adversely the 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 Section 31 of the Bond Ordinance.

(10) Tax Covenant. The County will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code or (ii) would cause interest on the Bonds to lose its

exclusion from alternative minimum taxable income except to the extent such interest is required to be included in adjusted current earnings applicable to corporations in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Code are met.

Defeasance

When all principal, any applicable prior redemption premium and interest in connection with the Bonds authorized have been duly paid, the pledge and lien and all obligations under the Bond Ordinance shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment as to any Bond when the County has placed in escrow and in trust with a commercial bank located within or without the State and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may initially be invested) to meet all requirements of principal, interest and any applicable prior redemption premium as the same become due to its maturity or designated redemption date as of which the County shall have exercised, or obligated itself, its option to call the Bond.

Default and Remedies

Events of Default. Each of the following is an "Event of Default":

(1) Nonpayment of Principal. The County shall fail to make any payment of principal of any of the Bonds when due and payable, either at maturity, or proceedings for prior redemption, or otherwise; or

(2) Nonpayment of Interest. The County shall fail to make any payment of interest on any of the Bonds when due and payable; or

(3) Incapable to Perform. The County shall for any reason be rendered incapable of fulfilling its obligations under the Bond Ordinance; or

(4) Default of any Provision. The County shall fail 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, and such failure shall continue for 60 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the County by the registered owners of 25% in principal amount of the Bonds then outstanding.

Remedies. Upon the happening and continuance of any Event of Default, the registered owner or owners of not less than 25% in principal amount of the Bonds then outstanding, including but not limited to a trustee therefor, may proceed against the County, the Governing Body, and its agents, officers and employees to protect and enforce the rights of any registered owner of the Bonds under the Bond Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power granted for the enforcement of any power, legal or equitable remedy as such register owner or owners may deem most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of 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 registered owners of the Bonds then outstanding. The failure of any such registered owner so to proceed shall not relieve the County or any of its officers, agents or employees of any liability for failure to perform any duty. Each right or privilege of any such registered owner (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 registered owner shall not be deemed a waiver of any other right or privilege thereof.

Bond Ordinance Amendments.

The Bond Ordinance may be amended without the consent of any Bondholder to correct any ambiguity, defect, or inconsistent provisions contained in the Bond Ordinance. The Bond Ordinance may be amended or supplemented by ordinance adopted by the Governing Body in accordance with the laws of the State, without receipt by the County of any additional consideration by the written consent of the registered owners of two-thirds of the Bonds authorized and

outstanding at the time of adoption of such amendatory or supplemental ordinance; provided, however, that no such ordinance shall have the effect of permitting:

- (1) An extension of the maturity of any Bond; or
- (2) A reduction in the principal amount of any Bond, the rate of interest thereon or the redemption premium, if any, due in connection therewith; or
- (3) The creation of a lien upon or pledge of the Revenues ranking prior to the lien or pledge created by the Bond Ordinance; or
- (4) A reduction of the principal amount of the Bonds required for consent to such amendatory or supplemental ordinance.

Ordinance Irrepealable.

After any of the Bonds are issued, the Bond Ordinance shall be and remain irrepealable until the Bonds and interest thereon shall be fully paid, canceled and discharged as therein provided, or there has been defeasance as provided in the Bond Ordinance.

DESCRIPTION OF GROSS RECEIPTS TAXES

The Gross Receipts and Compensating Tax Act, Section 7-9-1 through 7-9-87, NMSA 1978 (the "Gross Receipts Tax Act"), authorizes the State of New Mexico to impose an excise tax on gross receipts (the "State Gross Receipts Tax") which is levied by the State for the privilege of doing business in the State and is collected by the New Mexico Taxation and Revenue Department (the "Department"). The State presently levies a gross receipts tax of five percent (5%).

Tax Administration

The Department is responsible for administering the Gross Receipts and Compensating Tax Act and for collecting the State Gross Receipts Tax and all local option gross receipts taxes imposed by New Mexico counties and municipalities. The Department makes monthly distribution to counties and municipalities, as

applicable, of State shared receipts and of receipts from local option gross receipts taxes.

The State, county and municipal gross receipts taxes are levied on each month's taxable gross receipts of a person engaging in business in the State and are due and payable to the Department on or before the 25th day of the following month. Gross receipts taxes are levied on the seller rather than the purchaser; however, it is the customary practice for gross receipts taxes to be passed on to the buyer. The Department then remits the County's portion of collected gross receipts tax revenues on or about the 15th day of the next month after deduction of administrative costs and adjustments.

The gross receipts tax is imposed upon taxable gross receipts under the Gross Receipts Tax Act. The Gross Receipts Tax Act defines such "gross receipts" as the total amount of money or value of other consideration received from selling property in the State (including tangible personal property handled on consignment in the State), from leasing property employed in the State and from performing services in the State. The definition of gross receipts excludes cash discounts allowed and taken, the gross receipts tax payable on transactions for the reporting period and any other county or municipal gross receipts taxes, any type of time-price differential and certain gross receipts or sales taxes imposed by an Indian tribe or pueblo. Unlike most other states, New Mexico imposes gross receipts taxes on food sales and most services, including legal and medical services.

Amendments to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be proposed in the future by the State 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.

Exemptions from Gross Receipts Taxation

Some activities and industries are exempt from the gross receipts tax, many by virtue of their taxation under other laws. Exemptions include, but are not limited to, some receipts of governmental agencies and certain organizations, and 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 oil, natural gas or mineral interests. Various deductions are allowed, including but not limited to, receipts from various types of sales or leases of tangible personal property or services, receipts from sales to

governmental agencies or certain organizations, receipts from interstate commerce transactions. During the Legislative Session ended February 19, 1998, the State Legislature enacted two new deductions from gross receipts taxes for prescription drugs and medical services related to medicare patients, effective July 1, 1999 for the prescription drugs and phased in for the medical services from July 1, 1998 through July 1, 2000. The County does not anticipate any material adverse affect on the Fire Protection Excise Tax Revenues. In spite of the numerous specified exemptions and deductions from gross receipts taxation, the general presumption is that all receipts of a person engaging in business in the State are subject to the gross receipts tax.

Remedies for Delinquent Gross Receipts Taxes

The State may assess gross receipts taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom gross receipts taxes have been assessed does not make payment thereof (or protest the assessment) before thirty (30) days after the date of the assessment, 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 State may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than eighteen (18) months. Interest is due on any delinquent taxes 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 gross receipts tax is paid within ten (10) days after demand is made, no interest accrues.

The State 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 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 the State statutes.

BOND INSURANCE

Ambac Assurance has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Municipal Bond Insurance Policy, Ambac Assurance will pay to the United States Trust Company of New York, New York or any successor thereto (the "Insurance Trustee")

that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United State Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Municipal Bond Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Municipal Bond Insurance Policy does **not** cover:

1. Payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. Payment of any redemption, prepayment or acceleration premium.
3. Nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Municipal Bond Insurance Policy. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

For a description of Ambac Assurance, see "The Insurer" herein.

BOOK ENTRY ONLY SYSTEM

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

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

system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

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

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

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

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

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) on both or either series of Bonds. In that event, Bond certificates will be printed and delivered.

THE COUNTY HAS NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR TO PERSONS FOR WHOM PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF PORTIONS OF THE BONDS FOR REDEMPTION.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT OF A DEPOSITORY, ANY PERSON CLAIMING A BENEFICIAL INTEREST IN ANY BONDS UNDER OR THROUGH A DEPOSITORY, OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE REGISTRAR AS BEING REGISTERED OWNERS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY A DEPOSITORY OR ANY PARTICIPANT OF A

DEPOSITORY, THE PAYMENT BY A DEPOSITORY OR ANY PARTICIPANT OF A DEPOSITORY OF ANY AMOUNT IN RESPECT OF PRINCIPAL OR PREMIUM, IF ANY, OR INTEREST ON ANY BOND, ANY NOTICE WHICH IS REQUIRED TO BE GIVEN TO REGISTERED OWNERS UNDER THE ORDINANCES, THE SELECTION OF A DEPOSITORY OR ANY PARTICIPANT OF A DEPOSITORY OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE BONDS.

THE INSURER

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$3,073,000,000 (unaudited) and statutory capital of approximately \$1,769,000,000 (unaudited) as of June 30, 1998. Statutory capital consists of Ambac Assurance's policy holders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service and Fitch IBCA, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its municipal bond insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Bonds.

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance under this heading, "The Insurer".

Available Information. The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities

and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's common stock is listed on the NYSE.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Abmac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference. The following documents filed by the Company with the Commission (File No. 1-0777) are incorporated by reference in this Official Statement.

- 1) The Company's annual Report on Form 10-K for the fiscal year ended December 31, 1997 and filed on March 31, 1998;
- 2) The Company's Current Report on Form 8-K dated March 27, 1998 and filed on March 27, 1998;
- 3) The Company's Amendment to its Annual Report on Form 10-K/A for the fiscal year ended December 31, 1997 and filed on March 31, 1998; and
- 4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 1998 and filed on May 15, 1998.
- 5) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 1998 and filed on August 14, 1998.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "AVAILABLE INFORMATION".

SANTA FE COUNTY

General

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

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

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

The Government Body

Santa Fe County was established by the laws of the Territory of New Mexico of 1852, under provisions of the act now referred to as Section 4-26-1, NMSA 1978. The County provides the following services as authorized in the grant of powers: public safety (police, fire), highways and streets, sanitation, health and social

services, low rent housing assistance, culture-recreation, public improvements, planning and zoning, and general administrative services. Brief resumes of the County Manager, Financial Director, and County Commissioners follows:

County Manager: David Wolf has served as County Manager since June 20, 1998. He served as the County's Utilities Director from September to June 19, 1998. Prior to rejoining the County, he worked at Johnson Controls World Services, Los Alamos, New Mexico Project, as Manager in Financial Services and was previously the Santa Fe County Finance Director from January 1995 to January 1997. Mr. Wolf has a Bachelor of Accountancy from New Mexico State University in Las Cruces, New Mexico. He has specialized knowledge and training as a Certified Public Accountant in the State of Texas and also serves as a volunteer with the Pojoaque Fire Department.

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

Santa Fe County Commissioners

1. Mark P. Trujillo, District 1, Chairman, first elected November 1996, term expires December 1998¹. Occupation: Los Alamos National Laboratory, Human Resources Department for 19 years. He has served on the Extraterritorial Zoning Authority and on the Solid Waste Committee.

2. Joe S. Griñé, Jr., District 5, Vice-Chairman, first elected November 1996, term expires December 2000. Occupation: Owner of a real estate investment company. Committee Assignments: Extraterritorial Zoning Authority, Local Emergency Planning Committee; Transportation Policy Board, Transportation Development Center District.

3. Richard D. Anaya, District 4, Member, first elected November 1990, reelected November 1992 and 1996, term expires December 2000. Occupation: Local Business Owner of the Liquid Company. Committee Assignments; Solid Waste Management Board, New Mexico Association of Counties Multi-Line Pool, National

¹Won Primary nomination on June 2, 1998. Unopposed in the November 1998 General Election for a term expiring December 2002.

Association of Counties Environment, Land Use Steering Committee.

4. Paul Duran, District 2, Member, first elected November 1996, term expires December 2000. Occupation: Real Estate Broker for the last 20 years. Committee Assignments: Chairman of the Extraterritorial Zoning Authority, Chairman of the Highway Corridor Task Force, Solid Waste Management Board and Transportation Policy Board.

5. Javier M. Gonzales, District 3, Member, first elected November 1994, term expires December 1998¹. Occupation: Chief Financial Officer of La Voz Broadcasting Inc. Committee Assignments: Extraterritorial Zoning Authority, Solid Waste Management Board, Transportation Policy Board.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

Basis of Presentation - Fund Accounting

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

Governmental Fund Types.

1. General Fund - The General Fund is the general fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. It is funded primarily through property, sale and other miscellaneous taxes.
2. Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
3. Capital Project Funds - The Capital Project Funds are used to account for financial resources to be used for the acquisition of major capital facilities and related costs. Capital Project funding is comprised of bond

proceeds, federal and state grants and/or current federal funds.

4. Special Revenue Funds - The County received funds from various sources, the expenditure of which is legally restricted to specified purposes. These revenues and expenditures are accounted for in this fund.

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

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

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

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

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

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

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

Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. If the amounts of revenues cannot be reasonably estimated or realization is not assured, or if the revenues will not be available to pay current liabilities, they are not recorded as a revenue in the current year. Under these accounting policies, property taxes collected but unremitted to the County and expenditures in excess of grant revenues are accrued as receivables at the year end.

1997 Audit Report

Barraclough & Associates, P.C., Certified Public Accountants & Consultants, of Santa Fe, New Mexico conducted the audit of the County's general-purpose financial statements and the combining and individual fund and account group financial statements for the fiscal year ended June 30, 1997.

In the Independent Auditors' Report, dated March 23, 1998, Barraclough & Associates, P.C., opined only upon the combined balance sheet of the County, finding that such balance sheet fairly presents the financial position of the County for the fiscal year audited.

The report stated that the auditors were not expressing an opinion on the individual, combining and combined fund financial statements (other than the combined balance sheet). The report attributes the firm's inability to render this opinion to the County's conversion, during the fiscal year, to a new computer system that resulted in omissions in transactions or recording transactions to incorrect funds.

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

Year 2000 Issues. In September 1998, the County completed a survey of its various departments. The Finance Department and the Treasurer's Office are fully "Year 2000" compliant. The Assessor's Office is scheduled for necessary software conversions in December 1998. No other department has material Year 2000 issues.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

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

The County undertakes to provide the following information:

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

The County shall, while any Bonds are outstanding, provide the Annual Financial Information on or before March 31 of each year (the "Report Date") , beginning in 1999, to each then existing NRMSIR and the SID, if any. The County may adjust the Report Date if the County changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to each then existing NRMSIR and the SID, if any; provided that the new Report Date shall be 270 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the County provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided

to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

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

If a Material Event occurs while any Bonds are outstanding, the County shall provide a Material Event Notice in a timely manner to the Municipal Securities Rulemaking Board and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSP numbers of the Bonds, as applicable.

The County shall provide, in a timely manner, to the Municipal Securities Rulemaking Board and to the SID, if any, notice of any failure by the County while any Bonds are outstanding to provide to each then existing NRMSIR and the SID, if any, Annual Financial Information on or before the Report Date.

Definitions

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

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principals ("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, of the type included in the Official Statement with respect to the Bonds; which Annual Financial Information may, but is not required to, include Audited Financial Statements.

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

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

- a. Principal and interest payment delinquencies;
- b. Unscheduled draws on debt service reserves respecting

- financial difficulties;
- c. Non-payment related defaults;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions or events affecting the tax-exempt status of the security;
- g. Modifications of rights of security holders;
- h. Bond calls;
- i. Release, substitution, or sale of property securing payment of the securities;
- j. Rating changes; and
- k. Defeasances.

"Material Event Notice" shall mean written or electronic notice of a Material Event.

"NRMSIR" means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule.

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

Unless otherwise required by law and subject to technical and economic feasibility, the County shall employ such methods of information transmission as shall be 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 shall terminate once there are no longer any Bonds outstanding. This undertaking shall be null and void in the event that the County delivers to each then existing NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this undertaking or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This agreement may be amended without the consent of the Bondholders, but only upon delivery by the County to each then existing NRMSIR and the SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this undertaking and by the County with the Rule.

Any failure by the County to perform in accordance with this

undertaking shall not constitute an Event of Default; however, the bondholders may sue to enforce performance of the undertakings set forth herein.

ABSENCE OF MATERIAL LITIGATION

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

LEGAL MATTERS

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

DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The Code generally provides that a financial institution may not deduct that portion of its interest expense which is allocable to tax-exempt interest. The interest expense which is allocable to tax-exempt interest is an amount which bears the same ratio to the institution's interest expense as the institution's average adjusted basis of tax-exempt obligations acquired after August 7, 1986 bears the average adjusted basis of all assets of the institution. Tax-exempt obligations may be treated as if issued prior to August 7, 1986 (and therefore are not subject to this rule) if they are "qualified tax-exempt obligations" as defined in

the Code and are designated for this purpose by the issuer. The County has designated the Bonds as "qualified tax-exempt obligations" for this purpose; however, under provisions of the Code dealing with financial institution preference items, certain financial institutions, including banks, are denied 20 percent of their otherwise allowable deduction for interest expense with respect to obligations incurred or continued to purchase or carry Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the Bonds will be in an amount which bears the same ratio as the institution's average adjusted basis of all assets of the institution.

Amendments to the Code could be enacted in the future and there is not assurance that any such future amendments which may be made to the Code will not adversely affect the ability of banks or other financial institutions to deduct any portion of interest expense allocable to tax-exempt interest.

TAX MATTERS

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

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

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

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

DESCRIPTION OF RATINGS

The Bonds have been issued bond ratings of "Aaa" by Moody's Investors Service, Inc. ("Moody's") and of "AAA" by Standard & Poor's Ratings Services ("S&P") based on the condition that Ambac Assurance Corporation will issue its Municipal Bond Insurance Policy in respect of the Bonds. Such ratings are not based upon a credit evaluation of the County.

The ratings reflect only the view of such rating agencies and are not a recommendation to buy, sell or hold the Bonds. 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, if in the judgment of the rating agencies circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price or marketability of the affected Bonds.

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

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

Standard & Poor's Ratings Service
a division of The McGraw-Hill Companies, Inc.
25 Broadway
New York, New York 10004

UNDERWRITING

The Bonds are being purchased by Piper Jaffray Inc. (the "Underwriter"). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds, if any are purchased. In connection with the issuance of the Bonds, the Underwriter will purchase the Bonds at a price of \$2,156,000 (the par amount of the Bonds less an Underwriter's discount of \$44,000.)

MISCELLANEOUS

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

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

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

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EXHIBIT A

Certain County Statistical Information

GENERAL PROFILE

POPULATION AND HOUSING (Bureau of the Census)

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

BIRTHS AND DEATHS (National Center for Health Statistics)

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

EDUCATION (Bureau of the Census)

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

LABOR FORCE (Bureau of Labor Statistics)

Civilian labor force, 1994	62,157
Percent unemployed	4.3

PRIVATE NONFARM ESTABLISHMENTS (Bureau of the Census)

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

PERSONAL INCOME (Bureau of Economic Analysis)

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

AGRICULTURE (Bureau of the Census)

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

RETAIL TRADE (Bureau of the Census)

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

COMMERCIAL AND SAVINGS BANKS (Fed. Deposit Insurance Corp.)

Number of offices, June 30, 1994	29
Total deposits (\$1,000)	772,299

SOCIAL PROGRAMS (Social Security Administration)

Total Social Security recipients, December 1993 . . .	14,185
Retired workers	8,445
Supplementary Security Income recipients, December 1994	1,703

FEDERAL FUNDS AND GRANTS (Bureau of the Census)

Total direct expenditures or obligations per capita:	
1994 (dollars)	5,839
1990 (dollars)	4,115

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

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

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

TEN LARGEST EMPLOYERS IN SANTA FE COUNTY

<u>Rank</u>	<u>Employer</u>	<u>Number of Employees</u>
1	State of New Mexico	8,400
2	Santa Fe School District	1,900
3	U.S. Federal Government	1,750
4	Saint Vincent Hospital	1,093
5	City of Santa Fe	1,067
6	Santa Fe Community College	705
7	Santa Fe Opera	628
8	The Peters Corporation	490
9	Santa Fe Ski Company	437
10	Downs at Santa Fe	349

Source: New Mexico Department of Labor

NON-AGRICULTURAL EMPLOYMENT

	1993	1994	1995	1996
Manufacturing	2,016	1,969	1,889	1,916
Mining	93	96	78	55
Construction & Utilities	4097	4450	4441	4409
Wholesale & Retail Trade	12,725	13,482	14,112	13,810
Finance, Insurance & Real Estate	2,316	2,554	2,724	2,849
Services & Miscellaneous	14,289	14,940	15,786	16,390
Government	13,689	14,317	14,630	14,198
Totals:	49,225	51,808	53,660	53,616

CIVILIAN LABOR FORCE

	1994	1995	1996	1997
Civilian Labor Force	61,976	63,033	62,258	63,720
Employment	59,714	60,353	58,860	61,076
Unemployment Number	2,262	2,680	3,398	2,655
Unemployment Rate	3.6%	4.3%	5.5%	4.2%

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

EXHIBIT B

Santa Fe County, New Mexico
Financial Statements

STATE OF NEW MEXICO
SANTA FE COUNTY

Financial Statements and
Other Financial Information

Year Ended June 30, 1997

(With Independent Auditors' Reports Thereon)



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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

**Official Roster
June 30, 1997**

COUNTY COMMISSIONERS

Richard Anaya	Chairperson
Paul Duran	Member
Javier M. Gonzales	Member
Joe Griñe	Member
Marcos P. Trujillo	Member

COUNTY OFFICIALS

Benjamin Montaña	County Sheriff
Phillip Trujillo	County Treasurer
Rebecca Bustamante	County Clerk
Benito Martinez	County Assessor
Lilly Gonzales	Probate Judge

ADMINISTRATIVE OFFICIAL

Domingo Sánchez, III	County Manager
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**STATE OF NEW MEXICO
SANTA FE COUNTY**

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SANTA FE COUNTY**

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STATE OF NEW MEXICO
SANTA FE COUNTY

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"12 Years of Excellence"

1422 Paseo De Peralta
Post Office Box 1847
Santa Fe, New Mexico 87504
(505) 983-3387
(505) 988-2505 FAX
(800) 983-1040 Toll Free



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

John E. Barraclough, Jr., C.P.A.
James E. Latham, C.P.A.
Douglas W. Fraser, C.P.A.
Annette Vigil Hayden, C.P.A.
Candace M. Hintenach, C.P.A.
David G. Barrett, C.P.A.
Benjamin R. Smiley, C.P.A.
Christi A. Garber, C.P.A.
Amy J. Robinson, C.P.A.
Susan L. Wittman, C.P.A.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the State of New Mexico, Santa Fe County (the County) as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Because of the conversion to a new computer system during the fiscal year, the County's accounting records have not recorded all of the transactions that have occurred and/or recorded the transactions to the incorrect funds. The County's accounting records did not permit us to extend our auditing procedures sufficiently to satisfy ourselves that the general ledger used to prepare the financial statements included all of the transactions to the proper funds that materially affect the financial statements of the individual funds. Accordingly, we do not express an opinion on the individual, combining and combined fund financial statements, excluding the combined balance sheet, referred to in the first paragraph.

In our opinion, the combined balance sheet referred to in the first paragraph presents fairly, in all material respects, the financial position of the Santa Fe County as of June 30, 1997, in conformity with generally accepted accounting principles.



In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 1998 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Barracough & Associates P.C.", written in a cursive style.

March 23, 1998

STATE OF NEW MEXICO
SANTA FE COUNTY

Combined Balance Sheet - All Government Fund Types and Account Groups

June 30, 1997

	Governmental Fund Types				Enterprise Funds	Fiduciary Fund Type - Agency	Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			General Fixed Assets	General Long-term Debt		
ASSETS AND OTHER DEBITS										
Equity in pooled cash and investments - Unrestricted	\$ 11,092,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,092,100
Equity in pooled cash and investments - Restricted	-	14,731,097	3,018,513	6,497,041	31,942,730	1,112,920	-	-	-	57,302,301
Receivables, net of allowance for uncollectibles:										
Accounts	65,817	-	-	-	102,354	-	-	-	-	168,171
Taxes	424,423	563,239	76,140	-	-	4,631,998	-	-	-	5,695,800
Interest	179,911	34,417	15,573	8,116	301,120	-	-	-	-	539,137
Grantor agencies and other	-	1,547,955	-	113,000	21,427	-	-	-	-	1,682,382
Due from other funds	599,927	359,869	49,098	13,377	622,694	-	-	-	-	1,644,965
Deferred compensation plan	-	-	-	-	-	468,026	-	-	-	468,026
Other assets	-	-	-	-	-	-	-	-	-	-
Fixed assets, net	-	-	-	-	775,746	-	-	-	-	775,746
Amount to be provided for retirement of long-term debt	-	-	-	-	12,908,223	-	43,223,137	-	-	56,131,360
Amount available from the debt service fund balance	-	-	-	-	-	-	-	29,482,588	-	29,482,588
Total assets and other debits	\$ 12,362,178	\$ 17,236,577	\$ 3,159,324	\$ 6,631,534	\$ 46,674,294	\$ 6,212,944	\$ 43,223,137	\$ 32,641,912	\$ 168,141,900	

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 1
Page 2 of 2

Combined Balance Sheet - All Government Fund Types and Account Groups

June 30, 1997

	Governmental Fund Types				Enterprise Funds	Fiduciary Fund Type - Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			General Fixed Assets	General Long-term Debt	
LIABILITIES, FUND EQUITY AND OTHER CREDITS									
Liabilities:									
Cash overdraft	\$ -	\$ 275,236	\$ -	\$ 95,327	\$ -	\$ -	\$ -	\$ -	\$ 370,563
Accounts payable and accrued expenditures	928,850	1,163,831	-	73,873	141,544	-	-	-	2,328,098
Due to other funds	203,423	960,135	-	33,927	160,821	286,659	-	-	1,644,965
Deferred revenue	-	-	-	-	144,785	4,631,998	-	-	4,776,783
Deferred compensation plan	-	-	-	-	-	468,026	-	-	468,026
Overpayments and taxes paid in advance	-	-	-	-	-	26,120	-	-	26,120
Deposits held for others	-	-	-	-	30,761	227,450	-	-	258,211
Undistributed taxes to other entities	-	-	-	-	-	572,691	-	-	572,691
Notes payable and accrued interest	-	-	-	-	41,248,090	-	-	-	41,248,090
Due to HUD	-	165,751	-	-	3,197	-	-	-	168,948
Bonds and leases payable	-	-	-	-	-	-	29,764,429	-	29,764,429
Compensated absences	-	-	-	-	-	-	777,483	-	777,483
Closure costs	-	-	-	-	-	-	2,100,000	-	2,100,000
Total liabilities	1,132,273	2,584,953	-	203,127	41,729,198	6,212,944	-	32,641,912	84,504,407
Fund Equity/Balances and Other Credits									
Contributed capital	-	-	-	-	19,212,498	-	-	-	19,212,498
Retained earnings (deficit)	-	-	-	-	(14,267,402)	-	-	-	(14,267,402)
Investment in general fixed assets	-	-	-	-	-	-	43,223,137	-	43,223,137
Reserved for:									
Encumbrances	1,712,131	2,565,591	-	183,304	-	-	-	-	4,461,026
Grant or law	-	3,113,942	-	-	-	-	-	-	3,113,942
Debt service	-	-	3,159,324	-	-	-	-	-	3,159,324
Total reserved fund equity	1,712,131	5,679,533	3,159,324	183,304	4,945,096	-	43,223,137	-	58,902,525
Unreserved - Designated for:									
Subsequent year expenditures	-	8,972,091	-	-	-	-	-	-	8,972,091
Contingencies	1,198,246	-	-	-	-	-	-	-	1,198,246
Capital improvements	-	-	-	6,245,103	-	-	-	-	6,245,103
Unreserved - Undesignated (deficit)	8,319,528	-	-	-	-	-	-	-	8,319,528
Total unreserved fund equity (deficit)	9,517,774	8,972,091	-	6,245,103	-	-	-	-	24,734,968
Total fund equity (deficit) and other credits	11,229,905	14,651,624	3,159,324	6,428,407	4,945,096	-	43,223,137	-	83,637,493
Total liabilities, fund equity (deficit) and other credits	\$ 12,362,178	\$ 17,236,577	\$ 3,159,324	\$ 6,631,534	\$ 46,674,294	\$ 6,212,944	\$ 43,223,137	\$ 32,641,912	\$ 168,141,900

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 2

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

Year Ended June 30, 1997

	All Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Grants	\$ 271,554	\$ 5,068,483	\$ -	\$ 207,963	\$ 5,548,000
Taxes and special assessments	16,409,415	6,585,271	2,033,860	106,191	25,134,737
Interest earnings	1,368,025	248,108	90,876	118,812	1,825,821
Charges for services	35,467	775,868	-	-	811,335
Licenses and permits	1,179,286	-	-	-	1,179,286
Other	427,109	649,170	-	3,692	1,079,971
Total revenues	<u>19,690,856</u>	<u>13,326,900</u>	<u>2,124,736</u>	<u>436,658</u>	<u>35,579,150</u>
Expenditures:					
General government services	10,950,167	512,608	7,476	665,318	12,135,569
Public safety	4,541,626	3,145,806	-	405,459	8,092,891
Highways and streets	1,735,594	4,014,567	-	-	5,750,161
Health and welfare	979,375	4,672,512	-	57,457	5,709,344
Culture and recreation	68,316	7,500	-	-	75,816
Economic development	-	154,142	-	141,216	295,358
	<u>18,275,078</u>	<u>12,507,135</u>	<u>7,476</u>	<u>1,269,450</u>	<u>32,059,139</u>
Debt service (principal and interest)	-	-	1,759,670	-	1,759,670
Total expenditures	<u>18,275,078</u>	<u>12,507,135</u>	<u>1,767,146</u>	<u>1,269,450</u>	<u>33,818,809</u>
Excess (deficiency) of revenues over expenditures	1,415,778	819,765	357,590	(832,792)	1,760,341
Other financing sources (uses):					
Transfers in to other funds	3,837,400	2,605,394	-	338,700	6,781,494
Transfers (out) to other funds	(6,147,894)	(4,694,094)	(900,000)	-	(11,741,988)
Bond and lease proceeds	80,250	10,248,087	425,905	5,461,903	16,216,145
Transfers to other entity	(1,068,803)	-	-	(241,655)	(1,310,458)
Total other financing sources (uses)	<u>(3,299,047)</u>	<u>8,159,387</u>	<u>(474,095)</u>	<u>5,558,948</u>	<u>9,945,193</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,883,269)	8,979,152	(116,505)	4,726,156	11,705,534
Fund equity, beginning of year	<u>13,113,174</u>	<u>5,672,502</u>	<u>3,275,829</u>	<u>1,702,251</u>	<u>23,763,756</u>
Fund equity, end of year	<u>\$11,229,905</u>	<u>\$14,651,654</u>	<u>\$ 3,159,324</u>	<u>\$ 6,428,407</u>	<u>\$ 35,469,290</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 3
Page 1 of 2

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

Year Ended June 30, 1997

	General Fund			Special Revenue			Debt Service		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:									
Grants	\$ 527,860	\$ 319,013	\$ (208,847)	\$ 7,465,353	\$ 5,143,570	\$ (2,321,783)	\$ -	\$ -	\$ -
Taxes and special assessments	16,846,000	16,347,844	(498,156)	6,467,732	6,578,455	110,723	1,883,420	2,039,507	156,087
Interest earnings	809,475	1,011,012	201,537	-	140,785	140,785	-	48,975	48,975
Charges for services, fines and penalties	1,504,400	1,016,106	(488,294)	480,605	684,313	203,708	-	-	-
Licenses and permits	268,500	239,524	(28,976)	-	-	-	-	-	-
Other	86,250	361,022	274,772	2,551,532	10,973,728	8,422,196	-	-	-
Total revenues	20,042,485	19,294,521	(747,964)	16,965,222	23,520,851	6,555,629	1,883,420	2,088,482	205,062
Cash balance carryforward	6,461,700	-	-	1,917,883	-	-	-	-	-
Total	\$ 26,504,185			\$ 18,883,105			\$ 1,883,420		\$ 205,062
Expenditures:									
General government services	\$ 12,555,972	\$ 11,161,409	\$ 1,394,563	\$ 434,170	\$ 317,428	\$ 116,742	\$ 1,883,490	\$ 1,767,146	\$ 116,344
Public safety	4,729,118	4,639,216	89,902	4,531,850	3,663,481	868,369	-	-	-
Highways and streets	2,190,470	1,874,105	316,365	8,457,231	4,808,503	3,648,728	-	-	-
Health and welfare	4,084,952	2,498,407	1,586,545	7,112,364	5,069,569	2,042,795	-	-	-
Culture and recreation	100,850	86,249	14,601	7,500	7,500	-	-	-	-
Economic development	-	-	-	147,500	146,656	844	-	-	-
Total expenditures	\$ 23,661,362	\$ 20,259,386	\$ 3,401,976	\$ 20,690,615	\$ 14,013,137	\$ 6,677,478	\$ 1,883,490	\$ 1,767,146	\$ 116,344
Other financing sources (uses)	\$ 3,837,400	\$ 3,837,400	\$ -	\$ 2,605,394	\$ 2,605,394	\$ -	\$ -	\$ -	\$ -
Operating transfers in	(6,147,894)	(6,147,894)	-	(790,061)	(790,061)	-	(900,000)	(900,000)	-
Operating transfers out	-	-	-	-	-	-	425,905	425,905	-
Bond proceeds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ (2,310,494)	\$ (2,310,494)	\$ -	\$ 1,815,333	\$ 1,815,333	\$ -	\$ (474,095)	\$ (474,095)	\$ -

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 3
Page 2 of 2

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

Year Ended June 30, 1997

	Capital Projects			Totals (Memorandum Only)		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Grants	\$ 578,200	\$ 42,335	\$ (535,865)	\$ 8,571,413	\$ 5,504,918	\$ (3,066,495)
Taxes and special assessments	80,900	336,325	255,425	25,278,052	25,302,131	24,079
Interest earnings	-	71,276	71,276	809,475	1,272,048	462,573
Charges for services, fines and penalties	-	-	-	1,985,005	1,700,419	(284,586)
Licenses and permits	-	-	-	268,500	239,524	(28,976)
Other	20,000	344,474	324,474	2,657,782	11,679,224	9,021,442
Total revenues	679,100	\$ 794,410	\$ 115,310	39,570,227	\$ 45,698,264	\$ 6,128,037
Cash balance carryforward	1,071,891			9,451,474		
Total	\$ 1,750,991			\$ 49,021,701		
Expenditures:						
General government services	\$ 1,233,500	\$ 625,162	\$ 608,438	\$ 16,107,232	\$ 13,871,145	\$ 2,236,087
Public safety	-	-	-	9,260,968	8,302,697	958,271
Highways and streets	704,908	664,498	40,410	11,352,609	7,347,106	4,005,503
Health and welfare	1,233	1,233	-	11,198,549	7,569,209	3,629,340
Culture and recreation	-	-	-	108,350	93,749	14,601
Economic development	150,000	150,000	-	297,500	296,656	844
Total expenditures	\$ 2,089,741	\$ 1,440,893	\$ 648,848	\$ 48,325,208	\$ 37,480,562	\$ 10,844,646
Other financing sources (uses):						
Operating transfers in	\$ 338,700	\$ 338,700	\$ -	\$ 6,781,494	\$ 6,781,494	\$ -
Operating transfers out	-	-	-	(7,837,955)	(7,837,955)	-
Bond proceeds	-	5,461,903	5,461,903	425,905	5,887,808	5,461,903
Total other financing sources (uses)	\$ 338,700	\$ 5,800,603	\$ 5,461,903	\$ (630,556)	\$ 4,831,347	\$ 5,461,903

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 4

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

Year Ended June 30, 1997

Operating revenues:	
Facilities rentals	\$ 404,960
Water sales, net	496,482
Total operating revenues	<u>901,442</u>
Total operating expenses	<u>1,378,213</u>
Operating (loss)	(476,771)
Non-operating revenues (expenses):	
Interest on cash and investments	94,824
HUD operating subsidy	173,787
HUD contribution - Forgiveness of interest and principal	201,717
Interest expense on notes payable	(355,140)
Capital contributions from customers	117,288
Total non-operating revenues (expenses)	<u>232,476</u>
Net income (loss) before operating transfers	(244,295)
Operating transfers in	4,960,494
Net income	<u>4,716,199</u>
Fund equity (deficit), beginning of year	3,497,108
Prior period adjustment	(3,268,211)
Fund equity (deficit), as adjusted	<u>228,897</u>
Fund equity (deficit), end of year	<u>\$ 4,945,096</u>

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Exhibit 5

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

Year Ended June 30, 1997

Cash flows from (used in) operating activities:	
Cash received from customers and grantors	\$ 834,739
Cash payments to suppliers for goods and services	(775,212)
Cash payments to employees for services	(426,010)
Net cash provided (used) by operating activities	<u>(366,483)</u>
Cash flows from (used in) noncapital financing activities:	
Proceeds from Water Company customers to build the water system	89,999
Cash from operating transfers in	4,365,993
HUD operating subsidy	173,787
Net cash provided from noncapital financing activities	<u>4,629,779</u>
Cash flows from (used in) capital and related financing activities:	
Proceeds from bonds payable and accrued interest	30,082,225
Cash paid for construction of fixed assets	(2,706,823)
Bond issue costs	(547,191)
	<u>26,828,211</u>
Cash flows from investing activities - Interest on cash and investments	<u>209,749</u>
Net increase in cash and cash equivalents	31,301,256
Cash and investments at beginning of year	<u>641,474</u>
Cash and investments at end of year	<u><u>\$ 31,942,730</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating (loss)	<u>\$ (476,771)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	304,413
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(83,761)
Decrease in prepaid expenses	19,165
(Decrease) in accounts payable and compensated absences	(192,284)
(Increase) in due from other funds	(23,817)
Increase in due to other funds	55,811
Increase in deposits held for others	30,761
Total adjustments	<u>110,288</u>
Net cash provided (used) by operating activities	<u><u>\$ (366,483)</u></u>

Supplemental information - Nonmonetary transaction - HUD forgave \$201,717 of interest and principal, contributed capital was credited.

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit 6

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

Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating revenues:			
Facilities rentals	\$ 2,100,673	\$ 781,095	\$ (1,319,578)
Other revenue	22,085,000	27,213,295	5,128,295
Total operating revenues	<u>24,185,673</u>	<u>27,994,390</u>	<u>3,808,717</u>
Cash balance carryforward	498,899		
Total	<u>\$24,684,572</u>		
Operating expenditures:			
Public safety	\$22,000,000	21,993,200	6,800
Health and welfare	3,956,669	1,840,017	2,116,652
Total operating expenditures	<u>25,956,669</u>	<u>23,833,217</u>	<u>2,123,452</u>
Operating income (loss)	-	4,161,173	-
Non-operating revenues (expense):			
Interest on investments	31,000	96,314	65,314
HUD operating subsidy	174,335	173,787	(548)
Transfers in (out)	1,056,461	1,056,461	-
Total non-operating revenues (expenses)	<u>\$ 1,261,796</u>	<u>1,326,562</u>	<u>\$ 64,766</u>
Net income - Budgetary basis		5,487,735	
Reconciliation to GAAP basis income (loss):			
Payment of prior year encumbrances for expenses		(20,180)	
Forgiveness of debt by HUD		59,560	
To record interest income on bond proceeds		69,996	
To record accrual revenue		42,291	
To record transfer of bond proceeds for the Utilities Division not recorded for budgetary purposes		3,904,033	
Audit entry to correct credit expenditures		(50,804)	
Bond proceeds recorded as budgetary revenue		(27,213,209)	
Interest (expense) not budgeted, net of HUD forgiveness		(212,983)	
Capital expenditures expensed for budgetary purposes		2,839,282	
Depreciation and amortization expenses not recorded as budgetary expenditures		(304,413)	
Deferred revenue recorded as GAAP basis 1997 non-operating revenue		103,467	
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes		19,951,243	
Reversal of prior year accruals recorded for 1996 GAAP financial statements and recorded as 1997 budgetary activity		40,128	
Interest income not recorded as budgetary income		<u>20,053</u>	
Net income (loss) - GAAP basis		<u>\$ 4,716,199</u>	

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements

June 30, 1997

(1) Summary of Significant Accounting Policies

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

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

REPORTING ENTITY

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. The following component units in the 1996 financial statements are now part of the County's operations.

Santa Fe County Housing Authority

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Santa Fe County Water Company

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

The Water Company, now known as Santa Fe County Utilities Division (Utilities Division) is an enterprise fund and was considered not to be in the development stage since its operations had commenced June 28, 1996. Costs incurred in the planning and design of water system have been capitalized and will be amortized over the 50 year life of the water system. Organizational costs have been capitalized and are amortized over a five year life.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the County's accounting policies are described below.

Fund Accounting

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

Governmental Funds

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Because of the spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. However, they are reported as liabilities in the general long-term debt account group.

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

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

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

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

Proprietary Funds

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

Fiduciary Fund

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Account Groups

The County uses the following account groups:

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

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

Basis of Accounting

The modified accrual basis of accounting is followed by all governmental fund types and agency funds for financial statements purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For property taxes for June 30, 1997, available amounts are being considered as those collected within sixty days of the balance sheet date. Those funds that receive property tax revenue have accrued the amounts and are included in the due from balances from the County Treasurer Agency Fund.

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Budgets

Budgets are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Appropriations of funds unused or overspent during the fiscal year may be carried over into the next fiscal year by budgeting those amounts in the subsequent year's budget. For the June 30, 1997 actual to budget comparisons, the actual amounts are adjusted to the budgetary basis, which is considered to differ from the modified accrual basis.

Differences between the budgetary basis and GAAP include the following:

1. The budget includes encumbrances (unperformed contracts for goods or services). GAAP does not include encumbrances. Prior year encumbrances paid in the current year are included in GAAP expenditures but are not included in the current year budgetary expenditures. Prior year encumbrances outstanding at year end are not budgetary expenditures in the current year.
2. The budget does not include liabilities and receivables. GAAP includes both.

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

Annual Budget

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

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Organizational unit budgets are monitored by ASD 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, ASD staff, and department heads and elected officials. During the hearing, department goals and objectives and budget status are reviewed. This review may result in budget adjustments.

Encumbrances

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

Equity in Pooled Cash and Investments

Equity in pooled cash and investments includes amounts in demand deposit accounts, money market accounts, certificates of deposit, U.S. Treasury securities, municipal securities, and repurchase agreements secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the County's name. The market value of the repurchase agreements approximate cost at June 30, 1997. Interest earned is allocated to the applicable County funds.

State statutes authorize the County to invest excess funds in United States bonds or treasury certificates, other instruments backed by the full faith and credit of the United States Government and other investments allowed by law. Investments are stated at cost or amortized cost, except the deferred compensation plan investments which are reported at fair market value as an agency fund.

Statement of Cash Flows

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

Property Taxes Receivable

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds

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

Restricted Assets

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

Fixed Assets

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

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

The Utilities Division consists of engineering costs and other expenses to plan and to build a water system. Depreciation expense is recorded by the Utilities Division over the estimated 50 year life of the water system. The Utilities Division depreciates its office furniture, vehicle and other assets over their applicable estimated lives that range from 3 to 5 years. The Housing Services enterprise fund depreciates its fixed assets over the estimated useful lives of the assets as follows: buildings - 40 years, all other assets - 5 years.

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

Inventories

Inventory items such as general supplies and parts are expensed when purchased since inventories are not material to the June 30, 1997 financial statements.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

Long-term Obligations

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

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants, forgiven debt or contributions from other governments, customers, or other funds. Contributions received from customers to finance the construction of the water system have been recorded as contributed capital since the water system is completed.

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

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Bond Discounts and Issuance Costs

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

Organizational Costs

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

Interfund Transactions

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

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

Totals (Memorandum Only) Columns

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

(2) Reclassifications and Prior Period Adjustments

During 1997 fiscal year, the County reclassified the Community Development Block Grant Program fund to better classify the fund because it receives funds for capital projects.

	<u>Special Revenue</u>	<u>Capital Project</u>
Fund balance as previously reported for 1996:		
Community Development Block Grant Program	\$35,832	\$ -
Reclassification	<u>(35,832)</u>	<u>35,832</u>
Fund balance as reclassified	<u>\$ -</u>	<u>\$35,832</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(2) Reclassifications and Prior Period Adjustments (Continued)

Housing Services

In the prior years audits, the Housing Services enterprise fund had received a qualified opinion because of a lack of fixed asset records. To develop the fixed asset records, the County had the land, buildings and other assets appraised and then discounted the appraised value using appropriate price index factors to estimate the original costs. Based on this methodology, the fixed asset balances determined at June 30, 1996 are materially correct. Accordingly, the difference between the fixed asset balance shown in the prior year financial statements and the net book value, after the effect of depreciation, is the prior period adjustment.

	<u>As previously reported June 30, 1996</u>	<u>Prior period adjustment</u>	<u>Restated June 30, 1996</u>
Land, buildings and improvements	\$10,432,081	\$(3,586,678)	\$ 6,845,403
Less accumulated depreciation	<u>(2,025,770)</u>	<u>318,458</u>	<u>(1,707,312)</u>
Net fixed assets	<u>\$ 8,406,311</u>	<u>\$(3,268,220)</u>	<u>\$ 5,138,091</u>

(3) Pooled Cash and Investments

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

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

Deposits

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(3) Pooled Cash and Investments (Continued)

Deposits at financial institutions as of June 30, 1997, consist of the following:

	<u>Book value</u>	<u>Market value</u>
Deposits in risk category 1:		
Cash, money market accounts and certificates of deposits 100% insured under federal depository insurance	\$ 702,185	\$ 702,185
Deposits in risk category 2:		
Cash, money market accounts and certificates of deposit	7,805,599	7,805,599
Deposits in risk category 3:		
Cash, money market accounts and certificates of deposit	<u>6,122,233</u>	<u>6,122,233</u>
Total deposits	<u>\$14,630,017</u>	<u>\$14,630,017</u>
Local government investment pool - invested by the State of New Mexico Office of the State Treasurer for the County	<u>\$ 1,038,703</u>	<u>\$ 1,038,703</u>

Investments

The County's investments are held by agents of the County in the County's name. Investments at June 30, 1997, consist of the following:

	<u>Book value</u>	<u>Market value</u>
Repurchase agreements	\$33,305,749	\$33,305,749
U.S. Treasury bills and notes	18,111,184	17,846,637
U.S. Treasury cash reserves money market accounts	790,394	790,394
Benchmark government select mutual fund	103,242	103,242
Everen money market fund	<u>44,549</u>	<u>44,549</u>
Total investments	<u>\$52,355,118</u>	<u>\$52,090,571</u>
Total - All County deposits and investments	<u>\$68,023,838</u>	
Amounts per financial statements:		
Equity in cash and investments per exhibit 1	\$11,092,100	
Equity in restricted cash per exhibit 1	57,302,301	
Cash overdraft per exhibit 1	<u>(370,563)</u>	
	<u>\$68,023,838</u>	

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(4) Interfund Assets and Liabilities

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

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ <u>599,927</u>	\$ <u>203,423</u>
Special Revenue Funds:		
Road maintenance	198,301	-
Recreation	748	-
MCH Grant	-	44,576
Community DWI Prevention	-	84,868
DARE Grant	-	101,648
Lodgers' tax	-	13,377
Region III DECC	-	97,348
Bond proceeds - Roads	-	23,817
Section 8 Voucher Program	63,915	-
Section 8 Certificate Program	69,752	-
CIAP Program	27,153	-
Housing Services Grant Program	-	594,501
Total Special Revenue Funds	<u>359,869</u>	<u>960,135</u>
Debt Service Funds:		
Debt service	15,171	-
Environmental revenue	<u>33,927</u>	<u>-</u>
Total Debt Service Funds	<u>49,098</u>	<u>-</u>
Capital Project Funds:		
Environmental revenue bond proceeds	-	33,927
Lodgers' tax	<u>13,377</u>	<u>-</u>
Total Capital Project Funds	<u>13,377</u>	<u>33,927</u>
Enterprise Funds:		
Housing Services	594,501	160,821
Utilities Division	<u>28,193</u>	<u>-</u>
Total Enterprise Funds	<u>622,694</u>	<u>160,821</u>
Agency Funds:		
County Treasurer	\$ -	\$ 248,334
Cemetery Account	<u>-</u>	<u>38,325</u>
Total Agency Funds	<u>-</u>	<u>286,659</u>
 Total County	 <u>\$1,644,965</u>	 <u>\$1,644,965</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(4) Interfund Assets and Liabilities (Continued)

Interfund Transactions

The following is a summary of interfund transfers for the year ended June 30, 1997:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ <u>3,837,400</u>	\$ <u>6,147,894</u>
Special Revenue Funds:		
Valuation Fund	7,100	-
Road Maintenance	659,600	-
Emergency Medical Services	18,564	-
Fire Fund	265,230	-
Recreation Fund	5,400	-
Section 8 Voucher Program	-	70,752
Section 8 Certificate Program	-	95,674
Housing Services Grant Program	-	594,501
CIAP Program	-	29,134
Road Projects	1,649,500	-
Bond Proceeds - Roads	-	3,904,033
Total Transfers Special Revenue Funds	<u>2,605,394</u>	<u>4,694,094</u>
Debt Service Funds - Environmental Revenue		
Bond Fund	<u>-</u>	<u>900,000</u>
Capital Projects Funds:		
Building Renovation	246,000	-
Rio En Medio Community Project	40,000	-
Los Earrancos Project	52,700	-
Total Capital Projects Funds	<u>338,700</u>	<u>-</u>
Enterprise Funds:		
Santa Fe County Housing Services	946,461	-
Santa Fe County Utilities Division	4,014,033	-
Total Enterprise Funds	<u>4,960,494</u>	<u>-</u>
Total transfers	<u>\$11,741,988</u>	<u>\$11,741,988</u>

The transfer to other entity of \$1,310,458 represents the County contribution of their share of costs for the regional landfill. At June 30, 1997, the County owed \$237,600 to the regional landfill and the liability is included in accounts payable and accrued expenditures.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(5) Fixed Assets

The changes in the General Fixed Assets Account Group for the year ended June 30, 1997 are as follows:

	July 1, 1996 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 1997 <u>Balance</u>
Land, buildings and improvements	\$24,050,883	\$2,217,433	\$1,412,713	\$24,855,603
Equipment and vehicles	15,795,977	2,714,087	719,430	17,790,634
Furniture and fixtures	411,693	127,579	952	538,320
Library acquisition	<u>38,580</u>	-	-	<u>38,580</u>
	<u>\$40,297,133</u>	<u>\$5,059,099</u>	<u>\$2,133,095</u>	<u>\$43,223,137</u>

The following is a summary of proprietary funds fixed assets at June 30, 1997:

	July 1, 1996 Restated <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 1997 <u>Balance</u>
<u>Housing Services</u>				
Equipment and vehicles	\$ -	\$ 72,821	\$ -	\$ 72,821
Land, buildings and improvements	<u>6,845,403</u>	<u>-</u>	<u>-</u>	<u>6,845,403</u>
	6,845,403	72,821	-	6,918,224
Less: Accumulated depreciation	<u>1,707,312</u>	<u>170,779</u>	<u>-</u>	<u>1,878,091</u>
Net fixed assets	<u>\$5,138,091</u>	<u>\$ (97,958)</u>	<u>\$ -</u>	<u>\$5,040,133</u>
<u>Utilities Division</u>				
Water system	\$5,018,155	\$ -	\$2,199	\$5,015,956
Office equipment, furniture and vehicle	22,479	2,200	-	24,679
Construction in progress	<u>-</u>	<u>322,676</u>	<u>-</u>	<u>322,676</u>
	5,040,634	324,876	2,199	5,363,311
Less: Accumulated depreciation	<u>2,199</u>	<u>107,237</u>	<u>-</u>	<u>109,436</u>
Net fixed assets	<u>\$5,038,435</u>	<u>\$ 217,639</u>	<u>\$2,199</u>	<u>\$5,253,875</u>
<u>Jail Facility</u>				
Land	\$ -	\$ 126,781	\$ -	\$ 126,781
Construction in progress	<u>-</u>	<u>2,487,434</u>	<u>-</u>	<u>2,487,434</u>
Net fixed assets	<u>\$ -</u>	<u>\$2,614,215</u>	<u>\$ -</u>	<u>\$2,614,215</u>

Net interest costs capitalized for the year-end June 30, 1997 were \$180,431. The future commitment to construct the jail facility is approximately \$20,000,000 at June 30, 1997. Depreciation expense for Housing Services was \$170,779 and \$107,237 for the Utilities Division for the year ended June 30, 1997.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(6) General Long-term Debt

The following is a summary of general long-term debt transactions of the County for the year ended June 30, 1997:

	July 1, 1996 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 1997 <u>Balance</u>
General obligation and gross receipts bonds	\$10,035,000	\$16,500,000	\$ 515,000	\$26,020,000
Environmental revenue bonds	1,305,000	-	105,000	1,200,000
Landfill closure and postclosure care costs	2,100,000	-	-	2,100,000
Capital lease obligations	942,931	80,250	155,752	867,429
Compensated absences	698,695	78,788	-	777,483
Bonds payable issued via NMFA	<u>2,101,000</u>	<u>-</u>	<u>424,000</u>	<u>1,677,000</u>
	<u>\$17,182,626</u>	<u>\$16,659,038</u>	<u>\$1,199,752</u>	<u>\$32,641,912</u>

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

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 1997</u>
May 1, 1991	6.0-7.6%	2001	\$ 1,500,000	\$ 900,000
March 1, 1992	6.0-7.6%	2007	1,750,000	1,470,000
June 1, 1992	5.375-7.375%	2007	4,500,000	3,850,000
March 1, 1993	4.9-6.75%	2008	3,500,000	3,300,000
February 1, 1997	5.0-7.5%	2016	10,500,000	10,500,000
February 1, 1997	4.1-5.7%	2027	<u>6,000,000</u>	<u>6,000,000</u>
			<u>\$27,750,000</u>	<u>\$26,020,000</u>

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(6) General Long-term Debt (Continued)

The environmental revenue bonds consist of the following issue:

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 1997</u>
September 1, 1993	3.25-5.7%	2006	\$1,500,000	\$1,200,000

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

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

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Bond Amount</u>	<u>June 30, 1997</u>
August 1, 1995	4.15-4.85%	2000	\$1,987,000	\$1,573,000
November 1, 1994	4.7-6.0%	2004	<u>121,000</u>	<u>104,000</u>
			<u>\$2,108,000</u>	<u>\$1,677,000</u>

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

Scheduled maturities of general obligation, gross receipts, environmental revenue and bonds payable issued through the NMFA are as follows for the years subsequent to June 30, 1997:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 1,222,000	\$ 1,800,896	\$ 3,022,896
1999	1,697,000	1,482,897	3,179,897
2000	1,520,000	1,376,273	2,896,273
2001	1,420,000	1,279,920	2,699,920
2002	1,223,000	1,206,760	2,429,760
Thereafter	<u>21,815,000</u>	<u>10,582,243</u>	<u>32,397,243</u>
	<u>\$28,897,000</u>	<u>\$17,728,989</u>	<u>\$46,625,989</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes To Financial Statements (Continued)

(6) General Long-term Debt (Continued)

Capitalized lease Obligations

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

State Board of Finance, payable annually at \$58,158, interest free. Secured by voting machines.	\$465,267
State Board of Finance, payable annually at \$5,350, interest free. Secured by voting machines.	74,900
Caterpillar Financial Services Corp., payable monthly at \$9,726 including interest at 6.5% secured by road equipment.	<u>327,262</u>
	<u>\$867,429</u>

The future minimum lease payments under capital leases at June 30, 1997:

<u>Year ending</u>	
1998	\$400,725
1999	63,508
2000	63,508
2001	63,508
2002	63,508
Thereafter	<u>222,624</u>
	877,381
Less interest thereon	<u>9,952</u>
	<u>\$867,429</u>

Payments of principal and interest to the State Board of Finance were paid from the general fund and recorded as government service expenditures. Payments to Caterpillar Financial Services are made from the public works fund and recorded as highway and street expenditures.

Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on the County-operated landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be incurred after the date the landfill stops accepting waste, the County reports these closure and postclosure care costs as a liability in the general long-term account group as of each balance sheet date. The \$2,100,000 reported as landfill closure and postclosure care liability at June 30, 1997,

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(6) General Long-term Debt (Continued)

represents the cumulative amount reported to date based on estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal 1997. The County closed the landfill during fiscal year 1997. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Compensated Absences

A long-term liability amounting to \$777,483 at June 30, 1997 has been recorded representing the County's commitment to fund compensated absences from future operations. Vacation, compensating time and sick leave earned is cumulative; however, vacation time is limited to 240 hours that can be carried forward to the next calendar year. Excess time up to eighty hours can be sold back to the County if sufficient funding is available every January. Sick leave accumulated in excess of 240 hours is payable to employees at a rate equal to 50 percent of their hourly rate upon retirement. Employees can earn a maximum of 45 hours of compensatory time.

Prior Year Defeasance of Debt

In prior years, the County defeased the 1990 Facilities Project Revenue Bonds by placing proceeds in an irrevocable trust to provide for all future debt service payments for these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 1997, \$8,959,000 of bonds outstanding are considered defeased.

Notes Payable - (Housing Services Enterprise Fund)

The Housing Services Enterprise Fund has the following notes payable due to the Department of Housing and Urban Development (HUD) and Santa Fe Community Housing Trust. The long-term debt at June 30, 1997 was as follows:

Notes payable issued on December 10, 1982 for \$2,677,358 at 6.6% interest. Annual payments of \$201,717 due on November 1 with a maturity date of November 1, 2014. Payments of principal and interest are made by or forgiven by HUD on the Housing Authority's behalf	\$2,088,447
Other notes payable to HUD at various interest rates and terms 6% note payable due to Santa Fe Community Housing Trust due in 1997	5,123,177 <u>100,000</u>
Total long-term debt	7,311,624
Less: Current portion	<u>163,880</u>
Total	<u><u>\$7,147,744</u></u>

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(6) General Long-term Debt (Continued)

The aggregate maturities of the Housing Services long-term debt at June 30, 1997 are as follows:

<u>Year ending June 30,</u>	<u>Principal Amount Payable</u>
1998	
1999	\$ 163,880
2000	68,096
2001	72,590
2002	77,041
Thereafter	82,466
	<u>6,847,551</u>
Total	<u>\$7,311,624</u>

Correctional System Revenue Bonds (Jail Facility Enterprise Fund)

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

The maturities of the jail facility's long-term debt at June 30, 1997, is as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ -	\$ 1,644,500	\$ 1,644,500
1999	280,000	1,644,500	1,924,500
2000	295,000	1,633,020	1,928,020
2001	310,000	1,620,630	1,930,630
2002	320,000	1,607,300	1,927,300
Thereafter	<u>28,795,000</u>	<u>26,419,570</u>	<u>55,214,570</u>
	<u>\$30,000,000</u>	<u>\$34,569,520</u>	<u>\$64,569,520</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(7) GAAP Basis to Budget Basis Reconciliation

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>GAAP basis revenues</u>	\$19,690,856	\$13,310,491	\$2,124,736	\$436,658
Adjustments:				
Entries to correct interest income and net effect of accrued interest	(357,013)	(123,016)	(42,397)	(47,536)
Entries to correct recording of income and net effect of accruals	(23,826)	(75,146)	6,143	(140,398)
Debit revenues reclassified to expenditures	(15,496)	-	-	-
Intrafund revenue and expenditures netted for financial statements	-	160,435	-	-
Revenue recorded to wrong fund	-	-	-	230,255
Bond proceeds and accrued bonds payable interest recorded as budgetary revenue	-	<u>10,248,087</u>	-	<u>315,431</u>
Budgetary basis revenues	<u>\$19,294,251</u>	<u>\$23,520,851</u>	<u>\$2,088,482</u>	<u>\$ 794,410</u>
<u>GAAP basis expenditures</u>	\$18,275,078	\$12,507,165	\$1,767,146	\$1,269,450
Adjustments:				
Payment of prior year outstanding encumbrances	(309,964)	(1,122,910)	-	(216,670)
Current year encumbrances outstanding, net of account payable	1,500,651	2,457,955	-	185,152
Transfer to other entity recorded as budgetary expense	1,068,803	-	-	241,655
Expenses recorded to wrong funds corrected for GAAP basis	(153,574)	140,197	-	13,377
Other audit entries	(25,862)	(129,705)	-	1,385
Debit revenues reclassified as expenditures	(15,496)	-	-	-
Capital lease expenditures	(80,250)	-	-	-
Expense recorded by audit entries	-	-	-	(53,456)
Intrafund revenues and expenses netted for financial statements	-	<u>160,435</u>	-	-
Budgetary basis expenditures	<u>\$20,259,386</u>	<u>\$14,013,137</u>	<u>\$1,767,146</u>	<u>\$1,440,893</u>

(8) Retirement, Health and Deferred Compensation Plans

PERA Retirement Plan

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

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

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

The County contribution requirement for the year ended June 30, 1997, was \$2,145,732, which consisted of \$1,694,156 from the County and \$451,576 from employees.

The County's payroll for the year ended June 30, 1997, for employees covered by the PERA was \$8,957,476 and substantially all employees of the County are covered by PERA.

Retiree Health Care Act Contributions

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

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

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

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

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

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

For the fiscal year ended June 30, 1997, the County remitted \$92,219 in employer contributions and \$46,109 in employee contributions to the Retiree Health Care Authority.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, excluding Housing Services, permits them to defer a portion of their salary until future years. The deferred compensation is paid to employees upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant. The amount recorded as an agency fund in the financial statements is the fair market value of \$468,026 on June 30, 1997. Each participant's funds are invested in various mutual funds.

(9) Fund Balance (Deficits)

The following funds had fund balance deficits at June 30, 1997:

The Housing Services enterprise fund has a fund balance deficit of \$4,917,448 at June 30, 1997. The deficit is mainly a result of recording depreciation expense and accruing interest expense on notes payable balances which management believes the Department of Housing and Urban Development will forgive.

Special Revenue Funds

The Housing Services Section 8 voucher special revenue fund has a fund balance deficit of \$47,981 at June 30, 1997. This fund balance is expected to be resolved by subsequent grant revenue and transfers from the general fund.

The Valuation Fund has a fund balance deficit of \$56,502 at June 30, 1997. This fund balance is expected to be resolved by subsequent revenue and/or a transfer from the general fund.

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(10) Applicable Segment Information

Housing Services - Accounts receivable

The aging of accounts receivable as of June 30, 1997 is as follows:

Current (0-90 days)	\$41,856
Past due (more than 91 days)	<u>62,851</u>
	104,707
Less allowance for uncollectible accounts	<u>44,180</u>
	<u><u>\$60,527</u></u>

Housing Services has \$30,761 in tenant deposits that is deposited in Housing Services general account. Housing Services has \$53,014 in Family Self Services Escrow deposits that is deposited in a separate bank account at Nations Bank and is accounted for in the special revenue funds and the liability is included in accounts payable and accrued expenditures.

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

	<u>Utilities Division</u>		<u>Housing Services</u>	
	<u>County</u>	<u>Customers</u>	<u>HUD</u>	<u>County</u>
June 30, 1996	\$ 928,898	\$4,807,475	\$8,195,626	\$ -
Contributions	<u>4,015,033</u>	<u>117,288</u>	<u>201,717</u>	<u>946,461</u>
June 30, 1997	<u><u>\$4,943,931</u></u>	<u><u>\$4,924,763</u></u>	<u><u>\$8,397,343</u></u>	<u><u>\$946,461</u></u>

In addition, the retained earnings deficit of \$11,651 for the Utilities Division resulted when the fund was a development stage enterprise fund.

The following segment information for the enterprise funds for the year ended June 30, 1997 is as follows:

	<u>Housing Services</u>	<u>Utilities Division</u>	<u>Jail Facility</u>	<u>Total</u>
Operating revenues	\$ 404,960	\$ 496,482	\$ -	\$ 901,442
Depreciation and amortization	<u>170,779</u>	<u>127,664</u>	<u>5,970</u>	<u>304,413</u>
Income (loss)	<u>(504,548)</u>	<u>33,747</u>	<u>(5,970)</u>	<u>(476,771)</u>
Transfers in	<u>946,461</u>	<u>4,014,033</u>	<u>-</u>	<u>4,960,494</u>
Net income (loss)	<u>463,159</u>	<u>4,247,539</u>	<u>5,501</u>	<u>4,716,199</u>
Fixed asset additions	<u>72,821</u>	<u>322,676</u>	<u>2,311,326</u>	<u>2,706,823</u>
Net working capital	<u>445,289</u>	<u>4,380,013</u>	<u>26,850,065</u>	<u>31,675,367</u>
Total assets	<u>5,870,241</u>	<u>10,004,753</u>	<u>30,799,300</u>	<u>46,674,294</u>
Long-term liabilities	<u>10,402,870</u>	<u>-</u>	<u>30,000,000</u>	<u>40,402,870</u>
Total fund equity (deficit)	<u>(4,917,448)</u>	<u>9,857,043</u>	<u>5,501</u>	<u>4,945,096</u>

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(11) Commitments and Contingencies

The County receives funds from federal and state agencies. These funds are subject to audit and adjustment to the granting agency. Any disallowed amounts resulting from these audits would be required to be refunded. The County believes that the amounts, if any, that would be refunded would not have a material effect on the County's financial position at June 30, 1997.

Joint Powers Agreement

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

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

The start-up costs, design, land acquisition and construction were funded by equal contributions from the County and City. The contributions and commitments from each entity to date is approximately \$4.25 million each. A final reconciliation will be done at the end of the project to ensure the costs have been split equally between the County and City. The facility opened in May of 1997.

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

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

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes To Financial Statements (Continued)

(11) Commitments and Contingencies (Continued)

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

Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The County belongs to the New Mexico County Insurance Authority (NMCIA), a public entity risk pool currently operating as a common risk management and insurance program for 22 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 \$100,000 for property and \$300,000 for liability claims for each insured event.

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.

(12) Subsequent Event

Effective July 1, 1997, GASB Statement 31 established accounting and financial reporting standards for investments in debt securities and other types of investments. The effect of adoption of GASB 31 to the County's financial statements is to decrease fund equity by approximately \$264,000 as of July 1, 1997.

(13) Other Matters

The financial statements and footnotes were prepared by Barraclough & Associates, P.C.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

GENERAL FUND

This fund is the general operating fund of the County. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit A-1

General Fund
Balance Sheet

June 30, 1997

ASSETS

Equity in pooled cash and investments	\$ 11,092,100
Receivables:	
Taxes	424,423
Accounts, net	65,817
Interest	179,911
Due from other funds	599,927
	<hr/>
Total assets	<u>\$ 12,362,178</u>

LIABILITIES & FUND EQUITY

Liabilities:	
Accounts payable and accrued expenditures	\$ 928,850
Due to other funds	203,423
Total liabilities	<hr/> 1,132,273
Fund Equity:	
Reserved fund equity for encumbrances	1,712,131
Unreserved fund equity:	<hr/>
Designated for contingencies	1,198,246
Undesignated	8,319,528
Total unreserved fund equity	<hr/> 9,517,774
Total fund equity	<hr/> 11,229,905
Total liabilities & fund equity	<hr/> <u>\$ 12,362,178</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit A-2

General Fund
Statement of Revenues, Expenditures and Changes in Fund Equity
Year Ended June 30, 1997

Revenues:	
Grants	\$ 271,554
Taxes and special assessments	16,409,415
Interest earnings	1,368,025
Charges for services	35,467
Licenses and permits	1,179,286
Other	427,109
Total revenues	<u>19,690,856</u>
Expenditures:	
General government services	10,950,167
Public safety	4,541,626
Highways and streets	1,735,594
Health and welfare	979,375
Culture and recreation	68,316
Total expenditures	<u>18,275,078</u>
Excess (deficiency) of revenues over expenditures	<u>1,415,778</u>
Other financing sources (uses):	
Operating transfers in	3,837,400
Operating transfers out	(6,147,894)
Capital lease	80,250
Transfers to other entity	(1,068,803)
Total other financing sources (uses)	<u>(3,299,047)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,883,269)
Fund equity (deficit), beginning of year	<u>13,113,174</u>
Fund equity, end of year	<u><u>\$11,229,905</u></u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit A-3

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

Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
Revenues:			
Grants	\$ 527,860	\$ 319,013	\$ (208,847)
Taxes and special assessments	16,846,000	16,347,844	(498,156)
Interest earnings	809,475	1,011,012	201,537
Charges for services, fines and penalties	1,504,400	1,016,106	(488,294)
Licenses and permits	268,500	239,524	(28,976)
Other	86,250	361,022	274,772
	<u>20,042,485</u>	<u>\$ 19,294,521</u>	<u>\$ (747,964)</u>
Cash balance carryforward	<u>6,461,700</u>		
	<u>\$ 26,504,185</u>		
Expenditures:			
General government services	\$ 12,555,972	\$ 11,161,409	\$ 1,394,563
Public safety	4,729,118	4,639,216	89,902
Highways and streets	2,190,470	1,874,105	316,365
Health and welfare	4,084,952	2,498,407	1,586,545
Culture and recreation	100,850	86,249	14,601
	<u>\$ 23,661,362</u>	<u>\$ 20,259,386</u>	<u>\$ 3,401,976</u>
Other financing sources (uses):			
Operating transfers in	\$ 3,837,400	\$ 3,837,400	\$ -
Operating transfers out	<u>(6,147,894)</u>	<u>(6,147,894)</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ (2,310,494)</u>	<u>\$ (2,310,494)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

SPECIAL REVENUE FUNDS

Corrections Fund

Established by the County to account for the costs and fees collected pursuant to offenses committed within the unincorporated areas of the County. These funds are to be used for the operation of the County jail and other costs related to housing County prisoners. See Section 33-3-25, NMSA 1978 compilation.

Valuation Fund

To account for the administration of the property value appraisal being administered in the County, in accordance with NMSA Compilation Section 7, Article 38-38-1. Funding is provided by charging an administrative fee on property taxes collected and distributed.

Road Maintenance

To account for funds used to maintain roads for which the County has responsibility. Financing sources include motor vehicle registration fees and gasoline taxes. Expenditures are restricted for the construction and maintenance of County roads. The fund was created by authority of state statutes (see Section 67-4-1, NMSA, 1978 Compilation).

Emergency Medical Services

To account for monies distributed by the State to several Emergency Medical Service Districts within Santa Fe County. These funds are used to purchase medical supplies and equipment. The fund was created by authority of state statute (see Section 24-10A-1, NMSA 1978 Compilation).

Farm and Range

To account for soil conservation and predator control activities within the County. Financing is provided by the Taylor Grazing Act. Expenditures may be made only for the purposes specified in the grant. The fund was created by authority of state statute (see Section 6-11-6, NMSA, 1978 Compilation).

Fire Fund

To account for the operations and maintenance (excluding salaries and benefits) of the County's fire districts. Funding is provided by allotment from the New Mexico State Fire Marshall's Office. The fund was created by authority of state statute (see Section 59A-53-5, NMSA, 1978 Compilation).

Law Enforcement Protection Fund

To account for a state grant restricting expenditures to purchases of equipment for law enforcement planning and training. The fund was created by authority of state statute (see Section 29-13-1, NMSA, 1978 Compilation).

STATE OF NEW MEXICO
SANTA FE COUNTY

SPECIAL REVENUE FUNDS (Continued)

Lodgers' Tax

To account for the receipt and disbursement of Lodgers' Tax monies, pursuant to Santa Fe County Lodgers' Occupancy Tax.

Recreation

The fund was created by authority of state statute (see Section 7-12-15, NMSA, 1978 Compilation). Financing includes cigarette taxes.

Clerk Recording Fund

Established by the County to account for recording and filing fees collected by the County Clerk's Office and shall be expended only to rent, purchase, lease or lease purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's Office and for staff training on office procedures and equipment. See Section 14-8-12.2 NSMA 1978 compilation.

Indigent Hospital

To account for County gross receipts tax allocated to indigent healthcare. Expenditures are restricted to indigent care. The fund was created by authority of state statute (see Section 7-20-2, NMSA, 1978 compilation).

MCH Planning

Established by the County to account for grant funds for providing services to County residents for maternal child healthcare.

Community DWI Prevention

To account for monies received from the state general fund for new, innovative or model DWI programs, services or activities to prevent or reduce incidence of DWI, alcoholism and alcohol abuse. The fund was created by authority of state statute (see Section 11-6A-3, NMSA, 1978 Compilation).

DARE Grant

Established by the County to account for DARE grant funds received from the New Mexico Department of Public Safety.

Federal Forfeitures Monies

Established by the County to account for federal forfeitures monies.

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

SPECIAL REVENUE FUNDS (Continued)

Region III DECC

Established by the County to account for funds received from the New Mexico Department of Public Safety for drug enforcement.

Section 8 - Housing Voucher Program

To account for Department of Housing and Urban Development (HUD) Section 8 voucher program including housing assistance payments.

Section 8 - Housing Certificate Program

To account for Department of Housing and Urban Development (HUD) Section 8 existing housing and housing assistance payments.

Housing Services Grant Program

To account for grant programs funded by the Department of Housing and Urban Development (HUD). This fund includes the Drug Elimination Program, the Youth Sports Program and Development Project Grant.

CIAP Program

To account for Department of Housing and Urban Development (HUD) grants to improve the physical condition and upgrade the management and operation of existing public housing projects.

Developer Fees

Established by the County to account for funds contributed by Las Campanas Limited Partnership and others for affordable housing programs and other projects.

Road Projects

Established by the County to account for funding from the New Mexico State Highway & Transportation Department and other sources for road improvements.

Bond Proceeds - Roads

Established by the County to account for proceeds from the 1997 \$10,500,000 General Obligation bond.

STATE OF NEW MEXICO
SANTA FE COUNTY
Special Revenue Funds
Combining Balance Sheet

Exhibit B-1
Page 1 of 4

June 30, 1997

ASSETS

Equity in pooled cash and investments - restricted
Receivables, net of allowance for uncollectibles:
Taxes
Interest
Grantor agencies and other
Due from other funds

	Corrections	Valuation Fund	Road Maintenance	Emergency Medical Services	Farm and Range	Fire Fund
	\$ -	\$ -	\$ 844,745	\$ 101,119	\$ 25,440	\$ 2,711,027
	37,232	-	81,224	-	-	75,023
	-	-	-	-	-	32,975
	-	-	9,338	-	-	-
	-	-	198,301	-	-	-
Total assets	<u>\$ 37,232</u>	<u>\$ -</u>	<u>\$ 1,133,608</u>	<u>\$ 101,119</u>	<u>\$ 25,440</u>	<u>\$ 2,819,025</u>

LIABILITIES & FUND EQUITY

Liabilities:
Cash overdraft
Accounts payable and accrued expenditures
Due to other funds
Due to HUD
Total liabilities
Fund Equity (deficit):
Reserved fund equity for encumbrances
Reserved fund equity by grant or law
Total reserved fund equity
Unreserved fund equity (deficit) designated for
subsequent year expenditures
Total fund equity (deficit)
Total liabilities & fund equity

	\$ 18,689	\$ 49,169	\$ -	\$ -	\$ -	\$ -
	-	7,333	43,919	12,291	-	109,833
	-	-	-	-	-	-
	-	-	-	-	-	-
Total liabilities	<u>18,689</u>	<u>56,502</u>	<u>43,919</u>	<u>12,291</u>	<u>-</u>	<u>109,833</u>
	-	6,617	207,199	37,175	-	666,921
	-	-	882,490	51,653	25,440	2,042,271
	-	6,617	1,089,689	88,828	25,440	2,709,192
Total reserved fund equity	<u>18,543</u>	<u>(63,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity (deficit)	<u>18,543</u>	<u>(56,502)</u>	<u>1,089,689</u>	<u>88,828</u>	<u>25,440</u>	<u>2,709,192</u>
Total liabilities & fund equity	<u>\$ 37,232</u>	<u>\$ -</u>	<u>\$ 1,133,608</u>	<u>\$ 101,119</u>	<u>\$ 25,440</u>	<u>\$ 2,819,025</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Balance Sheet (Continued)

June 30, 1997

	Law Enforcement Protection Fund	Lodgers' Tax	Recreation Fund	Clerk Recording	Indigent Hospital	MCH Planning
ASSETS						
Equity in pooled cash and investments - restricted	\$ 16,674	\$ 74,522	\$ 6,055	\$ 161,527	\$ 1,682,784	\$ -
Receivables, net of allowance for uncollectibles:						
Taxes	-	-	-	-	362,794	-
Interest	-	1,442	-	-	-	-
Grantor agencies and other	-	-	-	-	-	114,075
Due from other funds	-	-	748	-	-	-
Total assets	\$ 16,674	\$ 75,964	\$ 6,803	\$ 161,527	\$ 2,045,578	\$ 114,075
LIABILITIES & FUND EQUITY						
Liabilities:						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,600
Accounts payable and accrued expenditures	-	8,800	-	-	47,038	44,261
Due to other funds	-	13,377	-	-	-	44,576
Due to HUD	-	-	-	-	-	-
Total liabilities	-	22,177	-	-	47,038	111,437
Fund Equity (deficit):						
Reserved fund equity for encumbrances	13,785	2,280	-	330	257,240	4,220
Reserved fund equity by grant or law	2,889	51,507	6,803	-	-	-
Total reserved fund equity	16,674	53,787	6,803	330	257,240	4,220
Unreserved fund equity (deficit) designated for subsequent year expenditures	-	-	-	161,197	1,741,300	(1,582)
Total fund equity (deficit)	16,674	53,787	6,803	161,527	1,998,540	2,638
Total liabilities & fund equity	\$ 16,674	\$ 75,964	\$ 6,803	\$ 161,527	\$ 2,045,578	\$ 114,075

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Balance Sheet (Continued)

June 30, 1997

	Community DWI Prevention	DARE Grant	Federal Forfeitures Monies	Region III Drug Enforcement	Section 8 Voucher Program	Section 8 Certificate Program
ASSETS						
Equity in pooled cash and investments - restricted	\$ -	\$ 56,520	\$ 2,743	\$ 7,589	\$ 68,723	\$ -
Receivables, net of allowance for uncollectibles:						
Taxes	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Grantor agencies and other	278,296	48,774	-	98,790	1,798	13,719
Due from other funds	-	-	-	-	63,915	69,752
Total assets	\$ 278,296	\$ 105,294	\$ 2,743	\$ 106,379	\$ 134,436	\$ 83,471
LIABILITIES & FUND EQUITY						
Liabilities:						
Cash overdraft	\$ 57,529	-	\$ -	\$ -	\$ -	\$ 16,326
Accounts payable and accrued expenditures	45,580	-	-	8,560	68,720	28,745
Due to other funds	84,868	101,648	-	97,348	-	-
Due to HUD	-	-	-	-	113,697	34,350
Total liabilities	187,977	101,648	-	105,908	182,417	79,421
Fund Equity (deficit):						
Reserved fund equity for encumbrances	39,430	-	-	10,331	-	-
Reserved fund equity by grant or law	50,889	-	-	-	-	-
Total reserved fund equity	90,319	-	-	10,331	-	-
Unreserved fund equity (deficit) designated for subsequent year expenditures	-	3,646	2,743	(9,860)	(47,981)	4,050
Total fund equity (deficit)	90,319	3,646	2,743	471	(47,981)	4,050
Total liabilities & fund equity	\$ 278,296	\$ 105,294	\$ 2,743	\$ 106,379	\$ 134,436	\$ 83,471

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Balance Sheet (Continued)

June 30, 1997

	Housing Services Grant Program	CIAP Program	Developer Fees	Road Projects	Bond Proceeds - Roads	Totals
Equity in pooled cash and investments - restricted	\$ -	\$ -	\$ 1,446,894	\$ 923,317	\$ 6,601,418	\$ 14,731,097
Receivables, net of allowance for uncollectibles:						
Taxes	-	-	6,966	-	-	563,239
Interest	-	-	-	-	-	34,417
Grantor agencies and other	603,929	50,372	-	328,864	-	1,547,955
Due from other funds	-	27,153	-	-	-	359,869
Total assets	\$ 603,929	\$ 77,525	\$ 1,453,860	\$ 1,252,181	\$ 6,601,418	\$ 17,236,577
LIABILITIES & FUND EQUITY						
Liabilities:						
Cash overdraft	\$ -	\$ 48,616	\$ -	\$ 62,307	\$ -	\$ 275,236
Accounts payable and accrued expenditures	9,428	-	166,500	345,363	237,460	1,183,831
Due to other funds	594,501	-	-	-	23,817	960,135
Due to HUD	-	17,704	-	-	-	165,751
Total liabilities	603,929	66,320	166,500	407,670	261,277	2,584,953
Fund Equity (deficit):						
Reserved fund equity for encumbrances	-	77,376	-	788,643	454,044	2,565,591
Reserved fund equity by grant or law	-	-	-	-	-	3,113,942
Total reserved fund equity	-	77,376	-	788,643	454,044	5,679,533
Unreserved fund equity (deficit) designated for subsequent year expenditures	-	(66,171)	1,287,360	55,868	5,886,097	8,972,091
Total fund equity (deficit)	-	11,205	1,287,360	844,511	6,340,141	14,651,624
Total liabilities & fund equity	\$ 603,929	\$ 77,525	\$ 1,453,860	\$ 1,252,181	\$ 6,601,418	\$ 17,236,577

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Equity
Year Ended June 30, 1997

	Corrections	Valuation Fund	Road Maintenance	Emergency Medical Services	Farm and Range	Fire Fund
Revenues:						
Grants	\$ -	\$ -	\$ 57,090	\$ 95,167	\$ 1,672	\$ 648,750
Taxes and special assessments	-	193,785	959,977	-	-	927,117
Interest earnings	-	-	-	-	-	127,584
Charges for services	115,751	-	-	91,074	-	428,102
Other	-	-	107,688	5,900	-	44,997
Total revenues	<u>115,751</u>	<u>193,785</u>	<u>1,124,755</u>	<u>192,141</u>	<u>1,672</u>	<u>2,176,550</u>
Expenditures:						
General government services	-	303,917	-	-	5,000	-
Public safety	160,000	-	-	185,206	-	1,588,473
Highways and streets	-	-	1,649,147	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	<u>160,000</u>	<u>303,917</u>	<u>1,649,147</u>	<u>185,206</u>	<u>5,000</u>	<u>1,588,473</u>
Excess (deficiency) of revenues over expenditures	<u>(44,249)</u>	<u>(110,132)</u>	<u>(524,392)</u>	<u>6,935</u>	<u>(3,328)</u>	<u>588,077</u>
Other financing sources (uses):						
Operating transfers in	-	7,100	659,600	18,564	-	265,230
Operating transfers out	-	-	-	-	-	-
Proceeds from bonds, net of issuance costs	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,100</u>	<u>659,600</u>	<u>18,564</u>	<u>-</u>	<u>265,230</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(44,249)</u>	<u>(103,032)</u>	<u>135,208</u>	<u>25,499</u>	<u>(3,328)</u>	<u>853,307</u>
Fund equity (deficit), beginning of year	<u>62,792</u>	<u>46,530</u>	<u>954,481</u>	<u>63,329</u>	<u>28,768</u>	<u>1,855,885</u>
Fund equity (deficit), end of year	<u>\$ 18,543</u>	<u>\$ (56,502)</u>	<u>\$ 1,089,689</u>	<u>\$ 88,828</u>	<u>\$ 25,440</u>	<u>\$ 2,709,192</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Equity (Continued)
Year Ended June 30, 1997

	Law Enforcement Protection Fund	Lodgers' Tax	Recreation Fund	Clerk Recording	Indigent Hospital	MCH Planning
Revenues:						
Grants	\$ 47,400	\$ -	\$ -	\$ -	\$ -	\$ 204,695
Taxes and special assessments	-	106,191	5,566	-	4,392,635	-
Interest earnings	-	6,779	-	-	-	-
Charges for services	-	-	-	70,351	-	-
Other	-	-	-	-	30,917	-
Total revenues	<u>47,400</u>	<u>112,970</u>	<u>5,566</u>	<u>70,351</u>	<u>4,423,552</u>	<u>204,695</u>
Expenditures:						
General government services	-	-	-	1,534	-	202,057
Public safety	33,507	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	3,469,569	-
Culture and recreation	-	-	7,500	-	-	-
Economic development	-	154,142	-	-	-	-
Total expenditures	<u>33,507</u>	<u>154,142</u>	<u>7,500</u>	<u>1,634</u>	<u>3,469,569</u>	<u>202,057</u>
Excess (deficiency) of revenues over expenditures	<u>13,893</u>	<u>(41,172)</u>	<u>(1,934)</u>	<u>68,717</u>	<u>953,983</u>	<u>2,638</u>
Other financing sources (uses):						
Operating transfers in	-	-	5,400	-	-	-
Operating transfers out	-	-	-	-	-	-
Proceeds from bonds, net of issuance costs	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>13,893</u>	<u>(41,172)</u>	<u>3,466</u>	<u>68,717</u>	<u>953,983</u>	<u>2,638</u>
Fund equity (deficit), beginning of year	<u>2,781</u>	<u>94,959</u>	<u>3,337</u>	<u>92,810</u>	<u>1,044,557</u>	<u>-</u>
Fund equity (deficit), end of year	<u>\$ 16,674</u>	<u>\$ 53,787</u>	<u>\$ 6,803</u>	<u>\$ 161,527</u>	<u>\$ 1,998,540</u>	<u>\$ 2,638</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Equity (Continued)
Year Ended June 30, 1997

	Community DWI Prevention	DARE Grant	Federal Forfeitures Monies	Region III Drug Enforcement	Section 8 Voucher Program	Section 8 Certificate Program
Revenues:						
Grants	\$ 461,128	\$ 101,342	\$ -	\$ 228,115	\$ 636,877	\$ 526,626
Taxes and special assessments	-	-	-	-	-	-
Interest earnings	-	-	-	-	-	-
Charges for services	43,190	-	-	-	-	-
Other	888	1,000	-	-	10,662	12,107
Total revenues	<u>505,206</u>	<u>102,342</u>	<u>-</u>	<u>228,115</u>	<u>647,539</u>	<u>538,733</u>
Expenditures:						
General government services	-	-	-	-	-	-
Public safety	462,035	99,379	4,999	228,115	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	576,787	443,059
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	<u>462,035</u>	<u>99,379</u>	<u>4,999</u>	<u>228,115</u>	<u>576,787</u>	<u>443,059</u>
Excess (deficiency) of revenues over expenditures	<u>43,171</u>	<u>2,963</u>	<u>(4,999)</u>	<u>-</u>	<u>70,752</u>	<u>95,674</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(70,752)	(95,674)
Proceeds from bonds, net of issuance costs	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,752)</u>	<u>(95,674)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>43,171</u>	<u>2,963</u>	<u>(4,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity (deficit), beginning of year	<u>47,148</u>	<u>683</u>	<u>7,742</u>	<u>471</u>	<u>(47,981)</u>	<u>4,050</u>
Fund equity (deficit), end of year	<u>\$ 90,319</u>	<u>\$ 3,646</u>	<u>\$ 2,743</u>	<u>\$ 471</u>	<u>\$ (47,981)</u>	<u>\$ 4,050</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Equity (Continued)

Year Ended June 30, 1997

	Housing Services Grant Program	CIAP Program	Developer Fees	Road Projects	Bond Proceeds - Roads	Totals
Revenues:						
Grants	\$ 674,725	\$ 143,212	-	\$ 1,241,684	-	\$ 5,068,483
Taxes and special assessments	-	-	-	-	-	6,585,271
Interest earnings	-	-	-	-	113,745	248,108
Charges for services	-	-	-	27,400	-	775,868
Other	-	-	394,750	40,261	-	649,170
Total revenues	<u>674,725</u>	<u>143,212</u>	<u>394,750</u>	<u>1,309,345</u>	<u>113,745</u>	<u>13,326,900</u>
Expenditures:						
General government services	-	-	-	-	-	512,608
Public safety	-	-	384,092	-	-	3,145,806
Highways and streets	-	-	-	2,247,792	117,658	4,014,597
Health and welfare	80,224	102,873	-	-	-	4,672,512
Culture and recreation	-	-	-	-	-	7,500
Economic development	-	-	-	-	-	154,142
Total expenditures	<u>80,224</u>	<u>102,873</u>	<u>384,092</u>	<u>2,247,792</u>	<u>117,658</u>	<u>12,507,165</u>
Excess (deficiency) of revenues over expenditures	<u>594,501</u>	<u>40,339</u>	<u>10,658</u>	<u>(938,447)</u>	<u>(3,913)</u>	<u>819,735</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	1,649,500	-	2,605,394
Operating transfers out	(594,501)	(29,134)	-	-	(3,904,033)	(4,694,094)
Proceeds from bonds, net of issuance costs	-	-	-	-	10,248,087	10,248,087
Total other financing sources (uses)	<u>(594,501)</u>	<u>(29,134)</u>	<u>-</u>	<u>1,649,500</u>	<u>6,344,054</u>	<u>8,159,387</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	11,205	10,658	711,053	6,340,141	8,979,122
Fund equity (deficit), beginning of year	-	-	1,276,702	133,458	-	5,672,502
Fund equity (deficit), end of year	<u>\$ -</u>	<u>\$ 11,205</u>	<u>\$ 1,287,360</u>	<u>\$ 844,511</u>	<u>\$ 6,340,141</u>	<u>\$ 14,651,624</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit B-3
Page 1 of 8

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 1997

	Corrections Fund			Valuation Fund			Road Maintenance		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:									
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,500	\$ 47,752	\$ 30,252
Taxes and special assessments	160,000	129,058	(30,942)	326,300	227,038	(99,262)	900,032	808,016	(92,016)
Interest earnings	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	<u>160,000</u>	<u>129,058</u>	<u>(30,942)</u>	<u>326,300</u>	<u>227,038</u>	<u>(99,262)</u>	<u>985,392</u>	<u>963,456</u>	<u>(21,936)</u>
Cash balance (deficit) carryforward	-	-	-	-	-	-	40,000	-	-
Total	<u>\$ 160,000</u>	<u>\$ 129,058</u>	<u>\$ (30,942)</u>	<u>\$ 326,300</u>	<u>\$ 227,038</u>	<u>\$ (99,262)</u>	<u>\$ 1,025,392</u>	<u>\$ 1,025,392</u>	<u>\$ 39,828</u>
Expenditures:									
General government services	\$ -	\$ -	\$ -	\$ 333,370	\$ 310,534	\$ 22,836	\$ -	\$ -	\$ -
Public safety	160,000	160,000	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	1,685,001	1,641,160	43,841
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ -</u>	<u>\$ 333,370</u>	<u>\$ 310,534</u>	<u>\$ 22,836</u>	<u>\$ 1,685,001</u>	<u>\$ 1,641,160</u>	<u>\$ 43,841</u>
Other financing sources (uses):									
Operating transfers in	\$ -	\$ -	\$ -	\$ 7,100	\$ 7,100	\$ -	\$ 659,600	\$ 659,600	\$ -
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,100</u>	<u>\$ 7,100</u>	<u>\$ -</u>	<u>\$ 659,600</u>	<u>\$ 659,600</u>	<u>\$ -</u>

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Emergency Medical Services			Farm and Range			Fire Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:									
Grants	\$ 94,905	\$ 95,167	\$ 262	\$ 2,400	\$ 1,672	\$ (728)	\$ 650,691	\$ 648,750	\$ (1,941)
Taxes and special assessments	-	-	-	-	-	-	780,000	924,645	144,645
Interest earnings	-	-	-	-	-	-	-	82,954	82,954
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-
Charges for services	87,037	91,074	4,037	-	-	-	73,858	428,102	354,244
Other	5,000	5,900	900	-	-	-	45,000	205,883	160,883
Total revenues	186,942	192,141	5,199	2,400	1,672	(728)	1,549,549	2,290,334	740,785
Cash balance (deficit) carryforward	35,118			28,400			1,034,360		
Total	\$ 222,060			\$ 30,800			\$ 2,583,909		
Expenditures:									
General government services	\$ -	\$ -	\$ -	\$ 30,800	\$ 5,000	\$ 25,800	\$ -	\$ -	\$ -
Public safety	240,579	203,978	36,601	-	-	-	2,851,477	2,164,584	686,893
Highways and streets	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 240,579	\$ 203,978	\$ 36,601	\$ 30,800	\$ 5,000	\$ 25,800	\$ 2,851,477	\$ 2,164,584	\$ 686,893
Other financing sources (uses):									
Operating transfers in	\$ 18,564	\$ 18,564	\$ -	\$ -	\$ -	\$ -	\$ 265,230	\$ 265,230	\$ -
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 18,564	\$ 18,564	\$ -	\$ -	\$ -	\$ -	\$ 265,230	\$ 265,230	\$ -

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Law Enforcement Protection Fund			Lodgers' Tax			Recreation		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:									
Grants	\$ 47,400	\$ 47,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes and special assessments	-	-	-	102,500	106,191	3,691	2,100	5,566	3,466
Interest earnings	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	4,474	4,474	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Other	-	104	104	-	-	-	-	-	-
Total revenues	47,400	47,504	104	102,500	110,665	8,165	2,100	5,566	3,466
Cash balance (deficit) carryforward	1,019	-	-	45,000	-	-	-	-	-
Total	\$ 48,419	\$ 47,504	\$ 104	\$ 147,500	\$ 146,656	\$ 844	\$ 2,100	\$ 5,566	\$ 3,466
Expenditures:									
General government services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	48,419	46,068	2,351	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	7,500	7,500	-
Economic development	-	-	-	147,500	146,656	844	-	-	-
Total expenditures	\$ 48,419	\$ 46,068	\$ 2,351	\$ 147,500	\$ 146,656	\$ 844	\$ 7,500	\$ 7,500	\$ -
Other financing sources (uses):									
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400	\$ 5,400	\$ -
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400	\$ 5,400	\$ -

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Clerk Recording			Indigent Hospital			MCH Grant		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:									
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,000	\$ 136,498	\$(60,502)
Taxes and special assessments	-	-	-	4,196,800	4,377,941	181,141	-	-	-
Interest earnings	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-
Charges for services	70,000	70,351	351	-	-	-	-	-	-
Other	-	-	-	-	30,917	30,917	-	-	-
Total revenues	70,000	70,351	\$ 351	4,196,800	\$ 4,408,858	\$ 212,058	197,000	\$ 136,498	\$(60,502)
Cash balance (deficit) carryforward	-	-	-	-	-	-	-	-	-
Total	\$ 70,000	\$ 70,351	\$ 351	\$ 4,196,800	\$ 4,408,858	\$ 212,058	\$ 197,000	\$ 136,498	\$(60,502)
Expenditures:									
General government services	\$ 70,000	\$ 1,894	\$ 68,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	4,196,823	3,570,067	626,756	197,122	182,163	14,959
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 70,000	\$ 1,894	\$ 68,106	\$ 4,196,823	\$ 3,570,067	\$ 626,756	\$ 197,122	\$ 182,163	\$ 14,959
Other financing sources (uses):									
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Community DWI Prevention			DARE Grant			Federal Forfeitures Monies		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:									
Grants	\$ 570,916	\$ 415,713	\$ (155,203)	\$ 20,192	\$ 71,221	\$ 51,029	\$ -	\$ -	\$ -
Taxes and special assessments	-	-	-	-	-	-	-	-	-
Interest earnings	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-
Charges for services	33,315	43,190	9,875	-	-	-	-	-	-
Other	-	888	888	-	1,000	1,000	-	-	-
Total revenues	604,231	\$ 459,791	\$ (144,440)	20,192	\$ 72,221	\$ 52,029	-	\$ -	\$ -
Cash balance (deficit) carryforward	13,000			1,600			6,304		
Total	\$ 617,231			\$ 21,792			\$ 6,304		
Expenditures:									
General government services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	617,226	493,494	123,732	21,792	15,701	6,091	6,300	4,999	1,301
Highways and streets	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 617,226	\$ 493,494	\$ 123,732	\$ 21,792	\$ 15,701	\$ 6,091	\$ 6,300	\$ 4,999	\$ 1,301
Other financing sources (uses):									
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Region III DECC		Section 8 - Voucher Program		Section 8 - Certificate Program		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues:							
Grants	\$ 168,800	\$ 178,850	\$ 754,779	\$ 737,763	\$ 592,546	\$ 552,552	\$ (39,994)
Taxes and special assessments	-	-	-	-	-	-	-
Interest earnings	-	-	-	2,706	-	341	341
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Charges for services	-	-	-	7,956	-	11,766	11,766
Other	-	-	-	-	-	-	-
Total revenues	168,800	\$ 178,650	754,779	\$ 748,425	592,546	\$ 564,659	\$ (27,887)
Cash balance (deficit) carryforward	31,857						
Total	\$ 200,657		\$ 754,779		\$ 592,546		
Expenditures:							
General government services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	200,662	190,565	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	678,980	540,172	491,720	444,583	47,137
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total expenditures	\$ 200,662	\$ 190,565	\$ 678,980	\$ 540,172	\$ 491,720	\$ 444,583	\$ 47,137
Other financing sources (uses):							
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	70,752	70,752	95,674	95,674	-
Total other financing sources (uses)	\$ -	\$ -	\$ 70,752	\$ 70,752	\$ 95,674	\$ 95,674	\$ -

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Housing Services Grant Program		CIAP Program		Developer Fees		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues:							
Grants	\$ 724,191	\$ 714,762	\$ 1,447,163	\$ 154,652	\$ -	\$ -	\$ -
Taxes and special assessments	-	-	-	-	-	-	-
Interest earnings	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	54,784	54,784
Charges for services	-	-	-	-	215,395	-	(216,395)
Other	-	-	-	-	169,000	333,000	164,000
Total revenues	724,191	\$ 714,762	1,447,163	\$ 154,652	385,395	\$ 387,784	\$ 2,389
Cash balance (deficit) carryforward	-	-	-	-	-	-	-
Total	\$ 724,191	\$ 714,762	\$ 1,447,163	\$ 154,652	\$ 385,395	\$ 384,092	\$ 1,303
Expenditures:							
General government services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	385,395	384,092	1,303
Health and welfare	129,690	129,689	1,418,029	202,895	-	-	-
Culture and recreation	-	-	-	-	-	-	1,215,134
Economic development	-	-	-	-	-	-	-
Total expenditures	\$ 129,690	\$ 129,689	\$ 1,418,029	\$ 202,895	\$ 385,395	\$ 384,092	\$ 1,303
Other financing sources (uses):							
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	594,501	594,501	29,134	29,134	-	-	-
Total other financing sources (uses)	\$ 594,501	\$ 594,501	\$ 29,134	\$ 29,134	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
SANTA FE COUNTY

Special Revenue Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Road Projects		Bond Proceeds Roads		Totals		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues:							
Grants	\$ 2,176,870	\$ 1,340,818	\$ -	\$ -	\$ 7,465,353	\$ 5,143,570	\$ (2,321,783)
Taxes and special assessments	-	-	-	-	6,467,732	6,578,455	110,723
Interest earnings	-	-	-	-	-	140,785	140,785
Fines, forfeitures and penalties	-	-	-	-	-	4,474	4,474
Charges for services	-	27,400	-	-	480,605	679,839	199,234
Other	-	40,261	2,264,672	10,248,087	2,551,532	10,973,728	8,422,196
Total revenues	2,176,870	\$ 1,408,479	2,264,672	\$ 10,248,087	16,965,222	\$ 23,520,851	\$ 6,555,629
Cash balance (deficit) carryforward	681,225	-	-	-	1,917,883	-	-
Total	\$ 2,858,095	\$ 1,408,479	\$ 2,264,672	\$ 10,248,087	\$ 18,883,105	\$ 23,520,851	\$ 6,555,629
Expenditures:							
General government services	\$ -	\$ -	\$ -	\$ -	\$ 434,170	\$ 317,428	\$ 116,742
Public safety	-	-	-	-	4,531,850	3,663,481	868,369
Highways and streets	4,507,558	2,544,838	2,264,672	622,505	8,457,231	4,808,503	3,648,728
Health and welfare	-	-	-	-	7,112,364	5,069,569	2,042,795
Culture and recreation	-	-	-	-	7,500	7,500	-
Economic development	-	-	-	-	147,500	146,656	844
Total expenditures	\$ 4,507,558	\$ 2,544,838	\$ 2,264,672	\$ 622,505	\$ 20,690,615	\$ 14,013,137	\$ 6,677,478
Other financing sources (uses):							
Operating transfers in	\$ 1,649,500	\$ 1,649,500	\$ -	\$ -	\$ 2,605,394	\$ 2,605,394	\$ -
Operating transfers out	-	-	-	-	(790,061)	(790,061)	-
Total other financing sources (uses)	\$ 1,649,500	\$ 1,649,500	\$ -	\$ -	\$ 1,815,333	\$ 1,815,333	\$ -

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

DEBT SERVICE FUNDS

The following funds have been established by the County:

Debt Service

To account for the pledged property taxes and payment of principal and interest related to the County's General Obligation bonds.

Environmental Revenue Bond Fund

To account for the pledged gross receipts taxes and payments of principal and interest related to the County's Environmental Revenue Bonds.

Environmental Revenue Reserve Fund

To account for \$150,000 and the interest earned that has been set aside from the County's Environmental Revenue Bond proceeds as a reserve fund. These funds will be used to repay principal and interest relating to the bonds if inadequate pledged gross receipts taxes are collected.

New Mexico Finance Authority (NMFA) Debt Service Fund

To account for the pledged revenues and payments of principal, interest and other costs related to the borrowings through the NMFA.

Sheriff's Facility Bond Reserve Fund

To account for \$425,905 and the interest earned that has been set aside from the County's Sheriff Facility Bond proceeds as a reserve fund. These funds will be used to repay principal and interest relating to the bonds if inadequate pledged gross receipts taxes are collected.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit C-1

Debt Service Funds
Combining Balance Sheet

June 30, 1997

ASSETS	Debt Service	Environment Revenue Bond Fund	Environmental Revenue Reserve Fund	NMFA Debt Service Fund	Bond Reserve Sheriff Facility	Totals
Equity in pooled cash and investments - restricted	\$ 1,394,421	\$ 559,190	\$ 184,777	\$ 454,220	\$ 425,905	\$ 3,018,513
Taxes receivable	-	33,632	-	42,508	-	76,140
Interest receivable	-	10,707	3,593	-	1,273	15,573
Due from other funds	15,171	33,927	-	-	-	49,098
Total assets	<u>\$ 1,409,592</u>	<u>\$ 637,456</u>	<u>\$ 188,370</u>	<u>\$ 496,728</u>	<u>\$ 427,178</u>	<u>\$ 3,159,324</u>
LIABILITIES AND FUND EQUITY						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Equity - Reserved for debt service	<u>1,409,592</u>	<u>637,456</u>	<u>188,370</u>	<u>496,728</u>	<u>427,178</u>	<u>3,159,324</u>
Total liabilities and fund equity	<u>\$ 1,409,592</u>	<u>\$ 637,456</u>	<u>\$ 188,370</u>	<u>\$ 496,728</u>	<u>\$ 427,178</u>	<u>\$ 3,159,324</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit C-2

Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Equity

Year Ended June 30, 1997

	Debt Service	Environmental Revenue Bond Fund	Environmental Revenue Reserve Fund	NMFA Debt Service Fund	Bond Reserve Sheriff Facility	Totals
Revenues:						
Property taxes and special assessments	\$ 1,097,133	\$ -	\$ -	\$ 16,811	\$ -	\$ 1,113,944
Gross receipts taxes	-	409,820	-	510,096	-	919,916
Interest earnings	-	68,506	14,256	6,841	1,273	90,876
Total revenues	<u>1,097,133</u>	<u>478,326</u>	<u>14,256</u>	<u>533,748</u>	<u>1,273</u>	<u>2,124,736</u>
Expenditures:						
Administrative costs	-	-	-	7,476	-	7,476
Debt service charges:						
Principal	515,000	105,000	-	424,000	-	1,044,000
Interest	563,608	64,907	-	87,155	-	715,670
Total expenditures	<u>1,078,608</u>	<u>169,907</u>	<u>-</u>	<u>518,631</u>	<u>-</u>	<u>1,767,146</u>
Excess (deficiency) of revenues over expenditures	<u>18,525</u>	<u>308,419</u>	<u>14,256</u>	<u>15,117</u>	<u>1,273</u>	<u>357,590</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	-	425,905	425,905
Operating transfers out	-	(900,000)	-	-	-	(900,000)
Total other financing sources (uses)	<u>-</u>	<u>(900,000)</u>	<u>-</u>	<u>-</u>	<u>425,905</u>	<u>(474,095)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	18,525	(591,581)	14,256	15,117	427,178	(116,505)
Fund equity (deficit), beginning of year	<u>1,391,067</u>	<u>1,229,037</u>	<u>174,114</u>	<u>481,611</u>	<u>-</u>	<u>3,275,829</u>
Fund equity, end of year	<u>\$ 1,409,592</u>	<u>\$ 637,456</u>	<u>\$ 188,370</u>	<u>\$ 496,728</u>	<u>\$ 427,178</u>	<u>\$ 3,159,324</u>

The accompanying notes are an integral part of this statement.

Debt Service Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 1997

	Debt Service		Environmental Revenue Bond Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Property taxes and special assessments	\$ 1,078,800	\$ 1,097,811	\$ -	\$ -	\$ -
Gross receipts tax	-	-	274,700	409,324	134,624
Interest and other	-	-	-	32,618	32,618
Total revenues	<u>1,078,800</u>	<u>\$ 1,097,811</u>	<u>274,700</u>	<u>\$ 441,942</u>	<u>\$ 167,242</u>
Cash balance carryforward	-	-	-	-	-
Total	<u>\$ 1,078,800</u>		<u>\$ 274,700</u>		
Expenditures:					
Administrative costs	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service charges:					
Principal	515,000	515,000	105,000	105,000	\$ -
Interest	563,800	563,608	169,700	64,907	104,793
Total expenditures	<u>\$ 1,078,800</u>	<u>\$ 1,078,608</u>	<u>\$ 274,700</u>	<u>\$ 169,907</u>	<u>\$ 104,793</u>
Other financing sources (uses):					
Operating transfers out	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	(900,000)	(900,000)	-
Bond proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (900,000)</u>	<u>\$ (900,000)</u>	<u>\$ -</u>

(Continued)

Debt Service Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Environmental Revenue Reserve Fund			NMFA Debt Service Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	-	-	-	529,920	532,372	2,452
Interest and other	-	9,516	9,516	-	6,841	6,841
Total revenues	-	9,516	9,516	529,920	539,213	9,293
Cash balance carryforward	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$529,920	\$539,213	\$ 9,293
Expenditures:						
Administrative costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service charges:						
Principal	-	-	-	318,080	424,000	(105,920)
Interest	-	-	-	211,910	94,631	117,279
Total expenditures	\$ -	\$ -	\$ -	\$529,990	\$518,631	\$ 11,359
Other financing sources (uses):						
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit C-3
Page 3 of 3

Debt Service Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Sheriff's Facility Bond Reserve Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:						
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ 1,078,800	\$ 1,097,811	\$ 19,011
Gross receipts tax	-	-	-	804,620	941,696	137,076
Interest and other	-	-	-	-	48,975	48,975
Total revenues	-	\$ -	\$ -	1,883,420	\$ 2,088,482	\$ 205,062
Cash balance carryforward	-	-	-	-	-	-
Total	\$ -	-	-	\$ 1,883,420	-	-
Expenditures:						
Administrative costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service charges:						
Principal	-	-	-	938,080	1,044,000	(105,920)
Interest	-	-	-	945,410	723,146	222,264
Total expenditures	\$ -	\$ -	\$ -	\$ 1,883,490	\$ 1,767,146	\$ 116,344
Other financing sources (uses):						
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	(900,000)	(900,000)	-
Bond proceeds	425,905	425,905	-	425,905	425,905	-
Total other financing sources (uses)	\$ 425,905	\$ 425,905	\$ -	\$ (474,095)	\$ (474,095)	\$ -

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

CAPITAL PROJECT FUNDS

The following funds have been established by the County:

Regional Landfill

To account for proceeds from bonds and other sources for the purpose of constructing a regional landfill.

Lodgers' Tax Facility

To account for the receipt and disbursement of Lodgers' Tax monies, pursuant to Santa Fe County Lodgers' Occupancy Tax per Section 3-38-15 through 3-38-21, NMSA, 1978 Compilation.

Environmental Revenue Bond Proceeds

To account for proceeds from the 1993 Environmental Revenue Bonds for the purpose of acquiring and constructing solid waste facilities, wastewater facilities, sewer systems and related facilities.

General Obligation Bond Proceeds Judicial and Administration Buildings

To account for bond proceeds for the June 1, 1992, General Obligation Bond Series, to acquire, make additions to and remodel administration facilities in Santa Fe County and for financing and construction of the Santa Fe Courthouse Annex.

Rio En Medio Community Project

To account for funds to construct the Rio En Medio Community Project.

State of New Mexico Special Appropriations Projects

To account for funds received from the State of New Mexico pursuant to Chapter 222, Laws of 1996.

New Mexico Finance Authority (NMFA) Loan Proceeds

To account for proceeds from borrowings issued through the New Mexico Finance Authority.

STATE OF NEW MEXICO
SANTA FE COUNTY

Capital Projects Funds
Combining Balance Sheet

June 30, 1997

ASSETS	General Obligation Bond Proceeds					Community Development Block Grant
	Building Renovation	Judicial and Administration Buildings	Rio En Medio Community Project	Los Barrancos Project	Special Appropriations Project	
Equity in pooled cash and investments - restricted	\$ 112,356	\$ 13,303	\$ -	\$ 49,924	\$ 51,121	\$ -
Interest receivable	-	269	-	-	-	-
Due from other funds	-	-	-	-	-	-
Grantor agencies and other receivables	-	-	113,000	-	-	-
Total assets	\$ 112,356	\$ 13,572	\$ 113,000	\$ 49,924	\$ 51,121	\$ -
LIABILITIES AND FUND EQUITY						
Liabilities:						
Cash overdrafts	\$ -	\$ -	\$ 95,327	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	18,756	-	-	-	2,855	-
Due to other funds	-	-	-	-	-	-
Total liabilities	18,756	-	95,327	-	2,855	-
Fund Equity:						
Reserved for encumbrances	24,105	-	4,610	-	9,800	-
Designated for capital improvements	69,495	13,572	13,063	49,924	38,466	-
Total fund equity	93,600	13,572	17,673	49,924	48,266	-
Total liabilities and fund equity	\$ 112,356	\$ 13,572	\$ 113,000	\$ 49,924	\$ 51,121	\$ -

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Capital Projects Funds
Combining Balance Sheet (Continued)

June 30, 1997

	Regional Landfill	Environmental Revenue Bond Proceeds	NMFA Loan Proceeds	Bond Proceeds Sheriff	Lodgers Tax Facility	Totals
ASSETS						
Equity in pooled cash and investments - restricted	\$ 47,139	\$ 86,742	\$ 336,172	\$ 5,520,095	\$ 280,189	\$ 6,497,041
Interest receivable	929	1,491	-	-	5,427	8,116
Due from other funds	-	-	-	-	13,377	13,377
Grantor agencies and other receivables	-	-	-	-	-	113,000
Total assets	\$ 48,068	\$ 88,233	\$ 336,172	\$ 5,520,095	\$ 298,993	\$ 6,631,534
LIABILITIES AND FUND EQUITY						
Liabilities:						
Cash overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,327
Accounts payable and accrued expenditures	2,324	-	1,848	31,610	16,480	73,873
Due to other funds	-	33,927	-	-	-	33,927
Total liabilities	2,324	33,927	1,848	31,610	16,480	203,127
Fund Equity:						
Reserved for encumbrances	1,044	1,293	142,128	-	324	183,304
Designated for capital improvements	44,700	53,013	192,196	5,488,485	282,189	6,245,103
Total fund equity	45,744	54,306	334,324	5,488,485	282,513	6,428,407
Total liabilities and fund equity	\$ 48,068	\$ 88,233	\$ 336,172	\$ 5,520,095	\$ 298,993	\$ 6,631,534

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Equity

June 30, 1997

	Building Renovation	General Obligation Bond Proceeds Judicial and Administration Buildings	Rio En Medio Community Project	Los Barrancos Project	Special Appropriations Project	Community Development Block Grant
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	2,729	-	-	-	-
Federal grants	-	-	-	-	-	-
State grants	-	-	190,000	-	-	17,963
Other	-	-	-	-	-	3,662
Total revenues	<u>-</u>	<u>2,729</u>	<u>190,000</u>	<u>-</u>	<u>-</u>	<u>21,625</u>
Expenditures:						
General government	152,400	44,832	257,417	2,276	208,393	-
Highway and streets	-	-	-	500	-	-
Health and welfare	-	-	-	-	-	57,457
Economic development	-	-	-	-	-	-
Total expenditures	<u>152,400</u>	<u>44,832</u>	<u>257,417</u>	<u>2,776</u>	<u>208,393</u>	<u>57,457</u>
Excess (deficiency) of revenues over expenditures	<u>(152,400)</u>	<u>(42,103)</u>	<u>(67,417)</u>	<u>(2,776)</u>	<u>(208,393)</u>	<u>(35,832)</u>
Other financing sources (uses)						
Operating transfers in	246,000	-	40,000	52,700	-	-
Transfers out to other entity	-	-	-	-	-	-
Bond proceeds, net of issuance costs	-	-	-	-	-	-
Total other financing sources (uses)	<u>246,000</u>	<u>-</u>	<u>40,000</u>	<u>52,700</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>93,600</u>	<u>(42,103)</u>	<u>(27,417)</u>	<u>49,924</u>	<u>(208,393)</u>	<u>(35,832)</u>
Fund equity beginning of year	-	55,675	45,090	-	256,659	35,832
Fund equity, end of year	<u>\$ 93,600</u>	<u>\$ 13,572</u>	<u>\$ 17,673</u>	<u>\$ 49,924</u>	<u>\$ 48,266</u>	<u>\$ -</u>

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Equity (Continued)

June 30, 1997

	Regional Landfill	Environmental Revenue Bond Proceeds	NMFA Loan Proceeds	Bond Proceeds Sheriff	Lodgers Tax Facility	Totals
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 106,191	\$ 106,191
Interest	11,672	29,677	28,346	26,582	19,806	118,812
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	207,963
Other	-	-	30	-	-	3,692
Total revenues	<u>11,672</u>	<u>29,677</u>	<u>28,376</u>	<u>26,582</u>	<u>125,997</u>	<u>436,658</u>
Expenditures:						
General government	-	-	-	-	-	665,318
Highway and streets	9,090	-	395,869	-	-	405,459
Health and welfare	-	-	-	-	-	57,457
Economic development	-	-	-	-	141,216	141,216
Total expenditures	<u>9,090</u>	<u>-</u>	<u>395,869</u>	<u>-</u>	<u>141,216</u>	<u>1,269,450</u>
Excess (deficiency) of revenues over expenditures	<u>2,582</u>	<u>29,677</u>	<u>(367,493)</u>	<u>26,582</u>	<u>(15,219)</u>	<u>(832,792)</u>
Other financing sources (uses)						
Operating transfers in	-	-	-	-	-	338,700
Transfer out to other entity	(52,800)	(188,855)	-	-	-	(241,655)
Bond proceeds, net of issuance costs	-	-	-	5,461,903	-	5,461,903
Total other financing sources (uses)	<u>(52,800)</u>	<u>(188,855)</u>	<u>-</u>	<u>5,461,903</u>	<u>-</u>	<u>5,558,948</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(50,218)</u>	<u>(159,178)</u>	<u>(367,493)</u>	<u>5,488,485</u>	<u>(15,219)</u>	<u>4,726,156</u>
Fund equity, beginning of year	<u>95,962</u>	<u>213,484</u>	<u>701,817</u>	<u>-</u>	<u>297,732</u>	<u>1,702,251</u>
Fund equity, end of year	<u>\$ 45,744</u>	<u>\$ 54,306</u>	<u>\$ 334,324</u>	<u>\$ 5,488,485</u>	<u>\$ 282,513</u>	<u>\$ 6,428,407</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit D-3
Page 1 of 6

Capital Projects Funds
Combining Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 1997

	Building Renovation			General Obligation Bond Proceeds Judicial and Administration Buildings		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	-	-	3,178	3,178
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	\$ -	\$ -	-	\$ 3,178	\$ 3,178
Cash balance carryforward	-	-	-	-	-	-
Total	\$ -	-	-	\$ -	-	\$ -
Expenditures:						
General government	\$ 246,000	\$ 149,333	\$ 96,667	\$ -	\$ (581)	\$ 581
Highway and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	\$ 246,000	\$ 149,333	\$ 96,667	\$ -	\$ (581)	\$ 581
Other financing sources (uses)						
Operating transfers in	\$ 246,000	\$ 246,000	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	\$ 246,000	\$ 246,000	\$ -	\$ -	\$ -	\$ -

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit D-3
Page 2 of 6

Capital Projects Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Rio En Medio Community Project			Los Barrancos		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ (121)	\$ (121)
Interest earnings	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
State grants	177,000	-	(177,000)	-	-	-
Other	20,000	20,000	-	-	-	-
Total revenues	197,000	\$ 20,000	\$ (177,000)	-	\$ (121)	\$ (121)
Cash balance carryforward	45,000					
Total	\$ 242,000			\$ -		
Expenditures:						
General government	\$ 282,100	\$ 261,970	\$ 20,130	\$ 52,700	\$ 500	\$ 52,200
Highway and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	\$ 282,100	\$ 261,970	\$ 20,130	\$ 52,700	\$ 500	\$ 52,200
Other financing sources (uses)						
Operating transfers in	\$ 40,000	\$ 40,000	\$ -	\$ 52,700	\$ 52,700	\$ -
Operating transfers out	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	\$ 40,000	\$ 40,000	\$ -	\$ 52,700	\$ 52,700	\$ -

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Capital Projects Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Special Appropriations Project			Community Development Block Grant		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
State grants	401,200	-	(401,200)	-	42,335	42,335
Other	-	-	-	-	9,043	9,043
Total revenues	401,200	\$ -	\$(401,200)	-	\$ 51,378	\$ 51,378
Cash balance carryforward	251,650			1,233		
Total	\$ 652,850			\$ 1,233		
Expenditures:						
General government	\$ 652,800	\$ 213,940	\$ 438,860	\$ -	\$ -	\$ -
Highway and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	1,233	1,233	-
Total expenditures	\$ 652,800	\$ 213,940	\$ 438,860	\$ 1,233	\$ 1,233	\$ -
Other financing sources (uses)						
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Capital Projects Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Regional Landfill			Environmental Revenue Bond Proceeds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 230,255	\$ 230,255
Interest earnings	-	15,748	15,748	-	41,008	41,008
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	\$ 15,748	\$ 15,748	-	\$ 271,263	\$ 271,263
Cash balance carryforward	61,313			358,784		
Total	\$ 61,313			\$ 358,784		
Expenditures:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway and streets	61,313	61,271	42	358,784	329,999	28,785
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	\$ 61,313	\$ 61,271	\$ 42	\$ 358,784	\$ 329,999	\$ 28,785
Other financing sources (uses)						
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Capital Projects Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	NMFA Loan Proceeds			Bond Proceeds - Sheriff		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	-
Other	-	315,431	315,431	-	-	-
Total revenues	-	\$ 315,431	\$ 315,431	-	\$ -	\$ -
Cash balance carryforward	284,811					
Total	\$ 284,811			\$ -		
Expenditures:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway and streets	284,811	273,228	11,583	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	\$ 284,811	\$ 273,228	\$ 11,583	\$ -	\$ -	\$ -
Other financing sources (uses)						
Operating transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-	-
Bond proceeds	-	-	-	5,461,903	5,461,903	5,461,903
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ 5,461,903	\$ 5,461,903	\$ 5,461,903

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit D-3
Page 6 of 6

Capital Projects Funds
Combining Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis) (Continued)

Year Ended June 30, 1997

	Lodgers' Tax Facility			Totals		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ 80,900	\$ 106,191	\$ 25,291	\$ 80,900	\$ 336,325	\$ 255,425
Interest earnings	-	11,342	11,342	-	71,276	71,276
Federal grants	-	-	-	-	-	-
State grants	-	-	-	578,200	42,335	(535,865)
Other	-	-	-	20,000	344,474	324,474
Total revenues	80,900	117,533	36,633	679,100	794,410	115,310
Cash balance carryforward	69,100			1,071,891		
Total	\$ 150,000			\$ 1,750,991		
Expenditures:						
General government	\$ -	\$ -	\$ -	\$ 1,233,600	\$ 625,162	\$ 608,438
Highway and streets	-	-	-	704,908	664,498	40,410
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	1,233	1,233	-
Economic development	150,000	150,000	-	150,000	150,000	-
Total expenditures	\$ 150,000	\$ 150,000	\$ -	\$ 2,089,741	\$ 1,440,893	\$ 648,848
Other financing sources (uses)						
Operating transfers in	\$ -	\$ -	\$ -	\$ 338,700	\$ 338,700	\$ -
Operating transfers out	-	-	-	-	-	-
Bond proceeds	-	-	-	-	5,461,903	5,461,903
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ 338,700	\$ 5,800,603	\$ 5,461,903

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

ENTERPRISE FUNDS

The following funds have been established by the County:

Santa Fe County Housing Services

To account for the operations of low income housing.

Santa Fe County Utilities Division

To account for the construction and operation of the water system within Santa Fe County.

Santa Fe County Jail Facility

To account for the construction and operation of the Santa Fe County Jail Facility.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit E-1

Enterprise Funds
Combining Balance Sheet

June 30, 1997

	Santa Fe County Housing Services	Santa Fe County Utilities Division	Santa Fe County Jail Facility	Total
ASSETS				
Current assets:				
Cash and investments - restricted	\$ 174,689	\$ 4,408,291	\$ 25,016,454	\$ 29,599,434
Restricted cash - Bond proceeds-debt service	-	-	2,343,296	2,343,296
Accrued interest	-	17,006	284,114	301,120
Accounts receivable, net	60,527	41,827	-	102,354
Prepaid expenses	391	-	-	391
Accounts receivable - Grantor agencies and other	-	21,427	-	21,427
Notes receivable	-	10,979	-	10,979
Due from other funds	594,501	28,193	-	622,694
Total current assets	<u>830,108</u>	<u>4,527,723</u>	<u>27,643,864</u>	<u>33,001,695</u>
Long-term notes receivable	-	172,073	-	172,073
Fixed assets - Building, land, equipment, water system and construction in progress				
Less accumulated depreciation	6,918,224	5,363,311	2,614,215	14,895,750
Total fixed assets, net of depreciation	1,878,091	109,436	-	1,987,527
Organizational and deferred costs, net	5,040,133	5,253,875	2,614,215	12,908,223
	-	51,082	541,221	592,303
Total assets	<u>\$ 5,870,241</u>	<u>\$ 10,004,753</u>	<u>\$ 30,799,300</u>	<u>\$ 46,674,294</u>
LIABILITIES & FUND EQUITY				
Current liabilities:				
Accounts payable and compensated absences	\$ 16,160	\$ 2,925	\$ 122,459	141,544
Accrued interest	10,000	-	671,340	681,340
Due to other funds	160,821	-	-	160,821
Deposits held for others	30,761	-	-	30,761
Current portion of notes and bonds payable	163,880	-	-	163,880
Due to HUD	3,197	-	-	3,197
Deferred revenue	-	144,785	-	144,785
Total current liabilities	<u>384,819</u>	<u>147,710</u>	<u>793,799</u>	<u>1,326,328</u>
Noncurrent liabilities:				
Notes and bonds payable	7,147,746	-	30,000,000	37,147,746
Interest payable	3,255,124	-	-	3,255,124
Total noncurrent liabilities	<u>10,402,870</u>	<u>-</u>	<u>30,000,000</u>	<u>40,402,870</u>
Total liabilities	<u>10,787,689</u>	<u>147,710</u>	<u>30,793,799</u>	<u>41,729,198</u>
Fund Equity (deficit):				
Contributed capital - HUD contributions	8,397,343	-	-	8,397,343
Contributed capital - County	946,461	4,943,931	-	5,890,392
Contributed capital - Customers	-	4,924,763	-	4,924,763
Retained earnings - Unreserved (deficit)	(14,261,252)	(11,651)	5,501	(14,267,402)
Total fund equity (deficit)	<u>(4,917,448)</u>	<u>9,857,043</u>	<u>5,501</u>	<u>4,945,096</u>
Total liabilities & fund equity (deficit)	<u>\$ 5,870,241</u>	<u>\$ 10,004,753</u>	<u>\$ 30,799,300</u>	<u>\$ 46,674,294</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit E-2

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

Year Ended June 30, 1997

	Santa Fe County Housing Services	Santa Fe County Utilities Division	Santa Fe County Jail Facility	Total
Operating revenues:				
Facilities rentals	\$ 404,960	\$ -	\$ -	\$ 404,960
Water sales, net	-	496,482	-	496,482
Total operating revenues	<u>404,960</u>	<u>496,482</u>	<u>-</u>	<u>901,442</u>
Operating expenses	<u>909,508</u>	<u>462,735</u>	<u>5,970</u>	<u>1,378,213</u>
Operating income (loss)	<u>(504,548)</u>	<u>33,747</u>	<u>(5,970)</u>	<u>(476,771)</u>
Non-operating revenues (expenses)				
Interest on cash and investments	882	82,471	11,471	94,824
HUD operating subsidy	173,787	-	-	173,787
HUD contribution - Forgiveness of interest and principal	201,717	-	-	201,717
Interest expense on notes payable	(355,140)	-	-	(355,140)
Capital contributions from customers	-	117,288	-	117,288
Total non-operating revenues (expenses)	<u>21,246</u>	<u>199,759</u>	<u>11,471</u>	<u>232,476</u>
Net income (loss) before operating transfers	(483,302)	233,506	5,501	(244,295)
Operating transfers in	<u>946,461</u>	<u>4,014,033</u>	<u>-</u>	<u>4,960,494</u>
Net income	<u>463,159</u>	<u>4,247,539</u>	<u>5,501</u>	<u>4,716,199</u>
Fund equity (deficit), beginning of year	(2,112,396)	5,609,504	-	3,497,108
Prior period adjustment	(3,268,211)	-	-	(3,268,211)
Fund equity (deficit), as adjusted	<u>(5,380,607)</u>	<u>5,609,504</u>	<u>-</u>	<u>228,897</u>
Fund equity (deficit), end of year	<u>\$ (4,917,448)</u>	<u>\$ 9,857,043</u>	<u>\$ 5,501</u>	<u>\$ 4,945,096</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit E-3

Enterprise Funds
Combining Statement of Cash Flows

Year Ended June 30, 1997

	Santa Fe County Housing Services	Santa Fe County Utilities Division	Santa Fe County Jail Facility	Total
Cash flows from (used in) operating activities:				
Cash received from customers and grantors	\$ 412,490	\$ 422,249	\$ -	\$ 834,739
Cash payments to suppliers for goods and services	(422,791)	(352,421)	-	(775,212)
Cash payments to employees for services	(333,735)	(92,275)	-	(426,010)
Net cash provided (used) by operating activities	<u>(314,036)</u>	<u>(22,447)</u>	<u>-</u>	<u>(366,483)</u>
Cash flows from (used in) noncapital financing activities:				
Proceeds from Utilities Division customers to build the water system	-	89,999	-	89,999
Cash from operating transfers in	351,960	4,014,033	-	4,365,993
HUD operating subsidy	173,787	-	-	173,787
Net cash provided from noncapital financing activities	<u>525,747</u>	<u>4,104,032</u>	<u>-</u>	<u>4,629,779</u>
Cash flows from (used in) capital and related financing activities:				
Proceeds from bonds payable and accrued interest	-	-	30,082,225	30,082,225
Cash paid for construction of fixed assets	(72,821)	(322,676)	(2,311,326)	(2,706,823)
Bond issue costs	-	-	(547,191)	(547,191)
	<u>(72,821)</u>	<u>(322,676)</u>	<u>27,223,708</u>	<u>26,828,211</u>
Cash flows from investing activities - Interest on cash and investments	881	72,826	136,042	209,749
Net increase in cash and cash equivalents	<u>109,771</u>	<u>3,831,735</u>	<u>27,359,750</u>	<u>31,301,256</u>
Cash and investments at beginning of year	<u>64,918</u>	<u>576,556</u>	<u>-</u>	<u>641,474</u>
Cash and investments at end of year	<u>\$ 174,689</u>	<u>\$ 4,408,291</u>	<u>\$ 27,359,750</u>	<u>\$ 31,942,730</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating (loss)	<u>\$(504,548)</u>	<u>\$ 33,747</u>	<u>\$ (5,970)</u>	<u>\$ (476,771)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization of expenses	170,779	127,664	5,970	304,413
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(41,934)	(41,827)	-	(83,761)
(Increase) decrease in other assets	51,571	(32,406)	-	19,165
(Decrease) in accounts payable and compensated absences	(106,476)	(85,808)	-	(192,284)
(Increase) in due from other funds	-	(23,817)	-	(23,817)
Increase in due to other funds	55,811	-	-	55,811
Increase in deposits held for others	30,761	-	-	30,761
Total adjustments	<u>160,512</u>	<u>(56,194)</u>	<u>5,970</u>	<u>110,288</u>
Net cash provided (used) by operating activities	<u>\$(344,036)</u>	<u>\$ (22,447)</u>	<u>\$ -</u>	<u>\$ (366,483)</u>

Supplemental information - Nonmonetary transaction - HUD forgave \$201,717 of interest and principal and contributed capital was credited.

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 1997

	Housing Services		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Facilities rental	\$ 428,471	\$ 361,796	\$ (66,675)
Other revenues	85,000	86	(84,914)
Total Revenues	<u>513,471</u>	<u>361,882</u>	<u>(151,589)</u>
Cash balance carryforward	-	-	-
Total	<u>\$ 513,471</u>		
Operating expenditures:			
Public safety	\$ -	-	-
Health and welfare	1,644,493	991,246	653,247
Total operating expenditures	<u>1,644,493</u>	<u>991,246</u>	<u>653,247</u>
Total operating income (loss)		(629,364)	
Non-operating revenues (expenses):			
Interest on investments	-	787	787
HUD operating subsidy	174,335	173,787	(548)
Transfers in (out)	946,461	946,461	-
Total non-operating revenues (expenses)	<u>\$1,120,796</u>	<u>1,121,035</u>	<u>\$ 239</u>
Net income (loss) - Budgetary basis		491,671	
Reconciliation to GAAP basis income (loss):			
Payment of prior year encumbrances for expenses		-	
Forgiveness of debt by HUD		59,560	
To record interest income on bond proceeds		-	
To record accrued revenue		42,291	
To record transfer of bond proceeds for Utilities Division not recorded for budgetary purposes		-	
Audit entry to correct credit expenditures		-	
Bond proceeds recorded as budgetary revenue		-	
Capital outlay expenditures expensed for budgetary purposes		72,821	
Depreciation and amortization expenses not recorded as budgetary expenditures		(170,779)	
Deferred revenue recorded as GAAP basis 1997 revenue		-	
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes		139,568	
Interest income not recorded as budgetary income		882	
Reversal of prior year accruals recorded for 1996 GAAP financial statements and recorded as 1997 budgetary activity		40,128	
Interest (expense) not budgeted, net of HUD forgiveness		<u>(212,983)</u>	
Net income (loss) - GAAP basis		<u>\$ 463,159</u>	

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 1997

	Utilities Division		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating revenues:			
Facilities rental	\$1,672,202	\$ 419,299	\$(1,252,903)
Other revenues	-	-	-
Total Revenues	<u>1,672,202</u>	<u>419,299</u>	<u>(1,252,903)</u>
Cash balance carryforward	498,899		
Total	<u>\$2,171,101</u>		
Operating expenditures:			
Public safety	\$ -	-	-
Health and welfare	<u>2,312,176</u>	<u>848,771</u>	<u>1,463,405</u>
Total operating expenditures	<u>2,312,176</u>	<u>848,771</u>	<u>1,463,405</u>
Total operating income (loss)		(429,472)	
Non-operating revenues (expenses):			
Interest on investments	31,000	95,527	64,527
HUD operating subsidy	-	-	-
Transfers in (out)	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>\$ 141,000</u>	<u>205,527</u>	<u>\$ 64,527</u>
Net income (loss) - Budgetary basis		(223,945)	
Reconciliation to GAAP basis income (loss):			
Payment of prior year encumbrances for expenses		(20,180)	
Forgiveness of debt by HUD		-	
To record interest income on bond proceeds		69,996	
To record accrued revenue		-	
To record transfer of bond proceeds for Utilities Division not recorded for budgetary purposes		3,904,033	
Audit entry to correct credit expenditures		(50,804)	
Bond proceeds recorded as budgetary revenue		-	
Capital outlay expenditures expensed for budgetary purposes		322,676	
Depreciation and amortization expenses not recorded as budgetary expenditures		(127,664)	
Deferred revenue recorded as GAAP basis 1997 revenue		103,467	
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes		262,260	
Interest income not recorded as budgetary income		7,700	
Reversal of prior year accruals recorded for 1996 GAAP financial statements and recorded as 1997 budgetary activity		-	
Interest (expense) not budgeted, net of HUD forgiveness		-	
Net income (loss) - GAAP basis		<u>\$ 4,247,539</u>	

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 1997

	Santa Fe County Jail Facility		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Facilities rental	\$ -	\$ -	\$ -
Other revenues	22,000,000	27,213,209	5,213,209
Total Revenues	<u>22,000,000</u>	<u>27,213,209</u>	<u>5,213,209</u>
Cash balance carryforward	-		
Total	<u>\$22,000,000</u>		
Operating expenditures:			
Public safety	\$22,000,000	21,993,200	6,800
Health and welfare	-	-	-
Total operating expenditures	<u>22,000,000</u>	<u>21,993,200</u>	<u>6,800</u>
Total operating income (loss)		5,220,009	
Non-operating revenues (expenses):			
Interest on investments	-	-	-
HUD operating subsidy	-	-	-
Transfers in (out)	-	-	-
Total non-operating revenues (expenses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Net income (loss) - Budgetary basis		5,220,009	
Reconciliation to GAAP basis income (loss):			
Payment of prior year encumbrances for expenses		-	
Forgiveness of debt by HUD		-	
To record interest income on bond proceeds		-	
To record accrued revenue		-	
To record transfer of bond proceeds for Utilities Division not recorded for budgetary purposes		-	
Audit entry to correct credit expenditures		-	
Bond proceeds recorded as budgetary revenue		(27,213,209)	
Capital outlay expenditures expensed for budgetary purposes		2,443,785	
Depreciation and amortization expenses not recorded as budgetary expenditures		(5,970)	
Deferred revenue recorded as GAAP basis 1997 revenue		-	
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes		19,549,415	
Interest income not recorded as budgetary income		11,471	
Reversal of prior year accruals recorded for 1996 GAAP financial statements and recorded as 1997 budgetary activity		-	
Interest (expense) not budgeted, net of HUD forgiveness		-	
Net income (loss) - GAAP basis		<u>\$ 5,501</u>	

STATE OF NEW MEXICO
SANTA FE COUNTY

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

Year Ended June 30, 1997

	Totals		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating revenues:			
Facilities rental	\$ 2,100,673	\$ 781,095	\$(1,319,578)
Other revenues	22,085,000	27,213,295	5,128,295
Total Revenues	<u>24,185,673</u>	<u>27,994,390</u>	<u>3,808,717</u>
Cash balance carryforward	498,899		
Total	<u>\$ 24,684,572</u>		
Operating expenditures:			
Public safety	\$ 22,000,000	21,993,200	6,800
Health and welfare	3,956,669	1,840,017	2,116,652
Total operating expenditures	<u>25,956,669</u>	<u>23,833,217</u>	<u>2,123,452</u>
Total operating income (loss)		4,161,173	
Non-operating revenues (expenses):			
Interest on investments	31,000	96,314	65,314
HUD operating subsidy	174,335	173,787	(548)
Transfers in (out)	1,056,461	1,056,461	-
Total non-operating revenues (expenses)	<u>\$ 1,261,796</u>	<u>1,326,562</u>	<u>\$ 64,766</u>
Net income (loss) - Budgetary basis		5,487,735	
Reconciliation to GAAP basis income (loss):			
Payment of prior year encumbrances for expenses		(20,180)	
Forgiveness of debt by HUD		59,560	
To record interest income on bond proceeds		69,996	
To record accrued revenue		42,291	
To record transfer of bond proceeds for Utilities Division not recorded for budgetary purposes		3,904,033	
Audit entry to correct credit expenditures		(50,804)	
Bond proceeds recorded as budgetary revenue		(27,213,209)	
Capital outlay expenditures expensed for budgetary purposes		2,839,282	
Depreciation and amortization expenses not recorded as budgetary expenditures		(304,413)	
Deferred revenue recorded as GAAP basis 1997 revenue		103,467	
Outstanding encumbrances recorded as budgetary expenditures and not for GAAP purposes		19,951,243	
Interest income not recorded as budgetary income		20,053	
Reversal of prior year accruals recorded for 1996 GAAP financial statements and recorded as 1997 budgetary activity		40,128	
Interest (expense) not budgeted, net of HUD forgiveness		(212,983)	
Net income (loss) - GAAP basis		<u>\$ 4,716,199</u>	

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

AGENCY FUNDS

Agency Funds - The County established these agency funds to account for assets held for others.

County Treasurer

To account for collections and payment to the County and other recipient entities of property taxes, interest and penalties billed and collected by the County on their behalf.

Deferred Compensation Plan

To account for the deferred compensation plan established under Section 457 of the Internal Revenue Code. This plan is administered by a third party administration.

Sheriff's Bond Fund

To account for bond monies held by the County until legal disposition of the appropriate case.

Writ Fund

To account for court judgments issued to the sheriff's department to collect monies or remove property in satisfaction of said judgments.

Confiscated Property

To account for assets confiscated during arrests pursuant to Section 30-31-1-1, NMSA, 1978 Compilation. Property is held until disposed of pursuant to court order.

Cemetery Account

To account for monies to support the Indigent Cemetery Fund.

STATE OF NEW MEXICO
SANTA FE COUNTY

Agency Funds
Combining Balance Sheet

June 30, 1997

ASSETS

Equity in pooled cash and investments - restricted
Deferred compensation plan
Taxes receivable
Total assets

	County Treasurer	Deferred Compensation Plan	Sheriff's Bond Fund	Writ Fund	Confiscated Property	Cemetery Account	Totals
	\$ 847,145	\$ -	\$ 181,189	\$ 4,327	\$ 41,934	\$ 38,325	\$ 1,112,920
	-	468,026	-	-	-	-	468,026
	<u>4,631,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,631,998</u>
	<u>\$ 5,479,143</u>	<u>\$ 468,026</u>	<u>\$ 181,189</u>	<u>\$ 4,327</u>	<u>\$ 41,934</u>	<u>\$ 38,325</u>	<u>\$ 6,212,944</u>

LIABILITIES

Deferred revenue - taxes to be collected
Deferred compensation
Taxes paid in advance
Deposits held for others
Due to other funds
Undistributed taxes to other entities
Total liabilities

	\$ 4,631,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,631,998
	-	468,026	-	-	-	-	468,026
	26,120	-	-	-	-	-	26,120
	-	-	181,189	4,327	41,934	-	227,450
	248,334	-	-	-	-	38,325	286,659
	<u>572,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,691</u>
	<u>\$ 5,479,143</u>	<u>\$ 468,026</u>	<u>\$ 181,189</u>	<u>\$ 4,327</u>	<u>\$ 41,934</u>	<u>\$ 38,325</u>	<u>\$ 6,212,944</u>

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Agency Funds
Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 1997

	<u>July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1997</u>
COUNTY TREASURER				
Assets:				
Equity in pooled cash and investments - restricted	\$ 896,973	\$ 42,056,831	\$ 42,106,659	\$ 847,145
Property taxes receivable	3,808,744	42,929,913	42,106,659	4,631,998
	<u>\$ 4,705,717</u>	<u>\$ 84,986,744</u>	<u>\$ 84,213,318</u>	<u>\$ 5,479,143</u>
Liabilities:				
Deferred revenue - taxes to be collected	\$ 3,808,744	\$ 42,895,411	\$ 42,072,157	\$ 4,631,998
Overpayments and taxes paid in advance	247,141	-	221,021	26,120
Due to other funds	209,536	12,460,256	12,421,458	248,334
Undistributed taxes to other entities	440,296	29,817,596	29,685,201	572,691
	<u>\$ 4,705,717</u>	<u>\$ 85,173,263</u>	<u>\$ 84,399,837</u>	<u>\$ 5,479,143</u>
DEFERRED COMPENSATION PLAN				
Assets - Deferred compensation plan	<u>\$ 293,730</u>	<u>\$ 214,351</u>	<u>\$ 40,055</u>	<u>\$ 468,026</u>
Liabilities - Deferred compensation	<u>\$ 293,730</u>	<u>\$ 214,351</u>	<u>\$ 40,055</u>	<u>\$ 468,026</u>
SHERIFF'S BOND FUND				
Assets - Equity in pooled cash and investments - restricted	<u>\$ 134,795</u>	<u>\$ 368,291</u>	<u>\$ 321,897</u>	<u>\$ 181,189</u>
Liabilities - Deposits held for others	<u>\$ 134,795</u>	<u>\$ 368,291</u>	<u>\$ 321,897</u>	<u>\$ 181,189</u>
WRIT FUND				
Assets - Equity in pooled cash and investments - restricted	<u>\$ 4,229</u>	<u>\$ 80,398</u>	<u>\$ 80,300</u>	<u>\$ 4,327</u>
Liabilities - Deposits held for others	<u>\$ 4,229</u>	<u>\$ 80,398</u>	<u>\$ 80,300</u>	<u>\$ 4,327</u>

(Continued)

STATE OF NEW MEXICO
SANTA FE COUNTY

Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)

Year Ended June 30, 1997

	<u>July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1997</u>
CONFISCATED PROPERTY				
Assets - Equity in pooled cash and investments - restricted	<u>\$ 34,926</u>	<u>\$ 24,624</u>	<u>\$ 17,616</u>	<u>\$ 41,934</u>
Liabilities - Deposits held for others	<u>\$ 34,926</u>	<u>\$ 24,624</u>	<u>\$ 17,616</u>	<u>\$ 41,934</u>
CEMETERY ACCOUNT				
Assets - Equity in pooled cash and investments - restricted	<u>\$ 32,829</u>	<u>\$ 5,496</u>	<u>\$ -</u>	<u>\$ 38,325</u>
Liabilities - Due to other funds	<u>\$ 32,829</u>	<u>\$ 5,496</u>	<u>\$ -</u>	<u>\$ 38,325</u>
TOTALS (MEMORANDUM ONLY)				
Assets:				
Equity in pooled cash and investments - restricted	\$ 1,103,752	\$ 42,535,640	\$ 42,526,472	\$ 1,112,920
Deferred compensation plan	293,730	214,351	40,055	468,026
Property taxes receivable	<u>3,808,744</u>	<u>42,929,913</u>	<u>42,106,659</u>	<u>4,631,998</u>
Total assets	<u>\$ 5,206,226</u>	<u>\$ 85,679,904</u>	<u>\$ 84,673,186</u>	<u>\$ 6,212,944</u>
Liabilities:				
Deferred revenue - taxes to be collected	\$ 3,808,744	\$ 42,895,411	\$ 42,072,157	\$ 4,631,998
Deferred compensation	293,730	214,351	40,055	468,026
Overpayments and taxes paid in advance	247,141	-	221,021	26,120
Deposits held for others	173,950	473,313	419,813	227,450
Due to other funds	242,365	12,465,752	12,421,458	286,659
Undistributed taxes to other entities	<u>440,296</u>	<u>29,817,596</u>	<u>29,685,201</u>	<u>572,691</u>
Total liabilities	<u>\$ 5,206,226</u>	<u>\$ 85,866,423</u>	<u>\$ 84,859,705</u>	<u>\$ 6,212,944</u>

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Schedule of Reconciliation of Tax Receipts and Disbursements

Year Ended June 30, 1997

Property taxes receivable, July 1, 1996	\$ 3,808,744
Net taxes charged to Treasurer	42,895,411
Net adjustments and other	34,502
Collections	<u>(42,106,659)</u>
Property taxes receivable, June 30, 1997	<u>\$ 4,631,998</u>
Property taxes receivable as of June 30, 1996, listed by tax year:	
1987 - 1994 turned over to the State of New Mexico for collection	\$ 880,769
1995	496,713
1996	<u>3,254,516</u>
	<u>\$ 4,631,998</u>
Distribution of collected property taxes:	
Santa Fe County	\$ 12,421,458
State of New Mexico	4,223,069
Edgewood Soil and Water	72,734
City of Santa Fe	1,080,454
City of Española	91,120
Santa Fe Community College	7,615,952
School Districts	<u>16,601,872</u>
Total tax distribution	<u>\$ 42,106,659</u>

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Exhibit G-2

Schedule of Bank Accounts

June 30, 1997

	June 30, 1997 Bank Account <u>Balances</u>	Total Deposits with Bank
First National Bank:		
Money market	\$ 5,136,577	
Indigent cemetery	38,325	
Warrant account	271,333	
Utilities Division (Santa Fe Water Co.)	3,187	
Escrow account	49,326	
Writ Fund	5,427	
Sheriff's account	180,854	
Confiscated property (forfeiture)	<u>41,934</u>	
		<u>\$ 5,726,963</u>
Guadalupe Credit Union - Certificate of deposit		<u>\$ 100,000</u>
First State Bank - Money market		<u>\$ 10,431,828</u>
First State Bank - Certificate of deposit		<u>\$ 100,000</u>
First Security Bank - Certificate of deposit		<u>\$ 100,000</u>
Land of Enchantment Credit Union - Certificate of deposit		<u>\$ 100,000</u>
Bank of Santa Fe - Certificate of deposit		<u>\$ 100,000</u>
Bank of America - Money market		<u>\$ 2,185</u>
Bank of Santa Fe - SFCHA Section 8 Voucher Program		<u>\$ 135</u>
Nations Bank:		
SFCHA Low Rent Program	\$ 113	
SFCHA Section 8 Existing Program	77	
SFCHA CIAP	25	
SFCHA FSS - Escrow	3,685	
SFCHA Housing Trust	201	
Certificate of deposit	<u>100,000</u>	
		<u>\$ 104,101</u>

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit G-3

Schedule of Pledged Collateral

June 30, 1997

	The Bank of Santa Fe	First National Bank of Santa Fe	Guadalupe Credit Union	Nations Bank	First State Bank	First Security	Land of Enchantment Credit Union	Bank of America
Total amount of deposits (bank balances)	\$ 100,135	\$ 5,726,963	\$ 100,000	\$ 104,101	\$ 10,531,828	\$ 100,000	\$ 100,000	\$ 2,185
Less FDIC coverage	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total uninsured public funds	135	5,626,963	N/A	4,101	10,431,828	N/A	N/A	N/A
50% collateral requirement	68	2,818,959	N/A	2,051	5,215,914	N/A	N/A	N/A
Pledged securities (1), (2) and (3)	-	4,217,932	N/A	160,000	5,352,078	N/A	N/A	N/A
Under secured	\$ 68	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Pledged securities are a \$1,000,000 U.S. Treasury note due September 30, 1997, a \$1,217,932 FNMA Security due July 1, 2000 and a \$2,000,000 Federal Home Loan Mortgage Corp. security due August 14, 2001.
- (2) Pledged securities are a \$60,000 NM G.O. Bond due September 1, 2011, and two \$50,000 Santa Fe Community College Bonds, one due August 1, 2007 and one due August 1, 2009.
- (3) Pledged securities are a \$100,000 FFCB security due August 1, 1997; four \$300,000 U.S. Treasury notes due August 31, 1997, September 30, 1997, October 31, 1997 and November 30, 1997; six \$475,000 U.S. Treasury notes due December 31, 1997, January 31, 1998, February 28, 1998, March 31, 1998, April 30, 1998 and May 31, 1998; a \$700,000 Federal Home Loan Mortgage Corporation security due September 17, 2001; and a \$500,000 Federal Home Loan Bank Security due March 5, 2001.

"12 Years of Excellence"

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Amy J. Robinson, C.P.A.
Susan L. Wittman, C.P.A.

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTAL
SCHEDULE OF PROJECTS FUNDED BY SPECIAL APPROPRIATIONS

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

We have audited the general-purpose financial statements and the combining and individual fund and account group financial statements of the State of New Mexico, Santa Fe County (County) as of and for the year ended June 30, 1997, and have issued our report thereon dated March 23, 1998. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

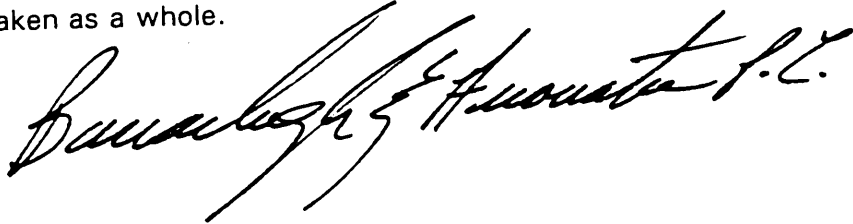
Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require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

Because of the conversion to a new computer system during the fiscal year, the County's accounting records have not recorded all of the transactions that have occurred and/or recorded the transactions to the incorrect funds. The County's accounting records did not permit us to extend our auditing procedures sufficiently to satisfy ourselves that the general ledger used to prepare the financial statements included all of the transactions to the proper funds that materially affect the financial statements of the individual funds. Accordingly, we do not express an opinion on the individual, combining and combined fund financial statements, excluding the combined balance sheet, referred to in the table of contents.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the County, taken as a whole and the combining and individual fund and account group financial statements. The accompanying Supplemental Schedule of Projects Funded by Special

Barracough & Associates, P.C.

Appropriations is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose, combining and individual fund and account group financial statements and, except for the effect on the supplemental schedule of the general ledger and the accounting records used to prepare the financial statements, may not include all of the transactions to the proper funds as explained in the third paragraph of our report, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

A handwritten signature in cursive script that reads "Barracough & Associates, P.C.".

March 23, 1998

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit G-4

Supplemental Schedule of Projects Funded by Special Appropriations

June 30, 1997

<u>Since Inception</u>	<u>Chimayo Sheriff's Substation</u>	<u>Eldorado Feasibility Study</u>	<u>Edgewood Senior Center</u>	<u>Arroyo Seco Fire Station</u>	<u>Totals</u>
Revenue - State grant	\$ 100,000	\$ 50,000	\$ 123,750	\$ 50,000	\$ 323,750
Prior year expenditures - Architect and survey	8,340	49,085	8,471	1,195	67,091
Current year expenditures - Architect and construction	<u>90,746</u>	<u>-</u>	<u>114,614</u>	<u>-</u>	<u>205,360</u>
Total expenditures	<u>99,086</u>	<u>49,085</u>	<u>123,085</u>	<u>1,195</u>	<u>272,451</u>
Excess of revenue over expenditures	<u>\$ 914</u>	<u>\$ 915</u>	<u>\$ 665</u>	<u>\$ 48,805</u>	<u>\$ 51,299</u>

<u>Since Inception</u>	<u>Coja Del Rio Project</u>	<u>Eldorado Elementary School Multi-purpose Field</u>	<u>Rio En Medio/ Chupadero Community Center</u>	<u>Agua Fria Park Improvements</u>	<u>Totals</u>
*Revenue - State grant	\$ 50,000	\$ 75,000	\$ 170,000	\$ 150,000	\$ 445,000
*Prior year expenditures	-	-	60,000	-	60,000
*Current year expenditures	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>3,188</u>	<u>113,188</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>3,188</u>	<u>177,802</u>
Excess of revenue over expenditures	<u>\$ 50,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 146,812</u>	<u>\$ 267,198</u>

* Note: These projects are not accounted for in separate capital project funds, but are accounted for in several different capital project funds and the general fund.

See notes to supplemental schedule.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Supplemental Schedule

June 30, 1997

New Mexico Laws of 1995, Chapter 222, require Santa Fe County (County) to review and evaluate its Special Appropriation Projects in conjunction with the County's annual financial audit. The County is required to describe project accomplishments to date; breakdown of expenditures to date; describe any problems or delays encountered; and list any findings that conflict with the terms and conditions of the grant agreement.

CHIMAYO SHERIFF'S SUBSTATION

Project Accomplishments to Date

On November 27, 1995, proposals were submitted to Santa Fe County for professional services to design a law enforcement substation in Chimayo, New Mexico. On December 12, 1995, Architects West was awarded the contract for design of this project. On July 18, 1996, Preferred Building Systems was awarded the contract to construct an 850 square foot modular building for the Chimayo law enforcement substation.

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

To date, no problems or delays have been encountered on this project. The project was completed by November 8, 1996. On May 9, 1997, a certificate of occupancy was received from the project architect for the Chimayo Law Enforcement Substation.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

ELDORADO FEASIBILITY STUDY

Project Accomplishments to Date

On October 3, 1995, proposals were submitted to Santa Fe County for professional services to conduct a feasibility study for the Eldorado region. On December 12, 1995, Mazria Associates was awarded the contract for a feasibility study for a school and community center for the Eldorado area.

Sites were identified by Mazria Associates based on their availability, cost and acreage required for the various types of facilities. Based on data collected and needs assessment, the contractor provided recommendations for facilities to be provided for the southeast sector of Santa Fe County.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Supplemental Schedule (Continued)

June 30, 1997

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

No problems or delays were encountered on this project. The project was completed on April 1, 1996.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

EDGEWOOD SENIOR CENTER

Project Accomplishments to Date

On December 4, 1995, proposals were submitted to Santa Fe County for professional services to design an addition for the Edgewood senior center. On December 12, 1995, Architects West was awarded the contract for the design of this project. On June 20, 1996, Don Heil Builders was awarded the contract to construct an 1840 square foot addition to the senior center.

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

On January 29, 1997, a certificate of occupancy was issued to Santa Fe County for the Edgewood Senior Center Project.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

ARROYO SECO FIRE SUBSTATION

Project Accomplishments to Date

On February 14, 1996, an application for the recreation and public purposes lease was submitted to the Bureau of Land Management (BLM) to lease/purchase approximately 15 acres of land located in

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Supplemental Schedule (Continued)

June 30, 1997

northern Santa Fe County in the community of Arroyo Seco. A proposed five year plan of development and cultural inventory was submitted on July 10, 1996 to finalize the application with the BLM.

The BLM has published this request on the United States Federal Register and is awaiting public comment. If no opposition is met, Santa Fe County expects to obtain a notice to proceed from the BLM by late November 1996. After this process is completed, Santa Fe County will then issue the request for proposals for design of the Arroyo Seco substation.

Arrowhead Consultants Incorporated has been selected as the contractor for the construction of the substation. An agreement has been executed, a purchase document generated and the Property Control Division is coordinating with Arrowhead consultants in accessing utilities for the facility. The current Joint Powers Agreement terminates on June 30, 1998, and an extension cannot be requested until 30 days prior to termination.

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

Santa Fe County currently has no land in the Arroyo Seco area for construction of the fire substation. Therefore, we have submitted an application with the BLM to lease/purchase land. Because of the lengthy process of obtaining land from the BLM, the process of construction of this facility has been slowed.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

CAJA DEL RIO PROJECT

Project Accomplishments to Date

The Caja Del Rio Water Pipeline project will not be built until the spring of 1998 due to the need to complete and approve an archeological survey of the pipeline route. The survey has been reviewed by Forestry and Resources Conservation Division and returned to the Española Office of the US Forest Service for additional information. This information will require more fieldwork that will not take place until the spring of 1998 as weather permits. The current Joint Powers Agreement terminates on June 30, 1998, and an extension cannot be requested until 30 days prior to termination.

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Supplemental Schedule (Continued)

June 30, 1997

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

No problems or delays have been encountered on this project.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

ELDORADO ELEMENTARY SCHOOL MULTI-PURPOSE FIELD

Project Accomplishments to Date

The Santa Fe Public Schools are seeking additional funds to provide backfill and site preparation of the field. It is not likely that construction will begin in the spring of 1998. The current Joint Powers Agreement terminates on June 30, 1998, and an extension cannot be requested until 30 days prior to termination.

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

This project is being redesigned due to problems that were identified with the sub-surface irrigation pumping system.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

RIO EN MEDIO/CHUPADERO COMMUNITY CENTER

Project Accomplishments to Date

This project is complete and has been closed out with the Department of Finance and Administration. All funds have been expended except for approximately \$15,000 from the McCune Foundation proceeds. These funds are to be used for the reconstruction and expansion of retaining wall and

STATE OF NEW MEXICO
SANTA FE COUNTY

Notes to Supplemental Schedule (Continued)

June 30, 1997

drainage improvements at the Center. County employees will do the work and the materials to be used will be purchased by the Property Control Division. The funding from the McCune Foundation terminates on February 28, 1998.

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

No problems or delays were encountered on this project.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

AGUE FRIA PARK IMPROVEMENT

Project Accomplishments to Date

The improvements have started and the County is in the demolition phase of this project. All of the playground and related equipment has been purchased and is being stored on site. The only major purchase remaining is the materials for the construction of the Concession Stand/Restroom facility. The current Joint Powers Agreement terminates on June 30, 1998, and an extension cannot be requested until 30 days prior to termination.

Breakdown of Expenditures

See supplemental schedule of projects funded by special appropriations.

Problems or Delays in Project

Inclement weather and other priorities have stopped progress on this project since July, 1997.

Findings that Conflict with Grant Agreement

There are no known findings that conflict with this grant agreement.

STATE OF NEW MEXICO
SANTA FE COUNTY

Exhibit G-5

Supplemental Schedule of Expenditures of Federal Awards

Year Ended June 30, 1997

Federal Grantor/Program Title	Federal CFDA Number	Accrued Revenue (Deferred Revenue and Due to HUD) at July 1, 1996	Receipts	Revenues/ Expenditures	Accrued Revenue (Deferred Revenue and Due to HUD) at June 30, 1997
Direct Assistance					
U.S. Department of Housing and Urban					
Development (HUD)					
*Section 8 Certificate	14 855	\$ (63,628)	\$ 497,348	\$ 526,626	\$ (34,350)
*Section 8 Voucher	14.856	(143,036)	607,538	636,877	(113,697)
1993 CIAP	14.852	(17,704)	-	-	(17,704)
1994 CIAP		(16,409)	-	26,704	10,295
1995 CIAP	14.852	27,848	86,370	59,033	511
1996 CIAP		-	17,909	57,475	39,566
Total CIAP		<u>(6,265)</u>	<u>104,279</u>	<u>143,212</u>	<u>32,668</u>
Low rent subsidy	14.850	-	173,787	173,787	-
All youth sports grant	N/A	28,391	64,745	36,354	-
Drug Elimination Grant	N/A	17,876	52,318	43,870	9,428
* Housing Development Grant	N/A	-	-	594,501	594,501
Total direct assistance		<u>(166,662)</u>	<u>1,500,015</u>	<u>2,155,227</u>	<u>488,550</u>
Pass through					
HUD - Community Development Block Grant (CDBG)					
Program pass through from DFA	14.219	43,529	61,492	17,963	-
Department of Transportation - Traffic Safety					
pass through from New Mexico State					
Highway & Transportation Department	20.600	53,712	53,712	-	-
U.S. Forest Service pass through from Dept.					
of Finance and Administration (DFA)	N/A	-	10,402	10,402	-
U.S. Forest Service - Payment in lieu					
of taxes pass through from DFA	N/A	-	241,816	241,816	-
U.S. Department of Justice:					
DARE grant pass through from New Mexico					
Department of Public Safety	N/A	18,653	69,258	99,379	48,774
Region III grant pass through from New Mexico					
Department of Public Safety	N/A	49,525	164,290	213,555	98,790
COPS Fast grant pass through from New					
Mexico Department of Public Safety	N/A	7,041	7,041	-	-
Total assistance to Primary		<u>172,460</u>	<u>608,011</u>	<u>583,115</u>	<u>147,564</u>
Government					
Total assistance to County		<u>\$ 5,798</u>	<u>\$ 2,108,026</u>	<u>\$ 2,738,342</u>	<u>\$ 636,114</u>
<u>Amount</u>					
Housing Services - Notes payable to HUD:					
Loan balance at July 1, 1996		\$ 7,271,185			
Forgiven principal		<u>(59,559)</u>			
Loan balance at June 30, 1997		<u>\$ 7,211,626</u>			

* Major federal financial assistance program

See notes to supplementary schedule.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Notes to Supplemental Schedule of Expenditures of Federal Awards

June 30, 1997

General

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the State of New Mexico, Santa Fe County (the County).

Basis of Accounting

The accompanying Supplemental Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's general purpose financial statements.

Relationship to General Purpose Financial Statements

U.S. Department of Housing and Urban Development (HUD) Revenue:

	<u>CFDA #</u>	<u>Amount</u>
Section 8 Certificate	14.855	\$ 526,626
Section 8 Voucher	14.856	636,877
CIAP Program	14.852	143,212
Housing Services Enterprise Fund - Low rent subsidy	14.850	173,787
Housing Services Grant Program - Drug, Youth Sports and Housing Development Grant	N/A	674,725
Community Development Block Grant	14.219	17,963
U.S. Forest Service pass through accounted for in the Road Maintenance fund	N/A	10,402
U.S. Forest Service pass through accounted for in the General fund	N/A	241,816
U.S. Department of Justice revenue: DARE	N/A	99,379
Region III accounted for in the Region III Drug Enforcement fund with state funds also included	N/A	<u>213,555</u>
Total federal revenue		<u><u>\$2,738,342</u></u>

Notes Payable

Notes payable represent loans from the U.S. Department of Housing and Urban Development.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the State of New Mexico, Santa Fe County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1997. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1997. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 97-2.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the County Commissioners, County's management, State of New Mexico Office of the State Auditor, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



March 23, 1998

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Schedule of Findings and Questioned Costs

Year Ended June 30, 1997

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the general-purpose financial statements of the State of New Mexico, Santa Fe County (the County).
2. The reportable conditions relating to the audit of the financial statements are reported in the Memorandum on Accounting Procedures and Internal Controls as findings 97-3 through 97-6. Findings 97-3 through 97-5 were material weaknesses.
3. No current year instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. The current year findings disclosed during the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs. The finding 97-1 is reported as a reportable condition.
5. The auditors' report on compliance for the major federal award programs for the County expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the County are reported in Part C of this schedule.
7. The programs tested as major programs included:

	<u>CFDA#</u>
• Section 8 Voucher	14.855
• Section 8 Certificate	14.856
• Housing Development Grant	N/A

8. We have elected to defer the Type A and B classifications for one year. Major programs are determined by having expenditures greater than \$300,000.
9. N/A

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

See Memorandum on Accounting Procedures and Internal Controls.

STATE OF NEW MEXICO
SANTA FE COUNTY

Schedule of Findings and Questioned Costs (Continued)

June 30, 1997

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

97-1

CFDA #14.855, 14.856 and 14.852

Section 8 Programs - Prior Year Material Non Compliance

CIAP Program

Statement of Condition - As reflected on June 30, 1997 financial statements, the Housing Services (HA) had transferred monies between the low rent and Section 8 programs without proper approval by HUD in the prior years. Also, the June 30, 1997 financial statements reflect a significant liability to HUD for the prior year Section 8 programs. Questioned costs and improper drawdowns of federal funds that were noted in the prior year had not been fully resolved during the current year. Also, the prior year CIAP close outs have not been prepared and the 1997 year end reports for the federal assistance programs have not been prepared. The County has received verbal extensions from HUD but no written documentation from HUD.

Criteria - The Single Audit Act general requirements require that federal funds be used for immediate cash requirements of the program for which it is being requested. Expenditures billed to a program must be allowable and legitimate expenditures of that program.

Effect - The HA had not complied with federal regulations in the prior year.

Cause - Poor cash forecasting and adjusting budgets to reflect actual activity. Expenses had been recorded to programs when the actual expenses did not pertain to those programs.

Recommendation - We recommend that the County and HUD resolve the financial impact of the prior year problems and determine the actual amounts that should be refunded. Prior year reports should either be waived by HUD or prepared by the County. Current year financial reports need to be prepared.

Management Response - The County will contact HUD, in writing, to resolve this finding.

STATE OF NEW MEXICO
SANTA FE COUNTY

Schedule of Findings and Questioned Costs (Continued)

June 30, 1997

97-2

CFDA #14.855 & 14.856

Section 8 Programs

Statement of Condition - The following items were noted during our compliance testwork of forty files relating to the Section 8 programs:

- Two files did not have a copy of the tenant's social security card.
- One tenant's social security number did not match the social security number on HUD form 50058.

Criteria - HUD regulations require properly documented and maintained tenant files.

Effect - Non compliance with HUD regulations.

Cause - Insufficient review of the files on an ongoing basis to ensure proper documentation.

Recommendation - We recommend that a review process of files be perform on an ongoing basis. This will ensure that the files are complete and forms are being prepared properly. This should be a function for a County internal audit department if established.

Management Response - The Housing Services Division will implement a quality control system to ensure that files are complete and prepared properly. All tenant files that are due for annual recertification will be reviewed on a monthly basis. A checklist will be developed to ensure that all required documentation is properly maintained in the tenant file.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Schedule of Findings and Questioned Costs (Continued)

June 30, 1997

Status of Prior Year Findings and Questioned Costs

All prior year findings and questioned costs were repeated except for the following comments that were resolved:

- Drug Elimination Grant and Youth Sports Program
- Competitive Bidding
- Per Diem
- Low Rent Subsidy

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. Robert E. Vigil, CPA, State Auditor
and
County Commissioners of the
State of New Mexico, Santa Fe County

We have audited the financial statements of the State of New Mexico, Santa Fe County (the County) as of and for the year ended June 30, 1997, and have issued our report thereon dated March 23, 1998. Because of the conversion to a new computer system during the fiscal year, the County's accounting records have not recorded all of the transactions that have occurred and/or recorded the transactions to the incorrect funds. The County's accounting records did not permit us to extend our auditing procedures sufficiently to satisfy ourselves that the general ledger used to prepare the financial statements included all of the transactions to the proper funds that materially affect the financial statements of the individual funds. Accordingly, we do not express an opinion on the individual, combining and combined fund financial statements, excluding the combined balance sheet, referred to in the first paragraph. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 97-1 to 97-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Memorandum on Accounting Procedures and Internal Controls as items 97-3 and 97-6.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 97-3 and 97-5 to be material weaknesses.

This report is intended for the information of the County Commissioners, the County's management, State of New Mexico Office of the State Auditor, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



March 23, 1998

STATE OF NEW MEXICO
SANTA FE COUNTY

Memorandum on Accounting Procedures and Internal Controls

June 30, 1997

MATERIAL WEAKNESS 97-3
Accounting and Financial Reporting

Statement of Condition - The conversion to the new computer system caused many problems in recording transactions and reconciling the accounting records. Completed, the County's general ledger was materially incorrect because many of the transactions had not been recorded or recorded in error. For example:

- The sale of the bonds and transactions relating to the bond proceeds had not been recorded until the year end audit. Also, debt service and transactions relating to the New Mexico Finance Authority loan proceeds either had not been recorded timely or not recorded correctly to the general ledger.
- The Finance Department and the County Treasurer's Office are both involved in the recording of revenue and the cash reconciliation process. While this structure provides for segregation of duties, it also causes revenue being recorded to the incorrect fund.
- The cash reconciliation process between the Finance Department and the County Treasurer's Office had not occurred timely and cash does not reconcile between the two entities. The reconciliation process does not include all bank accounts.
- Many of the due from/due to account balances are the result of our audit entries to record transactions to the proper fund.
- The billing and collection of accounts receivable from grantor agencies did not occur timely because of delays caused by the computer conversion.
- The general ledger is maintained on a budgetary basis (non GAAP basis) and the conversion to the GAAP basis financial statements requires numerous adjustments. In addition, numerous correction entries have been made to the budgetary basis general ledger.
- The County Treasurer Agency Fund, Cemetery Fund and other funds recorded by audit entries must be included on the general ledger.
- There are several small bank accounts for grant programs that are not on the County's general ledger.

Criteria - Financial statements must be materially correct and prepared in accordance with generally accepted accounting principles (GAAP).

Effect - All transactions have not been recorded properly and reconciled timely to the general ledger.

Cause - Insufficient resources had been allocated to the accounting, reconciliation and review process throughout the year.

Recommendation - To ensure that accounting transactions are recorded properly and financial statements can be prepared in accordance with GAAP and budgetary purposes, the accounting and reporting functions must be improved. To implement improvements, the County should consider the following:

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

- Many of the accounting transactions originate outside the Finance Department. This increases the risk that transactions may not be recorded timely or correctly. We recommend that all accounts receivable billings and revenue recording be the responsibility of the Finance Department. All bank accounts need to be recorded on the general ledger or closed.
- We recommend that an internal audit function be established to address the comments included in this report and review internal controls at other various County departments. We also recommend that the internal audit review include the EDP operations and revenue generating functions such as property tax, lodgers' tax and road projects.
- Transactions both for GAAP and budgetary basis must be recorded to the proper fund. The County must determine if all their funds are necessary and then record all transactions to that fund. The County should review if their computer system can be upgraded to account for transactions on a GAAP and budgetary basis.
- A more formal monthly review of the funds' balance sheets, statements of revenue and expenditures and budget reports should be performed. This complete review should include reviewing monthly reconciliations and recording applicable correcting entries timely.
- The number of special revenue funds should be reduced. Those activities for many of the special revenue funds not required by law can be accounted for in the general fund by a cost center.

Management Response

- The Finance Department is currently establishing procedures where all transactions will be reviewed to ensure timeliness and accuracy of posting.
- We are reviewing all special revenue funds whose source of funding is derived from grants to determine if these funds can be closed and accounted for as part of the general fund.
- We are currently developing procedures to ensure the timely reconciliation of cash between Finance and the Treasurer's Office.
- A computer upgrade occurring in fiscal year 99 should help in accounting for transactions for GAAP and budgetary purposes.

MATERIAL WEAKNESS 97-4

Computer

Statement of Condition - We noted a lack of or insufficient EDP documentation that includes:

System Documentation:

- Systems description
- Input descriptions
- Output descriptions
- File descriptions
- Description of controls
- Copies of authorizations and their effective dates for system changes that have been implemented.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

Program documentation:

- Brief narrative description of the tasks performed by the program
- Flowcharts
- Source statements or parameter listings
- Control features
- File formats and record formats
- Record of program changes
- Input and output formats
- Operating instructions

User Instructions consisting of:

- Description of system
- Description of input and output, including data entry requirements and sample source and output documents
- Error correction procedures, including error message explanations
- List of control activities and an indication of who is responsible for performing those activities
- Cutoff procedures for submission of data to the system
- Description of how the user department should check reports for accuracy

Staff were not sufficiently trained on the new accounting software features and capabilities.

The old software and the new software were not run parallel for a period of time before converting entirely to the new software.

Criteria - Proper EDP documentation should exist to ensure policies and procedures are being carried out. Any large entity should run new accounting software parallel with their old software for a certain period of time to ensure that the new software produces valid information in a format necessary for proper financial management and control.

Effect - Incomplete EDP documentation could result in a lack of knowledge about the system should the current outside consultant become unavailable. The computer system conversion caused problems in providing timely financial information.

Cause - The County has not obtained complete EDP documentation. Computer conversions require additional resources to ensure that the County's accounting system can provide timely and meaningful financial information.

Recommendation - The computer system should have proper documentation as described above and training provided to the County personnel to operate the system.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

Management Response - The Finance Division will not utilize the existing accounting software effective July 1, 1998. The County will begin utilizing the HTE system, which will be upgraded to include sufficient documentation. The County will also provide staff training in HTE software features and capabilities.

MATERIAL WEAKNESS 97-5

Budget

Statement of Condition - We noted the following:

- Certain funds' budgets did not balance as reflected in the budget and actual (Non-GAAP budgetary basis) schedules. It appears that cash balance carryforward amounts are not reflected for all applicable funds.
- Actual budgetary expenditures are not correct because of mispostings.
- Not all funds were budgeted because the activity in those funds were not recorded until the year end audit.
- The County budgets and records activity such as payroll expenses for several special revenue funds in the general fund.
- The present budgetary status reports do not compare prior year encumbrances paid to the encumbered amounts outstanding from the prior year. Thus, amounts could have been recorded to prior year encumbrances incorrectly and not be detected.
- The present budgetary status reports did not include transfers in and out.
- The encumbrance detail does not agree to the balances per the general ledger and the budgetary status reports for several of the funds.
- The County encumbered balance sheet accounts instead of expense accounts for several funds and were not reflected as budgetary expense.

Criteria - Budgets and budgetary expenses should be prepared in accordance with management's criteria.

Effect - Budget information is not meaningful if not reviewed and corrected on a timely basis.

Cause - There had been insufficient ongoing review of budgetary information to ensure budgets balance and input errors are detected timely. Activity for a specific program accounted for as a separate fund for GAAP purposes has not been reported consistently for budgetary purposes.

Recommendation - Review of budgetary information should be performed on a timely basis to detect input errors and to ensure all budgets balance. Management should review when a budget change is approved and if it affects another fund, then the other affected fund budget should also be adjusted. The budget status report and general ledger needs to be modified to report prior year encumbrances paid to the applicable expense account and compared to the actual prior year outstanding encumbrance balance. The County's accounting system is recording transactions on a

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

budgetary basis that is not consistent with GAAP. The current budgetary basis of accounting for investment income does not include the effect of amortization of premiums and discounts. Corrections of revenue and expenditure transactions between funds that are recorded on a GAAP basis by due to/due from accounts are reflected as budgetary revenue and expenditures when corrected after year-end. This method does not provide accurate budgetary information to management. Management should consider changing its method of budgetary accounting to a modified accrual basis. This will provide more meaningful budgetary information. Management must determine if all of the special revenue funds are needed to account for a program or grant activity. Accordingly, all activity relating to that program or grant should be recorded to the specific fund.

Management Response - Management will ensure the budgetary transactions are recorded properly and establish balanced budgets for all funds. Monthly review procedures will be established to identify and correct errors found on a timely basis.

REPORTABLE CONDITION 97-6

Cash and Investments

Statement of Condition - The securities detail and brokers' statements must be reconciled to the County's records on a monthly basis. The securities detail should be based on the County's cost and take into effect the amortization of premium and discounts on investments. The County should also accrue interest income on their investments for budgetary purposes. The June 30, 1997 GAAP financial statements include accrued interest and the effect of amortized premiums and discounts.

The County's investment policy should specifically address that the money market account at Everen is within policy. Also as shown in Exhibit G-3, there was an under-pledged amount of \$68 because not all of the bank accounts are on the County's general ledger.

The present investment policy should be reviewed and updated by the County. We did not see that the oversight role of the County Commission Board of Finance as described in the investment policy was occurring during the year.

Criteria - Investments should be accounted for in accordance with generally accepted accounting principles and invested in accordance with County policy.

Effect - Financial statements would be incorrect if investments are not properly stated. Investment policy should clearly state what types of investments are within policy.

Cause - Resources were not allocated to prepare and reconcile the County's investments on a monthly basis.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

Recommendation - The Treasurer's Office should develop a subsidiary detail of investments that can be used to reconcile to the County's investments and to the broker statements. This will ensure that the County's records are correct and help to identify errors made by the broker and ensure income received and recorded is proper. The County's investment policy should be expanded to address funds invested in money market accounts, selection of securities dealers and the oversight role of the County Commission. All bank accounts need to be included on the general ledger and have adequate collateral.

Management Response - The Treasurer's Office has invested in software to assist with the reconciliation of investments. The software utilized by the Treasurer's Office will assist with the accrual of interest income and the amortization of premiums and discounts. Investment policy will be reviewed and updated, if applicable, or developed.

OTHER FINDINGS 97-7

Fixed Assets

Statement of Condition - The County has made progress in maintaining its fixed asset records. We recommend that further improvements can be made by addressing the following items:

- Serial numbers were not on fixed asset listing for several assets or descriptions were inadequate to identify the asset,
- Many of the items tested did not have fixed asset tags,
- Many of the assets selected from the listing and from the floor were found, but not in the department per the fixed asset listing,
- Although a fixed asset transfer document has been developed by the County it appears not all departments are complying by using the form. Transfers should be recorded by the department initiating the transfer.

Criteria - Sound accounting and control policies state that all fixed assets owned should be included in the general fixed asset account group and an inventory of all information (description, date of acquisition, serial number, fixed asset tag number, cost and location) should be maintained and kept current. All transfers should be documented to ensure that assets can be located when necessary. All items should be tagged with a Santa Fe County tag for easy identification.

Effect - The general fixed asset account group balance will not be correct if a fixed asset detail is not maintained timely.

Cause - Transfers are not being properly documented making it difficult to locate certain items. There are no formal procedures for tagging new equipment when delivered to the County.

Recommendation - Assets that do not have a County tag need to be tagged and all information properly recorded on the fixed asset listing. Procedures to transfer assets must be enforced in each department.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

Management Response - The Finance Division will develop procedures for tagging and tracking County fixed assets. The procedures will also set forth the information to be maintained in the fixed asset account group, as well as require that all fixed asset detail be entered on a monthly basis, as part of a reconciliation process. The Finance Division will conduct an inventory of fixed assets at mid-year and at fiscal year end to ensure that all assets are accounted for and properly tagged.

**OTHER FINDINGS 97-8
Landfill Closure Costs**

Statement of Condition - The County has not had a study to update the estimated costs for the landfill closure and postclosure care.

Criteria - A survey should be performed every other year to ensure the estimated closure and postclosure costs are accurate.

Effect - The County could misstate the landfill closure costs liability in the general long-term debt account group.

Cause - The County has not had a current study performed.

Recommendation - A study should be performed to reflect current closure and postclosure costs.

Management Response - The County will arrange for an updated study to reflect current closure and post closure costs.

**OTHER FINDINGS 97-9
Disbursement**

Statement of Condition: We noted during testwork that documents are not cancelled when paid. One occurrence of a double payment was found in the amount of \$102.63. This amount was subsequently refunded to the County. The new computer system does not reject entries of the same invoice/purchase order number to prevent double payment, as the old system did.

Criteria - Documents should be marked "paid" or cancelled in some other manner to prevent the County from making double payments of invoices. A feature should be added to the new computer system to prevent double payments from being made.

Effect - The County may overstate expenses if making double payments.

Cause - The County paid the invoice twice because the invoice was not cancelled when paid the first time. The new computer system does not have a feature to prevent double payment.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

Recommendation - Invoices should be cancelled when paid to prevent double payment. A feature should be implemented on the computer system to detect double payment of invoices.

Management Response - Effective February 21, 1998, the Finance Division's accounts payable section began stamping all paid invoices as "PAID". An enhancement to the current accounting software to detect duplicate payments via duplicate invoice numbers has been requested, but is not yet available. Management will follow up with the software developer on the possible implementation date of that feature.

OTHER FINDINGS 97-10

Disbursement

Statement of Condition: We noted the following during our credit card testwork:

- The County Finance Department does not keep a compiled list of all their gasoline credit cards.
- The County's listing of cellular phones was incomplete. The list contained departments and individuals who have the phones; however, there were no identifying/telephone numbers on the listing.
- The County does not have a written policy outlining the rules and regulations concerning the use of County credit cards.

Criteria - Only authorized users should have credit cards/cellular phones and a current listing of employees with these should be maintained. A written policy should be developed to outline the rules and regulations regarding the use of County credit cards and cellular phones.

Effect - Misuse of County credit cards and cellular phones could occur if the County Finance Department does not have a current and correct listing.

Cause - Insufficient resources were allocated to maintain credit card/cellular phone listings and develop rules and regulations relating to them.

Recommendation - The County Finance Department should maintain a compiled, complete listing of their gasoline credit cards and cellular phones to ensure that only proper charges are being paid. A written policy should be developed outlining the rules and regulations of their use.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

Management Response:

- Gasoline Credit Cards - This condition has existed for a number of years and will be addressed immediately. The County Finance Division is entrusted with and currently maintains a listing of credit cards for Chevron and Texaco only. The accounts receivable technician is in the process of compiling a listing of all other generic gasoline credit cards. The technician will be responsible for maintaining the inventory of gasoline credit cards in accordance with the internal controls and policy regarding the proper use of gasoline credit cards currently being developed by the accounting section.
- Cellular Telephones - The County Finance Division's accounts payable section is in the process of compiling a listing of all cellular telephones. The list will include the name of the responsible individual, department, telephone number and service provider. The list will then be compared to paid invoices to ensure that payments were and will be made for authorized County use only. The accounts payable supervisor will be responsible for maintaining the listing in accordance with the internal controls and policy regarding the proper use of cellular telephones currently being developed by the accounting section.
- Other County Credit Cards - The accounts receivable technician is in the process of compiling a listing of all other County credit cards. The technician will be responsible for maintaining the inventory of credit cards in accordance with the internal controls and policy regarding the proper use of such credit cards currently being developed by the accounting section.

OTHER FINDINGS 97-11

Ambulance Billing

Statement of Condition - The County does not have a centralized billing system to bill customers for ambulance services. Each individual fire district bills their customers and collects payments.

Criteria - To ensure good accounting controls, a centralized billing system should be in place.

Effect - Receivables may be incomplete and be misstated.

Cause - Each individual fire station has their own billing and collection system.

Recommendation - A central billing system should be implemented to ensure all receivables are accounted for.

Management Response - Effective July 1, 1998, the County Fire Department will be responsible for billing customers for ambulance services in accordance with internal controls and policies developed by the Finance Division, rather than allowing each EMS District to bill their customers and collect payments. The Fire Department will be required to provide the Finance Division with the daily accounts receivable information for timely input into the accounting system. All payments from customers will be mailed directly to the Finance Division for proper deposit with the County Treasurer.

STATE OF NEW MEXICO
SANTA FE COUNTY

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

OTHER FINDINGS 97-12

Travel Advances

Statement of Condition - Travel advances are recorded to general ledger expense accounts when the disbursement is made instead of to a travel advance balance sheet account. Also, the travel advance log, which is manually maintained, was not correct because a per diem payment made to an employee after travel was completed was entered as an advance in the travel advance log.

Criteria - Travel advances should be recorded to a travel advance account.

Effect - Travel advances are being directly recorded to an expense account when the expense has not yet been incurred.

Cause - A travel advance general ledger account has not been established and the manual advance log has not been reconciled to the general ledger.

Recommendation - Travel advances should be recorded to a travel advance account and only expensed when the individual turns in his or her per diem reimbursement. The travel advance log should be reconciled to the general ledger and the detail reviewed monthly to ensure all travel advances are still valid advances.

Management Response - This condition has existed for a number of years and will be addressed immediately. Travel advances will be recorded as an account receivable and then recorded as an expenditure when the actual per diem reimbursement is processed for payment. The accounts payable and accounting staff members will work closely together to properly record the travel advances, as well as to provide the Finance Director with a by-weekly status report to ensure timely filing and recording of actual costs for travel, in accordance with County policies and procedures for public officials and employee per diem and mileage.

OTHER FINDINGS 97-13

Outstanding Checks

Statement of Condition - During a review of outstanding checks at June 30, 1997, it was noted that checks as old as December, 1992 are still listed as outstanding.

Criteria - Only checks written in June should be included as outstanding at year end. Old outstanding checks should be investigated and cleared, instead of being carried on the bank reconciliation for all succeeding years.

Effect - The cash balances will be misstated if outstanding checks are not current.

Cause - Resources have not been allocated to research old outstanding checks.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

Recommendation - We recommend that the County investigate all old outstanding checks to determine if they are properly identified as outstanding or should be voided.

Management Response - Old outstanding checks will be investigated.

OTHER FINDINGS 97-14

Payroll

Statement of Condition - The following conditions were noted during the testwork of payroll:

- 8 of 12 employees who were required to have an annual performance evaluation did not.
- 1 of 20 employees tested did not have a PERA application, or a signed statement declining PERA. The employee was having a PERA deduction taken from the employee's check.

Criteria - The personnel handbook requires that a Performance Development Plan (PDP), be completed annually for every classified employee. Every employee must have a signed PERA application if deductions are being made from the employee's paycheck.

Effect - The County is unaware of the job performance of its employees without annual evaluations. The personnel file is incomplete without a PERA application.

Cause - Certain departments are not performing the annual performance evaluations. Lack of personnel file maintenance contributes to incomplete personnel files.

Recommendation - The policy regarding annual Performance Development Plans should be enforced. Periodic review of personnel files to ensure they include all necessary documentation.

Management Response:

- Annual Performance and Development Plans - The County will enforce its policy regarding annual performance and development plans by providing each department with a list of their employees with due dates for completing the performance and development plan on a monthly basis.
- PERA Application - The Personnel Division has identified those employee files lacking a PERA application and is in the process of collecting those documents for inclusion in the file. The Personnel Division will conduct monthly review of personnel files to ensure completeness.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

OTHER FINDINGS 97-15

Payroll

Statement of Condition - The following conditions were noted during the testwork of payroll:

- A timesheet could not be found for one of the employees tested. This employee was required to submit a timesheet in order to be paid.
- 1 of 20 employees tested had an incorrect pay rate listed on their Personnel Action Form (PAF). The employee was paid at the correct rate.

Criteria - The Payroll department must receive a timesheet in order to process an employee's payroll check. Employees should have the correct pay rate listed on their Personnel Action Form.

Effect - The County needs to receive a timesheet in order to pay the employee for the correct amount of hours. The County's Personnel Action Form on file for this employee was incorrect.

Cause - The timesheet could not be located for this employee. Lack of file maintenance resulted in an incorrect pay rate on a Personnel Action Form.

Recommendation - Improved timesheet file maintenance would ensure all timesheets are accounted for. Periodic review of personnel files should be performed to ensure the PAF in the employee's personnel file correctly states the employee's current pay rate.

Management Response:

- Timesheet - The Personnel Division will not pay an employee without a timesheet. The Personnel Division will improve the file maintenance by filing the timesheets immediately after payroll is run.
- Personnel Action Form - Management believes that the personnel action form was correct based on the number of pay periods (27) for the year the employee began employment for the County. The Personnel Division conducted a thorough review of the personnel action forms and compared the amounts to be paid to the payroll system. No other discrepancies were found. The Personnel Division will compare the personnel action form with the payroll system on a quarterly basis to ensure that the employee file correctly states the employee pay rate.

**STATE OF NEW MEXICO
SANTA FE COUNTY**

Memorandum on Accounting Procedures and Internal Controls (Continued)

June 30, 1997

PRIOR YEAR FINDINGS

Prior year findings have been included in the current year findings except for the following which have been resolved: Purchasing

* * * * *

EXIT CONFERENCE

An exit conference was held on Monday, March 30, 1998 to discuss the audit report and current and prior year findings. Those in attendance were as follows:

Santa Fe County:

Domingo Sánchez, III, County Manager
Andrew Chavez, Administrative Services Division Director
Thomas Montoya, Finance Director
Philip Trujillo, Treasurer
Angie Gonzales, Deputy Treasurer

Barraclough & Associates, P.C.:

John Barraclough, Managing Principal
Douglas Fraser, Audit Manager
Georgie Broadie, Audit Senior

We acknowledge the courtesy and assistance extended to us during the course of the audit. Should you desire to discuss any of the matters further, please do not hesitate to contact us.

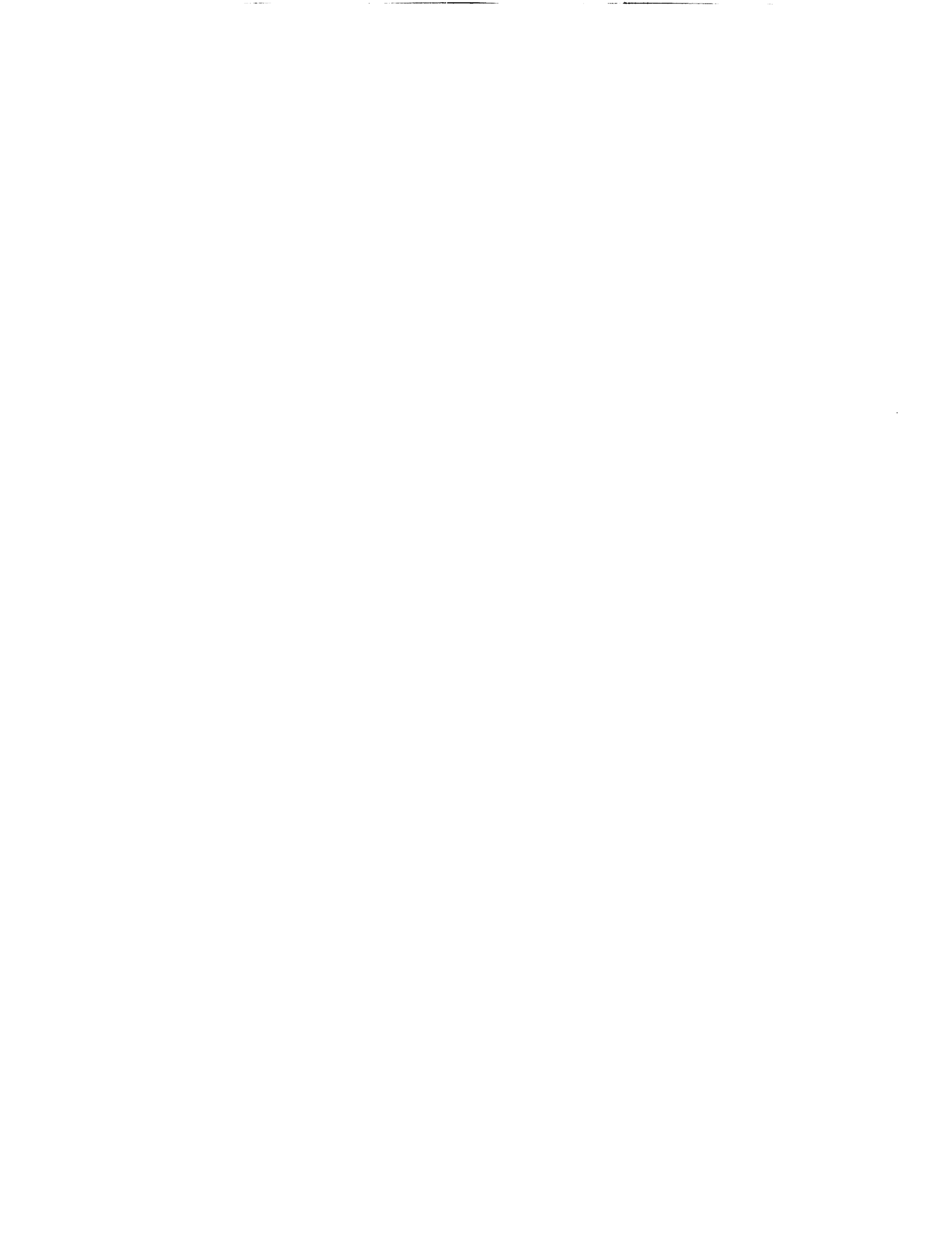


EXHIBIT C

Form of Bond Counsel Opinion

[FORM OF BOND COUNSEL OPINION]

October 27, 1998

Board of County Commissioners
Santa Fe County
102 Grant Avenue
Santa Fe, New Mexico 87504

\$2,200,000
SANTA FE COUNTY, NEW MEXICO
FIRE PROTECTION REVENUE BONDS
SERIES 1998

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Santa Fe County, New Mexico (the "Issuer") of its Fire Protection Revenue Bonds, Series 1998, dated October 1, 1998, issued in the aggregate principal amount of \$2,200,000 (the "Bonds") pursuant to §§ 4-62-1 through 4-62-10, and § 4-37-1, NMSA 1978, as amended, (the "Act") and a Bond Ordinance and Resolution of the Issuer adopted December 30, 1997 and October 13, 1998, respectively (collectively, the "Bond Ordinance"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Ordinance and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

In connection with the issuance of this opinion, we have assumed the authenticity and genuineness of all signatures on original documents and the conformity of all copies to the original documents.

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

1. The Issuer is duly created and validly existing as a county and political subdivision of the State of New Mexico with the power and authority to adopt the Bond Ordinance, perform the agreements on its part contained therein, and issue the Bonds.

2. The Bond Ordinance has been duly adopted by the Issuer

Board of County Commissioners
Santa Fe County, New Mexico
_____, 1998

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and constitutes a legal, valid and binding special, limited obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Ordinance creates a valid lien on the Pledged Revenues pledged by the Bond Ordinance for the security of the Bonds. The Pledged Revenues have been duly imposed by the Issuer and constitute a valid tax pursuant to the laws of the State.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Ordinance.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Issuer has designated the Bonds as "qualified tax-exempt bonds" for purposes of § 265(b)(3)(B)(i).

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

Board of County Commissioners
Santa Fe County, New Mexico

_____, 1998

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8. The Bonds are exempt from registration under the Securities Act of 1933 and the State of New Mexico securities law.

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

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Other than as described in this opinion, we are not opining on the tax consequences to any person or entity of the investment in, or receipt of interest on, the Bonds. We further disclaim any responsibility to advise you of events occurring after the date hereof which could have an effect on the foregoing opinions.

Very truly yours,

HUGHES & STRUMOR, LTD. CO.

EXHIBIT D

Form of Insurance Policy

Ambac

Municipal Bond Insurance Policy

Ambac Assurance Corporation
a CT Corporation System
13 East Main Street, Madison, Wisconsin 53703
Administrative Office
One State Street Plaza, New York, New York 10004
Telephone: (212) 608-0540

Issuer:

Policy Number:

Bonds:

Premium:

Ambac Assurance Corporation (Ambac) A Wisconsin Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Ambac will make such payments to the Insurance Trustee within one (1) business day following notification to Ambac of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's right to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of Ambac or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to Ambac all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all the Bondholder's rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

UNITED STATES TRUST COMPANY OF NEW YORK a, acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy

Form No. 100-10-10-10

A-

Authorized Representative:

Authorized Officer



