

NEW ISSUE
Book Entry Only

RATINGS:
Moody's Investor Service, Inc.: Aa3
Standard & Poor's Ratings Group: AA

In the opinion of Hughes & Strumor, Ltd. Co., Bond Counsel, under existing regulations, rulings and judicial decisions and assuming continuous compliance with certain covenants set forth in the documents pertaining to the Bonds and certain requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds will not be treated as an item of tax preference in calculating the federal alternative minimum tax imposed on individuals and corporations; however, the 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 certain 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 Exemption" herein.)

\$17,925,000
BERNALILLO COUNTY, NEW MEXICO
Gross Receipts Tax Revenue Bonds
Series 1997

Dated: December 1, 1997

Due: October 1, as detailed below:

The Bonds are being issued pursuant to Sections 4-62-1 through 4-62-10 NMSA 1978, Section 4-37-1 NMSA 1978, and Section 7-20E-9 NMSA 1978 to provide funds primarily for constructing, furnishing and equipping public buildings, and parking facilities, constructing, drainage improvements, constructing wastewater systems, constructing streets, to fund a Reserve Fund and to pay costs of issuance of the Bonds, including an Underwriter's Discount.

The Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates. (See "THE BONDS--Book Entry Only System.") Interest is payable semi-annually on April 1 and October 1 commencing October 1, 1998. Principal is payable annually as detailed below. The Bonds are subject to mandatory redemption prior to their respective maturities as more fully described in this Official Statement (see "THE BONDS--Prior Redemption").

The Bonds are special limited obligations of the County, payable solely from Pledged Revenues as described herein. The Bonds are not general obligations of the County and neither pledge the full faith and credit of the County nor the ad valorem taxing power or general resources of the County, the State of New Mexico or any political subdivision to the payment of the Bonds. (See THE BONDS--Source of Payment and Security). The Bonds are being issued with a lien on the Pledged County Gross Receipts Tax Revenues on a parity with the \$1,580,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996, the \$50,815,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996A, and the \$61,260,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996B. (See "THE BONDS--Parity Bonds").

MATURITIES, INTEREST RATES, AND YIELDS

<u>Due</u> <u>10/01</u>	<u>Principal</u>	<u>Interest</u> <u>Rates</u>	<u>Reoffering</u> <u>Yields</u>	<u>Due</u> <u>10/01</u>	<u>Principal</u>	<u>Interest</u> <u>Rates</u>	<u>Reoffering</u> <u>Yields</u>
1998	\$535,000	5.00%	3.80%	2006	\$1,000,000	5.00%	4.55%
1999	\$565,000	5.00%	4.05%	2007	\$1,000,000	5.00%	4.60%
2000	\$590,000	5.00%	4.10%	2008	\$1,000,000	5.00%	4.65%
2001	\$620,000	5.00%	4.20%	2009	\$1,000,000	5.25%	4.75%
2002	\$655,000	4.30%	4.30%	2010	\$1,000,000	5.25%	4.85%
2003	\$685,000	4.40%	4.40%	2011	\$1,000,000	5.25%	4.90%
2004	\$720,000	4.45%	4.45%	2012	\$1,000,000	5.25%	4.95%
2005	\$755,000	4.45%	4.50%			5.25%	

\$3,055,000 5.75% Term Bond maturing October 1, 2015 to yield 5.03%

\$2,745,000 5.75% Term Bond maturing October 1, 2017 to yield 5.08%

The Bonds are being offered when, as and if issued by the County and purchased by the Underwriter, subject to the delivery of an approving legal opinion by Hughes & Strumor, Ltd. Co., Albuquerque, New Mexico, Bond Counsel. It is anticipated that the Bonds will be available for delivery through The Depository Trust Company, New York, New York on or about December 17, 1997

PIPER JAFFRAY INC.

EVEREN SECURITIES, INC.

DATED: December 9, 1997

BERNALILLO COUNTY, NEW MEXICO

County Commission

One Civic Plaza, N.W., Suite 10111

Albuquerque, New Mexico 87102

Telephone: (505) 768-4000

COUNTY COMMISSION

Mr. Tom Rutherford, Chair

Ms. Barbara J. Seward, Vice Chair

Mr. Steve D. Gallegos, Commissioner

Mr. Les Houston, Commissioner

Mr. Ken Sanchez, Commissioner

COUNTY OFFICIALS

Mr. Juan R. Vigil, Manager

Mr. Dan Mayfield, Finance Director and Comptroller

Mr. Orlando Vigil, Treasurer

Mr. D. Kirk Anderson, Assessor

Ms. Judy D. Woodward, Clerk

BOND COUNSEL

Hughes & Strumor, Ltd. Co.

320 Gold Avenue, SW, Suite 1000

Albuquerque, New Mexico 87102

Telephone: (505) 842-6700

UNDERWRITER

Piper Jaffray Inc.

2780 Skypark Drive, Suite 400

Torrance, California 90505-5343

Telephone: (310) 325-3825

USE OF INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the Appendices ("Official Statement"), does not constitute an offering of any security other than the original offering of the Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1997 identified on the cover hereof (the "Bonds"). 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 any 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 Bond Ordinance authorizing the issuance of the Bonds are available upon request at the office of the Bernalillo County Clerk, One Civic Plaza, Albuquerque, New Mexico 87102 (505) 768-4090.

The prices at which the Bonds are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering prices or yields appearing on the 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, § 240.15c2-12) (THE "RULE").

AND

THE COUNTY HAS NOT FAILED TO COMPLY WITH ANY PRIOR SUCH UNDERTAKING UNDER THE RULE. A FAILURE BY THE ISSUER TO COMPLY WITH THE UNDERTAKING WILL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE BOND ORDINANCE (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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SUMMARY INFORMATION

The following material represents a summary of information contained within this Official Statement and is qualified in its entirety by the detailed information herein. This Summary is only a brief statement and a full review of this Official Statement should be made by potential investors.

- DATE:** The Bonds are dated December 1, 1997.
- PRINCIPAL AND INTEREST PAYMENTS:** Interest is payable semi-annually on April 1 and October 1 in each year beginning on October 1, 1998. The Bonds mature serially on October 1 in each of the years 1998 through 2012 and term bonds mature on October 1, 2017 with mandatory sinking fund redemption as more fully described herein.
- REDEMPTION:** The Bonds are subject to mandatory redemption prior to their respective maturities as more fully described herein. The Bonds are not subject to optional redemption prior to maturity.
- AUTHORIZATION:** The Bonds are to be issued pursuant to County Ordinance No. 96-11 adopted by the County Commission on May 7, 1996 and County Sale Resolution adopted by the County Commission on December 16, 1997 (collectively the "Bond Ordinance").
- PLEGGED REVENUES:** The Bonds are payable solely from Pledged County Gross Receipts Tax Revenues which equal one-fourth of one percent (.25%) of the taxable gross receipts reported for the County for each month but only to the extent that 25% of the first one-eighth increment of such revenues (the "reserve revenues") are not otherwise deposited in the County reserve fund pursuant to section 7-20E-11, NMSA 1978, as amended, and, if still available, such reserve revenues upon their release from the County reserve fund after the end of each Fiscal Year, and excepting from the second one-eighth increment of such revenues the amount of \$1,000,000 annually, at the rate of \$83,333.33 per month, for indigent care pursuant to Section 7-20E-9.C., NMSA 1978. The Pledged County Gross Receipts Tax Revenues are the Pledged Revenues.
- SECURITY:** The Bond Ordinance provides a first lien, but not an exclusive first lien, on the Pledged Revenues, which revenues are remitted monthly by the Revenue Division of the Taxation and Revenue Department of the State to the County as authorized by Sections 7-1-6.1 and 7-1-6.13, NMSA 1978, and which remittance equals one-fourth of one percent (.25%) of the taxable gross receipts for the County for the month for which such remittance is made.
- PARITY BONDS:** The Bonds are being issued with a lien on the Pledged Revenues equal to or on a parity with the \$1,580,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996, the \$50,815,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996A and the \$61,260,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996B.

PURPOSE AND PLAN OF FINANCING

Proceeds received by the County from the sale of the Bonds, will be used for the purposes of acquiring land, purchasing, constructing, furnishing and equipping one or more public buildings, acquiring or improving public parking facilities, and improvements and additions for drainage, waste water and streets, funding a reserve fund and paying costs associated with issuance of the Bonds.

More specifically, the County intends to use the majority of the proceeds of the Bonds to purchase and install communications systems, information management systems, constructing an outdoor performing arts theater, and constructing parking facilities.

The following table shows the estimated sources and uses of the proceeds of the Bonds. Accrued interest on the Bonds from December 1, 1997 to the date of delivery of the Bonds will be deposited in the Bond Fund.

Sources of Funds:	
Proceeds from the Bonds	\$18,736,393.74
Uses of Funds:	
Accrued Interest	\$41,480.89
Deposit to Reserve Fund	1,693,500.00
Deposit to Acquisition Fund	16,693,802.50
Costs of Issuance and Underwriter's Discount ¹	307,600.00
Total Uses of Funds:	\$18,736,393.74

¹ Includes legal fees, printing, Underwriter's discount and other miscellaneous fees (see "UNDERWRITING").

PARITY BONDS DEBT SERVICE SCHEDULE

The Bonds are issued with a lien* on the Pledged County Gross Receipts Tax Revenues equal to or on a parity with the \$1,580,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996, dated April 1, 1996 issued April 23, 1996 (the "Series 1996 Bonds"), the \$50,815,000 Bernalillo, County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996A, dated July 1, 1996, issued July 2, 1996 (the "Series 1996A Bonds") and the \$61,260,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996B dated December 1, 1997 and issued December 12, 1996 (the "Series 1996B Bonds"). Total aggregate debt service for the Series 1996 Bonds, Series 1996A Bonds and Series 1996B Bonds is as follows:

* In addition, the Series 1996 bonds are payable from revenues of the County derived from the County Clerk's Equipment Recording Fee imposed by Section 14-8-12.2, NMSA 1978.

Fiscal Year Ending June 30	Outstanding Debt Service
1998	\$6,439,437.50
1999	6,439,092.50
2000	6,867,652.50
2001	6,896,802.50
2002	6,932,585.00
2003	6,904,415.00
2004	7,014,345.00
2005*	7,926,500.00
2006	7,389,970.00
2007	7,443,930.00
2008	8,931,985.00
2009	8,835,335.00
2010	8,737,535.00
2011	8,634,847.50
2012	8,642,197.50
2013	8,649,452.50
2014	8,650,265.00
2015	8,655,115.00
2016	8,657,077.50
2017	8,661,152.50
2018	8,663,277.50
2019	8,666,752.50
2020	8,685,215.00
2021	8,688,127.50
2022	8,699,952.50
2023	8,705,177.50
2024	8,714,800.00
2025	8,697,390.00
2026	9,303,225.00
2027	8,773,100.00

*Final maturity for the Series 1996 Bonds.

DEBT SERVICE COVERAGE

Year ended June 30	Total Estimated Pledge Revenue	Previous Combined Debt Service	New Combined Debt Service	Debt Service Coverage Rate
1988	\$26,725,436.00	\$6,439,437.50	\$6,439,437.50	4.15 x
1999	\$26,725,436.00	\$6,439,092.50	\$8,205,144.17	3.26 x
2000	\$26,725,436.00	\$6,867,652.50	\$8,325,097.50	3.21 x
2001	\$26,725,436.00	\$6,896,802.50	\$8,350,372.50	3.19 x
2002	\$26,725,436.00	\$6,932,585.00	\$8,385,905.00	3.19 x
2003	\$26,725,436.00	\$6,904,415.00	\$8,363,152.50	3.20 x
2004	\$26,725,436.00	\$7,014,345.00	\$8,473,930.00	3.15 x
2005	\$26,725,436.00	\$7,926,500.00	\$9,389,995.00	2.85 x
2006	\$26,725,436.00	\$7,389,970.00	\$8,855,457.50	3.02 x
2007	\$26,725,436.00	\$7,443,930.00	\$9,112,430.00	2.93 x
2008	\$26,725,436.00	\$8,931,985.00	\$10,550,485.00	2.53 x
2009	\$26,725,436.00	8,835,335.00	\$10,403,835.00	2.57 x
2010	\$26,725,436.00	8,737,535.00	\$10,254,785.00	2.61 x
2011	\$26,725,436.00	8,634,847.50	\$10,099,597.50	2.65 x
2012	\$26,725,436.00	\$8,642,197.50	\$10,054,447.50	2.66 x
2013	\$26,725,436.00	\$8,649,452.50	\$10,009,202.50	2.67 x
2014	\$26,725,436.00	\$8,650,265.00	\$9,955,015.00	2.68 x
2015	\$26,725,436.00	\$8,655,115.00	\$9,902,365.00	2.70 x
2016	\$26,725,436.00	\$8,657,077.50	\$9,900,246.25	2.70 x
2017	\$26,725,436.00	\$8,661,152.50	\$10,115,608.75	2.64 x
2018	\$26,725,436.00	\$8,663,277.50	\$10,113,815.00	2.64 x

COUNTY GROSS RECEIPTS TAX REVENUES

General

The Bonds are payable solely out of the proceeds of the County Gross Receipts Tax Revenue s distributed to the County as described below.

Description of the Gross Receipts Tax

The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-82, NMSA 1978) authorizes the State to impose a gross receipts tax (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 (5.00%).

County Gross Receipts Tax

The County Local Option Gross Receipts Taxes Act (Sections 7-20E-1, et seq., NMSA 1978) allows counties to impose various gross receipts taxes. Section 7-20E-9, NMSA 1978, provides that the majority of the members of the governing body of any county may enact an ordinance or ordinances imposing an excise tax not to exceed a rate of three-eighths of one percent of the gross receipts of any person engaging in business in the county for the privilege of engaging in business in the county. Any ordinance imposing an excise tax pursuant to that Section shall impose the tax in independent increments of one-eighth percent separately denominated as "first one-eighth," "second one-eighth" and "third one-eighth," respectively, not to exceed an aggregate amount of three-eighths of one percent. This tax is referred to as the "County Gross Receipts Tax."

The ordinance imposing the County Gross Receipts Tax becomes effective either July 1 or January 1, whichever date occurs first after the expiration of three months from the date the ordinance is enacted or the date the results of the election are certified.

The County has enacted and is pledging the first and second one-eighth increments to payment of the Bonds. The County has not imposed the third one-eighth increment which requires voter approval in addition to adoption of an ordinance.

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 distributions to counties and municipalities, as applicable, of State shared receipts and of receipts from local option gross receipts taxes.

Tax Rate History

The County enacted the first one-eighth increment by ordinance approved on June 11, 1986, effective January 1, 1987 and the second one-eighth increment by ordinance adopted on April 25, 1989, effective January 1, 1990.

Gross Receipts Tax Exemptions

Some activities and industries are exempt from the State Gross Receipts Tax, many by virtue of their taxation under other laws. Exemptions include but are not limited to receipts of governmental agencies and certain organizations (some of which are taxable pursuant to legislation enacted in 1991), and receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends interest and receipts from the sale of or leasing of natural gas, oil or mineral interests. Various deductions are allowed including

but not limited to receipts from various types of sales or leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from processing certain agricultural products, receipts from certain publication sales, and certain receipts from interstate commerce transactions. 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 State Gross Receipts Tax and applicable county and municipal local option gross receipts taxes.

County Gross Receipts Tax Revenues*

	93/94	PERCENT CHANGE	94/95	PERCENT CHANGE	95/96	PERCENT CHANGE	96/97	PERCENT CHANGE	97/98	PERCENT CHANGE
JUL	\$1,832,776	10.8%	\$1,931,542	5.4%	\$2,100,550	8.7%	\$2,162,661	3.0%	\$2,247,782	3.9%
AUG	1,862,337	7.4%	1,882,854	1.1%	2,208,184	17.3%	2,419,707	9.6%	2,476,525	2.3%
SEP	1,720,225	4.7%	2,040,123	18.6%	1,997,165	-2.1%	2,127,241	6.5%	2,189,134	2.9%
OCT	1,787,414	3.5%	2,026,918	13.4%	2,131,171	5.1%	2,257,605	5.9%	2,090,268	-7.4%
NOV	1,811,878	5.4%	2,009,228	10.9%	2,136,391	6.3%	2,242,761	5.0%	2,423,358	8.1%
DEC	1,830,595	13.7%	2,017,272	10.2%	2,120,944	5.1%	2,273,424	7.2%		
JAN	1,809,461	-9.8%	1,962,812	22.0%	1,998,854	1.8%	2,188,413	9.5%		
FEB	2,204,009	15.1%	2,353,637	6.8%	2,475,674	5.2%	2,505,905	4.7%		
MAR	1,460,322	8.8%	1,604,842	9.9%	2,018,108	25.8%	2,086,014	3.4%		
APR	1,927,756	1.6%	2,048,208	6.2%	1,972,536	-3.7%	2,008,342	1.8%		
MAY	1,850,689	14.7%	2,022,840	9.3%	2,179,647	7.8%	1,953,531	-10.4%		
JUN	1,862,614	5.3%	1,922,714	3.2%	2,365,785	23.0%	2,381,154	0.7%		
Total	\$21,759,876	6.8%	\$23,822,990	9.8%	\$25,621,675	7.6%	\$26,606,758	3.8%	N/A	N/A

*Revenues are net of one million dollars (\$1,000,000) set aside annually for indigent care.

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REPORTED GROSS RECEIPTS--BERNALILLO COUNTY						
(Calendar Year, 000's omitted)						
	1994	% of Total	1995	% of Total	1996	% of Total
Agriculture	\$26,724	0.14%	\$25,415	0.13%	\$25,615	0.13%
Mining	\$47,220	0.25%	\$29,311	0.16%	\$29,765	0.16%
Construction	\$1,624,990	8.77%	\$1,982,124	10.74%	\$2,085,611	10.97%
Manufacturing	\$1,680,937	9.07%	\$1,682,901	9.12%	\$1,696,467	8.92%
Trans., Comm., & Utility	\$1,432,570	7.73%	\$1,165,810	6.32%	\$1,085,540	5.71%
Wholesale Trade	\$2,962,422	15.98%	\$2,959,558	16.03%	\$3,011,255	15.84%
Retail Trade	\$4,667,834	25.00%	\$4,932,965	26.73%	\$5,072,778	26.68%
Fin., Ins., & Real Estate	\$448,703	2.42%	\$451,200	2.44%	\$463,456	2.44%
Services	\$5,627,482	30.35%	\$5,202,395	28.19%	\$5,509,822	28.98%
Govt., & Misc.	\$14,533	0.8%	\$25,251	0.14%	\$30,014	0.16%
Totals	\$18,539,733		\$18,456,930		\$19,010,323	100.00%
All of New Mexico	\$48,252,155		\$49,958,617		\$54,331,062	
% of State	38.42%		36.94%		34.99%	

Source: New Mexico Department of Taxation and Revenue.

**Gross Receipts
Bernalillo County
vs.
State of New Mexico**

Fiscal Year	State of New Mexico		Bernalillo County		Bernalillo County Percentage of State Total Taxable Gross Receipts	
	Total Value	Total Number Returns	Total Value	Total Number Returns	Value %	Returns Percent
1986	\$17,445,257,209	677,348	\$6,973,338,093	200,570	39.97%	29.61%
1987	16,509,088,708	639,502	6,984,578,293	192,980	42.31%	30.18%
1988	17,351,026,479	678,901	7,289,517,877	209,154	42.01%	30.81%
1989	18,001,937,132	683,486	7,508,379,739	209,465	41.71%	30.65%
1990	18,998,728,497	698,272	7,656,855,660	215,535	40.30%	30.87%
1991	20,165,832,894	711,942	7,801,786,273	214,314	38.69%	30.10%
1992	21,451,546,657	732,403	8,369,334,598	219,063	39.02%	29.91%
1993	22,604,360,074	743,432	9,111,745,483	221,585	40.31%	29.81%
1994	25,510,105,615	790,572	10,356,457,318	231,969	40.60%	29.34%
1995	26,412,963,737	810,705	10,583,879,285	237,404	40.07%	29.28%
1996	27,640,718,895	828,958	11,245,352,900	237,199	40.07%	28.61%
1997	29,622,010,573	837,628	11,987,295,249	238,293	40.47%	28.45%

Source: Taxation and Revenue Department, State of New Mexico

THE BONDS

The County is authorized under Sections 4-62-1 through 4-62-10, NMSA 1978, Section 4-37-1, NMSA 1978, and Section 7-20E-9, NMSA 1978, to issue gross receipts tax revenue bonds such as the Bonds, and to pledge the County Gross Receipts Tax Revenues. The Bonds are issued in accordance with the statutory provisions and pursuant to the Bond Ordinance. The County makes a covenant under the Bond Ordinance not to repeal or amend any law, ordinance or resolution in a manner that impairs adversely any of the outstanding Bonds. Additionally, the County covenants not to take any action or fail to take any action necessary to cause the interest on the Bonds to become taxable.

A general description of the Bonds appears on the cover page of this Official Statement. That information should be read in conjunction with the following summary of additional terms of the Bonds and the provisions of the Bond Ordinance regarding the Bonds. All capitalized terms shall have the same meaning as in the Bond Ordinance unless the context in which they are used clearly indicates otherwise.

Book-Entry-Only System

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("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 the accounts of Participants, thereby eliminating the need for physical movement of securities certificates. There are two types of Participants "Direct Participants" and "Indirect Participants." 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 Participant, either directly or indirectly (the "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 Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participants 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 Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest 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 Series 1997 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 communication by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants 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 by the paying agent (initially the Bernalillo County Comptroller, the "Paying Agent") to DTC. DTC's practice is to credit Direct Participant's 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 payments 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 customer, in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent of 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 or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is 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 or the Paying Agent. Under such

circumstances in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

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

WHEN REFERENCE IS MADE TO ANY ACTION WHICH IS REQUIRED OR PERMITTED TO BE TAKEN BY THE BENEFICIAL OWNERS SUCH REFERENCE ONLY RELATES TO THOSE PERMITTED TO ACT BY STATUTE, REGULATION OR OTHERWISE ON BEHALF OF SUCH BENEFICIAL OWNERS FOR SUCH PURPOSES. WHEN NOTICES ARE GIVEN TO BENEFICIAL OWNERS, THEY ARE TO BE SENT TO DTC.

NEITHER THE COUNTY NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, REDEMPTION PRICE OF OR INTEREST ON THE BONDS, (3) THE DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO THE REGISTERED OWNER, OR (4) ANY OTHER ACTION TAKEN BY DTC AS THE REGISTERED OWNER OF THE BONDS.

If (i) the Bonds are not eligible for the services of DTC, (ii) DTC determines to discontinue providing its services with respect to the Bonds or (iii) the County determines that a system of book-entry transfers, or the continuation thereof, through DTC is not in the best interest of the Beneficial Owners or the County, the County will either identify another qualified depository or Bond certificates will be delivered to Beneficial Owners thereof or their nominees and, if certificates are delivered to the Beneficial Owners' or nominees' names, will become the Owners of the Bonds for all purposes, In any event, the Registrar is to mail an appropriate notice to the depository for notification to Participants and Beneficial Owners of the substitute depository or the issuance of Bonds to Beneficial Owners or their nominees, as applicable.

The Bonds are being issued under the authority of and pursuant to the laws of the State of New Mexico, and the Bond Ordinance.

Registration, Transfer and Exchange

Books for the registration and transfer of the Bonds shall be kept by the Registrar, initially the County Comptroller. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer, the Registrar shall authenticate and deliver in the name of the

transferee or transferees a new Bond or Bonds of a like aggregate principal amount, of the same maturity and bearing a number or numbers not contemporaneously outstanding. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations. Exchanges and transfers of the Bonds shall be without charge to the owner or any transferee, but the Registrar may require payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The person in whose name any Bond is registered on the registration books kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as otherwise may be provided with respect to payment of interest as provided in the Bond Ordinance; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount, of the same maturity, and bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

Principal and Interest Payments

Interest is payable semi-annually on April 1 and October 1 in each year beginning on October 1, 1998. The Bonds mature annually on October 1, in each of the years 1998 through 2012 and the term bonds mature October 1, 2015 and October 1, 2017. The amount of principal payable at each maturity date is set forth on the front cover of this Official Statement.

The initial Paying Agent for payment of principal and interest payments as they become due is the County Comptroller.

Prior Redemption

Optional Redemption: The Bonds are not subject to redemption at the option of the County prior to their respective maturities.

Mandatory Redemption: Term Bonds maturing October 1, 2015 are subject to mandatory redemption in the amounts and on the dates set forth below:

Maturity Date (October 1)	Principal Amount
2013	\$1,000,000
2014	\$1,000,000
2015*	\$1,055,000

*Final Maturity

Term Bonds maturing October 1, 2017 are subject to mandatory redemption in the amounts and dates

Maturity Date (October 1)	Principal Amount
2016	\$1,335,000
2017*	\$1,410,000

*Final maturity.

Source of Payment and Security

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND SHALL NOT BE CONSIDERED OR BE HELD TO BE A GENERAL OBLIGATION OF THE COUNTY. The Pledged County Gross Receipts Tax Revenues, the "Pledged Revenues," are the sole source for the payment of principal of and interest on the Bonds pursuant to the pledge made by and defined in the Bond Ordinance. Pledged County Gross Receipts Tax Revenues are defined in the Bond Ordinance as that portion of the County Gross Receipts Tax Revenues which equal one-fourth of one percent (.25%) of the taxable gross receipts reported for the County for each month but only to the extent that 25% of the first one-eighth increment of such revenues (the "reserve revenues") are not otherwise deposited in the County reserve fund pursuant to Section 7-20E-11, NMSA 1978, as amended, and, if still available, such reserve revenues upon their release from the County reserve fund after the end of each Fiscal Year, and excepting from the second one-eighth increment of such revenues the amount of \$1,000,000 annually, at the rate of \$83,333.33 per month, for indigent care pursuant to Section 7-20E-9.C., NMSA 1978, as amended. The holder of any Bond may not look to any general or other fund for the payment of principal of and interest on the obligations. The Bonds are secured by a first lien, but not an exclusive first lien, on the Pledged Revenues.

So long as any of the Bonds shall be outstanding, whether as to principal or interest or both, all of the receipts of the County from the Pledged Revenues shall be deposited in the Series 1996A Revenue Fund, previously established in the Bond Ordinance. One-twelfth (1/12) of the amount sufficient to pay the next maturing principal payment and one-sixth (1/6) of the amount necessary to pay the interest payment next coming due on the Bonds shall be deposited into the Bond Fund, monthly, from the Series 1996A Revenue Fund. The moneys in the Bond Fund shall be used solely and only for the purpose of paying the principal of and the interest on the Bonds; provided, however, that any moneys in the Bond Fund in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the outstanding Bonds may be used in any lawful manner determined by the County.

Reserve Account

Immediately upon the sale and delivery of the Bonds, a deposit in the amount of \$1,693,500 shall be made into the Reserve Fund from the proceeds of the Bonds. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used only, except as provided in the Bond Ordinance, to prevent deficiencies in the payment of the principal of and interest on the Bonds resulting from the failure to deposit into the Bond Fund sufficient funds to pay the principal and interest as the same become due and payable. If moneys are withdrawn from the Reserve Fund they will be replenished, to the amount stated above, from the Pledged Revenues as available.

Additional Bonds or Other Obligations

Additional bonds or other obligations of the County payable from the Pledged Revenues and constituting a lien upon the Pledged Revenues on a parity ("Parity County Gross Receipts Tax Obligations") with or subordinate to the lien of the Bonds may be issued by the County, including refunding obligations.

Parity Bonds

No provision of the Bond Ordinance shall be construed to prevent the issuance by the County of additional Parity County Gross Receipts Tax Obligations provided that the following conditions are met prior to the issuance of such parity bonds:

- (1) No default shall exist in connection with any of the covenants or requirements of the Bond Ordinance; and
- (2) The Pledged County Gross Receipts Tax Revenues received by the County for the twelve (12) months immediately preceding the date of the issuance of such additional Parity Gross Receipts Tax Obligations shall have been sufficient to pay an amount representing two hundred percent (200%) of the combined maximum annual principal and interest coming due in any subsequent Fiscal Year on the then outstanding County Gross Receipts Tax Obligations and the Parity County Gross Receipts Tax Obligations proposed to be issued.

A written certificate or opinion by an Independent Accountant that such annual Pledged County Gross Receipts Tax Revenues are sufficient to pay such amount shall be conclusively presumed to be accurate in determining the right of the County to authorize, sell and deliver such additional bonds or other obligations on a parity with the Bonds.

Outstanding Parity Bonds

On April 23, 1996, the County issued its Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series 1996 in the aggregate principal amount of \$1,580,000 (the "Series 1996 Bonds"). The Series 1996 Bonds are secured by a lien on the Pledged County Gross Receipts Tax Revenues equal to or on a parity with the Series 1996A Bonds, the Series 1996B Bonds and the Bonds. The Series 1996 Bonds mature serially on April 1, of each year beginning April 1, 1997 through April 1, 2005. On July 2, 1996, the County issued its Bernalillo County,

New Mexico Gross Receipts Tax Revenue Bonds, Series 1996A in the aggregate principal amount of \$50,815,000 (the "Series 1996A Bonds"). The Series 1996A Bonds are secured by a lien on the Pledged County Gross Receipts Tax Revenues equal to or on a parity with the Series 1996 Bonds, the Series 1996B Bonds and the Bonds. The Series 1996A Bonds mature serially on April 1, 1998 through April 1, 2016 with term bonds, which are subject to mandatory sinking fund redemption, maturing on April 1, 2021 and April 1, 2026, respectively. On December 12, 1996, the County issued its Bernalillo County, New Mexico Gross Receipts Tax Revenue Bonds, Series in 1996B in the aggregate principal amount of \$61,260,000 (the "Series 1996B Bonds"). The Series 1996B Bonds are secured by a lien on the Pledged County Gross Receipts Tax Revenues equal to or on a parity with the Series 1996 Bonds, the Series 1996A Bonds, and the Bonds. The Series 1996B Bonds mature serially on April 1, 2000 through April 1, 2014, with term bonds, which are subject to mandatory sinking fund redemption maturing on April 1, 2016, April 1, 2021, and April 1, 2027, respectively. (See "Parity Bonds Debt Service Schedule").

Subordinate Obligations

No provision of 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 Pledged Revenues made subordinate and junior to the lien of the Bonds.

Superior Obligations Prohibited

The County shall not issue bonds payable from the Pledged 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) Payment of Bonds. The County shall promptly pay the principal of and the interest on every Bond at the place, on the dates and in the manner specified in the Bond Ordinance and in the Bonds according to the true intent and meaning thereof. Such principal and interest are payable solely from the Pledged Revenues.

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

(3) Audits. The County shall, within 180 days following the close of each Fiscal Year, cause an audit of such books and accounts to be made by an Independent Accountant, showing the Pledged Revenues and expenditures of the Pledged Revenues. The County shall furnish a copy of each such audit and report to the registered owner of any Bond upon request. Any such registered owner shall have the right to discuss, with the Independent Accountant or person making the audit, the report and the contents thereof and to ask for such additional information as he may reasonably require.

(4) Extending Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the County shall not directly or indirectly extend or assent to extension of time for the payment of any claim for interest on any of the Bonds and the County shall not directly or indirectly be a party to or approve any arrangement for any such extension or for the purpose of keeping alive any of said interest; and in case the time for payment of any such interest shall be extended, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or security of the Bond Ordinance except subject to prior payment in full of the principal of all Bonds issued thereunder and then outstanding, and of matured interest on such Bonds, the payment of which has not been extended.

(5) Performing Duties. The County shall faithfully and punctually perform all duties with respect to the Project and the Bonds required by the Constitution and laws of the State and the ordinances and resolutions of the County, including but not limited to the proper segregation of the Pledged Revenues and their application to the respective funds.

(6) Other Liens. Other than as recited in the Bond Ordinance, the County shall not create or subject any liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

(7) County's Existence. The County shall maintain its identity and existence so long as any of the Bonds remain outstanding unless another political subdivision by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the County and is obligated by law to receive and distribute the Pledged Revenues in place of the County, without adversely affecting to any substantial degree the privileges and rights of any registered owner of any outstanding Bonds.

(8) 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 as defined in Section 55 of the Code except to the extent such interest is required to be included in the adjusted net book income and adjusted current earnings adjustments 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 discarded 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 as

verified by an Independent Accountant, (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 to exercise its option to call the Bonds. In addition, the County will obtain an opinion from Bond Counsel that the defeasance of the Bonds does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Default and Remedies

Events of Default. The following constitute "Events of Default" under the Bond Ordinance:

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

(2) Nonpayment of Interest. The County fails to make any payment of interest on any of the Bonds when due and payable, which failure continues for five days thereafter; or

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

(4) Default of any Provision. The County fails 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 continues for sixty (60) days after written notice specifying such failure and requiring the same to be remedied has been given to the County by the registered owners of twenty five percent (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 the Bonds, including but not limited to a trustee or trustees therefor, may proceed against the County, the Governing Body, and its agents, officers and employees 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 registered owner of Bonds, under the Bond Ordinance, by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power herein granted for the enforcement of any power, legal or equitable remedy as such registered 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 registered owner, or to require the Governing Body to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all 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 seventy five percent (75%) 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 due in connection therewith; or
- (3) The creation of a lien upon or pledge of the Pledged Revenues other than a lien or pledge permitted by the Bond Ordinance; or
- (4) A reduction of the principal amount of Bonds required for consent to such amendatory or supplemental ordinance; or
- (5) The establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Ordinance; or
- (6) The modification of or otherwise affecting the rights of the registered owners of less than all of the Bonds then outstanding.

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.

BERNALILLO COUNTY

General

The County is located in the center of the state of New Mexico, and contains within its boundaries the City of Albuquerque. Bernalillo County is also the most populous county in the state with about 526,614 residents and serves as the state's financial and commercial center. The County is intersected by Interstates 25 and 40, and is served by the A.T.& S.F. Railroad and the Albuquerque International Airport. The economy is a blend of services, tourism, government, research, light manufacturing with some farm and ranching.

Because of its location in the "sunbelt," the existence of major national research facilities and the University of New Mexico, and the availability of cultural and recreational opportunities, the County has become one of the favored sites for high-tech industries. Some of the major high technology companies presently operating in the County include Honeywell, Motorola and Signetics. Intel has a major facility located just over the county line in Sandoval County and is just completing the first phase of an estimated \$8 billion expansion. Sumitomo Sitix Silicon, Inc. constructed a new plant in 1995 on a 329-acre tract to manufacture semiconductor materials. This plant is eventually expected to employ 170 people.

Since the second half of 1991, Bernalillo County, Albuquerque Municipal Statistical Area ("MSA") and the State of New Mexico have experienced strong economic growth, particularly in the construction and services sectors. Strong economic growth in Bernalillo County and the State is expected to continue in the next two years, although the long-term outlook is for more moderate growth. America Online announced in April 1996 the building of its 5th technical support center in Albuquerque that employs 1,050 workers. The project was contingent on the authorization of \$16.6 million in industrial revenue bonds by the state of New Mexico. The Albuquerque City Council voted on the request in May, 1996. America Online built a \$16 million center which opened on schedule on November 1, 1996 on the southwest corner of Jefferson Street and Osuna Road N.E. The company secured a commitment from the state of New Mexico for \$2.9 million in in-plant training funds. The average pay is approximately \$18,000/year.

In the Albuquerque MSA, employment growth continues to expand. For the last 15 quarters, employment growth has gained relative to the previous quarter, culminating with a 4.1% increase in the first quarter of 1997. Strength was again generally in evidence across with the exception of the federal government sector, which continued to shrink. Construction employment growth stayed in double-digits and service remained very strong. Personal income growth was estimated at 5.0%, while the unemployment rate was a low 3.9%. The outlook for the Albuquerque MSA remains very good. Although the major construction portion of the Intel expansion is winding down, expansion of the Sumitomo, the Philips Semiconductor expansion and various other public and private sector construction projects will keep construction employment growing reasonably well. Coupled with moderate expansion in the manufacturing and services sectors, this resulted in a strong economy in 1995, with some slowing in 1996. Albuquerque non-agricultural employment increased 5.4% in 1995 and will increase about 3.7%

in 1996, while personal income growth reached 8.4% in 1995 and should subside to 6.2% in 1996. The unemployment rate is expected to remain in the 4.0-4.5% range through 2000.

Sandia National Laboratories is managed by Lockheed-Martin Corporation and has been heavily involved in nuclear weapons research. In anticipation of a decline in defense spending for nuclear weapons research, the lab is diversifying its mission to include other forms of research. The lab has entered into contracts with private industry for a number of projects, including a \$35 million contract to develop solar power plants to be sold to U.S. utility companies and under developed nations. The lab has also established a technology transfer program to flow the benefits of its research to private industry and the U.S. consumer.

In recent years, an increasing number of companies have located regional processing facilities in the Albuquerque MSA. These companies include Baxter Healthcare Corporation (customer payment processing), Citicorp (credit card processing), J.C. Penney (credit processing), MCI Services Marketing (telemarketing), Metropolitan Life (health insurance claims processing), and Southwest Airlines (flight reservations).

Tourism continues to play a major role in the economy. Blessed with a dry, mild climate, the County has become a desirable place to live and retire. Despite this mild climate, nearby mountains provide many recreational activities, including cross-country and downhill skiing in the winter, and hunting, camping and fishing during other times of the year. Additionally, there are many other attractions to attract visitors to the area and the County. Because of its transportation, convention and lodging facilities, the County serves as the gateway to New Mexico.

Due to its employment mix, the County has enjoyed a more stable economy than the nation as a whole, and unemployment has typically been below national levels. The diversification of Sandia National Laboratories, the expansion at Intel, the addition of Sumitomo Sitix, and the expansion of other technical facilities should strengthen the manufacturing sector and provide additional economic stability in the future.

See Appendix B, "Certain Statistical Information" for area economic information and the sources thereof.

The Government Body

Bernalillo County was established by the laws of 1876, under the provisions of the law now referred to as Section 4-1-1 of the New Mexico State Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides for public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Brief resumes of the County Manager, key financial staff members and the five County Commissioners are as follows:

Bernalillo County Commissioners

Tom Rutherford, Chairman, District 3

Term expires December, 2000; first elected November, 1996. Mr. Rutherford was a New Mexico State Senator for 24 years. He received his Juris Doctorate from the University of New Mexico and has served as Chairman of the Senate Rules and Senate Conservation Committees, majority whip and majority leader. He has also served on many Standing and Interim Committees.

Occupation: Attorney in private practice.

Barbara J. Seward, Vice Chairman, District 4

Term expires December, 2000; first elected November, 1992. Ms. Seward attended the University of New Mexico and has served on the Middle Rio Grande Council of Governments, County Planning Commission, the Intergovernmental Committee, the New Mexico Association of Counties Board of Directors, New Mexico First, the City Planning Commission, the Goals Commission, the Metropolitan Parks and Recreation Advisory Board, and the Urban Transportation Planning Policy Board.

Occupation: Realtor.

Steve D. Gallegos, County Commissioner, District 2

Term expires December, 2000; first elected November, 1996. Has served as City Councilor, and on the Board of Directors of the National Association of Hispanic Elected Local Officials, the Human Development Steering Committee of the National League of Cities, the Intergovernmental Committee, and the Albuquerque Economic Forum. Sponsored the Middle School Initiative and Graffiti Removal programs.

Occupation: Community Relations.

Les Houston, County Commissioner, District 5

Term expires December, 1998; first elected November, 1994. Graduated from University of Louisville School of Law and was admitted to practice before the U.S. Supreme Court in 1965. Has served in the New Mexico Legislature as a State Senator, Senate President Pro-Tem, the Senate Republican Floor Leader, and Senate Floor Leader.

Occupation: Attorney.

Ken Sanchez, District 1

Term expires December, 1998; first elected November, 1994. Attended UNM, College of Santa Fe and the JFK School Government State & Executive Program at Harvard University. Has served as member of the Juvenile Regional Advisory Committee, the Intergovernmental Committee, the Middle Rio Grande Council of Governments, the New Mexico Association of Counties Board of Directors, Joint Jail Advisory Committee, Transportation Planning Policy Board, and Board of Directors New Mexico Association of Counties Multi-Line Board.

Occupation: Tax Accountant and Real Estate Broker.

County Manager and Staff

Juan R. Vigil, County Manager

Served as County Manager from 1976 to 1980 and assumed the position again in September, 1991. Mr. Vigil has 23 years of executive and managerial experience in urban, state and national public service. He has been responsible for developing and administering the fiscal revenues and expenditures of over \$450 million annual budgets. BA from the University of New Mexico and Masters degree in Urban Studies from Occidental College.

Dan Mayfield, Comptroller

Joined Bernalillo County as Comptroller in March of 1989. Mr. Mayfield has progressive managerial experience in accounting and finance since 1972. He received an MBA from New Mexico Highlands University and a BBA from the University of New Mexico.

INVESTMENT POLICY OF BERNALILLO COUNTY

Section 6-10-10, NMSA 1978, as amended, controls how local governments, including New Mexico's counties, municipalities and school districts ("Local Governments"), invest available monies. Local Governments may invest funds not immediately necessary for public use in authorized investments. The primary purpose of these laws is to provide for safety of principal.

Bernalillo County has implemented the statutory legal investment criteria by adopting the Investment Policy of Bernalillo County in Amended Resolution No. 60-93 (the "Investment Policy"). Section 6 of the Investment Policy limits the permissible investments of the County to the following:

Permissible Investments:

Collateralized certificates of deposit with commercial banks, savings and loan associations and credit unions within Bernalillo County, subject to the provisions of State law. County deposits, including certificates of deposit, shall be collateralized according to the County of Bernalillo Collateral Policy, State Board of Finance Savings and Loan Collateral Policy which are adopted and incorporated by reference. Such collateral shall be held by the County's repository bank. Securities eligible as collateral are those defined under Section 6-10-17, NMSA 1978, namely T-Bills and Municipal Bonds. CD's shall be collateralized 100 percent.

U.S. Government securities, including Treasury Bills, Notes, Bonds, and Strips and Government securities which are backed by the full faith and credit of the U.S. Government (specifically, GNMA Bonds).

Negotiable securities of the State of New Mexico or of any county, municipality, or school district with the advice and consent of the Board of Finance per Section 6-10-44, NMSA 1978, Section 6-10-10(F), NMSA 1978, Section 6-10-10, NMSA 1978.

The State Treasurer's Local Short Term Investment Fund pursuant to Section 6-10-10.1, NMSA 1978.

Repurchase Agreements in accordance with Section 6-10-10(G), NMSA 1978.

NO FUNDS OF THE COUNTY ARE INVESTED IN DERIVATIVE SECURITIES, I.E., SECURITIES WHOSE RATE OF RETURN IS DETERMINED BY REFERENCE TO SOME OTHER INSTRUMENT, INDEX OR COMMODITY.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

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 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 operating 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 receives 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 operations.

Fixed Assets and Long-Term Liabilities

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

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current 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.

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 C.F.R. Part 240, § 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 December 31 of each year (the "Report Date"), beginning in 1996, 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 180 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the 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 CUSIP numbers of the Bonds.

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.

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 this 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 GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

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

- (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 to rights of security holders;
- (h) Bond calls;
- (i) Defeasance;
- (j) Release, substitution, or sale of property securing repayment of the securities; and
- (k) Rating changes.

"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 depository 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 hereunder of the County to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate

immediately once Bonds no longer are Outstanding. This section 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 section 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 the delivery to 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 section and by the County with the Rule.

Any failure by the County to perform in accordance with this section shall not constitute an Event of Default; however, the bondholders may sue to enforce performance of the undertakings set forth herein.

LITIGATION

At the time of the original delivery of the Bonds, the County will deliver a no litigation certificate to the effect that no litigation, 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 the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

TRANSCRIPT AND CLOSING DOCUMENTS

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

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 thereof (*see* "TAX EXEMPTION" below) are subject to the approving legal opinion of Bond Counsel. A signed copy of its opinion, dated the date of the original delivery of the Bonds will be delivered at the time of original delivery of the Bonds. Certain other matters will be passed upon by Hughes & Strumor, Ltd. Co. as disclosure counsel.

TAX EXEMPTION

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 issue of the Bonds. 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 covenant, interest on the Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that 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 by Section 55 of the Code for individuals. Interest on the Bonds owned by corporations will, however, be taken into account in determining the alternative minimum tax imposed by Section 55 of the Code on seventy-five percent (75%) of the excess of adjusted current earnings over alternative minimum taxable income (determined without regard to this adjustment and the alternative tax net operating loss deduction).

The difference between the principal amount of the Bonds maturing on October 1, 1998 through October 2001, October 1, 2006 through October 1, 2012, and October 1, 2016 through October 1, 2017 (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year.

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 interest on the Bonds. 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 federal, state (other than the 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.

RATING

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., has assigned the Bonds the rating of "AA". Moody's Investors Service has given the Bonds a rating of "Aa3." Each rating reflects only the respective view of the rating agencies.

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.

There is no assurance that such ratings or either of them will continue for any given period of time or that they or either of them will not be revised or withdrawn entirely by either or both of such rating agencies, if, in the judgement of either or both of such rating agencies, circumstances so warrant. A revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Piper Jaffray Inc. and Everen Securities, Inc. (collectively, 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 \$18,479,812.85 (the par amount of the Bonds plus premium of \$769,912.85 and an Underwriter's discount of \$215,100).

MISCELLANEOUS

The references herein to the Bond Ordinance, statutes, resolutions and other documents are brief outlines or partial excerpts of certain provisions thereof. Such outlines or excerpts do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions. Complete copies of such documents and additional information can be obtained from the County or the Underwriter at the addresses listed inside the front cover of this Official Statement.

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

COUNTY APPROVAL OF OFFICIAL STATEMENT

This Official Statement has been authorized and approved by the County, is considered to be true, complete and correct in all material aspects, and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

BERNALILLO COUNTY, NEW MEXICO

/s/ Tom Rutherford
Chairman, Board of County Commissioners

APPENDIX A
OPINION OF BOND COUNSEL

APPENDIX A

[FORM OF BOND COUNSEL OPINION]

December 17, 1997

Board of County Commissioners
Bernalillo County
One Civic Plaza
Albuquerque, New Mexico 87102

**Re: \$17,925,000 Bernalillo County, New Mexico Gross Receipts Tax Revenue
Bonds, Series 1997**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Bernalillo County, New Mexico (the "Issuer") of its \$17,925,000 Gross Receipts Tax Revenue Bonds, Series 1997 dated December 1, 1997 (the "Bonds") pursuant to Sections 4-62-1 through 4-62-10, 4-37-1 and 7-20E-9, NMSA 1978, as amended (the "Act") and a Bond Ordinance and Sale Resolution of the Issuer adopted May 7, 1996 and December 16, 1997, 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 and constitutes a 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.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are 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 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.

The difference between the principal amount of the Bonds maturing on October 1, 1998 through October 2001, October 1, 2006 through October 1, 2012, and October 1, 2016 through October 1, 2017 (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year.

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

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

Board of County Commissioners
Bernalillo County
December 17, 1997
Page 3

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

The rights of the 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.

Very truly yours,

HUGHES & STRUMOR, LTD. CO.

APPENDIX B
CERTAIN STATISTICAL INFORMATION

AREA ECONOMIC INFORMATION

POPULATION GROWTH AND PROJECTIONS

<u>Year</u>	<u>Bernalillo County</u>
1940 (Census)	69,391
1950 (Census)	145,673
1960 (Census)	262,199
1970 (Census)	315,774
1980 (Census)	420,261
1990 (Census)	482,120
1995 (Census)	523,030
1996 (Est.)	526,614
2000 (Est.)	558,589
2005 (Est.)	594,317
2010 (Est.)	621,940
2015 (Est.)	650,784
2020 (Est.)	679,538
2025 (Est.)	709,487
2030 (Est.)	740,646

Source: Bureau of Business and Economic Research, University of New Mexico, Released April 1997.

PER CAPITA PERSONAL INCOME - BERNALILLO COUNTY					
Year	Bernalillo County	New Mexico	U.S.A.	% of New Mexico	% of U.S.
1996	N/A*	\$18,803	\$24,426	N/A	N/A
1995	\$22,718	\$18,215	\$23,348	124.7%	97.3%
1994	\$21,238	\$17,187	\$22,180	122.7%	96.4%
1993	\$20,163	\$16,627	\$21,365	121.3%	95.0%
1992	\$19,097	\$15,791	\$20,631	120.4%	92.7%
1991	\$18,262	\$15,096	\$19,689	120.2%	92.7%
1990	\$17,469	\$14,213	\$18,666	119.7%	91.1%
1989	\$16,199	\$13,388	\$17,696	121.0%	91.5%
1988	\$15,824	\$12,651	\$16,615	125.1%	95.2%
1987	\$15,100	\$12,011	\$15,494	125.7%	97.5%
1986	\$14,539	\$11,545	\$14,654	125.9%	99.2%
1985	\$13,733	\$12,288	\$13,908	111.8%	98.7%
1984	\$11,429	\$10,495	\$13,114	108.9%	87.2%

Source: U.S. Department of Commerce, Bureau of Economic Analysis (released 9/97).

* Figures unavailable at this writing.

NON-AGRICULTURAL EMPLOYMENT--ALBUQUERQUE MSA*						
	1991	1992	1993	1994	1995	1996
Manufacturing	24,200	4,500	26,400	28,400	29,300	29,600
Construction and Mining	12,900	14,400	17,700	21,800	22,600	22,200
Transportation & Utilities	12,600	12,900	12,900	13,200	14,300	15,000
Wholesale & Retail Trade	65,000	66,900	69,800	73,800	76,600	78,500
Finance, Insurance & Real Estate	14,600	14,800	15,500	16,000	16,400	17,100
Services & Miscellaneous	82,000	85,700	88,500	94,300	100,100	100,900
Government	<u>55,300</u>	<u>56,900</u>	<u>58,700</u>	<u>58,800</u>	<u>60,900</u>	<u>62,300</u>
Totals:	266,700	276,100	289,500	307,300	320,200	325,600

CIVILIAN LABOR FORCE - BERNALILLO COUNTY						
	1991	1992	1993	1994	1995	1996
Labor Force	255,035	259,404	268,991	274,966	279,529	281,408
Employment	240,808	246,568	250,291	262,923	268,301	226,434
Unemployment	14,227	12,836	18,700	12,043	11,228	14,974
Percentage Unemployment	5.6%	4.9%	7.0%	4.4%	4%	5.3%

1 CIVILIAN LABOR FORCE - ALBUQUERQUE - MSA						
	1991	1992	1993	1994	1995	1996
Labor Force	305,825	311,907	324,851	335,025	342,879	345,096
Employment	288,501	296,218	302,591	319,268	328,926	326,638
Unemployment	17,324	15,689	22,260	15,757	13,953	18,458
Percentage Unemployment	5.7%	5.0%	6.9%	4.7%	4.1%	5.3%

*The Albuquerque MSA which previously consisted of Bernalillo County was revised in 1993 to also include the counties of Sandoval and Valencia. Data prior to 1993 is not comparable

Source: New Mexico Department of Labor, Economic Research and Analysis Bureau. Release March 1997.

¹Albuquerque MSA - Bernalillo, Sandoval and Valencia Counties.

Source: New Mexico Department of Labor, Economic Research and Analysis - 3/6/97.

UNEMPLOYMENT			
YEAR	BERNALILLO	NEW MEXICO	UNITED STATES
1996	5.3%	8.1%	5.4%
1995	4.0%	6.3%	5.6%
1994	4.6%	6.3%	6.1%
1993	6.5%	7.7%	6.8%
1992	4.7%	7.0%	7.4%
1991	5.6%	6.9%	6.7%
1990	5.2%	6.3%	5.5%
1989	5.1%	6.7%	5.3%
1988	5.9%	7.8%	5.5%
1987	6.3%	8.8%	6.2%
1986	6.4%	9.2%	7.0%

Source: New Mexico Department of Labor (4/1/97 Revision).

SELECTED ECONOMIC INDICATORS (\$000'S omitted except Average Selling Price)					
	1992	1993	1994	1995	1996
Multiple Listing:					
Volume	\$704,490	\$788,457	\$870,951	\$863,815	\$881,329
Average Selling Price	\$105,305	\$114,668	\$122,981	\$127,350	\$136,980
*New Building Permits:					
Single Family	\$230,918	\$267,681	\$335,975	\$247,797	\$624,221
Multiple Family	\$2,772	\$9,164	\$82,139	\$78,549	\$43,107
Total - All Types	\$282,849	\$352,522	\$505,333	\$487,177	\$670,057

*Excludes additions and remodeling.

Source: U.S. Census Bureau, September 1997.

BERNALILLO COUNTY MAJOR EMPLOYERS - as of June 1997

MAJOR EMPLOYERS

	1985		1997	
<u>Employer</u>	<u>Number of Employees</u>	<u>% of City Employment</u>	<u>Number of Employees</u>	<u>% of City Employment</u>
Albuquerque Public Schools	7,400	3.1%	11,000	3.20%
Kirtland Air Force Base (Civilian)	7,100	2.9%	7,842	2.28%
Sandia National Laboratories	6,963	2.9%	7,186	2.09%
Kirtland Air Force Base (Military)	5,226	2.2%	5,763	1.67%
University of New Mexico	5,000	2.1%	5,600	1.63%
City of Albuquerque	4,200	1.7%	5,600	1.63%
State of New Mexico	3,903	1.6%	5,400	1.57%
Southwest Community Health Services	2,936	1.2%	4,000	1.16%
Mountain Bell	2,106	0.9%	3,600	1.05%
Lovelace Medical Center	1,920	0.8%	3,287	0.96%
Sperry Fight Systems (Honeywell)	1,850	0.8%	3,000	0.87%
Public Service Company of New Mexico	1,633	0.7%	2,844	0.83%
General Electric Company	1,500	0.6%	2,095	0.61%
Bernalillo County Medical Center	1,432	0.6%	1,826	0.53%
United States Post Office	1,367	0.6%	1,744	0.50%
St. Josephs Hospital Center	1,300	0.5%	1,500	0.44%
Sunwest Bank	1,203	0.5%	1,487	0.43%
Veterans Administration Medical Center	1,120	0.5%	1,416	0.41%
Digital Equipment Corporation	1,000	0.4%	1,400	0.41%
BDM	800	0.3%	1,370	0.40%
Intel	800	0.3%	1,300	0.38%
Albuquerque Publishing Company	800	0.3%	1,300	0.38%
Safeway	800	0.3%	1,235	0.36%
GTE Lenkurt	800	0.3%	1,200	0.35%
Bernalillo County	750	0.3%	1,000	0.29%
Total Top 25	63,909	26.5%	83,995	24.43%
Total MSA Non-Ag Civilian & Military Empl.	240,803		344,700	
Total Top 25			83,995	24.43%
Total MSA Non-Ag Civilian & Military Empl.			344,700	

Source: Albuquerque Economic Development Service.

EFFECTIVE BUYING INCOME

Effective buying income ("EBI") is defined as personal income less personal taxes and non-tax payments. All data on EBI is collected by the Sales and Marketing Management Magazine in their annual survey of buying power as published in August of each year. In 1988, the definition of personal income was revised to exclude i) employer's contributions to private pensions and various insurance programs; ii) computed personal interest income; and iii) computed rental income of owner occupied dwellings. The following tables show the EBI of Bernalillo County (Albuquerque MSA) on a trend basis in comparison with the EBI for the entire state of New Mexico and the 1993 EBI distribution by income group.

MEDIAN EFFECTIVE BUYING INCOME			
Calendar Year	Bernalillo County	New Mexico	United States
1994	\$33,978	\$30,032	\$37,070
1993	32,162	28,677	35,056
1992	30,566	26,920	33,178
1991	29,145	26,104	32,073
1990	23,945	21,961	27,912
1989	22,106	20,309	25,975
1988	20,749	18,897	24,488
1987	22,203	20,382	25,888
1986	21,829	20,003	24,632

EFFECTIVE BUYING INCOME GROUPS (as of 1/1/95)			
Effective Buying Income Group	Bernalillo County	New Mexico	United States
Under \$10,000	11.4%	14.8%	11.1%
\$10,000 - 19,999	16.3%	18.3%	14.7%
20,000 - 34,999	23.9%	24.2%	21.4%
35,000 - 49,999	18.7%	17.9%	18.7%
50,000 and over	29.7%	24.8%	34.1%

Source: Sales & Marketing Management Survey of Buying Power, August 30, 1995.



APPENDIX C
FINANCIAL STATEMENTS

Independent Auditors' Report

Robert E. Vigil, CPA, State Auditor and
Tom Rutherford, Chairman and
The Board of County Commissioners
County of Bernalillo

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County as of June 30, 1997, and the results of operations of such funds and the cash flows of individual proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 1997, 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.

Robert E. Vigil, CPA, State Auditor and
Tom Rutherford, Chairman and
The Board of County Commissioners
County of Bernalillo

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 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 US 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. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects, in relation each of the respective individual funds and account groups taken as a whole.

The accompanying Schedule of State Sponsored Awards and the information listed as statistical section in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

Neff & Company LLP

Albuquerque, New Mexico
October 24, 1997

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINED BALANCE SHEET-ALL FUND TYPES AND
 ACCOUNT GROUPS
 June 30, 1997

	Government Fund Types				Proprietary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS						
Cash and investments (Note 4)	\$ 39,022,662	22,269,497	15,274,868	124,638,223	577,626	1,323,487
Accounts receivable (Note 5)	8,776,971	4,092,806	261,464	1,298,308	499,663	-
Accrued interest receivable	1,006,216	255,821	240,585	1,572,926	1,082	-
Note receivable (Note 6)	65,316	-	-	-	-	-
Due from other funds (Note 7)	3,334,003	1,306,164	593,205	-	194,142	70,442
Inventory	82,584	-	-	-	-	-
Prepaid assets	262,126	-	-	-	-	855,643
Restricted assets	-	-	-	-	645,053	-
Advance to other funds (Note 7)	700,000	1,200,000	-	-	-	-
Fixed assets (net of accumulated depreciation of \$1,270,267 in the proprietary funds) (Note 9)	-	-	-	-	3,757,758	-
Amount available in debt service funds	-	-	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-
Total Assets	\$ 53,249,878	29,124,288	16,370,122	127,509,457	5,675,324	2,249,572

The Notes to Financial Statements are an integral part of these statements.

Fiduciary Fund Type	Account Groups		Totals		
	Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)	
				1997	1996
\$ 10,409,712	-	-	-	213,516,075	101,712,348
11,059,927	-	-	-	25,989,139	26,793,180
-	-	-	-	3,076,630	2,041,863
-	-	-	-	65,316	73,732
-	-	-	-	5,497,956	5,927,994
-	-	-	-	82,584	92,471
-	-	-	-	1,117,769	1,072,928
-	-	-	-	645,053	609,069
-	-	-	-	1,900,000	700,000
-	147,732,996	-	-	151,490,754	142,735,035
-	-	16,193,981	-	16,193,981	15,287,951
-	-	164,702,720	-	164,702,720	51,724,960
<u>\$ 21,469,639</u>	<u>147,732,996</u>	<u>180,896,701</u>	-	<u>584,277,977</u>	<u>348,771,531</u>

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINED BALANCE SHEET-ALL FUND TYPES
 AND ACCOUNT GROUPS (CONTINUED)
 June 30, 1997

	Government Fund Types				Proprietary Fund Type	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
LIABILITIES						
Accounts payable	\$ 3,767,598	1,402,607	-	1,345,681	229,291	72,512
Compensated absences payable (Notes 10 and 14)	-	-	-	-	60,975	-
Accrued payroll	895,705	190,074	-	-	-	-
Accrued benefits	17,984	-	-	-	-	-
Due to other funds (Note 7)	833,455	2,127,446	-	1,149,465	206,010	-
Deposits held in trust for others	-	-	-	-	-	-
Deferred revenue	2,339,306	872,984	176,141	1,000,000	5,623	-
Due to grantor	-	217,259	-	-	352,014	853,573
Advances from other funds (Note 7)	-	700,000	-	-	-	-
Capital leases (Notes 10 and 12)	-	-	-	-	1,200,000	-
Current portion of revenue bonds (Note 10)	-	-	-	-	-	-
Bonds payable (Note 10)	-	-	-	-	40,000	-
					725,000	-
Total liabilities	7,854,048	5,510,370	176,141	3,495,146	2,818,913	926,085
FUND EQUITY						
Investment in general fixed assets	-	-	-	-	-	-
Contributed capital	-	-	-	-	-	-
Retained earnings:					6,233,037	1,323,487
Reserved for debt service	-	-	-	-	-	-
Unreserved (deficit)	-	-	-	-	204,250	-
Fund Balances:					(3,580,876)	-
Reserved for:						
Notes receivable	65,316	-	-	-	-	-
Advances to other funds	700,000	1,200,000	-	-	-	-
Inventory	82,584	-	-	-	-	-
Prepaid items	262,126	-	-	-	-	-
Debt service	-	-	16,193,981	-	-	-
Encumbrances	1,867,798	6,311,376	-	11,260,422	-	-
Subsequent years' expenditures (Note 20)	41,200,054	746,842	-	-	-	-
Unreserved:						
Designated for Self Insurance	748,196	-	-	-	-	-
Undesignated	469,756	15,355,700	-	112,753,889	-	-
Total equity and other credits	45,395,830	23,613,918	16,193,981	124,014,311	2,856,411	1,323,487
Total liabilities, equity, and other credits	\$ 53,249,878	29,124,288	16,370,122	127,509,457	5,675,324	2,249,572

The Notes to Financial Statements are an integral part of these statements.

Fiduciary Fund Type	Account Groups		Totals		
	Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)	
			1997	1996	
\$ -	-	-	6,817,689	4,324,875	
-	-	4,813,580	4,874,555	4,725,207	
-	-	-	1,085,779	839,770	
-	-	-	17,984	8,083	
1,181,580	-	-	5,497,956	5,927,994	
20,288,059	-	-	20,293,682	17,584,102	
-	-	-	5,594,018	3,463,023	
-	-	-	217,259	153,500	
-	-	-	1,900,000	700,000	
-	-	263,121	263,121	305,093	
-	-	-	40,000	40,000	
-	-	175,820,000	176,545,000	62,795,000	
21,469,639	-	180,896,701	223,147,043	100,866,647	
-	147,732,996	-	147,732,996	140,158,720	
-	-	-	7,556,524	5,306,129	
-	-	-	204,250	204,250	
-	-	-	(3,580,876)	(2,852,297)	
-	-	-	65,316	73,732	
-	-	-	1,900,000	700,000	
-	-	-	82,584	92,471	
-	-	-	262,126	1,072,928	
-	-	-	16,193,981	15,287,951	
-	-	-	19,439,596	18,865,770	
-	-	-	41,946,896	34,288,717	
-	-	-	748,196	1,363,487	
-	-	-	128,579,345	33,343,026	
-	147,732,996	-	361,130,934	247,904,884	
\$ 21,469,639	147,732,996	180,896,701	584,277,977	348,771,531	

COUNTY OF BERNALILLO, NEW MEXICO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN UNRESERVED FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 1997

EXHIBIT A-2
Page 1 of 2

	Government Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only) 1997	1996
Revenues:						
Intergovernmental	\$ 28,712,538	15,616,264	-	1,927,469	46,256,271	48,955,077
Taxes	53,124,181	3,023,295	407,792	-	56,555,268	52,984,042
Licenses and permits	939,957	255,376	-	683,245	1,878,578	1,027,999
Fees for services	3,237,073	2,313,540	-	-	5,550,613	5,837,192
Investment income	3,984,953	857,089	1,084,518	5,520,986	11,447,546	6,609,860
Miscellaneous	2,382,582	21,333	-	-	2,403,915	2,531,594
Total revenues	92,381,284	22,086,897	1,492,310	8,131,700	124,092,191	117,945,764
Expenditures:						
Current:						
General government	29,413,022	2,506,827	-	-	31,919,849	27,731,574
Public works	-	8,468,769	-	-	8,468,769	9,289,257
Public safety	40,170,204	4,439,201	-	-	44,609,405	42,137,305
Health & welfare	2,585,607	7,136,218	-	-	9,721,825	9,577,488
Culture and recreation	7,098,275	2,589,237	-	-	9,687,512	7,413,264
Capital outlay	-	-	-	19,909,140	19,909,140	17,635,792
Debt service:						
Principal retirement	41,970	-	10,435,000	-	10,476,970	6,973,061
Interest charges	-	-	6,549,447	-	6,549,447	3,085,578
Total expenditures	79,309,078	25,140,252	16,984,447	19,909,140	141,342,917	123,843,319
Excess (deficiency) of revenues over expenditures	13,072,206	(3,053,355)	(15,492,137)	(11,777,440)	(17,250,726)	(5,897,555)
Other financing sources (uses):						
Operating transfers in (Note 8)	324,919	922,218	6,193,810	291,606	7,732,553	3,161,788
Operating transfers out (Note 8)	(6,775,413)	(547,534)	-	(718,618)	(8,041,565)	(3,161,788)
Defeasance of debt	-	-	-	-	-	(2,496,090)
Proceeds from bond sales	-	-	10,204,357	112,808,826	123,013,183	16,620,745
Total other financing sources (uses)	(6,450,494)	374,684	16,398,167	112,381,814	122,704,171	14,124,655
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	6,621,712	(2,678,671)	906,030	100,604,374	105,453,445	8,227,100

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN UNRESERVED FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 Year Ended June 30, 1997

EXHIBIT A-2
 Page 2 of 2

	Government Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)	
					1997	1996
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (from previous page)	\$ 6,621,712	(2,678,671)	906,030	100,604,374	105,453,445	8,227,100
Other changes in unreserved fund balance:						
Decrease (increase) in reserves:						
Encumbrances	1,614,741	(2,542,986)	-	354,419	(573,826)	(15,303,513)
Note receivable	8,416	-	-	-	8,416	8,100
Inventory	9,887	-	-	-	9,887	(18,246)
Prepaid items	810,802	-	-	-	810,802	(234,788)
Debt service	-	-	(906,030)	-	(906,030)	(5,477,794)
Advances to other funds	-	(1,200,000)	-	-	(1,200,000)	-
Subsequent years' expenditures	(7,887,606)	229,427	-	-	(7,658,179)	(7,036,391)
	1,177,952	(6,192,230)	-	100,958,793	95,944,515	(19,835,532)
Unreserved fund balance, July 1,	1,363,487	21,547,930	-	11,795,096	34,706,513	54,542,045
Contribution of capital to internal service fund	(1,323,487)	-	-	-	(1,323,487)	-
Unreserved fund balance, June 30	\$ 1,217,952	15,355,700	-	112,753,889	129,327,541	34,706,513

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF BERNALILLO, NEW MEXICO
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL BUDGETED GOVERNMENTAL FUND TYPES
Year Ended June 30, 1997

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 28,490,195	28,620,731	130,536	753,546	756,555	3,009
Taxes	52,250,376	52,375,160	124,784	3,053,000	2,971,804	(81,196)
Licenses and permits	961,500	939,957	(21,543)	-	-	-
Fees for services	3,427,863	3,332,697	(95,166)	2,005,000	2,394,891	389,891
Investment income	4,378,824	3,916,819	(462,005)	173,295	188,144	14,849
Miscellaneous	1,471,172	2,125,676	654,504	-	60,008	60,008
Total revenues	90,979,930	91,311,040	331,110	5,984,841	6,371,402	386,561
Other financing sources:						
Operating transfers in	200,000	324,919	124,919	-	-	-
Total revenues and other financing sources	91,179,930	91,635,959	456,029	5,984,841	6,371,402	386,561
Prior year cash balance budgeted	8,753,772			7,963,009		
Total budget	99,933,702			13,947,850		
Expenditures:						
Current:						
General government	43,323,803	30,440,282	12,883,521	3,175,947	1,926,193	1,249,754
Public safety	40,881,921	38,011,004	2,870,917	4,122,325	3,130,016	992,309
Culture and recreation	7,599,522	6,618,193	981,329	37,895	19,666	18,229
Health and welfare	2,949,285	2,485,396	463,889	6,391,627	3,662,403	2,729,224
Debt service	50,000	41,970	8,030	-	-	-
Total expenditures	94,804,531	77,596,845	17,207,686	13,727,794	8,738,278	4,989,516
Other financing uses:						
Operating transfers out	5,129,171	7,532,760	(2,403,589)	220,056	539,363	(319,307)
Total expenditures and other financing uses	99,933,702	85,129,605	14,804,097	13,947,850	9,277,641	4,670,209
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses		\$ 6,506,354			(2,906,239)	

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 Year Ended June 30, 1997

EXHIBIT A-4

	Enterprise	Internal Service	Totals	
			Memorandum Only	
			1997	1996
Operating revenues:				
Administrative and service fees	\$ 833,336	1,998,213	2,831,549	443,685
Rental income:				
Tenants	92,528	-	92,528	83,729
HUD subsidies	181,987	-	181,987	176,872
Other income	180	-	180	396
	<hr/>			
Total operating revenues	1,108,031	1,998,213	3,106,244	704,682
	<hr/>			
Operating expenses:				
Health and welfare	1,259,396	-	1,259,396	1,523,007
General government	-	1,998,213	1,998,213	-
Public works	249,991	-	249,991	-
Depreciation (Note 9)	304,074	-	304,074	121,684
	<hr/>			
Total operating expenses	1,813,461	1,998,213	3,811,674	1,644,691
	<hr/>			
Operating (loss)	(705,430)	-	(705,430)	(940,009)
	<hr/>			
Non-operating revenue (expense):				
Interest income	40,790	-	40,790	39,634
Interest expense	(63,939)	-	(63,939)	(66,560)
	<hr/>			
Total non-operating revenue (expense)	(23,149)	-	(23,149)	(26,926)
	<hr/>			
Net (loss)	(728,579)	-	(728,579)	(966,935)
	<hr/>			
Retained earnings (deficit), beginning	(2,648,047)	-	(2,648,047)	(1,681,112)
	<hr/>			
Retained earnings (deficit), ending	\$ (3,376,626)	-	(3,376,626)	(2,648,047)
	<hr/>			

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 Year Ended June 30, 1997

EXHIBIT A-5
 Page 1 of 2

	Enterprise	Internal Service	Totals (Memorandum Only)	
			1997	1996
Cash flows from operating activities:				
Cash received from fees charged to other funds	\$ -	2,851,786	2,851,786	-
Cash received from administration and service fees	709,082	-	709,082	443,685
Cash received from rents	265,621	-	265,621	256,457
Cash payments to employees for services	(743,509)	-	(743,509)	(609,521)
Cash payments to suppliers for goods and services	(528,577)	(2,851,786)	(3,380,363)	(911,027)
Miscellaneous cash received	180	-	180	396
Net cash applied to operating activities	(297,203)	-	(297,203)	(820,010)
Cash flows from noncapital financing activities:				
Grants received	242,991	-	242,991	568,650
Advance from other fund	1,200,000	-	1,200,000	-
Contributions from other funds	180,109	-	180,109	136,205
Operating transfers-out to other funds	-	-	-	(10,639)
Net cash provided by noncapital financing activities	1,623,100	-	1,623,100	694,216
Cash flows from capital and related financing activities:				
Principal paid on bond maturities	(40,000)	-	(40,000)	(35,000)
Interest paid on bond maturities	(63,939)	-	(63,939)	(66,382)
Acquisition of capital assets	(1,485,517)	-	(1,485,517)	(353,089)
Capital grants received	543,209	-	543,209	464,293
Contributed capital	-	1,323,487	1,323,487	-
Net cash provided by (applied to) capital and related financing activities	(1,046,247)	1,323,487	277,240	9,822
Cash flows from investing activities:				
Purchase of investment securities	(35,984)	-	(35,984)	(40,504)
Interest received on investments	39,896	-	39,896	42,073
Net cash provided by investing activities	3,912	-	3,912	1,569
Net cash flows	283,562	1,323,487	1,607,049	(114,403)
Cash and cash equivalents, beginning of year	294,064	-	294,064	408,467
Cash and cash equivalents, ending of year	\$ 577,626	1,323,487	1,901,113	294,064

The Notes to Financial Statements are an integral part of these statements.

COUNTY OF BERNALILLO, NEW MEXICO
ENTERPRISE FUNDS
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES (CONTINUED)
Year Ended June 30, 1997

EXHIBIT A-5
Page 2 of 2

	Enterprise	Internal Service	Total (Memorandum Only)	
			1997	1996
Reconciliation of operating (loss) to net cash applied to operating activities:				
Operating (loss)	\$ (705,430)	-	(705,430)	(940,009)
Adjustments to reconcile operating (loss) to net cash applied to operating activities:				
Depreciation	304,074	-	304,074	121,684
(Increase) decrease in:				
Accounts receivable	(454,495)	-	(454,495)	858
Prepaid expenses	-	(855,643)	(855,643)	-
Due from other funds	859	(70,442)	(69,583)	-
Increase (decrease) in:				
Deferred revenue	321,007	853,573	1,174,580	(5,110)
Accounts payable	220,646	72,512	293,158	(2,428)
Due to other funds	1,735	-	1,735	-
Tenants payable	815	-	815	(347)
Accrued compensated absences	13,586	-	13,586	5,342
Net cash applied to operations	<u>\$ (297,203)</u>	<u>-</u>	<u>(297,203)</u>	<u>(820,010)</u>

The Notes to Financial Statements are an integral part of these statements

NOTES TO FINANCIAL STATEMENTS

COUNTY OF BERNALILLO, NEW MEXICO

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**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997**

NOTE 1. HISTORY AND FUNCTION

The County of Bernalillo (County) was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Section 4-1-1 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency, medical, etc.), highways and streets, sanitation, health and social services, low rent housing assistance, culture-recreation, public improvements, planning and zoning, and general administration services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applied to governmental entities. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The County's combined financial statements include all activities and accounts of the County's "financial reporting entity."

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by primary government.

The financial statements of the Bernalillo County Housing and Redevelopment Corporation (a New Mexico Not-for-Profit Corporation) have been included in the County's combining and combined financial statements as a "blended" component unit. Although it is legally separate from the County, this method was chosen as the operations of the corporation are so intertwined with the County's that they are, in substance, the same as a County operation. The Bernalillo County Housing and Redevelopment Corporation's governing body is the Bernalillo County Commissioners and all financial operations are under the control of the Bernalillo County Housing Department.

The Corporation was established to provide low rent housing facilities in accordance with the provisions of the United States Housing Act of 1936. The Corporation, with approval of the Commission, has the right to issue, sell and deliver revenue bonds; encumber real estate; and to enter into contracts for the sale of bonds, construction or acquisition of low rent housing facilities. Such bonds, notes, certificates of indebtedness, and obligations shall not constitute a statutory or charter debt limitation or restriction. The Commission will accept title to, or other interest in, any real or personal property upon dissolution of the Corporation at the time final payment is made on authorized obligations to the extent permitted under the laws of the State of New Mexico.

There were no other component units during the fiscal year ended June 30, 1997.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basis of Presentation

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:

1. Governmental Fund Types

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

Because of the spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. These are reported as liabilities in the General Long-Term Debt Account Group.

General Fund - To account for the general operations of the County and all financial activities except those required to be accounted for in another fund or account group.

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

Debt Service Funds - To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basis of Presentation (Continued)

1. Governmental Fund Types (Continued)

Capital Projects Funds - To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

2. Proprietary Fund Types

Proprietary funds are accounted for on the flow of economic resources measurement focus. The measurement focus is on the determination of net income, financial position, and cash flows. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

Enterprise Funds - To account for operations (1) 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 (2) when 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, accountability, or other purposes.

Internal Service Fund - To account for the operations that provide services to other departments or agencies of the County on a cost-reimbursement basis.

The County's internal service fund is the Risk Management fund which is to account for the County's risk management activities. The fund is managed so that revenues equal expenditures.

3. Fiduciary Fund Types

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

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basis of Presentation (Continued)

4. Account Groups

General Fixed Assets Account Group - To account for the property and equipment of the County utilized in its general operations other than those accounted for in proprietary funds.

General Long-Term Debt Account Group - To account for the general long-term liabilities of the County excluding long-term liabilities of proprietary funds.

C. Memorandum Totals

Amounts presented in the columns "Totals (Memorandum Only)" in the general purpose financial statements represent a summation of the general purpose financial statement line items of the fund types and account groups. The summation includes fund types and account groups that utilize different bases of accounting, both restricted and unrestricted amounts, and interfund transactions and balances that have not been eliminated. Consequently, amounts shown in the "Totals (Memorandum Only)" columns are not intended to present in conformity with generally accepted accounting principles the financial position, results of operations, or cash flows of the County. Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the County's financial position, operations, and cash flows.

D. Basis of Accounting

The modified accrual basis of accounting is followed by the governmental fund types and agency funds for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period (amounts collected within 60 days after year end).

Those revenues susceptible to accrual are property taxes, gross receipts taxes, state shared taxes, investment income and charges for services. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received.

Expenditures are recorded as liabilities when they are incurred.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Basis of Accounting (Continued)

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.

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

E. Cash and Investments

All deposits are recorded at cost. Except for the deferred compensation plan's assets administered by the plan's trustees, investments in the County's cash and investment pool are stated at cost or amortized cost, which approximates market, plus accrued interest (shown under a separate caption). The deferred compensation plan's assets are recorded at market value. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and is allocated to participating funds based on the specific identification of the source of funds for a given investment.

State Statute Sections 6-10-44 and 6-10-10(f), NMSA 1978 authorize the County Treasurer to invest in United States Treasury certificates, United States Treasury bonds or negotiable securities of the United States and bonds or negotiable securities of the State of New Mexico or of any county, municipality, or school district with the advice and consent of the County Board of Finance. Effective July 1, 1994, State statutes authorized the County to enter into yield maintenance repurchase agreements.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items. A portion of the relevant funds' balances equal to the prepaid items has been reserved to indicate that it is not available for appropriation.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

G. Inventories

The inventories in the general fund consist of general supplies, vehicle parts and automotive fuels and fluids. Inventories for general supplies and vehicle parts are recorded at average cost. Automotive fluids, fuels and road maintenance stock are valued using first-in, first-out cost method. The costs of inventories in governmental fund types are recorded as expenditures when purchased; therefore, the inventory amount is not available for appropriation.

H. Property and Equipment

General Fixed Asset Account Group - 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 where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation is not recorded and interest is not capitalized in the General Fixed Assets Account Group.

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, and are therefore excluded from the general fixed assets account group.

Proprietary Funds – Purchased property and equipment in the proprietary funds are stated at cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Interest is capitalized, if applicable.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. Property and Equipment (Continued)

Depreciation on property and equipment in proprietary funds is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and other improvements	15-40 years
Machinery and equipment	5-10 years

I. Accrued Employee Benefits

County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is recorded in the General Long-Term Debt Account Group. For proprietary funds, vacation costs are recognized as a liability when earned.

County employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. A liability for vested amounts, due to employees' meeting the termination or retirement requirements, but not payable from available, expendable resources is recorded in the General Long-Term Debt Account Group. For proprietary funds, sick leave costs are recognized when vested or taken whichever occurs first.

J. Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. 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 obligations 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.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

K. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, other funds or other governments. Reserves represent those portions of fund equity appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

L. Fund Equity Reservation and Designations

The County records reserves to indicate that a portion of fund equity is legally restricted for a specific future use or is not available for appropriation and/or expenditure. Fund equity was reserved for:

Reserved for debt service - Amounts legally restricted for the payment of long-term debt.

Reserved for inventory - Segregates a portion to indicate that although supplies inventory is an asset, it does not represent an available, spendable resource.

Reserved for note receivable - Segregates a portion to indicate that although notes receivable are an asset, it does not represent an available, spendable resource.

Reserved for advances to other funds - The amount of advances to other funds not available for appropriation and/or expenditure.

Reserved for prepaid items - Segregates a portion to indicate that although prepaid items are an asset, it does not represent an available, spendable resource.

Reserved for encumbrances - Represents the amounts which were budgeted as current year expenditures, which were unspent at year end and which were encumbered and rebudgeted for the subsequent year.

Reserved for subsequent year's expenditures - Represents the amounts, other than carryover expenditures, which are designated for subsequent year expenditures.

Unreserved, undesignated - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the County.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

M. Encumbrances

Encumbrances outstanding at year end are recorded as a reservation of fund balance and are not included in expenditures. Encumbered amounts at year end may be reappropriated for the following fiscal year.

N. Interfund Transactions

Quasi-external 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. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Cash Flows

For purposes of the Statement of Cash Flows, the various enterprise funds consider all highly liquid assets (excluding restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

P. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts are presented as a reduction of the face amount of bonds proceeds whereas issuance costs are recorded as expenditures.

Q. Property Taxes

The County is responsible for assessing, collecting and distributing property taxes for both outside entities and its own operational and debt service purposes. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by April 10 of the following year. Property taxes are delinquent if not paid by December 10 and May 10. Taxes on real property are a lien from January 1 of the year for which the taxes are imposed. Collections and

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1995**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Q. Property Taxes (Continued)

remittance of County property taxes are accounted for in the County Treasurer Agency Funds. Therefore, revenues for budgetary purposes are recorded when taxes are distributed to the General Operating and Debt Service Funds.

R. Budgets

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, most special revenue, and debt service funds. The proprietary funds and the following governmental type funds did not adopt annual operating budgets during the current fiscal year.

Special Revenue:

- Grants
- Road
- ERDA
- Section 8 Housing - Certificates
- Section 8 Housing – Vouchers
- Sheriff's Investigative Fund
- Law Enforcement Block Grants

Debt Service:

- Series 1996 Reserve
- Series 1996A Reserve
- Series 1996B Reserve

All Capital Projects Funds

Budget amounts for Capital Projects Funds and certain Special Revenue Funds are individual projects budgets authorized by the County Commission for the entire length of the project. The County Manager has administrative authority to make line item changes within a specific capital project without County Commission approval if the total change does not exceed 10 percent of the original budget. Once the County Commission has approved grant applications for projects, the County Manager is authorized to expend any funds awarded as a result of the grant application.

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1995**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

R. Budgets (Continued)

Exhibit A-3 "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget And Actual, All Budgeted Governmental Fund Types," does not include nonbudgeted Special Revenue Funds which have other than annual budgets. In addition, the Capital Projects Funds do not have annual budgets and, accordingly, have not been included on Exhibit A-3.

The County Manager is responsible for preparing the budget package from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide for balanced budgeting. The comprehensive budget package is brought before the County Commissioners for approval by resolution. The proposed budget is then submitted by June 1 to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1 with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

County financial management may make transfers of appropriations within a fund, with cognizant Division Director or elected official approval. Increases or decreases in the budget of a fund or transfers of appropriations between funds must be presented to the County Commission for approval by resolution and must subsequently have DFA approval. Amendments made to the original budget are included in the budgetary comparison statements of this report, which reflect actual to budget.

Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. The legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level except for the following funds, whose legal level of budgetary authority is at the program or district level:

Emergency Medical Services
Fire Districts

All outstanding encumbrances must be rebudgeted in the next year's budget. During the year, several supplementary appropriations were necessary.

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1995**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

S. Restricted Assets

Certain long-term assets in the enterprise fund are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes.

T. Presentation

Certain reclassifications of prior year information have been made to conform to current year presentation.

U. Use of Estimates

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

NOTE 3. RECONCILIATION OF BUDGETARY BASIS AND GAAP

The accompanying Schedules of Revenues and Expenditures Budget and Actual - (Non-GAAP Budgetary Basis), presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the fiscal year ended June 30, 1997, is presented below.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1995

NOTE 3. RECONCILIATION OF BUDGETARY BASIS AND GAAP
(CONTINUED)

The following schedule reconciles the amounts reflected on Exhibit A-2 (GAAP basis) to the amounts reflected on Exhibit A-3 (Budgetary basis) for all governmental fund types, except capital projects.

	General	Special Revenue	Debt Service
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (Exhibit A-2)	\$ 6,621,712	(2,678,671)	906,030
Eliminate non-budgeted funds:			
Special revenue funds:			
Road	-	(166,977)	-
ERDA	-	(444,717)	-
Sheriff's Investigative	-	221,218	-
Section 8 Housing - Certificates	-	(9,660)	-
Section 8 Housing - Vouchers	-	(1,856)	-
Debt service funds:			
Series 1996A reserve	-	-	(4,765,909)
Series 1996 reserve	-	-	(158,000)
Series 1996B reserve	-	-	(5,438,448)
Budgeted funds - GAAP basis	6,621,712	(3,080,663)	(9,456,327)
(Increase) decrease in assets:			
Accounts receivable	(1,011,320)	519,466	51,667
Due to/from other funds	426,304	-	(593,204)
Accrued interest	(61,119)	22,470	(5,916)
Inventory	9,887	-	-
Prepaid	1,019,606	-	-
Increase (decrease) in liabilities:			
Accounts payable	620,362	(375,700)	-
Deferred revenue	-	3,704	176,139
Accrued payroll	204,409	4,484	-
Contributed capital to internal service fund	(1,323,487)	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (Exhibit A-3)	<u>\$ 6,506,354</u>	<u>(2,906,239)</u>	<u>(9,827,641)</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 4. CASH AND INVESTMENTS

The total cash and investments of the County consist of the following:

Cash and investments, net of
unamortized discounts and
premiums:

Repurchase agreements	\$ 4,429,327
Certificates of deposit	300,000
U.S. Treasury obligations	146,437,112
Municipal bonds	3,320,000
State Treasurer's Investment Pool	<u>50,362,585</u>
Total investments	204,849,024
Cash on hand	1,600
Bank accounts (book balance)	<u>5,048,806</u>
Total cash and investments	<u><u>\$209,899,430</u></u>

Because of the short-term nature of the County's investments, market values approximate carrying value.

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are registered, or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured or unregistered investments, or for which securities are held by the counterparty's trust department or agent in the County's name. Category 3 represents uninsured and unregistered investments, not held in the County's name. The County does not have any Category 3 investments. Amounts invested in a pool managed by another government, such as the NM State Treasurer's Investment Pool, are not required to be categorized. The categories of the County's investments at June 30, 1997, were as follows:

	<u>Category</u>		
	1	2	Total
Repurchase agreements	\$ -	4,429,327	4,429,327
Certificates of deposits	300,000	-	300,000
U.S. Treasury obligations	146,437,112	-	146,437,112
Municipal bonds	3,320,000	-	3,320,000
Total investments	<u>\$ 150,057,112</u>	<u>4,429,327</u>	<u>154,486,439</u>

As of June 30, 1997, the market value of assets in the County's deferred compensation plan for participating employees was \$3,616,645, which is reported in the Agency Fund.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 4. CASH AND INVESTMENTS (CONTINUED)

The County's deposits are categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes deposits that are insured. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. Category 3 represents uncollateralized deposits, of which the County has none.

	<u>Category</u>		Total
	1	2	
Certificates of deposit	\$ 300,000	-	300,000
Bank accounts (bank balances)	100,000	2,279,029	<u>2,379,029</u>
Total	<u>\$ 400,000</u>	<u>2,279,029</u>	<u>2,679,029</u>

The County is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (section 6-10-17 NMSA 1978). Bernalillo County Resolution No. 114-86, Collateral Policy, requires that County funds intended for the retirement of County general obligation debt shall be collateralized at 110 percent, and Resolution No. 60-93 requires that Certificates of Deposits shall be collateralized at 100 percent. Repurchase agreements shall be collateralized at 102 percent. The pledged collateral is stated at market value as of June 30, 1997.

	First Security Bank	Other Banks
Repurchase agreements	\$ 4,429,327	-
Total amount of deposits in bank accounts	<u>2,379,029</u>	300,000
	6,808,356	300,000
Less FDIC coverage	<u>100,000</u>	300,000
Total uninsured public funds	<u>6,708,356</u>	-
50% collateral requirement	1,139,514	-
100% collateral requirement	-	-
102% collateral requirement	4,517,914	-
110% collateral requirement	-	-
Total collateral requirement	<u>5,657,428</u>	-
Pledged security (at market value)	<u>14,684,693</u>	-
Pledged security over collateral requirements	<u>\$ 9,027,265</u>	-

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable, consist of the following:

	General	Special Revenue	Debt Service	Capital Projects	Enter- prise	Agency
Taxes	\$7,556,515	613,196	-	-	-	14,027,104
Interest & penalty	244,830	-	-	-	-	-
Due from grantor	-	2,881,289	-	1,298,308	44,693	-
Other	<u>1,863,528</u>	<u>598,321</u>	<u>261,464</u>	<u>-</u>	<u>454,970</u>	<u>239,418</u>
Gross	9,664,873	4,092,806	261,464	1,298,308	499,663	14,266,522
Less:						
Allowance for doubtful accounts	<u>887,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,206,595</u>
Net	<u>\$8,776,971</u>	<u>4,092,806</u>	<u>261,464</u>	<u>1,298,308</u>	<u>499,663</u>	<u>11,059,927</u>

NOTE 6. NOTE RECEIVABLE

On April 16, 1991, the County Commission approved a \$100,000 loan to American G.I. Forum for the purpose of providing housing services to very low income residents of Bernalillo County. The note is secured by a mortgage on certain real property owned by the American G.I. Forum. The repayment scheduled was 24 monthly installments of \$4,166 bearing no interest. The American G.I. Forum did not make the payments as scheduled. On August 17, 1993, the County and the Forum amended the loan agreement to provide interest at 6 percent per annum on any payment past due pursuant to the original repayment schedule. In addition, the Forum agreed to make payments of \$1,200 per month beginning September 1, 1993. The note payments were made as scheduled through May, 1996. In a subsequent agreement, the American G.I Forum was allowed to make payments of \$200 per month for the months of June, July and August 1996. In September, 1996 the \$1,200 per month payment schedule was resumed. The balance on this note was \$65,316 at June 30, 1997.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund receivables and payables are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 3,334,003	<u>833,455</u>
Special Revenue Funds:		
Road	1,155,528	265,316
Valuation	12,555	189,762
One-Quarter Cent Sales Tax	-	407
Fire Districts	407	8,610
Section 8 Housing-Existing	-	125,774
Section 8 Housing-Vouchers	-	14,842
Environmental Health	-	29,566
Grants	137,674	1,478,404
Law Enforcement Block Grants	-	14,765
	<u>1,306,164</u>	<u>2,127,446</u>
Debt Service Fund:		
General Obligation Bonds Debt Service	27,065	-
Jail Debt Service	317,062	-
Courthouse Debt Service	249,078	-
	<u>593,205</u>	<u>-</u>
Capital Projects Funds:		
Road Construction	-	1,122,934
Storm Sewer Construction	-	26,531
	<u>-</u>	<u>1,149,465</u>
Enterprise Funds:		
Housing Authority	162,524	182,368
Seybold Village Handicapped Project	31,618	6,030
Bernalillo County Housing and Redevelopment Corp.	-	15,877
Solid Waste	-	1,735
	<u>194,142</u>	<u>206,010</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due From Other Funds	Due to Other Funds
Internal Service Funds:		
Risk management fund	\$ 70,442	-
Agency Funds:		
Treasurer's funds:		
Undistributed Tax Current	-	740,597
Undistributed Tax Delinquent	-	190,796
Undistributed Interest Current	-	69,936
Undistributed Interest Delinquent	-	94,436
Undistributed Penalty Current	-	63,099
Undistributed Penalty Delinquent	-	22,716
	<u>-</u>	<u>1,181,580</u>
 Total all funds	 <u>\$ 5,497,956</u>	 <u>5,497,956</u>

The general fund has advanced the grants fund \$700,000 to finance the cost-reimbursement grants. The environmental fund has financed the initial start-up of the solid waste fund through a \$1,200,000 advance.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 1997, were as follows:

From	To	Amount	
General Fund	Courthouse Revenue	\$	4,377,533
General Fund	Jail Revenue Bonds		1,443,431
General Fund	Grant Fund		139,449
General Fund	Road Construction		40,000
General Fund	Road Fund		775,000
Reappraisal Fund	General Fund		324,517
Grants Fund	General Fund		402
Grants Fund	Law Enforcement Block Grant		7,770
Recording & Filing Fund	Clerks Revenue Bond		214,846
Library Bond	Arbitrage Rebate		29,165
Storm Drain	Arbitrage Rebate		127,346
Juvenile Justice Bond Fund	Arbitrage Rebate		2,448
Facility Improvement	Arbitrage Rebate		256,960
Clerks Filing Fees	Reserve Clerks Revenue		158,000
Parks & Rec. Fund	Arbitrage Rebate		66,408
Road Construction	Arbitrage Rebate		78,291
Arbitrage Rebate	91 Library Bond		121,909
Arbitrage Rebate	Road Construction		50,219
Arbitrage Rebate	Storm Drain		<u>79,472</u>
		<u>\$</u>	<u>8,293,166</u>
		Transfer	Transfer
		In	Out
Exhibit A-2, Combined Statement of Revenues, Expenditures, and Changes in Unreserved Fund Balance- All Governmental Fund Types		\$ 7,732,553	8,041,565
Agency Fund transfers included in cash receipts and disbursements		<u>560,613</u>	<u>251,601</u>
Total transfers		<u>\$ 8,293,166</u>	<u>8,293,166</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 9. FIXED ASSETS

The changes in fixed assets for the year are as follows:

	Balance		Dele-		Balance
	June 30, 1996	Additions	tions	Transfers	June 30, 1997
GENERAL FIXED ASSETS					
Land and buildings	\$ 96,019,631	241,214	-	8,134,774	104,395,619
Equipment, machinery furniture, fixtures, and automotive	37,008,399	6,739,612	2,815,696	-	40,932,315
Construction in progress	7,130,690	3,409,146	-	(8,134,774)	2,405,062
Total	<u>\$ 140,158,720</u>	<u>10,389,972</u>	<u>2,815,696</u>	<u>-</u>	<u>147,732,996</u>

The changes in fixed assets for the year are as follows:

	Balance			Balance
	June 30, 1996	Additions	Deletions	June 30, 1997
ENTERPRISE FUND				
Land and buildings	\$ 3,306,281	229,634	-	3,535,915
Equipment, machinery furniture, fixtures, and automotive	172,276	1,143,512	-	1,315,788
Construction in progress	63,951	112,371	-	176,322
Total	3,542,508	1,485,517	-	5,028,025
Accumulated depreciation	<u>(966,193)</u>	<u>(304,074)</u>	<u>-</u>	<u>(1,270,267)</u>
Net fixed assets	<u>\$ 2,576,315</u>	<u>1,181,443</u>	<u>-</u>	<u>3,757,758</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 10. LONG-TERM DEBT

The following is a summary of General Long-Term Debt transactions of the County for the year ended June 30, 1997:

	Balance			Balance
	June 30, 1996	Additions	Deletions	June 30, 1997
G.O. Bonds	\$60,450,000	12,150,000	10,305,000	62,295,000
GRT revenue bonds	1,580,000	112,075,000	130,000	113,525,000
Capital leases	305,093	-	41,972	263,121
Compensated absences	4,677,818	135,762	-	4,813,580
Total	<u>\$67,012,911</u>	<u>124,360,762</u>	<u>10,476,972</u>	<u>180,896,701</u>

General obligation bonds are direct obligations of the County for which its full faith and credit are pledged and are payable from taxes levied on property located within the County. During fiscal year 1997, the County issued \$12,150,000 in new general obligation bonds. The general obligation bonds outstanding as of June 30, 1997, is comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Road Bonds, Series 1989	\$ 1,500,000	0.05%-6.00%	August 15, 1997
Series 1991	8,410,000	5.60%-6.25%	August 1, 1998
Series 1992	8,600,000	5.10%-7.10%	August 1, 1999
Series 1993	16,000,000	3.875%-5.875%	August 1, 2003
Series 1994	4,650,000	5.50%-7.50%	October 1, 2006
Series 1995	10,985,000	4.50%-5.00%	August 1, 2010
Series 1996	12,150,000	5.50%-7.00%	August 1, 2016
	<u>\$ 62,295,000</u>		

The Gross Receipts Tax Revenue Bonds are limited obligations of the County, payable solely from gross receipts tax revenues. During fiscal year 1997, the County issued 112,075,000 in new Gross Receipts Tax Revenue Bonds. The Gross Receipts Tax Revenue bonds outstanding as of June 30, 1997 are composed of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1996	\$ 1,450,000	3.70%-5.10%	April 1, 2005
Series 1996A	50,815,000	4.25%-5.75%	April 1, 2026
Series 1996B	61,260,000	4.20%-5.70%	April 1, 2027
	<u>\$113,525,000</u>		

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 10. LONG-TERM DEBT (CONTINUED)

The annual requirement to amortize general obligation and gross receipts tax revenue bonds, is as follows:

	Principal	Interest	Total
1998	\$ 7,060,000	9,290,837	16,350,837
1999	6,490,000	8,943,577	15,433,577
2000	9,045,000	8,527,422	17,572,422
2001	7,130,000	8,081,172	15,211,172
2002	7,225,000	7,700,179	14,925,179
Thereafter	<u>138,870,000</u>	<u>108,071,780</u>	<u>246,941,780</u>
	<u>\$ 175,820,000</u>	<u>150,614,967</u>	<u>326,434,967</u>

At June 30, 1997, the following general obligation bonds were authorized and unissued.

Approved by Voters on	Purpose	Authorized
November 5, 1996	Road Construction and Repair	\$ 8,870,000
November 5, 1996	Storm and Sanitary Sewers	2,130,000
November 5, 1996	Library Books and Resources	2,000,000
November 5, 1996	Public Health Department	2,000,000
November 5, 1996	Parks and Recreation Facilities	3,450,000
November 5, 1996	Juvenile Detention Center	1,000,000
November 5, 1996	Sheriff's Command Centers	<u>2,550,000</u>
		<u>\$ 22,000,000</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 10. LONG-TERM DEBT (CONTINUED)

Long-Term Debt in Enterprise Funds. During 1979, the Bernalillo County Housing and Redevelopment Corporation issued first lien revenue bonds bearing interest at 6.3 percent to 8.0 percent maturing at various amounts through 2009. At June 30, 1997, a total of \$765,000 was outstanding and, of this total, \$40,000 was reflected as current debt and \$725,000 was reflected as long-term.

The annual requirement to amortize first lien revenue bonds outstanding as of June 30, 1997, is as follows:

	Principal	Interest	Total
1998	\$ 40,000	63,792	103,792
1999	45,000	60,793	105,793
2000	45,000	57,752	102,752
2001	-	54,288	54,288
2002	-	50,800	50,800
Thereafter	<u>635,000</u>	<u>355,600</u>	<u>990,600</u>
Total	<u>\$ 765,000</u>	<u>643,025</u>	<u>1,408,025</u>

NOTE 11. SPECIAL ASSESSMENT BONDS

The County, acting as the agent for the property owners, issued Special Assessment District Improvement Bonds to finance street and road improvements. The bonds are payable from and secured by a pledge of district special assessments. For redemption purposes, the bonds are numbered consecutively. All or any part of the bonds are subject to redemption in numerical order, according to redemption numbers, at the option of the County on any interest payment date prior to maturity, at a price equal to the principal amount thereof plus accrued interest to the redemption. The bonds bear interest from their issue date and are paid semiannually thereafter until paid. The bonds are not a debt of the County, and the County did not pledge its full faith and credit for payment of the bonds. The payment of the bonds is not secured by any encumbrance, mortgage, or other pledge of property of the County except for district special assessments. No property of the County, subject to foregoing exception, shall be liable to be forfeited or taken in payment of the bonds.

The activities relating to the collection of special assessments and the payments on special assessment bonds are included in the agency fund accounts.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 11. SPECIAL ASSESSMENT BONDS (CONTINUED)

The following is a summary of Special Assessment Bonds payable as of June 30, 1997:

Improvement Bonds	Interest Rate	Date Issued	Date Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 1997
Heatherland Hills BC-93-1	6.75%	1/95	9/1/04	\$ 135,000	\$ 80,000

At June 30, 1997, the Second Street, East Mountain, Paradise Hills, and South Valley special assessment bonds had been fully paid. The remaining potential assets (in excess of the debt service requirements) were as follows:

	Second St. BC-85-3	East Mountain BC-85-4	Paradise Hills BC-84-2	South Valley BC-84-1
Cash and investments	\$ 16,390	62,099	33,131	21,435
Accounts receivable:				
Billed, but uncollected	2,569	33,046	26,318	72,336
Unbilled assessments	3,406	14,141	5,501	8,706
	<u>5,975</u>	<u>47,187</u>	<u>31,819</u>	<u>81,042</u>
	<u>\$ 22,365</u>	<u>109,286</u>	<u>64,950</u>	<u>102,477</u>

In accordance with State Statute Section 4-55A-28, NMSA, 1978 Compilation, the Board of County Commissioners may transfer to the general fund of the County any money obtained from the levy of an assessment for an improvement district if:

1. Bonds or assignable certificates were issued to finance the improvement; and
2. The funds obtained by the bonds or assignable certificates were spent for the improvement; and
3. The assessments were levied and collected for the payment of the bonds or assignable certificates; and
4. Either the bondholders or assignable certificate holders are barred by the statute of limitations or a court judgment or decree from collecting the indebtedness; or
5. The bonded indebtedness or assignable certificates have been paid.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 12. CAPITALIZED LEASES

The County is obligated to the State of New Mexico, under certain leases which are accounted for as capital leases. The leased assets are voting machines and are accounted for in the General Fixed Asset Account Group. Assets under capital leases totaled \$573,030 at June 30, 1997. The following is a schedule of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments at June 30, 1997:

	Amount
1998	\$ 41,970
1999	41,970
2000	41,970
2001	41,970
2002	41,970
Thereafter	<u>53,271</u>
Total minimum lease payments	263,121
Less: Amount representing interest	<u>-</u>
Present value of future net minimum lease payments	<u>\$ 263,121</u>

The County does not pay interest on the capital lease obligation to the State of New Mexico for the acquisition of voting machines.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 13. COMMITMENTS

Operating Leases. During the fiscal year ended June 30, 1997, the County leases equipment, and office space under operating leases. The County's expenditures on those leases for the fiscal year ended June 30, 1997, were approximately \$1,663,000. The County's future minimum rental commitments, accounted for as operating leases at June 30, 1997, are as follows:

	Amount
1998	\$ 671,333
1999	627,235
2000	415,797
2001	238,633
2002	<u>140,905</u>
	<u>\$ 2,093,903</u>

The County shares building expense on One Civic Plaza (City/County Building) on a year-to-year basis; a joint City/County annual operating budget for the building is established one month prior to the commencement of the fiscal year. The County is obligated to participate up to a maximum of \$1,282,000, including debt service, for its share of the annual rent for the fiscal year ending June 30, 1998.

During the year, the County, as lessor, leased various office spaces under operating leases. Rental revenue was \$49,880.

Other. At June 30, 1997, the County is committed to spend approximately \$4,080,000 under certain construction contracts for general fixed assets.

NOTE 14. COMPENSATED ABSENCES

Qualified employees are entitled to accumulate annual sick leave at rates that vary by type of employee and department (as explained below). The accrual for compensated absences is calculated at pay rates in effect June 30, 1997, and include direct and incremental salary-related payments such as the employer's share of social security taxes and defined benefit plan contributions.

Compensated absences at June 30, 1997, are recorded as liabilities of \$60,975 and \$4,813,580 in proprietary funds and general long-term debt account group, respectively.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 14. COMPENSATED ABSENCES (CONTINUED)

The following is a summary of the annual and sick leave policy:

White Collar Union Employees

A white collar union employee may carry over vacation time, from one year to another, up to 288 hours. Vacation time shall be accrued as follows:

Length of Service	Reg. Hrs. Worked	Accrual	Days Accrued/Year
6 mo. to 5 years	20	1.0 hours	13.0 days
5 to 10 years	20	1.3 hours	16.9 days
10 to 15 years	20	1.5 hours	19.5 days
15 to 20 years	20	1.7 hours	22.1 days
20 to 25 years	20	2.0 hours	26.0 days
Over 25 years	20	2.2 hours	28.6 days

The County shall pay the beneficiary of the estate of an employee the full cash equivalent of the accumulated and accrued unused vacation time upon the death of an employee.

The County shall pay an employee the full cash equivalent of accumulated and accrued unused vacation time upon an employee's separation from service with the employer.

Sick leave shall be accrued on a 1:20 basis on time worked, vacation and paid sick leave, but not applicable to time worked as overtime. There shall be no limit to the amount of sick leave that an employee may accrue during the life of his/her service with the County.

Upon application for annual leave, an employee may:

1. Convert any amount of sick leave accrued in excess of 250 hours on a 3 for 1 basis,
2. Convert any amount of sick leave accrued in excess of 450 hours on a 2 for 1 basis,
3. convert any amount of sick leave accrued in excess of 800 hours on a 3 for 2 basis.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 14. COMPENSATED ABSENCES (CONTINUED)

For the purposes of early retirement, an employee may convert accumulated sick leave to annual leave on a three for two basis. Only those employees eligible for retirement under the State Public Employees Retirement Act at the time of retirement shall be eligible.

All white collar union employees who accumulate more than eight (8) days sick leave in a calendar year are eligible to receive cash payment for those days in excess of eight (8) accumulated days. Payment for the excess days will be made the last pay day in December. Days converted to pay shall be deducted from the employee's sick leave balance.

Employees will accrue a total of 104 hours of sick leave for the purpose of this section. Employees will be required to maintain a minimum balance of 64 hours in order to cash in any unused portion of the remaining 40 hours.

Blue Collar Union Employees

Vacation Time. Leave with pay shall be defined as approved time away from the work station on a paid status and shall be limited to the following:

Length of Service	Reg. Hrs. Worked	Accrual	Days Accrued/Year
6 mo. to 5 years	20	1.0 hours	13.0 days
5 to 10 years	20	1.3 hours	16.9 days
10 to 15 years	20	1.5 hours	19.5 days
15 to 20 years	20	1.7 hours	22.1 days
20 to 25 years	20	2.0 hours	26.0 days
Over 25 years	20	2.2 hours	28.6 days

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 14. COMPENSATED ABSENCES (CONTINUED)

Fire Fighters. Employees will accrue vacation at the following rates for 106 hours in a 14 day consecutive work period for 24/48 hour tour of duty employees:

Per Creditable Hour

Length of Service	Reg. Hrs. Worked	Accrual	Days Accrued/Year
Up through 5 years	1	.050 hours	variable
6 through 10 years	1	.065 hours	variable
11 through 15 years	1	.075 hours	variable
16 years and over	1	.085 hours	variable

An employee may carry forward any or all vacation time from one year to another. However, no more than 288 hours of accrued annual leave may be carried forward into a new calendar year unless a request has been denied; then the hours may be exceeded by the denied number of hours.

Full-time fire fighters eligible for fringe benefits shall:

1. Accrue sick leave at .05 hours per one hour of each regular creditable hour worked; for 106 hours in a 14 day consecutive work period for 24/48 tour of duty of employees.
2. There shall be no limit to the amount of sick leave an employee may accrue during his/her tenure with Bernalillo County.
3. As a benefit and incentive in the proper use of sick leave benefits, employees may convert accrued sick leave for annual leave on the following basis:

Convert any amount of sick leave accrued in excess of 250 hours on a 2 for 1 basis. No converted sick leave hours shall remain as accrued annual leave from year to year, nor shall such converted leave be eligible for accumulated annual leave upon termination or resignation from County service.

**COUNTY OF BERNALILLO, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997**

NOTE 14. COMPENSATED ABSENCES (CONTINUED)

Any employee who accrues more than 72 hours of sick leave in a year shall be eligible to receive cash payment for those hours in excess of 72 hours accrued that year. Payment for the excess hours shall be made on the last pay period before December 25. A maximum of 40 hours may be converted to pay. For those employees who choose to convert hours to pay those converted hours shall be deducted from the employee's sick leave balance.

For the purpose of early retirement, an employee may convert three (3) days of accumulated sick leave to two (2) days of annual leave. Only those employees eligible for retirement under the State Public Employees Retirement Act at the time of retirement shall be eligible to cash in three days of sick leave accrued for two days of annual leave (paid early retirement) prior to the actual date of withdrawal or retirement from the County service.

Sheriff's Deputies. Vacation time shall be accrued as follows:

Length of Service	Reg. Hrs. Worked	Accrual	Days Accrued/Year
6 mo. to 5 years	20	1.0 hours	13.0 days
5 to 10 years	20	1.3 hours	16.9 days
10 to 15 years	20	1.5 hours	19.5 days
15 years or more	20	1.7 hours	22.1 days

Accumulated leave in excess of 288 working hours is not allowed with the exception of eight (8) individuals grandfathered in as of November 6, 1986.

Sick leave shall accumulated at the rate of one (1) hour per 20 regular hours of work without limitation. When a deputy retires, he/she shall have the right to convert to annual vacation leave all sick leave hours on the basis of three (3) sick leave hours for two (2) annual leave hours. In the event an officer, who has been employed by the Department at least two years, voluntarily separates from employment or is laid off as a result of a reduction in force, he/she shall have the right to convert to annual vacation leave all hours on the basis of 8 for 24. Anyone discharged for cause shall forfeit all accumulated sick leave.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 14. COMPENSATED ABSENCES (CONTINUED)

Any employee who accumulates more than eight (8) days sick leave in a year shall be eligible to receive cash payment for those days in excess of the eight accumulated days. Payment for the excess days shall be made with the first pay period in December. Days converted to pay shall be deducted from the employee's sick leave balance.

Other Full-Time Employees. Other full-time employees shall be eligible for annual vacation on the following accrual basis:

Length of Service	Reg. Hrs. Worked	Accrual	Days Accrued/Year
Up through 5 years	10	.50 hours	13.0 days
6 to 10 years	10	.65 hours	16.9 days
11 to 15 years	10	.75 hours	19.5 days
16 years and over	10	.85 hours	22.1 days

No more than 288 hours of accrued annual leave may be carried forward into a new calendar year. Upon separation, an employee shall be paid for the unused portion of his/her accrued annual leave.

Other full-time employees eligible for fringe benefits shall accrue and be credited one (1) hour sick leave for each 20 regular hours worked. There shall be no limit to the amount of sick leave an employee may accrue during his/her tenure with the County.

An employee can convert only those sick leave hours in excess of 250 hours to annual leave. Hours converted for annual leave will be the rate of three (3) sick leave hours for two (2) annual leave hours.

No converted sick leave hours shall remain as accrued annual leave from year to year. Upon termination or resignation from County service, any sick leave hours in excess of 250 may be converted for payment at the rate of three (3) sick leave hours for two (2) annual leave hours.

A full-time employee of the County may donate accrued annual leave to another County employee. Employees may donate hours only when their annual leave balance is in excess of eighty hours.

For the purposes of early retirement, an employee may convert three (3) days of accumulated sick leave to two (2) days of annual leave. Only those employees eligible for retirement under the State Public Employees' Retirement Act, at the time of retirement, shall be eligible to convert three (3) days of sick leave accrued for two (2) days of annual leave (paid early retirement) prior to the actual date of withdrawal or retirement from the County service.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
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NOTE 15. DEFERRED COMPENSATION PLAN

The County has adopted a deferred compensation plan for its eligible employees, whereby they may execute an individual agreement with the County for the deferral of a portion of their salary to a future date. Such amounts are deferred until the employee's termination by reason of death, resignation or retirement. Internal Revenue Code Section 457 provides this tax-deferred program for public employees. All of the funds are withheld from the payroll checks of individuals who elect to participate in the plan, and are transferred to a third party administrator. All amount of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property and rights are (until distributed in accordance with the plan agreement) solely the property of the County. The obligation of the County to participating employees is a general liability only and is subject to all of the claims of general creditors with no protection or preference in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 16. PUBLIC EMPLOYEES RETIREMENT

Plan Description. Substantially all of the County 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, PO Box 2123, Santa Fe, New Mexico 87504-2123.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
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NOTE 16. PUBLIC EMPLOYEES RETIREMENT (CONTINUED)

Funding Policy. Plan members are required to contribute 9.15-16.3 % of their gross salary and the County is required to contribute 9.15-21.25% depending upon the division of the gross covered salary. The contribution requirements of plan members and the County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ending June 30, 1997, 1996, and 1995 were \$4,185,936, \$3,793,810, and \$3,697,778, respectively, equal to the amount of the required contributions for each year. The following table outlines the divisions the County participates in and the contributions for the year ending June 30, 1997.

Covered Division	<u>Employee</u>		<u>Employer</u>	
	Percent	Dollars	Percent	Dollars
General-management, blue collar and white collar	13.15%	\$3,088,355	9.15%	\$2,148,898
General-other	9.15	59,454	9.15	59,454
Sheriff	16.3	1,074,476	18.5	1,219,500
Fire	15.2	542,253	21.25	758,084

COUNTY OF BERNALILLO, NEW MEXICO
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NOTE 17. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (Act) (Chapter 10 Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public services in New Mexico. The Retiree Health Care Authority is the administrator of the plan. 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 consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act, or the Magistrate 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, 1995, in which event the time period for contributions becomes the 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 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 five dollars (\$5.00) if the 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.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 17. RETIREE HEALTH CARE ACT CONTRIBUTIONS (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 \$364,257 in employer contributions and \$182,129 in employee contributions to the Retiree Health Care Authority.

NOTE 18. RISK MANAGEMENT

Bernalillo County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In July 1993, the County joined with other governments to form a Workers' Compensation Pool and the Multi-line Pool; these are public entity risk pools currently operating as a common risk management and insurance program for workers' compensation and property and casualty coverage. The government pays an annual premium to the pool for general insurance coverage. The agreements for formation of the Workers' Compensation Pool and Multi-line Pool provide that the pools be self-sustaining through member premiums and reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event.

Bernalillo county was a member of the Workers' Compensation Pool and the Multi-line Pool during the period July 1, 1996 through June 30, 1997. Both Pools are funded entirely by member contributions, and are administered by the New Mexico County Insurance Authority. The Pools are authorized by joint powers agreements entered into by each county as a separate and independent governmental and legal entity pursuant to the provisions of NMSA 1978 Sections 11-1-1 et seq.

The Workers' Compensation Pool provides workers' compensation coverage for all Bernalillo County employees, including temporary and part-time workers. There are 27 counties in this Pool, which for fiscal years ended 1996 and 1995, contributed a total of \$2,995,984 and \$4,098,274, respectively. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. For fiscal years ended 1997 and 1996, Bernalillo County contributed \$635,117 and \$654,809 to the Worker's Compensation Pool, respectively. The self-insured retention level for the Pool during the period of coverage July 1, 1996 through June 30, 1997 was \$300,000 (that is the maximum amount of coverage for each insured event before obtaining reinsurance). The Pool has reinsurance coverage for losses above that amount from Employer's Reinsurance, to a statutory limit of \$1,000,000.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 18. RISK MANAGEMENT (CONTINUED)

The Multi-line Pool provides property and casualty coverage for 21 counties. The coverage includes building and contents, automobile physical damage, general liability, personal injury (including civil rights), host and liquor liability, automobile liability, public officials errors and omissions, money and securities, commercial blanket bond (employee fidelity), and depositors forgery. The total premiums for this Pool were \$5,949,237 and \$5,160,954 for the years ending December 31, 1996, and 1995, respectively. Bernalillo County paid premiums to the New Mexico County Insurance Authority in calendar year 1997 and 1996 of \$1,356,646 and \$1,345,098, respectively.

The self-insured retention level for this Pool during the period of coverage January 1, 1997 through December 31, 1997 was \$150,000 for property and \$250,000 for liability per occurrence (that is the maximum amount of coverage for each insured event before obtaining reinsurance). The aggregate self-insured retention for this Pool increased to \$150,000 for each occurrence as of January 1, 1993. All deductibles and individual retention amount remained the same.

The pooling agreement requires the pool to be self-sustaining; it is not possible to estimate the range of contingent losses to be borne by the government. The Pool Board retains a \$2,500,000 equity prior to evaluating any refunds to the participating counties based upon losses expensed and losses incurred. The pool retains the risk of loss to be shared proportionately by pool participants. The County does not retain the sole risk of losses incurred by the County. There were no payments in excess of insurance coverage for the years ended June 30, 1997, 1996, and 1995.

The New Mexico County Insurance Authority has published its own financial reports for the year ended June 30, 1996, which can be obtained from the New Mexico Association of Counties, 1215 Paseo de Peralta, Santa Fe, New Mexico, 87501.

The County continues to carry commercial insurance for all other risks of loss, including law enforcement liability, emergency medical, foreign jurisdiction and excess liability, boiler and machinery, and sheriff reserve and rescue personnel. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 19. PROPERTY TAX ROLL RECONCILIATION

Uncollected taxes at June 30, 1996		\$	16,259,687
Changes to tax roll:			
Increases			14,456,058
Decreases			(15,031,255)
Changes in tax years:			
Elimination of tax year 1986-uncollected portion			(310,626)
Establishment of tax year 1997			236,219,558
Taxes collected during current fiscal year			<u>(232,942,658)</u>
Uncollected taxes at June 30, 1997		\$	<u>18,650,764</u>
Net taxes charged to Treasurer at June 30, 1997		\$	1,655,467,653
Changes to tax roll:			
Increases			14,456,058
Decreases			(15,031,255)
Changes in tax years:			
Elimination of tax year 1986			(120,390,976)
Establishment of tax year 1996			<u>236,219,557</u>
Net taxes charged to Treasurer at June 30, 1997		\$	<u>1,770,721,037</u>
TAX COLLECTIONS AND TAX DISTRIBUTIONS			
Undistributed taxes and interest at June 30, 1996		\$	3,662,966
Collections during fiscal year ended June 30, 1997:			
Taxes	\$	232,942,658	
Interest and penalties		<u>1,528,948</u>	
			234,471,606
Claims for refunds activities:			
Released for distribution		93,166	
Held from distributions		<u>(43,581)</u>	
			<u>49,585</u>
Available for distribution			<u>238,184,157</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 19. PROPERTY TAX ROLL RECONCILIATION (CONTINUED)

Distributions made:	
County General Fund	\$52,664,871
County Debt Service Fund	628,406
Health centers:	
BCMC	24,943,335
BCMHC	<u>2,899,585</u>
	27,842,920
Special districts:	
MRGCD	5,450,549
AMAFCA	6,080,303
TVI	17,427,996
ESWCD	<u>42,461</u>
	29,001,309
Municipalities:	
City of Albuquerque	57,857,889
Village of Tijeras	5,215
Village of Corrales	<u>77,142</u>
	57,940,246
State of New Mexico	9,711,282
Public School Districts	56,983,025
Municipal Urban Development District	<u>244,291</u>
Total distributions during current fiscal year	<u>235,016,350</u>
Undistributed taxes and interest at June 30, 1997	<u>\$ 3,111,738</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 20. RESERVED FUND BALANCE

The New Mexico Department of Finance and Administration requires that 3/12 of budgeted expenditures be reserved as subsequent-year expenditures to maintain an adequate cash flow until the next significant property tax collection; however, Bernalillo County, with DFA approval, reserves 3/12 of total expenditures (\$23,824,880) plus the reserve for debt stabilization (\$7,898,256) plus the portion reserved as unencumbered carryover (\$9,476,918) to the extent of availability. DFA also requires a 1/12 reserve for county road funds (\$746,842).

NOTE 21. CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Multifamily Housing Revenue Bonds to provide financial assistance to private-sector entities for the acquisition, construction and rehabilitation of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State of New Mexico nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 1997, there were five (5) series of project revenue bonds outstanding, with an aggregate principal amount payable of \$59,765,000.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 22. CONTINGENCIES AND SUBSEQUENT EVENT

Litigation. The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County. A breakdown of these cases at June 30, 1997 is as follows:

Civil Rights	12
Contract Disputes	8
Personal Injury/Damages	38
Class Action (Jail)	<u>1</u>
	<u>59</u>

A further 26 cases were filed subsequent to June 30, 1997. The exposure for uninsured losses is estimated not to exceed \$200,000.

Grant Compliance. The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor. As of June 30, 1997, the County estimates that no material liabilities will result from such audits.

County Medicaid 1/16 Gross Receipts Tax Equivalent. Under State Statute Section 27-10-4, NMSA 1978 Compilation, a county, which does not enact an ordinance imposing a county health care gross receipts tax pursuant to State Statute Section 7-20E-18, NMSA 1978 Compilation, is required to dedicate to the county-supported medicaid fund “an amount equal to a gross receipts tax rate of 1/16 of one percent applied to the taxable gross receipts tax reported during the prior fiscal year by persons engaging in business in the county.” The County of Bernalillo is currently complying with this statute through an arrangement with UNMH-BCMC. UNMH-BCMC transfers the equivalent of 1/16 percent GRT from revenues it receives to comply with the statute. However, if UNMH-BCMC fails to make this transfer, the County is liable for the transfer each year. Currently, that amount is approximately 6.5 million dollars annually.

Expenditures in excess of budget. The expenditures in the Series 1996 debt service fund exceeded the amount budgeted by \$36,960, as a result of unbudgeted interest payments.

Subsequent Event. Subsequent to year end, the County exchanged cash and investment securities carried at approximately \$112,681,612 for flexible repurchase agreements that bear interest at 5.66 to 6.16%. The funds are available with one business day notice.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 23. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

	Solid Waste	Seybold Village Housing Authority	Bernalillo County Housing and Handicapped Project	Redevelopment Corporation	Total
Operating revenues**	\$ 292,543	540,793	28,733	245,962	1,108,031
Depreciation and amortization	176,798	29,346	39,272	58,658	304,074
Operating income (loss)	(134,246)	(581,048)	(65,788)	75,652	(705,430)
Non-operating revenue (expense)	-	7,290	872	(31,311)	(23,149)
Net income (loss)	(134,246)	(573,758)	(64,916)	44,341	(728,579)
Net property and equipment additions	1,074,759	50,866	342,005	17,887	1,485,517
Working capital	167,793	161,470	60,522	(5,562)	384,223
Restricted assets	-	-	-	645,053	645,053
Total assets	1,612,469	517,233	2,346,966	1,198,656	5,675,324
Bonds and other long-term liabilities payable from operating revenues	-	-	-	725,000	725,000
Total fund equity (deficit)	\$ (134,246)	264,245	2,315,587	410,825	2,856,411

** A substantial portion of the operating revenues for the Housing Authority are administrative fees, tenant rents and HUD subsidies.

Interfund revenues of the enterprise funds are not significant.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 24. DEFICIT FUND EQUITY

The following funds have deficit fund balances resulting from reserve for encumbrances. Total fund equity is not a deficit.

Special Revenue Funds:

Grants fund	\$ (1,511,673)
Road Fund	<u>(67,003)</u>
	<u>\$ (1,578,676)</u>

Except for the Solid Waste Fund, the Enterprise Funds are federally subsidized and are not intended to be self-supporting without such subsidy. The federal subsidies are recorded as contributed capital, and when added to the deficit unreserved retained earnings result in positive fund equity. The Solid Waste Fund was established with an advance and has a deficit in retained earnings due to certain start-up costs. Management expects these costs to be recovered from on going operations.

Deficit retained earnings in enterprise funds are as follows:

Solid Waste	\$ (134,246)
Housing Authority	(2,974,214)
Seybold Village Handicapped Project	<u>(490,438)</u>
	<u>\$ (3,598,898)</u>

NOTE 25. CHANGES IN PROPRIETARY FUND EQUITY

Following are the changes in fund equity during the year:

Fund equity, beginning	\$ 2,658,082
Current year net loss	(728,579)
Capital contributions	<u>2,250,395</u>
Fund equity, ending	<u>\$ 4,179,898</u>

NOTE 26. RESTATEMENT OF PRIOR YEAR FUND BALANCE

The beginning fund balance, reserved for subsequent year's expenditures and accounts receivable has been restated by \$725,536 for gross receipts tax revenue receivable not recorded at June 30, 1996.



