

NEW ISSUE
Book Entry Only

RATINGS:
Moody's Investor Service, Inc.: Aa1
Fitch Ratings 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 taxable income of individuals and corporations; however, interest on the Bonds will be included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may, therefore, affect a corporation's alternative minimum tax. Additionally, in the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the State of New Mexico. (See "Tax Matters" herein.)

\$3,029,000
BERNALILLO COUNTY, NEW MEXICO
GENERAL OBLIGATION BONDS
SERIES 2004

Dated: October 15, 2004

Due: October 15, as detailed below:

The Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book entry form only in denominations of \$1,000 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 (April 15 and October 15) commencing October 15, 2005. Principal is payable annually as detailed below. The Bonds are subject to redemption prior to maturity as more fully described herein.

MATURITIES, INTEREST RATES, AND PRICES OR YIELDS

<u>Due</u> <u>(October 15)</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>
2019	\$900,000	4.000%	4.050%
2020	\$900,000	4.000%	4.140%
2021	\$1,229,000	4.400%	4.200%

The Bonds are general obligations of the County. The Bonds are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount. The Bonds were authorized for various public purposes in the County as more fully described herein.

The Bonds are being offered when, as and if issued by the County, subject to the prior approval of Hughes & Strumor, Ltd. Co., Albuquerque, New Mexico, as Bond Counsel. Certain other matters will be passed upon by Hughes & Strumor, Ltd. Co. as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the Depository Trust Company, New York, New York on or about October 27, 2004.

RBC DAIN RAUSHER

Official Statement Dated: October 12, 2004

BERNALILLO COUNTY, NEW MEXICO

County Commission
One Civic Plaza, N.W., Suite 10111
Albuquerque, New Mexico 87102
Telephone: (505) 768-4000

COUNTY COMMISSION

Alan B. Armijo, Chair
E. Tim Cummins, Vice Chair
Michael Brasher, Commissioner
Steve D. Gallegos, Commissioner
Tom Rutherford, Commissioner

COUNTY OFFICIALS

Mr. Thaddeus Lucero, Manager
Mr. Alex A. Abeyta, Jr., Treasurer
Mr. Mark J. Carrillo, Assessor
Ms. Mary E. Herrera, Clerk

COUNTY FINANCE DEPARTMENT

Mr. Dan Mayfield, Director and Comptroller
One Civic Plaza, N.W., 10th Floor
Albuquerque, New Mexico 87102
Telephone: (505) 768-4020

BOND & DISCLOSURE COUNSEL

Hughes & Strumor, Ltd. Co.
2221 Rio Grande Blvd. NW, Suite 100
Albuquerque, New Mexico 87104
Telephone: (505) 842-6700

TABLE OF CONTENTS

	PAGE #
Use of Information in This Official Statement	-iii-
Summary Information	1
The Bonds	2
Authorization	2
Description of the Bonds	2
Security for the Bonds	2
Registration	3
Book Entry Only System	3
Limitations on Remedies Available to Owners of Bonds	5
Prior Redemption	5
Debt And Other Obligations	6
General Obligation Bonds Outstanding	6
Debt Service Schedule	7
Financial Data	7
County Valuation	7
Bonded Indebtedness	8
Direct and Overlapping Debt	8
Bonding Capacity	8
Assessed Valuation	9
Property Subject to Taxation	9
Assessment of Property	9
Reassessment	10
Limitation on Increases in Valuation of Residential Real Property	10
Abstract of Assessed Valuation	11
Centrally Assessed Property by Industry Class	11
Assessed Valuation Comparison	12
County of Bernalillo, New Mexico Principal Taxpayers as of 2003	12
Tax Rates	13
Yield Control	13
20-Mill Limitation Analysis	13
Residential and Non-Residential Property	14
Tax Rates in Bernalillo County	14
Tax Collections	16
Methods of Tax Collection	16
Interest on Delinquent Taxes	16
Penalty for Delinquent Taxes	16
Remedies Available for Non-Payment of Taxes	16
Tax Collection History - Bernalillo County	17
The County	19
General	19
County Government	20

	PAGE #
The Government Body	20
Bernalillo County Commissioners	20
County Manager and Staff	21
Retirement Plan	22
Summary of Significant Accounting Policies of the County	23
2003 Audit Report	23
Basis of Presentation - Fund Accounting	23
Governmental Fund Types	23
Basis of Accounting	25
The County's Current Finances	26
Revenues , Expenditures and Fund Balances	26
Area Economic Information	27
Population	27
Per Capita Personal Income - Bernalillo County	27
Non-Agricultural Employment - Albuquerque MSA	28
Taxable Gross Receipts: Bernalillo County and State of New Mexico	28
Civilian Labor Force - Bernalillo County	29
Major Employers	30
Litigation	31
Transcript And Closing Documents	31
Legal Matters	31
Undertaking to Provide Ongoing Disclosure	32
Tax Matters	32
Investment Procedures For Bernalillo County	34
Investments	34
Legal Investments	34
Current Investments	35
Ratings	36
County Approval of Official Statement	37

APPENDICES

Appendix A - Form of Legal Opinion	A-1
Appendix B - Continuing Disclosure Undertaking	B-1
Appendix C - Excerpts of Audited Financial Statements	C-1

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement is furnished to prospective purchasers of the Bernalillo County, New Mexico General Obligation Bonds, Series 2004 (the “Bonds”) in the aggregate principal amount of \$3,029,000, by Bernalillo County, New Mexico (the “County”). The offering of the Bonds is made only by way of this Official Statement and the Notice of Bond Sale dated October 5, 2004 which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Additional information concerning the County, the Bonds, and other aspects of this offering may be obtained from the County Comptroller, One Civic Plaza, N.W., Suite 10111, Albuquerque, New Mexico 87102, Telephone: (505) 768-4020.

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

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

All terms used in this Official Statement which are not defined herein shall have the meanings given such terms in Resolution No. 75-2004 authorizing issuance of the Bonds adopted by the Board of County Commissioners (the “Board”) on August 10, 2004 (the “Bond Resolution”).

The Prices or Yields at Which The Bonds Are Offered to The Public by The Underwriter May Vary From The Initial Public Offering Prices or Yields Appearing on The Cover of This Official Statement.

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

AND

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

[Remainder of page intentionally left blank]

SUMMARY INFORMATION

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

- Purpose:** The Bonds will be used for various purposes throughout the County, including roads and storm drains.
- Authorization:** The Bonds represent a portion of the bonds authorized for various purposes at a special bond election held coincident with the general election duly called and held in Bernalillo County, State of New Mexico (the "County"), on the 5th day of November, 2002.
- The Bonds were authorized by the Bond Resolution.
- Security:** These Bonds are general obligation bonds of the County and are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount.
- Compliance:** The County undertakes to comply with Rule 15c2-12. (*See* "Appendix B.")
- Delivery:** Delivery of the Bonds to the purchaser through the facilities of the Depository Trust Company is expected on or about October 27, 2004.
- Redemption:** The Bonds are subject to redemption prior to maturity as more fully described herein (*see* "The Bonds; Prior Redemption").
- Paying Agent/
Registrar:** Initially, the County Comptroller or any successor named by the Board of County Commissioners.

THE BONDS

AUTHORIZATION

The Bonds are issued pursuant to the Public Securities Act, Section 6-14-1 through 6-14-12 NMSA 1978 and Sections 6-15-1 through 6-15-28, NMSA 1978, which authorizes counties to issue general obligation bonds payable from ad valorem taxes. Article IX, Sec. 10 of the New Mexico Constitution prohibits counties from using general obligation bond proceeds to maintain existing buildings. The County has covenanted not to use any of the proceeds of the Bonds to maintain existing buildings.

The Bonds in the amount of \$3,029,000 represent a portion of the bonds authorized at special bond election held coincident with the general election duly called and held in Bernalillo County, State of New Mexico (the "County"), on the 5th day of November, 2002.

Proceeds from the Bonds will be used for roads in the amount of \$1,714,000 and storm drains in the amount of \$1,315,000.

DESCRIPTION OF THE BONDS

The Bonds are dated October 15, 2004 and will bear interest from that date, payable on April 15 and October 15 in each year commencing October 15, 2005. The Bonds will bear interest at the rates per annum and mature in the amounts and at the times set forth on the cover page of this Official Statement. The principal and interest of the Bonds is payable through the Depository Trust Company, New York, New York.

SECURITY FOR THE BONDS

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

The Bonds are general obligations of the County. The Bonds are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount.

REGISTRATION

The Bernalillo County Comptroller will initially serve as the registrar and paying agent for the Bonds.

BOOK ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other Bonds transactions in deposited bonds through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities 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 Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect

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

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

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

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

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

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

payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF BONDS

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

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

PRIOR REDEMPTION

Bonds maturing on and after October 15, 2019 are subject to redemption, in whole or in part, at the option of the County at any time on or after October 15, 2014 at par, plus accrued interest to the date of redemption.

DEBT AND OTHER OBLIGATIONS

(as of June 30, 2004)

GENERAL OBLIGATION BONDS OUTSTANDING

G.O. Bond Series	Original Issue	June 30, 2004 Outstanding Principal
1995	\$15,065,000	\$6,135,000
1996	\$12,150,000	\$3,775,000
1997	\$11,170,000	\$9,195,000
1999	\$18,676,000	\$16,235,000
2000	\$10,160,000	\$8,815,000
2001	\$4,600,000	\$4,600,000
2002	\$16,400,000	\$16,400,000
2002A	\$9,190,000	\$8,550,000
2003	\$10,200,000	<u>\$10,210,000</u>
		\$83,915,000

[Remainder of page intentionally left blank]

DEBT SERVICE SCHEDULE

Below is a summary of the currently scheduled principal and interest payments on the County's outstanding debt as well as the proposed principal and interest payments on the Bonds.

FYE June 30	Current Requirements			Series 2004			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2005	4,465,000	3,920,537	8,385,537	\$ -	\$ -	\$ -	\$ 8,385,537
2006	4,655,000	3,493,433	8,148,433	-	190,442	190,442	8,338,875
2007	4,805,000	3,272,116	8,077,116	-	126,076	126,076	8,203,192
2008	5,185,000	3,051,334	8,236,334	-	126,076	126,076	8,362,410
2009	5,340,000	2,822,089	8,162,089	-	126,076	126,076	8,288,165
2010	5,570,000	2,584,503	8,154,503	-	126,076	126,076	8,280,579
2011	5,380,000	2,342,079	7,722,079	-	126,076	126,076	7,848,155
2012	4,390,000	2,131,434	6,521,434	-	126,076	126,076	6,647,510
2013	4,580,000	1,939,833	6,519,833	-	126,076	126,076	6,645,909
2014	4,775,000	1,743,681	6,518,681	-	126,076	126,076	6,644,757
2015	4,980,000	1,534,248	6,514,248	-	126,076	126,076	6,640,324
2016	5,220,000	1,313,199	6,533,199	-	126,076	126,076	6,659,275
2017	5,530,000	1,074,970	6,604,970	-	126,076	126,076	6,731,046
2018	4,940,000	821,744	5,761,744	-	126,076	126,076	5,887,820
2019	4,225,000	614,148	4,839,148	900,000	126,076	1,026,076	5,865,224
2020	4,410,000	417,673	4,827,673	900,000	90,076	990,076	5,817,749
2021	2,305,000	244,030	2,549,030	1,229,000	54,076	1,283,076	3,832,106
2022	2,410,000	137,290	2,547,290	-	-	-	2,547,290
2023	750,000	34,875	784,875	-	-	-	784,875
	<u>\$83,915,000</u>	<u>\$33,493,213</u>	<u>\$117,408,213</u>	<u>\$3,029,000</u>	<u>\$1,973,582</u>	<u>\$5,002,582</u>	<u>\$122,410,795</u>

FINANCIAL DATA

COUNTY VALUATION

2004 Assessed Valuation:	\$9,633,808,020
Estimated Actual Value: ¹	\$40,593,968,775

¹Actual value is computed by adding exemptions (\$3,870,507,117) to the assessed value and multiplying by 3).

BONDED INDEBTEDNESS

Outstanding Bonds	\$83,915,000
Series 2004 Bonds	3,029,000
Authorized and Unissued Bonds	<u>2,761,000</u>
Total Direct Debt after Issuance of the Series 2004 Bonds	<u>\$89,705,000</u>

DIRECT AND OVERLAPPING DEBT (DECEMBER 31, 2003)

	General Obligation Bonds Outstanding	Percentage Applicable to Bernalillo County	County Share of GO Debt
State of New Mexico	\$288,480,000	30.00%	\$86,544,000
Bernalillo County	74,695,000	100.00%	74,695,000
City of Albuquerque	183,779,041	100.00%	183,779,041
Albuquerque Public Schools	120,520,000	99.46%	119,869,192
Moriarty Schools	20,145,000	0.54%	108,783
Albuquerque Metropolitan Arroyo Flood Control Authority	24,350,000	100.00%	24,350,000
Albuquerque Technical-Vocational Institute	26,870,000	99.46%	26,724,902
Total			\$516,070,918

Ratios:

Total direct and overlapping debt to assessed valuation	5.36%
Total direct and overlapping debt to actual valuation	1.27%
Assessed Valuation per capita (July 1, 2003 pop. est. 581,442)	\$16,578.82
Direct and overlapping debt per capita (July 1, 2003 Pop. est. 581,442)	\$887.57

Source: Bernalillo County Treasurer's Office

BONDING CAPACITY

Legal Bonding Capacity	\$385,352,321
Less total bonds to be outstanding	\$(89,705,000)
Capacity in excess of present requirements	\$295,647,321

ASSESSED VALUATION

PROPERTY SUBJECT TO TAXATION

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

ASSESSMENT OF PROPERTY

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

The value of residential property for property taxation purposes is its market value as determined by sales of comparable property or, if that method cannot be used due to the lack of comparable sales data for the property being valued, then its value is determined using an income method or costs method of valuation. Regardless of the method used for valuation, the valuation authority must apply generally accepted appraisal techniques.

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

REASSESSMENT

New Mexico has a state-wide property reassessment program. The program's objective is to keep property values close to their market values so that there will be a high correlation between the value of a property and its share of the tax burden. The first reassessment under this present program was in 1986, and such reassessments will continue to occur biannually. In 2002, property values were adjusted to their 2000 market levels.

LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL REAL PROPERTY

Effective for the tax year 2002 and thereafter, residential real property values may not exceed 103% of the prior years value or 106.1% of the preceding two years value. The limitation does not apply to first year property, property having physical improvements made during the prior year, or property where there is a change of ownership or use or zoning.

The limitation does not apply until a county has achieved a sales ratio value of 85%, as measured by the median ratio of value for property taxation purposes of sales price.

[Remainder of page intentionally left blank]

ABSTRACT OF ASSESSED VALUATION

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Land and improvements	\$11,700,171,386	11,691,268,527	12,219,071,799	12,008,305,950	12,589,907,438
Personal property	411,465,458	424,489,207	429,549,639	396,638,917	442,478,458
Mobile homes	55,613,232	59,567,521	62,397,137	63,407,203	66,443,466
Livestock	1,265,955	1,216,731	1,276,628	1,251,252	1,178,093
Assessor's taxable value	12,168,426,031	12,176,541,986	12,712,295,203	12,469,603,322	13,100,007,455
Less exemptions	(4,031,345,419)	(4,022,713,439)	(4,034,564,067)	(3,578,406,051)	(3,870,507,114)
Assessor's net value	8,137,080,612	8,153,599,836	9,134,321,827	8,891,197,271	9,229,500,341
Centrally assessed property	<u>406,428,875</u>	<u>403,127,150</u>	<u>456,590,691</u>	<u>460,213,875</u>	<u>431,315,470</u>
Assessed valuation	\$8,543,509,487	8,556,955,697	9,134,321,827	9,351,411,056	9,660,815,811

Source: Bernalillo County Assessor

CENTRALLY ASSESSED PROPERTY BY INDUSTRY CLASS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Railroad	\$5,027,749	5,396,635	7,249,656	7,727,265	
Telephone & Telegraph	189,459,099	179,499,981	216,485,612	210,371,780	
Pipeline	1,362,877	1,033,331	1,092,017	1,073,877	
Public utilities	138,522,928	146,701,718	162,941,781	166,329,337	not available
Mineral properties	17,190,002	17,253,810	17,399,381	13,914,197	
Airlines	46,636,463	45,141,708	44,824,576	50,837,356	
Construction & Equip.	5,547,509	5,220,773	5,307,851	9,040,880	
Sand and gravel	2,682,248	2,879,194	1,289,805	919,077	
Total Centrally Assessed	<u>\$406,428,875</u>	<u>403,127,150</u>	<u>456,590,691</u>	<u>460,213,769</u>	<u>431,315,470</u>

Source: State of New Mexico, Property Tax Division Appraisal Bureau Audit/Compliance Unit

ASSESSED VALUATION COMPARISON

<u>Tax Year</u>	<u>Bernalillo County</u>	<u>City of Albuquerque</u>	<u>Albuquerque Public Schools</u>
2004	\$9,633,808,020	Not available	Not available
2003	\$9,660,815,811	\$7,883,833,602	\$9,609,046,239
2002	\$9,351,411,056	\$7,619,420,780	\$9,415,384,004
2001	\$9,134,321,827	\$7,289,625,807	\$9,111,055,779
2000	\$8,556,955,697	\$6,808,876,223	\$8,414,389,808
1999	\$8,543,509,487	\$6,601,390,162	\$8,152,257,439
1998	\$6,922,594,872	\$5,708,309,544	\$6,915,162,313
1997	\$6,704,501,819	\$5,184,693,295	\$6,556,310,480
1996	\$6,360,178,414	\$5,184,695,224	\$6,434,311,611
1995	\$6,216,096,985	\$5,077,421,148	\$6,287,304,154
1994	\$5,242,580,014	\$4,312,040,404	\$5,294,046,953
1993	\$5,170,771,547	\$4,256,318,634	\$5,163,986,238
1992	\$5,093,834,032	\$4,196,606,572	\$5,079,289,065
1991	\$5,001,385,449	\$4,145,192,424	\$4,988,114,689
1990	\$4,857,775,554	\$4,011,654,196	\$4,845,502,078

COUNTY OF BERNALILLO, NEW MEXICO PRINCIPAL TAXPAYERS AS OF 2003

<u>Taxpayer</u>	<u>Industry</u>	<u>Net Taxable Value</u>	<u>Tax Amount</u>
Public Service Company of New Mexico Electric	Utility	\$121,419,009	\$5,356,797
Qwest Corp fka U.S. West Communications	Telecommunications	100,941,715	4,666,925
Public Service Company of New Mexico Gas Services	Utility	26,678,211	1,187,295
Comcast Cablevision of New Mexico	Cable Franchise	21,694,211	996,894
Southwest Airlines	Airline	21,089,467	969,082
Simon Property Group Ltd. (Cottonwood Mall)	Real Estate	20,483,754	941,249
Heitman Properties of NM (Coronado Mall-partial)	Real Estate	19,111,489	878,192
Crescent Real Estate (Hyatt Hotel)	Real Estate	15,965,071	832,595
Verizon Wireless LLC	Telecommunications	14,715,110	676,174
GCC Rio Grande Inc.	Real Estate	17,666,667	601,800
Voicestream PCS II Corp. (T-Mobile)	Telecommunications	12,022,694	552,455
Alltel Communications Inc. - NM	Telecommunications	11,773,257	540,993
Winrock Property Evaluation Service (Winrock Mall)	Real Estate	11,743,269	539,615
AT&T Communications	Telecommunications	7,995,539	412,355
AHS Albuquerque Regional Medical Center	Health Care	8,314,168	382,044
Delta Airlines	Airline	7,785,475	357,750
Time Warner Telecom of NM LLC	Telecommunications	7,000,000	321,657
HUB of Albuquerque LLC	Real Estate	6,147,719	320,610
Cobisa-Person/Delta-Person	Real Estate	9,473,614	315,389
Cigna Corporation	Health Care	5,492,029	252,364

TAX RATES

YIELD CONTROL

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

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

Where: G is never less than 100%

I is never less than 0% or more than 5%

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

20-MILL LIMITATION ANALYSIS

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

RESIDENTIAL AND NON-RESIDENTIAL PROPERTY

Property in New Mexico is subclassified as either residential or nonresidential based on its use. The calculation of revenue limitations for Yield Control, as discussed above, is performed separately for each property class. The result is that levies for operational purposes may be different for each property class. The County’s residential assessed valuation was \$6,290,127,716 and the value on nonresidential property was \$2,387,603,420. The levies below are shown for each property class.

TAX RATES IN BERNALILLO COUNTY

Note: 2004 Mill Rates are pending.

**Residential Tax Rates Residential Tax Rates - Per \$1,000 Assessed Valuation
Within 20 Mill Limit for General Purposes**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
State of New Mexico	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Bernalillo County	7.007	5.918	5.608	5.014	6.312	5.134
City of Albuquerque	3.019	2.014	2.019	2.020	1.963	2.279
AMAFCA	1.86	0.188	0.188	0.193	0.188	0.221
Albuquerque MSD #12	.239	0.239	0.239	0.237	0.230	0.271
Total	\$12.125	\$8.359	\$8.054	\$7.464	\$8.693	\$7.905

Over 20 Mill Limit-Interest, Principal, Judgments, etc.

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
State of New Mexico	1.520	1.123	1.765	\$1.529	\$1.482	\$1.438
Bernalillo County	1.147	1.200	1.254	1.450	-0-	1.950
City of Albuquerque	7.976	8.976	8.976	8.976	8.976	8.976
Albuquerque MSD #12	8.036	6.504	8.034	8.042	8.035	8.721
AMAFCA	.675	.675	0.675	0.675	0.675	0.727
UNM Hospitals	6.500	6.500	6.500	3.467	3.371	3.968
Mental Health Center	-0-	-0-	-0-	0.403	0.392	0.461
Albuquerque Tech/Voc	3.011	3.008	3.008	2.989	2.922	2.862
Total	28.865	27.986	\$30.212	\$27.531	\$25.853	\$29.103

Total Levy Total Levy

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
State of New Mexico	1.520	1.123	1.765	\$1.529	\$1.482	\$1.438
Bernalillo County	8.154	7.118	7.185	6.964	6.812	7.084
City of Albuquerque	10.995	10.990	10.995	10.996	10.939	11.255
Albuquerque MSD #12	8.275	6.273	8.273	8.279	8.265	8.992
AMAFCA	.861	.863	0.863	0.868	0.863	0.948
UNM Hospitals	6.500	6.500	6.500	3.467	3.371	3.968
Mental Health Center	-0-	-0-	-0-	0.403	0.392	0.461
Albuq. Tech/Voc Inst.	3.011	3.008	3.008	2.989	2.922	2.862

Total Residential Levy

	<u>\$39.316</u>	<u>\$35.875</u>	<u>\$38.589</u>	<u>\$35.485</u>	<u>\$35.046</u>	<u>\$37.008</u>
--	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

Other County

Rates: Total Levy

City of Albuquerque

Total Non-Residential	\$45.704	\$41.417	\$45.248	\$43.240	\$41.413	\$42.037
-----------------------	----------	----------	----------	----------	----------	----------

Village of Tijeras

Total Residential	\$28.456	\$25.086	\$27.777	\$24.644	\$25.530	27.030
Total Non-Residential	\$35.548	\$32.122	\$34.296	\$32.685	\$30.908	\$31.358

Village of Corrales

Total Residential	\$30.399	\$27.404	\$30.818	\$27.584	\$26.840	\$29.325
Total Non-Residential	\$37.578	\$35.224	\$39.341	\$36.912	\$35.225	\$36.699

Village of Los Ranchos

Total Residential	\$27.460	\$24.022	\$26.731	\$23.681	\$22.749	\$24.805
Total Non-Residential	\$33.323	\$29.897	\$32.612	\$30.533	\$28.968	\$29.428

City of Rio Rancho

Total Residential	\$40.537	\$36.707		n/a	n/a	n/a
Total Non-Residential	\$37.578	\$27.404		n/a	n/a	n/a

Source: Bernalillo County Finance Department

TAX COLLECTIONS

METHODS OF TAX COLLECTION

Current taxes for all units of government are collected by the County treasurer and distributed monthly to the various political subdivisions to which they are due.

Property taxes are payable to the County treasurer in two (2) equal installments due on November 10 of the tax year in which the tax bill was prepared and mailed and on April 10 of the following year. Pursuant to Section 7-38-46, NMSA 1978, property taxes are delinquent thirty days after the date on which they are due.

INTEREST ON DELINQUENT TAXES

Pursuant to Section 7-38-49, NMSA 1978, if property taxes are not paid for any reason within thirty (30) days after the due date, interest on the unpaid taxes shall accrue from the thirtieth (30th) day after they are due until the date they are paid. Interest accrues at the rate of one percent (1%) per month or any fraction of a month.

PENALTY FOR DELINQUENT TAXES

Pursuant to Section 7-38-50, NMSA 1978, if property taxes become delinquent, a penalty of one percent (1%) of the delinquent tax for each month, or any portion of a month, remaining unpaid shall be imposed, but the total penalty shall not exceed five percent (5%) of the delinquent taxes. The minimum penalty imposed is \$5.00. A County can suspend application of the minimum penalty requirement for any tax year.

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

REMEDIES AVAILABLE FOR NON-PAYMENT OF TAXES

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

Taxes on real property are a lien against the real property. Pursuant to Section 7-38-65, NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which the taxes are delinquent.

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

TAX COLLECTION HISTORY - BERNALILLO COUNTY

<u>Tax Year</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Taxes Collected To Date</u>	<u>Percentage Collected</u>
As of June 30, 2004			
2003	\$386,695,130	\$369,590,539	95.58%
2002	342,657,220	337,093,690	98.38%
2001	356,655,653	353,450,599	99.10%
2000	312,507,353	310,314,025	99.30%
1999	294,321,962	293,045,664	99.57%
1998	259,239,168	258,459,615	99.70%
As of June 30, 2003			
2002	\$342,574,636	\$325,780,959	95.12%
2001	356,754,439	349,063,518	97.84%
2000	312,553,943	309,181,738	98.92%
1999	294,350,780	292,718,711	99.45%
1998	259,304,680	258,309,133	99.62%
1997	250,229,931	249,770,008	99.82%
1996	235,171,198	234,956,596	99.91%
As of June 30, 2002			
2001	\$360,196,852	\$341,320,253	95.58%
2000	314,394,841	306,645,723	98.01%
1999	302,620,378	292,115,772	99.24%
1998	259,221,833	258,566,450	99.70%
1997	249,687,335	249,736,076	99.80%
1996	236,219,558	234,946,726	99.90%

<u>Tax Year</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Taxes Collected To Date</u>	<u>Percentage Collected</u>
As of June 30, 2001			
2000	\$313,805,354	\$293,841,628	93.64%
1999	293,349,030	287,330,428	97.95%
1998	259,629,855	257,841,666	99.31%
1997	250,304,933	249,449,947	99.66%
1996	235,246,027	234,859,087	99.04%
1995	222,099,664	221,898,970	99.91%
As of June 30, 2000			
1999	\$302,620,378	\$270,446,038	89.37%
1998	259,398,991	254,542,809	98.13%
1997	249,939,838	248,336,201	99.36%
1996	235,229,602	234,782,416	99.78%
1995	222,112,727	221,887,672	99.90%
As of June 30, 1999			
1998	\$259,904,334	\$244,793,157	94.19%
1997	249,966,823	245,850,320	98.35%
1996	235,313,495	234,363,377	99.60%
1995	222,116,842	221,774,526	99.85%
1994	199,423,547	199,183,107	99.88%
As of June 30, 1998			
1997	\$248,672,058	\$235,469,597	94.69%
1996	235,413,276	232,179,916	98.63%
1995	222,173,118	221,440,863	99.984%
1994	199,439,465	199,126,379	99.84%
1993	196,448,465	196,154,644	99.85%
As of June 30, 1997			
1996	\$235,837,039	\$225,156,832	95.47%
1995	222,391,544	217,912,560	97.99%
1994	199,483,017	198,761,446	99.64%
1993	196,476,041	196,018,779	99.77%

<u>Tax Year</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Taxes Collected To Date</u>	<u>Percentage Collected</u>
As of June 30, 1996			
1995	\$222,138,366	\$212,631,009	95.72%
1994	199,937,655	196,891,387	98.48%
1993	196,472,280	195,552,153	99.53%
1992	169,228,414	168,747,450	99.72%
As of June 30, 1995			
1994	\$199,957,363	\$196,070,757	98.06%
1993	196,486,842	194,832,128	99.16%
1992	169,240,337	168,644,627	99.65%
1991	160,880,525	160,305,128	99.64%
As of June 30, 1994			
1993	\$196,695,608	\$187,008,239	95.07%
1992	169,303,050	166,110,317	98.11%
1991	160,920,886	159,174,177	98.91%
1990	150,706,753	149,639,182	99.29%

Source: Bernalillo County Treasurer

THE COUNTY

GENERAL

The economic and population hub of New Mexico, Bernalillo County, is located in the north central region of the state at the conjunction of Interstate Highways 25 and 40. Its boundaries encompass the entire City of Albuquerque. With 556,678 residents, (2000 Census) Bernalillo County ranks 100th in population of the nation's 3,141 counties. The County comprises nearly 31% of New Mexico's population total and 80% of the three county Albuquerque MSA, and is home to the University of New Mexico, Kirtland Air Force Base and Sandia National Laboratories

The Albuquerque MSA continues to enjoy strong population growth, continued residential and non-residential construction and unemployment rates below the State as a whole and the nation. The positive influence of defense related industries located in the County is a historical fact; however, economic diversification has increased in recent years. The mission of Sandia National Laboratories has changed over the years to include non-defense research. Sandia has entered into a number of joint research projects with private industry and has placed a major emphasis on the transfer of

technology to benefit existing industries and to spawn new ones. It is anticipated that the greater diversification in the role of Sandia will further the diversification of the area economy. Because of its accessibility and tourist facilities, the County and the surrounding area is the gateway for tourism in New Mexico as well as an attraction in its own right. The County and the City of Albuquerque features the historic “Old Town”, the Sandia Peak Tramway and ski area , a number of nationally recognized museums and the Cibola National Forest. Other attractions include the Albuquerque International Balloon Fiesta, the National Hispanic Cultural Center, the Gathering of Nations native American event, the National Arabian Horse Show and the New Mexico State Fair. There are several Indian pueblos within easy driving distance that draw many tourists because of their historical and cultural significance and arts.

COUNTY GOVERNMENT

Bernalillo County operates under commission-manager form of government and provides for public safety, highways and streets, sanitation, cultural and recreational services, public improvements, planning and zoning, and general administrative services. Legislative and some executive power is vested in a five-member Board of County Commissioners, who are elected for four-year terms from single member districts. Administration is overseen by a County Manager, who has responsibility for 25 departments.

Brief resumes of the County Manager, key financial staff members, and the five county Commissioners are as follows:

THE GOVERNMENT BODY

Bernalillo County was established by the laws of 1876, under the provisions of the Act 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

Alan B. Armijo, Chair, District 1. Term expires December 2006; first elected, November 2002. Joins the Board of Commissioners after serving as an Albuquerque City Councilman for twelve years. Mr. Armijo has a long and distinguished career in public service. He is currently the Governmental Liaison for APS where he has over twenty-three years of experience as a teacher and coach and 30 years as an educator. He holds a Master and Bachelor’s Degree in Education from the University of New Mexico and a certificate from the Harvard John F. Kennedy School of Government Program. He is an advocate for education, youth programs, smart planning for growth and operating a fiscally responsible government.

E. Tim Cummins, Vice-Chair, District 4. Term expires December 2004*; first elected November 2000. Attended Albuquerque Public Schools and the University of New Mexico. Has served as a City Councilor of the City of Albuquerque. Mr. Cummins has spent countless hours helping the community and served as one of the seven original trustees for the Endowment Foundation for All Faiths and as a member on the Board of Governors for Goodwill Industries. Occupation: Commercial Real Estate Broker.

Michael Brasher, Commissioner, District 5. Term expires December 2006; first elected November 2002. Begins his first term with the County Commission with extensive political and civic experience. Actively involved in his community and regularly attends neighborhood association meetings in the district. Mr. Brasher is the General Manager of KANW Radio, a noncommercial educational station owned and operated by the Albuquerque Public Schools. He possesses twenty-five years of experience in broadcasting. A lifelong resident of the Albuquerque community, he is an avid bicyclist and enjoys the native terrain and dry temperate climate.

Steve D. Gallegos, Commissioner, District 2. Term expires December, 2004; 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: Small business owner.

Tom Rutherford, Commissioner, District 3. Term expires December 2004; first elected November 1996. New Mexico State Senator for 24 years. Mr. Rutherford 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.

COUNTY MANAGER AND STAFF

Thaddeus Lucero, County Manager. Graduated from the University of Washington in Seattle with a Bachelor of Arts Degree in Urban Planning in 1981, then attended John F. Kennedy School of Government - Harvard University Program for Senior Executives in July 1996. From 1985-1991, Mr. Lucero worked for the City of Seattle from as a Neighborhood Planner and as Economic Development Manager. Mr. Lucero began his career with Bernalillo County as a Senior Zoning Inspector in 1992, and was then promoted to Program Planner in February 1993. Mr. Lucero served as Zoning, Building and Planning Director for Bernalillo County from 1994 to 1997. He was appointed Community Services Division Director on January 5, 1998 and managed the day-to-day operations and long-term objectives for the following departments: Housing, Parks and Recreation and Zoning, Building and Planning.

*Won primary election June 2004, unopposed in general election November 2004, and will serve additional term January 1, 2005 to December 31, 2008.

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

RETIREMENT PLAN

Plan Description. Substantially all of the Bernalillo 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.

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, 2003, 2002, and 2001 were \$5,547,120, \$5,481,717, and \$5,481,324, 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, 2003.

Covered Division	<u>Employee</u>		<u>Employer</u>	
	Percent	Dollars	Percent	Dollars
General-management, blue collar and white collar	13.15%	\$3,985,511	9.15%	\$2,773,197
General-other	9.15%	\$42,195	9.15%	\$42,195
Sheriff	16.30%	\$1,631,669	18.50%	\$1,833,909
Fire	16.20%	\$624,514	21.25%	\$832,416

Source: Bernalillo County

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

2003 AUDIT REPORT

Neff & Ricci, LLP, Certified Public Accountants & Consultants, of Albuquerque, New Mexico and the office of the State Auditor conducted the audit of the County's general-purpose financial statements and the combining and individual fund and account group financial statements for the fiscal year ended June 30, 2003.

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

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 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 noncurrent liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

BASIS OF ACCOUNTING

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

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

[Remainder of page intentionally left blank]

THE COUNTY'S CURRENT FINANCES

REVENUES , EXPENDITURES AND FUND BALANCES

	Actual 6/30 1999	Actual 6/30 2000	Actual 6/30 2001	Actual 6/30 2002	Actual 6/30 2003	Est. 6/30 2004	Budget 6/30 2005
Revenues							
Property tax – recurring	\$ 46,225	49,289	57,810	66,757	69,807	70,605	72,046
Property tax – nonrecurring	-	13,005	-	-	-	-	-
Gross receipts tax	27884	29,275	30,556	31,057	33,187	32,800	34,487
Intergovernmental	1673	1,459	1,738	1,292	3,648	1,659	1,659
Licenses, permits and fees	1063	948	872	1,167	2,690	450	496
Charges for services	4165	3,482	3,657	4,300	7,532	6,534	6,534
Investment income	3513	3,983	3,264	2,645	2,395	3,100	3,419
Public works revenue	0	-	-	-	3,027	3,282	3,620
Miscellaneous	1308	1,285	1,556	1,286	1,300	1,668	1,839
Total revenues	\$85,831	\$102,726	\$99,453	\$108,504	\$123,586	\$120,098	\$124,100
Expenditures							
General government	32,247	34,676	35,547	35,976	34,336	40,635	40,724
Public safety	41,984	46,083	47,942	50,037	58,766	63,596	63,365
Health and welfare	3,683	4,248	4,089	5,846	2,946	3,091	3,109
Culture and recreation	7,285	8,216	8,285	8,373	9,015	8,305	8,430
Public works	-	-	-	-	9,259	7,275	7,275
Debt service	42	-	-	51	215	-	-
Total expenditures	\$85,241	\$93,223	\$95,863	\$100,283	\$114,537	\$122,902	\$122,903
Excess revenues over expenditures	590	9,503	3,590	8,221	9,049	(2,804)	1,197
Other funding sources (uses)							
Operating transfers in	9	-	5,945	1,475	-	-	-
Operating transfers (out)	(582)	(13,589)	(8,434)	(6,250)	(7,775)	-	-
Excess (deficiency) of revenues and other funding sources over expenditures and other funding uses	17	(4,086)	1,101	3,446	1,274	(2,804)	1,197
Residual equity transfer in	470	-	-	-	-	-	-
Prior period adjustment	(388)	-	(1,044)	(2,803)	-	-	-
Beginning fund balance	42,681	42,780	38,694	38,751	40,706	41,980	39,176
Ending fund balance	\$ 42,780	\$38,694	\$38,751	\$39,394	\$41,980	\$39,176	\$40,373
Detail of ending fund balance							
Reserved	3,607	3,500	5,708	4,121	7,361	5,176	5,000
Designated for subsequent year's expenses	38,878	35,194	33,043	35,273	34,619	34,000	35,373
Unreserved fund balance	295	-	-	-	-	-	-

AREA ECONOMIC INFORMATION

POPULATION

<u>Year</u>	<u>Bernalillo County</u>	<u>Albuquerque MSA</u>	<u>State</u>
1960	262,199	292,500	951,023
1970	315,774	353,800	1,017,055
1980	420,262	485,500	1,303,303
1990	480,577	589,131	1,515,069
2000	556,678	712,738	1,819,046
2005 est.	562,678	780,614	1,829,146

Source: U.S. Department of Commerce, Bureau of the Census, except as indicated in footnotes.

PER CAPITA PERSONAL INCOME - BERNALILLO COUNTY

<u>Year</u>	<u>Bernalillo County</u>	<u>New Mexico</u>	<u>U.S.A.</u>	<u>% of N.M.</u>	<u>% of U.S.</u>
2002	\$30,204	\$24,823	\$31,632	121.7%	95.5%
2001	\$29,444	\$23,928	\$30,906	123.0%	95.3%
2000	\$27,046	\$22,134	\$30,527	122.1%	88.7%
1999	\$25,677	\$21,042	\$29,847	122.0%	86.0%
1998	\$25,154	\$20,656	\$27,939	121.7%	90.0%
1997	\$24,052	\$19,698	\$26,883	122.1%	89.4%
1996	\$23,413	\$18,964	\$25,334	123.4%	92.4%

Source: U.S. Department of Commerce, Bureau of Economic Analysis (released September 2002).

Non-Agricultural Employment - Albuquerque MSA*

	1996 ^r	1997 ^r	1998 ^r	1999 ^r	2000 ^r	2001 ^r	2002 ^p	2003
Albuquerque MSA (1)								
Total Employment	326.3	333.5	338.5	344.2	354.9	359.0	358.4	360.6
Natural Resources &								
Mining & Construction	22.3	21.9	21.0	21.4	23.3	24.8	23.2	24.0
Manufacturing	27.6	27.9	27.5	26.5	27.5	27.0	24.7	23.5
Wholesale Trade	13.5	14.0	13.7	13.7	14.0	13.7	13.4	13.0
Retail Trade	39.0	40.1	41.1	40.4	40.9	41.1	41.3	41.6
Transp., Warehousing & Utilities	9.7	10.1	10.6	10.9	11.2	10.4	10.4	10.4
Information	7.1	7.7	8.9	10.4	11.1	11.4	11.0	10.3
Financial Activities	17.1	17.7	18.1	19.6	19.4	19.5	18.8	18.9
Professional & Business Services	52.3	52.9	54.1	55.9	58.4	58.0	57.2	57.0
Educational & Health Services	32.7	34.4	35.2	36.1	37.3	39.2	41.2	42.9
Leisure & Hospitality	32.2	32.0	31.9	32.1	33.2	33.8	34.5	35.6
Other Services	10.5	10.7	10.7	10.7	10.9	11.1	11.5	11.7
Government	62.3	64.2	65.8	66.5	67.8	68.9	71.3	71.9

r Revised. *p* Preliminary. (1) Bernalillo, Sandoval and Valencia counties.

Note: Industry classifications are based on the North American Industry Classification System (NAICS).

Source: New Mexico Dept. of Labor, Economic Research and Analysis.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico.

TAXABLE GROSS RECEIPTS: BERNALILLO COUNTY AND STATE OF NEW MEXICO

Fiscal Year	State of New Mexico	Bernalillo County	County % of State
1991	\$20,165,832,894	\$7,801,786,273	38.69%
1992	21,451,546,657	8,369,334,598	39.02%
1993	22,604,360,074	9,111,745,483	40.31%
1994	25,510,105,615	10,356,457,318	40.60%
1995	26,412,963,737	10,583,879,285	40.07%
1996	27,640,718,895	11,245,352,900	40.68%
1997	29,622,010,573	11,987,295,249	40.47%
1998	30,535,056,644	12,102,428,514	39.63%
1999	31,583,386,356	12,423,487,693	39.34%
2000	33,599,208,000	13,295,143,000	39.57%
2001	36,274,363,000	14,017,155,000	38.64%
2002	31,822,487,644	13,448,123,429	42.26%
2003	37,091,255,110	13,820,593,316	37.26%

Source: New Mexico Taxation and Revenue Department.

CIVILIAN LABOR FORCE - BERNALILLO COUNTY

Bernalillo County	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Labor Force	281,280	303,158	305,169	308,907	312,916
Employment	270,472	293,339	294,222	294,946	296,296
Unemployment	10,808	9,819	10,947	13,961	16,620
Percentage Unemployment – Bern. County	3.8%	3.2%	3.6%	4.5%	5.3%
Percentage Unemployment – New Mexico	5.6%	5.0%	4.8%	5.4%	6.4%
Percentage Unemployment – United States	4.2%	4.0%	4.7%	5.8%	6.0%

[Remainder of page intentionally left blank]

MAJOR EMPLOYERS

ORGANIZATION	EMPLOYEES	DESCRIPTION
Kirtland Air Force Base (Civilian)	17,046	Air Force Materiel Command
University of New Mexico	15,560	Educational Institution
Albuquerque Public Schools	11,500	Educational Institution
Sandia National Labs	7,800	Research Development
City of Albuquerque	7,030	Government
State of New Mexico	6,300	Government
Presbyterian Hospital	5,800	Hospital
Kirtland AFB (Military)	5,532	Defense
Lovelace Sandia Health Systems	5,500	Health Care
Kirtland Air Force Base (Civilian)	3,509	Aerospace
Intel Corporation	5,200	Semiconductor Manufacturer
Wal-Mart	4,500	Retailer
UNM Hospital	4,330	Hospital
U.S. Postal Service	2,200	Government
PNM Electric & Gas Services	1,810	Utilities Provider
Albuquerque Technical-Vocational Institute	1,810	Educational Institution
Veterans Affairs Medical Center	1,710	Hospital
Bernalillo County	1,690	Government
Qwest Communications	1,500	Telecommunications Provider
Smith's	1,400	Grocery Chain
Sandia Casino	1,400	Indian Gaming
T-Mobile	1,300	Customer Service Center
CitiCard	1,300	Financial Institution
Honeywell Defense Avionics Systems	1,200	Aircraft Avionics
Isleta Gaming Palace	1,200	Indian Gaming
Albuquerque Publishing Co.	1,200	Newspaper Publisher
Rio Rancho Public Schools	1,184	Educational Institution
Bank of America	1,130	Financial Institution
America Online	1,000	Customer Service Center

Source: Albuquerque Economic Development, Inc.

LITIGATION

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

TRANSCRIPT AND CLOSING DOCUMENTS

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

LEGAL MATTERS

The County has engaged Hughes & Strumor, Ltd. Co., 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.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

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 15c-2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”). (See “Appendix B” hereto.)

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

TAX MATTERS

In the opinion of Hughes & Strumor, Ltd. Co., Bond Counsel, to be delivered at the time of the original issuance of the Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is not includible in gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Bonds is exempt from taxation by the State and its political subdivisions. A form of opinion of Bond Counsel is attached hereto as Appendix A.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations, such as the Bonds. The County has covenanted in the Bond Ordinance to comply with certain guidelines designed to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with such covenants.

Bond Counsel has opined that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions contained in the Code; however, interest on the Bonds will be included in the adjusted current earnings of certain corporations in the calculation of alternative minimum tax.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

INVESTMENT PROCEDURES FOR BERNALILLO COUNTY

INVESTMENTS

Various sections of the New Mexico Statutes Annotated 1978, as amended, control how New Mexico's local governments (including counties, municipalities and school districts) ("Local Governments") may invest funds not immediately necessary for public use. The primary purpose of these laws is to provide for safety of invested principal.

LEGAL INVESTMENTS

Local Governments, with the advice and consent of the body charged with the supervision and control of the Local Government's respective funds, have limited investment power over all sinking funds, or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of the Local Government that is entrusted to the local public body's care and custody and all money not immediately necessary for the public use and not deposited in qualified banks, savings and loan associations and credit unions. These funds may only be invested in statutorily authorized investments as follows:

- (1) Bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district which has a taxable valuation of real property of at least one million dollars (\$1,000,000) and has not defaulted in the payment of interest or sinking fund obligations or failed to pay any bonds at maturity at any time within the last five years;
- (2) Bonds or negotiable securities of the United States including U.S. Treasury bonds, notes or bills;
- (3) Other securities issued by the United States government or its agencies or instrumentalities that are backed by the full faith and credit of the United States government, or issued by agencies guaranteed by the United States government, which include Government National Mortgage Association (GNMA) mortgaged backed securities,

BUT DOES NOT INCLUDE Federal National Mortgage Association (FNMA) mortgage backed securities or Federal Home Loan Mortgage Corporation (FHLMC) mortgage backed securities, securities of the Federal Land Bank and the Federal Farm Credit Bank; and

(4) Any bonds or other obligations issued pursuant to the Municipal Housing Law or issued by any public housing authority or agency in the United States, when such bonds or other obligations are secured by a pledge of annual contributions to be paid by the United States government or any agency thereof...provided, however, that nothing contained in the Municipal Housing Law shall be construed as relieving any person...from any duty of exercising reasonable care in selecting securities;

(5) contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be carried by the investor backed by the United States having a market value of at least one hundred two percent of the contract. The collateral securing such contracts with the foregoing financial institutions must be shown on the financial institution's books as being the property of the investing Local Government and the designation of the collateral must be contemporaneous with the investor;

(6) New Mexico also has a short term (less than thirty (30) days) investment fund created in the state treasury. The fund consists of all deposits from governmental entities and that are placed in the custody of the state treasurer for short-term investment purposes pursuant to law. The state treasurer shall invest the fund in permitted investments as set forth above and may elect to have the short-term investment fund consolidated for investment purposes with the state funds under the control of the state treasurer; provided that accurate and detailed accounting records are maintained for the account of each participating local government or entity and that a proportionate amount of interest earned is credited to each of the separate government accounts. The funds shall be invested to achieve its objective, which is to realize the maximum return consistent with safe and prudent management. At the end of each month, all interest earned from investment of the short-term investment fund shall be distributed by the state treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of the time the amounts in the funds were invested. No fees or transfer expenses are charged to the participating entities who invest in the short-term investment fund.

CURRENT INVESTMENTS

As of the date of this Official Statement, the County's investible funds were invested only in statutorily permitted investments set forth above.

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.

RATINGS

Moody's Investors Service, Inc. has assigned a municipal bond rating of "Aa1" to the Bonds. Fitch Ratings has assigned a municipal bond rating of "AA+" to the Bonds. These ratings reflect only the view of such rating agencies, and an explanation of the significance of such ratings may be obtained only from each rating agency. There is no assurance that such ratings will remain for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in their judgment, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price for the Bonds.

[Remainder of page intentionally left blank]

COUNTY APPROVAL OF OFFICIAL STATEMENT

This Official Statement is deemed final; 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
Board of County Commissioners

Chair

APPENDIX A

FORM OF LEGAL OPINION

APPENDIX A

FORM OF LEGAL OPINION

October ___, 2004

Board of County Commissioners
Bernalillo County
One Civic Plaza, N.W., Suite 10111
Albuquerque, New Mexico 87102

\$3,029,000
Bernalillo County, New Mexico
General Obligation Bonds
Series 2004

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of County Commissioners of Bernalillo County, New Mexico (the "County") of its above-captioned bonds (the "Bonds"). We have examined the Constitution and laws of the State of New Mexico and such certified proceedings and other documentation as we deem necessary to render this opinion.

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

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

The Bonds are valid and binding general obligations of the County.

All taxable property within the County is subject to *ad valorem* taxation without limitation as to rate or amount to pay the Bonds. The County is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on 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 interest on the Bonds is exempt from taxation by the State of New Mexico under present New Mexico laws.

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

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention in law that may hereafter occur.

Very truly yours,

Hughes & Strumor, Ltd. Co.

APPENDIX B

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

APPENDIX B

CONTINUING DISCLOSURE UNDERTAKING

\$3,029,000

**BERNALILLO COUNTY, NEW MEXICO
GENERAL OBLIGATION BONDS
SERIES 2004**

This instrument constitutes the written undertaking by the Bernalillo County, New Mexico (the “Issuer”) for the benefit of the holders of the above-captioned bonds (the “Bonds”) required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”). Capitalized terms used in this undertaking and not otherwise defined in Bernalillo County, New Mexico a resolution adopted by the Board of County Commissioners on August 10, 2004 (the “Resolution”) shall have the meanings assigned such terms in subsection 3 hereof.

1. The Issuer undertakes to provide the following information as provided herein:
 - a. Annual Financial Information;
 - b. Audited Financial Statements, if any; and
 - c. Material Event Notices.

2.
 - a. The Issuer shall, while any Bonds are Outstanding, provide the Annual Financial Information on or before March 31 of each year (the “Report Date”), beginning in 2005, to each then existing NRMSIR and the SID, if any. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to each then existing NRMSIR and the SID, if any; provided that the new Report Date shall be 270 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.
 - b. If not provided as part of the Annual Financial Information, the Issuer shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to each then existing NRMSIR and the SID, if any.
 - c. If a Material Event occurs while any Bonds are Outstanding, the Issuer shall provide a Material Event Notice in a timely manner to the Municipal Securities Rulemaking Board at 1640 King Street, #300, Alexandria, VA 22314, and the SID, if any. Each Material Event Notice

shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

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

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

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

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

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

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

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

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

BLOOMBERG MUNICIPAL REPOSITORIES

100 Business Park Drive
Skillman, New Jersey 08558-0840
Telephone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC DATA INC.

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

**STANDARD AND POOR’S
J.J. KENNY REPOSITORY**
55 Water Street – 45th Floor
New York, NY 10041
Telephone: (212) 438-4595
Fax: (212) 438-3975

FT INTERACTIVE DATA
100 Williams Street
New York, New York 10038
Phone 212-771-6999
Fax 212-771-7390

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

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

5. The continuing obligation hereunder of the Issuer to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once Bonds no longer are Outstanding. This undertaking, or any provision hereof, shall be null and void in the event that the Issuer delivers to each then existing NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this undertaking, or any such provision, are invalid, have been repealed retroactively

or otherwise do not apply to the Bonds. This undertaking may be amended without the consent of the Bondholders, but only upon the delivery by the Issuer to each then existing NRMSIR and the SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this undertaking by the Issuer with the Rule.

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

[Remainder of page intentionally left blank]

In Witness Whereof, Bernalillo County, New Mexico has caused this instrument to be signed, subscribed, and executed, and attested with the signature of the Chair of the Board of County Commissioners; has caused its corporate seal to be affixed on this instrument; all as of October __, 2004.

Bernalillo County, New Mexico
Board of County Commissioners

Chair

APPENDIX C

EXCERPTS OF AUDITED FINANCIAL STATEMENTS

County of Bernalillo

State of New Mexico

BOARD OF COUNTY COMMISSIONERS

ALAN B. ARMIJO, CHAIR
DISTRICT 1

E. TIM CUMMINS, VICE CHAIR
DISTRICT 4

STEVE D. GALLEGOS, MEMBER
DISTRICT 2

TOM RUTHERFORD, MEMBER
DISTRICT 3

MICHAEL BRASHER, MEMBER
DISTRICT 5

THADDEUS LUCERO, COUNTY MANAGER



ONE CIVIC PLAZA, N.W.
ALBUQUERQUE, NEW MEXICO 87102
ADMINISTRATION (505) 768-4000
COMMISSION (505) 768-4217
FAX (505) 768-4329

MARK J. CARRILLO, ASSESSOR

MARY HERRERA, CLERK

MERRI RUDD, PROBATE JUDGE

DARREN P. WHITE, SHERIFF

ALEX A. ABEYTA, JR., TREASURER

March 26, 2004

Board of County Commissioners (Current)

Alan B. Armijo, Chair
E. Tim Cummins, Vice Chair
Steve D. Gallegos, Member
Tom Rutherford, Member
Michael Brasher, Member

Board of County Commissioners (In Office June 30, 2003)

Tom Rutherford, Chair
Alan B. Armijo, Vice Chair
Steve D. Gallegos, Member
E. Tim Cummins, Member
Michael Brasher, Member

One Civic Plaza, 10th Floor
Albuquerque, New Mexico 87102

Dear Commissioners:

County Management hereby submits the Comprehensive Annual Financial Report (CAFR) of the County of Bernalillo (the County), New Mexico, for the fiscal year ended June 30, 2003. The responsibility for the accuracy of the information presented and the completeness and fairness of presentation, including accompanying notes and disclosures rests with the County. As indicated by the report of the independent auditors, the financial statements fairly present the financial position and the results of the operations of the County as measured by the financial activity of its various funds and account groups. The purpose of the CAFR is to provide citizens, investors, grantor agencies, regulating agencies and other interested parties with reliable financial information about the County.

The County prepares the CAFR using the new financial reporting requirements as prescribed by the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-*

and Management's Discussion and Analysis- for State and Local Governments (GASB 34). The GASB Statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The County's CAFR consist of four major sections:

1. The Introductory Section includes this letter of transmittal that provides information about the organizational structure of the County, the County's economy, internal control structure, budgetary controls, cash management, and risk management.
2. The Financial Section is prepared in accordance with GASB 34 requirements by including the MD&A and the Basic Financial Statements including notes. The Basic Financial Statements include government-wide financial statements that present an overview of the County's entire financial operations and the fund financial statements that present the financial information of each of the County's major funds, as well as non-major governmental, proprietary, fiduciary and other funds. Also included in this section is the Independent Auditors' Report on the financial statements and schedules.
3. The Statistical Information Section contains tables that include general information about the County and the comparative data for prior years.
4. Single Audit Information includes the Schedule of Expenditures of Federal Awards as required by the Single Audit Act and the related findings and recommendations by the County's independent auditors.

The CAFR of the County includes all government activities, organizations and functions for which the County is financially accountable. The criteria for determining the governmental activities and potential component units to be reported in the County's combined financial statements are set forth in Note I. A., Page 34, to the financial statements. Based on the criteria, this report includes a wide variety of services such as public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services. Additionally, the Bernalillo County Housing and Redevelopment Corporation is included, as a component unit, in this report. Excluded from this report are the Bernalillo County Mental Health and Retardation Center and University Hospital/Bernalillo County Medical Center because they do not meet the criteria for inclusion as component units as defined in Note I. A. to the financial statements.

New Mexico State Statute 12-6, NMSA 1978 Compilation requires that an annual audit of a governmental unit's accounting records and Comprehensive Annual Financial Report be performed by independent public accountants. The audit for the fiscal year ended June 30, 2003 was performed by the firm of Neff & Ricci, LLP. Federal law also requires that a single audit be performed for federal grant funds in conformance with the provisions of the Single Audit Act of 1984 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." All information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in the Single Audit Section.

PROFILE OF THE COUNTY

Bernalillo County is located in the central region of the state and is the economic and population hub of New Mexico. Its boundaries encompass the entire City of Albuquerque. With 556,678 residents (2000 Census), the County ranks 100th in population of the nation's 3,141 counties. It comprises nearly 31% of New Mexico's population total and 80% of the three county Albuquerque Metropolitan Statistical Area (MSA), Sandoval and Valencia being the other two counties.

The County provides public safety, highways and streets, sanitation, cultural and recreational services, public improvements, building, planning and zoning, and general administrative services. The County has a Commission-Manager form of government in which most of the day-to-day administrative duties are delegated to a County Manager. All legislative power within the County is vested in a five-member Board of Commissioners, each of whom are elected for four-year terms from single member districts, with a two term limit. The executive functions are divided; the powers are shared by the Board and four elected County officials: the Treasurer, Assessor, Clerk, and Sheriff.

The County maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. The County's legal level of budgetary control is at the fund level, except for the Emergency Medical Services and Fire Districts funds, whose legal level of budgetary authority is at the program or district level. Appropriations within a fund may be adjusted with the approval of the County Manager or Deputy County Managers as long as the total fund appropriations remain the same. Appropriation adjustments between funds require approval of the Board and the New Mexico State Department of Finance and Administration (DFA). The Local Government Division of DFA is the agency responsible for regulating the budgetary affairs of the County. Budget adjustments that do not require DFA approval are limited to transfers of budget between departments within a fund or transfers between line items within a department within a fund. State statutes prohibit the County from making expenditures in excess of the final approved budget at the fund level. The appropriated amounts reflected in the accompanying financial statements represent object class by department.

County management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required in order to assess the expected benefits and related costs of internal control structure policies and procedures.

All internal control evaluations occur within this framework. The internal control structure is designed with the objective of providing the Board with reasonable assurance that assets are safeguarded against loss resulting from unauthorized use or disposition and that transactions are executed in accordance with the Board's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

FACTORS AFFECTING FINANCIAL CONDITION

Local economy

Bernalillo County, with Albuquerque making up 80% of its population, has emerged as a hub for commerce and industry in the Southwest. It accounts for nearly half of all economic activity in New Mexico. In May 2003, *Forbes'* magazine pegged the Albuquerque MSA at 28th out of 149 large metro areas on its list of top places for business and careers. It identified Albuquerque as one of the nation's "Top 10 Tech Centers." The community also ranked 39th out of the country's 296 largest metropolitan areas in the Milken Institute's Best Performing Cities Index (June 2003). The Index also ranked Albuquerque fourth in concentration of high tech industries and 32nd in wage and salary growth. Aviation and aerospace, biotechnology and biomedical R&D, microelectronics and nanotechnology, optics and photonics -- these are the industries that are transforming the area into a center of high tech.

According to the University of New Mexico's Bureau of Business and Economic Research (BBER), the Albuquerque MSA has made steady progress since falling into recession at the end of 2001. Following three consecutive quarters of employment declines, from the fourth quarter of 2001 through the second quarter of 2002, employment growth began to ease up, from 0.3 percent in the third quarter of 2002, to 0.7 percent in the fourth quarter, 1.2 percent in the first quarter of 2003, and finally 1.5 percent in the second quarter of 2003. The second quarter of 2003 unemployment rate was 5.3 percent.

The primary sources of strength during the recovery were educational services and healthcare and social assistance, other services, and local government. The education services and healthcare and social assistance sector averaged 5.8 percent employment growth during 2002 and the first half of 2003, including 5.1 percent in the second quarter of this year. Included in health services are a new cancer treatment center, a new hospital on the West Side, and a patient-support call center. Local government employment, fueled by Native American casino and resort expansion and also by growth in the schools, posted a 5.5 percent gain in 2002, although growth decreased to 2.1 percent in the second quarter of 2003. Still, these sectors provided the impetus to bring the Albuquerque economy back from the recession.

Taxes

Taxable property valuations were \$9.284 billion in 2003, a \$284 million increase from the previous year. Current property tax collections are 94.82% of the levy, compared to 94.27% in the prior year. The property tax burden has shifted significantly to homeowners since the current tax system was put in place in the mid-1980s. In 1986 non-residential property comprised 46% of the net taxable valuation, but today in the wake of several property revaluations, this figure has dropped to 29 percent. In the 2003 tax year, the property base (valuations) grew 3.8 percent. Property revaluations represented a 1.1 percent decrease. New construction grew by 2.7 percent. Tax on revalued property is limited by the yield control formula. New construction represents a source of new tax revenue for the County.

The State of New Mexico's yield control adjustment limits the tax increase from existing property to five percent or the cost of living factor whichever is less. This year the adjustment was limited to 2.2 percent for existing properties. Future increases in residential property tax

values will be limited to three percent until the property is sold. As a result, mil levies are expected to increase and the County's bonding capacity will be affected. Allocation of the mil rate for fiscal year 2003 (tax year 2002) and the prior year is based on the following:

Operational:	<u>2003</u>	<u>2002</u>
Residential	5.918	5.608
Non-residential	10.520	10.216
Debt Service	.950	1.254
Open Space	.250	.250
Judgement	.000	.073

The gross receipt tax rate on receipts within the County and outside City limits is 5.375% at June 30, 2003. There was an increase of approximately 6.3 percent in gross receipts tax revenue in fiscal year 2003 compared to an increase of 2.0 percent in the previous year. The breakdown and sources of the gross receipt tax rate are as follows:

	<u>Tax Rate</u>	<u>Percent</u>
State General Fund	5.000	93.1%
County Wide	0.250	4.6%
County Environmental (outside City limits)	0.125	2.3%

Additional information about revenues, tax rates, and levies is presented in the statistical section of this report.

Cash management and investments

Cash temporarily idle during the year was invested in flexible repurchase agreements, the New Mexico State Treasurer's Investment Pool, and United States Treasury Notes as authorized by New Mexico State Statute and the County's investment policy. It is the County's policy to minimize investment risk by investing in instruments that are insured, collateralized, or backed by the full faith and credit of the U.S. Government while seeking to obtain a competitive yield on the total portfolio.

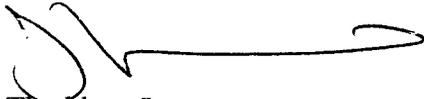
Risk management

Bernalillo County operates a Risk Management program within the Budget and Finance Division. This program has an aggressive loss control and safety program. Through claims control efforts and the safety program, the County has been successful in holding insurance premiums to a moderate increase during the past year. The County is a member of the Workers' Compensation and Multi-line Insurance pools administered by the New Mexico County Insurance Authority. The Workers' Compensation Pool provides coverage for all Bernalillo County employees, including temporary and part-time workers. The premium depends upon the total payroll and loss experience specific to each County. The pools are authorized by joint powers agreements and are funded entirely by member contributions.

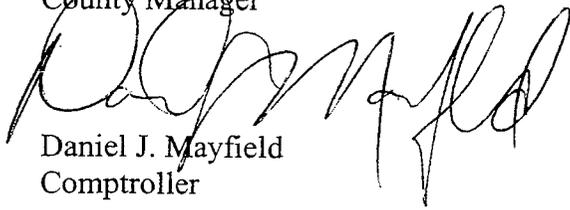
ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. We also would like to express our appreciation to all departments who assisted and contributed to the preparation of this report. The Board of County Commissioners is recognized for their stewardship in conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

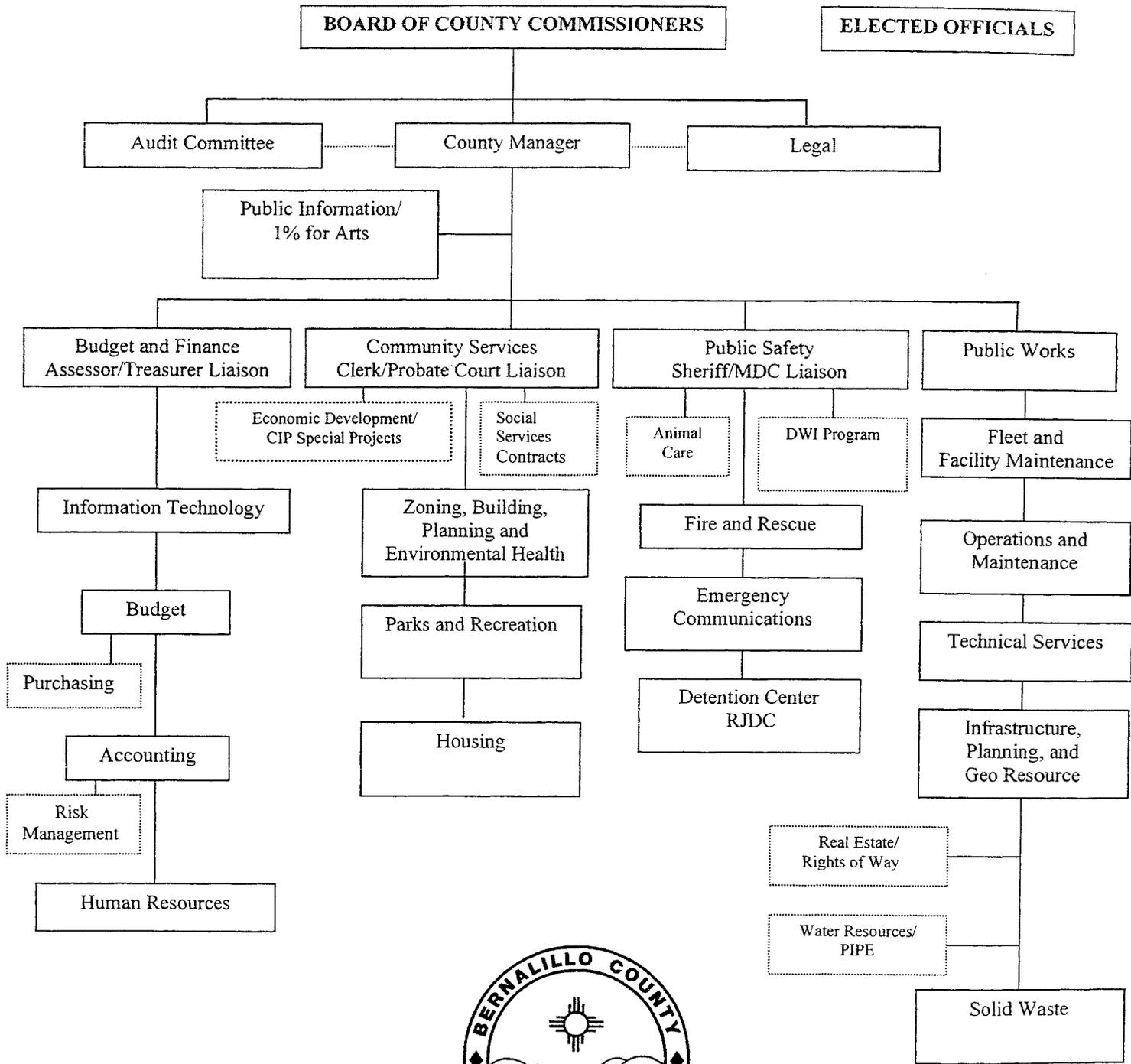


Thaddeus Lucero
County Manager



Daniel J. Mayfield
Comptroller

BERNALILLO COUNTY ORGANIZATIONAL CHART



COUNTY OF BERNALILLO

PRINCIPAL OFFICIALS

June 30, 2003

COUNTY COMMISSIONERS

Tom Rutherford, Chair	District 3
Alan B. Armijo, Vice Chair	District 1
Steve D. Gallegos, Member	District 2
E. Tim Cummins, Member	District 4
Michael Brasher, Member	District 5

COUNTY ELECTED OFFICIALS

Darren P. White	County Sheriff
Alex A. Abeyta, Jr.	County Treasurer
Mary Herrera	County Clerk
Mark J. Carrillo	County Assessor
Merri Rudd	Probate Judge

COUNTY MANAGER

Juan R. Vigil

Budget and Finance Division

Daniel J. Mayfield, CGFM, Comptroller
Esther Perea, CPA, Budget Director
Gregory Stricklin, CPA, Accounting Director

COUNTY OF BERNALILLO, NEW MEXICO

CONTRIBUTORS

June 30, 2003

Division Director

Daniel J. Mayfield, CGFM
Comptroller

Financial Reporting Personnel

Gregory Stricklin, CPA
Accounting Director

Bonnie Ulibarri-Romero, CPA
Financial Administrator

Ray Garcia
Financial Administrator

Jeff P. Lovato, MBA
Financial Administrator

Larry Herrera
Accounting Officer

Cindy Torres
Accounting Officer

Leticia Carreon
Accounting Senior

Jessie Fairbanks
Accounting Senior

Anita Montoya
Accounting Senior

Treasurer's Office

Stella Lujan, CPA
Treasury Systems Director





Independent Auditors' Report

The Board of County Commissioners
County of Bernalillo and
Mr. Domingo P. Martinez, CGFM
New Mexico State Auditor

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Bernalillo, New Mexico (County), as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, fiduciary, and nonmajor enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, fiduciary and nonmajor enterprise fund of the County, as of June 30, 2003, and

The Board of County Commissioners
County of Bernalillo and
Mr. Domingo Martinez, CGFM
New Mexico State Auditor

the respective changes in financial position and cash flows, where applicable, thereof and the budget comparisons for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2004, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements of the County taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Also, the schedules listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying information listed as the 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 financial statements and, accordingly, we express no opinion on it.

Neff + Ricci LLP

March 26, 2004

COUNTY OF BERNALLILO, NEW MEXICO
Management's Discussion and Analysis
June 30, 2003

As management of the County of Bernalillo (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$328,966,176 (net assets) for the primary government and by \$686,061 for the Redevelopment Corporation Component Unit. Overall the net assets of the County increased by \$9,904,941 or by 3.1%. Of this amount, \$44,226,370 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$106,475,716, an increase of \$3,971,279 or 3.8%. Approximately \$1,272,144 or 32% of the increase in ending fund balances was attributed to the increase in fund balance in the General Fund.
- \$21,068,887 or 19.78% of the governmental fund balances at year-end is available for spending at the government's discretion (unreserved fund balances). The unreserved fund balances decreased 2.02% as a percentage of total fund balances in comparison with prior year. All of the unreserved fund balances are in the Capital Projects (\$15,287,223) and Special Revenue Funds (\$5,781,664).
- At the end of the current fiscal year, the fund balance for the General Fund was \$41,979,016, an increase of \$1,272,144 from the previous year. There was no unreserved fund balance for the General Fund. Approximately \$38,957,006 or 92.8% of the general fund is reserved for subsequent year's expenditures.
- County's total debt for General Obligation bonds, Gross Receipt Bonds, Tax Revenue Bonds, Tax and Revenue Anticipation Notes, and long-term notes increased \$25,565,601 from \$268,750,321 to \$294,315,422 or by 9.5%. During the year, the County sold \$9,190,000 in General Obligation Bonds for the early refunding in part of the Series 1993 and 1996 General Obligation Bonds. \$16,400,000 in General Obligation Bonds were sold, of which \$11,358,000 was for roads, \$1,400,000 for library resources, \$1,576,000 for parks and recreation, \$1,706,000 for public safety, and \$360,000 for public health.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. For example, property taxes are recognized as revenues in the year for which they are levied.

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

The statement of activities presents information showing how the County's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguished functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type activities). The governmental activities of the County include general government, public works, public safety, health and welfare, and culture and recreation. The Business-type activities of the County include Solid Waste, Bernalillo Housing Authority, Seybold Village Handicapped Project, and the Regional Juvenile Detention Center.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate Housing Redevelopment Corporation for which the County is financially accountable. Financial information for the Bernalillo County Housing Redevelopment Corporation is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 18-19 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the current fiscal period. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the

government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the General fund, the County maintains fifty other individual governmental funds of which seventeen are classified as Special Revenue funds, thirteen are classified as Debt Service funds, and twenty are classified as Capital Projects funds. Information for the General fund, the 1999 Revenue Bond Capital Projects fund, and the TRAN (Tax Revenue Anticipation Note) Debt Service fund, all of which are considered to be major funds, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General fund. A budgetary comparison statement for the General fund is presented on page 24. In addition, the County adopts an annual budget for other non-major funds. A budgetary comparison statement is presented in the aggregate and individually for all those funds.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *Business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for Solid Waste, Housing Authority, Seybold Village Handicapped Project, and the Regional Juvenile Detention Center. An *Internal service fund* is used to account for 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 used to account for its risk management activities. Because the services provided by the Risk Management fund predominantly benefit governmental rather than business-type functions, this fund is included within *governmental activities* in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on page 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 31-63 of this report.

Other information. The combining statements referred to earlier in connection with non-major government funds and internal service funds are presented immediately following the Notes to the Financial Statements. Combining and individual fund statements and schedules can be found on pages 64-108 of this report.

Government-wide Financial Analysis

This is the second year that the County has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments. This is the first year that the County has included comparative analysis of government-wide data for the MD&A.

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the County’s primary government, assets exceed liabilities by \$328,966,176 at the close of the most recent fiscal year. The County’s component unit – Redevelopment Corporation’s net assets exceeded liabilities by \$686,061. By far the largest portion of the County’s net assets (79% percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any debt, used to acquire those assets, that is still outstanding. In prior year, the County’s investment in capital assets was 88.7% of net assets. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Bernalillo Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets:						
Current and other assets	\$175,990,309	\$ 138,616,905	\$2,233,851	\$ 1,931,106	\$178,224,160	\$ 140,548,011
Capital assets	487,489,712	480,966,854	2,552,611	2,546,688	490,042,323	483,513,542
Total assets	663,480,021	619,583,759	4,786,462	4,477,794	668,266,483	624,061,553
Liabilities:						
Long-term liabilities	264,315,422	258,708,351	-	-	264,315,422	258,708,351
Other liabilities	74,130,001	45,560,352	854,884	731,615	74,984,885	46,291,967
Total liabilities	338,445,423	304,268,703	854,884	731,615	339,300,307	305,000,318
Net Assets:						
Invested in capital net						
Of related debt	258,269,827	281,559,220	2,521,602	1,681,429	260,791,429	283,240,649
Restricted	23,926,773	17,190,302	-	-	23,926,773	17,190,302
Unrestricted	42,837,998	16,565,534	1,409,976	2,064,750	44,247,974	18,630,284
Total net assets	\$325,034,598	\$315,315,056	\$3,931,578	\$ 3,746,179	\$ 328,966,176	\$ 319,061,235

An additional portion of the County's net assets in the amount of \$23,926,773 or 7.3% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$44,247,974 may be used to meet the government's ongoing obligations to citizens and creditors.

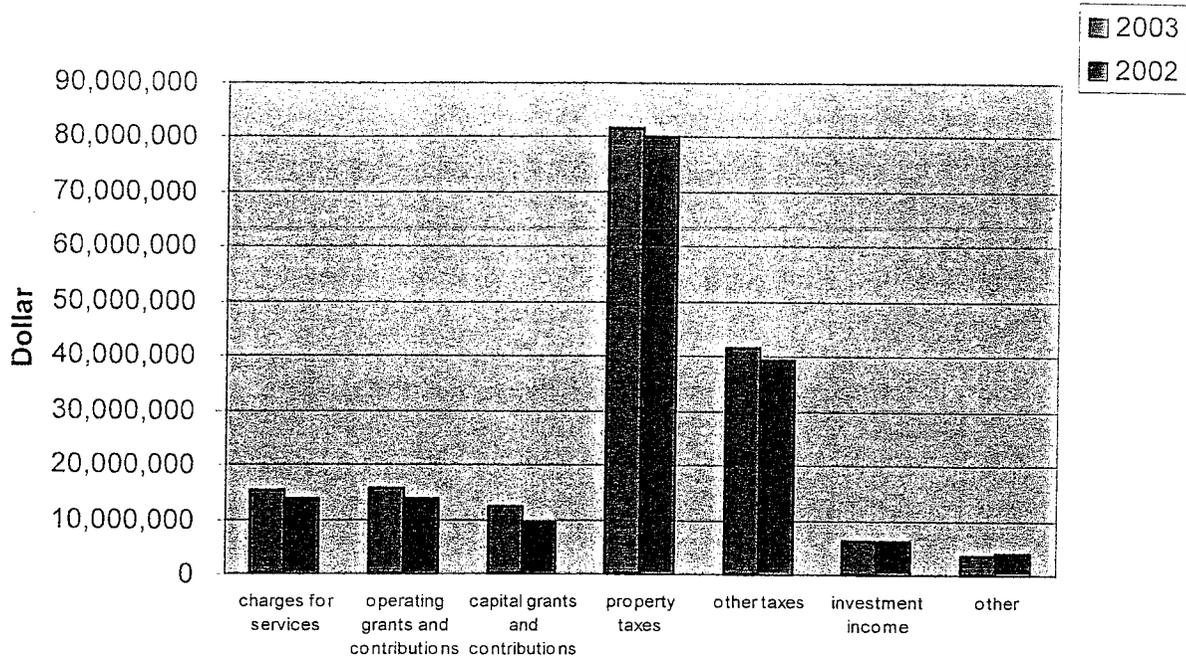
At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities during the year increased the County's net assets by \$9,719,542.

County of Bernalillo's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	\$ 15,426,450	\$ 13,667,519	\$ 5,368,316	\$ 5,068,378	\$ 20,794,766	\$ 18,735,897
Operating grants and contributions	15,613,995	13,712,894	292,097	280,517	15,906,092	13,993,411
Capital grants and contributions	12,263,064	9,349,282	-	-	12,263,064	9,349,282
General revenues:						
Property taxes	81,442,677	79,991,210	-	-	81,442,677	79,991,210
Other taxes	41,602,958	39,529,747	-	-	41,602,958	39,529,747
Investment income	6,067,056	6,218,519	6,243	9,457	6,073,299	6,227,976
Grants and contributions not restricted to specific programs	-	-	632,117	638,996	632,117	638,996
Other	3,488,475	4,115,041	100,748	85,924	3,589,223	4,200,965
Total revenues	175,904,675	166,584,212	6,399,521	6,083,272	182,304,196	172,667,484
Expenses:						
General government	35,401,110	43,255,078	-	-	35,401,110	43,255,078
Public works	17,430,834	14,924,680	-	-	17,430,834	14,924,680
Public safety	70,268,870	62,911,948	-	-	70,268,870	62,911,948
Health and welfare	18,236,535	19,152,007	-	-	18,236,535	19,152,007
Culture and recreation	10,970,249	10,538,867	-	-	10,970,249	10,538,867
Interest on long-term debt	13,877,535	13,223,301	-	-	13,877,535	13,223,301
Solid Waste	-	-	3,256,760	2,906,417	3,256,760	2,906,417
Housing Authority	-	-	1,632,148	1,606,827	1,632,148	1,606,827
Seybold Village	-	-	135,129	122,065	135,129	122,065
Juvenile Detention Center	-	-	1,190,085	989,458	1,190,085	989,458
Total expenses	166,185,133	164,005,881	6,214,122	5,624,767	172,399,255	169,630,648
Increase in net assets	9,719,542	2,578,331	185,399	458,505	9,904,941	3,036,836
Net assets –beginning	275,231,891	272,653,560	3,746,179	3,287,674	278,978,070	275,941,234
Restatement	40,083,165	-	-	-	40,083,165	-
Net assets – beginning as restated	315,315,056	272,653,560	3,746,179	3,287,674	319,061,235	275,941,234
Net assets – ending	\$ 325,034,598	\$ 275,231,891	\$ 3,931,578	\$ 3,746,179	\$ 328,966,176	\$ 278,978,070

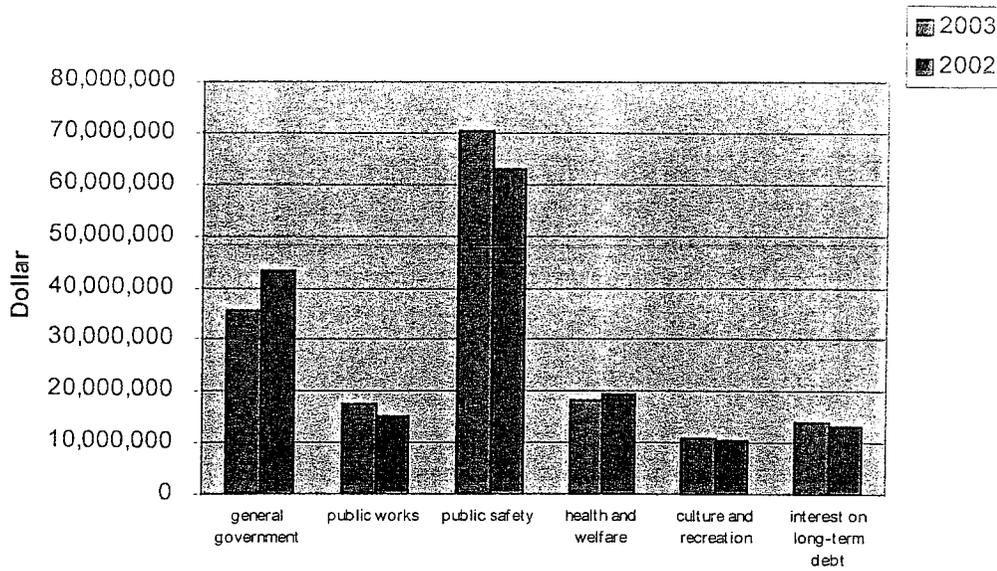
Revenues By Source - Governmental Activities



Governmental Activities revenues increased from \$166.5 million to \$175.9 million, a 5.5% increase from prior year. Key elements in the growth of governmental activities revenues are as follows:

- Program revenue charges for services increased from \$13.6 million to \$15.4 million, a 12.8% increase. A significant portion of the increase is attributed to a fee increase that was implemented by the County Clerk for recording and filing that increased from \$1.9 million in FY02 to \$2.8 million in FY03.
- Program revenue operating grants and contributions increased from \$13.7 million to \$15.6 million, a 13.8% increase. A significant portion of the increase is attributed to an increase in the Housing Authority Section 8 Voucher program fees from \$9.1 million in FY02 to \$10.2 million in FY03.
- Program revenue capital grants and contributions increased from \$9.3 million to \$12.2 million, a 31.1% increase. A significant portion of the increase is attributed to an increase in state grant work on road construction projects. Grant funded road construction project revenue increased from \$2.2 million to \$7.4 million in the Road Construction Fund. There were other decreases of grant expenditures in the Paseo del Norte and storm sewer projects as compared to prior year that reduced the overall increase in this category.
- Property taxes revenue increased from \$79.9 million to \$81.4 million. The increase in property taxes revenue was attributed in part to an increase in taxable property valuation by \$284 million and an increase in the collection rate from 94.27% in FY02 to 95.12 % in FY03.

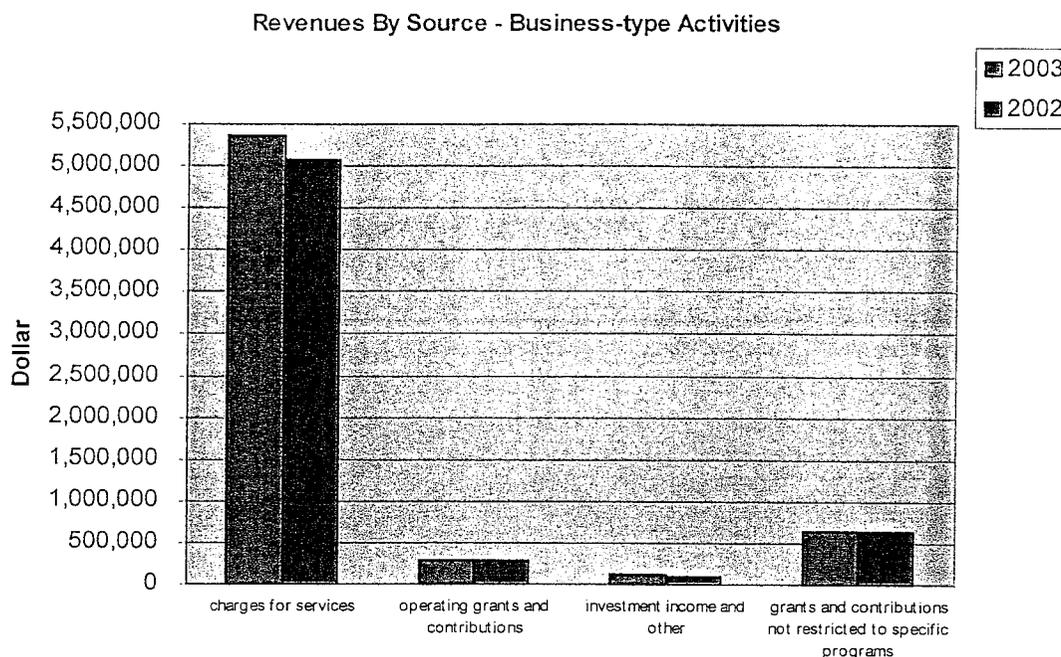
Expenses By Source - Governmental Activities



Governmental activities expenses increased from \$164 million to \$166.1 million, a 1.3% increase from prior year. Key elements in the changes of governmental activities expenses are as follows:

- General government expenses decreased from \$43.2 million to \$35.4 million, an 18% decrease. The decrease in general government expenses is attributed in part to the reclassification of Communication Center expenses. In FY02, Communication Center expenses in the amount of \$1.9 million were recorded in the general government expense category. In FY03, Communication Center expenses in the amount of \$1.9 million were recorded in the public safety expense category. Also in FY02, the County had recorded a \$4.2 million liability for a pending lawsuit. The lawsuit was subsequently settled in FY03 for approximately \$1.9 million. The difference of \$2.3 was recorded back to the general fund as a reduction of operating expenses.
- Public works expenses increased from \$14.9 million to \$17.4 million, a 16.7% increase. The increase in public works expenses is attributed in part to the reorganization of several departments within the County.
- Public safety expenses increased from \$62.9 million to \$70.2 million, an 11.6% increase. The increase in public safety expense is attributed in part to the reclassification of the Communication Center expenses of \$1.9 million previously recorded in the general government category. In addition, in FY03, the County took over administration of the food contract for the Metropolitan Detention Center that resulted in the recording of food expenses and revenue reimbursements of approximately \$3.8 million on the County's books. Also, during the transition from the old Bernalillo County Detention Center to the new Metropolitan Detention Center, the County incurred additional utility cost of \$928,150 for the operation of the Metropolitan Detention Center prior to the facility being turned over to the City of Albuquerque.

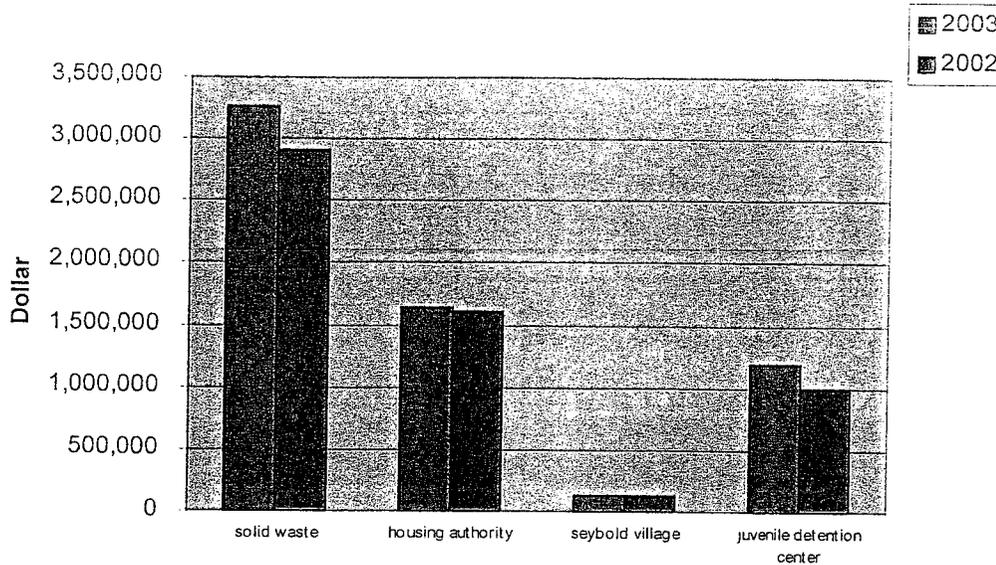
Business-type activities. Business-type activities net assets increased by \$185,399 during the current fiscal year. This increase represents the degree to which ongoing program and non-operating revenues have outstripped ongoing expenses in the Housing Authority and Seybold Village business-type activities in the amount of \$234,412 and \$2,487, respectively. The Solid Waste fund and the Regional Juvenile Detention Center fund incurred losses of (\$22,163) and (\$29,337) respectively. Overall the Business-type activities experienced an (\$553,709) operating loss (program revenues less expenses) before non-operating revenues of \$739,108.



Business-type activities, revenue increased from \$6.0 million in FY02 to \$6.3 in FY03, a 5.1% increase. A key element in the growth of business-type activities revenues is as follows:

- Revenue Program charges for services increased from \$5.0 million in FY02 to \$5.3 million in FY03, a 5.6% increase. The increase in revenues is primarily attributed to the increase in administrative and service fees in the Housing Authority and the Regional Juvenile Detention Center.

Expenses By Source - Business-type Activities



Business-type activities expenses increased from \$5.6 million in FY02 to \$6.2 in FY03, a 10.4% increase. Key elements in the growth of business-type activities expenses are as follows:

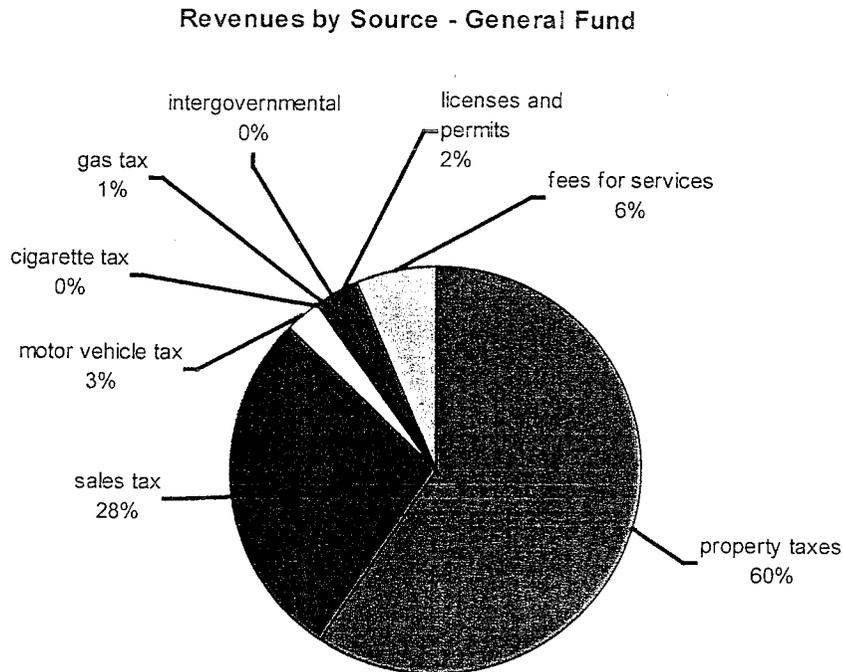
- Expenses in the Solid Waste fund increased from \$2.9 million in FY02 to \$3.2 million in FY03, a 12.0% increase. The increase in expenses is attributed in part to an increase in contractual service expenses in the amount of \$136,681 and an increase in other services and charges of \$226,617.
- Expenses in the Juvenile Detention Center increased from \$.9 million in FY02 to \$1.1 million in FY03, a 20.2% increase. The increase in expenses is attributed in part to an increase in salary expenses in the amount of \$187,866.

Financial Analysis of the County's Funds

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

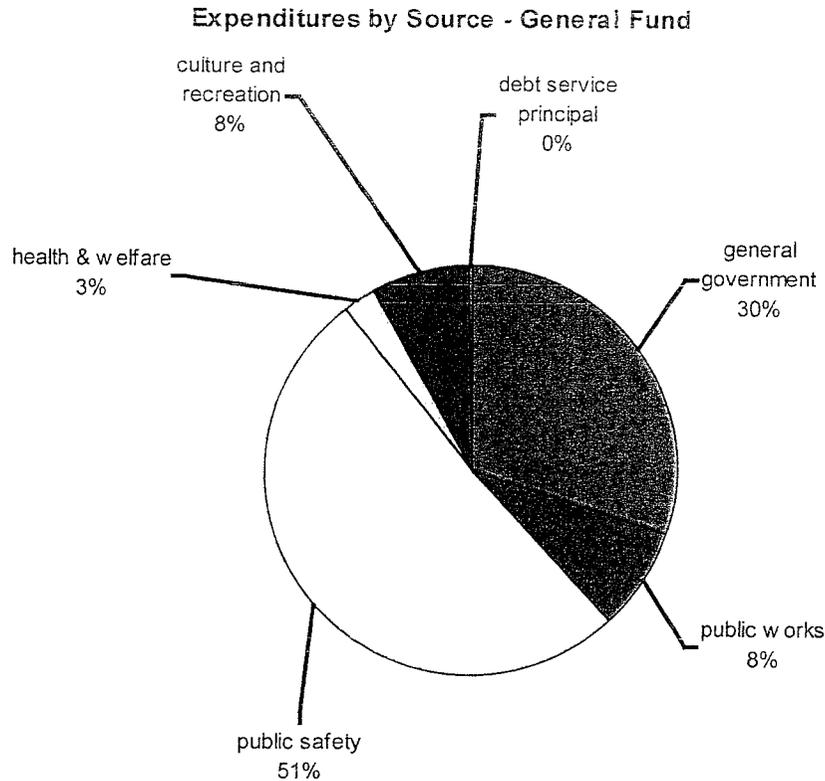
As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$106,475,716. Approximately 19.7% of this total, \$21,068,887, constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to subsequent year's expenditures \$38,957,006, 2) to liquidate contracts and purchase orders of the prior period \$24,705,501, 3) to pay debt service \$19,519,476, and 4), for a variety of other restricted purposes \$2,224,846.

The fund balance of the County's general fund increased by \$1,272,144 during the current fiscal year. Key factors in this growth are based on the increase in local taxes from the previous year combined with less than expected incurred expenditures during the year.



General Fund revenues increased by \$15 million from \$108.5 million to \$123.5 million, a 13.8% increase. Key elements in the growth of General Fund revenues are as follows:

- The increase in General Fund revenues is attributed in part to an increase of \$6.2 million in revenue that was the result of combining the road fund into the general fund in FY03. Not including this amount, the general fund revenues increased 8.1% as compared to 9.1% in the prior year.
- The remaining 8.1% increase in General Fund revenue is primarily attributed to a \$3 million increase in property tax revenue, a \$2.1 million increase in gross receipt tax revenue, and a \$1.8 million increase in miscellaneous revenue which includes revenues from insurance recoveries, sale of County property and revenue generated from rent on the Journal Pavilion Center.



General fund expenditures increased from \$100.2 million to \$114.5 million, a 14.2% increase. A key element in the growth of General Fund expenditures is as follows:

- The increase in General Fund expenditures is attributed in part to an increase of \$9.2 million in expenditures that was the results of combining the road fund into the general fund in FY03. Not including this amount, the general fund expenditures increased 4.9% as compared to 4.6% in the prior year.

Other changes in the General Fund expenditures were explained in the analysis of the government-wide statement of Net Activities. Additional comparison of General, Special Revenue, and Debt Service Fund revenue and expenditures of prior years can be found in the statistical section of this report.

The governmental funds have a reserve for debt service fund balance of \$19,519,476, all of which is reserved for the payment of debt service. The net increase in debt service fund balance during the current year was \$453,594. In fiscal year 2003 (tax year 2002), a mil levy of .950 was dedicated toward General Obligation bond debt service.

Proprietary funds. The County proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Solid Waste Fund, Bernalillo County Housing Authority, Seybold Village Handicapped Project, and the Regional Juvenile Detention Center at the end of the year were \$495,568 \$709,121 \$105,394, and \$99,893

respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

Budgetary Highlights

Changes between the original budget and the final amended budget are summarized as follows:

- The General Fund property tax revenue budget was increased from \$59.9 million to \$71.2 million to replenish General Fund reserves for transfers from the General Fund reserves to the Debt Service Fund in fiscal year 2003.
- The General Fund general government budget for Zoning increased from \$1.9 to \$2.4 due to a realignment of departments within the County. Part of the County Environment Department was placed under the Zoning Department.
- The General Fund general government budget for Facility Management was decreased from \$3.7 to \$1.7 million due to a realignment of departments within the County. Custodian services that were included within the Facility Management Department were transferred to the Public Works Department.
- The General Fund general government budget for the Bernalillo County Detention Center was increased from \$18.9 million to \$21.2. The increase in the budget was necessary to cover higher operating costs attributed to a higher average daily population and to cover additional costs associated with the transition from the old Bernalillo County Detention Center located downtown to the new Metropolitan Detention Center located on the west-side.

During the year, General Fund revenues exceeded budgetary estimates by \$87,344 or less than one percent and General Fund expenditures were less than budgetary estimates by \$16,059,957, thus eliminating the need to draw upon existing fund balance. Significant differences between the General Fund final and actual budget amounts are summarized as follows:

- Property Tax Revenue had a negative variance of (\$2,124,467). The budget projections had projected a 98.5% collection rate of property valuations as of June 30, 2003. The actual collection rate was 95.1%.
- Finance and Administration expenditures had a positive variance of \$1,506,718. This variance is primarily attributed to lower insurance premiums in the amount of \$703,208, less than expected expenditures from Law Enforcement Officer liability claims in the amount of \$565,771, and lower than expected fleet replacement cost of \$96,420.
- General County expenditures had a positive variance of \$4,428,486. This variance is primarily attributed to \$1,747,575 in contingency salary expenditures that did not occur because of employee turnover and the delay in filling those positions. The County budgeted funds for extra utility expenses that occurred throughout various County Departments. Although the overall variance for utility expenses in the County was small, the variance in General County category was a positive

\$591,000. There was also a positive variance of \$324,177 for rental expense and \$235,429 for space contingency. The savings in rental expense were attributed to moving several County Departments from City or privately-owned facilities to County owned facilities.

- Bernalillo County Detention Center had a positive variance of \$7,354,192. This variance is attributed to the methodology and the manner in which the City of Albuquerque budgets and bills the County for one-half of the operating cost of the detention center. The City did not budget and bill the County for the correct amount of the Detention Center operating cost during the year and did not submit a final bill for the County's share of the operating cost until after year-end. The operating cost shown on the budget to actual schedule does not include the final City billings. The final City billings are recorded in the County's financial statements on the accrual basis.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2003 amounts to \$490,042,323 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure. Major capital asset events during the current fiscal year included the following:

- The 2002 General Obligation Bond Program made \$16 million available for various County projects. The Public Works Division received \$9.04 million for road paving, striping, and guardrails throughout the County, improvements to Isleta Boulevard and Golf Course Road, and flood management in the South Valley, North Albuquerque Acres, and far North Edith areas. The Parks and Recreation Department received \$1.78 million in funding for swimming pool construction and remodeling and playground and park development. The Public Safety Division received \$3 million for continued construction at the Juvenile Detention Center, an emergency alert system, a North Mountain Emergency Staging area, East Mountain Command Center and fire station additions. An additional \$1.17 million was proposed for County facilities including a South Valley Economic Development Center and Small Business Incubator and a Public Works field office.
- Work on the Valley Utilities Project started in FY02 is progressing and is expected to take close to ten years to complete at a cost of nearly \$110 million. The project will provide municipal utilities to properties in the developed areas of the South and North Valleys of the County. During the fiscal year, several significant sewer projects were completed: Pajarito Sanitary Sewer, Areas 8 and 9, Pajarito Vacuum Station, and Area "E" Sanitary Sewer.
- Work has been completed on Phase 1 of Isleta Boulevard Reconstruction Project. The road, once part of El Camino Real, remains an important social artery and economic lifeline to the community. The design for the Isleta Boulevard Reconstruction Project Phase 2 has begun.

County of Bernalillo's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$124,501,275	\$121,902,276	\$ 432,002	\$ 467,407	\$ 124,933,277	\$122,369,683
Buildings	194,534,189	88,076,747	2,081,186	2,006,852	196,615,375	90,083,599
Machinery and equipment	14,202,911	17,041,751	39,423	72,429	14,242,334	17,114,180
Infrastructure	135,644,980	134,272,738	-	-	135,644,980	134,272,738
Leasehold improvements	2,570,333	2,682,493	-	-	2,570,333	2,682,493
Construction in progress	14,615,312	75,560,047	-	-	14,615,312	75,560,047
Art	1,420,712	1,347,637	-	-	1,420,712	1,347,637
Total	\$487,489,712	\$440,883,689	\$ 2,552,611	\$2,546,688	\$ 490,042,323	\$ 443,430,377

Additional information on the County's capital assets can be found in note IV-C. on pages 46-48 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$262,065,378. Of this amount, \$77,155,000 comprises debt of general obligation bonds backed by the full faith and credit of the County government. The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the County's debt position. The State's Constitution provides for a legal debt limit of four percent (4.0%) of taxable valuation. The ratio for the County is less than one percent (0.8%) of the \$9.2 billion taxable value of property, as of June 30, 2003, within Bernalillo County. The County may currently issue up to an additional \$294.2 million of general obligation bonds. The net general bonded debt per capita is \$120.38. The highest per capita amount in the last ten fiscal years was \$129.86 in fiscal year ended June 30, 2000. The County's ratings on uninsured general obligation bonds as of June 30, 2003 were:

- Moody's Investors Service, Inc. Aa1
- Standard & Poor's Rating Service AA+

The remainder of the County's debt represents bonds secured solely by specified revenue sources.

County of Bernalillo's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities	
	2003	2002	2003	2002
General obligation bonds	\$ 77,155,000	\$ 65,675,000	-	-
Revenue bonds	184,910,378	188,990,000	-	-
Bond Anticipation Note	-	10,000,000	-	-
Total	\$ 262,065,378	\$264,665,000	-	-

The County's total bond debt increased by \$2,599,622 during the current fiscal year. Additional information on the County's long-term debt can be found in note IV.F on pages 50-54 of this report and in the statistical section of this report.

Economic Factors and Next Year's Budgets and Rates

The County's Board of Commissioners and Manager considered many factors when setting the fiscal year 2004 budget. The Albuquerque MSA, which includes Bernalillo County and two neighboring counties, has typically outperformed the nation in terms of growth in non-agricultural employment and enjoyed a fairly rapid recovery from the recession of 2002.

According to forecasts by BBER, the outlook for the Albuquerque MSA economy is quiet good. Nonagricultural employment is expected to increase 2.6 in 2004 and 3.1 percent in 2005. Personal income growth will be solid, holding the 5.5-6.0 percent range through 2005. The unemployment rate will stay close to 5.5 percent. Employment growth during the forecast period will come from many directions. Part of the good news is the strong rebound of the manufacturing sector. Stimulated by major job additions at Eclipse Aviation, employment growth will reach 2.9 percent in 2004 and 7.9 percent in 2005. Many other manufacturing firms are in expansion mode. Educational services and health care employment will also enjoy robust growth, with gains of 6.0 percent this year, 4.5 percent next year, and 4.1 percent in 2005. The natural resources, mining and construction sector will return to expansion mode following a 6.7 percent drop in 2002, with gains of 1.3 percent this year, 1.8 percent next year, and 2.6 percent in 2005. Retail trade employment has enjoyed only minimal growth in the last few years, but things will be better during the forecast period, with gains of 2.2 percent this year, 2.4 percent next year, and 1.2 percent in 2005. The government sector, following a boom year (3.7 percent) in 2003, will return to the normal moderate growth pattern. Growth in 2002 was boosted by exceptionally strong growth (5.5 percent) at the local level resulting from rapid expansion of Native American casinos and resorts. However, the gaming/resort market appears to have become saturated, in the Albuquerque MSA. Government employment will show gains of 1.4 percent in 2003, 1.7 percent in 2004, and 1.9 percent in 2005. Both local and state government employment will grow by roughly 2.0 percent annually, while federal government employment remains essentially flat.

Request for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller, Finance and Budget Division, One Civic Plaza, NW – 10th Floor, Albuquerque, New Mexico 87102.



COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET ASSETS
JUNE 30, 2003

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Redevelopment
				Corporation
ASSETS				
Cash and investments	\$ 142,957,801	\$ 1,723,706	\$ 144,681,507	\$ 163,141
Accounts receivable	18,463,660	877,157	19,340,817	564
Accrued interest receivable	1,089,751	162	1,089,913	195
Note receivable	18,718	-	18,718	-
Due from grantor	3,865,389	-	3,865,389	-
Due from component unit	24,585	-	24,585	-
Due from agency funds	71,361	-	71,361	-
Internal balances	478,214	(478,214)	-	-
Inventory	39,492	-	39,492	-
Prepaid assets	7,343,775	-	7,343,775	-
Deferred charges	239,305	-	239,305	-
Restricted assets:				
Cash and cash equivalents	765,258	111,040	876,298	203,293
Investment in joint venture	633,000	-	633,000	-
Capital assets (net of accumulated depreciation):				
Land	124,501,275	432,002	124,933,277	77,132
Building	194,534,189	2,081,186	196,615,375	2,159,217
Machinery and equipment	15,623,623	39,423	15,663,046	-
Infrastructure	135,644,980	-	135,644,980	-
Construction in progress	14,615,312	-	14,615,312	-
Leasehold improvements	2,570,333	-	2,570,333	-
Total assets	<u>663,480,021</u>	<u>4,786,462</u>	<u>668,266,483</u>	<u>2,603,542</u>
LIABILITIES				
Accounts payable	16,548,630	70,774	16,619,404	593
Interest payable	3,562,265	-	3,562,265	-
Retainage payable	636,683	-	636,683	-
Tax anticipation note payable	30,000,000	-	30,000,000	-
Compensated absences payable	7,144,858	161,529	7,306,387	-
Accrued payroll	3,240,862	70,745	3,311,607	-
Due to agency funds	199,557	-	199,557	-
Deferred revenue	11,205,146	536,876	11,742,022	661
Due to grantor	14,051	-	14,051	-
Capital leases	1,577,949	-	1,577,949	-
Due to primary government	-	-	-	24,585
Deposits held in trust for others	-	5,404	5,404	6,642
Noncurrent liabilities:				
Due within one year	11,951,822	9,556	11,961,378	35,000
Due in more than one year	252,363,600	-	252,363,600	1,850,000
Total liabilities	<u>338,445,423</u>	<u>854,884</u>	<u>339,300,307</u>	<u>1,917,481</u>
NET ASSETS				
Invested in capital assets, net of related debt	258,269,827	2,521,602	260,791,429	707,665
Restricted for:				
Public safety	2,349,469	-	2,349,469	-
Culture and recreation	10,658	-	10,658	-
Health and welfare	3,593,025	-	3,593,025	-
Debt service	4,473,354	-	4,473,354	-
Capital projects	11,047,275	-	11,047,275	-
Other purposes	2,452,992	-	2,452,992	-
Unrestricted(deficit)	42,837,998	1,409,976	44,247,974	(21,604)
Total net assets	<u>\$ 325,034,598</u>	<u>\$ 3,931,578</u>	<u>\$ 328,966,176</u>	<u>\$ 686,061</u>

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

COUNTY OF BERNALILLO , NEW MEXICO
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 59,954,085	\$ 71,218,722	\$ 69,094,255	\$ (2,124,467)
State shared gross receipts	32,000,000	32,000,000	32,354,069	354,069
Motor vehicle	3,450,000	3,450,000	3,061,445	(388,555)
Cigarette	3,700	3,700	2,657	(1,043)
Gas	1,692,000	1,692,000	1,563,137	(128,863)
Intergovernmental	-	-	9,422	9,422
Payments in lieu of taxes	75,915	75,915	123,364	47,449
Licenses and permits	2,753,998	2,753,998	2,688,841	(65,157)
Fees for services	6,352,450	6,367,975	7,034,031	666,056
Investment income	3,400,000	3,400,000	4,204,126	804,126
Miscellaneous income	1,490,993	1,490,993	2,405,300	914,307
Total revenues	<u>111,173,141</u>	<u>122,453,303</u>	<u>122,540,647</u>	<u>87,344</u>
EXPENDITURES				
Current:				
General government:				
County commission	470,643	487,942	442,968	44,974
County manager	1,412,516	1,295,289	1,181,669	113,620
Public information	232,330	289,001	273,282	15,719
Information technology	7,136,696	6,885,596	6,479,576	406,020
Finance and administration	7,187,516	6,920,147	5,413,429	1,506,718
General county	10,381,405	10,768,105	6,339,619	4,428,486
Human resources	1,084,339	1,002,272	938,087	64,185
Zoning	1,989,696	2,463,017	2,503,099	(40,082)
Legal	1,244,198	1,341,406	1,194,434	146,972
Facility management	3,737,182	1,730,283	1,861,252	(130,969)
County clerk	2,589,397	2,500,563	2,528,812	(28,249)
Assessor/reappraisal	2,316,112	2,203,624	2,165,251	38,373
Treasurer	1,547,273	1,515,516	1,498,511	17,005
Fleet management	1,579,825	1,372,504	1,269,552	102,952
Other	567,523	720,478	608,579	111,899
Total general government	<u>43,476,651</u>	<u>41,495,743</u>	<u>34,698,120</u>	<u>6,797,623</u>
Public works	6,997,561	9,571,231	8,828,451	742,780
Public safety:				
Fire	7,528,763	7,150,671	7,121,569	29,102
Sheriff	20,723,575	20,110,642	20,280,055	(169,413)
Animal care & regulation	1,017,720	776,642	689,711	86,931
Juvenile detention center	5,939,792	5,484,938	5,400,525	84,413
Bernalillo county detention center	18,894,000	21,243,674	13,889,482	7,354,192
Communications department	2,072,727	1,920,898	1,953,817	(32,919)
Total public safety	<u>56,176,577</u>	<u>56,687,465</u>	<u>49,335,159</u>	<u>7,352,306</u>
Culture and recreation	10,410,290	9,882,174	8,981,935	900,239
Health & welfare	709,587	110,719	190,004	(79,285)
Special agencies	1,354,628	1,380,667	1,185,276	195,391
Other	1,191,528	1,189,261	1,178,211	11,050
Debt service:				
Principal	160,000	355,895	216,042	139,853
Total debt service	<u>160,000</u>	<u>355,895</u>	<u>216,042</u>	<u>139,853</u>
Total expenditures	<u>120,476,822</u>	<u>120,673,155</u>	<u>104,613,198</u>	<u>16,059,957</u>
Excess(deficiency) of revenues over expenditures	<u>(9,303,681)</u>	<u>1,780,148</u>	<u>17,927,449</u>	<u>16,147,301</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(7,774,909)	(7,774,909)	-
Sale of capital assets	180,000	180,000	290,276	110,276
Total other financing (uses)	<u>180,000</u>	<u>(7,594,909)</u>	<u>(7,484,633)</u>	<u>110,276</u>
Net change in fund balances	(9,123,681)	(5,814,761)	10,442,816	16,257,577
Fund balances - beginning	38,529,079	38,529,079	38,529,079	-
Fund balances - ending	<u>\$ 29,405,398</u>	<u>\$ 32,714,318</u>	<u>\$ 48,971,895</u>	<u>\$ 16,257,577</u>

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2003

	Business-type Activities Enterprise Funds	Governmental Activities- Internal Service Funds
	<u>Total</u> <u>Nonmajor</u>	<u>Service Funds</u>
ASSETS		
Current assets:		
Cash and investments	\$ 1,723,706	\$ 1,602,088
Accounts receivable, net	877,157	-
Accrued interest receivable	162	-
Due from other funds	384,953	388,949
Prepaid assets	-	1,101,974
	<u>2,985,978</u>	<u>3,093,011</u>
Total current assets		
Noncurrent assets:		
Restricted cash and cash equivalents	111,040	-
Capital assets:		
Land	432,002	-
Buildings	2,852,987	-
Equipment, machinery, and furniture	1,646,754	-
Less accumulated depreciation	<u>(2,379,132)</u>	<u>-</u>
	<u>2,663,651</u>	<u>-</u>
Total noncurrent assets		
	<u>5,649,629</u>	<u>3,093,011</u>
Total assets		
LIABILITIES		
Current liabilities:		
Accounts payable	70,774	389,588
Compensated absences payable	171,085	-
Accrued payroll	70,745	-
Due to other funds	332,387	-
Deferred revenue	<u>536,876</u>	<u>1,101,974</u>
	<u>1,181,867</u>	<u>1,491,562</u>
Total current liabilities		
Noncurrent liabilities:		
Deposits held in trust for others	5,404	-
Advance from other funds	<u>530,780</u>	<u>-</u>
	<u>536,184</u>	<u>-</u>
Total noncurrent liabilities		
	<u>1,718,051</u>	<u>1,491,562</u>
Total liabilities		
NET ASSETS		
Invested in capital assets, net of related debt	2,521,602	-
Unrestricted	<u>1,409,976</u>	<u>1,601,449</u>
	<u>\$ 3,931,578</u>	<u>\$ 1,601,449</u>
Total net assets		

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Operating revenues:		
Taxes	\$ 292,097	\$ -
Administrative and service fees	5,334,048	3,144,960
Rental income:		
Tenants	31,899	-
Other income	2,369	-
Total operating revenues	<u>5,660,413</u>	<u>3,144,960</u>
Operating expenses:		
Salaries and wages	2,437,537	-
Contractual services	2,224,261	3,144,960
Materials and supplies	292,518	-
Other services and charges	623,778	-
Landfill expenses	113,929	-
Grant expenditures	371,928	-
Depreciation	150,171	-
Total operating expenses	<u>6,214,122</u>	<u>3,144,960</u>
Operating income (loss)	<u>(553,709)</u>	<u>-</u>
Non-operating revenues:		
Interest income	6,243	-
Operating grants	632,117	-
County contributions	100,748	-
Total nonoperating revenue	<u>739,108</u>	<u>-</u>
Change in net assets	185,399	-
Total net assets - beginning	<u>3,746,179</u>	<u>1,601,449</u>
Total net assets - ending	<u>\$ 3,931,578</u>	<u>\$ 1,601,449</u>

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2003

	Business-type Activities- Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from administration and service fees	\$ 5,874,643	\$ 3,326,885
Cash received from rents	12,536	-
Cash payments to employees for services	(1,809,334)	-
Cash payments to vendors for goods and services	(4,215,006)	(3,146,266)
Miscellaneous cash received	170	-
Net cash provided (used) by operating activities	<u>(136,991)</u>	<u>180,619</u>
Cash flows from noncapital and related financing activities:		
Operating grants/subsidies received	104,990	-
Contributions from other funds	5,994	-
Payments to other funds	(130,690)	-
Net cash provided (used) by noncapital financing activities	<u>(19,706)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(175,403)	-
Capital grants received	527,127	-
Net cash provided by capital and related financing activities	<u>351,724</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	6,287	-
Net increase in cash and cash equivalents	201,314	180,619
Cash and cash equivalents, beginning of year	1,633,432	1,421,469
Cash and cash equivalents, end of year	<u>\$ 1,834,746</u>	<u>\$ 1,602,088</u>
Reconciliation of operating loss to net cash flows provided (used) by operating activities:		
Operating income (loss)	\$ (553,709)	\$ -
Adjustments to reconcile net income to net cash flows:		
Depreciation expense	150,171	-
(Increase) decrease in:		
Accounts receivable	(361,493)	-
Allowance for uncollectible accounts	370,002	-
Prepaid expenses	-	(168,656)
Deposits held in trust	(6,366)	-
Increase (decrease) in:		
Deferred revenue	225,761	168,656
Accounts payable	42,283	44,362
Due to other funds	(1,679)	136,257
Tenants payable	(374)	-
Accrued compensated absences	(1,587)	-
Net cash flows provided (used) by operating activities	<u>\$ (136,991)</u>	<u>\$ 180,619</u>

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2003

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 7,746,294
Receivables:	
Property taxes	22,676,012
Other	3,470,453
Due from other funds	<u>199,557</u>
Total assets	<u>\$ 34,092,316</u>
 LIABILITIES	
Due to other funds	\$ 71,361
Deposits held in trust for others	11,344,943
Future collectable	<u>22,676,012</u>
Total liabilities	<u>\$ 34,092,316</u>

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF CASH FLOWS
COMPONENT UNIT - REDEVELOPMENT CORPORATION
Year Ended June 30, 2003

Cash flows from operating activities:	
Cash received from administration and service fees	\$ 60
Cash received from rents	99,675
Cash payments to employees for services	(39,796)
Cash payments to vendors for goods and services	(99,194)
Miscellaneous cash received	1,496
Net cash used by operating activities	<u>(37,759)</u>
Cash flows from noncapital and related financing activities:	
Operating grants/subsidies received	<u>257,215</u>
Cash flows from capital and related financing activities:	
Principal paid on bond maturities	(30,000)
Interest paid on bond maturities	(112,028)
Acquisition of capital assets	(37,698)
Net cash applied to capital and related financing activities:	<u>(179,726)</u>
Cash flows from investing activities:	
Interest received on investments	<u>4,300</u>
Net increase in cash and cash equivalents	44,030
Cash and cash equivalents, beginning of year	<u>322,404</u>
Cash and cash equivalents, end of year	<u>\$ 366,434</u>
Reconciliation of operating loss to net cash flows provided by (applied) to operating activities	
Operating (loss)	\$ (166,610)
Adjustments to reconcile net (loss) to net cash flows:	
Depreciation	120,908
(Increase) decrease in:	
Accounts receivable	(312)
Due from other funds	60
Increase (decrease) in:	
Deferred revenue	124
Accounts payable	348
Due to other funds	7,504
Tenants payable	219
Net cash flows used by operating activities	<u>\$ (37,759)</u>

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NONMAJOR FUNDS
 Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues:				
Intergovernmental	\$ 1,057,728	\$ 1,057,728	\$ 1,240,090	\$ 182,362
Taxes	3,245,130	3,245,130	3,468,001	222,871
Fees for services	3,551,771	3,730,783	3,910,665	179,882
Investment income	1,319,183	1,319,183	1,309,253	(9,930)
Miscellaneous	1,256,571	1,256,571	463,056	(793,515)
Total revenues	<u>10,430,383</u>	<u>10,609,395</u>	<u>10,391,065</u>	<u>(218,330)</u>
Expenditures:				
Current:				
General government	2,805,588	2,984,600	2,509,604	474,996
Public safety	3,648,301	3,648,301	2,230,423	1,417,878
Culture and recreation	10,434	10,434	10,434	-
Health & welfare	8,015,684	8,069,440	4,327,207	3,742,233
Debt service:				
Principal	8,579,622	8,779,622	6,809,622	1,970,000
Interest	13,010,771	12,810,771	12,766,096	44,675
Total expenditures	<u>36,070,400</u>	<u>36,303,168</u>	<u>28,653,386</u>	<u>7,649,782</u>
Deficiency of revenues over expenditures	<u>(25,640,017)</u>	<u>(25,693,773)</u>	<u>(18,262,321)</u>	<u>7,431,452</u>
Other financing sources (uses):				
Transfers in	17,965,264	17,964,886	17,965,264	378
Transfers out	(205,180)	(205,180)	(205,180)	-
Total other financing sources and uses	<u>17,760,084</u>	<u>17,759,706</u>	<u>17,760,084</u>	<u>378</u>
Net change in fund balances	<u>(7,879,933)</u>	<u>(7,934,067)</u>	<u>(502,237)</u>	<u>7,431,830</u>
Fund balances - beginning	7,489,881	7,489,881	7,489,575	(306)
Cash required to balance budget	-	3,387,481	-	-
Fund balances (deficit) - ending	<u>\$ (390,052)</u>	<u>\$ 2,943,295</u>	<u>\$ 6,987,338</u>	<u>\$ 4,044,043</u>

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

NOTES TO FINANCIAL STATEMENTS

COUNTY OF BERNALILLO, NEW MEXICO

CONTENTS

Note	Title	Page
I.	Summary of significant accounting policies	31
A.	Reporting entity	31
B.	Government-wide and fund financial statements	32
C.	Measurement focus, basis of accounting and financial statement presentation	33
D.	Assets, liabilities, and net assets or equity	35
1.	Deposits and investments	35
2.	Receivables	36
3.	Inventories	36
4.	Restricted assets	36
5.	Capital assets	36
6.	Compensated absences	37
7.	Long-term obligations	37
8.	Net assets	38
9.	Fund equity reservation and designations	38
10.	Cash flows	39
11.	Bond discounts/issuance costs	39
12.	Presentation	39
13.	Use of estimates	39
14.	Restatement of fund balance/net assets	39
II.	Reconciliation of government-wide and fund financial statements	
A.	Explanations of certain differences between the government fund balance sheet and the government-wide statement of net assets	39
B.	Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities	40
III.	Stewardship, compliance and accountability	
A.	Budgetary information	41
B.	Deficit fund equity	43
IV.	Detailed notes on all funds	
A.	Cash and investment	43
B.	Receivables	45
C.	Capital Assets	46
D.	Interfund receivables, payables, and transfers	48
E.	Leases	49
F.	Long-term debt	50
G.	Short-term debt	54
H.	Special assessment bonds	55
I.	Conduit debt obligations	56
J.	Reserve fund balance	57
K.	Financial data schedule reconciliation	57
V.	Other Information	
A.	Risk management	57
B.	Subsequent events	59
C.	Contingencies	59
D.	Joint ventures	60
E.	Retiree health care act	61
F.	Public employee's retirement	62
G.	Investments at the State Treasurer Local Government Investment Pool	63



I. Summary of significant accounting policies

The financial statements of the County of Bernalillo (County) have been prepared in conformity with generally accepted accounting principles as applied to governmental entities. The significant governmental accounting policies are described below.

A. Reporting entity

The 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.

The County's basic 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 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.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or 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 if they are unable to adopt a budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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 "discretely presented" component unit. The Bernalillo County Housing and Redevelopment Corporation's (Corporation) governing body is the Bernalillo County Commissioners and is legally separate from the County. 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, 2003. Complete financial statements for the Corporation can be obtained from the entity's administrative offices.

B. Government-wide and fund financial statements

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is made.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

TRAN Debt Service accounts for the accumulation of resources and payment of tax revenue anticipation notes principal and interest from County resources.

The *1999 Revenue Bond* accounts for the accumulation of resources and payment of revenue bond principal and interest from pledged County gross receipts tax revenues for the Series 1999 Public Facilities bond issue.

Additionally, the government reports the following fund types

Internal service funds account for 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 used to account for its risk management activities. The fund is managed so that revenues equal expenditures.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's risk management and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. Approximately 94% of the operating revenues of the County's four proprietary funds consist of user and administrative fees.

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, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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 incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria methods are met or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

Investments in the County's cash and investment pool are stated at cost, which approximates fair value. All other investments are carried at fair market value using quoted market prices. 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 are 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, as amended, authorize the County Treasurer to invest in United States Treasury certificates, United States Treasury bonds or negotiable securities of the United States, bonds or negotiable securities of the State of New Mexico or of any county, municipality, or school district and yield maintenance repurchase agreements with the advice and consent of the County Board of Finance. The Treasurer's investment procedures must be consistent with Bernalillo County Investment Policy (Amended Resolution No. 60-93).

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to /from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 5.89% of outstanding property taxes at June 30, 2003.

The County is responsible for assessing, collecting and distributing property taxes for other governmental 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 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. The billings are considered past due 60 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and prepaid items

The inventories in the general fund consist of fuel, vehicle parts, and fluids. Inventories are recorded 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain long-term assets in the Enterprise funds and the component unit are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as "deposits held in trust for others."

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded as estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10-80
Buildings and other improvements	15-40
Machinery and equipment	5-10

6. *Compensated absences*

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 reported in the government-wide financial statements. 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. For proprietary funds, sick leave costs are recognized when vested or taken, whichever occurs first.

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Net Assets

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt – This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets – This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets – This category reflects net assets of the County, not restricted for any project or other purpose.

9. Fund Equity Reservation and Designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change. Fund equity was reserved or designated 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 the notes receivable is 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 that 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 years' expenditures - Represents the amounts, other than carryover expenditures, that are required to be designated for subsequent years' expenditures.

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

10. 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.

11. Bond Premiums/Issuance Costs

In governmental fund types, bond premiums and issuance costs are recognized in the current period. Bond premiums are presented, separately as other financing sources.

12. Presentation

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

13. 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.

14. Restatement of Fund Balance/Net Assets

In prior year, during the adoption of the new GASB pronouncement, an erroneous posting and omission of some capital assets to the Statement of Net Assets occurred and was corrected in fiscal year 2003. The following schedule reconciles June 30, 2002, net assets previously reported to the net assets restated.

Net Assets – previously reported (page 19)	\$ 275,231,891
Increase in Capital assets (net accumulated depreciation) as of June 30, 2002	40,083,165
Net Assets - restated (page 19)	<u>\$ 315,315,056</u>

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government –wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets –governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ 135,846
Accrued interest	177,987
Deferred charges	(126,364)
Amortization of issuance cost	(17,321)
Contingencies	4,200,000
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,370,148</u>

III. Stewardship, compliance and accountability

A. Budgetary information

Actual amounts on the budgetary basis financial statements 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, internal service fund, and the following governmental funds did not adopt annual operating budgets during the current fiscal year:

Special Revenue:	Debt Service:
Grants	Series 1996 Reserve
Farm and Range	Series 1996B Reserve
Public Works Grants	Series 1997 Reserve
Section 8 Housing – Vouchers	Refunding Series 1998 Reserve
Sheriff’s Investigative Fund	Series 1999 Reserve
Law Enforcement Block Grants	All Capital Projects Funds
	Component Unit - Redevelopment Corporation

On November 15, 2002, the County issued \$9,190,000 of general obligation refunding bonds to refund the 1993 and 1996 Series bonds. The County did not budget for the refunding of these bond series. Budget amounts for Capital Projects Funds and certain Special Revenue Funds are individual project 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 THE FINANCIAL STATEMENTS
JUNE 30, 2003

The County Manager is responsible for preparing the budget from requests submitted by division directors. 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.

Transfers of appropriations within a fund may be made 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.

Budgetary compliance – non GAAP financial statements

The County prepares its annual budget on a non-GAAP basis of accounting as described above. A reconciliation of the general fund non-GAAP statement to the GAAP statement is as follows:

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

	<u>General Fund</u>
Net changes in fund balance – GAAP basis	\$ 1,272,144
(Increases) decreases in assets:	
Accounts receivable	(3,491,659)
Due to/from other funds	(655,275)
Accrued interest	535,456
Inventory	3,690
Increase in liabilities:	
Accounts payable	9,418,187
Deferred revenue	1,392,316
Accrued payroll	655,955
Residual equity transfer	1,312,003
Net changes in fund balance – Budget to Actual	<u>\$ 10,442,817</u>

B. Deficit fund equity

There is a deficit fund balance in the Series 1996B Debt Service Fund in the amount of \$851,085. Subsequent fiscal year General Fund revenue transfers and interest revenues generated from the 1996B Debt Service Reserve Fund will cover the deficit in this fund. There is an unreserved/undesignated deficit fund balance in the Road Construction fund in the amount of \$5,284,081. The deficit is attributed to encumbrances in the amount of \$6,764,430. On December 3, 2003, the County sold \$10,210,000 in general obligation bonds of which \$4,700,000 was dedicated to the Road Construction Fund. There is unreserved/undesignated deficit fund balance in the Series 1996B, 1997, 1998 capital project funds, and the Public Works Grants fund in the amount of \$1,427,596, \$655,598, \$97,811, and \$167,143 respectively. The deficit fund balances are primarily attributed to large encumbrance balances at year-end. The County expects to transfer sufficient funds from the General Fund in FY04 to cover the deficits in the capital project funds. There is deficit fund balance of \$42 in the Clerk's Bilingual fund. The County will transfer sufficient funds from the General Fund in FY04 to cover the deficit.

IV. Detailed notes on all funds

A. Cash and investments

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.

COUNTY OF BERNALILLO, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2003

	Category		Bank Balance	Book Balance
	1	2		
Bank accounts	\$ 400,000	3,009,754	\$ 3,409,754	242,184

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 Category 3 investments. The categories of the County's investments at June 30, 2003, were as follows:

	Category		Carrying Amount	Fair Value
	1	2		
Certificates of Deposit	\$ 31,127,380	-	\$ 31,127,380	31,127,380
Flexible Repurchase Agreements	-	43,602,274	43,602,274	43,602,274
Cash Management Investment Account	7,265,289	-	7,265,289	7,265,289
Bond Trust Account	6,400,000	-	6,400,000	6,400,000
	<u>\$ 44,792,669</u>	<u>43,602,274</u>	<u>\$ 88,394,943</u>	<u>88,394,943</u>
Investment in State Treasurer's Investment Pool			66,491,826	66,491,826
Total investments			<u>\$154,886,769</u>	<u>154,886,769</u>

A reconciliation of cash and investments for the County follows:

Bank accounts	\$ (1,821,951)
Retainage bank accounts	605,715
Carrying amount of investments	154,886,769
Total cash and investments	<u>\$ 153,670,533</u>

Statement of Net Assets

Cash and investments:	
Primary Government	\$144,681,507
Component Unit	163,141
Restricted assets:	
Primary Government	876,298
Component Unit	203,293
Statement of Fiduciary Net Assets	7,746,294
Total cash, investment and restricted assets	<u>\$153,670,533</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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). The pledged collateral is stated at market value as of June 30, 2003. Investments held at the State Investment Pool are monitored by the State Treasurer's Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

B. Receivables

	Taxes	Other	Allowance for Uncollectable Accounts	Net Receivables
Governmental Funds:				
Major Funds:				
General Fund	\$ 15,193,966	\$ 1,754,342	\$ 334,329	\$ 16,613,979
Nonmajor Funds	1,895,959	42,741	89,019	1,849,681
Total governmental funds	<u>17,089,925</u>	<u>1,797,083</u>	<u>423,348</u>	<u>18,463,660</u>
Enterprise Funds:				
Total Enterprise Funds	<u>-</u>	<u>1,845,512</u>	<u>968,355</u>	<u>877,157</u>
Component Unit:				
Redevelopment Corporation	-	564	-	564
Agency Funds	24,096,315	3,470,453	1,420,303	26,146,465
Total Receivables	<u>\$ 41,186,240</u>	<u>\$ 7,113,612</u>	<u>\$ 2,812,006</u>	<u>\$ 45,487,846</u>

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 schedule was 24 monthly installments of \$4,166 bearing no interest. The American G.I. Forum did not make the payments as scheduled. Subsequent agreements between the County and the Forum amended the scheduled payment amount and provided for interest to be paid. The latest revision dated December 16, 1997 provides for the Forum to make \$800 monthly payments, including interest at 4.375% adjusted annually to match the current average interest rate for five-year Treasury Notes. The balance on this note was \$18,718 at June 30, 2003.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

C. Capital assets

Capital asset activity for the year was as follows:

	Balance as Previously Reported June 30, 2002	Restatement	Balance As Restated June 30,2002	Increases	Decreases	Balance June 30, 2003
Governmental activities						
Capital assets, not being depreciated:						
Land	\$ 121,902,276	\$ 1,090,601	\$ 122,992,877	\$ 1,508,398	\$ -	\$ 124,501,275
Construction in progress	75,560,047	-	75,560,047	20,115,094	(81,059,829)	14,615,312
Art	1,347,637	-	1,347,637	73,075	-	1,420,712
Total capital assets, not being Depreciated	198,809,960	1,090,601	199,900,561	21,696,567	(81,059,829)	140,537,299
Capital assets, being depreciated:						
Buildings	152,888,626	(2,006,344)	150,882,282	81,059,829	-	231,942,111
Machinery and equipment	60,432,082	-	60,432,082	1,588,355	(1,354,276)	60,666,161
Infrastructure	181,941,040	3,152,303	185,093,343	1,250,133	-	186,343,476
Leasehold improvements	2,804,000	-	2,804,000	-	-	2,804,000
Total capital assets being Depreciated	398,065,748	1,145,959	399,211,707	83,898,317	(1,354,276)	481,755,748
Less Accumulated depreciation for:						
Buildings	(64,811,879)	33,709,444	(31,102,435)	(6,305,487)	-	(37,407,922)
Machinery and equipment	(43,390,331)	1,337,602	(42,052,729)	(5,725,966)	1,315,445	(46,463,250)
Infrastructure	(47,668,302)	2,799,559	(44,868,743)	(5,829,753)	-	(50,698,496)
Leasehold improvements	(121,507)	-	(121,507)	(112,160)	-	(233,667)
Total accumulated depreciation	(155,992,019)	37,846,605	(118,145,414)	(17,973,366)	1,315,445	(134,803,335)
Total capital assets, being depreciated, net	242,073,729	38,992,564	281,066,293	65,924,951	(38,831)	346,952,413
Governmental activities capital assets, net	\$ 440,883,689	\$ 40,083,165	\$ 480,966,854	\$ 87,621,518	\$ (81,098,660)	\$ 487,489,712

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

	Balance June 30, 2002	Increases	Decreases	Balance June 30, 2003
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 467,407	\$ 67,502	\$ (102,907)	\$ 432,002
Capital assets, being depreciated:				
Buildings	2,685,596	167,391	-	2,852,987
Machinery and equipment	1,622,646	24,108	-	1,646,754
Total capital assets being depreciated	4,308,242	191,499	-	4,499,741
Less accumulated depreciation for:				
Buildings	(678,744)	(93,057)	-	(771,801)
Machinery and equipment	(1,550,217)	(57,114)	-	(1,607,331)
Total accumulated depreciation	(2,228,961)	(150,171)	-	(2,379,132)
Total capital assets, being depreciated, net	2,079,281	41,328	-	2,120,609
Business-type activities capital assets, net	<u>\$ 2,546,688</u>	<u>\$ 108,830</u>	<u>\$ (102,907)</u>	<u>\$ 2,552,611</u>

	Balance June 30, 2002	Increases	Decreases	Balance June 30, 2003
Business-type activities:				
Component Unit:				
Capital assets, not being depreciated:				
Land	\$ 44,563	\$ 32,569	\$ -	\$ 77,132
Capital assets, being depreciated:				
Buildings	2,510,403	-	-	2,510,403
Machinery and equipment	-	5,130	-	5,130
Total capital assets, being depreciated	2,510,403	5,130	-	2,515,533
Less accumulated depreciation for:				
Buildings	(235,408)	(120,651)	-	(356,059)
Machinery and equipment	-	(257)	-	(257)
Total accumulated depreciation	(235,408)	(120,908)	-	(356,316)
Total capital assets, being depreciated, net	2,274,995	(115,778)	-	2,159,217
Business-type activities capital assets, net	<u>\$ 2,319,558</u>	<u>\$ (83,209)</u>	<u>\$ -</u>	<u>\$ 2,236,349</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,883,335
Public safety	6,883,367
Culture and recreation	837,217
Public works	6,647,465
Health and welfare	721,982
Total depreciation expense-governmental activities	<u>\$ 17,973,366</u>

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

Business-type activities:		
Solid waste	\$	33,248
Housing Authority		61,886
Seybold Village		55,037
Total depreciation expense-business-type activities	\$	<u>150,171</u>

Depreciation expense was charged to component unit as follows:

Business-types activities, component unit:		
Redevelopment Corporation	\$	<u>55,037</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2003, is as follows:

	Due from Other Funds	Due to Other Funds
Governmental funds:		
Major funds		
General Fund	\$ 7,018,708	\$ 687,255
1999 Revenue Bond	13,241	-
Total major funds	<u>7,031,949</u>	<u>687,255</u>
Nonmajor funds	1,846,876	8,736,696
Nonmajor enterprise funds	384,953	332,387
Internal service funds:		
Risk Management Fund	388,949	-
Component unit:		
Redevelopment Corporation	-	24,585
Agency funds		
Undistributed Taxes	199,557	71,361
	<u>\$ 9,852,284</u>	<u>\$ 9,852,284</u>

Advances. For the purpose of financing cost-reimbursement grants, the general fund advanced the grants fund \$1,397,000 and the public works grants fund \$100,000. The environmental fund financed the initial start-up of the solid waste fund through an advance of which \$570,779 is outstanding at June 30, 2003.

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

Interfund transfers for the year ended June 30, 2003 were as follows:

	Transfers From	Transfers To
Governmental funds:		
Major funds:		
General Fund	\$ 7,774,909	\$ -
1999 Revenue Fund	2,150,432	-
Nonmajor funds	3,230,736	13,156,077
Total transfers	<u>\$ 13,156,077</u>	<u>\$ 13,156,077</u>

E. Leases

Capital Leases

The County is obligated to the State of New Mexico, under certain leases that are accounted for as capital leases. The leased assets are voting machines and are recorded at the present value of their future minimum lease payments as of the inception date. Assets under capital leases totaled \$2,313,750 at June 30, 2003. The following is a schedule of the future minimum lease payments under capital leases at June 30, 2003:

	Amount
2004	\$ 185,375
2005	174,072
2006	174,072
2007	174,072
2008	174,072
2009-2012	696,288
Total minimum lease payments	<u>\$ 1,577,951</u>

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

Operating Leases

During the fiscal year ended June 30, 2003, the County leased equipment, and office space under operating leases. The County's expenditures on those leases for the fiscal year ended June 30, 2003, were \$1,323,591. The County's future minimum rental commitments, accounted for as operating leases at June 30, 2003, are as follows:

	Amount
2004	\$ 44,504
2005	3,500
Total	<u>\$ 48,004</u>

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

Interfund transfers for the year ended June 30, 2003 were as follows:

	Transfers From	Transfers To
Governmental funds:		
Major funds:		
General Fund	\$ 7,774,909	\$ -
1999 Revenue Fund	2,150,432	-
Nonmajor funds	3,230,736	13,156,077
Total transfers	<u>\$ 13,156,077</u>	<u>\$ 13,156,077</u>

E. Leases

Capital Leases

The County is obligated to the State of New Mexico, under certain leases that are accounted for as capital leases. The leased assets are voting machines and are recorded at the present value of their future minimum lease payments as of the inception date. Assets under capital leases totaled \$2,313,750 at June 30, 2003. The following is a schedule of the future minimum lease payments under capital leases at June 30, 2003:

	Amount
2004	\$ 185,375
2005	174,072
2006	174,072
2007	174,072
2008	174,072
2009-2012	696,288
Total minimum lease payments	<u>\$ 1,577,951</u>

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

Operating Leases

During the fiscal year ended June 30, 2003, the County leased equipment, and office space under operating leases. The County's expenditures on those leases for the fiscal year ended June 30, 2003, were \$1,323,591. The County's future minimum rental commitments, accounted for as operating leases at June 30, 2003, are as follows:

	Amount
2004	\$ 44,504
2005	3,500
Total	<u>\$ 48,004</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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 \$1,372,450, including debt service, for its share of the annual rent for the fiscal year ending June 30, 2004.

During the year, the County, as lessor, leased various office spaces under operating leases. Rental revenue was \$151,460.

F. Long-term debt

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2003, was as follows:

	Beginning Balance June 30, 2002	Additions	Deletions	Ending Balance June 30, 2003	Amounts Due within One Year
Governmental Activities:					
Bonds and notes payable:					
G.O. bonds	\$ 65,675,000	\$ 25,590,000	\$(14,110,000)	\$ 77,155,000	\$ 3,450,000
Revenue bonds	188,990,000	2,100,000	(6,179,622)	184,910,378	4,685,378
Long-term note	4,085,321	-	(1,238,893)	2,846,428	2,632,143
Less deferred amounts:					
Bond premiums	-	24,849	(1,795)	23,054	-
Refunding	-	(745,802)	126,364	(619,438)	-
Total bonds and notes payable	<u>258,750,321</u>	<u>26,969,047</u>	<u>(21,403,946)</u>	<u>264,315,422</u>	<u>10,767,521</u>
Other liabilities:					
Capital leases	1,193,991	600,000	(216,042)	1,577,949	182,375
Contingencies	4,200,000	-	(4,200,000)	-	-
Compensated absences	7,280,704	3,587,138	(3,722,984)	7,144,858	1,001,926
Governmental activity					
Long-term liabilities	<u>\$ 271,425,016</u>	<u>\$ 31,156,185</u>	<u>\$(29,542,972)</u>	<u>\$ 273,038,229</u>	<u>\$ 11,951,822</u>

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

	Beginning Balance June 30, 2002		Additions	Deletions	Ending Balance June 30, 2003		Amounts Due within One Year
Business-type Activities:							
Enterprise funds:							
Compensated absences	\$	172,673	\$ 17,897	\$ (19,485)	\$	171,085	\$ 9,556
Component Unit:							
Bonds payable	\$	1,915,000	\$ -	\$ (30,000)	\$	1,885,000	\$ 35,000

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 2003, the County issued \$25,590,000 in new general obligation bonds. The general obligation bonds outstanding as of June 30, 2003 are comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1995	\$ 6,985,000	4.50%-5.00%	August 1, 2010
Series 1996	4,275,000	5.00%-7.00%	August 1, 2010
Series 1997	9,650,000	4.50%-6.50%	December 1, 2017
Series 1999	16,890,000	4.50%-6.50%	August 1, 2019
Series 2000	9,165,000	5.10%-7.00%	February 1, 2020
Series 2001	4,600,000	4.10%-4.80%	October 1, 2021
Series 2002	16,400,000	3.20%-4.70%	February 15, 2022
Series 2002A	9,190,000	3.00%-4.25%	February 15, 2017
Total	<u>\$ 77,155,000</u>		

The Gross Receipts Tax Revenue Bonds are limited obligations of the County, payable solely from gross receipts tax revenues. The gross receipts tax revenue bonds outstanding as of June 30, 2003 are comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1996	\$ 530,000	4.90%-5.10%	April 1, 2005
Series 1996B	59,780,000	4.50%-5.70%	April 1, 2027
Series 1997	14,960,378	4.30%-5.75%	October 1, 2017
Refunding Series 1998	50,800,000	4.00%-5.25%	April 1, 2027
Series 1999	56,740,000	4.87%-5.75%	October 1, 2026
Series 2002	2,100,000	3.00%-3.50%	November 15, 2011
	<u>\$ 184,910,378</u>		

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2004	\$ 8,135,378	\$ 13,277,917	\$ 21,413,295
2005	8,985,000	12,639,897	21,624,897
2006	8,555,000	12,209,811	20,764,811
2007	9,665,000	11,783,385	21,448,385
2008	10,215,000	11,362,547	21,577,547
2009-2013	53,750,000	49,258,788	103,008,788
2014-2018	60,340,000	35,747,169	96,087,169
2019-2023	55,690,000	20,592,314	76,282,314
2024-2027	46,730,000	6,190,515	52,920,515
	<u>\$ 262,065,378</u>	<u>\$ 173,062,343</u>	<u>\$ 435,127,721</u>

At June 30, 2003, the following general obligation bonds were authorized and unissued.

Approved by Voters on	Purpose	Authorized
November 5, 2002	Road Construction and Repair	\$ 6,414,000
November 5, 2002	Storm Drain	2,630,000
November 5, 2002	Library	1,000,000
November 5, 2002	Parks and Recreation	1,780,000
November 5, 2002	Public Safety	3,006,000
November 5, 2002	Facilities Improvements - ADA	1,170,000
Total		<u>\$ 16,000,000</u>

Advance and Current Refunding. On November 15, 2002, the County issued \$9,190,000 of general obligation refunding bonds with a yield of 3.810% to refund \$3,000,000 of 1993 Series bonds outstanding with a yield of 4.929% and \$5,410,000 of 1996 Series bonds with a yield of 5.582%. The net proceeds of \$9,155,887 (including a premium of \$20,712 and accrued interest of \$10,080, less issuance cost of \$64,905) were used to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Series bonds and for the future debt service payments for the period 2010 through 2016 on the 1996 Series bonds. As a result, the 1993 Series bonds are considered to be defeased and the liability for those bonds have been removed from the statement of net assets.

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

The County defeased the 1993 Series bonds to reduce its total debt service payments over the next year by \$3,116,250. The County advance refunded the 1996 Series bonds to reduce its future debt service payments for the period 2003 through 2016 by \$8,757,481. This resulted in an economic gain (difference between the present value of the new and old debt service payments) of \$103,113.

On November 15, 2002, the County issued \$2,100,000 of gross receipts tax refunding bonds with a yield of 3.836% to refund \$1,970,000 of 2001 GRT Revenue bonds outstanding with a yield of 4.167%. The net proceeds of \$2,044,811 (including a premium of \$4,137 and accrued interest of \$758, less issuance cost of \$55,018) were used to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 GRT Revenue bonds.

The County advance refunded the 2001 GRT Revenue bond to reduce its total debt service payments by \$1,975,275 in FY03 and to obtain an economic gain of \$208,473.

Prior Refunding. In prior years, the County defeased certain general obligation and gross receipts tax revenue bonds by placing cash in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2003, \$49,605,000 of gross receipts tax revenue bonds and \$4,050,000 of general obligation bonds outstanding are considered defeased.

Long-Term Notes. On January 15, 1999, the County entered into an agreement with the New Mexico State Highway and Transportation Department for a loan in the amount of \$14,000,000 to finance a portion of the construction of the Paseo del Norte arterial roadway. The loan and interest of \$1,000,000 are to be repaid over four years with pledged federal revenues and County funds.

The annual requirement to amortize the New Mexico State Highway and Transportation Department loan outstanding as of June 30, 2003 is \$2,525,000.

On February 9, 1999, the County entered into an agreement with the Property Tax Division of the New Mexico Taxation and Revenue Department for a loan in the amount of \$750,000 to finance a portion of the revaluation of the County's commercial and industrial properties. The interest-free loan is to be repaid in seven equal, annual installments. The final installment date is December 31, 2005.

The annual requirement to amortize the New Mexico Taxation and Revenue Department loan outstanding as of June 30, 2003, are three equal payments of \$107,143 for a total of \$321,429.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Component unit long-term debt

The annual requirement to amortize the Multifamily Housing Refunding and Improvement Revenue Bonds outstanding as of June 30, 2003, is as follows:

	Principal	Interest	Total
2004	\$ 35,000	\$ 110,272	\$ 145,272
2005	35,000	108,225	143,225
2006	35,000	106,177	141,177
2007	40,000	104,130	144,130
2008	40,000	101,790	141,790
2009-2013	245,000	470,047	715,047
2014-2018	330,000	389,318	719,318
2019-2023	425,000	282,262	707,262
2024-2028	565,000	142,447	707,447
2029	135,000	7,897	142,897
Total	\$ 1,885,000	\$ 1,822,565	\$ 3,707,565

G. Short-term debt

Tax and Revenue Anticipation Notes

On December 23, 2002, the County issued tax and revenue anticipation notes (TRANs) in the amount of \$30,000,000. The County issues TRANs in advance of property tax collections, depositing the proceeds in its general fund. These notes are used to finance current expenditures pending receipt of tax payments in May and November.

Bond Anticipation Notes

On March 28, 2002, the County issued bond anticipation notes (BANs) in the amount of \$10,000,000. The BANs were paid off with proceeds from a \$16.4 million general obligation bond that was issued November 15, 2002.

Short-term debt activity for the year ended, was as follows:

	Balance June 30,2002	Additions	Deletions	Balance June 30,2003
Governmental Activities:				
Bonds and notes payable:				
Tax anticipation notes	\$ -	\$ 65,000,000	\$ (35,000,000)	\$ 30,000,000
Bond anticipation notes	10,000,000	-	(10,000,000)	-
Total notes payable	<u>\$ 10,000,000</u>	<u>\$ 65,000,000</u>	<u>\$ (45,000,000)</u>	<u>\$ 30,000,000</u>

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

H. 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 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.

The following is a summary of Special Assessment Bonds payable as of June 30, 2003:

Improvement Bonds	Interest Rate	Date Issued	Date Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2003
Heatherland Hills BC-85-5	6.75%	1/95	9/1/04	\$135,000	\$9,000

At June 30, 2002, the Second Street, East Mountain, Paradise Hills, and South Valley special assessment bonds had been fully paid. The remaining potential assets were as follows:

	Second Street BC-85-3	East Mountain BC-85-4	Paradise Hills BC-84-2	South Valley BC-84-1
Cash and investments	\$ -	\$ 14,225	\$ 7,174	\$ 12,795
Accounts receivable:				
Billed, but uncollected	1,804	21,699	21,905	62,661
Total	<u>\$ 1,804</u>	<u>\$ 35,924</u>	<u>\$ 29,079</u>	<u>\$ 75,456</u>

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

In accordance with State Statute Section 4-55A-28, NMSA, 1978 Compilation, the Board of County Commissioners may transfer to the general fund 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.

On March 28, 2000 the Board of County Commissioners fully executed ordinance 2000-3, creating County Improvement District No. BC-83-1 (Comanche/Griegos). As of June 30, 2003 the property owners have been sent an initial billing, although special assessment bonds have not been issued. Cash receipts total \$639,516 and accounts receivable approximate \$1.428 million as of June 30, 2003.

I. 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.

During 1998, the County issued Taxable Single Family Mortgage Revenue Bonds for the purpose of providing funds for single family housing loans, including down payment assistance, for County residents. The bonds are payable solely from payments received on the underlying mortgage loans.

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, 2003, there were twelve (12) series of project revenue bonds outstanding, with an aggregate principal amount payable of \$96,304,000 and one (1) series of mortgage revenue bonds outstanding with a principal amount payable of \$7,112,501.

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

J. Reserve 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 (\$29,833,177) plus the 1/12 reserve for road expenditures (296,333). The remaining portion of the fund balance is reserved for unencumbered carryover (\$8,827,496).

K. Financial data schedule reconciliation

The Seybold Village Handicapped Project Enterprise Fund was presented in three columns on the Financial Data Schedule. The net assets reconcile to the financial statements as follows:

<u>Net Assets</u>	<u>Amount</u>
Net Assets – Low Rent 14.850	\$ 1,504,682
Net Assets– CFP 14.872	56,701
Net Assets– Seybold Village Handicapped Project	<u>\$ 1,561,383</u>

The Section 8 Housing-Voucher Special Revenue Fund was presented in accordance with GASB 34 on the Financial Data Schedule. The equity balance was adjusted to remove the effects of the capital asset additions that are not reflected in the governmental fund presentation.

Net Assets –Housing Choice Voucher 14.871	\$ 110,627
Reduction of capital assets	(77,884)
Accumulated depreciation	49,772
Fund balance – Section 8 Housing-Vouchers	<u>\$ 82,515</u>

V. Other information

A. 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. The County joined with other county governments to form a Workers' Compensation Pool in July 1987 and a Multiline Pool in January 1989. These public entity risk pools operate as a common risk management and insurance program for workers' compensation and property and casualty coverage. The County pays an annual premium to the pools for general insurance coverage.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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 agreements for formation of the Workers' Compensation Pool and Multiline Pool provide that the pools be self-sustaining through member premiums and reinsure through commercial companies for claims in excess of \$300,000 and \$250,000, respectively, for each insured event. Both pools are funded entirely by member contributions and are administered by the New Mexico County Insurance Authority.

The Workers' Compensation Pool provides workers' compensation coverage for all Bernalillo County employees, including temporary and part-time workers. There are 28 counties in this pool, which for fiscal years ended 2003 and 2002 contributed a total of \$2,916,780 and \$2,497,573 respectively. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. For fiscal years ended 2003 and 2002, Bernalillo County contributed \$368,022 and \$368,022 respectively, to the Worker's Compensation Pool. The self-insured retention level for the pool during the period of coverage July 1, 2002 through June 30, 2003 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 County Reinsurance Limited.

The Multiline Pool provides property and casualty coverage for 24 counties. The coverage includes buildings 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 \$5,760,004 and \$5,767,787 for the years ending December 31, 2003, and 2002, respectively. Bernalillo County paid premiums to the Multiline Pool in calendar years 2003 and 2002 of \$1,773,052 and \$1,781,599, respectively.

The self-insured retention level for this pool during the period of coverage January 1, 2003 through December 31, 2003 is \$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 pool has reinsurance coverage for losses above that amount from County Reinsurance Limited, to a policy limit of \$2,000,000. Additionally, the pool has purchased another excess liability policy in the amount of \$3,000,000.

The pooling agreements require the pools to be self-sustaining; it is not possible to estimate the range of contingent losses to be borne by the County. The Pool Boards retain a \$3,000,000 equity prior to evaluating any refunds to the participating counties based upon losses expensed and losses incurred. The pools retain 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, 2003, 2002, and 2001.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2003, which can be obtained from the New Mexico Association of Counties, 613 Old Santa Fe Trail, 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. There were no payments in excess of insurance coverage for the years ended June 30, 2003, 2002, and 2001.

B. Subsequent event

On December 23, 2002 the County issued tax revenue anticipation notes (TRAN) in the amount of \$30,000,000 in advance of property tax collections. The proceeds of the sale were deposited in the General Fund to maintain required cash flow of the General Fund. The TRAN matured on December 15, 2003.

C. Contingencies

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. There were 89 open cases during fiscal 2003. Fifty-six cases were closed subsequent to June 30, 2003. Fifty-five cases remain open as of June 30, 2003. Insurance deductibles related to outstanding claims are estimated not to exceed \$100,000.

There is one lawsuit filed for claims against the Bernalillo County Metropolitan Detention Center by a contractor working on the Detention Center. The litigation is in the early stages. The County is and will continue to contest the case vigorously, as it believes that it has strong defenses. It is too early to predict or estimate the amount of the potential loss, if any. The County is aware of another threatened lawsuit from another contractor working on the Detention Center. To date neither the County or the contractor has initiated litigation and the County is attempting to resolve the issues out of court through mediation.

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, 2003, management estimates that no material liabilities will result from such audits.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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 \$8.2 million annually.

Property tax distributions. The County is in the process of verifying centrally-assessed property tax distribution adjustments to one of the taxing entities for tax years 1997 to 2001. The County does not believe that the ultimate amount of property taxes adjusted will change significantly or be material to the County; however, that can not be determined with certainty at this time.

Other. At June 30, 2003, the County is committed to spend \$1,936,081 under construction contracts for general fixed assets.

D. Joint ventures

Regional Juvenile Detention Center. The Regional Juvenile Detention Center (RJDC) was established by a joint powers agreement between Bernalillo, Sandoval, and Valencia counties on June 26, 1996. Bernalillo County manages and operates the facility, which is the primary juvenile detention center for Sandoval and Valencia counties and serves as an adjunct to Bernalillo County's Juvenile Detention Center. Sandoval and Valencia counties contribute one hundred percent of the costs of the operation of RJDC. Bernalillo County receives a seven- percent administrative fee for its management services. The operation is accounted for in a proprietary fund to provide management control and accountability to participants.

Torrance County/Bernalillo County Regional Landfill. Bernalillo County and the Torrance County Solid Waste Authority (TCSWA) entered into a joint powers agreement on April 21, 1998 for the construction and operation of a regional landfill. Bernalillo County contributed \$633,000 toward the initial costs of acquiring, constructing, designing, developing, and equipping the facility, which constitutes its total equity interest. The County's ownership interest is commensurate with the proportion of funds it provided. It is the intent of the parties to establish tipping fees in an amount sufficient to recover all of the operating costs of the landfill.

Upon termination of the agreement, assets and surplus funds will be distributed pro rata between the parties in accordance with their then existing ownership interests.

TCSWA will operate the facility and is designated as the fiscal agent. The financial report of the Torrance County/Bernalillo County Regional Landfill can be obtained from the Torrance County Solid Waste Authority, 515 Allen Street, Estancia, New Mexico 87016.

E. Retiree Health Care Act

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 Educational 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 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .65% of the employee's annual salary. Each participating retiree pays a monthly premium 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 THE FINANCIAL STATEMENTS
JUNE 30, 2003**

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, 810 W. San Mateo, Suite D, Santa Fe, New Mexico 87505.

For the fiscal year ended June 30, 2003, the County remitted \$580,850 in employer contributions and \$290,481 in employee contributions to the Retiree Health Care Authority.

F. Public employees' retirement

Plan Description. Substantially all of the Bernalillo 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.

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, 2003, 2002, and 2001 were \$5,547,120, \$5,481,717, and \$5,481,324, respectively, equal to the amount of the required contributions for each year. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the County has elected to make contributions of seventy-five percent of its employee's member contributions under the General-management, blue collar, white collar, sheriff and fire plans. The following table outlines the divisions the County participates in and the contributions for the year ending June 30, 2003.

Covered Division	<u>Employee</u>		<u>Employer</u>	
	Percent	Dollars	Percent	Dollars
General-management, blue collar and white collar	13.15%	\$4,072,769	9.15%	\$2,833,912
General-other	9.15	25,701	9.15	25,701
Sheriff	16.30	1,611,323	18.50	1,828,803
Fire	16.20	654,634	21.25	858,704

G. Investments at the State Treasurer Local Government Investment Pool

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10-1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary.



COUNTY OF BERNALILLO, NEW MEXICO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Public Works Grants. To account for various federal, state and other grant funding sources received by the County Public Works Division. The grants are restricted to specific purposes as agreed to between the County and the funding source as enumerated in the grant agreement/contract.

Emergency Medical Services. To account for grants from the State of New Mexico Department of Health to be utilized for equipment, supplies, and training for emergency medical service purposes. This fund was created by the authority of state statute (see Section 24-10A-6, NMSA 1978 Compilation).

Recreation. To account for recreational funds. Financing is provided by cigarette taxes. The fund was created by authority of state statute (see Section 7-12-15, NMSA 1978 Compilation).

Clerk's Bilingual. To account for an appropriation from the State Legislature to assist counties with supplemental funding for bilingual voter education and materials in accordance with the Federal Voting Rights Act of 1965.

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

Valuation. To account for fees collected from "revenue recipients" pursuant to Section 7-38-38.1, NMSA 1978 Compilation. Expenditures from the county property valuation fund may be made pursuant to a property valuation program presented by the county assessor and approved by the majority of the County Commissioners.

Fire Districts No. 1 through 11. To account for the operations and maintenance (excluding salaries and benefits) of the 11 fire districts. Funding is provided by allotments from the New Mexico State Fire Marshal's Office. The funds were created under the authority of state statute (see Section 59A-53-5, NMSA 1978 Compilation).

Law Enforcement Protection. To account for a state grant restricted to equipment purchases and training programs to enhance law enforcement effectiveness. The fund was created under the authority of state statute (see Section 29-13-4, NMSA 1978 Compilation).

COUNTY OF BERNALILLO, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)

County Indigent. To account for the 1/8 of one percent portion of the county gross receipts tax adopted through County Ordinance 86-17, expenditure of which is restricted to indigent care. An agreement was signed with several providers for the provision of health and dental services to indigent patients. The fund was created by authority of state statute (see Section 7-20E-9, NMSA 1978 Compilation).

Energy Research and Development Agency (ERDA). These funds represent settlement of a dispute between the State of New Mexico and the federal government regarding payment of gross receipts tax by three defense contractors doing business within New Mexico. These funds were restricted until June 1990 to be invested in an investment trust fund. Anticipated expenditures after that date are used for capital outlay for the various fire districts within Bernalillo County.

Section 8 Housing Vouchers Fund accounts for Department of Housing and Urban Development (HUD) Section 8 existing housing and vouchers programs including housing assistance payments. The funds were created to account for grant activity under HUD contract, ACC Part I, Number FW-5325.

Sheriff's Department - Criminal Investigations Fund. To account for monies received from the sale of evidence, unclaimed cash, seizures, and forfeitures and expenditures of such for law enforcement purposes.

Environmental Health. To account for the 1/8 cent gross receipts tax set aside for the purpose of financing environmental health concerns within the County of Bernalillo. The fund was created by authority of state statute (see Section 7-20E-17, NMSA 1978 Compilation).

Grants Fund. To account for various federal, state and other grant funding sources received by the County. The grants are restricted to specific purposes as agreed to between the County and the funding source as enumerated in the grant agreement/contract.

Law Enforcement Block Grants. To account for grant funds received through the Department of Justice local law enforcement block grants. The fund was created by the authority of the Board of County Commissioners Resolution FR 28-97.

Clerk's Recording & Filing. To account for fees authorized to Class A counties to charge up to an additional \$2.00 per document as an equipment recording fee. The fees thus collected are restricted in that they may only be used for the purchase of equipment associated with the recording, filing, maintaining, or reproducing of documents in the Office of the County Clerk. This fund was created by authority of state statute (see Section 14-8-12.2, NMSA 1978 Compilation).

Community Service. To account for donations received from external organizations, which are to be used for social services programs. The fund was created by the authority of the Board of County Commissioners.

COUNTY OF BERNALILLO, NEW MEXICO

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Revenue Bonds. To account for the accumulation of resources and payment of revenue bond principal and interest from pledged County gross receipts tax revenues for the following bond issues:

- Series 1996 – Clerk’s
- Series 1996B – Public Buildings
- Series 1997 – Public Facilities
- Refunding Series 1998 – Courthouse
- Series 1999 – Public Facilities

Revenue Bond Reserves. To account for debt service reserves established pursuant to the bond ordinance for the following bond issues:

- Series 1996 – Clerk’s
- Series 1996B – Public Buildings
- Series 1997 – Public Facilities
- Refunding Series 1998 – Courthouse
- Series 1999 – Public Facilities

Bond Anticipation Notes. To account for the accumulation of resources and payment of BAN principal and interest for the BAN Debt Service Fund.

CAPITAL PROJECT FUNDS

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

Landfill Construction. To account for the financing, the construction of landfill transfer stations, and the purchase of equipment to transfer waste from the transfer stations to the City landfill. Financing was provided by proceeds from general obligation bonds and earnings from the investment of those monies.

1987 Library Bond. To account for the financing, constructing, equipping, and acquiring of the site for a public library. Financing was provided by proceeds from general obligation bonds and earnings from the investment of those monies.

COUNTY OF BERNALILLO, NEW MEXICO
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS (CONTINUED)

1991B Library Bond. To account for the financing, constructing, and equipping libraries for the County. Financing was provided by proceeds from general obligation bonds and earnings from the investment of those monies.

Library Bond. To account for the financing and acquiring of library books and library resources. Financing is being provided by proceeds from general obligation bonds and earnings from the investment of those monies.

Paseo Del Norte. To account for the construction of the Paseo del Norte arterial roadway. Financing is provided by a loan from the New Mexico State Highway and Transportation Department's State Infrastructure Bank.

1996B Revenue Bond. To account for the financing and construction of one or more public buildings, including a regional jail. Financing was provided by proceeds received from the sale of Series 1996B Gross Receipts Tax Revenue Bonds.

Storm Sewer Construction. To account for the financing and construction of storm sewer systems within Bernalillo County. Financing is being provided by proceeds from general obligation bonds and earnings from the investment of those monies.

1985 Courthouse Bond. To account for the financing of the Bernalillo County Courthouse land purchase. Financing was provided by proceeds from general obligation bonds and earnings from the investment of those monies.

Juvenile Center Bond. To account for the financing and acquisition of land for the expansion of the Juvenile Justice Center. Financing is being provided by proceeds from general obligation bonds and earnings from the investment of those monies.

Facilities Bond. To account for the financing and facilities construction and improvements, including remodeling required by Americans with Disabilities Act. Financing is being provided by proceeds from general obligation bonds and earnings from the investment of those monies.

Parks and Recreation Bond. To account for the financing and acquisition of land for expanding parks and recreational facilities. Financing is being provided by proceeds from general obligation bonds and earnings from the investments of those monies.

Open Space. To account for the financing and acquisition of open space. Financing is provided by a two-year .5 property tax mill levy by County voters on November 3, 1998.

COUNTY OF BERNALILLO, NEW MEXICO

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS (CONTINUED)

1998 Refunding Revenue Bond. To account for the financing and construction of a County Courthouse. Financing was provided by the issuance of gross receipts tax revenue bonds.

Sheriff's Improvement Bond. To account for financing, constructing and equipping sheriff's substations, command centers and communications equipment. Financing is being provided by proceeds from general obligation bonds and earnings from the investment of those monies.

Road Construction Fund accounts funds received as reimbursements from other entities for road and other construction projects originally paid for by locally generated revenues (bonds, taxes, fees, etc.). The funds received as reimbursements are used to further these and other similar projects under the management of the County public works department.

Parkland Development. To account for the fees received from developers which are restricted in use for park development. This fund was created by authority of Bernalillo County Ordinance 92-12.

Impact Fees. To account for the fees received from developers that are restricted for use in infrastructure improvements in the service area from which the fees were collected. This fund was created by authority of Bernalillo County Ordinance 95-16.

Public Health. To account for the construction and improvements of facilities for the County Public Health Department. Financing is being provided by proceeds from general obligation bonds and earnings from the investment of those monies.

1997 Revenue Bond. To account for the purchase and installation of communications and information management systems, constructing an outdoor performing arts theater, and purchase of an office building. Financing is being provided by proceeds from gross receipts tax revenue bonds, earnings from the investment of those monies, and a loan from the Property Tax Division of the NM Taxation and Revenue Department.



COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2003

	Special Revenue									
	Public Works Grants	Emergency Medical Services	Recreation	Clerk's Billingual	Farm and Range	Valuation	Fire Districts	Law Enforcement Protection	County Indigent	
ASSETS										
Cash and investments	\$ -	\$ 78,943	\$ 10,306	\$ 418	\$ 244	\$ 2,455,611	\$ 77,932	\$ 288,590	\$ 141,436	
Accounts receivable	-	-	352	-	-	-	-	-	166,666	
Accrued interest receivable	-	-	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	
Due from grantor	732,243	-	-	-	-	-	-	-	-	
Prepays	-	-	-	-	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	-	-	-	-	
Total assets	\$ 732,243	\$ 78,943	\$ 10,658	\$ 418	\$ 244	\$ 2,455,611	\$ 77,932	\$ 288,590	\$ 308,102	
LIABILITIES										
Accounts payable	4,879	36,635	-	460	-	71,142	6,559	8,960	88,291	
Retainage payable	-	-	-	-	-	-	-	-	-	
Accrued payroll	-	-	-	-	-	51,466	-	-	-	
Deferred revenue	93,422	-	-	-	-	-	-	175,200	-	
Due to other funds	533,942	-	-	-	-	110,000	-	-	-	
Due to grantor	-	-	-	-	-	-	-	-	-	
Advances from other funds	100,000	-	-	-	-	-	-	-	-	
Total liabilities	732,243	36,635	-	460	-	232,608	6,559	184,160	88,291	
FUND BALANCES										
Reserved for:										
Advances to other funds	-	-	-	-	-	-	-	-	-	
Debt service	-	-	-	-	-	-	-	-	-	
Encumbrances	167,143	27,617	-	-	-	19,632	22,897	100,887	15,422	
Unreserved (deficit):										
Undesignated	(167,143)	14,691	10,658	(42)	244	2,203,371	48,476	3,543	204,389	
Total fund balances	-	42,308	10,658	(42)	244	2,223,003	71,373	104,430	219,811	
Total liabilities and fund balances	\$ 732,243	\$ 78,943	\$ 10,658	\$ 418	\$ 244	\$ 2,455,611	\$ 77,932	\$ 288,590	\$ 308,102	

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2003

Special Revenue

	Section 8								Special Revenue Total
	ERDA	Housing-Voucher	Sheriff's Investigative Fund	Environmental Health	Grants Fund	Law Enforcement Block Grants	Clerk's Recording & Filing	Community Service	
ASSETS									
Cash and investments	\$ 1,617,397	\$ 452,771	\$ 550,629	\$ 2,481,337	\$ 438,546	\$ 485,746	\$ 223,193	\$ 29,337	\$ 9,332,436
Accounts receivable	-	25,720	-	571,393	-	-	11,112	-	775,243
Accrued interest receivable	13,748	-	-	-	-	5,494	-	-	19,242
Due from other funds	-	1,485	-	-	-	-	-	-	1,485
Due from grantor	-	69,475	-	-	1,805,550	5,784	-	-	2,613,052
Prepays	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	530,780	-	-	-	-	530,780
Total assets	\$ 1,631,145	\$ 549,451	\$ 550,629	\$ 3,583,510	\$ 2,244,096	\$ 497,024	\$ 234,305	\$ 29,337	\$ 13,272,238
LIABILITIES									
Accounts payable	50,416	131,424	-	55,337	290,161	240	4,518	-	749,022
Retainage payable	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	22,339	137,983	5,685	-	-	217,473
Deferred revenue	-	-	-	215,135	418,952	491,099	-	-	1,393,808
Due to other funds	-	321,461	-	-	-	-	-	-	965,403
Due to grantor	-	14,051	-	-	-	-	-	-	14,051
Advances from other funds	-	-	-	-	1,397,000	-	-	-	1,497,000
Total liabilities	50,416	466,936	-	292,811	2,244,096	497,024	4,518	-	4,836,757
FUND BALANCES									
Reserved for:									
Advances to other funds	-	-	-	530,780	-	-	-	-	530,780
Debt service	-	-	-	-	-	-	-	-	-
Encumbrances	328,235	-	-	801,985	629,954	3,942	5,323	-	2,123,037
Unreserved (deficit):									
Undesignated	1,252,494	82,515	550,629	1,957,934	(629,954)	(3,942)	224,464	29,337	5,781,664
Total fund balances	1,580,729	82,515	550,629	3,290,699	-	-	229,787	29,337	8,435,481
Total liabilities and fund balances	\$ 1,631,145	\$ 549,451	\$ 550,629	\$ 3,583,510	\$ 2,244,096	\$ 497,024	\$ 234,305	\$ 29,337	\$ 13,272,238

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2003

	Debt Service								
	General Obligation Bond Debt Service	Series 1996 Debt Service	Series 1996 Reserve	Refunding Series 1998 Debt Service	Refunding Series 1998 Reserve	Series 1996B Debt Service	Series 1996B Reserve	Series 1997 Debt Service	Series 1997 Reserve
ASSETS									
Cash and investments	\$ 923,812	\$ 7,900	\$ 158,000	\$ -	\$ 4,615,582	\$ -	\$ 5,438,448	\$ 419,735	\$ 1,693,500
Accounts receivable	865,316	1,694	-	-	-	-	-	-	-
Accrued interest receivable	1,391	-	-	70,750	-	82,936	-	25,486	-
Due from other funds	-	-	-	1,758,066	-	-	-	-	-
Due from grantor	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	378	-
Total assets	\$ 1,790,519	\$ 9,594	\$ 158,000	\$ 1,828,816	\$ 4,615,582	\$ 82,936	\$ 5,438,448	\$ 445,599	\$ 1,693,500
LIABILITIES									
Accounts payable	-	-	-	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-
Deferred revenue	710,112	-	-	-	-	-	-	-	-
Due to other funds	53,120	-	-	211,114	-	934,021	-	243,124	-
Due to grantor	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-
Total liabilities	763,232	-	-	211,114	-	934,021	-	243,124	-
FUND BALANCES									
Reserved for:									
Advances to other funds	-	-	-	-	-	-	-	-	-
Debt service	1,027,287	9,594	158,000	1,617,702	4,615,582	(851,085)	5,438,448	202,475	1,693,500
Encumbrances	-	-	-	-	-	-	-	-	-
Unreserve (deficit):	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-
Total fund balance	1,027,287	9,594	158,000	1,617,702	4,615,582	(851,085)	5,438,448	202,475	1,693,500
Total liabilities and fund balances	\$ 1,790,519	\$ 9,594	\$ 158,000	\$ 1,828,816	\$ 4,615,582	\$ 82,936	\$ 5,438,448	\$ 445,599	\$ 1,693,500

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2003

	Debt Service				Capital Projects			
	Series 1999 Debt Service	Series 1999 Reserve	BAN Debt Service	Debt Service Total	Landfill Construction	1987 Library	1991B Library	Library
ASSETS								
Cash and investments	\$ 169,498	\$ 5,486,548	\$ -	\$ 18,913,023	\$ 260,239	\$ 217	\$ 8,070	\$ 698,701
Accounts receivable	-	-	-	867,010	-	-	-	-
Accrued interest receivable	82,233	-	-	262,796	-	2	64	8,641
Due from other funds	-	-	-	1,758,066	-	-	-	-
Due from grantor	-	-	-	-	-	-	-	-
Prepays	-	-	-	378	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Total assets	\$ 251,731	\$ 5,486,548	\$ -	\$ 21,801,273	\$ 260,239	\$ 219	\$ 8,134	\$ 707,342
LIABILITIES								
Accounts payable	-	-	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	710,112	-	-	-	-
Due to other funds	130,306	-	-	1,571,685	-	206	-	2,469
Due to grantor	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total liabilities	130,306	-	-	2,281,797	-	206	-	2,469
FUND BALANCES								
Reserved for:								
Advances to other funds	-	-	-	-	-	-	-	-
Debt service	121,425	5,486,548	-	19,519,476	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	242,625
Unreserve (deficit):								
Undesignated	-	-	-	-	260,239	13	8,134	462,248
Total fund balance	121,425	5,486,548	-	19,519,476	260,239	13	8,134	704,873
Total liabilities and fund balances	\$ 251,731	\$ 5,486,548	\$ -	\$ 21,801,273	\$ 260,239	\$ 219	\$ 8,134	\$ 707,342

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2003

Capital Projects

	Paseo Del Norte	1996E Revenue Bond	Storm Sewer Construction	1985 Courthouse	Juvenile Center	Facilities	Parks & Recreation	Open Space
ASSETS								
Cash and investments	\$ 633,843	\$ 64,766	\$ 1,358,454	\$ 1,816	\$ 1,249,469	\$ 1,323,736	\$ 2,702,302	\$ 2,018,116
Accounts receivable	-	-	-	-	-	-	-	207,428
Accrued interest receivable	5,036	830	10,693	15	9,917	10,098	22,931	-
Due from other funds	-	206	-	-	-	-	-	-
Due from grantor	-	-	307,637	-	-	-	-	85,508
Prepays	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Total assets	\$ 638,879	\$ 65,802	\$ 1,676,784	\$ 1,831	\$ 1,259,386	\$ 1,333,834	\$ 2,725,233	\$ 2,311,052
LIABILITIES								
Accounts payable	1,322	153	-	-	-	-	5,396	14,713
Retainage payable	-	-	-	-	-	-	-	-
Accrued payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	864,820	-	-	-	-	171,969
Due to other funds	-	-	7,394	1,611	-	317	482	22,407
Due to grantor	-	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-	-
Total liabilities	1,322	153	872,214	1,611	-	317	5,878	209,089
FUND BALANCES								
Reserved for:								
Advances to other funds	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Encumbrances	5,184	1,493,245	734,552	-	75,779	54,151	205,723	12,407
Unreserved (deficit):								
Undesignated	632,373	(1,427,596)	70,018	220	1,183,607	1,279,366	2,513,632	2,089,556
Total fund balances	637,557	65,649	804,570	220	1,259,386	1,333,517	2,719,355	2,101,963
Total liabilities and fund balances	\$ 638,879	\$ 65,802	\$ 1,676,784	\$ 1,831	\$ 1,259,386	\$ 1,333,834	\$ 2,725,233	\$ 2,311,052

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2003

Capital Projects

	1998	Sheriff's	Road	Parkland	Impact	Public	1997	Capital	Total
	Refunding	Improvement	Construction	Development	Fees	Health	Revenue	Projects	Nonmajor
	Revenue Bond	Bond					Bond	Total	Governmental
ASSETS									
Cash and investments	\$ 1,806,023	\$ 1,127,495	\$ -	\$ 2,065	\$ 6,337,380	\$ 2,720,736	\$ -	\$ 22,313,428	\$ 50,558,887
Accounts receivable	-	-	-	-	-	-	-	207,428	1,849,681
Accrued interest receivable	16,265	12,646	7,145	-	49,077	22,369	-	175,729	457,767
Due from other funds	1,611	-	-	-	-	-	-	87,325	1,846,876
Due from grantor	-	-	-	-	-	-	-	307,637	2,920,689
Prepays	-	-	6,102,568	-	-	-	-	6,102,568	6,102,946
Advances to other funds	-	-	-	-	-	-	-	-	530,780
Total assets	\$ 1,823,899	\$ 1,140,141	\$ 6,109,713	\$ 2,065	\$ 6,386,457	\$ 2,743,105	\$ -	\$ 29,194,115	\$ 64,267,626
LIABILITIES									
Accounts payable	-	2,376	12,947	-	1,770	-	21	38,698	787,720
Retainage payable	101,901	-	269,524	-	-	-	-	371,425	371,425
Accrued payroll	-	-	-	-	-	-	-	-	217,473
Deferred revenue	57,291	-	490,184	-	-	-	-	1,584,264	3,688,184
Due to other funds	1,758,066	815	3,856,709	-	-	-	549,132	6,199,608	8,736,696
Due to grantor	-	-	-	-	-	-	-	-	14,051
Advance from other funds	-	-	-	-	-	-	-	-	1,497,000
Total liabilities	1,917,258	3,191	4,629,364	-	1,770	-	549,153	8,193,995	15,312,549
FUND BALANCES									
Reserved for:									
Advances to other funds	-	-	-	-	-	-	-	-	530,780
Debt service	-	-	-	-	-	-	-	-	19,519,476
Encumbrances	4,452	116,486	6,764,430	-	479,954	-	106,445	10,295,433	12,418,470
Unreserved (deficit):									
Undesignated	(97,811)	1,020,464	(5,284,081)	2,065	5,904,733	2,743,105	(655,598)	10,704,687	16,486,351
Total fund balances	(93,359)	1,136,950	1,480,349	2,065	6,384,687	2,743,105	(549,153)	21,000,120	48,955,077
Total liabilities and fund balances	\$ 1,823,899	\$ 1,140,141	\$ 6,109,713	\$ 2,065	\$ 6,386,457	\$ 2,743,105	\$ -	\$ 29,194,115	\$ 64,267,626

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2003

	Special Revenue									
	Public Works Grants	Emergency Medical Services	Recreation	Clerk's Bilingual	Farm and Range	Valuation	Fire Districts	Law Enforcement Protection	County Indigent	
REVENUES										
Taxes:										
Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cigarette	-	-	2,238	-	-	-	-	-	-	1,000,000
Intergovernmental Licenses and permits	1,497,417	224,296	-	-	114	-	726,211	172,200	-	-
Fees for services	-	-	-	-	-	3,123,777	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,497,417</u>	<u>224,296</u>	<u>2,238</u>	<u>-</u>	<u>114</u>	<u>3,123,777</u>	<u>726,211</u>	<u>172,200</u>	<u>-</u>	<u>1,000,000</u>
EXPENDITURES										
Current:										
General government	-	-	-	2,685	9,430	2,046,255	-	-	-	-
Public works	1,497,417	-	-	-	-	-	-	-	-	-
Public safety	-	280,008	-	-	-	-	732,470	146,930	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	1,019,517
Culture and recreation	-	-	9,355	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	107,143	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,497,417</u>	<u>280,008</u>	<u>9,355</u>	<u>2,685</u>	<u>9,430</u>	<u>2,153,398</u>	<u>732,470</u>	<u>146,930</u>	<u>-</u>	<u>1,019,517</u>
Excess (deficiency) of revenues over (under) expenditures	-	(55,712)	(7,117)	(2,685)	(9,316)	970,379	(6,259)	25,270	-	(19,517)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds from bond sales	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net changes in fund balances	-	(55,712)	(7,117)	(2,685)	(9,316)	970,379	(6,259)	25,270	-	(19,517)
Fund balances - beginning	-	98,020	17,775	2,643	9,560	1,252,624	77,632	79,160	-	239,328
Fund balances - ending	<u>\$ -</u>	<u>\$ 42,308</u>	<u>\$ 10,658</u>	<u>\$ (42)</u>	<u>\$ 244</u>	<u>\$ 2,223,003</u>	<u>\$ 71,373</u>	<u>\$ 104,430</u>	<u>\$ -</u>	<u>\$ 219,811</u>

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2003

	Special Revenue								Special Revenue Total
	ERDA	Section 8 Housing-Voucher	Sheriff's Investigative Fund	Environmental Health	Grants Funds	Law Enforcement Block Grants	Clerk's Recording & Filing	Community Service	
REVENUES									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	2,476,089	-	-	-	-	3,476,089
Cigarette	-	-	-	-	-	-	-	-	2,238
Intergovernmental	-	10,219,173	307,387	-	3,928,383	427,814	-	-	17,502,995
Licenses and permits	-	-	-	-	-	-	-	796,018	796,018
Fees for services	-	-	-	-	-	-	-	-	3,123,777
Investment income	63,075	1,013	-	243,440	-	16,225	-	-	80,313
Miscellaneous	136,720	-	-	-	-	-	-	-	405,239
Total revenues	199,795	10,220,186	307,387	2,719,529	3,928,383	444,039	796,018	25,079	25,386,669
EXPENDITURES									
Current:									
General government	-	-	-	-	72,137	-	275,354	-	2,405,861
Public works	-	-	-	-	54,358	-	-	-	1,551,775
Public safety	687,169	-	218,965	-	2,163,877	444,039	-	-	4,973,458
Health and welfare	-	10,219,165	-	2,821,895	514,536	-	-	-	14,575,113
Culture and recreation	-	-	-	-	1,123,475	-	-	12,011	1,144,841
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	107,143
Interest	-	-	-	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-	-	-	-
Total expenditures	687,169	10,219,165	218,965	2,821,895	3,928,383	444,039	275,354	12,011	24,456,191
Excess (deficiency) of revenues over (under) expenditures	(487,374)	1,021	88,422	(102,366)	-	-	520,664	13,068	928,478
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Proceeds from bond sales	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	(205,180)	-	(205,180)
Premium on refunding bonds	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(205,180)	-	(205,180)
Net changes in fund balances	(487,374)	1,021	88,422	(102,366)	-	-	315,484	13,068	723,298
Fund balances - beginning	2,068,103	81,494	462,207	3,393,065	-	-	(85,697)	16,269	7,712,183
Fund balances - ending	\$ 1,580,729	\$ 82,515	\$ 550,629	\$ 3,290,699	\$ -	\$ -	\$ 229,787	\$ 29,337	\$ 8,435,481

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2003

	Debt Service									
	Refunding					Debt Service				
	General Obligation Bonds Debt Service	Series 1996 Debt Service	Series 1996 Reserve	Series 1998 Debt Service	Refunding Series 1998 Reserve	Series 1996B Debt Service	Series 1996B Reserve	Series 1997 Debt Service	Series 1997 Reserve	
REVENUES										
Taxes:										
Property	\$ 8,779,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	-	-	-	-
Cigarette	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Fees for services	-	-	-	-	-	-	-	-	-	-
Investment income	-	9,594	-	301,840	-	350,420	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues	8,779,015	9,594	-	301,840	-	350,420	-	-	-	109,648
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	5,700,000	170,000	-	450,000	-	335,000	-	654,622	-	-
Interest	3,066,023	35,180	-	2,626,814	-	3,173,837	-	803,738	-	-
Bond issuance costs	64,906	-	-	68,167	-	-	-	-	-	-
Total expenditures	8,830,929	205,180	-	3,144,981	-	3,508,837	-	1,458,360	-	-
Excess (deficiency) of revenues over (under) expenditures	(51,914)	(195,586)	-	(2,843,141)	-	(3,158,417)	-	(1,348,712)	-	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	205,180	-	4,375,640	-	2,307,332	-	1,458,738	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds from bond sales	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	9,190,000	-	-	2,100,000	-	-	-	-	-	-
Premium on refunding bonds	20,712	-	-	4,137	-	-	-	-	-	-
Payment to refunded bond escrow agent	(9,106,868)	-	-	(2,018,934)	-	-	-	-	-	-
Total other financing sources (uses)	103,844	205,180	-	4,460,843	-	2,307,332	-	1,458,738	-	-
Net changes in fund balances	51,930	9,594	-	1,617,702	-	(851,085)	-	110,026	-	-
Fund balances - beginning	975,357	-	158,000	-	4,615,582	-	-	92,449	-	1,693,500
Fund balances - ending	\$ 1,027,287	\$ 9,594	\$ 158,000	\$ 1,617,702	\$ 4,615,582	\$ (851,085)	\$ 5,438,448	\$ 202,475	\$ 1,693,500	\$ 1,693,500

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2003

	Debt Service				Capital Projects			
	Series 1999 Debt Service	Series 1999 Reserve	BAN Debt Service	Debt Service Total	Landfill Construction	1987 Library	1991B Library	Library
REVENUES								
Taxes:								
Property Sales	\$ -	\$ -	\$ -	\$ 8,779,015	\$ -	\$ -	\$ -	\$ -
Cigarette	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fees for services	-	-	-	-	-	-	-	-
Investment income	-	-	289,167	1,430,172	14,156	7	281	22,870
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	389,503	-	289,167	10,209,187	14,156	7	281	22,870
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	400,000	-	-	980,437
Debt service:								
Principal	2,600,000	-	-	9,909,622	-	-	-	-
Interest	3,063,263	-	289,167	13,058,022	-	-	-	-
Bond issuance cost	-	-	-	133,073	-	-	-	5,839
Total expenditures	5,663,263	-	289,167	23,100,717	400,000	-	10,743	986,276
Excess (deficiency) of revenues over (under) expenditures	(5,293,760)	-	-	(12,891,530)	(385,844)	7	(10,462)	(963,406)
OTHER FINANCING SOURCES (USES)								
Transfers in	4,809,187	-	-	13,156,077	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Proceeds from bond sales	-	-	-	-	-	-	-	1,400,000
Refunding bonds issued	-	-	-	11,290,000	-	-	-	-
Premium on refunding bonds	-	-	-	24,849	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	(1,125,802)	-	-	-	-
Total other financing sources (uses)	4,809,187	-	-	13,345,124	-	-	-	1,400,000
Net changes in fund balances	(484,573)	-	-	453,594	(385,844)	7	(10,462)	436,594
Fund balances - beginning	605,998	5,486,548	-	19,065,882	646,083	6	18,596	266,279
Fund balances - ending	\$ 121,425	\$ 5,486,548	\$ -	\$ 19,519,476	\$ 260,239	\$ 13	\$ 8,134	\$ 704,873

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2003

	Capital Projects							
	Paseo Del Norte	1996B Revenue Bond	Storm Sewer Construction	1985 Courthouse	Juvenile Center	Facilities	Parks & Recreation	Open Space
REVENUES								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,377,504
Sales	-	-	-	-	-	-	-	-
Cigarette	-	-	-	-	-	-	-	-
Intergovernmental	635,505	-	726,736	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fees for services	-	-	-	-	-	-	-	-
Investment income	16,893	5,753	44,699	63	42,596	40,439	61,845	-
Miscellaneous	71,359	-	-	-	-	-	-	-
Total revenues	723,757	5,753	771,435	63	42,596	40,439	61,845	22,619
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	256,424	728,854	-	-	6,438	373,002	299,128
Debt service:								
Principal	631,750	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-	-	-
Total expenditures	631,750	256,424	728,854	-	-	6,438	373,002	299,128
Excess (deficiency) of revenues over (under) expenditures	92,007	(250,671)	42,581	63	42,596	34,001	(317,731)	2,100,995
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(1,489,060)	-	-	-	-	-	-
Proceeds from bond sales	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	1,576,000	-
Premium on refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(1,489,060)	-	-	-	-	1,576,000	-
Net changes in fund balances	92,007	(1,739,731)	42,581	63	42,596	34,001	1,258,269	2,100,995
Fund balances - beginning	545,550	1,805,380	761,989	157	1,216,790	1,299,516	1,461,086	968
Fund balances - ending	\$ 637,557	\$ 65,649	\$ 804,570	\$ 220	\$ 1,259,386	\$ 1,333,517	\$ 2,719,355	\$ 2,101,963

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2003

	Capital Projects										Total Nonmajor Governmental Funds
	1998		Sheriff's Improvement Bond		Road Construction	Parkland Development	Impact Fees	Public Health	1997 Revenue Bond	Total Capital Projects	
	Refunding Revenue Bond										
REVENUES											
Taxes:											
Property			\$			\$				\$	\$
Sales											\$ 11,156,519
Cigarette											3,476,089
Intergovernmental											2,238
Licenses and permits				7,410,118						8,772,359	26,275,354
Fees for services						1,275,913				1,275,913	2,071,931
Investment income	78,085						204,350				3,123,777
Miscellaneous	450									678,127	2,188,612
Total revenues	78,535			7,410,118		1,480,263				94,428	499,667
EXPENDITURES											
Current:											
General government											2,405,861
Public works											1,551,775
Public safety											4,673,458
Health and welfare											14,575,113
Culture and recreation											1,144,841
Capital outlay	1,629,643			9,674,709		123,362		46,449		15,329,211	
Debt service:											
Principal				240,000						1,131,750	11,148,515
Interest											13,058,022
Bond issuance cost				47,375						68,406	201,479
Total expenditures	1,629,643			9,962,084		383,362		46,449		16,529,367	64,088,275
Excess (deficiency) of revenues over (under) expenditures	(1,551,108)			(2,551,966)		1,096,901		(46,449)		(3,331,036)	(15,294,088)
OTHER FINANCING SOURCES (USES)											
Transfers in											
Transfers out	(948,826)										13,156,077
Proceeds from bond sales								(587,670)		(3,025,556)	(3,230,736)
Refunding bonds issued				11,358,000						16,400,000	16,400,000
Premium on refunding bonds											11,290,000
Payment to refunded bond escrow agent											24,849
Total other financing sources (uses)	(948,826)			11,358,000				(587,670)		13,374,444	26,514,388
Net changes in fund balances	(2,499,934)			8,806,034		1,096,901		(634,119)		10,043,408	11,220,300
Fund balances - beginning	2,406,575			(7,325,685)	2,065	5,287,786		84,966		10,956,712	37,734,777
Fund balances - ending	(93,359)			\$ 1,480,349	\$ 2,065	\$ 6,384,687		\$ (549,153)		\$ 21,000,120	\$ 48,955,077

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

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
EMERGENCY MEDICAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 219,165	\$ 219,165	\$ 224,296	\$ 5,131
Total revenues	<u>219,165</u>	<u>219,165</u>	<u>224,296</u>	<u>5,131</u>
Expenditures:				
Public safety:				
EMS-Fire District #1				
Operating expenses	<u>11,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS-Fire District #2				
Operating expenses	17,204	-	-	-
Prior year carryover	41,210	-	-	-
	<u>58,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS-Fire Districts #3				
Operating expenses	<u>12,558</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS-Fire District #4				
Operating expenses	<u>9,692</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS-Fire District #5				
Operating expenses	<u>8,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS-Fire District #6				
Operating expenses	<u>7,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS-Fire District #7				
Operating expenses	12,012	-	-	-
Capital outlay	3,400	-	-	-
	<u>15,412</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS- Fire District #8				
Operating expenses	<u>9,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS-Fire District #9				
Operating expenses	12,088	-	-	-
Capital outlay	2,775	-	-	-
	<u>14,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS- Fire District #10				
Operating expenses	<u>8,973</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS- Fire District #11				
Operating expenses	<u>7,732</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMS- Fire District #13				
Operating expenses	<u>7,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fire Administration				
Operating expenses	<u>125</u>	<u>-</u>	<u>-</u>	<u>-</u>

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
EMERGENCY MEDICAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Superior Ambulance				
Operating expenses	5,800	5,800	-	5,800
Capital outlay	14,200	14,200	-	14,200
Prior year carryover	7,123	7,123	3,886	3,237
	<u>27,123</u>	<u>27,123</u>	<u>3,886</u>	<u>23,237</u>
Canoncito Ambulance Service				
Operating expenses	6,300	11,127	6,365	4,762
Capital outlay	1,891	-	-	-
Prior year carryover	5,450	2,639	2,639	-
	<u>13,641</u>	<u>13,766</u>	<u>9,004</u>	<u>4,762</u>
Lifeguard				
Operating expenses	7,000	7,000	15,862	(8,862)
Capital outlay	10,107	10,107	-	10,107
Prior year carryover	33,339	33,339	31,518	1,821
	<u>50,446</u>	<u>50,446</u>	<u>47,380</u>	<u>3,066</u>
Isleta Pueblo				
Operating expenses	7,000	7,000	1,665	5,335
Capital outlay	2,500	2,500	2,500	-
Prior year carryover	8,378	8,378	8,282	96
	<u>17,878</u>	<u>17,878</u>	<u>12,447</u>	<u>5,431</u>
Wings of Life				
Operating expenses	8,492	8,492	2,400	6,092
Capital outlay	157	157	-	157
Prior year carryover	6,672	6,672	-	6,672
	<u>15,321</u>	<u>15,321</u>	<u>2,400</u>	<u>12,921</u>
Albuquerque Ambulance				
Capital outlay	20,000	20,000	20,000	-
Presbyterian Air Ambulance				
Prior year carryover	38	38	-	38
	<u>38</u>	<u>38</u>	<u>-</u>	<u>38</u>
Fire Paramedic Unit				
Operating expenses	4,641	106,016	81,788	24,228
Capital outlay	69	71,238	70,392	846
Prior year carryover	13,673	13,223	13,223	-
	<u>18,383</u>	<u>190,477</u>	<u>165,403</u>	<u>25,074</u>
Air Ambulance				
Prior year carryover	136	136	-	136
Total expenditures	<u>335,185</u>	<u>335,185</u>	<u>260,520</u>	<u>74,665</u>
Excess (deficiency) of revenues over expenditures	(116,020)	(116,020)	(36,224)	79,796
Fund balance - beginning	115,168	115,168	115,168	-
Cash required to balance budget	-	852	-	(852)
Fund balance - ending	<u>\$ (852)</u>	<u>\$ -</u>	<u>\$ 78,944</u>	<u>\$ 78,944</u>

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
RECREATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,800	\$ 1,800	\$ 2,014	\$ 214
Expenditures:				
Culture and recreation:				
Capital outlay	10,434	10,434	10,434	-
Total expenditures	10,434	10,434	10,434	-
Excess (deficiency) of revenues over expenditures	(8,634)	(8,634)	(8,420)	214
Fund balance - beginning	18,725	18,725	18,725	-
Fund balance - ending	\$ 10,091	\$ 10,091	\$ 10,305	\$ 214

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
CLERK'S BILINGUAL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Expenditures:				
General government				
Operating expenses	2,991	2,991	2,531	460
Total expenditures	2,991	2,991	2,531	460
Deficiency of revenues over expenditures	(2,991)	(2,991)	(2,531)	460
Fund balance - beginning	2,949	2,949	2,643	(306)
Cash required to balance budget	-	42	-	(42)
Fund balance - ending	\$ (42)	\$ -	\$ 112	\$ 112

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
FARM AND RANGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 120	\$ 120	\$ 114	\$ (6)
Expenditures:				
General government	9,440	9,440	9,430	10
Total expenditures	9,440	9,440	9,430	10
Excess (deficiency) of revenues over expenditures	(9,320)	(9,320)	(9,316)	4
Fund balance - beginning	9,560	9,560	9,560	-
Fund balance - ending	\$ 240	\$ 240	\$ 244	\$ 4

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
VALUATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees for services	\$ 2,981,771	\$ 2,981,771	\$ 3,123,777	\$ 142,006
Expenditures:				
General government				
Salaries and benefits	1,456,806	1,456,806	1,155,064	301,742
Operating expenses	1,169,728	1,169,728	1,050,251	119,477
Total expenditures	2,626,534	2,626,534	2,205,315	421,219
Excess of revenues over expenditures	355,237	355,237	918,462	563,225
Fund balance - beginning	1,788,818	1,788,818	1,788,818	-
Fund balance - ending	\$ 2,144,055	\$ 2,144,055	\$ 2,707,280	\$ 563,225

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Fire District #1	\$ 48,301	\$ 48,301	\$ 48,301	\$ -
Fire District #2	66,011	66,011	66,011	-
Fire District #3	48,301	48,301	48,301	-
Fire District #4	48,301	48,301	48,301	-
Fire District #5	66,011	66,011	66,011	-
Fire District #6	83,722	83,722	83,727	(5)
Fire District #7	48,301	48,301	48,301	-
Fire District #8	48,301	48,301	48,509	(208)
Fire District #9	48,301	48,301	48,301	-
Fire District #10	48,301	48,301	48,301	-
Fire District #11	66,011	66,011	66,029	(18)
Fire District #13	48,301	48,301	48,301	-
Miscellaneous	57,901	57,901	57,817	(84)
Total revenues	<u>726,064</u>	<u>726,064</u>	<u>726,211</u>	<u>147</u>
Expenditures:				
Public safety:				
Fire District #1:				
Operating expenses	38,051	41,632	30,920	10,712
Capital outlay	10,250	-	-	-
Prior year carryover	10,031	7,040	7,041	(1)
	<u>58,332</u>	<u>48,672</u>	<u>37,961</u>	<u>10,711</u>
Fire District #2:				
Operating expenses	38,052	21,409	15,120	6,289
Capital outlay	27,960	-	-	-
Prior year carryover	449	298	298	-
	<u>66,461</u>	<u>21,707</u>	<u>15,418</u>	<u>6,289</u>
Fire Districts #3:				
Operating expenses	38,051	20,122	16,610	3,512
Capital outlay	10,250	-	-	-
Prior year carryover	168	102	102	-
	<u>48,469</u>	<u>20,224</u>	<u>16,712</u>	<u>3,512</u>
Fire District #4:				
Operating expenses	38,051	19,687	14,658	5,029
Prior year carryover	10,250	80	80	-
	<u>48,301</u>	<u>19,767</u>	<u>14,738</u>	<u>5,029</u>
Fire District #5:				
Operating expenses	38,051	11,033	7,408	3,625
Capital outlay	27,960	-	-	-
Prior year carryover	459	392	393	(1)
	<u>66,470</u>	<u>11,425</u>	<u>7,801</u>	<u>3,624</u>

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Fire District #6:				
Operating expenses	38,051	13,992	11,692	2,300
Capital outlay	45,671	-	-	-
Prior year carryover	1,172	189	189	-
	<u>84,894</u>	<u>14,181</u>	<u>11,881</u>	<u>2,300</u>
Fire District #7:				
Operating expenses	19,424	11,123	10,829	294
Capital outlay	28,877	-	-	-
Prior year carryover	146	98	98	-
	<u>48,447</u>	<u>11,221</u>	<u>10,927</u>	<u>294</u>
Fire District #8:				
Operating expenses	38,052	21,857	18,040	3,817
Capital outlay	10,250	-	-	-
	-	42	42	-
	<u>48,302</u>	<u>21,899</u>	<u>18,082</u>	<u>3,817</u>
Fire District #9:				
Operating expenses	19,424	20,290	20,572	(282)
Capital outlay	28,877	-	-	-
Prior year carryover	-	100	100	-
	<u>48,301</u>	<u>20,390</u>	<u>20,672</u>	<u>(282)</u>
Fire District #10:				
Operating expenses	38,051	44,975	39,018	5,957
Capital outlay	10,250	-	-	-
Prior year carryover	5,248	993	994	(1)
	<u>53,549</u>	<u>45,968</u>	<u>40,012</u>	<u>5,956</u>
Fire District #11:				
Operating expenses	38,051	8,274	7,933	341
Capital outlay	27,960	-	-	-
Prior year carryover	1,845	242	242	-
	<u>67,856</u>	<u>8,516</u>	<u>8,175</u>	<u>341</u>
Fire District #13:				
Operating expenses	38,051	31,767	30,085	1,682
Capital outlay	10,250	-	-	-
Prior year carryover	11,526	43	43	-
	<u>59,827</u>	<u>31,810</u>	<u>30,128</u>	<u>1,682</u>
Miscellaneous				
Operating expenses	48,302	335,996	295,287	40,709
Capital outlay	16,739	214,523	214,235	288
Prior year carryover	74,251	12,202	12,202	-
	<u>139,292</u>	<u>562,721</u>	<u>521,724</u>	<u>40,997</u>
Total expenditures	<u>838,501</u>	<u>838,501</u>	<u>754,231</u>	<u>84,270</u>
Excess (deficiency) of revenues over expenditures	(112,437)	(112,437)	(28,020)	84,417
Fund balance - beginning	103,038	103,038	103,038	-
Cash required to balance budget	-	9,399	-	(9,399)
Fund balance - ending	<u>\$ (9,399)</u>	<u>\$ -</u>	<u>\$ 75,018</u>	<u>\$ 75,018</u>

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
LAW ENFORCEMENT PROTECTION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 170,400	\$ 170,400	\$ 347,400	\$ 177,000
Expenditures:				
Public safety				
Operating expenses	170,400	170,400	78,531	91,869
Prior year carryover	120,708	120,708	102,138	18,570
Total expenditures	<u>291,108</u>	<u>291,108</u>	<u>180,669</u>	<u>110,439</u>
Excess (deficiency) of revenues over expenditures	(120,708)	(120,708)	166,731	287,439
Fund balance - beginning	121,860	121,860	121,860	-
Fund balance - ending	<u>\$ 1,152</u>	<u>\$ 1,152</u>	<u>\$ 288,591</u>	<u>\$ 287,439</u>

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
COUNTY INDIGENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Expenditures:				
Health and welfare				
Operating expenses	1,000,000	1,066,182	929,283	136,899
Prior year carryover	93,538	81,112	81,112	-
Total expenditures	1,093,538	1,147,294	1,010,395	136,899
Excess (deficiency) of revenues over expenditures	(93,538)	(147,294)	(10,395)	136,899
Fund balance - beginning	151,831	151,831	151,831	-
Fund balance - ending	\$ 58,293	\$ 4,537	\$ 141,436	\$ 136,899

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
ERDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Income	\$ 164,183	\$ 164,183	\$ 55,449	\$ (108,734)
Miscellaneous	-	-	136,720	136,720
Total revenues	<u>164,183</u>	<u>164,183</u>	<u>192,169</u>	<u>27,986</u>
Expenditures:				
Public safety:				
Operating expenses	1,092,996	1,092,996	450,778	642,218
Capital outlay	60,000	60,000	9,626	50,374
Prior year carryover	<u>1,030,511</u>	<u>1,030,511</u>	<u>574,599</u>	<u>455,912</u>
Total expenditures	<u>2,183,507</u>	<u>2,183,507</u>	<u>1,035,003</u>	<u>1,148,504</u>
Excess(deficiency) of revenues over expenditures	(2,019,324)	(2,019,324)	(842,834)	1,176,490
Fund balance - beginning	2,460,230	2,460,230	2,460,230	-
Fund balance - ending	<u>\$ 440,906</u>	<u>\$ 440,906</u>	<u>\$ 1,617,396</u>	<u>\$ 1,176,490</u>

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
ENVIRONMENTAL HEALTH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,243,210	\$ 2,243,210	\$ 2,465,873	\$ 222,663
Miscellaneous	1,120,000	1,120,000	243,440	(876,560)
Total revenues	<u>3,363,210</u>	<u>3,363,210</u>	<u>2,709,313</u>	<u>(653,897)</u>
Expenditures:				
Health and welfare:				
Operating expenses	4,043,794	4,043,794	2,555,004	1,488,790
Prior year carryover	<u>2,799,682</u>	<u>2,799,682</u>	<u>749,797</u>	<u>2,049,885</u>
Total expenditures	<u>6,843,476</u>	<u>6,843,476</u>	<u>3,304,801</u>	<u>3,538,675</u>
Excess (deficiency) of revenues over expenditures	(3,480,266)	(3,480,266)	(595,488)	2,884,778
Fund balance - beginning	<u>3,603,832</u>	<u>3,603,832</u>	<u>3,603,832</u>	-
Fund balance - ending	<u>\$ 123,566</u>	<u>\$ 123,566</u>	<u>\$ 3,008,344</u>	<u>\$ 2,884,778</u>

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
COUNTY CLERK RECORDING AND FILING FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Fees for services	\$ 570,000	\$ 749,012	\$ 786,888	\$ 37,876
Total revenues	570,000	749,012	786,888	37,876
Expenditures:				
General government				
Operating expenses	68,484	247,496	224,568	22,928
Prior year carryover	98,139	98,139	67,760	30,379
Total expenditures	166,623	345,635	292,328	53,307
Excess (deficiency) of revenues over expenditures	403,377	403,377	494,560	91,183
Other financing sources (uses):				
Transfers out	(205,180)	(205,180)	(205,180)	-
Total other financing sources	(205,180)	(205,180)	(205,180)	-
Net changes in fund balance	198,197	198,197	289,380	91,183
Fund balance(deficit) - beginning	(66,187)	(66,187)	(66,187)	-
Fund balance - ending	\$ 132,010	\$ 132,010	\$ 223,193	\$ 91,183

COUNTY OF BERNALILLO, NEW MEXICO
SPECIAL REVENUE FUND
COMMUNITY SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous	\$ 78,670	\$ 78,670	\$ 25,079	\$ (53,591)
Expenditures				
Health and welfare				
Operating expenses	78,670	78,670	12,011	(66,659)
Total expenditures	<u>78,670</u>	<u>78,670</u>	<u>12,011</u>	<u>(66,659)</u>
Excess of revenues over expenditures	-	-	13,068	13,068
Fund balances - beginning	16,269	16,269	16,269	-
Fund balances - ending	<u>\$ 16,269</u>	<u>\$ 16,269</u>	<u>\$ 29,337</u>	<u>\$ 13,068</u>

COUNTY OF BERNALILLO, NEW MEXICO
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL OBLIGATION BONDS DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,960,946	\$ 8,960,946	\$ 8,802,731	\$ (158,215)
Interest Income	-	-	2,096	2,096
Total revenues	<u>8,960,946</u>	<u>8,960,946</u>	<u>8,804,827</u>	<u>(156,119)</u>
Expenditures:				
Debt service				
Principal	5,700,000	5,700,000	5,700,000	-
Interest	3,260,946	3,260,946	3,066,023	194,923
Bond issuance cost	-	-	44,194	(44,194)
Total expenditures	<u>8,960,946</u>	<u>8,960,946</u>	<u>8,810,217</u>	<u>150,729</u>
Excess (deficiency) of revenues over expenditures	-	-	(5,390)	(5,390)
Fund balance - beginning	796,437	796,437	796,437	-
Fund balance - ending	<u>\$ 796,437</u>	<u>\$ 796,437</u>	<u>\$ 791,047</u>	<u>\$ (5,390)</u>

COUNTY OF BERNALILLO, NEW MEXICO
DEBT SERVICE FUND
SERIES 1996
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 8,256	\$ 8,256
Total revenues	-	-	8,256	8,256
Expenditures:				
Debt service				
Principal	170,000	170,000	170,000	-
Interest	35,180	35,180	35,180	-
Total expenditures	205,180	205,180	205,180	-
Excess (deficiency) of revenues over expenditures	(205,180)	(205,180)	(196,924)	8,256
Other financing sources (uses):				
Transfers in	205,180	205,180	205,180	-
Total other financing sources	205,180	205,180	205,180	-
Net changes in fund balance	-	-	8,256	8,256
Fund balance(deficit) - beginning	(356)	(356)	(356)	-
Cash required to balance budget	-	356	-	(356)
Fund balance - ending	\$ (356)	\$ -	\$ 7,900	\$ 7,900

COUNTY OF BERNALILLO, NEW MEXICO
DEBT SERVICE FUND
REFUNDING SERIES 1998
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 255,000	\$ 255,000	\$ 317,013	\$ 62,013
Total Revenues	<u>255,000</u>	<u>255,000</u>	<u>317,013</u>	<u>62,013</u>
Expenditures:				
Debt service:				
Principal	2,420,000	2,420,000	450,000	1,970,000
Interest	<u>2,671,489</u>	<u>2,671,489</u>	<u>2,626,814</u>	<u>44,675</u>
Total expenditures	<u>5,091,489</u>	<u>5,091,489</u>	<u>3,076,814</u>	<u>2,014,675</u>
Excess (deficiency) of revenues over expenditures	(4,836,489)	(4,836,489)	(2,759,801)	(2,076,688)
Other financing sources (uses):				
Transfers in	<u>4,375,640</u>	<u>4,375,640</u>	<u>4,375,640</u>	<u>-</u>
Total other financing sources	<u>4,375,640</u>	<u>4,375,640</u>	<u>4,375,640</u>	<u>-</u>
Net changes in fund balance	(460,849)	(460,849)	1,615,839	2,076,688
Fund balance(deficit) - beginning	(1,826,954)	(1,826,954)	(1,826,954)	-
Cash required to balance budget	<u>-</u>	<u>2,287,803</u>	<u>-</u>	<u>(2,287,803)</u>
Fund balance - ending	<u>\$ (2,287,803)</u>	<u>\$ -</u>	<u>\$ (211,115)</u>	<u>\$ (211,115)</u>

COUNTY OF BERNALILLO, NEW MEXICO
DEBT SERVICE FUND
SERIES 1996B
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 300,000	\$ 300,000	\$ 350,421	\$ 50,421
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>350,421</u>	<u>50,421</u>
Expenditures:				
Debt service				
Principal	335,000	335,000	335,000	-
Interest	<u>3,173,838</u>	<u>3,173,838</u>	<u>3,173,838</u>	<u>-</u>
Total expenditures	<u>3,508,838</u>	<u>3,508,838</u>	<u>3,508,838</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,208,838)	(3,208,838)	(3,158,417)	50,421
Other financing sources (uses):				
Transfers in	<u>2,307,332</u>	<u>2,307,332</u>	<u>2,307,332</u>	<u>-</u>
Total other financing sources	<u>2,307,332</u>	<u>2,307,332</u>	<u>2,307,332</u>	<u>-</u>
Net changes in fund balance	(901,506)	(901,506)	(851,085)	50,421
Fund balance(deficit) - beginning	(82,937)	(82,937)	(82,937)	-
Cash required to balance budget	-	984,443	-	(984,443)
Fund balance - ending	<u>\$ (984,443)</u>	<u>\$ -</u>	<u>\$ (934,022)</u>	<u>\$ (934,022)</u>

COUNTY OF BERNALILLO, NEW MEXICO
DEBT SERVICE FUND
SERIES 1997
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
investment income	\$ -	\$ -	\$ 106,142	\$ 106,142
Total revenues	-	-	106,142	106,142
Expenditures:				
Debt service				
Principal	654,622	654,622	654,622	-
Interest	803,738	803,738	803,738	-
Total expenditures	1,458,360	1,458,360	1,458,360	-
Excess (deficiency) of revenues over expenditures	(1,458,360)	(1,458,360)	(1,352,218)	106,142
Other financing sources (uses):				
Transfers in	1,458,738	1,458,360	1,458,738	-
Total other financing sources	1,458,738	1,458,360	1,458,738	-
Net changes in fund balance	378	-	106,520	106,520
Fund balance - beginning	70,469	70,469	70,469	-
Fund balance - ending	\$ 70,847	\$ 70,469	\$ 176,989	\$ (106,520)

COUNTY OF BERNALILLO, NEW MEXICO
DEBT SERVICE FUND
SERIES 1999
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
Year Ended June 30, 2003

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 300,000	\$ 300,000	\$ 235,986	\$ (64,014)
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>235,986</u>	<u>(64,014)</u>
Expenditures:				
Debt service				
Principal	2,500,000	2,600,000	2,600,000	-
Interest	<u>3,163,263</u>	<u>3,063,263</u>	<u>3,063,263</u>	<u>-</u>
Total expenditures	<u>5,663,263</u>	<u>5,663,263</u>	<u>5,663,263</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(5,363,263)	(5,363,263)	(5,427,277)	(64,014)
Other financing sources (uses):				
Transfers in	<u>4,809,187</u>	<u>4,809,187</u>	<u>4,809,187</u>	<u>-</u>
Total other financing sources	<u>4,809,187</u>	<u>4,809,187</u>	<u>4,809,187</u>	<u>-</u>
Net changes in fund balance	(554,076)	(554,076)	(618,090)	(64,014)
Fund balance - beginning	501,783	501,783	501,783	-
Cash required to balance budget	-	52,293	-	(52,293)
Fund balance - ending	<u>\$ (52,293)</u>	<u>\$ -</u>	<u>\$ (116,307)</u>	<u>\$ (116,307)</u>

COUNTY OF BERNALILLO, NEW MEXICO

DESCRIPTION OF FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are used 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 Treasurer. To account for the collection and payment to the County and other recipient entities of property taxes billed and collected by the County on their behalf. The Treasurer's funds are as follows:

Cash Over/Short. To account for differences of less than \$1.00 between property tax billed and collected. This fund was created by authority of Section 4-43-2, NMSA 1978 Compilation.

Children's Trust Fund. To record \$15 of each \$25 fee for issuing and recording a marriage license. The money is remitted to the State of New Mexico for use in projects for the treatment and prevention of child abuse. This fund was created by authority of Section 40-1-11, NMSA 1978 Compilation.

Refund Overpayments. Serves as a clearing account for refunds arising from overpayment of property taxes or other fees.

Valuation Problems. Consists of two accounts by authority of Section 7-38-46, NMSA 1978 Compilation:

Valuation Problems Account. Used to collect estimated tax on a forthcoming tax bill correction resulting from a valuation protest.

Research Items Account. Holds receipted monies when a multi-year discrepancy is being resolved; it is also used to hold monies while a taxpayer problem is being researched.

Partial Payments (Over/Under Tax Payments). Consists of four accounts by authority of Section 7-38-42, NMSA 1978 Compilation:

Underpayments. To record payments which are less than the total due because of penalty and interest charges. The property tax revenue is held in this account until a notice requesting penalty and interest is responded to by payment.

Partial Payments. To hold overpayments until a refund is requested or sent out, and to hold underpayments until the deficiency is corrected.

Overpayments. Overpayments in excess of \$.99 are held in the account until a refund request is received or a date after June 30.

Bankruptcy. Used to record cash receipts for property taxes when the tax liability has been identified through the bankruptcy process. The County disburses money out of this account when enough has accumulated to distribute the taxes ($\frac{1}{2}$ or full year bill).

BERNALILLO COUNTY, NEW MEXICO

DESCRIPTION OF FIDUCIARY FUNDS

AGENCY FUNDS (CONTINUED)

Taxes Paid in Advance. Consists of two accounts:

Omit Payment. Used to record the revenue collected from mobile home property taxes where the assessor has determined that the property had been omitted from the property tax rolls.

Mobile Homes Prepaid. Used to record the monies received as a condition of a property owner obtaining a tax release during the period January 1 to September 30. Taxes collected during October are recorded to the tax omit payment account and taxes collected during November and December are recorded to the undistributed taxes account.

Claim for Refund IOI. To account for interest earned on collected taxes when the valuation of the subject property is under formal protest.

Undistributed Taxes. To account for property tax payments and interest and penalty on tax payments received prior to distribution to various government entities. See Section 7-38-42 & 7-38-43, NMSA 1978 Compilation.

NSF Applies. Used to hold that portion of the tax payment which has cleared the bank until such time as remainder is paid.

Claim for Refund. To account for property taxes collected when the valuation of the subject property is under formal protest.

Arbitrage Rebate Fund. To account for the excess of interest earned on investments over interest paid on tax exempt bonds which must be refunded to the Internal Revenue Service.

Trust and Escrow (Judgment Auto Pay). To account for monies collected on a corrected tax bill until either a balance due payment is submitted or the amount is transferred to the Undistributed Tax Account.

Court Services Fund. To account for the receipts and disbursements related to process servers.

County Sheriff. To account for the collection and payment to the County of charges for services provided and to account for the collection and disbursement of evidence and awards in civil suits on behalf of the plaintiffs involved.

Special Assessment Districts. To account for the collection of special assessment liens and the subsequent payment of special assessment bonds for the following districts:

- Special Assessment District 84-1
- Special Assessment District 84-2
- Special Assessment District 85-3
- Special Assessment District 85-4
- Special Assessment District 85-5
- Special Assessment District 83-1

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2003

	Treasurer Funds										
	Cash Over Short	Children's Trust Fund	Refund Overpayments	Valuation Problems	Partial Payments	Taxes Paid in Advance	Claim for Refund IOI	Undistributed Taxes	NSF Applies	Claim for Refund	Arbitrage Rebate Fund
ASSETS											
Cash and investments Receivables:	\$ 70,712	\$ 5,478	\$ 252,282	\$ 5,021	\$ 62,588	\$ 213,534	\$ 48,424	\$ 4,688,292	\$ 7,216	\$ 1,020,815	\$ 697,289
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	630	-	-	-	-	-	22,676,012	-	-	-
Do from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 70,712	\$ 6,108	\$ 252,282	\$ 5,021	\$ 62,588	\$ 213,534	\$ 48,424	\$ 27,563,861	\$ 7,216	\$ 1,020,815	\$ 697,289
LIABILITIES											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,361	\$ -	\$ -	\$ -
Deposits held in trust for others	70,712	6,108	252,282	5,021	62,588	213,534	48,424	4,816,488	7,216	1,020,815	697,289
Future taxes collectible	-	-	-	-	-	-	-	22,676,012	-	-	-
Total liabilities	\$ 70,712	\$ 6,108	\$ 252,282	\$ 5,021	\$ 62,588	\$ 213,534	\$ 48,424	\$ 27,563,861	\$ 7,216	\$ 1,020,815	\$ 697,289

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

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2003

	Treasurer Funds										
	Trust and Escrow	Total Treasurer	Court Services Fund	County Sheriff	Special Assessment District 84-1	Special Assessment District 84-2	Special Assessment District 85-3	Special Assessment District 85-4	Special Assessment District 85-5	Special Assessment District 83-1	Total Agency Fund
ASSETS											
Cash and investments Receivables:	\$ 2,859	\$ 7,074,510	\$ 5,004	\$224,692	\$ 12,795	\$ 7,174	\$ -	\$ 14,225	\$ 1,103	\$ 406,791	\$ 7,746,294
Property taxes	-	22,676,012	-	-	-	-	-	-	-	-	22,676,012
Other	-	630	-	-	62,661	21,905	1,804	21,699	4,998	3,356,756	3,470,453
Due from other funds	-	199,557	-	-	-	-	-	-	-	-	199,557
Total assets	\$ 2,859	\$ 29,950,709	\$ 5,004	\$224,692	\$ 75,456	\$ 29,079	\$ 1,804	\$ 35,924	\$ 6,101	\$ 3,763,547	\$34,092,316
LIABILITIES											
Due to other funds	\$ -	\$ 71,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,361
Deposits held in trust for others	2,859	7,203,336	5,004	224,692	75,456	29,079	1,804	35,924	6,101	3,763,547	11,344,943
Future taxes collectible	-	22,676,012	-	-	-	-	-	-	-	-	22,676,012
Total liabilities	\$ 2,859	\$ 29,950,709	\$ 5,004	\$224,692	\$ 75,456	\$ 29,079	\$ 1,804	\$ 35,924	\$ 6,101	\$ 3,763,547	\$34,092,316

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

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations (1) that are financial and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs 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.

Solid Waste. To account for the operations of the Solid Waste Program. All activities necessary to operate the program are accounted for in this fund, including, but not limited to, administration, operations, and financing.

Bernalillo County Housing Authority. To account for the provision of administrative services to the County's HUD Section 8 Annual Contribution Contract, No. FW-5325; property management services to the Bernalillo County Housing and Redevelopment Corporation; and for the costs of contracting for the future construction of other housing projects of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, rental contract negotiation, and collection.

Seybold Village 21 Units - Handicapped. To account for the construction and operations of Seybold Village 21 Units Handicapped Housing Project. All activities necessary to construct and operate the project are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing, and construction.

Regional Juvenile Detention Center. To account for the operations of the Regional Juvenile Detention Center. All activities necessary to operate the program are accounted for in this fund, including, but not limited to, administration, operations, and financing.

COUNTY OF BERNALILLO, NEW MEXICO
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2003

	Business-type Activities Enterprise Funds				Totals Current Year
	Solid Waste	Bernalillo County Housing Authority	Seybold Village Handicapped Project	Regional Juvenile Detention Center	
ASSETS					
Current assets:					
Cash and investments	\$ 793,386	\$ 912,060	\$ 18,260	\$ -	\$1,723,706
Accounts receivable, net	537,897	60,941	20,406	257,913	877,157
Accrued interest receivable	-	162	-	-	162
Due from other funds	-	352,784	32,169	-	384,953
Total current assets	<u>1,331,283</u>	<u>1,325,947</u>	<u>70,835</u>	<u>257,913</u>	<u>2,985,978</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	91,040	20,000	-	111,040
Capital assets:					
Land	-	226,502	205,500	-	432,002
Buildings	-	921,516	1,931,471	-	2,852,987
Equipment, machinery, and furniture	1,426,210	220,544	-	-	1,646,754
Less accumulated depreciation	(1,416,950)	(306,707)	(655,475)	-	(2,379,132)
Total noncurrent assets	<u>9,260</u>	<u>1,152,895</u>	<u>1,501,496</u>	<u>-</u>	<u>2,663,651</u>
Total assets	<u>\$ 1,340,543</u>	<u>\$ 2,478,842</u>	<u>\$ 1,572,331</u>	<u>\$ 257,913</u>	<u>\$5,649,629</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 37,193	\$ 7,592	\$ 4,126	\$ 21,863	\$ 70,774
Compensated absences payable	36,561	102,439	-	32,085	171,085
Accrued payroll	21,317	-	-	49,428	70,745
Due to other funds	-	276,329	6,818	49,240	332,387
Deferred revenue	209,864	327,008	4	-	536,876
Total current liabilities	<u>304,935</u>	<u>713,368</u>	<u>10,948</u>	<u>152,616</u>	<u>1,181,867</u>
Noncurrent liabilities:					
Deposits held in trust for others	-	-	-	5,404	5,404
Advance from other funds	530,780	-	-	-	530,780
Total noncurrent liabilities	<u>530,780</u>	<u>-</u>	<u>-</u>	<u>5,404</u>	<u>536,184</u>
Total liabilities	<u>835,715</u>	<u>713,368</u>	<u>10,948</u>	<u>158,020</u>	<u>1,718,051</u>
NET ASSETS					
Invested in capital assets, net of related debt	9,260	1,056,353	1,455,989	-	2,521,602
Unrestricted	495,568	709,121	105,394	99,893	1,409,976
Total net assets	<u>\$ 504,828</u>	<u>\$ 1,765,474</u>	<u>\$ 1,561,383</u>	<u>\$ 99,893</u>	<u>\$3,931,578</u>

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF BERNALILLO, NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2003

	Business-type Activities Enterprise Funds				Totals Current Year
	Solid Waste	Bernalillo County Housing Authority	Seybold Village Handicapped Project	Regional Juvenile Detention Center	
Operating revenues:					
Taxes	\$ 292,097	\$ -	\$ -	\$ -	\$ 292,097
Administrative and service fees	2,942,500	1,230,800	-	1,160,748	5,334,048
Rental income:					
Tenants	-	-	31,899	-	31,899
Other income	-	2,199	170	-	2,369
Total operating revenues	3,234,597	1,232,999	32,069	1,160,748	5,660,413
Operating expenses:					
Salaries and wages	452,744	988,859	30,798	965,136	2,437,537
Contractual services	2,124,798	88,890	10,573	-	2,224,261
Materials and supplies	226,706	65,812	-	-	292,518
Other services and charges	305,335	54,773	38,721	224,949	623,778
Landfill expenses	113,929	-	-	-	113,929
Grant expenditures	-	371,928	-	-	371,928
Depreciation	33,248	61,886	55,037	-	150,171
Total operating expenses	3,256,760	1,632,148	135,129	1,190,085	6,214,122
Operating income (loss)	(22,163)	(399,149)	(103,060)	(29,337)	(553,709)
Non-operating revenues:					
Interest income	-	5,686	557	-	6,243
Operating grants	-	527,127	104,990	-	632,117
County contributions	-	100,748	-	-	100,748
Total nonoperating revenue	-	633,561	105,547	-	739,108
Change in net assets	(22,163)	234,412	2,487	(29,337)	185,399
Total net assets - beginning	526,991	1,531,062	1,558,896	129,230	3,746,179
Total net assets - ending	\$ 504,828	\$ 1,765,474	\$ 1,561,383	\$ 99,893	\$ 3,931,578

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF BERNALILLO, NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2003

	Business-type Activities			Enterprise Funds	Totals
	Solid Waste	Bernalillo County Housing Authority	Seybold Village Handicapped Project	Regional Juvenile Detention Center	
Cash flows from operating activities:					
Cash received from administration and service fees	\$ 3,379,722	\$ 1,306,393	\$ -	\$ 1,188,528	\$ 5,874,643
Cash received from rents	-	-	12,536	-	12,536
Cash payments to employees for services	(346,203)	(731,826)	(24,506)	(706,799)	(1,809,334)
Cash payments to vendors for goods and services	(2,880,833)	(837,067)	(37,997)	(459,109)	(4,215,006)
Miscellaneous cash received	-	-	170	-	170
Net cash provided (used) by operating activities	<u>152,686</u>	<u>(262,500)</u>	<u>(49,797)</u>	<u>22,620</u>	<u>(136,991)</u>
Cash flows from noncapital and related financing activities:					
Operating grants/subsidies received	-	-	104,990	-	104,990
Contributions from other funds	(94,754)	100,748	-	-	5,994
Payments to other funds	-	(108,070)	-	(22,620)	(130,690)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(7,322)</u>	<u>104,990</u>	<u>(22,620)</u>	<u>(19,706)</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	(118,703)	(56,700)	-	(175,403)
Capital grants received	-	527,127	-	-	527,127
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>408,424</u>	<u>(56,700)</u>	<u>-</u>	<u>351,724</u>
Cash flows from investing activities:					
Interest received on investments	-	5,730	557	-	6,287
Net cash provided by investing activities	<u>-</u>	<u>5,730</u>	<u>557</u>	<u>-</u>	<u>6,287</u>
Net increase in cash and cash equivalents	<u>57,932</u>	<u>144,332</u>	<u>(950)</u>	<u>-</u>	<u>201,314</u>
Cash and cash equivalents, beginning of year	<u>735,454</u>	<u>858,768</u>	<u>39,210</u>	<u>-</u>	<u>1,633,432</u>
Cash and cash equivalents, end of year	<u>\$ 793,386</u>	<u>\$ 1,003,100</u>	<u>\$ 38,260</u>	<u>\$ -</u>	<u>\$ 1,834,746</u>
Reconciliation of operating income (loss) to net cash flows provided by (applied to) operating activities:					
Operating income (loss)	\$ (22,163)	\$ (399,149)	\$ (103,060)	\$ (29,337)	\$ (553,709)
Adjustments to reconcile net income to net cash flows:					
Depreciation	33,248	61,886	55,037	-	150,171
(Increase) decrease in:					
Accounts receivable	(420,063)	49,431	(18,641)	27,780	(361,493)
Allowance for uncollectible accounts	370,002	-	-	-	370,002
Deposits held in trust	-	(6,787)	(550)	971	(6,366)
Increase (decrease) in:					
Deferred revenue	195,187	30,750	(176)	-	225,761
Accounts payable	16,334	(15,136)	19,272	21,813	42,283
Due to other funds	-	-	(1,679)	-	(1,679)
Tenants payable	(374)	-	-	-	(374)
Accrued compensated absences	(19,485)	16,505	-	1,393	(1,587)
Net cash flows provided (used) by operating activities	<u>\$ 152,686</u>	<u>\$ (262,500)</u>	<u>\$ (49,797)</u>	<u>\$ 22,620</u>	<u>\$ (136,991)</u>

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF BERNALILLO, NEW MEXICO
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - BY SOURCE
 JUNE 30, 2003

	Totals	
	2003	2002
General Fixed Assets		
Land	\$ 124,501,275	\$ 121,902,276
Buildings	231,942,111	152,888,626
Equipment and machinery	62,086,873	61,779,719
Infrastructure	186,343,476	181,941,040
Leasehold improvements	2,804,000	2,804,000
Construction in progress	14,615,312	75,560,047
Total General Fixed Assets	<u>\$ 622,293,047</u>	<u>\$ 596,875,708</u>
Investment in governmental funds capital assets by source:		
General Fund	\$ 134,006,045	\$ 134,363,991
Special Revenue Funds	24,687,815	20,541,072
Capital Projects Funds	462,623,002	441,635,786
Donations	976,185	334,859
Total Investment in General Fixed Assets	<u>\$ 622,293,047</u>	<u>\$ 596,875,708</u>

BERNALILLO COUNTY, NEW MEXICO
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2003

Function and Activity	Land	Buildings	Equipment, Machinery Furniture, Fixtures, and Automobiles	Total
General government:				
Commissioners	\$ -	\$ -	\$ 2,375	\$ 2,375
County manager	-	-	65,931	65,931
Public Information	-	-	97,038	97,038
Communications	-	-	749,634	749,634
Information technology	-	-	5,392,495	5,392,495
Finance	-	-	145,258	145,258
General county	9,502,855	26,512,185	53,692	36,068,732
Human resources	-	-	57,241	57,241
Zoning	-	-	380,323	380,323
Legal	-	-	22,811	22,811
Purchasing	-	-	15,451	15,451
Risk management	-	-	146,942	146,942
Facility management	-	269,278	378,081	647,359
County clerk	-	-	943,106	943,106
Voting machines	-	-	6,805,295	6,805,295
Probate Court	-	-	5,051	5,051
Assessor	2,348,355	463,036	1,354,504	4,165,895
Treasurer	-	-	96,402	96,402
Fleet management	-	-	259,793	259,793
Real estate	-	-	18,021	18,021
Total general government	<u>11,851,210</u>	<u>27,244,499</u>	<u>16,989,444</u>	<u>56,085,153</u>
Public safety:				
Fire marshall	1,878,088	9,591,255	16,570,251	28,039,594
Sheriff	509,366	9,308,179	13,741,136	23,558,681
Animal care & regulation	-	-	311,802	311,802
Juvenile detention center	890,186	8,292,204	541,467	9,723,857
Bernalillo county detention center	766,526	12,972,902	528,227	14,267,655
Westside facility	-	3,650,000	-	3,650,000
Judicial	-	49,705,920	-	49,705,920
Metropolitan Detention Center	180,000	76,543,951	-	76,723,951
Total public safety	<u>4,224,166</u>	<u>170,064,411</u>	<u>31,692,883</u>	<u>205,981,460</u>
Culture and recreation:				
Parks and recreation	4,830,037	8,668	2,291,471	7,130,176
Open space	8,594,969	556,419	-	9,151,388
Community centers	1,382,082	11,905,811	19,064	13,306,957
1% for the arts	-	-	1,420,712	1,420,712
Total culture and recreation	<u>14,807,088</u>	<u>12,470,898</u>	<u>3,731,247</u>	<u>31,009,233</u>
Public Works	<u>1,162,880</u>	<u>4,727,331</u>	<u>9,216,568</u>	<u>15,106,779</u>
Health and welfare:				
Environmental health	-	-	436,252	436,252
Health clinics	1,546,492	17,434,972	20,479	19,001,943
Total health and welfare	<u>1,546,492</u>	<u>17,434,972</u>	<u>456,731</u>	<u>19,438,195</u>
Total general fixed assets in service	<u>\$ 33,591,836</u>	<u>\$ 231,942,111</u>	<u>\$ 62,086,873</u>	<u>327,620,820</u>
Leasehold improvements				2,804,000
Infrastructure, land				90,909,439
Infrastructure				186,343,476
Construction in progress				<u>14,615,312</u>
Total general fixed assets				<u>\$ 622,293,047</u>

BERNALILLO COUNTY, NEW MEXICO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2003

Function and Activity	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
General government:				
Commissioners	\$ 2,375	\$ -	\$ -	\$ 2,375
County manager	101,524	-	(35,593)	65,931
Public information	106,206	-	(9,168)	97,038
Communications	735,253	14,381	-	749,634
Information technology	5,285,819	189,180	(82,504)	5,392,495
Finance	122,024	23,234	-	145,258
General county	36,068,732	-	-	36,068,732
Human resources	58,431	-	(1,190)	57,241
Zoning	406,606	20,617	(46,900)	380,323
Legal	22,811	-	-	22,811
Purchasing	17,091	-	(1,640)	15,451
Risk management	202,506	-	(55,564)	146,942
Facility management	652,863	3,783	(9,287)	647,359
County clerk	980,139	-	(37,033)	943,106
Voting machines	6,207,014	600,000	(1,719)	6,805,295
Probate court	5,051	-	-	5,051
Assessor	4,301,248	-	(135,353)	4,165,895
Treasurer	94,702	1,700	-	96,402
Fleet management	344,449	-	(84,656)	259,793
Real estate	27,546	-	(9,525)	18,021
Total general government	<u>55,742,390</u>	<u>852,895</u>	<u>(510,132)</u>	<u>56,085,153</u>
Public safety:				
Fire marshal	25,706,640	2,789,583	(456,629)	28,039,594
Sheriff	23,680,134	389,281	(510,734)	23,558,681
Animal care & regulation	313,664	-	(1,862)	311,802
Juvenile detention center	9,704,088	19,769	-	9,723,857
Bernalillo county detention center	14,451,795	-	(184,140)	14,267,655
Westside facility	3,650,000	-	-	3,650,000
Judicial	49,705,920	-	-	49,705,920
Metropolitan Detention Center	-	76,723,951	-	76,723,951
Total public safety	<u>127,212,241</u>	<u>79,922,584</u>	<u>(1,153,365)</u>	<u>205,981,460</u>
Culture and recreation:				
Parks and recreation	7,017,331	133,855	(21,010)	7,130,176
Open space	9,117,750	33,638	-	9,151,388
Community centers	13,306,957	-	-	13,306,957
1% for the arts	1,347,637	73,075	-	1,420,712
Total culture and recreation	<u>30,789,675</u>	<u>240,568</u>	<u>(21,010)</u>	<u>31,009,233</u>
Public works	<u>13,020,691</u>	<u>2,086,088</u>	<u>-</u>	<u>15,106,779</u>
Health and welfare:				
Environmental health	453,259	-	(17,007)	436,252
Health clinics	19,001,943	-	-	19,001,943
Total health and welfare	<u>19,455,202</u>	<u>-</u>	<u>(17,007)</u>	<u>19,438,195</u>
Leasehold improvements	2,804,000	-	-	2,804,000
Infrastructure	272,291,462	8,588,753	(3,627,300)	277,252,915
Construction in progress	75,560,047	20,115,094	(81,059,829)	14,615,312
	<u>350,655,509</u>	<u>28,703,847</u>	<u>(84,687,129)</u>	<u>294,672,227</u>
Total general fixed assets	<u>\$596,875,708</u>	<u>\$ 111,805,982</u>	<u>\$ (86,388,643)</u>	<u>\$ 622,293,047</u>

