GENERAL FUND REVENUES

General Fund

The General Fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

The fiscal year 2007 General Fund operating revenue budget totals $203,115,963, a 9.88% increase over the 2006 adopted budget. For fiscal year 2008, the General Fund Operating revenue projection is $208,011,109, a 2.41% increase over fiscal year 2007.

Through the years Bernalillo County has endeavored to produce realistic and conservative revenue projections. For each revenue source the Finance Division maintains a month-by-month revenue history going back 10 years or more. Staff carefully monitor national, state and local economic conditions, and analyze the revenue implications of annexations, population growth, building permit data, and developments in Bernalillo County.

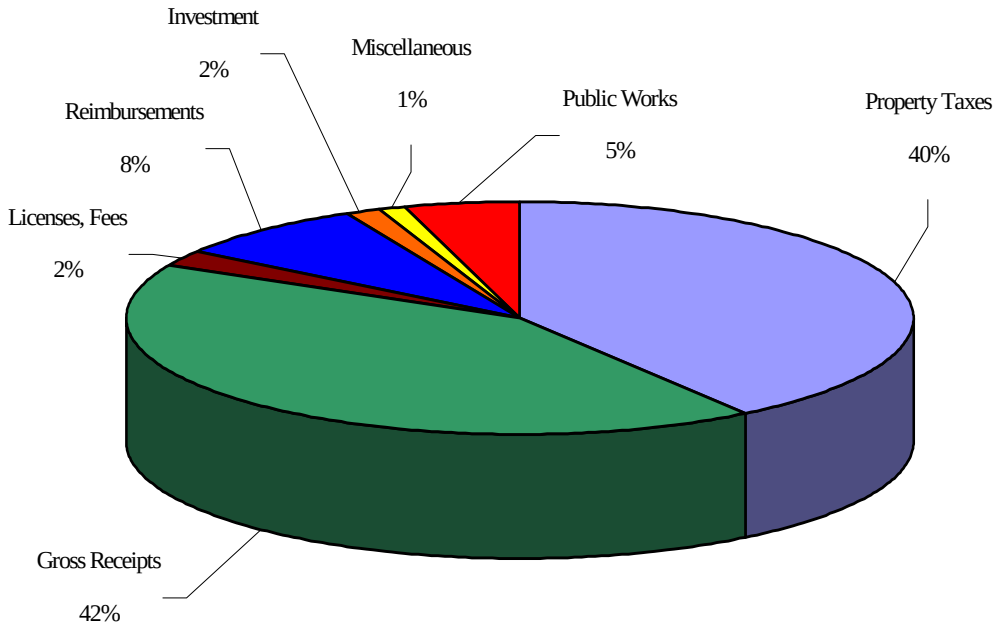
Forecasting revenues for Bernalillo County's second biennial budget was a challenge. Although the County used the same methodology it has used for the first biennial budget, it was somewhat more conservative with the second year's revenues because of the incorporation of the Metropolitan Detention Center and the extended projection timeframe. The County's revenue sources will be reviewed quarterly, and any significant deviations from expected revenues will be identified and presented to management.

Senate Bill 88, which is Chapter 110 of the Laws of 2004, amended certain provisions of the County Local Option Gross Receipts Taxes Act which includes authority to impose the County Correctional Gross Receipts Tax for all counties.

In October 2005, the Board of County Commissioners approved the adoption of the ordinance to implement a one eighth percent Correctional Facility Gross Receipts Tax countywide. The tax became effective on July 1, 2006 and funds will be utilized for the County's operation of the Metropolitan Detention Center (MDC). The one eighth percent tax is projected to generate $19 million of revenue in fiscal year 2007. The resulting GRT on July 1, 2006 of 5.6875 percent is lower than most cities and counties in New Mexico and many major cities in the nation.

In FY07, current property taxes and GRT will account for approximately 82 percent of the total General Fund operating revenue and for FY08 the percentage is expected remain the same.

The following revenue sources support the FY2007 General Fund Operating Budget



	Property Taxes	Gross Receipts	Licenses, Fees	Reimbursements	Investment	Miscellaneous/ Non-Recurring	Public Works
FY 03	66,377,947	31,609,789	1,166,958	1,512,763	1,108,560	814,859	4,312,418
FY 04	82,320,408	35,131,344	2,335,786	5,303,924	3,462,169	10,025,703	8,335,144
FY 05	85,363,459	46,555,197	4,076,159	5,616,974	4,019,851	7,330,625	7,521,986
FY 06	83,117,954	70,798,774	4,101,088	6,157,581	4,429,585	9,856,223	7,925,740
FY 07	81,881,568	85,500,000	4,459,850	16,300,000	3,090,000	2,060,712	9,523,833
FY 08	84,204,146	88,065,000	4,691,150	16,300,000	3,090,000	2,077,162	9,283,651

Property Tax Revenue

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 in the wake of several property revaluations since then, this figure has dropped to 29%. In the 2006 tax year, the property base grew by 6.5 percent. Property revaluations represented a 1 percent increase and new construction grew 3 percent. New construction represents a direct source of new tax revenue for Bernalillo County. The Bureau of Business and Economic Research indicates the outlook for housing is rather weak, with double digit declines in total housing unit authorizations on the docket for 2006 and 2007, followed by smaller declines in 2008 and 2009, and small gains in 2010 and 2011.

Tax on revalued property is limited by the yield control formula. The State of New Mexico's yield control adjustment limits the tax revenue increase on all existing property to 5 percent or the cost of living factor whichever is less. Individual properties may experience variances greater than 5 percent depending upon the amount of the revaluation. This year the adjustment was limited to 5 percent for existing properties.

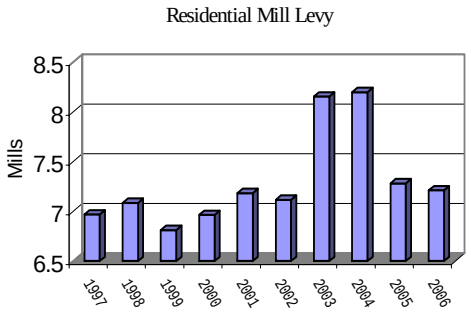
New Mexico property is assessed as closely as possible to the purchase price. The assessment, or full value, must be within 85% to 100% of the market value or the property may be subject to reappraisal. New Mexico also has a statewide property reassessment program. The first reassessment under this present program was in 1986 and such reassessments will continue to occur every two years.

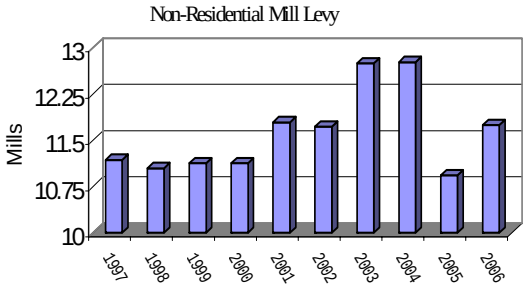
Tax bills are mailed November 1 each year by the County Treasurer. The first half tax payment is due November 10 and becomes delinquent if not paid by December 10 (each year). The second half is due April 10 and becomes delinquent after May 10 (each year).

Tax Year[1]	Millage
1997	6.969
1998	7.084
1999	6.812
2000	6.964
2001	7.185
2002	7.118
2003	8.154
2004	8.200
2005	7.280
2006	7.211

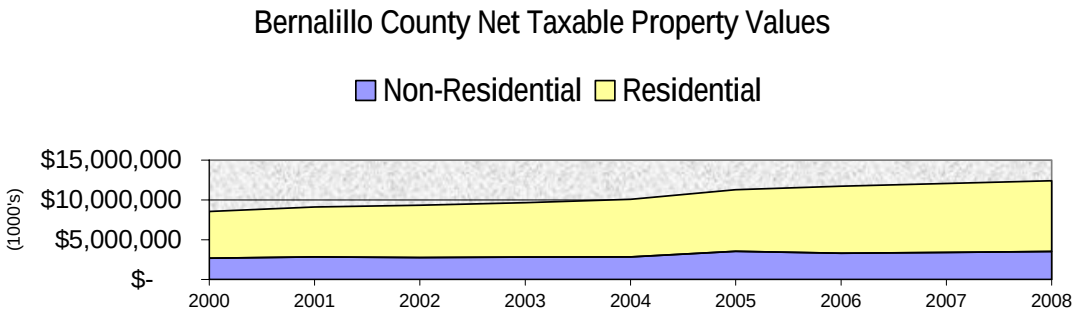
Tax Year[1]	Millage
1997	11.182
1998	11.047
1999	11.127
2000	11.682
2001	11.793
2002	11.720
2003	12.747
2004	12.769
2005	10.932
2006	11.748

Note:
1. Tax year: October – September





Property tax revenue estimates are based on historical increases in valuations. The source of this increase is new construction and revaluations. The legislature has placed a 6% limit on revaluations for each two-year period. The graph below shows that this is a conservative estimate based on historical data.



Gross Receipts Tax Revenue

New Mexico is one of a minority of states that has a gross receipts tax structure instead of a sales tax. The tax liability belongs to the business instead of the customer. State statute does not prevent a business from recovering the tax cost from the customer as it would any other overhead expense. Passing the tax to the customer at the time of sale is the prevalent practice.

On January 2005, food purchases became exempt from the imposition of GRT. Combined with other past reductions such as the exemption for prescription drug sales and federal government payments for medical services, the estimated receipts have been reduced. Additionally, gaming and e-commerce have had a negative impact on the growth in GRT revenues.

To help counteract the loss of revenues the County has enacted certain provisions of the County Local Option Gross Receipts Taxes Act as approved by the 2004 New Mexico Legislature. The approved County GRT rate in Bernalillo County as of July 1, 2006 is 5.6875 percent. There are several County Gross Receipts Tax programs that are administered by the Taxation and Revenue Department. Ordinances imposing the following gross receipts tax programs in Bernalillo County are in affect as of July 1, 2006 and are included in the fiscal year 2007 and 2008 revenue projections:

- County Gross Receipts Tax
- County Environmental Gross Receipts Tax
- County Correctional Facility Gross Receipts Tax

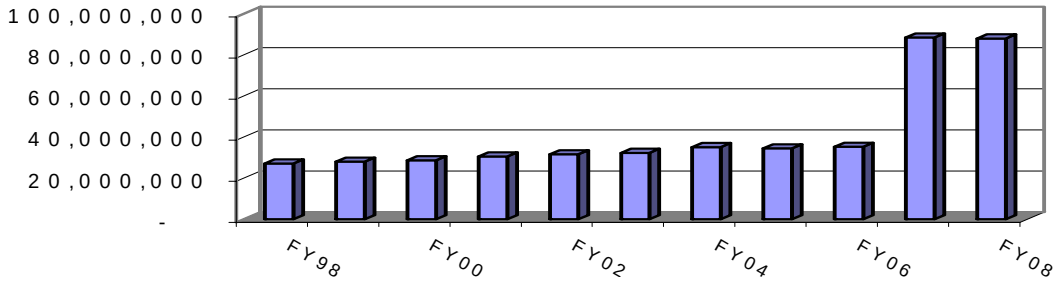
Planning and preparing for the financial requirements of operating the Metropolitan Detention Center included the enactment of the County Correctional Facility Gross Receipts Tax. The County Commission adopted Ordinance No. 2005-14 enacting a one-eighth of one percent (.125%) gross receipts tax effective July 1, 2006. Revenue from this tax, in addition to revenue from the City of Albuquerque and other General Fund revenue sources will fund the Metropolitan Detention Center.

The County Healthcare Gross Receipts Tax Program will take effect January 1, 2007. Proceeds from this tax are not included in the fiscal year 2007 and 2008 revenue projections as approval for implementation was not in place prior to July 1, 2006.. The first one-sixteenth of one percent (.0625%) increment of county health care gross receipts tax will be used to satisfy the State of

New Mexico's Medicaid matching requirement from Bernalillo County. The revenue from the additional one-sixteenth of one percent increment will be dedicated to the support of indigent patients. Imposition of the second increment must be for a period ending no later than June 30, 2009.

The revenue budget forecast includes an estimated $85.5 million in GRT revenue for fiscal year 2007 and an estimated $88 for fiscal year 2008. Included in the $85.5 million is $19 million of projected revenue from the County Correctional Facility Gross Receipts Tax. The County Healthcare Gross Receipts Tax projected revenue in fiscal year 2007 is $5 million and $10 million in fiscal year 2008. An agenda establishing the budget for the Healthcare Gross Receipts Tax will be presented at a future meeting of the Board of County Commissioners.

Gross Receipts Revenue
FY 1998 to FY 2008



Other General Fund Income

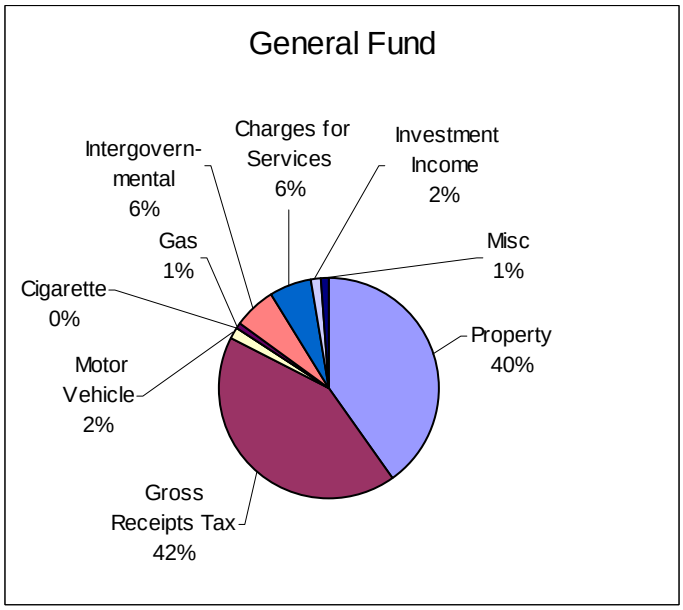
Reimbursements: Bernalillo County is reimbursed for various services including Sheriff services provided to the Village of Los Ranchos, janitorial services provided to the City of Albuquerque, metropolitan court security and insurance recoveries. For fiscal years 2007 and 2008, these revenues are expected to total $16.3 million annually. These numbers will be higher due to the County operating the Metropolitan Detention Center.

Investment Income: This income is derived from County funds invested by the Treasurer. The expected revenue from this investment is the result of market conditions and investment strategy during fiscal years 2007 and 2008. Forecasted investment revenue is $3 million per year.

Miscellaneous: Miscellaneous revenue includes sales of surplus county property, election deposits collected by the County Clerk and motor vehicle fees.

Inter-Governmental: Inter-Governmental revenue includes $12,500,000 in projected financial contribution from the City of Albuquerque for the operation of the Metropolitan Detention Center (MDC).

Licenses/Fees: Licenses and fees are recorded from a number of sources including Parks and Recreational services, rental of County property, Court Services



fees, franchise fees, but the largest collections historically have come from Zoning and building fees and collections on behalf of the County Clerk. In FY05 and FY06, the Clerk's collections increased as a result of higher collections due to low interest rates and the larger number of recordings.

Public Works: Public Works revenue is incorporated with the General Fund. The Public Works Depart-

ment projected revenue for fiscal year 2007 is $7,352,244. Public Works two largest sources of revenue are Motor Vehicle Fees and Gasoline Tax. Motor Vehicle Fees are projected to generate $2,300,000 of revenue in fiscal years 2007 and 2008. The N.M. Taxation and Revenue Department, Motor Vehicle Division allocates a percentage of the motor vehicle fees it collects to each county.

In accordance with 7-1-6.26 NMSA 1978, each county is entitled to receive an amount equal to its proportionate share of miles of public roads maintained through the Gasoline Tax. The Board of County Commission is required to report by April 1 to the Highway and Transportation Department total mileage of public roads maintained by the county, the name of the public road(s) maintained, route and location. The projected revenues for fiscal year 2007 are based on projections based on miles of public roads maintained and actual revenue history. The 2007 budget of $1,524,794 is in line with the miles of public road maintained. These funds are used for road maintenance activities.

Other Non General Fund Income

The following section provides information regarding various other revenues earned by the County. Information shown at the fund level may contain numbers for multiple departments within the fund, including grants. Information regarding revenues for a specific department can be found in the individual department program summaries located in each of the functional area sections.

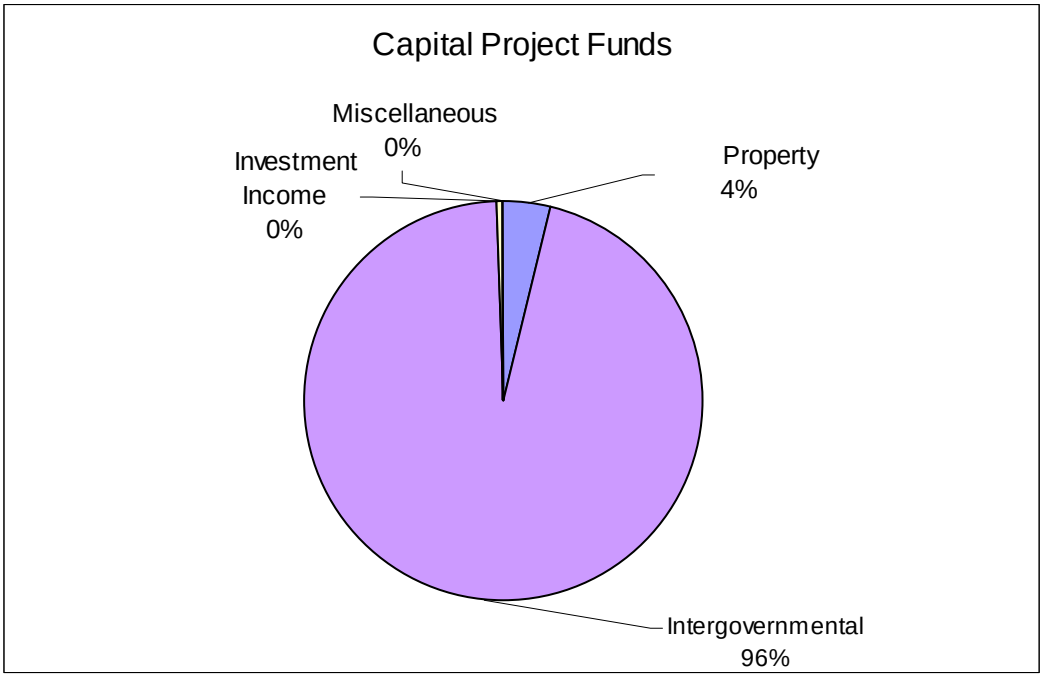
Capital Projects Fund

Property Tax revenues consist of $2,388,384 from the County's Open Space mill levy. In 1998 and 2000, voters approved a mill levy for open space acquisition, maintenance, and planning. The 2000 mill levy provides funds for the Bernalillo County Open Space Program and expires in December 2006. If approved by the voters in November 2006, a .20 mill levy will provide funding for an additional six years.

I**ntergovernmental** revenues consist of federal and state grants and reimbursements totaling $58,253,240. Due to the irregular nature of the funding sources and project schedules actual fiscal year 2007 revenues will be receipted over several fiscal years. Fiscal year 2006 un-audited Intergovernmental revenues are $14,388,251.

Investment Income totaling $282,699 are projected in the various general obligation and gross receipts tax revenue bond capital project funds in fiscal year 2007.

Miscellaneous revenues of $2,400 include various reimbursements and funding from private sources.



Special Projects Fund

Gross Receipts Tax projected revenues consist of $2,500,000 from the County's one eighth of one percent (.125%) Environmental Services Gross Receipts Tax (ESGRT). This tax is imposed on person engaging in business in the unincorporated area of Bernalillo County. Fiscal year 2006 un-audited revenues are $2,966,640. Additionally, revenues decreased 4 percent from fiscal year 2005 to 2006. The conservative revenue forecast is due in part to several prior annexations including the Cottonwood Corners near the northern boundary of Bernalillo County. This annexation resulted in a revenue loss of $300,000 per year. In addition, expansion of commercial shopping facilities serving the unincorporated area within the City of Albuquerque such as the new Wal-Mart in the south valley will draw its customer base from the unincorporated area and, as a result, revenues may decline. Funding from the ESGRT is utilized for infrastructure development for solid waste, water, wastewater, and storm water runoff. This revenue has also helped fund County water conservation efforts and various other plan developments including the 40 Year Water Facilities Plan. Such projects have provided services where none previously existed and enhanced the health and welfare of the community at large.

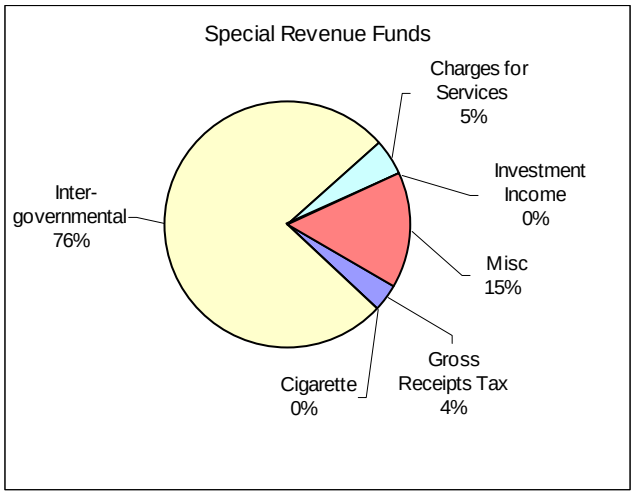
Additional gross receipts tax projected revenues in the Indigent Fund consist of $1,000,000 from the second one-eight increment of the County Gross Receipts Tax established in 1988. The Partners in Health (PIH) program provides primary medical and dental care for residents of the County who qualify as medically indigent. University of New Mexico Hospital (UNMH) serves as program administrator and verifies the eligibility of claims, refers eligible patients to appropriate participating agencies, and determines monthly allocations to the organizations on the basis of actual patients served.

Intergovernmental revenues consist of new state and federal grants totaling $57,923,963 and federal and state grant reimbursements totaling $35,483,419. Due to the irregular nature of the funding sources and project schedules, actual fiscal year 2007 revenues will be receipted over several years. Fiscal year 2006 un-audited Intergovernmental revenues are $13,629,935. Bernalillo County has various grant funds, including the Public Works Grant Fund. New grant revenues total $4,226,000 and reimbursements total $8,741,505. New grants from various County departments total $25,851,046 and grant reimbursements total $25,924,666. In addition, $6,815,541 in various smaller grant revenue are projected. Detailed revenue at the fund level is available in the Special Revenue section of the budget book.

Licenses, Fees and Charges for Services revenue consists of Clerk's Recording and Filing fees authorized to Class A counties totaling $661,700. A 12 percent decrease from un-audited revenues of $755,708 is projected. The real estate market, while still strong, is projected to slow in the remaining quarters of fiscal year 2007 and into 2008. Additionally, $3,700,000 of Valuation Fund revenues comes from 1 percent appraisal fees collected from property tax revenue recipients by the County Assessor. Valuation revenue of $3,500,000 was budgeted in fiscal year 2006. Revenue in fiscal year 2007 is projected to increase due to the increase in the property tax base.

Miscellaneous revenues come from various sources including $13,200,000 received from the U.S. Marshall Service through a Cooperative Agreement Program and Intergovernmental Agreement for the lease of a County owned jail facility. In addition, $615,050 is budgeted in payments received from Industrial Revenue Bond (IRB) issuers for the benefit of APS and UNMH to replace the property taxes abated in the IRB process. Also budgeted is $110,000 for Environmental Services reimbursement for cart replacement from the Solid Waste Enterprise Fund and $41,074 from office space lease income for the Fire Department ERDA Fund.

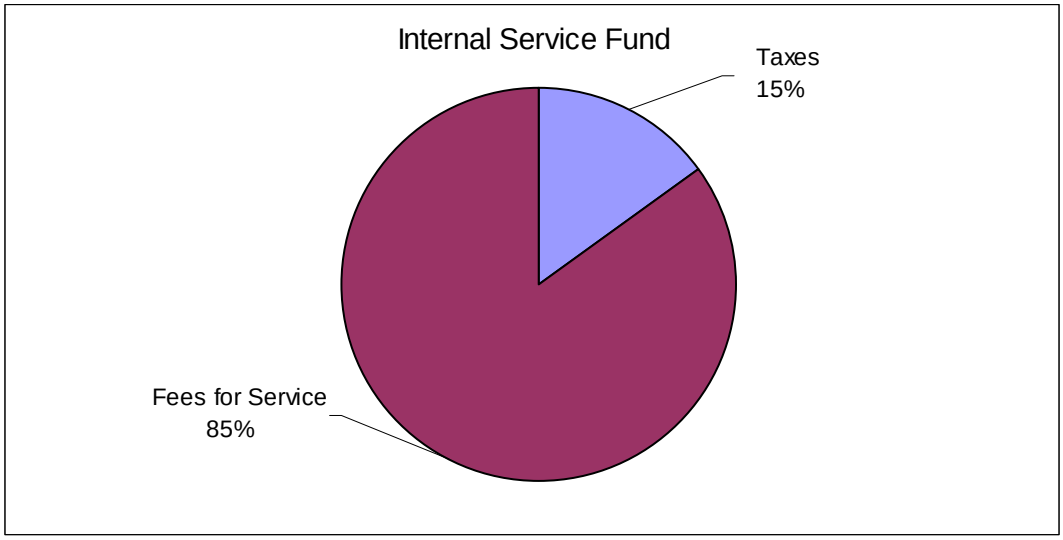
Interest earnings of $19,000 are projected in the Fire Department ERDA Fund in fiscal year 2007.



Internal Service Fund

Risk Management revenues are received from charges for services to other funds and departments. Revenues totaling $7,596,091 are projected for fiscal year 2007, an increase of $4,110,993 over fiscal year 2006. The increase is due to the additional insurance requirements for the Metropolitan Detention Center and a projected thirty percent increase in workers' compensation premiums in fiscal year 2007. The Accounting Department records the charges and makes the necessary book transfers between accounts, programs and departments and maintains the balances for management purposes.

The County joined with other county governments to form a Workers' Compensation Pool in July 1987 and a Multi-line 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. The agreements for formation of the pools 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 premiums and are administered by the New Mexico County Insurance Authority. The Workers' Compensation Pool provides workers' compensation coverage for every County employee. The premium that each county pays depends upon the payroll total and the loss experience specific to that county.

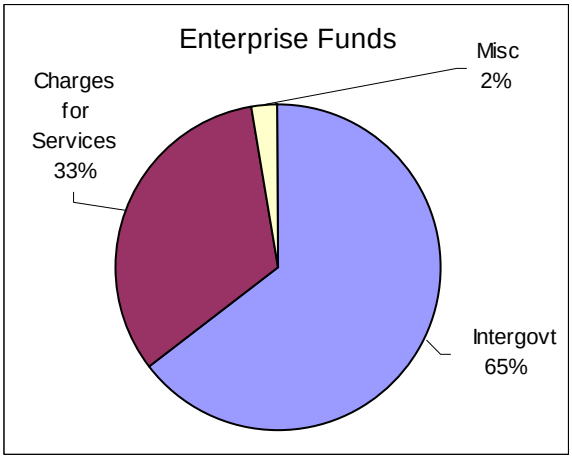


Enterprise Funds

Intergovernmental revenues consist of $12,640,240 in total from the County's Housing Department. The Housing Department provides housing opportunities to eligible residents of the County and administers Section 8 rental assistance, Family Self Sufficiency Program, Owner Occupied Housing Rehabilitation Program and Affordable Homeownership Programs.

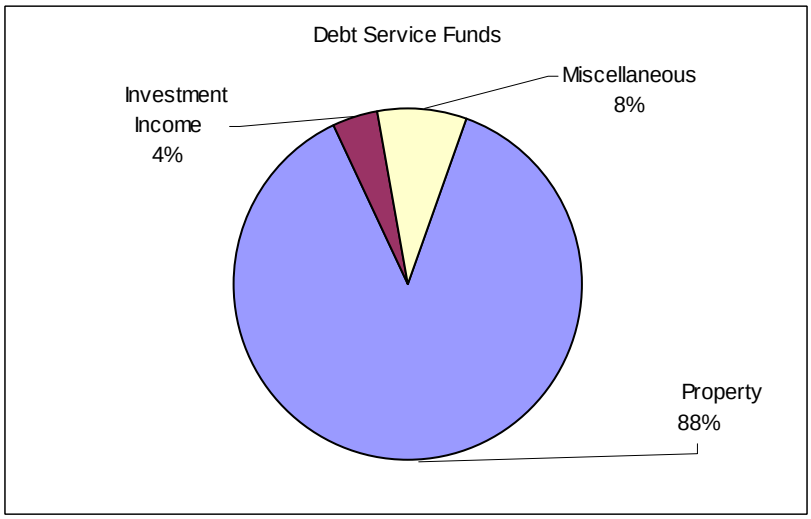
Charges for Services revenues consist of $6,497,370 in total from the County's three Enterprise Funds. The Solid Waste Department charges residents of the unincorporated area of the County for collection of solid waste and transfer station fees totaling $4,498,142. The Bernalillo County Regional Juvenile Detention Center (RJDC) has projected revenues in fiscal year 2007 totaling $1,535,002. The RJDC was established by a joint powers agreement between Bernalillo, Sandoval, and Valencia counties on June 26, 1996.

The County manages and operates the RJDC facility, which is the primary juvenile detention center for Sandoval and Valencia counties and serves as an adjunct to the County's Juvenile Detention Center. Sandoval and Valencia counties contribute 100 percent of the costs of the operation of RJDC. The County receives a 7 percent administrative fee for its management services. The Housing Department includes $464,226 in charges for services in fiscal year 2007.



Debt Service Funds

Property Tax revenues total $8,439,710 are applied to the County's debt service obligation. The County is responsible for assessing, collecting and distributing property taxes for other governmental entities and its own operational and County General Obligation Bond 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.

Intergovernmental revenues totaling $400,000 will be provided to the Series 2004 GRT Bond Debt Service Fund from the DWI Grant Fund. The 2004 Revenue Bond was used to purchase property for the Detoxification/Treatment Facility.

Miscellaneous revenues totaling $815,832 are provided from other County revenue sources for payment of the 1997 Gross Receipts Tax Revenue Bond.