

NEW ISSUE
Book-Entry Only

RATINGS:
Standard & Poor's: AAA
Moody's Investors Service: Aaa
Fitch Ratings: AAA

In the opinion of Hughes Law, LLC, 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, the interest on the Bonds will be taken into account in determining the adjusted current earnings for the purpose of computing the alternative minimum tax on certain corporations (as defined for federal income tax purposes). Additionally, in the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the State of New Mexico. (See "TAX MATTERS" herein.)

\$15,105,000
BERNALILLO COUNTY, NEW MEXICO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2010

Dated: Date of Issuance

Due: February 1, 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 \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates. (See "The Bonds - Book Entry Only System"). Interest is payable semi-annually on February 1 and August 1, commencing February 1, 2011. Principal is payable annually as detailed below. The Bonds are subject to redemption prior to maturity. (See "The Bonds - Prior Redemption").

Maturities, Rates, Yields and CUSIP numbers

Maturity		Interest			Maturity		Interest		
(Feb 1)	Principal	Rate	Yield	CUSIP	(Feb 1)	Principal	Rate	Yield	CUSIP
2011	\$ 245,000	2.00%	0.55%	085275ZX6	2017	\$1,355,000	3.50%	2.54%	085275A54
2012	915,000	2.00%	0.72%	085275ZY4	2018	1,410,000	3.50%	2.73%	085275A62
2013	1,195,000	2.50%	1.05%	085275ZZ1	2019	1,455,000	4.00%	2.93%	085275A70
2014	1,240,000	2.50%	1.40%	085275A21	2020	1,505,000	4.00%	3.13%	085275A88
2015	1,275,000	3.00%	1.80%	085275A39	2021	1,565,000	4.00%	3.25%	085275A96
2016	1,320,000	3.00%	2.24%	085275A47	2022	1,625,000	4.00%	3.35%	085275B20

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 Refunded Bonds were authorized for the purpose of various public purposes as more fully described herein.

The Bonds are offered when, as and if issued, subject to the approval of validity by Hughes Law, LLC, Albuquerque, New Mexico, Bond Counsel and Disclosure Counsel. The Underwriter is being represented by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico. It is anticipated that the Bonds will be available for delivery on or about June 3, 2010 through the facilities of DTC in New York, New York.

Southwest Securities

Official Statement Dated: May 25, 2010

BERNALILLO COUNTY, NEW MEXICO

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Albuquerque, New Mexico 87102
Telephone: (505) 468-7000

COUNTY COMMISSION

Art De La Cruz, Chair
Maggie Hart Stebbins, Vice Chair
Alan B. Armijo, Commissioner
Michael C. Wiener, Commissioner
Michael Brasher, Commissioner

COUNTY OFFICIALS

Thaddeus Lucero, Manager
Patrick J. Padilla, Treasurer
Karen L. Montoya, Assessor
Maggie Toulouse Oliver, Clerk

COUNTY FINANCE DEPARTMENT

Dan Mayfield, CGFM
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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement is furnished to prospective purchasers of the Bernalillo County, New Mexico General Obligation Refunding Bonds, Series 2010 (the “Bonds”) in the aggregate principal amount of \$15,105,000 by Bernalillo County, New Mexico (the “County”). The offering of the Bonds is made only by way of this Official Statement 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 Deputy County Manager for Budget and Finance, One Civic Plaza, N.W., Suite 10111, Albuquerque, New Mexico 87102, Telephone: (505) 468-7020.

This Official Statement, which includes the cover page and appendices, 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. FR 17-2010 authorizing issuance of the Bonds adopted by the Board of County Commissioners (the “Board”) on April 13, 2010 (the “Bond Resolution”).

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.

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 to refund certain of the County's Series 2001 and Series 2002 General Obligation Bonds.
- 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 SEC 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 June 3, 2010.
- REDEMPTION:** The Bonds are subject to redemption prior to maturity as stated herein. See "The Bonds – Prior Redemption".
- PAYING AGENT/
REGISTRAR:** Initially, the Deputy County Manager for Budget and Finance or any successor named by the Board.

PURPOSE AND PLAN OF FINANCING

Proceeds of the Bonds will be used to fund an Escrow for defeasance of the Refunded Bonds. The following table shows the sources and uses of the proceeds of the Bonds and other available funds.

SOURCES AND USES OF FUNDS

Par Amount of the Bonds:	\$15,105,000.00
Original issue premium:	<u>800,097.85</u>
TOTAL SOURCES OF FUNDS:	<u>\$15,905,097.85</u>
Escrow Fund:	\$15,678,170.34
Costs of Issuance**:	223,182.50
Other:	<u>3,745.01</u>
TOTAL USES OF FUNDS:	<u>\$15,905,097.85</u>

** Includes legal fees, printing, rating fees, Underwriter's discount of \$98,182.50 and other miscellaneous fees.

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 authorize counties to issue general obligation refunding bonds payable from ad valorem taxes.

Proceeds from the Bonds will be used to advance refund \$3,420,000 in par amount of the County's Series 2001 General Obligation Bonds and \$11,425,000 in par amount of the County's Series 2002 General Obligation Bonds.

DESCRIPTION OF THE BONDS

The Bonds are dated as of the date of issuance and will bear interest from that date, payable on February 1 and August 1 in each year commencing February 1, 2011. 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 legally available funds belonging to the County.

REGISTRATION

The Bernalillo Deputy County Manager for Budget and Finance will initially serve as the Registrar and Paying Agent for the Bonds.

BOOK-ENTRY ONLY SYSTEM

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant 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 MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

responsibility of Direct Participants and Indirect Participants.

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

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

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 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

The Bonds maturing on and after February 1, 2021 are subject to redemption at the option of the County on February 1, 2020, or any date thereafter at a price of 100% of the par amount of the bonds plus accrued interest to the call date.

DEBT AND OTHER OBLIGATIONS
(as of April 30, 2010)

GENERAL OBLIGATION BONDS OUTSTANDING – PRIOR TO ISSUANCE OF 2010 BONDS

G.O. Bond	Original	Outstanding
<u>Series</u>	<u>Issue</u>	<u>Principal</u>
1997	\$11,170,000	\$5,940,000
1999	18,676,000	11,570,000
2001	4,600,000	3,925,000
2002	16,400,000	12,225,000
2003	10,210,000	8,215,000
2004	3,029,000	3,029,000
2005	13,940,000	7,550,000
2005A	5,261,000	5,261,000
2006	10,000,000	8,950,000
2007	10,400,000	10,400,000
2007A	8,700,000	8,400,000
2008	2,700,000	1,700,000
2009	10,750,000	10,000,000
2009A	10,750,000	<u>10,750,000</u>
TOTAL		<u>\$107,915,000</u>

Source: Bernalillo County Finance Department

DEBT SERVICE SCHEDULE

Below is a summary of the principal and interest payments on the Bonds:

Fiscal Year June 30	Principal	Interest	Fiscal Year Total
2011	\$ 245,000	\$ 333,663	\$ 578,663
2012	915,000	499,800	1,414,800
2013	1,195,000	481,500	1,676,500
2014	1,240,000	451,625	1,691,625
2015	1,275,000	420,625	1,695,625
2016	1,320,000	382,375	1,702,375
2017	1,355,000	342,775	1,697,775
2018	1,410,000	295,350	1,705,350
2019	1,455,000	246,000	1,701,000
2020	1,505,000	187,800	1,692,800
2021	1,565,000	127,600	1,692,600
2022	1,625,000	65,000	1,690,000
	<u>\$ 15,105,000</u>	<u>\$ 3,834,113</u>	<u>\$ 18,939,113</u>

BERNALILLO COUNTY OUTSTANDING GENERAL OBLIGATION DEBT SERVICE

Fiscal Year June 30	Prior Bonds	Series 2010	Total Debt Service
2011	\$ 11,872,042	\$ 578,663	\$ 12,450,705
2012	10,177,462	1,414,800	11,592,262
2013	10,301,586	1,676,500	11,978,086
2014	10,814,908	1,691,625	12,506,533
2015	10,837,599	1,695,625	12,533,224
2016	10,819,262	1,702,375	12,521,637
2017	10,911,094	1,697,775	12,608,869
2018	10,934,260	1,705,350	12,639,610
2019	10,105,221	1,701,000	11,806,221
2020	10,147,177	1,692,600	11,839,777
2021	9,349,547	1,692,600	11,042,147
2022	6,763,513	1,690,000	8,453,513
2023	3,743,255	-	3,743,255
2024	2,960,450	-	2,960,450
2025	2,952,538	-	2,952,538
2026	2,470,512	-	2,470,512
2027	2,461,885	-	2,461,885
2028	1,724,623	-	1,724,623

FINANCIAL DATA

COUNTY ASSESSED VALUATION

Taxable Value of Property Assessed (1/3 market value)	<u>\$14,321,984,342</u>
Estimated Actual Value	<u>\$42,965,953,026</u>

BONDED INDEBTEDNESS

Outstanding Bonds	\$107,915,000
Less: Bonds refunded and defeased upon Issuance of Series 2010 Bonds	(14,845,000)
Add: Series 2010 Bonds	<u>15,105,000</u>
Total Direct Debt after issuance of the Series 2010 Bonds	<u>\$108,175,000</u>

Source: Bernalillo County Finance Department

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DIRECT AND OVERLAPPING DEBT (AS OF DECEMBER 31, 2009)

	G.O. Bonds Outstanding	Percent Applicable to Bernalillo County	County Share of G.O. Debt
Bernalillo County	\$ 118,980,000	100.00%	\$ 118,980,000
State of New Mexico	453,730,000	27.89%	126,545,297
City of Albuquerque	232,940,000	100.00%	232,940,000
Albuquerque Public Schools	454,820,000	99.40%	452,091,080
Albuquerque Metropolitan Arroyo Flood Control Authority	33,825,000	100.00%	33,825,000
Central NM Community College	53,825,000	93.50%	50,326,375
Moriarty School District ⁽¹⁾	26,120,000	0.58%	151,496
Village of Los Ranchos de Albuquerque	3,600,000	100.00%	3,600,000
			<u>\$1,018,459,248</u>

Ratios:

Direct and Overlapping Debt as a percentage of Taxable Assessed Valuation	7.11%
Direct and Overlapping Debt as a percentage of Actual Market Value	2.37%
Assessed Valuation Per Capita (2008 Estimated Population 635,139)	\$ 22,549.37
Direct and Overlapping General Obligation Debt Per Capita	\$1,603.52

(1) Outstanding G.O. debt at June 30, 2009

Sources: Bernalillo County Finance Department, City of Albuquerque Department of Finance and Administrative Services, New Mexico Public Education Department, New Mexico Department of Finance and Administration

BONDING CAPACITY

Legal Bonding Capacity	\$559,043,680
Less total bonds to be outstanding	<u>(108,175,000)</u>
Capacity in excess of present requirements	\$450,868,680

Source: Bernalillo County Finance Department

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 (\$3,500 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 statewide 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 2010, property values were adjusted to their 2008 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 ("New Status"). There are two recent Second Judicial District Court decisions holding that it is unconstitutional to not apply the limit to the New Status properties. The County Assessor has determined to roll back those valuations. These cases are pending in the State Court of Appeals.

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.

ASSESSED VALUATION COMPARISON

<u>Tax Year</u>	<u>Bernalillo County</u>	<u>City of Albuquerque</u>	<u>Albuquerque Public Schools</u>
2009	\$14,321,984,242	\$11,858,931,422	\$14,225,697,652
2008	13,894,920,052	11,514,516,230	13,802,981,051
2007	12,948,306,965	10,368,985,950	12,872,613,178
2006	11,715,540,463	9,714,625,364	11,650,648,268
2005	11,002,745,292	9,071,038,260	10,938,714,749
2004	10,091,960,621	8,276,006,548	10,037,626,828
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

Source: Bernalillo County Finance Department

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COUNTY OF BERNALILLO, NEW MEXICO PRINCIPAL TAXPAYERS AS OF 2009

<u>Taxpayer</u>	<u>Industry</u>	<u>Taxable Assessed Value</u>	<u>% of Total Assessed Value</u>
Public Service Company of New Mexico Electric	Utility	\$116,979,142	0.837%
Qwest Corp fka U.S. West Communications	Telecommunications	97,142,728	0.695%
Gas Company of New Mexico	Utility	39,527,720	0.283%
Southwest Airlines	Airline	23,890,766	0.171%
Mesa del Sol LLC	Real Estate	23,890,766	0.165%
GCC Rio Grande Inc	Real Estate	20,165,175	0.144%
Comcast Cablevision of NM Inc.	Cable Franchise	17,498,511	0.125%
Simon Property Group Ltd (Cottonwood Mall)	Real Estate	15,960,737	0.114%
Verizon Wireless	Telecommunications	14,771,926	0.106%
Hub Albuquerque LLC	Real Estate	14,261,573	0.102%

Source: Bernalillo County Finance Department

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 are within the 20-mill limit.

RESIDENTIAL AND NON-RESIDENTIAL PROPERTY

Property in New Mexico is sub-classified as either residential or non-residential 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 levies below are shown for each property class. Rates for 2010 are not yet available.

TAX RATES IN BERNALILLO COUNTY

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
State of New Mexico	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bernalillo County	6.340	6.184	6.183	6.113	6.131	7.031
City of Albuquerque	6.072	6.976	7.976	7.976	7.976	7.976
AMAFCFA	.165	.165	.167	.178	.180	.183
Albuquerque MSD #12	.238	.238	.238	.241	.242	.240
Central NM CC	.550	.550	.555	.550	.550	1.649
Total	\$13.365	\$14.113	\$15.119	\$15.058	\$15.079	\$17.079

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
State of New Mexico	\$1.150	\$1.250	\$1.221	\$1.291	\$1.234	\$1.028
Bernalillo County	.994	.994	1.004	1.098	1.147	.830
City of Albuquerque	4.976	3.971	2.970	3.012	3.028	3.019
Albuquerque MSD #12	10.190	10.115	10.121	8.023	8.036	8.040
AMAFCFA	.675	.675	.675	.675	.675	.675
UNM Hospitals	6.400	6.401	6.400	6.482	6.500	6.500
Central NM CC	2.440	2.440	2.442	2.477	2.488	3.019
Total	\$26.825	\$26.846	\$24.883	\$23.058	\$23.108	\$23.111

<u>Total Levy</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
State of New Mexico	\$1.150	\$1.250	\$1.221	\$1.291	\$1.234	\$1.028
Bernalillo County	7.334	7.179	7.187	7.211	7.278	8.200
City of Albuquerque	11.048	10.947	10.946	10.988	11.004	10.995
Albuquerque MSD #12	10.434	10.353	10.359	8.264	8.278	8.280
AMAFA	.840	.840	.842	.853	.855	.858
UNM Hospitals	6.400	6.401	6.400	6.482	6.500	6.500
Central NM CC	3.046	2.990	2.997	3.027	3.038	3.019
Total Residential Levy	<u>\$40.252</u>	<u>\$39.960</u>	<u>\$39.952</u>	<u>\$38.116</u>	<u>\$38.187</u>	<u>\$38.880</u>

Other County

Rates:

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>City of Albuquerque</u>						
Total Non-Residential	\$45.424	\$45.613	\$45.692	\$43.620	\$41.420	\$44.377
<u>Village of Tijeras</u>						
Total Residential	\$29.211	\$29.023	\$29.017	\$27.142	\$27.180	\$27.862
Total Non-Residential	\$36.129	\$36.318	\$36.348	\$34.175	\$36.973	\$28.480
<u>Village of Los Ranchos</u>						
Total Residential	\$29.278	\$29.173	\$29.159	\$26.275	\$26.330	
Total Non-Residential	\$34.818	\$35.093	\$35.172	\$32.100	\$30.170	

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.

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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 March 31, 2010 ⁽¹⁾			
2009	\$594,462,249	\$334,545,574	56.29%
2008	564,997,363	551,927,630	97.69%
2007	533,139,895	528,016,666	99.04%
2006	458,830,156	457,398,423	99.69%
2005	427,698,981	426,643,769	99.75%
2004	399,810,975	398,887,765	99.77%
(1) Second half of 2009 taxes due in May, 2010			
As of June 30, 2009			
2008	\$565,045,755	\$541,204,499	95.78%
2007	533,207,186	524,815,913	98.43%
2006	458,853,869	456,590,349	99.51%
2005	427,710,144	425,941,095	99.59%
2004	399,815,931	398,691,866	99.72%
2003	386,220,603	385,343,320	99.77%
As of June 30, 2008			
2007	\$533,972,595	\$513,363,469	96.14%
2006	459,679,476	453,977,597	98.76%
2005	427,710,630	425,246,839	99.42%
2004	399,816,272	398,514,034	99.67%
2003	386,224,441	385,231,540	99.74%
2002	342,679,476	341,580,127	99.68%
As of June 30, 2007			
2006	\$459,924,205	\$443,198,370	96.36%
2005	425,244,710	418,375,611	98.38%
2004	399,819,732	397,650,077	99.46%
2003	386,234,568	384,955,527	99.67%
2002	342,736,377	341,426,179	99.62%
2001	356,526,561	354,791,275	99.51%

As of June 30, 2006			
2005	\$427,762,070	\$411,172,774	96.12%
2004	399,943,440	394,567,822	98.68%
2003	386,261,168	383,999,156	99.41%
2002	342,757,047	341,125,698	99.52%
2001	356,534,714	354,681,018	99.48%
2000	311,972,254	310,805,551	99.63%

As of June 30, 2005			
2004	\$400,292,096	\$383,127,289	99.78%
2003	386,342,930	380,457,426	99.57%
2002	342,830,820	340,045,362	99.37%
2001	356,580,516	354,341,141	99.19%
2000	311,999,812	310,662,517	98.48%
1999	293,865,653	293,204,471	95.71%

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 644,023 residents, (2007 Estimated) Bernalillo County ranks 90th in population of the nation's 3,066 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, 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.

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

BERNALILLO COUNTY COMMISSIONERS

Alan B. Armijo, Commissioner, District 1. Term expires December 2010; first elected, November 2002. Joined the Board of County 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.

Art De La Cruz, Chair, District 2. Term expires December 2012; a native of Bernalillo County’s South Valley, Mr. De La Cruz has worked in County and City government for 34 years. As a 25-year County employee, he spent much of his career overseeing land and facilities acquisitions and enhancing the quality of life through expanded community services. He graduated from the University of New Mexico and later received a Master of Arts in Management from the University of Phoenix.

Maggie Hart Stebbins, Vice Chair, District 3. Term expires November, 2010. The former incumbent, *Deanna Archuleta*, who was elected to a four (4) year term in November 2008, resigned the position in April, 2009 to accept a position with President Obama’s administration. Ms. Hart

Stebbins was appointed to the vacancy by New Mexico Governor Bill Richardson, and will serve until a successor is elected at the November 2010 general election. Ms. Hart Stebbins is a project manager with the Mid-Region Council of Government. She has a Bachelor of Arts degree from Harvard University where she excelled as a collegiate lacrosse player, and was inducted into the Harvard Varsity Club Hall of Fame in 1999. She has served on numerous boards and commissions for governmental entities and not for profit organizations. She is a candidate for the seat in the June 2010 Primary.

Michael C. Wiener, Commissioner, District 4. Term expires December 2012; first elected November 2008. Graduate of the University of New Mexico. Mr. Wiener served as an Albuquerque City Councilor from 1985 to 1989 and as a New Mexico State Senator from 1992 through 1995. Occupation: Real Estate Broker.

Michael Brasher, Commissioner, District 5. Term expires December 2010; first elected 2002; actively involved in his community and regularly attends neighborhood association meetings in the district. He 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.

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 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. Mr. Lucero was appointed County Manager effective September 20, 2003.

Dan Mayfield, CFGM, Deputy County Manager for Budget and Finance. 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. Mr. Mayfield received CGFM, Certificate # 2254 issued in 1995.

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, 2009, 2008, and 2007 were \$11,149,705, \$10,319,466, and \$9,292,843, 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, 2009.

<u>Covered Division</u>	<u>Employee</u>		<u>Employer</u>	
	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>
General-management, blue collar and white collar	13.15%	\$6,217,500	9.15%	\$4,326,253
General-other	9.15%	\$16,211	9.15%	\$16,212
Sheriff	16.30%	\$2,154,916	18.50%	\$2,445,764
Fire	16.20%	\$1,279,840	21.25%	\$1,678,801
Juvenile Detention Center	16.65%	\$2,682,670	16.65%	\$2,682,670

Source: Bernalillo County

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

2009 AUDIT REPORT

Moss Adams, LLP, Certified Public Accountants & Business 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, 2009. The report of such accounting firm is attached as Appendix C hereto.

See "APPENDIX C – STATE OF NEW MEXICO COUNTY OF BERNALILLO COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR ENDED JUNE 30, 2009" for the County's complete 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.

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THE COUNTY'S CURRENT AND HISTORICAL FINANCES

Statement of Activities for year ended June 30, 2009
(Audited)

Functions/Programs	Program Revenues			Primary Government			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$70,155,157	\$29,818,073	\$346,608	\$10,087,748	\$(29,902,728)		\$ (29,902,728)
Public works	50,092,431	-	9,931.00	20,927,024	(29,155,476)		(29,155,476)
Public safety	156,911,320	-	10,654,921	809,420	(145,446,979)		(145,446,979)
Culture and recreation	11,426,758	-	557,640	3,150,736	(7,718,382)		(7,718,382)
Health and welfare	31,911,866	-	13,182,226	2,909,854	(15,819,786)		(15,819,786)
Interest on long-term debt	15,577,204	-	-	-	(15,577,204)		(15,577,204)
Total governmental activities	336,074,736	29,818,073	24,751,326	37,884,782	(243,620,555)		(243,620,555)
Business-type activities:							
Solid waste	5,215,029	4,495,377	176,000	-	-	(543,652)	(543,652)
Housing authority	1,576,798	575,634	-	406,227	-	(594,937)	(594,937)
Seybold Village Handicapped Project	320,744	42,446	-	75,952	-	(202,346)	(202,346)
Regional Juvenile Detention Center	960,180	1,058,848	-	-	-	98,668	98,668
El Centro Familiar	450,958	160,089	151,781	-	-	(139,088)	(139,088)
Total business-type activities	8,523,709	6,332,394	327,781	482,179	-	(1,381,355)	(1,381,355)

Total primary government

\$344,598,445 \$ 36,150,467 \$25,079,107 \$38,366,961 (\$243,620,555) (\$1,381,355) (\$245,001,910)

Statement of Activities for year ended June 30, 2009 (Audited), continued

Property taxes	120,069,963	-	120,069,963
Gross receipts taxes	114,116,141	-	114,116,141
Motor vehicle taxes	3,582,607	-	3,582,607
Cigarette taxes	6,758	-	6,758
Gas taxes	2,037,969	-	2,037,969
Investment income	10,865,039	45,191	10,910,230
Miscellaneous	296,236	33,858	330,094
Transfers	13,317,702	712,172	14,029,874
Total general revenue and transfers	264,292,415	791,221	265,083,636
	20,915,112	(590,134)	20,324,978
Net assets, beginning	549,196,736	4,948,279	554,145,015
	<u>\$570,111,848</u>	<u>\$4,358,145</u>	<u>\$574,469,993</u>

Source: Audited Financial Statements for year ended June 30, 2009.

Statement of Activities for year ended June 30, 2008 (Audited)

Functions/Programs	Expenses	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$45,609,786	\$36,526,187	\$232,986	-	\$ (8,850,613)		\$(8,850,613)
Public works	52,518,685	-	-	27,882,786	(24,635,899)		(24,635,899)
Public safety	143,867,733	-	12,688,872	5,063,696	(126,115,165)		(126,115,165)
Culture and recreation	12,637,946	138	743,616	6,124,856	(5,769,336)		(5,769,336)
Health and welfare	28,083,075	-	14,475,407	2,921,570	(10,686,098)		(10,686,098)
Interest on long-term debt	15,585,987	-	-	-	(15,585,987)		(15,585,987)
Total governmental activities	298,303,212	36,526,325	28,140,881	41,992,908	(191,643,098)		(191,643,098)
Business-type activities:							
Solid waste	4,910,418	4,373,905	165,001	-	-	(371,512)	(371,512)
Housing authority	860,653	537,282	123,696	395,128	-	195,453	195,453
Seybold Village Handicapped Project	235,027	41,392	56,546	38,853	-	(98,236)	(98,236)
Regional Juvenile Detention Center	923,826	859,131	-	-	-	(64,695)	(64,695)
El Centro Familiar	426,170	170,909	153,239	-	-	(102,022)	(102,022)
Total business-type activities	7,356,094	5,982,619	498,482	433,981	-	(441,012)	(441,012)
Total primary government	\$305,659,306	\$42,508,944	\$28,639,363	\$42,426,889	\$(191,643,098)	\$(441,012)	\$(192,084,110)

Statement of Activities for year ended June 30, 2008 (Audited), continued

Property taxes	113,789,778	-	113,789,778
Gross receipts taxes	120,264,324	-	120,264,324
Motor vehicle taxes	4,301,323	-	4,301,323
Cigarette taxes	6,077	-	6,077
Gas taxes	1,572,980	-	1,572,980
Investment income	16,046,244	83,879	16,130,123
Miscellaneous	9,525,633	383,895	9,909,528
Transfers	(384,894)	384,894	-
Total general revenue and transfers	265,121,465	852,668	265,974,133
	73,478,367	411,656	73,890,023
	475,718,369	4,536,623	480,254,992
	\$549,196,736	\$4,948,279	\$554,145,015

Source: Audited Financial Statements for year ended June 30, 2008.

Statement of Activities for year ended June 30, 2007(Audited)

Functions/Programs	Expenses	Net (Expenses) Revenues and Changes in Net Assets					Total
		Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 47,569,157	\$47,003,455	\$ 442,797	\$ 129,563	\$ 6,658		\$ 6,658
Public works	32,604,280		17,536	36,292,565	3,705,565		3,705,281
Public safety	129,957,959		5,207,981	844,478	(123,905,500)		(123,905,500)
Culture and recreation	15,337,172	48,720	260,933	4,741,191	(10,286,328)		(10,286,328)
Health and welfare	25,862,321		15,807,842	3,758,832	(6,295,647)		(6,295,647)
Interest on long-term debt	15,221,474				(15,221,474)		(15,221,474)
Total governmental activities	266,552,363	47,052,175	21,737,089	45,766,629	(151,996,470)		(151,996,470)
Business-type activities:							
Solid waste	4,483,095	3,646,753	314,140			(522,202)	(522,202)
Housing authority	847,572	191,210		452,903		(203,459)	(203,459)
Seybold Village Handicapped Project	172,947	30,942	54,556	29,691		(57,758)	(57,758)
Regional Juvenile Detention Center	1,158,479	1,171,934				13,455	13,455
El Centro Familiar	354,557	110,664	214,296			(29,597)	(29,597)
Total business-type activities	7,016,650	5,151,503	582,992	482,594		(799,561)	(799,561)
Total primary government	\$273,569,013	\$52,203,678	\$22,320,081	\$46,249,223	\$(151,996,470)	\$(799,561)	\$(152,796,031)

Statement of Activities for year ended June 30, 2007(Audited), continued

Property taxes	101,617,379.00		101,617,379.00
Gross receipts taxes	107,167,291.00		107,167,291.00
Motor vehicle taxes	3,788,667.00		3,788,667.00
Cigarette taxes	6,454.00		6,454.00
Gas taxes	1,636,764.00		1,636,764.00
Investment income	13,833,232.00	103,533.00	13,936,765.00
Miscellaneous	10,477,726.00	117,150.00	10,594,876.00
	2,150,159.00	321,444.00	2,471,603.00
Total general revenue and transfers	240,677,672.00	542,127.00	241,219,799.00
	88,681,202.00	(257,434.00)	88,423,768.00
	387,037,167.00	4,794,057.00	391,831,224.00
	\$475,718,369.00	\$4,536,623.00	\$480,254,992.00

Source: Audited Financial Statements for year ended June 30, 2007.

Statement of Activities for year ended June 30, 2006 (Audited)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 52,599,053	\$ 30,856,985	\$ 280,737	\$ 11,152	\$ (21,450,179)		\$ (21,450,179)
Public works	40,847,247	-	-	22,506,345	(18,340,902)		(18,340,902)
Public safety	109,844,858	-	8,267,824	161,551	(101,415,483)		(101,415,483)
Culture and recreation	14,421,312	151	887,767	1,355,935	(12,177,459)		(12,177,459)
Health and welfare	19,204,043	-	12,511,372	177,626	(6,515,045)		(6,515,045)
Interest on long-term debt	14,199,129	-	-	-	(14,199,129)		(14,199,129)
Total governmental activities	251,115,642	30,857,136	21,947,700	24,212,609	(174,098,197)		(174,098,197)
Business-type activities:							
Solid waste	4,257,715	4,022,140	196,975	-	-	(38,600)	(38,600)
Housing Authority	469,038	79,889	-	-	-	(389,149)	(389,149)
Seybold Village Handicapped Project	168,763	40,163	-	-	-	(128,600)	(128,600)
Regional Juvenile Detention Center	1,273,084	1,245,626	-	-	-	(27,458)	(27,458)
El Centro Familiar	404,069	107,485	-	-	-	(296,584)	(296,584)
Total business-type activities	6,572,669	5,495,303	196,975	-	-	(880,391)	(880,391)
Total primary government	\$ 257,688,311	\$ 36,352,439	\$ 22,144,675	\$ 24,212,609	\$ (174,098,197)	\$ (880,391)	\$ (174,978,588)

Statement of Activities for year ended June 30, 2006 (Audited), continued

Property taxes	95,070,478	-	95,070,478
Gross receipts taxes	74,565,522	-	74,565,522
Motor vehicle taxes	4,132,542	-	4,132,542
Cigarette taxes	5,707	-	5,707
Gas taxes	1,964,503	-	1,964,503
Investment income	9,043,065	50,653	9,093,718
Operating grants	-	534,517	534,517
Miscellaneous	13,182,736	107,233	13,289,969
	-	-	-
	-	16,688	16,688
Total general revenue and transfers	197,964,553	709,091	198,673,644
Change in net assets	23,866,356	(171,300)	23,695,056
	365,264,649	5,175,390	370,440,039
Prior period adjustment	-	(210,033)	(210,033)
	365,264,649	4,965,357	370,230,006
	<u>\$ 389,131,005</u>	<u>\$ 4,794,057</u>	<u>\$ 393,925,062</u>

Source: Audited Financial Statements for year ended June 30, 2006.

Statement of activities for year ended June 30, 2005
(Audited)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government activities							
General government	\$ 45,288,911	\$21,395,970	\$ 1,008,250	\$ -	\$ (22,884,691)	\$ -	\$ (22,884,691)
Public safety	34,986,816	-	2,357	13,038,508	(21,945,951)	-	(21,945,951)
Culture and recreation	89,268,696	-	7,427,307	39,915	(81,801,474)	-	(81,801,474)
Health and welfare	11,411,012	60	852,589	1,106,620	(9,451,743)	-	(9,451,743)
Public works	19,266,114	-	12,535,023	874,397	(5,856,694)	-	(5,856,694)
Interest and other charges	15,077,459	-	-	-	(15,077,459)	-	(15,077,459)
Total governmental activities	215,299,008	21,396,030	21,825,526	15,059,440	(157,018,012)	-	(157,018,012)
Business-like activities:							
Solid waste	3,255,586	3,050,320	139,226	-	-	(66,040)	(66,040)
Housing Authority	1,036,213	479,823	-	-	-	(556,390)	(556,390)
Seybold Village Handicapped Project	145,955	31,905	-	-	-	(114,050)	(114,050)
El Centro Familiar	382,877	95,764	-	-	-	(287,113)	(287,113)
Regional Juvenile Detention Center	1,330,647	1,245,191	-	-	-	(85,456)	(85,456)
Total business-like activities	6,151,278	4,903,003	139,226	-	-	(1,109,049)	(1,109,049)
Total primary government	\$221,450,286	\$26,299,033	\$21,964,752	\$15,059,440	\$(157,018,012)	\$ (1,109,049)	\$(158,127,061)

Statement of activities for year ended June 30, 2005 (Audited), continued

General Revenues:			
Property taxes	97,468,762	-	97,468,762
Gross receipts taxes	55,548,897	-	55,548,897
Motor vehicle taxes	3,608,463	-	3,608,463
Cigarette taxes	5,511	-	5,511
Gas taxes	1,680,496	-	1,680,496
Investment income	6,952,564	9,022	6,961,586
Operating grants	-	558,439	558,439
Miscellaneous revenue	10,845,578	119,688	10,965,266
Transfers	200,000	(200,000)	-
Capital contributions-capital assets	-	1,113,598	1,113,598
Total general revenues and transfers	176,310,271	1,600,747	177,911,018
Change in net assets	19,292,259	491,698	19,783,957
Beginning net assets	346,202,703	4,059,309	350,262,012
Reclassifications	(230,313)	624,383	394,070
Beginning net assets – as reclassified	345,972,390	4,683,692	350,656,082
Ending net assets	<u>\$ 365,264,649</u>	<u>\$ 5,175,390</u>	<u>\$ 370,440,039</u>

Source: Audited Financial Statements for year ended June 30, 2005.

Statement of activities for year ended June 30, 2004
(Audited)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit Redevelopment Corporation	
					Governmental Activities	Business-Type Activities		Total
Primary Government:								
Government activities								
General government	\$ 37,501,192	\$16,687,785	\$ 504,723	\$ 6,355	\$ (20,302,329)	\$ -	\$ (20,302,329)	\$ -
Public safety	32,294,831	-	356,530	21,216,205	(10,722,096)	-	(10,722,096)	-
Culture and recreation	82,328,864	-	8,503,339	103,493	(73,722,032)	-	(73,722,032)	-
Health and welfare	11,409,199	97	841,768	1,644,695	(8,922,639)	-	(8,922,639)	-
Public works	18,785,416	-	11,509,565	873,929	(6,401,922)	-	(6,401,922)	-
Interest and other charges	14,651,079	-	-	-	(14,651,079)	-	(14,651,079)	-
Total governmental activities	196,970,581	16,687,882	21,715,925	23,844,677	(134,722,097)	-	(134,722,097)	-
Business-like activities:								
Solid waste	3,353,335	3,054,698	148,490	-	-	(150,147)	(150,147)	-
Housing Authority	1,672,735	1,528,126	-	-	-	(144,609)	(144,609)	-
Seybold Village Handicapped Project	126,954	31,563	-	-	-	(95,391)	(95,391)	-
Regional Juvenile Detention Center	1,275,350	1,331,114	-	-	-	55,764	55,764	-
Total business-like activities	6,428,374	5,945,501	148,490	-	-	(334,383)	(334,383)	-
Total primary government	<u>\$203,398,955</u>	<u>\$22,633,383</u>	<u>\$21,864,415</u>	<u>\$23,844,677</u>	<u>\$(134,722,097)</u>	<u>\$ (334,383)</u>	<u>\$(135,056,480)</u>	<u>\$ -</u>
Component unit:								
Redevelopment Corporation	<u>\$ 392,493</u>	<u>\$ 97,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (294,850)</u>

Statement of activities for year ended June 30, 2004 (Audited)

General Revenues:				
Property taxes	94,043,897	-	94,043,897	
Gross receipts taxes	38,725,557	-	38,725,557	
Motor vehicle taxes	3,547,419	-	3,547,419	
Cigarette taxes	6,477	-	6,477	
Gas taxes	1,553,716	-	1,553,716	
Investment income	5,184,585	5,175	5,189,760	2,538
Operating grants	-	708,896	708,896	230,634
Miscellaneous revenue	11,332,291	119,379	11,451,670	
Transfers	200,000	(200,000)	-	
Total general revenues and transfers	154,593,942	633,450	155,227,392	233,172
Change in net assets	19,871,845	299,067	20,170,912	(61,678)
Beginning net assets	325,034,598	3,931,578	328,966,176	686,061
Prior period adjustment	1,296,260	(171,336)	1,124,924	-
Beginning net assets - as adjusted	326,330,858	3,760,242	330,091,100	686,061
Ending net assets	<u>\$ 346,202,703</u>	<u>\$ 4,059,309</u>	<u>\$ 350,262,012</u>	<u>\$ 624,383</u>

Source: Audited Financial Statements for year ended June 30, 2004.

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
2008 est.	635,139	845,913	1,984,356

Source: U.S. Department of Commerce, Bureau of the Census.

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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>
2009	N/A	\$32,992	\$39,139	N/A	N/A
2008	\$37,140	\$33,389	\$40,166	111.23%	92.47%
2007	\$34,983	\$30,706	\$38,615	114.00%	90.59%
2006	\$33,932	\$29,346	\$36,794	115.63%	92.22%
2005	\$32,931	\$27,907	\$34,471	118.00%	95.53%
2004	\$30,986	\$26,366	\$33,090	117.52%	93.64%
2003	\$29,845	\$24,975	\$31,466	120.28%	95.5%
2002	\$29,427	\$24,330	\$30,795	121.7%	95.5%
2001	\$29,697	\$24,083	\$30,562	123.0%	95.3%
2000	\$27,078	\$22,134	\$29,845	122.1%	88.7%
1999	\$25,677	\$21,042	\$29,847	122.0%	86.0%

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

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NON-AGRICULTURAL EMPLOYMENT – ALBUQUERQUE MSA

Albuquerque MSA²	2008^p	2007^r	2006	2005	2004	2003	2002
Total Employment	395.5	395.8	391.5	377.9	370.2	363.1	361.7
Total Private	314.3	316.3	313.1	301.7	295.5	289.8	289.3
Goods Producing	50.7	54.2	55.5	51.4	48.6	47.5	48.2
Services Providing	263.6	262.2	257.6	250.3	246.9	242.3	241.1
Mining, Logging & Construction	28.5	30.5	31.4	28.6	25.9	24.1	23.4
Manufacturing	22.2	23.7	24.1	22.8	22.6	23.4	24.8
Wholesale Trade	13.2	13.3	13.2	13.0	12.8	13.0	13.4
Retail Trade	44.6	44.6	43.7	43.6	42.9	42.2	41.8
Transp., Warehousing & Utilities	10.8	10.9	10.5	10.4	10.5	10.5	10.6
Information	9.4	9.2	9.4	8.7	9.6	10.2	11.0
Financial Activities	18.8	19.2	19.2	19.3	19.1	18.8	18.9
Professional & Business Services	64.4	64.3	62.9	60.7	59.2	57.5	57.8
Educational & Health Services	51.1	49.0	47.9	46.3	45.0	42.7	41.3
Leisure & Hospitality	39.0	39.4	38.5	36.5	36.1	35.8	34.8
Other Services	12.5	12.2	12.1	11.9	11.8	11.7	11.5
Government	81.3	79.5	78.5	76.2	74.7	73.4	72.4

r Revised.

p Preliminary.

1 Nonagricultural wage and salary employment is on a place of work basis and excludes proprietors, farm workers and unpaid family workers

2 Metropolitan Statistical Area, including counties of Bernalillo, Valencia, Tarrant and Sandoval

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CIVILIAN LABOR FORCE

<i>Bernalillo County</i>	2010 <u>(Q1)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Labor Force	316,112	317,243	313,852	316,993	313,406	303,920
Employment	288,046	293,003	303,780	306,857	301,179	289,198
Unemployment	28,066	24,240	16,532	10,141	12,227	14,722
Percentage Unemployment – Bern. County	8.9%	7.1%	5.2%	3.2%	3.9%	4.8%
Percentage Unemployment – New Mexico	8.8%	7.8%	4.4%	3.3%	4.2%	5.3%
Percentage Unemployment – United States	9.7%	9.7%	5.8%	4.6%	4.6%	5.1%

MAJOR AREA EMPLOYERS

Organization	Employees	Description
Kirtland Air Force Base (Civilian)	16,533	Air Force Material Command
University of New Mexico	15,260	Educational Institution
Albuquerque Public Schools	14,000	Public School District
Sandia National Labs	8,400	Science-Based Technologies that Support National Security
Presbyterian Healthcare Services	7,425	Hospital/Medical Services
City of Albuquerque	6,072	Government
State of New Mexico	5,710	Government
UNM Hospital	5,455	Hospital/Medical Services
Lovelace	3,400	Hospital/Medical Services
Intel Corporation	3,300	Semiconductor Manufacturer
Bernalillo County	2,530	Government
Rio Rancho Public Schools	1,920	Public School District
Central New Mexico Community College	1,855	Educational Institution
New Mexico Veterans Affairs Healthcare Sys.	1,800	Hospital/Medical Services
Sandia Resort & Casino	1,800	Resort & Casino
T-Mobile	1,500	Customer Service Center
Verizon Wireless	1,500	Technical Data Services & Customer Service Center
Isleta Casino & Resort	1,200	Casino & Resort
Los Lunas Public Schools	1,200	Educational Institution

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 Law, LLC, 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 Law, LLC, 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 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 Law, LLC, 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, the interest on the Bonds will be taken into account in determining the adjusted current earnings for the purpose of computing the alternative minimum tax on certain corporations (as defined for federal income tax purposes).

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

RATINGS

Standard & Poor's has assigned a municipal bond rating of "AAA" to the Bonds.

Moody's Investors Service, Inc. has assigned a municipal bond rating of "Aaa" to the Bonds.

Fitch Ratings has assigned a municipal bond rating of "AAA" to the Bonds.

These rating reflect only the view of such rating agencies, and an explanation of the significance of such rating may be obtained from the respective rating agency. There is no assurance that such ratings will remain for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agencies, if in their judgments, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price for the Bonds.

UNDERWRITING

The Bonds are being purchased by Southwest Securities, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$15,681,915.35 (which represents the par amount of the Bonds plus a premium of \$800,097.85 less an Underwriter's discount of \$98,182.50 and less expenses of \$125,000.00). The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

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

/s/ Art De La Cruz
Chair, Board of County Commissioners

APPENDIX A
FORM OF LEGAL OPINION

APPENDIX A
FORM OF LEGAL OPINION

June ____, 2010

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

\$15,105,000
BERNALILLO COUNTY, NEW MEXICO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2010

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:

1. The Bonds have been duly authorized and executed by the County, and are valid and binding general obligations of the County.
2. 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.

3. 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, the interest on the Bonds will be taken into account in determining the adjusted current earnings for the purpose of computing the alternative minimum tax on certain corporations (as defined for federal income tax purposes). The opinions set forth in the preceding sentence are subject to the condition that the County 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 County 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.

4. 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 County and our examination of the Official Statement and documents referenced in the Official Statement that we believe are material, 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 appendices 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 limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights generally and by equitable 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 or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX B

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

APPENDIX B

CONTINUING DISCLOSURE UNDERTAKING

\$15,105,000

BERNALILLO COUNTY, NEW MEXICO

GENERAL OBLIGATION BONDS

SERIES 2010

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 a resolution adopted by the Board of County Commissioners on April 13, 2010 (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 2011 to EMMA. 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 EMMA; 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 EMMA, the Annual Financial Information by specific reference to documents previously provided to EMMA 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 EMMA.

c. If a Material Event occurs while any Bonds are Outstanding, the Issuer shall provide a Material Event Notice in a timely manner to EMMA. 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 EMMA, notice of any failure by the Issuer while any Bonds are Outstanding to provide to EMMA, 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. **“EMMA”** means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System located on its website at emma.msrb.org.

d. **“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.

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

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 EMMA 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 EMMA 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 June __, 2010.

BERNALILLO COUNTY, NEW MEXICO

/s/
Chair, Board of County Commissioners

APPENDIX C

**STATE OF NEW MEXICO
COUNTY OF BERNALILLO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009**

Bernalillo County

New Mexico



*Comprehensive
Annual
Financial
Report*

*Fiscal Year Ended
June 30, 2009*

**STATE OF NEW MEXICO
COUNTY OF BERNALILLO**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT
Fiscal Year Ended June 30, 2009**

**COUNTY OF BERNALILLO GOVERNMENT
Board of County Commissioners
Thaddeus Lucero, County Manager
Daniel J. Mayfield, Deputy County Manager for Budget and Finance**

**Prepared by:
The Accounting Department**



COUNTY OF BERNALILLO, NEW MEXICO

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COUNTY OF BERNALILLO, NEW MEXICO

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COUNTY OF BERNALILLO, NEW MEXICO

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INTRODUCTORY SECTION

County of Bernalillo

State of New Mexico



BOARD OF COUNTY COMMISSIONERS

ALAN B. ARMIGO, CHAIR
DISTRICT 1

DEANNA ARCHULETA, VICE CHAIR
DISTRICT 3

TERESA L. CORDOVA, PhD., MEMBER
DISTRICT 2

E. TIM CUMMINS, MEMBER
DISTRICT 4

MICHAEL BRASHER, MEMBER
DISTRICT 5

THADDEUS LUCERO, COUNTY MANAGER

KAREN L. MONTOYA, ASSESSOR
MARGARET C. TOULOUSE OLIVER, CLERK
MERRI RUDD, PROBATE JUDGE
DARREN P. WHITE, SHERIFF
PATRICK J. PADILLA, TREASURER

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

December 17, 2009

Board of County Commissioners

Alan B. Armigo, Chair
Art De La Cruz, Vice Chair
Maggie Hart Stebbins, Member
Michael C. Wiener, 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 fiscal year ending June 30, 2009.

New Mexico State Statute 12-6-3, NMSA (1978) requires that an annual audit of a governmental unit's accounting records and Comprehensive Annual Financial Report be performed by independent public accountants. 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.

County management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that were established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Moss Adams LLC, Certified Public Accountants, have issued an unqualified opinion on the County's comprehensive annual financial report for the fiscal year ending June 30, 2009. The

independent auditor's report is located at the front of the financial statements.

Management's discussion and analysis (MD&A) immediately follows the independent auditors report; it provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A provides a context to this letter of transmittal and should be read in conjunction with it.

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 an estimated population of 635,139 in 2008, Bernalillo County is the 95th most populous county of the nation's 3,141 counties. It comprises 32 percent of New Mexico's population and 77 percent of the Albuquerque Metropolitan Statistical Area (MSA) comprised of Bernalillo County and portions of Sandoval, Torrance and Valencia Counties.

The County provides sheriff and fire protection to county residents, highways and streets, sanitation, cultural and recreational services, public improvements, building, planning and zoning, and general administrative services. The County also operates the largest jail in the state with a bed count of over two thousand five hundred inmates. The County has a Commission-Manager form of government in which most of the day-to-day administrative duties are delegated to the 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 five elected County officials: the Treasurer, Assessor, Clerk, Probate Judge, 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 under the authority of the County Manager or Deputy County Managers as long as 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 are at the function and activity level for the general fund and by object class for all other funds.

Local Economy

Bernalillo County, with the City of Albuquerque (2008 population estimate of 521,999) making up 82 percent 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 the 2009

Forbes List of "Best Places for Business and Careers," Albuquerque placed 11th out of the 200 ranked metro areas in the country, moving up two spots from 13th last year. Albuquerque was ranked 34th in the "Cost of Doing Business" category (no change from prior list) and 63rd in the "Job Growth" category (down from 47th on last year's list).

Forecasts by the University of New Mexico's Bureau of Business and Economic Research suggest the near-term outlook for the Albuquerque economy is a continuation of the nationwide recession for at least the next three quarters. Nonfarm employment growth dipped 3.2 percent in the second quarter of 2009—the third straight quarter of increasing job losses in the Albuquerque MSA. Between the second quarter of 2008 and the second quarter of 2009 the Albuquerque area economy lost a net of nearly 13,000 jobs with job losses expected to continue for the next two quarters. The unemployment rate increased in the second quarter to 6.8 percent—slightly lower than the state rate of 7 percent and the national rate of 9.4 percent in July 2009. The construction, retail trade, manufacturing and leisure/hospitality sectors have been hit especially hard by the current economic climate suffering a combined loss of over 12,000 jobs in the second quarter of 2009. The health care and government sectors have exhibited slight growth, adding 3,433 jobs in the second quarter. Modest growth of 1.9 percent in personal income growth is forecast for 2009 and projected to increase by 3.2 percent in 2010 when the recovery is expected to gain traction in the local economy.

FY 10 general fund budgeted expenditures of \$208,940,143 represent a 2.7 percent increase from FY 09 levels. Property taxes continue to be a stable and growing revenue source for County government and it is estimated to increase by 7% from FY 09 to FY 10. Gross receipts taxes have fluctuated in recent times and are expected to remain flat until the economic recovery takes hold which is expected in 2010.

This uncertain economic outlook calls for prudent financial measures in keeping with the County's duty to be a good steward of the public funds with which it is entrusted.

Long-Term Financial Planning

The financial condition of the County is strong as reflected in the County's bond ratings of AAA by Standard & Poor's, Aa1 by Moody's and AA+ by Fitch. The County has made an enormous effort to incorporate comprehensive financial planning in its long-range vision in order to remain solvent during the current economic downturn. In addition to the 3/12th reserve requirement required by the State of New Mexico of \$66,297,457, the County's long-term financial plan includes extraordinary maintenance for aging infrastructure and adequate reserves for the County's provision of public safety services and for response to emergencies and natural disasters.

Relevant Financial Policies

Bernalillo County recently began its second biennial budget. Through the biennial budget process, approval is granted by the Board of County Commissioners for an appropriation of two fiscal years at once, with funding being available to departments one year at a time. Departments were provided a base budget and salary projections for each of the two years. Departments have the opportunity to evaluate their budgets prior to commencement of the second year. Any necessary changes will be presented to the Board of County Commissioners as adjustments to the

base budget. The biennial budget process has encouraged a long-term view of financial planning and shifted the emphasis from the process itself to a more careful examination of resource allocation choices. FY 10 represents the second year of the current biennial budget cycle.

Major Initiatives

FY 09 began a new chapter in Bernalillo County's continuing efforts to improve the effectiveness and efficiency of County government as we implemented a comprehensive Enterprise Resource Planning (ERP) system. Bernalillo County officially began its use on July 7, 2008, and is pleased it was able to go live on the new system without disrupting business operations. While the system is fully operational, FY 10 initiatives include adding additional functionality to the system as staff becomes more familiar with its capabilities and an expansion of custom reporting to address specific user department needs.

In January 2009 the County's Information Technology department initiated a process for creating a business continuity and recovery plan for the County's computer systems. A contractor has been engaged to develop a business impact analysis plan and provide disaster recovery planning to sustain critical business functions.

To reduce recidivism and better equip inmates to secure jobs upon their release, the County's Metropolitan Detention Center (MDC) has created a charter high school. This first of its kind initiative is part of the County's continuing effort to provide needed community supports for inmates and hopes eventually to reduce episodes of re-incarceration by providing the opportunity for inmates to earn a high school diploma (not a GED). The high school is for adult students only and is housed at both the main MDC facility and at a satellite location in downtown Albuquerque that allows both incarcerated students as well as those on community custody or parole the opportunity to pursue their high school education.

The Bernalillo County Treasurer recently implemented an innovative program whereby taxpayers can make monthly installment payments of their property taxes to ease this tax burden and even out household cash flows for taxpayers. This program especially benefits older residents whose mortgages have been paid off and who would otherwise be required to make two semi-annual payments. Additionally, the Treasurer has made it easier for prospective homebuyers to gauge the property taxes on the property they are considering purchasing by posting a property tax calculator on the County's web site.

The Human Resources Department continues to enhance its services and in FY 10 will roll out online performance review systems that allow supervisors to make notes about employee activity or training and incorporate that information in the annual performance review. Employee evaluations will then go through an electronic workflow process for approvals with the goal of making this annual activity a paperless one.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its

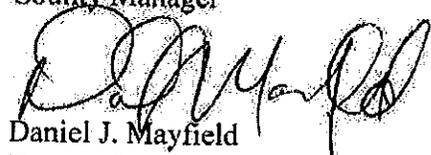
comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the fifth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for this prestigious recognition.

The preparation of this report would not have been possible without the dedicated service of the entire Accounting Department staff of the Budget and Finance Division. We also would like to express our appreciation to County departments that assisted and contributed to the preparation of this report. The Board of County Commissioners is recognized and thanked for its stewardship in overseeing the financial operations of the County in a responsible and progressive manner.

Sincerely,


Thaddeus Lucero
County Manager


Daniel J. Mayfield
Deputy County Manager for Budget and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Bernalillo
New Mexico

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

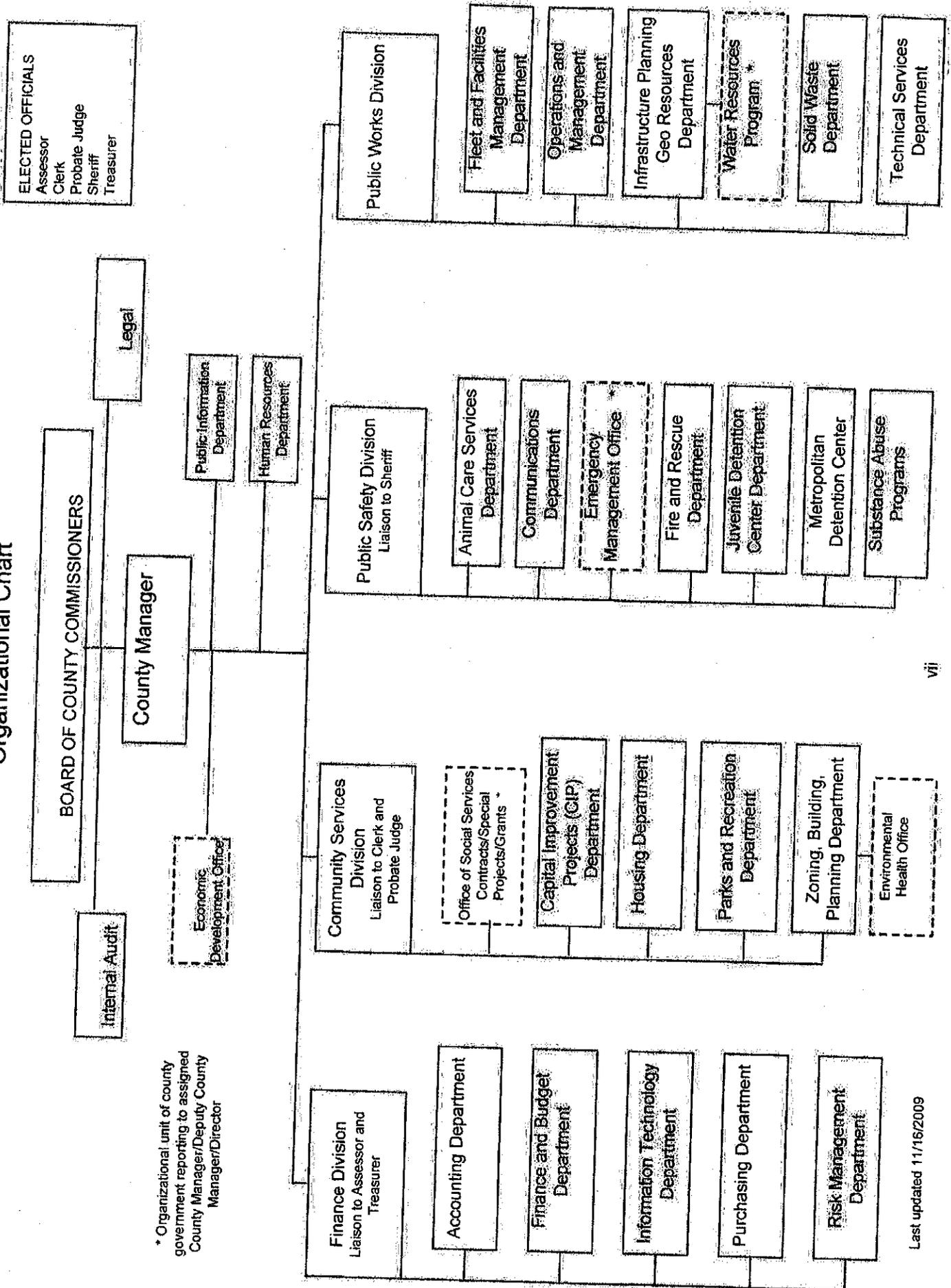
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Bernalillo County Organizational Chart



* Organizational unit of county government reporting to assigned County Manager/Deputy County Manager/Director

COUNTY OF BERNALILLO

PRINCIPAL OFFICIALS

June 30, 2009

COUNTY COMMISSIONERS

Alan B. Armijo, Chair	District 1
Art De La Cruz, Vice Chair	District 2
Maggie Hart Stebbins, Member	District 3
Michael C. Wiener, Member	District 4
Michael Brasher, Member	District 5

COUNTY ELECTED OFFICIALS

Darren P. White	County Sheriff
Patrick J. Padilla	County Treasurer
Margaret Toulouse Oliver	County Clerk
Karen L. Montoya	County Assessor
Merri Rudd	Probate Judge

COUNTY MANAGER

Thaddeus Lucero

DEPUTY COUNTY MANAGERS

Daniel J. Mayfield, CGFM, Deputy County Manager for Budget and Finance
Julie M. Baca, Deputy County Manager for Community Services
John P. Dantis, Deputy County Manager for Public Safety
Tom Zdunek, Deputy County Manager for Public Works

COUNTY OF BERNALILLO, NEW MEXICO

CONTRIBUTORS

June 30, 2009

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Deputy County Manager for Budget and Finance

Financial Reporting Personnel

Jeff P. Lovato, MBA
Accounting Director

Bonnie Ulibarri-Romero, CPA
Financial Projects Coordinator

Ray Garcia
Financial Projects Coordinator

Anthony Infantino, MBA
Financial Administrator

Trudy McGregor, CPA
Financial Administrator

Nataliya Rubinchik, MSA
Financial Administrator

Sueko Solosky
Financial Services Administrator

Cindy Torres
Accounting Officer

Leticia Carreon
Accountant Senior

Jessie Fairbanks
Accountant Senior

Virginia C. Montoya
Accountant Senior

Victoria Herring
Administrative Officer

Public Information - Cover

Marie E. Quintero
Graphic Design Specialist

Treasurer's Office

Fidel A. Bernal, CPA
Chief Deputy Treasurer

Emily Madrid
Accounting Manager



FINANCIAL SECTION

Independent Auditors' Report505-830-6200
505-830-6282

Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each nonmajor governmental fund, nonmajor enterprise funds, internal service fund and fiduciary fund of the County, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects the respective budgetary comparisons for the year then ended in conformity with the cash basis of accounting and more fully described in Note III A, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 28 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 conducted for the purpose of forming opinions on the basic financial statements and on the combining and individual fund financial statements, and the budgetary comparisons of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the US Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The additional schedules listed as other supplementary information in the table of

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Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

505-830-6200
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contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. 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 financial statements taken as a whole.

The introductory and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic and combining and individual fund financial statements and, accordingly, we express no opinion on them.

Moss Adams LLP

Albuquerque, New Mexico
December 17, 2009



COUNTY OF BERNALILLO NEW MEXICO
Management's Discussion and Analysis
June 30, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The government-wide assets of the County exceed its liabilities as of June 30, 2009 by \$574,469,993, an increase of \$20,324,978 or a 3.7% increase. Of this amount, \$358,917,738 is invested in capital assets, net of related debt. Of the remaining balance, \$127,980,308 is restricted for specific purposes and \$87,571,947 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2009, the County's governmental activities and business type activities have net assets of \$570,111,848 and \$4,358,145 respectively.
- The fund balance in the County's general fund increased from \$171,886,811 in FY08 to \$175,658,155 in FY09, an increase of \$3,771,344 or a 2.2% increase. Of this amount, \$66,297,457 or 37.7% of the general fund is for the DFA required reserve and \$42,978,698 or 24.5% is for subsequent years' expenditures.
- The County was able to maintain adequate reserves in the amount of \$66,297,457 as required by the State of New Mexico Department of Finance and Administration, Local Government Division – 3/12 of the General Fund Budget for FY10.
- The County, as part of its ERP implementation, consolidated its grant funds into one fund and also consolidated a majority of its capital construction funds into one fund which are now classified as major funds respectively.
- During the year, the County sold \$10,000,000 of General Obligation Bonds (Series 2009). This included \$7,000,000 for roads, \$1,000,000 for library books and \$2,000,000 for ADA facilities improvements. Also, the County issued \$10,000,000 of Gross Receipts Tax Revenue Bonds, Series 2009, with an average interest rate of 2%, to refinance the County's outstanding Gross Receipts Tax Refunding Revenue Bonds, Series 2008, originally issued in the principal amount of \$11,000,000. In addition, the County issued \$42,200,000 of Gross Receipts Tax Revenue Bonds, taxable series 2008A.
- The County has \$456,963,680 in available bonding capacity or 81.74% of allowable bonding capacity per the New Mexico State Constitution (see page 159).
- The County property valuations increased 5.9% from \$13.19 billion in FY08 to \$13.97 billion in FY09 (see page 150).

- The County maintained its AAA rating with Standard & Poor's Rating Service, Aa1 rating with Moody's Investors Service, Inc. and AA+ rating with Fitch Ratings for its General Obligation Bonds. In addition, the County maintained its AAA rating with Standard & Poor's Rating Service for its Gross Receipt Tax Revenue Bonds.

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 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 in 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 differentiate 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, culture and recreation and interest on long-term debt. The business-type activities of the County include Solid Waste, Bernalillo Housing Authority, Seybold Village Handicapped Project, Regional Juvenile Detention Center, and El Centro Familiar. The government-wide financial statements can be found on pages 29-30 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 twenty-eight other individual governmental funds of which seventeen are classified as Special Revenue funds, eight are classified as Debt Service funds, and three are classified as Capital Projects funds. Information for the General fund, the TRAN Debt Service fund, the Capital Construction fund and the Grants fund, all of which are considered to be major funds, are 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 pages 35 and 36. 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 31-36 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, Bernalillo County Housing Authority, Seybold Village Handicapped Project, Regional Juvenile Detention Center, and El Centro Familiar. 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 37-39 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 40 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 42-72 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental 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 73-119 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's governmental-wide net assets exceed liabilities by \$574,469,993 for the fiscal year ending June 30, 2009. By far the largest portion of the County's net assets (62 percent) reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any debt used to acquire those assets, which is still outstanding. In the prior year, the County's investment in capital assets was 56% 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	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 451,853,691	\$ 391,073,628	\$ 3,727,388	\$ 3,083,259	\$ 455,581,079	\$ 394,156,887
Capital assets	550,648,172	537,084,721	4,682,057	5,534,006	555,330,229	542,618,727
Total assets	1,002,501,863	928,158,349	8,409,445	8,617,265	1,010,911,308	936,775,614
Liabilities:						
Long-term liabilities	310,277,990	261,412,153	2,620,741	2,835,693	312,898,731	264,247,846
Other liabilities	122,112,025	117,549,460	1,430,559	833,293	123,542,584	118,382,753
Total liabilities	432,390,015	378,961,613	4,051,300	3,668,986	436,441,315	382,630,599
Net Assets:						
Invested in capital assets, net of related Debt	356,558,834	308,271,760	2,368,904	2,839,330	358,917,738	311,111,090
Restricted	127,980,308	146,792,506	-	-	127,980,308	146,792,506
Unrestricted	85,572,706	94,132,470	1,999,241	2,108,949	87,571,947	96,241,419
Total net assets	\$ 570,111,848	\$ 549,196,736	\$ 4,368,145	\$ 4,948,279	\$ 574,469,993	\$ 554,145,015

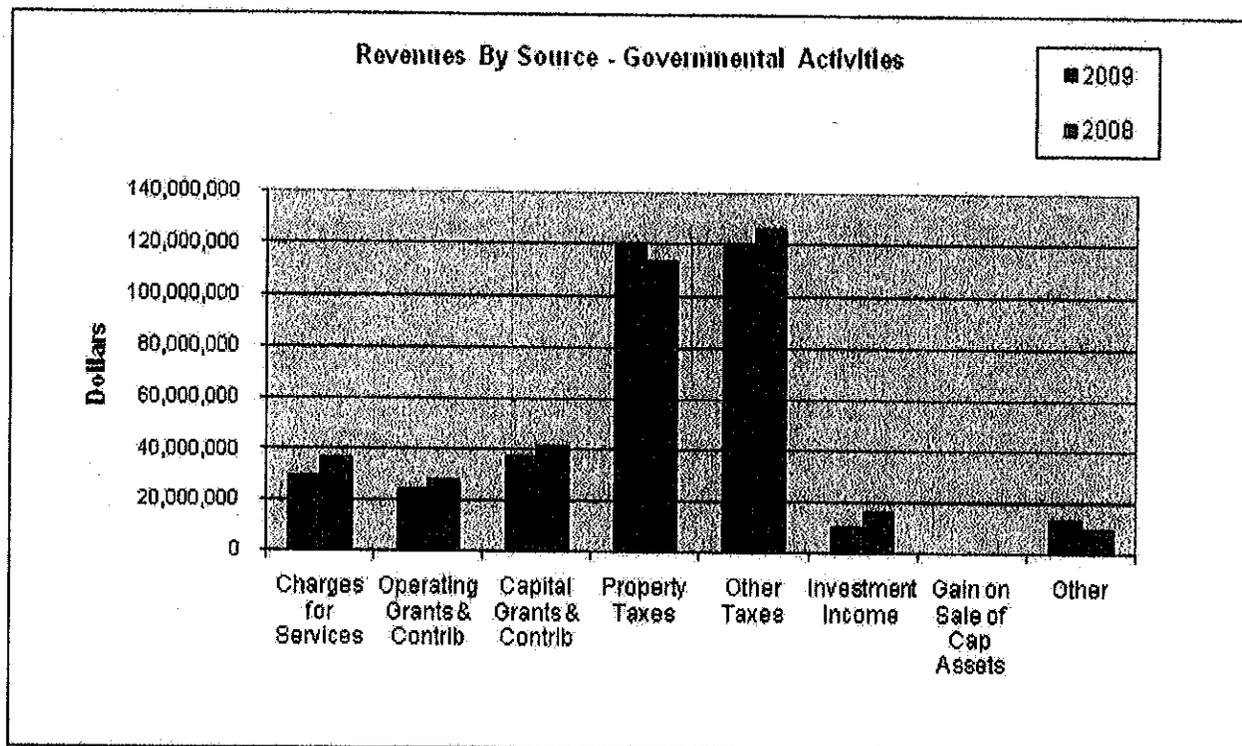
Restricted net assets in the amount of \$127,980,308 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$87,571,947 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, and 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 \$20,915,112 in FY09 as compared to \$73,478,367 in FY08.

County of Bernalillo's Changes in Net Assets

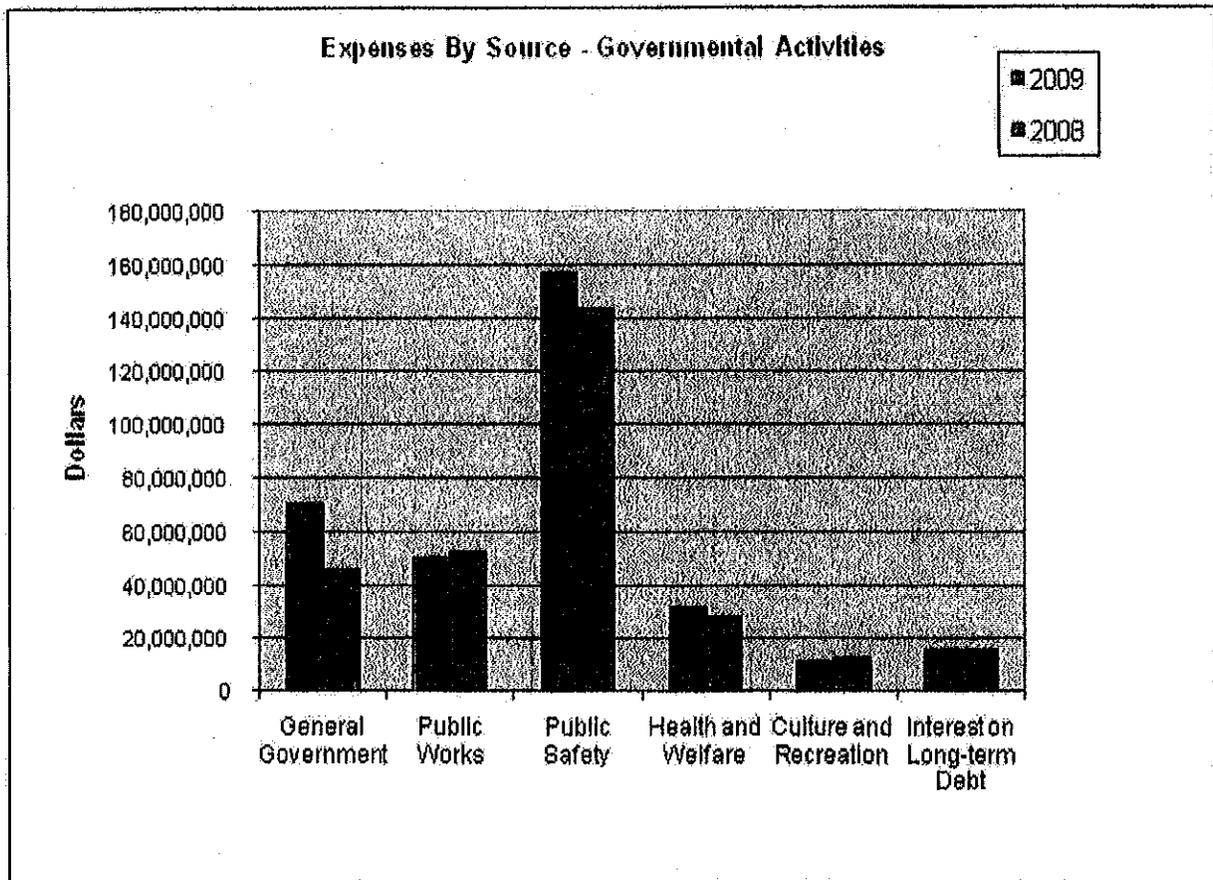
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$29,818,073	\$36,526,325	\$6,332,394	\$5,982,619	\$36,150,467	\$42,508,944
Operating grants and contributions	24,751,326	28,140,881	327,781	498,482	25,079,107	28,639,363
Capital grants and contributions	37,884,782	41,992,908	482,179	433,981	38,366,961	42,426,889
General revenues:						
Property taxes	120,069,963	113,789,778	-	-	120,069,963	113,789,778
Other taxes	119,743,475	126,144,704	-	-	119,743,475	126,144,704
Investment income	10,865,039	16,046,244	45,191	83,879	10,910,230	16,130,123
Gain on sale of capital assets	296,236	-	33,858	-	330,094	-
Other	13,317,702	9,525,633	712,172	383,895	14,029,874	9,909,528
Total revenues	356,746,596	372,166,473	7,933,575	7,382,856	364,680,171	379,549,329
Expenses:						
General government	69,898,098	45,609,786	-	-	69,898,098	45,609,786
Public works	50,092,431	52,518,685	-	-	50,092,431	52,518,685
Public safety	156,911,320	143,867,733	-	-	156,911,320	143,867,733
Health and welfare	31,911,866	28,083,075	-	-	31,911,866	28,083,075
Culture and recreation	11,426,758	12,637,946	-	-	11,426,758	12,637,946
Interest on long-term debt	15,591,011	15,585,987	-	-	15,591,011	15,585,987
Solid Waste	-	-	5,215,029	4,910,418	5,215,029	4,910,418
Housing Authority	-	-	1,576,798	860,653	1,576,798	860,653
Seybold Village	-	-	320,744	235,027	320,744	235,027
Juvenile Detention Center	-	-	960,180	923,826	960,180	923,826
El Centro Familiar	-	-	450,958	426,170	450,958	426,170
Total expenses	335,831,484	298,303,212	8,523,709	7,356,094	344,355,193	305,659,306
Increase (decrease) in net assets before transfers	20,915,112	73,863,261	(590,134)	26,762	20,324,978	73,890,023
Transfers in (out)	-	(384,894)	-	384,894	-	-
Increase (decrease) in net assets	20,915,112	73,478,367	(590,134)	411,656	20,324,978	73,890,023
Net assets - beginning	549,196,736	475,718,369	4,948,279	4,536,623	554,145,015	480,254,992
Net assets - ending	\$570,111,848	\$549,196,736	\$4,358,145	\$4,948,279	\$574,469,993	\$554,145,015



Governmental Activities revenues decreased by \$15.5 million from \$372.2 million in FY08 to \$356.7 million in FY09, a decrease of 4.2%. Key elements in the decline of governmental activities revenues are as follows:

- Program revenues charges for services decreased by \$6.7 million from \$36.5 million in FY08 to \$29.8 million in FY09, an 18.4% decrease. The majority of the decrease was attributed to \$4.5 million contributed and \$3.5 million still due by the City of Albuquerque in FY08 to offset operational costs for Metropolitan Detention Center (MDC) operations versus no contributions in FY09. In addition, the decrease can also be attributed to a \$1.5 million decrease in fees at the MDC related to commissary sales and to the state "feed and care of parole violators" program. Also, \$679 thousand for "state criminal alien assistance program" and \$250 thousand for the community custody program (CCP) DWI service was reported in this category in FY08 and reported in the miscellaneous category in FY09. The decrease was offset by an increase in fees collected for housing inmates at the Regional Correctional Center as a result of an increase in the man day rate charge and an increase in the annual man day grantee in FY09.
- Program revenues operating grants and contributions decreased by \$3.4 million from \$28.1 million in FY08 to \$24.7 million in FY09, a 12.1% decrease. A portion of the decrease was attributed to \$900 thousand in donation revenue for the Department of Substance Abuse program reported in this program in FY08 and no donation revenue reported in this program in FY09. Also, in FY09 operating revenue for the DWI program decreased by \$800 thousand, operating revenue for Emergency Medical Services decreased by \$100 thousand, and operating revenue for the Fire Districts decreased by \$100 thousand. In addition, there was a decrease in funding from Housing and Urban Development (HUD) of \$1.2 million for the County's Section 8 Voucher program.

- Program revenues capital grants and contributions decreased by \$4.1 million from \$42.0 million in FY08 to \$37.9 million in FY09, a 9.8% decrease. A significant portion of the decrease was attributed to a decrease of \$7.0 million in revenues for construction related to the South Valley Utilities project in FY09. In addition, there was an increase in revenue in FY08 of \$1.3 million related to the construction of the Metropolitan Assessment and Treatment Service (MATS) transitional housing and intake area facility, \$1.1 million for the construction of the Vista Grande Community Center Gymnasium, and \$2.3 million for the purchase of a helicopter for the Sheriff's Department and no revenue in FY09. Also, in FY09 there was an increase of \$7.5 million in funding received from the New Mexico Department of Economic Development for the Fidelity project at Mesa Del Sol.
- General revenues property taxes increased \$6.3 million from \$113.8 million in FY08 to \$120.1 million in FY09, a 5.5% increase. The increase was attributed to an increase in the taxable valuation within the County of \$785 million from \$13.191 billion in FY08 to \$13.976 billion in FY09 and a slight increase in the County's operational residential mill levy from 6.183 to 6.184 per \$1,000 of assessed taxable value. The increase in revenue was slightly offset by a decrease in the current property tax collection rate from 95.86% in FY08 to 95.39% in FY09.
- General revenues other taxes decreased \$6.4 million from \$126.1 million in FY08 to \$119.7 million in FY09, a 5.1% decrease. The decrease was primarily attributed to a decrease of \$6.1 million in gross receipts tax revenue as a result of the decline in the state economy in FY09. In addition, there was a decrease in motor vehicle tax revenue of \$719 thousand and an increase in gasoline taxes of \$465 thousand.
- General revenues investment income decreased \$5.1 million from \$16.0 million in FY08 to \$10.9 million in FY09, a 31.9% decrease. The decrease was attributed to a lower rate of return on investment in FY09 as a result of the downturn in the economy due to the nation-wide recession. In addition, our mark to market investment value declined by \$2.8 million.
- Other revenues increased \$3.8 million from \$9.5 million in FY08 to 13.3 million in FY09, a 40.0% increase. A portion of the increase was attributed to \$1.4 million recognized as miscellaneous revenue for the write-off of capital lease payable related to debt forgiveness by the state of New Mexico for voting machines. In addition, \$1.7 million was recognized as miscellaneous revenue to capitalize non-cash donations of infrastructure, land, art, and two vehicles.

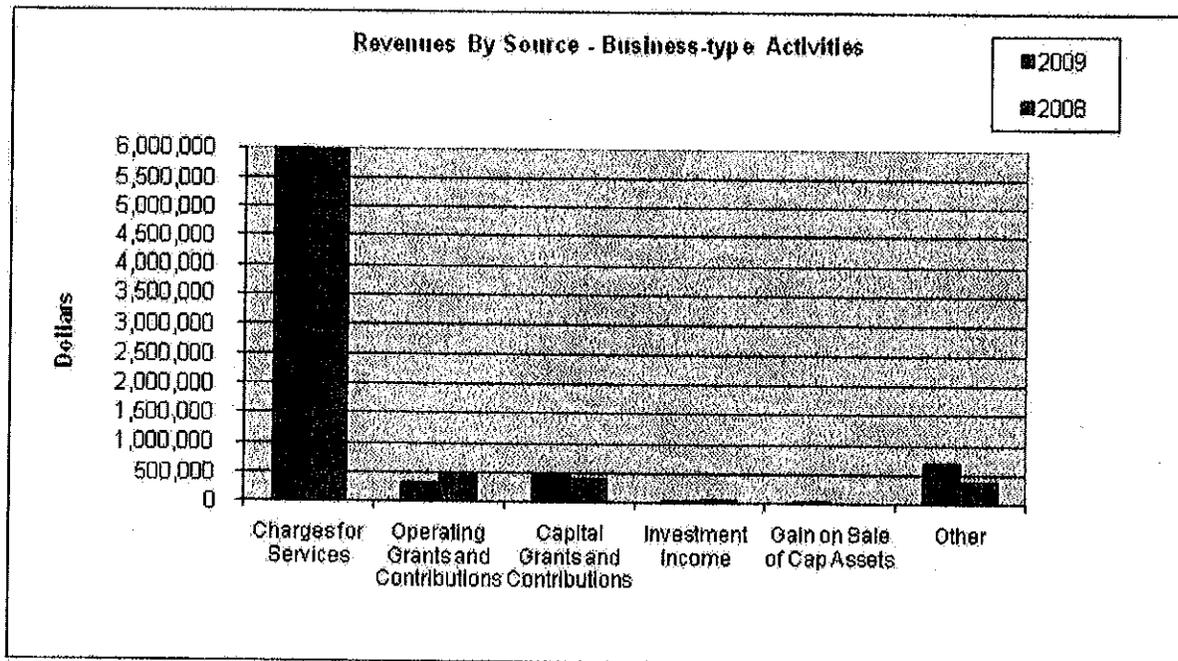


Governmental activities expenses increased by \$37.5 million from \$298.3 million in FY08 to \$335.8 million in FY09, an increase of 12.6%. Key elements in the increase in governmental activities expenses are as follows:

- General government expenses increased by \$24.3 million from \$45.6 million in FY08 to \$69.9 million in FY09, a 53.3% increase. A portion of the increase was attributed to \$4.8 million in expenses incurred to maintain the new ERP financial system that was implemented in FY08 and was "go live" at the beginning of FY09. Also, \$3.5 million of the increase was due to a salary and fringe benefit increase of 5% for blue collar employees and 4% across the board for all other County employees. In addition, an increase of \$3.0 million in Bureau of Election expenses was a result of a major general election held in FY09. Also, in FY09 there was \$7.5 million in expenses incurred for the Fidelity project at Mesa Del Sol and \$1 million in non-capital expenditures for the Middle Rio Grande Conservancy District Albuquerque West Levee improvement project. In addition, in FY09 there was an increase in compensated absences expenses of \$2.3 million, an increase in deferred charge refunding expenses of \$1.1 million, and an increase in Valuation Fund expenses of \$800 thousand.
- Public works expenses decreased by \$2.4 million from \$52.5 million in FY08 to \$50.1 million in FY09, a 4.6% decrease. The decrease was attributed to less in capital outlay for others expenses in the public works category in FY09.

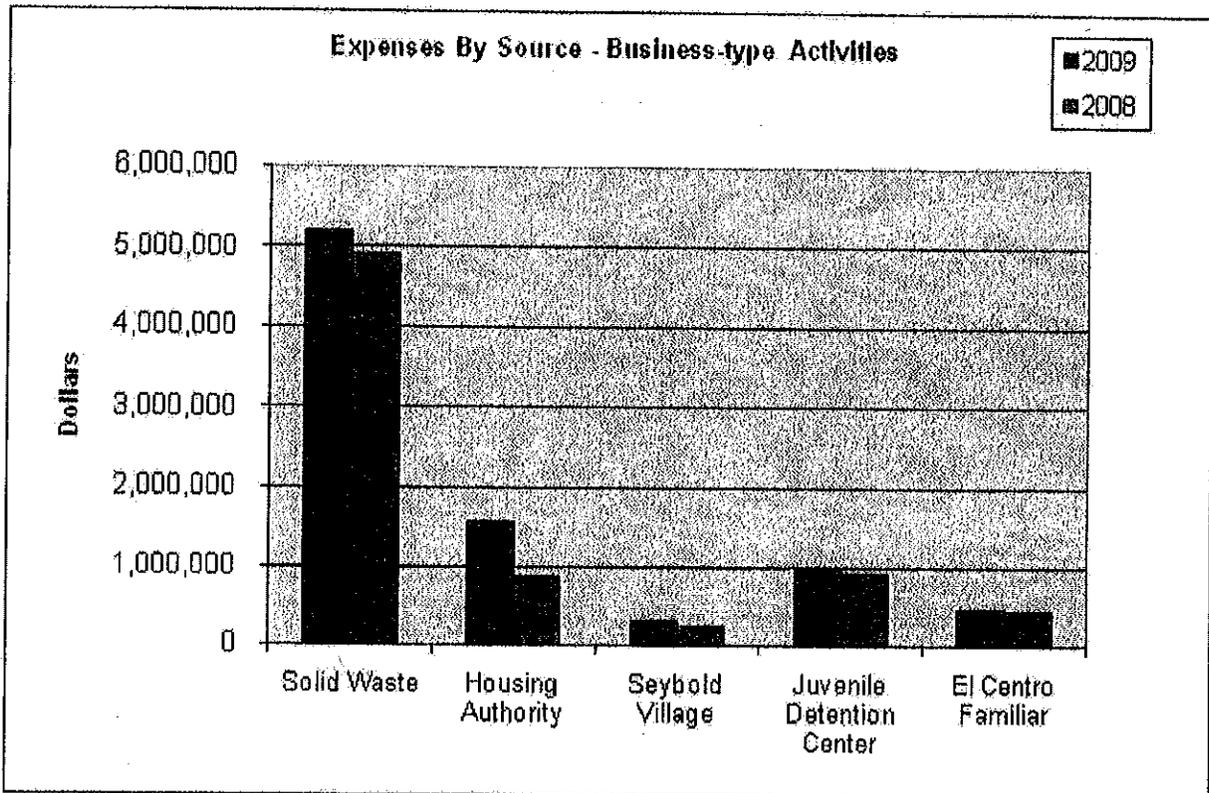
- Public safety expenses increased by \$13.0 million from \$143.9 million in FY08 to \$156.9 million in FY09, a 9.0% increase. The majority of the increase was attributed to a \$4.5 million increase in salary and fringe benefits as a result of a pay increase of 5% for blue collar employees and 4% across the board increase for all other County employees and an increase of \$5.6 million in compensated absences expenses in FY09. In addition, there was an increase of \$5.6 million in expenses for housing inmates at the Regional Correctional Center as a result of an increase in the man day rate charge and an increase in the annual man day grantee in FY09.
- Health and welfare expenses increased by \$3.8 million from \$28.1 million in FY08 to \$31.9 million in FY09, a 13.5% increase. The increase was attributed to expenses incurred for correctional medical services at the Metropolitan Detention Center and reported in the Health Care GRT fund.
- Culture and recreation expenses decreased by \$1.2 million from \$12.6 million in FY08 to \$11.4 million in FY09, a 9.5% decrease. The decrease was attributed to a decrease of \$1.0 million in grant related expenses and a decrease of \$364 thousand in compensated absences expenses.

Business-type activities. Business-type activities net assets decreased by \$590,134 during the current fiscal year. During the year, the Regional Juvenile Detention Center had more program revenue than program expenses resulting in an increase in net assets of \$98,668. The Solid Waste fund, the Bernalillo County Housing Authority, the Seybold Village Handicapped Project, and the El Centro Familiar incurred losses of \$517,337, \$38,495, \$72,376, and \$60,594 respectively before capital contributions and operating transfers in. These losses represent the degree to which ongoing program expenses have outstripped ongoing program revenues. Overall, the business-type activities experienced a \$1,326,286 operating loss (program revenues less expenses) before non-operating revenues of \$736,152.



Business-type activities revenue increased from \$7.383 million in FY08 to \$7.933 million in FY09, a 7.4% increase. Key elements in the increase of business-type activities revenue are as follows:

- Revenue program charges for services increased from \$6.0 million in FY08 to \$6.3 million in FY09, a 5.8% increase. The increase was primarily attributed \$122 thousand more in solid waste fee collections in FY09 than in FY08 and \$200 thousand more in charges for services generated at the Regional Juvenile Detention Center.
- Revenue program operating grants and contributions decreased from \$498,482 in FY08 to \$327,781 in FY09, a decrease of 34.2%. The majority of the decrease was primarily attributed to a decrease of \$124 thousand in County contributions in the Housing Authority and \$56 thousand less in HUD operating subsidy in the Seybold Village Handicapped Project.
- Revenue program capital grants and contributions increased from \$433,981 in FY08 to \$482,179 in FY09, an increase of 11.1%. The increase was primarily attributed to an increase of \$39 thousand in HUD-PHA capital grant revenue in the Seybold Village Handicapped Project and an increase of \$11 thousand in home rehab grant revenue in the Housing Authority in FY09.
- General revenues investment income decreased from \$83,879 in FY08 to \$45,191 in FY09, a decrease of 46.1%. The decrease was attributed to a lower rate of return on investments in the Housing Authority, the El Centro Familiar, and the Seybold Village Handicapped Project as a result of the volatile investment market due to the downturn in the economy and the nation-wide recession in FY09.
- Other revenues increased from \$383,895 in FY08 to \$712,172 in FY09, an increase of 85.5%. The increase was primarily attributed to \$289 thousand in general fund subsidy recorded as other revenue and contractual expense in the Housing Authority for HUD reporting purposes. Also, \$200 thousand was recorded in the Seybold Village Handicapped Project and the El Centro Familiar "other revenue" category to record due from other funds.



Business-type activities expenses increased from \$7.3 million in FY08 to \$8.5 million in FY09, a 16.4% increase. Key elements in the increase are as follows:

- Solid Waste expenses increased from \$4.9 million in FY08 to \$5.2 million in FY09, a 6.1% increase. A significant portion of the increase was attributed to the increase in fees paid to Waste Management to bill and collect for solid waste services provided by the County.
- Housing Authority expenses increased from \$861 thousand in FY08 to \$1.6 million in FY09, an 83.2% increase. As a result of additional grant funds received, the increase was primarily attributed to an increase in contractual service expenses of \$328 thousand and an increase in other services and charges of \$476 thousand related to home rehabilitation projects under the home rehab program in FY09.
- Seybold Village expenses increased from \$235 thousand in FY08 to \$321 thousand in FY09, a 36.6% increase. The increase was primarily attributed to an increase in depreciation expense as a result of decreasing this programs depreciable asset useful life in FY 09 from 40 years to 25 years to be consistent with the County-wide policy related to depreciation of assets.
- Juvenile Detention Center expenses increased from \$924 thousand in FY08 to \$960 thousand in FY09, a 3.9% increase. The increase was attributed to slight increases in salaries and wages, materials and supplies and other services and charges.

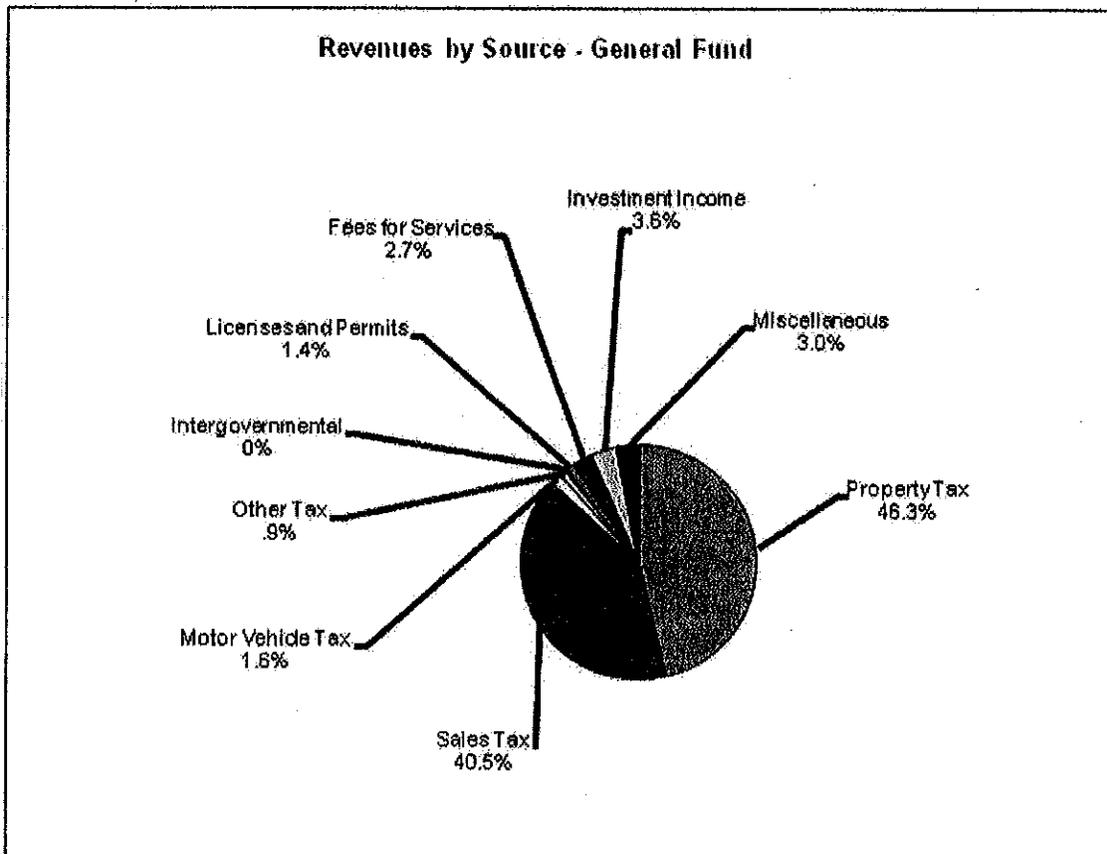
- El Centro Familiar expenses increased from \$426 thousand in FY08 to \$451 thousand in FY09, a 5.9% increase. The increase is primarily attributed to an increase in salaries and wages and depreciation expense.

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 \$348,280,330, an increase of \$54.0 million. Approximately 67.2% of this total, \$234,197,913 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 DFA 3/12 reserve requirement \$66,297,457, 2) \$24,374,864 in encumbrances to liquidate contracts and purchase orders of the prior period, 3) \$21,070,595 to pay debt service, and 4) \$2,339,501 for a variety of other restricted purposes.

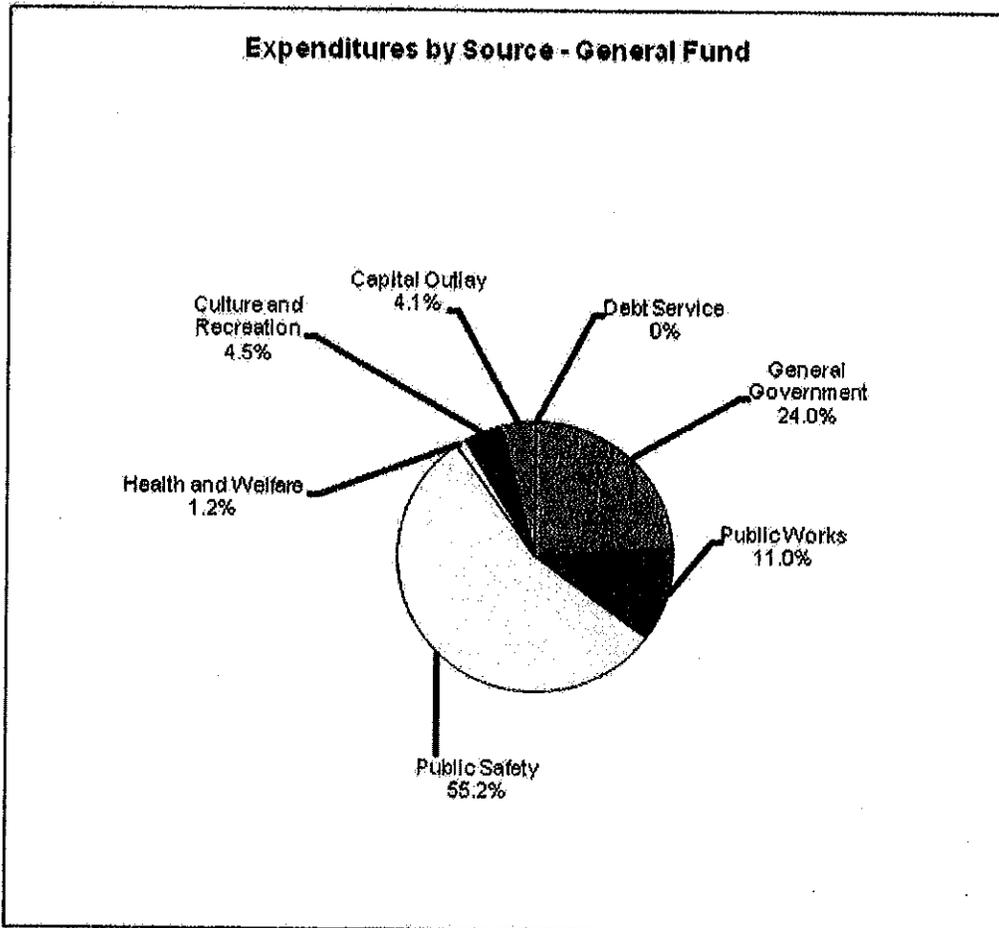
General Fund. The County's general fund balance increased \$3,771,344 during the current fiscal year. Key factors in this growth are based on the increase in local taxes from the previous year combined with less than expected incurred expenditures during the year.



General Fund revenues decreased \$13.7 million from \$240.1 million in FY08 to \$226.4 million in FY09, a decrease of 5.7%. Key elements in the decline of General Fund revenues are as follows:

- Property tax revenue increased by \$4.3 million or 4.3% from \$100.4 million in FY08 to \$104.7 million in FY09. The increase was attributed to an increase in the taxable valuation within the County of \$785 million from \$13.191 billion in FY08 to \$13.976 billion in FY09 and a slight increase in the County's operational residential mill levy from 6.183 to 6.184 per \$1,000 of assessed taxable value. The increase in revenue was slightly offset by a decrease in the current property tax collection rate from 95.86% in FY08 to 95.39% in FY09.
- Gross receipts tax revenue (GRT) decreased by \$4.1 million from \$95.8 million in FY08 to \$91.7 million in FY09, a 4.3% decrease. The decrease was attributed to a decline in the state economy. As was the case for the state, the County slipped into a recession in FY09. This is reflected by an overall decrease of 9.1% in taxable gross receipts reported by the state for Bernalillo County during the year from \$33.9 billion in FY08 to \$30.8 billion in FY09.
- Fees for services decreased by \$13.2 million from \$19.2 million in FY08 to \$6.0 million in FY09, a 68.7% decrease. The majority of the decrease was attributed to \$4.5 million contributed and \$3.5 million still due by the City of Albuquerque in FY08 to offset operational costs for MDC operations versus no contribution in FY09. The decrease was also attributed to a \$1.5 million decrease in fees collected at the MDC in the amounts of \$404 thousand for commissary sales and \$1.1 million for the state "feed and care of parole violators" program. In addition, \$679 thousand for the "state criminal alien assistance program" and \$250 thousand for community custody program (CCP) DWI service was reported in this category in FY08 and reported in the miscellaneous category in FY09.
- Investment income decreased \$3.3 million from \$11.5 million in FY08 to \$8.2 million in FY09, a decrease of 28.7%. The decrease was attributed to a lower rate of return on investments in FY09 as a result of the downturn in the economy due to the nation-wide recession.
- Miscellaneous revenue increased \$3.2 million from \$3.7 million in FY08 to \$6.9 million in FY09, an increase of 86.5%. The increase was attributed to the allocation of \$1.9 million of unallocated revenue from FY07 and FY06 to the appropriate funds and revenue line items in FY08, which did not occur in FY09. Also, the increase was attributed to \$500 thousand in inter-fund revenue used for the CCP DWI service at MDC. In addition, \$822 thousand for the state "feed and care of parole violators" program was reported in this category in FY09 and reported in the fees for services category in FY08.

General Fund expenditures increased \$8.7 million from \$198.2 million in FY08 to \$206.9 million in FY09, a 4.4% increase. Key elements in the increase in General Fund expenditures are as follows:



- General government expenditures increased by \$11.8 million from \$37.8 million in FY08 to \$49.6 million in FY09, a 31.2% increase. A portion of the increase was attributed to costs incurred of \$4.8 million to maintain the new ERP system that was implemented in FY08 and went “live” at the beginning of FY09. Also, \$3.5 million of the increase was due to a salary and fringe benefit increase of 5% for blue collar employees and 4% across the board for all other County employees. In addition, an increase of \$3.0 million in Bureau of Election expenditures was a result of a major general election held in FY09.
- Public Works expenditures increased by \$2.1 million from \$20.7 million in FY08 to \$22.8 million in FY09, a 10.1% increase. The majority of the increase was attributed \$1.5 million in expenditures due to a salary and fringe benefit increase of 5% for blue collar employees and 4% across the board for all other County employees. Also, \$500 thousand of the increase was attributed to utility costs.

- Public Safety expenditures increased by \$4.5 million from \$109.7 million in FY08 to \$114.2 million in FY09, a 4.1% increase. The majority of the increase was attributed to a salary and fringe benefit increase of 5% for blue collar employees and 4% across the board for all other County employees.
- Capital outlay expenditures decreased by \$9.7 million from \$18.3 in FY08 to \$8.5 million in FY09, a decrease of 53.0%. The decrease was primarily attributed to costs associated with the implementation of the County's new ERP system which occurred in FY08. In FY08, costs for the ERP system totaled \$11.4 million versus costs in FY09 of only \$766 thousand. Also, \$1.2 million in costs associated with the Edith Phase II project occurred in FY08 and no expenditures occurred in FY09. In FY09 capital outlay expenditures included \$1.6 million for the renovation of the Downtown Public Safety Complex, \$435 thousand for the Ambassador Romero Park, \$100 thousand for the Paradise Hills Pool, \$119 thousand for the Río Bravo Park Tennis Courts, \$60 thousand for the North Domingo Baca Tennis Courts, \$15 thousand for the Mountain View Community Center, \$3.2 million for County vehicles, \$484 thousand for Machinery and Equipment, \$336 thousand for computer software, and \$424 thousand for DP Equipment.

TRAN Debt Service Fund. The TRAN Debt Service Fund is used to account for monies that will be used to pay short-term Tax Revenue Anticipation Notes (TRAN) issued by the County during the year. The notes are not general obligations of the County, but are payable solely out of the anticipated revenues that have been pledged for the payment thereof. The full faith and credit of the County is not pledged to the payment of the notes. TRAN proceeds allow the County to reduce fluctuations in cash flow due to the fact that certain revenues, especially property taxes, are not received evenly each month.

The TRAN Debt Service Fund decreased from \$858,501 in FY08 to \$738,696 in FY09, all of which is reserved for the payment of debt service. The fund balance decrease was attributed to less pledged revenues transferred to the fund versus the amount of debt service due for FY09.

Grants Fund. The Grants Fund accounts 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. Grants related to the County's Housing Department are accounted for in the Housing Funds.

In FY09 the County, as part of its ERP implementation, consolidated its grant funds into one fund which is now designated as a major fund on its financial statements.

The Grants Fund decreased from \$478,881 in FY08 to \$59,620 in FY09, all of which was unreserved. The fund balance decrease was attributed to a transfer of \$427,132, designated as "donations", to the General Fund.

A more detailed analysis will be made in FY10 when the new grant fund structure provides information for two consecutive years.

Construction Fund. The Construction Fund accounts for various construction projects related to road projects, storm sewer systems, acquiring of library books and library resources, remodeling required by

the Americans with Disabilities Act, acquisition of land for expanding parks and recreational facilities, constructing and equipping sheriff's sub-stations, improvement of facilities for the County Public Health Department, and other projects. Financing for these projects is provided by general obligation bonds, gross receipts tax revenue bonds and earnings from the investment of those monies.

In FY09 the County, as part of its ERP implementation, consolidated a majority of its capital construction funds into one fund which is now designated as a major fund on its financial statements.

The Construction Fund increased from \$54,544,602 in FY08 to \$97,498,961 in FY09, of which \$90,816,050 was unreserved. The fund increase was attributed to the County's sale of \$10,000,000 of General Obligation Bonds (Series 2009) in June of FY09. This included \$7,000,000 for roads, \$1,000,000 for library books and \$2,000,000 for ADA facilities improvements. In addition, the County issued \$42,200,000 of Gross Receipts Tax Revenue Bonds (taxable Series 2008A) for the purchase of a building which has not occurred.

A more detailed analysis will be made in FY10 when the new construction fund structure provides information for two consecutive years.

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.

Special Revenue funds. As of the end of fiscal year 2009, the County's Special Revenue funds reported combined ending fund balances of \$36,399,075, an increase of \$6,884,256. Of the fund balance, \$20,305 is reserved for inventory, \$1,555,936 is reserved for encumbrances, and the remaining fund balance of \$34,822,834 is unreserved undesignated. Key elements in the growth of the total special revenue fund balance are as follows:

- A significant portion of the increase was due to a \$6.3 million increase in the fund balance of the Health Care GRT Fund from \$10.1 million in FY08 to \$16.4 million in FY09, a 62.3% increase. In FY09, this fund generated \$10.2 million in revenues, expenditures of \$6.6 million and other financing resources of \$2.7 million.
- An additional portion of the increase was due to a \$1.3 million increase in the fund balance of the Valuation Fund from \$5.9 million in FY08 to \$7.2 million in FY09, a 22.0% increase. The increase was a result of appraisal fee collections of just over \$5.1 million and expenditures of \$3.8 million. Appraisal fee revenues increased by \$220 thousand from the prior year and can be attributed to increased property tax collections in FY09.
- The increase was offset by a decrease of \$1.3 million in the fund balance of the Environmental Health Fund from \$4.0 million in FY08 to \$2.7 million in FY09, a decrease of 32.5%. The decrease was a result of \$3.3 million in other financing uses applied for \$1.7 million in debt service payments for the 1999 GRT Revenue Bond and \$1.6 million to reimburse the general fund for prior year debt service payments. In addition, revenues exceeded expenditures by \$1.9 million in FY09.

Debt Service funds. As of the end of fiscal year 2009, the County's Debt Service funds reported combined ending fund balances of \$20,331,899, an increase of \$1,829,636. All of the fund balance was reserved to pay debt service. Key elements of the increase in the total fund balance are as follows:

- The increase was attributed in part to an \$834 thousand increase in the General Obligation Bonds Debt Service Fund from \$694 thousand in FY08 to \$1.5 million in FY09. This was attributed to more revenue from property taxes and interest income than expenditures for debt service requirements.
- The remainder of the increase was attributed to an increase of \$1 million in the other debt service funds fund balance in FY09 due to more revenue from other financing sources and interest income than expenditures for debt service requirements.

Capital Projects funds. As of the end of fiscal year 2009, the County's Capital Project funds reported combined ending fund balances of \$17,593,924, a decrease of \$933,765. During the year, as capital projects are completed, the cost of the projects are reclassified as capital assets and removed from the capital project fund. Of the fund balance, \$610,148 is reserved for encumbrances and the remaining fund balance of \$16,983,776 is unreserved undesignated. Key elements of the decrease in the total fund balance are as follows:

- The majority of the decrease was attributed to a decrease of \$909 thousand in the Open Space Fund from \$12.3 million in FY08 to \$11.4 million in FY09, a 7.4% decrease. The majority of the decrease was in large part due to property tax revenue of \$1.4 million and capital outlay expenditures of 1.9 million. There were also operating expenditures of \$395 thousand in the public works category.
- The remainder of the decrease was attributed to a decrease of \$25 thousand in the Impact Fee Fund balance as expenditures exceeded impact fee revenue and interest income in FY09.

Proprietary funds. The County proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finances of these funds have been discussed in the business-type activities section of the MD&A.

Budgetary Highlights Original Budget – Final Budget Comparison.

General Fund. General fund total original budgeted revenues increased \$3.9 million or by 1.8% from \$214.8 million to \$218.7 million (final). General fund total original budgeted expenditures increased \$9 million or by 3.6% from \$248.1 million to \$257.1 million (final). Significant changes between the original budget and the final amended budget are summarized as follows:

- The investment income original revenue budget increased \$597 thousand from \$3.9 million to \$4.5 million. The increase was attributed to additional budget for a Tax Revenue Anticipation Note (TRAN) premium on a TRAN Bond issued in December 2008.
- The miscellaneous income original revenue budget increased \$3.4 million from \$4.2 million to \$7.6 million. The increase was primarily attributed to additional budget for projected property management lease revenue of \$2,300,000 and additional budget for projected revenue of \$1.1 million for the Department of Substance Abuse program.

- The information technology original expenditure budget decreased \$783 thousand from \$13.7 million to \$12.9 million. The decrease was attributed to the transfer of budget to the Construction Fund for the ERP project.
- The general county original expenditure budget increased \$1.8 million from \$35.2 million to \$37.0 million. The increase was primarily attributed to \$4.2 million budgeted for employee pay raises and \$2.1 million budgeted for operating expenses for the building located at 500 Marquette. In addition, \$3.8 million was reclassified to the capital outlay category for \$1.8 million in renovations of the old court house building located at 415 Tijeras, for \$1.1 million in Sheriff's replacement purchases and for \$900 thousand in general replacement purchases. Also, \$700 thousand was reclassified to the Construction Fund for the Ambassador Romero Park project, the Sunset/Trujillo project and for tennis court renovation projects. An additional amount of \$555 thousand was reclassified to the Construction Fund for pool renovations.
- The clerk original expenditure budget increased by \$1.1 million from \$5.4 million to \$6.5 million. The increase was attributed to an increase in the budget for the Bureau of Elections for the major general election held in FY09.
- The fleet-facilities management original expenditure budget increased by \$661 thousand from \$13.6 million to \$14.3 million to cover operating costs for the Downtown Public Safety Complex.
- The department of substance abuse (DSAP) original expenditure budget increased by \$993 thousand from zero to \$993 thousand. The increase was attributed to the establishment of the DSAP program in the general fund in FY09.
- The capital outlay original expenditure budget increased by \$3.5 million from \$15.1 million to \$18.6 million. The increase was attributed to the establishment of \$8.1 million in projects resulting in \$1.8 million for the construction of the Sheriff's training center located at the old court house building located at 415 Tijeras, \$1.1 million for the expansion of the Metropolitan Detention Center (MDC) warehouse, \$3.5 million for the renovation of the Downtown Public Safety Complex, \$980 thousand for the ERP project, and \$555 thousand for the renovation of County pools. In addition, direct asset purchases budget decreased by \$4.4 million due to reclassification to the projects detailed above.

TRAN Debt Service Fund. TRAN Debt Service Fund total original budgeted revenues and total original budgeted expenditures did not change during the fiscal year.

Grants Fund. An original and final budget is not presented for this fund as this is a life-to-date fund and the County does not adopt an annual operating budget during the current fiscal year.

Construction Fund. An original and final budget is not presented for this fund as this is a life-to-date fund and the County does not adopt an annual operating budget during the current fiscal year.

Budgetary Highlights – Budget to Actual

General Fund. General Fund revenues exceeded budgetary estimates by \$9,813,893 or by 4.5%. General Fund expenditures were less than budgetary estimates by \$55,318,300 or by 21.5% thus eliminating the need to draw upon existing fund balance. During the year the County incurred an excess of revenues over expenditures and other financing sources in the amount of \$10,976,917. Individual significant differences between the General Fund final budget and actual amounts are summarized as follows:

- Property tax revenue had a positive variance of \$9,822,291. The budget projections estimated a 95% collection rate of current property taxes within the County as of June 30, 2009. The actual collection rate was 95.39%. The significant reason for the positive variance was that current property tax collections were \$8,308,684 greater than budget (9.2% of budget) which was reflective of the 5.9% increase in the assessed taxable property valuation from the 2008 assessed taxable valuation which was higher than expected. In addition, delinquent tax collections, interest on current and delinquent tax collections, and penalties on current and delinquent tax collections exceeded projections by \$1,513,607.
- Gross receipt tax (GRT) revenue had a negative variance of \$2,205,452. The variance was primarily attributed to the decline in the state economy. As was the case in the state, the County slipped deep into a recession in FY09, which was greater than expected.
- Intergovernmental revenue had a negative variance of \$1,142,429. The variance was primarily attributed to budgeted revenue for the "state criminal alien assistance program" (SCAAP) and the community custody program (CCP) DWI program reported in this category but actual revenue reported in the miscellaneous category.
- Licenses and permits revenue had a negative variance of \$1,500,532. The variance was primarily attributed to a decrease of \$1,381,791 in building/zoning fees and \$325,484 in construction permits that is reflective of the weak construction sector in 2009 and the weak housing construction industry in the Albuquerque MSA area.
- Fees for services revenue had a positive variance of \$1,284,953. The increase was primarily attributed to \$1,097,408 million in clerks fees realized but not budgeted in FY09. In addition, there were higher than expected MDC feed/care of prisoner fees of \$375,945, Sheriff's Office court security fees of \$53,811, Sheriff's overtime reimbursement of \$69,582, Juvenile Detention Youth Service Center school nutrition fees of \$27,391 and fire inspection fees of \$23,460. The revenue was offset by lower than expected revenue from CCP fees of \$143,876 and commissary commission fees of \$282,854.
- Investment income revenue had a positive variance of \$5,682,479. The increase was in part attributed to a conservative budget estimate made by the County Treasurer as part of the biennial budget process. It can also be attributed to additional revenue to invest as a result of increased property tax revenue in FY09. Even though the economy was in a recession in FY09, the County was able to exceed its budgeted estimate as a result of excellent investment management performed by the County Treasurer and an investment committee which oversees investment strategy monthly.

- Miscellaneous revenue had a negative variance of \$2,502,883. The decrease was attributed to less than expected revenue related to rental revenue, general revenue and non-grant reimbursements.
- Risk Management expenditures had a positive variance of \$2,133,489. The variance was attributed to lower property insurance premiums of \$1,720,082, less than expected insurance deductibles of \$148,253, and less than expected expenditures for Law Enforcement Officer Liability claims in the amount of \$733,602.
- Information Technology expenditures had a positive variance of \$1,802,044. The variance was attributed to less than expected expenditures for ERP of \$947,473, lower costs for information application services of \$686,049, less costs for administrative and core services of \$62,560 and lower than expected cost for IT records management of \$105,962.
- General County expenditures had a positive variance of \$30,407,852. The variance was primarily attributed to \$10,705,511 in budgeted expenditures for salary contingency that did not materialize and \$11,837,133 budgeted expenditures for contingency that did not occur. Also, there were less than expected expenditures of \$2,841,975 for contractual services and \$2,371,636 less than expected expenditures for the rental building and land line item. In addition, there were less than expected expenditures for city mandates of \$1,564,136, budgeted expenditures of \$200,000 for insurance fleet replacement that did not occur, budgeted expenditures of \$272,752 for project match that did not materialize, and \$231,100 less than expected expenditures for claims and judgments.
- Fleet-Facilities Management had a positive variance of \$1,913,906. The variance was attributed to less than expected costs of \$1,146,217 for fleet facilities administration which was primarily related to utility costs, less than expected expenditures of \$796,589 for vehicle gas and oil and less than expected costs of \$368,335 for building maintenance and repair. The remaining variance balance pertained to minor adjustments in various other operating categories some of which had a negative variance effect.
- Metropolitan Detention Center (MDC) expenditures had a positive variance of \$4,628,897. A significant portion of this variance was attributed to \$3,051,000 of budgeted funds for regular salaries and overtime that did not materialize and less than expected expenditures of \$3,378,338 for contractual services. In addition, there were more than expected expenditures of \$1,135,638 for radio maintenance and repair. The remaining variance balance pertained to minor adjustments in various other operating categories some of which had a negative variance effect.
- Sheriff expenditures had a negative variance of \$1,710,725. The majority of the variance was attributed to \$1,870,000 in salary and fringe benefits that were greater than expected. The remainder was attributed to less than expected costs in various operating line items.
- Capital outlay expenditures had a positive variance of \$10,294,061. The variance was primarily attributed to less than expected direct asset purchases of \$5,768,274 for County vehicles. In addition, the variance can be attributed to less than expected expenditures of \$1,061,842 for the MDC warehouse expansion; less than expected expenditures of \$1,467,693 for the renovation of the Sheriff's training center and less than expected expenditures of \$2,049,484 for the renovation of the Downtown Public Safety Complex.

- Principal debt service expenditures had a positive variance of \$1,061,727. The variance was attributed to budgeted expenditures for loan payments that did not materialize.

TRAN Debt Service Fund. There was no revenue to budget and expenditure to budget variations for this fund.

Grants Fund. A budget to actual statement is not presented for this fund as this is a life-to-date fund and the County does not adopt an annual operating budget during the current fiscal year.

Construction Fund. A budget to actual statement is not presented for this fund as this is a life-to-date fund and the County does not adopt an annual operating budget during the current fiscal year.

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, 2009 amounts to \$555,330,229 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure. Each year the Board of County Commissioners updates the Capital Improvements Program (CIP) in order to plan both long and short range financing for the County's capital projects. The CIP process provides for the development and submittal of requests for the annual and six-year requests for the Capital Improvements Program. A wide range of public facilities and equipment is considered in the CIP. There are statutory requirements that provide for design, construction, major repair, reconstruction or replacement of facilities such as buildings, jails, courthouses, roadways, bridges, parks, and some heavy equipment. The County can use several types of funding for the CIP that includes General Obligation Bonds, Revenue Bonds, Special Assessment District Bonds, Federal grants and State grants and appropriations.

Citizen involvement is solicited to determine and prioritize the needs of the County by holding public meetings. The Board of County Commissioners holds periodic advertised meetings at various locations within each commission district to solicit public input and discuss the public's requests. Capital improvement projects selected by the Board and adopted in the CIP that are to be funded by general obligation bonds are placed on the ballot in the next general election. The general obligation bond schedule is based on a two-year cycle and issuance is currently limited to \$20,750,000 dollars by the Board of County Commissioners in order to maintain the same property tax rate. Other Capital improvement projects are included in the State of New Mexico Infrastructure Program for funding consideration. Major capital asset events during the current fiscal year included the following:

- Improvements to Edith Boulevard were completed in FY09. Improvements include reconstruction of Edith from Candelaria to Montano. The project widened the existing two-lane roadway to a five-lane facility with curb, gutter, sidewalks, bike facilities and new storm drainage.
- Construction of the South Valley Health Commons complex was completed in FY09. The new complex will provide facilities for First Choice Community Healthcare, NM Department of Health and its Women, Infants and Children Program, and UNMH's Family Practice and Psycho-Social Rehabilitation Programs.

- ERP Phase II/Budget Preparation implementation was completed in FY09. It is a budget preparation module which includes base budget formulation, capital and operational appropriation requests, and long-term capital planning.
- Construction began on the East Mountain Co-Located Sheriff, Fire and Emergency Operation Center. The facility will serve as a full-service public safety facility with joint use area that include a staging area for any emergency responder such as weather, HAZMAT incidents, wildfires, and incidents of search and rescue.
- Renovation of the Downtown Public Safety Complex was completed in FY09. It will house the MDC Charter School, the Day Jail Component, the Community Custody Program, the Addiction Treatment Program, the Highland Program, the Community Case Management Team, the Meth Crisis Team, and the following units from the Sheriff's Division – Civil & Traffic Division, Cold Case, White Collar, Internal Affairs, and SORT.
- Construction on the Metropolitan Assessment and Treatment Service (MATS) transitional housing facility and intake area was completed in FY09. It is an 82 bed facility that provides short-term detoxification services for Bernalillo Residents. It also includes a 50-bed 4 to 6 month transitional housing facility. Services also include access to case management, referrals to continued treatment opportunities and other supportive services.
- The Fisher Smith Memorial Gymnasium was completed in FY09. It is approximately 19,758 square feet and is primarily used by the East Mountain High School and Bernalillo County Parks & Recreation. The gymnasium can be used for competitive basketball, volleyball, physical education classes, children's programs and adult community athletic programs.
- Final design commenced on the Eubank Boulevard Reconstruction in FY09. The improvements will include a new four lane roadway and bike lanes.
- Renovations commenced at the old court house building located at 415 Tijeras. It will house the Sheriff's Training Center and various County departments will be relocated to this building in FY10.
- Renovations to the Hiland Theater continued in FY09. Eventually, the theater will be reopened and used for various community and school activities as well as live performances from local theater groups.

County of Bernalillo's Capital Assets

(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$128,093,610	\$126,161,702	\$ 563,033	\$ 639,444	\$128,656,643	\$126,801,146
Buildings	186,668,203	169,298,644	3,940,974	4,577,349	190,609,177	173,875,993
Machinery and equipment	26,205,317	12,399,882	178,050	317,213	26,383,367	12,717,095
Land improvements	606,555	-	-	-	606,555	-
Infrastructure	179,640,069	161,043,915	-	-	179,640,069	161,043,915
Leasehold improvements	2,272,654	2,401,189	-	-	2,272,654	2,401,189
Construction in progress	24,980,977	63,704,927	-	-	24,980,977	63,704,927
Art	2,180,787	2,074,462	-	-	2,180,787	2,074,462
Total	\$550,648,172	\$537,084,721	\$4,682,057	\$5,534,006	\$555,330,229	\$542,618,727

Additional information on the County's capital assets can be found in note IV-C. on pages 57-58 of this report.

Debt administration. The Bernalillo County Budget and Finance Division has analyzed the existing debt position of the County and has assessed the impact of future financing requirements on the County's ability to service additional debt. Review and analysis of the County's debt position is performed to provide a capital financing plan for infrastructure and other improvements. Long-term financing projections are linked with economic, demographic and financial resources expected to be available to repay the debt. Decisions regarding the use of debt are based upon a number of factors including, but not limited to, the long-term needs of the County and the amount of resources available to repay the debt. The debt policy is not expected to anticipate every future contingency in the County's capital program or future operational needs. Sufficient flexibility is required to enable County management to respond to unforeseen circumstances or new opportunities, when appropriate.

The County will maintain direct tax supported debt at a manageable level that takes into account economic factors including population, assessed valuation, and other current and future tax-supported essential needs. The decision to issue bonds, by either competitive or negotiated sale, is based upon which alternative will provide the County with lower costs. The Board of County Commissioners decides on an issue-by-issue basis which method of sale would be most appropriate. The County encourages the use of competitive sales for all issues unless circumstances dictate otherwise. Negotiated sales are considered if the sale is a complex financing structure. If a negotiated sale is anticipated, the Budget and Finance Division and County Bond Counsel establish a list of pre-qualified underwriters.

General Obligation Bonds. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$102,080,000. The County has outstanding general obligation bonds for capital facilities including road improvements, storm drain improvements, library books, public safety improvements and park facility improvements. General obligation bonds are backed by the full faith and credit of the County government and are supported by ad valorem taxes. The tax rate depends upon debt service schedules and property valuation and is set by the New Mexico Department of Finance and Administration. In fiscal year 2009, this tax is approximately \$0.880 per \$1,000 of assessed taxable value in ad valorem taxes to support general obligation bonds, which constitute direct and general obligations of the County. These bonds have retirement dates ranging from February 1, 2010 through August 1, 2027. 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 (0.73%) of the \$14 billion taxable value of property within Bernalillo County, as of June 30, 2009. The County may currently issue up to an additional \$457.0 million of general obligation bonds. The net general bonded debt per capita is \$154.31. The lowest per capita amount in the last ten fiscal years was \$112.84 in fiscal year ended June 30, 2002. The County's ratings on uninsured general obligation bonds as of June 30, 2009 were:

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

Revenue Bonds. At the end of the current fiscal year, the County had total revenue bond debt outstanding of \$205,445,000. The County has nine outstanding revenue bonds: the 1996B series, the 1997 series, the 1998 refunding series, the 1999 series, the 2002 series, the 2005 partial refunding series, the 2008 refunding series, the 2008A series, and the 2009 series. These bonds are payable from net pledged gross receipt tax revenues. Although the bonds are general obligations of the County, the County intends to pay the bonds solely from the net pledged revenues. The pledged revenue coverage of gross receipts tax revenues to debt service requirements is 3.50. The lowest pledged revenue coverage in the last nine fiscal years was 2.19 in fiscal year 2002. These bonds have retirement dates ranging from October 1, 2009 through April 1, 2027. Standard and Poor's has rated the County's revenue bonds AAA.

General Obligation and Revenue Bonds Outstanding

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
General obligation bonds	\$ 102,080,000	\$ 98,835,000	\$ -	\$ -
Revenue bonds	205,445,000	170,005,000	1,655,000	1,700,000
Total	\$307,525,000	\$268,840,000	\$1,655,000	\$1,700,000

As presented above, the County's total outstanding bond debt increased by \$38,640,000 during the current fiscal year. Additional information on the County's long-term debt can be found in note IV.F on pages 60-63 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 2010 budget. According to forecasts by the University of New Mexico's Bureau of Business and Economic Research, the outlook for the New Mexico economy is not very good. The recession which began at the end of 2008 will become a little deeper in the third quarter of 2009 before easing off slightly in the fourth quarter and hanging on through the first quarter of 2010. For the year employment growth will decline 2.4 percent, followed by an increase of only 0.7 percent in 2010. The rate of unemployment is expected to reach 6.8 percent in 2009 and 7.5 percent in 2010 before gradually sliding to 6.2 percent by 2014. New Mexico personal income growth will be slow in 2009 and 2010, reaching only 2.4 percent and 3.0 percent in those two years, respectively. Growth will then increase gradually, reaching 5.0 percent by 2014.

The outlook for the Albuquerque MSA economy is grim in the near term. The recession, already three quarters old, will continue for another three quarters. Nonfarm employment growth is expected to post a 3.5 percent decline during the third quarter of 2009, followed by a 2.9 percent drop during the four quarter. For the year, employment is expected to decline 2.8 percent. Recovery is expected to begin in the second quarter of 2010 with employment growth reaching 2.1 percent by the fourth quarter of the year. Overall, employment growth will post a 1.0 percent gain in 2010 and then climb to 2.0 percent and remain there through 2014. Albuquerque MSA personal income growth will attain 1.9 percent this year and 3.2 percent in 2010 and rise to near 4.5 percent in 2011.

The Albuquerque MSA economy lost 12,667 (net) jobs between the second quarter of 2008 and the second quarter of 2009. Among the various sectors, construction took the biggest hit, posting a net employment drop of 4,800. Total housing unit authorizations were down 62.2 percent in the City of Albuquerque and 11.0 percent in the City of Rio Rancho. The construction sector is expected to return in strength in 2010 and remain there through 2014, with increases of approximately 3.0 percent annually. Housing construction is expected to be a big part of that, with total housing unit authorizations in the City of Albuquerque doubling in 2010 and doubling again in 2011.

The manufacturing sector lost 2,933 jobs, a 13.1 percent drop. This can be attributed to the closing of the Intel Fab 11 plant last winter and the closing of Eclipse Aviation. There were also layoffs at Emcore and Aero Mechanical industries and the closing of the Sparton microchip plant and Solo Cup. This sector will continue to remain down through 2009 and 2010 with employment declines of 12.5 percent and 5.2 percent, respectively. General Electric plans to close its South Valley jet engine parts manufacturing plant in 2010, with the loss of 400 jobs. In 2011 the manufacturing sector will return to expansion mode with employment growth averaging 4.0 percent annually through 2013. Continued hiring at Schott Solar, and also at Signet Solar and Solar Array Ventures, along with General Mills will aid the expansion.

The retail trade sector lost 2,433 jobs, including multiple store closing. The leisure and hospitality sector also took a large hit with the loss of many jobs.

The recovery is expected to begin in the second quarter of 2010 with employment growth reaching 2.1 percent by the fourth quarter of the year. Employment growth will increase by 1.0 percent in 2010 and then climb to 2.0 percent and remain there through 2014. Personal income growth will only be 1.9 percent this year and 3.2 percent next year and will increase to 4.5 percent in 2011. The rate of unemployment will climb to 8.3 percent in 2010 and gradually decline to 6.0 percent in 2014.

Strength in the economy over the next few years will be in the educational and health services sector, with employment increases every year in excess of 3.0 percent in 2009 through 2011, and 2.5 percent thereafter. The University of New Mexico, in partnership with Plano Medical Partners of Texas, plans to break ground later this year for a major teaching hospital in Rio Rancho, employing as many as 1,000. Presbyterian Health Systems is also planning to build a large west side hospital in the City of Rio Rancho.

The professional and business services sector is expected to make a contribution to growth beginning in 2010. A technical support center operated by Hewlett-Packard is expected to open in December 2009 with employment of 1,350 employees and eventually employing up to 1,800. Also, Fidelity Investments will be hiring hundreds of employees in 2009 and 2010 at its Mesa Del Sol human resources outsourcing center.

Thus, the Albuquerque MSA economy faces a fairly severe recessionary period for the next three quarters, but will recovery rapidly beginning in the second quarter of 2010.

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 Deputy County Manager for Budget and Finance, One Civic Plaza, NW - 10th Floor, Albuquerque, New Mexico 87102.



**COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 373,943,224	\$ 3,354,165	\$ 377,297,389
Accounts receivable, net	42,313,119	930,867	43,243,986
Accrued interest receivable	2,129,779	-	2,129,779
Note receivable	221,391	-	221,391
Due from grantor	11,891,409	-	11,891,409
Internal balances	566,989	(566,989)	-
Inventory	621,110	9,345	630,455
Prepaid assets	1,625,382	-	1,625,382
Deferred charges	1,227,009	-	1,227,009
Cash-restricted	16,681,279	-	16,681,279
Investment in joint venture	633,000	-	633,000
Capital assets not being depreciated:			
Land	128,093,810	563,033	128,656,843
Art	2,180,787	-	2,180,787
Construction in progress	24,980,977	-	24,980,977
Capital assets (net of accumulated depreciation):			
Building	186,668,203	3,940,974	190,609,177
Land improvements	606,555	-	606,555
Machinery and equipment	26,205,317	178,050	26,383,367
Infrastructure	179,640,089	-	179,640,089
Leasehold improvements	2,272,654	-	2,272,654
Total assets	1,002,501,863	8,409,445	1,010,911,308
LIABILITIES			
Accounts payable	24,738,860	772,358	25,511,218
Interest payable	4,375,928	179	4,376,107
Retainage payable	722,341	-	722,341
Tax anticipation note payable	55,000,000	-	55,000,000
Accrued payroll	4,542,214	60,430	4,602,644
Unearned revenue	6,895,233	600,697	7,395,930
Deposits held in trust for others	-	19,462	19,462
Noncurrent liabilities:			
Due within one year	25,837,449	87,433	25,924,882
Due in more than one year	310,277,990	2,620,741	312,898,731
Total liabilities	432,390,015	4,051,300	436,441,315
NET ASSETS			
Invested in capital assets, net of related debt	356,558,834	2,358,904	358,917,738
Restricted for:			
Public safety	4,972,195	-	4,972,195
Culture and recreation	3,899	-	3,899
Health and welfare	21,844,209	-	21,844,209
Debt service	4,389,316	-	4,389,316
Capital projects	21,026,344	-	21,026,344
General government	9,446,888	-	9,446,888
Reserve requirement	66,297,457	-	66,297,457
Unrestricted	85,572,706	1,999,241	87,571,947
Total net assets	\$ 570,111,848	\$ 4,358,145	\$ 574,469,993

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

**BERNALILLO COUNTY, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs Primary government:	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Governmental activities:							
General government	\$ 69,898,098	\$ 29,818,073	\$ 346,608	\$ 10,087,748	\$ (29,645,669)		\$ (29,645,669)
Public works	50,092,431	-	9,931	20,927,024	(29,155,476)		(29,155,476)
Public safety	156,911,320	-	10,654,921	809,420	(145,446,979)		(145,446,979)
Culture and recreation	11,426,758	-	557,640	3,150,736	(7,718,382)		(7,718,382)
Health and welfare	31,911,866	-	13,182,226	2,909,854	(15,819,786)		(15,819,786)
Interest on long-term debt	15,591,011	-	-	-	(15,591,011)		(15,591,011)
Total governmental activities	335,831,484	29,818,073	24,751,326	37,884,782	(243,377,303)		(243,377,303)
Business-type activities:							
Solid waste	5,215,029	4,495,377	176,000	-	-	(543,652)	(543,652)
Housing Authority	1,576,798	575,634	-	406,227	-	(594,937)	(594,937)
Seybold Village Handicapped Project	320,744	42,446	-	75,952	-	(202,346)	(202,346)
Regional Juvenile Detention Center	960,180	1,058,848	-	-	-	98,668	98,668
El Centro Familiar	450,958	160,089	151,781	-	-	(139,088)	(139,088)
Total business-type activities	8,523,709	6,332,394	327,781	482,179	-	(1,381,355)	(1,381,355)
Total primary government	\$ 344,355,193	\$ 36,150,467	\$ 25,079,107	\$ 38,366,961	(243,377,303)		(244,758,658)
General revenues:							
Property taxes					120,069,963		120,069,963
Gross receipts taxes					114,116,141		114,116,141
Motor vehicle taxes					3,582,607		3,582,607
Cigarette taxes					6,758		6,758
Gas taxes					2,037,969		2,037,969
Investment income					10,865,039	45,191	10,910,230
Gain on sale of capital assets					296,236	33,858	330,094
Miscellaneous					13,317,702	712,172	14,029,874
Total general revenue and transfers					284,292,415	791,221	285,083,636
Change in net assets					20,915,112	(590,134)	20,324,978
Net assets - beginning					549,196,796	4,948,279	554,145,015
Net assets - ending					\$ 570,111,848	\$ 4,358,145	\$ 574,469,993

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

COUNTY OF BERNALILLO, NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	TRAN Debt Service	Grants Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 190,528,743	\$25,738,696	\$ -	\$98,217,242	\$ 57,848,353	\$ 372,333,034
Accounts receivable, net	30,096,159	-	-	849,259	11,267,701	42,313,119
Accrued interest receivable	1,619,750	-	-	219,523	290,506	2,129,779
Note receivable	221,391	-	-	-	-	221,391
Due from other funds	8,307,008	-	-	-	216,751	8,523,759
Due from grantor	-	-	11,891,409	-	-	11,891,409
Inventory	600,805	-	-	-	20,305	621,110
Advances to other funds	1,497,000	-	-	-	-	1,497,000
Cash - restricted	-	-	-	-	16,681,279	16,681,279
Total assets	\$ 232,870,856	\$25,738,696	\$11,891,409	\$99,386,024	\$ 86,324,895	\$ 456,211,680
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 12,032,299	\$ -	\$ 1,243,181	\$ 1,423,888	\$ 9,290,586	\$ 23,989,954
Retainage payable	16,950	-	585,376	120,016	-	722,341
TRAN payable	30,000,000	25,000,000	-	-	-	55,000,000
Accrued payroll	4,309,606	-	142,906	2,101	87,601	4,542,214
Deferred revenue	10,113,881	-	1,793,533	341,059	1,234,833	13,483,106
Due to other funds	740,165	-	6,669,793	-	1,385,977	8,696,935
Advances from other funds	-	-	1,497,000	-	-	1,497,000
Total liabilities	57,212,701	25,000,000	11,831,789	1,887,063	11,999,997	107,931,550
Fund balances:						
Reserved for:						
Notes receivable	221,391	-	-	-	-	221,391
Advances to other funds	1,497,000	-	-	-	-	1,497,000
Inventory	600,805	-	-	-	20,305	621,110
Debt service	-	738,696	-	-	20,331,899	21,070,595
Encumbrances	7,835,970	-	7,689,899	6,682,911	2,166,084	24,374,864
Reserve requirement	66,297,457	-	-	-	-	66,297,457
Unreserved, designated for						
Subsequent years'						
expenditures	42,978,698	-	-	-	-	42,978,698
Bond defeasance/enhancement	9,000,000	-	-	-	-	9,000,000
Capital projects	8,827,809	-	-	-	-	8,827,809
Grant funds	7,226,833	-	-	-	-	7,226,833
Building funds	8,827,810	-	-	-	-	8,827,810
Infrastructure replacement	10,000,000	-	-	-	-	10,000,000
Stabilization	12,344,382	-	-	-	-	12,344,382
Unreserved, undesignated for:						
Special revenue fund	-	-	(7,630,279)	-	34,822,834	27,192,555
Capital projects fund	-	-	-	90,816,050	16,983,776	107,799,826
Total fund balances	175,658,155	738,696	59,620	97,498,961	74,324,898	348,280,330
Total liabilities and fund balances	\$ 232,870,856	\$25,738,696	\$11,891,409	\$99,386,024	\$ 86,324,895	\$ 456,211,680

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

COUNTY OF BERNALILLO, NEW MEXICO
 RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

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

Total Fund Balance Governmental Funds (page 31)	\$ 348,280,330
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	550,648,172
Investments in joint ventures are not reported in the Governmental funds.	633,000
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,227,009
Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,601,449
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(336,115,439)
Accrued Interest Payable	(4,375,928)
Recognition of property tax revenue (less allowance for uncollectible accounts) on full accrual basis. Governmental funds recognize property tax revenue on the modified accrual basis.	8,213,255
Net assets governmental activities. (page 29)	<u>\$ 570,111,848</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
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	TRAN Debt Service	Grants Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$104,746,354	\$ -	\$ -	\$ -	\$ 13,371,850	\$ 118,118,204
Sales	91,746,733	-	-	-	22,369,408	114,116,141
Motor vehicle	3,582,607	-	-	-	-	3,582,607
Cigarette	4,500	-	-	-	2,258	6,758
Gas	2,037,969	-	-	-	-	2,037,969
Intergovernmental	36,244	-	37,266,551	11,392,224	14,171,865	62,866,884
Licenses and permits	3,189,293	-	-	-	-	3,189,293
Fees for services	6,015,517	-	-	-	20,613,263	26,628,780
Investment income	8,194,441	-	-	1,443,349	1,227,249	10,865,039
Miscellaneous	6,878,624	-	-	50	3,113,707	9,992,361
Total revenues	226,432,282	-	37,266,551	12,835,623	74,869,600	351,404,056
EXPENDITURES						
Current:						
General government	49,657,022	-	158,177	1,181,301	6,290,020	56,284,520
Public works	22,770,870	-	662,995	-	472,258	23,906,123
Public safety	114,225,027	-	9,984,542	-	15,991,454	140,201,023
Health & welfare	2,516,278	-	757,376	-	27,196,760	30,470,414
Culture and recreation	9,209,442	-	232,257	-	3,355	9,445,054
Capital outlay	8,505,175	-	12,778,564	9,819,477	4,363,286	35,466,502
Capital outlay-other entities	-	-	12,686,769	10,033,240	1,032,224	23,752,233
Debt service:						
Principal	-	-	-	1,504,717	23,515,000	25,019,717
Interest	-	1,897,222	-	90,283	13,886,382	15,873,887
Bond issuance cost	28,805	-	-	341,325	81,381	451,511
Total expenditures	206,912,619	1,897,222	37,258,680	22,970,343	91,832,120	360,870,984
Excess (deficiency) of revenues over expenditures	19,519,663	(1,897,222)	7,871	(10,134,720)	(16,962,520)	(9,466,928)
Other financing sources (uses)						
Transfers in	2,083,245	1,777,417	-	-	18,931,444	22,792,106
Transfers out	(18,051,785)	-	(427,132)	-	(4,313,189)	(22,792,106)
Sale of capital assets	220,221	-	-	347,639	5,578	573,438
Bonds issued	-	-	-	52,200,000	-	52,200,000
Bond issued	-	-	-	-	10,000,000	10,000,000
Premium	-	-	-	541,440	118,814	660,254
Total other financing sources (uses)	(16,748,319)	1,777,417	(427,132)	53,089,079	24,742,847	63,433,692
Net changes in fund balances	3,771,344	(119,805)	(419,261)	42,954,359	7,780,127	53,866,764
Fund balance - beginning	171,886,811	858,501	478,881	54,544,602	66,544,771	294,313,566
Fund balance - ending	\$175,658,155	\$ 738,696	\$ 59,620	\$ 97,498,961	\$ 74,324,898	\$ 348,280,330

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

COUNTY OF BERNALILLO, NEW MEXICO
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

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

Net changes in fund balances total governmental funds (page 33)	\$ 53,966,764
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,840,653
The net effect of sale of capital assets is to increase net assets. In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of capital assets sold.	(277,202)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,951,759
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(36,067,721)
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.	(12,499,141)
Change in net assets of governmental activities (page 30)	<u>\$ 20,916,112</u>

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

County of Bernalillo, New Mexico
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes:				
Property	\$ 95,053,277	\$ 95,053,277	\$ 104,875,568	\$ 9,822,291
Gross receipts tax	95,742,843	95,742,843	93,837,391	(2,205,452)
Motor vehicle	3,560,814	3,560,814	3,890,183	329,569
Cigarette	3,445	3,445	4,068	623
Gas	1,700,000	1,700,000	1,745,273	45,273
Intergovernmental	1,178,673	1,178,673	36,244	(1,142,429)
Licenses and permits	4,689,825	4,689,825	3,189,293	(1,500,532)
Fees for services	4,763,990	4,745,238	6,030,192	1,284,954
Investment income	3,890,000	4,486,943	10,169,422	5,882,479
Miscellaneous income	4,209,811	7,570,075	5,087,192	(2,502,883)
Total revenues	214,792,478	218,730,933	228,544,826	9,813,893
Other financing sources				
Transfers in	-	2,127,780	2,083,245	(44,535)
Sale of capital assets	100,000	100,000	220,221	120,221
Total other financing sources	100,000	2,227,780	2,303,466	75,686
Total revenues and other financing sources	214,892,478	220,958,713	230,848,292	9,889,579
Prior year cash balance budgeted	47,480,276	55,865,085		
Total Budget	262,372,754	276,823,798		
Expenditures				
Current:				
General government:				
County Commission	616,961	616,760	511,086	105,674
County Manager	1,266,631	1,262,631	1,307,935	(45,304)
Legal	2,156,633	2,156,633	1,933,174	223,459
Public Information	682,725	702,685	803,006	(100,320)
Assessor	3,072,676	3,075,676	2,808,602	269,074
Treasurer	2,210,618	2,213,018	2,064,566	148,453
Accounting	1,366,013	1,535,455	1,228,635	306,820
Risk Management	5,184,432	5,553,697	3,420,208	2,133,489
Budget	1,760,602	1,761,753	1,909,951	(148,197)
Human Resources	2,367,435	2,864,607	2,564,607	290,099
Information Technology	13,736,227	12,952,982	11,150,938	1,802,044
Purchasing	1,112,367	1,147,199	1,108,972	38,226
General County	35,212,595	36,964,897	6,557,044	30,407,852
Economic Development	204,956	224,956	242,014	(17,058)
Zoning, Building and Environmental Health	3,504,502	3,615,301	3,203,406	411,895
Clerk	5,403,660	6,496,415	6,689,085	(172,670)
Probate	184,004	186,670	189,522	16,148
Capital Improvements	599,571	602,571	660,327	(57,756)
Total general government	80,642,608	83,922,906	48,310,978	35,611,928
Public works:				
Division Support	1,029,072	1,055,397	1,174,189	(118,792)
Fleet-Facilities Management	13,603,124	14,263,963	12,350,057	1,913,906
Operations and Maintenance	3,754,722	3,754,722	3,788,888	(34,166)
Technical Services	2,572,167	2,575,962	2,382,505	193,457
Planning and Geo Resources	2,532,620	2,471,296	2,139,737	331,559
Parks and Recreation	237,756	255,761	189,549	66,212
Total public works	23,729,461	24,377,101	22,024,925	2,352,176

County of Bernalillo, New Mexico
 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public safety:				
Information Technology	975,880	858,998	450,881	408,117
Fire and Rescue	13,960,402	13,962,631	14,464,967	(512,336)
Office of Emergency Management	285,031	298,531	160,920	137,611
Metropolitan Detention Center	59,754,209	59,639,009	55,010,112	4,628,897
Animal Care	1,086,621	1,086,621	1,042,253	44,368
Communications Department	3,249,338	3,292,598	3,311,359	(18,761)
Sheriff	28,344,529	28,480,685	30,191,410	(1,710,726)
Juvenile Detention Center	6,924,525	7,018,366	7,047,033	(28,667)
Department of Substance Abuse	-	993,340	176,875	816,465
Total public safety	<u>114,560,535</u>	<u>115,620,779</u>	<u>111,855,810</u>	<u>3,764,969</u>
Health and welfare:				
Solid Waste	224,028	224,028	9,864	214,164
Social Services	990,122	1,007,065	881,902	125,163
Zoning, Building and Environmental Health	1,440,049	1,440,049	1,210,405	229,644
Parks and Recreation	15,000	15,000	15,000	-
Housing	469,782	534,035	289,055	244,980
Department of Substance Abuse	427,132	427,132	-	427,132
Total health and welfare	<u>3,566,113</u>	<u>3,647,309</u>	<u>2,406,226</u>	<u>1,241,083</u>
Culture and recreation:				
Parks and Recreation	9,309,051	9,710,219	8,839,058	871,161
Total culture and recreation	<u>9,309,051</u>	<u>9,710,219</u>	<u>8,839,058</u>	<u>871,161</u>
Capital outlay	15,083,854	18,647,849	8,353,788	10,294,061
Debt service:				
Principal	1,061,727	1,061,727	-	1,061,727
Bond issuance cost	150,000	150,000	28,805	121,195
Total debt service	<u>1,211,727</u>	<u>1,211,727</u>	<u>28,805</u>	<u>1,182,922</u>
Total Expenditures	<u>248,123,349</u>	<u>257,137,890</u>	<u>201,819,590</u>	<u>55,318,300</u>
Other financing uses				
Transfers out	14,249,405	19,885,908	18,051,785	1,834,123
Total expenditures and other financing uses	<u>\$ 282,372,754</u>	<u>\$ 276,823,798</u>	<u>\$ 219,871,375</u>	<u>\$ 66,952,423</u>
Excess of revenues and other financing sources over expenditures and other financing uses			<u>\$ 10,976,917</u>	

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
ASSETS		
Current assets:		
Cash and Investments	\$ 3,354,165	\$ 1,610,190
Accounts receivable, net	930,867	-
Due from other funds	1,720,359	740,165
Inventory	9,345	-
Prepaid assets	-	1,625,382
Total current assets	6,014,736	3,975,737
Noncurrent assets:		
Capital assets:		
Land	563,033	-
Buildings	6,719,474	-
Equipment, machinery, and furniture	1,913,222	-
Less accumulated depreciation	(4,513,672)	-
Total noncurrent assets	4,682,057	-
Total assets	10,696,793	3,975,737
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	772,358	748,906
Interest payable	179	-
Compensated absences	34,650	-
Accrued payroll	60,430	-
Due to other funds	2,287,348	-
Unearned revenue	500,697	1,625,382
Current portion of note payable	7,783	-
Current portion of revenue bonds	45,000	-
Total current liabilities	3,698,445	2,374,288
Noncurrent liabilities:		
Compensated absences	350,371	-
Deposits held in trust for others	19,462	-
Note payable	660,370	-
Revenue bonds payable	1,610,000	-
Total noncurrent liabilities	2,640,203	-
Total liabilities	6,338,648	2,374,288
NET ASSETS		
Invested in capital assets, net of related debt	2,358,904	-
Unrestricted	1,999,241	1,601,449
Total net assets	\$ 4,358,145	\$ 1,601,449

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
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	<u>Business-type Activities - Enterprise Funds Total Nonmajor</u>	<u>Governmental Activities- Internal Service Funds</u>
Operating revenues:		
Administrative and service fees	\$ 6,053,894	\$ 5,035,819
Rental income:		
Tenants	278,500	-
Other income	712,172	-
Total operating revenues	<u>7,044,566</u>	<u>5,035,819</u>
Operating expenses:		
Salaries and wages	2,134,624	-
Contractual services	4,493,274	5,035,819
Materials and supplies	135,934	-
Other services and charges	1,034,365	-
Landfill expenses	3,557	-
Depreciation	569,098	-
Total operating expenses	<u>8,370,852</u>	<u>5,035,819</u>
Operating income (loss)	<u>(1,326,286)</u>	<u>-</u>
Non-operating revenues (expenses):		
Interest income	45,191	-
Interest expense	(162,857)	-
Grants	809,960	-
Gain on sale of capital assets	33,858	-
Total nonoperating revenue	<u>736,152</u>	<u>-</u>
Change in net assets	<u>(590,134)</u>	<u>-</u>
Total net assets - beginning	4,948,279	1,601,449
Total net assets - ending:	<u>\$ 4,358,145</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
 NONMAJOR PROPRIETARY FUNDS
 For the Year Ended June 30, 2009

	Business-type Activities- Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Receipts from administration and service fees	\$ 7,040,466	\$ 5,035,819
Receipts from rents	304,717	-
Receipts from other funds for goods and services	1,671,606	-
Payments to employees for services	(1,548,445)	-
Payments to vendors for goods and services	(6,465,637)	(6,027,796)
Payments to other funds for goods and services	(1,925,042)	-
Miscellaneous cash received	180,881	-
Net cash provided (used) by operating activities	<u>258,546</u>	<u>8,023</u>
Cash flows from noncapital financing activities:		
Operating grants/subsidies received	403,733	-
Payments to other funds	(29,062)	-
Net cash provided by noncapital financing activities	<u>374,671</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal paid on bond maturities	(45,000)	-
Mortgage paid	(326,523)	-
Interest paid on bonds and mortgages	(168,517)	-
Disposal of capital assets	316,708	-
Capital grants received	406,227	-
Net cash provided by capital and related financing activities	<u>192,895</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	45,587	-
Net increase in cash and cash equivalents	871,699	8,023
Cash and cash equivalents, beginning of year	2,482,466	1,602,167
Cash and cash equivalents, end of year	<u>\$ 3,354,165</u>	<u>\$ 1,610,190</u>
Reconciliation of operating loss to net cash flows used by operating activities:		
Operating income (loss)	\$ (1,326,286)	\$ -
Adjustments to reconcile operating income to net cash flows:		
Depreciation expense	569,098	-
(Increase) decrease in:		
Accounts receivable	(352,052)	-
Allowance for uncollectable accounts	796,326	-
Due from other funds	(1,262,024)	(511,980)
Prepaid expenses	-	(6,147)
Deposits held in trust	(4,507)	-
Increase (decrease) in:		
Deferred revenue	44,138	6,147
Accounts payable	811,480	520,003
Due to other funds	1,008,589	-
Tenants payable	(3,238)	-
Accrued compensated absences	177,022	-
Net cash flows provided (used) by operating activities	<u>\$ 258,546</u>	<u>\$ 8,023</u>

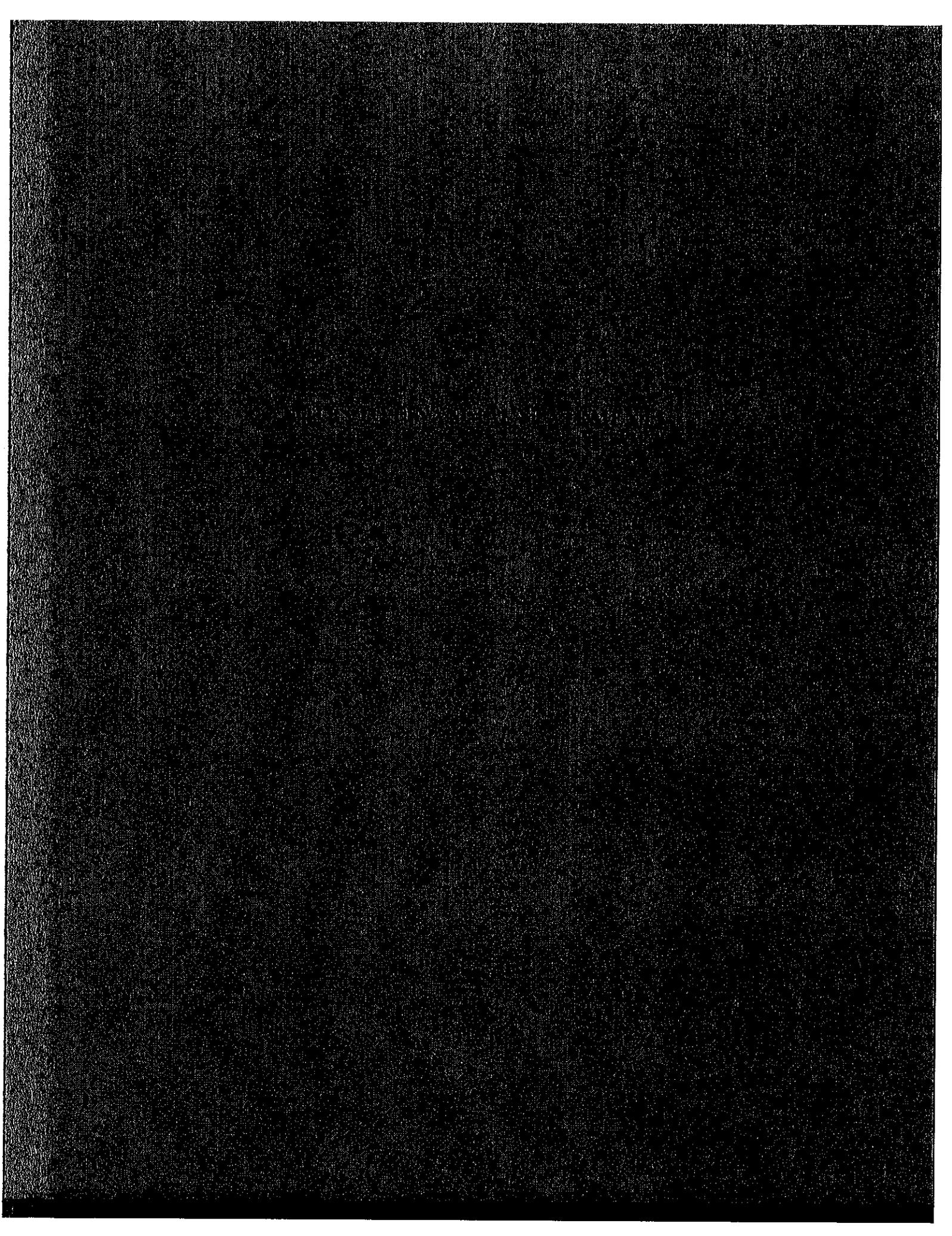
The notes to the financial statements are an integral part of this statement.

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 12,168,161
Receivables:	
Property taxes	31,796,455
Other	<u>134,843</u>
Total assets	<u>\$ 44,099,459</u>
LIABILITIES	
Deposits held in trust for others	\$ 12,300,180
Other	2,824
Future collectable taxes	<u>31,796,455</u>
Total liabilities	<u>\$ 44,099,459</u>

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





COUNTY OF BERNALILLO, NEW MEXICO
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**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

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. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the County's reporting entity.

**COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

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.

There are no component units during the fiscal year ended June 30, 2009.

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. 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 financial statements. Fiduciary fund financial statements are reported using the accrual basis of accounting and have no measurement focus. 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*

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

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 judgments, are recorded only when payment is made.

Property taxes, gross receipts taxes, motor vehicle taxes, cigarette taxes, gasoline 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. Derived gross receipts tax revenue is recognized when the underlying exchange transaction takes place. A small portion of the gross receipts tax revenue is derived from an estimate of delinquent taxes not yet collected and available. 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.

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

The *Grants fund* accounts for various federal, state and other grant funding resources to be used for specific purposes agreed to between the County and the funding sources as enumerated in the grant agreement/contract.

The *Construction fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

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.

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 County has elected not to follow subsequent private-sector guidance.

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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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and/or delivering goods in connection with proprietary fund's principal ongoing operations. Approximately 86% of the operating revenues of the County's five 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, 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 unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned 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.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The County's cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments in the County's cash are stated at par for financial statement purposes. 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.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year that are expected to be paid back within the year are referred to as "due to/from other funds." Lending/borrowing arrangements not expected to be paid back within the year are referred to as "advances 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.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 6.8% of outstanding property taxes at June 30, 2009.

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

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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. 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

The inventories in the general fund consist of warehouse items, supplies, fuel, vehicle parts, and fluids. Inventories in the fire district fund consist of office and janitorial supplies and some general miscellaneous items. 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.

4. Capital assets

Capital assets, which include property, plant, equipment, software, 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. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 and estimated useful life in excess of one year and after July 1, 2005 an individual cost of \$5,000. 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.

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

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5. *Restricted assets*

Certain resources are set aside for repayment of General Obligation and Special Revenue Bonds, and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited to the applicable bond covenants.

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 these amounts is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements. 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.

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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 reservations 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 for:

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

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

Reserved for note receivable - Segregates a portion to indicate that although 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 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.

Reserve for reserve requirement – Represents the 3/12 of budgeted expenditures in the general fund that is required by the New Mexico Department of Finance and Administration to maintain an adequate cash flow.

Unreserved designated for subsequent years' expenditures - Represents the amounts, other than carryover expenditures, that are required to be designated for subsequent years' expenditures.

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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 35,466,502
Capital outlay – Internal labor Included in operating expenses	668,670
Donated assets	1,744,435
Depreciation expense	<u>(24,038,954)</u>
Net adjustment to decrease net changes in fund balances – total Governmental funds to arrive at changes in net assets of Governmental activities	<u>\$ 13,840,653</u>

Another element of that reconciliation states that, “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (10,000,000)
Issuance of revenue bonds	(52,200,000)
Bond issuance cost	422,706
Premium	(660,254)
Principal repayments:	
General obligation bonds	6,755,000
Revenue bonds	16,760,000
Long-term note	1,504,717
Capital leases	1,350,110
Net adjustment to decrease net changes in fund balances – Total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (36,067,721)</u>

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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	\$ (10,930,592)
Accrued interest	282,876
Amortization of deferred charge on refunding	(1,503,472)
Amortization of bond discounts	(26,027)
Amortization of issuance cost	(321,925)
Net adjustment to decrease net changes in fund balances – total	
Governmental funds to arrive at changes in net assets of	
Governmental activities	<u>\$ (12,499,141)</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, internal service, most special revenue, debt service funds, and some proprietary funds. The proprietary funds, and the following governmental funds did not adopt annual operating budgets during the current fiscal year:

Special Revenue:

Grants
 Section 8 Housing – Vouchers
 Sheriff's Investigative Fund

Debt Service:

Series 1996B Reserve
 Series 1997 Reserve
 Refunding Series 1998 Reserve
 Refunding Series 2005 Reserve

All Capital Projects Funds

Proprietary Funds

Bernalillo County Housing Authority
 Seybold Village Handicapped Project
 El Centro Familiar

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.

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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 Deputy County Manager 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 Emergency Medical Services and Fire District funds, whose legal level of budgetary authority is at the program or district level. 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:

	<u>General Fund</u>
Net changes in fund balance - GAAP basis	\$ 3,771,344
(Increase) decrease in assets:	
Accounts receivable	6,393,856
Due to/from other funds	(1,704,069)
Accrued Interest	(856,792)
Increase (decrease) in liabilities:	
Accounts payable	4,422,149
Deferred revenue	(1,718,408)
Accrued Payroll	668,837
Net changes in fund balance - Budget and Actual	<u>\$ 10,976,917</u>

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B. Deficit fund equity

There is an unreserved/undesignated deficit fund balance in the Grants Fund of \$7,630,279. The deficit fund balance is primarily attributed to a large encumbrance balance at year-end. The County expects to bill the granting agency in the future to cover the deficit in the grants fund. There is a deficit net asset balance of \$619,305 in the Solid Waste Fund. The County expects that FY10 operating revenue in addition to a subsidy from the general fund will be sufficient to cover the deficit.

IV. Detailed notes on all funds

A. Cash and investments

As of June 30, 2009, the County had the following investments.

Investment Type	Fair Value	Weighted Maturity Average (Months)
Federal Farm Credit Agency	\$ 40,000,000	13.08
Federal Home Loan Bank	15,000,000	6.61
Federal Mortgage Acceptance Corp.	38,544,000	18.87
Federal National Mortgage Assoc.	76,370,000	36.78
Repurchase Agreements	16,681,279	8.94
Certificates of Deposits	22,650,000	0.72
Municipal Bonds	2,500,000	0.60
Total fair value	<u>\$ 211,745,279</u>	
Portfolio weighted average maturity		1.59

Interest Rate Risk. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The County's investments shall be in accordance with State Law, 6-10-10, and 6-10-10.1 NMSA 1978 in that credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The County invests in securities issued by the U.S. government or its agencies, money market funds consisting of U.S. government and/or U.S. government-sponsored agency securities, repurchase agreements, and Municipal GRT Revenue Bonds.

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As of June 30, 2009, the County's investments in U.S. Agencies with the Federal Farm Credit Agency, the Federal Home Loan Bank, the Federal Mortgage Acceptance Corporation, and the Federal National Mortgage Association were all rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The County's investments in Repurchase Agreements were rated between A1 and Aa1 by Moody's Investors Service and between AA- to AAA by Standard & Poor's.

Concentration of Credit Risk. The County's investment policy places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in Certificates of Deposit with the County's local banks with maturities ranging from 23 days to 1 year. The County's investments in U.S. agencies total 18.9% with the Federal Farm Credit Agency, 7.0% with the Federal Home Loan Bank, 18.2% with the Federal Mortgage Acceptance Corporation, and 36.1% with the Federal National Mortgage Association and the remainder of 7.9% is invested in Repurchase Agreements. Of the total investments of \$211,745,279, 21.1 % is invested with Jefferies & Co., 7.1 % is invested with LF Rothschild, LLC, 6.6% is invested with Multi-Bank Securities, 9.3% is invested with Mutual Securities, Inc., 7.1% is invested with Piper Jaffray & Co., 8.4% is invested with Raymond James & Assoc., Inc., and 18.3% is invested with USB Financial.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. GASB Statement No. 40 requires that the following disclosure be made in respect to custodial credit risks relating to deposits and investments: \$22,650,000 of Bernalillo County's deposits with financial institutions were held in collateralized accounts. All Customer Deposit Accounts met or exceeded the state collateralized requirements.

As of June 30, 2009, \$17,970,607 of the County's deposits was exposed to custodial risk. \$17,970,607 with Wells Fargo Bank was uninsured. All other cash balances are not exposed to custodial risk. They are fully collateralized and the collateral is held in the County's name. The County's investments in U.S. Agencies carry the explicit guarantee of the U.S. Government. All are fully collateralized and the collateral is held in the County's name.

Additionally, as of June 30, 2009 those deposits along with the County's Federal Agency Securities were held by the safekeeping department of the Wells Fargo Trust. On October 20, 2008, KPMG LLP issued an unqualified opinion for the SAS 70 requirement of Wells Fargo Trust Operations.

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A reconciliation of cash and investments for the County follows:

Bank accounts	\$	194,400,135
Petty cash on hand		1,415
Carrying amount of investments		<u>211,745,279</u>
Total cash and investments	\$	<u>406,146,829</u>

Statement of Net Assets

Primary Government		
Cash and investments:	\$	377,297,389
Cash-restricted		16,681,279
Statement of Fiduciary Net Assets		<u>12,168,161</u>
Total cash, investment	\$	<u>406,146,829</u>

The County is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (section 6-10-17 NMSA 1978). The pledged collateral is stated at market value as of June 30, 2009.

B. Receivables

Receivables	General Fund	Construction Fund	Non major Governmental Funds	Total Government Funds
Property taxes	\$ 8,924,516	\$ -	\$ 1,022,987	\$ 9,947,503
Gross Receipts Taxes	16,751,996	-	4,291,582	21,043,578
Gasoline Taxes	318,767	-	-	318,767
Motor Vehicle Tax	132,008	-	-	132,008
Cigarette Tax	767	-	385	1,152
Transportation Fees	228,889	-	-	228,889
Special Assessments	84,996	-	-	84,996
Intergovernmental	1,353,885	-	-	1,353,885
Due from other governments	2,669,359	949,259	5,873,606	9,492,224
Other	350,769	-	160,910	511,679
Gross Receivables	30,815,952	949,259	11,349,470	43,114,681
Less: Allowance for Uncollectibles	(719,793)	-	(81,769)	(801,562)
Net Total Receivables	\$ 30,096,159	\$ 949,259	\$ 11,267,701	\$ 42,313,119

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	Enterprise Funds	Agency Funds
Property Taxes	\$ -	\$ 34,013,592
Solid Waste Fees	4,570,994	-
Special Assessments	-	134,521
Due from other governments	368,751	-
Other	77,632	322
Gross Receivables	5,017,377	34,148,435
Less: Allowance for uncollectibles	(4,086,510)	(2,217,137)
Net Total Receivables	\$ 930,867	\$ 31,931,298

Note receivable

On April 27, 2004 the County Commission approved a \$200,000 loan to the Mid-Region Council of Governments (MRCOG) for renovations at the office building at 809 Copper Avenue NW that is owned by the County and leased to MRCOG under a lease purchase agreement. The money will be repaid over 15 years with interest at 3.9% and principle payments of \$1,470. The balance of this note was \$153,627 at June 30, 2009. The second note balance for \$67,764 with the Duran family is due in 30 years, with an interest rate of 6%. The total note receivable for June 30, 2009 is \$221,391.

C. Capital assets

Capital asset activity for the year was as follows:

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 126,161,702	\$ 2,148,035	(216,127)	\$ 128,093,610
Construction in progress	63,704,927	29,929,403	(68,653,353)	24,980,977
Art	2,074,462	106,325	-	2,180,787
Total capital assets, not being				
Depreciated	191,941,091	32,183,763	(68,869,480)	155,255,374
Capital assets, being depreciated:				
Buildings	254,112,784	27,631,967	-	281,744,751
Land improvements	-	618,165	-	618,165
Machinery and equipment	60,065,279	18,583,244	(5,434,172)	73,214,351
Infrastructure	248,162,354	27,515,821	-	275,678,175
Leasehold improvements	3,213,396	-	-	3,213,396
Total capital assets being				
Depreciated	565,553,813	74,349,197	(5,434,172)	634,468,838

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Less Accumulated depreciation for:

Buildings	(84,814,140)	(10,262,408)	-	(95,076,548)
Land improvements	-	(11,610)	-	(11,610)
Machinery and equipment	(47,665,397)	(4,716,734)	5,373,097	(47,009,034)
Infrastructure	(87,118,439)	(8,919,667)	-	(96,038,106)
Leasehold improvements	(812,207)	(128,535)	-	(940,742)
Total accumulated depreciation	(220,410,183)	(24,038,954)	5,373,097	(239,076,040)
Total capital assets, being depreciated, net	345,143,630	50,310,243	(61,075)	395,392,798
Governmental activities capital assets, net	\$ 537,084,721	\$82,494,006	\$ (68,930,555)	\$ 550,648,172

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 639,444	\$ -	\$ (76,411)	\$ 563,033
Total capital assets, not being depreciated	639,444	-	(76,411)	563,033
Capital assets, being depreciated:				
Buildings	6,972,762	-	(253,288)	6,719,474
Machinery and equipment	1,913,222	-	-	1,913,222
Total capital assets being depreciated	8,885,984	-	(253,288)	8,632,696
Less accumulated depreciation for:				
Buildings	(2,395,413)	(429,935)	46,848	(2,778,500)
Machinery and equipment	(1,596,009)	(139,163)	-	(1,735,172)
Total accumulated depreciation	(3,991,422)	(569,098)	46,848	(4,513,672)
Total capital assets, being depreciated, net	4,894,562	(569,098)	(206,440)	4,119,024
Business-type activities capital assets, net	\$ 5,534,006	\$ (569,098)	\$ (282,851)	\$ 4,682,057

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

Governmental activities:

General government	\$ 2,272,879
Public safety	10,166,070
Culture and recreation	879,595
Public works	9,786,338
Health and welfare	934,072
Total depreciation expense-governmental activities	\$ 24,038,954

Business-type activities:

Solid waste	\$ 158,655
Housing Authority	103,184
Seybold Village	208,417
El Centro Familiar	98,842
Total depreciation expense-business-type activities	\$ 569,098

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D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2009, is as follows:

	Due from				Total
	General Fund	Grants	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
Due to:					
General fund	\$ -	6,569,793	\$ -	\$ 1,737,215	\$ 8,307,008
Nonmajor fund	-	-	-	216,751	216,751
Enterprise funds	-	-	1,386,977	333,382	1,720,359
Internal service funds	740,165	-	-	-	740,165
Total	\$ 740,165	6,569,793	\$ 1,386,977	\$ 2,287,348	\$ 10,984,283

The outstanding balances between funds result mainly from the time lag between the dates that 1.) interfund goods and services are provided or reimbursable expenditures occur, 2.) transactions are recorded in the accounting system, and 3.) payments between funds are made. These balances, also include advances made to internal service funds that the general fund expects to collect in subsequent year.

Advances. For the purpose of financing cost-reimbursement grants, the general fund advanced the grants fund \$1,497,000 which is outstanding at June 30, 2009.

During the year, the County makes various transfers of monies to fund debt service payments, capital projects, and to reimburse the General fund for cost incurred on behalf of other funds. Interfund transfers for the year ended June 30, 2009 were as follows:

	Transfer out			
	General Fund	Grants	Nonmajor Governmental Funds	Total
Transfer in:				
General fund	\$ -	427,132	\$ 1,656,113	\$ 2,083,245
Tran	1,777,417	-	-	1,777,417
Nonmajor fund	16,274,368	-	2,657,076	18,931,444
Total	\$ 18,051,785	427,132	\$ 4,313,189	\$ 22,792,106

E. Leases

Operating Leases

During the fiscal year ended June 30, 2009, the County leased equipment, and office space under operating leases. The County's expenditures on those leases for the fiscal year ended June 30,

**COUNTY OF BERNALILLO, NEW MEXICO
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2009, were \$1,301,577. The County's future minimum rental commitments, accounted for as operating leases at June 30, 2009, are as follows:

	Amount
2010	\$ 183,561
2011	85,404
2012	76,808
Total	<u>\$ 345,773</u>

The County shares building expense on One Civic Plaza (City/County Building) on a year-to-year basis. A joint City/County annual operating budget for the building is established one month prior to the commencement of the fiscal year.

During the year, the County, as lessor, leased various office spaces at a cost of approximately \$6.4 million and a carrying amount of \$2.7 million under operating leases. Rental revenue was \$1,879,599 and depreciation expense on those assets was \$244,514.

F. Long-term debt

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance		Amounts		
	June 30, 2008	Additions	Deletions	Balance June 30, 2009	Due within One Year
Governmental Activities:					
Bonds:					
G.O. bonds	\$ 98,835,000	\$ 10,000,000	\$ (6,755,000)	\$ 102,080,000	\$ 7,415,000
Revenue bonds	170,005,000	52,200,000	(16,760,000)	205,445,000	16,140,000
Deferred amounts:					
Bond premiums	4,670,027	660,254	(493,080)	4,837,201	-
Bond discounts	(472,057)	-	26,028	(446,029)	-
Refunding	(2,539,571)	-	1,503,472	(1,036,099)	-
Total bonds	<u>270,498,399</u>	<u>62,860,254</u>	<u>(22,478,580)</u>	<u>310,880,073</u>	<u>23,555,000</u>
Other liabilities:					
Capital leases	1,350,110	-	(1,350,110)	-	-
Long-term note	1,504,717	-	(1,504,717)	-	-
Compensated absences	14,304,774	23,995,503	(13,064,911)	25,235,366	2,282,449
Governmental activity					
Long-term liabilities	<u>\$ 287,658,000</u>	<u>\$ 86,855,757</u>	<u>\$ (38,398,318)</u>	<u>\$ 336,115,439</u>	<u>\$ 25,837,449</u>

**COUNTY OF BERNALILLO, NEW MEXICO
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	Balance		Balance		Amounts
	June 30, 2008	Additions	Deletions	June 30, 2009	Due within One Year
Business-type Activities:					
Bonds payable:					
Revenue bonds	\$ 1,700,000	\$ -	\$ (45,000)	\$ 1,655,000	\$ 45,000
Compensated absences	207,998	396,774	(219,751)	385,021	34,650
Note payable	994,675	-	(326,522)	668,153	7,783
Business-type activity					
Long-term liabilities	\$ 2,902,673	\$ 396,774	\$ (591,273)	\$ 2,708,174	\$ 87,433

Compensated absences for governmental activities are generally liquidated by the general fund.

General Obligation (GO) 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. The County issues GO bonds to provide funds for the acquisition and construction of major capital facilities, and purchase of library books. Debt related to non-capital library books is \$6,042,915 and debt related to unspent proceeds is \$110,747. During fiscal year 2009 the County issued \$10,000,000 in GO bonds. The GO bonds outstanding as of June 30, 2009 are comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1997	\$ 6,545,000	4.75%	December 1, 2017
Series 1999	12,445,000	4.50%	August 1, 2019
Series 2000	475,000	5.10%	February 1, 2010
Series 2001	4,160,000	4.10%-4.80%	October 1, 2021
Series 2002	12,995,000	3.60%-4.70%	February 15, 2022
Series 2003	8,215,000	4.00%-4.65%	June 15, 2023
Series 2004	3,029,000	4.00%-4.40%	October 15, 2021
Series 2005	9,140,000	3.38%-4.00%	February 1, 2020
Series 2005A	5,261,000	4.00%-5.00%	February 1, 2025
Series 2006	9,315,000	4.00%-4.25%	February 1, 2027
Series 2007	10,400,000	5.00%	August 1, 2027
Series 2007A	8,400,000	4.00%-4.35%	August 1, 2027
Series 2008	1,700,000	3.25%	June 1, 2011
Series 2009	10,000,000	2.50%-4.5%	June 1, 2019
Total	\$ 102,080,000		

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The annual debt service requirement to maturity for general obligation bonds is as follows:

Year Ending	Governmental Activities	
	Principal	Interest
June 30,		
2010	\$ 7,415,000	\$ 4,272,732
2011	7,095,000	4,002,343
2012	5,175,000	3,735,762
2013	5,520,000	3,528,386
2014	6,635,000	3,290,382
2015-2019	37,151,000	11,942,907
2020-2024	24,284,000	4,458,741
2025-2028	8,805,000	803,564
	<u>\$ 102,080,000</u>	<u>\$ 36,034,817</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, 2009 are comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1996B	\$ 53,875,000	5.00%-5.70%	April 1, 2027
Series 1997	9,800,000	5.25%-5.75%	October 1, 2017
Refunding Series 1998	44,025,000	5.00%-5.25%	April 1, 2027
Series 1999	1,400,000	5.00%	October 1, 2010
Series 2002	805,000	3.50%	November 15, 2011
Partial Refunding Series 2005	43,340,000	3.50%-5.25%	October 1, 2026
Series 2008A	42,200,000	4.00%	August 1, 2010
Refunding Series 2009	10,000,000	2.00%	June 15, 2010
	<u>\$ 205,445,000</u>		

The annual debt service requirement to maturity for gross receipts tax revenue bonds is as follows:

Year Ending	Governmental Activities	
	Principal	Interest
June 30, 2010	\$ 16,140,000	\$ 9,822,560
2011	48,585,000	8,477,285
2012	6,370,000	7,334,728
2013	6,280,000	7,036,166
2014	6,945,000	6,710,335
2015-2019	38,865,000	27,904,805
2020-2024	46,385,000	17,014,020
2025-2029	35,875,000	3,720,596
	<u>\$ 205,445,000</u>	<u>\$ 88,020,495</u>

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At June 30, 2009, the following general obligation bonds were authorized and unissued.

Approved by Voters on	Purpose	Authorized
November 4, 2008	Storm Drain	\$ 3,500,000
November 4, 2008	Public Safety	4,750,000
November 4, 2008	Parks and Recreation	2,500,000
Total		<u>\$ 10,750,000</u>

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, 2009, \$44,735,000 of gross receipts tax revenue bonds and \$6,275,000 of general obligation bonds outstanding are considered defeased.

Business-type activities long-term debt

The annual requirement to amortize the Multifamily Housing Refunding and Improvement Revenue Bonds with a fixed interest rate of 5.85%, final maturity of June 15, 2029, and is outstanding as of June 30, 2009 is as follows:

	Principal	Interest
2010	\$ 45,000	\$ 96,817
2011	50,000	94,185
2012	50,000	91,260
2013	55,000	88,334
2014	60,000	85,118
2015-2019	345,000	370,012
2020-2024	450,000	257,400
2025-2029	600,000	109,395
Total	<u>\$ 1,655,000</u>	<u>\$ 1,192,521</u>

G. Short-term debt

Tax and Revenue Anticipation Notes

On December 15, 2008, and June 30, 2009 the County issued tax and revenue anticipation notes (TRANs) in the amount of \$25,000,000, and \$30,000,000 respectively. The County issues

**COUNTY OF BERNALILLO, NEW MEXICO
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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.

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

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities:				
Bonds and notes payable:				
Tax anticipation notes	\$ 55,000,000	\$ 55,000,000	\$ (55,000,000)	\$ 55,000,000

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, 2009:

Improvement Bonds	Interest Rate	Date Issued	Date Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2009
Comanche Griegos BC-83-1A	7.25%	12/03	12/15/23	\$1,390,000	\$240,000
Comanche Griegos BC-83-1B	6.25%	12/03	12/15/23	\$2,085,000	\$1,575,000

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At June 30, 2009, the Second Street, East Mountain, Paradise Hills, South Valley, and Heatherland Hills 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	Heatherland Hills BC-85-5
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Accounts receivable:

Billed, but uncollected	\$ 1,804	\$ 10,885	\$ 15,073	\$ 56,275	\$ 959
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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.

I. Conduit debt

The County has acted from time to time as the issuer of conduit bonds, the proceeds of which have been immediately loaned to a private borrower. The County will require a complete analysis by an independent consultant at the expense of any and all applicants. The County signed its rights with respect to such bonds to various trustees that monitor amounts due and payable by the borrower pursuant to a lease, loan or other agreement. The County has no obligation to repay all or any portion of such bonds in the event the private borrowers fail to make their payments when due.

Industrial Revenue Bonds

In fiscal year 2009, the County did not issue any new Industrial Revenue Bonds. As of June 30, 2009, there were ten series of Industrial Revenue Bonds outstanding with an original issuance cost of \$158,888,543. The remaining principal balance outstanding as of June 30, 2009 is not available.

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Multifamily Housing Revenue Bonds

From time to time, the County has issued Multifamily Housing Revenue Bonds to provide financial assistance to private sector entities for the acquisition, construction and rehabilitation of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State of New Mexico, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, there were six series of project revenue bonds outstanding, with an aggregate principal amount payable of \$50,520,814.

J. Fund balance reservations

The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of budgeted expenditures in the general fund be reserved as subsequent-year expenditures to maintain an adequate cash flow until the next significant property tax collection. The DFA required reserve balance for FY09 is \$66,297,457. Another portion of the general fund balance is unreserved and designated for subsequent years' expenditures in the amount \$99,205,532 which includes \$42,978,698 designated for unencumbered carryover, \$8,827,809 designated for capital projects, \$8,827,810 designated for building funds, \$9,000,000 designated for bond defeasance/enhancement, \$10,000,000 designated for infrastructure replacement, \$7,226,833 designated for grant fund reserve, and \$12,344,382 designated for budget stabilization. The remainder of the general fund balance is designated for other reserved expenditures.

K. Financial data schedule reconciliation

The Section 8 Housing-Voucher Special Revenue Fund was presented in the Financial Data Schedule (FDS) in accordance with generally accepted accounting standard as applied to governmental funds. The net assets reconcile to the financial statements. The FDS equity balance was adjusted to include the effects of compensated absences that are not reflected in the governmental fund presentation as follows:

<u>Net Assets</u>	<u>Amount</u>
Net Assets - Housing Choice Vouchers	\$ 2,420,119
Net Assets - Housing Choice Vouchers 14.871	<u>2,420,119</u>
Compensated Absences	<u>151,703</u>
Fund balance - Section 8 Housing - Vouchers	<u>\$ 2,571,822</u>

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The Housing Authority Enterprise Fund was presented in two columns on the Financial Data Schedule (FDS) in accordance with generally accepted accounting standards as applied to enterprise funds. The net assets reconcile to the financial statements. The FDS equity balance was adjusted to include the effects of compensated absences and a rounding difference that are reflected in the business-type activities enterprise fund presentation as follows:

<u>Net Assets</u>	<u>Amount</u>
Net Assets – Central Office	\$ 2,790,893
Net Assets – Home Rehabilitation	(1,695)
Net Assets – Housing Authority	<u>2,789,198</u>
Compensated Absences	(151,703)
Rounding for Depreciation Expense	<u>1</u>
Fund balance – Housing Authority	<u>\$ 2,637,496</u>

V. Other information

A. Risk management

The 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.

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 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. There are 28 counties in this pool, which for fiscal years ended 2009 and 2008 contributed a total of \$7,556,997 and \$7,556,997 respectively. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. For fiscal years ended 2009 and 2008, the County contributed \$883,282 and \$1,915,153 respectively, to the Worker's Compensation Pool. The self-insured retention level for the pool during the period of coverage July 1, 2008 through June 30, 2009 was \$300,000 (that is the maximum amount of coverage for each insured event before obtaining reinsurance). The

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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 \$7,865,658 and \$7,492,074 for the years ending December 31, 2009, and 2008, respectively. The County paid premiums to the Multiline Pool in calendar years 2009 and 2008 of \$1,574,410 and \$1,650,613, respectively.

The self-insured retention level for this pool during the period of coverage January 1, 2008 through December 31, 2009 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, 2009, 2008, and 2007.

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2008, which can be obtained from the New Mexico Association of Counties, 613 Old Santa Fe Trail, Santa Fe, New Mexico, 87501.

The County carries 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, 2009, 2008, and 2007.

B. Contingencies

Litigation. The County is a defendant in various lawsuits. The outcome of these lawsuits are not presently determinable and the County is not able to make an estimate for possible losses at this time. Insurance deductibles related to outstanding claims are \$10,000 per claim. Occasionally, the County or its elected officials are named as parties to suits that are not covered by any insurance policy and the County's Attorney's Office provides representation for such claims. At present there are only two claims that are not covered by

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insurance. Both of the uninsured claims are based on alleged violations of the Fair Labor Standards Act. The potential liability may be as great as one million dollars.

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, 2009, management estimates that no material liabilities will result from such audits.

County Medicaid 1/16 Gross Receipts Tax Equivalent. Under State Statute Section 27-10-4, NMSA 1978 Compilation, a county which does not enact an ordinance imposing a county health care gross receipts tax pursuant to State Statute Section 7-20B-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." To comply with the statute, the County imposed a 1/16 percent increase in gross receipts tax during the second half of FY07 and will continue to impose the tax in FY10 which will generate approximately \$10 million annually.

Other. At June 30, 2009, the County is committed to \$18,692,960 under construction contracts for capital assets.

C. Joint ventures

Regional Juvenile Detention Center. Through a Joint Powers Agreement established between Bernalillo County and Sandoval County on June 26, 2007, Bernalillo County operates the Regional Juvenile Detention Facility (RJDC) located at the Bernalillo County Juvenile Detention and Youth Services Center. Sandoval County contributes 100 percent of the operation costs of the RJDC. For FY09, Sandoval County paid \$1,062,223 million to Bernalillo County for the operation of the regional facility. Sandoval County and Bernalillo County each receive 50% of all cost of care revenues generated from housing juveniles in the regional facility from other counties and pueblos. The total cost of care revenues received in FY09 was \$381,316.

Torrance County/Bernalillo County Regional Landfill. The 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. The 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.

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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.

D. Post-Employment Benefits - Retiree Health Care Plan

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

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

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

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

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The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Bernalillo County's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$1,137,097, \$1,042,176, and \$933,930, respectively, which equal the required contributions for each year.

E. Pension Plan – Public Employees Retirement Association

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

Funding Policy. Plan members are required to contribute 9.15-16.65% of their gross salary. 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. County contributions are currently required for PERA retirees that return to work. The total contribution is made by the County so retired employees no longer contribute to PERA. The County's contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were \$11,149,705, \$10,319,466 and \$9,292,843, 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 employees' member contributions under the General-management, blue collar, white collar, sheriff, fire and detention plans. The following table outlines the divisions the County participates in and the contributions for the year ending June 30, 2009.

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<u>Covered Division</u>	<u>Employee</u>		<u>Employer</u>	
	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>
General-management, blue collar and white collar	13.15%	\$6,217,500	9.15%	\$4,326,253
General-other	9.15	16,211	9.15	16,212
Sheriff	16.30	2,154,916	18.50	2,445,764
Fire	16.20	1,279,840	21.25	1,678,801
Detention	16.65	2,682,670	16.65	2,682,675

VI. Significant effects of subsequent events

On December 8, 2009 the County sold \$10,750,000 of general obligation bonds that were approved by voters on November 4, 2008. The bonds mature in serial amounts from December 1, 2010 through December 1, 2020. Interest rate coupons range from 2 percent through 3 percent.

On August 5, 2009 the County sold \$9,000,000 of gross receipts tax revenue bonds, taxable series 2009A. The bonds mature in serial amounts on August 1, 2010 through August 1, 2011 with a current coupon rate of 3%.