NEW ISSUE
Book-Entry Only

RATINGS:
Standard & Poor's: AAA
Moody's Investors Service: 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.)

$14,400,000
BERNALILLO COUNTY, NEW MEXICO
GENERAL OBLIGATION BONDS
SERIES 2012A

Dated: Date of Delivery **Due: June 15, as detailed below**

The Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book entry form only in denominations of $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 June 15 and December 15, commencing June 15, 2013. 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 (June 15)	Principal	Interest Rate	Yield	CUSIP	Maturity (June 15)	Principal	Interest Rate	Yield	CUSIP
2021	$1,060,000	3.000%	1.850%	085275D85	2028	$1,235,000	3.000%	3.060%	085275E68
2022	1,085,000	4.000%	2.000%	085275D93	2029	1,260,000	3.000%	3.130%	085275E76
2023	1,110,000	4.000%	2.300%	085275E27	2030	1,295,000	3.125%	3.200%	085275E84
2024	1,130,000	4.000%	2.500%	085275E35	2031	1,320,000	3.200%	3.270%	085275E92
2025	1,155,000	4.000%	2.620%	085275E43	2032	1,355,000	3.250%	3.330%	085275F26

$2,395,000 Term Bonds due June 15, 2027, 3.000% to yield 3.000%, CUSIP No. 085275E50

The Bonds are general obligations of the County. The Bonds are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount. The Bonds were authorized for 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. It is anticipated that the Bonds will be available for delivery on or about June 20, 2012 through the facilities of DTC in New York, New York.

Official Statement Dated: June 12, 2012

BERNALILLO COUNTY, NEW MEXICO

One Civic Plaza, N.W., Suite 10111
Albuquerque, New Mexico 87102
Telephone: (505) 468-7000

COUNTY COMMISSION

Art De La Cruz, Chair
Maggie Hart Stebbins, Vice Chair
Michelle Lujan Grisham, Commissioner
Michael C. Wiener, Commissioner
Wayne A. Johnson, Commissioner

COUNTY OFFICIALS

Tom Zdunek, County Manager
Patrick J. Padilla, Treasurer
Karen L. Montoya, Assessor
Maggie Toulouse Oliver, Clerk

COUNTY FINANCE DEPARTMENT

Teresa A. Byrd
Deputy County Manager for Budget and Finance
One Civic Plaza, N.W., 10th Floor
Albuquerque, New Mexico 87102
Telephone: (505) 468-7020

BOND & DISCLOSURE COUNSEL

Hughes Law, LLC
2221 Rio Grande Blvd. NW, Suite 100
Albuquerque, New Mexico 87104
Telephone: (505) 842-6700

TABLE OF CONTENTS

Page #

USE OF INFORMATION IN THIS OFFICIAL STATEMENT 3
SUMMARY INFORMATION 5
PURPOSE AND PLAN OF FINANCING 6
SOURCES OF FUNDS 6
THE BONDS 7
AUTHORIZATION 7
DESCRIPTION OF THE BONDS 7
PAYMENT AND PRESENTATION OF BONDS FOR PAYMENT 7
SECURITY FOR THE BONDS 8
REGISTRATION 8
BOOK ENTRY ONLY SYSTEM 8
LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF BONDS 10
PRIOR REDEMPTION 11
NOTICE OF REDEMPTION 11
DEBT AND OTHER OBLIGATIONS 12
DEBT SERVICE SCHEDULE 13
FINANCIAL DATA 15
COUNTY VALUATION 15
BONDED INDEBTEDNESS 15
DIRECT 16
BONDING CAPACITY 17
ASSESSED VALUATION 17
PROPERTY SUBJECT TO TAXATION 17
ASSESSMENT OF PROPERTY 17
REASSESSMENT 18
LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL REAL PROPERTY 18
ASSESSED VALUATION COMPARISON 19
COUNTY OF BERNALILLO, NEW MEXICO PRINCIPAL TAXPAYERS AS OF 2011 20
TAX RATES 20
YIELD CONTROL 20
20-MILL LIMITATION ANALYSIS 21
RESIDENTIAL AND NON-RESIDENTIAL PROPERTY 21
TAX RATES IN BERNALILLO COUNTY 22
TAX COLLECTIONS 23
METHODS OF TAX COLLECTION 23
INTEREST ON DELINQUENT TAXES 23
PENALTY FOR DELINQUENT TAXES 23
REMEDIES AVAILABLE FOR NON-PAYMENT OF TAXES 23
TAX COLLECTION HISTORY - BERNALILLO COUNTY 25
THE COUNTY 27
GENERAL 27
COUNTY GOVERNMENT 27
THE 27

BERNALILLO COUNTY COMMISSIONERS 28
COUNTY MANAGER 29
RETIREMENT PLAN 29
NEW 30
COUNTY 31
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY 33
2011 AUDIT REPORT 33
BASIS OF PRESENTATION - FUND ACCOUNTING 33
GOVERNMENTAL FUND TYPES 33
BASIS OF ACCOUNTING 35
THE COUNTY'S CURRENT AND HISTORICAL FINANCES 36
AREA ECONOMIC INFORMATION 37
POPULATION 37
PER CAPITA PERSONAL INCOME - BERNALILLO COUNTY 38
NON-AGRICULTURAL 39
CIVILIAN LABOR FORCE 40
MAJOR AREA EMPLOYERS 40
LITIGATION 41
TRANSCRIPT AND CLOSING DOCUMENTS 41
LEGAL MATTERS 41
UNDERTAKING TO PROVIDE ONGOING DISCLOSURE 41
TAX MATTERS 42
INVESTMENT PROCEDURES FOR BERNALILLO COUNTY 44
INVESTMENTS 44
LEGAL INVESTMENTS 44
CURRENT INVESTMENTS 45
RATINGS 45
COUNTY APPROVAL OF OFFICIAL STATEMENT 46
APPENDIX A FORM OF LEGAL OPINION A-1
APPENDIX B CONTINUING DISCLOSURE UNDERTAKING B-1
APPENDIX C STATE OF NEW MEXICO COUNTY OF BERNALILLO COMPREHENSIVE ANNUAL FINANCIAL REPORT-FISCAL YEAR ENDED JUNE 30, 2011 ..... C-1

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement is furnished to prospective purchasers of the Bernalillo County, New Mexico General Obligation Bonds, Series 2012A (the "Bonds") in the aggregate principal amount of $14,400,000 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 2012-58 authorizing issuance of the Bonds adopted by the Board of County Commissioners (the "Board") on June 12, 2012 (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 Municipal Securities Remarketing Boards Electronic Municipal Market Access system 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 did not timely file its financial information for the fiscal years ending June 30, 2007 June 30, 2008, and June 30, 2009. 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 fund certain Projects of the County as approved by voters of Bernalillo County at the 2010 general election as follows:

Roads	$12,000,000
Libraries	750,000
Public Safety	1,500,000
Recreational Facilities	1,150,000

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 20, 2012.

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 roads, libraries, public safety projects, and recreational facilities. 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:	$14,400,000.00
Original Issue Premium (Discount):	304,137.90
TOTAL SOURCES OF FUNDS:	$14,704,137.90
Project funds:	
Costs of Issuance*:	
TOTAL USES OF FUNDS:	$14,704,137.90

* Includes legal fees, printing, rating fees, 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 Bonds payable from ad valorem taxes.

Proceeds from the Bonds will be used to fund $12,000,000 in road projects, $750,000 in library projects, $1,500,000 in public safety projects and $1,150,000 in Parks and Recreation Projects as approved by voters of Bernalillo County at the 2010 general election.

DESCRIPTION OF THE BONDS

The Bonds are dated as of the date of issuance and will bear interest from that date, payable on June 15 and December 15 in each year commencing June 15, 2013. 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 of and interest on the Bonds is payable through the Depository Trust Company, New York, New York.

PAYMENT AND PRESENTATION OF BONDS FOR PAYMENT

Principal and interest on the Bonds shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges. Principal and interest on the Bonds shall be payable by check or draft mailed to the registered owners thereof (or in such other manner as may be agreed upon by the Paying Agent and the registered owners), as shown on the registration books maintained by the Registrar at the address appearing therein on the 15th day of the calendar month next preceding the interest payment date (the "Record Date"). Any interest which is not timely paid or provided for shall cease to be payable to the owner thereof (or of one or more predecessor Bonds) as of the Record Date, but shall be payable to the owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to Bond owners not less than ten days prior thereto. If any Bond, when presented for payment, remains unpaid at maturity or redemption, it shall continue to bear interest at the rate designated in, and applicable to, such Bond from time to time. If any Bond is not presented for payment at maturity or redemption when funds available therefor have been deposited with the Paying Agent, it shall cease bearing interest on and from the date of maturity or redemption.

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 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 of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

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

PRIOR REDEMPTION

Optional Redemption. The Bonds maturing on and after June 15, 2022 are subject to redemption at the option of the County on June 15, 2021, or any date thereafter at a price of 100% of the par amount of the bonds plus accrued interest to the call date.

Mandatory Redemption. The Bond maturing on June 15, 2027 is subject to mandatory sinking fund redemption in the amounts and the dates as follows:

Amount	Date
$1,185,000	June 15, 2026
$1,235,000	June 15, 2027*

*Maturity

NOTICE OF REDEMPTION

Notice of redemption shall be given by the Registrar by sending a copy of such notice by registered or certified first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give the Registrar written instructions to give notice of redemption to the registered owners of the Bonds to be redeemed at least forty-five (45) days prior to such redemption date. Neither the County's failure to give such notice nor the Registrar's failure to give such notice to the registered owners of the Bonds, or any defect therein, shall affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notice of redemption shall specify the amount being redeemed, the date fixed for redemption, that on such redemption date there will become and be due and payable the Bonds to be redeemed at the office of the Paying Agent, the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem the Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bonds so called for redemption with funds deposited with the Paying Agent by the County.

DEBT AND OTHER OBLIGATIONS
(as of June 1, 2012)

GENERAL OBLIGATION BONDS OUTSTANDING – PRIOR TO ISSUANCE OF 2012A BONDS

G.O. Bond Series	Original Issue	Outstanding Principal
1997	$11,170,000	$4,655,000
1999	18,676,000	9,685,000
2003	10,210,000	385,000
2004	3,029,000	3,029,000
2005	13,940,000	5,850,000
2005A	5,261,000	5,001,000
2006	10,000,000	8,575,000
2007	10,400,000	10,400,000
2007A	8,700,000	8,400,000
2009	10,750,000	7,950,000
2009A	10,750,000	9,250,000
2010	15,105,000	15,105,000
2011	4,200,000	4,200,000
2012	6,535,000	6,535,000
TOTAL		$99,120,000

Source: Bernalillo County Finance Department

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DEBT SERVICE SCHEDULE

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

FYE 30-Jun	Principal	Interest	Total
2013	-	$ 477,718	$ 477,718
2014	-	484,446	484,446
2015	-	484,446	484,446
2016	-	484,446	484,446
2017	-	484,446	484,446
2018	-	484,446	484,446
2019	-	484,446	484,446
2020	-	484,446	484,446
2021	$ 1,060,000	484,446	1,544,446
2022	1,085,000	452,646	1,537,646
2023	1,110,000	409,246	1,519,246
2024	1,130,000	364,846	1,494,846
2025	1,155,000	319,646	1,474,646
2026	1,185,000	273,446	1,458,446
2027	1,210,000	237,896	1,447,896
2028	1,235,000	201,596	1,436,596
2029	1,260,000	164,546	1,424,546
2030	1,295,000	126,746	1,421,746
2031	1,320,000	86,278	1,406,278
2032	1,355,000	44,038	1,399,038
	$ 14,400,000.00	$ 7,034,219	$ 21,434,219

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BERNALILLO COUNTY OUTSTANDING GENERAL OBLIGATION DEBT SERVICE

Fiscal Year	Prior Bonds	Series 2012A	Total
2013	$10,200,414	$ 477,718	$10,678,132
2014	11,003,252	484,446	11,487,698
2015	12,098,093	484,446	12,582,539
2016	12,117,299	484,446	12,601,745
2017	12,106,637	484,446	12,591,083
2018	12,196,019	484,446	12,680,465
2019	12,231,112	484,446	12,715,558
2020	11,396,851	484,446	11,881,297
2021	11,432,025	1,544,446	12,976,471
2022	9,987,202	1,537,646	11,524,848
2023	7,402,258	1,519,246	8,921,504
2024	4,450,455	1,494,846	5,945,301
2025	2,960,450	1,474,646	4,435,096
2026	2,952,538	1,458,446	4,410,984
2027	2,469,512	1,447,896	3,917,408
2028	2,461,885	1,436,596	3,898,481
2029	1,724,623	1,424,546	3,149,169
	$ 139,190,625	$ 17,207,158	$ 156,397,783

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FINANCIAL DATA

COUNTY ASSESSED VALUATION

Taxable Value of Property Assessed (1/3 market value)	$14,452,760,775
Estimated Actual Value	$43,358,282,325

BONDED INDEBTEDNESS

Outstanding Bonds at 6/1/2012	$ 99,120,000
Add: Series 2012 Refunding Bonds	14,400,000
Add: Authorized and unissued(1)	6,400,000
Total Direct Debt after issuance of the Series 2012 Bonds	$119,920,000

(1) Remainder of general obligation bonds authorized by County voters at the November, 2010 general election.

Source: Bernalillo County Finance Department

DIRECT AND OVERLAPPING DEBT (AS OF JUNE 30, 2011)

	G.O. Bonds Outstanding	Percent Applicable to Bernalillo County	County Share of G.O. Debt
Bernalillo County	$ 99,400,000	100.00%	$ 97,835,000
State of New Mexico	355,500,000	28.18%	100,179,900
City of Albuquerque	323,805,000	82.49%	267,106,744
Albuquerque Public Schools	574,467,019	99.31%	570,503,196
Albuquerque Metropolitan Arroyo Flood Control Authority	35,475,000	99.67%	35,357,932
Central NM Community College	42,075,000	99.37%	41,809,927
Moriarty School District[(1)]	29,392,964	0.53%	155,782
Village of Los Ranchos de Albuquerque	3,455,000	1.57%	54,244
			$1,113,002,725

Ratios:

Direct and Overlapping Debt as a percentage of Taxable Assessed Valuation	7.70%
Direct and Overlapping Debt as a percentage of Actual Market Value	2.57%
Assessed Valuation Per Capita (2010 Estimated Population 713,020)	$ 20,270
Direct and Overlapping General Obligation Debt Per Capita	$1,561

(1) Outstanding G.O. debt at June 30, 2010

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

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BONDING CAPACITY

Legal Bonding Capacity	$575,389,152
Less total bonds to be outstanding	(119,920,000)
Capacity in excess of present requirements	$453,469,152

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

Tax Year	Bernalillo County
2011	$14,452,760,775
2010	14,823,104,676
2009	13,396,092,003
2008	13,191,112,431
2007	11,868,673,831
2006	11,260,432,703
2005	10,102,636,851
2004	9,660,815,811
2003	9,351,411,056
2002	9,134,321,827

Source: County Assessor's Office and NM Department of Finance Administration

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COUNTY OF BERNALILLO, NEW MEXICO PRINCIPAL TAXPAYERS AS OF 2011

Taxpayer	Industry	Taxable Assessed Value	% of Taxable Assessed Value
Public Service Company of New Mexico Electric	Utility	$134,567,473	0.935%
Qwest Corp	Telecommunications	94,618,360	0.658%
Gas Company of New Mexico	Utility	42,399,070	0.295%
Southwest Airlines	Airline	26,783,830	0.186%
Verizon Wireless	Communications	19,074,009	0.133%
GCC Rio Grande Inc	Real Estate	18,533,080	0.129%
Simon Property Group Ltd (Cottonwood Mall)	Real Estate	15,960,737	0.111%
Hunt Uptown, LLC	Real Estate	15,025,331	0.104%
HUB Albuquerque	Real Estate	14,615,771	0.102%
Coronado Center LLC	Real Estate	14,611,781	0.102%

The top ten property taxpayers represent a total of $396,189,442 in taxable assessed valuation or 2.741% of the taxable assessed valuation of the County.

Source: Bernalillo County CAFR June 30, 2011

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:

Current tax revenues = prior tax revenues x (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 shown in the table below are shown for residential property.

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TAX RATES IN BERNALILLO COUNTY

	2011	2010	2009	2008	2007	2006	2005	2004
State of New Mexico								
Debt service								
Bernalillo County								
Operating	7.769	7.505	7.430	7.489	7.393	7.220	8.310	8.342
Debt service	0.555	0.880	0.880	0.888	0.830	0.830	0.830	0.830
Open space	0.100	0.100	0.100	0.100	0.250	0.250	0.250	0.250
Judgment	0.014	0.015	0.015	0.016	0.018	0.069	0.089	0.067
Total direct rate	8.438	8.500	8.425	8.493	8.491	8.369	9.479	9.489
City of Albuquerque								
Operating	6.433	6.203	4.134	3.136	3.166	3.104	3.171	3.176
Debt Service	4.976	4.976	6.976	7.976	7.976	7.976	7.976	7.976
Albuquerque Public Schools								
Operating	0.315	0.304	0.303	0.304	0.302	0.299	0.301	0.304
Debt Service	4.317	4.316	4.304	4.308	2.167	2.162	2.166	2.162
Capital Improvement	2.000	2.000	1.999	2.000	1.995	1.958	2.000	2.000
Building	3.988	3.985	3.944	3.947	3.975	3.996	3.988	4.068
Hospitals (UNM)	6.400	6.400	6.429	6.428	6.487	6.317	6.500	6.500
Village of Tijeras								
Operating	1.316	1.271	1.283	1.253	1.176	1.240	1.430	1.509
Torrance Schools								
Operating	0.370	0.381	0.378	0.364	0.372	0.373	0.369	0.362
Debt Service	8.841	8.964	8.217	7.159	7.214	8.254	8.219	7.729
Capital Improvement	1.954	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Rio Rancho								
Operating	3.447	3.084	2.624	2.484	5.236	5.007	5.349	5.140
Debt Service	2.060	2.067	2.060	2.060	1.826	2.067	2.067	2.074
Rio Grande Conservancy District	4.244	4.238	4.246	4.250	4.635	4.963	5.330	5.320
Edgewood Soil & Water Conservancy District	1.000	1.000	0.939	0.935	0.956	0.969	1.000	1.000
State of New Mexico	1.530	1.150	1.250	1.291	1.291	1.234	1.028	1.520
Central NM Community College								
Operating	2.717	2.632	2.596	2.584	2.625	2.569	2.618	2.617
Debt Service	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550

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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

Tax Year	Net Taxes Charged to Treasurer	Taxes Collected To Date	Percentage Collected
As of April 30, 2012*			
2011	$593,019,949	$400,718,812	67.57%
2010	585,089,004	571,757,879	97.72%
2009	593,554,668	580,527,145	97.81%
2008	564,427,865	561,267,990	99.44%
2007	532,592,057	531,195,711	99.74%
2006	458,800,699	457,908,812	99.81%

*Second ½ of 2011 taxes are due in May, 2012

As of June 30, 2011			
2010	$585,432,229	$559,806,155	95.62%
2009	593,432,926	574,859,748	96.87%
2008	564,453,156	559,668,379	99.15%
2007	532,616,800	530,812,706	99.66%
2006	458,820,060	457,796,012	99.78%
2005	427,678,339	426,784,232	99.79%
As of June 30, 2010			
2009	$594,462,249	$568,781,480	95.68%
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%
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%

Tax Year		Net Taxes Charged to Treasurer	Taxes Collected To Date	Percentage Collected
	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	98.66%
	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	95.71%
	2003	386,342,930	380,457,426	98.48%
	2002	342,830,820	340,045,362	99.19%
	2001	356,580,516	354,341,141	99.37%
	2000	311,999,812	310,662,517	99.57%
	1999	293,865,653	293,204,471	99.78%

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 713,020 residents, (2010 Estimated) Bernalillo County ranks 90th in population of the nation's 3,066 counties. The County comprises nearly 33% of New Mexico's population total and 80% of the four 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 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

Michelle Lujan Grisham, Commissioner, District 1. Term expires December 2014; first elected, November 2010. Ms. Lujan Grisham began her work in the public sector in 1991 as director of the New Mexico State Agency on Aging. In 2004, she was appointed as Secretary of the New Mexico Department of Health, the largest department in state government with more than 3,000 employees and a budget in excess of $440 million. Ms. Lujan Grisham continues her work and advocacy in the area of health, long term care and public policy serving as a commissioner with the New Mexico State Bar, a board member of Total Community Care in Albuquerque and as a small business owner specializing in management and consulting services for non-profit organizations in health and long-term care reform including the provision of health care for high risk individuals. She is currently a candidate for the New Mexico congressional District One Seat.

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, 2012. 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 was elected at the November 2010 general election. 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 currently a candidate for the seat and is unopposed in the primary or general elections.

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. He is currently a candidate for the seat and has a primary election opponent.

Wayne A. Johnson, Commissioner, District 5. Term expires December 2014; first elected 2010; A native New Mexican and graduate of the University of New Mexico, Mr. Johnson is president of Vista Media, a media business that produces a variety of media, including commercials, documentaries and web content. Mr. Johnson has been active in community organizations

including the District 7 Coalition of Neighborhoods, serving as president and vice-president and the Bernalillo County Fire and Rescue Citizens Advisory Committee.

COUNTY MANAGER

Tom Zdunek, County Manager.

Mr. Zdunek was appointed County Manager on September 6, 2011 following several months in the capacity as Interim County Manager. Mr. Zdunek joined the County in 2002 as director of the Facility and Fleet Department and was promoted to Deputy County Manager of the Public Works Division in 2008. Prior to joining the County, Mr. Zdunek worked in the prior sector for Mountain Bell, which later became Qwest Communications, for 32 years.

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.

Actuarial information, as of June 30, 2011, is shown below:

State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2011

Membership[1]	86,040
Actuarial Information	
Actuarial Accrued Liability[2]	$16,826,392,409
Actuarial Value of Assets	$11,855,217,373
Unfunded Actuarial Accrued Liability	$4,971,175,036

Source: PERA Annual Actuarial Valuation
[1] Includes active and retired members from all divisions.
[2] Includes accrued liability of both the retired and active members.

The Plan suffered as a result of volatility in the financial markets and economic recession from late 2007 into 2009. The Plan lost approximately 30% of its value as of February 2009 and closed Fiscal Year 2009 with a loss of 24.27%. The Plan experienced positive gains in Fiscal Year 2010 with a total fund return of 15.02%. The balance of net assets of the fund as of June 30, 2011 was approximately $12.50 billion dollars. The 12-month return for the 12 month period ending June 30, 2011 was 22.58%, primarily attributable to good market conditions and

performance of the fund. There are approximately 48,163 active members of PERA, 9,186 inactive members of PERA and approximately 28,691 retirees and beneficiaries receiving benefits from PERA as of June 30, 2011. The State legislature has made significant changes to the existing system, which changes impact future members, in order to address the potential future insolvency of the retirement plan. Under current law, the County is not responsible for any future deficiencies in the retirement plan.

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, 2011, 2010, and 2009 were $12,882,327, $12,347,340, and $11,149,705, 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, 2011.

	Employee		**Employer**	
Covered Division	**Percent**	**Dollars**	**Percent**	**Dollars**
General-management, blue collar and white collar	13.15%	$6,590,193	9.15%	$4,585,571
General-other	9.15%	$16,972	9.15%	$16,972
Sheriff	16.30%	$2,302,867	18.50%	$2,613,683
Fire	16.20%	$1,426,884	21.25%	$1,871,684
Juvenile Detention Center	16.65%	$2,896,234	16.65%	$2,896,234
Retired employees			9.15%-21.25%	$898,169

Source: Bernalillo County CAFR 6//30/2011

NEW MEXICO RETIREE HEALTHCARE AUTHORITY

The County contributes to the New Mexico Retiree Health Care Fund, a cost sharing, multiple employer, defined benefit post-employment health care plan administered by the New Mexico Retiree Health Care Authority ("NMRHCA"). The NMRHCA 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 (Sections 10-7C-1 through 10-7C-19 NMSA

1978). The Board is responsible for establishing and amending benefit provisions of the health care plan and is also authorized to designate optional and/or voluntary benefits such as dental, vision, supplemental life insurance, and long-term policies.

The Retiree Health Care Act establishes the required contributions of the participating employers and their employees. Contributions are scheduled to be increased for both employers and employees as follows: employer contributions in Fiscal Year 2011 -- 1.666%, Fiscal Year 2012 – 1.834%, and Fiscal Year 2013 – 2.000%; employee contributions in Fiscal Year 2011 – 0.833%, Fiscal Year 2012 – 0.917%, and Fiscal Year 2013 – 1.000%. Prior to this change, each participating employer was required to contribute 1.3% of each participating employee's annual salary and each participating employee was required to contribute 0.65% of his salary. A financial report from the NMRHCA can be obtained at 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107.
Based on the Governmental Accounting Standards Board ("GASB") Statement 43 valuation for the Fiscal Year ended June 30, 2006, and assuming that the NMRHCA Fund is an equivalent arrangement to an irrevocable trust and, hence using a discount rate of 5.0%, the unfunded actuarial accrued liability has been calculated to be approximately $4.1 billion. As required by GASB Statement 43, this calculation takes into consideration only current assets of the NMRHCA Fund. The Legislative Council, the Legislative Finance Committee, the Governor and the NMRHCA, as required by statute, established a working group that, among other things, examined the options to improve the actuarial soundness of the NMRHCA Fund and reported its findings to the Governor, the New Mexico Legislative Council, at the Legislative Finance Committee and the NMRHCA.

In January 2008, NMRHCA's fund was projected to be insolvent by June 2014. However, recent actions by the NMRHCA have improved its financial outlook. The NMRHCA Board recently approved an 8% premium increase starting in 2011 which is expected to help ensure solvency. On July 9, 2010 NMRHCA announced that it has applied for $20 million dollars in reimbursements under the recently enacted federal health care reform bill. The funds are available under the early retirement provision and should help lower costs for retirees under 65. These actions, taken together are expected to increase the projected solvency period to the year 2028. NMRHCA also established, as policy, that premium increases going forward should track medical trend increases. In the past, premium increases were substantially lower than medical inflation, which was a leading contributor to declining solvency. Under current law, the County is not responsible for any future deficiencies in NMRHCA.

COUNTY INSURANCE COVERAGE

The County maintains insurance on its assets and operations as is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. The County carries general liability insurance, auto damage and workers compensation with the New Mexico County Insurance Authority for its errors and omissions coverage, emergency medical, volunteer fire fighters and law enforcement liability coverage. There can be no assurance, however, that the

County will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

2011 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, 2011. 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, 2011"** 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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Statement of Activities for year ended June 30, 2011 (Audited)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/programs							
Primary government							
Governmental activities							
General government	$ 69,096,613	$ 9,435,442	$ -	$ 3,316,133	$ (56,345,038)		$ (56,345,038)
Public works	43,729,571	2,010,807	463,860	9,549,331	(31,705,573)		(31,705,573)
Public safety	145,727,403	12,936,840	11,174,899	511,563	(121,104,101)		(121,104,101)
Culture and recreation	13,347,421	926,712	602,955	2,981,532	(8,836,222)		(8,836,222)
Health and welfare	41,952,311	101,650	13,216,902	-	(28,633,759)		(28,633,759)
Interest on long term debt	12,420,667	-	-	-	(12,420,667)		(12,420,667)
Total governmental activities	326,273,986	25,411,451	25,458,616	16,358,559	(259,045,360)		(259,045,360)
Business-type activities							
Solid waste	4,684,002	4,709,898	176,000	-	-	201,896	201,896
Housing authority	1,480,157	558,653	972,399	-	-	50,895	50,895
Seybold Village Handicapped Project	341,593	41,742	-	-	-	(299,851)	(299,851)
Regional Juvenile Detention Center	1,079,558	1,062,222	-	-	-		(17,336)

						(17,336)	
El Centro Familiar	397,701	141,547	160,175	-	-	(95,979)	(95,979)
Total business-type activities	7,983,011	6,514,062	1,308,574	-	-	(160,375)	(160,375)
Total government	$ 334,256,997	$ 31,925,513	$ 26,767,190	$ 16,358,559	$ (259,045,360)	(160,375)	(259,205,735)

	Net (Expenses) Revenues and Changes in Net Assets Primary Government		
	Governmental Activities	Business-type Activities	Total
General revenues:			
Property taxes	122,275,071	-	122,275,071
Gross receipts taxes	113,354,187	-	113,354,187
Motor vehicle taxes	3,694,000	-	3,694,000
Gas taxes	1,719,921	-	1,719,921
Investment income	2,244,107	6,456	2,250,563
Miscellaneous	10,539,678	550,162	11,089,840
Capital contributions		5,849	5,849
Total general revenues	253,826,964	562,467	254,389,431
Change in net assets	(5,218,396)	402,092	(4,816,304)
Net assets - beginning	602,362,216	4,431,214	606,793,430
Net assets - ending	$ 597,143,820	$ 4,833,306	$ 601,977,126

SOURCE: Bernalillo CAFR, year ended June 30, 2011

Bernalillo County, New Mexico
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Cash and investments	$ 305,907,686	$ 3,986,631	$ 309,894,317
Accounts receivable, net	40,582,182	1,821,184	42,403,366
Accrued interest receivable	2,811,270	-	2,811,270
Note receivable	201,381	-	201,381
Due from grantor	5,267,213	-	5,267,213
Internal balances	1,454,063	(1,454,063)	-
Inventory	721,449	11,820	733,269
Held for sale	-	373,000	373,000
Prepaid assets	1,931,757	-	1,931,757
Deferred charges	1,000,210	-	1,000,210
Cash - restricted	11,747,530	-	11,747,530
Capital assets held for sale	-	-	-
Investment in joint venture	633,000	-	633,000
Capital assets not being depreciated			
Land	134,960,856	475,717	135,436,573
Art	2,434,675	-	2,434,675
Construction in progress	61,395,074	-	61,395,074
Capital assets (net of accumulated depreciation):			
Buildings	175,807,067	2,888,209	178,695,276
Land improvements	4,739,700	39,732	4,779,432
machinery and equipment	23,312,901	68,055	23,380,956
Infrastructure	168,053,907	-	168,053,907
Leasehold improvements	2,015,582	-	2,015,582
Total assets	944,977,503	8,210,285	953,187,788
Liabilities			
Accounts payable	24,006,506	976,745	24,983,251
Interest payable	3,291,899	-	3,291,899
Tax anticipation note payable	20,000,000	-	20,000,000
Accrued payroll	5,680,016	60,197	5,740,213
Unearned revenue	11,072,870	1,222,445	12,295,315
Due to grantor	-	377,338	377,338
Deposits held in trust for others	-	13,183	13,183

Noncurrent liabilities:

	Governmental Activities	Business-type Activities	Total
Due within one year	20,826,252	47,572	20,873,824
Due in more than one year	262,956,140	679,499	263,635,639
Total liabilities	347,833,683	3,376,979	351,210,662
Net assets			
Invested in capital assets, net of related debt	344,670,560	3,238,600	347,909,160
Restricted for:			
Public safety	6,758,177	-	6,758,177
Culture and recreation	5,647	-	5,647
Health and welfare	23,296,906	-	23,296,906
Debt service	5,395,015	-	5,395,015
Capital projects	22,870,215	-	22,870,215
General government	11,876,018	-	11,876,018
Reserve requirement	67,669,164	-	67,669,164
Unrestricted	114,602,118	1,594,706	116,196,824
Total net assets	$ 597,143,820	$ 4,833,306	$ 601,977,126

Source: Bernalillo County CAFR, 6/30/2011

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AREA ECONOMIC INFORMATION

POPULATION

Year	Bernalillo County	Albuquerque MSA	State
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
2010 est.	713,020	907,755	2,162,331

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

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PER CAPITA PERSONAL INCOME - BERNALILLO COUNTY

Year	Bernalillo County	New Mexico	U.S.A.	% of N.M.	% of U.S.
2010	Not avail.	$33,837	$40,584	n/a	n/a
2009	$36,825	32,992	39,139	111.62%	94.09%
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

	2004	2005	2006	2007	2008	2009[r]	2010[p]
Albuquerque MSA[2]							
Total Employment[1]	370.2	377.9	391.5	395.8	394.9	378.0	371.4
Total Private	295.5	301.7	313.1	316.3	313.6	295.4	287.9
Goods Producing	48.6	51.4	55.5	54.2	50.4	42.1	38.9
Services Providing	246.9	250.3	257.6	262.2	263.2	253.3	249.0
Mining, Logging & Construction	25.9	28.6	31.4	30.5	28.3	23.9	21.5
Manufacturing	22.6	22.8	24.1	23.7	22.0	18.2	17.5
Wholesale Trade	12.8	13.0	13.2	13.3	13.1	12.1	12.3
Retail Trade	42.9	43.6	43.7	44.6	44.5	41.7	40.8
Transp., Warehousing & Utilities	10.5	10.4	10.5	10.9	10.7	9.7	9.4
Information	9.6	8.7	9.4	9.2	9.4	9.0	8.5
Financial Activities	19.1	19.3	19.2	19.2	18.7	18.2	17.9
Professional & Business Services	59.2	60.7	62.9	64.3	64.3	60.0	56.4
Educational & Health Services	45.0	46.3	47.9	49.0	51.2	53.6	54.5
Leisure & Hospitality	36.1	36.5	38.5	39.4	38.9	37.3	37.4
Other Services	11.8	11.9	12.1	12.2	12.5	11.9	11.8
Government	74.7	76.2	78.5	79.5	81.3	82.6	83.5

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, Torrance and Sandoval

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CIVILIAN LABOR FORCE

Bernalillo County	Nov 2011	2010	2009	2008	2007	2006
Labor Force	309,323	314,409	310,749	316,025	316,993	313,406
Employment	289,389	288,419	288,982	302,221	306,857	301,179
Unemployment	19,934	25,990	21,767	13,904	10,141	12,227
Percentage Unemployment – Bern. County	6.4%	8.5%	7.0%	4.4%	3.2%	3.9%
Percentage Unemployment – New Mexico	6.3%	8.4%	7.0%	4.5%	3.3%	4.2%
Percentage Unemployment – United States – December 2011	8.5%	9.6%	9.3%	5.8%	4.6%	4.6%

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 15c2-12 (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.

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INVESTMENT PROCEDURES FOR BERNALILLO COUNTY

INVESTMENTS

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

LEGAL INVESTMENTS

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

(1) Bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district which has a taxable valuation of real property of at least one million dollars ($1,000,000) and has not defaulted in the payment of interest or sinking fund obligations or failed to pay any bonds at maturity at any time within the last five years;

(2) Bonds or negotiable securities of the United States including U.S. Treasury bonds, notes or bills;

(3) Other securities issued by the United States government or its agencies or instrumentalities that are backed by the full faith and credit of the United States government, or issued by agencies guaranteed by the United States government, which include Government National Mortgage Association (GNMA) mortgaged backed securities,

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

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

(5) contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a

price differential representing the interest income to be carried by the investor backed by the United States having a market value of at least one hundred two percent of the contract. The collateral securing such contracts with the foregoing financial institutions must be shown on the financial institution's books as being the property of the investing Local Government and the designation of the collateral must be contemporaneous with the investor;

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

CURRENT INVESTMENTS

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

No funds of the County are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index or commodity.

RATINGS

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.

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.

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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 __, 2012

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

$14,400,000
BERNALILLO COUNTY, NEW MEXICO
GENERAL OBLIGATION BONDS
SERIES 2012A

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

$14,400,000
BERNALILLO COUNTY, NEW MEXICO
GENERAL OBLIGATION BONDS
SERIES 2012A

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 June 12, 2012 (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 2013 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.

e. The County or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the County to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.

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;

(xi) Rating changes;

(xii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material.

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.

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 20, 2012.

BERNALILLO COUNTY, NEW MEXICO

_/s/ Art De La Cruz_____
Chair, Board of County Commissioners

APPENDIX C

STATE OF NEW MEXICO
COUNTY OF BERNALILLO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

Bernalillo County

New Mexico

2011

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT
Fiscal Year Ended June 30, 2011

COUNTY OF BERNALILLO GOVERNMENT
Board of County Commissioners
Tom Zdunek, County Manager
Teresa Byrd, Interim Deputy County Manager for Finance

Prepared by:
The Accounting Department

BERNALILLO COUNTY
STATE OF NEW MEXICO

COUNTY OF BERNALILLO, NEW MEXICO

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vi
Organizational Chart	vii
Principal Officials	viii
Contributors	ix
FINANCIAL SECTION	
Report of Independent Auditors	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	33
Statement of Activities	34
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds	35
Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Assets	36
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	38
Statement of Revenues and Expenditures –Budget and Actual (Non-GAAP Budgetary Basis) General Fund	39
Proprietary Funds:	
Statement of Net Assets – Proprietary Funds	41
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	42
Statement of Cash Flows – Proprietary Funds	43
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	44
Contents – Notes to the Financial Statements	45
Notes to the Financial Statements	46

COUNTY OF BERNALILLO, NEW MEXICO

FINANCIAL SECTION (CONTINUED)
REQUIRED SUPPLEMENTARY INFORMATION

	Page
Combining and Individual Fund Statements and Schedules:	
Governmental Funds:	
Description of Nonmajor Governmental Funds	81
Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	88
Schedules of Revenue, Expenditures – Budget and Actual (NON-GAAP Budgetary Basis):	
Special Revenue Funds:	
Recreation	92
Environmental Health	93
1/16 Health Care GRT	94
Valuation	95
Fire Districts	96
Emergency Medical Services	97
Regional Correction Center	98
Law Enforcement Protection	99
Farm and Range	100
County Indigent	101
County Clerk Recording and Filing Fees	102
Department of Substance Abuse	103
Debt Service:	
General Obligation Bonds Debt Service	104
Series 1996B	105
Series 1997	106
Refunding Series 1998	107
Series 2010A	108
Refunding Series 2005	109
Series 2009A	110
Refunding Series 2010B	111
Debt Service – Series 2008A	112
TRAN Debt Service	113
Description of Agency Funds	114
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	116
Agency Funds - Statement of Changes in Assets and Liabilities	118

COUNTY OF BERNALILLO, NEW MEXICO

FINANCIAL SECTION (CONTINUED)
REQUIRED SUPPLEMENTARY INFORMATION

	Page
Nonmajor Proprietary Funds:	
Description of Nonmajor Proprietary Funds:	121
Combining Statement of Net Assets	122
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	123
Combining Statement of Cash Flows	124
Schedule of Revenue, Expenses – Budget and Actual (NON GAAP Budgetary Basis):	
Solid Waste	125
Regional Juvenile Detention Center	126
Schedule of Revenue, Expenses – Budget and Actual (NON GAAP Budgetary Basis): Internal Service Fund, Risk Managment	127

OTHER SUPPLEMENTARY INFORMATION

Financial Data Schedule	128
Schedule of Bank Accounts	130
Schedule of Pledged Collateral	132
Tax Roll Reconciliation	135
Property Tax Schedule	136
Joint Powers Agreements	140

STATISTICAL SECTION
(UNAUDITED)

Statistical Section	144
Net Assets by Component	145
Changes in Net Assets	147
Governmental Activities Tax Revenue by Source	151
Governmental Activities Gross Receipts Tax Revenue By Source	152
Fund Balances of Governmental Funds	153
Changes in Fund Balances of Governmental Funds	155
Assessed Value and Estimated Actual of Property	157
Property Tax Rates Direct and Overlapping	158
Principal Property Tax Payers	159
Property Tax Levies and Collections	160
Ratios of Outstanding Debt by Type	161
Ratios of General Bonded Debt Outstanding	162
Direct and Overlapping Governmental Activities Debt	163
Pledged-Revenue Coverage	164
Legal Debt Margin Information	165
Demographic and Economic Statistics	167

COUNTY OF BERNALILLO, NEW MEXICO

STATISTICAL SECTION (CONTINUED)
(UNAUDITED)

Principal Employers 168
Full-Time Equivalent County Employees by Function 169
Operating Indicators by Function 171
Capital Asset Statistics by Function 172

SINGLE AUDIT INFORMATION

Schedule of Expenditures of Federal Awards 173
Notes to the Schedule of Federal Awards 176
Report of Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 177
Report of Independent Auditors on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 179
Summary Schedule of Prior Year Audit Findings 182
Schedule of Findings and Questioned Costs 183
Exit Conference 192

County of Bernalillo
State of New Mexico

BOARD OF COUNTY COMMISSIONERS
MAGGIE HART STEBBINS, CHAIR
DISTRICT 3
ART DE LA CRUZ, VICE CHAIR
DISTRICT 2
MICHELLE LUJAN GRISHAM, MEMBER
DISTRICT 1
MICHAEL C. WIENER, MEMBER
DISTRICT 4
WAYNE A. JOHNSON, MEMBER
DISTRICT 5

TOM ZDUNEK, COUNTY MANAGER

KAREN L. MONTOYA, ASSESSOR
MAGGIE TOULOUSE OLIVER, CLERK
WILLOW MISTY PARKS, PROBATE JUDGE
DAN M. HOUSTON, SHERIFF
PATRICK J. PADILLA, TREASURER

WWW.BERNCO.GOV

ONE CIVIC PLAZA N.W. 10th FLOOR
ALBUQUERQUE, NEW MEXICO 87102
ADMINISTRATION 505-468-7000
FAX 505-462-9813

November 14, 2011

Board of County Commissioners
Maggie Hart Stebbins, Chair
Art De La Cruz, Vice Chair
Michael C. Wiener, Member
Michelle Lujan Grisham, Member
Wayne A. Johnson, 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, 2011.

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 LLP, Certified Public Accountants, have issued the highest possible opinion, an unqualified opinion, on the County's comprehensive annual financial report for the fiscal year ending June 30, 2011. 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, which encompasses the entire City of Albuquerque, is located in the central region of the state and is the economic and population hub of New Mexico. With a population of 662,564 in 2010 (2010 US Census), Bernalillo County is the 92th most populous county of the nation's 3,141 counties. It comprises 32 percent of New Mexico's population and 73 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 is elected to 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 (2010 Census population of 545,852) making up 82 percent of its population, serves as a hub for commerce and industry in the Southwest. It accounts for nearly half of all economic activity in New Mexico. In the 2011 Forbes List of

"Best Places for Business and Careers," Albuquerque placed 38st out of the 200 ranked metro areas in the country (up from 41st on last year's list) and was ranked 74th in the "Cost of Doing Business" category and 44th in the "Job Growth Expected" category.

Forecasts by the University of New Mexico's Bureau of Business and Economic Research suggest the near-term outlook for the Albuquerque economy is continued slow recovery from the recession that commenced in December 2007. The recovery has lagged behind the slow growth of the state economy and is not expected to reverse course until late 2011 and 2012, with growth peaking in 2013 and 2014. The economy will not reach its 2007 pre-recessionary employment peak until late 2016. Nonfarm employment growth is expected to decline by 0.4 percent for the year and is projected to increase by 0.8 percent in 2012 and 1.3 percent in 2013. The unemployment rate in June 2011 was 8.2 percent—lower than the national rate of 9.2 percent but still 1.4 percent higher than the statewide rate of 6.8 percent. Forecasts indicate the unemployment rate will average 7.7 percent in 2011 for the Albuquerque MSA and continue to slowly decline annually reaching 6.6 percent in 2015.

FY 12 general fund budgeted appropriations of $207,774,454 represents a 1.3 percent increase from FY 11 levels. Property taxes are anticipated to make up 50 percent of general fund revenue in FY 12 and 13 and are projected to remain flat in FY12 and projected to increase by 1% in FY13. Gross receipts taxes, which make up 40% of the general fund, declined 10 percent between FY07 and FY10 as the local economy was impacted by the recession. In FY 11 gross receipts were up 1.6% from FY10 and are projected to increase by a modest 2% in FY 13.

Even in these uncertain economic times, however, the County has been a conscientious steward of tax revenue by maintaining sufficient reserve funds and being conservative in revenue projections.

Long-Term Financial Planning

The financial condition of the County is strong as reflected by the County's current bond ratings. The County's 2011 General Obligation Bonds were rated "AAA" by the nation's three top rating agencies: Standard & Poor's, Moody's and Fitch. The County continues its effort to incorporate comprehensive financial planning in its long-range vision in order to remain solvent during the continued economic slowdown. In addition to the 3/12th reserve requirement required by the State of New Mexico of $67,669,164, the County's long-term financial plan includes maintaining adequate reserves for the County's provision of public safety services, extraordinary maintenance for aging infrastructure and to respond to emergencies and natural disasters. The County has also established a minimum fund balance policy consisting of an unassigned amount of $34,085,866 which is equal to two months of the prior year general fund operating expenditures and is set aside for unforeseen emergency contingencies and cash flow needs.

Relevant Financial Policies

Bernalillo County is currently in its fourth biennial budget cycle. 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 12 represents the second year of the current biennial budget cycle.

Major Initiatives

Although the recession and subsequent recovery has caused a decrease in revenue, the County has continued efforts to improve its service delivery and make government more efficient and transparent for citizens.

In an effort to become more transparent, the county recently unveiled its new internet "sunshine portal". Through a link on the County's internet site called "Bernco View" the public can gain insight into county spending and operations. The site includes a link to an Inspection of Public Records Act request page for people seeking access to additional public records. Information available on the site includes completed audits, budget amounts, checkbook register payments, county contracts, grants, and more.

In another move to keep Bernalillo County citizens informed in a timely fashion on events and news affecting them, the County launched its automated "paperless" agenda in January 2011, which includes posting complete agenda packets on the County's website, making them readily available to everyone. Additionally, in April 2011, the County unveiled a completely redesigned website (www.bernco.gov). The website provides easier-to-navigate content and live, streaming video capabilities. The improvements were needed to expand or reach out to the technology-oriented audience and it also offers social networking like Facebook and Twitter. In addition, it keeps citizens more informed by giving the public access to all county commission meetings via live streaming.

The County will prepare its first Popular Annual Financial Report (PAFR) in conjunction with the fiscal year 2011 Comprehensive Annual Financial Report (CAFR). The PAFR extracts information from the CAFR to produce a high quality report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. The PAFR highlights financial data, community accomplishments, and demographics in a summarized informative report.

To address better service delivery and cost efficiency, the County recently joined the International City/County Management Association's Center for Performance Measurement (CPM). This effort will help the county determine if its performance is in line with peer jurisdictions providing similar services across the country. By joining CPM, the county becomes a part of a community of more than 200 jurisdictions across North America that share similar goals—figuring out how to deliver services better, faster, and more cost effectively. By tracking performance in specific areas and comparing the data to other jurisdictions, CPM services can help the county find efficiencies, use limited resources in a more effective way, and uncover potential cost savings.

To insure citizens receive adequate public safety, the county recently took over the Fire and Emergency Medical Services (EMS) functions of the Bernalillo County Fire and Rescue Station 29 from the City of Albuquerque. The County Commission authorized eighteen new firefighters

to allow for full operations of the new station. In addition, the County recently received commission approval to hire an additional 98 Correctional Officers at the Metropolitan Detention Center (MDC). This will increase the inmate to staff ratio and will greatly reduce overtime as well as reduce existing Correctional Officer fatigue caused by the amount of forced overtime required to staff existing posts. It will bring MDC in line with recommended standards and initiate the process of moving MDC towards "best practices."

In another move to provide better service, the county, in late FY11 went live with offering no longer needed surplus vehicles, office equipment, furniture, and miscellaneous items to buyers online. The move has generated more revenue for the county and given a larger number of people the opportunity to buy the items. The former way of handling surplus items through one time in person auctions often cost more, thereby reducing the amount eventually earned. The auctions have also been much more convenient for bidders because items can be viewed around the clock rather than only on scheduled days and times.

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, 2010. This was the seventh 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 are submitting it to the GFOA to determine its eligibility for this prestigious recognition again this year.

The preparation of this report would not have been possible without the dedicated service of the entire Accounting Department staff of the Finance Division. We also would like to express our appreciation to County departments that assisted and contributed to the preparation of this report, especially the staff of the County Treasurer's Office and the Housing Department. The Board of County Commissioners also is recognized and thanked for its stewardship in overseeing the financial operations of the County.

Sincerely,

Tom Zdunek
Bernalillo County Manager

Teresa Byrd
Interim Deputy County Manager for Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Bernalillo
New Mexico

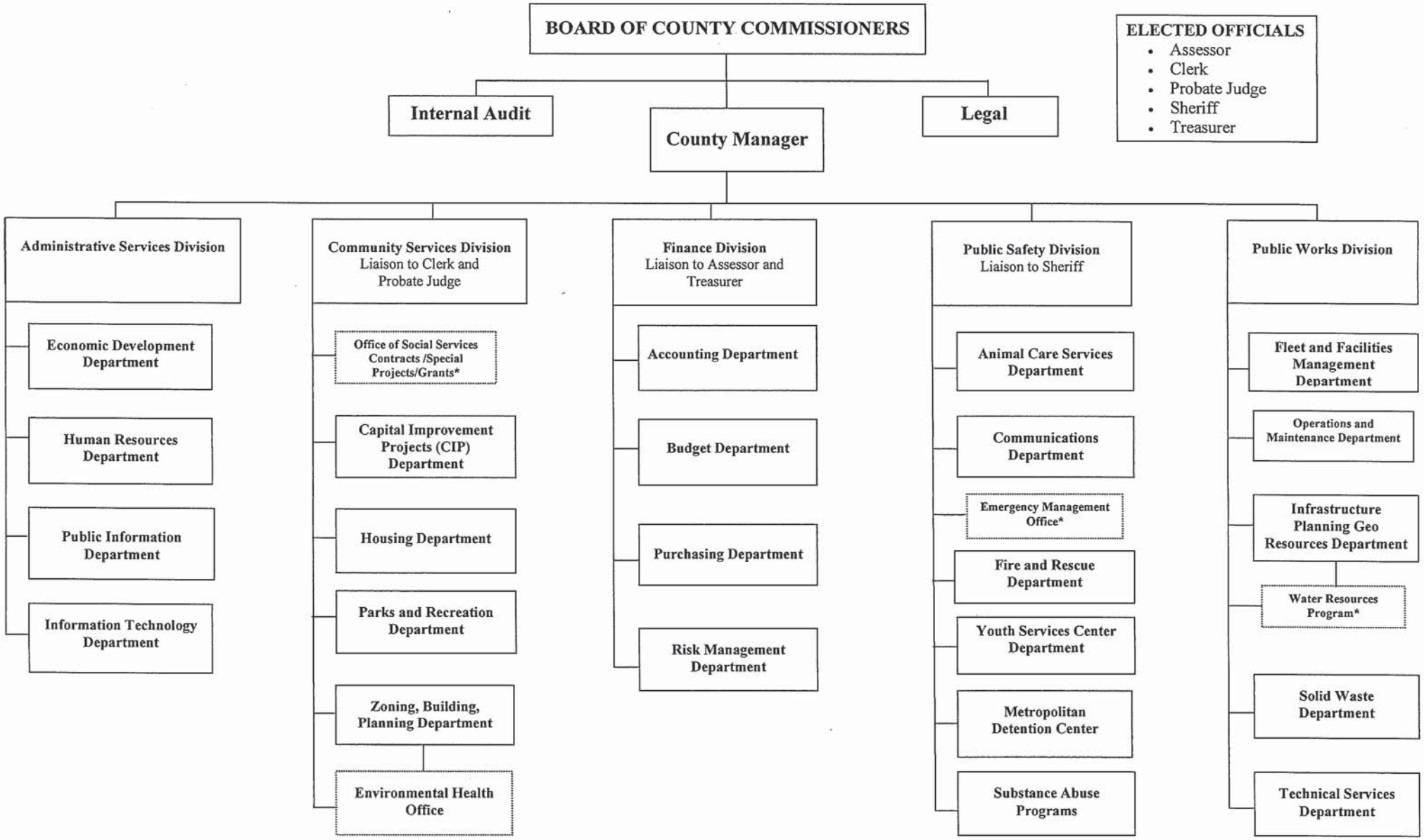
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



COUNTY OF BERNALILLO

PRINCIPAL OFFICIALS

June 30, 2011

COUNTY COMMISSIONERS

Maggie Hart Stebbins, Chair	District 3
Art De La Cruz, Vice Chair	District 2
Michelle Lujan Grisham, Member	District 1
Michael C. Wiener, Member	District 4
Wayne A. Johnson, Member	District 5

COUNTY ELECTED OFFICIALS

Karen L. Montoya	Assessor
Maggie Toulouse Oliver	Clerk
Misty Willow Parks	Probate Judge
Dan Houston	Sheriff
Patrick J. Padilla	Treasurer

COUNTY MANAGER

Tom Zdunek

DEPUTY COUNTY MANAGERS

Teresa A. Byrd, Interim Deputy County Manager for Finance
Julie M. Baca, Deputy County Manager for Community Services
Tom Swisstack, Deputy County Manager for Public Safety
Roger Paul, Interim Deputy County Manager for Public Works
Renetta Torres, Deputy County Manager for Administrative Services

COUNTY OF BERNALILLO, NEW MEXICO
CONTRIBUTORS
June 30, 2011

Teresa A. Bryd
Interim Deputy County Manager for Finance

Financial Reporting Personnel

Jeff P. Lovato, MBA
Accounting Director

Bonnie Ulibarri-Romero, CPA
Financial Projects Coordinator

Kevin Sourisseau, CPA
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

Virginia C. Montoya
Accountant Senior

Victoria Herring
Administrative Officer

Treasurer's Office

Fidel A. Bernal, CPA
Chief Deputy Treasurer
Emily Madrid
Accounting Manager

Public Information - Cover

Marie E. Quintero
Graphic Design Specialist

Housing

Ruth Lott
Housing Administrator

Fixed Assets Section

Budget Team

BERNALILLO COUNTY
STATE OF NEW MEXICO

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

Report of Independent Auditors

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, 2011, 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, nonmajor 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 major debt service and each nonmajor fund as of and for the year ended June 30, 2011, 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, 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, 2011, 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. In addition, in our opinion, the financial

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

statements referred to above present fairly, in all material respects, the financial position of each nonmajor governmental funds, nonmajor enterprise funds, internal service fund and fiduciary funds of the County, as of June 30, 2011, 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 November 14, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Generally Accepted Accounting Principles who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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 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
November 14, 2011

BERNALILLO COUNTY
STATE OF NEW MEXICO

COUNTY OF BERNALILLO NEW MEXICO
Management's Discussion and Analysis
June 30, 2011

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, 2011. 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

Government-wide

- The total government-wide assets of the County exceed its liabilities as of June 30, 2011 by $601,977,126, a decrease of $4,816,304 or a 0.8% decrease. Of this amount, $347,909,160 is invested in capital assets, net of related debt. Of the remaining balance, $137,871,142 is restricted for specific purposes and $116,196,824 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

- As of June 30, 2011, the County's governmental activities and business type activities have net assets of $597,143,820 and $4,833,306 respectively.

- Total net assets of the County are comprised of the following:

Net Assets by Category	June 30, 2011	% to Total	June 30, 2010	% to Total
Capital assets, net of related debt	$ 347,909,160	58%	$ 355,609,898	59%
Restricted net assets	137,871,142	23%	139,516,367	23%
Unrestricted net assets	116,196,824	19%	111,667,165	18%
Total net assets	$ 601,977,126	100%	$ 606,793,430	100%

Fund Financial Statements

- As of June 30, 2011, the County governmental funds reported combined fund balances of $297,682,958. This reflects a decrease of $75,688,073 from the previous fiscal year, primarily attributed to the Gross Receipts Tax Revenue Bond (GRT), Series 2008A, and a portion of the GRT Revenue Bond, Series 2009A, debt of $46.9 million becoming due and paid from bond proceeds that were never used for their intended purpose. In addition, there was $17 million in capital expenditures for roadway construction and maintenance, for the James McGrane, Jr. Public Safety Complex, and for other county and non-county projects.

- The General Fund beginning balance increased by $1,109,741 from $194,118,410 to $195,228,151 as a result of the reclassification of the Community Services Fund and the Industrial Revenue Bond – PILTS Fund into the General Fund as part of the County's implementation of GASB 54 as these funds did not meet the revised definition of a special revenue fund.

- The fund balance in the County's general fund decreased from $194,118,410 in FY10 to $186,929,568 in FY11, a decrease of $7,188,842 or a 3.7% decrease. Of this amount, $67,669,164 or 36.2% of the general fund is for the State of New Mexico Department of Finance and Administration required reserve (reported in restricted fund balance) and $53,037,298 or 28.4% is for subsequent years' expenditures (reported in assigned fund balance).

- The County was able to maintain adequate reserves in the amount of $67,669,164 (reported in restricted fund balance) as required by the State of New Mexico Department of Finance and Administration, Local Government Division – 3/12 of the General Fund Budget for FY12.

- At the end of the fiscal year, the unassigned fund balance of the County's General Fund was $34,085,866 which complies with the County's minimum fund balance policy of 2/12 of the prior year General Fund operating expenditures to be used for emergency contingencies and cash flow purposes.

- The County has $477,554,152 in available bonding capacity or 83% of allowable bonding capacity per the New Mexico State Constitution (see page 166).

- The County property valuations decreased 3.0% from $14.82 billion in FY10 to $14.38 billion in FY11 (see page 157).

- The County managed and expended $23,337,714 in Federal Funds in FY11 (see page 175).

- The County's 2011 General Obligation (GO) Bonds were rated "AAA" by both Fitch Ratings and Standard & Poor's and rated "Aaa" by Moody's Investors Service. In addition, both Standard & Poor's and Fitch Ratings affirmed its "AAA" rating and Moody's Investors Service affirmed its "Aaa" on the County's existing GO debt.

- In addition to its "AAA" bond rating, Standard and Poor's and Fitch Ratings awarded Bernalillo County its highest rating – "STRONG" on its financial management assessment criteria. The County continues its effort to incorporate comprehensive financial planning in its long-range vision in order to remain solvent during the current economic recovery.

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 County Housing Authority, Seybold Village Handicapped Project, Regional Juvenile Detention Center, and El Centro Familiar. The government-wide financial statements can be found on pages 33-34 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 thirty-two other individual governmental funds of which seventeen are classified as Special Revenue funds, twelve are classified as Debt Service funds, and three are classified as Capital Projects funds. Information for the General fund, the Grants fund, the Series 2008A Debt Service fund, the TRAN Debt Service fund, and the Capital Construction 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, the Series 2008A Debt Service fund, and the TRAN Debt Service fund. A budgetary comparison statement for the General fund is presented on pages 39-40 and a budgetary comparison statement for the Series 2008A Debt Service fund and the TRAN Debt Service fund is presented on pages 112-113. In addition, the County adopts an annual budget for other non-major funds. A budgetary statement is presented individually for all those funds that have an adopted budget.

The basic governmental fund financial statements can be found on pages 35-40 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 b*usiness-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 41-43 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 46 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 45-80 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 81-127 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 $601,977,126 for the fiscal year ending June 30, 2011. By far the largest portion of the County's net assets (58 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 59% 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	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	$ 372,257,741	$ 423,212,218	$ 4,738,572	$ 3,699,056	$ 376,996,313	$ 426,911,274
Capital assets	572,719,762	563,826,219	3,471,713	3,994,799	576,191,475	567,821,018
Total assets	944,977,503	987,038,437	8,210,285	7,693,855	953,187,788	994,732,292
Liabilities:						
Long-term liabilities	262,956,140	281,001,858	679,499	757,105	263,635,639	281,758,963
Other liabilities	84,877,543	103,674,363	2,697,480	2,505,536	87,575,023	106,179,899
Total liabilities	347,833,683	384,676,221	3,376,979	3,262,641	351,210,662	387,938,862
Net Assets:						
Invested in capital assets, net of related Debt	344,670,560	353,608,399	3,238,600	2,001,499	347,909,160	355,609,898
Restricted	137,871,142	139,516,367	-	-	137,871,142	139,516,367
Unrestricted	114,602,118	109,237,450	1,594,706	2,429,715	116,196,824	111,667,165
Total net assets	$ 597,143,820	$ 602,362,216	$ 4,833,306	$ 4,431,214	$ 601,977,126	$ 606,793,430

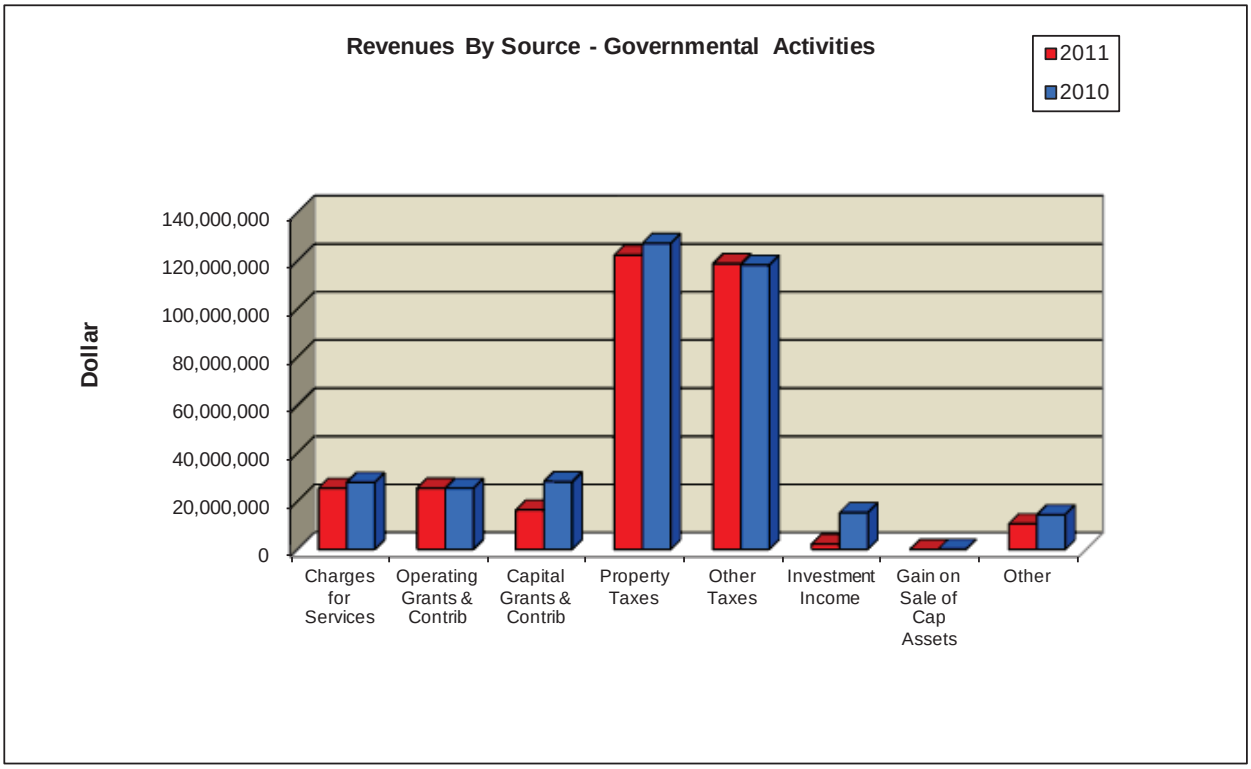
Restricted net assets in the amount of $137,871,142 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, $116,196,824 may be used to meet the government's ongoing obligations to citizens and creditors.

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 decreased the County's net assets by $5,218,396 in FY11 as compared to an increase of $32,250,368 in FY10.

County of Bernalillo's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$25,411,451	$27,821,557	$6,514,062	$6,414,846	$31,925,513	$34,236,403
Operating grants and contributions	25,458,616	25,361,263	1,308,574	780,587	26,767,190	29,940,194
Capital grants and contributions	16,358,559	28,113,701	-	107,712	16,358,559	24,423,069
General revenues:						
Property taxes	122,275,071	127,201,067	-	-	122,275,071	127,201,067
Other taxes	118,768,108	118,157,209	-	-	118,768,108	118,157,209
Investment income	2,244,107	15,249,566	6,456	124,819	2,250,563	15,374,385
Gain on sale of capital assets	-	48,972	-	4,100	-	53,072
Other	10,539,678	14,375,434	550,162	614,416	11,089,840	14,989,850
Total revenues	321,055,590	356,328,769	8,379,254	8,046,480	329,434,844	364,375,249
Expenses:						
General government	69,096,613	64,791,762	-	-	69,096,613	64,791,762
Public works	43,729,571	42,122,694	-	-	43,729,571	42,122,694
Public safety	145,727,403	154,622,588	-	-	145,727,403	154,622,588
Health and welfare	41,952,311	36,053,345	-	-	41,952,311	36,053,345
Culture and recreation	13,347,421	11,957,736	-	-	13,347,421	11,957,736
Interest on long-term debt	12,420,667	14,530,276	-	-	12,420,667	14,530,276
Solid Waste	-	-	4,684,002	4,817,057	4,684,002	4,817,057
Housing Authority	-	-	1,480,157	1,083,960	1,480,157	1,083,959
Seybold Village	-	-	341,593	349,467	341,593	349,467
Juvenile Detention Center	-	-	1,079,558	1,084,886	1,079,558	1,084,886
El Centro Familiar	-	-	397,701	646,387	397,701	646,387
Total expenses	326,273,986	324,078,401	7,983,011	7,981,757	334,256,997	332,060,158
Increase (decrease) in net assets before transfers	(5,218,396)	32,250,368	396,243	64,723	(4,822,153)	32,315,091
Transfers in (out)	-	-	-	-	-	-
Capital contributions	-	-	5,849	8,346	5,849	8,346
Increase (decrease) in net assets	(5,218,396)	32,250,368	402,092	73,069	(4,816,304)	32,323,437
Net assets – beginning	602,362,216	570,111,848	4,431,214	4,358,145	606,793,430	574,469,993
Net assets – ending	$597,143,820	$602,362,216	$4,833,306	$4,431,214	$601,977,126	$606,793,430



Governmental Activities revenues decreased by $35.3 million from $356.3 million in FY10 to $321 million in FY11, a decrease of 9.9%. Key elements in the decrease of governmental activities revenues are as follows:

- Program revenues charges for services decreased by $2.4 million from $27.8 million in FY10 to $25.4 million in FY11, an 8.6% decrease. The majority of the decrease was attributed to $3.1 million less in fees collected for housing inmates at the Regional Correctional Center which was closed in April 2011 as a result of the termination of the inter-governmental agreement between the United States Marshals Service and the County of Bernalillo. The decrease is offset by an increase in collections of $538 thousand in license and permit fees, of $10 thousand in recording and filing fees, and of $190 thousand in impact fees.

- Program revenues capital grants and contributions decreased by $11.7 million from $28.1 million in FY10 to $16.4 million in FY11, a 41.6% decrease. A portion of the decrease was attributed to a decrease of $1.5 million in revenue received from the New Mexico Department of Economic Development for the Fidelity project at Mesa Del Sol as $4.0 million was received in FY10 and $2.5 million was received in FY11. Also, in FY10, reimbursement revenue of $1 million for health and welfare projects was received from state legislative appropriations for the Stanford Health Clinic, the La Mesa Health Clinic, the Family Counseling Peanut Butter and Jelly Treatment Facility, and the Albuquerque Rape Crisis Center that did not materialize in FY11 as the phases of these projects were primarily completed in FY10. In addition, the decrease was attributed to a $4.5 million decrease in reimbursement revenue for public works projects as the grant funding sources were primarily used in FY10 for the Eubank project, the South Valley Drinking Water Phase IV project, and other road improvement projects. There was also an additional decrease in

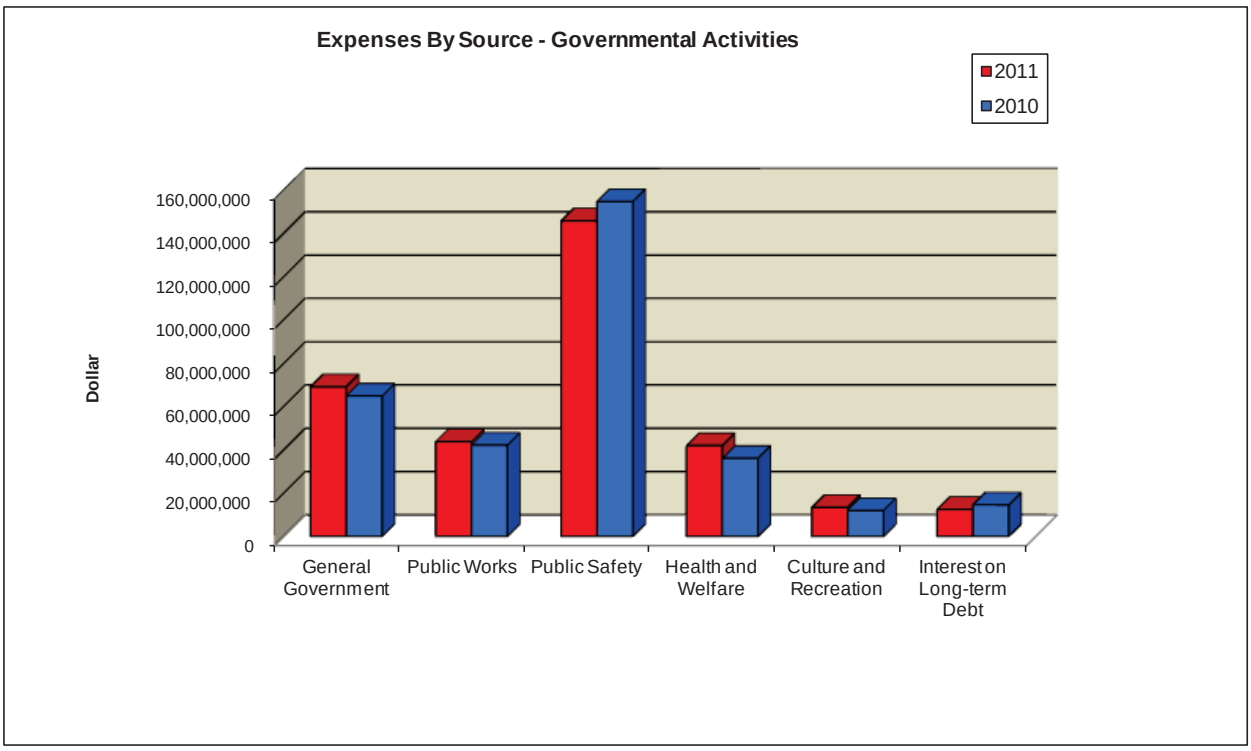
reimbursement revenue of $5.1 million received from state legislative appropriations for cultural and recreation projects as these grants were substantially used in FY10 for the South Valley Multipurpose Center, the Mesa Del Sol Fields, the Rio Grande High School Pool improvements, and the Little League Facility improvements. Overall, the reduction in revenue was a result of reduced state legislative appropriations for Bernalillo County due to the downturn in the state economy.

- General revenues property taxes decreased $4.9 million from $127.2 million in FY10 to $122.3 million in FY11, a 3.9% decrease. The decrease was attributed to a decrease in the assessed taxable valuation within the County of $438 million from $14.823 billion in FY10 to $14.385 billion in FY11 and a decrease in the County's total non-residential mill levy from 11.644 to 11.319 per $1,000 of assessed taxable value. The decrease in revenue was slightly offset by an increase in the current property tax collection rate from 94.49% in FY10 to 95.62% in FY11.

- General revenues other taxes increased $611 thousand from $118.1 million in FY10 to $118.7 million in FY11, a 0.5% increase. The increase was primarily attributed to an increase of $799 thousand in gross receipts tax revenue as the state economy has started a slow recovery from the recent recession. The increase in revenue was offset by a slight decrease in revenue from motor vehicle and gasoline taxes.

- General revenues investment income decreased $13.0 million from $15.3 million in FY10 to $2.2 million in FY11, an 85.0% decrease. The decrease was primarily attributed to the market value of the County's investments at the end of FY11 versus the market value in FY10. In FY10 the market value of the County's investments increased by $1.4 million and in FY11 the value of investments decreased by $8 million for a net decrease change of $9.4 million. The net change is reflected in the mark to market entry made to investment income at the end of FY11. In addition, the County earned $1.5 million less in investment income in FY11 versus FY10 due to lower rates of return in FY11. The remainder of the decrease in investment income is related to the interest accrual and the mark to market entries made to investment income at the end of FY10 and FY11.

- Other revenues decreased $3.8 million from $14.4 million in FY10 to $10.5 million in FY11, a 26.4% decrease. A portion of the decrease was attributed to $1 million less recognized as miscellaneous revenue to capitalize non-cash donations of land, building, machinery and equipment, art, and infrastructure. In addition, in prior years, the receivable from the Housing Authority was posted to miscellaneous revenue and is now posted to cash which created a variance of $1.7 million in this category in FY11. Also, less revenue was recognized in FY11 for payment in lieu of taxes, non-grant reimbursements, conduit debt revenue, and rental revenue of $63 thousand, $509 thousand, $65 thousand, and $115 thousand respectively.



Governmental activities expenses increased by $2.2 million from $324.1 million in FY10 to $326.3 million in FY11, an increase of 0.68%. Key elements in the increase in governmental activities expenses are as follows:

- General government expenses increased by $4.3 million from $64.8 million in FY10 to $69.1 million in FY11, a 6.6% increase. A portion of the increase was attributed to an increase of $2.8 million in rental expense as the County paid prior year rental amounts due the City of Albuquerque for rental of the City/County Building. In addition, expenses for the County's multi-line insurance premiums and deductibles increased by $1.1 million and contractual services expenses increased by $2.0 million. The increase was offset by a decrease in expenses of $1.1 million in deferred charge refunding expenses as bond refunding financing took place in FY10 but did not occur in FY11 and a decrease in capital outlay for other expenses of $683 thousand.

- Public works expenses increased by $1.6 million from $42.1 million in FY10 to $43.7 million in FY11, a 3.8% increase. The increase was attributed to more operating expenses in FY11 for information technology, building and maintenance and other operating expenses.

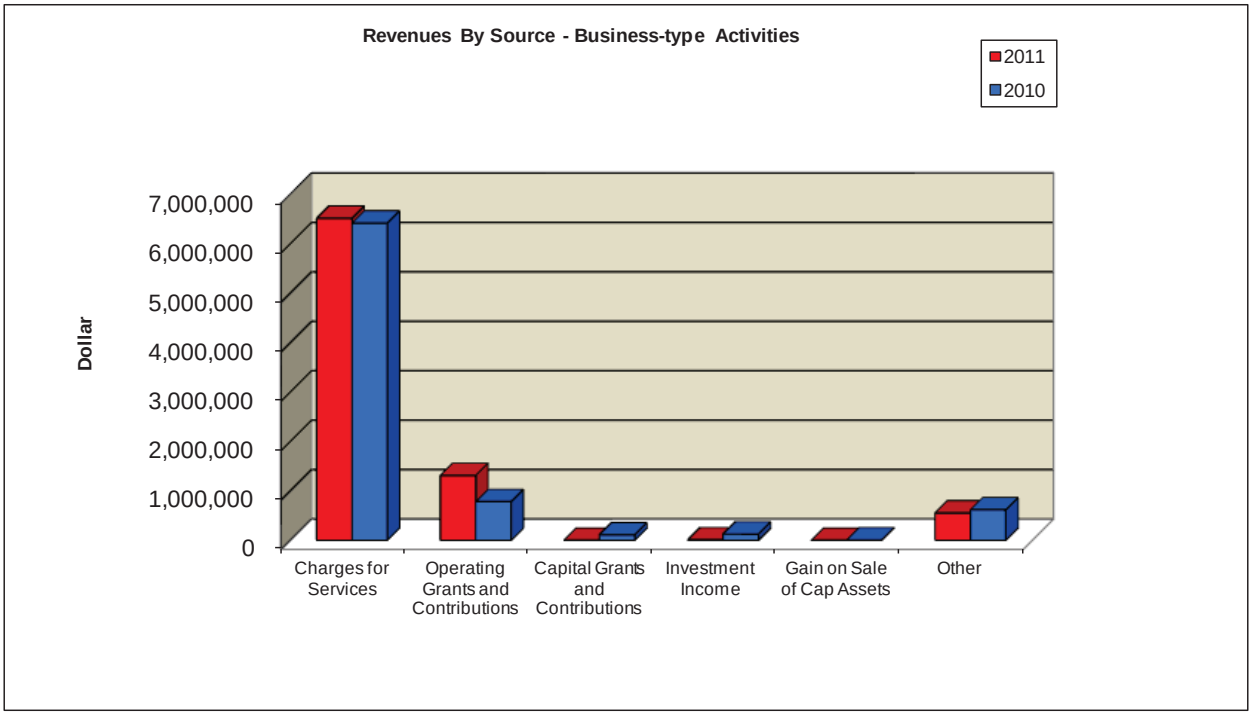
- Public safety expenses decreased by $8.9 million from $154.6 million in FY10 to $145.7 million in FY11, a 5.8% decrease. The decrease was primarily attributed to a decrease of $4.5 million in grant expenses of $3.1 for E911 communications, $617 thousand for Sheriff's miscellaneous expenses, $195 thousand for DWI programs, $456 thousand for emergency preparedness, and $975 thousand for alcohol and drug detoxification programs. In addition, there was a decrease of $2.8 million in expenses for housing inmates at the Regional Correctional Center as a result of the termination of the inter-governmental agreement between the United States Marshals Service and the County of

Bernalillo in April 2011. Also, expenses of $4.8 million in medical health care services for the Metropolitan Detention Center (MDC) inmates were reported in this category in FY10 and reported in the "health and welfare" category in FY11. The decrease was offset by an increase of $1.1 million in depreciation expense and $100 thousand in compensated absences expense.

- Health and welfare expenses increased by $5.9 million from $36 million in FY10 to $41.9 million in FY11, a 16.4% increase. The increase was primarily attributed to $5.3 million in medical health care services expenses for MDC inmates reported in this category in FY11 and reported in the "public safety" category in FY10. In addition, the general fund operating expense subsidy for the Housing Authority increased by $383 thousand.

- Interest on long-term debt expenses decreased by $2.1 million from $14.5 million in FY10 to $12.4 million in FY11, a 14.5% decrease. The decrease was primarily attributed to a decrease in interest expense on the County's long-term debt (general obligation bonds and gross receipts tax revenue bonds).

Business-type activities. Business-type activities net assets increased by $402,092 during the current fiscal year. During the year, the Solid Waste fund, the Bernalillo County Housing Authority fund, and the El Centro Familiar fund had more total program revenues than total program expenses resulting in an increase in net assets of $340,022, $235,452, and $28,997 respectively. The Seybold Village Handicapped Project fund and the Regional Juvenile Detention Center fund incurred losses of $185,043 and $17,336 respectively. These losses represent the degree to which ongoing program expenses have outstripped ongoing program revenues. Overall, the business-type activities experienced an $878,006 operating loss (program revenues less expenses) before non-operating revenues of $1,274,249 and capital contributions of $5,849.



Business-type activities revenue increased from $8.046 million in FY10 to $8.379 million in FY11, a 4.1% increase. Key elements in the increase of business-type activities revenue are as follows:

- Revenue program charges for services increased from $6.4 million in FY10 to $6.5 million in FY11, a 1.6% increase. The increase was attributed to $92 thousand more in solid waste fee collections in FY11 than in FY10 and $289 thousand more in administrative fees collected at the Housing Authority in FY11. This was offset by a decrease of $257 thousand in rental revenue fees generated at the El Centro Familiar in FY11.

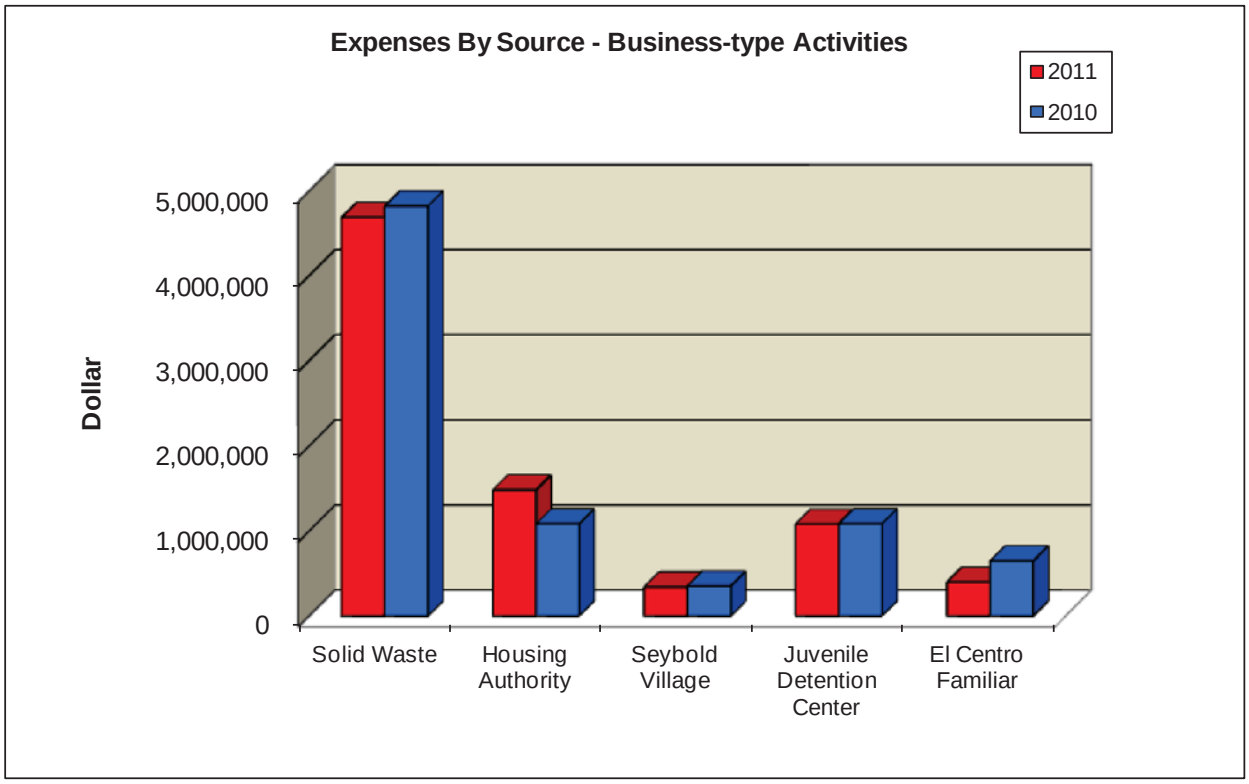
- Revenue program operating grants and contributions increased from $781 thousand in FY10 to $1.3 million in FY11, an increase of 66.4%. The majority of the increase was attributed to $521 thousand more in stimulus grant subsidy received from the New Mexico Mortgage Finance Authority for existing home rehabilitation and held for sale home rehabilitation at the Housing Authority.

- Revenue program capital grants and contributions decreased from $108 thousand in FY10 to zero in FY11, a decrease of 100%. The decrease was attributed no capital grants received by the Seybold Village Handicapped project in FY11 versus $108 thousand in FY10.

- General revenues investment income decreased from $125 thousand in FY10 to $6 thousand in FY11, a decrease of 95.2%. The decrease was primarily attributed to a decrease of $118 thousand in investment income recognized in the El Centro Familiar as the funds held in restricted investments from money received from rental income by tenants to help pay the debt owed on the 1999 Refunding Bond was used in FY10 to refund the bond in June 2010.

- Gain on sale of capital assets decreased from $4,100 in FY10 to zero in FY11, a decrease of 100%. The decrease was attributed to a gain realized in the Housing Authority for the sale of lease to purchase program homes in FY10 and zero realized in FY11.

- Other revenues decreased from $614 thousand in FY10 to $550 thousand in FY11, a decrease of 10.4%. The decrease was primarily attributed to $159,247 thousand less in miscellaneous revenue recognized in the Seybold Village Handicapped Project in FY11. In addition, the decrease was offset by an increase of miscellaneous revenue recognized in the El Centro Familiar and the Bernalillo County Housing Authority of $63 thousand and $70 thousand respectively.



Business-type activities expenses increased from $7.982 million in FY10 to $7.983 million in FY11, a 0.01% increase. Key elements of the increase are as follows:

- Solid Waste expenses decreased from $4.8 million in FY10 to $4.7 million in FY11, a 2.1% decrease. A significant portion of the decrease was attributed to a decrease of $118 thousand in fees paid to Waste Management to bill and collect for solid waste services. In addition, depreciation expense decreased by $22 thousand, materials and supplies decreased by $22 thousand and other charges and services decreased by $36 thousand. This was offset by an increase in salaries and wages of $65 thousand.

- Housing Authority expenses increased from $1.1 million in FY10 to $1.5 million in FY11, a 36.4% increase. The increase was primarily attributed to an increase of $485 thousand in contractual services as a result of an increase in homes that were rehabilitated in FY11. This was offset by a decrease in other charges and service of $30 thousand, a decrease of $17 thousand in salaries and wages, and a decrease in depreciation expense of $8 thousand.

- Seybold Village expenses decreased from $349 thousand in FY10 to $342 thousand in FY11, a 2% decrease. The decrease was primarily attributed to a decrease in other charges and services of $15 and contractual services of $4 thousand. This was offset by an increase in salaries and wages of $2 thousand and depreciation expense of $10 thousand.

- Juvenile Detention Center expenses decreased from $1.084 million in FY10 to $1.079 million in FY11, a 0.5% decrease. The decrease was primarily attributed to a decrease of $39 thousand in contractual services. This was offset by an increase in salaries and wages of $19 thousand and materials and supplies of $15 thousand.

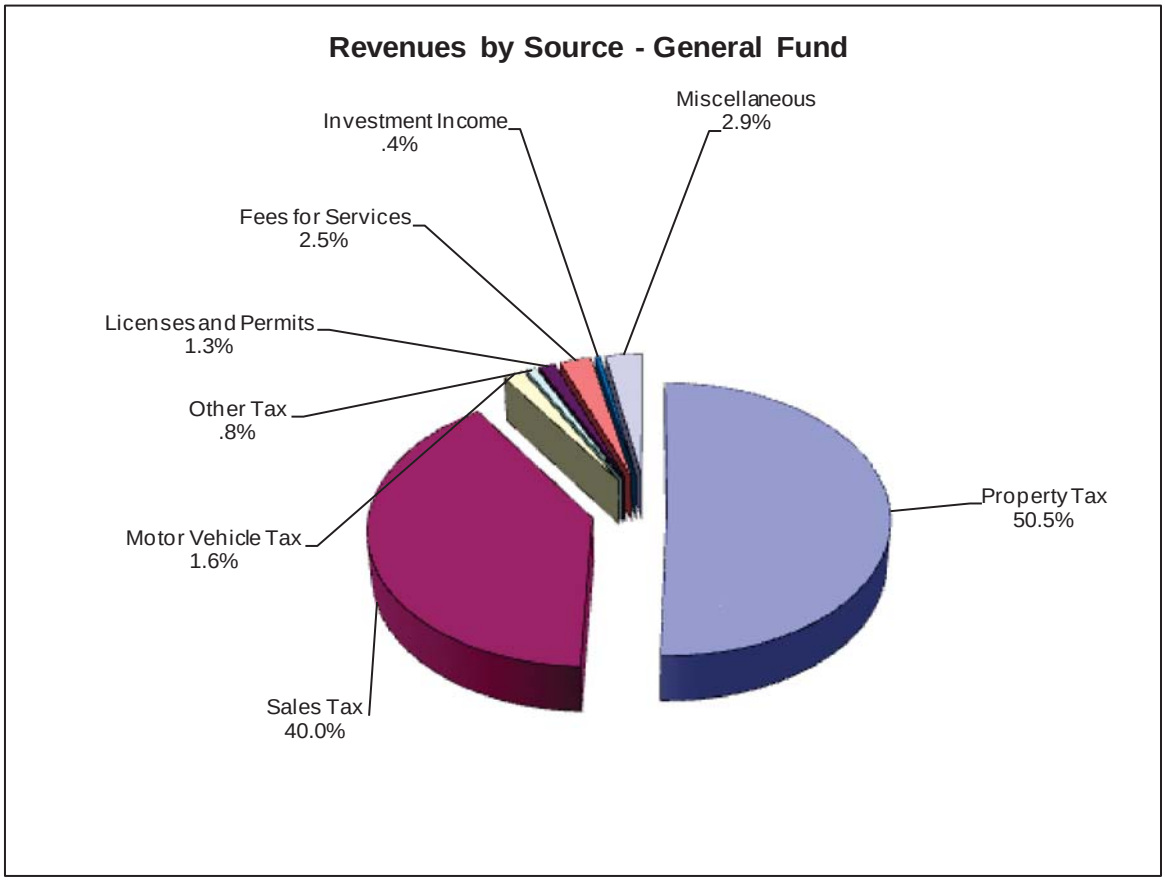
- El Centro Familiar expenses decreased from $646 thousand in FY10 to $398 thousand in FY11, a 38.4% decrease. The decrease was primarily attributed to a decrease of $168 thousand in other charges and services, $52 thousand in salaries and wages, and $97 thousand in interest expense. This was offset by an increase in miscellaneous expense of $61 thousand and salaries and wages of $5 thousand.

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, assigned and unassigned 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 $297,682,958, a decrease of $75.7 million. Approximately 49.9% of this total, $148,672,603, constitutes assigned ($114,620,591) and unassigned ($34,052,012), which is available for spending at the County's discretion. The remainder of fund balance is made up of non-spendable in form (i.e., inventory) amounts of $14,167,360, restricted amounts of $133,653,565, and committed amounts of $1,189,430 which are detailed in the notes to the financial statements.

General Fund. The County's general fund balance decreased $8,298,583 during the current fiscal year. Key factors in this decline are based on the decrease in investment income as a result of the investment mark to market entry combined with more than expected incurred expenditures during the year.



General Fund revenues decreased $5.3 million from $229.2 million in FY10 to $223.9 million in FY11, a decrease of 2.3%. Key elements in the decline of General Fund revenues are as follows:

- Property tax revenue increased by $2.2 million or 2% from $110.8 million in FY10 to $113 million in FY11. The increase was attributed to an increase in the County's operational residential mill levy from 6.340 to 6.665 per $1,000 of assessed taxable value and a slight increase in the current property tax collection rate from 94.17% in FY10 to 95.33% in FY11. The increase in revenue was slightly offset by a decrease in the assessed taxable valuation within the County of $438 million from $14.823 billion in FY10 to $14.385 billion in FY11.

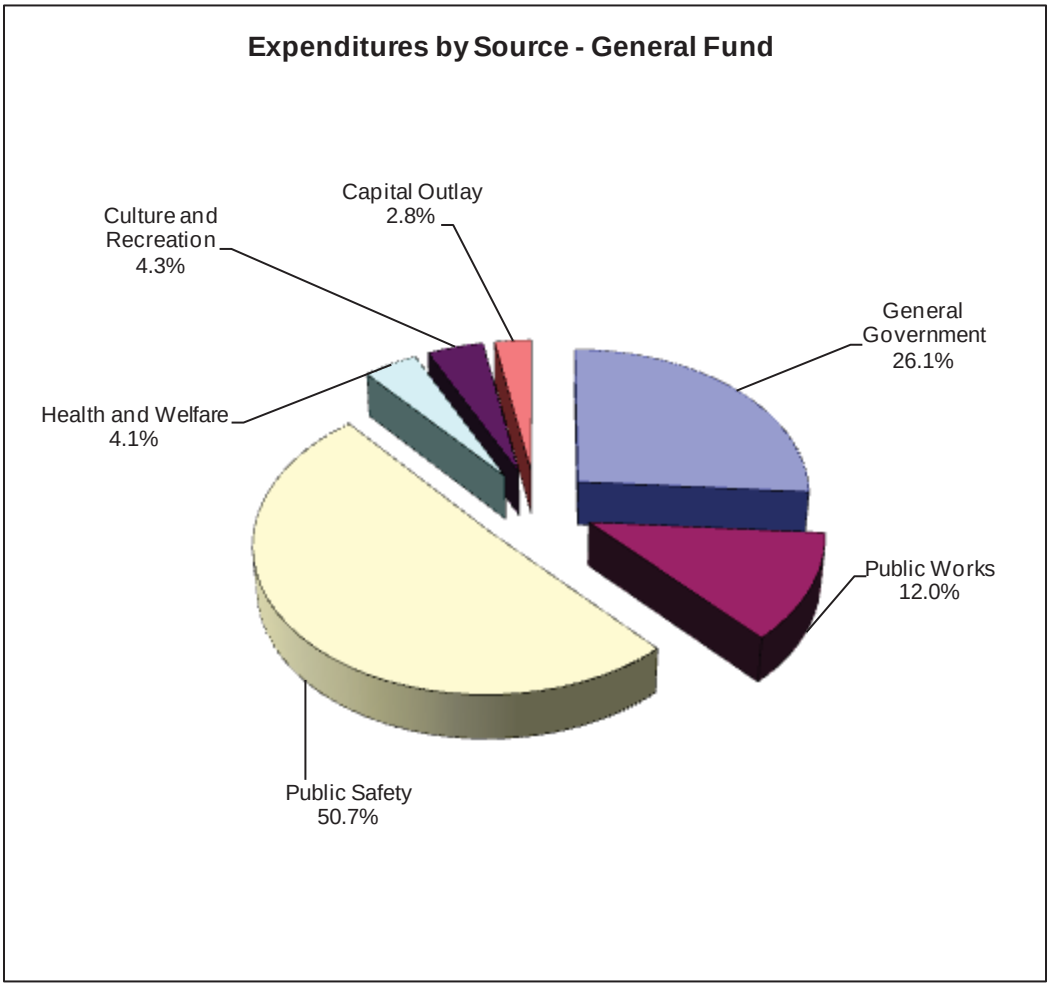
- Gross receipts tax revenue (GRT) increased by $573 thousand from $89.1 million in FY10 to $89.7 million in FY11, a 0.64% increase. The slight increase was attributed to the stabilization in the state economy. As was the case for the state, the County slipped into a recession in FY09, continued well into FY10, and a slight recovery commenced in FY11. This is reflected by an overall increase of 1.4% in taxable gross receipts reported by the state for Bernalillo County during the year from $14.8 billion in FY10 to $15.0 billion in FY11.

- Licenses and permits revenue increased by $537 thousand from $2.4 million in FY10 to $2.9 million in FY11, a 22.4% increase. The increase was primarily attributed to an increase of $508 thousand in construction permits in FY11.

- Investment income revenue decreased by $11.5 million from $12.4 million in FY10 to $927 thousand in FY11, a decrease of 92.7%. The decrease was primarily attributed to the market value of the County's investments at the end of FY11 versus the market value in FY10. In FY10 the market value of the County's investments increased by $1.4 million and in FY11 the value of investments decreased by $8.0 million for a net decrease change of $9.4 million. In addition, the rate of return was less in FY11 than FY10. The remainder of the decrease in investment income is related to the interest accrual and the mark to market entries made to investment income at the end of FY10 and FY11.

- Miscellaneous revenue increased by $3.0 million from $3.4 million in FY10 to $6.4 million in FY11, an increase of 88.2%. The increase was primarily attributed the FY09 Housing receivable of $1.7 million reversed in this category in FY10 and recorded in the cash category in FY11. In addition, insurance rebates increased by $74 thousand, other income increased by $367 thousand, and payment in lieu of taxes increased by $780 thousand.

General Fund expenditures increased $14.9 million from $204.5 million in FY10 to $219.4 million in FY11, a 7.3% increase. Key elements in the increase in General Fund expenditures are as follows:



- General government expenditures increased by $8.5 million from $48.8 million in FY10 to $57.3 million in FY11, a 17.4% increase. A portion of the increase was attributed to an increase of $2.8 million in rental expenditures as the County paid prior year rental amounts due the City of Albuquerque for rental of the City/County Building. In addition, expenditures for the County's multi-line insurance premiums and insurance deductibles increased by $1.1 million and contractual services expenditures increased by $1.9 million. Also, operating expenditures in various county departments increased by $1.6 million and as part of the GASB 54 implementation, the Albuquerque Public Schools and University of New Mexico PILT expenditures of $800 thousand were reported in the general fund in FY11 and similar expenditures were reported in a special revenue fund in FY10.

- Public works expenditures increased by $3.2 million from $23.1 million in FY10 to $26.3 million in FY11, a 13.8% increase. The increase was primarily attributed to an increase of $1.2 million in

expenditures for public works information and technology. In addition, expenditures for the vehicle maintenance program increased $700 thousand, expenditures for the water resource/pipe program increased $226 thousand, expenditures for the building maintenance program increased $300 thousand and operating expenditures for other public works programs increased $800 thousand.

- Public safety expenditures decreased by $2.9 million from $114.2 million in FY10 to $111.3 million in FY11, a 2.5% decrease. The decrease is primarily attributed to $4.8 million in medical health care services expenditures for MDC inmates reported in this category in FY10 and reported in the "health and welfare" category in FY11. The decrease in expenditures is offset by increases in expenditures in other public safety areas including judicial operations (court services), field services, headquarters, and release discharge and transport.

- Health and welfare expenditures increased by $5.9 million from $3.1 million in FY10 to $9 million in FY11, a 190.3% increase. The increase was primarily attributed to $5.3 million in medical health care services expenses for MDC inmates reported in this category in FY11 and reported in the "public safety" category in FY10. In addition, the operating expense subsidy for the Housing Authority increased by $383 thousand.

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.

The Grants Fund balance decreased $15,085 during the current fiscal year. The fund balance decrease was attributed to a transfer of $15,085, designated as "donations", to the General Fund.

Grants Fund revenues decreased $14.7 million from $41.4 million in FY10 to $26.7 million in FY11, a decrease of 35.5%. Key elements in the decline of the Grants Fund revenues are as follows:

- Intergovernmental revenues decreased $14.7 million from $41.4 million in FY10 to $26.7 million in FY11, a decrease of 35.5%. The decrease was primarily attributed to a decrease in legislative appropriation capital grant revenue reimbursements, state direct grant revenue reimbursements, and reimbursable contract reimbursements of $7.8 million, $2.5 million, and $3.1 million respectively. Overall, the reduction in revenue was a result of reduced state legislative appropriations for Bernalillo County as a result of the downturn in the state economy.

Grants Fund expenditures decreased $14.7 million from $41.4 million in FY10 to $26.7 million in FY11, a decrease of 35.5%. Key elements in the decline of the Grants Fund expenditures are as follows:

- Public safety expenditures decreased $4.5 million from $14.4 million in FY10 to $9.9 million in FY11, a decrease of 31.5%. This decrease was primarily attributed to a decrease of $3.1 million in expenditures for the E911 Communications grant, a decrease of $617 thousand in expenditures for the Sheriff's miscellaneous grants, a decrease of $975 thousand in expenditures for the alcohol and drug detoxification grant, and a decrease of $456 thousand in expenditures for the emergency preparedness grant.

- Capital outlay expenditures decreased $11.6 million from $19.3 million in FY10 to $7.7 million in FY11, a decrease of 60.1%. The decrease was primarily attributed to a decrease in grant expenditures of $4.2 million for the South Valley Multi-Purpose project and $2.3 million in grant expenditures for the Eubank Road project. In addition, the decrease was attributed to a $2.7 million decrease in expenditures in the Edith Phase II project, the Mesa Del Sol project, the Peanut Butter and Jelly project, the Corinne Wolfe Children Service project, the Rio Grande High School Pool project, and other county projects, with the majority of work completed in FY10.

Series 2008A Debt Service Fund. The Series 2008 Debt Service Fund is used to account for the accumulation of resources and payment of revenue bond principal and interest from pledged County gross receipts tax revenue.

The Series 2008A Debt Service Fund balance decreased $547,862 from $733,638 in FY10 to $185,776 in FY11. During FY11, $42.5 million in Series 2008 bond proceeds was transferred in from the Capital Construction Fund to pay the debt due on this bond as the proceeds of the bond were never used for their intended purpose. The expenditure for the principal and interest payment due was $43 million which was greater than the amount transferred in resulting in the reduction of the fund balance in FY11.

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 increased from $113,696 in FY10 to $413,696 in FY11, all of which is restricted for the payment of debt service. The fund balance increase was attributed to more pledged revenues transferred to the fund versus the amount of debt service due for FY11.

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.

The Construction Fund balance decreased $64.1 million from 103.8 million in FY10 to $39.7 million in FY11. The decrease was primarily attributed to the transfer out of bond proceeds of $46.9 to the debt service funds to pay the debt due on the GRT Revenue Bond, Series 2008A and a portion of the debt due on the GRT Revenue Bond, Series 2009A, as the bond proceeds were never used for their intended purpose. Also, during the year, expenditures exceeded revenues by $17.2 million.

Construction Fund revenues decreased $3 million from $3.6 million in FY10 to $623 thousand in FY11, a decrease of 83.3%. Key elements in the decline of Construction Fund revenues are as follows:

- Intergovernmental revenues decreased $1.5 million from $1.7 million in FY10 to $241 thousand million in FY 11, a decrease of 41.7%. The decrease was attributed to a decrease in reimbursable contract revenue of $1.9 million from the Albuquerque Bernalillo County Utility Authority for reimbursements on costs related to County water projects.

- Investment income revenues decreased $1.4 million from $1.8 million in FY10 to $382 million in FY11, a decrease of 77.8%. The decrease was primarily attributed to significantly less in construction funds available to be invested and also a decrease in the rate of return earned on investments in FY11 due to the sluggish economy.

Construction Fund expenditures increased $4.3 million from $13.5 million in FY10 to $17.8 million in FY11, an increase of 32.6%. Key elements in the growth of Construction Fund expenditures are as follows:

- Capital outlay expenditures increased $7.1 million from $7.9 million in FY10 to $15 million in FY11, an increase of 89.9%. The majority of the increase was attributed to an increase in expenditures of $4.1 million for the James McGrane, Jr. Public Safety Complex and expenditures of $1.4 million related to a new FY11 project for East Mountain Unpaved Roads Phase I. In addition, the increase was attributed to an increase in expenditures for the South Valley Drinking Water Phase VI project of $850 thousand, an increase in expenditures for the Arenal Study project of $675 thousand, and new expenditures of $538 thousand for the Blake Road Reconstruction project.

- Capital outlay-other entities expenditures decreased $3.1 million from $4.9 million in FY10 to $1.8 million in FY11, a decrease of 63.6%. The decrease was primarily attributed to a decrease in expenditures of $2.8 million in FY11 for the South Valley Drinking Water project.

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 2011, the County's Special Revenue funds reported combined ending fund balances of $41,936,748, an increase of $1,774,501. Of the fund balance, $11,382 is non-spendable in form, $36,587,065 is restricted, $5,372,155 is assigned, and ($33,584) is unassigned. Key elements in the growth of the total special revenue fund balance are as follows:

- A significant portion of the increase was attributed to a $2 million increase in the fund balance of the Valuation Fund from $9 million in FY10 to $11 million in FY11, a 22.2% increase. In FY11, this fund generated $5.4 million in revenues, expenditures of $3 million, and other financing uses of $352 thousand.

- An additional portion of the increase was attributed to a $1 million increase in the fund balance of the Section 8 Housing-Voucher Fund from $2.6 million in FY10 to $3.6 million in FY11, a 38.5% increase. In FY11, this fund generated $13.5 million in revenues and expenditures of $12.5 million.

- The increase was offset by a decrease of $1.1 million as the Industrial Revenue Bonds-PILT Fund and the Community Service Fund were reclassified to the General Fund as a result of the implementation of GASB 54 in FY11.

Debt Service funds. As of the end of fiscal year 2011, the County's Debt Service funds reported combined ending fund balances of $16,543,073, a decrease of $1,535,718. Of the fund balance, $13,337,530 was non-spendable in form and the remainder of the fund balance of $3,205,543 was restricted to pay debt service. Key elements of the decrease in the total fund balance are as follows:

- The decrease was attributed to a decrease of $2.2 million in the General Obligation Bond Debt Service Fund from $2.3 million in FY10 to $113 thousand in FY11, a 95.6% decrease. In FY11, this fund generated $7.9 million in revenues, debt service expenditures of $11.8 million, and other financing sources of $1.7 million.

- The decrease was offset by an increase of $573 thousand in the Series 1996B Debt Service Fund from $822 thousand in FY10 to $1.4 million in FY11, a 69.7% increase. In FY11, this fund generated $359 thousand in interest income revenue, debt service expenditures of $4.8 million, and other financing sources of $5 million.

Capital Projects funds. As of the end of fiscal year 2011, the County's Capital Project funds reported combined ending fund balances of $12,012,942, a decrease of $4,368,734. 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. The fund balance of $12,012,942 is restricted for capital projects. Key elements of the decrease in the total fund balance are as follows:

- The majority of the decrease was attributed to a decrease of $3.1 million in the Open Space Fund from $10.4 million in FY10 to $7.3 million in FY11, a 29.8% decrease. The majority of the decrease was in large part due to property tax revenue of $1.4 million and capital outlay expenditures of $3.9 million. There were also operating expenditures of $374 thousand in the public works category and $97 thousand in the culture and recreation category.

- The decrease was also attributed to a decrease of $1.2 million in the Impact Fee Fund balance as expenditures of $2 million exceeded impact fee revenue and interest income revenue of $716 thousand in FY11.

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 million or by 1.4% from $215 million to $218 million (final). General fund total original budgeted expenditures increased $3.2 million or by 1.2% from $263.6 million to $266.8 million (final). Significant changes between the original budget and the final amended budget are summarized as follows:

- The miscellaneous income original revenue budget increased $3 million from $3.4 million to $6.4 million. The increase was primarily attributed to $1.2 million established to accept revenue from the New Mexico State Economic Redevelopment Loan Fund for a lease purchase agreement between the County and the Noribachi Group, LLC and an additional $1.2 million established for the equipment rent and repayment to the New Mexico State Economic Development Department. In addition, budget was established for $500,000 to accept revenue from the Taste of New Mexico event sponsored by the County.

- The general government general county original expenditure budget decreased $11.8 million from $45.1 million to $33.3 million. The decrease was primarily attributed to a $4.3 million line item transfer to the public works general county category to be used as needed. In addition, a $2.3 million line item transfer was made to the capital outlay category for general fleet replacement and Sheriff's Department fleet replacement. An additional line item transfer of $2.4 million was made to other categories for the salary budget year-end adjustment.

- The general government economic development original expenditure budget increased $2 million from $333 thousand to $2.4 million. The increase was primarily attributed to $1.2 million established for expenditures related to the New Mexico State Economic Redevelopment Load Fund revenue for a lease purchase agreement between the County and the Noribachi Group, LLC and an additional $1.2 million established for the equipment rent and repayment to the New Mexico State Economic Development Department.

- The public works general county original expenditure budget increased by $3.8 million from zero to $3.8 million. The increase was attributed a line item transfer from the general government general county category to be used as needed in other line items for public works projects.

- The public safety metropolitan detention center (MDC) original expenditure budget decreased by $7.5 million from $64.2 million to $56.7 million. The decrease was primarily attributed to a line item transfer of $5.9 million to the health and welfare metropolitan detention center category to account for health care services for inmates at the metropolitan detention center. In addition, a $749 thousand line item transfer was made to the capital outlay category for the MDC roof repair.

- The health and welfare metropolitan detention center original expenditure budget increased from zero to $5.9 million. The increase was attributed to a line item transfer of $5.9 million from the public safety metropolitan detention center category to account for health care services for inmates at the MDC.

- The capital outlay original expenditure budget increased by $6.7 million from $8.9 million to $15.6 million. The increase was primarily attributed to a $2.3 million line item transfer from the general government general county category for general fleet replacement and Sheriff's Department fleet replacement. In addition, there was a $1.2 million line item transfer from the general government general county category for the Noribachi equipment purchase project. Also, a line item transfer for $750 thousand from the public safety metropolitan detention center category was made for the MDC roof repair project. Additional expenditure budgets established included $550 thousand for the re-roof of the voting machine warehouse, $250 thousand for heavy equipment replacement purchases, $180 thousand for a mobile work order process for facilities, and $100 for public works traffic improvements.

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

Debt Service Fund Series 2008A. Debt service fund series 2008A total original budgeted revenues and total original budgeted expenditures did not change during the fiscal year.

TRAN Debt Service Fund. TRAN debt service fund total original budgeted revenues increased $900 thousand from zero to $900 thousand (final). TRAN debt service fund total original budgeted expenditures increased $900 thousand from zero to $900 thousand. The increase in budgeted revenues and expenditures was attributed to a line item transfer from the general government general county category for interest payments on TRANs issued in August and December of 2010.

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 $13,546,849 or by 5.8%. General Fund expenditures were less than budgetary estimates by $50,956,750 or by 23.6% 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 $2,928,482. Individual significant differences between the General Fund final budget and actual amounts are summarized as follows:

- Property tax revenue had a positive variance of $5,019,204. The budget projections estimated a 95% collection rate of current property taxes within the County as of June 30, 2011. The actual collection rate was 95.6%. The significant reason for the positive variance was that current property tax collections were $2,424,967 greater than budget (2.4% of budget) and delinquent tax collections, interest on current and delinquent tax collections, and penalties on current and delinquent tax collections exceeded projections by $2,594,237.

- Gross receipt tax (GRT) revenue had a positive variance of $3,784,420. The variance was primarily attributed to conservative budget projections because of the decline in the state economy. As was the case for the state, the County slipped into a recession in FY09, continued well into FY10, and a slight recovery commenced in FY11. In addition, there was an overall

increase of 1.4% in taxable gross receipts reported by the state for Bernalillo County during the year from $14.8 billion in FY10 to $15 billion in FY11.

- Motor vehicle revenue had a positive variance of $952,691. The variance was primarily attributed to more revenue realized in this line item than expected.

- Intergovernmental revenue had a negative variance of $506,600. The variance was attributed to no intergovernmental revenue recognized in the general fund in FY11.

- Investment income revenue had a positive variance of $5,666,332. 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 FY11. Even though the economy was sluggish in FY11, 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 $824,643. The decrease was attributed to less than expected revenue related to general revenue and non-grant revenue reimbursements.

- General government risk management expenditures had a positive variance of $2,309,977. The variance was primarily attributed to lower than expected multi-line insurance premiums of $1,493,883, and less than expected expenditures for Law Enforcement Officer Liability claims in the amount of $790,904.

- General government information technology expenditures had a positive variance of $826,493 which was primarily attributed to less than expected expenditures for information technology related projects, for salary and wages, and for data processing equipment maintenance and repair.

- General government general county expenditures had a positive variance of $21,317,186. The variance was primarily attributed to less than expected expenditures for contingencies of $11,135,955 and less than expected expenditures for salary contingency of $2,809,189. Also, there were less than expected expenditures for contractual services and for rental building and land of $1,925,154 and $1,581,399 respectively. In addition, there were less than expected expenditures of $1,479,038 million for items using prior year carry over funding and less than expected expenditures for city mandates of $634,810.

- General government economic development expenditures had a positive variance of $1,684,768. The variance was primarily attributed to budget established of $1,223,704 for the equipment rent and repayment to the New Mexico State Economic Development Department for the Noribachi Group, LLC project that never materialized. In addition, there were less than expected expenditures of $483,204 for contractual services.

- General government clerk expenditures had a positive variance of $1,060,215 which was primarily attributed to less than expected expenditures for contractual services and poll workers of $663,992 and $219,193 respectively. The remaining variance balance pertained to minor adjustments in various other operating categories which had a positive variance effect.

- Public works general county expenditures had a positive variance of $ 3,793,852. The variance was attributed to budget established in this category as a holding bucket and transferred as needed to other line items within the public works category for public works projects.

- Public Safety metropolitan detention center (MDC) expenditures had a positive variance of $6,741,256. A significant portion of the variance was attributed to less than expected expenditures of $1,839,751 for law enforcement deductibles, less than expected expenditures of $1,259,617 for out of county resident care, and less than expected expenditures of $1,272,785 for indirect cost-non grant. In addition, there were less than expected expenditures for food service laundry commissary and case management of $883,822 and $623,832 respectively. The remaining variance balance pertained to minor adjustments in various other operating categories which had a positive variance effect.

- Health and welfare metropolitan detention center expenditures had a positive variance of $983,034. The variance was attributed to less than expected expenditures for professional services related to health care services for MDC inmates.

- Capital outlay expenditures had a positive variance of $9,602,761. The variance was primarily attributed to budgeted expenditures of $1,208,000 for equipment purchases related to the Noribachi project that never materialized, less than expected expenditures of $1,356,813 for the Renovation of the 415 Tijeras Sheriff's Training Facility project, and less than expected expenditures of $1,110,888 for the Cordero Mesa Trans Line & Pump Station project. In addition, the variance was attributed to less than expected expenditures of $730,740 for the Re-roof of the MDC Facility, less than expected expenditures of $526,838 for the Re-roof of the Voting Machine Warehouse, less than expected expenditures of $485,835 for General Fleet Replacement, less than expected expenditures of $443,874 for the Juvenile Justice Improvements, less than expected expenditures of $360,000 for the Mobile Work Order Process, and less than expected expenditures of $250,000 for Heavy Equipment Purchases. The remaining variance balance pertained to various other projects with less than expected expenditures than what was budgeted.

- 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.

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.

Series 2008A Debt Service Fund. Series 2008A Debt Service Fund revenues exceeded budgetary estimates by $6,951. There was no expenditure to budget variations for this fund. During the year the County incurred a deficiency of revenues over expenditures and other financing sources in the amount of $545,667. Individual significant differences between the Series 2008A Debt Service Fund final budget and actual amounts are summarized as follows:

- Investment income revenue had a positive variance of $6,951. The variance was primarily attributed to no budget established for this line item in this fund for FY11.

TRAN Debt Service Fund. There was no revenue to budget variations for this fund. TRAN Debt Service Fund expenditures were less than budgetary estimates by $356,667 or by 39.6% thus

eliminating the need to draw upon existing fund balance. Individual significant differences between the TRAN Debt Service Fund final budget and actual amounts are summarized as follows:

- Interest debt service expenditures had a positive variance of $356,667. The variance was attributed to less than expected expenditures for interest on TRAN debt service.

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, 2011 amounts to $576,191,475 (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 $25,000,000 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:

- Construction continued on the Eubank Boulevard Reconstruction project in FY11. The Eubank project phase I, between Paseo Del Norte to San Antonio Drive consists of widening the road to four lanes and improvements to level the grade of road to eliminate frequent flooding during the severe summer rains. The $24 million project will take approximately one year to complete which will correct roadway deficiencies and improve road safety. It is scheduled for completion in August 2011.

- Construction continued on the James McGrane, Jr. Public Safety Complex. The complex is a 19,000 square foot facility, combining Sheriff, Fire, and Emergency Operations for Bernalillo County's East Mountain community. The facility will be equipped with a heliport and RV stations for up to six mobile command centers. The building is named in honor of Deputy James Francis McGrane, Jr., a Bernalillo County Sheriff's deputy who was shot and killed while making a traffic stop in the East Mountains on March 22, 2006. It is scheduled for completion in August 2011.

- Renovation continued on the Juvenile Justice Center facility which houses Children's Court. Moving walls and other obstructions will create more functional space and better utilize existing spaces. The whole interior of the building will be painted, old flooring will be replaced and new fixtures and improved lighting will be installed. Completion is tentatively scheduled for September 2011.

- Property on Wellesley Street NE was acquired to accommodate the Bernalillo County Health Office and La Familia Family Services. The property will accommodate the move of the County Health Office to this new facility and allow the non-profit La Familia Family Services a facility that better serves the varied service that they provide to children and their families. The project is currently in the design phase and construction completion is set for March 2012.

- The construction of the 5,000 square foot Fisher and Smith Gym addition commenced in September 2010. The project will add a life fitness room and a multi use exercise room to the existing Los Vecinos Community Center in the East Mountains. The life fitness room will allow for high and low impact aerobics as well as provide space for the East Mountain Charter School wrestling program and other appropriate activities through the community center programming. Completion is scheduled for August 2011.

- The South Valley Drinking Water Project Phase VI is a joint effort of Bernalillo County, the Albuquerque Bernalillo County Water Utility Authority (ABCWUA), the State of New Mexico through legislative funding and federal funding through our congressional delegation. The overall project is being designed and constructed by Bernalillo County, and when finished, will be owned, operated and maintained by the ABCWUA. Phase VI consists of water services for residents between Cherry Tree Lane/Della Road to Los Padillas Road and from Coors Blvd east to the Isleta Boulevard with few streets services east of Isleta. The project is in the design phase and the construction cost is estimated at $7.5 million. It is expected to be completed in May 2012.

- The Sunset Gardens Road Reconstruction Project Phase I was completed in January 2011. The project consisted on improving roadway drainage from Atrisco Road to the Arenal Ditch. Improvements included the installation of a storm water drainage system and reconstruction of a two-lane roadway, including new curbs, gutters and sidewalks. The project provides improved conditions for the children attending Valle Vista Elementary School. The total cost of the project was $3.2 million.

- In 2009, the County acquired the Southeast Heights Children's Care Facility property located on San Pablo SE. The project will provide improvements to the building which will accommodate a non-profit organization. The 7,500 square foot facility will be used to provide much needed support services to children and their families. The array of services provided will include: high quality parenting education, counseling, nutrition, domestic violence safety planning, financial literacy, comprehensive family case management, nutrition education, home visitation, service assessments, and crisis intervention. Completion is scheduled for September 2011.

- The Ambassador Edward Romero Park is a 4 acre site in the South Valley located near Rio Bravo and Second Street SW. The land was dedicated in 2003 by the developer of the Rio Bravo Commons subdivision to the County for a park. It took the County several years to accumulate enough funding for complete design and construction. Phase I construction was started and completed in 2008, while Phase II construction was started and will be completed in November 2011. Portions of the site will serve as a storm drainage facility, but is naturalized with

cottonwood and willow trees, cattails, and other water loving plants. Park features include picnic areas, walking trails, basketball and volleyball courts, open turf, playgrounds, native and xeric vegetation, and a climbing wall.

- The South Valley Gateway Park Phase I project was completed in the spring of 2011. It is a 4.3 acre site located at the southeast corner of Bridge Blvd & Isleta Blvd. in the south valley. The project consisted of an asphalt walking path, playground area, park lighting, amphitheater and concrete stage, retaining walls, picnic tables, benches, shelters and cooking grills, horseshoe pits, soccer ball area, landscaping and a gravel parking lot. The total value of construction for Phase I of the project was $976,000.

- The Bachechi Open Space Park is a 27 acres site located on the southeast portion of the intersection of Alameda Boulevard and the Rio Grande River. The site will include an educational facility, a parks maintenance yard/building, and caretaker's quarter. Numerous landscape features include a boardwalk across constructed wetlands, nature trails with interpretive signs, plantings for wildlife habitat, and wildlife viewing blinds. The $5.5 million project is scheduled for completion in September 2011.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$134,960,856	$134,317,394	$ 475,717	$ 492,917	$135,436,573	$134,810,311
Buildings	175,807,067	179,766,861	2,888,209	3,328,649	178,695,276	183,095,510
Machinery and equipment	23,312,901	26,047,511	68,055	129,045	23,380,956	26,176,556
Land improvements	4,739,700	770,922	39,732	44,188	4,779,432	815,110
Infrastructure	168,053,907	171,954,336	-	-	168,053,907	171,954,336
Leasehold improvements	2,015,582	2,144,118	-	-	2,015,582	2,144,118
Construction in progress	61,395,074	46,399,137	-	-	61,395,074	46,399,137
Art	2,434,675	2,425,940	-	-	2,434,675	2,425,940
Total	$572,719,762	$563,826,219	$3,471,713	$3,994,799	$576,191,475	$567,821,018

Additional information on the County's capital assets can be found in note IV-C. on pages 64-65 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 $97,835,000. 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 2011, this tax is approximately $0.555 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 June 1, 2019 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 (0.68%) of the $14.4 billion taxable value of property within Bernalillo County, as of June 30, 2011. The County may currently issue up to an additional $477.5 million of general obligation bonds. The net general bonded debt per capita is $147.49. The lowest per capita amount in the last ten fiscal years was $112.77 in fiscal year ended June 30, 2002. The County's ratings on uninsured general obligation bonds as of June 30, 2011 were:

- Moody's Investors Service, Inc. - Aaa
- Standard & Poor's Rating Service - AAA
- Fitch Agency – AAA

Revenue Bonds. At the end of the current fiscal year, the County had total revenue bond debt outstanding of $155,120,000. The County has eight outstanding revenue bonds: the 1996B series, the 1997 series, the 1998 refunding series, the 2002 series, the 2005 partial refunding series, the 2009A series, the 2010A series, and the 2010B refunding 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 1.43. 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 August 1, 2011 through June 15, 2029. The County's ratings on gross receipt tax revenue bonds as of June 30, 2011 were:

- Moody's Investors Service, Inc. – Aa2
- Standard & Poor's Rating Service – AAA
- Fitch Agency – AA+

General Obligation and Revenue Bonds Outstanding

	Governmental Activities	
	2011	2010
General obligation bonds	$ 97,835,000	$105,675,000
Revenue bonds	155,120,000	208,955,000
Total	$ 252,955,000	$ 314,630,000

As presented above, the County's total outstanding bond debt decreased by $61,675,000 during the current fiscal year. Additional information on the County's long-term debt can be found in note IV.F on pages 67-70 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 2012 budget. The County's operating budgeted appropriations were increased approximately 2.5 percent from FY11 levels based on these factors. According to forecasts by the University of New Mexico's Bureau of Business and Economic Research, the outlook for the New Mexico economy is glum. The recovery from the recession has been revised downward from the last forecast which is reflective of the diminished pace of the recovery of the national economy. The forecast is slow growth and then accelerating very slowly to its peak in 2015 and 2016. Employment is expected to grow by an average of 0.4 percent in the third and fourth quarters of 2011, resulting in a 0.6 percent increase for the year. In 2012, employment growth will remain sluggish or grow by just 0.9 percent. New Mexico personal income growth will rise by about 4 percent for the second half of 2011 and fall to only 3.3 percent and 3.1 percent in 2012 and 2013. The unemployment rate has declined from a February 2011 rate of 8.7 percent to a rate of 6.6 percent in September 2011. Rather than a result of job creation, the decline is the state's unemployment rate is due mainly to the removal of many of those once recorded as unemployed from the labor force rolls.

The outlook for the Albuquerque MSA economy remains slightly negative or flat for the remainder of 2011 and slightly positive in 2012. Employment growth will remain steady at 1.2 to 1.5 percent and will roughly equal the rate of growth for the state. Total employment in Albuquerque will not reach the 2007 peak until late 2016. Personal income growth in the metro region will only be 3.1 and 3.2 percent for 2012 and 2013 and will gain momentum only in 2014. The unemployment rate in August 2010 was 8.9 and has declined to a seasonally adjusted rate of 7 percent in August 2010 due to the contraction in the area's civilian labor force.

The Albuquerque MSA economy lost 2,630 (net) jobs during the second quarter of 2011. It is the eleventh consecutive quarter of job losses in Albuquerque going back to the fourth quarter of 2008. The loss of jobs is largely concentrated in the construction sector. On a net basis, losses in the construction sector accounted for all job losses with all other sectors balancing to zero. The construction sector in Albuquerque has suffered job losses for eighteen consecutive quarters. The Government sector in Albuquerque is also gloomy. Cuts in federal jobs are already evident and cuts will occur in the local and state sectors in the Albuquerque MSA area. Albuquerque Public Schools have cut 400 jobs through attrition. The opening of UNM hospital in Rio Rancho in 2012 will be partially staffed by employees relocated from the main hospital in Albuquerque. Therefore, the

Sandoval Regional Medical Center will gradually add no more than 250 new employees through 2014. In summary, the outlook for total government employment in Albuquerque is for cuts until mid-2012 and a gradual recovery with annual employment growth below 0.5 percent.

The weakness of Albuquerque's housing market goes a long way in accounting for the weakness in the construction sector. In the second quarter of 2011, only 260 permits for single-family housing units were issued and permits for multifamily family housing have been non-existent. Longer-term contracts for residential construction were down 25.7 percent and non-residential construction contracts were flat on a year-over-year basis. In addition, contracts for construction other than buildings have fallen by $5.3 million from the year before. The forecast is continued decline in the construction industry. The construction sector is expected to continue to lose jobs for the remainder of 2011 and throughout 2012 and turn positive in 2013. Growth will be slow but will gain strength in 2014. The construction of 250 homes in Mesa de Sol offers promise to this struggling sector.

Employment in the professional and business services has been bad over the past two and a half years, although the second quarter of 2011 data indicates that is has stabilized. The sector is expected to recover many of the recently lost jobs with employment growth of 2 percent in 2012 and growth of approximately 3 percent by 2015.

In summary, the recovery of the Albuquerque MSA economy has lagged behind the slow growth of the state economy due to the ongoing problem with the construction sector. Recovery will be slow, with job growth remaining below 1 percent in 2012 and gradually growing faster in 2013.

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

BERNALILLO COUNTY
STATE OF NEW MEXICO

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 305,907,686	$ 3,986,631	$ 309,894,317
Accounts receivable, net	40,582,182	1,821,184	42,403,366
Accrued interest receivable	2,811,270	-	2,811,270
Note receivable	201,381	-	201,381
Due from grantor	5,267,213	-	5,267,213
Internal balances	1,454,063	(1,454,063)	-
Inventory	721,449	11,820	733,269
Held for sale	-	373,000	373,000
Prepaid assets	1,931,757	-	1,931,757
Deferred charges	1,000,210	-	1,000,210
Cash-restricted	11,747,530	-	11,747,530
Capital assets held for sale	-	-	-
Investment in joint venture	633,000	-	633,000
Capital assets not being depreciated:			
Land	134,960,856	475,717	135,436,573
Art	2,434,675	-	2,434,675
Construction in progress	61,395,074	-	61,395,074
Capital assets (net of accumulated depreciation):			
Building	175,807,067	2,888,209	178,695,276
Land improvements	4,739,700	39,732	4,779,432
Machinery and equipment	23,312,901	68,055	23,380,956
Infrastructure	168,053,907	-	168,053,907
Leasehold improvements	2,015,582	-	2,015,582
Total assets	944,977,503	8,210,285	953,187,788
LIABILITIES			
Accounts payable	24,006,506	976,745	24,983,251
Interest payable	3,291,899	-	3,291,899
Tax anticipation note payable	20,000,000	-	20,000,000
Accrued payroll	5,680,016	60,197	5,740,213
Unearned revenue	11,072,870	1,222,445	12,295,315
Due to grantor	-	377,338	377,338
Deposits held in trust for others	-	13,183	13,183
Noncurrent liabilities:			
Due within one year	20,826,252	47,572	20,873,824
Due in more than one year	262,956,140	679,499	263,635,639
Total liabilities	347,833,683	3,376,979	351,210,662
NET ASSETS			
Invested in capital assets, net of related debt	344,670,560	3,238,600	347,909,160
Restricted for:			
Public safety	6,758,177	-	6,758,177
Culture and recreation	5,647	-	5,647
Health and welfare	23,296,906	-	23,296,906
Debt service	5,395,015	-	5,395,015
Capital projects	22,870,215	-	22,870,215
General government	11,876,018	-	11,876,018
Reserve requirement	67,669,164	-	67,669,164
Unrestricted	114,602,118	1,594,706	116,196,824
Total net assets	$ 597,143,820	$ 4,833,306	$ 601,977,126

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

BERNALILLO COUNTY
STATE OF NEW MEXICO

BERNALILLO COUNTY, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:							
Governmental activities:							
General government	$ 69,096,613	$ 9,435,442	$ -	3,316,133	$ (56,345,038)		$ (56,345,038)
Public works	43,729,571	2,010,807	463,860	9,549,331	(31,705,573)		(31,705,573)
Public safety	145,727,403	12,936,840	11,174,899	511,563	(121,104,101)		(121,104,101)
Culture and recreation	13,347,421	926,712	602,955	2,981,532	(8,836,222)		(8,836,222)
Health and welfare	41,952,311	101,650	13,216,902	-	(28,633,759)		(28,633,759)
Interest on long-term debt	12,420,667	-	-	-	(12,420,667)		(12,420,667)
Total governmental activities	326,273,986	25,411,451	25,458,616	16,358,559	(259,045,360)		(259,045,360)
Business-type activities:							
Solid waste	4,684,002	4,709,898	176,000	-	-	201,896	201,896
Housing Authority	1,480,157	558,653	972,399	-	-	50,895	50,895
Seybold Village Handicapped Project	341,593	41,742	-	-	-	(299,851)	(299,851)
Regional Juvenile Detention Center	1,079,558	1,062,222	-	-	-	(17,336)	(17,336)
El Centro Familiar	397,701	141,547	160,175	-	-	(95,979)	(95,979)
Total business-type activities	7,983,011	6,514,062	1,308,574	-	-	(160,375)	(160,375)
Total primary government	$ 334,256,997	$ 31,925,513	$ 26,767,190	$ 16,358,559	(259,045,360)	(160,375)	(259,205,735)
General revenues:							
Property taxes					122,275,071	-	122,275,071
Gross receipts taxes					113,354,187	-	113,354,187
Motor vehicle taxes					3,694,000	-	3,694,000
Gas taxes					1,719,921	-	1,719,921
Investment income					2,244,107	6,456	2,250,563
Miscellaneous					10,539,678	550,162	11,089,840
Capital contributions					-	5,849	5,849
Total general revenue					253,826,964	562,467	254,389,431
Change in net assets					(5,218,396)	402,092	(4,816,304)
Net assets - beginning					602,362,216	4,431,214	606,793,430
Net assets - ending					$ 597,143,820	$ 4,833,306	$ 601,977,126

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

COUNTY OF BERNALILLO, NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Grants Fund	Series 2008A Debt Service	TRAN Debt Service	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 184,354,233	$ 41,412	$ 184,613	$ 20,413,696	$ 41,796,237	$ 57,471,926	$ 304,262,117
Accounts receivable, net	30,574,766	-	-	-	3,635,963	6,371,453	40,582,182
Accrued interest receivable	2,524,617	-	1,163	-	54,552	230,938	2,811,270
Note receivable	201,381	-	-	-	-	-	201,381
Due from other funds	10,629	-	-	-	-	173,240	183,869
Due from grantor	-	5,267,213	-	-	-	-	5,267,213
Inventory	710,067	-	-	-	-	11,382	721,449
Advances to other funds	1,497,000	-	-	-	-	1,590,000	3,087,000
Cash - restricted	-	-	-	-	-	11,747,530	11,747,530
Total assets	$ 219,872,693	$ 5,308,625	$ 185,776	$ 20,413,696	$ 45,486,752	$ 77,596,469	$ 368,864,011
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 14,947,028	$ 1,103,911	$ -	$ -	$ 2,075,597	$ 5,291,087	$ 23,417,623
TRAN payable	-	-	-	20,000,000	-	-	20,000,000
Accrued payroll	5,395,809	150,574	-	-	-	133,633	5,680,016
Deferred revenue	12,055,525	2,557,140	-	-	3,750,000	1,359,180	19,721,845
Due to other funds	544,763	-	-	-	-	319,806	864,569
Advances from other funds	-	1,497,000	-	-	-	-	1,497,000
Total liabilities	32,943,125	5,308,625	-	20,000,000	5,825,597	7,103,706	71,181,053
Fund balances:							
Nonspendable	2,408,448	-	-	-	-	13,348,912	15,757,360
Restricted	68,801,270	-	185,776	413,696	10,857,273	51,805,550	132,063,565
Committed	1,189,430	-	-	-	-	-	1,189,430
Assigned	80,444,554	-	-	-	28,803,882	5,372,155	114,620,591
Unassigned	34,085,866	-	-	-	-	(33,854)	34,052,012
Total fund balances	186,929,568	-	185,776	413,696	39,661,155	70,492,763	297,682,958
Total liabilities and fund balances	$ 219,872,693	$ 5,308,625	$ 185,776	$ 20,413,696	$ 45,486,752	$ 77,596,469	$ 368,864,011

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, 2011

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

Total fund balance governmental funds (page 35)	$ 297,682,958
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	572,719,762
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.	1,000,210
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.	(283,782,392)
Accrued Interest Payable	(3,291,899)
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.	10,580,732
Net assets governmental activities. (page 33)	$ 597,143,820

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, 2011

	General	Grants Fund	Series 2008A Debt Service	TRAN Debt Service	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	$ 113,048,059	$ -	$ -	$ -	$ -	$ 9,318,331	$ 122,366,390
Sales	89,669,675	-	-	-	-	23,684,512	113,354,187
Motor vehicle	3,694,000	-	-	-	-	-	3,694,000
Gas	1,719,921	-	-	-	-	-	1,719,921
Intergovernmental	-	26,685,800	-	-	241,033	15,096,762	42,023,595
Licenses and permits	2,899,215	-	-	-	-	1,287	2,900,502
Fees for services	5,517,427	-	-	-	-	16,993,522	22,510,949
Investment income	926,989	-	4,756	-	381,916	930,446	2,244,107
Miscellaneous	6,410,656	-	-	-	-	2,722,122	9,132,778
Total revenues	223,885,942	26,685,800	4,756	-	622,949	68,746,982	319,946,429
EXPENDITURES							
Current:							
General government	57,328,331	-	-	-	447,794	3,693,278	61,469,403
Public works	26,297,229	585,198	-	-	450,264	386,311	27,719,002
Public safety	111,288,851	9,875,307	-	-	56,657	14,082,328	135,303,143
Health and welfare	9,025,245	30,812	-	-	-	30,839,659	39,895,716
Culture and recreation	9,372,783	1,012,498	-	-	40,933	97,181	10,523,395
Capital outlay	5,884,536	7,688,857	-	-	15,030,074	6,872,380	35,475,847
Capital outlay-other entities	190,613	7,493,128	-	-	1,815,186	747,828	10,246,755
Debt service:							
Principal	-	-	42,200,000	-	-	19,475,000	61,675,000
Interest	-	-	844,000	543,333	-	12,114,307	13,501,640
Total expenditures	219,387,588	26,685,800	43,044,000	543,333	17,840,908	88,308,272	395,809,901
Excess (deficiency) of revenues over expenditures	4,498,354	-	(43,039,244)	(543,333)	(17,217,959)	(19,561,290)	(75,863,472)
Other financing sources (uses)							
Transfers in	15,085	-	42,491,382	843,333	41,579	21,596,640	64,988,019
Transfers out	(12,969,742)	(15,085)	-	-	(46,947,632)	(5,055,560)	(64,988,019)
Sale of capital assets	157,720	-	-	-	17,679	-	175,399
Total other financing sources (uses)	(12,796,937)	(15,085)	42,491,382	843,333	(46,888,374)	16,541,080	175,399
Net changes in fund balances	(8,298,583)	(15,085)	(547,862)	300,000	(64,106,333)	(3,020,210)	(75,688,073)
Fund balance - beginning	194,118,410	15,085	733,638	113,696	103,767,488	74,622,714	373,371,031
Change in fund balance structure	1,109,741	-		-	-	(1,109,741)	-
Fund balance - beginning as restated	195,228,151	15,085	733,638	113,696	103,767,488	73,512,973	373,371,031
Fund balance - ending	$ 186,929,568	$ -	$ 185,776	$ 413,696	$ 39,661,155	$ 70,492,763	$ 297,682,958

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, 2011

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances total governmental funds (page 37)	$ (75,688,073)
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.	9,426,540
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.	(532,997)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(91,319)
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.	61,675,000
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.	(7,547)
Change in net assets of governmental acitivities (page 34)	$ (5,218,396)

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP Budgetary Basis)
GENERAL FUND
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes:				
Property	$ 107,799,545	$ 107,799,545	$ 112,818,749	$ 5,019,204
Sales	86,155,539	86,155,539	89,939,959	3,784,420
Motor vehicle	2,700,614	2,700,614	3,653,305	952,691
Cigarette	3,445	3,445	702	(2,743)
Gas	1,700,000	1,700,000	1,761,868	61,868
Intergovernmental	506,600	506,600	-	(506,600)
Licenses and permits	3,167,330	3,184,830	2,899,216	(285,614)
Fees for services	5,832,369	5,832,369	5,514,303	(318,066)
Investment income	3,785,500	3,785,500	9,451,832	5,666,332
Miscellaneous	3,397,063	6,355,617	5,530,974	(824,643)
Total revenues	215,048,005	218,024,059	231,570,908	13,546,849
Other Financing Sources:				
Transfers in	-	15,085	15,085	-
Premium	-	677,704	-	(677,704)
Sale of assets	100,000	100,000	157,720	57,720
Total other financing sources	100,000	792,789	172,805	(619,984)
Total revenues and other financing sources	215,148,005	218,816,848	231,743,713	12,926,865
Prior year cash balance budgeted	58,564,556	61,130,839		
Total budget	273,712,562	279,947,687		
EXPENDITURES				
Current:				
General government:				
County commission	568,949	614,816	592,637	22,179
County manager	1,338,000	1,784,356	1,777,347	7,009
Legal	2,145,932	2,367,010	2,228,001	139,008
Public information	804,579	871,979	937,543	(65,564)
Assessor	3,194,531	3,125,894	3,053,229	72,665
Treasurer	2,436,562	2,388,997	2,217,790	171,207
Accounting	1,191,116	1,243,449	1,263,401	(19,952)
Risk management	6,396,037	6,206,633	3,896,656	2,309,977
Budget	2,147,876	2,355,665	2,386,671	(31,006)
Human resources	2,734,686	3,036,786	3,043,935	(7,149)
Information technology	9,180,951	9,691,362	8,864,869	826,493
Purchasing	1,241,764	1,248,374	1,231,695	16,679
General county	45,122,231	33,358,578	12,041,392	21,317,186
Solid waste	331,130	659,312	643,628	15,684
Economic development	332,828	2,376,462	691,694	1,684,768
Zoning, building and environmental health	3,543,443	3,586,403	3,462,189	124,214
Clerk	7,195,482	6,720,759	5,660,544	1,060,215
Probate	170,216	179,238	176,286	2,952
Capital improvements	637,417	566,305	584,279	(17,974)
Total general government	90,713,730	82,382,378	54,753,786	27,628,591

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP Budgetary Basis)
GENERAL FUND
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Public works:				
General county	-	3,793,852	-	3,793,852
Division support	2,203,093	2,005,406	1,931,094	74,312
Fleet-facilities management	13,954,214	14,391,797	14,165,278	226,519
Operations and maintenance	4,122,961	4,115,622	4,252,996	(137,374)
Technical services	2,726,324	2,767,723	2,890,211	(122,488)
Planning and geo resources	2,859,509	2,681,189	2,866,703	(185,514)
Parks and recreation	218,572	184,535	236,706	(52,171)
Total public works	26,084,673	29,940,124	26,342,988	3,597,136
Public safety:				
Information technology	1,328,578	1,328,578	1,014,926	313,652
General county	71,399	143,133	61,074	82,059
Fire and rescue	15,250,442	15,745,729	16,480,368	(734,639)
Office of emergency management	320,582	251,929	228,557	23,372
Metropolitan detention center	64,168,024	56,739,357	49,998,101	6,741,256
Animal care	1,103,960	1,086,569	1,024,394	62,175
Communications department	3,179,841	3,197,359	3,261,027	(63,668)
Sheriff	31,010,849	31,679,690	31,733,857	(54,167)
Youth services	7,006,696	6,965,912	7,083,974	(118,062)
Total public safety	123,440,371	117,138,256	110,886,278	6,251,978
Health and welfare:				
General County	43,397	110,532	35,691	74,841
Solid waste	219,863	268,382	222,346	46,036
Metropolitan detention center	-	5,857,970	4,874,936	983,034
Social services	1,465,390	1,288,292	1,066,060	222,232
Zoning, building and environmental health	1,743,644	1,731,674	1,551,923	179,751
Parks and recreation	15,000	15,000	15,000	-
Housing	619,969	824,889	699,094	125,795
Total health and welfare	4,107,263	10,096,739	8,465,050	1,631,689
Culture and recreation:				
General County	-	363,000	30,486	332,514
Social services	-	176,474	170,552	5,922
Economic development	-	98,603	45,211	53,392
Parks and recreation	9,159,621	9,579,326	8,985,917	593,409
Total culture and recreation	9,159,621	10,217,403	9,232,166	985,237
Capital outlay	8,880,160	15,577,369	5,974,608	9,602,761
Capital outlay other	-	-	190,613	(190,613)
Principal	1,061,727	1,061,727	-	1,061,727
Issue cost	150,000	388,244	-	388,244
Total expenditures	263,597,545	266,802,240	215,845,489	50,956,750
Other financing uses				
Transfers out	10,115,017	13,145,447	12,969,742	175,705
Total expenditures and other financing uses	$ 273,712,562	$ 279,947,687	$ 228,815,231	$ 51,132,455
Excess of revenues and other financing sources over expenditures and other financing uses			$ 2,928,482	

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	$ 3,986,631	$ 1,645,569
Accounts receivable, net	1,821,184	-
Due from other funds	614,990	544,763
Inventory	11,820	-
Held for sale	373,000	-
Prepaid assets	-	1,931,757
Total current assets	6,807,625	4,122,089
Noncurrent assets:		
Capital assets:		
Land	475,717	-
Land improvements	44,559	-
Buildings	6,378,365	-
Equipment, machinery, and furniture	1,899,429	-
Less accumulated depreciation	(5,326,357)	-
Total noncurrent assets	3,471,713	-
Total assets	10,279,338	4,122,089
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	976,745	588,883
Compensated absences	44,457	-
Accrued payroll	60,197	-
Due to other funds	479,053	-
Due to grantor	377,338	-
Unearned revenue	1,222,445	1,931,757
Current portion of note payable	3,115	-
Total current liabilities	3,163,350	2,520,640
Noncurrent liabilities:		
Compensated absences	449,501	-
Deposits held in trust for others	13,183	-
Advance from other funds	1,590,000	-
Note payable	229,998	-
Total noncurrent liabilities	2,282,682	-
Total liabilities	5,446,032	2,520,640
NET ASSETS		
Invested in capital asets, net of related debt	3,238,600	-
Unrestricted	1,594,706	1,601,449
Total net assets	$ 4,833,306	$ 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
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Operating revenues:		
Administrative and service fees	$ 6,314,580	$ 6,336,230
Rental income:		
Tenants	199,482	-
Other income	590,943	-
Total operating revenues	7,105,005	6,336,230
Operating expenses:		
Salaries and wages	2,012,147	-
Contractual services	4,953,484	6,336,230
Materials and supplies	123,981	-
Other services and charges	360,500	-
Miscellaneous expense	61,398	-
Depreciation	471,501	-
Total operating expenses	7,983,011	6,336,230
Operating income (loss)	(878,006)	-
Non-operating revenues (expenses):		
Interest income	6,456	-
Interest expense	(22,176)	-
Loss on sale of capital assets	(20,091)	-
Gain on sale of capital assets	1,486	-
Grants - subsidies	336,175	-
Other government grant subsidies	972,399	-
Total nonoperating revenue	1,274,249	-
Income (loss) before contributions	396,243	-
Capital contributions - capital assets	5,849	-
Total capital contributions(advances)	5,849	
Change in net assets	402,092	-
Total net assets - beginning	4,431,214	1,601,449
Total net assets - ending	$ 4,833,306	$ 1,601,449

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Receipts from administration and service fees	$ 6,359,913	$ 6,377,706
Receipts from rents	326,398	-
Receipts from other funds for goods and services	1,733,888	-
Payments to employees for services	(1,531,327)	-
Payments to vendors for goods and services	(6,040,860)	(6,351,264)
Payments to other funds for goods and services	(2,300,921)	-
Miscellaneous cash received	449,932	-
Net cash provided (used) by operating activities	(1,002,977)	26,442
Cash flows from noncapital financing activities:		
Operating grants/subsidies received	1,308,574	-
Contributions to other funds	(60,000)	-
Net cash provided by noncapital financing activities	1,248,574	-
Cash flows from capital and related financing activities:		
Mortgage proceeds	-	-
Mortgage paid	(110,188)	-
Interest paid on bonds and mortgages	(22,175)	-
Disposal of capital assets	51,304	-
Acquisition of capital assets	(12,475)	-
Net cash provided (used) by capital and related financing activities	(93,534)	-
Cash flows from investing activities:		
Interest received on investments	6,456	-
Net increase in cash and cash equivalents	158,519	26,442
Cash and cash equivalents, beginning of year	3,828,112	1,619,127
Cash and cash equivalents, end of year	$ 3,986,631	$ 1,645,569
Reconciliation of operating loss to net cash flows used by operating activities:		
Operating income (loss)	$ (878,006)	$ -
Adjustments to reconcile operating income to net cash flows:		
Depreciation expense	471,501	-
(Increase) decrease in:		
Accounts receivable	(689,567)	-
Allowance for uncollectable accounts	744,120	-
Inventory	(5,573)	-
Due from other funds	1,493,640	(213,466)
Prepaid expenses	-	(254,942)
Increase (decrease) in:		
Deferred revenue	(22,822)	254,942
Accounts payable	70,261	239,908
Due to other funds	(2,218,616)	-
Deposits held in trust	(3,955)	-
Tenants payable	1,104	-
Accrued compensated absences	34,936	-
Net cash flows provided (used) by operating activities	$ (1,002,977)	$ 26,442
Noncash investing, capital, and financing activities:		
Held for sale received	$ 373,000	-
Due to grantor	(373,000)	-
Held for sale disposed	(228,000)	-
Delivered to grantor	228,000	-
Vehicle transfer from governmental activities	5,849	-
Vehicle transfer to governmental activities	(13,807)	-

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, 2011

	Agency Funds
ASSETS	
Cash and investments	$ 18,902,051
Receivables, net:	
Property taxes	42,646,006
Other	3,835,461
Total assets	$ 65,383,518
LIABILITIES	
Deposits held in trust for others	$ 19,093,404
Other	2,659
Future collectable taxes	46,287,455
Total liabilities	$ 65,383,518

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

BERNALILLO COUNTY
STATE OF NEW MEXICO

COUNTY OF BERNALILLO, NEW MEXICO
CONTENTS
NOTES TO THE FINANCIAL STATEMENTS

Note			Title	Page
I.			**Summary of significant accounting policies**	
	A.		Reporting entity	46
	B.		Government-wide and fund financial statements	47
	C.		Measurement focus, basis of accounting and financial statement presentation	47
	D.		Assets, liabilities, and net assets or equity	50
		1.	Deposits and investments	50
		2.	Receivables and payables	50
		3.	Inventories	51
		4.	Capital assets	51
		5.	Restricted assets	52
		6.	Compensated absences	52
		7.	Long-term obligations	52
		8.	Net assets	53
		9.	Fund balance classifications	53
		10.	Cash flows	54
		11.	Bond premiums/issuance costs	54
		12.	Presentation	54
		13.	Use of estimates	54
II.			**Reconciliation of government-wide and fund financial statements**	
	A.		Explanations of certain differences between the governmental fund balance sheet and the government-wide statement of net assets	55
	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	55
III.			**Stewardship, compliance and accountability**	
	A.		Budgetary information	57
	B.		Deficit fund equity	58
IV.			**Detailed notes on all funds**	
	A.		Cash and investments	59
	B.		Receivables	61
	C.		Capital assets	62
	D.		Interfund receivables, payables, and transfers	64
	E.		Leases	65
	F.		Long-term debt	65
	G.		Short-term debt	69
	H.		Special assessment bonds	69
	I.		Conduit debt	70
	J.		Fund balance reservations	71
	K.		Fund balance purpose	72
	L		Significant encumbrances	73
	M.		Net assets restricted by enabling legislation	73
	N		Financial data schedule reconciliation	73
V.			**Other Information**	
	A.		Risk management	74
	B.		Contingencies	76
	C.		Joint ventures	76
	D.		Post-Employment Benefits - Retiree Health Care Plan	77
	E.		Pension Plan - Public Employees Retirement Association	79
	F.		Significant effects of subsequent events	80
	G.		Fund balance restatement	80

BERNALILLO COUNTY
STATE OF NEW MEXICO

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.

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, 2011.

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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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 is 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*

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 *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 *Series 2008A Debt Service* accounts for the accumulation of resources and payment of a specific revenue bond principal and interest from pledged County gross receipts tax revenues.

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 *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.

As a general rule, the effect of inter-fund 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 89% 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 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.

When both restricted and unrestricted (committed, assigned, or unassigned) amounts are available for use, it is the County's policy to consider restricted amounts be reduced first. When an expenditure is incurred for purposes for which amounts in any unrestricted fund balance classification could be used, it shall be the policy of the County that committed amounts would be used first, followed by assigned amounts and then unassigned amounts.

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 fair value using quoted market prices 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 .07% of outstanding property taxes at June 30, 2011.

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

Assets	Years
Infrastructure	10-80
Buildings and other improvements	15-40
Machinery and equipment	5-10

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. Also, At will employees can accumulate unlimited vacation pay. 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.

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 balance classification

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; for example inventories, prepaid amounts, long-term amount of loans and notes receivable or (b) legally or contractually required to be maintained intact; for example debt service reserves.

Restricted - This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; (b) Enabling legislation, as the term is used authorizes the County to assess, levy, charge or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed - This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the Board of County Commissioners, the County's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specific use by taking the same type of action (for example resolution, ordinance) it employed to previously commit those amounts.

Assigned – This classification includes amounts that are constrained by the County's *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The Board of County Commissioners has delegated the authority to assign amounts to be used for specific purposes to the County Manager and the Deputy County Manager for Finance.

Unassigned – This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

It is the County's policy at the end of the fiscal year, that the County will maintain spendable, unassigned portions of the General Fund balance for cash flow equal to two months of the prior year General Fund operating expenditures. In addition to cash flows needs this accommodates emergency contingency concerns.

10. Cash flows

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

11. Bond premiums/issuance costs

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

12. Presentation

Certain reclassifications of prior year information have been made to conform to new GASB requirements.

13. Use of estimates

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

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	
GO Bonds	$ (97,835,000)
Revenue Bonds	(155,120,000)
Deferred amounts –Premium, Discounts, and Refunding	(3,757,929)
Compensated absences	(27,069,463)
Net adjustment to reduce fund balance – total governmental funds To arrive at net assets – governmental activities	$ (283,782,392)

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	$ 35,475,847
Capital outlay – Internal labor Included in operating expenses	1,159,167
Donated assets	1,558,078
Depreciation expense	(28,766,552)
Net adjustment to decrease net changes in fund balances – total Governmental funds to arrive at changes in net assets of Governmental activities	$ 9,426,540

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:

Principal repayments:		
General obligation bonds	$	7,840,000
Revenue bonds		53,835,000
Net adjustment to decrease net changes in fund balances – Total governmental funds to arrive at changes in net assets of governmental activities	$	61,675,000

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	$	(830,796)
Accrued interest		564,194
Amortization of premium		516,779
Amortization of deferred charge on refunding		(64,946)
Amortization of bond discounts		(40,091)
Amortization of issuance cost		(152,687)
Net adjustment to decrease net changes in fund balances – total Governmental funds to arrive at changes in net assets of Governmental activities	$	(7,547)

Another element of that reconciliation states that "Some revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds." The details of this difference are as follows:

Property taxes receivable – current year	$	10,580,732
Property taxes receivable – prior year		(10,672,051)
Net adjustment to decrease net changes in fund balances – total Governmental funds to arrive at changes in net assets of Governmental activities	$	(91,319)

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

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.

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 center non-GAAP statement to the GAAP statement is as follows:

	General Fund
Net change in fund balance – GAAP basis	$ (8,283,476)
Remove additional funds	(15,122)
Net change in fund balance – GAAP basis	(8,298,598)
(Increase) decrease in assets:	
Accounts receivable	269,113
Due from other funds	23,941
Accrued interest	8,524,842
Increase (decrease) in liabilities:	
Accounts payable	1,725,412
Deferred revenue	(229,310)
Accrued payroll	913,082
Net changes in fund balance – Budget to actual	$ 2,928,482
Additional funds added to the General Fund	(105,601)
Net changes in fund balance	$ 2,822,881

B. Deficit fund equity

There is an assigned deficit fund balance in the Department of Substance Abuse Fund of $33,854. The County expects FY12 operating revenue in addition to a subsidy from the general fund will be sufficient to cover the deficit. There is an unrestricted deficit balance of $960,355 in the El Centro Familiar Fund. The County expects that the pay down in the "advance from other funds" and a FY12 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, 2011, the County had the following investments.

Investment Type		Fair Value	Weighted Maturity Average (Months)
Federal Farm Credit Agency	$	38,800,500	15.31
Federal Home Loan Bank		92,892,110	57.58
Federal Mortgage Acceptance Corp.		43,332,170	23.30
Federal National Mortgage Assoc.		87,191,573	57.68
Repurchase Agreements		16,681,279	8.90
Certificate of Deposits		14,000,000	0.50
Sandoval County Revenue Bond		4,400,000	0.20
Total fair value	$	297,297,632	
Portfolio weighted average maturity			2.97

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.

As of June 30, 2011, 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.

Concentration of Credit Risk. The County's investment policy places no limit on the amount the County may invest in any one issuer. 4.7% 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 31.2% with the Federal Home Loan Bank, 29.3% with the Federal National Mortgage Association, 14.6% with the Federal Mortgage Acceptance Corporation, 13.1% with the Federal Farm Credit Agency, 5.6% is invested in Repurchase Agreements, and the remainder of 1.5% is invested in a Sandoval County Revenue Bond. Of the total investments of $297,297,635, 18.2% is invested with the Bank of Albuquerque, 17.8% is

invested with USB Financial, 16.4 % is invested with Jefferies & Co., 10.2 % is invested with LF Financial, LLC, and 9.3% is invested with Raymond James & Assoc., Inc.

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: $14,000,000 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, 2011, $3,932,572 of the County's deposits was exposed to collateral risk. $3,932,572 with New Mexico Bank and Trust was uninsured. All other balances are not exposed to any 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, 2011 those deposits along with the County's Federal Agency Securities were held by the safekeeping department of the Wells Fargo Trust. On September 30, 2010, KPMG LLP issued an unqualified opinion for the SAS 70 requirement of Wells Fargo Trust Operations.

A reconciliation of cash and investments for the County follows:

Bank accounts	$	43,244,731
Petty cash on hand		1,535
Carrying amount of investments		297,297,632
Total cash and investments	$	340,543,898

Statement of Net Assets

Primary Government		
Cash and investments:	$	309,894,317
Cash-restricted		11,747,530
Statement of Fiduciary Net Assets		18,902,051
Total cash, investment	$	340,543,898

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). Some deposits are collateralized at higher levels based on the State of New Mexico Treasurer's office risk assessment as required by 2.60.4.9 NMAC. The pledged collateral is stated at market value as of June 30, 2011.

B. Receivables

Receivables	General Fund	Construction Fund	Non major Governmental Funds	Total Government Funds
Property taxes	$ 11,540,153	$ -	$ 1,187,410	$ 12,727,563
Gross Receipts Taxes	18,007,352	-	4,506,473	22,513,825
Gasoline Taxes	305,736	-	-	305,736
Motor Vehicle Tax	109,365	-	-	109,365
Cigarette Tax	-	-	-	-
Transportation Fees	224,802	-	-	224,802
Special Assessments	83,431	-	-	83,431
Intergovernmental	582,200	-	-	582,200
Due from other governments	307,961	3,635,963	847,943	4,791,867
Other	250,476	-	-	250,476
Gross Receivables	31,411,476	3,635,963	6,541,826	41,589,265
Less: Allowance for Uncollectibles	(836,710)	-	(170,373)	(1,007,083)
Net Total Receivables	$ 30,574,766	$ 3,635,963	$ 6,371,453	$ 40,582,182

	Enterprise Funds	Agency Funds
Property Taxes	$ -	$ 45,190,003
Solid Waste Fees	6,893,967	-
Special Assessments	-	143,719
Due from other governments	306,710	-
Other	-	3,691,742
Gross Receivables	7,200,677	49,025,464
Less: Allowance for uncollectibles	(5,379,493)	(2,543,997)
Net Total Receivables	$ 1,821,184	$ 46,481,467

The County maintains a receivable balance in the Solid Waste fund that consists of balances that are not expected to be collected within one year and which are deemed uncollectable. These balances, despite their unlikely collectability, are not extinguishable pursuant to Article IV, Section 32 of the New Mexico Constitution.

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 which 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 principal payments of $1,470. The balance of this note was $129,438 at June 30, 2011. The second note balance for $71,944 with the Duran family is due in 30 years, with an interest rate of 6%. The total note receivable for June 30, 2011 is $201,382.

C. Capital assets

Capital asset activity for the year was as follows:

	Balance June 30, 2010	Increases	Decreases	Transfers	Balance June 30, 2011
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 134,317,394	$ 647,352	$ (3,890)	$ -	$ 134,960,856
Construction in progress	46,399,137	35,377,901	(20,381,964)	-	61,395,074
Art	2,425,940	8,735	-	-	2,434,675
Total capital assets, not being Depreciated	183,142,471	36,033,988	(20,385,854)	-	198,790,605
Capital assets, being depreciated:					
Buildings	286,175,846	7,647,906	-	(5,647)	293,818,105
Land improvements	847,459	4,187,492	-	2,030	5,036,981
Machinery and equipment	74,749,269	4,658,987	(3,274,735)	11,575	76,145,096
Infrastructure	278,059,437	6,046,683	-	-	284,106,120
Leasehold improvements	3,213,396	-	-	-	3,213,396
Total capital assets being Depreciated	643,045,407	22,541,068	(3,274,735)	7,958	662,319,698
Less Accumulated depreciation for:					
Buildings	(106,408,985)	(11,602,147)	-	94	(118,011,038)
Land improvements	(76,537)	(218,714)	-	(2,030)	(297,281)
Machinery and equipment	(48,701,758)	(6,870,043)	2,751,477	(11,871)	(52,832,195)
Infrastructure	(106,105,101)	(9,947,112)	-	-	(116,052,213)
Leasehold improvements	(1,069,278)	(128,536)	-	-	(1,197,814)
Total accumulated depreciation	(262,361,659)	(28,766,552)	2,751,477	(13,807)	(288,390,541)
Total capital assets, being depreciated, net	380,683,748	(6,225,484)	(523,258)	(5,849)	373,929,157
Governmental activities capital assets, net	$ 563,826,219	$ 29,808,504	$ (20,909,112)	$ (5,849)	$ 572,719,762

	Balance June 30, 2010	Increases	Decreases	Transfers	Balance June 30, 2011
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 492,917	$ -	$ (17,200)	$ -	$ 475,717
Total capital assets, not being depreciated	492,917	-	(17,200)	-	475,717
Capital assets, being depreciated:					
Land improvements	44,559	-	-	-	44,559
Buildings	6,456,190	12,475	(90,300)	-	6,378,365
Machinery and equipment	1,899,151	22,085	(8,000)	(7,958)	1,899,429
Total capital assets being depreciated	8,399,900	34,560	(98,300)	(7,958)	8,322,353
Less accumulated depreciation for:					
Land improvements	(371)	(4,456)	-	-	(4,827)
Buildings	(3,127,541)	(383,970)	21,355	-	(3,490,156)
Machinery and equipment	(1,770,106)	(83,075)	8,000	13,807	(1,831,374)
Total accumulated depreciation	(4,898,018)	(471,501)	29,355	13,807	(5,326,357)
Total capital assets, being depreciated, net	3,501,882	(436,941)	(68,945)	5,849	2,995,996
Business-type activities capital assets, net	$ 3,994,799	$ (436,941)	$ (86,145)	$ 5,849	$ 3,471,713

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

Governmental activities:	
General government	$ 4,519,153
Public safety	10,113,916
Culture and recreation	1,427,494
Public works	10,729,445
Health and welfare	1,976,544
Total depreciation expense-governmental activities	$ 28,766,552
Business-type activities:	
Solid waste	$ 92,872
Housing Authority	60,418
Seybold Village	219,369
El Centro Familiar	98,842
Total depreciation expense-business-type activities	$ 471,501

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2011, is as follows:

	Due To:			
	General Fund	Nonmajor Governmental Funds	Enterprise Funds	Total
Due From:				
General fund	$ -	$ 3,390	$ 7,239	$ 10,629
Internal Service	544,763	-	-	544,763
Nonmajor Funds	-	-	173,240	173,240
Enterprise Funds	-	316,416	298,574	614,990
Total	$ 544,763	$ 319,806	$ 479,053	$ 1,343,622

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, 2011. The 2010B Debt Service Fund advanced the Housing Authority $1,650,000 in FY10 which has an outstanding balance of $1,590,000 at June 30, 2011.

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, 2011 were as follows:

	Transfer out:				
	General Fund	Grants	Construction Fund	Nonmajor Governmental Funds	Total
Transfer in:					
General fund	$ -	$ 15,085	$ -	$ -	$ 15,085
Series 2008A Debt Service	-	-	42,491,382	-	42,491,382
TRAN Debt Service	843,333	-	-	-	843,333
Construction fund	41,579	-	-	-	41,579
Nonmajor fund	12,084,830	-	4,456,250	5,055,560	21,596,640
Total	$ 12,969,742	$ 15,085	$ 46,947,632	$ 5,055,560	$ 64,988,019

E. Leases

Operating Leases

During the fiscal year ended June 30, 2011, the County leased equipment, and office space under operating leases. The County's expenditures on those leases for the fiscal year ended June 30, 2011, were $1,072,025. The County's future minimum rental commitments, accounted for as operating leases at June 30, 2011, are as follows:

	Amount
2012	$ 117,759
2013	3,000
2014	3,000
Total	$ 123,759

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 $6.63 million and a carrying amount of $2.4 million under operating leases. Rental revenue was $1,939,082 and depreciation expense on those assets was $242,820.

F. Long-term debt

Changes in long-term liabilities
Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Amounts Due within One Year
Governmental Activities:					
Bonds:					
G.O. bonds	$ 105,675,000	$ -	$ (7,840,000)	$ 97,835,000	$ 6,255,000
Revenue bonds	208,955,000	-	(53,835,000)	155,120,000	12,135,000
Deferred amounts:					
Bond premiums	5,524,851	-	(516,779)	5,008,072	-
Bond discounts	(575,828)	-	40,091	(535,737)	-
Refunding	(779,352)	-	64,946	(714,406)	-
Total bonds	318,799,671	-	(62,086,742)	256,712,929	18,390,000
Other liabilities:					
Compensated absences	26,238,667	13,690,009	(12,859,213)	27,069,463	2,436,252
Governmental activity Long-term liabilities	$ 345,038,338	$ 13,690,009	$ (74,945,955)	$ 283,782,392	$ 20,826,252

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Amounts Due within One Year
Business-type Activities:					
Compensated absences	$ 459,022	265,688	(230,752)	493,958	$ 44,457
Note payable	343,300	-	(110,187)	233,113	3,115
Business-type activity Long-term liabilities	$ 802,322	$ 265,688	$ (340,939)	$ 727,071	$ 47,572

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 $3,509,409 and debt related to unspent proceeds is $13,406,788. The GO bonds outstanding as of June 30, 2011 are comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1997	$ 5,310,000	4.75%	December 1, 2017
Series 1999	10,650,000	4.50%	August 1, 2019
Series 2001	260,000	4.10%	October 1, 2021
Series 2003	7,300,000	3.7%-4.65%	June 15, 2023
Series 2004	3,029,000	4.00%-4.40%	October 15, 2021
Series 2005	5,850,000	3.75%-4.00%	February 1, 2020
Series 2005A	5,001,000	4.00%-5.00%	February 1, 2025
Series 2006	8,575,000	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 2009	7,950,000	2.50%-4.50%	June 1, 2019
Series 2009A	10,250,000	1.20%-3.60%	December 1, 2020
Partial Refunding Series 2010	14,860,000	2.00%-4.00%	February 1, 2022
Total	$ 97,835,000		

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

	Governmental Activities	
Year Ending June 30,	**Principal**	**Interest**
2012	$ 6,255,000	$ 3,844,165
2013	6,575,000	3,637,559
2014	7,330,000	3,397,167
2015	7,620,000	3,126,524
2016	7,905,000	2,827,924
2017-2021	41,901,000	9,120,207
2022-2025	16,249,000	2,570,612
2027-2029	4,000,000	186,515
	$ 97,835,000	$ 28,710,673

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, 2011 are comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1996B	$ 49,875,000	5.00%-5.70%	April 1, 2027
Series 1997	7,800,000	5.25%-5.75%	October 1, 2017
Refunding Series 1998	41,085,000	5.00%-5.25%	April 1, 2027
Series 2002	285,000	3.50%	November 15, 2011
Partial Refunding Series 2005	41,675,000	3.75%-5.25%	October 1, 2026
Series 2009A	4,750,000	3.00%	August 1, 2011
Series 2010A	8,060,000	2.00%-4.00%	June 15, 2019
Refunding Series 2010B	1,590,000	2.00%-4.125%	June 15, 2029
	$ 155,120,000		

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

	Governmental Activities	
Year Ending	**Principal**	**Interest**
2012	$ 12,135,000	$ 7,701,141
2013	7,315,000	7,311,029
2014	8,005,000	6,964,497
2015	7,730,000	6,594,960
2016	8,635,000	6,198,816
2017-2021	45,270,000	24,220,619
2022-2026	52,520,000	12,040,658
2027-2029	13,510,000	671,231
	$ 155,120,000	$ 71,702,951

The Housing Authority fund notes payable consist of two mortgages totaling $233,113. On July 22, 2011 one property was sold for $113,873. Interest rates range from 7.18% to 7.25%.

The annual debt service requirement to maturity for the long-term note payable is as follows:

	Business-type Activities	
Year Ending	**Principal**	**Interest**
2012	$ 3,115	$ 16,657
2013	3,347	16,425
2014	3,595	16,177
2015	3,862	15,910
2016	4,149	15,623
2017-2021	25,345	71,867
2022-2026	36,054	61,159
2027-2031	51,287	45,925
2032-2036	74,430	24,430
2037-2038	27,929	1,627
	$ 233,113	$ 285,800

At June 30, 2011, the following general obligation bonds were authorized and unissued.

Approved by Voters on	Purpose	Authorized
November 2, 2010	Road Bonds	$ 12,000,000
November 2, 2010	Storm Drain	6,400,000
November 2, 2010	Public Safety	500,000
November 2, 2010	Parks and Recreation	2,300,000
November 2, 2010	Library	1,500,000
November 2, 2010	Facility Improvement	2,300,000
Total		$ 25,000,000

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, 2011, $3,420,000 of general obligation bonds outstanding is considered defeased.

G. Short-term debt

Tax and Revenue Anticipation Notes

On August 4, 2010, and December 15, 2010 the County issued tax and revenue anticipation notes (TRANs) in the amount of $30,000,000, and $20,000,000 respectively. The County issues TRANs in advance of property tax collections, depositing the proceeds in its general fund. These notes are used to finance current expenditures pending receipt of tax payments in May and November.

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

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities:				
Bonds and notes payable:				
Tax anticipation notes	$ -	$ 50,000,000	$ (30,000,000)	$ 20,000,000

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, 2011:

Improvement Bonds	Interest Rate	Date Issued	Date Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2011
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	$1,365,000

At June 30, 2011, 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
Accounts receivable:					
Billed, but uncollected	$ 1,804	$ 10,120	$ 15,073	$ 55,475	$ 959

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. 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.

Industrial Revenue Bonds

In fiscal year 2011, the County issued one new Industrial Revenue Bond. As of June 30, 2011, there were eleven series of Industrial Revenue Bonds outstanding with an original issue amount cost of $69,496,000. The remaining principal balance outstanding as of June 30, 2011 is $36,519,982.

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, 2011, there were six series of project revenue bonds with an original issue amount of $43,335,000. The remaining outstanding principal balance as of June 30, 2011 is $40,691,138.

New Mexico Non-profit Corporation Project Revenue Bond

In fiscal year 2011 the County issued one new project revenue bond for the YMCA of New Mexico Project with an issue amount of $6,385,449. The remaining principal balance as of June 30, 2011 is $6,090,192.

J. Fund balance reservations

The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of the FY12 budgeted expenditures in the general fund be restricted as subsequent-year expenditures to maintain an adequate cash flow until the next significant property tax collection. The DFA required reserve balance for FY11 is $67,669,164. Another portion of the general fund balance is assigned for subsequent years' expenditures in the amount $80,444,554 which includes $53,037,298 assigned for unencumbered carryover, $7,000,000 assigned for GO debt service reserve, $5,000,000 assigned for land acquisition, $3,000,000 assigned for economic development, $4,353,275 assigned for encumbrances, $3,795,797 assigned for infrastructure, and $4,258,184 for buildings. In addition, $34,085,866 is classified as unassigned to comply with the County's minimum fund balance policy of 2/12 of the prior year operating expenditures to be used for cash flow and emergency contingencies. The remainder of the general fund balance is classified as nonspendable, restricted, or committed for other expenditures.

K. Fund balance purpose

The detail information for nonspendable, restricted, committed, assigned and unassigned fund balances are disclosed below:

	General	Series 2008A Debt Service	TRAN Debt Service	Construction Fund	Other Funds	Total Funds
Nonspendable						
Notes receivable	$ 201,381	$ -	$ -	$ -	$ -	$ 201,381
Advances to other funds	1,497,000	-	-	-	1,590,000	3,087,000
Inventory	710,067	-	-	-	11,484	721,551
Debt service - restricted	-	-	-	-	11,747,530	11,747,530
Restricted						
Reserve requirement	67,669,164	-	-	-	-	67,669,164
Grant match funds	1,132,106	-	-	-	-	1,132,106
Debt service	-	185,776	413,696	-	3,205,543	3,805,015
Public safety						
Bonds	-	-	-	4,121,583	-	4,121,583
Fire protection	-	-	-	-	387,885	387,885
Sheriffs	-	-	-	-	948,911	948,911
Law enforcement	-	-	-	-	47,738	47,738
2009 GRT Series	-	-	-	4,656,753	-	4,656,753
Healthcare	-	-	-	-	16,869,931	16,869,931
Environmental services	-	-	-	-	2,784,311	2,784,311
Infrastructure	-	-	-	-	4,714,392	4,714,392
Open space	-	-	-	-	7,298,550	7,298,550
Valuation	-	-	-	-	10,987,604	10,987,604
Housing services	-	-	-	-	3,642,664	3,642,664
Other purposes	-	-	-	2,078,937	29,771	2,108,708
Clerks - recording	-	-	-	-	888,148	888,148
Committed						
Fire expansion	1,189,430	-	-	-	-	1,189,430
Assigned						
Subsequent years expenditures	53,037,298	-	-	-	-	53,037,298
GO debt service reserve	7,000,000	-	-	-	-	7,000,000
Land acquisition	5,000,000	-	-	-	-	5,000,000
Economic development	3,000,000	-	-	-	-	3,000,000
Encumbrances	4,353,275	-	-	-	-	4,353,275
Infrastructure	3,795,797	-	-	-	-	3,795,797
Road	-	-	-	8,431,162	-	8,431,162
Storm drain	-	-	-	4,739,673	-	4,739,673
Water, wastewater projects	-	-	-	12,458,180	-	12,458,180
Buildings	4,258,184	-	-	-	5,372,155	9,630,339
Other purposes	-	-	-	3,174,867	-	3,174,867
Unassigned						
Minimum fund balance policy	34,085,866	-	-	-	-	34,085,866
Unassigned balance	-	-	-	-	(33,854)	(33,854)
	$ 186,929,568	$ 185,776	$ 413,696	$ 39,661,155	$ 70,492,763	$ 297,682,958

L. Significant Encumbrances

Encumbrances are no longer disclosed in the financials as required by GASB 54. Encumbrances which include construction and significant commitments for the fiscal year ended June 30, 2011 were $16,014,734. Listed below are the significant encumbrances that were greater than $300,000.

Vendor	Purpose	Amount
Longhorn Construction Inc.	Bachechi open space	$ 1,014,705
City of Albuquerque	Crime lab, animals care, aging, radio maint.	372,951
DKG and Associates Inc.	Re-roof MDC	577,722
Radio Satellite Integrators	GPS units for vehicles	318,150
AIC General Contractors	SE Heights Children Facility	502,428
Bohannan Huston Inc.	Codero Mesa Trans Line & Pump Station	353,620
First American Insurance	Standford Health Clinic-Land/ROW	352,714
Franklin Earthmoving	Eubank Blvd	1,231,188
Albuquerque Asphalt	Various roads	1,205,778
Longhorn Construction	James McGrane Jr. Public Safety Center	893,732
New Mexico Underground	SV Drinking Water Project	1,779,636
Parsons Brinkerhoff Quade	Eubank Blvd	728,894
HDR Engineering Inc.	SV Drinking Water Project	408,253
Westwind Landscape Const.	NV Bike Park, various landscape projects	427,018
		$ 10,166,789

M. Net assets restricted by enabling legislation

The government-wide statement of net assets reports $137,871,142 of restricted net assets, of which $19,386,587 is restricted by enabling legislation.

N. 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 standards 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:

Net Assets	Amount
Net Assets - Housing Choice Vouchers 14.871	$ 3,430,729
Compensated Absences	211,935
Fund balance - Section 8 Housing - Vouchers	$ 3,642,664

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 that are reflected in the business-type activities enterprise fund presentation as follows:

Net Assets		**Amount**
Net Assets – Central Office	$	2,842,282
Net Assets – Home Rehabilitation		73,041
Net Assets – Housing Authority		2,915,323
Compensated Absences		(211,935)
Fund balance – Housing Authority	$	2,703,388

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 joined a Multi-line Pool in January 1989 and the Law Enforcement Pool in 1995. These public entity risk pools operate as a common risk management and insurance program for workers' compensation, property and casualty, and law enforcement liability 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 $750,000 (workers' compensation), $500,000 (multi-line), and $500,000 (law enforcement), for each insured event. The insurance 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 31 counties in this pool, which for the fiscal years that ended June 30, 2011, 2010, and 2009 contributed a total of $7,678,065, $7,632,534 and $7,556,997 respectively. The premium that each county pays depends upon the payroll total and the loss experience specific to that county. Bernalillo County has a self-insurance retention of $400,000 (maximum amount paid for each insured event before using insurance) and

$1,750,000 annual aggregate limit, thus dramatically reducing Bernalillo County's annual pool contribution. For the fiscal years that ended June 30, 2011, 2010 and 2009, the County contributed $613,354, 633,180 and $545,140 respectively. In addition to premiums, Bernalillo County maintains a reserve fund for each fiscal year to service open claims that are less than the self-insured retention limit.

The Multi-line Pool provides property and casualty coverage for 28 counties. The coverage includes buildings and contents, automobile physical damage and liability, general liability, personal injury, employee benefits liability, public officials' errors and omissions, crime, fuel storage tanks, and boiler and machine coverage. Premiums for the Multi-line Pool are paid for the calendar year. For calendar years 2011, 2010, and 2009, participating counties contributed a total of $7,080,611, $6,987,022 and $7,865,658 respectively. For calendar years 2011, 2010, and 2009, Bernalillo County contributed $1,611,393, $1,334,130, and $1,574,410 respectively. Those contributions were reduced due to equity distributions received in amounts of $240,283 and $77,486. For each calendar year, a reserve fund is kept to pay deductibles for open multi-line claims.

The self-insured retention level for this pool during the period of coverage January 1, 2010 through December 31, 2010 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 the 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 Law Enforcement Pool provides coverage for law enforcement activities and liabilities, which includes the Sheriff's Department, the Metropolitan Detention Center, and the Youth Services Center. Currently, the pool provides coverage for 28 members. For calendar years 2011, 2010, and 2009, participating counties contributed a total of $8,999,962, $8,431,282, and $7,376,926 respectively. For calendar years 2011, 2010, and 2009, Bernalillo County contributed $2,228,552, $1,937,871, and $1,588,419 respectively. For each calendar year, a reserve fund is kept to pay deductibles for law enforcement liability claims.

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 one year's budget in surplus prior to considering an equity distribution to the participating counties. 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, 2011, 2010, and 2009.

The New Mexico County Insurance Authority has published its own financial reports for the fiscal year ended June 30, 2011, which can be obtained from the New Mexico Association of Counties, 613 Old Santa Fe Trail, Santa Fe, New Mexico, 87501.

Bernalillo County carries commercial insurance for all other risks of loss not covered by pool insurance such as medical professional liability, law enforcement aviation operations, and accident and sickness for sheriff reserve officers.

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 pending two claims that are not covered by insurance, both asserting a claim based on contract and both seeking damage amounts less than $60,000. In one other case, a settlement agreement has been entered following a judgment in a class action case against the County in the amount of $3,005,696.40. The settlement agreement provides that any amounts unclaimed by putative class members after a prescribed period will revert back to the County. It is reasonably expected that approximately $1,000,000 will be left unclaimed.

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, 2010, 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 7-20E-18, NMSA 1978 Compilation is required to dedicate to the county-supported Medicaid fund "an amount equal to a gross receipts tax rate of 1/16 of one percent applied to the taxable gross receipts tax reported during the prior fiscal year by persons engaging in business in the county." To comply with the statue, 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 FY12 which will generate approximately $10 million annually.

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 Youth Services Center. Sandoval County contributes 100 percent of the operation costs of the RJDC. For FY11, Sandoval County paid $1,062,222 million to Bernalillo County for the

operation of the RJDC. Sandoval County receives 70% and Bernalillo County receives 30% of all cost of care revenues generated from housing juveniles in the RJDC from other counties and pueblos. The total cost of care revenues billed in FY11 was $478,160 and $407,599 of this amount has been received to date which includes $8,674 for medical costs. Bernalillo County receives 100% of all medical costs billed under these cost of care agreements.

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.

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 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.

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. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 2013 the contributions rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contributions will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY12	1.834%	.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4, and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee's annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contributions rates for both employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, 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, 2011, 2010 and 2009 were $1,723,830, $1,184,196 and $1,137,097, 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 state statute 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, 2011, 2010, and 2009 were $12,882,327, $12,347,340 and $11,787,960, respectively, which equal 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, 2011.

	Employee		Employer	
Covered Division	**Percent**	**Dollars**	**Percent**	**Dollars**
General-management, blue collar and white collar	13.15%	$6,590,193	9.15%	$4,585,571
General-other	9.15	16,972	9.15	16,972
Sheriff	16.30	2,302,867	18.50	2,613,683
Fire	16.20	1,426,884	21.25	1,871,684
Detention	16.65	2,896,234	16.65	2,896,234
Retired employees			9.15-21.25%	898,169

F. Significant effects of subsequent events

On October 5, 2011 the County sold $4,200,000 of general obligation bonds that were approved by voters on November 2, 2010. The bonds mature in serial amounts from December 1, 2012 through December 1, 2019. Interest rate coupons range from 2.25 percent through 4 percent.

G. Fund balance – Change in fund structure

The County's implementation of GASB 54 resulted in the reclassification of the Community Service Fund and the Industrial Revenue Bonds Funds. The funds did not meet the revised definition of a special revenue fund. The two funds were combined with the general fund resulting in the General Fund beginning balance increasing from $194,118,410 to 195,228,151, a $1,109,741 increase in beginning fund balance.