NEW ISSUE
Book Entry Only

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

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the Bonds is exempt from State of New Mexico income taxes under New Mexico income tax laws in effect on the date of delivery of the Bonds as described herein. See "TAX MATTERS."

$14,380,000
BERNALILLO COUNTY, NEW MEXICO
General Obligation Refunding Bonds, Series 2016A

Dated: Date of Delivery **Due: August 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 August 15 and February 15, commencing August 15, 2016. Principal is payable annually as detailed below. The Bonds are subject to redemption prior to maturity. (See "The Bonds – Prior Redemption").

See Inside Cover Page for Maturities, Principal Amounts, Interest Rates and Yields

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

The Bonds are offered when, as and if issued, subject to the approval of validity by Sherman & Howard, L.L.C., Denver, Colorado, Bond Counsel. Certain legal matters will also be passed on for the County by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Disclosure Counsel to the County. RBC Capital Markets, LLC, serves as Municipal Advisor to the County. It is anticipated that the Bonds will be available for delivery on or about March 22, 2016 through the facilities of DTC in New York, New York.

PIPER JAFFRAY & CO.

February 16, 2016

MATURITY SCHEDULE

$14,380,000
General Obligation Refunding Bonds
Series 2016A

Maturity Date (August 15)	Principal Amount	Interest Rate	Yield	Cusip No.
2016	$4,850,000	3.000%	0.400%	085275Q73
2017	3,000,000	3.000%	0.500%	085275Q81
2018	585,000	3.000%	0.640%	085275Q99
2019	605,000	3.000%	0.750%	085275R23
2020	625,000	1.000%	0.850%	085275R31
2021	625,000	1.250%	0.970%	085275R49
2022	635,000	3.000%	1.150%	085275R56
2023	660,000	3.000%	1.300%	085275R64
2024	670,000	3.000%	1.470%	085275R72
2025	695,000	2.000%	1.680%	085275R80
2026	705,000	3.000%	1.790%	085275R98
2027	725,000	2.000%	2.150%	085275S22

BERNALILLO COUNTY, NEW MEXICO

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Telephone: (505) 468-7000

COUNTY COMMISSION

Art De La Cruz, Chair
Wayne A. Johnson, Vice Chair
Debbie O'Malley, Commissioner
Maggie Hart Stebbins, Commissioner
Lonnie C. Talbert, Commissioner

COUNTY OFFICIALS

Julie Morgas Baca, County Manager
Manny Ortiz, Treasurer
Tanya R. Giddings, Assessor
Maggie Toulouse Oliver, Clerk

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TABLE OF CONTENTS

PAGE NO.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT 1
SUMMARY INFORMATION 2
PLAN OF FINANCING 3
- SOURCES AND USES OF FUNDS 3
- SELECTED DEBT RATIOS 4

THE BONDS 5
- AUTHORIZATION 5
- DESCRIPTION OF THE BONDS 5
- PAYMENT AND PRESENTATION OF BONDS FOR PAYMENT 5
- SECURITY FOR THE BONDS 6
- REGISTRATION 6
- BOOK-ENTRY ONLY SYSTEM 6
- LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF BONDS 9
- PRIOR REDEMPTION 9
- NOTICE OF REDEMPTION 9

DEBT AND OTHER OBLIGATIONS 10
- BONDING CAPACITY 10
- GENERAL OBLIGATION BONDS OUTSTANDING 11
- TOTAL DEBT SERVICE REQUIREMENTS 12
- DIRECT AND OVERLAPPING DEBT 13

ASSESSED VALUATION 14
- PROPERTY SUBJECT TO TAXATION 14
- ASSESSMENT OF PROPERTY 14
- REASSESSMENT 16
- LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL REAL PROPERTY 16
- HISTORY OF ASSESSED VALUATION 17
- MAJOR TAXPAYERS 17

TAX RATES 18
- YIELD CONTROL 18
- 20-MILL LIMITATION ANALYSIS 18
- RESIDENTIAL AND NON-RESIDENTIAL PROPERTY 18

TAX COLLECTIONS 20
- METHODS OF TAX COLLECTION 20
- INTEREST ON DELINQUENT TAXES 20
- PENALTY FOR DELINQUENT TAXES 20
- REMEDIES AVAILABLE FOR NON-PAYMENT OF TAXES 20
- TAX COLLECTION HISTORY - BERNALILLO COUNTY 21

THE COUNTY 22
- GENERAL 22
- COUNTY GOVERNMENT 22
- THE GOVERNMENT BODY 22
- BERNALILLO COUNTY COMMISSIONERS 23
- COUNTY MANAGER 24

DEPUTY COUNTY MANAGER 24
RETIREMENT PLAN 24
POST-EMPLOYMENT BENEFITS-RETIREE HEALTH CARE PLAN 25
COUNTY INSURANCE COVERAGE 27
FISCAL YEAR 2015 AUDIT REPORT 27
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY 27
BASIS OF PRESENTATION - FUND ACCOUNTING 27
GOVERNMENTAL FUND TYPES 27
BASIS OF ACCOUNTING 30
LITIGATION 35
TRANSCRIPT AND CLOSING DOCUMENTS 35
VERIFICATION OF CERTAIN MATHEMATICAL COMPUTATIONS 35
LEGAL MATTERS 35
THE MUNICIPAL ADVISOR 36
UNDERTAKING TO PROVIDE ONGOING DISCLOSURE 36
TAX MATTERS 36
INVESTMENT PROCEDURES 39
INVESTMENTS 39
RATINGS 39
COUNTY APPROVAL OF OFFICIAL STATEMENT 40
APPENDIX A FORM OF LEGAL OPINION A-1
APPENDIX B CONTINUING DISCLOSURE UNDERTAKING B-1
APPENDIX C AREA ECONOMIC INFORMATION C-1
APPENDIX D STATE OF NEW MEXICO COUNTY OF BERNALILLO COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2015 ..... D-1

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement is furnished to prospective purchasers of the Bernalillo County, New Mexico General Obligation Refunding Bonds, Series 2016A (the "Bonds") in the aggregate principal amount of $14,380,000, to be issued 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 Finance, One Civic Plaza, N.W., Suite 10111, Albuquerque, New Mexico 87102, Telephone (505) 468-7000.

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 a Resolution authorizing issuance of the Bonds adopted by the Board of County Commissioners (the "Board") on January 26, 2016 (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 Rulemaking Board's 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").

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 issued to refund and defease the County's outstanding (i) General Obligation Refunding Bonds, Series 2007 maturing on and after August 1, 2018, and (ii) General Obligation Bonds Series 2007A maturing on and after August 1, 2018 outstanding in the aggregate principal amount of $13,875,000 (collectively, the "Refunded Bonds"). The County also intends to issue its General Obligation Bonds, Series 2016 (the "Series 2016 Bonds") in the par amount of $9,860,000, on or about the time of issuance of the Bonds, for capital improvements to roads, storm sewers/wastewater systems, libraries, and parks and recreation.
SECURITY:	The 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 March 22, 2016.
REDEMPTION:	The Bonds maturing on and after August 15, 2025 are subject to redemption at the option of the County on August 15, 2024, or any date thereafter, at a price of 100% of the par amount of the bonds plus accrued interest to the call date.
PAYING AGENT/ REGISTRAR:	The Deputy County Manager for Finance or any successor named by the Board.

PLAN OF FINANCING

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:	$14,380,000.00
Net Original Issue Premium:	550,222.00
TOTAL SOURCES OF FUNDS:	$14,930,222.00
Refunding:	$14,729,761.61
Costs of Issuance*:	150,000.00
Underwriter's Discount:	47,796.24
Debt Service Fund Deposit:	2,664.15
TOTAL USES OF FUNDS:	$14,930,222.00

* Includes legal fees, municipal advisor fees, printing costs, rating fees, and other miscellaneous fees.

SELECTED DEBT RATIOS

2015 Assessed Valuation	$15,119,077,344
2015 Actual Valuation [1]	$55,964,851,428
Total Bonded Debt Outstanding (including the Series 2016 Bonds and Series 2016A Bonds and excluding the Refunded Bonds)	$124,306,000
Less Estimated Debt Service Fund Balance on February 16, 2016 [2]	$6,520,952
NET DEBT	$117,785,048
Estimated Direct & Overlapping G/O Debt	$1,156,367,184
Net Debt as a Percentage of	
Assessed Valuation	0.78%
Estimated Actual Valuation	0.21%
Direct & Overlapping Debt as Percentage of	
Assessed Valuation	7.65%
Estimated Actual Valuation	2.07%
Estimated 2014 Population	675,551
County Net Debt Per Capita	$174.35
Direct and Overlapping Debt Per Capita	$1,711.74

(1) Actual valuation is computed by multiplying assessed valuation by three and adding the exemptions.
(2)The debt service cash balance, after debt service payments of $2,633,574, made on February 1, 2016 and $744,503 on February 15, 2016, is $9,197,394. The amount properly attributable to principal reduction is 70.9%.

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 of the Bonds will be used to refund and defease the Refunded Bonds outstanding in the aggregate principal amount of $13,875,000. The Refunded Bonds are subject to optional prior redemption on or after August 1, 2017. At the time of issuance of the Bonds, the County will deposit proceeds of the Series 2016A Bonds together with other funds of the County to an escrow fund held with BOKF, NA, pursuant to an Escrow Agreement by and between the County and BOKF, NA, resulting in the defeasance of the Refunded Bonds.

DESCRIPTION OF THE BONDS

The Bonds are dated as of the date of issuance and will bear interest from that date, payable on February 15 and August 15 in each year commencing August 15, 2016. The Bonds will bear interest at the rates per annum and mature in the amounts and at the times set forth on the inside 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 last 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 Finance will initially serve as the Registrar and Paying Agent for the Bonds.

BOOK-ENTRY ONLY SYSTEM

Unless otherwise noted, the information contained under the caption "General" below has been provided by DTC. The County makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND LEGISLATION, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Bonds will be issued in book entry form. 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 the Bonds, each in the aggregate principal amount of that maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds

and provides asset servicing for over 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. DTCC 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 ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 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 (the "Beneficial Owner") in turn is 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 interest 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 the 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 affect 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 Direct Participants in accordance with DTC's procedures. Under its usual procedures, DTC will mail 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).

Principal of and sinking fund and interest payments on the Bonds will be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on each payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. 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 principal and interest 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 shall be the responsibility of DTC or the Paying Agent, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

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

The County may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Bond Ordinance.

The County cannot and does not give any assurances that DTC will distribute to Participants, or that Participants or others will distribute to the Beneficial Owners, payments of principal of and interest and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The County is not responsible or liable for the failure of DTC or any Direct Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related

transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

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

The Bonds maturing on and after August 15, 2025 are subject to redemption at the option of the County on August 15, 2024, or any date thereafter, at a price of 100% of the par amount of the bonds plus accrued interest to the call date.

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

BONDING CAPACITY

2015 Assessed Valuation	$15,119,077,344
Legal Bonding Capacity (4% of assessed valuation)	604,763,094
Less total bonds to be outstanding[1]	124,306,000
Capacity in excess of present requirements	$480,457,094

(1) Excludes the Refunded Bonds refunded with proceeds of the Series 2016A Bonds and includes the Series 2016 Bonds and 2016A Bonds.

Source: Bernalillo County Finance Department

GENERAL OBLIGATION BONDS OUTSTANDING – (POST ISSUANCE OF THE BONDS AND THE SERIES 2016 BONDS)

G.O. Bonds Series	Original Issue	Outstanding Principal	Final Maturity
1997	$11,170,000	$1,785,000	December 1, 2017
1999	18,676,000	5,310,000	August 1, 2019
2007	10,400,000	1,180,000	August 1, 2017
2007A	8,400,000	925,000	August 1, 2017
2009	10,000,000	4,375,000	June 1, 2019
2009A	10,750,000	6,300,000	December 1, 2020
2010	15,105,000	8,915,000(1)	February 1, 2022
2011	4,200,000	1,895,000(2)	February 1, 2019
2012	6,535,000	4,910,000	June 15, 2023
2012A	14,400,000	14,400,000	June 15, 2032
2013	17,800,000	14,800,000	August 15, 2028
2014	8,700,000	985,000	August 15, 2029
2014A	2,995,000	2,995,000	August 15, 2021
2015	17,281 ,000	17,281,000	August 15, 2030
2015A	14,010,000	14,010,000	August 15, 2027
2016	9,860,000	9,860,000	August 15, 2030
2016A	14,380,000	14,380,000	August 15, 2027
TOTAL		**$124,306,000**	

(1) The County made a principal payment on February 1, 2016 reducing the outstanding principal amount from $10,235,000 to $8,915,000.

(2) The County made a principal payment on February 1, 2016 reducing the outstanding principal amount from $2,495,000 to $1,895,000.

Source: Bernalillo County Finance Department

TOTAL DEBT SERVICE REQUIREMENTS (POST ISSUANCE OF THE BONDS AND THE SERIES 2016 BONDS)

Calendar Year	Principal	Interest	Total
2016[(1)]	$18,216,000	$3,906,289	$22,122,289
2017	13,310,000	3,387,310	16,697,310
2018	9,385,000	2,909,060	12,294,060
2019	11,385,000	2,563,610	13,948,610
2020	9,960,000	2,188,335	12,148,335
2021	9,140,000	1,893,435	11,033,435
2022	8,120,000	1,598,853	9,718,853
2023	6,660,000	1,317,503	7,977,503
2024	6,335,000	1,144,953	7,479,953
2025	6,515,000	963,928	7,478,928
2026	6,195,000	789,590	6,984,590
2027	6,420,000	603,340	7,023,340
2028	5,225,000	426,671	5,651,671
2029	3,325,000	269,546	3,594,546
2030	3,360,000	168,462	3,528,462
2031	1,320,000	65,158	1,385,158
2032	1,355,000	22,019	1,377,019
Total	**$126,226,000**	**$24,218,060**	**$150,444,060**

(1) The County made a debt service payment on February 1, 2016 in the aggregate amount of $2,633,574, comprised of a principal payment of $1,920,000 and an interest payment of $713,574, and an interest payment of $744,503 on February 15, 2016, which payments are not subtracted from the total Calendar Year 2016 amounts listed in this table.

Source: Bernalillo County Finance Department

DIRECT AND OVERLAPPING DEBT

	G.O. Debt	Tax Year 2015 Assessed Valuation	% Applicable to County	Gross Overlapping
City of Albuquerque	$342,721,000	$12,414,140,796	82.11%	$281,405,186
Albuquerque Public Schools	559,575,000	15,374,633,946	98.34%	550,273,761
Albuquerque Metropolitan Arroyo Flood Control Authority	38,550,000	14,561,281,085	96.31%	37,127,505
Central New Mexico Community College	71,310,000	17,264,617,270	87.57%	62,448,034
Village of Los Ranchos	3,175,000	245,774,593	1.63%	51,613
Village of Tijeras	-0-	12,377,034	0.08%	-0-
Bernalillo County	124,306,000[1]	15,119,077,344	100.00%	124,306,000
State of New Mexico	389,270,000	58,412,964,620	25.88%	100,755,085
Total Direct and Overlapping G.O. Debt				$1,156,367,184

RATIOS

Direct and Overlapping G.O. Debt as Percent of 2015 Assessed Valuation	7.65%
Direct and Overlapping G.O. Debt as Percent of 2015 Actual Valuation	2.07%
Direct and Overlapping G.O. Debt Per Capita	$1,711.74

(1) Excludes the Refunded Bonds and includes the Series 2016 Bonds and Series 2016A Bonds.

Sources: Bernalillo County Assessor; New Mexico Department of Finance and Administration; University of New Mexico Bureau of Business and Economic Research.

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; and motor vehicles (other than mobile homes). 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 State 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 State 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 State 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 New Mexico Court of Appeals a notice of appeal within 45 days of the date the order was made.

Analysis of Assessed Valuation

	2015	2014	2013	2012	2011
ASSESSMENTS					
Value of Land	$5,969,971,718	$5,885,730,766	$5,854,492,640	$5,803,787,816	$5,785,144,034
Improvements	11,715,364,505	11,425,556,170	11,151,138,799	10,970,511,846	11,036,157,316
Personal Property	439,247,116	423,500,136	410,601,849	417,126,111	417,979,575
Mobile Homes	45,252,282	46,846,269	47,934,051	48,123,614	49,710,924
Livestock	1,594,838	920,938	963,446	922,156	1,049,093
Assessor's Total Valuation	**$18,171,430,459**	**$17,782,554,279**	**$17,465,130,785**	**$17,240,471,543**	**$17,290,041,124**
LESS EXEMPTIONS					
Head of Family	$199,545,280	$196,355,547	$196,198,073	$195,959,863	$196,663,250
Veterans	111,699,061	110,700,553	112,999,256	114,374,342	116,254,964
Disabled Veterans Exemption	178,291,096	165,298,900	155,090,265	144,834,096	136,269,529
Other	3,046,337,793	2,959,534,732	2,959,199,809	2,889,504,474	2,884,496,615
Total Exemptions	**$3,535,873,230**	**$3,431,889,732**	**$3,423,487,403**	**$3,345,672,775**	**$3,333,684,358**
Assessors Net Valuation	$14,635,557,329	$14,350,664,547	$14,041,643,382	$13,894,798,768	$13,956,356,766
Central Assessed	483,520,015	484,382,593	462,616,155	498,624,419	496,404,009
Total Assessed Valuation	**$15,119,077,344**	**$14,835,047,140**	**$14,504,259,537**	**$14,394,423,187**	**$14,452,760,775**
Residential	$11,315,870,482	$11,021,769,490	$10,709,157,954	$10,513,182,171	$10,409,867,174
Non-Residential	3,803,206,862	3,813,277,650	3,795,101,583	3,881,241,016	4,042,893,601
Total	**$15,119,077,344**	**$14,835,047,140**	**$14,504,259,537**	**$14,394,423,187**	**$14,452,760,775**

Source: New Mexico Department of Finance & Administration

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.

The County Assessor ordered a County wide canvass to collect and verify the necessary data on the more than 250,000 real properties in the County. The full canvass of residential properties began in February 2013. Prior to the residential property canvass a small area of the County was identified to serve as the pilot project area. The results of the pilot project showed that information of approximately 40% of properties was not current or accurate. Approximately 15% of properties canvassed during the pilot project had a significant physical improvement or new construction that resulted in material added value.

LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL REAL PROPERTY

A 1998 amendment to the State Constitution allows the State Legislature to enact legislation providing for the assessment of residential properties at levels different than the current estimated market value of a home on the basis of age of the owner, income, or home ownership. Section 7-36-21.2 NMSA 1978, as amended, limits increases in the value of residential property for taxation purposes beginning with the Tax Year 2001 ("Statutory Valuation Cap"). The section provides that, with respect to properties within a county assessing properties in the aggregate at or greater than 85% of their market value, a property's new valuation shall not exceed 103% of the previous year's valuation or 106.1% of the valuation two years prior to the Tax Year in which the property is being valued. This does not apply to residential properties in their first year of valuation, physical improvements made to the property or instances where the owner or the zoning of the property has changed in the year prior to the Tax Year for which the value of the property is being determined. The constitutionality of the Statutory Valuation Cap has been challenged in a number of venues and the most recent challenge was certified to the New Mexico Court of Appeals. On March 28, 2012, the New Mexico Court of Appeals upheld the Statutory Valuation Cap and its application under Section 7-36-21.2 NMSA 1978. The New Mexico Supreme Court affirmed this decision on June 30, 2014. To the extent that court of legislative action is taken or a further Constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property.

HISTORY OF ASSESSED VALUATION

Tax Year	Bernalillo County	Albuquerque
2015	$15,119,077,344	$12,414,140,796
2014	14,835,047,140	12,228,594,690
2013	14,504,259,537	11,967,046,394
2012	14,394,423,187	11,876,389,475
2011	14,452,760,775	11,951,429,843
2010	14,405,788,823	11,920,466,310
2009	14,401,614,829	12,299,076,660
2008	13,976,092,003	11,581,011,823
2007	13,191,112,431	10,949,766,038
2006	11,868,673,831	9,858,168,778

Source: Bernalillo County Treasurer's Office

MAJOR TAXPAYERS

Largest Property Taxpayers for Tax Year 2015 (Fiscal Year 2016)[1]

Name of Taxpayer	Taxable Value 2015 Assessed	Percentage of Total County Assessed Valuation
Public Service Co. of New Mexico	$130,327,894	1.07%
Qwest Communications	53,132,831	0.44
Gas Company of New Mexico	29,380,758	0.24
Comcast	29,314,993	0.24
Southwest Airlines	17,785,971	0.13
Verizon	17,421,195	0.13
Mall at Cottonwood LLC	15,960,737	0.12
Coronado Center LLC	13,565,606	0.11
AHS Medical Center	12,049,803	0.10
T-Mobile	11,567,459	0.09
Top Ten Centrally and Locally Assessed Values	$330,507,247	2.57%

(1) Major taxpayers are those taxpayers that have a tax bill on a single piece of property of at least $50,000. In figuring the total tax bills for these taxpayers, only their properties with tax bills of $50,000 or more are included except Public Service Company (PNM), which has multiple tax bills. The list is compiled once a year, usually in November, and does not reflect final net taxable values. As a result of methodology, year to year comparisons may not be meaningful.

Source: Bernalillo County Assessor's Office

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 on the following page are shown for residential property.

Bernalillo County					
Within 20 Mill Limit for General Purposes					
Total Levy	**2015**	**2014**	**2013**	**2012**	**2011**
State of New Mexico	$ -	$ -	$ -	$ -	$ -
Bernalillo County	**7.245**	**7.254**	**7.320**	**7.208**	**6.866**
City of Albuquerque	6.494	6.494	6.544	6.544	6.544
AMAFCA	0.177	0.177	0.179	0.176	0.170
Albuquerque MSD # 12	0.325	0.276	0.278	0.274	0.264
Total	$ 14.241	$ 14.201	$ 14.321	$ 14.202	$ 13.844
Over 20 Mill Limit - Interest, Principal, Judgement, etc.					
Total Levy	**2015**	**2014**	**2013**	**2012**	**2011**
State of New Mexico	$ 1.360	$ 1.360	$ 1.360	$ 1.360	$ 1.362
Bernalillo County - Debt Service	**1.265**	**1.265**	**1.246**	**0.897**	**0.897**
Bernalillo County - Other	**0.012**	**0.012**	**0.013**	**0.013**	**0.113**
City of Albuquerque	4.976	4.976	4.976	4.976	4.976
AMAFCA	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	10.368	10.255	10.187	10.189	10.189
UNM Hospital	6.357	6.342	6.400	6.400	6.400
Central New Mexico CC	3.421	3.377	3.392	3.344	3.237
Total	$ 28.434	$ 28.262	$ 28.249	$ 27.854	$ 27.849
TOTAL LEVY					
Total Levy	**2015**	**2014**	**2013**	**2012**	**2011**
State of New Mexico	$ 1.360	$ 1.360	$ 1.360	$ 1.360	$ 1.362
Bernalillo County	**8.522**	**8.531**	**8.579**	**8.118**	**7.876**
City of Albuquerque	11.470	11.470	11.520	11.520	11.520
AMAFCA	0.852	0.852	0.854	0.851	0.845
Albuquerque MSD #12	10.693	10.531	10.465	10.463	10.453
UNM Hospital	6.357	6.342	6.400	6.400	6.400
Central New Mexico CC	3.421	3.377	3.392	3.344	3.237
Total Residential	**$ 42.675**	**$ 42.463**	**$ 42.570**	**$ 42.056**	**$ 41.693**
Total Non-Residential in	**$ 46.132**	**$ 46.132**	**$ 45.995**	**$ 46.125**	**$ 46.713**

Source: New Mexico Department of Finance & Administration.

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. The level of tax collections is an important component in the analysis of the ability to pay principal and interest on a timely basis. 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. Pursuant to Section 7-38-53, NMSA 1978, 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. Collection statistics for all political subdivisions for which the County Treasurer collects taxes are as follows:

TAX COLLECTION HISTORY - BERNALILLO COUNTY

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year[1]	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	$93,906,198	$90,013,460	95.85%	$3,674,227	$93,687,687	99.77%
2007	101,082,171	97,157,620	96.12%	3,449,579	100,607,199	99.53%
2008	112,113,596	107,467,225	95.86%	4,093,308	111,560,533	99.51%
2009	117,508,912	112,092,669	95.39%	4,912,318	117,004,987	99.57%
2010	124,708,278	117,443,009	94.17%	5,472,596	122,915,605	98.56%
2011	120,075,839	114,472,104	95.33%	4,877,825	119,349,929	99.40%
2012	126,686,407	121,576,353	95.97%	4,544,170	126,120,523	99.55%
2013	130,240,155	125,460,280	96.33%	3,958,586	129,418,866	99.37%
2014	137,364,369	132,586,971	96.52%	2,734,523	135,321,494	98.51%
2015	139,676,461	134,876,335	96.56%	n/a	n/a	n/a

[1]Includes both operating and debt service levies. Reported each January by the County Treasurer based on tax bills, including those under protest.
Source: County Treasurer's Office

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, which comprises 83% of the County's population. With 675,551 residents (2014 estimated), Bernalillo County ranks 92th in population of the nation's 3,143 counties. The County comprises nearly 32% of New Mexico's population total and 75% of the four county Albuquerque Metropolitan Statistical Area, and is home to the University of New Mexico, Kirtland Air Force Base and Sandia National Laboratories.

The County accounts for nearly half of all economic activity in New Mexico. Its success can be attributed to a diverse economic base consisting of government, services, trade, agriculture, tourism, manufacturing, and research and development. In the 2014 Forbes List of "Best Places for Business and Careers," Albuquerque placed 166th out of the 200 ranked metro areas in the country and was ranked 68th in the "Cost of Doing Business" category and 187th in the "Job Growth Expected" category.

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 Commissioners, County Manager and Deputy County Manager for Finance are as follows:

BERNALILLO COUNTY COMMISSIONERS

Debbie O'Malley, Commissioner, District 1. Term expires December 2018; elected in November 2012 to fill the term of former commissioner Michelle Lujan Grisham who was elected to the U.S. House of Representatives in November 2012. An Albuquerque native, Ms. O'Malley brings more than 20 years of strong, effective public service to the County joining the County Commission after serving for nine years on the Albuquerque City Council, serving as President and Vice President and is currently Chair of the Middle Rio Grande Council of Governments.

Art De La Cruz, Chair, Commissioner, District 2. Term expires December 2016; first elected November 2008; a native and life-long resident of Bernalillo County's South Valley, Mr. De La Cruz has worked in County and City government for over 35 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. Following his retirement, he taught business and management courses at Central New Mexico Community College and served as Deputy Director of the City of Albuquerque Solid Waste Department focusing on sustainability efforts. 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, Commissioner District 3. Term expires December, 2016; first elected November 2010 to replace a vacancy in the seat. Ms. Hart Stebbins has a Bachelor of Arts degree from Harvard University where she was an All-American athlete and recipient of the Radcliffe Alumni Association Award for athletic excellence and leadership. She came to the Commission with extensive experience in public service including work for the U.S. Congress, N.M. House of Representatives and the Middle Rio Grande Council of Governments where she focused on air quality, water conservation and regional transportation. She has served on numerous boards and commissions for governmental entities and not for profit organizations.

Lonnie C. Talbert, Commissioner, District 4. Term expires December 2016; first elected November 2012. Mr. Talbert is a magna cum laude graduate of Jacksonville University in Jacksonville, Florida and is a banking executive in the City of Albuquerque. His past community involvement has included service as chairman of the Greater Albuquerque Chamber of Commerce, chairman of the March of Dimes, chairman of the United Way of Central New Mexico and is a member of the New Mexico Amigos.

Wayne A. Johnson, Vice Chair, Commissioner, District 5. Term expires December 2018; 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

Julie Morgas Baca, County Manager.

Ms. Morgas Baca began serving as County Manager in September 2015. Between 2013 and 2015, she was President and CEO of the National Hispanic Cultural Center Foundation, where she was responsible for the fiscal integrity of the organization. From 2004 to 2011, Ms. Morgas Baca served Bernalillo County as Deputy County Manager for Community Services, where she was responsible for the long-range planning and coordination of Parks and Recreation, Housing, Building, Planning and Zoning, Environmental Health, Economic Development, Cultural Services, Social Services and other community services functions. Ms. Morgas Baca holds a bachelor's degree in business administration from the University of Phoenix.

DEPUTY COUNTY MANAGER

Shirley Ragin, Deputy County Manager of Finance.

Ms. Ragin joined the County in 2012 as director of Budget and Business Improvement and held that position until appointment to Deputy County Manager for Finance on June 24, 2014. Prior to joining the County, Ms. Ragin worked in the private sector for Public Service Company of New Mexico 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 is shown below:

State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2014

Membership[1]	92,732
Actuarial Information	
Actuarial Accrued Liability[2]	$17,784,376,686
Actuarial Value of Assets[3]	$13,482,815,522
Unfunded Actuarial Accrued Liability	$4,301,561,164
Funded Ratio	75.8%

[1] Includes both state and municipal divisions.
[2] Includes accrued liability of both the retired and active members.
[3] The valuation of assets is based on an actuarial value of assets whereby gains and losses relative to a 7.75% annual return are smoothed in over a four-year period.

Source: Public Employees Retirement Association

As of June 30, 2014, PERA has an amortization or funding period of 40 years, based on the employer and member contribution rates in effect as of July 1, 2014. Member and employer rates are established pursuant to Section 10-11-1 through 10-11-142 NMSA 1978. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 75.8 percent as of June 30, 2014 and the UAAL of the PERA Fund has decreased approximately $317.7 million to approximately $4.3 billion. The State's portion of the UAAL of the PERA Fund is 53.1 percent, or $2.3 billion. Prior to 2013 pension reform, the funded ratio was 65.3 percent and the UAAL of the PERA Fund was calculated to be approximately $6.2 billion. The primary cause of the increase in the funded ratio and decrease in accrued actuarial liability is the investment gain from 2014 plan years and passagee of SB27 during the 2013 legislative session. On a market value basis, PERA's funded ratio is approximately 81.05% as of June 30, 2014.

Funding Policy. Plan members are required to contribute 10.65-18.15% of their gross salary. The County is required to contribute 9.55-21.65% depending upon the plan of the gross covered salary. The contribution requirements of plan members and the County are established by 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, 2015, 2014, and 2013 were $15,179,509, $14,717,112, and $14,165,828, 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 sixty-nine percent of its employees' member contributions under the general-management, blue collar, white collar, sheriff, fire and detention plans.

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 post-employment 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. 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, 2015, the statute required each participating employer to contribute 2.50% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary.

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, 2015, 2014 and 2013 were $2,380,476, $2,376,195, and $2,381,109, respectively, which equal the required contributions for each year.

Based on the GASB Statement 43 valuation for Fiscal Year 2012, and assuming the RHCA Fund is an equivalent arrangement to an irrevocable trust and, hence using a discount rate of five percent, the unfunded accrued actuarial liability has been calculated to be approximately $3.6 billion. As required by GASB Statement 43, this calculation takes into consideration only current assets of the RHCA Fund. The RHCA continues to look for additional opportunities to further strengthen the financial standing of the RHCA. The RHCA Board of Directors has passed a five-year solvency plan to ensure the long term financial stability of the program through a series of targeted benefit reductions and increases to contribution levels from participating employees and their employers. In addition to increased retiree cost sharing through plan design changes, the solvency plan calls for proportionally higher premiums for retirees who retired younger (decreased premium subsidies to pre-Medicare retirees), didn't work or pay into the system as long (increasing years of service required to receive maximum subsidy) and decreased subsidies for family members. Taken as a whole, the plan is projected to extend the life of the RHCA's trust fund into 2043.

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, 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.

FISCAL YEAR 2015 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, 2015. The report of such accounting firm is attached as **"APPENDIX D – STATE OF NEW MEXICO COUNTY OF BERNALILLO COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR ENDED JUNE 30, 2015."**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

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

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 *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.

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.

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.

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

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.

STATEMENT OF NET POSITION
TOTAL PRIMARY GOVERNMENT
Fiscal year ending June 30

ASSETS:	**2015**	**2014**	**2013**	**2012**	**2011**
Cash and investments	$224,056,951	$233,969,604	$263,885,673	$304,489,680	$309,894,317
Accounts receivable, net	45,899,773	41,790,552	43,758,219	40,633,452	42,403,366
Accrued interest receivable	283,858	263,744	1,227,779	1,588,648	2,811,270
Note receivable	2,213,861	2,355,163	172,630	185,959	201,381
Due from grantor	5,460,608	3,496,116	2,894,254	4,410,191	5,267,213
Inventory	631,935	754,982	1,429,997	846,888	733,269
Internal balances	1,041,193	1,096,444	0	0	0
Held for sale	0	0	756,203	135,400	373,000
Prepaid assets	2,445,992	2,253,504	2,214,020	2,052,385	1,931,757
Deferred charges	0	0	1,096,893	1,089,673	1,000,210
Cash-restricted	17,740,698	17,740,698	12,806,949	12,806,949	11,747,530
Investment in joint venture	633,000	633,000	633,000	633,000	633,000
Land	140,024,899	138,254,309	136,156,585	136,461,953	135,436,573
Art	2,783,902	2,739,938	2,552,405	2,534,675	2,434,675
Construction in progress	22,441,044	29,372,129	45,536,457	61,424,198	61,395,074
Building	185,103,625	187,113,818	192,876,094	183,031,712	178,695,276
Land improvements	22,114,515	17,724,577	14,427,206	8,014,911	4,779,432
Machinery and equipment	24,506,216	26,122,623	21,785,984	19,884,515	23,380,956
Infrastructure	165,598,584	170,724,328	169,540,945	162,945,084	168,053,907
Leasehold improvements	1,501,438	1,629,974	1,758,510	1,887,046	2,015,582
Total assets	$864,482,092	$878,035,503	$915,419,803	$945,056,319	$953,187,788
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred change on refunding	$1,049,225	$734,732	0	0	0
Deferred outflow of pensions	26,738,277	0	0	0	0
Total deferred outflow of resources	$27,787,502	0	0	0	0
LIABILITIES:					
Accounts payable	$21,070,349	$23,066,972	$ 19,891,632	$ 23,988,422	$ 24,983,251
Interest payable	2,794,172	2,873,516	2,985,774	3,005,823	3,291,899
Tax anticipation note payable	0	0	0	0	20,000,000
Accrued payroll	8,966,270	8,253,446	6,719,993	6,805,962	5,740,213
Unearned revenue	7,321,638	8,749,859	7,342,875	8,406,419	12,295,315
Due to grantor	0	0	0	135,400	377,338
Deposits held in trust for others	0	0	0	12,384	13,183
Net pension liability	161,897,801	0	0	0	0
Non-current liabilities due within one year	24,266,971	22,829,088	19,790,902	17,047,899	20,873,824
Non-current liabilities due in more than one year	259,183,133	263,100,206	271,966,969	269,067,845	263,635,639
Total liabilities	$485,500,334	$328,873,087	$328,698,145	$328,470,154	$351,210,662
NET ASSETS:					
Invested in capital assets, net of related debt	$327,947,796	$372,486,664	$369,109,799	$360,462,408	$347,909,160
Restricted for:					
Public safety	3,792,228	3,006,178	1,944,890	1,312,612	6,758,177
Culture and recreation	0	0	0	0	5,647
Health and welfare	11,094,401	9,587,276	12,778,986	22,668,006	23,296,906
Debt service	32,645,816	9,895,993	7,006,304	6,299,769	5,395,015
Capital projects	35,570,453	18,998,797	26,034,420	26,812,547	22,870,215
General government	19,711,522	17,868,036	15,909,240	13,506,023	11,876,018
Reserve requirements	66,939,899	69,344,139	69,463,043	69,769,876	67,669,164
Unrestricted	(145,200,231)	48,710,065	84,474,976	115,754,924	116,196,824
Total net assets	$352,501,884	$549,897,148	$586,721,658	$616,586,165	$601,977,126

Source: Bernalillo County. The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
TOTAL PRIMARY GOVERNMENT
Fiscal year ending June 30

Governmental activities:	**2015**	**2014**	**2013**	**2012**	**2011**
General government	$(49,187,166)	$(54,492,472)	$ (54,637,509)	$ (46,858,647)	$ (56,345,038)
Public works	(42,686,357)	(47,956,744)	(37,197,272)	(31,521,347)	(31,705,573)
Public safety	(140,740,902)	(155,388,451)	(139,470,908)	(132,473,711)	(121,104,101)
Culture and recreation	(11,983,333)	(14,339,833)	(19,041,226)	(10,952,135)	(8,836,222)
Health and welfare	(29,338,157)	(32,003,841)	(32,687,559)	(31,873,607)	(28,633,759)
Interest on long-term debt	(10,551,340)	(10,613,790)	(10,876,254)	(10,989,496)	(12,420,667)
Total government activities	$(284,487,255)	$(314,795,131)	$(293,910,728)	$(264,668,943)	$(259,045,360)
Business-type activities:					
Solid waste	$665,360	$584,670	$ 291,399	$85,797	$ 201,896
Housing Authority	(37,107)	(413,817)	(24,790)	(50,377)	50,895
Seybold Village Handicapped Project	(68,548)	(195,053)	(288,975)	(50,084)	(299,851)
Regional Juvenile Detention Center	(20,515)	149,647	36,499	157,331	(17,336)
El Centro Familiar	58,851	(170,046)	32,845	(23,576)	(95,979)
total business-type activities	598,041	(44,599)	40,978	119,091	(160,375)
Total primary government	$598,041	$(44,599)	$ 46,978	$(264,549,852)	$(259,205,735)
General revenues:					
Property taxes	$142,069,070	$139,744,912	$ 132,624,981	$ 129,585,691	$ 122,275,071
Gross receipts taxes	128,400,872	123,184,816	120,149,781	117,086,938	113,354,187
Motor vehicle taxes	3,756,040	3,775,013	3,702,824	3,778,892	3,694,000
Gas taxes	1,590,447	1,678,264	1,809,719	1,639,775	1,719,921
Investment income	1,477,361	4,737,566	5,623,656	19,410,413	2,250,563
Net decrease in fair value of investments	0	(4,259,348)	(12,814,794)	0	0
Miscellaneous	4,629,943	10,219,010	19,592,905	7,490,016	11,089,840
Transfers	(119,137)	(12,719)	(841,899)	0	0
Capital contributions	0	0	0	167,166	5,849
Total general revenue and transfers	281,804,596	279,067,514	269,847,173	279,158,891	254,389,431
Change in net assets	(2,682,659)	(35,727,617)	(24,063,555)	14,609,039	(4,816,304)
Net assets – beginning	549,897,148	586,721,658	610,785,213	601,977,126	606,793,430
Prior period adjustment	(194,712,605)	(1,096,893)	-	-	-
Net assets – beginning as restated	355,184,543	585,624,765	-	-	-
Net assets – ending	$352,501,884	$549,897,148	$ 586,721,658	$616,586,165	$601,977,126

Source: Bernalillo County. The notes to the financial statements are an integral part of this statement.

BALANCE SHEET
GOVERNMENTAL FUNDS – GENERAL FUND
Fiscal year ending June 30

ASSETS:	**2015**	**2014**	**2013**	**2012**	**2011**
Cash and investments	$128,498,366	$140,396,899	$172,786,465	$204,785,213	$184,354,233
Accounts receivable, net	34,865,503	32,494,060	34,264,326	29,415,373	30,574,766
Accrued interest receivable	90,190	81,224	955,674	1,296,908	2,524,617
Note receivable	2,213,861	2,355,163	172,630	185,959	201,381
Due from other funds	-	-	-	-	10,629
Inventory	623,197	747,617	746,250	828,050	710,067
Prepaid assets	-	-	-	-	-
Advances to other funds	-	1,497,000	1,497,000	1,497,000	1,497,000
Cash-restricted	-	-	-	1,059,419	-
Total assets	$166,291,117	$177,571,963	$210,422,345	$239,067,922	$219,872,693
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$10,725,064	$13,197,072	$ 11,935,783	$13,929,635	$14,947,028
Accrued payroll	8,438,733	7,872,267	6,410,033	6,401,802	5,395,809
Deferred revenue	68,784	61,023	10,358,054	11,084,882	12,055,525
Due to other funds	1,006,659	983,049	735,851	592,379	544,763
Total liabilities	$20,239,240	$22,113,411	$ 29,439,721	$32,008,698	$32,943,125
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	$17,394,511	$16,256,107	-	-	-
Total deferred inflows of resources	17,394,511	$16,256,107	-	-	-
Nonspendable	2,837,058	4,599,780	2,415,880	3,570,428	2,408,448
Restricted	67,112,761	69,603,058	69,493,554	71,053,870	68,801,270
Committed	16,269,423	36,349,629	43,293,845	56,961,090	1,189,430
Assigned	28,950,001	15,400,000	29,970,246	38,909,238	80,444,554
Unassigned	13,488,123	13,249,978	35,809,099	36,564,598	34,085,866
Total fund balances	$128,657,366	$139,202,445	$180,982,624	$207,059,224	$186,929,568
Total liabilities and fund balances	$166,291,117	$177,571,963	$210,422,345	$239,067,922	$219,872,693

Source: Bernalillo County. The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS – GENERAL FUND
Fiscal year ending June 30

	2015	2014	2013	2012	2011
Revenues					
Taxes:					
Property	$128,815,334	$122,139,784	$120,416,953	$116,233,631	$113,048,059
Sales	100,710,280	92,203,040	96,316,614	92,969,210	89,669,675
Motor vehicle	3,756,040	3,775,013	3,702,824	3,778,892	3,694,000
Gas & Cigarette	1,590,447	1,678,264	1,809,719	1,639,775	1,719,921
Intergovernmental	1,320,487	1,642,104	1,715,175	512,554	-
Licenses and permits	2,898,925	2,630,342	2,648,321	2,654,537	2,899,215
Fees for services	5,575,353	5,611,526	6,459,802	6,161,588	5,517,427
Investment income	618,427	3,556,181	4,406,434	18,195,206	926,989
Net decrease in fair value of investments	-	(4,259,348)	(12,814,794)	-	-
Miscellaneous	3,997,299	5,575,436	7,828,471	5,337,824	6,410,656
Total revenues	$244,282,592	$234,552,342	$232,489,519	$247,483,217	$223,885,942
Expenditures					
Current:					
General government	$52,428,519	$55,234,399	$54,659,667	$47,300,336	$ 57,328,331
Public works	29,368,497	30,630,883	28,620,426	26,848,810	26,297,229
Public safety	136,989,439	145,834,941	130,101,375	122,756,787	111,288,851
Health and welfare	6,419,351	5,020,854	2,859,663	8,588,261	9,025,245
Culture and recreation	10,466,980	12,527,553	10,777,214	9,360,398	9,372,783
Capital outlay	6,858,936	8,621,808	15,010,837	6,935,045	5,884,536
Intergovernmental – capital outlay	6,253	829,455	6,826,346	589,508	190,613
Total expenditures	$242,537,975	$258,699,893	$248,855,528	$222,379,145	$219,387,588
Excess (deficiency) of revenues over expenditures	$1,744,617	$(24,147,551)	$(16,366,009)	$ 25,104,072	$ 4,498,354
Other financing sources (uses)					
Transfers in	$547,708	$799	$307,190	-	$ 15,085
Transfers out	(13,107,957)	(17,960,387)	(10,403,267)	$(10,621,105)	(12,969,742)
Sale of capital assets	270,553	326,960	385,486	274,534	157,720
Total other financing sources (uses)	$(12,289,696)	$(17,632,628)	$(9,710,591)	$(10,346,571)	$(12,796,937)
Net changes in fund balances	$(10,545,079)	$(41,780,179)	$(26,076,600)	$ 14,757,501	$ (8,298,583)
Fund balance – beginning	$139,202,445	$180,982,624	$207,059,224	$186,929,568	$194,118,410
Restatement – changes in fund balance	-	-	-	$5,372,155	$1,109,741
Fund balance – beginning as restated	-	-	-	$192,301,723	$195,228,151
Fund balance – ending	$128,657,366	$139,202,445	$180,982,624	$207,059,224	$186,929,568

Source: Bernalillo County. The notes to the financial statements are an integral part of this statement.

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.

VERIFICATION OF CERTAIN MATHEMATICAL COMPUTATIONS

The mathematical accuracy of (i) the computations of the adequacy of the principal amounts and the interest thereon of the Federal Securities and other funds to be deposited in the Escrow Fund, to provide for the payment, of the principal of, premium and interest on the Refunded Bonds when due or upon early redemption thereof, and (ii) the computations made supporting the conclusion that the yield on the Federal Securities held pursuant to the Escrow Agreement is less than the yield on the Bonds for federal income tax purposes, will be verified by certified public accountants. Such verification will be based, in part, upon information supplied to the certified public accountant and consultant by the Municipal Advisor.

LEGAL MATTERS

The County has engaged Sherman & Howard, L.L.C., Denver, Colorado, 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 MATTERS" 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 Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as disclosure counsel.

THE MUNICIPAL ADVISOR

RBC Capital Markets, LLC is employed as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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.)

In the past five years, the County has filed its continuing disclosure requirements in a timely manner. The County has procedures in place to ensure future compliance with its continuing disclosure obligations. 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. The County believes it is in material compliance with its outstanding continuing disclosure obligations.

TAX MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below, and interest on the Bonds is exempt from State of New Mexico income taxes under New Mexico income tax laws in effect on the date of delivery of the Bonds. *For purposes of this paragraph and the succeeding discussion, "interest" includes the original*

issue discount on certain of the Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code and New Mexico law impose several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income, alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) and State of New Mexico income taxes. Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The County will covenant and represent in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code and New Mexico law (in effect on the date of delivery of the Bonds) to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws and State of New Mexico income taxes under such New Mexico income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Bonds from gross income, alternative minimum taxable income (to the extent described above) and State of New Mexico income taxes is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or State of New Mexico income taxes, or a combination thereof, from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the County and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Bonds.

With respect to the 2016 Certificates that were sold in the initial offering at a discount (the "Discount Certificates"), the difference between the stated redemption price of the Discount Certificates at maturity and the initial offering price of those 2016 Certificates to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Certificates is treated as accruing over the respective terms of such Discount Certificates on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as

described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Certificates. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Certificates (including sale or payment at maturity). Owners should consult their own tax advisors with respect to tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Certificates after the initial offering or who purchase Discount Certificates in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Certificates. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Certificates. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and New Mexico tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds may be sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest *(and, to the extent described above for the Discount Bonds, original issue discount)* on the Bonds from gross income, alternative minimum taxable income and State of New Mexico income taxes as described above and will state that no opinion is expressed regarding other federal or New Mexico tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest *(and, to the extent described above for the*

Discount Bonds, original issue discount) on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures, the Service will treat the County as the taxpayer and the Owners may have no right to participate in such procedures. The County has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the County, Municipal Advisor or Bond Counsel is responsible for paying or reimbursing any holder with respect to any audit or litigation costs relating to the Bonds.

UNDERWRITING

The County sold the Bonds at public sale to Piper Jaffray & Co. at a price of $14,882,425.76 (equal to the par amount of the Bonds, plus original issue premium of $550,222.00, and less underwriter's discount of $47,796.24).

INVESTMENT PROCEDURES

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

Fitch Rating 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.

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

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APPENDIX A

FORM OF LEGAL OPINION

March __, 2016

Bernalillo County
Albuquerque, New Mexico

$14,380,000
Bernalillo County, New Mexico
General Obligation Refunding Bonds, Series 2016A

Ladies and Gentlemen:

We have acted as bond counsel to Bernalillo County, New Mexico (the "County"), in connection with the issuance of its General Obligation Refunding Bonds, Series 2016A, in the aggregate principal amount of $14,380,000 (the "Bonds"), pursuant to an authorizing resolution of the Board of County Commissioners of the County adopted on January 26, 2016 (the "Bond Resolution"). In such capacity, we have examined the County's certified proceedings and such other documents and such law of the State of New Mexico and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the County's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding general obligations of the County.

2. All of the taxable property of the County is subject to the levy of an ad valorem tax to pay the Bonds without limitation of rate and in an amount sufficient to pay the Bonds when due.

3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations and interest on the Bonds is exempt from State of New Mexico income taxes under New Mexico income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the County's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the County pursuant to the Bonds and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State of New Mexico and its governmental bodies of the police power inherent in the sovereignty of the State of New Mexico, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds, and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement dated February 16, 2016, relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

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

Respectfully submitted,

APPENDIX B

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

$14,380,000
BERNALILLO COUNTY, NEW MEXICO
General Obligation Refunding Bonds
Series 2016A

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 January 26, 2016 (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. 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 2017 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 an Event occurs while any Bonds are Outstanding, the Issuer shall provide an Event Notice in a timely manner not in excess of ten (10) business days after the occurrence of the event to EMMA. Each 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. ***"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, if material;

(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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issued (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, or tender offers;

(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 County 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. ***"Event Notice"*** means written or electronic notice of an 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 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 March __, 2016.

BERNALILLO COUNTY, NEW MEXICO

__/s/_____
Chair, Board of County Commissioners

APPENDIX C

AREA ECONOMIC INFORMATION

The statistics and other information set forth below have been obtained from the referenced sources. The County has assumed that the information obtained from sources other than the County is accurate without independently verifying it. Historical figures provided under this caption have not been adjusted to reflect economic trends such as inflation. The following information, to the extent obtained from sources other than the County, is not to be relied upon as a representation or guarantee of the County.

Population

The Albuquerque Metropolitan Statistical Area ("MSA") includes Bernalillo, Sandoval, Torrance and Valencia Counties. The Census added Torrance County to the MSA in the 2000 Census.

POPULATION

Year	Bernalillo County	Albuquerque MSA	State
1960	262,199	292,500(1)	951,023
1970	315,774	353,800(1)	1,017,055
1980	420,262	485,500(1)	1,303,303
1990	480,577	589,131	1,515,069
2000(2)	556,678	729,649	1,821,078
2005(3)	606,502	797,146	1,912,884
2010(4)	664,636	887,077	2,065,826
2011(3)	669,604	897,091	2,078,407
2012(3)	672,995	901,016	2,084,594
2013(3)	674,883	903,345	2,086,895
2014(3)	675,551	904,587	2,085,572

(1) Because Valencia County was split into two counties in 1981, official data is not available prior to that year for the Albuquerque MSA. Figures shown represent estimates by the University of New Mexico Bureau of Business and Economic Research.
(2) April of 2000 is the month and year of the Census. It is reported as the benchmark; all other years are as of July of the year. The Census in 2000 expanded the Albuquerque MSA to include Torrance County, population of 16,911.
(3) U.S. Dept. of Commerce, Bureau of the Census, Population Division.
(4) 2010 decennial census U.S. Dept. of Commerce, Bureau of the Census.

Sources: U.S. Dept. of Commerce, Bureau of the Census, except as indicated in footnotes.

Age Distribution

The following table sets forth a comparative age distribution profile for the County, the State and the United States.

Population by Age Group

Age	County	State	U.S.
0-17	23.5%	24.5%	23.2%
18-24	9.5%	9.7%	9.9%
25-34	14.8%	13.3%	13.3%
35-44	12.6%	11.8%	12.7%
45-54	12.9%	12.6%	13.6%
55 and Older	26.7%	28.1%	27.3%

Source: The Nielsen Company, 2015

Per Capita Personal Income

The following table sets forth annual per capita personal income levels for the Albuquerque MSA, the State and the United States. The Bureau of Economic Analysis defines "earnings" to include wages and salaries, proprietor's income and other labor income (such as bonuses).

PER CAPITA PERSONAL INCOME

Calendar Year	Albuquerque MSA	New Mexico	United States
2005	$31,390	$29,005	$35,904
2006	32,967	30,497	38,144
2007	33,888	31,832	39,821
2008	35,011	33,374	41,082
2009	34,077	32,293	39,376
2010	34,183	33,019	40,277
2011	35,426	34,556	42,453
2012	36,093	35,585	44,266
2013	35,881	35,254	44,438
2014	37,345	37,091	46,049

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

Employment

General

The following table, derived from information supplied by the New Mexico Department of Workforce Solutions, presents information on employment within the County, the State and the United States, for the periods indicated. The annual employment figures indicate average rates for the entire year and does not reflect monthly or seasonal trends.

CIVILIAN EMPLOYMENT/UNEMPLOYMENT RATES

			Unemployment Rates		
Fiscal Year	**Civilian Labor Force**	**Number Employed**	**Albuquerque MSA**	**New Mexico**	**United States**
2006	398,512	381,462	4.3%	4.28%	4.8%
2007	403,694	388,349	3.8	3.80	4.5
2008	405,568	389,723	3.9	3.91	4.9
2009	407,287	381,530	6.3	6.32	7.6
2010	413,500	380,448	8.0	7.99	9.8
2011	422,314	389,558	7.8	7.76	9.3
2012	418,739	387,222	7.5	7.53	8.5
2013	416,842	387,925	6.9	6.94	7.8
2014	413,153	385,339	6.7	6.73	6.8
2015	415,250	390,306	6.0	6.01	5.7

Sources: New Mexico Department of Workforce Solutions and United States Department of Labor.

The following table lists the major employers in the Albuquerque area and their estimated number of full-time and part-time employees for 2015. Albuquerque Public Schools, University of New Mexico, Kirtland Air Force Base, Sandia National Laboratories, the City and Presbyterian Healthcare Services were the largest employers in the Albuquerque area.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA
By Number of Employees – 2015

Organization	Employees	Description
University of New Mexico	16,046	Educational Institution
Albuquerque Public Schools	15,463	Public School District
Presbyterian	9,372	Hospital/Medical Services
Sandia National Labs	8,746	Science-Based Technologies that Support National Security
Kirtland Air Force Base (Civilian)	7,686	Air Force Material Command
UNM Hospital	6,825	Hospital/Medical Services
City of Albuquerque	5,742	Government
State of New Mexico	4,875	Government
Kirtland Air Force Base (Military)	4,184	Air Force Material Command
Central New Mexico Community College	3,324	Educational Institution
Veterans Hospital	2,760	Hospital/Medical Services
Bernalillo County	2,490	Government
Intel Corporation	2,300	Semiconductor Manufacturers

The following table reflects the Percent of Households by Effective Buying Income Groups ("EBI"). EBI is defined as money income less personal tax and non-tax payments described below. Money income is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deducted from this total money income are personal income taxes, personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate. Receipts from the following sources are not included as money income: money received from the sale of property; the value of "in kind" income such as food stamps, public housing subsidies, and employer contributions for persons; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts.

PERCENT OF HOUSEHOLDS BY EFFECTIVE BUYING INCOME GROUPS

Effective Buying Income Group	Bernalillo County	New Mexico	United States
Under $25,000	26.7%	28.4%	23.5%
$25,000 - $34,999	11.8%	11.6%	10.2%
$35,000 - $49,999	13.7%	14.1%	13.6%
$50,000 - $74,999	17.5%	17.1%	17.8%
Over $75,000	30.3%	28.8%	34.9%
2013 Est. Median Household Income	$48,503	$43,273	$49,297
2014 Est. Median Household Income	$44,997	$44,292	$51,579
2015 Est. Median Household Income	$47,552	$45,633	$53,706

Source: © 2015 The Nielsen Company, *Sitereports*.

ESTIMATED NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT FOR THE ALBUQUERQUE MSA
FISCAL YEARS 2006-2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2014 to 2015	Annual Average Growth 2006-2015	Sector Share 2015	
													ABQ	U.S.
Total Nonagricultural	387,075	396,508	397,933	388,950	375,650	373,233	370,167	373,183	375,417	380,250	1.3%	-0.2%	100.0%	100.0%
Natural Resources/Mining/Constr.	30,667	31,375	29,808	26,050	22,592	21,075	19,467	19,525	20,000	20,642	3.2	-4.3	5.4	5.1
Manufacturing	23,433	24,133	22,883	20,250	17,517	17,650	17,775	17,617	16,917	16,467	-2.7	-3.8	4.3	8.7
Trade Transportation and Utilities	67,617	68,675	69,550	66,017	62,792	62,292	61,883	62,250	63,058	63,258	0.3	-0.7	16.6	19.0
• Wholesale Trade	13,433	13,692	13,692	12,700	12,217	11,817	11,717	11,783	11,767	11,883	1.0	-1.4	3.1	4.2
• Retail Trade	43,683	44,167	44,825	43,025	41,125	40,942	40,650	40,775	41,558	41,592	0.1	-0.5	10.9	11.0
• Transportation, Warehousing and Utilities	10,500	10,817	11,033	10,292	9,450	9,533	9,517	9,692	9,733	9,783	0.5	-0.8	2.6	3.7
Information	9,133	9,617	9,333	9,308	9,158	8,808	8,208	8,417	7,833	7,850	0.2	-1.7	2.1	2.0
Financial Activities	19,558	19,367	19,092	18,500	18,292	17,642	17,658	17,775	17,942	17,900	-0.2	-1.0	4.7	5.7
Professional and Business Services	62,775	64,367	65,275	63,658	59,008	58,308	56,800	56,875	57,225	58,483	2.2	-0.8	15.4	13.8
Educational and Health Services	47,208	48,642	49,942	52,725	54,175	55,192	56,033	57,308	58,408	60,483	3.6	2.8	15.9	15.5
Leisure and Hospitality	37,408	39,158	39,408	37,950	37,200	37,225	38,000	39,258	40,233	41,442	3.0	1.1	10.9	10.6
Other Services	11,992	12,183	12,308	12,292	11,817	11,842	11,817	11,775	11,692	11,867	1.5	-0.1	3.1	4.0
Government	77,283	78,992	80,333	82,200	83,100	83,200	82,525	82,383	82,108	81,858	-0.3	0.6	21.5	15.6
LOCAL GOVERNMENT	38,075	39,067	40,225	41,625	41,617	41,342	40,708	40,683	40,467	39,925	-1.3	0.5	10.5	10.0
STATE GOVERNMENT	24,800	25,375	25,625	25,658	25,850	26,083	26,342	26,800	27,308	27,708	1.5	1.2	7.3	3.6
FEDERAL GOVERNMENT	14,408	14,550	14,483	14,917	15,633	15,775	15,475	14,900	14,333	14,225	-0.8	-0.1	3.7	1.9

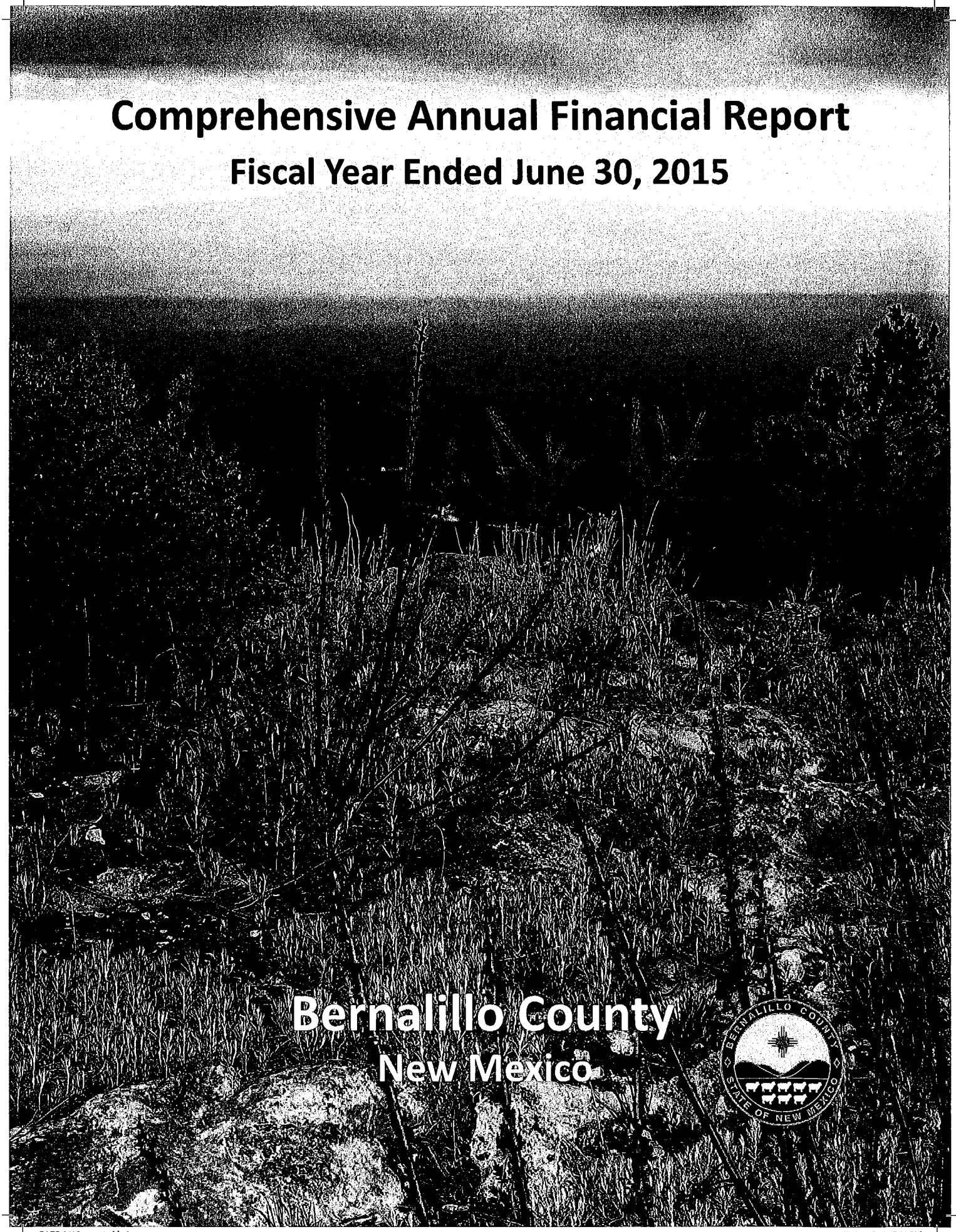
Source: Data provided by the New Mexico Department of Labor.

APPENDIX D

STATE OF NEW MEXICO
COUNTY OF BERNALILLO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015



Bernalillo County

New Mexico

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT
Fiscal Year Ended June 30, 2015

COUNTY OF BERNALILLO GOVERNMENT
Board of County Commissioners
Julie M. Baca, County Manager
Shirley Ragin, Deputy County Manager for Finance

Prepared by:
The Accounting Department

COUNTY OF BERNALILLO, NEW MEXICO

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION (UNAUDITED)	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vii
Organizational Chart	viii
Principal Officials	ix
Contributors	x
FINANCIAL SECTION	
Report of Independent Auditors	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds	31
Reconciliation of the Balance Sheet Governmental Funds of the Statement of Net Position	32
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Revenues and Expenditures – Budget and Actual (Cash Budgetary Basis) General Fund	35
Proprietary Funds:	
Statement of Net Position – Proprietary Funds	37
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	38
Statement of Cash Flows – Proprietary Funds	39
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	40
Notes to the Financial Statements:	
Table of Contents - Notes to the Financial Statements	41
Notes to the Financial Statements	42
Required Supplementary Information:	
Schedule of the County's Proportionate Share of the Net Pension Liability	85
Schedule of the County's Contributions	86

COUNTY OF BERNALILLO, NEW MEXICO

FINANCIAL SECTION (CONTINUED)
SUPPLEMENTARY INFORMATION

	Page
Combining and Individual Fund Statements and Schedules:	
Governmental Funds:	
Description of Nonmajor Governmental Funds	87
Combining Balance Sheet – Nonmajor Governmental Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	94
Schedules of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual:	
Special Revenue Funds:	
Environmental Health	98
1/16 Health Care GRT	99
Valuation	100
Behavioral Health	101
Fire Districts	102
Emergency Medical Services	103
Law Enforcement Protection	104
Farm and Range	105
County Indigent	106
County Clerk Recording and Filing Fees	107
Department of Substance Abuse	108
Debt Service:	
General Obligation Bonds Debt Service	109
Series 1996B	110
Series 1997	111
Refunding Series 1998	112
Refunding Series 2005	113
Refunding Series 2010A	114
Refunding Series 2010B	115
Nonmajor Proprietary Funds:	
Description of Enterprise Funds	116
Combining Statement of Net Position	117
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	118
Combining Statement of Cash Flows	119
Schedule of Revenue, Expenses and Changes in Fund Net Position – Budget and Actual:	
Solid Waste	120
Regional Juvenile Detention Center	121
Description of Internal Service Funds	122
Combining Statement of Net Position	123
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	124
Combining Statement of Cash Flows	125
Schedule of Revenue, Expenses and Changes in Fund Net Position – Budget and Actual:	
Risk Management	126
Health Self Insurance	127

COUNTY OF BERNALILLO, NEW MEXICO

FINANCIAL SECTION (CONTINUED)
SUPPLEMENTARY INFORMATION

	Page
Fiduciary Funds:	
Description of Fiduciary Funds	128
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	130
Agency Funds - Schedule of Changes in Assets and Liabilities	132
Other Supplementary Information:	
Financial Data Schedule – Housing	135
Financial Data Schedule – DSAP Renee's Project	137
Schedule of Bank Accounts	138
Schedule of Pledged Collateral	139
Tax Roll Reconciliation	141
Property Tax Schedule	142
Joint Powers Agreements	146
Other Information (Unaudited):	
Schedule of Vendor Information for Purchases Exceeding $60,000	151

STATISTICAL SECTION
(UNAUDITED)

Statistical Section:	165
Financial Trends:	
Net Position by Component	166
Changes in Net Position	168
Governmental Activities Tax Revenue by Source	172
Governmental Activities Gross Receipts Tax Revenue By Source	173
Fund Balances of Governmental Funds	174
Changes in Fund Balances of Governmental Funds	176
Revenue Capacity:	
Assessed Value and Estimated Actual of Property	178
Property Tax Rates Direct and Overlapping	179
Principal Property Tax Payers	180
Property Tax Levies and Collections	181
Debt Capacity:	
Ratios of Outstanding Debt by Type	182
Ratios of General Bonded Debt Outstanding	183
Direct and Overlapping Governmental Activities Debt	184
Pledged-Revenue Coverage	185
Legal Debt Margin Information	186

COUNTY OF BERNALILLO, NEW MEXICO

STATISTICAL SECTION
(UNAUDITED) (CONTINUED)

	Page
Demographic and Economic Information:	
Demographic and Economic Statistics	188
Principal Employers	189
Operating Information:	
Full-Time Equivalent County Employees by Function	190
Operating Indicators by Function	192
Capital Asset Statistics by Function	193

SINGLE AUDIT INFORMATION

Schedule of Expenditures of Federal Awards	194
Notes to the Schedule of Expenditures of Federal Awards	197
Report of 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*	198
Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	200
Summary Schedule of Prior Year Findings	202
Schedule of Findings and Questioned Costs	203
Exit Conference	217

County of Bernalillo
State of New Mexico

Accounting Department
415 Tijeras Ave. NW (Basement)
Albuquerque, New Mexico 87102
Office: (505) 468-1694 Fax: (505) 468-1411
www.bernco.gov/accounting/

COMMISSIONERS

Maggie Hart Stebbins, Chair
District 3

Art De La Cruz, Vice Chair
District 2

Debbie O'Malley, Member
District 1

Lonnie C. Talbert, Member
District 4

Wayne A. Johnson, Member
District 5

COUNTY MANAGER

Julie Morgas Baca

ELECTED OFFICIALS

Tanya R. Giddings
Assessor

Maggie Toulouse Oliver
Clerk

Willow Misty Parks
Probate Judge

Manuel Gonzales III
Sheriff

Manny Ortiz
Treasurer

October 30, 2015

Board of County Commissioners
Maggie Hart Stebbins, Chair
Art De La Cruz, Vice Chair
Debbie O'Malley, Member
Lonnie C. Talbert, Member
Wayne A. Johnson, Member
One Civic Plaza, 10th Floor
Albuquerque, New Mexico 87102

Dear Commissioners:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Bernalillo (the County), New Mexico, for fiscal year ending June 30, 2015. The purpose of the CAFR is to provide accurate and meaningful information concerning the County's financial condition and performance. In addition, independent auditors have opined that the County has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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. This year's audit was performed as a joint venture between Moss Adams LLP and the New Mexico Office of the State Auditor. 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 Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Moss Adams LLP, Certified Public Accountants, has issued the highest possible opinion, an unmodified opinion, on the County's CAFR for the fiscal year ending June 30, 2015. The independent auditor's report is located at the front of the financial section of this report. The independent audit provides reasonable assurance that the financial statements are free of material misstatement. The independent audit involved: 1) examining evidence of a test basis that supports the amounts and disclosures in the financial statements, 2) assessing the accounting principles used and significant estimates made by management, and 3) evaluating the overall financial statement presentation.

The independent accountants have concluded that the County's financial statements are in conformity with generally accepted accounting principles, are fairly presented, and there is a reasonable basis for providing an unmodified opinion.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report and 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 Bernalillo County

The 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. The County has an estimated population of 675,551 on July 1, 2014, the County. It comprises 32% of New Mexico's population and 75% of the Albuquerque Metropolitan Statistical Area (MSA) comprised of the County and portions of Sandoval, Torrance and Valencia counties.[1]

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 one thousand nine hundred and fifty inmates, with an average utilized bed count of 1,500. 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 County Commissioners (Board), 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 Department Directors and the Accounting and Budget Director as long as total fund appropriations remain the same. Adjustments to appropriations must be approved by the Board and New Mexico State Department of Finance and Administration (DFA), with the exception of adjustments less than $300,000, which can be approved by the County Manager in accordance with Administrative

[1] "Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2014",United States Census Bureau | American Fact Finder, accessed October 5, 2015,
http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2014_PEPANNRES&src=pt

Resolution No. 2012-17. 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 making up 82% of its population[2], serves as a hub for commerce and industry in the Southwest. It accounts for approximately half of all economic activity in New Mexico. Its success can be attributed to a diverse economic base consisting of government, services, trade, agriculture, tourism, manufacturing, and research and development. In the 2015 Forbes List of "Best Places for Business and Careers," Albuquerque placed 152nd out of the 200 ranked metro areas in the country and was ranked 79th in the "Cost of Doing Business" category and 79th in the "Job Growth Expected" category.[3]

Forecasts by the University of New Mexico's Bureau of Business and Economic Research suggest the Albuquerque Metropolitan Statistical Area (MSA) will experience an accelerated increase in reported job numbers in 2015. For 2015, forecasts indicate that total employment will grow by 1.6% and the MSA is expected to add 5,712 jobs. The economy is expected to add 5,718 jobs (2.0 percent) in the private sector; whereas, government will lose 6 jobs (-0.0%).[4] In the longer-term, the Albuquerque MSA economy is forecast to add a total of nearly 30,692 jobs (1.4% average annual growth) by 2020. Growth will be concentrated in the private sector. The (non-seasonally adjusted) unemployment rate in June 2015 was 5.9%[5]—higher than the (seasonally adjusted) national rate of 5.4%[6] but 8% lower than the (seasonally adjusted) statewide rate of 6.4%[7].

The FY 2016 general fund budgeted appropriations of $247,293,472[8] represents a 0.9% increase over the FY 2015 budget. Property taxes are anticipated to make up 50% of general fund revenue in FY 2016 and are projected to decrease by approximately 1.4% below the FY 2015 budget[9]. Gross receipts taxes make up 38.5% of the general fund revenue. The FY 2015 budget for gross receipts taxes includes an increase of approximately 1.6% in tax revenues due to Bernalillo County exceeding tax revenue expectations in FY 2015.[10] The general fund budget does not include the Payment In Lieu of Taxes (PILT), Regional Detention Center, and Community Services sub-funds where revenues and expenditures have been restricted by the Bernalillo County Commission and are

[2] "Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2014".
[3] "The Best Places For Business And Careers | 2015 Ranking", Forbes, accessed October 5, 2015, http://www.forbes.com/best-places-for-business/list/#tab:overall
[4] FOR-UNM, "A Quarterly Economic Forecast Of The New Mexico Economy | July 2015 through 2020:4" (forecast presented at the University of New Mexico's (UNM) Bureau of Business and Economic Research quarterly forecast narrative and meeting, Albuquerque, New Mexico, August 7, 2015), p. 28.
[5] FOR-UNM, "A Quarterly Economic Forecast Of The New Mexico Economy", p. 44
[6] FOR-UNM, "A Quarterly Economic Forecast Of The New Mexico Economy", p. 1
[7] FOR-UNM, "A Quarterly Economic Forecast Of The New Mexico Economy", p. 17
[8] Bernalillo County Government, Bernalillo County Financial Resolution Nos. 2015-32, 2015-59, 2015-60 FY 2016 (financial resolution presented at the bi-weekly meeting of the Board of County Commissioners, Albuquerque, New Mexico, September 22,2015).
[9] Bernalillo County Government, Bernalillo County Financial Resolution Nos. 2014-28, 2014-31, 2014-64 FY 2015 (financial resolution presented at the bi-weekly meeting of the Board of County Commissioners, Albuquerque, New Mexico, October 14, 2014).
[10] Bernalillo County Government, "Bernalillo County Financial Resolution Nos. 2014-28, 2014-31, 2014-64 FY 2015."

not available for operating purposes.

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 2015 General Obligation Bonds were rated "AAA" by the nation's three top rating agencies: Standard & Poor's, Moody's, and Fitch Ratings. The County continues its effort to incorporate comprehensive financial planning in its long-range vision in order to remain solvent during the gradual economic recovery. In addition to the three-twelfths reserve requirement, required by the State of New Mexico, of $66,939,899, the County's long-term financial plan includes maintaining adequate reserves to accommodate the County's future cash flow needs and any unforeseen emergency contingency concerns in its Fund Balance Policy consisting of an unassigned amount of $13,488,123, referred to as the Revenue Stabilization/Operating Reserve. Industry best practices indicates that counties the size of Bernalillo County should maintain a reserve of 25% to 30% of their operating expenditures in the General Fund. The combination of both reserves equates to 33% of both FY 2015 and FY 2016 General Fund operating adjusted expenditure budget.

Relevant Financial Policies

Bernalillo County is currently in its seventh biennial budget cycle. Through the biennial budget process, approval is granted by the Board 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 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. FY15 represented the first year of the biennial cycle and FY 2016 represents the second year of the current biennial cycle.

Major Initiatives

In February 2015, the Board of County Commissioners approved the enactment of a one-eighth Hold Harmless Gross Receipts Tax (GRT) to fund the behavioral health initiative in Bernalillo County. The GRT is projected to generate between $17 million to $20 million annually. Bernalillo County will partner with other community organizations, non-profits and other governmental agencies to develop and implement a comprehensive system of behavioral health care to benefit Albuquerque and the surrounding areas. This initiative is currently in the early stages of preparing a business plan to address the next steps.

The Economic Development department's directive is to enhance the quality of life for County residents through the 1) retention and expansion of businesses, 2) job creation and 3) prudent use of taxpayer dollars. In FY 2015, $134,450 million was invested in eight projects that created 625 new jobs in Bernalillo County. The eight projects included companies specializing in cyber security, food manufacturing, hotel management, food and beverage, and non-profit healthcare. This undertaking is in direct support of the Economic Vitality goal in the County's Strategic Plan.

On June 16, 2015, the Bernalillo County Commission passed the Santolina Master Plan and Western Albuquerque Land Holdings received approval of a Planned Communities Level A Master Plan and Planned Communities Zoning for 13,851 acres of undeveloped land in the southwestern area of Bernalillo County. On June 24, 2015, the Bernalillo County Commission approved the development agreement between Western Albuquerque Land Holdings and the County which impacts the Santolina Master Plan. While the master plan provides a general framework for development, the development agreement provides details on the responsibilities of both the County and the developer. The Santolina Master Plan, which is contingent upon future demand and market conditions, provides a general framework for development over the next 40 to 50 years, to include residential villages and village commercial uses, two business parks, a town center, an industrial/business park, and an urban center, along with parks, trails, public open space, educational facilities, roads and utilities. Over time, the applicant proposes that the project will be developed with approximately 38,000 households and provide approximately 75,000 jobs. Passage of the master plan is the first step of a three step process before development can occur. The next step in the process would be Level B village plans. The final step includes the building permitting process.

The County celebrated the grand reopening of the Rio Grande Indoor Pool in June; just in time for the summer break. The County partnered with Albuquerque Public Schools, the city and the state, over $3.7 million was been invested in pool renovations and building improvements. This new pool brings a higher quality of life for all and provides a fun and safe alternative to swimming in ditches for our children, just in time for summer. The Rio Grande Indoor Pool is now a multifunctional swimming pool designed to accommodate a much wider group of users.

The County also celebrated the grand opening of the Edward C. Sandoval North Valley Little League Complex in March. The new complex features four new baseball fields, dugouts, batting cages, parking and other amenities. It was built on vacant land the County already owns, and will provide a permanent home for the North Valley Little League. Funding for the new complex came from various sources:

- $2 million from the County's general fund, approved by the County Commission
- More than $1.2 million from the 2012 general obligation bonds
- And more than $1.5 million in state capital outlay funds.

During FY 2015, the County along with an investment sub-committee revised the Investment Policy to incorporate language to more clearly define the requirements for the bank deposit portfolio concentration requirements for deposits with daily liquidity; and to divide the investment portfolio into two portfolios, one for the general fund and one for bond proceeds. The seven-member committee was comprised of community volunteers with extensive knowledge and expertise in the subject matter. The Bernalillo County Board of Finance unanimously approved the revised investment policy for the County on May 12, 2015. The revised investment policy can be found on the County's website.

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, 2014. This was the eleventh consecutive year that the County has received 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. The County believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for this prestigious recognition again this year.

Management and staff would like to acknowledge and thank the Board of County Commissioners for its stewardship and support. The preparation of this report would not have been possible without the dedicated service of the Accounting Department. Management would also like to express appreciation to all County departments who assisted and contributed to the preparation of this report.

Sincerely,

Julie M. Baca
County Manager

Shirley Ragin, CMA
Deputy County Manager for Finance

Pamela Moon, CPA
Director of Accounting and Budget

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Bernalillo

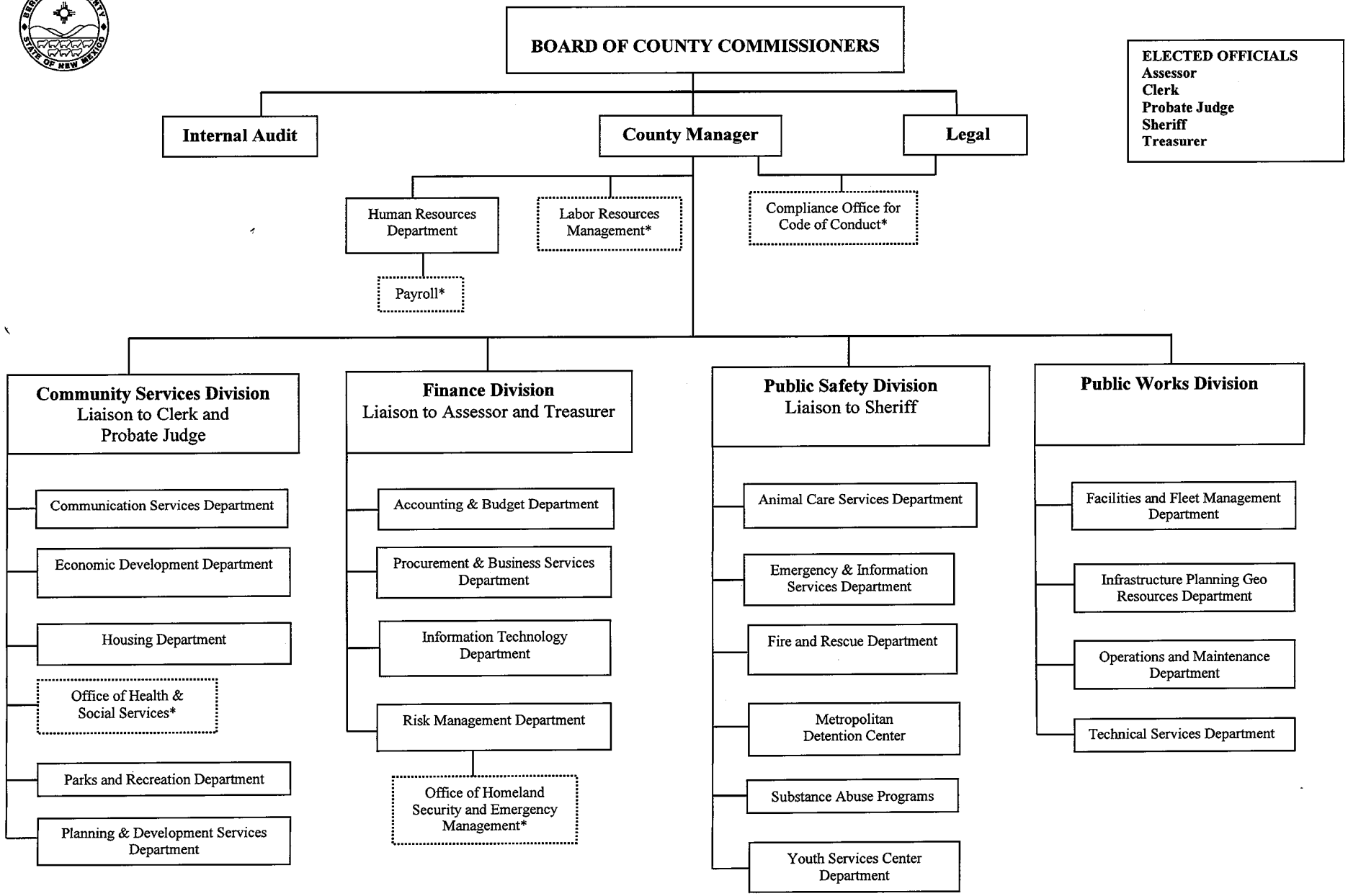
New Mexico

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

BERNALILLO COUNTY ORGANIZATIONAL CHART



*Organizational unit of county government reporting to assigned County Manager/County Attorney/Deputy County Manager/Director
This information is for reference only. Users are solely responsible for confirming data accuracy when necessary.
Last updated 10/28/2015

COUNTY OF BERNALILLO

PRINCIPAL OFFICIALS

June 30, 2015

COUNTY COMMISSIONERS

Maggie Hart Stebbins, Chair	District 3
Art De La Cruz, Vice Chair	District 2
Debbie O'Malley, Member	District 1
Lonnie C. Talbert, Member	District 4
Wayne A. Johnson, Member	District 5

COUNTY ELECTED OFFICIALS

Tanya R. Giddings	Assessor
Maggie Toulouse Oliver	Clerk
Willow Misty Parks	Probate Judge
Manuel Gonzalez III	Sheriff
Manny Ortiz	Treasurer

COUNTY MANAGER

Julie M. Baca

DEPUTY COUNTY MANAGERS

Shirley Ragin, Deputy County Manager for Finance
Vince Murphy, Deputy County Manager for Community Services
Tom Swisstack, Deputy County Manager for Public Safety
Roger Paul, Deputy County Manager for Public Works

COUNTY OF BERNALILLO, NEW MEXICO
CONTRIBUTORS
June 30, 2015

Shirley Ragin, CMA
Deputy County Manager for Finance

Financial Reporting Personnel

Pamela Moon, CPA
Accounting and Budget Director

Jacqueline Sanchez, MBA
Financial Manager

Anthony Infantino, MBA
Principal Accountant

Trudy McGregor, CPA
Principal Accountant

Nataliya Rubinchik, MSA
Senior Accountant

Ryan Travelstead
Senior Accountant

Leticia Carreon
Accountant

Sueko Solosky
Accountant

Cindy Torres
Accountant

Paul Herrera
Grant Administrator

Victoria Herring
Administrative Officer

Treasurer's Office

Isabelle Purcella
Chief Deputy Treasurer
Christopher J. Sanchez
Accounting Manager

Fixed Assets Section
Fixed Asset Staff

Budget Office

Budget Staff

Housing Department

Housing Financial Staff

Cover photo by Randy Landavazo

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

Commission Chairwoman,
Members of the County Commission
Bernalillo County and
Tim Keller, State Auditor

Report on the Financial Statements

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 comparisons for the general fund of Bernalillo County, New Mexico (County) as of and for the year ended June 30, 2015, and the related notes to the financial statements 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, internal service funds, fiduciary funds and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service funds and fiduciary funds of the County as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 5.F. to the financial statements, during the year ended June 30, 2015 the County adopted new accounting guidance, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-28 and the schedule of the County's proportionate share of the net pension liability and the schedule of the County's contributions on pages 85-86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 Chairwoman,
Members of the County Commission
Bernalillo County and
Tim Keller, State Auditor

Other Information

Our audit was conducted for the purpose of forming opinions on the County's basic financial statements, the combining and individual fund financial statements, and the related budgetary comparison. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,* the financial data schedules, as required by U.S. Department of Housing and Urban Development, Real Estate Assessment Center, *introductory and statistical section and the other schedules required by 2.2.2. NMAC* included as Other Supplementary Information as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards, the financial data schedules, and other schedules required by *2.2.2 NMAC* included as Other Supplementary Information as listed in the Table of Contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards and other schedules required by *2.2.2 NMAC* included as Other Supplementary Information as listed in the Table of Contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, introductory and statistical sections per the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 30, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Moss Adams LLP

Albuquerque, New Mexico
October 30, 2015

COUNTY OF BERNALILLO NEW MEXICO
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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-vi of this report.

Financial Highlights

Government-Wide Financial Statements (GWFS) (Statement of Net Position and Statement of Activities)

- The County's total government-wide assets and deferred outflows of resources exceed the County liabilities and deferred inflows of resources as of June 30, 2015 by $358,825,369 (*net position*).

- The County's net position decreased by $198,445,914 or a 35.6% decrease. The decrease included a prior period adjustment of $196,679,399 to adopt Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

- As of June 30, 2015, the County's governmental activities and business type activities have a net position of $352,501,884 and $6,323,485 respectively.

Individual Fund Financial Statements

- As of June 30, 2015, the County's governmental funds reported combined fund balances of $240,465,423. This reflects a decrease of $3,915,273 or a 1.6% decrease from the previous fiscal year.

- As of June 30, 2015, the County's General Fund reported a fund balance of $128,657,366, a decrease of $10,545,079 or a 7.6% decrease from the previous fiscal year.

- As of June 30, 2015, the County's enterprise funds reported combined net position of $6,323,485, a decrease of $1,050,650 or a 14.2% decrease from the previous fiscal year. The decrease included a prior period adjustment of $1,966,794 to adopt GASB Statement No. 68 and change in net position was $916,144.

Debt Issues

- During FY15, the County issued $31.3 million in general obligation debt, of which $17.3 million will be used for capital projects, and the remaining refunded existing debt to achieve debt service savings.

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 (GWFS), 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 GWFS 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 position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

The GWFS differentiates 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, culture and recreation, health and welfare and interest on long-term debt. The business-type activities of the County include Solid Waste, Regional Juvenile Detention Center, Bernalillo County Housing Authority, Seybold Village Handicapped Project, and El Centro Familiar. The GWFS can be found on pages 29-30 of this report.

Fund Financial Statements. 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 GWFS. However, unlike the GWFS, 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 GWFS, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. 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 other individual governmental funds of which fourteen are classified as Special Revenue Funds, thirteen are classified as Debt Service funds, and three are classified as Capital Projects Funds. Information for the General Fund, the Grants 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. A budgetary comparison statement for the General Fund is presented on pages 35-36. 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 31-36 of this report.

Proprietary Funds. The County maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the GWFS. The County uses Enterprise Funds to account for Solid Waste, Regional Juvenile Detention Center, Bernalillo County Housing Authority, Seybold Village Handicapped Project, and El Centro Familiar. *Internal Service Funds* are 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 Funds include Risk Management and Health Self Insurance Funds, which are used to account for its risk management and employee self-insurance health programs. Because the services provided by the Risk Management and the Health Self Insurance Funds predominantly benefit governmental rather than business-type functions, these funds are included within *governmental activities* in the GWFS. The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the GWFS because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on page 40 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 GWFS and the fund financial statements. The notes to the financial statements can be found on pages 41-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplement information concerning Bernalillo County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 85-86 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise, 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 87-134 of this report. Many of the additional schedules in other required supplementary section are required by the New Mexico Office of the State Auditor.

Accounting Principle Changes

In FY15 the County adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.* Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governments through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/income related to pensions. Note disclosure and required supplementary information about pensions are also addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the County's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the County's FY14 GWFS ending net position to reflect the reporting of pension liabilities, deferred inflows of resources, and deferred outflows of resources for the pension plan and the recognition of pension income in accordance with the provisions of the Statement. The effect is also reflected on the Enterprise Funds, which is on a full accrual basis. The County's net position as of July 1, 2014 was decreased by $196.7 million reflecting the cumulative retrospective effect of adoption. An aggregate net pension liability of $163.5 million, an aggregate deferred inflows of resources of $54.8 million, and an aggregate deferred outflows of resources of $27.0 million, were reported as of June 30, 2015. The County recognized pension income of $5.2 million in FY15. Refer to Note 5.F. for more information regarding the County's pensions.

Long-Term Debt

- During the year, the County sold $17,281,000 of General Obligation Bonds, Series 2015, which included $4,217,400 for parks, $4,495,590 for public safety, $3,995,000 for roads, $2,002,200 for storm drains, $900,000 for libraries, $1,188,000 for facility improvements, $319,000 for trails, and $163,810 for art in public places. In addition, the County issued $14,010,000 of General Obligation Refunding Bonds, Series 2015A, with a true interest cost of 1.93% to current refund $3,485,000 and advance refund $10,751,000 of the County's outstanding General Obligation Bonds, Series 2005, 2005A, and 2006.

- The County has $464,430,900 in available bonding capacity or 78.27% of allowable bonding capacity per the New Mexico State Constitution (see page 191).

- The County's 2015 General Obligation Bonds were rated "AAA" by both Fitch Ratings and Standard & Poor's and rated "Aaa" by Moody's Investors Service. In addition, both Fitch Ratings and Standard & Poor's affirmed its "AAA" rating and Moody's Investors Service affirmed its "Aaa" rating on the County's existing GO Bond debt with an outlook of stable.

- In addition to its "AAA" rating, Standard & Poor's rates Bernalillo County as strong on its budgetary flexibility, liquidity, management conditions, and debt/contingent liability profile.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's governmental-wide assets exceeded liabilities by $358,825,369 for the fiscal year ending June 30, 2015.

County of Bernalillo Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	$300,407,869	$304,353,807	$7,629,840	$6,620,885	$308,037,709	$310,974,692
Capital assets	564,074,223	573,681,696	2,968,720	3,136,558	567,042,943	576,818,254
Total assets	864,482,092	878,035,503	10,598,560	9,757,443	875,080,652	887,792,946
Deferred outflows of resources:						
Deferred charge on refunding	1,049,225	734,732	-	-	1,049,225	734,732
Deferred outflow of pensions	26,738,277	-	270,084	-	27,008,361	-
Total deferred outflows of resources	27,787,502	734,732	270,084	-	28,057,586	734,732
Liabilities:						
Long-term liabilities	421,080,934	263,100,206	2,022,764	356,784	423,103,698	263,456,990
Other liabilities	64,419,400	65,772,881	1,974,240	2,026,524	66,393,640	67,799,405
Total liabilities	485,500,334	328,873,087	3,997,004	2,383,308	489,497,338	331,256,395
Deferred inflows of resources:						
Deferred inflow of pensions	54,267,376	-	548,155	-	54,815,531	-
Total deferred inflows of resources	54,267,376	-	548,155	-	54,815,531	-
Net Position:						
Net investment in capital assets	327,947,796	372,486,664	2,968,720	3,136,558	330,916,516	375,623,222
Restricted	169,754,319	128,700,419	-	-	169,754,319	128,700,419
Unrestricted (deficit)	(145,200,231)	48,710,065	3,354,765	4,237,577	(141,845,466)	52,947,642
Total net position	$352,501,884	$ 549,897,148	$6,323,485	$ 7,374,135	$358,825,369	$ 557,271,283

By far the largest portion of the County's net position 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. The County uses the $330,916,516 in capital assets as of June 30, 2015 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.

Restricted net position in the amount of $169,754,319 as of June 30, 2015 represents resources that are subject to external restrictions on how they may be used. The unrestricted net position is the amount that may be used to meet the government's ongoing obligations to citizens and creditors.

As noted earlier, the adoption of GASB Statement No. 68 resulted in the County's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for the County's pension plan and the recognition of pension expense. This had a significant negative effect on the County's net position, and consequently unrestricted net position as of June 30, 2015.

The following charge provides key pension statistics as of and for the fiscal year ended June 30, 2015.

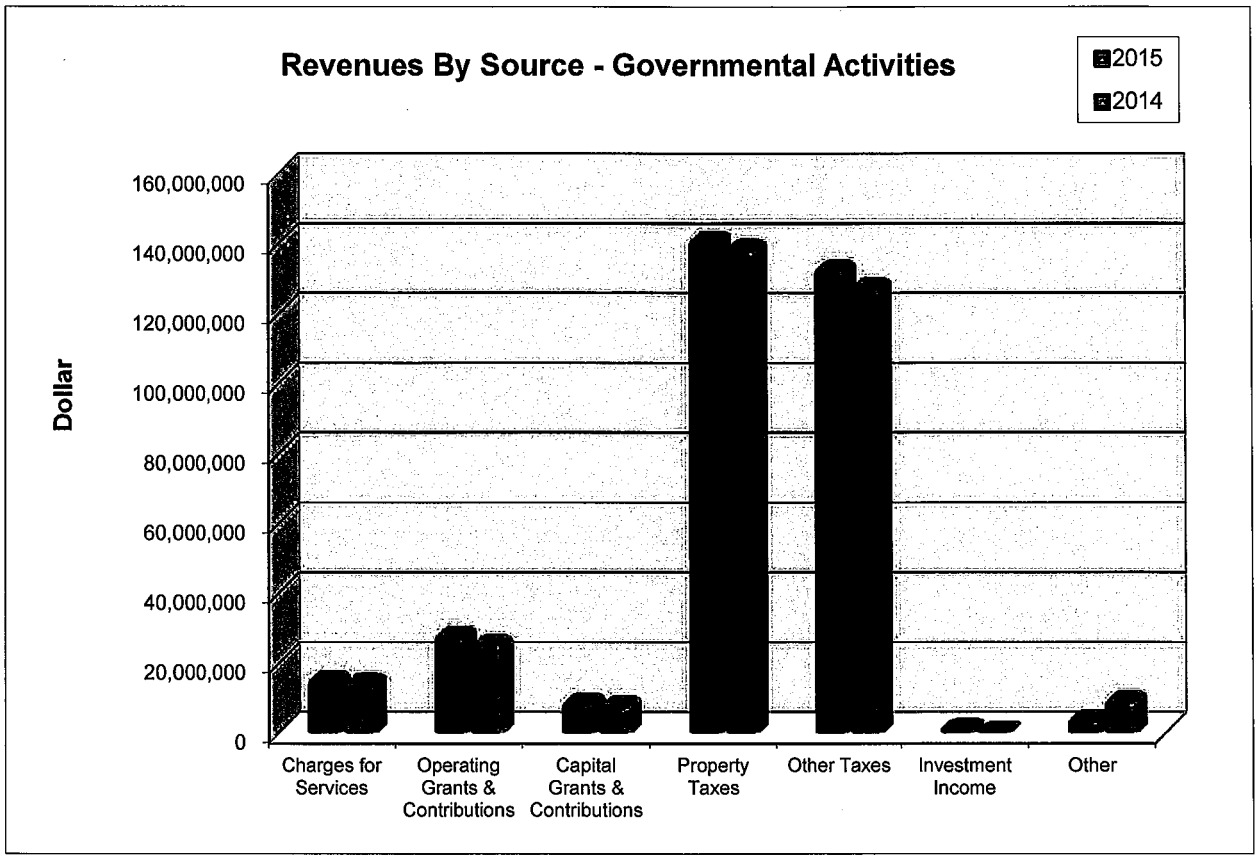
Total Pension Liability (TPL)	$874,184,365
Less Plan Fiduciary Net Position (PFNP)	710,651,233
Net Pension Liability (NPL)	$163,533,132
PFNP as a % of TPL	81.28%
Pension Income (Expense)	$ 5,221,962

Governmental activities. Governmental activities during the year decreased the County's net position by $2,682,659 in FY15 (before the $194,712,605 restatement to implement GASB Statement No. 68) compared to a decrease of $35,727,617 in FY14.

County of Bernalillo's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$16,118,286	$15,355,300	$7,187,610	$6,742,015	$23,305,896	$22,097,315
Operating grants and contributions	28,785,953	26,361,325	810,524	909,066	29,596,477	27,270,391
Capital grants and contributions	9,649,158	8,883,616	36,561	48,142	9,685,719	8,931,758
General revenues:						
Property taxes	142,069,070	139,744,912	-	-	142,069,070	139,744,912
Other taxes	133,747,359	128,638,093	-	-	133,747,359	128,638,093
Investment income	1,477,361	478,218	1,129	3,149	1,478,490	481,367
Miscellaneous	4,629,943	10,219,010	197,837	360,438	4,827,780	10,579,448
Total revenues	336,477,130	329,680,474	8,233,661	8,062,810	344,710,791	337,743,284
Program expenses:						
General government	62,159,342	66,086,137	-	-	62,159,342	66,086,137
Public works	50,304,679	56,040,669	-	-	50,304,679	56,040,669
Public safety	155,606,977	169,437,545	-	-	155,606,977	169,437,545
Health and welfare	44,989,016	44,982,475	-	-	44,989,016	44,982,475
Culture and recreation	15,429,298	18,234,756	-	-	15,429,298	18,234,756
Interest on long-term debt	10,551,340	10,613,790	-	-	10,551,340	10,613,790
Solid Waste	-	-	4,888,281	4,685,743	4,888,281	4,685,743
Housing Authority	-	-	1,075,043	1,314,007	1,075,043	1,314,007
Seybold Village	-	-	152,648	287,847	152,648	287,847
Juvenile Detention Center	-	-	1,082,739	915,406	1,082,739	915,406
El Centro Familiar	-	-	237,943	540,819	237,943	540,819
Total expenses	339,040,652	365,395,372	7,436,654	7,743,822	346,477,306	373,139,194
Increase (decrease) in net position before transfers	(2,563,522)	(35,714,898)	797,007	318,988	(1,766,515)	(35,395,910)
Transfers in (out)	(119,137)	(12,719)	119,137	12,719	-	-
Increase (decrease) in net position	(2,682,659)	(35,727,617)	916,144	331,707	(1,766,515)	(35,395,910)
Net position – beginning	549,897,148	586,721,658	7,374,135	7,042,428	557,271,283	593,764,086
Prior period adjustment (a)	(194,712,605)	(1,096,893)	(1,966,794)	-	(196,679,399)	(1,096,893)
Net position – beginning as restated	355,184,543	585,624,765	5,407,341	7,042,428	360,591,884	592,667,193
Net position – ending	$352,501,884	$549,897,148	$6,323,485	$7,374,135	$358,825,369	$557,271,283

(a) The restatement of the beginning net position in FY15 is the result of the County implementing GASB Statement No. 68. The implementation is discussed in the MD&A and more information is available in the notes. The restatement of the beginning net position in FY14 is a result of the County implementing GASB Statement No. 65.



Governmental Activities revenues increased by $6.8 million, from $329.7 million in FY14 to $336.5 million in FY15, an increase of 2.1%. Key elements in the increase of governmental activities revenues are as follows:

- Program revenues charges for services increased $0.7 million, from $15.4 million in FY14 to $16.1 million in FY15, a 4.5% increase. There were no changes in fees and other charges for services; however, activity was up slightly.

- Program revenues operating grants and contributions increased $2.4 million, from $26.4 million in FY14 to $28.8 million in FY15, a 9.1% increase. Capital grants and contributions increased $0.7 million, from $8.9 million in FY14 to $9.6 million in FY15, a 7.9% increase. The County received new grants for food trucks and transitional living accommodations in FY15. The transitional living accommodation grant had both operational and capital aspects. Capital grants and contributions increased due to donated land and donated vehicles.

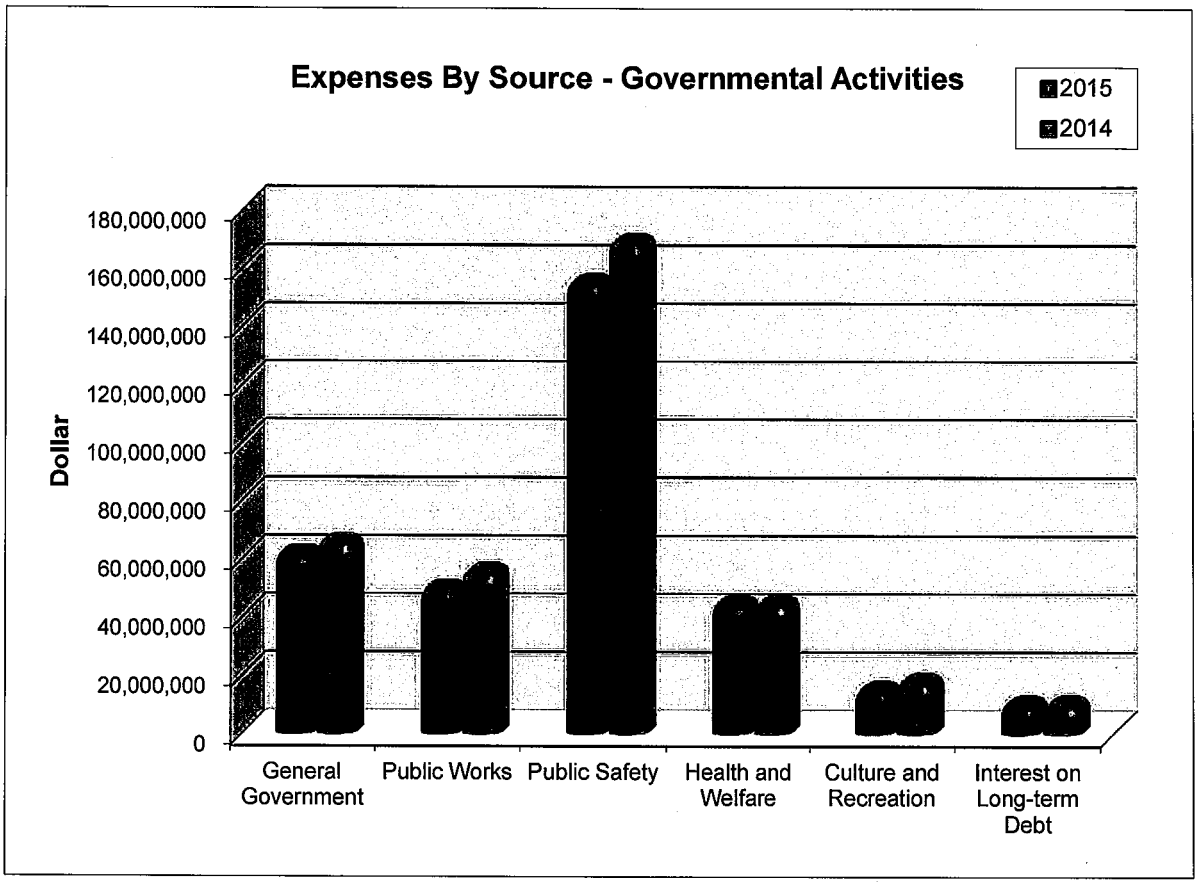
- General revenues property taxes increased $2.4 million, from $139.7 million in FY14 to $142.1 million in FY15, a 1.7% increase. The increase was attributed to the County's increase in property valuations, which increased 2.3%, from $14.50 billion in FY14 to $14.84 billion in FY15. The increase in assessment was offset by a decrease in the mill levy, from 9.448 per $1,000 of assessed taxable in FY14 to 9.414 per $1,000 of assessed taxable value in FY15, a 0.4% decrease. Also, there was a slight increase in the current property tax collections rate from 96.52% in FY14 to 96.56% in FY15.

	Tax Rates Per $1,000 Assessed Values	
	FY15	FY14
Operating	8.137	8.189
Debt service	1.265	1.246
Judgment	0.012	0.013
Total	9.414	9.448

- Other taxes increased $5.1 million, from $128.6 million in FY14 to $133.7 million in FY15, a 4.0% increase. This was primarily attributed to an increase in Gross Receipts Tax (GRT) received as the local economy slowly is coming out of the recession.

- Investment income increased $1.0 million from $0.5 million in FY14 to $1.5 million in FY15, a 200.0% increase. In FY15 the County earned considerably less investment income as cash balances was depleted for planned one-time payments in both FY14 and FY15; however, this was offset by realized investment loss of $4.3 million in FY14 compared to a small realized gain in FY15. Cash balances were depleted $29.8 million in FY14 and another $9.2 million in FY15. The lower cash balances combined with changing the investment strategy to shorter term maturities and more conservative investments caused investment income to decrease from $4.7 million in FY14 to $1.4 million in FY15. In FY14 the County developed an investment policy with the highest priority to preserve and protect the principal of the funds to be invested. The second priority is to maintain liquidity needs, and the third priority is return of investments. With these priorities in FY15, the County successfully avoided the portfolio losses it experienced in FY13 and FY14.

- Miscellaneous revenues decreased $5.6 million, from $10.2 million in FY14 to $4.6 million in FY15, a 54.9% decrease. The decrease was due to a FY14 City of Albuquerque $1.5 million medical premium reimbursement for shared services, and State of New Mexico $0.5 million community development funds in FY14. FY14 included recognition of revenue of the Mid-Region Council of Governments lease that had previously been recorded as unearned revenue. This brought in an extra $2.3 million lease payment in FY14.



Governmental activities expenses decreased by $26.4 million, from $365.4 million in FY14 to $339.0 million in FY15, a decrease of 7.2%. In FY15 the County made an effort to cut back on salaries by requesting that all departments freeze positions vacated positions. The frozen positions saved the County $11.4 million. The County also requested that departments find operational savings and eliminate all nonessential costs. Through this effort, County departments either eliminated or postponed an additional $8.4 million in costs in FY15. The cost reductions were reflected in numerous accounts across most functions. Professional services, contractual services, supplies of all types, gasoline usage, and recreational events are some of the examples of accounts that experienced cuts in normal expenses. The County also started a Load Resource Management (LRM) Team in FY15 to review the work schedules of departments, especially for those departments that work 24 hours a day seven days a week. Much of the focus of the LRM was on the cost of overtime, particularly in the public safety and public works functions. From these efforts, overtime was reduced from $13.3 million in FY14 to $12.6 million in FY15. The decrease in governmental activities expenses are as follows:

- General government expenses decreased by $3.9 million, from $66.1 million in FY14 to $62.2 million in FY15, a 5.9% decrease.

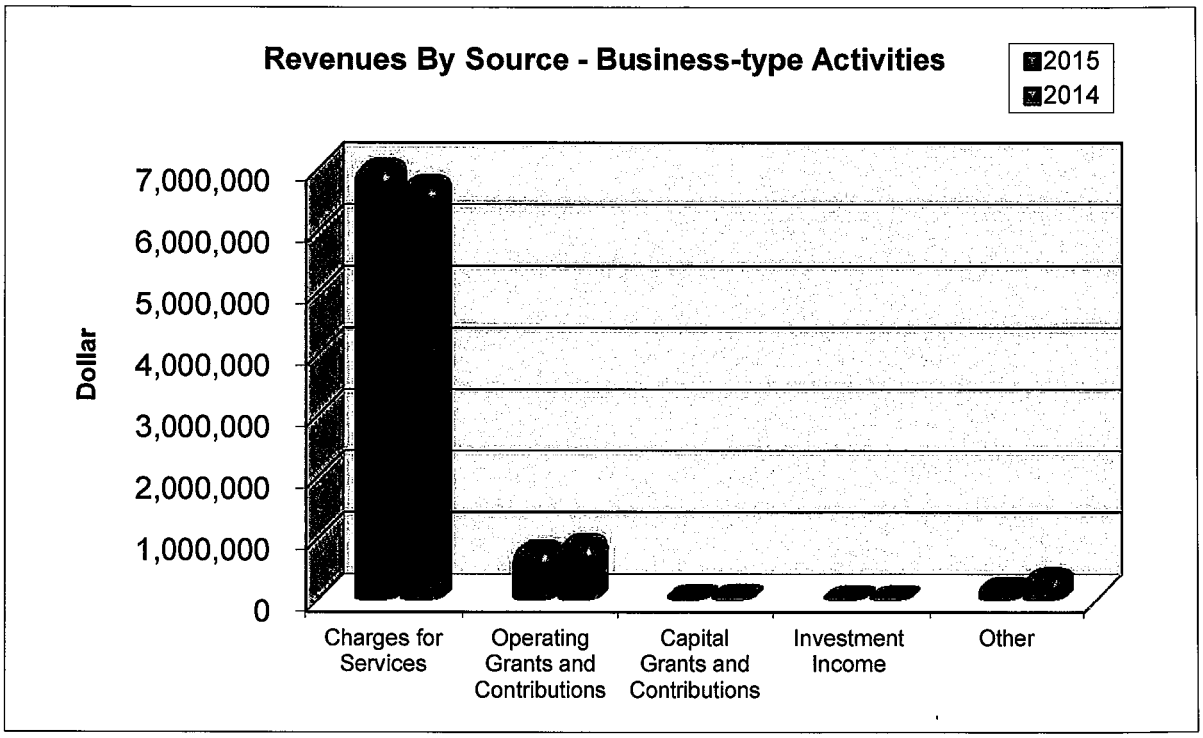
- Public works expenses decreased by $5.7 million, from $56.0 million in FY14 to $50.3 million in FY15, a 10.2% decrease.

- Public safety expenses decreased by $13.8 million, from $169.4 million in FY14 to $155.6 million in FY15, an 8.1% decrease.

- Culture and recreation expenses decreased by $2.8 million from $18.2 million in FY14 to $15.4 million in FY15, a 15.4% decrease.

Of the governmental activities functions, health and welfare was the only function that did not experience large cuts, remaining static at $45.0 million in both FY14 and FY15. Much of the health and welfare expenses are funded by designated funding sources and they were not required to offer up savings like the functions funded out the General Fund.

Business-type activities. Business-type activities net position increased by $916,144 during the current fiscal year, before the $1,966,794 restatement to implement GASB Statement No. 68. During the year, the Solid Waste Fund and El Centro Familiar had more total program revenues than total program expenses resulting in income before general revenues and transfers in of $665,360 and $58,851 respectively. Bernalillo County Housing Authority, Seybold Village, and Regional Juvenile Detention Center had less total program revenues than total program expenses resulting in a loss before general revenues and transfers in of $37,107, $68,548, and $20,515 respectively. Overall, the business-type activities experienced a $598,041 operating income (program revenues less expenses) before non-operating revenues $318,103.

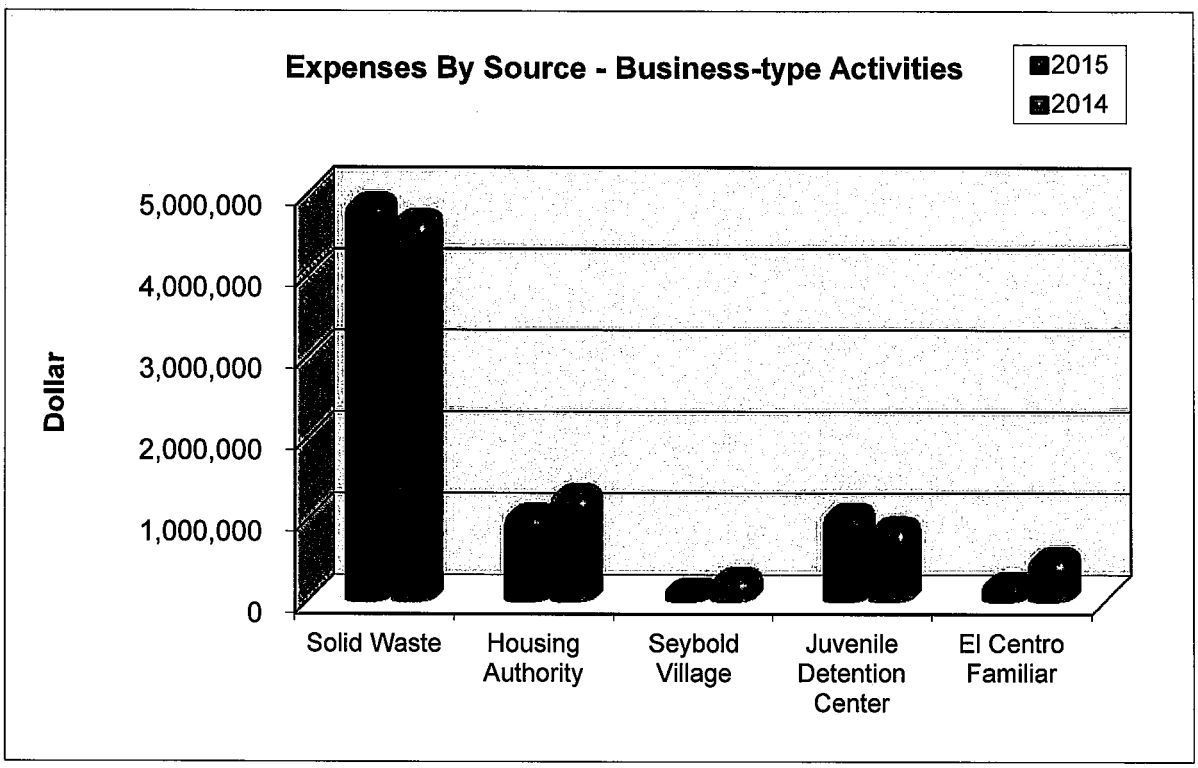


Business-type activities revenue increased from $8.1 million in FY14 to $8.2 million in FY15, a 1.2% increase. Key elements in the decrease of business-type activities revenue are as follows:

- Revenue program charges for services increased from $6.7 million in FY14 to $7.2 million in FY15, a 7.5% increase. The increase was attributed to $0.3 million more in administrative fees collected for solid waste services due to an emphasis on collection of delinquent accounts in FY15. The Bernalillo County Housing Authority earned an additional $0.2 million in FY15. The Housing

Authority, in anticipation of receiving less federal funds, took on additional work and serviced Mesilla Valley and San Miguel Housing Authorities, and collected administrative fees.

- Revenue program operating grants and contributions, revenue program capital grants and contributions, interest income, and other revenue all had minor decreases.



Business-type activities expenses decreased from $7.7 million in FY14 to $7.4 million in FY15, a 3.9% decrease. Key elements of the decrease are as follows:

- Solid Waste expenses increased from $4.7 million in FY14 to $4.9 million in FY15, a 4.2% increase. The increase was attributed to an increase in salaries and wages of $110 thousand and an increase in contractual services of $69 thousand.

- Housing Authority expenses decreased from $1.3 million in FY14 to $1.1 million in FY15, a 15.4% decrease. Seybold Village expenses decreased from $0.3 million in FY14 to $0.2 million in FY15, a 33.3% decrease. El Centro Familiar expenses decreased from $0.4 million in FY14 to $0.2 million in FY15, a 50.0% decrease. These three funds are funded by the United States Department of Housing and Urban Development (HUD). As a result of HUD decreased funding in FY15, all three funds cut back on expenditures. The Housing Authority only did 4 rehabilitation projects in FY15 compared to 6 rehabilitation projects in FY16. Seybold Village and El Centro Familiar made cuts in capital improvements and maintenance expenditures.

- Juvenile Detention Center expenses increased from $0.9 million in FY14 to $1.1 million in FY15, 22.2% increase. The increase was primarily attributed to fewer vacancies in the positions that are designated as part of the regional fund. Also the Juvenile Detention Center absorbed some costs that were previously charged to the General Fund.

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 $240,465,423, a decrease of $3,915,273 million. Approximately 21.4% of this total, $51,431,761 constitutes assigned ($37,943,638) and unassigned ($13,488,123), 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, advances, and notes receivable*) amounts of $21,926,494, restricted amounts of $150,837,745, and committed amounts of $16,269,423 which are detailed in the notes to the financial statements.

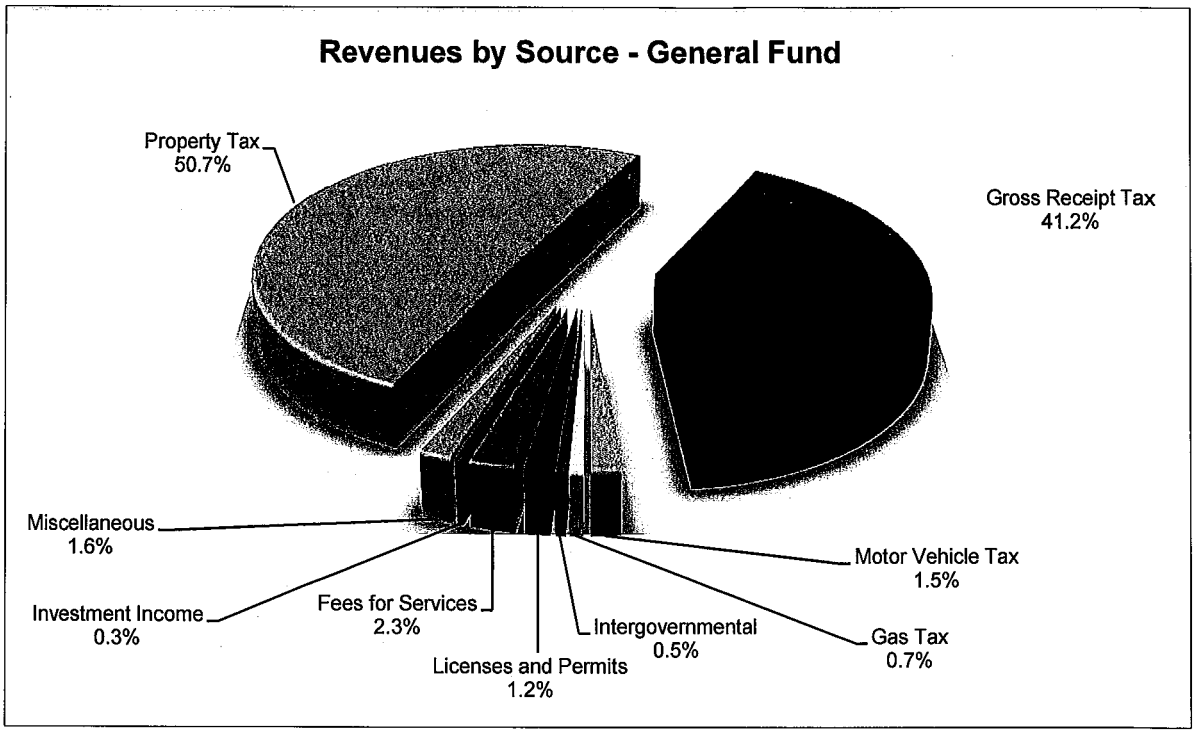
General Fund. The County's General Fund balance decreased from $139,202,445 in FY14 to $128,657,366 in FY15, a decrease of $10,545,079 or a 7.6% decrease.

- Of the FY15 fund balance amount, $66,939,899, or 52.0% of the General Fund is restricted fund balance, required by State of New Mexico Department of Finance and Administration (DFA). The DFA requires that 3/12 of the FY15 General Fund budgeted expenditures be restricted to provide adequate cash reserves. The General Fund also has $172,862 in restricted grant funds.

- At the end of the fiscal year, the nonspendable fund balance of the County's General Fund was $2,837,058 for notes receivable, advances to other funds, and inventory

- The General Fund has $16,269,423 committed for various County projects and $28,950,001 assigned for subsequent years' expenditures.

- At the end of the fiscal year, the unassigned fund balance of the County's General Fund was $13,488,123, which is set aside for unforeseen emergency contingencies and cash flow needs. This complies with the County's revenue stabilization and operating reserve minimum fund balance policy of keeping 3% to 5% of the General Fund operating expenditures.



General Fund revenues increased by $9.7 million, from $234.6 million in FY14 to $244.3 million in FY15, an increase of 4.1%. Key elements in the increase of General Fund revenues are as follows:

- Property tax revenue increased by $1.7 million from $122.1 million in FY14 to $123.8 million in FY15, a 1.4% increase. Assessed taxable valuation increased in the County, from $14.5 billion in FY14 to $14.8 billion in FY15. This was offset by a decrease in the tax rate, going for 8.189 to $8.137 per $1,000 of assessed taxable value.

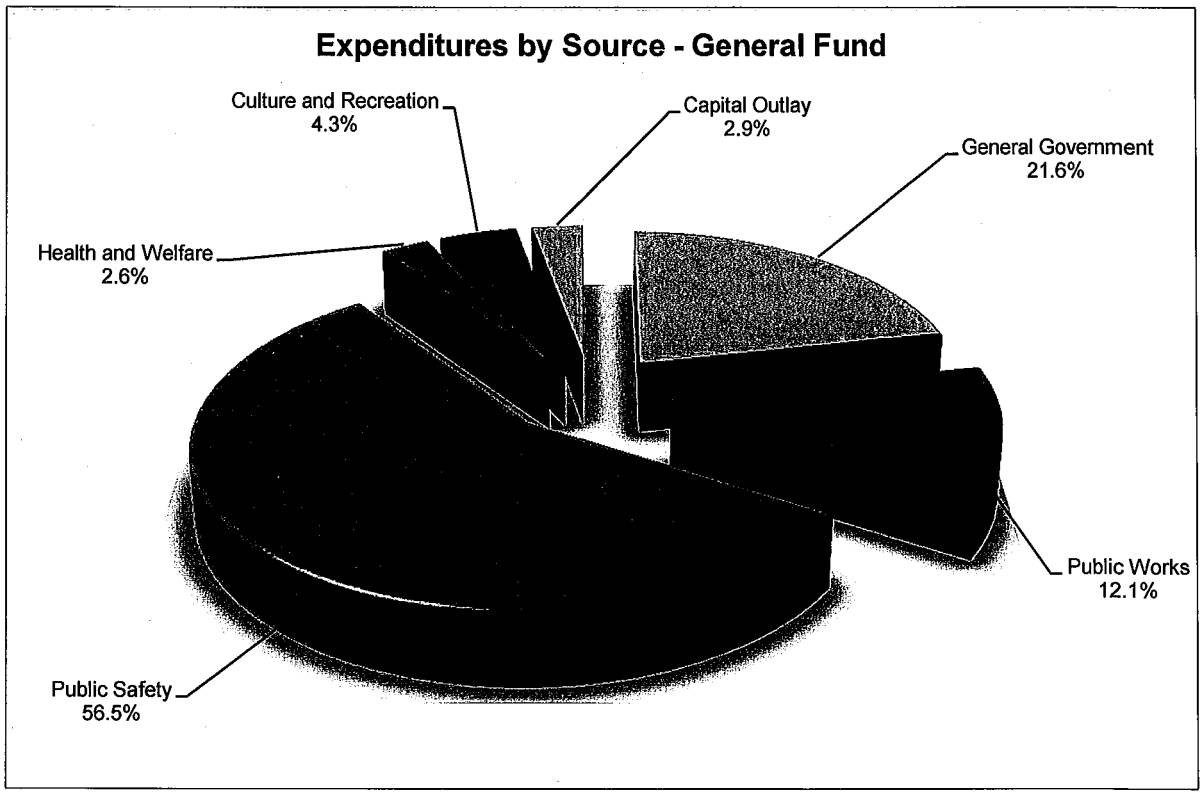
- GRT increased by $8.5 million, from $92.2 million in FY14 to $100.7 million in FY15, a 9.2% increase. FY15 reflected an increase in GRT revenue to the County resulting from higher GRT state receipts, which is a reflection of an improved economy.

- Motor vehicle tax, gas tax, and fees for services revenue were static comparing FY14 to FY15. Intergovernmental revenue was down slightly, while license and permits had a slight increase.

- Investment income (loss) revenue increased by $1.3 million, from a negative $0.7 million in FY14 to $0.6 million in FY15, an increase of 185.7%. In prior year the County realized investment losses, while in FY15 the County had positive gains. The increase was offset by a decrease in interest earnings due to less cash on hand in FY15 and continued low interest rates.

- Miscellaneous income revenue decreased by $1.6 million, from $5.6 million in FY14 to $4.0 million in FY15, a 28.6% decrease. The primary change was a $1.5 million reimbursement from the City of Albuquerque for overcharged health premiums in FY14.

General Fund expenditures decreased $16.2 million, from $258.7 million in FY14 to $242.5 million in FY15, a decrease of 6.3%. As mentioned previously, the County froze positions, delayed in filling vacant positions, and cut back of various contractual services all. This hit affected all functions within the County. Key elements in the increase in General Fund expenditures are as follows:



- General government expenditures decreased by $2.8 million, from $55.2 million in FY14 to $52.4 million in FY15, a 5.1% decrease.

- Public works expenditures decreased by $1.2 million, from $30.6 million in FY14 to $29.4 million in FY15, a 3.9% decrease.

- Public safety expenditures decreased by $8.8 million, from $145.8 million in FY14 to $137.0 million in FY15, a 6.0% increase.

- Health and welfare expenditures increased by $1.4 million, from $5.0 million in FY14 to $6.4 million in FY15, a 28.0% increase. The increase was primarily attributed to Metropolitan Detention Center (MDC) medical health care expenditures in FY15. The health expenses for the MDC are split between the General Fund and Health Care GRT Fund, totaling around $12.0 million in both fiscal years; however, in FY15 the General Fund paid for more of the MDC health care expenditures.

- Culture and recreation expenditures decreased by $2.0 million, from $12.5 million in FY14 to $10.5 million in FY15, a 16.0% decrease.

- Capital outlay expenditures decreased by $1.7 million, from $8.6 million in FY14 to $6.9 million in FY15, a 19.8% decrease. The decrease was primarily attributed to the final classification of project expenditures at project completion as non-capital expense. These non-capital expenses totaled $5 million.

- Intergovernmental - capital outlay expenditures decreased by $0.8 million in FY14. In FY14, the County paid on the Mid Region Council of Governments (MRCOG) building renovations. The expenditures in FY15 were very small.

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 had a fund balance of zero during the current fiscal year as revenues equaled expenditures.

Grants Fund revenues increased by $1.5 million, from $18.4 million in FY14 to $19.9 million in FY15, an increase of 8.2%. Key elements in the increase of the Grants Fund revenues are as follows:

- Intergovernmental federal revenues increased by $0.2 million, from $3.3 million in FY14 to $3.5 million in FY15. Intergovernmental state revenues decreased by $0.2 million, from $10.9 million in FY14 to $10.7 million in FY15 a marginal increase. Overall intergovernmental revenue was static.

- Intergovernmental other revenues increased by $1.5 million, from $4.0 million in FY14 to $5.5 million in FY15, a 37.5% increase. The increase is attributed to higher billing of Cordero Mesa Business Park water project and the widening of Goff road.

Grants Fund expenditures increased by $1.5 million, from $18.4 million in FY14 to $19.9 million in FY15, an increase of 8.2%. Key elements in the increase of the Grants Fund expenditures are as follows:

- General government expenditures increased from $0.1 million in FY14 to $0.6 million in FY15. The increase was attributed to grant expenditures incurred by the Clerk's Office for the APS/CNM school board election held during FY15.

- Health and welfare expenditures increased from $0.3 million in FY14 to $0.6 million in FY15, an 100.0% increase. The increase was attributed to two new grants in FY15, one for food trucks and one for transitional living accommodations.

- Capital outlay expenditures increased from $4.7 million in FY14 to $5.5 million in FY15, a 17.0% increase. The increase was primarily attributed to an increase in grant expenditures of $0.7 million for another transitional living accommodations grant.

- Expenditures in public safety, public works, culture and recreation, and intergovernmental capital outlay decreased from $13.3 million in FY14 to $13.2 million in FY15, a marginal decrease.

Construction Fund. The Construction Fund accounts for various construction projects related to road projects, storm sewer systems, acquiring of library books and library resources, acquisition and improvement 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, GRT revenue bonds and earnings from the investment of those monies.

The Construction Fund balance increased by $0.4 million, from $37.7 million in FY14 to $38.1 million in FY15, a 1.1% increase. The County issued $17.3 million in General Obligation Bonds, Series 2015 compared to $8.7 million in FY14. Construction Fund expenditures decreased by $0.7 million, from $16.3 million in FY14 to $15.6 million in FY15, a 4.3% decrease. Key elements in the decrease in Construction Fund expenditures are as follows:

- General government expenditures increased by $0.2 million, from $0.6 million in FY14 to $0.8 million in FY15, a 33.3% increase. The increase was primarily attributed to the completion of the Tributary Storm Drains Sanchez Farm Pond project.

- Capital outlay for others increased by $2.2 million, from $2.9 million in FY14 to $5.1 million in FY15, a 75.9% increase. The increase was primarily attributed to completion of the I-25 and Paseo Del Norte Project. A portion of this State of New Mexico road is paid for by Bernalillo County.

- Capital outlay decreased by $3.2 million, from $10.0 million in FY14 to $6.8 million in FY15, a decrease of 32.0%. The decrease is attributed to capital improvements performed in FY14 on Fire Stations No. 41 and No. 46 in the amounts of $2.1 million and $1.2 million, respectively.

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.

Non-Major Special Revenue Funds. As of the end of fiscal year 2015, the County's Special Revenue funds reported combined ending fund balances of $34,598,151, an increase of $4,136,661. Of the fund balance, $8,738 is non-spendable in form and the reminder of $34,589,413 is restricted for specific purposes. Key elements in the decline of the total special revenue fund balance are as follows:

- GRT allocated to Special Revenue Funds increased $1.1 million, from $24.8 million to $25.9 million. Environmental Health, Health Care GRT, and Indigent Care Funds had additional funds available to spend. Only Indigent Care Fund spent their additional revenues in FY15, with Environmental Health and Health Care GRT Funds adding to their fund balance to use in future years.

- Intergovernmental revenue in the Special Revenue Funds increased from $15.4 million in FY 14 to $16.3 million in FY 15. The increase was in the Housing Voucher Fund, which increased from $12.5 million in FY14 to $13.2 million in FY15. Expenditures in the Housing Voucher Fund increased in an amount corresponding to the additional revenue.

- Fees for services increased from $6.7 million in FY14 to $7.1 million in FY15. The increase was due to the Housing Voucher Fund Bernalillo County receiving additional administration fee revenue from entities outside the County. During FY15 the County administered the San Miguel and the Mesilla Valley housing programs with the goal of stabilizing those entities until their staffing issues were addressed. The additional fees were used to bolster the voucher program in Bernalillo County.

Debt Service Funds. As of the end of fiscal year 2015, the County's Debt Service funds reported combined ending fund balances of $32,645,816, an increase of $3,604,125. Of the fund balance, $19,080,698 is non-spendable in form and the remainder of the fund balance of $13,565,118 is restricted to pay debt service. The increase is primarily in the General Obligation Bond Debt Service Fund and the reserves increased for the new debt Series 2015 and 2015A.

Non-Major Capital Projects Funds. As of the end of fiscal year 2015, the County's Capital Project funds reported combined ending fund balances of $6,498,568, a decrease of $1,478,738. The fund balance of $6,498,568 is restricted for capital projects. Revenues were down slightly in both the Impact Fees and the Open Spaces Funds; however the Open Space Fund utilized some of their fund balance for projects.

Non-Major Proprietary Funds. The County proprietary funds provide the same type of information found in the GWFS, 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 decreased from $246,230,675 to $245,232,342. The budgeted use of excess cash reserves increased from $26,637,760 to $55,069,243. General Fund total original budgeted expenditures and transfers out increased from $272,868,435 to $300,301,585. Significant changes between the original budget and the final amended budget are summarized as follows:

- The Commissioners authorized the use of FY14 unassigned fund reserves for FY15 initiatives and carried forward prior year commitments to FY15. The use of cash balance budgeted went from $26.6 million to $55.1 million. The initiates and carry forward money was used to fund one time and recurring needs, with the majority of funds going to the public safety functions.

- Funds in the amount of $249,000 were added for Commission district directed funding.

- Social service programing was added in the amount of $158,467.

- Clerks fees were reduced by $970,000 as original projections were adjusted to meet estimates based on more current economic conditions, the Parks and Recreation budget was reduced 109,390 to account for programs no longer being administered by the County. The Journal Pavilion revenue was reduced $50,000 to reflect the lower renegotiated contract.

- Transfers to General Fund from the Construction Fund increased by $154,263 to reimburse it for retainage paid by the General Fund in previous years. Transfers also increased for $393,445 moved from Construction Fund to the General Fund for accumulated interest earned on GRT bond proceeds.

Budgetary Highlights – Budget to Actual

General Fund. General Fund revenues were less than budgetary estimates by $1,698,786 or by 0.7%. General Fund expenditures were less than budgetary estimates by $42,950,991 or by 14.3%. During

the year the County incurred a deficiency of revenues and other financing sources over expenditures and other financing uses in the amount of $13,817,038. Individual significant differences between the General Fund final budget and actual amounts are summarized as follows:

- Property tax revenue had a negative variance of $5.0 million. Property tax collections were budgeted at a 3.0% increase, but the actual came in at a 1.4% increase. Final property values are not received until after budget adjustments have been submitted so the budget is based on prior year actuals.

- GRT revenue had a positive variance of $3.4 million. The positive variance was primarily attributed to a $3.2 million state equalization distribution that was not budgeted.

- Intergovernmental other revenue had a positive variance of $0.7 million, due to higher billing of Cordero Mesa Business Park water project and the widening of Goff road.

- Fees for services had a negative variance of $0.8 million. The negative variance was primarily due to a slowdown in the real estate market resulting in a decrease in revenue for the Clerk's office.

- All other revenues were close to the budgeted amounts.

- General government accounting expenditures had a positive variance of $31.7 million. Most of the departments came in under budget, but the General County Department had a positive variance of $26.1 million. During FY15 the County took a number of steps to reduce actual expenditures, such as freezing positions, not hiring vacancies, and asking departments for other cost savings. When savings were identified, the budget was transferred to the General County budget of General Government, and the Budget Office placed a restriction on the budget so that departments would not be able to charge to it. In addition, Accounting had money budgeted for pavilions that was not used. Information technology and the Clerk offices had vacancies that did not get swept to General County Department.

- Public works had a positive variance of $3.1 million. The positive variance was primarily attributed to lower than expected expenditures for fleet facilities management due to savings on the drop in fuel prices, and lower vehicle maintenance and utilities. Also technical services had large vacancies in personnel, which was a result of more properly allocating employee time to capital projects.

- Public safety had a negative variance of $1.1 million. Accounting had a positive variance of $3.3 million due to budgeting funds for the Regional Detention Center facility (a vacant facility), but not using the funds. Fire and Rescue have a negative variance of $2.9 million and Sheriff had a negative vacancy of $2.6 million. The negative variance in both departments was primarily related to overtime. The Load Resource Management team was formed to oversee overtime and the budget was cut to reflect desired savings; however, departments only achieved modest cuts in overtime.

- Health and welfare had a positive variance of $4.3 million. The positive variance was attributed to less than expected expenditures for professional services related to health care services for MDC inmates recognized in the General Fund.

- Cultural and recreation had a positive variance of $0.6 million.

- Capital outlay expenditures had a positive variance of $4.3 million. Because of the management directive to cut funds, some of the projects were delayed and did not get finished in FY15.

Grants and Contruction Funds. 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.

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, 2015 amounts to $567,042,943 (*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 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 is to be funded by general obligation bonds. The general obligation bond schedule is based on a two-year cycle and issuance is currently limited to $27,500,000 dollars by the Board of County Commissioners. 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 on the Southwest Flood Reduction Project-Phase 2B was completed. The project includes drain upgrades within the Isleta, Armijo, and Los Padillas drains for purposes of flood reduction in the southwest valley. The County intends to upsize a total of ten culverts within the drains at road and lateral crossings. The larger culverts will alleviate major hydraulic choke points that impede the flow of water within the drains. The total project construction cost was $1.6 million.

- Construction on the Cordero Mesa Park Otto Pump Station was completed. The project will construct a water pump station with an ultimate capacity of 18,000 GPM to be located at the Otto reservoir site. The pump station will pump water from Otto reservoir to the Cordero Mesa reservoir. The total project construction cost was $4.3 million.

- Construction was completed on Fire Stations 6 and 11 during FY15. Project costs were $2.6 million and $2.7 million, respectively.

- The County purchased the Condershire property. The project includes design and renovation of facilities for a transitional living and substance abuse recovery center for adolescents and young adults in Bernalillo County with a project cost of $1.1 million.

- The County rebuilt the Rio Grande Pool which included design, construction, mechanical and air handling systems, as well as improvements to electrical, plumbing, lighting, and equipment upgrades with a project cost of $4.1 million.

- Construction started on the North Valley Little League improvement. The first phase of the project reconfigures the drainage basis and constructs four fields with amenities. Phase two secures adjacent State of New Mexico property and additional fields with a project cost of $5.5 million.

- Construction continued on the Vista del Rio Storm Drainage projects. Phase 4 commenced on the Vista del Rio Drainage facilities which collect storm water and direct to a detention pond. This project includes curb and getter work installed on the roadways to collect runoff from surrounding property. This project is estimated to cost $4.2 million.

- Construction continued on the Arenal Storm Drain project. The project will provide a new road, curb and gutter, and storm drainage infrastructure from Coors Blvd. to the Isleta Drain. The project is estimated to cost $2.7 million.

- Construction on the Goff Blvd Road and Storm Drainage project is complete. The project widened Goff Blvd from Bridge Blvd to Arenal Road and provided new curb and gutter, sidewalk, and storm drainage infrastructure. The total project budget is $7.7 million.

- Construction commenced on the Sunset Garden's Road Drainage to design and construct a new storm drainage system connecting the existing storm drainage facilities along Sunset Road with a total project budget of $3.5 million.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$140,024,899	$138,254,309	$435,352	$ 435,352	$140,460,251	$138,689,661
Buildings	185,103,625	187,113,818	2,274,987	2,446,934	187,378,612	189,560,752
Machinery and equipment	24,506,216	26,122,623	121,468	83,758	24,627,684	26,206,381
Land improvements	22,114,515	17,724,577	136,913	134,673	22,251,428	17,859,250
Infrastructure	165,598,584	170,724,328	-	-	165,598,584	170,724,328
Leasehold improvements	1,501,438	1,629,974	-	-	1,501,438	1,629,974
Construction in progress	22,441,044	29,372,129	-	35,841	22,441,044	29,407,970
Art	2,783,902	2,739,938	-	-	2,783,902	2,739,938
Total	$564,074,223	$573,681,696	$2,968,720	$3,136,558	$567,042,943	$576,818,254

Additional information on the County's capital assets can be found in note IV-C on pages 60-61 of this report.

Debt administration. The Bernalillo County 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 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 $125,091,000. 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 2015, this tax is approximately $1.265 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 December 1, 2016 through June 15, 2032. The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the County's debt position. The State's Constitution provides for a legal debt limit of four percent *(4.0%)* of taxable valuation. The ratio for the County is less than one percent *(0.8%)* of the $14.8 billion taxable value of property within Bernalillo County, as of June 30, 2015. The County may currently issue up to an additional $464.4 million of general obligation bonds. The net general bonded debt per capita is $171.44. The lowest per capita amount in the last ten fiscal years was $128.77 in fiscal year ended June 30, 2006. The County's ratings on uninsured general obligation bonds as of June 30, 2015 were:

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

Revenue Bonds. At the end of the current fiscal year, the County had total revenue bond debt outstanding of $119,935,000. The County has six outstanding revenue bonds: the 1996B series, the 1997 series, the 1998 refunding series, the 2005 partial refunding 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 net revenue bonded debt per capita as of June 30, 2015 was $181.02, which is the lowest per capita amount in the last ten fiscal years. The pledged revenue coverage of GRT revenues to debt service requirements is 2.93. The lowest pledged revenue coverage

in the last ten fiscal years was 1.43 in fiscal year 2011. These bonds have retirement dates ranging from October 1, 2017 through June 15, 2029. The County's ratings on gross receipt tax revenue bonds as of June 30, 2015 were:

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

General Obligation and Revenue Bonds Outstanding

	Governmental Activities	
	2015	2014
General obligation bonds	$ 125,091,000	$ 120,186,000
Revenue bonds	119,935,000	127,665,000
Total	$ 245,026,000	$ 247,851,000

As presented above, the County's total outstanding bond debt decreased by $2,825,000 during the current fiscal year. Additional information on the County's long-term debt can be found in note IV-F on pages 63-66 of this report and in the statistical section of this report.

Economic Factors and Next Year's Budgets and Rates

According to forecasts by the University of New Mexico's Bureau of Business and Economic Research, the outlook for the New Mexico economy is that it continues to lag behind most states. The New Mexico economy had a 1.3% job growth compared to 1.8% in the US, ranking New Mexico 35th out of 50. The principal driver of growth has become healthcare due to the expected Medicaid dollars. It is expected that positive job growth will occur in the near future with New Mexico likely adding 11,185 or 1.4% growth. For the period 2015 through 2020, it is anticipated that job growth will average 1.2% and personal income growth will average 4.7% per year. Income growth in New Mexico is generally expected to be comparable to Arizona and the United States, but trail Colorado and Texas. Healthcare and social assistance sector, supported with a large inflow of Medicaid dollars will drive employment growth in New Mexico. Personal income is expected to increase by 4.6% and after 2017 it will increase by 5.0%. The New Mexico unemployment rate is expected to decline from 2014 rate of 6.5% to a rate of 6.1% in 2015.

The outlook for the Albuquerque MSA (Metropolitan Statistical Area) economy is slow growth. Total employment in the Albuquerque MSA is forecast to increase slowly in 2015 as the MSA is expected to add 5,712 or 1.6%. The labor force is forecast to grow by 1.3% in 2015, 1.7% in 2016, 1.5% in 2017, and 1.4% in 2018. Personal income is expected to improve as employment improves. From 2015 to 2018, forecasted rates of growth are 4.6%, 5.4%, 5.4%, 5.3%, 5.3%, respectively. The unemployment rate is expected to decline from 2014 rate of 6.4% to a rate of 5.7% 2015 and is expected to gradually fall to 5.4% 2016. The unemployment rate is forecast to be 5.3% in 2017, and 5.3% in 2018.

In the longer term, from 2015 to 2020, the Albuquerque MSA economy is forecast to add 30,692 jobs for an average growth of 1.4% per year. Growth is expected to be primarily in the private sector (94.2%); however the government sector is forecast to add a moderate number of jobs (5.8%). The healthcare & social assistance sector is expected to add 8,224 the greatest number of jobs over the six

year period. This sector will be further enhanced by the effects of the Affordable Care Act. The accommodation and food services are expected to add 4,293 jobs which is a slower rate than have been demonstrated in the past. The construction sector is forecast finally to begin to add jobs consistently; however, this sector is only expected to hit 76% of the pre-recession peak reached in 2006. There is some upside in the construction sector as the university is expected to construct hospital facilities with estimates exceeding $400 million. The professional and technical services sector is also expected to add jobs as the federal government budget situation improves and as architects are increasingly employed by the construction industry. The administrative and waste services sector is also forecasted to be a strong performer as employers continue to turn to temporary workers to fill staffing holes and as call centers continue to open and expand in the MSA. The retail trade sector is forecast to add jobs as consumers continue to accelerate the rate of their spending in the economy. The transportation, warehousing and utilities sector is also expected to add a significant number of jobs as the MSA continues to benefit from the transportation and warehousing gains elsewhere in the state. The information sector is forecasted to slightly increase as the projection for this sector is largely contingent on the ability to capitalize on the film industry's growing interest in filming in and around Albuquerque. Total housing permits in the City of Albuquerque are expected to slowly increase during this forecast period. Total permits are expected to number 2,089 in 2016, 2,535 in 2017, 2,722 in 2018, 2,838 in 2019 and 2,922 in 2020. It is important to note, however, that even at the peak reached in 2020, total permits are now only expected to hit about 51% of the peak reached in 2003.

Overall, the Albuquerque MSA economy is continuing growing at a slow rate in 2015 and will continue to grow each year at relatively the same pace through 2020.

The County's Board of Commissioners and Manager considered many factors when setting the FY16 budget. The County has several classes of employees addressed the Rules and Regulations (R&R) employees, which have separate employment agreements than the union. All the County unions have longevity pay with steps at 5, 10, 15, and 20 years. The County Manager wanted to address R&R employees similar to the represented employee groups. The County Manager approved longevity pay for employees with 5 to 10 years, 10 to 15 years, 15 to 20 years, and 20 plus years to receive an additional $1,300, $1,950, $2,600, and $3,250 annually, respectively. R&R employees who have less than five years of service that have completed their probationary period as of July 1, 2015, will receive a one-time $1,000 incentive pay. There are also a small group of unclassified employees that will receive a 3% increase.

Other than the raises, the County is proceeding very cautiously in the FY16 budget. Positions remain frozen and the budget includes a $7.5 million budgeted vacancy factor. There are minimal contingencies in the FY16 budget and departments are asked to continue looking for ways to save on expenditures.

Bernalillo County has a unique opportunity to design and implement a comprehensive system of behavioral health care to benefit the residents of Albuquerque and surrounding areas expected outcomes include a cohesive and coordinated system of care and an increased public safety as well as a system of care that further supports the criminal justice system while reducing the incidents of individuals in crisis. On September 8, 2014, the Bernalillo County's Board of County Commissioners (BCC), approved Administrative Resolution 2014-52 to include an advisory question on the November 4, 2014 General Election ballot to poll voters on their willingness to pay more GRT for this specific purpose. The question was: "Are you in favor of the Bernalillo County Commission establishing a one-eighth percent GRT to be used for the purpose of providing more mental and behavioral health services for adults and children in the Albuquerque and Bernalillo County area, to provide a safety net

system that develops continuum of care not otherwise funded in New Mexico? The voters voted in favor of imposing a GRT dedicated to addressing behavioral health issues throughout Bernalillo County.

On February 26, 2015, the County adopted Ordinance 2015-7 to impose a one-eighth Hold Harmless for the behavioral and mental health needs of the county starting on July 1, 2015. GRT is expected to generate up to $20 million annually.

A formal solicitation for Behavioral Health System and Stabilization Consulting Services was issued and awarded to Community Partners, Inc. ("CPI"). CPI will assist the County and other interested parties in developing a comprehensive behavioral health and service delivery business plan which is planned to be submitted to the Board of County Commissioners for approval by December 1, 2015.

Request for Information

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 224,056,951	$ 6,753,773	$ 230,810,724
Accounts receivable, net	45,899,773	1,917,202	47,816,975
Accrued interest receivable	283,858	58	283,916
Note receivable	2,213,861	-	2,213,861
Due from grantor	5,460,608	-	5,460,608
Internal balances	1,041,193	(1,041,193)	-
Inventory	631,935	-	631,935
Prepaid assets	2,445,992	-	2,445,992
Cash-restricted	17,740,698	-	17,740,698
Investment in joint venture	633,000	-	633,000
Capital assets not being depreciated:			
Land	140,024,899	435,352	140,460,251
Art	2,783,902	-	2,783,902
Construction in progress	22,441,044	-	22,441,044
Capital assets (net of accumulated depreciation):			
Building	185,103,625	2,274,988	187,378,613
Land improvements	22,114,515	136,912	22,251,427
Machinery and equipment	24,506,216	121,468	24,627,684
Infrastructure	165,598,584	-	165,598,584
Leasehold improvements	1,501,438	-	1,501,438
Total assets	864,482,092	10,598,560	875,080,652
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	1,049,225	-	1,049,225
Deferred outflow of pensions	26,738,277	270,084	27,008,361
Total deferred outflows of resources	27,787,502	270,084	28,057,586
LIABILITIES			
Accounts payable	21,070,349	586,708	21,657,057
Interest payable	2,794,172	-	2,794,172
Accrued payroll	8,966,270	101,807	9,068,077
Unearned revenue	7,321,638	1,232,472	8,554,110
Deposits held in trust for others	-	14,936	14,936
Noncurrent liabilities:			
Due within one year	24,266,971	38,317	24,305,288
Due in more than one year	259,183,133	387,433	259,570,566
Net pension liability	161,897,801	1,635,331	163,533,132
Total liabilities	485,500,334	3,997,004	489,497,338
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of pensions	54,267,376	548,155	54,815,531
Total deferred inflows of resources	54,267,376	548,155	54,815,531
NET POSITION			
Net investment in capital assets	327,947,796	2,968,720	330,916,516
Restricted for:			
Public safety	3,792,228	-	3,792,228
Health and welfare	11,094,401	-	11,094,401
Debt service	32,645,816	-	32,645,816
Capital projects	35,570,453	-	35,570,453
General government	19,711,522	-	19,711,522
Reserve requirement	66,939,899	-	66,939,899
Unrestricted	(145,200,231)	3,354,765	(141,845,466)
Total net position	$ 352,501,884	$ 6,323,485	$ 358,825,369

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

BERNALILLO COUNTY, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
					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	$ 62,159,342	$ 10,296,353	$ 1,348,780	$ 1,327,043	$ (49,187,166)		$ (49,187,166)
Public works	50,304,679	1,830,307	553,729	5,234,286	(42,686,357)		(42,686,357)
Public safety	155,606,977	2,421,517	12,444,558	-	(140,740,902)		(140,740,902)
Culture and recreation	15,429,298	957,385	620,537	1,868,043	(11,983,333)		(11,983,333)
Health and welfare	44,989,016	612,724	13,818,349	1,219,786	(29,338,157)		(29,338,157)
Interest on long-term debt	10,551,340	-	-	-	(10,551,340)		(10,551,340)
Total governmental activities	339,040,652	16,118,286	28,785,953	9,649,158	(284,487,255)		(284,487,255)
Business-type activities:							
Solid waste	4,888,281	5,377,641	176,000	-	-	$ 665,360	665,360
Housing Authority	1,075,043	505,040	532,896	-	-	(37,107)	(37,107)
Seybold Village Handicapped Project	152,648	47,539	-	36,561	-	(68,548)	(68,548)
Regional Juvenile Detention Center	1,082,739	1,062,224	-	-	-	(20,515)	(20,515)
El Centro Familiar	237,943	195,166	101,628	-	-	58,851	58,851
Total business-type activities	7,436,654	7,187,610	810,524	36,561	-	598,041	598,041
Total primary government	$ 346,477,306	$ 23,305,896	$ 29,596,477	$ 9,685,719	(284,487,255)	598,041	(283,889,214)
General revenues:							
Property taxes					142,069,070	-	142,069,070
Gross receipts taxes					128,400,872	-	128,400,872
Motor vehicle taxes					3,756,040	-	3,756,040
Gas taxes					1,590,447	-	1,590,447
Investment income:							
Interest income					1,404,981	1,129	1,406,110
Investment income					72,380	-	72,380
Miscellaneous					4,629,943	197,837	4,827,780
Transfers					(119,137)	119,137	-
Total general revenue and transfers					281,804,596	318,103	282,122,699
Change in net position					(2,682,659)	916,144	(1,766,515)
Net position - beginning					549,897,148	7,374,135	557,271,283
Prior period adjustment					(194,712,605)	(1,966,794)	(196,679,399)
Net postion - beginning as restated					355,184,543	5,407,341	360,591,884
Net position - ending					$ 352,501,884	$ 6,323,485	$ 358,825,369

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

COUNTY OF BERNALILLO, NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Grants Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 128,498,366	$ 1,031,549	$ 35,995,333	$ 53,303,514	$ 218,828,762
Accounts receivable, net	34,865,503	-	3,525,000	6,407,170	44,797,673
Accrued interest receivable	90,190	-	11,017	182,651	283,858
Note receivable	2,213,861	-	-	-	2,213,861
Due from other funds	-	-	-	1,465	1,465
Due from grantor	-	5,460,608	-	-	5,460,608
Inventory	623,197	-	-	8,738	631,935
Advances to other funds	-	-	-	1,340,000	1,340,000
Cash - restricted	-	-	-	17,740,698	17,740,698
Total assets	$ 166,291,117	$ 6,492,157	$ 39,531,350	$ 78,984,236	$ 291,298,860
LIABILITIES					
Accounts payable	$ 10,725,064	$ 1,492,370	$ 1,465,828	$ 3,073,705	$ 16,756,967
Accrued payroll	8,438,733	192,925	-	218,573	8,850,231
Unearned revenue	68,784	4,806,862	-	-	4,875,646
Due to other funds	1,006,659	-	-	300,272	1,306,931
Total liabilities	20,239,240	6,492,157	1,465,828	3,592,550	31,789,775
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	17,394,511	-	-	1,649,151	19,043,662
Total deferred inflows of resources	17,394,511	-	-	1,649,151	19,043,662
FUND BALANCES					
Nonspendable	2,837,058	-	-	19,089,436	21,926,494
Restricted	67,112,761	-	29,071,885	54,653,099	150,837,745
Committed	16,269,423	-	-	-	16,269,423
Assigned	28,950,001	-	8,993,637	-	37,943,638
Unassigned	13,488,123	-	-	-	13,488,123
Total fund balances	128,657,366	-	38,065,522	73,742,535	240,465,423
Total liabilities, deferred inflows of resources and fund balances	$ 166,291,117	$ 6,492,157	$ 39,531,350	$ 78,984,236	$ 291,298,860

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 POSITION
JUNE 30, 2015

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

Total fund balance governmental funds	$ 240,465,423
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	564,074,223
Investments in joint ventures are not reported in the Governmental funds.	633,000
Deferred charge on refunding	1,049,225
Deferred outflows of pensions recorded	26,738,277
Deferred Inflows of resources are reported s unavailable revenue	19,043,662
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 position.	3,023,489
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(251,261,535)
Compensated Absences	(32,188,569)
Accrued interest payable	(2,794,172)
Net pension liability (net of pension contribution payable)	(162,013,763)
Deferred inflows of pensions	(54,267,376)
Net position governmental activities.	$ 352,501,884

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, 2015

	General	Grants Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 123,815,334	$ -	$ -	$ 18,512,098	$ 142,327,432
Sales	100,710,280	-	-	25,924,580	126,634,860
Motor vehicle	3,756,040	-	-	-	3,756,040
Gas	1,590,447	-	-	-	1,590,447
Intergovernmental:					
Federal	309,737	3,505,506	-	13,552,576	17,367,819
State	-	10,697,427	-	1,618,334	12,315,761
Other	1,010,750	5,510,764	-	1,085,287	7,606,801
Licenses and permits	2,898,925	-	-	-	2,898,925
Fees for services	5,575,353	-	-	7,644,008	13,219,361
Investment income:					
Interest income	546,047	-	97,485	761,449	1,404,981
Investment gain	72,380	-	-	-	72,380
Miscellaneous	3,997,299	223,409	-	307,265	4,527,973
Total revenues	244,282,592	19,937,106	97,485	69,405,597	333,722,780
EXPENDITURES					
Current:					
General government	52,428,519	613,779	827,311	4,327,224	58,196,833
Public works	29,368,497	373,644	2,500,283	1,113,810	33,356,234
Public safety	136,989,439	8,455,645	-	2,084,248	147,529,332
Health and welfare	6,419,351	614,183	-	35,336,683	42,370,217
Culture and recreation	10,466,980	647,990	199,752	508,775	11,823,497
Capital outlay	6,858,936	5,548,839	6,793,406	1,558,972	20,760,153
Intergovernmental - capital outlay	6,253	3,683,026	5,128,559	-	8,817,838
Debt service:					
Principal	-	-	-	23,365,000	23,365,000
Interest	-	-	-	10,803,158	10,803,158
Bond issuance cost	-	-	162,560	230,978	393,538
Total expenditures	242,537,975	19,937,106	15,611,871	79,328,848	357,415,800
Excess (deficiency) of revenues over (under) expenditures	1,744,617	-	(15,514,386)	(9,923,251)	(23,693,020)
Other financing sources (uses)					
Transfers in	547,708	-	-	15,546,708	16,094,416
Transfers out	(13,107,957)	-	(1,984,797)	(3,120,799)	(18,213,553)
Refunding bonds issued	-	-	-	14,010,000	14,010,000
Bonds issued	-	-	17,281,000	-	17,281,000
Premium	-	-	585,941	929,563	1,515,504
Payment to escrow agent	-	-	-	(11,186,207)	(11,186,207)
Sale of capital assets	270,553	-	-	6,034	276,587
Total other financing sources (uses)	(12,289,696)	-	15,882,144	16,185,299	19,777,747
Net changes in fund balances	(10,545,079)	-	367,758	6,262,048	(3,915,273)
Fund balance - beginning	139,202,445	-	37,697,764	67,480,487	244,380,696
Fund balance - ending	$ 128,657,366	$ -	$ 38,065,522	$ 73,742,535	$ 240,465,423

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances total governmental funds	$ (3,915,273)
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 depreciation exceeded capital outlay in the current period.	(9,565,230)
The net effect of sale of capital assets is to increase net position. 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 position differs from the change in fund balance by the cost of capital assets sold.	(42,243)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,375,277
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 position. Also, governmental funds report the effect of, 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.	1,744,703
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.	549,244
The internal service fund net income is reported with governmental activities.	1,422,040
Net change in compensated absences	579,079
Net change in net pension liability	5,169,744
Change in net position of governmental acitivities	$ (2,682,659)

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 (Cash Budgetary Basis)
GENERAL FUND
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes:				
Property	$ 128,750,000	$ 128,750,000	$ 123,775,072	$ (4,974,928)
Sales	95,967,164	95,967,164	99,360,953	3,393,789
Motor vehicle	3,776,441	3,776,441	3,755,067	(21,374)
Gas	1,729,528	1,729,528	1,599,173	(130,355)
Intergovernmental - federal	275,000	275,000	309,737	34,737
Intergovernmental - other	130,500	330,500	1,010,750	680,250
Licenses and permits	2,615,158	2,631,433	2,898,925	267,492
Fees for services	7,301,384	6,227,994	5,430,445	(797,549)
Investment income	1,500,001	700,001	577,873	(122,128)
Miscellaneous	3,817,208	3,928,282	3,997,299	69,017
Total revenues	245,862,384	244,316,343	242,715,294	(1,601,049)
Other Financing Sources:				
Transfer in	118,291	665,999	547,708	(118,291)
Sale of assets	250,000	250,000	270,554	20,554
Total other financing sources	368,291	915,999	818,262	(97,737)
Total revenues and other financing sources	246,230,675	245,232,342	243,533,556	(1,698,786)
Prior year cash balance budgeted	26,637,760	55,069,243		
Total budget	272,868,435	300,301,585		
EXPENDITURES				
Current:				
General government:				
County commission	1,023,509	1,259,988	1,036,735	223,253
County manager	1,282,385	1,863,017	1,678,102	184,915
Deputy county manager for finance	599,212	660,982	640,966	20,016
Legal	3,428,746	3,519,013	3,166,856	352,157
Public information	820,278	817,129	698,650	118,479
Assessor	2,672,536	2,742,605	2,544,240	198,365
Treasurer	2,706,816	2,692,559	2,281,915	410,644
Accounting	4,066,851	3,774,020	3,112,113	661,907
Risk management	4,160,990	4,484,208	4,500,219	(16,011)
Budget and business improvement	3,842,518	3,827,684	3,779,423	48,261
Human resources	4,644,076	4,473,456	3,806,608	666,848
Information technology	8,645,790	8,502,137	7,544,911	957,226
Purchasing	2,228,309	2,278,903	2,218,381	60,522
General county	8,625,696	27,314,932	1,164,997	26,149,935
Solid waste	1,728,643	592,852	579,101	13,751
Operations and maintenance	(2)	158,845	122,462	36,383
Planning and geo resources	2,769,723	1,125,960	1,130,004	(4,044)
Social services	377,110	1,817,897	1,817,897	-
Economic development	1,252,386	1,495,870	1,334,397	161,473
Zoning, building and environmental health	3,726,425	5,477,691	4,846,717	630,974
Clerk	5,719,887	5,305,578	4,487,350	818,228
Probate	234,709	234,494	196,148	38,346
Total general government	64,556,593	84,419,820	52,688,192	31,731,628

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL (Cash Budgetary Basis)
GENERAL FUND
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public works:				
Human resources	38,620	38,620	72,590	(33,970)
Solid waste	3,585,806	1,832,426	1,795,534	36,892
Division support	731,435	677,108	635,323	41,785
Fleet-facilities management	20,917,253	17,639,382	16,688,275	951,107
Operations and maintenance	4,590,398	4,534,493	4,395,957	138,536
Technical services	3,153,191	3,311,652	1,853,188	1,458,464
Planning and geo resources	2,065,092	3,010,205	2,619,658	390,547
Communications Department	111,421	111,421	111,421	-
Capital Improvements	977,054	1,004,862	949,618	55,244
Parks and recreation	290,600	194,810	110,587	84,223
Total public works	36,460,870	32,354,979	29,232,151	3,122,828
Public safety:				
Deputy county manager for public safety	507,251	925,020	456,607	468,413
Accounting	3,460,524	3,460,524	111,583	3,348,941
Information technology	124,834	114,142	34,746	79,396
Fire and rescue	21,216,108	21,140,561	24,036,008	(2,895,447)
Office of emergency management	313,966	200,599	147,821	52,778
Metropolitan detention center	54,016,196	59,920,054	59,685,940	234,114
Animal care	2,201,216	2,162,685	1,710,160	452,525
Communications department	3,544,358	3,604,850	3,776,833	(171,983)
Sheriff	37,162,616	37,581,931	40,211,350	(2,629,419)
Youth services center	6,969,573	6,895,417	6,930,228	(34,811)
Total public safety	129,516,642	136,005,783	137,101,276	(1,095,493)
Health and welfare:				
Accounting	31,813	760,141	208,314	551,827
Solid waste	215,000	-	-	-
Operations and maintenance	-	296,000	269,000	27,000
Metropolitan detention center	8,453,284	6,892,839	4,209,606	2,683,233
Social services	2,271,378	2,566,990	1,671,270	895,720
Zoning, building and environmental health	290,475	351,683	287,000	64,683
Parks and recreation	15,000	15,000	-	15,000
Housing	474,727	399,152	340,587	58,565
Total health and welfare	11,751,677	11,281,805	6,985,777	4,296,028
Culture and recreation:				
Deputy county manager for community services	379,008	383,320	394,189	(10,869)
Accounting	13,602	31,102	13,830	17,272
Social services	480,184	535,664	409,044	126,620
Economic development	653,882	601,077	556,686	44,391
Parks and recreation	9,536,546	9,816,177	9,367,358	448,819
Total culture and recreation	11,063,222	11,367,340	10,741,107	626,233
Capital outlay	6,411,473	11,763,900	7,487,880	4,276,020
Intergovernmental capital outlay	-	-	6,253	(6,253)
Total expenditures	259,760,477	287,193,627	244,242,636	42,950,991
Other financing uses				
Transfers out	13,107,958	13,107,958	13,107,958	-
Total expenditures and other financing uses	$ 272,868,435	$ 300,301,585	$ 257,350,594	$ 42,950,991
Deficiency of revenues and other financing sources over expenditures and other financing uses			$ (13,817,038)	

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	$ 6,753,773	$ 5,228,189
Accounts receivable, net	1,917,202	1,102,100
Accrued interest receivable	58	-
Due from other funds	476,113	1,006,659
Prepaid assets	-	2,445,992
Total current assets	9,147,146	9,782,940
Noncurrent assets:		
Capital assets:		
Land	435,352	-
Land improvements	185,860	-
Buildings	6,560,200	-
Equipment, machinery, and furniture	1,465,894	-
Less accumulated depreciation	(5,678,586)	-
Total noncurrent assets	2,968,720	-
Total assets	12,115,866	9,782,940
DEFERRED OUTFLOWS OF RESOURCES		
Changes in pension assumptions	15,121	-
Deferred outflows of pensions	254,963	-
Total deferred outflows of resources	270,084	-
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	586,708	4,313,459
Compensated absences	38,317	-
Accrued payroll	101,807	-
Due to other funds	177,306	-
Unearned revenue	1,232,472	2,445,992
Total current liabilities	2,136,610	6,759,451
Noncurrent liabilities:		
Compensated absences	387,433	-
Deposits held in trust for others	14,936	-
Net pension liability	1,635,331	-
Advance from other funds	1,340,000	-
Total noncurrent liabilities	3,377,700	-
Total liabilities	5,514,310	6,759,451
DEFERRED INFLOWS OF RESOURCES		
Changes in pension assumptions	359,090	-
Difference in pension earnings	189,065	-
Total deferred inflows of resources	548,155	-
NET POSITION		
Net investment in capital assets	2,968,720	-
Unrestricted	3,354,765	3,023,489
Total net position	$ 6,323,485	$ 3,023,489

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 POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Operating revenues:		
Administrative and service fees	$ 6,924,599	$ 30,980,204
Rental income	263,011	-
Other income	197,837	-
Total operating revenues	7,385,447	30,980,204
Operating expenses:		
Salaries and wages	2,056,402	-
Contractual services	4,304,690	8,306,183
Materials and supplies	242,551	-
Other services and charges	508,398	23,251,981
Landfill expenses	366	-
Miscellaneous expense	54,071	-
Depreciation	270,176	-
Total operating expenses	7,436,654	31,558,164
Operating income (loss)	(51,207)	(577,960)
Non-operating revenues:		
Interest income	1,129	-
Grants - subsidies	810,524	-
Total nonoperating revenue	811,653	-
Income (loss) before contributions and transfers	760,446	(577,960)
Capital - grant subsidies	16,727	-
Capital contributions - capital assets	19,834	-
Transfers in	119,137	2,000,000
Change in net position	916,144	1,422,040
Total net position - beginning	7,374,135	1,601,449
Prior period ajustment	(1,966,794)	-
Total net position - beginning as restated	5,407,341	1,601,449
Total net position - ending	$ 6,323,485	$ 3,023,489

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, 2015

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Receipts from administration and service fees	$ 6,764,410	$ 30,215,863
Receipts from rents	259,117	-
Receipts from other funds for goods and services	81,637	-
Payments to employees for services	(1,634,289)	-
Payments to vendors for goods and services	(5,461,324)	(28,826,705)
Payments to other funds for goods and services	(245,615)	-
Miscellaneous cash received	181,201	-
Net cash provided (used) by operating activities	(54,863)	1,389,158
Cash flows from noncapital financing activities:		
Operating grants/subsidies received	810,524	-
Contributions to other funds	(65,000)	-
Transfers in from other funds	119,137	2,000,000
Net cash provided by noncapital financing activities	864,661	2,000,000
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(82,503)	-
Capital grants received	16,727	-
Net cash used by capital and related financing activities	(65,776)	-
Cash flows from investing activities:		
Interest received on investments	1,129	-
Net increase in cash and cash equivalents	745,151	3,389,158
Cash and cash equivalents, beginning of year	6,008,622	1,839,031
Cash and cash equivalents, end of year	$ 6,753,773	$ 5,228,189
Reconciliation of operating loss to net cash flows provided (used) by operating activities:		
Operating loss	$ (51,207)	$ (577,960)
Adjustments to reconcile operating income to net cash provided(used) by operating activities:		
Depreciation expense	270,176	-
Increase (decrease) in:		
Accounts receivable	46,308	(1,102,101)
Allowance for uncollectable accounts	(254,859)	-
Due from other funds	81,637	(23,610)
Prepaid expenses	-	(192,488)
Unearned revenue	26,810	192,488
Accounts payable	(85,234)	3,092,829
Due to other funds	(70,978)	-
Tenants payable	1,024	-
Accrued compensated absences	33,679	-
Net pension liability, deferred inflows and outflows	(52,219)	-
Net cash flows provided (used) by operating activities	$ (54,863)	$ 1,389,158
Noncash investing, capital, and financing activities:		
Land improvements	$ 19,834	$ -

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, 2015

	Agency Funds
ASSETS	
Cash and investments	$ 20,467,733
Receivables, net:	
Property taxes	34,498,875
Gross receipts tax	4,265,614
Other	1,010,702
Total assets	$ 60,242,924
LIABILITIES	
Deposits held in trust for others	$ 20,468,643
Other	1,009,792
Future collectable taxes	38,764,489
Total liabilities	$ 60,242,924

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

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

Note			Title	Page
I.			**Summary of significant accounting policies**	
	A.		Reporting entity	42
	B.		Government-wide and fund financial statements	43
	C.		Measurement focus, basis of accounting and financial statement presentation	43
	D.		Assets, liabilities, and net position or equity	46
		1.	Deposits and investments	46
		2.	Receivables and payables	46
		3.	Inventories	47
		4.	Capital assets	47
		5.	Restricted assets	48
		6.	Compensated absences	48
		7.	Deferred outflows/inflows of resources	48
		8.	Pensions	49
		9.	Net position	49
		10.	Fund balance classifications	49
		11.	Cash flows	50
		12.	Bond premiums/issuance costs	51
		13.	Presentation	51
		14.	Use of estimates	51
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 position	51
	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	52
III.			**Stewardship, compliance and accountability**	
	A.		Budgetary information	54
	B.		Deficit fund equity	55
IV.			**Detailed notes on all funds**	
	A.		Cash and investments	56
	B.		Receivables	59
	C.		Capital assets	60
	D.		Interfund receivables, payables, and transfers	62
	E.		Leases	62
	F.		Long-term debt	63
	G		Special assessment bonds	66
	H.		Conduit debt	67
	I.		Fund balance requirements	68
	J.		Fund balance purpose	69
	K.		Net position restricted by enabling legislation	70
	L.		Financial data schedule reconciliation	70
V.			**Other Information**	
	A.		Risk management	71
	B.		Health self-insurance	72
	C.		Construction and other significant commitments	73
	D.		Joint ventures	75
	E.		Post-Employment Benefits - Retiree Health Care Plan	75
	F.		Multiple-employer cost sharing pension plans	77
	G.		Prior period adjustment to net position	84
	H.		Subsequent pronouncements	84

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.

The County does not have any component units for fiscal year ended June 30, 2015.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 and other non-exchange transactions, 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 measurements 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. Referencing the

Governmental Accounting Board (GASB), under GASB Statement No. 33, the County defines "available" to 60 days after the fiscal year end. Business-type activities are financed in whole or in part by fees charged to external parties. 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.

Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, gross receipts taxes, motor vehicle taxes, cigarette taxes, gasoline taxes, licenses, grants, entitlements, donations 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* is a special revenue fund that accounts for various federal, state and other grant funding resources to be used for specific purposes agreed to between the County and the funding sources as enumerated in the grant agreement/contract.

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

Additionally, the government reports the following fund types:

Proprietary funds are used when the County charges customers a fee. These funds, like the government-wide statements, provide both long and short-term financial information. The County's *Enterprise Funds* are its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flow. The County maintains five individual enterprise funds which include: Solid Waste, Bernalillo County Housing Authority, Seybold Village Handicapped Project, Regional Juvenile Detention Center, and El Centro Familiar. *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 Funds are the Risk Management Fund and the Health Self-Insurance Fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. The County has *Agency Funds* that reports resources held by the County in a custodial capacity for other governments. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

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, health self-insurance, 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 92% 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 inflows of resources 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 position 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 uncollectables. The property tax receivable allowance is equal to .07% of outstanding property taxes at June 30, 2015.

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 includes: 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. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements, *deferred outflows/inflows of resources,* represents a decrease/increase of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue/income) until then. For outflows/inflow related to pensions, reference note E. GASB Statement No. 68- Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pension Plans by Employers.

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 position. Bond premiums and discounts 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 expensed as incurred.

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Net position

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

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

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

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

10. 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 County's highest level of decision-making authority. The Board of County Commissioners (Commission) is the highest level of decision making authority for the County that can, by adoption of a resolution commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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 by resolution 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.

11. 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.

12. 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.

13. Presentation

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

14. 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 position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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	$ (125,091,000)
Revenue Bonds	(119,935,000)
Bond premiums	(6,576,823)
Bond discounts	341,288
Net adjustment to reduce fund balance – total governmental funds To arrive at net position – governmental activities	$ (251,261,535)

Net of pension liability (net of pension contribution payable):

PERA net pension liability FY13	$ (219,334,186)
Net pension liability change from FY13 to FY14	57,436,385
Accrued payroll liability	(115,962)
Net pension liability	$ (162,013,763)

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 reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. 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	$ 20,760,153
Capital outlay – internal labor included in operating expenses	3,427,657
Donated assets	1,164,564
Depreciation expense	(34,917,604)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position in governmental activities	$ (9,565,230)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.

Sale of assets	$ (276,588)
Loss on Disposal	(36,537)
Gain on sale of assets	270,882
Net adjustment to decrease total governmental funds to arrive at changes in net position in governmental activities	$ (42,243)

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	$ 8,912,076
Property taxes receivable – prior year	(9,170,438)
Sales tax – current year	7,978,136
Sales tax – prior year	(6,212,124)
Miscellaneous revenue – current year	2,153,450
Miscellaneous revenue – prior year	(2,285,823)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position in governmental activities	$ 1,375,277

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 position. The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$ (31,291,000)
Premium of general obligation bonds	(1,515,504)
Principal repayments:	
General obligation bonds	12,150,000
Revenue bonds	7,730,000
Payment to escrow agent:	
Series 2005, 2005A, & 2006	14,236,000
Deferred charge refunding	435,206
Net adjustment to decrease net changes in fund balances – Total governmental funds to arrive at changes in net position of governmental activities	$ 1,744,703

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:

Accrued interest payable	79,344
Amortization of premium	686,724
Amortization of deferred charge on refunding	(120,713)
Amortization of bond discounts	(96,111)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position in governmental activities	$ 549,244

Pension income is recorded as a function of the change in net pension liability, based on information provided by PERA (see note E. GASB Statement No. 68 for additional information).

Net change in pension liability:	
FY15 pension income recorded	$ 5,228,357
Less: FY15 contributions payable	(58,612)
Net adjustment to reflect current year net pension liability changes, resulting in pension income.	$ (5,169,745)

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
- Housing – Vouchers
- Sheriff's Investigative Fund

Debt Service:
- Series 1996B Reserve
- Series 1997 Reserve
- Refunding Series 1998 Reserve
- Refunding Series 2005 Reserve
- Refunding Series 2010A Reserve
- Refunding Series 2010B 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. Over expenditures of budget are disclosed pursuant to Section 2.2.2.10(N)(1) NMAC. All outstanding encumbrances must be rebudgeted in the next year's budget. During the year, several supplementary appropriations were necessary.

Budgetary compliance – GAAP financial statements
The County prepares its annual budget on a cash basis of accounting as described above. A reconciliation of the general fund GAAP statement to the cash statement is as follows:

	General Fund
Net change in fund balance – GAAP basis	$ (10,545,079)
(Increase) decrease in assets:	
Accounts receivable	(1,526,744)
Accrued interest	(37,315)
Fair market value of investments	(3,238)
Increase (decrease) in liabilities:	
Accounts payable	(2,757,567)
Accrued payroll	1,052,905
Net changes in fund balance – Cash basis	$ (13,817,038)

B. Deficit fund equity

As a result of the net pension restatement per implementation of GASB Statement No. 68; the governmental activity in the Government-Wide Financial Statements (GWFS) and the Regional Juvenile Detention Center in the non-major enterprise funds reflected an unrestricted deficit balance. The governmental activity in the GWFS had a deficit balance of $145,200,231 and the Regional Juvenile Detention Center had a deficit balance of $334,912 in FY15 as a result of the restatement. El Centro Familiar, a non-major enterprise fund also had a deficit balance of $379,261; which was reduced from prior year.

IV. Detailed notes on all funds

A. Cash and investments

As of June 30, 2015, the County had the following investments.

Investment Type		Fair Value	Weighted Maturity Average (Months)	Percent of Total
US Treasury	$	70,102,399	13.34	85.6%
Repurchase Agreements		11,747,530	126.33	14.4%
Total fair value	$	81,849,929		100%
Portfolio weighted average maturity			29.56	

Interest Rate Risk. Interest rate risk is the risk that an investment's value will change due to a change in market interest rates which can adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Bernalillo County manages exposure to interest rate risk by complying with the new Investment Policy dated May 12, 2015 that sets diversification limits specified in the current policy by staggering term of investments. The county also times cash flows to maturities by laddering the portfolio so that a portion of the portfolio is maturing or coming close to maturity evenly over time, to provide the cash flow and liquidity needed for operations. The County's Investment Policy does limit investment maturities as a way of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the table above that shows the distribution of the County's investments by weighted average maturity as of June 30, 2015.

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 agency. As of June 30, 2015 the County's investment in US Treasury bonds were rated AAA by Moody's Investment Services. The County's portfolio is largely credit risk adverse due to the types of bonds held, US Treasuries. In addition, in an effort to address liquidity requirements, higher balances are maintained in demand deposit account which also limits the County's exposure to credit risk.

Bernalillo County has hired an outside contractor to perform the functions of Investment Advisor and Investment Officer on behalf of the County. The County Treasurer and the Investment Officer shall perform their investment duties in a manner consistent with the County's Investment Policy and the standards applicable to their respective positions. The County Treasurer shall perform his or her duties following a prudent person standard. The Investment Officer shall perform his or her duties in the manner of a prudent person in light of the purposes, terms, distribution requirement and other circumstances then prevailing as to the assets entrusted to them. The County Treasurer and Investment Officer shall act in

accordance with New Mexico Statutes, written policy and procedures, which shall be adopted by the County Treasurer with the advice and consent of the Bernalillo County Board of Finance.

Concentration of Credit Risk. The County's Investment Policy dated May 12, 2015 places limits on the amount the County may invest in any one issuer. The table above shows Bernalillo County's investment holdings by issuer and the percentage each issuer makes up of the total investments held by the County as of June 30, 2015.

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.

As of June 30, 2015, the County has exceeded the State's collateralization requirement of 50% on deposits and the collateral is held in the County's name. However, $22,224,503 of the County's deposits at Wells Fargo Bank, and $24,481,925 at Bank of the West were uninsured. All other balances are not exposed to any custodial risk.

GASB Statement No. 40 requires disclosure in respect to custodial credit risks relating to deposits and investments: Bernalillo County's deposits with financial institutions were held in collateralized accounts. As of June 30, 2015, the County had no certificate of deposits with financial institutions. Additionally, as of June 30, 2015 the County's investments were held by the safekeeping department of the Wells Fargo Trust.

On September 30, 2014, KPMG LLP issued an unqualified opinion for the SSAE16 requirement of Wells Fargo Trust Operations.

A reconciliation of cash and investments for the County follows:

Bank accounts	$	187,167,666
Petty cash on hand		1,560
Carrying amount of investments		81,849,929
Total cash and investments	$	269,019,155

Statement of Net Position:		
Primary Government		
Cash and investments	$	230,810,724
Cash-restricted		17,740,698
Statement of Fiduciary Assets and Liabilities		20,467,733
Total cash, investment	$	269,019,155

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, 2015.

Investment income. The County's governmental funds reported investment income of $1,477,361, which consists of the following components:

	General Fund	Construction Fund	Non major Governmental Funds	Total Government Funds
Realized investment:				
Income	$ 621,540	$ 91,564	$ 756,224	$ 1,469,328
Loss	(4,205)	-	-	(4,205)
Unrealized:				
Discount	20,158	-	-	20,158
Premium	(59,619)	-	-	(59,619)
Interest accrual:				
Current year	90,188	11,017	182,651	283,856
Prior year-reversed	(52,873)	(5,096)	(177,426)	(235,395)
Gain mark to market valuation:				
Current year	11,229	-	-	11,229
Prior year-reversed	(7,991)	-	-	(7,991)
Net investment income				
Gain (loss)	$ 618,427	$ 97,485	$ 761,449	$ 1,477,361

The proprietary funds earned $1,129 in interest income.

B. Receivables

	General Fund	Construction Fund	Non major Governmental Funds	Total Government Funds
Property taxes	$ 9,871,068	$ -	$ 1,328,654	$ 11,199,722
Gross Receipts Taxes	24,078,910	-	5,030,647	29,109,557
Gasoline Taxes	261,588	-	-	261,588
Motor Vehicle Tax	230,776	-	-	230,776
Transportation Fees	92,206	-	-	92,206
Special Assessments	81,860	-	-	81,860
Intergovernmental	174,170	-	-	174,170
Due from other governments	689,483	3,525,000	145,094	4,359,577
Other	319,095	-	-	319,095
Gross Receivables	35,799,156	3,525,000	6,504,395	45,828,551
Less: Allowance for Uncollectibles	(933,653)	-	(97,225)	(1,030,878)
Net total receivables	$ 34,865,503	$ 3,525,000	$ 6,407,170	$ 44,797,673

	Enterprise Funds	Internal Service Funds	Agency Funds
Property Taxes	$ -	$ -	$ 37,574,431
Gross receipts tax	-	-	4,265,614
Solid Waste Fees	4,158,377	-	-
Special Assessments	-	-	62,491
Due from other governments	237,854	-	-
Other	-	1,102,100	948,211
Gross Receivables	4,396,231	1,102,100	42,850,747
Less: Allowance for uncollectibles	(2,479,029)	-	(3,075,556)
Net Total Receivables	$ 1,917,202	$ 1,102,100	$ 39,775,191

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 become legally uncollectable when "any debt that is not enforceable in a judicial proceeding because the applicable statute of limitation has run" out. 12.2.12.7(I) NMAC. The County may remove legally uncollectable debt that is four years old, and that is contractually 6 years old as permitted by NMSA 1978, § 3-37-7.

Note receivable

On December 13, 2013 the County and the Mid-Regional Council of Governments (MRCOG) signed a lease purchase agreement for leasing and conveying 809 Copper Avenue to MRCOG. The agreement calls for monthly principal and interest payments of $12,236 over a period of 17 years with interest at .65%. The balance of this agreement was $2,153,450 at June 30, 2015. The second note balance for $60,411 with a third party is due in 30 years, with an interest rate of 6.5%. The total note receivable for June 30, 2015 is $2,213,861.

C. Capital assets

Capital asset activity for the year was as follows:

	June 30, 2014	Increases	Decreases	June 30, 2015
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 138,254,309	$ 1,770,590	$ -	$ 140,024,899
Construction in progress	29,372,129	22,541,463	(29,472,548)	22,441,044
Art	2,739,938	43,964	-	2,783,902
Total capital assets, not being depreciated	170,366,376	24,356,017	(29,472,548)	165,249,845
Capital assets, being depreciated:				
Buildings	343,195,021	11,987,884	-	355,182,905
Land improvements	21,723,679	6,762,870	-	28,486,549
Machinery and equipment	93,272,174	5,741,331	(2,692,497)	96,321,008
Infrastructure	318,096,903	5,976,820	-	324,073,723
Leasehold improvements	3,213,396	-	-	3,213,396
Total capital assets being depeciated	779,501,173	30,468,905	(2,692,497)	807,277,581
Less Accumulated depreciation for:				
Buildings	(156,081,203)	(13,998,077)	-	(170,079,280)
Land improvements	(3,999,102)	(2,372,932)	-	(6,372,034)
Machinery and equipment	(67,149,551)	(7,315,495)	2,650,254	(71,814,792)
Infrastructure	(147,372,575)	(11,102,564)	-	(158,475,139)
Leasehold improvements	(1,583,422)	(128,536)	-	(1,711,958)
Total accumulated depreciation	(376,185,853)	(34,917,604)	2,650,254	(408,453,203)
Total capital assets, being depreciated, net	403,315,320	(4,448,699)	(42,243)	398,824,378
Governmental activities capital assets, net	$ 573,681,696	$ 19,907,318	$ (29,514,791)	$ 564,074,223

	June 30, 2014	Increases	Decreases	June 30, 2015
Business type activities				
Capital assets, not being depreciated:				
Land	$ 435,352	$ -	$ -	$ 435,352
Construction in progress	35,841	4,148	(39,989)	-
Total capital assets, not being depreciated	471,193	4,148	(39,989)	435,352
Capital assets, being depreciated:				
Land improvements	166,027	19,833	-	185,860
Buildings	6,520,210	39,990	-	6,560,200
Machinery and equipment	1,454,469	78,355	(66,930)	1,465,894
Total capital assets being depeciated	8,140,706	138,178	(66,930)	8,211,954
Less Accumulated depreciation for:				
Land improvements	(31,354)	(17,594)	-	(48,948)
Buildings	(4,073,276)	(211,936)	-	(4,285,212)
Machinery and equipment	(1,370,711)	(40,645)	66,930	(1,344,426)
Total accumulated depreciation	(5,475,341)	(270,175)	66,930	(5,678,586)
Total capital assets, being depreciated, net	2,665,365	(131,997)	-	2,533,368
Governmental activities capital assets, net	$ 3,136,558	$ (127,849)	$ (39,989)	$ 2,968,720

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

Governmental activities:	
General government	$ 4,380,914
Public safety	11,893,750
Culture and recreation	3,807,082
Public works	12,557,432
Health and welfare	2,278,426
Total depreciation expense-governmental activities	$ 34,917,604
Business-type activities:	
Solid waste	$ 47,140
Housing Authority	57,055
Seybold Village	60,687
El Centro Familiar	105,294
Total depreciation expense-business-type activities	$ 270,176

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2015, is as follows:

	Due To:			
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Due From:				
Internal Service	$ 1,006,659	$ -	$ -	$ 1,006,659
Nonmajor governmental funds	-	-	1,465	1,465
Nonmajor Enterprise Funds	-	300,272	175,841	476,113
Total	$ 1,006,659	$ 300,272	$ 177,306	$ 1,484,237

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. The 2010B Debt Service Fund advanced the Housing Authority $1,650,000 in FY10 which has an outstanding balance of $1,340,000 at June 30, 2015.

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, 2015 were as follows:

	Transfer out:			
	General Fund	Construction Fund	Nonmajor Governmental Funds	Total
Transfer in:				
General Fund	$ -	$ 547,708	$ -	$ 547,708
Nonmajor Govt Funds	10,988,820	1,437,089	3,120,799	15,546,708
Nonmajor Enterprise	119,137	-	-	119,137
Internal Service	2,000,000	-	-	2,000,000
Total	$ 13,107,957	$ 1,984,797	$ 3,120,799	$ 18,213,553

E. Leases

Operating Leases

During the fiscal year ended June 30, 2015, the County leased equipment, and office space under operating leases. The County's expenditures on those leases for the fiscal year ended June 30, 2015, were $1,031,235. The County shares building expense on One Civic Plaza (City/County Building) on a year-to-year basis. A joint City/County annual operating budget

for the building is established one month prior to the commencement of the fiscal year. The County's future minimum rental commitments is $1,112,661 for the year ended 2016.

During the year, the County, as lessor, leased various office spaces at a cost of approximately $3.62 million and a carrying amount of $1.9 million under operating leases. Rental revenue was $1,166,449 and depreciation expense on those assets was $128,426.

F. Long-term debt

Changes in long-term liabilities
Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due within One Year
Governmental Activities:					
Bonds:					
G.O. bonds	$ 120,186,000	$ 31,291,000	$ (26,386,000)	$ 125,091,000	$ 12,735,000
Revenue bonds	127,665,000	-	(7,730,000)	119,935,000	8,635,000
Bond premiums	5,748,044	(686,725)	1,515,504	6,576,822	-
Bond discounts	(437,399)	-	96,111	(341,288)	-
Total bonds	253,161,645	30,604,275	(32,504,385)	251,261,534	21,370,000
Other liabilities:					
Compensated absences	32,767,649	14,964,436	(15,543,515)	32,188,570	2,896,971
Governmental activity Long-term liabilities	$ 285,929,294	$ 45,568,711	$ (48,047,900)	$ 283,450,104	$ 24,266,971

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due within One Year
Business-type Activities:					
Compensated absences	$ 392,070	227,963	(194,283)	425,750	$ 38,317

Payments on bonds payable for governmental activities are made in the Debt Service Fund. Bonded debt is subject to the applicability of federal arbitrage regulations. In FY15 Bernalillo County did not have any outstanding federal arbitrage. Accrued compensated absences for governmental activities are generally liquidated by the general fund.

General Obligation (GO) Bonds are direct obligations of the County for which its full faith and credit are pledged and are payable from taxes levied on property located within the County. The County issues GO bonds to provide funds for the acquisition and construction

of major capital facilities, and purchase of library books. Debt related to non-capital library books is $6,141,472. The GO bonds outstanding as of June 30, 2015 are comprised of the following issues:

Issue	Maturity Date	Interest Rate	Amount Issued	Outstanding 6/30/2015
Series 1997	12/1/2017	4.50%-6.50%	$ 11,170,000	$ 2,540,000
Series 1999	8/1/2019	4.50%-6.50%	18,676,000	6,485,000
Series 2007	8/1/2027	5.00%	10,400,000	9,360,000
Series 2007A	8/1/2027	4.00%-4.35%	8,400,000	7,605,000
Series 2009	6/1/2019	2.50%-4.50%	10,000,000	4,375,000
Series 2009A	12/1/2020	.80%-3.60%	10,750,000	6,950,000
Partial refunding series 2010	2/1/2022	2.00%-4.00%	15,105,000	10,235,000
Series 2011	2/1/2019	2.25%-4.00%	4,200,000	2,495,000
Advance refunding series 2012	6/15/2023	2.00%-4.00%	6,535,000	4,910,000
Series 2012A	6/15/2032	3.00%-4.00%	14,400,000	14,400,000
Series 2013	8/15/2028	2.00%-4.00%	17,800,000	15,750,000
Series 2014	8/15/2029	2.10%-4.00%	8,700,000	5,700,000
Advance refunding series 2014A	8/15/2021	2.00%-4.00%	2,995,000	2,995,000
Series 2015	8/15/2030	2.00%-4.00%	17,281,000	17,281,000
Advance refunding series 2015A	8/15/2027	2.00%-4.00%	14,010,000	14,010,000
Total			$ 170,422,000	$ 125,091,000

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

Fiscal	Governmental Activities	
Year Ending	Principal	Interest
2016	$ 12,735,000	$ 4,085,393
2017	9,856,000	3,778,148
2018	10,240,000	3,408,251
2019	9,905,000	3,029,745
2020	9,705,000	2,617,633
2021-2025	40,320,000	8,311,986
2026-2030	28,080,000	2,671,380
2031-2032	4,250,000	153,940
	$ 125,091,000	$ 28,056,476

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, 2015 are comprised of the following issues:

Issue	Amount	Interest Rate	Final Maturity
Series 1996B	$ 40,790,000	4.20%-5.70%	April 1, 2027
Series 1997	3,800,000	4.30%-5.75%	October 1, 2017
Refunding Series 1998	34,235,000	3.55%-5.25%	April 1, 2027
Partial Refunding Series 2005	35,655,000	3.50%-5.25%	October 1, 2026
Series 2010A	4,115,000	2.00%-4.00%	June 15, 2019
Refunding Series 2010B	1,340,000	2.00%-4.50%	June 15, 2029
	$ 119,935,000		

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

Fiscal Year Ending	Governmental Activities Principal	Interest
2016	$ 8,635,000	$ 6,198,816
2017	9,165,000	5,762,773
2018	9,515,000	5,308,079
2019	9,295,000	4,834,865
2020	8,415,000	4,375,555
2021-2025	49,255,000	14,702,998
2026-2029	25,655,000	1,948,238
	$ 119,935,000	$ 43,131,324

New Bond Issuance. On March 24, 2015, Bernalillo County issued $17,281,000 General Obligation Bonds, Series 2015 with interest rates ranging from 2.00% to 4.00%. The bonds were issued at a premium of $585,941 and incurred underwriting discounts and issuance costs of $162,560. The bonds achieved a true interest cost interest rate of 2.516%. The purpose of the Bonds is to fund certain projects including roads, storm sewer and wastewater systems, libraries, public safety, parks and recreation, and County buildings and facilities.

Current and Advance Refunding. On March 24, 2015 the County issued $14,010,000 of General Obligation Bonds, Series 2015A with interest rates ranging from 2.00% to 4.00%. The bonds were issued at a premium of $929,563 and incurred underwriting discounts and issuance costs of $230,978. The $14,827,500 bond proceeds were used to current refund $3,485,000 and advance refund of $10,751,000; for the series of 2005, 2005A, and 2006 bonds for the purpose of achieving debt service savings. The bonds achieved a true interest cost interest rate of 1.93%.

The net bond proceeds were deposited with the Escrow Agent in an amount necessary to accomplish on their scheduled redemption dates (August 1, 2015 and February 1, 2016), the discharge and final payment of the refunded bonds. The reacquisition price including premiums, exceeded the net carrying amount of the old debt by $435,207. This amount is presented as a deferred outflow of resources and is amortized over the life of the refunded debt, which is the same life as the original debt. The refunding was undertaken to reduce

total debt service payments by $1,103,699 over the next 5.62 years and resulted in an economic gain (present value savings) of $1,141,738.

G. 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, 2015:

Improvement Bonds	Interest Rate	Date Issued	Date Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2015
Comanche Griegos BC-83-1B	6.25%	12/03	12/15/23	$2,085,000	$ 945,000

At June 30, 2015, 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	$ 13,502	$ 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.

H. Conduit debt

The County has acted from time to time as the issuer of conduit bonds, the proceeds of which have been immediately loaned to a private borrower. The County will require a complete analysis by an independent consultant at the expense of any and all applicants. The County signed its rights with respect to such bonds to various trustees that monitor amounts due and payable by the borrower pursuant to a lease, loan or other agreement. The County, 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 2015, the County issued three new Industrial Revenue Bonds. As of June 30, 2015, there were seventeen series of Industrial Revenue Bonds outstanding with an original issue amount of $230,071,000. The remaining principal balance outstanding as of June 30, 2015 is $122,784,813.

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. The County, 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, 2015, there were eight series of project revenue bonds with an original issue amount of $44,425,000. The remaining outstanding principal balance as of June 30, 2015 is $23,598,043.

New Mexico Non-profit Corporation Project Revenue Bond

In fiscal year 2015, the County has one project revenue bond; the YMCA of Central New Mexico Project with an issue amount of $4,385,449. The remaining principal balance as of June 30, 2015 is $3,717,202.

I. Fund balance requirements

The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of the FY15 budgeted expenditures in the general fund be restricted as subsequent-year expenditures to provide adequate cash reserves. The DFA required reserve balance for FY15 is $66,939,899. The County has additional minimum fund balance goals. In June 2015 the County Board of Commissioners amended the Administrative Resolution to lower unassigned portions of fund balance from 2/12 to three to five percent of the upcoming general fund budgeted operating expenditures. The County concluded that the previous combined State and County reserve requirement of 5/12 was overly conservative and that the new policy was more in line with the County needs. The DFA required fund balance, along with the County unassigned fund balance (Revenue Stabilization and Operating Reserve), will provide an emergency reserve to address one-time emergencies, provide for unanticipated expenditure requirements, insulate against slower revenue growth than anticipated, and address other unforeseen events. The unassigned fund balance of $13,488,123 is in within the estimated policy of three to five percent of the next fiscal year's budget.

J. Fund balance purpose

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

	General	Construction Fund	Other Funds	Total Funds
Nonspendable				
Notes receivable	$ 2,213,861	$ -	$ -	$ 2,213,861
Advances to other funds	-	-	1,340,000	1,340,000
Inventory	623,197	-	8,738	631,935
Debt service - reserve	-	-	17,740,698	17,740,698
Total Nonspendable	2,837,058	-	19,089,436	21,926,494
Restricted				
Reserve requirement	66,939,899	-	-	66,939,899
Grant match funds	172,862	-	-	172,862
Debt service	-	-	13,565,118	13,565,118
Road bonds	-	10,315,735	-	10,315,735
Public Safety:				
Bonds	-	5,325,583	-	5,325,583
Fire protection	-	-	662,057	662,057
Sheriffs	-	-	989,164	989,164
DSAP	-	-	1,713,626	1,713,626
Law enforcement	-	-	418,643	418,643
Healthcare	-	-	7,241,643	7,241,643
Environmental services	-	-	2,217,876	2,217,876
Storm drain bonds	-	4,619,338	-	4,619,338
Infrastructure	-	-	4,158,707	4,158,707
Open space	-	-	2,339,861	2,339,861
Valuation	-	-	18,753,528	18,753,528
Housing services	-	-	1,634,882	1,634,882
Library bonds	-	1,014,073	-	1,014,073
Parks bonds	-	3,896,879	-	3,896,879
Clerks - recording and filing	-	-	957,118	957,118
Other purposes	-	3,900,277	876	3,901,153
Total Restricted	67,112,761	29,071,885	54,653,099	150,837,745
Committed				
General county	11,072,607	-	-	11,072,607
Healthcare reserve - self insurance	750,000	-	-	750,000
Regional detention center	3,343,854	-	-	3,343,854
Community services	79,647	-	-	79,647
PILT	1,023,315	-	-	1,023,315
Total Committed	16,269,423	-	-	16,269,423
Assigned				
Subsequent years' expenditures	28,950,001	-	-	28,950,001
Storm drain	-	2,118,851	-	2,118,851
Water, wastewater projects	-	5,057,950	-	5,057,950
Trails	-	634,976	-	634,976
Arts	-	476,974	-	476,974
Other purposes	-	704,886	-	704,886
Total Assigned	28,950,001	8,993,637	-	37,943,638
Unassigned				
Revenue Stabilization/Operating Reserve	13,488,123	-	-	13,488,123
	$ 128,657,366	$ 38,065,522	$ 73,742,535	$ 240,465,423

K. Net position restricted by enabling legislation

The government-wide statement of net position reports $169,754,319 of restricted net position, of which $9,213,900 is restricted by enabling legislation.

L. Financial data schedule reconciliation

The 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 position reconciles 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 Position		Amount
Net Position - Housing Choice Vouchers 14.871	$	1,488,148
Net Position - Linkages		16,875
Compensated Absences		129,859
Fund balance - Housing - Vouchers	$	1,634,882

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 position reconciles 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 Position		Amount
Net Position – Central Office	$	2,411,111
Net Position – Home Rehabilitation		162,011
Compensated Absences		(129,859)
Net Position – Housing Authority	$	2,443,263

Department of Substance Abuse Financial Data Schedule

The federal HUD grant associated with the Department of Substance Abuse is combined with other grants reported in the Grant Fund. The Financial Data Schedule, as required by HUD, is included and only reflects the Department of Substance Abuse grant program, and therefore there are no differences to reconcile.

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 three 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 Bernalillo County Risk Management Director is a voting member on the Workers' Compensation Pool Board of Directors and the Deputy County Manager for Finance is a voting member on the Multi-line and Law Enforcement Pool Board of Directors.

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, 2015, 2014, and 2013 contributed a total of $8,900,506, $8,493,022, and $8,353,121, respectively. The premium that each county pays depends upon the total value of the county payroll total, the NCCI employment classifications, and the loss experience specific to that county. Bernalillo County has a self-insurance retention/high-deductible plan 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, 2015, 2014, and 2013, the County contributed $765,446, $750,437, and $698,081, 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 self-insured retention of this pool is $750,000. The pool has two layers of reinsurance coverage for losses above that amount.

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 2015, 2014, and 2013,

participating counties contributed a total of $9,404,465, $8,562,363, and $7,283,018, respectively. For calendar years 2015, 2014, and 2013, Bernalillo County contributed $1,784,624, $ 1,622,385, and $1,612,612, respectively. 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 is $150,000 for property and $1,000,000 for liability per occurrence (that is the maximum amount of coverage for each insured event before obtaining reinsurance). The pool has two layers of reinsurance coverage for losses above that amount.

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 2015, 2014, and 2013, participating counties contributed a total of $10,718,889, $10,254,545, and $9,344,652, respectively. For calendar years 2015, 2014, and 2013 Bernalillo County contributed $3,003,079, $2,806,616, and $2,623,006, respectively. For each calendar year, a reserve fund is kept to pay deductibles for law enforcement liability claims. The self-insured retention of this pool is $750,000. The pool has two layers of reinsurance coverage for losses above that amount.

The pooling agreements require the pools to be self-sustaining. The Pool Boards require the retention of 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. Bernalillo County does not retain the sole risk of losses incurred. For the fiscal years that ended June 30, 2015, 2014, and 2013 there were no payments in excess of the annual premium contributions for self-sustainment of the insurance pools.

The New Mexico County Insurance Authority has published its own financial report for the fiscal year ended June 30, 2015, which can be obtained from the New Mexico Association of Counties, 444 Galisteo St., Santa Fe, New Mexico 87501. (http://www.nmcounties.org/)

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, accident and sickness for sheriff reserve officers, cyber-liability, and a volunteer accident policy. These insurance policies are sourced through a broker working on a flat annual fee, not commissions.

B. Health self-insurance

The Health Self-Insurance Fund establishes health claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on complex factors, such as

inflation, medical costs, and claim history; changes process used in computing claim liabilities does not necessarily result in an exact amount. Health claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to an expense account in the period in which they are incurred. The Health Insurance Fund was established in FY15. Changes in balances of claims liabilities are compared between current and prior fiscal year.

	FY15
Unpaid claims beginning of year	$ -
Incurred claims and changes in estimate	23,251,981
Claims paid	(19,969,876)
Unpaid claims, end of fiscal year	$ 3,282,105
Due in one year	$ 3,282,105

The County purchases stop loss coverage for Blue Cross Blue Shield and Presbyterian Health carriers per covered individual annually. The excess coverage per individual for Blue Cross Blue Shield is $200,000 and $150,000 for Presbyterian Health, per policy period. The insurance vendor, based on medical trend, claims history, and utilization assists in the determination of the individual deductible.

The IBNR is actuarially determined and recommended calculation of the claim liability was $2,125,558, which is included in the accounts payable balance at June 30, 2015 for all health coverages including medical and prescription drugs.

C. Construction and other significant commitments

Construction commitments. At June 30, 2015 the County is committed to $12,840,172 under construction contracts for capital assets.

Litigation. The County is a defendant in a number of lawsuits, the significant majority of which are covered under the County's insurance policy through the New Mexico Association of Counties. The outcome of these lawsuits is 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 three pending claims that are not covered by insurance. One case seeks certification as a class action in federal court and alleges that the County discriminates against women in its hiring and promotion practices. The total amount of potential liability cannot be determined at this time because it depends in large part on whether the

court rules in favor of certification; a ruling is expected in the next few months. There are approximately 250 putative plaintiffs.

The second case involves a former female chief deputy at BCSO who is claiming violations of the Inspection of Public Records Act. While the County has representation for the claim through the Association of Counties, the claimed damages of $100 per day under the Act is not covered. If the plaintiff is successful, the court could award damages against the County at the rate of $100 for every day the court found the County in violation. A tally of the range of damages has not yet been accomplished as the case has just begun.

The third case is one brought by three of the largest utility companies providing service in Bernalillo County—Public Service Company of New Mexico ("PNM" which provides electricity), New Mexico Gas Co. (natural gas) and CenturyLink (cable and internet). The plaintiffs are challenging the validity and constitutionality of the County's right-of-way ordinance which was enacted in January of 2014, and which requires that any user of the County's rights-of-way for utility lines or other infrastructure must enter into a franchise agreement and pay a franchise fee to the County. If the County's ordinance is struck down, then the County would forego anticipated annual revenues of approximately 5 to 6 million dollars. However, that revenue is not currently being realized by the County so an adverse outcome in the litigation would not result in loss of revenue.

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, 2015, 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 FY16 which will generate approximately $11 million annually. The gross receipts are distributed to the State of New Mexico, Human Services Department.

Encumbrances. At year end the amount of significant encumbrances greater than $300,000 which are expected to be honored upon performance by vendor in the next year were as follows:

General fund	$	2,331,808
Grants fund		939,118
Construction fund		6,119,678
Total	$	9,390,604

D. 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 FY15, Sandoval County paid $1,062,223 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 FY15 was $322,053 and $294,492 of this amount has been received to date which includes $2,473 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.

E. 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 employer, employee and retiree contributions are required to be remitted to RHCA on a monthly basis. The statutory requirements for the employer and the employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. 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) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June

30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Bernalillo County's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were $2,380,476, $2,376,195, and $2,381,109, respectively, which equal the required contributions for each year.

F. Multiple-Employer Cost Sharing Pension Plans

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.

Compliant with the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The County as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the PERA. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the CAFR of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

PERA has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in PERA is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial

Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in PERA. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org/ using the Audit Report Search function for agency 366.

Funding Policy. Plan members are required to contribute 10.65-18.15% of their gross salary. The County is required to contribute 9.55%-21.65% depending upon the plan 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, 2015, 2014, and 2013 were $15,179,509, $14,717,112, and 14,165,828, respectively, which equal the amount of the required contributions for each fiscal year. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the County has elected to make contributions of up to sixty-nine 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, 2015.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2.0% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Contributions. The contribution requirements of defined benefit plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on

pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_ Association_ 2014.pdf. The PERA coverage options that apply to the County are: Municipal General, Municipal Police/Detention Officers, and Municipal Fire Divisions. Statutorily required contributions to the pension plan from the County were $14,525,854 and employer paid member benefits that were "picked up" by the employer were $ 10,970,415 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. The assets of PERA are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Division Municipal General, at June 30, 2015, the County reported a liability of $91,144,169 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 11.6836%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the County recognized PERA Division Municipal General pension income of $4,976,659. At June 30, 2015, the County reported PERA Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 61,723
Net differences between projected and actual earning on investments	-	35,658,175
County's contributions subsequent to the measurement date	15,920,127	-
Total	$ 15,920,127	$ 35,719,898

$15,920,127 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension income as follows:

Year ended June 30:	
2016	$ (8,929,911)
2017	(8,929,911)
2018	(8,929,911)
2019	(8,929,911)
2020	(308)

For PERA Division Municipal Police, at June 30, 2015, the County reported a liability of $28,830,803 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 8.8441%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the County recognized PERA Division Municipal Police Pension income of $1,423,144. At June 30, 2015, the County reported PERA Division Police General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 2,342,045
Net differences between projected and actual earning on investments	-	10,720,566
County's contributions subsequent to the measurement date	5,437,660	-
Total	$ 5,437,660	$ 13,062,611

$5,437,660 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension income as follows:

Year ended June 30:	
2016	$ (3,262,740)
2017	(3,262,740)
2018	(3,262,740)
2019	(3,262,739)
2020	(11,652)

For PERA Division Municipal Fire at June 30, 2015, the County reported a liability of $43,557,710 for its proportionate share of the net pension liability. At June 30, 2014, the County's proportion was 10.4355 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the County recognized PERA Division Municipal Fire Pension expense of $ 1,118,637. At June 30, 2015, the County reported PERA Division Fire General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,512,092	$ -
Net differences between projected and actual earning on investments	-	6,033,022
County's contributions subsequent to the measurement date	4,138,482	-
Total	$ 5,650 ,574	$ 6,033,022

$4,138,482 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension income as follows:

Year ended June 30:	
2016	$ (1,132,113)
2017	(1,132,113)
2018	(1,132,113)
2019	(1,132,113)
2020	7,522

Actuarial assumptions. As described above, PERA member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS Asset Class	**Target Allocation**	**LongTerm Expected Real Rate of Return**
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.75% assumed longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County's net pension liability in each PERA Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Division Municipal General	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 171,828,101	$ 91,144,619	$ 28,812,766
PERA Division Municipal Police	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 54,980,388	$ 28,830,803	$ 9,305,263
PERA Division Municipal Fire	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 61,543,781	$ 43,557,710	$ 30,292,288

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at http://www.pera.state.nm.us/ publications.html.

G. Prior period adjustment to net position

Pension costs of $115,921,052, $37,878,898 and $42,821,520 for the Municipal General, Municipal Police, and Municipal Fire PERA plans respectively plus an adjustment for $57,929 in contributions payable for a total of $196,679,399 from the prior year were expensed and recorded as a prior period adjustment as required by GASB Statement No. 68.

H. Subsequent Pronouncements

In March 2015, GASB Statement No. 72 - Fair Value Measurement and Application would require state and local governments to measure investments at fair value. The standard would enhance comparability of governmental financial statements by enforcing fair value measurement for certain assets and liabilities, by using consistent definition and accepted valuation methods. This standard magnifies fair value disclosures to provide comprehensive information and impact of fair value measurements on the County's financial position. The requirements are effective for financial statements for periods beginning after June 15, 2015.

COUNTY OF BERNALILLO, NEW MEXICO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Public Employees Retirement Association (PERA)
Last Ten Fiscal Years

	2015
County's proportion of the net pension liability	
Municipal General	11.6836%
Municipal Police	8.8441%
Municipal Fire	10.4355%
County's proportionate share of the net pension liability	
Municipal General	$ 91,144,619
Municipal Police	28,830,803
Municipal Fire	43,557,710
	$ 163,533,132
County's covered-employee payroll	
Municipal General	$ 75,527,251
Municipal Police	16,621,208
Municipal Fire	11,538,843
	$ 103,687,302
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	
Municipal General	120.68%
Municipal Police	173.46%
Municipal Fire	377.49%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

Sources: PERA and County's payroll office

COUNTY OF BERNALILLO, NEW MEXICO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
Public Employees Retirement Association (PERA)
Last Ten Fiscal Years

	2015
Contributions in relation to the contractually required contribution	
Municipal General	$ 8,678,222
Municipal Police	3,151,028
Municipal Fire	2,469,970
	$ 14,299,220
Contractually required contribution	
Municipal General	$ 8,678,222
Municipal Police	3,151,028
Municipal Fire	2,469,970
	$ 14,299,220
County's covered-employee payroll	
Municipal General	$ 75,527,251
Municipal Police	16,621,208
Municipal Fire	11,538,843
	$ 103,687,302
Contributions "in relation" as a percentage of covered-employee payroll	
Municipal General	11.49%
Municipal Police	18.96%
Municipal Fire	21.41%
	13.79%

* Amounts for fiscal years prior to June 30, 2015 are not available

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of $30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

Sources: PERA and County's payroll office