

Bernalillo County, New Mexico

Fiscal Year 2016 Annual Report

December 2016

Debt Management Policy & Guidelines
(as amended January 26, 2016)

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Purpose

In accordance with the Debt Policy and Guidelines approved by the Bernalillo County Commission as amended on January 16, 2016, the Finance team is providing an annual report representing Bernalillo County's financial position as of FY16 (year ended 6/30/2016). This report includes appropriate measurements to evaluate the County's credit status, in comparison to other jurisdictions and financial benchmarks. In addition, information about significant events affecting outstanding debt, a summary statement to the overall status of the County's debt obligations and debt management process has been provided.

- I. Results of previous year's financings
- II. Rating agency reports and rating status
- III. Bond capacity and relevant comparable financial ratios
- IV. All bond financings in progress or anticipated for the subsequent fiscal year
- V. Any changes to the Debt Management Policy & Guidelines.

Additional Information:

- Median Comparison
- Glossary of Terms

I. 2016 Bond Sales (Rated: Aaa/AAA/AAA)

The County issued two series of General Obligation Bonds in Fiscal Year ended June 30, 2016. County Voters approved \$27.571MM of bonds at an election on November 4, 2014. The 2nd and final issue of that election, \$9,860,000 were sold on a competitive sale on February 16, 2016. The best bid, by FTN Financial, resulted in an interest rate of 1.98%.

The 2016 bond projects of the 2014 Election Cycle are as follows:

- \$2,200,000 for parks and recreation
- \$900,000 for library
- \$4,820,000 for roads
- \$2,370,000 for design, construction and repair of storm sewer and wastewater systems

The County refunded its Series 2007 and 2007A General Obligation Bonds for interest rate savings. The Bonds were sold at a competitive sale on February 16, 2016. The best bid, by Piper Jaffray, resulted in an interest rate of 1.495%

- Over \$2,140,000 in Present Value Savings
- The amount of saving equates to 15.47% of the bonds that were refunded, which exceeds the required thresholds pursuant to the Debt Policy.
- Also, in compliance with the County’s Debt Policy, the final maturity of debt was not extended.
- The rate of the bonds refunded was lowered from 4.66% to a 1.78% (AIC)

| Date | Savings Report | | | |
|-----------|---------------------|------------------------|-------------------------------------|--------------------|
| | Prior Debt Service | Refunding Debt Service | Savings | Present Value |
| 8/15/2016 | \$322,061 | \$5,006,411 | -\$4,684,350 | -\$4,659,277 |
| 8/15/2017 | 644,123 | 3,248,263 | -2,604,140 | -2,554,125 |
| 8/15/2018 | 1,769,123 | 743,263 | 1,025,860 | 995,861 |
| 8/15/2019 | 1,767,823 | 745,713 | 1,022,110 | 978,893 |
| 8/15/2020 | 1,769,273 | 747,563 | 1,021,710 | 965,355 |
| 8/15/2021 | 1,767,723 | 741,313 | 1,026,410 | 956,699 |
| 8/15/2022 | 1,768,360 | 743,500 | 1,024,860 | 942,364 |
| 8/15/2023 | 1,770,950 | 749,450 | 1,021,500 | 926,628 |
| 8/15/2024 | 1,765,213 | 739,650 | 1,025,563 | 917,764 |
| 8/15/2025 | 1,766,700 | 744,550 | 1,022,150 | 902,378 |
| 8/15/2026 | 1,764,600 | 740,650 | 1,023,950 | 891,742 |
| 8/15/2027 | 1,764,245 | 739,500 | 1,024,745 | 880,380 |
| | \$18,640,191 | \$15,689,824 | \$2,950,368 | \$2,144,660 |
| | | | PV of savings from cash flow | \$2,144,660 |
| | | | Plus: Refunding funds on hand | \$2,664 |
| | | | Net PV Savings | \$2,147,324 |

II. History of County General Obligation Ratings

History of Moody's Ratings

| Rating Date | Rating Action | Outlook Action |
|-------------------|-----------------|------------------------|
| May 14 to Present | Aaa | Stable |
| Aug 11 to Feb 13 | Aaa | Negative |
| July-11 | Affirmed Aaa | RUR Possible Downgrade |
| May-10 | Migrated to Aaa | No Outlook |
| Nov 06 to Dec 09 | Aa1 | No Outlook |

History of Standard & Poor's Ratings

| Rating Date | Rating Action | Outlook Action |
|-------------------|-----------------|----------------|
| Oct 07 to Present | Affirmed AAA | Stable |
| August-07 | Upgraded to AAA | Stable |
| November-06 | Affirmed AA+ | Stable |

History of Fitch Ratings

| Rating Date | Rating Action | Outlook Action |
|-------------------|---------------|----------------|
| May 14 to Present | Affirmed AAA | Stable |
| February-13 | AAA | Stable |

RUR: Rating Under Review
 Negative Outlook based on the reliance of federal government during sequestration.

Moody's: Moody's Investors Service has assigned a Aaa rating to Bernalillo County's, NM General Obligation Bonds. Moody's also has affirmed the Aaa rating on the county's outstanding parity debt. The outlook remains stable. The outlook for Bernalillo County is stable, reflecting the slow but positive economic recovery, anticipated maintenance of healthy reserves over the medium term, as well as the improved investment policy and internal controls recently implemented. The county's concentration in federal employment and procurement could be negatively impacted by federal spending reductions, which could erode economic stability and impact gross receipts tax collections. Future rating actions will assess the county's economic stability as well as management's ability to structurally balance operations.

S&P: Strong economy, with access to a broad and diverse metropolitan statistical area (MSA); Very strong management, with "strong" financial policies and practices under our financial management assessment (FMA) methodology; Weak budgetary performance, with operating deficits in the general fund and at the total governmental fund level in fiscal 2015; Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 43% of operating expenditures; Very strong liquidity, with total government available cash at 67.4% of total governmental fund expenditures and 7.5x governmental debt service, and access to external liquidity that we consider strong; Strong debt and contingent liability position, with debt service carrying charges at 9.0% of expenditures and net direct debt that is 74.4% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 80% of debt scheduled to be retired in 10 years; and Very strong institutional framework score.

Fitch: FINANCES PRESSURED BUT STILL SOUND: The county's financial position has been affected by spending pressures, particularly in public safety, but remains solid. Financial reserves remain large despite three consecutive years of sizable draw downs. Enhanced revenues and stabilized detention center spending should allow the county to restore structural balance as planned. FAVORABLE DEBT PROFILE: The county's debt profile remains positive, as evidenced by moderate debt levels, a rapid GO and GRT bond principal payout rate, moderate carrying costs, and modest capital plans. BROAD ECONOMY: The county's economic base is broad but has been slow to recover from recessionary employment losses. The unemployment rate remains moderate. The county's recent development as a technology hub may aid its recovery while further enhancing economic diversity.

II. History of Gross Receipts Tax Revenue Ratings

History of Moody's Ratings

| Series | Rating Action |
|-----------------|----------------------------|
| 2010 to Present | Aa2 |
| 2010 | Moody's Recalibrated scale |
| 2004 to 2009 | Aa3 |

History of Standard & Poor's Ratings

| Series | Rating Action |
|-----------------|---------------|
| 2007 to Present | AAA |
| 2006 | AA+ |
| 2004 to 2005 | AA |

History of Fitch Ratings

| Series | Rating Action |
|-----------------|---------------|
| 2010 to Present | AA+ |
| 2004 to 2005 | AA |

Moody's: Assignment Of The Aa2 Rating Reflects Adequate Legal Provisions; Satisfactory Debt Service Coverage; Economic And Population Hub Of New Mexico And Strong Fiscal Management, Healthy Reserves Expected To Continue

S&P: Positive pledged revenue collection trends leading to strong coverage, strong legal covenants, and management's limited plans to issue additional parity debt. The outlook remains stable. The ratings reflect the area economy's diversification; the strong legal provisions, including a historical additional bonds test that required 2x future maximum annual debt service coverage, after payment for indigent aid, and a fully funded debt service reserve; the pledged revenue stream's consistent growth.

Fitch: Solid GRT Coverage: Debt service coverage of the county's gross receipt tax (GRT) revenue bonds remains solid; furthermore, legal and practical limitations on further leverage are strong.

III. GO Bond Capacity after 2016 Issuance & Residential Tax Rates

| Bonding Capacity | |
|---|-------------------|
| 2015 Assessed Valuation | \$ 15,119,077,344 |
| Legal Bonding Capacity (4% of assessed valuation) | \$ 604,763,093.76 |
| 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.

Property Tax Revenue

- Per state statute the County can impose up to \$11.85 mills for operational purposes
- The County currently maintains a non-residential tax rate of \$10.75 mills leaving approximately 1 mil or \$15.2 million of additional potential revenue

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

Source: New Mexico Department of Finance & Administration.

III. GO Financial Ratios as of June 30, 2016

| | |
|---|------------------|
| 1. Net Bonded Debt Per Capita <= 1% | |
| Bernalillo County Population (based on 2016 CAFR) | 675,551 |
| . | . |
| Net GO Bonded Debt | 122,721,000 |
| Less: Cash (in debt service fund) | (15,320,316) |
| Sub-Total Direct Debt | 107,400,684 |
| Net Bonded Debt Per Capita | \$158.98 |
| Bernalillo County Income per Capita (2012 US Department of Commerce) | 39,804 |
| Direct Debt as a Percentage to Income per Capita | 0.40% |
| 2. Net GO Bonded Debt as % of Assessed Taxable Valuation <=2% | |
| GO Bond Balance | \$ 122,721,000 |
| New Bond Issue | - |
| Net GO Bonded Debt | 122,721,000 |
| Assessed Valuation (tax year 2015) | 15,119,077,244 |
| Net GO Bonded Debt as % of Assessed Taxable Valuation | 0.81% |
| 3. Direct & Overlapping Debt as % to Assessed Valuation <=10% | |
| Direct & Overlapping | \$ 1,389,350,908 |
| New Bond Issue | - |
| Net Total Direct & Overlapping Debt | 1,389,350,908 |
| Assessed Valuation | 15,119,077,244 |
| GO Debt as % of Assessed Valuation | 9.2% |
| 4. Direct Debt as % to Full Valuation <=.66% | |
| GO Bond Balance | \$ 122,721,000 |
| New Bond Issue | - |
| Net GO Bonded Balance | 122,721,000 |
| Full Value | 45,357,231,732 |
| GO Debt as % of Full Valuation | 0.27% |

III. GRT Authorized vs Imposed

| Type of Tax & Purpose | Total Taxing Authority | Percentage Imposed | FY16 Revenue* | Unused Authority | Potential Add'l Revenue |
|--|------------------------|--------------------|----------------------|------------------|-------------------------|
| 1 County GRT ⁽¹⁾ | 0.3750% | 0.3750% | \$ 69,487,876 | 0.0000% | \$ - |
| 2 County 1/16th GRT ^{(1) (4)} | 0.0625% | 0.0000% | - | 0.0625% | 10,453,466 |
| 3 County Infrastructure GRT ^{(2) (3) (5)} | 0.1250% | 0.0000% | - | 0.1250% | 20,906,932 |
| 4 County Capital Outlay GRT ^{(1) (3)} | 0.2500% | 0.0000% | - | 0.2500% | 41,813,863 |
| 5 County Healthcare GRT ^{(1) (3) (4) (7)} | 0.1250% | 0.1250% | 11,123,491 | 0.0000% | - |
| 6 County Jail GRT ^{(1) (3)} | 0.1250% | 0.1250% | 22,255,652 | 0.0000% | - |
| 7 County Environmental Services GRT ⁽²⁾ | 0.1250% | 0.1250% | 3,065,344 | 0.0000% | - |
| 8 County Regional Transit GRT ⁽⁸⁾ | 0.1250% | 0.1250% | 20,270,291 | 0.0000% | - |
| 9 County Hold Harmless GRT ^{(4) (6)} | 0.3750% | 0.2500% | 39,330,403 | 0.1250% | 20,906,932 |
| Total Local Option GRT | 1.6875% | 1.1250% | \$165,533,058 | 0.5625% | \$ 94,081,192 |
| 11 County Emergency Comm. & Medical & Behavioral Health GRT ^{(1) (3)} | 0.2500% | 0.0000% | - | 0.2500% | 41,813,863 |
| 12 County Fire Protection GRT ⁽²⁾ | 0.2500% | 0.0000% | - | 0.2500% | 6,040,804 |

- 1) County-wide taxable gross receipts.
- 2) Unincorporated taxable gross receipts
- 3) Ability to impose on January/July.
- 4) Can be imposed without election
- 5) Requires election prior to imposition
- 6) Can be imposed by ordinance only not subject to referendum
- 6) Reflects 10 months actual collections, annualized.
- 7) Bernalillo County does not receive 1/16th of this enactment as it is intercepted by the State for Medicaid.
- 8) Bernalillo County does not budget and expend these funds as it is a pass through funds for Regional Transit Department.

* FY 2016 Actuals

Note: Effective July 1, 2015 the County has imposed two 1/8th increments of Hold Harmless GRT and rescinded the County 1/16th GRT. The 2nd 1/8th HHGRT Revenues will solely be used for Mental Health Projects.

% Total Rates as of June 30, 2016

| | City Imposed | County Imposed | State Imposed | Total |
|----------------------------|--------------|----------------|---------------|--------|
| Bernalillo County | 0.0000 | 1.1250 | 5.1250 | 6.2500 |
| Albuquerque | 1.0625 | 0.8125 | 5.1250 | 7.0000 |
| State Fair Grounds | 0.0000 | 0.9375 | 5.1250 | 6.0625 |
| Los Ranchos de Albuquerque | 1.1250 | 0.8125 | 5.1250 | 7.0625 |
| Rio Rancho (Partial) | 1.6875 | 0.8125 | 5.1250 | 7.6250 |
| Village of Tijeras | 1.5000 | 0.8125 | 5.1250 | 7.4375 |

III. GRT Financial Ratios as of June 30, 2016

| | | |
|--|----|---------------|
| 5. Annual GRT Debt Service as % of GF Expenditures <=5% | | |
| FY 2016 Annual GF GRT Debt Service | \$ | 10,644,344 |
| FY 2016 General Fund Expenditures | | 241,002,822 |
| Annual GF GRT Debt Service as % of GF Expenditures | | 4.42% |
| 6. GRT Debt Service Coverage from Pledge Revenue >3.0 | | |
| Pledge Revenue (Legal definition)* | \$ | 77,145,640 |
| Max annual Debt Service | | 14,833,816 |
| GRT Debt Service Coverage from Pledge Revenue | | 5.20 |
| 7. General Fund Balance as a % of Revenues >42% | | |
| General Fund Balance as of June 30, 2016 | \$ | 130,865,313 |
| Revenues | | 258,483,127 |
| General Fund Balance as a % of Revenues | | 50.63% |
| 8a. 3/12th Reserve Fund >25% | | |
| Reserve Fund Balance Required for FY2017 | \$ | 71,405,154 |
| General Fund Budgeted Expenditures | | 287,623,483 |
| Less Roads Budget | | (3,004,302) |
| Total General Fund Budgeted Expenditures | | 284,619,181 |
| 3/12th and 1/12 Roads Reserve Requirement for 2016 | | 25.09% |
| 8b. Revenue Stabilization Fund 3% - 5% | | |
| Unreserved & Undesignated Fund Balance as % of Revenues | | |
| Unreserved & Undesignated | \$ | 14,381,174 |
| Prior Year Operating Expenditures | | 242,537,975 |
| Unreserved & Undesignated Fund Balance as % of Operating Expenditures | | 5.93% |

* The County pledges its 1st and 2nd County GRT Revenue less \$1MM for indigent care.

Effective 4/9/2015 the County will pledge additional revenue from the 1st Hold Harmless GRT Revenue towards all GRT debt as well as the 2nd Hold Harmless GRT Revenue towards the 2010A Bonds.

Effective FY2015 the 2/12th reserve was removed to Revenue Stabilization and reduced to 3 to 5% of prior fiscal year Operating Expenditures.

IV. Future Financing – 2017 General Obligation Plan of Finance

- The County's 2016 assessed value as reported by the County Assessor is \$15,592,904,243.
- The County's outstanding general obligation debt is limited by the State Constitution to 4% of assessed value or \$623,716,169.
- As of December 1, 2016, the County has \$109,930,000 of outstanding debt making the County 17.63% bonded to capacity or \$513,786,169 off remaining capacity.
- General obligation bond questions in the aggregate amount of \$36,255,000 was placed on the November 8, 2016 ballot and approved by voters.
- The 2017 Bonds consist of \$19.255 million of bonds authorized from the 2016 election. The 2017 bond projects are as follows:
 - Library: \$ 750,000
 - Public Safety: \$2,500,000
 - Facilities: \$2,500,000
 - Park and Recreation: \$3,655,000
 - Roads: \$4,550,000
 - Storm Drainage: \$2,800,000
 - Housing: \$2,500,000
- The 2009A, and 2011 Bonds have optional redemption dates of 12/1/2015 and 2/1/2017 respectively. Due to combination of the short time to maturity and the low coupon rates, the refunding of these bond issues is not recommended for they both produce negative present value savings.

Debt Management Policy & Guidelines – Key Points – **General Obligation**

- General Obligation Bonds will be used to finance only those purposes as provided by State statute or home rule powers.
- The average life of the general obligation debt incurred should not be greater than the projected average life of the assets being financed. Final maturity shifted to 15 years from 20 years.
- Maintain or improve general obligation bond ratings.
- Limitation of General Obligation Bonds outstanding to no more than 4% of assessed valuation of taxable property within the County as established in the State Constitution.
- Unless otherwise justified, a current/advance refunding transaction shall require a present value savings of at least 3% of the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses.
- Payment date of principal and interest to be migrated to twice a year February 15 and August 15 for future debt.
- Level principal payment debt structure is a long-term goal.
- www.bernco.gov/finance/debt-investment-policies.aspx

The County amended the GO Debt management Policy & Guidelines on January 26, 2016.

Debt Management Policy & Guidelines – Key Points – GRT

1. GRT Revenue Bonds shall be used to finance capital improvements and long-term assets associated with, but not limited to constructing, acquiring, improving etc. public buildings, public parking facilities, public safety, water utilities, street and storm, parks and open space, and public transit.
2. GRT Revenue Bonds shall be used after considering alternative funding sources, such as federal and state grants and project revenues.
3. Maturity - The term of the GRT Revenue Bonds shall not exceed the average useful life of the improvements or assets being funded.
4. Principal and interest on GRT Revenue Bonds shall be structured to
 - a) Achieve a low borrowing cost for the County;
 - b) Accommodate the debt service payments of existing debt; and
 - c) Respond to perceptions of market demand.
5. The County shall maintain or improve its GRT bond ratings.
6. Capitalized Interest – GRT Revenue Bonds may require that capitalized interest on the bonds be funded from bond proceeds.
7. Reserve Fund – GRT Revenue Bonds may require a Debt Service Reserve Fund in order to secure a credit rating or provide insurance coverage.
8. Additional Bonds Test – The County shall maintain, when issuing new GRT debt, an additional bonds test = 2.00x (debt service) computed for a period of 12 consecutive calendar months out of the preceding 18 months. The additional bonds test allows the County to issue additional bonds if the County can produce net revenues annually to pay 200% maximum of annual debt service requirements on all outstanding parity obligations.
9. Unless otherwise justified, a current/advance refunding transaction shall require a present value savings of at least 3% of the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses.

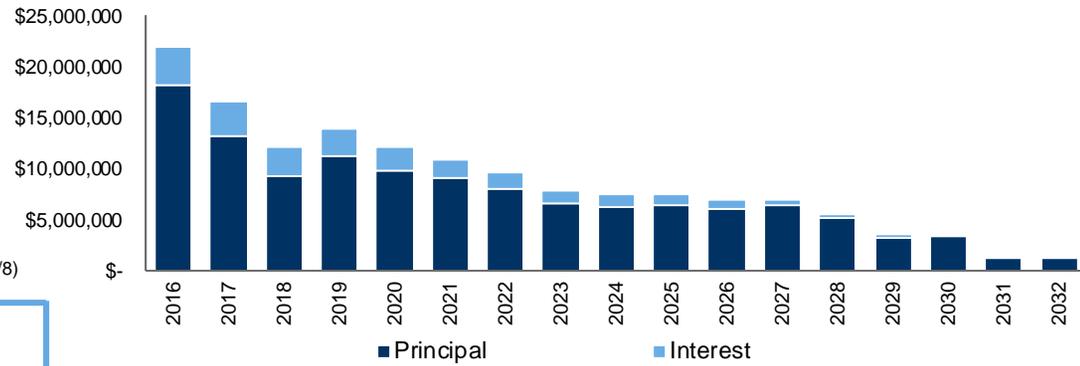
The County amended the GRT Debt management Policy & Guidelines On January 26, 2016.

Additional Information

I. Summary of County's Outstanding Debt Programs as of June 30, 2016

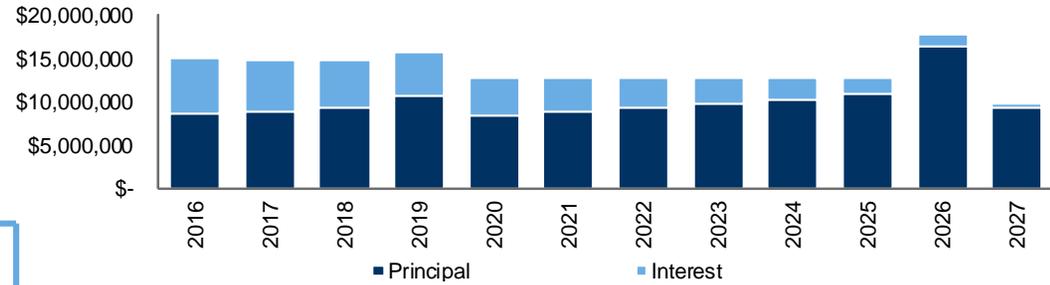
Summary of County's GO Bond Program

- Outstanding General Obligation Debt, as of June 30, 2016
 - The County has seventeen General Obligations bonds outstanding
 - \$122,721,000 in Par Amount Outstanding
 - Average Rate of the County's outstanding GO debt is 2.99%
 - The County has \$36,255,000 authorized and unissued GO Bonds (as of 11/8)



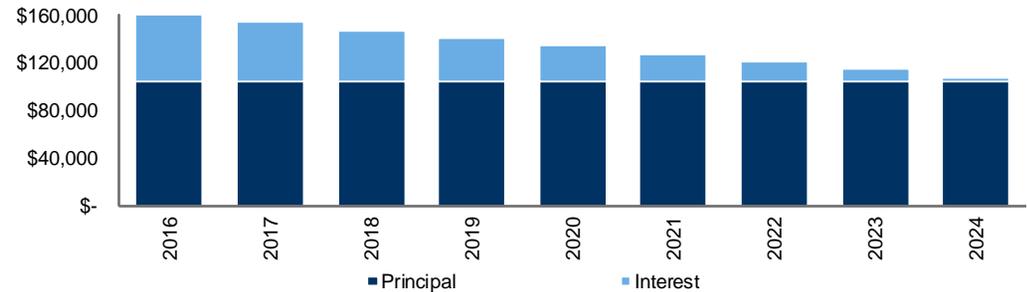
Summary of County's GRT Bond Program

- Outstanding Gross Receipts Tax Debt, as of June 30, 2016
 - The County has six Gross Receipts Tax Revenue bonds outstanding
 - \$121,460,000 in Par Amount Outstanding
 - Average Rate of the County's outstanding GRT debt is 5.25%
 - Security for the outstanding debt is the 1st and 2nd County GRT Increments
 - No authorized and unissued GRT Bonds



Summary of County's SAD Bond Program

- Outstanding Special Assessment District ("SAD") Debt, as of June 30, 2016
 - The County has one SAD bonds outstanding, 2003B
 - \$2,085,000 in Par Amount Outstanding
 - Average Rate of the County's outstanding SAD debt is 6.25%
 - All \$2,085,000 in Outstanding Par matures on December 15, 2023



Key Financial Ratios 2012 to 2016

| Selected Financials and other Data points | Bernalillo County, NM | | | | | Notes |
|---|-----------------------|------------|------------|------------|------------|--|
| | 2016 | 2015 | 2014 | 2013 | 2012 | |
| Financial Data : Financial Statistics & Ratios | | | | | | |
| Total General Fund Revenues (\$000) | 258,551 | 245,101 | 234,880 | 233,182 | 247,758 | |
| General Fund Balance ⁽¹⁾ as % of Revenues | 50.6 | 52.5 | 59.3 | 77.6 | 83.6 | Aaa >30% |
| Total General Fund Balance ⁽¹⁾ (\$000) | 130,865 | 128,657 | 139,202 | 180,983 | 207,059 | |
| General Net Cash as % of General Revenues | 49.4 | 52.4 | 59.8 | 74.1 | 83.1 | Aaa >25% |
| Financial Data : Tax Base Statistics and Ratios | | | | | | |
| Total Full Value ⁽¹⁾ (\$000) | 45,402,635 | 44,549,691 | 43,952,302 | 43,619,464 | 43,796,245 | Aaa >\$12B |
| Full Value Per Capita ⁽¹⁾ (\$) | 67,208 | 65,946 | 65,190 | 64,696 | 65,032 | Aa \$150,000 > n > 65,000 |
| Top Ten Taxpayers as % of Total | 2.2 | 2.6 | 2.5 | 2.9 | 2.7 | |
| Financial Data : Debt Statistics & Ratios | | | | | | |
| Direct Net Debt Outstanding (\$000) | 234,021 | 245,026 | 247,851 | 256,195 | 252,830 | as a % of Operating Revenue = 0.64x A 0.67x , n 3.0x |
| Overall Net Debt Outstanding (\$000) | 1,382,823 | 1,298,059 | 1,342,876 | 1,335,837 | 1,319,429 | |
| Direct Net Debt as % of Full Value | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | Aaa < 0.75% |
| Direct Net Debt Per Capita (\$) | 346 | 363 | 368 | 380 | 375 | |
| Debt Burden ⁽¹⁾ (Overall Net Debt as % Full Value) | 3.0 | 2.9 | 3.1 | 3.1 | 3 | |
| Overall Net Debt Per Capita (\$) | 2,047 | 1,921 | 1,992 | 1,981 | 1,959 | |
| Payout, 10 Years, General Obligation Debt (%), Current Value | 84.1 | 78.3 | 78.1 | 78.1 | 78.1 | |
| Financial Data : Governmental Activities Statistics and Ratios | | | | | | |
| Operating Revenues (\$000) | 366,280 | 326,709 | 320,784 | 312,418 | 316,635 | 1.01x Baa 0.98x > n > 0.95x |
| Operating Expenses (\$000) | 325,717 | 324,003 | 348,002 | 326,733 | 303,048 | |
| Cash & Investments (\$000) | 257,597 | 242,431 | 252,343 | 277,326 | 313,342 | |
| 3-Year Avg of Moody's ANPL ⁽¹⁾ / Full Value | 1.4 | 1.3 | 1.4 | 1.4 | 1.2 | |
| 3-Year Avg of Moody's ANPL ⁽¹⁾ / Operating Revenues | 200.4 | 210 | 238.3 | 239.8 | 192.5 | |
| Quick Ratio | 8.2 | 6.8 | 6.8 | 8.6 | 8.8 | |
| Current Ratio | 10.1 | 8.3 | 8.1 | 10.1 | 10.1 | |
| Financial Data : Demographic Statistics | | | | | | |
| Median Family Income as % of U.S. (2010 Census) | 95 | 95 | 95 | 95 | 95 | Aa 90%-150% |

(1) See Glossary of Terms

Glossary of Terms

- **Amortization:** The process of paying the principal amount of an issue of securities by periodic payments either directly to bondholders or to a sinking fund for the benefit of bondholders.
- **AD Valorem Tax:** A direct tax calculated “according to value” of property. Ad valorem tax is based on an assigned valuation (market or assessed) of real property and, in certain cases, on a valuation of tangible or intangible personal property.
- **Assessed Valuation.** The portion of a property’s value which is subject to property taxes. In New Mexico the assesment ratio is one-third of full value or market value.
- **Bond:** (1) The written evidence of debt, which upon presentation entitles the bondholder or owner to a fixed sum of money plus interest. The debt bears a stated rate(s) of interest or states a formula for determining that rate and matures on a date certain. (2) For purposes of computations made on a “per bond” basis, a \$1,000 increment of a security
- **Bond Counsel:** An outside counsel to the issuer who gives an opinion on the tax-exempt status and validity of the bond issue.
- **Bond Rating:** A bond rating is the method of evaluating the quality and safety of a bond. This rating provides a relative measure of risk and uncertainty that reflects an issuer’s ability and willingness to repay the debt incurred and the likelihood of default. The CNM’s credit is reviewed annually, and all new CNM debt and other obligation issuances undergo a comprehensive review, resulting in a rating at the time of issuance.
- **Coverage:** The ratio of available revenues available annually to pay debt service over the annual debt service requirement. This ratio is one indication of the availability of revenues for payment of debt service.
- **Debt Burden:** Measures of the financial leverage of a community. Ultimately, the more leveraged a tax base is, the more difficult it is to service existing debt and to afford additional debt, and the greater the likelihood that tax base or financial deterioration will result in difficulties funding fixed debt service expenditures. A high debt burden relative to operating revenues implies a possibility that debt will consume a greater portion of the local government’s budget in future years.
- **Debt Reserve Fund:** A fund in which monies are deposited to be applied to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements. This fund may be funded with bond or other obligation proceeds at the time of issuance, through the accumulation of pledged revenues, with a surety or other type of guaranty policy, or only upon the occurrence of a specified event (e.g., upon failure to comply with a requirement in a bond contract).
- **Debt Service:** The amount of money necessary to pay interest on outstanding bonds, the principal of maturing or redeemed bonds and any required contributions to a sinking fund for term bonds. This amount is also known as the “debt service requirement.” “Annual debt service” refers to the total principal and interest required to be paid in a calendar year, fiscal year, or bond fiscal year. “Total debt service” refers to the total principal and interest paid throughout the life of a bond issue. “Average annual debt service” refers to the average debt service payable each year on an issue. “Maximum annual debt service” refers to the amount of debt service for the year in which the greatest amount of debt service payments are required and is often used in calculating required reserves and in additional debt tests.
- **Debt Service Fund:** A fund in which monies are deposited to assure the timely availability of sufficient funds for the payment of debt service requirements. Typically, the amounts of the revenues to be deposited into the debt service fund and the timing of such deposits are structured to ensure a proper matching between debt service fund deposits and debt service payments becoming due.
- **Depository Trust Company (“DTC”):** Acts as securities depository for the Securities. DTC also facilitates the post-trade settlement among DTC’s participants of sales and other securities transactions through electronic computerized book-entry transfers between participants’ accounts. This eliminates the need for physical movement of securities certificates.

Glossary of Terms

- **Direct Debt:** is the amount of all long-term debt (generally debt supported by general revenues and taxes such as G.O. debt) less sinking fund accumulations and less self-supporting enterprise debt.
- **Disclosure Counsel:** Legal counsel hired by the issuer to provide due diligence and complete the issuer's offering document and continuing disclosure requirements.
- **Financial Advisor:** An investment banking firm which advises the issuer in all facets of the bond process. A financial advisor acts in a fiduciary capacity and advises on debt capacity, debt structure, time schedules, interest rates and generally coordinates all professionals in the process of issuing bonds.
- **Fund Balance:** Describes the net financial resources available to an entity and includes "unassigned" plus "assigned" fund balance. The fund balance communicates valuable information about both the past and the future. The existing balance depicts the cumulative effects of the local government's financial history. It also identifies the liquid resources available to fund unforeseen contingencies as well as likely future liabilities.
- **Full Value:** I.e. the market value of taxable property or tax base accessible to the municipality. The tax base represents the well from which a local government draws its revenues. A larger tax base (measured by full value, or the total taxable value of property) in general offers a local government a broader, more flexible, and more diverse pool from which it can draw revenues.
- **Full Value Per Capita:** Full value per capita scales the taxable property available to generate resources to a per resident metric. The per resident property wealth of the tax base depicts the availability of tax-generating resources relative to the users of the services those resources fund.
- **Interest:** The amount paid by a borrower as compensation for the use of borrowed money. Issuers of municipal bonds pay interest on funds borrowed from purchasers of their bonds. This amount is generally calculated as an annual percentage of the principal amount.
- **Issuer:** A governmental entity through which tax-exempt local government bonds are issued.
- **Issuer's Counsel (General Counsel):** An in-house or outside counsel who gives an opinion on the legality of an Issuer's actions under applicable enabling statutes.
- **Leveraging:** The use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.
- **Mill Levy:** The "tax rate" that is applied to the assessed value of a property. One mill is one dollar per \$1,000 dollars of assessed value. It consists of a local portion which is used to fund area services or debt service expenses.
- **Net Debt:** the local government's gross debt burden including all GO bonds, notes, loans, capital leases. This calculation may include lease, other appropriation-backed debt, and special fund debt as well if the analysis concludes these securities represent future claims on operating resources. Then debt for essential service utilities (such as water and sewer systems) that is self-supporting from user fees, based on a coverage calculation is subtracted.
- **Net Debt Per Capita:** A measurement of the value of a government's debt expressed in terms of the amount attributable to each citizen under the government's jurisdiction.

Glossary of Terms

- **Overall Debt / Overlapping Debt:** The issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative assessed values.
- **Par Amount:** The amount of principal of a security that must be paid at maturity
- **Parity Bonds:** Two or more issues or series of bonds that have the same priority of claim or lien against pledged revenues or other security.
- **Pension:**
 - **Average of Moody's - Adjusted Net Pension Liability to Full Value:** Seeks to measure the magnitude of a local government's pension obligations (as adjusted by a rating agency) relative to its tax base. Similar to the debt burden evaluation, the tax base is used as a proxy for future revenue-generating capacity to amortize allocated accrued pension obligations for which trust assets (PERA) are not currently set aside.
 - **Average of Moody's-Adjusted Net Pension Liability to Operating Revenues:** This metric seeks to measure pension obligations relative to the size of the local government's budget. The metric attempts to reflect the prospect that amortization of allocated accrued net pension obligations could sap revenues out of future-year budgets and lead to funding shortfalls.
- **Pledged Revenue:** The funds obligated for the payment of debt service and the making of other deposits required by the bond contract.
 - **Gross Pledge or Gross Revenue Pledge** – A pledge that all revenues received will be used for debt service prior to deductions for any costs or expenses.
 - **Net Pledge or Net Revenue Pledge** – A pledge that net revenues (revenues less operation and maintenance expenses) will be used for payment of debt service.
- **Principal:** Generally, the face amount or par value of a security payable on the maturity date.
- **Refunding:** Refunding is the process of refinancing outstanding debt by issuing new debt. The County's Debt Policy allows for refunding to generate interest savings, restructure debt service, or eliminate burdensome covenants.
- **Underwriter:** A financial institution that agrees to purchase an Issuer's bonds at either a set price or at a price as dictated by the public markets. An underwriter does not have a fiduciary responsibility to the issuer.
- **Underwriter's Counsel:** Legal counsel hired by the Underwriter to represent the underwriter or underwriters, provides the Bond Purchase Agreement and in some cases completes the issuer's offering document.