

**2019**

**Popular Annual Financial Report**

*Fiscal Year Ended June 30, 2019*

**Bernalillo County**

**New Mexico**

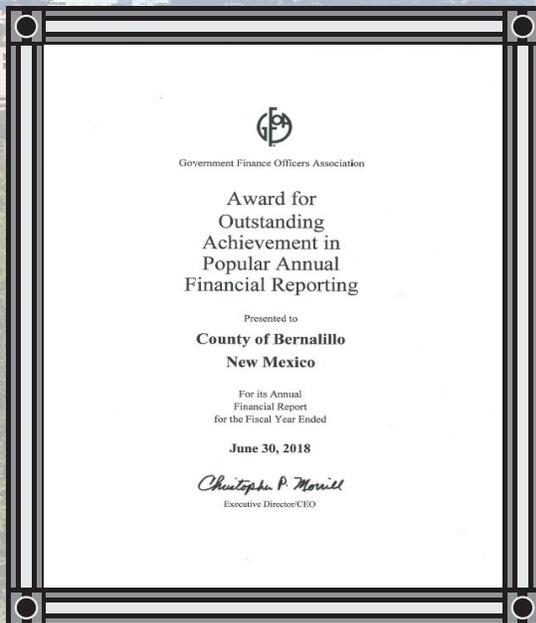


# About This PAFR

This report is largely based on the county's 2019 Comprehensive Annual Financial Report (CAFR); however, this report is not prepared in accordance with generally accepted accounting principles (GAAP). Only the financial data for the general government is included in this report and, therefore, the county's business-type activities are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted. A copy of the county's audited 2019 CAFR, which is prepared in accordance with GAAP, is located at:  
[www.bernco.gov/finance/comprehensive-annual-financial-reports-cafr.aspx](http://www.bernco.gov/finance/comprehensive-annual-financial-reports-cafr.aspx)

## Table of Contents

<b>Elected Officials</b> .....	4-5
<b>County Government</b> .....	6
<b>Local Economy</b> .....	7
<b>Community News</b> .....	8-9
<b>Statement of Net Positions</b> .....	10
<b>Capital Assets</b> .....	11
<b>County Debt</b> .....	12
<b>Property Taxes</b> .....	13
<b>Revenues</b> .....	14
<b>Expenses</b> .....	15



## Publication

The 2019 Popular Annual Financial Report is published by the Bernalillo County Accounting and Budget Department– Accounting Section

### Photo Credits

Front Cover - Paul Evans/Blaise Koller Community Services Division Bernalillo County  
Other Photos - Bernalillo County Public Art

The Government Finance Officers Association (GFOA) of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Bernalillo County for its Popular Annual Financial Report for the fiscal year ended June 30, 2019. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. This was Bernalillo County's sixth award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to the GFOA.

# Letter from the County Manager

## Dear Residents:

We are pleased to present the Bernalillo County Popular Annual Financial Report (PAFR) for the fiscal year 2019. Our goal in producing this report is to communicate the county's financial operations in a straightforward and easy to read format so that you can obtain a better understanding of Bernalillo County government. In addition to providing information on county finances and government operations, this report demonstrates what makes Bernalillo County a great place to live, study and work. Bernalillo County's economy is supported by a vast network of businesses and not-for-profits. It is also important for us to demonstrate the role county government is playing in supporting our community.

The PAFR is designed to provide residents with an overview of the county's revenues, expenditures and other general information. Though the PAFR is not audited, its financial content is derived from the county's audited Comprehensive Annual Financial report (CAFR). The CAFR for this fiscal year was audited by CliftonLarsonAllen LLP and received an unmodified (clean) opinion.

Bernalillo County has received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association on our CAFR for 15 consecutive years, and received the Award for Outstanding Achievement on our PAFR seven times.

This report is for your use in understanding the operations of the county and is not intended to replace the CAFR. For anyone that requires more in-depth information, the CAFR provides detailed financial information, disclosure notes, supplemental schedules and statistical tables. The CAFR can be viewed at the County Manager's Office at One Civic Plaza NW, or it can be found online at the county's website: [www.bernco.gov/finance/comprehensive-annual-financial-reports-cafr.aspx](http://www.bernco.gov/finance/comprehensive-annual-financial-reports-cafr.aspx).

The Economic Development Department's directive is to enhance the quality of life for the county residents through the retention and expansion of businesses, job creation, and prudent use of taxpayer dollars. In FY19, \$173.4 million was invested in nine projects that created 503 new jobs in Bernalillo County. These projects included companies specializing in manufacturing, work-force housing, food distribution, technology firms and hospitality. This undertaking is in direct support of the Economic Vitality goal in the county's Strategic Plan.

Sincerely,



Julie M. Baca  
County Manager





**Debbie O'Malley - District 1**

*Debbie O'Malley brings 30 years of strong, effective public service to the board. Commissioner O'Malley's district includes much of the North Valley, Downtown, the Westside, To'Hajiilee and part of Laguna Pueblo.*



**Steven Michael Quezada - District 2**

*Steven Michael Quezada is a Screen Actors Guild award-winning actor, producer and comedian with a long record of public service for Bernalillo County children and families. Commissioner Quezada's district includes much of the South Valley, Kirtland Air force base, and Tribal lands.*



**Maggie Hart Stebbins - District 3**

*Maggie Hart Stebbins has served on the Bernalillo County Commission since May 2009, representing the District 3 neighborhoods she has called home for more than 50 years. Commissioner Hart Stebbins' district includes a portion of Krtland Air force Base, Albuquerque International Airport, and Downtown.*



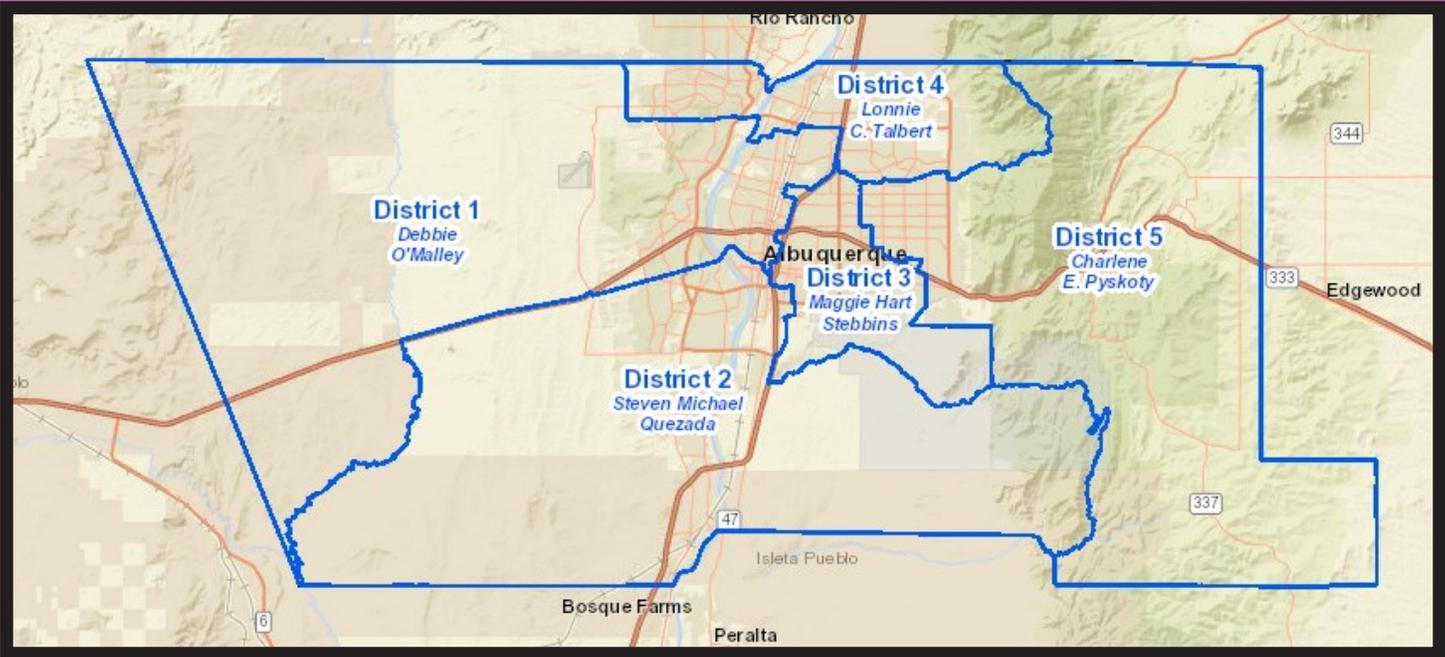
**Lonnie C. Talbert - District 4**

*Lonnie C. Talbert was elected in 2012 to serve as Bernalillo County Commissioner for District 4, which encompasses the northern portion of Bernalillo County, from Sandia Heights and North Albuquerque Acres to Paradise Hills and portions of the North Valley.*



**Charlene Pyskoty - District 5**

*Charlene Pyskoty is a licensed mental health therapist in private practice. Charlene decided to serve her community in a bigger way, and ran for Bernalillo County Commissioner in 2018. Commissioner Pyskoty's district includes the majority of the East Mountain area, east of Santa Fe county line, and Isleta Pueblo/Sandia Laboratory.*



**Julie Morgas Baca**  
County Manager

---

**Tanya R. Giddings**  
Assessor

**Linda Stover**  
County Clerk

**Cristy J. Carbon-Gaul**  
Probate Judge

**Manuel Gonzales III**  
Sheriff

**Nancy M. Bearce**  
Treasurer

# County Government

The division of counties in New Mexico can be traced back to the time of Mexican rule. The first subdivision of the New Mexico Territory was made in 1837 when two "partidos", or districts, were created. In 1844, New Mexico was re-divided into three districts. Eventually, these districts were further subdivided into areas that included boundaries similar to today's counties. One interesting note is that the first Bernalillo County boundaries were much larger than today's divisions.

When New Mexico entered the union in 1912, the New Mexico Constitution vested the law-making power of the state in the legislature. Bernalillo County derives its authority from the state constitution. Counties are subject to the will of the legislature, modified only by the state constitution, the courts and the legislative process.

The county has a commission-manager form of government in which most of the day-to-day administrative duties are delegated to the county manager. All legislative power within the county is vested in a five-member board of commissioners, each of whom is elected to four-year terms from single member districts, with a two-term limit. The executive functions are divided; the powers are shared by the board and five elected county officials: the assessor, county clerk, probate judge, sheriff and treasurer. The county provides services to its residents and businesses in the following ways:

**Public Safety** includes the protection of life and property. The Sheriff's Department and Fire Department act to prevent danger, enforce laws and provide public education. The county operates the Metropolitan Detention Center and the Youth Services Center. The Office of Emergency Management coordinates efforts in the event of natural or human caused disasters, including acts of terrorism. The Department of Behavioral Health Services

provides programs, services and activities specific to DWI, substance abuse and behavioral health issues to improve outcomes in our community. The responsibility of Animal Care Services is to protect the safety, health and welfare of the public while enforcing humane animal treatment and promoting responsible pet ownership.

**Public Works** projects provide a wide range of services to the county that include the design, construction and proper maintenance of roads and storm sewers. They are also responsible for the replacement and repair of fleet vehicles for all county departments as well as maintenance of all buildings and facilities utilized by the county. Other services provided include a comprehensive solid waste management and an anti-graffiti program to enhance the health and welfare of residents and the environment.

**Health and Welfare** is provided through the county's financial support to a variety of social service programs. The purpose is to improve the quality of life for low and moderate income residents of the county. This is funded by a healthcare gross receipt tax as well as other sources.

**Culture and Recreation** programs are administered by the county's Parks and Recreation Department, which is responsible for providing recreation, leisure, community services and facilities necessary to promote public wellbeing and quality of life for youth, adults and senior citizens. The department oversees projects to maintain and construct parks, trails and community centers, and also manages the public arts program.

# Local Economy

Bernalillo County, with the City of Albuquerque making up 82.5 percent of its population, serves as a hub for commerce and industry in the southwest. Bernalillo County accounts for approximately half of all economic activity in New Mexico. Its success can be attributed to a diverse eco-

Internal Statistics– Bernalillo County	2019	2018
Full-time equivalent employees	2,654	2,613
Sheriff's Stations	4	4
Fire Stations	12	12
911 Calls	66,508	71,297
Fire Department calls answered	18,307	18,685

nomie base consisting of government, services, trade, agriculture, tourism, manufacturing, and research and development.

Film is a growing industry in New Mexico and Bernalillo County's film business flourishes. *Movie Maker Magazine* ranked Albuquerque No. 5 on its list of Best Places to Live and Work as a movie maker 2016: Top 10 Big Cities. The economic impact from the film industry is significant. Since 2002, close to \$1.3 billion of direct spending has come to Albuquerque as a result of the film industry's work locally. In the past year, the direct spending to the greater Albuquerque area was over \$180 million. Entrepre-

neurs, artists and artisans are nurtured in Bernalillo County and this was recognized when the county was named "20 Game-Changing Places to Live" by *Sunset Magazine* in 2018. From an academic perspective, some Albuquerque high schools ranked nationally as some of the best in the United States. In 2017, the University of New Mexico School of Law was ranked 77 nationwide by *U.S. News & World Report*.

Forecasts by the University of New Mexico's Bureau of Business and Economic Research suggest the Albuquerque Metropolitan Statistical Area (MSA) will experience slow growth in the reported job numbers. In the fourth quarter of 2017, forecasts indicated that total employment would grow by 1.3 percent and the MSA was expected to add 25,833 jobs.

The Bernalillo County/Albuquerque area is teeming with business creation potential. There is a major push today to capture this potential. This is evidenced in the many configurations of incubators and start-up programs filling our coffers. These boast enticing the savvy high tech and niche industry entrepreneurs. This is good news and im-

portant work. We want to foster, retain, and attract talent to our county. It is how we prosper individually and as a community. That said, there is continued energy and innovation among the workhorses of the business world: the mom and pop operations, the small manufacturers, the service industries and behemoths such as major institutions and large-scale corporations. All are essential to the business landscape; each is a strategic cog in the local business wheel. Bernalillo County Economic Development works daily with these companies in our business community to help them to maintain and improve their commerce so that as the newcomers settle into town, a solid, thriving

Economy	2019	2018
Population	676,773	676,953
Unemployment rate	4.7%	4.7%
National unemployment rate	3.6%	4.2%
Median value of owner occupied housing units	\$198,000	\$189,700
Median household income	\$51,005	\$50,386

ing infrastructure is in place for their enterprise to take root sooner and with more success.

## Bernalillo County to Dedicate Blake Road Mural Project

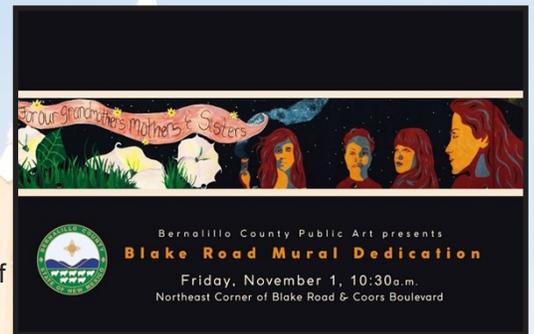
11/01/2019

County Commissioner Steven Michael Quezada and the Bernalillo County Arts Board invite the community to a public art mural dedication ceremony on Friday, Nov. 1, at 10:30 a.m., at the NE corner of Blake Road and Coors Boulevard SW.

The mural, titled “Her Reflection is Resilience,” honors women of color who have raised and nurtured the South Valley community for generations.

Lead artists on the mural, Izabelle Martinez and Joshua Patterson, guided a group of mural apprentices from Working Classroom and the South Valley Academy and featured artist Angel Pavia through the design and painting of this mural.

The mural is painted on a retaining wall that was part of the recent Coors Boulevard and Blake Road improvements project.



## Carlito Springs Open Space Project Phase Two Receives Funding

08/21/2019

County Commissioners approved funding for up to \$2 million for phase two of the Carlito Springs Open Space renovations project in the East Mountains.

Phase two project renovations will include the main house, public spaces and a caretaker unit.



“Carlito Springs is a crown jewel property in the county’s open space program and was recently recognized for the State Register of Historic Places,” says County Commissioner Charlene E. Pyskoty. “The planned renovations will grant improved access and capacity for visitors and will be a treasured retreat in the East Mountains.”

Phase one of the project is currently underway and involves construction of all of the site work and infrastructure including parking, landscaping, roadways, water systems, and sewer.

BernCo estimates the construction and renovations of both phases to be complete by early 2022, at which time the property and building will be reopen to the public.

## Commissioner Quezada Leads South Valley Weed-Pulling Effort

07/22/2019

District 2 County Commissioner Steven Michael Quezada, along with members of the community pulled unsightly weeds along the south Second Street corridor on Saturday, July 20.

BernCo recently completed major improvements to the south Second Street corridor including:

Design and construction of a multi-use trail from the Valle de Oro Wildlife Refuge entrance to Mountain View Elementary School

Construction of sidewalks along the west side of Second Street

Installing storm drainage

Reconstruction of Second Street from the Valle de Oro Wildlife Refuge entrance to Desert Road

Realignment of the Desert Road and Second Street intersection

Spring and summer rains have created ideal conditions for abundant weed growth and have put the landscape contractor behind in maintaining weed control of the south Second Street corridor, a distance of about four miles.



## Board of Commissioners Congratulate Animal Care Services

04/23/2019

At its April 23 administrative meeting the Bernalillo County Board of Commissioners congratulated Animal Care Services on its new facility and wished the department well in its future of protecting the animals of Bernalillo County.

Animal Care Services ensures the health and safety of both people and animals within Bernalillo County. The department assists in reuniting people with their lost pets, in addition to licensing and permitting animals throughout Bernalillo County.

Animal Care Services has been dedicated for many years for the health and safety of animals and people in Bernalillo County. The department's newest services will bring Bernalillo County to the forefront of animal care and protection.

For years, Animal Care Services has worked diligently from an old county fire station. However, this location was never designed to house animals, so the department contracted with the City of Albuquerque and other shelters to house its rescues.

After many years of hard work, Animal Care Services opened its new Animal Care and Resource Center in January 14, 2019. The new center allows the department to house animals itself and provide many expanded resources to the community.

In its Animal Care and Resource Center, Animal Care Services will host education and training classes, youth camp programs and community volunteer opportunities. As well, foster care and animal adoptions will bring together many wonderful animals with their forever homes.

Bernalillo County would also like to remind the community that April 30 is National Adopt a Shelter Pet Day, so come down and maybe find a furry forever friend.



## County Dedicates New Park and Public Art

03/26/2019



Neighbors in the Skyview area of Corrales have a new park and a piece of public art from a local artist as a centerpiece.

Bernalillo County officials dedicated the park this morning along with art titled "Gambel's Quail" from local artist Tim Mullane. Mullane is also the dean of Fine Arts at Albuquerque Academy.

The "Gambel's Quail" art was made possible through the 1% for the Arts. This initiative takes 1 percent of all general obligation bonds and makes those funds available for the purchase of public art.

Skyview Park is located in Commission District 4.

## Paradise Hills Park to Close Feb. 11 for Important Improvements

02/04/2019

Paradise Hills Park at 5801 Paradise Blvd NW will be closed beginning Feb. 11, 2019 for important improvements to the current playground.

Construction will begin on two new shade structures over 5th playground and is scheduled to conclude on April 30, 2019.

The shade structures to be installed are for the purpose of protecting the children from the damaging rays of the sun and also to extend the life of the playground equipment. The combined cost of the two playground shade structures is \$64,095 - the cost includes the purchase and installation.



# Statement of Net Position Assets and Liabilities

The Statement of Net Position represents governmental activities (excluding business type activities). This statement provides information on all of the county's assets and liabilities, with the difference between the two reported as net position.

Below are the three components of net position and the ending balances for governmental activities for the past three respective fiscal years:

## Net investment in capital assets

Statement of Net Position (in thousands)			
	Fiscal Years		
	2019	2018	2017
<b>Assets:</b>			
Current and other assets	\$541,239	\$455,793	\$364,684
Capital assets	550,412	546,647	538,300
Total assets	1,091,651	1,002,440	902,984
Deferred outflows of resources	75,602	61,642	98,178
<b>Liabilities:</b>			
Long-term liabilities	716,616	666,402	566,075
Others liabilities	54,311	49,337	37,343
Total liabilities	770,927	715,739	603,418
Deferred inflows of resources	56,564	66,379	11,757
<b>Net Position:</b>			
Net Investment in capital assets			
restricted	363,728	296,170	349,080
Unrestricted	335,466	284,538	240,076
Total net position	(359,432)	(298,743)	(203,168)
	\$339,762	\$281,964	\$385,988

This component of net position represents the amount that is unavailable for reducing debt or paying for services because it is the value of the capital assets themselves (e.g., infrastructure, land, buildings, machinery and equipment), not liquid like cash or equivalents that could be used to pay bills. The county uses these capital assets to provide services to citizens. Although the county's net investment in capital assets is 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. The balance of \$339.8 million represents this portion of the county's total net position.

## Restricted net position

This component of net position represents the amount that is available for use only as allowed by creditors, grantors, contributors or laws and regulations of other

governments, and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position in the amount of \$335.5 million represents resources that are subject to external restrictions on how they may be used.

## Unrestricted net position

This component of the county's net position is the amount that is available and may be used to meet the county's ongoing obligations to citizens and creditors. The adoption of GASB Statement No. 68 in FY15, and the adoption of GASB Statement No. 75 in FY18 resulted in the county's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for the pension plan and the recognition of pension expense. Both statements had significant negative effect on the county's net position, and consequently unrestricted net position.

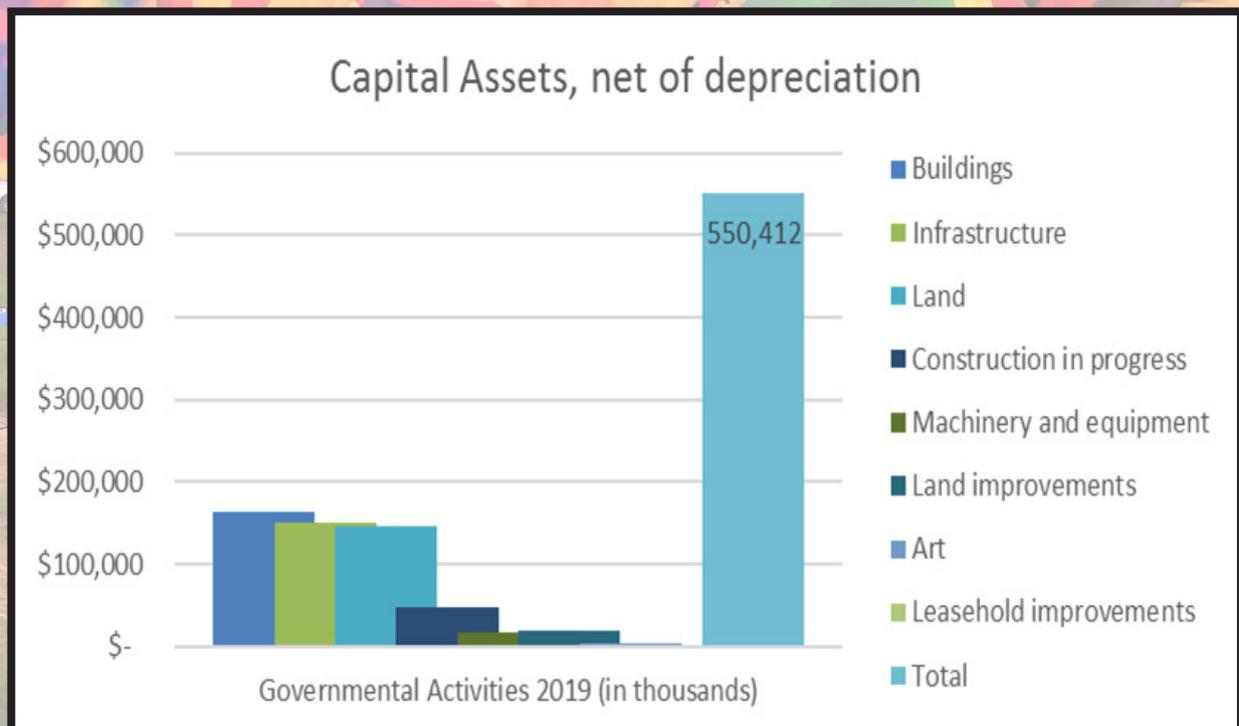


# Capital Assets

The county's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$550,412,395 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure.

Major project expenditures in fiscal year 2019 include:

- Bernalillo County @Alvarado Square and started renovations in May 2019- \$2.7 million
- Animal Care and Resource Center construction - \$1.8 million
- Vista Del Rio drainage project- \$1.0 million
- South Valley splash pad and mechanical room- \$2.5 million
- Metropolitan Detention Center energy project- \$2.9 million
- Photovoltaic panels on several county facilities to renew energy \$1.4 million



# County Debt

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.

On June 30, 2019 the county's outstanding debt totaled \$257.1 million, excluding compensated absences, premiums, discounts and other liabilities. General obligation bonds are direct obligations of the county for which its full faith and credit are pledged and are repaid

from taxes levied on property located within the county. The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, as well as the purchase of library books. The balance of \$127.8 million represents 49 percent of the county's outstanding debt.

Gross receipts tax revenue bonds are limited obligations of the county, repaid solely from gross receipts tax revenues. These bonds are used for the acquisition and construction of major capital projects. The balance of \$129.3 million represents 50 percent of the county's outstanding debt.

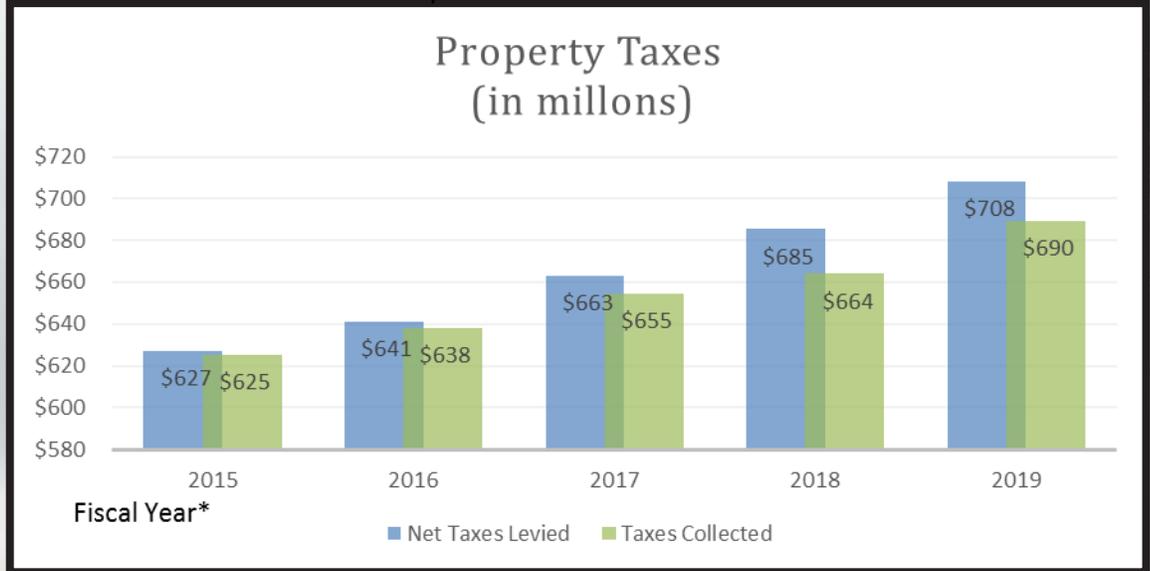
## Credit Ratings For Bernalillo County

<i>Rating Services</i>	<i>General Obligation Bonds</i>	<i>Revenue Bonds</i>
Moody's	Aaa	Aa2
Standard & Poor's	AAA	AAA
Fitch	AAA	AA+

# Property Taxes

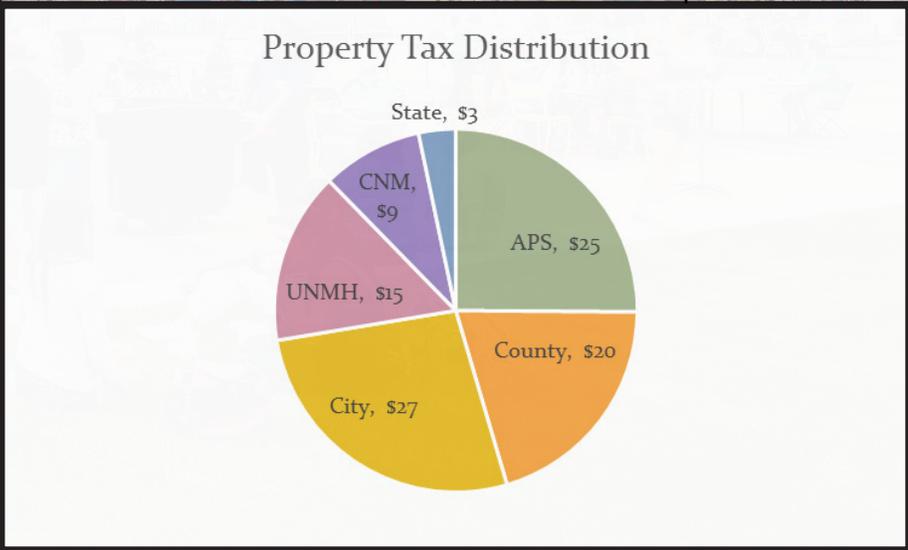
The county is responsible for assessing, collecting and distributing property taxes for various governmental entities located in Bernalillo County, including itself. The New Mexico Department of Finance and Administration (DFA) sets the tax rates each year by September 1. The County Commission subsequently certifies the

revenue increased \$3.2 million from \$152.9 million in fiscal year 2018 to \$158.5 million in fiscal year 2019, a 3.5 percent increase. The increase was attributed to an increase in the



tax rates and a written order imposing the tax rates is then delivered to the county assessor. The tax year begins on November 1 and ends on October 31. Bernalillo County property tax

net taxable value of property located in Bernalillo County. Property tax revenues made up 42 percent of governmental activities revenue in fiscal year 2019 and are projected to increase by two percent in fiscal year 2020.



The county has been a conscientious steward of tax revenue by maintaining sufficient reserve funds and being conservative in revenue projections.

# Statement of Activities Revenues

The Statement of Activities represents governmental activities (excluding business type activities). The statement provides a general understanding of how available resources are used to provide services. These sources of funds are categorized into two forms of revenue: program revenues are derived directly from county programs or from outside the county, and general revenues are primarily raised through property taxes, gross receipt taxes and other revenues not reported as program revenues. Once the county collects taxes and other revenues, the monies must be spent efficiently to provide services to the citizens and businesses of the county.

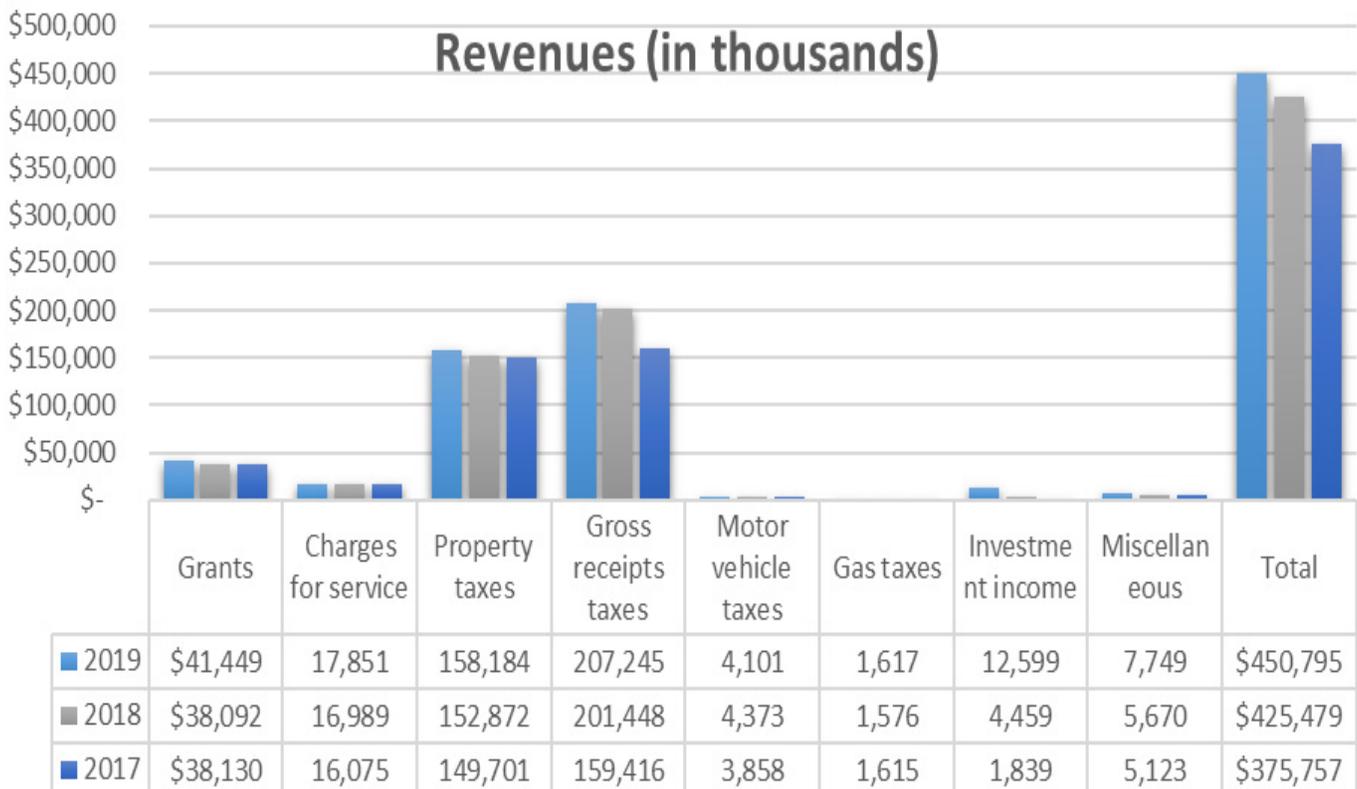
As of June 30, 2019, the county's revenues totaled \$450.8 million, an increase of \$25.3 million from the previous year. The increase was primarily attributed to an increase in governmental activities revenues in gross receipts taxes, which increased \$5.8 million, from \$201.4 million in Fiscal Year (FY) 18 to \$207.2 million in FY19. Property taxes increased \$5.3 million, from \$152.9

million in FY18 to \$158.2 in FY19.

Operating grants are funds provided from federal, state or other governments and private contributions used to fund operational expenditures of programs such as health and welfare, emergency management, parks, public safety and other such programs. The county received \$31.9 million in operating grants and contributions revenue during fiscal year 2019. Capital grants are funds provided from state, federal or other governments and private contributions used to fund capital improvements such as roads, buildings, parks and open space.

The county received \$9.5 million in capital grants and contributions revenue during fiscal year 2019. Program revenues increased by \$4.2 million, from \$55.1 million in FY18 to \$59.3 million in FY19. Charges for services increased slightly due to increase in fees. The county was also more successful in receiving operating and capital grants.

JEANNETTE



# Statement of Activities Expenses

During the fiscal year ended June 30, 2019, the county expended \$392.9 million, an increase of \$16.8 million from the previous year. General government expenses increased by \$2.8 million, from \$72.3 million in FY18 to \$75.1 million in FY19. The majority of the increase came from the Information Technology department for one time spending funds to implement several projects. All departments had increases in pension expense.

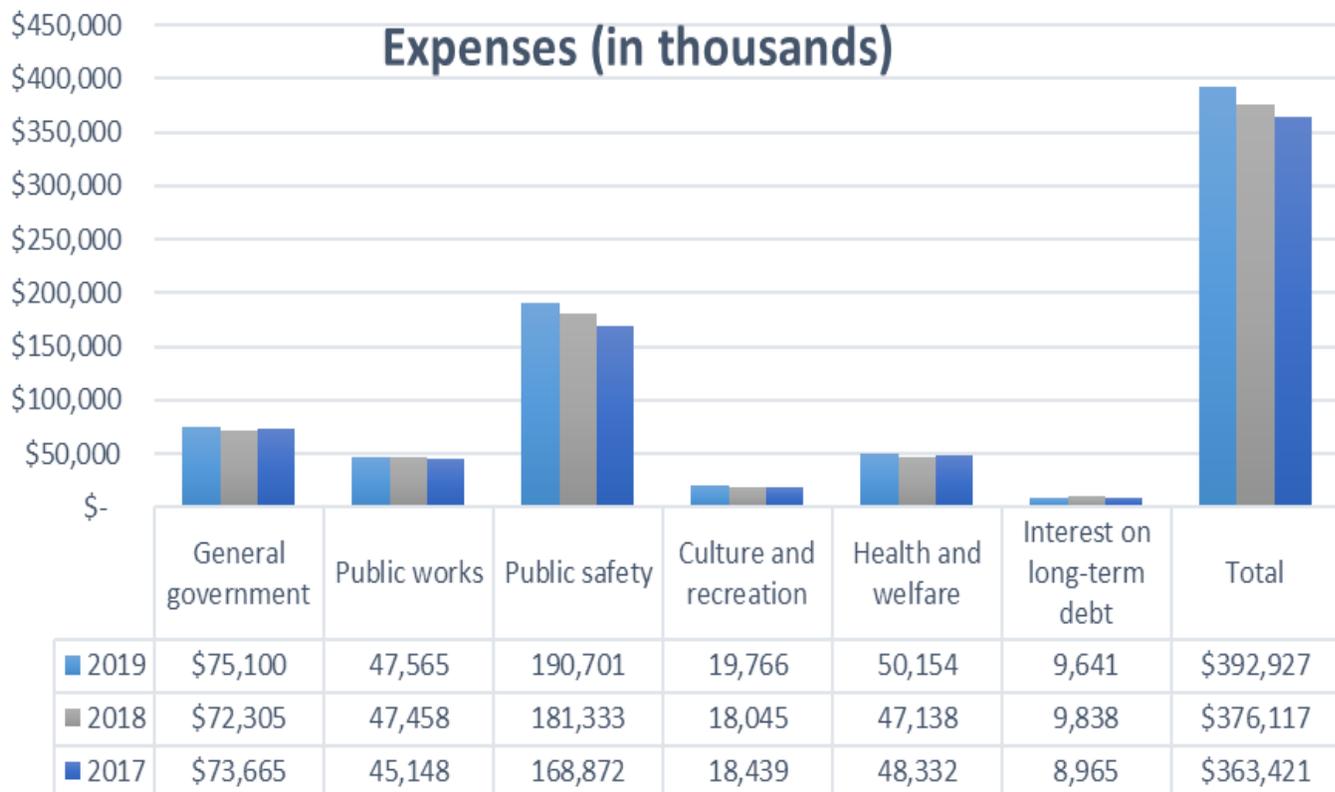
Public Works expenses were consistent from \$47.5 million in FY18 to \$47.6 million in FY19. The division had increases in the pension expense in FY19, but shifted some of their operating expenses to capital assets.

Public safety expenses increased by \$9.4 million, from \$181.3 million in FY18 to \$190.7 million in FY19. The increase was due to two collective bargaining agreements resulting in increases in personnel costs. The new Animal Care Center

opened, which increased both payroll and operating costs by \$1.1 million. The public safety division had increases in the pension expense in FY19.

Health and welfare expenses increased by \$3.1 million, from \$47.1 million in FY18 to \$50.2 million in FY19. The main increase was due to additional housing vouchers received in the section 8 area. The county also spent more funds on medical and psychiatric mental health at MDC, as well as small increases in social service programs.

Culture and recreation expenses increased by \$1.8 million, from \$18.1 million in FY18 to \$19.8 million in FY19. The increases were primarily in salaries due to increases in the collective bargaining agreements.



The information in the Bernalillo County Popular Annual Financial Report (PAFR) is taken from the Comprehensive Annual Financial Report (CAFR)

All of this information is available at - [www.bernco.gov/finance/comprehensive-annual-financial-reports-cafr.aspx](http://www.bernco.gov/finance/comprehensive-annual-financial-reports-cafr.aspx)

**Bernalillo County**  
**One Civic Plaza NW 10th Floor**  
**Albuquerque, NM 87102**  
**Phone: 505-468-7000**  
**[www.bernco.gov](http://www.bernco.gov)**  
**Facebook.com/  
BernalilloCounty/**  
**Twitter.com @BernCounty**

