

# Popular Annual Financial Report Fiscal Year Ended June 30, 2017

**Bernalillo County**  
New Mexico





- 2 Letter to the Residents of Bernalillo County
- 3 County Government
- 4 Local Economy
- 5 In the Community
- 6 Statement of Net Position
- 7 Statement of Activities
- 9 County Debt
- 9 Capital Assets
- 10 Property Taxes

## Board of County Commissioners



Top row: Lonnie C. Talbert, District 4; Wayne A. Johnson, District 5; Maggie Hart Stebbins, District 3. Bottom row: Steven Michael Quezada, Vice Chair, District 2; Debbie O'Malley, Chair, District 1

### About This Report

This report is largely based on the county's 2017 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 2017 CAFR, which is prepared in accordance with GAAP, is located at <http://www.bernco.gov/finance/comprehensive-annual-financial-reports-cafr.aspx>

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, 2016. 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 fifth award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA.

**Julie M. Baca**  
County Manager

### Elected Officials

**Tanya R. Giddings**  
Assessor

**Linda Stover**  
County Clerk

**Willow Misty Parks**  
Probate Judge

**Manuel Gonzalez III**  
Sheriff

**Nancy M. Bearce**  
Treasurer

### Publication

The 2017 Popular Annual Financial Report is published by the Bernalillo County Accounting Section

### Photo Credits

Cover - Marble Street Studios, Inc.

Other Photos - Paul Evans, Randy Landavazo, Bernalillo County Cultural Services Department

## Residents of Bernalillo County:

We are pleased to present the Bernalillo County Popular Annual Financial Report (PAFR) for the fiscal year 2017. 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 financial information, the report demonstrates what makes Bernalillo County a great place to live 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 thirteen consecutive years, and received the Award for Outstanding Achievement on our PAFR five 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/cafr/](http://www.bernco.gov/cafr/).

Bernalillo County continues its commitment to provide efficient, effective and transparent services to improve the lives of our citizens. It is critical that the county strives to earn the public's trust and confidence. The Bernalillo County's website Transparency Portal *Bernco View* now contains 270 performance measure/objective dashboards across 30 county departments. The county plans to continue making enhancements to transparency including operational and financial reports. Recently, the county was presented with a 2017 Certificate of Distinction in Performance Management from the International City/County Management Association (ICMA).

Sincerely,



Julie M. Baca  
County Manager



# 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.



Bernalillo County Sheriff's Cadets

**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, community centers, and also manages the public arts program.

# Local Economy



Bernalillo County, with the City of Albuquerque making up 82.8 percent of its population, 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.

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 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 \$100 million. Entrepreneurs and artists and artisans are nurtured in Bernalillo County and this was recognized when Albuquerque was ranked first of the Best American

Cities for Creatives in 2016 by *Thrillist*. In addition, Albuquerque was cited as one of the top 50 best cities in which to live by *U.S. News & World Report*. 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 2017. For 2017, forecasts indicate that total employment will grow by 1.1 percent and the MSA is expected to add 4,257 jobs.

	2017	2016
<b>Internal Statistics-Bernalillo County</b>		
Full-time equivalent employees	2,543	2,524
Sheriff's stations	4	4
Fire stations	12	12
911 calls	75,947	74,979
Fire Department calls answered	18,390	17,886
Total Metropolitan Detention Center bookings	26,645	24,817
Residential building permits	671	942
Commerical building permits	170	148
Refuse collected in tons	37,910	39,793
<b>Economy-Bernalillo County</b>		
Population	676,685	675,551
Unemployment rate	6.0%	5.9%
National unemployment rate	4.2%	4.7%

*Bernalillo County government is dedicated to meeting the needs of a diverse population and is committed to providing quality of life and business growth.*



Nob Hill

# In the Community



Rio Vista Apartments



Master Naturalist Program



Bernalillo County Housing Department



Arroyo Vista Apartments



"North Valley Acequia" by Cynthia Wister

## 2017 Highlights

- The county approved a \$4 million industrial revenue bond package that allows Rio Housing Associates to move forward with major renovations that will create more affordable housing for seniors and people with special needs.
- The Bernalillo County Open Space Master Naturalist Advisory Committee was recently honored by the Alliance of Natural Resource Outreach and Service Programs as its 2016 ANROSP Outstanding Team Award winner. This award recognizes the committee for defining and starting a master naturalist program to assist with natural resource management, and for creating a functional team, the Master Naturalist Advisory Committee.
- The Bernalillo County Housing Department received an overall performance rating of "high" after scoring a perfect 135 out of 135 points during a recent Section 8 Management Assessment Program certification process. This is the third year in a row that Bernalillo County has received a perfect assessment score from the U.S. Department of Housing and Urban Development (HUD).
- MCT Development Inc. plans to create 68 new permanent jobs, renovate a commercial building and build two new office and manufacturing complexes thanks in part to economic incentives provided by the Bernalillo County Commission. The commission approved up to \$15 million in industrial revenue bonds to help MCT Development renovate and expand the company's industrial park on Balloon Fiesta Parkway Northeast in the Far North Valley.
- The County Commission approved a significant new housing development for central Albuquerque. The Arroyo Vista apartments will include 190 apartments with a mix of one, two and three-bedroom units. All of the apartments will be made available to people who qualify for affordable housing.
- Bernalillo County showcased works of four artists at downtown offices. The exhibit featured recently acquired pieces from the Bernalillo County Public Art collection and included works by Edward Gonzales, David Welch, Cynthia Wister and Joshua Willis.
- The inaugural Bosque Chile Festival is a unique celebration of food, art and culture in New Mexico's Middle Rio Grande Valley. The festival looks far and wide for New Mexico's best chile and salsa to be featured in a special competition. Winners take home \$250, a trophy and bragging rights to the Bosque's best chile and salsa.

# Financials



## 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

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 \$348.9 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 \$204.7 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. In fiscal year 2015, GASB no. 68 was a new reporting requirement established by the Government Accounting Standards Board (GASB) that required all governments to report their net pension liability. This had a significant negative effect on the county's net position, and consequently unrestricted net position as of June 30, 2015 and the following fiscal years. GASB Statement No. 82 amended GASB Statement No. 68 and again caused further restatements.

### Statement of Net Position (in thousands) Governmental Activities

	Fiscal Years		
	2017	2016	2015
<b>Assets:</b>			
Current and other assets	\$ 364,684	\$ 321,100	\$ 300,407
Capital assets	538,300	553,735	564,074
<b>Total assets</b>	<b>902,984</b>	<b>874,835</b>	<b>864,481</b>
Deferred outflows of resources	98,179	24,179	27,788
<b>Liabilities:</b>			
Long-term liabilities	566,075	483,578	421,081
Other liabilities	37,343	34,160	64,419
<b>Total liabilities</b>	<b>603,418</b>	<b>517,738</b>	<b>485,500</b>
Deferred inflows of resources	11,757	7,624	54,267
<b>Net Position:</b>			
Net invested in capital assets	349,080	343,341	327,948
Restricted	240,076	196,844	169,754
Unrestricted	(203,168)	(166,533)	(145,200)
<b>Total net position</b>	<b>\$ 385,988</b>	<b>\$ 373,652</b>	<b>\$ 352,502</b>

Readers wanting more detailed financial information should refer to the county's FY 2017 Comprehensive Annual Financial Report (CAFR) available at the Accounting Department's website at <http://www.berncounty.gov/finance/comprehensive-annual-financial-reports-cafr.aspx>

# Statement of Activities

## Revenues

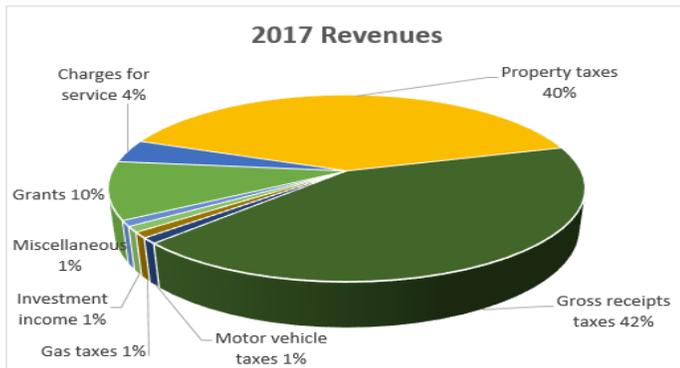
The Statement of Activities represents governmental activities (excluding business type activities). The statement provides a general understanding of how available resources are used to provide services. These sources of funds are categorized into two forms of revenue: Program revenues are derived directly 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.

**Operating grants** are funds provided from state, federal 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 \$30.7 million in operating grants and contributions revenue during fiscal year 2017.

**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 \$7.4 million in capital grants and contributions revenue during fiscal year 2017.

	Revenue (in thousands)		
	2017	2016	2015
Grants	\$ 38,130	\$ 37,193	\$ 38,435
Charges for service	16,075	15,799	16,118
Property taxes	149,701	146,096	142,069
Gross receipts taxes	159,416	160,456	128,401
Motor vehicle taxes	3,858	3,961	3,756
Gas taxes	1,615	1,608	1,591
Investment income	1,839	1,562	1,477
Miscellaneous	5,123	5,343	4,511
<b>Total</b>	<b>\$ 375,757</b>	<b>\$ 372,018</b>	<b>\$ 336,358</b>

As of June 30, 2017, the county's revenues totaled \$375.8 million, an increase of \$3.7 million from the previous year. The increase was primarily attributed to an increase in property taxes collected of \$3.6 million and the county receiving a grant for constructing the ball fields and facilities for the North Valley Little League. The increase was offset by a decrease in the State of New Mexico gross receipts tax (GRT) equalization distribution from \$3.6 million in FY16 to \$2.2 million in FY17.



*Like all governments, the county raises funds to pay for services that it provides to its citizens and businesses. The sources of these funds, referred to as revenues, are primarily raised through taxes and grants.*



# Statement of Activities

## Expenditures

*County government must ensure that adequate services are being provided to the county residents and businesses in order to maintain the local economy. A large portion of the county's expenditures provides for public safety, health and welfare, public works and culture and recreation.*

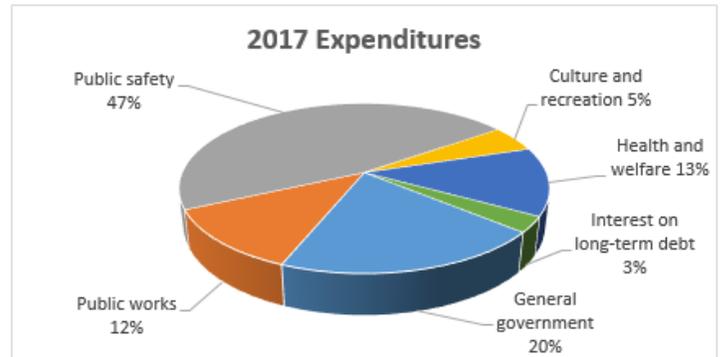
During the fiscal year ended June 30, 2017, the county expended \$363.4 million, an increase of \$23.3 million from the previous year. General government expenses increased by \$10.2 million, from \$63.5 million in FY16 to \$73.7 million in FY17. \$3.8 million of the increase is due to year end pension adjustments. Other reasons for the increase include reorganizations from public works planning, geo resources, and information technology support to general government. Also there were additional expenses for the 2016 national election, paratransit service, and legal services.

Public safety expenses increased by \$11.6 million, from \$157.3 million in FY16 to \$168.9 million in FY17. The increase is attributed to the year end adjustments related to pension obligations.

Culture and recreation expenses increased by \$2.0 million, from \$16.4 million in FY16 to \$18.4 million in FY17. The increase was due to library book purchases for others in the Capital Construction Fund in FY17.

Interest expense decreased \$0.9 million, from \$9.9 million to \$9.0 million in accordance with debt schedule.

	Expenses (in thousands)		
	2017	2016	2015
General government	73,665	63,472	62,160
Public works	45,148	44,872	50,305
Public safety	168,872	157,302	155,607
Culture and recreation	18,439	16,408	15,429
Health and welfare	48,332	48,206	44,989
Interest on long-term debt	8,965	9,865	10,551
<b>Total</b>	<b>\$ 363,421</b>	<b>\$ 340,125</b>	<b>\$ 339,041</b>



# County Debt

On June 30, 2017 the county's outstanding debt totaled \$224.8 million, excluding compensated absences, premiums, discounts and other liabilities.

## Credit Ratings Maintained by the County

	General	
	Obligation Bonds	Revenue Bonds
Moody's Investors Services, Inc.	Aaa	Aa2
Standard & Poor's Rating Service	AAA	AAA
Fitch Ratings	AAA	AA+

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 \$122.7 million represents 55 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 \$102.1 million represents 45 percent of the county's outstanding debt.

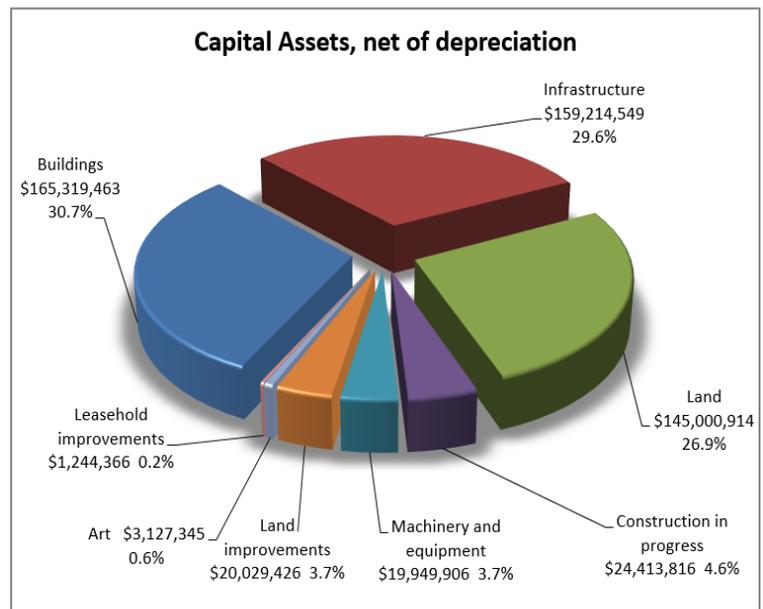


# Capital Assets

The county's cumulative investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$538.3 million (net of accumulated depreciation). This represents the value of the county's land, buildings, improvements, machinery and equipment, construction in progress, art, and infrastructure.

Major project expenditures in fiscal year 2017 include:

- Purchase of the Alvarado Square Building to consolidate county services and staff - \$2.8 million
- Fleet additions and replacements - \$2.6 million
- North Valley Little League Complex - \$1.0 million
- Arenal Open Space property and water rights acquisition - \$1.3 million



# 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 Sept. 1. The County Commission subsequently certifies the tax rates and a written order imposing the tax rates is then delivered to the county assessor.

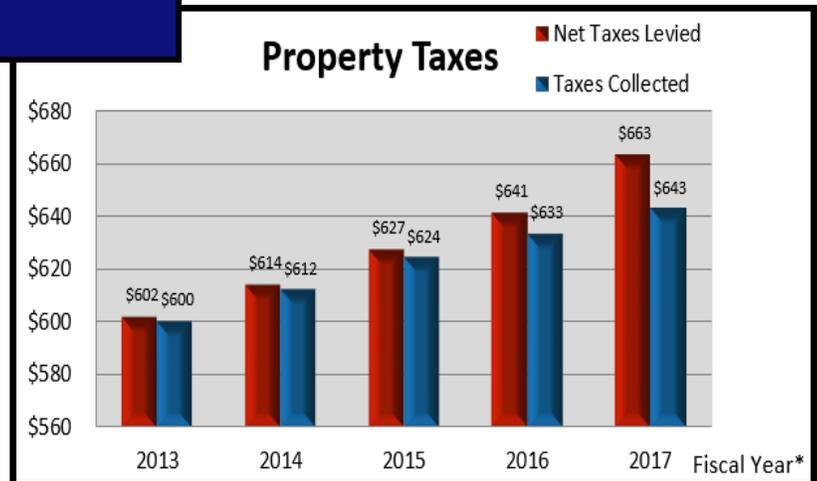


The tax year begins on Nov. 1 and ends on Oct. 31. Bernalillo County property tax revenue increased \$3.6 million from \$146.1 million in fiscal year 2016 to \$149.7 million in fiscal year 2017, a 2.5 percent increase. The increase was attributed to an increase in the net taxable value of property located in Bernalillo County.

Property tax revenues are anticipated to make up 40 percent of governmental activities revenue in fiscal year 2017 and are projected to increase by 2 percent

in fiscal year 2018. Even in these uncertain economic times, the county has been a conscientious steward of tax revenue by maintaining sufficient reserve funds and being conservative in revenue projections.

*40% of the county's revenue is from property taxes.*



**Visit Bernalillo County's official website  
[www.bernco.gov](http://www.bernco.gov)**

The county's website is your source for information about county policies, services and events. You can also find information on employment opportunities, community events, Board of County Commissioners agendas, meeting schedules, tax information, operating hours and much more.

Our mailing address is:

**Bernalillo County  
One Civic Plaza NW - 10th Floor  
Albuquerque, NM 87102  
(505) 468-7000**

For more information on Bernalillo County financial matters visit the Finance Division website at:

**<http://www.bernco.gov/finance/default.aspx>**